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# Wyoming School Funding Model Recalibration: Special Education Funding Analysis

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for  
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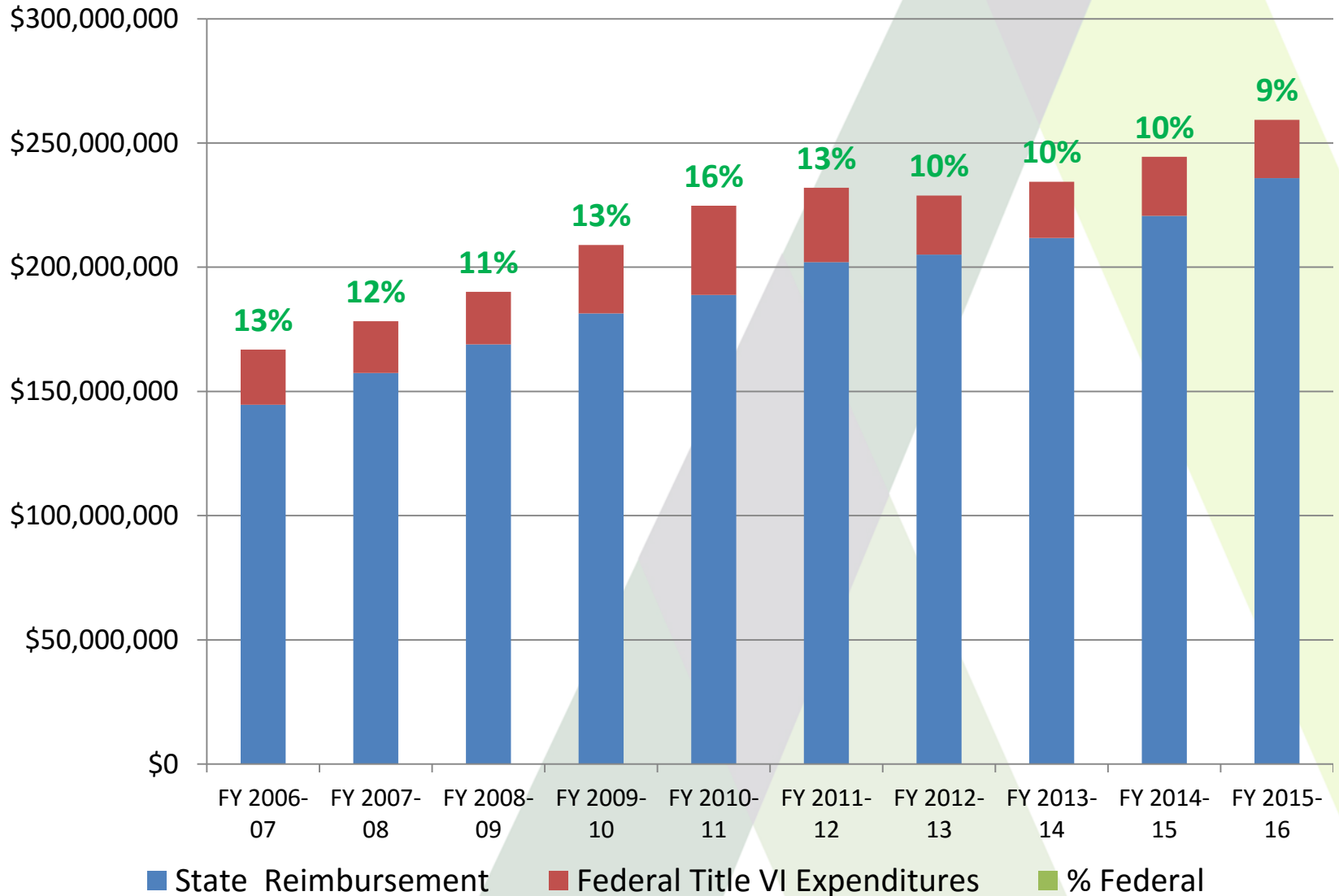
Presentation to the Select Committee  
Casper, WY  
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# Review and Analysis of Current Funding System

- Two main funding sources
  - State: primary funder
    - All new funds since 2006-07 from state
  - Federal: minor partner in funding

<b>State and Federal Funding for Special Education in Wyoming</b>				
<b>Fiscal Year</b>	<b>State Reimbursement</b>	<b>Federal Title VI Expenditures</b>	<b>Total State + Federal</b>	<b>% Federal</b>
FY 2006-07	\$144,630,235	\$22,239,837	\$166,870,072	13%
FY 2015-16	\$235,811,740	\$23,514,395	\$259,326,135	9%
10 Year Total Funding	\$1,916,607,839	\$251,161,787	\$2,167,769,627	12%

