

House Bill 5212, *An Act Concerning Education Funding*, contains several provisions that impact how districts participating in the Open Choice program receive funding to support the education of students in the program.

### Overview of H.B. 5212

- **Protects \$150 million investment** in K-12 education for FY 2025
- **Maintains accelerated phase-in schedule** for Education Cost Sharing (ECS) grant and fully funds grant beginning in FY 2026
- **Expands ECS weighted funding to students attending public schools of choice** (magnet schools, charter schools, AgriScience programs, and the Open Choice program) while protecting funding for local public schools
- **Fully funds ALL public school students**, according to their needs, effective FY 2026
- **Saves local districts tens of millions of dollars annually** by maintaining cap on general education tuition charged by magnet school operators and AgriScience programs in FY 2025 before eliminating tuition altogether in FY 2026

### Current Funding of Students Who Attend Open Choice Programs

- Open Choice programs are operated by local and regional public school districts.
- Currently, students who participate in the Open Choice program are funded with the support of a state grant.
- The amount of state support ranges from \$3,000 to \$8,000 per student, depending on the level of district participation in the program.
- There are additional financial bonuses and incentives for districts in the *Sheff* region who participate in the Open Choice program.
- Students who participate in the Open Choice program are counted as one-half of a student for both the sending district and receiving district for the purposes of the ECS grant.
- In FY 2025, an additional \$11.4 million from the biennial budget's \$150 million Education Finance Reform line item is set to be distributed to Open Choice operators to increase per-student grant amounts. However, there is no system for allocating these resources.

**The following is a summary of the modifications proposed in H.B. 5212 to the current system for funding students participating in the Open Choice program.**

- Section 1 changes the way students who participate in the Open Choice program are funded beginning in FY 2026. Rather than being supported with a flat per-student grant from the State, the State will pay Open Choice receiving districts a choice program grant that is equal to the full weighted amount per student calculated using the ECS formula of the sending district, thereby reflecting the needs of the community where the student resides.
  - Each sending town has a weighted funding amount per-student (lines 77-80) that is based on the general needs of the students in that town.
  - The formula begins with a foundation amount of \$11,525, or the cost to educate a student without additional learning needs (lines 10-24).
  - The foundation is then multiplied by the number of need students in a town. The result of this calculation is then divided by a town's resident student count to derive a weighted funding amount per student (lines 77-80). The weighted need-student count of a sending district is calculated as follows:
    - The total number of students enrolled in the local or regional public school district, plus
    - 30% of the number of students who are eligible for free or reduced-price lunch (FRPL), plus
    - 15% of the number of students over the statutory threshold, who reside in a district with concentrated poverty, which is triggered when more than 60% of students qualify for FRPL, plus
    - 25% of the number of students who are multilingual learners.
  - A receiving district participating in the Open Choice program receives a grant that is the sum of all the weighted per-student grants it receives (lines 98-101), also referred to as "sending town adjustment factor."
  - For example: if X district receives \$12,000 per student under the ECS formula, and a student who resides in X district decides to attend an Open Choice program operated by Y district, Y district would receive a \$12,000 grant from the State for each student from X district that exercised choice and attended Y district.
- Since each Open Choice receiving district's grant will be annually calculated based on the program's student population, the flat per-student state grants and bonus grants are eliminated in Section 9, through lines 1302-1397, beginning in FY 2026.