
OLR Bill Analysis

sHB 5283

AN ACT CONCERNING THE EDUCATION COST SHARING GRANT FORMULA AND THE FUNDING OF OTHER EDUCATION PROGRAMS.

SUMMARY

The bill makes significant changes to four major education funding programs: (1) the Education Cost Sharing (ECS) grant, (2) interdistrict magnet school grants, (3) the regional agricultural science and technology center (i.e., “vo-ag center”) grant, and (4) the state charter school grant.

The bill adjusts the statutory schedule for towns to receive ECS grant increases and decreases. Under the bill, towns that the ECS grant formula currently underfunds are fully funded more quickly than under current law, by FY 25 rather than by FY 28. The scheduled ECS reductions for overfunded towns are essentially kept the same.

The bill eliminates, beginning with FY 25, the existing magnet school and vo-ag center grant programs and replaces them with two new grants, the choice program grant and a separate magnet school grant.

The choice program grant provides funding for local or regional boards of education (i.e., “boards of education”) that operate a magnet school or a vo-ag center. The bill also creates a separate grant for any magnet school operated by an entity that is not a board of education, such as a regional educational service center (RESA) or an independent institution of higher education.

The bill uses student need weightings in the choice program grants and the non-board of education magnet school grants that mirror the weighting used in existing law for ECS and charter school grants: additional weight for those eligible for free or reduced priced meals or free milk (FRPM) and designated as an English language learner. Thus,

these grants will provide additional funding for students that meet those criteria.

Also beginning in FY 25, the bill generally prohibits magnet schools and vo-ag centers from charging tuition to the towns that send students to magnet schools or vo-ag programs. The bill specifies that the new grant must provide at least the same amount of state funds that a magnet school operator or vo-ag center received in FY 24 plus the amount received that year in tuition from sending districts.

Under existing law, the per-student state charter school grant is scheduled to increase in FY 23. The bill requires additional increases for FYs 24 and 25, with state charters receiving full funding in FY 25.

The bill adds a cost of living increase, starting in FY 26, for the foundation amount used in grants for non-board of education magnet schools and state charter schools based on an annual percent increase in personal income or inflation, whichever is greater.

It requires the Department of Education (SDE), annually starting by January 1, 2024, to calculate and provide to the relevant operators or towns certain estimates for the various grants under the bill.

Finally, the bill creates a task force to study (1) education funding that local and regional boards of education, charter schools, and magnet school operators are entitled to through ECS grants, charter school grants, and the bill's new grants; (2) accountability; and (3) preparing students for success in college, careers, and life. The task force must report its findings and recommendations to the Education Committee by July 1, 2023.

EFFECTIVE DATE: July 1, 2022, for the ECS grant phase in and charter school grants, July 1, 2024 for the new grants the bill creates, and upon passage for the annual SDE grant estimates and the task force.

§§ 1 & 2 — CHANGES TO ECS SCHEDULED PHASE IN

Under current law, underfunded towns are fully funded under the ECS formula in FY 28. Under the bill, these towns are fully funded in FY

25.

With respect to overfunded towns, current law uses the FY 17 ECS aid amount as a starting point every year to determine how much an overfunded town should have its funding reduced. Under the bill, the ECS reductions for overfunded towns are essentially kept the same, but the factors used to make this happen are different (e.g., rather than the FY 17 ECS amount, the bill uses the ECS amount for the most recent fiscal year).

Some towns are overfunded due primarily to the years when the state froze the level of funding for all towns even if some towns' student enrollment dropped. A town with declining enrollment generally receives less funding when the formula is updated with new enrollment figures.

Changing Terms Used to Categorize Towns

The bill changes some of the terms used to determine the first step in ECS grant funding: whether a town is underfunded or overfunded.

Under current law, an underfunded town is one whose fully funded grant amount, as determined by the formula, is greater than its base grant amount. Then the town is entitled to an increase in its ECS grant. A town's base grant amount is the ECS grant amount the town was entitled to for FY 17, minus authorized cuts implemented during FY 17. Under the bill, beginning with FY 23, the phase in compares the fully funded grant amount to a town's ECS grant for the previous fiscal year, rather than the base grant amount. Therefore, any town whose fully funded grant amount is greater than the town's ECS grant amount for the previous fiscal year, is entitled to an ECS grant increase.

The bill also uses the ECS grant amount for the previous fiscal year, rather than the base grant, to determine if a town is overfunded. Under current law, an overfunded town is one whose fully funded grant is less than its base grant. Then the town is entitled to either an amount the town received in FY 21 or, starting in FY 24, a decreased grant amount each year. The bill instead compares the fully funded amount to the

town’s ECS grant for the previous fiscal year.

