SPECIAL EDUCATION FUNDING COMMITTEE

The Special Education Funding Committee was assigned three studies:

- House Bill 1530 (2025) directed a study of special education teacher shortages, circumstances, and collective needs. The study required a review of special education teacher workload; special education student and staff safety, including the lack of training and adequate supports to respond to student behaviors that compromise student and staff safety; special education paraprofessional management duties, including the failure to provide additional time and compensation for additional duties and the inadequate training and availability of paraprofessionals; and special education paperwork requirements and supports, including lack of additional time and compensation for additional duties and lack of additional training and assistance to meet the requirements. The study also required any necessary additional or broader considerations, pertinent data review, and plans for remediation of inequities, including projected costs and implementation timetables.
- House Bill 1547 (2025) directed a study of special education funding and provided the committee membership may include eight members of the Legislative Assembly, four members from the House of Representatives and four members from the Senate, appointed by the Legislative Management; two multiunit special education directors; one large-school special education director; one special education coordinator; one superintendent of a large school; one superintendent of a small or midsize school; one business manager of a large school; and one multiunit special education business manager. The study required a comprehensive review of special education funding models, including student contracts, high-cost students, residential placement, and reimbursement under the Medicaid Program.
- Senate Concurrent Resolution 4019 (2025) directed a study of reading and mathematics proficiency rates among students in the state with disabilities, and the effectiveness of current educational policies, programs, and resource allocations in addressing any disparities. The study required an examination of academic disparities; the identification of contributing factors, evaluating systemic barriers contributing to low proficiency rates; an assessment of existing policies and programs; the engagement of stakeholders, including parents and families of students with disabilities, educators, school administrators, special education professionals, and advocacy groups focused on disability rights; research of best practices; and consideration of actionable policy and funding recommendations aimed at reducing proficiency disparities, expanding access to high-quality, evidence-based educational programs, enhancing transparency in costs and resource allocation, and improving accountability and data transparency.

Committee members were Representatives David Richter (Chairman), LaurieBeth Hager, Karla Rose Hanson, Jim Jonas, Scott Louser, Eric J. Murphy, and Anna S. Novak; Senators Michelle Axtman, Todd Beard, and Jamie Selzler; and Citizen Members Brandt Dick, Lindsey Dirk, Justin Fryer, Shawn Huss, Rhandi Knutson, Carly Retterath, Beth Slette, and Sheri Twist.

Senator Josh Boschee served on the committee until his resignation from the Legislative Assembly on August 4, 2026. Citizen Member Brandon Baumbach served on the committee until his resignation from the Grand Forks School District on June 30, 2026.

SPECIAL EDUCATION TEACHER SHORTAGE STUDY

House Bill 1530 (2025) directed a study of special education teacher shortages, circumstances, and collective needs. The study required a review of special education teacher workload; special education student and staff safety, including the lack of training and adequate supports to respond to student behaviors that compromise student and staff safety; special education paraprofessional management duties, including the failure to provide additional time and compensation for additional duties and the inadequate training and availability of paraprofessionals; and special education paperwork requirements and supports, including lack of additional time and compensation for additional duties and lack of additional training and assistance to meet the requirements. The study also required any necessary additional or broader considerations, pertinent data review, and plans for remediation of inequities, including projected costs and implementation timetables.

Background

The study seeks to address the unique circumstances facing special education teachers, their collective needs, and the need for recruitment and retention efforts to address the critical shortage of special education teachers. The critical shortage of teachers is not limited to special education teachers. The Education Standards and Practices Board (ESPB) first declared all content areas as in a critical shortage for the 2015-16 school year and has continued that practice, including for the 2026-27 school year. The shortage of special education teachers is further exacerbated by the additional responsibilities associated with their positions, including compliance with federal legal requirements, supervision of paraprofessionals, coordination of specialized services, and meeting the diverse needs of students, which may include addressing challenging behaviors.

Special Education

Special education is a broad term that encapsulates the provision of individualized instruction and related services by teachers, educational support professionals, and other specialists to a student with disabilities based on the student's individual educational needs. Services include specialized instruction, speech-language therapy, occupational therapy, physical therapy, counseling, psychological services, and other supports.

Individuals with Disabilities Education Act

The federal Individuals with Disabilities Education Act (IDEA), which was first enacted in 1975 as the Education for All Handicapped Children Act of 1975 [Pub. L. 94-142; 89 Stat. 773] and most recently amended in 2015 as the Every Student Succeeds Act [Pub. L. 114-95; 129 Stat. 1802], requires eligible students to receive a free appropriate public education in the least restrictive environment. A legal document called an individualized education program (IEP) is required for each eligible student identifying the student's educational needs, goals, required services, and methods for measuring progress. Special education teachers are responsible for providing instructional services and performing case management, documentation, compliance, and coordination duties to comply with federal law.

