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ResearchReport

Funding for Public Schools of Choice

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Issue

Compare the state operating grants and authority to charge tuition for four types of public schools: charter schools, interdistrict magnet schools, regional agricultural science and technology education centers ("vo-ag centers"), and technical high schools. This report updates the funding and tuition parts of OLR Report 2018-R-0030. (For information on school construction grants, see OLR Reports 2023-R-0250 and 2024-R-0046.)

Summary

In the 2024 legislative session, the General Assembly changed how grants for interdistrict magnet schools and vo-ag programs are calculated, and operators began receiving grants under the new structure in FY 25 (PA 24-81, §§ 112-119). The new calculation directs more funds to schools with higher need students by incorporating student need weighting, as was already in place for years with the Education Cost Sharing (ECS) grant and for the last five years for charter school grants (PA 21-2, June Special Session, § 352). With the enactment of the 2024 legislation, operating grants for charter schools, interdistrict magnet schools, and vo-ag programs all use the same student need weighting to determine "total need students." (By contrast, technical high schools are fully funded by the state.) While these new grant formulas take student need into account, they are not fully phased in, and school operators currently receive only a portion of any grant increase resulting from the new calculation method.

A key to understanding the full impact of PA 24-81 is that, in addition to creating new grants, the law established a cap on how much tuition a magnet or vo-ag operator could charge the districts that are sending students to these programs ("sending districts"). The tuition cap means districts pay less to the operators, and operators could potentially lose revenue. Thus, the legislature built

"hold harmless" provisions into the new grant system to ensure a school operator does not receive less in per-student revenue (grants plus tuition) under the new law than they had received under the old law.

We discuss how each type of school is funded in detail below. Table 1 provides a higher-level comparison of each school's funding mechanism, tuition policy, and ECS status.

Table 1: Choice School Funding at a Glance

School Type	Operating Grants	Tuition	ECS Status
State Charter Schools	Charter schools receive a per-student grant equal to (1) the foundation amount ($11,525) plus (2) 56% of the difference between that amount and the full weighted funding per student (which factors in student need).	None	The state pays no ECS grants for students attending state charter schools, either to the school or to the student's home district.
Local Charter Schools	Local charters receive a state grant of up to $3,000 per student, within available appropriations (there is only one local charter in Connecticut).	None	Students enrolled in a local charter school are counted in the ECS formula in that local district (their home district).
Host Magnet Schools	Under the new calculation method, the per-student grant depends on whether a student is in- or out-of-district: • In-district students: $3,060 (or $0 for *Sheff* schools) • Out-of-district students: the amount received generally depends on the sending district's student need in the ECS formula; grant amount is higher for students from districts with higher need Schools do not receive the full amount calculated with the new method; instead, they receive a grant at the FY 24 rate plus 42% of any increase resulting from the new calculation method.	Beginning with FY 25, both host magnets and non-board of education magnets are limited to charging sending school districts no more than 58% of the tuition amount they had charged for FY 24. If a school's per-student revenue (grant and tuition) in a given fiscal year would be less than it was in FY 24 due to the cap, the "hold harmless" provisions provide additional grant funds to the operator so that their per-student revenue equals the FY 24 amount.	Magnet school students are included in the student count in their home districts; the ECS grant goes to the home district.
Non-Board of Education Magnet Schools	The new calculation method is (1) the foundation amount multiplied by (2) the total need students for the school (calculated in the same manner as with the ECS formula, plus an additional 30% weight for *Sheff* schools). Schools do not receive the full amount calculated with the new method; instead, they receive a grant at the FY 24 rate plus 42% of any increase resulting from the new calculation method.		

Table 1 (continued)

School Type	Operating Grants	Tuition	ECS Status
Vo-Ag Centers	Like host magnets, the per-student grant depends on whether a student is in- or out-of-district: • In-district students: $5,200 • Out-of-district students: the amount received generally depends on the sending district's student need in the ECS formula; grant amount is higher for students from districts with higher need Vo-Ag centers do not receive the full amount calculated with the new method; instead, they receive a grant at the FY 24 rate plus 42% of any increase resulting from the new calculation method.	Beginning with FY 25, a vo-ag center may not charge tuition to a sending district of more than 58% of the tuition charged for FY 24 (under the law in FY 24, the maximum tuition was $6,823 per student).	Vo-ag students are included in the student count in their home districts; the ECS grant goes to the home district.
Technical Education and Career Schools	Funded entirely by the state.	None	Technical high school students are not counted for purposes of ECS; districts receive no ECS grants for these students.

Weighted Student Count ("Total Need Students")

The new operating grant formulas for charter schools, magnet schools, and vo-ag programs take student need into account and generally use the same student weights as ECS for low-income students (based on students eligible for free or reduced price meals (FRPM)) and English-language learners (ELL). The method for calculating the weighted student count ("total need students") is illustrated below (CGS §§ 10-66ee & -252a).

