



FY 2006-07 Special Education Funding: Stability in a Difficult State Budget

Despite being part of the lowest growth state budget in 50 years, special education funding (state and federal combined) rose just enough to produce fiscal stability for most special education services.

Am. Sub. H.B. 66, the FY 2006-2007 appropriations bill, is a \$51.2 billion biennial state operating budget that included a major overhaul of the state tax code and a big push to reform Ohio's costly Medicaid program. As for the rest of state government, the budget provided stability for the majority of state programs with flat funding being considered a relative win in most state program areas.

The budget also revised the K-12 school-funding formula using a "building blocks" approach that focuses on inputs designed to improve student academic achievement. The new building blocks approach to basic aid funding produces a per pupil basic aid amount of \$5,283 in FY 2006 and \$5,403 in FY 2007, increasing by approximately 2.2% and 2.3% respectively. Special education and related services weighted funding continued to be paid at 90% for FY 2006 and FY 2007, the same percentage as was provided in FY 2005. This was offset to some degree by the fact that federal special education rose substantially, nearly 20%, in both years of the biennium. However, only a portion of this money can be used to supplant state special education funds and

therefore be used for general special education purposes.

Other special education budget-related provisions passed in Am. Sub. H.B. 66 require the following:

**** The Ohio Department of Education (ODE), by May 30, 2006 and 2007, shall report to the Ohio Office of Budget and Management the amount of state and local shares of special education and related services weighted funding calculated for each school district and the amount of federal special education funds passed through to each district.**

**** ODE shall adopt gifted education standards for permissive use by local schools.**

**** The Department of Education shall annually report to the legislature the number of preschool children with disabilities served the previous fiscal year, disaggregated according to disability.**

**** Codifies current temporary law requiring an eye exam to occur within 3 months of commencing special education services.**

These changes occurred within the context of a total primary and secondary

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education state General Revenue Fund (GRF) budget that increased modestly from \$7.317 billion in FY 2005 to \$7.479 billion in FY 2006 and \$7.590 billion in FY 2007. For its part, the special education budget maintained relative stability – a victory in this type of budget environment. The budget relative “wins” on the special education front include the following: maintaining funding of the special education weights at 90%; retaining the cost-based methodology; general stability in special education enhancements funding; and increases in federal special education funds.

While maintaining stability in a difficult state budget environment is at least a small victory, OCECD must continue to look to the future and advance its advocacy efforts on behalf of Ohio’s children with disabilities. Two important budget related policy issues are already being addressed:

**** Updating the cost-based special education funding methodology, which, if implemented, would generate substantial increases in state aid.**

**** Monitoring CAFS and the transition to a new school-based Medicaid program (see related article on page 4).**

The significance of updating the cost-based special education funding methodology is hard to overstate. OCECD is working with the ODE to update methodology, and to help the Department institutionalize this effort so the methodology and weights are updated biennially and reflect the true costs of educating children with disabilities. This major OCECD initiative is part of a broader, multi-year Coalition effort to reform and enhance special education funding in Ohio. This effort has already produced substantial increases in state aid.

The Coalition’s 2004 update of the cost-based methodology will serve as the foundation for the final stage of its work. Using FY 2005 data, which will become available from ODE in fall 2005, the Coalition will complete its study for use in the development of the state’s FY 2008-09 biennial budget. This update will, for the first time, incorporate special education service data. The service data was gathered through the Individualized Education Plan (IEP) survey conducted for the ODE by the Indiana-based Youth Policy Research Group and completed in spring 2005. The Coalition provided advisory assistance to the authors of the study.

Once its work is completed, OCECD will continue to advocate for the cost-based methodology to be institutionalized in the fiscal year 2008-09 budget with subsequent updates to be completed biennially by the Ohio Department of Education.

IDEA Regulations Published; Comments Sought

On June 21st, the Federal Register published the proposed regulations for the Individuals with Disabilities Education Act, as amended in 2004. Comments on the proposed regulations are due by Sept. 6. For a copy of the proposed regulations as published, go to: <http://a257.g.akamaitech.net/7/257/2422/01jan20051800/edocket.access.gpo.gov/2005/05-11804.htm>

Top 10 Employers Rated

[Reprinted from The Top 10 Companies for People With Disabilities, By the Editors of Diversity Inc. 2005 Diversity Inc.com. 6-6-05]

This year, for the first time, we have added a specialty list for people with disabilities. This group is an increasingly important workplace and marketplace constituency, although it has been difficult to obtain quantifiable data from companies on their efforts to recruit, retain and market to people with disabilities.

