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## MEMORANDUM

**TO:**                                      Members, Utah State Board of Education

**FROM:**                                  Glenna Gallo, State Director of Special Education

**DATE:**                                  October 6-7, 2016

**DISCUSSION:**                      Special Education Intensive Needs Fund Amendments

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### **Background:**

The Special Education Intensive Needs Fund Amendments statute (53A-17a-112.1) requires that “on or before February 1, 2017, the board shall . . . make rules establishing a distribution formula to allocate money appropriated to the board for Special Education Intensive Services that allocate to an LEA 50% of the appropriation based on the highest cost students with disabilities and 50% of the appropriation based on the highest impact to an LEA due to high cost students with disabilities.” School Finance, Special Education, and the Special Education Finance committee have collaborated on a revised distribution formula.

### **Board Strategic Plan:**

This item supports the following imperative(s) and strategies in the Board’s Strategic Plan:

- System Values
- Educational Equity
- Quality Learning

### **Anticipated Action:**

It is proposed that the Finance Committee review and consider approving the revised distribution formula and, if approved by the Committee, the Board consider approving the revised distribution formula.

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# Special Education Intensive Needs Fund Amendments



Prepared by the  
Utah State Board of Education

October 6 - 7, 2016

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# Intensive Services Fund

## Current Funding Procedure

The local education agency (LEA) must complete a Special Education Intensive Services Fund Plan Eligibility Application which consists of a student-specific application for each specific high need student with a disability who meets the definition of a high need student in the State plan. A student with a disability meets the requirements of being a high need student if the special education and related services for this student costs more than three times the average per pupil cost.

The completed Special Education Intensive Services Fund Eligibility Application must be submitted to the Utah State Board of Education (USBE) by the submittal method and deadline specified by the USBE.

The Special Education Intensive Services Fund Eligibility Application will be reviewed to determine if eligibility criteria have been met.

The Special Education Intensive Services Fund does not meet the total statewide need to support eligible costs. The LEA award amounts will be calculated based on the total amount being requested statewide and the amount of funds available appropriated by the legislature each fiscal year.

After receiving approval from the USBE Finance Specialist, an award letter will be generated and mailed to the Superintendent or Charter Director. A copy will also be sent to the LEA's Director of Special Education and Business Administrator.

If an application does not meet the eligibility criteria, a denial letter will be mailed to the LEA's Director of Special Education.

Once the award letter is received, the LEA must budget for the award within the Utah Consolidated Application (UCA). Failure to budget these funds within 60 days of the award letter will result in loss of funds.

LEAs must request reimbursements for eligible expenses using the UCA.

As with other grants and programs, LEAs must create and maintain adequate and sufficient documentation demonstrating that expenditures pertained to the Intensive Services Fund. This may be accomplished by maintaining routine records (e.g., purchase orders, invoices, payroll records) and by utilizing a locally defined object code or other local option code to track expenditures. Alternatively, the LEA may indicate on all documentation (purchase orders, contracts) that the transaction will be reimbursed out of the Intensive Services Funds. The LEA must also maintain sufficient documentation to demonstrate that expenditures pertained to the specific high need student for whom the High Cost Pools award was granted.

## **Finance Committee Discussions**

Senate Bill 242 reads as follows: On or before February 1, 2017, the board shall, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, make rules establishing a distribution formula to allocate money appropriated to the board for Special Education -- Intensive Services that allocate to an LEA:

- (i) 50% of the appropriation based on the highest cost students with disabilities; and
  - (ii) 50% of the appropriation based on the highest impact to an LEA due to high cost students with disabilities.
- (b) Beginning with the 2017-18 school year, the board shall allocate money appropriated to the board for Special Education -- Intensive Services in accordance with rules described in Subsection (2)(a).
- (3) Before initiating the rulemaking process under Subsection (2)(a), the board shall present the proposed rule to the Public Education Appropriations Subcommittee or Education Interim Committee.

Senator Fillmore attended and participated in the Special Education Finance Committee on July 27, 2016. The Finance Committee discussed the reimbursement formula now in statute (S.B. 242). Discussion and considerations noted in the minutes during the July 27<sup>th</sup> meeting are included below.

## **Reimbursement Formula Now in Statute**

50% of the appropriation is reserved for the highest cost students with disabilities; and 50% of the appropriation is reserved for the highest impact to an LEA due to high cost students with disabilities.

For the second allocation, Senator Fillmore would like to recalculate not based on total dollar amount alone, but weighted in proportion to how many students/total special ed funding.

We considered paying highest impacted LEAs by grouping total unreimbursed remaining cost by LEA and using the appropriation to reimburse the entire highest impacted LEA amount and working our way down the list until the entire appropriation has been utilized. We considered paying the highest impacted LEAs by using the step down approach as utilized in the other 50% appropriation; however, Senator Fillmore's intention was to compare the unreimbursed intensive service cost against the funding the LEAs receive for special education.

The current method of allocation for highest impacted LEAs uses the total unreimbursed costs for intensive service students and compare it to the total state special education funding the LEA received. This creates a highest impacted LEA ratio that is multiplied by the available funding to arrive at the LEA's share of intensive service funding for highest impacted LEA.