

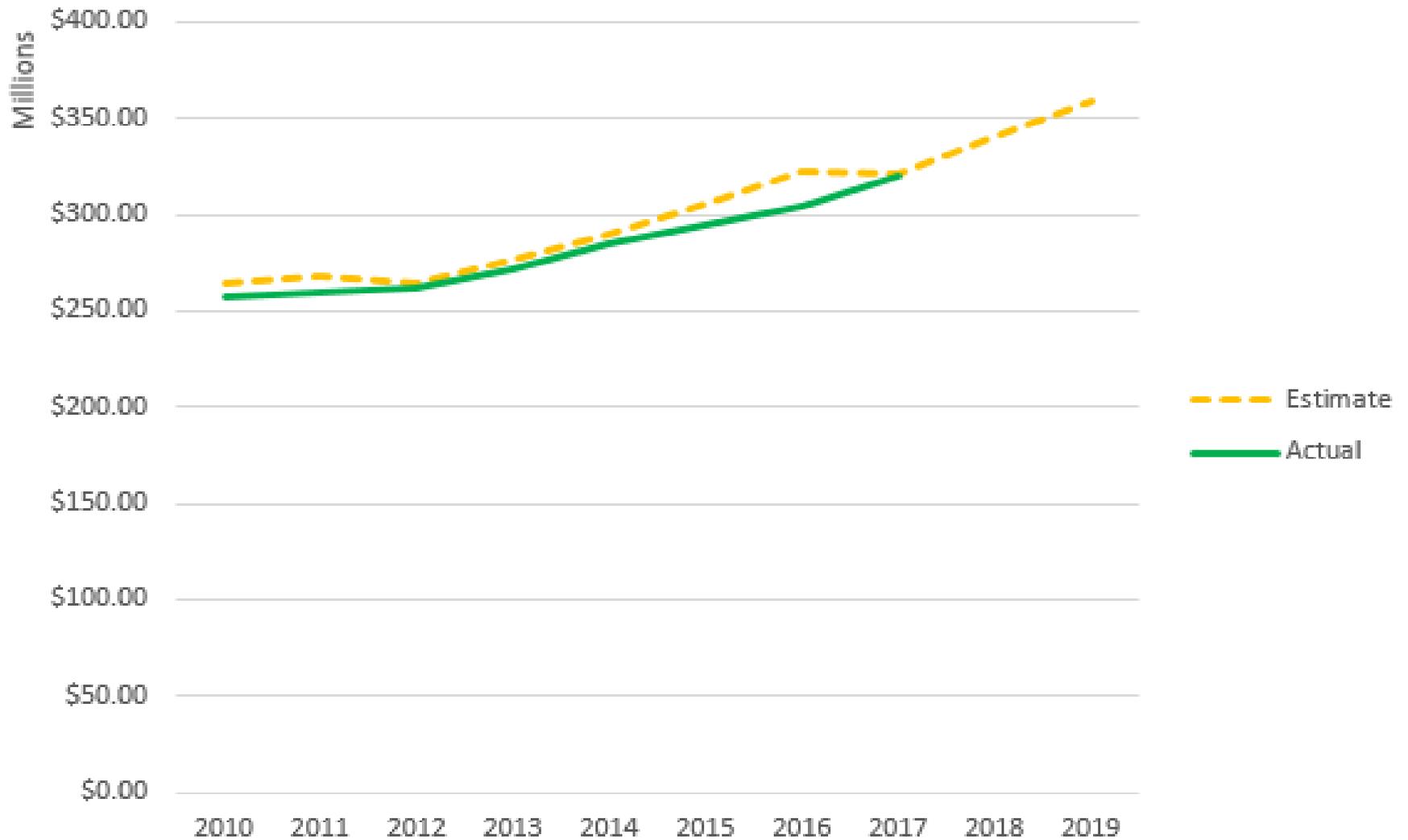
**H. 897 - An act relating to
enhancing the effectiveness,
availability, and equity of
services provided to students
who require additional support**

AOE Presentation to House
Appropriations
2/28/2018

Overview

- The problem we are trying to solve
- Maintenance of Effort and Fiscal Support
 - Administration proposal for cost savings
- Concerns with the current bill draft
 - Early Adopter program
 - Role of the State Board vs the Legislature
 - Advisory Group
 - Weighting Study
 - Extraordinary Reimbursement
 - Consulting Services
 - Agency Staffing

Special Education Spending Estimates vs. Actuals



Maintenance of Fiscal Support (MFS)

- An SEA is required to make available the same amount of state financial support from one year to the next for the education of children with disabilities.
 - Required to ensure that sufficient funds are set aside to allow predictability for LEAs to plan their special education programs.
- If not met, the IDEA grant can be lowered by the amount by which the state failed to meet the requirement.

