

METHODOLOGY & DEFINITIONS

Introduction

This database builds on information published in [Getting Lost While Trying to Follow the Money: Special Education Finance in Charter Schools](#). For each state with a charter school law (including the District of Columbia), we describe how charter schools are funded and how federal, state, and local funds flow to charter school students with disabilities.

Methods

We established a protocol and collected information over a nine-month period. First, we reviewed published materials on funding for charter schools and charter school students with disabilities. Next, we documented funding methodologies, including dollar amounts wherever possible. We verified our findings with state experts—officials in the state department of education’s charter school, special education, or school finance divisions as well as charter school association personnel—then made revisions based on interviews and written feedback. Lastly, we asked state experts to review and signoff on the revised findings. NCSECS would like to acknowledge the support of the Walton Family Foundation for this project.

Definitions

Term	Brief Description	Glossary
LEA	Local Education Agency	Under federal statutes, a Local Education Agency (LEA) is an entity with the authority and responsibility to operate public schools. In most states, a traditional LEA is called a school district.
LEA Status	Charter schools can act as their own school district (charter LEA) or can be part of the local school district (traditional LEA). LEA status may affect how funding flows.	<p>A charter school may be classified as its own LEA or part of a traditional LEA (school district). LEA status can affect how charter schools receive federal, state, and local funds for regular and/or special education purposes.</p> <p>Typically, charter school LEAs receive federal and state funds directly from the state. Charter schools that are part of a traditional LEA usually receive funding and/or services via the traditional LEA.</p> <p>In some states, the law prescribes a specific LEA status. In others, the charter school (or its authorizer) is permitted to choose.</p>
Authorizer Type	State laws empower six types of agencies to authorize charter schools. LEAs are the most common type of authorizer.	<p>State laws empower a variety of agencies to authorize charter schools. The National Association of Charter School Authorizers recognizes six types:</p> <ol style="list-style-type: none"> 1. Local Education Agency (LEA): LEAs authorize charter schools in 31 states. In 2015, LEAs represented 950 of 1,050 authorizers nationwide. 2. State Education Agency (SEA): SEAs authorize charter schools in 17 states. 3. Institution of Higher Education (IHE): IHEs authorize charter schools in 12 states. 4. Not-for-profit organization (NFP): NFPs authorize charter schools in 2 states. 5. Independent Charter Board (ICB): ICBs authorize charter schools in 14 states and the District of Columbia. Also known as “commissions” or “institutes,” these statewide bodies award charters and oversee charter schools. 6. Non-education government entity (NEG): Mayors or municipalities serve as authorizers in 3 states.

1 Definitions		
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Linkage	Charter schools link with traditional LEAs in different ways to serve students with disabilities.	<p>Charter schools link with traditional LEAs in different ways to serve students with disabilities. Linkage may be determined by statute or by choice. LEA status and linkage determine how charter schools receive federal, state, and local funding for special education services. Special education funding may flow:</p> <ol style="list-style-type: none"> 1. to charter schools directly (no link), 2. to traditional LEAs for distribution to charter schools (total link), or 3. a combination of the above (partial link) depending on the type of funding involved. <p>No Link: A charter school that is its own LEA has full responsibility for special education, receives federal and state funds directly from the state, and usually has no link to the traditional LEA.</p> <p>Total Link: If a charter is part of a traditional LEA, that LEA is responsible for the students with disabilities enrolled in the charter school. The LEA receives all federal, state, and local dollars, which it allocates to charter schools directly or in the form of services.</p> <p>Partial Link: A charter school may have a required or negotiated connection with the traditional LEA. The terms of partial link relationships vary across states, with state charter law typically dictating how federal, state, and local dollars are allocated relative to services provided.</p>
Charter School Funding	The federal, state, and local funds charter schools receive for regular and special education purposes.	The federal, state, and local funds charter schools receive for regular and special education purposes.
State Special Education Funding	The state funds charter schools may receive to support students with disabilities.	The state funds charter schools may receive to support students with disabilities. Generally, state-level special education funding schemes fall into one of seven categories that consider such variables as average number of students with disabilities, the severity of individual students' disabilities, and average cost of services provided.
State Special Education Funding Type	States use a variety of approaches to distribute state-generated special education funds.	<p>States use a variety of approaches to distribute state-generated special education funds. Generally, state-level special education funding schemes fall into one of seven categories:</p> <ol style="list-style-type: none"> 1. Weighted funding: Funding allocated per student with a disability and amount (i.e., weight) increases based on severity of disability, type of placement, or student need. Weighted formulas may be based on a single factor (e.g., disability diagnosis) or multiple factors (e.g., diagnosis and services provided). 2. Census-based distribution: A fixed average per-pupil dollar amount of funding allocated per state average rates of disabilities, regardless of specific rate of disabilities in each district or school. 3. Resource-based funding: Funding based on payment for a certain number of special education resources (e.g., teachers or classroom units), typically determined by state-prescribed staff/student ratios. 4. Percentage reimbursement: Funding based on a percentage of allowable actual expenditures. <p style="text-align: right;">State Special Education Funding continued on page 3</p>

Definitions		
Term	Hover	Glossary
State Special Education Funding Type (continued)	States use a variety of approaches to distribute state-generated special education funds.	Continued from page 2 5. Block grant: Funding based on base-year or prior-year allocations, revenues, and/or enrollment. 6. Combination of approaches: Funding based on a combination of census and weighted formulas. 7. No separate special education funding: Funding to support special education is rolled into overall state per-pupil allocation funding levels and is distributed by localities as they choose.
Local Special Education Funding/ Services	The local funds and/or services charter schools may receive to support students with disabilities.	The local funds and/or services charter schools may receive to support students with disabilities.
Federal IDEA Part B Funding	The federal funds charter schools may receive to support students with disabilities.	The federal funds charter schools may receive to support students with disabilities. Under the Individual with Disabilities Education Act (IDEA) Part B, the federal government distributes funds to SEAs to support special education and related services for students with disabilities between the ages of 3 and 21. SEAs receive IDEA Part B funding consisting of a “base amount” (determined by what states received in 1999), and additional funds based on the states’ number of students with disabilities and number of students living in poverty. SEAs retain a portion of federal funds (about 5 percent) for statewide activities and distribute the remainder to LEAs based on established formulas.
High-cost funds	High-cost funds use federal and/or state dollars to offset some of the costs of serving students with high-cost, low-incidence disabilities.	SEAs may set aside federal and/or state funds to partially offset the costs of serving students with high-cost, low-incidence disabilities. Under IDEA, SEAs may set aside up to 10 percent of the federal funds retained for statewide activities to create “high-cost funds” or “risk pools.” Many states supplement federal funds with state funds. LEAs apply to the SEA for reimbursement.
Medicaid	Medicaid may cover school-based medical services included on a Medicaid-eligible child’s IEP.	Medicaid is a federally funded health care program for individuals with low incomes and limited resources. Since 1988, Medicaid has covered school-based medical services provided to Medicaid-eligible children that are included on the child’s Individualized Education Program (IEP).