

**86th Texas
Legislature
House Bill 3**

Special Education Finance Advisory Committee Recommendations



TEA[®]
Texas Education Agency

2020 Special Education Allotment Advisory Committee Report

August 2020

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Foreword

We are honored to have been chosen by our fellow committee members to serve as co-chairs of the Special Education Allotment Advisory Committee (the Committee). Along with our committee members, we strongly believe that the state's method of financing special education services deserves a thorough review. In 2019, when the Texas Legislature devoted much energy to legislation to overhaul the state's school finance system, there was also consideration for the needs of students with disabilities. One provision in that legislation created this committee. From the winter of 2019 to summer 2020, the Committee devoted itself to fulfilling the charge to study special education funding in Texas. This report reflects the outcome of those efforts.

We wish to thank every member of the Committee for their participation and the unique voice they brought to this committee. In particular, we extend gratitude to our student members for their presence and participation in this process. There were a variety of challenges while the Committee conducted its meetings. Among other things, the COVID-19 pandemic disrupted our ability to meet; Nonetheless, the members of the Committee remained patient and focused on our mission.

We wish to specifically thank Senator Eddie Lucio, Jr. for authoring the amendment in House Bill (HB) 3 for the formation of this committee. We also want to acknowledge, beyond HB 3, that there were several lawmakers who championed special education finance in the 86th Legislature. These include, but are not limited to, Representative Mary Gonzalez and Representative Morgan Meyer. The leadership of Senator Larry Taylor and Representative Dan Huberty, the respective chairs of the education committees in the Texas Senate and Texas House, was also invaluable.

We wish to acknowledge the support provided by the Texas Education Agency (TEA) staff during this process. Dr. Justin Porter, Mr. Leo Lopez, and their respective teams were incredibly helpful in the discussions that ultimately led to the recommendations in this report.

Finally, we want to thank parents, the school professionals who dedicate their lives to educating students and, most importantly, the students of this state identified with any type of exceptionality. Texas must prioritize the educational and social supports students with exceptionalities need to be successful in school and in life.

We hope this report provides state leaders with various actionable recommendations to improve the state's special education allotment system in the best interests of our students. The Committee takes sole responsibility for the contents of this report.

Respectfully,

Steven Aleman, Policy Specialist, Disability Rights Texas (DRTx)
Kristin McGuire, Director of Governmental Relations, Texas Council of Administrators of Special Education (TCASE)

Executive Summary

The formation of the Committee was mandated by HB 3, 86th Texas Legislative Session, and is codified in Texas Education Code (TEC) Section 48.1021.

Various stakeholder representation was required by the statute with the TEA Commissioner responsible for naming the Committee members. TEA supported the Committee with staff expertise and data. The Committee's recommendations reflect the study and consensus of the members.

The Committee's primary task dictated by statute was to consider a state funding system for special education based on student need rather than instructional arrangement. While the Committee's mission remains centered on the idea of full reform of the state's special education funding system, we would be negligent to not consider alternatives in light of the current financial and societal climate. Whatever incremental changes can be made by the legislature as a result of this report are welcomed. However, one thing is clear, the state can no longer wait to make changes to how it funds special education. The current system is flawed, inefficient, and no longer reflective of the types of special education services and supports provided in schools. In order to improve student outcomes, we must invest in a more logical structure in how we fund the state program.

This report focuses on recommendations in four major areas:

- Reforming the formula to fund special education based on the intensity of supports and services provided to a student, rather than the current instructional arrangement system.
- Updating pieces of the current funding system in order to obtain more equitable and efficient levels of support.
- Maximizing existing revenue sources and discovering new revenue; and
- Committing state resources to the development of high-quality professionals and elimination of shortage areas.

A wholesale change is recommended that consists of the following concepts:

- Create a tiered system based on the special education services and supports that a student receives, regardless of the location in which they receive them.
- Consider the development of a matrix to determine the level of student need.

Incremental changes to the current formula are recommended that consist of the following concepts:

- Alter the calculation method for the mainstream and homebound instructional arrangement settings.
- Change the contact hour multipliers in certain settings.
- Establish a reimbursement system for initial special education evaluations.
- Establish a related services weight in the special education allotment.
- Differentiate the levels of support within the mainstream setting.

An analysis to maximize funding available for special education services is recommended that consists of the following concepts:

- Study existing riders in the state budget to determine effectiveness and investigate potential new revenue sources.
- Increase the direct spending requirement percentage by local education agencies (LEAs)¹ on special education expenses.
- Determine the impact of the High Cost Fund by surveying LEAs.
- Limit short-term grants that focus on specific disabilities or special projects.
- Coordinate funding more efficiently between the state dyslexia allotment and state, local and federal special education funds.

Changes to our personnel system are recommended that consist of the following concepts:

- Invest in a highly qualified special education workforce.
- Ensure that all LEA staff is equipped to meet the needs of students with disabilities.
- Increase targeted recruitment of qualified related service personnel.
- Invest in the retention and advancement of paraprofessionals.
- Support student loan forgiveness programs for employment in high need areas.

The Committee also identified other potential changes that require further study. These may prove beneficial for students with disabilities and consist of the following concepts:

- Calculate funding based on student enrollment rather than student attendance, and determine necessary changes in the Foundation School Program (FSP) formulas.
- Analyze the state's School Health and Related Services (SHARS) program, including LEA utilization of reimbursements, and determine necessary changes.

¹ In this report, the Committee uses the term local education agencies, or LEAs, to refer to both independent school districts and open-enrollment charter schools.

Section 1: Introduction

1.1 Purpose and Formation of the Committee

The Committee was formed out of HB 3j,86th Texas Legislative Session. TEC Section 48.1021 mandated that the Commissioner of Education form a committee of fourteen different types of stakeholders to develop a report of recommendations to improve the state special education allotment. The legislature set a due date for the report of May 1, 2020.

TEA solicited nominations for the Committee in summer 2019, the Commissioner named appointees in November, and the Committee's first meeting occurred in December 2019. Two co-chairs were chosen by the members to lead the group. The Committee also utilized work groups to study specific topics. The Committee met formally on a monthly basis, but closures from COVID-19 made the Committee's already condensed time frame of getting a report completed by May 1, 2020 impossible. While the Committee was mindful of the deadline, it valued a thorough and complete report and was able to finalize it in summer 2020.

Member Viewpoint

I joined as a parent of a child with multiple disabilities. It was a perfect opportunity to gather with other people and share our respective opinions. Not everything will be solved in one sitting, but I anticipate the more we do committees like this, people like me will be interested in participating.

Diana Serrano, El Paso

For a list of committee members and their roles, please see [Appendix C](#).

HB 3 outlined the following tasks for the Committee:

1. Describe the current funding methods for special education in Texas.
2. Analyze the possible implementation of a method of financing special education based on the services and supports each student receives instead of instructional arrangement.
3. Share data on current special education expenditures from a representative sample of school districts.
4. Recommend improvements to the current funding methods or the implementation of new funding methods.

TEA supported the Committee in several ways. TEA organized meetings, made staff available for consultation and questions, provided data upon request, and collaborated with the co-chairs. However, the Committee wishes to make clear that this report and its recommendations reflect the decisions of the Committee and not TEA.

1.11 Committee's Guiding Principles

Early on in the process, the Committee determined the following principles for its work:

- State resources should be efficiently targeted to students with disabilities in the special education system in order to improve identification, services, and outcomes.
- The current state funding system for special education should be simplified.
- Students with disabilities receiving special education services should be provided comprehensive and appropriate supports with a state funding system that promotes inclusion to the maximum extent appropriate to each student.
- The growing cost of providing special education services and supports should be considered in the state budgeting process and in each LEA's annual budget development.

1.12 Committee's Reform Goals

The Committee then determined its goals for funding reform:

- Revise the current weighted funding structure away from placement-based weights in order to efficiently match funding to the service intensity needs of students.
- Simplify the state allocation formula by reducing the number of steps and factors involved in the calculation of LEA allotments.
- Update the weight factors to reflect the full cost of instruction and services, including evaluation, related services, accommodations/modifications, and equipment.
- Consider the costs of special education services in addition to projected growth in enrollment when developing state and local budgets.

Member Viewpoint

I was selected for this committee as a member of the Continuing Advisory Committee for Special Education and as a parent raising a son with autism in a life skills setting. I was happy to have a voice in this process because my family will be directly impacted by these recommendations.

Agatha Thibodeaux, Katy

1.2 Policy Context

To accomplish all of the Committee's reform goals would have taken a minimum of a one-year commitment, which the Committee did not have. The Committee also understands that not considering the likely financial impacts of the COVID-19 pandemic would be negligent on its part. However, the Committee worked diligently to form recommendations in this report that maximize outcomes for students while minimizing heavy burdens or shifts in practice to LEAs.

It is hardly controversial to say that special education is not adequately funded to address student needs. It is also correct that the state is shouldering the enormous task of making up for the inadequate funding provided by the federal government. To say that true reform can occur without a significant commitment of additional funding is not an idea that the Committee believes. That said, the recommendations in this report take into consideration how financial resources provided by the state could be redistributed, regardless if no new funds can be committed.

The Committee also wishes to echo the sentiment of the Texas Commission on Public School Finance, where, in 2018, it stated the following:

“In considering the reforms recommended by this report, we encourage the legislature to take a fresh look at every aspect of our school finance system and not be bound to the compromises of the past when the needs of the future are so very clear. Given the increasing levels of both economically disadvantaged and English language learners within Texas’s PreK–12 public school system, and our economy’s continued technological displacement of historical living wage jobs, it is critical that our state begin now to make the additional needed investments that strategically address key areas of weakness within our public educational/workforce pipeline. While we acknowledge the known and competing sizable budgetary challenges currently faced by the legislature, including growing costs associated with Hurricane Harvey, Medicaid, pension costs, etc., the successful implementation of these recommendations will help ensure that all Texas students (93 percent of which attend a public school) have a realistic chance at a quality educational outcome, culminating in a post-secondary credential that prepares them for success in a rapidly evolving 21st century economy. Ultimately, what becomes of our students will dictate what becomes of our state.”²

While each committee member has his or her own priorities and concerns about how these recommendations would be implemented by the state, the Committee itself had no disagreement as to the final recommendations included in this report. All committee members stand willing to remain engaged in the public policy process and contribute to improvements in the system.

Member Viewpoint

I joined as a stepparent of a high school senior who is hard of hearing and as a special educator. It was an opportunity to learn more about how our programs are funded and possibly be part of the solution. It’s been an eye-opening experience.

Paula Marshall, M.Ed., Pearland

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<https://tea.texas.gov/sites/default/files/Texas%20Commission%20on%20Public%20School%20Finance%20Final%20Report.pdf> (p. 17)

Section 2: Profile of the Current System

2.1 General Overview of Special Education System in Texas

The special education system in Texas is governed by both federal and state laws and regulations. Part B of the Individuals with Disabilities Education Act (IDEA) sets basic federal requirements for special education programs for school-age children with disabilities.³ The U.S. Department of Education regulations implementing IDEA prescribe detailed requirements for states and LEAs to provide special education and related services to students with disabilities in accordance with their individualized education program (IEP) in the least restrictive environment.⁴

In Texas, state statutory requirements for special education programs are found in Chapter 29 of the TEC.⁵ Texas lawmakers have set out state-specific directives for meeting the needs of students with disabilities that amplify federal requirements. TEA has regulations directed at LEAs to ensure compliance with both federal special education mandates as well as state-specific requirements.⁶

In the Texas public school system structure, LEAs are the entities responsible for delivering special education services to students with disabilities. LEAs may partner with one another, especially in rural areas, to form what are generally known as special education cooperatives (shared service arrangements). TEA provides statewide support, monitors for compliance, maintains special education dispute resolution mechanisms, and distributes both federal and state aid for special education to LEAs.⁷

2.2 Overview of Special Education Population in Texas

Special education programs in Texas LEAs serve roughly 588,300 students with disabilities. This number has been rapidly increasing since the 2017–2018 school year, when the state’s special education programs served 498,600 students with disabilities. This increase is due to multiple factors. In the spring of 2018, TEA developed a strategic plan to make comprehensive improvements to special education programs in Texas in response to a U.S. Department of Education monitoring visit. TEA reports that the strategic plan was informed by the voices of more than 7,000 stakeholders across Texas. As a result, the state’s Performance Based Monitoring Analysis System (PBMAS)⁸ discontinued an indicator that measured an LEA’s identification rate of students in special education. Additionally, the 85th Texas Legislature passed legislation precluding TEA from ever including any such calculation in future state

³ [20 U.S.C. 1400 \(2020\)](https://www.govinfo.gov/constitution/2020/01/20). For more information on IDEA and its requirements, see, for example, <https://sites.ed.gov/idea/>.

⁴ [34 C.F.R. Part 300 \(2020\)](https://www.ecfr.gov/current/title-34/chapter-I/part-300).

⁵ [Tex. Educ. Code 29.001 - 29.027 \(2020\)](https://www.ecfr.gov/current/title-29/chapter-I/part-29/subpart-A/section-29.001-29.027).

⁶ [19 Tex. Admin. Code 89.61 - 89.1197 \(2020\)](https://www.ecfr.gov/current/title-19/chapter-I/part-89/subpart-A/section-89.61-89.1197).

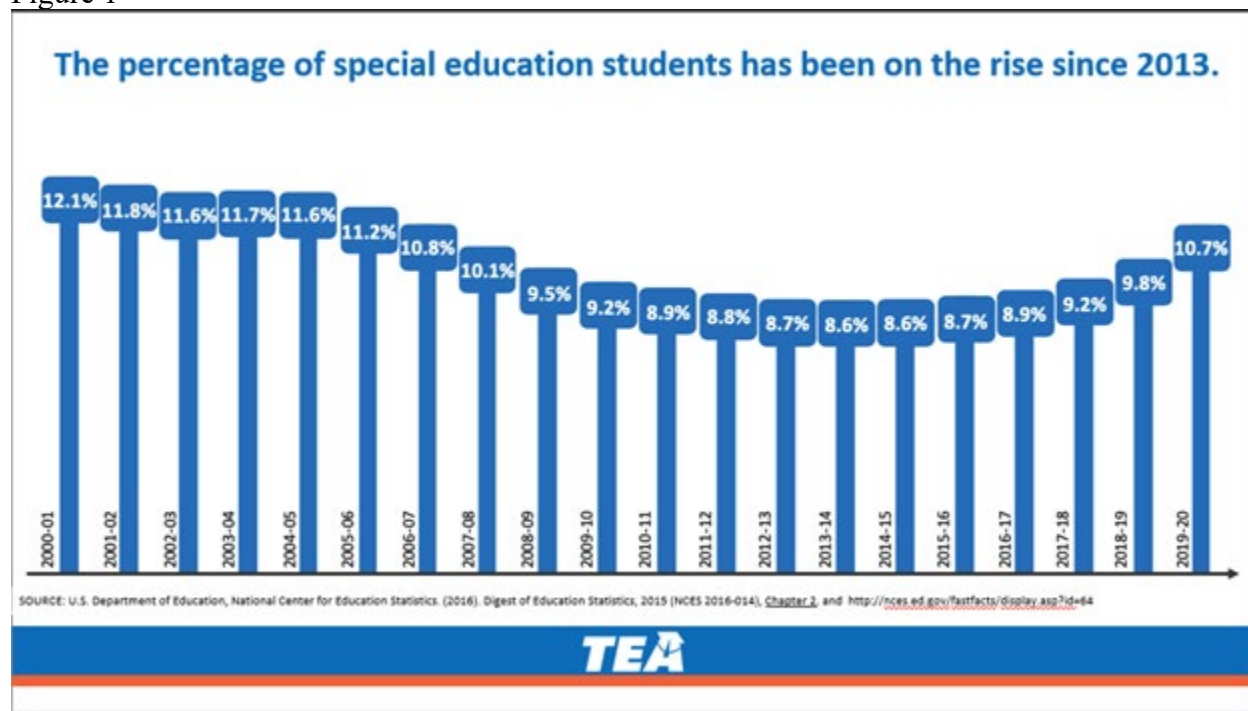
⁷ For more general information on special education in Texas, see, for example, <https://tea.texas.gov/academics/special-student-populations/special-education>.

⁸ PBMAS is now known as the Results Driven Accountability (RDA) manual.

accountability. This change in the accountability system coupled with significantly increased emphasis on child find responsibilities across Texas LEAs has led to rapidly increasing numbers of students identified as eligible for special education services across the state.

Figure 1 shows the number of students served by special education in various school years.

Figure 1



2.3 Profile of Special Education Population

2.31 Eligibility Categories

Students served by special education are eligible for these services because they meet criteria aligned to at least one of thirteen different eligibility categories and, because of that disability, exhibit a need for special education services in order to access the general curriculum. In Texas, more than half of the students receiving special education services are eligible because they have either a specific learning disability (SLD)⁹ that impacts their ability to access part or all of the general academic curriculum, or they have a speech disability that impacts their ability to communicate effectively.

Following speech/language impairment in order of frequency is the eligibility category of autism. Students with autism display difficulty in social interaction, communication, and

⁹ Specific learning disability (SLD) manifests in the imperfect ability to listen, think, speak, read, write, spell, or do math calculations, and includes conditions such as dyslexia. For the full definitions of SLD, see [34 C.F.R. 300.8\(c\)\(10\)](#) (2020) and [19 TAC 89.1040\(c\)\(9\)](#) (2020).

restricted or repetitive patterns of thought and behavior. Autism occurs across a spectrum with varying degrees of impact on the student's education and functioning and the services they need.

The next most occurring disability category is known as other health impairment (OHI). Students who are eligible under this category may have any one of a variety of health conditions that impacts their ability to learn ranging from attention deficit hyperactivity disorder (ADHD) to lead poisoning.

The fifth most frequent eligibility category is known as intellectual disability (ID). Students who are eligible under this category require supports for both cognitive difficulties and functional skills, often resulting in a more substantial level of service need than some other students served by special education. Students from this category with the most significant intellectual disabilities usually take alternate state assessments and learn based on prerequisite skills related to grade level content. Students with intellectual disabilities are often served in a special education setting for at least a portion of their day. This group of students has a higher likelihood of participating in programs for students ages 18-21.

Lastly, the sixth most frequent eligibility category is that of emotional disturbance (ED). Students identified with this eligibility category exhibit one or more of the following characteristics over a long period of time and to a marked degree that adversely affects their educational performance:

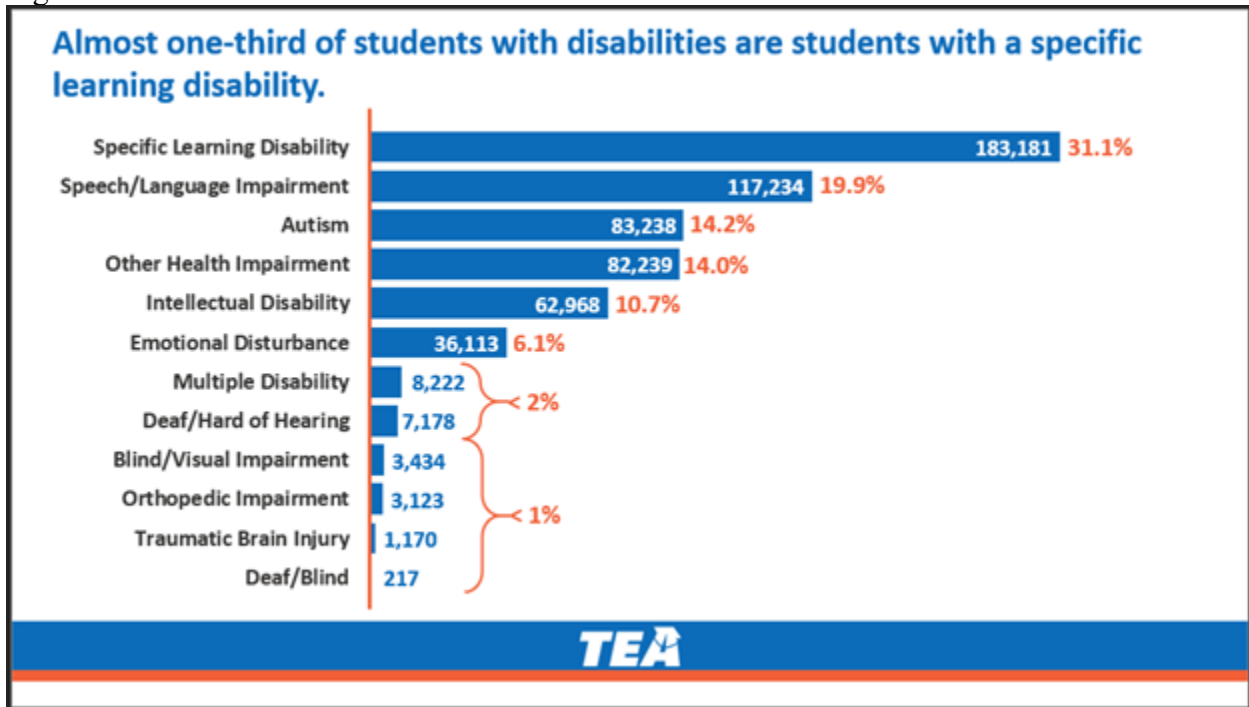
- An inability to learn that cannot be explained by intellectual, sensory, or health factors.
- An inability to build or maintain satisfactory interpersonal relationships with peers and teachers.
- Inappropriate types of behavior or feelings under normal circumstances.
- A general pervasive mood of unhappiness or depression.
- A tendency to develop physical symptoms or fears associated with personal or school problems.

The needs of students in this group vary widely but could include the need for significant portions of their school day to be spent in a special education classroom, various therapies, counseling, or other specialized supports.

The remaining eligibility categories make up roughly three percent of the student population. Students in those groups have varied and unique needs, some of which are similar to the needs of students in other eligibility categories and some of which are very unique to the individuals within that population of students.

