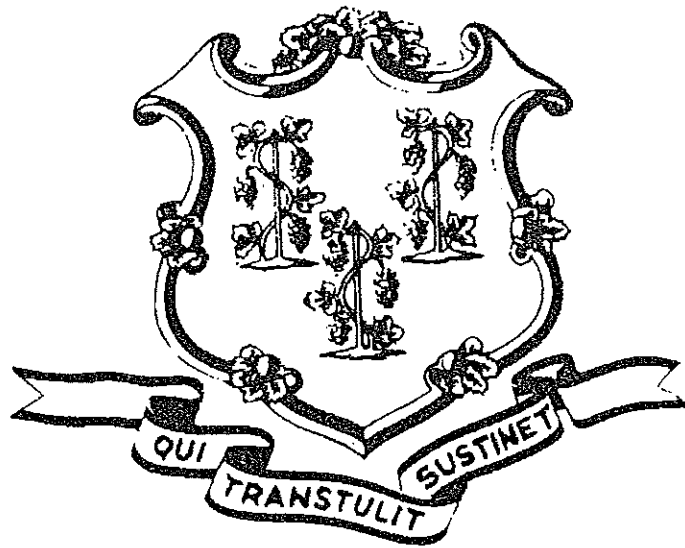


State of Connecticut



Task Force to Study State Education Funding

Final Report

January 2013

## TASK FORCE MEMBERS

Senator Andrea Stillman  
Task Force Co-Chair and Co-Chair of the Education Committee

Benjamin Barnes  
Task Force Co-Chair and Secretary of the Office of Policy and Management

Mark Benigni  
Superintendent of Schools, Meriden

Portia Bonner, Ph.D.  
Education Consultant, Wolcott Public Schools and former New Bedford Massachusetts Superintendent of Schools

Bill Davenport  
Director of Ellis Clark Regional Agriscience & Technology Program, Agriscience Teacher, Nonnewaug High School, Woodbury

Senator Tom Harp  
Co-Chair of the Appropriations Committee

Len Miller  
Certified Public Accountant, Co-Founder of Fairfield County Collaborative Alliance, and Treasurer of Kids in Crisis

Representative Michael Molgano  
Member of the Education, Transportation, and Finance, Revenue and Bonding Committees

Dr. Elsa Nunez  
President, Eastern Connecticut State University

Ray Rossamondo  
Connecticut Education Association

Theodore Sergi, Ph.D.  
Former Connecticut State Education Commissioner

Dudley Williams  
Director of District Education Strategy, GE Asset Management

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## TASK FORCE STAFF

Subira Gordon, Chris Calabrese, Sue Driscoll,  
and Diane Kubeck

Brian Mahoney

Leah Grenier

Judith Lohman and John Moran

Education Committee

State Department of Education  
Office of Policy and Management

Office of Legislative Research

## INTRODUCTION

Since issuing its Interim Report in January 2012, the task force has continued to work toward its final recommendations addressing the Education Cost Sharing (ECS) grant formula, which distributes the largest share of state education aid to towns, and certain other major state education grants. This is the Task Force's final report and recommendations on these issues.

The final recommendations build on the interim recommendations to (1) support efforts to increase and make more predictable ECS funding; (2) update and improve the ECS formula; (3) support equitable funding for school choice programs, including interdistrict magnet schools and regional agriscience technology centers; and (4) explore fairer and more reasonable approaches to funding services for students with special educational needs.

The Task Force designated three subcommittees made up of Task Force members to more closely examine (1) the ECS formula; (2) school choice programs, including magnets and regional agriscience technology centers; and (3) special education. Each subcommittee delivered its report and recommendations to the full group and the Task Force adopted those recommendations for this final document. Each subcommittee's full report is included in this document as an appendix.

Since issuing the interim report in January 2012, the Task Force has met 10 times including holding a public informational hearing in Bridgeport, its third event designed to gather public input. The full Task Force and the individual subcommittees have gathered information, heard from experts and interested parties, and deliberated possible recommendations. A complete list of meetings, presentations, plus related documents submitted to the Task Force is available on the task force's website: [www.cga.ct.gov/ed/CostSharing/taskforce.asp](http://www.cga.ct.gov/ed/CostSharing/taskforce.asp).

The task force recognizes that its efforts under the statute must first reflect the state's commitment to improving student achievement for all students and closing the achievement gap. Further, it must consider education funding in the context of both federal education funding and the state's other commitments to schools and local governments.

