

## Chalkboard's K-12 Action Plan

### **#7: OPTIMIZE FEDERAL FUNDS FOR SPECIAL EDUCATION**

*Goal: Receive our full share of federal funding for special education services.*

**Recommendation:** Some of the money spent on special education qualifies for Medicaid matching dollars. The Oregon Department of Education and the Department of Human Services need to carefully review the state's Medicaid contract with the federal government to make sure it lists all Medicaid-eligible special education services, in order that our schools receive maximum federal reimbursement.

Success Measurement: Medicaid reimbursements in Oregon should equal 5 percent of total K-12 spending on special education (the level recommended by the National Conference of State Legislatures). We should also see improved medical services for K-12 students with disabilities, and more efficient Medicaid billing procedures reported by district business managers.

Concept: Some of the services schools provide for special education students are medically related and qualify for Medicaid. There's a wide variety in how states account for and receive these funds. The lowest is 1 percent of expenditures; the upper end is 9 percent. Oregon has not collected official data on its own record of Medicaid matching. The Department of Human Services and Department of Education should jointly review the state's Medicaid contract with the federal government to ensure that all Medicaid-eligible special education services are listed. The state should also consider consolidating Medicaid claims processing into one centralized office (state or private). Chalkboard realizes that federal spending for special education represents a small part of the overall costs for meeting the needs of these students. This proposal should be viewed as a good business practice that takes us a step closer to cost-effective use of our resources, not a comprehensive solution for educating children with special needs.

***Public Opinion:*** In Chalkboard's statewide public opinion poll, 63 percent of Oregonians felt that unfunded mandates for special instruction and language needs are a big obstacle to public education success. Of them, 29 percent rated the issue as a very big obstacle.

Supportive Research: During the 1990s, the number of children served under the Individuals with Disabilities Education Act (IDEA) increased significantly across the country. Federal law requires that students with mental and physical disabilities receive special services so that they can function and achieve in school. Oregon's statewide funding formula distributes twice the level of resources to a child served through IDEA than to a regular education student. The number of Oregon students aged 5 to 21 who qualified under IDEA increased from 51,568 in 1990-91 to 68,278 in 2000-01. This represents an annual average increase of 2.8 percent, which is also 2.5 times the rate of growth in overall enrollment.

In 2002, the breakdown of students using IDEA services in Oregon was: 1.3 percent of all children aged three to five, 11.9 percent of children aged six to 17, and 0.6 percent of young adults aged 18 to 21. These rates are comparable to the national average.

Oregon's spending on special education for students with disabilities significantly outpaces spending on regular instruction. During 1992-2000, spending per student on regular instruction grew at an annual average rate of 2 percent while per student spending on special education grew at an average annual rate of 13 percent.

In 2002-2003, Oregon spent \$361 million on special education for 63,010 mentally and physically disabled children who remained in regular classrooms, or \$5,737 per student. This amount supplemented spending on regular instruction. School districts spent an additional \$192 million on 8,862 students in separate educational settings (non-mainstreamed students), or an average of \$21,670 per student. Special education services include instruction, but also extend to health and psychological services and special-needs transportation. State and local revenues are the main funding source for special instruction, except for the Title I At Risk program, which is funded primarily by the federal government. (Finance, 5-5)

Special education programs are extremely important for students who have physical or mental challenges. Chalkboard believes the state will best support special education students if budgets for all portions of K-12 education spending are as transparent as possible and if federal dollars are maximized to help offset state spending. Although federal funds are a small part of the overall funds that serve these students, Oregon should be maximizing resources all available resources by fully tapping the Medicaid matching funds available for qualifying students.

***(Please visit the "Download Center" section of [www.chalkboardproject.org](http://www.chalkboardproject.org) to see source data: Citizen Public Opinion Statewide Poll: Highlights of Key Findings; ECONW Reports: Condition of K-12, pp. ix, 2-5 to 2-7; ECONW Finance Full Report, Ch. 5, pp. 5-5 to 5-6, Ch. 6, p. 6-3; K-12 Business Practices: Issue Paper, pp. 7-8.)***

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