



# **Guidance for Building an Early Childhood Special Education (ECSE) Budget Based on Student Need**

## **I. Statutory and Fiscal Framework**

Public Law 2023, Chapter 643, Part W establishes the fiscal structure for Early Childhood Special Education (ECSE) for children ages 3–5. Under this law:

- ECSE services are 100% state funded.
- No local share is required from school administrative units (SAUs).
- Funding is distributed through a state-developed allocation model based on child count data.
- Allocations are calculated using quarterly child count collections.

This funding structure is established and will remain in place throughout and beyond the transition in July 2028. Changes to this existing funding structure would require legislation.

SAUs are required to use ECSE funds to support the provision of Free Appropriate Public Education (FAPE) in alignment with students' Individualized Education Programs (IEPs) and the principles of reasonable and necessary expenditures outlined in this guidance.

## **II. Foundational Principle: Budgeting Based on Student Need**

ECSE budgets must be developed based on the documented needs of individual students, rather than historical spending patterns or legacy program models. For many SAUs, district-level ECSE spending patterns may not yet exist, as responsibility for ECSE service delivery is newly assumed. In limited circumstances, historical spending information may be available where an SAU previously contracted with CDS for staffing positions or specific services; however, such data should be used only as a reference point and not as a prescriptive or controlling model.

Budgets should be developed to reflect:

- Current students receiving ECSE services;
- Anticipated incoming students based on projections and child find activities; and
- The services, staffing, materials, and support required to implement IEPs in the Least Restrictive Environment (LRE).

Budget development should be iterative and responsive, recognizing that child counts, service intensity, and service delivery models may evolve throughout the year as districts build and refine their ECSE systems.

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### III. Step-by-Step Process for Building an ECSE Budget

#### Step 1: Identify Current and Projected Student Counts

SAUs should begin by reviewing:

- July 1 actual child counts (or estimated counts if in the first year of ECSE implementation).
- Historical October 1 child count data for the number of past Pre-K and kindergarten students with IEPs; and
- Anticipated referrals and transitions (including Part C to Part B).

Data will inform both initial allocations and projected quarterly adjustments.

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#### Step 2: Review IEP Service Requirements

For each student (or projected student profile), SAUs should analyze:

- Special education service minutes;
- Related services (e.g., speech-language, OT, PT, behavioral services).
- Transportation needs;
- Assistive technology or specialized equipment.
- Placement setting (public Pre-K, community-based program, itinerant services, special purpose programming, etc.).

This analysis ensures that budget decisions are directly tied to IEP implementation.

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#### Step 3: Apply the State Allocation Components

Funding is calculated using the SAU's Elementary Essential Programs and Services (EPS) rate and Economic Disadvantaged percentage from the ED 279 report for the same school year. The total allocation includes the following components:

##### General Education / FAPE Components

- Basic Count = Child Count × Elementary EPS Rate<sup>1</sup>
- Disadvantaged Allocation = Child Count × Disadvantaged %<sup>2</sup> × EPS Rate<sup>1</sup> × 0.15
- Assessment Allocation = Child Count × \$55<sup>3</sup>
- Technology Allocation = Child Count × \$120<sup>3</sup>
- Pre-K Additional Allocation =  
Child Count × EPS Rate<sup>1</sup> × 0.10



- Additional Disadvantaged Allocation =  
 $\text{Child Count} \times \text{Disadvantaged \%}^2 \times \text{EPS Rate}^1 \times 0.05$

### Special Education Components

- Special Education Allocation =  
 $\text{Child Count} \times \text{EPS Rate}^1 \times 1.5$

<sup>1</sup> EPS rates are different for each SAU and change every school year

<sup>2</sup> Disadvantaged % amounts are different for each SAU and change every school year

<sup>3</sup> Assessment and Technology Allocation per-pupil amounts change every school year

### Child Find Component

- Child Find Allocation =  $\text{Child Count} \times \$1,000$

The combined total of these components represents the SAU's Early Childhood Special Education (ECSE) allocation. Allocations are recalculated for each SAU following quarterly collections of actual child counts and are subject to adjustment each quarter.

The Child Find Allocation is a one-time allocation.

### Step 4: Align Funds to Reasonable and Necessary Expenses

Once the total allocation is known, SAUs should assign funds to expense categories that are reasonable and necessary, meaning:

- **Necessary:** Directly tied to the implementation of a student's IEP; and
- **Reasonable:** Comparable to what would typically be paid for similar services or items under general circumstances.

Allowable examples include, but are not limited to:

- Salaries and benefits for ECSE teachers, related service providers, and paraprofessionals;
- Contracted related services;
- Specialized instructional materials and supplies;
- Assistive technology and adaptive equipment;
- Specialized transportation required by the IEP.
- Tuition

Expenses should be clearly documented and defensible as supporting FAPE.

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### Step 5: Plan for Quarterly Adjustments



Because ECSE funding is recalculated quarterly:

- The **first quarterly payment** is based on July 1 counts
- The **second quarterly payment** may increase, or decrease based on actual counts;
- The **third and fourth quarterly payments** will not fall below the second quarter amount but may increase if counts rise.

SAUs should maintain flexibility in staffing and contracts to accommodate these adjustments while maintaining continuity of services.

