
Distribution Methodology For State Special Education Funding

Nevada Commission on School Funding

21 June 2024

Recap from May 31, 2024 Commission Meeting

Special education is funded through a combination of federal, state, and local funding.

- Federal funding covers about 13% of the costs, less in Nevada than other states.
- Nevada has a smaller local share than most other states, with increases through the PCFP.

Special education funding is subject to maintenance of effort (MOE) requirements.

- Nevada ensures it meets the state-level maintenance of financial support (MFS) requirement by not reducing the total amount of funds the Legislature makes available for special education.
- Each LEA must meet MOE (budgeting and spending) and can do so with state and local special education and general funds. LEAs also can reduce amounts with allowable exceptions.

Special education students are general education students first.

- Schools and LEAs should expect to expend general funds on special education students.

Special Education Funding Engagement

Today's Objectives

1. Review Nevada's current special education funding methodology.
2. Provide considerations and discuss potential impacts of alternative distribution methodologies.

Nevada's Current Special Education Funding Methodology

1. PCFP Base Per-Pupil Amount

- Statewide per pupil base (FY24, \$8,966)

2. State Special Education Multiplier

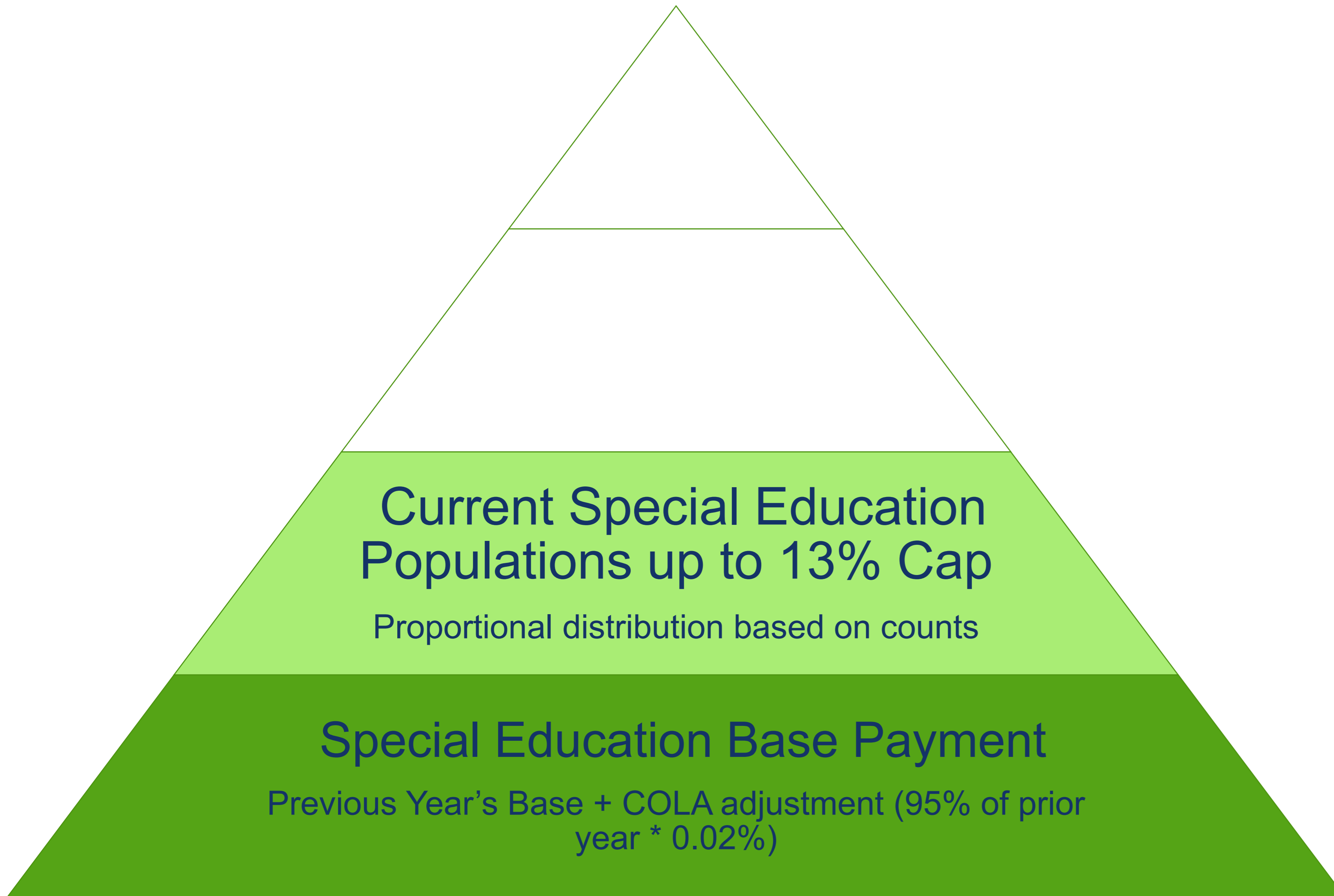
- Base payment
- Supplemental Allocation

3. Account for State Special Education Services (NRS 388.5243)

State Special Education Multiplier – Base Payment

- Legislature allocates lump sum for special education (FY 2024, \$244.188 million). NDE is provided the authority to allocate to LEAs.
 - **Base payment** is calculated for each LEA: prior year base amount (hold harmless provision), adjusted by 2.0% of 95% of the prior year's base to account for inflation.
 - The hold harmless provision has been in place since 2016-17.
 - Additional funds are distributed proportionally based on each LEA's child count, up to the 13% cap.
 - If lump sum is not sufficient for the base payments, each LEA's base is reduced proportionately.

Due to the the hold harmless provision, a multiplier can be calculated on the back end, statewide and by LEA, but a multiplier is not currently used to allocate state special education funding.



