

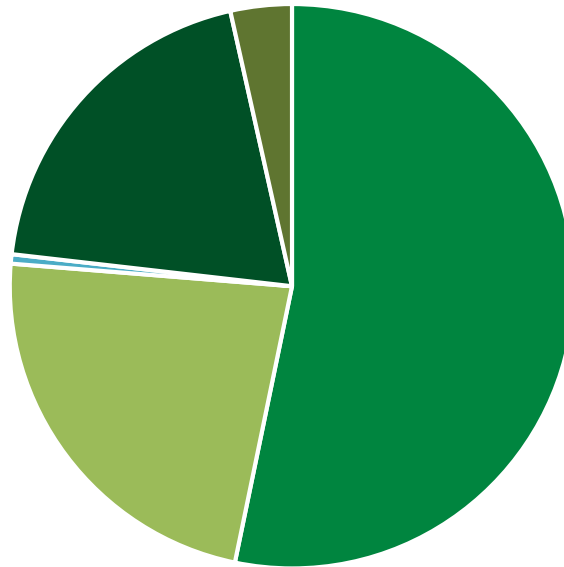
Special Education Funding Proposal AOE Response

2/9/2018

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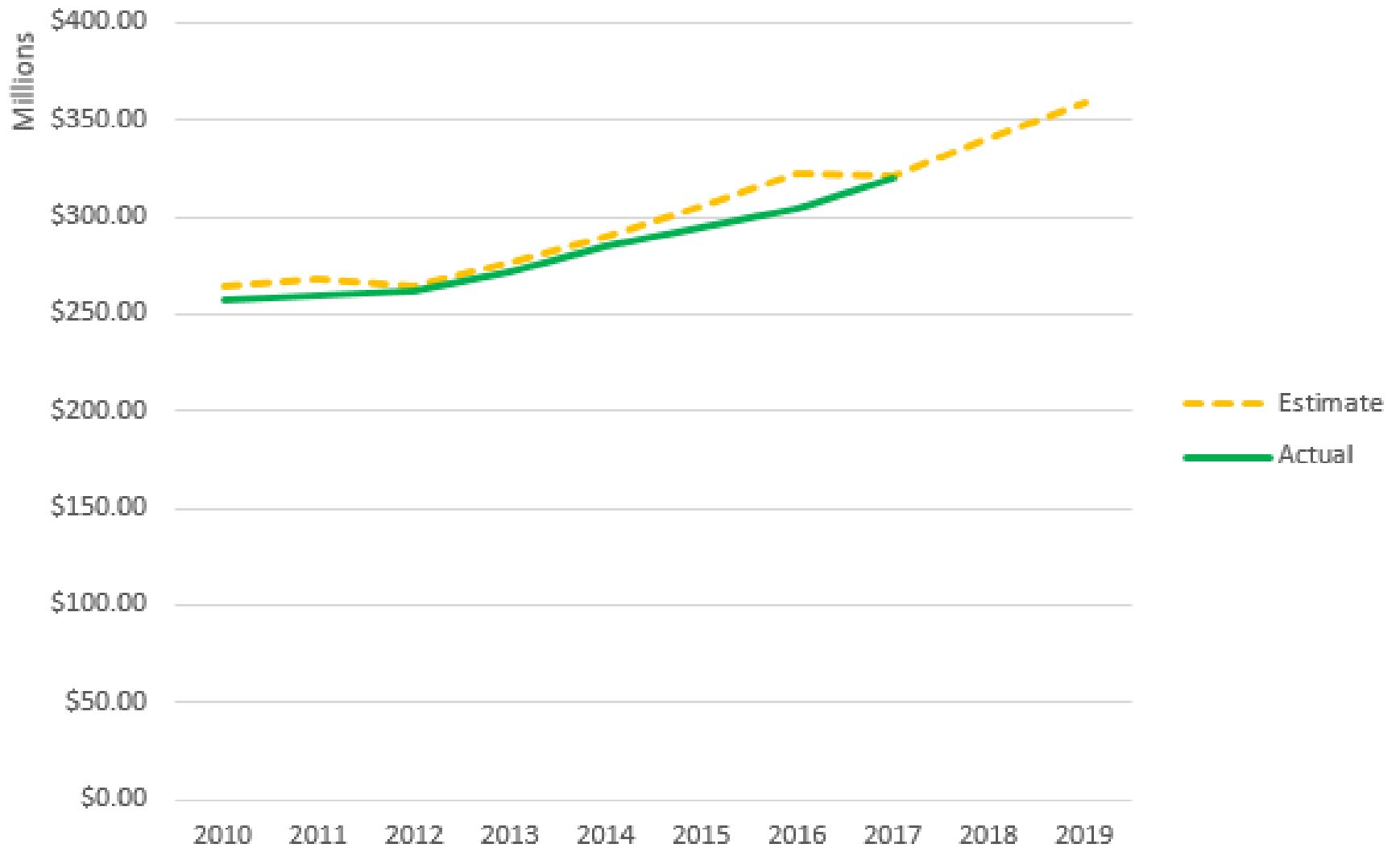
Overview of Spending By Category

