



# Senate

General Assembly

**File No. 549**

*February Session, 2004*

Substitute Senate Bill No. 346

*Senate, April 13, 2004*

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## **AN ACT CONCERNING EDUCATION COST SHARING GRANTS.**

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 24 of public act 03-6 of the June 30 special  
3 session, is repealed and the following is substituted in lieu thereof  
4 (*Effective July 1, 2004*):

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

14 five dollars, [and] (G) for the fiscal years ending June 30, 2000, to June  
15 30, [2005] 2004, inclusive, five thousand eight hundred ninety-one  
16 dollars, (H) for the fiscal years ending June 30, 2005, and June 30, 2006,  
17 six thousand ninety dollars, and (I) for the 2007-2008 biennium, and  
18 each biennium thereafter, the amount for the first year of the biennium  
19 shall be the amount for the prior fiscal year increased by (i)  
20 multiplying the amount for the prior fiscal year by the percentage  
21 increase, if any, in the consumer price index for urban consumers for  
22 the calendar year average that commenced thirty months prior to the  
23 beginning of the first fiscal year of the biennium, and (ii) by increasing  
24 the amount obtained pursuant to subclause (i) of this subparagraph by  
25 the percentage increase, if any, in the consumer price index for urban  
26 consumers for the calendar year average that commenced eighteen  
27 months prior to the beginning of the first fiscal year of the biennium,  
28 the amount for the second year of the biennium shall be the same as  
29 the amount for the first year of the biennium.

30 Sec. 2. Subdivision (6) of subsection (a) of section 10-262h of the  
31 general statutes, as amended by section 23 of public act 03-6 of the June  
32 30 special session, is repealed and the following is substituted in lieu  
33 thereof (*Effective July 1, 2004*):

34 (6) For the fiscal year ending June 30, 1996, and each fiscal year  
35 thereafter, a grant in an amount equal to the amount of its target aid as  
36 described in subdivision (32) of section 10-262f, as amended, except  
37 that such amount shall be capped in accordance with the following:  
38 (A) For the fiscal years ending June 30, 1996, June 30, 1997, June 30,  
39 1998, and June 30, 1999, for each town, the maximum percentage  
40 increase over its previous year's base revenue shall be the product of  
41 five per cent and the ratio of the wealth of the town ranked one  
42 hundred fifty-third when all towns are ranked in descending order to  
43 each town's wealth, provided no town shall receive an increase greater  
44 than five per cent. (B) For the fiscal years ending June 30, 2000, [June  
45 30, 2001, June 30, 2002, June 30, 2003, June 30, 2004, and June 30, 2005]  
46 to June 30, 2004, inclusive, for each town, the maximum percentage  
47 increase over its previous year's base revenue shall be the product of

48 six per cent and the ratio of the wealth of the town ranked one  
49 hundred fifty-third when all towns are ranked in descending order to  
50 each town's wealth, provided no town shall receive an increase greater  
51 than six per cent. (C) No such cap shall be used for the fiscal year  
52 ending June 30, [2006] 2005, or any fiscal year thereafter. (D) For the  
53 fiscal year ending June 30, 1996, for each town, the maximum  
54 percentage reduction from its previous year's base revenue shall be  
55 equal to the product of three per cent and the ratio of each town's  
56 wealth to the wealth of the town ranked seventeenth when all towns  
57 are ranked in descending order, provided no town's grant shall be  
58 reduced by more than three per cent. (E) For the fiscal years ending  
59 June 30, 1997, June 30, 1998, and June 30, 1999, for each town, the  
60 maximum percentage reduction from its previous year's base revenue  
61 shall be equal to the product of five per cent and the ratio of each  
62 town's wealth to the wealth of the town ranked seventeenth when all  
63 towns are ranked in descending order, provided no town's grant shall  
64 be reduced by more than five per cent. (F) For the fiscal year ending  
65 June 30, 2000, and each fiscal year thereafter, no town's grant shall be  
66 less than the grant it received for the prior fiscal year. (G) For each  
67 fiscal year, [through] except for the fiscal year ending June 30, 2003, in  
68 addition to the amount determined pursuant to this subdivision, a  
69 town shall be eligible for a density supplement if the density of the  
70 town is greater than the average density of all towns in the state. The  
71 density supplement shall be determined by multiplying the density aid  
72 ratio of the town by the foundation level and the town's total need  
73 students for the prior fiscal year provided, for the fiscal year ending  
74 June 30, 2000, and each fiscal year thereafter, no town's density  
75 supplement shall be less than the density supplement such town  
76 received for the prior fiscal year. (H) For the fiscal year ending June 30,  
77 1997, the grant determined in accordance with this subdivision for a  
78 town ranked one to forty-two when all towns are ranked in  
79 descending order according to town wealth shall be further reduced by  
80 one and two-hundredths of a per cent and such grant for all other  
81 towns shall be further reduced by fifty-six-hundredths of a per cent. (I)  
82 For the fiscal year ending June 30, 1998, and each fiscal year thereafter,

