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## SPECIAL EDUCATION FUNDING COMMITTEE

Wednesday, November 5, 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, Scott Louser, 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

**Member absent:** Sheri Twist

**Others present:** Trent Carroll\*, Dicky Shanor\*, and Leslie Zimmerschied\*, Wyoming Department of Education; Nakia Douglas\*, Jason Hall\*, Sara Liesman\*, Tony Sanders\*, Matt Seaton\*, and Seth Whitworth\*, Illinois State Board of Education; Adam Tescher, Department of Public Instruction

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

\*Attended remotely

**It was moved by Representative Jonas, seconded by Senator Axtman, and carried on a voice vote that the minutes of the September 3, 2025, meeting be approved as distributed.**

### SPECIAL EDUCATION FUNDING STUDY Education Commission of the States

Ms. Madeleine Kriech, State Relations Strategist, Education Commission of the States, provided information ([Appendix B](#)) regarding services provided by the Education Commission of the States (ECS). She noted ECS:

- Provides research, such as 50-state comparisons;
- May generate specialized reports upon request;
- Annually convenes the National Forum on Education Policy in Washington, D.C.; and
- Provides counsel.

Mr. Chris Duncombe, Principal, Education Commission of the States, provided information regarding the national landscape and trends in funding special education services. He noted:

- From 2001 to 2023, special education identification rates have increased from 13.3 to 15.2 percent nationally and from 12.5 to 14.9 percent in North Dakota;
- Using four different funding mechanisms for special education, North Dakota allocates:

General special education funding based on average daily membership (ADM), multiplied by 0.088;

Funding for the extended school year based on the number of full-time equivalent students enrolled multiplied by 1.0;

Funding for prekindergarten special education based on the number of full-time equivalent students enrolled in an early childhood special education program multiplied by 0.17; and

Funding to reimburse high-cost services exceeding the state average or four times the state average cost of education per student, depending on placement;

- Each state funds special education differently using one or more of the following approaches:
  - Weighted funding, which is the most common and may implement a single weight or multiple weights;
  - Census-based funding;
  - Reimbursement;
  - Resource allocation; and
  - Supplemental funding for high-cost services;
- Ohio allocates weighted funding by placing students with an individualized education program (IEP) in one of six weighted funding categories. The category weights are multiplied by the number of IEP students in the category. Categories range from speech or language impairments, which is funded at 24 percent, to traumatic brain injuries or visually and hearing impaired, which is funded at 395 percent;
- South Dakota has established six disability categories. The lowest level, mild disability, is funded by multiplying the prior year special education fall enrollment count by 10.62 percent and then multiplying the result by the level 1 disability allocation dollar amount (\$7,556 for fiscal year 2025). In addition, the state allocates certain dollar amounts for each of five additional severe disability categories which are multiplied by each category's fall enrollment count from the previous year;
- Alaska uses a census-based approach, providing a block grant calculated by multiplying total ADM by 1.2, of which 20 percent is designated for special education, including English learners, career and technical education, and gifted and talented programs. School districts have broad discretion regarding the use of funding with little oversight. Alaska also provides funding for students receiving intensive services using a multiplier of 13.0 or approximately \$86,000 per student;
- States implementing the reimbursement approach for special education costs provide reimbursement at a rate ranging from 30 to 100 percent of eligible costs. Wyoming reimburses 100 percent of eligible costs for the previous year to comport with the Constitution of the State of Wyoming pursuant to holdings of the Wyoming Supreme Court;
- Resource allocation typically funds special education teachers, paraprofessionals, health professionals, and specialists based on desired staffing quotas determined by the state. Illinois annually calculates an adequacy target for each school district and allocates funds based on an evidence-based formula;
- Supplemental resources are provided to cover all or a portion of the costs for high-cost services for students. Wisconsin reimburses 90 percent of costs for students who have nonadministrative special education costs in excess of \$30,000;
- Common special education funding challenges include adequacy, distribution, accountability, and flexibility;
- Hawaii offered a \$10,000 pay differential for special education teachers, which resulted in an approximately 50 percent decrease in open positions;
- Michigan uses regional education service agencies to support service delivery for students with complex needs; and
- Approaches to consider include differentiated funding using multiple weights, high-cost services funding, the use of regional education service agencies, and recruitment and retention initiatives.

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

- Some students with IEPs do not have any cognitive delays or impairments, but have behavioral needs or require support in a particular content area;
- Educational outcomes research generally is not focused on special education outcomes specifically, making it difficult to identify which funding model produces the best outcomes. However, the state could require reporting to highlight how funds are spent and what types of expenditures generate better outcomes; and
- Multiple weights are established in law and may be related to student placements, disability categories, or the percentage of time the student is in general education classes. A student's IEP typically determines the appropriate weight assigned to each student.

