

PERFORMANCE AUDIT



Office of the
Washington
State Auditor
Pat McCarthy

Special Education Services: Comparing student needs to district funding and service provisions

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Table of Contents

Executive Summary_____	3
Background_____	6
Audit Results_____	13
Washington does not appear to under identify any particular population for special education _____	13
Washington school districts still face challenges when identifying and serving special education students _____	22
Historically inadequate funding for special education may be set to improve with new legislation _____	27
State Auditor’s Conclusions_____	30
Recommendations _____	31
Agency Response_____	32
Appendix A: Initiative 900 and Auditing Standards _____	38
Appendix B: Objectives, Scope and Methodology _____	40
Appendix C: Technical Methodology for Our Statistical Models _____	44

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Executive Summary

State Auditor's Conclusions (page 30)

This performance audit includes groundbreaking analysis, estimating the prevalence of disabilities in Washington's student population and comparing that estimated prevalence to the funding available to assist school districts in educating these students. In the best tradition of rigorous inquiry, our findings provide a new, more accurate understanding that can help our state better address the needs of all our students.

The Legislature requested this performance audit due in part to concerns that the limited funding available for special education services may lead to under identification of students in need. Fortunately, we found Washington schools identified the number of special education students we would expect, based on a statistical model we built for this audit. Moreover, there were few indications of any race or ethnicity being under identified statewide, with very few differences in the outcomes of special education evaluations and little evidence to suggest that any particular disability was underserved by school districts.

However, we also identified obstacles to identifying and serving special education students. Districts spent at least 26% more for each student than they received through the state's funding model – a hardship that may be addressed by changes made in the most recent legislative session. Looking forward, collecting accurate data in this field remains a challenge.

We make a series of recommendations to the Office of Superintendent of Public Instruction, which is developing a new statewide data system for special education. With more accurate data, the state can better ensure compliance with the law and better assess the identification of special education students.

Background (page 6)

Washington follows federal and state criteria to identify students eligible for special education services. This multi-step identification process helps school districts decide whether children should receive special education services, and also comes with deadlines that school districts must meet as they complete these processes. Washington is working on making changes that will require districts to take a more proactive approach for identifying students for special education.

Disproportionality in special education is a key concern of federal and state officials. In 2023-24, Washington served more than 140,000 students needing special education services, and most school districts needed help paying for it.

In 2024, the Legislature passed HB 2180, requiring the Office of the Washington State Auditor to compare the prevalence of disabilities in student populations to the funding available to evaluate students and provide them with special education services. It also directed the State Auditor to determine whether any populations are under evaluated or underserved. This audit examined whether any populations are under identified for special education and the funding available for related services.

Washington does not appear to under identify any particular population for special education

(page 13)

We estimate that Washington identified close to its expected number of special education students. Our statistical models estimated typical numbers of eligible students, even though the actual number is unknown. Our analysis showed Washington school district special education rates were slightly lower relative to districts in other states, though statistically similar to 17 other states in the middle. Analysis of other special education data did not show any particular populations under identified for special education. There were few indications of any race or ethnicity being under identified statewide, with very few differences in the outcomes of special education evaluations and little evidence to suggest that any particular disability was underserved by school districts. Some factors are associated with lower special education rates, but they are not unique to Washington. Misidentifying students for special education is a greater district and stakeholder concern than under identifying, and our selection of Washington school districts generally followed correct processes related to identifying students for special education.

Washington school districts still face challenges when identifying and serving special education students (page 22)

Unreliable referral data and tracking means Washington cannot ensure compliance with state law or accurately assess identification. In addition, a widely used special education data system compounded analytical challenges. The Legislature required the Office of Superintendent of Public Instruction (OSPI) to develop a new system which could relieve this problem provided it is designed with user needs

in mind. Staffing issues in key positions can limit effective identification. Several practices could help address challenges that districts face in conducting effective identification processes.

Historically inadequate funding for special education may be set to improve with new legislation (page 27)

Washington school districts have consistently spent more on special education than they received in state and federal funding. Washington funds its school districts through a complex set of calculations that include an additional set of formulas expressly to pay special education expenses. Until recently, funding for special education was also limited by an enrollment cap. Districts that exceed that cap would not receive additional funding for these services unless they apply for and receive “safety-net” funds later. In the 2022-23 school year, districts spent at least 26% more for each student than they received. However, legislation enacted in 2025 increased special education funding and removed the enrollment cap.

Recommendations (page 31)

We made a series of recommendations to the Office of Superintendent of Public Instruction to address issues with referral definitions and the collection of referral data. We also made recommendations to help ensure the new statewide special education system meets school district needs.

Next steps

Our performance audits of state programs and services are reviewed by the Joint Legislative Audit and Review Committee (JLARC) and/or by other legislative committees whose members wish to consider findings and recommendations on specific topics. Representatives of the Office of the State Auditor will review this audit with JLARC’s Initiative 900 Subcommittee in Olympia. The public will have the opportunity to comment at this hearing. Please check the JLARC website for the exact date, time and location (leg.wa.gov/about-the-legislature/committees/joint/jlarc-i-900-subcommittee). Our Office conducts periodic follow-up evaluations to assess the status of recommendations and may conduct follow-up audits at its discretion. See **Appendix A**, which addresses the I-900 areas covered in the audit. **Appendix B** contains information about our methodology.

Background

Washington follows federal and state criteria to identify students eligible for special education services

Federal and state laws require school districts to provide a “free, appropriate public education” to eligible students with disabilities, ensuring they are taught in a manner tailored to their individual needs, at no cost to their families. The current cornerstone of laws addressing education for disabled students between the ages of three and 21 is the federal Individuals with Disabilities Education Act (IDEA). First formulated in 1975 (with reauthorization in 1990 and 2004), this law emphasizes that special education and related services should be “designed to meet the child’s unique needs, allow the child to meaningfully access the general curriculum, and prepare the child for further education, employment, and independent living” – in other words, access to the same educational opportunities as their peers without disabilities.

Washington state law expresses support for IDEA by stating that “all children with disabilities ... shall have the opportunity for an appropriate education at public expense as guaranteed to them by the Constitution of this state and applicable federal laws.” It designates the Office of Superintendent of Public Instruction (OSPI) to develop regulations “to ensure appropriate access to and participation in the general education curriculum,” and also to implement IDEA or other federal laws providing for special education services. As a result, Washington state law ensures all the provisions and required processes of IDEA and also includes state-level requirements and interpretations. This includes expanding access to services through the school year a student turns 22, stricter timelines and expanded definitions of disabilities.

Throughout this report, we use the term “identification process” to include all steps required in qualifying a child for special education services, including the evaluation.

A multistep identification process helps school districts decide whether children should receive special education services

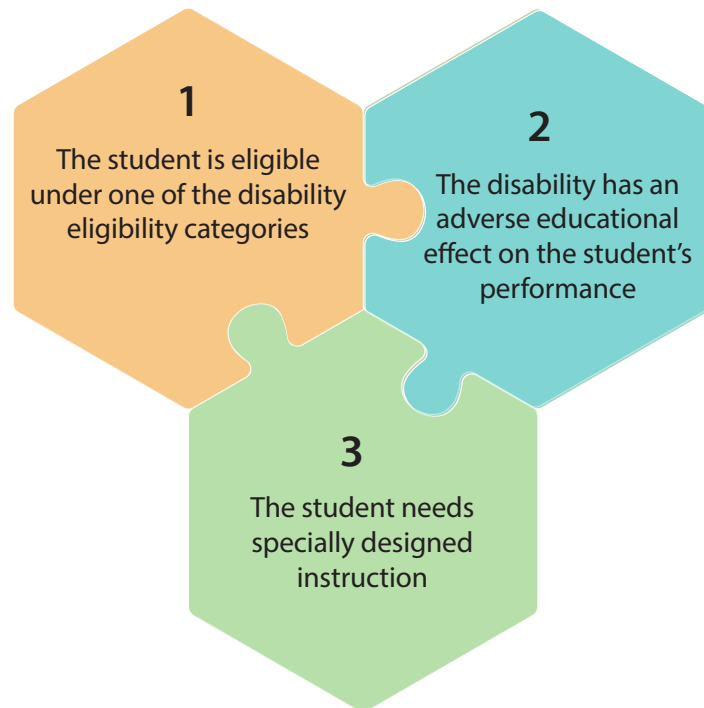
Both IDEA and state rules lay out specific eligibility criteria for special education services. The criteria can be categorized into three components: the general category of disability, the disability’s adverse educational effect on that specific

student, and the specialized instruction needed to fulfill the promise of appropriate education. **Exhibit 1** illustrates the three “prongs” of OSPI’s approach, none of which can alone authorize eligibility.

Exhibit 1 – OSPI takes a three-pronged approach to qualifying students for special education services

Disability eligibility categories

- Intellectual disability
- Deafness (including hard of hearing)
- Speech or language impairment
- Visual impairment (including blindness)
- Emotional/behavioral disability
- Orthopedic impairment
- Autism
- Traumatic brain injury
- Other health impairment
- Specific learning disability
- Deaf-blindness
- Multiple disabilities
- Developmental delay (ages 3-9)



Source: Auditor prepared based on IDEA and Washington Administrative Code (WAC) requirements.

When someone – such as a parent, a health care provider or a teacher – suspects a child has a disability, that person can ask the school district to consider the child for special education services. This is called a referral for special education. The school district must then decide whether to evaluate the child for services. If the district does so, it must then determine whether the child has a disability and whether it has an adverse effect on the child’s education that can be mitigated with specialized instruction.

