



Ted Strickland, Governor  
Deborah S. Delisle, Superintendent of Public Instruction

# Special Education Weighted Funds Fiscal Accountability Report

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## FISCAL YEAR 2009

Provided by the  
Center for School Options and Finance  
Office of Finance Program Services

*[A report on the amount of weighted funding spent for special education and services  
for the fiscal year ending June 30, 2009]*

# Special Education Weighted Funds Fiscal Accountability Report – FY09

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# **Special Education Weighted Funds Fiscal Accountability Report – FY09**

## **INTRODUCTION**

Sections 3317.022(C)(5) and 3317.16(D) of the Ohio Revised Code requires that the Ohio Department of Education (ODE) report on the amount of weighted funding spent for special education and associated services, and requires school districts to report data so that ODE can monitor district compliance regarding the manner in which funding may be spent. ODE is pleased to present the Special Education Weighted Funds Fiscal Accountability Report for Fiscal Year 2009 to the State Board of Education, Governor Strickland, and the Ohio General Assembly in order to meet this requirement. As fiscal officers become more familiar with the methodology used in constructing this report, ODE believes it will continue to progress in being more reflective of school districts' actual special education expenditures.

Ohio has developed a system for funding of special education students that is determined by the severity of the student's disability. Students are categorized into one of six special education categories and funding is provided based on an estimate of the additional cost to serve students in the category. The amount of funds is calculated as a function of the cost to educate a typical student in a typical classroom (the formula amount). Additional funding for students in the lowest category is approximately one fourth of the formula amount; additional funding for students in the highest category is approximately four times the formula amount. These additional funds are referred to as the special education weighted funding.

Ohio law requires each city, exempted village, local, and joint vocational school district to spend at least the amount of assumed local costs plus the state foundation and special education weighted funding provided for any special education pupil. The expenditures are to be made for approved special education and related services expenses. Note that funds transferred to community schools for special education students are excluded from the required spending calculation, and the spending requirement is simply state aid, assumed local share of basic formula aid, and weighted aid.

## **BACKGROUND**

Prior to FY99, special education was funded at the state level by the allocation of classroom and supervisory units allocated to school districts. Classroom units had requirements for student enrollment based upon the disability as identified in the student's Individual Educational Plan (IEP). Students who were counted towards a district's eligibility for a particular classroom unit were not included in the district's funded average daily membership (ADM).

In FY99, unit funding was discontinued and all students were included in the district's funded ADM. Special education weights were then assigned to students with IEPs based on the student's identified disability. There were three categories with different funding weights in the original foundation formula. In FY02, the number of categories was increased to six in order to more closely align actual costs with the state's funding system.

The change from a unit based funding system to a weighted funding system raised concerns among school district and special education advocates that by increasing a district's basic aid by including all children in the funded ADM, the funds generated for those special education students would not be directed to special education expenditures. In response, the Governor and the General Assembly created the statutory requirement as previously noted to obtain data on the matter. Based on district annual financial reports, the Special Education Weighted Funds Fiscal Accountability Report identifies districts that did not expend the amount designated in law for special education. Since the state's funding levels are based on an average cost per pupil, districts that spent less than that average cost may not have expended the entire designated amount, but they may be putting forth the same effort as a higher cost per pupil district. In addition, district accounting systems may not recognize special education costs in the same manner as ODE's methodology for this report. ODE allowed districts to adjust their data to more accurately align expenditures to the methodology. Districts are encouraged to adjust their accounting systems to align with this methodology to eliminate or reduce the need for changes in future reports.

## **METHODOLOGY**

To avoid imposing additional data reporting requirements on school districts, ODE has developed a process to calculate districts' special education and related services expenditures using data from already existing financial reports provided by the districts. The goal is to arrive at an expenditure figure that is comparable to the required expenditures described above. The expenditures identified from the school districts' annual financial reports fell into three major categories: 1) function codes directly related to special education and related services; 2) the estimated portion of general support services expenses for special education pupils; and 3) the portion of regular instruction expenses for special education pupils in the regular classroom. Costs identified in these areas were reduced by state revenue received in support of these areas but not included in the calculated required spending in this report.

The source of the expenditure data was each school district's annual financial statement filed with ODE. Expenses for city, exempted village, and local districts were pulled from the General Fund (001), the Emergency Levy Fund (016), and the Disadvantaged Pupil Impact Aid Fund (447). Joint vocational school district expenditures also included the Special Education Fund (028).

The following is a more detailed description of how the data in each table were compiled. There are a set of tables for traditional and joint vocational school districts.

### ***Direct Special Education and Related Services Costs (Tab A)***

Tab A shows a breakdown of the expenditures coded as direct special education costs. The following function codes are included:

- 1220's Special Education Instruction Services
- 2140's Psychological Services
- 2150's Speech and Audiology
- 2180's Support Services for Students with Disabilities

- 2215 Special Education Aides
- 2216 Special Education Attendant Services
- 2416 Special Education Services - Administrative/Supervisors
- 2417 Special Education Services - Support Staff
- 2821 Special Education - Pupil Transportation

In addition to the above functions, the joint vocational spreadsheet also displays:

- 1330's Vocational – handicapped
- 1350's Vocational – secondary handicapped co-op program

Tab A, Columns D-K are considered support functions and are summed in Column L (Special Ed Supporting Services) and transferred to Tab B. The last column lists for each school district direct special education expenditures, which had a statewide total of \$1.9 billion for FY09.

