Attachment E

Letter to Task Force Members, June 10, 2010

Public Responses to HJR 24 Draft Report

Impact of Reimbursement on District Costs

IAASE Position Paper

Submission Requested by HJR 24
Task Force Member Roxanne Kovacevich

June 10, 2010

To Members of the HJR 24 Task Force:

Over the past two years, the IAASE Finance committee and IAASE Board have had several meetings and discussions regarding special education funding in Illinois. On June 4, 2010, the IAASE Finance Committee convened to review the recommendations outlined within the "*Draft Analysis of and Policy Alternatives for Special Education Funding in Illinois*" and review the information within *"Financing Special Education: State Funding Formulas"*. We have drafted letter in response to the recommendations presented by Tom Parrish at the last task force meeting on May 12, 2010. We respectfully request that the task force consider this response while formulating their conclusions and final written report.

The IAASE Finance Committee members agree conceptually with the proposed weighted funding formula based on disability severity, poverty, and enrollment. However, we would like the task force to consider the following comments regarding the weighted elements within the proposed formula.

Disability/Educational Environment

The committee believes that the disability category is not as important as the intensity of the services needed to address the severity of the disability. The challenge of developing a weighted funding formula is the designing a fair system that does not rely solely on disability category, but rather on the intensity/time of the special education services. Therefore, the intensity of the services (time and resources) needs to be weighted more significantly. Lastly, the committee emphasizes that any weighted formula must address the high cost student needs and other exceptional individual cases that require greater levels of support. We would support a weighted formula provided that it captures the districts' costs for high cost students.

A weighted formula based on intensity/time of special education services addresses the variety of educational settings, educational environments, and service delivery models. A weighted funding formula also maintains the concept of "placement neutral funding" – greater intensity of time/supports can be provided regardless of the educational environment. This balances the concerns with student over identification. The "time/intensity" formula illustrated below is reflective of Colorado, Georgia, and Iowa models that center on weighted funding codes, tiered supports, intensity of needs, and educational environments.

A DUAL FUNDING STREAM THAT SUPPORTS HIGH COST STUDENTS.

We support a "time/intensity" factor that would be incorporated into a weighted formula which also includes enrollment, disability and poverty. This formula would also maintain the concept of placement neutral funding.

Personnel reimbursement is proportionate to the number of staff that a district employs based on the needs of the students they serve.

Poverty

We acknowledge that the federal funding formula is a census-based formula where Illinois distributes these funds based on a district's 85% average daily attendance and the remaining 15% of funds are allocated on the district's relative poverty level. While many factors influence academic performance, ISBE's *"Special Education Student and School Data Study Final Report, 2003"* identified several factors that contribute to certain results. However, specific factors such as district wealth and student poverty apply to all students in a school or district, not just those with disabilities.

Enrollment

The current formula for distribution of federal funds contains elements of state-wide consistency by factoring in district enrollment and district poverty. This consistency across the state attempts to reduce regional disparities and supports all students. Provided that any new funding formula proposed by the HJR 24 task must include a census-based approach, we suggest that the task force consider a combination of percentages for General Education Enrollment and Special Education Enrollments. A combination of these two enrollment percentages would capture the needs of large enrollment districts by supporting current initiatives such as RtI. Secondly, a combination of enrollment percentages would account for students with disabilities in a non-disability categorical approach in smaller and/or rural districts.

We respectfully request that the task force provide a rationale for utilizing enrollment (general education/special education or a combination of thereof) for any census- based formula proposal.

Reducing the Number of Funding Streams

We endorse the concept of merging the categorical funding structures in order to reimburse school districts for students with the greatest needs and generating the highest costs equally. We support the merging of the Chicago Block Grant, Private Facility Tuition costs, Funding for Children Requiring Special Education Services, and Summer School (Extended School Year services) into one special education funding formula. While we support reducing the number of special education funding mechanisms, it is crucial to keep Personnel Reimbursement, Transportation, and Orphanage as separate state reimbursement formulas. The following rationale is provided to maintain the separate formulas for Personnel Reimbursement, Transportation, and Orphanage:

Personnel Reimbursement

Personnel Reimbursement should remain a separate formula because a district's decision to hire staff is a local decision based on the needs of their students and the employment of staff is the single largest expense in providing special education services. The reimbursement is based on actual costs associated with providing special education services and the revenue for such expenses is an immediate relief for costs incurred by districts. The amount of reimbursement is proportionate to the number of staff that a district employs, again, based on the needs of their students. Personnel Reimbursement should not be considered a sole source of state revenue. We believe that Personnel Reimbursement does not capture nor address the level of local funding, tax levy, or fiscal disparities across the state. We are concerned about regulatory procedures that are currently in place that mandate lower special education class size requirements in the event that personnel reimbursement exceeds the amount in effect on January 1, 2007, by at least 100%.

Transportation

Transportation should remain as a separate funding stream because the revenues must match the expenditures in Fund 40. Transportation reimbursement is tied directly to each district's specific costs for special education as identified as a related service on a child's individual education program. The current transportation formula only reimburses those districts who have incurred costs in transportation, as opposed to the disbursement funds across all districts, regardless if the district had actually incurred transportation costs as a related service for students with disabilities.

Orphanage

The state reimbursement for orphanage claims is absolutely necessary to protect those districts responsible for providing special education services to students who are under the guardianship of a public agency or who reside in a state residential facility. The orphanage formula is a critical source of revenue that is tied directly to costs incurred by local districts who deliver the special education services for wards of the state.

Closing Comments/Final Considerations/Final Recommendations/Summary

We support the census-based weighted special education funding formula provided the aforementioned comments and recommendations are addressed and given serious consideration by task force members as they prepare their final written report in response to House Joint Resolution (HJR) 24 passed by the 95th General Assembly.

Respectfully submitted by,

Roxanne Kovacevich

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With input and support from members of the IAASE Finance Committee

The IAASE Board formally approved this document at its September 22, 2010 meeting

PUBLIC RESPONSES TO HJR24 DRAFT REPORT

1. ***Chuck Hartseil, Director, McLean County Unit School District #5***
My concern comes in with the proposed budget reduction to the foundation level and the impact that would have on reimbursement. Have we done an analysis and would we wind up losing money?

2. ***Andy Furbee, Director of Student Support Services, Manteno CUSD #5***
My district is concerned about legislation that would change how Districts are reimbursed for privates. Private special education facilities serve niche populations and do it better, more efficiently, and effectively than those school facilities that try to be all things to all students. Special education cooperatives simply cannot meet all the needs of all the various niches in a cost effective manner. If cooperatives could then all public school district's could as well – and thus there would not even need to have cooperative facilities.

   If anything, the converse funding formula should be proposed. Especially since the personnel reimbursement to school districts has only increased once in 26 years (twice if the amounts increased this year). District's who send students to any external placement outside the general education setting should be reimbursed after 2x per capita no matter what program they attend. This would provide cooperatives the funds to strengthen their programs rather than financially punish school districts for placing students in programs that best fit their needs.

   We live in a new era, there is more research available as to what is most the effective treatment and educational plan for each type of disability or combination of disabilities. These low incident populations are being serviced effectively by specialized, niche, private facilities who have the expertise and economy of scale. To change the current reimbursement formula would either reduce the quality of educational programming for high needs students OR would draw precious resources away from general education students and to a greater extent than what is already happening now.

3. ***Rich Kraft, Retired Business Manager***
I was on the 1998 task force, and I think that this report is very good. I liked the reporting, the information is enlighting, and the conclusions are good. The challenge is the same we had, which was getting agreement amoung the various stakeholders. Winners and loosers become very political.

4. ***Christina Denman, Director, Madison County Region II Special Ed Cooperative***
Following are my comments in response to the Draft: Analysis of and Policy Alternatives for Special Education Funding in Illinois. The author gives a good background and history of special education funding in Illinois as well as reiterating findings from an earlier task force report. I find it interesting that the 1998 report also outlined pretty much the same findings as this one, but nothing has really changed except for the "extraordinary" formula (which really isn't equitable). I agree with many aspects of this report, especially with regard to the Chicago block grant. Following are my comments and list of priorities:

   - Eliminate the Chicago block grant. "The Chicago Block Grant dominates all special education fiscal policy for the State. It seems that no meaningful reform can occur for the State without addressing the Chicago special education block grant." I would place this issue at top priority. ***None of the other issues can be addressed until the Chicago block grant has been eliminated***, thus freeing up the funding stream for the rest of Illinois.

