



# House of Representatives

General Assembly

**File No. 591**

February Session, 2010

Substitute House Bill No. 5490

*House of Representatives, April 19, 2010*

The Committee on Appropriations reported through REP. GERAGOSIAN of the 25th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING THE MINIMUM BUDGET REQUIREMENT AND VARIOUS EDUCATION GRANTS.***

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

1 Section 1. Section 10-262i of the 2010 supplement to the general  
2 statutes is repealed and the following is substituted in lieu thereof  
3 (*Effective from passage*):

4 (a) For the fiscal year ending June 30, 1990, and for each fiscal year  
5 thereafter, each town shall be paid a grant equal to the amount the  
6 town is entitled to receive under the provisions of section 10-262h, as  
7 amended by this act, as calculated using the data of record as of the  
8 December first prior to the fiscal year such grant is to be paid, adjusted  
9 for the difference between the final entitlement for the prior fiscal year  
10 and the preliminary entitlement for such fiscal year as calculated using  
11 the data of record as of the December first prior to the fiscal year when  
12 such grant was paid.

13 (b) The amount due each town pursuant to the provisions of  
14 subsection (a) of this section shall be paid by the Comptroller, upon  
15 certification of the Commissioner of Education, to the treasurer of each  
16 town entitled to such aid in installments during the fiscal year as  
17 follows: Twenty-five per cent of the grant in October, twenty-five per  
18 cent of the grant in January and the balance of the grant in April. The  
19 balance of the grant due towns under the provisions of this subsection  
20 shall be paid in March rather than April to any town which has not  
21 adopted the uniform fiscal year and which would not otherwise  
22 receive such final payment within the fiscal year of such town.

23 (c) All aid distributed to a town pursuant to the provisions of this  
24 section shall be expended for educational purposes only and shall be  
25 expended upon the authorization of the local or regional board of  
26 education. For the fiscal year ending June 30, 1999, and each fiscal year  
27 thereafter, if a town receives an increase in funds pursuant to this  
28 section over the amount it received for the prior fiscal year such  
29 increase shall not be used to supplant local funding for educational  
30 purposes. The budgeted appropriation for education in any town  
31 receiving an increase in funds pursuant to this section shall be not less  
32 than the amount appropriated for education for the prior year plus  
33 such increase in funds.

34 (d) For the fiscal years ending June 30, 2010, and June 30, 2011, the  
35 budgeted appropriation for education shall be no less than the  
36 budgeted appropriation for education for the fiscal year ending June  
37 30, 2009, minus any reductions made pursuant to section 19 of public  
38 act 09-1 of the June 19 special session, except that for the fiscal year  
39 ending June 30, 2010, those districts whose number of resident  
40 students for the school year commencing July 1, 2009, is lower than  
41 such district's number of resident students for the school year  
42 commencing July 1, 2008, may reduce such district's budgeted  
43 appropriation for education by the difference in number of resident  
44 students for such school years multiplied by three thousand.

45 (e) Notwithstanding the provisions of subsection (c) of this section,

46 for the fiscal years ending June 30, 2008, and June 30, 2009, the  
47 budgeted appropriation for education in any town receiving an  
48 increase in funds pursuant to this section shall be not less than the  
49 amount appropriated for education for the prior year plus the  
50 percentage of such increase in funds as determined under subsection  
51 (f) of this section.

52 (f) (1) Except as provided for in subdivisions (2), (3) and (4) of this  
53 subsection, the percentage of the increase in aid pursuant to this  
54 section applicable under subsection (e) shall be the average of the  
55 results of (A) (i) a town's current program expenditures per resident  
56 student pursuant to subdivision (36) of section 10-262f, subtracted  
57 from the highest current program expenditures per resident student in  
58 this state, (ii) divided by the difference between the highest current  
59 program expenditures per resident student in this state and the lowest  
60 current program expenditures per resident student in this state, (iii)  
61 multiplied by thirty per cent, (iv) plus fifty percentage points, (B) (i) a  
62 town's wealth pursuant to subdivision (26) of section 10-262f,  
63 subtracted from the wealth of the town with the highest wealth of all  
64 towns in this state, (ii) divided by the difference between the wealth of  
65 the town with the highest wealth of all towns in this state and the  
66 wealth of the town with the lowest wealth of all towns in this state, (iii)  
67 multiplied by thirty per cent, (iv) plus fifty percentage points, and (C)  
68 (i) a town's grant mastery percentage pursuant to subdivision (12) of  
69 section 10-262f, subtracted from one, subtracted from one minus the  
70 grant mastery percentage of the town with the highest grant mastery  
71 percentage in this state, (ii) divided by the difference between one  
72 minus the grant mastery percentage of the town with the highest grant  
73 mastery percentage in this state and one minus the grant mastery  
74 percentage of the town with the lowest grant mastery percentage in  
75 this state, (iii) multiplied by thirty per cent, (iv) plus fifty percentage  
76 points.

