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Nelda H. Cambron



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**An efficient funding method should provide for maximum flexibility in programming at the district level.**

# Mainstreaming: Implications for special education funding

**by Nelda H. Cambron**

Nelda H. Cambron is associate editor of **Journal of Education Finance.** She has published, consulted and presented in the area of school finance and funding of special education programs. She received her Ph.D. in 1976 from the University of Florida and is presently an Assistant Professor in Educational Administration at the University of Florida.

In the area of special education, the question of programming has been highlighted in recent years with the emphasis on mainstreaming. Programming and funding provisions are so interrelated that, depending on the funding formula implemented, the types of services provided for the handicapped can be either expanded or contracted. An efficient funding method should provide for maximum flexibility in programming at the district level. This is not always the situation as evidenced by requirements in some states for establishment of self-contained classrooms to qualify for state funds for exceptional children.

The history of programming for the handicapped has been dominated by the self-contained special class. At the beginning of the 1970s almost four million children were receiving special education in the United States. The primary mode of delivery for these special services up until that time had been the self-contained class. In the early 1970s a major change in programming was begun with the movement away from special classes for children with mild or moderate handicaps toward the integration of these children into regular classes. Due to legislation, litigation and the concern of educational specialists, delivery systems are no longer limited to a choice between the self-contained special class and the self-contained regular class. At the present time, a number of viable alternatives can be found between these two extremes. However, in too many instances a funding method can thwart a district's effort to provide a broad continuum of services.

Equal educational opportunity for exceptional children is no longer expressed merely in terms of a free public education but also that a child is entitled to an education appropriate to his or her needs. Providing an appropriate education, or an education in the least restrictive environment, is a growing concern voiced not only by

the courts but expressed in state and federal statutes. Public Law 94-142, which provides increased federal funds for special education, requires that states provide procedural safeguards to assure, "that, to the maximum extent appropriate, handicapped children . . . are educated with children who are not handicapped, and that special classes, separate schooling or other removal of handicapped children from the regular educational environment occurs only when the nature or severity of the handicap is such that education in regular classes with the use of supplementary aids and services cannot be achieved satisfactorily." With widespread concern and mandates for mainstreaming, it becomes apparent that states must have funding mechanisms which encourage, or at least do not inhibit, the establishment of alternative delivery systems.

**Funding Methods**

The funding formulas adopted for allocating state funds to the local districts vary widely among the states. The types of reimbursement have been categorized in a number of ways. For the purposes of this paper, they are grouped into four categories: (1) unit, (2) pupil, (3) percentage reimbursement and (4) excess cost. Each formula is briefly identified to provide a perspective for examining funding programs for the handicapped.

**Unit.** States employing unit formulas distribute a fixed amount to districts for classroom, administrative or transportation units. Most frequently payments are a predetermined flat amount for each unit designated. Classroom units may be expressed as a certain pupil/teacher ratio. Calculations would then be made by dividing the total number of handicapped pupils by the designated classroom size. Class sizes may vary for different categories of exceptionality or may simply be the same for all categories. A variation of the unit method is the weighted classroom unit. The special classroom units are weighted against the regular classroom units (e.g., $5,000 per regular classroom plus $2,000 for approved special education classrooms).

**Pupil.** Pupil formulas can be classified as either straight sum or weighted. Under the straight sum, an amount in addition to the regular per pupil amount would be allocated per handicapped pupil. This amount could vary with the handicapping condition or simply involve a flat amount regardless of category. Under a weighted pupil formula, the local district is reimbursed on the basis of a multiple of the regular per pupil allocation. Florida has the most extensive weighted formula employing 15 special education categories ranging in value from 2.30 to 15.00 (Florida Statutes, Ch. 236). Several other states employ weighted formulas, however, utilizing fewer categories.

**Percentage Reimbursement.** Under a percentage reimbursement formula, a predetermined percentage of the costs incurred is reimbursed by the state. The percentage of reimbursement spans the gamut from very low to 100 percent, from personnel only to full program. States may impose a ceiling on the amount which is reimbursable or reimburse on total of state approved costs.

**Excess Cost.** A number of states have adopted the excess cost approach to funding. This formula necessitates determining the amount by which special education expenditures exceed expenditures for the regular child. These costs can be either partially or fully funded by the state.

**Efficiency in Funding**

In selecting a particular procedure for funding special education programs, consideration should be given to problem areas which may be encountered. Certain formulas have inherent weaknesses which may interfere with the effectiveness or efficiency of a program if compensation is not made for them. This is especially true when considering the issue of mainstreaming. Data are limited at this point to measure the efficiency of current financing provisions; however, there are identifiable problem areas which can result in a lack of efficiency. Two of these issues are addressed here—programming and average cost funding. Prior to discussing these, however, a few of the general issues whose impact must be considered in evaluating or selecting a funding method are enumerated.