**FY24 Allocation:
\$244,188,753**

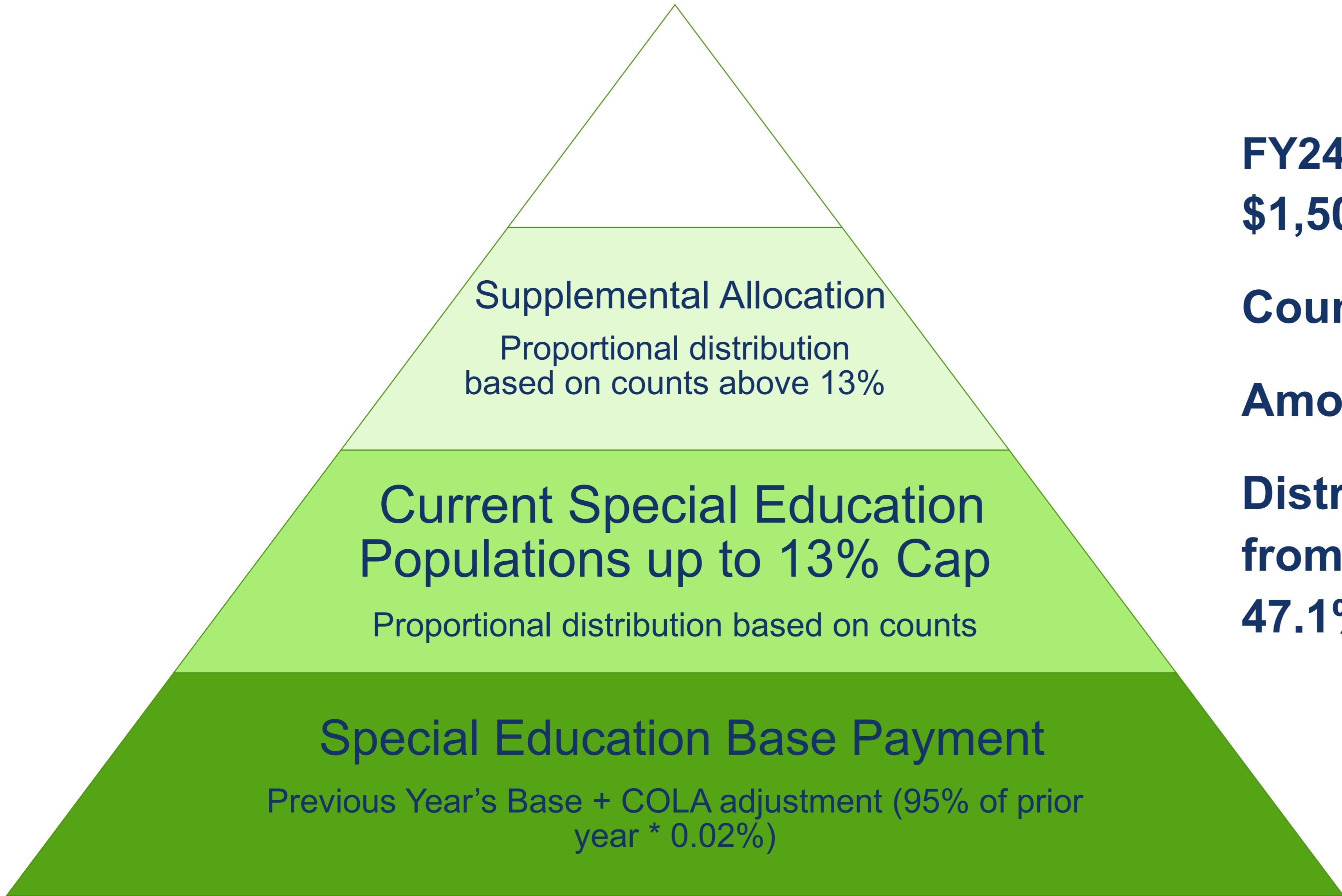
**Statewide per pupil:
\$4,112**

**LEA per pupil: \$3,845
(Clark, Lyon, SPCSA) to
\$12,577 (Pershing) and
\$11,653 (Lincoln)**

State Special Education Multiplier – Supplemental Allocation

\$1.5 million dollar supplemental allocation:

- LEAs with more than 13% of students identified as having a disability receive a **supplemental allocation**.
- Allocated funds are distributed based on the total count of students with disabilities above the 13% camp and divided equally per student.
- Per pupil amount may only be up to 50% of the average statewide per-pupil amount provided through the base allocation.



**FY24 Allocation:
\$1,500,000**

Count above 13%: 3,445

Amount per pupil: \$435

**Distributed to 15 LEAs,
from 0.12% (Mineral) to
47.1% (Clark)**

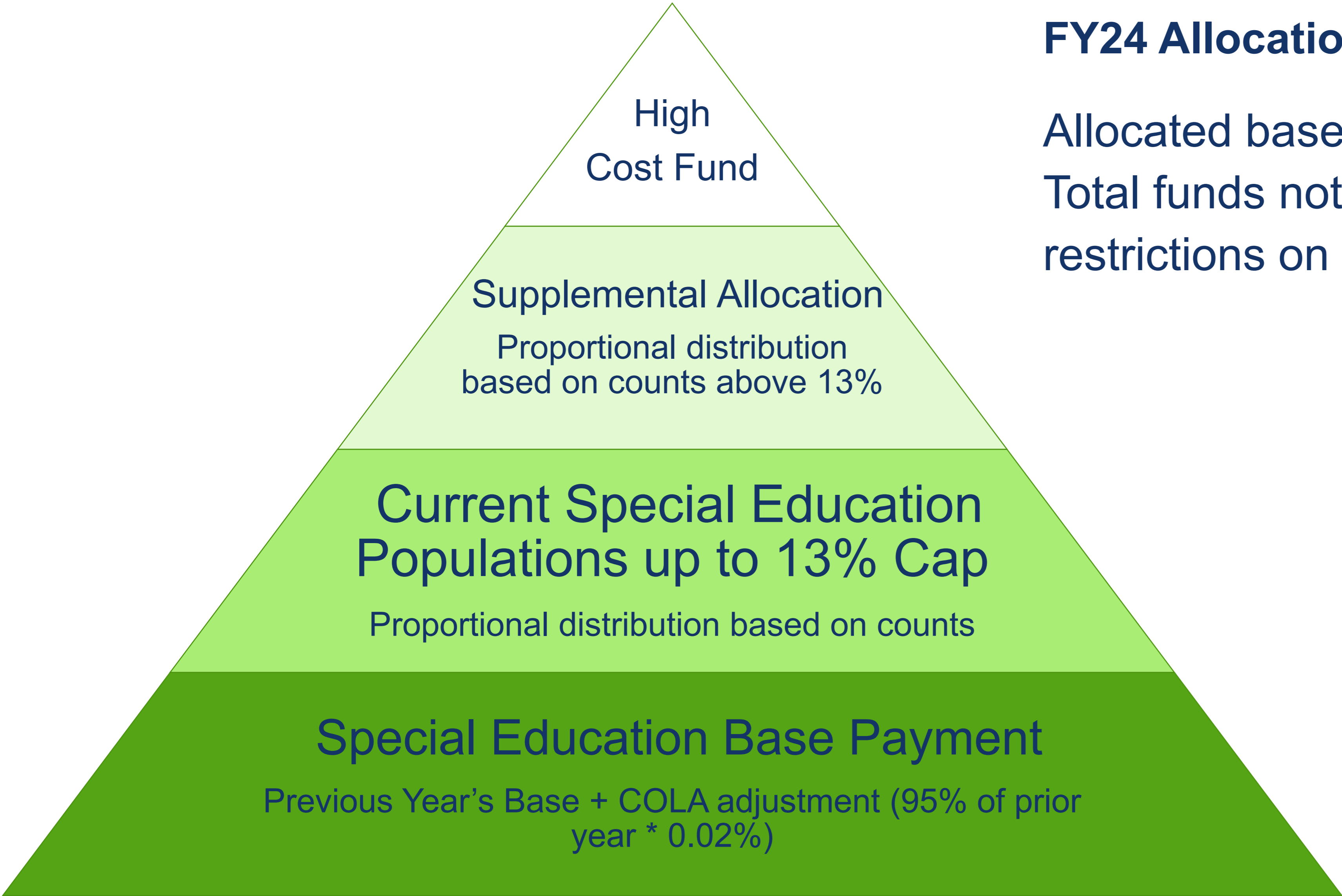
The Account for State Special Education Services (NRS 388.5243) (previously the special education contingency fund)

