

# FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

## Moderate Increase in State Funding Share for SWDs Continues

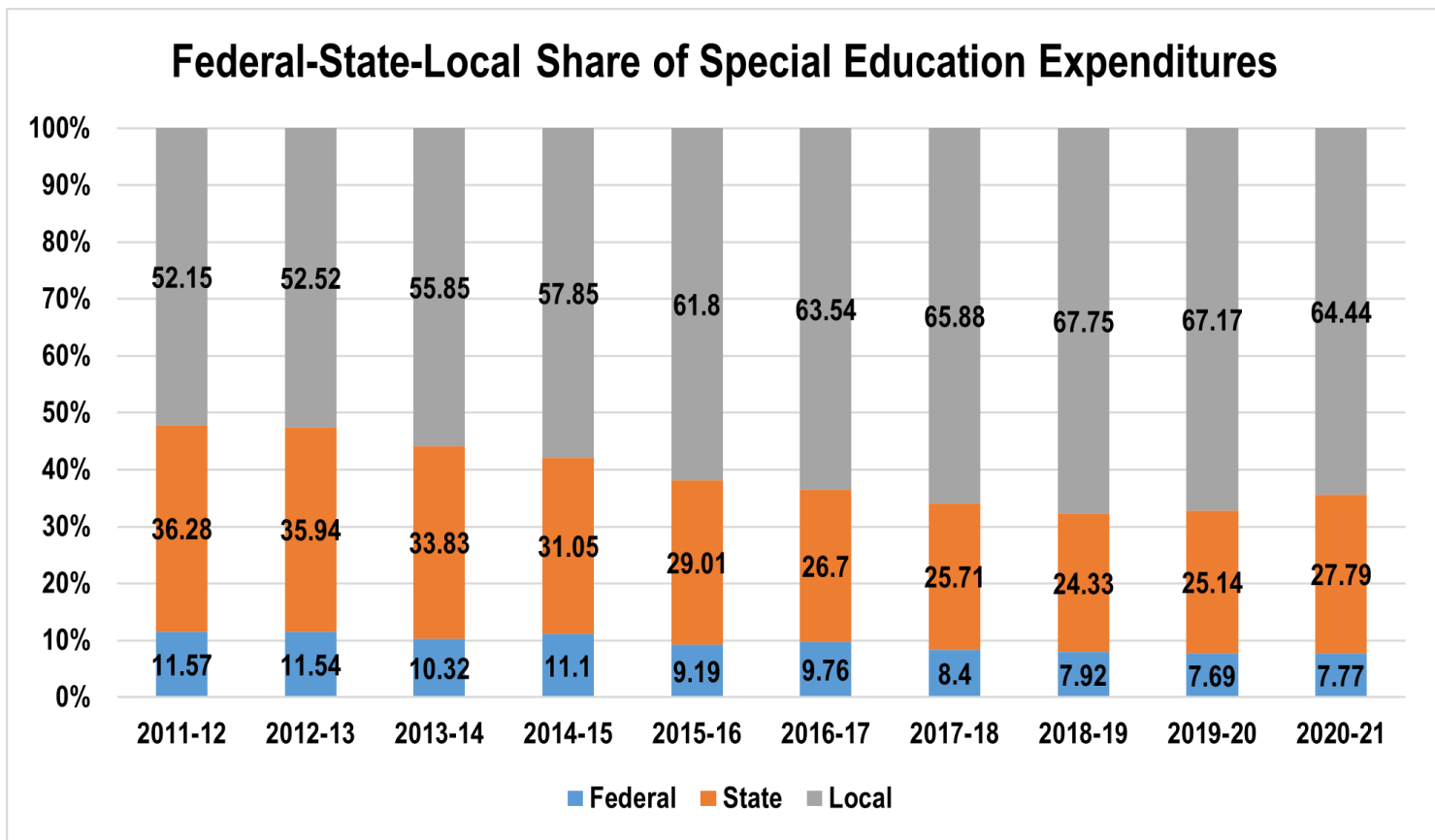
 **BY MICHELLE MCKAY UNDERWOOD**

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For decades, local educational agencies (LEAs) advocated for more equitable and adequate funding for students with disabilities (SWDs). With Governor Gavin Newsom in office and a continued push from the education community, progress is being made. After a modest \$152 million investment to equalize special education funding in 2019-20, the state went big in 2020-21, despite the uncertainty facing California by the emerging COVID-19 pandemic. With a contribution of \$545 million to level up the lowest funded Special Education Local Plan Areas (SELPAs) and \$100 million for students with low-incidence disabilities, the state's share of supporting the education of SWDs once again increased.

Overall, special education expenditures continue to rise as LEA operational costs increase, although the increase in 2020-21 was the smallest in recent history: from \$16.65 billion to \$16.72 billion. Salaries and benefits, step and column, and the rates of both the California Public Employees' Retirement System and the California State Teachers' Retirement System affect special education expenditures in the same manner they affect the unrestricted General Fund programs.

The chart below shows the long-term trend of growing contributions from LEAs' unrestricted General Funds that were needed to backfill special education expenditures in the last decade. In 2020-21, the state contributed 27.79% of funding; federal funds accounted for only 7.77% of funding; and local funds accounted for 64.44% of the total funds expended.



The federal share also ticked up in 2020-21 as federal grants increased ever so slightly, largely due to the impact of the American Rescue Plan one-time supplemental dollars for special education.

Another large step towards ongoing equity and adequacy was made in 2021-22, with a \$397 million increase to the state’s contribution to special education funding. The state also provided \$550 million in one-time, COVID-19-related grants for SWDs. We expect the balance of funding support to rightly tip more towards the state as a result of these investments, although the shift may be temporary as a large portion of the funds were provided as one-time dollars. The state will need to match one-time funds with ongoing resources in order to continue to increase its support for SWDs in the 2022-23 State Budget.