

Department of Health and Human Services: Schools for the Blind and Deaf

Justification Review

March 28, 2007

The General Assembly should transfer the management of the residential schools for the deaf and blind to the Department of Public Instruction.

Executive Summary

In 2006, the Division of Fiscal Research conducted a justification review of North Carolina's three residential schools for students with hearing and visual impairments – The North Carolina School for the Deaf, the Eastern North Carolina School for the Deaf, and the Governor Morehead School for the Blind.

The three residential schools were established to serve all hearing and visually impaired students in North Carolina. However, the federal Individuals with Disabilities Education Act (IDEA), enacted in 1975, dramatically altered the role of residential schools. The implementation of IDEA fragmented the management of educational services for hearing and visually impaired students by limiting the use of residential schools.

Today, 90 percent of the hearing and visually impaired students are educated by the local education agencies. The NC Department of Public Instruction (DPI) sets policies for these students in the local education agencies and ensures federal law is followed, but it has no management authority over the residential schools. The fragmentation has resulted in neither agency having the ultimate responsibility for determining the best way to educate hearing and visually impaired students and the role of residential schools in serving this student population.

In order to eliminate the fragmented management of services and determine the long-term need for residential schools, the staff recommendation is as follows:

The General Assembly should transfer the management of the residential schools for the deaf and blind to the Department of Public Instruction and require DPI develop a plan to reduce institutional capacity to an appropriate level.

Scope

This report is one of six “justification reviews” performed by the Division of Fiscal Research as a pilot effort to satisfy the zero base budgeting requirement set out in Sections 6.34(a-c) of Session Law 2005-276.

To complete this justification review, Fiscal Research analysts interviewed officials of the North Carolina Department of Health and Human Services and its Office of Education Services. Analysts also met with personnel from the Outreach and Resource Support Programs in the Office of Education Services and the Exceptional Children's Section in the Department of Public Instruction. Information gathered in these interviews was supplemented with relevant studies and reports on residential schools across the country; extensive data from the North Carolina Department of Health and Human Services, and field visits to the institutions.

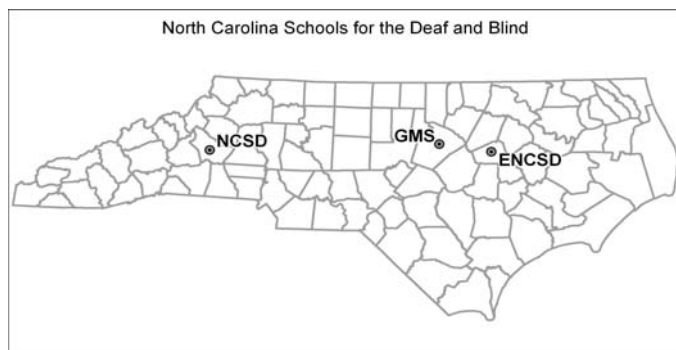
Background

The Governor Morehead School for the Blind, the North Carolina School for the Deaf, and the Eastern North Carolina School for the Deaf are residential schools managed by the Office of Education Services of the North Carolina Department of Health and Human Services. The Office of Education Services functions as a local education agency. The role of Superintendent is performed by the head of the Office of Education Services. The Secretary of the Department of Health and Human Services serves as the local school board of education.

Two residential schools opened during the 1800s. The Governor Morehead School, located in Wake County in the city of Raleigh, was established in 1845 and continues to be the State's only residential school for the blind.¹ The North Carolina School for the Deaf, located at in Burke County in the city of Morganton, was established as the first school for the deaf in 1894.²

The Eastern North Carolina School for the Deaf, located in Wilson County in the city of Wilson, opened in 1964 to educate hearing impaired students.³

The Central School for the Deaf, authorized by the NC General Assembly in 1971 and opened in 1975,⁴ was needed because the Wilson and Morganton schools had substantial waiting lists. The School closed in 2001 following recommendations from the Government Performance Audit Committee in 1992 and the State Auditor in 2000.⁵



Findings:

1. Enactment of the Education for All Handicapped Children Act in 1975 dramatically altered the role of residential schools for blind and deaf students.

