

Keystone Funding Part I

Where does the Money come From? Back to the Basics

[Keystone Learning Services](#) is a special education interlocal . . . and a state-approved Service Center. Each has it's own budget and each serves a different purpose. The special education local is supported by federal, state, and local school district money. Those funds do not mingle with service center money. They can be used only to provide special education and related services for our member districts.

The annual budget has risen over the last few years, while unfortunately revenue has not. Last year (the 2012-13 school year) we spent \$7,456,125. We took in in \$7,141,554. Where did \$7.14 million come from? Federal law requires Special Education. The federal government supports that law with federal entitlement money, Title VIb money. Last year Keystone received over \$860,000 in federal VIb money. In previous years, that amount has been over \$1 million. Most funding comes from state sources.

We are paid categorical aid based on the number of teachers and paraprofessionals we employ. [Categorical Aid Reimbursement](#) is paid to school districts. It passes through their budgets and then directly to Keystone. That amount per staff member has gone up and down over recent years. Last year it was reduced and this year we expect it will be lower still. Last year's categorical aid to Keystone was \$3.85 million, about half of our operating expenses. We also receive funding from catastrophic aid. For very high needs students, we are reimbursed for expenses for students who cost more than \$54,000 annually. Last year, Keystone received \$61,000 in catastrophic aid.

Part of special education services involves providing support for students who qualify for [Medicaid](#). These services include speech, physical therapy and occupational therapy. Medicaid reimbursement also flows through the local districts we serve. Medicaid reimbursement has been a big help in supporting our work. Just a few years ago, Medicaid reimbursement was over \$400,000 annually. That has been drastically reduced to a little over \$100,000. The state has made an attempt to plug that gap and now pays additional aid to special education called "Medicaid replacement" aid. That amount last year was also about \$100,000. In addition, the state pays partial reimbursement for our student transportation expenses (80%) and last year we received \$95,000 from transportation reimbursement.

Last and certainly not least, we rely on assessments from our schools we serve. The total amount of funds paid by our seven school districts for 2012-13 was \$1.95 million. That amount has remained the same or has been less than that amount for several years.

What does the future look like? If categorical aid, federal aid, etc. decrease, we need to decrease our expenses or raise assessments to districts. Given that we are mandated by law to provide services and are required to annually prove that we are spending at least as much as what we spent the previous year, reducing our costs is very difficult.

Next time – the role of the Service Center, Funding Part II