



## Research Report

# Special Education Funding and Expenditures

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Prepared for

**THE HOUSE INTERIM COMMITTEE ON EDUCATION  
AND THE SENATE INTERIM COMMITTEE ON EDUCATION**



**BUREAU OF LEGISLATIVE RESEARCH**  
One Capitol Mall, 5<sup>TH</sup> Floor | Little Rock, Ark., 72201 | (501) 682-1937



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## INTRODUCTION

Arkansas statute § 10-3-2102 requires the House and Senate Committees on Education to evaluate the cost of providing an adequate education. As one part of that responsibility, the law requires the Committees to review the expenditures from special education funding. This report is provided as partial fulfillment of that requirement. This document provides information on the number of students with disabilities in Arkansas, data on the performance of these students on state and national tests and information about districts' use of state and federal funding.

All students with disabilities are assured access to special education services under the federal Individuals with Disabilities Education Act (IDEA). Arkansas Code § 6-41-202 establishes in state statute that it is also the state's policy to provide a free and appropriate public education to students with disabilities.

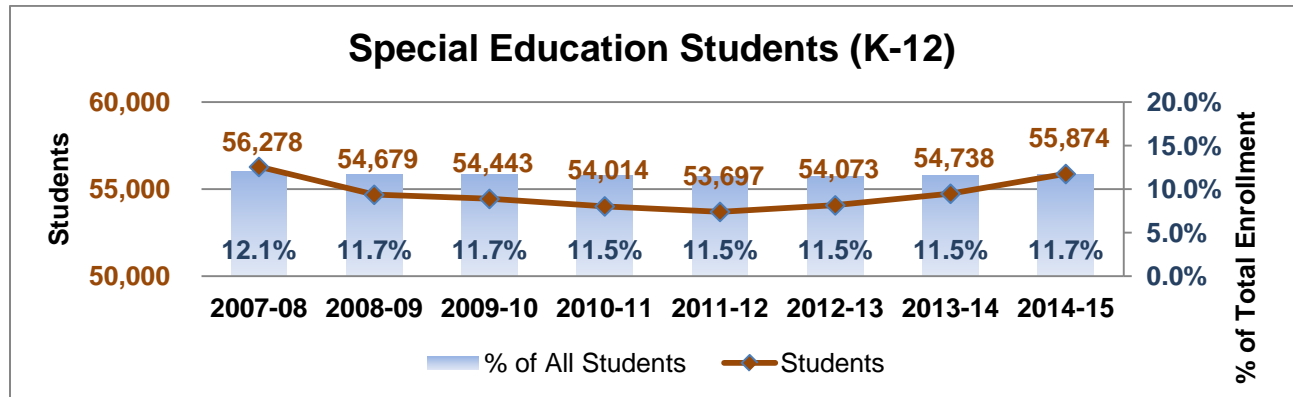
Every special education student has an individualized education program (IEP), which serves as the plan for his or her specialized instruction. The IEP is a plan or program developed to ensure that a child who has a disability identified under the law and who is attending an elementary or secondary educational institution receives specialized instruction and related services. IEP team members, including regular education teachers, special education teachers and parents, develop the IEP and determine the goals that outline performance associated with the student's grade level. The IEP also includes the special education programming and related services that are to be provided to meet each student's unique needs.

## STUDENT COUNT

There were 55,874 special education K-12<sup>th</sup> grade students in Arkansas public schools in the 2014-15 school year (not including students in the Division of Youth Services, the Department of Correction or the Conway Human Development Center), making up 11.7% of the total student enrollment in the state<sup>1</sup>. The statewide proportion of students with disabilities has remained fairly stable — between 11% and 12% of all students over the last six years. However, individual districts' (not including charter schools) proportion of special education students varies considerably from 6.8% (Springhill School District) in 2014-15 to 20.7% (Fordyce School District. Most of the special education students in Fordyce are in a residential facility located in the district). Charter schools typically have lower percentages of special education students than traditional school districts. Six charter schools have the lowest proportions of special education students of all districts and charter schools, while only three charter schools have higher proportions than the state average.

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<sup>1</sup> Calculation made using data retrieved from <https://adedata.arkansas.gov/statewide/Districts/EnrollmentCount.aspx?year=25&search=&pagesize=10> and the Arkansas Department of Education's Dec. 1, 2014, special education child count data.



Source: Arkansas Department of Education, Annual December 1 Child Count and Annual Oct. 1 Enrollment Data. Data does not include Conway Human Development Center, the Division of Youth Services or the Arkansas Department of Correction.

A comparison of state student counts with the national average is only possible using federally collected data, which counts special education students and the total student enrollment slightly differently from the calculation in the chart above. According to data reported by the Arkansas Department of Education (ADE) to the U.S. Department of Education (U.S. DOE), students with disabilities comprised 12.2% of the total student body among children ages 6 through 21 in 2012-13, compared with the national average of 13%.<sup>2</sup>

## TYPES OF DISABILITIES

In Arkansas, there are 12 categories of disabilities used to determine students' eligibility for special education:

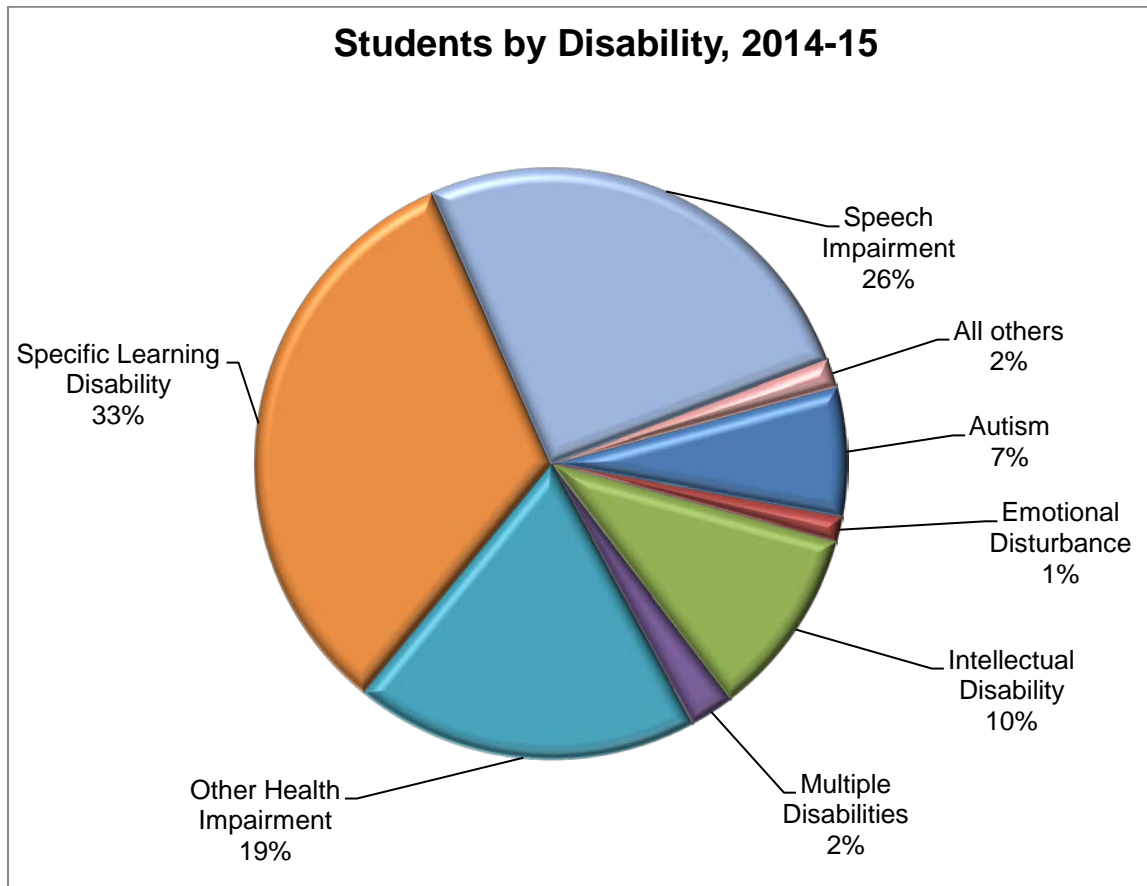
- Autism
- Deaf-blindness
- Hearing impairment, including deafness
- Emotional disturbance
- Intellectual disability (formerly known as mental retardation)
- Multiple disabilities
- Orthopedic impairment
- Specific learning disability
- Speech or language impairment
- Traumatic brain injury
- Visual impairment, including blindness
- Other health impairment

