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TO: Interim Special Education Committee

FROM: Craig Neuenswander, Deputy
Commissioner of Education

SUBJECT: Testimony: Special Education Excess Costs

This memo is intended to briefly address several questions that have been posed about special education costs. The special education funding formula is found in [KSA 72-3422](#).

What is the difference between student FTE and Headcount?

For the 2021-22 school year, there was a headcount of 88,271 students in Kansas with an Individual Education Plan (IEP). However, when the number of students having an IEP is represented as the Full-Time Equivalent (FTE), it is only 28,947.3 FTE students.

To determine FTE, the amount of special education services a student receives is based on the student's needs and is determined by the IEP team, including the student's parents. A student receiving special education services for 3 hours of a 7-hour day would be 3/7, or 0.4 FTE, but a 1.0 headcount.

What are the factors in the excess cost calculations completed for consensus estimates, and how are they estimated?

KLRD provided specific numbers based on KSA 72-3422 to explain what the factors are. Estimates are made for the current year based on 1) actual special education expenditures, 2) general education costs and student FTE, and 3) federal aid from the prior year. Those estimates are determined as follows:

- 1) Special education expenditures are 86% salaries, so expenditures are increased from the prior year actuals by the estimated increased FTE number of teachers and paras, the increase in salaries, and increases in other areas such as fuel prices for transportation.
- 2) General education costs are increased primarily by the increase in the BASE, any estimated fluctuations in weightings, and the historical change in the FTE number of special education students.
- 3) Federal aid has been relatively consistent from year to year, with the recent exception of additional ESSER funding.

Who qualifies for funding as a special education teacher or para?

A teacher (or administrator) must be licensed in special education and must document the time spent providing special education services. A para must be under the supervision of a licensed special education teacher and must document the time spent providing special education services. A para is funded as 0.4 FTE teacher.

How is special education state aid calculated for an individual district?

EXAMPLE:

Legislative Appropriation	\$520 M
First, Pay For:	
- 80% Spec Ed Transportation	74 M
- Catastrophic Aid	1 M
- Medicaid Replacement	<u>9 M</u>
Remaining Balance	\$ 436 M
Divide by FTE Teachers/Paras	$\div 14,125$
Categorical Aid	\$30,867 (Amount per FTE Teacher)

The categorical aid is multiplied by each district's reported total FTE for special ed teachers and paras to determine the remaining amount of special education state aid the district is to be paid.

How is special education state aid distributed?

- Districts include in their budget an estimated amount of special education state aid. This is submitted to KSDE in September.
- KSDE makes special education state aid payments 5 times per year, the first in October and the final in June. The first aid payment is not deposited until October, in part, due to the state's cash flow requirements.
- The first 4 payments are based on the estimated amount submitted in September.
- In late April and early May, districts submit final reports to KSDE with the actual special education transportation costs, catastrophic education expenditures, and teacher and para numbers. In that same timeframe, KDHE sends KSDE the counts for Medicaid replacement aid.
- The June special education state aid payment is recalculated based on the final numbers reported in April and May. This final payment received in June is slightly more than 30% of their total special education state aid allocated for the year. Note, the school year is over, so much of this payment becomes part of the cash balance and covers special education costs until the next state aid payment is deposited in October.
- District expenditure reports and aid payments are audited in the following fiscal year and state aid adjustments are made at that time.

How much remains in ESSER funds for school district special education expenditures?

The State Board of Education allocated a portion of the discretionary administrative funds for school districts to use on special education:

ESSER I -- Intended for the 2020-2021 school year

- o Allocated \$8,030,261
- o Remaining \$ 2,087

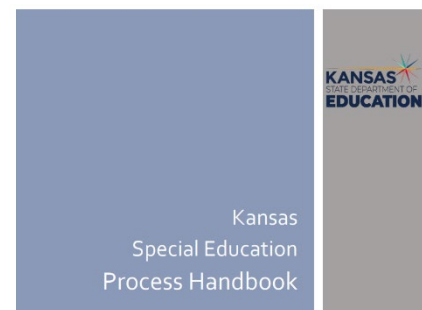
ESSER II -- Intended for the 2021-2022 and 2022-2023 school years

- o Allocated \$24,134,176
- o Remaining \$ 8,989,017

How often is the Kansas Special Education Process Handbook updated?

The Handbook may be found on the KSDE website (Special Education Legal homepage). While the title reflects Kansas, much of the guidance is federal. The manual is reviewed and updated as issues arise in school districts, but at least annually. The dates when this handbook was revised is listed on the inside of the front cover, with the most recent date being 9/14/22.

The current version of this 229-page handbook may be downloaded at <https://www.ksde.org/Default.aspx?tabid=598>.



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