



**NORTH CAROLINA**  
State Board of Education  
Department of Public Instruction



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# Report to the North Carolina General Assembly

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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<sup>1</sup> 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<sup>2</sup>. 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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<sup>1</sup> 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.

<sup>2</sup> 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,<sup>3</sup> 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.<sup>4</sup>

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 Associates 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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<sup>3</sup> 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>.

<sup>4</sup> 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
<b>Wina Low</b>	State Director	Georgia Department of Education, Division for Special Education Services and Supports
<b>Samantha Hollins</b>	Assistant Superintendent	Virginia Department of Education, Department of Special Education and Student Services
<b>Carol Clancy</b>	Director	Pennsylvania Department of Education, Bureau of Special Education
<b>John Eisenberg</b>	Executive Director	National Association of State Directors of Special Education (NASDSE)
<b>Lauren Holahan</b>	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.
<b>District exceptional children director</b>	68
<b>District local finance director<sup>5</sup></b>	10
<b>Charter exceptional children director</b>	11
<b>Charter finance director</b>	3
<b>Other</b>	7
<b>Total</b>	<b>99</b>

*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).*

<sup>5</sup> 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<sup>6</sup>. 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<sup>7</sup>. 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>

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

<sup>7</sup> <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.<sup>8</sup>

#### **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).

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<sup>8</sup> 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**

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

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**

<b>Role</b>	<b>Will be equitable (%)</b>	<b>Not sure if it will be equitable (%)</b>	<b>Will not be equitable (%)</b>	<b>No. of responses</b>
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
<b>Total</b>	<b>56</b>	<b>35</b>	<b>9</b>	<b>89</b>

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**

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

<b>Charter finance director</b>	0	0	0	0
<b>Other</b>	0	100	0	1
<b>Total</b>	<b>60</b>	<b>40</b>	<b>0</b>	<b>10</b>

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**

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

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

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

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<sup>9</sup>. From interviews with state special education directors and experts, RTI learned that the best approach is one

<sup>9</sup> 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**

<b>Service</b>	<b>No. of district respondents</b>	<b>No. of charter respondents</b>
<b>Mental health/ counselors/psychological services</b>	18	3
<b>Nursing</b>	16	0
<b>Transportation (and personnel support such as bus monitors)</b>	13	0
<b>Psychological testing/evaluations</b>	9	1
<b>Hearing and vision</b>	5	0
<b>Occupational therapy</b>	5	3
<b>Physical therapy</b>	4	3
<b>Personal care assistants (our 1:1)</b>	4	0
<b>Social work</b>	3	0
<b>Speech</b>	2	3
<b>Visually impaired educators</b>	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<sup>10</sup> 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.

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<sup>10</sup> 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<sup>11</sup>. 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.

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<sup>11</sup> 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 PRACTITIONER 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): \_\_\_\_\_\*

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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

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

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

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Not applicable</b>
My district can bill and be reimbursed for all of our Medicaid costs	<input type="checkbox"/>				
The billing process for Medicaid is a barrier to receiving reimbursement	<input type="checkbox"/>				

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

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

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## APPENDIX C: STUDENTS WITH DISABILITIES BY SCHOOL SYSTEM

April 2022 Child Count

	Average Daily Membership (ADM)	Students with Disabilities	
		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 Trail	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%
<b>TOTAL</b>	<b>1,489,726</b>	<b>199,950</b>	<b>13.4%</b>

## APPENDIX D: DEFINITIONS OF FUNDING MECHANISMS

The Education Commission of the States defines the different funding approach as follows<sup>12</sup>:

- 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.

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<sup>12</sup> <https://reports.ecs.org/comparisons/k-12-and-special-education-funding-04>

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

<b>FY22 FTE Weights and Categories</b>						
<b>Primary Area and Codes</b>	<b>1 Segment</b>	<b>2 Segments</b>	<b>3 Segments</b>	<b>4 Segments</b>	<b>5 Segments</b>	<b>6 Segments</b>
<b>Level 1</b>						
S/L - SC (3)						
SLD - SC (U)						
<b>2.4111</b>				\$4,484.10	\$5,605.12	\$6,726.15
<b>Level 2</b>						
MID (P)						
<b>2.839</b>	\$1,319.97	\$2,639.95	\$3,959.92	\$5,279.90	\$6,599.87	\$7,919.84
<b>Level 3</b>						
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)						
<b>3.6173</b>	\$1,681.84	\$3,363.68	\$5,045.52	\$6,727.36	\$8,409.20	\$10,091.04
<b>Level 4</b>						
PID (S)						
OI - R (V)						
HH - R (W)						
Deaf - R (X)						
OHI - R (Y)						
VI (Z)						
Deaf/Blind (2)						
<b>5.8684</b>	\$2,728.47	\$5,456.95	\$8,185.42	\$10,913.89	\$13,642.37	\$16,370.84
<b>Level 5</b>						
Inclusion Codes 4 - 8						
<b>2.4733</b>	\$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		
<b>16-17 Funding</b>	<b>\$</b>	<b>8,343,406.00</b>
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:				Total for LEA Regular, Resource, Sustained Separate & Intensive needs	Related Service:			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
	# of students	Teacher	TA	TA		# of students 50	Teacher										
<b>Regular</b> (>75% of day in regular setting)	LEA Data		\$1,566.18					\$1,664.59		\$52,500.00		\$33,620.00		Initial Evaluations	\$1,000.00	\$4,381,558.26	Unrestricted Indirect Cost %age per LEA
<b>Targeted Resource</b> (40%-75% of day in regular setting)		1949	\$3,052,475.08		\$3,052,475.08	1 RS 347 \$577,612.73 2 RS 120 \$399,501.60 3 RS 5 \$24,968.85		\$1,002,083.18		\$0.00		\$0.00	327	\$327,000.00			
<b>Separate PreK Separate</b> (<40% of day in regular setting)	LEA Data		\$4,474.79	\$2,401.47		86 \$3,329.18 1 RS 42 \$69,912.78 2 RS 32 \$106,533.76 3 RS 12 \$59,925.24		\$236,371.78		\$52,500.00		\$33,620.00	Re-Evaluations	\$1,000.00			
<b>Intensive needs Separate School PreK DD/Special School</b>	LEA Data	192	\$859,159.68	\$461,082.24	\$1,320,241.92					\$52,500.00	25	\$840,500.00	248	\$248,000.00	\$2,645,113.70	x Total PRC 32 Allotment + # children on April Child Count	
<b>PreK Itinerant Privately placed w/ plan</b>	LEA Data	150	\$1,174,632.00	\$630,387.00	\$630,387.00	89 \$3,329.18 1 RS 30 \$49,937.70 2 RS 32 \$106,533.76 3 RS 27 \$134,831.79		\$291,303.25	1	\$52,500.00		\$0.00			\$2,779,209.25	Unrestricted Rate 13.38	
	LEA Data	44	\$2,505.88 \$110,258.72		\$110,258.72	11 \$3,329.18 1 RS 11 \$18,310.49 2 RS \$0.00 3 RS \$0.00		\$18,310.49							\$128,569.21	April 1 Headcount 2335	
<b>Total students</b>		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	
															<b>Total Funding Under New Model 1</b>	<b>\$9,991,359.71</b>	