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Individuals with Disabilities Education Act (IDEA): Current Funding Trends

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Summary

The Individuals with Disabilities Education Act (IDEA) is the major federal statute that supports special education and related services for children with disabilities. This report traces recent funding trends for this program and tracks the status of actions to “fully fund” the grants-to-states program under Part B of IDEA. FY2004 total funding for IDEA is \$11.2 billion. FY2004 funding for the Part B grants-to-states program is nearly \$10.1 billion. Since FY1996, funding for this program has more than quadrupled. The FY2004 amount for the grants-to-states program represents 18.6% of the estimated excess cost of serving children with disabilities, which is approaching one-half of the amount necessary to “fully fund” the program for FY2004.

The President’s FY2005 budget would increase overall funding for IDEA to \$12.2 billion, with funding for grants-to-states program increasing to nearly \$11.1 billion. This amount would represent 19.7% of the estimated excess cost.

This report replaces CRS Report RS21447 and will be updated to reflect congressional action on IDEA appropriations and to incorporate updated data for excess cost calculations.

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Individuals with Disabilities Education Act (IDEA): Current Funding Trends

The Individuals with Disabilities Education Act (IDEA) is the major federal statute that supports special education and related services for children with disabilities. As a condition of accepting IDEA funding, the Act requires that states and local educational agencies (LEAs) provide a free appropriate public education (FAPE) to each eligible child with a disability. The IDEA is divided into four parts. Part A contains the general provisions, including the purposes of the Act and definitions. Part B, the most often discussed part of the Act, contains provisions relating to the education of school aged (the grants-to-states program) and preschool children (Section 619).¹ Part C authorizes state grants for programs serving infants and toddlers with disabilities,² while Part D contains the requirements for various national activities designed to improve the education of children with disabilities. Part B is permanently authorized. Parts C and D are authorized through FY2003.³

Recent Funding Trends⁴

Table 1 shows recent trends in IDEA appropriations since FY1996. In this period, overall IDEA funding has increased by nearly 250%, from \$3.2 billion to \$11.2 billion. Most of the increases over this period have been for the grants-to-states program, with its funding more than quadrupling since FY1996.⁵ Funding for Parts C and D has increased more modestly — each increasing by about 40% since FY1996. Funds for the preschool program (Section 619) have grown more slowly since FY1996, with funding constant at \$390 million for FY2000 through FY2002 and amounts slightly less than this amount for FY2003 and FY2004 due to general across-the-board cuts in discretionary budget authority for those fiscal years.

¹ Part B includes the funding formulas, provisions relating to evaluations, eligibility determinations, individual educational programs (IEPs), and educational placements. It also contains detailed requirements for procedural safeguards as well as withholding of funds and judicial review.

² Part C was originally established as Part H.

³ IDEA authorizes appropriations for Parts C and D programs and activities through FY2002. These authorities were automatically extended for an additional fiscal year by the General Education Provisions Act (GEPA — 20 U.S.C. 1226a).

⁴ All dollar figures are in current dollars; no price-level adjustments have been applied.

⁵ As a result of the rapid increase in grants-to-states funding, the share of total IDEA funding for which this program accounts has also increased: from about 72% in FY1996 to nearly 90% in FY2003.

Table 1. IDEA Appropriations for Selected Fiscal Years (FY1996-FY2004)

(dollars are in \$000)

IDEA program/activity	FY1996	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	Percent change (FY1996-FY2004)
Part B grants to states	\$2,323,837	\$4,310,700	\$4,989,685	\$6,339,685	\$7,528,533	\$8,874,398	\$10,068,106	333.25%
Part B preschool grants (Section 619)	\$360,409	\$373,985	\$390,000	\$390,000	\$390,000	\$387,465	\$387,699	7.57%
Subtotal Part B	\$2,684,246	\$4,684,685	\$5,379,685	\$6,729,685	\$7,918,533	\$9,261,863	\$10,455,805	289.52%
Part C infants and toddlers grants	\$315,754	\$370,000	\$375,000	\$383,567	\$417,000	\$434,159	\$444,363	40.73%
<i>Subtotal state grants</i>	\$3,000,000	\$5,054,685	\$5,754,685	\$7,113,252	\$8,335,533	\$9,696,022	\$10,900,168	263.34%
Part D (total)	\$245,415	\$279,461	\$281,511	\$326,696	\$337,271	\$337,895	\$338,664	38.00%
Total IDEA	\$3,245,415	\$5,334,146	\$6,036,196	\$7,439,948	\$8,672,804	\$10,033,917	\$11,238,832	246.30%

Source: ED Budget Service spreadsheets.