The "other health impairment" category includes chronic or acute health problems that result in limited strength, vitality or alertness that adversely affects a child's educational performance. These health problems include asthma, attention deficit disorder or attention deficit hyperactivity disorder, diabetes, epilepsy, a heart condition, hemophilia, lead poisoning, leukemia, nephritis, rheumatic fever, Tourette's Syndrome and sickle cell anemia.<sup>3</sup> The 12 disabilities that qualify for special education mirror the 13 disabilities named in the IDEA, except that Arkansas combines hearing impairment and deafness into one category.

<sup>2</sup> U.S. Department of Education, Office of Special Education Programs, Part B Data Display: Arkansas, Publication Year 2015, Retrieved at <https://osep.grads360.org/#communities/pdc/documents/8086>

<sup>3</sup> Arkansas Department of Education, Special Education and Related Services 6.00 Evaluation-Eligibility Criteria, 6.09.8

The following chart and table provide a breakdown of the types of disabilities affecting Arkansas special education students. Specific learning disabilities — which include perceptual disabilities, brain injury, minimal brain dysfunction and dyslexia<sup>4</sup> — are the most prevalent impairments among special education students, affecting about 33% of the state’s special education students, or 3.8% of all students.<sup>5</sup> Speech impairments are the second most common disability, affecting 26% of special education students, or 3.0% of all students.



Source: Arkansas Department of Education

Some of the increase in the number of special education students over the last several years is due to an increase in students with autism. In 2011, there were 2,733 students with autism and by 2015, that number had grown to 3,944, a 44% increase. The number of students in the “other health impairment” category also increased significantly from 8,494 in 2011 to 10,522 in 2015, a 24% increase.

Act 1294 of 2013 requires school districts to screen all students in kindergarten through second grade for dyslexia and to provide therapy for students who are determined to have dyslexia. The law also requires superintendents to annually report the results of the dyslexia screenings. In

<sup>4</sup> <http://nichcy.org/disability/categories#ld>

<sup>5</sup> Calculation made using Dec. 1, 2012, Arkansas special education child count data (excluding the counts of the Conway Human Development Center, the Division of Youth Services, and the Arkansas Department of Correction) provided by the Arkansas Department of Education and enrollment data for the 2012-13 school year, <https://adedata.arkansas.gov/statewide/Districts/EnrollmentCount.aspx>

2014-15, the first full school year after the law was passed, 90 school districts reported dyslexia screening results. These districts reported nearly 3,200 students receiving a Level II Dyslexia Screener, which is required for students whose initial screening and interventions indicate the student has characteristics of dyslexia. Of the 3,200 students evaluated, 957 received therapy, according to the districts' reports.

Despite the new screening requirement, there was very little change in the number of students in the "specific learning disability" category in 2014-15. There were 18,155 students with specific learning disabilities in the school year before the law's passage and 18,158 in the first full school year the law took effect. Students identified with characteristics of dyslexia may be identified for intervention services, but they many not necessarily be identified for special education.

For a national comparison, 2012-13 is the most recent year for which data is available. The following table shows the percentage of students with disabilities for each of the 12 categories of impairments. Values in **red** indicate that the state's percentage is **lower than the nation's**, while values in **blue** indicate the state's percentage is **higher than the nation's**. The table also shows students in each disability category as a percentage of total enrollment.

2012-13 Disability	% of Students with Disabilities		% of All Students	
	State	Nation	State	Nation
Autism	<b>6.6%</b>	8.4%	<b>0.81%</b>	1.06%
Deaf-Blindness	0.0%	0.0%	0.00%	0.00%
Emotional Disturbance	<b>1.4%</b>	6.2%	<b>0.17%</b>	0.78%
Hearing Impaired	<b>0.8%</b>	1.2%	<b>0.10%</b>	0.15%
Multiple Disabilities	<b>2.6%</b>	2.2%	<b>0.31%</b>	0.28%
Intellectual Disabilities	<b>10.6%</b>	7.3%	<b>1.29%</b>	0.93%
Orthopedic Impairment	<b>0.3%</b>	0.9%	<b>0.04%</b>	0.11%
Speech Impairment	<b>24.0%</b>	18.3%	<b>2.93%</b>	2.32%
Specific Learning Disabilities	<b>34.3%</b>	40.4%	<b>4.19%</b>	5.13%
Traumatic Brain Injury	<b>0.3%</b>	0.4%	<b>0.04%</b>	0.06%
Vision Impairment	0.4%	0.4%	<b>0.04%</b>	0.06%
Other Health Impaired	<b>18.6%</b>	14.2%	<b>2.27%</b>	1.80%
<b>Total</b>	<b>100%</b>	<b>100%</b>		

Source: Part B Data Display: Arkansas Publication Year 2015, <https://osep.grads360.org/#communities/pdc/documents/8086>

