
SENATE COMMITTEE ON EDUCATION

Senator Sasha Renée Pérez, Chair

2025 - 2026 Regular

Bill No:	AB 2526	Hearing Date:	June 24, 2026
Author:	Muratsuchi		
Version:	April 21, 2026		
Urgency:	No	Fiscal:	Yes
Consultant:	Ian Johnson		

Subject: Special education local plan areas: apportionments: alternate assessments.

SUMMARY

This bill expands eligibility for the state's low-incidence disability special education funding program, contingent upon an additional appropriation. Specifically, the bill would allow funding to be generated not only by pupils with statutorily defined low-incidence disabilities (hearing impairments, vision impairments, and severe orthopedic impairments) but also by pupils who are eligible to take California's alternate assessments due to significant cognitive disabilities.

BACKGROUND

Existing law:

- 1) Defines "low-incidence disability" as a severe disabling condition with an expected incidence rate of less than 1% of total statewide enrollment, including hearing impairments, vision impairments, severe orthopedic impairments, and combinations thereof.
- 2) Requires the state to provide specialized services and equipment for pupils with low-incidence disabilities.
- 3) Establishes a low-incidence disability funding program to support special education and related services required by the individualized education programs (IEPs) of pupils with low-incidence disabilities.
- 4) Requires the annual per-pupil low-incidence entitlement to be calculated by dividing the annual appropriation by the statewide count of pupils with low-incidence disabilities reported through the California Longitudinal Pupil Achievement Data System (CALPADS) in the prior year.
- 5) Requires the resulting per-pupil amount to be multiplied by the number of pupils with low-incidence disabilities in each Special Education Local Plan Area (SELPA) to determine each SELPA's allocation.
- 6) Requires the Superintendent of Public Instruction (SPI) to apportion those funds to SELPAs for purposes of providing special education and related services required by the IEPs of pupils with low-incidence disabilities.

- 7) Requires California to administer alternate statewide assessments to pupils with the most significant cognitive disabilities when determined appropriate by the pupil's IEP team.

ANALYSIS

This bill:

- 1) Retains the existing low-incidence disability funding formula unless the Legislature provides an additional appropriation for purposes of expanding the program.
- 2) Establishes an alternative funding calculation that becomes operative only upon an appropriation that increases funding above the amount that would otherwise be provided under current law.
- 3) Requires the revised calculation to include both:
 - a) Pupils with low-incidence disabilities; and
 - b) Pupils eligible to take the alternate assessments pursuant to Education Code Section 60640.
- 4) Requires the statewide per-pupil entitlement, upon appropriation, to be calculated using the combined statewide count of:
 - a) Pupils with low-incidence disabilities; and
 - b) Pupils eligible to take alternate assessments.
- 5) Requires each SELPA's allocation, upon appropriation, to be based on the sum of:
 - a) Its pupils with low-incidence disabilities; and
 - b) Its pupils eligible to take alternate assessments.
- 6) Requires the SPI, upon appropriation, to apportion funds for purposes of providing special education and related services required by the IEPs of both groups of pupils.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, "Over ten years ago, California led the nation by adopting the Local Control Funding Formula (LCFF) to ensure students with the greatest needs received the most resources. While we've made great strides, we have left a massive hole in that formula: our students with disabilities.

Right now, school districts across California are facing a silent crisis. Special education costs are rising faster than state funding, our local schools are forced to dip into their general funds pulling billions of dollars away from art, music, and smaller class sizes just to meet legal mandates.”

- 2) ***Expanding a historical funding program to a broader group of students with intensive support needs.*** The state’s low-incidence disability funding program was established in 1985 and is one of the few remaining special education funding programs tied directly to specific disability categories. Funding is currently generated only by pupils who are blind, deaf or hard of hearing, deaf-blind, or who have severe orthopedic impairments. These disability categories were selected because they occur infrequently and often require specialized equipment, services, and instructional supports that may not be adequately reflected in broader special education funding formulas.

This bill would expand the program beyond those traditional disability categories by allowing funding to also be generated by pupils eligible to take California’s alternate assessments. Eligibility for alternate assessments is based not on a student’s disability label, but rather on whether the student has the most significant cognitive disabilities as determined by the IEP team. As a result, the bill would represent a modest shift away from a disability-category approach toward one that is more closely tied to student support needs.

