



House of Representatives

General Assembly

File No. 494

February Session, 2002

Substitute House Bill No. 5509

House of Representatives, April 15, 2002

The Committee on Appropriations reported through REP. DYSON of the 94th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE EDUCATION COST SHARING GRANT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (9) of section 10-262f of the general statutes,
2 as amended by section 22 of public act 01-173, is repealed and the
3 following is substituted in lieu thereof (*Effective July 1, 2002*):

4 (9) "Foundation" means (A) for the fiscal year ending June 30, 1990,
5 three thousand nine hundred eighteen dollars, (B) for the fiscal year
6 ending June 30, 1991, four thousand one hundred ninety-two dollars,
7 (C) for the fiscal year ending June 30, 1992, four thousand four
8 hundred eighty-six dollars, (D) for the fiscal years ending June 30,
9 1993, June 30, 1994, and June 30, 1995, four thousand eight hundred
10 dollars, (E) for the fiscal years ending June 30, 1996, June 30, 1997, and
11 June 30, 1998, five thousand seven hundred eleven dollars, (F) for the
12 fiscal year ending June 30, 1999, five thousand seven hundred seventy-
13 five dollars, [and] (G) for the fiscal years ending June 30, 2000, to June
14 30, 2003, inclusive, five thousand eight hundred ninety-one dollars,

15 and (H) for the fiscal year ending June 30, 2005, and each fiscal year
16 thereafter, the amount for the prior fiscal year increased by the
17 percentage increase, if any, in the most recent calendar year average in
18 the consumer price index for urban consumers.

19 Sec. 2. Subdivision (6) of subsection (a) of section 10-262h of the
20 general statutes, as amended by section 4 of public act 01-1 of the June
21 special session, is repealed and the following is substituted in lieu
22 thereof (*Effective July 1, 2002*):

23 (6) For the fiscal year ending June 30, 1996, and each fiscal year
24 thereafter, a grant in an amount equal to the amount of its target aid as
25 described in subdivision (32) of section 10-262f, as amended, except
26 that such amount shall be capped in accordance with the following:
27 (A) For the fiscal years ending June 30, 1996, June 30, 1997, June 30,
28 1998, and June 30, 1999, for each town, the maximum percentage
29 increase over its previous year's base revenue shall be the product of
30 five per cent and the ratio of the wealth of the town ranked one
31 hundred fifty-third when all towns are ranked in descending order to
32 each town's wealth, provided no town shall receive an increase greater
33 than five per cent. (B) For the fiscal years ending June 30, 2000, June 30,
34 2001, June 30, 2002, and June 30, 2003, for each town, the maximum
35 percentage increase over its previous year's base revenue shall be the
36 product of six per cent and the ratio of the wealth of the town ranked
37 one hundred fifty-third when all towns are ranked in descending order
38 to each town's wealth, provided no town shall receive an increase
39 greater than six per cent. (C) No such cap shall be used for the fiscal
40 year ending June 30, 2004, or any fiscal year thereafter. (D) For the
41 fiscal year ending June 30, 1996, for each town, the maximum
42 percentage reduction from its previous year's base revenue shall be
43 equal to the product of three per cent and the ratio of each town's
44 wealth to the wealth of the town ranked seventeenth when all towns
45 are ranked in descending order, provided no town's grant shall be
46 reduced by more than three per cent. (E) For the fiscal years ending
47 June 30, 1997, June 30, 1998, and June 30, 1999, for each town, the
48 maximum percentage reduction from its previous year's base revenue

49 shall be equal to the product of five per cent and the ratio of each
50 town's wealth to the wealth of the town ranked seventeenth when all
51 towns are ranked in descending order, provided no town's grant shall
52 be reduced by more than five per cent. (F) For the fiscal year ending
53 June 30, 2000, and each fiscal year thereafter, no town's grant shall be
54 less than the grant it received for the prior fiscal year. (G) In addition
55 to the amount determined pursuant to this subdivision, a town shall be
56 eligible for a density supplement if the density of the town is greater
57 than the average density of all towns in the state. The density
58 supplement shall be determined by multiplying the density aid ratio of
59 the town by the foundation level and the town's total need students for
60 the prior fiscal year provided, for the fiscal year ending June 30, 2000,
61 and each fiscal year thereafter, no town's density supplement shall be
62 less than the density supplement such town received for the prior
63 fiscal year. (H) For the fiscal year ending June 30, 1997, the grant
64 determined in accordance with this subdivision for a town ranked one
65 to forty-two when all towns are ranked in descending order according
66 to town wealth shall be further reduced by one and two-hundredths of
67 a per cent and such grant for all other towns shall be further reduced
68 by fifty-six-hundredths of a per cent. (I) For the fiscal year ending June
69 30, 1998, and each fiscal year thereafter, no town whose school district
70 is a priority school district shall receive a grant pursuant to this
71 subdivision in an amount that is less than the amount received under
72 such grant for the prior fiscal year. (J) For the fiscal year ending June
73 30, 2000, and each fiscal year thereafter, no town whose school district
74 is a priority school district shall receive a grant pursuant to this
75 subdivision that provides an amount of aid per resident student that is
76 less than the amount of aid per resident student provided under the
77 grant received for the prior fiscal year. (K) For the fiscal year ending
78 June 30, 1998, and each fiscal year thereafter, no town whose school
79 district is a priority school district shall receive a grant pursuant to this
80 subdivision in an amount that is less than seventy per cent of the sum
81 of (i) the product of a town's base aid ratio, the foundation level and
82 the town's total need students for the fiscal year prior to the year in
83 which the grant is to be paid, (ii) the product of a town's supplemental

