



Instructions for Completing Form SE-4096 Special Education Actual Cost Report

Michigan Department of Education
Office of Special Education
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Instructions for Completing Form SE-4096 Special Education Actual Cost Report

Introduction

All intermediate school districts (ISDs) and local education agencies (LEAs), both traditional public-school districts and public-school academies (PSAs), that employ, or contract special education approved personnel are required to complete the Special Education Actual Cost Report (SE-4096) in the Financial Information Database (FID) to qualify for state special education categorical aid. Districts that do not operate special education programs or provide special education services must certify the SE-4096 indicating there are no costs to report.

Section 18(6) of the State School Aid Act requires each ISD, LEA, and PSA to submit the SE-4096 by the last business day in September. Section 18 also requires the ISD certify the cost report for all its member districts.

Failure to submit the SE-4096 to the Michigan Department of Education (MDE) in the FID by the last business day in September will result in the withholding of the district's entire state aid payment beginning with the next payment due to the district.

The SE-4096 must be certified by the ISD for each member district in the FID by 11:59pm on the last business day in September.

New For 2024-25

- Section 51a(7)(b) was removed from the 2024-25 State School Aid Act. As a result, the 2024-25 SE-4096 includes the following modifications:
 - Removal of the Section 51a7b Itinerant Costs page
 - Removal of itinerant costs from the Summary of Special Education Costs page on the ISD/member district Summary Report.
- The SE-4096 now includes a support cost line for Function Code 218 Teacher Consultant (TC)/ Speech and Language Impaired (SLI) due to this line not originally being included on the cost report. The addition of this line includes the following modifications:

- Addition of 218-TC/SLI on the Section 52 and Section 53a data input screen in FID
- Addition of 218-TC/SLI on the ISD/member district Summary Report
- Instructions for reporting Section 53a costs have been updated.

General Instructions

- The SE-4096 shall reflect costs for the school year July 1 to June 30.
- Report all costs to the **nearest dollar**.
- Districts can report costs related to providing special education programs and services to children with disabilities between the ages of 0 and 26 on the SE-4096.
- The [Michigan School Accounting Manual](#) (Bulletin 1022) serves as a mandatory guide to the uniform classification and recording of accounting transactions for Michigan public school districts.

Allowable and Unallowable Cost Information

General

For information regarding costs which have been approved for reimbursement on the SE-4096 by function and object code, refer to the [State Aid and IDEA Part B, Section 611 Allowable Costs](#) document.

- Costs not listed in the allowable cost document are not to be reported on the SE-4096 without annual prior approval from MDE Office of Special Education (OSE) or inclusion of the cost in the ISD Special Education Plan.
- Utilize the [Special Education Prior Approval Request Form](#) to submit a prior approval request to MDE OSE.

Only allowable special education costs charged to local funds, and which have not already been reimbursed through another funding source are eligible to be reported on the SE-4096.

- Costs reimbursed through Section 51a(5) to reimburse the net increase in necessary costs incurred by a district in implementing the revisions in the Michigan Administrative Rules for Special Education (MARSE) that became effective on July 1, 1987 are not eligible to be reported.
- Costs reimbursed through federal grants are not eligible to be reported.

Payments Between Districts

Costs contracted from another Michigan public school district are allowable costs on the SE-4096 if the following requirements are met:

- There is an agreement in place signed by each district regarding which district will be reporting the costs on the SE-4096. A signed agreement is needed to ensure costs are not over reported on the SE-4096 between the districts.
- If the operating district claims state special education categorical aid, the operating district must deduct the state aid reimbursement to be received before billing the contracting district. The deduction is needed to ensure the operating district is not over reimbursed.
- Documentation to support how the contracted costs were reported on the SE-4096 between districts, as well as the signed agreement, must be maintained for monitoring purposes and submitted to MDE upon request. Lack of documentation may result in the disallowance of costs.

Tuition Reimbursement

Costs for tuition reimbursement are not allowable to be reported on the SE-4096.

Early Retirement Incentive Payments and Unused Sick Leave

Lump sum payments, retirement incentive payments spread over the following year, and the purchase of annuities as a retirement **do not** qualify for state categorical reimbursement.

Stipends or prepaid insurance for personnel who retire early **do not** qualify for state categorical reimbursement. These payments are made as an incentive for personnel to retire early and are not part of the ordinary fringe benefits and operational costs of the district.

Payment of unused sick leave is reimbursable on the SE-4096 to the extent the sick leave was accrued during service to the categorical program.

- For example, if an employee worked five years in a general education program and five years in a special education program, the split in the reimbursement for unused sick leave should be 50 percent to each.

Severance and Other Special Payments

Severance payments, or money paid to employees upon dismissal or discharge, are not allowable costs to be reported on the SE-4096.

