Special Education Finance in California:

A Summary of the Findings and Recommendations of the 2016 Public Policy Institute of California Special Education Finance in California Report

ANNA MARIE VILLALOBOS ED.D SANTA CLARA SELPA FEBRUARY 2017

Public Policy Institute of California (PPIC)

In 2016 Governor Brown asked the Public Policy Institute of California (PPIC) to investigate and report on California's special education financing in light of:

- The principles of local control, accountability, transparency and equity and that underlie the Local Control Funding Formula (LCFF)
- The Special Education Task Force recommendation for a seamless and unified special and general education program.

PPIC Research Methodology

The PPIC examined the following information:

- > The recent history of California special education finance
- Special education caseload and spending data
- ➤ Individual student data (CASEMIS)

PPIC Research Methodology

The PPIC examined the following information:

- Interviews with a small sample of SELPA directors
- >Interviews with a small sample of superintendents
- > SELPA websites
- >Other states' special education finance structures

- Special education funding is "categorical", meaning it must be spent specifically on specialized services to students who fall into the category of special education
- ➤ AB 602 special education funds are distributed to SELPAs based on census counts of all students
- The annual per student amount of AB602 revenue varies from SELPA to SELPA, ranging from under \$500/student to over \$1200/student. State average is \$557/student. Our SELPA is \$528.

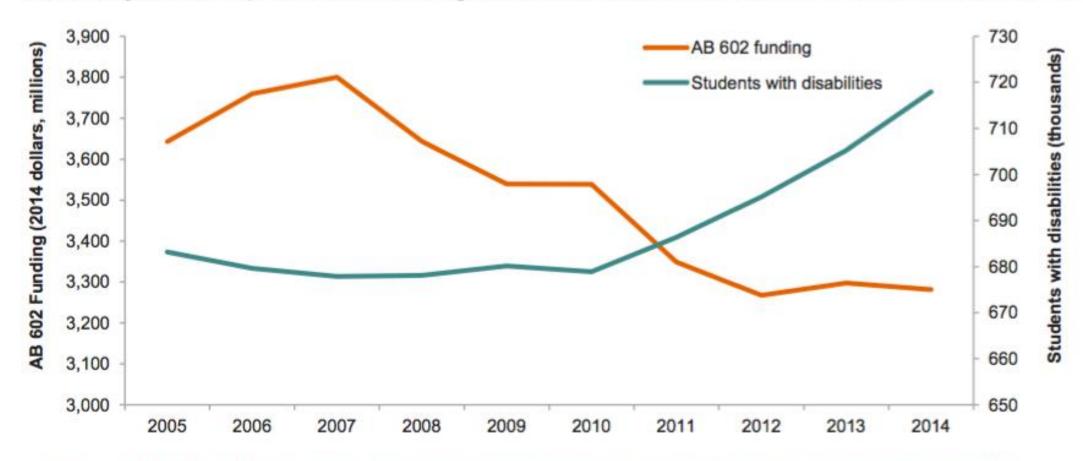
- Students with disabilities are not equally distributed across the state, (ranging from 7-17% of total SELPA populations), or within individual SELPAs
- >70% of all students in special education in California are *also* foster students, English learners, or students living in poverty
- Multi-district SELPAs (about 2/3 of all SELPAS) distribute special education revenues to districts according to an allocation plan developed by member districts to meet the unique local needs of the SELPA community, and thus vary in how funds are allocated to districts

7

- ➤ While general ed census is down overall in California, the numbers of students with IEPs have continued to rise
- Within the special education population, the percentage of students with more severe (and costly) needs has risen while the percentage of students with milder needs has declined
- Education funding increases in CA have largely supported general education through increases to the local control funding formula (LCFF); special education funding has not been increased to keep pace with rising service costs or with general education funding

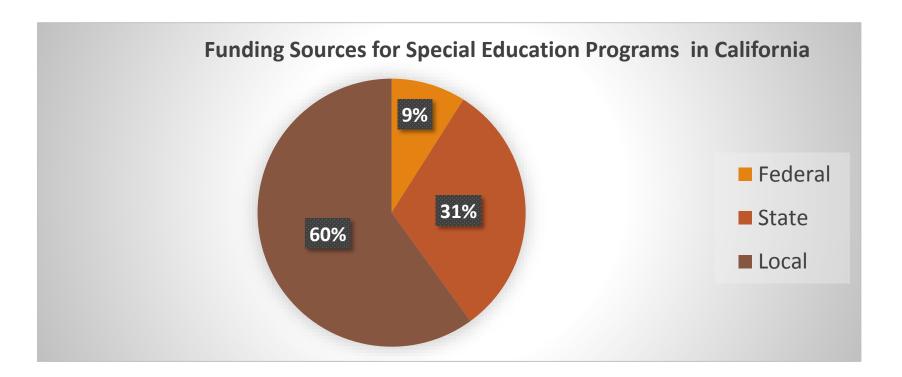
FIGURE 2

Inflation-adjusted state special education funding has decreased while number of students with disabilities has increased



SOURCE: CDE CASEMIS and AB 602 funding, including state property tax used in AB 602 funding distribution calculations and the Out-of-home care program.

