Funding Models: EC Weighted Model - Proposed

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North Carolina Department of
PUBLIC INSTRUCTION

EC Weighted Model

LEGISLATIVE REQUIREMENT
WEIGHTED FUNDING FOR EC STUDENTS
SL 2023-134, SECTION 7.7.

The Department of Public Instruction shall develop a model, based on the study conducted pursuant to Section 7.44 of S.L. 2021-180, for funding children with disabilities services on the basis of the reported cost of the services provided. The Department shall report to the Joint Legislative Education Oversight Committee by January 15, 2024, on the model of funding developed pursuant to this section and a comparison by public school unit of funds provided under the existing model and the model developed pursuant to this section.

Current Funding Model

§ 115C-111.05. Funding for children with disabilities. To the extent funds are made available for this purpose, the State Board shall allocate funds for children with disabilities to each local school administrative unit on a per child basis. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) thirteen percent (13%) of its allocated average daily membership in the local school administrative unit for the current school year.

- Flat dollars per pupil ($PP)
  - $5,309.31 per funded child count for FY 23-24.
- Child count is comprised of the lesser of the April 1 handicapped child count or a 13% cap of the allotted ADM. (from ECATS)
- Capped at 13% of the total ADM

Proposed Model Key Elements

- Based on December 1st EC Child Count from ECATS, consistent with federal funding

- Removes the 13% funding cap

- Establish a Base for the state funding model by applying the Title VI-B federal funding methodology and funding factor

- Adding Weighted factors for:
  - Environment: based on Placement Code in ECATS
  - Intensity of Service: based on the Course of Study

Less EC Time + Regular Diploma → More EC Time + Diploma/Certificate

Level III

Resource (ECS), Separate Class/School, PK, Home/Hospital, Residential

SCOS/OCS/ECS

$$$$$

Level II

Resource (SCOS/OCS), PreK –Provider Location/Separate Class

SCOS/OCS

$$→$$$$

Level I

Regular, RECP

SCOS/OCS

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DATA SOURCES

- Student Numbers from **ECATS – Dec 1st**: We have identified a report in **ECATS** that has these metrics that all PSUs will be able to run to support this model:
  - Case Management Report

- The Average Salary data is same as published and used by DPI as well as OSBM and the General Assembly for all the other funding categories and posted on our website.

Note: ECATS is the authoritative database for the services provided to EC and is monitored by DPI for compliance.

The Base within the State Model

- The intention of having a State Base level of funding within the model is to provide a stable base-line source of funding to cover the various costs such as contracted services, technical training and supports, supplies & materials, etc.
    - These metrics made the prior versions of the model too complex for annual application of the funding model.

- Using the value of the funding already calculated under the Federal Title VI-B funding model and applying a % funding factor to obtain the state base value for the model, we will have the base grounded in federally approved logic/research and we are using the same headcount data for both our state and federal funding streams.
    - The current model is using 20% of the PSUs Prior Year Title VI-B (PRC 060) funding.
    - It should be noted that federal funding is always in arrears.
    - As federal funding increases (or decreases) the base will change proportionally.
        - To ensure stability for the state budget planning using the prior year federal funding will help the state plan for those changes in federal funding during the state's budget process.

Weighted Factors

- Environment (Placement Code)
  - Items from Homebound, to Resource, Separate Classroom and School, Regular and the various PreK settings

- Intensity of Services (Course of Study)
  - Standard Course of Study, Occupational Course of Study, Future Course of Study, and Extended Course of Study

- Using those factors then grouping by Service Level 1, 2 and 3 (3 being most intensive services required)

- Allows for the model to then generate funding by category to move funding towards those service levels requiring more support.

The Weights

Considers staffing as the largest financial burden for the PSUs and most important for service delivery. We are using a staffing ratio as the primary weighting:

- Level 1: 1:30 Ratio for Teachers and Related Services (RS) staff
- Level 2: 1:20 Ratio for Teachers, RS, Paraprofessionals
- Level 3: 1:9 Ratio for Teachers, RS, and Paraprofessionals

- The ratios are based upon requirements in the NC Policies Governing Services for Children with Disabilities, national averages from professional organizations, and data included in the RTI study.

- The formula uses statewide average salaries & benefits for the funding based on the ratios.
  - Adding the salary element will also help the model receive it's share of any legislative salary and benefit increases annually.

