

Testimony House Finance Committee Bill 7388 28 April 2026

Mr. Chairmen and Committee Members, thank you for allowing me to testify today.

1. My name is Gregory Huet. As the Chairmen of the Middletown School Committee, I have experienced first-hand the devastating impact that special education expenses can have on a School District budget.

2. Unlike other line items in our budget, special education expenses are often unknown from year to year. These expenses are generated solely by the health status of our enrolled student population. The number of enrolled students may remain relatively stable each year, but the actual number with special education needs may change dramatically. Additionally, the costs associated with providing the specific clinical needs may fluctuate dramatically in any given year as well. In Middletown, with many military families routinely executing Permanent Change of Station moves, the degree of unpredictability of our student population is even more significant and compounds the difficulty in determining our annual special education requirements and associated expenses.

3. As a result, it becomes impossible to budget and plan appropriately. It is impossible to be fiscally responsible when a student with high-cost special education needs unexpectedly becomes enrolled in the School District.

4. The current system to address special education funding is based upon the complex Funding Formula. The Funding Formula is broken and needs to be fixed. The account to reimburse school districts for special education expenses is underfunded. Even if a school district receives reimbursement for their special education expenses, that reimbursement does not occur until the following fiscal year and it is based only on costs that exceed approximately \$70K per student per year.

So where does the money come from to pay the unexpected special education bill? We cut programs, we defer maintenance and we limit purchasing as a starting point. The current funding system for special education isn't working.

5. Last year, I proposed a way to insert some certainty into the way a School District budgets for its special education expenses.

I will use a simple example to illustrate the concept: Assume the costs for special education across the entire State for all school

district's is \$1,000 dollars per year and the entire enrolled student population in the State is 1,000 students. If every school district paid a per capita of \$1 dollar per enrolled student, the \$1,000 dollar expense for special education would be covered. A predictable special education fixed cost rate would be created for every School District in the State.

6. In closing I would propose Sub "A" language be added to this Bill to address the following:

- Changes in special education funding should require every School District to participate to establish a reasonable per capita rate.**
- A method to cover the initial year expenses must be determined because the per capita revenue for enrollment would not be available until the following fiscal year. Additionally, if a School District had significantly higher special education costs, under the proposed legislation those high costs would determine the basis for the buy in. The proposed legislation should consider basing the entry fee on a School District's average special education expenses over the previous 10 years vice one year to**

provide a more realistic figure based upon historic expenses.

- **The funding formula must be tweaked to address Instances where a School District has in house special education capabilities and related expenses to provide those services.**
- **The funding formula must be tweaked to address instances where a School District receives revenue via Medicaid/other sources for proving special education services in house.**

Gregory Huet

Additional info:

Reimbursement for special education cost is a complex system involving both federal and state funding. (RIDE) provides direct financial support to public schools and students with disabilities through various funding formulas and categorical funding.

Funding sources include the (RIDE) funding formula, state aid, federal funding reimbursement for specific disabilities, categorical funding, state special education funding

(discretionary), and reimbursement for early intervention services.