

August 13, 2025

Connecticut spends approximately \$3 billion annually on special education services.¹ Municipalities are largely required to financially support the expenses necessary to provide special education services for their students who have Individualized Education Programs. The Excess Cost grant is Connecticut's method for sharing in the expense for students who have extraordinary special education needs. In recent years, however, the grant's appropriation has not kept pace with growing reimbursement requests. This document provides a comprehensive overview of the Excess Cost grant, the challenges it currently faces, and potential solutions.

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 that require high-cost, and often more intensive, services. 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 average expenditure per student for the prior year.² The Excess Cost grant also reimburses school districts for students placed by state agencies.³ In these cases, the basic contribution is 100% of the school district's net current expenditure per student for the prior year.⁴

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

Students whose services qualify for Excess Cost grant reimbursement make up less than 1% 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 83,626 for the 2020-21 school year to 94,174 for the 2024-25 school year, the total number of students with disabilities who qualified for Excess Cost grant reimbursement during that same time period remained relatively steady at about 4,350 students per school year — approximately 5% of all special education students.⁵

How is the Excess Cost grant calculated?

The Excess Cost grant is calculated in two ways, based on the situations outlined under the first question of this document. For students placed by public agencies, the eligible amount for reimbursement is determined by subtracting 100% of the school district's net current expenditure per student for the prior year from the district's total cost of special education services for each such student.⁶

For resident students, a school district calculates the cost of all special education services provided to each resident student who receives special education services, then

subtracts 4.5 times its net current expenditure per student from the previous year for each student.^{7,A}

For example, the Excess Cost threshold would be \$90,000 in a school district with a net current expenditure per pupil of \$20,000. If the district incurred \$136,000 in special education costs for a student, the district would be eligible for state reimbursement for the remaining \$46,000.

However, because the Excess Cost grant is not currently fully funded, the school district used in this example would receive less than the eligible \$46,000. In fiscal year 2025, the district would have received between 70.8% and 75.8% of its eligible reimbursement, or between \$32,568 and \$34,868 depending on the per-capita property wealth of the district's town.

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

The State of Connecticut appropriated roughly \$221 million for the Excess Cost grant in both FY 2026 and FY 2027 — the same amount allocated for FY 2025.^{8,B} However, this amount is less than is necessary to fully fund all projected eligible costs over the grant's 4.5 times threshold.

When 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 receives its uncapped Excess Cost grant. However, when the sum of all district Excess Cost reimbursement requests is greater than the total amount of funding appropriated to the grant, districts are to be reimbursed based on a 3-tiered system.⁹

The tiered system sorts districts based on the wealth of their municipality, as 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% of their uncapped grant amount;
- Districts in the middle tier (municipalities ranked 59 to 114) are reimbursed at 88% of their uncapped grant amount; and
- Districts in the wealthiest tier (municipalities ranked 1 to 58) are reimbursed at 85% of their uncapped grant amount.¹⁰

^A 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.

^B The General Assembly appropriated an additional \$40 million for FY 2025 as part of Special Act 25-1. This brought the total allocation for the Excess Cost grant to roughly \$221 million for FY 2025.

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.

This was the case in FY 2025, as the amount appropriated by the legislature for the Excess Cost grant was not enough to meet the tiered reimbursement levels. This challenge is addressed in greater detail in the final two questions of this document.

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 remaining funds 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
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.¹¹

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.¹²

Who receives the Excess Cost reimbursement and what is the payment schedule?

Each school district submits its statement of Excess Cost expenditures for reimbursement to the Connecticut State Department of Education (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% of the reimbursement to the treasurer of each municipality, not the board of education, in February and the balance in a May reimbursement.¹³ 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.¹⁴

What are the current challenges associated with the Excess Cost grant?

With the growing needs of students who receive special education services, Excess Cost reimbursement requests are continuing to rise — outpacing the appropriation for the program.