Paraprofessional Management

Special education paraprofessionals provide instructional support under the direction of special education teachers. Special education teachers frequently are responsible for training, scheduling, supervising, and evaluating paraprofessionals without additional compensation. Special education teachers cite a need for qualified paraprofessionals and additional time or compensation for paraprofessional management responsibilities.

Special Education Teacher Certification

The ESPB oversees teacher licensure and establishes standards for teacher preparation programs, including six pathways to become a licensed special education teacher. The Department of Public Instruction (DPI) administers paraprofessional certification and special education technician authorization. The Individuals with Disabilities Education Act prohibits a state education agency from waiving the special education or related services personnel certification or licensure requirements on an emergency, temporary, or provisional basis.

Recruitment and Retention Strategies

Recruitment and retention strategies include increased salary, stipends or bonuses, statutory caseload or workload limitations, funding additional positions to decrease caseload and workload, incentives to fill open positions, statutory maximum student-to-teacher ratios, alternative licensure pathways, mentoring, professional development, and additional training and support for paraprofessionals. Other strategies account for student needs, the time required for direct instruction, evaluations, IEP management, travel, and other required services when establishing teacher workload expectations.

Testimony

Department of Public Instruction

The committee received testimony from a representative of DPI regarding open special education positions and the behavioral needs of students with disabilities. For the 2024-25 school year, there were 63 open full-time equivalent positions, or 0.53 percent of total special education teachers, unfilled according to federal reporting of teacher shortage areas in the state. The testimony indicated this number does not fully represent the shortage because schools legally are required to fill special education positions with out-of-school providers in cases of unfilled internal positions. For the 2024-25 school year, all special education units in the state reported the following 268.8 unfilled full-time equivalent positions: 9.5 early childhood special education teachers, 75.3 special education teachers, 23.5 school psychologists, 41.6 speech-language pathologists, 13.4 occupational therapists, 11.5 physical therapists, and 1 physical therapist assistant. Special education units also reported 93 international special education staff members were employed through a visa program and there were 223 new special education staff members during the reporting period.

The testimony indicated behavioral needs among students with disabilities are rising, as demonstrated by the number of disciplinary removals, which have nearly tripled since the 2020-21 school year. The state rate of students with a primary disability of emotional disturbance (7.4 percent) was higher than the national rate (4.3 percent) for the 2023-24 school year. In December 2023, the number of students with other health impairments, which frequently include behavior-related conditions, or emotional disturbance was 4,536.

North Dakota United

The committee received testimony from a representative of North Dakota United (NDU) regarding the challenges facing special education teachers. In December 2023, NDU directed a survey to its members who are K-12 special education teachers, paraprofessionals, early childhood special education teachers, therapists, and school psychologists. Of the survey respondents:

- 71 percent report their workload has increased since they began working in special education;
- 86 percent report they currently feel overwhelmed by their special education workload;

- 44 percent report they are considering leaving the field of special education;
- 56 percent report their mental health is adversely affected by their current role in special education;
- 63 percent of those responsible for supervising and training paraprofessionals report they do not have the time or tools to adequately do so;
- 78 percent report the shortage of paraprofessionals adds stress to their jobs;
- 59 percent report they are unable to take their duty-free lunch 3 or more days per week;
- 74 percent report they are unable to use their scheduled prep time 3 or more days per week;
- 85 percent report they know colleagues who have left the field of special education;
- 83 percent report their district is having difficulty filling special education positions; and
- 81 percent report caseloads are a significant factor in the shortage of special education teachers.

The committee was informed NDU developed an additional survey sent to the same respondents between October 2025 and January 2026. The testimony indicated the survey addressed four domains: paperwork requirements and supports, workload, student and staff safety, and paraprofessional management. Survey responses included requests for appropriate staffing, manageable caseloads, competitive compensation, caseload caps, weighted caseload systems, behavioral specialists, and clear guidance for determining whether a school setting is appropriate for a student. The testimony contended the primary factor affecting recruitment and retention is competitive compensation, but safety concerns and paperwork also are significant factors.

Special Education Professionals

The committee received testimony from a special education director which indicated the number of students in the state with autism increased from 197 students in 2004 to 2,182 students in 2024, and the number of students with other health impairments, including other mental health diagnoses, increased from 960 students in 2004 to 3,183 students in 2024. The testimony indicated school districts must hire additional teachers and specialists due to the increased number of students receiving special education services.