While anyone with knowledge of a child can refer that child for special education services, IDEA and state law make school districts responsible for putting in place activities designed to identify all children within their boundaries that might have a disability, whether or not they are enrolled in public school. OSPI rules specify that this includes children enrolled in private school and “students who are homeless, wards of the state, highly mobile students with disabilities, such as homeless and migrant students.” Washington state

Recommended methods for fulfilling state and federal “Child Find” identification requirements include:

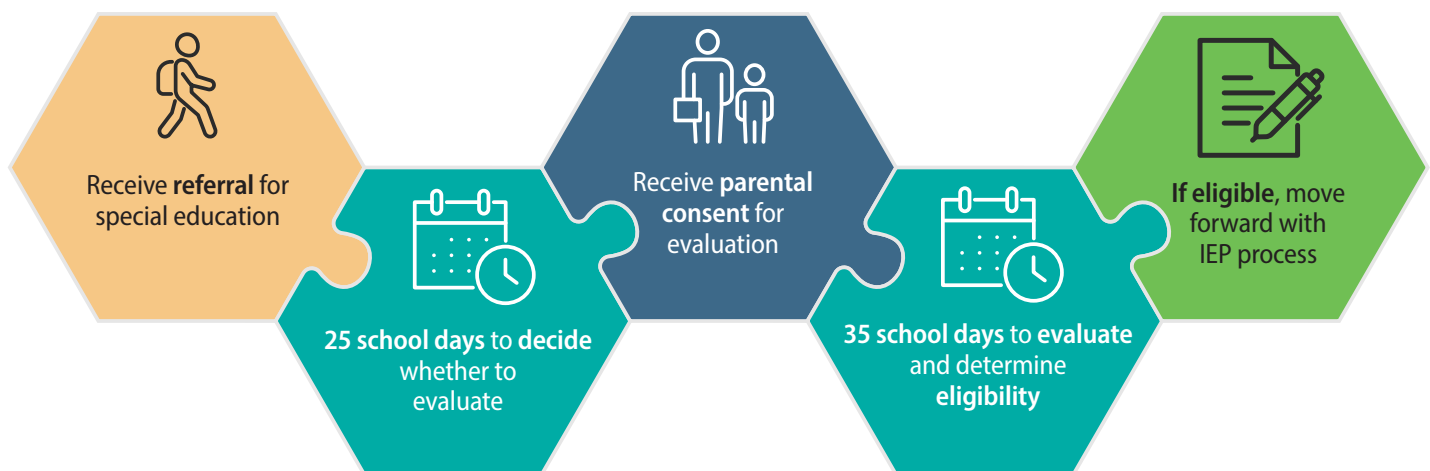
- Providing written notification to parents
- Posting notices in school buildings
- Posting notices in public areas in the community such as medical facilities and public agency offices
- Conducting local media campaigns
- Universal developmental screenings
- Placing information on the school district website

rules suggest a number of strategies to identify children who might need services, following the “Child Find” process required by IDEA. The sidebar on the previous page lists a half-dozen recommended strategies.

Districts must meet state deadlines as they complete identification processes

OSPI requires school districts to conduct specific activities to established timelines as they set about evaluating prospective students for special education services. This multistep identification process is illustrated in Exhibit 2.

Exhibit 2 – As part of the special education identification process, school districts must meet OSPI deadlines



Source: Auditor prepared based on Washington Administrative Code (WAC) requirements.

Once a school district receives a referral for special education, it has 25 school days to determine the nature of the suspected disability and whether the student needs a formal evaluation. District staff, usually including a school psychologist, do this by reviewing existing information about the student including academic performance, responses to any interventions used, and feedback from teachers and parents. If necessary, the school psychologist meets with the child’s teachers and parents to make a decision.

If the school district decides an evaluation is necessary, it has 35 school days to complete the evaluation after receiving parental consent. The school psychologist assembles an evaluation team, made up of representatives from the special education department, the child’s teachers, parents, and, when necessary, other people with useful insights or experience. For example, if a student is having trouble speaking clearly, a speech and language pathologist is added to the team. The team performs a more in-depth review of available information and conducts any necessary assessments to determine if the student has a disability, and if so, whether:

- It has an adverse effect on the student’s ability to learn
- Specialized instruction would be beneficial

If the answer to both questions is yes and parents consent to their child receiving services, the child qualifies for special education. The school psychologist will schedule an Individualized Education Program (IEP) meeting with relevant team members and the parents to decide what specially designed instruction the child needs. If a student is found ineligible for special education services, they may still qualify for other programs for students with disabilities.

Federal IDEA and the IEP

Under IDEA, an Individualized Education Program (IEP) is the primary vehicle for providing a free and appropriate education. IDEA states that IEPs should be developed based on the individual needs of the child. An IEP must take into account a child's present levels of academic achievement and functional performance, and the effect of that child's disability on their involvement and progress in the general education curriculum.

Washington is working on changing its approach to identifying students for special education

The single category of disabilities with the greatest number of identified students is “specific learning disabilities.” Specific learning disabilities relate to the brain processes involved in using spoken, written language or math. Dyslexia is a common specific learning disability.

Historically, OSPI allowed two different methods of determining eligibility for this disability category: the “severe discrepancy” model or “response to intervention” model. The severe discrepancy model uses the gap between performance in a specific area and academic aptitude to determine eligibility. It requires students’ general intelligence, as measured by assessments such as an IQ test, to be high enough that it creates a large enough discrepancy between their performance and academic aptitude to qualify. Under this model, students who are struggling academically but also have low IQ scores may not qualify for special education services.

The alternative response to intervention model is part of a larger method—the “Multi-tiered System of Supports” (MTSS). OSPI describes MTSS as “an evidence-based, schoolwide framework that measures student progress to support students with academic, behavioral and social-emotional needs.” Its uses and purposes are not limited to special education identification. In the MTSS process, students receive “interventions,” such as additional help in a given subject, before a formal assignment to special education services.

The response to intervention model of identifying children for special education is designed to identify student needs more effectively because it captures data on where students struggle and where they do well, more accurately identifying specific areas of academic need. By contrast, the severe discrepancy model often delays support until a significant gap is identified, and tends to rule out students who score poorly on general intelligence tests. While OSPI regulations do still allow districts to use the severe discrepancy model, agency officials said they are phasing out the practice by 2028. In its place, districts must use the response to intervention model.

Disproportionality in special education is a key concern of federal and state officials

IDEA places several requirements on states and school districts to reduce or eliminate bias in special education, including identification processes. These include ensuring that:

- Assessment tools used in special education evaluations are not inherently biased
- States review special education data to determine if any school districts are disproportionately identifying students, including by race and ethnicity
- Causes of student classroom performance that might be due to factors other than a disability are ruled out

In particular, IDEA specifies that a lack of appropriate instruction must be ruled out before placing a child in special education. For example, students may experience a lack of appropriate instruction if they come from non-English-speaking households and have not had sufficient instruction to help them overcome language barriers. When there is reason to believe that this may be the case for a student, school districts must rule out the language barrier as the cause of poor classroom performance.

In 2023-24, Washington provided more than 140,000 students with special education services, and most school districts needed help paying for it

During the 2023-24 school year, Washington school districts served more than 140,000 children who qualified for special education. The costs for providing those needed services are substantial. Historically, school districts had to supplement the state and federal funding they received in order to serve the number of students

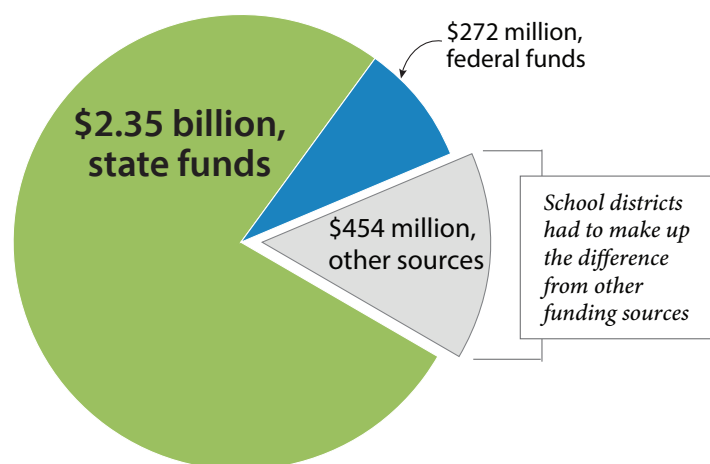
needing special education. OSPI receives federal special education dollars through IDEA, and disburses that money and state revenue funds to Washington school districts using multiple complicated calculations.

Most significantly, and through the 2024-25 school year, the calculations for state funding had to account for a cap on special education funding that was held at 16% of a district's total enrollment, even if the district's population of special education students was greater. If special education expenses exceeded the amounts received, then the district had to find other revenue sources, such as local levies, grants or private donations, to cover its costs.

As shown in Exhibit 3, Washington school districts received about \$2.35 billion from state funds in 2023-24, with another \$272 million in federal funds, totaling \$2.6 billion expressly for special education. Districts' total expenses, however, were about \$3.1 billion – a 15% shortfall which they had to make up from other funding sources. During the course of this audit, the Legislature passed SB 5263, which increases funding for special education, effective in the 2025-26 school year. This report discusses funding in detail in the third section of Audit Results.

Exhibit 3 – State and federal funding of \$2.6 billion for special education fell about \$454 million short of actual school district spending

School year 2023-24 revenue



Source: OSPI F-196 financial information, 2023-24.

This audit examined whether any populations are under identified for special education and the funding available for related services

In 2024, the Legislature passed HB 2180, requiring the Office of the Washington State Auditor to compare the prevalence of disabilities in student populations to the funding available to evaluate students and provide them with special education services. It also directed the State Auditor to determine whether any populations are under evaluated or underserved.

This audit answers the following objectives:

1. Are there any populations that appear to be under evaluated or underserved by Washington school districts' special education programs? If so, why?
2. Do districts receive sufficient funding to evaluate students and provide special education services that reflect the need for those services based on the prevalence of disabilities in those districts?

Although the bill's language used the term "under evaluated," Exhibit 2 shows that there are many steps in the identification process, only one of which is conducting the evaluation. There is risk that a student needing special education services could be missed – or not identified – at any step of this process, and thus the student is underserved. For our audit work, we used the term "under identified" to capture the broadest understanding possible of student needs and the term "identification process" to refer to all required steps in the process to determine eligibility for special education.

We conducted this audit in conjunction with work on special education services carried out by audit staff of the Joint Legislative Audit and Review Committee (JLARC), which also addressed funding. Our funding analysis relied in great part on JLARC's work in this area. The JLARC reports are available on the Legislature's website at: https://leg.wa.gov/jlarc/reports/2024/SPED/f_01/defaultpart2.html.

