

SPECIAL EDUCATION FUNDING PROCEDURES (2012-13)

UTAH STATE OFFICE OF EDUCATION

INDIVIDUALS WITH DISABILITIES EDUCATION ACT (IDEA) PART B FUNDING

Federal Special Education funding is made available through a grant to the state from the Office of Special Education Programs (OSEP). These funds are restricted, and may only be used to provide services and programs for students who qualify under Part B of the IDEA. Funds are available for students age 3-5 (Section 619 Preschool), and for students age 3-21 (Section 611 School-Age). Some funds are retained at the state level for administration and for state level activities. The remaining funds are distributed to Utah school districts and charter schools (Local Education Agencies - LEAs) by formula.

STEP 1: DETERMINE AMOUNTS

Total amount of allocation, base, maximum administration, and minimum distribution to Utah LEAs are determined by OSEP (§300.703).

IDEA 611 (School Age 3-21)	Maximum or Minimum Limits	Actual Budgeted Amount
Total	\$109,453,830	\$109,453,830
Base	\$28,382,690	\$28,382,690
Administration	\$2,034,334	\$1,993,000
High Cost Risk Pool*	\$761,532	\$1,000,000
State Level Activities	\$11,196,789	\$7,615,321
Population & Poverty	\$66,720,338	\$71,462,819

*High Cost Risk Pool is at least 10% of the amount set aside for State-Level Activities (§300.704(c)(1)(i)).

IDEA 619 (Preschool 3-5)	Maximum or Minimum Limits	Actual Budgeted Amount
Total	\$3,491,122	\$3,491,122
Base	\$2,533,105	\$2,533,105
Administration	\$183,371	\$0
High Cost Risk Pool	\$0	\$0
State Level Activities	\$733,485	\$0
Population & Poverty	\$41,161	\$958,017

STEP 2: ESTABLISH BASE

SECTION 611 (AGE 3-21)

The base was established in 1999 at 75% of the total allocation for that year (§300.705(a)(1)). There has been no change in the base amount distributed to states since 1999.

1999 BASE FORMULA

1. $(\text{LEA December 1, 1998 age 3-21 child count}) / (\text{total statewide child count}) = 1998$ percentage of state count.
2. $(\text{percentage of state count}) * (\text{total 1998 IDEA allocation}) = 1998$ base allocation per LEA.
3. $(1998 \text{ base allocation per LEA}) * (0.75) = \text{base allocation per LEA}$.

The total base allocation is redistributed to all LEAs through a base adjustment for any LEA established after Fiscal Year 1999 (§300.705(a)(2)). Because Utah has established several LEAs since 1999, this is the base formula currently in use.

611 ADJUSTED BASE FORMULA

1. $(\text{LEA December 1, first operational year age 3-21 child count})$ **or** $(\text{LEA December 1, 1998 age 3-21 child count}) / (\text{total statewide child count}) = \text{percentage of state count}$.
2. $(\text{percentage of state count}) * (\text{total base allocation}) = \text{adjusted base allocation per LEA}$.

SECTION 619 (AGE 3-5)

The base was established in 1997 at 75% of the total allocation for that year (§300.816(a)).

1997 BASE FORMULA

1. $(\text{LEA December 1, 1996 age 3-5 child count}) / (\text{total statewide child count}) = 1996$ percentage of state count.
2. $(\text{percentage of state count}) * (\text{total 1996 IDEA allocation}) = 1996$ base allocation per LEA.
3. $(1996 \text{ base allocation per LEA}) * (0.75) = \text{base allocation per LEA}$.

The total base allocation is redistributed to all LEAs through a base adjustment for any LEA established after Fiscal Year 1997 (§300.816(b)). Because Utah has established several LEAs since 1997, this is the base formula currently in use.

619 ADJUSTED BASE FORMULA

1. $(\text{LEA December 1, first operational year age 3-5 child count})$ **or** $(\text{LEA December 1, 1996 age 3-5 child count}) / (\text{total statewide child count}) = \text{percentage of state count}$.
2. $(\text{percentage of state count}) * (\text{total base allocation}) = \text{adjusted base allocation per LEA}$.