   - The formula for reimbursing private placements. "Current provisions seem clearly in violation of Federal law in regard to LRE and contribute substantially to system fiscal inequities." Private schools provide a valued service; this report would make it seem as though ALL school districts place students in private schools based on finances. This is simply not true. While some districts do consider reimbursement in considering placement options for students, others are very conscientious about looking at the entire continuum before making any decisions. Further study in this area is needed – why do some districts have such high placement rates? Looking at factors

such as proximity to private schools, selection of schools, rates of low-incidence disabilities, rates of suspension/expulsion (zero tolerance), and physical capacity to serve students with significant needs would yield more information than simply looking at percentages. After reading this report, the only conclusion possible about *why* a student is placed can only be based on financial factors and not other information that may be pertinent. An example would be districts in Region V that serve students from Scott Air Force base or very small districts that might not have the resources to serve a single student with very significant needs. While this formula does create inequity, it may be possible to adjust it rather than eliminate it entirely. The author seems to conclude that private school placements are detrimental to students and seems to imply that "an emphasis on outcome-based accountability" ("maximizing positive academic and social results for students and continuous improvement") is not possible if students are placed in private settings. These schools provide a valued service and result in much better outcomes for many students than if they were placed in their home schools (for a number of reasons).

- Change the "Funding for Children Requiring Special Education Services" formula. "In short, exact equality in funding may not result in equity. The degree of disparity noted in the current system, however, does not appear to relate systematically to justifiable cost differences and is of sufficient magnitude to exceed any adjustments likely to result from carefully measuring and applying cost differences." As a member of IAASE's Finance Committee, we have looked at several different formulas for reimbursement – none of which results in any district not losing at least some revenue. Critical to this is the elimination of the Chicago block grant. The fact that there doesn't seem to be a viable way to change this formula without creating "winners" and "losers" speaks to the need to explore an entirely different funding system for special education in Illinois.

With regard to the "fixed" or "differential weights" approach to funding – I have worked under both systems in other states, and, while this system seems to be fairer, my experience was that the "fixed" formula resulted in some high-cost students not getting services and the "differential weight" resulted in more students being labeled "multiple disabilities" or something other than SLD. In addition, if we are moving toward a Response to Intervention model, possibly eliminating the need for labeling children, how would the funding formulas work in this sort of system? How would this be tied to student achievement and accountability?

I agree with the author's conclusion that developing a new formula without considering the larger funding structure within Illinois may be "problematic in the short term and almost certainly will become out of sync with larger policy considerations and changes over time." No single group in Illinois can make recommendations for change; it will take the combined efforts of all interest groups (IASA, IASBO, IAASE, etc.) in order to make meaningful change.

The author draws an interesting conclusion that added spending does not result in increased performance gains. Taking a look at specifically what the districts in question used the added funds for may have had an impact on that finding. In looking at educational placements and reading proficiency, the author points out the statistically significant relationship between the two – it would be interesting to see the disability labels of these students – are there more SLD students in general education more of the time? Could this result be in part due to the type of students placed in more restrictive settings, i.e., more significant disabilities resulting in lower achievement levels? What if part of the funding mechanism contained technical assistance to those districts that do not have the capability of serving more students in-district? What about some kind of incentive for high performance on the part of special education students?

I like the idea of having an "emergency" fund for extraordinary costs. A district with a student population of 250 that enrolls a student with very significant and costly needs can be crippled financially in a very short time.

It seems interesting that the major conclusion of the report is that of the issue with the Chicago block grant. A lot of time and effort went into this task force, only to draw the same conclusion all of us have held or a number of years, as well as reinforcing the findings of the 1997 task force.

5. ***Sue Carrescia, Director of Special Education, Niles North High School***
I am not sure the depth of information you are requesting. After reviewing the document, i am most in favor of collapsing the state aid to Chicago to more accurately reflect their special education child count. While I think the "differential weights" formula has the most merit, I forsee many problems and opportunities for inflated reporting, same with "fixed weight" formulas. I also see that the "fixed weight" formula may decrease appropriate services to our most needy students because districts can not afford to pay more.

All this being said, I think we need to incrementally move toward an alternate formula, possibly one that has not yet been found, one that decreases aid to Chicago and bases their recepti on a more accurate count of their students' needs. We need more equit and fairness in distribution, along with a simple clear method of calculation.

No small task, but i do not think we are ready yet.

6. ***Alison J. Boutcher, Executive Director, Mid-State Special Education***
Thanks to the task force for its work on this very important issue. I agree with the consultant that change in Illinois on this issue (and on anything having to do with finances) is quite a challenge. I would like to see change in the Chicago block grant so money is spent more equitably across the state. I also think that changing the extraordinary funds to follow those students with those costs makes sense. I know there were problems with E.O in the past, but I think the current funding which is based 85% on ADA and 15% on poverty doesn't hit the mark either since it is not tied to intensity of services for students with IEPs. I suspect that many districts with the highest ADA may also be districts that have lower poverty and fewer students with special needs, so the money is going to districts to fill a need they don't have to as great a degree as others.

I think it is advisable to tweak the current system given the political climate of this state. While attaching some funding to student outcomes is a laudable goal, I think it is too far down the road and districts need some change now.

7. ***Sheri Wernsing, Ed.D., Executive Director, Tri-County Special Education Association***
Hello and thank you for the opportunity to submit input to the special education funding task force. I am writing to suggest that Illinois retain components of the current formula while addressing the areas of greatest concern. This is the first option listed on page 26 of the task force report. Let me explain.

I am a strong proponent of continuing the "funding for children requiring special education services" method for reimbursing districts for the costs of most students with disabilities. This, census-based, method discourages the over-identification of students with disabilities, is placement-neutral, is based on factors that are reasonably associated with disability identification rates, is efficient, and is fair.

The fairness consideration deserves some elaboration. It is fair to retain the current system for funding public school pupil reimbursement for the majority of students because of the very reasons recorded in page 23 of the task force report. That is, the current system eliminates former inequities that were caused by inconsistent calculation of pupil costs among districts competing for the same dollars and it eliminates the huge time burden placed on administrative and clerical staff to do the calculations each summer. Before 2004, both of those factors did highly influence how many dollars were brought in by individual districts and the level of funding for districts was closely tied to the skill of whomever was doing the calculations. There is an unavoidable unfairness to this because experienced administrators have an advantages over novices. Districts and cooperatives with business managers have an expertise advantage over those that do not. Novices often make mistakes implementing a new and complicated system. While mistakes may either under or over-estimate claims, they do distort the appropriate distribution. A fair system will minimize errors. Fair systems are easily and consistently implemented—and monitored. This state simply doesn't have enough personnel to monitor large numbers of pupil claims and to insure consistent implementation of the process. Districts do not have sufficient personnel to go back to the old system of calculating large numbers of program and pupil costs. It is extremely labor-intensive. During these fiscally-troubling times, many districts will not be able to afford to pay for the extra personnel needed to complete the claims process. Finally, the current system is fair because the big idea is to provide funding to districts on the basis of factors known to be related to disability but with minimal restrictions and prescriptions for spending the money. Districts use these reimbursements to fund services in ways that make the most sense in each setting and IEP teams have no incentives or disincentives to add services to individual IEPs. Services can be tied to student needs and funded as district administrators believe is best.

I do agree that the current nonpublic pupil reimbursement system can create an inequity when one considers students with similar needs in public schools and that this funding system creates a strong incentive for some IEP teams to place students in nonpublic settings. I also understand that this system is likely to be closely scrutinized by the Office of Special Education Programs and may be found wanting next school year.

I suggest an alternative to combining the entire pupil reimbursement system into one comprehensive system. Specifically, I think the Excess Costs pupil reimbursement line can be improved with a more reliable and substantial funding source. To do this, I support altering the Chicago Block grant in ways that the task force recommends. This money may be used to fund the Excess Cost line and make that line viable for district use.

Fairness can be defined multiple ways. In the instance of those students with the most intensive needs, fairness does seem to require the calculation of pupil costs. The labor-intensive nature of this method is minimized when the method is sparingly used. I encourage the committee to find ways to limit the equalized funding of nonpublic and public school students to those students with needs that are truly comparable. Two ideas might be to fund students in public school programs that only enroll students with full-time special education placements or to fund students in separate, public school, facilities in this manner. These criteria might still encourage a restrictive placement option within public schools, so perhaps a maximum percentage of students with disabilities might be allowed for each district using this method. Using the current 4 per capita criterion associated with Excess Costs also seems reasonable as long as the funding source is sufficiently large and reliable. It is the dependence upon unused federal funds for residential placements that makes the current Excess Costs line ineffective for meeting its intended purpose. I have no clear recommendation on the criterion to use for the purpose of delineating which students should be funded at a level comparable to those in nonpublic schools, but ask you to consider the time and paperwork burden and the lack of comparability associated with having lenient criteria for separating which public school students are funded using which method.

