

2019-21 Biennial Budget Decision Package

Agency: 350 – Supt of Public Instruction

DP code/title: Special Education Multiplier Increase

Budget period: 19-21 Regular Session

Budget level: PL

Agency RecSum text:

The state provides additional funding dedicated to special education services for serving students with disabilities. The current funding model provides funding through the use of a single special education excess cost multiplier. As a result, the funding that school districts receive for special education services is not well aligned with their expenditures, leaving some districts to rely on local levies to supplement their special education programs. The Superintendent requests funding for the implementation of a tiered multiplier, which will serve two purposes: 1) targeting funds to individual student needs; and, 2) promoting inclusionary practices.

Fiscal detail: To be completed by budget staff

Operating Expenditures	FY 2020	FY 2021	FY 2022	FY 2023
General Fund – State 001-01	33,039,365	53,720,352	83,576,731	98,439,337
Total Expenditures	33,039,365	53,720,352	83,576,731	98,439,337
Biennial Totals	\$86,759,717		\$182,016,068	
Staffing	FY 2020	FY 2021	FY 2022	FY 2023
FTEs	0.0	0.0	0.0	0.0
Average Annual	0.0		0.0	
Object of Expenditure	FY 2020	FY 2021	FY 2022	FY 2023
Obj. C – Contracts	119,000	10,000	10,000	10,000
Obj. N – Grants to districts	32,920,365	53,710,352	83,566,731	98,429,337

Package description

Special education is specially designed instruction that addresses the unique needs of eligible students. Special education is provided at no cost to parents and includes the related services a student needs to access her or his educational program. These services are determined as needed by the Individualized Education Program (IEP) team, and ensures the student receives a free appropriate public education and accesses and progresses in grade level learning standards.

Two primary sources of revenue support special education services to students: basic education and special education. The model to calculate special education funding takes the annual average

headcount of age Kindergarten–age 21 special education enrollment, times the district’s Basic Education Allocation (BEA) rate, times the special education excess cost multiplier (see below).

$$\begin{array}{ccccc} \text{Annual average headcount} & & \text{District’s Basic} & & \text{Special education} \\ \text{of age Kindergarten—} & \text{X} & \text{Education Allocation} & \text{X} & \text{excess cost multiplier} \\ \text{age 21 special education enrollment} & & \text{(BEA) rate} & & \text{(.9609)} \end{array}$$

The current funding model for special education is based on a single special education excess cost multiplier. The special education excess cost multiplier was set at 0.9309 in the 1995–96 school year. The multiplier remained unchanged until the passage of Senate Bill 6362 (2018), which increased the multiplier to 0.9609 beginning with the 2018–19 school year. This funding model delivers the same amount of funding for each student with disabilities in full-time equivalent (FTE) attendance, regardless of the intensity and types of services that are being provided. The funding does not reflect the cost to deliver services in different settings nor does it incentivize districts to promote inclusion in the general education classroom.

This request proposes a tiered excess cost multiplier based on direct hours of service to the student with disabilities, their instructional settings, and the intensity of services delivered. In essence, the excess cost rates will increase incrementally over three biennia, which will reduce school district reliance on local levies to fill current funding gaps. Phasing in the new funding will allow for continued analysis to determine effectiveness of the new funding model as each phase is implemented.

What is the problem, opportunity or priority you are addressing with the request?

The current funding model for special education is based on a single special education excess cost multiplier that delivers the same amount of funding for each student with disabilities in full-time equivalent (FTE) attendance, regardless of the intensity and types of services that are being provided. As a result, the funding does not reflect the cost to deliver services in different settings nor does it incentivize districts to promote inclusion in the general education classroom.

Currently, school districts use levy funds to cover the cost of some of the special education services needed, for amounts in excess of state and federal funding. Table 1 shows the gaps between state special education allocations and reported state special education program expenditures. Data is taken from the Annual School District Financial Reporting Summaries. The model proposed in this package substantially reduces the gap.

Special Education Revenue and Expenditures			
	<u>2014–15</u>	<u>2015–16</u>	<u>2016–17</u>
Special Education Program 21 allocation	\$1,013,500,871	\$1,137,587,027	\$1,223,273,659
Special Education Program 21 expenditures	\$1,171,084,761	\$1,308,475,968	\$1,441,821,602
Federal Funding	\$10,239,699	\$10,032,728	\$12,527,191
Gap in Funding	-\$147,344,191	-\$160,856,213	-\$206,020,752

Table 1. Special education revenue and expenditures from 2014–17.

