



## Bureau Brief



### Memorandum

TO : Members of the House and Senate Committees on Education

FROM: Nell Smith, Policy Analysis and Research Section, Bureau of Legislative Research

DATE : November 5, 2013

SUBJECT: Special Education Report 14-001-29

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.

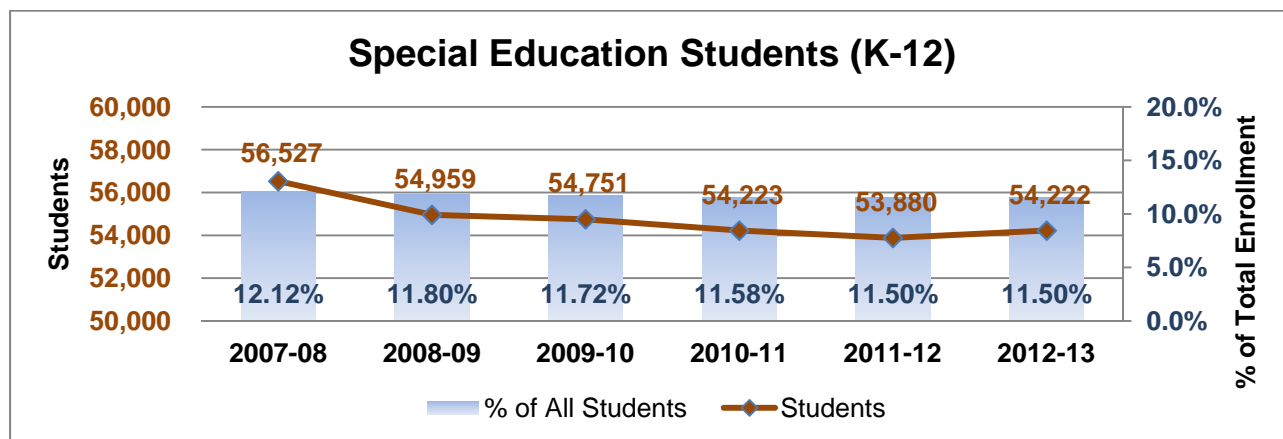
All students with disabilities are assured access to special education services under the federal Individuals with Disabilities Education Act (IDEA). Arkansas Code §6-41-202 establishes in state statute that it is also the state's policy is to provide a free and appropriate public education to students 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 54,222 special education K-12<sup>th</sup> grade students in Arkansas public schools in the 2012-13 school year (not including students in the Division of Youth Services, the Department of Correction or the Conway Human Development Center), making up 11.5% 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, districts' proportion of special education students varies considerably from 5.7% (Springhill School District) in 2012-13 to 20.4% (Fordyce School District. Most of the special education students in Fordyce are in a residential facility located in the district).

<sup>1</sup> Calculation made using data retrieved from <https://adedata.arkansas.gov/statewide/State/EnrollmentByGrade.aspx?year=21&search=&pagesize=10> and the Arkansas Department of Education's Dec. 1, 2012, 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 12.0% of the total student body among children ages 6 through 21 in 2010-11, compared with the national average of 12.9%.<sup>2</sup>