Thank you for the opportunity for input.
(See attachment)

8. ***Larry Emerick, Director, Kaskaskia Special Education District #801***

I read with interest the draft report from the task force. I want to say that I appreciate the difficult task they completed and thank all of the members for their hard work and dedication.

The one item that seems most disturbing to me in the report is the Chicago Block Grant. I am concerned that school districts and students in the rest of the state are being shortchanged significantly by this block grant and have for some time. This is obviously a problem that is known to ISBE and the legislature but does not seem to get the attention it deserves. I am not opposed to a block grant for the Chicago Schools but feel it should be adjusted on a yearly basis. This would be more equitable for the remaining districts in the state which, by the way, constitute a significant majority.

At a time when funding is being examined at every level in Illinois, it is time to take a look at this block grant. ALL districts should be treated equally and ALL special education students funded using the same formula whether they are from Cairo or Chicago. Location in the state has no place in funding determination and should be discontinued.

Again, I thank the task force members for their work and am hopeful that this report will be examined by the legislature and some form of positive action be taken.

9. ***James W. Gunnell, Executive Director of Special Education, A.E.R.O. Special Education***

Please accept the following comments as my reaction to the draft report. Please be advised that I have responded in the context of our current fiscal climate!

Overall, my reaction is positive to the work that was completed in just five meetings! I think the group covered the history quite well and brought forward all of the issues and problems that must be addressed in order for the ISBE to take a leadership position with respect to changing the special education funding streams. I was pleased to see that the group acknowledged the work of others before them, but disappointed that they group did not explore the reasons "why" the "placement neutral funding mechanism " was not dealt with even though it was acknowledged 10-12 years ago.

Specifically,

I am not surprised that the four major themes (National Issues)regarding special education have not changed.

Useful information pertaining to the four primary formulas used to allocate Spe ed funds.

I think it is evident that one component of the overly burdensome accounting measures must be addressed and it is my opinion that ISBE must establish a "state-wide protocol for uniform cost sheets". I believe that mandated cost sheets and mandated training on how to complete the cost sheets is essential to any change in formulas. I do not think we can institute successful funding reform without emphasizing uniform accounting procedures with respect to special education cost sheets. I don't think we can create reforms based on the notion of "doing away " with cost sheets, but rather increasing the importance of accurate special education costs will help level the playing field for funding reform. Furthermore, uniform costs sheets would also become beneficial to by allowing state-wide comparisons and even possibly lend itself to "national data" for future comparisons.

Nice summary of the recent changes to the "children requiring special education services", the former "extraordinary".

There are some obvious omissions to the IPCRB uniform rules and regulations for calculating costs. There is no mention of the "added" costs borne born the resident school districts in cases where additional services for students in private placement are billed to the resident districts. The complete picture is not noted here.

The use of data by region was helpful in placing some context to the complex funding streams and how specific regions of the state suffer such inequities. The inequities exist not only in funding, but also in "continuum of available services".

I am concerned about the work of the two committee system that is in place. It is obvious that one committee is interested in keeping the current funding formulas in place. I would think at a minimum there is a need to make certain that any funding formula is "placement neutral".

I have concerns about the "Outcome" criteria. I think eventually we will come to a fork in the road…what has priority?...outcomes or LRE?

Lastly, I think it is well known fact the current funding formulas do not conform with the State's intended purpose. ISBE should take a leadership position to address the following:

Disparity of the continuum of placements across the state (non-public private special education facilities)

The added costs associated with private placements that district have to pay for

The Chicago Block

Funding equity for high cost students

10. ***Ed Rafferty, Superintendent, Mohsin Dada, Assistant Superintendent, Business Services, Debbie Ancona, Assistant Superintendent, Administrative Support, Andy DuRoss, Assistant Superintendent, Human Resources, Karen Hindman, Assistant Superintendent, District Improvement, Dr. Nick Myers, Assistant Superintendent, Student Learning, Schaumburg School District 54***

Schaumburg School District 54 has reviewed the draft copy of the Special Education funding alternatives produced by Mr. Tom Parrish. Mr. Parrish has done a remarkable job at providing us with the current methodology used by the State of Illinois in funding Special Education, and comparing Special Education funding in Illinois to funding in other states. In addition, he has done a great job at examining the funding by region, as well as the sub-region.

In his report, Mr. Parrish has identified the current formulas as complex and disjointed, as well as inequitable. The funding provision favors Chicago public schools at the expense of all school districts. The fixed percentage was

established in 1995, and has not changed even though there has been a drastic decline of student enrollment in Chicago, and a very significant growth in the suburbs. We agree with his recommendation that this needs to be corrected.

Another concern identified by Mr. Parrish was the fiscal incentives for private placement. Once again, we strongly agree with his findings that the funding of favoring private facilities at the expense of public entities needs to be corrected. We also agree with him that the current funding formula, which is based on regular education enrollment in districts and poverty, needs to be revised. Such funding formula should allow the funding associated with students with "extraordinary needs" to follow the students, whatever type of education setting would best suit their needs. Ultimately, this funding should be based on student need, not on student placement. For this category, the task force is only focusing on extraordinary-cost students. It would be our recommendation that we bring back the old extraordinary-fund formula, which was eliminated to make claims simpler and less cumbersome. The simplification process resulted in reduced paperwork for claims, but also reduced the funds for special education to students. School districts are no longer being reimbursed based on services provided to special-needs students, but are being reimbursed based on their regular education enrollment. In our opinion, a correction on this component also needs to be made.

We appreciate having the opportunity to comment on this draft policy

11. ***Janine Gruhn, Director of Special Education Compliance & Monitoring, Waukegan Public Schools, District 60***
Waukegan Public Schools District 60 is submitting the following comments regarding the "Analysis of and Policy Alternatives for Special Education Funding in Illinois"

1. Waukegan Public Schools agrees that special education funding is not adequate or funded at a level to support the mandated costs of educating students with disabilities.
2. Waukegan Public Schools agrees that there is inadequate funding for students with high costs needs.
3. Allowing districts to utilize up to 50% of the annual increase in federal funding to offset local special education spending is a benefit, if you can meet the Federal requirements and indicators. Districts are finding these requirements difficult to meet and are not able to take advantage of this provision.
4. The Block Grant supporting Chicago Public Schools is in need of analysis to ensure equity among Districts.
5. Poverty is a large consideration when looking at the formula for special education allocation. Waukegan recognizes equity does not mean equal, but the District is requesting funding at a level comparable to Districts who have a high level of spending per child in order to provide necessary educational services.
6. The need for non-public schools should be low because it is a restrictive environment, however this does not mean these facilities are not necessary and not needed. In Waukegan, students are only placed in private placements if we do not have the resources to fill the students needs. All Districts should be monitoring the needs of the students and ensuring that the non-public placement is only considered when there is data to support the need for a more restrictive placement. The analysis argues that by providing reimbursement for private facility that it may be encouraging more students to be placed in these locations. However, in our own analysis of private facility costs, even though there is 100% reimbursement based on the formula, there are still educational costs that must be paid out of local funding. These costs come at a high rate and are extremely expensive to the district. The benefit to having private facility reimbursement is that the District has an offset to the educational costs and is able to provide the educational services that we would not be able to provide otherwise. Although Waukegan Public Schools , is below the State average for out placing students, providing these services within the District would not be feasible due to our budget constraints. Waukegan recommends keeping the private facility reimbursement, but monitoring how students are placed in the facility and transition back into other District programs.
7. Utilizing a equal support per all students in enrollment or a census approach may lead to more special education identification to receive more funding. However, if general education students were included in the formula, students would not be identified just for funding purposes.
8. Utilizing differential weights for students seems to focus on the disability verses the student needs. A disability category does not mean that a student in a particular category will require more services or resources than another student in another disability category. This is a contradiction to the development of an IEP based on student need.

In Summary, Waukegan Public Schools appreciates the analysis of the current funding system. Our recommendation is to fund special education adequately in order for our District to provide the necessary services mandated by Federal and State regulations. Allow Districts to utilize the 50% provision, even if they are not meeting compliance

in all areas as long as they are showing effort and progress towards these goals. Analyze the current funding system to determine that the funding CPS receives based upon the District's need and that more of this funding is distributed among the districts. Consider equitable funding as well as poverty, low tax base in the community and the per capita spending to ensure leveled and equitable funding. Continue to fund non-public and high need students, however monitor the number of out placements in a District and insist on an accountability system for academic success and transitioning back to the District programming. This would prevent districts from out placing for funding and allow districts to continue to utilize these services for students they do not have the resources to service. If considering the Census approach to funding, count general education and special education student in the total. This prevents identification for the sole purpose of funding and also allows for students who may be identified in the future. Weighting the costs of disability categories focuses on the disability verses the student needs and the IEP process.

