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State Board of Education
Department of Public Instruction

RTI INTERNATIONAL

Report to the North Carolina General Assembly

North Carolina Special Education Funding Recommendations

SL 2021-189

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Submitted by the North Carolina Department of Public Instruction and/or State Board of Education, in conjunction with RTI International.
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EXECUTIVE SUMMARY

Per Session Law 2021-189, the North Carolina Department of Public Instruction (DPI) contracted with RTI International to examine different options for allocating funding for special education and to make recommendations. Specifically, RTI investigated the following 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

RTI analyzed North Carolina special education data, conducted a literature and landscape scan, interviewed special education practitioners and experts from other states, and surveyed exceptional children and local finance directors at Public School Units (PSUs) in North Carolina.

Findings and recommendations from this study are presented below.

1. THE PERCENTAGE OF STUDENTS WITH DISABILITIES AND THE FUNDING PROVIDED PER STUDENT IN NORTH CAROLINA

Findings: North Carolina currently funds special education through a hybrid-flat weight and census-based funding model. For fiscal year 2022-2023, that is $4,549.88 per eligible student or 13% of the 2022-2023 allocated average daily membership amount received by the district.

Recommendation: There are no recommendations for this finding.

2. HOW OTHER STATES PROVIDE FUNDING FOR STUDENTS WITH DISABILITIES WITH PARTICULAR EMPHASIS ON STATES THAT DIFFERENTIATE FUNDING BY STUDENT NEED

Findings: Although the way states fund special education varies widely, special education directors in other states and experts noted that the field is moving towards models based upon service level.

Recommendation: North Carolina should pursue a funding model based on service level

3. THE POTENTIAL BENEFIT OF ALLOCATING FUNDING FOR STUDENTS WITH DISABILITIES BASED ON DISABILITY CATEGORY AS OPPOSED TO SERVICE LEVEL

Findings: A funding model based on service level allows PSUs to receive funding for actual services provided and affords a direct, more accurate accounting of the costs involved in providing supports for students, whereas disability categories do not always correspond to the services students need to succeed. This model aligns with the efforts of Individualized Education Program teams and other school staff to focus on the unique needs of students, regardless of disability category. There is some concern over whether this funding model could incentivize PSUs to overidentify students in high-needs, high-cost categories. However, research is mixed as to whether this actually occurs in practice and experts and practitioners note that the implementation of a monitoring system could prevent any unintended consequences of a funding model based on service level.

Recommendation: To ensure that North Carolina develops a funding model that provides appropriate support for students with disabilities, RTI recommends that DPI continue the development of a special education funding model based on service level. DPI collaborated with the Friday Institute for Educational Innovation at North Carolina State University (Friday Institute) in 2016 and 2017 to conduct focus groups and workgroups with local special education practitioners, finance directors, policymakers, and other stakeholders

in the state and developed a prototype matrix[1] to serve as a basis for a service delivery funding model. This matrix provides funding categories and a student-centered starting point that DPI and the State Board of Education could build on to develop a robust funding model based on service level.

Recommendation: To avoid unintended consequences and to monitor the implementation of a funding model based on service level, RTI recommends that DPI use data from the from the Every Child Accountability & Tracking System to monitor special education implementation at the local level to ensure that students are not being over-identified or placed in service-intensive, high-costs funding tiers. This monitoring system could also monitor spending across PSUs to ensure that the system is equitable. Additionally, training on best practices for placing students in the least restrictive environments would help to ensure appropriate identification and eligibility determination.

4. HOW TO DETERMINE APPROPRIATE FUNDING LEVELS FOR EACH CATEGORY RECOMMENDED

Findings: There is no one-size-fits all process for determining special education funding allocations. Instead, states have pieced together a "hodgepodge" of approaches with varying funding levels for different categories in an attempt to address increasing costs while still providing needed services to students[2]. The best approach is one developed by policymakers, community members, and practitioners that considers the unique context of a state's educational structures and financial policies.

Recommendation: To determine appropriate funding levels for the different categories, RTI recommends that DPI review and update the matrix**.** The current matrix is based on the costs for providing services to individual students in educational settings. DPI should revisit the matrix to ensure that it accurately reflects costs at the overall district level. Additionally, the state may want to make adjustments based on the realities of the overall funding available for special education services.

Recommendation: To ensure that the funding model is feasible, RTI recommends that DPI pilot test a revised version of the matrix using a representative sample of PSUs. This would allow the state to identify any logistical difficulties or gaps before implementing the funding approach on a larger scale.

5. RECOMMENDATIONS FOR USING MEDICAID REIMBURSEMENTS AT THE SCHOOL LEVEL

Findings: The administrative costs involved in Medicaid reimbursements can be a barrier for PSUs. North Carolina has many best practices for Medicaid reimbursement in place, but DPI could improve Medicaid billing by expanding the types of services PSUs can bill for and the eligible age range. Additionally, sharing data on PSU Medicaid billing could help improve training and technical assistance. Finally, charter schools tend to access Medicaid reimbursement at a much lower rate than school districts due to staffing capacity and could benefit from additional support.

Recommendation: To increase the use of Medicaid reimbursements, RTI recommends that DPI continue to collaborate with the North Carolina Medicaid Division of Health Benefits to explore ways of allowing reimbursement for additional services—such as transportation—and expanding the eligible age range.

Recommendation: To support targeted technical assistance and training, RTI recommends that DPI and the North Carolina Medicaid Division of Health Benefits continue to collaborate to share data on the utilization of Medicaid reimbursements at the PSU level.

Recommendation: To provide additional support to charter schools, RTI recommends that DPI continue to provide targeted support and training to help charter schools develop a process for reimbursement and ways of collaborating to share costs involved in billing.

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[1] Note that vetting the matrix and associated costs was not part of the scope of work of this project. The overall structure of the matrix aligns with a service level funding approach. More research and development should be done to develop a funding model.

[2] Kolbe, T. (2019). Funding Special Education: Charting a Path That Confronts Complexity and Crafts Coherence. *National Education Policy Center*.

BACKGROUND

Special education funding decisions involve a complex set of regulations and considerations. Federal law—most centrally the Individuals with Disabilities Education Act—requires that states and local education agencies provide a free and appropriate education to students with disabilities. However, federal special education grants only provide 13% of the national average per-pupil expenditure,[3] leaving states and PSUs to find other ways of paying for the implementation of special education programs and related services. States—North Carolina included—have struggled to develop funding approaches for students with disabilities that meet federal requirements, provide the supports students need to succeed, and fit within the realities of overall funding available for schools.[4]

The North Carolina Department of Public Instruction (DPI) contracted with RTI International (RTI) to investigate the following areas of interest:

1. The percentage of students with disabilities in North Carolina and the funding provided per student
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 service level
4. How to determine appropriate funding levels for each category recommended
5. Recommendations for using Medicaid reimbursements at the school level

APPROACH

To meet the goals of this project RTI analyzed state data, reviewed available research, reports, and policy documents, and conducted interviews and a survey with experts and practitioners.

Collection and Analysis of North Carolina Data

RTI used publicly available data sets to find the percentages of students with disabilities and the funding provided per student. RTI analyzed funding policy documents from the North Carolina General Assembly and student data from DPI.

Literature and Landscape Scan

RTI reviewed existing literature and policy documents to understand the current state of funding for students with disabilities. RTI reviewed reports from the Education Commission of the States and Edbuild; policy documents from individual states; and relevant journal articles and policy briefs. Additionally, RTI reviewed previous findings and recommendations from the 2010 report *Recommendations to Strengthen North Carolina's School Funding System* by Augenblick, Palaich, and Associations and relevant publications from the Friday Institute.

RTI used results from the landscape scan to inform the development of interview protocols and the survey for the study as well as overall recommendations.

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[3] Zembar, T. (2021). *IDEA funding gap*. National Education Association. https://www.nea.org/sites/default/files/2021-01/IDEA%20Funding%20Gap%20by%20State%20FY%202020.pdf.

