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## SPECIAL EDUCATION FUNDING COMMITTEE

Wednesday, September 3, 2025  
Roughrider Room, State Capitol  
Bismarck, North Dakota

Representative David Richter, Chairman, called the meeting to order at 9:00 a.m.

**Members present:** Representatives David Richter, LaurieBeth Hager, Karla Rose Hanson, Jim Jonas, Eric J. Murphy, Anna S. Novak; Senators Michelle Axtman, Todd Beard, Josh Boschee; Citizen Members Brandon Baumbach, Brandt Dick, Lindsey Dirk, Justin Fryer, Shawn Huss, Rhandi Knutson, Carly Retterath, Beth Slette, Sheri Twist

**Member absent:** Representative Scott Louser

**Others present:** Senator Kyle Davison, member of the Legislative Management, Fargo; Stan Schauer, Department of Public Instruction

See [Appendix A](#) for additional persons present.

Ms. Sheila M. Sandness, Senior Fiscal Analyst, Legislative Council, presented a memorandum entitled [Supplementary Rules of Operation and Procedure of the North Dakota Legislative Management](#).

### READING AND MATHEMATICS PROFICIENCY STUDY

Ms. Liz Fordahl, Counsel, Legislative Council, presented a memorandum entitled [Reading and Mathematics Proficiency in Students with Disabilities - Background Memorandum](#). Ms. Fordahl noted for fourth grade students with disabilities (SWDs) who took the National Assessment of Educational Progress (NAEP), 50 percent scored below basic proficiency in mathematics, compared to 14 percent of students not identified as SWDs, and 80 percent scored below basic proficiency in reading, compared to 32 percent of students not identified as SWDs. For eighth grade SWDs, 70 percent scored below basic proficiency in mathematics, compared to 24 percent of students not identified as SWDs, and 71 percent scored below basic proficiency in reading, compared to 26 percent of students not identified as SWDs.

Ms. Fordahl reviewed current programs and initiatives that promote student proficiency in reading and mathematics, including the Science of Reading, Dyslexia Screening, Amira Learning, the federal Comprehensive Literacy State Development Program (including North Dakota Comprehensive Literacy Improvement through Measured Building Systems), Language Essentials for Teachers of Reading and Spelling, and the Science of Math. She noted:

- To support learning for SWDs, the National Center for Learning Disabilities recommends high-quality, accessible, and inclusive academic instruction; effective progress monitoring and accurate evaluations for specialized instruction; and meaningful family support and engagement;
- Inclusive classrooms contribute to stronger academic outcomes and better preparation for higher education and future careers;
- One of the strongest predictors of academic success is active family involvement in a child's education; and

- Research indicates children who receive early intervention services experience improved outcomes across cognitive, social, emotional, and behavioral domains. Early intervention also supports school readiness, boosts academic performance, decreases the need for special education, and increases the chances of future employment and independent living.

Ms. Mary McCarvel-O'Connor, Director, Office of Specially Designed Services, Department of Public Instruction, provided information ([Appendix B](#)) related to state assessment accountability trends. She noted:

- Despite the Department of Public Instruction's (DPI) goal to reduce the disparity between students with and without disabilities on state assessments, data demonstrates the disparity is not trending downward;
- The assessment data may be skewed upward or downward from year to year when the assessment used is replaced with a different assessment; and
- The department has selected a new assessment known as North Dakota Academic Progression of Learning and Understanding of Students (ND A+).

In response to questions from committee members, Mr. Stan Schauer, Assessment Director, Department of Public Instruction, noted:

- NAEP scores are helpful to make state-to-state comparisons;
- NAEP only tests a portion of students and does not provide an alternative assessment for students with disabilities; the state assessment is given to as many students as possible and approximately 1 percent of students taking the state assessment are given an alternative assessment;
- The state assessment shows progress longitudinally and filters data down to the individual student level;
- The department hopes the ND A+ will remain the state assessment for purposes of reviewing longitudinal data, but the Superintendent of Public Instruction decides;
- Students who take the state assessment fall into one of four categories: advanced, proficient, partially proficient, and novice. Cut scores are set by local educators, are aligned to the state standards, and are objectively more rigorous than other states. The disparity in cut scores from state to state requires triangulation of scores for an accurate comparison;
- Growth is as important as proficiency; partially proficient students are demonstrating mastery of some content, may be on grade level, and are demonstrating higher-order thinking;
- High school scores are lower than fourth grade scores for a variety of reasons, which may include the increase in expectations and rigor at the secondary level and disparity in motivation between the two age groups; and
- Interim assessments are not suitable to review for accountability because they were designed to inform instruction and promote growth.

