



*in*Forum

In Depth Policy Analysis

Financing Special Education: State Funding Formulas

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Financing Special Education: State Funding Formulas

INTRODUCTION

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

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

BACKGROUND

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

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

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

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

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

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

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

METHODOLOGY

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

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

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

FINDINGS

State Formula Changes from 2000 to 2009

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

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

**TABLE 1: STATE SPECIAL EDUCATION FUNDING FORMULAS
2008-2009**

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

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

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

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

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

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

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

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

Table 2: Change in Formula Category from 2000 to 2009

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

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

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

Possible Change in Funding Formula

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

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

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

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

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

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

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

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

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

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

Caps or Limitations on Funding

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

- A limitation on funding based on the number of students with disabilities who can be counted for purposes of state aid. A total of seven states fell into this category—*Delaware, Georgia, Idaho, New Jersey, North Carolina, Oregon and Tennessee.*
- A fixed total amount of state aid per year or aid that is subject to appropriation. A total of 11 states had caps or limitations of this type—*Florida, Indiana, Kansas, Massachusetts, Minnesota, Nevada, New York, Utah, Washington, West Virginia and Wisconsin.*

Uses of State Special Education Funds

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

Table 3: State Uses of State Special Education Funds

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

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

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

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

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

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

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

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

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

OBSERVATIONS

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

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

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**APPENDIX A
PROJECT FORUM SURVEY FORM
STATE FUNDING OF SPECIAL EDUCATION**

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

You can respond in one of 2 ways:

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

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

As always, we appreciate your time in participating in our activities.

Eileen Ahearn

eileen.ahearn@nasdse.org

Name:

Email:

State:

Phone:

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

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

Yes (go to item 2)

No (go to item 1b)
 - 1b. Our state's formula for special education is as follows: (Please provide it here **OR** attach a copy when you return this form **OR** provide a link if it is available on the Internet.)

2. Is your state considering a change in its funding formula for special education?

Yes (go to item 2a)

No (go to item 3)

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

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

Yes (go to item 3a)
 No

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

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

Special education programs only
 Special education and tiered intervention (RTI) services
 Any public education program (e.g., general education)
 Any public purpose
 Other (please explain)

Thank you very much!

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

APPENDIX B STATE FUNDING FORMULAS 2008-09

ALABAMA – 2008-09

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

ALASKA – 2008-09

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

ARIZONA – 2008-09

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

Group A

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

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

Group B

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

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

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

ARKANSAS – 2008-09

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

CALIFORNIA – 2008-09

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

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

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

Each year, the SELPA receives the following adjustments:

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

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

COLORADO – 2008-09

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

CONNECTICUT – 2008-09

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

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

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

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

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

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

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

DELAWARE – 2008-09

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

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

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

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

Pre-School Unit
<p>Funding Ratio: One unit for 12.8 students.</p> <p>Criteria: A student shall be counted in the pre-school unit if the student is:</p> <ul style="list-style-type: none"> ▪ at least 3 years of age or is eligible from birth or eligible as described in the Interagency Agreement with the Department of Health and Social Services; ▪ not yet entered kindergarten; ▪ identified as eligible for special education and related services; and ▪ not counted in the intensive unit or complex unit described below. <p>The following requirements apply to the preschool unit:</p> <ol style="list-style-type: none"> (1) Partial unit funding is provided for between 1 and 12.8 students based on the cash-in value of the unit. (2) The cash-in value of the unit is tied to the teacher state salary schedule at the Master’s level plus 10 years of experience as defined in 14 <i>Del. C.</i> § 1305(a). (3) The units include Division II and III. (4) Districts and charter schools must use all funds generated by pre-school units to support services for the students counted in the pre-school unit. But districts and charter schools are not limited to using the funds to employ teachers only. The funds may be used to hire pre-school special education teachers, paraprofessionals, and speech and language pathologists, etc. as determined at the local level. The units may also be cashed-in to secure contractual services. (5) Districts and charter schools may use tuition to pay for the local share and excess costs of the program. (6) The units are considered teacher/instructional units for purposes of other unit counts. (7) A student is not required to receive a minimum number of hours in special education instruction to count in the pre-school unit (i.e., the 12½ hour restriction does not apply). (8) Students counted in the pre-school unit must receive services in their natural environments to the greatest extent appropriate.

Grades K-3 Unit
<p>Funding Ratio: One unit for 16.2 students.</p> <p>Criteria: A student shall be counted in the K-3 unit if the student is:</p> <ul style="list-style-type: none"> enrolled in kindergarten through grade 3; and not counted in the intensive unit or complex unit described below.

The following requirements apply to the K-3 unit:

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

Grades 4 through 12

Funding Ratio: One unit for 20 students.

Criteria: A student shall be counted in the Grades 4 -12 unit if the student is:
 enrolled in grades 4 through 12 (defined as graduation with a high school diploma, or age 20 inclusive); and
 not identified as eligible for special education and related services.

The following requirements apply to the Grades 4 through 12 unit:

- (1) Partial unit funding is provided for between 1 and 20 students based on the cash-in value of the unit.
- (2) The cash-in value of the unit is tied to the teacher state salary schedule at the Master's level plus 10 years of experience as defined in 14 *Del. C.* § 1305(a).
- (3) The units include Division II and III.
- (4) The units are considered teacher/instructional units for purposes of other unit counts.

Basic Special Education Support Unit for Grades 4 through 12

Ratio: One unit for 8.4 students

Criteria: A student shall be counted in the basic special education support unit if the student is:

- enrolled in grades 4 through 12;
- identified as eligible for special education and related services; and
- not counted in the intensive unit or the complex unit described below.

The following requirements apply to the basic special education support unit:

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

Intensive Special Education Support Unit for Pre-School through Grade 12

Funding Ratio: One unit for 6 students.

Criteria: A student shall be counted in the intensive special education support unit if the student is:

enrolled in pre-school through grade 12 (defined as graduation with a high school diploma, or age 20 inclusive);
 identified as eligible for special education and related services; and in need of increased instructional and/or behavioral support as defined by the adult to student ratio of 1:3 to 8 for the majority of the school day.

The following requirements apply to the intensive special education support unit:

- (1) Partial unit funding is provided for between 1 and 6 students based on the cash-in value of the unit.
- (2) The cash-in value of the unit is tied to the teacher state salary schedule at the Master's level plus 10 years of experience as defined in 14 *Del. C.* § 1305(a).
- (3) The units include Division II and III.
- (4) One hundred percent of the units must support the students that generate them, and there is no variance in the use of the units.
- (5) The student is not required to receive a minimum number of hours in special education instruction to count as a student in the intensive special education support unit (i.e., the 12½ hour restriction does not apply).
- (6) The units are considered teacher/instructional units for purposes of other unit counts.
- (7) Units generated by special education students are to be used for professional staff to support students with disabilities, to include special education teachers, school psychologists, speech/language pathologists, reading specialists, educational diagnosticians, counselors, and social workers. Units may also be used to cash-in for other related services.
- (8) Districts and charter schools may use tuition to pay for the local share and excess costs of the program.

Complex Special Education Support Unit for Pre-School through Grade 12

Ratio: One unit for 2.6 students

Criteria: A student shall be counted in the complex special education support unit if the student is:

enrolled in pre-School through grade 12 (defined as graduation with a high school diploma or age 20, inclusive);
 identified as eligible for special education and related services;
 in need of a high level of increased instructional and/or behavioral support as defined by the adult to student ratio of 1:1 to 1:2 for the majority of the school day.

The following requirements apply to the complex special education support unit:

- (1) Partial unit funding is provided for between 1 and 2.6 students based on the cash-in value of the unit.
- (2) The cash-in value of the unit is tied to the teacher state salary schedule at the Master's level plus 10 years of experience as defined in 14 *Del. C.* § 1305(a).
- (3) The units include Division II and III.
- (4) One hundred percent of the units must support the students that generate them, and there is no variance in the use of the units.
- (5) The student is not required to receive a minimum number of hours in special education instruction to count in the complex special education support unit (i.e., the 12½ hour restriction does not apply).
- (6) The units are considered teacher/instructional units for purposes of other unit counts.
- (7) Districts and charter schools may use tuition to pay for the local share and excess costs

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

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

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

FLORIDA – 2008-09

Program Cost Factors and Weighted Full-Time Equivalency (FTE)

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

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

2008-09

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

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

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

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

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

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

Weighted FTE Cap

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

Exceptional Student Education Guaranteed Allocation

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

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

GEORGIA – 2008-09

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

base program amount established annually by the legislature. The program weights are reviewed triennially by a task force appointed by the Governor. For 1998-99, the special education program weights were as follows:

Category I - Self-Contained Specific Learning Disabled and Self-Contained Speech-Language disordered.