The committee received testimony from numerous special education teachers which emphasized the multiple roles individual special education teachers must fulfill, including instructional leader and data analyst (e.g., reading interventionist), due process and compliance manager (e.g., case manager), and supervisory and collaborative lead (e.g., paraprofessional manager). The testimony asserted the additional responsibilities associated with multiple roles should be addressed with a combination of additional compensation, additional nonstudent-facing time, and additional support professional positions, including mental health support professionals and qualified paraprofessionals, all of which require increased funding.

The testimony asserted recruiting, retaining, and properly training paraprofessionals is essential to supporting special education teachers. The testimony contended paraprofessionals are crucial to the provision of special education, but compensation and benefits generally are inadequate to retain paraprofessionals.

Committee Considerations

Committee members noted recruitment and retention challenges may require additional funding. Committee members acknowledged the increased workload of special education teachers may justify a different salary schedule or stipend. The committee discussed whether a modest increase in the salary of each special education teacher would effectively retain teachers. The committee discussed whether funding the employment of additional special education teachers and paraprofessionals, thereby potentially reducing the workload of existing special education teachers, would effectively retain teachers. Committee members noted if school districts receive funding to hire additional special education teachers and paraprofessionals without additional recruitment incentives, the challenges relating to filling the additional positions would remain.

Committee members discussed the role challenging student behavior plays in serving as a deterrent to recruiting special education teachers. The committee reviewed federal laws that prohibit the expulsion of a student whose behavior is a manifestation of the student's disability. Committee members acknowledged, in some instances, a more restrictive environment for a student with a disability may be appropriate. The committee noted the need for additional Setting D facilities for students for whom Setting D is appropriate. Committee members noted the appropriate and least restrictive setting for a student with a disability often is fluid. The committee discussed whether a regional approach to Setting D facilities, similar to the model used for Career and Technical Education Centers, may be appropriate to accommodate rural communities.

Conclusion

The committee makes no recommendation regarding its study of special education teacher shortages.

SPECIAL EDUCATION FUNDING STUDY

House Bill 1547 (2025) directed a study of special education funding and provided the committee membership may include eight members of the Legislative Assembly, four members from the House of Representatives and four members from the Senate, appointed by the Legislative Management; two multiunit special education directors; one large-school special education director; one special education coordinator; one superintendent of a large school; one superintendent of a small or midsize school; one business manager of a large school; and one multiunit special education business manager. The study required a comprehensive review of special education funding models, including student contracts, high-cost students, residential placement, and reimbursement under the Medicaid Program.

Background

Special Education Funding - Expansion of Federal and State Requirements

The provision of special education services in the state has evolved over time as federal and state requirements have expanded. In 1951, the Legislative Assembly established an Advisory Council on Special Education. A 1959-60 interim study cited three main problems associated with the delivery of special education: lack of space for instruction, shortage of trained personnel, and inadequacy of available funds. In 1961, the Legislative Assembly enacted legislation that authorized the establishment of county boards of special education, funded by the boards of county commissioners out of county general funds, or if approved by a majority of the county electorate, by a county special education levy of not more than three mills. In 1973, the Legislative Assembly required school districts to develop plans for implementing special education programs.

Federal requirements expanded with Section 504 of the federal Rehabilitation Act of 1973 [Pub. L. No. 93-112, Section 504; 87 Stat. 355, 394] and IDEA in 1975. Section 504 requires schools to provide accommodations and modifications for students and educators with disabilities to ensure equitable access. The purpose of enacting IDEA was to ensure that all children with disabilities receive a free appropriate public education that emphasizes special education and related services designed to meet their unique needs; to assure that the rights of children with disabilities, parents, and guardians are protected; to assist states to provide education; and to assess and assure the effectiveness of educational efforts. Students who do not qualify for special education services may qualify for accommodations and modifications under Section 504 that may be implemented under a 504 plan. In addition, the Americans with Disabilities Act of 1990 [Pub. L. 101-336; 104 Stat. 327] prohibits discrimination based on disability status.

North Dakota Century Code

Statutory special education provisions include North Dakota Century Code Chapter 15.1-32, related to the provision, coordination, and costs of special education; Chapter 15.1-33, related to multidistrict special education; and Chapter 15.1-34, related to boarding home care for students with disabilities.

State Funding System

The state's special education funding system combines state school aid, federal assistance, special education contract reimbursements, and Medicaid reimbursement for eligible health-related services. The Department of Public Instruction oversees education funding and reimbursement programs, while school districts and multidistrict special education units provide services and manage associated costs.

