
State Special Education Finance Systems, 1999-2000

Part II: Special Education Revenues and Expenditures

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Introduction

The Center for Special Education Finance (CSEF)¹ provides policymakers and administrators at all governmental levels with data, analyses, expertise, and opportunities to share information about special education finance issues. One of CSEF's major activities is the periodic collection and dissemination of information on state funding systems for special education. In 1999-2000, CSEF collaborated with the National Association of State Directors of Special Education (NASDSE) to survey state special education administrators. The survey was designed to obtain two types of information:

- Descriptions of the mechanisms used by states to fund special education services for school-age children with disabilities—presented in *Part I. State Special Education Finance Systems, 1999-2000*
- State-level estimates of the total amounts of revenues and spending on these services from state, local, and federal funds from 1994-95 through 1998-99

This document—*Part II. State Special Education Finance Systems, 1999-2000*—summarizes survey data on special education revenues and expenditures for the years 1994-95 to 1998-99. Combined with *Part I. State Special Education Finance Systems, 1999-2000*, it is the fifth in a series of similar reports produced previously by CSEF and/or NASDSE (NASDSE, 1982; O'Reilly, 1989; O'Reilly, 1993; Parrish et al., 1997). Survey data from all 50 states are included in this report. All but four states (Georgia, New Hampshire, South Carolina, and South Dakota) provided updated information for 1998-99; consequently, for these four states, data from the 1994-95 CSEF state survey are provided where available. These survey data present the best estimate each state could provide on its special education spending and collectively provide an overall picture of the level of resources devoted to special education in the states. However, several states were unable to provide complete expenditure estimates, and others had relatively low levels of confidence in the estimates they could provide (see Exhibit II-6). Even when state confidence in the data is high, the accounting conventions used by one state are likely to differ in important ways from those used by others. This difference in accounting conventions raises questions about the comparability of the expenditure estimates. Despite these data limitations, the state survey data provide information on special education spending on a state-by-state basis.

To supplement these survey data, this report also includes selected data from in the 1999-2000 Special Education Expenditure Project (SEEP) conducted by CSEF, data from prior national expenditure studies, and information from the *Annual Reports to Congress on the Implementation of the Individuals with Disabilities Education Act*. Although data from the CSEF/NASDSE survey and SEEP were

¹CSEF is funded by the Office of Special Education Programs (OSEP), U.S. Department of Education, through a contract with the American Institutes for Research (AIR).

collected in 1999-2000, more recent data are provided wherever possible. *Readers should keep in mind that the exhibits in this report utilize data on special education revenues, expenditures, and enrollments drawn from various sources and time periods. Consequently, any comparisons between exhibits should be made with caution.*

This report includes three chapters: I. State Special Education Revenues; II. Special Education, Enrollments, and Expenditures; and III. Conclusion. Appendix A presents the perceptions of CSEF survey respondents regarding the impact that the 1997 Amendments to the Individuals with Disabilities Education Act (IDEA) have had on state expenditures or fiscal policies. Reports on SEEP findings related to special education expenditures are being made available at <http://csef.air.org> as they are released. The full series of SEEP reports will be completed during 2004.

I. Special Education Revenues

Federal Special Education Revenues

Under the U.S. Constitution, states have the primary responsibility for education. Special education is also primarily funded through state and local revenues. This chapter presents information on federal, state, and local revenues for special education.

To set a context for federal special education appropriations to individual states, Exhibit I-1 presents data on federal special education appropriations and special education child counts from 1977-78 through 2002-03. The exhibit also provides average per pupil expenditure (APPE) for all students in public elementary and secondary schools.² Total federal appropriations increased from approximately \$252 million in 1977-78 to \$7.5 billion in 2002-03. The federal share increased from \$72 per special education child in 1977-78 to \$1,159 per special education child in 2002-03, while the APPE increased from \$1,430 to \$7,499.

The federal special education law passed in 1975, now known as the Individuals with Disabilities Education Act (IDEA), authorized the federal government to fund up to 40 percent of the excess cost of special education (which is calculated as 40 percent of the APPE). In 1977-78, the federal allocation was 5.1 percent of the national APPE. As of 2002-03, federal aid to states for educating special education students is estimated by the U.S. Department of Education to equal 15.5 percent of the APPE.

² Unpublished data from the National Center for Education Statistics, provided by the Office of Special Education Programs (OSEP), U.S. Department of Education. IDEA section 611(h)(1) states, “the term ‘average per-pupil expenditure in public elementary and secondary schools in the United States’ means-

(A) without regard to the source of funds -

(i) the aggregate current expenditures, during the second fiscal year preceding the fiscal year for which the determination is made (or, if satisfactory data for that year are not available, during the most recent preceding fiscal year for which satisfactory data are available) of all local educational agencies in the 50 States and the District of Columbia); plus

(ii) any direct expenditures by the State for operation of those agencies;
divide by

(B) the aggregate number of children in average daily attendance to whom those agencies provide free appropriate education during that preceding year.”

Current expenditures exclude expenditures for community services, capital outlay, and debt service, or any expenditures made from funds received under Title I and Title VI (Elementary and Secondary Education Act, section 9101(14)).

Prior to the reauthorization of the IDEA in 1997, federal funding under the IDEA was based on each state's count of children with disabilities who were receiving special education services (limited to 12 percent of the regular school-age population). The 1997 IDEA Amendments established that funding would continue to be based on the same child-count formula until appropriations reached approximately \$4.9 billion. The new formula, which went into effect in 2000-01, is based on total resident population in the age range for which the state guarantees a free and appropriate public education (85 percent of the allocation) and student poverty (15 percent). The formula applies to new monies in excess of the \$4.9 billion appropriation for the base year fiscal year 1999, subject to certain limitations.

Exhibit I-1. Federal Special Education IDEA Part B Revenues over Time, 1977-78 to 2002-03

School Year (a)	Appropriation (in thousands) (b)	Applicable Special Education Child Count (in thousands) (c)	Year of Applicable Child Count (d)	Share Per Special Education Child (e)	Applicable APPE (f)	Year of Applicable APPE (g)	% Growth in Child Count (h)	Percent Increase in APPE (i)	Percent Increase in Appropriations (j)	Percent Increase in Appropriations per Special Education Child (k)	% APPE (l)
77-78	\$251,770	3,485	76-77	\$72	\$1,430	75-76					5.1%
78-79	\$566,030	3,561	77-78	\$159	\$1,560	76-77	2.2%	9.1%	124.8%	120.0%	10.2%
79-80	\$804,000	3,700	78-79	\$217	\$1,736	77-78	3.9%	11.3%	42.0%	36.7%	12.5%
80-81	\$874,500	3,803	79-80	\$230	\$1,919	78-79	2.8%	10.5%	8.8%	5.8%	12.0%
81-82	\$874,500	3,941	80-81	\$222	\$2,168	79-80	3.6%	13.0%	0.0%	-3.5%	10.2%
82-83	\$931,008	3,990	81-82	\$233	\$2,354	80-81	1.2%	8.6%	6.5%	5.2%	9.9%
83-84	\$1,017,900	4,053	82-83	\$251	\$2,640	81-82	1.6%	12.1%	9.3%	7.6%	9.5%
84-85	\$1,068,875	4,096	83-84	\$261	\$2,861	82-83	1.1%	8.4%	5.0%	3.9%	9.1%
85-86	\$1,135,145	4,124	84-85	\$275	\$3,086	83-84	0.7%	7.9%	6.2%	5.5%	8.9%
86-87	\$1,163,282	4,121	85-86	\$282	\$3,356	84-85	-0.1%	8.7%	2.5%	2.6%	8.4%
87-88	\$1,338,000	4,167	86-87	\$321	\$3,510	85-86	1.1%	4.6%	15.0%	13.7%	9.1%
88-89	\$1,431,737	4,236	87-88	\$338	\$3,871	86-87	1.7%	10.3%	7.0%	5.3%	8.7%
89-90	\$1,475,449	4,347	88-89	\$339	\$4,130	87-88	2.6%	6.7%	3.1%	0.4%	8.2%
90-91	\$1,542,610	4,419	89-90	\$349	\$4,403	88-89	1.7%	6.6%	4.6%	2.8%	7.9%
91-92	\$1,854,186	4,567	90-91	\$406	\$4,704	89-90	3.3%	6.8%	20.2%	16.3%	8.6%
92-93	\$1,976,095	4,727	91-92	\$418	\$4,968	90-91	3.5%	5.6%	6.6%	3.0%	8.4%
93-94	\$2,052,728	4,896	92-93	\$419	\$5,108	91-92	3.6%	2.8%	3.9%	0.3%	8.2%
94-95	\$2,149,686	5,101	93-94	\$421	\$5,260	92-93	4.2%	3.0%	4.7%	0.5%	8.0%
95-96	\$2,322,915	5,467	94-95	\$425	\$5,429	93-94	7.2%	3.2%	8.1%	0.8%	7.8%
96-97	\$2,323,837	5,629	95-96	\$413	\$5,640	94-95	3.0%	3.9%	0.0%	-2.8%	7.3%
97-98	\$3,107,522	5,806	96-97	\$535	\$5,796	95-96	3.1%	2.8%	33.7%	29.6%	9.2%
98-99	\$3,801,000	5,978	97-98	\$636	\$6,046	96-97	3.0%	4.3%	22.3%	18.8%	10.5%
99-00	\$4,301,000	6,133	98-99	\$701	\$6,296	97-98	2.6%	4.1%	13.2%	10.3%	11.1%
00-01	\$4,976,685	6,274	99-00	\$793	\$6,631	98-99	2.3%	5.3%	15.7%	13.1%	12.0%
01-02	\$6,323,685	6,381	00-01	\$991	\$7,006	99-00	1.7%	5.7%	27.1%	24.94%	14.1%
02-03	\$7,512,533	6,483	01-02	\$1,159	\$7,499	00-01	1.6%	7.0%	18.8%	16.93%	15.5%

Appropriations (Column b) source: *Annual Reports to Congress on the Implementation of the Individuals with Disabilities Education Act* and unpublished FY 2002-2003 data from the Office of Special Education Programs (OSEP), U.S. Department of Education. (Figures exclude appropriations for studies and evaluations.)

Special education child count (Column c) source: *Annual Reports* (include counts from the Bureau of Indian Affairs and Outlying Areas).

APPE source: Unpublished data from the National Center for Education Statistics (NCES), provided by the Office of Special Education Programs (OSEP), U.S. Department of Education.

Exhibit I-2 presents the actual and inflated IDEA Part B (Section 611) amounts appropriated to each of the states by the federal government for 1996-97 and 2002-03.³ In 1996-97, actual appropriations ranged from approximately \$4.5 million in Vermont, to approximately \$229 million in California. In 2002-03, actual appropriations ranged from approximately \$15.9 million in Vermont, to approximately \$782 million in California. In both 1996-97 and 2002-03, the three largest funding amounts were appropriated to California (10 and 11 percent of total appropriations, respectively), Texas (8 percent), and New York (7 percent). The three smallest amounts (each less than 1 percent of overall appropriations) were appropriated to Vermont, North Dakota, and Wyoming in both 1996-97 and 2002-03.

Between 1996-97 and 2002-03, federal appropriations to states increased by approximately \$5.1 billion. When inflation is taken into consideration, this increase narrows to approximately \$4.7 billion. West Virginia exhibited the smallest actual percentage increase in appropriations between 1996-97 and 2002-03 (179 actual percent increase, and 144 percent increase when adjusted for inflation), while Hawaii exhibited the largest percentage increase (296 percent actual increase and 245 percent increase when adjusted for inflation). Overall actual appropriations increased by an average of 225 percent and 184 percent when accounting for inflation.