As a result of rising costs and flat or declining special education state revenues, over half of the cost of special education now comes from local sources

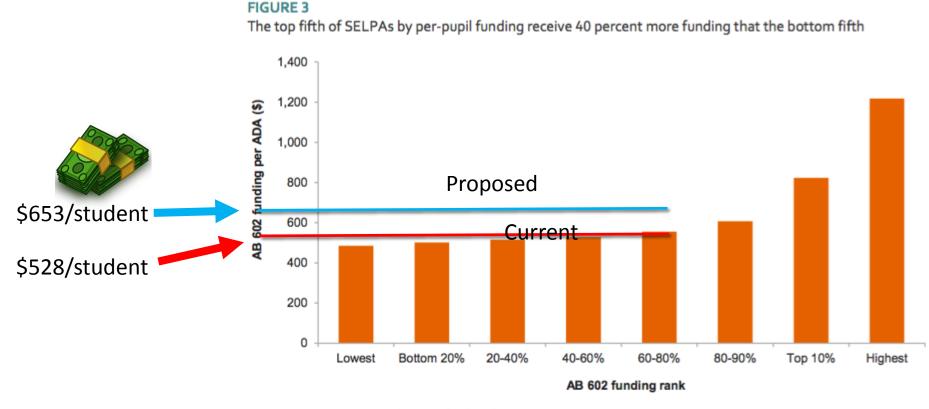


- The principles of local control, accountability, transparency and equity and that underlie the Local Control Funding Formula (LCFF)
- The Special Education Task Force recommendation for a seamless and unified special and general education program.

ADAPTED FROM S. WOLVERTON AT TRI-VALLEY SELPA

11

Equalize AB 602 funding to either the 90^{th} percentile (after eliminating the 12 highest funded SELPAs from the formula) or the 2007 per ADA rate - either of these would mean approximately \$653 per ADA



SOURCE: CDE CASEMIS and AB 602 funding data, 2014–15.

NOTES: AB 602 funding including out-of-home care and state property tax. The Los Angeles Court School SELPA is excluded.

Adapted from S. Wolverton at Tri-Valley SELPA

Provide state funding for special education preschool



- Add mental health revenue to the AB602 funds
- Add the AB602 funds to the LCFF funds
- Consider lifting restrictions on the use of special education funding



Distribute special education funds directly to districts rather than through SELPAs



PPIC suggests dissolving SELPAs

➤ The PPIC recommends that in the absence of SELPAs that another organization be created to take over the statutory responsibilities of the SELPA (possibly County Office of Education-could create conflict of interest)

SELPA Responsibilities

- >A coordinated system of identification, referral, and placement
- An Annual Budget Allocation Plan that includes a description of how funds are distributed to member districts and multidistrict SELPAs
- An Annual Service Plan outlining the services each district and county office of education will provide
- Plans for providing services to students in medical, correctional or other facilities

Source: California Education Code, Section 56195-56208

SELPA Responsibilities

- >A process for protecting student and parental rights
- Regional staff to train and consult with district teachers and administrators
- Submission of special education program data as required by state and federal law
- Coordination with other educational agencies that serve people with special needs

Source: California Education Code, Section 56195-56208

The PPIC also recognized the need for the creation of a regional entity to:

- > Assist districts with legal compliance
- Offer training for teachers
- > Assist districts with curriculum development

The PPIC also recognized the need for the creation of a regional entity to:

- > Shield small districts from extraordinary costs
- Offer regionalized programs and services for hard-to-serve populations
- Smaller districts "may want to join SELPA-like consortiums to achieve economies of scale"

20

Perspectives on the PPIC Report

- The PPIC report is offering fiscal recommendations
- Federal laws and regulations must still be followed
- Increased burden on CDE these changes would require the state to deal with, and disseminate special education information to, 1100+ Districts rather than 130 SELPAs

21

Perspectives and Updates on the PPIC Report

- Recently released budget does not address PPIC report or Mental Health funds
- Governor has asked for stakeholder meetings in the spring to discuss the report

Stakeholder Meetings Central Tenets

- School funding mechanisms should be equitable, transparent, easy to understand, and focused on the needs of students.
- ➤ General purpose funding should cover the full range of costs to educate all students.
- School districts should be provided the flexibility to establish goals and design innovative ways of delivering services to all students.
- School districts are responsible for planning and implementing programs that lead to continuous improvement, measured by academic outcomes.