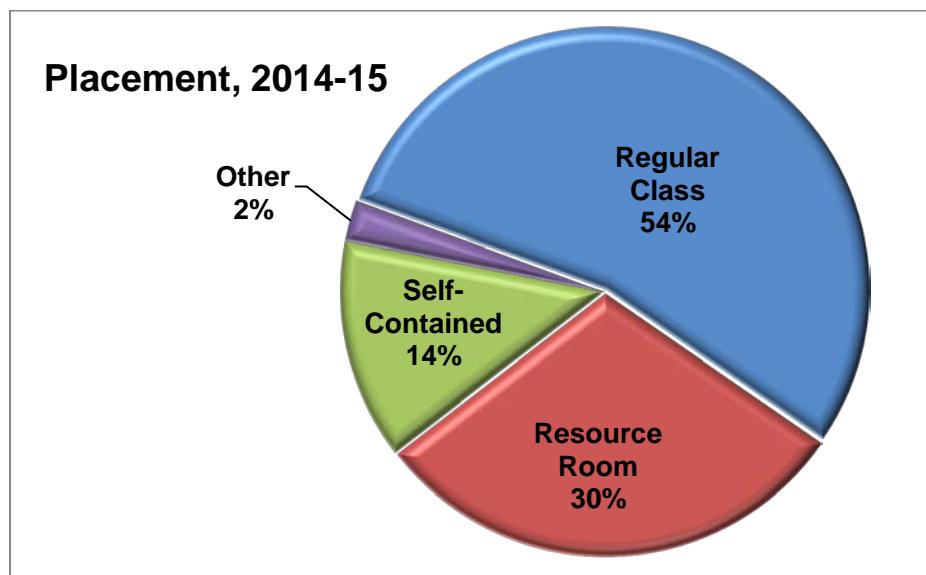


## STUDENT PLACEMENT

Under IDEA, students with disabilities are to be educated in the “least restrictive environment.” According to the law, that means “to the maximum extent appropriate,” students with disabilities should be educated with children who are not disabled. Education provided outside the regular educational environment should occur “only when the nature or severity of the disability of a child is such that education in regular classes with the use of supplementary aids and services cannot be achieved satisfactorily.”<sup>6</sup>

The following chart shows the educational placement of students in school districts and charter schools. Each placement category is defined as follows<sup>7</sup>:

- Regular class: Students who are in the regular classroom 80% or more of the school day.
- Resource room: Students who are in the regular classroom between 40-79%.
- Self-contained: Students who are in the regular classroom less than 40% of the school day.
- Other: Special education students who are in publicly funded facilities, private day schools, hospitals, private or public residential facilities, etc. (The chart below includes only students for whom school districts are responsible and does not include students in the Conway Human Development Center, the Division of Youth Services or the Arkansas Department of Correction.)



Source: Arkansas Department of Education

<sup>6</sup> 20 U.S.C. §1412(a)(5)(A)

<sup>7</sup> Arkansas Department of Education, Special Education School Age Data Dictionary, [https://arksped.k12.ar.us/documents/data\\_research/DataDictionaries/dataDictionary\\_SchoolAge.pdf](https://arksped.k12.ar.us/documents/data_research/DataDictionaries/dataDictionary_SchoolAge.pdf)

As part of its responsibilities under IDEA, Arkansas is required to provide data on students with disabilities by their educational environment. The following table shows the percentage of students for each placement description. Values in **red** indicate that the state's percentage is **lower than the nation's**, while values in **blue** indicate the state's percentage is **higher than the nation's**.

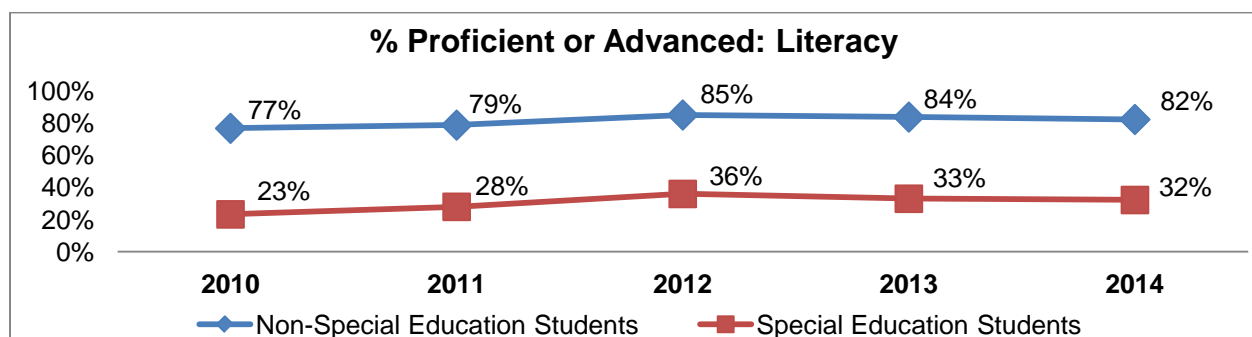
2012-13	State	Nation
<b>% of Day Spent in Regular Classroom</b>		
0-39%	<b>13.4%</b>	13.6%
40-79%	<b>30.6%</b>	19.2%
80-100%	<b>52.9%</b>	62.0%
Separate Residential Facility	<b>1.8%</b>	3.3%

Source: Part B Data Display: Arkansas Publication Year 2015,  
<https://osep.grads360.org/#communities/pdc/documents/8086>

## STUDENT ASSESSMENT

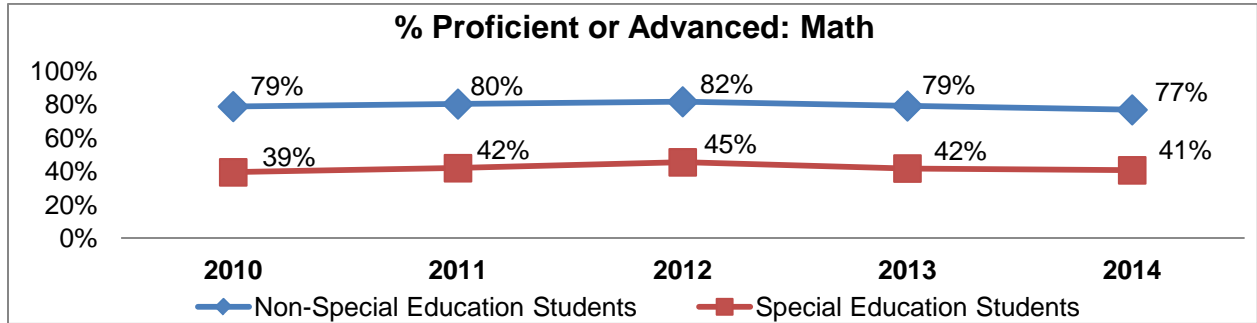
### STATE ASSESSMENTS

Special education students are required to participate in state assessments. Students' IEP teams must decide whether each special education student will take the regular state assessment, the assessment with accommodations, or, for a very small percentage of students with significant cognitive disabilities, an alternate portfolio assessment. About 30,000 special education students take the state assessments each year, according to ADE data. In 2014, about 32% of the special education students who took a literacy exam tested either proficient or advanced. Of those who tested in math, Algebra or Geometry, about 41% tested proficient or advanced. The following charts provide information about the performance of students with disabilities over the last five years. After a number of years of annual gains in proficiency across all student populations, proficiency in both math and literacy for both special education students and non-special education students dipped slightly in 2013 and 2014. This may result from the phase in of the Common Core State Standards (CCSS) during those years. While students were being taught the CCSS, they were still being tested with assessments that were based on the previous academic standards.



