



House of Representatives

General Assembly

File No. 737

February Session, 2008

House Resolution No. 16

House of Representatives, April 28, 2008

The House Committee on Education reported through REP. FLEISCHMANN of the 18th Dist., Chairperson of the Committee on the part of the House, that the resolution ought to be adopted.

RESOLUTION APPROVING THE SETTLEMENT AGREEMENT IN SHEFF V. O'NEILL.

Resolved by this House:

- 1 That the provisions of the settlement agreement dated April 4, 2008,
- 2 in the action Sheff v. O'Neill, Superior Court Complex Litigation
- 3 Docket at Hartford, HHD-X07-CV89-4026240-S, requiring an
- 4 expenditure from the General Fund budget in excess of two million
- 5 five hundred thousand dollars and submitted by the Attorney General
- 6 to this Assembly for approval in accordance with section 3-125a of the
- 7 general statutes, are approved.

ED *House 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 chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 09 \$	FY 10 \$
Education, Dept.	GF/Bond Funds - Cost	See Below	Significant

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 09 \$	FY 10 \$
Various Municipalities	See Below	See Below	See Below

Explanation

Phase II of the Sheff v. O'Neill agreement covers a five-year period, school years 2008-09 through 2012-13. It is estimated that over the five-year period the agreement could result in operating costs up to \$125.0 million (\$9.9 million in FY 09, \$18.6 million in FY 10 and another \$96.5 million over the remaining three years). The bulk of these costs are associated with the state's magnet school operating subsidy. Additionally, the agreement could result in construction costs to the state of approximately \$483.0 million including debt service over a twenty year period (\$316.5 million in principal and \$166.1 million in interest).

It is assumed that 700 new students will be participating in the OPEN Choice program over the next two years. The current program has a waiting list of 200 students. Receiving districts in the OPEN Choice program currently receive \$2,500 per student therefore any new students that receiving districts accommodate will result in a local revenue gain. Additionally the student counts for OPEN Choice students are split between receiving and sending districts which may impact the ECS grants of such districts but are not anticipated to impact overall ECS aid.

Already planned magnet schools will result in new construction costs. The Early Childhood and the Public Safety magnets will require \$3.0 million while the CREC/Goodwin Marine Sciences Center will cost \$81.0 million. Approximately \$76.0 million of the Marine Sciences Center will be borne by the state

Utilizing the anticipated additional student data for FY 10 and the operating cost data from FY 09 the estimated operating cost of the agreement for FY 10 is \$18.6 million. The estimate is based on the projections for new student participation and the previous year's cost per student in each program. Determining the cost of the agreement beyond FY 10 is difficult since the goal of the stipulation is that by year 5 at least 80% of the demand for a reduced isolation setting has been achieved. The demand for a reduced isolation setting is currently unknown and therefore determining the number of students calculated at 80% is unknown. However, the agreement does state that failure to meet the 80% demand standard shall not constitute a material breach if a minimum of 41% of Hartford-resident minority students are in reduced-isolation settings by year 5. Using the 41% figure would mean an additional 2,600 students beyond FY 10 would need to be in reduced-isolation settings by FY 13.

The additional 2,600 students would most likely have to be accommodated through additional magnet schools. It is anticipated that this would result in the need for five new magnet schools at an estimated cost of \$50 million each or \$250 million not including debt service payments. This figure may be higher should the magnet schools be highly specialized in nature. Magnet schools are constructed with 95% state funding; the state cost for construction would be \$237.5 million with a local cost of \$12.5 million.

There is the potential for a significant cost to the city of Hartford as a result of the agreement. These costs would be due to tuition payments related to vocational agriculture programs and to magnet school operators. Sending districts participating in vocational-agriculture programs pay just under \$8,000 per student to operating

districts. Sending districts in magnet school programs pay tuition based on the actual costs of educating students at each magnet school less any funds paid by the state. The exact cost would be dependent on both the number of students within these programs and the tuition charged.

The Out Years

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

OLR Bill Analysis**HR 16****RESOLUTION APPROVING THE SETTLEMENT AGREEMENT IN SHEFF V. O'NEILL.****SUMMARY:**

The stipulated agreement establishes a new timetable for the state to make reasonable progress in reducing racial, ethnic, and economic isolation in the Hartford Public Schools, pursuant to the Connecticut Supreme Court's 1996 ruling in *Sheff v. O'Neill*, from the date of execution through June 30, 2013. As with the previous *Sheff* settlement, the new agreement relies on voluntary desegregation methods to achieve its goals. The agreement covers five years, although it allows the parties to extend it to include the 2013-14 school year (see below). The first settlement agreement expired on June 30, 2007 with its goals unmet.

EFFECTIVE DATE: Pursuant to CGS § 3-125a, the agreement is considered approved if the General Assembly fails to reject it by a 3/5th vote of each house within 30 days of its submission. The agreement must then be submitted for approval to the court with jurisdiction over the case.