Audit Results

Washington does not appear to under identify any particular population for special education

Results in brief

We estimate that Washington identified close to its expected number of special education students. Our statistical models estimated typical numbers of eligible students, even though the actual number is unknown. Our analysis showed Washington school district special education rates were slightly lower relative to districts in other states, though statistically similar to 17 other states in the middle. Analysis of other special education data did not show any particular populations under identified for special education. There were few indications of any race or ethnicity being under identified statewide, with very few differences in the outcomes of special education evaluations and little evidence to suggest that any particular disability was underserved by school districts.

Some factors are associated with lower special education rates, but they are not unique to Washington. Misidentifying students for special education is a greater district and stakeholder concern than under identifying, and our selection of Washington school districts generally followed correct processes related to identifying students for special education.

We estimated that Washington identified close to its expected number of special education students

Our statistical models estimated typical numbers of eligible students, even though the actual number is unknown

The first essential consideration for this audit was to establish the prevalence of students who qualify for special education in the general population. However, the vast differences in access to health care and the highly individualized nature of special education evaluations make it impossible to determine a true rate of students who should qualify. This uncertainty is due in part to the unknown number of children with potential disabilities who lack an official diagnosis. Furthermore, even if the number were known, it is impossible to predict whether a student with a qualifying disability also experiences an adverse educational effect that would require specialized instruction.

However, we were able to estimate what is typical for school districts carrying out required IDEA processes. Auditors developed two statistical models – a national model and a state model – to estimate the expected number of special education students in Washington school districts given certain factors like district demographics. **Exhibit 4** lists the variables applied in the two models. The national model allowed us to compare Washington school districts with others across the country; the state model used more detailed data not available nationally that allowed closer evaluation of Washington school districts compared to each other. For more information about the model methodology, see **Appendix C**.

Exhibit 4 – Variables used in national and state models

National model	State model
<i>2022-23 school year data with key variables related to:</i> • English language learners • Homelessness • Foster care • Private school enrollment • Poverty • Estimates of children with disabilities	<i>2023-24 school year data with key variables related to:</i> • English language learners • Homelessness • Foster care • Low income • Highly capable • Private school enrollment • Military, mobile or from migrant families • Poor performance on academic assessments • Regional health factors such as low-weight births or maternal diabetes • Regional environmental factors such as local hazardous waste treatment sites or toxic facility emissions

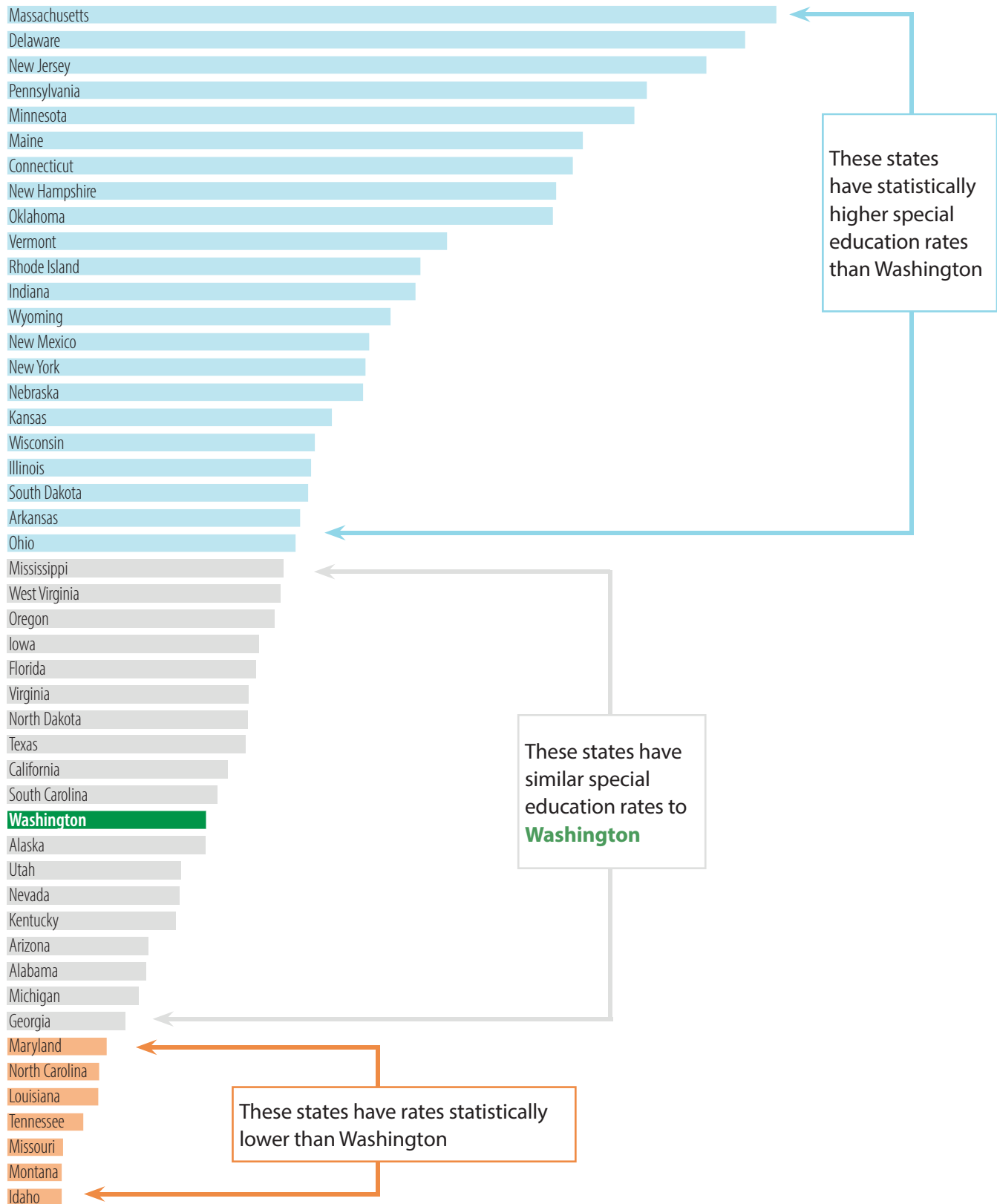
Source: Audit methodology.

The national model showed Washington school district special education rates slightly lower relative to districts in other states

Based on our national model, we estimate that on average, Washington school districts identified and qualified students at rates statistically similar to 17 other states for the 2022-23 school year. After controlling for demographic characteristics listed in Exhibit 4, we incorporated state-specific effects into our national model. These represent the effect of each state's combination of culture, policies and other unique factors on the rate of special education students. Taking Washington as a baseline, we identified 17 states with statistically similar special education rates, seven states with statistically lower rates and 22 with statistically higher rates. Washington was slightly below the expected rate of special education students. See **Exhibit 5** (on the following page) for the ranking of all states with available data.

Exhibit 5 – Washington’s special education rate of students in special education compared to 47 states

Based on the audit’s national model for 2022-23 school year



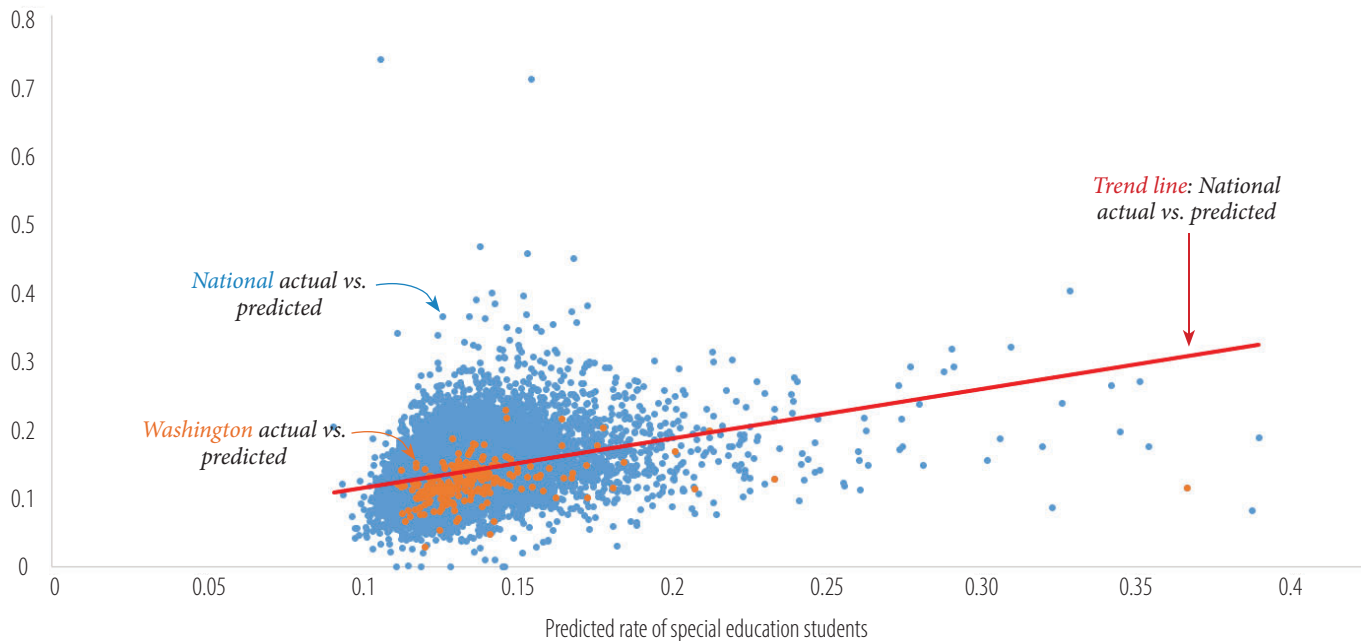
Data note: No data available for Colorado or Hawaii.

Source: Auditor developed from data publicly available from U.S. Census Bureau and from the U.S. Department of Education.