Committee discussion indicated a desire for additional state assessment data, including data comparing students with and without disabilities; assessment results filtered by advanced, proficient, partially proficient, and novice cut scores; and scores prior to the COVID-19 pandemic disruption. The committee also wishes to receive additional information related to the survey conducted by the North Dakota United Special Education Collective earlier this year.

### **SPECIAL EDUCATION TEACHER SHORTAGE STUDY**

Ms. Fordahl presented a memorandum entitled [Recruitment and Retention of Special Education Teachers - Background Memorandum](#). She presented information related to the special education teacher shortage, including the overwhelming caseloads of special education teachers, the trend of

special education teachers leaving the field, federal requirements specific to special education teacher certification, recruitment and retention strategies, and recent federal reporting data related to teacher shortage areas in the state.

Ms. McCarvel-O'Connor provided information (Appendices [C](#) and [D](#)) related to open special education positions and behavioral needs among SWDs. She noted:

- The teacher shortage survey results indicating a shortage of 0.53 percent for special education teachers do not fully represent the shortage because schools must fill special education positions, sometimes with out-of-school providers;
- Behavioral needs among SWDs are rising;
- Almost 28 percent of students with an emotional disability (ED) and 14 percent of students with other health impairment, which often includes behavior-related conditions, experienced a suspension in 2023-24;
- The percent of students with a primary disability of ED in the state (7.4 percent) is higher than the national rate (4.3 percent) for 2023-24;
- Over 44 percent of students with ED are chronically absent;
- The number of disciplinary removals of SWDs nearly has tripled since 2020-21; and
- One in five students with ED are placed in a restrictive setting and nearly 9 percent of SWDs are in a restrictive setting.

In response to questions from committee members, Ms. McCarvel-O'Connor noted the percentage of students with an individualized education program has increased from 11 to 15 percent in recent years.

Committee discussion indicated a desire to receive information related to nationwide best practices for caseload and workload limitations and testimony from school administrators, special education teachers, and special education paraprofessionals regarding special education teacher workload, student and staff safety, paraprofessional management duties, paperwork requirements, and recruitment and retention strategies.

### **SPECIAL EDUCATION FUNDING STUDY**

Ms. Sandness presented a memorandum entitled [Special Education Funding Study - Background Memorandum](#). She reviewed the history of special education, including the creation of the Advisory Council on Special Education in 1951, the legislative establishment of county boards of special education, the requirement for school districts to submit plans for implementing special education services beginning in 1975, Section 504 of the Rehabilitation Act of 1973, the Individuals with Disabilities Education Act (IDEA), the Americans with Disabilities Act of 1990, state special education provisions and funding, and prior legislative studies.

Ms. McCarvel-O'Connor provided information ([Appendix E](#)) regarding shortage trends from 2023-24 to 2024-25 school years by position and federal funding for special education. She noted:

- IDEA Part B funding assists states in providing a free appropriate education in the least restrictive environment for children with disabilities, aged 3 to 21;
- DPI receives two formula grants under IDEA Part B Section 611 and Section 619 for children with disabilities aged 3 to 21 and 3 to 5, respectively;
- To receive IDEA Part B funding, DPI creates a state performance plan and measures 18 indicators, including rates of graduation, dropout, suspension, and expulsion; preschool outcomes; parent involvement; disproportionate representation; and general supervision;
- DPI is spending \$1.5 million for recruitment and retention, including providing funding for the Traineeship Scholarship, Resident Teacher Program, Speech-Language Pathology Loan Forgiveness Program, Speech-Language Pathology Paraprofessional Scholarship, Educator

Pathway Program, Special Education Paraprofessional Training Project, the North Dakota Educational Employment Site, discretionary grants to special education units, Goalbook, and Project Resilience;

- Funding is distributed by DPI across 31 special education units and the School for the Deaf; and
- There are 11 single and 20 multi-district special education units that may include up to 18 districts.