In addition to the funding provided by the special education excess cost multiplier, the Legislature appropriates funding for a Safety Net program, which assists districts in addressing extraordinary needs associated with students who require high-cost services. House Bill 2242 (2017) directed the Office of Superintendent of Public Instruction (OSPI) to review the Safety Net process and make recommendations for improvement by November 1, 2018. In a letter dated August 29, 2017, four members of the Washington State Legislature’s Education Funding Task Force asked the Safety Net Legislative Workgroup to make recommendations as to “whether the multiplier is still accurately reflecting the actual needs in our school districts and, if not, what would be a more accurate value.”

Senate Bill 6362 (2018) increased the multiplier from 0.9309 to 0.960.

The most recent efforts to change the multiplier include Senate Bill 5432 (2017), which proposed an amendment to Revised Code of Washington (RCW) [28A.150.390](#) to increase the special education excess cost multiplier from 0.9309 to 1.08 for students with disabilities age K–21. The bill was reintroduced in 2018 but not adopted.

What is your proposed solution?

This request alters the special education excess cost multiplier to create a series of tiered multipliers that reflect the intensity and duration of special education services delivered to students with disabilities. This request will be phased in during the next three biennia beginning with the state fiscal year (FY) 2020 and continuing through FY 2025.

In the proposed model, students with disabilities ages K–21 will generate funding based on weekly hours of direct service, instructional setting, and intensity of services. Funding will be generated by different excess cost multipliers that are related to the intensity of services and the total amount of services provided, as well as the amount of access the student has to non-disabled peers. The model is designed to provide funding that is more targeted to demonstrated needs and that incentivizes school districts to serve children in the least restrictive environments (LREs) possible.

What are you purchasing and how does it solve the problem?

The funding in the proposal will provide staffing and other support for the instructional needs of students with disabilities, as well as speech language pathology and audiology services, interpreting services, psychological services, physical and occupational therapy, early identification and assessment of disabilities in students, counseling, orientation and mobility services, medical and social services.

What alternatives did you explore and why was this option chosen?

If this proposal is not funded, districts will be forced to continue to use levy funds for basic education/special education programs.

The Safety Net Workgroup examined several state funding models presented in the Education Commission of the States Report titled [State Funding for Students with Disabilities: All States All Data](#). The model selected will provide special education funding that allows for programs that close opportunity gaps for students with disabilities and increase pathways to graduation.

A tiered multiplier was preferred over the other options considered by the Safety Net workgroup that included: (a) a funding model based on disability category, which could draw negative attention to a student or group of students; or (b) a student-to-teacher model, which may not be adaptable to every district.

Assumptions and calculations

Expansion or alteration of a current program or service

Table 2 reflects state general fund expenditures on special education allocations for the past two biennia.

Current Program				
	2015–16	2016–17	2017–18	2018–19
State K–21 Special Education Allocation	\$714,877,484	\$755,082,208	\$843,565,885	\$1,050,952,964

Table 2. Current program (data from Line J3 of Statewide Report 1220).

This proposal expands the current program, which provides funding to serve students with disabilities. As State K-21 Special Education Allocation, Revenue 4121, increases with the implementation of a tiered multiplier, some districts may experience a decrease in Revenue 3121, General Apportionment Allocated for Special Education Program. (Line U or Report 1220.) Districts report that the decrease in 3121 negatively impacts their ability to provide special education services in the general education classroom, as the district receives less 3121 funds if the student spends the majority of the day with nondisabled peers.

Detailed assumptions and calculations

Data on students and their instructional settings used in this analysis came from the [Individuals with Disabilities Education Act \(IDEA\) November 2017 Child Count Report](#). Projected costs for the coming biennia were calculated by multiplying the number of students in each band of weekly hours of service times the annual BEA rate times the tiered rate for each band. The weekly service hours were estimated based upon sample data provided by LEAs. We project that the intensity of services and duration will shift as the new multiplier is implemented. Table 3 sets forth the values for the tiered multipliers for the next two biennia. The proposed tiered multipliers for the three biennia are included in the attached Excel spreadsheet.