[4] Needham, C., & Houck, E. A. (2019). The inequities of special education funding in North Carolina. *Journal of Education Finance, 45*(1), 1–22; DeMatthews, D. E., & Knight, D. S. (2019). The Texas special education cap: Exploration into the statewide delay and denial of support to students with disabilities. *Education Policy Analysis Archives, 27*(2).

Interviews

RTI conducted interviews with experts and practitioners to support the development of recommendations about funding allocation approaches for students with disabilities in North Carolina. RTI chose interview participants based on information learned during the landscape scan and input from DPI staff (Table 1). RTI developed a protocol designed to understand the advantages and disadvantages of special education funding models as well as a separate protocol to understand the use of Medicaid reimbursements (Appendix A).

Table 1: Interview Participants

Individual	Role	State/Organization
Wina Low	State Director	Georgia Department of Education, Division for Special Education Services and Supports
Samantha Hollins	Assistant Superintendent	Virginia Department of Education, Department of Special Education and Student Services
Carol Clancy	Director	Pennsylvania Department of Education, Bureau of Special Education
John Eisenberg	Executive Director	National Association of State Directors of Special Education (NASDSE)
Lauren Holahan	Medicaid Coordinator	North Carolina Department of Public Instruction

Note: Staff members from the Florida Department of Education were not available for interviews during the project, but sent documentation about the state's special education funding model.

Survey

To gather information from practitioners in North Carolina, RTI conducted a survey of exceptional children directors and local finance directors. The survey consisted of 11 questions designed to obtain staff perspectives on allocating funding based on disability category and to service level and Medicaid reimbursement practices (Appendix B). In total, 99 staff completed the survey (Table 2).

Table 2: Survey Participants

Role	No.
District exceptional children director	68
District local finance director[5]	10
Charter exceptional children director	11
Charter finance director	3
Other	7
Total	**99**

Notes: The other category included: assistant exceptional children director (n=1), charter exceptional children compliance director (n=1), district lead occupational therapist (n=1), exceptional children director and local finance director (n=2), school staff (n=1), and school exceptional children director (n=1).

[5] In many districts the local finance director is the Chief Financial Officer.

FINDINGS

This section includes findings from the data analysis, literature and landscape scan, interviews, and the survey, organized by areas of interest.

1. THE PERCENTAGE OF STUDENTS WITH DISABILITIES AND THE FUNDING PROVIDED PER STUDENT IN NORTH CAROLINA

North Carolina currently funds special education through a hybrid-flat weight and census-based funding model. For fiscal year 2022-2023, that is $4,549.88 per eligible student or 13% of the 2022-2023 allocated average daily membership amount received by the district[6]. To find out the percentage of students with disabilities and the funding provided per student, RTI used the most recent DPI data. Specifically, the Child Count April 2022 by LEA 3-21 Report[7]. The Child Count data are an unduplicated count of all children with disabilities receiving services in North Carolina. The report contains North Carolina's counts of children ages 3-21 receiving special education and related services under the Individuals with Disabilities Education Act, Part B as of December 1, 2022. See Appendix C for a detailed look at each school system.

2. HOW OTHER STATES PROVIDE FUNDING FOR STUDENTS WITH DISABILITIES WITH PARTICULAR EMPHASIS ON STATES THAT DIFFERENTIATE FUNDING BY STUDENT NEED

States employ varying approaches to funding special education. According to the most recent cross-state review by the Education Commission of the States, the majority of states use a hybrid approach, followed by a system involving multiple student weights in which states allocate funds based on factors such as disability category or student needs (Table 3). Only three states use a resource-based approach in which LEAs receive funding based on the cost of services. Of the 16 states that employ a system with multiple weights, 10 use weights based on service level, six use weights based on disability category, and one based on the number of students with disabilities in a PSU.

Table 3: Approaches to Funding for Students with Disabilities

Approach	Count
Hybrid	20
Multiple student weights	16
Reimbursement	4
Flat weight	4
High-cost services	3
Resource based	3
Census based	1

Note: Definitions for the different funding mechanisms can be found in Appendix D.

Source: Education Commission of the States: https://reports.ecs.org/comparisons/k-12-and-special-education-funding-04

[6] S.B. 105, Sec. 7.1 (2021 Legislative Session): https://www.ncleg.gov/Sessions/2021/Bills/Senate/PDF/S105v8.pdf

[7] https://www.dpi.nc.gov/districts-schools/classroom-resources/exceptional-children/program-and-fiscal-monitoring/federal-reporting

Highlights from states that adjust funding based on student need

RTI interviewed and/or collected additional documentation from four states that employ approaches that involve adjustments to funding based on student need: Florida, Georgia, Pennsylvania, and Virginia.

Florida employs a multiple student weights approach based on the level of supports students need. The state developed a matrix of services with five levels (Table 4), spanning students who do not require extra supports (level 1) to those who receive continuous and intense services for the majority of the school day (level 5). Florida provides additional weights for students in level 4 (3.648) and level 5 (5.340).

Table 4: Florida's Matrix of Services—Levels of Support

Level 1	Level 2	Level 3	Level 4	Level 5
The student requires no services beyond those that are typically available to all students.	The student is receiving basic assistance on a periodic basis or receives minor supports, assistance, or services.	The student is receiving accommodations to the learning environment that are more complex or is receiving services on a more frequent schedule.	For the majority of learning activities, the student is receiving specialized approaches, assistance, or equipment or is receiving extensive modifications to the learning environment.	The student is receiving continuous and intense (one-on-one or very small group) assistance, multiple services, or substantial modifications for the majority of learning activities.

Source: Florida Department of Education (2022).

Georgia's funding model employs multiple student weights based upon five disability categories with adjustments for the amount of time in a day students receive services. In this model, students in disability categories that generally require fewer services and spend less time receiving services receive less funding than students in higher-needs categories (see Appendix E for Georgia's 2022 funding categories and weights).

Pennsylvania also uses a multiple student weights approach. However, the categories are based on the costs for providing services to students and the state provides additional weights for each category (Table 5).

Table 5: Pennsylvania's Special Education Funding Model

Student Cost Category	Additional Weight
Category 1: Less than $25,000 per year	1.51
Category 2: $25,000 to $49,000 per year	3.77
Category 3: More than $50,000 per year	7.46

Note: Currently, Pennsylvania is revising its categories and weights. For more information see: https://specialeducationfundingcommission.pasenategop.com/.

Virginia employs a resource-based approach in which PSUs receive additional funds for students with disabilities based on a calculation of the number of teachers and aides necessary for students to meet special education standards in each school. The state then adjusts this amount by a local composite index—a measure of how much a PSU is able to contribute to school funding.

3. THE POTENTIAL BENEFIT OF ALLOCATING FUNDING FOR STUDENTS WITH DISABILITIES BASED ON DISABILITY CATEGORY AS OPPOSED TO SERVICE LEVEL

Despite the variation in how states across the country provide funding for students with disabilities, RTI found a consistent and strong preference in the interviews and survey for a funding system based on service level as opposed to disability category.

Interview participants reported many advantages of a model based on service level compared with disability category. Practitioners noted that disability categories do not always correspond to the amount and type of supports students need to succeed. For example, students diagnosed with autism have a very broad range of needs, resulting in different costs incurred by the PSU. Further, a model based on service level provides a direct, more accurate accounting of the costs involved in providing supports for students. This provides policymakers and practitioners with better information about the real costs involved in providing services to students to use in making policy and instructional decisions. An interview participant noted that funding allocations based on service level align with the efforts of Individualize Education Program teams and other school staff to focus on the unique needs of students, regardless of disability category. That is, instruction and supports for students with disabilities are driven by the services that students need to succeed, rather than disability level. A funding model that reflects this reality would support the targeted and responsible use of resources at the PSU level.

Interview participants also reported potential disadvantages of a funding model based on service level. One state practitioner noted that this approach could be complicated for PSUs. Without proper systems in place, tracking costs associated with providing services to students with disabilities could be labor intensive. Additionally, practitioners reported some concerns among policymakers in their states that a model based on service level would lead to increased costs. Staff could be incentivized to propose higher service levels for students to increase funding. Interview participants noted that they had not seen this happen in practice and stated that a service level funding approach would have to be accompanied by a monitoring system to ensure that there would be no unintended consequences. Further, research on the impact of funding models on local decisions about how to support students with disabilities is inconclusive.[8]

Results from Survey

Survey results indicated a strong preference among North Carolina practitioners for a model based on service level. Ninety percent of respondents selected a funding model based on actual or proposed services needed compared with one based on disability category (Table 6).

