A blurred background of a classroom with rows of wooden desks and blue chairs. A semi-transparent dark blue rectangle is overlaid in the center, containing white and green text.

# California Special Education Finance System Study

**Stakeholder Input Sessions**

**January to March 2021**



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# Objectives for Stakeholder Engagement

1. Share findings and considerations from the implications stage of the study
2. Collect input on potential benefits and drawbacks on the considerations for inclusion in our final report



# Engagement Outline

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- 1) Context setting
- 2) Descriptive study findings (abbreviated)
- 3) Presentation of findings
- 4) Presentation of considerations and discussion on benefits and drawbacks
  - Inclusive Planning, Coordination, and Intervention
  - Funding for Early Childhood Special Education and other High Leverage Practices
  - Differentiated Funding Responsive to the Population

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# Context Setting

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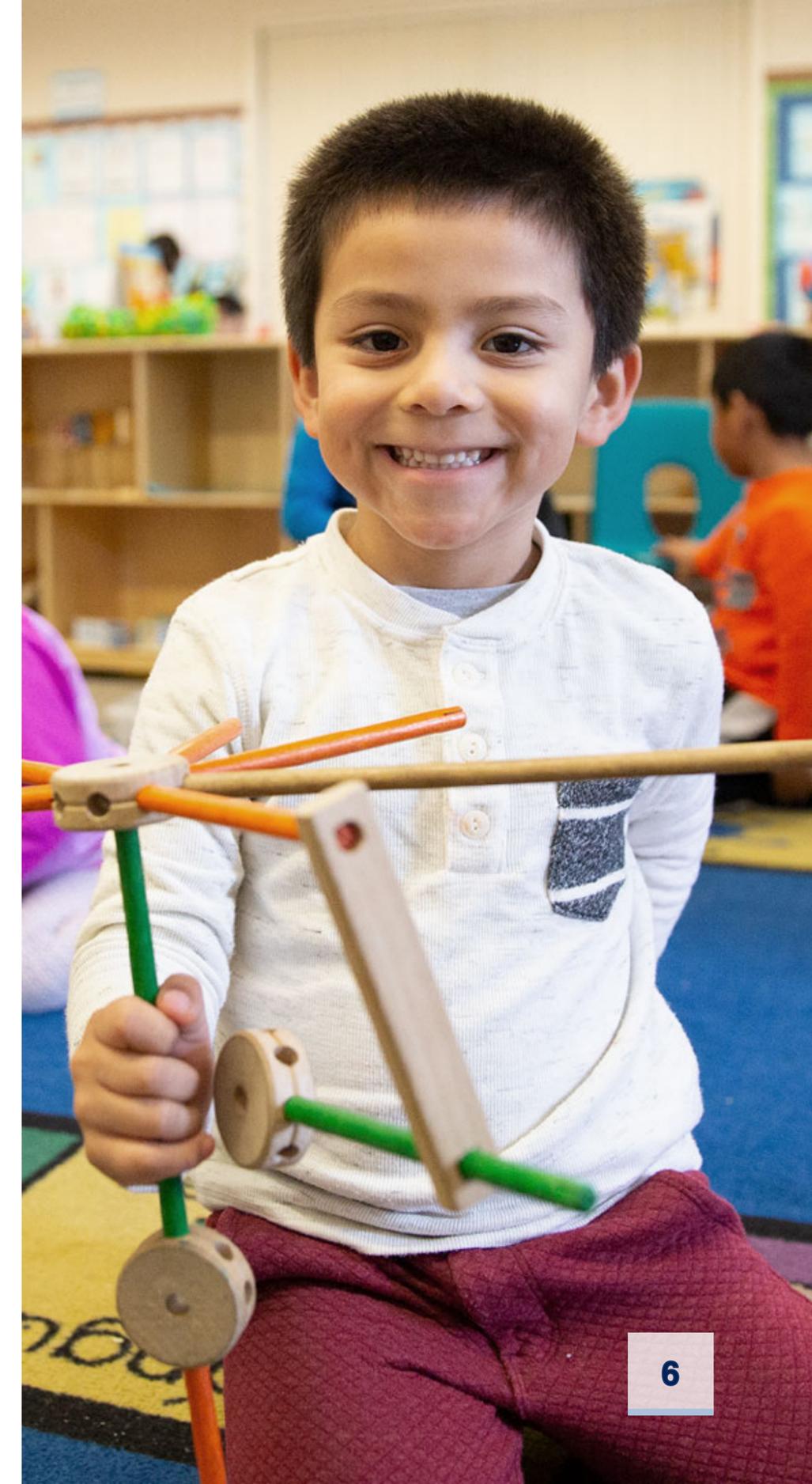
## Purpose of the California Special Education Finance System Study

- Advance understanding of the current special education funding system.
- Learn how the system might better contribute to providing the *right* amount of funding to the *right* agencies so they can provide the *right* services to the *right* students, ultimately improving outcomes for students with disabilities.

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# Grounding Assumptions

- This is a study of funding distribution of state special education dollars, not funding adequacy.
- We only studied the SELPA role in the funding system, not the service delivery and other functions assigned to SELPAs.
- There is no single entity responsible for any shortcomings or able to improve the system on its own; improvement will require systemic work. We are all a part of the solution.



