



To: Vermont Senate Finance Committee
From: VCSEA
Date: February 4, 2026
**Subject: Act 73 and the Intersection of
Special Education**

For over 44 years, the Vermont Council of Special Education Administrators (VCSEA) has been a cornerstone of educational leadership in Vermont. We are dedicated to supporting all Special Education Administrators and other special education leaders, working in close collaboration with Superintendents, Principals, the Vermont Agency of Education, family support organizations, and numerous other state organizations.

At the core of our mission, the VCSEA strives to provide leadership, support, collegiality, and mentorship to all who teach and lead in education and special education across Vermont. We are honored to contribute to a state that deeply invests in the future of all its children.

We have attached our comprehensive legislative priorities and a fact sheet regarding federal Maintenance of Effort (MOE) requirements for your review. Today's testimony focuses specifically on Priority 3: Ensuring Fiscal Integrity to Protect IDEA and Students with Disabilities, within our legislative platform. Two specific topics deserve careful consideration:

1. The special education weighting design within the implementation of the new foundation formula.
2. Development of Cooperative Education Service Agencies.

Foundation Formula Special Education Weights within Act 73: The current special education funding design under Act 73 is fundamentally flawed and must be addressed. Most critically, the weighting formula does not provide sufficient dedicated support for special education. Instead, districts are forced to rely on general education foundation formula funds to fill the gap, placing special education and general education in direct competition for limited resources.

In addition, this structure creates serious financial and legal risk for districts, particularly in meeting federal Maintenance-of-Effort (MOE) requirements. MOE is a federal mandate that requires districts to sustain special education spending at a level equal to or greater than the prior year. Failure to maintain this effort can result in the loss of federal funding. MOE failures could jeopardize access to critical Individuals with Disabilities Education (IDEA) grant dollars, which are an essential component of Vermont's special education system. Ensuring fiscal stability for special education is therefore not only a matter of compliance, but also one of equity, as Vermont transitions to a foundation formula under Act 73. Students must have consistent access to the services they are entitled to, and districts must be able to meet their obligations without risking the loss of federal support.

In addition, Act 73 shifts Vermont away from a census-based block grant model toward a weighted funding system tied to disability categories. This change creates a harmful incentive in which diagnoses may drive revenue rather than individualized student need. Disability categories are broad, inconsistent, and often ill-suited as a basis for funding decisions. Linking resources to labels risks undermining the individualized focus required under the IDEA. While this design may work from a financial lens, tying funds to disability categories is not sensitive to the experiences of individuals with disabilities.

While VCSEA is not opposed to exploring a new funding approach, it is important to recognize that this would be the third special education finance design in just five years. This level of policy churn creates significant challenges for school districts, making long-term planning nearly impossible. We are also deeply concerned by the lack of impact analysis, particularly as these funding changes intersect with proposed redistricting.

For these reasons, we urge you to provide districts with a clear and enforceable commitment—a promise of stable, sufficient funding that ensures essential special education services can be delivered without undermining general education or risking MOE noncompliance. **Vermont must adopt a funding design that ensures sustainable, dedicated support for special education.**

CESAs and the Need for Guardrails

Cooperative Education Service Agencies, or CESAs, may offer Vermont an opportunity to address staffing shortages and strengthen regional collaboration in special education. VCSEA supports voluntary participation in CESAs when they improve access to services, increase efficiency, and enhance student outcomes.

However, CESAs must be developed with clear safeguards. Without guardrails, they risk increasing segregation and weakening local accountability. Districts must retain full responsibility for providing a Free Appropriate Public Education (FAPE). CESAs cannot serve as decision-makers for eligibility, placement, or IEP determinations—those legal responsibilities must remain with local education agencies.

Vermont's districts vary widely in size, capacity, and student need, so CESAs must remain flexible and responsive to regional realities. Their success should be measured by stronger inclusion and improved services within local schools, not by creating new regional placement systems that separate students with disabilities.

It is also essential that CESAs do not undermine the internal capacity districts have already built. Districts should not be forced to dismantle effective programs or staff structures in favor of a regional model. Additionally, CESAs must operate with transparency and strong accountability to the IDEA, ensuring districts are not placed at risk of noncompliance.

Finally, governance is the cornerstone of this initiative. CESAs must supplement, not supersede, district-level special education responsibilities. Given the chronic turnover and resulting instability at the Agency of Education, it is vital that oversight is embedded directly within district leadership structures to ensure professional continuity and local accountability.

Vermont has already created the framework for CESAs, and one has been developed. We urge the Legislature to learn from this existing work and move carefully to ensure CESAs become a successful tool for strengthening inclusive services—not a system that unintentionally increases segregation or reduces accountability.