

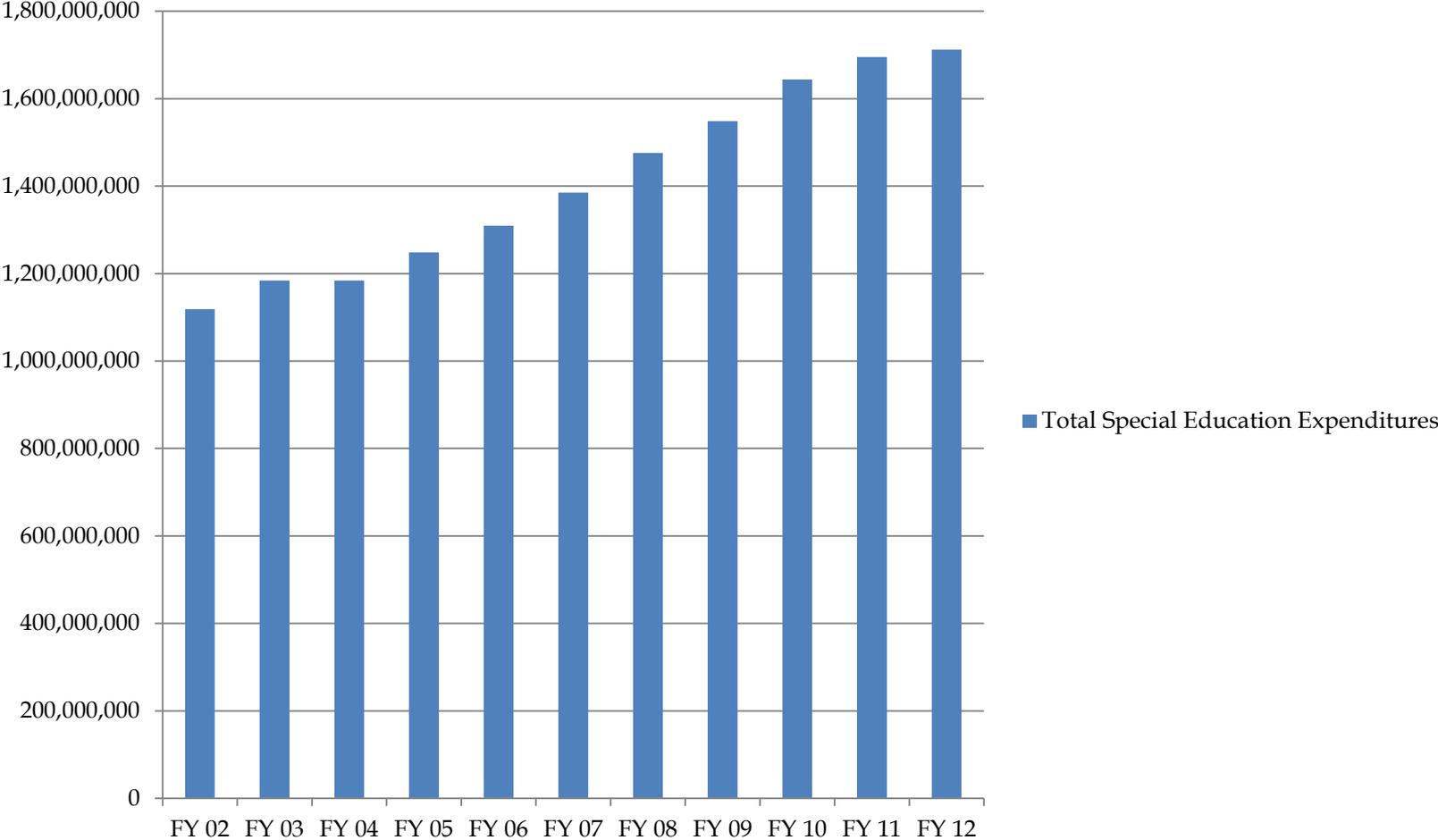
# **CT Special Education Funding**

A Presentation by:  
The Office of Fiscal Analysis  
and  
The Office of Legislative Research

