

# REPUBLICAN HOUSE CAUCUS: SPECIAL EDUCATION

2-8-2023

## THREE THINGS TO KNOW ABOUT SPECIAL EDUCATION FUNDING (K.S.A. 72-3422)

1. The problem isn't the amount of money the State funds for special education. The problem is we're not counting all the money the State *is* paying toward special education students. It's a math problem. It's a transparency problem.
  - *The formula in statute that calculates state aid needed to cover 92% of excess costs does not count all the money provided to school districts related to special education. If all the money is counted, the state provides more than 92% of excess costs.*
2. Many districts get more than 92% of excess costs covered because the formula for distributing aid to districts is *not* the same as the formula to calculate state SPED funding.
  - Distribution is based on entitlements (e.g. transportation, catastrophic per high-need student, and Medicaid) and teacher FTE (not individual student weighting)
3. School districts' budgets provide evidence that special education funding has not prevented districts from meeting the needs of SPED students or other students.

### BREAKING IT DOWN...

**Point 1: Currently, the state provides more than 92% of excess costs if all the money is counted.**

The formula to calculate state aid for special education does not count:

- a. Student weightings for at-risk, bilingual, career & tech ed, transportation, and high density at-risk
- b. Local Option Budget related to special education aid

- KSDE acknowledges that special education students are eligible for these weightings.
- Just counting the LOB at the 31.6% state average, funding for 2022 would be 103% of excess costs.

Final 2022 per Craig		Final w/LOB on SPED	
Description	Amount	Description	Amount
FY 2022 SPED expenditures	1,059,884,948	FY 2022 SPED expenditures	1,059,884,948
Less Regular Education aid	(228,895,608)	Less Regular Education aid	(228,895,608)
Less Federal Aid	(105,549,081)	Less Federal Aid	(105,549,081)
Less Medicaid reimburse	(56,352,060)	Less Medicaid reimburse	(56,352,060)
Less state hospitals admin	(300,000)	Less state hospitals admin	(300,000)
FY 2022 Excess Costs	668,788,199	FY 2022 Excess Costs	668,788,199
FY 2022 excess cost approved	512,892,374	FY 2022 excess cost approved	512,892,374
ESSER aid	13,675,007	ESSER aid	13,675,007
LOB on state aid	0	LOB on state aid	162,073,990
total	526,567,381		688,641,371
% Excess costs funded	78.7%	% Excess costs funded	103.0%
State at 92%	615,285,143	State at 92%	615,285,143
Over (Under) 92%	(88,717,762)	Over (Under) 92%	73,356,228

**Point 2: The funding distribution formula gave 149 districts more than 92% reimbursement last year, totaling \$18 million. The minimum was 56% and the maximum was 293%.**

The formula written many years ago didn't intend to overpay some districts at the expense of others, but there are two main reasons this occurs:

- a. Most or all of the special education expense for districts that belong to a co-op or interlocal are really payments to those entities.
- b. Funding for catastrophic aid, Medicaid replacement, and 80% of SPED transportation is distributed first. The balance is distributed based on the number of special ed teachers and paras in each district (remaining balance ÷ FTE Teachers/Paras = categorical aid per teacher).

Shouldn't we ask the question: ***Should the formula be adjusted so that each district gets the same percentage of excess costs reimbursed?***

**Point 3: Evidence that reimbursing less than 92% didn't prevent districts from meeting the needs of special education students or other students.**

- a. Special Education cash reserves increased from \$197 million in 2018 to \$245 million in 2022 (including co-op reserves). However, Interlocal cash reserves are not known and not included. Fund balances operate like checkbooks, so higher balances indicates that more money went into the funds than was spent. If more was spent than was received or transferred in, the balances would have decreased. A \$47 million increase (24% increase in 5 years) demonstrates that districts collectively received sufficient funds to cover special education costs.
- b. Operating cash reserves exclusive of special education funds also increased, and most of the increase comes from various forms of state and local aid that wasn't spent. Operating cash reserves do not include federal, capital, or debt service funds. A \$179 million increase since 2018 alleviates any concern that districts were not able to meet regular education needs because of money transferred to special education.

Year	SPED + Co-Op Cash Reserves	Other Operating Reserves	Total Operating Reserves
2018	\$ 197,401,178	\$ 754,349,052	\$ 951,750,230
2019	\$ 208,732,367	\$ 733,584,509	\$ 942,316,876
2020	\$ 220,986,210	\$ 769,523,962	\$ 990,510,172
2021	\$ 252,445,924	\$ 846,911,864	\$ 1,099,357,788
2022	\$ 245,094,147	\$ 933,381,603	\$ 1,178,475,750

## REPUBLICAN SOLUTION

1. Know the facts. Be guided by facts and create policy that is understandable by lawmakers, school districts, and special education stakeholders – both parents and providers.
2. [HCR5004](#) -- A CONCURRENT RESOLUTION urging the U.S. Congress to fully fund the federal government's original funding promise under the individuals with disabilities education act. Introduced with bipartisan support of 23 House members from K-12 Education budget and House Budget Committees. 13% funding is NOT enough of the promised 40% (estimates of \$270 million in 2020 with current funding between \$105-\$130 million). Petition our federal delegation to do more for our special education students.
3. [HB2060](#) -- AN ACT concerning education; relating to special education and related services; establishing the special education and related services funding task force; repealing K.S.A. 72-3441.