

### Issue Summary

Connecticut spends approximately \$2 billion annually on special education services. Municipalities are largely required to financially support necessary expenses to provide special education services for their students that have an Individualized Education Program. On average, Connecticut's municipalities assume 65 percent, or \$1.3 billion, of the state's total special education expenses.<sup>1</sup> The Excess Cost grant is Connecticut's method for sharing in the expense for students who have extraordinary special education needs.

### Q: What is the Excess Cost grant?

**A:** 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 pupil.<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 pupil.<sup>4</sup>

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

**A:** 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 72,773 for the 2014-15 school year to 84,398 for the 2019-20 school year, the total number of students with disabilities that qualify for Excess Cost grant reimbursement in that same time period has remained steady at an average of 4,344 students per school year.<sup>5</sup>

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

**A:** The State of Connecticut has appropriated roughly \$140 million dollars for the Excess Cost grant over the past five years. This is less than is necessary to fully fund all costs over the 4.5 times threshold. As a result, the Connecticut State Department of Education (CSDE) divides the total Excess Cost appropriation by the total amount requested by districts to determine the amount by which grants will be prorated. In fiscal year 2019, the Excess Cost grant was funded at 74 percent, meaning districts received grants prorated to that level.<sup>6</sup> For FY 2019, a fully-funded Excess Cost grant would have required approximately \$200 million in funding from the State.<sup>7</sup>

### Q: How is the Excess Cost grant calculated?

**A:** The Excess Cost grant is calculated in two ways, based on the situations mentioned above. For students placed by public agencies, the eligible amount is determined by subtracting 100 percent of the school district's previous year's net current expenditure per pupil from the total cost of special education services for each such student.<sup>8</sup> For resident students, a school district calculates the costs of all special education services provided to each resident student that receives special education services, then subtracts 4.5 times the previous year's net current expenditure per pupil for each student.<sup>9</sup> The CSDE then determines the total amount requested by school districts and prorates the grant according to the State's appropriation.<sup>10</sup>

For example, the Excess Cost threshold would be \$54,000 in a school district with a net current expenditure per pupil of \$12,000. If a student incurred \$100,000 in special education costs, the school district would be eligible for state reimbursement for the remaining \$46,000. Because the Excess Cost grant is not fully funded, the school district used in this example would receive less than the eligible \$46,000, which in FY 2019 would have resulted in this district receiving 74 percent of its eligible reimbursement, or \$34,040.<sup>11</sup>

**Q: What expenses are eligible for the Excess Cost grant?**

**A:** 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 special education students; expenditures for rental space or equipment necessary to implement special education; and consultant services provided to students with disabilities by contracted professionals.<sup>12</sup>

**Q: What is the payment schedule for the Excess Cost grant from the CSDE to school districts?**

**A:** 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 children 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>13</sup>

**Q: Who receives the Excess Cost reimbursement from the CSDE?**

**A:** While the school district submits its statement of Excess Cost expenditures for reimbursement to the 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>

---

<sup>1</sup> Connecticut State Department of Education. (2018). *LEA Special Education Expenditures*. Available from <http://ctschooffinance.org/resources/lea-special-education-expenditures>.

<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: Public School Enrollment. Available from <http://edsight.ct.gov/SASPortal/main.do>.

<sup>6</sup> Connecticut State Department of Education. (2019). 2018-19 Revenues For Selected State Grants. Available from <http://www.csde.state.ct.us/public/dgm/grantreports1/RevEstSelect.aspx>.

<sup>7</sup> Conn. Acts 19-117.

<sup>8</sup> Conn. Gen. Statutes ch. 165, § 10-76d(e).

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

<sup>11</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>12</sup> Conn. Gen. Statutes ch. 165, § 10-76f.

<sup>13</sup> Conn. Gen. Statutes ch. 165, § 10-76g(b).

<sup>14</sup> Ibid.