

OFFICE OF FISCAL ANALYSIS

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sSB-1

AN ACT CONCERNING TRANSPARENCY IN EDUCATION.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Education, Dept.	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 24 \$	FY 25 \$
Local and Regional School Districts	STATE MANDATE ¹ - Cost	Potential	Potential
Local and Regional School Districts	Revenue Gain	Potential	Potential

Explanation

The bill results in costs to the State Department of Education (SDE) by implementing several new initiatives. The bill also results in potential costs and potential revenue gain to local and regional school districts by making changes to the Alliance District program. These changes are described below.

Sections 1 to 3 result in potential one-time costs to local and regional school districts. The bill requires SDE to develop and local and regional school districts to use a modified uniform chart of accounts when reporting financial information.

¹ State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

To the extent that the modified uniform chart of accounts requires changes in the financial software used by SDE and local and regional districts for tracking and reporting such information, both SDE and districts could incur one-time costs associated with updating their software. If the modified chart of accounts requires a substantial redevelopment of a district's financial system, the costs incurred by the bill could be significant.

Sections 4 and 5 require the State Department of Education to conduct trainings for newly elected members of local and regional boards of education, and requires the newly elected members to attend such training.

Depending on how many newly elected officials receive this training, SDE may incur annual costs anticipated to be less than \$20,000 beginning in FY 24 associated with hiring a consultant to conduct the training.

Section 6 makes a technical change and has no fiscal impact.

Section 7 removes the cap, beginning in FY 24, on the number of Alliance Districts and allows SDE to designate additional Alliance Districts at its discretion. This section also removes the five-year limit on the current Alliance District designations, ensuring that current Alliance Districts retain the designation in future years. The impact of these changes depends on: (1) whether SDE selects additional Alliance Districts and if so, how many; (2) whether those towns are considered overfunded by the ECS formula; and (3) the affected towns' levels of property wealth.

Alliance Districts are held harmless from any reductions in their Education Cost Sharing (ECS) grants that they may otherwise receive formulaically due to overfunding.² They also receive the highest level of

² Eleven of the 36 Alliance Districts are currently affected by the hold harmless provision. In addition to this benefit, Alliance Districts also: (1) receive the ECS funding level that is the highest of the prior year, FY 17, or the formulaic amount, and

reimbursement for certain tax-exempt property through the Tiered PILOT grant, regardless of property wealth. Designation as an Alliance District additionally causes a portion of a town's ECS entitlement to be contingent on SDE approval of a plan regarding how the district will spend the portion.

If SDE selects additional Alliance Districts that are considered overfunded under ECS, or that do not have low levels of property wealth, then the positive impacts to the towns may be significant. Impacts would begin in FY 24 or whenever additional districts are designated. Due to the scope of the ECS and Tiered PILOT grants, any impacts on the formulaic appropriations are expected to be minimal.

The bill also requires Alliance Districts to establish a Family Resource Center (FRC) in each elementary school. The cost, and funding sources, of FRCs varies by district. In Hartford, the cost is approximately \$500,000 in FY 23, and that cost is entirely covered by SDE's Family Resource Center grant to the City.³ In Bristol, the cost is partially covered by a \$200,000 FRC grant, and partially covered by Title I funding and private contributions.

The bill requires Alliance District funds (a portion of the ECS entitlement) to be used for FRCs, which reduces the amount available for academic interventions. Depending on the cost of the FRCs, the amount of other funding a district is able to obtain for its FRCs, and the amount of Alliance District funding a district receives, Alliance District funding may not cover the cost of the FRCs.

Section 8 results in an indeterminate annual cost to SDE to provide grants beginning in FY 24 to two districts designated as Alliance Districts that choose to provide or enhance a pathways to technology early college high school program. The bill does not provide funding for

(2) along with Priority School Districts, receive a minimum state aid percentage of 10% under the ECS formula (compared to 1% for all other towns).

³ \$5.8 million was appropriated to SDE for Family Resource Centers that schools currently operate across the state in FY 23.

these grants, or specify any grant amounts.

Section 9 requires name brand food sold in schools to have the same nutritional value as similar name brand food sold outside of schools. This has no fiscal impact, as it is not anticipated to increase the cost of operating any school meals program.

Section 10 results in costs to SDE estimated to be \$1 million per year from FY 24 to FY 26. The bill establishes a wholesome school meals pilot program for Alliance Districts and requires SDE to provide annual grants of \$150,000 for each of three years (FY 24 through FY 26) to five Alliance Districts for participation in the program. The grants result in an annual cost of \$750,000. There is an additional cost of \$250,000 per year to partner with an organization that can assist with program operations (\$50,000 per participant). As it is anticipated that SDE will partner with an organization that can assist with program operations, it is expected that the department will not require additional personnel to administer the program.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.