



OFFICIAL POLICY

FEDERAL FUNDING FOR SPECIAL EDUCATION

The nation's legislators support equal opportunity for all citizens and support the purposes and spirit of the Education for All Handicapped Children Act of 1975. This law and its subsequent amendments, including the Individuals with Disabilities Education Act (IDEA) of 1990 and reauthorizations in 1997 and 2004 mandates that states provide a free and appropriate education and procedural safeguards for all children with disabilities without regard to costs incurred by the states and local school districts.

States have enacted their own statutes and regulations to comply with federal laws and, in many cases, have gone beyond what is mandated by the federal government in providing services. State and federal laws and regulations, combined with the extensive and increasingly complex case law that has developed around this act, have made the practice of delivering services to students with disabilities complex and costly for states and communities.

The federal special education law includes a provision that authorizes the federal government to fund 40 percent of the average per pupil expenditures (APPE) in K-12 nationwide, an estimate at the time of the excess cost for educating a special education student that the federal government would bear. Since its enactment, the federal government has appropriated funds at levels between 8% and 17% of APPE. The U.S. Department of Education Budget Service estimates that FY 2006 appropriations of \$11 billion leave states and localities \$11.5 billion under the 40% mark.

Recent reports indicate that actual spending for special education services is 95% above average K-12 costs. In effect, this means that states and localities are shouldering a burden of \$40 billion in the current year alone, which according to the original legislation, should be borne by the federal government.

In a system already strapped for funds, federal statutory and regulatory changes further erode federal support for special education services. Medicaid reimbursement for services to special education students provides states with \$3 billion on top of the federal contribution of \$11 billion dollars, bringing the current federal total to \$14 billion. Under the administration's FY07 budget, the federal government is proposing to severely curtail Medicaid reimbursements, effectively reducing the overall federal commitment to states for special education by 22 percent.



For 30 years the Congress has put off meeting its commitments to special education funding. In the 2004 reauthorization, the Congress attempted to address this issue by setting voluntary spending targets in a glide path to full funding by 2011. The targets were ignored in the first cycle of appropriations after the reauthorization. NCSL strongly urges the Congress to honor its original commitment and fully fund 40 percent of the Average Per Pupil expenditures as authorized by the Act and to move state allotments for special education from the discretionary side to the mandatory side of the federal budget.

NCSL further urges the Congress to reject any action that would curtail or eliminate legitimate Medicaid services for special education students.

Expires August 2009