Exhibit I-2. IDEA Part B Grants to States (Section 611) and Special Education Enrollment, 1996-97 and 2002-03

State (n=50)	1996-97 Funding Amounts ¹	1996-1997 – Funding Amounts Inflated to 2002-03 dollars ²	IDEA Child Count, Ages 6-21, 1996-97 ¹	2002-03 Funding Amounts ³	IDEA Child Count, Ages 6- 21, 2002-03	Increase in Funding Between 1996-97 (unadjusted) and 2002-03	Increase in Funding Between 1996- 97 (adjusted) and 2002-03	Unadjusted Percent Increase in Funding	Inflation Adjusted Percent Increase in Funding	Percent Change in IDEA Child Count
Alabama	\$40,895,889	\$46,866,843	89,504	\$119,960,334	87,340	\$79,064,445	\$73,093,491	193%	156%	-2%
Alaska	\$7,445,561	\$8,532,641	15,744	\$22,199,605	16,342	\$14,754,044	\$13,666,964	198%	160%	4%
Arizona	\$30,754,449	\$35,244,715	71,742	\$111,045,656	92,882	\$80,291,207	\$75,800,941	261%	215%	29%
Arkansas	\$21,789,237	\$24,970,548	47,572	\$71,962,298	55,603	\$50,173,061	\$46,991,750	230%	188%	17%
California	\$228,758,683	\$262,158,315	528,273	\$781,662,507	609,182	\$552,903,824	\$519,504,192	242%	198%	15%
Colorado	\$28,194,577	\$32,311,092	64,275	\$94,048,771	72,127	\$65,854,194	\$61,737,679	234%	191%	12%
Connecticut	\$30,784,375	\$35,279,010	73,578	\$89,245,788	66,404	\$58,461,413	\$53,966,778	190%	153%	-10%
Delaware	\$6,415,559	\$7,352,255	13,843	\$20,345,877	15,981	\$13,930,318	\$12,993,622	217%	177%	15%
Florida	\$125,396,899	\$143,705,320	295,762	\$405,878,306	356,496	\$280,481,407	\$262,172,986	224%	182%	21%
Georgia	\$54,609,781	\$62,583,015	126,856	\$195,216,655	165,453	\$140,606,874	\$132,633,640	257%	212%	30%
Hawaii	\$6,482,177	\$7,428,599	15,499	\$25,660,148	21,397	\$19,177,971	\$18,231,549	296%	245%	38%
Idaho	\$9,605,786	\$11,008,267	21,984	\$34,533,972	25,378	\$24,928,186	\$23,525,705	260%	214%	15%
Illinois	\$103,488,767	\$118,598,518	239,415	\$336,446,325	280,296	\$232,957,558	\$217,847,807	225%	184%	17%
Indiana	\$54,174,644	\$62,084,347	125,213	\$170,853,119	150,136	\$116,678,475	\$108,768,772	215%	175%	20%
Iowa	\$26,671,191	\$30,565,286	62,161	\$82,526,911	67,790	\$55,855,720	\$51,961,625	209%	170%	9%
Kansas	\$21,676,813	\$24,841,710	48,985	\$70,893,325	55,220	\$49,216,512	\$46,051,615	227%	185%	13%
Kentucky	\$33,519,757	\$38,413,768	70,032	\$104,503,321	81,661	\$70,983,564	\$66,089,553	212%	172%	17%
Louisiana	\$36,824,539	\$42,201,061	83,277	\$119,376,775	90,173	\$82,552,236	\$77,175,714	224%	183%	8%

³ The 1996-97 appropriations were inflated to 2002-03 dollars, using the Consumer Price Index, adjusted to the school year.

**Exhibit I-2. IDEA Part B Grants to States (Section 611) and Special Education Enrollment, 1996-97 and 2002-03
(Continued)**

State (n=50)	1996-97 Funding Amounts ¹	1996-1997 – Funding Amounts Inflated to 2002- 03 dollars ²	IDEA Child Count, Ages 6-21, 1996-97 ¹	2002-03 Funding Amounts ³	IDEA Child Count, Ages 6-21, 2002-03	Increase in Funding Between 1996-97 (unadjusted) and 2002-03	Increase in Funding Between 1996- 97 (adjusted) and 2002-03	Unadjusted Percent Increase in Funding	Inflation Adjusted Percent Increase in Funding	Percent Change in IDEA Child Count
Maine	\$12,888,326	\$14,770,070	29,362	\$36,989,288	32,657	\$24,100,962	\$22,219,218	187%	150%	11%
Maryland	\$40,789,307	\$46,744,700	94,840	\$131,443,233	101,618	\$90,653,926	\$84,698,533	222%	181%	7%
Massachusetts	\$64,529,602	\$73,951,168	144,488	\$191,890,947	141,606	\$127,361,345	\$117,939,779	197%	159%	-2%
Michigan	\$76,251,412	\$87,384,406	175,219	\$260,135,764	209,474	\$183,884,352	\$172,751,358	241%	198%	20%
Minnesota	\$39,739,072	\$45,541,127	90,353	\$128,321,623	100,256	\$88,582,551	\$82,780,496	223%	182%	11%
Mississippi	\$26,974,089	\$30,912,408	59,280	\$77,199,160	56,539	\$50,225,071	\$46,286,752	186%	150%	-5%
Missouri	\$49,095,746	\$56,263,910	116,892	\$153,553,541	130,199	\$104,457,795	\$97,289,631	213%	173%	11%
Montana	\$7,447,163	\$8,534,477	16,879	\$23,559,507	17,546	\$16,112,344	\$15,025,030	216%	176%	4%
Nebraska	\$15,853,005	\$18,167,604	36,575	\$50,475,888	39,601	\$34,622,883	\$32,308,284	218%	178%	8%
Nevada	\$11,404,975	\$13,070,144	26,711	\$41,760,879	38,131	\$30,355,904	\$28,690,735	266%	220%	43%
New Hampshire	\$10,170,737	\$11,655,703	24,131	\$32,080,256	28,411	\$21,909,519	\$20,424,553	215%	175%	18%
New Jersey	\$79,692,477	\$91,327,880	185,635	\$244,340,509	218,082	\$164,648,032	\$153,012,629	207%	168%	17%
New Mexico	\$19,240,689	\$22,049,902	44,440	\$61,594,953	46,697	\$42,354,264	\$39,545,051	220%	179%	5%
New York	\$159,376,867	\$182,646,491	363,085	\$509,305,853	386,187	\$349,928,986	\$326,659,362	220%	179%	6%
North Carolina	\$59,435,523	\$68,113,334	137,013	\$202,724,229	170,885	\$143,288,706	\$134,610,895	241%	198%	25%
North Dakota	\$5,044,365	\$5,780,861	11,554	\$16,520,608	12,507	\$11,476,243	\$10,739,747	228%	186%	8%
Ohio	\$92,013,426	\$105,447,734	207,678	\$288,468,284	228,945	\$196,454,858	\$183,020,550	214%	174%	10%
Oklahoma	\$29,633,498	\$33,960,101	68,566	\$98,502,970	83,812	\$68,869,472	\$64,542,869	232%	190%	22%
Oregon	\$24,747,446	\$28,360,667	58,112	\$86,394,113	69,730	\$61,646,667	\$58,033,446	249%	205%	20%
Pennsylvania	\$86,078,620	\$98,646,424	194,953	\$281,508,625	239,060	\$195,430,005	\$182,862,201	227%	185%	23%
Rhode Island	\$10,139,194	\$11,619,555	24,144	\$29,560,959	29,888	\$19,421,765	\$17,941,404	192%	154%	24%
South Carolina	\$34,989,762	\$40,098,399	80,269	\$115,429,949	98,268	\$80,440,187	\$75,331,550	230%	188%	22%
South Dakota	\$6,432,855	\$7,372,076	12,898	\$19,680,342	15,079	\$13,247,487	\$12,308,266	206%	167%	17%
Texas	\$178,234,586	\$204,257,509	428,859	\$608,102,898	458,838	\$429,868,312	\$403,845,389	241%	198%	7%
Utah	\$21,216,198	\$24,313,843	48,659	\$68,595,427	49,704	\$47,379,229	\$44,281,584	223%	182%	2%
Vermont	\$4,547,917	\$5,211,930	10,534	\$15,929,020	12,415	\$11,381,103	\$10,717,090	250%	206%	18%
Virginia	\$57,327,775	\$65,697,847	131,235	\$181,253,563	153,867	\$123,925,788	\$115,555,716	216%	176%	17%
Washington	\$43,033,744	\$49,316,833	95,029	\$142,623,221	110,039	\$99,589,477	\$93,306,388	231%	189%	16%
West Virginia	\$18,396,296	\$21,082,225	42,198	\$51,337,699	45,043	\$32,941,403	\$30,255,474	179%	144%	7%
Wisconsin	\$43,010,693	\$49,290,417	96,489	\$140,599,055	112,229	\$97,588,362	\$91,308,638	227%	185%	16%
Wyoming	\$5,074,854	\$5,815,802	11,343	\$16,711,120	11,255	\$11,636,266	\$10,895,318	229%	187%	-1%
Total	\$2,251,440,119	\$2,580,158,878	5,176,410	\$7,317,758,355	5,873,369	\$5,066,318,236	\$4,737,599,477	225%	184%	13%

State Special Education Revenues

Exhibit I-3 presents data on special education enrollment and state-level special education appropriations for the 1994-95 and 1998-99 school years as reported by 42 states responding to the CSEF/NASDSE survey in 1999-2000.⁴ In 1994-95, the reported state appropriation per special

⁴ It should be kept in mind that these are only the reported levels of state support. Total spending on special education from all sources by state will differ, often considerably, from these state appropriations.

education student ranged from a low of \$143 in Arizona to a high of \$6,054 in Delaware, with an average state appropriation of \$2,623 per special education student across all reporting states. The total state revenue for all reporting states in 1994-95 was more than \$12.7 billion.

In 1998-99, the reported state appropriation per special education student ranged from a low of \$177 in Arizona to a high of \$7,166 in Delaware, with an average state appropriation of \$3,225 per special education student. The total state revenue for all reporting states in 1998-99 was about \$17.3 billion.

Between 1994-95 and 1998-99, total special education enrollment increased by 11 percent and total state revenue increased by 36 percent. When inflation is taken into account, the increase in state revenue between 1994-95 and 1998-99 was 24 percent. The actual revenue per special education student increased by 23 percent; with inflation taken into account, the increase was 12 percent. Special education students were 12 percent of the total student population in 1994-95, and increased to 13 percent in 1998-99.

Exhibit I-4 presents *total* enrollment and total and per pupil education expenditures for the same 42 states. Expenditures are based on data from the National Center for Education Statistics (NCES), while enrollments were taken from the *Annual Reports to Congress on the Implementation of the Individuals with Disabilities Act*. These data provide a context in which to compare the state special education revenues and enrollments discussed above. In 1994-95, total expenditures ranged from \$3,431 per student in Utah to \$9,175 per student in New Jersey. The average total expenditure per student across the 42 states was \$5,610. In 1998-99, total expenditures per student ranged from \$3,732 in Utah to \$10,153 in New Jersey. The average expenditure per student across all of the included states was \$6,465.

Between 1994-95 and 1998-99, total enrollment increased by 6 percent, while total and per pupil expenditures increased by 11 percent and 5 percent, respectively, when accounting for inflation. These percentage increases in total expenditures are lower than the changes seen in special education revenues during the same period. As mentioned, total and per pupil special education revenues increased by 24 percent and 12 percent respectively when accounting for inflation.

Exhibit I-3. Growth in State Funding for Special Education and Special Education Enrollment, 1994-95 to 1998-99