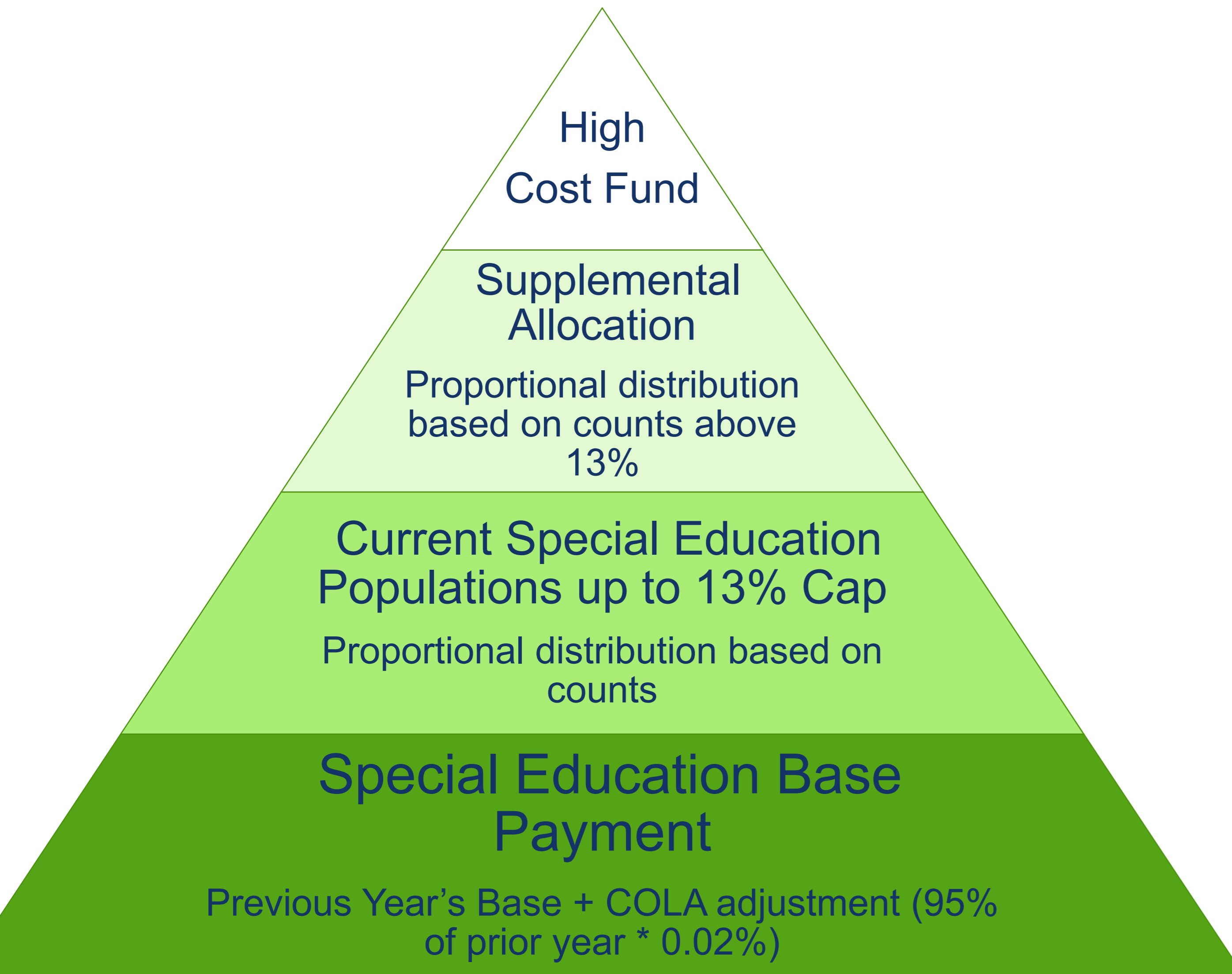
\$2 million dollar high cost fund reimburses school districts and charter schools for extraordinary program expenses and related services which:

- a. Are not ordinarily present in the typical special education service and delivery system at a public school;
- b. Are associated with the implementation of the individualized education program of a pupil with significant disabilities, as defined by the State Board, to provide an appropriate education in the least restrictive environment; and
- c. The costs of which exceed the total funding available to the school district or charter school for the pupil.

FY24 Allocation: \$2,000,000

Allocated based on LEA applications.
Total funds not allocated due to restrictions on use.





FY24 Funding Results

Total Allocated: \$247,688,753

Average Per-Pupil Payment: \$4,112

Total Special Education Payment
Range: \$3,845 to \$12,793

Special Education Multiplier: 0.46
($\$8,966 + \$4,112 = \$13,078 / \$8,966 = 1.46$)

Multiplier Range: 0.43 to 1.40.

Considerations for Change and Potential Implications

- 1: Add a special education weight to the PCFP to calculate a per pupil special education allocation.
- 2: Transition away from the hold harmless base calculation.
- 3: Examine the need for and appropriateness of the 13% cap.
- 4: Revisit the criteria for accessing the state's high-cost fund.
- 5: Revisit special education funding for charter schools.

Consideration 1: Add a special education weight to the PCFP

APA recommended applying a weight of 1.1 for students with disabilities as part of the PCFP.