January 23, 2014

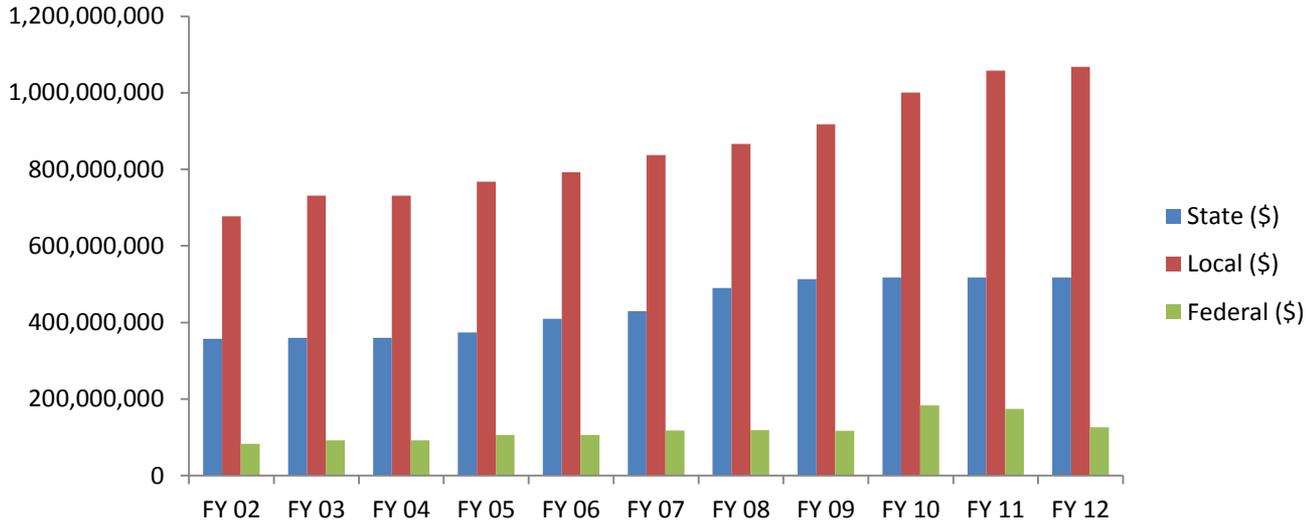
# **Funding, Spending and Student Count Overview**

# Total Special Education Expenditures (All Sources)



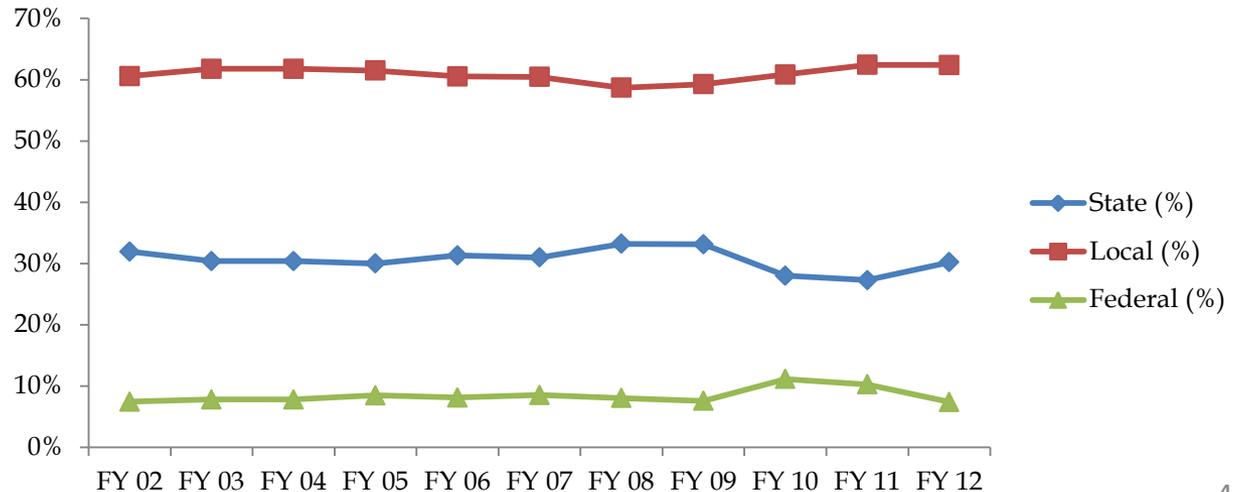
# 10 Year History of Special Education Funding