Bonuses and incentive payments that exceed the contracted salary amounts, regardless of being coded as a salary (17XX) or a benefit (2XXX) are not allowable costs to be reported on the SE-4096.

Repair and Maintenance Costs

Direct operations and maintenance costs are reimbursed on the SE-4096 as a part of the district's indirect rate.

If the district is eligible and chooses to claim direct operation and maintenance costs for a building used solely for special education, these costs may be reported on the direct operation and maintenance line on the SE-4096 under Function 261.

For more information on eligibility requirements and how to report these costs, refer to the Function Code 261 Direct Operations and Maintenance section below. Districts may also contact MDE OSE for assistance.

Lease Purchase and Rent

Lease purchase of facilities and rent of facilities **are not** allowable costs to be reported on the SE-4096.

Reporting Requirements

General

Enter allowable costs on the appropriate function code line and in the appropriate object code column under salaries, benefits, purchased services-staff, purchased services-non staff, supplies and materials, capital outlay, or other expenditures.

- If total costs within a line on the SE-4096 excludes salaries, benefits and/or purchased services staff costs but includes non-staff costs, include an explanation as a comment in FID.
- Refunds must offset costs reported on the SE-4096 on a direct charge basis the year in which the refund is received.

Costs are to be reported on the SE-4096 using a direct charge basis wherever possible, or by a method of allocation which provides a reasonable distribution of costs. Districts are required to keep documentation to verify all amounts recorded as journal entries.

- Allocation and/or journal entry documentation must be maintained for monitoring purposes and submitted to MDE OSE upon request.
- Lack of allocation and/or journal entry documentation may result in the disallowance of costs.

The split-funding of salaries and benefits of special education approved personnel reported on the SE-4096 must be based on records that accurately reflect the work performed.

- These records must be supported by a system of internal control which provides reasonable assurance the costs are allocable, allowable, reasonable, and necessary.

Audited Pupil Membership Report

MDE OSE compares instructional costs reported by program on the SE-4096 with the pupil membership reported by program by each district on the [Audited Pupil Membership Report](#) (DS-4120).

- The instructional costs on the SE-4096 are compared to the special education pupil counts reported on the October Fall DS-4120.
- If instructional costs are reported for a particular special education program, there should be a corresponding full-time equivalency (FTE) pupil membership reflected on the DS-4120, except for costs reported on the SE-4096 for Least Restrictive Environment (LRE) Class Aides.
- If instructional costs for a special education program are reported without a corresponding FTE on the DS-4120, districts must clearly explain the discrepancy in a comment in the FID.

Detailed Instructions for Reporting Section 52 Costs

This section provides detailed information regarding how to report costs on the Section 52 page of the SE-4096.

Column Descriptions

Professional FTE

Enter the professional staff FTE for **special education approved** personnel employed by the district whose salaries are included on the SE-4096. FTE must be reported to the nearest tenth (0.0).

Districts contracting with a third-party entity for staff other than substitute teachers must report the FTE for the professional contracted staff in this column.

Aide FTE

Enter the FTE for special education aides employed by the district whose salaries are reported on the SE-4096. **Aides qualify for reimbursement on the SE-4096 based on the amount of time spent working in special education.** FTE must be reported to the nearest tenth (0.0).

All special education aides are required to be reported on the SE-4096 by program assignment, not by student disability.

- The LRE Classroom Aides line is used to report aides assigned by an Individualized Education Program (IEP) to work with a student with a disability

in a regular education setting. This line is also used for LRE aides assigned to a building who are under the supervision and direction of approved special education personnel.

- Aides supporting an Occupational Therapist, Physical Therapist or School Nurse are reported under Function Code 213–Health Services.
- Transportation aides riding with a student based on a need in the student’s IEP are not reported on the SE-4096 but instead are reported on the Transportation Expenditure Report (SE-4094).

Do not include FTEs for program assistants, interpreters, or secretaries in the aide FTE column.

- Program assistants and interpreters are reimbursable to the extent they spend time working in special education. However, they are not considered aides. Therefore, the FTEs are reported in the professional FTE column.
- Secretaries are not considered aides. Therefore, the FTEs are not to be reported in the aide column.

Total FTE

This column automatically calculates the sum of professional FTE and aide FTE for each line.

Salaries

Report the salary costs of special education approved personnel hired by the district.

Reported salaries must have associated professional or aide FTE.

Benefits

Only report associated benefit costs for the salaries reported for approved special education approved personnel on the SE-4096.

If split funding personnel costs between state aid reimbursement and federal reimbursement, benefits must be reported in a manner consistent with the prorated salaries.

Purchased Services-Staff

Report in this column costs for staff contracted from a third-party entity by the district.

Reported purchased services-staff costs must have associated staff FTE except for substitute teachers.