DESEGREGATION GOALS***Numerical Benchmark***

As in the first *Sheff* agreement, the new agreement defines "minority students" as students who are Black, Hispanic, Asian, Native American, and Pacific Islander. For the first two years, the agreement sets specific targets for the percentage of Hartford minority students to be educated in reduced isolation settings. In Year 1 (2008-09 school year), that percentage is set at 19% and in Year 2 (2009-10 school year), at 27%. These "interim goals" must be met using voluntary

interdistrict programs, which the agreement defines to include host and regional interdistrict magnet schools; state technical schools; charter schools; regional vocational agriculture centers; the Open Choice program interdistrict transfer program; and, to a lesser extent, part-time interdistrict cooperative programs. A host magnet school is an interdistrict magnet school operated by the local school district where it is located; regional magnets can also be operated by third parties or consortia or school districts.

The Open Choice program is automatically deemed to provide a reduced isolation setting, while the other programs meet this requirement if their minority student enrollment does not exceed the “desegregation standard” set in the agreement. The desegregation standard is the lesser of (1) the Sheff Region’s aggregate minority percentage enrollment plus 30% or (2) 75%. The Sheff region consists of the following 22 towns: Avon, Bloomfield, Canton, East Granby, East Hartford, East Windsor, Ellington, Farmington, Glastonbury, Granby, Hartford, Manchester, Newington, Rocky Hill, Simsbury, South Windsor, Suffield, Vernon, West Hartford, Wethersfield, Windsor, and Windsor Locks.

The agreement allows students in the following programs to count towards interim goals: existing and new interdistrict magnet schools within 5% of the desegregation standard and, for Year 1, incubator interdistrict magnet schools (new schools with temporary sites) within 10% of the standard. Additionally, the agreement allows up to a 3% credit for Hartford minority students’ participation in meaningful and substantial interdistrict cooperative programs (1% for each 500 Hartford students). Interdistrict cooperative programs are defined as multi-district, part-time programs that provide a diverse educational experience.

Demand Model

After the first two years, the agreement moves to a demand model, with the ultimate goal of meeting at least 80% of the Hartford students’ demand for an education in a reduced isolation setting. During Years 1

and 2, the agreement envisions a centralization and enhancement of marketing, outreach, and information. In Year 3 (2010-11), there must be an assessment of Hartford minority students' demand for an education in a reduced isolation setting, as determined by their applications to participate in the Open Choice program or at least three schools meeting the desegregation standard at the time of application. In Year 4 (2011-2012), there must be an assessment of the demand met, using a comprehensive waiting list. The waiting list will only include Hartford minority students who (1) applied for Open Choice or three programs that met the desegregation standard, (2) were not offered a seat in any of those programs, (3) meet the applicable admissions requirements, and (4) asked to be placed on the waiting list. If the met demand is less than 65%, the state must plan additional capacity for seats in reduced isolation settings. If, in November of Year 5 (2012-13), the state has not met 80% of the demand, the parties must meet to determine steps necessary to meet the demand in the next year. Any agreement reached must be incorporated into a one-year extension of the agreement.

The failure to meet the goal of 80% of demand in Year 5 does not constitute a material breach of the agreement if at least 41% of Hartford minority students are in a reduced isolation setting.

IMPLEMENTATION

The agreement establishes an administrative structure to implement its provisions. It requires the state to provide sufficient resources to plan, develop, open, and operate the schools and programs necessary to achieve its goals. It requires the creation of a Comprehensive Management Plan (CMP) and a Sheff Office within the State Department of Education to create, develop, and oversee the plan's implementation. The state must also create and fund a Regional School Choice Office to support the collaborative effort between the state and stakeholders, including the Capital Region Education Council, to support Sheff initiatives. The Regional School Choice Office will be responsible for supporting and coordinating marketing, recruitment, transportation, and information services and facilitating best practices.

The office must specifically develop the application process discussed above. The office must engage in all of these activities by May 30, 2008. It must include a plaintiffs' representative funded by the state up to \$50,000 per year.

The Sheff Office, with input from the Regional School Choice Office, must develop the CMP's major components by September 30, 2008. The final CMP must be developed by November 30, 2008.

MATERIAL BREACH

A material breach in the agreement allows the plaintiffs to return to the court to enforce its provisions. Under the agreement, a material breach occurs if:

1. the state fails to develop the final CMP by December 30, 2008;
2. the state fails "significantly" (i.e., by more than 1%) to meet the interim benchmarks for Year 1 or 2;
3. the state fails "significantly" (i.e., by more than 1%) to meet the 80% demand goal by Year 5 and less than 41% of Hartford minority students are in a reduced-isolation setting in that year;
4. existing interdistrict magnet schools that do not meet the desegregation standard ("noncompliant") are not operating under an approved enrollment management plan by October 1, 2008, and noncompliant new interdistrict magnet schools are not operating under an approved enrollment management plan by the 2nd year of operation; and
5. the Regional School Choice Office is not operational by May 30, 2008.

Although, each material breach is enforceable by the plaintiffs in court, the agreement does provide for a three-month cure period for the CMP, enrollment management plans, and choice office deadlines. As noted, the agreement will be extended for a year for failure to meet the 80% goal.

COMMITTEE ACTION

Education Committee

House Favorable

Yea 15 Nay 9 (04/22/2008)