

# **ANSONIA**

## **SPECIAL EDUCATION COSTS**

**FEDERAL, STATE & LOCAL GOVERNMENT ISSUE**

**JANUARY 17, 2017**

# UNITED STATES GOVERNMENT STRUCTURE

- FEDERAL GOVERNMENT

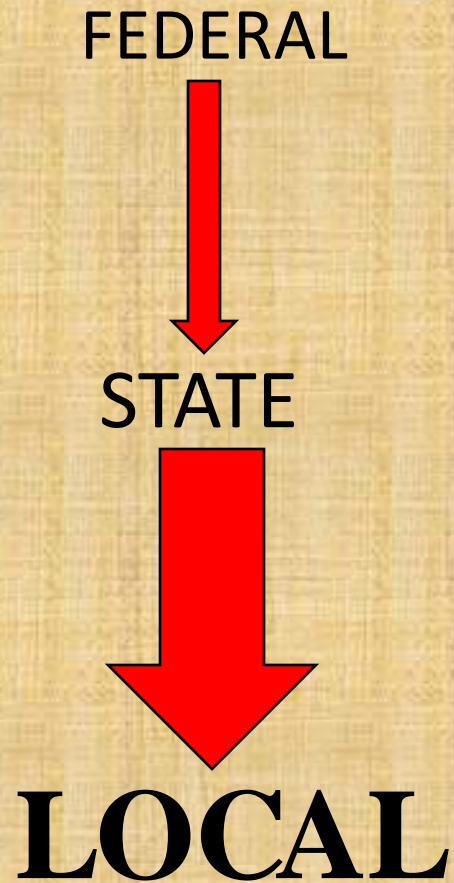


- STATE GOVERNMENT



- LOCAL GOVERNMENT

# FLOW OF REGULATIONS



# CONNECTICUT-ONE STATE OF 50 STATES IN USA

- ONE OF THE SMALLEST STATES IN USA
- ANSONIA IS ONE OF THE SMALLEST CITIES IN THE STATE
- CONNECTICUT HAS 169 CITIES AND TOWNS
- EACH CITY AND TOWN HAS ITS OWN GOVERNMENT
- MOST HAVE THEIR OWN SCHOOL SYSTEM AND MAKE THEIR OWN EDUCATIONAL DECISIONS, SUBJECT TO RULES FROM STATE
- SOME FEDERAL INFLUENCE IN EDUCATION, BUT MOSTLY STATE AND LOCAL RESPONSIBILITY

# GEOGRAPHIC LOCATION

- Ansonia located in middle of 3 major Connecticut cites
- Location affects demographics of Ansonia, especially on rental properties



# CT. TAXING STRUCTURE \$\$\$

FEDERAL INCOME TAX

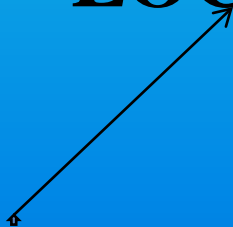
STATE INCOME TAX & SALES TAX

**LOCAL PROPERTY TAX**

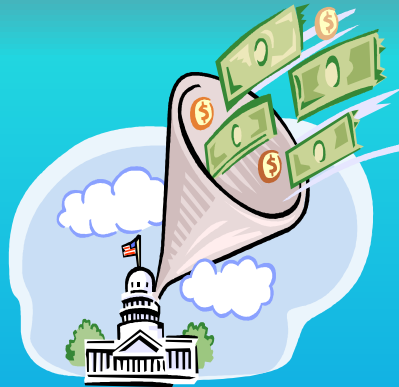
**HOMES**

**CARS &  
TRUCKS**

**BUSINESS  
EQUIPMENT,  
COMPUTERS,  
ETC.**



# TAXES – CITIES & TOWNS



- PROPERTY TAX
  - HOMES
  - CARS
  - COMMERCIAL PROPERTY
  - NO SALES TAX
  - NO INCOME TAX



# **CITIES & TOWNS OTHER REVENUE SOURCES**



## **➤ STATE AID TO TOWNS AND CITIES**

\* EDUCATION IS LARGEST AID - ECS

\* ROADS

\* PILOT

## **➤ PERMITS AND FEES**

BUILDING PERMITS

DOG LICENSE

MARRIAGE

OTHER

# EDUCATION COSTS

- Education cost usually are the biggest expense in local government
- The small the municipality, the higher the % is of education costs
  - As municipality grows, paid police and fire add to the local government costs, thereby reducing % of education to the entire budget