The Interim Report recommended the state provide greater access to, and enhancement of, pre-school and kindergarten programs. This report does not make additional recommendations regarding early childhood education because the issue (1) was significantly addressed by the major education reform act (PA 12-116) passed last session that created 1,000 new school readiness seats and (2) is expected to be further addressed in the Achievement Gap Task Force's upcoming recommendations.

## FUNDING FOR SCHOOL CHOICE PROGRAMS

PA 1148 requires the Task Force, in studying issues related to education funding, to give consideration to state grants to interdistrict magnet schools and regional agricultural science and technology education centers.

### *Interim Consensus Recommendations*

In its interim report, the Task Force agreed on two consensus recommendations concerning school choice programs.

- The task force supports equitable state funding for all interdistrict magnet schools, regardless of location in the state.
- Choice programs, including the regional agriscience technology centers, are an important part of Connecticut's public education system and the state should provide fair and reasonable funding for them.

### *Final Recommendations*

Through its choice programs, Connecticut offers students and parents a range of quality, flexible public education options. These programs allow each student to find a setting or educational theme that can help the student reach his or her potential. Connecticut's school choice options include interdistrict magnets, charters, technical high schools, and regional agriscience technology centers. Agriscience centers operate within existing high schools.

Choice programs in the Hartford area help address the *Sheff v. O'Neill* court decision and settlement that aim to reduce racial isolation for Hartford students. Because of this, magnet schools located in Hartford and surrounding towns that help address the *Sheff* settlement are known as *Sheff* magnets and those located in other parts of the state are known as non-*Sheff* magnets.

The Task Force's final recommendations focus on equalizing state support for non-*Sheff* magnet schools operated by school districts ("host magnets") and regional agriscience technology centers. Currently, non-*Sheff* host magnet schools receive a state operating grant of \$7,085 for each student from outside the host district, and regional agriscience technology centers receive \$1,750 for each student. This compares to (1) *Sheff* magnets receiving either \$13,054 or \$10,443 per out-of-district student (with Hartford-operated schools receiving the higher amount) and (2) state charter schools receiving \$10,500 per student, with scheduled increases in FYs 14 and 15 to \$11,000 and \$11,500, respectively. Technical high schools are state-operated and therefore are fully supported by state funds. (For additional information on the state's school choice programs please see the Task Force's Interim Report.)

The Task Force recommends that the state:

- Provide a consistent and equitable level of state support for school choice programs.
- Because of their unique characteristics and history, maintain the current funding structures for (1) Connecticut technical high schools, (2) charter schools, (3) host and RESC-operated *Sheff* magnet schools, and (4) RESC-operated non-*Sheff* magnet schools.
- Fund non-*Sheff* host magnet schools and regional agriscience programs equally by providing:
  - For each in-district student, a state grant of \$3,000 and
  - For each out-of-district student, a state grant equal to two-thirds of the state average regular program expenditures (RPE) for education for the prior year plus 10% to compensate for more expensive specialized programs.
  - Using the average per-student RPE for 2011-12 (\$10,134), the proposed equalized funding would be \$14,150. If the state provided two-thirds of this amount, it would increase the state grant for each out-of-district student attending a host magnet school or regional agriscience center to \$7,471 from \$7,085 and \$1,750, respectively.
- As is already the case for magnet schools, limit sending district tuition for students attending agriscience programs to no more than the difference between the state per-student grant and the prior year's average per-pupil cost of the program. This would reduce sending town tuition from the current maximum of \$7,992 per student to approximately \$3,500 to \$4,500 per student. For less wealthy towns, per-student ECS grants will more than cover this level of per-student tuition.
- Phase in the increased state grants over four years at 25%, 50%, and 75% of the difference between the current grant and the fully funded target grant.

## SPECIAL EDUCATION FUNDING

PA 11-48 requires the Task Force, in studying issues related to education funding, to give consideration to funding issues relating to the cost of special education for the state and municipalities.

### *Interim Consensus Recommendation*

In its interim report, the Task Force agreed on the following consensus recommendation concerning funding for special education.

- The state should explore a fairer and more reasonable approach to funding programs and services for students with special educational needs, including students eligible for special education, English language learners, and students identified as gifted or talented.

### *Final Recommendations*

Special education services are cost-intensive, and include individualized education plans for each student; assistive technology; accommodations such as taped textbooks, note takers, and other personal assistance; summer programming; and more. Connecticut school districts spent \$1.715 billion on special education in FY 11, or approximately \$27,000 per special education pupil, compared to an average of \$14,425 per regular education student. This represented 21.69% of total statewide education expenditures.

The state provides a state "excess cost" grant to help school districts with special education costs. The grant reimburses school districts for (1) any special education costs for a particular student that exceed 4.5 times the district's average per pupil expenditures for the preceding year and (2) 100% of special education costs if a student is placed in the district by a state agency and has no identifiable home district in the state.

