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Five Strategies for Identifying Effective Incentives and Sanctions to Support Compliance With IDEA and Improve Student Outcomes



The Individuals with Disabilities Education Act (IDEA) requires state educational agencies (SEAs) and local educational agencies (LEAs) to improve outcomes for children with disabilities and ensure compliance with the requirements of IDEA while following the Office of Management and Budget Uniform regulations (2 CFR Part 200). SEAs have various policy tools available to them to help support these goals through a system of progressive incentives and sanctions.

Sanctions include specific enforcement activities, as outlined in the Office of Special Education Program's (OSEP) State General Supervision Responsibilities Under Parts B and C of the IDEA Monitoring, Technical Assistance, and Enforcement, QA 23-01. Section E of OSEP's 23-01 provides states with the requirements for the use of enforcement actions or sanctions related to LEA annual determinations and other circumstances (see Appendix A). However, states have flexibility in creating a system of incentives and sanctions that is meaningful to their unique contexts while still including the required enforcement actions.

States often use incentives and sanctions, usually along a continuum of increasing intensity, to influence

LEA actions. Incentives or sanctions may be applied to LEAs in response to their performance on various IDEA accountability measures, including annual determinations, progress toward State Performance Plan/Annual Performance Report (SPP/APR) targets, the correction of noncompliance, response to monitoring findings, or the collection and analysis of data. States may also apply incentives and sanctions in response to their state accountability systems and related policies or regulations. SEAs typically offer LEAs incentives to encourage the use of compliant practices and/or to support activities related to improving student outcomes. SEAs typically sanction LEAs in response to continued noncompliance or failure to make progress toward goals or state targets over time. This brief includes five strategies to help states

effectively leverage incentives and sanctions to support LEA compliance with IDEA and improve student outcomes.

1. Use meaningful incentives and sanctions.

States should aim to choose incentives and sanctions that effectively motivate LEAs to improve both outcomes and compliance. The incentives and sanctions used by a state should be meaningful to the LEAs so that LEAs are motivated to pursue those incentives or avoid sanctions. Historically, under IDEA, when states focus on noncompliance and ensure required corrective action, compliance rates tend to improve. However, data indicate that improving compliance does not always result in improved outcomes or performance for students with disabilities (to view historical trends in IDEA data, see <https://sites.ed.gov/idea/data/>). Therefore, thinking about a continuum that includes both meaningful rewards and sanctions may serve as an effective lever to improve educational outcomes. The continuum of incentives and



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sanctions may comprise economic, social, or moral motivators. (See Appendix B for examples of incentives and sanctions.)

The continuum of incentives and sanctions a state develops typically applies to all aspects of IDEA general supervision, including child/student outcomes, monitoring, fiscal oversight, dispute resolution, and data. The policies and procedures developed regarding incentives and sanctions should describe and specify what incentives and sanctions to use and when to use them (see Strategy 4). All tools or levers across the continuum are meant to hold up a state system to support LEAs in ways that benefit and contribute to the education of students with disabilities.

It may be helpful to engage community partners (including LEA representatives) to elicit feedback on possible incentives and sanctions and learn what may be most motivating to those working within the state system. See Strategy 2 for more detail about engaging community partners.

2. Gather community partners' feedback on incentives and sanctions.

As mentioned previously, it is important to involve all interested parties in the development of a continuum of incentives and sanctions. The intent of incentives and sanctions is to change the behavior of LEAs to achieve improved outcomes or compliance, so determining what is most motivating to the recipient of these actions would be advantageous to ensuring their behavior change.

States should consider engaging LEA personnel and SEA personnel to gain authentic voices from key decision-makers and those to whom incentives and sanctions will be applied. Other important interest party perspectives may include family and student voices as well as other community partner perspectives. States should plan to revisit their continuum of incentives and sanctions on a regular basis (e.g., every few years) because motivating factors may change over time.

3. Reward progress toward goals.

States should set clear goals for LEAs to achieve, including targets for the SPP/APR, scoring points for LEA determinations, or other accountability measures. Rewarding LEA progress toward goals can function as an incentive or motivator. An incentive system that recognizes improvement over time, even if an LEA has not yet met the identified goal, can keep LEAs moving forward. For example, states could reward LEA growth toward identified goals by providing funds to identified LEAs to support specific programming or initiatives, recognizing particular LEAs at a statewide meeting or through the media, or identifying those LEAs as “model sites.” Please see Appendix B for other examples of positive incentives.

4. Be transparent about incentives and sanctions and how LEAs receive them.

SEAs should be as transparent as possible about the incentives and sanctions that LEAs may experience through the state's accountability

system as well as the process or mechanisms by which they will be activated. States should have written policies, procedures and practices that explain the system of progressive incentives, sanctions, and enforcement provisions and their alignment with federal requirements outlined in OSEP QA 23-01 (see Appendix A for more information). These policies, procedures, and practices should be clearly stated and made available to the LEAs.