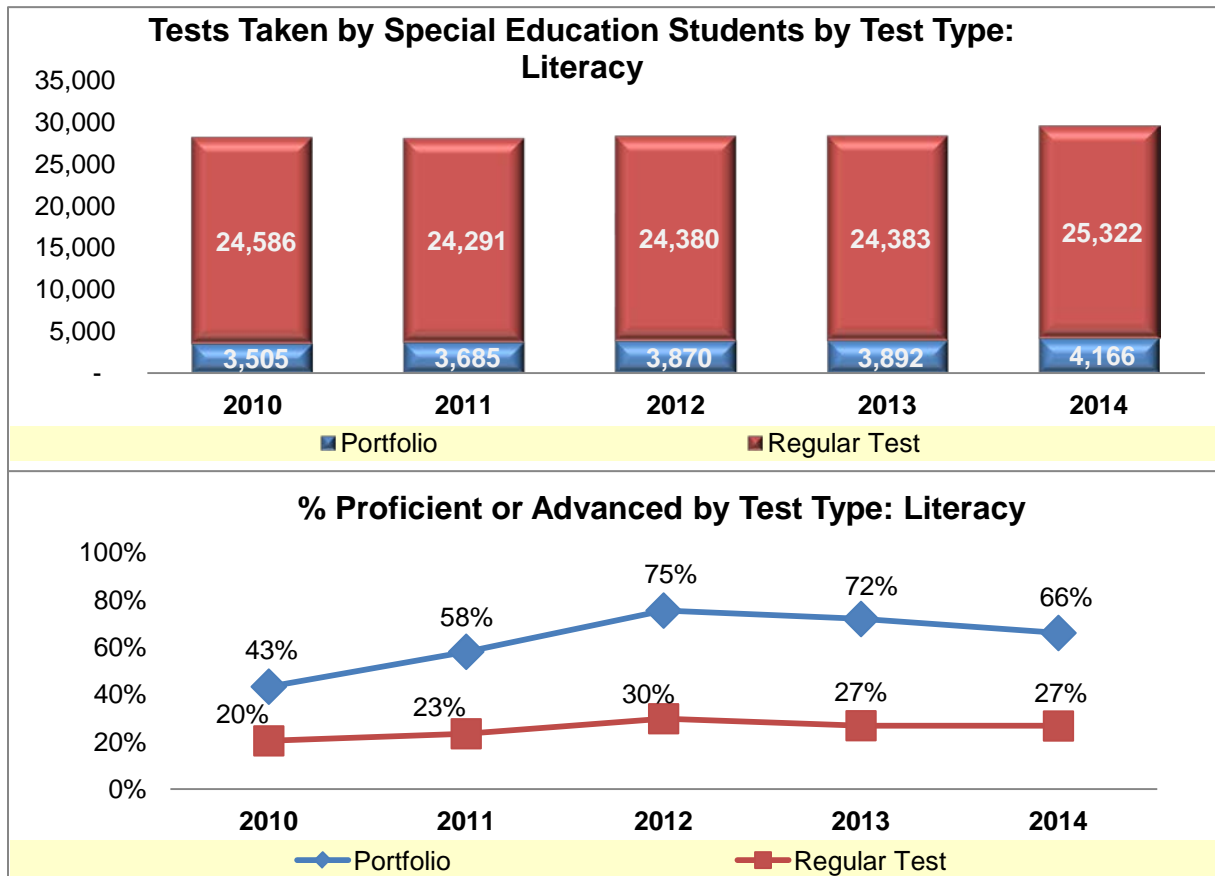
Source: Data was obtained from the Arkansas Research Center and the Office of Innovation for Education

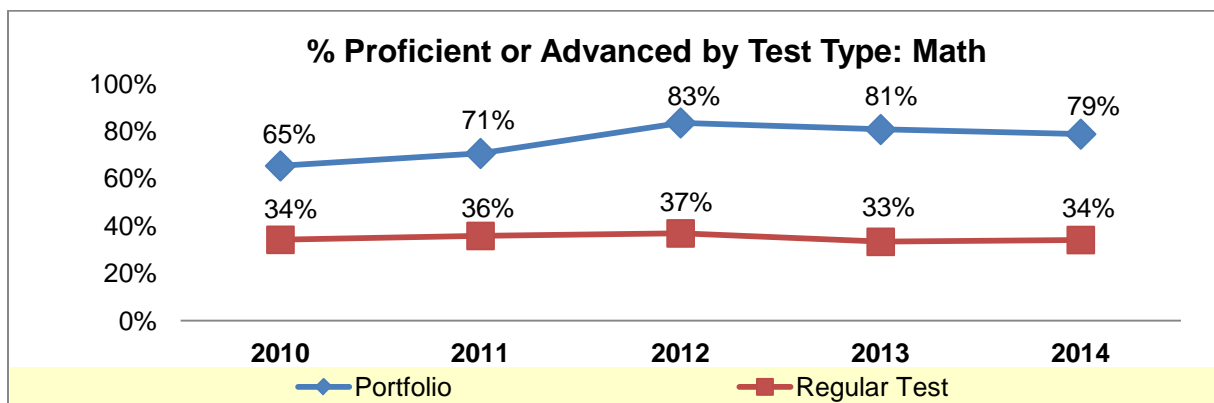
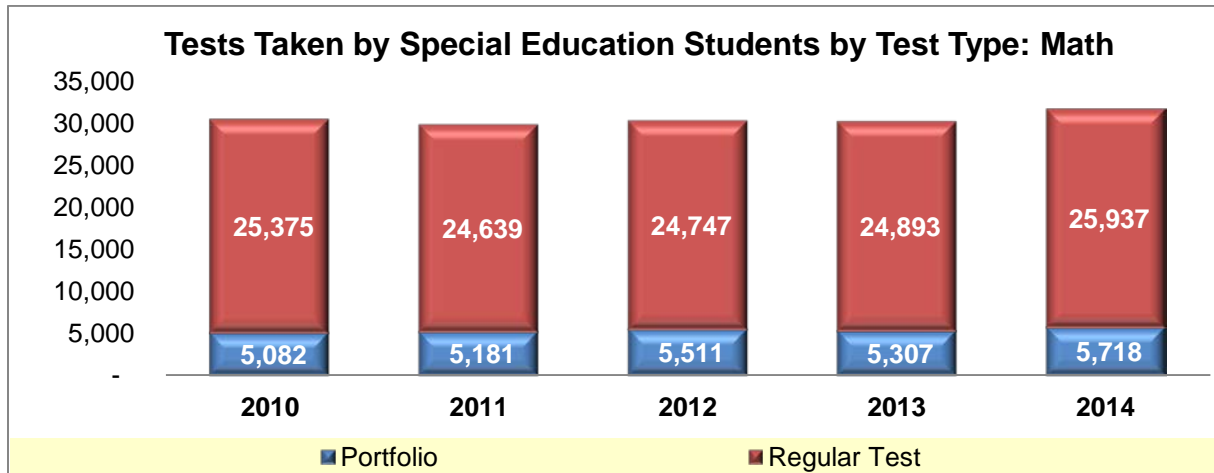
While there is a clear gap between the proficiency of students with disabilities and students without disabilities, the gap is considerably wider in literacy than in math. For example, in 2014 the percentage point difference in math proficiency among special education and non-special education was 36 points, while the gap in literacy was 50 points.



