



**Considering Special  
Education Funding in  
Minnesota:  
State and National Trends**

**Family Impact Seminar**

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# Policy Issues in Special Education Funding

- **Why of interest?**
  - Nearly 14% of public school students are in special education
  - Spending on special education services constitutes 14% of total spending on elementary and secondary education
  - The most recent carefully derived estimate of total SE spending in the US was \$50 billion (1999-2000)



# Special Education State Funding Formulas

- **State SE formulas vary considerably in their general orientation as well as in the detailed provisions.**
- **There are five basic types of funding formulas.**



# State Funding Formulas: Across the US in 1999-2000

- **Pupil weights: 18 states\***
- **Census-based: 9 states**
- **Resource-based: 6 states**
- **Percentage reimbursement: 6 states**
- **Variable block grant: 4 states**
- **Other/combination: 7 states**

\* Includes North Carolina's "flat" amount per SE student formula



# State Funding Formulas: Pupil Weights

- **State special education aid is allocated on a per student basis.**
- **Most weighting systems provide more funding for students expected to cost more.**
- **Funding weights are differentiated on the basis of student placement, disability category, or some combination of the two.**



# State Funding Formulas: Census-based

- **Funding is based on a fixed amount, which applies to all students, or against the school-age population.**
- **Not tied to special education count, disability type, category of service, or other student characteristics.**
- **Sometimes adjusted**
  - e.g., for poverty (federal)
  - “degree of severity” (California)



# State Funding Formulas: Percentage Reimbursement

- **Funding is based on reimbursing a set percentage of approved SE expenditures**
- **The percentage amount varies considerably across the states using this type of mechanism from approximately one-third to 100% in Wyoming.**



# Traditional Criteria for Evaluating SE Funding Formulas

- **Understandable**
- **Fiscal Accountability**
- **Equitable**
- **Cost-Based**
- **Adequate**
- **Cost Control**
- **Predictable**
- **Placement Neutral**
- **Flexible**
- **Outcome Accountability**
- **Identification Neutral**
- **Connection to Regular Education Funding**
- **Reasonable Reporting Burden**
- **Political Acceptability**





# Policy Issues in Special Education Funding

## Overarching SE formula goals:

- **Adequate** – How much funding is needed to reach the education goals set for the state’s SE students?
- **Equitable** – Are these funds being fairly distributed based on variations in student needs?
- **Efficient** – Are funds distributed to:
  - Produce reasonable reporting burden?
  - Foster best practice?