State (n = 42)	Age Range	1994-95			1998-99			Percentage Growth from 1994-95 to 1998-99						
		Special Education Enrollment ¹	State Revenues for Special Education ²	State Revenues per Spec Ed Student (unadjusted)	Special Education Enrollment ¹	State Revenues for Special Education ²	State Revenues per Spec Ed Student	Unadjusted ³		Inflation Adjusted ⁴		Special Ed as a % of Total Enrollment, 1994-95	Special Ed as a % of Total Enrollment, 1998-99	% Growth in Special Ed, 1994-95 to 1998-99
								State SE Revenues	State SE Revenues per Student	State SE Revenues	State SE Revenues per Student			
Alabama	6-21	90,672	\$221,823,717	\$2,446	92,314	\$292,147,092	\$3,165	32%	29%	20%	18%	12%	12%	2%
Arizona	0-22	72,580	\$10,390,335	\$143	88,690	\$15,654,499	\$177	51%	23%	38%	13%	9%	11%	22%
Arkansas	5-22	47,603	\$112,626,222	\$2,366	52,672	\$146,568,318	\$2,783	30%	18%	19%	8%	11%	12%	11%
California	0-22	563,894	\$1,738,973,072	\$3,084	646,191	\$2,389,822,676	\$3,698	37%	20%	26%	10%	11%	11%	15%
Colorado	0-21	67,537	\$64,034,980	\$948	74,695	\$84,806,888	\$1,135	32%	20%	21%	9%	11%	11%	11%
Connecticut	3-22	73,792	\$255,787,753	\$3,466	76,740	\$306,813,775	\$3,998	20%	15%	10%	5%	15%	14%	4%
Delaware	3-21	12,720	\$77,003,413	\$6,054	13,502	\$96,754,009	\$7,166	26%	18%	15%	8%	12%	12%	6%
Florida	0-22	301,997	\$918,783,155	\$3,042	342,888	\$1,805,124,142	\$5,264	96%	73%	80%	58%	14%	15%	14%
Hawaii	0-22	19,020	\$61,211,637	\$3,218	23,666	\$90,543,648	\$3,826	48%	19%	35%	9%	10%	13%	24%
Idaho	3-22	22,445	\$43,559,270	\$1,941	27,269	\$67,627,151	\$2,480	55%	28%	42%	17%	9%	11%	21%
Illinois	3-21	250,524	\$513,737,600	\$2,051	280,660	\$867,014,100	\$3,089	69%	51%	54%	38%	13%	14%	12%
Indiana	5-22	119,629	\$195,173,177	\$1,631	142,818	\$293,945,827	\$2,058	51%	26%	38%	15%	12%	14%	19%
Iowa	5-22	61,767	\$192,832,932	\$3,122	70,429	\$267,353,126	\$3,796	39%	22%	27%	11%	12%	14%	14%
Kansas	3-22	51,665	\$175,289,077	\$3,393	58,433	\$213,842,549	\$3,660	22%	8%	12%	-1%	11%	12%	13%
Maine	5-22	30,565	\$78,717,847	\$2,575	34,306	\$115,734,362	\$3,374	47%	31%	34%	20%	14%	16%	12%
Maryland	0-22	95,752	\$130,880,000	\$1,367	110,671	\$144,375,899	\$1,305	10%	-5%	1%	-13%	12%	13%	16%
Massachusetts	0-22	149,431	\$179,737,988	\$1,203	159,042	\$399,974,079	\$2,515	123%	109%	103%	91%	17%	16%	6%
Michigan	0-26	185,619	\$483,179,809	\$2,603	210,861	\$692,858,337	\$3,286	43%	26%	31%	15%	12%	12%	14%
Minnesota	0-22	96,543	\$488,041,349	\$5,055	108,951	\$624,554,821	\$5,732	28%	13%	17%	4%	12%	13%	13%
Mississippi	3-21	65,490	\$113,650,672	\$1,735	61,719	\$131,863,707	\$2,137	16%	23%	6%	13%	13%	12%	-6%
Missouri	5-22	111,107	\$124,400,000	\$1,120	124,605	\$144,200,000	\$1,157	16%	3%	6%	-6%	13%	14%	12%
Montana	0-22	17,679	\$33,428,338	\$1,891	18,797	\$32,520,396	\$1,730	-3%	-9%	-11%	-16%	11%	12%	6%
Nebraska	3-21	38,026	\$114,220,452	\$3,004	43,655	\$128,649,331	\$2,947	13%	-2%	3%	-10%	13%	15%	15%
Nevada	3-22	26,345	\$43,112,160	\$1,636	33,294	\$56,347,359	\$1,692	31%	3%	19%	-5%	11%	11%	26%
New Jersey	0-22	194,922	\$580,995,584	\$2,981	210,114	\$645,852,757	\$3,074	11%	3%	2%	-6%	17%	16%	8%
New York	5-21	329,352	\$1,483,803,044	\$4,505	381,503	\$2,053,775,531	\$5,383	38%	19%	27%	9%	12%	13%	16%
North Carolina	0-22	139,278	\$291,404,727	\$2,092	164,026	\$369,929,274	\$2,255	27%	8%	16%	-1%	12%	13%	18%
North Dakota	3-22	12,179	\$15,782,260	\$1,296	13,181	\$20,623,626	\$1,565	31%	21%	19%	10%	10%	12%	8%
Ohio	5-22	205,440	\$498,386,028	\$2,426	211,583	\$631,881,663	\$2,986	27%	23%	16%	13%	11%	11%	3%
Oklahoma	3-21	70,809	\$104,666,478	\$1,478	80,292	\$135,239,328	\$1,684	29%	14%	18%	4%	12%	13%	13%
Oregon	0-21	58,932	\$202,386,660	\$3,434	54,507	\$219,256,192	\$4,023	8%	17%	-1%	7%	11%	10%	-8%
Pennsylvania	5-21	195,470	\$589,871,000	\$3,018	215,601	\$677,611,000	\$3,143	15%	4%	5%	-5%	11%	12%	10%
Rhode Island	3-21	21,562	\$38,373,130	\$1,780	27,911	\$33,393,485	\$1,315	-13%	-26%	-20%	-32%	16%	18%	29%
Tennessee	5-22	171,068	\$300,000,000	\$1,754	117,982	\$350,000,000	\$2,967	17%	69%	7%	55%	19%	13%	-31%
Texas	3-21	420,506	\$1,216,269,079	\$2,892	486,749	\$1,513,529,525	\$3,109	24%	8%	14%	-2%	11%	12%	16%

Exhibit I-3. Growth in State Funding for Special Education and Special Education Enrollment, 1994-95 to 1998-99 (Continued)

State (n = 42)	Age Range	1994-95			1998-99			Percentage Growth from 1994-95 to 1998-99				Special Ed as a % of Total Enrollment, 1994-95	Special Ed as a % of Total Enrollment, 1998-99	% Growth in Special Ed, 1994-95 to 1998-99
		Special Education Enrollment ¹	State Revenues for Special Education ²	State Revenues per Spec Ed Student (unadjusted)	Special Education Enrollment ¹	State Revenues for Special Education ²	State Revenues per Spec Ed Student	Unadjusted ³ State SE Revenues	State SE Revenues per Student	Inflation Adjusted ⁴ State SE Revenues	State SE Revenues per Student			
Utah	0-22	54,338	\$125,726,943	\$2,382	57,080	\$155,627,337	\$2,726	24%	14%	13%	5%	12%	12%	5%
Vermont	K-12	10,131	\$39,612,300	\$3,910	12,183	\$74,657,850	\$6,128	88%	57%	72%	43%	9%	12%	20%
Virginia	0-22	132,249	\$173,292,525	\$1,310	153,407	\$255,982,173	\$1,669	48%	27%	35%	16%	12%	14%	16%
Washington	0-21	106,695	\$344,256,159	\$3,227	116,587	\$416,270,390	\$3,570	21%	11%	11%	1%	11%	12%	9%
West Virginia	3-21	51,377	\$18,671,746	\$363	54,491	\$20,009,133	\$367	7%	1%	-2%	-8%	17%	18%	6%
Wisconsin	6-21	89,145	\$257,536,544	\$2,889	102,614	\$258,288,385	\$2,517	0%	-13%	-8%	-20%	10%	12%	15%
Wyoming	5-22	11,353	\$68,000,000	\$5,990	11,991	\$72,634,513	\$6,057	7%	1%	-2%	-8%	11%	13%	6%
All States		4,849,339	\$12,719,629,162	\$2,623	5,368,670	\$17,313,658,253	\$3,225	36%	23%	24%	12%	12%	13%	11%

¹ Special education enrollment data from the 1999-2000 CSEF/NASDSE Survey on State Special Education Funding Systems, with the exception of italicized figures which were obtained from the 18th and 22nd *Annual Reports to Congress on the Implementation of the Individuals with Disabilities Act* (due to different age grouping, italicized figures for states serving 5- and 22-year olds reflect IDEA child count of ages 6-21).

² State revenue data from 1999-2000 CSEF/NASDSE Survey on State Special Education Funding Systems. Italicized and/or bold formatting of figures indicate alternative methods were used to estimate values left blank by the states on the survey revenue worksheets. Italicized numbers were taken from the corresponding expenditures worksheet. Figures in bold were estimated from prior year entries and inflated using the Consumer Price Index (CPI), adjusted to the school year.

³ Unadjusted percentage growth figures are based on the actual dollar amounts expended in 1993-94 and 1998-99.

⁴ For the inflation adjusted percentage growth figures, 1994-95 revenues were inflated to 1998-99 dollars using the CPI, adjusted to the school year.

Exhibit I-4. Growth in Total Education Expenditures and Total Enrollment, 1994-95 to 1998-99

State (n = 42)	1994-95					1998-99			Percentage Growth from 1994-95 to 1998-99				
	Total Education Enrollment ¹	Total Expenditures ² (unadjusted)	Total Expenditures (adjusted to 1998-99 dollars)	Total Exp. Per Student (unadjusted)	Total Exp. Per Student (adjusted)	Total Education Enrollment ¹	Total Expenditures ²	Total Exp. Per Student	% Growth in Enrollment	Unadjusted ³		Inflation Adjusted ⁴	
										% Growth in Exp.	% Growth in Per Pupil Exp.	% Growth in Total Exp.	% Growth in Per Pupil Exp.
Alabama	733,458	\$3,026,287,000	\$3,310,670,216	\$4,126	\$4,514	758,816	\$3,631,808,000	\$4,786	3%	20%	16%	10%	6%
Arizona	791,689	\$3,144,540,000	\$3,440,035,568	\$3,972	\$4,345	829,252	\$3,813,659,000	\$4,599	5%	21%	16%	11%	6%
Arkansas	432,317	\$1,873,595,000	\$2,049,658,596	\$4,334	\$4,741	455,647	\$2,094,015,000	\$4,596	5%	12%	6%	2%	-3%
California	5,340,000	\$25,949,033,000	\$28,387,489,580	\$4,859	\$5,316	5,828,938	\$34,132,515,000	\$5,856	9%	32%	21%	20%	10%
Colorado	640,521	\$3,232,976,000	\$3,536,781,988	\$5,047	\$5,522	699,135	\$4,031,530,000	\$5,766	9%	25%	14%	14%	4%
Connecticut	503,216	\$4,247,328,000	\$4,646,453,659	\$8,440	\$9,234	544,690	\$5,135,000,000	\$9,427	8%	21%	12%	11%	2%
Delaware	106,813	\$694,473,000	\$759,733,322	\$6,502	\$7,113	113,167	\$841,316,000	\$7,434	6%	21%	14%	11%	5%
Florida	2,108,978	\$11,019,735,000	\$12,055,270,518	\$5,225	\$5,716	2,335,124	\$13,042,596,000	\$5,585	11%	18%	7%	8%	-2%
Hawaii	183,164	\$1,028,729,000	\$1,125,399,693	\$5,616	\$6,144	187,395	\$1,043,583,000	\$5,569	2%	1%	-1%	-7%	-9%
Idaho	240,448	\$951,350,000	\$1,040,749,311	\$3,957	\$4,328	245,100	\$1,135,714,000	\$4,634	2%	19%	17%	9%	7%
Illinois	1,919,226	\$10,640,279,000	\$11,640,156,658	\$5,544	\$6,065	2,022,108	\$14,310,325,000	\$7,077	5%	34%	28%	23%	17%
Indiana	972,521	\$5,243,761,000	\$5,736,522,465	\$5,392	\$5,899	989,134	\$6,517,000,000	\$6,589	2%	24%	22%	14%	12%
Iowa	498,837	\$2,622,510,000	\$2,868,949,887	\$5,257	\$5,751	502,571	\$3,142,474,000	\$6,253	1%	20%	19%	10%	9%
Kansas	460,905	\$2,406,580,000	\$2,632,728,729	\$5,221	\$5,712	469,850	\$2,724,948,000	\$5,800	2%	13%	11%	4%	2%
Maine	215,517	\$1,281,706,000	\$1,402,149,195	\$5,947	\$6,506	219,741	\$1,461,782,000	\$6,652	2%	14%	12%	4%	2%
Maryland	790,935	\$5,083,380,000	\$5,561,070,302	\$6,427	\$7,031	837,250	\$5,837,401,000	\$6,972	6%	15%	8%	5%	-1%
Massachusetts	897,705	\$6,062,303,000	\$6,631,983,675	\$6,753	\$7,388	964,358	\$7,794,463,000	\$8,083	7%	29%	20%	18%	9%
Michigan	1,603,535	\$10,440,206,000	\$11,421,282,598	\$6,511	\$7,123	1,692,700	\$12,084,452,000	\$7,139	6%	16%	10%	6%	0%
Minnesota	826,600	\$4,622,930,000	\$5,057,351,355	\$5,593	\$6,118	857,900	\$5,948,704,000	\$6,934	4%	29%	24%	18%	13%
Mississippi	503,301	\$1,921,480,000	\$2,102,043,397	\$3,818	\$4,177	502,382	\$2,274,568,000	\$4,528	0%	18%	19%	8%	8%
Missouri	861,542	\$4,275,217,000	\$4,676,963,417	\$4,962	\$5,429	921,391	\$5,094,640,000	\$5,529	7%	19%	11%	9%	2%
Montana	164,295	\$844,257,000	\$923,592,675	\$5,139	\$5,622	161,023	\$945,000,000	\$5,869	-2%	12%	14%	2%	4%
Nebraska	286,405	\$1,594,928,000	\$1,744,804,979	\$5,569	\$6,092	291,010	\$1,842,621,000	\$6,332	2%	16%	14%	6%	4%
Nevada	250,747	\$1,186,132,000	\$1,297,594,010	\$4,730	\$5,175	311,063	\$1,670,584,000	\$5,371	24%	41%	14%	29%	4%
New Jersey	1,174,545	\$10,776,982,000	\$11,789,705,776	\$9,175	\$10,038	1,293,840	\$13,136,251,000	\$10,153	10%	22%	11%	11%	1%
New York	2,790,700	\$22,989,629,000	\$25,149,987,427	\$8,238	\$9,012	2,852,000	\$26,215,053,000	\$9,192	2%	14%	12%	4%	2%
North Carolina	1,146,639	\$5,440,426,000	\$5,951,668,272	\$4,745	\$5,191	1,245,608	\$6,862,591,000	\$5,509	9%	26%	16%	15%	6%
North Dakota	119,288	\$534,632,000	\$584,871,904	\$4,482	\$4,903	113,929	\$627,097,000	\$5,504	-4%	17%	23%	7%	12%
Ohio	1,825,410	\$10,030,956,000	\$10,973,574,966	\$5,495	\$6,012	1,849,685	\$11,440,817,000	\$6,185	1%	14%	13%	4%	3%
Oklahoma	611,138	\$2,763,721,000	\$3,023,430,626	\$4,522	\$4,947	626,674	\$3,237,898,000	\$5,167	3%	17%	14%	7%	4%
Oregon	521,945	\$2,948,539,000	\$3,225,616,158	\$5,649	\$6,180	543,176	\$3,453,000,000	\$6,357	4%	17%	13%	7%	3%
Pennsylvania	1,779,790	\$11,587,027,000	\$12,675,871,514	\$6,510	\$7,122	1,818,090	\$14,000,000,000	\$7,700	2%	21%	18%	10%	8%
Rhode Island	147,490	\$1,050,969,000	\$1,149,729,608	\$7,126	\$7,795	154,485	\$1,236,044,000	\$8,001	5%	18%	12%	8%	3%
Tennessee	880,960	\$3,540,682,000	\$3,873,403,428	\$4,019	\$4,397	908,885	\$4,337,666,000	\$4,773	3%	23%	19%	12%	9%
Texas	3,680,271	\$17,572,269,000	\$19,223,552,690	\$4,775	\$5,223	3,900,488	\$21,407,057,000	\$5,488	6%	22%	15%	11%	5%