[8] Kolbe, T. (2019). Funding Special Education: Charting a Path That Confronts Complexity and Crafts Coherence. *National Education Policy Center*.

Table 6: Respondents' Selection of Funding Model With More Accurate Level of Resources to Support Students With Disabilities

Role	Funding model based on actual or proposed services needed (%)	Funding model based on disability category (%)	No. of responses
District exceptional children director	90	10	68
District local finance director	80	20	10
Charter exceptional children director	100	0	11
Charter finance director	100	0	3
Other	86	14	7
Total	**90**	**10**	**99**

The vast majority of respondents who selected a funding model based on service level did so because it is more informative than one based on broad disability category. Respondents noted that the disability category does not always determine services. Students with the same disability identification can have services that are very different from each other. Because the disability category can be misrepresentative of services, funding by service level is more equitable for different size districts size and students with different needs. Respondents believed that this model would help capture the higher needs students and the level of services and supports they need.

> *I think this would be most equitable since each student is different and some require more services than would be expected based on category and others require less than expected. This way it's based on student need. If it were based on category, then it would be tempting to place kids in certain categories so that the school would get more funding (especially if multiple categories are being considered).*

Respondents who selected a funding model based on disability category believed that it would be hard to budget, and it could lead to overidentification of services.

> *If the funding model were based on service plans (which are subjective and different from district to district in reality), then districts would be tempted to load up services to increase funds. The SSR and RP funding sources already account for the most expensive services.*

Fifty-six percent of respondents who chose the funding model based on services believed it would be equitable across PSUs in the state, 35% were not sure, and 9% thought it would be inequitable (Table 7). Similarly, 60% of those who chose a disability category-based model thought it would be equitable, and 40% were not sure (Table 8).

Table 7: Respondents' Perspective on Equity Across PSUs in the State for a Funding Model Based on Service Level

Role	Will be equitable (%)	Not sure if it will be equitable (%)	Will not be equitable (%)	No. of responses
District exceptional children director	49	38	13	61
District local finance director	75	25	0	8
Charter exceptional children director	73	27	0	11
Charter finance director	67	33	0	3
Other	67	33	0	6
Total	**56**	**35**	**9**	**89**

Respondents also provided reasons for why, they did or did not think the service funding model would be equitable. The reasons provided were consistent with the previous response—resources should follow students' needs, and "students' needs should always drive our decisions." Respondents who were not sure or did not think the funding model would be equitable provided similar reasons. They thought the service level model would be equitable if the "standards for service delivery are monitored/audited much more closely at the regional/state level" the state could capture accurate information on service delivery. Further, many respondents worried that the model would not be equitable because of the difference in the tax base of districts. A final concern was that some services might cost more in small or rural districts.

Table 8: Respondents' Perspective on Equity Across PSUs in the State for a Funding Model Based on Disability Category

Role	Will be equitable (%)	Not sure if it will be equitable (%)	Will not be equitable (%)	No. of responses
District exceptional children director	57	43	0	7
District local finance director	100	0	0	2
Charter exceptional children director	0	0	0	0

Charter finance director	0	0	0	0
Other	0	100	0	1
Total	**60**	**40**	**0**	**10**

There were only a few responses for those who selected the disability category model. One way that respondents thought this model might not be equitable was that "different districts allocate their monies for different categories, therefore, what might work in one district would not be feasible in another district." Another thought that it depended on whether the 12% cap would still be in place.

Respondents also believed that because costs may change over time the funding model should be updated. Although respondents thought the model should be updated fairly regularly (Tables 9 and 10), they did not suggest that the entire model be updated, just certain costs.

> *A framework could be reviewed every 2-5 years, but a funding formula would need annual adjustments as raises are mandated and other costs increase*
>
> *I don't think that a complete overhaul would need to be done each year or that changes need to be made every year, but I do think it should be reviewed every year.*

Table 9: Respondents' Preference for Update Interval for a Funding Model Based on Service Level

Role	Annually (%)	Every two years (%)	Every five years (%)	Never (%)	Other (%)	No. of responses
District exceptional children director	56	26	10	3	5	61
District local finance director	88	0	13	0	0	8
Charter exceptional children director	82	0	0	0	18	11
Charter finance director	100	0	0	0	0	3
Other	100	0	0	0	0	6
Total	**66**	**18**	**8**	**2**	**6**	**89**

Table 10: Respondents' Preference for Update Interval for a Funding Model Based on Disability Category

Role	Annually (%)	Every two years (%)	Every five years (%)	Never (%)	Other (%)	No. of responses
District exceptional children director	57	14	14	0	14	7
District local finance director	50	50	0	0	0	2
Charter exceptional children director	0	0	0	0	0	0
Charter finance director	0	0	0	0	0	0
Other	0	100	0	0	0	1
Total	**50**	**30**	**10**	**0**	**10**	**10**

Respondents also had additional concerns with funding models in general:

- Any model should cover the costs of high-need or high-cost students.
- The cost for evaluation should also be funded.
- Extra funding should be provided for the transportation of special education students.
- The increased need to recruit and retain special education teachers
- Accounting for students who enroll after school starts
- Account for costs associated with supporting students in general education classrooms (it takes a significant number of staff to run an inclusive schedule).

Finally, two respondents noted that local finance and exceptional children directors, DPI staff, legislators and others performed a study a few years ago to develop an equitable funding model based on service level.

4. HOW TO DETERMINE APPROPRIATE FUNDING LEVELS FOR EACH CATEGORY RECOMMENDED

In the absence of Federal leadership, there is no one-size-fits all model for special education funding. Instead, states have pieced together a "hodgepodge" of approaches with varying amounts for varying funding categories in an attempt to address increasing costs while still providing much needed services to students[9]. From interviews with state special education directors and experts, RTI learned that the best approach is one

[9] Kolbe, T. (2019). Funding Special Education: Charting a Path That Confronts Complexity and Crafts Coherence. *National Education Policy Center*.

developed by policymakers, community members, and practitioners that takes into account the unique context of a state's educational structures and financial policies.

Previously, DPI and the Friday Institute collaborated with practitioners and finance directors at the local level as well as community members and policymakers (Exhibit 1) to develop an initial approach based on services provided to students with disabilities. This tiered funding matrix groups students into four categories based on time spent in different educational settings:

- Regular or Targeted Resource: Students spend greater than 79% of their day in regular education settings or 40% to 79% of their day in a regular setting
- Separate setting: Students spend less than 40% of their day in a regular education setting
- Intensive needs: Students attend a separate school
- Itinerant: Students are placed in a private institution.

Funding amounts for students in these different groups are then adjusted by the staffing costs for the services provided to the students, thus setting the funding levels for each category (see Appendix F for an example matrix).

Exhibit 1: Matrix Development Group Members

Exceptional Children Directors or Assistant Directors		Finance Directors	Other
Alicia Tate, Chapel Hill-Carrboro	Ronda Sortino, Buncombe	Bernie Sochia, Henderson	Bill Rowe, NC Justice Ctr.
Angie Vitale, Avery	Sam Dempsey, WSFC	Charles Plunkett, WSFC	Chris Whitmire, Rep.
Becky Benton, Moore	Stacie Levi, CMS	David Lee, Cleveland	Connie Hawkins, ECAC
Christy Hutchinson, Lincoln Chtr.		Deborah Frisby, Buncombe	Donny Lambeth, Rep.
Gina Smith, CMS		Florence James, Wilson	Hugh Blackwell, Rep.
Glenda Starr, McDowell		Heidi Kerns, Rutherford	Marilyn Avila, Sen.
Jamie Liverman, Bertie		Jeffrey Jaynes, Avery	Matt Ellinwood, NC Justice Ctr.
Julie Hill, Lenoir		Kerry Crutchfield, WSFC	Ralph Hise, Sen.
Junell Nixon, Haliwa-Saponi Chtr.		Laurie Leary, Edenton/Chowan	Rick Glazier, NC Justice Ctr.
Karen Harrington, Edenton/ Chowan		Lisa Davis, Lenoir	Tamara Barringer, Sen.
Kristin Bell, Durham		Pearline Bunch, Bertie	William Richardson, Rep.
Nellie Aspel, Cleveland		Rene Evans, Wilson	
Tomeshia Barnes, Wilson		Suzanne Rampey, McDowell	

This approach should be reviewed by DPI and updated. For example, the Friday Institute report points out that while the model provides a more accurate accounting of costs at the student level, it may not include all the district-level costs involved in special education. Additionally, DPI can run simulations using the most recent data from the Every Child Accountability & Tracking System to analyze the performance of the matrix for different types of PSUs and how the model would affect special education funding in the state. Adjustments may be needed to ensure that the model fits within the realities of the overall education budget in North Carolina.