First, funding for special education programs more adequately meets the needs of students when the variation in program cost is recognized. When a unit or a flat pupil allocation is employed, there is no consideration of this cost variation. However, recognition of the cost variation may create fiscal incentives for incorrect placement. For example, under a weighted pupil formula there may be an advantage to placing a child in a higher cost category. A related issue centers around the question of the appropriate class size for a handicapping condition. This is difficult to control in a formula unless a limit is placed on class size. Under the unit system, class size may be increased to lower per pupil cost. With the weighted pupil system, larger classes generate additional funds without a commensurate increase in operational cost. Another issue, related to the placement question, is labeling of students. This is necessitated by the very nature of many funding systems. To identify costs whether under a pupil, unit, percentage reimbursement or excess cost method, in many cases means tracking the child to a particular category. Avoiding the problem of labeling thus appears to be incompatible with many funding mechanisms. Finally, systems involving approved programs or approved special education costs (such as percentage reimbursement or excess cost) encounter the problem of determining just what is an appropriate program. An expectation of such funding would be a requirement for a high level of standardization in programs or delivery systems from the state level to ensure comparability among districts. Therefore, potential danger exists for inflexible programming. These are only a few of the broader issues of which policy makers should be aware in funding special education programs.

**Programming.** Provisions for educating the handicapped in the "least restrictive environment" is a state consideration in allocating funds. Although a state may not mandate and specifically fund a number of alternative delivery systems, at a minimum it should ensure that the formula does not restrict the decision making of the districts in this area.

The question a district must ask then is which delivery systems should be provided for effective programming. M.C. Reynolds (1962) proposed a framework of delivery systems in the 1960s which has been recommended procedurally by many state departments of education. These services for public schools span the range from complete retention in the regular class to segregation in the special class. Recognition is provided for the fact that some handicapped children can remain in regular classes with minor support services. This can be a


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form of indirect service where a consultant advises or assists the regular teacher or direct service where an itinerant teacher provides additional instruction to the child in the regular classroom setting. As the problems of a child become more severe or complex, more restrictive placement is required such as the resource room, part-time special class, or full-time special class. For the more restrictive delivery systems, greater resources and specialized personnel are needed; and, thus, the programs become more expensive.

Florida is one of the states recommending a typology similar to that of Reynolds; however, an examination of the existing delivery systems revealed only two primary systems—the self-contained classroom and the resource room (Cambron, 1976). This practice can be traced to the method of implementation of the formula. Funds are earned through student contact which means that delivery systems with no contact or minimum contact between a teacher and student cannot generate sufficient funds to cover the operational costs. With the exception of services from the resource room, supplemental services provided for the handicapped child enrolled in the regular classroom must be funded at the local district level without state assistance.

The unit formula for reimbursement suffers from a similar weakness, especially in funding instructional units. Too often full-time placement in a program is required. When only special classes are funded, funds necessary for mainstreaming costs are usually not available. Under percentage reimbursement, the district may be tempted to place children in the least expensive program; this in turn reduces the options for placement. The same situation may exist for excess cost formulas depending on the ceiling level. Although when 100 percent reimbursement of excess costs is provided, maximum flexibility should exist unless the state has imposed narrow programming decisions with relation to which expenditures qualify for reimbursement.

**Average Cost Funding.** The formulas identified involve an averaging of costs (unless 100 percent of actual expenditures are reimbursed). An amount reflecting an average cost is normally established. States utilizing weighted pupil units for specified handicapping conditions may establish an index or cost factor for exceptional categories based on a state-wide or national average. This average does not reflect varying costs associated with severity of handicap or costs incurred at the individual district level. This is true of the other formulas when an "average" amount is established on a unit basis or as a percentage of reimbursement.

The question must then be asked, "Can individual needs be effectively met with average funding?" Costs of programs increase with the severity of handicap due to greater resource inputs. In looking at a hypothetical example, assume that there are three levels of severity in an educable mentally retarded program, with the levels being mild, moderate and severe. If varying costs, in addition to the regular program cost, are attached per pupil such as $300 (mild), $500 (moderate) and $1,000 (severe), an average per pupil cost of $600 is obtained. All districts then regardless of severity of children will receive $600 per pupil, which may result in underfunding of some districts and overfunding of others. Districts with a large number of severely handicapped children will find themselves maximizing class sizes to decrease per pupil cost, failing to provide ancillary services and administration, and placing children inappropriately to increase funds. Researchers who have been involved in cost analysis studies emphasize that average costs derived from studies do not reflect the individual district costs. One of the reasons attributed to the variation in program costs among districts is the use of alternative delivery systems with varying resource inputs. Aggregations at the state level have only provided for averages by exceptional categories with no recognition of the cost variation connected with delivery systems. Thus, funding is based on this average which may unduly restrict program decision making.

