



The University of Vermont

COLLEGE OF EDUCATION AND SOCIAL SERVICES

# Reforming Vermont's Special Education Funding Policy

Presentation to the Vermont State Board of Education  
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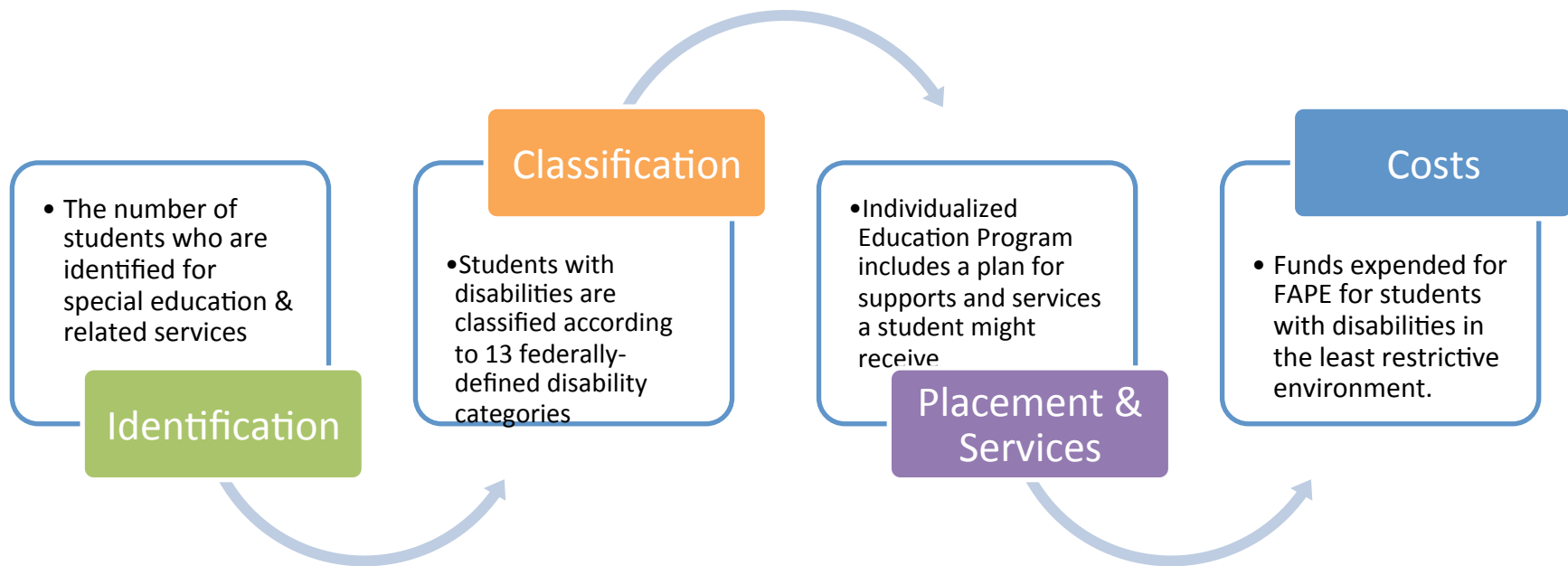
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Making  Difference

# 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
- 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

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