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**The Funding of Interdistrict Magnet Schools in Connecticut:
A Failed Approach to Addressing the Sheff vs. O'Neill
Connecticut Supreme Court Ruling?**

David MacDonald
May 5, 2005

Public Policy 807: Introduction to the Policy-Making Process
with Professor Sandra Kee Borges
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Introduction

On July 9, 1996, the Connecticut Supreme Court issued its ruling in the Sheff vs. O’Neill case that the state of Connecticut was responsible for *de facto* segregation in the state’s schools and that the existing educational system was in violation of Connecticut’s constitution. Writing for the majority, Chief Justice Peters said, “If significant racial and ethnic isolation continues to occur within the public schools, for which the legislature has an affirmative constitutional obligation to provide a substantially equal educational opportunity, no special invidious segregative intent is required.”¹

This ruling was based upon the equal protection clause in Connecticut constitution, which states “No person shall be denied the equal protection of the law nor be subjected to segregation or discrimination in the exercise or enjoyment of his civil or political rights because of religion, race, color, ancestry or national origin.”² The Court ruled that *de facto* segregation occurs in Hartford public schools due to the state’s enforcement of CT General Statutes 10-184 and 240. General Statute 10-184 requires all children to attend public school within the district in which they reside and General Statute 10-240, passed in 1909, sets the borders of school districts to coincide with town boundaries. Since poor minority children are unable to attend school anywhere but in a school predominantly enrolled with minority children (at the time of the ruling more than 90% of Hartford’s students were from minority groups), they were being denied their state constitutional right to equal educational opportunity. However, the causes of this segregation were residential housing patterns and “white-flight” from a failing urban school system, not *de jure* actions of the state, such as requiring black children attend only certain schools. The 1909 districting statute, however, implicates the role of the state in creating inequality, and “...the districting statute that the legislature enacted in 1909 is the single most important factor contributing to the present concentration of racial and ethnic minorities in the Hartford public school system.”³ The Court did not rule that the district boundaries

¹ *Milo Sheff, et. al. vs. William O’Neill*, 238 Connecticut 1, 678 A.2nd 1267 (1996).

² Constitution of the State of Connecticut, Section 20.

³ *Milo Sheff, et. al. vs. William O’Neill*, 238 Connecticut 1, 678 A.2nd 1267 (1996).

were unconstitutional, because the boundaries cause *de facto* segregation rather than *de jure* segregation. “The state has not intentionally segregated racial and ethnic minorities in the Hartford public school system... There has never been any other manifestation of *de jure* segregation either at the state or the local level.”⁴

Following the ruling, then Governor Rowland convened an Educational Improvement Panel that made nine major recommendations to remedy the situation, which included: 1) Interdistrict magnet schools; 2) charter schools; 3) interdistrict after school, Saturday and summer programs, and sister-school programs; 4) interdistrict public school choice program [Project Choice, formerly known as Project Concern]; 5) interdistrict school building projects; 6) interdistrict collaboratives for students and staff; 7) minority staff recruitment; 8) distance learning through technology; and 9) other efforts to increase awareness of the diversity of individuals and cultures. While all these efforts moved forward, much attention was placed on the interdistrict magnet school program because of its potential to reach larger numbers of students and to provide a high-quality, integrated education to the students enrolled.

Interdistrict magnet schools quickly became the primary focus of efforts to voluntarily desegregate schools and provide quality educational opportunities to Hartford students. An interdistrict magnet school is a publicly funded school operated by a local or regional school district, a regional educational service center (RESC) or a cooperative arrangement involving two or more districts. Each magnet school has a special educational theme, focus or proven educational pedagogy. Students attend voluntarily and the magnet school, in order to receive the magnet school grant, has a required purpose of reducing racial, ethnic and economic isolation of students while offering a high-quality education.⁵ At the time the law establishing this system was adopted in 1997, there were already seven magnet schools in operation. This was a voluntary policy that would require substantial interdistrict cooperation and planning to implement. Experience has shown that it could take more than 3 years to develop and open a magnet school.

⁴ *Milo Sheff, et. al. vs. William O’Neill*, 238 Connecticut

⁵ *Interdistrict Magnet Schools and Magnet Program in Connecticut: An Evaluation Report*, Connecticut Department of Education, March 2003

Therefore, when the plaintiffs returned to the court in 1999 with the argument that the state had not made sufficient progress remedying the problem, the Supreme Court ruled that given the state is only responsible for *de facto* segregation, the state's plan for voluntary desegregation was reasonable and proceeding as quickly as was reasonable. "Voluntary integration plans make particular sense in situations where, as here, the past segregations was de facto and not de jure."⁶ The ruling memorandum went on to conclude "The plaintiffs have sought court intervention before the state has had an opportunity to take even a 'second step' in the remedial process. ...The best way to achieve popular support is not to impose a judicially mandated remedial plan, but to encourage Connecticut's populace as a whole, both directly and through their elected representatives, to solve the problems facing the state's schools."

Clearly, any desire on the part of the plaintiffs to have the Supreme Court or the Connecticut General Assembly to redistrict where Hartford students attend school is unrealistic, both politically and legally. Upon the 1996 decision, Governor John Rowland immediately ruled out any forced busing or redistricting option. He convened an Educational Improvement Panel that concluded by recommending voluntary desegregation measures. Connecticut has a long tradition of local control of education and local democratic institutions, and that continues today.

Following the 1999 memorandum, the Sheff Plaintiffs entered into negotiations with Governor John Rowland in order to come to a settlement as to the remedy and setting goals and benchmarks. After long and difficult negotiations, the plaintiffs and the state came to agreement on a course of action that would avoid further litigation, at least for the time being. The settlement that was agreed to in 2003 was as follows:

1. Creation of two new inter-district magnet schools in Hartford over the next four years.
2. State Department of Education and Hartford will begin a program to create additional desegregated educational opportunities by creating 10 host magnet schools to enroll 5,040 Hartford students.
3. Increase Project Choice seats from 1,000 to 1,600.

⁶ *Milo Sheff, et. al. vs. William O'Neill*, Connecticut Supreme Court Memorandum of Decision, March 3, 1999

4. Agree to fixed times for evaluation of efforts.
5. Racial/ethnic percentages to be used as benchmarks in determining the integration levels of schools.

