



Senate

General Assembly

File No. 645

February Session, 2008

Substitute Senate Bill No. 404

Senate, April 17, 2008

The Committee on Appropriations reported through SEN. HARP of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE MINIMUM BUDGET REQUIREMENT, THE CARRY-OVER OF EDUCATION COST SHARING ACCOUNTABILITY FUNDS AND THE REPEAL OF AN OBSOLETE PUBLIC ACT SECTION.

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

1 Section 1. Subsection (e) of section 10-262i of the 2008 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective July 1, 2008*):

4 (e) [The] (1) Except as provided for in subdivisions (2), (3) and (4) of
5 this subsection, the percentage of the increase in aid pursuant to this
6 section applicable under subsection (d) shall be the average of the
7 results of [(1)] (A) (i) a town's current program expenditures per
8 resident student pursuant to subdivision (36) of section 10-262f of the
9 2008 supplement to the general statutes, subtracted from the highest
10 current program expenditures per resident student in this state, [(B)]
11 (ii) divided by the difference between the highest current program
12 expenditures per resident student in this state and the lowest current

13 program expenditures per resident student in this state, [(C)] (iii)
14 multiplied by [fifty] thirty per cent, [(D)] (iv) plus [fifteen] fifty
15 percentage points, [(2) (A)] (B) (i) a town's wealth pursuant to
16 subdivision (26) of section 10-262f of the 2008 supplement to the
17 general statutes, subtracted from the wealth of the town with the
18 highest wealth of all towns in this state, [(B)] (ii) divided by the
19 difference between the wealth of the town with the highest wealth of
20 all towns in this state and the wealth of the town with the lowest
21 wealth of all towns in this state, [(C)] (iii) multiplied by [fifty] thirty
22 per cent, [(D)] (iv) plus [fifteen] fifty percentage points, and [(3) (A)]
23 (C) (i) a town's grant mastery percentage pursuant to subdivision (12)
24 of section 10-262f of the 2008 supplement to the general statutes,
25 subtracted from one, subtracted from one minus the grant mastery
26 percentage of the town with the highest grant mastery percentage in
27 this state, [(B)] (ii) divided by the difference between one minus the
28 grant mastery percentage of the town with the highest grant mastery
29 percentage in this state and one minus the grant mastery percentage of
30 the town with the lowest grant mastery percentage in this state, [(C)]
31 (iii) multiplied by [fifty] thirty per cent, [(D)] (iv) plus [fifteen] fifty
32 percentage points.

33 (2) For the fiscal year ending June 30, 2008, any town whose school
34 district is in its third year or more of being identified as in need of
35 improvement pursuant to section 10-223e of the 2008 supplement to
36 the general statutes, and has failed to make adequate yearly progress
37 in mathematics or reading at the whole district level, the percentage
38 determined pursuant to subdivision (1) of this subsection for such
39 town shall be increased by an additional twenty percentage points.

40 (3) For the fiscal year ending June 30, 2009, any town whose school
41 district is in its third year or more of being identified as in need of
42 improvement pursuant to section 10-223e of the 2008 supplement to
43 the general statutes, and has failed to make adequate yearly progress
44 in mathematics or reading at the whole district level, the percentage of
45 the increase in aid pursuant to this section applicable under subsection
46 (d) of this section shall be the percentage of the increase determined

47 under subdivision (1) of this section for such town, plus twenty
48 percentage points, or eighty per cent, whichever is greater.

49 (4) Notwithstanding the provisions of this section, for the fiscal
50 years ending June 30, 2008, and June 30, 2009, any town that (A) is a
51 member of a regional school district that serves only grades seven to
52 twelve, inclusive, or grades nine to twelve, inclusive, (B) appropriates
53 at least the minimum percentage of increase in aid pursuant to the
54 provisions of this section, and (C) has a reduced assessment from the
55 previous fiscal year for students enrolled in such regional school
56 district, excluding debt service for such students, shall be considered to
57 be in compliance with the provisions of this section.

58 (5) Notwithstanding any provision of the general statutes, charter,
59 special act or home rule ordinance, on or before September 15, 2007,
60 for the fiscal year ending June 30, 2008, a town may request the
61 Commissioner of Education to defer a portion of the town's increase in
62 aid over the prior fiscal year pursuant to this section to be expended in
63 the subsequent fiscal year. If the commissioner approves such request,
64 the deferred amount shall be credited to the increase in aid for the
65 fiscal year ending June 30, 2009, rather than the fiscal year ending June
66 30, 2008. Such funds shall be expended in the fiscal year ending June
67 30, 2009, in accordance with the provisions of this section. In no case
68 shall a town be allowed to defer increases in aid required to be spent
69 for education as a result of failure to make adequate yearly progress in
70 accordance with the provisions of [this subdivision] subdivisions (2)
71 and (3) of this subsection.

