

Special Education Funding in Charter Schools — **18 City Snapshots**

Simone Hall

Stephanie Lancet

Wendy Tucker

Appendix to the Report ***Charter School Funding: Support for Students with Disabilities***, prepared for the School Choice Demonstration Project at the University of Arkansas.





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Global Definitions:

FAPE - Free and Appropriate Public Education: The education guaranteed under federal and state law to students with disabilities in public schools who qualify for special education services. FAPE emphasizes special education and related services designed to meet each child's unique needs and to prepare each child for further education, employment, and independent living.

IDEA - The Individuals with Disabilities Education Act (20 U.S.C. §1400 et. seq.): The federal statute addressing the rights of students with disabilities in public schools and setting forth how federal funds for students with disabilities are disbursed to states. Subject to limited exceptions, IDEA funding allocations from the US Department of Education to each state, and from each state to their districts, are calculated pursuant to a statutory formula for disbursement (i.e., 85% of the funds are distributed according to each state's relative share of all children ages 3 through 21, and the remaining 15% are awarded according to each state's relative share of those children living in poverty).

IEP - Individualized Education Program: The document that specifies how a school will provide FAPE to a student who qualifies for special education services. Annual IEPs are drafted by teams that include parents, school personnel, and service providers. By law, annual IEPs each include the following: a description of the student's present levels of performance, the annual academic goals for the student, the services and supports that will be provided to allow the student to reach those goals and the student's educational placements.

LRE - Least Restrictive Environment: The IDEA requires that students with disabilities are placed in the least restrictive environment in which they can make measured progress on their goals. The presumed LRE is the general education environment with nondisabled peers, and the law requires IEPs to include an explanation for any situation in which students with disabilities are not in that general education setting.

LEA - Local Education Agency: The entity (usually a public board of education or local school district) responsible for providing public education.

LEA status - The legal status of a charter school, which is a critical factor in special education since most of the responsibilities under IDEA belong to the entity that is the legal LEA. LEA status usually falls into one of three categories:

Part of an LEA: Wherein a charter school operates as part of an LEA, essentially the same legal structure as the non-charter public schools in that district, and generally has access to services

through the district central office analogous to traditional public schools (e.g., human resources, transportation, and legal counsel). Special education, in particular, is generally shared between the school and the district, although the district is ultimately responsible for special education requirements under IDEA such as Child Find, providing a free and appropriate public education (FAPE), placing the student in the least restrictive environment (LRE), developing individual education programs (IEPs), etc. Federal, state, and local dollars generally flow through the district, and in many instances, these schools are provided some centralized services (e.g., transportation, student evaluations, specialized therapies, professional development, and legal counsel) instead of receiving direct funding for those services.

Own LEA: Wherein a charter school acts as its own district, including being wholly responsible for providing students with disabilities a full continuum of services analogous to a multi-school district and doing so without the centralized resources and funding pool available to larger districts. Charters that are their own LEAs typically receive federal, state, and sometimes local dollars directly and have control over how they spend those funds.

Hybrid LEA status: Wherein a charter school operates as its own LEA for some purposes and as part of a district for others. These distinctions are usually set out in state law. One example is New York, where charter schools are their own LEAs for all purposes other than special education but are part of the district for special education purposes.

Procedural Safeguards: Protections that all students with disabilities have pursuant to IDEA, along with the processes set out in the law for enforcement of those protections. Procedural safeguards include, but are not limited to, the following rights: prior written notice of proposed action related to the student, access to student records, parental consent for certain actions, the right to present and resolve complaints, and the right for the student to “stay put” during the pendency of certain proceedings. Under IDEA, the LEA is responsible for providing FAPE and for ensuring that students with disabilities are afforded all of the procedural safeguards guaranteed under law. The LEA is thus usually the entity that must respond to any allegations about a denial of rights or safeguards, including a denial of FAPE. In some situations in which charter schools are part of an LEA, the agreed-upon language in charter contracts may transfer some of these responsibilities from the LEA to the charter school.

Note about language:

In an effort to standardize descriptions, we use consistent phrases and descriptions (e.g., LEA status) where appropriate across all of the city profiles. However, when describing specific formulas, we use language pulled from formal state specific policies to ensure accuracy even when they do not reflect the language we prefer (e.g., “severe disabilities” versus “students who require significant supports”).

Atlanta consisted of four LEAs during the 2017-18 school year. The 16 charter schools that are authorized by the district, Atlanta Public Schools (APS), are a part of the district LEA. The other three charter schools within city limits, which are authorized by the State Charter Schools Commission, act as their own LEAs.¹ State-authorized charter schools are financially responsible for the cost of transportation of students with disabilities. For district-authorized schools, the responsibility for transportation costs is set out in the charter contract.² State authorized charter schools are financially responsible for IEP team placements of students with disabilities in private settings.³ In the case of district-authorized charter schools, financial responsibility for these placements and other specific services are set out in detailed special education operations contracts between the charter school and APS.⁴

Federal Funding for Students with Disabilities

State authorized charter schools receive IDEA funds directly from the Georgia Department of Education (GDE).⁵ In the case of APS charter schools, IDEA dollars flow from the U.S. Department of Education to GDE to APS and then to the schools.⁶ The amount of funding received by the state authorized charter schools and by APS is based on a formula closely resembling that which provides federal IDEA funds to states.⁷ Charter schools that are a part of APS also receive IDEA funds through an application process based on estimated allowable IDEA expenses.⁸

State and Local Funding for Students with Disabilities

For district-authorized charter schools, state funds for special education flow to APS, and then on to its charter schools. APS' largest sources of revenue is the state's general fund. Revenue for the general fund, which is only to be spent on educational purposes, comes from local taxes, state grants, federal

¹ <https://www.gadoe.org/External-Affairs-and-Policy/Charter-Schools/Committee%20Members/2018%20Charter%20Schools%20Annual%20Report.pdf>;

<https://www.atlantapublicschools.us/cms/lib/GA01000924/Centricity/Domain/2921/FY19%20Atlanta%20Public%20Schools%20Budget%20Book.pdf>, p. 11

² <https://www.gadoe.org/External-Affairs-and-Policy/Charter-Schools/Documents/Georgia+Primer+on+Special+Education+in+Charter+Schools+-+2015.pdf>, pp. 56-57

³ <https://www.gadoe.org/External-Affairs-and-Policy/Charter-Schools/Documents/Georgia+Primer+on+Special+Education+in+Charter+Schools+-+2015.pdf>, p. 34

⁴ Ibid., p. 35

⁵ <https://www.gadoe.org/External-Affairs-and-Policy/Charter-Schools/Documents/Georgia+Primer+on+Special+Education+in+Charter+Schools+-+2015.pdf>, pp. 56, 98

⁶ <https://www.ncsecs.org/wp-content/uploads/GA6.5.17.pdf>

⁷ See Global Definitions Section for more information.

⁸ <https://www.gadoe.org/Curriculum-Instruction-and-Assessment/Special-Education-Services/Documents/Special%20Education-Directors%20Handbook.pdf>, pp. 8, 14; <https://www.gadoe.org/Curriculum-Instruction-and-Assessment/Special-Education-Services/Documents/Budget%20and%20Grant/2020%20docs/FY20%20Final%20Allocations%20for%20Posting.pdf>, p. 4; <https://www.gadoe.org/Curriculum-Instruction-and-Assessment/Special-Education-Services/Documents/Budget%20and%20Grant/2021%20docs/FY20%20IDEA%20Fiscal%20Monitoring%20Checklist%20for%20LEAs.pdf>; <https://www.gadoe.org/External-Affairs-and-Policy/communications/Documents/GaDOE%20FY19%20CLIP%20Guidance%201.30.2018.pdf>; <https://www.gadoe.org/School-Improvement/Federal-Programs/Documents/Federal%20Resources/FY21%20Budget%20Training%20OVERARCHING%207.9.2020%20FINAL.pdf>

reimbursements, and miscellaneous sources.⁹ Each charter school's Quality Basic Education (QBE) allocation, which consists of general fund dollars, is calculated using the weighted average FTE and numbers on the QBE report for each school. The formula for the local charter schools is 3% of the total included expenditures and is calculated using the following formula:

$$\text{Centralized cost allocation to local charter} = \text{total included expenditures} \div 0.97 * 0.03.^{10}$$

The formula for calculating per-pupil expenditure (PPE) for locally approved charter schools is as follows:¹¹

$$\text{Local charter school PPE} = \text{school expenditures} + 3\% \text{ of transfer from district} / \text{fall FTE enrollment}$$

State special education funds flow directly to the state-authorized charter schools, which are responsible for all special education services.¹² For LEAs, a full-time equivalent (FTE) formula allocates funds based on services provided to each student with a disability for segments of the school day. The Quality Basic Education (QBE) state formula computes a total cost per student FTE (using grades 9-12 as a base) that includes direct instructional and operational costs.¹³ For each of the state's six special education categories, teacher to student ratios are used to compute relative costs per student FTE. Student enrollment is weighted by program according to how much time they spend in each program for six segments of the school day.¹⁴

For special education programs, the teacher to student ratios are:¹⁵

Category	Teacher to Student Ratio
Category 1: Self-contained specific learning disabled and self-contained speech-language disordered	1:8
Category 2: Mildly mentally disabled	1:6.5
Category 3: Behavior disordered, moderately mentally disabled, severely mentally disabled, resourced specific learning disabled, resourced speech-language disordered, self-contained hearing impaired and deaf, self-	1:5

⁹ <https://www.atlantapublicschools.us/cms/lib/GA01000924/Centricity/Domain/2921/FY19%20Atlanta%20Public%20Schools%20Budget%20Book.pdf>, p. 33

¹⁰ <https://gosa.georgia.gov/sites/gosa.georgia.gov/files/2018%20FESR%20Calculation%20Guide.pdf>

¹¹ Ibid.

¹² <https://www.ncsecs.org/wp-content/uploads/GA6.5.17.pdf>

¹³ Ibid.

¹⁴ Ibid.

¹⁵ https://www.gadoe.org/Finance-and-Business-Operations/Financial-Review/Documents/CHAPTER_24_QBE_Funding_Formula_updated_for_2016.doc

contained orthopedically disabled, and self-contained other health impaired	
Category 4: Deaf-blind, profoundly mentally disabled, visually impaired and blind, resourced hearing impaired and deaf, resourced orthopedically disabled, and resourced other health impaired	1:3
Category 5: Those students with disabilities classified as being in Categories 1 through 4 whose Individualized Educational Programs specify (1) specially designed instruction or supplementary aids or services; (2) alternative placements, in the least restrictive environment, including the regular classroom; and (3) who receive such services from personnel such as paraprofessionals, interpreters, job coaches, and other assistive personnel	1:8
Category 6: Intellectually gifted	1:12

The additional state dollars a school receives from providing special education services will theoretically increase their proportion of local funding per the law, but the difference may not be material. State-authorized charter schools are not eligible for local funding for students with disabilities, but they may negotiate with APS for shared services.¹⁶ District-authorized charter schools, on the other hand, can negotiate “additional” local funding, but the local funding formula for charter schools does not directly consider the type of students served—instead, it funds local charter schools based on proportionate enrollment.¹⁷ In FY2018, charter schools received \$104 million in local funding.¹⁸

Extraordinary Funding for Students with Disabilities

To help address the needs of students with high cost, low-incidence disabilities, Georgia has established a High Cost Fund using federal IDEA dollars.¹⁹ LEAs, including state-authorized charter schools, may apply for a High Cost Fund grant from the Georgia Department of Education to help with costs associated with students whose needs require the school to expend more than three times the state average per-pupil expenditure.²⁰ In order for all requests to be met, the number of applications cannot exceed .002 of the October special education student count ages 3-21.²¹ If the grant requests exceed the amount available, the awards are prorated.²² The state average per-pupil expenditure is calculated annually, but three times that expenditure is usually approximately \$27,000.²³

¹⁶ Ibid.

¹⁷ <https://www.ncsecs.org/wp-content/uploads/GA6.5.17.pdf>

¹⁸ <https://www.atlantapublicschools.us/site/handlers/filedownload.ashx?moduleinstanceid=62170&dataid=72749&FileName=FY20%20Budget%20Primer%20Final%20.pdf>

¹⁹ <https://www.gadoe.org/Curriculum-Instruction-and-Assessment/Special-Education-Services/Documents/SELDA/2019-20/Dec%20Mtg/High%20Cost%20and%20Residential%20Reintegration%20Grants%20SELDA.pdf>

²⁰ Ibid.

²¹ <https://www.gadoe.org/Curriculum-Instruction-and-Assessment/Special-Education-Services/Documents/SELDA/2019-20/Dec%20Mtg/High%20Cost%20and%20Residential%20Reintegration%20Grants%20SELDA.pdf>

²² <https://www.gadoe.org/Curriculum-Instruction-and-Assessment/Special-Education-Services/Documents/Implementation%20Manual%202018-19/Special%20Education%20Budgets%20Grant%20Application%20Process%205-24-19FINAL.pdf>

²³ <https://drive.google.com/file/d/1gi4rC8G7vg0yG5ku1srcMrNIW8annpud/view>

Georgia also offers a Residential and Reintegration Grant (RRG), which assists LEAs with full or partial funding for high-cost placements of students with disabilities in private residential programs or reintegration back from residential programs.²⁴ To qualify, LEAs must first consider a full continuum of services before a residential placement is made.²⁵ The state legislature appropriates funds annually, but LEAs generally split the cost approximately in half with the state.²⁶

Boston has two types of charter schools,²⁷ Horace Mann and Commonwealth charter schools, and the distinction between them has notable implications for funding mechanisms. Horace Mann charter schools retain an affiliation with Boston Public Schools (BPS) (i.e., they operate under a memorandum of understanding (MOU) between the local school committee and the school's board of trustees) and operate as their own LEAs.²⁸ Commonwealth charter schools are completely independent of BPS and also operate as their own LEAs.²⁹ In 2017-18, 6 charter schools were Horace Mann and 16 were Commonwealth.³⁰ BPS retains programmatic and financial responsibility when charter school students require an out-of-district day or residential school placement.³¹ Moreover, transportation as a related service for students with disabilities who attend any charter school in Boston must be provided by BPS,³² unless they reside outside Boston, in which case the charter school is obligated to provide these services.³³

Federal Funding for Students with Disabilities

As the LEAs, both Commonwealth charter schools and BPS receive IDEA Part B funding from the U.S. Department of Education through the state education agency, the Department of Elementary and Secondary Education (DESE).³⁴ The amount of funding received is based on a formula closely resembling that which provides federal IDEA funds to states.³⁵ Depending upon the terms of its charter and the MOU (which documents the terms of an agreed-upon³⁶ budget), a Horace Mann charter school may receive its share of federal funding for special education from BPS or receive the funds directly.³⁷

State and Local Funding for Students with Disabilities

BPS receives state funding for education from DESE through the Chapter 70 State Aid Program,³⁸ the Commonwealth's program for ensuring "adequate and equitable K-12 education funding."³⁹ Chapter 70 aid is determined for each district in the state in three basic steps: 1) it first defines and calculates a foundation budget (i.e., an adequate funding level for each district), given the specific grades, programs,

²⁴ <https://www.atlantapublicschools.us/cms/lib/GA01000924/Centricity/Domain/4983/Combined%20Budget%20Book.pdf>

²⁵ <https://www.ncsecs.org/wp-content/uploads/GA6.5.17.pdf>

²⁶ Ibid.