The goal of this settlement is to provide about 30% of Hartford's students an integrated, quality educational opportunity. However, what is unanswered by this settlement is what about the remaining 70% who would most likely remain in a segregated learning environment? But what was most significant about the agreement, though, was that the state agreed to set fixed times for evaluation and to use racial/ethnic benchmarks in measuring progress, something the state had previously resisted.

The primary purpose of this paper will be to examine the progress made to date in addressing Sheff vs. O'Neill court decision, whether the Sheff settlement agreement with the state outlined above is likely to make sufficient progress, and if not, what are the policy alternatives that the Sheff plaintiffs and the state should consider adopting.

Defining the Policy Problem

The problem of *de facto* racial and economic segregation is ultimately one of rational choices made by many people in a variety of circumstances. It is not a deliberate policy of segregation. Viewing this policy problem through the lens of public choice theory it is apparent why so little progress has occurred. This is essentially a collective action problem, where individual incentives (ability to move to where you want your children to attend school) are inconsistent with group well-being (every child, regardless of race or ethnicity, has an equal opportunity to a quality education). In a democracy, the most effective approach to solving these types of collective action problems is through voluntary compliance at the smallest scale possible.⁷

The decisions that are made by state legislators, state bureaucrats, local elected officials and local bureaucrats are all made by anticipating the preferences of the voters in their respective jurisdictions. The voters in each jurisdiction have chosen where they wished to live for a variety of reasons, often due to the

⁷ Bickers and Williams, *Public Policy Analysis*, pp. 63-71.

perceived educational quality afforded their children. To remove that decision from the hands of the voters through a judicial decision would at its core be undemocratic and question the legitimacy of the government. Questioning the legitimacy of government decisions has occurred in other states following judicial orders to desegregate schools, causing people to move, also known as “voting with your feet”⁸ and “white-flight” and in the end increasing racial and socio-economic segregation. It is reasonable to believe that the segregation occurred due to the increased opportunity for middle-class families to leave Hartford for the suburbs in the 1960s and 1970s. This exodus was not simply white families, either, as evidenced by the fact that the Bloomfield school district is more than 90% African-American and only 41% are eligible for the free and reduced-price lunch program. Middle-class black and Hispanic families have also fled the failing Hartford school system, “voting with their feet” and using their economic means to secure better educational opportunities for their children. Therefore, the essential policy problem is the inability of low-income racial and ethnic minorities in urban areas from being able to secure or choose, either through private education or by moving to a better school system, a quality education for their children. Their lack of economic means is what is causing the segregation.

These points were not lost on the Supreme Court justices who were ruling on the case. The Court noted “according to the findings of the trial court, poverty, not race or ethnicity, is the principal causal factor in the lower educational achievement of Hartford students.”⁹ The minority opinion even stated that the facts on record did not support the majority’s contention of “devastating effects that racial and ethnic isolation...have had on [the plaintiffs] education” because the facts pointed to the causal relationship to poverty. Due to the undeniable casual connection between poverty and low educational achievement, the mission of interdistrict magnet schools and programs is to reduce racial, ethnic, and economic isolation, and to offer high-quality and special programs designed to improve student academic performance. The state has also included comparisons of the poverty rates in schools, traditionally done using eligibility for the free

⁸ Ibid. pp. 27-28.

⁹ *Milo Sheff, et. al. vs. William O’Neill*, 238 Connecticut

or reduced-price lunch program, along with statistics regarding the racial and ethnic composition of schools. Using the percentage of children qualifying for the free and reduced-price lunch program, we can compare the number of low-income students in districts and in magnet schools.

While the state Department of Education has reported positive looking numbers regarding voluntary efforts at desegregation, the numbers are also deceiving. In their report *Interdistrict Magnet Schools and Magnet Program in Connecticut: An Evaluation Report*, the Department of Education painted a very positive picture of their results from through the 2002-2003 school year. They reported 31 magnet schools and programs operating in the 2002-2003 school year that enrolled 10,700 students from 100 public school districts. Figure 1 shows that interdistrict magnet schools were more racially balanced and Figure 2 shows they were more economically diverse student populations than those found statewide. They also reported significant improvements in test scores (Connecticut Mastery Test), as illustrated in Figure 3, and the report stated that the longer the students attended the magnet schools, the larger the performance increase.

Figure 1: Racial and Ethnic Composition of Students

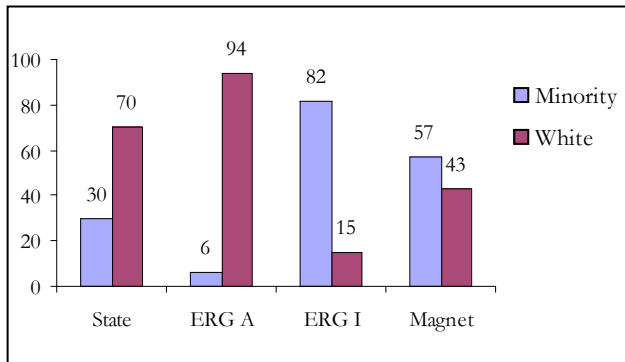
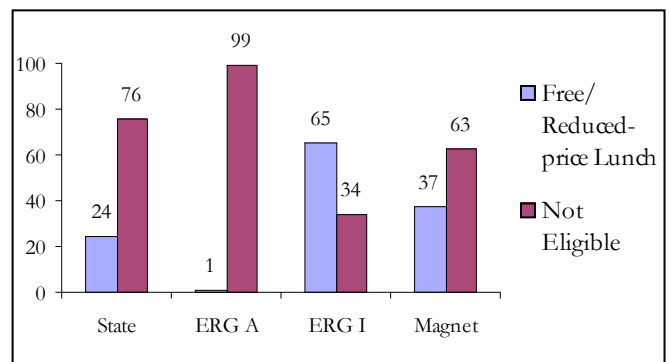


Figure 2: Economic Composition of Students



Source: Connecticut Department of Education, 2002 CMT Scores and *Connecticut Interdistrict Magnet and State Charter Schools: Evaluation Highlights*, 2003.