Note: Totals may differ slightly due to rounding. All dollar figures are in current dollars; no price-level adjustments have been applied.

FY2005 Budget Request

Table 2 compares the FY2004 appropriations for IDEA with the President's FY2005 budget request. Overall funding for IDEA would increase by 8.3% under the President's budget, from \$11.2 billion to \$12.2 billion. Most of this increase is the result of a 9.9% increase in the Part B grants-to-states program, which would grow by \$1 billion above the FY2004 amount. Part C state grants for infants and toddlers would also increase (by 5%, from \$444.4 million to \$466.6 million). Preschool state grants would be level funded. Total funding for Part D (national programs and activities) would decrease by 25%. This decrease is due to the proposed transfer of funding for research and innovation (Section 672), which is funded at \$78.1 million for FY2004, to the Institute of Education Sciences and a 17.4% reduction in funds for technology and media services (from \$39.1 million in FY2004 to \$32.3 million).

Table 2. IDEA FY2004 Appropriations and FY2005 Budget Request

(dollars rounded to nearest \$000)

IDEA program/activity	FY2004	FY2005 request	Change from FY2004
Part B grants to states	\$10,068,106	\$11,068,106	9.9%
Part B preschool grants (Section 619)	\$387,699	\$387,699	0.0%
Subtotal Part B	\$10,455,805	\$11,455,805	9.6%
Part C infants and toddlers grants	\$444,363	\$466,581	5.0%
Subtotal state grants	\$10,900,168	\$11,922,386	9.4%
Part D (total)	\$338,664	\$253,715 ^a	-25.1%
Total IDEA	\$11,238,832	\$12,176,101	8.3%

a. This amount reflects the proposed transfer to the Institute of Education Sciences of \$78.1 million for research and innovation.

Estimated FY2004 and FY2005 State Grants

Table 3 shows estimated Part B grants-to-states allocations based on the FY2004 appropriation and on the FY2005 request. The FY2004 estimates are compared to states' FY2003 grants. The FY2005 estimates are compared to the FY2004 estimates. Increases in FY2004 estimated grants range from 12.1% to 15%. FY2005 estimated increases range from 8.9% to 11.4%. For both FY2004 and FY2005, the total amount for set-asides represents inflationary increases for Bureau

of Indian Affairs (BIA) schools, outlying areas, and the freely associated states⁶ and level funding for evaluation.

