*in*Forum

In Depth Policy Analysis

Financing Special Education: State Funding Formulas

by

Eileen Ahearn, Ph.D.

April 2010

Project Forum
National Association of State Directors of Special Education
(NASDSE)
1800 Diagonal Road - Suite 320
Alexandria, VA 22314

APPENDIX C

*in*Forum – An analysis of a critical issue in special education

Project Forum at National Association of State Directors of Special Education (NASDSE) is a cooperative agreement funded by the Office of Special Education Programs of the U.S. Department of Education. The project carries out a variety of activities that provide information needed for program improvement and promote the utilization of research data and other information for improving outcomes for students with disabilities. The project also provides technical assistance and information on emerging issues and convenes small work groups to gather expert input, obtain feedback and develop conceptual frameworks related to critical topics in special education.

This report was supported by the U.S. Department of Education (Cooperative Agreement No. H326F050001). However, the opinions expressed herein do not necessarily reflect the position of the U.S. Department of Education, and no official endorsement by the Department should be inferred.
Note: There are no copyright restrictions on this document; however, please credit the source and support of federal funds when copying all or part of this material.

IDEAs that Work
U.S. Office of Special Education Programs

This document, along with many other Forum publications, can be downloaded from the Project Forum at NASDSE web address:

http://www.projectforum.org

To order a hard copy of this document or any other Forum publications, please contact Nancy Tucker at NASDSE, 1800 Diagonal Road, Suite 320, Alexandria, VA 22314
Ph: 703-519-3800 ext. 326 or Email: nancy.tucker@nasdse.org

This document is available in alternative formats. For details please contact Project Forum staff at 703.519.3800

Table of Contents

INTRODUCTION 1

BACKGROUND 1

METHODOLOGY 2

FINDINGS 2
- State Formula Changes from 2000 to 2009 2
- Possible Change in Funding Formula 5
- Caps or Limitations on Funding 5
- Uses of State Special Education Funds 6

OBSERVATIONS 7

REFERENCES 8

APPENDIX A: Project Forum Survey 9

APPENDIX B: State Funding Formulas 2008-09 11

Financing Special Education: State Funding Formulas

INTRODUCTION

The cost of educating students with disabilities and how to fund their services have been the subject of a number of studies since 1982 that were conducted by the National Association of State Directors of Special Education (NASDSE) and/or projects conducted by the American Institutes for Research's (AIR) Center for Special Education Finance (CSEF). CSEF was funded by the Office of Special Education Programs (OSEP), U.S. Department of Education, from 1992 to 2004.

This study is an update of the 1999-2000 CSEF survey of state special education funding formulas. Current information on this topic was gathered through a survey of state special education directors conducted by Project Forum at NASDSE in conjunction with Tom Parrish and Jenifer Harr-Robins of AIR.[1] The current survey and this document address only mechanisms for distributing state dollars to local districts under state law and policy. Project Forum at NASDSE completed this document as part of its cooperative agreement with OSEP.

BACKGROUND

Special education funding is the amount of money allocated for the delivery of specially designed instruction and related services to students with disabilities who are eligible for such services under the federal law known as the Individuals with Disabilities Education Act (IDEA).[2] It is provided through a number of sources—local education agencies (LEAs), states and the federal government. According to the 1999-2000 CSEF survey, the approximate portion each funding source provided in 1999-2000 was: 46% from local districts, 45% from the state, and about 9% from the federal government (Parrish et al, 2003, p. 3).

The current and prior studies of state formulas for distributing state special education funds to LEAs attempted to categorize the formulas according to similarities in how dollars were allocated.[3] Each of these studies has noted that state policies and practices related to disseminating state funds for special education continue to change. In some cases, the changes are prompted by state intentions to make their distributions more appropriate, but some changes can be traced to changes in federal requirements. In its last two reauthorizations (1997 and 2004), IDEA added specific requirements that apply to a state's distribution of state special education funds. The 1997 amendments had as one of its purposes *"to establish placement neutral funding formulas"* and the 2004 reauthorization further emphasized this requirement. A placement neutral funding formula is one that does not reward districts for segregating children who have disabilities, i.e., the distribution of funding does not provide fiscal incentives for placing students with disabilities in separate settings in violation of the least restrictive requirements (LRE) of the law.[4]

---

[1]Information from this updated survey will also be reported in Parrish, T., & Harr-Robins, J. (2011, in progress). Fiscal Policy and Funding for Special Education. In J. M. Kauffman & D.P. Hallahan (Eds.), *Handbook of Special Education* (pp. TBD), New York: Routledge.

[2] Note: Funding is neither cost nor spending (at a local level). It is money that is allocated, in some cases independent of actual cost/spending.

[3] See References at the end of this document for citations of the prior studies.

[4] The LRE provision requires that children with disabilities, including children in public or private institutions or other care facilities, are educated with children who are nondisabled to the maximum extent appropriate, and that

This document reports on the formulas used by states in 2008-09. However, based on past studies of this topic, it seems reasonable to expect ongoing change in the mix of special education funding formulas used by the states over time.

METHODOLOGY

The goal of this study was to determine each state's current formula for providing state aid for special education and to gather related information about state fiscal support for special education. In conjunction with our AIR partners, Tom Parrish and Jenifer Harr-Robins, Project Forum developed a survey on state funding of special education and sent it by mail to every state with a copy of the formula for that state as it had appeared in the last analysis on this topic (Parrish, T., Harr, J., Anthony, J., Merickel, A. & Esra, P., 2003, pp. 33-63).