²⁷ <https://files.eric.ed.gov/fulltext/ED543920.pdf>, p. 2

²⁸ Ibid.

²⁹ Ibid.

³⁰ Personal communication with stakeholder from DESE (August 20, 2020)

³¹ Ibid; <http://www.doe.mass.edu/finance/circuitbreaker/finance.html>

³² <https://files.eric.ed.gov/fulltext/ED543920.pdf>, p. 11

³³ <http://www.doe.mass.edu/charter/guidance/2016-1.html>

³⁴ <http://www.doe.mass.edu/finance/circuitbreaker/finance.html>

³⁵ See definition of IDEA in Global Definitions for more information.

³⁶ BPS retains the ultimate authority to approve the budget.

³⁷ <http://www.doe.mass.edu/charter/about.html> (Questions and Answers Document, p. 9)

³⁸ <http://www.doe.mass.edu/finance/circuitbreaker/finance.html>

³⁹ <http://www.doe.mass.edu/finance/chapter70/fy2018/chapter-18p-explain.html>

and demographic characteristics of its students; 2) it then determines an equitable local contribution, (i.e., how much of that “foundation budget” should be paid for by each city and town’s property tax), based upon the relative wealth of the community; 3) it funds the remainder through Chapter 70 state aid.⁴⁰ The program’s funding formula assumes that a set percentage⁴¹ of students in each district will require special education services and provides a fixed dollar amount per pupil by different enrollment categories (including grade level, special education, English Language Learner, etc).⁴² BPS’ Chapter 70 allocation in Fiscal Year 2018 was \$218,066,495,⁴³ which translates to an average of \$3,922 per student in Boston.⁴⁴

Depending upon the terms of its charter and the MOU, a Horace Mann charter school may receive its share of state and local support for both special and general education from BPS or receive the funds directly.⁴⁵ BPS generally distributes funding to its district schools using a weighted student funding formula in which dollars follow students.⁴⁶ Each school is provided a specific allocation based on the number of students it has, and each student with a disability is assigned a weight based on three tiers of need (low, moderate, and severe).⁴⁷ Under the law, a Horace Mann charter school cannot receive less than it would have under the district’s standard budgetary allocation rules.⁴⁸ Horace Mann charter schools may negotiate for services in lieu of funding.⁴⁹

The vast majority of Commonwealth charter schools’ funding comes from tuition payments from the state, roughly equal to average per pupil spending in BPS.⁵⁰ The state then deducts the same amount from BPS’ state aid account.⁵¹ The actual tuition formula is a three-step calculation based on a foundation budget rate, an above foundation rate, and a facilities aid rate. The foundation budget rate factors in the specific demographic make-up of students leaving BPS and is modeled on the foundation budget calculation used in the Chapter 70 funding formula.⁵² In order to discourage districts from over-identifying students as eligible for special education, the foundation budget rate uses an assumed full-time equivalent rate of 3.75% of total enrollment, built upon an assumption that 15% of all students receive special education services 25% of the time ($0.15\% \times 0.25\% = 0.0375$ or 3.75%).⁵³ Notably, while Boston municipal revenue is included in the foundation formula used to determine tuition payments, Commonwealth charter schools do not have direct access to local municipal revenues.⁵⁴

⁴⁰ Ibid.

⁴¹ Special education in-district headcount is an assumed percentage, representing 3.75 percent of K to 12 non-vocational enrollment and 4.75 percent of vocational enrollment. Special education out-of-district headcount is also an assumed percentage, representing 1 percent of non-vocational K-12 enrollment.

⁴² <https://www.ncsecs.org/wp-content/uploads/MA6.5.17.pdf>

⁴³ <http://www.doe.mass.edu/finance/chapter70/fy2018/chapter-18-local.xlsx>

⁴⁴ <https://www.bostonpublicschools.org/cms/lib/MA01906464/Centricity/Domain/187/BPS%20at%20a%20Glance%202017-2018.pdf>

⁴⁵ <http://www.doe.mass.edu/charter/about.html> (Questions and Answers Document, p. 9)

⁴⁶ <https://drive.google.com/file/d/0B4pldbnrXgYYa0tTKVIN0h2Wlk/view>, p. 12

⁴⁷ <https://drive.google.com/file/d/0B21TTPz5ycZ0NWdJWEw4YmhzZkE/view>

⁴⁸ <http://www.doe.mass.edu/charter/about.html> (Questions and Answers Document, p. 9)

⁴⁹ <https://www.ncsecs.org/wp-content/uploads/MA6.5.17.pdf>

⁵⁰ https://massbudget.org/report_window.php?loc=Charter-School-Funding,-Explained.html;
<http://ecs.force.com/mbdata/mbstprofile?Rep=CSP17&st=Massachusetts>

⁵¹ <http://www.doe.mass.edu/charter/about.html> (Questions and Answers Document, p. 9)

⁵² Ibid.

⁵³ https://massbudget.org/report_window.php?loc=Charter-School-Funding,-Explained.html

⁵⁴ <https://files.eric.ed.gov/fulltext/ED593774.pdf>

Extraordinary Funding for Students with Disabilities

Massachusetts also offers additional state funding for special education through the "circuit breaker" program, which reimburses LEAs for the expenditures associated with educating students with disabilities who require services that cost greater than four times the statewide foundation budget.⁵⁵ An LEA may be reimbursed, subject to appropriation, for up to 75% of these costs. While the majority of charter school students who meet this service threshold are educated at out-of-district day or residential placements (and therefore the financial responsibility of their district of residence as outlined in the Massachusetts charter law), some charter schools may qualify for a circuit breaker reimbursement.⁵⁶

Camden was home to five charter schools, including one with four campuses, in 2017-18.⁵⁷ This figure does not include Renaissance Schools, which is a network of hybrid charter/district schools unique to New Jersey. The sole authorizer in the state is the New Jersey Department of Education (NJDOE).⁵⁸ New Jersey charter schools serve as their own LEAs, which means that Camden charter schools are responsible for providing and funding their own special education services.⁵⁹ This financial responsibility includes the requirement to pay for transportation of students with disabilities if it is a related service. The sole carve out of their financial responsibility is for students whose needs are so great that they require placement in private day or residential schools. In those circumstances, the student's district of residence is financially responsible for paying for the tuition, and that district has the ability to seek financial assistance in covering these costs from the state.⁶⁰

Federal Funding for Students with Disabilities

As the LEAs, both Commonwealth charter schools and BPS receive IDEA Part B funding from the U.S. Department of Education through the state education agency, the NJDOE.⁶¹ The amount of funding received is based on a formula closely resembling that which provides federal IDEA funds to states.⁶² The NJDOE passes the funds to districts, which must send the funds to the charter schools where students who reside in their districts attend.⁶³

State and Local Funding for Students with Disabilities

New Jersey distributes state special education funds using a census-based formula, assuming that all LEAs in the state, including charter schools, provide special education and related services to 14.78% of their students.⁶⁴ Special education is a separate category within the state's larger funding formula. The state determines the actual amount of special education funding by using two separate but related calculations.⁶⁵

⁵⁵ <http://www.doe.mass.edu/finance/circuitbreaker/finance.html>

⁵⁶ <https://files.eric.ed.gov/fulltext/ED543920.pdf>

⁵⁷ Conversation with stakeholder, August 24, 2020)

⁵⁸ <https://www.qualitycharters.org/statemaps/states/new-jersey/>

⁵⁹ https://www.qualitycharters.org/wp-content/uploads/2017/12/Special-Education-Toolkit_New-Jersey-Finance.pdf

⁶⁰ https://www.qualitycharters.org/wp-content/uploads/2017/12/Special-Education-Toolkit_New-Jersey-Finance.pdf; NJ Rev. Stat. §18A:36A-11(b).

⁶¹ <https://www.ncsecs.org/wp-content/uploads/NJ6.5.17.pdf>

⁶² See definition of IDEA in Global Definitions for more information.

⁶³ <https://www.nj.gov/education/chartsch/about/regs/cspa.shtml>; NJ Rev. Stat. §18A:36A-12(b).

⁶⁴ https://www.qualitycharters.org/wp-content/uploads/2017/12/Special-Education-Toolkit_New-Jersey-Finance.pdf

⁶⁵ Ibid.

The first calculation, which accounts for two-thirds of the state’s education funding, is for equalization aid for general special education students and for students who receive only speech services.⁶⁶ Funding for both types of services are structured similarly and based on the funding provided for the district in which the charter school student resides, which is called the district’s adequacy budget. Every year, the state develops an adequacy budget for each district, which is the calculation of what it would cost to educate each student, multiplied by the number of students. The adequacy budget calculation is complex and includes weights for different factors such as grade band levels, English language learner needs, and geographic cost of living calculations. To calculate funding for students receiving general special education services, the district special education adequacy budget is divided by the total district adequacy budget to determine a special education adequacy budget percentage. The district equalization aid and the general fund tax levy⁶⁷ are multiplied by the adequacy budget percentage, and the two are then added together to give the total district special education aid. For charter schools, which are entitled to 90% of the adequacy budget, this amount is multiplied by .90 to determine their special education equalization aid. Finally, the total charter special education equalization aid is divided by the total projected district special education enrollment for that year to determine the charter per pupil allocation. For students who receive only speech services, the adequacy budget percentage is based on the percent of the total district adequacy budget that goes to the speech adequacy budget.

The second calculation, which accounts for the remaining third of funding, is provided as categorical aid.⁶⁸ Charter school enrollment in special education as a percentage of the total district special education enrollment is multiplied by the total district special education categorical aid budget. Unlike the equalization aid, categorical aid enrollments are based on the projections funded in the prior year. All state categorical aid attributable to a specific student (e.g., students with disabilities) must be paid to the charter school by the district of residence.

Extraordinary Funding for Students with Disabilities

New Jersey allocates funds for students with disabilities who require services outside of their school.⁶⁹ For in-district public or private placement where the student is educated alongside their non-disabled peers, the state covers 90% of costs that are in excess of \$40,000. For specialized public school programs, often referred to as “center-based programs” specifically for students with disabilities, the state will pay 75% of costs that are in excess of \$40,000. Lastly, the state will pay 75% of excess costs above \$55,000 for students with disabilities placed in private schools by their IEP team.⁷⁰ As with categorical aid, the district of residence is responsible for providing funding up to the thresholds for students with disabilities who require significant supports. The district of residence may then seek reimbursement from the state for the excess costs.

Chicago has two types of charter schools,⁷¹ district-authorized and state-authorized, and the distinction between them has notable implications for LEA status and funding mechanisms. Illinois’

⁶⁶ Ibid.

⁶⁷ This is the pre-budget year levy adjusted by the consumer price index for the given year.

⁶⁸ https://www.qualitycharters.org/wp-content/uploads/2017/12/Special-Education-Toolkit_New-Jersey-Finance.pdf

⁶⁹ Ibid.; <https://homeroom.state.nj.us/exaid/doc/FAQEXAID.pdf>

⁷⁰ Ibid.

⁷¹ <https://www.isbe.net/Documents/Biennial-Charter-School-Report-2020.pdf>, p. 5

charter law identifies local school districts as the primary authorizers of charter schools.⁷² In 2017-18, Chicago Public Schools (CPS) served as authorizer to 41 charter schools within city limits,⁷³ and these schools operated as part of the CPS LEA. When local school boards deny charter applications or renewals, Illinois' charter law also designates a pathway for charter schools to appeal to an independent state agency with statewide chartering jurisdiction and authority. In 2018, the Illinois State Charter School Commission served as authorizer for five charter schools in Chicago,⁷⁴ all of which operated as their own LEAs.

LEAs, including state-authorized charter schools, are responsible for transporting⁷⁵ students with disabilities⁷⁶ and paying for two times the district tuition rate (expanded upon below) towards private placements⁷⁷ by the IEP team.⁷⁸ For district-authorized charter schools, CPS retains programmatic responsibility for providing the full continuum of special education services to students with disabilities, including related services like transportation⁷⁹ and placement by the LEA in private settings.⁸⁰

Federal Funding for Students with Disabilities

For state-authorized charter schools, IDEA dollars flow to the Illinois State Board of Education (SBE) and then to the charter schools.⁸¹ The amount of funding received is based on a formula closely resembling that which provides federal IDEA funds to states.⁸² For district-authorized charter schools, these dollars flow from the U.S. Department of Education to the SBE to CPS and then to the charter schools.⁸³ District-authorized charter schools receive proportionate shares of IDEA Part B fundings from CPS through tuition payments, discussed below.⁸⁴

State and Local Funding for Students with Disabilities

State-authorized charter schools and CPS, as LEAs, receive state funding for special education directly from ISBE through a hybrid system called "Evidence-Based Funding" that incorporates both a resource-based system, which determines the cost of delivering special education based on the cost of the resources required, and census-based assumptions, or assumptions that a set percentage of students in each LEA will require special education services.⁸⁵ LEAs are sorted into tiers by the state according to the

⁷² <https://www.isbe.net/Documents/Biennial-Charter-School-Report-2020.pdf>, p. 2

⁷³ Ibid.

⁷⁴ Ibid.

⁷⁵ The state reimburses LEAs, including state-authorized charter schools, for a portion of the costs incurred transporting pupils with disabilities, covering a maximum of 80% of the district's allowable costs through the Special Transportation Program.

⁷⁶ https://www.isbe.net/Documents/state_spед_funding.pdf, p. 52; Personal communication with stakeholder expert in Chicago education finance (August 28, 2020)

⁷⁷ The state also reimburses LEAs, including state-authorized charter schools, for a portion of the costs incurred from private placements by the IEP team of the prior school year, with the LEA obligated to cover two times the district tuition rate and the state reimbursing the LEA for the remainder of the school year.

⁷⁸ https://www.isbe.net/Documents/state_spед_funding.pdf, p. 1; Personal communication with stakeholder expert in Chicago education finance (August 28, 2020)

⁷⁹ <https://www.cps.edu/globalassets/cps-pages/services-and-supports/special-education/understanding-special-education/cps-policies-and-procedures/odlsstransportationprocedure.pdf>, p. 2

⁸⁰ <https://www.cps.edu/globalassets/cps-pages/services-and-supports/special-education/understanding-special-education/cps-policies-and-procedures/odlssideaproceduralmanuals1920.pdf>, p. 69

⁸¹ <https://www.ncsecs.org/wp-content/uploads/IL6.5.17.pdf>

⁸² See definition of IDEA in Global Definitions for more information.