# — Study Timeline

**October  
2020**

Descriptive report  
published

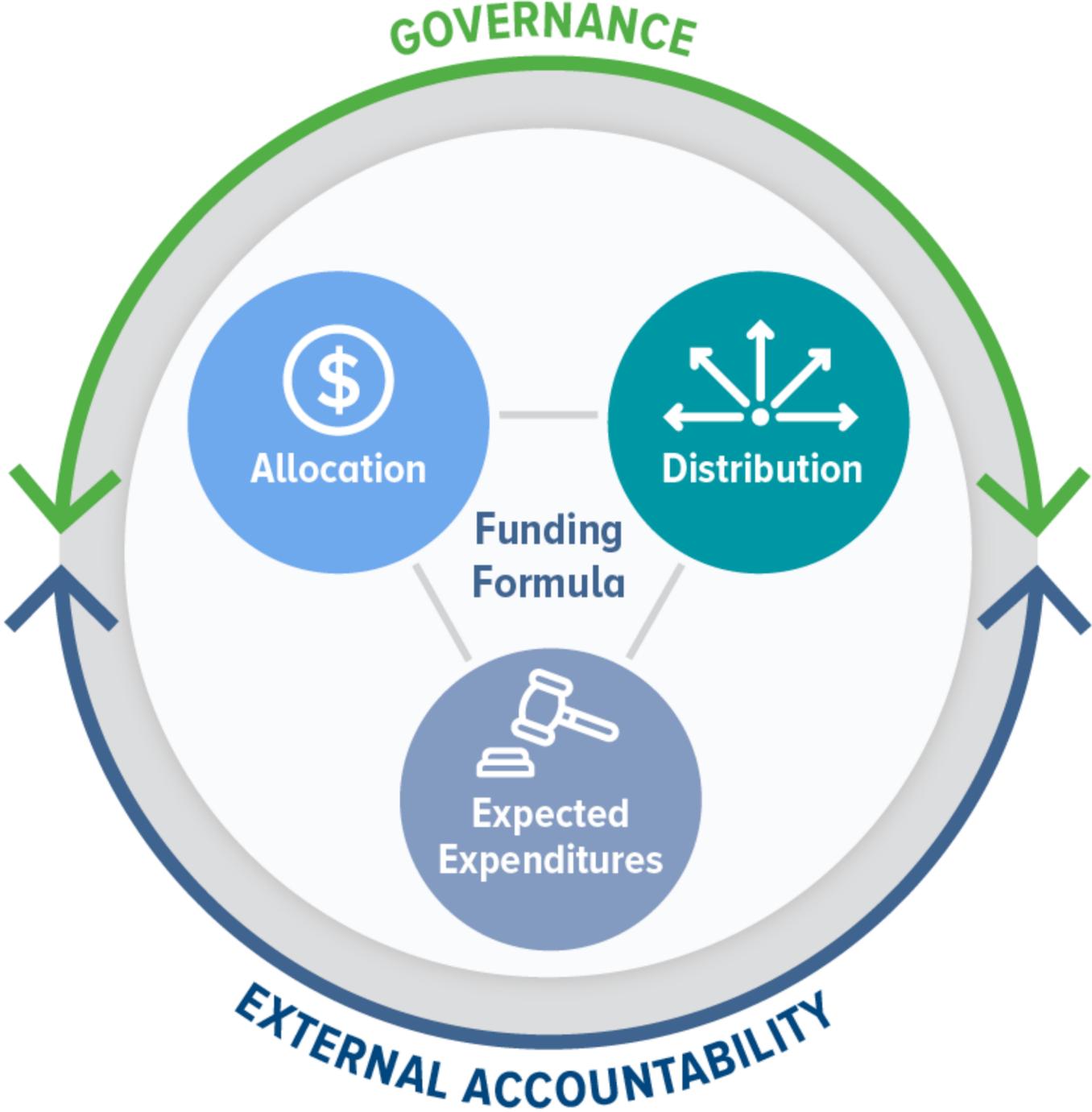
**January  
to March  
2021**

Gather broad  
stakeholder input on  
considerations

**May 2021**

Publish Implications  
Report

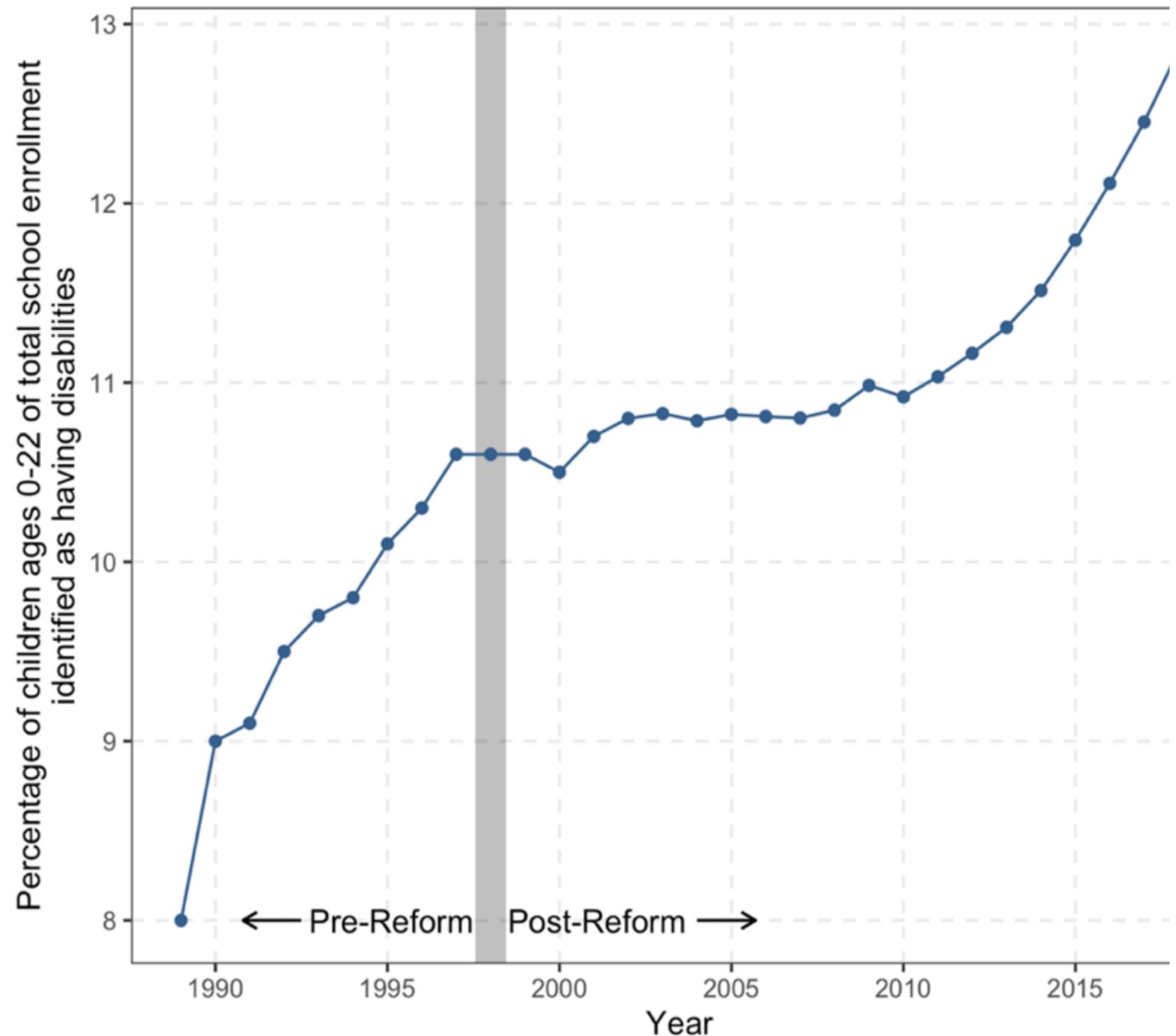
# Education Funding Policymaking Framework



## Key Takeaways: California's Students with Disabilities

- California's special education population is growing.
- Census-based allocation does not appear to have long-term effect on identification rates.

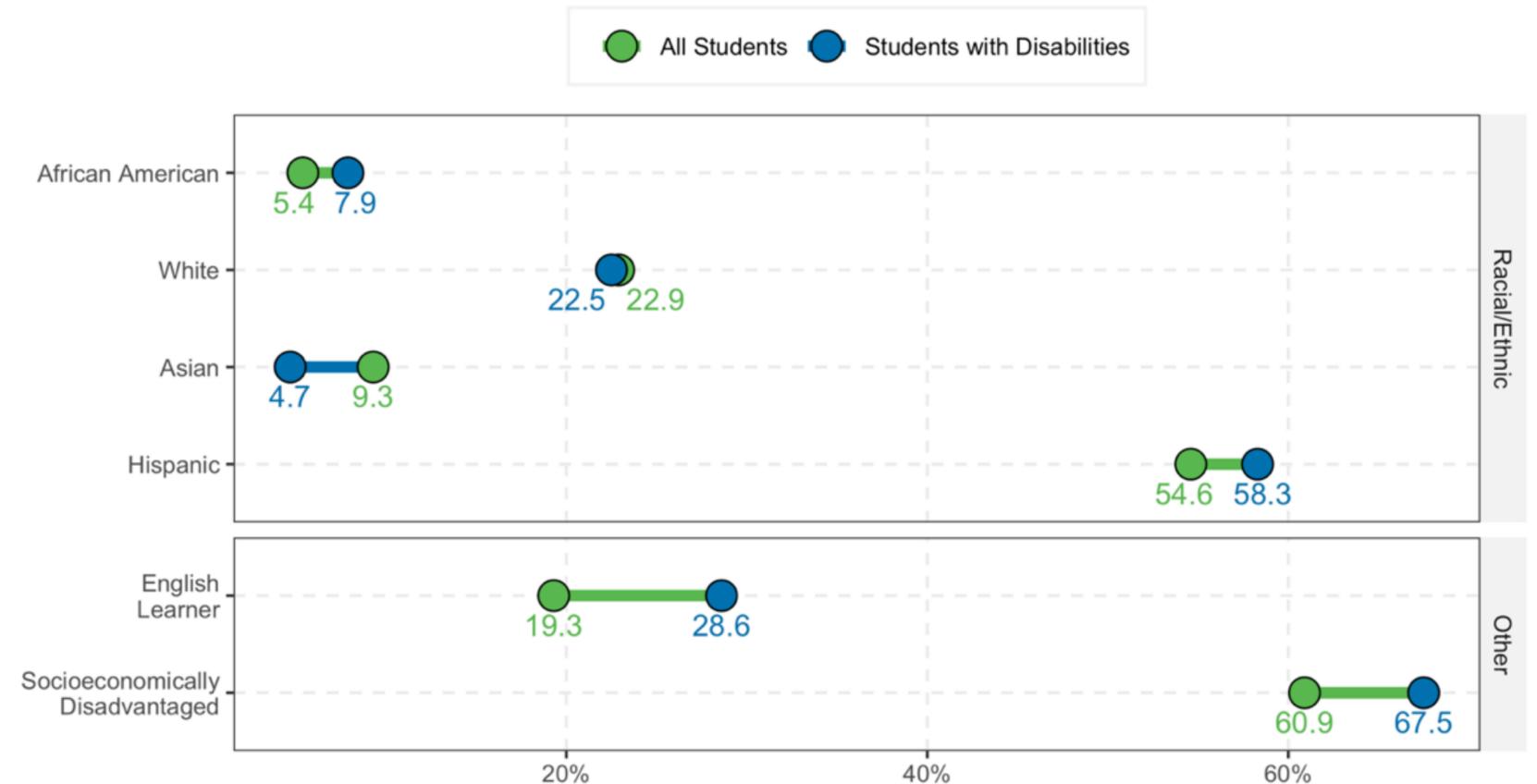
Figure E-6. State identification rates prior to and after the shift to AB 602



# Key Takeaways: California's Students with Disabilities

- Some populations – English Learners, low-income, are disproportionately identified as students with disabilities.
- Students with disabilities have other needs that are addressed through **different** and **separate** programs and funding streams.

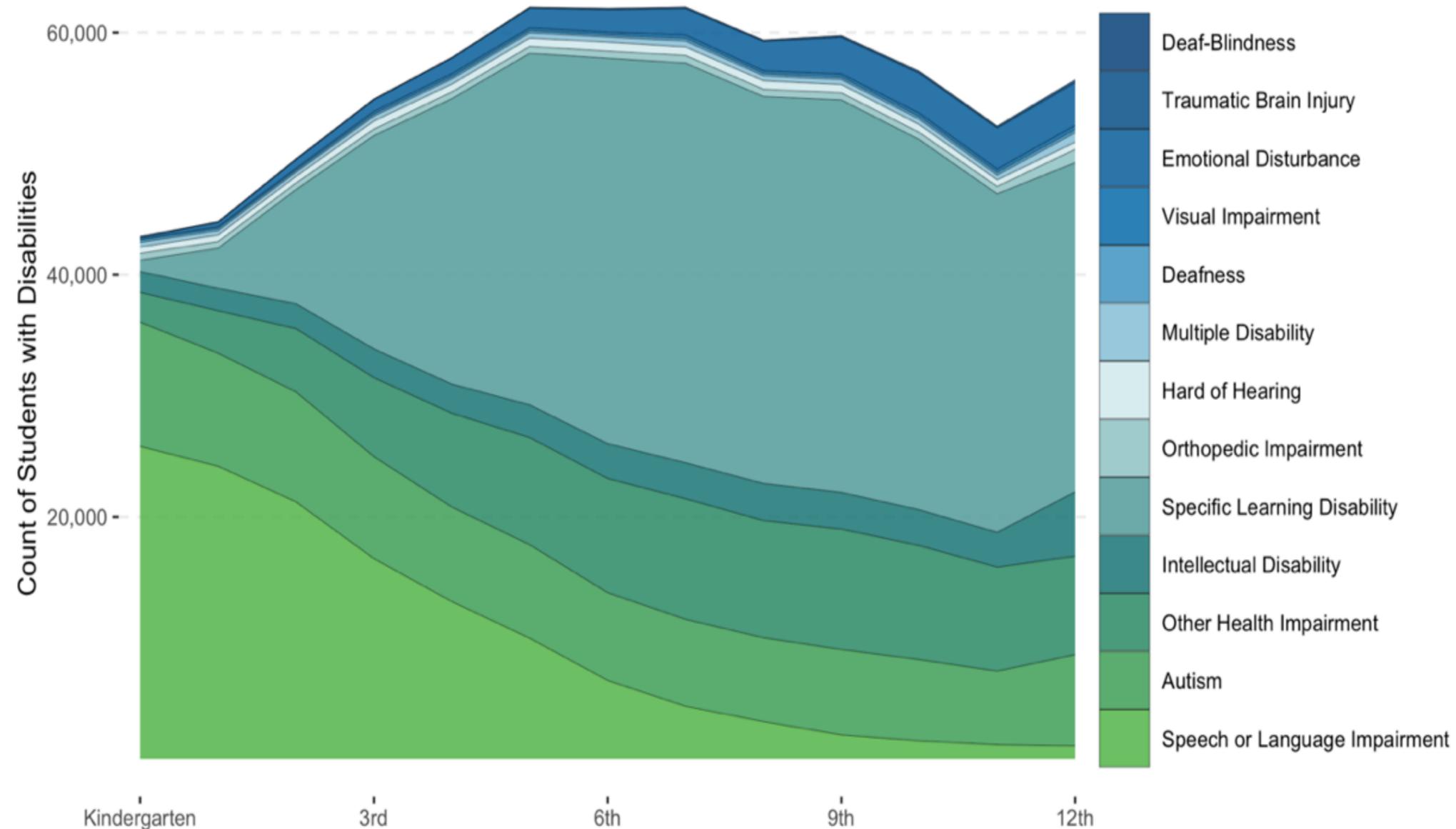
Figure E-2. Disproportionate identification of California students with disabilities, 2018-19 school year