States were requested to review the earlier copy of their formula and indicate whether it remained the same for the year 2008-09. If not, they were asked to provide a description of their current formula. In addition, items on the survey solicited information about whether the state was currently considering a change in its formula, what areas were under consideration for change, whether the state had a cap on the number of students who could be counted for the purpose of generating state funds or a cap on total dollars available, and the ways in which state special education revenues could be used by the receiving districts. See Appendix A for a copy of the survey.

All 50 states responded to the survey. Based on an analysis of the funding descriptions, our AIR partners classified the state formulas into categories, and Project Forum staff verified the formula category with each state as well as the description of the formula they provided. Subsequently, Forum staff followed up with some states for clarification and confirmation of specific points and then prepared this document from all the information provided by the states. A complete list of state funding formulas for 2008-09 can be found in Appendix B.

FINDINGS

State Formula Changes from 2000 to 2009

A total of 27 states reported that they had changed their funding formula in some way between 2000 and 2009, although some of the changes were of a minor type that did not result in a change in their category. The other 23 states replied that their formula remained the same during that period. AIR examined all of the current state formula descriptions and placed each state into a category that reflected the major characteristics of its primary funding mechanism. Each state reviewed its category. Table 1 lists the 2008-09 results for each state in the order of most to least number of states using each type of formula.

special classes, separate schooling, or other removal of children with disabilities from the regular educational environment occurs only if the nature or severity of the disability is such that education in regular classes with the use of supplementary aids and services cannot be achieved satisfactorily [34CFR 300.114(a)(2).

TABLE 1: STATE SPECIAL EDUCATION FUNDING FORMULAS 2008-2009

Formula Type	Description	States
Multiple student weights	Funding (either a series of multiples of the general education amount or tiered dollar amounts) allocated per special education student that varies by disability, type of placement, or student need	Arizona, Colorado, Florida, Georgia, Indiana, Iowa, Kentucky, New Mexico, Ohio, Oklahoma, South Carolina, Texas (n=12)
Census-based	A fixed dollar amount per total enrollment or Average Daily Membership (ADM)	Alabama, California, Idaho, Massachusetts, Montana, New Jersey, Pennsylvania (n=7)
Single student weights	Funding (either a single multiple of the general education amount or a fixed dollar amount) allocated per special education student	Louisiana, Maine, New Hampshire, New York, North Carolina, Oregon, Washington (n=7)
No separate special education funding	Funding to support special education is rolled into the overall funding levels	Arkansas, Connecticut, Hawaii, Missouri, North Dakota, Rhode Island, West Virginia (n=7)
Resource-based	Funding based on payment for a certain number of specific education resources (e.g., teachers or classroom units), usually determined by prescribed staff/student ratios that may vary by disability, type of placement or student need	Delaware, Kansas, Mississippi, Nevada, Tennessee, Virginia (n=6)
Combination	Funding based on a combination of formula types	Alaska, Illinois, Maryland, South Dakota, Vermont (n = 5)
Percentage reimbursement	Funding based on a percentage of allowable, actual expenditures	Michigan, Minnesota, Nebraska, Wisconsin, Wyoming (n = 5)
Block grant	Funding based on base-year or prior year allocations, revenues, and/or enrollment	Utah (n = 1)

Source: Developed on the basis of descriptions provided on the Survey on State Special Education Funding Systems, 2008-2009, conducted by Project Forum.

It is important to note that these categories represent the *primary* funding formula in place for special education. Formulas are often complex, generally comprising multiple streams, and many states added comments about their funding mechanisms (some of which are reflected in the funding descriptions in Appendix B). Examples of state respondents' comments about unique elements of their funding arrangements include the following:

- *West Virginia* has an additional flat grant dedicated just to special education based on child count, but that is not part of our main state finance formula and the amount provided is minimal compared to the state's public school foundation program.
- *Arkansas* is correctly listed in Table 1 as being a state with no specific special education funding because base funds are built into the public school funding formula. There are also specific state line-item set-asides out of the public school

fund based on annually adjusted utilization to reimburse actual or average expenditures for those districts that incur additional costs for the following: provision of extended school year services (per day fixed rate); students' educational costs while in a residential treatment setting (per day fixed rate) in- or out-of-state; catastrophic occurrences (high cost pool, prorated cost formula up to $100,000 per student annually); prorated share to help underwrite the costs associated with having a local education agency special education supervisor. This amounts to many additional millions of dollars annually above the base funding that all districts receive for their students with disabilities.

- *Maine* uses single student weights, but this does not indicate other special education allocation calculation adjustments such as for size, high-cost in-district, high-cost out-of-district and the maintenance of effort adjustment.

Thus, while the categories in Table 1 reflect the broad mechanisms of the primary formula, states within the same category could have considerable differences in their actual funding mechanisms.

A comparison between the current (2008-09) and previous survey results (1999-2000) on the number of states in each category is contained in Table 2. The most prevalent type of formula is the same for both surveys—student weights. Changes in the counts of states with each formula type from the prior to the current survey are mostly small—either no change in counts or a category change of only one or two states—except for an increase in the number of states using no separate special education funding from two to seven states and a decrease in states using block grants from four to one.[5]

Table 2: Change in Formula Category from 2000 to 2009

Formula Type	Total States 1999-2000	Total States 2008-09
Student weights (both single and multiple)	18	19
Census-based	9	7
No separate special education funding	2	7
Resource-based	6	6
Combination	5	5
Percentage reimbursement	6	5
Block grant	4	1

Source: Developed on the basis of responses provided on the Survey on State Special Education Funding Systems, 2008-09, conducted by Project Forum and the 2003 document reporting results of the prior survey on this topic—Parrish et al., (2003).

