

**2020 Biennial Budget
Decision Package**

Agency: 350 – Supt of Public Instruction

DP code/title: Special Education Multiplier Increase

Budget period: 2020 Supplemental Session

Budget level: PL

Agency RecSum text:

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. With the passage of Senate Bill 5091 (2019), a two-tiered multiplier will be implemented during FY 2021 (2020–21 school year). This proposal would add additional funding for the continued implementation of a tiered multiplier, which will serve two purposes: 1) targeting funds to individual student needs; and 2) promoting inclusionary practices, all while reducing the need for districts to use local levies to provide special education services.

Fiscal detail

Operating Expenditures	FY 2020	FY 2021	FY 2022	FY 2023
General Fund – State 001-01	0	9,430,975	12,419,325	12,739,225
Total Expenditures	0	9,430,975	12,419,325	12,739,225
Biennial Totals		\$9,430,975	\$25,158,550	
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. N – Grants to districts	0	9,430,975	12,419,325	12,739,225

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 guardians and includes the related services a student needs to benefit from special education. These services are determined as needed by the Individualized Education Program (IEP) team, and ensures the student receives a Free Appropriate Public Education (FAPE) and accesses and progresses in grade-level learning standards.

Two primary sources of state revenue support special education services to students: basic education and special education. The model to calculate state special education funding takes the annual average headcount of students ages K–21 enrolled in special education, multiplied by the district’s Basic Education Allocation (BEA) rate, and multiplied again by the special education excess cost multiplier (see below).

$$\begin{array}{ccc} \text{Annual average headcount} & & \text{District Specific Basic} \\ \text{of students ages Kindergarten—} & \times & \text{Education Allocation} \\ \text{21 enrolled in special education} & & \text{(BEA) rate} \\ & & \times \\ & & \text{Special education} \\ & & \text{excess cost multiplier} \\ & & \text{(0.995)} \end{array}$$

The 2019–20 state funding model for special education is based on a single special education excess cost multiplier. The special education excess cost multiplier was set at 0.9609 in the 2018–19 school year. The multiplier was updated through the passage of Senate Bill (SB) 5091 (2019), which increased the multiplier to 0.995 for the 2019–20 school year.

Beginning with the 2020–21 school year, a two-tiered multiplier will be implemented. For those students placed in a general education setting less than 80% of their day, the multiplier remains at 0.995 and increases to 1.0075 for those spending 80% or more of their in the general education setting. This model delivers funding for each student with disabilities in full-time equivalent (FTE) attendance and promotes inclusion in the general education classroom.

This request supports 2019 legislative changes and addresses the remaining funding gap between what is provided by the state, and the amount still needed by the school district to ensure Free Appropriate Public Education (FAPE).

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

Currently, school districts use local levy funds to cover the cost of some special education services needed, for amounts in excess of state and federal funding. In 2018, the Office of Superintendent of Public Instruction (OSPI) submitted a [budget request](#) to phase-in increased funding over three biennia, beginning with state fiscal year (FY) 2020 and continuing through FY 2025. The 2019 Legislature made progress toward closing the funding gap for the program of special education. The model proposed in this package reduces the remaining gap in FY 2020, positioning us to be on track toward our three biennia plan.

Table 1 shows the historical gaps between state and federal special education allocations and reported school districts’ special education program expenditures for school years 2014–15 through 2017–18. Data are taken from the Annual School District Financial Reporting Summaries.

Table 1: Special Education Revenue and Expenditures from State Fiscal Year 2015–18.

Special Education Revenue and Expenditures				
	2014–15	2015–16	2016–17	2017–18
Special Education Program 21 Allocation	\$1,013,500,871	\$1,137,587,027	\$1,223,273,659	\$1,445,436,891
Special Education Program 21 Expenditures	(\$1,171,084,761)	(\$1,308,475,968)	(\$1,441,821,602)	(\$1,622,426,736)
Federal Funding	\$10,239,699	\$10,032,728	\$12,527,191	\$13,509,825
Gap in Funding	(\$147,344,191)	(\$160,856,213)	(\$206,020,752)	(\$163,480,020)

Senate Bill 5091 (2019) increased the multiplier from 0.960 to 0.995 for the 2019–20 school year. The multiplier for the 2020–21 school year will be 0.995 for students spending less than 80% of their day in a general education setting and 1.0075 for students spending 80% or more of their day in a general education setting.

