



Senate

General Assembly

File No. 716

January Session, 2005

Substitute Senate Bill No. 1314

Senate, May 5, 2005

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 CONSTRUCTION GRANTS FOR CHARTER SCHOOLS AND A STUDY CONCERNING THE LONG-TERM CAPITAL NEEDS OF STATE CHARTER SCHOOLS.

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

1 Section 1. Section 10-66hh of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2005*):

3 (a) For the fiscal years ending [June 30, 2002, June 30, 2003, and June
4 30, 2004] June 30, 2006, and June 30, 2007, the Commissioner of
5 Education shall establish, within available [appropriations and] bond
6 authorizations, a grant program to assist state charter schools in
7 financing (1) school building projects, as defined in section 10-282, (2)
8 general improvements to school buildings, as defined in subsection (a)
9 of section 10-265h, and (3) repayment of debt incurred prior to July 1,
10 2005, for [prior] school building projects. [Eligibility for such grants
11 shall be limited to state charter schools whose charters were renewed
12 in the fiscal years ending June 30, 2001, June 30, 2002, and June 30,

13 2003, pursuant to subsection (g) of section 10-66bb.] The governing
14 authorities of such state charter schools may apply for such grants to
15 the Department of Education at such time and in such manner as the
16 commissioner prescribes. [Each state charter school may receive no
17 more than one grant under this section and no grant under this section
18 shall exceed five hundred thousand dollars.]

19 (b) (1) The Commissioner of Education shall establish an annual
20 grant program to assist state charter schools in financing school
21 building projects, as defined in section 10-282. The commissioner shall
22 award no more than one such grant per year. The governing
23 authorities of a state charter school may apply for such grants to the
24 Department of Education at such time and in such manner as the
25 commissioner prescribes. Eligibility for such grant shall be determined
26 by the commissioner who shall consider (A) the condition of each
27 applicant school's current facilities and the applicant's justification for
28 the project, (B) the financial capability of each applicant school and the
29 applicant's plan for raising the local share of the project cost, (C) the
30 applicant school's success in improving student achievement, and (D)
31 whether the applicant school has a high proportion of students (i)
32 eligible for free or reduced price lunches, or (ii) from non-English-
33 speaking homes. The reimbursement rate under this subsection shall
34 be the same rate as the town in which the state charter school is located
35 receives pursuant to section 10-285a.

36 (2) If a state charter school that received a grant pursuant to
37 subdivision (1) of this subsection ceases to be used as a state charter
38 school facility and the grant was provided for the purchase or
39 construction of the facility, the commissioner shall determine whether
40 title to the building and any legal interest in appurtenant land shall
41 revert to the state.

42 Sec. 2. (Effective July 1, 2005) (a) For the purposes described in
43 subsection (b) of this section, the State Bond Commission shall have
44 the power, from time to time, to authorize the issuance of bonds of the
45 state in one or more series and in principal amounts not exceeding in

46 the aggregate ten million dollars, provided five million dollars of said
47 authorization shall be effective July 1, 2005.

48 (b) The proceeds of the sale of said bonds, to the extent of the
49 amount stated in subsection (a) of this section, shall be used by the
50 Department of Education for the purpose of grants pursuant to
51 subsection (a) of section 10-66hh of the general statutes, as amended by
52 this act.

53 (c) All provisions of section 3-20 of the general statutes, or the
54 exercise of any right or power granted thereby, which are not
55 inconsistent with the provisions of this section are hereby adopted and
56 shall apply to all bonds authorized by the State Bond Commission
57 pursuant to this section, and temporary notes in anticipation of the
58 money to be derived from the sale of any such bonds so authorized
59 may be issued in accordance with said section 3-20 and from time to
60 time renewed. Such bonds shall mature at such time or times not
61 exceeding twenty years from their respective dates as may be provided
62 in or pursuant to the resolution or resolutions of the State Bond
63 Commission authorizing such bonds. None of said bonds shall be
64 authorized except upon a finding by the State Bond Commission that
65 there has been filed with it a request for such authorization which is
66 signed by or on behalf of the Secretary of the Office of Policy and
67 Management and states such terms and conditions as said commission,
68 in its discretion, may require. Said bonds issued pursuant to this
69 section shall be general obligations of the state and the full faith and
70 credit of the state of Connecticut are pledged for the payment of the
71 principal of and interest on said bonds as the same become due, and
72 accordingly and as part of the contract of the state with the holders of
73 said bonds, appropriation of all amounts necessary for punctual
74 payment of such principal and interest is hereby made, and the State
75 Treasurer shall pay such principal and interest as the same become
76 due.

77 Sec. 3. (*Effective from passage*) (a) There is established a commission
78 to study the long-term capital needs of state charter schools. Such

79 study shall include, but not be limited to, an examination of the
80 process for funding capital needs of state charter schools and the
81 overall capital needs of all public schools.

82 (b) The commission shall consist of the following members:

83 (1) One appointed by the speaker of the House of Representatives,
84 who shall be a representative of a regional education service center;

85 (2) One appointed by the president pro tempore of the Senate, who
86 shall be a representative of a state charter school;

87 (3) One appointed by the majority leader of the House of
88 Representatives, who shall be a representative of a union that
89 represents teachers certified by the State Board of Education;

90 (4) One appointed by the majority leader of the Senate, who shall be
91 a parent of a student of a state charter school;

92 (5) One appointed by the minority leader of the House of
93 Representatives, who shall be a representative of the Connecticut
94 Association of School Business Officers;

95 (6) One appointed by the minority leader of the Senate, who shall be
96 a school superintendent;

97 (7) The Commissioner of Education, or the commissioner's designee;

98 (8) The chairpersons of the joint standing committees of the General
99 Assembly having cognizance of matters relating to education and
100 finance, or their designees;

101 (9) The ranking members of the joint standing committees of the
102 General Assembly having cognizance of matters relating to education
103 and finance, or their designees; and

104 (10) The Secretary of the Office of Policy and Management, or the
105 secretary's designee.