We then analyzed our national model estimates at the school district level, and found that although Washington district special education rates tended to be in the middle of school districts nationally, they were still a bit lower than what the demographic data suggested (illustrated in **Exhibit 6**). However, we did not find evidence that Washington school districts were outside the national norm.

Exhibit 6 – Actual compared to predicted special education rates in school districts **nationally** and in **Washington**

Actual rate of special education students



Source: Auditor prepared based on national model results.

Analysis of other special education data did not show any particular populations under identified for special education

The models established a baseline of which Washington school districts had fewer students enrolled in special education than expected, but told us little about whether specific groups of students were being under identified for special education services. To better understand patterns of identification at the school district level, we obtained additional data and focused our analysis of student populations in two areas, using data for the 2022-23 and 2023-24 school years. The two datasets included:

- The number and outcomes of evaluations for special education, to identify racial or ethnic groups of students that appear under evaluated or underqualified

- The qualifying disabilities for students in each school district's special education population, to identify specific disabilities that may be under identified

There were few indications of any race or ethnicity being under identified statewide

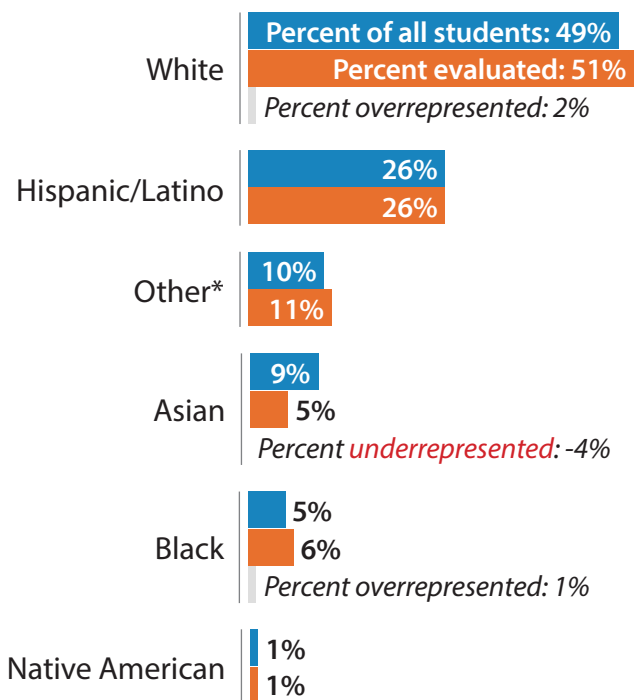
Our analysis looked for trends in who Washington school districts evaluated and who they qualified for services during the evaluation. Although we found some variation between districts, as can be expected, the districts where we identified differences based on racial or ethnic groupings of students were not the same districts that the models suggested might be identifying fewer students than expected. However, we included disproportionality in our criteria for selecting school districts for a closer examination, as discussed on page 20. (Appendix B describes the selection criteria in detail.)

Statewide analysis showed that students were typically represented in special education at rates close to their rates in the general population. Asian students were slightly under represented, while all other groups were within 2% of their presence in the student body as a whole. Native American and Hispanic/Latino students were evaluated at rates similar to their numbers among all Washington students. These differences are small and are a minimal deviation from what we would expect based on demographics alone. Exhibit 7 shows the analysis results for each demographic group evaluated.

These results are not entirely a function of school district identification efforts because parents may decline an evaluation for any reason. It is possible that cultural views concerning special education among some communities could explain these differences rather than school district identification efforts. Conversely, referrals for special education evaluation are not subject to parental consent and could therefore offer a more accurate perspective on the identification activities taken by school districts. However, OSPI does not collect that information except when the district subsequently conducts an evaluation. We attempted to perform some analysis of referrals through a survey of school districts,

Exhibit 7 – Special education demographics: Percent of students evaluated for special education compared to overall student population

Totals for 2022-23 and 2023-24 school years; numbers rounded



* "Other" includes students categorized as "multiracial" and "Native Hawaiian and Other Pacific Islander." Percentage of students overrepresented was under 1%.

Source: OSPI Special Education evaluation data.

but many school districts supplied numbers that were inconsistent with the number of evaluations they had performed according to OSPI data. This discrepancy is consistent with other documentation issues we noted in this phase of the process. The next chapter discusses data reliability and tracking.

Analysis found very few differences in the outcomes of special education evaluations

Once a school district decides that it will evaluate a student, the district must determine whether the student has a qualifying disability, whether the disability has an adverse educational effect, and whether that effect can be mitigated with specialized instruction.

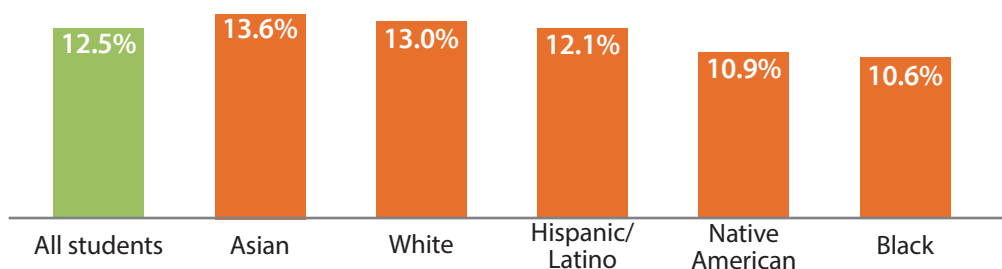
Evaluations have one of three outcomes. The student can be found:

- Eligible and placed on an Individualized Education Program (IEP) with parental consent
- Eligible but not placed on an IEP for some reason, such as parents declining consent
- Ineligible

The ineligibility decision is entirely within the school district's control because the decision is made by the evaluation team, including the school psychologist. For this reason, we focused our analysis on discovering the rate for students deemed ineligible. We once again identified few differences between demographic groups. Black and Native American students were found ineligible at slightly lower rates than the overall population. The entire range from the highest ineligible rate (for Asian students) to the lowest (for Black students) was less than a 3% difference, as Exhibit 8 shows.

Exhibit 8 – Percent of students determined ineligible by demographic group

Totals for 2022-23 and 2023-24 school years



Source: OSPI Special Education evaluation data.

Analysis found little evidence to suggest that any particular disability was underserved by school districts

The data did not reveal any trends that showed any one disability was underserved compared to the others. Our analysis reviewed the distribution of disabilities

within the special education population for every school district in the state and compared that result to state model results. Based on this analysis, no disabilities appeared underrepresented and the distributions did not fit an identifiable pattern. However, as discussed earlier, the true prevalence of disabilities in the population is unknown.

Some factors are associated with lower special education rates, but are not unique to Washington

While our analysis did not reveal any discrepancies in special education identification based on race or disability type, our models did identify two factors affecting national trends in special education rates. We noted school districts with higher rates of English language learners and private school students tend to identify lower rates of special education students, not just in Washington but across the country.

The percentage of English language learner students in a school district reduced the expected rate of special education students. Federal law requires school districts to rule out language barriers when identifying students for special education. This is a valid concern, because it is important not to misidentify a language barrier as a disability: the interventions for the two are fundamentally different. Results from our models suggest school districts nationwide might be taking caution too far, ruling out a disability when a student also struggles with English. School districts might dismiss the possibility of a disability prematurely if language barriers are more obvious, while parents from some cultures may be less likely to provide consent for an evaluation and special education if the student is found eligible.

The percentage of private school students within a district's boundaries reduced the expected rate of special education students. IDEA requires school districts to identify and serve private school students in the district where those students live. However, school district staff lack regular access to these students, and private schools and their parents may be less inclined to work within the public school system. This poses a significant challenge for school districts in all states, a trend which was captured by our statistical models.

Misidentifying students for special education is a greater district and stakeholder concern than under identifying

While under identifying students for special education is a concern, some districts and stakeholders we interviewed said that misidentifying or overidentifying children for special education is a greater concern to them for a number of reasons.

In their experience, supported by research, students who have been misidentified, perhaps labeled as ‘a special education kid,’ can experience social stigmatization and negative emotions around their identity and abilities. This might further harm their ability to learn or even convince the child they have a disability when they may not.

Many educators, at school districts as well as Educational Service Districts (ESDs), also highlighted that some problems in the identification process could be traced to the lasting effects of the COVID-19 pandemic. In the years during and immediately after, many students suffered both academically and socially, particularly younger children who started school during the pandemic. Academic performance declined for most students. However, for younger students, an important part of school is learning appropriate social and emotional behaviors, such as sharing and taking turns. Lacking these skills can affect how well a student does academically as much as their reaction to the overall classroom environment. These factors have persisted, resulting in large numbers of students being academically and socially behind their grade levels. These educators said such challenges with behavior were sometimes misinterpreted as a need for special education services. For example, one district saw an increase in special education students within the third- and fourth-grade cohorts, some of which were more likely issues brought about by the pandemic rather than a disability. That district plans to address this concern when it reevaluates these students in coming school years.

In such situations, scholastic or social interventions may be more appropriate or effective for the student, and might prevent the need for special education altogether. For example, some district representatives said that when a large number of students experienced similar issues, the district designed interventions for entire classes, rather than refer many students for special education. In some cases, some districts that used student “responses to interventions” to help determine whether a student needed special education services were able to use these interventions in place of special education. Finally, some districts said they always consider the effect of the pandemic when considering a student for special education services.

Selected school districts generally followed correct processes related to identifying students for special education

To evaluate the factors that might contribute to a school district under identifying special education students, we selected 11 school districts for closer review of their processes for special education identification and evaluation. Of the 11, our models indicated nine had fewer students in special education than expected; two more appeared to be identifying about the number expected. Although the districts included diverse locations and demographics, the selection is not representative of districts across the state.

To ensure the identification processes not only aligned with requirements, but were followed properly in all 11 districts, we:

- Interviewed staff
- Reviewed their policies and procedures
- Reviewed student files for a sample of students that were referred for special education services during the 2022-23 or 2023-24 school years

We found that audited school districts generally followed appropriate processes and had correct policies in place. Their policies and procedures reflected the federal and state identification and evaluation requirements we reviewed. For example, all districts had written procedures reflecting their identification processes and methods.