Figure 2 represents the number and percentage of students served by special education by disability category.

Figure 2



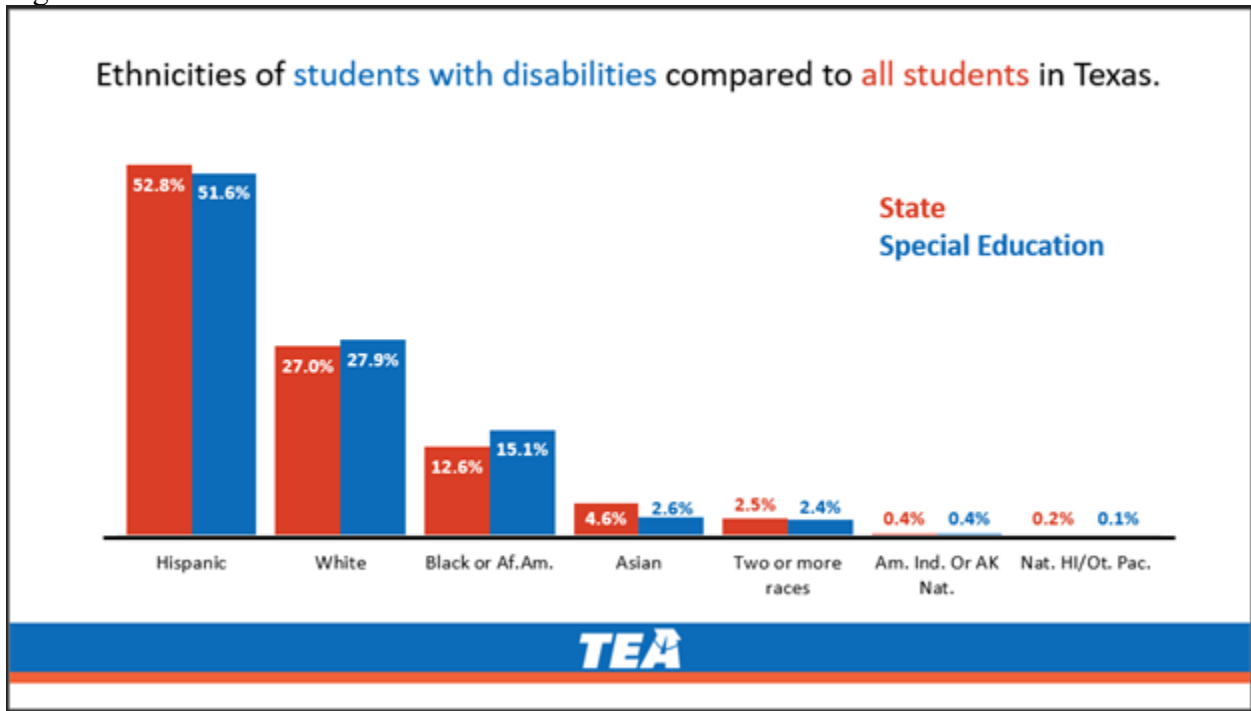
2.32 Student Demographics

2.321 Race and Ethnicity

There are over half a million Texas students who are eligible to receive special education services in Texas. As expected, the proportion of specific student groups identified somewhat aligns with the overall proportion of that student group in many cases. There are two notable exceptions. Black students appear more likely to be identified as eligible for special education services and Asian students appear less likely to be identified as eligible for special education services. Disproportionality in identification rates is a focus for improvement in both Texas and the United States as a whole.

Figure 3 represents the ethnicities of students with disabilities compared to all Texas students.

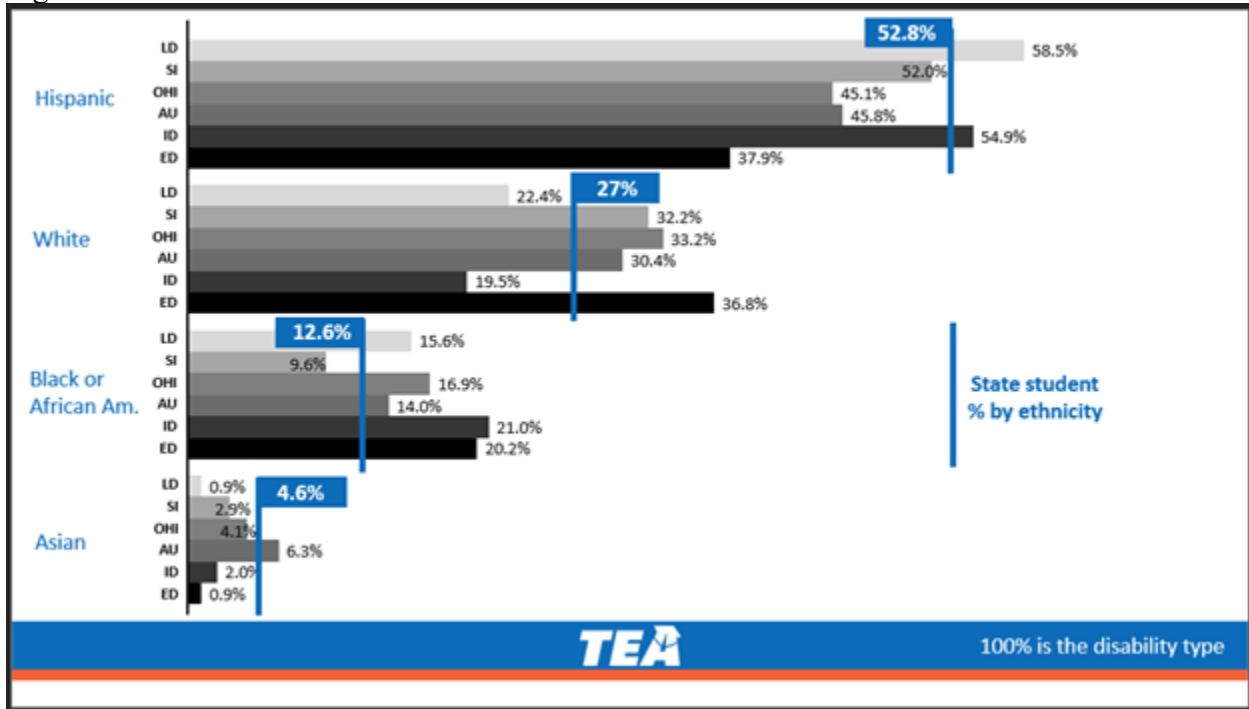
Figure 3



Looking more closely into the breakdown of student groups in the various eligibility categories shows even more discrepancy between the proportional representation of these student groups in each of the categories. Of note, black students appear to be overrepresented both in the ED and ID categories, among others. White students appear to be overrepresented in the ED category, among others, and underrepresented in the categories of SLD and ID. Hispanic students appear to be overrepresented in the category of SLD and underrepresented in OHI and autism. Asian students appear to be overrepresented in the autism category and underrepresented in all other categories.

Figure 4 shows the overall state percentage of students by ethnicity and their identification percentages by disability category.

Figure 4

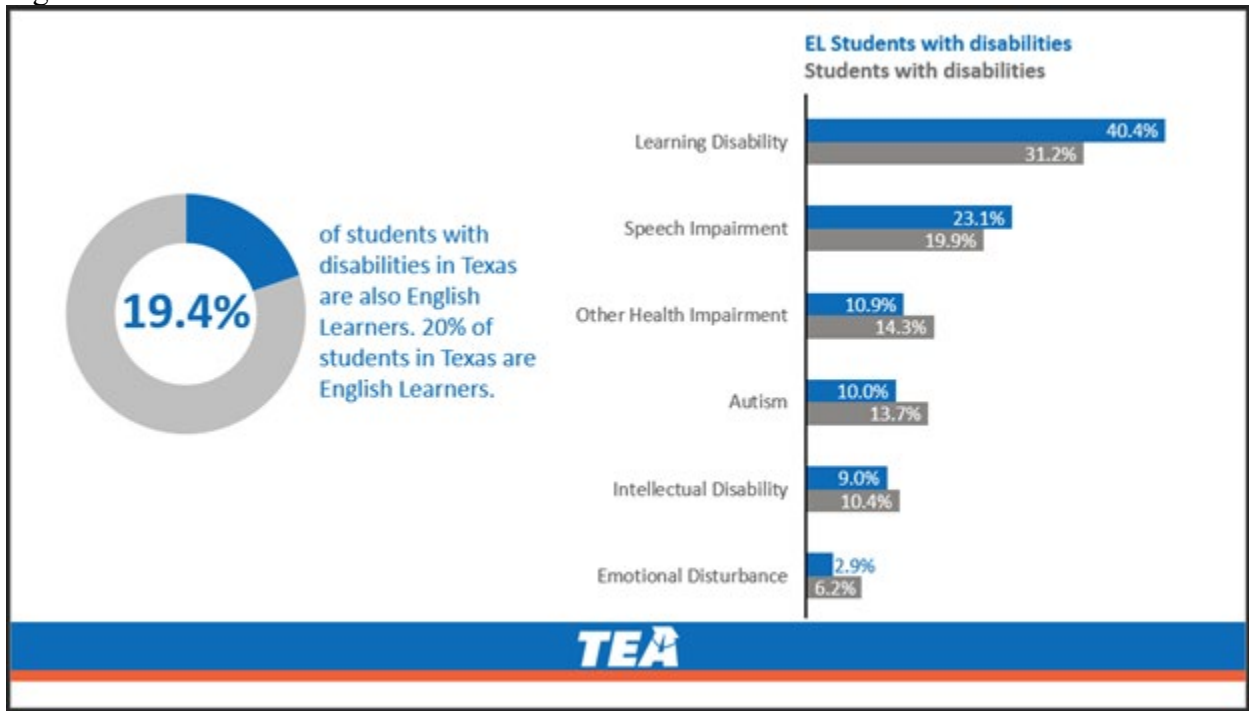


2.322 English Learner Status

English learners make up 20 percent of the students enrolled in Texas public schools and 19.4 percent of students receiving special education services. At first glance, it may appear that English learners are identified as eligible for special education at the expected rate. However, of the English learners identified as eligible for special education, 40.4 percent are identified in the eligibility category of SLD, as compared to 31.2 percent of non-English learners.

Figure 5 shows the percentage of English learners in Texas and the identification rates of English learners who are served by special education by disability category.

Figure 5

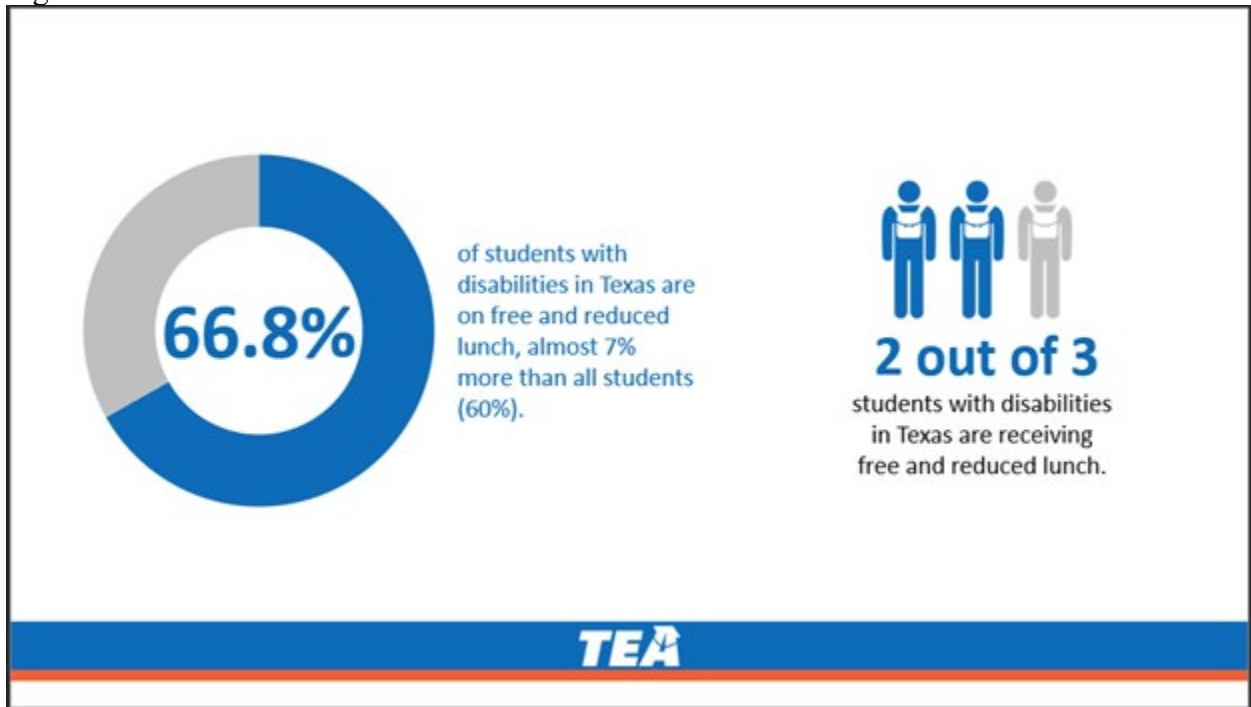


2.323 Socio-Economic Status

The indicator most used at the state level to identify students experiencing economic disadvantage is their eligibility to receive free or reduced school lunch. Sixty percent of the students in Texas public schools are eligible for this benefit while almost 67 percent of students identified as eligible to receive special education services are also experiencing economic disadvantage.

Figure 6 reflects the percentage of students served by special education who are also eligible for free and reduced lunch.

Figure 6

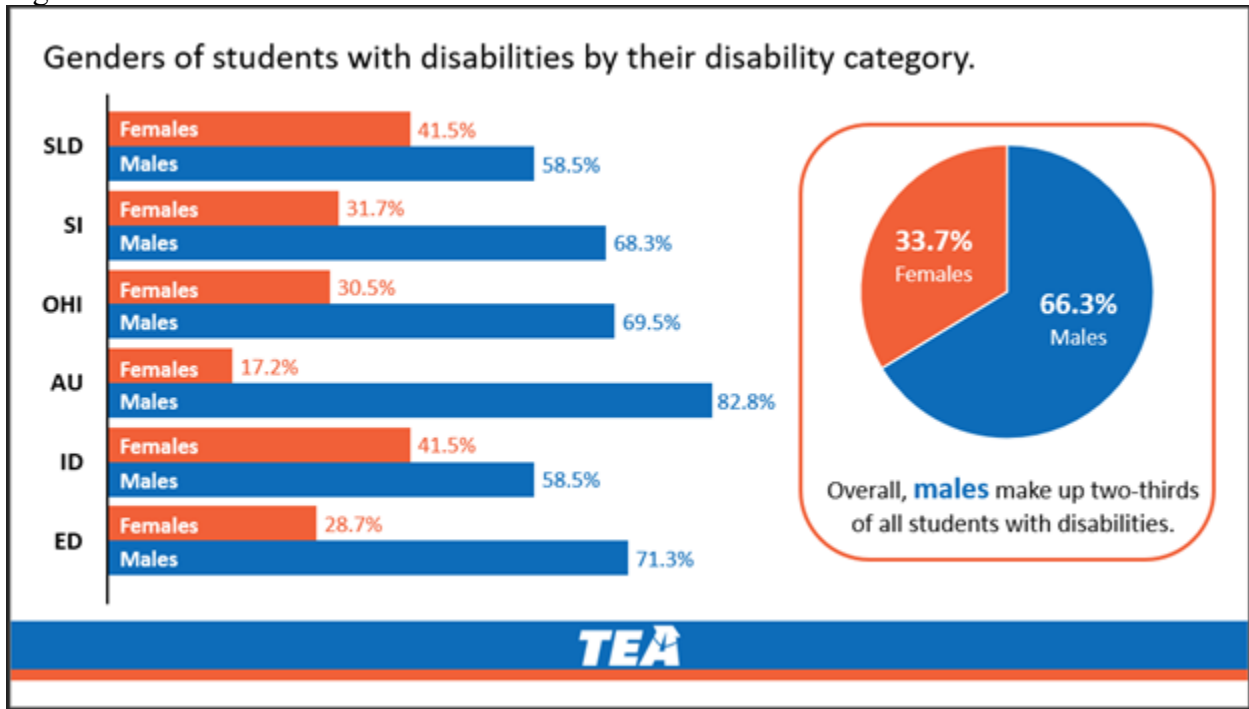


2.324 Gender

Male students appear twice as likely as female students to be identified as eligible for special education services in Texas public schools. This difference is especially pronounced in the eligibility categories of autism and ED.

Figure 7 shows the genders of identified students by disability category.

Figure 7



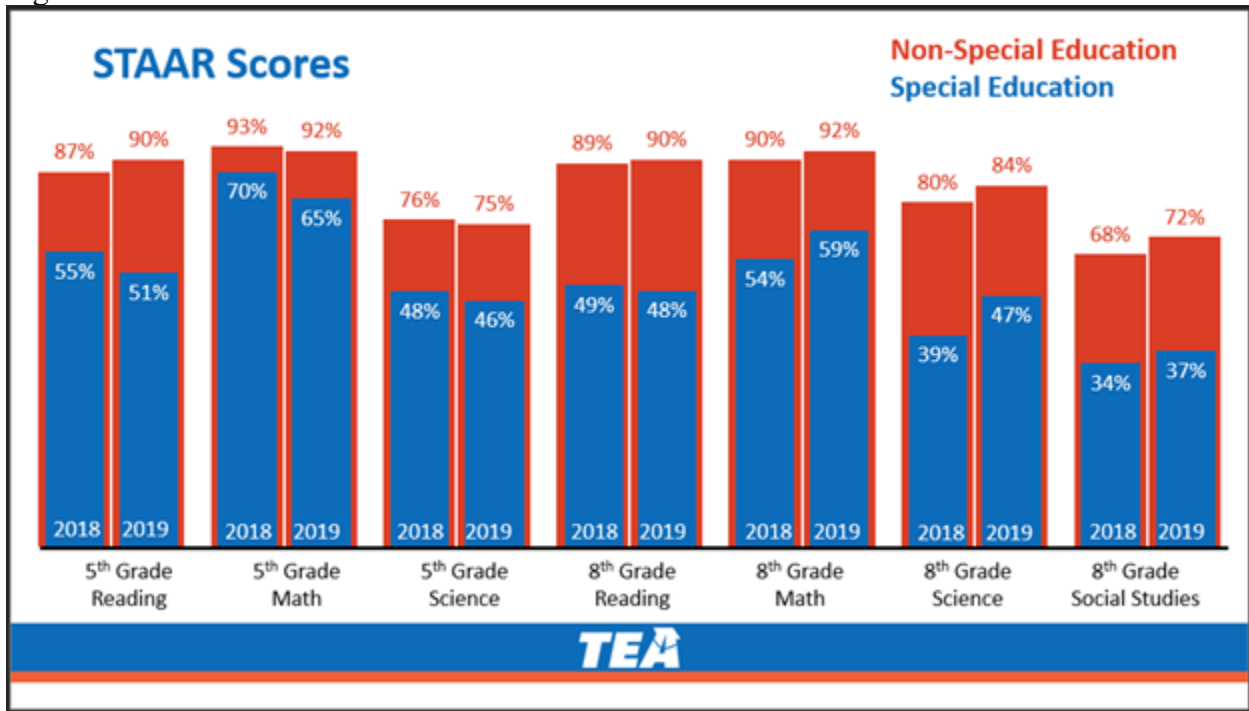
2.33 Student Performance

There are multiple indicators that provide insight into how students are achieving. For the purposes of this report, data is provided for three measurements of outcomes: STAAR results; graduation rates; and College, Career, and Military Readiness designation.

2.331 STAAR Results

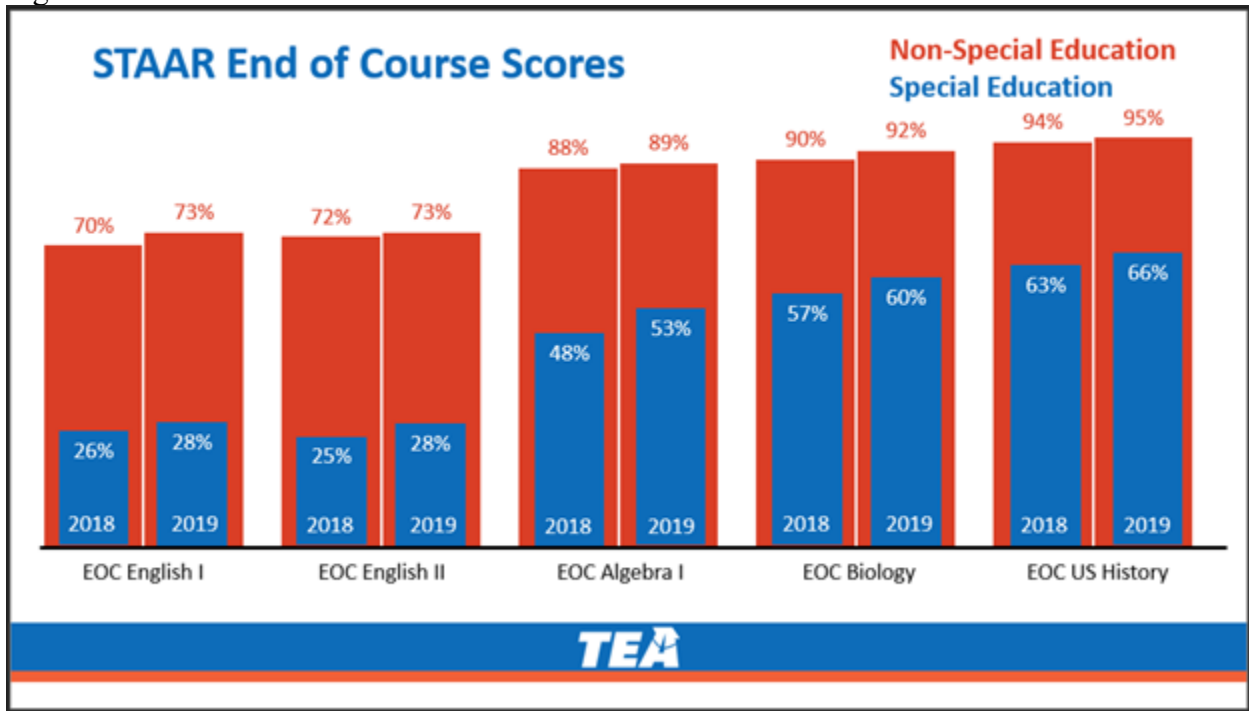
The graph in figure 8 shows STAAR results for school year 2017–2018 and school year 2018–2019 grades 5 and 8 for all subjects tested. In every case, students served by special education are performing significantly below their non-disabled peers.

