

**TESTIMONY PROVIDED TO:** House Education Committee  
**FROM:** Meagan Roy, Ed.D. (Chair, VCSEA Legislative Committee)  
**TOPIC:** [S.13](#)  
**DATE:** April 21, 2021

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VCSEA acknowledges the faults in the current pupil weighting formulas and concurs with the study identifying those faults. We understand the premise that “[n]either the factors considered by the [current] formula nor the value of the weights reflect contemporary educational circumstances and costs.” The focus on equity that S.13 begins to address is in line with VCSEA’s own mission.

However, it is critical that the general assembly be aware of the intersection and collective impact of three issues: Pupil weighting, the shift to a census-based funding model for special education (Act 173) and the subsequent need to address the Federal construct of Maintenance of Effort within special education funding. The task force convened in S.13 needs to formally address these three policy constructs together so that legislators understand their collective impact. Below, VCSEA seeks to reiterate the three fiscal issues that the general assembly needs to address, so that the committee has greater clarity on why the constructs are so critical to be addressed by the task force

## **Policy Constructs**

### *The Weighting Study*

VCSEA supports and understands the need to review the process of weighting students in the current funding formula. The current inequities in the funding system in Vermont do not achieve the financial parity sought by the Brigham case. The concepts underlying the weighting study are fully aligned with VCSEA’s focus on equity.

### *Census-Based Funding for Special Education (Act 173)*

During the debate and discussion related to Act 173, there was an intentional conversation about the need to reduce special education spending. While it is true that the shift to a census model was intended to reduce unnecessary paperwork and increase flexibility of spending, the legislature also sought to decrease special education spending. As such the census grant was developed to decrease the state contribution to local districts in special education funds. This is a bimodal change that 1). moves the special education funding process from a reimbursement on dollars spent to a census grant model; and 2). for many districts, decreases the state contribution for special education over time once the uniform base amount is in place. Knowing that the Act will lower state special education support over time, it is critical that the Task Force understand the impact of the census grant alongside changes to education funding prompted by the weighting study.

It’s also important to note that the proposed changes to special education rules governing eligibility could further impact districts. These changes may result in an increase in identification rates. Districts may have more students eligible for entitlement services, but are no longer reimbursed for those costs.

### *Maintenance of Effort*

It is critical that the general assembly understand Federal Maintenance of Effort (MOE) rules and the impact of a reduction in state special education funding as a result of 173 could have on a district’s ability to meet MOE. School districts are required to spend at least as much as they did the year before in state and local funds collectively in special education. If a school district spends less than it did the year before, they risk losing

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considerable Federal grant funds. While there are some federal exemptions, efficiency generally is not one of them. Therefore, a district has two potential outcomes once the state contributions for special education costs decrease: 1) the district can increase the local contribution to special education (spending additional “general education” dollars; or 2) the district can decrease special education spending, not meet the federal maintenance of effort requirements and be required to send federal dollars back equal to the underspent amount.

It is critical that the Task Force be aware of MOE implications as they analyze the impact of the weighting changes and change to a census grant. Section 2(c)(8) should specifically reference an examination of MOE in conjunction with the other changes.

**Recommendation: Modeling of individual district impact**

S.13 should contain a stated requirement that the Task Force develop modeling for individual districts, demonstrating the concurrent impact of a shift to the census grant and the change in state funding resulting from implementation of the weighting study. LEAs need to understand the full impact of these shifts.

Second, the Task Force (or the Agency) should be required to provide professional development and financial modeling to ensure that LEAs can demonstrate that they have met their Federal Maintenance of Effort requirements. Failure to demonstrate Maintenance of Effort would result in a loss of Federal funding; this is an issue that needs to be modeled out so that Districts understand the implications of all changes in their entirety.