77 (2) For the fiscal year ending June 30, 2009, any town whose school  
78 district is in its third year or more of being identified as in need of  
79 improvement pursuant to section 10-223e, and has failed to make

80 adequate yearly progress in mathematics or reading at the whole  
81 district level, the percentage determined pursuant to subdivision (1) of  
82 this subsection for such town shall be increased by an additional  
83 twenty percentage points.

84 (3) For the fiscal year ending June 30, 2010, any town whose school  
85 district is in its third year or more of being identified as in need of  
86 improvement pursuant to section 10-223e, and has failed to make  
87 adequate yearly progress in mathematics or reading at the whole  
88 district level, the percentage of the increase in aid pursuant to this  
89 section applicable under subsection (e) of this section shall be the  
90 percentage of the increase determined under subdivision (1) of this  
91 section for such town, plus twenty percentage points, or eighty per  
92 cent, whichever is greater.

93 (4) Notwithstanding the provisions of this section, for the fiscal year  
94 ending June 30, 2008, and each fiscal year thereafter, any town that (A)  
95 is a member of a regional school district that serves only grades seven  
96 to twelve, inclusive, or grades nine to twelve, inclusive, (B)  
97 appropriates at least the minimum percentage of increase in aid  
98 pursuant to the provisions of this section, and (C) has a reduced  
99 assessment from the previous fiscal year for students enrolled in such  
100 regional school district, excluding debt service for such students, shall  
101 be considered to be in compliance with the provisions of this section.

102 (5) Notwithstanding any provision of the general statutes, charter,  
103 special act or home rule ordinance, on or before September 15, 2007,  
104 for the fiscal year ending June 30, 2008, a town may request the  
105 Commissioner of Education to defer a portion of the town's increase in  
106 aid over the prior fiscal year pursuant to this section to be expended in  
107 the subsequent fiscal year. If the commissioner approves such request,  
108 the deferred amount shall be credited to the increase in aid for the  
109 fiscal year ending June 30, 2009, rather than the fiscal year ending June  
110 30, 2008. Such funds shall be expended in the fiscal year ending June  
111 30, 2009, in accordance with the provisions of this section. In no case  
112 shall a town be allowed to defer increases in aid required to be spent

113 for education as a result of failure to make adequate yearly progress in  
114 accordance with the provisions of subdivisions (2) and (3) of this  
115 subsection.

116 (g) Upon a determination by the State Board of Education that a  
117 town or kindergarten to grade twelve, inclusive, regional school  
118 district failed in any fiscal year to meet the requirements pursuant to  
119 subsection (c), (d) or (e) of this section, the town or kindergarten to  
120 grade twelve, inclusive, regional school district shall forfeit an amount  
121 equal to two times the amount of the shortfall. The amount so forfeited  
122 shall be withheld by the Department of Education from the grant  
123 payable to the town in the second fiscal year immediately following  
124 such failure by deducting such amount from the town's equalization  
125 aid grant payment pursuant to this section, except that in the case of a  
126 kindergarten to grade twelve, inclusive, regional school district, the  
127 amount so forfeited shall be withheld by the Department of Education  
128 from the grants payable pursuant to this section to the towns which  
129 are members of such regional school district. The amounts deducted  
130 from such grants to each member town shall be proportional to the  
131 number of resident students in each member town. Notwithstanding  
132 the provisions of this subsection, the State Board of Education may  
133 waive such forfeiture upon agreement with the town or kindergarten  
134 to grade twelve, inclusive, regional school district that the town or  
135 kindergarten to grade twelve, inclusive, regional school district shall  
136 increase its budgeted appropriation for education during the fiscal  
137 year in which the forfeiture would occur by an amount not less than  
138 the amount of said forfeiture or for other good cause shown. Any  
139 additional funds budgeted pursuant to such an agreement shall not be  
140 included in a district's budgeted appropriation for education for the  
141 purpose of establishing any future minimum budget requirement.