**Cost of Mainstreaming**

Researchers have recognized that programming is crucial in determining the costs in special education. In fact, several researchers have admonished that "if funding is to reflect costs, the states' method of reimbursement to local districts must take into account the costs of specific program alternatives" (Bernstein, Hartman, Kirst & Marshall, 1974, p. 16). Others have noted that "the magnitude of the differentials in educational cost are inextricably linked to the type of delivery system used in providing the various educational programs" (Rossmiller & Moran, 1973, p. 67).

Even though there has been substantial interest in the cost of alternative delivery systems, very little research has been conducted to delineate these costs. Most of the studies have investigated the differential cost between the regular program and exceptional program areas. These studies have indicated that exceptional programs often vary in cost from one and one-half to four times the cost of regular programs depending on the program area, severity of impairment and resources involved (Rossmiller, Hale, & Frohreich, 1970; Institute for Educational Finance, 1974). If the mainstreaming concept is to be incorporated directly into funding methods, a similar empirical base is needed to formulate recommended funding levels. The author was recently involved in a comprehensive school finance study in the state of West Virginia in which delivery system costs were examined to provide such a base for that state (Educational Finance and Research Institute, 1977). Some of the results from the study are briefly summarized below.

In the West Virginia study, all program areas in the 55 school districts were examined using state-level expenditure and enrollment data. For the area of special education, 11 categories of exceptionalities and three delivery systems were identified. The three delivery systems employed were the self-contained classroom, resource room, and itinerant teacher. A full-time equivalency (FTE)* cost and cost index were determined for each category and for each delivery system within the category. For example, in the educable mentally retarded program (EMR), the program cost index was 1.93 which means that on a total program basis it costs 1.93 times the basic program cost (elementary) to provide services for EMR students. In breaking out the delivery systems within this program, the following ratios were found: self-contained 1.74, resource room 2.15, itinerant teacher 5.25. Although on an FTE basis the resource room and itinerant teacher delivery systems have a much higher index, on a per pupil basis the cost is considerably smaller (e.g., the resource room index of 2.15 with an average FTE enrollment of 10.25 would be reduced to 1.58 on a per pupil basis since the average number of students actually

served was 20.50). Each program was examined in a similar manner. Over all program areas, cost indices for delivery systems were: self-contained 1.90, resource room 2.11 and itinerant teacher 8.03. The very high index for the itinerant teacher was attributed to low caseloads in the disorders of communication category. Even though this study only examined three alternatives at the state level, it demonstrates that these costs are obtainable, that variations in cost of delivery systems are substantial enough to warrant recognition and that further investigation is needed with a broader array of alternatives at the district level.

## Conclusions

On a limited basis, several states have recognized the varying cost of delivery systems through their provisions for severity of handicapping conditions. For instance, Florida has identified three special programs as having full-time and part-time students. Cost factors are assigned to each with the full-time program designated as a special self-contained class and the part-time program as a resource room (Florida Statutes, Ch. 236). The New Mexico system goes further by specifically identifying four delivery systems and assigning cost factors to these (New Mexico Statutes, Ch. 8). The four found in New Mexico are: itinerant teacher, resource room, self-contained (moderate), and self-contained (severe). Even though other states do not integrate the funding and program alternatives, several who require reimbursement of approved program costs suggest program alternatives which reflect severity.

It is feasible to integrate the costs of mainstreaming into existing formulas. This would mean under a unit formula that the units to be funded would be alternative programming arrangements. For instance, using the Reynolds' framework for a model, instead of just teacher units, units would be designated for itinerant teachers, resource room teachers and so forth. Under a weighted pupil formula, weights might be assigned, instead of on a categorical basis, on a delivery system basis. Percentage reimbursement and excess cost would involve establishing approved program costs on the basis of delivery systems.

Incorporating delivery systems into funding models would provide for greater efficiency in several ways. First, flexibility would be provided in programming. The various program alternatives would allow for placement in an environment which would more closely meet the needs of the handicapped child. Second, the problem of labeling and the resulting stigmatization could be avoided with this method. The funding formula, in and of itself, would not necessitate categorization. Research indicates that program resource inputs vary with severity, therefore, resource rooms or other alternatives with similar pupil/teacher ratios would also have similar costs. For funding purposes a cost could be attached to the delivery systems rather than particular exceptional categories. Finally, allocations would be more aligned with costs. An average cost would still be employed, however, the average would more closely reflect actual costs since severity is considered.

Note

*Full time equivalency was defined as membership of 25 hours per week in a program.

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