72 Sec. 2. (*Effective from passage*) The unexpended balance of funds
73 appropriated to the Department of Education, for education
74 equalization grants, in section 1 of public act 07-1 of the June special
75 session, for the purpose described in subdivision (3) of subsection (c)
76 of section 10-223e of the 2008 supplement to the general statutes, shall
77 not lapse on June 30, 2008, and such funds shall continue to be
78 available for expenditure for such purpose during the fiscal year
79 ending June 30, 2009.

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: None

Municipal Impact:

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

Explanation

The bill increases the minimum budget requirement (MBR) from a 15% to 65% sliding scale to a 50% to 80% sliding scale. This does not alter the ECS aid which a town receives but potentially alters the allocation of those funds by a town between required education funding and potential tax relief.

Additionally, the bill provides that a school district shall not be deemed out of MBR compliance if a member town of a regional school district's per student assessment were decreased.

The bill also provides that unexpended funds in FY 08 within ECS targeted for districts in need of improvement may be carried forward for use in FY 09.

The Out Years

The fiscal impact identified above would continue into the future.

OLR Bill Analysis**sSB 404*****AN ACT CONCERNING THE MINIMUM BUDGET REQUIREMENT,
THE CARRY-OVER OF EDUCATION COST SHARING
ACCOUNTABILITY FUNDS AND THE REPEAL OF AN OBSOLETE
PUBLIC ACT SECTION.*****SUMMARY:**

This bill:

1. raises the minimum proportion of any annual increase in its Education Cost Sharing (ECS) grant that a town must allocate to education spending in order to meet its minimum budget requirement (MBR);
2. establishes a special MBR for certain regional school district towns with falling enrollment;
3. carries forward to FY 09 any unspent FY 08 ECS funds transferred to the State Department of Education (SDE) to implement education improvement measures for a district in the third year or more of failing to make adequate yearly progress (AYP) in math or reading; and
4. repeals an obsolete requirement that SDE, by October 1, 2007, notify each local school board to anticipate its ECS student count will be reduced in FY 10 by 50% of the number of its full-time students who attend interdistrict magnet schools receiving state magnet operating grants.

EFFECTIVE DATE: July 1, 2008, except for the carry-forward provision, which is effective on passage.

MINIMUM BUDGET REQUIREMENT

All Towns

Current law requires each town to spend for education at least its budgeted appropriation for the prior year plus from 15% to 65% of any ECS grant increase it receives. The bill generally increases this MBR percentage range to 50% to 80%, thus requiring all towns to allocate at least half of any annual ECS grant increase to increased education spending.

As under current law, each town's exact MBR within the range is determined by the average of the relationships between it and the state's highest-ranked town in the following categories: (1) current program expenditures per student, (2) per capita wealth (equalized net grand list adjusted for income), and (3) percentage of students who score below proficiency on state mastery tests. The bigger the average of the differences in these categories between a particular town and the highest-ranked town, the more of its ECS increase the town must devote to its education budget (i.e., the closer to 80%).

School Districts in Need of Improvement

Under current law, a town whose school district is in the third year or more of failing, as a district, to make AYP in math or reading must add 20 percentage points to the share of its ECS increase that it must spend on education. The bill eliminates the permanent requirement that such districts spend this extra amount and instead applies it only to FY 09.

In addition, in FY 09, the bill requires such a town to spend at least its new MBR percentage plus 20 percentage points, or 80% of its increase, whichever is greater. Thus, for FY 09 only, the bill requires districts in need of improvement to spend from 80% to 100% of any ECS increase on education, instead of the 35% to 85% required by current law.

Regional School Districts

For FYs 08 and 09, the bill establishes a special MBR for any town that (1) is a member of a grade 7-12 or 9-12 regional school district and

(2) compared to the previous fiscal year, has a reduced assessment, excluding debt service, for students enrolled in the regional district (i.e., where the number of students from the town who attend school in the regional district has dropped).

The bill allows such a district to meet the MBR by appropriating the legal minimum percentage of its ECS increase (15% under current law for FY 08 and 50% under the bill for FY 09) for education.

ECS FUNDS TRANSFERRED TO SDE FOR EDUCATIONAL IMPROVEMENT

As noted above, any town whose school district is in the third year or more of failing, as a district, to make AYP in math or reading, must add 20 percentage points to the share of its ECS increase that it must spend on education pursuant to the MBR. By law, the comptroller must withhold these funds and transfer them to SDE. The education commissioner must spend the money on the school district’s behalf to implement any of the educational improvement measures that the State Board of Education requires and to offset any other local education costs that the education commissioner deems appropriate to achieve school improvement. The commissioner must award the funds to the board of education for the identified school district on the condition that it spends the funds in accordance with the commissioner’s directives.

Instead of lapsing, the bill requires any funds transferred to SDE under this provision that remain unspent on June 30, 2008 to carry forward to, and remain available for spending in, FY 09 for the same purpose.

COMMITTEE ACTION

Education Committee

Joint Favorable Substitute Change of Reference
Yea 29 Nay 1 (03/17/2008)

Appropriations Committee

Joint Favorable Substitute

Yea 52 Nay 0 (03/28/2008)