When determining ECS grant increases or decreases, current law uses a town’s “grant adjustment,” which is the absolute value of the difference between a town’s base grant amount and its fully funded grant amount. The bill changes this definition to the absolute value of the difference between a town’s ECS grant amount for the previous year and its fully funded grant amount. For underfunded towns, the grant adjustment is the amount needed to be fully funded; for overfunded towns, it’s the amount the town is funded above its fully funded grant.

ECS Phase-In Adjustments

Table 1 shows how the bill changes the phase in for FYs 23-25 ECS grants.

Table 1: ECS Phase-In Adjustments for ECS Grants (FYs 23-25)

	FY 23		FY 24		FY 25	
Town Type	Current Law	Bill	Current Law	Bill	Current Law	Bill
Under-funded	Previous FY amount plus 10.66% of grant adjustment	Previous FY amount plus 16.67% of grant adjustment*	Previous FY amount plus 10.66% of grant adjustment	Previous FY amount plus 20% of grant adjustment*	Previous FY amount plus 10.66% of grant adjustment	Fully-funded amount
Over-funded	No reduction (held harmless) to FY 21 amount	No reduction (held harmless) to FY 22 amount (no actual change from current law)	Previous FY amount minus 8.33% of grant adjustment	Previous FY amount minus 14.29% of grant adjustment* (excludes alliance districts)**	Previous FY amount minus 8.33% of grant adjustment	Previous FY amount minus 16.67% of grant adjustment* (excludes alliance districts)**
<p>*Under the bill, “grant adjustment” means the absolute value of the difference between a town’s ECS grant amount for the previous year and its fully funded grant amount. Generally, under the bill, the grant adjustment figure (before applying the percentage) will be smaller than under current law.</p> <p>**Alliance districts reduce only to the FY 17 amount (i.e., base grant)</p>						

Under current law, for FYs 26 and 27, an underfunded town is entitled to an ECS grant for each year that equals the town's previous fiscal year's grant plus 10.66% of its grant adjustment. Under the bill for each of these years, underfunded towns are entitled to full funding.

For the same years, current law provides an overfunded town with a grant equal to its grant for the previous fiscal year minus 8.33% of its grant adjustment. The bill changes the reduction for overfunded towns based on using the ECS grant amount for the previous year and the revised definition of the grant adjustment (i.e., minus 20% of grant adjustment for FY 26 and minus 25% of grant adjustment for FY 27). Additionally, the bill changes, using the same method, the reduction for overfunded towns as follows:

1. for FY 28, from current law's reduction of 8.33% of the grant adjustment to a reduction of 33.33% of the grant adjustment, and
2. for FY 29, from current law's reduction of 8.33% of the grant adjustment to reduction of 50%.

The bill does not change the existing law that, for FYs 24-29, any overfunded town that is an alliance district is entitled to an ECS grant equal to its FY 17 amount after reductions in FY 17 (i.e., base grant amount).

§ 3 — CHOICE PROGRAM GRANTS AND NON-BOARD OF EDUCATION MAGNET SCHOOL GRANTS

The bill creates the choice program grant, for every year starting with FY 25, for boards of education that operate an interdistrict magnet school or a vo-ag center. The state's vo-ag centers service high school students from multiple sending towns and provide them with an agricultural career education in addition to the comprehensive high school education.

The bill also creates a separate grant for any magnet school operated by an entity that is not a board of education, such as a RESC or an independent institution of higher education.

Choice Program Grant

The bill includes a number of definitions used to create the choice program grant formula. The formula applies weights for certain students, such as whether the students are (1) from families that qualify for FRPM or (2) English language learners.

The weights increase the grant amounts for those students because the grant amount is produced by multiplying the need student number by the foundation number. For example, the bill provides for a 30% weighting for student poverty (i.e., students that qualify for FRPM). If 100 students from a district qualify, then, for grant purposes, those students count as 130 students. This increases the grant as the weighted number becomes the new student number that is multiplied by the foundation amount (see below).

Under the bill a “choice program grant” is the sum of the weighted funding amount per sending town for each sending town. For any vo-ag program or magnet school, the program operator is receiving students from multiple sending towns (i.e., the student’s town of residence that would otherwise be responsible for educating the student). Also, under the bill, the “weighted funding amount per sending town” is a town’s weighted funding amount per pupil multiplied by the number of choice program resident students from that town for a particular choice program.