## Broken down by source: State, Local, Federal

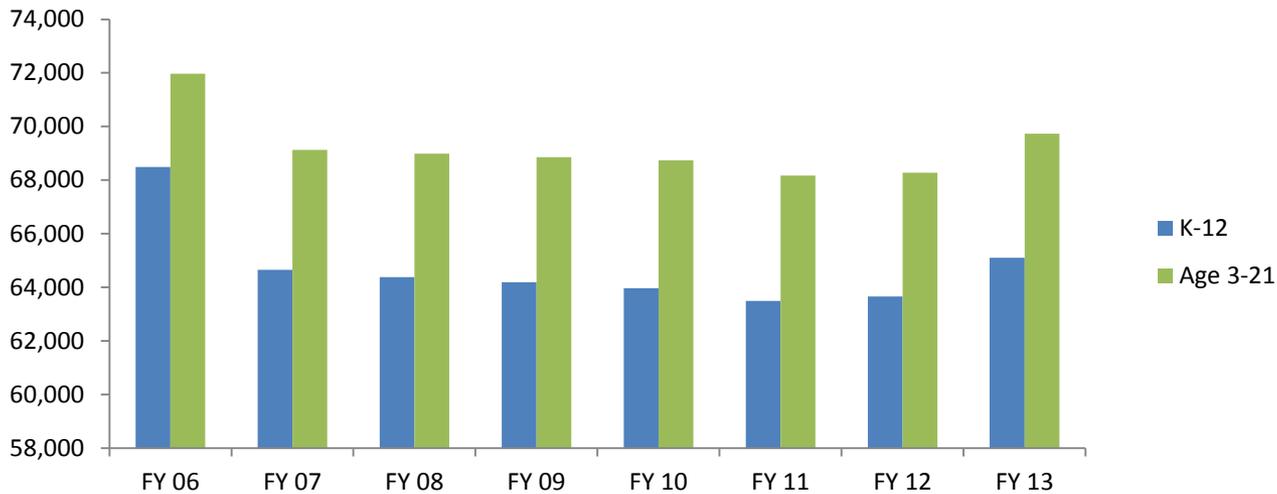


Historical trend reflecting actual dollars.

Historical trend illustrating proportion of each funding source.

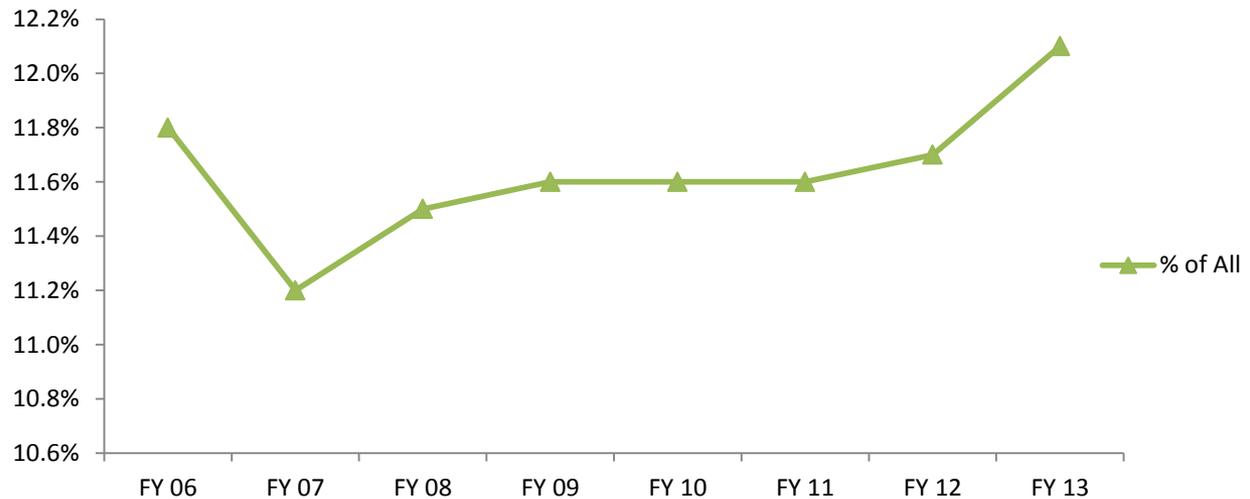


# Number of Special Education Students in Connecticut



Number of special education students in CT, broken out by K-12 and ages 3-21.

