

**Briefing Paper #1:
Wyoming Special Education Expenditure Report
& Cost-Based Funding Model Final Report**

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The purpose of this brief is to review options available to the Wyoming State Legislature in funding special education services in the state. Three options are presented: 1) Continue 100 percent reimbursement of special education expenditures as is; 2) Continue 100 percent reimbursement, with personnel staffing ratios used as guidelines of adequate special education services, and 3) Replace the 100 percent reimbursement with cost-based funding, based on the resource guidelines developed by AIR.

➤ CONTINUE 100 PERCENT REIMBURSEMENT OF SPECIAL EDUCATION EXPENDITURES

(+) The 100 percent reimbursement was enacted by the legislature in response to the Supreme Court decision that the state's educational finance system was unconstitutional. The Court has since reviewed and approved the 100 percent funding mechanism as being adequate for funding special education expenditures. Changes to the funding approach may result in the Court reviewing and possibly rejecting modifications.

(+) Disruption would be minimized

(+) Provides districts with full financial flexibility to meet the needs of special education students.

(-) Likely to perpetuate special education service and spending variations found across the state. The state may also experience continued increases in special education identification and spending. For instance, even when accounting for inflation (WCLI, 4.3 inflation rate), special education spending of state funds increased over \$6 million from 2000-01 to 2001-02, although special education enrollment dropped from 11,771 to 11,750.¹

¹ At this time, Wyoming Department of Education data on special education expenditures for 2001-02 include an estimated figure of state 401 funds for Natrona #1.

➤ **TASKFORCE COMMITTEE RECOMMENDATION:** CONTINUE 100 PERCENT REIMBURSEMENT WITH PERSONNEL STAFFING RATIOS USED AS GUIDELINES OF ADEQUATE SPECIAL EDUCATION SERVICES

(+) The advantages of this approach are the same as the option above. In addition, the guidelines accompanying this approach may help address the variations in special education services across districts. The Wyoming Department of Education could assess district staffing practices within the context of these guidelines, and those districts under- or over-serving special education students could be held accountable for those practices.

(-) As described above, there are no specific caps or controls on special education spending.

(-) The state may experience continuing increases in special education spending and identification.

➤ **AIR RECOMMENDATION:** COST-BASED FUNDING MODEL BASED ON THE RESOURCE GUIDELINES DEVELOPED BY AIR WITH THE ESTABLISHMENT OF A STATE-LEVEL CONTINGENCY FUND AND A NEW EMPHASIS ON REGIONALIZED SERVICES

(+) Block grant funding from this model will generally provide districts with adequate resources and the financial flexibility to meet the needs of their special education students. The contingency fund pertains when it can be demonstrated that these funds are insufficient.

(+) The guidelines built into this funding approach should assist over time in mediating special education spending and service variations found across the state.

(+) The cost to the state in implementing the model is expected to be minimal, at an estimated \$345,000, plus the cost of establishing a contingency fund (we recommend \$2 million to start-up).

(+) Controls special education spending over time and discourages over-identification as funding is based on average daily membership.

(-) Districts might not experience special education funding gains expected under the current approach.

(-) Such a substantial change would likely be subject to review by the Wyoming Supreme Court.