

### Issue Summary

Connecticut spends nearly \$2.7 billion annually on special education services.<sup>1</sup> Municipalities are largely required to financially support necessary expenses to provide special education services for their students who have an Individualized Education Program. The Excess Cost grant is Connecticut's method for sharing in the expense for students who have extraordinary special education needs and associated costs.

### What is the Excess Cost grant?

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. Local and regional school districts are eligible for partial reimbursement from the State for students who require services that cumulatively exceed the school district's "basic contribution," or the portion of a student's education that the school district is responsible for. The basic contribution is all costs up to 4.5 times the district's previous year's average expenditure per student.<sup>2</sup> The Excess Cost grant also reimburses school districts for students placed through state agency placements.<sup>3</sup> In these cases, the basic contribution is 100 percent of the school district's previous year's net current expenditure per student.<sup>4</sup>

### How many students' services qualify for Excess Cost grant reimbursement?

Using estimates from 2020, students whose services qualify for Excess Cost grant reimbursement make up less than one percent of the total number of Connecticut public school students. While the total number of students with disabilities in Connecticut public schools has steadily increased from 81,758 for the 2018-19 school year to 88,060 for the 2022-23 school year, the total number of students with disabilities whose services qualify for Excess Cost grant reimbursement has remained steady at an average of 4,344 students per school year, based on 2020 data.<sup>5</sup>

### How much does the State contribute to the Excess Cost grant?

The State of Connecticut appropriated \$156 million for the Excess Cost grant in fiscal year 2023, and will increase funding to \$181 million in FYs 2024 and 2025.<sup>6</sup> However, this amount of funding is less than the amount necessary to fully fund all costs over the grant's 4.5 times threshold. As a result, a formula — detailed under the next question — is used to disperse funds to eligible districts when the amount of money appropriated by the State is not enough to fully reimburse all districts' Excess Cost expenses.

### How is the Excess Cost grant calculated?

The Excess Cost grant is calculated two different ways based on the situations mentioned above. For students placed by public agencies, the eligible amount for reimbursement is determined by subtracting 100 percent of the previous year's net current expenditure per pupil for the district from the district's total cost of special education services for each such student.<sup>7</sup>

For resident students, a school district calculates the costs of all special education services provided to each resident student with disabilities, then the district subtracts 4.5 times its net current expenditure per pupil from the previous year for each student.<sup>8A</sup> If the sum of all district Excess Cost reimbursement requests is equal to or less than the total funds appropriated for the grant, then each district will receive its uncapped Excess Cost grant.<sup>9</sup> However, if the sum of all district Excess Cost reimbursement requests is greater than the total amount of funding appropriated to the grant, districts will be reimbursed based on a 3-tiered system.<sup>10</sup>

The tiered system sorts districts based on the wealth of their municipality, measured using the Adjusted Equalized Net Grand List Per Capita (AENGLPC). Under the tiered system, municipalities are ranked in descending order from one to 169, and each tier is reimbursed at a different rate. Wealthier towns receive lower reimbursement rates than less wealthy districts. The 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
- Districts in the wealthiest tier (municipalities ranked 1 to 58) are reimbursed at 85 percent of their uncapped grant amount.<sup>11</sup>

If the amount to be reimbursed to districts using the tiered system still exceeds the total amount appropriated by the legislature to the Excess Cost grant, then the amount reimbursed to each district will be reduced proportionally so the total amount reimbursed does not exceed the total amount appropriated for the grant.

