

July 25, 2024

## Executive Summary

- FY 2024 Excess Cost reimbursement requests significantly exceeded the \$181 million appropriated in the state budget for the Excess Cost grant.
- As additional funding was not allocated, districts and towns did not receive the reimbursement levels specified in statute for the Excess Cost grant, resulting in less funding for all districts educating high-needs students with disabilities.
- This underfunding is expected to continue in FY 2025 as the appropriation for the Excess Cost grant is unchanged in FY 2025.
- The General Assembly should allocate additional funding during the 2025 legislative session to ensure districts receive the statutorily defined reimbursement levels as passed during the 2023 legislative session.
  - This would require an additional \$49.9 million for the Excess Cost grant, bringing the total appropriation to \$231 million.

## Background

The Excess Cost grant is provided by the State to school districts to assist them in paying for special education expenses for students with extraordinary needs. Through the Excess Cost grant, local and regional school districts are eligible for partial reimbursement for the cost of educating students whose required services are greater than 4.5 times the district's average expenditure per-student for the prior year.<sup>1</sup> The Excess Cost grant also partially reimburses school districts for students placed through state agencies,<sup>2</sup> if the cost of educating the student placed is greater than the district's per-student net current expenditure for the prior year.<sup>3</sup>

During the 2023 legislative session the Connecticut General Assembly passed Public Act 23-204, which appropriated approximately \$181 million for Excess Cost reimbursements in FYs 2024 and 2025.<sup>4</sup> When the Excess Cost grant is not fully funded (i.e. when the appropriation is "capped"), these reimbursements are to be distributed via a tiered reimbursement system based on a town's per-capita property wealth, with wealthier towns receiving lower reimbursement rates than less wealthy towns.<sup>5</sup> The statutory reimbursement tiers are detailed below:

- Districts with the lowest wealth (municipalities ranked 115 to 169) are reimbursed at 91 percent of their uncapped grant amount;
- Districts in the middle tier (municipalities ranked 59 to 114) are reimbursed at 88 percent of their uncapped grant amount; and

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<sup>1</sup> Conn. Gen. Statutes ch. 165, §§ 10-76g(a)-76g(b).

<sup>2</sup> *Ibid.*

<sup>3</sup> Conn. Gen. Statutes ch. 165, § 10-76d(e).

<sup>4</sup> Conn. Acts 23-204.

<sup>5</sup> Conn. Gen. Statutes ch. 165, §§ 10-76g(a)-76g(b).

- Districts in the wealthiest tier (municipalities ranked 1 to 58) are reimbursed at 85 percent of their uncapped grant amount.<sup>6</sup>

## Challenge

FY 2024 Excess Cost reimbursement requests were estimated to be significantly higher than anticipated. The cost to fully fund the reimbursement requests at their statutory reimbursement levels is roughly \$231 million, or \$50 million more than the \$181 million appropriated for the Excess Cost grant for FY 2024. Due to the significant shortfall between the amount needed to fully fund the Excess Cost grant and the amount of funding that was appropriated by the legislature, towns and districts were reimbursed at percentages ranging from 64%-75%. These reimbursement rates are lower than the statutory tiers and in fact lower than the 74%-79% reimbursement tiers that existed prior to Public Act 23-204.<sup>7</sup>

Table 1 below shows the estimated costs of the uncapped entitlement (the amount needed to reimburse all districts at 100%), the capped entitlement (the amount appropriated in Public Act 23-204), and the statutory tiered reimbursement entitlement (the cost of funding reimbursements at the levels in statute). Appendix A outlines the estimated impact by district. It is important to note that at this time, it is not known why total reimbursement requests have increased from an estimated \$205 million in FY 2023 to \$261 in FY 2024.<sup>8</sup>

**Table 1: FY 2024 State Excess Cost Totals**

Est. Uncapped Entitlement	Capped Entitlement	Est. Statutory Tiered Reimbursement Entitlement	Est. Cost Above the Cap to Meet Tiered Reimbursement
\$260,551,988	\$181,119,782	\$230,988,476	\$49,868,694

Because the FY 2025 Excess Cost appropriation is equal to the FY 2024 appropriation, this underfunding is projected to continue should reimbursement requests exceed the capped entitlement.

## Solution

To provide all districts with stable and adequate funding for educating students with extraordinary needs, and to meet the statutory levels passed during the 2023 legislative session, the General Assembly should **increase the Excess Cost appropriation by at least \$50 million during the 2025 legislative session.**

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> Conn. Acts 23-204.

By increasing the appropriation by approximately \$50 million dollars, the General Assembly will provide districts and towns with their full statutory reimbursement percentages.<sup>9</sup> This will ensure districts and towns receive the equitable and predictable reimbursements they were promised. Additionally, as special education costs continue to grow, the General Assembly should allocate additional funding annually based on updated estimates.

