

---

## **OLR Bill Analysis**

### **sHB 5212**

#### ***AN ACT CONCERNING EDUCATION FUNDING.***

#### **SUMMARY**

This bill makes significant changes to four major education funding grant programs for (1) interdistrict magnet schools, (2) regional agricultural science and technology centers (i.e., “vo-ag centers”), (3) Open Choice enrollment, and (4) state charter schools.

The bill eliminates, beginning with FY 25, the existing magnet school and vo-ag center grants, and beginning with FY 26, the existing Open Choice grant, and replaces them with new grants under the choice program, which the bill creates (§ 1).

It uses a two-year phase-in period to fully implement the new grants. For FY 25, the new grants for magnet schools and vo-ag centers are partially phased-in and beginning in FY 26 they are fully implemented. For the Open Choice Program, the new grant is fully implemented beginning FY 26 (there is no change to current law for the grant in FY 25) (§ 1).

Under the bill, the choice program grant provides funding for local or regional boards of education (i.e., “school boards”) that operate a magnet school, a vo-ag center, or host students through the Open Choice inter-district school attendance program. The choice program also creates a grant for any magnet school operated by an entity that is not a board of education, such as an independent institution of higher education (§ 1).

The bill uses student need weightings in the choice program grants that mirror existing law’s weighting for education cost sharing (ECS) grants and charter school grants. This gives additional weight for students eligible for free or reduced-priced meals or free milk (FRPM)

or designated as an English language learner. By doing this, these grants give added funding for students that meet those criteria (§ 1).

Also beginning in FY 26, the bill generally prohibits magnet schools and vo-ag centers from charging tuition to the towns that send students to them. It keeps the limit on tuition for FY 25 that magnet schools and vo-ag centers can charge at no more than 58% of the tuition charged for FY 24 (§§ 3, 4 & 6).

Under existing law, the per-student state charter school grant increases for FY 25 but will not be fully funded. The bill requires the grant to be fully funded beginning with FY 26 (§ 5).

The bill adds a cost-of-living increase, starting in FY 27, for the foundation amount used to calculate grants for non-board of education magnet schools and state charter schools based on an annual percent increase in personal income or inflation, whichever is greater (§§ 1 & 5).

Finally, the bill requires the State Department of Education (SDE), by June 30, 2024, and by each February 1 after that, to calculate and give estimates to the relevant operators or towns for the new grants. It creates a similar estimate requirement for SDE regarding ECS and state charter school grants (§ 2).

EFFECTIVE DATE: July 1, 2024, except that the provisions on SDE's duty to calculate grant estimates and vo-ag grants for FY 24 are effective upon passage.

## **§ 1 — NEW CHOICE PROGRAM GRANTS**

Beginning with FY 25, the bill annually provides choice program grants for vo-ag centers and two different interdistrict magnet school grants, based on who operates the magnet school. Beginning in FY 26, it provides choice program grants for school districts participating in the Open Choice program.

The state's vo-ag centers serve high school students from multiple sending towns and provide an agricultural career education in addition to the comprehensive high school education. Open Choice is an

interdistrict enrollment program that allows students in urban centers to attend school in suburban districts and vice versa.

Under the bill, one magnet school grant is for school board-operated magnets and the other is for operators that are not school boards, such as an independent institution of higher education. By law, an interdistrict magnet school (i.e., magnet school) must (1) enroll no more than 75% of its students from the same district with at least 25% coming from other districts; (2) maintain an enrollment that meets state standards for a reduced-isolation setting; (3) support racial, ethnic, and economic diversity; and (4) enroll students who are at least half time.

### ***Grant Student Weights***

For choice program grants, the bill creates a grant formula that applies weights for certain students, such as whether the students are (1) from families that qualify for FRPM or (2) English language learners.

The weights increase the grant amounts for those students because the grant amount is produced by multiplying the need student number by the foundation number. For example, the bill uses a 30% weighting for student poverty (i.e., students that qualify for FRPM) for each of these grants. If 100 students from a district qualify, then those students count as 130 students for grant purposes. This increases the grant as the weighted number becomes the new student number that is multiplied by the foundation amount (see below).

### ***Host Magnet and Vo-Ag Grants***

Under the bill, grants for the magnets operated by a school board (i.e., a host magnet) and vo-ag center use similar factors. The bill partially implements the new grant in FY 25 and fully implements it beginning in FY 26.