Finally, RTI suggests pilot testing the model in a representative sample of PSUs across the state. A trial run would help identify any logistical barriers and or unforeseen gaps in the matrix. For example, DPI could test whether certain special education costs are greater in rural or urban areas. DPI could analyze costs at the end of the pilot and make adjustments.

5. RECOMMENDATIONS FOR USING MEDICAID REIMBURSEMENTS AT THE SCHOOL LEVEL

RTI asked state practitioners and the executive director of the National Association of State Directors of Special Education about best practices for accessing Medicaid reimbursements to support students with disabilities. Interview respondents reported that Medicaid billing is a time-intensive, complicated process for PSUs. The paperwork involved can sometimes be a barrier to PSUs accessing this funding source. Small PSUs may not have the staff available to complete the necessary tracking needed to submit claims. Interview respondents highlighted the important role state staff have in supporting PSUs in submitting claims. They noted that having a dedicated state staff person who is charged with providing guidance to PSU staff is beneficial as well as documentation on reimbursement processes, such as how-to manuals. State practitioners also reported the need to host in-person training and collaboration events.

North Carolina already has a Medicaid specialist at DPI, who supports PSUs in the state. In an interview with RTI, she noted that Medicaid billing could be improved in several ways. First, by exploring ways to expand the array of services that PSUs can bill for. For example, in other states PSUs can bill for transportation costs, but they cannot in North Carolina. Second, by increasing the eligible student age range. PSUs provide services to some children before age three and are not currently allowed to bill Medicaid for these children. Other states allow PSUs to bill for students from birth to age 21. Finally, improving access to Medicaid billing data for state staff would allow them to regularly analyze and use data to target their technical assistance and training towards PSUs who are struggling the most with Medicaid billing. RTI confirmed these areas of improvement with practitioners in other states.

Survey results illustrate the difficulty of Medicaid billing in North Carolina. Just over half of survey respondents strongly agreed (13%) or agreed (41%) that their district can bill and be reimbursed for all Medicaid costs. This number is higher for district respondents (62%) than for charter respondents (14%).

Forty-six percent of respondents (39% of district respondents and 71% of charter respondents) reported that the billing process for Medicaid is a barrier to receiving reimbursement. They estimated that they were reimbursed with approximately half of the costs associated with Medicaid.

Table 11 shows services that districts and charters do not get reimbursed for by Medicaid but that respondents think should be eligible for reimbursement. Note that some services are eligible for reimbursement, but some respondents just do not have the capacity to bill for them. Top services include mental health (services and evaluations), nursing, and transportation.

Table 11: Services Respondents Do Not Get Reimbursed for by Medicaid But That They Think Should Be Eligible for Reimbursement

Service	No. of district respondents	No. of charter respondents
Mental health/ counselors/psychological services	18	3
Nursing	16	0
Transportation (and personnel support such as bus monitors)	13	0
Psychological testing/evaluations	9	1
Hearing and vision	5	0
Occupational therapy	5	3
Physical therapy	4	3
Personal care assistants (our 1:1)	4	0
Social work	3	0
Speech	2	3
Visually impaired educators	1	0

SUMMARY OF FINDINGS AND RECOMMENDATIONS

Overall, the results of this study indicate that a special education funding model based on service level has more advantages for North Carolina than one based on disability categories. Interview and survey participants overwhelmingly indicated that an approach that prioritizes student services over disability identification would be a more accurate method of allocating funding and would align better with how practitioners support students with disabilities.

Below we detail the findings and the recommendations by the areas of interest.

1. THE PERCENTAGE OF STUDENTS WITH DISABILITIES AND THE FUNDING PROVIDED PER STUDENT WITH DISABILITIES IN NORTH CAROLINA

Findings: North Carolina currently funds special education through a hybrid-flat weight and census-based funding model. For fiscal year 2022-2023, that is $4,549.88 per eligible student or 13% of the 2022-2023 allocated average daily membership amount received by the district.

Recommendation: There are no recommendations for this finding.

2. HOW OTHER STATES PROVIDE FUNDING FOR STUDENTS WITH DISABILITIES WITH PARTICULAR EMPHASIS ON STATES THAT DIFFERENTIATE FUNDING BY STUDENT NEED

Findings: Although the way states fund special education varies widely, special education directors in other states and experts noted that the field is moving towards models based upon the service level students require to succeed.

Recommendation: North Carolina should pursue a funding model based on service level.

3. THE POTENTIAL BENEFIT OF ALLOCATING FUNDING FOR STUDENTS WITH DISABILITIES BASED ON DISABILITY CATEGORY AS OPPOSED TO SERVICE LEVEL

Findings: A funding model based on service level allows PSUs to receive funding for actual services provided and affords a direct, more accurate accounting of the costs involved in providing supports for students, whereas disability categories do not always correspond to the services students need to succeed. This model aligns with the efforts of Individualized Education Program teams and other school staff to focus on the unique needs of students, regardless of disability category. There is some concern over whether this funding model could incentivize PSUs to overidentify students in high-needs, high-cost categories. However, research is mixed as to whether this actually occurs in practice and experts and practitioners note that the implementation of a monitoring system could prevent any unintended consequences of a funding model based on service level.

Recommendation: 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 special education funding model based on service level. DPI collaborated with the Friday Institute in 2016 and 2017 to conduct focus groups and workgroups with local special education practitioners, finance directors, policymakers, and other stakeholders in the state and developed a prototype matrix[10] for a funding model based on service delivery. The matrix includes categories based on the time students spend in different education settings and additional categories for the staffing costs to provide supports and shows the costs per category. This matrix provides a student-centered starting point that DPI and the State Board of Education could build on to develop a robust service level model.

[10] Note that vetting the matrix and associated costs was not part of the scope of work of this project. The overall structure of the matrix aligns to a service level funding approach. More research and development should be done to develop a funding model.

Recommendation: To avoid unintended consequences and to monitor the implementation of a funding model based on service level, RTI recommends that DPI use data from the from the Every Child Accountability & Tracking System to monitor special education implementation at the local level to ensure that students are not being over-identified or placed in service-intensive, high-costs funding tiers. This monitoring system could also monitor spending across PSUs to ensure that the system is equitable. Additionally, training on best practices for placing students in the least restrictive environment would help to ensure appropriate identification and eligibility determination.

4. HOW TO DETERMINE APPROPRIATE FUNDING LEVELS FOR EACH CATEGORY RECOMMENDED

Findings: There is no one-size-fits all process for determining special education funding allocations. Instead, states have pieced together a "hodgepodge" of approaches with varying funding levels for different funding categories in an attempt to address increasing costs while still providing needed services to students[11]. The best approach is one developed by policymakers, community members, and practitioners that considers the unique context of a state's educational structures and financial policies.

Recommendation: To determine appropriate funding levels for the different categories, RTI recommends that DPI review and update the matrix**.** The current matrix is based on the costs for providing services to individual students in educational settings. DPI should revisit the matrix to ensure that it accurately reflects costs at the district level. Additionally, DPI can use current data to run simulations using the matrix for different types of PSUs to analyze the costs and compare against the funding available for special education in the state. The state may want to make adjustments based on the realities of the overall education budget.