[5] Note: The category "no special education funding" did not exist for the 1999-2000 survey. The two states placed in that category were not included in any category in 1999-2000, but rather were described as follows: "*Hawaii* does not have a prescribed funding formula" and "Rhode Island had no funding formula specified because all aid programs were suspended in Fiscal Year 1999.

Possible Change in Funding Formula

A total of eight states indicated that they are considering a change in their funding formula for special education. The comments provided under the survey item that asked about areas being considered for change and processes to enact it are as follows:

Illinois is currently convening a task force on special education funding and related issues.

Indiana is considering a change based on total student population rather than identified population (student weights).

Kansas takes costs for catastrophic aid out of the same pool of money, thereby decreasing all aid as the catastrophic aid increases. A change is being sought for this provision.

Maine is currently examining all costs, a regional delivery system and state regulatory requirements.

Maryland's state legislature made a change for the 2009-10 school year allowing the state to share 30% of costs incurred by a local system after the 300% amount to be covered by the district is incurred.

Nevada has planned a study that would include recommendations for consideration by an advisory group, but this plan has not yet been enacted.

New Mexico has a standing committee that has developed proposals to include a cap on the percentage of students funded through the formula, but the proposals were not approved in the 2008 or 2009 legislative session.

Rhode Island currently has two funding formula proposals being considered by the General Assembly. Both are foundation formulas that would include a per pupil amount and additional funding to address student need. One proposal includes a weight for special education that would add 50% of the foundation for all students with an IEP. The other includes a student need factor based on poverty. No action was taken in the 2009 session, but discussion continues and a change may be enacted in the near future.

Delaware is currently in a multi-year piloting program of moving from a categorical based system to one that is based on the needs of students to be compliant with IDEA. The pilot continues in 2009-10, but legislative action is planned to adopt the needs based system for all districts and charter schools in the state.

Caps or Limitations on Funding

A variety of types of arrangements were noted by the 18 survey respondents who indicated that the state had a cap or limitation on funding. An analysis of those provisions revealed that they could be divided into two types of caps or limits on state aid:

- A limitation on funding based on the number of students with disabilities who can be counted for purposes of state aid. A total of seven states fell into this category—*Delaware, Georgia, Idaho, New Jersey, North Carolina, Oregon and Tennessee.*

- A fixed total amount of state aid per year or aid that is subject to appropriation. A total of 11 states had caps or limitations of this type—*Florida, Indiana, Kansas, Massachusetts, Minnesota, Nevada, New York, Utah, Washington, West Virginia and Wisconsin.*

Uses of State Special Education Funds

States vary in the requirements on how state special education funds can be used. All responses to this item are summarized in Table 3. In the survey, respondents were given four specific options as well as "other" as choices. Over half of the states indicated that localities can use state special education funds only for special education programs. The next largest number of states—nine—indicated that they can use state special education funds for any public education program. Respondents who chose more than one of the categories A through D are designated in the table as "combination" and their responses are described below. Responses from states that chose "other" are also described below.

Table 3: State Uses of State Special Education Funds

Fiscal Policy	Total Number (n=50)	Percentage of States
A. Special education programs only	28	56%
B. Special education and tiered intervention (RTI)[6]	6	12%
C. Any public education program (e.g., general education)	10	20%
D. Any public purpose	0	0%
E. Combination	2	4%
F. Other	4	8%

Source: Developed on the basis of responses provided on the Survey on State Special Education Funding Systems, 2008-09, conducted by Project Forum.

The explanations provided by those who chose "other" are as follows:

- *Florida* - Districts must expend 90% of funds generated by exceptional students on the aggregate total costs for exceptional education.
- *Iowa* - State special education funds may be used to purchase transportation equipment for children requiring special education and a small amount for general education instruction of a special class child. Funds may not be used for modification of school buildings to make them accessible.
- *Minnesota* - State special education funds can be used for special education programs and for alternative delivery of specialized instructional services in approved programs for pupils who need academic or behavioral support to succeed in the

[6] Response to Intervention (RTI) is the practice of (1) providing high-quality instruction/intervention matched to student needs and (2) using learning rate over time and level of performance to (3) make important educational decisions. RTI data can also constitute part of the data needed for a full, individualized evaluation under IDEA.

general education environment and who may eventually qualify for special education instruction or related services if the intervention services were unavailable.

- *Vermont* - There is some flexibility to provide services to nonspecial education students in small groups in which students receiving IEP services are the majority; also there is a limited staff full time equivalency (FTE) that is considered core staff and those staff can provide services to students individually or groups which include students on 504 plans and student receiving support services similar to lower tiers of response to intervention (RTI).

The two states that chose a combination among choices A to D were:

- *Tennessee* - both B (Special education and RTI) and E (other—assessment, gifted and consultants)
- *Alaska* - chose A (special education programs only), B (special education and RTI) and E (Other—assistive technology)

OBSERVATIONS

Results of this survey reveal a trend toward rolling special education into overall funding programs. It is important to note that students with disabilities are also supported through other funding mechanisms in most states such as risk pools for students with high-cost needs or targeted assistance for special programs such as extended school year services or for students who need behavioral supports or other mechanisms.

Funding for special education is very complicated and this analysis has focused only on one aspect of that topic—the formula for the distribution of state special education funds. There are many nuances involved in the revenue and expenditure aspects of special education that are beyond the scope of this document. It could be said that each state implements special education in at least a slightly different way from every other state and the way funding flows is part of that uniqueness.