STEP 3: ESTABLISH POPULATION

After base is calculated, 85% of any remaining funds are distributed based on the relative numbers of children enrolled in public and private schools within the LEA boundary. The same enrollment counts are used for both 611 and 619 funds (§300.705(b)(3)(i)) and (§300.816(c)(1)).

1. Public Enrollment is based on the October 1 total enrollment count of the prior school year (October 1, 2011 funds the 2012-13 school year).
2. Private Enrollment is based on enrollment reported by private schools to the National Center on Education Statistics (NCES) and enrollment reported to the USOE as part of the accreditation process. This is the best data available (§300.816(d)).
 - i. The NCES conducts a Private School Universe Survey (PSS) every two years. Private schools included in this listing meet the definition of a non-public, not for profit school that provides classroom instruction for one or more of grades K-12 and has one or more teachers.
 - ii. The USOE collects annual enrollment data from all accredited schools, including private schools that have completed the accreditation process. The 2010-11 private school enrollment numbers are used for the 2012-13 formula.
 - iii. If the private school is reported in both lists, the highest reported enrollment will be used.
3. Because charter school LEAs do not have physical boundaries, all private school enrollment numbers are reported relative to school districts.
4. The total of public and private enrollment is used to determine the allocation amounts for each LEA.

POPULATION FORMULA

1. $(\text{total public \& private}) / (\text{total statewide enrollment}) = \text{percent of state}$
2. $(\text{percent of state}) * ((\text{total allocation} - \text{base}) * 0.85) = \text{population allocation per LEA}$

STEP 4: ESTABLISH POVERTY

After base is calculated, 15% of remaining funds are distributed based on the relative numbers of children living in poverty. The same poverty counts are used for both 611 and 619 funds (§300.705(b)(3)(ii)) and (§300.816(c)(2)).

- “Children living in poverty” is defined by the Utah State Office of Education as “Economic Disadvantage” and is reported in the October 1 total enrollment count of the prior school year (October 1, 2011 funds the 2012-13 school year).
- “Economic Disadvantage” includes students who are eligible for free and reduced lunch, as well as students who are eligible but attending a school that does not participate in the National School Lunch Program (see Data Clearinghouse field descriptions, available at <http://www.schools.utah.gov/computerservices/Data-Clearinghouse.aspx>).
- The total economic disadvantage is used to determine the allocation amounts for each LEA.

POVERTY FORMULA

1. (LEA economic disadvantage) / (total statewide economic disadvantage) = percent of state.
2. (percent of state) * ((total allocation – base)*0.15) = **poverty** allocation per LEA

STEP 5: ESTABLISH INDIRECT COSTS

Indirect costs are determined through agreement between USOE and each LEA (EDGAR, 34 CFR §76.561(b)). Each year, the USOE School Finance department calculates and publishes amounts at <http://schools.utah.gov/finance/Financial-Reports/Indirect-Costs.aspx>. The rate an LEA may claim for indirect costs may vary from year to year. Indirect costs may be charged to the grant for general management costs, fixed costs, and other expenditures. Indirect cost claims for IDEA funding are limited to the restricted indirect cost rate.

GENERAL MANAGEMENT COSTS

General management costs (EDGAR 34 CFR §76.565) means the cost of activities that are for the direction and control of LEA affairs that are organization-wide. General management costs include the costs of performing a service function, such as accounting, payroll preparation, or personnel management, that is normally conducted at the LEA level even if the function is physically located elsewhere for convenience or better management.

FIXED COSTS

Fixed costs (EDGAR, 34 CFR §76.566) includes contributions of the LEA to fringe benefits and similar costs, but only to those salaries and wages that are charged as indirect costs (General Management Costs), including:

- Retirement, including State, county, or local retirement funds, Social Security, and pension payments;
- Unemployment compensation payments; and
- Property, employee, health, and liability insurance.

Indirect costs can only be claimed on fixed costs that are related to the general management costs described above. The LEA may claim indirect fixed costs only for staff performing the organization-wide functions.