Exhibit I-4. Growth in Total Education Expenditures and Total Enrollment, 1994-95 to 1998-99 (Continued)

State (n = 42)	1994-95					1998-99			Percentage Growth from 1994-95 to 1998-99				
	Total Education Enrollment ¹	Total Expenditures ² (unadjusted)	Total Expenditures (adjusted to 1998-99 dollars)	Total Exp. Per Student (unadjusted)	Total Exp. Per Student (adjusted)	Total Education Enrollment ¹	Total Expenditures ²	Total Exp. Per Student	% Growth in Enrollment	Unadjusted ³		Inflation Adjusted ⁴	
										% Growth in Exp.	% Growth in Per Pupil Exp.	% Growth in Exp.	% Growth in Per Pupil Exp.
Utah	471,557	\$1,618,047,000	\$1,770,096,495	\$3,431	\$3,754	477,061	\$1,780,227,000	\$3,732	1%	10%	9%	1%	-1%
Vermont	107,131	\$665,559,000	\$728,102,245	\$6,213	\$6,796	105,442	\$704,331,000	\$6,680	-2%	6%	8%	-3%	-2%
Virginia	1,059,195	\$5,750,318,000	\$6,290,681,133	\$5,429	\$5,939	1,125,735	\$6,789,065,000	\$6,031	6%	18%	11%	8%	2%
Washington	934,309	\$5,138,928,000	\$5,621,838,203	\$5,500	\$6,017	999,628	\$6,349,230,000	\$6,352	7%	24%	15%	13%	6%
West Virginia	309,888	\$1,758,557,000	\$1,923,810,360	\$5,675	\$6,208	296,332	\$2,067,886,000	\$6,978	-4%	18%	23%	7%	12%
Wisconsin	856,661	\$5,422,264,000	\$5,931,799,570	\$6,330	\$6,924	888,245	\$6,896,925,000	\$7,765	4%	27%	23%	16%	12%
Wyoming	101,488	\$577,144,000	\$631,378,799	\$5,687	\$6,221	94,411	\$670,000,000	\$7,097	-7%	16%	25%	6%	14%
All States	39,851,080	\$223,560,364,000	\$244,568,554,965	\$5,610	\$6,137	42,033,459	\$271,761,836,000	\$6,465	6%	22%	15%	11%	5%

¹1994-95 Enrollment data from the 19th Annual Report to Congress on the Implementation of the Individuals with Disabilities Act, Table AF6. 1998-99 Enrollment data from the 22nd Annual Report to Congress on the Implementation of the Individuals with Disabilities Act, Table AF9.

² Total expenditure data from U.S. Department of Education: National Center for Education Statistics. (2000, May). *Digest of Education Statistics*, 1999. Retrieved June 5, 2001 from the World Wide Web: <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2000031>

³ Unadjusted percentage growth figures are based on the actual dollar amounts expended in 1994-95 and 1998-99.

⁴ For the inflation adjusted percentage growth figures, 1994-95 expenditures were inflated to 1998-99 dollars using the Consumer Price Index, adjusted to the school year.

Medicaid and Other Sources of Special Education Funds

The CSEF/NASDSE survey asked states to report other sources of revenue that they use to provide special education services to school-age children with disabilities. As shown in Exhibit I-5, 39 states reported that they use Medicaid as another source of special education revenue. Nine of the states reported that they use state mental health funds, and ten states reported that they use private medical insurance.

Some revenues are reimbursements for special education services from federal sources, such as Medicaid. However, such funding claimed by the state is not always returned to local districts. In some cases, it goes directly to the state general fund. Eighteen states reported that 100 percent of these revenues are returned to local districts.

Twenty-eight of the responding states were able to provide estimates of their Medicaid revenue, as shown in Exhibit I-6. Reported Medicaid revenue ranged from \$12,425 in Mississippi to \$432 million in New York. Medicaid revenue generated per special education student ranged from less than one dollar per student in Mississippi to nearly \$1,000 per student in New York.

Medicaid revenues appear to contribute a relatively small amount to the state share of special education revenues for six of the reporting states—1 percent or less of the state's special education revenues. Conversely, Medicaid revenues contributed at least 15 percent of the state's share of special education revenues for 6 of the 28 reporting states. Medicaid revenues contributed to at least 5 percent of the total special education *expenditures* in five states. As seen in such states as Massachusetts, New York, and Vermont, funding sources like Medicaid clearly have the potential to offset a greater share of total special education costs. The extent to which such funding sources are being underutilized or just underreported is not known.

Data from the Special Education Expenditure Project (SEEP) show that 44 percent of districts recovered funds spent on special education services from Medicaid, with an average of \$105 per special education student. An estimated \$648 million was generated nationally in Medicaid revenues in 1999-2000, representing 1.3 percent of total special education expenditures.⁵

⁵ Chambers, J., Parrish, T., & Harr, J. (2001).

Exhibit I-5. Other Sources of Revenue Reported by States to Provide Special Education Services to School-Age Children with Disabilities, 1999-2000

State* (n = 50)	Medicaid	State Mental Health Funds	Private Medical Insurance	Percent Returned to Local Districts
Alabama	✓	—	—	69% ¹
Alaska	✓	✓	—	—
Arizona	✓	✓	✓	.004% ²
Arkansas	✓	—	—	73% ¹
California	—	—	—	—
Colorado ⁴	✓	—	—	—
Connecticut	✓	✓	✓	60% ¹
Delaware	✓	—	—	30% ¹
Florida	✓	✓	—	100% ¹
Georgia ⁵	—	—	—	—
Hawaii	—	—	—	—
Idaho	✓	—	—	100% ¹
Illinois	✓	—	✓	100% ¹
Indiana	✓	—	—	—
Iowa	—	—	—	0%
Kansas	✓	—	—	100% ¹
Kentucky	✓	—	✓	—
Louisiana	✓	✓	✓	—
Maine	✓	—	—	—
Maryland	✓	—	—	99% ¹
Massachusetts	✓	—	—	50% ¹
Michigan	—	—	—	—
Minnesota	—	—	—	—
Mississippi	✓	✓	—	100% ¹
Missouri	✓	—	✓	100% ¹
Montana	✓	✓	✓	100% ³
Nebraska	✓	—	—	100% ¹
Nevada	—	—	—	—
New Hampshire ⁵	✓	—	—	100% ¹
New Jersey	✓	—	—	15% ¹
New Mexico	✓	✓	✓	95% ¹
New York	✓	—	—	50% ¹
North Carolina	—	—	—	—
North Dakota	✓	✓	✓	100% ¹
Ohio	—	—	—	—
Oklahoma	✓	—	—	100% ¹
Oregon	✓	—	—	100% ³
Pennsylvania	✓	—	—	100% ¹
Rhode Island	✓	—	—	100% ¹
South Carolina ⁵	✓	—	—	—
South Dakota ⁵	✓	—	—	100% ¹
Tennessee	✓	—	✓	—
Texas	✓	—	—	100% ¹
Utah	—	—	—	—
Vermont	✓	—	—	40% ¹
Virginia	✓	—	—	100% ¹
Washington	✓	—	—	50% ¹
West Virginia	✓	—	—	100% ¹
Wisconsin	✓	—	—	40% ¹
Wyoming	—	—	—	0%
Total	39	9	10	

Source: CSEF/NASDSE Survey on State Special Education Funding Systems, 1999-2000.

* A dash (—) indicates state could not provide data. Blank columns indicate that the state does not generate revenue from that source.

¹ Figure shown represents percentage of Medicaid returned to local districts.² Figure shown represents percentage of state mental health funds returned to local districts.³ Figure shown represents percentage of Medicaid and private medical insurance returned to local districts.⁴ Colorado local educational authorities bill for Medicaid, but the state educational authority is not involved in this process.⁵ Georgia, New Hampshire, South Carolina, and South Dakota did not submit a completed survey in 1999-2000. Data reported here are from the 1994-95 CSEF survey.

Exhibit I-6. Medicaid Revenues for Special Education as a Percentage of State Special Education Revenues and Total Special Education Expenditures*, 1998-99

State (n=28)	Enrollment, Ages 3-21*	Medicaid Revenue	Medicaid Revenue Generated per Student	State Funds for Special Education		Medicaid Revenues in Relation to State Funds for Special Education	Total Special Education Expenditure*	Medicaid Revenues in Relation to Special Education Spending
Alabama	99,813	\$134,107	\$1	\$292,147,092		<1%	\$361,684,830	<1%
Arkansas	59,110	\$5,718,420	\$97	\$146,420,968		4%	-	-
Colorado	75,037	\$234,056	\$3	\$74,530,025		<1%	\$400,118,593	<1%
Connecticut	76,740	\$7,200,000	\$94	\$306,813,775		2%	\$827,661,192	1%
Delaware	16,233	\$2,046,848	\$126	\$96,754,009		2%	\$148,162,594	1%
Florida	345,171	\$21,433,006	\$62	\$1,714,625,957	1	1%	\$3,257,846,112	1%
Idaho	27,553	\$652,728	\$24	\$81,116,871		1%	\$114,285,926	1%
Illinois	281,137	\$217,763,055	\$775	\$867,014,100		25%	-	-
Kansas	58,425	\$18,000,000	\$308	\$213,842,549		8%	\$418,349,000	4%
Louisiana	95,245	\$4,306,185	\$45		2		\$523,459,271	1%
Maryland	111,688	\$49,575,658	\$444	\$144,375,899		34%	\$1,055,365,291	5%
Massachusetts	168,964	\$70,000,000	\$414	\$398,705,879		18%	\$1,090,441,872	6%
Mississippi	61,719	\$12,425	<\$1	\$130,443,821		<1%	\$192,913,900	<1%
Missouri	131,565	\$5,800,000	\$44	\$144,200,000		4%	\$491,450,680	1%
Montana	18,797	\$761,175	\$40	\$32,520,396		2%	\$71,278,260	1%
Nebraska	43,400	\$2,361,948	\$54	\$127,052,053		2%	\$175,339,820	1%
New Jersey	210,114	\$25,898,461	\$123	\$645,852,757		4%	\$1,707,710,372	2%
New Mexico	52,113	\$7,000,000	\$134	\$218,750,000	3	3%	\$273,437,500	3%
New York	432,320	\$432,000,000	\$1,000	\$1,930,780,211		22%	\$4,682,294,279	9%
North Dakota	13,181	\$579,333	\$44	\$20,623,626		3%	\$73,376,128	1%
Pennsylvania	227,771	\$28,966,429	\$127	\$679,000,000		4%	\$2,181,910,645	1%
Rhode Island	27,911	\$8,000,000	\$287	\$33,393,485		24%	\$165,737,688	5%
Texas	486,749	\$73,900,000	\$152	\$1,513,529,525		5%	\$2,364,011,263	3%
Vermont	12,709	\$7,593,307	\$597	\$74,657,850		10%	\$126,148,100	6%
Virginia	153,716	\$984,273	\$6	\$255,982,173		<1%	\$959,737,731	<1%
Washington	114,144	\$9,105,209	\$80	\$387,639,366	4	2%	\$682,145,560	1%
West Virginia	49,934	\$2,100,000	\$42	\$20,009,133		10%	-	-
Wisconsin	116,328	\$37,960,475	\$326	\$258,288,385		15%	\$950,959,604	4%

Source: CSEF/NASDSE Survey on State Special Education Funding Systems, 1999-2000.

