

SPECIAL EDUCATION IN CALIFORNIA:
A SUNSET REVIEW

DECEMBER 1986

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INTRODUCTION

This report is submitted pursuant to the "sunset" review procedures enacted by Chapter 1270, Statutes of 1983 (Senate Bill 1155).

Chapter 1270 provided for the special education program to terminate on June 30, 1987. This date was extended to June 30, 1988 by Chapter 1318, Statutes of 1984 (Senate Bill 1858), which became operative on January 1, 1985.

As part of the sunset process, Chapter 1270 required the State Department of Education (SDE) to review the special education program and submit its findings to the Legislature by September 15, 1986. The department submitted its report on October 31, 1986. Chapter 1270 also directed the Legislative Analyst to review the department's report and submit findings, comments, and recommendations regarding the program to the Legislature.

In addition, Chapter 1270 provided for the establishment of several temporary committees to serve in an advisory capacity with respect to reviews of various categorical programs that are undergoing sunset evaluation. These advisory committees are composed of three members appointed by the Speaker of the Assembly, three members appointed by the President pro Tempore of the Senate, and six members appointed by the Governor. The committees were assigned responsibility for conducting independent reviews of the categorical programs and for reporting their findings and recommendations to the Legislature.

In the case of special education, Chapter 795, Statutes of 1985, designated the State Advisory Commission on Special Education as the committee responsible for conducting the review. The Advisory Commission is a permanent body established by statute which is responsible for providing assistance to state policymakers on new or continuing areas of research, program development and evaluation in special education. Pursuant to Chapter 1270, the Advisory Commission submitted its sunset report on special education to the Legislature in September 1986.

Chapter 1270 specifies that those agencies preparing sunset reports shall address as many of the following issues as possible:

- (1) The appropriateness of identification formulas used to determine which children have special needs.
- (2) The appropriateness of formulas used to allocate funds and the adequacy of funding levels for the program.
- (3) The effectiveness of the program.
- (4) The appropriateness of local control.
- (5) The appropriateness of state involvement in monitoring, reviewing, and auditing to assure that funds are being used efficiently, economically, and legally.
- (6) The appropriateness of amounts spent to administer the program.
- (7) The appropriateness of having the SDE administer the program.
- (8) The interrelationships among state and federal categorical programs providing this type of assistance.
- (9) The characteristics of the target population being served by the program.

(10) The need for the program.

(11) The purpose and intent of the program.

The law also requires that the report submitted by the SDE include, but not be limited, to all of the following topics:

(1) A description of the program, including a description of how the program is administered at the state and local level.

(2) The history of the program and previous legislative action.

(3) Relevant statistical data.

(4) Related federal programs.

(5) Whether there is an unmet need for the intended purposes of the program and, if any, an estimated cost of serving the unmet need.

(6) Findings regarding the program, including comments on whether any identified problems are implementation issues, or issues that require revision of law or regulations.

(7) Recommendations of ways to improve the program while maintaining its basic purposes.

Since the Superintendent of Public Instruction has convened a Special Education Task Force which is due to report on fiscal issues to the Legislature in March 1987, fiscal issues are not, for the most part, addressed in either the department's report or in this report.

Accordingly, interested readers are referred to the anticipated findings of the Special Education Task Force for recommendations regarding fiscal issues. When this report is issued, we will review it and provide comments and recommendations to the Legislature, as appropriate.

Chapter I of this report provides background information on the special education program. Chapter II contains our comments on the findings made by SDE in its sunset review report. Chapter III presents our response to the recommendations made by the SDE. Finally, Chapter IV summarizes all of our recommendations regarding the special education program.

This report was prepared by Michael Nussbaum under the supervision of Ray Reinhard.

EXECUTIVE SUMMARY

I. RESPONSE TO SDE'S FINDINGS

- The State Department of Education (SDE) claims that, except for the infant and preschool programs, the current formulas used to establish eligibility for special education are adequate. Our analysis indicates that there are serious problems with the current eligibility criteria, especially in the area of learning disabilities.
- The SDE finds that "local evaluations of special education programs...are ongoing in all special education local plan areas to examine questions related to local program effectiveness and improvement." Our analysis indicates, however, that the current system for evaluating special education programs is seriously flawed, because (1) findings of evaluations conducted at the local level are not generally applicable to the entire state, (2) local evaluations vary in quality, and (3) local evaluations do not tend to address topics of state-level concern.
- Our analysis also indicates that the effectiveness of the "resource specialist" program (which provides remedial instruction to handicapped pupils assigned to regular classrooms) needs further evaluation. Some research has questioned whether the resource specialist approach as currently implemented is the most effective method for delivering services to problem learners.

II. RESPONSE TO SDE'S RECOMMENDATIONS

- The SDE anticipates that the Legislature and the Governor will wish to expand the "model transition program," which was established by a \$1 million appropriation contained in the 1986 Budget Act. The program is intended to promote research and training aimed at assisting handicapped individuals adjust to adult life. We believe that any decision regarding the continuation or expansion of the transition program should await the submission of a report to the Legislature (due in March 1987) describing the program's accomplishments and proposed objectives.
- The SDE recommends a major expansion in eligibility and funding for infant and preschool programs. (These programs serve handicapped children under the age of five.) We recommend that the Legislature not provide for a major expansion of infant preschool programs at this time, since (1) there is no consensus among experts on the efficacy of these programs, and (2) any large and sudden program expansion would be complicated by a serious shortage of appropriately trained staff in this area.
- The SDE recommends that the Legislature require state preschools to reserve 10 percent of their enrollment for handicapped individuals. We do not concur with this recommendation, since it would divert resources away from other children who are not

disabled but are in need of these services. Rather, we recommend that the Legislature amend current law to allow special education funds to be used to fund placements of handicapped children in regular preschool programs.