Furthermore, based on our review of student files, we found the districts generally followed these requirements, with the exception of documentation issues noted on page 22. For example, in some instances we were unable to tell whether a parent was invited to a meeting, but we were able to confirm they did attend based on signatures on a form.

Washington school districts still face challenges when identifying and serving special education students

Results in brief

Unreliable referral data and tracking means Washington cannot ensure compliance with state law or accurately assess identification. In addition, a widely used special education data system compounded analytical challenges. The Legislature required OSPI to develop a new system which could relieve this problem, provided it is designed with user needs in mind. Staffing issues in key positions can limit effective identification. Several practices could help address challenges that districts face in conducting effective identification processes.

Unreliable referral data and tracking means Washington cannot ensure compliance with state law or accurately assess identification

We observed through our interviews, procedure review and review of student files that school districts for the most part followed correct processes. We also learned that identifying and serving special education students can still be burdensome, and is not without its challenges.

OSPI requires districts to report the number of special education evaluations conducted and the initial referral date for those evaluations, but does not track any information on referrals that did not result in an evaluation. Although this level of reporting is consistent with federal requirements, it means OSPI lacks statewide data that would help it gain an accurate picture of how well districts identify students for special education. This lack of data also makes it impossible to determine compliance with OSPI's rule that school districts decide whether to evaluate within 25 school days of the initial referral. OSPI staff said they do not check systematically for compliance with this requirement. Since they know districts do collect this information, staff will instead spot-check compliance if a district is flagged and audited for suspected issues with its processes overall.

Our review of student files revealed several documentation gaps in the referral stage of the identification process. For example, districts sometimes did not document the referral date; sometimes the case files were unclear about whether the student was referred for special education. If OSPI and school districts cannot identify the number of students who were referred for special education but denied an

evaluation, they cannot ensure that districts follow proper procedures or lack bias in their referral processes.

Some districts did not always distinguish referrals for special education from referrals for interventions, confusing their recordkeeping

In following up with audited school districts about these documentation challenges, we learned that staff sometimes had different interpretations of what constitutes a referral to special education. When students are struggling, districts will sometimes “refer” the student to an intervention team who will look for better ways to support the student in the general classroom. Doing so might eliminate the need for a special education referral and evaluation entirely if the student’s performance improves. However, when these internal “referrals” are confused with special education referrals and either is recorded incorrectly in the student’s records, the district can no longer track its special education referral data. It thus cannot be sure its processes are working correctly, understand challenges with the process, such as potential bias, or ensure it is consistently meeting state-mandated timelines.

Additionally, discussions with district staff suggested that processes between general education and special education departments are not always well coordinated. Referrals originating with a general education teacher or staff member may not be relayed to the special education team unless district staff decide to proceed with an evaluation.

Although these documentation issues posed challenges for our review and indicated some possible gaps in school district processes, we did not identify any reason to believe that they led to under identification for the student files we reviewed, as districts generally followed correct processes. We observed these documentation problems across all district types and did not see any relationship between the documentation problems and low rates of special education students relative to the modeled expectation.

Widely used special education data system compounded analytical challenges

Most Washington school districts use the same third-party software system for their special education data. However, there is no statewide uniformity in how districts do so, which prevents using it for statewide reporting and monitoring. Districts pay an annual fee to use the system, and not all districts can afford available extra system features such as document translation. Furthermore, it was not designed to capture many state-level requirements that apply to the referral stage of the identification process. Some school districts have made the system work for Washington’s requirements, but their customizations still do not align seamlessly to state-specific requirements or with other student data systems used by general education teachers.

The Legislature required OSPI to develop a new system which could relieve this problem, provided it is designed with user needs in mind

During the 2025 legislative session, the Legislature enacted SB 5263, which required OSPI to develop a statewide data system for special education. A statewide system could address the problems of inconsistent data, but the new law did not mandate that districts use this system, nor did it require OSPI to work with school districts in developing it. The latter issue introduces the risk that user needs and feedback – essential for software project success – will not be adequately reflected in the system. Any perceived shortcomings in the new system could make school districts reluctant to leave a familiar system and use the new one, especially if they are not required to do so.

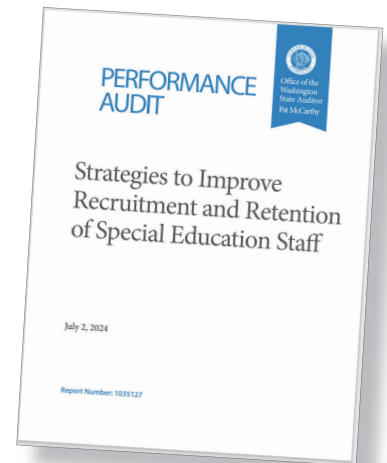
Staffing issues in key positions can limit effective identification

Many different people and roles are involved in effectively identifying and serving students in special education.

- **School psychologist.** A school psychologist provides direct support and interventions to students, consults with teachers, families and other school-employed mental health professionals (for example, school counselors or social workers) to improve support strategies, works with school administrators to improve schoolwide practices and policies, and collaborates with community providers to coordinate needed services. During the identification process, the school psychologist conducts assessments and evaluations, collaborates on students' IEPs if they qualify for special education, and helps monitor student progress.
- **Educational Staff Associates (specialists).** School districts use specialists to assess special education needs and to provide interventions and specialized education. Common specialists include behavioral and occupational therapists and speech language pathologists.
- **Paraeducators.** School districts use paraeducators to support teachers and other staff, including with interventions. Doing so helps teachers focus on instructing the class and monitoring students more closely, as needed.
- **General education teachers.** Teachers in the regular classroom not only instruct, they also observe and monitor student progress and help identify necessary interventions or suspected disabilities.
- **Special education teachers.** These teachers provide specialized instruction and also help monitor student progress for improvements or changes in student needs.

As discussed in the State Auditor’s Office’s recent performance audit, *Strategies to Improve Recruitment and Retention of Special Education Staff*, the state lacks qualified candidates for educational roles such as teachers, school psychologists and specialists, particularly in rural or lower-income districts. All audited school districts and stakeholders we interviewed mentioned staffing and turnover as among their biggest challenges in conducting effective identifications. Without the right people, due to either inexperience or inadequate numbers, school districts are poorly equipped to not only monitor student progress and use interventions, but also to address the required documentation and reporting. The problem is worse in rural or lower-income areas of the state where qualified people are less likely to seek employment.

To access these services and supplement their staffing, districts use Educational Service Districts (ESDs) or other district resources, or contract for the services. However, typically, contracted staff are not permanently within the district and also work with other districts. This can prevent equity in the level of service from district to district. For example, student observation can be an important component in evaluating or working with children, but virtual services are often the only option in rural or poorly funded districts.



Read the report on our website:
<https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1035127&isFinding=false&sp=false>

Several practices could help address challenges that districts face in conducting effective identification processes

In addition to conversations with school district staff, we consulted with several stakeholder groups, including the Washington Association of School Psychologists, the Association of Educational Service Districts and the Governor’s Office of Education Ombuds. These interviewees described practices that they said could help address challenges faced in identifying, evaluating and serving special education students. This audit also identified several related leading practices.

For example, two of the smaller audited districts set up a cooperative to share some costs, including expenses for special education. Both districts said doing so allowed them to save money on administrative costs, freeing up funds that could be used to help support more effective identification of children needing special education services.

Several districts responded to the problem of siloed general and special education staff by focusing on improved collaboration to ensure they communicated effectively about students in their different environments. For example, one district instituted “late-start Mondays,” in which students start school a bit later so staff can begin the week with a collaboration session. Some districts also formed school-based teams to keep teachers informed about resources to help struggling students and make sure they receive appropriate services.

Districts can also incorporate staff training to help staff understand how cultural, socio-economic or linguistic factors can influence learning. By instructing teachers in how student differences can affect learning, teachers are less likely to misinterpret cultural differences or language barriers as indicators a child needs specialized instruction. In addition, they will be better prepared to accurately identify if a student needs special education services and students will be better equipped for learning.

Our previous performance audit of special education teacher recruitment also identified multiple practices meant to address special education staffing shortage and retention issues. That report recommended districts work with regional colleges and universities to develop suitable preparation programs, and develop effective mentoring programs for novice special education staff.

Historically inadequate funding for special education may be set to improve with new legislation

Results in brief

Washington school districts have consistently spent more on special education than they received in state and federal funding. Washington funds its school districts through a complex set of calculations that include an additional set of formulas expressly to pay special education expenses. Until recently, funding for special education was also limited by an enrollment cap. Districts that exceed that cap would not receive additional funding for these services unless they apply for and receive “safety-net” funds later. In the 2022-23 school year, districts spent at least 26% more for each student than they received. However, legislation enacted in 2025 increased special education funding and removed the enrollment cap.

Washington school districts have consistently spent more on special education than they receive in state and federal funding

Washington funds its school districts, with all their educational, athletic and service programs, through a complex set of calculations known as apportionment. State revenue is distributed to school districts through OSPI. The state uses formulas to calculate how much districts should receive, including an additional set of formulas expressly to pay special education expenses through three ‘buckets.’

In 2025, JLARC published an audit that focused on funding for special education, titled *Performance Audit of Special Education: Funding Formulas and Spending*. **Exhibit 9** (on the following page) quotes the report’s explanation of how the three buckets direct money to special education.

Exhibit 9 – JLARC’s published report summarized special education funding

The state funding that school districts receive to educate all students is called the general apportionment. The statutory formula reflects enrollment, staffing, and other resources needed to operate a school. The Office of Superintendent of Public Instruction (OSPI) uses the formula to calculate how much money each district receives for all students.

The Legislature created an additional set of formulas to provide extra funding for students who receive special education. There are three main parts:

1. **The carve out** is redirected from a district’s general apportionment funding for the special education program. It does not increase the money available to the district.
2. **Excess cost funding** gives a district more money for special education.
3. **The safety net** reimburses districts for exceptional costs of individual students or a district’s community. Districts must apply for safety net funds.

The three parts use factors such as the number of students, their age, and how often they receive services in general education classrooms to calculate funds. Funding is allocated to districts for the entire special education program. It is not connected to the needs of individual students, except for some safety net awards.