Category II - Mildly Mentally Disabled.

Category III - Behavior Disordered, Moderately Mentally Disabled, Severely Mentally Disabled, Resourced Specific Learning Disabled, Resourced Speech-Language Disordered, Self-Contained Hearing Impaired and Deaf, Self-Contained Orthopedically Disabled, and Self-Contained Other Health Impaired

Category IV - Deaf-Blind, Profoundly Mentally Disabled, Visually Impaired and Blind, Resourced Hearing Impaired and Deaf, Resourced Orthopedically Disabled, and Resourced Other Health impaired

Category V - Special education pupils in the above categories whose individualized education programs (IEPs) specify specially designed instruction or supplementary aides or services in alternative placements, in the least restrictive environment, including regular classroom and who receive services from personnel such as paraprofessionals, interpreters, job coaches, and other assistive personnel

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

HAWAII – 2008-09

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

IDAHO – 2008-09

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

regular education unit, but it generally takes fewer students to generate a special education unit. However, in small districts, the regular education secondary divisor, which is less than 14.5, was used to calculate secondary special education funding. State rules specify that 6% of elementary students and 5.5% of secondary students generate unit funding at the exceptional child divisor. Unit funding calculations for preschool children with disabilities are based on the amount of service received by those students. The total funds allocated through the unit funding mechanism are referred to as a district's entitlement.

Staff allocation funding is available to support all school district programs. This funding is based on the total number of support units generated by a school district in regular education, special education, and alternative school programs. For each support unit, districts qualify for reimbursement for 1.1 teachers, .075 administrators, and .375 classified staff. This reimbursement is subject to a statewide salary index that recognizes education and experience. The total dollars allocated to a district for staff allocation funding are referred to as base support. Basic benefits (unemployment, social security, and retirement) are also paid by the state. Special distributions are provided with state funds for contracts with private agencies, special education tuition equivalency funding, and funding for students with emotional disturbance. School districts may claim reimbursement for a portion of the costs of approved contracts with private agencies that meet state standards. The disbursement of contract funds provides the same level of state support for contracted students as for students served in public school programs. Districts that provide special education for students whose parents reside in other school districts may claim reimbursement for local tuition-equivalency allowances and also receive the exceptional child divisor for all such students. Additional funds are provided under an excess cost factor to assist these districts in meeting the needs of these high-cost students. This excess cost factor was \$6,700 per eligible student in the 2008-09 school year.

Districts that identify and serve high numbers of students with emotional disabilities receive additional state support to offset these costs.

ILLINOIS – 2008-09

Chicago District 299 (Article ID)

Last Change: P.A. 89-15, effective May 30, 1995

Chicago District 299 receives all of their state special education funds via the Educational Services Block Grant. Since fiscal year 1996 the amount of the district's block grant has been determined as follows: (i) with respect to each special education program that is included within the Educational Services Block Grant, the district receives an amount equal to the same percentage of the current fiscal year appropriation made for each program as the percentage of the appropriation received by the district from the 1995 fiscal year appropriation made for that program, and (ii) the total amount that is due the district under the Educational Services Block Grant shall be the aggregate of the amounts that the district is entitled to receive for the fiscal year with respect to each program that is included within the block grant.

All other Illinois school districts receive their state special education funding via the formulas described below:

Private Tuition (105 ILCS 5/14-7.02)

Last Change: P.A. 80-1405, effective August 1978

This program provides reimbursement for a portion of the private facility tuition costs incurred by the district from the prior school year. The private tuition reimbursement formula states that the district is obligated to pay the first per capita tuition charge with

local funds. Then 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 no nonpublic programs have a per capita tuition rate less than \$4,500, the school district pays two times the district per capita tuition charge and the state reimburses the district for the remainder of the approved tuition rate for a school year, including summer school when approved. If a student is in attendance less than a full year, all items are prorated down accordingly.

Fiscal Year (FY) 2009 Appropriation = \$151,600,000
Chicago District 299 (48.4%) = \$73,374,400

Funding for Children Requiring Special Education Services (105 ILCS 5/14-7.02b)
Substantive Change: P.A. 93-1022, effective August 2004
Amended: P.A. 95-0705, effective January 8, 2008

This program replaced the Special Education Extraordinary line item (Section 14-7.02a) which was repealed in August 2004. This program provides funding for costs incurred the prior school year. Funds are distributed per a "block grant" type model and may be used for any special needs student served by the school district.

Funds are distributed to school districts based on two variables: (1) 85% of the funds are distributed based on each district's best 3 months average daily attendance from the most recent General State Aid claim and (2) 15% on poverty as used in General State Aid (i.e. three year average as reported to the Illinois State Board of Education [ISBE] from the Department of Human Services). The law also provides a mechanism for districts to claim special needs students with "excess costs," which is defined as educational costs in excess of four district per capita tuition charges. The difference between the actual student cost and four district per capita tuition charges is reimbursed from excess federal room and board funds.

P.A. 95-0705 amended the statute further. The new law made changes to Section 14-7.02b stating that, for fiscal year 2008 and each fiscal year thereafter, individual school districts must not receive payments under that section totaling less than they received for fiscal year 2007 (commonly referred to as a "hold harmless" provision). However, the language further states that any "hold harmless" funding is to be "computed last and shall be separate calculation from any other calculation set forth in [Section 14-7.02b]."

The "other calculation" referenced in the new language is the existing split of the entire appropriation - 85% based on each district's average daily attendance and 15% on poverty which were used in General State Aid. Thus, under the new statutory scheme, the Agency determines the 85-15 calculation for each district and, if the amount calculated for any district is less than what the district received in FY 2007, the district is eligible for hold harmless. A separate supplemental appropriation is required to bring such districts back to their FY 2007 level.

FY 2009 Appropriation = \$331,051,100
Chicago District 299 (29.2%) = \$96,666,900

Personnel Reimbursement (Section 14-13.01)**Last Change: P.A. 95-0707 effective January 11, 2008**

This program reimburses districts and cooperatives a portion of the costs that employ the necessary staff to serve children and youth with disabilities, ages 3-21 years old. Staff that are employed for these specialized purposes include teachers, school social workers, school nurses, school psychologists, school counselors, physical and occupational therapists, individual or classroom aides, readers, administrators, and other staff assigned to work in the area of special education. These staff people are additional instructional and related service personnel beyond the regular classroom teachers. Districts are reimbursed for prior-year expenditures.

For each full-time certified professional the state reimburses the lesser of

- a.) The local salary per teacher (defined as total salary minus federal funds)
- b.) The FTE days of the teacher divided by 180 times \$9,000

For each non-certified staff worker the state reimburses the lesser of

- a.) The local salary per worker (defined as total salary minus federal funds)
- b.) ½ of the total salary (defined as all funds that contribute to total salary)
- c.) The FTE days of the worker divided by 180 times \$3,500

For each staff worker serving children in a home or hospital setting the state reimburses the lesser of:

- a.) ½ the total salary (defined as all funds that contribute to total salary)
- b.) The FTE of the pupils served multiplied by \$1,000
- c.) \$9,000 per teacher

For each reader working with blind or partially seeing children the state reimburses the lesser of:

- a.) ½ the total salary (defined as all funds that contribute to total salary)
- b.) The FTE of the pupils served multiplied by \$400

FY 2009 Appropriation = \$426,100,000

Chicago District 299 (19.1%) = \$81,385,100

Special Transportation (Section 14-13.01(b))**Last Change: Laws of 1965, effective July 1965**

This program reimburses school districts a portion of the costs incurred in transporting pupils with disabilities who have special transportation needs. Reimbursement is provided for transporting students with disabilities if their Individualized Education Program (IEP) requires special transportation assistance as a related service, or the nature of their disability is such that the service is required. The state program pays a maximum of 4/5 of the district's allowable costs for transporting pupils with disabilities. Districts are reimbursed quarterly for their claims against prior-year expenses.

FY 2009 Appropriation = \$383,300,000

Chicago District 299 (30.7%) = \$117,673,100

Orphanage Tuition (Section 14-7.03)**Last Change: P.A. 79-797, effective July 1973**

This program reimburses on a current year basis 100% of the tuition costs for eligible students with disabilities who are under the guardianship of a public agency or who reside in state residential facilities. This line item includes regular term and summer term. All students must be verified as a ward of the state to be eligible for funding under Section 14-7.03. Most of the special needs students claimed under Section 14-7.03 are verified via a cross check with the Department of Children and Family Services (DCFS) or the serving

district must provide court documentation that parental guardianship has been removed from the natural parent.