**Table 3. Preliminary FY2004 and FY2005
IDEA Part B Grants-to-States Allocations**
(dollars rounded to nearest \$000)

State	Final FY2003 grants	Preliminary FY2004 grants	Preliminary FY2005 grants (based on FY2005 request)	Percentage change from FY2003 to FY2004	Percentage change from FY2004 to FY2005
Alabama	\$143,066,000	\$160,386,000	\$175,143,000	12.1%	9.2%
Alaska	26,501,000	30,463,000	33,946,000	15.0%	11.4%
Arizona	132,563,000	152,382,000	169,803,000	15.0%	11.4%
Arkansas	85,906,000	97,196,000	106,691,000	13.1%	9.8%
California	933,124,000	1,072,637,000	1,189,078,000	15.0%	10.9%
Colorado	112,272,000	129,058,000	143,813,000	15.0%	11.4%
Connecticut	103,861,000	116,962,000	127,734,000	12.6%	9.2%
Delaware	24,288,000	27,920,000	31,112,000	15.0%	11.4%
District of Columbia	12,212,000	14,038,000	15,643,000	15.0%	11.4%
Florida	479,525,000	551,219,000	611,289,000	15.0%	10.9%
Georgia	233,043,000	267,886,000	298,512,000	15.0%	11.4%
Hawaii	30,632,000	35,212,000	39,238,000	15.0%	11.4%
Idaho	41,226,000	47,389,000	52,741,000	15.0%	11.3%
Illinois	393,134,000	442,852,000	484,735,000	12.6%	9.5%
Indiana	200,791,000	226,545,000	247,651,000	12.8%	9.3%
Iowa	96,042,000	107,669,000	117,294,000	12.1%	8.9%
Kansas	84,072,000	94,250,000	103,082,000	12.1%	9.4%
Kentucky	122,827,000	137,697,000	150,006,000	12.1%	8.9%
Louisiana	142,508,000	163,815,000	182,543,000	15.0%	11.4%
Maine	43,047,000	48,258,000	52,572,000	12.1%	8.9%
Maryland	153,622,000	175,250,000	191,774,000	14.1%	9.4%
Massachusetts	223,317,000	250,351,000	272,731,000	12.1%	8.9%
Michigan	308,119,000	349,055,000	383,640,000	13.3%	9.9%
Minnesota	149,337,000	167,415,000	182,468,000	12.1%	9.0%
Mississippi	92,158,000	105,937,000	117,525,000	15.0%	10.9%
Missouri	178,701,000	200,334,000	218,242,000	12.1%	8.9%
Montana	28,125,000	32,189,000	35,522,000	14.5%	10.4%
Nebraska	58,742,000	65,854,000	71,740,000	12.1%	8.9%
Nevada	49,853,000	57,306,000	63,858,000	15.0%	11.4%
New Hampshire	37,334,000	41,854,000	45,595,000	12.1%	8.9%
New Jersey	284,356,000	318,780,000	347,276,000	12.1%	8.9%

⁶ The recent practice of the U.S. Department of Education (ED) has been to increase funding for outlying areas and the freely associated states by the rate of inflation. Recent appropriations language (including language in the Consolidated Appropriations Act, 2004 — P.L. 108-199) limits increases in BIA funding under IDEA to the rate of inflation.

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State	Final FY2003 grants	Preliminary FY2004 grants	Preliminary FY2005 grants (based on FY2005 request)	Percentage change from FY2003 to FY2004	Percentage change from FY2004 to FY2005
New Mexico	71,699,000	80,812,000	88,360,000	12.7%	9.3%
New York	597,208,000	669,506,000	729,354,000	12.1%	8.9%
North Carolina	235,924,000	270,052,000	296,306,000	14.5%	9.7%
North Dakota	19,722,000	22,670,000	25,262,000	15.0%	11.4%
Ohio	344,364,000	393,358,000	432,841,000	14.2%	10.0%
Oklahoma	116,368,000	130,941,000	143,655,000	12.5%	9.7%
Oregon	100,991,000	115,214,000	126,490,000	14.1%	9.8%
Pennsylvania	336,056,000	378,003,000	415,337,000	12.5%	9.9%
Puerto Rico	81,033,000	93,148,000	103,797,000	15.0%	11.4%
Rhode Island	34,402,000	38,567,000	42,014,000	12.1%	8.9%
South Carolina	137,797,000	154,478,000	168,434,000	12.1%	9.0%
South Dakota	23,494,000	27,006,000	30,094,000	15.0%	11.4%
Tennessee	181,996,000	205,284,000	224,938,000	12.8%	9.6%
Texas	725,934,000	834,470,000	929,869,000	15.0%	11.4%
Utah	81,887,000	94,088,000	103,569,000	14.9%	10.1%
Vermont	19,016,000	21,859,000	24,358,000	15.0%	11.4%
Virginia	214,099,000	244,634,000	267,955,000	14.3%	9.5%
Washington	170,259,000	195,689,000	215,373,000	14.9%	10.1%
West Virginia	59,745,000	66,978,000	72,965,000	12.1%	8.9%
Wisconsin	163,780,000	183,608,000	200,391,000	12.1%	9.1%
Wyoming	19,949,000	22,932,000	25,553,000	15.0%	11.4%
Subtotals to states	\$8,740,029,000	\$9,931,456,000	\$10,929,915,000	13.6%	10.1%
Total set-asides	\$134,369,000	\$136,650,000	\$138,192,000	1.7%	1.1%
Totals	\$8,874,398,000	\$10,068,106,000	\$11,068,106,000	13.5%	9.9%

Source: CRS calculations based on data obtained from the U.S. Department of Education (ED) Budget Service.

