

Special Education Funding and the Economy of Influence in Public Schools

Author(s): *John C. Pijanowski*

Affiliation: University of Arkansas

2012

The Problem

An emerging focus of study in the field of special education uses production function methods to understand the role fiscal incentives play in the classification of students. This body of research tends to support the notion that funding schemes like special education vouchers and weighted funding formulas increase the number of students classified for special education services (Cullen, 2003; Kwak, 2010; Lipscomb, 2009). Cullen (2003) estimates that as much as 40% of the student disability growth rate in Texas from 1991 to 1997 can be explained by fiscal incentives. Some researchers have gone so far as to say that special education funding creates a perverse incentive that leads to the over-classification of students (Greene & Forster, 2002). Greene and Forster (2002, p.9), implicate the over-classification of special education as significant enough to be a financial drag on the education system as a whole: "The ever-accelerating growth of special education enrollment is becoming an urgent problem for American education, drawing off more and more billions of dollars that could otherwise be spent on better education for all students."

The prevailing sentiment among researchers who argue that special education students are over-classified is that school officials are using special education to provide remedial instruction. If it is true, that children are purposively misclassified into special education to generate revenue, then there are several ethical concerns. Jay Greene (personal communication, September 19, 2009) highlighted four primary issues to consider:

First, it is an incredibly inefficient way to provide remediation. Classifying students as disabled imposes all sorts of administrative costs on schools to keep up with the paperwork and procedures required by the laws mandating special education. These costs are not so great that they deter schools from incorrectly identifying students as disabled, but in aggregate they impose a considerable, unnecessary burden on taxpayers.

Second, wrongly labeling lagging students as disabled imposes on those students an academic stigma and, often, lowered academic expectations.

Third, miscategorizing those students prevents schools and the public from identifying their own problems and trying to correct them. If we blame processing problems in children's brains for academic struggles rather than poor prior instruction or issues outside of school, we'll fail to take the necessary corrective steps.

And fourth, let's not forget that reducing over-identification would allow special-education resources to be focused on students who are truly disabled and in need of extra assistance, including students truly suffering from specific learning disabilities and attention deficit disorders.

It is debatable, however, that rising student classification rates equates to over-classification (Baker & Ramsey, 2010). Despite arguments that high stakes testing pressure and funding incentives can lead to increased labeling, or at least that the removal of them decreases it, this phenomenon is poorly understood. The literature lacks clear evidence for determining that funding incentives lead to the "mislabeling" of

children as opposed to the possibility that students are "under identified" prior to the introduction of new funding schemes because of a lack of resources to provide the mandated services. Moreover, there is a belief among many practitioners that special education money does not adequately cover the cost of funding the mandated services that are triggered when a student is formally classified. This policy position paper identifies the primary issues underlying an economy of influence in public school special education funding, opportunities for future research and the limitations of current investigations into this phenomenon.

Questions to Consider

It is unclear how these incentives play themselves out in the special education review process. From early referral through identification, placement, and re-evaluation who within the decision making process would be incentivized, neutral and disincentivized by over-classifying students into special education? An institutional incentive does not necessarily translate into an individual benefit for those conducting the assessment or for members of the individualized education program team.

Assuming fiscal incentives are driving over classification then how does the incentive manifest itself? Are their implicit or explicit political pressures? Is there a manipulative force within the administrative/teaching team? Do internal mandates from outside the team place pressure on the review process and if so how are they communicated and enforced? If none of the above is the case, then what is the nature of the economy of influence in schools?

Conceptual Framework

In scenarios like this people are notoriously bad at explaining changes in their behavior when a) they are not fully aware of how the external influence has affected their decision making or b) their decisions challenge their own ego integrity in which case they often reconstruct their reasoning, their interpretation of the context, or in some cases their moral code to create a judgment-action "fit." However, there are ways we can better understand that process, the micro-level flow of special education resources and in turn their influence. If the special education professionals in the school are following a decision-making culture (in good faith) that was promoted by the district administrators, it could be that district leadership are well intended and see this as the best way to expand resources for students who are struggling. Regardless they would by and large have to be self aware at some point that they were making that decision. Even if they feel completely comfortable with the moral justification of generating more revenue to help children they still would have to be aware that they were choosing to exploit that incentive and shape those procedures in ways that lead to higher special education placement rates.

Opportunities for Future Research

The next steps in developing a more complete understanding of the economy of influence affecting special education funding includes empirical responses to the following questions:

1. How does the special education dollar flow through the educational system? Specifically, where within this flow of revenue is the locus of control?
2. Where might institutional corruption exist in the process of classifying students for special education? This would entail mapping the economy of influence within the classification process.
3. How do institutional incentives manifest themselves into personal motivation for decision-makers at various stages of the classification process and how self aware are key school personnel of those incentives?

Tracking the special education dollar

There are several elements of tracking the special education dollar that would be useful in expanding this field of research. At the macro level, a review of policy documents, funding legislation, and existing literature could chart the range of special education funding mechanisms currently in place throughout the United States. At the micro level there is a need to further illustrate how these funding mechanisms are implemented and how special education revenue reaches the point of service.

Mapping the economy of influence

There is an emerging body of work that explores special education funding at the state level and uses a production function approach to identify how funding incentives might influence classification. However, case studies of school districts that operate under a fiscal incentive to classify students for special education are necessary to better understand the nature of this potential influence. There are several sources of district and school level data that would help shed light on internal classification practices. In addition to exploring local interpretations of federal special education law and district policies and procedures, interviews with key administrators and special education personnel that play a role in the classification process would be needed to understand the economy of influence within schools. These data could be used to map the decision making process and identify various incentives and disincentives.

Personal motivations

Finally, there is a gap in the literature regarding the beliefs of key stakeholder groups in the special education classification system: school leaders, teachers, and parents. Questions to consider include: What level of trust do various stakeholders have in the classification process? How aware are various stakeholders of the funding mechanism in place? What pressures or obstacles do they experience when making a decision that may lead to classifying a child for special education?

Why Moving Beyond Large Datasets Matters

Production function approaches to understanding how fiscal incentives affect the classification of special education students has identified broad patterns of association. However, these patterns are also part of a quickly shifting landscape of special education funding, policy, community education, and even emerging classifications. Moreover, to the extent there are perverse incentives at play then the locus of control is not at the policy level but rather within the classification process itself. Understanding the economy of influence that exists within schools serves to inform better policy, strengthen leadership, and ultimately improve decision-making at the point of service.

References

Baker, B. D. & Ramsey, M. J. (2010). What We Don't Know Can't Hurt Us?: Equity Consequences of Financing Special Education on the Untested Assumption of Uniform Needs. *Journal of Education Finance* v.35, n3, pp. 245-275.

Cullen, J. B. (2003). The Impact of Fiscal Incentives on Student Disability Rates. *Journal of Public Economics* 87, pp. 1557-1589.

Greene, J. P., & Forster, G. (2002). Effects of funding incentives on special education enrollment. *Manhattan Institute for Policy Research*, Civic Report 32.

Kwak, S. (2010). The Impact of Intergovernmental Incentives on Student Disability Rates. *Public Finance Review*. v 38, n. 1, pp. 41-7.

Lipscomb, S. (2009). "Students with Disabilities in California's Special Education Program." San Francisco, CA: Public Policy Institute of California.