In some instances, parental rights do not necessarily need to be terminated for a special education pupil to be claimed under this statute. If a state agency (e.g. DCFS) places a pupil in a state-owned institution, the district where the facility is located becomes the pupil's district of residence and can make a claim under Section 14-7.03.

FY 2009 Appropriation = \$101,800,000
Chicago District 299 (35.8%) = \$36,444,400

Summer School (Section 18-4.3)

Last Change: P.A. 79-1350, effective August 1976

This program reimburses school districts a portion of the educational costs for special needs students that attend summer programs. The basic requirements for eligibility are as follows: (1) the pupil must be enrolled in one or more courses offered for at least 60 clock hours in the summer session; (2) the pupil must be eligible pursuant to section 14-7.02 (Private Facility) or 14-7.02b (Funding for Children Requiring Special Education Services); and (3) there shall not be a tuition charge to families to insure a "free appropriate public education."

Formula example (downstate claims):

District has one eligible special needs summer enrolled pupil

- Reported average daily attendance (ADA) for the pupil is 0.24
- Multiply the ADA by the statutory weighted equivalent of 1.25 ($0.24 \times 1.25 = 0.30$)
- General State Aid (GSA) Entitlement for District = \$2,000,000
- District's best three months ADA reported from most recent GSA claim = 630.00
- Calculate District's GSA per ADA pupil ($\$2,000,000/630.00 = \$3,174.60$)
- District's reimbursement is calculated by multiplying the district ADA per pupil by the weighted equivalent of pupils reported ($\$3,174.60 \times 0.30 = \952.38)

FY 2009 Appropriation = \$11,000,000
Chicago District 299 (54.4%) = \$5,984,000

INDIANA – 2008-09

In 1995, the Indiana General Assembly restructured the state's special education funding system. Under the revised system, a modified unduplicated count of students receiving special education is now used as the basis for generating state special education funds. This method replaced the weighted duplicated services count that was previously used.

This system involves a December 1 unduplicated count of all eligible special education students who are identified as severely or mildly/moderately disabled. The count of students with communication disorders (CD) is duplicated if a CD student is also served in another special education program.

The category of severe disabilities consists of: Multiply Disabled, Orthopedically Impaired, Emotionally Disabled, Severely/Profoundly Mentally Disabled, Autistic, Visually Impaired, Hearing Impaired, Traumatic Brain Injured, and Deaf/Blind. Funding for this group is \$8,350 per child.

The category of mild/moderate disabilities consists of: Learning Disabled, Mildly Mentally Disabled, Moderately Mentally Disabled, and Other Health Impaired. Funding for this group is \$2,265 per child. Funding for Communication Disordered students is \$533 per child.

IOWA – 2008-09

NOTE: The original weights in Iowa law in Section 1, subsections a, b, c, and d have been updated in the description below to reflect the current weights.

Chapter 256B.9 WEIGHTING PLAN - AUDITS - EVALUATIONS --EXPENDITURES.

1. In order to provide funds for the excess costs of instruction of children requiring special education above the costs of instruction of pupils in a regular curriculum, a special education weighting plan for determining enrollment in each school district is adopted as follows:

- a. Pupils in a regular curriculum are assigned a weighting of one.
- b. Children requiring special education who require special adaptations while assigned to a regular classroom for basic instructional purposes and pupils with disabilities placed in a special education class who receive part of their instruction in regular classrooms are assigned a weighting of 1.72 [revised from 1.8 for the current year] for the school year commencing July 1, 1975. Effective July 1, 1991, this paragraph also applies to children requiring special education who require specially designed instruction while assigned to a regular classroom for basic instructional purposes.
- c. Children requiring special education who require full- time, self-contained special education placement with little integration into a regular classroom are assigned a weighting of 2.21 [revised from 2.2 for the current year] for the school year commencing July 1, 1975. Effective July 1, 1991, this paragraph also applies to children requiring special education who require substantial modifications, adaptations, or special education accommodations in order to benefit from instruction in an integrated classroom.
- d. Children requiring special education who have severe disabilities or who have multiple disabilities are assigned a weighting of 3.74 [revised from 4.4 for the current year] for the school year commencing July 1, 1975. Effective July 1, 1991, this paragraph also applies to children requiring special education who have severe and profound disabilities.
- e. Shared-time and part-time pupils of school age who require special education shall be placed in the proper category and counted in the proportion that the time for which they are enrolled or receive instruction for the school year bears to the time that full-time pupils, carrying a normal course schedule, in the same school district, for the same school year are enrolled and receive instruction.

2. The weighting for each category of child multiplied by the number of children in each category in the enrollment of a school district, as identified and certified by the director of special education for the area, determines the weighted enrollment to be used in that district for purposes of computations required under the state school foundation plan in chapter 257.

3. The weight that a child is assigned under this section shall be dependent upon the required educational modifications necessary to meet the special education needs of the child. Enrollment for the purpose of this section, and all payments to be made pursuant thereto, includes all children for whom a special education program or course is to be provided pursuant to section 256.12, subsection 2, sections 273.1 to 273.9, and this chapter, whether or not the children are actually enrolled upon the records of a school district.

4. On December 1, 1987, and no later than December 1 every two years thereafter, for the school year commencing the following July 1, the director of the department of education shall report to the school budget review committee the average costs of providing instruction for children requiring special education in the categories of the weighting plan established under this section, and for providing services to nonpublic school students pursuant to section 256.12, subsection 2, and the director of the department of education shall make recommendations to the school budget review committee for needed alterations to make the weighting plan suitable for subsequent school years. The school budget review committee shall establish the weighting plan for each school year and shall report the plan to the director of the department of education. The school budget review committee may establish weights to the nearest hundredth. The school budget review committee shall not alter the weighting assigned to pupils in a regular curriculum, but it may increase or decrease the weighting assigned to each category of children requiring special education by not more than .2 of the weighting assigned to pupils in a regular curriculum. The state board of education shall adopt rules under chapter 17A to implement the weighting plan for each year and to assist in identification and proper indexing of each child in the state who requires special education.

5. The division of special education shall audit the reports required in section 273.5 to determine that all children in the area who have been identified as requiring special education have received the appropriate special education instructional and support services, and to verify the proper identification of pupils in the area who will require special education instructional services during the school year in which the report is filed. The division shall certify to the director of the department of management the correct total enrollment of each school district in the state, determined by applying the appropriate pupil weighting index to each child requiring special education, as certified by the directors of special education in each area.

6. The division may conduct an evaluation of the special education instructional program or special education support services being provided by an area education agency, school district, or private agency, pursuant to sections 273.1 to 273.9 and this chapter, to determine if the program or service is adequate and proper to meet the needs of the child; if the child is benefiting from the program or service; if the costs are in proportion to the educational benefits being received; and if there are any improvements that can be made in the program or service. A written report of the evaluation shall be sent to the area education agency, school district, or private agency evaluated and to the president of the senate and speaker of the house of representatives of the general assembly.

7. The costs of special education instructional programs include the costs of purchase of transportation equipment to meet the special needs of children requiring special education with the approval of the director of the department of education. The state board of education shall adopt rules under chapter 17A for the purchase of transportation equipment pursuant to this section.

8. Commencing with the school year beginning July 1, 1976, a school district may expend an amount not to exceed two-sevenths of an amount equal to the district cost of a school district for the costs of regular classroom instruction of a child certified under the special education weighting plan in subsection 1, paragraph *b*, as a pupil with disabilities who is enrolled in a special class, but who receives part of the pupil's instruction in a regular classroom. Unencumbered funds generated for special education instructional programs for the school year beginning July 1, 1975, and for the school year beginning July 1, 1976, shall not be expended for such purpose.

9. Funds generated for special education instructional programs under this chapter and chapter 257 shall not be expended for modifications of school buildings to make them accessible to children requiring special education.

KANSAS – 2008-09

Kansas distributes special education aid to school districts on a flat grant per unit basis. A "unit" is defined as one full-time equivalent (FTE) teacher, administrator, or related services professional or paraprofessional. For funding purposes, paraprofessionals are counted as 2/5 FTE special teacher. The legislature makes an annual appropriation for special education from which reimbursements to school districts for student transportation and staff travel allowances are subtracted. Reimbursement of up to 80% of actual expenses (up to \$600) incurred for the provision of special education services to an exceptional child at a location other than the child's residence is also subtracted from the annual special education appropriation.