Detailed assumptions and calculations

Data on students and their instructional settings used in this analysis came from the [Caseload Forecast Counsel Projected full time equivalent \(FTE\) Enrollment](#). Projected costs for the coming biennium were calculated by multiplying the number of funded eligible students with disabilities in each tier of time spent in the general education setting times the annual estimated state average basic education (BEA) rate times the tiered rate for each band. The proposed solution continues to use 0.995 for eligible students with disabilities who spend 0–79% of their time in the general education instructional setting (tier II). Eligible students with disabilities who spend 80–100% of their time in the general education instructional setting (tier I) will receive an increased multiplier of 1.0251.

What is your proposed solution?

This request supports the legislative changes made in 2019 and also continues to address the remaining funding gap between what is provided by the state for 2019–21, the federal Individuals with Disabilities Education Act (IDEA) funds, and the amount still needed by the school district to provide FAPE.

In the proposed model, students with disabilities ages K–21 will generate funding based on instructional setting. Funding will be generated using the two-tiered excess cost multipliers that are related to the amount of access students have to non-disabled peers. The model is designed to provide funding that encourages school districts to serve children in the least restrictive environment (LRE) with the maximum amount of time spent with general education peers, as appropriate.

Detailed assumptions and calculations

Data on students and their instructional settings used in this analysis came from the Caseload Forecast Counsel Projected FTE enrollment. Projected costs for the coming biennium were calculated by multiplying the number of students in each tier (i.e., time spent in the general education setting) times the annual BEA rate times the tiered rate for each band.

Table 2 provides estimates of the total increase in special education funding that would be generated by the adoption of the Legislative multipliers over the biennium covered by this request. These estimates reflect a

projected shift in the instructional settings based on the new multipliers that promote least restrictive environment (LRE) placements.

Table 2: Estimated Costs Associated with Proposed Multipliers

ESTIMATED COSTS FOR MULTIPLIERS			
CASELOAD FORECASTED ENROLLMENT			
Setting	School Year 2020–21	School Year 2021–22	School Year 2022–23
Time in General Education Setting 80–100% (1.0251)	74,360.8	75,104.4	75,855.5
Time in General Education Setting 0–79% (0.995)	60,840.7	61,449.1	62,063.6
Total	135,201.5	136,553.5	137,919.1
SCHOOL YEAR ESTIMATED COSTS			
Estimated Current Law Allocation	\$1,510,497,000	1,548,455,000	1,583,310,000
<i>Increased Tier 1 Multiplier (1.0251)</i>	<i>\$1,522,666,000</i>	<i>\$1,560,947,000</i>	<i>\$1,596,121,000</i>
Net Estimated Increase	\$12,169,000	\$12,492,000	\$12,811,000
FISCAL YEAR ESTIMATED COSTS			
	2021	2022	2023
Net Fiscal Year Estimate Increase	\$9,430,975	\$12,419,325	\$12,739,225
	2020 Supplemental	2021–23 Biennium	
Biennium Estimate	\$9,430,975	\$25,158,550	

Table 3: Closing the Funding Gap

WORKING TOWARD CLOSING THE FUNDING GAP	
School Year 2017–18 Funding Gap (Table 1)	(\$163,480,020)
SB 5091 (2019) Increased Spending to Multiplier Estimated SY 2019–20	\$41,268,000
SB 5091 (2019) Increased Spending to Multiplier Estimated SY 2020–21	\$51,512,000
Remaining Funding Gap	(\$70,700,020)
Estimated Proposed increase for 2020 Supplemental	\$12,169,000
Net Estimated Remaining Funding Gap	(\$58,531,020)

Proposal to address funding gap of \$70,700,020, in part, during 2020–21:

- a.) Increase only tier I multiplier from 1.0075 to 1.0251.
 - a. This will provide further resources to school districts in supporting the needs of students with disabilities in the general education classroom. The initial increase from 0.9309 to 0.9609 generated an estimated \$259 more per student, and the 2019–20 increase from 0.9609 to 0.995 generated an estimated \$340. However, the current difference between tiers I and II is

approximately \$116 per student, which does not reflect the need or importance of tier I. This proposal would increase the difference between tiers I and II to approximately \$280 per student.

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, as needed determined by IEP teams for the provision of FAPE.

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

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

In 2018, 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.

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, which he aims to do 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)

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.