



## Special Education Catastrophic Occurrences Funding

Districts receive funding for special education teachers as part of the **foundation funding** they receive for each student. This means that districts receive the same rate of funding regardless of the number of special education students enrolled or the severity of their disabilities. However, the education consultants who helped the Arkansas General Assembly revise the state’s education funding formula in 2003 and 2006 recognized that, “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.” Therefore, they said, the state should adjust for these variations by providing **supplemental funding**.

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.

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.

	Students	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.