So here's how we did it: We asked in our survey if companies had special recruiting programs and affinity groups for people with disabilities (next year, we plan to add several more questions on this group). We also talked with leading disability-rights' organizations about their criteria and we surveyed the Web sites of companies under consideration for this list to see if they included people with disabilities.

After the list was completed, we found a few commonalities between these ten companies. All the Top 10 Companies for People With Disabilities actively recruit people with disabilities, compared with 70% of The Top 50 and 40% of companies ranked 91+. They all have a strong commitment to women in management. The Top 10 Companies for People With Disabilities promote 17.3% more women than The Top 50 and 37% more than companies ranked 91+ on the survey.

No. 1: Merrill Lynch & Co. The New York-based financial-services company has a company-funded resource group, the Disability Awareness Professional Network. Merrill Lynch has a special-needs financial-services program with specially trained advisers for people with disabilities or people with relatives with disabilities and

lists this first, with a photo, on its Advice and Planning page on its Web site. The company also has services for hearing- and visually impaired clients.

No. 2: Procter & Gamble, No. 27 on The Diversity Inc. Top 50 Companies for Diversity list. The Cincinnati-based consumer-products giant has a company-funded affinity group called the People With Disabilities Team. The company has a People With Disabilities Task Force, whose mission is "to enable hiring, on-boarding, retention, advancement and contributions to people with disabilities. We seek to achieve this by providing guidance and recommendations in five main areas: Accessibility/ Work Accommodations; Education and Training; Policy; Recruiting, Hiring and Retention Practices; and Business Partners."

No. 3: Hewlett-Packard, No. 1 on the Top 10 Companies for Supplier Diversity, also on the 25 Noteworthy Companies list. The Palo Alto, California-based technology company has an employee-resource group for workers with disabilities. The company's excellent Web site lists disability organizations, educational institutions and other resources for people with disabilities. Hewlett-Packard also has an Accessibility Program Office, a worldwide effort to improve accessibility to technology and information.

No. 4: JPMorgan Chase, No. 25 on The Top 50 Companies for Diversity list, No. 9 on the Top 10 Companies for Latinos. The New York-based financial-services company has an employee-resource group for people with disabilities. The company's mission statement on its diversity page specifically mentions people with disabilities.

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CAFS Education Funding Eliminated

The Community Alternative Funding System or CAFS is the state of Ohio's payment system used to help cover the cost of specific habilitation services for Medicaid eligible individuals. The CAFS program pays for day program services for people enrolled on a Home and Community Based Waiver for people who live in Medicaid MR/DD (ICF/MR) facilities, and therapy services for children in special education classes in Ohio's public schools.

The education portion of the program was eliminated on June 30, 2005. In its place is a downsized funding program that reduces federal matching funds from approximately \$67 million annually to \$20 million. *What is critical to understand is that though the CAFS program was eliminated, the educational services it funded are still statutorily required.*

The CAFS program began in the early 1990's and was designed as a financing mechanism to "draw down" federal Medicaid money into Ohio to help pay for services which were already being provided by County Boards of MR/DD. It was further expanded to include services being provided to some children in Ohio's special education classes, particularly as many county MRDD boards transferred school-aged programs back to the public school districts. Since its inception, the CAFS program has paid out nearly \$2.5 billion, about \$1.5 billion coming from the federal government.

Unfortunately, the federal Centers for Medicare and Medicaid Services (CMS) notified the Ohio Department of Job and Family Services in August 2004 that the state of Ohio's CAFS program was out of compliance. Areas of non-compliance cited by CMS included: Free choice of provider; habilitation center certification and

contracting requirements; and service eligibility.

The compliance concerns raised by CMS resulted in the need to either: a) substantially expand CAFS, which would require a significant increase in expenditures of state funds; or b) end the CAFS program. Again, fiscal constraints at both the state and local level made further expansion difficult and resulted in the decision by the state to end the CAFS program effective June 30, 2005. Am. Sub. H.B. 66, the FY 2006-2007 state operating budget, repealed all statutes relating to habilitation centers as well as any direct references to the CAFS program.

The proposed elimination of the program quickly prompted lawsuits from several school districts. A June 2005 settlement in the lawsuit, however, effectively ended legal challenges. The state previously had come to an agreement involving the Department of MR/DD and local boards and providers on how to fund adult services in lieu of CAFS. The settlement deals with services provided to children by about 220 districts that had tapped into the CAFS funding stream for about \$67 million in reimbursements this year. Under the agreement, schools will receive some \$20 million, or about 30% of the old rate.

