

MINUTES

SPECIAL EDUCATION FUNDING TASK FORCE

November 3, 2008
Room 545-N—Statehouse

Members Present

Dr. Alexa Posny, Chairperson
Bert Moore, Vice-Chairperson
Dr. Wade Anderson
Dr. Rob Balsters
Glennys Doane
Dr. Neil Guthrie
Lori Hisle
Mike Lewis
Representative Gene Rardin
Mary Ann Trickle
Dr. Tim Wurtz

Staff Present

Sharon Wenger, Kansas Legislative Research Department
Martha Dorsey, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Dale Dennis, Deputy Commissioner, Department of Education
Theresa Kiernan, Office of the Revisor of Statutes
Kristen Kellems, Office of the Revisor of Statutes Office
Jan Lunn, Committee Assistant

Others Attending

15 members of the public in attendance.

Morning Session

The meeting was called to order by Chairperson, Dr. Alexa Posny at 10:02 a.m.

The minutes of the September 22, 2008, meeting were previously distributed to Task Force members. *Mr. Mike Lewis moved to approve the minutes as written; Dr. Wade Anderson seconded the motion. The motion carried.*

Dr. Posny's opening comments included the "ground rules" resulting from previous Task Force meetings and conversations with educators/administrators in the field, teaching professionals, and parents. Dr. Posny indicated all members of the Task Force agree that the most prominent ground rule is the formula recommendation from the Task Force will be one that "does no harm." She clarified the purpose of the Special Education Funding Task Force is to evaluate funding formulas that provide the best use or improve the use of special education funds within the State of Kansas without harming any school district.

Dr. Posny shared excerpts of a report, "Study of the Incidence Adjustment in the Special Education Funding Model," which was prepared by Drs. Tom Parrish and Jay Chambers for the California Department of Education. Dr. Posny added that at the last meeting, a question was raised as to whether there was any state using a hybrid formula; California currently is using a hybrid formula. Excerpts from the entire report were referenced, specifically the portion describing funding formulas used in all 50 states. The report describes the basis of formula allocation, whether the formula is part of program reform or finance reform, the number of years of reform, and whether these states are considering any formula changes. The two most popular formulas across the United States are resource-based and census-based. Dr. Posny emphasized the criteria (contained in the report under Exhibit 1-3, "Criteria for Evaluating State Special Education Funding Formulas") for evaluating state special education funding formulas as being or containing the following:

- Understandable;
- Equitable;
- Adequate;
- Predictable;
- Flexible;
- Identification neutral;
- Reasonable reporting burden;
- Fiscal accountability;
- Cost-based;
- Cost control;
- Placement neutral;
- Outcome accountability;
- Connected to regular education funding; and
- Politically acceptable.

In addition, excerpts from the report contained spreadsheets exhibiting the strengths (Exhibit 1-4) and weaknesses (Exhibit 1-5) of various funding formulas ([Attachment 1](#)). Task Force members were encouraged to concentrate on these funding criteria and their levels of importance as funding formula recommendations are identified.

At the last meeting, funding formula reports from bordering states were distributed and discussed. Task Force members requested Missouri formula information. Dr. Posny distributed the Missouri funding formula report ([Attachment 2](#)) for Task Force review. In 2007, Missouri changed from a resource-based formula to a census-based formula with a 14.9 percent guaranteed base accompanied by an additional 0.75 percent added for higher-cost students. Flexibility is the best thing in the new funding formula as reported by the individual generating the report. Since only one year has passed since formula implementation, no outcome or information relative to effectiveness has been generated.

Dale Dennis, Deputy Commissioner of Education, distributed "Special Education Funding Task Force" ([Attachment 3](#)), which is a table of the various funding formulas discussed at the September 22, 2008 meeting (SF8067 and SF8068) and the funding formulas discussed at the

meeting today (SF8069, SF8070, SF8071, SF8076, and SF8077). He noted that all printouts exclude transportation, catastrophic aid, and special education Medicaid. The detail for the funding formulas is as follows:

- SF8069 is a spreadsheet providing the effects of comparing the current 2007-08 special education state aid formula with what it would have been if 50 percent of funds were added to the base state aid per pupil (BSAPP) and 50 percent were distributed on an FTE amount per pupil (excluding cost of living, weighting, ancillary facilities weighting, declining enrollment and special education ([Attachment 4](#)). This formula resulted in an increased BSAPP of \$271 and the FTE per pupil amount increased by \$371. This formula represents a ½ resource-based and ½ census-based funding model with BSAPP providing flexibility and the FTE amount being earmarked for special education funding.
- SF8070 is a spreadsheet providing the effects of comparing the current 2007-08 special education state aid formula with what it would have been if 1/3 of the funds were added to the BSAPP and 2/3 were distributed on an FTE amount per pupil (excluding cost of living, weighting, ancillary facilities weighting, declining enrollment and special education ([Attachment 5](#)). This formula results in an increased BSAPP of \$180 and a FTE per pupil amount increase of \$494. Funding under this formula provides a census-based/resource-based model with 1/3 flexible funds and 2/3 earmarked funds.
- SF8071 is a spreadsheet providing the effects of comparing the current 2007-08 special education state formula with what it would have been if 2/3 of the funds were added to the BSAPP and 1/3 of the funds were distributed on an FTE amount per pupil (excluding cost of living, weighting, ancillary facilities weighting, declining enrollment and special education) ([Attachment 6](#)). This formula results in an increased BSAPP of \$362 and an FTE per pupil amount increase of \$247. SF8071 is also a census-based/resource-based model as described in the second bullet above with flexibility at 2/3 and 1/3 being earmarked for special education.
- SF8076 is a spreadsheet providing the effects of comparing the current 2007-08 special education state aid formula with what it would have been if funds were distributed based on the FTE enrollment with an additional weighting of 2.0 for students who are severely cognitive disabled (those students who took the alternative assessment x 2) and an additional weighting of 1.5 for significant learning, behavior, or both, disabled students (who took the Kansas Assessment of Multiple Measures [KAMM] x 1.5) ([Attachment 7](#)). This formula resulted in an increase of \$714 per student. Under this formula, all funds are distributed out of the general fund with no dollars earmarked for special education.
- SF8077 is a spreadsheet providing the effects of a formula that guarantees every district the same amount in special education state aid as received the preceding year and distributes the additional money available on a per pupil basis ([Attachment 8](#)). The additional \$45 per pupil is based on 2007-08 enrollment which is the estimated amount of state aid available using 92 percent of excess cost. This formula uses a “grandfathered” fund base (for several years) as a means to transition to a census-based formula.
- SF8079 is a spreadsheet providing the effects of comparing the current 2007-08 special education state aid formula with what it would have been if funds were

distributed based on the FTE enrollment with an additional weighting of 2.0 for students that are severely cognitive disabled (those students who took the alternative assessment x 2) and an additional weighting of 1.5 for significant learning, behavior, or both, disabled students (those students who took the Kansas Assessment of Multiple Measures [KAMM] x 1.5) (Attachment 9). An additional \$43.45 per pupil was realized based on 2007-08 enrollment using 92 percent of excess cost. This formula also provides for a “grandfathered” fund base (for several years) with a safety net for severity or higher-cost children as a means of transition to a census-based formula.

Mr. Dennis reminded members that the percent disability figure reported in column 5 (on each formula spreadsheet) excludes gifted students. In addition, under formulas SF8077 and SF8079, an additional \$20 million was added (5 percent increase); under these two formulas, Mr. Dennis projected four years would be required to advance to a 30 percent flexible funding formula. Also, Mr. Dennis clarified that infants/toddlers program (*tiny k*) and state contracts are excluded in the formulas presented.

Mr. Dennis distributed SF8080 which is a spreadsheet providing a summary of the current special education state aid law and all the proposed plans (Attachment 10).

Task Force members thoughtfully discussed all the formulas presented in detail, raising questions related to calculations, whether funding criteria are met, how teacher-to-student ratios impacts each formula, which formula provides greater flexibility and equity, the impact of the federal Individuals with Disabilities Education Act (IDEA), Part C and private schools on the formulas presented, how to hold harmless districts that might realize a decrease in funding under the formulas discussed, whether formulas presented are identification and placement neutral, the impact of growing or shrinking enrollments on each formula presented, the reporting burden required under each formula, how outcomes would be monitored under each formula, how auditing would meet federal requirements be conducted, how to “grandfather” funding amounts during any transition, how each formula could be integrated to provide for implementation of a Multi-Tiered/System of Support (MT/SS) model, how compliance would be ensured with IDEA regulations/reporting, how to provide for the flexibility of a census-based formula while ensuring the consistency of a resource-based formula, the importance of flexibility in the creation of quality programs, and concerns related to blending at-risk dollars with special education dollars.