* Please see Exhibit II-11 for more details about total special education expenditures. Not all expenditures were reported for the 1998-99 school year.

¹ 1997-98 revenues inflated to 1998-99 dollars, using the Consumer Price Index (CPI), adjusted to the school year.² Louisiana's special education funds are integrated into a block grant and cannot be tracked directly to special education.³ 1994-95 revenues were inflated to 1998-99 dollars, using CPI adjusted to the school year.⁴ 1997-98 expenditures inflated to 1998-99 dollars, using CPI adjusted to the school year.

Exhibit I-7 presents the different methods that states use to handle Medicaid billing. Twelve responding states reported that their Medicaid is handled by a statewide system, and 29 responding states reported that individual schools or intermediate units handle their billing. In some states, such as New Jersey and Maine, neither of these options apply because Medicaid billing is handled through a billing service or agency; in Hawaii, billing is handled by the Department of Health. Wyoming does not bill Medicaid. The method of handling Medicaid billing did not seem to have a major effect on the ability to report total Medicaid revenues. Approximately 58 percent of the states whose billing is handled by a statewide system and 69 percent of the states whose billing is handled by individual school districts were able to report Medicaid revenues.

Exhibit I-7. Methods of Handling Medicaid Billing for Special Education Services, 1999-2000

State (n=41)	Through a Statewide System	By Individual School Districts or Intermediate Units
Alabama	✓	
Alaska	✓	
Arizona	✓	
Arkansas	✓	
Colorado		✓
Connecticut	✓	
Delaware		✓
Florida		✓
Idaho		✓
Illinois		✓
Indiana		✓
Iowa		✓
Kansas		✓
Kentucky		✓
Louisiana		✓
Maryland		✓
Massachusetts		✓
Michigan		✓
Minnesota	✓	
Mississippi		✓
Missouri		✓
Montana		✓
Nebraska		✓
Nevada		✓
New Mexico		✓
New York	✓	
North Carolina	✓	
North Dakota		✓
Ohio	✓	
Oklahoma		✓
Oregon		✓
Pennsylvania	✓	
Rhode Island		✓
Tennessee		✓
Texas		✓
Utah		✓
Vermont	✓	
Virginia		✓
Washington	✓	
West Virginia		✓
Wisconsin		✓
Total	12	29

SOURCE: CSEF/NASDSE SURVEY ON STATE SPECIAL EDUCATION FUNDING SYSTEMS, 1999-2000.

Note: Four of the responding 46 states could not mark either of the options presented in this exhibit. Wyoming noted that it was "not applicable," and both New Jersey and Maine indicated that their Medicaid billing is handled through a billing service or agency. Hawaii's Medicaid billing is handled by the Department of Health. California did not respond to this survey item.

Summary

Between 1977-78 and 2002-03, *federal* special education appropriations increased from approximately \$252 million to nearly \$7.5 billion. According to the 42 states that provided data on the CSEF/NASDSE survey, *state* special education funding rose by 36 percent between 1994-95 and 1998-99, or 24 percent when adjusted for inflation. The actual state revenue per special education student increased by 23 percent, or 12 percent when adjusted for inflation.

Other sources of revenue that states reported using to support special education services are Medicaid, state mental health funds, and private medical insurance. Thirty-nine states reported that they use Medicaid to reduce the state's share of special education expenditures. For many states, Medicaid constitutes a small share (1 percent or less) of total special education expenditures. However, in eight reporting states, the percentage of Medicaid revenues in relation to state funds for special education was reported to be 10 percent or more. Nine of the states also reported using state mental health funds, and 10 states use private medical insurance as other sources of revenue.

II. Special Education Enrollments and Expenditures

This chapter looks at long-term trends in special education enrollments and expenditures—first at the national level, using data from SEEP and prior national expenditure studies, and the *Annual Reports to Congress on the Implementation of the IDEA*. After discussing growth in special education enrollments over time, the chapter presents total national spending on students with disabilities and shows changes in the total spending and in the spending ratio, which compares spending on a regular education student with spending on a special education student.⁶ Following this analysis of national spending, state-by-state expenditure data from the CSEF/NASDSE survey are presented.

Special Education Enrollments over Time

To set the context for looking at changes in overall and per pupil special education expenditures over time, it is useful to consider special education enrollment and its representation within total school enrollment. Exhibit II-1 presents the changes in total and special education school-age enrollments from 1976-77 to 2000-01. Continual growth in special education enrollments of children birth through 21 and in the percentage of total school enrollment represented by special education students since the implementation of the IDEA is evident. Growth resulted in part from more recent and rapidly expanding preschool enrollments as well as the birth-through-age-two population, which is served through the federal IDEA Part C program for infants and toddlers, first separately reported in 1987-88. It is important to note that the overall growth in the special education population is somewhat mitigated by excluding the faster-growing preschool and infant programs. On the other hand, future growth in special education enrollments might continue to be fueled by increasing numbers of young children eligible for services through the Preschool Grants and Infants and Toddlers with Disabilities programs. Continued expansion in the special education population may also be driven by rising numbers of at-risk school-age children (based on socio-demographic indicators such as poverty and low-birth weight infants) and regular education reforms, including increased academic standards and rigorous assessments (Parrish, 1996).

Exhibit II-1 also shows alternative measures of the percentage of children in special education. This percentage varies significantly, depending on the numerator and denominator selected. For example, a comparison of children in special education from birth to age 21 to all children (i.e., the resident population) in this age range yields 7.38 percent in 2000-01, while this count of special education children in relation to public school enrollment is 13.83 percent. In an attempt to select comparable measures for the numerator and denominator of this calculation, it may be best to compare the number of school-age children in special education to the public and private school-age enrollment ages 6-21

⁶ SEEP findings discussed in this chapter are from the first SEEP report (Chambers, Parrish, & Harr, 2002) in a series of reports based on descriptive data for the 1999-2000 school year.

(Column K in Exhibit II-1). This shows the percentage of children in special education to be 10.74 percent. Irrespective of the measure selected, however, the percentage of children in special education has risen steadily since the passage of the IDEA. It is this steady, uninterrupted growth across the nation that may be of greatest concern to policymakers.

Exhibit II-1. Special Education Enrollments in the United States, 1976-77 to 2000-01

Population Counts ¹				Special Education Counts ²				Percentage of Special Education				
Year	Resident Population	Total Public and Private Enrollment	Total Public Enrollment	Total	By Age Group			Total (Ages 0-21) to Resident Population	Total (Ages 0-21) to Public and Private Enrollment	Total (Ages 0-21) to Public Enrollment	SE Students, Ages 6-21, to Total Public and Private Enrollment	SE Students, Ages 6-21, to Public Enrollment
	0-21 A	K-12 B	K-12 C	0-21 D	0-2 E	3-5 F	6-21 G	H	I	J	K	L
76-77	81,962,968	49,484,000	44,338,000	3,691,833				4.50%	7.46%	8.33%		
77-78	81,236,690	48,717,000	43,731,000	3,751,356				4.62%	7.70%	8.58%		
78-79	80,519,163	47,636,000	42,537,000	3,889,061				4.83%	8.16%	9.14%		
79-80	81,025,941	46,645,000	41,574,000	4,005,270				4.94%	8.59%	9.63%		
80-81	80,874,532	46,249,000	41,083,000	4,141,794				5.12%	8.96%	10.08%		
81-82	80,303,955	45,544,000	40,148,000	4,197,972				5.23%	9.22%	10.46%		
82-83	79,583,482	45,166,000	39,540,000	4,254,793				5.35%	9.42%	10.76%		
83-84	78,987,052	44,967,000	39,487,000	4,298,405				5.44%	9.56%	10.89%		
84-85	79,343,915	44,908,000	38,925,000	4,315,094				5.44%	9.61%	11.09%		
85-86	78,582,024	44,979,000	39,349,000	4,316,596				5.49%	9.60%	10.97%		
86-87	78,332,954	45,205,000	39,753,000	4,373,638				5.58%	9.68%	11.00%		
87-88	78,245,423	45,487,000	40,008,000	4,437,317	29,685	331,702	4,075,930	5.67%	9.76%	11.09%	8.96%	10.19%
88-89	78,488,526	45,430,000	40,188,000	4,526,908	34,265	356,285	4,136,358	5.77%	9.96%	11.26%	9.10%	10.29%
89-90	78,828,518	45,741,000	40,543,000	4,628,985	37,014	381,166	4,210,805	5.87%	10.12%	11.42%	9.21%	10.39%
90-91	79,148,525	46,451,000	41,217,000	4,771,398	50,827	394,049	4,326,522	6.03%	10.27%	11.58%	9.31%	10.50%
91-92	80,383,000	47,322,000	42,047,000	4,948,601	66,478	417,346	4,464,777	6.16%	10.46%	11.77%	9.43%	10.62%
92-93	80,776,385	48,145,000	42,823,000	5,124,945	76,397	454,236	4,594,312	6.34%	10.64%	11.97%	9.54%	10.73%
93-94	81,293,686	48,813,000	43,465,000	5,318,021	93,520	488,163	4,736,338	6.54%	10.89%	12.24%	9.70%	10.90%
94-95	81,926,587	49,609,000	44,111,000	5,548,143	160,870	520,494	4,866,779	6.77%	11.18%	12.58%	9.81%	11.03%
95-96	82,772,129	50,502,000	44,840,000	5,745,010	172,682	544,482	5,027,846	6.94%	11.38%	12.81%	9.96%	11.21%
96-97	83,486,757	51,375,000	45,611,000	5,919,767	182,347	554,678	5,182,742	7.09%	11.52%	12.98%	10.09%	11.36%
97-98	84,243,396	51,968,000	46,127,000	6,100,241	192,220	565,004	5,343,017	7.24%	11.74%	13.22%	10.28%	11.58%
98-99	85,119,049	52,476,000	46,539,000	6,239,455	183,826	567,628	5,488,001	7.33%	11.89%	13.41%	10.46%	11.79%
99-00	85,788,362	52,875,000	46,857,000	6,397,489	202,376	581,164	5,613,949	7.46%	12.10%	13.65%	10.62%	11.98%
00-01	88,363,795	53,104,000	47,160,000	6,523,541	227,188	591,176	5,705,177	7.38%	12.28%	13.83%	10.74%	12.10%
Percent Growth from 1976-77 to 2000-01								64.06%	64.67%	66.06%		
Percent Growth from 1988-89 to 2000-01								27.95%	23.34%	22.85%	18.06%	17.57%
Percent Growth from 1994-95 to 2000-01								9.01%	9.84%	9.98%	9.51%	9.65%

¹ Population Counts: Resident population counts include the 50 states and the District of Columbia. Data are from the *Annual Reports to Congress on the Implementation of the Individuals with Disabilities Education Act*. Total public and private school enrollment counts for 1983-84 to 1999-2000 are from the National Center for Education Statistics. Counts for years prior to 1983-84 originate from the U.S. Department of Education, Office of Special Education Programs Data Analysis System (DANS).