- The SDE recommends a variety of changes in current requirements governing special education local plans in order to encourage better planning at the local level. The department finds that such planning is frequently inadequate or nonexistent. We concur with the department's findings, but recommend that the department develop a more specific proposal regarding how local plan mandates should be clarified.
- Under current law, local education agencies may hire "program specialists" to assist with student reassessments, curriculum development, and other activities. The SDE recommends "restoration of the program specialist position as it was originally conceived." This recommendation appears to imply that the use of program specialists should be made mandatory. We find that the restoration of the program specialists requirement could result in increased mandated-local costs of up to \$22 million annually from the General Fund and, for this reason, recommend that the department develop a more specific proposal for funding these costs.

- The SDE recommends amendments to the School-Based Program Coordination Act (Assembly Bill 777, Chapter 100, Statutes of 1981) and the Pupil Motivation and Maintenance/Dropout Recovery Act (Senate Bill 65, Chapter 1431, Statutes of 1985). (These measures are intended to encourage coordination between categorical programs.) We find no basis to support SDE's position. In the case of AB 777, our own review reveals that (1) there is a considerable amount of confusion, both at the state and local level, concerning how this measure is to be implemented, and (2) there is a widespread lack of inclusion of special education programs in AB 777 coordination plans. We recommend that SDE conduct a detailed study of the factors impeding participation of special education in AB 777.
- The SDE recommends that funding be appropriated to disseminate and further develop awareness training curriculum materials, which are designed to make nonhandicapped pupils aware of the special problems encountered by individuals with exceptional needs. We do not concur with the department's recommendation, since the department has not shown that these curriculum materials either address a significant problem or are effective in changing student behavior.
- The SDE recommends that the Legislature encourage the Governor to proceed with the implementation of Chapter 1276, Statutes of 1980 ("The Joint Funding for Education of Handicapped Children's Act of 1980.") This statute requires various state

agencies, in accordance with procedures that were to be established by the Governor's Office of Planning and Research (OPR), to develop a list of provisions of current law, which, if waived, would maximize funding for services provided to handicapped individuals. We agree that the Governor's Office should proceed with the implementation of this act, and recommend that OPR present an implementation plan to the Legislature for consideration during hearings on the 1988-89 Budget Bill.

III. LEGISLATIVE ANALYST'S RECOMMENDATIONS

We recommend that, as a condition of program reauthorization, the State Department of Education develop a plan to conduct an in-depth evaluation of the special education program.

We believe that special education programs should be continued, given the large number of handicapped pupils in the state who require such special instruction. However, our analysis reveals several serious weaknesses in the existing program, and we believe that plans for remedying these problems should be developed before the program is reauthorized.

Specifically, we recommend that the SDE develop a plan and funding proposal for consideration during hearings on the 1987-88 or 1988-89 Budget Bill for evaluating the special education program on a statewide basis. This plan should enumerate all of the following:

- Outcomes and goals against which programs can be judged;
- Questions requiring further research and how they are addressed in the evaluation plan;

- Research which has been conducted on these questions to date (including a brief summary of findings);
- Potential evaluation methodologies;
- The scope and probable duration of the evaluations;
- Organizations which could conduct these evaluations;
- Funding needs; and
- The potential policy implications of the proposed studies.

The plan also should include provisions for (1) analyzing problems with the program's existing eligibility criteria, and (2) developing several options for improving these criteria.

In addition, the plan should include provisions for developing and pilot-testing, on a large scale basis, alternative models to the existing resource specialist program for delivering services to students with learning problems. The options explored by the department should encompass both alternative program models and alternative funding models.

Finally, the plan should include provisions for a detailed study of factors impeding participation in AB 777 programs and, if appropriate, SB 65 programs. The focus of this study should be to determine whether these factors are actually caused by features of current law, or are merely the result of how SDE has been implementing the law.

As stated previously, we also recommend that the Legislature:

- Direct the Governor's Office of Planning and Research to present a plan to the Legislature during hearings on the 1988-89 Budget Bill for implementing the Joint Funding for the Education of the Handicapped Act (Ch 1276/80);

- Direct the SDE to develop a more specific proposal of the changes that need to be made to the provisions of current law governing special education local plans;
- Direct the SDE to develop a more specific proposal regarding funding of program specialists; and
- Amend current law to allow special education funds to be used to place disabled children in regular preschool programs.

CHAPTER I

CALIFORNIA'S SPECIAL EDUCATION PROGRAM

California provides handicapped students with education and related services through the Master Plan for Special Education, which was established by Chapter 797, Statutes of 1980, and has been amended by subsequent legislation. In 1985-86, 378,852 students received services from the special education program. As shown in Table 1, the majority of these students possessed either learning disabilities (56.0 percent) or speech impediments (25.3 percent); the remaining students (18.7 percent) possessed a variety of physical, mental, or communicative disorders.

School districts and county offices of education annually receive approximately \$1.6 billion to provide special education services for these students. Of this amount, about \$1.1 billion is provided by the state budget, \$105 million is provided from federal funds, and the remaining support for the program is derived from a combination of local property taxes and other local revenues.