REFERENCES

National Association of State Directors of Special Education (1982). *A description of state funding procedures for special education in the public schools*. Washington, DC: Project FORUM, Author.

O'Reilly, F. (1989). *State special education finance systems, 1988–89*. Washington, DC: National Association of State Directors of Special Education (NASDSE).

O'Reilly, F. (1993). *State special education finance systems, 1992–93.* Palo Alto, CA: Center for Special Education Finance, American Institutes for Research.

Parrish, T. (1994). *Fiscal policies in special education: Removing incentives for restrictive placements*. Policy Paper No. 4. Palo Alto, CA: Center for Special Education Finance, American Institutes for Research.

Parrish, T.B., O'Reilly, F., Dueñas, I.E., and Wolman, J. (1997). *State special education finance systems, 1994–95.* Palo Alto, CA: Center for Special Education Finance, American Institutes for Research.

Parrish, T., Harr, J., Anthony, J., Merickel, A. & Esra, P. (2003). *State special education finance systems, 1999-2000.* Palo Alto, CA: Center for Special Education Finance, American Institutes for Research.

APPENDIX A
PROJECT FORUM SURVEY FORM
STATE FUNDING OF SPECIAL EDUCATION

Dear State Director of Special Education:
Project Forum is conducting this survey of all states to gather information about the formulas used to disseminate **state** special education funds. We would appreciate receiving your response by ***June 26, 2009.***

You can respond in one of 2 ways:

1. ***Either MAIL it in the enclosed postage-paid envelope; or***
2. ***FAX the hard copy to me at 703-519-3808.***

We will prepare a document based on the survey input and hope to be able to include every state's procedures in our analysis of this topic.

As always, we appreciate your time in participating in our activities.
Eileen Ahearn
eileen.ahearn@nasdse.org
****

Name: **Email:**
State: **Phone:**

Feel free to use the back of these pages or expand this space for your responses as needed.

1. A copy of your state's funding formula for distributing state funds for special education reported in an earlier 1999-2000 study is attached. Please review it carefully and respond to this item using that for your reference. (Please note that the attached description could pre-date 1999-2000.)
   1a. Is your state funding formula for the current school year (2008-09) the same as the attached description?
   _____Yes (go to item 2)
   _____No (go to item 1b)

   1b. Our state's formula for special education is as follows: (Please provide it here **OR** attach a copy when you return this form **OR** provide a link if it is available on the Internet.)

2. Is your state considering a change in its funding formula for special education?
   _____Yes (go to item 2a)
   _____No (go to item 3)

2a. What areas are under consideration for change or what processes are in place for this consideration (e.g. a special study committee has been appointed)?

3. Does your state special education funding formula include caps or limitations on the percentage of students who can be counted for the purpose of generating state special education funding **and/or** the amount of state dollars available for funding special education?

   _____Yes (go to item 3a)
   _____No

   3a. Please briefly describe the cap or limitation (if it is not included in your earlier description of your funding formula):

4. How can **state** special education revenues be used in your state?

   _____Special education programs only

   _____Special education and tiered intervention (RTI) services

   _____ Any public education program (e.g., general education)

   _____ Any public purpose

   _____Other (please explain)

   Thank you very much!

Feel free to use the back of these pages or expand this space for your responses as needed.

APPENDIX B
STATE FUNDING FORMULAS 2008-09

ALABAMA – 2008-09

Alabama distributes special education aid to school districts via a flat grant based on average daily membership (ADM). Foundation program weighted grade divisors were established for kindergarten through grade 12 as follows: 13.8 in kindergarten through grade three, 21.4 in grades four through six, 20.0 in grades seven and eight, and 18 in grades nine through twelve. To reflect increased programmatic costs, grade divisors include an adjustment for special education that reflects five percent ADM, weighted 2.5. Teacher units are calculated by dividing the grade ADM by the grade divisor and summing over all grades in the school.

ALASKA – 2008-09

In 1998, the Alaska legislature passed Senate Bill 36 (SB36) making major changes to the foundation program effective for the 1998–1999 school year. SB36 replaced a formula that allocated additional funds for special, vocational and bilingual education with a simple 20% proportional increment for all school districts that file a Special Needs Services plan with the state department of education, regardless of actual special education needs. In addition, however, the new formula awards funds for students receiving intensive special education (under an established individualized education program [IEP]), and for correspondence students. These increments are not adjusted for district cost factors or school size.

ARIZONA – 2008-09

Arizona distributes special education aid as a part of the overall equalization assistance formula. This formula is based on weighting student counts to account for differences in grades, student need, district/charter size, etc. Several weighting factors are included in the formula. Each school district receives a base weight of 1.000 for preschool students with disabilities. Each school district and charter school receives a base weight of 1.00 for students in kindergarten through eighth grade. However, preschool and kindergarten students are funded at one-half of the formula. For high school students, school districts and charter schools receive a base weight of 1.163. This base weight per student is increased for school districts or charter school holders with a total student count of less than 600 for kindergarten through eighth grade or ninth through twelfth grade. For special education, an additional weight is added to the student's base weight depending on the special education program. The result is the weighted student count, which is used to calculate the school district's budget capacity and state aid and the charter school's state aid. Weights for special education students fall within two groups as follows:

Group A

The Group A weights are added to the base weights described above and applied to the prior year's total student count for school, districts and current year total student count for charter schools to generate a weighted student count. Group A includes students in educational programs for career exploration, a specific learning disability, emotional disability, mild mental retardation, remedial education, speech/language impairment, homebound, bilingual, preschool moderate delay, preschool speech/language delay, other health impairments and gifted. The group A weight for a child with a disability in a preschool program is 0.450, for students in kindergarten programs and grades 1-8 is 0.158, , and for grades 9-12 the weight is 0.105. Funds generated under this group are distributed to the school district and charter school

through the equalization formulas and need not be targeted to the specific students generating the funds, provided that all eligible students receive appropriate services.