⁸³ <https://www.ncsecs.org/wp-content/uploads/IL6.5.17.pdf>

⁸⁴ Personal communication with stakeholder expert in Chicago education finance (August 28, 2020)

⁸⁵ <http://funded.edbuild.org/state/IL>; https://www.isbe.net/Documents/EBF_Presentation_Detailed.pdf

degree to which their local funding capacity (i.e., property tax revenues) can be expected to cover their local education costs.⁸⁶ A greater percentage of additional state aid is then distributed to LEAs with lower funding capacity.⁸⁷ State funding that state-authorized charter schools receive directly is deducted from what CPS would otherwise receive for state aid.⁸⁸

District-authorized charter schools that operate as part of the CPS, on the other hand, receive state funding for special education through CPS in proportionate shares (as outlined in the Illinois Charter School Act)⁸⁹ based on how many enrolled students qualify for special education and related services.⁹⁰ The vast majority of funding for district-authorized charter schools comes from the tuition payments (i.e., per-pupil funding) paid by CPS, with funding for special education included in the per-capita tuition charge (PCTC).⁹¹ In fiscal year 2018, charter schools received \$1,086.77 per pupil in special education funding, although that funding was not weighted for students with disabilities.⁹² CPS is required by law⁹³ to set tuition rates for charter schools between 97 percent and 103 percent of the per-pupil funding for traditional public schools.⁹⁴ Specifically, charter tuition rates were set at 97 percent of the PCTC for elementary schools, 100 percent of the PCTC for high schools in independent facilities, and 103 percent of the PCTC for high schools in CPS facilities.⁹⁵ State-authorized charter schools also receive tuition payments directly from ISBE equal to 100% of CPS' PCTC.⁹⁶

Extraordinary Funding for Students with Disabilities

Illinois also offers additional funding to support students with disabilities through the Special Education Extraordinary Fund,⁹⁷ composed of unused federal IDEA funds, to which LEAs, including state-authorized charter schools, can apply if their total expenditures per student with a disability is greater than four times the district tuition rate. If excess cost claims exceed the Fund's amount, reimbursements are prorated.⁹⁸

Denver charter schools, like all other charter schools across the state, operate as part of their local school district LEA, Denver Public Schools (DPS).⁹⁹ In 2017-18, DPS served as the authorizer for all 59 charter schools in the district.¹⁰⁰ DPS is legally and financially responsible for providing the full

⁸⁶ https://www.isbe.net/Documents/EBF_Presentation_Detailed.pdf

⁸⁷ Ibid.

⁸⁸ https://www.cps.edu/globalassets/cps-pages/about/finance/budget-2018/fy18_budgetbook_approved_amended.pdf, p. 32

⁸⁹ Ch. 122 Ill. Comp. Stat. § 27A- 11(2005)

⁹⁰ <https://www.ncsecs.org/wp-content/uploads/IL6.5.17.pdf>

⁹¹ <https://www.cps.edu/globalassets/cps-pages/about/finance/budget-2018/appendixb.pdf>, p. 21

⁹² Ibid.

⁹³ Prior to fiscal year 2018, CPS set tuition rates according to the district's student-based budgeting (SBB) model, which ensured every student received an equal base amount of funding that 'follows' the child, regardless of whether the student chooses to enroll in a traditional public or charter school. A change in state law effectively ended the SBB model for charter schools, setting charter tuition rates instead within the narrow 97-103 percent range around the CPS' most-recently available PCTC, which was based on the fiscal year 16 annual financial report.

⁹⁴ <https://www.cps.edu/globalassets/cps-pages/about/finance/budget-2018/appendixb.pdf>, p. 21

⁹⁵ Ibid.

⁹⁶ Personal communication with stakeholder expert in Chicago education finance (August 28, 2020)

⁹⁷ Ibid.; <https://www.ecs.org/clearinghouse/78/10/7810.pdf>, p. 5

⁹⁸ <https://www.ecs.org/clearinghouse/78/10/7810.pdf>, p. 5

⁹⁹ <https://www.publiccharters.org/our-work/charter-law-database/states/colorado>

¹⁰⁰ <https://co.chalkbeat.org/2017/9/14/21100896/the-numbers-behind-denver-s-portfolio-of-schools-more-than-half-are-charter-and-innovation-schools>

continuum of special education services to students with disabilities, including related services like transportation¹⁰¹ and placement by the LEA in private settings.¹⁰²

Federal Funding for Students with Disabilities

As the LEA, DPS receives IDEA Part B funding from the U.S. Department of Education through the state education agency, the Colorado Department of Education (CDE).¹⁰³ The amount of funding received is based on a formula closely resembling that which provides federal IDEA funds to states.¹⁰⁴ According to a 2015 study of special education in Colorado charter schools, it remains unclear whether LEAs share federal IDEA funds with their charter schools or use them to offset the cost of providing special education services to students who enroll in their charter schools.¹⁰⁵

State and Local Funding for Students with Disabilities

Most of DPS' revenue is provided through the Public School Finance Act of 1994 (as amended), which provides funding for public education via state taxes, local specific ownership (i.e., vehicle registration) taxes, and local property taxes.¹⁰⁶ Under the School Finance Act, DPS receives state funding for both general and special education, called Total Program Funding, from CDE.¹⁰⁷ Total Program Funding is based on a formula for each child enrolled in a school, called "Per-Pupil Operating Revenue" (PPR), which assigns a cost to the education of a student with no special needs or services (called a base amount). Like traditional public schools, charter schools receive their PPR through DPS for each student enrolled.

In addition to Total Program Funding, DPS receives state funding for categorical programs including special education¹⁰⁸ through the State Exceptional Children's Educational Act (ECEA). State ECEA funding of special education programs for children with disabilities was \$167,017,698 in fiscal year 2017-18.¹⁰⁹ The funding is allocated through two tiers.

- First, all students with disabilities are funded at a base level of \$1,250, referred to as Tier A funding. The Tier A amount has remained the same since 2006–07, with the state's own Special Education Fiscal Advisory Committee noting that the allocation has not kept pace with cost increases.¹¹⁰
- Then, students with more intensive needs (identified by specific disability diagnoses¹¹¹) are funded with an additional allocation, referred to as Tier B funding, that varies from year to year on a per-pupil basis,¹¹² prorated based on the appropriation level.¹¹³ In 2018–19, the Tier B supplement was just \$1,876 per student.¹¹⁴

¹⁰¹ <http://www.cde.state.co.us/sites/default/files/documents/cdenutritran/download/pdf/transdisabilities.pdf>

¹⁰² http://www.cde.state.co.us/cdesped/iep_proceduralguidance, p. 57

¹⁰³ https://financialservices.dpsk12.org/wp-content/uploads/sites/23/DPS_Finance_CitizensGuide.pdf, p. 13

¹⁰⁴ See definition of IDEA in Global Definitions for more information.

¹⁰⁵ <https://www.ncsecs.org/wp-content/uploads/CO6.5.17.pdf>

¹⁰⁶ <https://www.cde.state.co.us/cdefinance/fy2018-19brochure>, p. 2

¹⁰⁷ Ibid.

¹⁰⁸ <https://www.cde.state.co.us/cdefinance/fy2018-19brochure>, p. 13

¹⁰⁹ <https://c0arw235.caspio.com/dp/b7f93000f44ee6bcefb745e88b8d?state=Colorado>

¹¹⁰ https://cosfp.org/wp-content/uploads/edbuild_-co_-sped_-final.pdf, p. 5

¹¹¹ Students with the following disabilities generate Tier B funding in addition to the Tier A Allocation: Visual Impairment, including Blindness; Hearing Impairment, including deafness; Deaf-Blindness; Serious Emotional Disability; Autism Spectrum Disorder; Traumatic Brain Injury; Multiple Disabilities, and; Intellectual Disabilities.

¹¹² https://cosfp.org/wp-content/uploads/edbuild_-co_-sped_-final.pdf, p. 3;
<https://c0arw235.caspio.com/dp/b7f93000f44ee6bcefb745e88b8d?state=Colorado>

DPS charges the charter school a fee¹¹⁵ for central administrative overhead costs to cover services provided to the charter school,¹¹⁶ including related service providers, access to intensive services if needed, and training and oversight of special education programming. Charter schools have the option of opting out of certain services.¹¹⁷ For example, they can choose not to receive related services through DPS and instead keep more special education revenue and hire their own service providers.¹¹⁸ If charter schools have center-based programs, which serve students with more significant needs by offering specialized expertise and services,¹¹⁹ they are allocated additional funds by DPS to staff the center (i.e., teachers and paraprofessionals) and receive a lump-sum of \$7,000 for additional needs.¹²⁰ DPS is not required by law to share mill levy funds with its charter schools.¹²¹ According to CDE, about 70% of special education is funded through districts' "General Funds," which are based on the money coming from the state for all students and any other local revenue sources, and "charter schools should plan on subsidizing special education services out of their general fund by at least 70%."¹²²

Extraordinary Funding for Students with Disabilities

Colorado offers additional state funding for special education to support students in high-cost placements through its High-Cost Allocation program¹²³ (i.e., Tier C), which is distributed student by student each year. Colorado appropriates dollars for this program under the ECEA, with thresholds varying depending on whether the student has an in-district or out-of-district placement (i.e. a state facility). In 2018, the Special Education Fiscal Advisory Committee maintained the eligibility threshold for reimbursement at \$40,000 per student for high-cost out-of-district placements and at \$25,000 per student for high-cost in-district placements.¹²⁴ DPS received \$0 (i.e., no funding) for both in- and out-of-district payments from this fund in 2017-18.¹²⁵ When it does receive this funding, DPS retains the revenue and assigns it to charter schools that have center-based programs or who enroll a student who needs specialized support (i.e. paraprofessional).¹²⁶

Detroit consisted of 56 LEAs—the Detroit Public Schools Community District (DPSCD), and 55 charter schools—in the 2017-18 school year.¹²⁷ All charter schools in the city are their own LEAs, regardless of authorizer, and are referred to as public school academies (PSAs).¹²⁸ District LEAs and PSAs are part of

¹¹³ <https://www.cde.state.co.us/cdefinance/fy2018-19brochure>, p. 14

¹¹⁴ <https://cosfp.org/wp-content/uploads/edbuild-co-spel-final.pdf>

¹¹⁵ These central administrative overhead costs may not exceed 5% of district per pupil revenue for each pupil enrolled in the charter school.

¹¹⁶ <https://www.cde.state.co.us/cdefinance/fy2018-19brochure>, p. 9

¹¹⁷ Personal communication with stakeholder expert in Colorado special education (August 18, 2020)

¹¹⁸ Ibid.

¹¹⁹ <https://www.qualitycharters.org/special-education-toolkit/denver/>

¹²⁰ Personal communication with stakeholder expert in Colorado special education (August 18, 2020)

¹²¹ <https://www.ncsecs.org/wp-content/uploads/CO6.5.17.pdf>

¹²² <http://www.cde.state.co.us/cdechart/guidebook/sped/funding>

¹²³ <https://www.ncsecs.org/wp-content/uploads/CO6.5.17.pdf>

¹²⁴ https://www.cde.state.co.us/cdespedfin/sefac_legislativereport_2016-2017, p. 10

¹²⁵ https://www.cde.state.co.us/cdespedfin/sefacallocations_2016-2017_paid_june2018

¹²⁶ Personal communication with stakeholder expert in Colorado special education (August 18, 2020)

¹²⁷ <https://www.detroitchamber.com/charter-school-board-leadership-program/southeast-michigan-charter-school-list/>

¹²⁸ <https://education.msu.edu/ed-policy-phd/pdf/Michigan-School-Finance-at-the-Crossroads-A-Quarter-Center-of-State-Control.pdf>, p.19

an Intermediate School District (ISD), which consist of one or more counties. Students can enroll in PSAs outside of their ISD of residence.¹²⁹ The city lies within the Wayne Regional Education Service Agency (WRESA), which is an ISD as well as a charter school authorizer. Wayne RESA authorizes two PSAs (not in the city), while the local district, DPSCD, authorizes six.¹³⁰ State universities (Bay Mills Community College, Central Michigan University, Eastern Michigan University, Ferris State University, Grand Valley State University, Lake Superior State University, Northern Michigan University, and Oakland University) authorize the remaining 47 PSAs within Detroit city limits.¹³¹ ISDs maintain legal and financial responsibility for providing special education programs and services and thus must ensure that LEAs are in compliance with federal and state education laws and regulations.¹³² The ISD Plan (WRESA’s plan is titled “Plan for the Delivery of Special Education Programs and Services”¹³³) determines how special education programs and services will be provided based on the funding they receive. If transportation is a related service on a student’s IEP, the school is required to arrange such services or ensure that a responsible entity does so.¹³⁴ LEAs, including PSAs, are also financially responsible for placement of students in private settings when that placement determination is made by the student’s IEP team.¹³⁵

Federal Funding for Students with Disabilities

IDEA dollars flow from the U.S. Department of Education to the Michigan Department of Education (MDE) to the respective RESAs, which then distribute the funds to PSAs. The amount of funding received is based on a formula closely resembling that which provides federal IDEA funds to states.¹³⁶

State and Local Funding for Students with Disabilities

PSAs receive their per-pupil foundation allowance (i.e., base funds) entirely from state funds. Their allowances are equal to the lesser of the per-pupil foundation allowance of the district in which they are located or the PSA maximum foundation (\$7,631 in 2017–18).¹³⁷ State funding for special education programs and services comprised 7% of the school aid budget in 2017–18. Michigan uses a reimbursement system to partially reimburse schools, including PSAs, for special education costs (this applies only in cases where the student lives in the ISD in which the PSA they attend is located).¹³⁸ When

¹²⁹ <https://www.ncsecs.org/wp-content/uploads/MI6.5.17.pdf>; Personal communication with stakeholder from Michigan Association of Public School Academies (MAPSA), Michigan’s Charter School Association (August 19, 2020)

¹³⁰ <https://www.detroitk12.org/Page/7135#:~:text=Detroit%20Public%20Schools%20Community%20District%20is%20an%20Accredited%20Authorizer%20that,from%20kindergarten%20through%20high%20school>

¹³¹ Personal communication with stakeholder from Michigan Association of Public School Academies (MAPSA), Michigan’s Charter School Association (August 19, 2020)

¹³² <https://www.ncsecs.org/wp-content/uploads/MI6.5.17.pdf>

¹³³ <https://resources.finalsite.net/images/v1568641889/resanet/bo3l3k3qfttozuxznfis/WRESAPlanfortheDeliveringofSpecialEducationProgramsandServices.pdf>

¹³⁴ https://www.michigan.gov/documents/PSAQA_54517_7.pdf; p.4; <https://resources.finalsite.net/images/v1568642594/resanet/jsxmaurtfsxck0nqrnix/PublicSchoolAcademicandSpecialEducationSupport.pdf>; p.22

¹³⁵ <https://resources.finalsite.net/images/v1568642594/resanet/jsxmaurtfsxck0nqrnix/PublicSchoolAcademicandSpecialEducationSupport.pdf>; p.

¹³⁶ See Global Definitions Section for more information.

¹³⁷ <https://edwp.educ.msu.edu/ead/wp-content/uploads/sites/53/2020/08/Michigan-School-Finance-at-the-Crossroads-A-Quarter-Center-of-State-Control.pdf>, p.19

¹³⁸ <https://c0arw235.caspio.com/dp/b7f930006c575e5787ae4412bf87>

a student who resides outside of the ISD attends a PSA in WRESA, the PSA is responsible for the costs of providing FAPE for the student and does not get reimbursed by the home ISD for those services.¹³⁹ Both examples are true even as the ISD involved is counting the student in the data they use to secure federal funds.¹⁴⁰

There is a reimbursement cap of 75% of the total approved costs of operating special education programs.¹⁴¹ As determined by a 1997 formula, the state reimburses 28.6% of approved special education expenditures by local districts and PSAs, and 70.4% of spending on special education transportation.¹⁴² It is important to note that Michigan’s special education reimbursement, however, is not provided in addition to the base funds for students with disabilities because the state counts its contribution to those base funds toward its obligation of 28.6% of special education costs. The state pays for the PSA’s entire foundation allowance for each FTE student receiving special education and related services. Districts, therefore, receive additional special education funding only if the 28.6% reimbursement (and 70.4% for transportation) exceeds a student’s foundation allowance.¹⁴³

Voters in an ISD or RESA can levy “enhancement” mills (i.e., property tax millages) to specifically fund special education services. The number of special education mills an ISD can levy is capped by the state.¹⁴⁴ Wayne RESA’s has a 3.36 millage rate, nearly at its cap. This generated \$480 per-pupil in special education revenue in 2018. PSAs do not have fixed geographical boundaries and cannot levy property tax mills to help fund their foundation allowances, although they do have access to regional “enhancement” mills and special education millage funds.¹⁴⁵

Extraordinary Funding for Students with Disabilities

Michigan charter schools do not have access to extraordinary funding from either state or federal sources.¹⁴⁶

Houston¹⁴⁷ has two types of public charter schools: the 13¹⁴⁸ “Campus Program” schools¹⁴⁹ that are authorized by the Houston Independent School District (HISD) and operate as part of its LEA and the

¹³⁹ Personal communication with stakeholder from Michigan Association of Public School Academies (MAPSA), Michigan’s Charter School Association (August 19, 2020)

¹⁴⁰ Ibid.