- Consistent with treatment of students who are learning English (0.45), at-risk (0.35), and gifted and talented (0.12).
- Takes all LEAs to the same per pupil amount.
- Applied to FY24 statewide base of \$8,966, this would be \$9,863 per pupil with a disability, more than double the current average payment of \$4,112.
 - Total state obligation increases from \$245,688,753 to \$585,724,118
 - Reduction for two LEAs (Pershing, Lincoln), hold harmless amount is \$429,475

Consideration 1: Add a special education weight to the PCFP

APA recommended applying a weight of 1.1 for students with disabilities as part of the PCFP.

- \$9,863 per pupil with a disability, more than double the current average payment of \$4,112.
 - Total state obligation increases from \$245,688,753 to \$586,153,593

What does it look like with a reduced weight (0.60, increased from current average of 0.46)?

- Applied to FY24 statewide base of \$8,966, this would be \$5,380 per pupil with a disability.
 - Total state obligation increases from \$245,688,753 to \$319,496,680
 - 10 LEAs would receive less than they currently receive (reductions range from 0.58% to 2.64%)
 - With hold harmless, the total is \$323,962,739

Each increase of 0.10 to the weight, applied to the current base, requires approximately \$67,000,000. This will increase proportional to any increases to the base.

Biggest Changes in Funding, by LEA with weights of 1.1 (left) and 0.60 (right)

The Biggest Changes

	LEA	Final Allocation	Change from Current	Percent Change
1	State Charters	\$57,964,851.00	\$35,370,512.75	156.55%
2	Davidson Academy	\$49,315.00	\$30,092.32	156.55%
3	Clark	\$383,838,371.00	\$233,513,450.55	155.34%
4	Lyon	\$11,460,806.00	\$6,917,693.16	152.27%
5	Elko	\$12,693,681.00	\$7,545,286.49	146.56%
6	Esmeralda	\$69,041.00	\$8,057.46	13.21%
7	White Pine	\$1,607,669.00	\$127,733.90	8.63%
8	Storey	\$503,013.00	\$11,466.03	2.33%
9	Lincoln	\$1,094,793.00	-\$209,201.72	-16.04%
10	Pershing	\$838,355.00	-\$249,010.84	-22.90%

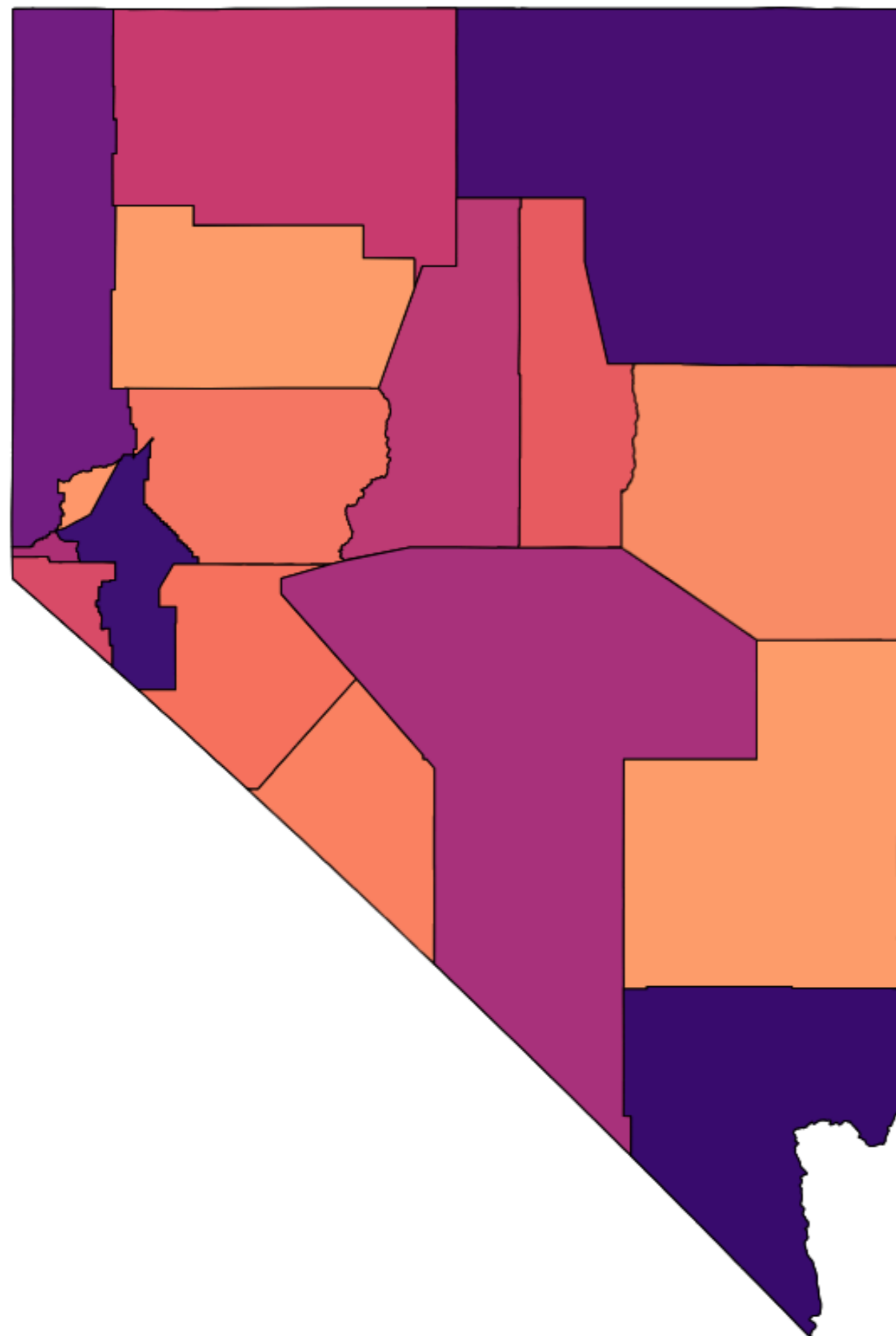
The Biggest Changes

	LEA	Final Allocation	Change from Current	Percent Change
1	State Charters	\$31,618,260.00	\$9,023,921.75	39.94%
2	Davidson Academy	\$26,900.00	\$7,677.32	39.94%
3	Clark	\$209,373,460.00	\$59,048,539.55	39.28%
4	Lyon	\$6,251,560.00	\$1,708,447.16	37.61%
5	Elko	\$6,924,060.00	\$1,775,665.49	34.49%
6	Esmeralda	\$37,660.00	-\$23,323.54	-38.25%
7	White Pine	\$876,940.00	-\$602,995.10	-40.74%
8	Storey	\$274,380.00	-\$217,166.97	-44.18%
9	Lincoln	\$597,180.00	-\$706,814.72	-54.20%
10	Pershing	\$457,300.00	-\$630,065.84	-57.94%

