



Final Report of the Wyoming Early Childhood Special Education Funding Formula Work Group

July 30th, 2024

Executive Summary

Building upon the recommendations in the **Wyoming Special Education Financing Work Group** and in coordination with Foresight Law + Policy, the Center for Early Learning Funding Equity (CELFE) was contracted to develop recommendations for a new funding formula for Wyoming's early childhood special education services (Parts B and C under the federal IDEA).

Based on the Work Group's review of data regarding the cost associated with delivering special education services (Part B, C) in the various settings allowable under federal and Wyoming law -- as well as our diagnostic review of all federal, state, and local revenue/funding currently supporting services -- we offer a final set of recommendations on how Wyoming can more systematically and adequately fund Early Childhood Special Education (ECSE) services for children 0-5.

Our recommended approach to a funding formula comprises *four parts*, allowing policymakers and program administrators to understand cost based on the multiple functions necessary to serve children with special needs from birth to kindergarten entry. Whenever possible, the Work Group has taken steps to link our recommendations to already existing benchmarks within the K-12 public school system or the state's CCDF child care subsidy system to support system coherence and simplify annual updating of the formula. Additionally, portions of the formula can be pro-rated if the state does not have sufficient funding to cover the full cost of services.

This report highlights the research completed and the steps taken to form the Work Group's consensus recommendations for a comprehensive, data-informed, and adequate funding formula that is dynamic and remains relevant through easily managed annual updates.

Background

Wyoming has a unique infrastructure to deliver special education services for children ages 0-5 (Parts B and C of the IDEA). Fourteen Child Development Centers (CDCs) are contracted by the Department of Health -Behavioral Health Division (BHD) to assess children and ensure they receive the specialized services they need and are entitled to under federal law. Federal funding for infants and toddlers through the Early Intervention program (Part C) and for Early Childhood Special Education (ECSE) for preschool-aged children (Part B) runs through the Wyoming Department of Education, which then transfers funds to implement the programs to

the Division of Behavioral Health annually. Ultimately, the Wyoming Department of Education is accountable to the federal Department of Education to meet federal service requirements.

The annual contracted allocation per CDC has been based on a one-time per-year count of all children receiving services on December 1st. The funding for the CDCs in Wyoming is statutorily set and has remained a per-child constant amount of \$8,503 since 2007. In 2024, this per child amount was increased by the legislature to \$11,796.

Wyoming's method of establishing rates of payment to CDCs has fallen short of meeting the true cost of care per child, nor has it established the most accurate total count of children in the care of each CDC – resulting in the CDCs facing budget shortfalls. The ongoing shortfall led the Work Group to want to better understand the cost of care/services and recommend a new path forward for Wyoming's youngest learners with developmental and physical delays and/or disabilities.

CDCs are ultimately responsible for the following activities:

- Developmental screenings
- Special Education Assessment
- Coordination of community services and supports
- Speech and language therapy
- Physical therapy
- Occupational therapy
- Interpretation
- Vision and hearing services
- Assistive technology
- Preschool (Part B)

The previous funding approach did not account for the actual costs related to each of these services – creating a gap between the CDC's cost and the payment by the state. This practice led to a deterioration in the fiscal health of many of the CDCs, endangering the state's ability to meet federal guidelines and falling short of meeting the needs of families with special-need children ages 0-5.

Defining the Problem: Challenges with the Current Approach to Funding Allocation

The Early Childhood Special Education Funding Formula Work Group emerged from a series of conversations held in Wyoming to improve the state's support for early childhood special education. A 2020 [Governance Task Force](#) and subsequent [Transition Report](#) identified early childhood special education governance and finance as key areas for the state to work on. That led to the creation of a Special Education Financing Work Group, whose [final report](#) found that on a per-child per-year basis CDCs were receiving only 51 cents for every dollar received by school districts. That Work Group recommended the development of a funding formula for early childhood special education, which led to the establishment of this work group.

The Early Childhood Special Education Funding Formula Work Group has highlighted several challenges with the current method of funding early childhood special education in Wyoming. Four critical issues with the current funding approach are causing a shared dissatisfaction among state agencies, CDCs, and the legislature.

