



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 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 expenditures to report.

Section 18 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 member districts within the ISDs boundary. Failure to submit the SE-4096 in the FID by the last business day in September may result in the withholding of the district's entire state aid payment beginning with the next payment due to the district. **The 2023-24 SE-4096 must be certified by the ISD for each district in the FID by 11:59pm on Monday, September 30, 2024.**

General Instructions

1. The SE-4096 shall reflect costs for the school year July 1 to June 30.
2. Report all expenditure amounts to the **nearest dollar**.
3. Districts can report expenditures related to providing special education programs and services to children with disabilities between the ages of 0 and 26 on the SE-4096.

This differs from the Individuals with Disabilities Act (IDEA), Part B, Section 611, Special education Flowthrough grant which is restricted to expenditures related to providing special education programs and services for children between the ages of 3 and 21.

4. 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.
5. For information regarding expenditures which have been approved for special education reimbursement by function code and object code, refer to the [State Aid and IDEA Part B, Section 611 Allowable Costs Document](#). Items not listed in the allowable cost document are not to be reported on the SE-4096 without prior approval from MDE OSE. The prior approval form can be found under Appendix E of the allowable costs document.
6. Only allowable special education expenditures charged to local funds, and which have not already been reimbursed through another funding mechanism are eligible to be reported on the SE-4096.
7. Expenditures reimbursed through Section 51a(6) or federal grants are unallowable and cannot be reported on the SE-4096.

Reporting Requirements

1. The 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 2023-24 SE-4096 will be compared to the special education pupil counts reported on the Fall 2023 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 explain the discrepancy in a comment in the FID. Districts will be asked to explain any discrepancies between the SE-4096 and the DS-4120 if a clear comment is not provided.
2. Expenditures should 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. Allocation documentation must be maintained for monitoring purposes and submitted to the Michigan Department of Education

(MDE) Office of Special Education (OSE) upon request. Lack of allocation documentation may result in the disallowance of costs.

3. Districts must break out purchased services staff expenditures coded under object codes 31xx from the remaining purchased services expenditures coded under 3xxx-4xxx. Purchased service staff costs coded under object codes 31xx are to be reported under the Purchased Services Staff column on the SE-4096. The remaining non-staff purchased services expenditures are to be reported under the Purchased Services Non-Staff column.

Aides are reported on the SE-4096 based on the amount of time spent working in special education. All aides working in special education are required to be reported on the SE-4096 by the classroom program assignment, not by student disability. Line 1 of the SE-4096 has been titled "LRE Classroom Aides." This line is used to report aides assigned by an Individualized Education Program (IEP) to work with a special education student in a regular education setting. This line is also used for LRE aides assigned to a building who are under the direction and supervision of special education personnel. **Transportation aides are not reported on the SE-4096, but instead are reported on the Transportation Expenditure Report (SE-4094).**

The split-funding of salaries and wages for aides 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 charges are accurate, allowable, and properly allocated. The personnel activity report (PAR) form is no longer specifically required.

4. 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 qualify for state aid reimbursement.

Attach a copy of the agreement for the 2023-24 fiscal year in FID showing the school district will receive a dollar in special education services for every dollar transferred to MRS. These costs are reported under function code 441 and object code 8910 and should be placed on the SE-4096 under function code 231-Board of Education in the Other Expenditures column.

5. Instructional supplies must be reported on the appropriate line on the SE-4096 on a direct usage basis. **Office and administrative supplies are unallowable on the SE-4096.**
6. Districts are required to keep documentation to verify all amounts recorded as journal entries charged to supplies or purchased services on the SE-4096. Such documentation shall be submitted to MDE OSE upon request. Lack of documentation may result in the disallowance of these costs.
7. Section 51a(7)(b) reads as follows: Beginning with the 2004-2005 fiscal year, a district or intermediate district that employed special education support services staff to provide special education support services in 2003-2004 or in a subsequent fiscal year and that in a fiscal year after 2003-2004 receives the same type of support services from another district or intermediate district shall report the cost of those support services for special education reimbursement purposes under this article. This subdivision does not prohibit the transfer of special education classroom teachers and special education classroom aides. If the pupils counted in membership associated with those special education classroom teachers and special education classroom aides are transferred and counted in membership in the other district or intermediate district in conjunction with the transfer of those teachers and aides.

Section 51a(7)(b) requires that itinerant staff who were employed in one district in 2003- 04 and for 2023-24 are employed in another district because of a position transfer, must have their associated costs reported back to the district where they were employed in 2003-04 for state aid payment purposes.