Figure 8



The graph in figure 9 shows STAAR End of Course assessment results for school year 2017–2018 and school year 2018–2019. In every case, students in special education are performing significantly below their non-disabled peers.

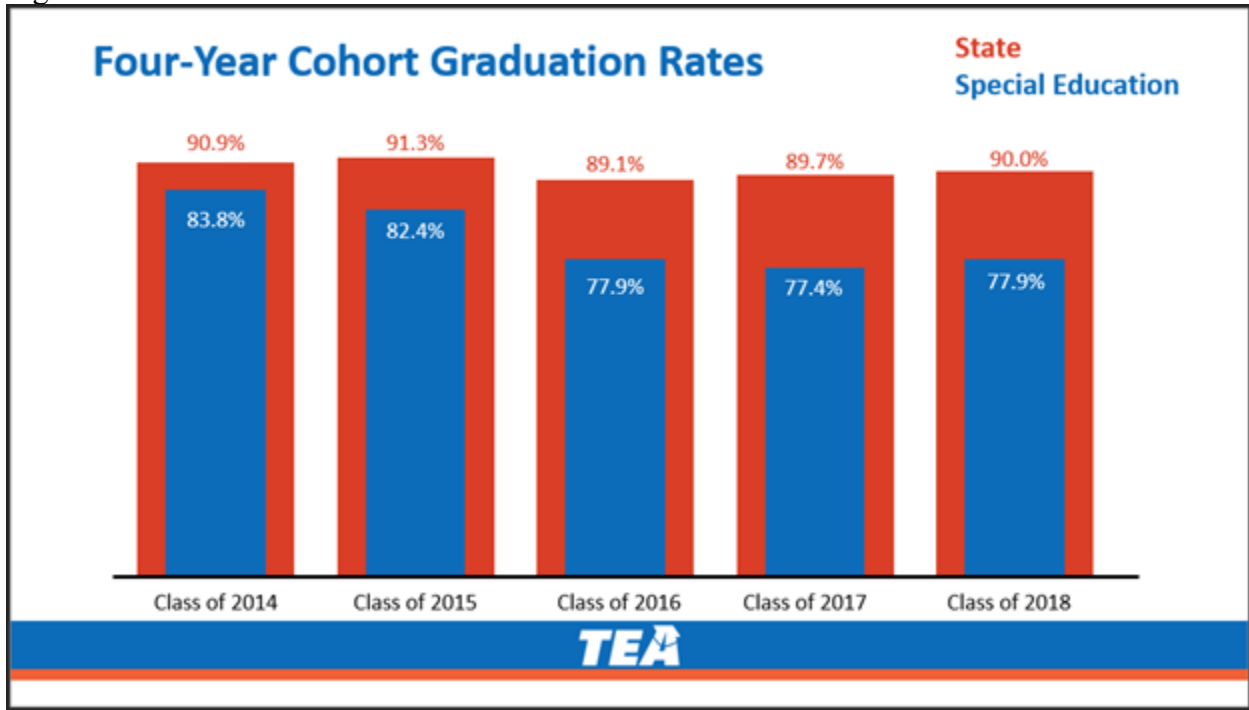
Figure 9



2.332 Graduation Rates

The graph in figure 10 shows the rates at which students graduated high school with the peers in their four-year cohort. Consistently across the five years of data, students with disabilities graduated with their four-year cohort at a lower rate than did their non-disabled peers.

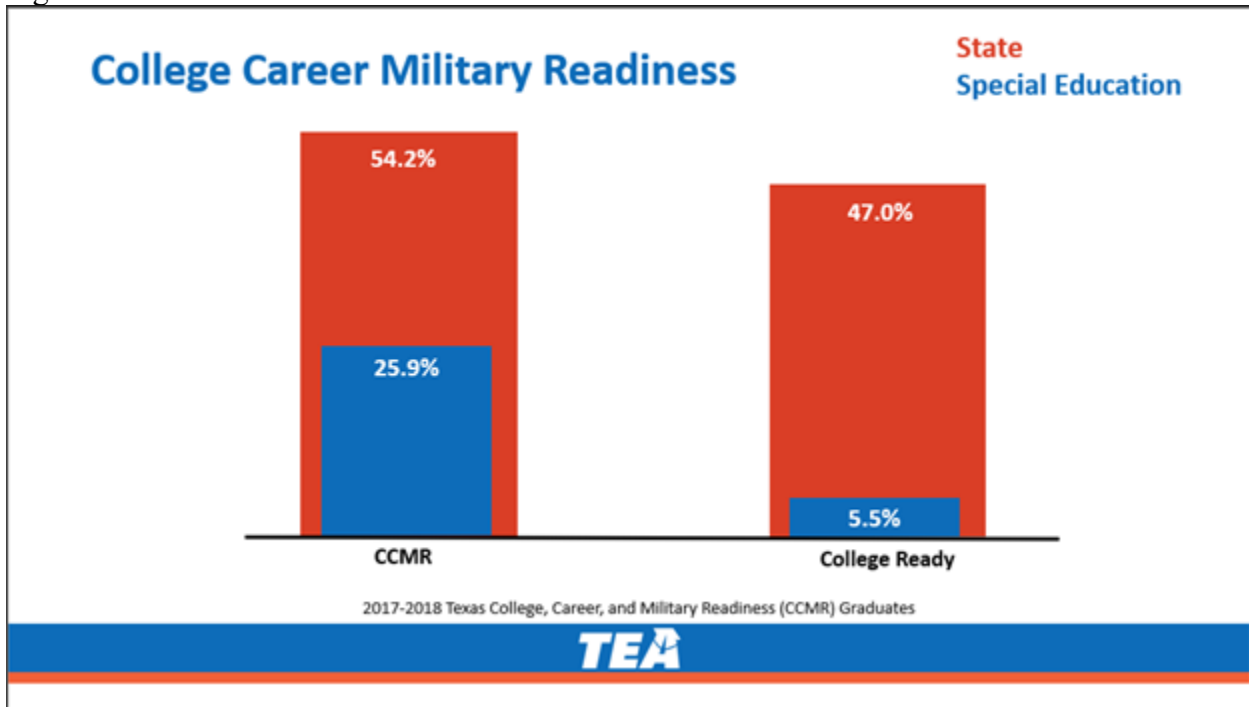
Figure 10



2.333 College Career Military Readiness

In figure 11, the graph shows that students with disabilities attained the state’s College Career Military Readiness standard less than half as often as their non-disabled peers. The figure shows in particular that the gap in achievement is exacerbated significantly when only looking at college readiness.

Figure 11



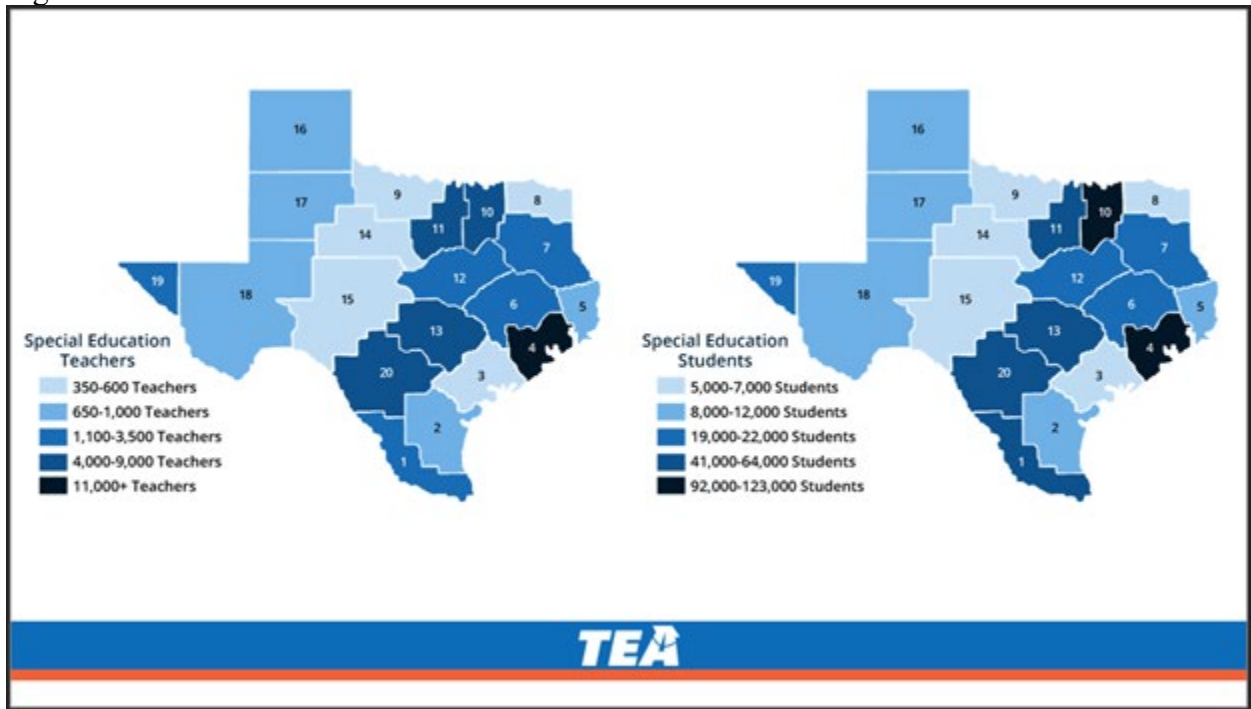
2.4 Staffing for Special Education

2.41 Special Education Teachers

LEAs consistently report that one of the greatest challenges in implementing effective special education programs for students with disabilities is the difficulty many LEAs face in attracting and retaining high quality, appropriately certified teaching staff to work with students served by special education. While statewide data is not tracked on how many more appropriately trained and certified teachers are needed, during the 2019–2020 school year there were 51,494 special education teachers in Texas public schools.

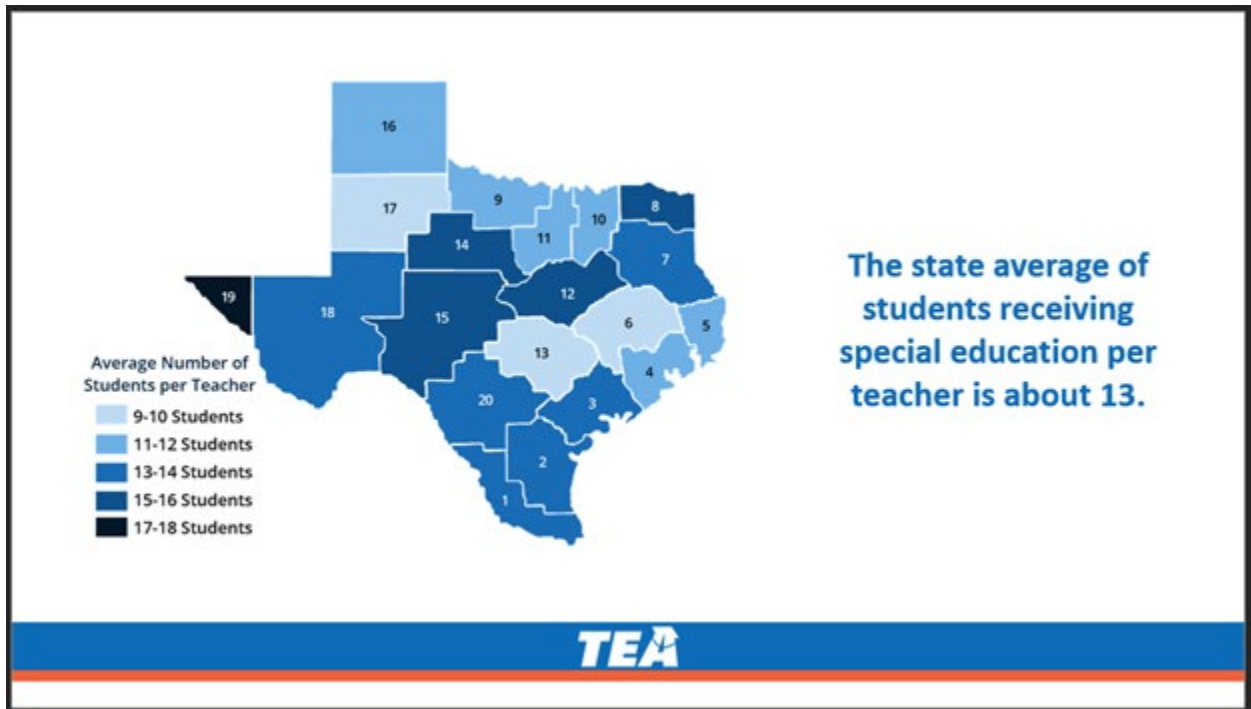
The graphic in figure 12 shows how, for the most part, the distribution of these teachers parallels the distribution of students served by special education across the state.

Figure 12



The graphic in figure 13 shows how teacher-to-student ratios in special education programs vary at the regional level across the state.

Figure 13

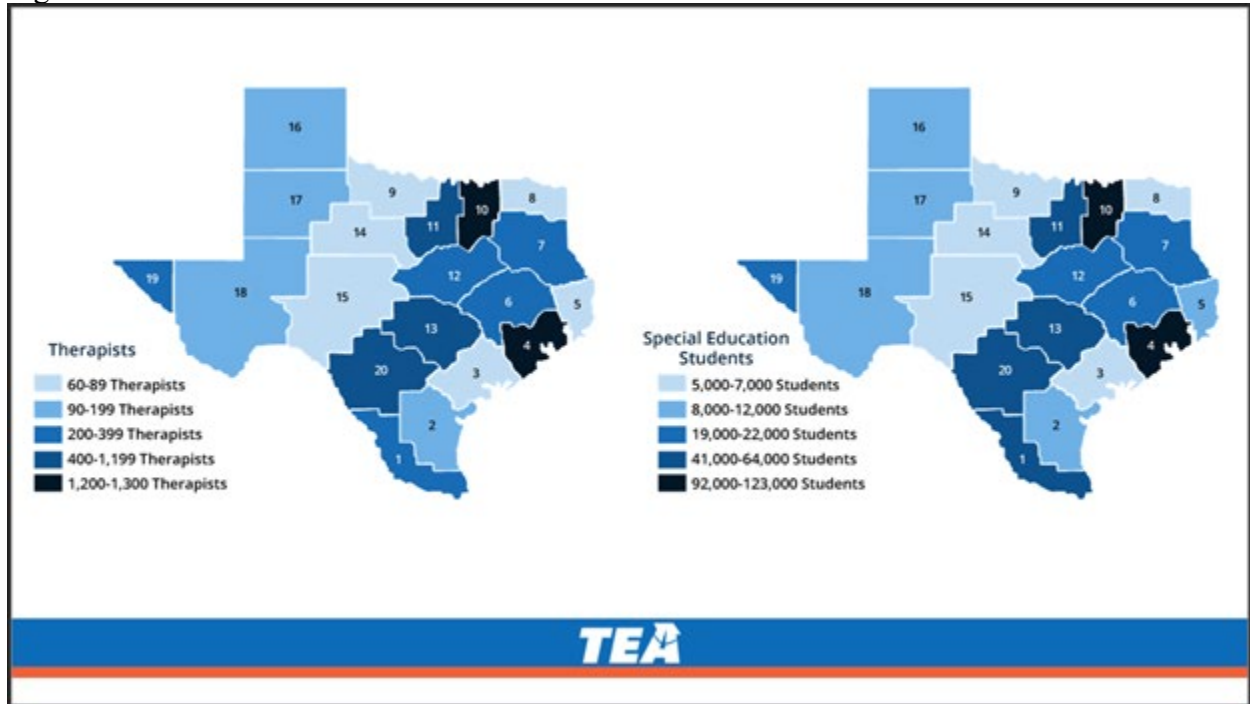


2.42 Therapists

Working alongside special education teachers across the state are 6,725 therapists providing services in areas such as speech, orientation and mobility, and occupational therapy.

The graphic in figure 14 shows how, for the most part, the distribution of these therapists parallels the distribution of students served by special education across the state.

Figure 14



2.5 Current Revenue Sources to Support Special Education Programs

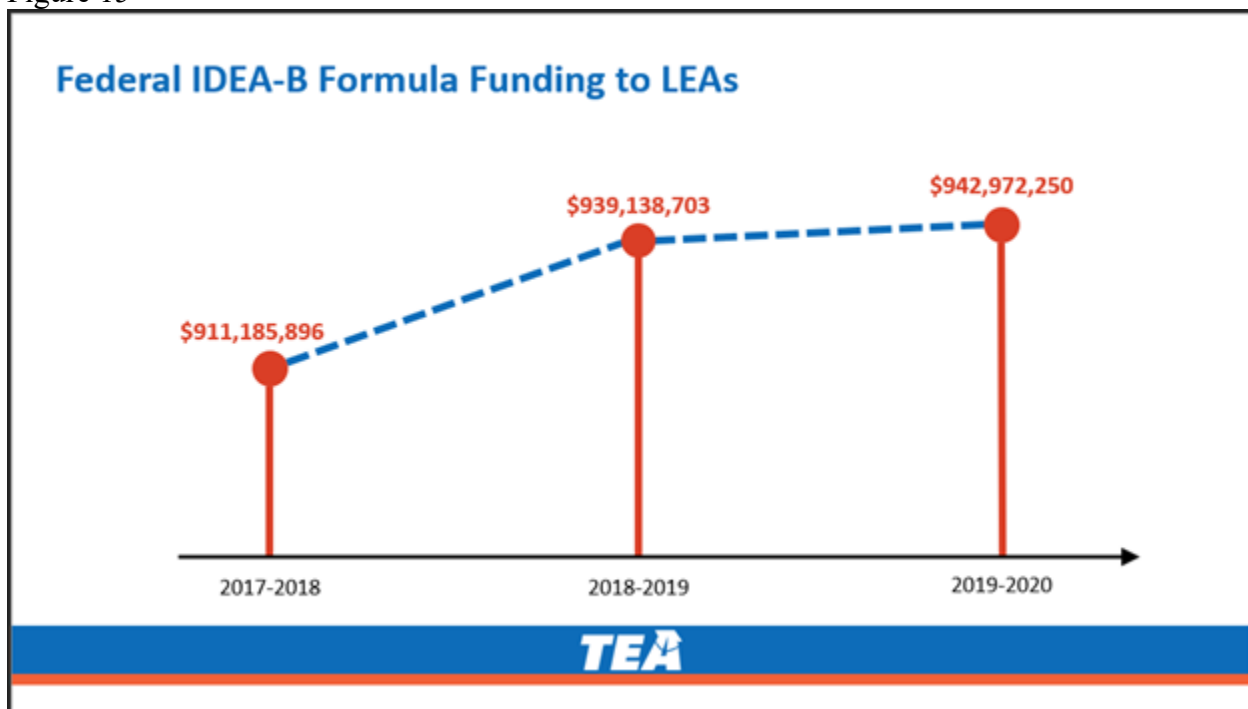
Funds to support special education programs in Texas public schools come from both the federal government and the state.

2.51 Federal Funds for Special Education

Through Part B of IDEA, the federal government provides nearly \$1 billion in funding to LEAs to support their implementation of requirements for special education programs. The main portion of IDEA funds (known as Part B, section 611) are intended to support special education programming for students ages 3-21, with a smaller portion (known as Part B, section 619) intended to support early childhood special education for students ages 3-5. The funds flow through TEA to all LEAs in the state that serve students with disabilities in special education using a federally-prescribed formula that takes into account the overall student population of an LEA and includes a differential to account for the number of students in the LEA experiencing economic disadvantage.

The graph in figure 15 shows the federal allocation of IDEA funds to LEAs for the last three years.

Figure 15



2.52 State Funding for Special Education

The Foundation School Program (FSP) is the school finance program in Texas. The FSP provides a basic allotment to LEAs for all students, often referred to as the regular allotment. Beyond the regular allotment, certain students generate additional funding. Students with disabilities getting special education services are among the groups that receive additional financial support through the FSP.¹⁰ The special education allocation formula involves several steps to compute the amount generated by a particular student.¹¹ In general, the amount of supplemental special education aid is dependent on the student's attendance, where the student is served (educational placement or instructional arrangement), as well as how much time, within predetermined state limits, the student is served in his or her instructional arrangement (contact hours). Further, students in the mainstream instructional setting are treated differently in the allocation formula. For students in special education settings, the student's number of contact hours is converted into a full-time equivalent (FTE) basis. The formula applies a multiplier factor, known as a weight, to the student's FTE in his or her instructional arrangement. State law defines the weight for each instructional arrangement. Finally, the formula applies the FTE-

¹⁰ While the FSP awards supplemental funding to LEAs for serving students with disabilities, the amount of supplemental funding is subtracted from the amount the student would have otherwise generated in the regular allotment. In other words, the regular allotment is proportionately reduced given the amount of time the student is receiving special education.

