

May 3, 2023

On May 2, 2023, the Connecticut General Assembly's House Republican Caucus put forward its biennial state budget proposal for fiscal years 2024 and 2025.<sup>1</sup> Included in the proposed budget are policy changes and proposed appropriations to support K-12 public education. This analysis details the changes to state K-12 education funding contained in the House Republicans' proposed budget.

**In response to budget proposals from Governor Lamont and the Appropriations' and Finance, Revenue and Bonding (FRB) Committees, House Republicans released an alternative budget plan.<sup>2</sup>**

- The Appropriations and FRB Committees reviewed the governor's budget proposal that was released in February.
- The Appropriations and FRB Committees' spending and revenue plans, respectively, are utilized when the General Assembly negotiates a budget with the governor.
- House Republicans put forth an alternative budget proposal in response to the budget proposals from the governor and the Appropriations and FRB Committees.
- A negotiated budget will be put to a vote by each chamber of the legislature.
- Once each chamber passes the same exact version of the budget, the budget is sent to the governor who will sign it into law, veto it, veto specific line items, or let it go into effect without signing.

**Key Proposed Policies for K-12 Education in the House Republican Budget**

- The Education Cost Sharing (ECS) formula is revised, resulting in a significant increase in total spending over current law.
  - a. The ECS formula's phase-in schedule is accelerated in FY 2025 to "speed up" funding (60%<sup>3</sup> of balance).
  - b. "Overfunded" towns that would normally receive decreases in FYs 2024 and 2025 are "held harmless" and receive funding at their FY 2023 levels.
  - c. The ECS formula is revised to remove 20 percent of "double-funded" students. These "double-funded" students are those who that are counted in the resident student count of their resident district despite exercising choice and attending an agriscience program or magnet school, or participating in the Open Choice program.
  - d. It is not clear how these revisions impact town ECS grants.
- The Excess Cost grant is fully funded at the statutory level to support students with extraordinary special education needs and associated costs.

<sup>1</sup> Connecticut House Republicans. (2023). *Republican Proposed CT State Budget FY 24 / 25*. Hartford, CT: Author. Available from <https://www.cthousegop.com/tax-relief-budget/>.

<sup>2</sup> A more detailed explanation of Connecticut's state budget process can be found at <https://schoolstatefinance.org/resources/connecticut-state-budget-process-office-of-fiscal-analysis>.

<sup>3</sup> While the House Republicans' Spending Plan document notes "50% of balance," Caucus members have noted that was a typo and the percentage is actually 60% of the total cost to implement H.B. 5003.

- The Open Choice program is reduced by \$5.6 million in FY 2024 and \$4.6 million in FY 2025, in line with the governor's proposed reductions, to reflect current enrollment.
- Magnet school per-student grant amounts are not changed. However, the magnet school appropriation amount has been reduced by \$11.3 million in FY 2024 and \$3.4 million in FY 2025 to reflect updated enrollment projections.
- Grants to existing state charter schools will increase by \$3 million in total in FY 2024.
- The proposal provides funding for new charter schools in Danbury, Middletown, New Haven, and Norwalk.
  - a. An additional \$800,000 in FY 2024 and \$9.1 million in FY 2025 has been appropriated for these new charter schools.
- The House Republicans' proposed spending plan does not include the \$150 million for education finance reform in FY 2025 that is included in the Appropriations Committee's proposed budget.

## Analysis of Selected Appropriations

Table 1 below contains a comparison of the FY 2024 and FY 2025 recommended appropriations for significant education grants in the budget proposals from Governor Lamont, the Appropriations Committee, and House Republicans. Table 1 also contains estimated FY 2023 appropriations for comparative purposes. The items included in Table 1 are education grants to municipalities and school districts in which the total expenditures are estimated to exceed \$10 million in FY 2023. State funding for school choice programs is also included in the table.

State education appropriations that would increase — as compared to FY 2023 estimated expenditures — under each budget proposal are highlighted in green, while those appropriations that would remain at FY 2023 estimated amounts are highlighted in yellow. State education appropriations that would decrease are highlighted in red.

