

Date: February 17, 2005

To: Members of the House Subcommittee on Education Finance Structures

From: Representative Bill Fromhold, Chair, House Subcommittee on Education Finance Structures

Subject: **Special Education Funding Structure**

The special education funding structure consists of allocations based on an assumed average cost, a cap or index on special education enrollment as a percentage of total enrollment, and access to a safety net. In considering potential changes to this structure, I looked for the points of agreement among district representatives, the Washington State Special Education Coalition, and the Superintendent of Public Instruction (SPI) as expressed in her special education budget proposal.

We should not make any fundamental changes to this structure for now, as my recommendations below reflect. However, we should make some changes to a few of the key funding drivers to create additional capacity within the cap/index and to make the safety net process more accessible. More fundamental changes should be considered only after thorough and careful consideration so as to minimize the impacts of any unintended consequences on school districts, the state, and most importantly, students and their families.

In addition, questions concerning our excess cost accounting methodology and the application of that methodology by districts need to be addressed. And finally, as we learned from testimony, individualized education programs (IEPs) are the cornerstone of special education in that they specify the services that will be provided to each special education student based on individual needs. We should help districts take advantage of technology that can promote consistent and efficient development and maintenance of properly formulated IEPs.

With these points in mind, strong consideration should be given to the following:

1. Changes to the existing structure:
 - a. Eliminate local maintenance of effort requirement (line 25) as a barrier to accessing the safety net.
 - b. In addition to the current high cost category, add a safety net category for percentage enrollment or some other alternative to deal with high concentrations of medium-cost students.
 - c. Create additional capacity within the current enrollment index by removing 3 and 4 year olds from the calculation.
2. JLARC and the Office of the State Auditor (OSA) should examine current special education expenditure reporting requirements and districts' application of those requirements, and recommend ways of making the accounting system more transparent.
3. Any changes to the existing funding structure should be informed by the results of the JLARC/OSA study, and should be developed by a Task Force made up of legislators, advocates, district representatives, SPI, parents, special education experts, and the Governor.
4. Funding should be provided for a web-based IEP development system.