84 aid ratio, the foundation level and the sum of the portion of its total
85 need students count described in subparagraphs (B) and (C) of
86 subdivision (25) of section 10-262f for the fiscal year prior to the fiscal
87 year in which the grant is to be paid, and the adjustments to its
88 resident student count described in subdivision (22) of said section 10-
89 262f relative to length of school year and summer school sessions, and
90 (iii) the town's regional bonus. (L) For the fiscal year ending June 30,
91 2000, and each fiscal year thereafter, no town whose school district is a
92 transitional school district shall receive a grant pursuant to this
93 subdivision in an amount that is less than forty per cent of the sum of
94 (i) the product of a town's base aid ratio, the foundation level and the
95 town's total need students for the fiscal year prior to the fiscal year in
96 which the grant is to be paid, (ii) the product of a town's supplemental
97 aid ratio, the foundation level and the sum of the portion of its total
98 need students count described in subparagraphs (B) and (C) of
99 subdivision (25) of section 10-262f for the fiscal year prior to the fiscal
100 year in which the grant is to be paid, and the adjustments to its
101 resident student count described in subdivision (22) of said section
102 10-262f relative to length of school year and summer school sessions,
103 and (iii) the town's regional bonus. (M) For the fiscal year ending June
104 30, 2002, (i) each town whose target aid is capped pursuant to this
105 subdivision shall receive a grant that includes a pro rata share of
106 twenty-five million dollars based on the difference between its target
107 aid and the amount of the grant determined with the cap, and (ii) all
108 towns shall receive a grant that is at least 1.68 per cent greater than the
109 grant they received for the fiscal year ending June 30, 2001. (N) For the
110 fiscal year ending June 30, 2003, [(i)] each town whose target aid is
111 capped pursuant to this subdivision shall receive a pro rata share of
112 fifty million dollars based on the difference between its target aid and
113 the amount of the grant determined with the cap. [, and (ii) each town
114 shall receive a grant that is at least 1.2 per cent more than its base
115 revenue, as defined in subdivision (28) of section 10-262f.] (O) For the
116 fiscal years ending June 30, 2003, and June 30, 2004, each town shall
117 receive a grant that is at least equal to the grant it received for the prior
118 fiscal year and towns that rank from (i) thirty-four to one hundred

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Fund-Type	Agency Affected	FY 03 \$	FY 04 \$
GF - Cost	Department of Education	9.6 million	See Below

Note: GF=General Fund

Municipal Impact:

Effect	Municipalities	FY 03 \$	FY 04 \$
Revenue Gain	All Municipalities	9.6 million	See Below

Explanation

This bill results in a state cost (municipal revenue gain) of \$9.6 million in FY 03 as it provides for ECS minimum grant increases of 2.5% for the poorest 34 towns, 1.25% for the next 102 communities ranked by wealth and a guarantee of no less than a town received in the previous year for the wealthiest 33 towns.

The same guarantee is in place for FY 04 however since there is no foundation in place for FY 04 a fiscal impact cannot be determined. If the foundation were again to be set at its present \$5,891 a state cost (municipal revenue gain) of approximately \$12.0 million would occur.

Finally the bill results in a future state cost (municipal revenue gain) of approximately \$40 million in FY 05 and escalating in the years following as it sets in place a yearly change in the foundation based on the consumer price index. Without a yearly escalation in the foundation and barring any other formula changes any increase in ECS aid to towns would occur mainly only if the number of students in a town increased.

OLR Bill Analysis

sHB 5509

AN ACT CONCERNING THE EDUCATION COST SHARING GRANT**SUMMARY:**

This bill increases minimum Education Cost Sharing (ECS) grants for all towns for FY 2002-03 and establishes minimum grant increases for FY 2003-04. It also establishes a mechanism for adjusting the ECS foundation level annually starting in FY 2004-05.

EFFECTIVE DATE: July 1, 2002

ECS GRANTS FOR THE NEXT TWO YEARS***All Towns***

For next year (FY 2002-03), each town is currently scheduled to receive a minimum ECS grant of 1.2% more than its FY 2000-01 grant, excluding density supplements. Because the base on which next year's grant is figured will be two years old, current law results in smaller grants for some towns next year than they received this year.

Instead, for FYs 2002-03 and 2003-04, this bill requires:

1. every town to receive at least as much as it received the year before,
2. towns ranked from 34 to 135 in wealth to receive a minimum increase of 1.25% over their prior year's grant, and
3. the poorest towns (those ranked 136 to 169) to receive minimum grant increases of 2.5% over their prior year's grant.

Capped Towns

The bill keeps the current requirement that each town subject to the ECS cap receive a proportional share of \$50 million for FY 2002-03. Each town's share is based on the difference between its capped grant and what its grant, excluding any density supplement, would be without the cap ("target aid").

The ECS cap limits towns' annual ECS grant increases to a maximum of 6% or less, according to town wealth. By law, the cap is slated for elimination on June 30, 2003.

INDEXING THE ECS FOUNDATION

Starting with FY 2004-05, the bill requires the ECS formula's foundation level to be increased annually by the same percentage as the increase, if any, in the Consumer Price Index. Under current law, the ECS foundation is set by statute at \$5,891 per pupil through the end of FY 2002-03. Neither the current law nor the bill specifies a foundation amount for FY 2003-04.

COMMITTEE ACTION

Education Committee

Joint Favorable Change of Reference
Yea 31 Nay 0

Appropriations Committee

Joint Favorable Substitute
Yea 50 Nay 0