Further student achievement data in Figure 4 shows that fewer proportions of magnet high school students drop out than students statewide and a larger percentage of magnet high school graduates enroll in college than graduates statewide.¹⁰

¹⁰ *Interdistrict Magnet Schools and Magnet Program in Connecticut: An Evaluation Report*, Connecticut Department of Education, March 2003

Figure 3: CMT Scores of Students

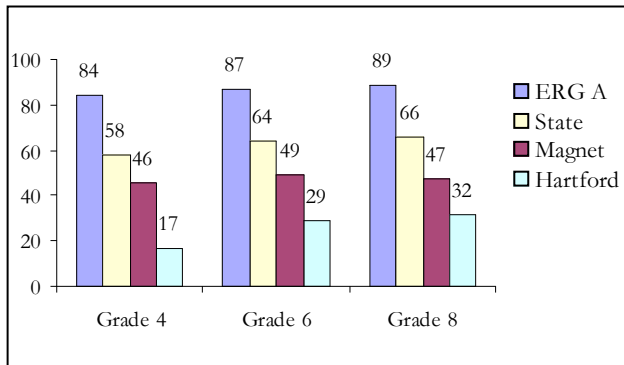
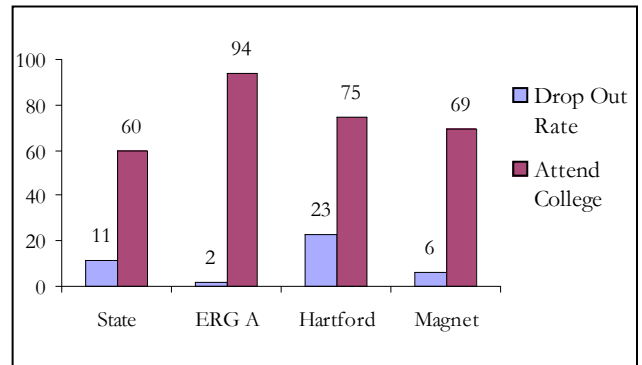


Figure 4: Drop Out Rates and College Attendance



Source: Connecticut Department of Education, 2002 CMT Scores and *Connecticut Interdistrict Magnet and State Charter Schools: Evaluation Highlights*, 2003.

The above data demonstrates that magnet schools substantially close the gaps between Hartford students and the state averages, and in some instances, such as the drop out rates and college attendance rates, magnet schools surpass state averages. “The statistics presented...show that interdistrict magnet schools and magnet school programs not only attract a more diverse student body, but also employ more diverse professional staffs than found in all but ERG I public schools across the state.”¹¹ Of the eight strategies adopted in Public Act 97-290 to reduce racial, ethnic and economic isolation, interdistrict magnet schools and programs have had the greatest impact in terms of the number of students affected and the quality of the experiences afforded them. It would be reasonable to conclude that the state’s policy of voluntary, interdistrict magnet schools were an appropriate response to the Sheff vs. O’Neill decision. However, the impact of this policy has been small when one looks at the overall status of education in Connecticut and in Hartford.

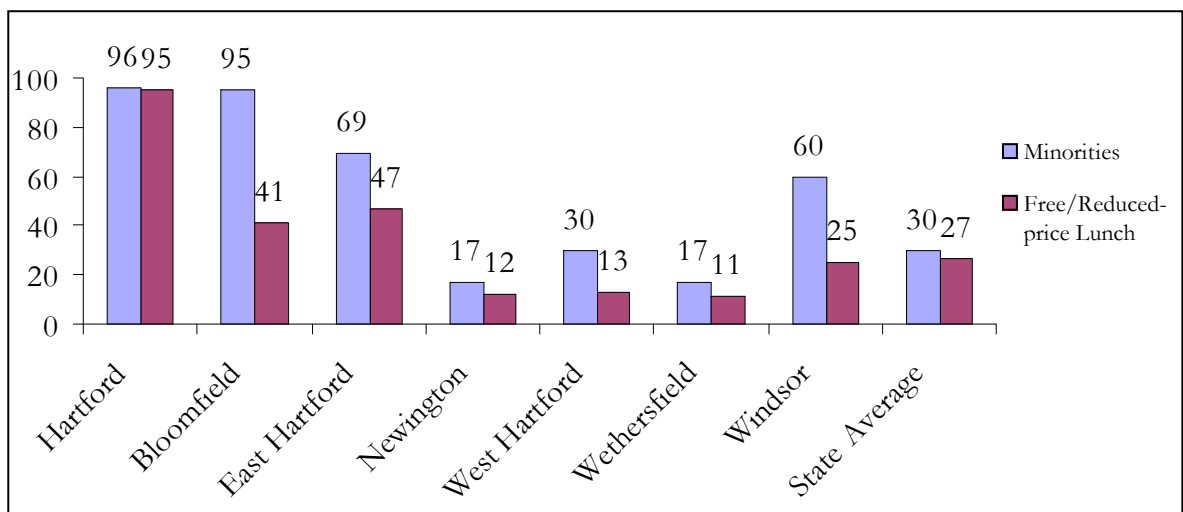
After more than 8 years, only about 10% of Hartford students are able to attend magnet schools or other schools of choice, including Charter Schools and Project Choice (Project Choice is when Hartford students are able to attend school in suburban districts on a limited basis). There are almost 600,000 public school students in Connecticut and only 10,700 students enrolled in magnet schools. This is less than 2% of

¹¹ Ibid. p. 41.

the student population.¹² Most Connecticut schools are still very segregated. As shown in Figures 1 and 2 above, the racial and ethnic composition of schools from ERG (Educational Resource Group) A, which includes the wealthiest schools in the state, is only 6% minority students and those who are eligible for the free and reduced-price lunch program is only 1%. The numbers are reversed for ERG I (urban districts including Hartford) at 82% minority students, with Hartford being 95.6% minority, and 65% eligible for free and reduced-price lunch, with Hartford at more than 95%.¹³

The state averages, however, are misleading because individual school districts vary widely. In Figure 5 below shows, the other districts that surround Hartford are mostly segregated and do not approach the average racial and economic percentages of the state. West Hartford is close to the state average for the percentage of minority students and Windsor is close for the percentage of low-income students compared to the state average.

Figure 5: Percentages of Minority and Free/Reduced-price Lunch students in Hartford and surrounding districts.