# Key Takeaways: California's Students with Disabilities

Type and proportion of students identified with disabilities vary considerably by LEA and by grade level.

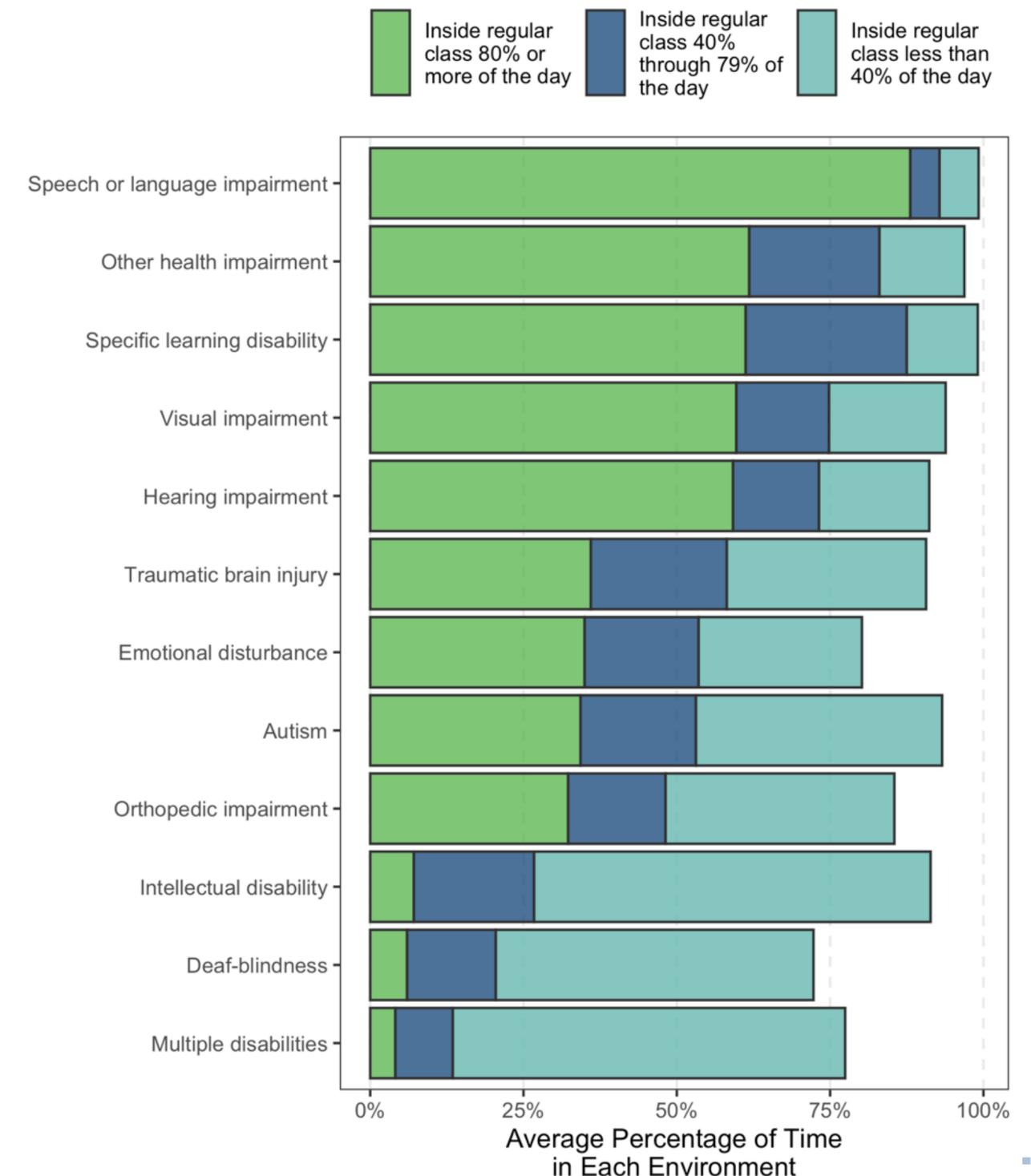
Figure E-3. Disability category by grade in California K-12 schools, 2018-19 SY



# Key Takeaways: California's Students with Disabilities

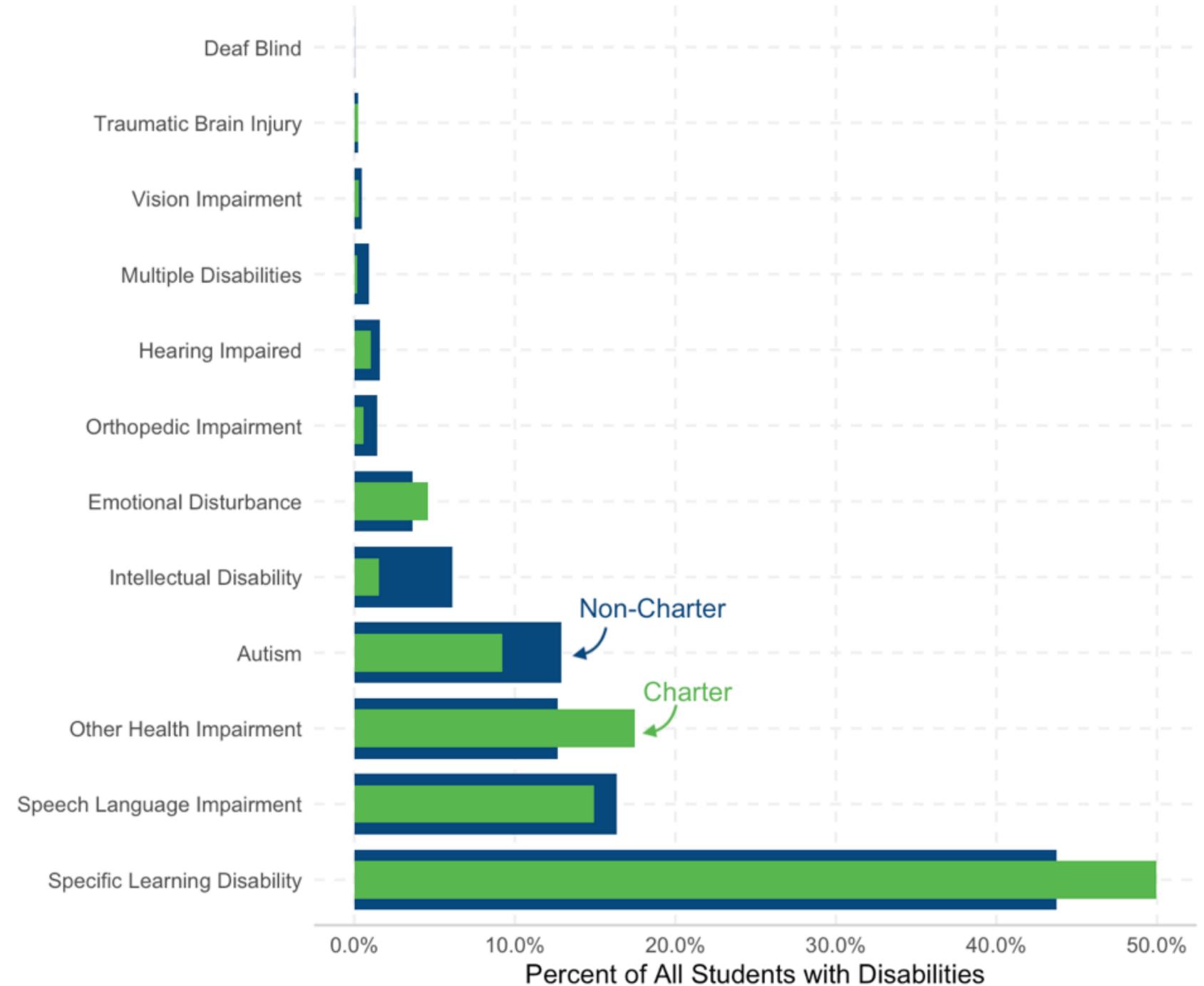
- Some types of students with disabilities spend substantially more time in general education classrooms as compared to others, e.g., SLI versus multiple disabilities

Figure 6. Percentage of time that students with disabilities spend in different types of educational environments, by disability category



# Key Takeaways: California's Students with Disabilities

- Charter school LEAs serve a different profile of students with disabilities than traditional LEAs.
- Generally, disability categories such as intellectual disability and autism have tended to be more expensive on average than speech language or specific learning disabilities.



