

Your Question:

A state legislator requested information on how states are funding special education services and equitable funding approaches for these services.

Our Response:

The following information request provides an overview of different state approaches for funding special education services and a discussion of policy considerations for equitably funding these services. The discussion raises two policy approaches: 1.) funding services using multiple weights to better differentiate funding levels according to student needs; and 2.) providing high-cost services funding to avoid placing disproportionate spending pressures on certain districts. In addition, we provide a summary of states that cap special education funding.

Special Education Funding Approaches

According to our 50-State Comparison on [K-12 Education Funding](#), all **50 states** and the **District of Columbia** provide additional state funding to support services for students with a disability. In fact, many states have multiple funding streams — we identified at least **21 states** using a hybrid approach that incorporate more than one funding mechanism. These state funds are provided in addition to the federal Individual with Disabilities Education Act (IDEA) dollars. Because this is a complex student population that may require a wide range of different services depending on the student’s diagnosis, many states have adapted their funding models to differentiate funding based on the intensity of services the student will receive.

We have identified states using the following funding mechanisms — note that many states have more than one mechanism:

Single-Student Weight

9 States: HI, LA, MD, MO, NH, NY, NC, ND and OR

A single weight or dollar amount allocated by the state for students or districts that qualify based on certain factors or student needs. Allocations determined by single weights do not differentiate based on the [13 IDEA disability categories](#), including: dyslexia, autism, deafness, blindness, intellectual disability or students with multiple disabilities.

Multiple-Student Weights

Twenty-one States and the District of Columbia: AK, AZ, CO, FL, GA, IN, IA, KY, ME, MN, NV, NM, OH, OK, PA, SC, SD, TN, TX, UT and WA

The most common model for distributing special education funding to districts is through the use of multiple student weights. In the funding formula, students are assigned a different weight or dollar amount based on certain factors. The weights can be assigned based on severity of disability (e.g., “mild,” “moderate” or “severe”); on specific disability (e.g., visually impaired students receive X amount and students with autism receive Y amount); or on the placement of the student (e.g., students who are educated out-of-district or in a private facility receive X amount).

High-Cost Student System

Seventeen states: AL, AR, CO, CT, ME, MA, MN, MI, MT, NH, NJ, NY, ND, OR, RI, WV and WI

Some states provide additional funding for very high-cost students. This is often coupled with another funding mechanism to help offset the cost of some services. For example, while districts are responsible for the cost of special education services up to a certain threshold. If costs exceed that threshold, that state would then provide additional funding to the district.

Census-Based

Twelve States: AL, AZ, CA, ID, IL, MA, MT, NJ, NC, ND, SD and VT

The additional weight or dollar amount awarded to schools is based on the total enrollment of all students, including students with and without disabilities, not by the enrollment of students with a disability. This approach can be effective and reduce administrative costs, if: the proportion of students with disabilities is constant across localities; and the cost of providing these services is equivalent. However, if these conditions are not true in the state, then this approach can result in inequitable distribution of resources across districts.

Reimbursement

Nine states: KS, MI, MN, MT, NE, ND, RI, WI and WY

States that use a reimbursement model for special education funding require districts to submit actual expenditures to the state. The state reimburses districts for all or a portion of actual spending.

Resource-Allocation

Five States: DE, ID, IL, MS and VA

States distribute resources/staff positions — not dollars — based on the number of identified students who require special education services. For example, the state would provide one teacher and one instructional assistant for every X number of students who require special education services and one psychologist for every Y number of students who require special education services.

Categorical Grant

Two states: HI and VT

State gives the districts a grant to use on special education services. The grant can be calculated based on past years' spending on special education services and is funded outside of the primary funding formula.

Equity Considerations

States differentiate funding to districts based on a variety of factors to help provide equal learning opportunities for students, including for special education services. Students with a disability receive a variety of services that may require specialized staff, such as speech language pathologists, audiologists and educators who are experienced and certified in special education. States have taken a couple of approaches to better match resources to the needs of the students:

Fund special education services using more than one weight. Many states weight funding levels based on multiple factors, rather than providing a flat amount for every student with a disability regardless of diagnosis, as discussed in the previous section. For example, **Ohio** (Rev. Code Ann. § 3317.013) provides a range of weights based on the type of disability the student is diagnosed with. Students with a speech and language disability as their primary or only identified disability receive an additional 24.35% compared to an additional 61.79% for students with a specific learning disability and an additional 148.45% for students with a hearing disability or a severe behavior disability.

