

Overview of Special Education Funding in Connecticut

OFFICE OF FISCAL ANALYSIS

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Presentation Outline

- Big Picture
 - Students
 - Spending
- State Funding
 - ECS
 - Excess Cost
- Federal Funding
 - Maintenance of Effort

Special Education Students

About 87,000 of the students counted in ECS

Identification rose from 12.4% in FY 14 to 16.7% in FY 23

Federal/State/Local Funding Split

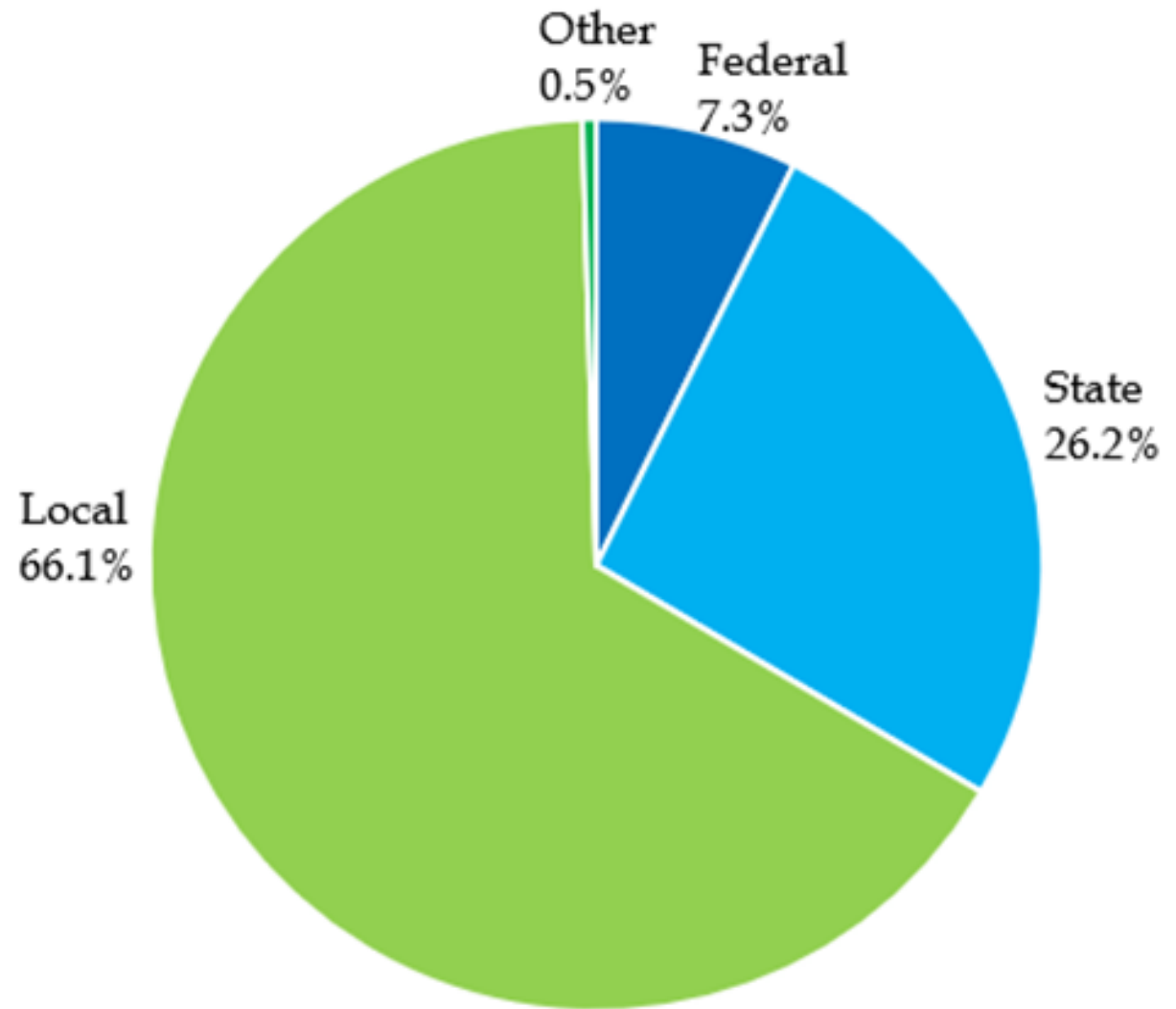
Total costs: \$2.6 billion

Local: \$1.7 billion

State: \$680 million

Federal: \$188 million

FY 23 Special Education Funding Sources in Connecticut



State Funding: ECS

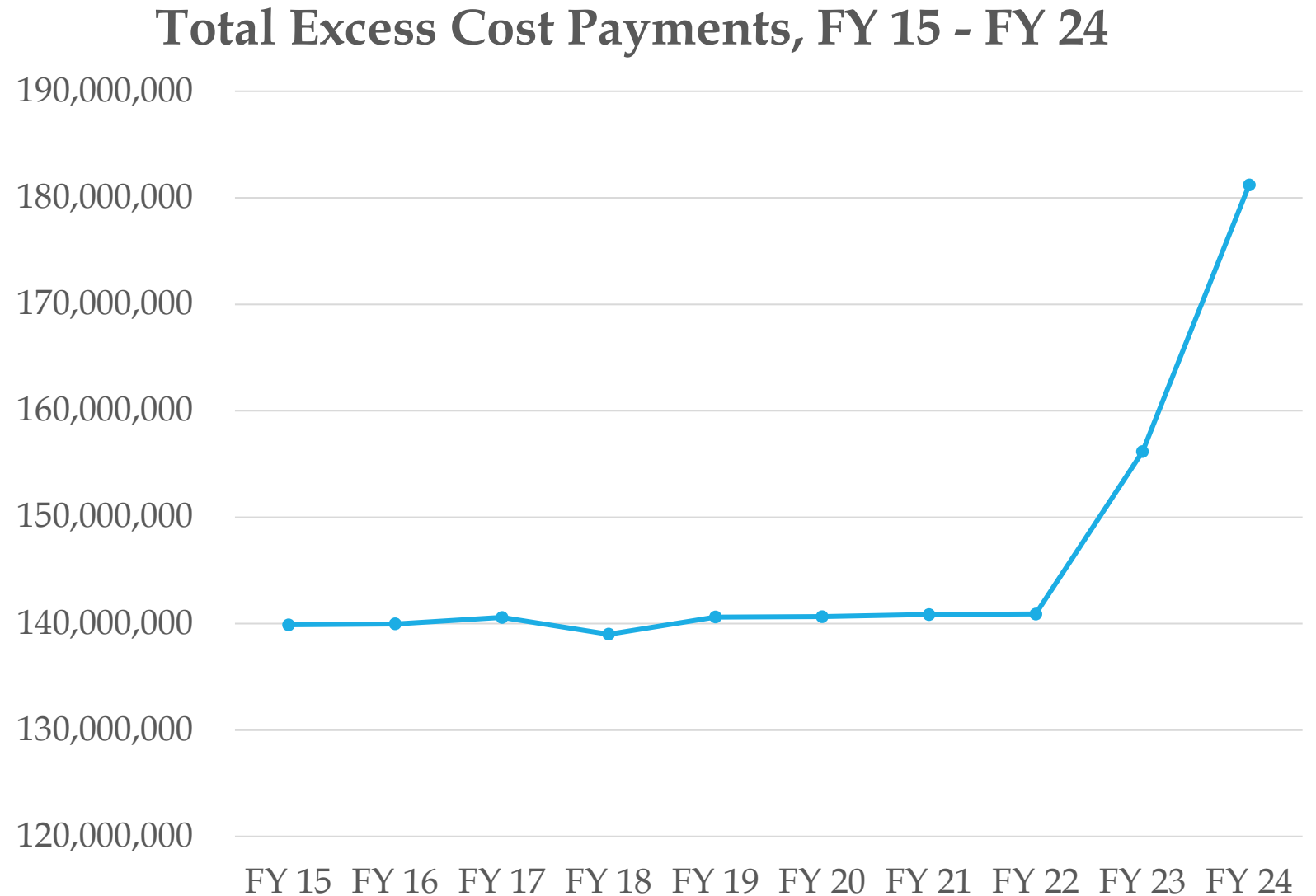
A portion of ECS funding is considered funding for special education (although there is no requirement it be spent on special education).

In FY 96, a large special education grant (~\$250 million) was rolled into the ECS grant.

SDE estimated that in FY 23, about **23% of all ECS funding** was spent on special education.

State Funding: The Excess Cost Grant

In FY 25, the Excess
Cost appropriation is
\$181,119,782.



Excess Cost Grant Eligibility

SDE reimburses school districts for current-year special education costs that are more than four and half times the school district's net current expenditures per pupil (NCEP)

- NCEP: the average cost of educating a student in a district

If a district's NCEP is \$10,000, they would need to spend more than \$45,000 ($\$10,000 \times 4.5$) on a single student to qualify for the grant

- Any amount above \$45,000 would be eligible for reimbursement

Excess Cost Grant Eligibility (FY 24)

4,351 students had eligible expenses

This is about 5% of special ed students and less than 1% of all public school students

