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**Testimony on
Special Education Funding
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Statutory Framework

- The Individuals with Disabilities in Education Act (IDEA), 20 U.S.C. 1401 et. seq., provides federal funding for the education of students requiring special education
- To be eligible to receive federal funds under IDEA, Vermont must provide additional funding and ensure that students requiring special education receive a free and appropriate public education
- Vermont's Secretary of Education, by virtue of her office, is the Secretary of Education for children with disabilities. 16 V.S.A. § 2943
- Supervisory unions are responsible for providing special education services on behalf of its member districts. 16 V.S.A. § 261a(6)
- To be eligible for special education services (three part test):
 - a student must have a disability, that
 - has an adverse effect on education, and that
 - results in a need for special education
(State Board of Education Rule 2362)
- These students have an individualized education plan (IEP), and special education services are provided in accordance with IEP
- Vermont's public schools are required to develop and maintain a comprehensive system of educational support designed to result in all students succeeding. This includes a tiered system of academic and behavioral supports. 16 V.S.A. §§ 2901 and 2902.
 - Must support all students
 - Includes students who receive special education services on an IEP
 - Also includes students with or without a disability who are not receiving special education services on an IEP

Current Special Education Funding Framework

- Federal funds—covered about 6% of Vermont’s special education funding in FY2016 (according to UVM report on Vermont Special Education Funding, page 13)
- State standard mainstream block grant to supervisory unions (16 V.S.A. § 2961)
 - The mainstream block grant is equal to the supervisory union’s mainstream salary standard (based on ADM and special education teachers’ salaries) multiplied by 60%
 - Supervisory unions must contribute not less than 40% of mainstream salary standard
- Extraordinary services reimbursement (16 V.S.A. § 2962)
 - State reimburses supervisory unions 90% of special education expenses in excess of \$50,000 per child, and 60% of special education expenses up to \$50,000 per child
- Special education expenditures reimbursement (16 V.S.A. § 2963)
 - Essentially a “true up” mechanism that provides that the total expenditures made by the State in any fiscal year shall be 60% of the statewide total special education expenditures of funds that are not derived from federal sources.
- In summary, the current system is primarily a reimbursement system with, after the application of federal dollars, the State paying 60% and localities paying 40%
- Federal and State funding for special education is mainly categorical—meaning that it must be spent on students with an IEP
 - “State special education funds cannot be spent on services or supports for students without IEPs, unless students are served alongside students with IEPs. Even then, the State allows for no more than 20% of funds to be used for students without IEPs.” (UVM report on Vermont Special Education Funding, page 14)

Proposed Special Education Funding Framework

- Educational support grant
 - Determined on census basis (amount paid per student) based on the three year average of a supervisory union's ADM (long-term membership)
 - A supervisory union receives an additional amount if it has a relatively high percentage of students from economically deprived backgrounds
 - Supervisory unions must spend not less than 30 percent of their educational support grant to implement IEPs for students with disabilities
 - The remaining amount of the educational support grant is unrestricted
 - No local share (but note that under federal law, supervisory unions must ensure that students requiring special education receive a free and appropriate public education)
 - The amount of the educational support grant in FY2020 is set at \$1,837 "per student," which equates to the State's contribution for special education in FY2016
 - For example, if for FY2020 a supervisory union had 4 member districts with aggregate ADM of 1,000, the supervisory union would receive an educational support grant of \$1,837,000 (1,000 X \$1,837).
 - The amount then reduces by an equal amount (by \$106) each year for the next 8 years to arrive at \$989 "per student" in FY 2028, which is approximately the amount identified in UVM's report on Vermont Special Education Funding—Resource costs, Maryland Adequacy Example 3 on page 62
 - For supervisory unions with a relatively high percentage of students from economically deprived backgrounds, the amount of the educational support grant is increased by:
 - 5.0 percent if the supervisory union falls at or above the 75th percentile (statewide) for the percentage of the supervisory union's students who are from economically deprived backgrounds; or

- 2.5 percent if the supervisory union falls between the 50th and the 75th percentile (statewide) for the percentage of the supervisory union's students who are from economically deprived backgrounds

- For example, if for FY2020 the supervisory union was entitled to an educational support grant of \$1,837,000, that amount would be increased by \$91,850 (5% X \$1,837,000) if the supervisory union fell at or above the 75th percentile (statewide) for the percentage of the supervisory union's students who are from economically deprived backgrounds

- Extraordinary services reimbursement
 - Extraordinary services reimbursement applies only after the supervisory union has obtained reimbursement from all other available sources
 - The amount is equal to:
 - 90% of its extraordinary special education expenditures in a fiscal year for any one child that exceed the following threshold amounts:
 - 4.62 multiplied by the statewide average district education spending per equalized pupil for placement within supervisory union or regional cooperative
 - 5.9 multiplied by the statewide average district education spending per equalized pupil for placement outside supervisory union or regional cooperative
 - 60% of its extraordinary special education expenditures in a fiscal year for any one child that exceed the applicable educational support grant base amount (e.g., in FY2020 \$1,837) up to the applicable threshold amount above.
 - For example,
 - If
 - a supervisory union incurred \$100,000 in special education expenses for a student in FY2020;
 - the student was placed within the supervisory union; and
 - the statewide average district education spending per equalized pupil is \$15,000
 - Then
 - The supervisory union would be reimbursed 90% of its expenditures over \$69,300 (4.62 X \$15,000).
 - $\$100,000 - \$69,300 = \$30,700$
 - $90\% \text{ of } \$30,700 = \$27,630$
 - The supervisory union would be reimbursed 60% of its expenditures that exceed \$1,837 (educational support grant amount) up to \$69,300 (threshold amount for 90% reimbursement)
 - $\$69,300 - \$1,837 = \$67,463$
 - $60\% \text{ of } \$67,463 = \$40,477$
 - Therefore, the total reimbursement amount would be \$68,107