***FY 25 Grant.*** For FY 25, the new amount the magnet operator or vo-ag center receives must be (1) the grant they would receive with the FY 24 grant method (current law) using FY 25 enrollment plus (2) 42% of the difference between the fully funded new grant (see below for FY 26) and the amount they would have received if using the FY 24 method.

**FY 26 Grant.** Beginning with FY 26 and for each following year, a magnet operator or vo-ag center must get a grant that is the sum of the (1) sending town adjustment factors for each sending town added together and (2) number of in-district students for the choice program multiplied by the applicable per-student grant (magnet or vo-ag). The sending town is the student's town of residence that would otherwise be responsible for educating the student.

**Sending Town Adjustment Factor.** The "sending town adjustment factor" is the number of the town's resident choice program students multiplied by the greater of the sending town's (1) weighted funding amount per pupil or (2) total revenue per pupil. The "weighted funding amount per pupil" is the (1) foundation amount multiplied by a town's total need students for the fiscal year before the grant payment year and (2) resulting product divided by the number of a town's resident students. The "total revenue per pupil" is the sum of the (1) per-pupil amount of state grants for FY 24; (2) tuition received for choice students for FY 24; and (3) where appropriate, tuition received for children in a regional educational service center (RESC)-operated preschool program at a magnet school for FY 24. This means the FY 24 amounts become the hold-harmless minimum for these grants.

### **Additional Definitions**

Additionally, the bill defines the following terms for the new grants:

1. the "foundation" amount is \$11,525, which is the same as in ECS law, with an annual adjustment (based on the percent increase in inflation or personal income) beginning in FY 27 for magnet school operators that are not a board of education (see below);
2. "total need students" is a student poverty weighting (as under ECS law) of (a) 30% of students eligible for FRPM plus 15% of any FRPM-eligible students above 60% of the total number of resident students and (b) 25% of the number of students identified as English language learners;
3. "resident students" is generally the number of students in a town

enrolled in its public schools at the town's expense as of October 1 of each year (as under the ECS law);

4. "resident choice program students" is the number of part-time and full-time students of a town enrolled or participating in a particular choice program; and
5. "out-of-district student" is a student (a) enrolled or participating in a choice program operated or maintained by a local or regional board of education and (b) who does not reside in the town or a member town of the local or regional board.

### ***Non-Board of Education Magnet Schools***

For this grant, a magnet school operator is an entity that is (1) not a board of education (presumably, this includes RESCs); (2) a nonprofit private institution of higher education that has its main campus in the state; or (3) a third-party nonprofit corporation that the education commissioner approves.

The bill partially implements the new grant in FY 25 and fully implements it beginning in FY 26.

***FY 25 Grant.*** Under the bill, a magnet school operator that is not a board of education is entitled to a grant for FY 25 that is (1) the grant amount they would receive with the FY 24 grant method (current law) using FY 25 student enrollment plus (2) 42% of the difference between the fully funded new grant (see below) and the amount they would have received using the FY 24 method with the FY 25 enrollment.

The bill includes a specific hold harmless provision for FY 25 grants for operators that are not boards of education. Under the bill, if the FY 25 grant plus the tuition received by the operator is less than the total revenue per student for FY 24, then the operator receives a hold harmless grant that is the sum of (1) the new grant as calculated above and (2) the difference between (a) total revenue per pupil for FY 24 and (b) the new grant plus tuition.

***FY 26 Grant.*** Under the bill, starting in FY 26, these operators are

entitled to a grant that equals the product of the foundation and its total magnet school program need students, with the added requirement that the grant cannot be less than the operator received for the total revenue per pupil for FY 24 (similar to the total revenue per pupil hold harmless provision included in the “sending town adjustment factor” mentioned above).

The bill creates a formula for calculating total magnet school program need students that (1) counts full- and part-time students at the magnet schools, (2) generally uses the ECS student weighting percentages, and (3) includes a *Sheff* region additional student weighting (see BACKGROUND). The foundation component for this grant also has an annual cost-of-living factor that potentially increases the foundation from one year to the next.

**Student Weighting.** The student need weighting reflects the ECS formula weighting as follows: (1) student poverty weighting is 30% of students eligible for FRPM plus 15% of any FRPM-eligible students above 60% of the total number of resident students and (2) a 25% weighting for the number of students identified as English language learners.