Waukegan Public Schools is willing and would be honored to participate in future task forces regarding the important concern of special education funding. If you have any further questions or need clarification, please contact me at 847-360-5434 or email jgruhn@wps60.org.

12. ***Dr. Rita Stevenson, Executive Director, North DuPage Special Education Cooperative; Dr. Michael Volpe, Executive Director, SASED***

To whom it may concern,

We have reviewed the *Draft of the Analysis of and Policy Alternatives for Special Education Funding in Illinois* report by Tom Parrish and offer the following comments. We agree with the major findings of the Task Force and in response would support the recommendations identified in the October 2008 IAASE Position Paper (Appendix G):

- Merge the three funding structures/categories: Private Facility, Funding for Children Requiring Special Education Services (Extraordinary) and Students with Excess Costs.
- Reimburse school districts for students with the greatest needs and generating the highest costs equally after expending 2 times per capita.

Additionally, we support the immediate correction of the funding inequity (i.e. the Block Grant) that favors the Chicago Public Schools at the expense of all others.

Thank you for your consideration.

13. ***Kathy Wilhoit, Superintendent, Special Education District of McHenry County***

I appreciate the work done by the task force and agree with the overall recommendations. It seems that in working with funding formulas in any context there are always winners and losers. I hope the focus of this work continues to be to make our students with disabilities the winners.

14. ***Jeff Stawick, Superintendent, Steger School District #194***

Distinguished Members of the Special Education Task Force,

Thank you for your effort in preparing your draft report. I think that it is thoughtfully conceived and penned and is clearly representing the best interests of special needs students across our state. In the interest of helping you revise the document I would like to raise the following topics:

- The continued inequity of special education funding among our state's districts.
- The paradox between Least Restrictive Environment and the financial incentive to outplace students. The way funding is currently structured creates a disincentive for districts to honor LRE.
- The decreasing number of special education students in Chicago Public schools and how this phenomenon should appropriately impact the Chicago Block Grant. On a per-pupil basis, this grant is becoming increasingly disproportionate to funding elsewhere in Illinois.

I hope these topics stimulate some of your discussions as you take on the difficult task of revising this fine report. If I can be of assistance, please let me know.

15. ***Dr. Steven W. Nourse, Special Education/Accessibly Consultant, West Aurora SD # 129, Aurora, IL***

Re: Executive Summary of Draft: Analysis of and Policy Alternatives for Special Education Funding in Illinois

(Jan 21, 2010)

At your request here is a brief executive summary of the *Draft: Analysis of and Policy Alternatives for Special Education Funding in Illinois (Jan 21, 2010).*

As the document states, *"it does not attempt to consider easing the burden on school districts, per se, these analyses will show substantial variation in the degree to which the "financial burden" of special education appears to be realized by school districts in the State. It also suggests possible changes to state policy that could provide relief to those districts that appear to be facing the greatest challenges in regard to financing special education."*

Essentially this document attempts to identify four areas of concern. They are as follows:

1. To identify the ways special education services are funded in Illinois and its current associated inequities.

2. To reduce special education costs while at the same time providing quality inclusive programs for students enrolled in special education programs.

3. To determine how special education programs can more closely meet the mandates of Individual with Disabilities Education Act (IDEA) related to inclusion of special education students which is labeled Least Restrictive Environment (LRE) by IDEA. Illinois lags other states in this respect.

4. To identify how local education districts can assess their current programs and then implement changes to come into compliance to a higher degree with Federal special education requirements.

Some essential assumptions on which this document bases its findings are as follows:

1. In 1999-2000 (nationally) we spent $6,556 annually for non-special ed students and $12,474 for special education students. These figures are double 1960 costs.

2. Overall State and Federal support for special education is inadequate.

3. Illinois funds special education through a variety of formulas, including pupil-weighted, census-based, resource-funding, and percentage reimbursement. Most are quite complicated formulas.

4. The Federal Government uses a census-based formula.

5. "Full funding" of special education is a recurrent policy theme at the Federal level related to IDEA.

6. Nationally overall percentage of special education enrollment has grown nationally (past 10 years) from about 12% to under 14%.

7. In Illinois overall percentage of special education enrollment has grown at a more aggressive than nationally (past 10 years) from 13% to over 15%.

8. In regard to compliance with Federal IDEA (LRE) nationally special education students spend 80% of their educational time in regular education classes,

9. In regard to compliance with Federal IDEA (LRE) in Illinois special education student spend only 60% of their educational time in regular education classes.

10. In terms of the most restrictive placements (placement in external

entities), Illinois's percentage (at about 7 %) has consistently been above the national average of around 5 percent over the past decade. The difference between Illinois and the nation on this measure also appears to have grown somewhat over the last two years.

11. Staff costs for special education are 85% of total costs. Illinois is 13th nationally in personnel-based costs nationally.

12. Most special education students also qualify for Extended School Year (ESY) which is an addition special education cost to the District.

13. Special services transportation is an added cost.

14. Once students are labeled and placed in a specific special education program very few students ever exit special education.

15. Some Illinois districts place less that 30% of their special education students in the least restrictive environments while other Illinois districts place over 80% of their special education students in the least restrictive environments.

For informational purposes LRE is described in IDEA as:

> *IN GENERAL. – To the maximum extent appropriate, children with disabilities, including children in public or private institutions or other care facilities, are educated with children who are not disabled, and special classes, separate schooling, or other removal of children with disabilities from the regular educational environment occurs only when the nature or severity of the disability of a child is such that education in regular classes with the use of supplementary aids and services cannot be achieved satisfactory.*

The Federal Government under IDEA consider compliance to be when special education students are placed in regular education classes 80% of the academic time in school.

The Parrish study/analysis states that in analyzing funding patterns the following absolute goals must exist for students placed in special education programs:

1. Promote comparable services for students with comparable needs across the State.

2. Foster high-level, measurable outcomes for students in special education.

3. Serve students in the Least Restrictive Environment.

4. Promote pre-referral services to serve students outside special education when appropriate.

5. Provide maximum flexibility at the local level coupled with accountability

In conclusion, to meet these goals Illinois School Districts need to do some serious thought about how to provide quality services to students enrolled in special education programs while maintaining a high degree of accountability. Programs from early intervention services, to prevent students from being included in special education programs, to transition services, that will allow students enrolled in special education programs to exit high school with high standards, goals, as well as positive vocational and post-secondary expectations, must all be evaluated.

This will involve painful but much needed change. It is also my opinion that a third party needs to provide guidance and support in developing and carrying out this new paradigm change in special education services. Current special education staff and personnel may be too embedded in status quo and may be too close to the forest to see the trees. Below I have identified a series of task oriented steps that I think Illinois School Districts should take to accomplish the above identified goals. They are not necessarily linear but all need to be accomplished to meet the ultimate goals of effective and cost-effective special education programs. Significant amounts of in-service for both special education and general education staff will be necessary to effectively implement these changes.

In my opinion what needs to be done in Illinois School Districts as a result of this *Draft: Analysis of and Policy Alternatives for Special Education Funding in Illinois (Jan 21, 2010).*

1. Illinois School Districts need to fully evaluate and assess the financial impact of special education and if changes can be made in services provided to reduce costs as well as maintain program integrity. This should also be done by comparing costs of comparable districts in Illinois as well as programs offered.

2. Illinois School Districts need to fully evaluate and assess how LRE is determined and if the District's criteria meets Federal standards. All students in the District may meet LRE by District standards and not meet the criteria used for Federal standards.

3. Illinois School Districts need to fully evaluate and assess the number of students placed in segregated in-district special education programs.

4. Illinois School Districts need to fully evaluate and assess the number of students that are currently placed in segregated in-district special education programs could be placed in a less restrictive in-district environment with support.

5. Illinois School Districts need to fully evaluate and assess how many students are placed in "most restrictive" out-of-district placements.

6. Illinois School Districts need to fully evaluate and assess how many students that are currently placed in "most restrictive" out-of-district placements could be provided services within the District with proper support.