Table 1

Special Education Enrollment Levels
1985-86

<u>Handicapping Condition</u>	<u>Enrollment</u>	<u>Percent</u>
Learning Disabled	212,055	56.0%
Speech Impaired	95,767	25.3
Mentally Retarded	26,843	7.1
Physically Handicapped	22,545	6.0
Emotionally Disturbed	9,206	2.4
Deaf/Hard of Hearing	6,689	1.7
Multihandicapped	<u>5,747</u>	<u>1.5</u>
Total	378,852	100.0%

Description of the Special Education Program

The delivery and funding of special education services is governed in part by the federal Education for All Handicapped Children Act (P.L. 94-142). This measure, which was enacted by Congress in 1975, requires each state, as a condition of receiving federal funds appropriated under the act, to provide every handicapped child a "free, appropriate public education."

In order to meet this requirement, the California Legislature in 1980 enacted Chapter 797, which established the Master Plan for Special Education. The Master Plan is a comprehensive system for providing and funding special education. Under the Master Plan, each local education agency (LEA) is responsible for developing, in conjunction with the teachers and parents of each eligible, handicapped student, an individualized education plan (IEP) for that student. This IEP specifies the special instruction and services that the student will need in order to obtain a free and appropriate education. Special instruction and services may be provided to special education students in one of four different instructional settings:

- Designated Instruction and Services (DIS)--an instructional setting that provides special services such as speech therapy, counseling, and adaptive physical education to students in conjunction with their regular or special education classes.
- Resource Specialist Program (RSP)--a program that provides remedial instruction to pupils who are assigned to regular classroom teachers for the majority of the school day.

- Special Day Class or Center (SDC)--a classroom or facility designed to meet the needs of severely handicapped students who cannot be served in regular education programs.
- Nonpublic Schools (NPS)--private schools which serve special education students whose needs cannot be met in public school settings.

Under the Master Plan, school districts may provide special education services to students directly, or they may contract with other education agencies to provide these services. Contractual arrangements with other local education agencies are typically arranged by regional entities known as special education local plan areas (SELPA). A SELPA may consist of a single district, a group of districts, or the county office of education in combination with districts. There are currently 109 SELPAs in the state.

A more detailed description of the special education program can be found in the sunset review reports prepared by the State Department of Education and the Advisory Commission on Special Education.

CHAPTER II

LEGISLATIVE ANALYST'S COMMENTS ON FINDINGS OF THE STATE DEPARTMENT OF EDUCATION

As detailed in the introduction to this report, the sunset review legislation (Chapter 1270/83) specifies seven items that the State Department of Education's (SDE) report must address and 11 items that it may address. While the department's report provides information on the seven required items, its discussions of the 11 optional items are very sketchy. Topic areas in which we believe the department's report is particularly deficient include (1) the appropriateness of identification formulas in determining which children have special needs, and (2) the effectiveness of special education programs. Our review which follows indicates that these deficiencies could seriously limit the usefulness of the department's report to the Legislature in its deliberations regarding the special education program.

A. Eligibility Criteria

In order to receive special education instruction and services, students must meet certain eligibility criteria which indicate the presence of a handicap. While, in some cases, the eligibility criteria are rather straightforward, in other cases (such as determining whether a student is learning disabled or emotionally disturbed), the eligibility criteria prescribed by current law are exceedingly complex and subject to interpretation. For instance, many have observed that students who would be considered learning disabled in one district might not be so regarded in another, depending on how each district applies the eligibility criteria. Because local education agencies are required to serve all

"eligible," handicapped pupils, their determinations of eligibility significantly affect the size and cost of the program.

The SDE claims that, except for infant and preschool programs (which are discussed in the next chapter), the current formulas used to establish eligibility for special education are adequate.

Legislative Analyst's Comments: We do not concur with the department's finding regarding the adequacy of the existing eligibility criteria.

Our review indicates that the department's report provides absolutely no evidence or analysis to support its finding. Furthermore, the department's conclusion is contradicted by the findings of other studies. Specifically, the Advisory Commission on Special Education has cited concerns with the criteria's (1) lack of validity, and (2) rigidity of application.¹ Conversely, the Department of Finance has expressed concerns that the eligibility criteria are not rigid enough, and provide districts with too much latitude in determining who will be assessed as learning disabled.² In addition, the eligibility criteria contribute to the assessment process often being viewed as exceedingly time-consuming and costly.

Given these concerns, and the fact that the learning disabilities category comprises the largest handicapping condition in special

¹ Sunset Review Report on Special Education Programs
(Sacramento, California: Advisory Commission on Special Education, 1986), p. 10.

² The California Master Plan for Special Education--An Update
(Sacramento, California: State Department of Finance, 1983), pp. 45-57.

education, we cannot concur with the Department of Education's conclusion regarding the adequacy of the program's eligibility standards. Rather, we believe the department should conduct further review of the eligibility criteria, in conjunction with an evaluation of other aspects of the special education program. Details on what this evaluation should contain are presented later in this chapter.

B. Program Effectiveness

Chapter 1270 requires SDE to review, to the extent possible, the topic of program effectiveness in its sunset review report. The department briefly discusses this subject on page 44 of the report, where it states that "local evaluations of special education programs, as mandated by federal and state laws, are ongoing in all special education local plan areas to examine questions related to local program effectiveness and improvement." These local evaluations are required by the provisions of current law, which mandate that SELPAs annually design and implement a program evaluation which will provide state and local policymakers with "the information necessary to refine and improve policies, regulations, guidelines, and procedures on a continuing basis...."

