

## Special Education Cost Multiplier

# 2018 Supplemental Budget Decision Package

**Agency:** 350 Office of Superintendent of Public Instruction

**Decision Package Code/Title:** SE/Special Education Cost Multiplier

**Budget Period:** 2018 Supplemental

**Budget Level:** PL

### Agency Recommendation Summary Text:

Despite recent changes made during the 2017 legislative session, Washington State's Special Education program—an integral component of basic education funding formula—continues to be underfunded. This can be corrected by adjusting the excess cost multiplier established in 1995 from .9309 of the district's base allocation per full-time equivalent student to 1.09 which is more reflective of national averages for special education services. This would generate revenue sufficient to the amount charged to local funds by districts in 2015–16, approximately \$164,000,000, while taking into consideration the increase in the special education funding index from 12.7% to 13.5%.

### Fiscal Summary:

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-1 (Program 026)	\$0	\$130,508,000	\$179,036,000	\$187,027,000
<b>Total Cost</b>	<b>\$0</b>	<b>\$130,508,000</b>	<b>\$179,036,000</b>	<b>\$187,027,000</b>
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. N	\$0	\$130,508,000	\$179,036,000	\$187,027,000

### Package Description:

#### Background:

The state special education formula consists of a basic education allocation for children with disabilities ages 5 and enrolled in kindergarten to 21, plus a supplemental allocation for students with disabilities aged birth through 5 and not yet enrolled in kindergarten. The allocation for students with disabilities is indexed at 13.5 percent of the resident K-21 full time enrollment. The allocation for students with disabilities aged birth to 5 and not yet enrolled in kindergarten is not indexed.

For students with disabilities aged K-21, the special education allocation formula takes the annual average headcount of age Kindergarten—age 21 special education enrollment, limited to 12.7 percent of annual average K–12 resident FTE, multiplies it by the district's BEA rate, multiplied by .9309.

#### Current Situation:

Currently, school districts must rely on local levies to supplement funding available through state apportionment in order to provide specially designed instruction and related services to students with Individualized Education Programs (IEPs).

Engrossed House Bill 2242 (2017) requires OSPI to review the current safety net process and make recommendations on possible adjustments to improve the safety net process and evaluate proper funding levels to meet the safety net's purpose. OSPI must submit recommendations to the governor and legislature by 11/1/18.

In a letter dated August 29, 2017, the legislature also requested that in this process, OSPI further examine the cost multiplier and provide recommendations on whether the multiplier is still accurately reflecting the actual needs in our

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school districts, and if not, what would be a more accurate value. This topic will likely be an ongoing conversation, however this decision package serves as OSPI's current request when taking into consideration existing law and student needs, in meeting the state's obligation to fully fund basic education for all students.

### **Proposed Solution:**

The Superintendent is requesting the Special Education excess cost multiplier be increased from .9309 of the district's base allocation per full-time equivalent student to 1.09. By doing this, the need for districts to use levies to fund basic education will be eliminated.

### **Contact person:**

- T. J. Kelly, Director of School Apportionment and Financial Services, 360-725-6301
- Glenna Gallo, Assistant Superintendent, Special Education, 360-725-6075

### **Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.**

This request does not change or alter how special education services are provided to eligible students.

### **Decision Package expenditure, FTE and revenue assumptions, calculations and details:**

The cost projections for this request are based on the caseload forecast enrollment for general and special education programs, along with the maintenance level budget drivers as approved in the 2017-19 biennial budget. Statewide caseload enrollment by school year is shown in the chart below. K-12 enrollment is shown as projected annual average full-time equivalent enrollment, and special education is shown as the annual average headcount of eligible students.

School Year	2018-19	2019-20	2020-21	2021-22
K-12 Enrollment	1,105,607	1,111,104	1,121,117	1,130,625
Special Education Enrollment	129,824	131,123	132,434	133,779

Special education excess costs for eligible students is limited to 13.5% of resident student enrollment, and is calculated by taking the following steps:

- Annual average headcount (limited to 13.5% of resident enrollment) *multiplied by*
- Special Education Rate *multiplied by*
- Enhancement percentage of 0.9309

This decision package request is to change the 0.9309 in the third bullet above to 1.09, thus allocated more special excess cost funding per student through the state funding formula.