² Special Education Counts: Special education counts include the 50 states and the District of Columbia. Special Education counts for years prior to 1987-88 were not available by age group for Chapter 1 of the ESEA (SOP) program. 1987-88 to 1993-94 special education counts came from the U.S. Department of Education, Office of Special Education Programs Data Analysis System (DANS) and include students served under Chapter 1 of the ESEA (SOP) program. 1994-95 through 2000-01 special education counts came from the *Annual Reports to Congress on the Implementation of the Individuals with Disabilities Education Act*. Special Education counts listed for ages 0-2 are for the Chapter 1 program from 1987-88 to 1993-1994 and for the Federal Part C program from 1994-95 to 1999-2000.

Exhibit II-2 shows the percentage of resident population age 6-21 served in special education during the 2000-01 school year by state. These data indicate that the national average incidence of disabilities is almost 9 percent of resident population; the incidence ranges from a low of approximately 7 percent in Colorado to a high of nearly 12 percent in Rhode Island and West Virginia.

Exhibit II-2. Percentage of Children Ages 6-21 Served under IDEA, Part B by State, 2000-01*

State	% Special Ed
Alabama	8.97
Alaska	9.63
Arizona	7.23
Arkansas	8.53
California	7.19
Colorado	7.13
Connecticut	9.08
Delaware	8.45
District Of Columbia	8.64
Florida	10.24
Georgia	7.96
Hawaii	8.26
Idaho	7.61
Illinois	9.25
Indiana	9.81
Iowa	9.67
Kansas	8.32
Kentucky	8.58
Louisiana	7.82
Maine	11.32
Maryland	8.55
Massachusetts	10.85
Michigan	8.60
Minnesota	8.39
Mississippi	7.69
Missouri	9.65
Montana	8.11
Nebraska	9.43
Nevada	7.90
New Hampshire	9.79
New Jersey	11.45
New Mexico	10.31
New York	9.17
North Carolina	8.72
North Dakota	7.84
Ohio	8.37
Oklahoma	9.61
Oregon	8.87
Pennsylvania	8.08
Rhode Island	11.80
South Carolina	10.04
South Dakota	7.68
Tennessee	9.07
Texas	8.71
Utah	7.38
Vermont	9.33
Virginia	9.70
Washington	7.82
West Virginia	11.70
Wisconsin	8.71
Wyoming	9.34
50 States and D.C.	8.75

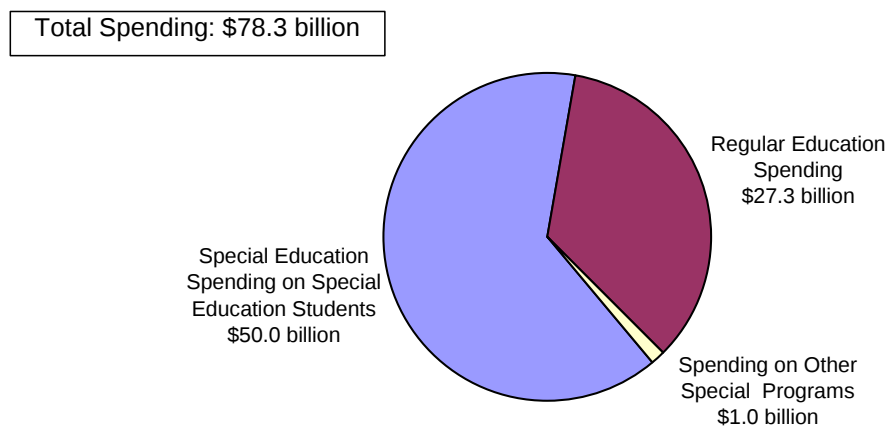
*Population data based on 2000 Census, U.S. Census Bureau.

Source: Data are from the 24th Annual Report to Congress on the Implementation of the Individuals with Disabilities Education Act.

Special Education Spending over Time

Total spending to educate a special education student encompasses *all* school resources, including both special and regular education and other special needs programs, used to provide a comprehensive educational program to meet student needs. During the 1999-2000 school year, the U.S. spent about \$50 billion on special education services alone. Another \$27.3 billion was spent on regular education services, and an additional \$1 billion was spent on other special needs programs (e.g., Title I, English language learners, or Gifted and Talented Education) for students with disabilities eligible for special education. Thus, total spending to educate all special education students amounted to \$78.3 billion (Exhibit II-3).

Exhibit II-3. Total Spending on Students with Disabilities Who Are Eligible for Special Education Services in the U.S., 1999-2000



Source: Chambers, Parrish, & Harr (2002).

Based on these figures, the regular and special education spending to educate students with disabilities represents 21 percent of the \$360.6 billion total spending on elementary and secondary education in the United States.⁷ Total special education spending alone accounts for 14 percent of total spending and 15 percent of total current spending.⁸ In per pupil terms, the total spending used to educate the average student with a disability amounts to \$12,639. This figure includes \$8,080 per pupil on special education services; \$4,394 per pupil on regular education services; and \$165 per pupil on services from other special need programs (e.g., Title I, English language learners, or Gifted and Talented Education). The total including only the regular and special education services amounts to \$12,474 per pupil (Chambers et al., 2002).

⁷ Including other special needs programs, the total spending on special education students represents 22 percent of the total spending on elementary and secondary education.

⁸ Total current spending is equal to total spending less the amounts expended on school and district facilities (e.g., school buildings and district offices).

Exhibit II-4 examines data from the four national expenditure studies on changes over time in both special and total spending per special education student, as well as spending on a regular education student. The expenditures shown are presented both in actual and constant 1999-2000 dollars. Data adjusted for inflation suggest that the average special education expenditure per special education student, excluding regular education, increased from 1977-78 to 1999-2000 by 43.2 percent (from \$5,644 to \$8,080).

The growth in *total* spending per special education student (including both special and regular education services) from 1977-78 to 1999-2000 appears lower (28.9 percent) than the growth for the special education component alone. This also holds true from 1985-86 to 1999-2000, where special education spending increased by 42.3 percent (from \$5,678 to \$8,080) and total spending on a special education student increased by 26.5 percent (from \$9,858 to \$12,474).

It is interesting to note that expenditures on the regular education student increased at a faster rate over time than both special education spending and total spending on a special education student. Spending on the regular education student increased by 46.9 percent (from \$4,462 to \$6,556) from 1977-78 to 1999-2000, and by 51.5 percent from 1985-86 to 1999-2000 (from \$4,326 to \$6,556), whereas total spending on a special education student increased by 28.9 and 26.5 percent, respectively.

Exhibit II-4. Changes in Special, Total, and Regular Education Expenditures per Pupil over Time, Based on National Expenditure Studies to Date

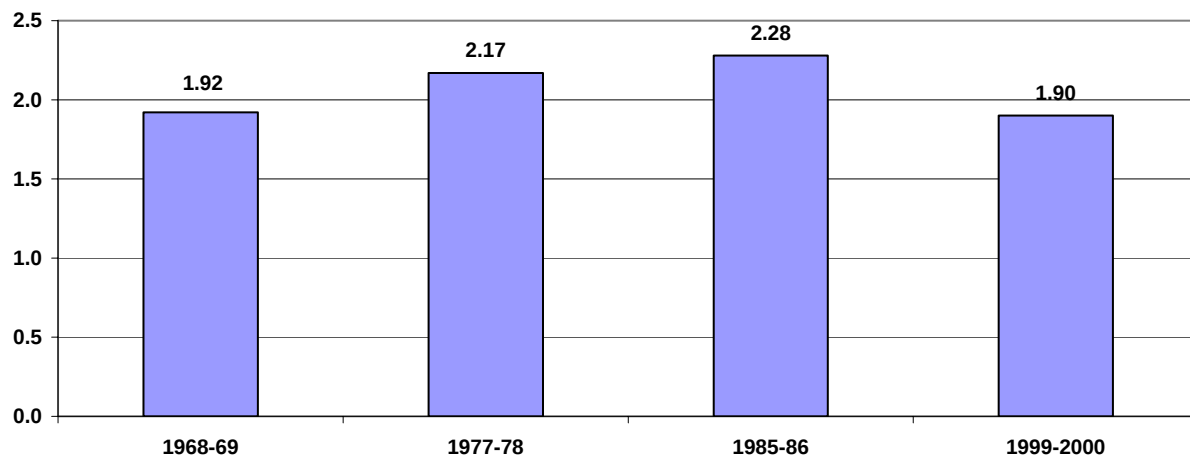
	Rossmiller et al. (1970)		Kakalik et al. (1981)		Moore et al. (1988)		SEEP	Percentage Change from	Percentage Change from
	1968-69 Dollars	Constant 1999-2000 Dollars	1977-78 Dollars	Constant 1999-2000 Dollars	1985-1986 Dollars	Constant 1999-2000 Dollars	1999-2000 Dollars	1977-78 to 1999-2000	1968-69 to 1999-2000
Average Special Education Expenditure per Special Education Student (excludes regular education spending)	n/a ¹	n/a ¹	\$2,087 ³	\$5,644	\$3,649	\$5,678	\$8,080		
Percentage Change Over Time (using constant dollars)				n/a		0.6%	42.3%	43.2%	n/a
Average Total Expenditure per Special Education Student (includes regular education spending)	\$1,257 ²	\$5,961	\$3,577	\$9,674	\$6,335	\$9,858	\$12,474		
Percentage Change Over Time (using constant dollars)				62.3%		1.9%	26.5%	28.9%	109.3%
Total Expenditure per Regular Education Student (excludes any special education spending)	\$655	\$3,106	\$1,650	\$4,462	\$2,780	\$4,326	\$6,556		
Percentage Change Over Time (using constant dollars)				43.7%		-3.0%	51.5%	46.9%	111.1%

Changes in Spending Ratio over Time

The additional expenditure to educate a special education student can be measured by the difference in the total spending to educate a special education student and the total spending to educate a typical regular education student. For the past decade, policymakers, researchers, and practitioners familiar with special education finance have estimated this ratio to be about 2.3.⁹ That is, the additional expenditure on a student with disabilities was estimated to be 130 percent more than the amount spent on a typical regular education student.

Using the 1999-2000 school year SEEP data, this spending ratio is now estimated to be 1.90, or 90 percent more than the amount spent on a typical regular education student.. Exhibit II-5 shows how the estimated expenditure ratio has changed over the time span of the four special education expenditure studies. The ratio appears to have increased from 1.92 in 1968-69, to 2.17 in 1977-78, to a high of 2.28 in 1985-86. Since 1985-86, the ratio appears to have declined to 1.90.¹⁰

Exhibit II-5. Ratio of Spending Per Special and Regular Education Student Over Time



Source: Chambers et al. (2002)

⁹ Moore et al. (1988). The actual number cited in Exhibit II-5 is 2.28, but most individuals who have quoted the number have rounded it to 2.3.

¹⁰ In addition to estimates based on the current SEEP, these ratios are derived from Kakalik et al. (1981), Moore et al. (1988), and Rossmiller et al. (1970). For a summary of these three previous studies, see Chaikind et al. (1993), Table 7.

Special Education Spending by State

As mentioned earlier, to provide more current data by state, CSEF/NASDSE requested special education expenditure data from states for the 1998-99 school year. Not all states were willing or able to provide these data. Exhibit II-6 shows the 39 states able to report special education expenditure data at the federal, state, and local levels for the 1998-99 school year, or for which we were able to derive estimates from the information the states provided.

States that provided this information were also asked to indicate the degree of confidence they have in their data. As Exhibit II-6 indicates, 7 of the 30 states that could provide 1998-99 expenditure data cited a “high degree of confidence” in their data; 11 states were “confident” in their data; 9 states were only “somewhat confident,” 1 state had “no confidence,” and 2 states did not indicate a confidence level. Two of the 30 states (Louisiana and Oregon) were able to provide total expenditure data for 1998-99, but were unable to separate out state and local shares. Two additional states were unable to provide complete 1998-99 expenditure data, but could provide 1998-99 *revenue* data (these states were not included in the counts by confidence levels above). Expenditures for seven states were estimated based on prior years’ survey data.

Despite these limitations, the data shown in Exhibit II-6 are among the most current available estimates of total special education spending by state, as well as federal, state, and local shares of support for these services reported by the states.

Given the limitations of the state survey data, cross-state comparisons should not be taken as exact. As Exhibit II-6 indicates, even when inflation is taken into account, the data show considerable variability across states in the average expenditure per student (ranging from \$2,899 in Oklahoma to \$12,896 in New York—a ratio of more than 4 to 1). However, the extent to which this variation represents real differences in spending and services, as opposed to different accounting conventions and care in reporting across states, is unknown. For example, the degree of difference shown between spending in Indiana and New York seems especially unlikely, given that Indiana reports “no confidence” in the data they reported. Based on this mix of data on revenues and expenditures, the average expenditure on a special education student is \$7,193.