¹⁴¹ <https://c0arw235.caspio.com/dp/b7f930006c575e5787ae4412bf87>

¹⁴² <https://edwp.educ.msu.edu/ead/wp-content/uploads/sites/53/2020/08/Michigan-School-Finance-at-the-Crossroads-A-Quarter-Center-of-State-Control.pdf>, p. 19

¹⁴³ Ibid., p. 39

¹⁴⁴ Ibid., p. 40

¹⁴⁵ https://www.michigan.gov/documents/PSAQA_54517_7.pdf, p. 16; <https://edwp.educ.msu.edu/ead/wp-content/uploads/sites/53/2020/08/Michigan-School-Finance-at-the-Crossroads-A-Quarter-Center-of-State-Control.pdf>, p. 19

¹⁴⁶ <https://www.ncsecs.org/wp-content/uploads/MI6.5.17.pdf>

¹⁴⁷ Note: In 2016, a federal government investigation revealed that TEA had been imposing an illegal cap on serving students with disabilities since 2004. Federal fines and requirements for additional state funding to mitigate the damage subsequently resulted, but those actions did not impact this analysis. You can read more here:

<https://www.the74million.org/article/250000-kids-277-million-in-fines-its-been-3-years-since-feds-ordered-a-special-ed-reboot-in-texas-why-are-students-still-being-denied/>

¹⁴⁸ <https://www.houstonisd.org/Page/146639>

177¹⁵⁰ open-enrollment schools that are authorized by the State Commissioner of Education (and are also approved by the Texas State Board of Education) and act as their own LEAs. In 2017-18, there were 178 charter LEAs in the city, including HISD and the state-authorized charter schools.¹⁵¹ If transportation is a related service on a student's IEP, the charter school, regardless of authorizer, is responsible for providing it.¹⁵² The Texas Education Agency (TEA) pays state funds directly to HISD and to state-authorized charter schools to cover costs of private placement of students with disabilities by their IEP teams.¹⁵³

Federal Funding for Students with Disabilities

For state-authorized charter schools, IDEA dollars flow from the U.S. Department of Education to TEA and then to charter districts, who distribute them directly to the schools.¹⁵⁴ The amount of funding received is based on a formula closely resembling that which provides federal IDEA funds to states.¹⁵⁵ For district-authorized charter schools, these dollars flow from the U.S. Department of Education to TEA to HISD and then to the charter schools. District-authorized charter schools may receive IDEA funds directly or in the form of services.¹⁵⁶

State and Local Funding for Students with Disabilities

The state-funded Foundation School Program is the primary source of funding for all Texas public schools, regardless of the authorizer.¹⁵⁷ Texas uses a multiple student weight system in which different weights are applied based on where students with disabilities are educated.¹⁵⁸ A weighted formula in which a basic allotment is multiplied by certain weights is used to calculate funding by weighing students with more significant needs as more than one student for attendance purposes.¹⁵⁹ These adjustments are applied to average daily attendance (ADA) to calculate Weighted Average Daily Attendance (WADA). Special education FTE weights are as follows:¹⁶⁰

Setting	Weight
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¹⁴⁹ Tex. Educ. Code §12.051 et. seq. (1995).

¹⁵⁰ Personal Communication with stakeholder from Texas Public Charter Schools Association (August 27, 2020)

¹⁵¹ Ibid.

¹⁵² https://tea.texas.gov/sites/default/files/special_education.pdf, p. 10

¹⁵³ [19 Tex. Admin. Code §89.63\(e\)](#)

¹⁵⁴ Personal Communication with stakeholder from Texas Public Charter Schools Association (August 27, 2020)

¹⁵⁵ <https://framework.esc18.net/display/Webforms/ESC18-FW-Summary.aspx?FID=175>; See definition of IDEA in Global Definitions for more information.

¹⁵⁶ Personal Communication with stakeholder from Texas Public Charter Schools Association (August 27, 2020)

¹⁵⁷ <https://www.ncsecs.org/wp-content/uploads/TX6.5.17.pdf>

¹⁵⁸ <https://c0arw235.caspio.com/dp/b7f93000f44ee6bcefb745e88b8d?state=Texas>

¹⁵⁹ Ibid.; The Available School Fund, a constitutionally dedicated fund for the support of Texas public schools, also increases per-pupil funding. See https://www.lbb.state.tx.us/Documents/Publications/Issue_Briefs/315_PSF%20ASF.pdf

¹⁶⁰ <https://c0arw235.caspio.com/dp/b7f93000f44ee6bcefb745e88b8d?state=Texas>

Nonpublic day school	1.7
Vocational adjustment class	2.3
Off home campus	2.7
State school	2.8
Hospital class	3.0
Resource room	3.0
Self-contained, mild and moderate, regular campus	3.0
Self-contained, severe, regular campus	3.0
Residential care and treatment	4.0
Homebound	5.0
Speech therapy	5.0

In 2017-18, the average per-pupil funding amount for charter schools was \$9,403,¹⁶¹ with an additional \$1,160 added for each student with a disability across all Texas public schools.¹⁶² The Foundation School Program outlines a two-tiered system to provide funding to traditional public and charter schools. Tier I is a foundational per-pupil amount paid based on a multiplication of the WADA by a state-wide average adjusted allotment.¹⁶³ For the 2017-18 school year, the state average adjusted Tier I allotment was \$6,522 per student.¹⁶⁴ Charter schools can also receive an allotment in Tier II of the Foundation School Program, an optional “entitlement” amount on top of Tier I funds, that is based on state average district tax rates.¹⁶⁵ Additionally, they may receive added funding if they provide transportation to students or health insurance to employees.¹⁶⁶ Houston charter schools, both HISD and state-authorized, do not receive local funding.¹⁶⁷

Extraordinary Funding for Students with Disabilities

The Texas Legislature requires the TEA to set aside the maximum amount of funds allowed by federal regulation to establish a high-cost risk pool to address the needs of children with high-cost, low-

¹⁶¹ Personal Communication with stakeholder from Texas Public Charter Schools Association (August 27, 2020)

¹⁶² https://rptsvr1.tea.texas.gov/cgi/sas/broker?_service=marykay&_program=sfadhoc.actual_report_2018.sas&_rvic=appserv&_debug=0&who_box=&who_list= STATE

¹⁶³ <https://www.ncsecs.org/wp-content/uploads/TX6.5.17.pdf>

¹⁶⁴ <https://tea.texas.gov/sites/default/files/Texas%20Public%20School%20Finance%20Overview%202017-2018%20%28Jan%202018%29.pdf>, p. 57

¹⁶⁵ <https://www.ncsecs.org/wp-content/uploads/TX6.5.17.pdf>

¹⁶⁶ Ibid.

¹⁶⁷ Ibid.

incidence disabilities.¹⁶⁸ The pool is in place for students whose education costs more than three times the average per-pupil expenditure in the state, and all LEAs, including HISD and state-authorized charter schools, are eligible to apply.¹⁶⁹ If the amount of funds requested exceeds the available funds reserved, the reimbursement is prorated.¹⁷⁰

Indianapolis consisted of 65 LEAs in 2017-18, including 54 charter and state takeover schools that each operate as their own LEA and 11 traditional school corporations, including Indianapolis Public Schools (IPS).¹⁷¹ Charter schools are responsible for providing transportation as a related service in students' IEPs.¹⁷² However, that responsibility may be delegated under either a comprehensive plan or joint services agreement or an interlocal or cooperative arrangement.¹⁷³ Charter schools are also financially responsible for students placed in private school settings by their IEP teams.¹⁷⁴

Federal Funding for Students with Disabilities

IDEA dollars flow from the U.S. Department of Education to the state education agency, Indiana Department of Education (IDOE), and then directly to the charter schools.¹⁷⁵ The amount of funding received is based on a formula closely resembling that which provides federal IDEA funds to states.¹⁷⁶

State and Local Funding for Students with Disabilities

Indiana funds districts (e.g., IPS) and charter schools through its tuition support formula.¹⁷⁷ The state calculates district allotments based on a foundation level that is individually determined for each district, including charter schools, using a statutory formula designed to ensure minimum adequate funding for all students.¹⁷⁸ The state uses a multiple weight system in which dollar amounts are allotted based on the severity of the disability and/or the educational setting where the student is educated.¹⁷⁹ These weights for special education are added to the basic tuition support amount each district receives, which was \$5,273 in 2017-18.¹⁸⁰ The weights and per-pupil amounts for 2017-18 are as follows:¹⁸¹

Weight	Amount
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¹⁶⁸ <https://tea.texas.gov/sites/default/files/HighCostFundStatePlanFinalandPosted.pdf>

¹⁶⁹ Ibid.

¹⁷⁰ Ibid.

¹⁷¹ Personal communication from stakeholder at The Mind Trust (August 27, 2020)

¹⁷² [511 Ind. Admin. Code §7-36-8](#)

¹⁷³ Ibid.

¹⁷⁴ [511 Ind. Admin. Code §7-34-1](#)

¹⁷⁵ <https://www.doe.in.gov/specialed/part-b-grants-611-619>

¹⁷⁶ See definition of IDEA in Global Definitions for more information.

¹⁷⁷ <https://www.doe.in.gov/sites/default/files/finance/tuition-support-report-092318-final.pdf>, p. 2

¹⁷⁸ <https://www.ncsecs.org/wp-content/uploads/IN6.5.17.pdf>

¹⁷⁹ <https://c0arw235.caspio.com/dp/b7f93000f44ee6bcefb745e88b8d?state=Indiana>

¹⁸⁰ <https://www.doe.in.gov/sites/default/files/finance/tuition-support-report-092318-final.pdf>, p. 9

¹⁸¹ <https://www.doe.in.gov/sites/default/files/specialed/funding-amounts-sy-17-18.pdf>

Level 1: Severe disabilities	\$8,976
Level 2: Mild and moderate disabilities	\$2,300
Level 3: Communication disorders	\$500
Homebound students	\$500
Special preschool education programs	\$2,750

Charter schools do not receive a share of local tax revenues.¹⁸²

Extraordinary Funding for Students with Disabilities

If it is determined that a student will require services involving excess costs, charter schools may apply to the State Superintendent of Public Instruction.¹⁸³ Once approved, the superintendent will authorize a transfer of funds to pay for excess costs.¹⁸⁴ Charter schools must pay a share of the excess costs, consisting of its per capita cost of general education, its paraprofessional rate, or transfer tuition.¹⁸⁵

Little Rock has two types of charter schools,¹⁸⁶ open-enrollment and district-conversion, and the distinction between the two has notable implications for LEA status and funding mechanisms. Open-enrollment charter schools serve as their own LEAs, while district-conversion charter schools (which are converted from traditional public schools) operate as part of the Little Rock School District (LRSD) LEA.¹⁸⁷ In practice, nearly all of Little Rock's charter schools (which totaled nine¹⁸⁸ in 2017-18), are open-enrollment charter schools. Both open-enrollment charter schools and LRSD, as LEAs, are legally and financially responsible for providing the full continuum of special services to students with disabilities, including related services like transportation and placement by the LEA in private settings.¹⁸⁹

Federal Funding for Students with Disabilities

For open enrollment charter schools, IDEA dollars flow from the U.S. Department of Education to the state education agency, the Arkansas Department of Education (ADE), and then directly to the charter schools.¹⁹⁰ The amount of funding received is based on a formula closely resembling that which provides federal IDEA funds to states.¹⁹¹ In 2016-17, LEAs across the state received an average of \$1,826 of IDEA

¹⁸² <http://charters.funded.edbuild.org/state/IN>

¹⁸³ <https://www.doe.in.gov/specialed/special-education-excess-cost>; 511 I.A.C 7-47-1

¹⁸⁴ Ibid.

¹⁸⁵ Ibid.

¹⁸⁶ <http://dese.ade.arkansas.gov/divisions/public-school-accountability/charter-schools>

¹⁸⁷ Ibid.

¹⁸⁸ <https://www.secondpreslr.org/the-present-and-future-of-public-education-in-little-rock-october-16/>

¹⁸⁹ <https://www.arlegalservices.org/files/drcbluebook.pdf>, pp. 21, 34

¹⁹⁰ <https://arksped.k12.ar.us/documents/fundingFinance/IDEAPartBFiscalAccountabilityProcedures09262016.pdf>, p. 4

¹⁹¹ Ibid.

dollars per student.¹⁹² In the case of charter schools operated as part of LRSD, those dollars go from the U. S. Department of Education to ADE to LRSD and then to the charter schools.¹⁹³

State and Local Funding for Students with Disabilities

Every year ADE distributes “foundation funding”¹⁹⁴ to each LEA on a per-student basis. In 2017-18, the rate was \$6,713 per student.¹⁹⁵ Foundation funding comes from two main sources: the uniform rate of tax (URT), a constitutionally mandated minimum property tax rate (25 mills)¹⁹⁶ that school districts must levy at the local level, and the state foundation funding aid, which is provided to make up the difference between the amount of money raised through the URT and the funding level set by the legislature. Arkansas uses a specific formula, known as the matrix, to arrive at the per-student funding amount, which is calculated based on the cost of personnel and other resources for operating a prototypical school of 500 students.

Open-enrollment charter schools and LRSD, as LEAs, receive state funding for special education primarily through the foundation funding matrix, which provides funding for 2.9 special education teachers for every 500 students, or \$376.99 per student in 2017-18.¹⁹⁷ The foundation funding matrix uses a census-based approach based on each district or charter school’s total number of students, rather than on the total number of students with disabilities.¹⁹⁸ Funding is calculated based on prior year enrollment data (except for new or expanding charter schools), with December 2016 data used to determine 2017-18 funding.¹⁹⁹ Open enrollment charter schools do not receive any additional local revenue that LRSD raises on top of the minimum property tax rate.²⁰⁰ District-conversion charter schools, on the other hand, receive funding from LRSD equal to the amount apportioned by the district to traditional public schools from state and local revenue.²⁰¹

Extraordinary Funding for Students with Disabilities

Arkansas also offers LEAs, including open-enrollment charter schools, additional state dollars for special education through “Catastrophic Occurrences”²⁰² funding. LEAs qualify for funding for any student with a disability who requires more than \$15,000 worth of services after Medicaid, federal IDEA Part B funding, and available third-party funding are applied. The maximum reimbursement level than an LEA can receive is 100% of the first \$15,000, 80% of the amount between \$15,000 and \$50,000, and 50% of

¹⁹² https://www.arkleg.state.ar.us/Bureau/Document?type=pdf&source=education%2fK12/AdequacyReports/2018%2f2018-06-18&filename=SpecialEducationReport_BLR_21, p. 18; See definition of IDEA in Global Definitions for more information.