## Trends in State & Federal Funding for Special Education



# State Funding Approach for Special Education

## Reimbursement Approach

1. Districts spend monies for special education programs and services for identified students
2. State reimburses districts 100% for prior year's approved expenditures
  - After review for unusual or unexplained changes in expenditure patterns

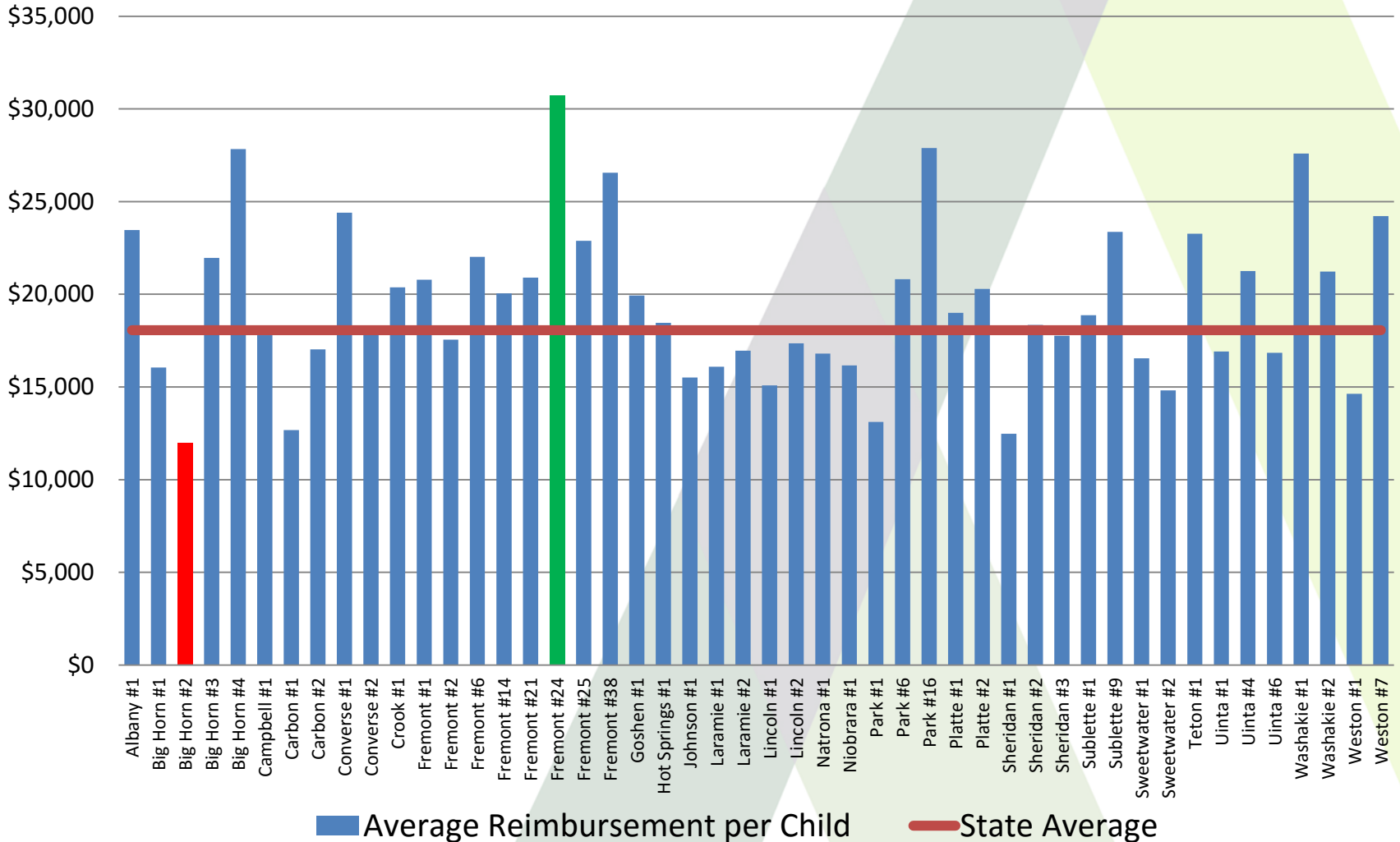
# No Specific Formula for Special Education Funding

- **Reimbursements based on actual expenditures**
  - Personnel: Salaries and benefits
  - Non-personnel: equipment/repair/maintenance, travel, instructional materials, tuition, and contracts
- **No regulations or guidelines for funding**
- **No funding factors, such as**
  - Numbers of students
  - Types of students
  - Types of services
  - District wealth or local tax effort

# State Average Reimbursement Per Child<sup>1,2</sup>

- Wide variety in the amounts of special education funding per student across districts
  - Per student amounts for 2015-16
    - State average: \$18,063
    - Minimum: \$11,969
    - Maximum: \$30,741
1. Pupil measure is Special Education Child Count by Disability as of October 1, 2015.
  2. Reimbursement measure is amount reported as Total Reimbursement by WDE for FY 2015-16

# Average State Reimbursement per Student by District FY 2015-16



# Possible Reasons for Differences in Per Student Reimbursements

- Was 2015-16 an unusual year?
  - No; Results relatively stable across last 3 years
- Related to characteristics of the special education population among districts?
- Related to district size?
- District budget or staffing factors?



