



Performance Audit of Special Education: Funding Formulas and Spending

Legislative Auditor’s conclusion

State funding for special education does not reflect the variation in student needs or district spending. There are policy options that could help align funding and spending.

Key points

- District funding varies. Some districts receive nearly four times more state funding per student for special education than others.
- The funding formulas do not account for the variation in needs of students. The enrollment cap limits the amount of funding based on the percent of students receiving special education.
- District spending is based on the cost to meet students’ individual education programs (IEPs).
- Spending also reflects factors such as the number of students served and availability of local funds.
- On average, school districts spend at least 26% more per student than they receive from state and federal sources. Many use local funds to provide special education.

Student refers to students who receive special education services unless the text indicates otherwise.

Recommendation

If the Legislature wants to align special education funding with the needs of students and district spending, it should consider changing the current funding approach.

Potential changes to the current formula include:

- Adjusting the excess cost multipliers to account for differences in student needs consistent with practices used in other states.
- Removing the enrollment cap so the state provides districts with excess cost funding for all students receiving special education services.

Alternatively, the Legislature could develop a new special education funding approach that is not based on general apportionment funding.

The amount of special education funding and the approach used to provide funds to school districts are policy decisions for the Legislature.

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Full Report leg.wa.gov/jlarc/AuditAndStudyReports

District funding varies, with some receiving four times more than others

- “School district” includes 295 public school districts and 17 charter schools in the 2022-23 school year.
- In 2022-23, district funding ranged from \$4,921 to \$19,241 per student for special education.

Special education funding has three main parts

Carve out 16%	Excess cost funding 75%	Safety net 9%
<p>Carve out</p> <p>Redirected from district’s overall funding to support special education.</p> <p>Does not increase the money available to the district.</p>	<p>Excess cost funding</p> <p>Gives a district more money for special education.</p>	<p>Safety net</p> <p>Reimburses districts for exceptional costs of individual students or a district’s community.</p>

Carve out and excess cost funding are tied to general apportionment

- ↳ **General apportionment** is funding the state gives districts for all students, whether or not they receive special education. Districts in regions with a high cost of living or more experienced staff get more money.
- ↳ An adjusted general apportionment rate is used to calculate special education funding.

Multipliers used in excess cost funding formula do not account for the needs of students

Multipliers are meant to give districts more money when they serve students in general education classrooms

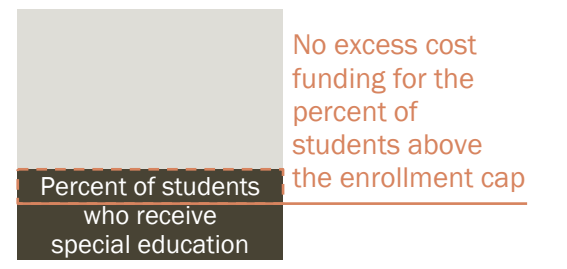
Multipliers actually result in a minimal dollar value difference →

SIMPLIFIED EXAMPLE	Time spent in general education classroom	
	At least 80%	Less than 80%
A. Adjusted general apportionment rate	\$9,500	\$9,500
B. Students receiving services	8	8
C. Multiplier based on setting	1.0075	0.995
Excess cost funding amount (A*B*C)	\$76,570	\$75,620

Other states use funding multipliers that reflect indicators of student need

- Other states base multipliers on indicators such as services received, service setting, and other criteria.
- Districts receive more funding for students who have higher needs and more costly services.

Enrollment cap is set in state law and limits districts’ excess cost funding



In the 2022-23 school year, the enrollment cap was 13.5%.

- 174 school districts exceeded the cap.
- Without the cap, the districts would have received nearly \$81 million combined.

Cap disadvantages districts that:

- Have a higher percentage of students who receive special education or experience poverty.
- Are small, rural, or less wealthy.

Per student special education spending exceeds state and federal funding