5. Be data driven.

SEAs should gather and review data to ensure that incentives and enforcement actions or sanctions are meaningful drivers of change at the LEA level and continue to be meaningful over time. Data should be collected and analyzed to

- determine when and how to apply incentives and sanctions,
- review the impact of initiatives on improvement efforts,
- determine state priorities for which incentives may be offered, and
- determine the effectiveness of incentives and sanctions and consider adjustments.

Using these five strategies as a guide should help states ensure they have a system of incentives and sanctions in place that are driven by data, are supported by community partners, and are meaningful and effective in creating change.



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References

U.S. Department of Education, Office of Special Education and Rehabilitation Services. (2023). *State general supervision responsibilities under parts B and C of the IDEA, monitoring, technical assistance, and enforcement* (OSEP QA 23-01).

Definitions:

Incentives: Something that encourages a person to do something. It can be an external influence, such as an expected reward or recognition or other motivators to improve performance.

Sanctions: Penalties for not complying with a rule or law or to do so in a timely manner. Also can refer to failure to improve performance toward a goal or target. Used broadly can also include enforcement actions.

Enforcement actions: Used to mean the specific actions required in federal regulation for levels of LEA Determination or noncompliance.

Appendix A

IDEA authorizes some specific enforcement actions related to LEA determination categories and allows for state use of those enforcement actions in other circumstances. Those are listed in the regulations at 34 CFR 300.603-604 and reiterated in Section E of the OSEP's QA 23-01. Those specific enforcement actions described in QA 23-01 related to LEA determinations include the following:

- **Needs Assistance for two consecutive years:** the state must take one or more of the following actions:
 - » Advise the LEA of available sources of technical assistance (TA) and require the LEA to work with the appropriate source of TA.
 - » Identify the LEA as a high-risk grantee and impose specific conditions on the IDEA Part B subgrant award.
 - » Prohibit the LEA from reducing its maintenance of effort (34 CFR 300.203) for any fiscal year in which they do not meet requirements (34 CFR 300.608(a)).
- **Needs Intervention for three or more consecutive years:** The state may take any of the actions described above for “Needs Assistance” and must take one or more of the following actions:
 - » Require the LEA to prepare a corrective action plan or improvement plan to correct identified areas.
 - » Withhold, in whole or in part, further payments under Part B to the LEA.
- **Needs Substantial Intervention:** The state must withhold (after reasonable notice and opportunity for a hearing), in whole or in part, any further payments under Part B to the LEA.

In addition to the IDEA enforcement mechanisms, the Office of Management and Budget (OMB) Uniform Guidance authorizes the pass-through entities (SEAs are the pass-through entities for IDEA grants) to take enforcement actions when subgrantees demonstrate noncompliance with federal requirements. The pass-through entity may impose additional conditions as described in 2 CFR [§200.208](#). If the pass-through entity

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determines that noncompliance cannot be remedied by imposing additional conditions, the pass-through entity may take one or more of the following actions, as appropriate in the circumstances (2 CFR [§200.339](#)):

- (a) Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the Federal awarding agency or pass-through entity.
- (b) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
- (c) Wholly or partly suspend or terminate the Federal award.
- (d) Initiate suspension or debarment proceedings as authorized under [2 CFR Part 180](#) and Federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a Federal awarding agency).
- (e) Withhold further Federal awards for the project or program.
- (f) Take other remedies that may be legally available.

Appendix B

The following list provides examples of possible incentives and sanctions that states may consider including in their overall continuum of incentives and sanctions. Each state is likely to have a unique list of incentives and sanctions based on state regulation, state context, state data, and what is meaningful to LEAs.

Incentives

- **Identify the LEA as a model site or mentor.** The state may consider identifying an LEA as a reward for achieving a specific target on an SPP/APR indicator, for “meeting requirements,” or for showing growth on an indicator. As part of this type of incentive, the state may provide funds to support model site logistics such as provision of substitutes when needed to allow staff to speak with visitors, printing of any materials, or video or other training material development.
- **Recognize LEA progress in showing growth and achieving targets.** The state may recognize selected LEAs at state meetings, in the media, or on the state’s website. For example, the state may provide a plaque or certificates for the local board or superintendent, develop a “heat map” on the state website indicating recognized LEAs, provide buttons for everyone representing the LEA to wear at a state meeting, note growth on publicly reported data or in monitoring reports, or provide bonus points for LEAs showing growth even when they are not achieving targets. Depending on the size of the state, when identifying LEAs for recognition, the state may want to consider comparison groups (size, rural/urban, or whatever makes sense) and top performers in each group or greatest growth in each group.
- **Provide funds (from IDEA discretionary dollars) to use toward an LEA-selected initiative or professional development.** Using IDEA state set-aside or other state funds, the state may reward an LEA with additional funds to enhance or scale a promising practice or successful initiative through expanded professional development and other supports. In addition, they may consider providing funds to send staff from identified LEAs to regional, state, or national meetings.
- **Invite the LEA to present at a regional, state, or national conference.** The state may invite and cover expenses for the LEA to be part of a state team presenting at a national conference or feature LEAs at regional or state conferences and have them share successful strategies.
- **Include an LEA on local, regional, national, or international educational study visits.** The state may identify LEAs that have shown growth or achieved targets as designated visiting sites for education study teams and allow LEA representatives to be a part of national or international study teams.



