

North Carolina Special Education Funding Recommendations Report

SL 2021-189

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Background and History

Where this began:

- Trend shifting in districts
 - More high needs students
 - Rising cost of services
 - No longer able to stretch state special education funds
- In August 2015, a stakeholder group began meeting to study state special education funding
 - local EC directors, finance officers, DPI finance staff and legislators.
 - Meeting continued into 2017
 - Group developed a matrix for determining funding based on level of services needed

Stakeholder Input

- Advocated for the need to look at a different funding model
- MUST serve students when over the set funding cap
- Difficult to fill positions even in 2015-17
- Contract services continue to increase well above salary schedule

Results of Stakeholder Group Input

- Developed a Matrix to determine appropriate funding by student service need
- Establish a baseline
- Goal was to hold PSUs harmless; no reduction of funding

Requirements in SL 2021-189

- (1) For each school system, the percentage of students with disabilities and the funding provided per student with disabilities.
- (2) The potential benefit of allocating funding for students with disabilities based on severity of disability type as compared to allocating funding based on service level required.
- (3) How other states provide funding for students with disabilities with particular emphasis on states that differentiate funding by student need.
- (4) How to determine appropriate funding levels for each funding category recommended.
- (5) Recommendations for how schools can utilize available Medicaid reimbursements.

RTI Study

Report from RTI

- Report presented by RTI to the State Board of Education at the September meeting
- Summary of findings and recommendations from the study follows

Overview

DPI contracted with RTI to examine options for allocating special education funding and to make recommendations. RTI investigated five areas of interest.

Areas of Interest

1. The percentage of students with disabilities and the funding provided per student in North Carolina.
2. How other states provide funding for students with disabilities with particular emphasis on states that differentiate funding by student need.
3. The potential benefit of allocating funding for students with disabilities based on disability category as opposed to allocating funding based on service level.
4. How to determine appropriate funding levels for each category recommended.
5. Recommendations for using Medicaid reimbursements at the school level.

Provided by RTI International

Findings

Experts and practitioners suggest that states are moving towards funding models based on service level.

A funding model based on service level provides a direct and more accurate accounting of costs as opposed to one based on disability categories.

Recommendations

To ensure that North Carolina develops a funding model that provides appropriate support for students with disabilities, **we recommend** that DPI continue the development of a funding model based on service level.

To avoid unintended consequences and to monitor a service-level funding system, **we recommend** that DPI use ECATS data to monitor implementation and ensure students are not over-identified or placed in service-intensive, high-cost funding tiers.

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Findings

There is no one-size-fits all process for determining special education funding allocations. States employ a “hodgepodge” of approaches¹.

Recommendations

To determine appropriate funding levels, **we recommend** that DPI review and update the prototype matrix to ensure that it accurately reflects district-level costs and fits within the overall state education budget.

To ensure that the funding model is feasible, **we recommend** that DPI pilot test the revised version of the matrix in a representative sample of PSUs.

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Findings

The administrative effort and costs involved in Medicaid reimbursement can be a barrier for PSUs, especially for charter schools.

North Carolina employs many of the best practices for Medicaid reimbursement.

Recommendations

To increase the use of Medicaid reimbursements, **we recommend** that DPI continue to collaborate with DHB to expand eligible services and the eligible age range.

To support targeted technical assistance and training, **we recommend** that DPI and DHB continue to collaborate to share data on Medicaid utilization at the PSU level.

To provide additional support to charter schools, **we recommend** that DPI continue to provide training and support charters in finding ways to share the costs associated with Medicaid billing.

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Questions?

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