

STATE SPECIAL EDUCATION FUNDING: FY 2016 AND LATER

**MTS Work Group
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FY 2016 Funding

- **General Education Revenue**
 - Students with a disability receive the same general education revenue as other students
- **Categorical Revenue**
 - **State Special Education Aid**
 - Initial special education aid
 - Excess cost aid
 - Tuition adjustments
 - Adjustments for Minimum Aid Guarantee and Growth Limits

Funding for FY 2016 and Later Overview

- 2013 Legislature enacted a new state special education aid formula that takes effect in FY 2016.
- State total special education aid is increased over old law by \$53 million for FY 2016, \$63 million for FY 2017, \$82 million for FY 2018 and \$101 million for FY 2019.
- Beginning in FY 2016, special education aid will be paid directly to cooperatives and intermediate districts, rather than having those aids flow through the resident district. Tuition bills will be reduced to offset the aid paid to the cooperatives and intermediates.

Funding for FY 2016 and Later

New Special Education Initial Aid Formula

Initial special education aid is least of:

- 62 percent of the district's old formula special expenditures (excluding fringe benefits) for the prior fiscal year;
- 50 percent of the district's nonfederal special education expenditures (including fringe benefits) for the prior year; or
- 56 percent of the amount calculated using a new pupil-driven formula based on prior year data.

(Approved ADSIS expenditures are included in both of the expenditure-driven formulas above)

Funding for FY 2016 and Later

New Special Education Initial Aid Formula

The pupil-driven portion of the new formula for FY 2016 and later is similar to the cross subsidy reduction aid formula for FY 2014 and FY 2015:

Aid = 56% of the sum of:

- (i) the average daily membership served times the sum of:
 - \$450, plus
 - $\$400 \times (\text{free} + 1/2 \text{ of reduced price lunch count} / \text{total enrollment})$, plus
 - $.008 \times \text{average daily membership served}$.

Funding for FY 2016 and Later

New Special Education Initial Aid Formula

Plus:

(ii) The sum of:

\$10,400 x Cost Level 2 December 1 child count +

\$18,000 x Cost Level 3 December 1 child count +

\$27,000 x Cost Level 4 December 1 child count.

Funding for FY 2016 and Later

New Excess Cost Formula

- **Excess cost aid is the greater of:**
 1. 56 percent of the difference between the district's unreimbursed nonfederal special education cost and 7 percent of the district's general education revenue, or
 2. 62 percent of the difference between the district's unreimbursed old formula special education cost and 2.5 percent of the district's general education revenue.
- Calculated using prior year data
- Approved ADSIS expenditures are included in both of the formulas above

Funding for FY 2016 and Later

Aid Guarantee and Growth Limits

- School districts (excluding charter schools) are guaranteed to receive at least as much special education aid under the new formula for FY 2016 as they would have received under the old formula. For later years, the guarantee is increased by 4.6% per year.
- A district's special education aid for FY 2016 must not exceed the aid the district would have received under the old formula by more than \$80 per ADM served.
 - Growth limit increased to \$100 per ADM served for FY 2017.
 - Growth limit for FY 2018 and later increased by \$40 each year (e.g., \$140 for FY 2018).