State Aid

The Department of Public Instruction distributes state aid to public school districts in accordance with the funding formula under Chapter 15.1-27, subject to legislative appropriations. The state aid formula includes weighted student enrollment for a variety of factors, including a special education weighting factor of 0.088 applied to total average daily membership (ADM), a 0.170 weighting factor applied to prekindergarten special education ADM, and a weighting factor of 1.0 applied to students enrolled in extended-school-year services. The per student payment rate also includes funding for special education teachers and aides.

Federal Assistance

Federal aid is distributed separately through program-specific grants administered by DPI, including Title I funding for eligible schools serving students from low-income families and Title II funding for effective instruction. Allocation methods depend on each program's federal requirements and may use poverty data, student population, and district eligibility.

Student Contract System and Reimbursement

Certain special education costs are paid by the state using the student contract system. The student contract system also is used for students residing outside their district of residence, including students in foster care. The state also pays tuition for students in certain situations prescribed by statute, including students without custodial parents.

The student contract system is used to reimburse school districts for high-cost students, including high-cost students who remain in their school district, and students who are in placement for reasons other than education, including students in foster care or living in residential facilities who attend school outside their district of residence. The school district:

- Receives the state school aid per student payment ($11,349 during the 1st year of the 2025-27 biennium and $11,633 during the 2nd year of the 2025-27 biennium);
- Makes tuition and service payments to providers or to school districts for students in foster care or residential facilities without education programs; and
- Receives reimbursement from the state for the cost exceeding the state average cost per student or four times the state average cost per student, depending on whether the placement is agency-placed or school-placed.

If the placement of a student is made for a reason other than education (if the placement is voluntary by a legal guardian; made by a state or county social service agency; ordered by state court, tribal court, or juvenile services; or in a state-operated institution), or agency-placed, the resident school district is responsible for the state average cost per student. Charges over the state average cost per student, which was $15,400 during the 2025-26 school year, are reimbursed by the state.

If a school district places a student out of district or if a high-cost student remains in the student's resident school district, the resident school district is responsible for up to four times the state average cost per student. This is known as a school-placed placement. The district will be reimbursed for costs exceeding four times the state average cost per student. During the 2025-26 school year, the four-times-average thresholds were $60,451 for elementary students and $64,223 for secondary students.

In addition to any other reimbursements, if a school district expends more than 2 percent of its annual budget for the provision of education and services to one student with a disability or significant medical condition, the school district is reimbursed for the difference between 2 percent of the district's annual budget and the lesser of the amount actually expended by the district for the provision of special education and related services to that student or the amount representing four times the state average cost of education per student.

Pursuant to Section 15.1-29-14, if a student's custodial parent or legal guardian establishes residency outside this state, a court orders a termination of parental rights with respect to the student's parents, the student no longer has a custodial parent, or the Superintendent of Public Instruction has determined that all reasonable efforts to locate a parent or legal guardian have been unsuccessful, the state is required to pay tuition and tutoring charges from funds appropriated by the Legislative Assembly for state aid to schools.

Medicaid Reimbursement

Medicaid may reimburse eligible health-related services provided to students, including speech, occupational and physical therapy, behavioral health services, and skilled nursing. The Department of Public Instruction and the Department of Health and Human Services (DHHS) coordinate school-related Medicaid reimbursement, including the transfer of applicable funds and adjustments to state school aid. State aid for a school district is reduced by the state share of Medicaid reimbursement, which is paid to DHHS. School districts and special education units that billed Medicaid for school-based services during the previous school year are eligible to apply for federal behavioral health school grant funding.

Special Education Appropriations

Special education contract appropriations totaled $27 million for the 2021-23 biennium, $24 million for the 2023-25 biennium, and $22 million for the 2025-27 biennium. Meanwhile, estimated formula funding increased from $224 million, to $256 million, to $278 million, respectively.

Recent Legislation

In 2023, the Legislative Assembly amended Section 15.1-32-18, related to the liability of school districts for high-cost students, to include students with a significant medical condition in addition to students with a disability, to exempt tuition for high-cost students from deduction in the state aid formula, and to increase the special education weighting factor in the state school aid formula from 0.082 to 0.088.

Prior Legislative Studies

The Legislative Assembly has repeatedly examined special education funding, student placement contracts, reimbursement thresholds, and the allocation of financial responsibility among school districts and state agencies. Such studies date back to the 1977-78 interim Education Committee's study of the organization and financing of special education and related services. Recurring concerns include rising costs, financial responsibility for court-ordered and agency-initiated placements, staffing shortages, and whether funding adequately reflects differences in student needs.

