

**MEMO**

**TO:** USBE Finance Committee

**FROM:** Dale Frost – USBE Minimum School Program Administrator

**DATE:** April 20, 2026

**SUBJECT:** SPED Add-On Funding Formula, Changes to R277-479, and Spectrum Academy

**The SPED Add-On Formula in Statute (53F-2-307)**

The primary funding mechanism for students with disabilities in Utah is the SPED Add-on formula, governed by Utah Code [53F-2-307](#).

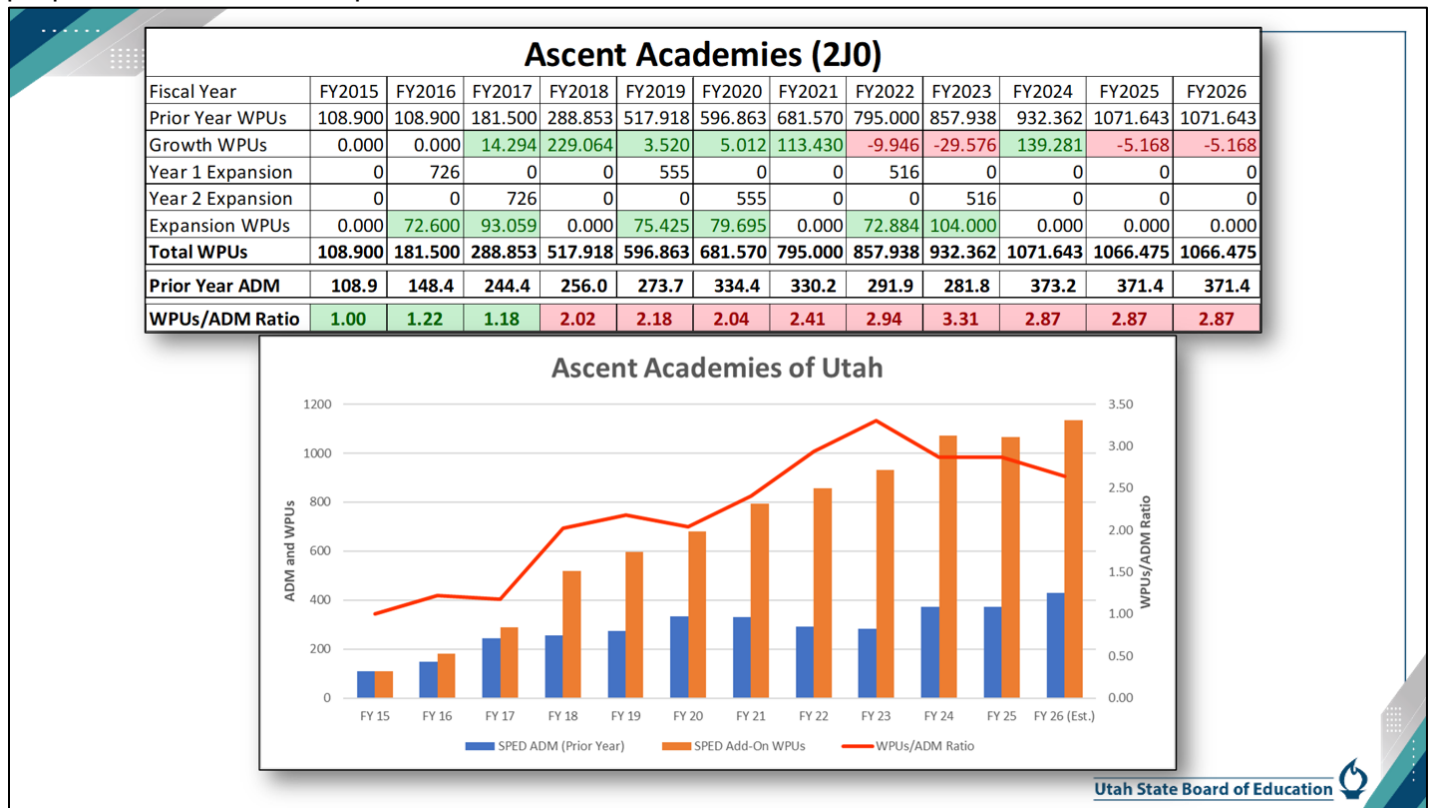
Designed to provide stable, predictable funding, the formula provides LEAs with the higher of the foundation amount (Based on a five-year rolling average of SPED Average Daily Membership or ADM) or Prior Year SPED Add-On WPU + SPED Add-On Growth WPU. SPED Add-On Growth WPU are calculated by comparing SPED ADM from one year prior to two years prior.

**The Role and Necessity of Rule R277-479**

Because the statutory formula requires two to five years of historical data, it cannot function for new or expanding charter schools. [Administrative Rule R277-479](#) was established to bridge this gap. It outlines how LEAs receive SPED WPU first based on projected enrollments and then trues up allocations based on actual SPED counts.

Before FY24, the rule did not true up SPED Add-On allocations for new and expanding charter schools to actual student counts. This allowed for inflated prior year SPED Add-On WPU to be perpetuated in the formula.

Here is the example of Ascent Academies that shows how, as the charter expanded, the formula perpetuated and added upon inflated SPED Add-On WPU.



Because of these inflated prior-year WPU, R277-479 would have reduced by 11%-55% the FY26 SPED Add-On budgets for five expanding charters (American Preparatory Academy, Gateway Preparatory Academy, Lakeview Academy, Syracuse Arts Academy, and Salt Lake Academy). These immediate cuts would have resulted in the lay-offs of many SPED teachers and aides, significantly impacting the education of hundreds of special education students.

To prevent these cuts, the Utah State Board of Education waived these requirements for FY26.

**The Current Reform: Transition to Ratio Caps**

The Board also asked for recommendations from a working group of charter representatives on permanent fixes to the rule.

In February, USBE passed a change to R277-479 to implement a phased transition for SPED Add-On funding to align charter school funding levels more closely with school districts by introducing a multi-year "glide path" of ratio caps.

Fiscal Year	Proposed WPU/ADM Ratio Cap	Working Group Assessment
FY 2027	2.30	Aggressive; prevents immediate drastic layoffs.
FY 2028	1.82	Continued phase-down; requires planning.
FY 2029+	1.35	Target ratio that aligns with school districts

The new SPED ratio caps did not apply to charter schools with more than 60% SPED students. This exception only applies to Spectrum Academy, which would have been impacted much more heavily had the ratio caps been applied to their charter.

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**Spectrum Academy (FY28 Expansion)**

The recent changes to R277-479 exempted Spectrum Academy from the funding ratio caps in the rule. However, the changes did not exempt Spectrum Academy from the original provisions of the rule that require expanding charter schools to have their SPED WPU's trued-up to actual student counts.

On February 12, 2025, the State Charter School Board approved the application for Spectrum Academy to add a satellite campus in St. George starting in FY28.

This expansion would require USBE, in accordance with R277-479, to revise down Spectrum Academy's SPED Add-On funding in FY28, from an estimated 3,564 WPU's to 1,863 WPU's. This sort of reduction (about \$8.2 million) to its SPED Add-On funding would equate to a 20% reduction to Spectrum Academy's entire budget, forcing the charter to cut up to one-third of its Related Services staffing (including nurses, mental health staff, OTs, SLPs and others). Such reductions would leave the school unable to cover required IEP minutes for its students, effectively forcing the charter to not expand.