# SPECIAL EDUCATION DATA

Current Year 530 Special Education students

20% of student body

29% of budget

# SP. ED - EXCESS COST FORMULA

- Designed by the State to help offset the expenses that a local BOE can incur for a Special Education student
- Basic formula is 4.5 x the Net Cost of a student (Ansonia  $\$14,019 \times 4.5 = \$63,085@$ ) BEFORE reimbursement starts
- BOE must first spend money, then reapply for reimbursement
- Fixed amount of \$\$; Ansonia shares pot of money with other BOEs in State

# HOW SP. ED. STUDENTS PLACED

- **Local** Special Ed placement based on IEP (Individualized Education Plan)
- Reimbursement for Sp. Ed student then based on BOE expenditures
- State reimburses for high expense student using a ratio of 4.5 x cost for an individual student
- In Ansonia, base is \$14,019 @
- Thus threshold for reimbursement is  $\$14,019 \times 4.5 = \$63,085$  **BEFORE** reimbursement starts
- **State** placement by a State agency, DCF or court
  - Use 1.0 ratio or \$14,019

# LOCAL PLACEMENT OF SP. ED. STUDENT

- One student cost \$150,000
- Ansonia Threshold (4.5 X \$14,019) 63,085
- Excess Cost Reimbursement \$86,915
- Estimated that State will only reimburse 75% of the \$86,915 or \$65,186
- $\$86,915 - \$65,186 = \$21,729$
- TOTAL Ansonia must pay:
- $\$63,085 + \$21,729 = \mathbf{\$84,814}$  for each student !!!

# LOCAL PLACEMENTS

- BUT if there are 10 high cost students at \$63,000@, just below State threshold, then BOE must spend \$630,000 with no reimbursement!!!
- **$10 \times \$63,000@ = \$630,000$**

# STATE PLACEMENT

- State places one student \$50,000
- Ansonia Threshold 14,019
- Excess Cost Reimbursement \$35,981
- BUT THEN, State only reimburses @ 75%  
of the \$35,981 or \$26,985  
 $\$35,981 - \$26,985 = \$8,996$  (additional local cost)
- TOTAL Ansonia must pay:  
 $\$14,019 + \$8,996$  or  $\$23,015$  for each student



# STATE PLACEMENT

- BUT if there are 10 high cost State placements at \$14,000@, then Ansonia BOE must spend \$140,000 with no reimbursement!!!!
- **10 x \$14,000 = \$140,000**

# TIMETABLE

1. December 1: BOE files SEDAC list of Sp. Ed. High cost students
2. End of February: \$\$\$ sent to City Treasurer
3. March 1: BOE files SEDAC update of Sp. Ed high cost students
4. End of May: \$\$\$ sent to City Treasurer

# KEY POLICY QUESTION

## Excess cost reimbursement back to BOE

- Excess cost reimbursement offsets actual BOE costs
- Reduces BOE budget and shows true taxpayer cost of high cost students
- Reduces revenue on the City side
- Direct correlation of reimbursement amount based on BOE expenditures

## Excess cost reimbursement stays with City

- Increases revenues on the City side
- Fixed revenue figure
- Increases BOE budget –budget full costs of Sp. Ed.
- **Approximately \$1.3+- Million in Excess Cost**
- **NO CHANGE IN NET IMPACT ON TAXPAYERS**

# KEY ITEMS TO WATCH

1. February 8 Governor's Budget
  - A. Excess Cost budget for the State
  - B. ECS (emphasis on poorer communities?)
  - C. Alliance Grant Renewal (direct impact on BOE budget)
2. Grand List Growth
3. Amount of February Excess Cost Payment
4. BOE SEDAC March 1 filing
5. Pending U.S. Supreme Court ruling on how much BOE obligated to spend on child with disabilities (news article attached)

QUESTIONS????