83 no town whose school district is a priority school district shall receive a  
84 grant pursuant to this subdivision in an amount that is less than the  
85 amount received under such grant for the prior fiscal year. (J) For the  
86 fiscal year ending June 30, 2000, and each fiscal year through the fiscal  
87 year ending June 30, 2003, no town whose school district is a priority  
88 school district shall receive a grant pursuant to this subdivision that  
89 provides an amount of aid per resident student that is less than the  
90 amount of aid per resident student provided under the grant received  
91 for the prior fiscal year. (K) For the fiscal year ending June 30, 1998,  
92 and each fiscal year thereafter, no town whose school district is a  
93 priority school district shall receive a grant pursuant to this  
94 subdivision in an amount that is less than seventy per cent of the sum  
95 of (i) the product of a town's base aid ratio, the foundation level and  
96 the town's total need students for the fiscal year prior to the year in  
97 which the grant is to be paid, (ii) the product of a town's supplemental  
98 aid ratio, the foundation level and the sum of the portion of its total  
99 need students count described in subparagraphs (B) and (C) of  
100 subdivision (25) of section 10-262f, as amended, for the fiscal year prior  
101 to the fiscal year in which the grant is to be paid, and the adjustments  
102 to its resident student count described in subdivision (22) of said  
103 section 10-262f, as amended, relative to length of school year and  
104 summer school sessions, and (iii) the town's regional bonus. (L) For the  
105 fiscal year ending June 30, 2000, and each fiscal year thereafter, no  
106 town whose school district is a transitional school district shall receive  
107 a grant pursuant to this subdivision in an amount that is less than forty  
108 per cent of the sum of (i) the product of a town's base aid ratio, the  
109 foundation level and the town's total need students for the fiscal year  
110 prior to the fiscal year in which the grant is to be paid, (ii) the product  
111 of a town's supplemental aid ratio, the foundation level and the sum of  
112 the portion of its total need students count described in subparagraphs  
113 (B) and (C) of subdivision (25) of section 10-262f, as amended, for the  
114 fiscal year prior to the fiscal year in which the grant is to be paid, and  
115 the adjustments to its resident student count described in subdivision  
116 (22) of said section 10-262f, as amended, relative to length of school  
117 year and summer school sessions, and (iii) the town's regional bonus.

118 (M) For the fiscal year ending June 30, 2002, (i) each town whose target  
119 aid is capped pursuant to this subdivision shall receive a grant that  
120 includes a pro rata share of twenty-five million dollars based on the  
121 difference between its target aid and the amount of the grant  
122 determined with the cap, and (ii) all towns shall receive a grant that is  
123 at least 1.68 per cent greater than the grant they received for the fiscal  
124 year ending June 30, 2001. (N) For the fiscal year ending June 30, 2003,  
125 (i) each town whose target aid is capped pursuant to this subdivision  
126 shall receive a pro rata share of fifty million dollars based on the  
127 difference between its target aid and the amount of the grant  
128 determined with the cap, and (ii) each town shall receive a grant that is  
129 at least 1.2 per cent more than its base revenue, as defined in  
130 subdivision (28) of section 10-262f, as amended. (O) For the fiscal year  
131 ending June 30, 2003, each town shall receive a grant that is at least  
132 equal to the grant it received for the prior fiscal year. (P) For the fiscal  
133 year ending June 30, 2004, (i) each town whose target aid is capped  
134 pursuant to this subdivision shall receive a grant that includes a pro  
135 rata share of fifty million dollars based on the difference between its  
136 target aid and the amount of the grant determined with the cap, (ii)  
137 each town's grant including the cap supplement shall be reduced by  
138 three per cent, (iii) the towns of Bridgeport, Hartford and New Haven  
139 shall each receive a grant that is equal to the grant such towns received  
140 for the prior fiscal year plus one million dollars, (iv) those towns  
141 described in clause (i) of this subparagraph shall receive a grant that  
142 includes a pro rata share of three million dollars based on the same pro  
143 rata basis as used in said clause (i), (v) towns whose school districts are  
144 priority school districts pursuant to subsection (a) of section 10-266p<sub>2</sub>,  
145 as amended, or transitional school districts pursuant to section 10-263c  
146 or who are eligible for grants under section 10-276a or 10-263d for the  
147 fiscal years ending June 30, 2002, to June 30, 2004, inclusive shall  
148 receive grants that are at least equal to the grants they received for the  
149 prior fiscal year, (vi) towns not receiving funds under clause (iii) of this  
150 subparagraph shall receive a pro rata share of any remaining funds  
151 based on their grant determined under this subparagraph. (Q) For the  
152 fiscal year ending June 30, 2005, each town shall receive a grant that is