# Results of Possible Reasons for Differences in District Reimbursements

- Special education population factors show low correlations with average reimbursement per student
- Strongest relationships are with budget factors
  - Average personnel cost per student is logical
    - Higher personnel costs mean higher costs that yield higher reimbursements
  - Lower student/staff ratios mean more staff, higher personnel costs and higher reimbursements

# Analysis of Possible Reasons for Differences in District Reimbursements

Correlation of Average Reimbursement per Student and Other Measures	
Percent of Students with Higher Cost Disabilities	0.256
Percent of Special Education Students in Total K-12 Population	(0.239)
Total Number of Special Education Students in the District	(0.230)
Total K-12 Student Population in the District	(0.213)
Personnel Costs per Student	0.774
Student/Staff Ratio	(0.456)
Percent of Special Education Students and Total K-12 Enrollment	(0.135)

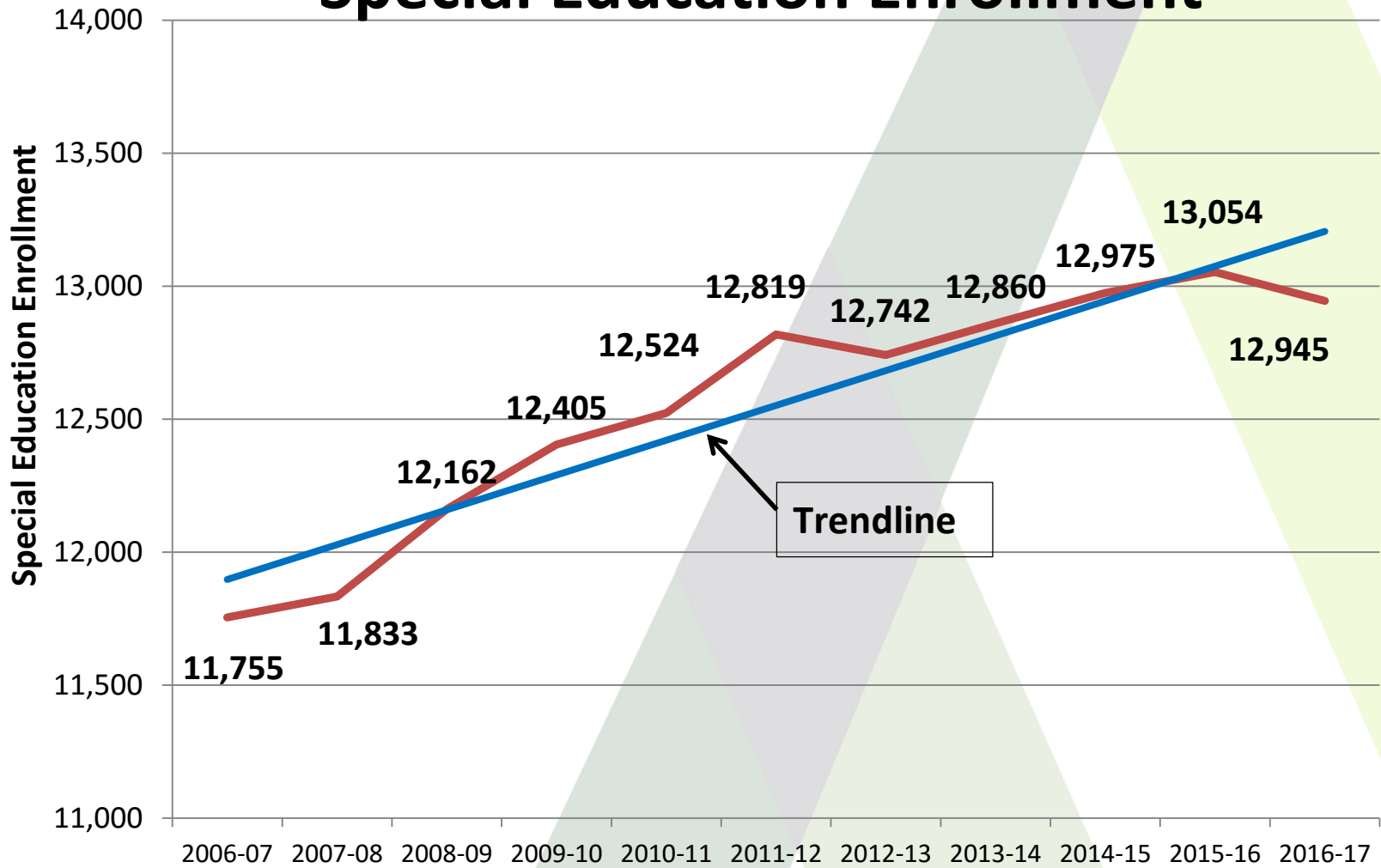
# Conclusions about Special Education Funding Approach