## Types of Disabilities

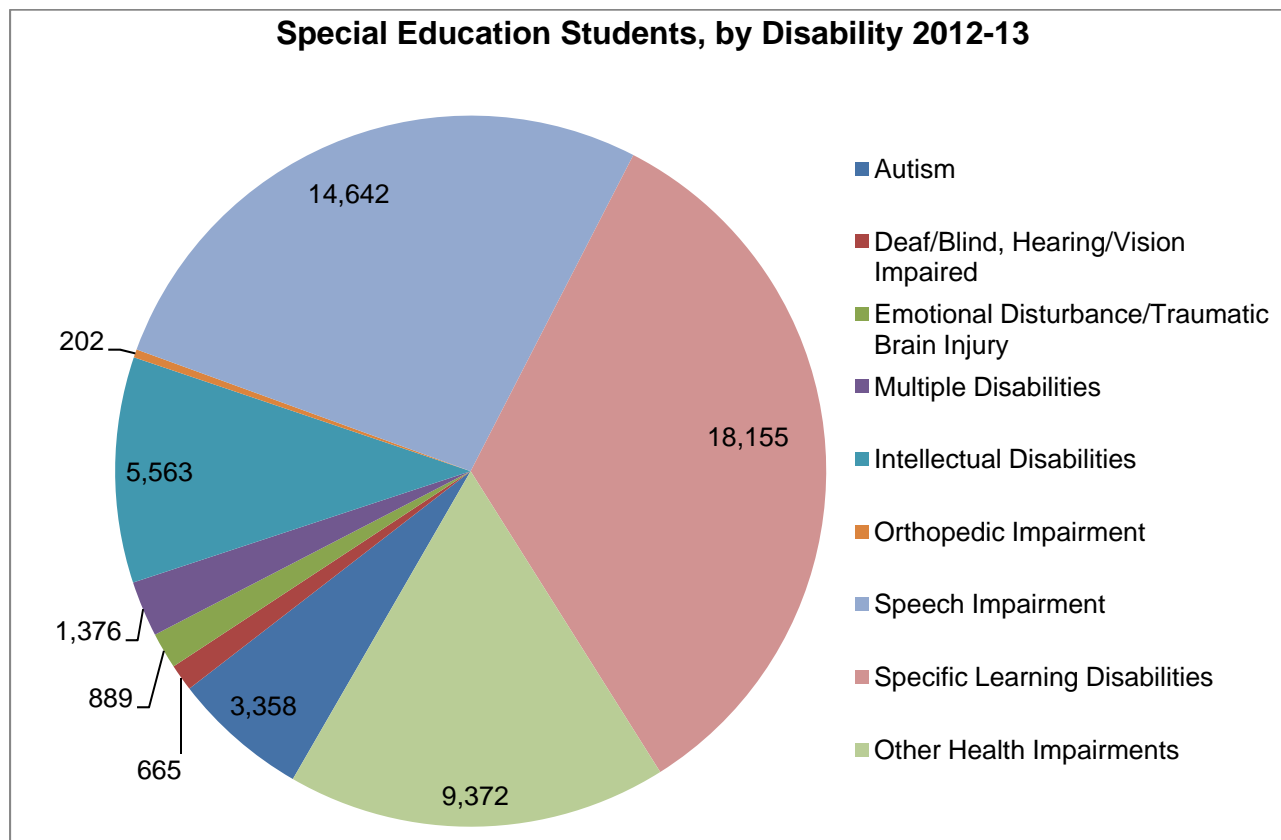
In Arkansas, there are 12 categories of disabilities used to determine students' eligibility for special education:

- 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. 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> <http://www2.ed.gov/fund/data/report/idea/partbspap/2013/ar-acc-stateprofile-11-12.pdf>

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>3</sup> — are the most prevalent impairments among special education students, affecting 33.5% of the state's special education students, or 3.9% of all students.<sup>4</sup> Speech impairments are the second most common disability, affecting 27% of special education students, or 3.1% of all students.



<sup>3</sup> <http://nichcy.org/disability/categories#ld>

<sup>4</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>

Disability	Total	% of Total
Autism	3,358	6.2%
Deaf-Blindness	7	0.0%
Emotional Disturbance	738	1.4%
Hearing Impaired	462	0.9%
Multiple Disabilities	1,376	2.5%
Intellectual Disabilities	5,563	10.3%
Orthopedic Impairment	202	0.4%
Speech Impairment	14,642	27.0%
Specific Learning Disabilities	18,155	33.5%
Traumatic Brain Injury	151	0.3%
Vision Impairment	196	0.4%
Other Health Impaired	9,372	17.3%
<b>Total</b>	<b>54,222</b>	<b>100%</b>

Source: Arkansas Department of Education

For a national comparison, 2010-11 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**.