Group B
Special education students falling within specified Group B categories generate funds through weights, which are also applied to the prior year's count of students for school districts and current year for charter schools for those students served in the following programs:

Hearing Impairment	4.771
Multiple Disabilities/Autism/Severe Mental Retardation - Resource	6.024
Multiple Disabilities/Autism/Severe Mental Retardation - Self-Contained	5.833
Multiple Disabilities with Severe Sensory Impairment	7.947
Orthopedic Impairment - Resource	3.158
Orthopedic Impairment - Self-contained	6.773
Preschool - Severe Delay	3.595
Emotional Disability, Mild Mental Retardation, Other Health Impairment, Specific Learning Disability, Speech Language Impairment	0.003
Emotional Disability - Private	4.822
Moderate Mental Retardation	4.421
Visual Impairment	4.806

All weights are combined and multiplied by the Base Level Amount for the fiscal year. For school districts only, the result is multiplied by the teacher experience index, which accounts for the number of aggregate years of experience of the school district's teachers in excess of the state average. This calculation creates the Base Support Level for each school district and charter school.

ARKANSAS - 2008-09

In Arkansas, the minimum budgeted expenditure per capita on behalf of special education students by local education agencies (LEAs) must be equal to the expenditure requirement for the most recent fiscal year for which information is available, consistent with IDEA maintenance of effort requirements. LEAs do not generate additional state aid for special education students. Instead, they have an expenditure requirement. A state appropriation is available to reimburse LEAs for special education catastrophic occurrences. These funds were appropriated by the Arkansas General Assembly in 1997. LEAs must meet a specific set of criteria in order to seek reimbursement for special education catastrophic occurrences and submit an application for reimbursement. A state appropriation is available to reimburse LEAs on a quarterly basis for the educational costs of students with disabilities placed in approved residential facilities. Arkansas established a reimbursement rate at 2.115 times the Base Local Revenue per Student (BLRS). The amount is divided by the number of school days to calculate a per day amount. The LEA must submit an application for reimbursement for students with disabilities served in a residential facility.

CALIFORNIA - 2008-09

In 1997, California established a population or census-based funding formula for special education. To adjust for some of the random variation in the concentration of students with

disabilities (California has a preponderance of small, rural districts), funding is calculated on the regional level, that is, by a Special Education Local Plan Area (SELPA).

This funding formula was based on the total amount of funding (state, federal, and local property tax) that all districts in a SELPA received in 1992 to 1998 for students with disabilities from age 5 through 22 and then divided by the total enrollment for the SELPA (in California ADA or "average daily attendance") creating a SELPA $/ADA. Students who resided in one SELPA but were educated by another had the funds received by the SELPA of service transferred to the SELPA of residence for the purposes of this calculation. This resulted in a SELPA rate per ADA.

Each year, the SELPA receives the following adjustments:

- Every SELPA receives an adjustment each year for cost-of-living (COLA) and growth or decline in total enrollment at the statewide target rate.
- SELPAs that entered the new funding formula with a rate that was below the statewide average would receive additional funding each year until their rate was equal to the 1997–98 statewide average rate as increased each year by COLA. The 1997–98 statewide average rate as adjusted by COLA is known as the "target" rate.
- Each SELPA's disproportionately high special education costs receive an adjustment to their funding entitlement by having a multiplier applied to the target rate. If the SELPA's target rate, after the multiplier is applied, is higher than their actual rate, additional funding is provided each year to raise them to their target.

Finally, funding is also provided on a population basis for SELPA administration. Called "regionalized services and program specialists," the funding formula also contains a "floor" for sparsely-populated, rural SELPAs.

COLORADO – 2008-09

Colorado has had a tiered system of state funding since 2007. A base amount goes to all students with disabilities. A second tier gives additional funding to more impacted areas, e.g., autism, multiple disabilities, traumatic brain injury (TBI), etc. A third tier is currently $4 million to help defray local costs for students with disabilities where educational needs are $40,000 or greater.

CONNECTICUT – 2008-09

Connecticut administers six categories of state special education grants to support public elementary and secondary education:

(1) Education Cost Sharing (ECS): ECS is the state's primary source of support for both local regular education and special education programs. ECS aid is predicated on all students, weighted for poverty, remedial performance, limited English proficiency, a foundation, and town wealth. Local expenditures are not part of the funding formula. The ECS formula does not attempt to assign funding levels between regular and special education. That is left to the discretion of the towns. The portion of ECS attributable to special education is based on the proportion of the town's 1994–95 ECS grant (which at that time was only for regular education) and the Special Education Regular Reimbursement grant. These two grants were consolidated into the current ECS formula in 1995–96. While there are 166 school districts, ECS is paid to the 169 towns. All the other grants listed below, except for Special Education Equity, are paid to the town/regional treasurer of the 166 districts.