OTHER EXPENDITURES (OCCUPANCY AND SPACE MAINTENANCE)

Other expenditures includes occupancy and space maintenance costs (EDGAR, 34 CFR §76.568) such as:

- Building costs whether owned or rented;
- Janitorial services and supplies;
- Building, grounds, and parking lot maintenance;

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- Guard services;
- Light, heat, and power;
- Depreciation, use allowances, and amortization; and
- All other related space costs.

STATE SPECIAL EDUCATION FUNDING - MINIMUM SCHOOL PROGRAM (MSP)

State funding for Special Education programs is provided through the Minimum School Program. The Utah State Legislature meets annually from mid-January to mid-March to determine levels of education funding, among other areas of the State budget. Within the Minimum School Program, there are currently five lines of funding that are restricted for services to students who qualify for services under the IDEA.

- Special Education – Add-On
- Special Education – Self Contained
- Special Education – Extended Year Services
- Special Education – Preschool
- Special Education – State Programs

WEIGHTED PUPIL UNITS

Utah MSP Programs are funded through the Weighted Pupil Unit (WPU). The WPU is not an exact equivalent to student enrollment counts. Instead, the WPU is a unit used to assign funding after the formula for each funding category is applied. Each WPU has a value, which may change from year to year. To determine the amount of funding, multiply the number of WPU by the value of the WPU. For FY13, the value of the WPU is \$2842 for all Special Education programs except Add-On, which has a value of \$2607.

The number of WPU assigned to each LEA for every program is published by the USOE School Finance department at <http://www.schools.utah.gov/finance/Minimum-School-Program.aspx>.

ADD-ON FORMULA

The formula for Special Education – Add-On funding is designed to even out the yearly rise and fall in funding that comes from funding by count. This supports LEAs in being able to meet the Maintenance of Effort (MOE) requirements of IDEA, and also provides stability for the assignment of specialized (and often scarce) teaching staff.

The formula is calculated using an adjusted base, with a foundation set as the minimum amount of funding. All students who qualify for an Individualized Education Program (IEP) generate WPU under this formula, no matter what level or type of services they receive.

1. **Foundation:** Average of Special Education (Self-Contained and Resource) Average Daily Membership (ADM) over the previous five years.

New LEAs

For LEAs with less than five years in existence, the five year average cannot be calculated. In this case, the calculation of “Foundation” will be based on the average for the number of years the LEA has been in operation, until they reach five years, and then that will be used going forward.

For new charter schools in the first operational year, funding will be based on an estimate of special education student enrollment. Unless the charter is specific to the needs of students with disabilities, the estimate for special education will be 10% of the estimated total enrollment.

Funding Delay

Because of the timing for legislative processes and funding allocation, special education funding formulas are two years in delay. In this case, “previous” means the five year span between seven and two years ago. Thus, funding for School Year 2012-13 is based on the five year average from 2006-07 through 2010-11.

2. **Base:** Prior year Special Education Add-On WPU.

Positive Growth Adjustment: Prior year Special Education Add-On WPU plus weighted growth. Weighted growth is determined by reviewing ADM (both Special Education and Total Enrollment) from two years prior and ADM from one year prior (2009-10 with 2010-11). If the growth in Special Education exceeds growth in Total Enrollment, growth in Special Education is limited to growth in Total Enrollment (the rate of growth in the special education program cannot exceed the rate of growth in total enrollment). The percentage determined for growth is multiplied by a factor of 1.53 and added to the Base.

Prevalence Limits

The growth calculation for districts is limited to a prevalence rate of no greater than 12.18%. If a district has greater than 12.18% of the total enrollment qualifying for special education services, funding is still limited to 12.18%. This prevalence does not apply to charter schools, because the Utah State Board of Education has approved some charters that are designed specifically for students with disabilities. The majority of Utah LEAs (both district and charter) are under the 12.18% prevalence limit.

Negative Growth Adjustment: Prior year Special Education Add-On WPU minus weighted negative growth. Weighted negative growth is determined by reviewing Special Education ADM from two years prior and Special Education ADM from one year prior (2009-10 with 2010-11). If the LEA experiences a decline in Special Education ADM, a negative growth adjustment will be applied. The negative growth adjustment is the Base (prior year WPU) multiplied by the percentage of enrollment decline. This number is then subtracted from the base to determine

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WPU. If the negative growth adjustment brings the WPU to lower than the foundation, the LEA will receive the foundation WPU.

