

TESTIMONY PROVIDED TO: House Education Committee

FROM: Vermont Council of Special Education Administrators (VCSEA)

TOPIC: Response to *Study of Vermont State Funding for Special Education*

DATE: January 10, 2018

Introduction:

VCSEA applauds the legislature's convening of the Special Education Funding study. The release of this report is timely and important given the ongoing policy landscape regarding education quality and cost containment conversations ongoing in Vermont.

VCSEA Positions:

- **Changes to the existing special education funding system are needed:** VCSEA supports the study's recommendation to redesign the Vermont special education funding model. The Study identified several key factors contributing to the need for change; VCSEA concurs with the following criticisms of the current funding model:
 - There is significant misalignment between state funding mechanisms and policy initiatives that encourage districts to implement a number of evidence-based practices, including the development of multi-tiered system of supports (MTSS)
 - Administrative costs related to the current model are significant and represent resources that are not being spent on technical assistance and educational support to districts
 - The current model incentivizes the identification of students as being eligible for special education as the only method to access necessary supports. This represents a reactive model of service provision rather than a proactive approach to addressing student needs
 - The current model precludes school districts from ensuring that specialized instruction is provided by the person most qualified to do so (e.g., the use of a Reading Specialist to provide targeted reading instruction is disallowed under our current structure, even if the IEP team determines this support is most appropriate)
- **Funding mechanisms that maximize flexibility are essential:** VCSEA believes that a census-based funding mechanism shows promise toward providing schools with the flexibility necessary to implement evidence-based practices and improve outcomes for children with disabilities. Under the current model, schools are limited in their ability to provide early intervention and prevention services to struggling learners who are not identified for special education. VCSEA agrees with the study's assertion that a census-based funding mechanism allows flexibility and does not incentivize the unnecessary identification of students as eligible for special education.
 - *Non-categorical funding mechanism:* VCSEA continues to believe that a non-categorical funding mechanism is essential to maximize flexibility for schools. Our organization does not agree with the study's assertion that there be a split between categorical and block-grant funding, as we believe this perpetuates one of the key criticisms of the current funding mechanism - inflexibility of spending and significant administrative burden to monitor the use of funds.
- **Changes to the funding model should not be used as a cost containment measure:** While VCSEA supports the concept of a census based funding model to support flexibility in spending in order to move toward more efficient service delivery models, it is critical that we do not consider the census model as a driver of cost savings. Only practice changes as represented in the DMG report can exert true efficiencies in the service delivery system.
 - *Reducing special education reimbursement will shift costs to the local budgets:* Special education services are entitlement services, mandated by Federal and State laws. Simply

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reducing the amount of state funding districts receive in support of special education will not by itself decrease costs; LEAs are still responsible for providing the services required by IEPs. Instead, costs will simply be shifted back to local budgets and service quality will decline. VCSEA strongly agrees with the study's assertion that "***simply reducing spending would likely result in children going unserved and localities not meeting their obligations under federal and state law***" (p 75).

- *Funding mechanisms should support districts to achieve the systemic changes needed to achieve cost containment:* Districts are already engaged in a number of evidence-based practice initiatives with a goal of improving the quality and efficiency of service delivery and ultimately better outcomes for students (MTSS, the DMG recommendations) - and contain costs. A new funding structure is required in order to allow districts to implement these practices; it is not intended to be a cost-cutting measure in and of itself.
- *Significant reductions in funding could prompt cost-cutting that would cause schools to fail their Maintenance of Effort (MOE) requirements, placing federal dollars at risk:* The funding study did not adequately address the implications of the reductions on federal MOE requirements. VCSEA believes there needs to be further study of these implications, as the state would likely not weather such a significant reduction in federal funding.
- *Tax rate implications:* A move to a census based model that decreased the special education allocation would push special education costs into the local budgets. In the Act 60/68 model of determining tax rates across the state, this would shift special education costs into the calculation of the local tax rate and therefore dramatically increase tax rates at the local level due to the rise of the per pupil spending.
- Any shift (decrease) in special education reimbursement should be reinvested in Tier I and II instructional support: The funding study recommends that the AOE provide resources in support of improvements in prevention-based, first instruction and Tier II intervention. If there are decreases in special education reimbursement, those dollars must be provided back to districts to fund much needed improvements in classroom instruction and intervention systems. Without this reimbursement, we will not see sustainable change over time that results in improved outcomes for students.
- Extraordinary cost reimbursement of some form is necessary to minimize impact of high-cost students and increase predictability of special education costs: VCSEA agrees with the funding study's assertion that any funding model needs to include a mechanism for extraordinary cost reimbursement. School districts of all sizes, but particularly small districts, can see dramatic cost swings for individual students with significant and costly disabilities; an extraordinary cost reimbursement model is necessary to prevent these swings and ensure predictability. The study contemplates a two-tiered model of extraordinary cost reimbursement that provides a lower threshold for services provided in the home district and a higher threshold for students educated outside of the local school. VCSEA believes this may incentivize schools to keep students in their home schools rather than making it financially appealing to outplace the students. VCSEA believes further study is necessary to understand the implications of both the census-based and extraordinary cost mechanisms, occurring simultaneously, and the impact on overall special education spending.
- Limited availability of community-based mental health services continues to stretch the capacity of schools to provide access to education and results in significant cost increases for special education:

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Funding model adjustments alone are insufficient to address special education cost containment desires, given the significant cost shift of mental health services that has occurred over time. VCSEA concurs with the study's conclusion that "increased demand and limited capacity for community-based mental health and social services has shifted responsibility for providing these services to schools" (p 4). The Report on Act 68 of 2013 made clear that the costs to schools of providing mental health services *due to a lack of availability of those supports within the community* is significant. Without addressing those community based issues, the responsibility for funding the supports will continue to fall disproportionately towards schools, and the special education budget. While funding structure changes are essential for schools to be able to implement evidence-based practices and improve outcomes for students, special education will continue to bear the financial brunt of a lack of community-based mental health supports until those funding streams are addressed and children and families have increased access to services.

- *Other talking points:*
 - Monitoring and accountability frameworks must be streamlined and focused on educational practices and outcomes. The study recommends a split between categorical and block-grant funding, and suggests that the AOE develop mechanisms to ensure appropriate decision-making regarding the use of state funds. VCSEA continues to believe a fully non-categorical funding mechanism is essential to support schools. If categorical funding is considered, VCSEA strongly recommends that any framework for monitoring the use of special education funds be developed by experts at the AOE in educational practices for students with disabilities. Current frameworks for accountability are solely monitored by fiscal experts with little or no understanding of educational practices. If the AOE uses the same personnel and techniques in developing a new monitoring system, it is likely that little will change from the current model that requires significant administrative oversight and limits good decision making about student programming.
 - Statewide expert panel for approval of extraordinary costs: VCSEA needs additional information about what such a panel would look like and what the process would entail for extraordinary cost reimbursement approval. We have concerns about the makeup of this committee and how its decision making would interface with the decision making of an IEP team, which is legally bound to make decisions virtually absent of cost considerations (except as allowed by law). Even if the committee does not make IEP decisions, their denial of reimbursement will surely impact decision making at the IEP level, either resulting in a violation of special education law or resulting in a local district being refused reimbursement if the committee disagrees with the recommendations of an IEP team.
 - Independent school implications: A move away from a reimbursement-based funding model has significant implications for funding special education students who are living in choice districts and attending independent schools. Additional study is needed to fully understand the impact on those districts.

VCSEA Recommendations:

- Further analysis is needed before decision making about implementation of the study recommendations: VCSEA strongly believes that a thoughtful, deliberate and well-informed process is essential prior to the

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legislature taking steps to implement shifts in the funding structure. The funding study provides a large body of information that requires further examination to understand which models and simulations are best for Vermont and the implications of such a shift. It is only natural that our organizations would need additional time to move beyond high-level conceptual reactions to the report and focus on more detailed implementation.

- *Field-based input:* We recommend that broad stakeholder engagement occur to further unpack the recommendations of the study, determine the impacts on districts and develop a plan to move forward. At minimum, the statewide educational organizations (VSBA, VSA, VCSEA, VPA, and VASBO) need to be given time for collaborative work on the recommendations, as implications of these funding changes would be far-reaching.
- *Phase-in period:* VCSEA agrees with a prolonged and supported “phase-in” period; however, we’re unclear how the recommended 5 years was established. Our belief is that any recommendations for an implementation timeline would need to be informed by the field-based input identified above, and would need to include time to invest in the training and system development necessary for implementation of the sweeping changes.
- *Implementation committee:* We believe the state would benefit from the convening of an implementation committee with broad representation from educational stakeholders
- Continue to support the implementation of other policy recommendations related to education quality: Vermont schools are engaged in significant systems change related to becoming more effective and more cost efficient. Implementation of the District Management Report recommendations, Vermont’s ongoing efforts to shift service delivery models that prioritize licensed educators, proficiency-based learning and personalization, MTSS and a number of other policy initiatives will all have significant impact on the quality and efficiency of our educational systems. VCSEA recommends that the legislature continue to support those initiatives and recognize that increased quality and cost containment can only be achieved through systems-level work, **not** solely through a shift in funding structures.