Static Per-Child Funding Amount

The current approach to allocating funding to CDCs is to use a per-child reimbursement based on a one-time annual child count¹. This per-child amount of \$8,503 was identified in statute in 2007 and was raised to \$11,796 this FY25. BHD is required in statute to request an External Cost Adjustment each year, but these requests are not always fully funded. In FY25, a \$6.1 million supplemental was approved by the Wyoming Legislature.

Inaccurate and Variable Child Counts

The existing funding approach, which provides a per-child allotment, had been based on an annual December 1st child count. This method created challenges because the base population of children ages birth to kindergarten entry grows by 20% from the first day of the school year until the last day of summer as new children are born. Thus, additional children are identified and deemed eligible for services throughout the year and may be added to the CDC enrollment (but not captured in their annual per-child count). Also, families may move over the year, requiring them to switch from one CDC service area to another. Data collected from BHD show that the number of children a CDC might have in their child count on a given month varies by 20% to 50% over a year.

Recent legislation moved the system to a May 1st count of children, with the goal of capturing a more accurate number of children served. But a once per year count of children is still not fully accurate. It also creates instability for CDCs because these small providers occasionally have significant changes in the number of children served year to year. With the current formula, if a CDC happens to have far fewer children at the time of the May 1st Child Count, their funding will decrease dramatically. For example, one CDC saw a 28% decrease between its 2022 child count and 2023 child count (both on December 1). These variations can be catastrophic for CDCs, who have hired staff based on the needs of previous years.

Challenges with Staff Recruitment and Retention

During Work Group meetings and our stakeholder engagement, CDCs shared frustration that they cannot pay salaries on par with the market under the current funding method. According to CDC contracts, CDCs should pay salaries on par with the public school system. However, the 2023 BHD Personnel Survey Report found that entry-level special education teachers make about \$3,400 less than their school district counterparts, and CDCs have indicated that they do not have the resources to increase their salaries. Additionally, speech-language pathologists,

¹ Funding for CDCs is governed by Wyoming Statutes [§21-2-706](#)

occupational therapists, and physical therapists make less than their district counterparts. On average, speech-language pathologists with a master's degree at a CDC earn about \$4,300 less per year than speech-language pathologists at the districts; occupational therapists with a master's degree earn an average of about \$7,500 less per year; and physical therapists with a master's degree earn an average of about \$11,000 less per year.

These disparities are even starker when wages of CDC therapists are compared across therapists statewide, with the statewide median salary at least \$25,000 more than current CDC wages for master's level therapists. The low wages offered by CDCs make it difficult to recruit and retain these therapeutic service providers. High turnover results in instability for families and high caseloads for the remaining staff.

Limited Availability of Publicly-Funded Preschool for children ages 3-5

In Wyoming, all Part B children must receive a Free and Appropriate Public Education as part of their Individualized Education Program (IEP). In many states, 3- and 4-year-olds with IEPs receive this preschool education through a state pre-k system. However, because Wyoming does not have a state-funded public pre-k program, CDCs are responsible for providing (or finding) a preschool experience for the children they serve. In some communities, CDCs can utilize publicly funded slots through TANF preschool or Head Start. Alternatively, a CDC might purchase the slot for the child in a community-based program such as a private child care center or preschool. Often, CDCs operate their own inclusive classrooms and collect tuition from some students or operate their own classrooms as Head Start grantees.

The variability in access to publicly funded PreK means that some CDCs are paying for or directly providing preschool while others are not. This complexity creates challenges in using a one-size-fits-all funding approach because the burden of paying for the FAPE varies depending on the availability of Head Start or TANF preschool in that CDC community.

Principles for a New Funding Design

Wyoming's current approach to funding for IDEA Part B and Part C services is not based on actual costs experienced by the Child Development Centers. This creates turmoil for state agencies, Child Development Centers, and—most importantly—families, who often do not have access to the programs and services that meet their individual child's needs. Further, consistent underfunding creates ongoing challenges for the Wyoming legislature in allocating additional dollars.

Motivated by the challenges with the previous Early Childhood Special Education Funding approach above, the Work Group developed guiding principles for a new funding formula.

These principles were:

1. The funding formula should use an accurate child count that protects the system from dramatic variations in funding amounts and recognizes the fluid nature of the 0-5 population.
2. The formula should allow CDCs to predict how much funding they will receive before the service year begins.
3. The formula should accommodate the complexities of the differing availability and usage of other funding streams (e.g., Head Start, TANF) for the preschool intervention (Part B FAPE).
4. The cost of providing services should drive the formula.
5. The formula should be simple to update and consistent with other funding streams.
6. The formula should reflect the high-quality, inclusive early childhood experiences all children deserve and place families at the center of the work.

