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MEMORANDUM

To: Education Funding Task Force
From: Office of Revisor of Statutes
Date: August 13, 2025
Subject: Overview of State Special Education Funding

This memorandum provides an overview of the statutory requirements relating to state special education funding. First, the memorandum reviews the statutory methods used to determine and distribute state appropriations of special education state aid to school districts. Next, this memorandum summarizes the special education and related services weighting and describes how such weighting functions under the Kansas school equity and enhancement act (KSEEA). Last, this memorandum summarizes requirements relating to the establishment and operation of school district special education funds.

DETERMINATION OF SPECIAL EDUCATION STATE AID

K.S.A. 72-3422 establishes a statutory formula that the state uses to determine the total amount of special education state aid to appropriate to school districts each year. The formula calculates the statewide excess cost[1] for the provision of special education and provides that, subject to appropriation acts of the legislature, the total amount of special education state aid that shall be received by school districts is 92% of such statewide excess cost. If the actual amount appropriated is insufficient to meet such goal, statute requires such amount to be prorated among all school districts.[2]

[1] "Excess cost" generally refers to the additional cost of providing special education to students with disabilities that is above and beyond the average annual per-student cost to provide a regular education.
[2] K.S.A. 72-3423.

To calculate the statewide excess cost, the statutory formula generally requires the state board of education to undertake the following three steps:

1. Determine the total amount expended upon special education services by all school districts.

2. Calculate and subtract the average annual per-student amount of regular education dollars expended upon students that receive special education services. (See Table 1 below).

3. Subtract other dedicated sources of special education funding including federal funds, Medicaid funds, and funds received under contracts with state institutions.

Step 2 – Calculating the average annual per-student amount of regular education dollars expended upon students that receive special education services
A. Determine the average annual per-student cost to provide a regular education from school district general funds as follows: • Multiply the BASE aid[3] amount by the total weighted full-time equivalent enrollment of all school districts excluding the following weightings: special education and related services weighting, bilingual weighting, transportation weighting, career technical education weighting, and at-risk student weighting; and • Divide such amount by the total non-weighted full-time equivalent enrollment of all school districts. B. Attribute the average annual per-student cost to provide a regular education to the students that receive special education services: • Multiply the average annual per-student cost to provide a regular education as determined in calculation A by the total full-time equivalent enrollment of students that receive special education services. C. Factor in regular education expenditures made from supplemental general funds (local option budgets): • Multiply the amount determined in calculation B by the average local option budget percent across all school districts. D. Add the amounts determined in calculations B and C.

Table 1

[3] The BASE aid amount is established in the Kansas school equity and enhancement act at K.S.A. 72-5132(e).

DISTRIBUTION OF SPECIAL EDUCATION STATE AID

State law directs how special education state aid shall be distributed to school districts. Generally, special education state aid is distributed to school districts using the following statutory distribution methodology:

- *Catastrophic state aid* – Reimbursement is provided for high-cost special education students a rate of 75% of the costs that exceed twice the amount of the prior year's special teacher reimbursement entitlement.[4]
- *Medicaid replacement state aid* – The state board is required to designate and distribute a portion of the special education state aid appropriation as Medicaid replacement state aid not to exceed $9.0 million. Such aid is proportionally distributed to school districts based on the number of special education students who receive Medicaid services enrolled in each school district.[5]
- *Special education transportation and maintenance* – Reimbursed at 80% of the actual travel and maintenance costs incurred by a school district pursuant to transportation requirements outlined in student IEPs.[6]
- *Special teacher reimbursement* – Any remaining amount of special education state aid is distributed to each school district based on the number of full-time equivalent special education teachers and paraprofessionals employed by a school district compared to the total statewide amount.[7]

K.S.A. 72-3422 provides that in fiscal year 2025 and each fiscal year thereafter, any amount appropriated for special education state aid that exceeds $528,018,516 million shall be distributed to school districts pursuant to a special education equalization distribution schedule established by the state board of education.[8] The statute requires that, when establishing such equalization distribution schedule, the state board of education shall give consideration to the discrepancies between each individual school district's excess cost as determined pursuant to K.S.A. 72-3422a.[9]

[4] K.S.A. 72-3425. A proviso under the special education services aid appropriation requires catastrophic state aid to be determined and distributed first, before any other distributions of special education state aid occur, *see* L. 2024, ch. 111, § 3(a) and L. 2025, ch. 117, § 97(a).
[5] K.S.A. 72-3440.
[6] K.S.A. 72-3422(c)(1)-(3).
[7] K.S.A. 72-3422(c)(4). Paraprofessionals are reimbursed at a rate of .40 FTE per K.S.A. 72-3422(c)(4)(B).
[8] K.S.A. 72-3422(e)(2).
[9] Enacted in 2024 SB 387, K.S.A. 72-3422a requires the state board of education to determine each individual school district's excess costs using the same methodology that is used to determine statewide excess costs, except that such calculations are done on an individual school district basis rather than on a statewide basis.

SPECIAL EDUCATION AND RELATED SERVICES WEIGHTING

K.S.A. 72-5157 of the KSEEA establishes the special education and related services weighting for certain school finance purposes. The weighting is determined by dividing the total amount of special education state aid that a school district receives by the BASE aid amount for the applicable school year. Under the KSEEA, such weighting is then factored into and included in the determination of each district's total foundation aid determination.[10]

However, the special education and related services weighting has no bearing on the amount of state foundation aid that a school district receives under the KSEEA. This is because special education state aid distributions are defined as local foundation aid which are subtracted from a school district's total foundation aid amount.[11] Any amount defined and subtracted as local foundation aid is not distributed as state foundation aid under the KSEEA.[12]

The special education and related services weighting does impact the amount that a school district can levy via its local option budget as local option budgets are determined using a school district's total foundation aid amount.[13] Because the special education weighting is included as a component of total foundation aid, school districts are authorized to levy a larger local option budget than they would otherwise be authorized to levy if such weighting was not included.

SCHOOL DISTRICT SPECIAL EDUCATION FUNDS

K.S.A. 72-3422(g) establishes a special education fund in every school district. Any moneys received by a school district for the provision of special education services shall be deposited into the school district's special education fund. This includes both state and federal appropriations for the provision of special education. Additionally, K.S.A. 72-5143(i)(2)(C) requires each school district to transfer into the school district's special education fund, amounts raised by the school district's local option budget that are attributable to the special education weighting.[14]

Each school district is required to pay for all the district's special education expenditures from the special education fund.[15]

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[10] BASE aid x (FTE enrollment + Weightings) = Total foundation aid
[11] K.S.A. 72-5132(t)(6) and (7).
[12] Total foundation aid – Local foundation aid = State foundation aid.
[13] K.S.A. 72-5143.
[14] K.S.A. 72-5143 requires each school district to transfer from its supplemental general fund "an amount that is proportional to that amount of such school district's total foundation aid attributable to the special education weighting as compared to such school district's total foundation aid."
[15] K.S.A. 72-3422(g)(2).