Source: *Performance Audit of Special Education: Funding Formulas and Spending*, JLARC January 2025.

One bucket, called the “carve out,” does not add extra money to a district’s budget but requires the district to use a segment of its general apportionment funding to pay for special education programs, including identifying, evaluating and serving those students. OSPI also distributes federal IDEA revenue to qualifying school districts based on federally required formulas and after certain amounts are reserved for allowable state-level activities.

State funding has historically been limited by an enrollment cap. The cap meant that if a district’s special education population exceeded a percentage of its total student population, the district would not receive additional funds to pay for services those students needed. Districts exceeding the cap can apply for “safety-net” funds later, although they are not guaranteed to receive it.

In the 2023-24 school year, the Legislature amended the formula slightly to increase special education funding and also raised the enrollment cap from 13.5% to 16%. To determine the effect of this change on district funding, we reviewed district revenues and spending related to special education for the 2023-24 school year. Statewide, for all special education services, including those for infants, toddlers and students in institutions, districts spent about \$450 million more – about 15% – on special education than they received in state and federal funds. We looked at the finances for the 11 school districts that we selected, and observed that they collectively spent about \$16 million more (about 11%) on special education for school-age children than they received in state and federal funding. If they had not received any safety net reimbursement, the 11 districts would have been underfunded by a total of about \$27 million, or about 17%.

The 2025 JLARC audit reported that state funding for special education has not reflected variation in student needs or district spending, and acknowledged that most districts must supplement state and federal funding with local revenues or other sources. The audit analyzed district special education revenue and spending for the 2022-23 school year and found that districts spent at least 26% more for each student than they received. If special education expenses exceed amounts received, then the districts must turn to other revenue sources, such as local levies, grants or private donations. The audit found some districts received nearly four times more in state funding for special education than others.

However, districts vary in their ability to obtain additional funding for special education, creating potential inequities between districts. For example, while districts can use their local levy authority to increase local funding, doing so requires the voting population to approve levies and not all communities can afford to support them. Districts noted that while safety net funds are available, they do not necessarily cover remaining expenses. Districts must apply for these funds, and the application process is lengthy and cumbersome; again, not all districts have sufficient resources to meet state application requirements and deadlines. Further, the funds are provided as a reimbursement, and not all districts have sufficient cash flow to pay expenses upfront.

Recent legislation enacted in 2025 increased special education funding

In 2025, the Legislature passed a law to increase dedicated special education funding starting in the 2025-26 school year. While we could not evaluate its effect since the change took place after the close of our audit, legislators expect that the changes set out in SB 5263 should better fund special education by increasing the per-student funding for special education services. It also removes the enrollment cap, enabling districts to receive funding for all students who qualify for services. Finally, the law authorized more frequent disbursements of safety net funding, so districts do not have to carry the burden of additional special education funding for the entire school year.

During the preparation of this report, the new administration in Washington, D.C., announced that it was making major changes to the Department of Education. As of the completion of our audit work in June 2025, the Department has not announced any policy changes relating to IDEA, and it is unknown what effect, if any, future changes may have on federal funding. The provisions of IDEA are included in state law and regulation, and will still be in place regardless of changes at the federal level.

State Auditor's Conclusions

This performance audit includes groundbreaking analysis, estimating the prevalence of disabilities in Washington's student population and comparing that estimated prevalence to the funding available to assist school districts in educating these students. In the best tradition of rigorous inquiry, our findings provide a new, more accurate understanding that can help our state better address the needs of all our students.

The Legislature requested this performance audit due in part to concerns that the limited funding available for special education services may lead to under identification of students in need. Fortunately, we found Washington schools identified the number of special education students we would expect, based on a statistical model we built for this audit. Moreover, there were few indications of any race or ethnicity being under identified statewide, with very few differences in the outcomes of special education evaluations and little evidence to suggest that any particular disability was underserved by school districts.

However, we also identified obstacles to identifying and serving special education students. Districts spent at least 26% more for each student than they received through the state's funding model – a hardship that may be addressed by changes made in the most recent legislative session. Looking forward, collecting accurate data in this field remains a challenge.

We make a series of recommendations to the Office of Superintendent of Public Instruction, which is developing a new statewide data system for special education. With more accurate data, the state can better ensure compliance with the law and better assess the identification of special education students.

Recommendations

For Office of Superintendent of Public Instruction

To promote clarity and consistency regarding how school districts process referrals for special education evaluation and help distinguish special education referrals from referrals for intervention as described on page 23, we recommend OSPI:

1. Clarify what constitutes an official referral for special education evaluation

To better understand the state's true need for special education and reduce instances of inconsistent identification practices between districts, as described on page 23, we recommend OSPI:

2. Require school districts to report referral data, even if those referrals did not result in an evaluation

To ensure the new statewide special education data system required by SB 5263 meets school district needs, as described on page 24, we recommend OSPI perform the following steps during system development:

3. Continue consulting with districts during development, and implement a mechanism for continual district feedback after system implementation
4. Consider basing the new system on the Individual Education Program (IEP) system already used by most districts
5. Train districts on data definitions to ensure all enter their data consistently
6. Consider making use of the system mandatory in the interests of promoting consistent processes and better data tracking

Agency Response

Note: All audited agencies are invited to send a formal response to the final draft of the audit report, to be incorporated in the published report. In this instance, the districts of Entiat, Lind/Ritzville, Ocosta, Steilacoom, Tonasket, Touchet and Tukwila did not do so.

Contents	Page
Response from the Office of Superintendent of Public Instruction	33
Response from Issaquah School District	34
Response from Spokane Public Schools	36
Response from University Place School District	37

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PO Box 47200
Olympia, WA 98504-7200

ospi.k12.wa.us



Washington Office of Superintendent of
PUBLIC INSTRUCTION
Chris Reykdal, Superintendent

October 2, 2025

Emily Cimber, Senior Performance Auditor
Office of the Washington State Auditor
302 Sid Snyder Ave SW
Olympia, WA 98504

Re: Performance Audit of Special Education Services

Dear Ms. Cimber:

The Office of Superintendent of Public Instruction (OSPI) appreciates the State Auditor's Office for conducting this thoughtful and rigorous performance audit. We agree with the findings and recommendations and welcome the opportunity to strengthen Washington's systems for identifying, evaluating, and serving students with disabilities.

We are especially grateful to our local education agencies (LEAs) for their ongoing commitment to child find. Every day, school districts and their staff fulfill the important responsibility of identifying children who may need special education, regardless of where they live, whether they attend public or private schools, or whether they are highly mobile, homeless, or in foster care. We recognize the significant effort this requires—balancing statutory timelines, engaging families, coordinating across multiple providers, and navigating limited resources. The dedication of our LEAs ensures students who need support are not overlooked, and their work reflects the values of equity, belonging, and access that guide Washington's education system.

We also affirm the importance of developing and implementing a statewide Individualized Education Program (IEP) system. This effort represents a transformational opportunity for Washington. A consistent and reliable statewide IEP system will allow districts to streamline documentation, strengthen family engagement, and improve the quality and accuracy of data. It will also reduce administrative burden on educators, enabling more time focused on instruction. OSPI is committed to designing this system in close partnership with districts, families, and educators so it reflects user needs and improves student outcomes.

Washington's educators, families, and partners share a collective commitment to ensuring every student has the opportunity to learn, thrive, and succeed.

Sincerely,

Dr. Tania May
Assistant Superintendent, Special Education



5150 220th AVE SE, Issaquah, WA 98029
(425) 837-7000
www.isd411.org

Heather Tow-Yick, Superintendent

10/8/2025

RE: Issaquah School District Response to Special Education Performance Audit

Dear Auditor McCarthy,

The Issaquah School District thanks the State Auditor's Office for its thorough performance audit on the identification and funding of students with disabilities. We share the Auditor's goal of equitable, consistent, and high-quality special education services across Washington.

We agree with the finding that Washington schools are not under-identifying students with disabilities. In Issaquah, we follow state and federal criteria, and the audit confirms that our identification practices, and those across the state, are aligned with expected standards.

We concur with the finding that funding continues to fall short of actual costs. The report shows that districts spend at least 26 percent more per student than the state funding model provides. Issaquah has long experienced this gap, which forces us to reallocate local levy funds, originally intended for general education and enrichment, just to fulfill core obligations under special education law.

While we appreciate recent legislative improvements, such as the removal of the 16 percent enrollment cap and increased allocations, these steps are necessary but not sufficient. Safety net funding remains unpredictable, administratively burdensome, and does not fully scale to student needs. This underfunding undermines both fairness and long-term sustainability, particularly in communities that have less ability to raise levy revenue.

To address these structural challenges, Issaquah recommends that the Legislature:

- Fully fund the actual cost of special education services.
- Simplify and stabilize the safety-net process.
- Ensure the new statewide data system is designed with district input for usability and accuracy.

Issaquah strongly supports improved data systems and enhanced referral documentation. However, without adequate funding, these improvements alone cannot ensure that all students with disabilities receive the services they deserve while preserving other essential education opportunities.

Sincerely,

Superintendent Heather Tow-Yick
Issaquah School District

Board of Directors

Marnie Maraldo • Matt Coyne • Harlan Gallinger • Sydne Mullings • A.J. Taylor



Spokane Public Schools

SPECIAL EDUCATION

200 North Bernard Street, Spokane, WA 99201

(509) 354-7310

www.spokaneschools.org

October 7, 2025

Honorable Pat McCarthy
 Washington State Auditor
 P.O. Box 40021
 Olympia, WA 98504-0021

Dear Auditor McCarthy:

Spokane Public Schools appreciates the thoroughness and transparency of the State Auditor's performance audit and agrees with the overall findings and conclusions presented in the report. The district acknowledges the significant effort undertaken to ensure that the analysis provides an accurate understanding of how special education services are identified, funded, and delivered across Washington State.

Spokane Public Schools agrees with the audit's primary findings that Washington schools are generally identifying students appropriately for special education and that districts continue to face financial challenges in meeting the needs of students with disabilities. The district supports the continued refinement of data systems and processes that enhance compliance, equity, and efficiency. That said, Spokane Public Schools would like to offer additional perspective on Recommendation #4 and Recommendation #6 to support ongoing collaboration and successful statewide implementation.

