



April 2008

Report No. 08-24

Steps Taken to Implement the Exceptional Student Education Funding Matrix, But More Monitoring Needed

at a glance

The Department of Education has taken steps recommended in our 2003 report to provide additional training to district-level Exceptional Student Education directors on proper implementation of the program's funding matrix. The department has also taken steps to improve its documentation and data reporting requirements.

However, the department has not fully implemented our recommendation to create a stronger accountability system for the funding matrix. For example, while the department has made changes to its matrix review form, it has not changed its monitoring process. A stronger monitoring process is important because 31% of the matrix documents reviewed by the department contained errors and in 95% of these cases the districts were required to repay funds to the state. We continue to recommend that the department strengthen its accountability system by more systematically reviewing district classifications of children for exceptional student services.

Scope

In accordance with state law, this progress report informs the Legislature of actions taken in response to a 2003 OPPAGA report.^{1,2} This report presents our assessment of the extent to which the

¹ Section 11.51(6), *F.S.*

² *Special Report: Exceptional Student Education Population Grows Dramatically; More Accountability and Better Training Needed to Implement Funding Matrix*, OPPAGA [Report No. 03-40](#), July 2003.

department has addressed the findings and recommendations included in our report.

Background

In accordance with federal and state law, Florida's 67 school districts provide a wide array of services to children with disabilities through the Exceptional Student Education program. These services are required under the federal Individuals with Disabilities Education Act and are authorized by s. 1003.57, *Florida Statutes*.

In addition to educational services, school districts also must provide any related services that a student with disabilities needs in order to benefit from a public school education. These can include transportation, counseling and evaluation services, physical and occupational therapy, social services, and certain nursing services. Children with disabilities may receive Exceptional Student Education (ESE) services if they fall into one of 18 categories of exceptionality.

The number of children classified with disabilities in Florida by the education system continues to be high, though the growth rate of students with disabilities no longer exceeds the growth rate for the overall Florida student population. Over the past five years, the number of Florida children with disabilities decreased from 387,617 in fiscal year 2002-03 to 381,561 in 2007-08 a decrease of 1.5%.³

³ The total number of ESE students declined by 1.9% from fall 2006 to fall 2007 (from 522,400 to 512,356).

For this same period, the overall Florida student population grew 6.1% (from 2,497,968 to 2,652,684).

ESE programs and services are funded from state general revenue as well as state trust funds, federal education funding, and local tax revenue through the Florida Education Finance Program. In 2006-07, total ESE expenditures in Florida were \$5.6 billion, of which \$5 billion were from state and local sources.

Because the needs of children with disabilities vary widely, these students require differing types, intensity, and frequency of services. Accordingly, the Legislature began in 1997 to finance the ESE program using a matrix of services that calculates school district funding based on the intensity of services provided to ESE students. Districts use the Matrix of Services to classify students' services on a scale of one to five, with one representing the lowest service level and five the highest level. Funding increases with the level.

Most (95%) ESE students have milder disabilities, receive less intensive services, and are placed in the lowest levels (1-3) of the matrix. For these students, school districts receive a lump-sum funding allocation from the state, called the ESE Guaranteed Allocation, in addition to the base student funding provided through the Florida Education Finance Program. In 2007-08, the statewide Guaranteed Allocation was \$1,125,846,285, yielding an average of \$2,251 per full-time equivalent student in addition to the base funding amount received by all students (\$4,079).

Children with more severe disabilities, those classified in the highest two levels (4-5) of the matrix, usually require full-time specialized services. These students represent approximately 1% of Florida's total student population but are expensive to serve. The state funded level 4 of the matrix at approximately \$14,789 per student for the 2007-08 school year, while districts received approximately \$20,651 per student for those in level 5. While students in levels 4 and 5 make up 5% of the ESE population, they account for 13% of total program expenditures.

Our 2003 report concluded that the ESE matrix on which funding is based had not been effectively or consistently implemented by school districts. Since

the inception of the matrix in 1997-98, the Department of Education had frequently changed the policies governing the matrix to improve the accuracy of student ratings reported by the school districts. However, these policy changes contributed to school districts' varying interpretations of the matrix guidelines and substantial changes in the number of full-time equivalent students reported in each level of the matrix over time. These variations made it difficult for the state to determine the program's funding requirements and to ensure that districts effectively evaluated and met the needs of ESE students.

To improve the accuracy of district application of the funding matrix and help ensure that state ESE funds are appropriately used, we recommended that the department and the Florida Diagnostic Learning and Resources System provide additional training to district-level ESE directors on proper implementation of the funding matrix. We also recommended that the department work with the school districts to help ensure that other district personnel who are involved in the classification of student services within the matrix are well-versed in the ESE matrix guidelines. In addition, given the important role that the matrix plays in determining funding for ESE students, we recommended that the Department of Education create a stronger accountability system to ensure the accuracy of district classifications of students within the matrix, thereby ensuring correct district funding amounts.

Current Status ---

Since our earlier report the Department of Education has partially implemented several of our recommendations to strengthen technical assistance and training of district staff. However, the department has not strengthened its accountability process for ensuring funding accuracy.

The department has not made changes to its monitoring process to better ensure the accuracy of the highest funded matrix categories. Past department reviews indicate a potential for significant over-funding. Over the past three years, about 31% of matrix documents reviewed by the department during its monitoring reviews were found to be inaccurate,

resulting in school districts repaying the state \$1.3 million. The department currently conducts site visits to selected districts to review key federal compliance indicators. As part of these reviews, the department makes on-site school visits and reviews the documentation substantiating matrix classifications for students classified at the two highest levels. The department requires districts to take corrective action if the documentation provided does not support the level indicated on the matrix of services form. The department also conducts follow-up reviews to determine if improvements have been made. While these efforts are beneficial, they provide only limited assessments of whether districts accurately classify students under the matrix.