Research Approach

The Work Group comprises representatives with expertise in the Early Childhood Special Education system in Wyoming, including representatives from Behavioral Health Division (BHD), Wyoming Department of Education (WDE), the Governor's Office, and CDC leaders. In addition to its expertise, the Work Group used the following datasets to form the funding formula recommendations:

Bureau of Labor Statistics Occupational Wages and Employment Statistics²: The Occupational Employment and Wage Statistics (OEWS) program produces employment and wage estimates annually for approximately 830 occupations. These estimates are available for the nation as a whole, for individual states, and for metropolitan and nonmetropolitan areas. The Work Group used the OWES data to understand the median wages for therapists in Wyoming.

Behavioral Health Division 2023 Personnel Survey: In the summer of 2023, the directors of the 14 CDCs were asked to complete a questionnaire regarding the number of full-time staff and their corresponding caseloads. The survey also collected current salary information for these staff. The Personnel Survey was used to identify typical caseloads for therapists and special education teachers.

Part B Service Data: This reported on the type of therapeutic service and minutes received by child and region. This data was used to identify the frequency and typical dosage of services that children receive. Part C data was unavailable, but we did not suspect this would differ between Parts B and C.

² "U.S. Bureau of Labor Statistics." U.S. Department of Labor, <https://www.bls.gov/>. Accessed 26 June 2024.

Recommendations

Child Count

Wyoming's current approach allocates per-child funding based on a single point-in-time child count. This approach did not accurately reflect the actual number of children for whom a CDC may be responsible for providing services over the year.

The Work Group recommends completing a child count twice annually (December 1 and May 1) to better reflect the number of children served through the IDEA Part B, C system in Wyoming throughout 12 months. The Work Group also recommends refining the Child Count method further by using a three-year rolling average of the twice-yearly counts to protect the system from unexpected variations in Child Count from year to year.

Early Childhood Special Education Funding Formula Recommendations

Child Find

CDCs are contractually obligated to conduct "Child Find" activities, including conducting developmental screenings and comprehensive assessments to determine which children are eligible for Part B and Part C services and to inform the development of Individualized Education Plans (IEPs) and Individualized Family Service Plans (IFSPs). While some CDCs receive a small amount of funding from school districts to support this Child Find work, this practice is not standardized. Because CDCs are contractually obligated to conduct Child Find, the Work Group recommended that Child Find services be included in the funding formula to ensure CDCs receive funding for this activity.

Young children may receive developmental screenings from various providers, such as school districts, pediatricians, local CDC, or other community-based organizations. According to BHD data, statewide, CDCs perform screenings on about 18% of Wyoming's children under 5. However, the rate which CDCs screen the children in their community varies, ranging from 4% to 37% of their under-5 population. Because CDCs are not the sole providers of screenings and the rate at which they provide screenings fluctuates, we recommend that CDCs be funded only for the screenings they perform.

The Work Group recommends providing Child Find Funding as a per-child allotment for the actual children screened annually (the count of screenings could be calculated as a three-year rolling average, as with the count of children served). Based on an analysis of current screenings completed by CDCs, the state could expect to see approximately 6,000 screenings by CDCs annually. Based on consultation with BHD, the Work Group estimates each screening cost to be \$82.50. This screening cost figure may need to be updated periodically to reflect the actual cost of screening.

Administrative Costs

The second set of costs that must be accounted for in the formula is central administrative costs for each Child Development Center. CDCs have core administrative expenses that stem from the complex task of administering an agency that provides essential therapeutic and educational services for families. These activities require key administrative staff responsible for compliance with IDEA Part B and C, record keeping, fiscal controls, and administrative leadership. CDCs also have additional non-personnel costs related to buildings, transportation, supplies, etc.

To maximize consistency with the existing methodology of the Wyoming School Funding Model, we recommend that administrative costs be calculated similarly to the Central Office costs for Wyoming school districts³. For all districts with less than 500 children, the School Funding Model allocates funding to support three professional staff (Superintendent, Assistant Superintendent, and Business Manager) and three administrative support staff. Because each CDC typically serves fewer than (or only marginally more than) 500 children, we recommend allotting funding for central administration staffing as though the CDC were a small school district.

