

March 21, 2014

State School Fund Task Force Testimony

Chair Devlin and Members of the Committee, my name is Chris Panike and I'm the Business Manager for La Grande School District (LGSD), which is located in Union County in NE Oregon. The purpose of my testimony today is to request more equitable funding for special education students. To accomplish this objective, I recommend this committee consider a combination of the following changes to the way special education is funded:

1. Properly (fully) fund the existing High Cost Disability (HCD) grant.
2. Make changes to the threshold values used for the High Cost Disability Grant.
3. Raise the IEP Student cap of 11% of ADMr to 12% or 13% of ADMr.
4. Change the 11% Cap Waiver Formula by removing the percentage of students on an IEP as a factor within the formula.

The documented general fund cost for special education within LGSD, otherwise known as Maintenance of Effort (MOE), has averaged \$2.0 million over the past four years. In comparison, the average special education funding obtained through the State School Fund (SSF) formula and HCD grant has been \$1.64 million, or 81.9% of the district's MOE. (It should be noted that the stated MOE cost does not include administrative costs beyond the special education director or ESD services.) This funding gap of \$0.36 million must then be made up by LGSD's general purpose grant and this funding gap represents the equivalent of 60 regular students' funding being diverted to special education requirements (\$360,000 divided by \$6,000). In other words, our regular education programs get penalized for this shortfall.

A significant factor driving the special education costs at LGSD is the placement of 56 group home beds for the developmentally disabled within the district's boundaries. Residents placed in these facilities by the Department of Human Services (DHS) must be educated through the school year they turn 21 and they always require constant one-on-one assistance. Once placed in these homes, they become LGSD's resident student(s) and no additional financial assistance is provided to the district beyond what we are discussing today, even though the parents (who may be residents of another school district) retain guardianship of the student.

For these and other high need students, the district's primary source of additional revenue is the existing HCD grant, but it is sorely underfunded. To even qualify for the grant, an individual student's special education costs must exceed \$30,000, but the grant only paid 42% of the qualifying costs (over \$30,000) for the 2011-12 school year. In addition, the average reimbursement over the past five years has only been 51% of the qualifying costs. Just properly funding the existing formula would be a huge relief as we have an average of twelve students per year whose costs qualify for this grant.

Other possible changes to the HCD grant formula should include evaluating the potential closing of the gap between the formula weight for special education students (currently \$6609) and the HCD minimum threshold (currently \$30,000) by reducing this threshold value to \$20,000 or perhaps \$25,000. This

change combined with a fully funded HCD grant program would provide significant relief for our funding shortfall.

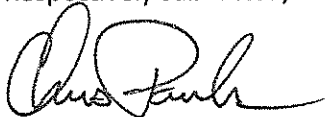
With regard to the statewide special education population, according to the Director of School Finance, the average number of students on an IEP is 13.8% of ADM. While the 11% cap currently in use may have been the statewide average when this formula was created, it is well below the statewide average of special education students today and a change is worthy of close consideration.

Even though additional funding relief for student populations over the 11% cap is provided through a cap waiver, the utilized formula penalizes districts like LGSD for reducing the number of students on IEPs. I recently asked the State School Fund Coordinator why the additional weights provided to LGSD through the 11% cap waiver have declined over the past several years while our total MOE expenditures have remained fairly constant. I learned that our reduction in students on IEPs from a high of 415 in 2005 to 302 in 2012 has driven down the SSF cap waiver weights for LGSD from 67.9 for 2005-06 to 30.2 for 2011-12 (the final weights for 2012-13 have not been released yet by ODE). For this reason I recommend the Task Force request that the Department of Education recalibrate the cap waiver formula such that a district's percentage of students on IEPs be removed. This formula should focus on student needs and how resources are spent, not on how many students are on IEPs.

