

SCHOOL + STATE  
FINANCE PROJECT

[www.schoolstatefinance.org](http://www.schoolstatefinance.org)

STATE K-12 EDUCATION  
FUNDING CHANGES:  
2023 LEGISLATIVE  
SESSION

# About Us



Statewide  
organization  
founded in 2015



Nonprofit,  
**nonpartisan** policy  
organization



Trusted resource that  
works  
**collaboratively** with  
policymakers,  
school district  
officials, community  
leaders, and all  
individuals



Develops data-  
driven solutions to  
ensure **ALL public  
school** students  
receive **equitable  
education funding**  
that supports their  
learning needs

# H.B. 5003 was an ambitious effort to re-imagine state education funding

- **Our goals were to:**

- Accelerate full funding of the ECS formula to FY 2025
- Extend the ECS formula to all public school students
  - Magnet schools, state charter schools, AgriScience programs, and the Open Choice program

- **By achieving this:**

- ECS formula would be used to determine state education funding for **ALL** public school students
- Every student would be funded fully according to their learning needs
- Current block grant system would be eliminated
- Local general education tuition would be eliminated

# With your teamwork and collaboration, we won historic education investments this session

- Together, we achieved a **historic investment in education funding** for Connecticut students.
  - Largest year-over-year investment in the past decade and second largest in state history.
  - Increase of \$324 million over the next biennium for K-12 students.
- We changed the trajectory of the Education Cost Sharing (ECS) grant to provide **more funding sooner** to districts.

# With your teamwork and collaboration, we won historic education investments this session

- We provided **fiscal stability to districts** by alleviating part of their **choice tuition burden** in future years.
  - Districts will save at least \$34 million per year due to a new tuition cap.
- We **increased state support for choice programs** such as magnet schools, charter schools, AgriScience programs, and the Open Choice program.

EDUCATION COST  
SHARING (ECS)  
GRANT

# The ECS grant phase-in is significantly revised

- The biennial budget contains a significant investment in the ECS grant.
- The additional ECS investment in FY 2025 is funded by \$68.5 million in the Education Finance Reform line item.
- The only component of the ECS formula that was modified was the phase in schedule.

# ECS phase-in schedule for “underfunded” towns

	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32
<b>Previous ECS Schedule</b>	Previous year's ECS grant amount <b>plus 20%</b> of its grant adjustment	Previous year's ECS grant amount <b>plus 25%</b> of its grant adjustment	Previous year's ECS grant amount <b>plus 33.33%</b> of its grant adjustment	Previous year's ECS grant amount <b>plus 50%</b> of its grant adjustment	Towns Receive 100% of their Calculated Grant				
<b>New ECS Schedule</b>	Previous year's ECS grant amount <b>plus 20%</b> of its grant adjustment	Previous year's ECS grant amount <b>plus 56.5%</b> of its grant adjustment	Towns Receive 100% of their Calculated Grant						



# ECS phase-in schedule for “overfunded” towns

	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32
<b>Previous ECS Schedule</b>	Previous year's ECS grant amount <b>minus 14.29%</b> of its grant adjustment	Previous year's ECS grant amount <b>minus 16.67%</b> of its grant adjustment	Previous year's ECS grant amount <b>minus 20%</b> of its grant adjustment	Previous year's ECS grant amount <b>minus 25%</b> of its grant adjustment	Previous year's ECS grant amount <b>minus 33.33%</b> of its grant adjustment	Previous year's ECS grant amount <b>minus 50%</b> of its grant adjustment	Towns Receive 100% of their Calculated Grant		
<b>New ECS Schedule</b>	Held harmless to previous year's ECS grant amount	Held harmless to previous year's ECS grant amount	Previous year's ECS grant amount <b>minus 14.29%</b> of its grant adjustment	Previous year's ECS grant amount <b>minus 16.67%</b> of its grant adjustment	Previous year's ECS grant amount <b>minus 20%</b> of its grant adjustment	Previous year's ECS grant amount <b>minus 25%</b> of its grant adjustment	Previous year's ECS grant amount <b>minus 33.33%</b> of its grant adjustment	Previous year's ECS grant amount <b>minus 50%</b> of its grant adjustment	Towns Receive 100% of their Calculated Grant

CHOICE  
PROGRAM  
CHANGES

## RESC magnet, BOE magnet, and AgriScience formulas are unchanged in FY 2024, and unclear in FY 2025

- **FY 2024**

- Existing per-student formulas for state grants are in place.
- Operators have **no changes in ability to charge tuition** to sending districts.

- **FY 2025 and each year thereafter**

- Operators will receive **at least** the per-student grant they received for each student in FY 2024.
- Tuition (regular education) per student is capped at **58%** of the amount charged per student in FY 2024.
- The FY 2025 per-student changes are supported by additional state funding in the Education Finance Reform line item.
- It is not clear **how** per-student grants will increase in FY 2025 to invest this additional money.

# Sending districts receive revised tuition relief in FY 2024

- **Prior Law**

- **For FY 2023 and each FY after:** East Hartford and Manchester received \$4,400 per student in tuition relief for each student in excess of 4% of their resident students.
- **For just FY 2023:** *Sheff*-region towns, New Britain, and New London received \$4,400 per student in tuition relief for each student in excess of 4% of their resident students.

- **Adopted Budget and Bond Bill**

- **For FY 2023 and each FY after:** East Hartford and Manchester will receive \$4,400 per student in tuition relief for each student in excess of 4% of their resident students (*no change*).
- **For just FY 2024:** Windsor, New Britain, New London, and Bloomfield will receive \$4,400 per student in tuition relief for each student in excess of 4% of their resident students.
- **For just FY 2024:** Hartford will receive \$3,000,000 in tuition relief.