(2) Excess Costs: This grant provides 100% of the costs of special education in excess of five times the prior year's average cost per pupil for eligible students who are placed in special education programs (in or out of the district) by the local board of education. The average cost per student is determined by dividing net current expenditures by average daily membership (ADM). Net current expenditures (NCE) reflect expenditures in support of public elementary and secondary education from local, state, federal, and other sources. NCE excludes mandated regular education transportation, debt service, capital expenditures, tuition revenue from other Connecticut public school districts, and community use of educational facilities. ADM represents students of fiscal responsibility (educated in or out of district) in grades pre-K through 12 on October 1, with additional weighting for an extended school year, tuition-free summer school and participation in the inter-district attendance OPEN Choice program.

(3) State Agency Placements: These grants provide 100%of the costs of special education in excess of the prior year's average cost per pupil for eligible students placed in special education or regular education programs by a state agency, e.g., the Department of Children and Families. Prior to 1998–99, the state reimbursement began when costs exceeded 2.5 times the prior year's NCE. In addition, the state provides for 100%funding in the current year for students who reside on state-owned or leased property or who are in permanent family residences.

(4) Special Education Equity: Provides grants to towns with extraordinary special education costs. Within the $11.5 million appropriation, towns whose prior year special education expenditures exceed the state average when such costs are compared to average spending in regular programs are reimbursed for their excess special education costs at the rate of their ECS base aid ratio.

(5) Primary Mental Health: This competitive grant provides funds to school districts for establishing school-based programs for the detection and prevention of emotional, behavioral, and learning problems in public school children primarily in grades kindergarten through grade three.

(6) Foster Care: Within available appropriation, this grant provides funds to school districts with high levels of foster care placements. Any district whose foster care placements of children ages five through 18 comprise at least two percent of their ADM receives $100,000, subject to availability of funding. There is no statutory payment date. In addition to these state grants administered by the State Department of Education, the Board of Education Services for the Blind also provides grants to school districts and the Department of Social Services administers the Medicaid Coordination program that provides grants to towns. This program determines the Medicaid eligibility of special education services provided to the towns' students and provides the necessary information to the Department of Social Services so that Medicaid reimbursement can be obtained from the federal government.

DELAWARE – 2008-09

Delaware's unit funding system was cited by the U.S. Department of Education as non-compliant with the IDEA. A new funding structure for special education was developed to move away from the categorical system to one that is based on the needs of students and compliant with IDEA. Starting in 2004-05, a pilot started in two districts and by 2008-09 has expanded to 12 of the State's 19 districts. The program will be piloted with all remaining districts included for the 2009-2010 school year and legislation is being drafted for full adoption of the needs based system in all 19 districts and the charter schools in the state.

The needs based formula revises the traditional funding structure by establishing conditions and funding ratios for the following six units:

(1) Pre-School Unit
(2) K-3 Unit
(3) Grades 4-12
(4) Basic Special Education Support Unit for Grades 4-12
(5) Intensive Special Education Support Unit for Pre-School through Grade 12
(6) Complex Special Education Support Unit for Pre-School through Grade 12

The ratios and rules for the funding of general education students in Grades 4 to 12 remains the same. The following charts generally describe the components of the units under the needs based program:

Pre-School Unit

Funding Ratio: One unit for 12.8 students.

Criteria: A student shall be counted in the pre-school unit if the student is:

- at least 3 years of age or is eligible from birth or eligible as described in the Interagency Agreement with the Department of Health and Social Services;
- not yet entered kindergarten;
- identified as eligible for special education and related services; and
- not counted in the intensive unit or complex unit described below.

The following requirements apply to the preschool unit:

(1) Partial unit funding is provided for between 1 and 12.8 students based on the cash-in value of the unit.
(2) The cash-in value of the unit is tied to the teacher state salary schedule at the Master's level plus 10 years of experience as defined in 14 *Del. C.* § 1305(a).
(3) The units include Division II and III.
(4) Districts and charter schools must use all funds generated by pre-school units to support services for the students counted in the pre-school unit. But districts and charter schools are not limited to using the funds to employ teachers only. The funds may be used to hire pre-school special education teachers, paraprofessionals, and speech and language pathologists, etc. as determined at the local level. The units may also be cashed-in to secure contractual services.
(5) Districts and charter schools may use tuition to pay for the local share and excess costs of the program.
(6) The units are considered teacher/instructional units for purposes of other unit counts.
(7) A student is not required to receive a minimum number of hours in special education instruction to count in the pre-school unit (i.e., the 12½ hour restriction does not apply).
(8) Students counted in the pre-school unit must receive services in their natural environments to the greatest extent appropriate.

Grades K-3 Unit

Funding Ratio: One unit for 16.2 students.

Criteria: A student shall be counted in the K-3 unit if the student is:
enrolled in kindergarten through grade 3; and
not counted in the intensive unit or complex unit described below.

The following requirements apply to the K-3 unit:
(1) Partial unit funding is provided for between 1 and 16.2 students based on the cash-in value of the unit.
(2) The cash-in value of the unit is tied to the teacher state salary schedule at the Master's level plus 10 years of experience as defined in 14 *Del. C.* § 1305(a).
(2) The units include Division II and III
(3) The units are covered under the 98% rule as defined in 14 *Del. C.* § 1704(3) and returned to the buildings that generate them.
(4) At least 20% of teachers at the K-3 building level must be certified in the area of special education.
(5) The units are considered teacher/instructional units for purposes of other unit counts.

Grades 4 through 12

Funding Ratio: One unit for 20 students.