2010-11	% of Students with Disabilities	
Disability	State	Nation
Autism	<b>5.7%</b>	7.2%
Deaf-Blindness	0.0%	0.0%
Emotional Disturbance	<b>1.4%</b>	6.2%
Hearing Impaired	<b>1.0%</b>	1.2%
Multiple Disabilities	<b>2.6%</b>	2.2%
Intellectual Disabilities	<b>11.0%</b>	7.6%
Orthopedic Impairment	<b>0.4%</b>	1.0%
Speech Impairment	<b>24.6%</b>	18.9%
Specific Learning Disabilities	<b>35.7%</b>	41.5%
Traumatic Brain Injury	<b>0.3%</b>	0.4%
Vision Impairment	<b>0.4%</b>	0.5%
Other Health Impaired	<b>16.8%</b>	12.9%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## 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>5</sup> 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.

2010-11	State	Nation
% of Day Spent in Regular Classroom		
0-39%	12.5%	14.0%
40-79%	30.7%	19.8%
80-100%	53.3%	61.1%
Separate Residential Facility	2.2%	3.3%

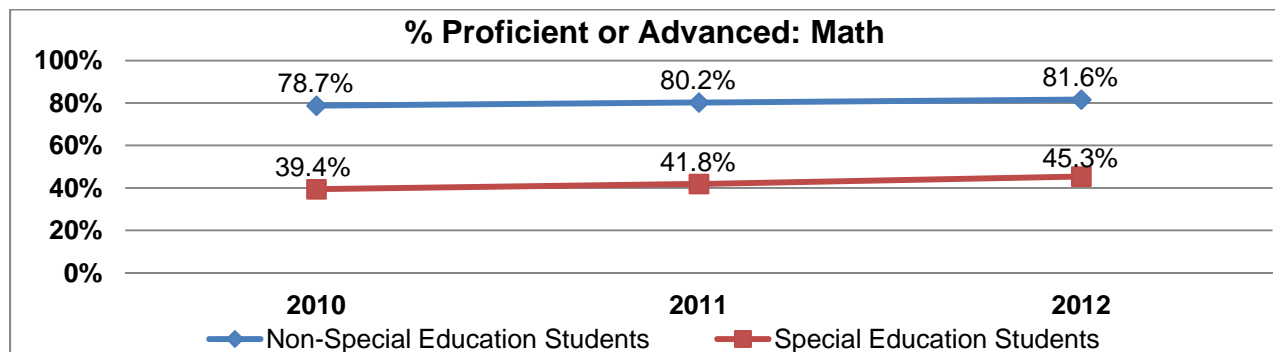
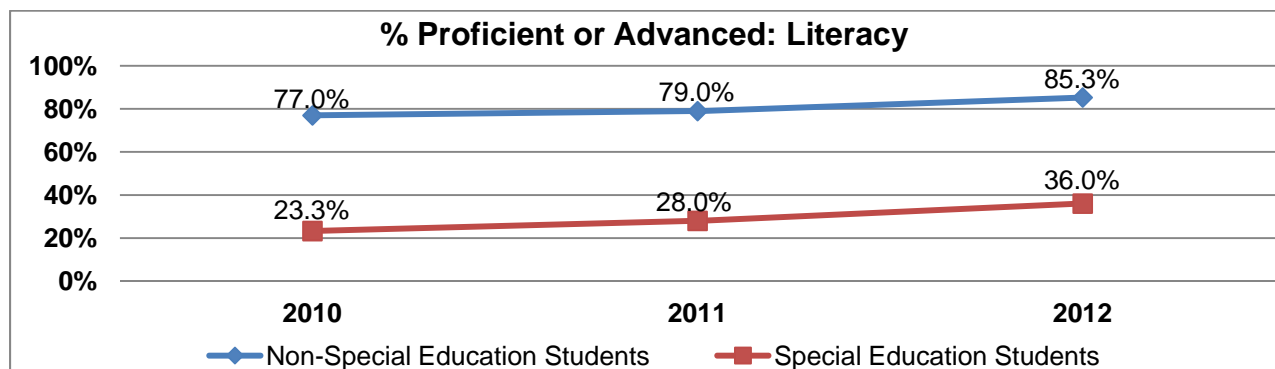
Under the requirements of IDEA, each state was required to develop a State Performance Plan that includes 18 measurable indicators for preschool and school-age special education students, including student placement. States are required to report their performance on each indicator annually, and the U.S. DOE assesses states’ progress. The following table shows the state’s targets for student placement and Arkansas’s actual performance in 2011.