7. Illinois School Districts need to fully evaluate and assess the number of students that receive extraordinary services such as one-on-one aides. If a primary goal of special education is to provide students with the highest level of independence obtainable, then this practice may actually be detrimental to that goal.

8. Illinois School Districts need to fully evaluate and assess how many students could be diverted from entering special education services by providing intensive early intervention services.

9. Illinois School Districts need to fully evaluate and assess how many students, with aggressive supports, can exit special education programs.

10. Illinois School Districts need to fully evaluate and assess the possibility of moving to an entirely new framework of providing special education services.

11. Illinois School Districts need to fully evaluate and assess the possibility of moving to an entirely new framework of providing special education services financing.

12. Illinois School Districts need to fully evaluate and assess the possibility of moving to an entirely new framework of providing special education services accountability and assessments.

13. Illinois School Districts need to fully evaluate and assess the possibility of moving to an entirely new framework of providing compliance with Federal special education laws (IDEA).

14. Illinois School Districts need to fully review district-wide special education programs that cluster students with disabilities at one site. Students with disabilities should be placed with students without disabilities to the highest extend appropriate. Further, students should be placed in least restrictive environments with their chronologically aged peers, not just their cognitive peers.

If you have any additions, deletions or additional questions please feel free to contact me at (206) 463-5344, (206) 779-4232, FAX at (206) 463-5710, or e-mail at graduate22@comcast.net.

16. Gwynne Kell, Superintendent, Winfield District 34, Winfield, IL

My admin. team and I reviewed the sped. taskforce's work and agree with their findings. In particular we are greatly concerned that Judge Gettelman (Corey H.) continues to uphold judgement that they should receive the block grant of funding that they have since 1998's settlement and 12 years later their numbers do not support that level of funding. I would hope that we continue to challenge the CPS block grant of dollars being allocated to Chicago especially at a time when the state is planning to reduce funding by 20% for FY11. If they would reduce Chicago's allocation I would hope there would be enough to sustain the level of funding to the rest of state so the effects of these decreases could be minimized.

As mentioned, while we have fought for so many years for sped. to be funded at 40% it is beyond us to comprehend how when we just got an increase in personnel reimbursement we are now looking at a 20% decrease for FY11. Further, with IL taking the lead on RtI nationally how are we positively recognizing those efforts? In order to provide sustainable, intensive interventions to support students in the general ed. classroom we must be properly funded.

Another issue for us is that the Extraordinary claims reaps minimal reimbursement dollars but the paperwork requested is time consuming and cumbersome. Overall we would like to see more equitable funding and less "hoop jumping" to get the little in reimbursement dollars that we currently do.

Thank you for your efforts on our behalf in addressing this very important issue and good luck with the taskforce's continued work.

17. Sharon Rossiter, Executive Director, Mid-Valley Special Education Cooperative, St. Charles, IL

To Whom It May Concern:

The report clearly identifies many inequities and problems in funding to school districts.

The problems experience by our member school districts are: 1) Funding does not follow students. Districts with very expensive students are not receiving a proportional share of the funding. 2) The CPS block grant is disproportionate, deprives other districts of needed funds, and does not hold CPS as accountable as the other school districts; 3) Funding should be placement neutral. Particularly in challenging economic times, school districts should not be forced to consider the financial implications when recommending appropriate placement for students.

Special education funding in Illinois has been under review and discussion, and amended several times over the past fifteen years. Each time it has become more complicated. It is clearly time to stop the tweaking and develop new funding formulas. Our districts need funding that is equitable, targeted to support high-cost students, and is placement-neutral.

Thank you.

18. Dr. Kimberly Byars, Director of Special Education, Franklin and Jefferson Counties Special Education, on Behalf of the Directors of Special Education in Region VI.

We would like to begin by thanking the Task Force for the time dedicated to such a project. We think the findings are valid and reliable as they are basically the repeated findings from the 1998 Special Education Finance Task Force, which represented an extremely credible, diversified group from across the State.

As detailed in the Draft Report, we represent the Region with the lowest current Special Education Funding. We are strongly opposed to any new Funding Formula that would result in even less funding. We believe it is time to act on the findings by the Task Force and consider eliminating the Chicago Block Grant. We believe all Special Education students in the State of Illinois should be treated and funded equally, whether they are in Chicago or Cairo. The current disparity of funding places an unfair, unfunded burden on the local districts.

Finally, we believe that all stakeholders across the State must be involved in any Special Education Funding change, including IASA, IASBO, and IAASE.

19. ***Michael T. McElherne, Ed.D., Director, Leyden Area Special Education Cooperative, Franklin Park, IL***

Dear Task Force,

I believe we need to go with a census approach to establish some semblance of equity. The incentive for private placements must be eliminated. This is the only way to begin a long term process of systemic change.

20. ***Dawn Adair, Special Services Director, Central CUSD #4, Clifton, Illinois***

Dear Task Force members,

I wholeheartedly agree that the inequities in special education funding need to be remedied although, being a relatively new special educator administrator, I am not sure what the best remedies would be. I believe that insuring that there is equity in funding across the state is a priority. I also agree that districts should be commended for educating students within the least restrictive environment and for insuring that our focus is on positive, measurable outcomes for students with and without IEP's. I think it would be fair to tie these outcomes to special education/RtI funding in some way.

That being said, we cannot overlook the fact that more and more students are entering our programs who have significant, multiple needs. At the present time my district educates students who need nursing care, paraprofessional assistance, augmentative communication devices and other specialized equipment, autism consultation, special transportation, vision services, OT and PT and extended school year services; not to mention the need for specialized, evidence-based curriculum and staff development. We often weigh the benefits of private placements vs. placement within our district and how do we meet the needs of the student and family while being fiscally responsible (in a time when we are to be slashing our budget)? We feel pressure to provide the students with what they need to be educated in the least restrictive setting, assuring parents (and some of our fellow staff members) that this is what is best for the children even though they know there is a state-of-the-art private facility several miles up the road.

Of course, it is appropriate that we educate some of our students in private, out-of-district placements. However, we feel strongly that, given the proper resources, we can provide some students with significant needs an equally good education within our district or in other public school settings and we can avoid subjecting them to long bus rides, and time away from their families and peers. With equitable funding/reimbursement for excess costs we can educate these students closer to home and can give them more opportunities to interact with their non-disabled peers.

I am also finding that once we place students in private facilities we sometimes have a very difficult time convincing families that it is important to try to transition them when we feel they are ready to return to the less restrictive setting. It is difficult to compete with private placements when our resources are more limited. In order to best serve students in the least restrictive setting, again, the formulas for covering some of the excess costs of public placements vs. private facilities must be equitable.

Thank you very much for your efforts in this matter.

21. ***Paula Grimes, Director of Special Services, Bradley Bourbonnais Comm H.S., Bradley, IL***

As I understand the proposed funding method for special education, I am very worried about my students, district and the special education funding in general. I recently seceded for the Kankakee Area Special Education Cooperative. Although I felt and still feel this was best for my students academically and socially, I did feel the funding of the students placed at the cooperative for emotional or behavioral issues was grossly unfair. It cost my district a considerable amount of money to provide the services needed at the cooperative. When I pulled my students back our home school, purchased two mobile classrooms, hired 3 teachers and 3 paraprofessionals AND I was able to save

money. Money was not my motivating factor, however my school board understands dollars and sense. They were persuaded quickly when I provided the financial information.

The future of cooperatives (which are essential particularly in rural areas) will be in jeopardy with this plan. Private placements (which I am not opposed to when appropriate) will become more seductive to districts because the cost. This is not always the least restrictive environment. I send student to private facilities for MUCH less money that I would have paid when I belonged to the cooperative.

Lastly, I find it almost laughable that the extraordinary money is not tied to special education students. Rather the ADA and low income. Who thought of that idea? I don't even know how to explain how silly that sounds to me. I know it took time to cost out a student's program and "prove" the student was an X student.....but at lease it made sense.

22. ***William Thoman, Plainfield, IL***

I have two points to make.

First, I do not believe the paper placed sufficient emphasis on any revision in the funding formula incorporating a shift to placement neutral funding. Even a prior federal review found Illinois' funding noncompliant with IDEA in that regard yet, what difference did that make? Private facility reimbursement the way it is now compounds the funding disparity between districts in the state by region. The study made only an implied reference to the location of private programs. The study did make reference to S.E. Illinois having the least use of private facility reimbursement. The reason for that is that there are almost no approved programs in that area. The funding disparity is compounded because children with extreme needs occur state wide. When a district in a remote part of the state responds to the needs of a student, who if in a Northern Il. suburb would be placed in a private facility, the remote district has only its own resources to rely upon for program development. In such a case there will be little cost containment by any reimbursement system currently in place. So the Northern Illinois District spends two net per capita on the child and the remote district could easily spend ten net per capitas on the child.