Source: Student level data provided by the Arkansas Research Center and the Office of Innovation for Education

Students with disabilities can take the regular state assessment or they can take the regular assessment with accommodations, such as being allowed more time to take the test. Some students with significant cognitive disabilities can be assessed using an alternate portfolio assessment where a collection of student work, for example, could serve as evidence of proficiency. The following charts show the number of special education test takers using the regular assessment and the number assessed using an alternate assessment. The vast majority take the regular assessment because schools are required to teach all students to the same curriculum standards. Additionally, federal law established a limit on the number of proficient scores on alternate assessments that can count toward a school’s accountability status. The charts show that proficiency among students assessed using a portfolio assessment is considerably higher than for students taking the regular test.





Source: Student-level data provided by Arkansas Research Center and the Office of School Innovation for Education

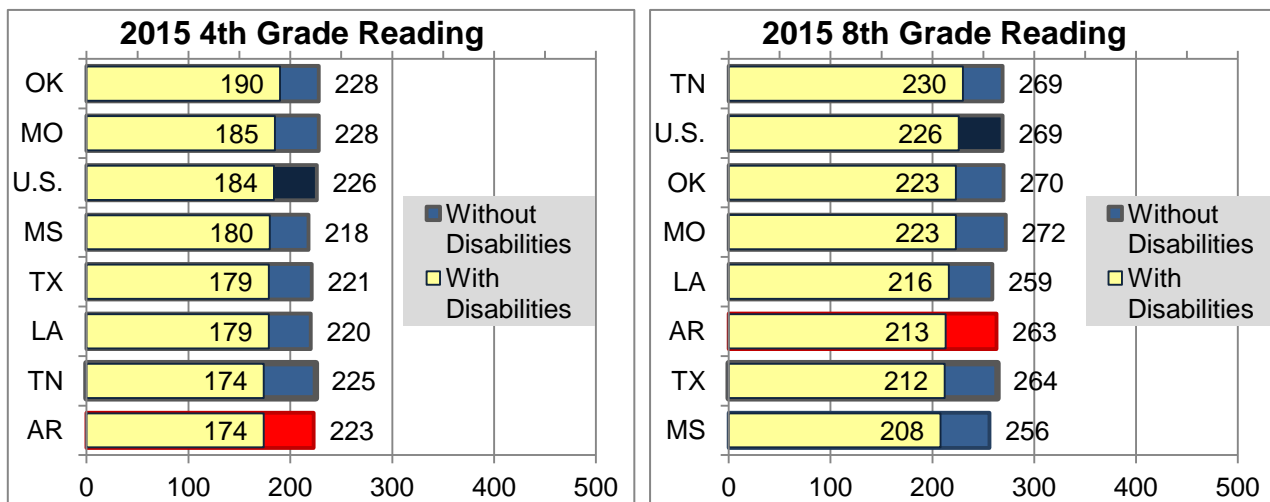
## NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS

Because each state assesses students using its own test, it is difficult to accurately compare student proficiency from one state to another in the same way that the state compares one school's or one district's student performance with another. The best way to compare the student achievement of students with disabilities in Arkansas with those in other states is with the National Assessment of Educational Progress (NAEP) scale scores.

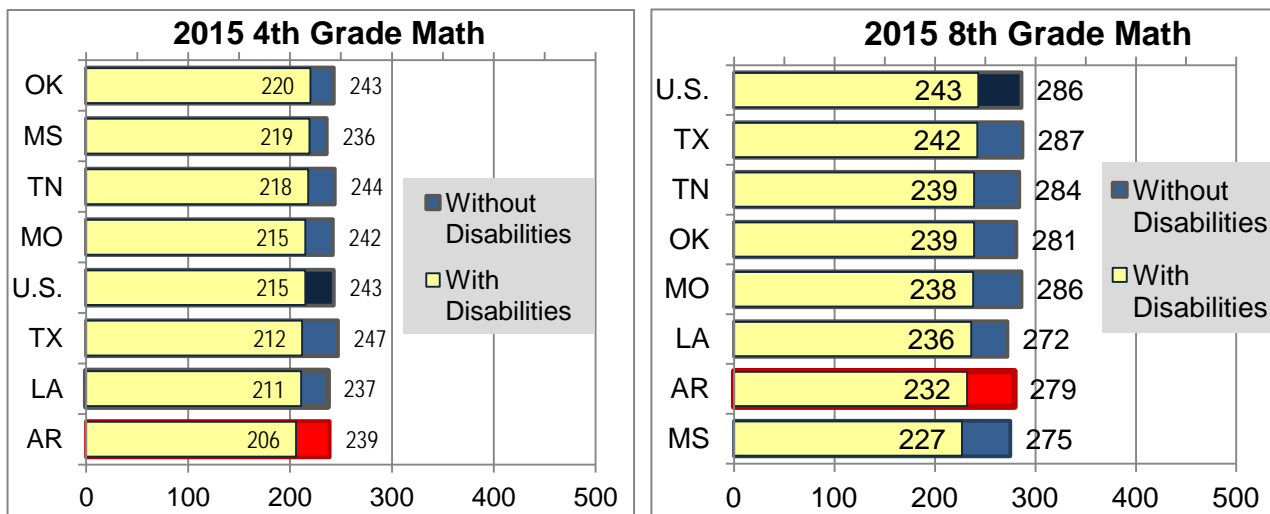
However, caution must be used in making state-to-state NAEP comparisons. The NAEP scores are based on a random sample of students — not the entire state population of students — in each state. Therefore, these scores are estimates with sampling errors, which means that if the entire population had been tested, the score may have differed somewhat. It's also possible that states may apply federal guidelines a little differently in classifying children with disabilities.

Finally, NAEP is still working to achieve uniformity in the way states exclude some students with disabilities from the test taking process and the way they make accommodations for other students. The lack of uniformity has narrowed over the past five years. However, it's still an issue that NAEP officials address in national conferences. There does not appear to be a consensus on how much lack of uniformity exists.

Considering those cautionary notes, the following tables show how the average scale score for Arkansas’s students with disabilities (excluding those with 504 plans) compares with the average scale scores in surrounding states and nationally.



Arkansas’s 4<sup>th</sup> graders had the lowest NAEP scale scores among surrounding states, while Arkansas’s 8<sup>th</sup> grade students with disabilities had nearly the lowest scores in reading and math.



