

Briefing Paper

Prepared for The New Jersey Coalition for Special Education Funding Reform on the Governor's Proposal for State Aid for Special Education

December 9, 2007

On November 30, New Jersey Governor Jon Corzine outlined his administration's plan for a state aid formula for education. A major component of that plan addresses state aid for special education. The proposal represents a sea change for special education funding. The proposal presents limited details, and the Coalition's comments are limited to the information outlined on November 30th.

Background:

Under the current system, state aid for special education is provided to New Jersey's 615 local school districts based on the number of students with disabilities each district identifies. The amount of aid for each student is weighted based on the nature of the student's disability. The **multi-tiered system** provides greater levels of state aid for students with significant disabilities and for those who require intensive services. Every district, regardless of local district wealth, receives the same level of special education aid for similarly situated students.

The current system also calls for state aid for 100% of "extraordinary costs" – costs in excess of \$40,000 per pupil. This provision has been under-funded since its inception; presently only 23% of these 'excess costs' are reimbursed by the state.

The Governor's Proposal: Four major changes

Under the Governor's proposal special education aid would be calculated *and* distributed in a new way. It would also be adjusted for local wealth, and a smaller percentage of "extraordinary costs" will be funded.

State special education aid would be **calculated based on a statewide average excess cost** for special education categories. For the first time in New Jersey, there would be no relationship between a child's disability and the level of state special education aid a district receives for that child.

The proposal calls for one level of aid for students who need *only* speech services. Another amount will be calculated for students with all other disability conditions, such as learning disabilities, communication disabilities, blindness, autism, cognitive disabilities and multiple disabilities. The proposal did not provide that dollar amount, although rumors suggest that it will be about double the amount for general education students.

Comment NJDOE suggested this change will reduce reporting requirements and reduce paperwork, however, districts must still collect and report classification data, as it is a federal requirement. There is some concern that a single statewide average cost for all students with disabilities will not capture the broad variation in costs, or geographic cost differences. Some advocates are concerned that districts serving a higher proportion of high cost students could be hurt under such a model.

The Coalition recommends that the current tiered system be preserved and revised to reflect the intensity of services provided, and the actual cost of those services.

Second, under the Governor's plan, state special education aid would be **distributed to each local school district based on a census model**. For the first time in New Jersey, there would be no direct relationship between the number of children with disabilities served by a district and the amount of state aid provided. Under the plan, districts would be eligible for special education aid for roughly 14% of their total school enrollment, regardless of the actual number of students with disabilities classified in that district.

Comment: This is an effort to reduce inappropriate over-classification of students with disabilities, which has long been an issue in New Jersey. Our rates of classification are higher than the national average. A census model removes funding incentives to identify students as eligible for special education. Federal special education aid to the states is also distributed based on census.

Classification rates in NJ vary widely - some districts report more than 25% of their students as eligible for special education; other districts report rates of special education classification as low as 7%. Some districts have become 'magnet' districts for certain programs and service models and therefore may have more students than the statewide average.

Advocates fear that some children who need special education services may not receive them, particularly if districts feel they are under-funded. Other students may be offered services, but without the protections available under the Individuals with Disabilities Education Act ("IDEA"). The most likely to be affected are those with less obvious disabilities, such as students with specific learning disabilities and social/emotional disabilities.

Third, in a major shift, a portion of **special education aid would be adjusted for local wealth**, with school boards in more affluent communities receiving a smaller percentage of the available aid than school boards in less wealthy communities.

Comment: The Coalition believes that any wealth-adjusted state aid for education should be limited to general education.

Students with disabilities are students first. The fact of their disability adds to the cost of their education equally, regardless of where they live. Therefore, we oppose a wealth-based funding for special education. Wealth-based special education funding will discourage districts with resources from developing quality special education programs and services, and will have the unintended effect of punishing districts that have taken the initiative- in some cases in response to state- sponsored funding initiatives – to develop in-district services for higher cost students.

Our most pressing concern is that special education funding not become a focal point of local budgets and create a situation in which taxpayers are left to decide about whether to pay for required services for students with disabilities. Local boards of education should not be forced into a position in which they must cut general education services in order to pay for special education

Fourth, the proposed reduces the commitment to **funding extraordinary costs**. It sets two different thresholds: \$40,000 for in-district programs, and \$55,000 for out-of district

programs. Costs above these thresholds would be eligible for extraordinary aid. The proposal commits to funding 75% of the districts' costs above these thresholds – not the current statutory commitment of funding 100% of these costs.

***Comment:** We support the continuation of a mechanism to fund extraordinary costs, but believe it should be fully funded at 100% of the amount above the threshold.*

We believe that different thresholds for aid, both linked to placement, will not comply with IDEA's requirement that state aid be fully placement-neutral. Currently, less than 4% of extraordinary costs aid is for fully inclusive programs. We believe the plan should specify how districts providing fully inclusive programs can access this aid more easily.

The Coalition recommends that extraordinary costs aid be generated based on the services the student requires – not the cost of services.

Additional Positions of the Coalition:

Our coalition seeks a state special education **funding mechanism that is adequate, efficient, equitable, predictable, flexible, transparent, fully placement-neutral, and accountable.**

We have developed a detailed position paper with recommendations that have been endorsed by a growing list of organizations and advocacy groups concerned with the welfare of students with disabilities. A central theme in our Coalition's position is that **policy decisions be based on accurate data**, and any that proposal for funding **include a mechanism for accountability**, both for spending and outcomes.

We believe there should be an **accountability mechanism** built into the plan to measure the extent to which the funding policy is resulting in the desired goals.

The special education aspects of the administration's plan have not been exposed to the same type of external review and public debate as other elements of the plan. We urge our **State's leaders to work more closely with the special education advocacy community and proceed slowly and with caution.** Adequate time for public review and input of the full plan is essential, and under no circumstances should a funding formula be rushed through this lame duck session of the Legislature.