



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

MAY 18 2000

Contact Persons

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OSEP- 00-15

**MEMORANDUM**

TO: State Directors of Special Education  
FROM: Kenneth R. Warlick *KRW/ak*  
SUBJECT: Grants to States Allocations for Federal Fiscal Years 1999 and 2000

**ACTION**

**REQUIRED:** Make adjustments to December 1, 1998 child count by June 15, 2000

The IDEA Amendments of 1997 provided that, when the appropriation for the Grants to States program exceeded \$4,924,672,200, a new formula for allocating funds under the program would be implemented. The Federal fiscal year (FFY) 2000 appropriation of \$4,989,685,000 exceeds this level. Under the new formula, each State will first be allocated an amount equal to its allocation from the FFY 1999 appropriation. Eighty-five percent of the funds remaining for allocation will be distributed to States based on their relative populations of children aged 3 through 21 who are of the same age as children with disabilities for whom the State ensures the availability of a free appropriate public education. Fifteen percent of the funds remaining will be distributed based on their relative populations of children in these mandated age ranges who are living in poverty. The new formula also contains several provisions for providing minimum increases in funding and a limit on maximum increase in funding.

The purpose of this letter is to request that all States make any anticipated adjustments to the December 1, 1998 child counts for the Grants to States program by June 15, 2000. The Department plans to use these adjusted child counts to make a final distribution of FFY 1999 funds by July 1. While the Department has until September 30, 2000 to make final allocations of FFY 1999 funds, changes made to FFY 1999 allocations after July 1 would require a recalculation of FFY 2000 awards. Making final allocations of FFY 1999 funds by July 1 would reduce or eliminate the need for recalculating FFY 2000 awards after July 1.

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The formula for sub-State allocations to local educational agencies (LEAs) will also be affected. Starting with FFY 2000 funds, each LEA must first be provided an amount equivalent to what it would have received under the Grants to States program for FFY 1999 had the State distributed 75 percent of its allocation to its LEAs. Eighty-five percent of remaining funds not used for State set-aside activities or capacity building grants must be allocated among LEAs based on the relative enrollments in public and private elementary and secondary schools within their jurisdictions and 15 percent of remaining funds must be allocated among LEAs based on their relative numbers of children living in poverty, as determined by the State educational agency.

The appropriation for FFY 2000 also provides funding for Grants to States in two pieces. In the past, all Grants to States funds have become available on July 1. For FFY 2000, about 25 percent of the funds appropriated will become available to the Department for distribution to the States on July 1, 2000 and about 75 percent of the funds appropriated will become available to the Department for distribution to the States on October 1, 2000. All Preschool Grants and Grants for Infants and Families program funds will be available on July 1, as they are normally.

We do not believe that the delay in the availability of funds to States should inhibit State or local operations. Our analysis of the rate at which States draw down funds indicates that, while States typically have had the full amount of funds appropriated available to them between July and October, they have actually drawn down (spent) only a small portion of those funds.

Please contact Bortel Clayton on my staff at (202) 205-9041 to report any changes in your States child count.

Thank you for your assistance.