Total Need Students	=	Total Enrolled Students	+	30% x FRPM-eligible students	+	25% x ELLs	+	15% x number of FRPM-eligible students above 60% of total students
				↓		↓		↓
				Low-Income Weight		**ELL Weight**		**Concentrated Poverty Weight**

For example, if a school or program with 1,000 students has 100 students who are eligible for FRPM and 20 who are ELL, the weighting means the total need student count for the school or program would be 1,035 (1,000 + 30 (30% of 100) + 5 (25% of 20)).

Charter Schools

Definition

A charter school is a public, nonsectarian, nonprofit school established under a charter that operates independently of any local or regional board of education. State charters are initially granted a certificate of approval by the State Board of Education (SBE), and local charters are initially granted a certificate of approval by a local board and SBE. The General Assembly gives final approval for any new charter (CGS §§ 10-66aa & -66bb(a)).

State Charter School Operating Grants

The per-student grant for charter school governing authorities is calculated as follows:

$$\text{Per-Student Grant Amount} = \text{Foundation Amount (\$ 11,525)} + \text{56\% of Charter Grant Adjustment}$$

A school's "charter grant adjustment" is the factor in the formula that adjusts a charter school's grant based on the need of its student population. It equals the difference between the (1) fully funded per-student grant ("charter full weighted funding per student") and (2) foundation amount ($11,525).

The "charter full weighted funding per student" calculation is as follows:

$$\text{Charter full weighted funding per student} = \frac{\text{Total Need Students} \times \text{Foundation Amount (\$11,525)}}{\text{Enrolled Students}}$$

For FYs 22 to 25, the state phased-in increases to this grant by annually increasing the percent of the charter grant adjustment included in the per-student grant amount calculation. The percentage started at 4.1% in FY 22 and increased in steps each year until it was raised to 56% for FY 25. It has remained at that level since (CGS § 10-66ee).

Local Charter School Operating Grants

Local charters receive a state grant of up to $3,000 per student, within available appropriations. (There is only one local charter in Connecticut). The local board of education (1) must pay a local charter school the amount specified in the school's charter (which must be approved by the local board of education) and (2) is responsible for financial support to the charter at least equal to the per-pupil cost for the two FYs before the year the support is provided (CGS § 10-66ee).

Other Grants

State and local charter schools are eligible for special education grants, competitive state grants, and grants for bilingual education and school meals programs to the same extent as a board of education.

Interdistrict Magnet Schools

Definition and Funding Overview

An interdistrict magnet school is a public school designed to promote racial, ethnic, and economic diversity that draws students from more than one school district, offers a special and high-quality curriculum, and requires students to attend at least half-time. These schools may be operated by school districts (called "board of education magnets" or "host magnets") or non-board of education entities (called "non-board of education magnets") (CGS § 10-264l(a)). A non-board of education magnet school operator may be a regional education service center (RESC), a nonprofit private institution of higher education that has its main campus in the state, or a third-party nonprofit corporation that the State Department of Education (SDE) commissioner approves (CGS § 10-252a(a)(6)(A)).

Magnet schools are primarily funded through a combination of state operating grants and tuition paid by the sending districts. State operating grants are calculated differently depending on whether the school (1) is a host magnet or a non-board of education magnet and (2) helps the state achieve the goals of the 2013 *Sheff* stipulation ("*Sheff* magnet") or not ("non-*Sheff* magnet").

***Sheff* Magnets.** In the 1996 *Sheff* v. *O'Neill* decision, the Connecticut Supreme Court ruled that the state had a constitutional obligation to remedy the educational inequities in Hartford schools caused by racial and ethnic isolation (238 Conn. 1 (1996)). The court ordered the state legislature and 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. The *Sheff* 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.

Host Magnet Operating Grants

Host magnet operators receive a grant in an amount equal to (1) the grant amount they would receive with the FY 24 method using current enrollment plus (2) 42% of the difference between

that amount and the grant amount calculated using the new grant calculation (see below) (CGS § 10-252a(a) & (c)).

Total Host Magnet Grant (New Calculation)	=	Sum of the Sending Town Adjustment Factors	+	FY 24 Grant for In-district students *$0 for* Sheff *Region, $3,060 otherwise*	x	In-district student enrollment

Sending Town Adjustment Factor. The "sending town adjustment factor" is used to determine how much host magnets (and vo-ag centers, see below) receive for out-of-district students and is calculated for each town that sends students to the school. It is calculated as follows:

Sending Town Adjustment Factor	=	Number of Town's resident students attending the school	x	Town's Weighted Funding Amount Per Pupil	OR *(whichever is greater)*	FY 24 Total Revenue Per Pupil

The "weighted funding amount per pupil" is the product of the foundation amount and the average student ECS weight for the town (i.e. the town's total need students for the fiscal year before the grant payment year) divided by the town's resident student count. The "total revenue per pupil" is the sum of the school's per-pupil amount of (1) state grants for FY 24; (2) tuition received for choice students for FY 24; and (3) where appropriate, tuition received for children in a RESC-operated preschool program at a magnet school for FY 24. The FY 24 total revenue per pupil amount is the "hold harmless" amount as it is used if it is greater than the weighted funding amount per pupil (see below) (CGS § 10-252a(a)).