¹¹ For a detailed explanation of the current special education allocation formula, see <https://tea.texas.gov/sites/default/files/TEA%20LLOPEZ%20-%20SPED%20Funding%20Weights.pdf>.

adjusted weight to the regular allotment, as adjusted to account for other needs in the FSP, to derive the amount of the state’s special education grant to the LEA. As noted, students receiving special educational services in the mainstream setting are funded differently. The mainstream weight is not based on FTE but rather average daily attendance (ADA).

Figure 16 lists the weights for special education by instructional arrangement. All of these weights have been in place since 1993 with the exception of the mainstream weight, which was updated from 1.1 to 1.15 in 2019 as part of HB 3.

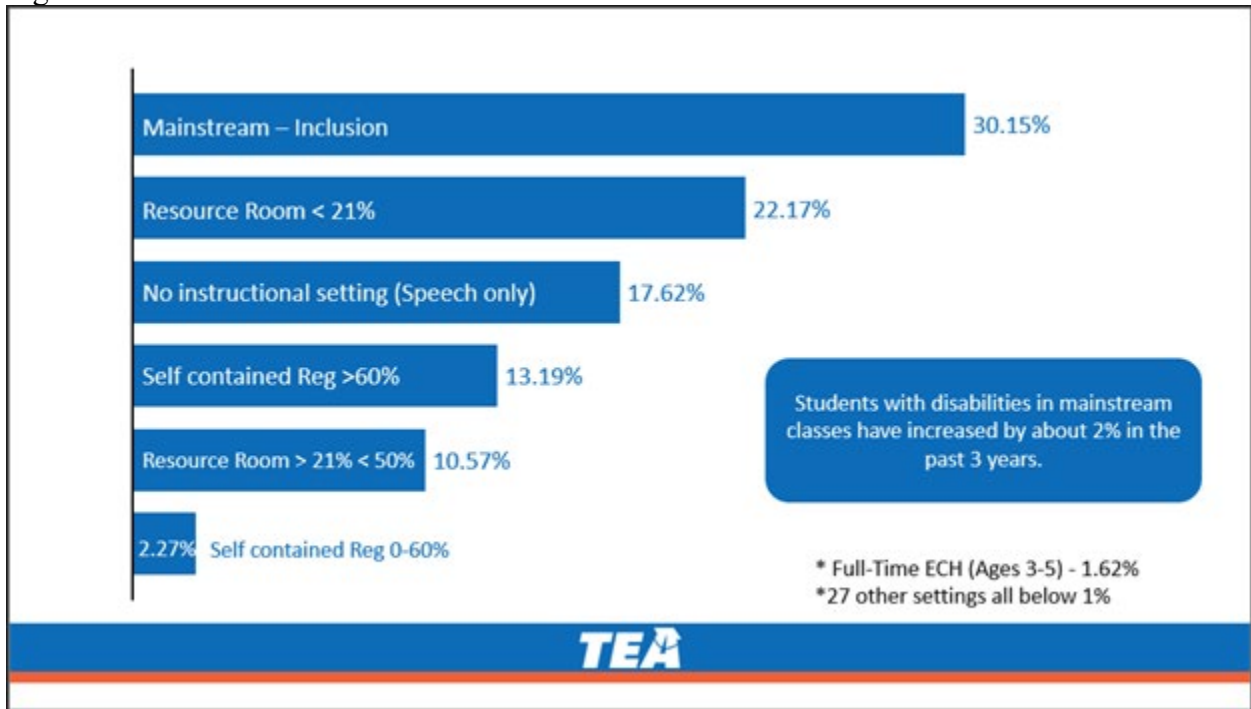
Figure 16

Instructional Arrangement	Weight	This instructional arrangement is used for a student -
Homebound	5.0	who is confined at home or hospital bedside for a minimum of four consecutive weeks for medical reasons only. The medical condition is documented by a physician licensed to practice in the United States.
Hospital Class	3.0	who is provided special education instruction in a hospital facility or a residential care and treatment facility not operated by the school district.
Speech Therapy	5.0	who has a disability and is provided specially designed instruction, at no cost to the parents, to meet the student's unique needs (speech-language pathology services can be the only special education service provided to a student).
Resource Room	3.0	who attends three special education classes in the resource room.
Self-Contained	3.0	on a departmentalized campus, who attends four special education classes and three general education classes each day.
Off Home Campus	2.7	with a disability who is served, but not residing, in the facility.
VAC	2.3	who works half of the school day and attends classes the other half of the day.
State School Students	2.8	who resides in a state school.
Residential Care and Treatment (RCT) Facility	4.0	who resides in an RCT.
Mainstream	1.15	who is provided special education and related services in the general classroom in accordance with the student's IEP.

A higher level of detail regarding instructional arrangement is collected by TEA for federal reporting purposes than is required to inform the funding weights described above.

Figure 17 shows the proportion of students in various instructional arrangements. The instructional arrangements described in Figure 17 would be cross walked to the categories in Figure 16.

Figure 17



The FSP has provided more than \$3 billion annually to support special education programs in Texas public schools for the past several years.

Figure 18 shows the total FSP contribution to special education for the last three years.

Figure 18

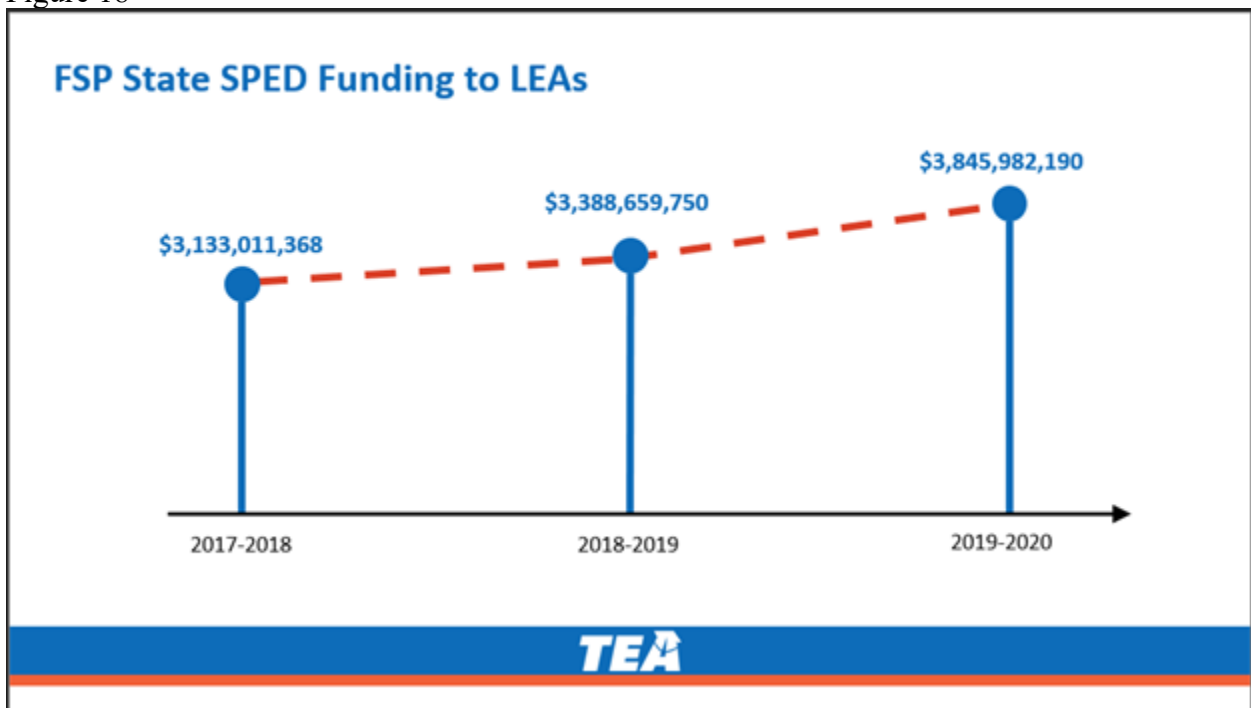
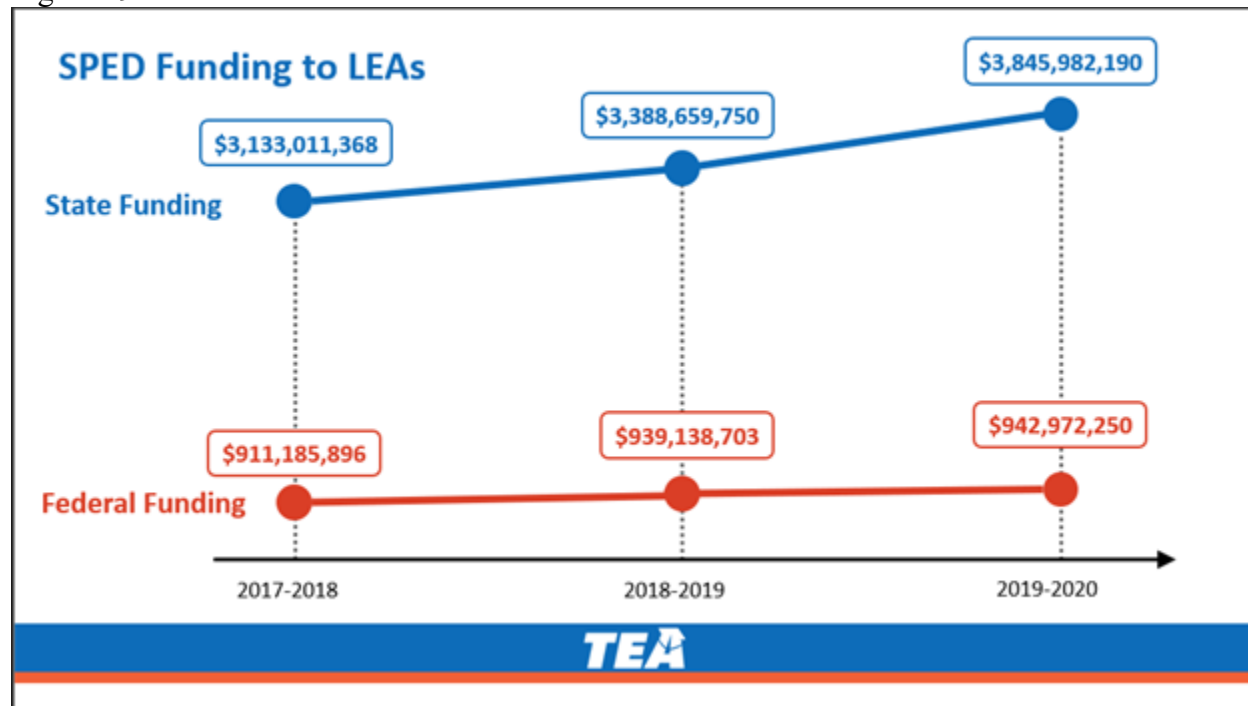


Figure 19 shows state support for special education compared to federal IDEA B contributions.

Figure 19



2.6 Data on current special education expenditures from a representative sample of LEAs

In Texas, there are 1,200 LEAs. They range from among the largest in the nation [Houston Independent School District (213,528 students in the 2017-18 school year)] to very sparse [Divide Independent School District (17 students)]. They also include a mix of traditional school districts (primarily organized as independent school districts) and public charter schools (such as open-enrollment charters). To understand their expenditures in the area of special education, the Committee examined a representative sample of LEAs. With the guidance of school finance experts at state agencies, four sample groups were drawn to capture differences among LEAs. Data from the 2017–2018 school year were compiled for LEAs in the sample groups, the most recent year with complete spending figures.

In Texas, LEAs spent \$5.1 billion from local and state funds on special education in the 2017–2018 school year.¹² This was about 11 percent of all local and state spending by LEAs. In terms of general operational areas, four areas accounted for almost 90 percent of all special education expenditures. By far, the largest area was instruction and instruction-related services. LEAs across the board were fairly consistent with at least two-thirds of special education spending on

¹² The Committee only examined special education expenditures paid for by local and state funds given our focus on recommendations for the state’s special education finance system.

instruction and instruction-related services. This covers costs for direct interaction between staff members and students to achieve student learning, as well as costs for providing staff members with the appropriate materials or development to achieve student learning. Charter schools in the LEA sample were higher than traditional school districts in their average percentage spent on instruction and instruction-related services.

By general operational area, the next greatest share of LEA special education spending was on guidance, counseling, and evaluation services at nine percent. This category covers costs for assessing students' abilities, aptitudes, and interests, as well as certain counseling services. Traditional school districts in the LEA sample were above charter schools in their average percentage expended on guidance, counseling, and evaluation services.

By general operational area, the third largest area of LEA special education spending was school leadership at eight percent. This category includes costs for managing a school campus, such as activities performed by the principal, assistant principals, and other assistants. Charter schools in the LEA sample were above traditional school districts in their average percentage spent on school leadership.

By general operational area, the fourth largest area of LEA special education spending was special education transportation at five percent. This category covers costs incurred in transporting students to and from school. Charter schools in the LEA sample did not spend anything (0 percent) on special education transportation.

Table 1 shows the statewide share of expenditures for special education by major function category (as defined by TEA)

TABLE 1. TEXAS STATEWIDE EXPENDITURES ON SPECIAL EDUCATION BY MAJOR FUNCTION CODE, LOCAL AND STATE FUNDS, 2017–2018 SCHOOL YEAR

Major Function (TEA Financial Code)	Percentage	Amount
Instruction (11)	65.7%	\$3,358,407,763
Guidance, Counseling, and Evaluation Services (31)	9.4%	\$477,757,165
School Leadership (23)	8.1%	\$414,885,043
Student (Pupil) Transportation (34)	5.2%	\$264,221,774
Instructional Leadership (21)	4.3%	\$218,940,186
Payments to Fiscal Agent/Member District of Shared Services Arrangement (93)	2.1%	\$109,207,028
Curriculum Development and Instructional Staff Development (13)	1.8%	\$94,243,441
Health Services (33)	1.7%	\$84,526,340
Instructional Resources and Media Services (12)	1.4%	\$69,518,840
Social Work Services (32)	0.2%	\$12,572,864
Extracurricular Activities (36)	0.0%	\$1,760,784
Facilities Maintenance and Operations (51)	0.0%	\$1,322,870
Security and Monitoring Services (52)	0.0%	\$954,973
TOTAL (All LEAs)	100%	\$5,108,319,071

Source: Texas Education Agency tabulation using Public Education Information Management System District Financial Actual Reports, 2017 - 2018 Actual Financial Data (All Districts).

In terms of the type of items and services that LEAs purchased and obtained for special education, by far the largest object area was personnel and payroll costs. LEAs dedicated over 90 percent of spending for special education on personnel and payroll costs. This object area includes teachers and other professional personnel, support personnel, employee allowances, and

employee benefits. There was no variance among traditional school districts and charter schools in the LEA sample on the share of special education expenditures on personnel and payroll costs.

While minimal in relation to personnel and payroll costs, the next greatest share of LEA special education spending in terms of major object was for professional and contracted services. LEAs devoted four percent of special education spending on professional and contracted services. This object area covers an array of services: professional services, tuition and transfer payments, Education Service Center services, contracted maintenance and repair services, utilities, rentals, and miscellaneous contracted services. There was no clear pattern in the LEA sample to distinguish any difference between traditional school districts and charter schools.

Table 2 shows the statewide share of expenditures for special education by major object class (as defined by TEA).

TABLE 2. TEXAS STATEWIDE EXPENDITURES ON SPECIAL EDUCATION BY MAJOR OBJECT CODE, LOCAL AND STATE FUNDS, 2017–2018 SCHOOL YEAR		
Major Object (TEA Financial Code)	Percentage	Amount
Payroll Costs (6100)	91.6%	\$4,681,682,011
Professional and Contracted Services (6200)	3.8%	\$191,641,365
Other Operating Expenses (6400)	2.7%	\$139,924,938
Supplies and Materials (6300)	1.9%	\$95,142,859
TOTAL (All LEAs)	100%	\$5,108,391,173
Source: Texas Education Agency tabulation using Public Education Information Management System District Financial Actual Reports, 2017 - 2018 Actual Financial Data (All Districts).		

Section 3: Service Intensity-Based Formula Recommendation

3.1 Description

Per its mandate, the Committee analyzed the possible implementation of a method of financing special education based on the services and supports each student receives instead of instructional arrangement. The objective of this method is to correlate funding to the amount of services and supports that an LEA provides to a student with a disability. In short, an LEA would receive relatively more aid for providing a student with more services and supports. The premise is that if an LEA must do more for a student with a disability, then it is expending more resources on that student and the state financing system should recognize that and allocate state support accordingly.

This proposed method of financing special education would categorize students with disabilities by their relative level of services and supports. The span of categories would recognize the range of levels of support provided to students with disabilities. The Committee proposes four categories or levels. Each level would have a weight or multiplier that is applied to the state's adjusted basic allotment to determine the amount of the state's special education allocation. The size of each weight would be relatively larger in relation to the preceding lower level to account for the increased intensity of special education services. The exact weight multiplier would need to be determined during the legislative process.

Texas could accomplish a tiered weighting system based on services, not placements, by replacing the current special education allocation formula with a new formula structure such as the one illustrated here. This illustration is one model. The Committee considered model variations described below.

Special Education Allocation Structure Based on Four Levels of Service Intensity		
<u>Tier</u>	<u>Intensity of Special Education and Related Services</u>	<u>Weight Multiplier</u>
Level I	Students with disabilities who receive specialized instruction, services and supports as documented in the student's IEP on average less than 30 hours per six-week period	Adjusted Basic Allotment multiplied by Factor 1
Level II	Students with disabilities who receive specialized instruction, services and supports documented in the student's IEP on average between 30 and 59 hours per six-week period	Adjusted Basic Allotment multiplied by Factor 2
Level III	Students with disabilities who receive specialized instruction, services and supports documented in the student's IEP on average between 60 and 119 hours per six-week period	Adjusted Basic Allotment multiplied by Factor 3
Level IV	Students with disabilities who receive specialized instruction, services and supports documented in the student's IEP on average between 120 and 180 hours per six-week period	Adjusted Basic Allotment multiplied by Factor 4

In this illustration, the intensity of special education services is measured by time. The Committee considered units of time as a reliable indicator of how much services schools are giving a student under the IEP. Time is usually recorded in the IEP in the schedule of services. Time is also recorded by many special education personnel when they deliver services for compliance and billing purposes. The Committee uses a six-week grading period in this illustration but is open to considering other periods of time, spanning from daily, weekly, monthly, to a six-week or nine-week basis. A six-week grading period, for instance, allows for some fluctuation in services and captures the average amount of special education for about a month and a half window during the school year.

Another more sophisticated approach to determining the intensity of special education delivered to a particular student is the use of a matrix. In a matrix approach, the school reviews different categories of services and rates the intensity of that service to the student. The student's aggregated score across categories determines their level for funding purposes. The Committee considered a matrix approach to determining how to assign students to the different funding levels, noting that there is at least one state with such a system. In Florida, the school finance

system includes a matrix to calculate funding for certain special education students with the most significant needs.¹³ In the Florida matrix, there are five domains or groups of special education services.

Florida Matrix Domains

A: Curriculum and Learning Environment

Factors: 1) nature and intensity of accommodations or modifications; 2) the divergence from the general curriculum, instructional strategies, and learning environment.

B: Social or Emotional Behavior

Factors: 1) frequency; 2) nature and intensity of the intervention or collaboration.

C: Independent Functioning

Factors: 1) frequency or need for assistance or supervision; 2) the nature and intensity of the interventions.

D: Health Care

Factors: 1) frequency, nature, and intensity of the services provided; 2) qualifications of personnel required for services and collaboration.

E: Communication

Factors: 1) need for assistance in pragmatic or appropriate communication; 2) nature and intensity of technology; 3) qualifications of interpreters and specialists required for services.

Within each of the Florida matrix domains, there are five levels to capture the nature and intensity of services. The lowest level is one (1), representing no required services or assistance beyond those ordinarily available to all students. The highest level is five (5), indicating the most intense and frequent need. Student ratings are calculated by a sum of the scores for each level, which are determined by a student's IEP team. For example, a student may score at a Level 2 in Domain D: Health Care, but at a Level 4 in Domain B: Social or Emotional Behavior. There is also a special considerations section, which is used to determine whether additional points should be added to the sum of the domain scores. Special considerations include points and requirements for specific students such as those who are deaf and enrolled in an auditory-oral education program, or those students with a disability who are being served in the home or hospital on a one-on-one basis. After assessing domain scores, the IEP team checks any applicable special considerations items and adds those points to the total to determine the cost factor.

¹³ <http://www.fl DOE.org/core/fileparse.php/7567/urlt/2017-Matrix-of-Services.pdf>

The Committee concluded that a service intensity-based allocation formula driven by a matrix-derived level would only be feasible as a long-term evolution of the system. A detailed review process over time would be needed to create a matrix to emulate the Florida model. Among other things, calibrating the levels in each domain would require study as well as crafting the procedures for data reporting into the school finance system.

In the illustration of a basic service intensity formula above, the services considered include both special education instructional services as well as related services.¹⁴ Under the IDEA, related services are those services that enable a student with a disability to benefit from special education. Examples of related services include physical therapy and occupational therapy. The Committee considered the possibility of having separate intensity levels for special education services and related services. For example, a student with a disability might be at Level III in intensity of special education instructional services, but at Level I in intensity of related services. The advantage of treating special education and related services independently is that it allows the finance system to target state aid in a focused manner because the system knows more about the needs of each student. The disadvantage of treating them independently is that it adds complexity to the finance system as there are more data points to collect and report and more steps to calculate the grant amount. The Committee opts to recommend a combined category of special education and related services to minimize the number of issues in the transition to a new formula.