***General Support Services (Tab B)***

The intent of Tab B is to show the data and methodology used to estimate the part of district general support services expenditures going to special education pupils.

To estimate this amount, ODE first determined the percentage of special education students by dividing Special Education ADM by Expenditure Flow Model (EFM) ADM. This percent, shown in Column M of Tab B, was then multiplied by the sum of the expenditures reported in the following function codes:

- 2000's Supporting Services (less 2140's, 2150's, 2180's, 2215, 2216, 2416, 2417 and 2821, which were subtracted out because they were already included in the direct cost calculation discussed above)
- 1250's Culturally Different
- 1270's Disadvantaged Youth
- 1290's Other Special

This product is shown in Column N for each school district and had a statewide total of \$715 million for FY09.

***Regular Instruction (Tab C)***

Under an instructional philosophy of maximum inclusion, many special education pupils receive regular instruction in the regular classroom. To estimate the portion of the expenditures for regular instruction received by special education pupils in Tab C, ODE multiplied the expenditures reported in the 1100's and 1900's function codes (regular and other instruction) by the percentage that special education pupils in the regular classroom are of the total pupils in the regular classroom. Tab C for joint vocational school districts also includes the 1300's function codes (less 1330's and 1350's, which were excluded because they were already included in the direct cost calculation). Column K for traditional districts and Column L for joint vocational

districts lists the results of this calculation for each district and had a statewide total of \$817 million for FY09.

### ***Required Spending (Tab D)***

The sum of the three special education expenditure calculations described above must be compared to the minimum required special education expenditures level set by the legislature in ORC 3317.022(C)(5) and 3317.16(D). Tab D displays how the required expenditure amount is calculated for each district. Essentially, the required expenditure is at least the state and local share of the special education weighted amount plus the state and local shares of the base program cost attributable to special education pupils minus aid sent to community schools for special education pupils.

State weighted aid is calculated by applying a district's state share percentage to a total weighted amount. To obtain the assumed local weighted amount, 1 minus the state share percentage is applied to this same total weighted amount. The basic program cost is defined as the foundation level times the cost of doing business factor times formula ADM with the charge off being the local part and formula aid being the state part. Therefore, the portion of the basic program cost attributable to special education pupils is the foundation level times the cost of doing business factor times the number of special education pupils. This basic program amount attributable to special education pupils is added to the state and local weighted amounts (less the amount transferred to community schools) to obtain the required special education expenditure amount shown in the last column of Tab D. For FY09, the statewide total was \$2.3 billion.

### ***Expenditure Summary (Tab E)***

Tab E displays the expenditure amounts calculated in Tabs A, B and C with speech services state aid, catastrophic aid, and special education transportation<sup>1</sup> being subtracted out of the direct costs from Tab A since these expenses are not a part of the spending requirement. This adjusted direct expense amount is added to the Tab B and Tab C prorated expenditure figures to arrive at total special education expenditures. This amount is then compared to the required expenditures from Tab D to arrive at the variance amount in the last column of Tab E.

A positive number in this column indicates the district's special education expenditures exceeded the requirement, while a negative figure indicates expenditures were less than the required amount. Statewide, the total special education expenditures exceeded the total spending requirements by \$1.1 billion for FY09.

Each school district received the data calculations to review and correct prior to the finalization of this report.

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<sup>1</sup> Only speech services state aid adjustments apply to joint vocational school districts.

## CONCLUSION

The FY09 Special Education Weighted Funds Fiscal Accountability Report reflects the efforts of local school districts to better utilize the Uniform School Accounting System (USAS) to track special education spending. We anticipate that future reports will reflect continued improvement by school districts.

ODE is also appreciative of the cooperation received from treasurers statewide in the development and review of draft reports, and believes the quality of the report can only be enhanced when input is garnered from its stakeholders.

Questions concerning district specific data should be directed to the Superintendent and/or Treasurer of the district. Questions regarding the Special Education Weighted Funds Fiscal Accountability Report may be directed to [Sonja.Hunter@ode.state.oh.us](mailto:Sonja.Hunter@ode.state.oh.us).

## TABLES

<b>TRADITIONAL DISTRICTS</b>			
	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
SE Funds – Required Spending	2,047,690,055	2,116,505,962	2,203,663,623
SE Expenditures – Reported spending	2,933,377,974	3,057,121,972	3,192,688,982
SE Expenditures in excess of required spending	885,687,919	940,616,010	989,025,358
Number of underspending districts	17	12	8
Amount of underspending	2,326,568	1,306,223	851,597

<b>JOINT VOCATIONAL DISTRICTS</b>			
	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
SE Funds – Required Spending	76,016,116	78,213,576	85,236,537
SE Expenditures – Reported spending	150,730,000	157,208,318	165,935,638
SE Expenditures in excess of required spending	74,713,884	78,994,742	80,699,101
Number of underspending districts	0	0	0
Amount of underspending	0	0	0