

MAINE STATE LEGISLATURE

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**Model for Funding Special Education Services
in the Essential Programs and Services
School Finance Model**

By

**The Maine Education Policy Research Institute
University of Maine**

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Introduction

In June, 2003, the Maine State Board of Education charged the Maine Education Policy Research Institute (MEPRI) with developing a funding formula for special education services that would accommodate the realities of Maine schools and communities. These realities include communities that vary dramatically in size, have widely varying prevalence rates of students with disabilities and are frequently subjected to high costs for related services and out-of-district placements.

MEPRI staff, with consultation and advice from the Working Group on Special Education Issues (see Appendix for members) worked throughout the year to develop a funding formula that accommodated these realities and accomplished the underlying goal of Essential Programs and Services which is...

.... to ensure that all schools have the programs and services that are essential if all students are to have equitable educational opportunities to achieve Maine's Learning Results.

This report summarizes the work of the MEPRI staff over the past year and recommends a new model for funding special education in Maine. To design this model MEPRI staff, with consultation and advice from the Working Group, reviewed professional literature that characterizes and evaluates special education funding models, examined the implementation of these models in other states, and derived a basic model and specific adjustments.

A Review of Special Education Finance Systems

Special Education Finance systems vary tremendously from state to state. The Center for Special Education Finance (CSEF) has created six broad categories of funding formulas often used in financing special education. These categories are:

1. Pupil Weights: Aid is allocated on a per student basis where each student with a disability receives an additional weight in the funding formula.
2. Flat Grant: Aid is based on a fixed amount per student with a disability.
3. Census-based: Funding is allocated on the count of all students in a district, as opposed to on the number of students with disabilities.

4. Resource-based: Aid is based on an allocation of necessary resources such as teachers, aides, personnel providing related services, etc...
5. Percentage reimbursement: Aid is provided based directly on the expenditures for the special education programs.
6. Variable block grant: Funding is determined by using base-year allocations, fixed enrollment, or fixed expenditures.

These categories are very broad, and each has its variations. The funding models in some states may not fall into a single category but a combination of categories. Tables 1 and 2 describe the variety of models and the number of states that use each.

Table 1. Major Models Used for Special Education Funding

| Type | Description | Allocation | Number of States |
|-----------------------------|---|--|------------------|
| Pupil Weights Multiple | Weighting - weights based on expected cost of services needed | Disability Category and Placement | 2 |
| | | Intensity of Service | 1 |
| | | Placement | 3 |
| | | Disability Category | 3 |
| | | Placement and Intensity of Service | 1 |
| | | Severity of Disability | 1 |
| Pupil Weights Single | Weighting - one weight for all special ed students | Special Ed Enrollment | 4 |
| Pupil Weights Tiers | Set dollar amounts for particular disability categories or placements | Disability Category and Intensity of Service | 2 |
| Resource Based | Allocation of Specific Resources | Classroom Unit By Disability | 1 |
| | | Number and Type of Staff | 5 |
| | | Classroom Unit | 1 |
| Percentage Reimbursement | Reimbursement for expenditures of program | Allowable Costs | 4 |
| | | Number and Type of Staff | 1 |
| | | 100% | 1 |
| Variable Block Grant | Funding by base year allocations, expenditure or enrollment | Base Year | 2 |
| Flat Grant | Fixed amount per student | Special Ed Enrollment | 1 |
| Census-Based | Based on all students in a district | ADA | 7 |

Table 2. Combination Models Used for Special Education Funding

| Type | Allocation | Number of states |
|--|--|------------------|
| Variable Block Grant and Pupil-Weight Single | Base Year Total Student Enrollment & Total Special Ed Enrollment | 1 |
| Resource-Based and Census-Based | Number and Type of Staff and Special Ed Enrollment | 1 |
| Pupil-Weights Multiple and Resource-Based | Intensity of Service and Number and Type of Staff | 1 |
| Census-Based and Pupil Weight Tier | Average Daily Attendance and Disability Category | 1 |
| % Reimbursement and Census-Based | Allowable Costs and Average Daily Attendance | 1 |

In 2000, the CSEF conducted a survey of all states that requested each state to rate their special education funding model on the following criteria (Parrish, Harr, Anthony, Merickely, & Esra, 2003):

... understandable, equitable, adequate, predictable, flexible, identification neutral, based on actual cost, cost control, fiscal accountability, and reasonable reporting burden.

Each state indicated both the strengths and weaknesses of their model. Table 3 summarizes the data reported on the strengths of their models, and Table 4 summarizes the reported weaknesses.

