

Element 4c: Revise funding formula weight for special education students.

Baseline: Actual State and local expenditures in fiscal 2015 equaled \$1.567 billion, or \$14,982 per special education student. Of this amount, the State provided \$272 million, or 17.3% of the total.

Assumptions:

A temporary per pupil weight is calculated as a placeholder measure in anticipation of the special education study required by HB1415 of 2018.

Actual State and local expenditures equates to a weight of 2.18 based on the current law per pupil foundation amount. Current law weight is 0.74.

After completion of the study required by HB 1415, a new weight will be calculated and incorporated into the funding formulas. It is anticipated this new weight would first be implemented by fiscal 2023. However, for costing out purposes only, no assumption of a new weight is incorporated. Instead, the assumptions below are continued through fiscal 2030.

Given that this was costed out using actual expenditures, the difference between current law and proposed is as follows:

- the current law weight was multiplied by the current law base in fiscal 2020 dollars
- the proposed placeholder weight was multiplied by the current law base in fiscal 2020 dollars.

~~The APA recommended base of \$10,880 was inflated to \$11,490 in fiscal 2020 dollars using the actual inflationary amounts that were applied to the existing funding formula. This amount was held steady beyond fiscal 2020.~~

~~The workgroup 4 weight results in each student being funded at \$27,346 in fiscal 2020.~~

~~Current law base is \$7,244 in fiscal 2020. Current law weight results in each student being funded at \$12,605 in fiscal 2020.~~

~~Per pupil cost is an additional \$14,741 in fiscal 2020 dollars and then held steady.~~

Enrollment of special education students is projected to be 108,407 for fiscal 2020 and increase to 112,242 for fiscal 2030.

Full funding of this placeholder amount is phased-in over three years.

Cost:

Year 0 (FY 2020)	Year 1 (FY 2021)	Year 5 (FY 2025)	Year 10 (FY 2030)
\$ 373,179,028 527,353,207	\$ 763,579,284 1.063 billion	\$1. 163 643 billion	\$1. 169 655 billion

~~Caveats~~ Staff Comments:

The procedure described above assumes that the total current expenditures of \$15,000 per student is to be covered via the special education weight. However, special education students are also included in the enrollment count for the Foundation Program. Staff believes that the funding from other sources (i.e., the foundation amount and compensatory education amount) are being used for special education expenditures. Therefore, there is likely (and potentially significant) double counting leading to an overstated weight. ~~Staff continue to determine a methodology to account for this double counting~~ Preliminary attempts by staff to account for this result in reducing the roughly \$15,000 per student to be covered by the weight alone by between 10% to 30% (to between \$13,500 to \$10,500). This would equate to a weight between 1.5 and 2.0 with respect to the current law per pupil foundation amount, as opposed to a weight of about 2.2.

Federal education law (IDEA) has two provisions that prevent a decrease in the amount of funding that a state provides for and an LEA spends on special education from year to year: a maintenance of fiscal support and maintenance of effort requirement. Maintenance of fiscal support pertains to the funds the state provides for special education. If a state fails to satisfy this requirement and did not receive a waiver, then federal IDEA funding is reduced. Maintenance of effort pertains to how much each LEA spends on special education. If an LEA fails to satisfy this requirement or meet an allowable exception, then federal IDEA funding will have to be repaid to the federal government.