Additionally, we recommend including the same per-child funding reflected in the school funding formula (currently \$550) to cover non-personnel administrative costs, such as supplies, copiers, computers, etc. This method allows the formula to be updated yearly with the School Funding Model and supports an early childhood special education system with resources like the K-12 public school system. At the time of design, SY 2023-2024 figures were available and are displayed below, but the formula should be updated annually as external cost adjustments are made to the School Funding Model.

During our process, members of the Work Group shared feedback that the administrative responsibilities of a CDC and the individual CDC director relied heavily on how many children the CDC was responsible for serving. Based on this feedback, the Work Group created a pattern for calculating funding based on CDC size.

- For CDCs with less than 200 children, the CDC will receive a salary allocation for a director on par with an assistant superintendent in the school funding model. These CDCs will also receive a salary allocation for a business manager and two administrative staff.
- Larger CDCs will receive a salary allocation for a director on par with a superintendent in the school funding model. These CDCs will also receive a salary allocation for a business manager and three administrative staff.

The administrative allocation should also include benefits for the staff allocation for each CDC. Because CDCs will vary in the actual staffing that they will employ to manage their programs, the Work Group recommends that the funding for these positions be based on the base salary

³ The Work Group recommended tying the salaries to those of school officials for administrative simplicity, and in order to emphasize the importance of the relationship between IDEA services at the early childhood level and those at the K-12 level. However, if the state preferred to use data from the Bureau of Labor Statistics for a particularly set of job titles relevant to the work of the CDCs, a formula could also be built around that data.

amount (adjusted as appropriate for Regional Cost Adjustment) rather than on the precise qualifications and experience of the individuals working at each CDC.

The Work Group recommends using the amounts in Table 2 to calculate benefits. These benefits were primarily based on the School Funding Model, except for the health insurance allocation and retirement contribution, which were based on CDC feedback and a cost analysis.

Regardless of size, we recommend CDCs receive \$451 per child for non-salary expenses, such as transportation, rent, utilities, and supplies.

Table 1: Administrative Salary and Per Child Funding

Small CDC Less than 200 children	
Item	Cost (SY 2023-2024)
1 Director	\$81,093 (Assistant superintendent salary)
1 Business Manager	\$64,557
2 Administrative Staff	\$33,456 each
Per Child admin funding	\$451 per child
Large CDC More than 200 children	
Item	Cost (SY 2023-2024)
1 Director	\$101,365 (Superintendent salary)
1 Business Manager	\$64,557
3 Administrative Staff	\$33,456 each
Per Child admin funding	\$451 per child

Table 2: Benefits Included in the Funding Formula

Benefit	Amount
Social Security	6.20%
Medicare	1.45%
Worker's Compensation	0.70%
Unemployment Insurance	0.06%
Retirement	5.00%
Health Premiums	\$11,000

Therapeutic Services

The Work Group used a cost analysis of therapeutic services received by children with special needs through the Part B and Part C services to understand significant cost drivers. The formula uses three elements of therapeutic services to calculate the total cost per child:

Therapeutic Professional Caseload

Each therapeutic professional was assigned an estimated caseload based on the median caseload reported in the 2023 Personnel Survey Report. In the formula, it is assumed that caseloads are shared between therapists and their assistants; for example, if both the speech therapist and their assistant has a caseload of 80 children, the actual caseload is 40 per full time staff. During listening sessions with therapists in February 2024, the caseloads were validated to ensure they were adequate to provide quality services. In the Personnel Survey Report, the median caseload for special education teachers was reported to be 29 children. This is substantially higher than the caseload recommended for Special Education Teachers in the K-12 system⁴. The Work Group recommends using a caseload of no more than 15 for teachers serving children in inclusive classrooms to align with the K-12 staffing recommendations.

Table 3: Caseload Recommendations

Professional	Caseload
Special Ed Teachers	15
Family Engagement Coordinator	15
Speech Therapists	80
Speech Therapists Assistants	80
Occupational Therapists	60
Occupational Therapy Assistants	60
Physical Therapists	50
Physical Therapist Assistants	50
Counselors	25

Cost of Salary and Benefits for Therapeutic Professionals

To calculate salaries for ECSE teachers, therapists and their assistants, the Work Group used the Bureau of Labor Statistics Occupational Employment and Wage Statistics data to understand the median statewide wage for these positions. Benefits were calculated at the same rates as the administrative staffing part of the formula, displayed in Table 2.