Afternoon Session

Dr. Posny suggested that the group review the Exhibit 1-3, “Criteria for Evaluating State Special Education Funding Formulas,” that was discussed during the morning session to determine which criteria are critically important to use in evaluating the formulas presented.

Those attending identified the following criteria as critically important for purposes of formula evaluation:

- Cause No Harm;
- Political Acceptability;
- Equitable (with possible clarification of its definition);
- Reasonable Reporting Burden;
- Understandable;

- Outcome Accountability;
- Adequate, Cost-Based, Predictable, and Cost-Controlled (combine into one criterion addressing fiscal accountability); and
- Flexibility.

A macro-level review of all formulas was conducted answering whether each formula met the “Critically Important Criteria” (as above).

The result of this review revealed several formulas meeting the majority of the identified criteria, as follows:

- SF8077 - The formula would guarantee every school district the same amount in special education state aid as received in the previous year with additional money available, excluding transportation, catastrophic aid and Medicaid aid, distributed on a per-pupil basis. This would provide some stability with a guaranteed base (grandfather amount) while providing flexibility as additional dollar percentages increase in transition to a census-based formula.
- The current formula (resource-based) was discussed and whether a possibility exists to include more flexibility; the possibility of additional weighting to enhance equity; and whether reasonable reporting could be improved. It was noted that outcome accountability has been a proven criterion in the resource-based formula currently used. Discussion centered around the fact that a resource-based formula allows a district to hire a teacher when that resource is required, regardless of any reimbursement amount, and questions were raised as to why census-based formulas would be considered when (according to provided examples) larger discrepancies and apparent inequity in funds distribution exist.
- SF8079 - The final formula meeting criteria provides for funds distributed on an Full-Time Equivalent (FTE) enrollment basis with additional weighting for severely cognitively disabled children and additional weighting for significant learning or behavior-disabled students. One noted point was that these formulas do not provide incentives for districts to identify more students to take the KAMM assessment due to risks of not meeting yearly performance expectations.

Dr. Anderson expressed concern with a census-based recommendation given the discrepancies in the examples presented. He suggested a continuation of the resource-based formula, including a modification that would allow 10-15 percent of the funding be used as districts determine. Dr. Anderson also pointed out an adjustment could be included in the formula for districts receiving larger percentages of excess costs that would provide the incentive or motivation for examining their programs for improvement opportunities.

Mr. Lewis discussed Dr. Anderson’s recommendation from his perspective and agreed he would be willing to further evaluate this suggestion, particularly the inclusion of a modification that includes flexibility.

Ms. Doane supported Dr. Anderson’s suggestion in continuing a resource-based formula with modification to provide some flexibility (or bridge) that would assist districts with MT/SS implementation without jeopardizing cooperatives or interlocals.

Mr. Dennis suggested that if the current formula were retained with the inclusion of a 10 percent flexibility modification, one could further designate that 5 percentage points of special education funds be used for prevention, and 5 percentage points of at-risk funds be used for prevention.

Representative Rardin indicated he would like to see examples or fiscal estimates (similar to those presented) on this type of formula.

Dr. Guthrie pointed out that special education is a service, not a place. Flexibility is to have services along the education continuum. If one continues to tie special education to a qualified teacher, the students will be in the classroom—the teachers will not. A need exists to find a different way to get teachers in the classroom. In the future, a resource-based formula will serve children in Kansas less well because of the unavailability of qualified teachers (on which special education reimbursement is based).

Ms. Hisle supported Dr. Anderson's suggestion, noting the addition of flexibility in a resource-based model would be desirable.

Ms. Trickle reiterated Ms. Hisle's point, indicating that in many districts general fund monies are subsidizing special education funds, and the addition of flexibility in the current model would be supported.

Mr. Moore commented on rural areas and the impact of educators' salaries on excess costs even when districts respond with significant input of local money. He expanded on the inability of rural districts to recruit and to remain competitive with districts compensating educators at higher rates. He also noted that special educators in the field still support the retention of the resource-based formula.

Dr. Posny thanked all for attending. At the next meeting, two formulas will be further evaluated. These two formulas are: SF8077, a census-based formula; and SF80769, a resource-based formula with some modifications. *Mr. Mike Lewis moved to accept the minutes as amended; Ms. Mary Ann Trickle seconded the motion; the motion carried.*

The meeting adjourned at 3:00 p.m.

Prepared by Jan Lunn
Edited by Sharon Wenger

Approved by Task Force on:

December 5, 2008
(Date)