Maintenance of Effort (MOE)

- LEA Maintenance of Effort (MOE) – spending at least a certain level of non-federal funds for Special Education
 - LEAs must budget and spend at least the same amount of local – or state and local – funds for the education of children with disabilities
 - LEAs can justify reductions due to:
 - a) voluntary or for-cause departure of special education staff,
 - b) decrease in enrollment of IDEA eligible children,
 - c) termination of an exceptionally costly program for a particular child, under certain circumstances,
 - d) termination of costly expenditures for long-term purchases, and e) assumption of cost by its SEA's high-cost fund

Maintenance of Effort

- If Maintenance of Effort is not met, the State must repay the Federal Government
 - Either the amount of the federal grant or
 - The different between what was spent and the amount of MOE
 - Which ever is less

Avoided Cost Proposal

- This bill does not explicitly indicate cost savings – however there is potential for future avoided cost
 - MOE/MFS requirement complicate the ability of the State to implement a plan that will reduce the appropriation for special education
 - This coupled with major service delivery shift at schools makes it challenging to lower the appropriation without local impact.

Avoided Cost Proposal

- Administration proposal for Education fund cost savings:
 - In FY 2021, when the block grant goes into effect, the special education appropriation will be fixed.
 - The legislature should add language to this bill that also fixes a revenue source to the Education Fund.
 - Such as the sales tax or the general fund transfer.
 - If, in effect, we have stopped growth in the expenditure, we should also stop growth in a revenue line.

Concerns with the Current Bill Draft

Sec. 3 – Early adopter program:

- There should not be two systems at the same time:
 1. Run the risk of increased expenses because districts may choose to participate in the system that gives them the most resources rather than what is good for kids.
 2. It does not address the administrative burden for the Agency or to school districts.
 3. Increased risk of error at the Agency to track who is in and who is not and ensure compliance with two sets of statutes and rules
 4. Challenge to monitor because schools are treated differently
 5. Undermines the goals of act 46 to allow flexibility and opportunity for SUs

Concerns with the Current Bill Draft

Sec. 3 – Early adopter program:

- Agency Recommendation
 - The Early adopter program should be struck and the Legislature direct the implementation of the education support grant for the whole state starting in FY 2021

Concerns with the Current Bill Draft

- **Sec. 4 & 16** – Amendments to current Special Education Statute
 - The current draft delegates the establishment of the education support grant and the adjustment to the State Board
 - This should be adopted by the Legislature and added in statute and not be part of the state board rules.

Concerns with the Current Bill Draft

- **Sec. 4** – Amendments to current Special Education Statute
 - The Language should be modified to require the Agency of Education to make a recommendation to the Legislature in January on the amount of the education support grant and the legislature should adopt the amount.

Concerns with the Current Bill Draft

- **Sec. 9 – Census Based Funding Advisory Group**
 - The Agency agrees that stakeholder engagement is imperative to the successful implementation of this Act.
 - However, role of the group outlined in bill will make rule making and implementation of the changes challenging.
 - The Agency should be directed to provide draft rules to the advisory group and before LCAR and ICAR and work with them throughout the implementation process.