A challenge of the current funding approach is that CDCs cannot pay staff competitive, market-based salaries, causing them to lose staff to school districts or the healthcare industry. Therefore, the salaries recommended in the formula are significantly higher than what CDCs can currently pay, according to the 2023 BHD Personnel Survey. We use the median statewide salary information for therapists because it ensures funding for salary amounts reaches parity with

⁴ Wyoming Department of Education Special Education Staffing Guidelines, 2019

healthcare and the competitive private sector. Wyoming must support competitive, market-based salaries through its formula to address the instability that recruitment and retention issues create for CDCs and families.

Table 4: Therapeutic Staff Salaries

Position	Salary	Source
Special Ed Teachers	\$64,040	Bureau of Labor Statistics: Special Education Teachers, Kindergarten and Elementary School
Family Engagement Coordinator	\$64,040	Bureau of Labor Statistics: Special Education Teachers, Kindergarten and Elementary School
Speech Therapists	\$80,920	Bureau of Labor Statistics: Speech-Language Pathologists
Speech Therapists Assistants	\$58,940	Bureau of Labor Statistics: Physical Therapist Assistants ⁵
Occupational Therapist	\$83,740	Bureau of Labor Statistics: Occupational Therapists
Occupational Therapist Assistants	\$54,790	Bureau of Labor Statistics: Occupational Therapy Assistants
Physical Therapist	\$88,290	Bureau of Labor Statistics: Physical Therapists
Physical Therapist Assistants	\$58,940	Bureau of Labor Statistics: Physical Therapist Assistants
Counselors	\$63,490	Bureau of Labor Statistics: Educational, Guidance, and Career Counselors and Advisors

The prevalence of types of services that each child receives.

Based on an analysis of Part B service data, we calculated the percentage of children who receive speech therapy, occupational therapy, physical therapy, counselors, and other services. In addition, it was assumed every child received specialized instruction services from a Special Education Teacher (Part B) or a Family Support Coordinator (Part C).

⁵ Speech therapist assistant data not available. Used physical therapists as a proxy.

Table 5: Prevalence of Service **% of Children That Receive This Service⁶**

Service	% of Children That Receive This Service ⁶
Specialized Instruction	100%
Speech and Language Pathology	93%
Occupational Therapy	28%
Physical Therapists	8%
Counselors	3%

Total Cost Therapeutic Services

By allocating the total cost of salaries and benefits of therapeutic staff across their typical caseload, the formula calculates a typical cost per child for each type of service. Then, using data on the prevalence of services, the formula calculates the per-child therapeutic services funding needed based on the actual rate at which a child would be provided each service. No data suggests that these costs should differ for Part B and C children.

Free and Appropriate Public Education (Part B)

To understand the cost associated with providing free and appropriate education (FAPE) as required for Wyoming children with an individualized education plan (IEP), it is necessary to establish the overall comprehensive cost of providing preschool services to typically developing children. From there, we can estimate the cost of providing preschool to 3-or 4-year-olds entitled to FAPE. CELFE conducted a preliminary cost analysis of preschool services based on Bureau of Labor Statistics data on child care wages, child care licensing regulations, and available sources of data on typical costs for early childhood programs (e.g., the Provider Cost of Quality data available from the Office of Child Care’s National Center on Early Childhood Quality Assurance⁷).

We next reviewed the potential adequacy of Wyoming’s Child Care Subsidy Rate to meet the cost of a part-day inclusive preschool classroom. The Wyoming Department of Family Services sets the Child Care Subsidy Rate based on the Market Rate Survey, which is conducted at least once every three years and studies the price of early childhood learning and care settings across the state. By using the Child Care Subsidy Rate as a benchmark for the FAPE allocation in the formula, Wyoming has a market-based strategy to update the formula in future years.

The Work Group found the current half-day rate for a 3-year-old, multiplied by 175 school days per year, plus the \$250 per month Special Needs Stipend offered through the Child Care Subsidy Program multiplied by ten months, was adequate to meet the cost of care for a half-day inclusive preschool program. We also found that twice the current half-day rate for a 3-year-old multiplied by 220 days per year plus the \$250 per month Special Needs Stipend offered through the Child

⁶ Does not add up to 100% because most children receive multiple services.