Recommendation: To ensure that the funding model is feasible, RTI recommends that DPI pilot test a revised version of the matrix using a representative sample of PSUs. This would allow the state to identify any logistical difficulties or gaps before implementing the funding approach on a larger scale.

5. RECOMMENDATIONS FOR USING MEDICAID REIMBURSEMENTS AT THE SCHOOL LEVEL.

Findings: The administrative costs involved in Medicaid reimbursements can be a barrier for PSUs. North Carolina has many best practices for Medicaid reimbursement in place, but DPI could possibly improve Medicaid billing by expanding the types of services PSUs can bill for and the eligible age range. Additionally, sharing data on PSU Medicaid billing could help improve training and technical assistance. Finally, charter schools tend to access Medicaid reimbursement at a much lower rate than school districts due to staffing capacity and could benefit from additional support.

Recommendation: To increase the use of Medicaid reimbursements, RTI recommends that DPI continue to collaborate with the North Carolina Medicaid Division of Health Benefits to explore ways of allowing reimbursement for additional services—such as transportation—and expanding the eligible age range.

Recommendation: To support targeted technical assistance and training, RTI recommends that DPI and the North Carolina Medicaid Division of Health Benefits continue to collaborate to share data on the utilization of Medicaid reimbursements at the PSU level.

Recommendation: To provide additional support to charter schools, RTI recommends that DPI continue to provide targeted support and training to help charter schools develop a process for reimbursement and ways of collaborating to share costs involved in billing.

[11] Kolbe, T. (2019). Funding Special Education: Charting a Path That Confronts Complexity and Crafts Coherence. *National Education Policy Center*.

APPENDIX A: INTERVIEW PROTOCOLS

STATE SPECIAL EDUCATION DIRECTORS

Why did your state decide on your current approach?

What are the pros and cons of your system?

What were the perceived negatives of the approach, and did they come out in practice?

Do you think that the system meets your equity goals?

Is it equitable for the different types of districts and schools in your state?

How would you change it if you could?

[If state uses a weighted funding system] How accurate do you—or others—feel the weights have been in practice?

How did you develop the weights for the different categories?

When you developed your funding formula, what role did local EC/SWD directors play in developing the formula?

How are labor costs for district special education staff who don't provide direct services included in your approach?

How do you support schools and districts in using Medicaid funding to provide services for SWD?

MEDICAID

What are the challenges to accessing Medicaid for districts? For Charters?

How do you support districts? What tools have you developed?

What additional supports or training would help districts and charters?

What policy changes could help to expand access?

How does North Carolina compare to other states in its approach?

How do you use data in your work with districts and charters?

APPENDIX B: NORTH CAROLINA PRACITIONER SURVEY

1) Please indicate your role.
*

( ) District Exceptional Children Director

( ) District Local Finance Director

( ) Charter Exceptional Children Director

( ) Charter Finance Director

( ) Other - Write In (Required): _____*

---

2) Which of the models described above do you think would provide a more accurate level of resources to support students with disabilities in your district?
*

( ) A funding model that is based on disability category

( ) A funding model that is based on actual services/proposed services needed

3) Please explain your selection*

_____

_____

_____

_____

4) Do you think the approach you selected in Question 2 would be equitable across LEAs in the state? *

( ) Yes

( ) No

( ) I am not sure

5) Please explain your response to Question 4?

_____

_____

_____

_____

6) Given that costs may change over time, how often do you think that the funding system you selected needs to be updated?*

( ) Annually

( ) Every two years

( ) Every five years

( ) Never

( ) Other - Write In (Required): _____*

7) Please explain your response to Question 6. Please share the key reasons why the system should or should not be updated

_____

_____

_____

_____

8) Are there any other considerations for special education funding that you would like to share?

_____

_____

_____

_____

---

9) Please rate your agreement with the following statements. *

	Strongly Agree	**Agree**	**Disagree**	**Strongly Disagree**	**Not applicable**
My district can bill and be reimbursed for all of our Medicaid costs	( )	( )	( )	( )	( )
The billing process for Medicaid is a barrier to receiving reimbursement	( )	( )	( )	( )	( )

10) Based upon your best estimate, what percentage of costs associated with Medicaid do you think your district is reimbursed for?

_____

11) What services do you not get reimbursed for by Medicaid that you think your district should be eligible for?

_____

_____

_____

APPENDIX C: STUDENTS WITH DISABILITIES BY SCHOOL SYSTEM

April 2022 Child Count

		Students with Disabilities	
	Average Daily Membership (ADM)	Ages 3-21 Total	Ages 3-21 Total %ADM
Alamance-Burlington Schools	21,955	**3,152**	**14.4%**
Alexander County Schools	4,373	**817**	**18.7%**
Alleghany County Schools	1,301	**219**	**16.8%**
Anson County Schools	2,900	**424**	**14.6%**
Ashe County Schools	2,682	**416**	**15.5%**
Avery County Schools	1,772	**338**	**19.1%**
Beaufort County Schools	5,755	**858**	**14.9%**
Bertie County Schools	1,731	**282**	**16.3%**
Bladen County Schools	3,762	**556**	**14.8%**
Brunswick County Schools	12,462	**1,947**	**15.6%**
Buncombe County Schools	21,838	**2,947**	**13.5%**
Asheville City Schools	4,110	**555**	**13.5%**
Burke County Schools	11,216	**1,826**	**16.3%**
Cabarrus County Schools	33,486	**3,844**	**11.5%**
Kannapolis City Schools	5,315	**764**	**14.4%**
Caldwell County Schools	10,479	**1,645**	**15.7%**
Camden County Schools	1,870	**230**	**12.3%**
Carteret County Public Schools	7,718	**977**	**12.7%**
Caswell County Schools	2,127	**349**	**16.4%**
Catawba County Schools	15,085	**2,027**	**13.4%**
Hickory City Schools	3,718	**502**	**13.5%**
Newton Conover City Schools	2,791	**413**	**14.8%**
Chatham County Schools	8,792	**1,120**	**12.7%**
Cherokee County Schools	2,836	**509**	**17.9%**
Edenton-Chowan Schools	1,819	**227**	**12.5%**
Clay County Schools	1,171	**216**	**18.4%**
Cleveland County Schools	13,622	**2,317**	**17.0%**
Columbus County Schools	5,003	**643**	**12.9%**
Whiteville City Schools	2,009	**290**	**14.4%**
Craven County Schools	12,290	**1,675**	**13.6%**
Cumberland County Schools	47,232	**6,976**	**14.8%**
Currituck County Schools	4,320	**542**	**12.5%**
Dare County Schools	5,054	**719**	**14.2%**
Davidson County Schools	17,529	**2,549**	**14.5%**
Lexington City Schools	2,920	**385**	**13.2%**
Thomasville City Schools	2,135	**226**	**10.6%**
Innovative School District	189	**26**	**13.8%**
Deaf and Blind Schools	*	**168**	**N/A**
Davie County Schools	5,903	**1,032**	**17.5%**

