



A comparison of the perceptions of the percentage match and modified block grant special education funding systems in Montana
by Gail Davenport Gray

A thesis submitted in partial fulfillment of the requirements for the degree of Doctor of Education
Montana State University
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Abstract:

This study investigated the perceptions of school superintendents, school business officials and special education administrators on the current and former system of state special education funding. The current system has been in effect four years. The objective of this system review is to see whether the purposes of the funding change have been met and to gather information for decision making regarding possible changes.

Data was gathered from a survey on the current funding system and a survey on the former funding system. Twenty superintendents, 20 school business officials and 20 special education administrators representing four size categories of districts in Montana completed the survey on the current system. Twenty superintendents, 19 school business officials and 20 special education administrators representing four size categories of districts completed the survey on the former system. Each system was rated in the areas of flexibility, predictability, simplicity, equity and overall value. Data was taken from the ratings on the two surveys and compared to see which one was rated better and whether the difference was statistically significant.

Analyses using two-way ANOVA indicated that several differences and relationships were statistically significant. Survey respondents rated the current system higher, more positively, than the former one in the areas of simplicity, equity, predictability, flexibility, and the overall system. The difference between ratings in these five areas was statistically significant at $\alpha = .05$.

The two-way ANOVA tests indicated there was little difference in perception of simplicity, equity, predictability, flexibility and overall ratings of the funding systems by employment position of the respondent or the size of their school district. There were two exceptions to this. Superintendents rated the predictability of the current funding system significantly higher than that of the former system. School business officials and special education administrators did not rate one system significantly different from the other.

The second exception was that respondents from 1E/1H districts rated the equity of the current system significantly higher than that of the former system. The other three size categories of districts did not rate one system significantly different from the other.

The ratings for three individual questions were also analyzed. The difference in ratings by respondents was significantly higher for the current than the former system in allowing expenditures for prereferral activities and supporting placements of students in the least restrictive environment. The difference in ratings by respondents however, was significantly higher in preferring the former system to the current one in addressing the burden of extraordinary costs of providing special education.

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A thesis submitted in partial fulfillment
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APPROVAL

of a thesis submitted by

Gail Davenport Gray

This thesis has been read by each member of the graduate committee and has been found to be satisfactory regarding content, English usage, format, citations, bibliographic style, and consistency, and is ready for submission to the College of Graduate Studies.

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ABSTRACT

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CHAPTER 1

INTRODUCTION

School districts are ethically and legally required to provide special education services to students with disabilities. This was institutionalized in the passage of The Education for All Handicapped Children Act, P.L. 94-142, in 1975. In order to provide these services, a large scale increase in the available funds for special education was necessary (Hartman, 1980). States approached this funding need with multiple special education finance systems. After experiencing the effects on identification of and services provided to students with disabilities, states have reviewed consequences of their funding systems.

In response to complaints of complexity, inflexibility, unpredictability and inequity, the Montana special education funding system was restructured July 1, 1994. Much was said about the need for change, but there has been no systematic comparison between the former and the current system. The purpose of this study was to compare the opinions of school superintendents, special education administrators, and school business officials who worked with the former system to those who work with the current system. This was done through two surveys where school superintendents, special education administrators and school business officials rated either the former or current system on the basis of simplicity, flexibility, predictability and equity.

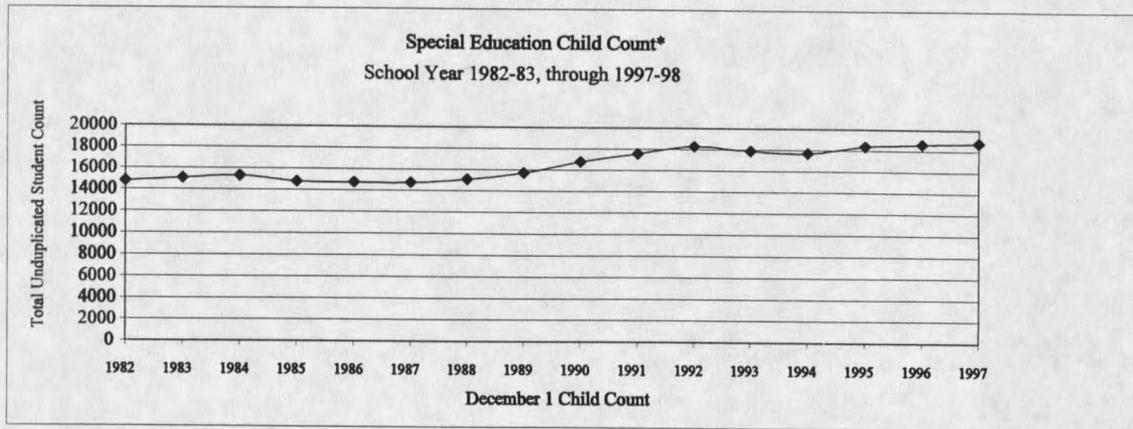
State financing of special education in Montana has long been an area of controversy (R. Runkel, personal communication, January 12, 1998). School personnel complain about the local cost of the program. Some question whether their district receives their fair share of the state appropriation. Parents of children with disabilities believe that more services are necessary for their children to receive the education necessary to achieve their potential. Legislators are concerned about the cost to the state budget and state education officials worry about the complexity, equity and difficulty of distributing the funding that is available. Due to multiple changes in special and regular education funding, reporting, and accounting systems from the 1970s to the late 1980s, it is difficult to get consistent figures on the total state and local costs of special education programs in Montana. Expenditure reports from school districts to the Office of Public Instruction show an increase in the state and local costs of special education from \$36,278,535 in the 1989-90 school year to \$42,791,999 in 1991-92 to \$57,028,741 in the 1996-97 school year.