Proposed Model Crosswalk - Categories

Educational Environment Coding	Service Level Category	ECATS Data - Case Mgmt Data					Weighting for Staff: Caseload ratio and applied weighted percentage based on expenditure data			
		Placement Code**	Course of Study (Intensity of Service)				Staff Weights for Est FTE	Teachers % Weight	Related Svcs % Weight	Paraprofessional % Weight
PK - RECP 1	1	RECP1	Blank	F	O		30	100%	50%	
PK - RECP 2	1	RECP2	Blank	F	O		30	100%	50%	
PK - RECP 3	1	RECP3	Blank	F	O		30	100%	50%	
PK - RECP 4	1	RECP4	Blank	F	O		30	100%	50%	
Regular	1	REG	Blank	F			30	100%	50%	
CF	2	CF	Blank	F	O		20	100%	60%	50%
PK - Provider Location	2	PKPL	Blank	F	O		20	100%	60%	50%
PK - Separate Class	2	PKSC	Blank	F	O		20	100%	60%	50%
PPP	2	PPP	Blank	F	O		20	100%	60%	50%
Resource	2	RES	Blank	F	O		20	100%	60%	50%
CF	3	CF				E	9	100%	70%	200%
Home/Hospital	3	HOM	Blank	F	O	E	9	100%	70%	200%
Residential	3	HOM	Blank	F	O	E	9	100%	70%	200%
PK Home	3	PKHM	Blank	F	O	E	9	100%	70%	200%
PK - Provider Location	3	PKPL				E	9	100%	70%	200%
PK - Residential	3	PKRS	Blank	F	O	E	9	100%	70%	200%
PK - Separate Class	3	PKSC				E	9	100%	70%	200%
PK - Separate School	3	PKSS	Blank			E	9	100%	70%	200%
PPP	3	PPP				E	9	100%	70%	200%
Residential Facility	3	REF	Blank	F	O	E	9	100%	70%	200%
Resource	3	RES				E	9	100%	70%	200%
Separate Class	3	SEP	Blank	F	O	E	9	100%	70%	200%
Separate School	3	SPS	Blank	F	O	E	9	100%	70%	200%

Maintenance of Effort (MOE)

- With the federal requirements to ensure that the State's funding efforts for the PSUs remains stable over time and ensure continuity of services we continue to examine how this new model will impact MOE.

- We have established a category within the model to allow for MOE Stabilization Funding.

- This funding category will ensure that PSUs are held to a minimum of the current FY 23-24 funding levels.

- We continue to examine how the model may impact State and PSU MOE requirements.

The Proposed Model Will:

- Generate varied funding based on the weights applied to the service level categories rather than a fixed level per student.

- Use all students without a funding cap. Bases the core data factors December data to ensure appropriate PSU and state budget development. *(Eliminates the April headcount – which hampers those final budget requirements)*

- Create a couple measures of recurring funding for legislative salary and benefit changes, and federal funding changes.

- Help ensure stabilization for the PSUs to meet MOE requirements.

- Generate funding and a distribution of that funding to more closely align with the students and their service delivery needs.

- The funding is tracking as would be expected and we clearly see a shift in the funding distribution by PRC based on the categories.

- The funding will rescale annually to match student movement and needs.

What it is. What it is not.

It is:
- A different funding model that generates a pool of funds for the PSUs to serve EC students needs
- Generated based on the service level required for the student, instead of distributing based on a fixed amount per student

It is:
- Not a reimbursement model
- Not directing the PSU on how to use the funds.
- Not determining of a specific student's required services
- Not requiring the PSU to expend a specific amount for a student
- Not a model that transfers funding with student movement during the school year

Proposed Model's
Funding Requirements - Summary

Proposed Model Total Funding Required	**$1,630,716,910**
Less: Federal Title VI-B Base Funding	$357,299,966
Net Proposed Funding Required for Model	**$1,273,416,944**
Less: Current State Funding Budgeted (PRC 032)	$1,050,368,801
Net Proposed Increase (Decrease) in Funding Required	**$223,048,143**

It should be noted that the model does not attempt to stipulate how the model should or should not be funded. It simply generates potential funding that may be required for these students based on the model's metrics.

Summary of Proposed Model Funding Requirements - Service Categories

Proposed Funding by Model Categories	ECATS Student by Category	% of Total ECATS Students	Total Funding Generated	% of Total Funding	Est $ per Pupil
Base Funding			$ 71,459,993	4.4%	$ 337
Category I - Regular	147,884	70%	$ 595,538,730	36.5%	$ 4,027
Category II - Resource	39,036	18%	$ 310,106,282	19.0%	$ 7,944
Category III - Separate	24,984	12%	$ 631,816,136	38.7%	$ 25,289
MOE Stabilization Funds			$ 21,795,770	1.3%	$ 103
Totals	211,904	100%	$ 1,630,716,910	100.0%	$ 7,696

Next steps

- Build the model as a proforma within the State budget build process and as a budgeted tool for the PSUs.

- Create the model in a public platform to allow PSUs to see how the funding could be generated.
    - Consideration to the PII information and elements.
    - Ease of use and confidentiality of the PSU data.

- Examining how the model and federal MOE may or may not be impacted.

- Continue to run the model against actual expenditures data to see how it fairs in covering real and projected costs.

- Gain additional feedback from the PSUs, work with the PSUs to ensure the data elements are applied consistently, etc.

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