Current maintenance level expenditures for special education are shown by school year and state fiscal year below:

School Year	2018-19	2019-20	2020-21	2021-22
Excess Cost Allocation	\$1,010,084,000	\$1,043,524,000	\$1,076,430,000	\$1,110,374
State Fiscal Year	2019	2020	2021	2022
Excess Cost Allocation	\$808,067,3300	\$1,036,836,000	\$1,069,849,070	\$1,103,585,600

The impact of increasing the multiplier to 1.09 is shown by school year and state fiscal year below:

**Note:** This chart shows the increased funding above maintenance level, shown in the chart above, not total new funding levels.

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School Year	2018-19	2019-20	2020-21	2021-22
Excess Cost Allocation	\$163,134,000	\$183,010,000	\$188,032,000	\$193,192,000
State Fiscal Year	2019	2020	2021	2022
Excess Cost Allocation	\$130,508,000	\$179,036,000	\$187,027,000	\$192,160,000

#### Decision Package Justification and Impacts

##### What specific performance outcomes does the agency expect?

The agency expects this decision package to more adequately fund special education services for students in the state, while allowing enrichment levy dollars to be spent on things that truly are enrichment.

##### Performance Measure detail:

Not applicable.

##### Fully describe and quantify expected impacts on state residents and specific populations served.

Citizens of Washington will see their enrichment levy dollars spent on true enrichment activities, not on backfilling special education costs that are federally mandated. Special education students will continue to benefit from the services they need and are entitled to by federal law.

##### Distinction between one-time and ongoing costs:

All costs are ongoing.

##### What are other important connections or impacts related to this proposal?

Impact(s) To:		Identify/Explanation
Regional/County impacts?	No	Identify:
Other local gov't impacts?	No	Washington state school districts
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	No	Identify:
Responds to specific task force, report, mandate or exec order?	Yes	Identify: EHB 2242, Sec. 408
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:

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Impact(s) To:		Identify/Explanation
Is change required to existing statutes, rules or contracts?	Yes	Identify: RCW 28A.150.390 (b)
Is the request related to or a result of litigation?	Select Y/N	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

**Please provide a detailed discussion of connections/impacts identified above.**

**What alternatives were explored by the agency and why was this option chosen?**

Engrossed House Bill 2242 (2017) requires OSPI to review the current safety net process and make recommendations on possible adjustments to improve the safety net process and evaluate proper funding levels to meet the safety net's purpose. OSPI must submit recommendations to the governor and legislature by 11/1/18.

The legislature also requested that in this process, OSPI further examine the cost multiplier and provide recommendations on whether the multiplier is still accurately reflecting the actual needs in our school districts, and if not, what would be a more accurate value. This topic will be an ongoing conversation, however this decision package serves as OSPI's current recommendation when taking into consideration existing law and student needs.

**What are the consequences of not funding this request?**

Currently school districts must rely on local levies to supplement funding available through state apportionment in order to provide specially designed instruction and related services to students with Individualized Education Programs (IEPs). By increasing the Special Education excess cost multiplier from .9309 of the district's base allocation per full-time equivalent student to 1.09 the need for districts to use levies to fund basic education will be eliminated.

**Describe the consequences to desired outcomes and stakeholders if the decision package is not funded as requested.**

Enrichment levy dollars will be spent on backfilling special education costs that are required by the IEPs of students with disabilities.

**How has or can the agency address the issue or need in its current appropriation level?**

By increasing the excess cost multiplier for special education.


**Other supporting materials:** Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

**Activity Inventory:**

Activity Inventory Item	Prog	Staffing			Operating Expenditures		
		FY 2018	FY 2019	Avg	FY 2018	FY 2019	Total
A027	026	0	0	0	\$0	\$130,508,000	\$130,508,000
Total Activities					\$0	\$130,508,000	\$130,508,000

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**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

☒ No 

☐ Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)