

Washington's Special Education

Safety Net:

***A Final Report of the 1995 - 1996
Safety Net Process***

Edie Harding

October 1996



*Washington State
Institute for
Public Policy*

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Edie Harding

Washington State Institute for Public Policy

The Evergreen State College
Seminar 3162, MS: TA-00
Olympia, Washington 98505
(360) 866-6000, extension 6380
Fax (360) 866-6825

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Washington State Institute for Public Policy

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Washington's Special Education Safety Net: *A Final Report of the 1995 -1996 Safety Net Process*

The Washington Legislature in 1995 directed the Washington State Institute for Public Policy to evaluate the safety net created to address potential school district funding issues under the new special education funding formula (ESHB 1410 Section 508 (12)). This study finds that school districts are receiving \$10.5 million (62 percent of the amount appropriated for the first year) in safety net awards. Ninety-one percent of safety net funds were awarded for school districts under the category of Maintenance of Effort for State Revenues, the rest of the awards were made from the other two categories, Special Characteristics and Costs and High Cost Individual. This study highlights administrative issues to be worked on related to: 1) timing the release of funds, 2) greater education and access for school districts, and 3) an investigation of what criteria are appropriate for the categories of Special Characteristics and Costs and High Cost Individual.

EXECUTIVE SUMMARY

A. Background and Purpose

In 1995, the Washington Legislature revised the state special education funding formula and developed a safety net process to assist school districts with three areas of specific financial need, described briefly below. *For a comprehensive discussion of the safety net and the new formula, please refer to the full report.* The Legislature also directed the Washington State Institute for Public Policy, in cooperation with the Office of the Superintendent of Public Instruction (OSPI), the Office of Financial Management (OFM), and the fiscal committees of Washington's Legislature, to evaluate the allocation of safety net funds under Washington's new special education funding formula.

Through regional and state committees, almost \$35 million in state and federal funds is available for safety net awards during the 1995-97 biennium to school districts that demonstrate a financial need in one or more of three categories:

- **Maintenance of Effort (state revenue only) [MOESR]** — If a school district receives less state special education revenue for its resident formula funded students in the current school year than in 1994-95 on an aggregate *and* per pupil basis. (Awards are made from **state** funds.)
- **Special Characteristics and Costs** — If the resident special education population in a district has students with higher service delivery costs than the district had in the previous school year, or the district's actual resident special education population is higher than its funded enrollment percentage, *and* all available funding is insufficient to meet the special education expenditures incurred. (Awards are made from **state** funds.)
- **High Cost Individual** — If a school district has up to three special education students with demonstrated costs that exceed the district's available financial resources to provide required special education services. (Awards are made from **federal** funds.)

The Legislature set specific assurances and a process, at both regional and state levels, for reviewing applications from school districts that apply for safety net funds. At legislative direction, the Superintendent of Public Instruction appointed a state oversight committee, composed of state and local members with special education and fiscal backgrounds, who made the final safety net award decisions. **The funds are awarded on demonstrated financial or program need for a specific school year, and are not considered an entitlement. Any school district submitting an application for state funds is explicitly subject to certain audit standards in its special education program.** A district must provide assurances that it meets the following legislative assurances: Individualized Education Programs (IEPs) are properly formulated and a reasonable effort has been made to provide appropriate services for students, using all available funds.

B. Findings

1. Applications and Awards

For the 1995-96 school year, 293 applications were submitted by 136 school districts (46 percent of the school districts) requesting \$29.9 million for all safety net categories of funding.¹ The state oversight committee funded 139 applications for \$10.5 million²—35 percent of the school district funding requests. The Maintenance of Effort (state revenue only) [MOESR] category had the greatest number of awards (75) and largest percent of all funds (91 percent) awarded to districts. Only one appeal was filed challenging a state oversight committee award decision. In that case, the Superintendent of Public Instruction sustained the state oversight committee's decision.

2. Regional and State Oversight Committee Review and Processes

The first round of awards (December 1995) was the most challenging for staff at the local, regional, and state levels because the process was new and insufficient time was available to construct a comprehensive rationale for developing and evaluating the application forms. Many issues were interpreted differently across the state resulting in:

- a number of school districts' inability to understand how to fill out the applications accurately.
- inconsistencies among regional committees regarding the processing of applications.
- a lack of distinction in the application between the MOESR and Special Characteristics and Costs.

¹ Included in the \$29.9 million were duplicate applications from school districts that asked for the same amount of money under more than one category.

² \$10.5 million (62 percent) of the \$16.9 million available for the safety net in the first year was awarded by the state oversight committee. An additional \$1.5 million of the federal funds from the \$16.9 million total safety net appropriation were distributed by OSPI to all school districts in September 1996 as part of the districts' federal flow-through dollar allocation for 1996-97. The flow-through moneys do not require safety net approval.

The remaining four rounds were smoother due to revisions by OSPI, in conjunction with the state oversight committee and the Institute's preliminary report, to streamline the MOESR application which provided the bulk of the funds, as well as an increased understanding by districts of how the process worked. Frustration continued for those districts that applied for, but did not receive, funds under the Special Characteristics and Costs and High Cost Individual categories. Only 4 percent of the school districts' Special Characteristics and Costs applications and 51 percent of the school districts' High Cost Individual applications were approved. Most of the applications not approved had one or more of the following: inadequately prepared IEPs; a lack of change in the characteristics of the special education resident population in one year; or, sufficient revenues already available to cover program costs. These reasons were not always clearly communicated to school districts that had applied for safety net funds by the state oversight committee.

To clarify the process, OSPI developed proposed rules in February 1996 which were adopted in September 1996. OSPI has also revised the application forms for 1996-97.

3. Changes in Funding and Enrollment Patterns Under the New Special Education Formula

In the 1995-96 school year, 146 of the 296 school districts gained \$18.4 million in state revenues under the new formula, 97 lost \$10.6 million, and the remaining 53 maintained approximately the same state revenues as in the previous year. The districts that lost state revenues were eligible to apply for MOESR safety net funds; 76 percent of those school districts applied and received safety net funds. During the 1995-96 school year, 128 of the 296 school districts had special education enrollments at 12.7 percent or more of their K-12 student enrollment. Only 37 school districts increased their special education enrollment as a percent of K-12 enrollments by 1 percent or more. The 1995-96 special education enrollment for students from birth to age 21 had the lowest percent increase in the last five years—1.6 percent, down from an annual average of 5 to 6 percent from 1991 to 1995.

4. Thirty School Districts Surveyed

Thirty school district special education directors and business managers were interviewed to review their experiences with the safety net process and new special education funding formula. Several areas of greatest agreement included:

a. Safety Net Process

- School districts did not adequately understand the 1995-96 applications, proposed rules, or bulletins on the safety net process.
- OSPI needs to notify districts promptly of potential eligibility for MOESR.
- School districts need multiple opportunities to apply for safety net funds during the year.
- Safety net funds for Special Characteristics and Costs and High Cost Individual students appeared inaccessible to districts.

b. The New Special Education Funding Formula

- A number of school districts were reexamining their relationships with cooperatives due to high billing costs.³
- A number of school districts were cutting their special education expenditures.⁴

C. STRENGTHENING IMPLEMENTATION

Because major changes occurred with the special education funding formula and creation of the safety net in 1995, this report concludes that additional changes in safety net legislation are not advisable at this time. The impact of the two processes will need several years of implementation to determine if additional changes are warranted. OSPI and the school districts have had to implement the changes in a very short time frame. Some administrative issues should continue to be monitored, as outlined below.

1. Timing

The revised MOESR application process has greatly sped up the release of funds. In the future, districts need to know, as quickly as possible, whether they are eligible to receive MOESR funds. Due to unanticipated circumstances, districts with potential High Cost Individual or Special Characteristics and Costs applications need to continue to have the opportunity to submit applications throughout the school year.

2. Education and Access

Considerable misunderstanding about the new special education formula and safety net exists in school districts and among parents and community members. OSPI must increase its efforts to communicate and clarify with local school district staff and interest groups the changes that have occurred. Both the fiscal and special education offices in local school districts must work jointly to develop a district's safety net application.