Purchased Services Non-Staff

Report in this column allowable purchased services non-staff costs.

Supplies and Materials

Instructional supplies and materials must be reported on the appropriate line on the SE-4096 using a direct charge basis.

Teaching supply and material costs reported must be for sole benefit of students with disabilities.

- If a cost is for partial benefit for students with disabilities, the district must prorate the amount reported based on the benefit received by students with disabilities.

Costs for office and administrative supplies are unallowable to be reported on the SE-4096.

Capital Outlay

Capital Outlay costs are reported on the Misc – Capital Outlay line within the Miscellaneous Costs section of the SE-4096.

An itemized list of capital outlay costs reported must accompany the SE-4096. The list must identify the item, cost, and the purpose of use.

Capital outlay:

- Includes single pieces of equipment costing \$5,000 or more.
- Is limited to items used solely for the instruction of students with disabilities.
- May also include equipment purchased to provide access to education (wheelchairs, group hearing devices, etc.)

Prior approval from MDE OSE is recommended if a district wants to be assured capital outlay costs are allowable to be reported on the SE-4096.

Items such as desks and movie projectors are considered standard equipment for regular education classrooms and are not reimbursable on the SE-4096.

Other Expenditures

Report costs for:

- Dues and fees to professional organizations related to special education
- Costs for criminal background checks on approved special education personnel whose costs are reported on the SE-4096.

Total Cost

This column totals costs by line.

Other Costs

Function 122-Section 24

The amount reported on this line must agree with the total approved costs reported on the Section 24 Actual Cost Report for Public School Districts Approved to Operate an Educational Program on the Grounds of a Juvenile Detention Facility of Child Caring Institution (SE-4824) if this cost report is submitted to MDE by the district. MDE OSE will adjust this line, if needed, to match the approved SE-4824.

Costs reported on the SE-4824 are not to be duplicated elsewhere on the SE-4096 based on their respective function code.

Misc - Indirect Costs

This line calculates the district's indirect costs based on the district's state assigned special education indirect cost rate. The indirect cost rate is your district's special education indirect rate or 15 percent, whichever is less.

Refer to the [MDE Indirect Cost Rates webpage](#) for more information regarding your district's rate.

This line will be adjusted by MDE OSE if direct operations and maintenance costs are reported and approved.

Function 231 - Board of Education

This line is used to report:

- Allowable costs related to special education hearings other than school attorney fees.
- Unemployment costs to the extent the individual was employed in special education and considered approved special education personnel.
- **Funds transferred to the Michigan Jobs Commission (MRS)** for the initiation of a cooperative agreement that is written consistent with the joint agreement between MDE OSE and MRS.
 - Attach a copy of the agreement for the applicable fiscal year in FID showing the district will receive a dollar in special education services for every dollar transferred to MRS.
 - Report these costs on the SE-4096 in the other expenditures column.

Function 261 - Direct Operations and Maintenance

Enter the amount of direct operation and maintenance costs eligible to be reported.

This line is limited to district buildings used solely for special education where the direct cost method is used. Districts with an indirect rate of 15 percent or more do not qualify.

The combined total of the indirect costs reported on the SE-4096 and the direct operation and maintenance costs reported cannot exceed 15 percent of district program costs as specified in Section 51a(6)(a) of the State School Aid Act.

The district may not charge indirect costs on the SE-4096 for any special education or related service housed in a special education exclusive building for which direct operation and maintenance is charged. This indirect cost adjustment is performed manually by MDE OSE on the SE-4096.

If a district chooses to report direct operations and maintenance costs, the district must include a description of how the direct operation and maintenance is calculated which includes:

- A list of all special education programs, support services, and related service personnel housed in the special education exclusive building.
- The salary and related costs for each personnel.

- The procedure used to deduct these costs from the indirect cost claimed by line item.
- Documentation to support the direct operations and maintenance costs reported including but not limited to:
 - Those activities concerned with keeping the facility open, comfortable, safe for use, and keeping the grounds, buildings and equipment in an effective working condition and state of repair.
 - All utility costs such as electricity, heating (metered or bulk supply), water, sewage waste, trash disposal, and telephone charges.

More information, including an example, is available upon request from MDE OSE.

Function 431 – Tuition-MSD

This line is to be used by ISDs only.

Enter the total preliminary tuition for students attending the Michigan School for the Deaf (MSD).

This figure may need to be updated by when the final tuition billing is complete by the MSD.

Subtotal Line Descriptions

The same subtotal descriptions can be used for the Section 53a portion of the SE-4096.

- **Total Instructional Costs:** Subtotals all columns for instructional costs. The total for capital outlay will be carried forward to the Miscellaneous Costs section under Misc-Capital Outlay.
- **Total Support Costs:** Subtotals all columns for support costs. The total for capital outlay will be carried forward to the Miscellaneous Costs section under Misc-Capital Outlay.
- **Subtotal – Instructional and Support:** Subtotals total instructional costs and total support costs minus instructional and support capital outlay totals.
- **Misc - Capital Outlay:** Totals capital outlay related to instructional and support costs.