⁷ "Provider Cost of Quality Calculator." U.S. Department of Health and Human Services, <https://pcqc.acf.hhs.gov/>. Accessed 26 June 2024.

Care Subsidy Program was adequate to meet the cost of a child who has a full day, full year FAPE requirement in their IEP.⁸

Our review of the CDC's cost factors showed that some children receive their FAPE in an environment paid for through other funding streams, such as Head Start or TANF preschool. To prevent double-funding the preschool experience, the Work Group recommends that FAPE be funded as a per-child amount set at the child care subsidy rate *only for children the CDC provides or purchases a slot*. Because the alternatively funded pre-k environments may not receive extra funding for the specific needs of the child with the IEP, we recommend the CDCs receive the \$250 per month special needs stipend regardless of the funding stream that pays for the FAPE environment.

Regional Cost Adjustment

One challenge of the current approach is that Region 4 (Teton County) has a far higher cost of living than the rest of the state. Because of this, the per-child amount has been insufficient to cover the cost of providing services in that region.

The Wyoming School Funding Model uses a regional cost adjustment (RCA) to adjust for the cost of living in each district. Using the School Funding Model's RCA, we calculated a weighted RCA for the ECSE Funding Formula using the under-5 population of each school district according to the 2022 American Community Survey. This was necessary because most CDCs have more than one school district in their catchment area.

The formula cost model Excel workbook created by CELFE allows the user to toggle the RCA on and off, allowing the legislature to decide if such an adjustment should be included. The Work Group recommends using the adjustment.

Considered, but not Recommended- Exceptional Needs Fund

As the Wyoming Special Education Financing Work Group highlighted, the wide variation in degrees of disability among children—and in the expenses associated with serving them—should be considered for any recommended funding formula for Early Childhood Special Education and Early Intervention. During the formula's development, CDCs shared examples of children needing a full-time interpreter or extremely expensive daily transportation to services that strain their budgets.

The Work Group explored whether -- due to the many potential needs and situations that could arise -- a formula is the most effective mechanism to provide funding for serving these high-needs children and considered ways to fund the extraordinary costs outside the standard funding formula. The Work Group explored establishing a 'special fund' from which CDCs can draw to cover the higher costs associated with children with severe disabilities. CDCs would document expenses associated with necessary services and related costs (including transportation) for these very high-needs children. The costs that exceed a given threshold -- perhaps twice the average

⁸ The current full-day rate is less than twice the part-day rate and is not adequate for funding a full-day inclusive program.

per-child amount provided by the formula -- would then be reimbursed through this special fund.

As the Work Group completed the collection and analysis of data from the BHD, WDE, and the individual CDCs, it was clear those children with exceptional needs incurred costs significantly higher per child than the average children served through ECSE. However, some children needed minimal services, resulting in far lower costs than the average child. Additionally, discussions around implementation raised concerns that a “special fund” would pull resources from the appropriation that could instead be allocated directly to the CDCs. For these reasons, the Work Group determined that the outlier costs were better managed by providing as much up-front per child funding as the appropriation would allow and that extremely high outlier child expenses would be mediated by children who need far fewer services and thus are lower cost.

Estimated Fiscal Impact

The total fiscal impact of the proposed new funding formula depends on the number of children screened and served and the environment in which that child receives their FAPE in each of the 14 CDCs.

As a complement to the formula, a projection tool was built to allow the state to understand what the total funding under the new formula may need to be. However, with the data available, it is impossible to produce an exact figure. The exact fiscal impact of the new formula will depend on a few factors:

1. **Actual Child Find Screenings-** Estimates are based on data from actual completed screenings in 2023. These numbers may vary yearly and could increase if CDCs begin receiving funding to complete these screenings.
2. **Availability of Other Preschool Funding Streams-** Because the formula only pays the entire FAPE allocation if the CDC either operates or pays for a slot in a preschool, the final total funding called for in this formula may vary based on how many children each year are placed in a FAPE setting that is funded by another funding stream. Current estimates of total fiscal impact assume that about 65% of children receive their FAPE in a setting operated by the CDC or the CDC purchases that slot for them. This is based on data collected from a sample of 5 CDCs. If, for example, only 50% of CDCs provided or purchased a preschool slot, the total formula amount would decrease by nearly 4%. The proration element of the formula (discussed below) allows for the adjustment of the total figure to adjust for potential increases or decreases.