Criteria: A student shall be counted in the Grades 4 -12 unit if the student is:
enrolled in grades 4 through 12 (defined as graduation with a high school diploma, or age 20 inclusive); and
not identified as eligible for special education and related services.
The following requirements apply to the Grades 4 through 12 unit:
(1) Partial unit funding is provided for between 1 and 20 students based on the cash-in value of the unit.
(2) The cash-in value of the unit is tied to the teacher state salary schedule at the Master's level plus 10 years of experience as defined in 14 *Del. C.* § 1305(a).
(3) The units include Division II and III.
(4) The units are considered teacher/instructional units for purposes of other unit counts.

Basic Special Education Support Unit for Grades 4 through 12

Ratio: One unit for 8.4 students

Criteria: A student shall be counted in the basic special education support unit if the student is:
enrolled in grades 4 through 12;
identified as eligible for special education and related services; and
not counted in the intensive unit or the complex unit described below.
The following requirements apply to the basic special education support unit:
(1) Partial unit funding is provided for between 1 and 8.4 students based on the cash-in value of the unit.
(2) The cash-in value of the unit is tied to the teacher state salary schedule at the Master's level plus 10 years of experience as defined in 14 *Del. C.* § 1305(a).
(3) The units include Division II and III.
(4) The units are covered under the 98% rule as defined in 14 *Del. C.* § 1704(4) and returned to the buildings that generate them.
(5) A student is not required to receive a minimum number of hours of instruction to count as a student in the basic special education support unit (i.e., the 12½ hour restriction does not apply).
(6) The units are considered teacher/instructional units for purposes of other unit counts.
(7) There is no need for variance in the use of the units. All units generated by special education students are to be used for professional staff to support students with disabilities, to include special education teachers, school psychologists, speech/language pathologists, reading specialists, educational diagnosticians, counselors, and social workers.
(8) Districts are authorized to use up to five percent of the units for paraprofessionals or to cash them in for related services.

Intensive Special Education Support Unit for Pre-School through Grade 12
Funding Ratio: One unit for 6 students. **Criteria**: A student shall be counted in the intensive special education support unit if the student is: enrolled in pre-school through grade 12 (defined as graduation with a high school diploma, or age 20 inclusive); identified as eligible for special education and related services; and in need of increased instructional and/or behavioral support as defined by the adult to student ratio of 1:3 to 8 for the majority of the school day. The following requirements apply to the intensive special education support unit: (1) Partial unit funding is provided for between 1 and 6 students based on the cash-in value of the unit. (2) The cash-in value of the unit is tied to the teacher state salary schedule at the Master's level plus 10 years of experience as defined in 14 *Del. C.* § 1305(a). (3) The units include Division II and III. (4) One hundred percent of the units must support the students that generate them, and there is no variance in the use of the units. (5) The student is not required to receive a minimum number of hours in special education instruction to count as a student in the intensive special education support unit (i.e., the 12½ hour restriction does not apply). (6) The units are considered teacher/instructional units for purposes of other unit counts. (7) Units generated by special education students are to be used for professional staff to support students with disabilities, to include special education teachers, school psychologists, speech/language pathologists, reading specialists, educational diagnosticians, counselors, and social workers. Units may also be used to cash-in for other related services. (8) Districts and charter schools may use tuition to pay for the local share and excess costs of the program.

Complex Special Education Support Unit for Pre-School through Grade 12
Ratio: One unit for 2.6 students **Criteria**: A student shall be counted in the complex special education support unit if the student is: enrolled in pre-School through grade 12 (defined as graduation with a high school diploma or age 20, inclusive); identified as eligible for special education and related services; in need of a high level of increased instructional and/or behavioral support as defined by the adult to student ratio of 1:1 to 1:2 for the majority of the school day. The following requirements apply to the complex special education support unit: (1) Partial unit funding is provided for between 1 and 2.6 students based on the cash-in value of the unit. (2) The cash-in value of the unit is tied to the teacher state salary schedule at the Master's level plus 10 years of experience as defined in 14 *Del. C.* § 1305(a). (3) The units include Division II and III. (4) One hundred percent of the units must support the students that generate them, and there is no variance in the use of the units. (5) The student is not required to receive a minimum number of hours in special education instruction to count in the complex special education support unit (i.e., the 12½ hour restriction does not apply). (6) The units are considered teacher/instructional units for purposes of other unit counts. (7) Districts and charter schools may use tuition to pay for the local share and excess costs

of the program.
(8) Units may be used to hire teachers, paraeducators, related services personnel or for cash for other related services.
(9) One hundred percent of Division I complex units will be calculated for 222 or 246 teacher days, as appropriate.
Calculations are based on the actual salaries of teachers employed during the summer as per state statute.

Delaware Department of Education (DDOE) proposes the following for the related service unit and eventual adoption into the needs based funding system:[7]

- For the K-3 unit, grades 4-12 (general education) and the basic special education support unit, a ratio of one related services unit for every 57 units.
- For the intensive special education support unit for pre-school through grade 12, a ratio of one related services unit for every 5.5 intensive units.
- For the complex special education support unit for pre-school through grade 12, a ratio of one related services unit for every 3.5 complex units.
- Complex special education support at 1:3.5 includes assigning 3 units to support the state-wide deaf-blind program.

FLORIDA – 2008-09
Program Cost Factors and Weighted Full-Time Equivalency (FTE)
Program cost factors serve to assure that each program receives an equitable share of funds in relation to its relative cost per student. Through the annual program cost report, districts report the expenditures for each Florida Education Funding Program (FEFP). The cost per FTE student of each FEFP program is used to produce an index of relative costs with the cost per FTE of Basic, Grades 4-8, established as the 1.000 base. In order to protect districts from extreme fluctuation in program cost factors, the Legislature typically uses a three-year average in computing cost factors.