The state oversight committee should consider meeting throughout the state during its deliberations to increase its accessibility. The committee should provide each applicant with a written, clear, and specific summary of why its application was approved or denied. Additional local school district personnel should serve as state oversight committee members to balance the state perspective, particularly since regional committees will not be used during the 1996-97 school year.

3. Review Special Characteristics and Costs and High Cost Individual Categories

The applications for Special Characteristics and Costs and the High Cost Individual categories were the most challenging to fill out and review. Because only three Special Characteristics and Costs applications were funded, this category may not be appropriate, or may need

³ A school district may be in a cooperative with either an ESD or several school districts. The cooperative has one main provider which agrees, for a certain amount of money, to provide some or all services to students.

⁴ This study did not assess whether special education students are receiving less service nor whether a reduction in service would result in a decrease of the student's progress.

substantial revisions. Basing awards on a one-year change in the demographics of a special education population in a school district may be a standard that does not adequately address the needs of districts that have high numbers of special education students. These standards presume that the old formula provided adequate funds in every instance, which may not have been the case.

The limitations of only three High Cost Individual applications per district appeared to be onerous, particularly for smaller districts. The new special education funding formula uses an average per-pupil allocation which anticipates that some students are high cost, while others are low cost. The staff cost for meeting the needs of a high cost student in a small district is more difficult to average over a group of students than is the case in a large district with more students.

Emphasis may shift from MOESR to Special Characteristics and Costs and High Cost Individual due to increasing student enrollments and the transition of districts above 12.7 percent enrollment to the formula funded enrollment of 12.7 percent. (As a result of the new funding formula, fewer districts will be funded above their 12.7 percent level of enrollment even though their actual student enrollment may be higher than 12.7 percent.) Therefore, Special Characteristics and High Cost categories need to be investigated on a school district basis to determine whether criteria of need can be better defined or whether they should be abandoned. Part of the investigation should concern the extent to which the state is obligated to fund local district practice, and whether there is a way to define above average fiscal need in a given district.

During the 1996 session, the Legislature created four positions in the State Auditor's Office to assist the state oversight committee with data on special education programs that may have extraordinarily high costs or unusual characteristics. This information should help the state oversight committee further refine its criteria and decisions on applications for special Characteristics and Costs and High Cost Individual.

Washington's Special Education Safety Net: A Final Report of the 1995 - 1996 Safety Net Process

I. STUDY DIRECTION

In its 1995-97 biennial budget, the 1995 Washington Legislature directed the Washington State Institute for Public Policy (Institute) to evaluate the operation of the special education safety net. The safety net is a feature of the revised special education funding formula, which set aside almost \$35 million⁵ in state and federal funds for the 1995-97 biennium to assist school districts with **demonstrated** financial or program needs not met through the new formula. The funding formula took effect in the 1995-96 school year.

This evaluation follows earlier work⁶ the Institute conducted with the Joint Legislative Audit and Review Committee⁷ regarding Washington's previous special education funding formula. During the 1995 legislative session, the Legislature adopted a new funding formula. The Legislature also directed the Institute to evaluate, through two reports, the safety net created to address specific district program and financial needs. The first report on the special education safety net⁸ was presented to the Legislature during the 1996 session.

This second report concentrates on four main areas:

- The type of school district applications and awards granted.
- The regional and state oversight review processes.
- Overall patterns of enrollment and financial resources in special education across school districts.
- School district issues.

To obtain information, Institute staff attended the state oversight committee meetings,⁹ interviewed special education and business managers in 30 school districts across the state, and analyzed school district safety net applications and OSPI data.

To understand the evaluation's findings, it is important to examine how and why the special education formula has changed and why a safety net was created. Section II of this report provides this background information. The findings of this evaluation follow in Section III. Recommendations for strengthening implementation are presented in Section IV.

⁵ The original amount of state safety net funds was reduced by the Legislature in the 1996 supplemental budget due to a decline in overall K-12 enrollment. Final state safety net funds were \$14.6 million for 1995-96 and \$15.85 million for 1996-97; federal safety net funds were \$2.2 million for 1995-96 and \$2.3 million for 1996-97.

⁶ Harding, Edie and Tom Sykes, *Special Education Fiscal Study: Final Report*, Washington State Institute for Public Policy and the Legislative Budget Committee, Olympia, WA, January 1995.

⁷ Formerly called the Legislative Budget Committee.

⁸ Harding, Edie, *Washington's Special Education Safety Net: A Preliminary Report*, Washington State Institute for Public Policy, Olympia, WA, January 1996.

⁹ The Institute staff attended regional meetings at several Educational Service Districts in the fall, but did not attend winter or spring meetings because the Legislature had revised the regional review process.

II. NEW SPECIAL EDUCATION FORMULA AND SAFETY NET PROCESS

A. *The New Special Education Formula*

1. Background

Between 1991 and 1995, three studies were conducted reviewing the 15-year-old special education funding formula.¹⁰ Individual findings from these studies include:

- The number of special education students (including children in birth to six programs) was increasing twice as fast as the K-12 student population.
- School districts varied in the percentage of special education children served.
- Certain categories of children with disabilities (e.g., health impaired and preschool) were increasing at faster rates than other categories.
- Some school districts supplemented their special education program with local levy dollars.
- There were disparities between the state funding formula's assumed amount of special education service funded by the state, and the amount of direct service provided to students by school districts.

Based on this information, the 1995 Legislature adopted a new special education funding formula. The legislative direction was three-fold: 1) to change the allocation per student, which *varied* based upon a student's type of disability, to a **single allocation per student** which *does not vary* based on the student's disability; 2) to change from a model of special education funding, which included basic education and special education funds, to an **excess cost model** which includes only special education funds; and, 3) to establish a **maximum funded enrollment of 12.7 percent** of the district's total enrollment for special education students in each school district within the next four years.

a. *Allocation Model:*

Under the new special education funding formula, school districts continue to be entitled to special education funds based on the number of students enrolled in special education. The number of special education students is multiplied by a dollar rate per student. The new special education funding formula provided an annual allocation in 1995 and 1996 of approximately \$3,300 per child, ages 3 to 21, and \$3,900 per child, ages birth through 2,

¹⁰ Washington State Institute for Public Policy and Legislative Budget Committee, *Special Education Fiscal Study*, Olympia, WA, 1995. The Office of the Superintendent of Public Instruction, *Report to the Legislature on Special Education Safety Net*, Olympia, WA, 1992. Office of Financial Management, *Final Report Special Education Study*, Olympia, WA, 1991.

rather than varying allocations per child based upon a child's disability (e.g., a child with a hearing impairment had a different allocation under the old formula than a child with a learning disability). There is a recognition that not all students will cost the same to educate even though the allocation is an average dollar amount per student—some will cost less, some more.

b. Excess Cost and Basic Education Funds:

The new funding formula is an *excess cost model*, which means that the “excess cost” of a child's education for special education is allocated through the special education funding formula. The basic education money previously allocated to special education under the old formula has been *redirected* to the basic education allocation for the district.¹¹ It is anticipated, but not required, that this basic education money will continue to be spent by school districts on the needs of special education students. Each special education student generates a special education excess cost allocation *and* a basic education allocation. In 1995-96, the total average amount available for special education students was \$7,000. This amount included both the special education excess cost and full basic education allocations and represents 1.9309 times the cost of a basic education student.

Under the old formula, special education students were assumed to be served outside the regular education classroom part or all of the day; thus, some of their basic education money was also moved outside the regular classroom to where they received special education. Under the new formula, placement for a special education child is not assumed. Therefore, the district will ensure the child's special education and basic education revenues are directed to the placement decided upon in the IEP.

c. Maximum Eligible Enrollment:

The Legislature adopted 12.7 percent of each school district's Full Time Equivalent (FTE) student¹² as an index for the percent of students eligible for special education funding. School districts above 12.7 percent will be funded using a four-year phase down to 12.7 percent.¹³ Thus, if a district's special education enrollment is 19 percent of its K-12 student population, the district will receive funding for 17.4 percent of the K-12 student population that is enrolled in special education during the first year of the phase down. Over the remaining three years, the district will be funded on a gradually decreasing percentage of enrollment down to 12.7 percent.

