

K-12 SPECIAL EDUCATION STUDY

Full Report 01-11, click here

REPORT 01-11

REPORT DIGEST

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JOINT LEGISLATIVE AUDIT AND
REVIEW COMMITTEE

STUDY TEAM

Team Leader
Bob Thomas

Team Members
Larry Brubaker
Kendra Dahlen
Elizabeth DuBois
Stephanie Hoffman

LEGISLATIVE AUDITOR

Tom Sykes

Copies of Final Reports and Digests are
available on the JLARC website at:

<http://jlarc.leg.wa.gov>

or contact

Joint Legislative Audit & Review Committee
506 16th Avenue SE
Olympia, WA 98501-2323
(360) 786-5171
(360) 786-5180 Fax
e-mail: neff_ba@leg.wa.gov

K-12 SPECIAL EDUCATION BACKGROUND

Special Education is instruction that is specially designed to meet the unique needs and abilities of students with disabilities. It must be provided at no cost to the students or parents. In addition to instruction, related services may be needed to assist students in benefiting from Special Education. The education provided to each eligible Special Education student must take place under the guidance of an Individualized Education Program (IEP), in the least restrictive environment possible.

In 1995, the Washington State Legislature changed the state's funding formula for Special Education. Fourteen funding categories, based on student disability categories, were reduced to one; a cap was placed on the percentage of Special Education students that would be funded; the funding change was phased in so as to ease the burden on districts that lost revenue; and a Safety Net process was created so that school districts could apply for additional funding if they could convincingly demonstrate financial need due to factors beyond their control. At the same time the funding formula changed, the State Auditor's Office (SAO) was given the responsibility of supporting the Safety Net Oversight Committee that is responsible for determining Safety Net awards.

STUDY MANDATE

This study was mandated in the 2000 Supplemental to the 1999-01 Budget. According to that mandate, this study:

- Evaluates the feasibility of determining individual school districts' need for Safety Net funds;
- Reviews the State Auditor's Special Education Reports (which, in part, have attempted to address funding need by establishing a baseline, or benchmarks, for program costs); and
- Assesses the methodology school districts use to report their Special Education expenditures and to apply for Safety Net awards.

GENERAL CONCLUSION

In Washington State today, information necessary to understand the linkages among Special Education funding, spending, educational services and educational results is largely missing or unavailable from individual school districts, educational service districts, or the Office of the Superintendent of Public Instruction. In addressing the study mandate, this report makes recommendations to fill some of the informational gaps.

SPECIFIC FINDINGS AND CONCLUSIONS

Our analysis found that school districts' expenditures per student are a function of the amount of services students receive and the cost per minute of providing those services. However, available data do not include factors that explain why some students are receiving more service than others or why some services are more costly than others.

One implication of this finding for the Safety Net Oversight Committee is that, for the present, its members must make funding decisions without being able to verify that differences in spending are due to factors beyond the control of the school districts.

Our review of the work of the State Auditor's Office found that its benchmarking efforts have not provided information the Safety Net Oversight Committee could use to determine whether a district's high costs are due to unique student or program characteristics beyond the district's control. JLARC's conclusion is that further spending on these efforts is not warranted and should cease.

In order to establish cost benchmarks for Special Education, it is necessary to know something about the quality of the services being delivered in the districts chosen for benchmarking purposes. At the outset of this study, we found no agreed upon standards for Special Education service delivery from a review of other states and from discussions with national and local experts. Focus groups that participated in this study suggested, however, that there are key regulations that are essential to achieving minimum standards of service for Special Education. These regulations provide some assurance that essential actions occur, processes are in place, and services are delivered to help Special Education students benefit from their education.

We found that the current process for monitoring compliance with regulations, called the Consolidated Program Review, could be an improvement over the preceding monitoring process, but is not up to the task of providing sufficient information about school districts' Special Education programs for any of the following purposes:

- Establishing benchmarks for cost-effective services
- Allowing for fair comparisons of districts' compliance performance
- Providing the foundation for a system of continuous program improvement

Finally, we found that the methodology for reporting school district Special Education expenditures falls within the legislative intent as stated in the Appropriations Act. However, the Office of the Superintendent of Public Instruction (OSPI) needs to

clarify its policy concerning how the amount of Basic Education spending within Special Education is to be determined and calculated. Once this policy is clarified, OSPI will be in a position to help solve another problem, which relates to making more visible the amount of funding received and expenditures made by school districts for Special Education.

SUMMARY OF RECOMMENDATIONS

1. **The State Auditor's Office should discontinue the Special Education Audit Team.**
2. **OSPI should work with stakeholder groups to evaluate the current monitoring criteria, consider how those criteria might be strengthened to ensure minimum standards of service for Special Education students, and report back to the Legislature and OFM with the results of its evaluation.**
3. **OSPI, with the assistance of stakeholders, should develop options for modifying the Consolidated Program Review to ensure that its findings are reasonably representative of individual districts, allow for a fair comparison of districts, and can be made available on the OSPI website. OSPI should present these options, with accompanying fiscal impacts, in a report to the Legislature and OFM.**
4. **Upon implementation of Recommendation 3 and any follow up actions to strengthen the monitoring process, OSPI should develop options for incorporating program monitoring results into the screening process for Safety Net award applications.**
5. **OSPI should clarify the policy concerning how the amount of Basic Education spending within Special Education is to be determined and calculated.**
6. **OSPI should report information on the full allocation of funds (i.e., both Basic Education and Special Education dollars) to school districts' Special Education programs, and in turn require districts to report the full costs (i.e., expenditures of both Basic Education and Special Education dollars) of their Special Education programs.**

COMMITTEE ADDENDUM:

The Committee approved this addendum to the final report at its December 12, 2001 meeting.

The Joint Legislative Audit and Review committee (JLARC) reinforces the recommendations in its K-12 Special Education Study, especially Recommendations 2 through 6 directed to the Office of the Superintendent of Public Instruction (OSPI), and gives advance notice now that it intends to follow up on these recommendations. The Committee believes that when OSPI implements these recommendations, this will strengthen compliance monitoring to provide useful information to school districts, the public and OSPI, and develop options for improving Washington's special education programs. The Committee requests OSPI to report by July 1, 2002 on the following:

- ▶ A status report on OSPI's implementation of Recommendations 2 through 6;
- ▶ A fiscal analysis of additional impacts, if any, from implementing Recommendation 3;
- ▶ For any recommendation not yet implemented, a time frame for implementation; and
- ▶ Major problems OSPI has encountered in implementing these recommendations.