Multiplying the FTE of students for a program by its cost factor produces a "weighted FTE." This calculation weights the FTE to reflect the relative costs of the programs as represented by the program cost factors. Program cost factors established for use in 2008-09 are as follows:

2008-09

	Cost Factors
(1) Basic Programs	
101 – Kindergarten and Grades 1, 2, and 3	1.066
102 – Grades 4, 5, 6, 7, and 8	1.000
103 – Grades 9, 10, 11, and 12	1.052
(2) Programs for Exceptional Student Education (ESE)	
111 – Kindergarten and Grades 1, 2, & 3 with ESE Services	1.066
112 – Grades 4, 5, 6, 7, and 8 with ESE Services	1.000
113 – Grades 9, 10, 11, and 12 with ESE Services	1.052

[7] To clarify, the DDOE does not propose to implement the funding of related services through the needs-based structure for districts or charter schools in the 2009-2010 school year. Rather, the funding of related services shall continue under the traditional system for 2009-2010.

254 – Support Level 4	3.570
255 – Support Level 5	4.970
(3) **130** – English for Speakers of Other Languages	1.119
(4) **300** – Programs for Grades 9-12 Career Education	1.077

Exceptional students in Levels 4 and 5 are reported with the appropriate cost factor (weight) for their respective levels. Exceptional students who are not classified in Level 4 or 5 are reported in the applicable Basic Program "with ESE services." Additional funding for these students is provided by the ESE Guaranteed Allocation component of the FEFP formula.

To provide for the planned use of FEFP funds, the Legislature has established the following combination of programs during the 180-day regular school year and summer school:

Group	Program Group Title
1	Basic Education Programs
2	Exceptional Education for Support Levels 4 and 5 English for Speakers of Other Languages Grades 9-12 Career Education Programs

Weighted FTE Cap
Program Group 2 has an enrollment ceiling (cap) that is established based on each district's estimates (as modified by legislative policy) of FTE in each FEFP program. District estimates are reviewed and approved by a state enrollment estimating conference. The appropriated FTE in each program is multiplied by the program's cost factor. The resulting weighted FTE, aggregated by program group, establishes the group cap. After actual FTE is reported, districts with Group 2 FTE in excess of the cap receive basic funding (program cost factor of 1.0). A cap of 362,023.15 weighted FTE was set for Group 2 for the 2008-09 fiscal year.

Exceptional Student Education Guaranteed Allocation
Exceptional education services for students whose level of service is less than Support Levels 4 and 5 are funded through the ESE Guaranteed Allocation. The students generate FTE funding using the appropriate Basic Program weight for their grade level. This allocation provides for the additional services needed for these students. District allocations from the appropriation of $1,079,945,286 for the 2008-09 fiscal year are not recalculated during the year. School districts that have provided education services in 2007-08 for exceptional students who are residents of other districts shall not discontinue providing such services without the prior approval of the Department of Education.

In accordance with Section 1011.62(1)(e)2. F.S. (Florida Senate), a district's expenditure of funds from the guaranteed allocation for students in grades 9 through 12 who are gifted may not be greater than the amount expended during the 2006-07 fiscal year for gifted students in grades 9 through 12.

GEORGIA – 2008-09
Georgia administers a weighted pupil formula, Quality Basic Education (QBE) funding, to distribute funds for all instructional programs, including special education. QBE funds are generated by multiplying the number of full-time equivalent (FTE) students in various types of instructional programs by program weights. The weighted FTEs are then multiplied by a

base program amount established annually by the legislature. The program weights are reviewed triennially by a task force appointed by the Governor. For 1998-99, the special education program weights were as follows:
Category I - Self-Contained Specific Learning Disabled and Self-Contained Speech-Language disordered.
Category II - Mildly Mentally Disabled.
Category III - Behavior Disordered, Moderately Mentally Disabled, Severely Mentally Disabled, Resourced Specific Learning Disabled, Resourced Speech-Language Disordered, Self-Contained Hearing Impaired and Deaf, Self-Contained Orthopedically Disabled, and Self-Contained Other Health Impaired
Category IV - Deaf-Blind, Profoundly Mentally Disabled, Visually Impaired and Blind, Resourced Hearing Impaired and Deaf, Resourced Orthopedically Disabled, and Resourced Other Health impaired
Category V - Special education pupils in the above categories whose individualized education programs (IEPs) specify specially designed instruction or supplementary aides or services in alternative placements, in the least restrictive environment, including regular classroom and who receive services from personnel such as paraprofessionals, interpreters, job coaches, and other assistive personnel

Program Code	Category/Program	FY2010 Weight
	Level I	2.3954000
	Level II	2.8178000
	Level III	3.5897000
	Level IV	5.8227000
	Level V (Inclusion)	2.4592000

HAWAII – 2008-09
Hawaii is unique because it operates as a single school system and thus provides full state funding. There is no prescribed funding formula. Rather, the legislature negotiates a biennial school budget based upon the expressed and demonstrated need presented by the State Department of Education. Each program within the department then administers its appropriations within the sub-districts of the islands. The distribution of the appropriations is made according to a specific plan that must be developed annually by the program office and approved by the State Superintendent of Education.

IDAHO – 2008-09
State and base support funds, which provide the majority of support for special education in Idaho, are prorated in accordance with the proportion of units generated by special education. Exceptional child support units are computed with a divisor of 14.5. An exceptional child support unit provides districts with the same amount of funding as a