Of the challenges in paying for special education perhaps one of the most difficult is meeting the needs of students who require very expensive placements and services. In special education, these students are often referred to as high cost students. Schools must serve all students with disabilities - regardless of the severity of the disability or cost. Under federal law, this is known as the principle of zero reject. In other words, under no circumstances may a school reject a child with a disability because of the difficulty of serving him or her. Given the fiscal reality of high cost students, the Committee considered adding a fifth level to the service intensity formula. Eligibility for Level V would be limited to the most expensive special education students. The expense threshold could be determined by a set amount or a percentage of the LEA's budget. For example, the set amount could match the threshold for applying for supplemental funding from TEA's IDEA-funded High Cost Fund - currently about \$29,800. Alternatively, the percentage trigger might be, for example, at least five percent of an LEA's annual operating budget. The latter standard is offered to acknowledge that the fiscal drain of a high cost student is bigger in smaller and rural LEAs. The Committee acknowledges that even with the incorporation of a Level V for high cost students, TEA currently maintains a federally-funded High Cost Fund as an additional resource for LEAs to recoup disproportionate costs.¹⁵ Of course, if the Level V allocation was sufficient to fairly reimburse LEAs for serving high-cost students with disabilities then that would enable TEA to shift IDEA funds from the High Cost Fund to either other priority statewide projects or formula allocations to LEAs.

¹⁴ [34 CFR 300.34](#) (2020)

¹⁵ The High Cost Fund is further discussed in Section 5.13 of this report.

3.2 Rationale

Special education is a service, not a place. However, the current state funding weights for special education are over 25 years old and are based on a student's placement. Special education has evolved over the past quarter century and where a student is served is no longer indicative of how the student is served. Intensive – and costly – services and supports may just as well occur in a regular classroom as well as in a separate room. This recommendation would permanently remove the misperception that special education is a “place” rather than a service, by allocating funding based on services the student receives, regardless of setting.

The Committee considered several reasons why Texas should move away from its current formula based on instructional settings. This recommendation resolves the primary issues with today's current funding structure, which are as follows:

- 1) Replaces funding weights based on placement to a funding system based on the intensity of services, supports, and instruction provided (regardless of setting).
- 2) Removes the contact hour multiplier currently used in all settings except for mainstream. Only special education and career and technical education funding are calculated this way where proportionate shares of FSP funding are deducted from the overall state draw-down, and we argue this to be unfair and illogical.

The special education weights described in the TEC are severely outdated and do not address the true cost of educating students with disabilities in today's public education system. The weights date back to 1993. Not only are the weights themselves outdated, but the manner in which the weights are calculated are no longer reflective of the dynamic nature of the special education services provided in today's system. State funds are drawn from the Public Education Information Management System (PEIMS) coding based on a student's placement, also called instructional arrangement/setting. These settings are assigned corresponding weights and include labels such as mainstream, resource, self-contained, home bound, hospital setting, etc.

Also problematic is that each setting, other than mainstream, is based on a contact hour multiplier. The contact hours are limited to 6 hours per day, or 30 hours per week, and are deducted from the student's proportionate adjusted basic allotment share. It is worth noting that the contact hour multipliers are also from the early 1990s. This proposal removes contact hours from the calculations for two primary reasons: a) to make the system less complicated and easier to understand, and b) to get rid of the presumption that students with disabilities are only proportional pieces of a whole student since general education support and personnel are no less utilized when the student receives special education services and supports.

The following chart reflects the current weights and contact hour multipliers as described in the TEC and TEA’s Student Attendance Accounting Handbook (SAAH):

Instructional Arrangement	TEC Weight	Contact Hour Factor/Multiplier
Mainstream	1.15	Contact hours not considered in the calculation
Homebound	5.0	1.0
Hospital Class	3.0	4.5
Speech Therapy	5.0	0.25 (if coded 00)
Resource Room	3.0	2.859
Self-Contained (mild, moderate, and severe)	3.0	2.859
Off Home Campus	2.7	4.25
Nonpublic Day School	1.7	
Vocational Adjustment Class	2.3	5.5
Residential Care and Treatment	2.3	5.5
State-Supported Living Center	2.3	5.5
Full-Time Early Childhood	3.0	2.859

Special education has evolved dramatically since 1993. The majority of students with disabilities are now provided services in the general education classroom setting for a majority of their instructional day. This type of service, labeled as mainstream, looks very different based on the individual student. Some students receive minimal supports in the mainstream setting while others receive very intensive services and supports such as modified instruction, co-teaching, assistive technology, and adult support. Special education weights must be revised to accommodate the types of services provided in today’s settings.

Recent events further support the critical need for increased funding and a revised funding structure for students with disabilities. The special education system in Texas has received national attention and a severe rebuke by the U.S. Department of Education. In January 2018, the

U.S. Department of Education cited TEA for failing to oversee the implementation of IDEA. Specifically, the Department of Education found that students were likely denied special education services during the period of time – from 2004 to 2017 – that an 8.5 percent performance indicator was utilized by the TEA. TEA stopped using the performance indicator and developed and published a multi-year Special Education Strategic Plan. The resulting growth in the special education population in Texas necessitates a funding mechanism that is efficient and effective.

Member Viewpoint

My simple hope is Texas moves away from a decades old formula that normalizes segregation to separate settings and instead adopts a modern, inclusive formula based on student need. It is my hope the state of Texas someday becomes the model of best inclusive funding to other states to compare and that the change in funding results in better outcomes for students with disabilities and their families.

Lisa Flores, Austin

3.3 Cost considerations

According to TEA’s data for fiscal year 2020, 8.7 percent of the FSP Total Tier One allotment is dedicated to special education. This equates to approximately \$3.8 billion for the fiscal year. Under the current system, with all else being equal, if the number of students receiving special education services increases in the state then the state will spend more on special education. The question remains whether the state’s growing outlay for special education is efficient and effective. The Committee’s view is that the system will be more efficient and effective with a new allocation model based on intensity of services.

This recommendation could require a larger financial commitment from the state. There are a number of variables influencing projections. Among them are whether student enrollment or student attendance is utilized, what the weight multipliers are, and the cost of transitioning away from FTE-based weights by the removal of the contact hour factor in the current formula. Projection of the impact of this transformation of funding weights and associated reforms are dependent on the refinement of the proposal and the availability of more current data.

Section 3 Action Step Summary:

1. Prioritize the development and implementation of a tiered funding system based on student need, rather than instructional arrangement, to completely reform the system.

Section 4: Improvements to Existing Formulas

4.1 Description

While the Committee's priority remains transforming the state's special education funding system, there are modifications that could be made to the current system to more appropriately and efficiently expend state resources.

In the current system, there are several steps to determine the special education allotment to an LEA. Some of these calculations are based upon factors that were set a quarter century ago and have never been revised. Specifically, the instructional arrangement weights described in the TEC, as well as the contact hour multipliers described in the TEA SAAH, are outdated. Further, the continuum in the funding weights from least restrictive placements to most restrictive placements do not always equate with the level of special education supports and services that a student receives.

In this section, we share five recommendations that would improve the existing special education allotment.

4.11 Change how the mainstream and homebound instructional arrangements are calculated

Currently, special education funding is based on 12 instructional arrangement weights listed in the TEC. State rule expands that to 28 different types of instructional arrangements in order to add more detail and precision to record-keeping.¹⁶ For a student with a disability in a particular instructional arrangement, the state provides both a basic allotment, i.e., regular allotment, as well as a supplemental special education allotment. For all instructional arrangement settings except for the mainstream (inclusion) setting, there are additional steps involved in the calculation of total state funding by using FTEs. Using FTEs in the other instructional arrangements result in a proportionate deduction of regular allotment funds to balance the special education funds that are generated.

There is a difference in the calculation for the mainstream instructional arrangement, commonly referred to as 40s since that is how this setting is coded in the PEIMS. Unlike the other special education instructional arrangements, the mainstream funding calculation is not translated into FTEs. Because there is no deduction of regular allotment funds for mainstream, the result is an approximate 50/50 split between regular program allotment funds and special education allotment funds.

For most of the other special education instructional arrangements, the state allotment consists of a larger percentage of special education funds relative to regular allotment funds. Receiving a larger percentage of the funds from the state special education allotment allows LEAs to dedicate those specific resources to their special education budgets. When dedicated to a special education budget, state law and rules describe authorized uses of those funds. When more funds are

¹⁶ [19 TAC 89.63](#) (2020) and [19 TAC 129.1025 \(TEA Student Attendance Accounting Handbook\) \(2020\)](#).

generated from the regular program allotment, this becomes potentially problematic because the funds are not reserved for special education expenditures.

Currently, the funding for the homebound instructional arrangement also results in an approximate 50/50 split between regular allotment funds and special education funds. The 50/50 split may hinder services to a student in a homebound setting because of the available resources dedicated to the special education department. Further, with the unknown health conditions stemming from COVID-19 and given that students with disabilities are often at higher risk of infection or injury, students assigned to the homebound setting may indeed increase within these next few years. Homebound is typically not a permanent instructional arrangement but can be, depending on the needs of the student. Therefore, there needs to be a significantly higher percentage for this instructional arrangement originating from the state special education allotment.

By receiving approximately 50 percent of state funding for a student receiving special education services in the mainstream setting and homebound setting from the regular program allotment, special education departments at the district and campus levels may not be able to acquire adequate staffing and services to specifically target the needs of students. In typical LEA operations, regular program funding does not necessarily follow the student. Further, it could be perceived that the state is not adequately meeting its requirement to maintain state funds for students receiving special education services, with half of the funding coming from the regular allotment. The state's special education spending requirement is known as maintenance of financial support (MFS). Only funds from the state's special education allotment are calculated for purposes of MFS.¹⁷

Revising the weights and contact hour factors/multipliers is one way to rebalance the share between the regular allotment and special education allotment. For example, currently if a student were to be counted as present all 180 days of instruction for the homebound instructional arrangement, using the TEC weight of 5.0 and the contact hour factor/multiplier of 1.0, this results in a total of \$10,267 total allotment with about \$5,133 coming from both regular and special education allotment. If the weight was changed to 3.0 and the contact hour multiplier changed to 2.0, the total allotment would remain the same but a better balance would be achieved with \$6,160 coming from special education and \$4,107 coming from the regular allotment.

Changing the distribution for mainstream is a bit different since this setting currently does not use FTEs for its calculation. For example, one preliminary model would be to change the weight from 1.15 to 2.15 and subtract the mainstream average daily attendance from the regular allotment. In that case, the total allotment would not change (\$13,244) but 100 percent of the funding would be generated from the special education allotment. [See [Appendix F](#) for more information.]

The chart below reflects the current relative shares between the special education allotment and regular allotment for the 2019–2020 school year. (See [Appendix E](#))

¹⁷ [34 C.F.R. 300.163](#) (2020)

Mainstream	\$13,244	53% from sped, 47% ADA
Resource (41-44)	\$12,031	73% from sped, 27% ADA
Homebound	\$10,267	50% from sped, 50% ADA
Hospital	\$15,400	90% from sped, 10% ADA
Non public day school	\$10,472	100% from sped
Off home campus	\$13,578	87% from sped, 13% ADA
Residential	\$23,100	98% from sped, 2% ADA
Speech therapy	\$7,187	22% from sped, 78% ADA
State school	\$16,324	97% from sped, 3% ADA
VAC	\$13,501	96% from sped, 4% ADA

4.12 Set a different contact hour/multiplier for a certain resource room instructional arrangement

Current law requires that instructional arrangements 41 through 44 have the same weight (3.0) and contact hour multiplier (2.859). As mentioned above, the instructional arrangement of 40 represents the mainstream setting, which is typically considered the least restrictive environment. The instructional arrangement of 41 reflects that a student receives special education services and supports in a special education setting less than 21 percent of the school day. This instructional arrangement could include a student who receives services mostly in the general education classroom but is pulled out for a related service or specific IEP service. It is important to remember that a less restrictive environment does not translate into lesser need, however. Because the majority of our Texas students receiving special education services are coded as 40s and 41s, there needs to be a distinction between 41s and the more restrictive settings.

The Committee discussed a variety of ways to do this and ultimately landed on the instructional arrangement 41 being given a higher contact hour factor/multiplier than the others. Using the current weight and contact hour factor/multiplier, the total allotment for a “41” is approximately \$12,030 with \$8,806 originating from the special education allotment and \$3,225 coming from the regular allotment. If, for example, the state revises the contact hour factor multiplier to 3.0 rather than 2.859, the total allotment goes to \$12,320 with \$9,240 originating from the special education allotment and \$3,080 from the regular allotment. [See [Appendix G](#) for more information.]

The recommendation to differentiate this setting from other more restrictive settings is also supported by the federal definition of mainstream, as students coded 41 spend 80 percent or more of their instructional day in the general education classroom.

4.13. Implement a reimbursement process for special education evaluations

For a student to receive special education services, the LEA must first conduct a full individual and initial evaluation (FIIE). Although an allowable expenditure of the state special education allotment, the FIIE and all evaluation materials are not directly funded by state or federal allotments. Evaluation costs vary based on a student’s suspected disability(ies) and can reach over several thousand dollars in some cases. Ultimately, the LEA bears the cost of the FIIE.

The Committee feels that it would enhance the system and help provide for qualified evaluation personnel if there was a state reimbursement system in place for each special education evaluation conducted (and for which an LEA applies). A way to do this would be to extend a flat fee reimbursement for every special education evaluation completed and documented. The Committee wishes to be clear that LEAs should continue to bear some cost in these evaluations, but there needs to be a state role in ensuring that they are paid for equitably.

There are other potential models that the Committee considered to support FIIEs. For example, the state could establish a fund that allows LEAs that experience a significant increase in special education referrals to receive some financial relief. Further, the fund might prioritize small LEAs in rural areas with limited special education budgets. The fund could operate similarly to the TEA IDEA-funded High Cost Fund. Eligible applicants would receive a proportionate share of the fund to offset FIIE costs that increased from the previous year. Alternatively, the reimbursement fund could be set up specifically to offset costs of evaluations conducted for students who ultimately did not meet eligibility for special education services. In instances that the student does not qualify for special education services, the state and federal special education allotments are not accessible for the cost of the FIIE.

4.14 Add a Related Services Weight to the State Special Education Allotment

To be eligible for special education services under IDEA, a student must have a disability and have a demonstrated need for specialized instruction and potentially related services. Federal law defines related services as those services that are needed by a student with a disability to benefit from special education instruction.¹⁸

Related services vary in their number, complexity, intensity, and cost. Related services are often provided by licensed professionals who are not always teachers. LEAs do not currently receive dedicated funding for related services. The Committee feels that there should be a state commitment to fund these services and professionals for several reasons. Among other things, LEAs often have to compete with the private sector to hire and retain highly qualified related services personnel.

Currently, LEAs record data through PEIMS for the following services: assistive technology, counseling services, audiological services, orientation and mobility, physical therapy, speech therapy, occupational therapy, medical and diagnostic services, school health services, transportation, social work services, and psychological services.

One option is for the state to set a uniform weight for each related service delivered to a student with a disability. For example, if the state instituted a 0.01 weight for each related service delivered, a student receiving transportation and counseling services would generate a supplemental grant of two percent of the adjusted basic allotment. Alternatively, the state could determine separate weights for each related service based on its complexity and the required qualifications of the provider, including whether there is a significant shortage of those providers.

¹⁸ [34 C.F.R. 300.34 \(2020\)](#)

4.15 Account for the variation in student needs in the mainstream setting

Below is how the SAAH currently describes the mainstream instructional arrangement:

This instructional arrangement/setting is for providing special education and related services to a student in the regular classroom in accordance with the student's IEP. Qualified special education personnel must be involved in the implementation of the student's IEP through the provision of direct, indirect and/or support services to the student, and/or the student's regular classroom teacher(s) necessary to enrich the regular classroom and enable student success. The student's IEP must specify the services that will be provided by qualified special education personnel to enable the student to appropriately progress in the general education curriculum and/or appropriately advance in achieving the goals set out in the student's IEP.

Examples of services provided in this instructional arrangement include, but are not limited to, direct instruction, helping teacher, team teaching, co-teaching, interpreter, education aides, curricular or instructional modifications/accommodations, special materials/equipment, positive classroom behavioral interventions and supports, consultation with the student and his/her regular classroom teacher(s) regarding the student's progress in regular education classes, staff development, and reduction of ratio of students to instructional staff.

The majority of students with disabilities receive at least some of their special education services in general education classrooms (the “regular” classroom as the SAAH describes). Given the vast range of student needs that are met in the mainstream setting, having one weight for this setting is ineffective. Historically, perhaps one weight for mainstream was sufficient, but today there are a diverse set of student needs in mainstream classrooms. As students have moved from less segregated settings toward inclusive settings, special education is truly a different service than it was nearly 30 years ago when these instructional arrangements were last revised. One student could need minimal supports, such as the preparation of a skeleton outline for notetaking assistance and extra time for assignments, and another student in the same class/setting requires significant academic modifications, behavioral supports, and one-to-one adult support in order for the student to be successful and receive a free appropriate public education (FAPE). Therefore, the Committee recommends that the state begin a process to differentiate the levels of inclusion/mainstream support.

The Committee recommends that a three-level tiered system be developed for the mainstream setting. One approach could be to define minimal, moderate, and significant support categories. Since mainstream is currently coded as 40 in PEIMS, we will call these tiers 40A, 40B and 40C.

40A = minimal supports. This could include a student receiving indirect supports from special education staff in the general education setting, such as consultation with general education teachers on the appropriate instructional or behavioral accommodations.

40B = moderate supports. This could include a student receiving a combination of direct and indirect supports in the general education setting.

40C = significant supports. This could include a student receiving specialized instruction through a co-teach arrangement between special education and general education or the assignment of a staff member to accompany and shadow the student to assist in modifying the environment and curriculum.

As these distinctions are not currently collected through statewide data reporting, the state would need to begin by defining and collecting this data through PEIMS or some other data collection method before the new funding structure takes effect.

4.2 Rationale

All of the above recommendations do not solve the state's inequitable and inefficient funding system for students with disabilities receiving special education services. If the state does not embark on a wholesale remake of the state special education allocation formula, these changes would target at least one of the major areas determined by the Committee to be a significant problem.

Some of these recommendations would require minimal effort of the legislature and the TEA, while some would take time to implement because the specific data indicators are not currently collected.

Even in a climate where the state only increases funding to account for enrollment growth, these reform proposals would still be valuable. Some of the Committee's ideas could be cost neutral, while rebalancing available state resources. Targeting more resources through the special education allotment rather than the regular allotment enhances the state's commitment to provide the necessary services for students with disabilities.

4.3 Cost considerations

Some of the above recommendations could be implemented with only minor additional financial commitments. In our state funding system, students with disabilities generate an allotment that is a combination of a regular allotment and a special education allotment. Many of the recommendations in this section would rebalance funds from these allotments. If the state were to make these changes, LEAs would need to realign their budgets to adjust for any decreases in regular allotment funding and increases in special education funding. While the Committee acknowledges this rebalancing might infringe on local budgeting flexibility, we believe that setting a state priority of funding special education takes a higher priority. Further, given that the state isn't fully covering special education costs, channeling more funds to LEAs through the special education portion of the allotment ultimately relieves some of the local financial burden on LEAs.

Section 4 Action Step Summary:

1. Alter the mainstream and homebound funding structures in order to rebalance the amounts LEAs receive for special education relative to regular education.
2. Increase the contact hour multiplier for instructional arrangement 41 to differentiate this setting from other more restrictive settings.
3. Create a reimbursement fund for initial special education evaluations to offset costs incurred by LEAs.
4. Provide funding weights for related services since they vary in number, intensity, and cost.
5. Distinguish among the levels of support provided in the mainstream setting since student needs vary significantly in this setting, and eventually fund based on these distinctions.

Section 5: Maximize Available Funding Streams

5.1 Description

This section will focus on recommendations related to maximizing both current and potential funding streams in order to efficiently and equitably educate students with disabilities.

5.11 Examine Current State Budget Riders and Study Potential Revenue Sources

In Texas, we have a biennial state budget that is organized by Articles to reflect different aspects of government. In addition to budget tables with spending amounts, the budget also includes what are known as budget riders. Budget riders reflect the legislature's priorities and dictate specific funding requirements. While some riders set out certain expected outcomes or performance measures, others do not. Further, even for those with a performance measure or a required outcomes report, it is difficult for the public to see and assess the effectiveness of budget riders.

The Committee recommends a full examination of all budget riders in all Articles of the state budget. Many budget riders appear to be repeated from one budget cycle to the next without any scrutiny or assessment of their continued value. The Committee's hope is that by a full review of budget riders, funds earmarked for certain projects that are of no further value may be transferred to pressing state needs such as special education.

The Committee also recommends a full study to identify potential new state revenue sources that could be specifically routed to the state's special education budget. The Committee notes that in 2018 the Texas Commission on Public School Finance addressed potential revenue sources for the state school finance system. The Committee endorses continued exploration of the ideas presented in the Commission's report.¹⁹

5.12 Increase the direct spending requirement for special education from 55 percent to 85 percent

In general, our school finance system dictates a minimum amount that LEAs must spend of the state allotment in a program area. Currently, state law requires that LEAs spend at least 55 percent of the funds received from the state special education allotment on authorized special education expenditures.²⁰

The majority of LEAs far exceed the 55 percent requirement by expending a significant amount of local funds on special education due to federal and state resources being inadequate to fully cover the cost of educating students with disabilities. The Committee feels strongly that there must be commitment at the state and local level that the state special education allotment is carefully and meticulously directed to benefit students with disabilities. Therefore, the

¹⁹

<https://tea.texas.gov/sites/default/files/Texas%20Commission%20on%20Public%20School%20Finance%20Final%20Report.pdf>

²⁰ [19 TAC 89.1125 \(2020\)](#).

Committee recommends that the state minimum spending requirement be increased to 85 percent. Approximately 82 percent of LEAs are already at the 85 percent threshold. While we appreciate the idea that Texas provides local control to LEAs to address unique circumstances, it is critical that students with disabilities are prioritized in budget development and implementation. This should not be construed as an unfunded mandate but rather a more targeted utilization of the state's special education allotment at the local level.

