Summary of Project EVOLVE Meeting with Vermont DOE on "Funding Alternatives"
March 17, 1-4 p.m., LaGue Inn, Berlin, VT

In Attendance:
Vermont DOE Presenters: Dennis Kane, Margaret Schelley

Project EVOLVE Staff: Steve Broer, Michael Giangreco

Project EVOLVE VT Advisory Council Members: Ann Lindner (VT DOE Liaison), Pat Mueller (NERRC), Kristin Reedy (NERRC)

Project EVOLVE School Partners: Carlene Bellamy (Twinfield), Conrad Dumas (Brattleboro), Terence Keating (St. Albans), Mary Lynn Riggs (St. Albans), Richard Schattman (Swanton), Zelda Zeleski (Williston)

Vermont DOE ESS Consultants: Ann Bleakley, Bev Heise, Jim Graves

Summary of Meeting

Introduction to the meeting
• Michael Giangreco set the context for the meeting. At the November Project EVOLVE meeting school partners expressed concerns about pursuing "alternative" service delivery options in terms of special education reimbursement and auditing. Rather than wait until they selected an alternative, some school leaders wanted to know beforehand how any of the existing alternatives might be viewed by the Vermont DOE.

• As a result of this request from the school partners, on Feb. 3, 2003, Michael Giangreco met with Ray McNulty (Vermont Education Commissioner), Bill Talbott (DOE Chief Financial Officer), Dennis Kane (Director, Student Support System), and Margaret Schelley (Special Education/Medicaid Finance Manager). At that meeting Michael provided a brief summary of Project EVOLVE and expressed some concerns about current special education funding and auditing (e.g., the "51% Rule" for reimbursement of paraprofessional services). Although the Commissioner seemed sympathetic to the concerns raised about special education financing, the overall position expressed by the DOE staff was that they were not contemplating a change in the rules at this time. They agreed to assist...
participating schools by sharing information that they hoped would help them appropriately navigate the system. As a result of that meeting, the session was scheduled for March 17.

Overview of Special Education Funding/Reimbursement
• Dennis Kane and Margaret Schelley spent the first half of the meeting providing a "primer" on Vermont’s Special Education Reimbursement system. They stressed that, in their experience, many school business managers, special education administrators, and school principals do not fully understand the reimbursement system, while pointing out that the system is "complex".

• The reimbursement system that exists today was first put in place in 1988 and has been revised since. It was seen as desirable because it: (a) allowed for decision-making by towns, (b) was placement-neutral, (c) allowed local needs to be addressed, (d) addresses disparity of spending, and (e) protects schools from unusual and unexpected costs.

• To demonstrate how much things have changed since 1990, Dennis mentioned that in 1990 Vermont had: (a) only about one-quarter of the paraprofessionals that we have today (without a significant difference in child count); (b) no Medicaid system in the schools, and (c) no "core" staff (that could be used to support students on 504 or ESS plans). With each change (and others) came increasing complexity in the financial system.

• At the same time the total cost statewide for special education in Vermont rose from around $51,000,000 in 1990 to over $200,000,000 (projected for next year), again without a substantial, corresponding increase in the numbers of students served. The reasons for the increase are equally complex. They fall in these main areas: (a) inflation (e.g., salaries and health care costs for personnel) may account for approximately 40%-50% of the increase; (b) an increase in the demand for services (especially paraprofessional supports and related services); and (c) an increase in the proportion of students who have more intensive needs (e.g., autism).

• Within a reimbursement system, the state needs to determine what is and is not allowable as special education costs. In the Vermont system, 60% of the costs within the state are reimbursed through state funds, 40% is a local responsibility.

• Vermont reimbursement system has three main components: (a) a Block Grant (which is more accurately described as an "advance" on reimbursement to allow schools to pay their bills); (b) Extraordinary cost reimbursement, whereby the state reimburses schools 90% of special education costs for a student that exceeds $50,000; and (c) Special Education Expenditures reimbursement, which provides reimbursement to school districts for eligible costs not covered by other funding components. The amount available for distribution under the final component depends on the amount of formula funding left in the pot after the block and extraordinary costs have been considered. There are other complexities (e.g., subtracting federal funds received, excess cost receipts such as tuition received, and tuition received from state placed students in the district). This funding
scheme does not include EEE costs except for extraordinary costs of EEE students who are at least 3 years old and have an IEP.

• Eligible costs were reviewed such as: (a) instructional services (core and non-core staff), (b) related services, (c) special education administration, (d) evaluation for eligibility (regardless of outcome), (e) tuition and excess costs, (f) special education transportation, (g) travel of staff to provide special education services, and (h) materials and equipment for special education instruction.

• There is flexibility in serving groups of special education and non-special education students but there are also definite limits. The eligible cost rules allow core staff positions to serve three types of students and still have their salaries and benefits charged to special education. The types of students are (1) students receiving services in accordance with their IEPs, (2) students receiving services based on their 504 plans, and (3) students receiving services based on their ESS plans. If core staff serves students other than those in these three groups, then a portion of their cost would not be considered special education eligible cost.

• For non-core staff, the flexibility is allowed by the small group (eight or fewer students). This allows the special education staff member’s time to be charged to special education for a block of time as long as the majority (more than 50%) of the group of students served are receiving services in accordance with their IEPs. In the circumstance where a paraprofessional is instructing a small group which has at least half of the students receiving non-IEP services, then the salary and benefits charged to special education is pro-rated based on the portion of the group receiving IEP services. There is much more complexity to the formula and system that will not be included in this summary.

