

# Texas High Cost Fund State Plan

## Federal Legislation

34 CFR §300.704 allows the Texas Education Agency (TEA) to reserve funds to assist local educational agencies (LEAs) in providing for educational services to high-need children with disabilities. The regulation requires the state to establish a definition of a high-need child with a disability that addresses the financial impact on the budget of an LEA and ensures that the cost of educating the child is greater than three times the average per-pupil expenditure (APPE) as defined in Section 9101 of the Elementary and Secondary Education Act (ESEA).

## Texas Legislative Intent

The Texas Legislature requires TEA to set aside the maximum amount of funds allowed by the federal regulation to establish a high cost risk pool to address the needs of these children. The funds are not used to establish, support, or administer the program and remain under the control of the state until disbursed to an LEA to support a specific high-need child.

## Purpose

High Cost Funds (HCF) are intended to assist LEAs in the provision of direct special education and related services to these high-need children. The HCF State Plan was created in consultation with stakeholders from across the state.

## Definition

A high-need child with a disability receives special education and related services identified in an individualized education program (IEP) that exceed the typical needs of a child with a disability thus creating a financial impact on the LEA. When the costs to provide a FAPE to a child with a disability exceed three times the APPE, a district may request HCF. Only costs identified in the child's IEP and associated with providing direct special education and related services to the child are considered in determining whether a child is a high-need child.

## LEA Eligibility Criteria

An LEA may request a HCF award provided the following:

- The LEA has ensured placements supported by funds requested through a HCF award reimbursement are consistent with the requirements of CFR §§[300.114](#) through 300.118.
- The LEA must not have lapsed IDEA-B Formula or Formula Deaf funds from the previous school year.
- The LEA must not have carried forward 60% or more of its IDEA-B formula funds from the previous year.

## HCF Eligibility Application

To request reimbursement of expenses related to educating a high-need child from the HCF risk pool, an LEA must submit a HCF eligibility application. The special education director or designee must submit

the application. If an LEA is a member of a shared services arrangement (SSA), the SSA fiscal agent must submit the application. An LEA may submit multiple student applications, but must not exceed two percent of the October snapshot count of children with disabilities enrolled in the LEA. Consideration for extenuating circumstances will be made on a case-by-case basis discussed with and approved by TEA. All applications must be received through the Texas Education Agency Secure Environment (TEASE) by the close of business on the first Friday in April of each fiscal year. Prior notification of the application availability will be made to all LEAs.

A TEASE account is required in order to access and submit the application. For information on how to apply for a TEASE account or for assistance regarding TEASE issues, access [TEASE HELP](#) or email [computer.access@tea.texas.gov](mailto:computer.access@tea.texas.gov). Only one submitter per LEA or SSA is allowed.

## Use of Funds

Consistent with LRE requirements of IDEA 2004 (34 CFR §300.114), the costs associated with educating a high-need child with a disability are only those costs associated with providing the direct special education and related services that are identified in that child's IEP, including the cost of room and board for a residential placement determined necessary to implement a child's IEP. Additional requirements regarding the use of funds include the following:

- Eligible LEAs receive discretionary residential funds to assist with the costs of children with disabilities who are served in residential care and treatment facilities; therefore, the HCF disbursements are limited to a portion of the LEA's 25% residential amount set aside for a specific high-need child.
- The LEA must incur all costs during the school year.
- The LEA may not use HCF to limit or place conditions on the right of a child with a disability to receive a FAPE.
- The LEA may not use HCF for placements that are determined inconsistently with 34 CFR §§300.114-118.
- The LEA may not use HCF to support legal fees, court costs, or other costs associated with a cause of action brought on behalf of a child with a disability to ensure FAPE.
- The LEA may not use HCF to pay costs that would be reimbursed as medical assistance for a child with a disability under Title XIX of the Social Security Act's State Medicaid program.
- All cost items documented in the HCF Eligibility Application must be clearly identified in the child's IEP.
- The HCF is used only to provide the services documented in the HCF Eligibility Application for a specific high-need child. Do not use the HCF to support other activities.

## Documentation

LEAs must create and maintain adequate and sufficient documentation for all HCF expenditures for reimbursement. The LEA must submit the appropriate time and effort and certification reports if the award funds the pro-rated salaries of any personnel who provide services to a high-need child. The LEA must submit the high-need child's IEP and any supporting documents. TEA may require additional evidence for any expenditures, such as paid invoices or other documentation, for items included in the application for reimbursement.

## Distribution of Funds

LEAs will provide the services required by the child's IEP, and TEA will reimburse LEAs for allowable expenses identified in the HCF eligibility application based on availability of funds. If the amount of funds requested exceed the available funds reserved the reimbursement will be prorated. All applications submitted to TEA by the close of business on the first Friday in April will be reviewed by the Division of Federal and State Education Policy staff. Once all applications are reviewed, TEA will determine award amounts and provide notification of award or denial to the Superintendent of the Single Member District or the Superintendent of the Fiscal Agent of an SSA, the Special Education Director of the LEA, and to the Special Education Contact of the Education Service Center (ESC). Notification of awards will be made as soon as possible, but not later than July 1 of each fiscal year.