Placement Indicators for Children, Ages 6-21	FY 2011 Actual	FY 2011 Target
% of students in regular education 80% or more of day	53.26%	>59.77%
% of students in regular education less than 40% of day	12.52%	<12.51%
% in separate schools, residential facilities or homebound/hospitals	2.7%	<2.56%

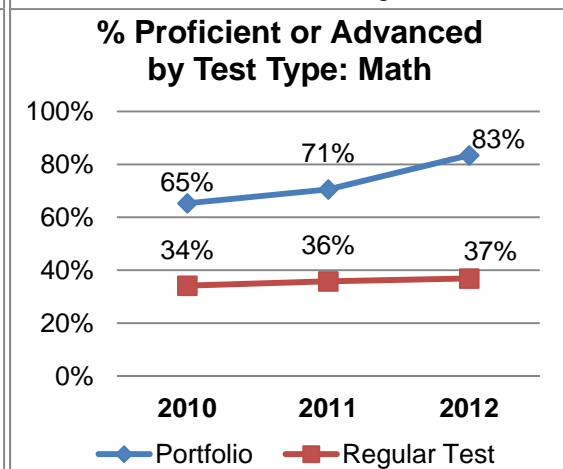
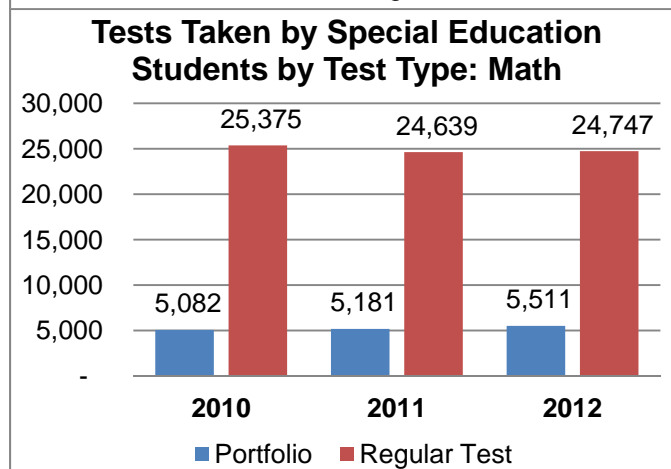
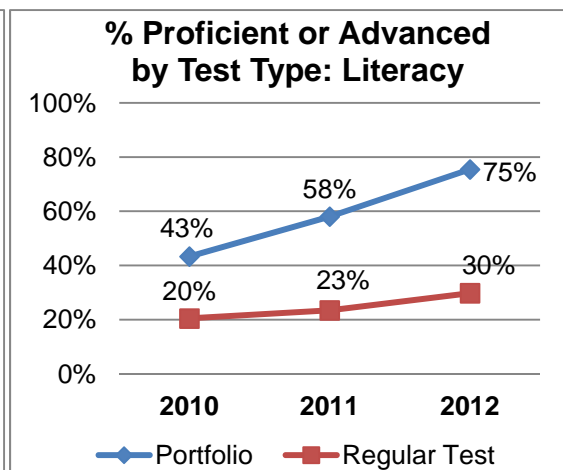
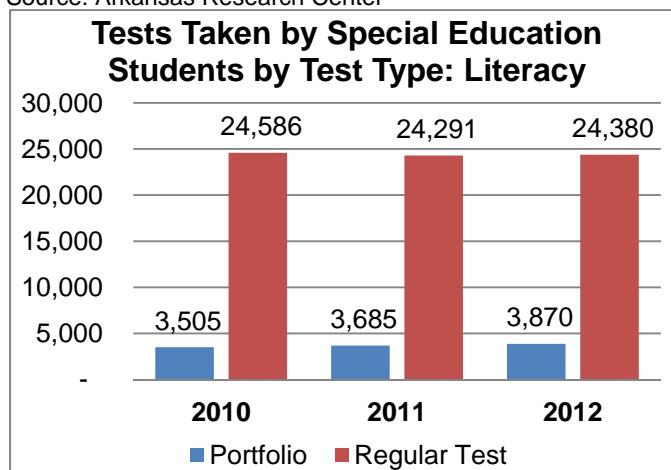
## Student Assessment

Special education students are required to participate in state assessments. Students’ IEP teams must decide whether each special education student will take the regular Benchmark exam, the Benchmark 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 data provided by the Arkansas Research Center. In 2012, about 36% 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 45% tested proficient or advanced. The following charts provide information about the performance of students with disabilities over the last three years. (The 2013 student assessment data has not been released as of the printing date of this report.)