23

Perspectives and Updates on the PPIC Report

➤ AB 312 (O'Donnell D) School finance: special education funding. Introduced: 2/6/2017

This bill would express the intent of the legislature to phase-in equalization of SELPA funding rates to an unspecified percentile, commencing with the full implementation of the local control funding formula. The bill would also express the intent of the Legislature to establish a state funding mechanism to provide all local educational agencies with the funding necessary to establish high-quality preschool programs for California's preschool-age children with disabilities in order to give those children the best chance for educational success in the most cost-efficient manner.

TRI-VALLEY SELPA 24

Legislative Analyst's Office

"Regarding the Governor's other K-12 proposals, we recommend the Legislature adopt some of them and reject others. Regarding the Governor's interest in restructuring special education, we recommend the Legislature take time to explore any notable changes, as many options exist and any major redesign could have significant and far-reaching implications."

February 9, 2017

TRI-VALLEY SELPA 25

Important Dates

- ➤ Special Education Commission
 - February 22nd and February 23rd
 - > Response to PPIC report
 - >Address: 1430 N Street, Sacramento, CA
 - If you cannot attend either day, you can also write to the commission or your assembly person or state senator

26

Legislature Sharing Day May 3, 2017

Big Picture

As long as California continues to underfund special education and distribute funds based on an antiquated and unequal formula, moving money from one bucket to another, or changing the pathways for distribution of funds, will not in any way address California's very real problems of adequacy and equity in special education funding.

ASSEMBLY MEMBER ASH KALRA

Capitol Office:

State Capitol P.O. Box 942849 Sacramento, CA 94249-0027

Phone: (916) 319-2027

Fax: (916) 319-2127

District Office:

100 Paseo De San Antonio Suite 319 San Jose, CA 95113 **Phone:** (408) 277-1220

https://a27.asmdc.org/

STATE SENATOR JIM BEALL

Capitol Office:

State Capitol, Room 5066 Sacramento, CA 95814 Phone: (916) 651-4015

Fax: (916) 651-4915

Campbell District Office

2105 S. Bascom Avenue Suite 154

Campbell, CA 95008 **Phone:** (408) 558-1295 **Fax:** (408) 558-1296

http://sd15.senate.ca.gov/

ASSEMBLY MEMBER MARC BERMAN

Capitol Office:

State Capitol P.O. Box 942849 Sacramento, CA 94249-0024

Tel: (916) 319-2024 Fax: (916) 319-2124

District Office:

5050 El Camino Real, Suite 117 Los Altos, CA 94022 Tel: (650) 691-2121

https://a24.asmdc.org/

STATE SENATOR JIM BEALL

Capitol Office:

State Capitol, Room 5066 Sacramento, CA 95814 **Phone:** (916) 651-4015

Fax: (916) 651-4915

Campbell District Office

2105 S. Bascom Avenue Suite 154

Campbell, CA 95008 **Phone:** (408) 558-1295 **Fax:** (408) 558-1296

un (100) 550 1250

http://sd15.senate.ca.gov/

ASSEMBLY MEMBER EVAN LOW

Capitol Office

P.O. Box 942849 Room 2175 Sacramento, CA 94249-0028

Tel: (916) 319-2028 Fax: (916) 319-2128

District Office:

20111 Stevens Creek Blvd Suite 220

Cupertino, CA 95014 Tel: (408) 446-2810 Fax: (408) 446-2815

http://asmdc.org/members/a28/

STATE SENATOR JIM BEALL

Capitol Office:

State Capitol, Room 5066 Sacramento, CA 95814 **Phone:** (916) 651-4015

Fax: (916) 651-4915

Campbell District Office

2105 S. Bascom Avenue Suite 154

Campbell, CA 95008 **Phone:** (408) 558-1295 **Fax:** (408) 558-1296

http://sd15.senate.ca.gov/

ASSEMBLY MEMBER KANSEN CHU

Capitol Office:

State Capitol P.O. Box 942849 Sacramento, CA 94249-0025

Tel: (916) 319-2025 Fax: (916) 319-2125

District Office:

1313 N. Milpitas Blvd Suite #255

Milpitas, Ca 95035 Tel: (408) 262-2501 Fax: (408) 262-2512

http://asmdc.org/members/a25/

STATE SENATOR JERRY HILL

Capitol Office

State Capitol, Room 5035 Sacramento, CA 95814 **Phone:** (916) 651-4013

Fax: (916) 651-4913

District Office

1528 South El Camino Real, Suite 303

San Mateo, CA 94402 **Phone:** (650) 212-3313 **Fax:** (650) 212-3320

http://sd13.senate.ca.gov/contact