Note: Totals may differ slightly due to rounding. FY2004 and FY2005 grants are estimates only and do not necessarily represent amounts states and other entities will eventually receive. These amounts are provided for the purpose of policy discussion only.

“Full Funding” of IDEA

Background on “Full Funding”. When Congress enacted the predecessor legislation to IDEA⁷ in 1975, the available estimate of the cost of educating children with disabilities was, on average, twice the cost of educating other children. A determination was made that the federal government would pay some proportion of this additional or “excess” cost. The metric for determining this excess cost was the national average per pupil expenditure (APPE). The final determination was that the federal government would pay up to 40% of this excess cost. That is, a state’s maximum grant under the grant-to-states program is 40% of APPE times the number of children with disabilities served. (See Section 611(a)(2) of IDEA.)

Relationship of Appropriations and Budget Request to “Full Funding”. Although appropriations for IDEA Part B grants to states have increased significantly over the last 9 years, funding still falls short of the amount that would be necessary to provide maximum grants to all states. **Table 4** shows estimated percentages of excess cost since FY1996. The 5th column of the table shows the estimated excess cost, that is, the number of children with disabilities served times the national APPE. The 4th column shows the estimated amount needed to “fully fund” IDEA, that is 40% of the figures in the final column. The calculation of the percentage of excess cost included in the appropriation (the 3rd column) is obtained by dividing the appropriation (column 2)⁸ by the last column. The FY2004 amount (accounting for 18.6% of the estimated excess cost), is approaching one-half of the funds necessary to reach 40% of estimated excess cost and thus represents about one-half of the amount that would be needed to “fully fund” IDEA for FY2004. The President’s budget request would account for 19.7% of estimated excess cost — nearly one-half of the current “full funding” estimate for FY2005.

It is important to note that the estimates of excess cost (and thus of the “full funding” amount) tend to increase from year to year. That is because the Budget Service of the U.S. Department of Education (ED), which is the principal source of estimates, increases its estimates of the number of children with disabilities each year and increases the estimated APPE by an inflation adjustment.

⁷ Federal special education legislation existed prior to 1975 — most notably the Education of the Handicapped Act (EHA). P.L. 94-142 (the Education for All Handicapped Children Act of 1975) substantially amended the EHA, creating the essential structure and principles of federal assistance to special education that are still reflected in current law. In 1990, the name of the Act was changed to the Individuals with Disabilities Education Act by P.L. 101-476. Congress made extensive amendments to IDEA in 1997 (P.L. 105-17); however the basic characteristics of the Act resemble those first enacted in 1975.

⁸ Note that funds for evaluations and studies are excluded from these calculations for FY1998 and succeeding fiscal years.

**Table 4. Estimation of “Full Funding” of
IDEA Part B Grants to States (FY1996-FY2005)**

FY	Appropriations for IDEA Part B grants to states (in \$000)	Actual and proposed appropriations as % of estimated excess cost	Estimated federal full funding (40% of excess cost) (in \$000)	Estimated excess cost (in \$000)
1996	\$2,323,837	7.30%	\$12,699,024	\$31,747,560
1997	3,107,522	9.20%	13,460,630	33,651,576
1998	3,801,000	10.50%	14,457,195	36,142,988
1999	4,301,000	11.10%	15,445,347	38,613,368
2000	4,976,685	12.00%	16,641,158	41,602,894
2001	6,323,685	14.10%	17,882,114	44,705,286
2002	7,512,533	15.45%	19,446,407	48,616,017
2003	8,858,398	17.08%	20,740,029	51,850,073
2004	10,052,106	18.65%	21,563,790	53,909,474
2005 request	11,052,106	19.74%	22,398,228	55,995,570

Source: Table prepared by Congressional Research Service (CRS) from U.S. Department of Education data.

Note: FY1998-FY2005 funds exclude amounts for studies and evaluations. Estimates of full funding amounts and percentages of APPE will change for any fiscal year for which ED revises data to calculate these estimates.