Additionally, the bill defines the following terms for purposes of the new grants:

1. “weighted funding amount per pupil” is (a) the foundation amount multiplied by a town’s total need students for the fiscal year prior to the grant payment year and (b) the resulting product is divided by the number of a town’s resident students;
2. “foundation” amount is \$11,525, which is the same as in ECS law (although the bill includes an annual inflation adjustment for magnet school operators that are not a board of education; see below);

3. “total need students” means a (a) student poverty weighting (same as in ECS law) of 30% of students eligible for FRPM plus 15% of any FRPM-eligible students above 60% of the total number of resident students and (b) a 25% weighting for the number of students who are English language learners, as identified by the school district;
4. “resident students” means the number of students in a town enrolled in its public schools at the town’s expense as of October 1 of each year (as under the ECS law); and
5. “resident choice program students” means the number of part-time and full-time students of a town enrolled or participating in a particular choice program.

Non-Board of Education Magnet Schools

For this grant, a magnet school operator is defined as an entity that is (1) not a board of education (presumably this includes RESCs), (2) a nonprofit private institution of higher education that has its main campus in the state, or (3) a third-party nonprofit corporation that the education commissioner approves. Under the bill, starting in FY 25, these operators are entitled to a grant that equals the product of the foundation multiplied by its total magnet school program need students.

The bill creates a formula for calculating total magnet school program needs students that (1) counts full- and part-time students at the magnet schools, (2) generally uses the ECS student weighting percentages, and (3) includes a *Sheff* region additional student weighting. The foundation component for this grant also has an annual cost of living factor that potentially increases the foundation from one year to the next.

Student Weighting. The student need weighting generally reflects the ECS formula weighting as follows: (1) student poverty weighting is 30% of students eligible for FRPM plus an additional 15% of any FRPM-eligible students above 60% of the total number of resident students and (2) a 25% weighting for the number of students who are English

language learners, as identified by the school district.

The bill adds additional student weighting for magnet schools that are helping the state meet its obligations under the *Sheff v. O'Neill* desegregation court decision (238 Conn. 1 (1996)) and related agreements or orders. This additional weighting is reduced over a six-year period from an initial 30% to 20% as shown in Table 2 below.

Table 2: Additional Weighting for Students Attending Sheff Magnets

FY	Weighting Percentage
25	30%
26	28%
27	26%
28	24%
29	22%
30 and each following year	20%

Foundation Annual Adjustments Starting in FY 26 for Magnet Schools. The bill adds a foundation cost of living increase for magnet school operators that are not a local or regional board of education, based on the annual percent increase in personal income or inflation, whichever is greater, starting in FY 26. The bill uses the following statutory definitions for these terms:

1. “increase in personal income” is the compound annual growth rate of personal income in Connecticut over the previous five calendar years, using federal Bureau of Economic Analysis data, and
2. “increase in inflation” is the increase in the consumer price index for all urban consumers, for all items except food and energy, during the preceding year, using federal Bureau of Labor Statistics data.

§ 4 — ECS, CHOICE PROGRAM, AND CHARTER SCHOOL GRANT ESTIMATES

The bill tasks SDE, annually starting by January 1, 2024, with calculating and providing to the relevant operators or towns the FY 25

estimates for each of the following grants:

1. each choice program grant established under the bill (SDE must notify each local and regional board of education and magnet school program operator that is not a local or regional board of education); and
2. fully-funded ECS grants (SDE must notify each town).

The bill also requires SDE, annually starting by January 1, 2024, to (1) calculate the product of the foundation multiplied by the total charter need students for each state charter school fiscal authority for FY 25 and (2) notify each fiscal authority of the results.

In all three of these calculations, the bill requires SDE to calculate FY 25 estimates using data collected during FY 24 (as the bill requires the calculations every year, presumably SDE must calculate estimates for the next FY, FY 26, based on data collected in FY 25, and this process would proceed year to year in the same way).

§§ 5 & 6 — ELIMINATING CURRENT MAGNET SCHOOL GRANT PROGRAMS AND TUITION

The bill eliminates, beginning with FY 25, the existing per-student magnet school grants and replaces them with the grants created in the bill (see § 3). Under current law, a magnet school generally receives a \$3,060 grant for each student from the district that hosts the school (home district) and, depending upon the type of magnet school, one of the grants listed below in Table 3 for students from sending towns. In addition to repealing the \$3,060 grant for host district students, the bill repeals all the magnet school grants shown in Table 3 for students from sending districts.