The 1975 Act required that students with disabilities be provided a free appropriate public education in the least restrictive environment. Renamed Individuals with Disabilities Education Act (IDEA) in 1990, it has been accompanied by court decisions, amendments, and implementing regulations that have amended the “least restrictive environment” policy through three decades.

Part A of IDEA articulates the rationale relied upon by Congress: “Before the enactment of the Education for All Handicapped Children Act of 1975, the educational needs of millions of children with disabilities were not being fully met because.....the children were excluded entirely from the public school system and from being educated with their peers....”⁶ Prior to this law, children with disabilities were often educated separately from non disabled students – in institutions.

IDEA states the preference of educating students with disabilities in the regular classroom. However, acknowledging that the regular classroom is not appropriate for all students with disabilities, IDEA requires that a full continuum of services be available to meet the needs of those students that cannot be educated in the regular classroom. This continuum of services can range from regular classroom with supplementary aids and supports to education in a full-time residential facility.⁷

2. The continuum of services for educating hearing and visually impaired students is fragmented in North Carolina because services are managed by two different state agencies.

The implementation of IDEA fragmented the management of educational services for hearing and visually impaired students by limiting the use of residential schools. Prior to IDEA, local education agencies were more likely to refer hearing and visually impaired students to residential schools as opposed to meeting the needs of these students in regular classrooms. Prior to IDEA, the NC Department of Health and Human Services operated the residential schools, and thus was responsible for overseeing the education of all hearing and visually impaired students. After IDEA, educational responsibilities of hearing and visually impaired students in NC were split between the Department of Health and Human Services, which operated the residential schools, and the Department of Public Instruction, which approves the curricula of local education agencies. IDEA required local education agencies to redefine its curricula to accommodate the needs of these students. As a result, enrollment in residential schools has declined sharply since IDEA’s passage.

Today, 90 percent of the hearing and visually impaired students are educated by the local education agencies. The Department of Public Instruction sets policies for the education of hearing and visually impaired students in the local education agencies and ensures federal law is followed, but it has no management authority over the residential schools. Local education agencies send students to the residential schools without clear direction on when it is appropriate to utilize residential services. The fragmentation has resulted in neither agency having the ultimate responsibility for determining the most appropriate environment to educate hearing and visually impaired

students and the role of residential schools in serving this student population.

Nationally, this separation of services is atypical. According to the 2006 *Comparative Study of Washington State Schools for Students with Sensory Disabilities*, state education agencies govern 45 percent of the nation's residential schools for hearing and visually impaired students. Only seven residential schools, including the three in NC are governed by state social services departments.⁸

According to the study, only three states - Nevada, New Hampshire, and Wyoming - have no residential school services for hearing and visually impaired students. If a residential placement is recommended on a student's individual education program (IEP) in one of these states, the student is sent to an out-of-state or private in-state residential school at the state or local school district's expense.⁹

3. Residential student enrollment has dropped dramatically since the 1975 federal legislation. The residential schools currently serve just 10 percent of the State's hearing and visually impaired students.

IDEA meant that local education agencies could not automatically assign a hearing or visually impaired student to the state's residential schools. Once the preferred vehicles for educating these students, the residential schools were now reduced to an option on the continuum of educational services for hearing and visually impaired students.

Enrollment peaked during the 1970s. The Governor's recommended budget for the 1974-75 school year estimated that the four residential schools would serve over 1,600 students,¹⁰ but enrollment has steadily declined since IDEA's passage in 1975. The Central School for the Deaf closed in 2001 after the State Auditor found: "The number of students currently attending the Schools for the Deaf does not justify the costs of operating the three schools."¹¹