Phase-In Values for Tiered Multiplier						
			2019–21		2021–23	
Total Weekly Hours of Service	Setting	Intensity of Special Education Services by Frequency	School Year 2019–20 Tiered Multiplier	School Year 2020–21 Tiered Multiplier	School Year 2021–22 Tiered Multiplier	School Year 2022–23 Tiered Multiplier
1	Time in Gen Ed Setting 80%-100%	mild	0.5450	0.5250	0.5000	0.5000
2-4	Time in Gen Ed Setting 80%-100%	mild	1.1000	1.1000	1.1000	1.1000
5-9	Time in Gen Ed Setting 80%-100%	moderate	1.2500	1.2500	1.3000	1.3000
≥10	Time in Gen Ed Setting 80%-100%	moderate	1.3000	1.3000	1.4000	1.4000
7–12	Time in Gen Ed Setting 40%-79%	moderate	0.9609	0.9609	0.9609	0.9609
13–18	Time in Gen Ed Setting 40%-79%	intensive	0.9609	0.9609	0.9609	0.9609
19–24	Time in Gen Ed Setting less than 39%	intensive	1.0000	1.0000	1.1000	1.1000
24+	Public or private day school	intensive	1.5000	1.5000	1.7500	1.7500
24+	Residential facility	intensive	2.0000	2.0000	2.0000	2.0000
≤ 20	Home bound		0.5450	0.5250	0.5000	0.5000
21+	Home bound		0.7500	0.7500	0.7500	0.7500

Table 3. Phase-in values for the proposed tiered special education multiplier.

Table 4 provides the projected changes in the funding rates that would be provided by each of these multipliers for the four years covered in this request. Estimates for the rates for the full three-biennia proposal are included in the attached Excel spreadsheet.

Phased-In Tiered Rates						
			2019–21		2021–23	
Total Weekly Hours of Service	Setting	Special Education Services in Terms of Frequency	School Year 2019–20 Tiered Rate	School Year 2020–21 Tiered Rate	School Year 2021–22 Tiered Rate	School Year 2022–23 Tiered Rate

1	Time in Gen Ed Setting 80%-100%	mild	\$4,805	\$4,703	\$4,569	\$4,660
2-4	Time in Gen Ed Setting 80%-100%	mild	\$9,699	\$9,854	\$10,051	\$10,252
5-9	Time in Gen Ed Setting 80%-100%	moderate	\$11,021	\$11,198	\$11,878	\$12,116
≥10	Time in Gen Ed Setting 80%-100%	moderate	\$11,462	\$11,645	\$12,792	\$13,048
7-12	Time in Gen Ed Setting 40%-79%	moderate	\$8,472	\$8,608	\$8,780	\$8,955
13-18	Time in Gen Ed Setting 40%-79%	intensive	\$8,472	\$8,608	\$8,780	\$8,955
19-24	Time in Gen Ed Setting less than 39%	intensive	\$8,817	\$8,958	\$10,051	\$10,252
24+	Public or private day school	intensive	\$13,226	\$13,437	\$15,990	\$16,310
24+	Residential facility	intensive	\$17,634	\$17,916	\$18,274	\$18,640
≤ 20	Home bound		\$4,805	\$4,703	\$4,569	\$4,660
21+	Home bound		\$6,613	\$6,719	\$6,853	\$6,990

Table 4. Phased-in tiered rates by hours, instructional setting, and intensity of services.

Table 5 provides estimates of the total increase in special education funding that would be generated by the adoption of the proposed multipliers over the four-year period covered by this request. These estimates reflect both projected caseload growth of 2.3 percent, which is based on historical caseload growth, and a projected shift in the instructional settings based on the new multipliers that incentivize least restrictive environment (LRE) placements. Notably, the projected student enrollment does not include estimates for entering kindergarten classes. As a result, these estimates do not include those costs. Actual costs are anticipated to be slightly higher than the costs reflected in the table for that reason. An Excel template with detailed assumptions on caseloads and estimated costs for the three-biennia proposal is attached.

Estimated Costs for Proposed Multipliers						
			2019–21 biennium		2021–23 biennium	
Total Weekly Hours of Service	Setting	Special Education Services (Frequency)	School Year 2019–20 State K–21 Special Education Funding	School Year 2020–21 State K–21 Special Education Funding	School Year 2021–22 State K–21 Special Education Funding	School Year 2022–23 State K–21 Special Education Funding
1	Time in Gen Ed Setting 80–100%	mild	\$92,112,000	\$92,224,193	\$91,649,768	\$95,632,867
2–4	Time in Gen Ed Setting 80–100%	mild	\$299,359,647	\$357,553,735	\$373,093,021	\$397,973,214
5–9	Time in Gen Ed Setting 80–100%	moderate	\$219,857,406	\$263,671,065	\$286,135,418	\$306,255,595