Table 3: Magnet School Grants Repealed Under the Bill

<i>Type of Magnet</i>	<i>Bill Section</i>	<i>Current Law Amount for Sending Students</i>
Non-Sheff host magnet	5(c)(1)	\$7,227
Non-Sheff RESC magnet with less than 55% enrollment from one town	5(c)(3)(A)	8,058

Type of Magnet	Bill Section	Current Law Amount for Sending Students
Non-Sheff RESC magnet with 55% or more of enrollment from one town	5(c)(3)(B)	7,227
RESC magnet that began operations in 2001-2002 school year and meets certain other criteria (i.e., Edison Magnet in Meriden)	5(c)(3)(C)(ii)	Maximum 8,344 (lower for some students depending on certain factors, including where they reside)
Sheff host magnet	5(c)(3)(F)	13,315
RESC magnet enrolling less than 60% of its students from Hartford (i.e., Sheff magnet)	5(c)(3)(D)(i)	10,652
RESC magnet enrolling less than 50% of its students from Hartford (i.e., Sheff magnet)	5(c)(3)(D)(ii)	8,058 (for half of the non-Hartford students enrolled over 50% of total enrollment) 10,652 (for all the other students)
Magnet operated by independent institution of higher education and that meets certain criteria (Goodwin University)	5(c)(3)(E)	65% of the 10,652 grant for students enrolled in both semesters each year 32.5% of 10,652 for those enrolled in one semester a year
Greater Hartford Academy of the Arts	5(c)(3)(H)	65% of 8,058 (the grant for RESC magnets with less than 55% from a single town)

The bill specifies that the new grants must provide at least the same amount of state funds that a magnet school operator received in FY 24 plus the amount received that year in tuition from sending districts.

Tuition Ban and Exception to the Ban

Starting in FY 25, the bill generally prohibits magnet schools from charging tuition to the towns that send students to the magnets for grades Kindergarten to 12. This applies to all the magnet operators: (1) local or regional boards of education, (2) RESCs, (3) independent higher education institutions, and (4) any third-party, nonprofit corporation the education commissioner approves.

Beginning with FY 26, the bill allows any magnet school operator that

is not a board of education (a RESC, independent higher education institution, or approved nonprofit) to charge tuition to a sending town's board of education if the operator's state grant under the bill is not calculated using the foundation number adjusted for an increase in personal income or inflation, as the bill requires. The tuition cannot exceed the difference between the amount the operator (1) would be entitled to receive under the bill using the foundation adjustment calculation and (2) will receive. (The bill does not require SDE to notify magnet school operators when the income/inflation adjustment is not made, so it is unclear how they would know they are authorized to charge tuition.)

Whenever one of these operators opts to charge tuition starting with FY 26, it must notify SDE (1) of the per-student and total tuition charged for the fiscal year and (2) what sending town boards they charged.

The bill requires SDE to develop an annual report of the tuition charged and submit it to the Appropriations and Education committees by January 1 of each year.

Magnet Students and ECS

Under the bill, magnet school students are counted in their home town (where they live) for the student count for ECS grants. This codifies current practice.

§§ 8-10 — ELIMINATING CURRENT VO-AG CENTER GRANTS AND TUITION

Beginning with FY 25, the bill repeals the current \$5,200 per-student state grant for vo-ag centers and replaces it with the vo-ag choice grant created in the bill (§ 3). It specifies that the new grant must provide at least the same amount of state funds that a vo-ag center received in FY 24 plus the amount received that year in tuition from sending districts.

Under current law, a vo-ag center can charge the sending towns tuition for the students they send to the program. Current law caps tuition at 59.2% of the foundation (\$11,525) used for ECS, resulting in a maximum tuition of \$6,823.

The bill prohibits a vo-ag center from charging tuition starting July 1, 2024. However, it maintains a current provision that allows tuition for educating special education students but only if, and in the amount, the cost exceeds the state grant received for the student under the bill.

It also repeals the requirement that a sending district provide students in their district an equivalent number of seats from one year to the next to enroll in the vo-ag program. Current law requires the districts to (1) make available at least the same number of seats as stated in any written agreement or, in the absence of one, the average number enrolled over the last three years and (2) specifically for each ninth-grade class, make available either the agreement number or the average number who enrolled in ninth grade in the last three years.

The bill also repeals (1) the supplemental vo-ag grants and (2) the mandate on districts that send students to a vo-ag program to pay tuition.

The bill also specifies that for a town's student count for the ECS grant, a student enrolled in a vo-ag center is counted in the school district where the student resides. This codifies current practice.