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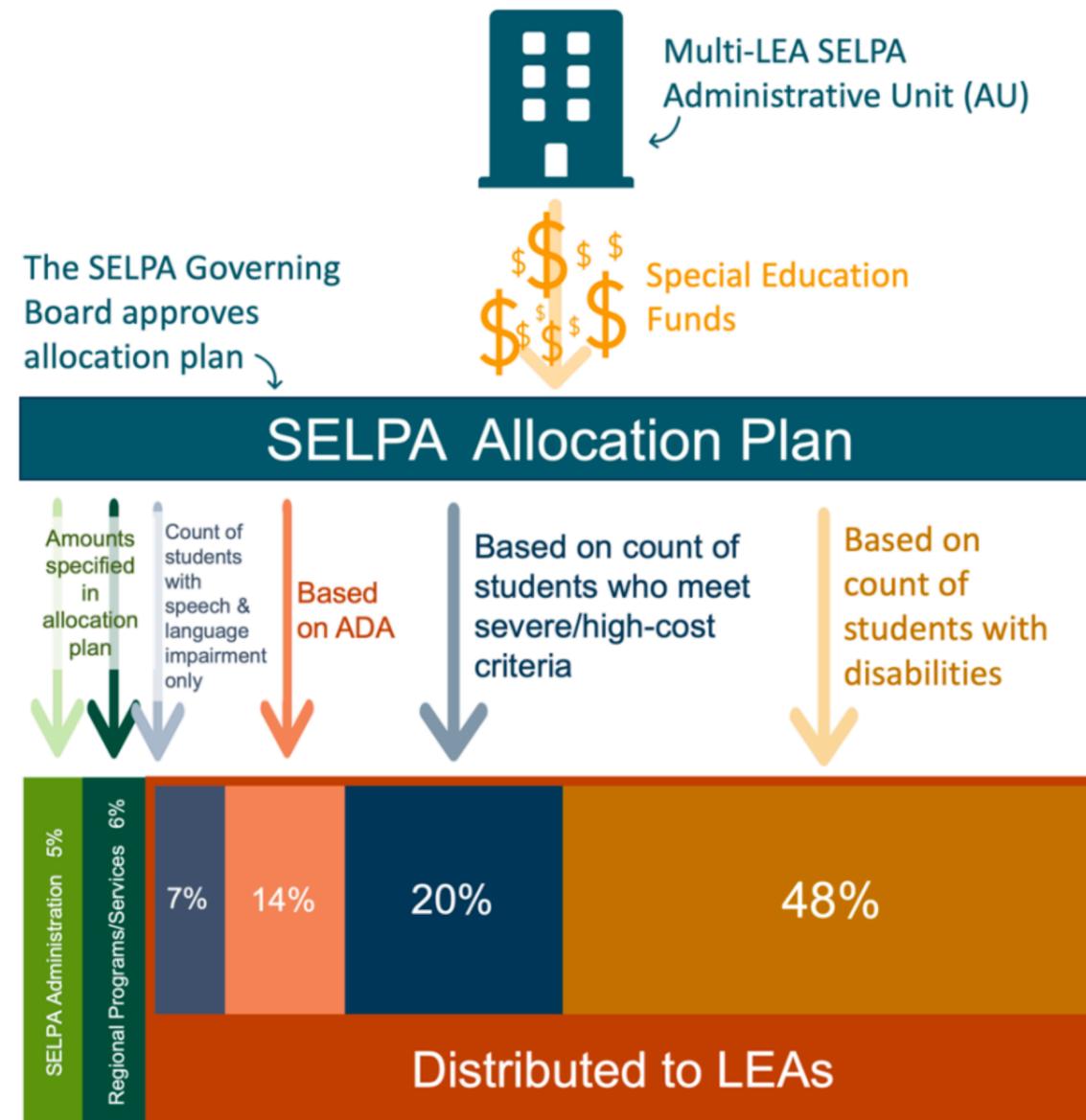
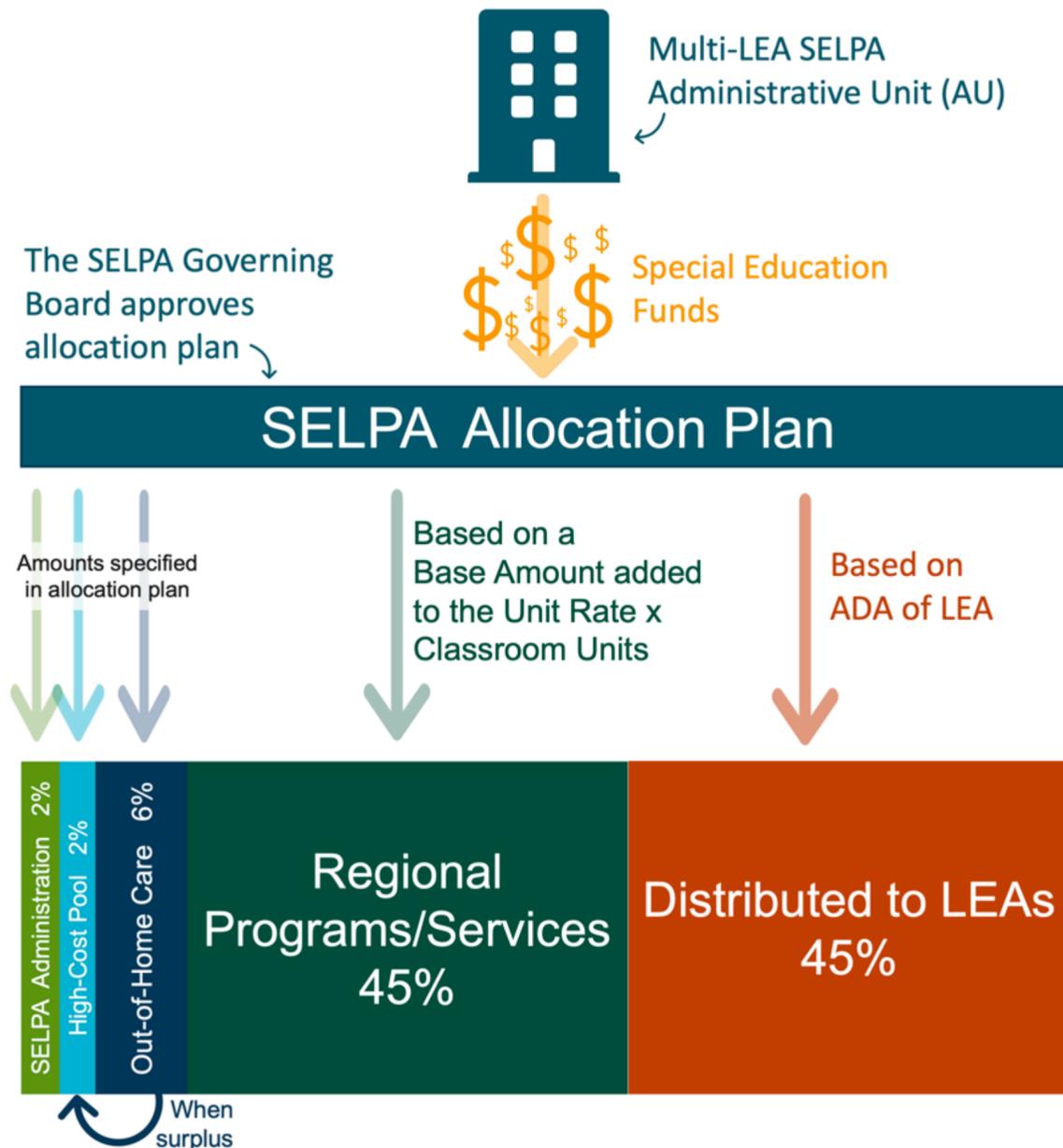
# Key Takeaways: Special Education Funding System

- **The majority of California's current special education funding formula does not differentiate among students with disabilities, types of schools, etc.**
- **However, the special education funding allocation approach is not purely census-based.**
  - California's current funding system includes a mix of funding streams that differentiate funding by disability category and cost of programs that largely compensate for the census-based approach used to distribute the AB 602 base.
- **California's statewide high-cost pools to support LEAs with high-cost special education students are among the lowest funded in the nation.**
- **California's approach of distributing special education funds exclusively to and through SELPAs is an uncommon practice nationally.**

# Key Takeaways: Special Education Funding System

SELPA governing boards allocate and distribute using different formulas, some of which differentiate based on need, disability, category, and cost.