Source: 2003-2004 District Strategic School Profiles, <http://www.state.ct.us/sde/>

The Connecticut Department of Education, as part of their evaluation of magnet schools cited earlier, surveyed parents. On questions such as whether the school offers a high quality, challenging

¹² Ibid.

¹³ Connecticut Department of Education, 2001-2002 and 2002-2003 School Profiles, <http://www.state.ct.us/sde/>

academic program, or whether the school had high expectations for students' academic performance, between 84% and 91% answered "yes."¹⁴ The number of students applying to magnet schools continues to grow and many schools have long waiting lists of students who were not selected via the lottery process. For example, the 2003 lottery for the Montessori Magnet School received 315 applications, 154 from Hartford and 161 from suburban towns, for 40 openings for the 2004-05 school year. The school's policy of allowing siblings of current Montessori Magnet School students to automatically receive an available opening left only 16 openings for 291 applicants, a ratio of 18 to one.¹⁵ Up-to-date waiting list data for all magnet schools are difficult to locate and I was unable to obtain them from other schools for this report. However, anecdotal evidence suggests that the experience of the Montessori Magnet School exists at many other magnet schools. Parent surveys and the long waiting lists demonstrate that there strong demand for magnet schools, especially among parents in urban districts. The Montessori data also demonstrates a strong demand for the school from suburban families. Further study by the Connecticut Department of Education should include analysis of application and waiting list data from all magnet schools in order to determine if certain schools have stronger demand and would be appropriate for replication.

To briefly summarize these findings, interdistrict magnet schools have been very successful at providing a high-quality, integrated education to those students attending their schools, there is a large demand to attend these schools, yet this has not changed the overall conditions of the Hartford schools that led to the decision of the Supreme Court in *Sheff vs. O'Neill*. Why has there not been more progress?

In order to find the answer to this question, the mechanisms that Public Act 97-290 created to fund interdistrict magnet schools and the mechanisms for state financial support for local school districts, primarily through the Education Cost Sharing (ECS) grant, will need to be analyzed. The ECS grant is based upon the principle that state and local government should share the costs of education, and that the state should provide funding based upon a complex formula that takes into account factors such as the social-

¹⁴ *Interdistrict Magnet Schools and Magnet Program in Connecticut: An Evaluation Report*, CT Department of Education, March 2003

¹⁵ Montessori Magnet School Governance Council Minutes, May 6, 2003.

economic conditions that confront the particular school district. There is a significant difference between ECS grants to different districts: Hartford receives about \$7,300 per student, East Hartford about \$3,965 per student, West Hartford about \$892 per student and Avon about \$197 per student.¹⁶ The formula is capped for some districts, such as East Hartford, and a number of towns have joined together to advocate for the full funding of the ECS formula.

Interdistrict magnet schools are funded through a formula designed to encourage cooperation between districts and a balance of children from multiple districts. This allows a magnet school to achieve racial and socio-economic balance without prescribing set “quotas” for different racial, ethnic or socio-economic groups and voids potential challenges in the courts. Subsection (c) of Section 10-2641 of the Connecticut General Statutes, as amended by Public Act 02-7 in 2002, defines the formula for interdistrict magnet schools. The per-student state funding is based on a percentage of the ‘foundation grant’ (\$5,891) that is inversely proportional to the percentage of the magnet school enrollment from each feeding district. For each participating district whose magnet school enrollment is equal to or less than 30% of the total enrollment of the school, 90% of the foundation grant is provided, or \$5,302 per student. For each participating district whose enrollment is greater than 30% and less than 60%, a percentage between 60% and 90% of the foundation that is inversely proportional to the percentage of enrollment from such district is provided. If a participating district’s enrollment in the magnet school is 60%, 60% of the foundation grant is provided, or \$3,535 per student. This would mean that maximum funding for the school is achieved when 4 or more districts each send less than 30% of the students enrolled in the school. The school would receive \$5,302 per student. And if a participating district’s enrollment in the magnet school is between 60% and 90%, a percentage of the foundation between zero and 60% of the foundation is provided, except when this district is the “host” district in which the school is located, when the foundation grant will be between 50% and 60% of the foundation, or between \$2,946 and \$3,535 per student. This exception is important because

¹⁶ *Education Cost Sharing Grant Comparison of 2002-03 and 2003-04 Fixed Entitlements* Connecticut State Department of Education, <http://www.state.ct.us/sde/>

magnet schools located in urban areas are under significant political pressure to enroll as many children from that district as possible and this allows them to enroll up to 90% of the students from the host district and still receive \$2,946 per student, rather than zero.

Therefore, since the actual per student cost of providing a quality education is more than the foundation grant, participating districts are expected to pay “tuition,” the difference between the state foundation grant and the actual cost of the education. This “gap” in funding though can be quite expensive and cost-prohibitive for participating districts. Most tuition that is charged is usually from \$2,000 to \$5,000 per student¹⁷ providing a limit and a cost that cannot be easily budgeted by the participating districts. In addition, participating districts still receive the ECS grant for their students attending magnet schools in order to minimize the loss to local school budgets. Due to the limited ability of many participating districts to pay tuition, the tuition charged does not always cover the actual gap in operating costs.

Additional funding is also available for magnet schools. The host district in which the magnet school is located must provide transportation for magnet school students who reside in their district and the sending districts or the magnet schools which provide transportation for out-of-district students are eligible for reimbursement up to \$1,200 per student. Funding was also provided for the capital costs of constructing new magnet school facilities with reimbursement at 100%. In addition, special education funding is separate and must be paid by the sending district.

Therefore, it can be concluded that the state has tried to create a funding system that encourages interdistrict cooperation, and magnet schools with racial and socio-economic balance among its student population by creating financial incentives for four or more districts to partner to develop the school. However, there are a limited number of school districts financially participating in the funding of interdistrict magnet schools. Many of the districts that are participating have reached their limit as they have faced their own budget problems during the past couple of years. Some magnet schools do not receive any

¹⁷ Connecticut Office of Fiscal Analysis, OFA Fiscal Note, <http://www.cga.ct.gov/2005/fn/2005SB-01311-R00-FN.htm>.

tuition from the sending districts. Two schools that were created prior to the magnet school funding law, Greater Hartford Academy of the Arts and the Montessori Magnet School, receive little to no support from “participating” districts. Some families are required to pay tuition to attend the Academy of the Arts.