§ 7 — CHARTER SCHOOL GRANT INCREASES

Under existing law, the per-student state charter school grant increases for FY 23. The bill requires additional increases for FYs 24 and 25, with state charters receiving full funding in FY 25. By law, the grants go to the charter school's governing authority.

Charter Grant Factors

By law, the state charter grant has the same student need weighting percentages with the same factors (FRPM or English learner status) that are used in existing ECS law and in the bill for choice grants.

Under existing law, the increase in the state grant is a percentage of a school's charter grant adjustment, which is the absolute value of the difference between the (1) foundation (\$11,525) and (2) charter full weighted funding per student for the state charter schools under a governing authority's control for the school year.

The “charter full weighted funding per student” is a value calculated as (1) the product of the total charter need students and the foundation, divided by (2) the number of enrolled students under the charter school governing authority’s control for the school year.

Grant Increases

Under existing law for FY 23, the per-student grant for charter school governing authorities is the foundation amount plus 14.76% of its charter grant adjustment.

Under the bill, the per-student grant is:

1. for FY 24, the foundation plus 25.42% of its charter grant adjustment and
2. for FY 25 and each following year, the product of the foundation multiplied by the school’s total charter need students.

Foundation Annual Adjustments Starting in FY 26 for Charter Schools. The bill adds a foundation cost of living increase for charter school governing authorities based on an annual percent increase in personal income or inflation, whichever is greater, starting in FY 26 and for each following year (this is the same method for magnet school annual adjustments in § 3).

§ 11 — TASK FORCE TO STUDY EDUCATION FUNDING, ACCOUNTABILITY, AND STUDENT PREPARATION

The bill establishes a task force to study issues related to (1) education funding that local and regional boards of education, charter schools, and magnet school operators are entitled to through ECS grants, charter school grants, and the bill’s new grants; (2) accountability; and (3) preparing students for success in college, careers, and life.

The study must include the following additional items:

1. an analysis of alliance district funding, including the extent to which current district supports and requirements improve student outcomes;

2. an analysis of how the accountability system in Connecticut’s consolidated state plan required under the federal Every Student Succeeds Act (P.L. 114-95) can be leveraged in concert with ECS funding increases and the bill’s new grants to improve student outcomes;
3. identifying thresholds at which to apply additional accountability requirements;
4. the compensation, benefits, retention, and recruitment of teachers, paraprofessionals, and social workers; and
5. restrictions on the use of, and reporting requirements for, any additional funds received under the bill, both ECS funds and the new grants.

Task Force Membership

Under the bill, the education commissioner and the Office of Policy and Management secretary, or their respective designees, are members. The table below shows the additional members, what authority appoints them, and any required organizational affiliations.

Table 4: Task Force to Study Education Funding Membership and Appointing Authority

<i>Appointing Authority (Appointments)</i>	<i>Member Organization or Position</i>
House speaker (three)	<ul style="list-style-type: none"> • Connecticut Association of Public School Superintendents representative • Connecticut Council of Administrators of Special Education representative • Regional Educational Service Center (RES-C) Alliance representative
Senate President (three)	<ul style="list-style-type: none"> • Connecticut Association of Boards of Education representative • Special Education Equity for Kids representative • Center for Children’s Advocacy representative
House majority leader (three)	<ul style="list-style-type: none"> • Connecticut School Counselor Association representative • Connecticut Education Association representative • Superintendent of an alliance district

<i>Appointing Authority (Appointments)</i>	<i>Member Organization or Position</i>
Senate majority leader (three)	<ul style="list-style-type: none"> • American Federation of Teachers-Connecticut representative • ConnCAN representative • School and State Finance Project representative
House minority leader (two)	<ul style="list-style-type: none"> • Connecticut Association of School Administrators representative • Connecticut Association of School Business Officials representative
Senate minority leader (two)	<ul style="list-style-type: none"> • Connecticut Charter School Association representative • Executive director of an agricultural science and technology education center

Organizational Matters and Report Deadline

The bill requires all initial task force appointments to be made within 30 days after the bill's passage and any subsequent vacancy to be filled by the appointing authority. The house speaker and senate president must select the chairpersons from among the task force members.

The bill requires the chairpersons to schedule the task force's first meeting, which must be held within 60 days after the bill's passage. The Education Committee's administrative staff must serve as task force's administrative staff.

The task force must submit a report with its findings and recommendations to the Education Committee by July 1, 2023. It terminates on when it submits the report or January 1, 2023, whichever is later.

COMMITTEE ACTION

Education Committee

Joint Favorable Substitute

Yea 28 Nay 11 (03/25/2022)