To accomplish the requirements of Section 51a(7)(b), the 2023-24 employing district will report the cost for the itinerant staff on pages 1 and/or 2 and then will use page 3 to assign the cost and appropriate staff back to the 2003-04 employing district. These costs will be deducted from the 2023-24 employing district's SE-4096 on page 4. MDE will add the appropriate costs to the 2003-04 employing district's SE-4096 as a part of the State level review (see the instructions for completing page 4).

Recording Costs - General Accounting Information

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 to the extent that 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.

Expenditure for Repair and Maintenance

Costs for repair or replacement of items such as carpeting, copy machines, windows, and lavatories are reimbursed as a part of the district's indirect rate. If the district is eligible and chooses to claim direct operation and maintenance for a building used solely for special education, these costs may be reported on the direct operation and maintenance line on the SE-4096. Direct operation and maintenance costs plus indirect costs cannot exceed 15 percent of direct costs as specified in Section 51a(7)(a) of the State School Aid Act. District's wishing to claim direct operation and maintenance may 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.

Payments Between Districts

Costs contracted from another Michigan public school district are allowable costs on the SE-4096 if 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 expenditures are not over reported on the SE-4096 between the districts.

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.

Refunds

These are a credit against the year in which the refund is received and must offset expenditures reported on the SE-4096 on a direct charge basis.

Tuition Reimbursement

Tuition reimbursement expenditures **are not** allowable costs to be reported on the SE-4096.

Detailed Instructions for Section 52 Reimbursement

1. **Column 1/Professional FTE.** Enter the number of professional staff FTE for **special education approved** personnel employed by the district. FTE positions must be reported to the nearest tenth (0.0).

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

2. **Column 2/Aide FTE.** Enter the FTE for aides that qualify for reimbursement and for whom salaries are included in the salary's column. Aides qualify for reimbursement to the extent they spend time working in special education.

Do not include FTEs for program assistants, interpreters, secretaries, or substitutes in the aide’s column. The salaries for program assistants and interpreters are reimbursable to the extent that they spend time working in special education, however, they are not considered aides and the FTEs are not to be listed in this column. Secretaries are not considered aides and the FTEs are not to be listed in this column as well.

Aides supporting an occupational therapist, physical therapist or school nurse must be reported under function code 213–Health Services. All other aides must be reported by program assignment of the student to the nearest tenth (0.0).

- 3. Expense Columns.** Enter allowable expenditures on the appropriate function code lines and in the appropriate object code column– salaries, benefits, purchased services-staff, purchased services-non staff, supplies and materials, and other expenditures. **If total expenditures within a line on the SE-4096 excludes salaries, benefits and/or purchased services staff costs but includes non-staff expenditures, include an explanation as a comment in FID.**

The benefits column only includes employee benefits reported under object code 21xx for employee insurance, object code 2410 for employee physicals, object code 28xx for mandatory coverages, and object code 2920 for cash in lieu of benefits.

The purchased services-staff column only includes costs for staff contracted from a third-party entity.

The purchased services non-staff column is for all allowable non-staff expenditures coded under object codes 3xxx-4xxx.

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

Capital outlay includes only single pieces of equipment costing \$5,000 or more. It is limited to items used solely for instruction of special education students. Equipment purchased for the use of individual student instruction or to provide access to education (wheelchairs, group hearing devices, etc.) may also be

included.

Prior approval is recommended if a district wants to be assured capital outlay costs are allowed to be reimbursed with State Aid funds.

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

An itemized list of equipment claimed on this line must accompany the SE-4096. The list must identify the item, cost, and the purpose of use.

The other expenditures column only includes costs for dues and fees to professional organizations related to special education, as well as the costs for criminal background checks on special education staff.

4. **Total Cost Column** This column totals line expenses.
5. **Function 122-Section 24** Enter the special education costs for programs approved by MDE and operated on the grounds of a juvenile detention facility or child caring institution funded under Section 24 of the State School Aid Act. The amount reported on this line must agree with the total approved costs reported on the Actual Cost Report for Public School Districts Approved to Operate Programs on the Grounds of Child Caring Institutions and Juvenile Detention Facilities (SE-4824). MDE OSE will adjust this line, if needed, to match the approved SE-4824.
6. **Total Instructional Costs** This line subtotals all columns for instructional costs. The total for capital outlay will be carried forward to the Miscellaneous Costs section under Misc-Capital Outlay.
7. **Total Support Costs** This line subtotals all columns for instructional and non-instructional support costs. The total for capital outlay will be carried forward to the Miscellaneous Costs section under Misc-Capital Outlay.
8. **Subtotal – Instructional and Support** This line subtotals total instructional costs and total support costs minus instructional and support capital outlay totals.