**Table 1: Selected State Education Funding in Proposed Biennial Budgets**

Grant	FY 2023 Estimated Expenditures <sup>4</sup>	Governor Lamont's Budget Proposal <sup>5</sup>		Appropriations Committee Budget Proposal <sup>6</sup>		House Republicans' Budget Proposal <sup>7</sup>		Key Policy Details in House Republicans' Budget <sup>8</sup>
		FY 2024	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025	
Education Equalization (ECS)	\$2,178,800,382	\$2,224,205,070	\$2,269,470,702	\$2,233,420,315	\$2,287,900,235	\$2,233,420,315	\$2,470,522,167	<ul style="list-style-type: none"> <li>• Continues current law ECS phase-in</li> <li>• Provides additional funds to hold "overfunded" towns harmless at FY 23 grant levels</li> <li>• Provides \$214 million in FY 25 to "speed up the ECS funding 60% of balance"<sup>9</sup></li> <li>• Removes "20% of the double funding formula" in FY 25 (-\$31.9 million) for students who are funded in other formulas</li> </ul>
Magnet Schools	\$292,926,486	\$282,542,141	\$292,984,265	\$281,942,141	\$287,484,265	\$281,742,141	\$287,484,265	<ul style="list-style-type: none"> <li>• Adjusts funding to reflect reduced</li> </ul>

<sup>4</sup> State of Connecticut, Office of Policy and Management. (2023). *Connecticut FY 2024 – FY 2025 Biennium Governor's Budget*. Hartford, CT: Author. Available from <https://portal.ct.gov/OPM/Bud-Budgets/2024-2025-Biennial-Budget/FY-2024-2025-Biennial-Budget>.

<sup>5</sup> Ibid.

<sup>6</sup> Connecticut General Assembly, Office of Fiscal Analysis. (2023). *Appropriations Committee Budget FY 24 & FY 25*. Hartford, CT: Author. Retrieved from [https://www.cga.ct.gov/ofa/Documents/year/APPJF/2023APPJF-20230418\\_Appropriations%20Committee%20Budget%20FY%2024%20-%20FY%2025.pdf](https://www.cga.ct.gov/ofa/Documents/year/APPJF/2023APPJF-20230418_Appropriations%20Committee%20Budget%20FY%2024%20-%20FY%2025.pdf).

<sup>7</sup> Connecticut House Republicans. (2023). *Republican Proposed CT State Budget FY 24 / 25*. Hartford, CT: Author. Available from <https://www.cthousegop.com/tax-relief-budget/>.

<sup>8</sup> Ibid.

<sup>9</sup> While the House Republicans' Spending Plan document notes "50% of balance," Caucus members have noted that was a typo and the percentage is actually 60% of the total cost to implement H.B. 5003.

Grant	FY 2023 Estimated Expenditures <sup>4</sup>	Governor Lamont's Budget Proposal <sup>5</sup>		Appropriations Committee Budget Proposal <sup>6</sup>		House Republicans' Budget Proposal <sup>7</sup>		Key Policy Details in House Republicans' Budget <sup>8</sup>
		FY 2024	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025	
								program enrollment
Regional Vocational – Technical School System	\$147,409,256	\$161,877,298	\$164,583,764	\$161,877,298	\$164,583,764	\$160,897,659	\$163,560,229	<ul style="list-style-type: none"> <li>Provides funds for increased wage costs</li> <li>Provides 10 new staff positions, less than other proposals</li> </ul>
Technical High Schools – Other Expenses	\$22,668,577	\$30,348,151	\$30,358,171	\$23,418,577	\$23,418,577	\$23,418,577	\$23,418,577	<ul style="list-style-type: none"> <li>Does not provide inflation increases included in governor's budget</li> </ul>
Special Education Excess Cost	\$156,119,782	\$156,119,782	\$156,119,782	\$156,119,782	\$156,119,782	\$180,047,887	\$182,244,471	<ul style="list-style-type: none"> <li>Funds grant at statutory (uncapped) level</li> </ul>
State Charter Schools	\$134,477,285	\$134,477,285	\$134,477,285	\$138,077,285	\$143,584,785	\$138,277,285	\$143,584,785	<ul style="list-style-type: none"> <li>Provides \$3 million in additional charter school funding for all charter school operators in FY 24</li> <li>Provides approximately \$9 million in additional funds for new charter schools in Danbury, Middletown, New Haven, and Norwalk in FY 25</li> </ul>
Priority School Districts	\$30,818,778	\$30,818,778	\$30,818,778	\$30,818,778	\$30,818,778	\$30,818,778	\$30,818,778	<ul style="list-style-type: none"> <li>Funding maintained at FY</li> </ul>

