



Special Education Funding Changes in the 2022-23 School Aid Act

MAISA SEILN S.E. Finance
Workgroup Presentation
10/4/22

Today's Agenda

- ▶ History and recap of Special Education funding
 - ▶ Durant Settlement
 - ▶ Calley Report recommendations
 - ▶ MAISA-SEILN recommendations
- ▶ 2022-23 School Aid Act
 - ▶ Overview of changes in S.E. funding for current year
 - ▶ Sample calculations of S.E. funding under the State Aid formulas for S.E.
- ▶ Have left time for Questions at end of the presentation
 - ▶ Feel free to ask questions in the Chat window and we will keep an eye on that and try and answer as soon as possible

History - How Did We Get Here?

- ▶ **Durant Settlement - 1997**
 - ▶ Changed S.E. funding formula
- ▶ **Lt. Governor Calley Special Education Funding Subcommittee Report - November, 2017**
 - ▶ Recommendations for Additional Areas of Investment to Improve Educational Outcomes for Students with Disabilities
- ▶ **MAISA SEILN Recommendations - April, 2022**
 - ▶ Recommended 5 funding focus areas
- ▶ **2022-23 School Aid Act - PA-144 (Senate Bill 845)**
 - ▶ Funds all districts at Durant %'s PLUS 75% of S.E. Foundation (in general)

Durant Settlement - What Did it Do?

▶ Durant I Settled in 1997

- ▶ Provided for a Maintenance of Support (MOS) Provision
 - ▶ 28.6138% of S.E. classroom costs
 - ▶ 70.4165% of S.E. transportation costs
- ▶ Support for the School Lunch Program
- ▶ Prohibited Unfunded Mandates

▶ State Did Not Pay the Foundation Plus the Percentage Allocation

- ▶ Paid the Greater of the Foundation Plus a Hold Harmless Amount **OR** the Durant Percentages

How Districts are Funded for their Special Education - FY '21

	ISD	LEA	PSA	Total	
Durant Reimbursement exceeds S.E. Foundation & Hold Harmless	55	411	251	717	81%
Durant Reimbursement exceeds Foundation but NOT Hold Harmless	-	46	-	46	5%
S.E. Foundation exceeds Durant Reimbursement	1	71	31	103	12%
No S.E. Costs or FTE	-	14	6	20	2%
	56	542	288	886	

Calley Report Recommendation

- ▶ **6. Provide both the 28.61 percent reimbursement associated with special education expenses funding and the foundation allowance for all students with disabilities.**
- ▶ Currently, school districts receive the foundation allowance for a child with an IEP or the equivalent 28.61 percent of the special education expense associated with the child (including 70.4 percent of special education transportation costs) or the foundation allowance, whichever amount is greater. Students who need more resources should get more resources. In researching the special education funding systems in two other states that use the reimbursement methodology, the Special Education Funding Subcommittee found that Nebraska reimburses between 51 and 57 percent of the overall special education expenses, whereas Wyoming reimburses 100 percent of the expenses. 54 Students with disabilities should be funded at the base amount as their typical peers. Their special needs, then, should be reimbursed at the current practice of 28.61 percent.

MAISA-SEILN Recommendations

State Funding Focus (in order of priority):

1. Foundation + Durant settlement (*Calley Report, 2017*)
2. Increase and modify Section 56 Equalization Formula (*Calley Report, 2017*)
3. NEW section for additional reimbursement of expenses for students requiring high-cost programming
4. Section 51f reimbursement - after SE Foundation + Durant % fully funded

Local Funding Focus:

- Allow all Intermediate School Districts to levy at least 3 mills for special education