Although SDE asserts that the local evaluations are being completed on an ongoing basis, its report does not proceed to conclude, based on the results of the local evaluations, that special education programs are, in fact, effective. Rather, the department's report is simply silent on this question.

Legislative Analyst's Comments: We recommend that reauthorization of the special education program be made contingent upon development of a plan to (1) evaluate the effectiveness of special education programs on a statewide basis, and (2) develop and pilot-test on a large scale-basis alternative models for delivering services to problem learners.

Our review indicates that there are several major problems with the current program related to the issue of program effectiveness which are not addressed in the department's report. Specifically, we find that (1) the program's existing system of evaluation is seriously flawed, and (2) the effectiveness of the resource specialist program needs further review.

Current Evaluation Procedures Flawed. As mentioned, SELPAs are required to conduct annual program evaluations. In addition, the Superintendent of Public Instruction is required to review the results of these evaluations and, based on the results, to prepare an annual summary report to be submitted to the Legislature, Governor, and State Board of Education. Our review indicates that there are several serious flaws with this system of evaluation.

First, the findings of evaluations conducted at the local level are not generally applicable to the entire state. Under the current procedures, each SELPA is allowed to choose the topic it would like to assess in any given year, and to develop its own research design; as a result, the questions evaluated at the local level in any given year vary significantly from one SELPA to the next. Because the outcomes of any particular study may primarily be a function of characteristics unique to the SELPA conducting the study, and not characteristics of SELPAs in

general, it is invalid for conclusions to be drawn from these local studies about the nature of special education programs statewide.

Second, our review of the studies conducted by SELPAs to-date indicates a wide variation in the quality of many of these studies. While, in several instances, SELPAs attempted to conduct rigorous comparisons between the effectiveness of alternative assessment and instructional models, in a great number of other instances the SELPA studies amounted to little more than opinion surveys or descriptions of student characteristics. Furthermore, many of these studies did not sufficiently utilize comparison groups or reliable measuring instruments, thus limiting the usefulness of the results. These flaws, which result from the absence of any common methodological standards between SELPAs, prevent the current evaluation system from providing meaningful information to state policymakers.

Finally, the current evaluation system generally does not provide meaningful state-level information. Because topics for evaluation are selected locally, the evaluations tend to address mostly local-level concerns, not state-level priorities and concerns. For instance, it is common for SELPAs to meet the local evaluation requirement by conducting various types of "need surveys" which facilitate local planning and administration, but which are not of much interest to state policymakers; on the other hand, very few SELPAs have attempted to measure, in a statistically-valid fashion, the influence of special education programs on student achievement level, or on other indicators of program effectiveness, even though there are several provisions of current law,

including these of Chapter 1270, which indicate that such information is of great interest to the Legislature.

For these reasons, we believe that the SDE should be required to develop a standard methodology for evaluating the quality and effectiveness of special education programs on a statewide basis. Development of a standard methodology would improve both the validity and the relevance of much of the evaluation now being conducted, and would provide the Legislature with more meaningful, state-level data on how special education programs could be improved. (We present more specific recommendations concerning the development of such a standard methodology later in this chapter.)

Effectiveness of Resource Specialist Programs Needs Review. One specific area of special education which we believe needs special evaluation is the effectiveness of resource specialist programs. Students in these programs typically are assigned to a regular classroom teacher, but receive remedial instruction and other services by attending a "resource room" for several hours each day. In 1986, 149,899 students were placed in resource programs; of these students, 97 percent were classified as learning disabled.

The report of the Advisory Commission on Special Education has questioned whether the resource room approach is the most effective one for dealing with problem learners.³ For instance, the report states that some research has questioned whether resource programs "do or can

³ Sunset Review Report on Special Education Programs (Sacramento, California: Advisory Commission on Special Education, 1986), pp. 50-54.

provide instruction that is differentiated from that available in regular class settings," and students, while attending a resource room, often "miss out" on subjects being taught in the regular classroom.⁴ The Advisory Commission suggests that resource teachers should be used more to enhance the capacity of regular classroom teachers to respond effectively to the needs of students with learning problems, rather than used simply to provide remedial "drill and practice" instruction in an isolated setting.

We agree with the thrust of the commission's recommendations. Alternative models for delivering services to students with learning problems, if properly designed and tested, could provide more cost-effective means of providing special education to problem learners. For this reason, we believe that any standard methodology for assessing the effectiveness of special education programs should include provisions for developing and pilot-testing alternatives to the resource specialist model. These pilot tests should be large enough both to provide statistical reliability, and to allow any proposed alternatives to be tested under a variety of conditions. Furthermore, the proposed alternatives should be pilot-tested on a large-scale basis in order to help facilitate the widespread adoption of those models which are found to be most effective.

Program Reauthorization Should Require Further Evaluation. We believe that the special education program should be continued, given the large number of handicapped students in the state who require such special instruction. However, we do not believe that the program should

⁴ -----
Ibid., p. 53.

necessarily be continued in its present form. As the above discussion has shown, there are a number of problems with the existing program and, for this reason, we believe that continuation of the program should be made contingent upon a serious commitment by the SDE to evaluate the program thoroughly and to find ways to increase its cost-effectiveness.