FY 2017 Actual Special Education Spending By Expenditure Category



- Salaries and Benefits
- Support services
- Purchased services
- Transportation
- Supplies

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

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

Concerns with the Current Bill Draft

Sec. 1 - Outlines a plan to implement a change over several years

- The AOE recognizes that it will take some SUs more time to implement this change
- However, the AOE cannot run more than one system simultaneously
- The administrative benefits of a block grant will not be realized, and the AOE made need more resources
- Treating SUs differently isn't fair or equitable

Concerns with the Current Bill Draft

Sec. 2 – Consulting Services

- The Agency recognizes the benefits of working with a third party to help SU/SDs implement these changes
- However, this change does not create long term capacity at the Agency to provide technical assistance to SU/SDs
- The Agency prefers that investment be made in the Agency

Concerns with the Current Bill Draft

Sec. 3 –Block Grant

- (d)(1) – reductions as outlined in the bill will not meet the maintenance of effort requirement
- The AOE model on the following slide is a proposed method for calculating the block grant
- *This does not include a poverty adjustment, the Agency recognizes the connection between Special Education needs and Poverty and believes the legislature should continue to consider it a factor in the Block Grant.*

Block Grant Example

Special Education Appropriation Example:	
FY 2019 Appropriation	190,000,000
FY 2020 Appropriation	190,000,000
Less Extraordinary Need	23,500,000
Remaining	166,500,000
Less Grants for Special Education	4,000,000
Remaining	162,500,000
Less Contingency for Exceptional Circumstances	1,500,000
Remaining	161,000,000
ADM (With PreK)	86,451
Grant per ADM	1,862

Extraordinary Reimbursement

Sec. 3 –Extraordinary Reimbursement

- (a) – shifts extraordinary reimbursement to a multiplier of ADM
 - Two tier system
- AOE believes that the threshold should change- it is no longer the appropriate level
- The following charts provide additional details on extraordinary cost reimbursement
- *Additional analysis is needed on the proposal in (c)(1)*