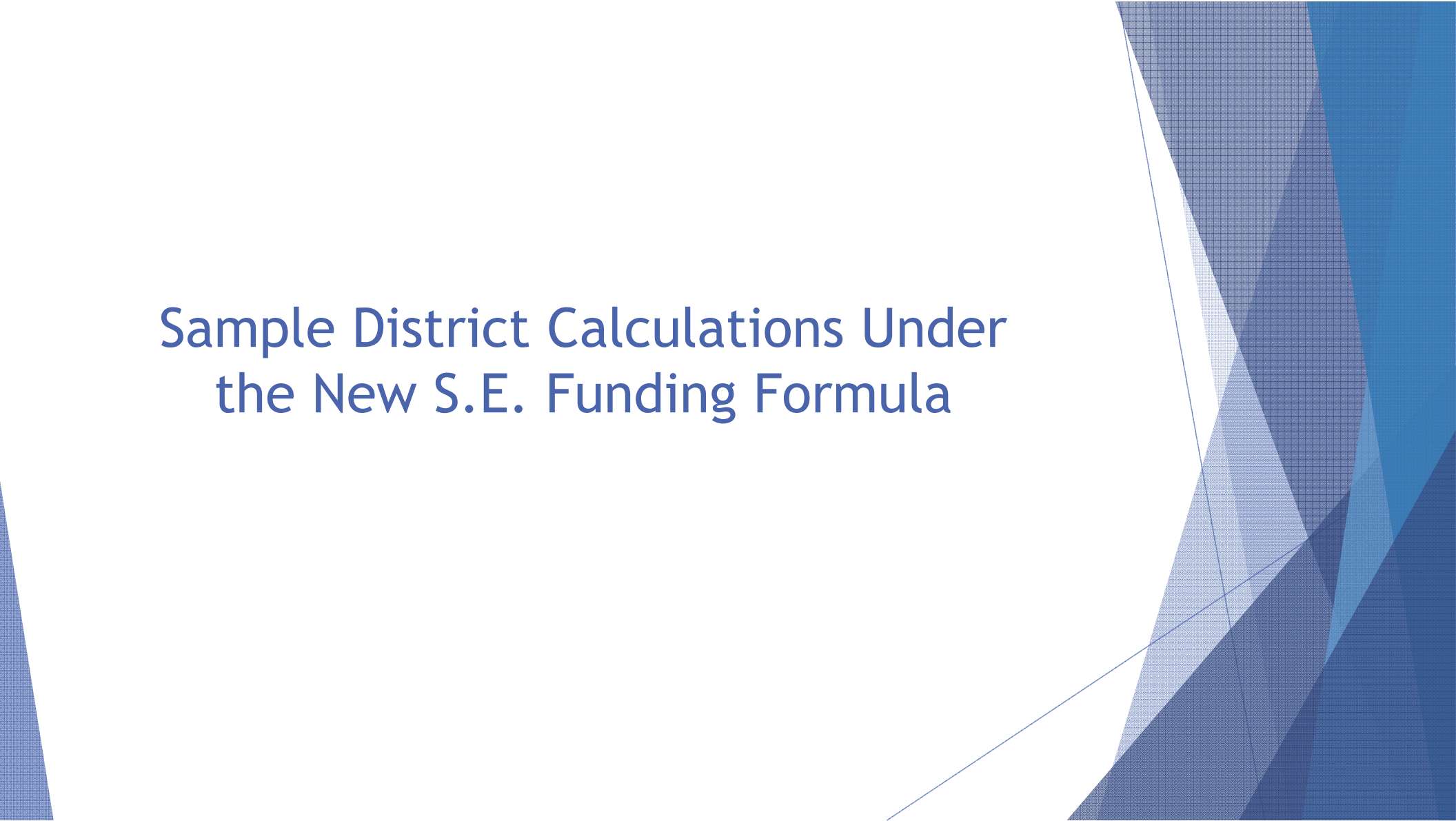
FY '23 School Aid came CLOSE to meeting Priority #1 !!

2022-23 School Aid Act

Recap of FY '23 S.E. Revenue (as it will show up on p. 2 of your State Aid Status Report in the “Other Current Year Calculation Information” section)

- **Sec. 51e(2)** - Every district will receive 75% of their S.E. Foundation for Sec. 52 blended count here
- **Sec. 51a(2)(b)** - Every district will receive 25% of their S.E. Foundation for Sec. 52 blended count here.
- **Sec. 51a(2)(c)** - Districts will receive the amount of Durant funding (28.6138% of 4096 costs & 70.4165% of 4094 costs) that is in excess of the 25% Foundation received in Sec. 51a(2)(b) here.
- **Sec. 51a(3)** - A small number of districts will continue to receive S.E. Hold Harmless funding here. This occurs for those districts where the amount of Durant revenue received under Sec. 51a(2)(c) is still less than the amount of Hold Harmless revenue earned under this section. This hold harmless funding will go away in future years if they pay 100% of the S.E. Foundation, as anticipated under the current "intent" language.
- **Sec. 51e(3)** - A small number of districts will continue to receive some Hold Harmless funding here. This occurs for those districts where the amount of funds they are receiving under Sec. 51e(2) for 75% of their S.E. Foundation is less than the amount received in FY '22 under Sec. 51f. It is unclear how long this categorical would continue to be calculated in this manner in future years.

Sample District Calculations Under the New S.E. Funding Formula




District #1 (Durant reimbursement exceeds S.E. Foundation)

Calculation Data

	4096	4094	Total
Costs	10,000,000	285,714	
Reimbursement Rate	28%	70%	
Durant Reimbursement	A <u>2,800,000</u>	<u>200,000</u>	<u>3,000,000</u>
Sec. 52 count	200.00		
Foundation Allowance	9,000		
Foundation Reimbursement	B <u>1,800,000</u>	<u>1,350,000</u>	75% funded
1997 Hold Harmless Level	C <u>200,000</u>		

Funding Recap

	FY '22	FY '23	Change	FY '24 (intent)
4096-4094 Costs	10,285,714	10,285,714	-	10,285,714
Revenue				
Durant Reimbursement	A 3,000,000	3,000,000	-	3,000,000
S.E. Foundation	B -	1,350,000	1,350,000	1,800,000
Hold Harmless	C -	-	-	-
Sec. 51f	300,000	-	(300,000)	-
Total Revenue	<u>3,300,000</u>	<u>4,350,000</u>	<u>1,050,000</u>	<u>4,800,000</u>
% of costs reimbursed	32%	42% 	10%	47%

