Wyoming School Funding Model Recalibration: Special Education Funding Analysis


Presentation to the Select Committee
Casper, WY
November 2017
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

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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>State Reimbursement</th>
<th>Federal Title VI Expenditures</th>
<th>% Federal</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2006-07</td>
<td>$13,000,000</td>
<td>$2,000,000</td>
<td>13%</td>
</tr>
<tr>
<td>FY 2007-08</td>
<td>$12,000,000</td>
<td>$2,200,000</td>
<td>12%</td>
</tr>
<tr>
<td>FY 2008-09</td>
<td>$11,000,000</td>
<td>$2,500,000</td>
<td>11%</td>
</tr>
<tr>
<td>FY 2009-10</td>
<td>$16,000,000</td>
<td>$3,000,000</td>
<td>13%</td>
</tr>
<tr>
<td>FY 2010-11</td>
<td>$13,000,000</td>
<td>$2,000,000</td>
<td>16%</td>
</tr>
<tr>
<td>FY 2011-12</td>
<td>$10,000,000</td>
<td>$1,500,000</td>
<td>10%</td>
</tr>
<tr>
<td>FY 2012-13</td>
<td>$10,000,000</td>
<td>$1,500,000</td>
<td>10%</td>
</tr>
<tr>
<td>FY 2013-14</td>
<td>$10,000,000</td>
<td>$1,500,000</td>
<td>10%</td>
</tr>
<tr>
<td>FY 2014-15</td>
<td>$10,000,000</td>
<td>$1,500,000</td>
<td>10%</td>
</tr>
<tr>
<td>FY 2015-16</td>
<td>$9,000,000</td>
<td>$1,600,000</td>
<td>9%</td>
</tr>
</tbody>
</table>
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
  o Personnel: Salaries and benefits
  o 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$^{1,2}$

- 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

Average Reimbursement per Child  
State Average
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

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

- 2006-07: 11,755
- 2007-08: 11,833
- 2008-09: 12,162
- 2009-10: 12,405
- 2010-11: 12,524
- 2011-12: 12,819
- 2012-13: 12,742
- 2013-14: 12,860
- 2014-15: 12,975
- 2015-16: 13,054
- 2016-17: 12,945
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
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Autism</td>
<td>1.0%</td>
<td>1.1%</td>
<td>(0.1%)</td>
</tr>
<tr>
<td>Traumatic Brain Injury</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0</td>
</tr>
<tr>
<td>Cognitive Disability</td>
<td>0.5%</td>
<td>0.8%</td>
<td>(0.3%)</td>
</tr>
<tr>
<td>Developmental Delay</td>
<td>0.4%</td>
<td>0.8%</td>
<td>(0.4%)</td>
</tr>
<tr>
<td>Emotional Disability</td>
<td>0.6%</td>
<td>0.7%</td>
<td>(0.1%)</td>
</tr>
<tr>
<td>Hearing Impairment</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0</td>
</tr>
<tr>
<td>Other Health Impaired</td>
<td>2.1%</td>
<td>1.7%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Learning Disability</td>
<td>4.5%</td>
<td>4.5%</td>
<td>0</td>
</tr>
<tr>
<td>Multiple Disabilities</td>
<td>0.3%</td>
<td>0.3%</td>
<td>0</td>
</tr>
<tr>
<td>Orthopedic Disability</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0</td>
</tr>
<tr>
<td>Speech/Language</td>
<td>4.1%</td>
<td>2.6%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Visual Impairment</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13.9%</strong></td>
<td><strong>13.0%</strong></td>
<td><strong>0.9%</strong></td>
</tr>
</tbody>
</table>
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
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

Trendline
Student/Staff Ratios by District
FY 2016-17

Average = 7.5
Minimum = 4.7
Maximum = 14.0
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.