The bill includes additional student weighting for magnet schools that help the state meet its obligations under the *Sheff v. O’Neill* desegregation decision and related agreements or orders (see BACKGROUND). This additional weighting is reduced over a six-year period from 30% to 20%, as shown in the table below.

**Table: Additional Weighting for Students Attending *Sheff* Magnets**

<i>FY</i>	<i>Weighting Percentage</i>
25 & 26	30%
27	28%
28	26%
29	24%
30	22%
31 and beyond	20%

***Foundation Annual Adjustments Starting in FY 27 for Magnet Schools.*** Starting in FY 27, the bill adds a foundation cost-of-living increase for magnet school operators that are not a local or regional board of education, in years when there is an increase in income or inflation.

For FYs 25 and 26 the foundation is \$11,525 (the current ECS foundation amount). For FY 27, the foundation is \$11,525 plus any annual percent increase in personal income or inflation, whichever is greater. For FY 28 and each following year, the foundation is the previous year's amount adjusted by the annual percent increase in income or inflation, whichever is greater.

For this calculation, an "increase in personal income" is the compound annual growth rate of personal income in Connecticut over the previous five calendar years, using federal Bureau of Economic Analysis data, and an "increase in inflation" is the increase in the consumer price index for all urban consumers, for all items except food and energy, during the prior year, using federal Bureau of Labor Statistics data (CGS § 2-33a).

### ***Open Choice Program***

Under the bill, beginning in FY 26, any receiving district that accepts students in the Open Choice program is entitled to a grant in the amount of the sum of the sending town adjustment factor for each sending town.

## **§ 2 — CHOICE PROGRAM, ECS, AND CHARTER SCHOOL GRANT ESTIMATES**

The bill requires SDE, by June 30, 2024, to calculate and give the relevant operators or towns estimates for the following grants for the next fiscal year (FY 25):

1. each choice program grant the bill establishes (SDE must notify each local and regional board of education and inter-district magnet school program operator that is not a local or regional board of education),
2. ECS grants (SDE must notify each town), and

3. charter school grants (SDE must notify the fiscal authority for each school).

The bill also requires SDE to annually prepare the estimates by February 1 for the choice program and charter school grants, and by December 31 for the ECS grants.

For each of these calculations, SDE must calculate the estimates for the next fiscal year using data collected during the current one.

### **§§ 3 & 4 — MAGNET SCHOOL GRANT PROGRAMS AND TUITION**

Beginning with FY 25, the bill eliminates the current per-student magnet school grants and replaces them with the grants created in the bill (see § 1). Under current law, a magnet school generally receives a \$3,060 state grant for each student from the district that hosts the school (home district) and, depending on the type of magnet school, one of the grants listed in the table below for students from sending towns. In 2023, the legislature added a provision, beginning in FY 25, that instead sets these amounts as the minimum per-student grant amounts, which allows SDE to increase the grants within available appropriations.

In addition to repealing the \$3,060 grant for host district students, the bill repeals all the magnet school grants shown in the following table for students from sending districts.

**Table: Magnet School Grants Repealed Under the Bill**

<i>Type of Magnet</i>	<i>Bill §</i>	<i>Current Law Minimum Amount for Sending Students</i>
Non-Sheff host magnet	3(c)(1)	\$7,227
Non-Sheff RESC magnet with less than 55% enrollment from one town	3(c)(3)(A)	8,058
Non-Sheff RESC magnet with 55% or more of enrollment from one town	3(c)(3)(B)	7,227
Sheff host magnet	3(c)(3)(F)	13,315
RESC magnet enrolling less than 60% of its students from Hartford (i.e., Sheff magnet)	3(c)(3)(D)(i)	10,652
RESC magnet enrolling less than 50% of its students from Hartford (i.e., Sheff magnet)	3(c)(3)(D)(ii)	8,058 (for half of the non-Hartford students enrolled over 50% of



<i>Type of Magnet</i>	<i>Bill §</i>	<i>Current Law Minimum Amount for Sending Students</i>
		total enrollment) 10,652 (for all the other students)
Magnet operated by independent institution of higher education and that meets certain criteria (Goodwin University)	3(c)(3)(E)	65% of the 10,652 grant for students enrolled in both semesters each year 32.5% of 10,652 for those enrolled in one semester a year
Greater Hartford Academy of the Arts	3(c)(3)(H)	65% of 8,058 (the grant for RESC magnets with less than 55% from a single town)

The bill eliminates the requirement that magnet school programs operating at least half-time, but at less than full-time, receive a grant equal to 65% of what a full-time program would receive. (The bill's provisions on choice grants (§ 1) treat half-time students the same as full-time students.)