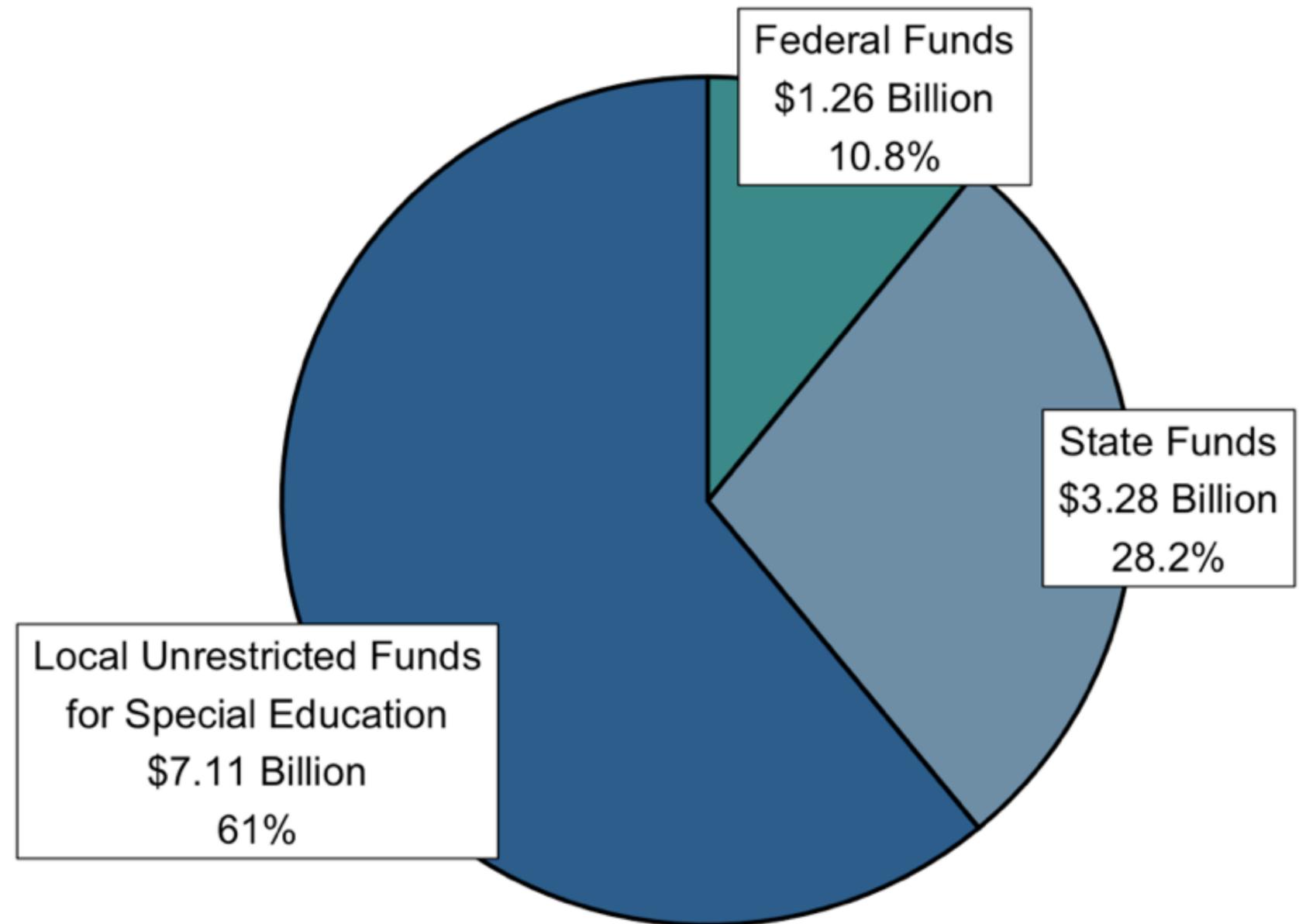
(By using the actual count of students rather than ADA; holding funds from LEAs to provide specific services.)



## Key Takeaways: Special Education Funding System

- In California, special education and general education funding are parallel and separate.
  - However, LEAs are held accountable for students with disabilities' outcomes.
- Education Code and policies lack clarity about which entity is responsible for FAPE.

Figure 10. Funding sources for special education in California, 2018-19

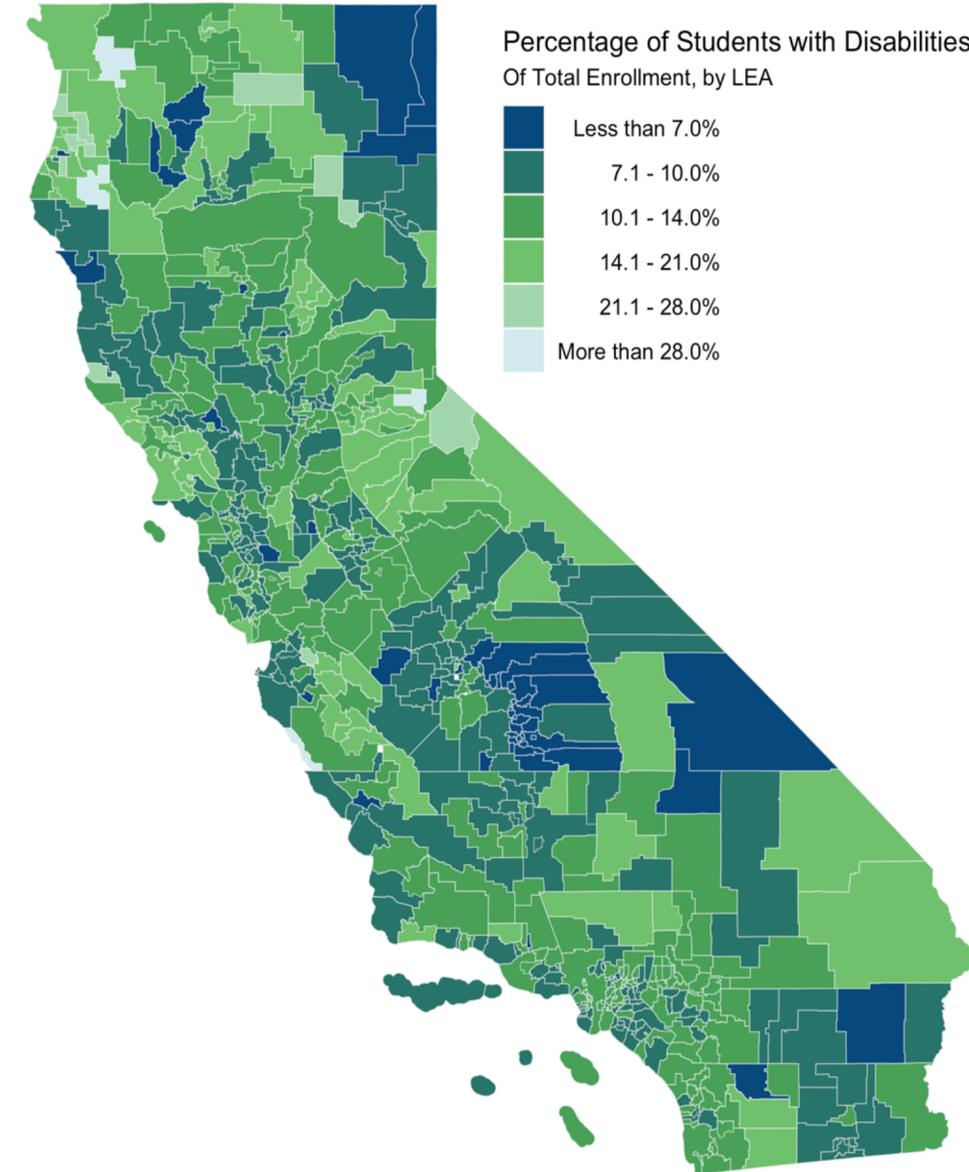


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## Key Findings and Implications

# Key Finding: Current state special education allocations do not reflect variability of students with disabilities population

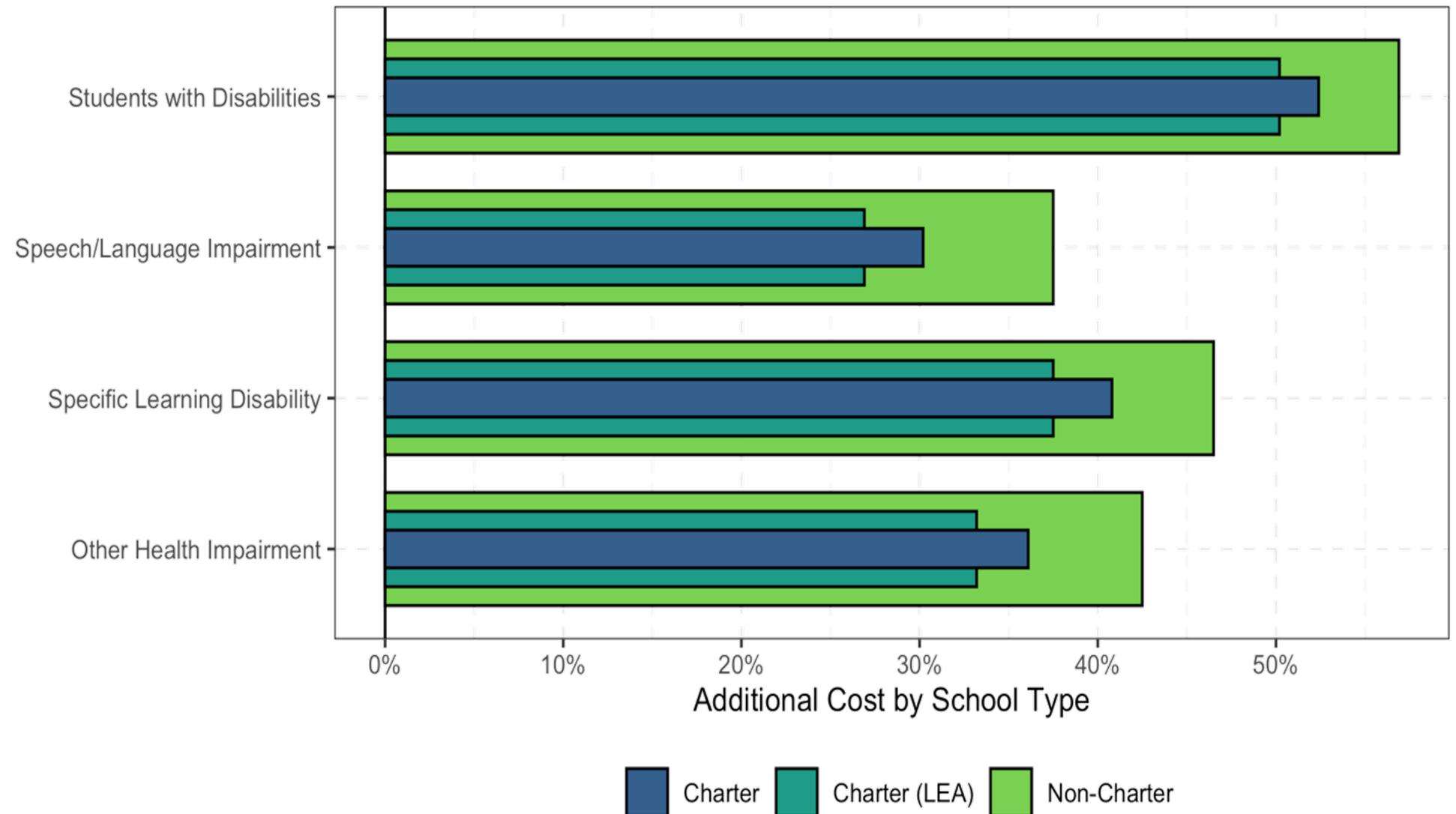
- There is a positive correlation between **cost** and **academic achievement**.
- The additional cost of programs for students with disabilities to achieve equivalent academic growth to their peers without disabilities is approximately **50.5% more**.