Private placement reimbursement is a disincentive for districts who do have a choice to develop programs for harder to serve children. In tough economic times why should districts spend ten per capitas on a child's program when they could have a sufficient program for two per capitas? People may not like to think that other people think that way but I believe it is a clear indicator of why private facilities are in existence and even flourishing.

Private facility reimbursement needs to be eliminated and the available funding in this categorical, (what was) extraordinary, and excess costs need to be combined to reimburse districts for higher cost kids regardless of the precise nature of the placement (private or public).

Secondly, Any block grant funding program specifically for Chicago needs to be eliminated. I had an opportunity to work at a charter school within the Chicago Public Schools system during the 2008-2009 school year. (One of my post retirement exploits). I think everybody should have the experience at least once.

There is absolutely no accountability within the system to provide even basic supports that children need for even the most blatantly obvious common sense needs. It is my understanding that CPS does not submit special transportation reimbursement claims as do all other school districts in the state. As such they actively refuse and delay even the most legitimate requests for special transportation. When I worked at this Charter School we had a 4th grade girl who had CP register with the school. We went to the prior school to get the records and upon reviewing them saw that she had received special transportation during the prior year. We submitted the necessary reports and electronic communications but could not get transportation started. I was told it was because the charter school (only a couple of blocks from last year's school) was not on an existing route. Besides having CP, this little girl also had a history of seizures. She had one at school one day and was taken to the hospital in an ambulance. We made renewed pleas with CPS to make the transportation arrangements but none was forthcoming. The parent filed a complaint with ISBE. ISBE contacted the school to investigate. I have good reason to understand that ISBE told CPS they needed to transport this child. CPS did not move on this even as a result of ISBE's involvement. The charter school's request for transportation was made in mid September. The parental complaint was filed in early January. The girl did not get transportation until April. This story does not represent an isolated exception. This little girl with disabilities did not

get the transportation she needed because CPS didn't need to provide the service to get special education transportation money from the State. The block grant funding system for CPS is bad for children.

23. ***Judith A. Hackett Ed.D., Superintendent, NSSEO, Mount Prospect, IL***

Feedback on the Draft Analysis Report regarding Special Education Funding in Illinoi

As superintendent of a special education cooperative representing a large geographic area in the Northwest suburbs and an active leader in the field for over 20 years, I appreciate the efforts of Tom Parrish and the task force for providing a comprehensive data analysis of special education funding in IL and accurately reflecting the many long-standing challenges and realities of the system.

I have been a part of several committees and involved in countless discussions at the local, regional, state and national level regarding special education funding over the last many years and it continues to be a complex issue with no easy solutions. A common concern by all districts is that special education has not increased substantially or proportionately to the rising costs of addressing the educational needs of students with disabilities for decades. With rising costs in education, increased pressures and expectations for districts compounded by the current economic crisis, the spotlight on this issue has intensified. Throughout the report, the challenges and discrepancies apparent in the current funding formula provide an accurate analysis of the many contributing factors of the funding challenges.

The report provides a thorough review of the issues – the historical perspective of special education funding at the national and state levels, the general goals for the task force and the range of perspectives and advantages/disadvantages of the current and potential funding options available. I think the report provides a greater sense of the many aspects of the issues we face in Illinois and I have had the opportunity to study it closely through several committees and have experienced firsthand the difficult decisions districts make regarding addressing the needs of students with disabilities while factoring in the associated costs.

In reviewing the report, I agree with the general focus of the subcommittee developed to create a new funding system in IL and support possibilities that continue to focus on following students with high cost needs in a placement neutral approach. The reality of our current funding system is that it is not placement neutral. Decisions regarding where a student with special needs is educated takes into account a number of variables, including cost. Having worked in Region 1 for the past 30 years, I concur with the analysis reflecting the intended purpose and the reality of resources available in much of the area. While nonpublic schools address an important need in IL, a cost comparison of reimbursement coupled with comments and discussions with district representative indicate 'the fiscal incentive' (p22) for private placements. As the report reflects, the assumption that the decisions were made due to lack of available district resources was not conclusive and seems to indicate that it may be related to the reimbursement. In candid discussions with other administrators, I have heard that some decisions, particularly when there were comparable programmatic options available in both public and private settings, are made that net the 'greatest reimbursement" available. I believe it is important that our system reflects a fair, equitable process for meeting the needs of students with disabilities.

Over the past many years, special education continues to evolve and it is important that the system supports a process that is not contingent on identification, categorical programming and or placement.

As we embrace the philosophical foundation and mandatory requirements of Response to Intervention (RtI) and supporting students based on the level of need and intensity, the solution to funding should not be solely based upon numbers of students identified for special education but through the application of a differentiated weighted system that reflects a combined percentage formula reflective of total student enrollment and special education enrollment, and a mechanism to address high needs students.

The thoroughness of the report, the issues discussed through a complex task force process and the realities of funding issues that are paramount at the present require careful reflection and collaborative efforts. The time and efforts of the committee process and the opportunity to engage feedback and input from all stakeholders is admirable and it is important that we work together going forward to create a system that reflects the current issues all educational systems face in keeping our mutual focus on addressing the needs of students with disabilities in a child-focused, placement neutral, equitable manner.

Thank you for the opportunity to respond.

24. ***Tarin Kendrick, Executive Director, NTDSE, Morton Grove, IL***

Thank you to the committee for all of their efforts on this project!

My biggest concern – and even more so now when financial times are tough- is placement in public vs. non public schools. The funding for private placements or high cost students should be based on need not location. The stated purpose for nonpublic schools is to "provide special education services to students with disabilities when the public school system does not have the necessary resources to fill the students' educational needs. Our resources vary so much through the state that having two separate systems (privately placed or excess cost) are very conflicting. An IEP team should not be forced to make a decision based on cost. That is what many districts are currently doing and it is shameful and not always the LRE of the child. I agree with the paper in encouraging "placement neutral decisions."

Also, the variance of Chicago vs. the rest. It is unfair that they are working under a formula that is 10+ years old when the rest of the state has been adjusted. I am within a suburban cooperative that touches Chicago. We have MANY move-in's each year from the city because they are not providing students FAPE, however they still receive the funding? Yikes!

Finally, the amount of time to complete cost sheets for our excess cost students is not worth what we receive back in reimbursement. Also, there is not a standard across the state in doing cost sheets- therefore how do we know the numbers are accurate and consistent?

All of my points were reiterated in the paper very thoroughly. Thank you for allowing me the chance to reiterate my concerns.

This system is very complicated and I think streamlining it will help immensely.

Thanks again!

25. ***Karl W. Fivek, Ed.D., Retired Member IASBO, Peru, IL***

First of all, I fully appreciate the work that has been done in addressing the need to properly fund special education in Illinois.However, there are some concerns that I believe were not sufficiently addressed in the report:

Much of the discussion was related to geographical regions and sub-regions of the state. While comparative data was able to be compiled, it may be of greater use if data was compiled based on (1) district student population, (2) Equalized Assessed Valuation(EAV/per student on a district basis as well for Illinois'special education cooperatives.

(1) The student population of any given district will directly correlate to the economies of scale that may be realized in providing services whether for regular education students or for special education students. A district with 1,000 students can be much more cost effective in providing services to 10 students with similar IEP's than ten districts with 100 students with each having one student with the same IEP.
Similarly, special education cooperatives that cover geographically larger portions of the state because of lower population density cannot take advantage of economies of scale that are enjoyed by cooperatives with a smaller geographic area with a greater population density.

(2) The current Illinois funding formula's reliance on local property taxes favors districts with a greater EAV/per pupil. The current funding formula does not "recognize" this disparity. For example, in District A, a single $1,000,000 home with two children produces a given amount of school property tax revenue at a certain rate and there are multiple numbers of such homes.

In District B, it takes ten $100,000 homes, each with two children, to produce the same amount of school property tax revenue at the same rate as District A. Therefore, five times as many students need to be educated in District B with the same amount of school property tax revenue when compared to District A. Special education funding at the state level should address this disparity by recognizing each district's "ability to pay." This would allow state funding to flow to districts based on their respective financial resources as well as student needs.

Generally speaking the special educational cooperatives reflect the same circumstances as the member districts in terms of economies of scale and EAV/per student. The greater the number of smaller districts in geographically larger cooperatives, the less they are able to take advantage of economies of scale.