¹¹ This money was referred to as the “basic education back out” under the old formula. In most cases, this money is between 30 and 40 percent of the former full cost model for each school district.

¹² Two kindergarten students equal one FTE because they are each in school half time.

¹³ The phase down is based on funding 25 percent less of the difference between the district's 1994-95 enrollment percent and 12.7 percent for 1995-96, and 50 percent less of the difference between the district's 1994-95 enrollment percent and 12.7 percent in 1996-97, 75 percent less of the difference between the district's 1994-95 enrollment and 12.7 percent in 1997-98, and 100% less of the difference between the district's 1994-95 enrollment and 12.7 percent in 1998-99.

B. The Safety Net Process

The intent of the safety net is to assist school districts that demonstrate they are unable to deliver their special education program within all available revenue sources. As part of the application for safety net funds, a district is now required to provide explicit assurances that the program is appropriate and efficient (see Appendix A for a full list). These assurances are subject to audit, so there is a higher standard for audit review of safety net applications than under the regular special education allocation. Safety net funds are not an entitlement, unlike the state special education allocations to districts. \$30.5 million of state funds for “safety net money” was provided for the 1995-97 biennium to school districts for MOESR or Special Characteristics and Costs. An additional \$4.5 million of federal funds was available for High Cost Individual.¹⁴

The concept of a safety net is not new in Washington. *Washington State Special Education Coalition v. State*,¹⁵ found that special education funding, which is based on statewide averages, requires a sufficient safety net to provide supplemental funding to ensure full funding for school districts that were inadequately funded from the use of statewide averages. Using language from that court decision, the Legislature required a school district seeking safety net funds to demonstrate to the state that:

- ✓ It operates an efficient special education program.
- ✓ The Individualized Education Programs (IEPs) are properly formulated.
- ✓ The district is making an effort to provide the special education program using the funds generated by the formula.

Three application categories are available. School districts may apply for more than one category of funding and submit applications for as many rounds as they wish.

- **Maintenance of Effort (state revenue only) [MOESR]** — If a school district receives less state special education revenue for its resident formula funded students in the current school year than in 1994-95 on an aggregate *and* per pupil basis. (Awards are made from **state** funds.)¹⁶
- **Special Characteristics and Costs** — If the resident special education population in a district has students with higher service delivery costs than the district had in the previous school year, or the district’s actual resident special education population is higher than its funded enrollment percentage, *and* all available funding is insufficient to meet the special education expenditures incurred.¹⁷ (Awards are made from **state** funds.)

¹⁴ Federal funds have been used for this purpose for almost 15 years, although the process for the distribution of these funds remained at the Educational Service District level, not the state level.

¹⁵ Case No. 81-2-1713-1 (Washington Superior Court, 1987), Thurston County Superior Court Judge Doran, oral opinion.

¹⁶ However, districts over 12.7 percent enrollment of special education students will be funded at decreasing amounts, regardless of the number of special education students and need to apply under Special Characteristics or High Costs rather than MOESR.

¹⁷ The definition of the Special Characteristics and Costs category was revised after the first round, where a district filled in a severity factor matrix to determine whether it was above the state average in terms of the mix and type of student disabilities.

- **High Cost Individual** — If a school district has up to three special education students with demonstrated costs that exceed the district’s available financial resources to provide required special education services.¹⁸ (Awards are made from **federal** funds.)

To allocate safety net funds for the 1995-96 school year, the Legislature established a *two-tiered review process* for safety net applications—one at the *regional level* and the other at the *state level*. The nine educational service districts were responsible for convening the regional committees to review school district applications for safety net funding. These committees consisted of a representative from the Office of the Superintendent of Public Instruction, one or more staff from the educational service districts, and representatives from school districts, including superintendents, school board members, special education directors, and business managers.

The regional committees forwarded their funding recommendations to the state oversight committee, which made the final funding decisions. Under legislative direction, the Superintendent of Public Instruction appointed members of the state oversight committee, which consisted of staff from the Office of the Superintendent of Public Instruction, the Office of the State Auditor, the Office of Financial Management, and representatives from school districts or educational service districts knowledgeable about special education funding and programs (see Appendix B for a membership list).

During the first cycle of safety net applications, OSPI had a short time frame to develop an initial application and to create an application review system. Staff at all levels—school districts, Educational Service Districts, and the state—expended much effort sorting through the first round of safety net applications. At the Legislature’s request, the Institute submitted an Interim report recommending certain improvements in the safety net process.¹⁹

The 1996 Legislature clarified that the MOESR category refers to the ability of school districts to maintain the same level of **state revenues** they received the previous year.²⁰ They also removed the regional committees (due to difficulties such as staff workload) from reviewing applications for state funding for the second year of the safety net process. And finally, they created several positions in the State Auditor’s Office to audit special education programs that show high growth or extraordinarily high costs and other issues as identified by the state oversight committee.²¹

Based on the findings from the Institute’s Interim Report, the revised legislation, and discussions with the state oversight committee, OSPI redesigned the application process and developed proposed rules in February. The most significant revision was a streamlined MOESR application for school districts that had experienced a loss of state revenue, due to the new special education funding formula.

¹⁸ This threshold will be adjusted throughout the year to reflect the proportion of time during the year the student was enrolled in the district.

¹⁹ Harding, Edie, *Washington’s Special Education Safety Net: A Preliminary Report*, Washington State Institute for Public Policy, January 1996.

²⁰ This clarification was to ensure that local school districts are responsible for maintaining their local levy revenues for special education and may not use state safety net funds to supplant local efforts to meet federal maintenance of effort requirements.

²¹ ESSB 6251 Sections 506(8)(b), 116(3) Operating Supplemental Budget 1995-97.

Some of the major parameters adopted by the state oversight committee to implement the safety net provisions of the 1995-97 Appropriations Act during its review of the applications and incorporated into the OSPI rules for safety net funding include the following:²²

- Individualized education programs (IEPs) must comply with federal and state requirements.
- Only school districts can apply (or reapply) for safety net funds at any scheduled state oversight committee meeting.
- Applications may only be made on behalf of resident special education students.
- School districts may make more than one application.
- Special Characteristics and Costs and High Cost Individual applications need to demonstrate how available revenues and expenditures tie to the special education program. Worksheets and narratives must be completed.
- A district may not receive an award if it has unresolved special education audit examination findings or unresolved child court verifications which impact its application.
- Safety net funding is not an entitlement and is subject to adjustment and recovery.

²² Washington Administrative Code 392-140-600-680.

III. FINDINGS

A. School District Applications and Awards

1. Overview

During the first year, 136 school districts submitted 293 safety net applications requesting \$29.9 million. Included in the \$29.9 million were duplicate applications (e.g. some districts asked for the same amount of money under more than one category) which do not reflect a complete picture of the request. Five individual rounds of applications were made in 1995-96: October, March, April, May, and June. The state oversight committee funded 139 applications from all five rounds totaling \$10.5 million—62 percent of state and federal funds available for the 1995-96 school year. See Appendix C for school district requests by category.