- **Total Miscellaneous Costs:** Subtotals the miscellaneous costs.
- **Total Section 52 Costs:** Totals the Subtotal – Instructional and Support and total Miscellaneous Costs lines on the Section 52 page of the SE-4096.

Detailed Instructions for Reporting Section 53a Costs

Pupil Eligibility

Only complete this section if:

- Section 53a students were reported on the district’s special education FTE count on the October Fall and/or February Spring DS-4120, **and**
- The students were verified by MDE OSE through the Section 53a pupil count verification process.
 - Refer to the [MDE Section 53a webpage](#) for more information on the MDE OSE Section 53a pupil count verification process.

Eligible Costs

Special education reimbursement for Section 53a students is paid under Section 53a of the State School Aid Act. Only services for the following students with disabilities qualify under Section 53a:

- Pupils assigned to a district or intermediate district through the community placement program of the courts or a state agency, if the pupil was a resident of another intermediate district at the time the pupil came under the jurisdiction of the court or a state agency.
- Pupils who are residents of institutions operated by the department of health and human services.
- Pupils who are former residents of department of community health institutions for the developmentally disabled who are placed in community settings other than the pupil's home.
- Pupils enrolled in a department-approved on-grounds educational program longer than 180 days, but not longer than 233 days, at a residential child-care institution, if the child-care institution offered in 1991-92 an on-grounds educational program longer than 180 days but not longer than 233 days.

- Pupils placed in a district by a parent for the purpose of seeking a suitable home, if the parent does not reside in the same intermediate district as the district in which the pupil is placed.

As indicated in Section 53a(3) of the State School Aid Act, “only those costs that are clearly and directly attributable to educational programs for pupils described in subsection (2), and that would not have been incurred if the pupils were not being educated in a district or intermediate district, are reimbursable under this section.”

- **Administrative costs related to operating the program** including costs related to directors of special education, special education supervisors, special education building principals, secretarial support for special education personnel, and other administrative costs normally incurred by the district are **not chargeable to Section 53a without an annual prior approval from MDE OSE.**
- Costs for services 100% attributable to supporting Section 53a students and reported by the district for Section 53a reimbursement must be supported by an attachment in FID identifying the amount being direct charged to Section 53a as well as a justification for the costs being 100% attributable to a Section 53a student(s).
 - Examples include but are not limited to:
 - Costs associated with a one-to-one aide
 - Capital outlay costs for equipment used solely by a Section 53a student and not available to non-Section 53a students in the district.
- Documentation to support costs 100% attributable to supporting section 53a students and charged to section 53a for 100% reimbursement must be maintained for monitoring purposes and submitted to MDE upon request. Lack of allocation documentation may result in the disallowance of costs.
Section 53a Cost Reporting Methodology

Instructional and support costs reported under Section 53a of the SE-4096 are to be determined based on the instructional and support services received by Section 53a students.

Costs are to be reported using a direct charge basis wherever possible, or by a method of allocation which provides a reasonable distribution of costs for Section 53a. Districts are required to keep documentation to verify all amounts recorded as journal entries.

- Allocation and/or journal entry documentation must be maintained for monitoring purposes and submitted to MDE OSE upon request.
- Lack of allocation and/or journal entry documentation may result in the disallowance of costs.

If the same allocation percentage is used to prorate costs to Section 53a for multiple lines, MDE OSE will return the SE-4096 to the district for required modifications if a reasonable justification is not provided.

Section 53a Specialized Transportation Costs

Only costs associated with Section 53a students with disabilities receiving specialized transportation qualify.

Although Section 53a specialized transportation costs are reported on the Transportation Expenditure Report (SE-4094), Section 53a specialized transportation costs are only reimbursed from the SE-4096.

To receive reimbursement for Section 53a specialized transportation costs:

- Report allowable costs under the Section 53a section of the SE-4094
- Report the total Section 53a costs reported on the SE-4094 on the Function 271 pupil transport line of the SE-4096 on the Section 53a page of the cost report.
- Use the other costs column when reporting these costs.

Detailed Instructions for the Summary of Special Education Expenditures

Line 1a Total Instructional, Support, and Miscellaneous Costs: Agrees with the Total Section 52 Costs amount reported in the Total Cost column on the Cost List for Section 52.

Line 2a Total Instructional, Support, and Miscellaneous Costs: Agrees with the Total Section 53a Costs amount reported in the Total Cost column on the Cost List for Section 53a.

Line 3 Total Allowable Costs for Special Education: Total of lines 1a, and 2a.