It is also important to remember that the Work Group’s recommendations include a new Child Count Method. This change would add 223 children to the 2025 Child Count, corresponding to the need for approximately \$3 million in additional funding.

Funding Formula Results

Table 6 below reflects our estimates of total system funding with and without a regional cost adjustment and with the previous and new child count methods. These estimates are based on

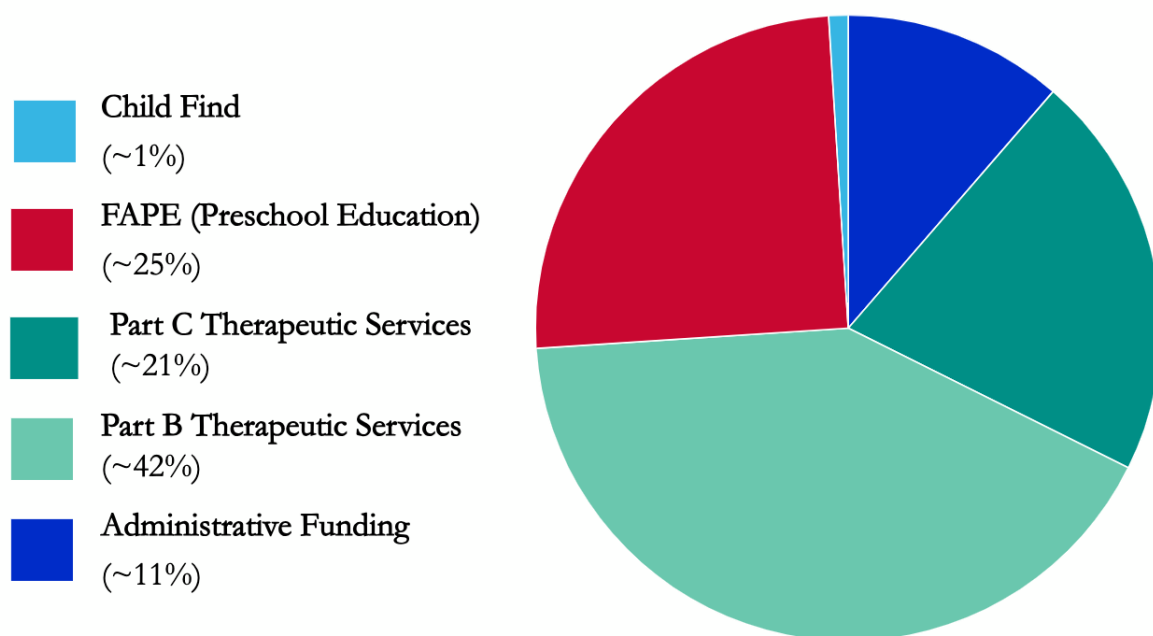
completed screenings in 2023 and an assumption that 65% of Part B children are served in slots operated or purchased by the CDC.

Table 6: Fiscal Impact

	Old Child Count	New Child Count
Old Approach	\$40,834,688	\$41,852,491
New Formula Without RCA	\$49,601,951	\$52,636,077
New Formula With RCA	\$50,979,165	\$54,098,350

The recommended formula returns totals significantly higher than the contract amounts under the current funding approach, calling for an appropriation between 13 and 15 million dollars more than the current funding allocated by the State. The FAPE and therapeutic services allocations primarily drive the formula's cost. Over 60% of the cost is accounted for from the Part B and C therapeutic services allocation alone.

Formula Cost Drivers



Proration

Recommendations for the formula were driven by a set of principles that aimed to address the challenges of the current funding approach. These principles -- such as the formula being driven by actual cost reflected in a high-quality, inclusive early childhood experience -- resulted in a formula that calls for a substantially higher investment than what is currently made into the

system. Specifically, our method for calculating therapist salaries using the median market salary and special education teacher caseloads that align with school district caseloads results in a total estimated funding nearly \$15 million higher than a formula that used status quo salaries and caseloads.