- State funding model is a reimbursement approach for prior year approved expenditures
- No fiscal or program or student factors that guide or direct state funding
- No current regulations or guidelines regarding the amount or distribution of special education expenditures
- Reimbursement funding/student differences may be due to district choices in staffing and salary and benefit levels

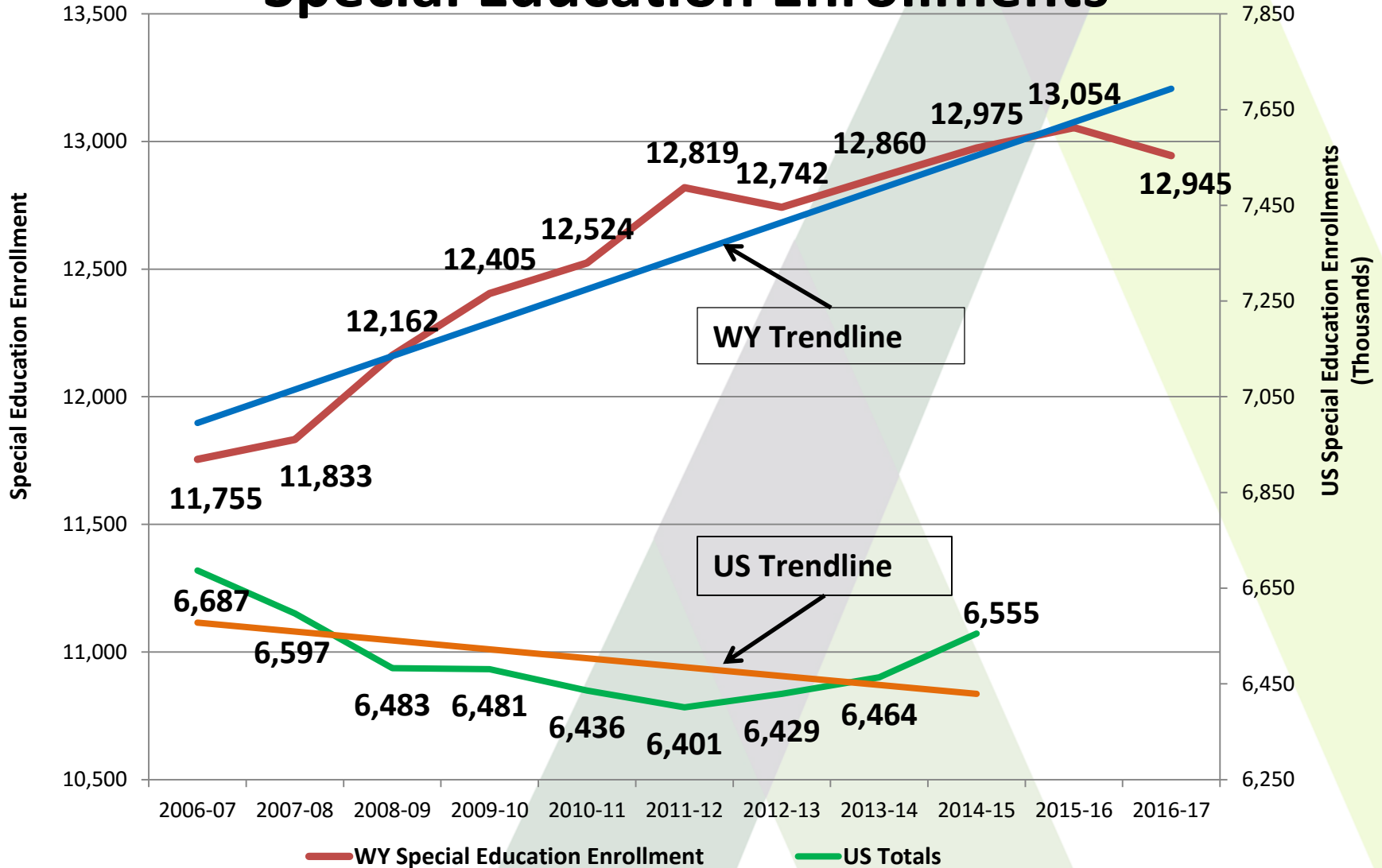
# Special Education Enrollments

- **Wyoming enrollments have grown slowly from 2006-07 to 2016-17**
  - Gaining about 1,200 students annually
  - Averaging a modest 1% annual growth rate during this ten year period
- **US total disability enrollments declined about 2% over an eight year period from 2006-07 to 2014-15**
  - Averaging a decrease of about 0.25% annually during this eight year period

# Special Education Enrollment



# Special Education Enrollments



# Incidence Rates (Percent of Special Education Students in District)

- **Little change in the overall statewide incidence rate in last 10 years**