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<sup>9</sup> State of Connecticut, Office of Policy and Management. (2024, February 7). Governor Lamont's FY 2025 Budget. Retrieved from <https://portal.ct.gov/OPM/Bud-Budgets/2025-Midterm/FY-2025-Budget-Adjustments>.

## Appendix A: FY 2024 Excess Cost Impact by District

District	Est. Uncapped Entitlement	Capped Entitlement	Est. Statutory Tiered Reimbursement Entitlement	Est. Cost Above the Cap to Meet Tiered Reimbursement
Andover	\$0	\$0	\$0	\$0
Ansonia	\$2,820,494	\$2,014,291	\$2,566,650	\$552,359
Ashford	\$238,314	\$170,195	\$216,866	\$46,671
Avon	\$1,171,779	\$781,665	\$996,012	\$214,347
Barkhamsted	\$0	\$0	\$0	\$0
Berlin	\$1,391,466	\$960,973	\$1,224,490	\$263,517
Bethany	\$93,643	\$62,467	\$79,597	\$17,130
Bethel	\$1,702,833	\$1,176,009	\$1,498,493	\$322,484
Bloomfield	\$1,371,639	\$947,279	\$1,207,042	\$259,763
Bolton	\$49,060	\$33,883	\$43,173	\$9,290
Bozrah	\$64,618	\$44,627	\$56,864	\$12,237
Branford	\$1,241,636	\$828,264	\$1,055,391	\$227,127
Bridgeport	\$12,052,997	\$8,607,799	\$10,968,227	\$2,360,428
Bristol	\$8,130,837	\$5,806,740	\$7,399,062	\$1,592,322
Brookfield	\$1,186,122	\$791,233	\$1,008,204	\$216,971
Brooklyn	\$288,704	\$206,182	\$262,721	\$56,539
Canaan	\$0	\$0	\$0	\$0
Canterbury	\$163,104	\$116,482	\$148,425	\$31,943
Canton	\$1,244,177	\$859,252	\$1,094,876	\$235,624
Chaplin	\$0	\$0	\$0	\$0
Cheshire	\$1,231,591	\$850,560	\$1,083,800	\$233,240
Chester	\$0	\$0	\$0	\$0
Clinton	\$499,825	\$345,188	\$439,846	\$94,658
Colchester	\$1,281,022	\$884,698	\$1,127,299	\$242,601
Colebrook	\$0	\$0	\$0	\$0
Columbia	\$102,032	\$70,465	\$89,788	\$19,323
Cornwall	\$0	\$0	\$0	\$0
Coventry	\$649,245	\$463,667	\$590,813	\$127,146
Cromwell	\$2,094,573	\$1,446,551	\$1,843,224	\$396,673
Danbury	\$2,472,851	\$1,766,018	\$2,250,294	\$484,276
Darien	\$4,067,716	\$2,713,471	\$3,457,559	\$744,088
Deep River	\$16,965	\$11,716	\$14,929	\$3,213
Derby	\$1,036,597	\$740,299	\$943,303	\$203,004
East Granby	\$481,512	\$332,541	\$423,731	\$91,190

District	Est. Uncapped Entitlement	Capped Entitlement	Est. Statutory Tiered Reimbursement Entitlement	Est. Cost Above the Cap to Meet Tiered Reimbursement
East Haddam	\$446,826	\$308,587	\$393,207	\$84,620
East Hampton	\$1,236,048	\$853,638	\$1,087,722	\$234,084
East Hartford	\$1,862,276	\$1,329,967	\$1,694,671	\$364,704
East Haven	\$3,282,793	\$2,344,448	\$2,987,342	\$642,894
East Lyme	\$363,738	\$242,641	\$309,177	\$66,536
East Windsor	\$292,716	\$209,047	\$266,372	\$57,325
Eastford	\$8,599	\$5,939	\$7,567	\$1,628
Easton	\$119,892	\$79,976	\$101,908	\$21,932
Ellington	\$1,241,539	\$857,430	\$1,092,554	\$235,124
Enfield	\$2,056,101	\$1,468,391	\$1,871,052	\$402,661
Essex	\$155,003	\$103,399	\$131,753	\$28,354
Fairfield	\$4,052,673	\$2,703,437	\$3,444,772	\$741,335
Farmington	\$1,074,884	\$717,028	\$913,651	\$196,623
Franklin	\$67,609	\$46,692	\$59,496	\$12,804
Glastonbury	\$1,869,094	\$1,246,825	\$1,588,730	\$341,905
Granby	\$1,075,991	\$743,100	\$946,872	\$203,772
Greenwich	\$2,236,368	\$1,491,825	\$1,900,913	\$409,088
Griswold	\$1,165,759	\$832,541	\$1,060,841	\$228,300
Groton	\$1,368,977	\$945,441	\$1,204,700	\$259,259
Guilford	\$1,203,257	\$802,663	\$1,022,768	\$220,105
Hamden	\$4,392,885	\$3,137,234	\$3,997,525	\$860,291
Hampton	\$0	\$0	\$0	\$0
Hartford	\$11,911,842	\$8,506,991	\$10,839,776	\$2,332,785
Hartland	\$0	\$0	\$0	\$0
Hebron	\$213,551	\$147,483	\$187,925	\$40,442
Kent	\$0	\$0	\$0	\$0
Killingly	\$1,552,218	\$1,108,535	\$1,412,518	\$303,983
Lebanon	\$336,606	\$232,466	\$296,213	\$63,747
Ledyard	\$1,533,284	\$1,095,014	\$1,395,288	\$300,274
Lisbon	\$498,701	\$344,413	\$438,857	\$94,444
Litchfield	\$395,908	\$264,101	\$336,522	\$72,421
Madison	\$1,402,189	\$935,366	\$1,191,861	\$256,495
Manchester	\$3,988,433	\$2,848,389	\$3,629,474	\$781,085
Mansfield	\$95,953	\$68,525	\$87,317	\$18,792
Marlborough	\$199,823	\$138,002	\$175,844	\$37,842
Meriden	\$5,104,062	\$3,645,129	\$4,644,696	\$999,567