From the remainder, funds are distributed to districts based on the proportion of FTE special education teachers in each district to the total number of FTE special education teachers employed by all school districts. Note that special education teachers in excess of the number of special education teachers necessary to comply with authorized pupil-teacher ratios are not counted for funding purposes

KENTUCKY – 2008-09

The General Assembly establishes a per child Guaranteed Base for the Support Education Excellence in Kentucky (SEEK) funding formula for each year of the state's biennial budget (e.g., \$3,909 for SY 2008-2009). This per child Guaranteed Base is multiplied by the district's average daily attendance from the previous school year to determine the district's total Guaranteed Base. There are four add-on funding sources to the Guaranteed Base. Below is an explanation of the Exceptional Child Add-on formula.

1. There are four Add-ons to the Guaranteed Base. (A child with disabilities generates base funding and, in addition, may generate additional funding under any of the Add-ons.):
 - A. **At Risk**;
 - B. **Home & Hospital**;
 - C. **Exceptional Child**; and
 - D. **Transportation**.

2. **To determine the Exceptional Child Add-on**, each district's count of children and youth with disabilities from the prior year (e.g., December 1, 2008 for the SY 2009-2010), *less* three, four, and twenty-one year olds, is assigned into one of three funding categories as shown below:
 - A. **High Incidence**: Communication Disorders of Speech or Language
 - B. **Moderate Incidence**: Mild Mental Disability, Orthopedically Impaired (Physical Disabilities), Other Health Impaired, Specific Learning Disability, and Developmental Delay
 - C. **Low Incidence**: Functional Mental Disability, Visual Impairment, Hearing Impairment, Emotional Behavior Disability, Multiple Disabilities, Deaf/Blind, Autism, and Traumatic Brain Injury

3. Each of the funding categories is assigned a weight to equalize funding based on incidence and the increased cost of providing specially designed instruction and related services. These weights remain the same from year to year:

- A. **High Incidence:** 0.24 ($0.24 \times \$ 3,909 = \$ 938.16$)
- B. **Moderate Incidence:** 1.17 ($1.17 \times \$ 3,909 = \$ 4,573.53$)
- C. **Low Incidence:** 2.35 ($2.35 \times \$ 3,909 = \$ 9,186.15$)

4. The Exceptional Child Add-on is determined by multiplying each of the child counts from the three funding categories times their assigned weight times the per-child Guaranteed Base established by the General Assembly following the steps below:
- A. **High Incidence Add-on:** = High Incidence Count X 0.24 X Per Child Guaranteed Base
 - B. **Moderate Incidence Add-on:** = Moderate Incidence Count X 1.17 X Per Child Guaranteed Base
 - C. **Low Incidence Add-on:** = Low Incidence Count X 2.35 X Per Child Guaranteed Base
 - D. **Total Add-on** = High Incidence Add-on + Moderate Incidence Add-on + Low Incidence Add-on

NOTE: *Exceptional Child Add-on Funds under SEEK are in addition to other funds the student generates as a student in the district. These are only the funds generated because of the student's disability as reported on December 1 of the preceding school year.*

LOUISIANA – 2008-09

In Louisiana, K-12 public education is funded through the Minimum Foundation Program. Within the Minimum Foundation Program Formula, weights are assigned for certain students in recognition of the extra costs associated with educating them. Special education students are weighted at 150 percent. It must be noted, however, that funding through the Minimum Foundation Program is in the form of a block grant from the state to the local districts. As such, districts are afforded local flexibility to spend these funds as they determine to be in the best interests of the district while satisfying certain state mandated requirements. Therefore, while a certain amount of money within the Minimum Foundation Program is attributable to the weights assigned to special education students, these funds are integrated into the block grant and cannot be tracked directly to these children.

MAINE – 2008-09

Base Component

Incremental weight of 1.25 for students with disabilities up to 15% of the student population.

Adjustments for:

1. High-prevalence districts
2. High-cost in-district students
3. High-cost out-of-district students
4. Small districts
5. Maintenance of effort

Districts receive an incremental weighting of .38 for all students with disabilities above the maximum allowable 15 percent.

- A high-cost, in-district student is a student whose placement is estimated to cost at least three times the Essential Programs and Services (EPS) special education per-pupil rate.
- Districts receive an additional allocation for the estimated costs above the threshold. The method for allocating additional funds for the high-cost, out-of-district

adjustment is consistent with past practice but the point at which a student is eligible increased. This increase is to encourage the development of in-district programs and the regionalization of services.

- Students will qualify at a cost of at least four times the EPS special education rate.
- Districts with fewer than 20 students with disabilities receive additional funds that reflect fewer students per staff and higher per-pupil related service expenses.
- **Beginning in FY2006, State share for special education** = EPS special education total allocation
- Minimum receiver SAUs (State Administrative Units) guaranteed 84% of EPS allocation or five percent of total education allocation, whichever is higher (FY2006-FY2008)
- **Beginning in FY2009**, minimum receiver SAUs received 50% of EPS allocation or five percent of total allocation For the last three years the special education model has provided districts with an allocation that reflects at least what they spent in state/local funds during the most recent year for which data are available(maintenance adjustment). This adjustment has consistently been a large proportion of the allocation.

MARYLAND- 2008-09

Maryland uses a two-tiered approach to distribute special education funds to school districts. The first tier, developed in 1977, distributes a flat \$70 million on a grant basis resulting in a general 70% state- and 30% local-revenue contribution. The formula distributes funds based on the 1981 total student population and is designed to equalize the state contribution based on property wealth, and to apply a cost index bringing counties up to the statewide median per pupil expenditure while freezing those who exceed the median. This first tier is frozen at the 1981 calculation.

A second tier was developed in response to recommendations made by a 1986 task force that studied state special education funding. Any additional funds for special education may be appropriated by the legislature on an annual basis. Currently \$11.25 million are distributed according to several task force recommendations: (1) enrollment data representing the total numbers of children with disabilities, ages 0–21, served by each local school system; and (2) an equalization component which consists of a ratio of county wealth per pupil to the average state wealth per pupil.

In addition, the state reimburses local school systems for costs associated with placing students with disabilities in intensity V and VI nonpublic education facilities. This reimbursement becomes effective once the local school system has first paid the equivalent of their 300% local basic costs per pupil towards the placement. Costs incurred after this 300% amount are shared by the local school system (20%) and by the state (80%). Currently, the state reimburses the local school systems approximately \$51 million.

MASSACHUSETTS – 2008-09

The Commonwealth of Massachusetts' funding of education is based on the full student census in the school districts. Special education is one element of the overall determination of a "foundation funding level" for each school district. The foundation is based on educational assumptions about the resources required to operate a school. Calculation of the foundation funding level is based on a set of assumptions about class size, teacher salaries, and school physical plant operations, as well as other factors such as school district size and composition. Additional funds are allocated in the "foundation" for special

education, based on the assumption that a full time equivalent (FTE) of 4.5% of the student census needs additional services for special education based on the following:

- 1% FTE assumption of students needing out-of-district placements
- 3.5% FTE based on an assumption of 14% of the full student census receiving special education services in-district for one-quarter of the school day ($14 \times .25 = 3.5$).

In addition to this formula, the state reimburses districts for individual student costs above four times foundation as much as 75%, subject to appropriation.

MICHIGAN – 2008-09

Michigan reimburses school districts 28.6138% of total approved costs. Total approved direct special education costs plus indirect costs for operation and maintenance (up to 15% of direct costs) are calculated.

In addition to state aid and local school district revenue, each of Michigan's 57 intermediate school districts (ISDs) has passed a special education millage. The average is 2.4 mills. The revenues from this county tax are used for special education programs and services. The ISDs also provide direct and support services for local school districts within the ISD. Most of the ISDs also distribute a portion of the tax to local districts to be used for special education.

MINNESOTA – 2008-09

Special Education Aid:

Special education aid through fiscal year (FY) 2007 was based on expenditures in the second prior year (base year). State special education aid for FY 2007 was based on expenditures in FY 2005. Beginning in FY 2008, special education aid is based on expenditures in the current year. State special education aid for FY 2008 is based on expenditures in FY 2008.

Several additional changes to the special education formulas took place in FY 2008. Transition Disabled Aid which equaled \$8.8 million in FY 2007 was rolled into special education aid in FY 2008. Transition programs for students with disabilities provides for transitional career and technical (vocational) experiences/programs that provide career exploration, healthy work attitudes, specific career and academic knowledge, and job skills for students with disabilities. Transition programs for students with disabilities serve students who meet state disability eligibility criteria and who have individualized education programs (IEP) that include work-based learning and require extra interventions not provided in regular work-based learning programs.