  - Averaging around 14% across most districts
  - Some variation among districts
- **US rate (13.0%) slightly lower than WY (13.9%)**
  - WY higher for speech/language, and other health impaired
  - US higher for cognitive disability and developmental delay

## Incidence Rates by Disability

	2015-16	2014-15	Difference
Disability	Wyoming	US	
Autism	1.0%	1.1%	(0.1%)
Traumatic Brain Injury	0.1%	0.1%	0
Cognitive Disability	0.5%	0.8%	(0.3%)
Developmental Delay	0.4%	0.8%	(0.4%)
Emotional Disability	0.6%	0.7%	(0.1%)
Hearing Impairment	0.2%	0.2%	0
Other Health Impaired	2.1%	1.7%	0.4%
Learning Disability	4.5%	4.5%	0
Multiple Disabilities	0.3%	0.3%	0
Orthopedic Disability	0.1%	0.1%	0
Speech/Language	4.1%	2.6%	1.5%
Visual Impairment	0.1%	0.1%	0
Total	13.9%	13.0%	0.9%



# Certified Special Education Staff

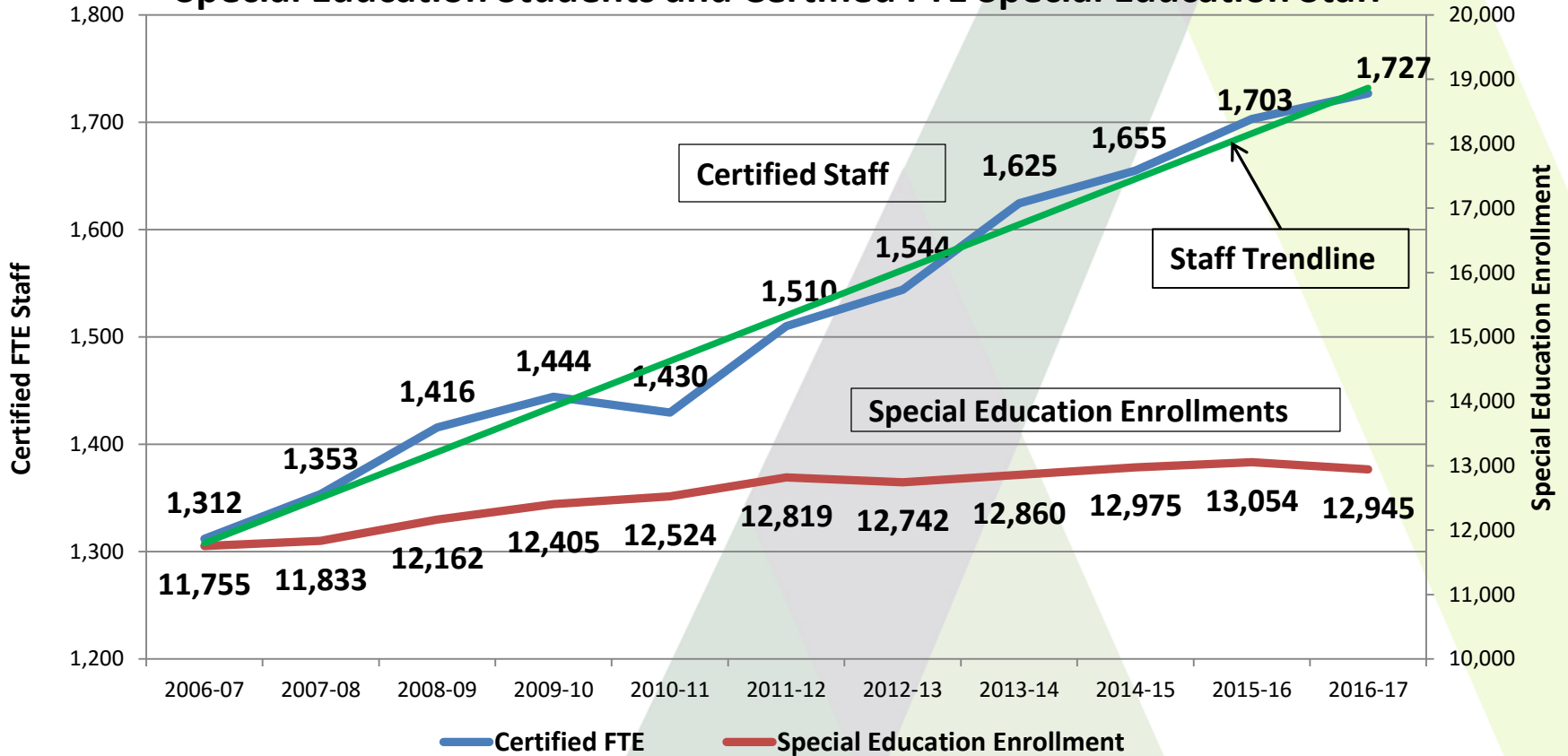
- Teachers
- Audiologists
- Case Managers Counselors
- Interpreters
- Occupational Therapists
- Physical Therapists
- Supervisors
- Psychologists
- School Nurses
- Speech Pathologists
- Social Workers