Significantly Expanding Charter Schools

Charter schools experiencing significant expansion are eligible for a supplement to the Add-On formula for two years, until the expansion is included in the formula. The expansion supplement is calculated as follows:

- 1) The projected FY13 enrollment is provided by the USOE Charter Schools Director.
- 2) The total expansion is multiplied by the most recent prevalence rate of the LEA contained within the formula. For FY13 funding, this is the 2010-11 prevalence rate.
- 3) The expansion multiplied by the prevalence is the number of WPU that the LEA receives as the supplement.

SELF CONTAINED FORMULA

The Special Education Self-Contained funding is distributed by WPU, which is equal to Self Contained ADM from two years prior. Students who are reported to the Data Clearinghouse as receiving 180 minutes or more of service per day (TIME=C) generate Self-Contained WPU. These students are not included in the calculation of "Regular Basic School Program" WPU.

Students who are reported to the Data Clearinghouse as receiving 179 minutes or less of service per day (TIME=A, TIME=B) do not generate Self-Contained WPU. These students are included in the calculation of "Regular Basic School Program" WPU.

EXTENDED YEAR SERVICES FORMULA

Special Education – Extended Year Services funding is available to all Utah LEAs. This funding is to support the costs of providing Extended School Year to students who require this service as determined by the IEP team. The formula is calculated using a base plus a distribution by population.

1. Base is calculated on the average days of ESY service, multiplied by the average hours per program, multiplied by \$45.00. For FY13, the base amount is \$2,259.
2. Distribution by population is calculated for those LEAs who reported ESY services in the prior (2010-11) school year. The total public and private enrollment of each participating LEA for the prior school year (October 1 2010) is multiplied by the total state enrollment. This percentage is multiplied by the (total allocation minus base allocation) and distributed among participating LEAs.
3. If the total WPU for the state is different from the allocation amount determined by formula, the difference is prorated across all LEAs.

PRESCHOOL FORMULA

Special Education – Preschool funding is available to Utah school districts to provide specialized preschool programs. Charter schools are not eligible for these funds because their charters are limited to enrollment within the K-12 grade span. Some charter schools do offer preschools, in conjunction with other agencies or through external funds. Students who are suspected of having disabilities in these preschool programs should be referred for child find to the district whose boundaries the charter school is located within.

The formula for preschool funding is based on the count of students with disabilities age 3-5 reported by the LEA in the December 1 Data Clearinghouse submission.

1. The child count of the previous two years (Dec 1, 2010 and Dec 1, 2011 are used for FY13) is limited to a growth rate of no greater than 8%.
2. The adjusted (limited) enrollment is multiplied by a factor of 1.47 to determine the number of WPU for the district.
3. If the total WPU for the state is different from the allocation amount, the difference is prorated across all LEAs.

STATE PROGRAMS FORMULA

The State Programs formula provides funding for four different purposes.

1. District Impact Aid – Funds are distributed to Utah school districts based on their percentage of the total December 1 Child Count of the previous year (December 1, 2011).
2. State Prisons – Funds are distributed to support special education services provided to students who are incarcerated as adults in state prisons.
3. High Cost Risk Pool - \$225,000 is distributed among LEAs who have qualifying students. The LEA submits expenses for individual students that are greater than three times the average expenditure. Expense reports are due to USOE by October 31 of each year. The percentage of the total request for each LEA is calculated, and this amount is multiplied by the amount available.
4. Extended Year for Special Educator Stipends – 909 WPU are available for Special Educators to receive a \$200 stipend per day for days worked outside of the contract year. These days may be worked during a two week window before and/or after the school year. Each LEA submits a request for reimbursement in October for days worked before the school year, and in June for days worked after the school year.

For more information about Special Education funding, please contact Jennifer Howell at 801-538-7724 or jennifer.howell@schools.utah.gov

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