How it will show on Pg. 2 of Status Report


Sec. 51e(2) - 75% of Foundation	1,350,000
Sec. 51a(2)(b) - 25% of Foundation	450,000
Sec. 51a(2)(c) - Excess Durant	2,550,000
Sec. 51a(3) - Hold Harmless	-
Sec.51e(3) - 51f Hold Harmless	-
	<u>4,350,000</u>

District #2 (S.E. Foundation revenue currently exceeds Durant)

Calculation Data

	4096	4094	Total
Costs	10,000,000	285,714	
Reimbursement Rate	28%	70%	
Durant Reimbursement	A <u>2,800,000</u>	<u>200,000</u>	<u>3,000,000</u>
Sec. 52 count	350.00		
Foundation Allowance	<u>9,000</u>		
Foundation Reimbursement	B <u>3,150,000</u>	<u>2,362,500</u>	75% funded
1997 Hold Harmless Level	C <u>200,000</u>		

Funding Recap

	FY '22	FY '23	Change	FY '24 (intent)
4096-4094 Costs	10,285,714	10,285,714	-	10,285,714
Revenue				
Durant Reimbursement	A -	3,000,000	3,000,000	3,000,000
S.E. Foundation	B 3,150,000	2,362,500	(787,500)	3,150,000
Hold Harmless	C 200,000	-	(200,000)	-
Sec. 51f	300,000	-	(300,000)	-
Total Revenue	<u>3,650,000</u>	<u>5,362,500</u>	<u>1,712,500</u>	<u>6,150,000</u>
% of costs reimbursed	35%	52% 	17%	60%

How it will show on Pg. 2 of Status Report

Sec. 51e(2) - 75% of Foundation	2,362,500
Sec. 51a(2)(b) - 25% of Foundation	787,500
Sec. 51a(2)(c) - Excess Durant	2,212,500
Sec. 51a(3) - Hold Harmless	-
Sec. 51e(3) - 51f Hold Harmless	-
	<u>5,362,500</u>

Things to Think About/Consider

Increase in S.E. Revenue could impact the following areas:

- ▶ **Districts operating Center-Based programs**
 - ▶ State Aid for these programs will increase, reducing the unfunded amount that they need to be reimbursed for
- ▶ **Billbacks for S.E. programs**
 - ▶ If your S.E. plan has you billing back districts for some S.E. programs, the increased State Aid reimbursement will reduce the amount you need to bill those districts back for those programs
- ▶ **P.A. 18 payouts**
 - ▶ Above factors will change amount available for P.A. 18 distribution
 - ▶ If unreimbursed costs is a part of your formula
- ▶ **Future of 51e(3) & 51a(7)**
- ▶ **IDEA allocations to LEA's**

Statewide S.E. Funding Shortfall

	FY '21 Data from 3/20/22 State Aid Status Report			
	FY '20 Actual	Actual	Under New Formula	Full Funding under Intent Language
SE 4096 Costs	2,751,383,000	2,780,379,000	2,780,379,000	2,780,379,000
SE 4094 Costs	259,612,000	224,748,000	224,748,000	224,748,000
	<u>3,010,995,000</u>	<u>3,005,127,000</u>	<u>3,005,127,000</u>	<u>3,005,127,000</u>
Sec. 52 Foundation - 51a(2) / 51e(2)	304,399,000	436,136,000	327,102,000	436,136,000
Sec. 52 Foundation - 51a(2)(b)	-	-	109,034,000	-
Durant Reimbursement - 51a / 51a(2)	675,525,000	527,125,000	844,990,000	953,832,000
S.E. Hold Harmless - 51a.3	7,609,000	6,919,000	30,000	-
S.E. Cost Reimbursement - 51f / 51e(3)	60,207,000	90,207,000	605,000	487,000
State Aid Subtotal	1,047,740,000	1,060,387,000	1,281,761,000	1,390,455,000
Sec. 56 Millage Equalization	40,008,000	38,665,000	38,665,000	38,665,000
Sec. 56(7) Per-Pupil Equalization	-	34,200,000	34,200,000	34,200,000
Medicaid revenue	124,745,000	130,373,000	130,373,000	130,373,000
Local Property Tax Millages	<u>1,090,227,000</u>	<u>1,177,359,000</u>	<u>1,177,359,000</u>	<u>1,177,359,000</u>
Total S.E. Revenue	<u>2,302,720,000</u>	<u>2,440,984,000</u>	<u>2,662,358,000</u>	<u>2,771,052,000</u>
Unfunded SE-4094/4096 costs	<u>(708,275,000)</u>	<u>(564,143,000)</u>	<u>(342,769,000)</u>	<u>(234,075,000)</u>

Questions/Comments

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