



Intermediate School District Management of Proportionate Share Funds

Michigan Department of Education Office of Special Education
July 2025

Overview

The following information is provided as a model to be used when Individuals with Disabilities Education Act (IDEA) Part B proportionate share funds are retained by the Intermediate School District (ISD), but equitable services for parentally placed private school children with disabilities are provided entirely or partially by member districts. By using this model, the ISD eliminates the individual distribution of proportionate share funds to member districts within the IDEA, Part B, Section 611, Special Education, ages 3 through 21 (Flowthrough) and IDEA, Part B, Section 619, Special Education, ages 3 through 5 (Preschool)¹ federal applications.

Under this model, member districts providing equitable services are reimbursed with proportionate share funds retained by the ISD. The ISD is responsible for providing member district oversight to ensure the funds are spent allowably and for monitoring progress towards meeting the proportionate share requirement in the aggregate.

ISD Implementation Model

ISD Budgeting of Proportionate Share Expenditures in IDEA Part B Applications

When the ISD retains the entire proportionate share allocation, the total required proportionate share amount is budgeted within the Flowthrough and Preschool federal applications as follows:

- Equitable services to be provided by the ISD are budgeted utilizing function code 371 and the applicable object codes for wages, benefits, contracted services, supplies, etc.

¹ Although the Michigan Department of Education (MDE) is the lead agency of the IDEA Preschool grant, this grant is administered by the Michigan Lifelong Education Advancement and Potential (MiLEAP). Questions about proportionate share regarding Section 619 of the IDEA should be directed to that office.

- Equitable services to be provided by member districts are budgeted on a single budget line utilizing function code 371 and object code 8290, other transits. Utilize the other expenditures column within the federal application.

For transparency, the ISD will be required to attach the following to the applicable grant application in NexSys:

- A breakdown of ISD/member district anticipated expenditures for providing equitable services to parentally placed private school children with disabilities for the first 12 months of the grant's period of availability. Anticipated expenditures must be based on budgeted amounts, not simply a proration of the proportionate share allocation for each district.
- How much of total anticipated expenditures the ISD plans to attribute to prior year carryover funds and current year funds, as applicable.

Member District Monitoring and Reimbursement

As member districts request and receive reimbursement from the ISD for actual proportionate share expenditures, the ISD monitors the expenditures for allowability and may consider comparing total expenditures to each district's estimated target to track progress. Aggregate expenditures of the ISD/member districts are reviewed regularly to monitor progress toward expending the required proportionate share funds by the end of the 27-month grant period.

Member District Implementation Model

Accounting for Proportionate Share Revenue for Equitable Services Provided

Proportionate share funds received from the ISD as reimbursement for equitable services provided are reported as IDEA Part B federal revenue by member districts using major class code 417 and suffix code 0120.

Accounting for Proportionate Share Expenditures for Equitable Services Provided

As expenditures are incurred for equitable services provided to parentally placed private school children with disabilities, member districts utilize the following accounting structure:

- Function code 371, the appropriate object code, and local funds.

- Member districts may not use the associated federal grant code for IDEA Flowthrough (801) and IDEA Preschool (805) when recording expenditures. Doing so would result in a duplication of expenditures between the ISD and member districts.
- Proportionate share expenditures for Flowthrough and Preschool are tracked separately within the member districts general ledger. Separate tracking is critical to ensure the ISD is reimbursing member districts accurately with Flowthrough and Preschool funds as applicable. ISDs may want to consider the coordinated use of specific 900 series grant codes for member districts to track Flowthrough proportionate share expenditures separately from Preschool proportionate share expenditures.

Although member districts account for equitable services provided to parentally placed private school children with disabilities with local funds, these expenditures are not eligible for state aid reimbursement since 100% reimbursement is already being received from the federal proportionate share funds retained by the ISD.

Additional Information

For additional information, contact the Michigan Department of Education (MDE) Office of Special Education (OSE) Program Finance unit at MDE-OSEProgramFinance@michigan.gov.