Grant	FY 2023 Estimated Expenditures <sup>4</sup>	Governor Lamont's Budget Proposal <sup>5</sup>		Appropriations Committee Budget Proposal <sup>6</sup>		House Republicans' Budget Proposal <sup>7</sup>		Key Policy Details in House Republicans' Budget <sup>8</sup>
		FY 2024	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025	
								23 appropriated levels
Open Choice	\$38,360,327	\$28,588,386	\$29,921,705	\$31,189,780	\$31,472,503	\$28,588,386	\$29,921,705	<ul style="list-style-type: none"> <li>Adjusts funding to reflect reduced program enrollment</li> </ul>
Commissioner's Network	\$10,009,398	\$9,869,398	\$9,869,398	\$9,869,398	\$9,869,398	\$9,869,398	\$9,869,398	<ul style="list-style-type: none"> <li>Funding is reduced for grant program</li> </ul>
Vocational Agriculture	\$18,824,200	\$18,824,200	\$18,824,200	\$18,824,200	\$18,824,200	\$18,824,200	\$18,824,200	<ul style="list-style-type: none"> <li>Funding maintained at FY 23 appropriated levels</li> </ul>
Local Charter Schools	\$957,000	\$957,000	\$957,000	\$957,000	\$957,000	\$957,000	\$957,000	<ul style="list-style-type: none"> <li>Funding maintained at FY 23 appropriated levels</li> </ul>
<i>Sheff</i> Transportation	\$54,240,688	\$70,825,009	\$75,465,173	\$70,825,009	\$75,465,173	\$70,825,009	\$75,465,173	<ul style="list-style-type: none"> <li>Increase in funding due to new <i>Sheff</i> transportation contract</li> </ul>
Non- <i>Sheff</i> Transportation	\$10,078,550	\$14,944,797	\$15,675,787	\$14,944,797	\$15,675,787	\$14,944,797	\$15,675,787	<ul style="list-style-type: none"> <li>The additional funding for Open Choice outside the <i>Sheff</i> region is now in Non-<i>Sheff</i> Transportation rather than <i>Sheff</i> Transportation</li> </ul>
<i>Sheff</i> Settlement	\$22,633,895	\$23,068,530	\$18,684,967	\$23,068,530	\$18,684,967	\$23,068,530	\$18,684,967	<ul style="list-style-type: none"> <li>Funding increased for additional choice seats</li> <li>Decrease reflects end of extracurricular supports in the</li> </ul>

Grant	FY 2023 Estimated Expenditures <sup>4</sup>	Governor Lamont's Budget Proposal <sup>5</sup>		Appropriations Committee Budget Proposal <sup>6</sup>		House Republicans' Budget Proposal <sup>7</sup>		Key Policy Details in House Republicans' Budget <sup>8</sup>
		FY 2024	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025	
								final Sheff settlement
Education Finance Reform	\$0	\$0	\$0	\$0	\$150,000,000	\$0	\$0	<ul style="list-style-type: none"> <li>Line item is not included in budget proposal</li> </ul>

## Analysis of Education Cost Sharing (ECS) Grant and Education Finance Reform Efforts

To distribute state education aid to towns for their local and regional public school districts, Connecticut uses the ECS formula, which was adopted in 2017 as part of the state budget and first used and implemented in FY 2019. The House Republicans' budget proposal contains significant revisions to the ECS formula, but it is not clear how these revisions will impact students and towns across the state.

In total, the House Republicans' proposed budget provides approximately \$54.9 million more in ECS funding in FY 2024, and about \$246 million more in FY 2025 over FY 2023 ECS funding. This represents an increase of \$9.2 million in FY 2024 and \$201 million in FY 2025 over the governor's proposed budget, and an increase of \$182.6 million over the Appropriations Committee's budget proposal in FY 2025. These increases are largely reflective of the House Republican proposal's significant investment in FY 2025 to speed up the phasing in of ECS funding, as well as the choice to hold harmless those towns that are scheduled to receive decreases in ECS support, which the Appropriations Committee's proposed budget also did but the governor's proposal did not do.

Under the House Republicans' proposed budget, ECS funding would increase in FY 2024 to continue the statutory phase-in of funding to historically underfunded districts. The proposal would maintain FY 2023 funding levels for towns considered overfunded according to the ECS formula, holding them harmless. It is projected to require an additional \$6.6 million in FY 2024 and \$13.2 million in FY 2025 to hold overfunded towns harmless over the biennium.