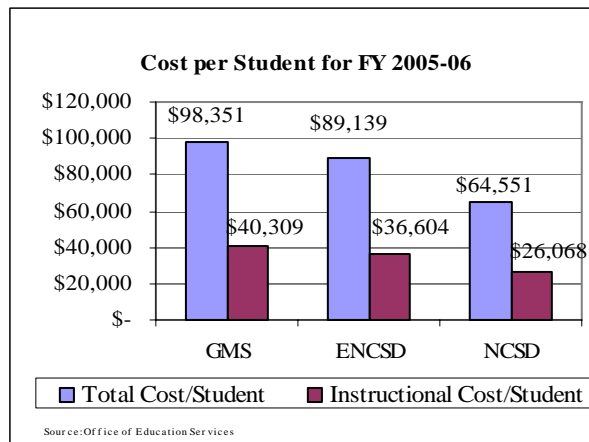
During 2005-06 school year, the residential schools enrolled only 305 students, or roughly 10 percent of the total number of students identified as hearing or visually impaired in North Carolina.¹²

4. Educating hearing and visually impaired students at the residential schools is costly.

Total expenditures for the residential schools were \$31 million in FY 2000-01.¹³ Closing the Central School for the Deaf reduced this appropriation by \$4.5 million. The NC General Assembly further reduced state appropriations to the residential schools by \$6.2 million during the 2001 and 2002 Sessions.¹⁴ These savings resulted from the Office of Education Services reducing the residential schools' budgets to match student enrollment and consolidating transportation contracts for the three residential schools.

Total expenditures for the three residential schools have increased 18.7 percent since FY 2002-03 reaching \$26.7 million FY 2005-06.¹⁵ Assuming that the residential schools will continue to serve about 10 percent of the State's hearing and visually impaired students, expenditures for the residential schools will continue to increase annually as the General Assembly enacts salary increases for state employees and provides other operating budget increases to offset inflation.

The average cost per student at the residential schools exceeds \$80,000 per year, of which \$33,000 is the instructional cost.¹⁶ The average cost to educate a hearing or visually impaired student in a general education classroom was not examined in this study.



5. Residential schools have no control over admission referrals.

The recommendation for admission to one of the three residential schools must originate from the Exceptional Children's Program operated by each local educational

agency. These recommendations are made by the child's individual education program (IEP) team.

Under IDEA, a child is entitled to a placement in the least restrictive environment. The requirement has three components:

1. To the maximum extent appropriate, students with disabilities must be educated with students who are non-disabled;
2. Special classes, separate schooling, or other removal of children with disabilities from the regular classroom is permitted only when the nature or severity of the educational disability is such that education in the regular classroom cannot be achieved satisfactorily; and
3. To the maximum extent appropriate, each child with a disability must be allowed to participate with non disabled children in nonacademic and extracurricular services and activities.¹⁷

The characterization of the least restrictive environment appropriate for a particular child is based on a subjective assessment of the child's needs. This assessment is performed by the child's IEP team, which includes the child, the parents or guardians, teachers, and any other provider involved in the child's life that the parents determine should be included. The team decides whether the student can be educated satisfactorily in a general education classroom, whether supplementary aids or support services are needed for the child to remain in a general education classroom, or whether the child may need to be educated outside of the general education classroom.

6. A portion of the State residential school enrollment is accounted for by counties that have or should have capacity to meet special needs at the local school level.

During the 2005-06 school year, one third of the students attending the residential schools came from counties not identified as low wealth by the Department of Public Instruction. Counties that have adequate local services, in particular counties proximate to the residential schools, are still sending students to the residential schools. For example, Wake County has extensive services for visually impaired students, but Wake County students make up 17.6 percent of the student

population at the Governor Morehead School in Raleigh.¹⁸ Burke County sends 58.5 percent of its hearing impaired students to the North Carolina School for the Deaf in Morganton, which equates to a quarter of the student population.¹⁹

Perverse financial incentives cause part of this situation. Local school districts pay none of the cost of educating a student they send to one of the state residential schools. If a local education agency sends a student to one of the residential schools after the 10th day of the school year, it continues to receive credit for the student in the school aid formula during the school year.