This interim plan, which is put in place until CMS approves a long-term reimbursement program for Local Education Agency (LEA)-based Medicaid services, will include funding for occupational therapy, physical therapy, speech and audiology, and psychology services. More services and other details are to be included in a longer-term plan. A key component of the settlement includes definitions of covered services and the requirement that ODJFS pay the highest fee schedule rate for

ut Services Still Required – Now What?

services if more than one applies to a reimbursement submission.

School districts that participate in the CAFS program will also benefit from a rule recently filed with the legislative Joint Committee on Agency Rule Review (JCARR). The rates established in these rules will reportedly be in effect until the end of the calendar year while a new rate methodology is established. For school districts, the emergency rates that go into effect immediately are essentially the rates that each district had last year, minus 1.79%. These rates are the same as those contained in the rule that has been in effect since April 5, 2005. An earlier proposal would have established much lower rates for CAFS reimbursements than had previously been in place.

A formal study designed to develop an acceptable rate methodology will soon be undertaken by ODMRDD with input from stakeholders from the various participating entities. School districts will be represented in helping ODMRDD develop a plan that meets school districts' needs. The results of the study will create new rates that will begin in January 2006.

Meanwhile, as has been previously stated, schools are still required to provide services per IDEA. Likewise, those in the county board system who are eligible recipients will continue to be able to access services through other programs.

Consumers who are residents of an Intermediate Care Facility for the Mentally Retarded (ICF/MR) will continue to be able to receive the Active Treatment service through their ICF/MR after June 30, 2005. Likewise, consumers who are enrolled in Home and Community Based Services (HCBS) Waivers will continue to be able to

receive the Skills Development and Support (SDS) service through certified waiver providers.

Eligible individuals who do not reside in an ICF/MR facility or who are not enrolled on an HCBS waiver may continue to receive professional therapy services through the use of the Medicaid Card. These professional therapy services (e.g. OT, PT, Speech/Language) are those currently available to all Medicaid eligible consumers.

For school aged recipients receiving professional therapy services through their schools, the Department of Job and Family Services is exploring short and long term service options in addition to those professional therapy services already available to all Medicaid eligible consumers.

It is important to note that any individual seeking services from a Medicaid provider must meet the medical necessity criteria in order for Medicaid to cover the service.

Ultimately, while a "bridge" plan is in place to ease the transition to a CAFS replacement program, the state decision to close the CAFS program, though separate from state education funding, will obviously impact state special education funding negatively in the sense that it will place additional fiscal pressure on K-12 special education and therefore is yet another reason to move aggressively to update and fully fund the state's cost-based special education funding methodology.

Census Bureau Compiles Interesting Statistics

On July 26, 1990, President George H.W. Bush signed into law the Americans with Disabilities Act, guaranteeing equal opportunity for people with disabilities in public accommodations, commercial facilities, employment, transportation, state and local government services and telecommunications.

Census Bureau Facts for Figures – Population Distribution of Persons with Disabilities on the 15th Anniversary of ADA

37.5 million – Number of people age 5 and over in the civilian non-institutionalized population with at least one disability, representing 14%. These individuals fit at

least one of the following descriptions: they are 5 years old or older and have a sensory, physical, mental or self-care disability; they are 16 years old or older and have difficulty going outside the home; or they are 16 to 64 years old and have an employment disability

By age and sex:

– 8% of boys and 4% of girls ages 5 to 15 have disabilities.

– 12% of men and 11% of women ages 16 to 64 have disabilities. This apparent difference is not statistically significant.

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No. 5: Verizon Communications, No. 9 on The Top 50 Companies for Diversity list. A long-time Top 50 winner, New York-based Verizon has a Disabilities Issues Awareness Leaders employee-resource group. Its supplier-diversity efforts include companies owned by people with disabilities.

No. 6: SSM Health Care. The St. Louis-based health-care company actively recruits people with disabilities and includes companies owned by people with disabilities in its supplier-diversity initiatives.

No. 7: General Motors, No. 48 on The Top 50 Companies for Diversity, No. 5 on the Top 10 Companies for Supplier Diversity. With its People With Disabilities Affinity Group, the Detroit-based automaker is a leader in this area. Its GM Mobility program markets to people with disabilities.