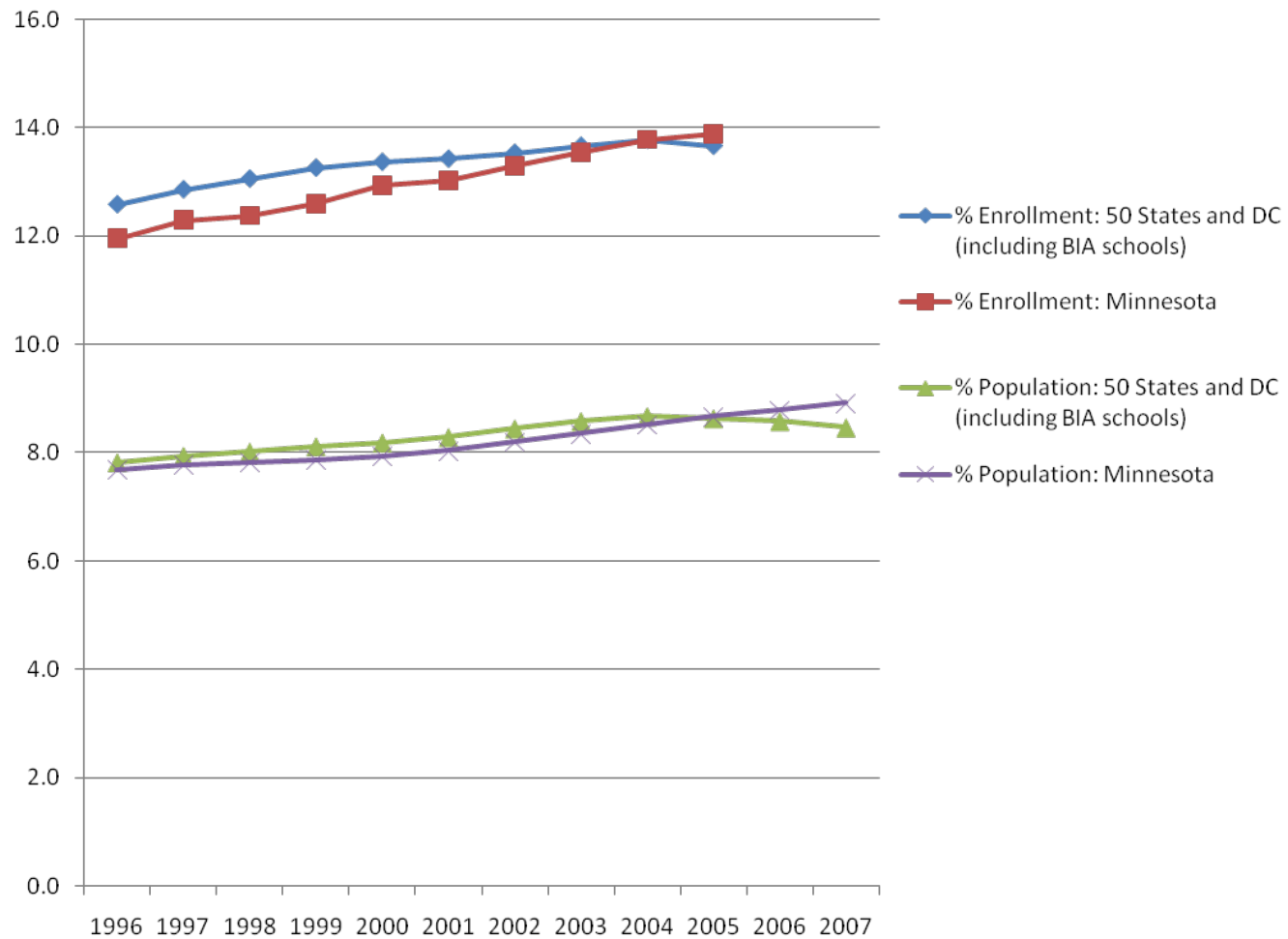


# Special Education in Minnesota

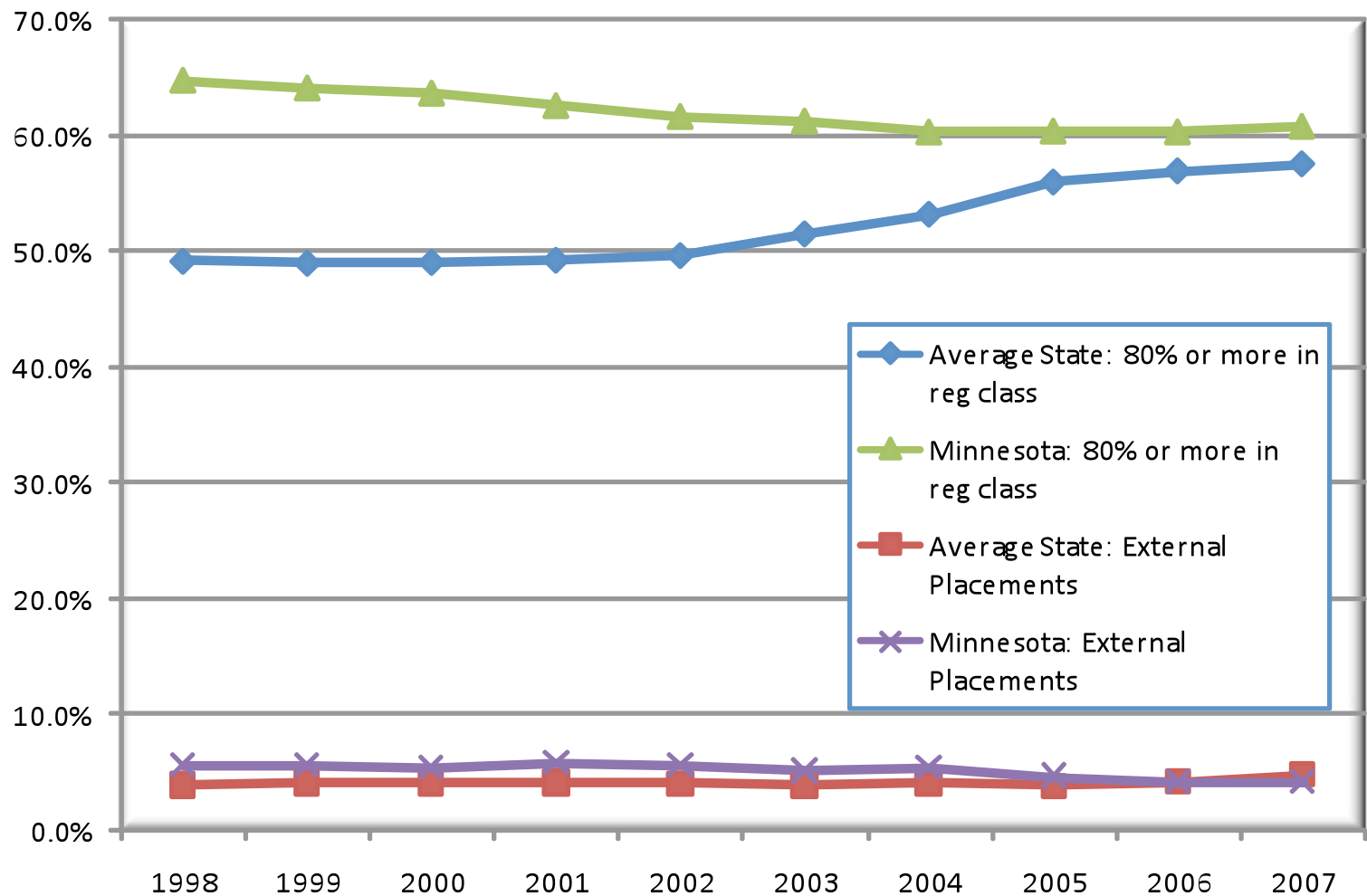
## What do federal data show?

- Identification Rates
- Placement Patterns
- Staffing

# SE identification rates in Minnesota and the Nation: % of Enrollment/Population



## Percentage of SE Students (ages 6 - 21) Spending 80% or More in Regular Ed Classrooms and Those in External Placements, 1998 - 2007



Source: Derived from longitudinal data files from [www.IDEData.org](http://www.IDEData.org).  
 External placements in this exhibit include public or private separate or residential facilities and home/hospital placements.

## Number of SE students per FTE SE Staff, 2004-05 (based on total SE enrollment)

	<b>SE Teachers</b>	<b>SE Teacher Aides*</b>	<b>SE Related Service Providers</b>
<b>Minnesota</b>	<b>13.1</b>	<b>9.6</b>	<b>23.4</b>
<b>National Avg. (50 States &amp; DC)</b>	<b>15.1</b>	<b>17.0</b>	<b>30.1</b>

\* Includes interpreters

Note: The higher number in Minnesota implies that the state has more SE teachers per child in special education in relation to the nation.

Source: These ratios were calculated from IDEA personnel and child count data from [www.ideadata.org](http://www.ideadata.org); Child Count (ages 3-21) and Personnel FTE Counts from the Annual Report to Congress on the Implementation of the Individuals with Disabilities.