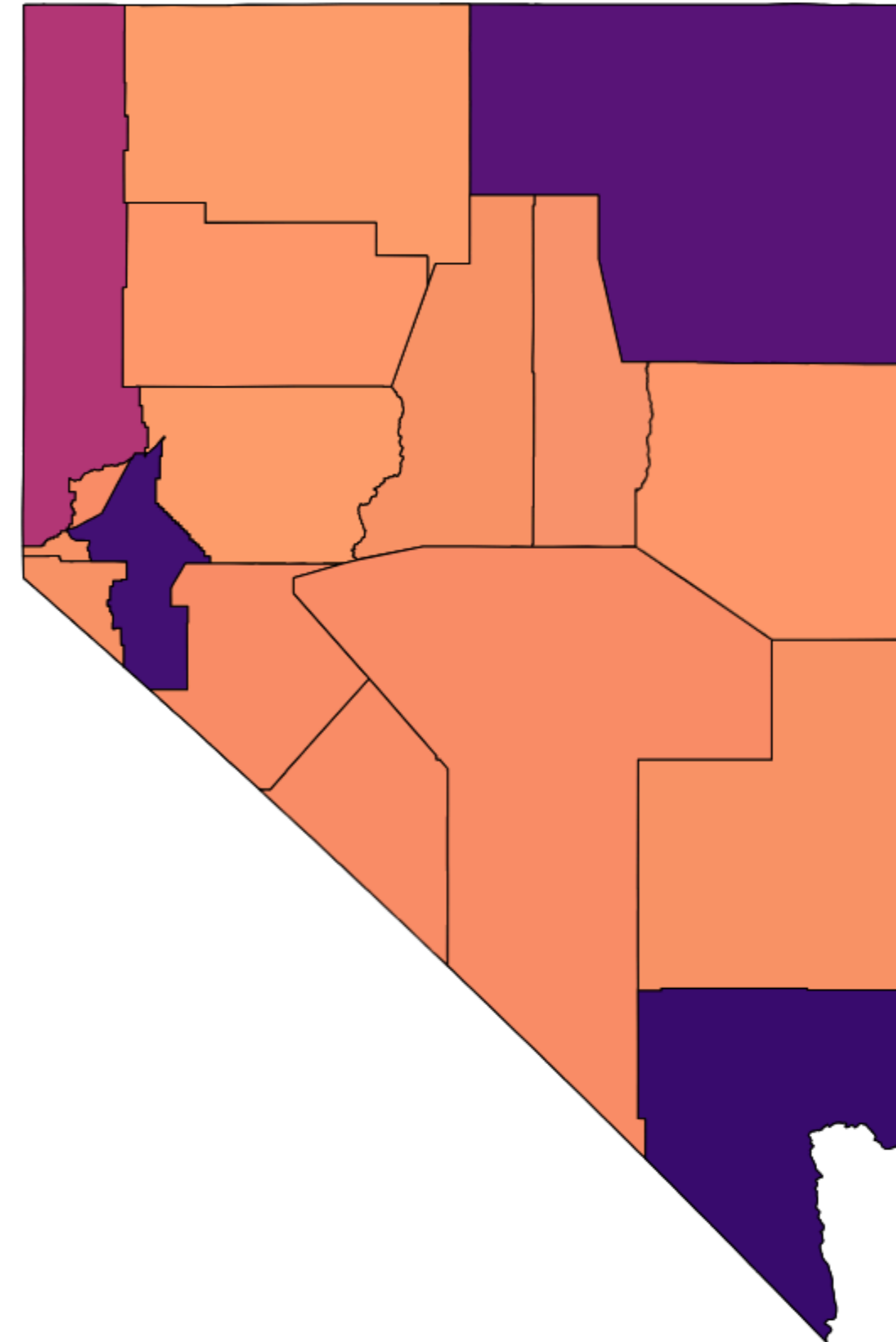
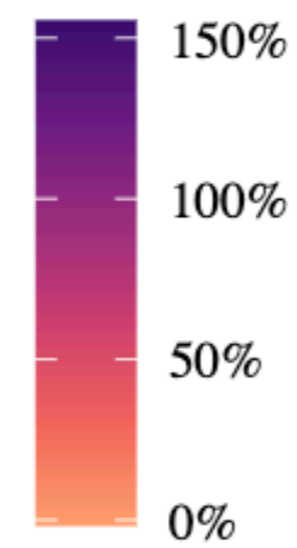
Percent Change in Funding, by LEA with weights of 1.1 (left) and 0.60 (right)

Percent Change by District

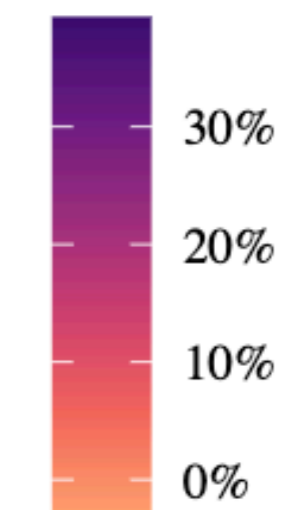
Percent Change by District



Percent Change in Funding



Percent Change in Funding



Consideration 1: Discussion Points

- Integrating the special education multiplier into the PCFP as a weight communicates the priority of inclusive practice and reinforces the fact that LEAs receive the base amount and supplemental funding for each student with a disability.
- The state could consider increasing the weight gradually over time, starting with the current weight and aiming to reach the 1.1 weight over the next five to eight years.
- While using multiple weights reflects the varying needs of students with disabilities, this would be a significant shift. The state can achieve the same impact by continuing to make funds available for the students with the most severe and expensive needs through the high-cost fund.
- The state would need to consider how it will fund students who fall into multiple weight categories. For instance, if a student has compounded needs, such as being both a student with disabilities and a student learning English).

