

Aligned Case Study: State Approaches to Funding Special Education

The most recent [data](#) (2022-23) shows that a record 7.5 million students — about 15% of all public school students — receive special education services. In **Kansas**, this figure is even higher at 17%, while **Missouri** reports 14%. Nationally, the number of students receiving special education services has increased by more than [13%](#) over the past decade.

As the true cost of special education becomes [clearer](#), it is evident that these services are significantly more expensive than general education and are growing at a much faster rate. Rising enrollment specifically in special education, persistent shortages of qualified educators, and overall declines in general student enrollment are creating budgetary pressures, making state funding for special education a critical policy issue.

While the federal government provides significant funding through the Individuals with Disabilities Education Act (IDEA) for students with Individualized Education Programs (IEPs), states play a vital role in financially supporting school districts as they manage these costs. This policy brief examines key state funding models and policy considerations for sustaining and improving special education funding.

State Approaches

Single Weight for Special Education Students

Under student-based formulas, states assign a weight to each student, and higher weights translate into greater funding for specific groups, such as students receiving special education services. Some states provide a single weight or dollar amount for special education students, regardless of the cost or severity of disability. While this approach acknowledges that special education services are more expensive, it does not account for the significant variations in service needs, which can dramatically increase district costs.

STATE EXAMPLE

Missouri [provides](#) an additional 75% funding weight for districts exceeding the special education threshold. The threshold is based on the average special education student count in districts that fall between the bottom and top 5% in per-student spending, based on total student attendance. For [2025](#), the threshold is set at an IEP rate of 13.30%, meaning districts exceeding this rate will receive additional funding.



Multiple Weights for Special Education Students

Instead of a single weight, many states use multiple weights to better reflect the varying costs of special education. Funding amounts may change based on disability severity, type, or educational placement. However, states differ significantly in how they classify students receiving special education services and in the range of funding provided to each group.

STATE EXAMPLE

Oklahoma [assigns](#) additional weights based on specific disabilities:

- 5% for speech language impairment
- 40% for specific learning disability
- 120% for orthopedic impairment
- 130% for intellectual disability
- 240% for multiple disabilities
- 250% for emotional disturbance
- 290% for deafness or hearing impairment
- 380% for visual impairment
- 390% deaf/blindness



Census-Based Funding

Instead of allocating additional funding based on the number of students with disabilities, some states distribute funds based on total student enrollment. While this approach can lower administrative costs and reduce budget uncertainty, it does not account for the varying costs of special education services or the unequal distribution of special education students and resources across districts.

STATE EXAMPLE

North Dakota [allocates](#) special education funding by multiplying an additional weight of 8.8% by overall student enrollment.



Reimbursement

In this approach, districts are required to submit actual special education expenditures to the state. The state then reimburses districts for all or a portion of actual spending, based on appropriations. This model has two key issues:

- Districts must cover special education costs upfront, which can create financial strain, especially when state funding falls short of promised reimbursement levels.
- The approach treats special education as a cost rather than recognizing the diverse needs of students.

STATE EXAMPLE

Kansas reimburses districts for special education based on a [statutory formula](#) requiring the state to cover 92% of excess costs. However, in recent years, state funding has fallen short, with appropriations covering only about [75%](#) of excess costs.

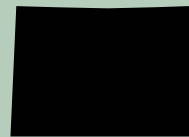


High-Cost Student Funding

To ease the financial burden on districts, some states provide additional funding for students with exceptionally high special education costs. This funding is typically structured with a cost threshold, where districts cover expenses up to a set amount, and the state provides additional support beyond that limit.

STATE EXAMPLE

Colorado [provides](#) additional funding for special education costs that exceed \$100,000 per student or 2.5% of a district's operating expenses. Reimbursement is awarded through an application process, subject to approval by the state's Special Education Fiscal Advisory Committee within the legislature.



Hybrid Funding Models

According to Education Commission of the States, [27 states](#) utilize a hybrid approach to special education funding – meaning they often combine two or more mechanisms to allocate funds.

STATE EXAMPLE

Ohio uses multiple student weights recognizing different categories of disabilities and a high-cost student funding mechanism to help districts that incur very high special education costs.

- **Multiple Weights:** Students are placed in [six categories](#) based on disability, with additional funding weights ranging from 24.35% to 395.54%.
- **High-cost student funding:** The state [reimburses](#) districts half of the cost above a predetermined excess cost threshold, multiplied by a state share percentage.



Special Education Funding Caps

Recognizing the rising costs of special education, [at least 13 states](#) have implemented funding caps to manage state expenditures. Special education funding is shared among federal, state, and local sources, with some states relying more heavily on federal aid than others.

States use various types of caps to limit special education costs, including:

- **Identification Caps:** Limits the percentage of students who can be classified as requiring special education, typically ranging from 5% to 15%. Districts cannot exceed this threshold, regardless of actual need.
- **Reimbursement Caps:** Restricts the percentage of special education costs that the state will reimburse. Kansas, for example, sets a fixed reimbursement rate rather than covering full excess costs.
- **Growth Caps:** Limits the increase in special education spending or the number of students eligible for special education funding based on a rolling average from previous years.

These caps help states control costs but may also limit funding for districts with higher-than-average special education needs.

Final Thoughts

States take varied approaches to fund special education. While some have implemented caps to control costs, others are exploring ways to improve fairness and efficiency in special education funding. Given the growing number of students with disabilities and rising costs, state policymakers must continually evaluate funding models to ensure they meet student needs while remaining financially sustainable.