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 06 \$	FY 07 \$
Education, Dept.	GF - Cost	See Below	See Below
Policy & Mgmt., Off.	GF - None	None	None
Legislative Mgmt.	GF - Cost	Minimal	None

Note: GF=General Fund

Municipal Impact: None

Explanation

Section 1(a) of the bill results in a state cost of approximately \$15.3 million including principal and interest by authorizing \$10 million over two years for grants to charter schools.

Section 1(b) of the bill results in a potential significant cost to the state, as it would allow one charter school per year to receive a school construction grant at the same cost-sharing rate as the district it is located in. Any cost would be dependent upon the size and scope of the projects approved by the Commissioner of Education.

Section 3 of the bill establishes a commission to study the long-term capital needs of state charter schools and appoints the Commissioner of Education, and the Secretary of the Office of Policy and Management or their designees, which results in no fiscal impact. Additionally, the bill appoints the chairs and ranking members of the committees on Education and Finance, Revenue and Bonding. Legislative Management will incur minimal costs for legislator mileage reimbursement, which is currently 40.5 cents per mile.

OLR Bill Analysis

sSB 1314

AN ACT CONCERNING CONSTRUCTION GRANTS FOR CHARTER SCHOOLS AND A STUDY CONCERNING THE LONG-TERM CAPITAL NEEDS OF STATE CHARTER SCHOOLS**SUMMARY:**

The bill establishes two grant programs for state charter school capital projects. It requires state charter schools to apply to the State Department of Education (SDE) for the grants when and how the education commissioner prescribes. It authorizes \$10 million in bonding to fund one of the grants.

The bill also establishes a task force to study the long-term capital needs of charter and other public schools, and the process for funding charter schools' capital needs. The commission must report to the Education and Finance, Revenue and Bonding committees by January 1, 2006.

EFFECTIVE DATE: July 1, 2005, except for the study, which is effective on passage.

GRANT PROGRAMS***Facility, General Improvement, and Debt Repayment Grant***

The bill authorizes a total of \$10 million in bonding, \$5 million of which is effective for FY 06, for grants to state charter schools to assist them with capital costs. For FYs 06 and 07, the bill requires SDE to provide grants, within available bond authorizations, to help charter schools:

1. renovate, build, buy, extend, replace, or carry out major alterations in their facilities;
2. (a) replace windows, doors, boilers and other heating and ventilation system components, internal communication systems, lockers, and ceilings, (b) upgrade restrooms; (c)

replace and upgrade lighting, or (d) install security equipment; or

3. repay debt incurred before July 1, 2005 for prior school building projects.

The program is similar to a charter school capital grant program that operated for FYs 02 through 04. But the bill's program has the following differences from the former one:

1. It must be operated only with available bonding and not also with appropriations.
2. It is not limited only to schools whose charters have been renewed.
3. It does not limit either the number or size of grants to a single school. The former program limited each school to one grant of no more than \$500,000.

School Construction Grant

The bill requires the education commissioner to establish a grant program to reimburse one state charter school per year for a share of its eligible costs for a school building project like those eligible for state school construction grants when undertaken by school districts. The percentage reimbursement for such a charter school project is the same as the state school construction grant reimbursement rate applicable to projects undertaken by the school district where the charter school is located. (The state reimburses school districts for from 20% to 80% of the eligible costs of school construction projects, depending on the district's wealth.)

The bill requires the education commissioner to determine eligibility for the grant. She must consider:

1. the condition of the school's current facilities and its justification for the project;
2. the school's financial capability and its plan for raising the local share of the project cost;

3. the school's success in attracting students;
4. the school's success in improving student achievement; and
5. whether the school has a high proportion of students eligible for free or reduced-price lunches or who are from non-English speaking homes.

If a state charter school facility is either built or purchased with this state grant and later ceases to be used as a charter school, the bill requires the education commissioner to decide whether the facility's title reverts to the state.

STUDY

The bill establishes a 16-member task force to study state charter schools' long-term capital needs, including the funding process for those needs, and the overall capital needs of all public schools. The task force consists of the chairmen and ranking members of the Education and Finance, Revenue and Bonding committees or their designees, the education commissioner and the Office of Policy and Management secretary or their designees, and six members appointed by the legislative leaders and representing various groups as shown in Table 1.

TABLE 1: LEGISLATIVE LEADERS' TASK FORCE APPOINTMENTS

Number	Appointing Authority	Member Represents
1	House speaker	Regional education service center
1	Senate president pro tempore	State charter school
1	House majority leader	Teachers' union
1	Senate majority leader	Parent of state charter school student
1	House minority leader	Connecticut Association of School Business Officers
1	Senate minority leader	School superintendent

Legislative leaders must make their appointments within 30 days after passage. Appointing authorities fill any vacancies. The Education Committee chairmen are the task force chairmen and must call the first meeting within 60 days after passage. The task force must report by January 1, 2006 and terminates either on that date or its report date, whichever occurs first.

BACKGROUND

State Charter Schools

Charter schools are public schools established under charters (authorizations) issued by the State Board of Education. Charters must be renewed every five years. Schools operate independently of local and regional school boards. They must be nonsectarian and organized as nonprofit corporations. They are state-funded and open to all students unless their charters limit the geographic area from which students may attend. There are currently 14 state charter schools operating in Connecticut.

COMMITTEE ACTION

Education Committee

Joint Favorable Substitute Change of Reference
Yea 24 Nay 0

Finance, Revenue and Bonding Committee

Joint Favorable Substitute
Yea 46 Nay 0