The House Republicans' budget proposal also includes \$214 million in new funding in FY 2025 for the purposes of "speed[ing] up the ECS funding 60%<sup>10</sup> of balance." The budget proposal does not contain any additional details as to the policy this funding would implement, nor does it include information on the allocation of this funding to support school districts if that is the intent. However, House Republican members of the Appropriations Committee specified during their committee meeting on April 18 that this funding is intended to implement unspecified parts of H.B. 5003, which unanimously passed the Education Committee this legislative session and currently awaits action in the House of Representatives.

The House Republican budget also eliminates approximately \$31.9 million from ECS funding in FY 2025 to remove 20 percent of the funding for students who are counted in other funding formulas. While this policy revision will impact towns with significant numbers of students attending choice programs, the extent or distribution of this impact is not clear at this time.

Table 2 below contains a comparison of ECS policy revisions across budget proposals put forward this legislative session, along with additional educational funding reform policy proposals. Significant changes to current law are **bolded**.

<sup>10</sup> While the House Republicans' Spending Plan document notes "50% of balance," Caucus members have noted that was a typo and the percentage is actually 60% of the total cost to implement H.B. 5003.

**Table 2: ECS and Funding Reform Changes**

Funding Item	Current Law <sup>11</sup>	Governor Lamont's Budget Proposal <sup>12</sup>	Appropriations Committee Budget Proposal <sup>13</sup>	House Republicans' Budget Proposal <sup>14</sup>
Education Equalization (ECS) Phase-In	<ul style="list-style-type: none"> <li>Underfunded towns are fully phased-in in FY 28</li> <li>Overfunded towns are phased-out by FY 30</li> </ul>	<ul style="list-style-type: none"> <li>Phase-in schedule continues per current law</li> <li>Underfunded towns are fully phased-in in FY 28</li> <li>Overfunded towns are phased-out by FY 30</li> </ul>	<ul style="list-style-type: none"> <li>Phase-in schedule continues for underfunded towns</li> <li>Underfunded towns are fully phased-in in FY 28</li> <li><b>Overfunded towns are held harmless at their FY 23 grant amounts</b></li> </ul>	<ul style="list-style-type: none"> <li>Phase-in schedule continues for underfunded towns in FY 24</li> <li><b>Overfunded towns are held harmless at their FY 23 grant amounts</b></li> </ul>
Education Equalization (ECS) Non Phase-In Changes				<ul style="list-style-type: none"> <li><b>Provides \$214 million in FY 25 to "speed up the ECS funding 60%<sup>15</sup> of balance"</b></li> <li><b>Removes "20% of the double funding formula" in FY 25 (-\$31.9 million) for students that are funded in other formulas</b></li> </ul>
Education Finance Reform			<ul style="list-style-type: none"> <li><b>\$150 million dollars for "Education Finance Reform"</b></li> </ul>	

<sup>11</sup> Conn. Gen. Statutes ch. 172, § 10-262h.

<sup>12</sup> State of Connecticut, Office of Policy and Management. (2023). *Connecticut FY 2024 – FY 2025 Biennium Governor's Budget*. Hartford, CT: Author. Available from <https://portal.ct.gov/OPM/Bud-Budgets/2024-2025-Biennial-Budget/FY-2024-2025-Biennial-Budget>.

<sup>13</sup> Connecticut General Assembly, Office of Fiscal Analysis. (2023). *Appropriations Committee Budget FY 24 & FY 25*. Hartford, CT: Author. Retrieved from [https://www.cga.ct.gov/ofa/Documents/year/APPJF/2023APPJF-20230418\\_Appropriations%20Committee%20Budget%20FY%2024%20-%20FY%2025.pdf](https://www.cga.ct.gov/ofa/Documents/year/APPJF/2023APPJF-20230418_Appropriations%20Committee%20Budget%20FY%2024%20-%20FY%2025.pdf).

<sup>14</sup> Connecticut House Republicans. (2023). *Republican Proposed CT State Budget FY 24 / 25*. Hartford, CT: Author. Available from <https://www.cthousegop.com/tax-relief-budget/>.

<sup>15</sup> While the House Republicans' Spending Plan document notes "50% of balance," Caucus members have noted that was a typo and the percentage is actually 60% of the total cost to implement H.B. 5003.



At this time, town runs for the ECS grants contained in the House Republicans' proposed budget are not available. Although continuing the ECS phase-in for underfunded towns and holding overfunded towns harmless in FYs 2024 and 2025 aligns to the Appropriations Committee's budget proposal, the impacts of "speed[ing] up the ECS funding 60%<sup>16</sup> of the balance" and "remov[ing] 20% of the double funding formula" are projected to be significant but not available at this time.

---

<sup>16</sup> Ibid.