7. The Department of Health and Human Services has established outreach programs to provide supportive services to hearing and visually impaired students educated by the local education agencies.

The Governor Morehead School Outreach Program was created in 1992 to provide services to visually impaired students and their teachers. In 2005-06, this program served 792 students and 59 local education agencies at a total cost of \$396,756.²⁰

The Resource Support Program for Deaf and Hard of Hearing was created at the Eastern North Carolina School for the Deaf in July 2004 to provide support to local education agencies as they educate hearing impaired students aged three to 21. In FY 2005-06, the Resource Support Program served students, staff, and families in 57 local education agencies at a total cost of \$253,134.²¹

Recommendations

Thirty-two years after the enactment of the IDEA and the closure of one school for the deaf, the remaining residential schools are educating only 10 percent of NC's students identified as hearing and visually impaired. Educating hearing and visually impaired students in residential schools is very expensive and it appears that a disproportionate share of the services accrue to the local areas in which the residential schools are located.

The implementation of IDEA fragmented the management of educational services for hearing and visually impaired students. The Department of Health and Human Services, who pre-IDEA educated most



hearing and visually impaired students, continues to operate the residential schools even though 90 percent of the hearing and visually impaired students are educated by the local education agencies. The Department of Public Instruction is now responsible for setting policies for the education of hearing and visually impaired students by the local education agencies and ensuring they follow federal law, but it has no management authority over the residential schools. The fragmentation has resulted in neither agency having the ultimate responsibility for determining the most appropriate environment to educate hearing and visually impaired students and the role of residential schools in serving this student population.

In order to eliminate the fragmented management of services for hearing and visually impaired students and determine the long-term need for residential schools, the staff recommendation is as follows:

The General Assembly should transfer the management of the residential schools for the deaf and blind to the Department of Public Instruction.

The General Assembly should charge the Department of Public Instruction, with assistance from the Department of Health and Human Services, with developing a plan to reduce institutional capacity to an appropriate level for meeting the needs of hearing and visually impaired students in NC. The final plan should be submitted to the General Assembly no later than January 1, 2009.

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ENDNOTES

- ¹ Governor Morehead School for the Blind, "The Governor Morehead School," <http://www.governormorehead.net/content/About/aboutGMS.html> (accessed November 3, 2006).
- ² North Carolina School for the Deaf, "Introduction," <http://www.ncsd.net/> (accessed November 3, 2006).
- ³ Eastern North Carolina School for the Deaf, "Introduction," http://www.encsd.net/Mission%20State/Mission-page06_part2.html (accessed November 3, 2006).
- ⁴ North Carolina 1971 Session Laws, Chapter 1000.
- ⁵ North Carolina Government Performance Audit Committee, *Government Performance Audit Commission Report*, (Raleigh, December 1992).; Office of the State Auditor, *Performance Audit of the Division of Services for the Deaf and Hard of Hearing*, (Raleigh, April 2000), 13.
- ⁶ Individuals with Disabilities Improvement Act of 2004, US Code, vol. 20, sec. 1400 (2004).
- ⁷ National Archives and Records Administration, Federal Registry, vol. 71, no. 156 (2006).
- ⁸ Annie Pennucci and Hannah Lidman, *Comparative Review of Washington State Schools for Students with Sensory Disabilities*, February 2006, B6-B8.
- ⁹ Ibid, B-4.
- ¹⁰ James Holshouser, Governor of North Carolina, *Governor's Recommended Budget 1973-1975*, November 10, 1972.
- ¹¹ Office of the State Auditor, *Performance Audit of the Division of Services for the Deaf and Hard of Hearing*, April 2000, 10.
- ¹² NC Department of Health and Human Services, Office of Educational Services, Response to Fiscal Research Questionnaire, Part B, Section IV, #23, October 2006.
- ¹³ Fiscal Research Division, *Overview: Fiscal and Budgetary Actions North Carolina General Assembly*, 2001 Session, G-7; Fiscal Research Division, *Overview: Fiscal and Budgetary Actions North Carolina General Assembly*, 2002 Session, G 15-17.
- ¹⁴ Ibid.
- ¹⁵ NC Department of Health and Human Services, Office of Educational Services, Response to Fiscal Research Questionnaire, Part B, Section I, #8, October 2006.
- ¹⁶ Ibid.
- ¹⁷ National Archives and Records Administration, Federal Registry, vol. 71, no. 156 (2006).
- ¹⁸ NC Department of Health and Human Services, Office of Educational Services, Response to FRD Request for Information, November 2006.
- ¹⁹ Ibid.
- ²⁰ NC Department of Health and Human Services, Office of Educational Services, Response to Fiscal Research Questionnaire, Part B, Section IV, #24, October 2006.
- ²¹ Ibid.