# State charter schools receive funding increases, but no phase-in schedule to full funding is included

The biennial budget contains a significant investment in state charter schools.

## Prior Law

- Charter schools received the ECS foundation plus **25.42%** of their phase-in in FY 2023.
- There was no phase-in written in statute past FY 2023.

## • Adopted Budget

- **FY 2024:** Charter schools will receive the ECS foundation plus **36.08%** of their weighted funding phase-in.
- **FY 2025 and each FY thereafter:** Charter schools will receive the ECS foundation plus **56.7%** of their weighted funding phase-in.
- Phase-in will be **kept at 56.7% beyond the biennium**, rather than ramping up to full funding.
- Budget contains funding for new charter schools in **New Haven and Norwalk.**

## Funding for non-tuition BOE magnets and Open Choice operators is broadly unchanged in FY 2024, and unclear in FY 2025

- **FY 2024**

- Existing per-student formulas for state grants are in place.
- Operators are not permitted to charge tuition.

- **FY 2025 and each year thereafter**

- Operators will receive **at least** the per-student grant they received for each student in FY 2024.
- The FY 2025 per-student changes are supported by additional state funding in the Education Finance Reform line item.
- It is not clear **how** per-student grants will increase in FY 2025 to invest this additional money.

## Choice operators will receive additional state support in FY 25, but it is unclear how it will be allocated

- **FY 2025 Education Finance Reform Appropriations:**
  - State Charter Schools: \$9.4 million more (for phase-in)
  - BOE magnet schools: \$13.3 million more
  - Open Choice program: \$11.4 million more
  - RESC magnet schools: \$40.2 million more
  - AgriScience (ASTE) programs: \$7.2 million more

# OTHER FUNDING CHANGES



# Excess Cost Grant is not fully funded, but receives significant funding increase

- Excess Cost grant increased by **\$25 million in FYs 24 and 25** over FY 23 level.
  - **FY 23** funding: \$156 million
  - **FY 24** funding: \$181 million
  - **FY 25** funding: \$181 million

# Excess Cost Grant is not fully funded, but receives significant funding increase

- Reimbursement formula was revised early in session (Conn. Acts 23-1) to provide additional reimbursement to all districts:

Tier	Prior Law	Adopted Law
Districts with the lowest wealth (municipalities ranked 115 to 169)	76.25%	<b><u>91%</u></b>
Districts in the middle tier (municipalities ranked 59 to 114)	73%	<b><u>88%</u></b>
Districts in the wealthiest tier (municipalities ranked 1 to 58)	70%	<b><u>85%</u></b>

- Actual reimbursement levels will depend on total claims made statewide.
- Statute now contains a mechanism for disbursing grant funds if grant is not fully funded but projected reimbursements do not meet the total appropriated amount for the grant.

# Adopted budget also contains various education policy changes outside of main grants

- **School Meals**

- Re-allocated \$60 million from ARPA for **FY 2023** to provide free school meals for all students.
- Provides **\$16 million in FY 2024** to extend free school meals to all students from families making at or below **200% of the federal poverty line.**
- Various state grants are **capped through FY 2025.**
  - Health services for private school students
  - RESC Operations
  - Bilingual Education

# Adopted budget also contains various education policy changes outside of main grants

- **Priority School Districts**

- Extends phase-out eligibility for exiting districts by one more year (now FY 2024 for those districts that received a third phase-out year in FY 2023)
- Revised supplemental grant eligibility.
  - Supplemental grants based on Priority School District population-based status are established in perpetuity.

# School construction reimbursement rates are revised to provide more state funding

- **Prior Law**

- New construction was reimbursed on a range of **10% to 70%**.
- Federal funds were not allowed to be considered part of the municipal share of project costs.

- **Adopted Law**

- New construction is reimbursed on a range of **10% to 80%**.
    - New reimbursement range applies to applications submitted on or after July 1, 2024.
  - Federal funds are now **allowed to be considered** part of the municipal share of project costs.
- Reimbursement rate calculation continues to use adjusted equalized net grand list per capita (AENGLC) rank.

# UNKNOWNNS

# Adopted budget contains significant “unknowns” for school funding in FY 2025 and future years

- Per-student grant amounts for most choice programs are **not established for FY 2025 and onwards.**
  - RESC magnet schools (\$40.2 million more in FY 2025)
  - BOE magnet schools (\$13.3 million more in FY 2025)
  - AgriScience (ASTE) programs (\$7.2 million more in FY 2025)
  - Open Choice programs (\$11.4 million more in FY 2025)

# Adopted budget contains significant “unknowns” for school funding in FY 2025 and future years

- It is **not clear** whether choice operators that charge tuition will receive more total funding per student in FY 2025.
  - Tuition cap will result in less local revenue from sending districts.
  - State per-student grants (though increased) may not make up for tuition loss.
  - This means choice operators **could** receive less per student from all sources.



# LOOKING AHEAD

# The uncertainty around FY 2025 funding requires a collaborative effort next legislative session (2024)

- The goals of HB 5003, which resulted in this investment, were to:
  - Help bridge the “Fiscal Cliff”;
  - Respond to the crisis of growing student needs;
  - Reduce economic and racial funding disparities; and
  - Invest in Connecticut’s future.
- Next session, we will work collaboratively to ensure **the \$150 million investment provides students**, regardless of where they live or the type of public school they attend, **the resources they need in order to succeed both inside and outside the classroom.**