Table 3. Reported Strengths of Funding Formulas

| Strengths | Pupil Weights | | Census-Based | | % Reimbursement | | Resource-Based | | Variable Block Grant | | Other | |
|--|---------------|-----|--------------|------|-----------------|------|----------------|------|----------------------|------|-------|------|
| | n = 15 | % | n = 9 | % | n = 6 | % | n = 6 | % | n = 4 | % | n = 5 | % |
| Allows local flexibility | 11 | 73% | 9 | 100% | 5 | 83% | 6 | 100% | 4 | 100% | 5 | 100% |
| Understandable | 14 | 93% | 8 | 89% | 5 | 83% | 5 | 83% | 4 | 100% | 5 | 100% |
| Equitable | 13 | 87% | 7 | 78% | 4 | 67% | 5 | 83% | 3 | 75% | 5 | 100% |
| Adequately funded | 11 | 73% | 4 | 44% | 5 | 83% | 3 | 50% | 3 | 75% | 2 | 40% |
| Predictable | 12 | 80% | 9 | 100% | 5 | 83% | 6 | 100% | 4 | 100% | 5 | 100% |
| Provides flexibility in use of resources | 13 | 87% | 9 | 100% | 5 | 83% | 4 | 67% | 4 | 100% | 5 | 100% |
| Does not encourage overidentification | 8 | 53% | 9 | 100% | 6 | 100% | 6 | 100% | 3 | 75% | 4 | 80% |
| Has reasonable reporting burden | 12 | 80% | 9 | 100% | 6 | 100% | 4 | 67% | 3 | 75% | 5 | 100% |
| Provides fiscal accountability | 14 | 93% | 7 | 78% | 6 | 100% | 6 | 100% | 3 | 75% | 5 | 100% |
| Based on actual cost | 7 | 47% | 3 | 33% | 6 | 100% | 5 | 83% | 3 | 75% | 4 | 80% |
| Not linked to where services received | 10 | 89% | 8 | 89% | 5 | 83% | 3 | 50% | 2 | 50% | 5 | 100% |
| Includes cost control mechanisms | 5 | 44% | 4 | 44% | 5 | 83% | 4 | 67% | 2 | 50% | 2 | 40% |
| Linked to student outcomes | 0 | 0% | 0 | 0% | 0 | 0% | 2 | 33% | 0 | 0% | 2 | 40% |

Source: CSEF/NASDSE Survey on State Special Education Funding Systems, 1999 - 2000.

Table 4. Reported Weaknesses of Funding Formulas

| Weaknesses | Pupil Weights | | Census-Based | | % Reimbursement | | Resource-Based | | Variable Block Grant | | Other | |
|---------------------------------------|---------------|-----|--------------|------|-----------------|------|----------------|-----|----------------------|------|-------|-----|
| | n = 15 | % | n = 9 | % | n = 6 | % | n = 6 | % | n = 4 | % | n = 5 | % |
| Does not allow flexibility | 2 | 13% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Not understandable | 2 | 13% | 1 | 11% | 0 | 0% | 1 | 17% | 0 | 0% | 0 | 0% |
| Not equitable | 1 | 7% | 1 | 11% | 1 | 17% | 1 | 17% | 1 | 25% | 0 | 0% |
| Not adequately funded | 3 | 20% | 4 | 44% | 0 | 0% | 3 | 50% | 1 | 25% | 3 | 60% |
| Unpredictable | 3 | 20% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Lacks flexibility in use of resources | 1 | 7% | 0 | 0% | 0 | 0% | 2 | 33% | 0 | 0% | 0 | 0% |
| Encourages overidentification | 6 | 40% | 0 | 0% | 0 | 0% | 0 | 0% | 1 | 25% | 1 | 20% |
| Has unreasonable reporting burden | 0 | 0% | 0 | 0% | 0 | 0% | 2 | 33% | 0 | 0% | 0 | 0% |
| Provides no fiscal accountability | 1 | 7% | 2 | 22% | 0 | 0% | 0 | 0% | 1 | 25% | 0 | 0% |
| Not based on actual costs | 6 | 40% | 6 | 67% | 0 | 0% | 1 | 17% | 1 | 25% | 1 | 20% |
| Linked to where services received | 4 | 27% | 0 | 0% | 1 | 17% | 3 | 50% | 2 | 50% | 0 | 0% |
| No cost control mechanisms | 9 | 60% | 5 | 56% | 1 | 17% | 2 | 33% | 2 | 50% | 3 | 60% |
| Not linked to student outcomes | 11 | 73% | 9 | 100% | 6 | 100% | 3 | 50% | 4 | 100% | 3 | 60% |

Source: CSEF/NASDSE Survey on State Special Education Funding Systems, 1999 - 2000.

Choosing a Funding Model Consistent with The Goals of Essential Programs and Services

The information in Tables 3 and 4 reveals that no one funding model is consistently strong across all criteria. In order to identify a funding model that would meet the unique characteristics of Maine schools and that would be consistent with the goals of Essential Programs and Services, the following criteria, previously suggested by CSEF, were used: equity, adequately funded, and accountable. The two models that ranked highest on these three criteria were the pupil-weight model and the resource-based model. The development of multiple pupil-weight and resource-based models require cost data linked to individual children receiving services, data that are not available using Maine's current data system. Therefore, it was determined that a revised single pupil-weight model was the most appropriate model to investigate for implementation in Maine.