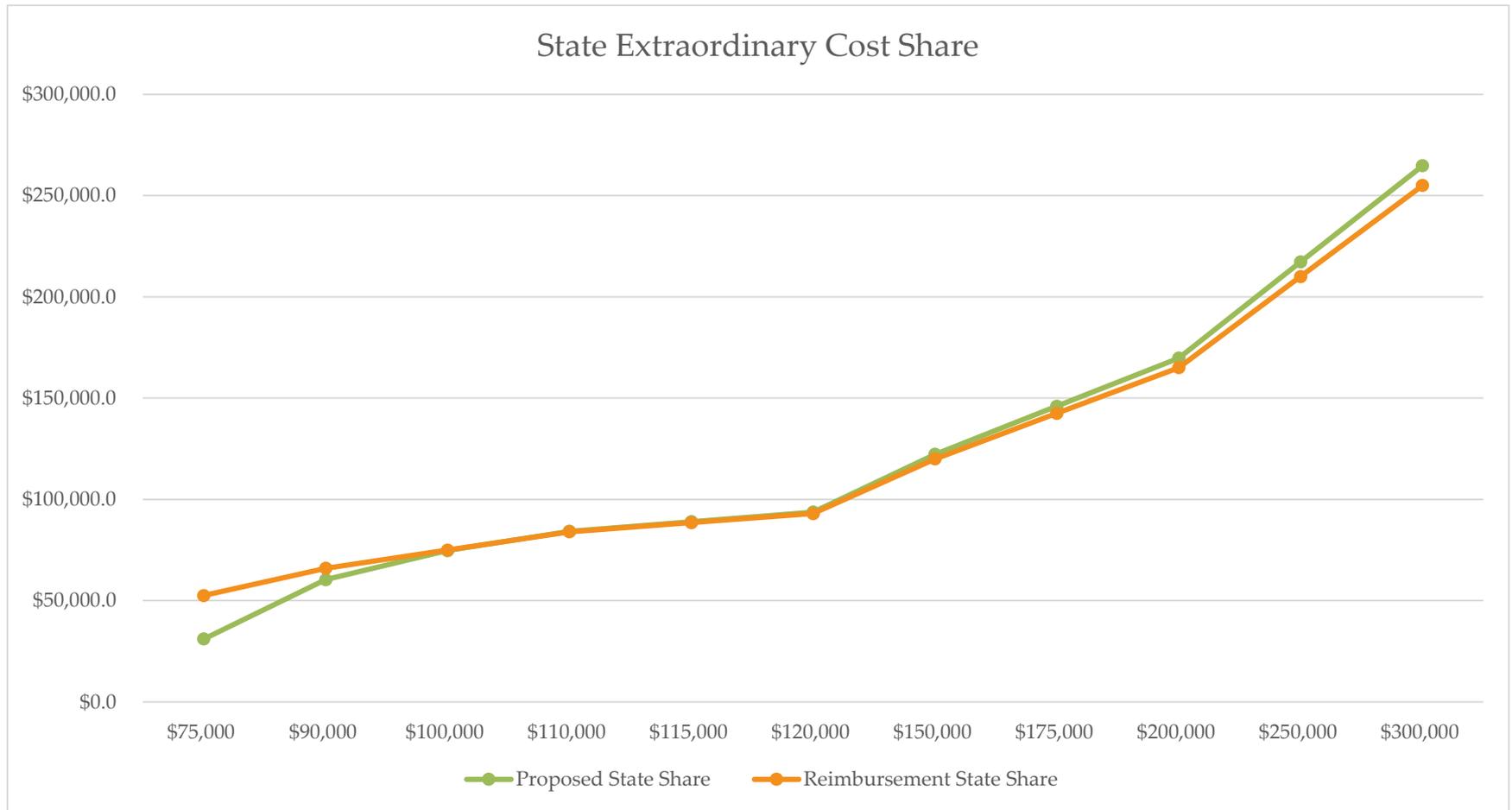
Concerns with the Current Bill Draft

- **Sec. 11 – Weighting Study**
 - Requires the weighting study to inform the development of the education support grant adjustment.
 - However, timing is a challenge.
 - Rulemaking process will take a year
 - The legislature should be the body to adopt changes to weights and the education support grant adjustment.
 - A poverty weight was included in the UVM study.

Concerns with the Current Bill Draft

- **Sec. 4 & 14**– Extraordinary Reimbursement Change
 - **Sec 4** includes a change in how extraordinary costs are reimbursed when the education support grant goes into effect
 - **Sec. 14** includes a change in the current year to the threshold and reimbursement share for extraordinary cost students.

Extraordinary Reimbursement – with a educational support grant



Extraordinary Cost Summary

(Based on FY 2019 Service Plan Estimates)