5.13 Survey LEAs to Determine the Impact of the High Cost Fund

IDEA authorizes states to reserve up to ten percent of their IDEA allocation to assist with LEA expenses on students with significant needs, commonly referred to as the High Cost Fund.²¹ The state of Texas has chosen to create and maintain a High Cost Fund using IDEA grant aid. The High Cost Fund is designed for students with the most significant needs, and the cost to educate the needs of a student must exceed three times the average per pupil expense. As of the 2019–2020 school year, the TEA set an expenditure threshold of at least \$29,908. To receive funds, an LEA must apply and complete specific detailed documentation of the expenditures it incurred on behalf of the student. As the TEA High Cost Fund is limited to ten percent of the annual IDEA allotment to Texas, the amount each applicant receives will vary based on the number of LEAs that apply.

A question remains about how impactful it is to have a High Cost Fund in Texas. Some LEAs feel very strongly that it helps in the isolated circumstances where a student requires a significant number of resources in order to be provided FAPE. This might be particularly important to small and rural LEAs. Others feel that the IDEA resources would be most impactful if they were distributed to all LEAs using traditional formula funding calculations.

The Committee did not feel comfortable giving a specific recommendation on whether to continue or discontinue this optional High Cost Fund. Instead, the Committee recommends that the state survey LEAs asking them whether Texas should continue to set aside IDEA funds to administer the High Cost Fund. The survey could also explore potential modifications to the design of the High Cost Fund, such as creating a tiered system based on the size of the LEA. Upon the conclusion of the survey, TEA should report the results to the Texas Legislature for a final decision about the continued utility of the High Cost Fund.

5.14 Limit Short-Term Grants Focused on Specific Disabilities and Special Projects

While any infusion of financial resources from the state for the education of students with disabilities is needed and appreciated, the Committee asks that our state legislature carefully consider the utility and equity of short-term grants that focus on specific disabilities or special projects.

For example, the legislature has reserved \$30 million since 2017 for grants to LEAs for the purpose of supporting innovative programs for students identified with dyslexia or autism. While innovative programs for these disabilities are critical to the overall success of students with

²¹ [34 CFR 300.704\(c\) \(2020\)](#).

disabilities, there are many other disability categories deemed eligible for special education. The state should not encourage a misconception that one disability is harder to educate or more deserving than another. Additionally, these short-term grants encourage LEAs to invest in new programs or services without any guarantee of continued financial support, which may not be an efficient use of resources if projects cannot be sustained.

Further, a competitive grant process is neither fair nor efficient in distributing limited resources. Most of the 1,200 LEAs in Texas do not have staff specifically dedicated to applying for competitive grants. This is especially true in rural areas, thereby giving larger LEAs a competitive advantage. Without dedicated staff – or someone dedicated at the regional education service center or the TEA to assist in the application process – the grant process is inherently inequitable.

For these reasons, the Committee strongly feels that the sum of state funds going to special education should remain or increase, but the mechanism of distribution should not be by short-term competitive grants or specific projects.

5.15 Dyslexia and IDEA Coordination

In Texas, students identified with dyslexia or a related disorder are unique in that they might generate state aid under both the special education formula and a new dyslexia formula. The Committee is concerned about the coordination, organization, and efficient use of state resources for this specific population of students with disabilities. Texas has specific dyslexia identification and intervention laws that raise questions about alignment with IDEA. While the historical significance of the Texas dyslexia law is appreciated and Texas was initially one of the leaders in strong identification of dyslexic learners, the educational climate, laws, and policies related to educating students with disabilities is now vastly different. Recently, the U.S. Department of Education determined that Texas was in violation of IDEA with regard to specific learning disability identification by treating students with dyslexia and related disorders differently through the Texas dyslexia law.

The Committee believes that ultimately students with dyslexia and related disorders are better served under a coordinated formula structure. In order to align financial support for students with dyslexia and related disorders, programmatic requirements must also be aligned.

Below the Committee identifies several policy considerations, which would be requisite steps to achieving funding coordination:

- 1) Equal access to trained professionals. When it comes to the education of students with dyslexia and related disorders, there are a number of specific professionals who are involved. Among them are certified academic language therapists (CALTs), licensed dyslexia therapists, and other reading specialists specifically trained in providing interventions. These dyslexia professionals are not always certified special education teachers or special education related service providers. Further, not all special education teachers are trained in specific dyslexia intervention programs. The status of whether an individual is certified in special education becomes a complication when ensuring the best

available professional can serve the student with dyslexia or a related disorder on account that the special education allotment is limited to paying for special education certified staff. The Committee believes that resolving certification questions around who may serve a student with dyslexia is a first step to ensuring access towards all available state resources for students with disabilities, including for students with dyslexia or related disorders. For example, if the state were to classify the services provided by CALTs, licensed dyslexia therapists, and other certified/licensed reading specialists as a related service for purposes of special education, this would put dyslexia professionals on par with other licensed professionals in special education. Currently, licensed professionals such as physical therapists, licensed professional counselors, specialists in school psychology, and occupational therapists are able to provide related services without being a certified teacher.

- 2) Improve programmatic management and accountability. In Texas, dyslexia education policy is currently split between the elected State Board of Education (SBOE) and the appointed commissioner of education. Having two bodies controlling policy impedes programmatic management and accountability. For example, in Texas we have a Dyslexia Handbook, which defines the requirements for dyslexia interventions. This is currently under the authority of the SBOE. Over the years, there have been multiple instances where LEAs have had questions about how to interpret provisions of the Dyslexia Handbook. TEA personnel have been reluctant to offer guidance as the handbook is not under the agency's specific authority. However, the SBOE, as an elected body that meets quarterly, simply cannot provide answers to these questions in a timely manner. The Committee believes that resolving programmatic authority over dyslexia services is another step towards ensuring access to all available state resources for students with disabilities, including for students with dyslexia or related disorders. The legislature might consider giving the commissioner the authority over the Dyslexia Handbook so that guidance can be timely offered by TEA staff and necessary revisions made in a manner that streamlines best practices and pedagogy efficiently. This change would align with the authority already given to the commissioner to audit LEA compliance with dyslexia law and policy.
- 3) Clarify use of the dyslexia allotment. In 2019, the Texas Legislature created a new separate funding stream for students with dyslexia and related disorders. The allocation amounts to a supplemental amount of 0.1 of the regular allotment. The legislature created one specific set-aside of dyslexia aid that LEAs may use for outside supplemental academic services. Questions have been raised about the utility of this set-aside given the ambiguity of the provision. The Committee believes that resolving priority utilization of the dyslexia allotment is another step towards ensuring access to all available state resources for students with disabilities, including for students with dyslexia and related disorders. For example, the legislature could decide to remove the permissive 20 percent set-aside for private academic services and instead require that this set-aside be spent on training programs to increase the number of qualified personnel who can provide dyslexia interventions. The Committee's view is that it would be a more effective use of dyslexia aid to equip school personnel to better serve students with dyslexia and related disorders, rather than providing limited private services.

5.2 Rationale

The state must do its due diligence to ensure that the state's financial commitment to education is efficiently, adequately, and equitably distributed to the school systems of Texas. As this committee's focus is on how to best fund special education programs in the state, the recommendations in this section offer actions that could help identify additional revenue and maximize the impact of the funds provided by the state.

5.3 Cost considerations

The Committee acknowledges that in recent years the state has spent more on students with disabilities. The reality is that with population growth, more spending must occur to sustain programs and services. By providing a greater investment in the education of students with disabilities, the Committee believes that there will be improved outcomes and quality results for students with disabilities. The Committee does not have a specific target for growth in spending. We trust state leaders will review our recommendations for new sources of revenue. Even without new resources, the Committee wants the legislature to maximize the return on existing funding programs. The Committee feels that there is potential to maximize existing funding streams without causing a significant financial disruption at the state or local level.

Section 5 Action Step Summary:

1. Review budget riders in the state budget to potentially identify new revenue for special education.
2. Increase the direct spending requirement percentage for special education to ensure the LEA budget dedicates sufficient resources for special education.
3. Survey LEAs to determine whether to continue TEA's IDEA High Cost Fund.
4. Limit the state's use of short-term grants focused on specific disabilities or specific projects to reprioritize revenue for special education.
5. Coordinate the dyslexia allotment and special education allotment to maximize the use of state funding resources.

Section 6: Addressing Critical Staffing Shortages and Building High Quality Educators

6.1 Description

There is a noted shortage of special education teachers, and this dire situation is only expected to become further aggravated if Texas does not address the difficulties that we have in recruiting and retaining highly qualified personnel. A recent analysis of national data indicated that nationwide the number of special education teachers dropped by 17 percent between 2005–2006 and 2015–2016, while the overall number of teachers slightly increased during that same period.

This shortage is amplified by retention of special education teachers; some research has found that roughly nine percent leave the profession after the first year. Many of the vacancies are subsequently filled by teachers who lack the appropriate qualifications. It has been estimated that over 80 percent of secondary special education teachers do not meet their state’s certification requirements. As such, we are facing the reality that many teachers, including those certified to teach special education, lack the knowledge and skills required to meet the needs of students with disabilities.

Texas is experiencing similar difficulties with preparing, recruiting, and retaining highly qualified special education teachers. Current ratios reflect one special education teacher for every 13 students with disabilities. Given that Texas is now experiencing an upward trend in the number of students identified with a disability and needing special education services, the number of needed special education teachers only continues to grow larger.

In addition to the critical shortage of special education teachers, we face parallel strains related to the recruitment and retention of related services personnel. Related services personnel are essential at each critical phase of the special education process from evaluation to planning to service delivery. For example, Texas is estimated to have only one licensed specialist in school psychology (LSSP) for every 2,800 students. This ratio is not in line with national guidelines that suggest that there should be one LSSP for every 500-700 students.

As such, special education in Texas is facing a two-pronged problem: addressing critical staffing shortages, while also ensuring that all special education professionals are as well trained and prepared as possible. Beyond special education teachers and related services providers, all educators must be enabled to meet the needs of students with disabilities in the classroom. We propose five recommendations related to the allocation of financial resources—and for each recommendation, we outline several key actions that must be taken to address these problems.

Member Viewpoint

When I became certified to teach special education through alternative certification, I noticed two things right away: the steep learning curve for a rookie such as myself, and the inequity of the experience my students were having versus students who did not receive services. Now serving as a general education teacher, I am thankful for the opportunity to advocate for targeted investment in highly qualified special education teachers, retention of quality paraprofessionals, and the overall competency of all school personnel when it comes to serving students who receive special education services.

Shana Gaines, Wylie

6.11. Invest in a highly qualified special education workforce.

The Committee argues that improved outcomes for students with disabilities are not possible without targeted investments in special education staff. The following actions relate to increasing standards for initial training, certification, and ongoing professional development. Well-trained special educators will not only be more effective in serving students with disabilities, but they will increase the quality of service throughout schools and LEAs by modeling best practices and training other staff members on their campuses (e.g., mentoring incoming teachers, supervising student teaching).

We propose the following solutions to ensure state spending for students with disabilities proves successful because those implementing and delivering services will be highly qualified:

- Invest state resources into special educators currently serving in LEAs.
 - Special education teachers are often employed under the same contract terms of any other teacher. Because special education teachers must be not only the subject matter expert but be an expert on the students at their campus, it is important to allow sufficient time for a special education teacher to give and receive professional development and consult with staff about individual students. Therefore, the Committee recommends that the contract days for special education teachers be increased to ensure that they have the adequate time to receive specialized training and plan for individual student needs without needing to possibly sacrifice student contact hours once the school year begins. The Committee expects that this increase in contract days would result in special education teachers starting their year a certain amount of time before other teachers report for work. The legislature should consider extending state resources to assist LEAs in paying for this increase in contract days.
 - Special education teachers are not always designated as the teacher of record of their students. Usually, the designation of teacher of record is given to the classroom teacher. Special education teachers often provide specialized instruction across classrooms and across class periods. It can be challenging, then, to apply performance pay, incentives, and other similar programs when these

programs are usually designed around the traditional teacher of record arrangement. The Committee recommends that the legislature and TEA consistently remember alternative teaching arrangements like special education when considering and implementing any type of reward system for teachers.

- Invest state resources into future educators. We must ensure that special education teachers are experts in their field, and we must recognize the incredibly diverse set of skills that a special education teacher needs to be effective. Our teacher preparation programs, whether traditional or alternative, should be designed to provide rigorous training to ensure the highest quality professional. The Committee recommends that special education teacher certification programs be reviewed to determine the programs that have the most significant impact on the education of students with disabilities. That impact could be determined by reviewing student performance and retention rates of special educators categorized by the program that they attended. The legislature should consider offering financial incentives to the programs found to have the most robust, rigorous programs and with the highest retention rates of teachers who stay in the field.
- Support the critical role and necessary expertise of the special education teacher by improving certification requirements. Once a teacher is certified in any area, the current state structure allows that teacher, with limited exceptions, to register and take additional certification tests. If the individual meets passing standards on those additional tests, then the teacher becomes certified in those additional areas. This is the case with special education certification as well. Because the required knowledge base and expertise of a special education teacher is so diverse, questions have arisen as to whether some type of prerequisite coursework should be required before being allowed to take the special education certification exam. This is difficult to balance with the fact that there is already an overwhelming shortage of qualified special educators. To acknowledge both the shortage and the need for truly qualified special educators, the Committee feels that the state legislature should consider investing financial resources towards the development of a standardized coursework prerequisite.²² Additionally, the Committee feels that the state should make arrangements for this coursework to be at no cost to participants and that participants should receive a full reimbursement of the cost of the certification exam if they meet the passing standards on the exam on their first attempt. The state must ensure that certified special educators are prepared and equipped to serve students with disabilities, but there must also be some type of incentive - in this case, the offer to receive exam cost reimbursement - to increase the pool of qualified educators.

6.12. Ensure that All LEA Staff are Able to Meet the Needs of Students with Disabilities.

The education, support, and success of students with disabilities cannot fall solely on the shoulders of special education teachers. As required by the IDEA, students with disabilities must have provisions in their IEPs regarding how they will be involved and make progress in the general education curriculum. In Texas, almost 70 percent of students with disabilities spend 80

²² In addition to content knowledge, the scope of this coursework should include facilitative communication skills on minimizing and resolving conflicts between schools and families.

percent or more of their school day in general education classrooms. As such, *both* general and special educators require training and support, and research suggests that the development of shared expertise among school staff is critical for meeting the educational needs of all students.

The Committee recommends the following in order to ensure that state spending proves successful because all school staff would be equipped and trained to educate students with disabilities:

- Require a more comprehensive focus on best practices for educating students with disabilities in general education teacher preparation programs. It is not uncommon to hear anecdotally from general educators that their preparation programs - whether through an institution of higher education program or an alternative certification program - included just one course or one unit of study dedicated to students with disabilities. Because the majority of students with disabilities spend some, if not most, of their instructional day in general education settings, these teacher preparation programs must include a more comprehensive study on educating students with disabilities. The Committee recommends that the legislature require these programs to enhance their curriculum to include a stronger focus on educating diverse learners, including students identified with any exceptionality or disability.
- Provide financial resources for the development of a state-approved training in special education that will be required for all LEA staff. Although the Committee appreciates the flexibility given to LEAs to locally control much of their training and development needs based on their individual circumstances, the field of special education is incredibly complex and compliance-driven in many cases. There are specific provisions of federal and state law that must be followed in every circumstance. Therefore, the Committee feels that all LEA staff should be equipped with the knowledge of the laws associated with educating students with disabilities. Additionally, all LEA staff should be trained in specific state policy where the policy expands on legal requirements. To do this, the Committee feels that there is simply not much room for variability or local choice in training on certain special education issues. The state, then, should consider investing in a state-developed training on special education that every LEA employee would be required to complete annually. Experienced educators whose jobs already reflect this content knowledge would be exempt. LEAs would enhance the training with their local procedures and requirements.

6.13. Increase targeted recruitment of qualified related service personnel.

While a qualified teaching workforce is essential, we must also recognize that other school professionals are critical to the success of special education. This includes related services personnel who provide IEP services to students with disabilities. These professionals include, but are not limited to, SLPs, LSSPs, occupational therapists, physical therapists, music therapists, and orientation and mobility specialists. Many of these personnel are responsible for conducting timely evaluations and identifying students with disabilities, as well as providing direct support services to students. The critical shortage of professionals in these related service areas remains a major concern. This shortage includes professionals who specialize in providing mental health supports and who are trained in trauma-informed care.

We propose the following actions to ensure state spending proves successful as related service personnel would be encouraged to work in the school system rather than in the private sector:

- Create recruitment and retention incentives to address critical shortage areas. Not only are there shortage areas in the specific categories of related services professionals, there are geographic areas in the state that specifically struggle to find the professionals to hire. Further, the private sector or work as an independent contractor can often pay these professionals much more. The Committee recommends that the legislature consider different types of recruitment and retention incentives for related services personnel. This could include low- or no-cost tuition for the specific related service area in exchange for a commitment to remain employed in the public school system for a number of years. Additionally, it could include a financial commitment to help LEAs provide financial incentives in their recruitment efforts.
- Recognize the critical role that non-teachers play when implementing any state-driven salary increases or incentive pay programs. While the state must absolutely focus on employing and retaining the most qualified teachers, there are many other professionals in the school setting who are crucial to improving student outcomes. The Committee feels that these professionals, including related services personnel, should always be considered when creating law and policy around performance pay systems, incentives, and any value-based initiative at the state and local levels.

6.14. Invest in the retention and advancement of promising paraprofessionals.

Beyond teachers and related services personnel, there are also paraprofessionals that provide IEP services to students with disabilities. These paraprofessionals devote substantial time to working closely with students with disabilities, often providing one-to-one support. Other than a generic instructional aide certificate, there is no specific state requirement to demonstrate knowledge of how best to educate students with disabilities to be employed as a paraprofessional. Although many LEAs have their own local continuing education requirements, there is no state requirement for paraprofessional continuing education. Additionally, there are no state mandated minimum salary scales for these individuals and the pay is often very low. The Committee feels that the state should dedicate resources to directly invest in the future of promising paraprofessionals through training so that they may advance and stay in the special education field.

The Committee makes the following recommendations to ensure state spending proves successful as valuable paraprofessionals would remain in the special education field:

- Incentivize the retention of promising paraprofessionals. Nationwide, the average salary of a special education paraprofessional is slightly below the poverty line for a family of four. It is perhaps unsurprising that paraprofessionals with additional qualifications—postsecondary degrees, certifications, specialized skills, and experience—often leave these positions. LEAs support training of paraprofessionals, but this investment is for naught if individuals do not remain in these positions. There is a need to allocate state resources to support salary incentives for paraprofessionals who attain additional qualifications or show exceptional promise.

- Create opportunities for advancement for skilled paraprofessionals. The state is experiencing critical shortages of special education teachers and related service personnel—there are opportunities to support promising paraprofessionals in becoming certified to fill these positions. There should be financial support tied to recruitment of paraprofessionals into teacher certification programs; alternative training pathways would allow them to continue working in schools, while seeking certification. These efforts should consider free or reduced tuition in these programs for paraprofessionals with outstanding performance reviews and an extended length of service with the employing LEA. This would work in conjunction with the overall efforts to improve paraprofessional retention rates.

6.15. Support student loan forgiveness programs for employment in high-need areas.

To further enhance the effectiveness of the four recommendations outlined above, and address the certain regions in the state experiencing greater staffing shortages, the Committee recommends that the state’s student loan forgiveness programs be reviewed to ensure alignment with shortages in special education high-need areas. These programs should target identified geographic regions (e.g., rural school districts) and identified positions with critical shortages (e.g., special education teachers, LSSPs) and could impose eligibility requirements such as length of employment or commitment to remain employed.

6.2 Rationale

Outcomes for students with disabilities must improve. Current national data indicate that students with disabilities significantly underperform their non-disabled peers in reading, mathematics, and writing, and Texas is no exception. Students with disabilities also face increased risks for disciplinary problems, school dropout, un- or underemployment, and poverty. Access to high quality education and service supports, to include the absolute most qualified staff, must be a state priority. It is quality staff that will be the most important factor in the availability of a high quality education. The Committee believes that the five recommendations outlined in this section will allow the state to make strides toward improving outcomes for students with disabilities and ensure that its spending proves successful.

6.3 Cost considerations

Education plays a vital role in the growth of any nation’s economy—that is, equitable access to education is related not only to academic achievement, but also economic growth, public health, and democratic governance. The Committee worries that the societal cost of failing to meet the needs of students with disabilities is far greater than the investments that we are recommending.

Section 6 Action Step Summary:

1. Invest in the special education workforce to ensure the most qualified professionals are serving students with disabilities.
2. Increase the capability of all LEA staff to meet the needs of students with disabilities.
3. Assist LEAs to recruit and retain qualified related services personnel.
4. Enhance the career advancement opportunities of paraprofessionals.
5. Expand student loan forgiveness programs to include special education professionals in high need areas.

Section 7: Summary of Recommendations and Additional Topics to Explore

This report lists recommendations in four different categories in accordance with the Committee's charges dictated by law.

The Committee feels that the development and implementation of a needs-based funding system, rather than an instructional arrangement funding system, is the ideal way for the state to fund special education. Continuing to fund the special education allotment based on *where* a student receives his or her special education services versus the actual special education services received is simply no longer an effective and efficient funding system. Section 3 of this report describes global concepts of need-based reform. While this remains the primary recommendation of the Committee, Sections 4, 5, and 6 take into account that rebalancing and reprioritizing existing funding structures are other avenues to improve the system.

Sections 4, 5 and 6 of this report address recommendations that would alter existing formula structures, add new weights for related services, add reimbursement options for evaluations, reexamine the methods in which the state prioritizes revenue, and prioritize state resources to develop and retain a highly qualified workforce to address the needs of students with disabilities.