- 3) ***Bill only becomes operative if the Legislature provides additional funding.*** The bill does not redistribute existing low-incidence disability funding among a larger population of students. Instead, the revised formula becomes operative only if the Legislature appropriates additional funding specifically to support the expanded eligibility population. As drafted, the bill therefore establishes a framework for a future funding augmentation rather than creating an immediate entitlement.

This structure avoids reducing funding currently generated by pupils with low-incidence disabilities while providing the Legislature flexibility to determine whether, and at what level, additional funding should be provided.

- 4) ***Raises broader questions regarding how California funds high-cost special education services.*** The bill highlights a longstanding policy discussion regarding whether California’s special education finance system adequately reflects the costs associated with educating students with the most intensive needs. While the state’s primary special education funding formula (AB 602, author, year) is largely driven by overall average daily attendance (ADA) rather than disability type or severity, several categorical funding streams remain targeted to particular populations or services.

In addition to the low-incidence disability program, the state also provides funding through the Extraordinary Cost Pool, which reimburses certain exceptionally high-cost placements and services. Demand for Extraordinary Cost Pool funding currently exceeds available resources and LEAs continue to rely heavily on local unrestricted funds to meet special education obligations.

The Committee may wish to consider whether expanding the low-incidence disability program is the most effective mechanism for addressing costs associated with students who have significant cognitive disabilities, or whether broader reforms to the state's special education finance system may ultimately be warranted.

- 5) ***Reflects ongoing discussions about aligning special education funding with student need rather than disability category.*** Recent special education policy reforms have increasingly focused on student needs and required supports rather than specific disability labels. For example, California's special education teacher credential structure has moved away from disability-specific credentials toward credentials organized around support needs.

Proponents argue that students eligible for alternate assessments often require extensive and intensive services similar in scope and cost to those required by students currently generating low-incidence disability funding. Legislative analyses note that approximately 1% of students receiving special education services take alternate assessments and that these students frequently represent some of the highest-cost special education placements.

By expanding eligibility based on functional need rather than disability category alone, the bill continues a broader policy trend toward aligning resources with the intensity of services required by students.

- 6) ***Proposal aligns with broader budget discussions regarding special education funding adequacy.*** The policy goal underlying this bill is currently being considered in the context of broader state discussions regarding special education finance. The Governor's 2026-27 Budget proposes significant new investments in special education, including a \$1.8 billion ongoing augmentation to the AB 602 formula in addition to the \$509 million equalization augmentation proposed in January. Together, those proposals would increase statewide special education funding by approximately \$2.4 billion over the 2025 Budget Act level and raise the statewide AB 602 funding rate to approximately \$1,340 per ADA.

In addition, the Assembly Budget Subcommittee approved actions to augment funding for the low-incidence disability and Extraordinary Cost Pool programs, including placeholder language reflecting an \$80 million increase for those programs.

These proposals reflect growing legislative concern regarding the increasing costs associated with serving students with disabilities and the corresponding reliance of LEAs on unrestricted local funds to meet federal and state special education obligations. In that context, this bill can be viewed not as a standalone funding proposal, but as part of a broader discussion regarding whether existing special education funding mechanisms appropriately target resources toward students with the most intensive service needs.

SUPPORT

Alameda County Office of Education
Bayshore Elementary School District
Belmont-Redwood Shores School District
Brisbane School District
Burlingame School District
California Association of School Business Officials
California School Funding Coalition
California Teachers Association
Coalition for Adequate Funding for Special Education
Design Tech High School
Fresno County Office of Education
Fresno Unified School District
Jefferson Union High School District
La Honda-Pescadero Unified School District
Los Angeles Unified School District
Morgan Hill Unified School District
Oak Grove School District
Pacifica School District
Ravenswood City School District
San Francisco Unified School District
San Luis Obispo County SELPA District
San Mateo County SELPA
Santa Barbara County SELPA
Santa Clara County Office of Education
Schools for Sound Finance
Sonoma County SELPA
South East Santa Clara SELPA
West Contra Costa Unified District SELPA

OPPOSITION

None received

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