Lastly, FY 2008 is the first year that districts receive Bus Depreciation Aid for buses purchased after July 1, 2005 and used for the majority of the time providing special transportation services.

The special education Initial Aid equals the sum of the following amounts computed using base year data:

- *Salary* - 68% of the salary of each essential staff providing direct instructional and related services to students (both special education, transition disabled and alternative delivery of specialized instructional services programs);
- *Contracted Services* - 52% of the amount of a contract for instruction and services that are supplemental to a district's education program for students with disabilities.

Fifty-two percent of the difference between the amount of the contract and the general education revenue of the district for that pupil for the fraction of the school day the student receives services that are provided in place of services of the district's program (special education, transition disabled and alternative delivery of specialized instructional services programs). For transition disabled programs only, 52% of the cost of vocational evaluation;

- *Supplies and Equipment* - Special Education and alternative delivery of specialized instructional services Programs - 47% of the cost of supplies and equipment not to exceed an average of \$47 per student with a disability;
- *Transition Disabled Programs* - 47% of the cost of supplies not to exceed an average of \$47 per student with a disability. Forty-seven percent of the cost of equipment.
- *Travel* – For Transition Disabled Programs only, 47% of the costs of necessary travel between instructional sites by transition program teachers.
- *Bus Depreciation*. One hundred percent of the cost of regular busses over eight years and Type III busses over five years that are used the majority of time providing special transportation services.
- *Transportation* - One hundred percent of the cost of special transportation services.

A school district's special education aid equals its initial special education aid computed as per the formula above times the ratio of the state total special education aid to the state total initial special education aid plus aid adjustments for serving non-resident special education students.

The state total special education revenue for FY 2008 through FY 2011 is set in state law. For FY 2008, FY 2009, FY 2010 and FY 2011 it is \$694.1 million, \$719.5 million, \$735.7 million and \$787.6 million respectively. The state total special education aid for FY 2012 and later fiscal years, the state total special education aid equals:

1. the state total special education aid for the preceding fiscal year times;
2. the program growth factor times;
3. the greater of one, or the ratio of the state total Average Daily Membership (ADM) for the current fiscal year to the state total ADM for the preceding fiscal year.

The program growth factor is 1.046 for FY 2012 and later fiscal years

The link to Minnesota's special education formula is:

<https://www.revisor.leg.state.mn.us/statutes/?id=125A.76>

Special Education Excess Cost Aid:

For FY 2008 and later years, a district excess cost aid equals 75% of the difference between the district's unreimbursed special education cost and 4.36% of the district's general education revenue.

The state total excess cost aid equaled \$110.6 million in FY 2008, and \$110.9 million in FY 2009, \$110.8 in FY 2010 and \$110.9 in FY 2011. For FY 2012 and later years, the state total excess cost aid equals:

1. the state total special education excess cost aid for the preceding fiscal year, times
2. the program growth factor times;
3. the greater of one, or the ratio of the state total ADM for the current fiscal year to the state total ADM for the preceding fiscal year.

The program growth factor is 1.02 for FY 2012 and later years.

A school district's special education excess cost aid equals its initial special education excess cost aid computed as per the formula above times the ratio of the state total special education excess cost aid to the state total initial special education excess cost aid.

The link to Minnesota's special education excess cost formula is:
<https://www.revisor.leg.state.mn.us/statutes/?id=125A.79>

MISSISSIPPI – 2008-09

Mississippi distributes special education aid based on approved teacher units. An annual state appropriation reflects an allocation of a specific number of teacher units, based on an estimate of the number of teachers that will be needed in the following year.

Funding for an approved special education unit is based on the teacher's salary, fixed charges, and support services. The level of preparation and experience of each teacher and the current level of funding for supportive services are the basis for the amount allocated per teacher unit. Special education teacher units are allocated as an integral part of the basic funding formula and are in addition to "regular" teacher units earned based on the average daily attendance of students.

MISSOURI – 2008-09

There is no longer separate funding for special education in Missouri. It was rolled into the state's foundation formula funding with a hold harmless provision.

MONTANA – 2008-09

Montana administers a block grant to school districts and cooperatives wherein funding levels for instructional activities and related services are calculated separately based on total school population.

Districts must provide a local match of one dollar for every three dollars of state funding. If district expenditures for approved allowable costs of special education are insufficient to demonstrate match, the district faces a reversion in funds the following year that is proportional to the shortfall in local funding.

A district may be reimbursed if it experiences disproportionate costs in providing special education services. Disproportionate costs are those that exceed 110% of the sum of all block grants and district match requirements. Reimbursement is based on a 65:35 state-to-district ratio. Cooperative boundaries are fixed at the state level, and cover the whole state. Schools are encouraged to participate in their local cooperative, but they are not required to do so. If a school participates, the block grant amount for related services is sent directly to the cooperative, and the school is charged with the responsibility of making matching fund payments to the cooperative. Cooperatives are given an additional formula-driven allocation to supplement additional costs of travel and administration.

Based on the rules of calculation, it is possible (virtually certain) that the sum of all block grants, cooperative special allocations, and reimbursable expenditures will exceed the special education appropriation. In this case, a prorated percentage is calculated and applied to all funding figures such that the total of the funding equals the money available. For school year 1999–2000, the prorate decreased the nominal 3:1 state-to-district share for block grants to about 1:1.

NEBRASKA – 2008-09

Nebraska administers an excess cost formula for school-age (5–21) special education programs, in which school districts/approved cooperatives are reimbursed for a percentage of the allowable excess cost of the preceding year's special education programs. Excess cost is defined as the difference between (1) the total allowable cost of the special education programs excluding residential care and student transportation, and (2) the number of students' full-time equivalency in the special education program multiplied by the adjusted average per pupil cost of the resident school district of each child for the preceding school year. Allowable costs include:

- Salaries and fringe benefits of special education staff
- In-service costs directly related to special education
- Travel costs of special education staff
- Travel costs of parents to attend educational planning meetings held outside the resident district
- Instructional equipment, supplies, and publications
- Contracted special education services
- Costs of acquisition, renovation, and operation of mobile learning centers
- Costs of support services identified as the Flexible Funding Option

School districts/approved cooperatives provide school-age special education programs by the following levels of service:

- Level I – Support services provided to students who require an aggregate of not more than three hours of service per week. Level I support services may be provided directly or contracted and include all special education administrative, diagnostic, consultative, and vocational adjustment counselor services.
- Level II – Special education and related services that are provided outside of the regular class program for a period of time exceeding an aggregate of three hours per week.
- Level III – Special education and related services that are provided in an approved educational setting not operated by the resident school district. Special education services are provided for a period of time exceeding an aggregate of three hours per week.

School districts/approved cooperatives are reimbursed a prorated amount determined by the State Board of Education from appropriations for special education and based on allowable excess costs.

Early childhood programs (birth to five) are paid concurrently, and if federal IDEA funding is inadequate to pay 100% of the allowable costs, the grant payments provided by the Department shall be a prorated amount determined by the State Board of Education from appropriations for special education and based upon allowable costs. Allowable costs for early childhood programs are the same as those for school age programs (previously listed), with the addition of facility costs, which are limited to plant operations, maintenance, repairs, and lease costs.

NEVADA – 2008-09

Nevada administers a flat grant per unit funding mechanism to distribute special education aid as an integral factor in the Nevada Plan, the program used to finance elementary and secondary education in the state. Special education is funded on an instructional unit basis, at a legislatively approved amount per organized instructional unit. An organized instructional unit includes the full-time services of licensed personnel providing an

instructional program in accordance with minimum standards prescribed by the State Board of Education. The special education unit appropriation is added to the total basic support per district to provide a guaranteed amount of funding to a local school district. Special discretionary units are reserved by the State Board of Education for distribution to districts on a special need basis, including distribution to State-Sponsored Charter Schools.

NEW HAMPSHIRE – 2008-09

The state aid program was modified in the 2007 legislative session and the name was changed to "Adequate Education Aid." The Targeted Aid Component addresses aid for "special education students with IEPs." The per pupil targeted aid amount for special education students is computed by dividing each appropriation by the total ADM of students from eligible towns. For FY08 the per pupil amount for special education is \$3,858.6499. Aid for these students is allocated to the town of residence.

NEW JERSEY – 2008-09

After studying the feasibility of the census-based method with the advisory panel, the Department decided to recommend that the State adopt this method as part of the new funding formula. This approach bases the aid allocation on the district's total enrollment. Using this method, special education needs are projected by multiplying the excess cost of educating special education students by the statewide average classification rate, which is then multiplied by the district's total enrollment.