Of the 15 states using one of the pupil-weight models and responding to the CSEF survey, 13 rate it as equitable, 14 agree that accountability is a strength, and 11 indicate that the model is adequately funded.

Two potential areas of weakness in the pupil-weight model are: (1) the potential for over identification (only eight of the 15 states using this model indicate that it does not encourage over identification), and (2) funding is not related to the level or severity of the disability.

Similar Models in Other States

Oregon, Washington, and Louisiana currently use the single pupil-weight model for financing their special education programs. Below is a summary of each of these models. Tables A-1 – A-3 in the appendix display a more comprehensive summary.

Washington: Washington applies a weight of 1.9309 for students with disabilities up to a maximum of 12.7% of the student population with state funds and an additional .3% with federal funds.

- Development of Model: The weights developed were based on state average expenditures for special education programs. At the inception of the model, a large “safety net” provided additional funding to districts for maintenance of effort, high-cost students, and high-prevalence districts. This fund is no longer in existence.
- Adjustments: There is a high-cost student adjustment that is funded with federal funds.
- Litigation: No legal issues to date.

Oregon: Oregon applies a weight of 2.0 for students with disabilities up to a maximum of 11% of the student population.

- Development of the Model: The 2.0 weight was developed using a national estimate of 2.3. At the time of development, the majority of the districts had prevalence rates of 11% or below; now 80% of the districts have prevalence rates higher than 11%.
- Adjustments: Districts with more than 11% of their students identified as having a disability may apply to a committee for a waiver for additional funds. The amount available for this adjustment is a fixed amount determined by the legislature each year. A fund is also set aside for special education students with high-cost needs (defined as \$25,000).
- Litigation: No legal issues to date.

Louisiana: Louisiana applies a weight of 2.5 for students with disabilities.

- Development of the Model: An outside consulting firm was used to study the incremental cost of special education. Due to a lack of data, an inferential approach was used to predict the per-pupil special education costs.
- Adjustments: None
- Litigation: No legal issues to date.

A Proposed Model for Maine

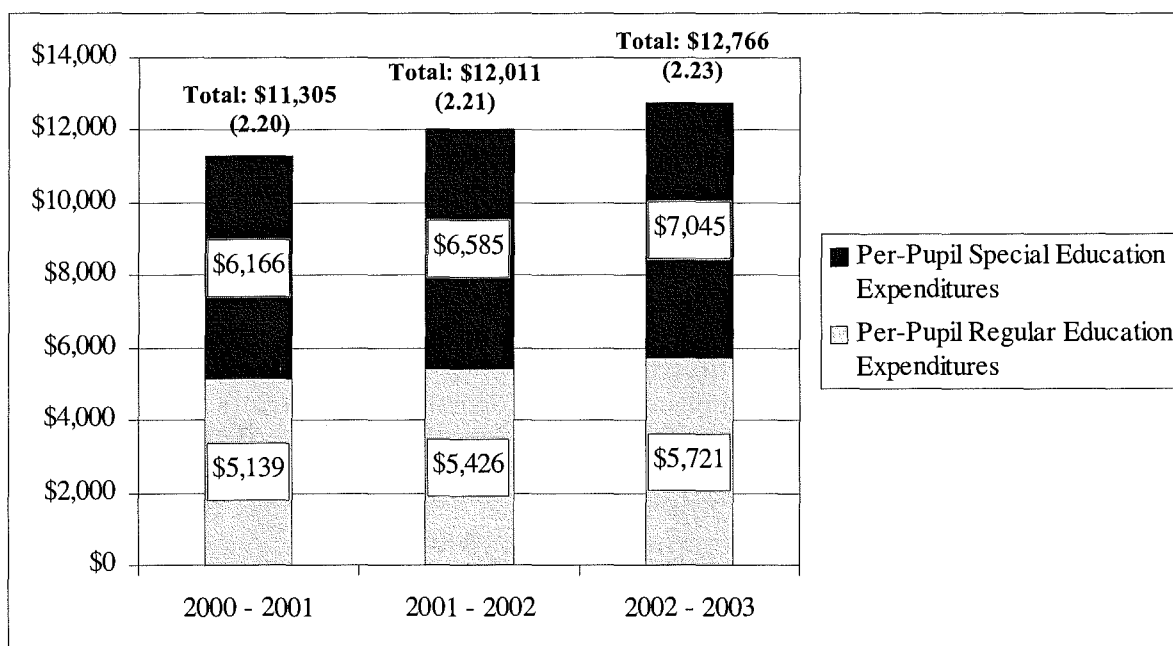
The model proposed is a single pupil-weight model that provides an additional weight of at least 1.2, but not greater than 1.4, for all students with disabilities with a 15% maximum allowable percentage of students with disabilities and adjustments to address areas of need that include:

- Districts with prevalence rates of students with disabilities above 15%
- High-cost students educated within the district
- High-cost students educated outside of the district
- Small districts
- Maintenance of effort

Derivation of the Base Weight

Three years of special education and regular education expenditure data were used to determine the incremental cost of educating a student with a disability. The total cost of a special education student is the per-pupil regular education expense plus the per-pupil special education expense. Figure 1 shows the special education and regular education per-pupil expenditures for 2000 - 2003. Table A-4 in the appendix shows the expenditures included in the calculation of the weight.

Figure 1. Per-Pupil Special Ed Expenditures 2000 - 2003



The data show that the cost of educating a student with a disability in Maine is approximately 2.2 times the cost of educating a student in regular education. This is only slightly higher than the national average of 2.08 as reported by Chambers, Parrish, and Harr (2004).

An additional weight of at least 1.2, but not greater than 1.4 will be applied to each student with a disability in a district, up to 15% of the district's resident enrollment.

The prevalence of students with disabilities may not increase more than .5% in any given year, up to a maximum of 1.0% in any given 3-year period. The December 1 child count for the most recent year available will be used to determine the number of students with

disabilities, and the October 1 resident enrollment count for the corresponding year will be used to calculate the prevalence rate.

Model Adjustments

The following adjustments will be incorporated into the model:

- Small districts
- Districts with prevalence rates of students with disabilities above 15%
- High-cost students educated within the district
- High-cost students educated outside of the district
- Maintenance of effort

Derivation of the District Size Adjustment

Districts with low enrollments may have fluctuating prevalence rates and/or per-pupil expenditures that might be impacted by a very small number of students. The purpose of this adjustment is to provide additional funds for the potentially higher costs of educating students with disabilities in very small districts.

The actual teacher, ed tech, and director ratios in districts that operate schools were examined to determine whether smaller districts operate at lower student-staff ratios than larger districts. Table 5 shows that districts with fewer than 20 students with disabilities have fewer students per teacher and director and higher related service expenses per student. There does not appear to be a relationship between district size and the number of students per ed tech. (This table only includes districts that operate schools.)

Table 5. Staffing Ratios and Related Expense by Enrollment Range

| Enrollment Group (Students with Disabilities) | Districts | Students Per Teacher | Students Per Ed Tech | Students Per Director | Related Expense Per Student |
|--|------------------|---------------------------------|---------------------------------|----------------------------------|--|
| State Average | | 15 | 9 | 216 | \$1,364 |
| Fewer than 10 | 9 | 10 | 9 | 37 | \$2,295 |
| 10 - 19 | 23 | 14 | 12 | 78 | \$1,789 |
| 20 - 29 | 15 | 17 | 8 | 151 | \$1,577 |
| 30 - 39 | 23 | 15 | 10 | 200 | \$1,475 |
| 40 - 49 | 12 | 15 | 10 | 140 | \$1,305 |
| 50 - 59 | 10 | 17 | 7 | 169 | \$1,364 |
| 60 - 69 | 9 | 15 | 6 | 172 | \$1,624 |
| 70 - 79 | 7 | 13 | 8 | 181 | \$1,524 |
| 80 - 89 | 7 | 19 | 9 | 152 | \$1,082 |
| 90 - 99 | 5 | 13 | 7 | 103 | \$1,715 |
| 100 or more | 100 | 15 | 9 | 249 | \$1,410 |

Given that the staffing levels and related expenditures in districts with fewer than 20 students appear to differ from the state average, this group will receive an adjustment. Districts with fewer than 10 students with disabilities may be permitted additional funds for 5 fewer students per teacher, only 37 students per director, and \$931 more per student for related services. Districts with 10 – 19 students with disabilities will be allocated additional funds for one fewer student per teacher, only 78 students per director, and \$425 more per student for related services. Table 6 below shows an example of how this adjustment would work.

Table 6. Example of Small District Adjustment Calculation

| | |
|--|-----------------|
| Students with Disabilities | 7 |
| Teachers with State Average Ratio | 0.47 |
| Teachers with 10:1 Ratio | 0.70 |
| Additional Teachers Permitted | 0.23 |
| Incremental Adjustment for Teachers* | \$11,116 |
| Actual Director FTEs | 0.20 |
| Directors with State Average Ratio | 0.03 |
| Directors with 37:1 Ratio | 0.19 |
| Additional Directors Permitted | 0.16 |
| Incremental Adjustment for Directors** | \$12,444 |
| Actual Related Service Expense Per-Pupil | \$2,006 |
| State Average Expense Per-Pupil | \$1,364 |
| Related Service Expense with \$2295 | \$2,295 |
| Additional Related Service Expense Per-Pupil | \$931 |
| Incremental Adjustment for Related Service Expenses | \$6,517 |
| Total Small District Adjustment | \$30,077 |

* A teacher salary + 19% for benefits of \$48,331 was used.

