

IAASE Illinois Alliance of Administrators of Special Education

A subdivision of the Council of Administrators of Special Education

<http://www.iaase.org>



November 20, 2013

RE House Bill 5532 (HB5532)

Equalization Reimbursement

The IAASE believes the current Illinois reimbursement funding system which provides different reimbursement amounts to school districts for students with special education needs has to be changed. There needs to be an equalized reimbursement system for school districts which is independent of student placement.

Rationale

The current system is:

- 1) illegal and inconsistent with the Individuals with Disabilities Education Act (IDEA)

Least Restrictive Environment (LRE) provisions were substantially revised in IDEA 1997. That reauthorization of IDEA introduced what is called *placement-neutral funding*, a requirement of law that is maintained in IDEA 2004. Included within the provisions, at §300.114, where the conceptual core of LRE is found, is an additional requirement that prohibits states from using a funding mechanism that results in placements violating LRE requirements. States also may not use any funding mechanism that distributes funds based on the type of setting in which a child is served.

- 2) unequal

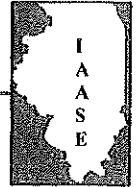
School districts receive greater reimbursement for placing students with special education needs in a private setting than in a public setting, regardless of the severity of needs or services required to meet the needs.

State Cost Neutrality

Equalization of the reimbursement system will not increase statewide costs. Reimbursement to school districts in the funding for children requiring special education services (FCRSES) category would be calculated based on student costs which exceed 3 times the district's per capita tuition rate, regardless of placement. The costs in excess of 3 times the district's per capita tuition rate would be paid by the State Board of Education with funding formerly appropriated within the private tuition category and from unexpended IDEA discretionary funds originally designated for room and board reimbursement.

Timelines

This changed equalized funding would be phased in over three years. The ISBE would reimburse each school district the tuition amount approved by the Review Board and paid for the regular and following summer term less 2.33 per capita tuition charge amounts of the resident district for claims transmitted in 2014-15, 2.66 per capita tuition amounts for claims transmitted in 2015-16 and 3 per capita tuition charge amounts for claims transmitted in the 2016-17 school year and thereafter.



November 22, 2013

Equalization Reimbursement

Examples of the Disparity

In order to illustrate the different reimbursement amounts school districts receive as a function of the current system, the following examples are provided.

Example A. shows how a student with autism, receiving comparable services in three different learning settings (public home school, public separate school, private school), would generate significantly different reimbursement to the school district.

Example B. shows how a student with an emotional disability, receiving comparable services in three different learning settings (public home school, public separate school, private school), would generate significantly different reimbursement to the school district.

These examples are based on actual costs.

Examples of the Disparity

Example A: Student with Autism

Educational Placement	Services Included	Education Cost for Student	State Reimbursement to District	Net Cost to District
Public Home School	Speech/language; Occupational Therapy; Physical Therapy; Adapted PE; Health; Assistive Device; Transportation; Aide in Class	\$58,532	\$31	\$58,501
Public Separate School	Speech/language; Occupational Therapy; Physical Therapy; Adapted PE; Health; Assistive Device; Transportation; Aide in Class	\$61,068	\$82	\$60,986
Private School	Speech/language; Occupational Therapy; Physical Therapy; Adapted PE; Health; Assistive Device; Transportation; Aide in Class	\$66,666	\$38,170	\$28,496

Example B: Student with Emotional Disability

Educational Placement	Services Included	Education Cost for Student	State Reimbursement to District	Net Cost to District
Public Home School	Social Work; Occupational Therapy; Adapted PE; Transportation; Aide in Class	\$49,616	0	\$49,616
Public Separate School	Social Work; Occupational Therapy; Adapted PE; Transportation; Aide in Class	\$39,483	0	\$39,483
Private School	Social Work; Occupational Therapy; Adapted PE; Transportation; Aide in Class	\$41,059	\$12,563	\$28,496

These examples demonstrate that the current Illinois special education reimbursement system is unequal. School districts receive greater reimbursement for placing students with special education needs in a private setting than in a public setting, regardless of the severity of needs or services required to meet the needs. Illinois should have an equalized reimbursement system for school districts which is independent of student placement.



Equalization Reimbursement

Talking Points

- (a) IAASE is aware that there have been and continue to be conversations regarding education funding and special education funding for the past 4-5 years. This proposal is not about that. This is a small sliver of the special education funding discussion.
- (b) Our proposal has been reviewed by the state superintendent. He supports this and believes it is consistent with the work being done by the current legislative education funding committee.
- (c) We have worked closely with the ISBE developing the new language. The ISBE supports it. The Illinois Association of School Administrators (IASA) also supports it.
- (d) We understand that after this is fully implemented in three years there may be some school districts receiving reimbursement at different levels than currently received. The three year phase-in allows districts to adequately anticipate any cost differences and plan accordingly. This is a cost shift of funds out of Private into FCRSES. However, for the entire state this represents no additional dollars needed to do this.
- (e) The IAASE anticipates considerable concern expressed by representatives for the Private Schools. These individuals will state that this is not good for children because it will minimize or eliminate necessary program options. The IAASE disagrees with this perspective. We continue to support the full continuum of services and anticipate students will continue to be placed in private settings. However this proposal eliminates the financial incentive for placing some students in private settings in a way that is contrary to LRE.