# Personnel Based SE Expenditure Index By State (top 24 and bottom 5)

1 New York	2.15
2 Hawaii	1.77
3 Vermont	1.60
4 New Hampshire	1.49
5 New Jersey	1.38
6 Rhode Island	1.30
7 Minnesota	1.27
8 Virginia	1.22
9 New Mexico	1.21
10 Kansas	1.15
11 Louisiana	1.10
12 Iowa	1.10
13 Illinois	1.10
14 Maine	1.07
15 Arizona	1.06
16 Maryland	1.06
17 Connecticut	1.06
18 Delaware	1.01
19 Wyoming	1.01
20 Pennsylvania	0.99
21 North Dakota	0.99
22 South Dakota	0.99
23 Massachusetts	0.98
24 Wisconsin	0.97
47 Utah	0.70
48 Indiana	0.69
49 Idaho	0.68
50 Oklahoma	0.67
51 South Carolina	0.63



## Minnesota SE Formula

**Minnesota special education funding formula includes the following features:**

- **First, SE students receive the same basic allotment as all students in the district.**



## Minnesota SE Formula


- **Second, the state reimburses districts for a percentage of allowable SE costs.**
  - 68% of salary for SE teachers, instructional aides, and other staff providing direct services to students.
  - 47% of SE supplies, materials, and equipment up to \$47 per student.
  - 52% of supplementary special education contracts with other agencies
  - 100% of transportation/transition costs





## Minnesota SE Formula

- **Total state revenues available for SE is \$694 million in FY 2008. Beyond this, districts receive a pro-rated amount (now about 85%).**
- **Excess cost aid is also available (up to a state capped amount) to provide additional funding for districts with high unreimbursed SE expenses.**



# Possible SE Finance-related Issues in Minnesota

- **Cost Deferment: Third Party Billing**
- **Cost Savings: Long and Short Term**
- **SE Funding for Charter Schools**
- **Federal Stimulus: Possible issues/ impacts**



# Looking to the Future

## Funding formulas that:

- Provide comparable services for SE students statewide
- Allow for local professional discretion and possibly spending on RTI
- Have a clear basis for the amount of funds being distributed
- Are tied to the general education formula
- Accommodate student mobility and choice
- Reward success in student outcomes



# Future Emphasis: Efficiency

## Response to Intervention

- Relationship to fiscal policy
- How much does it cost?
- How is it supported?
- What are its intended outcomes and how are they measured?



# Future Emphasis: Efficiency

- How much is being spent on differing practices?
- Are some practices more effective than others?
- How do practices compare in terms of relative costs in relation to relative positive outcomes for children?
- How to maximize education and life benefits for children in special education?

# Looking to the Future

## The Strongest and Weakest Special Education "Value Added Index" (VAI) Districts in California

County	District	2-Yr Avg. VAI	Number			
			of Schools	% Poverty	% Special Education	% "Low Incidence"
<b>Highest 10 Average Value-Added Index (VAI)</b>						
Alameda	1	<b>1.80</b>	5	0%	12%	25%
Los Angeles	2	<b>1.57</b>	13	2%	9%	45%
Fresno	3	<b>1.35</b>	5	99%	10%	22%
Fresno	4	<b>0.99</b>	3	78%	5%	22%
San Diego	5	<b>0.97</b>	4	7%	9%	30%
Los Angeles	6	<b>0.88</b>	4	1%	4%	33%
Santa Clara	7	<b>0.85</b>	18	7%	10%	24%
Fresno	8	<b>0.81</b>	15	76%	8%	26%
Los Angeles	9	<b>0.81</b>	16	2%	11%	33%
<b>Lowest 10 Average Value-Added Index (VAI)</b>						
Alameda	264	<b>-0.54</b>	16	41%	9%	29%
Kern	265	<b>-0.59</b>	5	27%	10%	34%
Kern	266	<b>-0.62</b>	4	33%	11%	13%
Merced	267	<b>-0.64</b>	4	52%	8%	27%
Madera	268	<b>-0.67</b>	4	28%	7%	35%
Tulare	269	<b>-0.78</b>	8	76%	4%	29%
San Joaquin	270	<b>-0.78</b>	6	36%	8%	26%
Tulare	271	<b>-0.86</b>	19	67%	5%	54%
Fresno	273	<b>-1.29</b>	4	96%	6%	22%



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