** A director salary + 19% for benefits of \$77,776 was used.

Derivation of the High-Prevalence Adjustment

In 2002 – 2003, 59% of the districts identified more than 15% of their student populations as having a disability. To help alleviate the impact of the maximum allowable prevalence rate on such districts, an adjustment will be included that will provide incremental funds for students above the 15%. This adjustment will be in the form of a lower, incremental weight that will adjust for higher numbers of students with mild, less costly disabilities. For the purpose of calculating that weight, these students are assumed to be in a regular class placement (in the resource room less than 21% of the time) and receive no related services. In 2002 – 2003, approximately 22% of the age 5 – 21 special education population met these criteria.

Data from the EF-S-02 were used to estimate the per-student cost of students in regular and resource placement categories. This form collects district-level expenditures by program and staffing category. The expenditures were allocated as follows:

Regular/Resource placements: Expenditures included were those reported for teachers, ed techs, and substitutes for the resource and tutoring (in-school) programs, and a per-student allocation for special

education directors, supervisors, and clerical staff. The mid-point of the range of which students are estimated to be in the resource room for each placement category was used as the assumption of how long students are actually in the resource room (regular placements = 10% of the time, resource room placements = 40% of the time). This was then used to allocate the resource room and tutoring expenditures to the appropriate placement categories.

The tables below show the allocation of the resource room and tutoring expenditures among regular and resource room placements for the purpose of developing the incremental weight.

Table 7. Assumptions for Estimating Regular Class Placement Cost

| | |
|--|---------------|
| Resource/Tutoring Program Expenditures (2002 - 2003) | \$100,752,556 |
| Admin Exp Per Student (Director, Clerical, Attorney) | \$469 |
| Regular Placement Students (Attending) | 18,181 |
| Resource Room Placement Students (Attending) | 10,179 |
| Regular Ed Per-Pupil Expense (2002 - 2003) | \$5,721 |

Table 8. Calculation of Estimated Regular Class Placement Cost

| | Resource Room | Regular Class Placement |
|----------------------------------|---------------|-------------------------|
| Students | 10,179 | 18,181 |
| Student FTEs in Resource Room* | 4,072 | 1,818 |
| Student FTE Percent Distribution | 69% | 31% |
| Allocated Resource Expense | \$69,651,104 | \$31,101,452 |
| Allocated Administration Expense | \$4,773,951 | \$8,526,889 |
| Total Expense | \$74,425,055 | \$39,628,341 |
| Total Expense Per Student | \$7,312 | \$2,180 |
| Incremental Weight | 1.28 | 0.38 |

* Students in regular class placements are assumed to be in resource room 10% of the time, and students with resource class placements are assumed to be in the resource room 40% of the time.

Districts will receive a weight of 1.38 for all students with disabilities above the maximum allowable 15%. An example of this calculation is displayed in Table 9.

Table 9. Example of High Prevalence Adjustment

| | |
|--|-------------|
| Resident Enrollment | 3,246 |
| Students | 593 |
| Prevalence Rate | 18.27% |
| EPS Rate | \$6,390 |
| Students at 15% | 487 |
| Base Allocation | \$6,846,246 |
| Base Allocation Per Student (Total) | \$14,058 |
| Base Allocation Per Student (Special Ed) | \$7,668 |
| Additional Students Above 15% | 106 |
| Additional Allocation | \$934,729 |
| Additional Allocation Per Student (Total) | \$8,818 |
| Additional Allocation Per Student (Special Ed) | \$2,428 |

Derivation of the High-Cost, In-District Student Adjustment

The high-cost, in-district adjustment is designed to provide additional funding to districts that have high proportions of high-cost students educated in-district. For the purpose of the adjustment, in-district is defined as the following placement categories: regular, resource, self-contained, and home/hospital. To determine whether a student is high cost, estimated student-level costs were derived based on a student's placement category and the number and type of related services received. Data from the 2002 – 2003 EF-S-02 were used to estimate the costs of placement. Table 10 shows the expenditures used for the calculation of the placement estimates, and Table 11 displays the estimated cost for each placement.

Table 10. Expenditures Used for Placement Estimates

| | |
|---|---------------|
| Resource Program Expenditures* | \$100,752,556 |
| Self-Contained Expenditures** | \$49,680,898 |
| Homebound/Hospital Expenditures*** | \$953,386 |
| Admin. Per-Student (Direct, Clerical, Attorney) | \$469 |
| Regular Placement Students (Attending) | 18,181 |
| Resource Room Placement Students (Attending) | 10,179 |
| Self-Contained Students (Attending) | 4,108 |
| Homebound/Hosp. Students | 194 |

* Include expenses for teachers, subs, and ed techs for resource programs.