Last year, interdistrict magnet schools were under funded by approximately \$6 million. This is evidenced by the inclusion in the state budget approved by the Appropriations Committee of the General Assembly of \$6 million in addition to the magnet school foundation grant of \$84.5 million. About \$4 million of this additional appropriation is to provide an increase in the foundation grant to \$6,500 per student. This increase in the foundation should eliminate some of the operational deficits that all magnet schools confront. This deficit in magnet school funding is not new. Over the past 3 years, special appropriations in addition to the magnet school foundation grant funds have occurred. Magnet schools operated by the Capitol Regional Education Council (a RESC), for example, will run a projected total deficit of about \$2 million next year and is part of the \$6 million appropriation.¹⁸ This is primarily due to the lack of financial support from participating districts.

State funding for magnet school foundation grants has increased significantly over the past few years as the number of magnet schools has increased. The state provided \$2.4 million for magnet school grants in State Fiscal Year 1994 (school year 1993-1994) to support the operation of seven interdistrict magnet schools. For SFY 2002 \$44.1 million was appropriated to support 31 interdistrict magnet schools. In SFY 2004 it was \$54.3 million, which increased to \$69.5 million SFY 2005. In the Governor’s proposed budget for SFY 2006 and 2007, \$84.5 million and \$98.9 million was requested respectively. But if the state is increasing funding and there are only two new interdistrict magnet schools planned, where is that new funding going? The funding is going to support what are known as “host” magnet schools.

In Connecticut, there currently exist two types of interdistrict magnet schools: those operated by local school districts and known as “host” magnet schools, and those operated by the RESCs. Both types of

¹⁸ Connecticut General Assembly, Office of Fiscal Analysis, Appropriations Committee Budget SFY 2006-2007, <http://www.cga.ct.gov/ofa>

magnet schools receive grants for operating costs (magnet school foundation grant) and for capital improvements and construction, and both receive a subsidy for transportation of out-of-district students. However, host magnet schools are able to utilize the ECS funds received for their own local students, plus the foundation grants they receive for each magnet school student.

Currently, ten host magnet schools are being created compared to only 2 interdistrict or RESC-operated magnet schools for Hartford students, according to the Sheff settlement described in the Introduction. Most host magnet schools have close to or over 70% of its students enrolled from the host district and about 30% from suburban districts, which is different from the typical RESC-operated school. This is a consequence of Public Act 02-7 that changed the magnet school funding mechanism in order to provide additional financial support for host magnet schools. Prior to Public Act 02-7 described above, when local enrollment was from between 60% and 90% of the magnet school's enrollment, the local district received (inversely proportional) from 60% to 0% of the foundation. The new exception for local districts to receive 60% to 50% of the foundation significantly improved the financial stability of host magnet schools and provided local districts an incentive to create additional host magnet schools. And because host magnet schools are usually previously existing public schools that are converted to a magnet school, it is feasible to bring them on-line sooner than constructing brand new buildings which is often the case with RESC-operated magnet schools. This change has also required the state to appropriate additional funds for the magnet school foundation grant to support the increase in the number of host magnet schools and the increase in the number of students attending magnet schools.

Host magnet schools have developed as a response to the slow pace of developing interdistrict magnet schools and the lack of financial support for interdistrict magnet schools by participating districts. This tuition-free host magnet school model, which was pioneered by New Haven and is currently in effect at some magnet schools in Waterbury and Hartford, is a method of utilizing state magnet school and ECS funding in order to increase funds available to the magnet school. It reflects the fact that surrounding towns

are reluctant to partner with urban districts and financially support significant increases in the number of magnet schools.

In its reports on interdistrict magnet schools, the State Department of Education does not distinguish between “RESC-operated” and “host” magnet schools when analyzing data and information about the success of magnet schools in general. When the data of New haven’s host magnet schools is compared with the data from the RESC-operated magnet schools, the success of host magnet schools at reducing racial and economic isolation becomes questionable and worthy of further study. This raises serious questions about the efficacy of the state’s decision to provide incentives for increased numbers host magnet schools, while doing little to solve the funding problems of interdistrict magnet schools.

Figure 6: Racial and Ethnic Composition of Students

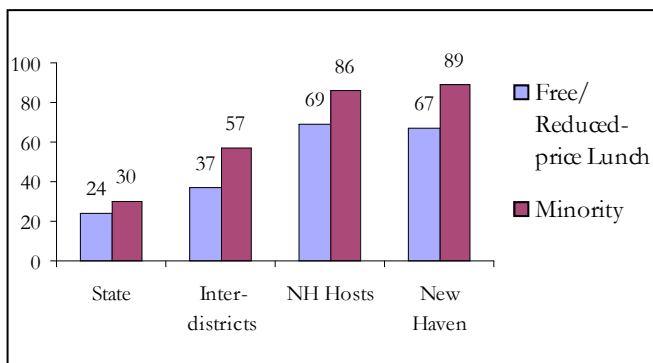
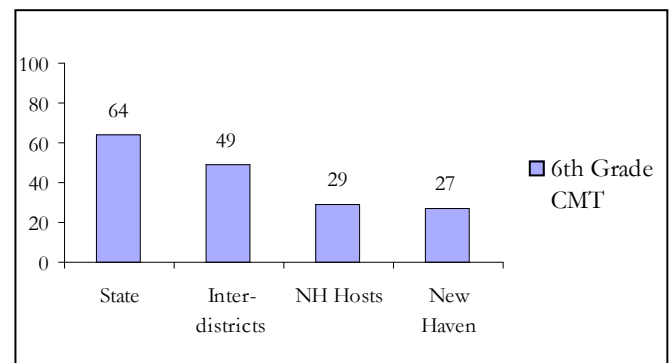


Figure 7: Students Achieving Goal on the 6th Grade CMT



Source: Connecticut Department of Education, 2002 New Haven District Strategic School Profile, 2002 CMT Scores of New Haven host magnet schools, and *Connecticut Interdistrict Magnet and State Charter Schools: Evaluation Highlights*, 2003.

