

**Department of Education Responses to November 28, 2017 Request To Governor LePage  
and Commissioner Hasson  
December 4, 2017**

**1. Financial impact to shift Child Development Services (CDS) and early intervention procedures.**

- Advise about the state policy and appropriation changes that the DOE will propose to restructure the school funding provisions to shift the CDS and early intervention programs, including the financial impact for the state and the local school districts' special education costs.

**Response:** The Commissioner has convened an advisory committee of interested parties to discuss the provision of CDS services to 3 to 5 year-old children. This group has met 5 times to date and has one more meeting scheduled in early December. After this final meeting, the issues identified by the group over the past several months will be compiled and presented to the Commissioner. We appreciate the Task Force's interest in this matter, but given the work already undertaken by the advisory committee, our next step will be a review of what that group presents to the Commissioner. After this review, the Department will determine which of the policy change alternatives we will present in bill form to the Committee on Education and Cultural Affairs for a public hearing.

**2. Clarification of financial initiatives adopted in the FY 2018 and FY 2019 biennium budget bill related to special education programs and services.** Do the financial initiatives adopted in the recent budget bill (Public Law 2017, Chapter 284, LD 390) address the proposed regional cost adjustments for special education faculty, staff and students in high poverty school districts?

**Response:** See attached document

**3. Relationship of State Plans with Federal Centers for Medicaid Services (CMS).**

- Is it possible for Maine DOE spokespersons to be available when Maine HHS spokespersons present briefings and discuss the authority to package together expenses with Maine Care (Medicaid) funds to provide medically necessary services for public school students?

**Response:** DHHS/MaineCare would need to respond to this inquiry. If there are additional questions for the Department of Education, please submit them in writing to Governor LePage.

## Attachment

### Response to Question 2:

#### Chart 1: Special Education funding formula changes enacted by the 128<sup>th</sup> Legislature in LD 390, Budget Document:

- Step 1 base rate weight changed from a variable rate between 1.2 to 1.4, to a fixed rate of 1.5
- Step 5 High cost out-of-district adjustment moved to separate allocation
- Federal revenues are no longer subtracted from formula allocation due to no longer removing Title I federal funds in calculation of EPS rate
- High cost out-of-district allocation based on costs above the following:
  - Regional special education placement costs above 2 times statewide special education EPS rate
  - Public special education placement costs above 3 times statewide special education EPS rate
  - Private special education placement costs above 4 times statewide special education EPS rate
- Budgetary Hardship adjustment
  - Costs which arise from students under 1 of the 2 following situations:
    - Appeal approved by the commissioner
    - Student became the fiscal responsibility of the SAU after the passage of the budget
  - Unexpected allowable costs result in 5% or more increase in the percentage of the SAU's special education budget category in comparison to total budget excluding debt service
  - Adjustment equals allowable costs above the following:
    - 3 times statewide special education EPS rate for in-district
    - 4 times statewide special education EPS rate for out-of-district

#### Chart 2: Descriptions of sample districts:

The effects of these changes are demonstrated in three sample districts (anonymized) as follows:

- 1) The first is a mid-sized regional school unit that has a high prevalence rate but has no high cost out-of-district students, and had an EPS MOE adjustment under the previous formula
- 2) The second is a large municipal school unit that has a high prevalence rate, had multiple high cost out-of-district students but sent many to a regional program, and had also had an EPS MOE adjustment under the previous formula

- 3) The third is a small municipal school unit that has a smaller prevalence rate, had no high cost out-of-district students, and had an EPS MOE adjustment under the previous formula

**Frequently Asked Questions regarding these funding formula changes:**

- 1) **Question:** How much will the Special Education Allocation change based on the changes in statute?

**Answer:** The total change in allocation related to Special Education was \$10,231,412

- i. The changes made to the Special Education Allocation when using the same year data (FY2015-16 Expenditure data & FY2017 Oct 1 Student Counts) would have increased allocations by \$2,246,076
- ii. The High Cost Out-of-District allocation moved to a separate allocation and was \$7,985,336
- iii. It is not possible to determine what impact the Budgetary Hardship Adjustment will have on the overall allocation

- 2) **Question:** Were any districts negatively impacted by the changes to the Special Education allocation?

**Answer:** No districts lost allocation with the changes that were made to the model.

- i. 110 districts had no change in allocation
- ii. 141 districts had a positive change in allocation

- 3) **Question:** Will there still be an adjustment to the High-Cost Out-of-District allocation in the spring?

**Answer:** The department will still collect high cost out-of-district student information in the spring. Also, because it will now be a separate allocation, more school districts will receive an adjustment to the allocation.