By law and unchanged by the bill, the total grant SDE pays to a magnet school operator must not exceed the aggregate of the operator's reasonable operating budget, less revenue from other sources, and SDE must make these grants within available appropriations.

### ***Tuition Ban and Exception to the Ban***

Under current law, beginning in FY 25, magnet school operators can charge up to 58% of the FY 24 tuition to the towns that send students to the magnets for grades kindergarten to 12. (For FY 24, as in earlier years, tuition was determined as the difference between the (1) average per pupil expenditure for the magnet school for the previous year and (2) total per pupil grant amount received from the state and any other revenue from other sources on a per pupil basis.)

Under the bill, magnet school operators can charge up to 58% of the FY 24 tuition to the towns that send students to the magnets only for FY 25. Beginning in FY 26, they are generally barred from charging tuition (see exception, below). This applies to all magnet operators (i.e., (1) local or regional boards of education; (2) RESCs; (3) independent higher

education institutions; (4) the Hartford school district operating the Great Path Academy on behalf of Manchester Community College, and (5) any third-party, nonprofit corporation the education commissioner approves).

Beginning with FY 27, the bill allows any magnet school operator that is not a board of education (i.e., a RESC, independent higher education institution, or approved nonprofit) to charge tuition to a sending town's school board if the operator's state grant under the bill is not calculated using the foundation number adjusted for an increase in personal income or inflation, as the bill requires. However, the tuition cannot exceed the difference between the amount the operator would be entitled to receive under the bill using the foundation adjustment calculation and the amount they will receive. (The bill does not require SDE to notify magnet school operators when the income/inflation adjustment is not made, so it is unclear how they would know they are authorized to charge tuition.)

Whenever one of these operators starts charging tuition, it must notify SDE about the (1) per-student and total tuition charged for the fiscal year, (2) total amount charged to each sending town, and (3) school boards for the sending towns that were charged.

The bill requires SDE to annually develop a report on the tuition charged and submit it to the Appropriations and Education committees by January 1.

### ***Magnet Preschool Tuition Charged to Parents***

Currently, RESC magnets (both in and outside the *Sheff* region) may charge FY 24 tuition of up to \$4,053 to parents or guardians of children attending preschool, but they cannot charge tuition to any parent or guardian with a family income at or below 75% of the state median income. Beginning in FY 25, current law limits the tuition amount to no more than 58% of the tuition charged during FY 24. The bill keeps the 58% limit in FY 25, and entirely bans tuition charged to parents beginning in FY 26.

The bill creates the same tuition provisions mentioned above (58% tuition limit for FY 25, ban on charging tuition in FY 25 to any family below 75% of the state median income, and tuition ban for following years) for an independent higher education institution or an approved nonprofit operating a preschool as part of a magnet school.

### ***Magnet Students and ECS***

Under the bill, magnet school students are counted in the town where they reside for the student count for ECS grants, which codifies current practice.

## **§ 5 — CHARTER SCHOOL GRANT INCREASES**

The bill requires the per-student state charter school grant to be fully funded beginning with FY 26. By law, the grants go to the charter school's governing authority. Starting with FY 27, the bill adds a foundation cost-of-living adjustment for the charter school grant that is the same adjustment for magnet operators that are not boards of education. (In Connecticut there are state and local charter schools. Only state charter schools get a direct grant from the state. Local charters, of which there is only one, are funded as part of the local board of education budget.)

### ***Charter Grant Factors***

By law, the state charter grant has the same student need weighting percentages with the same factors (FRPM and English learner status) used in existing ECS law and in the bill for choice grants.

Under current law, the increase in the state grant is a percentage of a school's charter grant adjustment, which is the absolute value of the difference between the (1) foundation (\$11,525) and (2) charter full weighted funding per student for the state charter schools under a governing authority's control for the school year.

The "charter full weighted funding per student" is a value calculated as (1) the product of the total charter need students and the foundation, divided by (2) the number of enrolled students under the charter school governing authority's control for the school year. Total charter need

students includes the weighting for FRPM and English learner status.