CT special education prevalence rate, which is the percentage of special education students in the K-12 count



# **Federal Funding Under IDEA**

*What has CT done to increase federal special education funding, and is federal funding related to an increase in the number of special education students?*

Federal IDEA funds are calculated based on a formula that considers a base of the 1998 level of IDEA funding and annual data regarding total school census and level of poverty. This formula determines the level of federal funds to all states as well as the amounts distributed to LEAs and the amount retained by the state for professional development, technical assistance and administrative functions.

Funds have not been based on the number of students who receive special education since 1999. The increase in funds since 2005, does not reflect or indicate that there has been an increase in the number of students receiving special education services.

Other than the two-year temporary increase funded by the federal Recovery Act, the amount of federal IDEA dollars, during the period of FY 05 through FY 14, indicates either small increases or decreases of federal IDEA funds to Connecticut. This results in a slight overall increase (2.7%) from FY 05 to FY 14.

# IDEA Part B Grant Formula for School Districts

- IDEA requires that a minimum of 75% of federal dollars flow through to school districts.
- State Department of Education (SDE) uses formula for towns that mirrors federal formula.
- **Formula - District aid is sum of:**
  - Base Portion = 75% of grant
  - Enrollment & Poverty Portions = 25% of grant

# IDEA Part B Grant Formula for School Districts

- **Base Portion** – Based on a district's December FFY 99 appropriation.
  - If district eligible in FFY 99 and currently has IDEA students then eligible for this portion of grant.

# IDEA Part B Grant Formula for School Districts

- **Enrollment & Poverty Portion** – after base appropriation the remainder is divided in two parts:
  - 85% according to the district's enrollment based on public school and nonpublic enrollment data.
  - 15% based on poverty in the district using Temporary Family Assistance data gathered by federal government.

# Federal 40% Funding “Promise”

- First appeared in Public Law 94-142 (1975): planned multi-year phase-in with a maximum goal of reaching 40% by FFY 82.
  - Based on the assumption that children with disabilities cost, on average, twice as much as nondisabled children.
- 40% maximum goal remains in federal IDEA today (20 USC § 1411(a)(2)(B)): maximum amount of federal Part B grant a state is entitled = 40% of a the national average per pupil expenditure (APPE) times the number of children from total school census.
- Aside from one-time Recovery Act (i.e., stimulus) money, the 18.5% given in 2005 is the highest national level of assistance given toward the 40% goal.

Sources: Individuals with Disabilities Education Act (IDEA): Issues Regarding “Full Funding” of Part B Grants to States, CRS Report for Congress, updated Feb. 15, 2001 and “Sequester Hits Special Education Like a ‘Ton of Bricks’”, PewStates Project, September 13, 2013

