



219 North Main Street, Suite 402  
Barre, VT 05641 (p) 802-479-1030 | (f) 802-479-1835

## Agency of Education – Special Education Appropriation Update:

April 18, 2018

### Historical Special Education May & June Payment

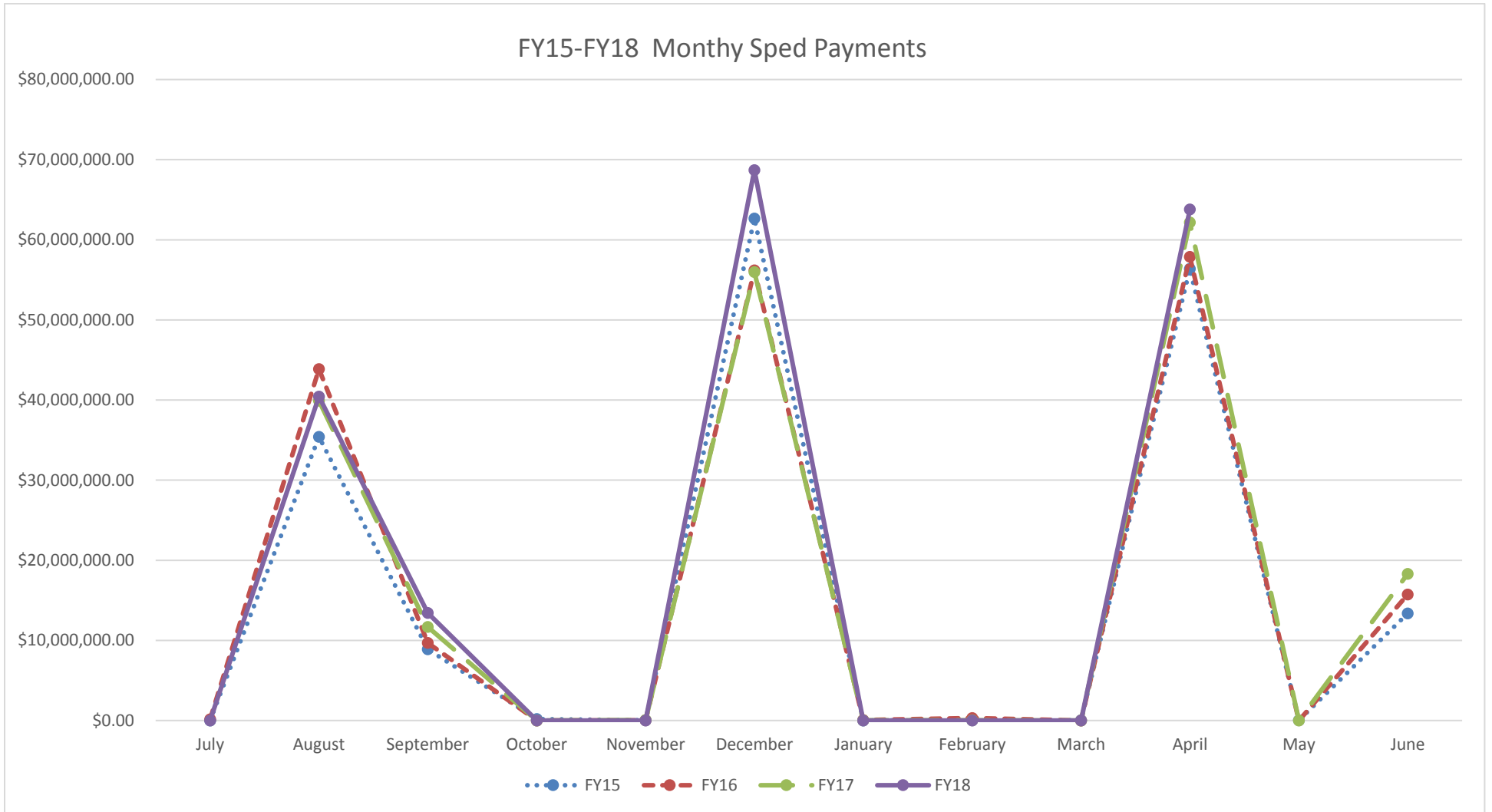
	Total Spend (Millions)	May/June Payment	% of Total	Annual Increase
FY 2015	163.5	11.9	7%	
FY 2016	169.5	14.0	8%	2.18
FY 2017	174.6	16.5	9%	2.46