The Work Group recognized that Wyoming’s fiscal realities might preclude the state from increasing its funding significantly in a short period of time. Moreover, the Work Group wanted to make it possible for the state to adopt a funding formula as a cost-neutral approach. Accordingly, the formula includes a mechanism for proration, allowing the state to implement a potentially superior structure for early childhood special education funding while not tying the hands of future legislatures.

CELFE analyzed the funding need for CDCs using the proposed funding formula, actual caseloads from CDCs, and estimated percentage of students receiving FAPE from other funding sources (as detailed above). The percentage of proration for the therapeutic services and administrative costs that would be necessary to match FY 2024 funding allocations was then calculated in two scenarios: One which included Regional Cost Adjustments to account for the variation in the cost of operations across the state and one which did not include these adjustments. The required level of proration is shown in the table below.

Table 7: Proration Needed for Formula to Remain at FY 24 Allocation

	Proration Needed
With Regional Cost Adjustment	68%
Without Regional Cost Adjustment	70%

The level of proration would likely change from year to year based on child enrollment, the actual costs of services, and the state’s available resources.

Medicaid Billing

Therapies for children through Early Intervention (Part C) and Early Childhood Special Education (Part B) are [often] eligible to be billed under Medicaid. However, not all providers adopt a consistent practice of billing Medicaid due to the sometimes-complicated nature of Medicaid billing and the lack of dedicated staff to manage the process. Further, additional documentation and/or processing delays due to high volume and government bureaucracies often delay payments to providers – causing cashflow challenges for their organization. The state should be encouraging and working with providers to overcome those barriers to maximize federal dollars through Medicaid to cover costs associated with service delivery– benefiting both the providers’ ‘bottom line’ and helping state appropriations stretch further for EI and ECSE.

The Work Group recommends Wyoming should increase the percentage of providers who draw down federal funds through Medicaid billing for therapies related to Early Intervention and Special Education preschool, particularly if the state cannot fund Child Development Centers for 100% of the cost of providing services through Parts B and C of IDEA. If and when the state moves from a pro-rated funding formula to fully fund CDCs for the cost of all services, any services paid by Medicaid should be factored into the CDC annual allocation from the Division

of Behavioral Health. Until then, providers should be encouraged to bill Medicaid for all services eligible.

Future Considerations

Wyoming has established a national precedent by digging into the cost of delivering special education services to children 0-5. The state's unique structure of delivering services through Child Development Centers allows for an in-depth understanding of the actual cost drivers of providing the services young children need to start school on par with their typically developing peers.

As Wyoming moves forward with implementation of these recommendations, the Work Group suggests three additional considerations:

1. Explore *shared services* as a strategy to maximize efficiencies for the state, school districts, and Child Development Centers. By establishing a better understanding of where the potential for savings would be, the state can better direct resources directly to children in care.
2. Revisit the current structure of how funding is allocated for the federally required Child Find responsibilities. Currently, funding for Child Find sits with the school districts, but a contractual obligation to conduct Child Find services sits with the CDCs. While some school districts and CDCs coordinate, there are currently no structures to require or even incent coordination.
3. Perform further cost study on transportation costs. The current formula includes a per-child administrative amount in which transportation costs are included. At the time of this report, there was no data to support making more specific recommendations regarding transportation for the formula. However, BHD should consider collecting data that might help understand the frequency and cost of transportation and revise the formula if needed.
4. CELFE conducted a preliminary analysis of the cost of providing preschool in the larger ECEC system in Wyoming to develop recommendations for ECSE (0-5) as part of this project. However, a comprehensive cost study would allow Wyoming to understand the true cost of preschool and child care with adequate wages and a high-quality program structure.

This report highlights the research completed and the steps taken to form the Work Group's consensus recommendations for a comprehensive, data-informed, and adequate funding formula that is dynamic and remains relevant through easily managed annual updates. These recommendations will help Wyoming more systematically and adequately fund Early Childhood Special Education (ECSE) services for children 0-5. While this formula may result in higher costs than the current funding approach, the formula does not necessarily mandate a particular level of spending and includes a proration element to allow the formula to meet the available resources.

The Work Group hopes that the Legislature will be supportive of its overall proposed approach to a funding formula for early childhood special education. While the details of the formula can be adjusted, our recommendations are based on the actual cost of providing the early childhood special education services that are critical for young children's learning and development.

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