### **Grant Increases**

The current (FY 24) per-student grant for charter school governing authorities is the foundation amount plus 36.08% of its charter grant adjustment. Under current law, the per-student grant for FY 25 and each following year is the foundation plus 56.7% of the charter grant adjustment.

The bill leaves the grant unchanged for FY 25, but for FY 26 and each following year it makes the per-student grant for each charter school the foundation multiplied by the total charter need students.

**Foundation Annual Adjustments.** Starting in FY 27, the bill adds a foundation cost-of-living increase for state charter school governing authorities based on an annual percent increase in personal income or inflation, whichever is greater (using the same method for non-board of education magnet school annual adjustments in § 1).

### **§§ 6-8 & 10 — VO-AG CENTER GRANTS AND TUITION**

Beginning with FY 25, the bill repeals the current \$5,200 per-student state grant minimum for vo-ag centers and replaces it with the vo-ag choice grant the bill creates (§ 1). It also repeals related supplementary grants for vo-ag centers ranging from \$60 to \$500 per student.

Under current law, a vo-ag center can charge the sending towns tuition for the students they send to the program, up to 59.2% of the foundation (\$11,525) used for ECS, resulting in a maximum tuition of \$6,823. Beginning with FY 25, current law prohibits a vo-ag center from charging tuition that is more than 58% of the amount a vo-ag center charged in FY 24.

Beginning with FY 26 and for the following years, the bill generally bans a vo-ag center from charging tuition to a sending district. It keeps the law's provision that allows charging tuition for special education students but only if, and in the amount, the cost exceeds the state grant received for the student under the bill.

The bill repeals the requirement that a sending district provide students in their district an equivalent number of seats from one year to the next to enroll in the vo-ag program. Current law requires the districts to make available (1) at least the same number of seats as in any written agreement or, in the absence of one, the average number enrolled over the last three years and (2) specifically for each ninth-grade class, either the agreement number or the average number who enrolled in ninth grade in the last three years.

The bill also (1) repeals the requirement for districts that send students to a vo-ag program to pay tuition and (2) specifies that for a town's student count for the ECS grant, a student enrolled in a vo-ag center is counted in the town where the student resides, which codifies current practice.

For vo-ag grants under current law, the bill removes the requirement that they be within available appropriations for FY 24.

## **§ 9 — ELIMINATING CURRENT OPEN CHOICE GRANT SCHEDULE**

Beginning in FY 26, the bill replaces the current Open Choice grant schedule with the grant the bill creates (§ 1). It keeps current law's Open Choice grants in place for FY 25.

Open Choice is a voluntary inter-district attendance program that allows students generally from the Hartford, New Haven, and Bridgeport districts to attend suburban school districts, and vice versa, on a space-available basis. SDE gives a per-student grant to school districts that receive Open Choice students.

Under current law, the grant minimum ranges from \$3,000 to \$8,000 per student, with larger grants for districts that enroll a higher percentage of Open Choice students. For example, a district receives at least \$3,000 per student if Open Choice students are less than 2% of its student population and the amount increases incrementally until, at the highest amount, a district receives \$8,000 per student if Open Choice students are at least 4% of the student population.

Beginning with FY 26, the bill relatedly repeals the additional \$2,000

per-student grant given to receiving school districts for each out-of-district student who resides in the Hartford region (i.e., the *Sheff* region) and attends school in a receiving district (see BACKGROUND).

## **BACKGROUND**

### ***Related Bill***

sHB 5416, favorably reported by the Education and Appropriations committees, includes a requirement for SDE to annually give each town an estimate of its ECS grant for the next fiscal year.

### ***Sheff v. O’Neill State Supreme Court Decision***

In this 1996 decision, the Connecticut Supreme Court ruled that the state had a constitutional obligation to remedy the educational inequities in the Hartford schools caused by racial and ethnic isolation (*Sheff v. O’Neill*, 238 Conn. 1 (1996)). The court ordered the state legislature and the governor to craft a solution and legislation was passed to create voluntary desegregation in Hartford by creating magnet schools and using other programs, such as Open Choice.

### ***Sheff Region***

This region includes the school districts for the towns of 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.

## **COMMITTEE ACTION**

### Education Committee

Joint Favorable Substitute Change of Reference - APP  
Yea 45 Nay 0 (03/06/2024)

### Appropriations Committee

Joint Favorable Substitute  
Yea 52 Nay 0 (04/04/2024)