Appendix A

NC Department of Health and Human Services

The Fiscal Research Division solicited input from the Department of Health and Human Services on a draft of this justification review. The following document is the Department's response. It has not been altered or edited in any way by the Fiscal Research Division.

Department of Health and Human Services Response to the Justification Review of the Residential Schools for Students with Hearing and Vision Impairments

Summary

Currently, the North Carolina Department of Health and Human Services (DHHS), through the Office of Education Services (OES), operates residential schools designed to serve deaf and blind student populations. Increasingly, students in this population are multi-disabled, requiring specialized instruction and a variety of health and social services related supports in order to receive full benefit of their education and become productive citizens of NC. The placement of educational services for students with sensory impairments as a function within the DHHS is unique to only a few states, but is not without merit. It shows that NC has the foresight and commitment to persons with disabilities and the willingness to assure their needs are met within the framework of a system that provides a comprehensive, supportive and free appropriate education to all children.

What makes DHHS uniquely qualified to provide services to the students at NCSD, ENCSD & GMS?

The expertise and programs in DHHS provide the most cohesive environment for these students to achieve their academic, social, and emotional potential. Students have access to the general curriculum as well as the services of licensed, highly qualified teachers, physical therapists, occupational therapists, speech language pathologists, audiologists, counselors, school psychologists, social workers, orientation and mobility specialists, registered nurses and physicians in a 24 hour program setting. Educators and many of the medical service providers are fluent in the students' preferred communication modality/reading learning media, have years of experience working with children in these low incidence disability areas, and are aware of the latest technology options for addressing their multiple needs. Personnel at the residential schools also have knowledge of co-morbidity of other related illnesses and the potential progression of each child's sensory loss.

The residential component of the schools provides life skill development, academic supports, socialization, recreational services, and leadership development activities for students. Children who are often ostracized and forgotten after the school day in their home community have the opportunity to make friendships and become productive members of society and the workforce through the confidence they gain during these social opportunities. Children who would be isolated by traveling from class to class with an interpreter or a sighted guide in a regular high school can socialize easily with others and relax in the knowledge that other students understand and experience some of the same frustrations and life challenges.

The Divisions of Services for the Blind, Services for the Deaf and Hard of Hearing, and Vocational Rehabilitation Services also provide a variety of services to students in the residential schools and their families to assist with the transition to adulthood and independent living. With historical precedence and as a matter of public policy, placement of educational services within the DHHS simply serves as a reminder that as a State we have chosen to enhance the opportunity for academic success for children with health-related and social needs that are not readily provided by most traditional school systems.

Who are the students in the residential schools? Increasingly, students in the NCSDs and the GMS have multiple disabilities and receive a variety of other health-related and social services. One hundred percent of the students receive exceptional children's services as outlined in their Individualized Education Plans (IEPs). At least 65% of the students have one additional disability and have either a mental health diagnosis and/or take medication for a mental health diagnosis for which they receive school-based mental health services. Over 90% of the students qualify to receive free and reduced lunch. Students receive breakfast, lunch and dinner five days per week to assist in healthy eating habits that support medical

challenges such as diabetes, allergies, childhood obesity, hypertension, and digestive complications. Over 60% of our students qualify for Medicaid. In 2005-2006, 72% received speech language therapy; 34% received services from a school psychologist; 25% required orientation and mobility services (100% at GMS); 24% received occupational therapy, and 6% required physical therapy. Each student has access to student health services 24/5. In 2005-2006, the student health centers administered 41,000 doses of medication, and treatment was provided 13,000 times for student health complaints.