#### **IV. Key Budgeting Considerations**

- Budgets must be student-driven, not program-driven. ECSE budgets should be developed based on the individualized needs of current and projected students, as documented in IEPs.
- Expenditure must be clearly connected to IEP requirements. Documentation should demonstrate that all ECSE expenditures are reasonable and necessary to implement a student's IEP and support the provision of Free Appropriate Public Education (FAPE).
- Allocation projections are an informational tool, not a budgeting instrument. The Department provides an allocation projection spreadsheet to support SAUs in estimating potential ECSE funding based on projected student counts. This tool is intended to assist with high-level planning and understanding how changes in child count may affect allocations; however, it should not be used as the basis for detailed budget development or financial commitments, as actual allocations are determined through quarterly child count collections.
- ECSE funds are targeted funds and must remain within the designated ECSE account (2213). All funds allocated for Early Childhood Special Education must be expended from the ECSE account code and may not be transferred, rolled over, or repurposed into the general fund. ECSE Funds must be used solely to support reasonable and necessary costs associated with the provision of FAPE to eligible preschool-aged children with IEPs.
- SAUs should avoid overcommitting funds prior to second-quarter adjustments. Because allocations may increase or decrease following the second quarterly child count, SAUs are encouraged to maintain fiscal flexibility, particularly when making staffing or contractual decisions.
- Collaboration and technical assistance remain critical. Ongoing collaboration with Child Development Services (CDS) Support and Service Hubs and the Maine Department of Education is strongly encouraged to support accurate budgeting, compliance with statutory requirements, and effective implementation throughout the fiscal year.

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#### **V. Summary**



An effective ECSE budget reflects a deliberate process that begins with student needs, applies the state allocation model accurately, and directs funds toward reasonable and necessary expenses required to deliver FAPE. This approach ensures fiscal integrity, statutory compliance, and, most importantly, high-quality services for young children with disabilities.

## Guidance for Reasonable and Necessary Expenditures

To support School Administrative Units (SAUs) in developing Early Childhood Special Education (ECSE) budgets that are aligned with student need and the standard of *reasonable and necessary* expenditures, the Department has identified **reference percentage bands** based on statewide expenditure data from the first year of implementation.

These bands are intended to:

- Provide **fiscal guardrails** for projected budgets;
- Support **consistency and transparency** across SAUs; and
- Assist SAUs in assessing whether projected spending patterns are reasonably aligned with the primary purpose of ECSE funding—**the delivery of direct services to children with disabilities**.

The bands below are **not spending caps** and do not replace the requirement that all expenditures be tied to student IEP needs. Variations may be appropriate based on local context, service delivery models, or student need, but significant deviations should be supported by documentation and justification.

### Reference Percentage Bands (Based on Year 1 Actual Expenditures)

Expenditure Category	Observed Average	Recommended Planning Band	Guidance Rationale
<b>Direct Services (Total)</b>	~79.5%	<b>70%–85%</b>	ECSE funds should be primarily directed toward instruction and related services delivered to students.
↳ SAU-Employed Staff	~60% (of total)	<b>50%–65%</b>	Reflects staffing needed to deliver IEP services directly or itinerantly.
↳ Contracted Services	~19% (of total)	<b>15%–30%</b>	Allows flexibility for private providers, specialists, and rural access considerations.
<b>Administration</b>	~14.8%	<b>10%–20%</b>	Support required oversight, coordination, supervision, and compliance activities.
<b>Transportation</b>	~2.2%	<b>1%–5%</b>	Reflects IEP-driven transportation needs, including specialized or regional transport.



Expenditure Category	Observed Average	Recommended Planning Band	Guidance Rationale
Tuition / Program Fees	~3.5%	0%–10%	Supports placements in community programs or specialized settings when required by the IEP.

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## How SAUs Should Use These Bands

- As a reasonableness check**, not a budget formula.  
SAUs should compare projected spending against these ranges to assess whether their budget is generally aligned with observed statewide patterns.
- In conjunction with student-level planning.**  
Budgets must still be built from current and projected student IEP needs. A budget that falls within the bands but is not tied to student needs would not meet the reasonable and necessary standard.
- To identify areas needing explanation or adjustment.**  
Spending significantly outside a band does not automatically indicate noncompliance, but it should prompt review and documentation explaining the local context (e.g., limited provider availability, unusually high transportation needs).
- Budgets that exceed allocated amounts.**  
Budgets that exceed allocated amounts require review and approval by the DOE team.
- For communication and transparency.**  
Percentage bands may be used to support conversations with SAU leadership, school boards, and auditors about how ECSE funds are being allocated and why

## Important Fiscal Clarifications

- These percentage bands **do not authorize spending** and do not replace quarterly allocation calculations.
- All ECSE expenditures must remain within the **ECSE account (2213)** and may not be transferred to the general fund.
- Actual allocations may change based on quarterly child count collections; SAUs should avoid overcommitting funds early in the fiscal year.
- Budgets that exceed allocated amounts require review and preapproval by the DOE team.

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## Summary



A reasonable and necessary ECSE budget is one in which the **clear majority of funds support direct services to children**, with administrative, transportation, and tuition costs maintained at levels consistent with student need and statewide experience. The use of planning bands supports fiscal consistency while preserving local flexibility and IEP-driven decision-making.

## **Early Childhood Special Education Account Coding**

ECSE Expenditures

Fund 2213

ECSE Revenue:

ECSE Revenue Code 3128

ECSE MaineCare Revenue 4508

ECSE State Agency Client Revenue 3122

A model chart of accounts for PreK Special Education Programs can be found on the Maine DOE website at <https://www.maine.gov/doe/funding/accounting/handbook> .