- 4) **Question:** Will the formula acknowledge high cost students that move into the school district after the budget has passed, or if the commissioner approves an appeal?

**Answer:** Each year school districts will be able to apply for a Budgetary Hardship adjustment. The school district must demonstrate that special education costs increase 5% as compared to the total budget, excluding debt.

Example: if the special education budget is \$100,000 and the school budget, excluding debt, is \$1,000,000, there would need to be \$50,000 in additional special education costs created by the student(s) moving into the school district.

## Special Education Allocation Model Changes FY2018 to FY2019 Fiscal Year Allocations

Special Education Model Component	Old Model	New Model	Notes
Step 1 - Base Component	SAU EPS Rate * (1.2 to 1.4)	SAU EPS Rate * 1.5	First 15% of special education population
Step 2 - Prevalence Adjustment	SAU EPS Rate * .38	SAU EPS Rate * .38	Applies to percentage of special education population above 15%
Step 3 - Size Adjustment	SAU EPS Rate * .29	SAU EPS Rate * .29	SAU must have less than 20 Special Education students, applies to total special education population
Step 4 - High Cost In-District Adjustment	Previous allocation * CPI	Previous allocation * CPI	
Step 5 High Cost Out-of-District Adjustment	Cost above 4x the Statewide Special Education EPS Rate	Moved to new allocation	Statewide Special Education Rate is the average of all EPS rates statewide
Federal Revenues Adjustment	Subtracts federal revenues received * CPI Inflation	Removed due to Title I revenues repeal from EPS rate calculation	
EPS Actual Expenditures MOE Adjustment	Adjustment for Actual Expenditures - adjusted by MaineCare revenues received and reduced if population decreases	Adjustment for Actual Expenditures - adjusted by MaineCare revenues and High Cost Out-of-District Allocation received and reduced if population decreases	
Special Education Budgetary Hardship adjustment		Adjustment for new special education students entering after budget is passed	
High Cost Out-of-District Allocation		Costs above 4x the Statewide Special Education EPS Rate for private school costs	
		Costs above 3x the Statewide Special Education EPS Rate for public school costs	
		Costs above 2x the Statewide Special Education EPS Rate for regional school costs	

## Special Education Allocation Model Changes FY2018 to FY2019 Fiscal Year Allocations Examples

Special Education Model Component	District 1		District 2		District 3	
	Mid-sized Rural Regional School Unit Prevalence Rate above 15%	Large Municipal School Unit Prevalence Rate above 15%	Mid-sized Rural Regional School Unit Prevalence Rate above 15%	Large Municipal School Unit Prevalence Rate above 15%	Rural Municipal School Unit Prevalence Rate under 15%	Rural Municipal School Unit Prevalence Rate under 15%
No High Cost Out-of-District Students						
Old Model						
New Model						
Sends out of district placements to regional program						
Old Model						
New Model						
No High Cost Out-of-District Students						
Old Model						
New Model						
No High Cost Out-of-District Students						
Old Model						
New Model						
Step 1 - Base Component	\$1,189,880	\$1,397,807	\$4,752,692	\$5,582,826	\$117,742	\$138,312
Step 2 - Prevalence Adjustment	\$16,415	\$16,415	\$207,691	\$207,691	\$0	\$0
Step 3 - Size Adjustment	\$0	\$0	\$0	\$0	\$34,153	\$40,103
Step 4 - High Cost In-District Adjustment	\$134,527	\$134,527	\$839,345	\$839,345	\$5,761	\$5,761
Step 5 High Cost Out-of-District Adjustment	\$0	\$0	\$51,667	\$0	\$0	\$0
Federal Revenues Adjustment	\$279,555	\$0	\$826,301	\$0	\$36,537	\$0
EPS MOE Adjustment	\$360,493	\$0	\$1,209,792	\$0	\$37,135	\$0
Special Education Budgetary Hardship adjustment	\$0	\$0	\$0	\$0	\$0	\$0
High Cost Out-of-District Allocation	\$0	\$0	\$0	\$277,049	\$0	\$0
Total Special Education Allocation	\$1,421,760	\$1,548,749	\$6,234,886	\$6,629,862	\$158,254	\$184,176
High Cost Out-of-District Allocation	\$0	\$0	\$0	\$277,049	\$0	\$0
=	\$1,421,760	\$1,548,749	\$6,234,886	\$6,906,911	\$158,254	\$184,176
Total Special Education Allocations	\$1,421,760	\$1,548,749	\$6,234,886	\$6,906,911	\$158,254	\$184,176