

Education Funding for Residents of Some State Institutions, JD

Agency: 350 Office of Superintendent of Public Instruction
Budget Period: 2009 Supplemental

Short Description:

This request is to update basic education funding formulas to reflect new placement realities that will result in severe financial distress for some districts educating high-need students in state residential institutions.

Fiscal Detail

Operating Expenditures		FY 2008	FY 2009	Total
Residential Habilitation Centers Basic Education Funding	01-001	\$0	\$108,771	\$108,771
Total Cost		\$0	\$108,771	\$108,771

Staffing	FY 2008	FY 2009	Annual Avg.
FTEs	0.0	0.0	0.0

Package Description:

Residential Habilitation Centers Funding Formula Improvements

Currently three school districts have state-operated Residential Habilitation Centers (RHCs) within their boundaries, and are bound by state and federal law to provide the education program for residents under age 21. The education program is designed based on the student's Individual Education Plan (IEP), and the school district must meet requirements to educate each student in his or her individually-determined Least Restrictive Environment (LRE). State law requires the state RHC to provide an education site on the campus, furnish the site, and staff for the individual needs of the residents. **Based on students' LRE and IEP**, the school district can serve students on the RHC state-operated site, or in a district school, other education sites, or a combination of all. (About half of current Fircest residents are served on Shoreline school campuses at this time.)

The current funding formula for the education program of RHCs will purchase 1 teacher for every 6 FTE students and 1 instructional aide for every 7.8 FTE students. Each 6.99 students will generate 0.1 FTE administrator; each student generates about \$480 for non-employee related costs. There is a minimum funding level, the first through 8th student generate approximately \$108,000 in 2007-08; each student thereafter generates about \$15,650. An education program must be provided for 220 days. This funding formula is applied regardless of where the student is educated: RHC, school, or alternative site.

Where the cost of a student's direct education services exceed the state safety net threshold of about \$15,500, the serving school district can apply for safety net. IEP-driven costs associated with teachers, buying curriculum, classroom aides, and

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physical, speech, and occupational therapists. The district cannot apply for safety net to cover costs associated with: accommodating a student on the school campus, hiring security staff associated with one or more students, administration of the RHC program (in excess of the current small allowance), legal fees, general administration, or the human resources efforts for hiring and personnel functions.

For two decades, very few students have been placed by the state in RHCs; the number averaged 3-4 total. In the 2006-07 school year, the state was forced to begin placing students in the Francis Hadden Morgan and Fircrest RHCs due to limited availability of community placements. The student population totaled 16.09 student FTE; this represented approximately 17.45 individual students. (The Yakima School District also serves one student residing in the Yakima RHC.)

In response, the Shoreline School District required the state to begin operating a RHC-campus education program as required by law (28A.190). They specifically required that the state pay for the transportation, facility, furnishing, and support aides for the education site. Negotiations regarding the specifics of the costs to be borne by the state continue. Based on a budget request submitted by the Department of Social and Health Services, and pending contracts between the parties, it appears these costs will be covered.

This request is to adjust the Institutional RHC funding formula by allocating the serving school districts a Basic Education allocation for each RHC student. Both the RHC formula and funds from the Department of Social and Health Services will cover most of the direct costs associated with serving very high-need students. Where costs exceed the combination of these funding amounts, the serving school districts can access the safety net for additional direct service funds. Neither the RHC formula nor the DSHS proposal cover the costs associated with basic education services: time of the district leadership, the personnel and contracts offices, business services, copy machines, technology for RHC staff, maintenance and operations, special facility needs, legal services, etc. All of these services are normally paid for from the basic education allocation; the safety net is not currently a viable option for districts to re-coup these costs.

Based on 2006-07 school year RHC enrollment, adding a basic education allocation would cost about \$510,000 per year.

Impact on clients and services:

The enhanced RHC funding will only impact school districts. The special education eligible students residing in an RHC will receive the same IEP services they would receive without the formula changes. IEP services are governed by state and federal law, and regardless of the adequacy of funding districts must provide the services in the Least Restrictive Environment (LRE).

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Narrative Justification and Impact Statement

How contributes to strategic plan:

OSPI strategic plan identifies extra support for high-need students as a high priority. In addition, OSPI has a responsibility to district financial solvency and to provide funding that will enable districts to meet state and federal service requirements.

Impact on other state programs: None.

Relationship to capital budget: None

Required changes to existing RCW, WAC, contract, or plan: None.

Alternatives explored by agency:

OSPI could change safety net provisions to expand the allowable uses of safety net in order to fully recognize the costs that serving districts experience.

Budget impacts in future biennia:

All costs are on-going. Costs are not expected to escalate beyond normal inflation and enrollment.

Distinction between one-time and ongoing costs: All costs are on-going.

Effects of non-funding:

By not funding this request the state would force serving school districts to absorb costs that the state imposes by concentrating very high-need students in 2 districts (potentially 3 districts). State law specifically prohibits the district from using local funds to augment the program; at the same time the districts cannot refuse services to eligible students. One district has been in severe financial distress for several years and RHC underfunding exacerbates the problems and risks causing community back-lash when more community-desired services must be eliminated to use local funds to subsidize the RHC program.

Expenditure Calculations and Assumptions:

The expenditure estimates are based on October enrollment of students at the Francis Hadden Morgan Center and Fircrest and current general apportionment allocations for Shoreline and Bremerton School Districts. The request assumes that funding is paid on the general apportionment schedule; therefore, 20 percent of the cost would be appropriated in FY 2010.

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Object Detail

		FY 2008	FY 2009	Total
A	Salary and Wages	\$0	\$0	\$0
B	Employee Benefits	\$0	\$0	\$0
C	Contracts	\$0	\$0	\$0
E	Goods/Services	\$0	\$0	\$0
G	Travel	\$0	\$0	\$0
J	Equipment	\$0	\$0	\$0
N	Grants	\$0	\$108,771	\$108,771
	Interagency Reimbursement	\$0	\$0	\$0
	Other	\$0	\$0	\$0
Total Objects		\$0	\$108,771	\$108,771

Activity Inventory Item	Program	FY 2008	FY 2009	Total
AO14 Institutional Education	35	\$0	\$108,771	\$108,771
Total Activities		\$0	\$108,771	\$108,771

Six-Year Expenditure Estimates

Fund	09-11 Total	11-13 Total	13-15 Total
General Fund-State	\$135,964	\$135,964	\$135,964
Expenditure Total	\$135,964	\$135,964	\$135,964
FTEs	0	0	0

Distinction between one-time and ongoing costs:

All operating costs are on-going.

Budget impacts in future biennia:

The amounts will increase with inflation and enrollment.