¹⁹³ Personal communication with stakeholder from ADE (August 20, 2020)

¹⁹⁴ https://www.arkleg.state.ar.us/Bureau/Document?type=pdf&source=education%2fK12/AdequacyReports/2018%2f2018-06-18&filename=SpecialEducationReport_BLR_21, p. 16

¹⁹⁵ <https://www.arkleg.state.ar.us/Bureau/Document?type=pdf&source=education%2fK12/AdequacyReports/2018%2f2017-06-20&filename=05-HighlightsFoundationFundingBLR01>

¹⁹⁶ A mill equals one-thousandth of a dollar and is used to quantify property tax rates.

¹⁹⁷ https://www.arkleg.state.ar.us/Bureau/Document?type=pdf&source=education%2fK12/AdequacyReports/2018%2f2018-06-18&filename=SpecialEducationReport_BLR_21, p.16

¹⁹⁸ Ibid.

¹⁹⁹ Personal communication with stakeholder from ADE (August 20, 2020)

²⁰⁰ https://uca.edu/acre/files/2016/06/ACRE_CharterSchoolMyths_FINAL-WebPages.pdf, p.37

²⁰¹ <http://ecs.force.com/mbdata/mbstprofile?Rep=CSP17&st=Arkansas>

²⁰² https://www.arkleg.state.ar.us/Bureau/Document?type=pdf&source=education%2fK12/AdequacyReports/2018%2f2018-06-18&filename=SpecialEducationReport_BLR_21, p. 17

the costs between \$50,000 and \$100,000. No catastrophic occurrence is eligible for more than \$100,000 each year. In 2017-18, the legislature appropriated \$13 million for Catastrophic Occurrence funding.

Los Angeles (LA) charter schools, as required by state law, must participate in Special Education Local Planning Areas (SELPA), which coordinate and/or provide special education programs and services to their member LEAs and receive revenue from the state earmarked for special education.²⁰³ The majority of LA charter schools, 209 of 260 in 2017-18, belong to the Los Angeles Unified School District (LAUSD)²⁰⁴ SELPA.²⁰⁵ The remaining 59 charter schools are "affiliated" (i.e. locally funded) with LAUSD. In practice, this means they are operated by LAUSD and function essentially like traditional public schools with a few additional flexibilities.²⁰⁶ Affiliated charter schools do not participate in Membership Options 1, 2, and 3 (detailed below).²⁰⁷

LA charter schools may choose their legal status as it pertains to special education, a decision that influences service provision, funding, and decision-making.²⁰⁸ Charter schools participate in three LAUSD SELPA membership options: Option 1, Option 2, or Option 3, with parameters outlined in the table below.²⁰⁹ Options 1 and 2 require schools to opt in and sign an appropriate MOU, while Option 3 requires a formal application and committee review process.²¹⁰

Membership Option	Membership Parameters
Option 1	Operate as part of the LAUSD LEA and must ensure that their special education programs and services are in compliance with federal and state education laws and regulations. LAUSD, however, is responsible for providing the full continuum of special education services and retains special education funding. LAUSD also retains responsibility for transportation and private placement of students with disabilities enrolled in Option 1 charter schools.
Option 2	Operate as part of the LAUSD LEA and must ensure that their special education programs and services are in compliance with federal and state education laws and regulations, while also retaining autonomy and responsibility for service delivery. LAUSD passes on special education funding to Option 2 charter schools and charges them 25–35% of the district's general fund contribution per average daily attendance (ADA) (called a "fair share contribution"), which supports LAUSD infrastructure and aims to ensure that charter schools help offset the district's special education funding shortfalls. LAUSD also supports Option 2 charter schools in developing the capacity to meet the needs of their students and pays for the cost of more restrictive placements. These schools retain responsibility for transportation of students with disabilities.

²⁰³ <https://lao.ca.gov/Publications/Report/3764>; https://www.ppic.org/content/pubs/report/R_1116LHR.pdf, p. 5

²⁰⁴ While the greater LA area features great variability in SELPAs and authorizers (e.g., a handful of charter schools participate in charter-only SELPAs and operate as independent LEAs for special education purposes), LAUSD charter schools are the focus here.

²⁰⁵ <https://www.cde.ca.gov/ds/si/ds/pubschls.asp>; <http://www.ed-data.org/county/Los-Angeles>

²⁰⁶ Personal communication with stakeholder expert in Los Angeles charter schools (August 20, 2020)

²⁰⁷ Ibid.

²⁰⁸ <https://lao.ca.gov/Publications/Report/4110>

²⁰⁹ <https://achieve.lausd.net/Page/2862>; http://library.ccsa.org/LAUSD_SELPA_Reorganization.pdf; Personal communication with stakeholder expert in Los Angeles charter schools (August 20, 2020)

²¹⁰ Personal communication with stakeholder expert in Los Angeles charter schools (August 20, 2020)

Option 3	While designated “schools of the LEA” by the state’s law, function in practice like their own LEAs for the purpose of special education, assuming sole responsibility for all of their students’ special education instruction, program, services, and placement decisions. These schools receive special education funding directly, but must pay a SELPA administrative fee ²¹¹ (i.e., 10% of their special education funding for district administration costs, and another 10% for district-wide resource pooling limited to Option 3 members). ²¹² Option 3 charter schools continue to be housed within the LAUSD SELPA and have access to district-wide special education supports. These schools retain responsibility for transportation and private placement of students with disabilities.
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Federal Funding for Students with Disabilities

IDEA dollars flow from the U.S. Department of Education to the state education agency, the California Department of Education (CDE).²¹³ From there, SELPAs, rather than LEAs, receive the funds.²¹⁴ The amount of funding received is based on a formula closely resembling that which provides federal IDEA funds to states.²¹⁵ The LAUSD SELPA passes through these dollars to Option 2 and Option 3 charter schools based on ADA.²¹⁶

State and Local Funding for Students with Disabilities

California’s Local Control Funding Formula (LCFF)²¹⁷ provides a base amount of per-pupil funding to each LEA according to ADA, using a multi-tiered formula that directs extra funding to “high-need” students (i.e., economically disadvantaged students, English Language Learners, or foster youth; yet notably, not students with disabilities). Funding for special education, however, operates beyond the LCFF framework²¹⁸ through a state categorical program known as AB 602²¹⁹ (after its authorizing legislation).²²⁰

AB 602 distributes state special education funding to SELPAs, rather than to LEAs, using a census-based approach based on ADA—regardless of how many students have disabilities, the specific disabilities of those students, or what types of services those students receive.²²¹ In addition to the substantial amount of special education funding provided through AB 602, California offers an array of funding through specific special education add-on programs,²²² including mental health services, out-of-home care, and infant programs.²²³ Although challenging, charter schools may negotiate with school districts to share revenue from local sources of revenue other than the expected property tax levy.²²⁴

²¹¹ <https://files.eric.ed.gov/fulltext/ED596436.pdf>, p. 9

²¹² This resource pool funds innovative or specialized programs, high-cost placements, and capacity-building of member schools (e.g., option-wide professional development events). Option 3 functions much like a collaborative governed by a board of elected charter school leaders.

²¹³ <https://www.cde.ca.gov/sp/se/as/leagrnts.asp>; <https://files.eric.ed.gov/fulltext/ED596436.pdf>, p. 5

²¹⁴ Ibid.

²¹⁵ See definition of IDEA in Global Definitions for more information.

²¹⁶ Personal communication with stakeholder expert in Los Angeles charter schools (August 24, 2020)

²¹⁷ <https://www.ppic.org/publication/financing-californias-public-schools/>

²¹⁸ https://www.ppic.org/content/pubs/report/R_1116LHR.pdf, p. 5

²¹⁹ <https://lao.ca.gov/Publications/Report/4110>

²²⁰ <https://lao.ca.gov/Publications/Report/3764>

²²¹ Ibid.

²²² <https://lao.ca.gov/Publications/Report/3764>; https://www.ppic.org/content/pubs/report/R_1116LHR.pdf, p. 10

²²³ https://www.ppic.org/content/pubs/report/R_1116LHR.pdf, p. 10

²²⁴ <http://charters.funded.edbuild.org/state/CA>; Personal communication with stakeholder expert in Los Angeles charter schools (August 20, 2020)

Extraordinary Funding for Students with Disabilities

In addition, California allocates state funding to LEAs, including charter schools that serve as their own LEAs, based on the count of students with low-incidence, high-cost disabilities (i.e., deaf, hard of hearing, visually impaired, or orthopedically impaired students).²²⁵ In 2017-18, California allocated approximately \$450 per student with a low-incidence, high-cost disability.²²⁶ While LAUSD charter schools never directly access these funds, they may request specialized equipment and/or services for eligible students.²²⁷ The state also reimburses districts directly for costs associated with very high-cost residential or nonpublic school placements in excess of \$75,000 through a statewide \$3 million extraordinary cost program.²²⁸ In practice, the pool is so small that it is only ever accessed by very small or rural SELPAs.²²⁹

Memphis has two types of charter schools, open-enrollment and district-conversion charter schools. The open enrollment schools are authorized by either Shelby County Schools (SCS) or the Tennessee State Board of Education (SBE), and each of those authorizers serves as the LEA for purposes of special education.²³⁰ The district-conversion charter schools are authorized by the Achievement School District (ASD), which also serves as their LEA.²³¹ In the 2017-18 school year, Memphis was home to 75 charter schools, 51 authorized by Shelby County Schools, 23 authorized by ASD, and 1 authorized by SBE.²³² Tennessee law requires charter schools to “[p]rovide education services for students with disabilities . . . in accordance with state and federal law”²³³ but is silent on the specifics of those responsibilities. Therefore, while no Memphis charter schools are LEAs, the responsibility for special education services, and the funding for those services, can differ depending on the authorizer and on the specific terms laid out in their charter contracts. Charter schools in Tennessee are responsible for paying for transportation of students with disabilities when that transportation is part of the student’s IEP.²³⁴ Also, while the authorizer is technically the LEA, the specific terms of charter agreements dictate who is financially responsible for students placed in private school settings by their IEP teams.²³⁵ For SBE schools, for example, the agreements are written to specify that the charter school bears this cost.²³⁶

Federal Funding for Students with Disabilities

IDEA dollars flow from the U.S. Department of Education to the state education agency, the Tennessee Department of Education (TDOE) to the LEAs.²³⁷ The amount of funding received is based on a formula closely resembling that which provides federal IDEA funds to states.²³⁸ The SBE and ASD distribute IDEA

²²⁵ <https://lao.ca.gov/Publications/Report/3764>; <https://lao.ca.gov/Publications/Report/4110>

²²⁶ <https://files.eric.ed.gov/fulltext/ED596436.pdf>, p. 13

²²⁷ Personal communication with stakeholder expert in Los Angeles charter schools (August 20, 2020)

²²⁸ <https://lao.ca.gov/Publications/Report/3764>; <https://lao.ca.gov/Publications/Report/4110>

²²⁹ Personal communication with stakeholder expert in Los Angeles charter schools (August 20, 2020)

²³⁰ Personal communication with Memphis charter school stakeholder (August 20, 2020)

²³¹ <http://achievementschooldistrict.org/index.php/about/>

²³² http://www.tnchartercenter.org/sites/554/uploaded/files/TCSC012_Impact19_v7_1.pdf

²³³ T.C.A. §49-13-111(a)(5)

²³⁴ T.C.A. §49-13-111(a)(5)

²³⁵ Personal communication with Tennessee charter school stakeholder (August 20, 2020)

²³⁶ Personal communication with SBE Director of Charter Schools (August 20, 2020)

²³⁷ Tennessee has additional disability categories that are not included in IDEA. Schools do not receive IDEA funds for students with those qualifying disabilities.

²³⁸ See definition of IDEA in Global Definitions for more information.

funds to their schools using the same formula.²³⁹ In 2017-18, the SBE school in Memphis was in its first year and received no IDEA funds.²⁴⁰ In contrast to the SBE and ASD, SCS retains all of the IDEA funds for students with disabilities in SCS-authorized charter schools. In exchange, SCS provides a number of services to students in their charter schools.²⁴¹

State and Local Funding for Students with Disabilities

LEAs receive state and local public education funding through the state's Basic Education Program (BEP),²⁴² a complex formula that calculates estimated financial need for each LEA by analyzing data on 46 different components in three major categories: instruction, classroom, and non-classroom. Once the formula is applied to budgeted funds a per pupil amount is determined, with the total LEA portion calculated by multiplying the per pupil amount by the LEA's Average Daily Membership (ADM), a calculation based on enrollment.²⁴³ Funds for special education are embedded in several of the components, yet the components are applied equally to all students so the per pupil amount for students with disabilities is the same as the amount for nondisabled students. The BEP formula also establishes how much of the estimated need should be met by local funding, with each district's local share determined based on property values and sales taxes, applied at the county level.²⁴⁴ Counties with higher fiscal capacity are expected to contribute a greater percentage of local funds, while those with less ability to raise local revenue receive a higher percentage of state funds. Local funds come from several sources, including property taxes, wheel taxes, marriage license privilege taxes, and county local option sales taxes.²⁴⁵

The state share of the BEP is distributed to each LEA based on the per pupil funding, and the LEAs are expected to fund the local share. In 2017-18, LEAs were required to pass on 100% of the state and local BEP dollars to their charter schools based on the schools' ADA.²⁴⁶ The SBE followed this process.²⁴⁷

While charter schools in SCS receive 100% of their BEP dollars based on the schools' ADA, SCS first has to determine their budgeted amount within the full Shelby County system. In 2013, six municipalities surrounding Memphis in Shelby County voted to become independent school districts, and since that time education funding for Shelby County has been distributed to all seven districts through a weighted full time equivalency average daily attendance (WFTEADA) calculation.²⁴⁸ The total BEP amount for Shelby County is divided among the seven districts, including SCS, based on their percentage of the

²³⁹ Personal communication with TN funding experts (August 2020); https://www.tn.gov/content/dam/tn/stateboardofeducationschools/documents/procedures/SchoolFundingAllocationProcedures_Current_Accessible.pdf

²⁴⁰ Personal communication with SBE Director of Charter Schools (August 20, 2020)

²⁴¹ Services not covered by SCS include: Evaluations for speech-only students, homebound services during a transition period, functional skills teachers, and behavior therapy support. Source: Personal communication with SCS charter school leader (August 28, 2020).

²⁴² [https://www.tn.gov/sbe/committees-and-initiatives/the-basic-education-program.html#:~:text=The%20Basic%20Education%20Program%20\(BEP,generated%20through%20the%20BEP%20formula.](https://www.tn.gov/sbe/committees-and-initiatives/the-basic-education-program.html#:~:text=The%20Basic%20Education%20Program%20(BEP,generated%20through%20the%20BEP%20formula.)

²⁴³ T.C.A. §49-3-307(a)(1)(A)(ii)

²⁴⁴ [https://www.tn.gov/sbe/committees-and-initiatives/the-basic-education-program.html#:~:text=The%20Basic%20Education%20Program%20\(BEP,generated%20through%20the%20BEP%20formula.](https://www.tn.gov/sbe/committees-and-initiatives/the-basic-education-program.html#:~:text=The%20Basic%20Education%20Program%20(BEP,generated%20through%20the%20BEP%20formula.)

