

OFFICE OF FISCAL ANALYSIS

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sSB-7

AN ACT CONCERNING EDUCATIONAL EQUITY.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Education, Dept.	GF - Cost	84.9 million	280.2 million

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 27 \$	FY 28 \$
Various Municipalities	Revenue Gain	See Below	See Below
Various Local and Regional School Districts	Revenue Gain	See Below	See Below

Explanation

The bill, which makes changes to the Education Cost Sharing (ECS) formula that also impact choice school grants, results in a cost to SDE of approximately \$84.9 million in FY 27 and \$280.2 million in FY 28, with costs continuing to rise in the out years. The actual cost will vary based on enrollment, student demographics, and other annually updated data. The estimated cost to the General Fund in FY 27 through FY 31 by program is shown below.

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**Estimated Cost to the General Fund in FY 27 - FY 31, sSB 7 by
Program (In Millions)**

Program	FY 27	FY 28	FY 29	FY 30	FY 31
ECS	60.1	228.5	413.2	605.2	739.8
RESC Magnets	8.0	17.1	26.2	35.2	41.1
BOE Magnets	3.5	7.2	11.0	14.8	17.6
Charter Schools	12.3	25.5	38.7	51.7	60.4
Vocational Agriculture	1.0	2.0	3.0	3.9	4.6
TOTAL	84.9	280.2	492.0	710.8	863.6

Notes:

Estimates use FY 25 data, except for ECS which uses FY 26 data.

The BOE magnets and Vo Ag estimates use the ECS data for sending towns from FY 26.

Estimates include the impact of Sheff magnet seat increases (for RESC and BOE magnets) as anticipated by SDE in October 2025.

The grant increases are equivalent to the net gains to towns and operators as this bill does not change tuition paid by sending towns for certain choice school programs.¹ Exact impacts will vary among operators due to the grant structures and annual data updates. The bill has a net positive impact to almost all operators of the affected programs in FY 27.

ECS and choice grant changes. The bill requires the ECS foundation amount, currently \$11,525, to increase to \$12,500 in FY 27 and then by increments of \$1,000 annually through FY 30, and beginning in FY 31, increase in line with inflation (as calculated for the spending cap).² Additionally, the bill adds an ECS regional bonus³ for towns that do not operate a high school and instead send their students to another district and pay tuition (designated high schools). In FY 27, 67 towns benefit

¹ Sending towns pay tuition for all regional educational service center (RESC) magnets, all vocational agriculture programs, and some Board of Education (BOE) magnets.

² Pursuant to CGS Sec. 2-33a, the percentage increase in personal income or the percentage increase in inflation, whichever is greater.

³ The ECS formula currently incorporates a regional bonus for students attending regional school districts and endowed academies. The bonus is \$100 per student, multiplied by the number of grades.

from the ECS changes, and in FY 28, 161 towns benefit.⁴

Because the ECS foundation amount is tied to multiple other grants, increasing the foundation results in a cost to SDE and a corresponding revenue gain to towns and choice school operators through: (1) the ECS grant; (2) magnet school grants; (3) vocational agriculture (Vo Ag) grants; and (4) charter school grants.

The special education and expansion development (SEED) grant is also tied to the ECS foundation amount. However, as the grant is reduced proportionally within available appropriations, increasing the foundation does not change the grant distribution.

Numerous factors. The bill's fiscal impact in FY 27 and annually thereafter is subject to changes in many factors, including: (1) enrollment, including enrollment changes related to the Sheff settlement; (2) student characteristics; (3) the number of students sent from each town to any of the affected programs; (4) new or closed schools or programs (beyond those within the Sheff settlement); and (5) inflation.

The bill's grants to BOE magnets and Vo Ag operators depend in large part on the student characteristics of the towns sending out-of-district students to the programs and the ECS foundation amount, which vary from year to year under the bill. While in a year the average change across towns is typically small, the change to the grant amount associated with students from any one town can be large (either lower or higher). Any such changes will result in different grant totals than projected above (impacting the anticipated General Fund appropriations) and affect grants to the towns, districts, or RESCs⁵

⁴ The designated high school bonus is received by 18 towns. Of those, three towns benefit in FY 27 and all 18 benefit in FY 28 and beyond. The cost of the bonus, beyond the cost of the annual increases in the ECS foundation amount, is approximately \$76,100 in FY 27 and \$134,400 in FY 28. The bonus's cost continues to rise beyond FY 28, reaching approximately \$357,100 in FY 31.

⁵ In this fiscal note, the magnet schools run by RESCs, Goodwin University, and Great Path Academy on behalf of Manchester Community College are referred to as "RESC magnets" for simplicity.

operating the programs. In FY 26, used for this estimate, the grant amounts for these students ranged from \$11,544 (students sent from New Canaan) to \$15,932 (students sent from Bridgeport). The median town grant amount for FY 26 is \$12,567.⁶

ECS working group. The bill establishes a working group to study the ECS formula and other state education funding, which has no fiscal impact as the working group has the necessary expertise to meet the requirements. The bill additionally eliminates a defunct commission related to education funding.

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 29 \$	FY 30 \$	FY 31 \$
Education, Dept.	GF - Cost	492 million	710.8 million	863.6 million

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 29 \$	FY 30 \$	FY 31 \$
Various Municipalities	Revenue Gain	See Below	See Below	See Below
Various Local and Regional School Districts	Revenue Gain	See Below	See Below	See Below

The bill's projected annual cost to the General Fund (compared to current law) in the out years is \$492 million in FY 29, \$710.8 million in FY 30, and \$863.6 million in FY 31. Costs relative to current law will rise annually beyond FY 31 due to the inflation adjustment to the ECS foundation amount. As discussed above, the fiscal impact of the bill depends on many factors and will vary, possibly markedly, from this estimate, and year to year.

⁶ Vo Ag and BOE magnet operators generally are not receiving these amounts in FY 26, due to the partial phase-in permanently in place under current law (continued by the bill). These amounts represent the full funding levels at the current foundation level. Additionally, the grant structures in place ensure that every year, no Vo Ag or magnet operator receives less in total revenue (tuition plus grant) funding per student than in FY 24. The hold harmless provision is not necessary for charter schools.