Recommendation #4 – Consider basing the new system on the Individual Education Program (IEP) system already used by most districts.

Spokane Public Schools currently uses Special Programs, an integrated system within the PowerSchool student information platform. This integration allows administrators and teachers to be automatically alerted when a student has an active IEP, ensuring accessibility and compliance while minimizing additional navigation steps for staff. Transitioning to a new platform such as IEP Online could introduce additional clicks, duplicate data entry, and workflow inefficiencies. In addition, Spokane Public Schools has customized Special Programs to include enhanced IEP components—such as required case manager inputs, embedded compliance resources, and links to district and state developed guidance that support the development of student-driven IEPs. The district would welcome clarification on whether IEP Online can provide comparable customization and integration capabilities.

Recommendation #6 – Consider making use of the system mandatory in the interests of promoting consistent processes and better data tracking.

Spokane Public Schools supports the intent of improving statewide consistency and data integrity; however, the district encourages consideration of the unique operational realities of large districts. Spokane Public Schools is among the second or third largest districts in the state, serving more than 28,000 students. The scale and complexity of such a district differ significantly from smaller districts that may find a single statewide platform sufficient. Spokane Public Schools recommends that the state update the existing CEDARS reporting framework to include these required data elements and reporting

Honorable Pat McCarthy
October 2025
Page 2

expectations. This will prompt all districts and vendors to produce consistent reporting elements, while still allowing districts flexibility in selecting systems that integrate effectively with their existing infrastructure. This approach is standard for all other Washington State student information reporting procedures because it maintains statewide alignment while preserving local efficiency and user functionality.

In summary, Spokane Public Schools agrees with the intent and overall findings of the audit and appreciates the focus on improving accuracy, transparency, and equity in special education data and funding. The district welcomes continued collaboration and dialogue regarding the implementation of Recommendations #4 and #6 to ensure that statewide solutions remain scalable, integrated, and responsive to the diverse needs of Washington's districts.

Sincerely,

Kristina Baker

Kristina Baker
Executive Director of Special Education and Student Services
Spokane Public Schools



Educational Service Center
3717 Grandview Drive West
University Place, Washington 98466-2138

(253) 566-5600
www.upsd83.org

October 10, 2025

The University Place School District appreciates the performance audit conducted by the Washington State Auditor's Office regarding the provision of Special Education Services under the current funding system in Washington State. We have reviewed the audit report and are in agreement with the both the findings and recommendations with the following qualifications:

1. Any recommended actions for improving the provision of special education services, including processes for identifying students and tracking/communicating the results of these efforts, must account for the time and cost that these actions will require. Reporting, tracking, training and communicating all require time and effort from district and/or OSPI employees. We believe that part of the long-term solution to special education funding problems is to be more honest and proactive about the real cost of policy decisions, rules and regulations.
2. Assessment of the quality or effectiveness of special education programs or associated processes should not be done without a broader consideration of what is happening in core academic programs and academic intervention systems in school districts outside of special education programs. The quality of these core and intervention programs are essential "environmental factors" impacting who gets served in special education programs and what services they require. Any attempt to identify an expected number of special education students in a district should consider the scope and quality of intervention systems and the impact these systems might have on special education referrals and rates.

We commend current and ongoing efforts by the state legislature and the auditor's office to gather information from school districts about the challenges of implementing both state and federal requirements for special education programs. We appreciate the specific attention being given to how districts manage the costs of mandated programs in an environment where regulatory pressures continue to increase and where decision-making authority is shared between district/school officials and parents. This essential partnership is increasingly strained as district staff, accountable for budget decisions and legal compliance, work with parents to determine and deliver needed services.

The University Place School District is grateful for the opportunity to participate in this audit and we encourage ongoing assessment, reflection and study of these vital programs. We are very proud of the work we do to teach and support students receiving special education services and are eager to partner with policy leaders and legislators to improve the quality of these services for all students in Washington State.

Best regards,

A handwritten signature in black ink, appearing to read 'Jeff Chamberlin', is written over a horizontal line.

Jeff Chamberlin
Superintendent

Appendix A: Initiative 900 and Auditing Standards

Initiative 900 requirements

Initiative 900, approved by Washington voters in 2005 and enacted into state law in 2006, authorized the State Auditor's Office to conduct independent, comprehensive performance audits of state and local governments.

Specifically, the law directs the Auditor's Office to "review and analyze the economy, efficiency, and effectiveness of the policies, management, fiscal affairs, and operations of state and local governments, agencies, programs, and accounts." Performance audits are to be conducted according to U.S. Government Accountability Office government auditing standards.

In addition, the law identifies nine elements that are to be considered within the scope of each performance audit. The State Auditor's Office evaluates the relevance of all nine elements to each audit. The table below indicates which elements are addressed in the audit. Specific issues are discussed in the Results and Recommendations sections of this report.

I-900 element	Addressed in the audit
1. Identify cost savings	No.
2. Identify services that can be reduced or eliminated	No.
3. Identify programs or services that can be transferred to the private sector	No.
4. Analyze gaps or overlaps in programs or services and provide recommendations to correct them	No.
5. Assess feasibility of pooling information technology systems within the department	Yes. While the audit did not assess the feasibility of pooling existing IT systems, it did make recommendations related to amending an existing system rather than developing an entirely new system.
6. Analyze departmental roles and functions, and provide recommendations to change or eliminate them	No.

I-900 element	Addressed in the audit
7. Provide recommendations for statutory or regulatory changes that may be necessary for the department to properly carry out its functions	Yes. This audit recommends that OSPI clarify what constitutes an official referral, and make reporting on all referrals mandatory.
8. Analyze departmental performance data, performance measures and self-assessment systems	No.
9. Identify relevant best practices	Yes. This audit identified leading practices related to special education identification.
10. Analyze the social equity impact of programs or services	Yes. The audit evaluated whether any populations were under evaluated or underserved by Washington school districts special education programs.

Compliance with generally accepted government auditing standards

We conducted this performance audit under the authority of state law (RCW 43.09.470), approved as Initiative 900 by Washington voters in 2005, and in accordance with generally accepted government auditing standards as published in *Government Auditing Standards* (July 2018 revision) issued by the U.S. Government Accountability Office. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The mission of the Office of the Washington State Auditor

Our mission is to promote accountability and transparency in government. We work with state agencies, local governments and the public to achieve our vision of increasing public trust in government by helping governments work better and deliver higher value. The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic [subscription service](#). We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program. For more information about the State Auditor's Office, visit www.sao.wa.gov.

Appendix B: Objectives, Scope and Methodology

Objectives

During the 2024 session, the Legislature passed HB 2180, which required the State Auditor to conduct a review of the prevalence of disabilities, including whether the provisions and funding for evaluating students and providing services reflects that prevalence. We were asked to determine whether any populations are disparately under evaluated or underserved in special education. We conducted this audit to determine whether there is under identification for special education in the state and whether there are populations that seem to be under identified for special education, and therefore under evaluated and underserved. We additionally looked at the funding available to carry out these responsibilities. The audit addressed the following objectives:

1. Are there any populations that appear to be under evaluated or underserved by Washington school districts' special education programs? If so, why?
2. Do districts receive sufficient funding to evaluate students and provide special education services that reflect the need for those services based on the prevalence of disabilities in those districts?

For reporting purposes, we organized the audit results into three key findings. The messages relate to the original objectives as follows:

- Washington does not appear to under identify any particular population for special education (pages 13-21) – This finding addresses Objective 1.
- Washington school districts still face challenges when identifying and serving special education students (pages 22-26) – This finding addresses Objective 1.
- Historically inadequate funding for special education may be set to improve with new legislation (pages 27-29) – This finding addresses Objective 2.

Scope

This audit focused on the funding and processes around identifying and evaluating students for special education for the 2022-23 and 2023-24 school years, seeking specifically any disproportionalities in their special education populations by race, ethnicity and disabilities. We reviewed the phases of special education identification and evaluation leading up to the creation of the Individualized Education Program (IEP) for eligible students. IEPs are tailored to the student. They are based upon the experiences of the student and their family, as well as the expertise of the teachers who work with the student in the classroom and the school psychologist. Together, they develop interventions to help the

student learn and thrive. For this reason, we did not review IEPs nor assess any decisions made for any students. We limited our review to the processes school districts did or did not follow as they identified, evaluated and/or determined children ineligible for services. Our concern was to reveal any indications of under identification.

We also reviewed state and national trends regarding who was and was not evaluated and qualified for special education in the aggregate.

To conduct this review, we selected 11 school districts to audit, to understand the processes they followed and to review individual student files. The selected districts (described in this appendix) should not be construed as representative of school districts in Washington; the results of our reviews cannot be generalized broadly to represent the state.

Other elements of audit work involved modeling special education rates, reviews of disproportionality in special education processes, and reviews of finances. These elements can be generalized to the state as a whole because they were not confined to the 11 selected districts.

Methodology

We obtained the evidence used to support the findings, conclusions and recommendations in this audit report during our fieldwork period (November 2024-June 2025). We have summarized the work we performed to address each of the audit objectives in the following sections.

Objective 1: Are there any populations that appear to be under evaluated or underserved by Washington school districts' special education programs? If so, why?

To begin our work, we conducted three types of statistical reviews that included most school districts in the state.

1. We developed two statistical models to determine how many students we would expect in special education by school district.
 - a. The first model used data from school year 2022-23 for 11,140 school districts nationally. This grounded our results in a national context and allowed us to compare Washington to a baseline. This model did not reveal how many students should have been identified. Rather, it showed how many students would likely be identified given Washington's demographics, if Washington's school districts identified students for special education as school districts in other states typically do.
 - b. The second model used data from school year 2023-24 from all Washington school districts. This model was designed to provide additional insights into how state districts compared to each other while adding health and environmental factors that we could not incorporate in the national model.

For further details on both models, see Appendix C.