Member Viewpoint

Agradezco como madre la oportunidad de participacion en este comite. Creo firmemente que debemos trabajar en equipo para forjar un major programa de educacion especial de alta calidad para que nuestros estudiantes con necesidades especiales alcancen su mayor potencial. Incluyamos e integremos a nuestros estudiantes para una sociedad mas tolerante.

I am grateful as a mother for the opportunity to participate in this committee. I firmly believe that we must work as a team to forge a better high-quality special education program so that our students with special needs reach their highest potential. Let's include and integrate our students for a more tolerant society.

Reyna Villela, El Paso

Additional Topics of Consideration

There are two additional issues that were frequent conversation topics of the Committee and that the Committee wishes to bring to the attention of the legislature for consideration. Those topics relate to funding special education based on student enrollment rather than student attendance and the state's SHARS reimbursement system. The Committee did not have the expertise or the time to create solid recommendations for these issues but feel they are too important to be left out of the final report.

Funding Special Education Based on Student Enrollment, not Attendance

The current school finance system in Texas by and large is based on the daily attendance of students. In general, LEAs get paid when students are in the classroom. While historically student attendance has dictated funding, there have been recent circumstances that highlight problems with this method. In the realm of special education, attendance as a basis for funding has sometimes been questioned. Students with disabilities sometimes have very complex medical needs that may result in more absences or the need to miss school for private therapies and appointments. Through no fault of their own, LEAs may miss funding because of the student's absence from school. Additionally, some students with disabilities are significantly immunocompromised based on their medical conditions and diagnoses. Students with significant medical, academic, or behavioral needs will typically require more staff, more equipment, and more planning by a campus for the student to receive a FAPE than students without these needs. When this same student is marked absent because he or she was not present during the school's official attendance taking time, the state funding for the student is reduced. This becomes especially problematic considering that the cost for staff, equipment, and planning and preparation time still exists even when a student is marked absent.

The Committee feels that especially in the area of special education, and even more so as we adjust to the new normal caused by the COVID-19 pandemic, that changing special education funding from attendance to enrollment should be considered. Because making this change impacts many other areas of funding and given that additional data collections would likely need to be made to reflect current enrollment numbers, the Committee regrets not being able to resolve this issue in time for this report. The Committee would be happy to be consulted if the legislature wishes to explore a transition in this area.

The SHARS Program

The SHARS program, jointly administered by TEA and the Health and Human Services Commission (HHSC), is a program that reimburses participating LEAs for certain Medicaid services provided to a Medicaid-eligible student who receives special education services. Typically under the SHARS process, the LEA first provides the Medicaid service to the student with a disability, submits a reimbursement request to HHSC, and eventually receives a reimbursement payment from HHSC. Because of the reimbursement process and timeline, LEAs sometimes find it difficult to project the total reimbursement amount annually. When LEAs eventually receive reimbursement from HHSC, they may deposit these payments in the general fund. The deposit of SHARS funds in the general revenue accounts of LEAs has raised questions among some stakeholders. Some believe that since these reimbursements were generated by services to a student served by special education, then the payment should go back to the LEA's special education fund. Others believe that this revenue stream ultimately flows back to special education through the general fund. The Committee reviewed the SHARS process and determined that, given the complexities of the program, the best course would be a more comprehensive study of the SHARS system. To maximize the effectiveness of these HHSC payments to LEAs, further examination of the agency partnership between HHSC and TEA is warranted. In addition, policy leaders need to weigh local budget flexibility with prioritizing

financial resources for special education, as well as the effects of compliance with LEA maintenance of effort (MOE) requirements under IDEA.

Closing Remarks

The Committee believes that this report provides the legislature with a variety of recommendations on how to improve the way the state funds special education. Some of the recommendations require minimal planning and have fairly minimal financial impact, while others require more extensive planning and would likely require a substantial financial commitment. The inclusion of a recommendation in this report in no way suggests endorsement by TEA.

Despite the limited time frame in which to discuss and develop this report, the Committee members had meaningful, productive conversations about how the state can do better, as well as how LEAs could use funds more equitably. While the Committee believes that our recommendations are thought out and justified, we by no means think that this report alone will resolve the financial challenges in special education. We see this report as one part of a necessary and ongoing conversation of all stakeholders in public education - administrators, teachers, parents, students with disabilities, and policy makers.

Appendices

Appendix A TEC Section 48.1021

Sec. 48.1021. SPECIAL EDUCATION ALLOTMENT ADVISORY COMMITTEE.

(a) The commissioner shall establish an advisory committee to develop and make recommendations regarding methods of financing special education under the public school finance system.

(b) The advisory committee consists of the following members appointed by the commissioner:

(1) a parent of a student eligible to participate in a school district's special education program under Section 29.003;

(2) a director of a school district's special education program under Subchapter A, Chapter 29;

(3) a teacher certified in special education;

(4) a diagnostician;

(5) a licensed specialist in school psychology;

(6) a provider who provides related services, as described by Section 29.002(2);

(7) a superintendent of a school district;

(8) a member of a school district's board of trustees;

(9) a representative of a disability advocacy organization;

(10) a member of the special education continuing advisory committee under Section 29.006;

(11) a teacher certified in general education;

(12) a student eligible to participate in a school district's special education program under Section 29.003;

(13) a representative of a regional education service center; and

(14) a school district official who handles business and finance matters for the district.

(c) Not later than May 1, 2020, the advisory committee, with assistance from the Legislative Budget Board, shall submit to the lieutenant governor, the speaker of the house of representatives, and the standing legislative committees with primary jurisdiction over public education a report on methods of financing special education under the public school finance system. The report must include:

(1) a description of the current funding methods;

(2) an analysis of the possible implementation of a method of financing special education based on the services and supports each student receives instead of instructional arrangement;

(3) data on current special education expenditures from a representative sample of school districts; and

(4) recommendations for improvements to the current funding methods or for the implementation of new funding methods.

(d) This section expires September 1, 2021.

Appendix B TEC Section 48.102

Sec. 48.102. SPECIAL EDUCATION.

(a) For each student in average daily attendance in a special education program under Subchapter A, Chapter 29, in a mainstream instructional arrangement, a school district is entitled to an annual allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by 1.15. For each full-time equivalent student in average daily attendance in a special education program under Subchapter A, Chapter 29, in an instructional arrangement other than a mainstream instructional arrangement, a district is entitled to an annual allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by a weight determined according to instructional arrangement as follows:

Homebound	5.0
Hospital class	3.0
Speech therapy	5.0
Resource room	3.0
Self-contained, mild and moderate, regular campus	3.0
Self-contained, severe, regular campus	3.0
Off home campus	2.7
Nonpublic day school	1.7
Vocational adjustment class	2.3

(b) A special instructional arrangement for students with disabilities residing in care and treatment facilities, other than state schools, whose parents or guardians do not reside in the district providing education services shall be established by commissioner rule. The funding weight for this arrangement shall be 4.0 for those students who receive their education service on a local school district campus. A special instructional arrangement for students with disabilities residing in state schools shall be established by commissioner rule with a funding weight of 2.8.

(c) For funding purposes, the number of contact hours credited per day for each student in the off home campus instructional arrangement may not exceed the contact hours credited per day for the multidistrict class instructional arrangement in the 1992-1993 school year.

(d) For funding purposes the contact hours credited per day for each student in the resource room; self-contained, mild and moderate; and self-contained, severe, instructional arrangements may not exceed the average of the statewide total contact hours credited per day for those three instructional arrangements in the 1992-1993 school year.

(e) The commissioner by rule shall prescribe the qualifications an instructional arrangement must meet in order to be funded as a particular instructional arrangement under this section. In prescribing the qualifications that a mainstream instructional arrangement must meet, the commissioner shall establish requirements that students with disabilities and their teachers

receive the direct, indirect, and support services that are necessary to enrich the regular classroom and enable student success.

(f) In this section, "full-time equivalent student" means 30 hours of contact a week between a special education student and special education program personnel.

(g) The commissioner shall adopt rules and procedures governing contracts for residential placement of special education students. The legislature shall provide by appropriation for the state's share of the costs of those placements.

(h) At least 55 percent of the funds allocated under this section must be used in the special education program under Subchapter A, Chapter 29.

(i) The agency shall encourage the placement of students in special education programs, including students in residential instructional arrangements, in the least restrictive environment appropriate for their educational needs.

(j) A school district that provides an extended year program required by federal law for special education students who may regress is entitled to receive funds in an amount equal to 75 percent, or a lesser percentage determined by the commissioner, of the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled for each full-time equivalent student in average daily attendance, multiplied by the amount designated for the student's instructional arrangement under this section, for each day the program is provided divided by the number of days in the minimum school year. The total amount of state funding for extended year services under this section may not exceed \$10 million per year. A school district may use funds received under this section only in providing an extended year program.

(k) From the total amount of funds appropriated for special education under this section, the commissioner shall withhold an amount specified in the General Appropriations Act, and distribute that amount to school districts for programs under Section 29.014. The program established under that section is required only in school districts in which the program is financed by funds distributed under this subsection and any other funds available for the program. After deducting the amount withheld under this subsection from the total amount appropriated for special education, the commissioner shall reduce each district's allotment proportionately and shall allocate funds to each district accordingly.

Appendix C Members Appointed to Committee

Steven Aleman, Disability Advocacy Organization
Kelvin Bradford, Special Education Teacher
Norma Rolon Castillo, Assistant Special Education Director
Patricia Disen, PT, Related Services Provider
Lisa Flores, Parent
Dr. Diane Frost, Superintendent
Shana Gaines, General Education Teacher
Dr. Roman Garcia de Alba, LSSP
Kelly Guillen, Special Education Director
Dana Johnson, Diagnostician / Special Education Director
Autumn Leal-Shopp, LSSP / Special Education Director
Paula Marshall, Special Education
Kristin McGuire, Disability Advocacy Organization
Marc Anthony Mendez, Student
Carter Morman, Student
Eduardo Ramos, District Business and Finance Official
Amanda Sanchez-Munoz, Special Education Director
Diana Serrano, Parent
Karen Slaughter, Education Service Center Representative
Agatha Thibodeaux, Continuing Advisory Committee for Special Education
Dr. Jessica Toste, Disability Advocacy Organization
Ralph Unger, School Board Member
Reyna Villela, Parent
Audrey Young, Special Education Director / School Board Member

Appendix D Special Education Expenditures from Representative Sample of LEAs

Object Code Summary

District Number	District Name	Payroll Costs (6100)	Professional & Contracted Services (6200)	Supplies And Materials (6300)	Other Operating Costs (6400)	Grand Total
Five Districts Serving the Most SpEd Students						
015915	NORTHSIDE ISD	121,318,353	1,116,066	3,345,302	651,941	126,431,662
		96.0%	0.9%	2.6%	0.5%	100.0%
057905	DALLAS ISD	111,648,707	21,523,070	1,711,091	260,406	135,143,274
		82.6%	15.9%	1.3%	0.2%	100.0%
101907	CYPRESS-FAIRBANKS ISD	90,311,016	3,174,088	1,486,123	1,400,984	96,372,211
		93.7%	3.3%	1.5%	1.5%	100.0%
101912	HOUSTON ISD	144,792,461	10,299,915	1,794,147	440,043	157,326,566
		92.0%	6.5%	1.1%	0.3%	100.0%
227901	AUSTIN ISD	114,875,555	2,306,649	2,156,118	4,023,627	123,361,949
		93.1%	1.9%	1.7%	3.3%	100.0%
Subtotal		582,946,092	38,419,788	10,492,781	6,777,001	638,635,662
		91.3%	6.0%	1.6%	1.1%	100.0%
Twenty Districts Serving the Number of SpEd Students Closest to their ESC Region's Average						
015908	SOUTH SAN ANTONIO ISD	5,743,536	423,631	110,781	14,583	6,292,531
		91.3%	6.7%	1.8%	0.2%	100.0%
020908	PEARLAND ISD	20,446,653	362,675	477,929	61,249	21,348,506
		95.8%	1.7%	2.2%	0.3%	100.0%

District Number	District Name	Payroll Costs (6100)	Professional & Contracted Services (6200)	Supplies And Materials (6300)	Other Operating Costs (6400)	Grand Total
031912	SAN BENITO CISD	9,470,489 95.4%	170,608 1.7%	240,421 2.4%	47,047 0.5%	9,928,565 100.0%
046901	NEW BRAUNFELS ISD	7,596,799 95.7%	60,628 0.8%	256,047 3.2%	24,299 0.3%	7,937,773 100.0%
067903	EASTLAND ISD	684,218 71.4%	23,426 2.4%	40,867 4.3%	209,194 21.8%	957,705 100.0%
071901	CLINT ISD	7,580,765 93.3%	268,788 3.3%	214,721 2.6%	64,507 0.8%	8,128,781 100.0%
092907	SPRING HILL ISD	729,743 63.8%	56,736 5.0%	9,963 0.9%	347,401 30.4%	1,143,843 100.0%
093904	NAVASOTA ISD	1,234,954 74.8%	181,807 11.0%	8,843 0.5%	225,499 13.7%	1,651,103 100.0%
126903	CLEBURNE ISD	5,065,700 94.8%	121,952 2.3%	52,084 1.0%	102,955 1.9%	5,342,691 100.0%
129902	FORNEY ISD	7,165,981 95.9%	97,422 1.3%	176,076 2.4%	35,862 0.5%	7,475,341 100.0%
140904	LITTLEFIELD ISD	413,409 49.5%	7,345 0.9%	218 0.0%	415,025 49.6%	835,997 100.0%
146906	LIBERTY ISD	2,014,941 78.1%	33,863 1.3%	70,384 2.7%	460,453 17.8%	2,579,641 100.0%
155901	JEFFERSON ISD	623,294 92.4%	38,760 5.7%	11,825 1.8%	943 0.1%	674,822 100.0%

District Number	District Name	Payroll Costs (6100)	Professional & Contracted Services (6200)	Supplies And Materials (6300)	Other Operating Costs (6400)	Grand Total
161922	ROBINSON ISD	2,396,067 88.8%	250,333 9.3%	34,678 1.3%	17,867 0.7%	2,698,945 100.0%
175911	RICE ISD	329,352 67.7%	13,395 2.8%	6,586 1.4%	137,502 28.2%	486,835 100.0%
188902	RIVER ROAD ISD	945,783 87.7%	97,351 9.0%	22,336 2.1%	12,740 1.2%	1,078,210 100.0%
205906	SINTON ISD	1,410,798 95.6%	36,933 2.5%	21,384 1.4%	6,843 0.5%	1,475,958 100.0%
206901	SAN SABA ISD	360,485 65.0%	2,401 0.4%	6,352 1.1%	184,950 33.4%	554,188 100.0%
238902	MONAHANS-WICKETT-PYOTE ISD	1,757,997 87.5%	106,072 5.3%	131,235 6.5%	13,024 0.6%	2,008,328 100.0%
243906	CITY VIEW ISD	650,674 82.0%	5,268 0.7%	20,014 2.5%	117,196 14.8%	793,152 100.0%
Subtotal		76,621,638 91.9%	2,359,394 2.8%	1,912,744 2.3%	2,499,139 3.0%	83,392,915 100.0%
Five Charters Serving the Most SpEd Students						
057803	UPLIFT EDUCATION	10,166,735 89.9%	750,302 6.6%	226,813 2.0%	166,067 1.5%	11,309,917 100.0%
057848	INTERNATIONAL LEADERSHIP OF TEXAS	3,638,244 88.5%	294,674 7.2%	20,642 0.5%	157,881 3.8%	4,111,441 100.0%

District Number	District Name	Payroll Costs (6100)	Professional & Contracted Services (6200)	Supplies And Materials (6300)	Other Operating Costs (6400)	Grand Total
072801	PREMIER HIGH SCHOOLS	4,044,786 96.1%	123,314 2.9%	51,537 1.2%	(10,732) -0.3%	4,208,905 100.0%
108807	IDEA PUBLIC SCHOOLS	17,332,840 90.9%	355,355 1.9%	446,250 2.3%	939,572 4.9%	19,074,017 100.0%
221801	TEXAS COLLEGE PREPARATORY ACADEMIE	4,960,765 86.0%	766,787 13.3%	56,011 1.0%	(15,817) -0.3%	5,767,746 100.0%
Subtotal		40,143,370 90.3%	2,290,432 5.2%	801,253 1.8%	1,236,971 2.8%	44,472,026 100.0%
Five Charters Serving the Number of SpEd Students Closest to State Charter Average						
014803	PRIORITY CHARTER SCHOOLS	443,509 84.5%	36,916 7.0%	33,198 6.3%	11,140 2.1%	524,763 100.0%
015827	SCHOOL OF SCIENCE AND TECHNOLOGY	178,826 55.6%	140,939 43.8%	1,114 0.3%	839 0.3%	321,718 100.0%
057829	A+ ACADEMY	649,916 94.3%	12,253 1.8%	21,377 3.1%	5,982 0.9%	689,528 100.0%
227803	WAYSIDE SCHOOLS	1,194,783 98.2%	4,581 0.4%	16,025 1.3%	864 0.1%	1,216,253 100.0%
246801	MERIDIAN WORLD SCHOOL LLC	1,247,113 96.6%	13,908 1.1%	17,631 1.4%	12,364 1.0%	1,291,016 100.0%
Subtotal		3,714,147 91.9%	208,597 5.2%	89,345 2.2%	31,189 0.8%	4,043,278 100.0%

District Number	District Name	Payroll Costs (6100)	Professional & Contracted Services (6200)	Supplies And Materials (6300)	Other Operating Costs (6400)	Grand Total
Grand Total		703,425,247	43,278,211	13,296,123	10,544,300	770,543,881
		91.3%	5.6%	1.7%	1.4%	100.0%

Statewide Total		4,681,682,011	191,641,365	95,142,859	139,924,938	5,108,391,173
		91.6%	3.8%	1.9%	2.7%	100.0%

Function Code Summary for Representative Sample

District Number	District Name	11 Instruction	12 Instr. Resources and Media Serv.	13 Curr. Dev. And Instr. Staff Dev.	21 Instr. Leadership	23 School Leadership	31 Guidance, Counseling, And Eval. Serv.	32 Social Work Services	33 Health Services	34 Student (Pupil) Transportation	36 Extracurricular Activities	51 Facilities Maint. And Operations	52 Security And Monitoring Serv.	93 Payments to Fisc. Agent/ Memb. Dist. Of Shared Serv. Arrang.	Total
Five Districts Serving the Most SpEd Students															
015915	NORTHSIDE ISD	78,502,374	2,052,499	3,554,798	8,969,190	9,134,288	10,702,158	257,994	1,987,960	11,210,647	58,656	1,098			126,431,662
		62.1%	1.6%	2.8%	7.1%	7.2%	8.5%	0.2%	1.6%	8.9%	0.0%	0.0%			100.0%
057905	DALLAS ISD	85,494,962	2,347,885	1,462,805	4,921,255	12,503,995	8,084,594	252,329	2,448,558	17,626,644		250	177		135,143,274
		63.3%	1.7%	1.1%	3.6%	9.3%	6.0%	0.2%	1.8%	13.0%		0.0%	0.0%		100.0%
101907	CYPRESS-FAIRBANKS ISD	72,625,245	149	139,698	2,093,827		6,688,934		2,753,847	10,729,378	38,948			1,302,185	96,372,211
		75.4%	0.0%	0.1%	2.2%		6.9%		2.9%	11.1%	0.0%			1.4%	100.0%
101912	HOUSTON ISD	105,260,135	865,456	2,020,686	4,880,737	16,885,178	16,442,598	341,515	2,930,297	7,682,753	14,559	312	2,340		157,326,566
		66.9%	0.6%	1.3%	3.1%	10.7%	10.5%	0.2%	1.9%	4.9%	0.0%	0.0%	0.0%		100.0%
227901	AUSTIN ISD	79,867,052	2,277,803	2,728,673	3,754,261	11,161,942	5,748,521	263,150	1,368,896	12,455,643	10,689			3,725,319	123,361,949
		64.7%	1.8%	2.2%	3.0%	9.0%	4.7%	0.2%	1.1%	10.1%	0.0%			3.0%	100.0%
Subtotal		421,749,768	7,543,792	9,906,660	24,619,270	49,685,403	47,666,805	1,114,988	11,489,558	59,704,885	122,852	1,660	2,517	5,027,504	638,635,662
		66.0%	1.2%	1.6%	3.9%	7.8%	7.5%	0.2%	1.8%	9.3%	0.0%	0.0%	0.0%	0.8%	100.0%
Twenty Districts Serving the Number of SpEd Students Closest to their ESC Region's Average															
015908	SOUTH SAN ANTONIO ISD	3,954,768	108,509	33,700	428,902	577,931	741,267	25,495	165,852	256,107					6,292,531
		62.8%	1.7%	0.5%	6.8%	9.2%	11.8%	0.4%	2.6%	4.1%					100.0%
020908	PEARLAND ISD	14,043,927	302,461	742,044	893,316	1,756,191	2,078,028	28,140	255,942	1,240,217	8,240				21,348,506
		65.8%	1.4%	3.5%	4.2%	8.2%	9.7%	0.1%	1.2%	5.8%	0.0%				100.0%
031912	SAN BENITO CISD	6,570,116	2,077	58,073	561,208	1,041,486	707,049	66,895	180,786	702,279	6,143	32,093	360		9,928,565
		66.2%	0.0%	0.6%	5.7%	10.5%	7.1%	0.7%	1.8%	7.1%	0.1%	0.3%	0.0%		100.0%
046901	NEW BRAUNFELS ISD	3,116,302	415,157	315,294	438,019	1,945,771	1,235,399	103,421	368,410						7,937,773

