

# OFFICE OF FISCAL ANALYSIS

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HB-5283

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

## AMENDMENT

LCO No.: 4748

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### ***OFA Fiscal Note***

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

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$	FY 25 \$
Education, Dept.	GF - Cost	Cost increase of 536,987	Cost increase of 3.3 million	Cost increase of 39.6 million

Note: GF=General Fund

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

Municipalities	Effect	FY 23 \$	FY 24 \$	FY 25 \$
Local and Regional School Districts	See Below	See Below	See Below	See Below

#### ***Explanation***

The amendment's provisions regarding certain major education grants result in: (1) cost increases (over the bill) in FY 23 and FY 24, and (2) an estimated increase of \$39.6 million to the bill's cost in FY 25. The amendment also results in higher costs beyond FY 25, reaching an added cost of approximately \$52.8 million in FY 30.

The amendment results in total costs to the State Department of Education for the proposal in FY 25, the first year when the significant

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changes occur, of approximately \$277 million, as shown in the table below. The proposal's total costs for FY 26 through FY 30 (on an annual basis) range between an estimated \$211.6 million (FY 28) and \$256.2 million (FY 30), with continued costs in the fiscal years beyond.

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

<b>Program</b>	<b>FY 25 Cost (In Millions)</b>
ECS	116.0
State Charter Schools	22.7
RESC Magnets	86.5
BOE Magnets	35.3
Vo Ag	16.4
<b>TOTAL</b>	<b>277.0</b>

The amendment's changes to the grant structure for boards of education that operate magnet schools (BOE magnets) and boards that offer Vo Ag programs result in a net fiscal gain (on a program basis) to these operators. The exact impact of amendment's grant structure depends on the number of in- and out-of-district students and the student need levels of sending towns in FY 25, along with the FY 24 state grant and sending town tuition rates.<sup>1</sup> The amendment does not provide for grant increases to BOE magnets and Vo Ag operators beyond FY 25, as in the underlying bill.

**BOE magnets.** The amendment increases the positive net fiscal impact to BOE magnets (compared to the bill) by approximately \$28.9 million, resulting in a total positive net fiscal impact to them of \$30.6 million. The amendment results in a net positive fiscal impact (specific to this program) for each of the 11 operators. The net positive fiscal impact of the amendment's BOE provisions (compared to the bill) ranges among the BOE operators from under \$50,000 to over \$15.2 million.

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<sup>1</sup> This analysis assumes the FY 22 grant rates and recent tuition rates are unchanged through FY 24.

**Vo Ag programs.** The amendment improves the net fiscal impact of the Vo Ag changes to these operators by approximately \$2.6 million, resulting in a total positive net fiscal impact to them of \$4.4 million. The net fiscal impact of the amendment (compared to the bill) ranges among Vo Ag operators from a loss of approximately (\$5,000) to an increase of \$410,800. The amendment produces a positive fiscal impact from the bill for nearly all Vo Ag operators (19 of 20).

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

**ECS.** The amendment's changes to ECS result in: (1) an FY 23 cost increase, compared to the bill, of approximately \$536,987; (2) an FY 24 cost increase, compared to the bill, of approximately \$3.3 million;<sup>2</sup> (3) when underfunded towns reach full funding in FY 25 (as in the underlying bill), a cost increase over the bill of \$8.1 million; and (4) when ECS full funding is fully implemented for all towns in FY 30 (as in the underlying bill), a cost increase of \$21.3 million over the bill.<sup>3</sup>

**Other changes.** The amendment's adjustments to the bill's new State Department of Education reporting requirements and to the task force created by the bill are not anticipated to result in a fiscal impact. The amendment does not impact the bill's treatment of sending town tuition

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<sup>2</sup> The amendment's FY 24 reduction in ECS savings compared to current law (approximately \$1.96 million) combines with the bill's \$2.84 million FY 24 increase in state charter school grants to produce a net cost of the proposal (compared to current law) of \$881,731 in FY 24.

<sup>3</sup> The ECS cost increases are the net effect of: (1) maintaining the current list of Alliance Districts, which benefits Groton, Norwalk, and Winchester; and (2) not adding the three new Alliance Districts, which has a negative fiscal impact on Plainfield beginning in FY 24. The amendment maintains the current list of Alliance Districts for an additional year, through FY 24, and the analysis assumes this would continue indefinitely into the future.

(largely eliminated).

**New grant structure details.** See the table below for the amendment's revised grant structure for BOE magnets and Vo Ag programs. The amendment does not change the bill's grant structure for state charter schools or magnet schools run by entities other than boards of education.

**BOE Magnet and Vo Ag State Grant Structure Under Amendment<sup>1</sup>**

<b>Type of Operator</b>	<b>In-District Student</b> (Maintains current law)	<b>Out-of-District Student</b>
<b>BOE Magnet</b>		
Non-Sheff Region	\$3,060	Greater of the grant and tuition revenue received in FY 24 (grant revenue of \$7,227 plus tuition ranging from \$0 to \$5,148), or and the sending town's student need-based value (at least \$11,525) <sup>2</sup>
Sheff Region <sup>3</sup>	\$0	Greater of \$13,315 (the grant revenue received in FY 24 as there is no tuition) or the sending town's student need-based value
<b>Vo Ag</b>	\$5,200	<u>Full-time programs:</u> Greater of \$12,023 (FY 24 revenue of \$5,200 grant plus \$6,823 tuition) or the sending town's student need-based value <u>Part-time programs:</u> The sending town's student need-based value (because the FY 24 grant plus tuition is less than that value)

<sup>1</sup> The table and analysis present the current grant and estimated tuition rates. The actual grant structure in FY 25 will reflect the rates in FY 24.

<sup>2</sup> It is projected that the "greater of" language affects only Windham, which has an out-of-district student grant that is the greater of \$12,375 (\$7,227 grant plus \$5,148 tuition) and the sending town's student need-based value. The other non-Sheff towns operating magnets currently have out-of-district per-student revenue of less than \$11,525.

<sup>3</sup> Consists of Hartford, Bloomfield, and East Hartford, except Hartford's Great Path Academy has an in-district student grant of \$10,652 and an out-of-district grant equal to the greater of \$14,117 (grant of \$10,652 plus tuition of \$3,465) and the sending town's student need-based value.

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