Table 1

Summary of Safety Net Applications by Request Category

<i>Type of Application</i>	<i>Number of School District Applications</i>	<i>Number of Applications Approved by the State Oversight Committee</i>	<i>Percent of School District Applications Approved</i>
Maintenance of Effort (state revenue only) [MOESR]	90	75	83%
Special Characteristics and Costs ²³	84	3	4%
High Cost Individual	119	61	51%
Total Number	293	139	47%

Table 2

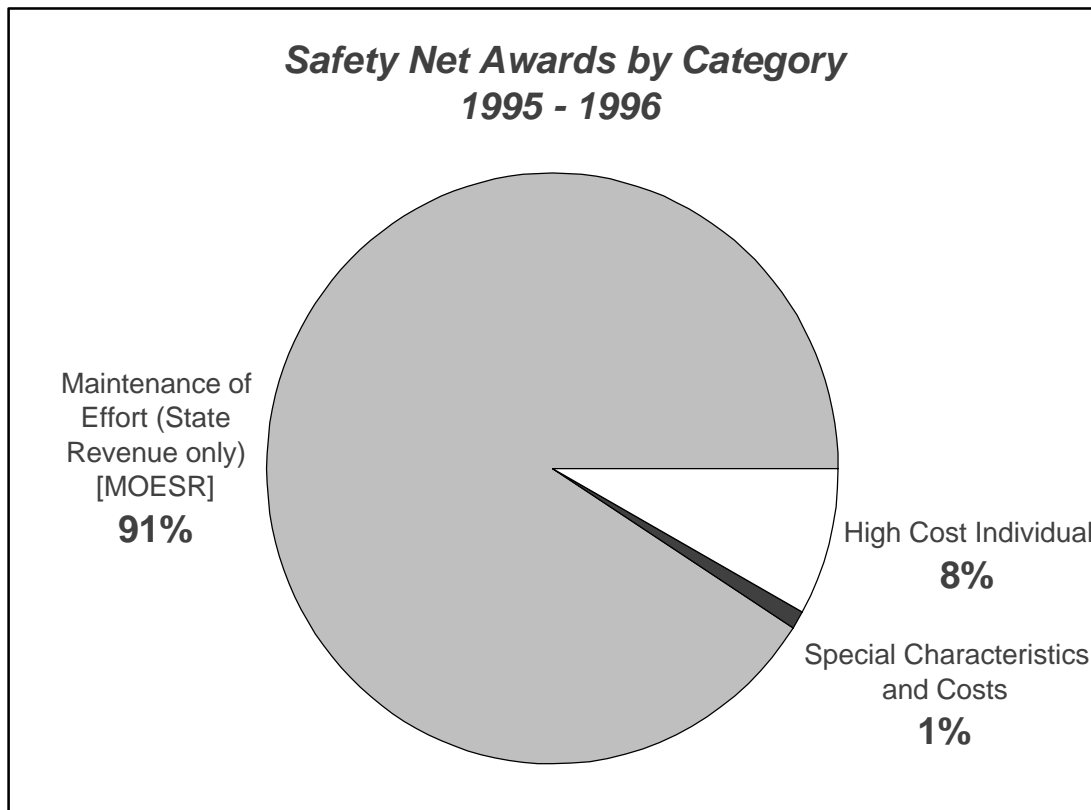
Summary of Safety Net Dollars by Request Category

<i>Type of Application</i>	<i>School District Dollar Requests</i>	<i>State Oversight Committee Awards</i>	<i>Percent of School District Requested Funds Approved</i>
Maintenance of Effort (state revenue only) [MOESR]	\$15.5 million	\$9.6 million	62%
Special Characteristics and Costs	\$12.6 million	\$65 thousand	0.5%
High Cost Individual	\$1.8 million	\$796 thousand	44%
Total Dollars	\$29.9 million	\$10.5 million	35%

²³ Some of the Special Characteristics and Costs applications were funded by the state oversight committee under MOESR.

As depicted in Figure 1, 91 percent of the award funds were for MOESR, 8 percent were for High Cost Individual applications, and 1 percent were for Special Characteristics and Costs applications. See Appendix D for the final safety net awards in each category by school district.

Figure 1



2. Awards by Category

a. *Maintenance of Effort (state revenue only) [MOESR]:*

The MOESR application was the most straightforward because OSPI published a list of state funds the school districts had gained or lost under the new special education funding formula. Using that information, school districts submitted a streamlined application form (revised by OSPI in February 1996) to the state oversight committee stating the amount of relief they were requesting and their compliance with the legislative standards. The streamlined application also clarified that the MOESR category was to maintain previous state special education revenues and was not to ensure federal maintenance of effort.²⁴ In other words, local school districts were responsible for ensuring that the combination of state and local expenditures for the

²⁴ Federal maintenance of effort refers to the federal requirement that school districts spend the same amount of state and local expenditures this year as they did last year on special education on either an aggregate or per pupil basis. The requirement is to prevent districts from supplanting state and local expenditures with federal dollars.

current year, on a per capita or aggregate level, were the same as the previous year for special education.

There were 90 MOESR applications submitted, and the state oversight committee approved 75 (83 percent). The awards totaled \$9.6 million—91 percent of the total safety net money awarded. An additional \$818,765 was available from the appropriation if all eligible districts had applied for, or requested, the full amount of MOESR they were eligible to receive.

b. *Special Characteristics and Costs:*

The Special Characteristics and Costs application form was more detailed than the MOESR application. In submitting the revised February application, a district acknowledged its compliance with legislative standards, demonstrated the connection between available revenues to pay for the special education program expenditures, provided a written narrative of why it was applying, and demonstrated a change in its special education population either in numbers or in the severity of students identified between the 1994-95 and 1995-96 school years.

There were 84 Special Characteristics and Costs²⁵ applications. School districts described the many staff hours²⁶ they spent filling out the Special Characteristics and Costs applications. This category of funds seemed the most inaccessible to applicants. The majority of these applications were not funded. Of the applications funded under the Special Characteristics and Costs category in the first round, 19 were redesignated as MOESR awards by the state oversight committee because the group determined that there was little to distinguish MOESR and Special Characteristics and Costs under the first application process. The three applications that were eventually funded, for a total of \$65,000, were from smaller rural school districts (Brinnon, Omak, and Sedro Woolley). The districts that received funds were over the 12.7 percent index, had already received their maximum award under MOESR, and could demonstrate an increase in children with more severe disabilities over the previous year.

c. *High Cost Individual:*

The High Cost Individual application required a district to ensure that IEPs are properly formulated, provide detailed information on the expenditures and revenues for the high cost student, and write a narrative on the rationale/uniqueness of the request. School districts that were eligible for MOESR awards were asked to apply under MOESR before they requested High Cost Individual awards (federal funds for High Cost awards cannot supplant state funds provided under MOESR).

In previous years, school districts had applied for federal funds for high cost students under the discretionary funds process through their ESDs. Under the new safety net process, the number of applications was limited to three (there was no limit under the

²⁵ These applications were called “Demographics” and “Other” under the first round of applications. The two categories were collapsed and renamed “Special Characteristics and Costs” for the last four rounds.

²⁶ An average of two weeks of staff time for preparing information on the Special Characteristics category.

old system) and districts' financial resources were scrutinized in several new ways.²⁷ As a result, \$1 million less was awarded to school districts than had been awarded under the previous system. There were 119 High Cost Individual applications submitted. The state oversight committee funded 61 applications—51 percent—totaling \$796,000.²⁸ These awards were made from federal funds. The applications were primarily for one-on-one aides for children with severe behavioral and/or physical disabilities. The remaining federal funds were added to the local district's federal flow-through allocation for 1996-97 and redistributed proportionately to *all* school districts in September 1996.

B. Regional and State Oversight Review Processes

Staff from the school districts, educational service districts, and OSPI worked with the regional and state oversight committees to complete the safety net applications. The regional committees reviewed all district applications and forwarded recommendations to the state oversight committee for their review. The state oversight committee examined the regional committee's recommendations and reviewed the applications again in subcommittees. Recommendations on whether or not to fund an application, how much the award should be, or whether more information was needed were then decided upon by the state oversight committee. The state oversight committee then notified the districts of its decision.

The first round of awards was the most challenging for staff at all levels because the process was new and insufficient time was available to construct a comprehensive rationale for developing and evaluating the application forms. The remaining four rounds were much smoother due to OSPI's streamlined MOESR application and increasing district understanding of the safety net process. The three largest challenges were informing districts that: 1) the new formula was unlike the old formula; 2) safety net funds could not be awarded to districts for special education students unless they had already demonstrated a need beyond all their revenue sources; and, 3) a distinction exists between the MOESR and Special Characteristics and Costs applications.

At the regional level, many of the safety net issues were interpreted differently in districts across the state. This resulted in: school districts' inability to understand how to fill out the applications accurately, and inconsistencies among regional committees processing the applications. The regional review committees found themselves caught in the middle, trying to determine whether they should advocate for districts or critique their applications. In all cases, the regional committees recommended greater awards than the state oversight committee. The regional committees recommended 77 percent of the funds requested by districts be awarded, while 35 percent of the funds districts requested were awarded by the state oversight committee. Thus, of the \$16.9 million in state and federal funds appropriated by the Legislature for the first year of the biennium (1995-96), the state oversight committee awarded

²⁷ "The new special education funding formula allocation uses an average per-pupil allocation which anticipates that some students are high cost while others are low cost. In other words, the current formula is designed to provide the same level of funding for high cost students as the previous formula. The previous formula would provide approximately \$14,000 in special and basic education funding for such an individual which is \$7,000 more than the current average allocation. This \$7,000 difference, when added to all available revenues, establishes a threshold for identification of a full-year high cost individual potentially not anticipated in the new formula." OSPI Bulletin 85-96 AR, p. 4.