For the past several fiscal years, the state budget has limited the state's total expenditures for reimbursing local school districts for excess special education costs to the amount specified in the state budget. The State Department of Education (SDE) estimates total district excess special education costs for FY 13 to be \$160-170 million. The department estimates that these costs will grow to \$177 million in FY 14 and \$186 million in FY 15. The state excess cost grant is currently capped at \$140 million. Reimbursements for state-agency-placed children are not affected by the cap and must be paid in full.

In 2011-12, 63,651 Connecticut students were identified as eligible for special education and related services. Districts were eligible for state excess cost grants for 4,366 of these students. The 4,366 excess-cost students generated approximately \$374 million in costs in that year. A majority of these costs (52%) were incurred to provide services at public institutions, while 48% were attributable to private placements. State-agency-placed students have a higher percentage of

private placements (80%). Approximately 300 of the state agency-placed students are placed in facilities outside the state at a cost of \$29 million annually.

The task force is not proposing to diminish or renege on the state's commitment to special education students. Rather, like most public policymakers today, special education officials and other educators need to find efficiencies, innovations, and alternative delivery methods if we are to continue providing the services we are legally mandated and morally committed to provide. To that end, the task force is making recommendations to both increase the state's financial support for special education and reduce overall costs by (1) innovative new service delivery strategies and (2) better state coordination and monitoring of school district procedures.

1. *State Support of Special Education and the Excess Cost Grant.* The state should continue to support a portion of local special education expenditures to relieve the escalating financial burden on local school districts and to better meet its obligation to fund public education, including special education. This commitment must include a new process for reimbursing school districts for excess costs. Consequently:
  - The state should continue to pay 100% of the educational costs of state agency-placed students.
  - For local school district placements, the General Assembly should adopt legislation to:
    - increase and guarantee the excess cost grant;
    - include a new, fixed amount definition of "excess" for all districts, such as \$50,000 (see Table X);
    - develop state managed and supported individualized education programs (IEPs) for any pupil costing over \$150,000 (approximately 300 students statewide - see Table X) or, in the alternative, a state inspected and validated IEP for all such high-cost pupils;
    - create a sliding scale reimbursement based on a town's wealth; and
    - institute a three- to five-year phase in.

TABLE X: CONNECTICUT SPECIAL EDUCATION EXCESS COST PLACEMENTS: 2011-12

	Eligible Students	Costs Over \$50,000	Costs Over \$100,000	Costs Over \$150,000	Costs Over \$200,000	Costs Over \$300,000
State-placed	1,163	607	113	14	3	0
Locally-placed	3,203	3,188	1,091	265	80	8
Total	4,366	3,795	1,204	279	83	8

2. *State Incentive Grants.* The state should provide small incentive grants to districts, regions, or higher education institutions that demonstrate superior special education programs and reduced costs.
3. *Innovative Program Models.* The state should engage higher education faculty in the study of special education, taking advantage of their input and expertise. Goals of such studies should include (1) enhancing special education program quality, (2) improving the process

for identifying children eligible for special education, (3) achieving better outcomes for special education students, (4) controlling costs, and (4) defining reasonable parameters for IEPs.

4. *Increased State Monitoring.* The appropriateness of special education identification and placement has a direct bearing on total costs.
  - SDE should examine "outlier" districts every three years to determine each district's (1) percentage of special education students; (2) percentage of students in each special education classification; (3) percentage of the local budget spent on special education; (4) the percentage and cost of out-of-district placements; (5) the number, if any, of out-of-state placements; (6) special education students' achievement and numbers exiting special education; and (7) special education students' participation in state assessments.
  - As part of the examination, the causes of a district's outlier status must be pursued and evaluated, and SDE and the district should develop a joint plan to implement, monitor, and report progress made.
5. *Inventory of Special Education Programs.* The SDE and the six regional educational service centers (RESCs) should inventory local, regional, statewide, public and private special education programs against projected needs over the next 10 years. The inventory should include commentary on the availability of third-party insurers to cover medically related expenses for special education students. A planning and placement team adopting an IEP that uses higher-cost private programs over comparable, lower-cost public programs should be required to provide a compelling rationale for the selection.
6. *Study of "Burden of Proof."* The state should contract with an independent third party to study the potential cost, time, and indirect saving from a re-balancing the "burden of proof" in special education due process hearings so as to place the burden equally on both parties (school districts and parents). SDE regulations currently place the burden of proving that a specific placement meets state and federal requirements solely on the school district. Other states place the burden on the party objecting to the placement, or employ a shared burden.