

# OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200  
Hartford, CT 06106 ◊ (860) 240-0200  
<http://www.cga.ct.gov/ofa>

sHB-5283

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

---

## ***OFA Fiscal Note***

### ***State Impact:***

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$	FY 25 \$
Education, Dept.	GF - See Below	Savings of 1.2 million	Savings of 2.5 million	Costs of 237.4 million
Legislative Mgmt.	GF - Cost	68,000	68,000	68,000
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	27,560	27,560	27,560

Note: GF=General Fund

### ***Municipal Impact:***

Municipalities	Effect	FY 23 \$	FY 24 \$	FY 25 \$
All Municipalities	See Below	See Below	See Below	See Below

### ***Explanation***

The bill, which overhauls funding for five major state education grants or programs, is anticipated to result in substantial costs beginning in FY 25. The bill's costs to the Department of Education are estimated to be \$237.4 million in FY 25. Some of the additional state funding essentially replaces town tuition, which the bill largely

---

<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.53% of payroll in FY 23.

eliminates. The bill also results in minor savings to the General Fund in FY 23 and FY 24, due to changes to one grant. An overview of the FY 25 cost impacts by program is provided in the table below.

**sHB 5283 Estimated Impacts to the General Fund in FY 25**

<b>Program</b>	<b>FY 25 Cost (In Millions)</b>	<b>FY 25 Percent Change</b>
ECS	107.9	5%
State charter schools	22.7	18%
RESC Magnets	86.5	66%
BOE Magnets	6.4	5%
Vo Ag <sup>1</sup>	13.9	74%
<b>TOTAL</b>	<b>237.4</b>	<b>9%</b>

1 Costs and increases to program operators may exceed these estimates by amounts that cannot be determined, if the bill's lifting of the Vo Ag out-of-district enrollment cap results in more such students.

The bill additionally provides for annual, inflation-based grant increases to state charter schools and to magnets operated by regional educational service centers (RESCs) and Goodwin University,<sup>2</sup> beginning in FY 26.

The bill has a net positive impact to nearly all school operators in FY 25. The most substantial funding increases are to: (1) state charter schools; (2) towns that are significantly underfunded in the Education Cost Sharing (ECS) grant; and (3) RESC magnets. Savings are experienced by towns that send many students to Vo Ag programs or to magnet schools which currently charge tuition. The bill's impacts vary by program, as described below in the table and text.

Finally, the bill results in an additional cost to the General Fund of approximately \$95,560 annually beginning in FY 23 associated with hiring one nonpartisan analyst within the Office of Legislative

---

<sup>2</sup> The RESCs and Goodwin University are referred to as "RESC magnets" in this fiscal note, for simplicity.

Management. This will maintain the nonpartisan staff's ability to model, upon request, potential changes to the programs affected by the bill. Due to the bill's new grant structures, every request affecting certain ECS components must also consider the impacts to two other grants. This work will be complex and cannot be done within available resources.

**sHB 5283 Estimated Net Impacts to Program  
Operators (Grant Recipients) in FY 25<sup>1</sup>**

<b>Program</b>	<b>FY 25 Est. Positive Net Impact (In Millions)</b>	<b>Number of Operators With Positive Net Impact in FY 25<sup>2</sup></b>
ECS	107.9	99 of 169
State charter schools	22.7	All 20
RESC Magnets	25.7	5 of 6
BOE Magnets	1.7	7 of 11
Vo Ag <sup>3</sup>	1.8	3 of 20
<b>TOTAL</b>	<b>159.8</b>	<b>Not applicable</b>

<sup>1</sup> The table includes the impacts of both the change in the state grant and any tuition savings for operators. (A few BOE magnet and Vo Ag operators currently pay tuition to other operators in the same program.)

<sup>2</sup> Besides ECS, the operators without a positive impact are projected to have no net impact from the bill in FY 25.

<sup>3</sup> Increases to program operators may exceed these estimates by amounts that cannot be determined, if the bill's lifting of the Vo Ag out-of-district enrollment cap results in more such students.

**ECS.** The bill continues the phase-in and phase-out schedule for FY 23 and FY 24 with some adjustments that result in minor savings, and then fully funds the underfunded towns beginning in FY 25 at an estimated cost of \$107.9 million (five percent) above current law.<sup>3,4</sup> These towns receive no further ECS increases after FY 25, under the

---

<sup>3</sup> The bill contains language for FY 25 through FY 27 that makes the grants for some towns incalculable. In order to produce an estimate for this fiscal note, the analysis assumes that when determining whether a town is under- or over-funded, the basis is how full funding compares to the town's grant for the previous fiscal year.