In conclusion, the included calculations reflect several changes in funding scenarios which I looked at while preparing this testimony. The plan I would recommend to this committee is to (1) fully fund the HCD grant, (2) raise the 11% cap to 12% and (3) remove the percentage of students on an IEP from the cap waiver formula. The first two changes (assuming others factors remained constant) would have increased our average funding to \$1.85 million, or 92.2% of the average MOE costs during this same time period. I would then hope the proposed change in the cap waiver formula would make up a portion of the remaining shortfall in funding.

Thank you for your consideration of these suggestions.

Respectively submitted,



Chris Panike
La Grande School District

La Grande School District Special Education Funding Calculations

Current Funding

	ADMr	<11% w	>11%w	Ttl w	GPG/w	SPED \$	HCD Pymnt 1	HCD Pymnt 2	Total Funding	GF MOE	Funding to MOE Variance	Percent of MOE
2009-10	2017.6	221.9	55.1	277.0	\$ 5,991	\$ 1,659,507	\$ 161,869	\$ (79,723)	\$ 1,741,653	\$ 2,094,097	\$ (352,444)	83.2%
2010-11	2063.7	227.0	44.3	271.3	\$ 5,782	\$ 1,568,657	\$ 43,850	\$ 32,308	\$ 1,644,815	\$ 2,017,409	\$ (372,594)	81.5%
2011-12	2019.1	222.1	30.2	252.3	\$ 5,961	\$ 1,503,960	\$ 40,027	\$ 37,835	\$ 1,581,822	\$ 1,995,362	\$ (413,540)	79.3%
2012-13	1985.5	218.4	30.2	248.6	\$ 6,088	\$ 1,513,538	\$ 41,901	\$ 45,000	\$ 1,600,439	\$ 1,915,738	\$ (315,299)	83.5%
Column Totals						\$ 6,245,662	\$ 287,646	\$ 35,421	\$ 6,568,728	\$ 8,022,606	\$ (1,453,878)	81.9%
4 year Average	2021.5					\$ 1,561,415	\$ 71,911	\$ 8,855	\$ 1,642,182	\$ 2,005,652	\$ (363,469)	

Fully Funded HCD Grant Scenario

	ADMr	<11% w	>11%w	Ttl w	GPG/w	SPED \$	Fully Funded HCD	Total Funding	GF MOE	Funding to MOE Variance	Percent of MOE
2009-10	2017.6	221.9	55.1	277.0	\$ 5,991	\$ 1,659,507	\$ 163,776	\$ 1,823,283	\$ 2,094,097	\$ (270,814)	87.1%
2010-11	2063.7	227.0	44.3	271.3	\$ 5,782	\$ 1,568,657	\$ 151,450	\$ 1,720,107	\$ 2,017,409	\$ (297,302)	85.3%
2011-12	2019.1	222.1	30.2	252.3	\$ 5,961	\$ 1,503,960	\$ 185,164	\$ 1,689,124	\$ 1,995,362	\$ (306,238)	84.7%
2012-13	1985.5	218.4	30.2	248.6	\$ 6,088	\$ 1,513,538	\$ 172,959	\$ 1,686,497	\$ 1,915,738	\$ (229,241)	88.0%
Column Totals						\$ 6,245,662	\$ 673,349	\$ 6,919,011	\$ 8,022,606	\$ (1,103,595)	86.2%
4 year Average						\$ 1,561,415	\$ 168,337	\$ 1,729,753	\$ 2,005,652	\$ (275,899)	