Extraordinary Cost Summary

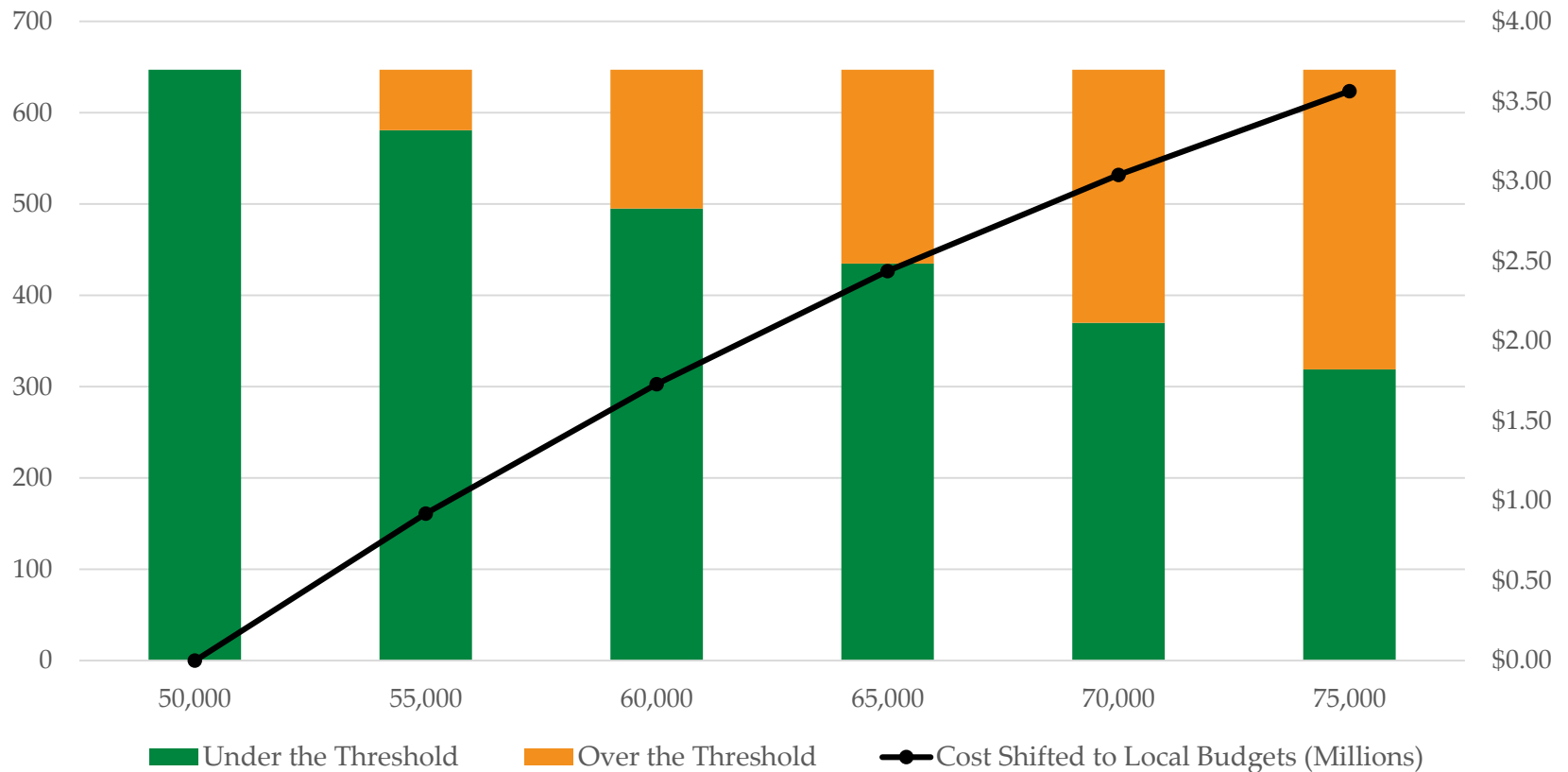
(Based on FY 2019 Service Plan Estimates)

Threshold	Number of Students		Incremental Change	Cost Shifted to Local Budgets (Millions)
	Under the Threshold	Over the Threshold		
50,000	647	0	0	0
55,000	581	66	66	0.92
60,000	495	152	86	1.73
65,000	435	212	60	2.44
70,000	370	277	65	3.04
75,000	319	328	51	3.56

Extraordinary Cost Summary

(Based on FY 2019 Service Plan Estimates)

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



Exceptional Circumstances

- § 2963a. - This section is currently repealed
- AOE is investigating the use of this provision especially now that Special Education costs are at the SU level.
- The legislature may want to consider a relief value for some type of exceptional circumstance at the discretion of the Secretary of the AOE

Payments

- § 2969 - This section outlines when the payments should be made.
- AOE spoke to the Treasurer's office and more frequent payments would be best for the state's cash flow.
 - Currently 2 payments of estimated \$80M each
- AOE proposes that there be three payments made to districts so that the state's cash is not impacted.
 - The payments currently are made 3 times per year.

Proposed Strike All Language

- VSBA, VSA, VCSEA, VPA proposed strike all language to establish a working group to determine an implementation plan
- AOE does not object to this proposal; implementation of best practices is critical to the successful transition to a new funding model
- **However, a delay in the funding formula will not generate cost containment and will delay the administrative benefits of changing the funding formula.**