The data in Figure 6 indicates that New Haven’s host magnet schools are not reducing racial and economic isolation when compared to the data from the overall New Haven district or to interdistrict magnet school data published by the Connecticut Department of Education. The interdistrict magnet school data includes the New Haven host magnet schools data as well, indicating that the non-New Haven host magnets are even more racially and economically balanced than the averages shown.

Not only are host magnet schools not reducing racial and economic isolation as much as interdistrict magnet schools, questions remain about their educational quality and program integrity. Figure 7 compares the percentages of students that score at or above goal on the 6th Grade CMT for the state, interdistrict

magnets, host magnets and New Haven. From this data one could conclude that host magnet schools provide no significant improvement in student achievement either.

One could argue that it is too soon to compare the CMT scores for host magnets to other schools since they are a relatively recent effort. However, there are also concerns that because of their “host” status, the integrity of their magnet school program could be jeopardized over time, which would make sustained progress on improved student achievement more difficult. For example, there are concerns about program integrity at the Breakthrough Magnet School, a host magnet in Hartford. Because of seniority provisions in the Hartford teachers’ contract, Hartford teachers can “bump” and receive teaching positions when openings occur because of their seniority. This prevents the principal from being able to select the most appropriate staff for his or her special program or theme, which is essential to the success of a magnet school. One unique feature of the Breakthrough Magnet School is that it has a longer school day. The principal of the Breakthrough Magnet School has had a grievance filed against her because teachers complained they were working extra hours without being paid extra.¹⁹ Further concerns may arise and will have to be negotiated with the teachers’ union and this may create further barriers for host magnet schools maintaining the integrity of their themes and programs.

Racial, ethnic and socio-economic segregation appears to be worsening in Hartford. When the Supreme Court ruled in 1996, just over 90% of Hartford’s students were from racial and ethnic minority groups and today it is over 95%. Developing true interdistrict magnet schools as was originally envisioned has not provided sufficient opportunity for enough Hartford students to have any impact on the overall problem of segregation. However interdistrict magnet schools have provided a high-quality integrated learning environment for the students fortunate to gain admission. The funding system has been modified to provide incentives for the development of significant numbers of host magnet schools, yet so far many of

¹⁹ *A Case for Reform*, Hartford Courant, February 3, 2005.

these schools have been unable to provide a more integrated or quality education for their students than the average urban school.

The policy problem surrounding *Sheff vs. O’Neill* is not a lack of coercive measures (i.e., forced desegregation or changing school district attendance boundaries), as the success of interdistrict magnet schools has shown that many people will voluntarily choose high-quality, integrated educational opportunities. The problem is a lack of a properly designed public policy for developing and sustaining enough interdistrict magnet schools to have an impact on the problem of *de facto* segregation. The specific policy problem is that the magnet school funding mechanism creates a disincentive for school districts to develop a significant number of interdistrict magnet schools that have a balance of students from multiple school districts, and creates an incentive for urban school districts to develop “host” magnet schools, which have shown a questionable ability to have any significant impact on reducing racial and economic segregation.

Policy Alternatives

What are possible alternatives to funding magnet schools that could more effectively remedy the problem identified by the *Sheff vs. O’Neill* ruling? Will host magnet schools address the *Sheff vs. O’Neill* ruling? Below are the possible policy alternatives that should be considered at this juncture after eight years of magnet school experience in Connecticut. The goal should be to develop a funding system for magnet schools that will continue to meet the initial goals of reducing racial and economic isolation, but also provide the proper incentives to encourage the financial stability of existing schools and the opening of enough new magnet schools to have a significant impact on the original finding of the Court decision.

- 1. Maintain the current funding system for magnet schools with adjustments.**

The current funding system creates an incentive to develop host magnet schools as the only viable approach to quickly develop magnet schools and allow interdistrict magnets to be developed more slowly

over time. As the data and figures above indicate, it is questionable whether or not host magnet schools will adequately address the findings of the Supreme Court decision. Maintaining the current system would also continue the budget deficits faced by many RESC-operated magnet schools who do not receive sufficient tuition from participating districts or the ECS funds that host magnets receive.

As the New Haven data demonstrates, the host magnet schools enroll predominantly minority students. The funding system encourages the magnet schools to have local enrollments of between 60% and 90%, guaranteeing large minority and low-income student enrollment. However if the Hartford host magnet schools achieve New Haven host magnet schools' level of integration, about 86% minority, it would still be an improvement over regular Hartford school demographics.

The status quo option only works as a method of addressing the Supreme Court ruling if all Hartford schools ultimately become host magnet schools. I recommend that if Hartford is successful establishing more host magnet schools, the formula for all magnet schools could be adjusted to encourage greater diversity and more out-of-districts students. For example, provide 100% of the foundation grant for out-of-district students when total out-of-district enrollment equals 50%. This could be phased in over time. Provide the magnet school with a period of time, for example three years, to enroll and recruit suburban students, using the existing formula under the assumption that initially the school will have a higher percentage of local students. Then, after three years, gradually shift the formula toward providing 100% of the foundation for the out-of-district students once their total out-of-district enrollment reaches 50%. However, whether or not this would be politically feasible at that time is not clear, since the urban "host" districts would likely resist this change because it could result in less funding for the school if they are unsuccessful at increasing out-of-district enrollments. If this policy adjustment is not included, however, the status quo would most likely lead to slightly less segregated education in Hartford, but segregated none-the-less. The most promising aspect of the status quo option is that it could lead to improved educational quality for many more Hartford students, but it is too early to tell.

2. **Institute parent choice.**

While interdistrict magnet schools are described as “schools of choice” the reality of the state’s policy is that it does not really support parent choice. If a parent chooses to send their child to an interdistrict school and the school accepts them, the sending district is not under any obligation to pay the “tuition.” This is essentially a collective action problem, in that some districts are allowed to “free ride”²⁰ on the other districts, and do not have to pay the tuition and therefore often don’t. The only way to prevent “free riding” would be to require the participating districts to pay the tuition, by deducting it from the district’s ECS grant, for example. This would have a significant negative impact on local school budgets.