Other States' Special Education Funding Models

States use several approaches to fund special education, including weighted student formulas, disability-based allocations, staffing-based models, and reimbursement of eligible expenditures. Some states combine general formula funding with additional assistance for students whose costs exceed established thresholds.

North Dakota applies special education weighting factors to overall student enrollment and provides additional reimbursement for certain high-cost services. The 2023-24 School Funding Task Force reported North Dakota was among 12 states using this general weighting approach and among 17 states providing additional funding for high-cost services.

Testimony

Department of Public Instruction

The committee received testimony from a representative of DPI regarding special education federal funding, state funding, recruitment and retention initiatives, and the number of students with disabilities. Testimony indicated the department receives IDEA Part B grants under Section 611 for children with disabilities aged 3 to 21, and Section 619 for children with disabilities aged 3 to 5, respectively. To be eligible to receive funding, the department develops a state performance plan and measures 18 indicators, including graduation and dropout rates, preschool outcomes, parent involvement, and disproportionate representation. The department received $39.78 million in IDEA Part B grants for fiscal year 2026.

The testimony indicated the department spends approximately $1.5 million on recruitment and retention initiatives, including scholarships, loan forgiveness, teacher residency and pathway programs, paraprofessional training, employment resources, discretionary grants, and other support programs. Funding is distributed among 31 special education units and the School for the Deaf. Eleven of the special education units serve single districts and 20 serve multiple districts.

The testimony indicated the department distributes a portion of special education funding through the state school aid formula. A special education weighting factor of 0.088 is applied to total ADM, a 0.170 weighting factor applies to prekindergarten special education ADM, and an additional weighting factor of 1.0 is applied to students enrolled in extended-school-year services. Seven percent of the recalibrated per student payment rate recommended by Picus Odden and Associates and implemented for the 2012-13 school year was designated as funding for special education teachers and aides.

The testimony indicated from the 2020-21 to the 2025-26 school years, formula funding for special education increased by 25.2 percent, compared with an 11.9 percent increase in students receiving special education services and a 22.7 percent increase in reported expenses. The per student payment rate increased from $11,349 for the 2025-26 school year to $11,633 for the 2026-27 school year. The funding formula includes state funding and local revenue from property taxes and payments in lieu of taxes. The state share of school aid varies by district from 0 to 98 percent and averages approximately 74 percent statewide.

The department uses a student contract system to reimburse school districts for certain high-cost special education services and placements outside a student's resident district. Testimony indicated reimbursement from the state is available if eligible costs for a student with a disability or significant medical condition exceed four times the state average cost of education per student. Agency-placed contracts provide reimbursement to school districts for costs exceeding the state average cost per student and school-placed contracts reimburse school districts for costs exceeding four times the average cost per student. Additional reimbursement may be available when eligible costs exceed 2 percent of a district's annual budget, subject to statutory requirements.

The testimony indicated the state average cost of education is approximately $16,000 to $17,000 per student and the contract formula recently reimbursed costs in a total amount nearly meeting the statutorily required highest-cost 1 percent of students statewide. Differences in service rates largely reflect higher costs for contracted staff compared with district-employed staff.

The testimony indicated reported counts of students with disabilities may not include all children with disabilities attending private schools or being educated by their parents. The committee was informed IDEA requires a free, appropriate public education in the least restrictive environment, and state funding mechanisms may not violate these requirements.

Education Commission of the States

The committee received testimony from a representative of the Education Commission of the States regarding national special education trends and state funding approaches. The testimony indicated from 2001 to 2023, special education identification rates increased from 13.3 to 15.2 percent nationally and from 12.5 to 14.9 percent in North Dakota.

The testimony indicated states use various funding approaches, including weighted funding, census-based funding, reimbursement, resource allocation, and supplemental funding for high-cost services. Examples included disability-based funding weights in Ohio and South Dakota, census-based funding in Alaska, full reimbursement of eligible costs in Wyoming, evidence-based resource allocation in Illinois, and high-cost service reimbursement in Wisconsin.

The testimony indicated common funding challenges include adequacy, distribution, accountability, and flexibility. The testimony indicated strategies used by other states include teacher recruitment and retention incentives, regional service agencies for students with complex needs, differentiated funding weights, and supplemental high-cost funding. Students with IEPs may require behavioral or subject-specific support for students without cognitive impairments. The testimony indicated research has not established which funding model produces the best special education outcomes, although expenditure and outcome reporting may help evaluate effectiveness. Funding weights may reflect disability category, student placement, or time spent in general education.