Specifically, we recommend that the SDE develop a plan and funding proposal for consideration during hearings on the 1987-88 or the 1988-89 Budget Bill for evaluating special education programs on a statewide basis. This plan should provide for evaluation of the program on two different levels. The first level should involve data collection from all LEAs operating special education programs which seeks to measure and validate indicators of program effectiveness. The second level should consist of several evaluation studies (from a representative sample of LEAs) which are designed to identify successful program models and to provide more in-depth information on these models. The ultimate goal of these studies should be to provide further validation of the effectiveness indicators used statewide.

The evaluation plan submitted by the department should enumerate all of the following:

- Outcomes and goals against which programs can be judged;
- Questions requiring further research, and how they are addressed in the evaluation plan;
- Research which has been conducted on these questions to date (including a brief summary of findings);
- Potential evaluation methodologies;

- The scope and probable duration of the evaluations;
- Organizations which could conduct these evaluations;
- Funding needs; and
- The potential policy implications of the proposed studies.

The plan should also contain provisions for (1) analyzing problems with the program's existing eligibility criteria, and (2) developing options for improving these criteria. Since any alterations to the existing eligibility standards could result in major policy changes, we believe that SDE should develop and present to the Legislature several different alternatives for improving the eligibility criteria. The options should reflect diverse policy approaches concerning the number and type of students who should be eligible for services, so that the Legislature can choose, within the limits imposed by federal law, how broad or narrow any revised eligibility criteria should be.

Finally, the plan should include provisions for developing and pilot-testing, on a large scale basis, alternative models to the existing resource specialist program for delivering special services to students with learning problems. The options explored by the department should encompass both alternative program models and alternative funding models. The Legislature may also wish to direct SDE to incorporate alternative eligibility criteria in the various models to be pilot-tested.

CHAPTER III

LEGISLATIVE ANALYST'S RESPONSES ON RECOMMENDATIONS
OF THE STATE DEPARTMENT OF EDUCATION

The Department of Education makes 17 identifiable recommendations in its report related to special education. A number of these recommendations appear to be rather noncontroversial, and are not discussed in this report. These recommendations include (1) consideration by the Legislature of funding "need surveys" among specific groups of students (pages 35 and 36), (2) continuation of efforts to coordinate various types of programs (pages 35-38), (3) establishing minimal level competencies for teachers in infant/preschool programs (page 39), (4) continuation of efforts to recruit special education teachers (page 40), and (5) the development of a "generic" infant unit (page 41). We generally concur with these recommendations.

The department's remaining recommendations (which are discussed below) are presented in a very brief fashion at the end of its sunset review report. These recommendations are very general and do not, for the most part, contain any specific proposals. Moreover, most of the department's recommendations do not logically follow from any analyses presented in the main body of the report. For these reasons, our ability to respond to the department's recommendations--as presented--was somewhat hindered and, in numerous instances, we were forced to obtain additional information and clarification from the department before we could respond.

In the discussion that follows, we note those instances where it was necessary to obtain additional information.

A. Transition Programs to Aid Handicapped Youth (page 36)

The Legislature appropriated \$1 million in 1986-87 (through the 1986 Budget Act) for use by the Department of Education in developing and implementing a model transition program to assist handicapped students adjust to adult life. According to the department, the funds will be used to (1) provide grants to school districts to design model programs, and (2) hire consultants to conduct research and training.

The department states that on "the basis of the projected positive results of the model Transition Program, it is anticipated that the Legislature and the Governor will wish to expand the project to serve increased numbers of eligible handicapped individuals in subsequent years."

Legislative Analyst's Comments: We believe that any expansion of the model transition program at this time would be premature. The department is required to submit a report to the Legislature on the program by March 1, 1987. This report is to (1) describe the transition program's accomplishments for the 1986-87 fiscal year, and (2) propose future goals for the program. We believe that any decision regarding the continuation or expansion of the transition program should await the Legislature's review of this report.

B. Infant/Preschool Recommendations

Program Expansion (pages 38, 42). Under current law, LEAs are mandated to serve all severely handicapped preschoolers between the ages of three and five who require intensive special education and services. In addition, some LEAs also provide services to severely disabled infants (under the age of three) who require intensive services.

The department's report recommends that the phrase "requiring intensive special education and services" be deleted from the eligibility criteria for these programs. In subsequent discussions with us, the department's infant/preschool staff indicated that this recommendation would allow children with relatively nonsevere disabilities, such as speech disorders, to be placed in infant/preschool programs.

The department further recommends (on page 42) that sufficient funding be made available by the Legislature so that all handicapped infants and preschool-aged children can be served by special education programs. The department estimates that this would cost between \$151 and \$216 million annually, depending on the exact number of children who would be found eligible for services. (In discussions with us, department staff indicated that these figures reflect the estimated cost of expanding the program to all unserved infants and preschoolers with exceptional needs, including the nonseverely handicapped.)

Department staff also reported that recently enacted federal legislation (P.L. 99-457) may require states to serve all disabled preschoolers (age three to five) by 1990-91. States which choose not to accept federal special education funds for preschoolers, however, would be exempt from this requirement.

Legislative Analyst's Comments: Based on currently available information, we do not concur with the department's recommendation that the Legislature should provide for a major expansion of special education infant/preschool programs.