Consideration 2: Transition away from the hold harmless base calculation

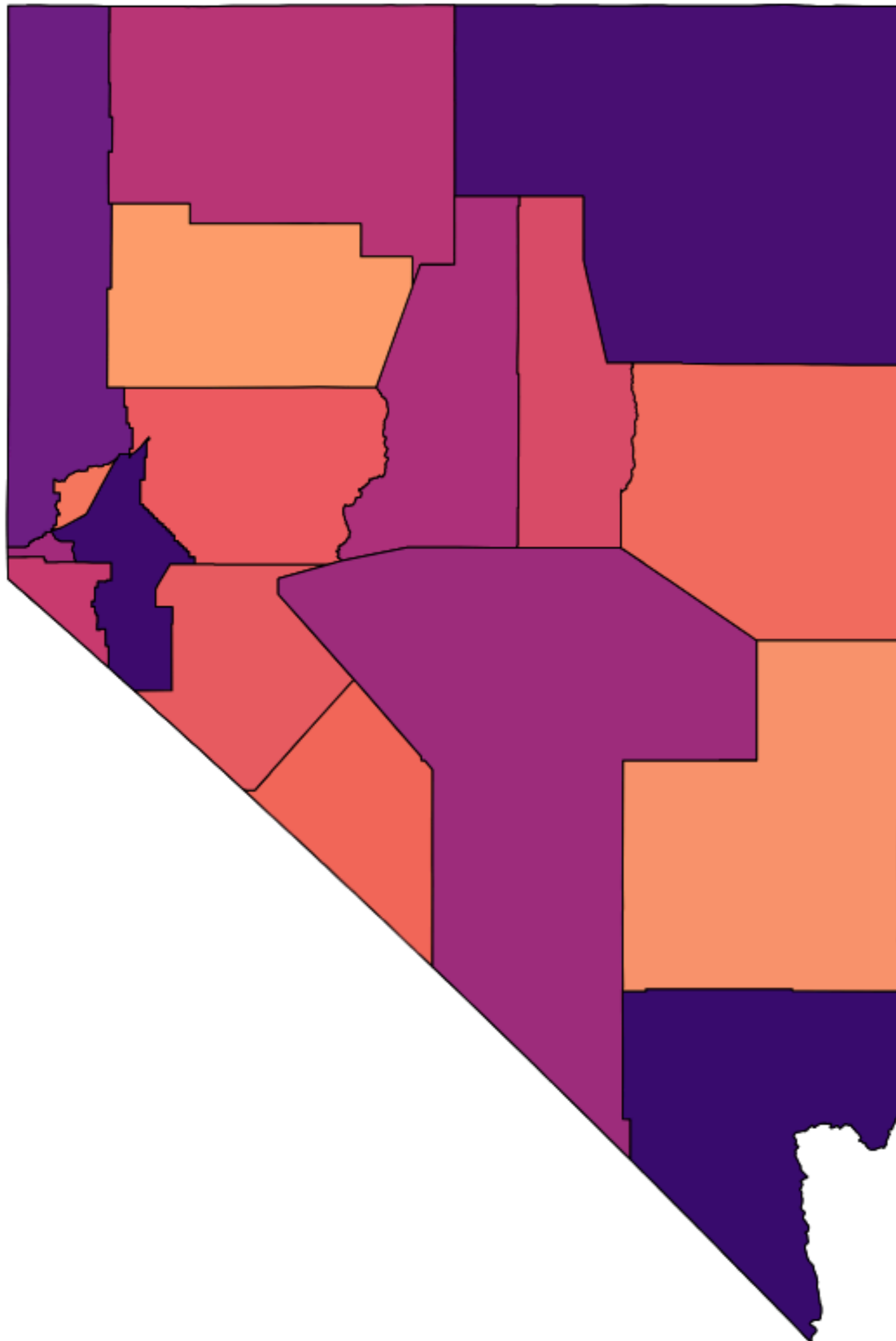
To eliminate the need for the hold harmless provision and not reduce any LEAs allocation, the state would need to more than double the current special education allocation.

- Using current allocation amounts, changing to a straight per pupil amount (\$4,112)
 - Increased funding for four LEAs (Clark, Elko, Lyon, SPCSA)
 - Decreased funding for 13 LEAs
 - \$12,130,144 would be needed for hold harmless at 100% (no decreased total)
- Increasing the weight to 1.1 using current base, with no hold harmless
 - Decreased funding for 2 LEAs (Lincoln, Pershing)
 - \$429,475 would be needed for hold harmless at 100%

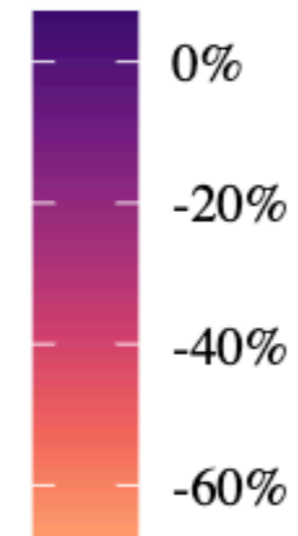
Impact of Removing Hold Harmless in Current Formula

