

To: Superintendents
Special Education Administrators
Business Managers

From: Margaret C. Schelley
Special Education Finance Manager

Date: December 16, 2011

Subject: FY-2013 Preliminary Special Education Formula Revenue Projections

Field Memo: 11-12

The FY-2013 Service Plan estimates have been compiled and the total for the K-12 special education costs to be covered by Federal/State/local funds is \$276,019,232. This is an increase of 4.2% from the FY-2012 Service Plan estimate of \$264,924,313 provided last October. The FY-2013 Service Plan amount is 5.8% over the FY-2011 Actual "Service Plan" amount of \$260,862,085 (computed from the final FY-2011 Special Education Expenditure Reports as of September 15, 2011).

Service Plan Summary Printout: Attachment 1 is a summary of the FY-2013 Service Plans showing the estimated K-12 special education cost for each school district and supervisory union. All formula-related projections are based on these figures. If you note any error, please notify me by January 5th. Unless there are significant problems with this information, this is the information that we will be using during the legislative session as a basis for the revenue projections.

Attachment 2 is a comparison by supervisory union of the K-12 special education estimated costs from the FY-2013 Service Plans. The amounts for FY-2013 are shown along with the FY-2012 and FY-2011 Service Plan estimates and the FY-2011 Actual "Service Plan" amounts (computed from the final FY-2011 Special Education Expenditure Reports as of September 15, 2011).

IDEA-B Federal Funds: At this point in time, we do not have information on the FY-2013 IDEA-B funds. We have assumed level funding due to the lack of any concrete information coming out of Washington about the IDEA-B funding levels for next year. This may mean that we will need to redo the estimates once that information is received.

It is important that you understand how we have calculated the estimated federal revenue because we use a formula for all supervisory unions that may not match how your supervisory union plans to use the funds. We started with the FY-2012 allocation for the IDEA-B Basic grant funds

(revenue code 4226). For the portion of IDEA-B Basic (4226) funds that would be applied to the K-12 special education costs, the calculation is based on each supervisory union's split in IDEA-B grant expenditures reported for FY-2011 as K-12 eligible cost versus preschool and ineligible cost for the individual supervisory union. The federal funds were broken down to member districts was based either on the assessment percentages used in the Service Plan or ADM. If this differs from how the supervisory union plans to use its IDEA-B funds for FY-2013, you will need to adjust the amount estimated as eligible for the State funding formula and the projections.

FY-2013 Special Education Formula Based on Service Plan Estimates: The Special Education Formula projections are based on your estimates reported on Section B, Part 2 of the FY-2013 Service Plan. The FY-2013 projected K-12 special education costs less the estimated amount of federal IDEA-B funds are used as the estimated K-12 formula eligible special education costs. *If the K-12 special education budget for your school districts has been adjusted since the FY-2013 Service Plan estimate was provided, you will need to recalculate the state funding based on your revised budget figures.*

Summary of the Special Education Funding Formula in effect for FY-2013:

Mainstream Block Grant: Each school district's Block Grant is based on its K-12 resident student ADM plus the statewide average salary for special education teachers (\$55,051) and administrators (\$83,539) for the current year. For each 1,000 students in a school district's ADM, the Block Grant formula generates an amount based on the 9.75 special education teaching positions at the statewide average salary. Each school district is also credited with a portion of special education administration positions generated for the supervisory union (between 1.0 and 2.0 for each supervisory union) at the statewide average salary. The State funds 60% of the amount generated by the formula with 40% being local match. Attachment 3 is a detailed printout of the block grant.

Extraordinary Reimbursement: In this component, special education costs for an individual student that exceed the threshold amount of \$50,000 are reimbursed at 90%. The funding projections for Extraordinary Reimbursement are based on the estimated cost of the 276 K-12 students estimated as eligible for this funding in the service plans.

Special Education Expenditures Reimbursement: Special Education Expenditures Reimbursement covers the eligible special education costs that have not been covered by the State and local shares of the other formula components - Mainstream Block Grant and Extraordinary Reimbursement, or been paid by federal or other funds. These costs are generally reimbursed at a flat rate for all school districts. The estimated rate for FY-2012 is 56.50%.

These revenue projections do not attempt to estimate by individual school district the amounts that would be eligible for higher rates of Special Education Expenditures Reimbursement under the unexpected/unusual funding provision or the exceptional circumstance provision. This estimate allows a total of \$700,000 for funding for these provisions for all school districts.

Essential Early Education Grant: Attachment 5 shows the projected EEE grant for FY-2013 which reflects a small increase over the FY-2012 amount. The EEE grant amount increase is based on the statute which uses 2002 as a base year the New England Economic Project index.

The total State funding for FY-2013 is expected to be \$5,966,869. The EEE grant is based on each town's ADM for resident students in grades 1, 2, & 3. This grant is intended to fund a portion of the cost of special education for children age three through five.

If we are anticipating that the grants will be made to the union elementary school district, the union district number is indicated after the name of the town. If there are any changes to how EEE grants should flow for FY-2013 for towns that belong to union elementary school districts, supervisory unions will need to notify me of that change.

If you have questions about the printouts, please feel free to call me at 828-5119.

Enclosures:

- Attachment 1 FY-2013 Special Education Estimated Cost by Budget Entity
- Attachment 2 FY-2013 Service Plan Estimate Compared to FY-2012 Estimate and FY-2011 Actual
- Attachment 3 FY-2013 Mainstream Block Grant Calculation
- Attachment 4 FY-2013 Special Education Funding Formula Projections
- Attachment 5 Estimated FY-2013 Essential Early Education Grants