Increase Cap by 1% Scenario

	ADMr	<12% w	>11%w	Ttl w	GPG/w	SPED \$	HCD Pymnt 1	HCD Pymnt 2	Total Funding	GF MOE	Funding to MOE Variance	Percent of MOE
2009-10	2017.6	242.1	55.1	297.2	\$ 5,991	\$ 1,780,597	\$ 161,869	\$ (79,723)	\$ 1,862,743	\$ 2,094,097	\$ (231,354)	89.0%
2010-11	2063.7	247.6	44.3	291.9	\$ 5,782	\$ 1,688,020	\$ 43,850	\$ 32,308	\$ 1,764,178	\$ 2,017,409	\$ (253,231)	87.4%
2011-12	2019.1	242.3	30.2	272.5	\$ 5,961	\$ 1,624,311	\$ 40,027	\$ 37,835	\$ 1,702,172	\$ 1,995,362	\$ (293,190)	85.3%
2012-13	1985.5	238.3	30.2	268.5	\$ 6,088	\$ 1,634,414	\$ 41,901	\$ 45,000	\$ 1,721,315	\$ 1,915,738	\$ (194,423)	89.9%
Column Totals						\$ 6,727,342	\$ 287,646	\$ 35,421	\$ 7,050,408	\$ 8,022,606	\$ (972,198)	87.9%
4 year Average						\$ 1,681,835	\$ 71,911	\$ 8,855	\$ 1,762,602	\$ 2,005,652	\$ (243,049)	

Increase Cap by 2% Scenario

	ADMr	<13% w	>11%w	Ttl w	GPG/w	SPED \$	HCD Pymnt 1	HCD Pymnt 2	Total Funding	GF MOE	Funding to MOE Variance	Percent of MOE
2009-10	2017.6	262.3	55.1	317.4	\$ 5,991	\$ 1,901,472	\$ 161,869	\$ (79,723)	\$ 1,983,617	\$ 2,094,097	\$ (110,480)	94.7%
2010-11	2063.7	268.3	44.3	312.6	\$ 5,782	\$ 1,807,343	\$ 43,850	\$ 32,308	\$ 1,883,501	\$ 2,017,409	\$ (133,908)	93.4%
2011-12	2019.1	262.5	30.2	292.7	\$ 5,961	\$ 1,744,668	\$ 40,027	\$ 37,835	\$ 1,822,530	\$ 1,995,362	\$ (172,832)	91.3%
2012-13	1985.5	258.1	30.2	288.3	\$ 6,088	\$ 1,755,293	\$ 41,901	\$ 45,000	\$ 1,842,194	\$ 1,915,738	\$ (73,544)	96.2%
Column Totals						\$ 7,208,776	\$ 287,646	\$ 35,421	\$ 7,531,843	\$ 8,022,606	\$ (490,763)	93.9%
4 year Average						\$ 1,802,194	\$ 71,911	\$ 8,855	\$ 1,882,961	\$ 2,005,652	\$ (122,691)	

Fully Funded HCD Grant Plus 1% Scenario

	ADMr	<12% w	>11%w	Ttl w	GPG/w	SPED \$	Fully Funded HCD	Total Funding	GF MOE	Funding to MOE Variance	Percent of MOE
2009-10	2017.6	242.1	55.1	297.2	\$ 5,991	\$ 1,780,597	\$ 163,776	\$ 1,944,373	\$ 2,094,097	\$ (149,724)	92.9%
2010-11	2063.7	247.6	44.3	291.9	\$ 5,782	\$ 1,688,020	\$ 151,450	\$ 1,839,470	\$ 2,017,409	\$ (177,939)	91.2%
2011-12	2019.1	242.3	30.2	272.5	\$ 5,961	\$ 1,624,311	\$ 185,164	\$ 1,809,475	\$ 1,995,362	\$ (185,887)	90.7%
2012-13	1985.5	238.3	30.2	268.5	\$ 6,088	\$ 1,634,414	\$ 172,959	\$ 1,807,373	\$ 1,915,738	\$ (108,365)	94.3%
Column Totals						\$ 6,727,342	\$ 673,349	\$ 7,400,691	\$ 8,022,606	\$ (621,915)	92.2%
4 year Average						\$ 1,681,835	\$ 168,337	\$ 1,850,173	\$ 2,005,652	\$ (155,479)	

ESL Student Weights

	Count	Factor	Weight
2009-10	37.8	0.5	18.9
2010-11	47.4	0.5	23.7
2011-12	38.1	0.5	19.1
2012-13	37.5	0.5	18.7
Average ESL	40.2	0.5	20.1
Percent of ADMr	2.0%		