### **South Dakota Department of Education**

Information regarding South Dakota's current funding formula ([Appendix C](#)) was made available to the committee.

### **Wyoming Department of Education**

Mr. Dicky Shanor, Chief of Staff, Wyoming Department of Education, provided information ([Appendix D](#)) regarding special education funding in Wyoming. He noted:

- Wyoming is the only state that reimburses 100 percent of IEP expenditures;
- The Wyoming Constitution essentially requires the provision of education in the state to be uniform, equitable, and adequate. The school districts in Campbell County filed a lawsuit resulting in the Wyoming Supreme Court finding any disparities in the funding of special education to be constitutionally infirm; and
- Despite a financial incentive to overidentify students as needing services, the department has not observed overidentification and the data demonstrates the state is on par with national trends.

In response to questions from committee members, Mr. Trent Carroll, Chief Operations Officer, Wyoming Department of Education, noted:

- The funding sources for special education include state property taxes, federal mineral royalties, and investment earnings, which are deposited into the account for state aid; and
- The 100 percent reimbursement for special education previously was derived from state and local revenue, but the formula was simplified to require the state to provide all funding.

In response to questions from committee members, Ms. Leslie Zimmerschied, School Foundation Program Supervisor, Wyoming Department of Education, noted:

- Wyoming reimburses school districts for contracted services provided online, such as therapy, if appropriate; and
- The state education budget is approximately \$1 billion, including \$300 million for special education.

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

- Special education students have performed well on national assessments, which likely can be attributed to reimbursement of all costs necessitated by an IEP; and
- The court's ruling requiring uniform, equitable, and adequate education in the state included capital construction and major maintenance, which the state developed a system to fund, while the block grant funding covers minor maintenance costs.

### **Finance Department of the Illinois State Board of Education**

Dr. Matt Seaton, Chief Financial Officer, Mr. Jason Hall, Director, State Funding and Forecasting, and Mr. Seth Whitworth, Supervisor, Funding and Disbursements, Illinois State Board of Education, presented information ([Appendix E](#)) regarding Illinois's evidence-based funding model, including special education funding. They noted:

- The state transitioned from a regressive equalization formula to the evidence-based funding model in 2017;
- Illinois annually determines the adequacy level for each school district based on the resources divided by the adequacy target;
- The state provides each district a base funding minimum, or hold harmless, from the previous year's evidence-based funding amount. The funding granted in 2017 became the hold harmless amount for the initial year;
- In addition to the base funding, the state provides tier funding, which is additional state assistance based on the school district's adequacy level relative to the adequacy target established by the state;
- The result is needs-based distribution of additional state assistance to school districts furthest from their adequacy target; and
- The state also provides statutorily mandated categorical payments for transportation, private facility and separate public day school, orphanage, special education maintenance of effort line items, and regular and vocational transportation.

In response to questions from committee members, Dr. Seaton, Mr. Hall, and Mr. Whitworth noted:

- The adequacy target ratios were the result of research conducted by Picus Odden and Associates and are fixed in statute;
- Formula factors are built on a 3-year average;
- After several years of implementing the evidence-based funding model, no school district is considered significantly underfunded, which is defined as being funded at less than 40 percent adequacy; and
- School districts do not struggle with maintenance of effort because funding increases each year.

#### **Department of Public Instruction**

Ms. Mary McCarvel-O'Connor, Director, Special Education, Department of Public Instruction, provided information (Appendices [E](#) and [G](#)) regarding the number of students with disabilities. She noted:

- Children with disabilities placed by their parents in private schools do not have the right to all the protections under the Individuals with Disabilities Education Act. The actual number of students with disabilities in private schools may be higher than what is reported to the department;
- Children with disabilities educated by their parents may be under-reported as well;
- North Dakota's categories of disabilities do not include the multiple disabilities category;
- The increase in students with disabilities is related to the increase in total enrollment; and
- The Individuals with Disabilities Education Act requires students to receive a free appropriate public education in the least restrictive environment. State funding mechanisms based on educational setting or the type of disability of a child are prohibited if the funding results in a violation of the free appropriate public education or least restrictive environment provisions.

Committee discussion indicated the committee wishes to receive presentations regarding the special education teacher shortage, why teachers are leaving the profession, approaches to withstanding teacher turnover, regional service contracts, the funding models implemented by South Dakota and Ohio, nontraditional teaching preparation programs, and special education teacher preparation programs.

No further business appearing, Chairman Richter adjourned the meeting at 2:46 p.m.

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Sheila M. Sandness  
Senior Fiscal Analyst

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Liz Fordahl  
Counsel

ATTACH:7