Percent Change by District

The Biggest Changes



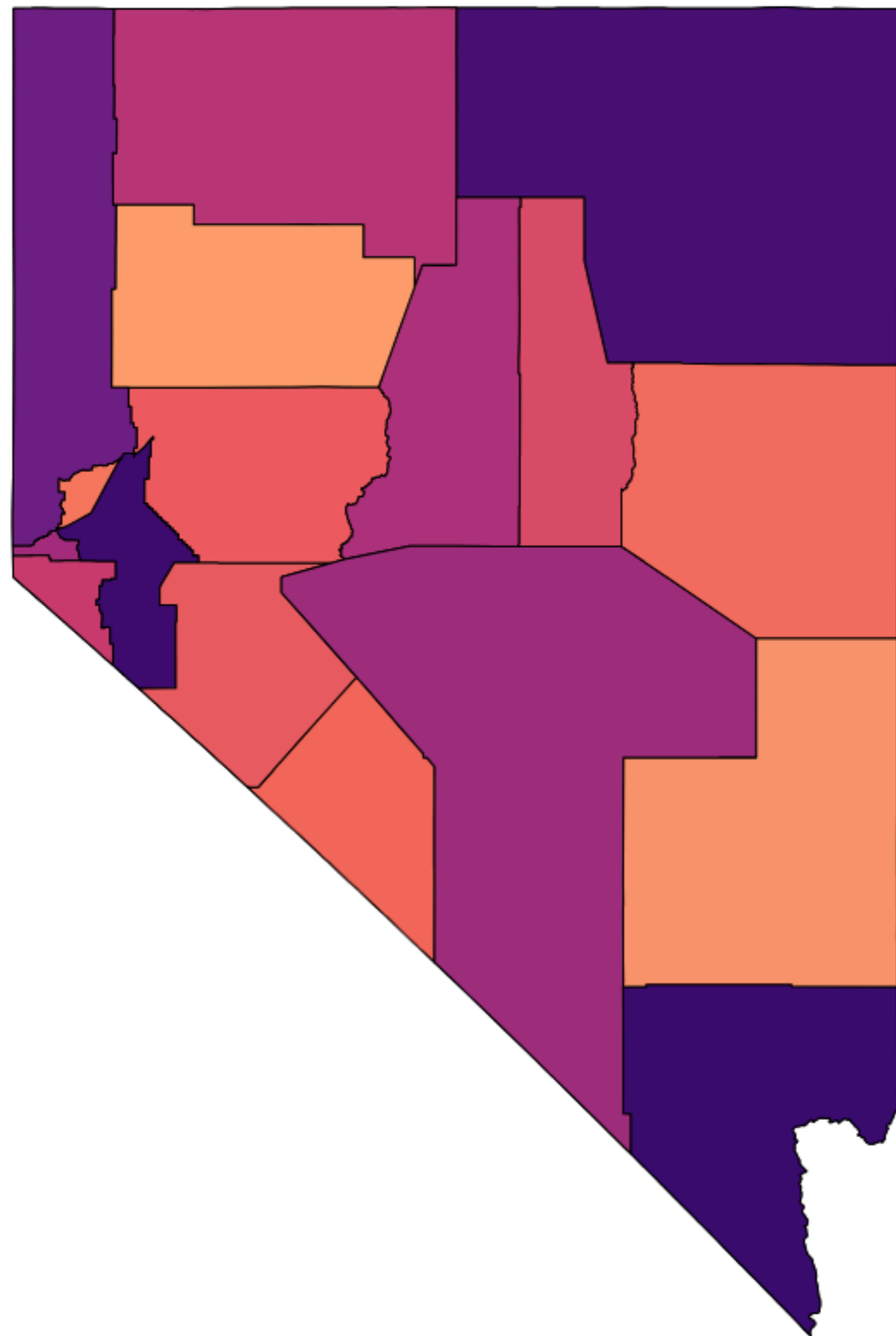
Percent Change in Funding



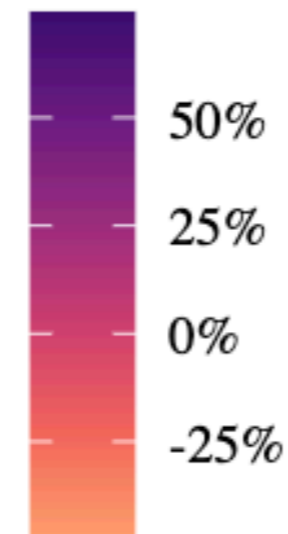
	LEA	Final Allocation	Change from Current	Percent Change
1	State Charters	\$24,314,026.90	\$1,719,688.65	7.61%
2	Davidson Academy	\$20,685.75	\$1,463.07	7.61%
3	Clark	\$161,005,442.37	\$10,680,521.92	7.10%
4	Lyon	\$4,807,367.58	\$264,254.74	5.82%
5	Elko	\$5,324,511.25	\$176,116.74	3.42%
6	Esmeralda	\$28,960.05	-\$32,023.49	-52.51%
7	White Pine	\$674,355.35	-\$805,579.75	-54.43%
8	Storey	\$210,994.62	-\$280,552.35	-57.08%
9	Lincoln	\$459,223.58	-\$844,771.14	-64.78%
10	Pershing	\$351,657.70	-\$735,708.14	-67.66%

Impact of Hold Harmless Combined with Increased Allocation (\$245m to \$400m)

Percent Change by District



Percent Change in Fundin



The Biggest Changes

	LEA	Final Allocation	Change from Current	Percent Change
1	State Charters	\$39,585,087.39	\$16,990,749.14	75.20%
2	Davidson Academy	\$33,677.97	\$14,455.29	75.20%
3	Clark	\$262,129,121.34	\$111,804,200.89	74.38%
4	Lyon	\$7,826,760.52	\$3,283,647.68	72.28%
5	Elko	\$8,668,709.80	\$3,520,315.29	68.38%
6	Esmeralda	\$47,149.16	-\$13,834.38	-22.69%
7	White Pine	\$1,097,901.86	-\$382,033.24	-25.81%
8	Storey	\$343,515.31	-\$148,031.66	-30.12%
9	Lincoln	\$747,650.96	-\$556,343.76	-42.66%
10	Pershing	\$572,525.51	-\$514,840.33	-47.35%

Impact of Reducing Hold Harmless to 75% (left) or 50% (right) with Current Amounts

The Biggest Changes

The Biggest Changes

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1	State Charters	\$24,314,026.90	\$1,719,688.65	7.61%	1	State Charters	\$24,314,026.90	\$1,719,688.65	7.61%
2	Davidson Academy	\$20,685.75	\$1,463.07	7.61%	2	Davidson Academy	\$20,685.75	\$1,463.07	7.61%
3	Clark	\$161,005,442.37	\$10,680,521.92	7.10%	3	Clark	\$161,005,442.37	\$10,680,521.92	7.10%
4	Lyon	\$4,807,367.58	\$264,254.74	5.82%	4	Lyon	\$4,807,367.58	\$264,254.74	5.82%
5	Elko	\$5,324,511.25	\$176,116.74	3.42%	5	Elko	\$5,324,511.25	\$176,116.74	3.42%
6	Storey	\$421,408.88	-\$70,138.09	-14.27%	6	Esmeralda	\$44,971.79	-\$16,011.75	-26.26%
7	Churchill	\$2,922,484.05	-\$488,648.62	-14.33%	7	White Pine	\$1,062,994.28	-\$416,940.82	-28.17%
8	White Pine	\$1,257,313.75	-\$222,621.35	-15.04%	8	Storey	\$351,270.80	-\$140,276.17	-28.54%
9	Lincoln	\$1,084,964.49	-\$219,030.23	-16.80%	9	Lincoln	\$876,384.18	-\$427,610.54	-32.79%
10	Pershing	\$889,723.28	-\$197,642.56	-18.18%	10	Pershing	\$710,368.08	-\$376,997.76	-34.67%

