

SPECIAL EDUCATION STATE FUNDING

For many years, the Excess Cost grant has been the only state grant that specifically assists towns and school districts with special education costs. In the 2025 legislative session, the Special Education and Expansion Development (SEED) grant and other smaller grants were created to further support special education costs.

EXCESS COST

The Excess Cost grant reimburses school districts for special education costs exceeding a certain threshold.



Reimbursement Threshold

Districts are reimbursed for expenditures for a student that exceed four and a half times the district's net current expenditures per pupil (NCEP). This level varies by district annually.

In FY 26 the threshold ranged from \$73,579 to \$209,642 with a median of \$104,011.

Reimbursement Tiers

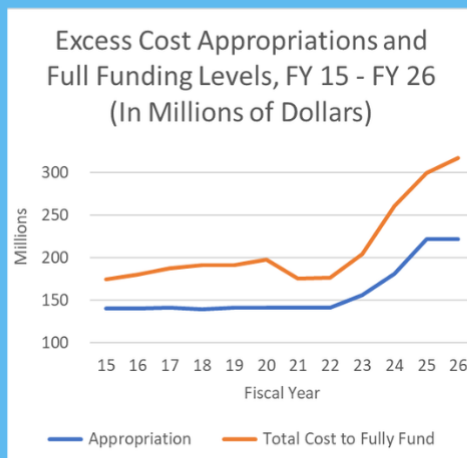
When the appropriation is insufficient to fully reimburse districts, towns are divided into three tiers based on town wealth. Reimbursement percentages are assigned to the tiers to use the whole appropriation. These percentages fluctuate annually depending on the grant appropriation and qualifying expenditures.

Reimbursement Percentages By Tier, FY 26

Tier I Least Wealthy	Tier II	Tier III Most Wealthy
71.6%	69.2%	66.8%

Appropriation and Full Funding

The appropriation for the grant is approximately \$221.1M in FY 27. The last grant increase occurred in spring 2025, when an additional \$40M was provided for FY 25 in response to rising district costs.



In FY 26, fully funding Excess Cost would have cost approximately \$95.9M more than the appropriation (approx. \$317M total).

The total cost to fully fund the grant grew 6% over FY 25. This is a lower growth rate than in recent years.

EXCESS COST (CONT.)



Current Year Reimbursement

Since the grant is a current-year reimbursement, the full funding level is not known until the spring, just as districts don't know their special education high costs in advance.

SEED

PA 25-67 established the SEED grant beginning in FY 26. The grant is based on the ECS formula with the amount provided to a town determined by the appropriation (\$30M) and:



The number of special education students in the town



The ECS foundation amount (currently \$11,525)



Each town's ECS state aid percentage (i.e., base aid ratio)

The state aid percentage's inclusion means that lower-wealth towns benefit more from the grant. Providing a separate general special education grant ensures that: (1) every town receives a grant; and (2) funding is used for designated special education costs only.

OTHER GRANTS TO SUPPORT SPECIAL EDUCATION (ESTABLISHED BY PA 25-93)

Grant Description	Funding
High Quality Special Education Incentives Grant For local and regional boards of education to support in-district or regional special education programming and services for students with disabilities.	\$8.9M for grants and \$100k for one FTE, beginning in FY 27
Trauma and Behavioral Health Grants For support services provided to special education students who have experienced trauma or have behavioral health needs.	\$500k in FY 26 \$1.5M in FY 27
Grants for Educators and Paraeducators For training, education, and testing expenses incurred by special education educators and paraeducators.	\$500k in FY 26 \$1M in FY 27