Finally, I did not find any cost comparasons of students currently placed in non-public programs with estimated costs if those same students were given identical staff, programs and facilities as those available in the non-public programs. Without such data, accurate cost comparison are highly unlikely.

Thank you for the opportunity to respond to the draft.

26. ***Julie Jilek, Director of Business Services and Facilities, Northwest Suburban Special Education Organization***
Feedback on the Draft Analysis Report Regarding Special Education Funding in Illinois

In reviewing this report, I agree with the Task Force's conclusion that across districts in the State of Illinois there are two major factors contributing to funding equities, the nonpublic funding component and the funding provisions that apply to Chicago Public Schools. Additionally, I feel that the current method of funding excess cost special education students is inadequate.

First, I feel it is a significant concern that in the year 2010 the State of Illinois is still out of compliance with IDEA 97 by having a funding formula for private tuition that is not placement neutral and does not support the concept of least restrictive environment. It is also alarming that Illinois has consistently been above the national average in terms of restrictive placements and that "over one-tenth of all State special education aid is allocated in support of students placed by districts in non-public schools."

I agree with the Task Force's three top criteria that should be taken into consideration when developing a new funding formula; that it should be placement neutral, equitable, and outcome accountable.

I feel the issue of equity needs to be further explored and developed. I feel it would be difficult for a new formula to both produce equitable allocations across districts and to produce no significant funding loss to any district or cooperative. It has already been pointed out that "the nonpublic component contains fiscal incentives for private placements and contributes to overall funding inequities." Additionally, as this report points out, there are regions with a disproportionately high number of students placed privately. Therefore, in order for a formula to be truly equitable, the end result would be gains and losses among school districts.

In 2004, the law that changed Extraordinary to Funding for Students Requiring Special Education Services, also contained provisions for reimbursing special education students whose costs were identified as exceeding four times their resident district's per capita tuition rate. However, the current structure of reimbursement by using unused

Room and Board dollars, is not a sufficient method to address the high costs of these students. I feel it is important to maintain a mechanism for reimbursement for special education students with significant costs to districts; however, I believe that the intention all along was that a separate pool of dollars be set aside for the reimbursement of these excess costs.

Finally, I feel it is important the allocation of the Chicago Block Grant be further investigated. As was pointed out in this document, enrollment in Chicago continues to decline while their grant allocation continues to increase. This further adds to inequities across the state. A revision in the structure of the Chicago Block Grant may provide additional dollars to school districts outside of Chicago and might ease funding losses experienced by some districts as a result of a new funding formula for private reimbursement. A restructuring of the Chicago Block Grant might also make available additional funds for a pool of dollars for 'excess cost' students.

I believe the current Funding for Children Requiring Special Education Services formula provides a basis for the development of a formula for the redistribution of Private Tuition dollars. While the current formula takes into account both districts' average daily attendance and districts' poverty levels, it fails to take into account variances in special education populations among districts. Therefore, I feel a revised formula for the distribution of Private Tuition dollars should be developed that takes into account average daily attendance and poverty along with the district's special education child count. Finally, when addressing the issue of equitability, I feel that a hold harmless provision may in effect result in further inequities. Based on the findings of the Task Force that the current formula has "contributed substantially to inequities in the system", I feel incorporation of a hold-harmless provision into a new formula would further perpetuate these existing inequities.

In summary, I agree with the Task Force's conclusion that altering special education funding in Illinois will be a formidable undertaking; however, I feel that it is a necessary and essential task. I commend the task force for its thorough analysis of the issues and for recognizing the opportunity for change.

27. ***Georgia Peceniak, Executive Director, Cooperative Association for Special Education (C.A.S.E.), Glen Ellyn, IL***

Response to Draft Report of the Special Education Task Force March 25, 2010

Firstly, I would like to thank the task force for its work on this issue. It is a most complicated problem that needs to be tackled to achieve equity throughout the state and to provide appropriate services for students.

The program goals that were espoused by the Task Force are goals that I believe are critical in moving the discussion forward. Those were:

- Promoting comparable services for students with comparable needs across the State
- Fostering high-level, measurable outcomes for students in special education
- Serving students in the Least Restrictive Environment
- Promoting pre-referral services to serve students outside special education when appropriate
- Provide maximum flexibility at the local level coupled with accountability.

Two of the funding issues that I view as critical are:

- Placement neutral funding: This means that no fiscal premiums are placed on one type of primary placement for the student over another, e.g. regular versus special classroom or private versus public placement.
- Equity: This simply means that districts with like circumstances are treated similarly in the funding they receive.

I hold the following beliefs:

- **There must be an increase in funding for students receiving special education due to the high costs associated with appropriate programming.** If the state simply redistributes the current funds allocated for special education, districts will become either "winners" or "losers". In my mind that simply shuffles the inequity in an already complicated funding system.
- **Funding must be placement neutral. There should be funding for all students that generate high costs.** There will always be a need for private placements for students and these high cost placements should generate more funds, but there are students served at an equal cost in their home school districts and they should also generate more funds because of the high cost associated with their programming. There must be a way for students who have costly needs to have those needs met without "bankrupting" districts.
- **All districts should be treated the same for funding purposes.** All districts should be required to report special needs students in the same manner. All districts counts, such as low income, should be based on similar data. No one district should receive special treatment for funding purposes.

Thank you reviewing my response. I can be reached at 630-942-5600.

28. ***Crystal Lawler, Program Coordinator, Mid-State Special Education, Vandalia, IL***

Dear Task Force Members,

Thank you so much for all your hard work on this project. I apologize for being tardy with this response. I appreciate so much the comprehensive nature of your report. All of the background information included in the draft helped me understand special education funding more clearly. I am encouraged that the State is offering these suggestions in light of the current financial situation. We are all out here wondering how we can fix this!

I do have a question: On page 4 under "Census-based" funding, what is meant by the phrase "fixed proportions of students with disabilities across all areas"?

As far as comments are concerned, I agree with the statement that it is time for full federal funding mentioned on page 14. I also concur with the approach of determining goals for special education programming before the discussion on funding ensued. A group charged with such an ominous task really must have a focus in order to accomplish anything worthwhile. One page 15, what is meant by the 8th bullet point under specific funding goals? (Funding provisions that respond to differences in student performance.) The equity referred to in the document should encompass the idea that all students receive the same quality of services **based on their need**, regardless of where they live. There have been equity concerns across the state as long as I have been involved in education. As the discussion turned to the non public component it seems obvious that schools that may actually need the setting the most simply cannot afford the placement, so we should not be surprised that the data shows these districts not placing students in these more restrictive setting. I does not mean, however, that there is not a need. I'm sure they just try to work through different options. I have to wonder what is meant by the statement on page 23 that "some LEA's (have) become very creative in accessing this funding stream". I am highly encouraged that the task force is addressing the inequities noted not only by the data, but also that if a fact of life for many districts across the state (as mentioned on page 30 of the report). On page 33, the report notes that it is "interesting… that low poverty districts seem much more likely to place relatively high percentages of their special education students in the most inclusive setting, as opposed to higher poverty districts." It seems logical that would be the case because the low poverty districts have more resources to support inclusion in the regular education classroom. Also, on page 34, the report states that "the percentage of students spending 80% or more in the general education class does show a positive statically significant relationship with reading proficiency. Those analyzing the data should not be tempted to jump to a causal effect. Perhaps the students who are in the less restrictive setting are simply better readers and can hold their own in the general education classroom because they have better reading skills than who struggle with reading skills. When considering the idea of highly successful schools supporting struggling schools and districts, obviously, the demographics and student skill levels of the two schools (or districts) would have to be comparable.

I have no idea if this is what the task force is seeking (if not, please disregard my ramblings), or if my comments are too late (if so, also please disregard this e-mail), but these are my thoughts as I read the draft.

Thank you.

Impact of Reimbursement on District Costs

2006/2007 School Year

Under current methods of reimbursement, districts are given more reimbursement dollars for sending a student to a private facility than keeping the student in their home district. The purpose of this document is to illustrate the discrepancy between the private and public reimbursement structures and is not intended to be a comparison of private vs public program costs. Below are examples of students from different parts of the state and the associated disparity of reimbursement dollars.

Private School Placement Reimbursement: The district is reimbursed the difference between two times their per capita and the facility approved tuition rate. (Therefore, if a district's per capita is $10,000, it must spend $20,000 before receiving any reimbursement.) Districts are able to claim regular term and summer school tuition costs. Other related services such as Occupational/Physical Therapy, Speech & Language are included in the base rate. One to one assistant costs are included in the higher "intensive rate" charged to the district. Twenty percent (20%) of the transportation claim cannot be added to the reimbursement request.