No. 8: Sodexo U.S.A., No. 10 on the Top 10 Companies for Supplier Diversity, also on 25 Noteworthy Companies. The Gaithers

burg, Maryland-based hospitality-services company makes a strong effort to use suppliers owned by people with disabilities and to partner with disability organizations.

No. 9: Merck & Co., No. 24 on The Top 50 Companies for Diversity, No. 6 on the Top 10 Companies for GLBT Employees. As a pharmaceutical company, the Whitehouse Station, New Jersey-based company naturally markets to people with disabilities. But Merck also is a national leader in recruiting and promoting people with disabilities.

No. 10: Prudential Financial, No. 32 on The Diversity Inc Top 50 Companies for Diversity list. With its Abled and Disabled Associates Partnering Together (ADAPT) employee-resource group and its long-term financial-planning products for people with disabilities, the Newark, New Jersey-based financial-services/insurance company is a leader in this area.

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-- 42% of women and 38% of men 65 or older have disabilities.

-- 42% of working-age men (21 to 64) and 34% of working-age women with disabilities who are employed. Altogether, 4.0-million men and 3.5 million women with disabilities are employed.

847,000 -- Number of people ages 18 to 34 who have disabilities and are enrolled in school. They comprise 5% of all students in this age group. The majority of this group (567,000) attend college or graduate school.

For further information on the data appearing in the "Population Distribution" section, see <http://www.census.gov/hhes/www/disability/2003acs.html>

Specific Disabilities

10.8 million -- The number of people age 5 or older with a sensory disability involving sight or hearing. This group accounts for 4.1% of the civilian non-institutionalized population age 5 or older.

23.6 million -- The number of people age 5 or older with a condition limiting basic physical activities, such as walking, climbing stairs, reaching, lifting or carrying. This group accounts for 9.0 percent of the civilian non-institutionalized population age 5 or older.

13.5 million -- The number of people age 5 or older with a physical, mental or emotional condition causing difficulty in learning, remembering or concentrating. This group accounts for 5.1 percent of the civilian non-institutionalized population age 5 or older.

7 million -- Number of people age 5 or older who have a physical, mental or emotional

condition causing difficulty in dressing, bathing or moving around inside the home. This group accounts for 2.7 percent of the civilian non-institutionalized population age 5 or older.

10.7 million -- Number of people age 16 or older who have a condition that makes it difficult to go outside the home to shop or visit a doctor. This group accounts for 4.9% of civilian non-institutionalized people who are of this age.

11.8 million -- Number of people ages 16 to 64 who have a condition that affects their ability to work at a job or business. They account for 6.4% of civilian non-institutionalized people in this age group.

For further information on the data appearing in the "Specific Disabilities" section, see <http://www.census.gov/hhes/www/disability/2003acs.html>

Serving Our Nation

2.5 million -- Number of veterans who received compensation for service-related disabilities as of 2003. Of these vets, 414,000 served in World War II; 164,000 in Korea; 848,000 in Vietnam; and 476,000 in the Persian Gulf (the data cover service from Aug. 2, 1990 to Sept. 30, 2003).

For further information, see Table 515 at <http://www.census.gov/prod/www/statistical-abstract-04.html>.

Editor's note: Some of the preceding data were collected in surveys and, therefore, are subject to sampling error. Questions or comments should be directed to the Census Bureau's Public Information Office at 301-763-3030; fax 301-457-3670; or e-mail pio@census.gov.

What Teens Think of Their Parents

A Child Trends public opinion poll found that only 28% of adults think that parents have a greater influence on teens than teens' friends or peer group. But apparently many teens would not agree. As shown in Child Trends' newest research brief, most teens report that they think highly of their parents, want to be like them, and enjoy spending time with them.

The brief, "Parent-Teen Relationships and Interactions: Far More Positive Than Not," is based on Child Trends' analyses of data from the National Longitudinal Survey of Youth, 1997, which has been following adolescents who were first interviewed in 1997 when they were between the ages of 12 and 14.

To provide a broader context for the

importance of positive parent-teen relationships and interactions, the research brief also includes a roundup of findings from recent rigorous U.S. studies showing the link between quality parent-teen relationships and a wide range of positive outcomes for teens (including better academic performance and less likelihood of engaging in destructive behaviors). In addition, the brief shares results from Child Trends' analyses of data from a survey of teens in 21 industrialized countries around the world. These results point to a strong association between frequent parent-youth interactions and higher levels of reading, scientific, and mathematical literacy among teens, reinforcing findings from studies based on U.S. data. The brief can be found at http://www.childtrends.org/Files/Parent_TeenRB.pdf

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