



The University of Vermont

COLLEGE OF EDUCATION AND SOCIAL SERVICES

Special Education Funding Policy: Considerations for Reform

Presentation to the Vermont Senate Education Committee
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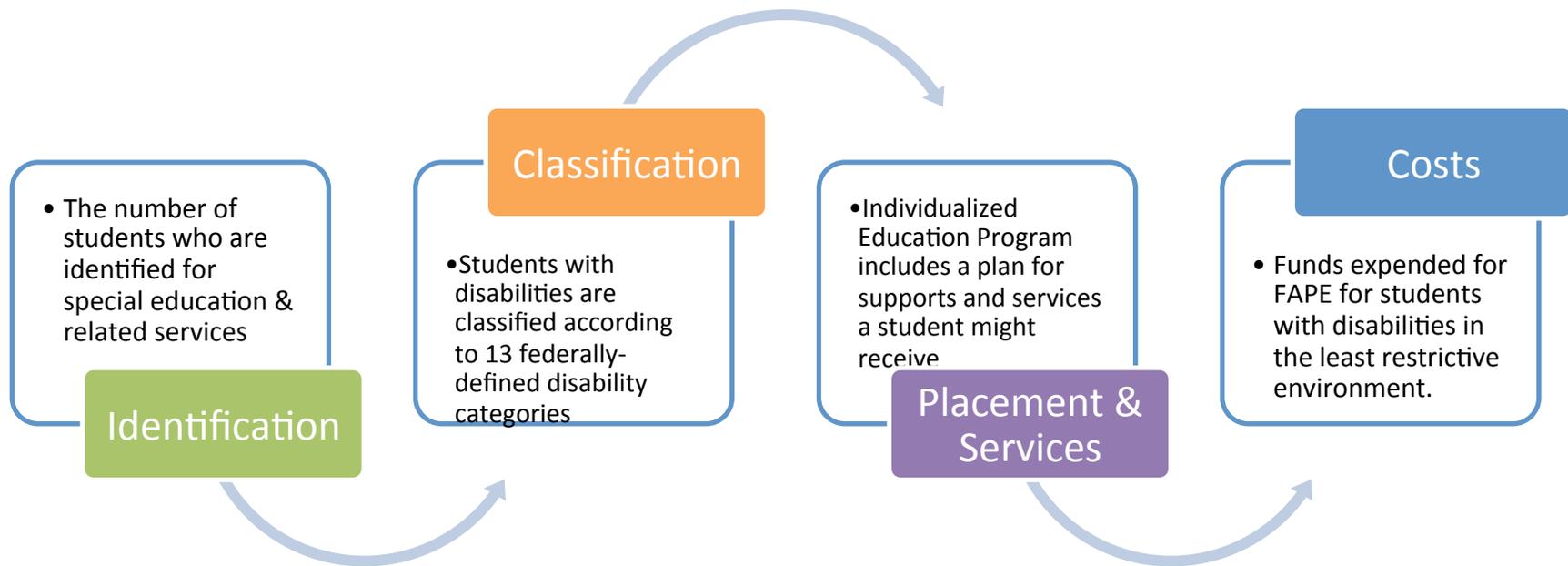
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Making  Difference

Overview

- Framework for understanding special education costs
- Core principles for reform
- Review of existing funding approaches
- Special education funding in Vermont
- Key considerations for moving forward with reform

Special Education Costs



Core Principles for Reform

1. Appropriate & Adequate
2. Policy-Funding Alignment
3. Simplicity & Transparency
4. Predictability

Appropriate & Adequate

- Goals:

- Sufficient resources in the system to ensure students with disabilities receive **appropriate services and supports**, as well as **access to general education curricula** and opportunities to learn, **at the least possible costs**

– Design Considerations:

- Incentives & disincentives for **student identification & classification**
- **Impact on decisions** regarding educational services and supports – particularly, with regard to staffing and placement (inclusion/exclusion)

Policy-Funding Alignment

- Goals:

- Funding mechanism should be **aligned** with Vermont's Multi-tiered System of Supports (MTSS) and Educational Support System (ESS) **policy frameworks**

- Design Considerations:

- Incent educational practices that are aligned with current policy priorities for **serving all children** who require additional assistance to succeed in the general education environment
- Remove financial penalties that **discourage or interfere** with innovation in service delivery

Simplicity & Transparency

- Goals:

- Mechanism should be **straightforward and transparent** in its approach to distributing funds

- Design Considerations:

- Minimizes State and local **administrative costs**
- **Eliminates spending incentives** and “gamesmanship” on the part of State and local education agencies

Predictability

- Goals:

- Effective and efficient resource allocation decisions on the part of state and local policymakers and practitioners require a **stable and predictable approach** to education funding

— Design Considerations:

- State and local policymakers should be able to reliably predict **annual special education costs and revenues**
- **Annual carry over** in special education funding liabilities should be minimized or eliminated

Existing Special Education Funding Strategies

Capitation

Prospective

Extraordinary Cost
Reimbursement

Embedded

Combination

Capitation

- Amount of special education funding a district receives is based on number of non-disabled students within a school district (e.g., ADM/ADA)
 - Lump sum is not based on variation between individual school districts
 - Also known as “Census-based” funding
- Pros:
 - Simple/transparent
 - Aligned with policy priorities
 - Predictable
- Cons:
 - Possible incentives for districts to limit services
 - Potential cost liability for districts

Prospective

- **Districts charge state a fee-for-service based on students with disabilities**
 - State funds are allocated or reimbursed based on the number of students with disabilities, disability type, or cost of service for students with disabilities
 - Examples:
 - Single and multiple student-level weights
 - Reimbursement based on teachers or classrooms that serve special education students
 - Reimbursement for % of allowable expenditures
- **Pros:**
 - Discourages service limitations
 - Protects districts against significant cost liabilities
- **Cons:**
 - Lacks simplicity/transparency
 - Potentially misaligned with policy priorities
 - Unpredictable

Embedded

- **No specific special education funding allocation**
 - State funding for special education is incorporated into the overall school funding formula
- **Pros:**
 - Potential alignment with policy priorities
 - Predictable
- **Cons:**
 - Possible incentives for districts to limit services
 - Potential cost liability for districts
 - Breaks link between special education services and supports, and funding

Extraordinary Cost Reimbursement

- Differentiates cost liability between the most and least expensive students
 - Districts receive additional funds from the state to cover per student costs, over and above some normed standard
- Pros:
 - Discourages service limitations
 - Protects districts against significant cost liabilities
- Cons:
 - Unpredictable
 - Disincentives for cost containment

Combination

- Aspects of capitated and prospective systems are combined
 - Characterizes Vermont's funding approach
- Pros & Cons
 - Depend on the mix of funding approaches included in formula

Funding Special Education in Vermont

- **State**
 - Reimbursement model, with extraordinary cost provisions
 - State block grant linked to schools' ADM, and calculated using average special education teacher salaries; state pays 60% of total
 - Extraordinary costs (90% for an individual student in excess of \$50k)
- **Federal**
 - IDEA Part B (School-aged children)
- **Local**
 - Remainder (after state and federal contributions)

Critiques of Existing System

- **Voices from the field:**
 - Administratively costly
 - Funding is misaligned with policy priorities, particularly MTSS/RTI
 - Misplaced incentives for student identification, categorization and placement
 - Discourages cost containment
 - Unpredictable and lacks transparency

Moving Forward - Key Questions

- **Prioritization Among Key Reform Goals**
 - Service delivery
 - Policy alignment
 - Cost containment
 - Predictability
- **Developing a better understanding of the problems located in the current system**
 - Placement/Staffing
 - Administrative costs/burden
 - Predictability
 - Funding categorization/efficiency
 - Governance

Overview of Efforts Underway

- **AOE/UVM Workgroup on Special Education Costs & Funding**
 - **Goals:**
 - Investigate trends in special education costs, especially cost drivers
 - Understanding the extent of administrative burden and corresponding costs associated with existing funding policy
 - Incentives and disincentives embedded in existing formula for identification, classification & service delivery
- **Statewide Study of Special Education Costs**
 - Broad input from key stakeholders
 - Focus on recommendations for reform

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