One of the major strategies the state has employed in addressing the Supreme Court decision is to implement voluntary desegregation rather than coercive measures such as changing student school assignments or forced busing. The irony of the current state policy is that it is dependent on the voluntary decisions of parents to send their child to a different school than the one they were assigned too, yet it is the school district that has the authority to decide whether or not to pay the tuition for the student. In order to effectively support the voluntary nature of the state’s approach to the Court ruling, the policy needs to support parent choice.

A recent bill in the 2005 General Assembly, Senate Bill 1311, attempted to address this issue. The bill would allow a student to enroll directly in any interdistrict magnet school that has space available, even if the student did not live in one of the participating districts, and require the education commissioner to deduct the cost of any magnet school tuition from the ECS grant payable to each such student’s home district. Similar proposals have been attempted in the past and have not garnered support. It is unlikely that state senators and representatives will vote to support a mechanism that could cost their school districts

²⁰ Bickers and Williams, *Public Policy Analysis*, p. 71.

thousands of dollars. Bill 1311 did win approval by the Education Committee, by a vote of 16 to 10. The current status of this bill is that it failed to win a Joint Favorable recommendation from the Appropriations Committee on May 3, 2005 and is most likely dead for the session.

3. Create incentives for districts to participate in creating more interdistrict magnet schools.

The main barrier for preventing districts from participating in creating more interdistrict magnet schools is the cost sharing, or tuition, that they are expected to contribute. Local Boards of Education are not in a position to commit funds to supporting their students in magnet schools when they are faced with limited resources for their own schools. One of the limitations on their local budgets is the fact that the ECS grant is capped. One possible method to increase the incentive for districts to financially participate in magnet schools would be to remove the cap on ECS funding if they participate in funding magnet schools. For example, provide districts with additional ECS funds in exchange for further participation in magnet schools and link their ECS grant to percentage of their students participating in magnet schools.

When students leave a school to attend a magnet school, it is likely to be just a handful of students from any given school, perhaps only one per classroom. The sending district does not save any money by not having to educate that student because they still have a teacher to pay, a building to heat, support staff to pay, etc. If their ECS per student grant is less than the tuition the magnet school requires, they are not only not saving money, they are losing money. Some additional compensation or incentive will be required in order for districts to financially support additional magnet schools.

4. Directly fund Regional Education Service Centers to develop interdistrict magnet schools.

Regional Education Service Centers (RESCs) were formed by the state to provide a mechanism for regional education services that individual districts would have difficulty providing on their own. RESCs are an example of the decentralized and polycentric forms of government that are in the best tradition of our country. In a democracy, utilizing government structures and agencies that are created to the geographic scale of the policy problem being addressed are generally more responsive to the groups affected by the

policy and in fashioning services that will appeal to citizens with similar preferences or needs.²¹ RESCs are a quasi-public agency, much like the Metropolitan District Commission, which was chartered by the state to provide water and sewer services for Hartford and the surrounding towns. The rationale for this approach to government services is well founded in our country's history. The RESC is the appropriate entity to provide educational services to students that are drawn from multiple school districts.

RESCs have a very good track record regarding magnet schools and have extensive experience operating magnet schools. However, one of the limitations of polycentric systems is that they can face collective action problems and the "free rider" problem. This was discussed previously, that the districts participating in magnet schools are not required to contribute to the financial stability of the magnet school. The solution to this problem, though, is not necessarily to require the local district contribute financially. The state's policy could be to fully fund the cost of the interdistrict magnet school, which is essentially what the effect of the state's policy is regarding the funding of host magnet schools. The *Sheff vs. O'Neill* ruling stated unequivocally that the state is fully responsible for the system of education and for the remedy. Unless the state government is willing to require local districts to contribute by instituting "parent choice" as described above, it is reasonable that the state fully fund the cost of the RESC-operated magnet schools. In order to save money, the state would not allow the local districts to count their students who attend the magnet school for ECS purposes and the local districts would not pay "tuition." This would create "parent choice" without requiring local districts to pay tuition and could eliminate some of the barriers preventing additional RESC-operated interdistrict magnet schools from being developed.

Evaluation of Current and Alternative Policies

In order to evaluate the policy options, the following criteria will be used:

²¹ Bickers and Williams, *Public Policy Analysis*, p. 95.

1. Will the policy encourage parents and students to choose integrated learning environments? This is a clear principle from the state's policy, that voluntary methods of desegregation will be used.
2. Will the policy solve the "free rider" collective action problem that currently exists in the system? State policy is allowing local districts to not pay tuition, reduce tuition payments, or renege on previous agreements to pay tuition. This is a critical criterion that any proposed solution must meet.
3. Is the policy politically feasible in the state's current political climate? This criterion is self-explanatory and is based upon recent history of legislative proposals in the General Assembly and statements by elected officials.
4. Will the policy contribute to further interdistrict cooperation? This is a stated goal of the state's interdistrict magnet school policy.
5. Will the policy lead to financially stable interdistrict magnet schools? If magnet schools are not funded properly, budgets will have to be cut and successful programs curtailed. This has already begun to happen at some magnet schools. Funding stability is essential in order for the magnet school system to move forward and address the Sheff vs. O'Neill ruling now and in the future.
6. Is the policy likely to lead to a significant increase in the number of interdistrict magnet schools? In order to address the Connecticut Supreme Court ruling and the Settlement, a significant number of additional magnet schools will be needed to reach 30% of Hartford's students.
7. Is the policy likely to have a significant enough impact on addressing the Sheff vs. O'Neill by reducing racial, ethnic and economic isolation? This is an overall criterion based upon likelihood that the policy will succeed.

The scoring for this evaluation will be simple and straightforward. An answer of "yes" will be two points, "no" will be zero points, and a "possibly yes" will be one point. A rationale for each score will accompany each criterion.