The Department conducted an analysis to determine actual current costs for special education throughout the State. In determining the actual costs for special education, the Department used audited expenditure data from fiscal year 2006 to determine the actual excess costs for special education, where excess costs are those that exceed the base cost for education. In addition to allocating the costs for special education expenditure lines, a portion of the general education budget was also attributed to special education to account for the special education costs for students that are mainstreamed for at least some portion of the day. The adjustment was based on the percentage of time special education students spent in regular classrooms according to the data collected from districts pursuant to federal reporting requirements.

The excess cost for general special education was determined to be \$10,89814 and was based on a determination that a total of \$3.931 billion or \$19,519 per pupil was spent in fiscal year 2006 for special education services, excluding the costs for speech, extraordinary aid and federal aid.

Next, the Department determined the State average classification rates for general special education and speech; they are 14.69% and 1.897%, respectively. According to the census-based method, the formula calculates each district's special education funding needs by multiplying the district's total enrollment by the average classification rate of 14.69% times the average excess cost of \$10,898 for general special education, and 1.897% times the average excess cost of \$1,082 for speech.

Special Ed Census	Classification	Rate Cost
General Special Ed	14.69%	\$10,898
Speech Only	1.897%	\$1,082

- Home or hospital instruction for a period of more than 60 days 1.41
- 20% or more of each school week in a resource room 1.41
- 20% or more each school week in special services or programs 1.41
- 100%percent of each school day in a regular class with specially designed individualized instruction provided by or in consultation with a teacher of special education, and related services 1.41
- Two or more periods each week of special instruction either in speech or in another special program or service 0.00

In addition, the state provides an additional 0.50 weighting for students with disabilities who are declassified. Aid for declassification support services is provided to school districts for the first year to help schools defray costs of providing necessary support for teachers and students. Each year the state identifies for districts the amount of Foundation Aid that is set-aside for special education. It is based on the aid received in 2006-2007 but annually adjusted by the Consumer Price Index (CPI).For the 2009-2010 and 2010-2011 school years, Foundation Aid is held to the 2008-2009 amount. High cost public excess cost aid is provided to school districts for students with disabilities for whom the costs of special education exceed the lesser of \$10,000 or four times the annualized expense per pupil. Private excess cost aid is provided to school districts that contract with approved private schools, Special Act School Districts, and the two state operated-schools. This aid is defined as the cost remaining after the deduction from the approved tuition charge of a basic contribution. The basic contribution is based on the school district's property and non-property tax levy per enrolled pupil. The private excess cost aid ratio is 85% for a district of average wealth. Aid increases from 85% for poorer districts and decreases to a minimum of a 50% aid ratio of wealthier districts.

NORTH CAROLINA – 2008-09

In North Carolina, state funds for special education are additional to basic education aid, which is based mainly on average daily membership of school districts. Funds for exceptional education are distributed on a per-child basis determined by dividing the total available state funds for exceptional children by the April 1 student headcounts of disabled students. Each district's allocation is determined by multiplying the per child amount by the total count of exceptional students.

The counts of exceptional children with disabilities in each local school district are limited to 12.5% of the average daily membership.

NORTH DAKOTA – 2008-09

Revisions to the state special education funding formula were made by the 2007 legislative assembly, in part, because of an in-depth analysis conducted by a special study committee. The legislative assembly completely revised the state's school funding formula beginning July 2007. Special education block grant funding that had been distributed separately was incorporated into the main funding formula through a weighting factor applied against all student membership. The state maintained its high cost risk pool system, adding funding and changing its formula making the state responsible for 100% of the excess costs of the most severely disabled of all students receiving special education services. Excess costs are defined as four times the state average cost of education per student.

OHIO – 2008-09

Special education funding in Ohio is incorporated into the basic foundation formula. Starting in fiscal year 1998-1999, different categories of additional pupil weights were implemented by the state. The special education supplement is based on additional pupil unit weightings that include six major categories corresponding to each pupil’s handicapping condition, but allows for the further provision of state aid to subsidize more expensive individual educational program costs. The additional weighted factor is multiplied by the per-pupil based cost funding of \$5,732 for fiscal year (FY) 2009.

Additional weighted factors are:

Category 1	0.2892
Category 2	0.3691
Category 3	1.7695
Category 4	2.3646
Category 5	3.1129
Category 6	4.7342

OKLAHOMA – 2008-09

Oklahoma utilizes a weighted pupil formula in addition to the based support level per average daily attendance. The weights are as follows:

Learning Disabilities	0.40
Hearing Impaired	2.90
Vision Impaired	3.80
Multiple Handicapped	2.40
Speech Impaired	0.05
Mentally Retarded	1.30
Emotionally Disturbed	2.50
Autism	2.40
Traumatic Brain Injury	2.40
Deaf-Blind	3.80
Summer Program	1.20

OREGON – 2008-09

Oregon administers a weighted pupil formula that provides districts with twice as much revenue for special education students as for regular education students. Each district’s basic state support amount is determined (in part) by the district’s average daily membership-resident (ADM-R), a figure reported by the Oregon Department of Education’s Office of School Finance. Students receiving special education services are included in the ADM-R and are also counted in the “additional weighted ADM,” a figure reported by the Office of Special Education. This additional weighted ADM increases a district’s state funding proportionally, but cannot exceed 11% of the district’s basic state funding.

The Department of Education also provides grants in aid or support for:

- Special schools for deaf children;
- Education services for children who are hospitalized due to severe disability;
- Education services for children who are placed by the state in long-term care or treatment facilities;
- Regional services provided to children with low-incidence disabilities;
- Early childhood special education provided to preschool children with disabilities from age three until age of eligibility for kindergarten;

- Early intervention services for preschool children from birth until age three;
- Evaluation services for children with disabilities; and
- Students with disabilities whose out-of-state placement costs exceed the statutory “high cost” threshold of \$30,000 per year.

PENNSYLVANIA – 2008-09

The 2008-2009 funding formula provided the same level of funding for each school district as it received in 2007-08 plus additional funding for special education. The connection to the district ADM number of students with disabilities is used to remove the link to specific identification.

Each school district was allocated a portion of \$26.7 million in a base supplement based upon its 2008-09 market value/personal income aid ratio (MV/PI AR) multiplied by 16% of their 2007-08 ADM. If the percent increase of the 2007-08 Special Education Funding was less than the school district’s MV/PI AR times 4.4%, the school district was allocated an inflation index supplement in the amount of the difference between this calculation and the base supplement.

If the sum of the base supplement and the inflation index supplement was less than a 2% increase over the 2007-08 special education funding, the school district was allocated a minimum increase supplement in the amount of the difference between a 2% increase and the sum of the base supplement and the inflation index supplement.

The sum of the base supplement, inflation index supplement and minimum increase supplement were prorated based on the amount available in the appropriation (\$15.4 million).

RHODE ISLAND – 2008-09

The separate funding program for special education was suspended in fiscal year (FY) 1999. The general aid amount is equal to what the districts received in FY 1998. Thus, there are no allocation units, formula, or weighting procedures. Presently, Rhode Island distributes all aid either as general aid, literacy funds, or one of the seven investment funds which have designated intended uses that are to be documented as part of district strategic plans and individual school improvement plans.

SOUTH CAROLINA – 2008-09

South Carolina administers a weighted pupil formula to distribute special education aid that is tied to general education funding. A base student cost is established annually by the General Assembly with weights for special education students and for vocational programs. Also, kindergarten, primary, and high school students are weighted more heavily than are elementary pupils. Weights for special education are as follows:

- Educable mentally disabled and learning disabled 1.74
- Trainable mentally disabled, emotionally disabled, and orthopedically disabled 2.04
- Visually disabled and hearing disabled 2.57
- Speech disabled 1.90
- Homebound 2.10
- Autism 2.57

The formula also establishes maximum class sizes and specifies that 85% of funds be spent on the category of pupils generating those funds. A special appropriation from the legislature is made annually for programs for trainable and profoundly mentally retarded. Another program is in place for early intervention for preschool-age children with disabilities.