²⁸ In the previous year under the old federal discretionary grant system, 237 grants had been awarded—half for one-on-one aides, the rest for things such as assistive technology, transportation, equipment, and training. Several districts received 5 or more awards for individual high cost students.

\$10.5 million or 62 percent. The remaining federal funds (\$1.5 million) were reallocated to all school districts as part of their federal flow-through allocation.

Table 3

ESD	Application Request (\$ in millions)	Regional Committee Recommendation (\$ in millions)	State Oversight Committee Award (\$ in millions)	Percent of Application Funds Recommended by ESD Region	Percent of Application Funds Awarded by State Oversight Committee
101	\$1.3	\$1.0	\$0.8	77%	62%
105	\$1.0	\$0.8	\$0.7	82%	70%
112	\$7.0	\$5.5	\$3.2	78%	46%
113	\$5.8	\$5.5	\$2.1	95%	36%
114	\$3.5	\$3.0	\$0.7	87%	20%
121	\$4.7	\$3.1	\$1.4	66%	30%
123	\$0.9	\$0.4	\$0.3	44%	33%
171	\$2.8	\$1.9	\$0.7	68%	25%
189	\$2.9	\$1.8	\$0.7	62%	24%
Total	\$29.9	\$22.9	\$10.5	77%	35%

Note: Totals may not add up due to rounding.

The state oversight committee was composed predominantly of members with education and/or fiscal and state backgrounds. The makeup of the committee resulted in rigorous reviews of school districts' finances when applications were submitted and a state perspective on what issues were relevant and how they should be judged. Applications were not approved primarily because of one of the following reasons: inadequately prepared IEPs; lack of change in the characteristics of the special education resident population or program costs in one year; sufficient revenues available to cover program costs; or the cost of the student(s) did not adversely impact the district's program.

Communication with the applicants by the state oversight committee was not adequate for two reasons. First, the committee met in Olympia which reduced the ability of districts to attend the meetings. Secondly, the state oversight committee's rejection letters to school districts were too general, leaving districts to wonder how adequately their application and situation had been reviewed. It should be noted that in late spring of 1996, the state oversight committee began to send more specific and individual letters to applicants explaining the reasons an award was not granted.

Only one district submitted an appeal to OSPI regarding the state oversight committee decisions. The decision was sustained by the Superintendent of Public Instruction in July 1996.

To clarify the process, OSPI developed proposed rules in February 1996 which were adopted in September 1996 for the 1996-97 school year. OSPI has also revised the application forms for 1996-97.

C. Overall Patterns in Special Education Under the New Formula

1. School District Excess Cost Under the New Special Education Formula

For the 1995-96 school year, the Legislature appropriated \$379.8 million of state revenues for “excess cost” (those costs beyond basic education). Half of the school districts gained \$18.4 million in state revenues under the new formula.²⁹ One-third of the school districts lost \$10.6 million in state revenues under the new formula. The rest of the school districts maintained the same amount of revenues as the previous year. The districts that lost state revenues were eligible to apply for safety net funds under MOESR. Of those districts, 76 percent applied for and received funds. The September 1, 1995, four percent salary increase for education staff, granted by the Legislature, helped to minimize the impact of declining revenues in some districts.

Table 4

State Revenue	Number of Districts	State Revenue Impact
Gained	146	\$18.4 million
Lost	97	(\$10.5 million)
Neutral	53	Marginal

Source: OSPI Office of Apportionment, August 1996 MOESR run.

2. Status of Districts in Relation to the 12.7 Percent Legislative Index for Special Education Enrollment as a Percent of K-12 Enrollment

Of the 296 school districts, 128 have special education enrollments over 12.7 percent or more of their K-12 student enrollment. These districts were funded, based upon a 25 percent phase down of their special education enrollment, to 12.7 percent over a four year period.

Table 5

Special Education Enrollment as a Percent of K-12 Enrollment	Number of Districts
Over 12.7%	128
At or under 12.7%	168

Source: OSPI Office of Apportionment, May 1996 enrollment data.

²⁹ School districts that gained state revenues under the new formula were more likely to have a *combination* of special education students with higher percentages of milder disabilities such as learning disabilities or communication disorders, and lower percentages of high cost disabilities such as preschool, deaf, or multiple disabilities. Gains or losses in state revenues were unrelated to the percent of a district’s special education enrollment or free and reduced lunch figures. There did not appear to be a relationship in similar characteristics between districts with coterminous borders.

3. District Special Education Enrollment Changes in 1995-96

Over half the school districts did not have a one percent or more change in special education enrollment as a percent of their K-12 enrollment. Special education enrollment decreased by one percent or more in 95 school districts. Of the 37 school districts that increased their special education enrollment as a percent of K-12 by one percent or more, 24 were under the 12.7 percent maximum.

Table 6

Special Education Enrollment as a Percent of K-12 Enrollment	Number of Districts
Increased one percent or more in 1995-96	37
Remained the same or changed by less than one percent	164
Decreased one percent or more in 1995-96	95

Source: OSPI Office of Apportionment, May 1996 enrollment data.

4. Special Education Enrollment Growth

The 1995-96 special education enrollment for students from birth to age 21 had the lowest percent increase in the last 5 years. Because enrollment has decreased in special education, it may increase in other remedial programs such as the state Learning Assistance Program and federal Title 1.

Table 7

School Year	Total Special Education Enrollment Birth - Age 21	Percent Increase From Previous Year	K - 12 Enrollment	Percent Special Education to Total K - 12 Enrollment
1995-96*	108,440	1.6%	947,715	11.44%
1994-95	106,757	5.5%	928,669	11.50%
1993-94	101,108	5.8%	900,625	11.12%
1992-93	95,605	5.9%	889,692	10.75%
1991-92	90,302	6.5%	868,676	10.40%

Source: OSPI Office of Apportionment, August 1996, Reports: P223H/1251H and P223H/1735T, 1991 - 1996.

*Preliminary figures; finals not available until January 1997.

D. Special Issues Identified in the District Survey

Thirty special education directors and business managers in school districts across the state were interviewed by phone to gain an understanding of their experience with the safety net process and new special education funding formula. School districts were selected based on size, region of the state, and urban or rural characteristics. Both those that had and had not applied for safety net funds were included (see Appendix E for the survey instrument and list of school districts interviewed). The following is a summary of responses.

1. Application Process

School districts were pleased with the accessibility of the MOESR awards. However, they would like to be aware of their eligibility for next year's MOESR sooner, so they can anticipate their staffing plans for the next school year. A number of districts disliked the time and effort expended in applying for High Cost Individual or Special Characteristics and Costs awards with little guarantee they would receive funding. In these categories, districts described too many qualifying assurances from the Legislature and/or unclear expectations. The ability to apply for funds under Special Characteristics and Costs and High Cost Individual categories periodically throughout the year was important to all of the school districts.

Although the revised OSPI February 1996 information was an improvement over last fall's directions, the majority of school districts still felt they did not adequately understand the OSPI rules and bulletins. Smaller districts had more difficulty than larger districts due to fewer administrative resources to devote the time and effort needed to understand the safety net process and new funding formula. Districts also thought there were a number of unwritten rules, not expressed in the bulletins and rules, that the state oversight committee used when judging Special Characteristics and Costs and High Cost Individual applications.

School districts had mixed views regarding the use of regional committees for application review. They tended to favor the regional committees for reviewing High Cost Individual applications because they perceived the regional committees understood local situations better than a statewide committee. However, districts also wanted to ensure there was consistency in the decisions made across the state.

Districts wanted the state oversight committee to send rejection notices with specific explanations of why their applications were not accepted, based on the established criteria. Applicants wanted more information about why they were ineligible since they had expended a great deal of time developing their application.