In FY 2025, reimbursement requests exceeded the grant's appropriation, even after applying the 3-tiered reimbursement system. As a result, each district's reimbursement amount was reduced proportionately. Fully funding the grant's statutory reimbursement levels in FY 2025 would have required approximately \$299 million, or \$78 million more than the \$221 million that was appropriated. Due to this significant shortfall, districts were reimbursed for between 70% and 76% of their eligible costs.

Table 1 below shows the estimated costs of the uncapped entitlement (the amount needed to reimburse all districts at 100%), the capped entitlement (the amount appropriated in FY 2025), and the statutory tiered reimbursement entitlement (the cost of funding reimbursements at the levels in statute). Appendix A outlines the estimated impact by district.

Table 1: FY 2025 State Excess Cost Totals

Est. Uncapped Entitlement	Capped Entitlement	Est. Statutory Tiered Reimbursement Entitlement	Est. Cost Above the Cap to Meet Tiered Reimbursement
\$299,123,458	\$221,119,782	\$265,466,614	\$44,346,832

Because the Excess Cost grant appropriation for FYs 2026 and 2027 is equal to the FY 2025 appropriation, this underfunding is projected to continue should reimbursement requests exceed the capped entitlement.

What are some potential solutions?

To provide all districts with stable and adequate funding for educating students with extraordinary needs, and to meet the statutory levels passed during the 2023 legislative session, the General Assembly should increase the Excess Cost appropriation by at least \$45 million during the 2026 legislative session. By increasing the appropriation by this amount, the General Assembly can provide districts with their full statutory reimbursement percentages. This will ensure districts receive the equitable and predictable reimbursements they were promised. Additionally, as special education costs continue to grow, the General Assembly should allocate additional funding annually to the Excess Cost grant based on updated estimates.

Appendix: FY 2025 Excess Cost Impact by District

District	Est. Uncapped Entitlement	Capped Entitlement	Est. Statutory Tiered Reimbursement Entitlement	Est. Cost Above the Cap to Meet Tiered Reimbursement
Andover	\$0	\$0	\$0	\$0
Ansonia	\$3,168,208	\$2,401,446	\$2,883,069	\$481,624
Ashford	\$211,026	\$159,954	\$192,034	\$32,080
Avon	\$1,516,067	\$1,073,384	\$1,288,657	\$215,273
Barkhamsted	\$0	\$0	\$0	\$0
Berlin	\$1,501,222	\$1,100,387	\$1,321,075	\$220,689
Bethany	\$96,778	\$68,519	\$82,261	\$13,742
Bethel	\$1,523,043	\$1,116,381	\$1,340,278	\$223,897
Bloomfield	\$1,012,956	\$742,491	\$891,401	\$148,911
Bolton	\$80,512	\$59,015	\$70,851	\$11,836
Bozrah	\$0	\$0	\$0	\$0
Branford	\$1,716,208	\$1,215,085	\$1,458,777	\$243,692
Bridgeport	\$13,580,082	\$10,293,462	\$12,357,875	\$2,064,412
Bristol	\$9,175,792	\$6,955,088	\$8,349,971	\$1,394,883
Brookfield	\$1,624,127	\$1,149,891	\$1,380,508	\$230,617
Brooklyn	\$680,675	\$515,940	\$619,414	\$103,475
Canaan	\$0	\$0	\$0	\$0
Canterbury	\$136,101	\$103,162	\$123,852	\$20,690
Canton	\$1,210,992	\$887,650	\$1,065,673	\$178,023
Chaplin	\$0	\$0	\$0	\$0
Cheshire	\$1,509,222	\$1,106,251	\$1,328,115	\$221,865
Chester	\$0	\$0	\$0	\$0
Clinton	\$807,573	\$591,946	\$710,664	\$118,718
Colchester	\$1,813,485	\$1,329,273	\$1,595,867	\$266,593
Colebrook	\$0	\$0	\$0	\$0
Columbia	\$77,804	\$57,030	\$68,468	\$11,438
Cornwall	\$0	\$0	\$0	\$0
Coventry	\$352,630	\$258,476	\$310,314	\$51,839
Cromwell	\$2,002,680	\$1,467,952	\$1,762,358	\$294,406
Danbury	\$2,810,253	\$2,130,122	\$2,557,330	\$427,208
Darien	\$4,130,751	\$2,924,594	\$3,511,138	\$586,544
Deep River	\$0	\$0	\$0	\$0
Derby	\$1,035,569	\$784,943	\$942,368	\$157,425
Eastford	\$0	\$0	\$0	\$0
East Granby	\$853,544	\$625,643	\$751,119	\$125,476
East Haddam	\$526,816	\$386,153	\$463,598	\$77,445
East Hampton	\$1,100,552	\$834,199	\$1,001,502	\$167,303
East Hartford	\$1,882,871	\$1,427,183	\$1,713,413	\$286,230
East Haven	\$3,311,107	\$2,509,761	\$3,013,107	\$503,347
East Lyme	\$608,271	\$430,659	\$517,030	\$86,371
Easton	\$19,622	\$13,892	\$16,679	\$2,786