Duplin County Schools	9,314	**852**	**9.1%**
Durham Public Schools	30,971	**4,311**	**13.9%**
Edgecombe County Public Schools	5,273	**811**	**15.4%**
Winston Salem/Forsyth County Schools	51,435	**7,438**	**14.5%**
Franklin County Schools	7,887	**992**	**12.6%**
Gaston County Schools	29,366	**4,310**	**14.7%**
Gates County Schools	1,400	**278**	**19.9%**
Graham County Schools	1,077	**177**	**16.4%**
Granville County Schools	6,576	**1,054**	**16.0%**
Greene County Schools	2,672	**307**	**11.5%**
Guilford County Schools	67,123	**9,437**	**14.1%**
Halifax County Schools	2,029	**320**	**15.8%**
Roanoke Rapids City Schools	2,588	**399**	**15.4%**
Weldon City Schools	670	**111**	**16.6%**
Harnett County Schools	19,293	**2,626**	**13.6%**
Haywood County Schools	6,462	**1,318**	**20.4%**
Henderson County Schools	12,542	**1,801**	**14.4%**
Hertford County Schools	2,365	**378**	**16.0%**
Hoke County Schools	8,515	**1,113**	**13.1%**
Hyde County Schools	464	**82**	**17.7%**
Iredell-Statesville Schools	20,291	**2,400**	**11.8%**
Mooresville Graded School District	5,885	**799**	**13.6%**
Jackson County Public Schools	3,396	**625**	**18.4%**
Johnston County Schools	37,052	**5,958**	**16.1%**
Jones County Schools	961	**192**	**20.0%**
Lee County Schools	9,147	**1,302**	**14.2%**
Lenoir County Public Schools	7,969	**1,405**	**17.6%**
Lincoln County Schools	11,127	**1,683**	**15.1%**
Macon County Schools	4,306	**666**	**15.5%**
Madison County Schools	2,069	**351**	**17.0%**
Martin County Schools	2,520	**474**	**18.8%**
McDowell County Schools	5,528	**1,021**	**18.5%**
Charlotte-Mecklenburg Schools	140,084	**15,020**	**10.7%**
Mitchell County Schools	1,646	**362**	**22.0%**
Montgomery County Schools	3,451	**392**	**11.4%**
Moore County Schools	12,561	**1,631**	**13.0%**
Nash-Rocky Mount Schools	14,103	**2,169**	**15.4%**
New Hanover County Schools	24,610	**3,369**	**13.7%**
Northampton County Schools	1,221	**218**	**17.9%**
Onslow County Schools	26,813	**4,474**	**16.7%**
Orange County Schools	7,074	**988**	**14.0%**
Chapel Hill-Carrboro City Schools	11,462	**1,288**	**11.2%**
Pamlico County Schools	1,147	**203**	**17.7%**
Elizabeth City-Pasquotank Public Schools	4,608	**727**	**15.8%**

Pender County Schools	10,088	**1,413**	**14.0%**
Perquimans County Schools	1,596	**303**	**19.0%**
Person County Schools	4,271	**689**	**16.1%**
Pitt County Schools	23,117	**2,951**	**12.8%**
Polk County Schools	2,014	**331**	**16.4%**
Randolph County School System	14,981	**1,970**	**13.1%**
Asheboro City Schools	4,412	**631**	**14.3%**
Richmond County Schools	6,531	**963**	**14.7%**
Public Schools of Robeson County	20,120	**2,939**	**14.6%**
Rockingham County Schools	10,785	**1,944**	**18.0%**
Rowan-Salisbury Schools	17,788	**2,341**	**13.2%**
Rutherford County Schools	7,290	**1,303**	**17.9%**
Sampson County Schools	7,616	**911**	**12.0%**
Clinton City Schools	2,886	**231**	**8.0%**
Scotland County Schools	5,263	**976**	**18.5%**
Stanly County Schools	8,199	**1,128**	**13.8%**
Stokes County Schools	5,385	**1,019**	**18.9%**
Surry County Schools	7,041	**944**	**13.4%**
Elkin City Schools	1,269	**156**	**12.3%**
Mount Airy City Schools	1,656	**250**	**15.1%**
Swain County Schools	1,809	**352**	**19.5%**
Transylvania County Schools	3,229	**586**	**18.1%**
Tyrrell County Schools	505	**82**	**16.2%**
Union County Public Schools	40,417	**4,033**	**10.0%**
Vance County Schools	5,032	**706**	**14.0%**
Wake County Schools	158,304	**19,133**	**12.1%**
Warren County Schools	1,679	**299**	**17.8%**
Washington County Schools	1,023	**153**	**15.0%**
Watauga County Schools	4,533	**861**	**19.0%**
Wayne County Public Schools	16,970	**2,349**	**13.8%**
Wilkes County Schools	8,162	**1,211**	**14.8%**
Wilson County Schools	10,146	**1,067**	**10.5%**
Yadkin County Schools	4,946	**781**	**15.8%**
Yancey County Schools	1,920	**321**	**16.7%**
DPS Education Services (fka Div Prisons)	*	**50**	**N/A**
NC Health and Human Services	*	**61**	**N/A**
NCDPS Juvenile Education Services	*	**93**	**N/A**
North Carolina Cyber Academy	3,026	**426**	**14.1%**
NC Virtual Academy	3,289	**354**	**10.8%**
River Mill Academy	771	**58**	**7.5%**
Clover Garden	649	**101**	**15.6%**
The Hawbridge School	509	**47**	**9.2%**
Alamance Community School	420	**46**	**11.0%**
Williams Academy	84	**25**	**29.8%**
Washington Montessori	401	**56**	**14.0%**

Paul R Brown Leadership Academy	118	**17**	**14.4%**
Emereau: Bladen	565	**82**	**14.5%**
Charter Day School	923	**118**	**12.8%**
South Brunswick Charter School	532	**50**	**9.4%**
Evergreen Community Charter	439	**63**	**14.4%**
ArtSpace Charter	387	**60**	**15.5%**
Invest Collegiate - Imagine	2,422	**152**	**6.3%**
The Franklin School of Innovation	647	**90**	**13.9%**
Asheville PEAK Academy	76	*	**11.8%**
Francine Delany New School	169	**27**	**16.0%**
The New Dimensions School	463	**70**	**15.1%**
Carolina International School	730	**89**	**12.2%**
Cabarrus Charter Academy	683	**69**	**10.1%**
A.C.E. Academy	399	**52**	**13.0%**
Concord Lake STEAM Academy	542	**49**	**9.0%**
Tiller School	191	**28**	**14.7%**
Chatham Charter	557	**53**	**9.5%**
Woods Charter School	508	**67**	**13.2%**
Willow Oak Montessori	266	**45**	**16.9%**
The Learning Center	186	**43**	**23.1%**
Pinnacle Classical Academy	1,048	**93**	**8.9%**
Thomas Academy	104	**17**	**16.3%**
Columbus Charter School	841	**129**	**15.3%**
Alpha Academy	904	**66**	**7.3%**
The Capitol Encore Academy	580	**73**	**12.6%**
Water's Edge Village School	43	*	**4.7%**
Davidson Charter Academy	498	**55**	**11.0%**
Maureen Joy Charter	602	**60**	**10.0%**
Healthy Start Academy	492	**47**	**9.6%**
Carter Community Charter	217	**19**	**8.8%**
Kestrel Heights School	432	**49**	**11.3%**
Research Triangle Charter	675	**60**	**8.9%**
Central Park School For Children	566	**101**	**17.8%**
Voyager Academy	1,338	**213**	**15.9%**
Global Scholars Academy	197	**27**	**13.7%**
Research Triangle High School	573	**36**	**6.3%**
The Institute for the Development of You	347	**39**	**11.2%**
Reaching All Minds Academy	373	**19**	**5.1%**
Excelsior Classical Academy	905	**87**	**9.6%**
KIPP Durham College Preparatory	324	**25**	**7.7%**
Discovery Charter School	250	**40**	**16.0%**
North East Carolina Preparatory School	901	**93**	**10.3%**
Quality Education Academy	609	**78**	**12.8%**
Carter G Woodson School	392	**38**	**9.7%**

