



Senate

General Assembly

File No. 3

January Session, 2003

Senate Resolution No. 10

Senate, February 13, 2003

The Committee on Education reported through SEN. GAFFEY of the 13th Dist., Chairperson of the Committee on the part of the Senate, that the resolution ought to be adopted.

RESOLUTION APPROVING THE STIPULATED SETTLEMENT AGREEMENT IN MILO SHEFF, ET AL. V. WILLIAM A. O'NEILL, ET AL.

Resolved by the Senate:

1 That the provisions of the stipulated settlement agreement in the
2 action Milo Sheff, et al. v. William A. O'Neill, et al., Superior Court,
3 Complex Litigation Docket at New Britain, No. X03-89-0492119S, dated
4 January 22, 2003, requiring expenditure from the General Fund budget
5 in excess of two million five hundred thousand dollars and submitted
6 by the Attorney General to this Assembly for approval in accordance
7 with section 3-125a of the general statutes, are approved.

JUD *Senate Favorable C/R* ED

ED *Senate Favorable*

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 04 \$	FY 05 \$	FY 06 \$	FY 07 \$
GF - Cost	Education, Dept.	4.5m	9.0m	13.5m	18.1m
Bond Funds - Cost	Education, Dept.	4.5m	4.5m	4.5m	76.0m
GF - None	Adjudicated Claims Account	None	None	None	None

Note: GF=General Fund

Municipal Impact:

Effect	Municipalities	FY 04 \$	FY 05 \$	FY 06 \$	FY 07 \$
Revenue Gain	Various Municipalities	9.0m	13.5m	17.5m	94.1m

Explanation

The stipulated agreement is estimated to cost \$134.6 million over the period 2003-04 to 2006-07. The costs include \$45.1 million in estimated operating costs and \$89.5 million in estimated school construction costs.

The agreement calls for eight new magnet schools over a four-year period beginning in 2003-04 and ending in 2006-07. The agreement does not specify that the eight schools must be new construction therefore the renovation of existing schools or other buildings could occur. It is assumed that the specified time period would necessitate that much of the construction be renovation rather than new construction. Additionally the city of Hartford already has a long-term school construction plan that would likely include the renovation and construction of facilities for which the state would already provide approximately 80% of the funding.

It is likely that the first six projects will be renovations and that Hartford would have been planning to do these renovations regardless of the stipulated agreement. Therefore based on a renovation cost of \$15,000,000 and a reimbursement differential of 15% (95% versus 80%) the first six magnet schools will cost the state \$13,500,000. This assumes that the renovations along with excess capacity at existing Hartford schools could effectively absorb the influx of students from out-of-district and any current Hartford students displaced by the out-of-district students. Should this not be the case state costs could eventually be higher due to construction costs necessitated in other Hartford schools.

The final two magnet schools to be provided in 2006-07 could be either renovations or totally new construction. Assuming the higher cost option of new construction and that Hartford had not planned on these building already the state cost could be as high as \$76,000,000 (95% of \$80,000,000 for two schools).

Therefore the total state cost of construction is estimated to be as high as \$89,500,000.

The estimated non-construction costs of approximately \$45,100,000 includes \$31.8 million for magnet operating costs; \$10.8 million in costs for the OPEN choice program; \$2.5 million in costs for the Interdistrict Cooperative grant program and \$30,000 for the fees of the plaintiffs' experts. These costs assume that the goals of student participation are met and that payments are made at maximum grant levels. If the goals are not met the costs could be less than the stated \$45,100,000.

There are no attorneys' fees and costs, or costs for court-appointed monitors resulting from the stipulated agreement between Milo Sheff et al and the State of Connecticut. The stipulated agreement, which constitutes, "the sole and complete agreement between the parties," contains no provisions concerning payment to the plaintiffs for

attorneys' fees and costs.¹ Moreover, the plaintiffs are not seeking recovery of attorneys' fees and costs. The agreement requires the State Department of Education, rather than a third party, to monitor implementation of the plan contained therein. Consequently, there are no additional costs to be borne by the state's adjudicated claims account as a result of the stipulated agreement.²

Finally with regard to the state spending cap expenditures for the implementation of federal mandates or court orders are not to be considered general budget expenditures for the first fiscal year in which such expenditures are authorized, but shall be considered as expenditures in the ensuing fiscal years. There is no exemption for bonding costs related to court orders therefore the construction costs would count against the bond cap.

¹ In contrast, the recent settlement between P.J. et al and the State of Connecticut Board of Education, et al, specifically enumerated a one-time payment of \$675,000 in attorneys' fees and costs.

² This account pays for on-going costs related to court-appointed monitors, which can range from \$50,000 to \$500,000 annually depending upon the scope of monitoring required, and attorneys' fees and costs. The Adjudicated Claims account is a non-appropriated, General Fund account. Payments from it would reduce a surplus or increase a deficit in the General Fund.

OLR Bill Analysis

SR-10

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SUMMARY:

The Office of Legislative Research does not analyze resolutions.

COMMITTEE ACTION

Judiciary Committee

Senate Favorable Change of Reference

Yea 6 Nay 1

Education Committee

Senate Favorable Report

Yea 4 Nay 2