

AUDIT PROPOSAL

K-12 Education: Evaluating Special Education Funding

SOURCE

This audit proposal is intended to satisfy requirements in 2018 Substitute for Senate Bill 423.

BACKGROUND

School districts are required by state and federal law to provide services to students with special educational needs. Most special education services are provided to students with learning disabilities, speech and language difficulties, or other health impairments. Additionally, in Kansas, gifted students are also served within districts' special education programs. Special education services can include additional para-professional support in the regular classroom, various therapy services, or specialized technology that can assist a student in the classroom. Districts can deliver these services using district-employed staff or by joining an interlocal or special education co-operative. In 2017, Kansas school districts spent about \$920 million to provide special education services to an estimated 80,000 students.

School districts use a mix of federal, state, and local sources to pay for special education services. In 2017, the Legislature allocated about \$450 million for special education funding. Districts can use this funding for a wide variety of special education services such as transportation and assistance from specialists. Additionally, the federal government provided about \$100 million in special education funding to Kansas school districts that districts can also use for a variety of special education services. Further, the federal government reimbursed school districts an additional \$46 million for certain special education services school districts provided to students who are Medicaid beneficiaries. Last, districts can use funding provided by the district's local option budget or other district general fund dollars to pay for special education services.

2018 Substitute for Senate Bill 423 includes a requirement that our office conduct a performance audit to provide a reasonable estimate of school district's cost to provide special education and related services. The final audit report is to be submitted to the Legislature by January 15, 2019.

AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

The audit objectives listed below represent the questions that we would answer through our audit work. The proposed steps for each objective are intended to convey the type of work we would do, but are subject to change as we learn more about the audit issues and are able to refine our methodology.

Objective 1: What does it cost school districts to provide special education and related services? Our tentative methodology would include the following:

- Work with Kansas State Department of Education (KSDE) and federal officials as necessary to understand what laws or rules govern how school districts provide special education services to students, what services are required, and how students qualify for these services.
- Work with school district officials and other stakeholders and review a sample of student individualized education programs to determine what types of services students with different types of disabilities typically require and how much those services cost on a per-student basis.
- Using the cost information above, develop a reasonable estimate of the cost to provide special education and related services for all school districts statewide based on the types of special education students they serve.
- For any significant cost variations between school districts we identify, work with school district officials to understand what factors most influence those variations.

Objective 2: Has special education funding been calculated and distributed to school districts in accordance with state law in recent years? Our tentative methodology would include the following:

- Review 2018 Substitute for Senate Bill 423 and previous state law, as well as work with Legislative Research to understand how statutes have directed special education funding to be calculated and allocated in recent years.
- Review documents and work with KSDE officials to determine how much total special education funding has been calculated and how much special education funding each district has been allocated in recent years.
- Assess whether the total calculation and districts allocations were correct by comparing how much funding was actually calculated and allocated to how much should have been calculated and allocated.

Objective 3: What types of funding mechanisms do other similar states use to calculate and distribute special education funding? Our tentative methodology would include the following:

- Interview officials and review state laws for other midwestern states to identify what types of mechanisms they use to calculate and distribute special education funding.
- Compare how other states calculate and distribute special education funding to Kansas' structure to identify ways in which they are similar or are different.
- For any significant difference we identify, interview officials in other states to identify the advantages and challenges associated with those specific requirements or funding mechanisms.

ESTIMATED RESOURCES

We estimate this audit would require a team of **three (3) auditors** for a total of **six (6) months** (from the time the audit starts to our best estimate of when it would be ready for the committee).