Consideration 2: Discussion Points

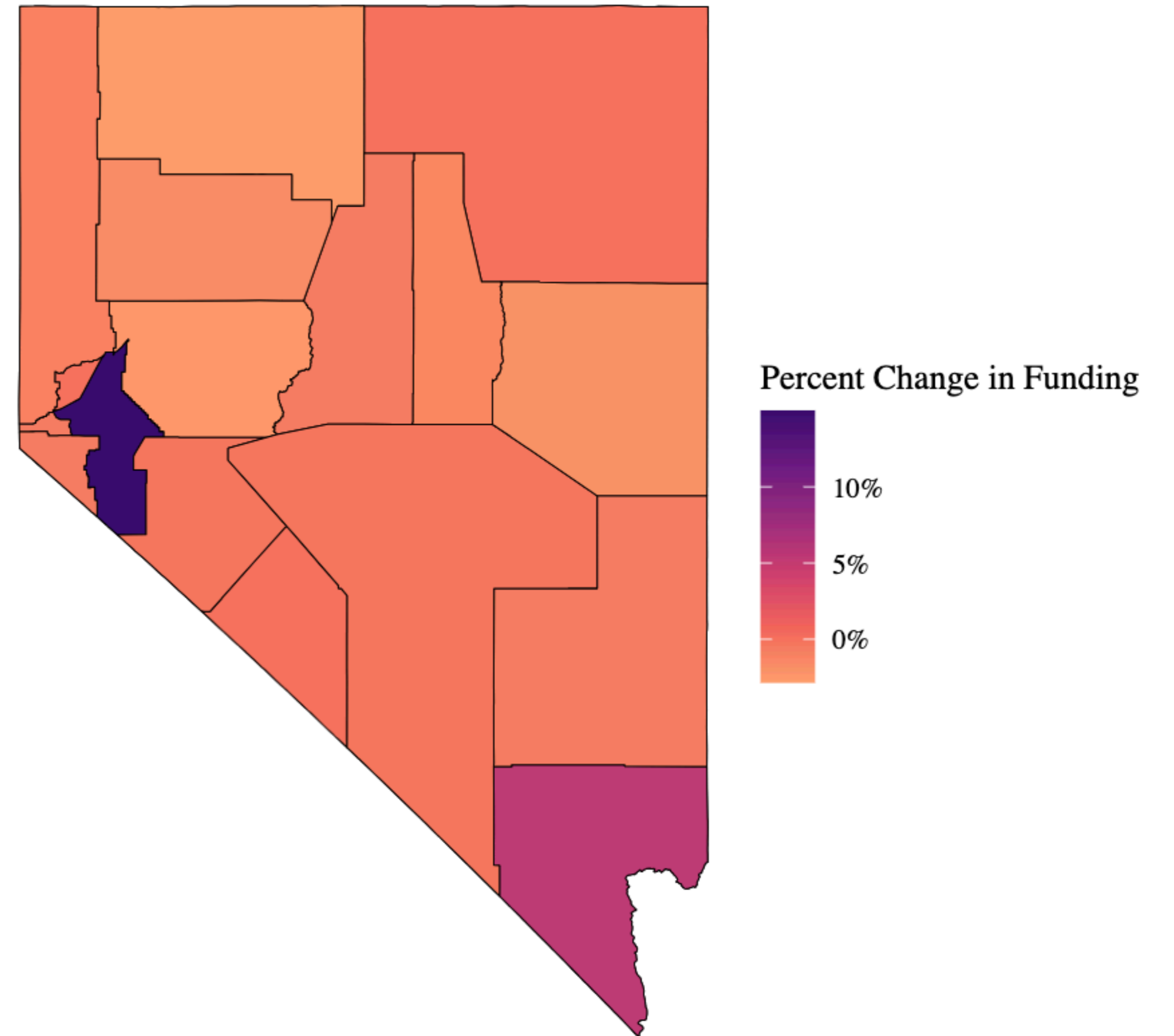
- The hold harmless provision provide increases, including based on inflation, based on previous counts of students with disabilities.
- This has created a relative adjustment, based on lack of growth, for small and rural LEAs. The current formula does not adjust for those factors in other ways.
- Other options for creating stability include a rolling average count of students (e.g., 3-year average count) for making allocations rather than updating annually.
- The hold harmless provision was intended to be temporary, while changes were made to the formula and may not be appropriate to include in perpetuity. The state should consider attaching a transitional time period to any hold harmless provision it continues to include in the special education funding system.
- The state is not required to ensure it provides sufficient state special education funding for each LEA to automatically meet its MOE obligations. The state may want to consider setting aside resources for training and technical assistance to help LEAs meet MOE and reduce their MOE obligations through the MOE exceptions.

Consideration 3: Examine the need for and appropriateness of the 13% cap

Percent Change by District

Statewide, 13.34% of students in Nevada were identified for special education in FY23.

- All but 2 LEAs (SPCSA and Davidson Academy) serve above the 13% cap of students with disabilities. Range is from 3.1% to 19.4%.
- Removing the cap results in increases for 2 LEAs (Clark, Lyon) and reductions for all other LEAs. Those LEAs already receive a bulk of the supplemental funding.



Consideration 3: Discussion Points

- The state can explore the impact of increasing the cap on specific LEAs, such as adding a cap for supplemental funding for LEAs that receive more than the state average per pupil expenditure, or more than double the state average.
- The state can consider using high-cost pools or other mechanisms to make funds available for LEAs where more than 13% (or another percent) of students are identified and receiving special education services.

Consideration 4: Revisit the funding of and criteria for accessing the state's high-cost fund

An increased high-cost fund can serve a similar purpose to the hold harmless provision without guaranteeing increased amounts in perpetuity.

Discussion point:

- The state can consider using other factors to prioritize high-cost funding including the size of LEA, the specificity of the program needed for student, whether the student's program is provided in or out of district, etc.

Consideration 5: Revisit special education funding for charter schools

Both the APA and AIR studies found that per pupil student special education funding in charter schools was lower in Nevada than in district schools. Why?

- Lower identification rates in charter schools, 9.9% compared to 13.34% statewide.
- The status of charter schools as schools of an LEA rather than as an LEA.
- Impact of the hold harmless provision that has built on base amounts since 2016-17 without a reset or update.

Removing the hold harmless provision and using updated counts of students with disabilities in all LEAs, including the State Public Charter School Authority, will decrease the disparities in funding between charter schools and school districts.

Consideration 5: Discussion Points

- It is important to consider the differences in populations when considering funding disparities including the proportion of the population identified for special education and differences in the needs of the students that attend different types of schools.
- A change to how funds are allocated to charter schools may change schools' IDEA status as independent LEAs if they are treated like school districts for purposes of special education funding. This change would have significant implications for NDE and increase its monitoring burden significantly. NDE would also be required to treat each charter schools as its own LEA for purposes of data collection and reporting, making local determinations, and determining eligibility for funding. This represents a significantly increased burden for both NDE and individual charter schools.

Considerations for Change

1. Add a special education weight to the PCFP to calculate a per pupil special education allocation.
2. Transition away from the hold harmless base calculation.
3. Examine the need for and appropriateness of the 13% cap.
4. Revisit the criteria for accessing the state's high-cost fund.
5. Revisit special education funding for charter schools.

Thank you