# Growth Patterns for Staff

## Two different patterns

- 2006-07 through 2010-11 (4 years)
  - Total certified staff increased by 118 FTE or 9%
  - About 30 net new positions per year
  - 28 districts gained staff, 20 districts reduced staff
- 2011-12 through 2016-17 (6 years)
  - Total certified staff increased by 297 FTE or 21%
  - Approximately 50 new staff per year
  - 35 district added positions, while 13 districts lost positions

## Special Education Students and Certified FTE Special Education Staff



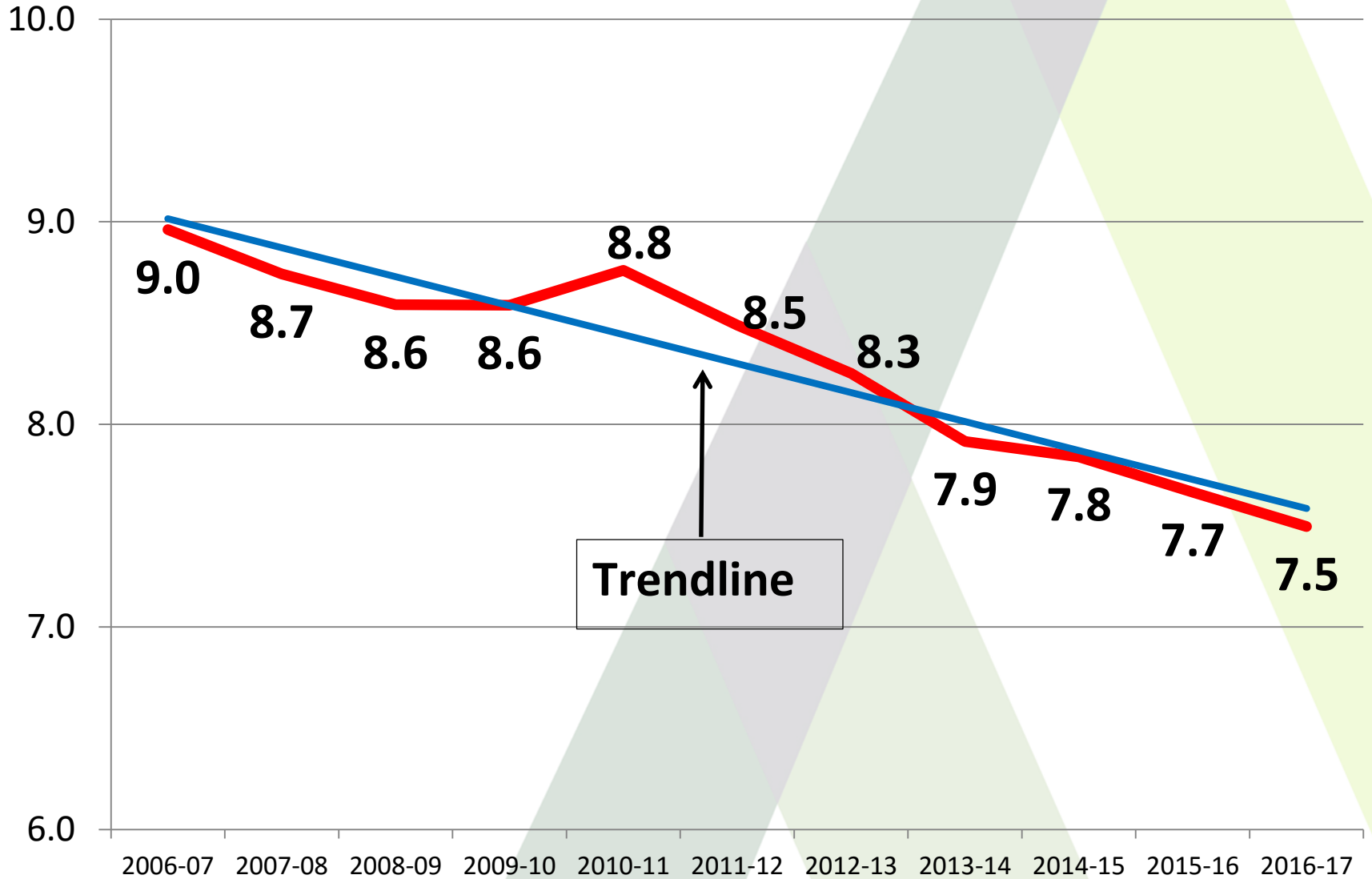
# Enrollment vs Staffing

- **Special Education Enrollment**
  - Slow growth: About 1% per year
- **Certified Special Education FTE Staff**
  - Much more rapid growth: About 3% per year
- **Staffing Increases Not Tied to Enrollments**