## STATE ASSESSMENT UNDER IDEA

Each year the U.S. Department of Education assesses whether each state meets the requirements of Part B of the federal Individuals with Disabilities Education Act. In 2013, Arkansas was one of 38 states considered to have met the requirements of IDEA Part B on the basis of specified compliance measures (e.g., students were evaluated in a timely manner, etc.). However, in June 2014, the U.S. DOE announced a significant change in the methodology it uses for evaluating states’ special education programs. The new methodology focuses less on “procedural requirements” and more on student achievement results. In 2014, just 15 states received a “meets requirements” assessment, compared with 38 a year earlier. In 2015, 19 states received a “meets requirements” rating, but Arkansas was not among them.

Under the new methodology, Arkansas’s overall score was “needs assistance” in both 2014 and 2015. This lower score was the result of low “results-driven” scores based on student

achievement measures, rather than “compliance” scores. In 2015, the state received 20 of 20 possible points on compliance indicators and just 11 of 24 available points on results indicators.

The tables below provide the indicators on which the state’s performance was measured. The state received two points for each indicator colored green, one point for each indicator in yellow and zero points for each indicator in red.

<b>Indicator for Results-Driven Score</b>	<b>2015 Assessment</b>
<b>State Assessment Participation (Students With Disabilities)</b>	
% of 4 <sup>th</sup> grade students participating in state reading assessments	82%
% of 8 <sup>th</sup> grade students participating in state reading assessment	80%
% of 4 <sup>th</sup> grade students participating in state math assessments	82%
% of 8 <sup>th</sup> grade students participating in state math assessment	80%
<b>NAEP Performance (Students With Disabilities)</b>	
% of 4 <sup>th</sup> grade students scoring basic or above on NAEP reading assessments	23%
% of 8 <sup>th</sup> grade students scoring basic or above on NAEP reading assessments	20%
% of 4 <sup>th</sup> grade students scoring basic or above on NAEP math assessments	53%
% of 8 <sup>th</sup> grade students scoring basic or above on NAEP math assessments	22%
<b>NAEP Participation (Students With Disabilities)</b>	
% of 4 <sup>th</sup> grade students participating in NAEP reading assessments	92%
% of 8 <sup>th</sup> grade students participating in NAEP reading assessment	83%
% of 4 <sup>th</sup> grade students participating in NAEP math assessments	90%
% of 8 <sup>th</sup> grade students participating in NAEP math assessment	84%
<b>Graduation and Drop Out Rates (Students With Disabilities)</b>	
% of students who dropped out	13%
% of students who graduated with a regular high school diploma	85%

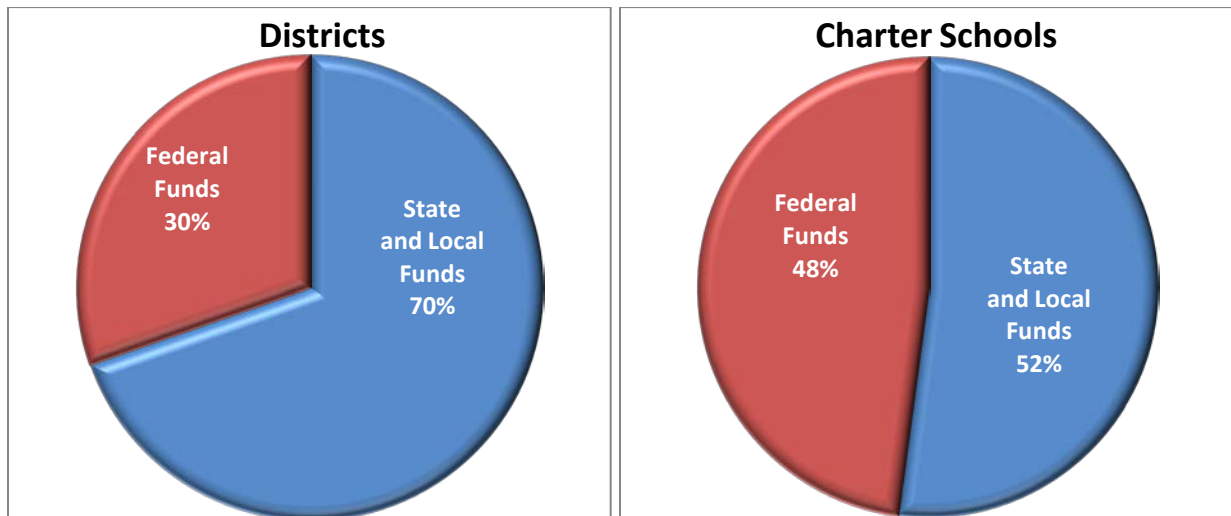
<b>Indicator for Compliance Score</b>	<b>2015 Assessment</b>
Districts with a significant discrepancy, by race and ethnicity, in the suspension and expulsion rates and the percentage of those districts with policies procedures or practices that contribute to the significant discrepancy and do not comply with specified requirements	0%
Disproportionate representation of racial and ethnic groups in special education and related services due to inappropriate identification	0%
Disproportionate representation of racial and ethnic groups in specific disability categories due to inappropriate identification	0%
Timely initial evaluation	99.62%
IEP developed and implemented by third birthday	99.86%
Secondary transition (IEPs of students 16 and older contain all the required components)	98.58%
Timely and accurate state-reported data	100%
Timely state complaint decisions	100%
Timely due process hearing decisions	100%
Longstanding noncompliance	

## COST OF SPECIAL EDUCATION

This section of the report provides information on the cost of providing special education services. In 2014-15, districts spent nearly \$423 million on special education services, or about \$7,694 per special education student, according to the data districts reported in the Arkansas Public School Computer Network (APSCN). Charter schools spent a little over \$5 million providing special education services, or about \$5,516 per special education student. Those figures should not be mistaken for the total cost of educating special education students, because they do not include expenditures that districts make on behalf of all students, such as the cost of principal salaries or utilities. Those figures represent only the expenditures that are specific to special education services or students.

The following chart shows the districts' and charter schools' total special education expenditures. The expenditures are broken down by the type of funding they used to make the expenditures. The numbers do not represent the total amount spent from each funding category, only the total amount from each funding category spent on special education. According to expenditures reported in APSCN, districts used state and local funds to cover about 70% of their special education costs, and federal funds cover the remaining 30%. About 52% of the cost of special education provided in charter schools was paid for with state funds, and 48% of it was paid for using federal funds.

	2014-15 Special Education Expenditures
Districts	\$422.9 million
Charters	\$5.0 million



The following chart provides a breakdown of special education expenditures based on the funding source that districts and charter schools used.



