

Special Education Finance in California

November 29, 2016

Paul Warren

Supported with funding from the Dirk and Charlene Kabcenell Foundation and the Stuart Foundation



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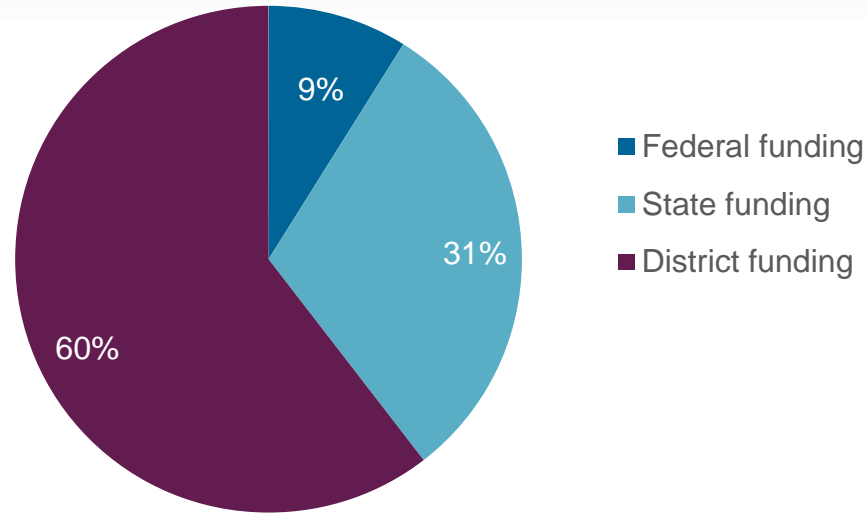
Outline

- Overview of California's special education system
- Distribution of students with special needs
- How SELPAs affect program quality and accountability
- Recommendations

Special education includes many students, has significant costs

- Since 1974, students with disabilities have had individual education plans
 - Must receive free, appropriate public education
 - Must participate in the least restrictive environment
- Includes about 12% of K–12 students
 - More than 700,000 students
- Spending is more than \$12.5 billion annually

District contributions are the main funding source



SOURCES: Authors' calculations from CDE special education finance data, 2014–15.

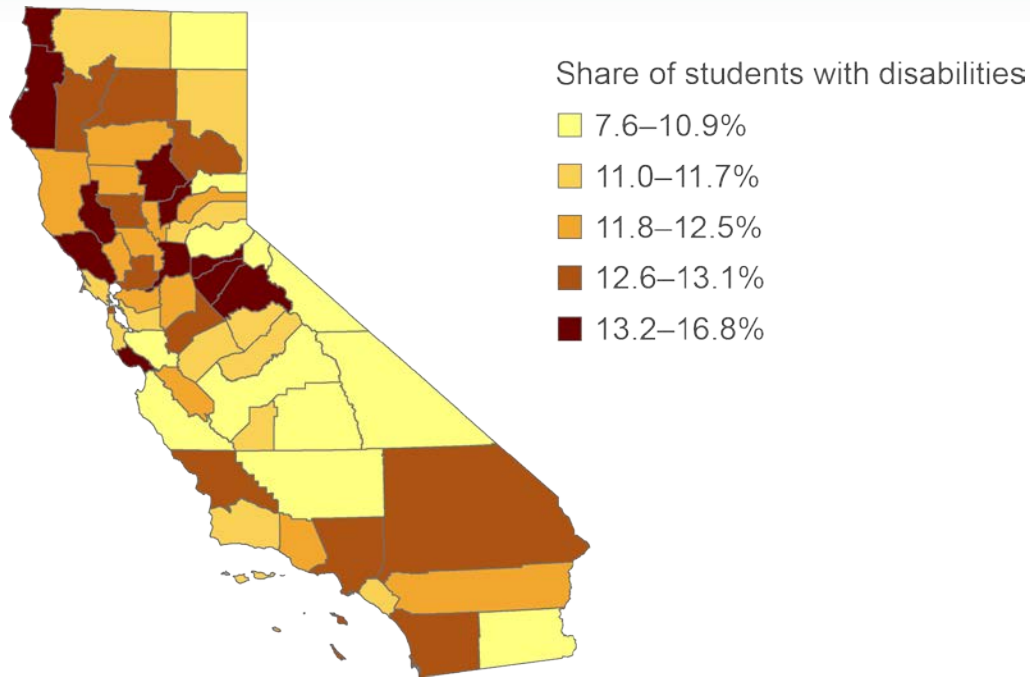
Funding has not kept up with program costs

- State and federal funds are distributed to Special Education Local Plan Areas (SELPA)
- State funding has not kept up with increases in the number and type of disabilities
 - Approximate shortfall of \$1.1 billion over the past decade
- SELPA funding rates are not equal

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Share of students with special needs varies across the state



Using overall student attendance to distribute funds is sensible

- Funding and share of students with special needs have weak connection
- Spending can be more closely related
 - As the percentage of students with special needs increases, per pupil spending
 - Increases at single district SELPAs
 - Stays flat at multi district SELPAs
 - As the percentage of students with severe diagnoses increases, per pupil spending increases

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SELPA's perform a range of services

- Ensure special education students receive appropriate services
- Allocate state and federal funds to regional programs and member districts
- Coordinate district and regional special education services
- Protect student and parental rights
- Train and consult with districts
- Submit special education program data to the state

SELPA structure is inconsistent with LCFF

- SELPAs play a major role in determining how funds are used
 - Significant “off the top” spending for regional services
 - Per-pupil distributions to districts
- Districts remain accountable for costs and outcomes
- Single-district SELPAs have control; districts in multi-district SELPAs have influence

SELPA fiscal practices raise significant issues

- Directly funding regional programs forces larger districts to subsidize smaller districts
- Distributing funds based on special education counts creates incentives to identify more students for special education
- Funding regional classes can encourage districts to serve students in separate programs

Other states use a variety of funding approaches

- Included in the K–12 funding formula (34 states)
 - Based on either overall attendance, counts of students with disabilities, or staffing
 - May include weights
- Categorical funding (12 states)
- Reimbursement (5 states)
 - Ranges from 27% to 100%
- No other state uses an intermediary to distribute funds to school districts

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Fund districts, not SELPAs

- Districts can purchase services, pool risks as necessary
- Allow time for a transition
- Protect small districts

Allocate special education funds through LCFF

- Fund special education similarly to services for low-income, English learner, and foster student services
- Include special education in district LCFF planning and accountability processes

Update main state funding formula (AB 602) and simplify other funding

- Equalize district funding levels
 - Suggested target: \$653 per student
 - Current average: \$527 per student
 - Estimated to cost about \$670m per year
- Consolidate funds for mental health services into AB 602
- Increase support for infants and preschoolers

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Notes on the use of these slides

These slides were created to accompany a presentation. They do not include full documentation of sources, data samples, methods, and interpretations. To avoid misinterpretations, please contact:

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Thank you for your interest in this work.