2. Special Education Programming

Half of the districts interviewed said their relationships in cooperatives³⁰ was changing. The fees charged by cooperatives for serving special education students have increased. In the past, the total cost of a child served by a cooperative was not billed to a district because the cooperative could apply for and receive funds for the child through the ESD federal discretionary fund process (which has since been replaced by the High Cost Individual safety

³⁰ A school district may be in a cooperative with either an ESD or several school districts. The cooperative has one main provider who agrees, for a certain amount of money, to provide some or all services to students.

net process). A number of districts are now contracting for services on their own or considering whether to provide special education services directly. At the time this report was due, final expenditures on out-of-district payments were not available for comparison with the previous school year's expenditures to determine if significant changes have occurred.

Over half of the school districts mentioned that they have cut the costs of serving their special education students through reducing: classified hours; the purchase of materials and equipment; staff through attrition; and, the number of students being identified (in districts over 12.7 percent). Districts were concerned that they had to reduce the level of services they provided and that parents expected.

Over half the districts interviewed that provide, or contract for, optional special education services for birth to 3 children said they were affected by the reduced allocation. Districts discussed reducing the amount of staff time for the program, reallocating other special education funds, or cutting the amount paid to their contractor to perform the service. Only one district interviewed had dropped its program due to the costs involved and the low number of students it was serving.

3. Special Education Finances

Almost every district interviewed reported that it continued to use the former special education "back out" (often additional basic education funds) which is now in apportionment, and local levy funds to pay for the special education program. Some districts would like OSPI to help them calculate their "back out" amounts. Considerable time was spent in discussions between business managers and special education directors over how funds should be allocated for special education.

IV. STRENGTHENING IMPLEMENTATION

Because major changes occurred with the special education funding formula and creation of the safety net in 1995, this report concludes that additional changes in safety net legislation are not advisable at this time. The impact of the two processes will need several years of implementation to determine if additional changes are warranted. OSPI and the school districts have had to implement the changes in a very short time frame. Some administrative issues should continue to be monitored, as outlined below.

A. Timing

The revised MOESR application process has greatly sped up the release of funds. In the future, districts need to know, as quickly as possible, whether they are eligible to receive MOESR funds. Due to unanticipated circumstances, districts with potential High Cost Individual or Special Characteristics and Costs applications need to continue to have the opportunity to submit applications throughout the school year.

B. Education and Access

Considerable misunderstanding about the new special education formula and safety net exists in school districts and among parents and community members. OSPI must increase its efforts to communicate and clarify with staff, local school districts, and interest groups the changes that have occurred. Both the fiscal and special education offices in local school districts must work jointly to develop a district's safety net application.

The state oversight committee should consider meeting throughout the state during its deliberations to increase its accessibility. The committee should provide each applicant with a written, clear, and specific summary of why its application was approved or denied. Additional local school district personnel should serve as state oversight committee members to balance the state perspective, particularly since regional committees will not be used during the 1996-97 school year.

C. Review Special Characteristics and Costs and High Cost Individual Categories

The applications for Special Characteristics and Costs and the High Cost Individual categories were the most challenging to fill out and review. Because only three Special Characteristics and Costs applications were funded, this category may not be appropriate, or may need substantial revisions. Basing awards on a one-year change in the demographics of a special education population in a school district may be a standard that does not adequately address the needs of districts that have high numbers of special education students. These standards presume that the old formula provided adequate funds in every instance, which may not have been the case.

The limitations of only three High Cost Individual applications per district appeared to be onerous, particularly for smaller districts. The new special education funding formula

allocation uses an average per-pupil allocation which anticipates that some students are high cost, while others are low cost. The staff cost for meeting the needs of a high cost student in a small district is more difficult to average over a group of students than is the case in a large district with more students.

Emphasis may shift from MOESR to Special Characteristics and Costs and High Cost Individual due to increasing enrollments and the transition of districts above 12.7 percent enrollment to the formula funded enrollment of 12.7 percent. Therefore, Special Characteristics and High Cost categories need to be investigated on a school district basis to determine whether criteria of need can be better defined or whether they should be abandoned. Part of the investigation should concern the extent to which the state is obligated to fund local district practice, and whether there is a way to define above average fiscal need in a given district.

During the 1996 session, the Legislature created four positions in the State Auditor's Office to assist the state oversight committee with data on special education programs that may have extraordinarily high costs or unusual characteristics. This information should help the state oversight committee further refine its criteria and decisions on applications for special Characteristics and Costs and High Cost Individual.

APPENDIX A

Legislative Assurances for Receiving Safety Net Funds³¹

The Legislature established *two assurances* that school districts must meet to become eligible for Maintenance of Effort (state revenue only) requests:

- ✓ Individualized Education Programs (IEPs) are appropriate, properly and efficiently prepared and formulated.
- ✓ The school district is making a reasonable effort to provide appropriate program services for special education students utilizing state funds generated by the apportionment and special education funding formulas.

The Legislature established *six assurances* that school districts must meet to become eligible for state safety net money under a Special Characteristics and Costs request:

- ✓ IEPs are appropriate, properly and efficiently prepared and formulated.
- ✓ The school district is making a reasonable effort to provide appropriate program services for special education students utilizing state funds generated by the apportionment and special education funding formulas.
- ✓ The school district's programs are operated in a reasonably efficient manner and the district has adopted a plan of action to eliminate unnecessary or inefficient practices.
- ✓ Indirect costs charged to this program do not exceed the allowable percent for the federal special education program.
- ✓ Available federal funds are insufficient to address the additional needs.
- ✓ The costs of any supplemental contracts are not charged to this program for purposes of making these determinations.

There are no legislative criteria for High Cost Individual applications. The fund source for those applications is federal revenues.

³¹ Chapter 283, Laws of 1996 Supplemental Appropriations Bill.

APPENDIX B

*1995 - 1996 State Oversight Committee Members*³²

Name	Membership Status	Title	Organization
Doug Gill	Manager	Special Education Director	Office of the Superintendent of Public Instruction
Mike Bigelow	Primary member	Senior Budget Assistant	Office of Financial Management
Hal Braman	Primary member	Administrator, School Financial Services	ESD 101
Tom Case	Primary member	Director, Apportionment and Research	Office of the Superintendent of Public Instruction
Dave Cupp	Primary member	Special Education Director	Franklin Pierce School District
Wayne Johnson	Primary member	Special Education Supervisor	Office of the Superintendent of Public Instruction
Mike Kipp	Primary member	Deputy Superintendent	Longview School District
Karin Newgard	Primary member	Administrative Manager	State Auditors Office
Ron Stead	Primary member	Director, School Financial Services and Grants	Office of the Superintendent of Public Instruction
Barry Blaine	Alternate member	Assistant Superintendent for Finance	ESD 105
John Brattain	Alternate member	Special Education Supervisor	Office of the Superintendent of Public Instruction
John Bresko	Alternate member	Special Education Director	Everett School District
Allen Jones	Alternate member	Budget Analyst	Office of Financial Management
Shawn Lewis	Alternate member	Education Supervisor	State Auditors Office
John Molohon	Alternate member	Program Supervisor, Apportionment and Research	Office of the Superintendent of Public Instruction
Don Whitney	Alternate member	Retired Special Education Director	Tahoma School District

³² Additional local school district members will be added for the 1996-97 state oversight committee.