In 2006 the department conducted monitoring reviews of 12 districts and reviewed a sample of these districts' funding matrix documents for students classified in ESE levels 4 and 5. The department found that 15% of the matrix classifications it reviewed were in error and required a funding adjustment because the students' services were funded at the wrong level (see Exhibit 1). In 95% of these cases the districts had to repay the state because the matrix level reported was higher than it should have been. Moreover, there was considerable range in findings. For example, in some districts, no errors were found, while in others the department found errors in 6 of 9 of the matrices they reviewed. While the percentage of cases found to have errors requiring adjustment has declined over time, it still represents a substantial error rate.

Exhibit 1
31% of Matrix Documents Reviewed Required
Adjustment Resulting in \$1.3 Million in Overpayment

Review Year	Number of Matrices Reviewed	Number Requiring Adjustment	Percentage Requiring Adjustment
2004-05	105	49	46%
2005-06	108	38	35%
2006-07	127	19	15%
Total	340	106	31%

Source: OPPAGA analysis of Department of Education data.

As with any monitoring process, the department's process to monitor the accuracy of matrices reviews only a small sample of Levels 4 and 5

matrix documents at each district (an average of 1.9% in 2006). As a result, staff generally review only a small number of cases in each district (in 2006, the range was from 4 to 28 matrices). When department staff find a large proportion of errors, they have the discretion but are not required to expand the sample and review additional matrices to determine whether the high number of errors is an isolated incident or whether it is pervasive in the district.

Given the high cost of providing services to ESE students funded at the highest disability levels, we continue to recommend that the department strengthen its system of accountability in order to better ensure the accuracy of the funding matrix. Specifically, the department should draw a larger, statistically valid random sample of 40 students classified in the highest funding levels in each district.⁴ Staff should evaluate whether the underlying documentation supports the rating shown on the students' matrix of services, and they should expand the sample if they find error rates on the matrix documents of 5% or more that affect funding levels in order to determine how widespread the problem is. Beginning in 2007-08, the department has instituted a web-based self-assessment process whereby school districts are required to select a minimum sample of student records to review. However, even Florida's largest districts are required to sample only 10 matrices. The department is discussing the possibility of requiring districts to increase the sample size.

The Department of Education has provided additional training to districts on implementing the matrix but should do more to ensure that personnel who complete the matrix at school sites receive adequate training. Through the Florida Diagnostic Learning and Resources System, the department has held three training sessions with regional contacts over the past three years. The department acknowledges that there were gaps in its training in the past, and it has

⁴The sample size is based on accepted discovery sampling techniques, a method for estimating the occurrence of error. A sample size of 40 will achieve a 90% confidence level that the actual error rate is 5% or less. The sample size should increase with the number of level 254 and level 255 students served in the district. If the district has fewer than 40 students who receive services at the 254 and 255 levels then the department should review the matrix for each student.

provided more detailed explanations in its recent training sessions on how to apply the matrix to students' individual circumstances. Topics covered include roles and responsibilities for matrix training and completion, current training models being used, the history of the revised funding model, and recent program changes. The department has also provided additional training to individual districts upon request. In addition, the department has recently incorporated monitoring staffs' experiences into its training, thereby providing 'real world' examples of errors found during site visits. This should help enhance the training experience and reinforce accurate matrix completion.

While the department's efforts are an important first step in training regional contacts, it has not ensured that the district level personnel and teachers who complete the matrix at the school site have received adequate training. Given the large funding implications of the matrix and ongoing turnover of district and teaching staff, the department should provide regular (e.g., at least annual) training on the matrix, rather than just when major changes occur in the matrix formula, as is currently the department's practice.

The department has revised the matrix of services document and its *Matrix of Services Handbook* and has distributed copies to all school districts. The department has made some minor revisions to the matrix of services form that school personnel use when assessing student needs. These changes include adding a place on the document to record matrix reviews conducted after interim individual educational planning (IEP) meetings and making a slight change to the form's instructions to refer school personnel to the *Matrix of Services Handbook* for more information on completing the document.

In addition, the department has revised its *Matrix of Services Handbook* and distributed copies to all school district ESE administrators, to matrix regional contact persons, and to the directors of Florida Diagnostic Learning and Resources System associate centers. These revisions reflect legislative changes since the publication of the previous 1998 edition. For example, the revisions cover the Exceptional Student Education Guaranteed Allocation, changes to the John M. McKay Scholarships for Students with Disabilities Program, and new requirements for reporting students in charter schools and Department of Juvenile Justice programs.

The new handbook also provides instructions for applying the funding matrix, a blank Matrix of Services form, and definitions for each of the five matrix levels and the special services and supports provided in the educational program. To illustrate this information, the handbook includes case study examples. While these case examples are beneficial, our prior report found that respondents to a survey noted that the examples did not adequately explain how to complete the matrix of service document based on a student's Individual Education Plan. However, the department did not substantially revise the case examples. It should seek feedback from districts and ensure that future editions of the handbook provide needed levels of detail and examples to meet districts' needs.

OPPAGA supports the Florida Legislature by providing evaluative research and objective analyses to promote government accountability and the efficient and effective use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021) by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475). Cover photo by Mark Foley.

Florida Monitor: www.oppaga.state.fl.us

Project supervised by Jane Fletcher (850/487-9255)
Project conducted by Kathleen Del Monte (850/487-9229)
Gary R. VanLandingham, Ph.D., OPPAGA Director