** Include expenses for teachers, subs, and ed techs for self-contained programs.

*** Include expenses for teachers, subs, and ed techs for homebound/hospital programs.

Table 11. Placement Estimates Used in High-Cost, In-District Adjustment

| | Resource Room | Regular Class Placement | Self-Contained Placement | Homebound Hospital |
|------------------------------------|----------------|-------------------------|--------------------------|--------------------|
| Students | 10,179 | 18,181 | 4,108 | 194 |
| Allocated Special Ed Class Expense | \$69,651,104 | \$31,101,452 | \$49,680,898 | \$953,386 |
| Allocated Administration Expense | \$4,773,951 | \$8,526,889 | \$1,926,652 | \$90,986 |
| Total Expense | \$74,425,055 | \$39,628,341 | \$51,607,550 | \$1,044,372 |
| Total Expense Per Student | \$7,312 | \$2,180 | \$12,563 | \$5,383 |

Data from the 2002 – 2003 EF-S-02 were also used to estimate the per-student cost of related services. Categories of related service personnel as reported on the EF-S-02 were matched to related service categories as reported on the EF-S-05 to calculate an overall cost per student receiving service. There are limitations to this method:

- 1) Districts are not asked to report frequency or duration of the related service the student receives; therefore, the average cost of the related service was applied to all students receiving that service, regardless of how much or how long the service is provided.
- 2) Some categories had to be combined due to mismatching categories between the EF-S-02 and EF-S-05 reports and potential overlap in services provided by the various personnel

categories. For example, audiology, teacher of the deaf, and sign language interpreter services were combined into one category.

- 3) Sign language interpreters and ed techs (one to one) are included under "Other Related Services" on the EF-S-05, not allowing for the discrimination between those high-cost services, and some less-costly "other" services. To allocate these expenditures, all deaf students were assumed to either be taught by a teacher of the deaf or receive services from a sign language interpreter. However, students in other disability categories (hearing impaired in particular) who receive such services cannot be identified with the current data system. Efforts are being made to add such related service categories to the EF-S-05 so these high-cost students can be identified in the future. Table 12 displays the expenditures and per-pupil allocation by related service category.

Table 12. Expenditures Used for the Estimated Cost of Related Services

| Service* | Children Receiving Service (2002 - 2003) | Expenses on the EF-S-02 | 2002 - 2003 Dollars (Local and Federal) | Total Per Student |
|-------------------------------------|--|--|---|-------------------|
| Psychological Services/Counseling | 1,639 | Psychologist and Psychological Examiner | \$9,782,603 | \$5,969 |
| Social Work Services | 3,424 | Social Worker | \$6,920,585 | \$2,021 |
| Occupational Therapy | 6,212 | Occupational Therapy, Occupational Therapy Aid | \$7,027,950 | \$1,131 |
| Speech and Language Services | 15,054 | Speech Path/Speech Path Aid | \$18,074,261 | \$1,201 |
| Audiological Services/Deaf Students | 154 | Audiologist/Teacher of Deaf/Sign Language | \$1,812,416 | \$11,769 |
| Physical Therapy | 1,338 | Physical Therapist/Phys Ther Aid | \$2,473,559 | \$1,849 |
| Other | 3,576 | Other | \$2,127,415 | \$595 |
| School Health | 324 | | | |
| Other | 3,113 | | | |
| Recreation Services | 139 | | | |

* As reported on the EF-S-05

The student-level data from the EF-S-05 were used to calculate estimated individual student costs. Each student was assigned a cost for the placement category (as shown in Table 11) and a cost for each related service the child receives (as shown in Table 12). These estimated costs were combined to create one total cost per student. A student in a regular, resource, self-contained, or homebound placement who is estimated to cost above \$20,139 per year is then defined as a high cost in-district student and will be eligible for additional allocation. The additional allocation will provide the district the estimated cost of the student above the \$20,139 threshold. The December 1 child count data from the most recent year available will be used to calculate the allocation. Table 13 below displays an example of this allocation.

Table 13. Example of High Cost In-District Adjustment

| | |
|--|----------------|
| Number of High-Cost, In-District Students | 5 |
| Estimated Cost of High-Cost, In-District Students | \$106,495 |
| Cost of State Average High-Cost, In-District Students at Threshold | \$100,695 |
| Adjustment | \$5,800 |

Adjustments for High Cost, Out-of-District Students

The method for allocating additional funds for the high-cost, out-of-district adjustment will remain consistent with current practice but the point at which a student is eligible will change. Currently, a high-cost, out-of-district student is defined as three times the secondary regular ed per-pupil rate. Under the new model, a student will qualify at a cost of at least four times the state average special ed EPS rate (\$26,852). As with the high-cost, in-district adjustment, districts will receive an additional allocation for expenditures above the threshold.