APPENDIX C

School District Application Requests for 1995-96 ³³

School District	Maintenance of Effort (state revenue only) [MOESR]	Special Characteristics and Costs	High Cost Individual	Total Amount Requested
District Request Totals	15,448,669	12,661,607	1,803,403	29,913,679
Aberdeen	267,884	288,596	17,488	573,968
Adna			9,557	9,557
Anacortes	31,209		20,610	51,819
Asotin-Anatone	45,618		16,608	62,226
Battle Ground	993,781	773,137		1,766,918
Bellingham	303,530	569,937		873,467
Bethel	542,477			542,477
Boistfort	100,318	7,370	26,888	134,576
Bremerton	331,555			331,555
Brewster		23,491	4,024	27,515
Brinnon	56,325	93,830	46,312	196,467
Camas		118,583	3,348	121,931
Cashmere	160,876	110,549	33,776	305,201
Central Kitsap	1,114,269	603,193		1,717,462
Central Valley			16,997	16,997
Centralia	19,187	32,219		51,406
Chehalis		79,689	16,172	95,861
Clarkston	26,148			26,148
CleElum			39,213	39,213
Clover Park			11,755	11,755
College Place	22,700		32,918	55,618
Columbia			7,882	7,882
Concrete			56,343	56,343
Creston	5,597			5,597
Cusick	56,365			56,365
Dayton		18,104		18,104
Deer Park		74,965		74,965
East Valley			16,101	16,101
Eatonville	42,566			42,566
Edmonds	424,742	935,470	15,593	1,375,805
Elma	37,708	19,656	33,962	91,326
Evergreen	544,261			544,261
Fife	173,653	174,834		348,487
Franklin-Pierce		266,420		266,420
Grand Coulee			6,975	6,975

³³ Some applications are duplicative due to the fact that school districts requested similar funding from more than one category or within the same category.

School District	Maintenance of Effort (state revenue only) [MOESR]	Special Characteristics and Costs	High Cost Individual	Total Amount Requested
Granger	98,701	103,821		202,522
Granite Falls		83,041		83,041
Grapeview	12,071			12,071
Great Northern	5,268			5,268
Hockinson			15,813	15,813
Hood Canal			18,790	18,790
Hoquiam			56,394	56,394
Kalama			14,365	14,365
Kelso			39,210	39,210
Kennewick		322,947		322,947
Kiona-Benton			13,922	13,922
Lake Washington	248,000			248,000
Liberty	30,051			30,051
Longview	949,738			949,738
Loon Lake	30,455			30,455
Lynden	8,503			8,503
Mabton			21,167	21,167
Manson			11,849	11,849
Mary M. Knight	21,828	38,365	17,770	77,963
Mary Walker	49,962			49,962
McCleary			7,681	7,681
Medical Lake	73,302	86,659		159,961
Monroe			27,437	27,437
Montesano		7,502	11,652	19,154
Morton	26,262	88,754	24,357	139,373
Moses Lake	235,690	224,010	13,769	473,469
Mossyrock		34,250	7,700	41,950
Mount Adams			14,011	14,011
Mount Baker	23,854			23,854
Mount Vernon	22,374			22,374
Napavine	75,862	91,134	25,211	192,207
Naselle-Grays River	7,000		13,859	20,859
Nespelem	8,605			8,605
Newport	157,482	244,377		401,859
North Franklin		176,845		176,845
North Franklin	86,396			86,396
North Kitsap	302,788	515,736		818,524
North Mason		70,605		70,605
Northshore			64,875	64,875
Oakville	64,383		5,418	69,801
Ocean Beach	161,221	154,194		315,415
Okanogan	136,101			136,101
Olympia			32,043	32,043
Omak	688,391	776,537	93,276	1,558,204
Onalaska	11,685	109,043	18,909	139,637
Orcas Island			23,255	23,255

School District	Maintenance of Effort (state revenue only) [MOESR]	Special Characteristics and Costs	High Cost Individual	Total Amount Requested
Orchard Prairie			6,642	6,642
Orondo	3,669			3,669
Orting			14,798	14,798
Pe Ell		26,977	20,947	47,924
Peninsula		74,368	41,690	116,058
Pioneer			15,736	15,736
Port Townsend	134,996	94,977	6,642	236,615
Prescott	11,587			11,587
Queets-Clearwater		7,746		7,746
Quilcene		41,173		41,173
Quillayute Valley			41,972	41,972
Quinault			13,234	13,234
Quincy	38,078			38,078
Raymond			26,236	26,236
Richland			102,002	102,002
Riverside	240,069			240,069
Rochester	142,400	56,837	12,550	211,787
Satsop		8,688		8,688
Seattle	378,515			378,515
Sedro Woolley	45,558	297,764	20,810	364,132
Selkirk	54,119			54,119
Sequim			9,164	9,164
Shelton	334,112	316,019		650,131
South Bend	50,013		10,774	60,787
Southside			4,604	4,604
Starbuck	1,073	8,220		9,293
Steilacoom	5,231		34,820	40,051
Stevenson-Carson	98,122		17,608	115,730
Sultan	16,129	83,082		99,211
Summit Valley	27,373	24,702	18,114	70,189
Sunnyside			21,646	21,646
Tacoma	1,200,538	1,190,810		2,391,348
Taholah		77,443		77,443
Tahoma		58,690		58,690
Tenino			18,741	18,741
Toledo			15,519	15,519
Toppenish	129,174			129,174
Touchet			15,089	15,089
Trout Lake			29,182	29,182
Vader	45,174	14,084	29,228	88,486
Valley	23,965			23,965
Vancouver	1,247,153	855,464	3,762	2,106,379
Vashon Island		166,79	19,496	186,291
Wahluke	120,446			120,446
Walla Walla	31,531			31,531
Warden	17,799			17,799

School District	Maintenance of Effort (state revenue only) [MOESR]	Special Characteristics and Costs	High Cost Individual	Total Amount Requested
Washougal	208,761	651,285	49,822	909,868
Wenatchee		166,122		166,122
White Pass		84,803	33,584	118,387
Wilbur	6,081			6,081
Willapa Valley		44,750		44,750
Winlock	97,772	146,270	21,811	265,853
Wishram			13,776	13,776
Woodland			22,164	22,164
Yakima	343,800		48,541	392,341
Yelm	1,558,689	846,675	17,444	2,422,808

APPENDIX D

*Final State Safety Net Awards 1995-96 by School District*³⁴

School District	Maintenance of Effort (state revenue only) [MOESR]	Special Characteristics and Costs	High Cost Individual	Total
State Award Totals	9,632,405	64,600	794,626	10,491,631
Aberdeen	263,208	0	0	263,208
Adna	0	0	9,557	9,557
Anacortes	22,811	0	0	22,811
Asotin-Anatone	45,618	0	0	45,618
Battle Ground	819,873	0	0	819,873
Bethel	490,917	0	0	490,917
Boistfort	50,402	0	20,726	71,128
Bremerton	81,121	0	0	81,121
Brewster	0	0	4,024	4,024
Brinnon	23,484	3,600	9,941	37,025
Camas	48,000	0	1,531	49,531
Cashmere	151,337	0	12,790	164,127
Central Kitsap	413,730	0	0	413,730
Centralia	19,187	0	0	19,187
Chehalis	0	0	11,815	11,815
Clarkston	26,148	0	0	26,148
College Place	21,390	0	19,052	40,442
Creston	3,712	0	0	3,712
Cusick	56,365	0	0	56,365
East Valley (Yakima)	0	0	7,896	7,896
Eatonville	42,175	0	0	42,175
Edmonds	424,742	0	0	424,742
Elma	19,292	0	23,272	42,564
Evergreen (Clark)	543,882	0	0	543,882
Fife	171,124	0	0	171,124
Franklin Pierce	107,000	0	0	107,000
Grand Coulee Dam	0	0	6,975	6,975
Granger	90,464	0	0	90,464
Grapeview	11,264	0	0	11,264
Great Northern	4,982	0	0	4,982
Hockinson	0	0	13,295	13,295
Hood Canal	0	0	14,497	14,497
Hoquiam	0	0	19,434	19,434
Kalama	0	0	12,095	12,095
Kelso	0	0	31,003	31,003

³⁴ OSPI August Apportionment Data. There were a number of adjustments made to school district awards during the summer of 1996 due to additional information on revenues and/or enrollment. School districts could choose to keep their original award as shown here and apply any reduction as a decrease in next year's special education revenues, or return the recalculated difference due this school year.