<sup>5</sup> 10 U.S.C. §1412(5)(B)



Source: Arkansas Research Center



Source: Arkansas Research Center

The following districts had the lowest and highest literacy and math proficiency among special education students in 2012.

Literacy			
Lowest Proficiency	% Proficient or Advanced	Highest Proficiency	% Proficient or Advanced
Stephens	4.8%	Hector	83.8%
Fordyce	5.1%	Norfolk	62.5%
Lee County	8.9%	Pottsville	60.2%
Dermott	10%	Parkers Chapel	60%
Clarendon	12.9%	Valley View	58.9%

Math			
Lowest Proficiency	% Proficient or Advanced	Highest Proficiency	% Proficient or Advanced
Strong-Huttig	12.0%	Pea Ridge	71.0%
Bradley	15.4%	Lakeside (Garland)	69.6%
Smackover	16.2%	Norfolk	66.7%
Barton-Lexa	16.4%	Conway	66.4%
Fordyce	16.7%	Bentonville	66.2%

Source: Arkansas Research Center

## NAEP Scale Scores

---

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 conducting conferences 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 compares with the average scale scores in surrounding states and nationally.

	4th Grade Reading		8th Grade Reading
Texas	188	Texas	230
Missouri	186	<b>U.S.</b>	<b>230</b>
<b>U.S.</b>	<b>186</b>	Oklahoma	227
Louisiana	181	Missouri	225
Tennessee	177	Tennessee	224
<b>Arkansas</b>	<b>176</b>	Louisiana	223
Oklahoma	172	<b>Arkansas</b>	<b>217</b>
Mississippi	171	Mississippi	211

	4th Grade Math		8th Grade Math
Missouri	221	Texas	261
Texas	220	Missouri	249
<b>U.S.</b>	<b>218</b>	<b>U.S.</b>	<b>249</b>
Oklahoma	217	Oklahoma	246
Mississippi	213	Louisiana	243
Louisiana	212	Mississippi	241
<b>Arkansas</b>	<b>212</b>	Tennessee	239
Tennessee	211	<b>Arkansas</b>	<b>238</b>

## Other Measures

As noted previously in this report, states were required to develop a State Performance Plan that includes 18 measurable indicators for preschool and school-age special education students, such as the graduation rate and student achievement among students with disabilities. States are required to report their performance on each indicator annually, and the U.S. DOE assesses states' progress. The following is a sample of the 18 indicators, the state's target for each indicator and Arkansas's actual performance. The targets that **Arkansas met are in green**, while those the **state failed to meet are in red**.

Indicator	FY 2011	FY 2011 Target
Proficiency rate-reading	<b>36.06%</b>	>45.22%
Proficiency rate-math	<b>45.42%</b>	>51.44%
Graduation rate among students with disabilities	<b>75.31%</b>	>85%
Drop-out rate among students with disabilities	<b>2.92%</b>	<4.2%
Within one year of leaving high school, % of student with disabilities who are:		
Enrolled in higher education	<b>15.88%</b>	>13%
Enrolled in higher education or competitively employed	<b>42.95%</b>	>49%
Enrolled in higher education or other postsecondary training or employed	<b>55.92%</b>	>60%



## Special Education Funding

### 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 \$351.28 per student in 2012-13. To calculate this as a per-student amount, the following formula is used:

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

	2008	2009	2010	2011	2012	2013
Number of special education teachers	2.9	2.9	2.9	2.9	2.9	2.9
Salary and benefits	\$54,888	\$55,954	\$57,073	\$58,214	\$59,378	\$60,566
Per-student amount	\$318.35	\$324.53	\$331.02	\$337.64	\$344.39	\$351.28

Under this funding methodology, the state funds special education based on each district's total number of students, rather than 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, 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 and 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. They noted that the census methodology "is an approach that is becoming more common across the country to provide resources for children with disabilities." As of 2012, nine states use the census approach for special education funding distribution, while 20 states provide either a flat grant for each special education student or a weighted amount based on the student's disability or instructional environment (e.g., self-contained classroom or regular classroom).<sup>6</sup> Eight states use a cost reimbursement method, and the remaining 22 states use some other distribution method or a combination of methods (including Arkansas, see Catastrophic Occurrences funding in the following section).

