Factors affecting the state role in financing educational programs for special student populations are examined along with potential state policy considerations related to the provision of special services. An outline of the major problems facing state policy makers, such as federal budget cuts, teacher shortages, and the needs of gifted and talented students, is followed by a list of suggestions for low-cost expansion of services. These suggestions include provision of small planning grants for local school districts, state assistance in identifying disadvantaged students, a school-based approach to funding special needs programs, relaxation of targeting requirements, and tying the distribution of funds to program performance standards. The paper concludes with a list of recommended reading. (LP)
28. Programs for Special Student Populations
The state role in developing and funding programs for special student populations has increased dramatically in the last 18 years. States now classify children in many ways and set standards for education services to various categories of students. The greatest involvement for the states has been in bilingual, compensatory and special education.

- At present, 30 states either mandate or permit bilingual education instruction. Twenty-two states fund comprehensive bilingual education programs.

- Fifteen states fund statewide compensatory education programs. Nine states provide additional funding for compensatory instruction through their general school aid formulas.

- All states mandate services for handicapped children ages 5-17. Each state has procedures for the identification and placement of handicapped children in appropriate programs.

Nonetheless, the mainstay for special student populations has been the federal government, particularly for the education needs of economically disadvantaged and language-minority students.
Recently, federal developments suggest that the structure as well as the financial commitment to special student populations is changing and that there will be an increased emphasis on the state role in determining the services to be provided for special need students. This Issuegram examines factors likely to affect the state role in supporting programs for special need students and explores potential state policy considerations related to the provision of services for these students.

The New Federalism

The basic thrust of the current administration is to change the structure of federal education programs and reduce funding for these programs. In 1982, 29 small categorical grant programs were consolidated in block grants to states along with a 25% reduction in funding. There has been discussion of consolidating some of the larger categorical programs. The President's Advisory Panel on Financing Elementary and Secondary Education has recommended that all federal education funds be allocated through block grants to state and local education agencies. If this occurs, states will have greater flexibility in how federal education funds are allocated. Unfortunately, consolidation will probably be accompanied by reduced federal support, forcing states and/or school districts to make up the difference if current service levels are to be maintained for the students served by federal funds.

Fiscally Troubled States

During the budget crises of 1980 to 1983, the growth in state aid for special student populations has declined dramatically. State legislators favor general operating aid over support for categorical programs. If the situation does not improve, the trend of stable-to-declining state support of categorical programs is likely to continue and the immediate future does not look good. The National Conference of State Legislatures reports that:

- 19 states project deficits in their fiscal year 1983 budgets
- 12 states anticipate a fund balance of 1% or less
- 35 states have reduced their spending for fiscal 1983 below originally authorized levels
Overarching Issues

In addition to the factors described above there are other education issues attracting the attention of state policy makers.

- Shortages of qualified teachers. Nationwide, there is a critical shortage of qualified teachers, especially in math and science. Moreover, the academic capabilities of those entering the teaching profession have diminished. State policy makers are turning their attention to strategies designed to attract qualified teaching staff and improve the training of future teachers.

- Higher-order skills. While the National Assessment of Educational Progress report that achievement gains have been realized in the basic skills, student performance in the higher order skills is reported to be slipping. Educators and policy makers are beginning to focus on ways of strengthening instructional programs to improve the comprehension and evaluative skills of students, particularly in light of the rapid transformation from an industrial to an information society.

- Gifted and talented. There is concern that too much emphasis has been placed on remedial instruction at the expense of both the average and particularly the gifted student. Where resources can be freed-up for new program initiatives, policy makers are favoring the developing of programs for gifted students over remedial instruction.

State Policy Options

Addressing the issues described above is not inconsistent with state efforts to address the needs of special student populations. Programs for these students can be linked to comprehensive efforts to improve the quality of schools. Nor should the fiscal problems of the states preclude continued support for special need students; there are low-cost ways of expanding the quantity and quality of services provided. States can:

- Assist districts in increasing their capacity to respond to the needs of special students by providing small planning grants. Such funds can be used to pay for consultants to assist in the planning process or to compensate teachers for the additional time spent on planning activities.
Provide routine assessments or offer technical assistance in identifying low-achieving or otherwise disadvantaged students and in developing programs to meet their needs.

Allocate funds for special-need students directly to the school site. A school-based approach to funding programs for special students provides an opportunity for schools to develop comprehensive instructional programs appropriate to the characteristics of the student body. Such an approach could become part of a larger school improvement strategy designed to involve parents, teachers and administrators in developing instructional programs and systems for monitoring and assessing student performance.

Within traditional finance structures for special student populations, states can:

- Relax targeting regulations associated with the allocation of funds for special programs to provide greater flexibility in the use of limited resources. One approach would be to eliminate targeting provisions at the district level but to retain them at the school site as a guarantee that students for whom the funds are intended are the beneficiaries.

- Tie the distribution of funds for special student populations to performance standards. So as not to penalize districts with high-quality programs, a minimum level of support could be provided for all districts based on the number of pupils or actual costs with incentive grants provided for districts showing significant percentage increases in student achievement.

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