9. **Misc - Indirect Costs** This line calculates the district's indirect costs based on the district's state assigned special education indirect cost rate. Indirect cost rates are your district's rate or 15 percent, whichever is less. This line will be adjusted by MDE OSE if direct Operations and Maintenance costs are reported and approved.
10. **231 - Board of Ed** Enter allowable costs related to special education hearings other than school attorney fees. This line is also used to report funds transferred to MRS as well as unemployment costs to the extent the individual was employed in special education. This line will also be used by MDE OSE to make any necessary adjustments to the SE-4096.
11. **Misc - Capital Outlay** This line totals capital outlay related to instructional and support costs.
12. **261 - Direct Operations and Maintenance** This is limited to programs that are in separate facilities used solely for special education students. Districts with an indirect rate of 15 percent or more do not qualify. To be considered for reimbursement, a schedule detailing the costs upon which the direct operation and maintenance is being calculated must be included with the SE-4096. This consists of 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. This includes maintaining safety in buildings, on the grounds, and in the vicinity of schools. All utility expenditures such as electricity, heating (metered or bulk supply), water, sewage waste, trash disposal, and telephone charges are also included under this function. Building security is also included under this function. More information, including an example, is available upon request from MDE OSE.

Enter the amount of direct operation and maintenance costs eligible to be charged. The combined total of the indirect cost and the direct operation and maintenance costs cannot exceed 15 percent of district program costs.

Districts must attach documentation in FID to support the direct operation and maintenance costs reported on the SE-4096.

13. **431 – Tuition-MSD (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 MDE OSE when the final tuition billings are complete by the MSD.

14. **Total Miscellaneous Costs** This line subtotals the miscellaneous costs.

15. **Total Section 52 Costs** This line totals the Subtotal – Instructional and Support and total miscellaneous costs lines.

Detailed Instructions for Section 53a Reimbursement

Pupil Eligibility

Only complete this section if Section 53a pupils were reported on the district’s special education Fall 2023 count on the DS-4120 **and** the pupils were approved by the MDE OSE through the Fall 2023 Section 53a pupil count verification process.

Refer to the [Section 53a](#) page for more information on the MDE OSE Section 53a pupil count verification process.

The Spring 2024 DS-4120 is not utilized for Section 53a reimbursement on the SE-4096.

Eligible Costs

1. Special education reimbursement for Section 53a students is paid under Section 53a of the State School Aid Act. Only services for the following students qualify under Section 53a:
 - a. 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.
 - b. Pupils who are residents of institutions operated by the department of health and human services.
 - c. 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.

- d. 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.
 - e. 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.
2. 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.”
 3. 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.
 4. 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 expenditures being 100% attributable to a Section 53a student(s).

Examples include but are not limited to costs associated with a one-to-one aide and capital outlay expenditures 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.

Costs for items which are used by the total program and not solely by Section 53a students cannot be prorated to Section 53a.

Reimbursement Methodology

1. Reimbursement for classroom programs and support services will be calculated based on the proportion of Section 53a students enrolled in the program or service, compared to the number of students and costs for the total program. This is not calculated on a single classroom basis.
2. **The pupil membership reported on the Fall 2023 DS-4120 will be the basis for calculating Section 53a instructional costs reported under Function code 122.** Each instructional program uses a different proration calculation based on the individual FTE counts for each program on the DS-4120.

For example, a district operating an emotional impairment program has 0.87 Section 53a FTE and 26.39 total FTE for the program on the Fall 2023 DS-4120. In this example, total allowable expenditures for the emotional impairment program to be reported on the SE-4096 is \$1,000,000. When prorating expenditures, 3.3 percent ($0.87/26.39$) of total expenditures, or \$33,000, will be prorated to Section 53a and 96.7 percent ($0.87/26.39$) of total expenditures, or \$967,000, will be prorated to Section 52 on the SE-4096.

3. **Support services provided to special education students will be the basis for calculating Section 53a support costs.** Each support cost uses a different proration calculation based on the students served for each support cost.

Expanding the instructional proration example above, the district's one Section 53a emotional impairment student also receives speech. The district provided speech and language services to 100 students. Therefore, the district may bill 1 percent of the total speech program cost to Section 53a and the other 99 percent to Section 52 on the SE-4096.