Although SDE claims that current and past studies examining the efficacy of early intervention programs have consistently concluded that the provision of such services reduces the need for later special education services, our own review indicates that there is no consensus among experts on this issue. For instance, a recent comprehensive analysis of the literature concludes that (1) most of the conclusions about the long-term effectiveness of early intervention have been based on studies of very poor methodological quality or on studies involving disadvantaged--rather than handicapped--children, and (2) long-term results from high-quality studies with handicapped children are virtually nonexistent.⁵ The federal government is sponsoring a series of 16 longitudinal studies in various states over the next five years in order to gain more reliable data on the efficacy of early intervention programs for the handicapped. Given the lack of consensus on the cost-effectiveness of these programs, we believe that any major expansion of infant/preschool programs should await the results of these longitudinal studies.

Of further concern to us is the fact that the department reports (on page 39) that there is a serious shortage of appropriately trained staff in California to serve handicapped children under the age of five. This situation makes it undesirable to provide for a major expansion of early intervention programs at this time, since shortages of

⁵ Karl White and Glendon Casto, "An Integrative Review of Early Intervention Efficacy Studies with At-Risk Children: Implications for the Handicapped," Analysis and Intervention in Developmental Disabilities 5 (1985), p. 9; see also White, et al., The Role of Research in Formulating Public Policy About Early Intervention, p. 12, and Conducting Longitudinal Research on the Efficacy of Early Intervention with Handicapped Children, p. 8 (Logan, Utah: Early Intervention Research Institute, Utah State University, 1985).

adequately trained staff could result in most new early intervention programs focusing more on "caretaking" of infants and preschoolers, rather than on providing appropriate educational services. If the Legislature, however, does choose to expand early intervention programs, our analysis indicates that it would be best only to do so gradually, in order to allow adequate time for the supply of qualified early intervention teachers to adjust to the increased demand.

Integration with State Preschool Program (page 39). The state preschool program provides educational and related services for pre-kindergarten (three- to five-year old) children from low-income families. In 1986-87, the state appropriated \$35.8 million from the General Fund to support 189 programs operated by school districts, private-nonprofit agencies, and institutions of higher education. The department recommends that the Legislature (1) require state-funded preschool programs to "reserve 10 percent of their enrollment for individuals with exceptional needs, regardless of parents' ability to meet income or other eligibility requirements," and (2) "revise licensing and/or funding standards to facilitate the entry of individuals with exceptional needs into age-appropriate settings for the nonhandicapped."

Legislative Analyst's Comments: We do not concur with the department's recommendation that the Legislature require state-funded preschool programs to reserve 10 percent of their enrollment for handicapped individuals. Rather, we recommend that the Legislature amend current law to allow special education funds to be used to support placements of handicapped individuals in programs serving predominantly the nonhandicapped.

Under current state law, special education funds may not be expended on non-special education programs and, as a result, handicapped preschoolers often cannot be placed in regular preschool programs. The department believes that this situation impedes the effectiveness of early intervention programs. The department therefore recommends that the Legislature require state-funded preschool programs to reserve 10 percent of their subsidized enrollment "slots" for handicapped children who may not otherwise qualify for these programs on the basis of income, so that these children can be served in an integrated setting.

We do not concur with the department's recommendation, since it would serve only to divert resources away from low-income nonhandicapped children who are in need of services. (Information provided by the Child Development Division of SDE indicates that the demand for state-subsidized preschool services currently exceeds the supply, and is especially great in southern California.)

We believe that a more logical solution to the problem would be for the Legislature simply to amend current law to allow state special education funds for handicapped preschoolers to be used to fund placements of these children in regular preschool programs.

Concerning the second part of the department's recommendation regarding the modification of funding and program standards, we find that this idea lacks sufficient specificity for us to comment on it.

Recruitment of Bilingual/Bicultural Staff (page 39). The department recommends that the Legislature "provide incentives for the recruitment and training of bilingual bicultural staff at the preservice and in-service levels for infant and preschool programs." Presumably,

the department believes that there is a serious shortage of such staff at the local level; the department's report, however, neither documents the extent of the problem, nor specifies how much it would cost to provide these incentives. We believe the department should provide this information to the Legislature before its proposal is considered further.

C. Local-Level Needs

Local Plan Mandates (page 40). Under current law, each special education local plan area (SELPA) must submit a local plan to the state which (1) describes the range of services available in the SELPA, (2) delineates the SELPA's governance structure, and (3) demonstrates that handicapped individuals will have access to any of the services which they may need in order to obtain "a free and appropriate education."

The department recommends that the provisions of current law relating to these local plans be revised in order to effect the following improvements: (1) better planning for specific groups of students, (2) provisions for a greater variety of programs, (3) expanded program expertise in areas related to severe handicaps and low-incidence disabilities, (4) regional planning to ensure a qualified supply of special education teachers, and (5) increased, written specificity in these local plans. (The department also recommends that the "program specialist" position be restored; this issue is discussed in the following section.)

Department staff have indicated, in our discussions with them, that this recommendation is intended to encourage better planning at the SELPA level relative to the provision of services to severely handicapped

students. According to the department, such planning is frequently inadequate or nonexistent, despite the provisions of current law which mandate that such planning takes place. As a result, the department contends that some severely handicapped students have not been adequately served and, in some instances, severe disputes have arisen between local education agencies over who shall provide these services.

Legislative Analyst's Comments: We concur, in part, with the department's findings concerning local plans, but recommend that the department develop a more specific proposal regarding how local plan mandates should be clarified.