# Federal Sequester

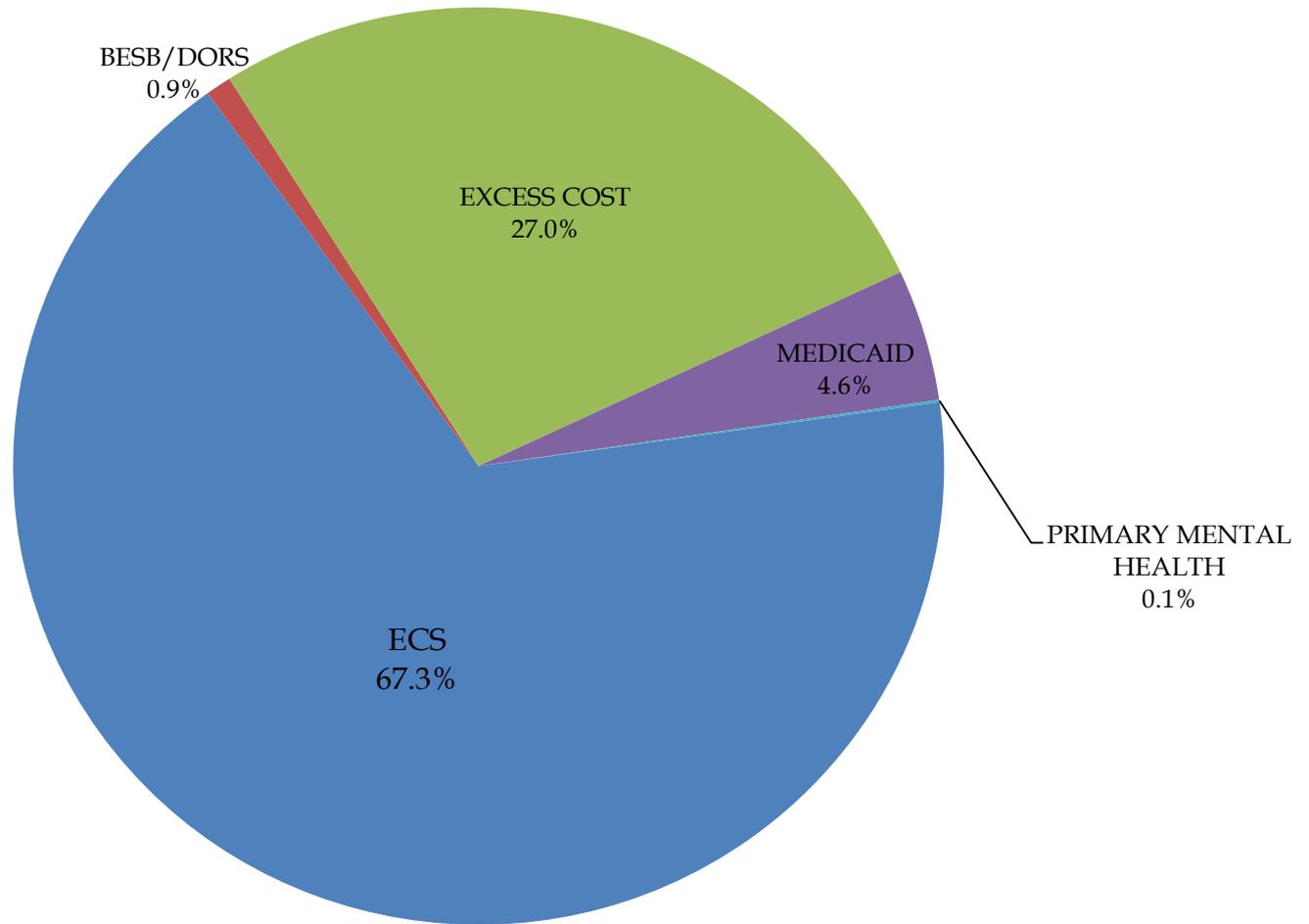
- Mandated 5% across-the-board cuts for FFY 2013.
- Connecticut lost approximately \$6.3 million.<sup>1</sup>
- New bipartisan appropriations bill, which just passed both houses of Congress, will restore much, but not all, of the sequester cuts for IDEA.
- Bipartisan bill restores \$497 million of special education sequester cuts.<sup>2</sup>

<sup>1</sup>Source: PewStates Project, September 10, 2013.