States may also vary the weights based on cost or placement. For example, **Pennsylvania** (24 Pa. Stat. Ann. § 25-2509.5) weights categories based on the cost of education. Students placed in Category 1 with a cost below \$25,000 receive an additional 64%. Students placed in Category 2 with a cost between \$25,000 and \$50,000 receive an additional 208%. Students placed in Category 3 with costs above \$50,000 receive an additional 534%. States may also weight funds based on where students are receiving services. **Washington** (Wash. Rev. Code Ann. § 28A.150.390) provides an additional weight of 112% for students receiving special education services for more than 80% of the day and a slightly smaller weight of an additional 106% for students receiving special education services for less than 80% of the day.

Provide high-cost services funding. At least seventeen states offer state aid to help defray some of the expenses for particularly high-cost services, such as students requiring out-of-district placements. The costs for these services can be significantly higher than costs for students in general education courses and can reach as high as \$70,000 per student. To avoid placing disproportionate spending pressures on certain districts, states provide high-cost special education funding on top of traditional special education subsidies. The most common determination for who is eligible to receive high-cost service funding is a specific dollar threshold, which is done in eight states (**AR, CO, MA, NJ, NY, OR, WV and WY**), and ranges from \$10,000–\$65,000.

States may also award funds if costs exceed a threshold level compared to average per pupil expenditures. For example, in **Connecticut** ([Conn. Gen. Stat. Ann. § 10-76g](#)), the threshold is 4.5 times the average per pupil expenditure. Districts with students exceeding the threshold can apply to the state board of education for reimbursement. The state reimburses all eligible costs depending on the availability of appropriations. The state budgeted \$140.6 million for special education excess cost reimbursements to districts in the 2022-23 fiscal year — [H.B. 6689](#).

Special Education Spending Caps

At least **13 states** have [a cap limiting](#) the state's special education funding. The states use caps to limit spending in different ways. Some states cap the percentage of students identified as special education (**AL, MA, NJ, OR** and **WA**), while other states cap the reimbursement percentage (**MI, MN, NE, RI** and **WY**) or the growth factor (**ME, MN, VT** and **UT**). **Minnesota** is included in two categories because their methodology uses the greater of two calculations.

Cap on the percentage of students identified as special education. States using this approach identify a set percentage of students requiring special education that districts cannot exceed. The percentage can be based on the statewide data. For example, in **New Jersey**, the percentage is the total number of students identified as special education statewide divided by total statewide enrollment. States may also select different percentages for different special education services. **Massachusetts** has a different cap for students placed within the district and students privately placed outside of the school district. The size of the percentages varies across states. The percentages identified in 2021 were: Alabama 5%, Massachusetts 4% placed in district and 1% placed out of district, New Jersey 15.4%, Oregon 11% and Washington 13.5%. New Jersey has since updated their percentage to 15.9% and Washington to 15%.

Cap on the percentage of costs that are reimbursed. States that fund special education services as a reimbursement to districts may place a cap on the amount or percentage of funding the state will help cover. The reimbursement may also be subject to state appropriations in the budgeting process. For example, **Michigan** limits the reimbursement for the necessary costs of special education programs and services to 75% of the total approved costs of operating special education programs.

Cap on the growth factor. Some states limit special education funding by capping the spending growth. The growth factor may be based on a set percentage or on special education enrollment growth. For example, in **Maine**, the special education child count percentage may not increase more than 0.5% in any given year and up to a maximum of 1.0% in any given 3-year period. In **Utah**, the special education student growth factor is calculated by comparing total special education average daily membership (ADM) of two years before the current year and the total special education ADM three years previous to the current year. A school district's total special education ADM for a given year is limited to 12.18%.

Additional Resources

- ECS, [States Address Special Education During COVID-19](#) (2021) discusses the impacts of the COVID-19 pandemic and remote learning on students with a disability.
- ECS, [Five Ways That States Limit Special Education Spending](#) (2019) discusses caps used by states to limit special education expenses.
- Albert Shanker Institute, [The Adequacy and Fairness of State School Finance Systems](#) (2022) grades states based on multiple measures of school funding, including a measure for equity.
- Brookings Institution, [More money is not enough: The case for reconsidering federal special education funding formulas](#) (2022) discusses possible changes to federal IDEA funding formulas.