In response to a question from a committee member, Ms. McCarvel-O'Connor noted the state provides DPI \$100,000 per year to administer special education.

Mr. Adam Tescher, School Finance Officer, Department of Public Instruction, provided information ([Appendix F](#)) regarding state funding for special education and the student contract system for the reimbursement of excess special education expenditures. Mr. Tescher reviewed the state school aid payment worksheet, which calculates state funding based on enrollment from the previous school year, adjusted for various weighting factors to provide weighted student units. Formula funding is determined by multiplying the per student payment rate by the number of weighted student units. Weighting factors include factors for special education and prekindergarten special education. He noted:

- Students aged 3 to 5 receiving special education services are included in school districts' total average daily membership (ADM). For prekindergarten students, a 1.0 student ADM is equivalent to 432 hours of service or more per year. If services are provided for less than 432 hours per year, ADM related to the student is prorated.
- After determining school districts' total ADM, a special education weighting factor of 0.088 is applied to total ADM. In addition, a prekindergarten special education weighting factor of 0.170 is applied to the prekindergarten special education ADM, resulting in added school district weighted student units.
- Students enrolled in special education for an extended school year are not included in school districts' ADM; however, districts receive a 1.0 weighting factor applied to students enrolled in summer school added to their total weighted student units.
- Based on the 2025-26 per student payment rate of \$11,349, school districts will receive an additional \$998.71 for each full-time student, whether or not the student requires special education services, and an additional \$1,929.33 for each full-time prekindergarten special education student during the 2025-26 school year.
- A Picus Odden & Associates study, after recalibration of the 2012-13 per student payment rate, suggested adequate per student funding of \$9,347. The study also suggested this level of funding include \$467 for special education teachers and \$209 for special education aides for a total of 7.2 percent of the total recommended per student payment rate allocated to special education before applying the weighting factors.
- Agency-placed contracts may be for special education or general education. If an agency places a student in foster care or a residential facility or if a parent places a student in a residential facility, the resident school district receives the state school aid payment for the student and pays for the placement. The school district receives reimbursement from DPI for expenditures exceeding the state average cost per student.
- For high-cost students on an individualized education program or with a significant medical condition educated within the school district or placed by the school district, the district is responsible for up to four times the state average cost per student and may receive reimbursement for expenditures exceeding that amount.
- Even if there is a tuition waiver, resident school districts are responsible for the special education costs of open-enrolled students. Open-enrolled students are treated as if they were placed by the school district and are eligible for reimbursement of expenditures exceeding four times the state average cost per student.

In response to questions from committee members, Mr. Tescher noted:

- If the excess cost reimbursement is for a student placed for special education, the payment is made from the department's special education contracts line item. If the reimbursement is for a student placed for general education, the payment is made from the department's integrated formula payments line item.
- North Dakota Century Code Section 15.1-32-18 requires the department provide reimbursement for up to approximately 1 percent of the high-cost students with a disability and students with a significant medical condition statewide. The department estimates approximately 0.8 to 0.9 percent of students are reimbursed based on four times the state average cost per student.
- Special education funding is difficult to identify. The per student payment rate may include some funding built in for special education, additional funding based on weighting factors may not all be used for special education, and the special education contracts system provides stop-gap funding for high-cost students. Special education expenditures reported to the department total approximately \$314 million per year; however, reported expenditures may be duplicated when payments are made between school districts and special education units.

Committee discussion indicated the committee wishes to receive presentations regarding special education teacher retention nationwide and current special education funding models, including cost-based reimbursement systems, categorical grants, and resource allocation models. The committee also expressed interest in learning more about measuring growth in students, the importance of early intervention services, and addressing increased behavioral health needs.

No further business appearing, Chairman Richter adjourned the meeting at 2:29 p.m.

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Sheila M. Sandness  
Senior Fiscal Analyst

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Liz Fordahl  
Counsel

ATTACH:6