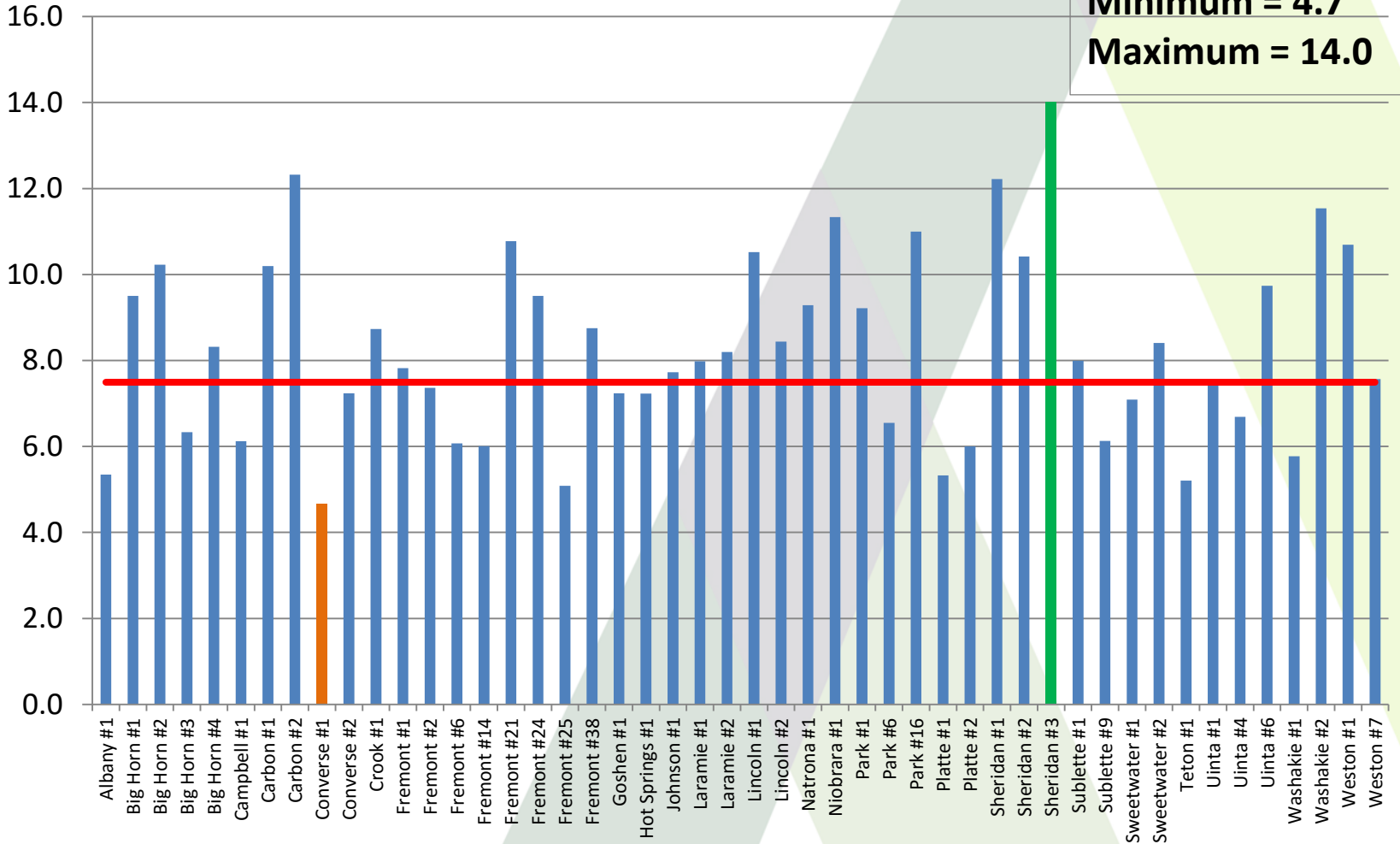
# Student/Staff Ratios

- Student/staff ratios measure the intensity of the personnel resources used
- Lower ratios = fewer students per staff member
  - Greater cost per student, but
  - Presumably higher level of service
- Higher ratios = more students per staff member
  - Lower cost per student, but
  - Possible lower level of service
- Ratios declined from 9.0 to 7.5 over 10 years
  - Overall reduction of 1.5 students per staff member
- Wide range of ratios across districts

# State Average Student/Staff Ratios



# Student/Staff Ratios by District FY 2016-17



# BOCES for Special Education

- Three Primarily Residential BOCES for disabled students in Wyoming
  - Region V BOCES, in Wilson
  - Northeast Residential BOCES in Gillette
  - Northwest Residential BOCES in Thermopolis
- Students placed by school districts and court-ordered placements
- Some limited non-residential services for other disabled students



# Funding for BOCES

- District-placed students paid for by districts, who bill state for reimbursement
- Court-ordered placements paid for by
  - Wyoming Department of Family Services
  - Wyoming Department of Education
  - Medicaid through Department of Health
- Inadequate funding claimed due to exclusion of operating costs from reimbursement

# Recommendations

**Education policy makers should first decide:**

1. If the current 100% reimbursement funding approach for special education is acceptable?
- OR
2. Would a more structured approach with more state controls and guidelines on special education funding and spending be better?

*Any new funding formula for special education would have to use a cost-based approach.*

# Increase WDE Oversight

- Begin with “Exception Approach,” looking at outlier districts initially
- What are these districts doing that increases or minimizes their costs?
- Do they have positive or negative impact on students and learning outcomes?
- Are their best practices applicable to other districts?
- Provide districts with knowledge and technical assistance

# Key Areas to Review

- **Detailed review focusing on key cost drivers for special education**
  - Instructional programming practices
  - Types of educational programs and related services provided
  - Staffing patterns by type of staff
  - Enrollments, identification practices, incidence rates