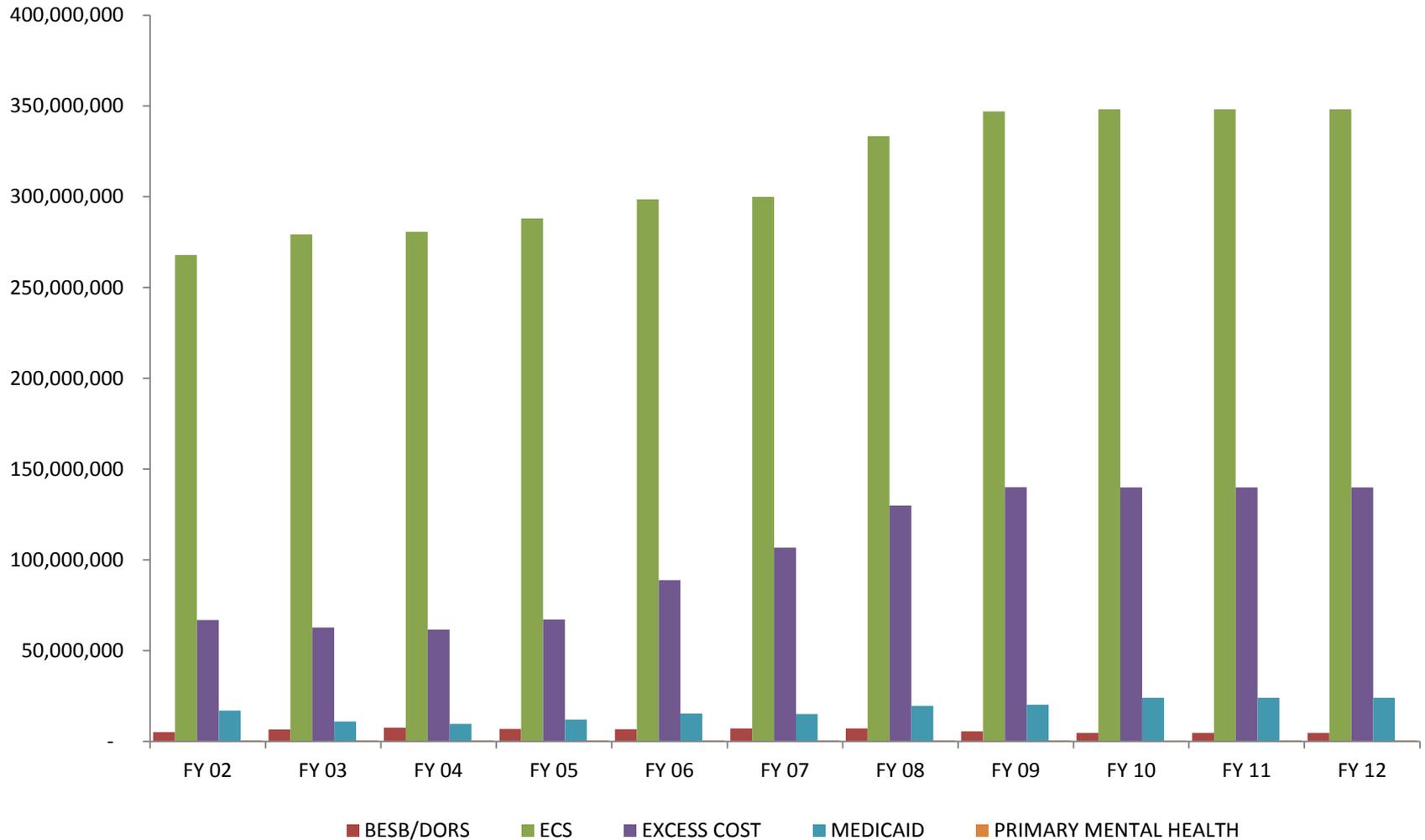
<sup>2</sup>Source: Education Week, Boosts for Head Start, Title I, Special Education in Federal Spending Bill, January 13, 2014.