Funding Type	Description	Expenditures	
		Districts	Charters
<b>State and Local</b>			
Foundation funding, local funds, and activity funds	Foundation funding, additional local millage transferred for salaries or operations and local funds raised by event ticket sales, concessions, etc.	\$264,626,259	\$2,410,584
Isolated, Student Growth, Declining Enrollment	State isolated or special needs isolated funding, student growth and declining enrollment	\$434,649	\$21,927
Catastrophic Occurrences	State funding designed to reimburse districts for special education students with unusually high needs	\$9,834,592	\$31,934
Special Education Services	State funding designed to help districts pay for special education supervisors and extended-year services for students with disabilities	\$2,707,120	\$64,294
Residential	State funding for the education provided to students in residential treatment centers, youth shelters and juvenile detention centers	\$6,651,517	
Early Childhood Special Education	State funding for special education services provided by school districts for 11,500 pre-school children with disabilities	\$3,973,376	\$42,854
Categorical funds	State National School Lunch, English Language Learner and Professional Development categorical funds	\$2,840,746	\$53,122
Desegregation	State payment to three Pulaski County school districts for desegregation lawsuit	\$3,392,798	
Other state funds		\$14,824	
<b>Federal</b>			
IDEA	Federal funding provided to help states meet the excess costs of providing education and services to students with disabilities	\$102,338,462	\$2,190,815
IDEA Early Childhood		\$1,098,454	\$30,062
Medicaid	Medicaid reimbursement for services districts provided to Medicaid-eligible students	\$24,935,876	\$190,961
Medicaid Pre-K		\$13,645	
Other federal		\$2,310	
<b>Total</b>		<b>\$422,864,627</b>	<b>\$5,036,554</b>

The following chart provides information on the same special education expenditures. However, this time the expenditures are broken down by the type of service provided. The data show that about 35% of districts' special education expenditures were spent in resource room instruction, while 53% of charter schools' expenditures were spent in the resource room. About 24% of districts' expenditures were spent on instruction in self-contained classrooms, compared with about 2% of charter schools' expenditures. Health expenditures accounted for about 23% of districts' special education expenditures, and about 33% of charter schools' expenditures.

Service Type	Description	Expenditures	
		Districts	Charters
<b>Instructional Expenditures</b>			
Itinerant Instruction (excluding itinerant speech pathologists)	Instruction provided by an educator serving more than one school, in their homes or in hospitals	\$12,282,772	\$800
Resource Room	Education provided by a resource teacher who works with students who are assigned to regular classrooms more than half of the school day	\$147,441,614	\$2,693,782
Special Class (Self-Contained Class)	Education provided to students assigned to a special class for at least half of the school day. Student to teacher ratios range from 1:15 to 1:6.	\$101,835,637	\$84,266



Service Type	Description	Expenditures	
		Districts	Charters
<b>Instructional Expenditures</b>			
Residential/Private	Education provided to students in residential facilities, separate day schools or by other private agencies	\$10,678,361	
Co-Teaching	Education provided by both a special education teacher and a non-special education teacher in the same class	\$4,385,894	
Pre-school	Education provided to preschool students	\$6,746,382	\$40,941
SPED director	Supervisor of special education services	\$25,293,193	\$449,584
<b>Health Expenditures</b>			
	Guidance counseling services	\$535,774	
	Nurses	\$2,411,880	\$7,225
	Psychological testing and other psychological services	\$16,452,743	\$69,644
	Speech therapy and audiology services (including itinerant speech pathologists)	\$45,450,159	\$1,076,871
	Physical and occupational therapy	\$23,024,148	\$470,321
	Medicaid match	\$6,479,914	\$40,941
	School-based mental health	\$647,581	
	Other health services	\$529,579	\$845
<b>Other Expenditures</b>			
	Transportation	\$7,142,028	
	Other expenditures	\$11,526,967	\$101,370
<b>TOTAL</b>		<b>\$422,864,627</b>	<b>\$5,036,554</b>

## STATE FUNDING

### FOUNDATION FUNDING

Arkansas funds special education through the foundation funding matrix, which provides funding for 2.9 special education teachers for every 500 students, or \$366.15 per student in 2014-15. To calculate this as a per-student amount, the following formula is used:

$$(2.9 \text{ teachers} \times \text{the salary and benefit amount in the matrix}) / 500 \text{ students}$$

	2011	2012	2013	2014	2015	2016
Number of special education teachers	2.9	2.9	2.9	2.9	2.9	2.9
Salary and benefits	\$58,214	\$59,378	\$60,566	\$61,839	\$63,130	\$63,663
Per-student amount	\$337.64	\$344.39	\$351.28	\$358.67	\$366.15	\$369.25

Under this funding methodology, the state funds special education based on each district's total number of students, rather on the total number of special education students. Like every other component of the matrix (with the recent exception of health insurance), districts' use of the special education funding is unrestricted, meaning they can spend the money however they choose. This differs from the way funding is distributed for English language learners (ELL), students in alternative learning environment (ALE) programs, and students who are economically disadvantaged (those who qualify for a free or reduced price lunch). That categorical funding is based on the number of ELL, ALE and economically disadvantaged students, respectively, and its use is limited to certain types of expenditures.

The Joint Committee on Educational Adequacy set the special education funding rate in the foundation funding matrix in 2003. The Committee determined that the matrix would fund 2.9 special education teachers for every 500 students. The Committee's consultants, Lawrence O. Picus & Associates, had originally proposed funding 2.0 special education teachers, but after receiving input from panels of Arkansas educators, the Joint Committee opted to increase the

number to 2.9 teachers. Hired again in 2006, Picus & Associates affirmed the state's methodology of funding special education using a "census" approach — funding based on total enrollment rather than on the number of special education students.

In 2006, Picus & Associates recommended continuing the census-based funding methodology, and they affirmed the state's funding of 2.9 special education teachers for "high-incidence, lower cost students with disabilities."

In 2014-15, districts received about \$168.8 million in foundation funding for special education teachers, and they spent about \$166.7 million from foundation funding on special education teachers (spending just slightly less than they received). While the matrix provides funding for 2.9 special education teachers, districts hired 2.97 special education teachers, on average, using foundation funding.

Foundation Funding Received for Special Ed	Foundation Funding Spent for Special Ed	Number of Special Ed Teachers in Matrix	Number of Special Ed Teachers From Foundation Funds
\$168.8 million	\$166.7 million	2.9	2.97

Of the 236 districts operating in 2015, 126 employed fewer than 2.9 special education teachers using foundation funding, while 110 districts employed more than 2.9 special education teachers.

## CATASTROPHIC FUNDING

Because districts receive the same rate of foundation funding regardless of the severity of students' disabilities, the state's consultants in 2003, Picus & Associates, noted the need to provide supplemental funding. "The small category of students with severe and multiple disabilities, i.e., the low incidence and very high disabled students, are not found in equal percentages in all districts and their excess costs need to be fully funded by the state," they wrote in their 2003 report. At the time, the state provided additional state aid, known as Catastrophic Occurrences funding, when the cost of educating a student exceeded \$30,000 of district expenditures. "Because this expenditure threshold is far above what any district receives in state equalization aid, a considerable financial burden is placed on districts for these students," the consultants wrote. They recommended the state reduce the expenditure threshold. In 2004, the State Board of Education approved new rules that established the threshold at \$15,000, in effect making more students' costs eligible for reimbursement. To support the change, the General Assembly increased the Catastrophic Occurrences funding appropriation from \$1 million for FY2004 to \$9.8 million for FY2005. In 2006, the consultants recommended continuing the Catastrophic Occurrences funding, and they affirmed the new \$15,000 threshold and the cap on funding at \$100,000 per child.