• Dennis and Margaret stressed the flexibility in the system and its protective qualities while acknowledging its limitations and complexity. The process of reviewing the funding formula has begun and a task force has been formed. This group will make a recommendation to the Education Commissioner next year. The message was that for now, this is the system we have and it is important that more people understand it more fully and use it effectively to fund special education.

• Dennis and Margaret also mentioned that there are a variety of funding sources that schools can use to fund services, training, and innovations (e.g., state reimbursement, federal IDEA funds, Medicaid funds, BEST training funds, etc.).

DOE Reactions to Existing Alternatives Included in the Project EVOLVE Materials:

Dennis and Margaret were asked to offer their perspectives on each of the alternatives included in the web-based document titled, “Alternatives to Overreliance or Inappropriate Utilization of Paraprofessionals in Special Education.” Refer to this document for details. It is online at http://www.uvm.edu/~cdci/evolve/alternativeinfo.html

Throughout this portion of the meeting, participants asked questions and offered perspectives.
• The DOE representatives were asked to distinguish between whether: (a) a school could pursue an option (under the regulations), and (b) whether it could be reimbursed as an allowable special education cost. If it could not be paid fully as special education, they offered examples of how the alternative might be funded using other sources.

• The good news was that all of the alternatives could be pursued, though some of them may not be reimbursable (partially or completely) as a special education allowable cost. The DOE representatives said that schools had a great deal of flexibility to use a variety sources to fund virtually any educational appropriate alternatives.

1. Resource Reallocation: Shifting Resources from Paraprofessionals Positions to Special Educator or Related Services Provider Positions

   Variation I (Trading paraed positions for special educators): If special educators are hired (and are providing special education) that cost is reimbursable. Dennis pointed out some subtle language differences by explaining that it is really not reallocation of resources because in a reimbursement system you don't get money until after it is spent.

   Variation II (Trading paraed positions to provide a related service under the "other" category such as a literacy specialist): Although this is a possibility if all the criteria to truly establish it as a related service were met (e.g., student gets special education, service is required for the student to benefit from special education, documented on IEP), the DOE representatives thought it was a stretch. They suggested that such services were more appropriately funded as part of core staff or by using local funds or Medicaid funds.

2. Co-Teaching: Special Education & General Education Teachers

   This alternative received an immediate negative response from the DOE reps in terms of special education reimbursement. A discussion ensued about how this option is widely used in Vermont and perceived as a desirable practice. The DOE reps reiterated that they were not opposed to the practice but that it was difficult to document in terms of funding exclusively as a special education cost.

   There was some discussion that it was unfortunate that in the current reimbursement system classroom teachers may need to be aware of how students are being grouped or how they are collaborating and sharing tasks with special educators because some configurations, which are considered desirable, such as heterogeneous/natural proportion groupings of students with and without disabilities are either not reimbursed or reimbursed at a pro-rated/lower rate than homogeneous grouping of students with disabilities and/or those considered "at risk" (on EST plans).

3. Dual-Certified General & Special Educator is Classroom Teacher who Serves as the Special Educator for a Small Number of Students with Disabilities in the Classroom
DOE reps indicated that although there may be some rare circumstances where this would be reimbursable, at least partially (pro-rated) as special education, they thought it was questionable as far as special education reimbursement.

4. Building Capacity and Increasing Ownership of General Educators to Support Students with Disabilities

DOE reps indicated that this was desirable, but most appropriately funded through non special education sources (e.g., Act 230/117, BEST, Medicaid).

5. Reassigning Paraprofessional’s Roles to Increase Professional Educator Time with Students with Disabilities (e.g., Paperwork Paraprofessional)

This was deemed reimbursable as long as the work was related to students on IEPs.

6. Differentiated Teacher Roles; All Instructional Faculty are Certified Educators

DOE reps indicated that if this was done, regardless of what the job role was called, these individuals would be viewed as paraprofessionals for the purposes of the IDEA because although they would be certified teachers, they would not be certified special educators, and therefore would not meet the "qualified professionals" standard in the law. They would need to be trained and work under the direction and supervision of a special educator.

7. Improving Working Conditions of Special Educators, (e.g., caseload parameters)

Schools can choose to change caseloads, as long as the personnel are providing special education services, it would be reimbursable at the current state/local split.

8. Improving Working Conditions of General Educators, (e.g., class size & composition)

Changes in this area would need to come from sources other than special education reimbursement.

The last four areas can be grouped together. Basically, if the work being done in these areas is by the special educator to provide appropriate services to students with disabilities, then the special educator’s time is reimbursable.

9. Peer Support Strategies: Social/Personal or Academic

10. Self-Determination: Involving Students with Disabilities in Determining Their Own Supports

11. Information Sharing (e.g., with families about paraprofessional supports, pros and cons)

12. Physical Placement & Rearrangement of Students with Disabilities within General Education Classrooms
Meeting Conclusion:

Participants expressed their appreciation for the information and insights shared by Dennis and Margaret. Even experienced school leaders in attendance indicated that they learned new information at this session.

Next Steps:

These notes will be emailed to Dennis Kane and Margaret Schelley. They will be asked to review these minutes for accuracy and make any suggestions for changes prior to distribution to meeting participants and Project EVOLVE partners. Once finalized, these minutes will be shared with Project EVOLVE Partners and discussed at scheduled meetings in April 2003.