District	Est. Uncapped Entitlement	Capped Entitlement	Est. Statutory Tiered Reimbursement Entitlement	Est. Cost Above the Cap to Meet Tiered Reimbursement
East Windsor	\$411,246	\$301,441	\$361,896	\$60,456
Ellington	\$1,230,021	\$901,598	\$1,082,418	\$180,821
Enfield	\$2,244,467	\$1,701,266	\$2,042,465	\$341,199
Essex	\$9,669	\$6,846	\$8,219	\$1,373
Fairfield	\$3,799,327	\$2,689,944	\$3,229,428	\$539,484
Farmington	\$2,414,269	\$1,709,316	\$2,052,129	\$342,813
Franklin	\$56,817	\$41,647	\$49,999	\$8,352
Glastonbury	\$3,203,192	\$2,267,877	\$2,722,713	\$454,836
Granby	\$791,203	\$579,947	\$696,259	\$116,312
Greenwich	\$2,632,136	\$1,863,567	\$2,237,316	\$373,749
Griswold	\$1,535,874	\$1,164,165	\$1,397,645	\$233,480
Groton	\$1,457,800	\$1,068,559	\$1,282,864	\$214,305
Guilford	\$1,400,987	\$991,906	\$1,190,839	\$198,932
Hamden	\$6,403,656	\$4,853,858	\$5,827,327	\$973,469
Hampton	\$0	\$0	\$0	\$0
Hartford	\$16,916,375	\$12,822,313	\$15,393,901	\$2,571,588
Hartland	\$39,170	\$28,711	\$34,470	\$5,758
Hebron	\$294,327	\$215,740	\$259,008	\$43,268
Kent	\$0	\$0	\$0	\$0
Killingly	\$1,808,496	\$1,370,808	\$1,645,731	\$274,923
Lebanon	\$318,849	\$233,714	\$280,587	\$46,873
Ledyard	\$1,401,951	\$1,062,654	\$1,275,775	\$213,121
Lisbon	\$545,102	\$399,556	\$479,690	\$80,133
Madison	\$1,158,064	\$819,916	\$984,354	\$164,439
Manchester	\$5,701,643	\$4,321,745	\$5,188,495	\$866,751
Mansfield	\$88,059	\$66,747	\$80,134	\$13,387
Marlborough	\$0	\$0	\$0	\$0
Meriden	\$6,396,855	\$4,848,703	\$5,821,138	\$972,435
Middletown	\$3,246,725	\$2,460,960	\$2,954,520	\$493,560
Milford	\$2,594,983	\$1,837,262	\$2,205,736	\$368,473
Monroe	\$1,589,113	\$1,125,101	\$1,350,746	\$225,645
Montville	\$1,129,201	\$855,914	\$1,027,573	\$171,659
Naugatuck	\$3,238,896	\$2,455,026	\$2,947,395	\$492,369
New Britain	\$13,109,326	\$9,936,637	\$11,929,487	\$1,992,849
New Canaan	\$1,417,583	\$1,003,657	\$1,204,946	\$201,289
New Fairfield	\$1,131,122	\$800,841	\$961,454	\$160,613
New Hartford	\$178,226	\$126,185	\$151,492	\$25,307
New Haven	\$12,299,861	\$9,323,077	\$11,192,874	\$1,869,796
Newington	\$2,283,196	\$1,730,622	\$2,077,708	\$347,086
New London	\$1,468,166	\$1,112,844	\$1,336,031	\$223,187
New Milford	\$2,730,539	\$2,001,468	\$2,402,874	\$401,406
Newtown	\$2,396,625	\$1,696,824	\$2,037,131	\$340,308
Norfolk	\$66,050	\$46,764	\$56,143	\$9,379

