

# OFFICE OF FISCAL ANALYSIS

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HR-4

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

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## ***OFA Fiscal Note***

### ***State Impact:***

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Education, Dept.	GF - Cost	26,222,070	29,802,613

Note: GF=General Fund

### ***Municipal Impact:***

Municipalities	Effect	FY 23 \$	FY 24 \$
Various Local and Regional School Districts	Revenue Gain	Potential	Potential
Various Local and Regional School Districts	Cost	Potential	Potential

### ***Explanation***

The resolution results in additional annual costs to the state, ranging from \$26.2 million to \$31.5 million, from FY 23 through at least FY 32, associated with the settlement agreement dated January 27, 2022, in the action Sheff v. O'Neill.

**FY 23:** The anticipated breakout of FY 23 costs is shown in the table below:

Account	FY 23 (\$)
Magnet Schools	4,442,409
Sheff Transportation	1,427,476
Sheff Settlement	12,334,185
Open Choice	8,018,000
<b>Total</b>	<b>26,222,070</b>

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This additional funding of \$26,222,070 is included in the Governor's proposed budget for these purposes. Funding includes \$4,442,409 for the Magnet Schools account and corresponding Sheff Transportation funding of \$1,427,476, which is anticipated to fund approximately 290 new magnet school seats for Hartford residents.

Additionally, \$8,018,000 in new funding is provided for the Open Choice account. The new Open Choice funding will increase the per-pupil Open Choice grant rate by \$2,000 for districts in the Sheff region, resulting in new base grant rates of \$5,000 to \$10,000 per student. The funding also includes 150 additional Open Choice seats, if offered by receiving districts. Additional items funded within the Open Choice account are: (1) \$400,000 for educational advocates for students participating in the program in the Sheff region; (2) \$150,000 for academic and social support; (3) a \$750,000 bonus to be divided among districts increasing program enrollment by 20% over the prior school year; and (4) a \$750,000 bonus to be divided among districts increasing enrollment of Hartford-resident students at the entry grades of the receiving district over the prior year by at least five additional students in the same grade at an individual school.

Funding of \$12,334,185 is included for the Sheff Settlement account. The additional funding will provide increased support for various initiatives across participating Sheff schools, including: reformulation, extracurricular programs, athletics, progress bonuses, minority teacher recruitment, marketing, and equity programming.

Local and regional school districts in the Sheff region may incur a potential revenue gain associated with increased Open Choice per-pupil grants, Open Choice bonuses, or expanded programmatic outreach through the Sheff Settlement account.

Districts may simultaneously experience higher magnet school tuition costs due to the settlement's increase in seats at certain CREC and Goodwin University schools.

**FY 24:** Additional costs of \$29,802,613 are anticipated for FY 24, associated with the following accounts:

<b>Account</b>	<b>FY 24 (\$)</b>
Magnet Schools	6,302,816
Sheff Transportation	2,097,613
Sheff Settlement	12,884,185
Open Choice	8,518,000
<b>Total</b>	<b>29,802,613</b>

The impacts to districts associated with the Open Choice program changes and the magnet school expansion will continue in FY 24.

### ***The Out Years***

These fiscal impacts will continue in the outyears, through at least FY 32, with annual costs ranging from approximately \$29 million to \$31.5 million.