Maintenance of Effort

Districts will also be eligible to receive an additional allocation to ensure they meet the Federal Maintenance of Effort requirement. According to the regulations of IDEA, in order to receive Federal funds, districts must not reduce the level of expenditures for the education of students with disabilities made by state and local funds below the level of expenditures for the previous fiscal year for which data are available. Specifically, each district must spend the same total amount or amount per-pupil as the most recent prior year for which data are available. Up to 20% of the increase in Federal funds from year-to-year may be used to

maintain this effort (Assistance to States for the Education of Children with Disabilities and the Early Intervention Program for Infants and Toddlers with Disabilities, 1999). The exact method to be used for providing funds for maintenance of effort is still to be determined.

Appeals

An appeals process will be put into place for districts with special circumstances that are not considered in the model.

Financial Impact of Proposed Model

Using estimated EPS pupil rates from 2003 – 2004, the model was applied to each district. Student counts from 2002 – 2003 were used for the model. To determine the estimated financial impact on each district, comparisons were made between the model estimates and 2002 – 2003 expenditures inflated to 2003 – 2004 dollars by an inflationary rate of 2.5%. Districts were examined to identify how many are currently spending less than or within 5% of their estimated EPS allocation after the base model and each adjustment.

Table 14. Number of Districts Spending Within 5% of Model Estimate

| Component of Model | Number of Districts |
|---|----------------------------|
| Base Model | 101 |
| Size Adjustment | 12 |
| Prevalence Adjustment | 9 |
| High-Cost, In-District Adjustment | 0 |
| High-Cost, Out-of-District Adjustment | 4 |
| Districts with No Students and/or Expenditures | 35 |
| Total Districts Accounted For (Spend less than or within 5%) | 161 |
| Percent of Districts Accounted For Before Maintenance of Effort | 56% |
| Total Districts Accounted For With Maintenance of Effort* | 100% |

* This estimation is based on the assumption that all districts were able to maintain effort. The exact method to be used for this adjustment is still under consideration.

Summary

MEPRI, after consultation from the Working Group on Special Education Issues and discussions with informed stakeholder groups, proposes that Maine adopt a single pupil weight model with adjustments as described above for funding special education programs and services. This model is to be a dynamic model; reexamined after two years of implementation and refined as Maine's data collection systems become more sophisticated. It is also recommended that the pattern of appeals be monitored and adjustments made as needed.

The proposed revision of Maine's special education funding model will help to bring greater equity to the provision of special education programs services to students with disabilities. Additional needed assistance toward this goal will come from efforts that are currently underway to redefine the criteria used to determine whether or not students are eligible for special education, standardize criteria for pre-referral processes, and provide certain programs and services on a regional basis.

References

Assistance to States for the Education of Children with Disabilities and the Early Intervention Program for Infants and Toddlers with Disabilities: Final Regulations, 34 C.F.R. Sec. 300 (1999).

Chambers, J., Parrish, T., & Harr J. (2004). *What are we spending on special education services in the United States, 1999 – 2000?* Palo Alto, CA: Center for Special Education Finance.

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APPENDIX

Table A-1. Oregon's Special Education Funding Model

| <p>Year of Establishment: 1991 Single Pupil Weight: 2.0 Litigation Issues: No</p> | | |
|---|--|---|
| Conditions | Adjustments | Other Notes |
| <p>Applies the 2.0 weight for up to 11% of the student population.</p> | <p>High prevalence waiver: Districts with more than 11% of their students identified as having a disability may apply for additional funds. A committee reviews applications and determines the additional funding allocation based on how much they spend, how much they receive, how many regional services are consumed through regional service providers, and the mix of student disabilities in the</p> | <p>Development: The 2.0 weight was developed using a national estimate of 2.3 (from a U.S. Department of Education Study) as the source of information.</p> |
| | <p>The amount available for high prevalence waivers is a fixed amount determined annually by the legislature.</p> | <p>At the time of development, policymakers considered developing a multiple weight model based on disability category, but time and lack of data prevented it.</p> |
| | <p>High-cost student: A fund is set aside for special education students with high-cost needs. The definition of high cost is currently \$25,000.</p> | <p>At the time of development, the majority of districts had 11% prevalence rates; currently 80% of the districts have prevalence rates above 11%.</p> |
| <p>Sources of Information:</p> <ol style="list-style-type: none"> 1. Telephone interview with Bruce Bull, Special Education Specialist 2. The House Special Committee on School Finance. <i>The State School Fund Distribution Formula: Time for a Change?</i> Legislative Administration; Committee Services. September 2000. | | |