SOUTH DAKOTA – 2008-09

South Dakota’s method of distributing state aid for special education is a combination of census-based allocation for the first level of disability and a tier-level allocation per student formula for disability levels two through five. District need is determined based on the following:

Level 1 (8.9 percent of average daily membership [ADM]): speech & language, learning disabled, other health impaired, preschool	\$4,507
Level 2 (per child allocation): mental retardation, emotionally disturbed	\$9,471
Level 3 (per child allocation): deaf blind, hearing impaired, orthopedic impairment, deaf, traumatic brain injury, visually impaired	\$15,220
Level 4 (per child allocation): autism	\$13,164
Level 5 (per child allocation): multiple disabilities	\$16,539

Use of uniform criteria is required to identify eligible students. The allocations are increased based on CPI or 3 percent, whichever is less. In accordance with SD LAW CODE § 13-37-36.3, the secretary of the Department of Education and Cultural Affairs computes state aid for special education for each school district. First local need is calculated. Then state aid for special education is calculated; local need minus local effort is multiplied by the effort factor. If the calculation is a negative number, then no state aid is given.

TENNESSEE – 2008-09

Tennessee administers a resource-based formula to distribute special education funds to school districts as one component of the Tennessee Basic Education Program (BEP). Using a state salary schedule, the average instructional salary for each school system is multiplied by the number of staff positions to determine total special education support. Positions are counted for special education teachers, assistants, supervisors, and assessment personnel. The number of staff positions is determined by the number of students served in 10 different service categories, as described below:

- *Option 1:* Consulting Teacher, at least twice a month; Direct Services, less than 1 hour per week; Related Services, at least twice a month and less than 1 hour per week
- *Option 2:* Direct Instructional Services, 1–3 hours per week
- *Option 3:* Resource Program, 4–8 hours per week
- *Option 4:* Resource Program, 9–13 hours per week
- *Option 5:* Resource Program, 14–22 hours per week
- *Option 6:* Ancillary Personnel, 4 hours per day in the regular classroom

- *Option 7:* Development Class/Mainstreamed, 23 or more hours per week
- *Option 8:* Self-contained Comprehensive Development Class, 32.5 or more hours per week, including two related services
- *Option 9:* Residential Program, 24 hours per day
- *Option 10:* Homebound Hospital Instruction, 3 hours per week

Special education teachers are allocated to a district based on the number of special education pupils identified and served by option, as allowed by the following schedule:

- *Option 1:* 91 teachers
- *Option 2:* 73 teachers
- *Option 3:* 46 teachers
- *Option 4:* 25 teachers
- *Option 5:* 15 teachers
- *Option 6:* 2 teachers
- *Option 7:* 10 teachers
- *Option 8:* 6 teachers
- *Option 9:* 0 teachers
- *Option 10:* 10 teachers

Special education assistants are calculated at a ratio of 1 per 60 pupils identified and served in Options 5, 7, and 8. Special education supervisors are calculated at a ratio of 1 per 750 identified and served students. Special education assessment personnel are calculated at a rate of 1 per 600 identified and served students.

Very high-cost students are funded under a different mechanism.

TEXAS – 2008-09

Texas administers a weighted pupil formula for distribution of special education aid as an integral part of its basic foundation school program. For each full-time equivalent student in average daily attendance in a special education program, a school district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by a weighting factor according to the special education instructional program, as follows:

- Homebound 5.0
- Speech Therapy 5.0
- Resource Room 3.0
- Self-contained, mild and moderate, regular campus 3.0
- Self-contained, severe, regular campus 3.0
- Nonpublic Day School 1.7
- Vocational Adjustment Class 2.3
- Hospital Class 3.0
- Residential Care and Treatment 4.0
- Off-home Campus 2.7

The mainstream instructional arrangement is funded on average daily attendance with an annual regular allotment equal to the adjusted basic allotment and a special education allotment equal to 1.1 times the adjusted basic allotment.

In 2000–01, self-contained, mild and moderate, and self-contained, severe will be combined into one instructional arrangement.

UTAH – 2008-09**SPECIAL EDUCATION -- ADD ON**

Example: Special Ed personnel, texts, supplies. Formula: Per weighted pupil unit (WPU), which is the greater of the average of Special Education (Self Contained and Resource) ADM over the previous 5 years (which establishes the "foundation" below which the current year WPU can never fall) or prior year Special Education ADM plus weighted growth in Special Education ADM. Weighted growth is determined by multiplying Special Education ADM from two years prior by the percentage difference between Special Education ADM two years prior and Special Education ADM for the year prior to that, subject to two constraints: the Special Education ADM values used in calculating the difference cannot exceed the "prevalence" limit of 12.18% of total district ADM for their respective years; and if this measure of growth in Special Education exceeds current year growth in Fall Enrollment, growth in Special Education is set equal to growth in Fall Enrollment. Finally, growth is multiplied by a factor of 1.53. This weight is intended to account for the additional cost of educating a special education student; it is not, however, based specifically on an empirical analysis of the cost of special education relative to "regular" education in Utah. Note: This formula is new for FY 2004 and was phased in through FY 2006 by applying a special hold harmless provision to districts whose foundation level is adjusted downward by it. Law: [53A-15-301](#), [302](#), [303](#), [303.5](#), [304](#), [305](#), [53A-17a-111](#); [R277-750](#). Data: Membership audit report (September 1); Fall Enrollment audit report (November 1).

SPECIAL EDUCATION -- EXTENDED YEAR FOR SEVERELY DISABLED

To provide a longer school year for those students with disabilities whose regression over school breaks is so severe that an inordinate amount of time is necessary to recoup previous learning. Formula: Per WPU, which is derived from aggregate hours of extended year educational service. Law: [53A-17a-112](#); [R277-750](#), [751](#). Data: Special survey administered by [Sandra Cox](#) (September 1; revised survey for Summer 2004 due October 15).

SPECIAL EDUCATION -- PRESCHOOL

To provide preschool educational services for children with disabilities from ages 3 through 5 as required by federal law. Formula: Per WPU, which equals special education preschool enrollment (aged 3 through 5 excluding 5-year-old special education students enrolled in Kindergarten) as of December 1 multiplied by 1.46. Overall state growth in this program cannot exceed 8% annually, so funds remaining after the allocation has equaled the growth limit are prorated among districts experiencing growth in excess of eight percent. Law: [53A-17a-112](#); [R277-750](#). Data: Clearinghouse file (December 15) -- S2 record.

SPECIAL EDUCATION -- SELF CONTAINED

To compensate for the higher cost of providing more extensive educational services to students who are in a self contained setting (enrolled in special education for 180 minutes or more each day). Unlike resource students, self contained students do not generate a "regular" WPU. Formula: Per WPU, which equals Self Contained ADM from two years prior. Law: [53A-17a-111](#); [R277-750](#). Data: Membership audit report (September 1).

SPECIAL EDUCATION -- STATE PROGRAMS

To support districts in serving special education students whose extensive needs cost the district more than \$15,000 per student. Formula: 100% through RFP process. If the total amount approved exceeds the appropriation, grants are prorated. Distribution: One lump sum upon approval by State Director of Special Education. Law: [53A-17a-112](#); [R277-750](#).

VERMONT – 2008-09

Vermont's primary funding component is a cost reimbursement program. The state administers a special education funding program that has three separate components for its 251 town school districts. Each component has a portion funded by the state and the remainder is a required local match. The first component, mainstream block grants, provides districts with a grant calculated based on a statutory formula. The state provides 56.79% of the statewide average salary for:

- 9.75 full-time equivalent (FTE) special education teaching positions per 1,000 ADM for each town, to
- 2.0 FTE administrators for each supervisory union

The second component of Vermont's funding program, the extraordinary services reimbursement, applies to individual catastrophic cases. If a district spends more than \$50,000 for special education services on a single child, the state reimburses the district for 90% of the funds in excess of \$50,000.

The third and largest component of the funding program is the special education expenditures reimbursement. This component provides funding to districts for all special education costs not covered by federal funds or state or local shares of block grant and extraordinary reimbursement. The reimbursement percentage is adjusted annually to assure a 60% state share across all three components of the formula, plus the cost of statewide itinerant services. The reimbursement rate varies each year and was 57.3% for fiscal year 1999.

There are two additional categories of special education funding outside the special education formula: Essential early education grants which provide funding for preschool special education services and funding for special education services for students placed outside the district of parental residence by a state agency.

VIRGINIA – 2008-09

Virginia administers a funding program to distribute special education aid to school districts that is additional to aid provided for the basic education program. Special education payments are made to local school divisions based upon the projected cost of employing instructional personnel required to meet Virginia's special education program standards. This funding is part of Virginia's Standards of Quality funding program. The number of required positions is projected for each school division by applying the maximum case load allowed for each disability category to the number of children served as reported on the December special education child count. The number of positions required to meet the standards is then converted to a total cost figure by multiplying the number by the funded teacher salary and benefit amounts used for state funding.

