

Education Legislative Report

January 21, 2016 – Issue #3

Fate of the Allowable Growth Rate Uncertain

On Wednesday afternoon this week, the Senate passed S.233, which would repeal the AGR for both FY 2017 and FY 2018. The House Education Committee is working to develop possible amendments to the Senate bill for presentation to the full House. Those amendments would alter the AGR but leave the provision in law for FY2017.

In an important development last week, the Joint Fiscal Office (JFO) determined that the Agency of Education had interpreted the language of the AGR provision in a manner that was not consistent with the intent of the legislature. In August, the AOE issued district-specific thresholds that applied FY2016 education spending exclusions (including capital construction costs, extraordinary special education costs and debt service) but not FY2017 exclusions. The JFO and AOE worked together to clarify which exclusions should be included in threshold calculations, and prepared a table of revised thresholds. That table reflected thresholds that were, in many cases, lower than the August-released numbers.

The news that the August-released thresholds were inaccurate, and that revised thresholds could be lower, led many lawmakers to question whether any action short of repeal should take place.

Districts where exclusions in FY2016 differ from exclusions in FY2017 would be affected by the revised AGR calculation. The AOE does not yet have detailed budget information from districts, so there is not a comprehensive list of impacted districts. Districts would have to self-identify whether the revised thresholds or the original thresholds cause their budgets to exceed the AGR.

House Education Chair David Sharpe presented the House Education Committee with a provision intended to solve the problem created by the two sets of thresholds. The amendment would direct the AOE to apply to each district whichever version of AGR calculations (either the August-released thresholds or the revised thresholds) best fits that district's budget in terms of not exceeding the AGR.

On Wednesday, the House Education committee voted to approve several other changes to the AGR and to include them as an amendment to the Senate bill. The proposal of amendment will incorporate a .9% addition to the AGR, an exemption for the Bridgewater and Pomfret joint-contract school, a clarification that the AOE will apply the best-fit exemptions to each district and a reduction of the AGR tax penalties to ¢.50 on the dollar.

It remains to be seen what action the full House will take in response to the Education committee's proposal, and whether the Senate will agree to any measure short of repeal.