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."

<sup>6</sup> Verstegen, D.A. & Knoepfel, R.C. (2012). From Statehouse to Schoolhouse: Education Finance Apportionment Systems in the United States. *Journal of Education Finance*, 38(2), 145-166.

In 2012-13, districts received about \$160.6 million in foundation funding for special education teachers, and they spent about \$160.6 million from foundation funding on special education teachers (spending just \$23,253.23 more than they received). (The total funding does not include open enrollment charter schools.) While the matrix provides funding for 2.9 special education teachers, districts hired 2.96 special education teachers, on average, from 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
\$160.6 million	\$160.6 million	2.9	2.96

A little more than half of the districts (137) employed fewer than 2.9 special education teachers using foundation funding, while 102 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.

In 2012-13, 135 districts received Catastrophic Occurrences funding for 599 students. The state spent its full appropriation, a total of \$11 million, or about \$18,364 per student.

	Number of Students	Funding Per Student
2010-11	487	\$22,587
2011-12	546	\$20,147
2012-13	599	\$18,364

The Department of Education has appropriated \$11 million in Catastrophic Occurrences funding since 2008. However, ADE requested a \$1.9 million increase for FY2014 to keep pace with an annual growth rate of 84 students costing an average of \$22,633 per student, according to the Summary Budget Information provided for the 2013-15 biennium. According to ADE, total requests for funding exceeded the \$11 million available by about \$1.78 million in 2011-12 and about \$2.96 million in 2012-13.

	<b>Appropriation</b>	<b>Expenditures</b>
FY2008*	\$11,000,000	\$11,342,606
FY2009	\$11,000,000	\$11,000,000
FY2010	\$11,000,000	\$10,999,825
FY2011	\$11,000,000	\$11,000,000
FY2012	\$11,000,000	\$11,000,000
FY2013	\$11,000,000	\$11,000,000
FY2014	\$12,900,000	\$11,000,000 (Budgeted)

\*Received an appropriation transfer of \$347,965

## **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 FY2013, school districts, charter schools and other entities (such as DYS) were allocated a total of \$99,288,230, or about \$1,831 per special education student. (Part B funds are not distributed to districts based on the number of special education students in each district. The \$1,831 per student figure represents a statewide average.) According to the data in the Arkansas Public School Computer Network warehouse, the 239 school districts received \$98.5 million in IDEA Part B funding in 2012-13 and spent \$95.3 million.

One issue that could impact the level of educational services districts can offer students with disabilities is a reduction in Part B funding for FY2014 due to sequestration. Districts, charter schools and other entities were allocated \$96,580,859 for FY2014, or about \$2.7 million less than they were allocated in FY2013. Districts were asked on the Adequacy Study survey to describe the impact of this funding reduction on their ability to employ special education staff, and results will be shared later in the study process.

## Medicaid

---

Additionally, schools can become Medicaid providers and bill for services in the areas of audiology, personal care, vision/hearing screenings, occupational therapy, physical therapy, speech therapy, and mental health services. Districts pay a match of 29 to 30 percent of the Medicaid service. Some districts bill Medicaid directly for services, while others use outside agencies to provide Medicaid services. The following table shows the approximate total Medicaid reimbursement districts and charter schools received in 2012-13 for services that are commonly provided for students with disabilities.

Medicaid Service	Reimbursement
Physical Therapy	\$4 million
Occupational Therapy	\$7.1 million
Speech-Language	\$8.1 million
Personal Care	\$640,000
Audiology	\$8,000

Source: <https://arksped.k12.ar.us/applications/sbmh/default.htm>