State statute defines special education catastrophic occurrences as "individual cases in which special education and related services required by the individualized education program of a particular student with disabilities are unduly expensive, extraordinary, or beyond the routine and normal costs associated with special education and related services provided by a school district and funding is pursuant to rules promulgated by the state board" (A.C.A. § 6-20-2303). These students may be tube fed, for example, or they may require nursing assistance all day long.

Districts qualify for the funding for any student who needs more than \$15,000 worth of services, after Medicaid, federal IDEA Part B funding (see following section), and available third-party funding is applied. Districts are reimbursed \$15,000 for each catastrophic occurrence, 80% of the amount between \$15,000 and \$50,000, and 50% of the costs between \$50,000 and \$100,000.

The number of students incurring catastrophic expenditures is increasing as is the number of districts that are eligible for catastrophic funding. At the same time, catastrophic funding has been provided at a flat \$11 million for at least the past five years. In 2011, districts that were eligible for funding received nearly \$26,000 per eligible student. In 2015, the average per student amount dropped to less than \$9,600.

	Number of Students	Number of Districts/ Charters	Funding Per Student	Total Eligible Expenditures*	Total Funding Provided	Amount Not Funded
2010-11	487	111	\$22,587	\$15.96 million	\$11 million	(\$4.96 million)
2011-12	546	129	\$20,052	\$17.96 million	\$10.95 million	(\$7.01 million)
2012-13	599	137	\$18,364	\$18.05 million	\$11 million	(\$7.05 million)
2013-14	1,102	145	\$9,981	\$27.78 million	\$11 million	(\$16.78 million)
2014-15	1,136	153	\$9,565	\$30.18 million	\$10.87 million	(\$19.31 million)

\*Eligible expenditures are those that ADE has deemed eligible, but to which the formula (\$15,000+80% of the amount between \$15,000 and \$50,000+50% of any additional costs) has not been applied.

In 2014, the number of students incurring eligible expenditures spiked from just under 600 students in 2013 to about 1,100 students in 2014. According to ADE, the spike resulted from a change in the rubric the Department uses to identify students whose expenses qualify as catastrophic. The previous rubric focused on students with low IQs who needed extensive occupational, physical and speech therapy. It did not adequately adjust for students with autism or another disability who may have a high IQ and good mobility skills, but still require considerable supervision.

The General Assembly has appropriated \$11 million in Catastrophic Occurrences funding since 2008. However, ADE requested a \$1.9 million increase for FY2014 to keep pace with the growing number of students incurring catastrophic expenses, according to the Summary Budget Information provided for the 2013-15 biennium. The General Assembly appropriated \$12.9 million each year for FY14 and FY15, but only \$11 million of the appropriation was funded. The General Assembly returned to appropriating \$11 million for this program for FY16.

## FEDERAL FUNDING

A major source of funding is the federal IDEA Part B funding (also known as Title VI-B). Part B funding must be used to pay the excess costs of providing a free and appropriate public education. Districts can use the funding to pay for:

- Special education teachers and administrators
- Related services personnel
- Materials and supplies for students with disabilities
- Professional development for special education personnel or general education teachers who teach students with disabilities
- Specialized equipment or devices

For FY2015, school districts received \$102.4 million in federal IDEA funding and charter schools received more than \$2 million. IDEA Part B funds are not distributed to districts based on the number of special education students in each district. They are provided to each state based on historic funding levels, the number of children in the state and the number of children living poverty in the state.<sup>8</sup>

## SPECIAL EDUCATION TEACHERS

According to figures compiled by ADE, there are currently 7,235 people who are licensed to teach special education, although not all of those individuals are actually teaching special education. In 2014-15, there were more than 3,500 full-time employee (FTEs) working as special education teachers in Arkansas school districts. On average, special education teachers earned \$49,296 in annual salary in 2014-15.

One issue districts have faced in providing special education is an inadequate supply of appropriately licensed special education teachers who want to teach in the field. A district that cannot find an appropriately licensed teacher must apply to ADE for a waiver from the licensing requirements. Currently 138 districts and charter schools have requested waivers for 295 special education teachers who are not fully licensed to teach special education. Among all of the district and charter school requests for waivers, 38% are for special education teachers.

In an effort to increase the number of people who are certified to teach special education and to reduce the number of waivers districts need, ADE recently changed the special education licensure making it easier to get certified. Until 2014, ADE regulations required individuals who wanted to teach special education to get an initial license and then add a special education endorsement to their license. This meant that in addition to the undergraduate degree required for their initial teaching license, they also must take an additional 21 credit hours of a master's level special education program for the endorsement. There was concern that many aspiring teachers chose not to get special education certification because it required additional training but offered no increase in salary.

However, ADE has changed some of its licensure rules to make it easier and faster for teachers to become certified in special education.

1. ADE created a new **K-12 initial license** for special education, allowing teachers to get their standard license in special education. This change allows them to teach special education after obtaining their bachelor's degree without having to add an endorsement to their license. However, this license would not qualify a teacher to be "highly qualified" under the federal No Child Left Behind Act. Without that designation, teachers with this certification cannot be considered the teacher of record for core subject classes (English language arts, math, science foreign languages, civics, economics, arts, history, and geography). Arkansas universities launched preparation programs for the K-12 special education license in the fall of 2014. Today six Arkansas higher education institutions offer a bachelor's degree in K-12 special education.
2. ADE created a **K-12 special education resource endorsement** option. This is an expedited special education endorsement for individuals who are already licensed to teach elementary grades (K-6) or English, math, or science (4-8 or 7-12). Previously,

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<sup>8</sup> U.S. Department of Education, Office of Special Education Programs, <http://www2.ed.gov/programs/osepgts/index.html>

teachers who wanted to add a special education endorsement were required to complete at least 21 hours of graduate-level coursework in special education. The new expedited resource endorsement, which received final approval in late October, requires teachers to complete just 12 credit hours of additional coursework. Three of those hours must be obtained through an expedited course called "SPED 101 Academy," which will be developed by ADE, higher education institutions and other special education stakeholders. Applicants who completed a special education survey course as part of their undergraduate degree can count up to three credits toward the 12 required for this endorsement. Teachers with this certification will be limited to teaching special education in a resource room setting.

3. ADE created a route to credential special education teachers through a **Masters of Arts in Teaching (MAT) program**. This avenue allows people who are not certified teachers to obtain a master's degree in teaching to become certified. Previously this option was not available to individuals who wanted to teach special education. This certification is pending final approval of ADE's Policies Governing Educator Preparation Program Approval.