		11	12	13	21	23	31	32	33	34	36	51	52	93	
District Number	District Name	Instruction	Instr. Resources and Media Serv.	Curr. Dev. And Instr. Staff Dev.	Instr. Leadership	School Leadership	Guidance, Counseling, And Eval. Serv.	Social Work Services	Health Services	Student (Pupil) Transportation	Extracurricular Activities	Facilities Maint. And Operations	Security And Monitoring Serv.	Payments to Fisc. Agent/ Memb. Dist. Of Shared Serv. Arrang.	Total
		39.3%	5.2%	4.0%	5.5%	24.5%	15.6%	1.3%	4.6%						100.0%
067903	EASTLAND ISD	566,003	8,614	3,781	20,011	100,225	28,274		6,460	21,109				203,228	957,705
		59.1%	0.9%	0.4%	2.1%	10.5%	3.0%		0.7%	2.2%				21.2%	100.0%
071901	CLINT ISD	5,774,782	112,547	57,747	627,336	603,095	537,846	12,567	97,367	302,091		3,403			8,128,781
		71.0%	1.4%	0.7%	7.7%	7.4%	6.6%	0.2%	1.2%	3.7%		0.0%			100.0%
092907	SPRING HILL ISD	628,315	21,667	24,336		91,238	23,318		12,478					342,491	1,143,843
		54.9%	1.9%	2.1%		8.0%	2.0%		1.1%					29.9%	100.0%
093904	NAVASOTA ISD	981,971	8,270	22,939	55,989	134,753	53,031		25,038	149,370				219,742	1,651,103
		59.5%	0.5%	1.4%	3.4%	8.2%	3.2%		1.5%	9.0%				13.3%	100.0%
126903	CLEBURNE ISD	3,921,891	3,184	99,656	329,990	445,738	335,876	6	139,038					67,312	5,342,691
		73.4%	0.1%	1.9%	6.2%	8.3%	6.3%	0.0%	2.6%					1.3%	100.0%
129902	FORNEY ISD	5,048,524	102,568	235,361	173,712	704,133	1,051,394		158,677		972				7,475,341
		67.5%	1.4%	3.1%	2.3%	9.4%	14.1%		2.1%		0.0%				100.0%
140904	LITTLEFIELD ISD	406,036	1,536	227	1,174	4,276	1,906		825	4,992				415,025	835,997
		48.6%	0.2%	0.0%	0.1%	0.5%	0.2%		0.1%	0.6%				49.6%	100.0%
146906	LIBERTY ISD	1,600,289	38,036	11,924	33,948	254,439	64,053	5,867	27,627	94,620				448,838	2,579,641
		62.0%	1.5%	0.5%	1.3%	9.9%	2.5%	0.2%	1.1%	3.7%				17.4%	100.0%
155901	JEFFERSON ISD	413,025	21,900	5,724	106,308	64,192	52,480		7,454	3,739					674,822
		61.2%	3.2%	0.8%	15.8%	9.5%	7.8%		1.1%	0.6%					100.0%
161922	ROBINSON ISD	1,884,252	58,279	45,044	141,049	285,711	134,015		44,941	105,654					2,698,945
		69.8%	2.2%	1.7%	5.2%	10.6%	5.0%		1.7%	3.9%					100.0%
175911	RICE ISD	311,409	539	5,348	6,147	2,925	1,558	1,371	477	6,603				150,458	486,835

		11	12	13	21	23	31	32	33	34	36	51	52	93	
District Number	District Name	Instruction	Instr. Resources and Media Serv.	Curr. Dev. And Instr. Staff Dev.	Instr. Leadership	School Leadership	Guidance, Counseling, And Eval. Serv.	Social Work Services	Health Services	Student (Pupil) Transportation	Extracurricular Activities	Facilities Maint. And Operations	Security And Monitoring Serv.	Payments to Fisc. Agent/ Memb. Dist. Of Shared Serv. Arrang.	Total
		64.0%	0.1%	1.1%	1.3%	0.6%	0.3%	0.3%	0.1%	1.4%				30.9%	100.0%
188902	RIVER ROAD ISD	692,280	15,929	15,739	79,022	155,139	56,670		19,242	44,189					1,078,210
		64.2%	1.5%	1.5%	7.3%	14.4%	5.3%		1.8%	4.1%					100.0%
205906	SINTON ISD	1,203,304	572	68,342	105,751	837	5,708	3,790	30,296	57,358					1,475,958
		81.5%	0.0%	4.6%	7.2%	0.1%	0.4%	0.3%	2.1%	3.9%					100.0%
206901	SAN SABA ISD	301,732	5,506	1,290	9,183	37,708	9,511		5,877					183,381	554,188
		54.4%	1.0%	0.2%	1.7%	6.8%	1.7%		1.1%					33.1%	100.0%
238902	MONAHANS-WICKETT-PYOTE ISD	1,338,575	42,299	13,655	143,425	235,730	158,410		50,191	26,043					2,008,328
		66.7%	2.1%	0.7%	7.1%	11.7%	7.9%		2.5%	1.3%					100.0%
243906	CITY VIEW ISD	545,053	46	4,587	11,571	77,789	19,730	6,998	6,842	11,579				108,957	793,152
		68.7%	0.0%	0.6%	1.5%	9.8%	2.5%	0.9%	0.9%	1.5%				13.7%	100.0%
Subtotal		53,302,554	1,269,696	1,764,811	4,166,061	8,519,307	7,295,523	254,550	1,603,820	3,025,950	15,355	35,496	360	2,139,432	83,392,915
		63.9%	1.5%	2.1%	5.0%	10.2%	8.7%	0.3%	1.9%	3.6%	0.0%	0.0%	0.0%	2.6%	100.0%
Five Charters Serving the Most SpEd Students															
057803	UPLIFT EDUCATION	6,517,394	50,178	395,467	2,079,902	1,089,481	1,018,844	2,735	155,916						11,309,917
		57.6%	0.4%	3.5%	18.4%	9.6%	9.0%	0.0%	1.4%						100.0%
057848	INTERNATIONAL LEADERSHIP OF TEXAS	2,671,161	27,452	240,920	328,295	360,556	429,959		53,098						4,111,441
		65.0%	0.7%	5.9%	8.0%	8.8%	10.5%		1.3%						100.0%
072801	PREMIER HIGH SCHOOLS	2,950,904		147,387	288,184	726,833	83,405		9,469			2,723			4,208,905
		70.1%		3.5%	6.8%	17.3%	2.0%		0.2%			0.1%			100.0%
108807	IDEA PUBLIC SCHOOLS	12,384,256	10,498	148,367	2,571,271	2,756,173	992,558	26,356	144,842	1,959			37,737		19,074,017

District Number	District Name	11	12	13	21	23	31	32	33	34	36	51	52	93	Total
		Instru ction	Instr. Resource es and Media Serv.	Curr. Dev. And Instr. Staff Dev.	Instr. Leaders hip	School Leaders hip	Guidan ce, Counsel ing, And Eval. Serv.	Social Work Services	Health Services	Student (Pupil) Transp ortation	Extracu ricular Activiti es	Facilitie s Maint. And Operati ons	Security And Monitor ing Serv.	Paymen ts to Fisc. Agent/ Memb. Dist. Of Shared Serv. Arrang.	
		64.9%	0.1%	0.8%	13.5%	14.4%	5.2%	0.1%	0.8%	0.0%			0.2%		100.0%
221801	TEXAS COLLEGE PREPARATORY ACADEMIE	4,999, 695	71	81,569	33,203	533,967	86,846		30,624	413		1,358			5,767,74 6
		86.7%	0.0%	1.4%	0.6%	9.3%	1.5%		0.5%	0.0%		0.0%			100.0%
Subtotal		29,523 ,410	88,199	1,013,71 0	5,300,85 5	5,467,01 0	2,611,61 2	29,091	393,949	2,372	-	4,081	37,737	-	44,472,0 26
		66.4%	0.2%	2.3%	11.9%	12.3%	5.9%	0.1%	0.9%	0.0%	0.0%	0.0%	0.1%	0.0%	100.0%
Five Charters Serving the Number of SpEd Students Closest to State Charter Average															
014803	PRIORITY CHARTER SCHOOLS	307,16 5		44,690	65,242	105,749	1,491		426						524,763
		58.5%		8.5%	12.4%	20.2%	0.3%		0.1%						100.0%
015827	SCHOOL OF SCIENCE AND TECHNOLOGY	301,29 7		1,198		19,213			10						321,718
		93.7%		0.4%		6.0%			0.0%						100.0%
057829	A+ ACADEMY	539,64 9	370	9,843	5	123,901	13,983		1,720	57					689,528
		78.3%	0.1%	1.4%	0.0%	18.0%	2.0%		0.2%	0.0%					100.0%
227803	WAYSIDE SCHOOLS	853,21 0			162,458	150,686	49,752		147						1,216,25 3
		70.2%			13.4%	12.4%	4.1%		0.0%						100.0%
246801	MERIDIAN WORLD SCHOOL LLC	1,006, 089		6,350	37,289	212,668	9		28,611						1,291,01 6
		77.9%		0.5%	2.9%	16.5%	0.0%		2.2%						100.0%
Subtotal		3,007, 410	370	62,081	264,994	612,217	65,235	-	30,914	57	-	-	-	-	4,043,27 8
		74.4%	0.0%	1.5%	6.6%	15.1%	1.6%	0.0%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Grand Total		507,58 3,142	8,902,05 7	12,747,2 62	34,351,1 80	64,283,9 37	57,639,1 75	1,398,62 9	13,518,2 41	62,733,2 64	138,207	41,237	40,614	7,166,93 6	770,543, 881

		11	12	13	21	23	31	32	33	34	36	51	52	93	
District Number	District Name	Instru ction	Instr. Resource es and Media Serv.	Curr. Dev. And Instr. Staff Dev.	Instr. Leaders hip	School Leaders hip	Guidan ce, Counsel ing, And Eval. Serv.	Social Work Services	Health Services	Student (Pupil) Transp ortation	Extracu rricular Activiti es	Facilitie s Maint. And Operati ons	Security And Monitor ing Serv.	Paymen ts to Fisc. Agent/ Memb. Dist. Of Shared Serv. Arrang.	Total
		65.9%	1.2%	1.7%	4.5%	8.3%	7.5%	0.2%	1.8%	8.1%	0.0%	0.0%	0.0%	0.9%	100.0%

State- wide Total		3,358, 407,76 3	69,518,8 40	94,243,4 41	218,940, 186	414,885, 043	477,757, 165	12,572,8 64	84,526,3 40	264,221, 774	1,760,78 4	1,322,87 0	954,973	109,207, 028	5,108,31 9,071*
		65.7%	1.4%	1.8%	4.3%	8.1%	9.4%	0.2%	1.7%	5.2%	0.0%	0.0%	0.0%	2.1%	100.0%

**Statewide SpecEd spending also includes \$72,102 in spending in Food Services, Payments To Juvenile Justice Alternative Education Programs, and Other Intergovernmental Charges. None of the sample districts had spending in these functions.*

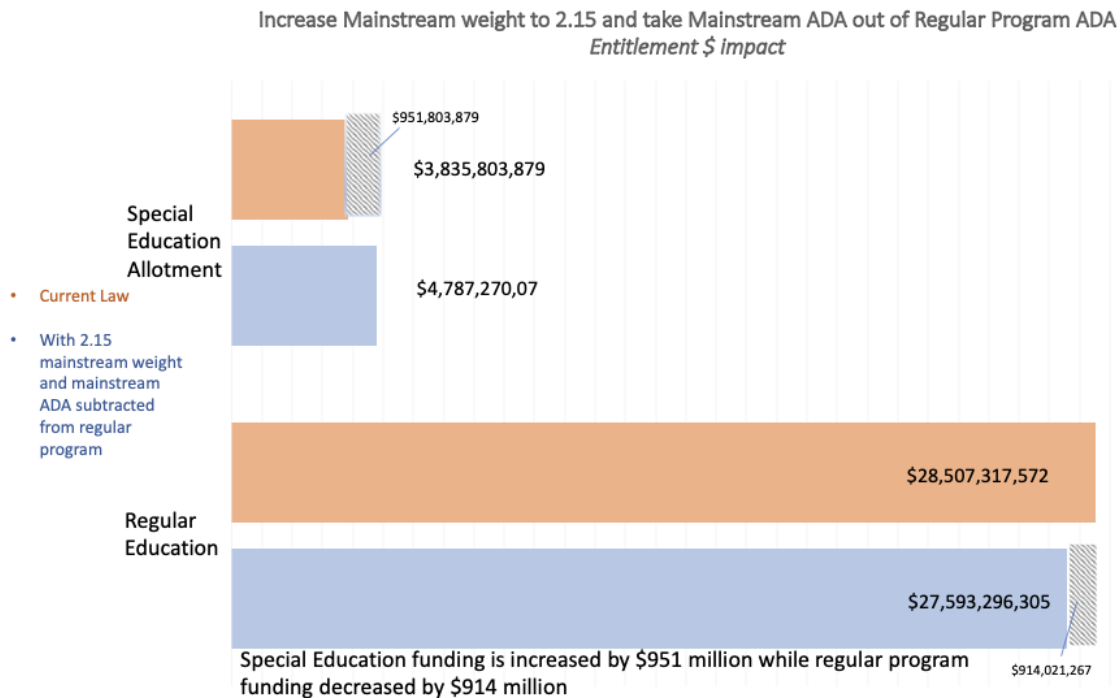
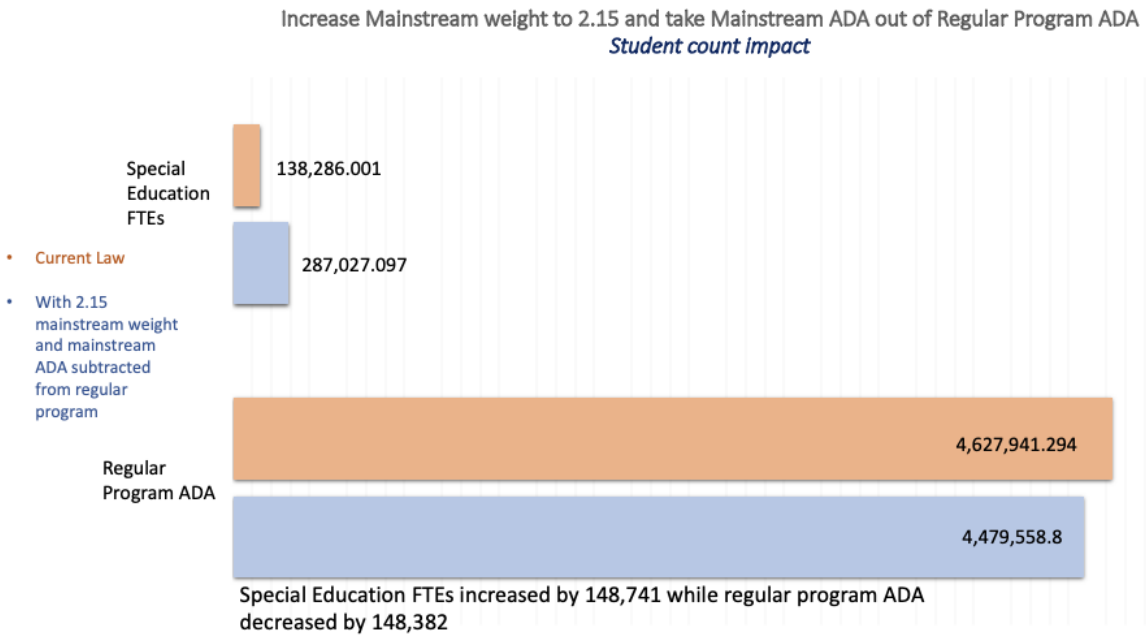
Appendix E 2019–2020 Estimated Special Education FSP Entitlements by Instructional Arrangement

	Regular Program Student	Homebound Total FSP Funding	Resource Room and Self-Contained Classroom-Regular Campus Total FSP Funding	Hospital Class Total FSP Funding	Mainstream Total FSP Funding	Non-Public Day School Total FSP Funding	Off Home Campus Total FSP Funding	Residential Care and Treatment Facilities Total FSP Funding	Speech Therapy Total FSP Funding	State School Total FSP Funding	Vocational Adjustment Class (VAC) Total FSP Funding
Days Present	180	180	180	180	180	180	180	180	180	180	180
Contact Hour Factor		1.00	2.86	4.50	6.00	6.00	4.25	5.50	0.25	5.50	5.50
Total Contact Hours	-	180.00	514.62	810.00	1,080.00	1,080.00	765.00	990.00	45.00	990.00	990.00
Days Taught	180	180	180	180	180	180	180	180	180	180	180
Hours Taught	1,080.00	1,080.00	1,080.00	1,080.00	1,080.00	1,080.00	1,080.00	1,080.00	1,080.00	1,080.00	1,080.00
Special ED. FTE	-	0.167	0.477	0.750	1.000	1.000	0.708	0.917	0.042	0.917	0.917
Funding Weight TEC §48.102	-	5.000	3.000	3.000	1.150	1.700	2.700	4.000	5.000	2.800	2.300
Weighted FTE	-	0.833	1.430	2.250	1.150	1.700	1.913	3.667	0.208	2.567	2.108
Basic Allotment (BA) / Adjusted Allotment (AA)*	\$6,160	\$6,160	\$6,160	\$6,160	\$6,160	\$6,160	\$6,160	\$6,160	\$6,160	\$6,160	\$6,160
Sped Funds per one ADA	\$-	\$5,133	\$8,806	\$13,860	\$7,084	\$10,472	\$11,781	\$22,587	\$1,283	\$15,811	\$12,987

	Regular Program Student	Homebound Total FSP Funding	Resource Room and Self-Contained Classroom-Regular Campus Total FSP Funding	Hospital Class Total FSP Funding	Mainstream Total FSP Funding	Non-Public Day School Total FSP Funding	Off Home Campus Total FSP Funding	Residential Care and Treatment Facilities Total FSP Funding	Speech Therapy Total FSP Funding	State School Total FSP Funding	Vocational Adjustment Class (VAC) Total FSP Funding
Reg Prog Share of FTE	1.000	0.833	0.524	0.250	1.000	-	0.292	0.083	0.958	0.083	0.083
Gen Ed Funds per one ADA	\$6,160	\$5,133	\$3,225	\$1,540	\$6,160	\$ -	\$1,797	\$513	\$5,903	\$513	\$513
Tier One Total (line 10 + line 12)	\$6,160	\$10,267	\$12,030	\$15,400	\$13,244	\$10,472	\$13,578	\$23,100	\$7,187	\$16,324	\$13,501
*Please note that the adjusted allotment for special education purposes will be greater than \$6,160 for districts with fewer than 5,000 students.											
WADA	1.000	1.667	1.953	2.500	2.150	1.700	2.204	3.750	1.167	2.650	2.192
Avg. Enrichment entitlement per WADA	\$711	\$711	\$711	\$711	\$711	\$711	\$711	\$711	\$711	\$711	\$711
Enrichment Entitlement (line 14 * line 15)	\$711	\$1,185	\$1,389	\$1,777	\$1,529	\$1,209	\$1,567	\$2,666	\$829	\$1,884	\$1,558
Total Entitlement (line 13 + line 16)	\$6,871	\$11,452	\$13,419	\$17,177	\$14,773	\$11,681	\$15,145	\$25,766	\$8,016	\$18,208	\$15,059

Source: TEA Tabulation.

Appendix F Preliminary Estimate of Impact of Recommendation 4.11



Increase the mainstream weight to 2.15 (from 1.15) and subtracts mainstream ADA from regular program ADA results in the following:

1. Increases special education allotment by \$951 million, or 25% of the existing allotment (and increases state MFS substantially),
2. Reduces regular program allotment by \$914 million, and

3. Has some other ancillary impacts to tier two, recapture and formula transition grant, with a net state cost of \$31 million if changes were to have occurred in FY2020. This represents a 0.1% overall increase in district revenues.
4. Impact by district type (which are typically used by LBB / legislature) are below:

2020			
District type	Sum of ADA	Sum of Difference	Difference per ADA
Charters	308,414	-\$122,447	\$0
Independent Town	235,987	\$2,821,242	\$12
Legislative	647	\$0	\$0
Major Suburban	1,662,214	\$932,625	\$1
Major Urban	864,713	-\$59,132	\$0
Non-metropolitan Fast Growing	32,850	\$735,706	\$22
Non-metropolitan Stable	266,753	\$12,000,149	\$45
Other Central City	786,432	\$25,244	\$0
Other Central City Suburban	753,497	\$6,313,316	\$8
Rural	164,895	\$8,268,839	\$50
Total	5,076,401	\$30,915,543	\$6

Source: TEA Tabulation. Note: not to be considered an official fiscal note.

Appendix G Preliminary Estimate of Impact of Recommendation 4.12

Increase the contact hour multiplier from 2.859 to 3.0 for special education students in “Setting 41” results in the following:

1. Increases resource room FTE counts by 2,676,
2. Increases special education allotment by \$51.4 million,
3. Reduces regular program allotment by \$16.5 million,
4. Has some other ancillary impacts as well, with a net state cost of \$24.5 million.
5. Impact by district type are below:

2020			
District type	Sum of ADA	Sum of Difference	Difference per ADA
Charters	308,414	\$1,968,594	\$6
Independent Town	235,987	\$1,476,267	\$6
Legislative	647	\$0	\$0
Major Suburban	1,662,214	\$5,580,481	\$3
Major Urban	864,713	\$2,811,929	\$3
Non-metropolitan Fast Growing	32,850	\$278,331	\$8
Non-metropolitan Stable	266,753	\$2,128,308	\$8
Other Central City	786,432	\$3,560,655	\$5
Other Central City Suburban	753,497	\$4,750,965	\$6
Rural	164,895	\$2,002,821	\$12
Total	5,076,401	\$24,558,351	\$5

Source: TEA Tabulation. Note: not to be considered an official fiscal note.