### **If the tiered system is used, and the total amount of Excess Cost reimbursement requests is less than the total amount appropriated to the grant, how are the remaining funds dispersed?**

Another formula is used to proportionally distribute any funds remaining if the tiered system was used to distribute funds. The remaining funds are allocated to each district by:

1. Subtracting the sum of all Excess Cost grants paid to districts under the 3-tiered system from the sum of all Excess Cost reimbursement requests (i.e. the amount districts would have received if the Excess Cost grant was fully funded);
2. Subtracting the sum of all Excess Cost grants paid to school districts under the 3-tiered system from the total amount appropriated to the Excess Cost grant;
3. Dividing the sum in Step 2 by the sum in Step 1; and

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<sup>A</sup> Beginning in FY 2024, the Connecticut State Department of Education is prohibited from including federal COVID-19 relief funds when calculating a district's net current expenditures per pupil for the purpose of determining the district's Excess Cost grant. This includes any funds received by the district under the following federal acts: the Coronavirus Aid, Relief, and Economic Security (CARES) Act; the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; and the American Rescue Plan Act of 2021 (ARPA). Conn. Acts 23-150 § 9.

4. Multiplying the amount calculated in Step 1 that is attributable to the district by the percentage calculated in Step 3 to determine the amount allocated to the district.<sup>12</sup>

### **What expenses are eligible for the Excess Cost grant?**

There are a number of expenses that are eligible for reimbursement under the Excess Cost grant. These expenses include: employees who spend at least half their time assigned exclusively to implementing or supervising special education programs; equipment and materials used to implement special education; tuition, room, board, and other fees paid to public or private schools, agencies, or institutions ("outplacement") to provide needed services to students with disabilities; expenditures for rental space or equipment necessary to implement special education programs; and consultant services provided to students with disabilities by contracted professionals.<sup>13</sup>

### **Who receives the Excess Cost reimbursement?**

While the school district submits its statement of Excess Cost expenditures for reimbursement to the Connecticut State Department of Education (CSDE), the grant is provided to the treasurer of the municipality, not the board of education. If the amount of the Excess Cost grant received by the municipality exceeds the board of education's budgeted Excess Cost expenditure, then the municipality's treasurer is required to credit the amount in excess of the budgeted amount to the board of education's expenditure account, rather than treating the reimbursement as town revenue.<sup>14</sup>

### **What is the payment schedule for the Excess Cost grant?**

School districts submit a statement of special education Excess Cost expenditures to the CSDE annually by December 1. Districts may submit again by March 1 for expenses for additional students and costs not included in the December filing. The CSDE then provides 75 percent of the reimbursement to the municipality's treasurer in February and the balance in a May reimbursement.<sup>15</sup>

## Endnotes

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<sup>1</sup> Connecticut State Department of Education. (n.d.). EdSight: Special Education Expenditures. Retrieved from [https://public-edsight.ct.gov/Overview/Per-Pupil-Expenditures-by-Function---District/Special-Education-Expenditures?language=en\\_US](https://public-edsight.ct.gov/Overview/Per-Pupil-Expenditures-by-Function---District/Special-Education-Expenditures?language=en_US).

<sup>2</sup> Conn. Gen. Statutes ch. 165, §§ 10-76g(a)-76g(b).

<sup>3</sup> Ibid.

<sup>4</sup> Conn. Gen. Statutes ch. 165, § 10-76d(e).

<sup>5</sup> Connecticut State Department of Education. (n.d.). EdSight: Enrollment Dashboard. Retrieved from [https://public-edsight.ct.gov/students/enrollment-dashboard?language=en\\_US](https://public-edsight.ct.gov/students/enrollment-dashboard?language=en_US).

<sup>6</sup> Conn. Acts 23-204.

<sup>7</sup> Conn. Gen. Statutes ch. 165, § 10-76d(e).

<sup>8</sup> Lohman, J. (2007). *OLR Research Report: Special Education Excess Cost Grant (2007-R-0043)*. Hartford, CT: Connecticut General Assembly, Office of Legislative Research. Retrieved from <https://www.cga.ct.gov/2007/rpt/2007-R-0043.htm>.

<sup>9</sup> Conn. Gen. Statutes ch. 165, § 10-76d(e).

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Conn. Gen. Statutes ch. 165, § 10-76g(e).

<sup>13</sup> Conn. Gen. Statutes ch. 165, § 10-76f.

<sup>14</sup> Conn. Gen. Statutes ch. 165, § 10-76g(b).

<sup>15</sup> Ibid.