Forsyth Academy	704	**113**	**16.1%**
Arts Based School	504	**70**	**13.9%**
NC Leadership Charter Academy	1053	**73**	**6.9%**
Appalachian State U Academy Middle Fork	270	**42**	**15.6%**
Crosscreek Charter School	389	**53**	**13.6%**
Youngsville Academy	491	**24**	**4.9%**
Piedmont Community Charter	1,805	**180**	**10.0%**
Mountain Island Charter	1,646	**101**	**6.1%**
Ridgeview Charter School	226	**26**	**11.5%**
TeamCFA - Community Public Charter	476	**65**	**13.7%**
Falls Lake Academy	1,036	**142**	**13.7%**
Oxford Preparatory School	806	**56**	**6.9%**
Greensboro Academy	758	**68**	**9.0%**
Guilford Preparatory Academy	472	**38**	**8.1%**
Phoenix Academy Inc	1,138	**117**	**10.3%**
Triad Math and Science Academy	1,256	**156**	**12.4%**
Cornerstone Charter Academy	1,322	**141**	**10.7%**
The College Preparatory and Leadership A	822	**81**	**9.9%**
Summerfield Charter Academy	774	**59**	**7.6%**
Piedmont Classical High School	388	**46**	**11.9%**
Gate City Charter Academy	672	**73**	**10.9%**
Next Generation Academy	311	**29**	**9.3%**
The Experiential School of Greensboro	291	**48**	**16.5%**
Revolution Academy	642	**57**	**8.9%**
Summit Creek Academy	416	**62**	**14.9%**
KIPP Halifax College Preparatory	599	**54**	**9.0%**
Hobgood Charter School	328	**38**	**11.6%**
Anderson Creek Academy	281	**18**	**6.4%**
Achievement Charter Academy	156	**26**	**16.7%**
Shining Rock Classical Academy: CFA	508	**73**	**14.4%**
The Mountain Community Sch	196	**44**	**22.4%**
FernLeaf Community Charter School	435	**74**	**17.0%**
American Renaissance School	631	**107**	**17.0%**
Success Charter School	81	**20**	**24.7%**
Pine Lake Preparatory	1,859	**171**	**9.2%**
Langtree Charter Academy	1,307	**147**	**11.2%**
Iredell Charter Academy	615	**82**	**13.3%**
Summit Charter	255	**32**	**12.5%**
Catamount School	59	**11**	**18.6%**
Neuse Charter School	842	**74**	**8.8%**
Johnston Charter Academy	728	**71**	**9.8%**
Ascend Leadership Academy: Lee County	454	**57**	**12.6%**

MINA Charter School of Lee County	346	**30**	**8.7%**
Children's Village Academy	149	**37**	**24.8%**
Lincoln Charter School	2,161	**171**	**7.9%**
West Lake Preparatory Academy	397	**53**	**13.4%**
Bear Grass Charter School	407	**35**	**8.6%**
Sugar Creek Charter	1,557	**86**	**5.5%**
Lake Norman Charter	2,195	**144**	**6.6%**
Metrolina Regional Scholars Academy	392	*	**2.3%**
Queen's Grant Community School	1,266	**143**	**11.3%**
Community School of Davidson	1,459	**207**	**14.2%**
Socrates Academy	816	**73**	**8.9%**
Charlotte Secondary School	181	**45**	**24.9%**
KIPP: Charlotte	884	**95**	**10.7%**
Corvian Community School	1,278	**139**	**10.9%**
Aristotle Preparatory Academy	173	**34**	**19.7%**
Eastside STREAM Academy	270	**17**	**6.3%**
Invest Collegiate	330	**31**	**9.4%**
Bradford Preparatory School	1,501	**141**	**9.4%**
Commonwealth High School	242	**40**	**16.5%**
Pioneer Springs Community School	427	**83**	**19.4%**
Niner University Elementary School	110	**23**	**20.9%**
Lakeside Charter Acad fka Thunderbird	205	**29**	**14.1%**
United Community School	245	**46**	**18.8%**
Stewart Creek High School	230	**26**	**11.3%**
Charlotte Lab School	953	**82**	**8.6%**
Queen City STEM School	760	**57**	**7.5%**
VERITAS Community School	138	**15**	**10.9%**
Mallard Creek STEM Academy	878	**79**	**9.0%**
Matthews Charter Academy	750	**86**	**11.5%**
Unity Classical Charter School	340	**21**	**6.2%**
Movement Charter School	601	**70**	**11.6%**
UpROAR Leadership Academy	101	**20**	**19.8%**
Bonnie Cone Classical Academy	780	**59**	**7.6%**
East Voyager Academy	127	*	**6.3%**
Mountain Island Day Community Charter Sc	711	**80**	**11.3%**
Steele Creek Preparatory Academy	464	**46**	**9.9%**
Tillery Charter Academy	129	**15**	**11.6%**
Southwest Charlotte STEM Academy	730	**46**	**6.3%**
Movement School Eastland	276	**23**	**8.3%**
Telra Institute	241	*	**3.7%**
The Academy of Moore County	466	**41**	**8.8%**
Sandhills Theatre Arts Renaiss	736	**89**	**12.1%**
Moore Montessori Community School	180	**23**	**12.8%**

Rocky Mount Preparatory	999	**107**	**10.7%**
Cape Fear Center for Inquiry	403	**58**	**14.4%**
Wilmington Preparatory Academy	103	**11**	**10.7%**
Douglass Academy	106	**12**	**11.3%**
Island Montessori Charter	202	**39**	**19.3%**
Coastal Preparatory Academy	704	**45**	**6.4%**
Girls Leadership Academy of Wilmington	346	**47**	**13.6%**
Wilmington School of the Arts	164	**31**	**18.9%**
D.C. Virgo Preparatory Academy	190	**41**	**21.6%**
Gaston College Preparatory	1287	**111**	**8.6%**
Z.E.C.A. School of Arts and Technology	101	**15**	**14.9%**
Eno River Academy	754	**75**	**9.9%**
The Expedition School	353	**47**	**13.3%**
Arapahoe Charter School	502	**111**	**22.1%**
Northeast Academy of Aerospace & AdvTech	718	**81**	**11.3%**
Bethel Hill Charter	352	**28**	**8.0%**
Roxboro Community School	666	**27**	**4.1%**
Winterville Charter Academy	592	**68**	**11.5%**
East Carolina Community School	107	**34**	**31.8%**
Uwharrie Charter Academy	1744	**182**	**10.4%**
CIS Academy	109	**21**	**19.3%**
Southeastern Academy	215	**23**	**10.7%**
Old Main Stream	201	**26**	**12.9%**
Bethany Community School	579	**61**	**10.5%**
Moss Street Partnership School	367	**55**	**15.0%**
Faith Academy Charter School	476	**47**	**9.9%**
Thomas Jefferson Classical Academy	1302	**110**	**8.4%**
Lake Lure Classical Academy	473	**71**	**15.0%**
Gray Stone Day School	734	**11**	**1.5%**
Millennium Charter Academy	738	**90**	**12.2%**
Mountain Discovery Charter School	163	**31**	**19.0%**
Brevard Academy	388	**58**	**14.9%**
Union Academy Charter School	1966	**208**	**10.6%**
Union Day School	549	**36**	**6.6%**
Union Preparatory Academy at Indian Trai	1029	**117**	**11.4%**
Monroe Charter Academy	105	**27**	**25.7%**
Apprentice Academy HS of NC	238	**43**	**18.1%**
Vance Charter School	946	**92**	**9.7%**
Henderson Collegiate	1293	**64**	**4.9%**
The Exploris School	439	**72**	**16.4%**
Magellan Charter	404	**49**	**12.1%**
Sterling Montessori Academy	619	**70**	**11.3%**
Franklin Academy	1632	**81**	**5.0%**

East Wake Academy	1194	**105**	**8.8%**
Raleigh Charter High School	557	**22**	**3.9%**
Torchlight Academy	581	**26**	**4.5%**
PreEminent Charter School	669	**115**	**17.2%**
Quest Academy	143	**16**	**11.2%**
Southern Wake Academy	624	**166**	**26.6%**
Casa Esperanza Montessori	550	**62**	**11.3%**
Endeavor Charter	749	**82**	**10.9%**
Triangle Math and Science Academy	1007	**64**	**6.4%**
Longleaf School of the Arts	361	**68**	**18.8%**
Wake Forest Charter Academy	746	**87**	**11.7%**
Cardinal Charter Academy	750	**64**	**8.5%**
Envision Science Academy	734	**61**	**8.3%**
Haliwa-Saponi Tribal School	156	**26**	**16.7%**
PAVE Southeast Raleigh Charter School	431	**38**	**8.8%**
Central Wake Charter High School	214	**57**	**26.6%**
Peak Charter Academy	740	**58**	**7.8%**
Pine Springs Preparatory Academy: CFA	1084	**68**	**6.3%**
Rolesville Charter Academy	735	**104**	**14.1%**
Carolina Charter Academy: CFA	627	**61**	**9.7%**
Raleigh Oak Charter School	281	**43**	**15.3%**
Cardinal Charter Academy at Wendell Falls	639	**51**	**8.0%**
Doral Academy North Carolina	192	**19**	**9.9%**
Pocosin Innovative Charter	218	**21**	**9.6%**
Northeast Regional School - Biotech/Agri	136	*****	**3.7%**
Two Rivers Community School	165	**26**	**15.8%**
Dillard Academy	245	**22**	**9.0%**
Wayne Preparatory	878	**150**	**17.1%**
Sallie B Howard School	1041	**101**	**9.7%**
Wilson Preparatory Academy	868	**63**	**7.3%**
TOTAL	**1,489,726**	**199,950**	**13.4%**