²⁴⁵ Ibid.

²⁴⁶ Tennessee law subsequently changed to allow LEAs to withhold a portion of BEP funds as authorizer fees, beginning in the 2018-19 school year. The law also changed to replace ADA with Average Daily Membership, an enrollment calculation rather than an attendance one.

²⁴⁷ Personal communication with SBE Director of Charter Schools (August 20, 2020)

²⁴⁸ <https://www.shelbycountyttn.gov/DocumentCenter/View/31012/15---Education-Fund-FY18-Adopted?bidId=>

WFTEADA.²⁴⁹ These ratios are reviewed annually and certified by the Tennessee Department of Education, and the budgeted allocation to each school system is based on the rate in effect at the time they developed their proposed budget.²⁵⁰ Once SCS receives their distribution, they pass 100% of the BEP funds to the charter schools they authorize based on ADA.

In 2017-18, ASD schools did not receive 100% of their BEP dollars. Instead they agreed to utilize a student-based funding process for students with disabilities, where each ASD school voluntarily submitted a portion of their BEP funds to be placed in a pool and then redistributed based on student need.²⁵¹ Each ASD student with an IEP was placed in one of five tiers, depending on disability category and minutes of service, and the additional funds were distributed based on the category, with Tier 1 students receiving no additional funds and Tier 5 students receiving the most additional funding.²⁵² The ASD also received a state grant of \$3 million additional dollars which was added to this special education funding pool.²⁵³

Extraordinary Funding for Students with Disabilities

Tennessee also offers LEAs additional dollars for special education through their High Cost Reimbursement Fund, which is funded by a set aside of federal IDEA funds.²⁵⁴ Eligibility for reimbursement is based on students being in one of four priority levels, with funds applied to students in Priority 1 and then moving to the lower priorities until the funds are exhausted.²⁵⁵ Priority 1 applies to children placed in TDOE State Special Schools; Priority 2 to out-of-system children placed by a state agency; Priority 3 is to children placed and served by the school system whose additional cost is greater than three times the state's average per pupil expenditures; and Priority 4 to children who are the responsibility of the school system whose additional cost is 250% greater than the total funds to be deducted on a specific student. LEAs apply for the funds retroactively. The High Cost Reimbursement Fund statute specifies that charter schools are eligible for this fund, but LEAs must include them in the application for the reimbursement to occur.²⁵⁶

²⁴⁹ Ibid.

²⁵⁰ Ibid.

²⁵¹ Conversation with ASD school leader (August 2020); review of internal funding documents

²⁵² Ibid.

²⁵³ Ibid.

²⁵⁴ T.C.A. §49-10-113(b)(1)

²⁵⁵ https://webcache.googleusercontent.com/search?q=cache:AYZ_alRo1EAJ:https://eplan.tn.gov/documentlibrary/ViewDocument.aspx%3FDocumentKey%3D1269004%26inline%3Dtrue+%&cd=1&hl=en&ct=clnk&gl=us

²⁵⁶ T.C.S. §49-10-113(b)(2)

New Orleans students enrolled in 86 public schools (most of which operate as LEAs) across the city during the 2017-18 school year.²⁵⁷ Notably, 94 percent of New Orleans' public school students attended the city's 82 charter schools, the highest percentage in the nation.²⁵⁸ A charter school's type determines how it is funded and to which entity the school is accountable.²⁵⁹ In fiscal year 2018, Louisiana recognized six types of charter schools, described below.²⁶⁰

Charter School Type	School Creation	Authorizer	Governance	LEA Status ²⁶¹	Number of New Orleans Schools
Type 1	New school	Orleans Parish School Board (OPSB), the city's local school district	Non-profit board of directors	LEA or part of LEA	12
Type 2	New or conversion school	Louisiana Board of Elementary and Secondary Education (BESE), the state education agency, or the Louisiana Legislature	Non-profit board of directors	LEA	6 under BESE 1 under the legislature
Type 3	Conversion school	OPSB	Non-profit board of directors	LEA or part of LEA	12
Type 3B	Former Type 5 charter school transferred to OPSB from Recovery School District (RSD) ²⁶²	OPSB	Non-profit board of directors	LEA or part of LEA ²⁶³	13
Type 4	New or conversion school	BESE	OPSB	LEA	0
Type 5	RSD school	BESE	Non-profit board of directors	LEA	38

²⁵⁷ <http://www.thecoweninstitute.com.php56-17.dfw3-1.websitetestlink.com/uploads/Governance-poster-17-18-revised-draft-for-printer-1505851274.pdf>

²⁵⁸ http://www.thecoweninstitute.com.php56-17.dfw3-1.websitetestlink.com/uploads/SPENO_2018_Final_Double_Page_Spread-1524079581.pdf, p. 12

²⁵⁹ Ibid.

²⁶⁰ Ibid; La. R.S. § 17:3973; Personal communication with stakeholder expert in New Orleans special education (August 21, 2020); https://www.louisianabelieves.com/docs/default-source/school-choice/2017-2018-type-2-4-and-5-charter-annual-report-final-with-additional-s.pdf?sfvrsn=b52b9e1f_6, p. 2;

[https://www.boarddocs.com/la/nops/Board.nsf/files/AV6HHJ48947A/\\$file/DRAFT_ACCT_2018.1_Citywide%20Demographic%20Deck.pdf](https://www.boarddocs.com/la/nops/Board.nsf/files/AV6HHJ48947A/$file/DRAFT_ACCT_2018.1_Citywide%20Demographic%20Deck.pdf), p. 3; <https://www.ncsecs.org/wp-content/uploads/LA5.9.17.pdf>

²⁶¹ La. Admin. Code, tit. 28, pt. CXXXIX, § 2303 (Bulletin 126—Charter Schools)

²⁶² A statewide school district created in 2003 by the Louisiana Legislature with the mission of turning around the lowest-performing schools. Notably, state legislation passed in 2016 required all RSD-authorized schools to come under OPSB's oversight by July 1, 2018.

²⁶³ <https://files.eric.ed.gov/fulltext/ED588508.pdf>, p. 3

In general, New Orleans charter schools that serve as their own LEAs are financially and legally responsible for providing the full continuum of special education services, including transportation²⁶⁴ and private placements.²⁶⁵

Federal Funding for Students with Disabilities

Type 2, Type 4, and Type 5 charter schools, as well as any Type 1, Type 3, or Type 3B charter schools that opt to serve as their own LEAs, apply for their federal IDEA funding directly through the Louisiana Department of Education (LDOE).²⁶⁶ The amount of funding received is based on a formula closely resembling that which provides federal IDEA funds to states.²⁶⁷ Any Type 1, Type 3, or Type 3B charter schools that opt to utilize OPSB as their LEA receive federal IDEA funding through OPSB.²⁶⁸

State and Local Funding for Students with Disabilities

LDOE distributes state and local dollars for public education through the Minimum Foundation Program (MFP),²⁶⁹ which uses a formula that determines how much per-pupil funding LEAs receive. The state's base amount per pupil via the MFP in fiscal year 2018 was around \$4,000. The MFP factors in student enrollment for each LEA, student demographics such as disability status, and contributions from local tax dollars. Students with disabilities are weighted an additional 150%²⁷⁰ (i.e., the LEA receives \$6,000 in addition to the base amount per pupil).

Beginning in 2016, all schools in New Orleans receive their MFP dollars through a differentiated funding formula, except for Type 2 charter schools, which receive their MFP dollars directly from LDOE.²⁷¹ This formula is a New Orleans-specific method of calculating the distribution of state and local MFP dollars created pursuant to state law and formulated by OPSB, RSD, and local stakeholders.²⁷² Under this formula, schools receive weighted funding on a per-pupil basis for educating different types of vulnerable student populations, with the hallmark differentiation for students with disabilities. Funding is separated into five tiers based on IDEA eligibility category and service minutes, with schools receiving more funding for educating children who require higher levels of services and supports.²⁷³ Charter schools operating as a part of the OPSB LEA may agree to a lesser per-pupil amount in exchange for specific services, with arrangements varying by charter contract.²⁷⁴

Extraordinary Funding for Students with Disabilities

²⁶⁴ La. Admin. Code tit. 28, part CXXXIX § 2801 (Bulletin 126—Charter Schools)

²⁶⁵ La. Admin. Code tit. 28, part CXXXIX § 2303 (Bulletin 126—Charter Schools)

²⁶⁶ <https://www.ncsecs.org/wp-content/uploads/LA5.9.17.pdf>; Personal communication with stakeholder expert in New Orleans special education (August 24, 2020)

²⁶⁷ See definition of IDEA in Global Definitions for more information.

²⁶⁸ Personal communication with stakeholder expert in New Orleans special education (August 24, 2020)

²⁶⁹ http://www.thecoweninstitute.com.php56-17.dfw3-1.websitetestlink.com/uploads/SPENO_2018_Final_-_Double_Page_Spread-1524079581.pdf, p. 28; <https://www.louisianabelieves.com/docs/default-source/minimum-foundation-program/2016-2017-overview-of-mfp-formula.pdf?sfvrsn=3>

²⁷⁰ Ibid.

²⁷¹ La. R.S. § 17:3995(3)

²⁷² Personal communication with stakeholder expert in New Orleans special education (August 24, 2020)

²⁷³ http://previous.opsb.us/wp-content/uploads/2018/07/180720_Funding-Meeting-Slides_FINAL.pdf, p. 13

²⁷⁴ <https://www.ncsecs.org/wp-content/uploads/LA5.9.17.pdf>

LDOE offers additional funding for special education through its High Cost Services (HCS) Allocation,²⁷⁵ which provides funding for students with disabilities who receive services at a cost greater than three times the average per pupil expenditure. LDOE funds HCS with two distinct streams, the state’s IDEA Part B set-aside and the MFP. Schools are paid first from the MFP portion, then, once MFP dollars are exhausted, from the IDEA portion.²⁷⁶ Nearly all New Orleans charter schools apply for these funds and receive a prorated share based on availability.²⁷⁷ OPSB²⁷⁸ provides further supplementary funding through a Citywide Exceptional Needs Fund to help schools cover the financial gap between revenue and expenses for students whose disabilities require expensive programming; a prerequisite for CENF is having first sought HCS funding.²⁷⁹

New York City had 227 charter schools in the 2017-18 school year, which collectively educated 114,000 students (or about 10% of the city’s student population).²⁸⁰ The New York City school district, the largest school system in the nation,²⁸¹ is divided into community districts spanning the five boroughs of the city.²⁸² For the purposes of special education, each New York City charter school operates as part of the district LEA, and is assigned to its local “Committee on Special Education (CSE).”²⁸³ Each CSE is responsible for serving as the LEA for a handful of community districts and the schools within those districts.

The NYC DOE is also responsible for providing transportation to each student with a disability attending a charter school whenever transportation is included on the student’s IEP and the charter school requests that the NYC DOE provide such transportation.²⁸⁴ If the charter school, however, arranges to provide special education services directly through an arrangement with the NYC DOE, or by contract with other providers at sites other than the charter school, transportation between the charter school and such other sites is the responsibility of the charter school.²⁸⁵ The NYC DOE, as the LEA, is legally and financially responsible for providing the full continuum of special education and related services, including private placements for students with disabilities.²⁸⁶

Federal Funding for Students with Disabilities

The New York City Department of Education (NYC DOE) receives IDEA Part B funding from the U.S. Department of Education through the state education agency, the New York State Education

²⁷⁵ <https://www.louisianabelieves.com/docs/default-source/minimum-foundation-program/2016-2017-overview-of-mfp-formula.pdf?sfvrsn=3>, p. 21

²⁷⁶ Personal communication with stakeholder expert in New Orleans special education (August 24, 2020)

²⁷⁷ <https://www.ncsecs.org/wp-content/uploads/LA5.9.17.pdf>

²⁷⁸ Another source for extraordinary aid funding that may be available to charter schools is through OPSB’s contract with the Center for Resilience (a therapeutic day program); OPSB covers 25% of the cost of any student with a significant behavioral disability who enrolls in the program from a New Orleans charter school.

²⁷⁹ <https://previous.opsb.us/departments/exceptional-childrens-services/cenf/>

²⁸⁰ <https://www.manhattan-institute.org/html/finding-room-new-york-city-charter-schools-11209.html>

²⁸¹ https://research.steinhardt.nyu.edu/site/research_alliance/2018/09/25/nyc-public-schools-what-does-it-mean-to-be-the-nations-largest-school-district/

²⁸² <https://www1.nyc.gov/site/planning/community/community-portal.page>

²⁸³ <http://www.p12.nysed.gov/psc/Footer/speciaeduc.html>

²⁸⁴ Ibid; <https://www.schools.nyc.gov/learning/special-education/supports-and-services/specialized-transportation>

²⁸⁵ <http://www.p12.nysed.gov/psc/Footer/speciaeduc.html>

²⁸⁶ Ibid.; <https://ny.chalkbeat.org/2019/1/7/21106489/new-york-city-now-spends-325-million-a-year-to-send-students-with-disabilities-to-private-schools>

Department (NYSED). The amount of funding received is based on a formula closely resembling that which provides federal IDEA funds to states.²⁸⁷ The degree to which funding is retained or reallocated by the NYC DOE to a charter school depends on the portion of services delivered by the NYC DOE and the portion delivered by the charter school, for which it receives a prorated amount.²⁸⁸ NY DOE disburses IDEA funds to charter schools based on prior year enrollment through the 4th of 6 disbursements of annual funding, except in the case of new schools, which receive funding based on current year enrollment.²⁸⁹

State and Local Funding for Students with Disabilities

Charter schools invoice the NYC DOE for general education and special education funding to receive disbursements.²⁹⁰ The bulk of the funding for New York City's charter schools is determined by the state's per pupil tuition allocation formula, which divides a district's Approved Operating Expenditures (AOE) by the Total Allowable Pupil Units, and is passed to the charter schools from the NYC DOE.²⁹¹ The 2017-18 charter school basic tuition rate was \$14,527,²⁹² representing the minimum per-pupil funding amount that all charter schools in the city receive.²⁹³

If a student qualifies as eligible for special education and related services through an IEP, the charter school receives this basic tuition rate in addition to a special education funding category allocation.²⁹⁴ Calculation for these categories is based on grade level and billable minutes per week (i.e., frequency and duration of services delivered by the school's personnel as mandated by the IEP).²⁹⁵

Billing Category	Elementary	Middle/ High	Dollar Amount in August 2018
<20%	<300 minutes per week	<330 minutes per week	\$0
20%-60%	300–899 minutes per week	330–1049 minutes per week	\$10,390

²⁸⁷ <http://www.p12.nysed.gov/specialed/finance/IDEAapplication-policies-distribution.htm>; see Global Definitions section for more information.

²⁸⁸ Ibid.