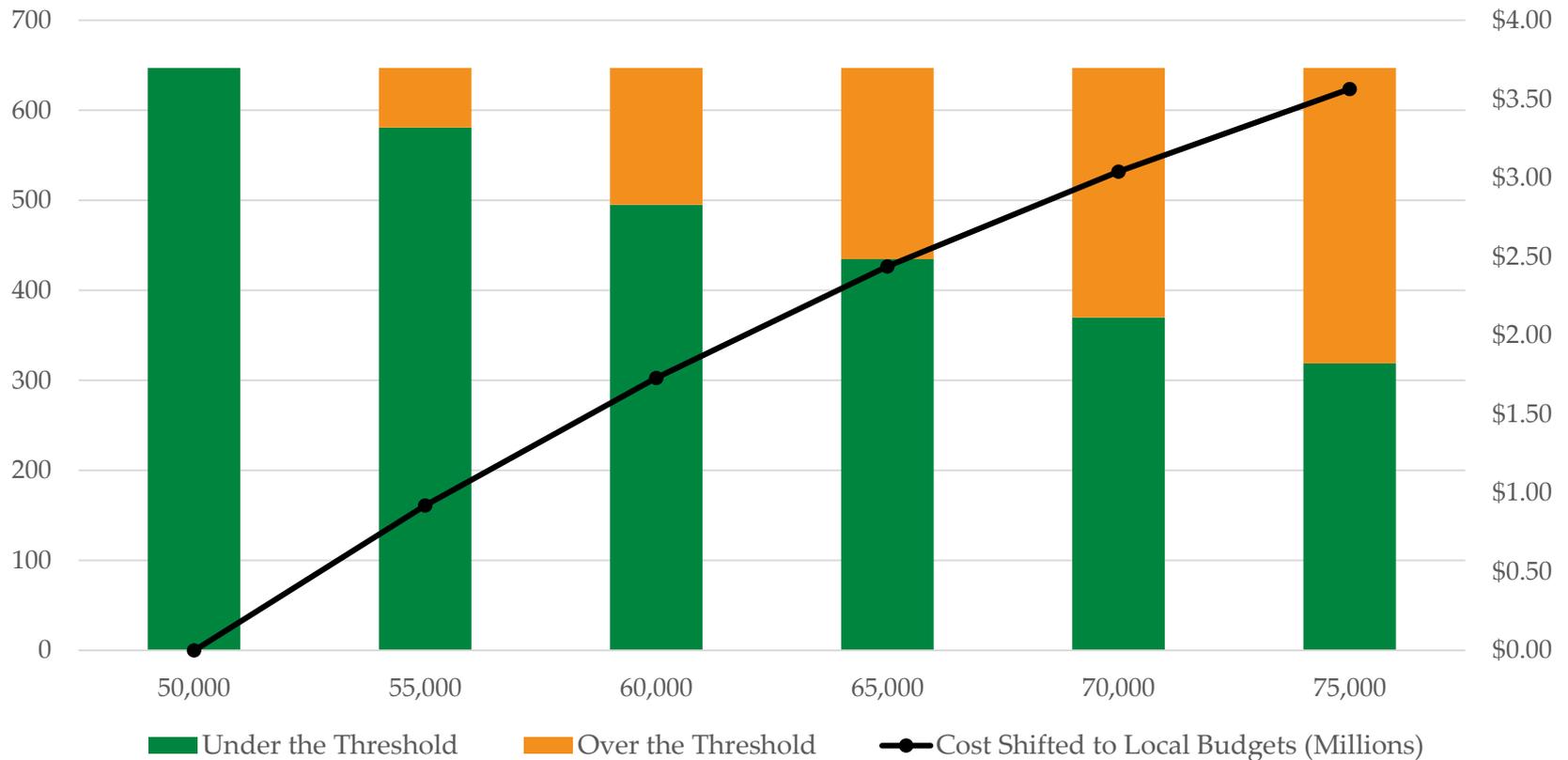
Threshold	Number of Students		Incremental Change	Cumulative Cost Shifted to Local Budgets (Millions)	No. SU's Impacted	Per SU Impact
	Over the Threshold	Under the Threshold				
50,000	647	-	-	-	-	-
55,000	581	66	66	0.92	28	32,857
60,000	495	152	86	1.73	37	46,757
65,000	435	212	60	2.44	39	62,564
70,000	370	277	65	3.04	43	70,698
75,000	319	328	51	3.56	45	79,111

* Assumes 90% reimbursement over the threshold

Extraordinary Cost Summary

(Based on FY 2019 Service Plan Estimates)

Number of Students that qualify for extraordinary Reimbursement at different reimbursement thresholds



Concerns with the Current Bill Draft

- **Sec. 14– Extraordinary Reimbursement Change in FY 2019**
 - Increases the Threshold to \$60K
 - Increases the state share over the threshold to 95%
 - Cost shift to local districts: \$822K
- Administration proposes to do more to achieve current year appropriation savings
 - The Threshold has not changed since the late 1990s
 - Recommend 60K/90% in FY 2019, 70K/90% in FY 2020

Concerns with the Current Bill Draft

- **Sec. 12 – Consulting Services on the delivery of Special Education**
 - Requires the agency to contract with a consulting firm to help SUs implement changes necessary for a block grant.
 - AOE does not agree that the draft language will provide the necessary resources and flexibility needed for the Agency to implement statewide change

Concerns with the Current Bill Draft

- **Sec. 12 – Consulting Services on the delivery of Special Education**
 - AOE has review the IDEA B grant for available funds to the Agency for this purpose.
 - The Agency has identified \$200k of federal funds that can be used for this purpose.
 - However, the funds can only be used for allowable statewide activities. The language as proposed is too prescriptive.
 - Recommend that the Agency be directed to use federal funds to support statewide systems changes.

Concerns with the Current Bill Draft

- **Sec. 13 – Agency Staffing**
 - Implementing the changes recommended in the delivered reports will require resources at the Agency.
 - Similarly, the rule making process and new funding system will require Legal support.
- Without the positions and funding outlined in the bill the Agency cannot implement the Act.