District	Est. Uncapped Entitlement	Capped Entitlement	Est. Statutory Tiered Reimbursement Entitlement	Est. Cost Above the Cap to Meet Tiered Reimbursement
Middletown	\$3,279,326	\$2,341,972	\$2,984,187	\$642,215
Milford	\$2,144,733	\$1,430,698	\$1,823,023	\$392,325
Monroe	\$986,194	\$681,085	\$867,851	\$186,766
Montville	\$1,035,607	\$739,592	\$942,402	\$202,810
Naugatuck	\$2,118,101	\$1,512,668	\$1,927,472	\$414,804
New Britain	\$12,088,174	\$8,632,920	\$11,000,238	\$2,367,318
New Canaan	\$1,078,325	\$719,323	\$916,576	\$197,253
New Fairfield	\$1,098,311	\$758,514	\$966,514	\$208,000
New Hartford	\$169,690	\$113,196	\$144,237	\$31,041
New Haven	\$9,462,897	\$6,758,047	\$8,611,236	\$1,853,189
New London	\$1,660,900	\$1,186,153	\$1,511,419	\$325,266
New Milford	\$2,085,098	\$1,440,008	\$1,834,886	\$394,878
Newington	\$1,974,163	\$1,409,873	\$1,796,488	\$386,615
Newtown	\$2,618,842	\$1,746,963	\$2,226,016	\$479,053
Norfolk	\$71,822	\$47,910	\$61,049	\$13,139
North Branford	\$472,124	\$326,058	\$415,469	\$89,411
North Canaan	\$0	\$0	\$0	\$0
North Haven	\$1,247,900	\$832,443	\$1,060,715	\$228,272
North Stonington	\$12,962	\$8,952	\$11,407	\$2,455
Norwalk	\$5,570,299	\$3,715,806	\$4,734,754	\$1,018,948
Norwich	\$3,145,518	\$2,246,411	\$2,862,421	\$616,010
Old Saybrook	\$284,957	\$190,087	\$242,213	\$52,126
Orange	\$192,684	\$128,534	\$163,781	\$35,247
Oxford	\$1,374,584	\$916,949	\$1,168,396	\$251,447
Plainfield	\$1,000,957	\$714,846	\$910,871	\$196,025
Plainville	\$749,156	\$535,020	\$681,732	\$146,712
Plymouth	\$712,046	\$508,517	\$647,962	\$139,445
Pomfret	\$446,888	\$308,628	\$393,261	\$84,633
Portland	\$850,323	\$587,249	\$748,284	\$161,035
Preston	\$324,648	\$224,207	\$285,690	\$61,483
Putnam	\$698,347	\$498,733	\$635,496	\$136,763
Redding	\$85,313	\$56,911	\$72,516	\$15,605
Regional District 1	\$121,256	\$91,444	\$103,068	\$11,624
Regional District 4	\$390,266	\$262,104	\$331,726	\$69,622
Regional District 5	\$1,142,777	\$812,270	\$971,360	\$159,090
Regional District 6	\$217,435	\$155,592	\$184,820	\$29,228