District	Est. Uncapped Entitlement	Capped Entitlement	Est. Statutory Tiered Reimbursement Entitlement	Est. Cost Above the Cap to Meet Tiered Reimbursement
North Branford	\$528,616	\$387,472	\$465,182	\$77,710
North Canaan	\$0	\$0	\$0	\$0
North Haven	\$1,557,793	\$1,102,926	\$1,324,124	\$221,198
North Stonington	\$0	\$0	\$0	\$0
Norwalk	\$6,352,341	\$4,497,492	\$5,399,490	\$901,998
Norwich	\$3,392,219	\$2,571,242	\$3,086,919	\$515,677
Old Saybrook	\$72,870	\$51,592	\$61,940	\$10,347
Orange	\$247,590	\$175,295	\$210,452	\$35,156
Oxford	\$1,451,341	\$1,063,824	\$1,277,180	\$213,356
Plainfield	\$1,025,449	\$777,272	\$933,159	\$155,886
Plainville	\$902,343	\$683,960	\$821,132	\$137,172
Plymouth	\$700,216	\$530,751	\$637,197	\$106,445
Pomfret	\$438,447	\$332,335	\$398,987	\$66,652
Portland	\$597,753	\$438,149	\$526,023	\$87,873
Preston	\$372,704	\$273,190	\$327,980	\$54,790
Putnam	\$958,349	\$726,412	\$872,098	\$145,686
Redding	\$102,274	\$72,411	\$86,933	\$14,522
Ridgefield	\$1,743,795	\$1,234,616	\$1,482,226	\$247,609
Rocky Hill	\$1,168,427	\$856,450	\$1,028,216	\$171,766
Salem	\$103,407	\$75,797	\$90,998	\$15,201
Salisbury	\$0	\$0	\$0	\$0
Scotland	\$0	\$0	\$0	\$0
Seymour	\$1,335,465	\$1,012,259	\$1,215,273	\$203,014
Sharon	\$0	\$0	\$0	\$0
Shelton	\$3,367,442	\$2,384,167	\$2,862,326	\$478,158
Sherman	\$296,464	\$209,898	\$251,994	\$42,096
Simsbury	\$3,564,282	\$2,523,531	\$3,029,640	\$506,109
Somers	\$344,960	\$261,474	\$313,914	\$52,440
Southington	\$4,573,287	\$3,352,191	\$4,024,493	\$672,301
South Windsor	\$2,314,805	\$1,638,895	\$1,967,584	\$328,690
Sprague	\$443,448	\$336,126	\$403,538	\$67,412
Stafford	\$729,814	\$553,186	\$664,131	\$110,945
Stamford	\$10,897,749	\$7,715,666	\$9,263,087	\$1,547,421
Sterling	\$492,035	\$372,954	\$447,752	\$74,798
Stonington	\$544,666	\$385,627	\$462,966	\$77,340
Stratford	\$5,326,871	\$3,904,564	\$4,687,646	\$783,083
Suffield	\$1,384,986	\$1,015,186	\$1,218,788	\$203,601
Thomaston	\$540,760	\$409,887	\$492,092	\$82,205
Thompson	\$296,087	\$224,429	\$269,439	\$45,010
Tolland	\$1,182,990	\$867,124	\$1,041,031	\$173,907
Torrington	\$4,213,703	\$3,193,912	\$3,834,470	\$640,557
Trumbull	\$3,476,996	\$2,461,732	\$2,955,447	\$493,714
Union	\$0	\$0	\$0	\$0