Wyoming Department of Education

The committee received testimony from a representative of the Wyoming Department of Education regarding Wyoming's reimbursement of 100 percent of eligible IEP expenditures, an approach adopted following a Wyoming Supreme Court ruling concerning uniform, equitable, and adequate education.

The testimony indicated Wyoming has not observed overidentification of students despite the financial incentive associated with full reimbursement, and identification rates are consistent with national trends. Funding sources include state property taxes, federal mineral royalties, and investment earnings. Wyoming also reimburses qualifying contracted services, including online therapy.

The testimony indicated Wyoming's education budget is approximately $1 billion, including approximately $300 million for special education. The state separately funds capital construction and major maintenance, while block grant funding covers minor maintenance.

Illinois State Board of Education

The committee received testimony from representatives of the Illinois State Board of Education regarding the state's evidence-based funding model, which was adopted in 2017. The testimony indicated Illinois establishes an adequacy target for each school district, provides a base funding minimum based on the prior year's allocation, and directs additional tier funding to districts furthest below their adequacy targets. Illinois also provides required categorical payments, including payments related to special education and transportation.

The testimony indicated adequacy targets are established in statute based on research, and formula factors use a 3-year average. After several years of implementation, no district was considered significantly underfunded, which is defined as receiving less than 40 percent of its adequacy target.

South Dakota Department of Education

The committee received testimony from a representative of the South Dakota Department of Education regarding special education funding. The testimony indicated South Dakota's three primary funding sources are property tax revenues, state aid, and federal funding. The testimony indicated state aid covers the difference between a district's total special education funding need and local property tax contributions. Funding need is calculated based on six disability levels and the number of special education students enrolled in the prior year. An extraordinary cost fund is available if revenue sources do not cover estimated district costs.

Grand Forks Public Schools

The committee received testimony from a representative of Grand Forks Public Schools regarding special education funding. The testimony indicated the 0.088 special education weighting factor is applied to total district enrollment regardless of the number of students with disabilities. Over approximately a decade, special education enrollment in Grand Forks increased by 43.6 percent, compared with 6.2 percent growth in total enrollment. From 2016 to 2019, total enrollment decreased by 2.3 percent while special education enrollment increased by 11 percent, resulting in decreased funding despite increased expenses.

Federal law requires special education services, but federal funding does not cover the cost of the provision of special education services. Special education costs not met by state funding must be paid with local funding sources, affecting other district priorities. The testimony contended a cost-based reimbursement approach through the existing student contract system should be considered because it would reflect actual costs, providing budgetary relief.

Wahpeton Public School District

The committee received testimony from a representative of Wahpeton Public Schools regarding the special education funding gap. The testimony indicated that over 3 years, special education expenditures increased by more than $368,000, while state funding increased by less than $78,000. The testimony indicated rising costs were attributed largely to increased demand for specialized personnel, including speech-language pathologists, behavior analysts, and special education teachers.

The testimony indicated the current high-cost reimbursement threshold requires districts to absorb significant expenses before receiving reimbursement. The testimony contended solutions to the funding gap include reducing the high-cost reimbursement threshold from four times to three times the average cost of educating a student and increasing the special education weighting factor from 0.088 to 0.174 to better reflect actual expenditures.

Committee Considerations

Committee members acknowledged flat weights may be an outdated methodology for allocating funding for special education. The committee noted actual reimbursement and categorical reimbursement may be more responsive to costs. The committee expressed concern regarding overidentification of students with disabilities to receive additional funding. The committee acknowledged the state's approach is a complicated method involving many combinations of funding streams and may benefit from a simplified approach.

The committee expressed a desire to learn which funding approach produces better outcomes, but was informed there is not a clear method that works best. The committee expressed a desire for accountability for additional funding while also recognizing many school districts favor local control. The members of the committee representing school districts indicated transparency would not be a barrier if transparency requirements were attached to additional funding.

The committee considered options to address special education funding adequacy, Medicaid reimbursement, and recruitment and retention of special education personnel.

Special Education Funding and High-Cost Reimbursement

Committee members discussed whether to reduce the high-cost reimbursement threshold from four times the state average cost of education per student to three or three and a half times the average cost. Committee members noted a lower threshold would allow more students to qualify for reimbursement and would reduce the financial burden on some school districts. The committee discussed the difficulty in estimating the number of additional students who would qualify and the associated state cost. Committee members also discussed whether the statutory requirement to fund the highest-cost 1 percent of students is being met.