In terms of federal, state, and local shares in providing support for special education, the CSEF/NASDSE data show the federal government’s share to be relatively small. However, these data also show much variability across states in the local, state, and federal shares of spending. For example, state support ranged from 3 percent in Oklahoma to 90 percent in Wyoming. Local shares mirrored this range across the 39 states, from a reported 0 percent in Wyoming to 80 percent in Arizona. Fifteen of the states that could break out federal, state, and local expenditures in 1998-99 reported a state share of 50 percent or more.

Exhibit II-6. Special Education Expenditures as Reported by States, 1998-1999

State (n=39)	Actual Total SE Expenditure*	Total Inflated SE Expenditure**	Associated Special Education Student Count***		SE Expenditure per Student	Inflated SE Expenditure per Student**	Percentage of Support by Source			Confidence in Data (boldface letters represent confidence in 1998-99 expenditures)
							Federal	State	Local	
Alabama	\$361,684,830	\$361,684,830	92,314	H	\$3,918	\$3,918	14%	81%	5%	C
Arizona	\$336,922,321	\$336,922,321	88,690	A	\$3,799	\$3,799	15%	5%	80%	SC
California	\$4,863,110,181	\$4,863,110,181	646,191	A	\$7,526	\$7,526	10%	49%	41%	SC
Colorado	\$400,118,593	\$400,118,593	74,610	B	\$5,363	\$5,363	11%	17%	72%	C
Connecticut	\$827,661,192	\$827,661,192	76,740	D	\$10,785	\$10,785	5%	37%	58%	C
Delaware	\$148,162,594	\$148,162,594	13,502	D	\$10,973	\$10,973	7%	65%	28%	C
Florida	\$3,257,846,112	\$3,257,846,112	342,888	A	\$9,501	\$9,501	7%	55%	38%	HC
Hawaii	\$100,976,480	\$100,976,480	23,666	A	\$4,267	\$4,267	14%	86%	0%	HC
Idaho	\$114,285,926	\$114,285,926	27,269	E	\$4,191	\$4,191	14%	71%	15%	SC
Indiana	\$350,430,294 ¹	\$383,283,134	127,079	D	\$2,758	\$3,016	17%	63%	20%	NC
Iowa	\$374,272,677	\$374,272,677	70,429	F	\$5,314	\$5,314	10%	71%	19%	HC
Kansas	\$418,349,000	\$418,349,000	58,433	E	\$7,159	\$7,159	9%	51%	39%	SC
Louisiana	\$523,459,271 ²	\$523,459,271	95,211	A	\$5,498	\$5,498	6%	94% (combined)		NS
Maine	\$192,307,009	\$192,307,009	34,306	F	\$5,606	\$5,606	8%	51%	41%	HC
Maryland	\$1,055,365,291	\$1,055,365,291	110,671	A	\$9,536	\$9,536	8%	26%	66%	HC
Massachusetts	\$1,090,441,872	\$1,090,441,872	159,042	A	\$6,856	\$6,856	4%	37%	59%	NS
Michigan	\$1,334,000,000 ¹	\$1,459,062,500	188,703	C	\$7,069	\$7,732	6%	34%	60%	HC
Minnesota	\$920,534,778	\$920,534,778	108,951	A	\$8,449	\$8,449	7%	68%	25%	C
Mississippi	\$192,913,900	\$192,913,900	61,719	D	\$3,126	\$3,126	17%	68%	15%	SC
Missouri	\$436,778,659 ³	\$491,450,680	121,419	E	\$3,597	\$4,048	10%	30%	60%	C
Montana	\$71,278,260	\$71,278,260	18,797	A	\$3,792	\$3,792	16%	46%	38%	HC
Nebraska	\$175,339,820 ⁴	\$175,339,820	43,655	F	\$4,016	\$4,016	15%	72%	13%	SC
Nevada	\$206,832,913 ⁵	\$206,832,913	33,294	E	\$6,212	\$6,212	9%	27%	64%	SC
New Jersey	\$1,707,710,372	\$1,707,710,372	210,114	A	\$8,128	\$8,128	6%	38%	56%	SC
New Mexico	\$250,000,000 ¹	\$273,437,500	45,364	B	\$5,511	\$6,028	9%	90%	1%	SC
New York	\$4,522,897,027 ⁶	\$4,682,294,279	363,085	G	\$12,457	\$12,896	6%	36%	58%	HC
North Dakota	\$73,376,128	\$73,376,128	13,181	E	\$5,567	\$5,567	10%	28%	62%	C
Oklahoma	\$232,797,845	\$232,797,845	80,292	D	\$2,899	\$2,899	21%	3%	76%	C
Oregon	\$268,702,299 ²	\$268,702,299	58,931	B	\$4,560	\$4,560	18%	82% (combined)		SC
Pennsylvania	\$2,181,910,645	\$2,181,910,645	215,601	H	\$10,120	\$10,120	5%	31%	64%	NC
Rhode Island	\$147,300,000 ³	\$165,737,688	25,143	D	\$5,858	\$6,592	5%	36%	59%	HC
South Dakota	\$61,618,034 ³	\$69,330,825	15,208	D	\$4,052	\$4,559	13%	49%	38%	HC
Texas	\$2,364,011,263	\$2,364,011,263	486,749	D	\$4,857	\$4,857	12%	64%	24%	SC
Utah	\$189,204,038	\$189,204,038	57,080	A	\$3,315	\$3,315	17%	82%	1%	C
Vermont	\$126,148,100	\$126,148,100	12,183		\$10,354	\$10,354	4%	59%	36%	HC
Virginia	\$959,737,760	\$959,737,731	153,407	A	\$6,256	\$6,256	9%	26%	65%	C
Washington	\$682,145,460	\$682,145,460	116,587	B	\$5,851	\$5,851	11%	65%	24%	C
Wisconsin	\$950,959,604	\$950,959,604	102,614	H	\$9,267	\$9,267	7%	27%	65%	SC
Wyoming	\$85,564,256	\$85,564,256	11,991	G	\$7,136	\$7,136	10%	90%	0%	C

*States reported for the 1998-99 school year except as designated below:

¹ Figure represents 1994-95 expenditures

² State and local are combined

³ Figure represents 1993-94 expenditures

⁴ 1998-99 federal revenues used.

⁵ Figure represents 1998-99 revenues

⁶ Figure represents 96-97 expenditures

**Actual expenditures/revenues were inflated to 1998-99 dollars, using the Consumer Price Index, adjusted to the school year.

***Count of special education students reported by the state associated with the reported total expenditure.

A Includes age range 0-22

B Includes age range 0-21

C Includes age range 0-26

D Includes age range 3-21

E Includes age range 3-22

F Includes age range 5-22

G Includes age range 5-21

H Includes age range 6-21

Confidence in Data:

HC: Highly Confident

C: Confident

SC: Somewhat Confident

NC: Not Confident

NS: Not Specified

Source: CSEF/NASDSE Survey on State Special Education Funding Systems, 1999-2000

Exhibit II-7 shows the percentages of total education expenditures at the state level that were directed to special education, for the 17 states that were able to provide data across these years.

Exhibit II-7. Percentage of Total State Education Spending Going to Special Education over Time from Reporting States, 1982-83 to 1998-99

State (n=17)	1982-83	1987-88	1993-94	1998-99	Overall Change
California	12.5%	10.1%	12.2%	14.2%	1.7%
Colorado	9.2%	10.5%	8.8%	9.9%	0.8%
Connecticut	12.8%	15.1%	15.9%	16.1%	3.3%
Florida	11.4%	12.8%	14.2%	23.7%	12.3%
Iowa	11.9%	10.5%	11.0%	11.9%	0.0%
Kansas	10.3%	11.2%	14.0%	15.4%	5.1%
Louisiana*	12.3%	11.3%	12.9%	12.2%	-0.1%
Maine	8.0%	9.4%	12.0%	13.2%	5.1%
Maryland	12.0%	11.1%	15.8%	17.0%	5.0%
Massachusetts	13.5%	16.4%	18.9%	14.0%	0.5%
Minnesota	8.8%	13.4%	15.9%	15.5%	6.6%
Montana	5.4%	6.6%	6.7%	7.5%	2.1%
Nevada	6.3%	16.5%	18.4%	12.4%	6.1%
North Dakota	10.5%	11.1%	10.4%	11.7%	1.2%
Vermont	9.6%	10.9%	12.3%	17.9%	8.3%
Virginia	8.9%	9.8%	11.2%	14.1%	5.2%
Wisconsin	9.8%	14.1%	12.2%	13.8%	4.0%
Weighted Average	11.3%	11.8%	13.4%	15.3%	4.0%

Sources: The 1982-83 data are from the U. S. Department of Education, Office of Special Education Program Data Analysis Systems (DANS). The 1987-88 data are from the *14th Annual Report to Congress on the Implementation of the Individuals with Disabilities Education Act*. The 1993-94 and 1998-99 data are from the 1994-95 CSEF and 1999-2000 CSEF/NASDSE Surveys on State Special Education Funding Systems, respectively.

*State and local shares are combined.

While the national SEEP cannot break out spending for all 50 states, 11 states participated in individual state SEEP studies that produced data specific to the state and comparable to the national SEEP figure.¹¹ Exhibit II-8 compares the national SEEP estimates to those from these state studies. Data for nine of the state SEEP studies and for the nation represent 1999-2000 expenditures. These data were inflated to 2001-02 dollars, using the Consumer Price Index adjusted to the school year, in order to be comparable to the last two state SEEP studies which represent 2001-02 expenditures. Exhibit II-8 provides special education, regular education, and total spending for school-age students with disabilities. Total spending in five states fell below the national average of \$13,054, while six states had total expenditures higher than the national figure. State “K” had the lowest regular education spending and the highest special education spending per special education student, for a total of \$21,021.

¹¹ The 11 states that contracted for individual SEEP studies are Alabama, Delaware, Indiana, Kansas, Maryland, Missouri, New Jersey, New York, Ohio, Rhode Island, and Wyoming. Reports for some of these state studies may be found at <http://csef.air.org>.

Exhibit II-8
Total per Pupil Expenditures for School-Aged Special Education
Students, by SEEP State, 2001-2002



Source: Final Reports for State Special Education Expenditure Projects (<http://csef.air.org>)

Summary

Special education enrollments and expenditures have been growing steadily since the implementation of the IDEA in 1975. Increasing special education enrollments of children birth through 21 as a percentage of total student enrollments can be attributed to several factors, including rising numbers of at-risk school-age children, and increasing numbers of preschool children, as well as infants and toddlers (0-2) served through IDEA Part C. Special education expenditures have demonstrated steady increases paralleling and likely caused by this steady, uninterrupted growth in enrollments. Based on 1999-2000 data from the national SEEP, the 50 states and the District of Columbia spent approximately \$50 billion on special education services alone, and \$78.3 billion on *all* educational services required to educate students with disabilities (including regular education services and other special needs programs such as Title I and English language learners) amounting to \$8,080 per special education student. This *total* expenditure for educating students with disabilities represents over 22 percent of the 1999-2000 spending on all elementary and secondary educational services in the United States. The total expenditure to educate the average student with disabilities is an estimated 1.90 times the amount spent to educate the typical regular education student with no special needs (Chambers et al., 2002). This ratio has declined since 1985, when it was estimated by Moore et al. (1988) to be 2.28.

Although spending estimates provided by surveyed states are somewhat limited, per-pupil spending across states shows considerable variability—ranging from about \$2,900 in Oklahoma to almost

\$13,000 in New York, with an average expenditure of \$7,193. Across the states, the federal, state, and local shares in supporting special education services also vary significantly, with the state and local shares providing most of the support compared to the federal government's relatively small share.

III. Conclusion

What do the data presented in this report suggest? Are special education enrollments and expenditures rising at such a pace to justify the concerns being expressed by educators and policymakers? Are special education expenditures absorbing an excessive portion of our public investment in education? As stated in a CSEF newsletter, “the absence of recent, accurate, and comparable cost data may exacerbate the perception that special education expenditures are encroaching upon regular education resources,” and make it difficult “to clarify the magnitude, causes, and implications of [special education’s] growth” (Wolman & Parrish, 1996). However, newly released data from national and state studies of special education expenditures, along with the CSEF survey data, provide important assistance in addressing these questions.