²⁸⁹ Personal communication with stakeholder expert in New York City education finance (August 28, 2020); <https://www.nyccharterschools.org/sites/default/files/resources/FY19%20-%20Finance%20Bootcamp%20Deck%20-%20FINAL%208.3.18.pdf>, p. 7

²⁹⁰ <https://www.nyccharterschools.org/sites/default/files/resources/FY19%20-%20Finance%20Bootcamp%20Deck%20-%20FINAL%208.3.18.pdf>, p. 11

²⁹¹ <https://ibo.nyc.ny.us/iboreports/with-state-formula-for-charter-school-funding-likely-to-change-city-costs-to-grow-more-than-budgeted-march-2017.pdf>

²⁹² https://stateaid.nysed.gov/charter/pdf_docs/charter_1718_rates.pdf

²⁹³ <http://www.uaedreform.org/wp-content/uploads/charter-school-funding-inequity-in-new-york-city.pdf>, p. 12

²⁹⁴ <https://www.nyccharterschools.org/sites/default/files/resources/FY19%20-%20Finance%20Bootcamp%20Deck%20-%20FINAL%208.3.18.pdf>, p. 8

²⁹⁵ <https://www.nyccharterschools.org/sites/default/files/resources/FY19%20-%20Finance%20Bootcamp%20Deck%20-%20FINAL%208.3.18.pdf>, p. 61

	EXCEPTIONS For grades 4–6 operating on a period schedule: <ul style="list-style-type: none"> • 180 + minutes AND, • Special education services provided at least 5 times a week For grades 7-12: <ul style="list-style-type: none"> • 180 + minutes AND, • At least 5 times a week of special education services 		
>60%	900+ minutes per week	1050+ minutes per week	\$19,049

Charter schools may decide to hire their own service providers (e.g., counseling, speech, occupational therapy, physical therapy) as opposed to contracting with a district-provided agency, and those service minutes would be included in the categorical allocation discussed above and in the invoice to the NYC DOE.²⁹⁶

Extraordinary Funding for Students with Disabilities

NYSED offers additional state funding for special education to support students who require high-cost supports and services through High Cost Aid.²⁹⁷ The NYC DOE is eligible for High Cost Aid for pupils whose costs exceed the lesser of \$10,000 or 4 x AOE per pupil.²⁹⁸ In practice, no charter schools have access to these funds, and there is no publicly available information on how charter schools could directly access these funds.²⁹⁹

Oakland charter schools, totaling 35 in 2017-18,³⁰⁰ must participate in Special Education Local Planning Areas (SELPA) as required by state law, which coordinate and/or provide special education programs and services among their member LEAs³⁰¹ and receive revenue from the state earmarked for special education.³⁰² Oakland charter schools may choose to belong to one of three SELPAs: the Oakland Unified School District (OUSD) SELPA, the El Dorado County (EDCOE) SELPA, or Sonoma County SELPA.³⁰³ Since 2014-15, nearly all charter schools have left the OUSD SELPA for the EDCOE SELPA.³⁰⁴

Charter schools in California may choose their legal status as it pertains to special education, which influences service provision, funding, and decision-making.³⁰⁵ Some serve as their own LEAs and provide special education services directly.³⁰⁶ In these cases, charter schools receive funding for special education directly and may vote in SELPA decisions.³⁰⁷ Moreover, LEAs, including charter schools that

²⁹⁶ Personal communication with stakeholder expert in New York City special education (May 13, 2020)

²⁹⁷ https://www.questar.org/wp-content/uploads/2017/08/Students_with_Disabilities_Guidebook.pdf, p. 3

²⁹⁸ Ibid.

²⁹⁹ Personal communication with stakeholder expert in New York City special education (May 13, 2020)

³⁰⁰ https://www.ousdcharters.net/uploads/4/1/6/1/41611/2017-18_charters_in_ousd_selpa_10.19.17.pdf

³⁰¹ <https://lao.ca.gov/Publications/Report/3764>; https://www.ppic.org/content/pubs/report/R_1116LHR.pdf, p. 5

³⁰² https://gopublicschoolsoakland.org/wp-content/uploads/2017/06/Informing-Equity_6.20.17.pdf, p. 7

³⁰³ https://gopublicschoolsoakland.org/wp-content/uploads/2017/06/Informing-Equity_6.20.17.pdf, p. 28

³⁰⁴ Ibid.

³⁰⁵ <https://lao.ca.gov/Publications/Report/4110>

³⁰⁶ Ibid.

³⁰⁷ Ibid.

serve as their own LEAs, are responsible for providing transportation to and private placement for students with disabilities if their IEP team determines that it is necessary.³⁰⁸ Other charter schools, conversely, operate as a part of the district LEA. Generally, these schools do not receive funding for special education directly, nor do they have formal decision-making authority within SELPAs.³⁰⁹ They may, however, receive services from the district in lieu of funding, as do charter schools that are a part of the OUSD LEA³¹⁰ (see below for information on how Oakland SELPAs allocate funding and services).

Federal Funding for Students with Disabilities

IDEA dollars flow from the U.S. Department of Education to the state education agency, the California Department of Education (CDE).³¹¹ From there, SELPAs, rather than LEAs, receive the funds.³¹² The amount of funding received is based on a formula closely resembling that which provides federal IDEA funds to states.³¹³ Charter schools that serve as their own LEAs receive federal funding from their SELPA.³¹⁴ Charter schools operating as a part of the district LEA, on the other hand, may receive federal funding from the LEA under the terms of a memorandum of understanding (MOU).³¹⁵

State and Local Funding for Students with Disabilities

California's Local Control Funding Formula (LCFF)³¹⁶ provides a base amount of per-pupil funding to each LEA according to average daily attendance (ADA) using a multi-tiered formula that directs extra funding to "high need" students (i.e., economically disadvantaged students, English Language Learners, or foster youth; though notably not students with disabilities). Funding for special education, however, operates outside the LCFF framework,³¹⁷ through a state categorical program known as AB 602³¹⁸ (after its authorizing legislation).³¹⁹

AB 602 distributes state special education funding to SELPAs, rather than to LEAs, using a census-based approach based on ADA regardless of how many students have disabilities, the specific disabilities of those students, or what types of services those students receive.³²⁰ In addition to the substantial amount of special education funding provided through AB 602, California offers an array of funding through specific special education add-on programs,³²¹ including mental health services, out-of-home care, and infant programs.³²²

³⁰⁸ <https://www.csba.org/-/media/CSBA/Files/GovernanceResources/GovernanceBriefs/201405GBSpecialEdTransportation.ashx?la=en&rev=5abfeede7ec04cb2af88f085b90a1035>, p. 1; <https://edsource.org/2019/california-spending-over-13-billion-annually-on-special-education/619542>

³⁰⁹ <https://lao.ca.gov/Publications/Report/4110>

³¹⁰ Personal communication with stakeholder expert in California charter schools (August 31, 2020)

³¹¹ <https://www.cde.ca.gov/sp/se/as/leagrnts.asp>; <https://files.eric.ed.gov/fulltext/ED596436.pdf>, p. 5

³¹² Ibid.

³¹³ See definition of IDEA in Global Definitions for more information.

³¹⁴ Personal communication with stakeholder expert in California charter schools (August 31, 2020)

³¹⁵ Ibid.

³¹⁶ <https://www.ppic.org/publication/financing-californias-public-schools/>

³¹⁷ https://www.ppic.org/content/pubs/report/R_1116LHR.pdf, p. 5

³¹⁸ <https://lao.ca.gov/Publications/Report/4110>

³¹⁹ <https://lao.ca.gov/Publications/Report/3764>

³²⁰ Ibid.

³²¹ <https://lao.ca.gov/Publications/Report/3764>; https://www.ppic.org/content/pubs/report/R_1116LHR.pdf, p. 10

³²² https://www.ppic.org/content/pubs/report/R_1116LHR.pdf, p. 10

SELPA then choose how to allocate dollars and/or services to its schools. The OUSD and the EDCOE SELPAs, to which most Oakland charter schools belong, differ in their allocation structures.³²³ The OUSD SELPA provides services to all schools and students within the SELPA, but the cost of providing those services exceeds the revenue received from the state.³²⁴ To cover those additional expenses, the OUSD SELPA divides the extra cost equally by the ADA of the SELPA, meaning that every school contributes equally to serving all students in the OUSD SELPA.³²⁵ The EDCOE SELPA, on the other hand, passes revenue directly through to its member schools based on ADA.³²⁶ The schools, in turn, decide which special education services to purchase and, when necessary, cover excess costs³²⁷ not covered by state and federal categorical funding with local unrestricted funding (primarily from the Local Control Funding Formula).³²⁸ Generally, Oakland charter schools that serve as their own LEAs do not have access to local revenue (e.g., local property taxes).³²⁹ Charter schools that operate as a part of the OUSD LEA, on the other hand, may access local revenue under the terms of an MOU.³³⁰

Extraordinary Funding for Students with Disabilities

In addition, California allocates state funding to LEAs, including charter schools that serve as their own LEAs, based on the count of students with low-incidence, high-cost disabilities (i.e., deaf, hard of hearing, visually impaired, or orthopedically impaired).³³¹ As it stands now, California allocates approximately \$450 per student with low-incidence, high-cost disabilities.³³² The state also reimburses districts directly for costs associated with very high-cost residential or nonpublic school placements in excess of \$75,000 through a statewide \$3 million extraordinary cost program.³³³ In practice, the pool is so small that it is only ever accessed by very small or rural SELPAs.³³⁴

Phoenix was home to 167 LEAs during the 2017-18 school year.³³⁵ The city's charter schools act as their own individual LEAs,³³⁶ and there were 140 charter school LEAs during that year. Charter schools, as LEAs, are legally and financially responsible for providing the full continuum of special services to students with disabilities, including related services like transportation and placement by the LEA in private settings.³³⁷

Federal Funding for Students with Disabilities

³²³ https://gopublicschoolsoakland.org/wp-content/uploads/2017/06/Informing-Equity_6.20.17.pdf, p. 28

³²⁴ https://gopublicschoolsoakland.org/wp-content/uploads/2017/06/Informing-Equity_6.20.17.pdf, p. 29

³²⁵ Ibid.

³²⁶ Ibid.

³²⁷ Ibid.

³²⁸ <https://lao.ca.gov/Publications/Report/4110>

³²⁹ Personal communication with stakeholder expert in California charter schools (August 31, 2020)

³³⁰ Ibid.

³³¹ <https://lao.ca.gov/Publications/Report/3764>; <https://lao.ca.gov/Publications/Report/4110>

³³² <https://files.eric.ed.gov/fulltext/ED596436.pdf>, p. 13

³³³ <https://lao.ca.gov/Publications/Report/3764>; <https://lao.ca.gov/Publications/Report/4110>

³³⁴ Personal communication with stakeholder expert in California charter schools (August 20, 2020)

³³⁵ Personal Communication with stakeholder expert from Arizona Charter Schools Association (August 25, 2020)

³³⁶ In Arizona, the term Public Education Agency (PEA) is used instead of LEA, to reflect the entity (state or local) that is responsible for providing education. See [Ariz. Admin. Code §R7-2-401 \(2017\)](#)

³³⁷ A.R.S. §15-183(E)(7)

IDEA dollars flow from the U.S. Department of Education to the Arizona Department of Education (ADE) and then directly to charter schools. The amount of funding received by the charter schools is based on a formula closely resembling that which provides federal IDEA funds to states.³³⁸

State and Local Funding for Students with Disabilities

Arizona public schools are provided with a base amount of per-pupil funding.³³⁹ State special education funding is calculated using the weighted Basic State Aid formula.³⁴⁰ All schools, both district and charter, are funded on a weighted Average Daily Membership (ADM) basis and the amount received is provided on top of the base amount. Students are weighted based on 1) the type of school (e.g., K–8 or 9–12, with additional weight for small and isolated schools), and 2) special education criteria. Students with disabilities are placed into one of two categories, each of which is funded differently.³⁴¹

Group A: *Students typically have more mild disabilities, such as speech impairment or dyslexia. This group includes 80% of all students with disabilities. The state assumes these students are spread evenly among all schools and gives every district and charter school the same amount of extra money per student regardless of how many students with disabilities actually attend that school.*

Group B: *Students typically have a disability that requires more significant supports, such as a physical disability or an intellectual disability. The state gives a specific funding weight to each disability category and districts receive additional money for each Group B student enrolled based on the weight.*

For students in both of these groups, the student count is weighted by disability category and multiplied by a Base Support Level set in statute. The 11 weights are based on students' disabilities and their educational settings.³⁴²

Disability, Educational Setting	Weight
Developmental delays, emotional disabilities, mild intellectual disabilities, specific learning disability, speech/language impairment, and other health impairments	0.003
Orthopedic impairments, resource	3.158

³³⁸ See definition of IDEA in Global Definitions for more information.

³³⁹ <https://www.ncsecs.org/wp-content/uploads/AZ6.5.17.pdf>

³⁴⁰ <https://www.azleg.gov/jlbc/specialeducationfundingoverview.pdf>, p. 3

³⁴¹ <https://www.ncsecs.org/wp-content/uploads/AZ6.5.17.pdf>

³⁴² Ibid.; AZ Rev Stat § 15-943 (2016); [AZ Rev Stat § 15-943 \(2018\)](#)

program	
Preschool, severely delayed	3.595
Moderate intellectual disability	4.421
Hearing impairment	4.771
Visual impairment	4.806
Emotional disabilities, enrolled in private special education programs	4.822
Self-contained programs for pupils with multiple disabilities, autism and severe intellectual disability	5.833
Multiple disabilities, autism, severe intellectual disability	6.024
Orthopedic impairments, self-contained program	6.773
Multiple disabilities with severe sensory impairment	7.947

Unlike district schools, charter schools cannot access local funding through property taxes, bonds, or overrides. However, the state provides additional assistance funding to compensate for the lack of local funds.³⁴³

Extraordinary Funding for Students with Disabilities

When LEAs need additional funding for students with disabilities who require significant supports and services, they can apply for funding through the High Cost Child Fund, which utilizes IDEA set-aside funds.³⁴⁴ LEAs submit an application to the ADEs Office of Exceptional Student Services. To qualify for this funding, expenditures for the student must exceed three times the average cost to educate a student.³⁴⁵

Additionally, Arizona law provides for an Extraordinary Special Education Needs Fund³⁴⁶, established with legislative appropriations, gifts, grants and donations. Charter schools and traditional districts may apply. The application is made to the state board of education and must include evidence of the

³⁴³ <https://www.ncsecs.org/wp-content/uploads/AZ6.5.17.pdf>

³⁴⁴ Ibid.; <https://www.azed.gov/specialeducation/operations/> Note that in 2020, the funding mechanisms for High-Cost Child Services moved into Exceptional Student Services Voucher Applications: https://cms.azed.gov/home/GetDocumentFile?id=5612_df25aadec00414a49de5

³⁴⁵ Ibid; www.ncsecs.org/wp-content/uploads/AZ6.5.17.pdf

³⁴⁶ [A.R.S. §15-774](#)

extraordinary need, proof that the funds were unsuccessfully sought from all other sources, and certification that the funds will not supplant federal, local or other state funds.