In addition to increased costs of the special education program, school districts contributed different percentages of the local total special education budget to the local program. In FY 91, of the 301 school districts which received state special education funding, 66 contributed nothing while 44 contributed 1-9%, 65 contributed 10-19% 56 contributed 20-29% and 10 contributed 50-59% (Appendix A).

Between 1982 and 1991, an increase of 2,778 students, from 14,782 in 1982 to 17,560 in 1991, were identified for special education (see Figure 1). There was a

particularly large increase in the number of students in special education between December 1 of 1989 and 1991. During this three-year period, an additional 1,867 more students were served in special education, an increase of 11.9% (OPI child count databases). The total school enrollment, based on ANB¹, between 1989 and 1991 increased by 6.5%.

Figure 1. Special education child count, school year 1982-83 through 1997-98.*

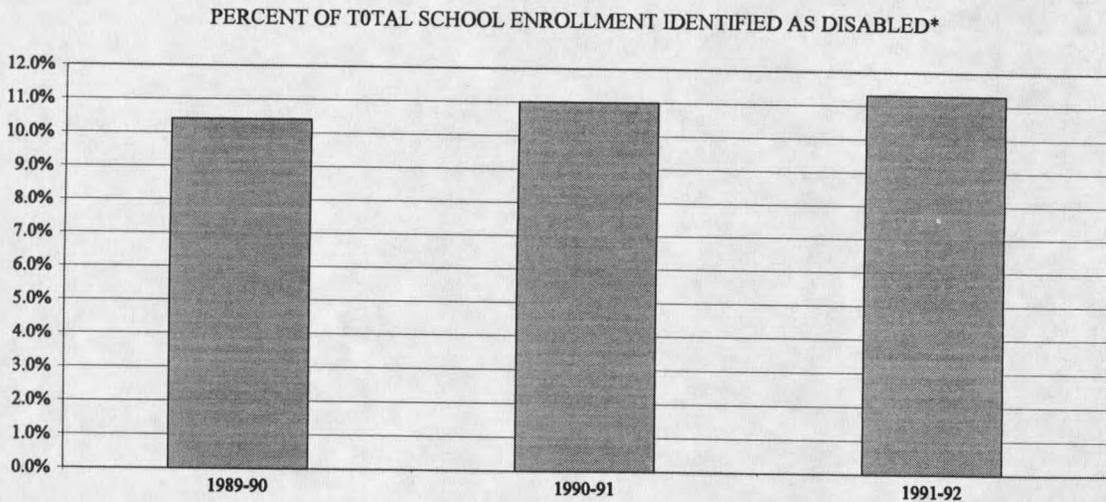


*(Source: Montana Office of Public Instruction)

From 1989 to 1991, the percentage of students who were identified as having a disability increased from 10.4% to 11.3% of the total ANB, enrollment, of Montana public schools (see Figure 2).

¹ ANB or average number belonging means the average number of regularly enrolled, full-time pupils. It is based on the average of student attendance and absence on October 1 and February 1 of each school year plus a slight adjustment for a maximum of seven pupil instruction related days.

Figure 2. Percent of K-12 students identified as disabled, school year 1989-90 through 1991-92.



*(Source: Montana Office of Public Instruction)

Changes in the Education of the Handicapped Act in 1992 required schools to provide more special education and related services than they had previously. This act, now known as the Individuals with Disabilities Education Act or IDEA, also required that a state provide special education for all disabled children aged three to five in order for federal funding to be provided for any disabled students three to five. Prior to the reauthorization of IDEA, Montana gave districts the option of providing services to disabled students three to five but had no state-wide requirement.

The cost of special education and related services far exceeds state funding allocated to pay for them. The Montana Legislature did not increase the state appropriation for special education during the 1989-1992 time period. The state's

