

Date of Hearing: May 6, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2526 (Muratsuchi) – As Amended April 21, 2026

Policy Committee: Education

Vote: 9 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill establishes a revised allocation formula for the special education low-incidence disabilities funding, contingent upon an increase in the appropriation for this purpose, to support special education local plan areas (SELPAs) in providing special education and required services to students with low-incidence disabilities and students eligible to take the California alternate assessments.

FISCAL EFFECT:

Ongoing Proposition 98 General Fund cost pressures of an unknown but significant amount, likely in the millions to tens of millions of dollars annually, for the Legislature to appropriate additional funds for the low-incidence disabilities program.

The annual budget act includes funding, \$136.8 million total in fiscal year 2025-26, for low-incidence disabilities distributed according to a per-low-incidence disability student formula prescribed in statute.

COMMENTS:

- 1) **Special Education Funding.** Current law generally distributes both federal and state funding for special education through SELPAs largely based on total average daily attendance (ADA) of member local educational agencies (LEAs) within each SELPA. While the state allocates the bulk of special education through the AB 602 formula, there are also two additional funding sources for students with low-incidence disabilities, which are often higher cost. The first additional source is known as low-incidence funding, referenced above, which supports costs for special education services to students who are blind, deaf or hard of hearing, deaf-blind, or who have severe orthopedic impairments. The second is the extraordinary cost pool, which funds LEAs on a reimbursement basis for very high cost student placements and services such as educationally related mental health services and out-of-home residential services for necessary small SELPAs, with remaining funds available for nonpublic, nonsectarian school (NPS) placements and students residing in licensed children's institutions. Funding for the extraordinary cost pool in fiscal year 2025-26 totals \$20 million and is over-subscribed by several million dollars relative to the reimbursement-eligible amount of LEA costs.
- 2) **Alternate Assessments.** According to the CDE, the California Alternate Assessments for English Language Arts and Mathematics are for students with the most significant cognitive

disabilities, subject to a determination by a student's IEP team. Approximately 1% of the population of students identified for special education services take the alternate assessments. These assessments can be taken with accommodations and designated supports to improve accessibility.

The current per-student formula for low-incidence disability funding, established in 1985, is based on a rate derived by dividing the total low-incidence funding appropriation by the total number of low-incidence disability students in the state, the result of which is then multiplied by the number of low-incidence disability students within each SELPA. This bill revises that formula, contingent upon an appropriation to increase the total amount of funding available for this purpose, to also include the total number of students eligible to take the California alternate assessment to the California Assessment of Student Performance and Progress (CAASPP).

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