Source: CASEMIS, 2018-19

# Key Finding: Cost of achievement varies by school type

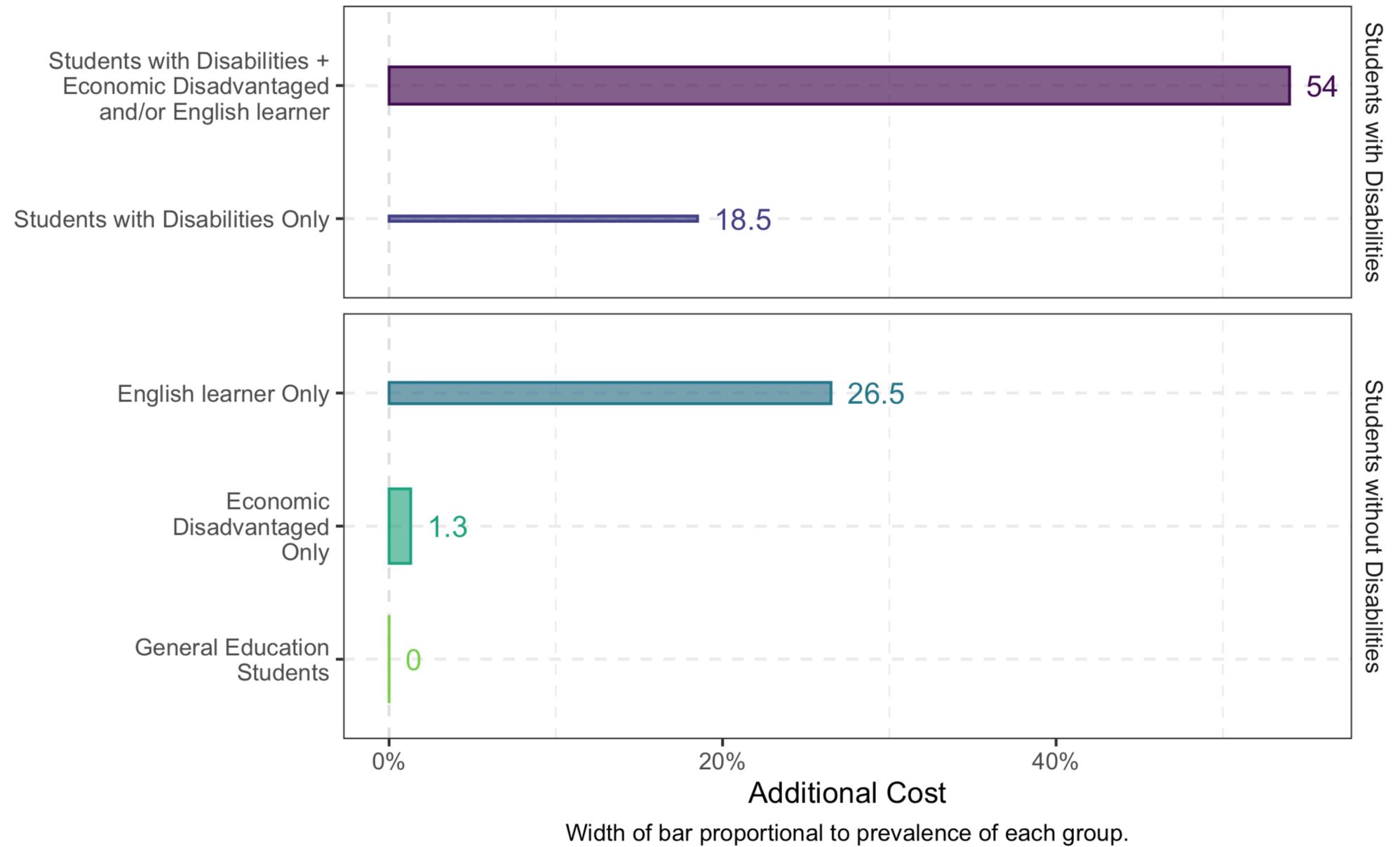
- Cost of programs that lead to student growth in **elementary** and **middle** school is **less** than cost of programs in high school.
- Cost of achieving growth for SWDs is, on average, **lower in charter schools.**



# Key Finding: Cost of achievement increases with multiple needs

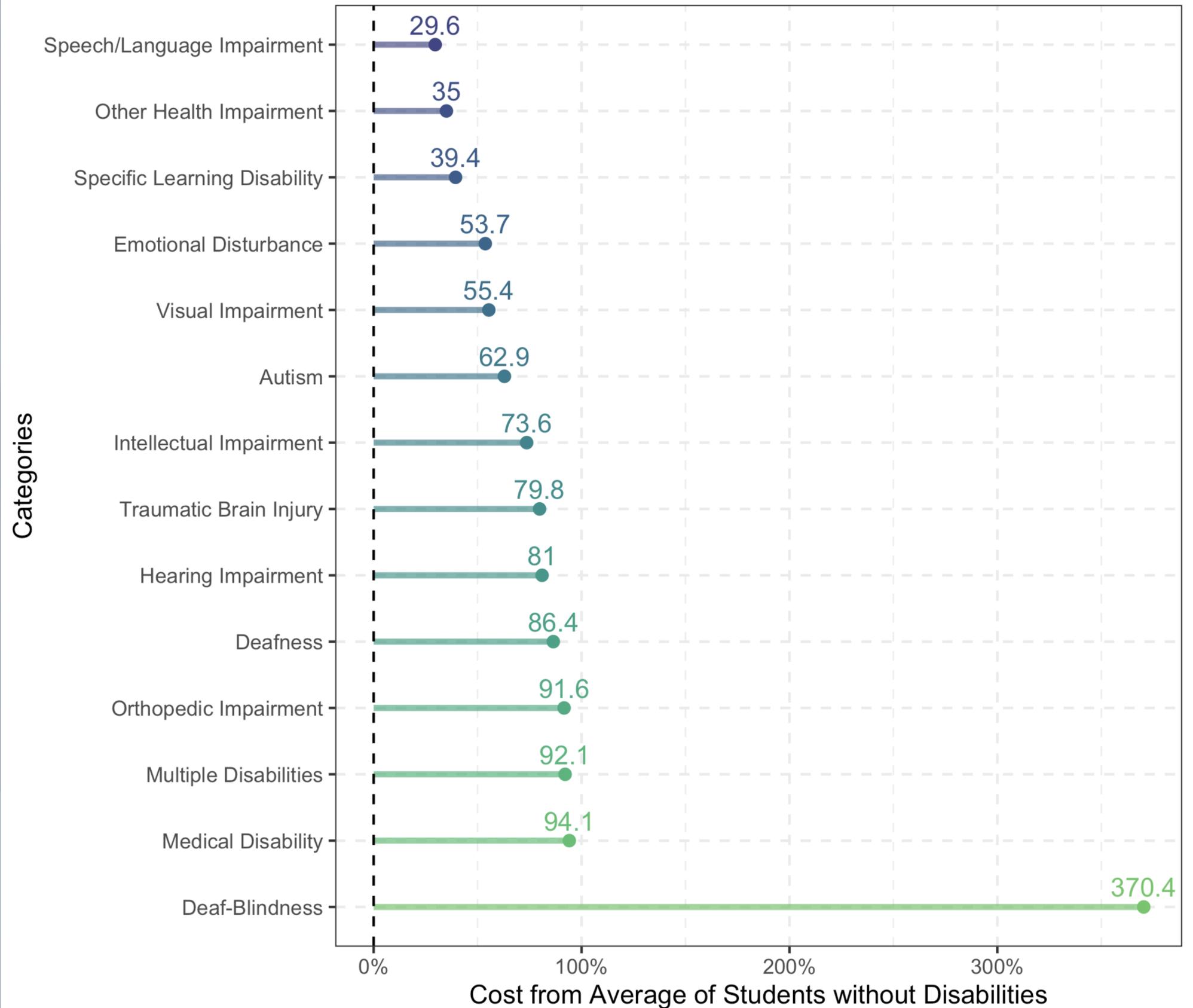
- The additional cost of programs for **SWDs who are also** either EL and/or economically disadvantaged is **greater than the sum** of the additional costs related to each factor alone.
- Students who are EL are disproportionately identified as students with disabilities particularly in the specific learning disability (SLD) category.