2. We sought to determine whether the demographic characteristics of students evaluated for special education were representative of those for the student body as a whole. We reviewed the outcomes of evaluations for each demographic group to see if there was disproportionality in either stage. We analyzed these at the individual school district level to determine if any districts stood out, which informed our selection of school districts. We also analyzed them in aggregate statewide.
3. We also analyzed the distribution of qualifying disabilities for students with IEPs by district. Because we had no way to assess how many students should have these disabilities, we leaned on our model work. We compared the distribution of disabilities to the residual values of the state model to determine whether districts that were identified by the model as having fewer special education students than expected also had low rates of particular disabilities in their special education population.

Then, we used the results of these analyses to help select 11 school districts for closer exploration, choosing primarily districts that had a high probability of under identifying students for special education. We included two districts that did not display indications of under identification as comparison districts. We included rural and urban districts representing a variety of student population sizes in Eastern and Western Washington. Although we did seek to represent various aspects of the state in this way, the selection was not intended to be a generalizable sample of the state. For this reason, results of our analyses should not be extrapolated to the state as a whole. **Figure 1** lists the selected districts.

Figure 1 – Characteristics of 11 school districts selected for audit

Western Washington	Eastern Washington
Small, rural: Ocosta	Small, rural: Entiat Lind/Ritzville (treated as one district) Tonasket Touchet
Large urban or suburban: Issaquah Tukwila University Place	None selected
Comparison district: Steilacoom (suburban)	Comparison district: Spokane (urban)

Studying the 11 audited districts offered us a better understanding of processes and procedures they used. We combined our review of the Lind and Ritzville districts because they share administrative responsibilities, having common policies, administrators and other district staff.

We conducted three types of analyses at each audited district:

- 1) **District interviews.** We asked district staff to describe their processes for identification and evaluation, including their IDEA “Child Find” activities. We also asked them about the challenges they encounter in carrying out these responsibilities.
- 2) **Review of district policies and procedures.** We reviewed policies and procedures to determine how well they align to requirements and leading practices.
- 3) **Student file review.** We reviewed a total of 47 student files from the 11 audited districts. We chose them using a semi-random sampling approach based on student identification numbers provided by the districts. The initial sample produced 71 student files, but we eliminated many of them because we received incorrect files. Some were likely the result of misunderstandings about

the documents we needed, but others were actual documentation errors in themselves. When we eliminated a file due to documentation errors, we removed the file only for our review of key processes but continued to count it when reporting on documentation problems.

Although we are confident that the 11 audited districts include important aspects of Washington's diverse communities, it was not assembled as a truly representative sample. We selected nine of them primarily because the data gave us reason to believe the district could be under identifying students for special education.

In addition, we asked representatives of the following groups for their views on the challenges and risks in the process of identifying children for special education:

- Association of Washington School Principals
- Washington Association of School Administrators
- Governor's Office of Education Ombuds
- Washington State Association of School Psychologists
- Washington State School Directors Association
- Association of Educational Service Districts
- Disability Rights Washington

Objective 2: Do districts receive sufficient funding to evaluate students and provide special education services that reflect the need for those services based on the prevalence of disabilities in those districts?

To address this objective, we relied on work conducted as part of JLARC's performance audit, Performance Audit of Special Education: Funding Formulas and Spending, which analyzed district revenues and expenditures for the 2022-23 school year. To provide more recent information for this audit, we also reviewed district revenues and expenditures for 2023-2024 categorized as special education based on account and program titles, and obtained safety net dollar amounts from OSPI. We did not audit this financial information, although we did compare revenue and expenditure district transaction data to reported summary information, and compared safety net information to final apportionment reports.

The JLARC study was conducted in part by a contractor, who applied proprietary methods to identify 2022-2023 district revenues and expenditures; those methods allowed JLARC to identify additional special education transactions that were not categorized as such in accounting systems. Since we were unable to replicate this analysis, our 2023-2024 financial information is likely not as complete as that in the JLARC study. It nonetheless showed the minimum difference in spending and revenue for the audited districts.

Work on internal controls

Our internal control work in this audit consisted of our review of school district policies and procedures and our review of whether practices for determining student eligibility adhere to state and federal law and best practice. We did not assess information systems or related system controls that school districts used to collect student data, apart from noting that data systems and the quality of student information collected varied from district to district.

Appendix C: Technical Methodology for Our Statistical Models

We conducted two logistic regression analyses to explore the difference between the expected number of special education students in a school district and the actual number. This allowed us to identify school districts that were well below or well above their expectation.

We took the approach of modeling school districts because there is no known rate of children who should be in special education.

We opted for a model of school districts, which does not show how many children a school district should have in special education, it only shows how many children a school district would have identified if it acted similar to the average school district, consistent with its demographic composition. There are likely reasons that particular school districts are below or above their expected rate of special education students that do not indicate under identification.

The national model predicted how many students a Washington school district should have enrolled in special education services if it were similar to the typical school district in the U.S. and had similar risk factors. However, we had access to additional data in Washington to consider factors that could influence special education rates in a particular district.

For these reasons, we decided to use two separate models:

- A state model that would incorporate more data and attempt to spot the role of additional variables while also including nearly all Washington school districts
- A national model that would use more basic information that was available on most U.S. school districts

Both models used data from the U.S. Census Bureau's American Community Survey. The national model additionally incorporated state-reported data from the U.S. Department of Education. In addition to the Census information, the state model incorporated data that was sent to us by the Office of Superintendent of Public Instruction (OSPI) as well as from the Department of Health.

The state model represented slightly more up-to-date data than the national model because the data for 2023-24 nationally was not available at the time we began collecting data. We included preschool children in the state model but not the national model because preschool children were included in the data that OSPI provided. This represents only a slight change in the interpretation of the dependent variable as the two are highly correlated. **Figure 2** (on the following pages) lists the two sets of variables.

Figure 2 – Variables used in developing state and national models**See note at bottom of table about modified data*

Dependent variable	State Model	National Model
Number of PK-12 students enrolled in special education 2023-2024 school year	✓	
Number of K-12 students enrolled in special education 2022-2023 school year		✓
Independent variable	State Model	National Model
Modified percentage of students who are homeless*	✓	✓
Modified percentage of students who are enrolled in private schools*	✓	✓
Modified percentage of students who are English Language Learners*	✓	✓
Modified percentage of foster care students*	✓	✓
Percentage of families within the school district boundaries who have children in poverty according to the U.S. Census American Community Survey		✓
Percentage of children age 5 to 17 within the school district boundaries who are disabled according to the U.S. Census American Community Survey		✓
A binary variable representing each state for the state that the school district is in		✓
Modified percentage of low-income students*	✓	
Modified percentage of students with military parents*	✓	
Modified percentage of mobile students*	✓	
Modified percentage of migrant students*	✓	
Modified percentage of students in Highly Capable programs*	✓	
Percent of students testing at level 1 or below for English language in the SBAC (Smarter Balanced Assessment Consortium) test	✓	
Average percentage of mothers in the county of the school district who were diabetic from 2005-2021	✓	
Average percentage of mothers in the county of the school district who had hypertension during pregnancy from 2005-2021	✓	
Average percentage of low birthweight births in the county of the school district from 2005-2021	✓	
The average number of hazardous waste treatment, storage and disposal facilities within 5 km of residents in the school district	✓	
The average concentration of chemical releases to the air from toxic facility emissions and off-site incineration within the school district	✓	

Figure 2 – Variables used in developing state and national models, continued**See note about modified data*

Independent variable	State Model	National Model
Average ozone concentration within the school district	✓	
SafetyNet award amount for 2023-2024	✓	

* **Note:** These variables were modified in that we did not use the school district's total enrollment as the denominator, but instead used the school district's total enrollment plus private school students who live within the district boundaries according to U.S. Census estimates. Doing so provided a percentage that reflected the actual number of students that school districts need to serve in special education. Otherwise, theoretically, private school students served in special education could exceed the enrollment of some small school districts that have private schools in the area.

Additional information on the national model

For the national model, we had to consider a great deal of missing data. The model included 11,140 school districts out of around 13,000 school districts nationally, including 227 of Washington's 295 school districts. We additionally excluded all charter schools and other Local Education Authorities (LEAs) that are not school districts with a defined geography even though they serve special education students, such as the Washington School for the Blind.

Nearly 3,000 school districts did not report homeless data, English language learner data, or the number of foster youth in their schools. Therefore, we created interpolation models for these variables to generate estimates for what their values would be expected to be when missing. We used the results of these interpolation models only to fill in the missing data points in those three variables.

We were also missing data from Colorado, because Colorado did not report special education data by school district, but instead by administrative units, which are reporting regions for special education data and include multiple school districts. Because this was our dependent variable, we could not impute its values, nor could we use the administrative units and had to drop the state of Colorado from the analysis.

Because we performed these interpolations, we had to use a bootstrapped standard error procedure in the logistic regression model. This was to ensure that the interpolated data did not introduce too much statistical bias into our model tests. One issue that arose with the bootstrapping was that Hawaii is governed as a single school district for the entire state and reports data as such. Because the bootstrap procedure samples the data randomly, and Hawaii represented a single case, the bootstrap procedure failed any time Hawaii (a perfect predictor of itself) was included in the model. We could have addressed this by including fewer state binary variables at the cost of clean interpretation of the data. We determined that it was better to drop Hawaii from the model along with Colorado. The District of Columbia was excluded for similar reasons.

Additional information on the state model

The state model did not require any interpolation because we had a complete dataset for the variables in use for the state model. Therefore, it also did not require any bootstrapping procedures. The state model included many indicators of maternal health and environmental hazards in order to potentially reveal any effects from exposure to environmental hazards and poor childhood health on the disability. We were also able to obtain more information about the student populations in school districts to generate potentially more precise estimates about the way districts in Washington identify students for special education.

Much of the data for the state model was organized by geographic units other than school districts because it came from the Department of Health and was not designed with the idea that it would represent school districts. This data came in two forms: 1) data that was summarized by county and 2) data that was summarized by census tract. When data was summarized by county, we matched the school district to its county and used the county value. Therefore, many school districts have the same value for some of these data fields. For data that was summarized by census tract, we averaged the values of the census tracts that made up the school district.



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