District	Est. Uncapped Entitlement	Capped Entitlement	Est. Statutory Tiered Reimbursement Entitlement	Est. Cost Above the Cap to Meet Tiered Reimbursement
Regional District 7	\$509,771	\$328,776	\$448,598	\$119,822
Regional District 8	\$485,600	\$316,713	\$427,328	\$110,615
Regional District 9	\$705,609	\$476,329	\$599,768	\$123,439
Regional District 10	\$1,379,216	\$912,138	\$1,213,710	\$301,572
Regional District 11	\$179,884	\$128,467	\$163,694	\$35,227
Regional District 12	\$77,174	\$50,185	\$65,598	\$15,413
Regional District 13	\$585,152	\$399,732	\$514,934	\$115,202
Regional District 14	\$560,861	\$402,359	\$476,732	\$74,373
Regional District 15	\$3,736,424	\$2,418,826	\$3,175,960	\$757,134
Regional District 16	\$1,223,597	\$824,611	\$1,076,765	\$252,154
Regional District 17	\$1,595,005	\$1,031,452	\$1,403,604	\$372,152
Regional District 18	\$0	\$0	\$0	\$0
Regional District 19	\$726,574	\$505,773	\$661,182	\$155,409
Ridgefield	\$2,024,154	\$1,350,263	\$1,720,531	\$370,268
Rocky Hill	\$1,077,326	\$744,021	\$948,047	\$204,026
Salem	\$180,151	\$124,415	\$158,533	\$34,118
Salisbury	\$0	\$0	\$0	\$0
Scotland	\$0	\$0	\$0	\$0
Seymour	\$1,218,153	\$869,959	\$1,108,519	\$238,560
Sharon	\$0	\$0	\$0	\$0
Shelton	\$2,984,312	\$2,061,023	\$2,626,195	\$565,172
Sherman	\$272,430	\$181,732	\$231,566	\$49,834
Simsbury	\$3,767,648	\$2,513,303	\$3,202,501	\$689,198
Somers	\$353,872	\$244,390	\$311,407	\$67,017
South Windsor	\$2,505,759	\$1,671,528	\$2,129,895	\$458,367
Southington	\$3,678,760	\$2,540,620	\$3,237,309	\$696,689
Sprague	\$255,407	\$182,402	\$232,420	\$50,018
Stafford	\$674,154	\$481,455	\$613,480	\$132,025
Stamford	\$8,275,148	\$5,520,144	\$7,033,876	\$1,513,732
Sterling	\$375,104	\$267,886	\$341,345	\$73,459
Stonington	\$557,063	\$371,603	\$473,504	\$101,901
Stratford	\$5,234,168	\$3,738,047	\$4,763,093	\$1,025,046
Suffield	\$1,211,287	\$836,538	\$1,065,933	\$229,395
Thomaston	\$543,225	\$387,952	\$494,335	\$106,383
Thompson	\$205,497	\$146,758	\$187,002	\$40,244
Tolland	\$1,482,963	\$1,024,161	\$1,305,007	\$280,846

District	Est. Uncapped Entitlement	Capped Entitlement	Est. Statutory Tiered Reimbursement Entitlement	Est. Cost Above the Cap to Meet Tiered Reimbursement
Torrington	\$2,837,325	\$2,026,311	\$2,581,966	\$555,655
Trumbull	\$2,958,919	\$1,973,821	\$2,515,081	\$541,260
Union	\$0	\$0	\$0	\$0
Vernon	\$1,646,113	\$1,175,592	\$1,497,963	\$322,371
Voluntown	\$116,171	\$82,966	\$105,716	\$22,750
Wallingford	\$3,173,508	\$2,191,684	\$2,792,687	\$601,003
Waterbury	\$7,705,950	\$5,503,301	\$7,012,415	\$1,509,114
Waterford	\$968,974	\$646,379	\$823,628	\$177,249
Watertown	\$1,656,433	\$1,182,963	\$1,507,354	\$324,391
West Hartford	\$8,796,529	\$5,867,945	\$7,477,050	\$1,609,105
West Haven	\$3,852,915	\$2,751,608	\$3,506,153	\$754,545
Westbrook	\$90,524	\$60,386	\$76,945	\$16,559
Weston	\$1,257,964	\$839,156	\$1,069,269	\$230,113
Westport	\$1,326,096	\$884,606	\$1,127,182	\$242,576
Wethersfield	\$2,502,740	\$1,728,438	\$2,202,411	\$473,973
Willington	\$393,891	\$281,302	\$358,441	\$77,139
Wilton	\$1,543,818	\$1,029,842	\$1,312,245	\$282,403
Winchester	\$673,224	\$480,792	\$612,634	\$131,842
Windham	\$1,301,195	\$929,264	\$1,184,087	\$254,823
Windsor	\$2,172,114	\$1,500,102	\$1,911,460	\$411,358
Windsor Locks	\$651,196	\$449,728	\$573,052	\$123,324
Wolcott	\$989,914	\$706,960	\$900,822	\$193,862
Woodbridge	\$74,534	\$49,719	\$63,354	\$13,635
Woodstock	\$356,920	\$246,495	\$314,090	\$67,595