



219 North Main Street, Suite 402
Barre, VT 05641 (p) 802-479-1030 | (f) 802-479-1835

MEMORANDUM

To: Superintendents
Special Education Administrators
Business Managers

From: Nicole Tousignant
Special Education Finance Manager

Date: December 15, 2016

Subject: FY-2018 Preliminary Special Education Formula Revenue Projections

The Special Education Finance group has compiled the information from the FY-2018 Special Education Service Plans in order to provide school districts with estimated FY-2018 State Special Education Formula Funding and Essential Early Education Grants. The State Special Education Funding Formula estimates are based on the Service Plan estimates provided and the amount actually granted/earned will depend on the appropriation level approved during the up-coming Legislative Session as well as the actual costs reported for FY-2018. The appropriation for the FY-2018 Essential Early Education Grants is not set until approved through the State budget process.

The FY-2018 Service Plan estimates have been compiled and the total for the K-12 special education costs to be covered by Federal/State/"local" funds is \$341,024,035. (The term "local" actually means Education Spending funds under the current education funding system.) This is an increase of 6.09% from the FY-2017 Service Plan estimate of \$321,454,761 provided last October. The FY-2018 Service Plan amount is 12% over the FY-2016 Actual "Service Plan" amount of \$304,488,839 (computed from the final FY-2016 Special Education Expenditure Reports as of September 9, 2016).

Service Plan Summary Printout— Attachment 1: Attachment 1 is a summary of the FY-2018 Service Plans showing the estimated K-12 special education cost for each school district and supervisory union. All formula-related projections are based on these figures. If you note any error, please notify me by February 1st. Unless there are significant problems with this information, this is the information that we will be using during the legislative session as a basis for the revenue projections.

Service Plan Comparison--Attachment 2: Attachment 2 is a comparison by supervisory union of the K-12 special education estimated on Section B, Part 2 of the FY-2018 Service Plans. The amounts for FY-2018 are shown along with the FY-2017 Service Plan estimates and the FY-2016 Actual "Service Plan" amounts (computed from the final FY-2016 Special Education Expenditure Reports as of September 9, 2016).

IDEA-B Federal Funds--Attachment 3: We anticipate that the FY-2018 IDEAB funds will be level funded. We will redo the formula projections if up-dated information becomes available.

To estimate the federal revenue, we used a formula for all supervisory unions that may not match exactly how your supervisory union plans to use the funds. We started with the FY-2017 allocation for the IDEA-B Basic grant funds (revenue code 4226) and assumed level funding. We calculated the portion of IDEA-B Basic (4226) funds that would be applied to the K-12 eligible special education costs by using each supervisory union's split in IDEA-B grant expenditures reported for FY-2016 using the amount reported as K-12 eligible cost compared to the total spent by each supervisory union. If this differs from how the supervisory union plans to use its IDEA-B funds for FY-2018, you will need to adjust the amount estimated as eligible for the State funding formula and the projected revenue for local budget purposes.

FY-2018 Special Education Formula Based on Service Plan Estimates: The Special Education Formula projections are based on your estimates reported on Section B, Part 2 of the FY-2018 Service Plan. The FY-2018 projected K-12 special education costs less the estimated amount of federal IDEA-B funds are used as the estimated K-12 formula eligible special education costs. **If the K-12 special education budget for your school districts has been adjusted since the FY-2018 Service Plan estimate was provided, you will need to recalculate the state funding based on your revised budget figures.**

Summary of the Special Education Funding Formula in effect for FY-2018:

Mainstream Block Grant-Attachment 4: Each supervisory union's Block Grant is based on its K-12 resident student ADM and the statewide average salary for special education teachers (\$63,016) and administrators (\$93,840) for the current year. For each 1,000 students in a school district's ADM, the Block Grant formula generates an amount based on the 9.75 special education teaching positions at the statewide average salary. Each supervisory union is credited with a portion of special education administration positions generated for the supervisory union (between 1.0 and 2.0 for each supervisory union) at the statewide average salary. The State funds 60% of the amount generated by the formula with 40% being local match.

Extraordinary Reimbursement: In this component, special education costs for an individual student that exceed the threshold amount of \$50,000 are reimbursed at 90%. The funding projections for Extraordinary Reimbursement are based on the estimated cost of the 550 K-12 students estimated as eligible for this funding in the Service Plans.

Special Education Expenditures Reimbursement— Attachment 5: Special Education Expenditures Reimbursement covers the eligible special education costs that have not been covered by the State and local shares of the other formula components - Mainstream Block Grant and Extraordinary Reimbursement, or been paid by federal or other funds. These costs are generally reimbursed at a flat rate for all school districts. The estimated rate for FY-2018 is **56.45%**.

These revenue projections do not attempt to estimate by individual school district the amounts that would be eligible for higher rates of Special Education Expenditures Reimbursement under the unexpected/unusual funding provision or the exceptional circumstance provision. This estimate allows a total of \$750,000 for funding for these provisions for all school districts.

Essential Early Education Grant— Attachment 6: Attachment 6 shows the projected EEE grant for FY-2018 which reflects an increase over the FY-2017 amount. The EEE grant amount increase is based on the statute which uses 2002 as a base year the New England Economic Project index. The total State funding for FY-2018 is expected to be \$6,442,927. The EEE grant is based on each supervisory unions ADM for resident students in grades 1, 2, & 3. This grant is intended to fund a portion of the cost of special education for children age three through five.

If you have questions about the printouts, please call me at 479-1137.

Enclosures:

- 1) FY-2018 Special Education Estimated Cost by Budget Entity
- 2) FY-2018 Service Plan Estimate Compared to FY-2016 Estimate and FY-2015 Actual
- 3) FY-2018 Estimated IDEAB Allocations
- 4) FY-2018 Mainstream Block Grant Calculation
- 5) FY-2018 Special Education Funding Formula Projections
- 6) FY-2018 Essential Early Education Grant--Estimated
- 7) FY-2018 Service Plan – Special Education K-12 Budget Section – State Total