



Special Education Funding: Comparison of State Models

Professional Review Panel Programs Committee
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Key Questions

- *How do other states fund Special Education?*
- *What is their share from the federal government and from the state?*
- *How do we compare to states around us, and across the country, with regard to funding special education and special programs?*
- *In other states, how much do private schools, parochial schools, and other entities receive in terms of their proportion?*



7 State Funding Mechanisms

- [Multiple Student Weights System](#)
- [Single Student Weight System](#)
- [Census-Based System](#)
- [Resource-Allocation Model \(Illinois\)](#)
- [Reimbursement System](#)
- [Block Grant](#)
- [High-Cost Students System](#)

Source: Emily Parker (2019), "50-State Comparison: K-12 Special Education Funding", Education Commission of the States.



7 State Funding Mechanisms, *continued*

1. Multiple Student Weights System (most common) - Formula based on multiple student weight based on different factors (severity of disability, disability category, or resources received)
2. Single Student Weight System – funded for each student with a disability (weight is the same)
3. Census-Based System – state assumes each district has the same percentage of SWDs, then applies a weighted dollar amount



7 State Funding Mechanisms, *continued*

4. Resource-Allocation Model – distributes resources - not funds - based on the number of SWDs, e.g., 1 psy for every X students, etc.
5. Reimbursement – state reimburses some or all of the expenditures on SWDs
6. Block Grant – grant provided based on past years spending for special education
7. High-Cost Students System – offset of costs for students that costs over a certain threshold



How States Fund Special Education

Exhibit 46. States by Count and Allocation Mechanism for Special Education Funding (2018–19)

Count	Within Foundation	Formula with Single weight/dollar amount	Formula with Multiple weights/dollar amounts	Formula/Categorical -- Resource Allocation Model	Categorical	Reimbursement	Hybrid
Actual	(0)	LA, MD, MO, NC, NH, NY, OR, WA (8)	AZ, GA, IA, IN, KY, MA, ME, OH, OK, SC, TX (11)	DE, NM, TN, VA (4)	CO, HI, PA, UT (4)	KS, MI, MN, NE, WI, WY (6)	FL, MS, NV (3)
Census	AR, CT, RI, WV (4)	ND (1)	NJ (1)	AL, ID, IL (3)	CA, MT (2)	(0)	(0)
Hybrid	(0)	(0)	AK, SD (2)	(0)	(0)	(0)	VT (1)

Source: Jason Willis, Sara Menlove Doure, & Alex Berg Jacobson (2019), “Study of the Individualized Education Program (IEP) Process and the Adequate Funding Level for Students with Disabilities in Maryland”, WestEd.



Comparison of Funding Models

Benefits

- **Formula** – Provides equity, transparency, and predictability to school districts
- **Categorical** – More easily guarantees that earmarked state funds are being used accordingly and allows for more targeted use of funds
- **Reimbursement** – Creates transparency, higher reporting standards and better tracking of state funds

Challenges

- **Formula** – Policymakers have less oversight as to how districts spend funds
- **Categorical** – Funding is narrowly defined, limiting district and school flexibility, and tends to be a less stable and predictable funding source
- **Reimbursement** – Funding is more restrictive, paperwork intensive, and subject to budgetary limits



High-Cost Fund

- Approximately 25 states have some version of a High-Cost Fund
- The formulas vary greatly from state to state
- Examples:
 - Reimburse when the per student expenditures are 3 – 5 times the average
 - Graduated reimbursement over a certain amount
 - Reimburse based on state appropriations
 - Reimburse based on expenditures



How Do We Compare with Our Neighbors

State	FY 21 Federal Allocation (Est.)
Illinois	556,358,794
Wisconsin	228,755,544
Indiana	284,432,131
Missouri	249,941,500
Kentucky	173,734,021
Iowa	134,348,721
Michigan	439,032,894



Other Similar States

State	FY 21 Federal Allocation (Est.)
Illinois	556,358,794
California	1,343,641,173
New York	834,731,160
Ohio	479,921,418
Pennsylvania	468,473,902
Texas	1,142,650,274



Resources

- ECS also has [50-state profiles](#) for special education funding formulas and high cost pools and a [50-state comparison](#) for private school choice.
- <https://www.ecs.org/50-state-comparison-k-12-special-education-funding/>
- [Study of the IEP process and the adequate funding level for students with disabilities in Maryland](#): In appendix 6 (beginning on page 248) there is a 50 state scan on special education funding formulas. Section 2.2 (beginning on page 97) has some related information.
- [California Special Education Funding System Study](#): In appendix c (beginning on page 92) there is a review of high cost pools in the most populous states.



Resources

- Education Commission of the States
- National Center for Education Statistics
- Center for IDEA Fiscal Reporting
- National Center for Systemic Improvement



Proportionate Share in Other States

- ***Reminder:*** Private/Parochial schools receives services and not funds
- All states must calculate, according to **Appendix B to Part 300—Proportionate Share Calculation** how much of a district's IDEA Part B allocation should be spent on services for students with ISPs



Non-public Proportionate Share

- **Fund Code L** - Non-public parochial students receiving services via an individualized services plan from the serving school district as of December 1;
- **Fund Code P** - Non-public home-school students receiving services via an individualized services plan from the serving school district as of December 1; and
- **Fund Code N** - All parentally-placed students ages 3-5 and ages 6-21 in non-public schools, including home-schools, who have been evaluated and have had their eligibility determined to either receive or not receive special education services, but are not receiving services



Non-public Proportionate Share

Example - District 1

Final IDEA Part B Flow Through Amount = \$100,000

- **December 1 I-Star Report**
 - Fund Code L students = 10
 - Fund Code P students = 5
 - Fund Code N students = 5
 - Total non-public eligible = 20
- **Total district special education count Dec 1 = 95**
- **Fund Code N students Codes 02, 03 & 04 = 5**
 - Total count = 100
- **Calculation: $20/100 = 20\%$**
- **Non-Public Proportionate Share Amount:**
 - $20\% \times \$100,000 = \$20,000$



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