The committee considered alternatives to the existing funding formula, including direct reimbursement of a certain percentage of eligible special education costs or modifying the hybrid approach combining the existing weighting factor with partial cost reimbursement. Committee members discussed the importance of maintaining high-cost protections, ensuring funding reaches students with significant needs, and balancing state funding responsibilities with school district flexibility. The committee considered whether additional funding should be distributed to districts based on actual expenditures or allocated through the existing formula.

Medicaid Reimbursement

The committee considered changes to the Medicaid matching funds provisions, which require state school aid payments to be reduced by the amount DPI is required to pay to DHHS for students participating in Medicaid. Committee members discussed whether Medicaid matching funds could be returned to school districts or special education units for special education and behavioral health services, and whether changes could be made to the distribution process without increasing total state expenditures. Committee discussion indicated discontinuing the state match reduction in state aid may reduce the need for the Behavioral Health School Grant Funding Program.

Special Education Workforce Recruitment and Retention

The committee considered expanding pathways for paraprofessionals to become special education technicians and licensed special education teachers. Committee members discussed the $3 million appropriation for the Paraprofessional-to-Teacher Grant Program and were informed the funding is insufficient to meet demand. Committee members suggested expanding program eligibility and increasing funding.

The committee also considered developing a special education technician credential that would allow school districts to train personnel locally, potentially with transferable college credits and appropriate authorization. Committee members discussed whether existing grants could support this pathway, the potential need for additional funding or policy changes, and the importance of mentoring and retention initiatives to help special education personnel remain in the profession.

Recommendation

The committee recommends the Legislative Assembly consider reducing the threshold for reimbursement of high-cost students from four times the state average cost of education per student to three times the state average cost of education per student.

READING AND MATHEMATICS PROFICIENCY STUDY

Senate Concurrent Resolution 4019 (2025) directed a study of reading and mathematics proficiency rates among students in the state with disabilities, and the effectiveness of current educational policies, programs, and resource allocations in addressing any disparities. The study required an examination of academic disparities; the identification of contributing factors, evaluating systemic barriers contributing to low proficiency rates; an assessment of existing policies and programs; the engagement of stakeholders, including parents and families of students with disabilities, educators, school administrators, special education professionals, and advocacy groups focused on disability rights; research of best practices; and consideration of actionable policy and funding recommendations aimed at reducing proficiency disparities, expanding access to high-quality, evidence-based educational programs, enhancing transparency in costs and resource allocation, and improving accountability and data transparency.

Background

Academic Proficiency - Students with Disabilities

The National Assessment of Educational Progress (NAEP), also known as The Nation's Report Card, measures student achievement nationally. During the 2023-24 school year, North Dakota students with disabilities scored substantially below students without disabilities in reading and mathematics. Among fourth grade students with disabilities, 50 percent scored below basic proficiency in mathematics, compared with 14 percent of students without disabilities, and 80 percent scored below basic proficiency in reading, compared with 32 percent of students without disabilities. Among eighth grade students with disabilities, 70 percent scored below basic proficiency in mathematics, compared with 24 percent of students without disabilities, and 71 percent scored below basic proficiency in reading, compared with 26 percent of students without disabilities. These results demonstrate significant academic disparities despite North Dakota students scoring above or at national averages overall.

Reading Instruction and Dyslexia Screening

Section 15.1-21-12.1 requires kindergarten through grade 3 teachers and elementary principals to complete professional development focused on evidence-based reading instruction. Reading curricula must address phonemic awareness, phonics, fluency, vocabulary, and comprehension. School districts also must use assessments to monitor reading development and provide interventions for students who are not meeting grade-level expectations. Under Section 15.1-13-35.1, early childhood and elementary teachers, including special education, art, music, and physical education teachers, must demonstrate competence in beginning reading instruction based on scientifically proven best practices to earn teacher certification. Under Section 15.1-32-26, school districts must screen children up to age 7 for dyslexia, provide interventions for students displaying characteristics of dyslexia, and evaluate intervention effectiveness. Parents, legal guardians, and teachers may request screening for any student.

Literacy Programs and Funding

The Department of Public Instruction administers several programs to improve literacy instruction. Amira Learning uses artificial intelligence to assess reading fluency and provide individualized tutoring. An evaluation found that students in grades 3 through 5 who consistently used the program demonstrated improvements on the 2024 state assessment. The Comprehensive Literacy State Development Program, authorized under Sections 2221-2225 of the Elementary and Secondary Education Act [Pub. L. 114-95; 20 U.S.C. 6301 et seq.], provided $43.9 million in federal funding to North Dakota from 2019 through 2025. In 2024, the state received an additional $44.8 million for the North Dakota Comprehensive Literacy Improvement through Measured Building Systems initiative, which will provide funding to 49 schools from 2025 through 2029 for teacher training, evidence-based instructional materials, literacy assessments, and family engagement. The department also provides funding for Language Essentials for Teachers of Reading and Spelling training to improve educator knowledge of evidence-based literacy instruction.