District	Est. Uncapped Entitlement	Capped Entitlement	Est. Statutory Tiered Reimbursement Entitlement	Est. Cost Above the Cap to Meet Tiered Reimbursement
Vernon	\$1,512,145	\$1,146,179	\$1,376,052	\$229,873
Voluntown	\$33,460	\$25,362	\$30,449	\$5,087
Wallingford	\$3,658,736	\$2,773,257	\$3,329,450	\$556,193
Waterbury	\$7,542,793	\$5,717,304	\$6,863,942	\$1,146,638
Waterford	\$1,250,029	\$885,027	\$1,062,525	\$177,497
Watertown	\$1,812,757	\$1,374,038	\$1,649,609	\$275,571
Westbrook	\$109,463	\$77,500	\$93,044	\$15,543
West Hartford	\$11,632,726	\$8,526,717	\$10,236,799	\$1,710,082
West Haven	\$4,363,222	\$3,307,245	\$3,970,532	\$663,287
Weston	\$1,037,179	\$734,328	\$881,602	\$147,274
Westport	\$1,402,807	\$993,195	\$1,192,386	\$199,191
Wethersfield	\$2,921,786	\$2,141,651	\$2,571,172	\$429,520
Willington	\$525,313	\$398,178	\$478,035	\$79,857
Wilton	\$1,616,561	\$1,144,534	\$1,374,077	\$229,543
Winchester	\$860,366	\$652,142	\$782,933	\$130,791
Windham	\$1,071,975	\$812,538	\$975,497	\$162,959
Windsor	\$2,412,096	\$1,768,052	\$2,122,644	\$354,593
Windsor Locks	\$878,289	\$643,780	\$772,894	\$129,114
Wolcott	\$1,459,885	\$1,106,567	\$1,328,495	\$221,928
Woodbridge	\$97,256	\$68,858	\$82,668	\$13,810
Woodstock	\$405,292	\$297,077	\$356,657	\$59,580
District No. 1	\$204,493	\$144,782	\$173,819	\$29,037
District No. 4	\$192,346	\$136,182	\$163,494	\$27,312
District No. 5	\$1,318,770	\$933,696	\$1,120,955	\$187,258
District No. 7	\$534,518	\$391,798	\$470,376	\$78,577
District No. 8	\$486,226	\$356,401	\$427,879	\$71,478
District No. 9	\$1,014,487	\$718,262	\$862,314	\$144,052
District No. 10	\$1,553,807	\$1,138,931	\$1,367,350	\$228,419
District No. 11	\$161,077	\$122,094	\$146,580	\$24,487
District No. 12	\$511	\$362	\$434	\$73
District No. 13	\$916,963	\$672,128	\$806,927	\$134,799
District No. 14	\$706,381	\$500,122	\$600,424	\$100,302
District No. 15	\$3,257,360	\$2,306,229	\$2,768,756	\$462,527
District No. 16	\$1,084,636	\$795,032	\$954,480	\$159,448
District No. 17	\$1,592,466	\$1,167,268	\$1,401,370	\$234,102
District No. 18	\$163,018	\$115,418	\$138,565	\$23,148
District No. 19	\$552,864	\$419,061	\$503,106	\$84,045
District No. 20	\$520,949	\$368,835	\$442,807	\$73,972

Endnotes

¹ 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>.

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

³ Ibid.

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

⁵ Connecticut General Assembly, Office of Fiscal Analysis. (2025). *Overview of Special Education Funding in Connecticut* [PowerPoint slides]. Hartford, CT: Author. Retrieved from https://www.cga.ct.gov/sed/related/20250129_2025%20OFA%20Presentation/OFA%20Special%20Education%20Funding%20Presentation.pdf.

⁶ Conn. Gen. Statutes ch. 165, § 10-76d(e).

⁷ 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>.

⁸ Conn. Acts 25-168.

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

¹⁰ Ibid.

¹¹ Conn. Gen. Statutes ch. 165, § 10-76g(e).

¹² Conn. Gen. Statutes ch. 165, § 10-76f.

¹³ Ibid.

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