# State Funding

# FY 14 State Special Education Expenditures Broken Out by Funding Source



# State Expenditures for Special Education 10 Year Historical Trend Broken out by Funding Source<sup>1</sup>

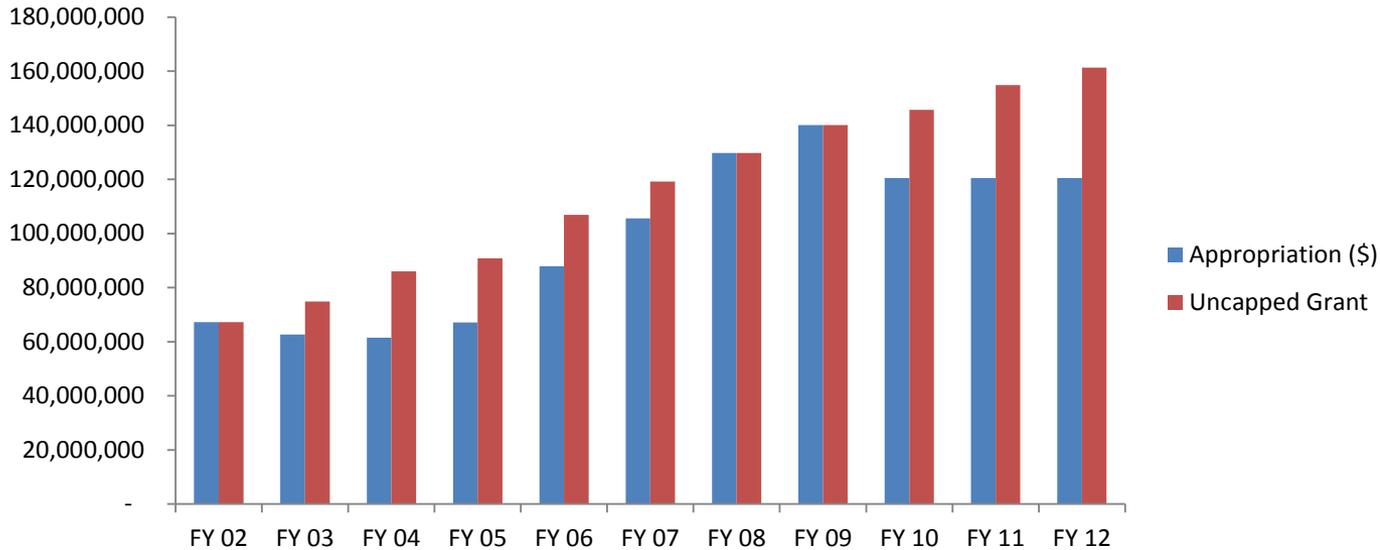


<sup>1</sup>The Primary Mental Health grant averages \$500,000 annually.

# Excess Cost Grant

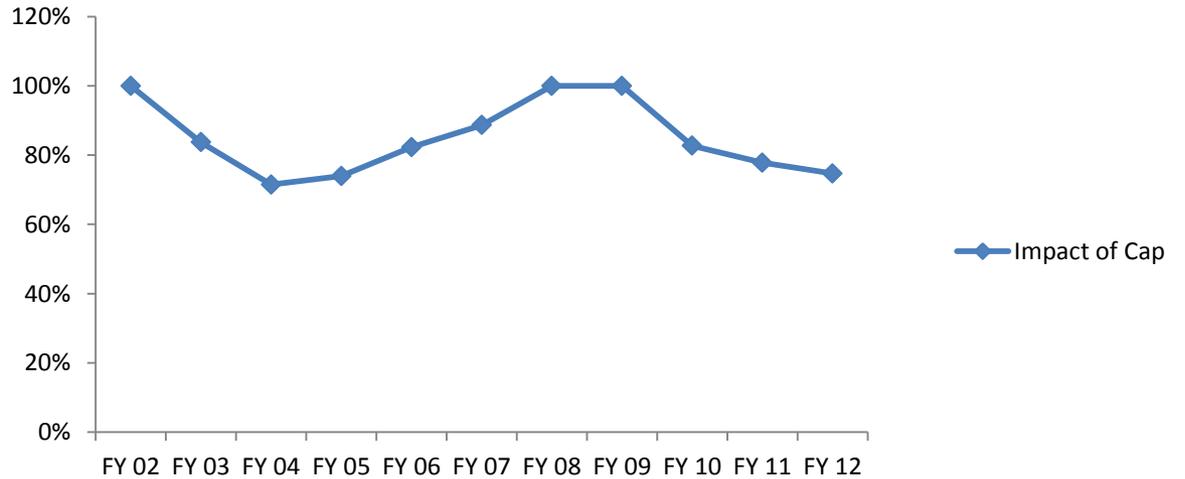
- Provides additional state funding when:
  - Cost for educating a special education student exceeds 4.5 times a district's net current expenditures (NCEP) per pupil.
  - Cost above the district's NCEP for state agency placed (e.g., the Department of Children and Families) (CGS Sec. 10-76g (a) & (b)).
  - Cap on Excess Cost Grant has limited state assistance for these high cost students.

# Impact of the Statutory Cap on Excess Cost



Historical trend of actual appropriations versus uncapped requirements

Effect of the statutory cap on reimbursement levels to districts



\*For grant years 2009-2010, 2010-11, and 2011-12, the amount listed under "Appropriation" excludes \$19,316,240 paid out as a student-based supplemental grant each year. These supplemental grants were enumerated in the law (see Sec. 27 of PA 10-179 and Sec. 43 of PA 11-6), and were not part of the Excess Costs grant calculation.

# ECS and Special Education

- PA 95-226 rolled a portion of special education funding (known as the sliding scale reimbursement grant) into the Education Cost Sharing (ECS) formula.
- PA 95-226:
  - Added special education students to the ECS student count and increased the foundation by \$911.
  - Eliminated the separate sliding scale reimbursement grant for special education costs.
  - Now approximately 18-20% of the state's ECS expenditure is assumed to be attributed to special education.

## *How are Legal Expenditures Recorded?*

Legal expenditures are not considered reimbursable expenses and should not be recorded on SDE's ED001 form. However, SDE has no way of knowing if districts are including such expenses, as categorical expenditure levels are not recorded. SDE believes that they ultimately do reimburse some *districts* for legal expenses, such as attorney fees, but they have no mechanism to track the dollar amount or the frequency with which it occurs.