Mathematics Instruction and Screening

Senate Bill 2213 (2025) established requirements to improve mathematics achievement through evidence-based curricula, teacher professional development, formative assessments, and targeted interventions. Beginning July 1, 2027, school districts must implement dyscalculia and mathematics deficiency screening and intervention for students in kindergarten through grade 3 and provide screening upon request for other students. The Legislative Assembly also established a pilot screening program for students in grades 4 through 8, which requires DPI to report on implementation effectiveness. The Legislative Assembly appropriated $1.5 million for the 2025-27 biennium to support mathematics curriculum, instruction, and district-level professional development.

Strategies to Improve Academic Outcomes

Recommended strategies for improving proficiency among students with disabilities include inclusive classroom instruction, individualized supports, evidence-based teaching practices, and regular monitoring of academic progress. Meaningful family engagement also helps ensure students receive appropriate instruction and services. Eighty to 85 percent of students with disabilities can meet the same educational standards as their peers if provided individualized instruction, appropriate accommodations, and necessary supports. Early intervention and extended-school-year opportunities, including summer tutoring and enrichment, may help address learning gaps and reduce disparities in academic achievement.

Testimony

Department of Public Instruction

The committee received testimony from a representative of DPI regarding statewide reading and mathematics proficiency rates among students with disabilities which indicated NAEP results demonstrated substantial disparities between students with and without disabilities. The testimony indicated NAEP provides a basis for comparisons among states but assesses a smaller sample of students. The National Assessment of Educational Progress does not provide an alternative assessment for students with disabilities.

The committee received testimony regarding state assessment accountability trends. The testimony indicated the state's goal of reducing achievement disparities between students with and without disabilities has not been achieved at the desired rate. Although the state has established a goal of reducing the disparity in achievement for students with disabilities by 12 percent annually over 5 years, progress has been more gradual.

The Department of Public Instruction began using the North Dakota Academic Progression of Learning and Understanding of Students (ND A+) assessment in spring 2025. The testimony indicated assessment data may fluctuate when a different assessment is introduced, making year-to-year comparisons difficult. The testimony indicated data from 2025-26 will be the new benchmark for longitudinal data comparisons going forward.

To develop ND A+, local educators select assessment items aligned with state standards and establish performance-level cut scores. Testimony indicated North Dakota's standards and proficiency expectations are rigorous compared with those of many other states, which limits direct comparisons of assessment results across states. Approximately 95 percent of students participate in ND A+ and the ACT, while less than 1 percent of ND A+ participants, generally students with severe cognitive disabilities, take an alternative assessment.

The Department of Public Instruction modified the scale for scores in mathematics and English language arts for all grades, implementing a 0 to 1000 scale with proficiency established at a score of 500 in place of the arbitrary numbers previously used. A score of 500 on the revised 1,000-point scale indicates proficiency but does not represent answering 50 percent of assessment questions correctly.

The testimony asserted that measuring student growth in addition to proficiency is important. The North Dakota Academic Progression of Learning and Understanding of Students assessment performance levels include novice, approaching proficient, proficient, and advanced. The testimony indicated a reduction in the number of students classified as novice and an increase in the number approaching proficiency demonstrates progress even if the number of students classified as proficient does not increase.

The testimony also asserted mathematics achievement may become more difficult as students progress to middle and high school because expectations and academic rigor increase. The testimony contended allowing some students additional time to complete high school may improve learning outcomes, although doing so may affect the state's 4-year graduation rate measure.

Committee Considerations

Committee discussion indicated a desire for ND A+ to produce data comparing students with and without disabilities, including results by performance level. The committee recognized that changes in assessments, proficiency standards, and academic expectations may affect comparisons across years and states. Committee discussion indicated a desire for greater public understanding of the purpose, rigor, and interpretation of standardized assessment results.

Committee discussion expressed a desire to identify actions the Legislative Assembly can take that would improve outcomes for students with disabilities. The committee also discussed the importance of evaluating student growth in addition to proficiency.

Conclusion

The committee makes no recommendation regarding its study of reading and mathematics proficiency rates among students with disabilities.