APPENDIX D: DEFINITIONS OF FUNDING MECHANISMS

The Education Commission of the States defines the different funding approach as follows[12]:

- Flat weight: A single weight or dollar amount allocated by the state for students or districts that qualify based on certain factors or student needs. Allocations determined by flat weights do not vary based on specific program needs or student characteristics. For example, a state may provide a fixed dollar amount for each student whose family qualifies as low income to help fund additional programs to support the needs of those students.
- Multiple student weights: More than one weight or dollar amount is allocated by the state based on certain factors or student needs. States vary the amount allocated based on student need. For example, some states vary funding for students learning English as a second language, allocating more funds to students who are less fluent in English.
- Census-based: The state allocates funds to each district based on an assumed level of enrollment, regardless of the district's actual demographics. This type of funding can be used in foundation formula model funding and resource allocation model funding.
- Resource-based allocation: All districts receive a minimum base amount of resources. Resources could be staffing, services or programs, and are often based on a ratio of staffing to students.
- Reimbursement system: Districts submit receipts of eligible expenditures to the state, and the state reimburses districts for all or a portion of those expenditures.
- High-cost services funding: This type of funding is often coupled with other funding distribution methods, and funds can be distributed as grants or reimbursements. For example, a district may be responsible for the cost of special education services up to a certain threshold, but if costs exceed that threshold, a state may provide additional funding to the district.
- Categorical grant: The state distributes funds based on student characteristics or program needs to districts that demonstrate eligibility and/or a need for funding. For example, a state may provide a funding supplement for a small or isolated school district, based on that designation alone.
- Hybrid: The state distributes funds using two or more funding mechanisms. For example, a state may provide additional funding for students from low-income backgrounds using two funding streams, like a flat weight and a categorical grant.

[12] https://reports.ecs.org/comparisons/k-12-and-special-education-funding-04

APPENDIX E: GEORGIA'S 2022 SPECIAL EDUCATION FUNDING CATEGORIES AND WEIGHTS

FY22 FTE Weights and Categories						
Primary Area and Codes	**1 Segment**	**2 Segments**	**3 Segments**	**4 Segments**	**5 Segments**	**6 Segments**
Level 1						
S/L - SC (3)						
SLD - SC (U)						
2.4111				$4,484.10	$5,605.12	$6,726.15
Level 2						
MID (P)						
2.839	$1,319.97	$2,639.95	$3,959.92	$5,279.90	$6,599.87	$7,919.84
Level 3						
MOID (Q)						
SID (R)						
EBD (T)						
SLD - R (U)						
OI - SC (V)						
HH - SC (W)						
Deaf - SC (X)						
OHI - SC (Y)						
S/L - R (3)						
3.6173	$1,681.84	$3,363.68	$5,045.52	$6,727.36	$8,409.20	$10,091.04
Level 4						
PID (S)						
OI - R (V)						
HH - R (W)						
Deaf - R (X)						
OHI - R (Y)						
VI (Z)						
Deaf/Blind (2)						
5.8684	$2,728.47	$5,456.95	$8,185.42	$10,913.89	$13,642.37	$16,370.84
Level 5						
Inclusion Codes 4 - 8						
2.4733	$1,149.94	$2,299.89	$3,449.83	$4,599.78	$5,749.72	$6,899.67
Base Funding (D)						
Weight = 1.0000	$464.94	$929.89	$1,394.83	$1,859.77	$2,324.72	$2,789.66
6 segments = 1 FTE						

Source: Georgia Department of Education (2022).

APPENDIX F: EXAMPLE NORTH CAROLINA FUNDING MATRIX

Teachers & Tas: Divide the # of children by average salary & costs per position type.
Related Services: Divide the # of children by average salary & cost for each of the 1st, 2nd, & 3rd Related Service.
Nurses, Personal Attendant, Interpreter, Language Facilitator & Behavior Coach: Add the cost of staff either 1:1 or shared.

Psychologists: Enter the number of initial and re-evaluations completed the prior school year.
If a zero populates in Unrestricted Rate or Headcount it is because accurate data was not available.

Costs shown are per child based on the following:
A12 Teacher: $62,647.00 Salary + Benefits
TA: $33,620.60 Salary + Benefits

Nurses: $52,500
OT/PT: $83,229.38 Salary + Benefits
SLP: $82,905.84 Salary + Benefits
Psych Eval: $1,000 per

At A Glance	
16-17 Funding	$ 8,343,406.00
Model 1	$ 9,991,359.71
Model 2	$ 10,429,925.59

Medium Traditional LEA

Model 1: Alternate Cost Calculations

Content pulled/filled automatically by ECATS report → | ← Content filled by LEA

Setting		Schools: # of students	Schools: Teacher	Schools: TA	Schools: TA	Total for LEA Regular, Resource, Sustained Separate & Intensive needs	Related Service:	Related Service: # of students 50	Related Service: Teacher	Total for LEA Related Services Regular, Resource, Sustained Separate & Intensive needs	# of staff (Total number of staff either 1:1 or shared)	Nurse	# of staff (Total number of staff either 1:1 or shared)	Personal Attendant/ Behavior Coach/ Interpreter	# of Psychological Evaluations Completed Prior SY	Psychologist	Sub Total of Costs	Indirect Cost Calculation
Regular			***$1,566.18***						***$1,664.59***			***$52,500.00***		***$33,620.00***	***Initial Evaluations***	***$1,000.00***		Unrestricted Indirect Cost %age per LEA
(>79% of day in regular setting) **Targeted Resource** (40%-79% of day in regular setting)	LEA Data	1949	$3,052,475.08			$3,052,475.08	1 RS	347	$577,612.73	$1,002,083.18		$0.00		$0.00	327	$327,000.00	$4,381,558.26	
							2RS	120	$399,501.60									
							3 RS	5	$24,968.85									
Separate PreK Separate (<40% of day in regular setting)			***$4,474.79***	***$2,401.47***				*86*	***$3,329.18***			***$52,500.00***		***$33,620.00***	***Re-Evaluations***	***$1,000.00***		x Total PRC 32 Allotment
	LEA Data	192	$859,159.68	$461,082.24		$1,320,241.92	1 RS	42	$69,912.78	$236,371.78		$0.00	25	$840,500.00	248	$248,000.00	$2,645,113.70	÷ # children on April Child Count
							2RS	32	$106,533.76									
							3 RS	12	$59,925.24									
Intensive needs			***$7,830.88***	***$4,202.58***	***$4,202.58***			*89*	***$3,329.18***			***$52,500.00***		***$33,620.00***				
Separate School PreK DD/Special School	LEA Data	150	$1,174,632.00	$630,387.00	$630,387.00	$2,435,406.00	1 RS	30	$49,937.70	$291,303.25	1	$52,500.00		$0.00			$2,779,209.25	***Unrestricted Rate*** **13.38**
							2RS	32	$106,533.76									
							3 RS	27	$134,831.79									
PreK Itinerant Privately placed w/ plan			**$2,505.88**					*11*	***$3,329.18***									
	LEA Data	44	$110,258.72			$110,258.72	1 RS	11	$18,310.49	$18,310.49							$128,569.21	***April 1 Headcount*** **2335**
							2RS		$0.00									
							3 RS		$0.00									
	Total students	2335	OK			**$6,918,381.72**				**$1,548,068.70**		**$52,500.00**		**$840,500.00**		**$575,000.00**	**$9,934,450.42**	**$ 56,909.30**
																	Total Funding Under New Model 1	$9,991,359.71