Additional cost of programs for students in multiple groups compared to average cost of programs for students who do not belong to any of these groups



# Key Finding: Current allocations do not reflect variability in costs within special education

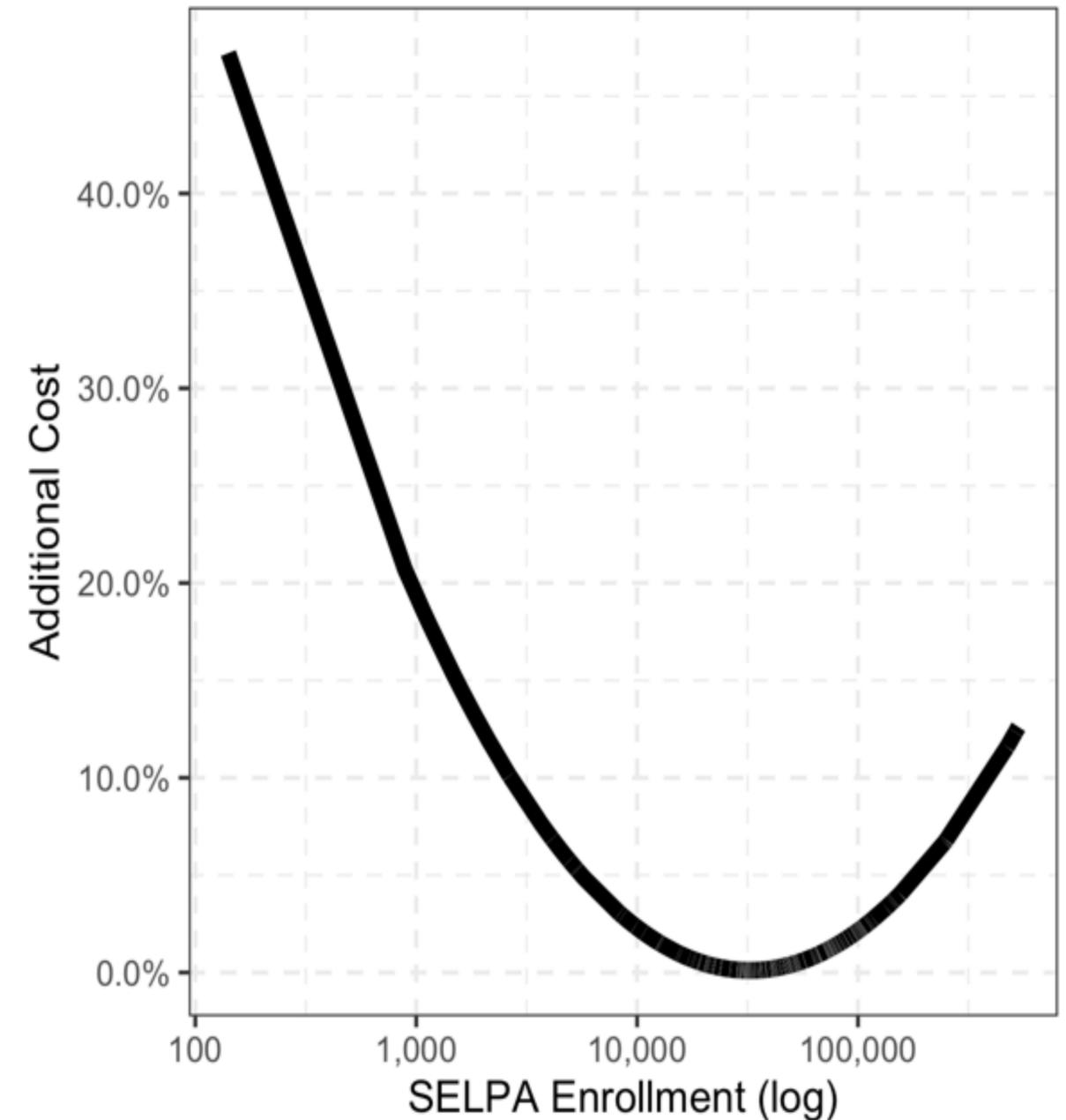
- The cost to achieve equivalent outcomes to students without disabilities varies by disability category.



# Key Finding: Economies of scale for service provision observed at all levels

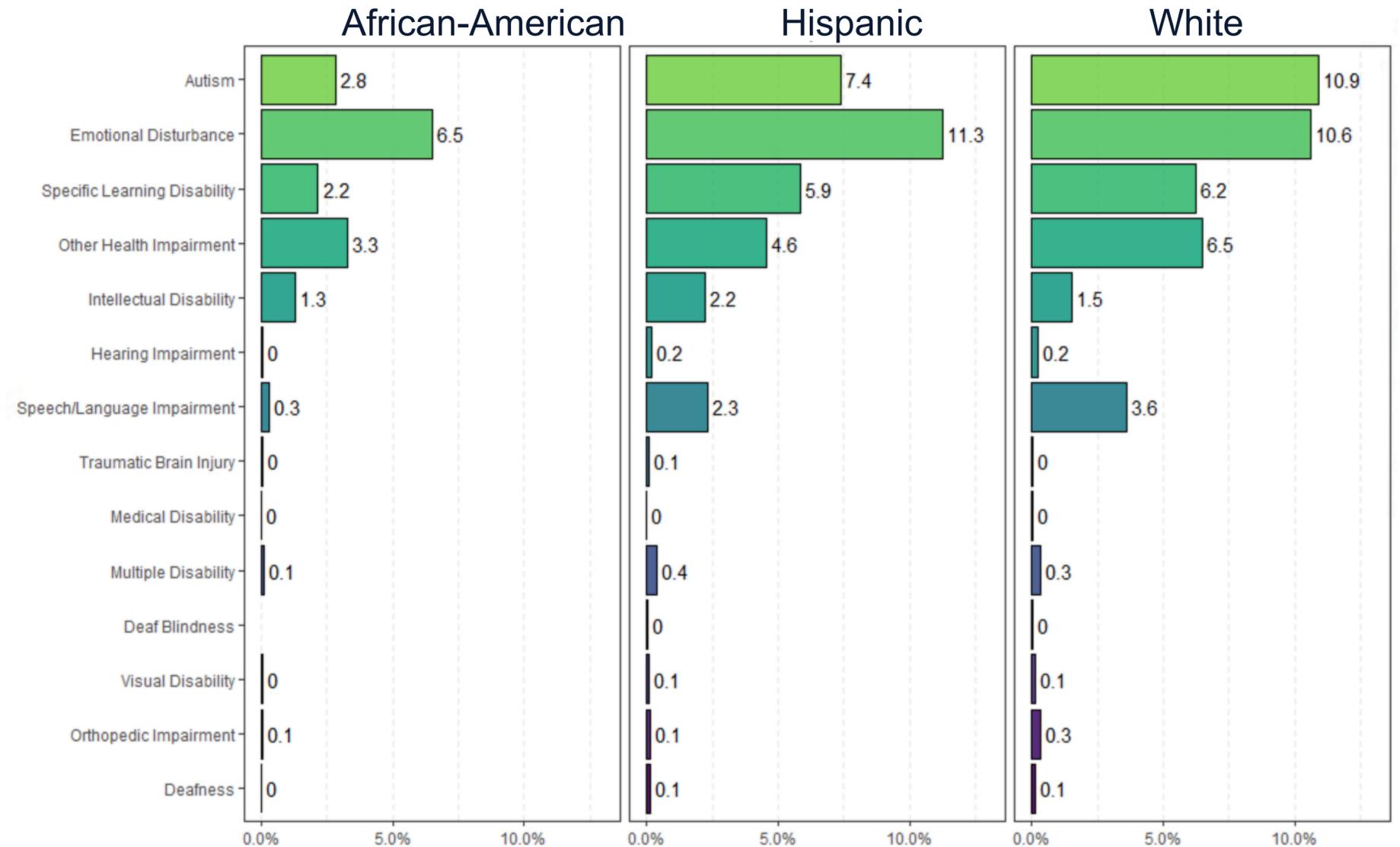
- Economies of scale were observed at the **SELPA, LEA, and school** levels.
- There are **regional differences** in the cost of providing services across CA.
- Most **educationally related mental health services** are **provided by LEAs** even though ERMHS funds are allocated and distributed to SELPAs.

Cost from minimum based on SELPA census enrollment



# Key Finding: NPS Placement Patterns

- The current funding formula may incentivize placement in NPS settings.
- Students in the disability categories **Emotional Disturbance, Autism, Specific Learning Disability, and Other Health Impairment** were most likely to be placed in an NPS.
- **White students were most likely** to be placed in an **NPS setting**.



Percent of Total Students in an NPS Placement

Source: CASEMIS, 2018-19.

NPS placement includes Nonpublic Day School, Nonpublic Residential School (outside CA), Private Day School, Private Residential School, and Nonpublic Agency.

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# Considerations

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# Considerations

**Inclusive Planning, Coordination, and Intervention**

**Funding for Early Childhood Education and Other High Leverage Practices**

**Differentiated Funding Responsive to the Population**

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## **Inclusive Planning, Coordination, & Intervention: What do you view as the POTENTIAL BENEFITS and DRAWBACKS of these considerations?**

**Long-term:** Create one system for planning and coordination of special education and other supplemental services.

### **Immediate and Near-Term**

- Combine planning and reporting requirements related to accountability mechanisms aimed at improving outcomes for students with disabilities, eliminating duplication between the Local Control and Accountability Plan (LCAP) and Special Education Plan (SEP).
- Identify and promote best practices for coordinating instructional supports for student groups known to be likely to be identified as having disabilities through grants for model demonstration projects and funded technical assistance projects from CDE.

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# Inclusive Planning, Coordination, & Intervention: What do you view as the **POTENTIAL BENEFITS** and **DRAWBACKS** of these considerations?

