

MARCH 5, 2020

Overview of Governor's Special Education Proposals

PRESENTED TO:

Senate Budget and Fiscal Review Subcommittee No. 1
On Education Finance
Hon. Richard D. Roth, Chair



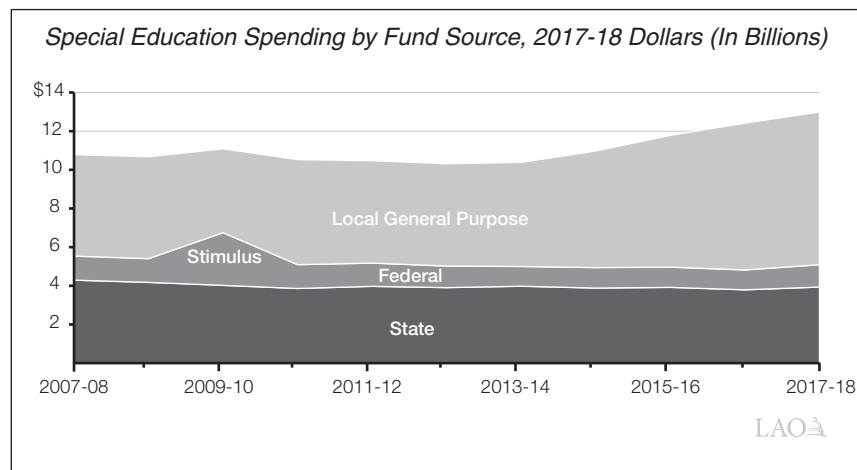
LEGISLATIVE ANALYST'S OFFICE

Background on Special Education Funding

Federal Law Requires Schools to Provide Special Services to Students With Disabilities

- Students must have disabilities that affect their ability to learn to qualify for special education. Disabilities range from relatively mild (such as speech impairments) to relatively severe (such as deafness or certain cases of autism).
- In 2018-19, 11.7 percent of K-12 students received special education in California.

Local Funds Covering Growing Share of Special Education Costs



- The number of students identified with relatively severe disabilities has been increasing. This contributes to higher local shares of special education costs, as these students typically require more intensive services.
- “Spillover” from general education cost increases (such as higher teacher salary and pension costs) also contributes to increased costs.



Background on Special Education Funding

(Continued)

State Provides Most Funding Based on Overall K-12 Student Attendance

- This ensures schools have little incentive to overidentify students for special education or serve these students in unnecessarily expensive ways.

State Base Funding Rates Vary Notably Without Rationale

- Rates range from \$557 to \$960 per student in 2019-20 based on purely historical factors.



Background on Special Education Funding

(Continued)

State Provides Remaining Funding Through Various Add Ons

<i>2019-20 (In Millions)</i>			
Program	Distribution Method	Spending Restrictions	Funding
AB 602^a	Overall student attendance.	Any special education expense.	\$3,412
Preschool	Per-child funding for three- and four-year olds with disabilities (one time).	None.	493
Mental health services	Overall student attendance.	Mental health services for students with disabilities.	386
Out-of-Home Care	Location and capacity of Licensed Children's Institutions.	Any special education expense.	144
SELPA administration	Overall student attendance.	SELPA-level services, including data management and required reporting.	100
Infants and toddlers	Number of infants and toddlers with special needs served.	Early intervention services for infants and toddlers with special needs.	83
Workability	Number of students enrolled in employment training programs.	Job placement and training for students with disabilities.	40
Low-incidence disabilities	Number of students who are deaf, hard of hearing, visually impaired, or orthopedically impaired.	Services and materials for students with qualifying conditions.	19
Technical assistance leads	Competitive.	Support services.	10
Extraordinary cost pools	Individual student placements.	Expenses associated with very high-cost residential or nonpublic school placements.	6
Necessary Small SELPAs	Attendance in SELPAs serving fewer than 15,000 students.	SELPA-level services, including coordination, data management, required reporting, and fiscal administration.	3
Professional Development	Overall student attendance.	Staff development related to special education.	1
Total			\$4,697

^a Special education program named after authorizing legislation—Chapter 854 of 1997 (AB 602, Davis).
SELPA = special education local plan area.



Recent State Actions

2019-20 Budget Provided \$645 Million One-Time Funding for Special Education

- Of this amount, \$493 million was allocated to districts based on the number of preschool-aged children with disabilities. This funding was unrestricted in nature.
- The remaining \$153 million increased per-student base rates that were below the statewide average.

2019-20 Augmentations Made Contingent on Future Special Education Reforms

- Budget bill language specified the augmentations would only be ongoing if the Legislature makes statutory changes in the 2020-21 budget designed to improve academic outcomes for students with disabilities.



Summary of Governor’s Special Education Proposals

Governor’s Proposal	LAO Recommendation
Base Funding	
<ul style="list-style-type: none"> • \$645 million ongoing to increase most base rates to \$660 per student, while holding harmless those above this new rate. • Base rates to be calculated using three-year average of attendance. 	<ul style="list-style-type: none"> • Adopt proposals. Addresses historical inequities in base rates and smooths funding for districts with declining student enrollment.
Studies and Work Groups	
<ul style="list-style-type: none"> • \$500,000 for study on special education governance and accountability. • \$350,000 for a work group to develop a standardized template for individualized education programs. • \$250,000 for a work group to develop alternate pathways for students with disabilities to receive a high school diploma. 	<ul style="list-style-type: none"> • Fund studies and work groups based on legislative priorities. • Consider other studies that (1) reform outdated special education categorical programs and/or (2) explore alternative models to address high special education costs. • Consider directly addressing other key priorities, such as inclusion.
Preschool Funding	
<ul style="list-style-type: none"> • \$250 million one time for increased and improved services. Allocated to school districts based on the number of preschool-aged children with disabilities. 	<ul style="list-style-type: none"> • Use funds for an ongoing base increase and incorporate preschool-aged children into base formula. • Allows the state to recognize costs associated with serving this age group.