Why are referrals considered consistent with federal law and state statute? Admission to the residential schools is dictated at the federal level by IDEA regulations concerning the authority of the IEP team. The IEP team may make the referral to the residential program based on their determination that this is the most appropriate educational placement. There are special considerations for students who are blind or deaf. In the case of a child who is blind or visually impaired, provision for instruction in Braille and the use of Braille must be addressed. In the case of a child who is deaf or hard of hearing, consideration for the child's language and communication needs, opportunities for direct communication with peers and professional personnel in the child's language and communication mode, academic level, and full range of needs, including opportunities for direct instruction in the children's language and communication mode must be addressed. These considerations were strengthened in the reauthorization of IDEA in 2004.

Statutes governing admission to the NC Schools for the Deaf in [NCGS 143B-216.41](#) and for the Governor Morehead School in [NCGS 143B-164.13](#) are the basis for the OES Admissions Policy (http://www.ncoes.net/Policies/ADMISSIONS_POLICY.pdf). No state agency can make determinations about how many or which students from any given school system may be referred for admission or where students should receive services along the continuum specified in IDEA; that is the responsibility of the IEP team. The Admissions Team at each school reviews referrals made by IEP teams to determine if the student being referred would qualify for services and if they would benefit from the current residential dynamics of the school.

Admission to a residential school is no longer a 12 year commitment. Prior to 1975 that was the only way for deaf and blind children to receive educational services. Now, the IEP teams meet annually to determine placement and when a return to their home community is appropriate. For example, newly blinded students frequently benefit from a one or two year immersion in orientation and mobility training, Braille training, and hands on experience with technology options to access their educational materials and resources.

Why it might appear that Burke and Wake Counties are sending a disproportionate number of students to the residential schools in those counties? NCSD enjoys a strong, collaborative relationship with Burke County Schools, which assures mainstream access for students who might not have the same services available in their home LEA. Wake County refers students to GMS who have multiple disabilities in addition to their visual impairments because GMS provides more comprehensive services to these students. Wake also provides mainstream access for high school students at GMS.

Historically, we have been encouraged by the General Assembly to consider ways to collaborate with the LEAs where our schools were located. The goal is to forge relationships within those communities that would strengthen the educational opportunities for students who are deaf and blind including teacher training programs at Barton College, Lenoir Rhyne, UNC-G, and the NCCU VI teacher training program which is located on the Governor Morehead Campus.

What are the recommendations from DHHS? While we do not view the relationship between DHHS and the Local Education Agencies we partner with to serve children as fragmented, we do see ways to strengthen collaborative efforts and cohesion of our educational delivery system across the two departments. Therefore, we make the following recommendations.

- DHHS will bring its expertise and a variety of disability specific services in collaboration with DPI in order to strengthen and address gaps in services across the continuum. DHHS and DPI shall collaborate in reviewing the entire service delivery model for deaf and blind students, including the training needs of professional staff, access to assistive technology and curriculum content.
- Based on current exceptional children's law and the language of IDEA '04, the Legislature will amend the current statute to include the special factors to consider in placing a child who is deaf or blind (Section 300.324). This information should be widely available to families and professional staff so that all parties included in the IEP team can make an informed decision about student placement for services.
- DPI and DHHS shall collaborate in reviewing the goals of the National Agendas for Deaf and Hard of Hearing Students and Children and Youth with Visual Impairments and use these documents to guide the development of programs throughout the continuum of services for these populations.
- DPI will provide equal access to teacher licensure options (Praxis Exam, HOUSSSE, Lateral Entry) for HI and VI teachers to meet highly qualified requirements mandated by No Child Left Behind (NCLB). This access provided by DPI currently occurs in all other disability areas.