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:**

Agency Affected	Fund-Effect	FY 05	FY 06
Education, Dept.	GF - Cost	\$170.0 million	\$185.0 million

Note: GF=General Fund

**Municipal Impact:**

Municipalities	Effect	FY 05	FY 06
All Municipalities	Revenue Gain	\$170.0 million	\$185.0 million

**Explanation**

This bill results in a cost to the state in FY 05 of approximately \$170.0 million. This cost would increase by an additional \$15.0 million in FY 06 and in the immediate following fiscal years would increase by approximately \$45.0 million per year. This increased state cost would in turn be a revenue gain to most municipalities in FY 05 and FY 06 and over time would result in increased revenue to all municipalities.

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**OLR Bill Analysis**

sSB 346

**AN ACT CONCERNING EDUCATION COST SHARING GRANTS****SUMMARY:**

This bill makes several changes in the Education Cost Sharing (ECS) formula for distributing state education aid to towns. It:

1. increases the foundation from \$5,891 to \$6,090 per student for FYs 2004-05 and 2005-06;
2. indexes the foundation for inflation every two years starting with the 2007-08 biennium;
3. eliminates the cap on annual grant increases one year early, as of July 1, 2004 instead of July 1, 2005;
4. restores the density supplement for towns with population densities greater than the state average; and
5. requires every town to receive an FY 2004-05 grant that is at least equal to its FY 2003-04 grant.

EFFECTIVE DATE: July 1, 2004

**ECS FOUNDATION*****Increased Amount***

In the ECS formula, the foundation is the level of per-student spending state aid helps towns achieve. When the ECS formula was first enacted, the foundation was set at the regular per-student education expenditures, weighted for educational need, in the town where the 80<sup>th</sup> percentile student lived. (The 80<sup>th</sup> percentile student was determined by ranking all towns by their average per-pupil expenditures for the last three years.) The General Assembly later established a statutory amount. The statutory foundation is currently set at \$5,891 per student through the end of FY 2004-05. This bill increases it to \$6,090 per student for FYs 2004-05 and 2005-06.

***Inflation Adjustment***

The bill indexes the ECS foundation amount for inflation for each

biennium starting in 2007-2008. It does so by, on July 1 of each biennium's first fiscal year, multiplying the foundation for the previous fiscal year by the average percentage increase in the Consumer Price Index (CPI) in the first of the preceding two calendar years, and then multiplying the result by the average CPI increase in the immediately preceding calendar year.

Thus, for example, to determine the foundation for the 2007-2008 biennium, the \$6,090 foundation applicable to FY 2005-06 would be multiplied by the average percentage increase in the CPI for the 2005 calendar year and the resulting amount would then be multiplied by the average percentage CPI increase for calendar 2006.

Under the bill, the inflation adjustment is calculated at the beginning of the biennium's first year and the adjusted foundation amount remains the same for the entire two years.

### **ECS CAP**

After each district's ECS grant is calculated according to the formula, current law limits annual aid increases to 6%. This limit is called a "cap." Actual caps can be less than 6% because they are calculated based on wealth. If a town's wealth is at or below that of the town ranked 153<sup>rd</sup> when all 169 towns are ranked from highest to lowest wealth, it has the highest cap (+6%). All towns ranked as wealthier than the 153<sup>rd</sup> town have caps lower than 6%.

The ECS cap is currently slated to expire on July 1, 2005. This bill moves the expiration date up to July 1, 2004.

### **DENSITY SUPPLEMENT**

The ECS formula formerly gave additional money to towns with population densities higher than the state average. The density supplement was not subject to the ECS cap and no town's density supplement could fall below the level it received in the prior year. The supplement was eliminated as of July 1, 2003, but this bill restores it for FY 2003-04 and thereafter.

### **COMMITTEE ACTION**

Education Committee

Joint Favorable Substitute Change of Reference  
Yea 17 Nay 11

Finance, Revenue and Bonding Committee

Joint Favorable Substitute  
Yea 28 Nay 16