Section 53a Transportation

Only costs associated with Section 53a students receiving specialized transportation services qualify. Specialized transportation services are transportation services provided in vehicles for the exclusive use of special education students (R388.371)

Section 53a transportation expenditures are reimbursed from the SE-4096 only. **Total Section 53a expenditures reported on the Transportation Expenditure Report (SE-4094) must be reported under Function 271 pupil transport in the other expenditures column within the Section 53a portion of the SE-4096 to receive reimbursement for Section 53a transportation expenditures.**

Detailed Instructions for Section 51a(7)(b) Itinerant Costs

1. Only districts who employed itinerant staff transferred from another district need complete this section.
2. Enter the name of the district who employed the corresponding personnel in 2003-04.
3. Include all eligible special education expenditures related to the itinerant staff.
4. **Column 1/Professional FTE.** Enter the number of professional staff FTE for **special education approved** personnel employed by the district who had previously been employed in another district in 2003-04. FTE positions must be reported to the nearest tenth (0.0).
5. **Column 2/Aide FTE.** Enter the FTE for aides that qualify for reimbursement and for whom salaries are included in the salary's column. Aides qualify for reimbursement to the extent they spend time working in special education.

Do not include FTEs for program assistants, interpreters, secretaries, or substitutes in the aide's column. The salaries for program assistants and interpreters are reimbursable to the extent that they spend time working in special education. However, they are not considered aides and the FTEs are not to be listed in this column.

Aides supporting an occupational therapist, physical therapist or school nurse

must be reported under function code 213–Health Services. All other aides must be reported by program assignment of the student to the nearest tenth (0.0).

6. **Expense Columns.** Enter allowable expenditures on the appropriate function lines and in the appropriate object code columns-salaries, benefits, purchased services-staff, purchased services-non staff, supplies, materials, and other expenditures. **If total expenditures within a line on the SE-4096 excludes salaries, benefits and/or purchased services staff costs but includes non-staff expenditures, include an explanation as a comment in FID.**

The benefits column only includes employee benefits reported under object code 21xx for employee insurance, object code 2410 for employee physicals, object code 28xx for mandatory coverages, and object code 2920 for cash in lieu of benefits.

The purchased services-staff column only includes costs for staff contracted from a third-party entity.

The purchased services non-staff column is for all allowable non-staff expenditures coded under object codes 3xxx-4xxx.

The other expenditures column only includes costs for dues and fees to professional organizations, as well as the costs for criminal background checks on staff.

7. **Total Cost Column.** Enter the line totals of expense columns.
8. **Total Section 52 Itinerant Staff Costs** This line is carried over and placed on line 1b or 1d of the Summary of Special Education Expenditures as appropriate.
9. **Total Section 53a Itinerant Staff Costs** This line is carried over and placed on line 2b or 2d of the Summary of Special Education Expenditures as appropriate.

Detailed Instructions for the Summary of Special Education Expenditures

Line 1a Total Instructional, Support, and Miscellaneous Costs This total must agree with the Total Section 52 Costs amount reported in the Total Cost column on the Cost List for Section 52.

Line 1b Total Section 51a(7)(b) Itinerant Staff Costs (ISDs Only) This total must agree with the Total Section 52 Itinerant Staff Costs amount reported in the Total Cost column on the Section 51a(7)(b) Itinerant Costs.

Line 1c Allowable Section 52 Expenditures (Line a - Line b) This is the total from line 1a minus line 1b.

Line 1d Itinerant Expenditures Entered by your ISD (Member Districts Only) This total must agree with the Total Section 52 Itinerant Staff Costs amount reported in the Total Cost column on the Section 51a(7)(b) Itinerant Costs. This line is used to add the itinerant staff costs back to member districts from the ISD.

Line 1e Total Section 52 This is the total from line 1c plus line 1d.

Line 2a Total Instructional, Support, and Miscellaneous Costs This total must agree with the Total Section 53a Costs amount reported in the Total Cost column on the Cost List for Section 53a.

Line 2b Total Section 51a(7)(b) Itinerant Staff Costs (ISDs Only) This total must agree with the total Section 53a Itinerant Staff Costs amount reported in the Total Cost column on the 51a(7)(b) Itinerant Costs.

Line 2c Allowable Section 53a Expenditures (Line a - Line b) This is the total from line 2a minus line 2b.

Line 2d Itinerant Expenditures Entered by your ISD (Member Districts Only) This total must agree with the Total Section 53a Itinerant Staff Costs amount reported in the Total Cost column on the Section 51a(7)(b) Itinerant Costs. This line is used to add the itinerant costs back to member districts from the ISD.

Line 2e Total Section 53a This is the total from line 2c plus line 2d.

Line 3 Total Allowable Expenditures for Special Education This is the total of lines 1e, and 2e.