Table A-2. Washington's Special Education Funding Model

| <p>Year of Establishment: 1995 Single Pupil Weight: 2.15 (0 - 2); 1.9309 (3 - 21) Litigation Issues: Not yet</p> | | |
|---|---|---|
| Conditions | Adjustments | Other Notes |
| <p>Applies the 1.9309 weight for up to 12.7% of the student population with state funds and an additional .3% with federal funds.</p> | <p>High-cost student adjustment funded with federal discretionary funds. The definition of high cost is \$15,000.</p> | <p>Development: The weights developed for the model were based on state average expenditures for special education programs. When the model was originally developed, there was a large "safety net" fund that provided additional funding to districts for maintenance of effort, high-cost students, and high-prevalence districts. Two years ago, the Legislature took away this fund.</p> <p>Litigation: There has not been any legal issues in the past, but there is currently an association of school administrators doing a study on special education funding and eight districts talking of lawsuits. When asked what the lawsuits were pertaining to (the weights or the lack of the safety net fund), the response was that it is predominantly that some districts are paying more than the state for the special education programs.</p> |
| <p>Sources of Information 1. Telephone interview with Calvin Brodie, Fiscal Department</p> | | |

Table A – 3. Louisiana’s Special Education Funding Model

| Year of Establishment: Single Pupil Weight: 2.5 Litigation Issues: No | | |
|---|-----------------|--|
| Conditions | Adjustments | Other Notes |
| Applies the weight for all students with disabilities. | None specified. | Development: An outside consulting firm was used to study the incremental cost of special education. Due to a lack of data, they had to use an inferential approach and built a regression model to predict per-pupil special education costs. This analysis resulted in the determination that the cost of educating a student with disabilities is approximately 150 times the cost of educating a regular education student. |
| Source of Information 1. Email corespondence with Beth Scioneaux, Director of Education Finance 2. Louisiana State Department of Education. Minimum Foundation Program 2002 - 2003 Handbook. April 2003. | | |

**Table A-4. Calculation of Special Education Weight for
Essential Programs and Services**

| | 2000 - 2001 | 2001 - 2002 | 2002 - 2003 |
|---|-----------------|-----------------|-----------------|
| Regular Education Operating Expenses (Commissioner's Recommended Funding Level Page 12) | \$1,088,481,879 | \$1,139,244,102 | \$1,193,454,243 |
| Enrollment (Oct 1) (Commissioner's Recommended Funding Level Page 8) | 211,792 | 209,945 | 208,611 |
| Regular Ed Per-Pupil Expense | \$5,139 | \$5,426 | \$5,721 |
| Total Special Ed State and Local Costs (Commissioner's Recommended Funding Level Page 12) | \$218,089,476 | \$236,531,856 | \$247,210,638 |
| Tuition/Fees for State Wards (Commissioner's Recommended Funding Level Page 10) | \$8,017,560 | \$10,454,213 | \$10,173,941 |
| Tuition/Fees for State Agency Clients (Same page as above) | \$22,352,540 | \$23,459,693 | \$22,877,745 |
| Gifted and Talented | \$7,739,999 | \$7,537,547 | \$6,423,839 |
| State and Local Special Ed Costs (Excluding State Wards, State Agency Clients, and Gifted and Talented) | \$179,979,377 | \$195,080,403 | \$207,735,113 |
| Federal Expenditures (as reported on the EF-S-02) | \$16,004,550 | \$18,920,091 | \$23,220,289 |
| Total | \$195,983,927 | \$214,000,494 | \$230,955,402 |
| Special Ed Pupils (Dec 1..excluding an estimate of state ward and agency clients) | 31786 | 32499 | 32785 |
| Special Ed Added Per-Pupil Expense | \$6,166 | \$6,585 | \$7,045 |
| Total Special Ed Per-Pupil Expense | \$11,305 | \$12,011 | \$12,766 |
| Ratio or Total Special Ed Per Pupil to Regular Ed Per Pupil | 2.20 | 2.21 | 2.23 |

| | |
|----------------------------------|-------------|
| Three-Year Average Weight | 2.21 |
|----------------------------------|-------------|

Members of the Working Group on Special Education Issues 2003-2004

Janet Tockman member, Maine State Board of Education
Wes Bonney, member, Maine State Board of Education
William Breton, Director of Special Education
Stan Sawyer, Superintendent of Schools, Westbrook, ME
Donald Davis, School Business Director, Windham, ME
John Kierstead, Maine Department of Education
Jaci Holmes, Maine Department of Education
Susan Snowden, Parent
Debra Hannigan, Director of Special Education
Betsy Webb, Superintendent of Schools

MEPRI Staff

Walter J. Harris, Co-Director,
David L. Silvernail, Co-Director
Debra Allen, Research Associate/Data Analyst

Additional advisement and data collection help were provided by Suzan Cameron, Joanne Allen, Tom Coulombe, Charlotte Ellis, and Kathy Fellows of the Maine Department of Education, and James Sloan of the Maine Education Policy Research Institute.