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Sanctions

- **Withhold LEA authority to implement certain projects or initiatives.** This is typically used for activities or initiatives funded with discretionary or state set-aside funds; the state may require the LEA to delay implementation until compliance is reached.
- **Require LEA participation in specified TA.** The state may require the LEA to participate in TA focused on specific state-approved content or provided by state-approved TA providers (e.g., state staff; institutions of higher education; educational service agencies; regional, state, and national centers of TA; and private providers of scientifically based TA).
- **Require the LEA to conduct a root cause analysis and devise a plan of action to address the root cause(s).** The state may allow the LEA to independently conduct a root cause analysis or facilitate the process using state staff. To support LEAs in conducting a root cause analysis and plan of action, the state may provide a format for the root cause analysis or action plan.
- **Increase reporting frequency for the LEA.** Based on the finding, the state may require the LEA to report to the state more frequently than regulation requires with data that demonstrate appropriate implementation. For example, the state may choose to develop a reporting schedule that requires the LEA to report quarterly, monthly, or on another identified schedule.
- **Require additional, more detailed financial reports.** The state may require financial reports for drawing down funds with detailed reporting rather than summative reporting.
- **Require additional project monitoring.** For specific activities or initiatives, the state may require regular and more frequent reporting to the state through any combination of virtual meetings, data analysis, written reports on goals, and progress toward goals.
- **Establish additional prior approvals for the LEA.** The state may require additional approval alone or in conjunction with other methods, such as more frequent reporting or project monitoring. For example, the state may make each step of a project or initiative require approval from the state or require all expenditures above a specific threshold to be submitted for prior approval.
- **Direct LEA use of funds in whole or in part.** The state may require the LEA to expend a specific amount of funds on a required activity or resource, such as
 - » contracting with a compliance specialist to oversee IEP development for 1 year,
 - » hiring a transition specialist to improve the quality of transition plans,
 - » contracting with a consulting company to improve the least restrictive environments (LRE) outcomes for both preschool and school-age children,
 - » hiring a reading coach for elementary schools to provide TA and coaching, or
 - » purchasing accounting software that meets the state and federal standards for accounting.
- **Identify the LEA as a high-risk grantee.** Depending on the definition of “high risk” within the state, the state may choose to move the LEA out of cycle to immediate monitoring; conduct desk audits that are more in-depth, on or off cycle; or place the LEA into focused monitoring based on the factors that identified the LEA as high risk.
- **Distribute IDEA subgrants under conditional approval and impose specific conditions for the LEA.** The state may develop policies and procedures for conditional approval that may require compliance with a specific stipulation to receive the IDEA grant.
- **Recover funds from the LEA.** Regulations require states to recover funds from LEAs for unallowable costs associated with the federal program. The state may determine it is necessary to recover funds from a nonfederal source. This must be no more than 5 years before the recipient received the notice of a disallowance decision, and it requires the LEA to have opportunity for a hearing if they choose.



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- **Place a state management team in the LEA.** Often called state takeover, the state may assume, through appointed staff, the responsibility of implementing the federal or state programs at risk. This may be for a particular program (such as IDEA) or all state and federal programs. This model can include training, TA, and coaching for existing local staff so they can reassume operations and the state can gradually reduce on-site support. This is often a multiyear activity until the LEA can demonstrate capacity to meet the applicable federal and state requirements.
- **Delay the release of funds to the LEA.** The state may determine it is necessary to delay IDEA funds until the LEA has met specific conditions.
- **Withhold funds, in whole or in part, to the LEA.** In some cases, the state may withhold some or all funds. IDEA and the Uniform Guidance have very specific procedures to follow when withholding funds. It is important that, prior to considering this action, states consult both QA 23-1 and the regulations in both the OMB Uniform Guidance and IDEA.

Additional general supervision resources can be found on the NCSI website:

- [NCSI General Supervision Toolkit](#)

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