Non-Board of Education Magnet Operating Grants

A non-board of education magnet operator's grant is (1) the grant amount it would receive with the FY 24 grant method using the current student enrollment plus (2) 42% of the difference between that amount and the amount it would receive using the new grant calculation (see below).

Total Grant Amount (New Calculation)	=	Foundation Amount ($11,525)	x	Magnet School's Total Need Students

"Total need students" for non-board of education magnet schools is calculated with the weights described above (low-income, ELL, and concentrated poverty), plus **an additional 30% weighting** for each student for schools in the *Sheff* region. It also counts students fully whether they are full- or part-time at the magnet schools (CGS § 10-252a(a) & (b)).

Non-board of education operators may receive additional grant funds under the "hold harmless" provisions, if the tuition cap and operating grant calculation combined would result in lower per-student revenue compared to FY 24 (see below).

New Magnet Operating Grants

For magnet schools that began operating on or after July 1, 2024, the grant is the per-student grant amount received by existing magnet school program operators under the choice grant in the same region as determined by the SDE commissioner (CGS § 10-252a(b) & (c)).

Enhancement, Academic Support, and Startup Grants

The SDE commissioner may award additional magnet school grants, within available appropriations, for (1) enhancing educational programs in any magnet; (2) academic support programs and summer school in *Sheff* region magnets; and (3) program start-up costs (up to $75,000) (CGS § 10-264*l*(c)).

Tuition

Beginning with FY 25, both host magnets and non-board of education magnets are limited to charging sending school districts no more than 58% of the tuition amount they had charged for FY 24. Magnets that operate preschools can charge parents tuition to enroll their children but cannot charge tuition to any parent or guardian with a family income at or below 75% of the state median income (SMI). Since FY 25, the law limits any tuition amount to no more than 58% of what was charged in FY 24 (and maintains the ban on tuition for those from families at or below 75% of SMI). By law, SDE must cover the lost tuition due to the ban on charging those below 75% of SMI.

Any magnet program that began operating on or after July 1, 2024, that charges tuition cannot exceed the per-student average tuition that magnet school programs charge for similar grade ranges in the same region. The SDE commissioner determines this average tuition amount (CGS §§ 10-264*l*(k) and -264o(b) & (d)).

"Hold Harmless" Provision. Because the tuition cap could potentially cause some operators to lose revenue on a per-student basis, the legislature included "hold harmless" provisions into the

grant calculations. These provisions guarantee that a magnet operator will receive a per-student grant that is at least equal to the FY 24 per-student total revenue amount.

For host magnets, the "hold harmless" policy is incorporated into the grant calculation. Specifically, the "sending town adjustment factor" is calculated using an operator's FY 24 total revenue per pupil if the amount is greater than the weighted funding amount per pupil. The FY 24 total revenue per pupil includes the tuition amount in FY 24, the year before the legislature instituted the tuition cap.

For non-board of education magnet operators, the provision is triggered when an operator's per-student revenue (tuition and operating grant) for FY 24 is greater than the amount of revenue it would receive when the operating grant is calculated as described above. In this circumstance, the school operator receives additional grant funds so that their per-student revenue is the same as in FY 24.

Vo-Ag Centers

Definition

A regional vo-ag center is part of an existing public high school (except Bridgeport's aquaculture center is separate from a comprehensive high school) and offers a curriculum of agricultural science and technology in addition to the standard high school curriculum. The school operates under the direction of the host board of education and serves a region of multiple local school districts (CGS §§ 10-64 to -66).

Operating Grant

By law, vo-ag centers are eligible for a grant equal to (1) $5,200 (the per-student grant they would have received in FY 24) multiplied by vo-ag program enrollment for the current FY plus (2) 42% of the difference between that amount and the amount they would receive under the new grant calculation (see below) (CGS § 10-252a(a) & (d)).

Total Vo-Ag Grant (New Calculation)	=	Sum of the Sending Town Adjustment Factors	+	FY 24 Grant for In-district students ($5,200)	x	In-district student enrollment

The "sending town adjustment factor" calculation is the same as the one that applies to host magnet operators (see above).

Tuition

Beginning with FY 25, a vo-ag center may not charge tuition to a sending district of more than 58% of the tuition charged for FY 24 (under the law in FY 24, the maximum tuition was $6,823 per student) (CGS § 10-65(b)).

"Hold Harmless" Provision. As with host magnets, the "hold harmless" policy is factored into the calculation for sending town adjustment factor (detailed above), as it uses the FY 24 total revenue per pupil amount if it is greater than the amount generated by using the weighted funding amount per pupil.

Technical Education and Career Schools

Operations for the Connecticut Technical Education and Career schools (formerly the Connecticut Technical High Schools) are funded by the state through the regular state budget process. Preparatory and supplemental programs, including apprenticeship programs, are funded from the nonlapsing Vocational Education Extension Fund, which includes all proceeds from operating the programs including tuition fees for the preparatory and supplemental programs (generally technical high schools do not charge students for any of their classes or programs, although certain programs may charge students for tools or uniforms) (CGS §§ 10-95, -95e & -99f).

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