## Long-term:

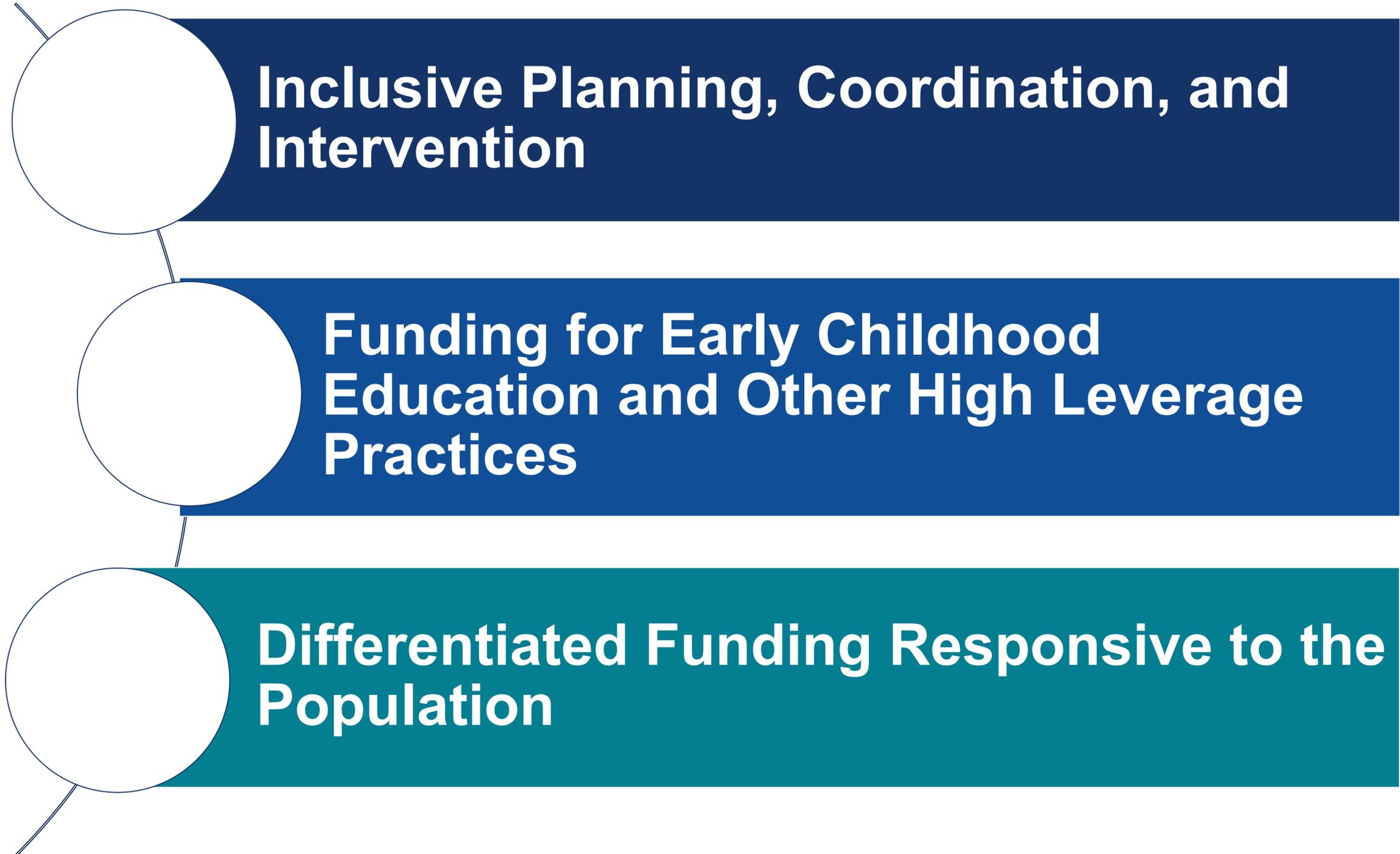
- Continue to provide Educationally Related Mental Health Services (ERMHS) funds for services for students with and without IEPs, through a separate fund or through an allowance for flexible use of base funds.
  - Introduce flexibility for LEAs to apply to receive ERMHS funds directly when capacity to provide services is demonstrated.
  - Allow ERMHS funds to be used to develop Medi-Cal billing infrastructure and build school-based health partnerships to help LEAs realize additional reimbursement for health services.
- Transition over time from the exclusive distribution of state special education funds to SELPAs toward a mixed distribution to LEAs and a regional entity (e.g., COEs and SELPAs).

## Immediate and Near-Term:

- Consider the findings from: Medi-Cal for Students workgroup, LAO Workgroup examining Out-of-Home Care program, CDE special education governance & accountability study, CDE IEP template and alternate pathways workgroups

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# Considerations



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# **ECE & High Leverage Practices: What do you view as the POTENTIAL BENEFITS and DRAWBACKS of these considerations?**

## **Long-term:**

- Use one-time and ongoing funds to invest in inclusive early childhood education and early elementary personnel preparation.
- Build expertise of CDE special education and federal program staff to provide guidance to LEAs on funding strategies for coordinated interventions including braiding and blending funding strategies, incidental benefit, and the allowable use of special education funds to fund inclusive preschools.

## **Immediate and Near-term:**

- Allow low incidence disabilities and other special education funds to be used for inclusive preschool programs that include students with low-incidence disabilities, other students with disabilities, and students without disabilities.
- Continue and increase competitive grant programs to create model demonstration projects for inclusive preschools and effective core instruction to reduce overidentification for special education.

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# Goals of the Study's Considerations

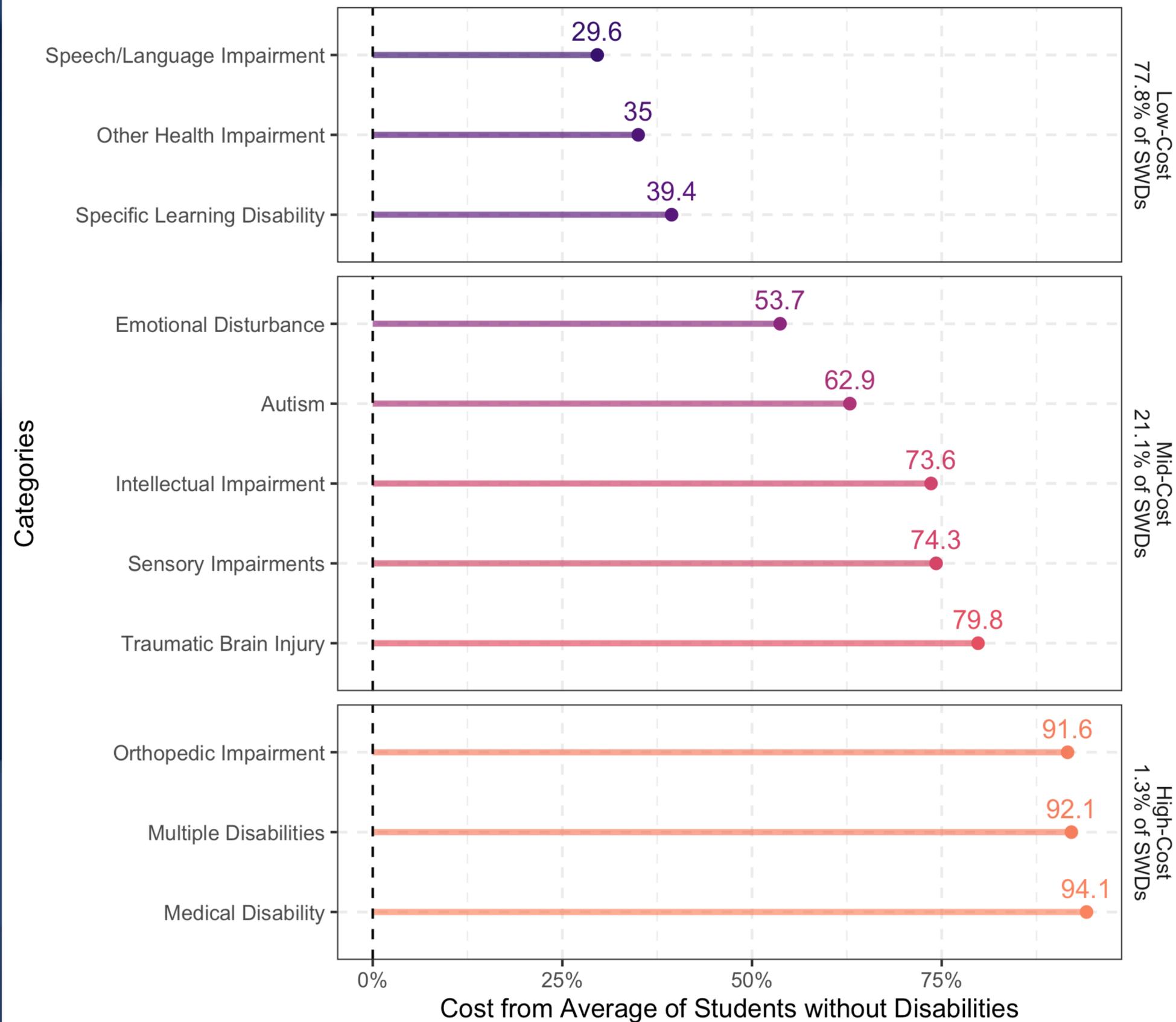
**Inclusive Planning, Coordination, and Intervention**

**Funding for Early Childhood Education and Other High Leverage Practices**

**Differentiated Funding Responsive to the Population**

# Long-term Consideration: Allocation Formula

- Allocate special education base funding using child count.
- Weight the allocation by disability category cost groupings; the research team established three weighted cost groupings:
  - Low: 1.34
  - Mid: 1.68
  - High: 1.92



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## **Allocation Formula: What do you view as the POTENTIAL BENEFITS and DRAWBACKS of these considerations?**

- Allocate special education base funding using child count.
- Weight the allocation by disability category cost groupings; the research team established three weighted cost groupings:
  - Low: 1.34
  - Mid: 1.68
  - High: 1.92

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# Extraordinary Cost Pools: What do you view as the POTENTIAL BENEFITS and DRAWBACKS of these considerations?

## Long-term:

- Establish, adequately fund, and administer an extraordinary cost pool that is large enough to provide sufficient funds for programs for students based on a program cost threshold that is not placement dependent.
- Allow extraordinary cost pool reimbursements to be accessed by individual LEAs or consortia.
- In coordination with the LAO workgroup examining the Out-of-Home Care program and funding, consider transitioning Out-of-Home Care funds to the extraordinary cost pool.

## Immediate & Near-term:

- Combine the Extraordinary Cost Pool for NPS/ Licensed Children's Institutions with the Necessary Small SELPAs Mental Health Service Extraordinary Cost Pool.
- Remove the requirement for an NPS placement in order to access extraordinary cost pool funds, thereby allowing LEAs that serve students within their local community to access funds.
- Further study NPS placements.

# Thank you!

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Provide additional feedback on the benefits and drawbacks of specific considerations at:

<https://forms.gle/9JZ7cbJuv4DY4Qi28>

Email questions to: [caspedfunding@wested.org](mailto:caspedfunding@wested.org)

Sara Doutre ([sdoutre@wested.org](mailto:sdoutre@wested.org))

Jason Willis ([jwillis@wested.org](mailto:jwillis@wested.org))