# Encouraging Efficiencies within Current Reimbursement Approach

- Utilize program guidelines for best practices to guide districts to improve
- Establish staffing guidelines
- Link instructional program guidelines to approved funding
- Greater utilization of BOCES to provide efficient programs and services for low incidence, high cost disabled students on a regional basis and consider expanding services to other disabled students in districts
- Identify opportunities for shared services for personnel, equipment
- Use of technology and distance education to provide educational programs for districts

# Potential Conflict with Federal Requirements

- Changes to the special education reimbursement approach, adoption of a new formula, or other changes impacting expenditure levels may lead to issues with two federal requirements:
  1. State Maintenance of Fiscal Support
  2. Local Maintenance of Effort

# Maintenance of Fiscal Support

- If Wyoming fails to maintain fiscal support (MFS) for special education and is not granted a waiver, its federal allocation would be reduced dollar-for-dollar of the shortfall in fiscal support
  - The MFS is a statewide aggregate amount of spending related to IDEA
    - For FY 2015-16, Wyoming's calculated MFS including the Wyoming Department of Health Division (BHD) and other state level budgets was about \$260 million
  - MFS compliance is determined by the amount of state financial support *provided or made available*, regardless of how much was spent
  - Wyoming received approximately \$22.5 million in IDEA federal funds for FY16-17

# Maintenance of Effort

- The state is also required to ensure that any Local Education Agency (LEA) receiving IDEA funds complies with local Maintenance of Effort (MOE) requirements
  - This requirement is separate from MFS
  - If a district fails to meet MOE, the state must repay (using non-federal funds) the difference between what the district actually expended and what they should have spent to meet effort
  - It is important to note that there are no waivers for MOE only “exceptions”



# Maintenance of Effort

- Allowable exceptions for a district include:
  - voluntary or for-cause departure of special education staff;
  - decrease in enrollment of IDEA eligible children;
  - termination of an exceptionally costly program for a particular child – under certain circumstances;
  - termination of costly expenditures for long-term purchases; and
  - assumption of cost by the state’s high-cost fund.