<sup>4</sup> Under current law, the underfunded towns would continue to receive annual increases and reach full funding in FY 28.

bill.<sup>5,6</sup>

**State charter schools.** The bill results in: (1) in FY 24, a cost of approximately \$2.8 million to provide a small additional phase-in to the formula in place for FY 23, and (2) in FY 25, an estimated cost of \$22.7 million (an 18 percent increase) above FY 23 to fully fund the formula. In FY 26 and beyond, annual inflation-based growth is projected to increase costs by approximately \$6.5 million to \$7.9 million (four percent) every year.

**RESC magnets.** The bill is projected to increase state funding to RESC magnets by approximately \$86.5 million (66 percent) in FY 25, when a new funding system is adopted.<sup>7</sup> The bill's FY 25 net revenue increase to the RESCs is approximately \$25.7 million (13 percent); most of the increase in state funding replaces lost town tuition revenue of nearly \$61 million (the aggregate savings to sending towns). In FY 26 through FY 30, costs are anticipated to rise annually by three percent (\$6.8 million to \$8.1 million), due to the net impact of inflation-based increases and formula changes affecting the Sheff region operators. The bill allows RESCs to charge tuition to sending towns if the inflation-based increase is not funded, which may result in aggregate board of education costs of approximately \$9 million in a year.

**BOE magnets.** The bill is estimated to increase state grant funding to BOE interdistrict magnet operators by \$6.4 million (five percent) in FY 25, when a new funding system is adopted.<sup>8</sup> It is projected that seven of the 11 operators will experience net increases, gaining approximately \$1.7 million in additional revenues and tuition savings collectively.<sup>9</sup> The

---

<sup>5</sup> Unless required by changes in a town's student or town data components of the ECS formula.

<sup>6</sup> The bill's phase-out for towns considered overfunded by the formula continues through FY 30, as in current law.

<sup>7</sup> The new funding system for RESC magnets is based on applying the ECS formula's student components to the RESCs' magnet enrollments, with an additional weight (increase) for Sheff-region operators.

<sup>8</sup> The new funding system for BOE magnets is based on the ECS student need levels of the sending towns.

<sup>9</sup> Two of these seven have flat revenue under the bill but also pay a small amount of tuition to other BOE magnet operators, resulting in a marginal positive net impact.

other four operators are projected to have no impact, with revenues equal to what was received on a per-student basis in FY 24 from both state and town tuition sources (due to a hold harmless provision). The bill's tuition elimination results in a savings of nearly \$4.8 million aggregately to the sending towns that do not operate these programs.

**Vo Ag.** The bill is anticipated to result in additional state costs of nearly \$13.9 million (increase of 74 percent) in FY 25, when a new funding system is adopted;<sup>10</sup> however, nearly all the additional funding replaces town tuition revenue that is eliminated by the bill. Three of the 20 Vo Ag operators are anticipated to experience net increases, totaling approximately \$1.8 million in additional revenues and tuition savings. The other 17 are expected to see flat revenue and no impact. The bill's tuition elimination results in a savings of approximately \$12 million to the sending towns that do not operate Vo Ag programs.

The bill's lifting of the cap on out-of-district Vo Ag enrollment, beginning in FY 25, may produce a higher number of such students. If that effect occurs: (1) Vo Ag operators may experience revenue gains under the proposal, and (2) state grant costs will rise. The level of impact depends on any growth in out-of-district Vo Ag students and the student need levels of those students' towns.

### ***The Out Years***

The bill's projected annual costs (compared to current law) in FY 26 through FY 30 range from \$207.6 million (FY 26) to \$164.1 million (FY 29). Costs continue in FY 30 and beyond. The bill's fiscal impact is subject to changes in many factors, including: (1) enrollment; (2) student characteristics; (3) the number of students sent out-of-district from each town to a Vo Ag program and to a BOE magnet; (4) new or closed

---

<sup>10</sup> The new funding system for Vo Ag operators is based on the ECS student need levels of the sending towns.

schools or programs; (5) tuition levels; and (6) inflation.<sup>11</sup>

---

<sup>11</sup> The analysis for this fiscal note relies on: (1) Oct. 2019 student data for the RESC magnet, BOE magnet, and Vo Ag components; and (2) Oct. 2021 student data for the ECS and state charter school components.