Excess Cost: Current Year Reimbursement

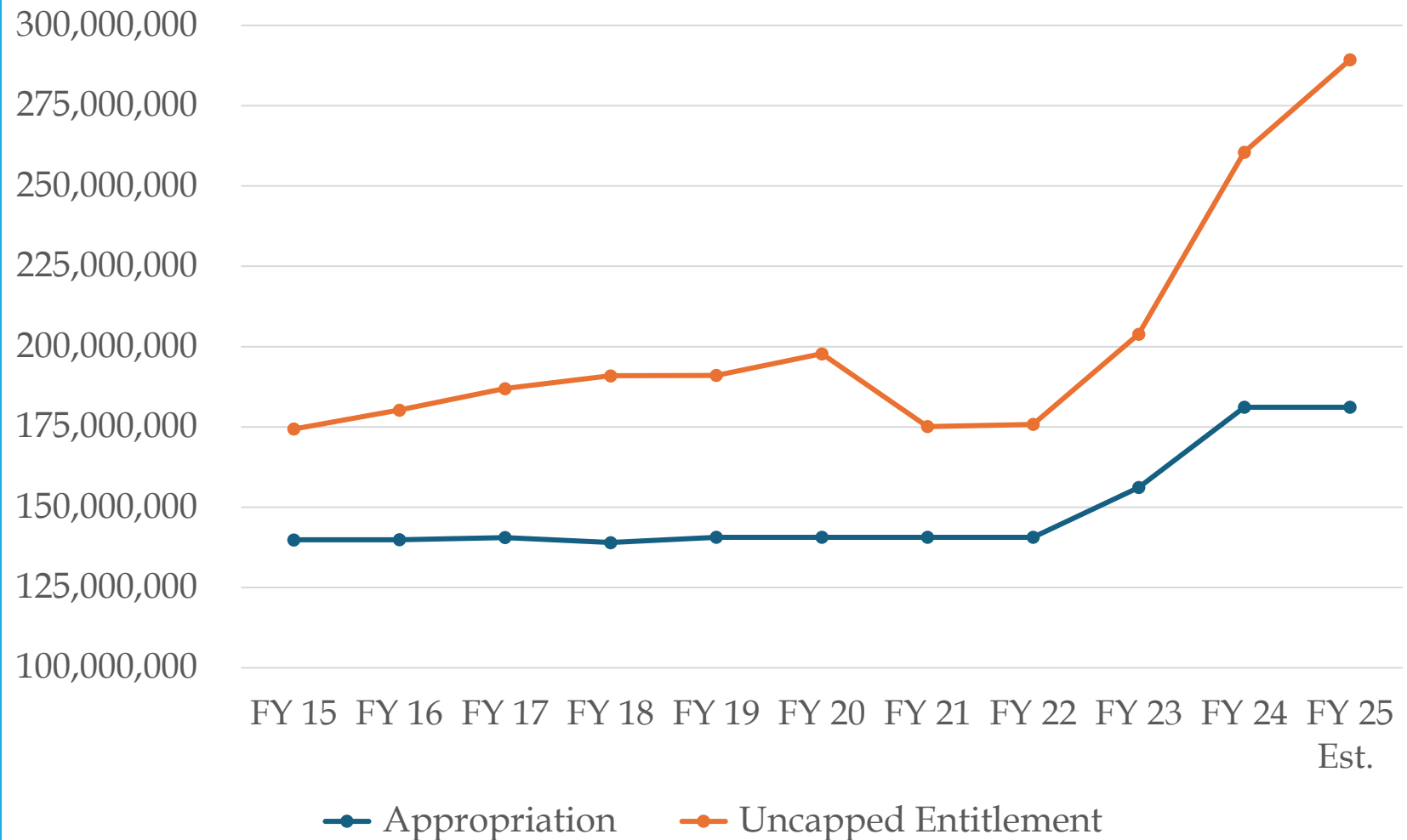
Difficult to predict, and budget for

The appropriation is often insufficient to fully fund the grant

Rising Excess Costs

The total Excess Cost uncapped entitlement (i.e., eligible expenses) increased 25% from FY 23 to FY 24.

Excess Cost Appropriations and Uncapped Entitlements, FY 15 - FY 25 Est.



Excess Cost Reimbursement Tiers

In FY 23, reimbursement tiers were introduced

Towns are ranked in descending order according to each town's adjusted equalized net grand list per capita (AENGLPC). Higher ranked towns are more wealthy than lower ranked towns

- AENGLPC is a measure of property wealth and income

Excess Cost FY 24 Reimbursement Tiers

The reimbursement tiers are adjusted when the appropriation is insufficient to pay at the given levels, or there would be funds leftover at these levels.

- Ensure total appropriation is used, without an account deficiency

| Rank | FY 24 Actual Reimbursement Rate |
|----------------------------|---------------------------------|
| 115 to 169 (least wealthy) | 71.4% |
| 59 to 114 | 69.1% |
| 1 to 58 | 66.7% |

Federal Funding

Individuals with Disabilities Education Act (IDEA)

Special education funding target has never been met

- 40% of national average per pupil expenditures for each student with disabilities

IDEA Maintenance of Effort (MOE) Requirements

MOE requirements at state and local levels

Requirements:

- For both budgeting and spending
- Multiple ways to calculate

State and local education spending can't be reduced in most cases

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