

Report to the NC General Assembly

Study for Students with Extraordinary Costs House Bill 259 (SL 2023-134)

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Study Requirements

- Method of improving options for private placement in Approved Schools
- Method of determining placement in Approved School is appropriate
- Extraordinary costs incurred by PSUs for private placement
- Method of creating a network of Approved Schools
- Method of prioritizing dispersal of funds to assist with costs
- Recommendations on the proportion of costs to be paid from local, State and federal sources
- Method to monitor overidentification of children with disabilities with intensive needs
- Methods to allow for Medicaid reimbursements
- Estimated range of costs with implementing the studied methods
- Advisability of pilot programs with Approved Schools

Underlying Factors

- Availability of placements for students with disabilities requiring intensive services is limited
- Non-public schools are not required to engage in the program approval process for exceptional children programs
- Non-public schools are not required to admit students with disabilities requiring intensive services
- Special grant applications currently administered by NCDPI OEC cannot be combined for individual students
- Out-of-District Placements can be supported through approved special grants at a 50% reimbursement rate using federal funds; however, there are no matching state funds identified for contributing to the balance of these extraordinary costs
- Study sponsors indicate a concern for students with disabilities with Homebound/Hospital and Modified Day placements.

Study Outcomes

- A method to improve options consistent with the Individualized Education Program (IEP) exists as part of the Non-Public Exceptional Children Program Approval process.
- The method to determine placement is through the IEP Team.
- The average extraordinary costs per student in out-of-district placements are estimated to be between \$88,988.00 and \$95,064.00.
 - Includes special education and related services.
 - This does NOT include extraordinary costs for transportation.
- A method of creating a network of Approved Schools exists as part of the Non-Public Exceptional Children Program Approval process.
- A method of prioritizing the dispersal of funds to incentivize PSUs to enroll students in the Approved Schools at the earliest age is inconsistent with the IDEA federal regulations.

Study Outcomes

- There are four recommendations offered on the proportion of costs that indirectly includes an incentive for non-public schools to become Approved Schools that is consistent with the IDEA requirements for placement.
- A method for monitoring overidentification of the placement of students with disabilities already exists and is reported annually.
- Methods for allowing for Medicaid reimbursement exist; however, limitations exist for school-based services.
- Estimated costs to implement the study were mitigated through time and effort of staff within the OEC.
- It is advised that a pilot program be defined by the option selected to proportion the costs across federal, state, and local resources.

Recommendations

OPTION 4		
Funding Source	Funding Type	Percentage of Total Costs
PRC 060: Out-of-District Program	Federal IDEA Funds	50%
PRC 089: Special State Reserve – Special Circumstances	State Appropriations	25%
Weighted Funding Model for EC Students: Level III	State Funds/Local Allotments	25%
PRC 089: Special State Reserve	State Appropriations – Extraordinary Transportation Costs	TBD
TOTAL		100%

Rationale

- Maintenance of effort requirements will be met on behalf of PSUs through the equal contribution of federal and state dollars for the reimbursement of extraordinary costs associated with out-of-district students.
- PSUs may apply to multiple funding sources on behalf of individual students to maximize the use of existing state and federal funds for extraordinary costs possibly resulting in expanding contracting options previously limited by access to funding. This factor may indirectly incentivize private schools to engage in the process to become an Approved School.
- Includes a metric to incentivize contracting with Approved Schools by awarding state dollars at the full reimbursement rate.
- PSUs are not excluded from applying for extraordinary transportation costs in addition to the identified funding sources using this option.

Rationale

- The weights in the EC funding model already account for students served on homebound/hospital or modified day placements and can adjust to Level III funding on a case-by-case basis should students require a change in placement through contracted services at an Approved School.
 - As of September 23, 2024, the number of students served on homebound/hospital or modified school day with behavior as a relevant factor documented on the IEP are:
 - Homebound/Hospital = 273
 - Modified School Day = 1,250

Out of the total EC Child Count data collected December 2023 (213,211 students with disabilities), Homebound/Hospital and Modified Day placements represent less than 1% of the total child count.

Questions?