

# Education Committee JOINT FAVORABLE REPORT

**Bill No.:** SB-232

AN ACT CONCERNING THE EXCESS COST GRANT FOR SPECIAL

**Title:** EDUCATION.

**Vote Date:** 3/25/2022

**Vote Action:** Joint Favorable Substitute Change of Reference to Appropriations

**PH Date:** 3/4/2022

**File No.:**

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## **SPONSORS OF BILL:**

Rep. Anthony L. Nolan, 39th Dist.

## **REASONS FOR BILL:**

The bill removes a provision regarding the state funding of special education that required a towns funding be reduced proportionately if the grant paid by the state exceeds the amount appropriated in that year.

In place of the aforementioned provision, the bill establishes a tiered threshold system based on the property wealth of a town. The system will rank each town in descending order from one to one hundred sixty-nine according to such town's adjusted equalized net grand list per capita. The state board shall pay such grant to the local or regional board of education as follows: For any town ranked one hundred fifteen to one hundred sixty-nine, one hundred per cent of eligible excess costs, For any town ranked fifty-nine to one hundred fourteen, ninety per cent of eligible excess costs, For any town ranked one to fifty-eight, eighty per cent of eligible excess costs.

Ranking of a regional board of education shall be determined by multiplying the total population of each town in the regional school district by such town's ranking, and dividing the total computed by the total population of the district.

## **RESPONSE FROM ADMINISTRATION/AGENCY:**

[Charlene Russell-Tucker, Connecticut Department of Education](#): "The Department is supportive of the concept of lowering the per pupil threshold for districts to receive reimbursement for high-cost special education services. Adding a metric for ability to pay is a concept that merits further consideration. However, the Excess Cost account is not fully funded at the current threshold of 4.5x which means districts are not fully reimbursed for the costs that currently exceed the threshold. The proposal maintains the cap on the appropriation,

essentially redistributing the current appropriation based on community wealth. Districts are nearing the close of the budget development and approval cycle for FY 2023, and will have already anticipated their estimated reimbursement for next year as part of that process. This proposal will potentially create a shortfall for districts. We would welcome the opportunity to review the funding formula for Excess Cost but any changes in this critical revenue stream for districts should provide an implementation timeline long enough for them to adjust local budgets to accommodate a shift in funding.”

#### **NATURE AND SOURCES OF SUPPORT:**

[Martin Looney, Senator President Pro Tempore, Connecticut General Assembly](#): “Addressing the issue of special education is critical to tackling property tax issues in Connecticut. Because of the nature of special education, local education budgets in our towns can fluctuate significantly as students move in or out of the district. We must help our cities and towns absorb more of this cost.”

[Chris Wilson, Member, Connecticut Association of Boards of Education Executive Committee](#): “CABE supports removal of the cap on the special education excess cost reimbursement grant. The concept of a tiered reimbursement does not address the cap; it expands eligibility for reimbursement at an unpredictable amount instead of fulfilling the commitment of 4.5 times the average per pupil expenditure.”

[Lauren Ruth, Policy Director, Connecticut Voices for Children](#): “Over the last fifteen years, the Excess Cost Grant, Connecticut’s fund for supporting districts in paying for special education students with very expensive needs and students with no identifiable home district, has covered a reduced share of district claims. Worse still, this aid is distributed inequitably. The state’s wealthiest districts receive many times more Excess Cost Grant funding than those with the lowest community wealth. SB 232 would begin to address these two issues by lowering the threshold at which all districts may apply to the State to receive Excess Cost Grant funding. Within that lowered threshold, it creates a tiered system that adjusts the threshold based on the market value of taxable property within the district—essentially, the capacity for a community to contribute to education funding.

[Orlando Rodriguez, Research and Policy Development Specialist, Connecticut Education Association](#): “While we fully support the proposals in this bill, we also suggest that committee members consider implementing the many changes recommended by the State Auditors of Public Accounts. The auditors noted widely disparate fees being charged to local districts by service providers and lax bidding practices resulting in unnecessary costs. In their recommendations, the auditors recommended establishing standard fee schedules as a guideline for districts to assess costs.”

[Mike Muszynski, State and Federal Relations Manager, Connecticut Conference of Municipalities](#): “CCM supports SB 232 which would create a tiered system for reimbursement for special education based on a municipalities wealth. Special education costs, statewide, exceed \$1.8 million – and continue to rise. Towns and cities pay for about 60% of those costs. Unforeseen demands for special education services too often result in local budget adjustments, supplementary appropriations, and other extraordinary measures. This is particularly troublesome in smaller towns, where the addition of even one special-needs student can decimate a budget.”

[Sarah Miller, Alder, New Haven Board of Alders](#): “At a time when special education costs are rising, Connecticut must guarantee the intervention and support services needed to overcome barriers and create opportunities for all students in our state. This can only be achieved by more fully funding services critical to the healthy growth and development of all of our state’s children, a goal advanced by establishing a tiered threshold system for the excess cost grant as proposed in SB 232.”

[David Linehan, Connecticut Association of School Business Officials](#): “This grant, which helps support our neediest students, has been significantly underfunded for many years, while the costs of providing special education services have grown substantially. This combination of factors significantly compromises the ability of districts to provide adequate educational needs for all children. This situation has been further exacerbated by the pandemic, resulting in learning loss for all our students, including students with special needs. For all these reasons, we strongly urge the Education Committee to recommend full funding of this important grant.”

#### **NATURE AND SOURCES OF OPPOSITION:**

[Fran Rabinowitz, Executive Director, Connecticut Association of Public School Superintendents](#): “In its Blueprint (#4), CAPSS recommended fully funding the Excess Cost Special Education grant, which has been capped at \$140 million for years (full funding is around \$212 million.) This bill would establish a three tier reimbursement of special education costs based on Equalized Net Grant List per capita. CAPSS prefers to see Excess Costs fully funded. Most of the Excess Grant is based on a reimbursement that starts when special education costs exceed 4.5 times the regular education costs (the NCEP). .... CAPSS is opposed to this bill which creates a tiered system and supports the recommendations in The Blueprint that call for full funding of the Excess Cost Grant.”

[Betsy Gara, Executive Director, Connecticut Council of Small Towns](#): “Recognizing the adverse impact that this will have on the budgets of many small towns, the changes are being phased in over a 10-year period. However, SB-232 would significantly reduce special education funding for many towns, wreaking havoc with local budgets and fueling increases in property taxes. Rather than redistributing the limited funds appropriated for special education, the state should move forward with efforts to fully fund the excess cost grant and look for ways to assist towns in controlling costs.”

[Andrew A. Feinstein, Legislative Chair, Special Education Equity for Kids in Connecticut](#): “We oppose S.B. 232, which would reduce the threshold for excess cost reimbursement for very expensive special education placements. Currently, the only specific appropriation for special education in Connecticut is for excess cost reimbursement. Connecticut is in the distinct minority of states in not having a grant to school districts based on the number of special education students enrolled. Excess cost grants are a catastrophic insurance program to soften the impact of very expensive placements for school districts.”

All testimony can be found on the [CGA website](#).

**Reported by: Matthew Boucher**

**Date: 03/29/22**