≥10	Time in Gen Ed Setting 80–100%	moderate	\$53,574,149	\$65,837,597	\$86,302,149	\$100,266,857
7–12	Time in Gen Ed Setting 40–79%	moderate	\$185,292,565	\$154,068,491	\$152,726,093	\$151,395,390
13–18	Time in Gen Ed Setting 40%–79%	intensive	\$130,006,758	\$108,099,022	\$114,602,508	\$113,603,976
19–24	Time in Gen Ed Setting less than 39%	intensive	\$150,386,975	\$148,490,846	\$161,916,750	\$160,505,969
24+	Public or private day school	intensive	\$10,323,151	\$10,729,466	\$13,061,730	\$13,629,393
24+	Residential facility	intensive	\$1,749,839	\$1,818,713	\$1,897,754	\$1,980,230
≤ 20	Home bound		\$461,305	\$451,483	\$438,584	\$447,355
21+	Home bound		\$198,383	\$206,191	\$215,152	\$216,688
	Total		\$1,143,322,178	\$1,203,150,803	\$1,282,038,926	\$1,341,907,534
	Current law funding level (.9609)		\$1,100,844,416	\$1,146,179,376	\$1,190,750,977	\$1,241,404,890
	School year increases		\$42,477,762	\$56,971,427	\$91,287,949	\$100,502,644
	State fiscal years		FY 2020	FY 2021	FY 2022	FY 2023
	Fiscal year increases		\$32,920,265	\$53,710,352	\$83,566,731	\$98,429,337
	Biennial increases		\$86,630,618		\$181,996,069	

Table 5. Estimated costs associated with the proposed multipliers.

The Office of Superintendent of Public Instruction (OSPI) will also incur costs to modify existing state apportionment systems to support the proposed allocation changes. OSPI projects costs of \$119,000 in FY 2020 for contracted information technology (IT) services to modify existing systems, and then \$10,000 annually for ongoing maintenance.

Workforce assumptions

Not applicable.

Strategic and performance outcomes

Strategic framework

This request supports the Results Washington goals related to K–12 education by increasing the percentage of students who graduate from high school, reducing opportunity gaps for students,

increasing the number of students who score proficient or better on statewide assessments, increasing the number of students with IEPs inside regular education classrooms, and increasing the percentage of youth with IEPs who graduate from high school within five years.

This request relates to Superintendent Chris Reykdal's vision to have all students ready for post-secondary pathways, careers, and civic engagement. The Superintendent aims to achieve this vision by closing opportunity gaps by ensuring all students have access to inclusive and effective instruction and expanding pathways to graduation. Funding this request will improve instruction and graduation rates by incentivizing school districts to serve students with disabilities in the least restrictive environments possible.

Performance outcomes

This tiered multiplier will serve to provide additional funding for special education services within the general education classroom, aimed at increasing inclusion and performance.

Other collateral connections

Intergovernmental

This request would impact all students with disabilities in Washington ages K–21 who are eligible for special education services based on an Individualized Education Program (IEP) and all local education agencies (LEAs) serving these students.

Stakeholder response

Advocates for students with disabilities will be interested in any proposed changes to funding.

Legal or administrative mandates

This request is in response to the Washington State Legislature's Education Funding Task Force request that the Safety Net Legislative Workgroup examine the special education excess cost multiplier.

Changes from current law

The statutory language that authorizes the special education excess cost multiplier in Revised Code of Washington (RCW) [28A.150.390](#) will need to be amended in order to authorize the new multipliers. Administrative rules pertaining to special education enrollment reporting found in Washington Administrative Code (WAC) [392-121-137](#) would also need to be amended.

State workforce impacts

Not applicable.

State facilities impacts

Not applicable.

Puget Sound recovery

Not applicable to OSPI.

Other supporting materials

Tables for Special Education Multiplier (Excel document attached).

Information technology (IT)

ABS will pose the question below for *each* DP. If the answer is yes, you will be prompted to attach an IT addendum. (See Chapter 10 of the budget instructions for additional requirements.)

Information Technology

Does this DP include funding for any IT-related costs, including hardware, software (including cloud-based services), contracts or IT staff?

☐ No

☒ Yes

Please download the **IT-addendum** and follow the directions on the bottom of the addendum to meet requirements for OCIO review. After completing the IT addendum, please upload the document to continue.