

Exceptional Children Funding Allotment Cap

Fiscal Research Division

10/2016

Overview

- ▶ Explanation and history of funding allotment cap for Children with Disabilities
- ▶ Potential effects of the funding cap
- ▶ Cost estimates of increasing or eliminating the 12.5% cap

Allotment Formula for Children with Disabilities (PRC 032)

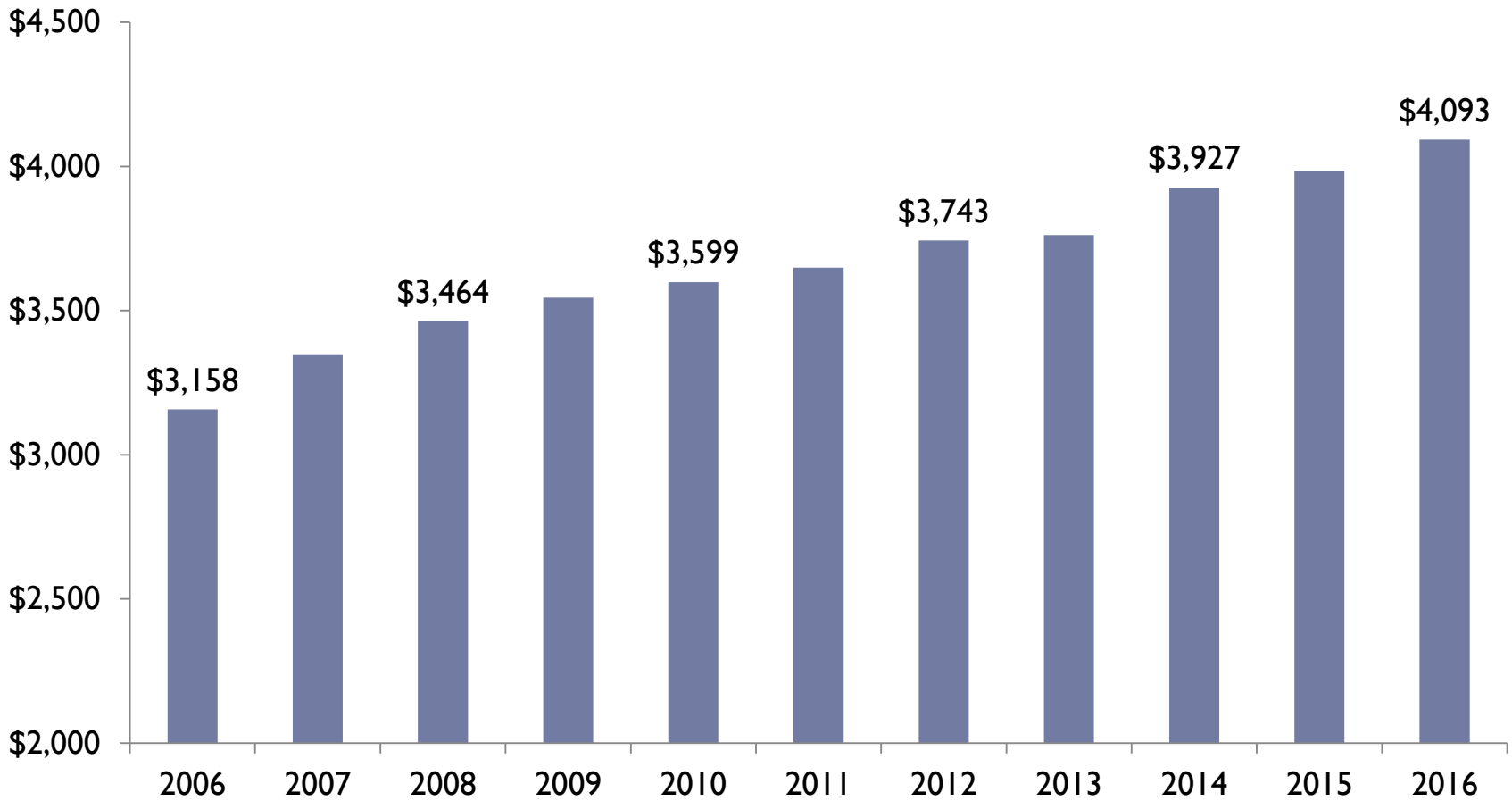
Funding for Children with Disabilities (age 5-21) is computed using two components:

1. Number of Eligible Children with Disabilities
 - Eligibility defined by State Board of Education
 - April 1 count of students used for upcoming fiscal year
 - Select the **lesser** of the April 1 count or an overall 12.5 percent cap on Allotted ADM

2. Funding Factor- Dollars per eligible funded headcount
 - Set through appropriations process
 - \$4,093 \$ per student in FY 2016-17

Multiply (1) and (2) for a final LEA allotment amount

Dollars per Eligible Student with Disabilities (PRC 032), Fiscal Years 2006-2017



History of the Funding Cap

▶ 1978-79:

- ▶ General Assembly directed the State Board of Education (SBE) to develop and implement a new funding formula for special education

▶ 1980-81:

- ▶ Advisory Budget Commission of the General Assembly approved a revised funding formula from the SBE, funded Children with Disabilities up to 12.5% of LEAs ADM
- ▶ Included internal caps based on national rates for each type of disability (removed in 1987-88)

▶ 1993-96:

- ▶ Additional funds given to LEAs over 12.5% cap

Potential Effects of Funding Cap

- ▶ Unmet need for districts over cap
- ▶ Financial incentive for overidentification
- ▶ National and Statewide percentages vary:
 - ▶ Students served under federal IDEA funds: 13%
 - ▶ 2016 North Carolina Statewide Average: 12.27%
 - ▶ CDC: 15.4%

Cost Estimates of Changing Allotment Cap

2016 Total Identified Students with Disabilities: 178,379

Maximum Fundable % of ADM	Total Funded Headcount	Estimated Total Cost	LEA's Above Cap	Funding Increase
Current Policy: 12.5%	168,523	\$ 689,786,186	65	-
13%	171,348	\$ 701,352,622	56	\$11,566,436
13.5%	173,706	\$ 711,001,790	44	\$21,215,604
14%	175,386	\$ 717,878,633	37	\$28,092,448
14.5%	176,440	\$ 722,193,028	28	\$32,406,842
15%	177,020	\$ 724,568,052	19	\$34,781,866
No Cap	178,379	\$ 730,130,220	0	\$40,344,034

Limitations and Notes on Estimates

- ▶ **Cost Estimates use:**
 - ▶ Revised April 2016 headcounts of Children with Disabilities
 - ▶ Revised 2016-17 Allotted ADM
 - ▶ \$/Student amount of \$4,093
- ▶ Assumes no change in total identified students with disabilities with a change in allotment cap
- ▶ Does not include Charter Schools

Questions and Comments?

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