142 Sec. 2. Subdivision (3) of subsection (c) of section 10-262h of the 2010  
143 supplement to the general statutes is repealed and the following is  
144 substituted in lieu thereof (*Effective from passage*):

145 (3) The town of East Hartford shall not receive less than its fixed



The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 10 \$	FY 11 \$
Education, Dept.	GF - Cost	Potential	None

Note: GF=General Fund

**Municipal Impact:**

Municipalities	Effect	FY 11 \$	FY 12 \$
Bridgeport; Columbia; Ledyard; Salem	See Below	See Below	None

**Explanation**

**Section 1** precludes Bridgeport, Columbia, Ledyard and Salem from being penalized in FY 11 for not complying with the minimum budget requirement (MBR) in FY 10. The bill allows towns to reduce their local school contribution in FY 10 by \$3,000 for each fewer student within the district from the previous year.

**Section 2** makes a technical change that is not anticipated to result in a fiscal impact.

**Section 3** allows the Commissioner of Education to make supplemental transportation grants, within available appropriations, to regional education service centers, for FY 10. Implementing this provision within available appropriations will result in one of four outcomes: (1) the agency will proceed with the required duties, and may require a deficiency appropriation; (2) the agency will delay the implementation of the bill pending the approval of additional appropriations to meet these requirements; (3) the agency will shift staff resources from other agency priorities, thereby impacting existing agency responsibilities and duties; or (4) the agency will not

be able to implement the provision.

***The Out Years***

**Sections 1 and 3** are one-time in nature and will not continue into the out years. **Section 2** will continue into the out years, but does not result in a fiscal impact.

**OLR Bill Analysis**

**sHB 5490**

***AN ACT CONCERNING THE MINIMUM BUDGET REQUIREMENT AND VARIOUS EDUCATION GRANTS.***

**SUMMARY:**

This bill:

1. allows towns whose school districts had fewer students enrolled in the 2009-10 school year than in 2008-09 to reduce their minimum budgeted education appropriations for FY 10 to reflect the drop in enrollment;
2. extends to FY 10 the education commissioner' authority, within available appropriations, to provide supplemental transportation grants to regional educational service centers (RESCs) for interdistrict magnet school transportation; and
3. requires East Hartford to receive an Education Cost Sharing (ECS) grant at least equal to its fixed grant entitlement for FY 09. (A "fixed entitlement" is a town's full ECS formula grant, excluding prior year adjustments.)

EFFECTIVE DATE: Upon passage

**MINIMUM BUDGET REQUIREMENT (MBR)**

Under current law, each town receiving an ECS grant must budget at least the same amount for education in FY 10 and FY 11 as it budgeted in FY 09, minus any amount it subtracted from its FY 09 local education budget to offset federal funds its local or regional board of education received directly from the 2009 federal stimulus act.

This bill allows any town that had fewer students enrolled in its schools in the 2009-10 school year than it did in 2008-09 school year to

reduce its MBR for FY 10 by \$3,000 times the difference in the two enrollments. Thus, for example, if a district had 800 students enrolled in 2008 and 750 students in 2009, it could budget \$150,000 less (\$3,000 x 50) in FY 10 than it did in FY 09 and still meet its MBR for FY 10.

By law, a town that fails to meet its MBR must forfeit two times the amount of the shortfall from its ECS grant for the fiscal year two years after the failure.

### **SUPPLEMENTAL INTERDISTRICT MAGNET SCHOOL TRANSPORTATION GRANTS**

By law, magnet school operators that transport students to interdistrict magnet schools in a town other than the town where the students reside are eligible to receive a grant for the cost of transporting them. The law caps the grant at \$1,300 per student for most such transportation. But for districts helping to meet the goals of *Sheff v. O'Neill*, as determined by the education commissioner, the limits are \$1,400 for FY 10 and \$2,000 for FY 11.

For FY 09 only, current law also allows the commissioner, within available appropriations, to provide supplemental transportation grants to RESCs for interdistrict magnet school transportation. This bill also allows the commissioner to provide such supplemental grants for FY 10. As under current law, in order to provide the grant, the commissioner must review and approve the RESC's total interdistrict magnet school transportation budget, including all revenue and expenditure estimates.

### **COMMITTEE ACTION**

Education Committee

Joint Favorable Substitute Change of Reference  
Yea 31 Nay 0 (03/23/2010)

Appropriations Committee

Joint Favorable Substitute  
Yea 41 Nay 14 (04/01/2010)