While the total per pupil expenditure on special education students for both special and regular education services has increased by nearly 109 percent between 1968-69 and 1999-2000, data indicate that spending has been rising at a slower pace than spending per regular education student over the past 15 to 20 years (Exhibit II-4). The decrease in the spending ratio from 2.3 in 1985-86 to 1.9 in 1999-2000 should also be noted (Exhibit II-7). These data suggest that rather than rising numbers of high cost special education students or extravagant services per student, the primary source of rising special education costs seems to be the rising numbers of students being referred to, and identified as needing, special education.

The special education population has been growing steadily as a percentage of the total student population, from 8.96 percent in 1987-88 to 10.74 percent in 2000-01 (Exhibit II-1). Add to this the prediction that the regular education population will continue to grow, and it is not hard to imagine continuing strain on special education budgets over the next decade (Parrish and Wolman, 2004). Stemming the tide of special education enrollments appears to be the real answer to special education cost containment—a task that will require more holistic education remedies and enhanced cooperation between regular and special educators.

These spending pressures come at a time of public revenue decline. This added stress may be especially hard for local districts to bear. The increased burden on state and local funding is evidenced in quite a few responses to the CSEF/NASDSE survey item that asked states to note their most pressing current issues in special education finance (Exhibit III-1). For instance, inadequate funding and a shift from state to local funding is specifically addressed in Nevada’s response: “The state support for special education units has not increased commensurately with the costs of operating an instructional program. Districts must supplement each unit with local funds resulting in significant general fund encroachment.”

Arguably, one spur to rising special education enrollments comes from increased pressures for education accountability. New testing requirements and higher accountability standards, such as those

found in the No Child Left Behind Act (NCLB), signed into law in 2002, are likely to increase the numbers of students shown to be failing. When alternatives are lacking, many of these students may be referred to special education. At the same time, these new accountability measures may present opportunities for states to find ways to make better use of existing dollars in providing educational services. The current emphasis on educational outcomes could provide an opportunity for states to look more closely at the effectiveness of individual programs and services with an eye towards pruning the least efficient while restructuring existing services for greater effectiveness.

Exhibit III-1. Pressing Current Issues in Special Education Finance, 1999-2000

State (n= 42)	Current Issues
Alaska	1. Monitoring and travel costs. 2. Local education agencies' (LEAs) inability to pay salaries to attract special education and related service professionals. 3. Behavior issues and students who have substance abuse issues. 4. Inability to retain special educators at all levels. 5. Increase in dangerous students.
Arizona	1. Full funding 2. Placement neutral funding.
Arkansas	1. Additional funding for catastrophic occurrences. 2. Additional funding for extended school year services. 3. Additional funding for educational services in residential facilities (including juvenile detention facilities).
Colorado	Inadequate funding.
Connecticut	1. Federal dollars equal only four percent of total costs. 2. Somewhat decreased but ongoing issue of competing resources between mandated and non-mandated programs.
Delaware	1. Related services. 2. Recruitment of teachers and paraprofessionals.
Florida	1. Determining the actual costs of providing an "appropriate" education is difficult given the various definitions of "appropriate." 2. Appropriately budgeting and attributing all costs (including costs related to the time students spend in regular education environment) is difficult given the increased integration of exceptional students.
Hawaii	The state of Hawaii is under a federal consent decree and is implementing many changes in the delivery of special education and related services. The Department of Education will soon be responsible for the delivery of low-end mental health services and anticipates for the provision of these services.
Idaho	1. Our formula does not reflect actual cost - i.e., funding is inadequate. 2. Adequate resources are not available, nor is a funding mechanism available for students with emotional disturbance or other high-cost students.
Illinois	The need to eliminate placement as a basis for distributing funds and to receive federal assistance of 40 percent of excess costs to educate a special education child.
Indiana	1. Determination of actual special education expenditures. 2. Is current funding system adequate to cover costs of educating students with disabilities?
Kansas	1. Funding resources are not increasing to keep up with expenditures. 2. High-cost students are coming back into the system without additional funding following the child.
Kentucky	Consideration of updating the formula for funding special education programs in local districts has been a topic. As is probably the case in most states, the upward spiraling cost of special education and related services is of concern.
Louisiana	Escalating costs that state and local funds cannot meet, especially for high-cost students.
Maine	Equity of funding special education.
Maryland	1. Increased demands for additional special education teachers, related service staff, and aides. 2. Continued increase in costs for students with disabilities placed in non-public schools. 3. Meeting the needs of students with disabilities who require assistive technology equipment.
Massachusetts	1. How to provide state aid for high-cost pupils. 2. How to properly define and measure participation in special education programs.
Michigan	Court involvement by local districts over the distribution of State School Aid.

Exhibit III-1. Pressing Current Issues in Special Education Finance, 1999-2000 (Continued)

State (n= 42)	Current Issues
Minnesota	1. Medical advances and more children living longer with more severe disabilities. 2. New disability and/or medical diagnoses (e.g., autism spectrum disorders). 3. Decrease in students with disabilities dropping out of school and an increase in the number of students with disabilities graduating from high school with a diploma. More children with more severe disabilities will increase the need for more intensive services such as care and treatment and mental health services. Requests for using special education funds for alternative prevention models may increase special education expenditures as Title I funds for disadvantaged students are reduced.
Mississippi	As personnel require additional training for the activities established and available personnel who are adequately trained increase, ensuring that more state funds are appropriated will be an issue.
Missouri	1. Recruitment/retention of qualified staff who can design effective use of resources. 2. Costs associated with increasing mobility of children. 3. Increase in number of children requiring high-intensity, costly services. 4. Inadequate cost sharing in mandates by federal funds, including difficulty in access to Medicaid funds.
Montana	The appropriation level and the impact it has had.
Nebraska	Limitation of state general fund appropriations for special education to a 3 percent increase over previous year's appropriation (5 percent beginning 2000-01).
Nevada	The state support for special education units has not increased commensurately with the cost of operating an instructional program. In 1973, when the mechanism was put into effect, it covered the full salary and fringe benefits of the teacher. At this point it covers 50 percent of the cost at best. Districts must supplement each unit with local funds resulting in significant general fund encroachment.
New Jersey	What are the total and excess costs of special education?
New Mexico	Steadily rising costs (i.e., numbers of students identified, level of service for students, amount of FTE or related service requested)
New York	1. The cost of pre-school special education. 2. How to adequately fund programs to encourage placement in the least restrictive environment .
North Carolina	The 12.5 percent cap for state funding.
North Dakota	1. Inadequate federal funding percentage. 2. Inadequate state funding percentage.
Ohio	1. Adequate state funds. 2. Adequate system for accountability. 3. The funding system deprives "rich districts" from accessing state funds.
Oklahoma	Superintendents would say there is not enough money to provide all the services that are required to meet legal responsibilities.
Oregon	High-cost services and placements for some students. Maintenance of effort standard.
Pennsylvania	Supplementing the limited federal resources with state and local funds to adequately address the IDEA mandates.
Rhode Island	1. High cost of related services. 2. Residential placement costs.
Tennessee	1. Full federal funding at 40 percent. 2. Too much paperwork involved in figuring poverty formula, private schools, etc., on amount allocated to LEAs.
Texas	1. Increasing costs and local burden. 2. New IDEA permanent formula and charter schools. 3. Charter schools' growth. 4. Increasing litigation costs.
Utah	Lowest per pupil expenditure in the nation (both special and regular education).
Vermont	Rising costs, education only agency with mandate. No clear limits for costs or services.
Virginia	Continued disproportionate fiscal burden on localities for mandated programs.
Washington	Clear accounting of special education and basic education expenditures on behalf of special education students.
West Virginia	1. West Virginia does not have an interagency agreement for students with multiple special needs, but it does have an interagency agreement with the Department of Health and Human Resources (DHHR) to fund educational services for students in out-of-state residential placements. These students are placed by DHHR due to a lack of facilities in the state. Courts also place students. The cost of these placements is exorbitant and escalating. It is draining state and federal discretionary funds. 2. From a political/legislative perspective, the issue of increasing numbers of exceptional students while total public school enrollment is decreasing is a concern.
Wyoming	1. Developing policies surrounding appropriate reimbursement for special education. 2. Keeping 100 percent reimbursement. 3. Defining appropriate audit procedures and policies for 100 percent reimbursement.

Source: CSEF/NASDSE Survey on State Special Education Funding Systems, 1999-2000.

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Appendix A. Reported State Perceptions of the Impact of the IDEA '97 Amendments on Costs or Fiscal Policies, 1999-2000

State (n = 25)	Substantial Impact		Comments on Impact of Provisions
	Yes	Not Sure	
Alaska			The data, discipline and monitoring requirements will impact the state at both the state and local educational agency levels. Because of costs related to travel (only air) and the great distances, Alaska continues to be challenged in meeting the basics of IDEA without additional state funds.
Arizona			The State is reviewing the current funding formula to ensure placement-neutral funding. Increased paperwork and overall requirements are driving well-qualified individuals out of special education. Establishing interim alternative educational settings and increased costs for substitute teachers to ensure great involvement of regular education staff will drive up costs.
Arkansas			The maintenance of effort requirement of IDEA '97 has made a substantial impact on LEAs in Arkansas. For the past two school years, between 15 - 20 LEAs have requested waivers against the IDEA '97 maintenance of effort requirement. The reasons for this request are as follows: a) Decreasing enrollment of students with disabilities from one year to another. B) Voluntary departure, by retirement or otherwise, of special education personnel who are replaced by lower salaried staff. c) A substantial increase in the maintenance of effort requirement due to high costs associated with services provided to a "high-cost" student during the previous school year.
Florida			Many of the provisions of IDEA '97 have substantially increased the paperwork burden on school districts. Provisions related to IEPs, meetings with parents, and discipline have increased the number of meetings, length of meetings, and number of participants. Many sections of the law and regulations have resulted in an increase in litigation. These provisions have resulted in increased costs for special education.
Idaho			It's too early to tell.
Illinois			The provisions of IDEA '97 provided a catalyst for efforts to change the state funding formula, but passage of a new formula has not occurred to date. The IDEA '97 provisions have also given a strong foundation for Illinois' pilot project on Flexible Service Delivery, which seeks to increase flexibility in using compensatory services (e.g., special education, Title I, bilingual) to meet the needs of at-risk learners (K-12) through early intervention.
Louisiana			Administrative cost reductions, more funds for LEAs, and the fact that fiscal policies have not changed.
Maine			New funding formula – increased federal dollars. May decrease local growth in expenditures. More flexible use of funds.
Maryland			Significant increase in the area of staff development costs and costs associated with developing/producing new brochures, forms, etc. Additional costs associated with the development of an alternative assessment and administering the assessment(s).
Massachusetts			Change in state funding requirement for least restrictive environments will affect most funding programs.
Mississippi			The State has provided substantial funds to ensure that activities required by IDEA are implemented.
Missouri			Greater emphasis on regular classroom placement will change service delivery. Greater detail on procedures for IEPs will increase administrative focus. Reduced funding for statewide service will affect technical assistance and coordination available.
Montana			Regulations recognizing Attention Deficit Disorder (ADD) will further expand this category of explosive growth. Assessment and Alternate Assessment will have a high price in cost and time for personnel. In spite of what people expected, the documentation requirements in IDEA '97 actually expanded paperwork.
Nebraska			Increased IDEA funding has allowed for funding of below age five special education at 90% and has provided additional federal dollars for discretionary state special education initiatives.
Nevada			Continuing eligibility for free appropriate public education for adjusted diploma students and alternate assessment requirements.

Appendix A. Reported State Perceptions of the Impact of the IDEA '97 Amendments on Costs or Fiscal Policies, 1999-2000 (Continued)

State (n = 25)	Substantial Impact		Comments on Impact of Provisions
	Yes	Not Sure	
New Jersey			Note: New Jersey marked that they believed IDEA has had a substantial impact, but did not specify how.
New York			It's too early to tell.
North Dakota			Alternate Assessment activities and guidelines.
Oklahoma			I believe the funding formula will have a great negative impact on some districts in our state.
Oregon			New funding formulas - revised policies and procedures have significant impact on the state and LEAs. Parentally placed private school fiscal policy has significant impact on financial management and reporting, and on communications with parents.
Pennsylvania			Note: Pennsylvania marked that they believed IDEA has had an impact, but did not specify how.
Rhode Island			Assistive technology; Including ADD/ADHD; Regular education teacher as part of IEP team; extended school year services; Paperwork and documentation.
Texas			New IDEA permanent formula and charter schools.
Vermont			Too early to tell net change. Change in evaluation requirements could save dollars. Discipline and interim placement may increase dollars.
Wyoming			Access to and progress in the general curriculum. Discipline – interim alternate education placements

Source: CSEF/NASDSE Survey on State Special Education Funding Systems, 1999-2000.