San Antonio³⁴⁷ has two types of charter schools: the 38³⁴⁸ “Campus Program” schools³⁴⁹ that are authorized by the San Antonio Independent School District (SAISD) and operate as part of its LEA, and 28³⁵⁰ open-enrollment schools that are authorized by the State Commissioner of Education (and approved by the Texas State Board of Education) and act as their own LEAs. In 2017–18, there were 29 LEAs in the city, including SAISD and the state-authorized charter schools.³⁵¹ If transportation is a related service in a student's IEP, the charter school, regardless of authorizer, is responsible for providing it.³⁵² The Texas Education Agency (TEA) pays state funds directly to SAISD and to state-authorized charter schools to cover costs of private placement of students with disabilities by their IEP teams.³⁵³

Federal Funding for Students with Disabilities

For state-authorized charter schools, IDEA dollars flow from the U.S. Department of Education to TEA and then to charter districts.³⁵⁴ The amount of funding received is based on a formula closely resembling that which provides federal IDEA funds to states.³⁵⁵ For district-authorized charter schools, those dollars flow from the U.S. Department of Education to TEA to SAISD and then to the charter schools.³⁵⁶ District-authorized charter schools may receive IDEA funds directly or in the form of services.³⁵⁷

State and Local Funding for Students with Disabilities

The state-funded Foundation School Program is the primary source of funding for all Texas public schools, regardless of the authorizer.³⁵⁸ Texas uses a multiple student weight system in which different weights are applied based on where students with disabilities are educated.³⁵⁹ A weighted formula in which a basic allotment is multiplied by certain weights is used to calculate funding by weighing

³⁴⁷ Note: In 2016, a federal government investigation revealed that TEA had been imposing an illegal cap on serving students with disabilities since 2004. Federal fines and requirements for additional state funding to mitigate the damage subsequently resulted, but those actions did not impact this analysis. You can read more here:

<https://www.the74million.org/article/250000-kids-277-million-in-fines-its-been-3-years-since-feds-ordered-a-special-ed-reboot-in-texas-why-are-students-still-being-denied/>

³⁴⁸ <https://innovatesaisd.org/in-district-charter-schools/>

³⁴⁹ Tex. Educ. Code §12.051 et. seq. (1995).

³⁵⁰ Personal Communication with stakeholder from the Texas Public Charter Schools Association (August 27, 2020)

³⁵¹ Ibid.

³⁵² https://tea.texas.gov/sites/default/files/special_education.pdf, p. 10

³⁵³ [19 Tex. Admin. Code §89.63\(e\)](#)

³⁵⁴ Personal Communication with stakeholder from the Texas Public Charter Schools Association (August 27, 2020)

³⁵⁵ <https://framework.esc18.net/display/Webforms/ESC18-FW-Summary.aspx?FID=175>; See Global Definitions Section for more information.

³⁵⁶ Personal Communication with stakeholder from the Texas Public Charter Schools Association (August 27, 2020)

³⁵⁷ Personal Communication with stakeholder from the Texas Public Charter Schools Association (August 27, 2020)

³⁵⁸ <https://www.ncsecs.org/wp-content/uploads/TX6.5.17.pdf>

³⁵⁹ <https://c0arw235.caspio.com/dp/b7f93000f44ee6bcefb745e88b8d?state=Texas>

students with more significant needs as more than one student for attendance purposes.³⁶⁰ These adjustments are applied to average daily attendance (ADA) to calculate Weighted Average Daily Attendance (WADA). Special education FTE weights are as follows:³⁶¹

Setting	Weight
Nonpublic day school	1.7
Vocational adjustment class	2.3
Off home campus	2.7
State school	2.8
Hospital class	3.0
Resource room	3.0
Self-contained, mild and moderate, regular campus	3.0
Self-contained, severe, regular campus	3.0
Residential care and treatment	4.0
Homebound	5.0
Speech therapy	5.0

In 2017–18, the average per-pupil funding amount for charter schools was \$9,403,³⁶² with an additional \$1,160 added for each student with a disability across all Texas public schools.³⁶³ The Foundation School Program outlines a two-tiered system to provide funding to traditional public and charter schools. Tier I is a foundational per-pupil amount based on a multiplication of the WADA by a state-wide average adjusted allotment.³⁶⁴ For the 2017-18 school year, the state average adjusted Tier I allotment was \$6,522 per student.³⁶⁵ Charter schools can also receive an allotment in Tier II of the Foundation School Program, an optional “entitlement” amount on top of Tier I funds, that is based on state average district tax rates.³⁶⁶

³⁶⁰ Ibid.; The Available School Fund, a constitutionally dedicated fund for the support of Texas public schools, also increases per-pupil funding. See https://www.lbb.state.tx.us/Documents/Publications/Issue_Briefs/315_PSF%20ASF.pdf

³⁶¹ <https://c0arw235.caspio.com/dp/b7f93000f44ee6bcefb745e88b8d?state=Texas>

³⁶² Personal Communication with stakeholder from the Texas Public Charter Schools Association (August 27, 2020)

³⁶³ https://rptsvr1.tea.texas.gov/cgi/sas/broker?_service=marykay&_program=sfadhoc.actual_report_2018.sas&_se_rvice=appserv&_debug=0&who_box=&who_list= STATE

³⁶⁴ <https://www.ncsecs.org/wp-content/uploads/TX6.5.17.pdf>

³⁶⁵ <https://tea.texas.gov/sites/default/files/Texas%20Public%20School%20Finance%20Overview%202017-2018%20%28Jan%202018%29.pdf>, p. 57

³⁶⁶ <https://www.ncsecs.org/wp-content/uploads/TX6.5.17.pdf>

Additionally, they may receive added funding if they provide transportation to students or health insurance to employees.³⁶⁷ San Antonio charter schools, both SAISD and state-authorized, do not receive local funding.³⁶⁸

Extraordinary Funding for Students with Disabilities

The Texas legislature requires the TEA to set aside the maximum amount of funds allowed by federal regulation to establish a high-cost risk pool to address the needs of children with high-cost, low-incidence disabilities.³⁶⁹ The pool is in place for students whose education costs more than three times the average per-pupil expenditure in the state, and all LEAs, including SAISD and state-authorized charter schools, are eligible to apply.³⁷⁰ If the amount of funds requested exceeds the available funds reserved, the reimbursement is prorated.³⁷¹

Tulsa consisted of five LEAs during the 2017-18 school year.³⁷² Six charter schools are part of the district LEA, Tulsa Public Schools (TPS).³⁷³ The other four charter schools within city boundaries are authorized by universities (e.g., Oklahoma State University, Langston University) and act as their own individual LEAs.³⁷⁴ For TPS-authorized charter schools, TPS as the LEA is responsible for ensuring that the schools provide all of the appropriate special education services and supports, including related services like transportation and placement by the LEA in private settings,³⁷⁵ and these charter schools have access to the full continuum of services and supports provided by TPS.³⁷⁶ Charter schools that are their own LEAs, by contrast, are individually responsible for providing the full continuum of special education services and supports, including transportation when it is a related service and private placements by IEP teams.³⁷⁷ LEAs may enter into joint agreements or cooperative programs with other LEAs or enter into contracts with other service providers to provide special education services to students.³⁷⁸

Federal Funding for Students with Disabilities

For charter schools that are university-authorized, IDEA funds flow from the U.S. Department of Education to OSDE to the sponsoring university and then to the charter schools.³⁷⁹ The amount of

³⁶⁷ Ibid.

³⁶⁸ Ibid.

³⁶⁹ <https://tea.texas.gov/sites/default/files/HighCostFundStatePlanFinalandPosted.pdf>

³⁷⁰ Ibid.

³⁷¹ Ibid.

³⁷² <https://sde.ok.gov/documents/2017-05-12/districtsite-counts>

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https://resources.finalsite.net/images/v1542746547/tulsaschoolsorg/sljdrrnsjmfwnwifdpa4o1/2017_18_TPSAnnualReport.pdf, p.

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³⁷⁴ <https://sde.ok.gov/documents/2017-05-12/districtsite-counts>

³⁷⁵ https://sde.ok.gov/sites/default/files/Oklahoma%20Special%20Education%20Handbook%202017_5.pdf

³⁷⁶ <https://www.ncsecs.org/wp-content/uploads/OK6.5.17.pdf>

³⁷⁷ Ibid.

³⁷⁸ Ibid.

³⁷⁹ Ibid.

funding received is based on a formula closely resembling that which provides federal IDEA funds to states.³⁸⁰ In the case of charter schools authorized by TPS, which are treated as LEAs for federal funding purposes, these dollars flow from the U.S. Department of Education to OSDE to TPS and then to the charter schools using a similar formula.³⁸¹

State and Local Funding for Students with Disabilities

Charter schools, both TPS-authorized and those that act as their own LEAs, receive the same base amount of per-pupil state funding as traditional public schools.³⁸² Added to this base is a supplemental amount for students receiving special education services, with weights applied based on the disability category. Multiple weights can be applied to a student's primary and secondary disabilities. The weighting system is as follows:³⁸³

Disability	Weight
Speech impairment	0.05
Specific learning disability	0.4
Orthopedic impairment	1.2
Other health impairment	1.2
Intellectual disability	1.3
Autism	2.4
Traumatic brain injury	2.4
Multiple disabilities	2.4
Emotional disturbance	2.5
Hearing impairment, including deafness	2.9
Vision impairment	3.8
Deaf-blindness	3.8

Charter schools do not have access to local funding.³⁸⁴

Extraordinary Funding for Students with Disabilities

³⁸⁰ See Global Definitions Section for more information.

³⁸¹ 70 OK Stat §70-3-143(C)(2014); <https://www.ncsecs.org/wp-content/uploads/OK6.5.17.pdf>

³⁸² <https://www.ncsecs.org/wp-content/uploads/OK6.5.17.pdf>

³⁸³ <https://sde.ok.gov/sites/default/files/2018%20Weights%20for%20Spec%20ED.pdf>

³⁸⁴ 70 OK Stat §70-3-143(D)(2014)

Oklahoma has a two-tier high-needs funding mechanism to reimburse LEAs, including TPS and university-authorized schools, for the cost of educating students with exceptional needs. Tier I includes reimbursement funding for out-of-state residential placements, and Tier II includes funding to LEAs that educate students with disabilities who require significant supports within the LEA.³⁸⁵ If a student's IEP team determines that an out-of-state residential placement is needed and appropriate to provide FAPE, the LEA may apply for Tier I assistance. To qualify for Tier II funding, two requirements must be met: 1) the expenses for the high need student must be at least three times the average per-pupil expenditure in Oklahoma, and 2) the total cost of all high-need students in the LEA must be at least ten percent (10%) of the LEA's 2017-18 state flow-through allocation.³⁸⁶

Washington, D.C. consisted of 66 LEAs during the 2017-18 school year—the District of Columbia Public Schools (DCPS) and 65 charter school LEAs.³⁸⁷ All charter schools except one were required to serve as their own LEAs, meaning that the charter schools themselves are responsible for providing special education services to enrolled students.³⁸⁸ The exception is St. Coletta of Greater Washington, a charter school that specifically serves students who have intellectual disabilities, autism, or multiple disabilities and who are provided 24.5 or more hours of special education services each week and that operates as part of DCPS.³⁸⁹

Each charter school is responsible for providing the full continuum of special services to students with disabilities for students enrolled in the school and for its students who are placed elsewhere.³⁹⁰ If an LEA is unable to provide adequate services due to a lack of capacity, it is obligated to see that the student is appropriately placed into another charter school, traditional public school, or private placement.³⁹¹ The Office of the State Superintendent of Education (OSSE), DC's state education agency, retains financial responsibility for both the private placement and transportation of students with disabilities across the city.³⁹² The agency also provides reimbursements to parents who transport their eligible children with disabilities to and from school.³⁹³

Federal Funding for Students with Disabilities

IDEA dollars flow from the U.S. Department of Education to OSSE and then on to charter LEAs based on enrollment of eligible students. The amount of funding that OSSE receives is based on a formula closely

³⁸⁵ <https://sde.ok.gov/sites/default/files/Tier%20I%20and%20II%20High%20Need%20memo%20-0.pdf>

³⁸⁶ Ibid.

³⁸⁷ <https://www.dccouncil.us/wp-content/uploads/2019/02/dccpsb19.pdf>, p. 1

³⁸⁸ Personal Communication with stakeholder expert from The Office of the State Superintendent of Education (August 31, 2020)

³⁸⁹ <https://www.ncsecs.org/wp-content/uploads/DC5.9.17.pdf>

³⁹⁰ <http://www.dcapleseed.com/wp-content/uploads/2016/09/A-Place-for-Every-Child.pdf>, p. 5

³⁹¹ Ibid.

³⁹² [DC Code § 38-2561.03](#)

³⁹³ <https://osse.dc.gov/service/parents-transportation-students-disabilities>

resembling that which provides federal IDEA funds to states.³⁹⁴ All schools have to apply to OSSE annually for IDEA Part B funds.³⁹⁵

Local Funding for Students with Disabilities

Washington, D.C. is a unitary system in terms of funding, meaning that its state and local dollars are one and the same. Local funding for traditional and charter schools is based on the Uniform Per Student Funding Formula (UPSFF) which guarantees a base amount per student to cover the cost of providing general education—in FY2018, that amount was \$9,972.³⁹⁶ A supplemental amount for students receiving special education services is added to this base.³⁹⁷ The weighting increases as the number of hours of specialized services a student receives per week increases. For instance, for an elementary school student who received eight hours of services per week during the 2017-18 school year, the allocation would be \$9,972 in addition to \$9,673 (totaling \$19,645). Following are the levels, weights, and hours for FY 2018:³⁹⁸

Level	Number of Weekly Hours	Weight
Level 1	≤ 8 hours per week of specialized services	0.97
Level 2	8 < x ≤ 16 hours per week	1.2
Level 3	16 < x ≤ 24 hours per week	1.97
Level 4	> 24 hours per week, which may include instruction in a self-contained (dedicated) special education school other than residential placement	3.49
Residential Level 1-4		Variable

Additionally, public charter schools in D.C., unlike DCPS, receive a facilities allotment of approximately \$3,000 per student in addition to UPSFF.³⁹⁹

Finally, charter schools are allocated additional funds for students with disabilities associated with ensuring compliance (\$1,576 per pupil), and serving “at-risk” students (\$2,184 per student meeting DC’s

³⁹⁴ See definition of IDEA in Global Definitions for more information.

³⁹⁵ Personal communication with stakeholder from D.C. Public Charter School Board (August 27, 2020)

³⁹⁶ <https://osse.dc.gov/sites/default/files/dc/sites/osse/publication/attachments/2017-18%20UPSFF%20Payment%20Letter.pdf>

³⁹⁷ Ibid.

³⁹⁸ Ibid.

³⁹⁹ <https://www.ncsecs.org/wp-content/uploads/DC5.9.17.pdf>

definition of at-risk), and they can access dollars ranging from \$628 to \$4,896 for an extended school year if it is identified as a service on a student’s IEP.⁴⁰⁰

Extraordinary Funding for Students with Disabilities

In addition to funds from UPSFF, public schools in Washington, D.C. (including charter schools) may apply for additional categorical funding for students with disabilities who require significant supports and services that cost more than the funding received according to their weighted per-pupil allotment.⁶ The Special Education Enhancement Fund (SEEF), a pool of local funds,⁴⁰¹ provides an opportunity for public schools “that demonstrate they have incurred costs associated with providing special education services above that for which the school was funded pursuant to the UPSFF allocation” to receive additional funds.⁴⁰² LEAs that accept federal IDEA funding must apply to OSSE and, if approved, receive a base allotment of \$2,500 (FY2018).⁴⁰³ The approved LEAs will then receive additional SEEF dollars based on its share of Washington D.C.’s total number of students with disabilities.⁴⁰⁴

⁴⁰⁰ <https://osse.dc.gov/sites/default/files/dc/sites/osse/publication/attachments/2017-18%20UPSFF%20Payment%20Letter.pdf>

⁴⁰¹ https://osse.dc.gov/sites/default/files/dc/sites/osse/page_content/attachments/SEEF%20Formula%20Grant%20

⁴⁰² [D.C. Code § 38–2613](#)

⁴⁰³ <https://osse.dc.gov/page/special-education-enhancement-fund-seef-formula-grant>

⁴⁰⁴ Ibid.