School District	Maintenance of Effort (state revenue only) [MOESR]	Special Characteristics and Costs	High Cost Individual	Total
Kiona Benton	0	0	9,009	9,009
Lake Washington	247,061	0	0	247,061
Liberty	30,051	0	0	30,051
Longview	278,449	0	0	278,449
Loon Lake	28,513	0	0	28,513
Lynden	8,503	0	0	8,503
Manson	0	0	10,500	10,500
Mary M Knight	20,844	0	10,770	31,614
Mary Walker	48,733	0	0	48,733
Mc Cleary	0	0	8,078	8,078
Medical Lake	111,184	0	0	111,184
Monroe	0	0	15,752	15,752
Morton	26,224	0	19,527	45,751
Moses Lake	200,064	0	5,839	205,903
Mossyrock	0	0	7,640	7,640
Mount Adams	0	0	7,011	7,011
Mount Baker	23,854	0	0	23,854
Mt Vernon	18,494	0	0	18,494
Napavine	38,347	0	25,171	63,518
Naselle Grays River	7,000	0	10,843	17,843
Nespelem	8,605	0	0	8,605
Newport	151,297	0	0	151,297
North Franklin	73,520	0	0	73,520
Oakville	56,747	0	5,703	62,450
Ocean Beach	263,908	0	0	263,908
Okanogan	135,443	0	0	135,443
Olympia	0	0	13,819	13,819
Omak	40,847	13,000	22,179	76,026
Onalaska	6,690	0	20,179	26,869
Orcas	0	0	23,255	23,255
Orchard Prairie	0	0	6,642	6,642
Orondo	3,657	0	0	3,657
Pe Ell	0	0	17,486	17,486
Port Townsend	134,996	0	5,989	140,985
Prescott	11,587	0	0	11,587
Quillayute Valley	0	0	10,898	10,898
Quincy	38,078	0	0	38,078
Raymond	0	0	8,579	8,579
Richland	0	0	36,733	36,733
Riverside	240,069	0	0	240,069
Rochester	142,400	0	1,727	144,127
Seattle	265,438	0	0	265,438
Sedro Woolley	42,242	48,000	3,405	93,647
Selkirk	54,119	0	0	54,119
Sequim	0	0	6,171	6,171
Shelton	173,908	0	0	173,908

School District	Maintenance of Effort (state revenue only) [MOESR]	Special Characteristics and Costs	High Cost Individual	Total
South Bend	47,759	0	3,774	51,533
Southside	0	0	4,293	4,293
Starbuck	1,071	0	0	1,071
Steilacoom Hist.	4,857	0	17,121	21,978
Stevenson-Carson	98,122	0	17,298	115,420
Sultan	16,129	0	0	16,129
Summit Valley	26,485	0	18,114	44,599
Sunnyside	0	0	18,673	18,673
Tenino	0	0	14,513	14,513
Toledo	0	0	8,310	8,310
Toppenish	129,174	0	0	129,174
Touchet	0	0	1,000	1,000
Trout Lake	0	0	25,871	25,871
Vader	27,285	0	14,252	41,537
Valley	23,118	0	0	23,118
Vancouver	688,764	0	2,581	691,345
Vashon Island	0	0	9,715	9,715
Wahluke	120,446	0	0	120,446
Walla Walla	31,531	0	0	31,531
Warden	3,465	0	0	3,465
Washougal	313,269	0	25,215	338,484
White Pass	0	0	14,056	14,056
Wilbur	6,081	0	0	6,081
Winlock	97,772	0	16,426	114,198
Wishram	0	0	11,767	11,767
Woodland	0	0	3,632	3,632
Yakima	331,952	0	19,895	351,847
Yelm	782,025	0	17,312	799,337

APPENDIX E

*School District Phone Survey and Data Summary*³⁵

This summary includes numerical, not verbal responses. Verbal responses were integrated into the main sections of this report.

A. Safety Net Process

1. Were the Washington Administrative Code (WAC) rules and OSPI bulletins on the special education safety net easy to understand?

	Yes	No
Applied	35%	65%
Did Not Apply	14%	86%

2. What is your understanding of the purpose of the three parts of the special education safety net?
3. Why did you decide to apply or not apply for the safety net?
4. Did you feel the safety net funds were accessible?

	Yes	No
Applied	43%	57%
Did Not Apply	25%	75%

5. How many opportunities for safety net applications should there be during the school year?

*87 percent wanted more than 3 times a year
13 percent wanted 3 or fewer times a year*

6. Should applications for the safety net be allowed before January?

93 percent Yes 7 percent No

7. What suggestions do you have to improve the current application process?

³⁵ Special education directors and business managers were interviewed in 30 districts across the state. A list is provided at the end of Appendix D.

8. Did you request assistance from your ESD in filling out the application?
9. How would you rate their assistance?
10. If you applied, and the state oversight committee had questions about your application could you answer them?
11. Was notification from the state oversight committee on your application's status timely for your budget and program decisions?

31 percent Yes 69 percent No

12. If you did not apply for Maintenance of Effort (state revenue only) [MOESR] safety net funds (and you lost money according to OSPI calculations in your 4121 revenues due to the new special education formula) what were the reasons you did not apply.
13. Do you feel your district has a group of children with special characteristics that require different financing or program solutions from other school districts?

72 percent Yes 23 percent No

14. If you did not apply for financial assistance in Special Characteristics and Costs, why not?
15. What suggestions do you have for establishing criteria to evaluate whether or not a district does have special or unique characteristics?
16. If you did have some high cost students but did not apply for financial assistance for high cost students, why didn't you?

B. Special Education Programming

17. If you use an ESD cooperative or another school district for special education, what kinds of services do they deliver?
18. If you receive services for your students on behalf of an ESD or school district cooperative, do they send you an itemized bill specific to each of your students?
19. Have these arrangements been impacted by the new special education funding formula?

50 percent Yes 50 percent No

20. Are you doing anything differently in your special education program as a result of the new formula?

56 percent Yes 44 percent No

21. Has all the special education back out money that is now in basic education continued to be applied to special education, either as direct or indirect costs?

90 percent Yes 10 percent No

22. If you have a birth to 3 program, has it been impacted in any way based on the new formula?

57 percent Yes 43 percent No

23. Based on last year's F196 financial statement, did you declare a certain amount of local levy money for your special education program?

70 percent Yes 30 percent No

24. What percentage of your special education budget this year is from local levy dollars?

8 percent	Less than 1 percent
21 percent	1 to 5 percent
21 percent	6 to 10 percent
50 percent	Over 10 percent

25. Do you have the ability to provide that local levy amount in future years for special education?

67 percent Yes 33 percent No

26. Is there anything else you would like to add?

School Districts Surveyed

Educational Service District	County	School District	State Revenue Change Under New Formula	Safety Net Award	1995-96 Percentage of K - 12 Special Education Enrollment
101	Stevens	Colville	Neutral	None	13.1
101	Spokane	East Valley	Gain	None	10.6
101	Pend Oreille	Newport	Loss	Yes	14.9
101	Ferry	Republic	Gain	None	7.9
105	Yakima	Mount Adams	Neutral	Yes	13.3
105	Yakima	Selah	Neutral	None	14.3
105	Yakima	Union Gap	Loss	None	18.7
112	Clark	Evergreen	Loss	Yes	12.2
112	Cowlitz	Kelso	Gain	Yes	12.8
112	Cowlitz	Toutle Lake	Gain	None	13.0
113	Lewis	Centralia	Loss	Yes	16.4
113	Grays Harbor	McCleary	Neutral	Yes	17.6
113	Lewis	Napavine	Loss	Yes	17.8
113	Lewis	White Pass	Gain	Yes	15.4
114	Jefferson	Brinnon	Loss	Yes	26.6
114	Kitsap	Central Kitsap	Loss	Yes	13.1
114	Mason	North Mason	Gain	None	12.8
121	King	Lake Washington	Loss	Yes	9.3
121	King	Skykomish	Gain	None	18.1
121	King	South Central	Neutral	None	9.8
123	Benton	Finley	Gain	None	15.6
123	Walla Walla	Prescott	Loss	Yes	9.5
123	Benton	Richland	Neutral	Yes	10.8
171	Grant	Coulee-Hartline	Gain	None	10.7
171	Grant	Moses Lake	Loss	Yes	9.8
171	Grant	Quincy	Loss	Yes	13.4
189	Island	Coupeville	Gain	None	12.0
189	Snohomish	Edmonds	Loss	Yes	10.7
189	Whatcom	Lynden	Loss	Yes	9.6
189	Skagit	Mt Vernon	Loss	Yes	11.5