The existence of inadequacies in local plans prepared by SELPAs has been documented in a study conducted by School Services of California.⁶ This study found that a large number of these plans were extremely vague and, in many instances, did not specify a method for resolving conflicts between agencies within the SELPA over the provision of services. In view of this, we agree that some aspects of either existing law or the department's local plan review procedures may need to be clarified in order to facilitate better planning and decision-making at the local level. Because SDE's report does not present any definitive proposals in this matter, however, we are unable to respond to its recommendations in any further detail. The department, we believe, should develop a more specific proposal for improving local special education plans so that these problems can be addressed.

⁶ Special Education Local Plan Area Size, Scope and Governance Study (Sacramento, California: Report prepared by School Services of California for the State Department of Education, 1985), pp. ii-iv.

Program Specialists (page 40). Under current law, SELPAs and local agencies may hire program specialists to assist teachers and other staff with assessment, curriculum coordination, evaluation, staff development, and the delivery of instruction and services. The program specialist position was created and mandated in 1980 by Ch 797/80, but the use of program specialists was made permissive by the Legislature in 1982 in an attempt to reduce the local costs associated with special education.

Originally, the role envisioned for the program specialist under the Master Plan was to provide SELPAs with specialized assistance related to one or more handicapping condition, such as instruction for the deaf. However, according to a report prepared by School Services of California, the most common role of the program specialist in practice now appears to be that of an IEP team leader and placement facilitator.⁷

The SDE recommends in its report "restoration of the program specialist position as it was originally conceived...." Presumably, this recommendation implies (1) once again making the use of program specialists mandatory, and (2) clarifying the present role of program specialists. Department staff have contended, in our discussions with them, that implementation of this recommendation would help improve the quality and effectiveness of special education programs.

Legislative Analyst's Comments: We recommend that the State Department of Education develop a more specific proposal regarding how its program specialist recommendation would be funded.

⁷ -----
Ibid., p. 24.

According to our review, the department's recommendation to make the program specialist position mandatory would result in state-mandated local costs of up to \$22 million annually. It is not clear from the department's report how it intends for the Legislature to fund these costs.

Our analysis indicates that there are at least three funding options which could be considered. These options are (1) to divert funds which are currently allocated to fund SELPA's "program specialist entitlements" towards funding any new mandate, (2) to utilize a General Fund augmentation, and (3) to reduce other local mandates.

Under the first option, the Legislature could specify that funds now allocated for program specialist entitlements (approximately \$22 million annually) shall be used solely for program specialists. Under the existing funding formula, SELPA's receive approximately \$55 per pupil for program specialists; however, because the use of program specialists is optional under the Master Plan, current law provides that SELPAs may use these funds for other purposes, such as for providing mandated, direct instruction or regionalized services. If the Legislature chooses to mandate the use of program specialists, it could specify that existing program specialist funds shall now be used only for program specialists. The Legislature should be aware, however, that such a policy could force some SELPAs to divert these funds away from other, mandated activities and, as a result, SELPAs may claim that this policy would cause other special education mandates to become underfunded or unfunded.

The second option would be to provide SELPAs with additional funds to hire program specialists, through a General Fund augmentation. The

desirability of such a policy would have to be assessed by the Legislature, of course, in light of other, high-priority funding needs in special education, and elsewhere.

The third option would be to reduce other, local mandates faced by LEAs. The savings generated at the local level could then be used to offset the increased costs of mandating program specialists. For instance, if the amount of assessment and IEP-related activities which districts and county offices are currently required to perform were sufficiently reduced, the resulting savings could be used to offset local costs which some SELPAs would incur from hiring additional specialists.

Before the department's proposal to mandate program specialists is considered further, we believe that the department should identify which of these three options it believes is best. For this reason, we recommend that the department prepare a more specific proposal which indicates how any new mandate related to program specialists would be funded.

Clarification of Program Specialist Responsibilities. The department's report also appears to recommend that the responsibilities of the program specialist position be redefined "to ensure appropriate assistance (e.g., curriculum, staff development, program) in categorical areas." Presumably, SELPAs under this recommendation would be required to (1) increase the amount of time which program specialists devote to program development and evaluation, and (2) decrease the amount of time currently devoted to assessments, IEP meetings, and other administrative activities.

Our analysis indicates that the department's recommendation has merit, since it is likely to increase the cost-effectiveness of special education programs. However, unless LEAs also were allowed to reduce the amount of assessment and administrative-related activities which they are currently mandated to perform, local agencies would need to hire additional staff to conduct those activities which would no longer be performed by program specialists. Since this would result in increased local costs, we believe that any funding plan prepared by the department to implement its proposal should address how these additional local costs would be met.

D. Expansion of Responsibilities at the School Site (page 40)

Several provisions of current law provide for the coordination of various categorical programs, including special education, at the school site level. Specifically, AB 777 (Ch 100/81) established the "School-Based Program Coordination Act," and SB 65 (Ch 1431/85) established the "Pupil Motivation and Maintenance/Dropout Recovery Act," both of which allow for the sharing of materials and staff between various programs (including the regular education program). In addition, AB 777 established procedures under which school districts could apply to the State Board of Education for waivers from most of the provisions of the Education Code governing the operation of categorical programs.

The Department of Education recommends that these statutes be changed, in order to support what it calls "a total school process."