FY 2018 Service Plans	194.6
FY 2018 YTD	174.8
To Go	19.8

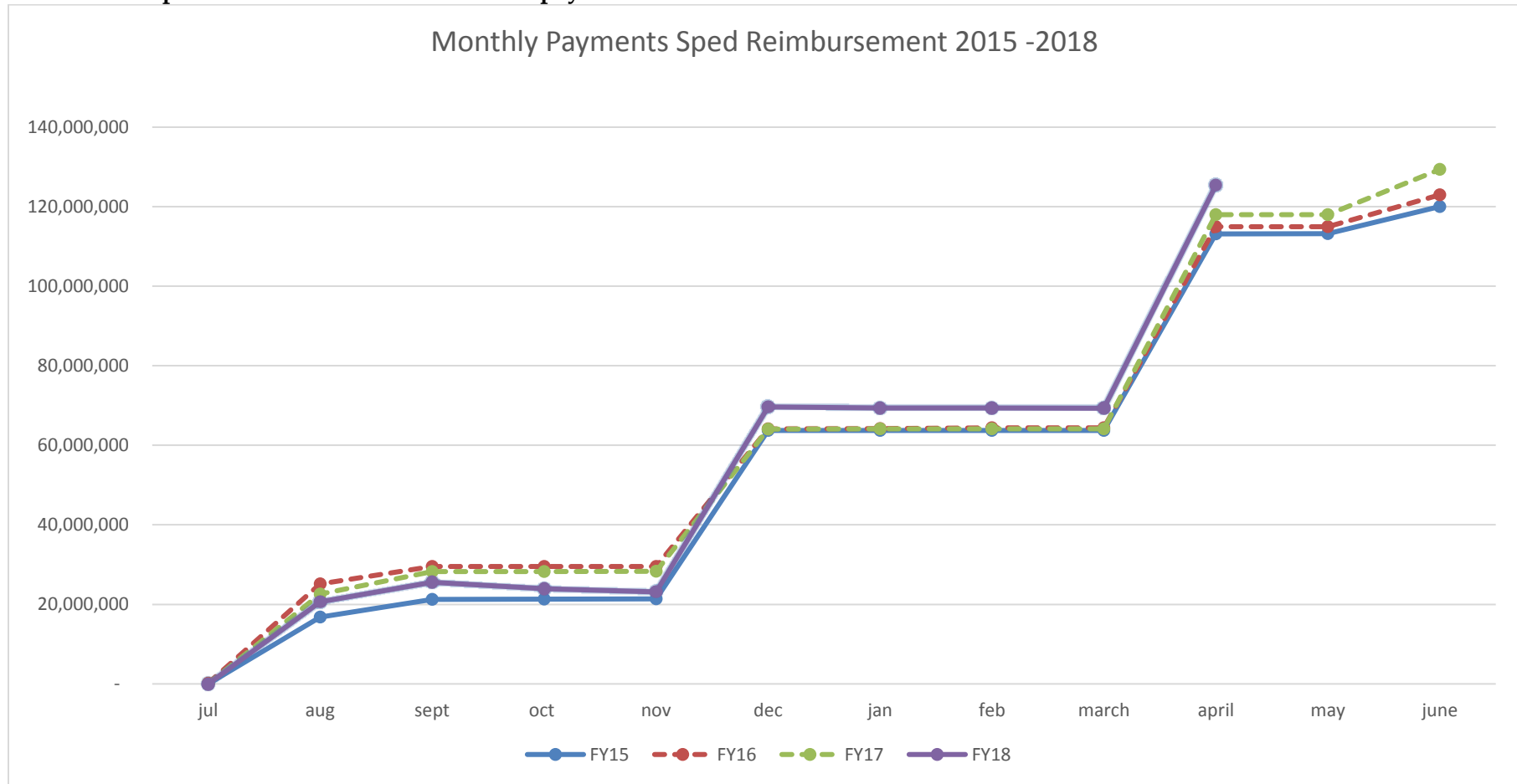
### How Special education is paid today

- Special Education is paid on a reimbursement basis. By statute, the state appropriation covers 60% of actual special education costs.
- This is done through three payment streams.
  1. Block Grant
  2. Special Education Expenditure Reimbursement
  3. Extraordinary Cost reimbursement.
- Additionally, the state is subject to Maintenance of Fiscal Support and Supervisory Unions/Districts are subject to Maintenance of Effort requirements related to federal funds for special education.
- The payments are made based on projected spending and the reconciled quarterly.
  - The block grant is paid in two equal payments, once in August and once in December (16 V.S.A. §2961)
  - Reimbursement, statutorily, is advanced in August, December, and April. (16 V.S.A. §2969). Historically a final payment is made to SU/SDs in June to reconcile projected actual spending.

Monthly Special Education Payments -



Cumulative Special Education Reimbursement payments – FY 2015 to FY 2018



### **Special Education Appropriation History and Context:**

- In FY 2015, the budgets and payment for special education moved from individual School Districts to Supervisory Unions. The budgets in FY 2015 were over stated, compared to actual costs and an \$8.9M Education Fund reversion was generated.
- The same thing occurred in FY 2016. The budgets for special education were over stated and a reversion of \$9.2M was generated.
- The FY 2017 service plans submitted by schools did not increase significantly. This was probably because there was some experience with budgeting at the SU level. The Ed Fund budget for Special Education was only increased slightly.
- In FY 2018, after two significant reversions into the Ed Fund, but with understanding of how accurate the FY 2017 budgets were, the decision was made to level fund the FY 2018 Special education appropriation, under the presumption that the budgets were over stated.
- The FY 2017 reversion was only \$513K, possibly signaling a return to more accurate budgeting by SUs.
- Spending on special education has grown every year, at varying rates. Because the appropriation did not grow in accordance with the projected school spending, it is anticipated that the FY 2018 appropriation will not cover actual costs.
- If the June Reimbursement requests are higher than the available funds, the payment will not be made until FY2019.
- In all likelihood the FY 2019 appropriation is understated in addition to the FY 2018 payment that will be made.

### **Impact of H.897**

The special education bill passed by the House and the senate education committee on 4/18/2018 will help mitigate this issue going forward in several ways:

1. Eliminating reimbursement will make the appropriation predictable and fixed. If there is a fixed amount going to schools on an annual basis the risk of under or over spending the appropriation is eliminated.
2. Investments by the agency in Technical assistance for schools and improved assistance for schools will improve service delivery and lower costs.
3. The extraordinary cost provision remains in place, to help schools with high cost students. This part of the budget, a much smaller portion of the special education budget, will continue to be paid on a reimbursement basis.
4. If a school's special education costs are lower or exceed the census block grant, the balance will be picked up in the General Education spending.