The total cost is converted to a per-pupil cost based on the average daily membership of all students in the division. The state's share of this cost is determined according to the locality's composite index of local ability-to-pay. The state share is then disbursed to the locality on a per-pupil basis, based upon multiplying the per-pupil costs by the updated average daily membership figures for each division. The local share of cost is the inverse of the state share.

Thus, all students in the school division—with or without a disability—generate an amount that comprises the state's assistance for special education. The per-pupil funding amount

may vary by school division depending on the size of the special education student population.

In addition to special education funding in the Standards of Quality program, state funding is provided for other special education categorical programs in Virginia: local and regional jails; tuition support in regional special education programs; homebound services; and services in facilities such as state hospitals or local detention homes. This funding is provided based on reimbursements formulas of actual costs incurred.

Children placed in private special education schools are funded through an interagency pool which exists to pay the state's share of the cost of services for children who are in (or at risk of) out-of-home placement by any local public agency (i.e., courts, social services, or school division). Payment is based on a reimbursable percentage (based on a locality's ability to pay) for actual costs incurred for services purchased.

WASHINGTON – 2008-09

Special Education Formula:

Washington administers a census-based, non-categorized "excess cost" funding formula for special education. In addition to an annual average full-time equivalency (FTE) funding unit for each K-12 student enrolled in the district, special education students receive between 1.15 and .9309% of another annual average FTE in state special education or "excess cost" funding. Therefore, in addition to their annual average basic education allocation, each eligible special education student generates between 2.15 and 1.9309 times the assumed cost of a basic education student in each district in the state. The additional 1.15% of an annual average basic education FTE applies to students aged birth to five. The additional .9309% of an annual average basic education FTE applies to students between the ages of five and twenty-one. The distinction between the percentages is that students between the ages of birth to five do not generate any basic education funding unless enrolled in kindergarten.

In addition to the basic education FTE percentage enhancements for students eligible for special education, districts are limited to 12.7% of their total K-12 enrollment for state reimbursement of special education "excess cost" funding. Districts may apply for additional "safety net" state and federal funding based on a demonstration of financial need that considers all available revenues against all legitimate expenditures. There are two categories of additional "safety net" funding: Individual High Need Students, and Community Impact. Specific criteria for "safety net" reimbursement are included in an annual application issued by the state office. Individual High Need Student funding is available for districts that can demonstrate capacity for additional funding beyond a threshold amount based on multiples of the state average per pupil expenditures. Community Impact funding is available for districts that can demonstrate capacity for additional funding based on factors beyond their control that create an identifiable, disproportionate fiscal impact on the district. A statewide oversight committee meets three times per year to process applications and award "safety net" funding on behalf of High Need Individual Students and Community Impact factors.

WEST VIRGINIA – 2008-09

The Public School Support Program (PSSP) formula, which previously provided for adjusted enrollment based on special education child count to generate additional funds for students with exceptionalities, no longer provides a "weighting" for these students. This funding was

not dedicated to special education, but affected the calculation of general state aid for all students. A new formula went into effect during the 2008-2009 school year with a number of other revisions to the formula, including removal of the adjusted enrollment provision. The legislation provided for a phase-in of the differential between the current formula and the revised formula over a five-year period by requiring that the computation under the PSSP be performed under both methods during the five years and providing one-fifth of the allowance increase between the two methods the first year, two-fifths of the increase the second year, three-fifths of the increase the third year, four-fifths of the increase the fourth year; and the full increase the fifth year.

Currently, a limited amount of state funding continues to be appropriated by the legislature and allocated to districts through a formula long used by the West Virginia Department of Education but not found in legislation. It is a state aid to counties fund described as "out-of-formula" funds in the previous survey. These funds have remained at the same level each year and are dedicated funds for students with disabilities and gifted. These funds are allocated on the following basis: a base amount per district for school-age children plus a per-pupil amount multiplied by the district's child count; and a base amount per district for preschool plus a per-pupil amount multiplied by the district's child count for ages three through five .

WISCONSIN – 2008-09

Wisconsin administers a percentage reimbursement formula to distribute special education aid. School districts, cooperative educational service agencies, and county education boards are reimbursed for a percentage of approved salary, fringe benefits, and transportation costs. The reimbursement percentage is established in statute at 63% for special transportation, certified coordinators and directors of special education, special education teachers and teacher aides, occupational and physical therapists, school guidance counselors, and school nurses. If the appropriation reimbursing these costs is insufficient to cover the full amount of aid requested, the payments are prorated. The proration has decreased steadily since the inception of the 63% statutory provision in 1983.

Additional reimbursement provisions provide for 100% state funding for boarding home costs for non-resident special education students and for the cost of transporting these eligible students from their boarding home to their special education classroom. The state funding program also provides 100% of tuition costs for children attending such schools when these children live in children's homes or on certain categories of tax-exempt properties.

The portion of special education costs that are not reimbursed under this funding program and those costs that are not eligible for reimbursement under the program are eligible for inclusion in the state general aid equalization formula.

WYOMING – 2008-09

Section 15. Special Education Reimbursement.

(a) Chapter 7, Special Education Rules Governing Services for Children with Disabilities, of the Department rules is hereby incorporated into these rules only as applicable. Chapter 7 rules remain in force and continue to apply to all areas of Special Education not specifically addressed in Chapter 8. In addition, the following applies to special education reimbursement under W.S. 21-13-321:

(b) Reimbursement for expenditures incurred to provide special education programs and services to children with disabilities shall not duplicate any other reimbursement or revenue source used to offset district special education costs. For example, any amount received by a district from the special school district tax levied under W.S. 21-20-109 for Boards of Cooperative Educational Services (BOCES) providing services to children with disabilities, but not passed through to the BOCES for which the tax was levied, shall be considered by the department to be a state revenue under W.S. 21-13-310(a).

(c) Special education reimbursement shall be limited to those actual costs required to provide special education programs and services to children with disabilities. Imputed and/or indirect costs, such as those for utilities and other overhead, shall not be claimed.

(d) Salaries and employee benefits for personal services paid to certified and/or licensed teachers, substitute teachers, and other certified and/or licensed personnel, or to paraprofessionals and classified employees, are subject to the following requirements:

(i) Personnel providing full-time special education programs and services to children with disabilities shall be subject to 100% reimbursement provided that an appropriate position description exists and an affidavit specific to the year for which reimbursement is expected, signed by the employee and the district superintendent, or district superintendent designee, attesting to such full-time involvement, is on file at the district office. Such affidavits shall be renewed annually and shall clearly reference the school year for which reimbursement is claimed.

(ii) Pro rata reimbursement for personnel not devoting 100% of their time providing special education programs and services to children with disabilities shall be supported by clear and continuous documentation.

(iii) Reimbursement for personnel costs of teachers providing special education programs and services to children with disabilities shall be limited to those individuals having appropriate special education certification. Substitute teachers need not be certified as special education instructors.

(iv) Reimbursement for personnel costs of aides and other paraprofessionals shall be based on the amount of time devoted to special education and/or related services, working under the supervision of certified special education personnel.

(e) Instructional materials, supplies and equipment, and other items will be reimbursed in the amount necessary to provide beneficial services for children with disabilities, as determined by their Individualized Education Program (IEP) team. Reimbursement would also include those items necessary to evaluate a child to determine the need for special education services as well as those day-to-day supplies, materials, and equipment utilized by special education staff and programs. However, supplies, equipment, and materials generally available to all students shall not be reimbursed under this section.

(f) Contracts for special education services shall be executed on department approved forms, and the following requirements shall apply to such contracts:

(i) Charges for contracted special education programs and services related to individual children shall be supported by an itemized billing statement showing each child served during each billing period. Reimbursement shall not exceed actual costs for services.

(ii) With the exception of those payments to BOCES or other Wyoming school districts that have been pre-approved by local boards of trustees, payment for services shall be made only after the services have been provided.

(iii) School districts offering special education programs and services through a case-management arrangement utilizing individuals other than district staff shall develop a personal-services contract setting out and describing those case-management services provided by the case manager.

(iv) Each contract for out-of-district or out-of-state placement shall be written for only one child.

(v) Contracted services shall only be provided by appropriately certified, licensed, or registered providers.

(vi) All providers shall adhere to all Department and State Board rules and regulations.

(vii) All contracts for services shall be subject to review by the Department.

(g) Each local district shall develop, implement, and enforce a reasonable policy setting forth the conditions, limitations, and allowable frequency of travel by parents to visit their child with disabilities when the child has been placed in a specialized setting away from their home in accordance with the child's IEP.