Legislative Analyst's Comments: We find the department's recommendation that the Legislature amend the provisions of AB 777 (Ch 100/81) and SB 65 (Ch 1431/85) to be without merit. The analysis of AB 777 and SB 65 which is contained in the department's report is extremely vague, and does not specifically identify either (1) what is wrong with these statutes, or (2) how these statutes should be changed.

Our own review of these statutes indicates that, in the case of AB 777, there is a considerable amount of confusion, at both the state and local levels, on how this measure is to be implemented. This may, in part, account for the widespread lack of inclusion of special education in AB 777 programs. In 1985-86, for instance, only 90 schools, or 24 percent of all schools with AB 777 plans, involved special education in their coordination efforts. Furthermore, these 90 schools represented only 1.2 percent of all the schools in the state. The participation rate of special education programs in AB 777 is therefore extremely low. (It is too early to assess the participation of special education in SB 65 programs, since these programs were first authorized in 1985-86.)

We recommend that the Department of Education conduct a detailed study of those factors which are impeding school participation in AB 777 programs and, if appropriate, SB 65 programs. The focus of this study should be to determine whether these impediments are actually caused by features of current law, or are merely the result of how the Department of Education is implementing the law. Once these factors are identified, both the department and the Legislature will be in a better position to determine what corrective actions, if any, need to be taken to promote the effective implementation of these measures.

E. Facilities (page 41)

The SDE recommends that the Legislature enact legislation "to permit the remodeling of special education facilities for other purposes and for absorbing the debt and square-footage count which now impedes the solution."

Legislative Analyst's Comments: We do not concur with the department's recommendations regarding the need for additional facilities legislation.

With respect to the department's first recommendation, regarding the need for legislation to permit the remodeling of special education facilities, it is not clear why the recommendation is necessary. We know of no provision of current law which now prevents school districts from remodeling special education facilities, and the department has been unable to cite any such prohibition. We therefore cannot concur with this recommendation.

With respect to the department's second recommendation, regarding "...absorbing the debt and square-footage count which now impedes the solution," it is unclear what is being specifically recommended and, as before, why the recommendation is necessary. We are therefore unable to respond to this recommendation also.

We believe that before this issue is considered by the Legislature, the Department of Education should attempt to (1) identify and quantify the exact nature of the problem, (2) analyze to what degree recent legislation (such as Ch 886/86) may have addressed the problem, and (3) review to what extent districts are currently eligible for state remodeling and reconstruction aid.

F. Awareness Training Program (page 41)

Chapter 1677, Statutes of 1984, provided funds for six school districts to develop curriculum materials to make nonhandicapped pupils aware of the special problems encountered by individuals with exceptional needs. The department recommends that funding be appropriated to (1) enable dissemination of these curriculum materials, and (2) develop the program for older children.

Legislative Analyst's Comments: We do not concur with the department's recommendation that the Awareness Program be expanded.

Before the curriculum materials are disseminated or developed further, the department should first demonstrate that these curriculum materials address a significant problem and are effective in changing student behavior. An evaluation of the program is due to the Legislature in June 1987, and we recommend that any decision regarding program expansion not be made until that time.

G. Implementation of the Joint Funding for Education of Handicapped Children's Act of 1980

Chapter 1276/80 requires various state agencies, in accordance with procedures that were to be established by the Governor's Office of Planning and Research (OPR), to develop a list of provisions of state and federal law which, if waived, would increase the amount of federal funds available for funding services to disabled individuals. Because OPR never promulgated procedures for conducting this review, the terms of the statute were never implemented.

The department recommends that the Legislature encourage the Governor to proceed with the implementation of this act.

Legislative Analyst's Comments: We concur with the department's recommendation, and recommend that the Governor's Office of Planning and Research present a plan to the Legislature for the implementation of this act during hearings on the 1988-89 Budget Bill.

We believe there is merit in conducting such a study. However, some of the measure's provisions appear to be outdated, such as the timelines and due dates specified in the original legislation. For this reason, we recommend that the Legislature direct OPR to develop a new plan for implementing the intent of the original legislation, and to submit this plan to the Legislature for its review during the 1987-88 budget hearings.

CHAPTER IV
SUMMARY OF RECOMMENDATIONS

We recommend that, as a condition of special education program reauthorization, the State Department of Education develop a plan to conduct an in-depth evaluation of the program.

In this report, we have made a number of recommendations regarding the need for the Department of Education to conduct further research and evaluation on various aspects of the special education program. In general, we recommend that the department develop an in-depth evaluation plan for addressing these issues, and that it submit this plan (along with an accompanying funding proposal) to the Legislature for its review during hearings on the 1987-88 or 1988-89 Budget Bill. Specifically, this plan should contain:

- A method for evaluating the effectiveness of special education programs on a statewide basis;
- Provisions for (1) analyzing problems with the program's existing eligibility criteria and (2) developing several different options for improving these criteria;
- A strategy for developing and pilot-testing on a large-scale basis alternative models for delivering services to problem learners; and
- A system for assessing barriers to participation in the School Based Coordination Act (AB 777).

In addition, we recommend that the Legislature:

- o Direct the Governor's Office of Planning and Research to present a plan to the Legislature during the 1987-88 budget hearings for implementation of the Joint Funding for the Education of the Handicapped Act;
- o Direct the SDE to develop a specific proposal of the changes that need to be made to the provisions of current law governing special education local plans;
- o Direct the SDE to develop a specific proposal regarding how its recommendation concerning program specialists should be funded;
and
- o Amend current law to allow special education funds to be used to place handicapped preschoolers in regular preschool programs.