Public School Placement Reimbursement: The district is reimbursed the difference between four times their per capita and the students' individual costs. (Therefore if a district's per capita is $10,000, the district receives reimbursement after spending $40,000.) This can include educational costs and related services such as occupational/physical therapy, one-to-one assistants, equipment and 20% of the students' transportation costs. The Public School tuition figure represents total expenditures less personnel reimbursement and any federal fund offsets as per cost sheet requirements. Summer school costs are not claimed in this calculation. This reimbursement is based on unspent Room & Board money (Prorated to 18% in FY07).

The examples below show individual student costs. In the first instance, there are two students with a classificastion of Autism. Costs spent are similar with $60,529 being spent at the private facility and $66,801 being spent at the student's home district. The district's cost after reimbursement for the student being sent to a private school was $26,347 (two times the district's per capita). The district's cost after reimbursement for the student served in his home district was $64,131.

Impact of Reimbursement on District Costs

2006/2007 School Year

		Private School Information					Public School Information						
District	Disability	Student Identifier #	Tuition Amount	Total Cost	Reimbursement Amount	Net Cost to District (2x per capita)	Student Identifier #	Public School Tuition	Extra Costs	Total Cost	Reimbursement Amount (Prorated to 18%)	Net Cost to District (4x per capita + unfunded portion)	Proposed Reimbursement (After 2x Per Capita Expended)
Suburban Northern Illinois	Autism	1	60,529	$ 60,529	34,182	$ 26,347	2	24,515	42,284	$ 66,801	2,670	$ 64,131	$ 40,817
	Emotional	3	41,814	$ 41,814	20,708	$ 21,106	4	30,995	3,222	$ 34,221	-	$ 34,221	$ 12,529
	Autism	5	106,011	$ 106,011	83,711	$ 22,300	6	24,515	30,275	$ 54,796	2,257	$ 52,539	$ 32,272
Suburban Northernwest Illinois	Emotional/Cognitive	7	50,153	$ 50,153	23,293	$ 26,860	8	28,406	28,894	$ 57,308	1,155	$ 56,153	$ 30,440
	Autism	9	75,018	$ 76,019	56,946	$ 19,073	10	24,978	26,552	$ 51,540	2,677	$ 48,863	$ 32,458
	Emotional/ Other	11	41,042	$ 41,042	21,969	$ 19,073	12	27,092	-	$ 27,104	-	$ 27,104	$ 8,020
Suburban Central Illinois	Emotional	13	32,929	$ 32,929	18,509	$ 14,420	14	22,306	1,361	$ 23,681	-	$ 23,681	$ 9,247
	Multi	15	28,079	$ 28,079	16,417	$ 11,662	16	13,536	26,201	$ 39,753	2,954	$ 36,799	$ 28,075
Urban Central Illinois	Emotional	17	21,169	$ 21,169	3,667	$ 17,502	18	28,604	-	$ 28,622	-	$ 28,622	$ 11,102
	Multi	19	34,677	$ 34,677	17,175	$ 17,502	20	27,157	-	$ 27,177	-	$ 27,177	$ 9,655
Rural Central Illinois	Emotional	21	21,169	$ 21,169	8,953	$ 12,216	22	16,183	9,211	$ 25,416	173	$ 25,243	$ 13,178
	Multi	22	61,939	$ 61,939	49,572	$ 12,367	23	19,115	3,600	$ 22,738		$ 22,738	$ 10,348

4/29/2009

IAASE Position Paper

Reimbursing School Districts for
Students with the Greatest Needs and Generating the Highest Costs

October 28, 2008

The Illinois Alliance of Administrators of Special Education (IAASE) is promoting a merger of the three funding structures related to reimbursing school districts for students with the greatest needs and generating the highest costs, thereby equalizing state reimbursement.

The following information is intended to more fully explain this direction.

In Illinois, special education reimbursement is divided into categories (sometimes referred to as "categoricals"), including personnel, transportation, summer school, orphanage, private facility, funding for children requiring special education services (historically referred to as "extraordinary"), and students with excess costs. Other special education line items include The Phillip Rock Center and Materials for the Visual Impaired. The following focuses on the private facility, funding for children requiring special education services and students with excess costs reimbursements.

Private Facility ("Private")

The private tuition reimbursement formula authorized under Section 14-7.02 states that a school district is obligated to pay the first per capita tuition charge with local funds. The State reimburses the difference between $4,500 and the district's first per capita tuition charge, if any. The school district is then required to expend a second per capita tuition charge with local funds, with the State reimbursing any excess over this amount. In practice, given that very few districts (four as of the 2007-08 school year) have a per capita tuition rate less than $4,500, most school districts pay ***two times their per capita*** tuition charge with the State reimbursing the district for the remainder of the approved tuition for the school year, including summer school when approved. If a student is enrolled less than a full year, all variables are prorated accordingly. In addition, if the state appropriation is insufficient to reimburse eligible district claims, they are prorated as well.

Example 1:	School District A per capita	$6,000	
	Private Facility tuition rate	$30,000	*Tuition Rate*
		($12,000)	*2x per Capita*
	ISBE reimbursement to School District	$18,000	*Reimbursement*

Funding for Children Requiring Special Education Services ("Extraordinary")

The extraordinary funding formula (14-7.02a) was established in the early 1970's to assist with the costs of students with very significant needs. These students had costs that were greater than one district per capita charge. In 1993, the statute was amended and changed the qualifying threshold for costs in excess of 1½ times the resident district per capita charge. Regardless of total cost, qualifying students generated a maximum reimbursement of $2,000 per student. The

formula was changed in August 2004 per PA 93-1022 by repealing Section 14-7.02a and creating a new Section 14-7.02b under the name "Funding for Children Requiring Special Education Services". The statute utilized a hold harmless base year to ease the transition to the new formula. The amount of hold harmless was defined as the amount each district received under the last year of the old Extraordinary formula (FY 04) with the remainder of the funds distributed 85% on district average daily attendance and 15% on poverty after Chicago District 299 was accounted for in their block grant. Per the new statute, the hold harmless base year was to remain in effect for three years (FY 05-FY 07) after which it would sunset. Beginning with FY 08, all funds were distributed 85% on ADA and 15% on poverty. During the initial year after the removal of FY 04 hold harmless from the formula, the redistribution resulted in a loss of $21 million dollars for 255 districts. P.A. 95-0705 was signed into law on January 8, 2008 and reinstated a new hold harmless base year. Districts were eligible for hold harmless if the amount received in FY 08 and thereafter was less than the amount received in FY 07. However, calculations for eligibility were determined only after all funds had been distributed under the current formula which would require a subsequent supplemental appropriation. PA 95-0729 was signed into law on June 30, 2008 and approved a supplemental appropriation for $21 million to relieve the loss of funding to the 255 districts impacted by the redistribution in FY 2008. In FY 2009 hold harmless has been calculated for 233 districts in the amount of $17.6 million.

Students with Excess Costs Programs ("Excess")

Another major component of PA 93-1022 was reimbursement for students with "excess costs" which was defined as all documented educational costs for students with disabilities, excluding summer that ***exceeded four resident district per capita*** tuition charges. Excess costs were reimbursed from unused federal Room and Board grant funds. The amount of reimbursement in recent years has been prorated significantly as eligible costs far exceed the amount of unused funds. Proration percentages have been 21.1% (FY 08), 20.1% (FY 07), 2.67% (FY 06) and 4.88% (FY 05).

Example 2:	School District A per capita	$6,000	
	Public School tuition rate	$30,000	*Tuition Rate*
		($24,000)	*4x Per Capita*
		$6,000	
	ISBE reimbursement to School District (including proration of 21.1%)	$1,266	*Reimbursement*

Under the current methods of reimbursement, school districts are given more reimbursement dollars for sending a student to a private facility than keeping the student in a public school setting. In the two examples above the school district receives $18,000 from the ISBE by placing the student in a private facility or $1,266 from the ISBE by placing the student in a public school program.

The Illinois Alliance of Administrators of Special Education believes this creates a disincentive to place students closer to home in a public school setting. Further, the IAASE believes that the

students with the greatest needs and generating the highest costs, regardless of placement (private or public), should be reimbursed at the same level of funding to the resident district.

Therefore the IAASE recommends:

1. Merge the three funding structures/categories: Private Facility, Funding for Children Requiring Special Education Services (Extraordinary) and Students with Excess Costs.
2. Reimburse school districts for students with the greatest needs and generating the highest costs equally after expending 2 times per capita.