Alternative 1: Maintain the current funding system for magnet schools with adjustments

Criteria	Score	Rationale
1	2	The current policy is encouraging parents and students to choose more integrated learning environments, however choices are limited to only those schools which your local district participates in.
2	0	The current policy will not eliminate the “free rider” problem by continuing to allow districts to avoid paying tuition for students.
3	2	It is the current policy of the state.
4	0	This approach provides no incentives for suburban districts to enter into agreements to develop magnet schools. Only 2 out of 12 new magnet schools planned for Hartford will be truly interdistrict in nature.
5	1	RESC-operated interdistrict magnet schools will continue to need additional state appropriations. Host magnets are more financially stable.
6	2	Yes, however, only 2 out of 12 new magnet schools planned for Hartford will be truly interdistrict in nature
7	2	Yes, if host magnet schools increase out-of-district enrollments or the state decides to adjust the funding mechanism to encourage greater out-of-district participation in host magnet schools. If yes, host magnets could have a significant impact toward reducing racial and economic isolation. If no, it is likely the host magnet school composition of students will remain similar to the overall district.
Total	9	

Alternative 2: Institute parent choice.

Criteria	Score	Rationale
1	2	This policy would provide more opportunities than currently exist for parents and students to choose more integrated learning environments, without the limitations of the current system.
2	2	This policy will eliminate the “free rider” problem by requiring districts to pay tuition for students.
3	0	No, at least two proposed bills in the General Assembly have failed to pass.
4	0	Probably not, as this would remove funds from local school budgets.
5	2	Yes, magnet schools would receive the funds they need from participating districts.
6	0	Probably not, an unintended consequence could be that districts would not agree to participate in any new magnet schools for fear of being forced to pay tuition.
7	1	Possibly, if a sufficient number of new schools could be developed that would attract a large number of students from suburban districts.
Total	7	

Alternative 3: Create incentives for districts to participate in creating more interdistrict magnet schools.

Criteria	Score	Rationale
1	2	Yes, this would maintain support for voluntary desegregation
2	1	A possibility, since districts would only receive the additional ECS funds if they financially supported magnet schools where their students attend. However, for some districts, i.e. West Hartford, even the additional ECS funds would still be less than the magnet school tuition, so it still may not be enough of an incentive.

3	1	There is growing support for lifting the ECS cap, however it may cost too much to be politically feasible. It may also be difficult to link these two issues (ECS cap and magnet school funding) for policy makers.
4	2	Yes, it may even cause districts to work quicker to bring new magnet schools on-line.
5	2	Yes, if districts decide to participate.
6	1	Only if suburban districts decide to participate.
7	1	Only if suburban districts decide to participate.
Total	10	

Alternative 4: Directly fund Regional Education Service Centers to develop interdistrict magnet schools.

Criteria	Score	Rationale
1	2	This policy would continue to support voluntary integration.
2	2	This policy will eliminate the “free rider” problem by fully funding RESC-operated magnet schools, which is in effect happening already through the additional \$6 million appropriation by the General Assembly.
3	1	It is happening already, so it would simply require making it part of the permanent funding mechanism. The only potential barrier is that it would increase the state’s cost for magnet schools at a time of budget difficulties for the state. However, it would provide relief for the budget’s of school districts currently supporting magnet schools.
4	1	Districts would still have to cooperate on transportation for magnet school students, as well as special education. Cooperation could increase in other areas.
5	2	Yes, magnet schools would receive the funds they need from the state.
6	2	Yes, RESCs would not face the risk of developing schools without financial support and reluctant suburban districts would not block development of new magnet schools. Parent demand for new magnet schools would drive the system.
7	2	Yes, RESCs would be required to develop more magnet schools and RESC magnet schools have a better record of reducing racial & economic isolation than host schools.
Total	12	

Comparison of Current and Alternative Policy

One of the major principles of state policy toward education is that the state and local government share the costs of education and the local government provides the education. This system of local school districts providing education, however, is what eventually led to *de facto* segregation and to the court ruling in *Sheff vs. O’Neill*. However, the state’s remedy of using interdistrict magnet schools to reduce racial and economic segregation is not working effectively. The state has decided to use the same practice of cost sharing with local districts to finance magnet schools, even though it is not in the local district’s self-interest to participate. There is no incentive for local school districts to participate in the creation of magnet schools,

and in fact, is a drain of resources away from their own school systems. With state policy capping the ECS grants and the fact that the magnet school foundation grant appears to only cover between 50% and 72% of the cost to educate the magnet school student, suburban school districts are very reluctant to enter into new agreements to create magnet schools that will require them to pay tuition for their students.

Utilizing the evaluation criteria outlined in the previous section, Alternative 4 scored the highest. Alternative 2, parent choice, is not feasible essentially due to the coercive nature of the solution that would require local districts to pay the tuition of their students attending magnet schools. Coercive measures of any kind are not likely to work to solve the problem of racial and economic segregation in our state's schools. With the current make up of the General Assembly, where the majority of representatives come from suburban and rural towns, whose towns are struggling to meet the educational needs of their existing students, any attempt to force school districts to participate in magnet schools will fail. A voluntary system, for both parents and the local school districts, is essential for desegregation to occur. In order to sustain the success of this voluntary system, however, the state needs to provide the correct financial incentives for parents, local school districts, and RESCs.

Alternative 3 scored second. If the state wants to maintain the principle of the state and local communities sharing the cost of education, then alternative 3 is the only solution that will have a chance at success. However, the state has already undermined this principle by modifying the magnet school funding mechanisms with Public Act 02-7 and created an exception for host magnet schools that allows them to receive additional funding and operate without out-of-district student tuition.

Furthermore, it is precisely the state's funding mechanism for all schools, which relies heavily on local property taxes to provide the resources for more affluent school districts, that is preventing a solution to the *de facto* racial and ethnic segregation that the Connecticut Supreme Court ruled must be remedied. Low-income families, which are predominantly racial and ethnic minorities, are unable to afford to live in the more wealthy communities. The state provides significantly larger ECS grants to the poorer urban

communities than to the wealthier communities in an attempt to equalize the educational opportunities, but this has not worked. Without any requirement or penalty, it is not in the wealthier school district's self-interest to take local property tax revenues and use them to pay for tuition of their students to attend magnet schools. The funding system for magnet schools contains the same policy contradiction that the ECS funding system has, in that it does not encourage integration. To the extent that suburban districts have entered into agreements to develop interdistrict magnet schools reflects the good will and true desire to reduce racial, ethnic, and economic isolation, but public policy based on good will usually has significant limitations. Without the proper incentives, the end results will not change.

Alternative 1 will solve the immediate problem of developing and bringing a significant number of magnet schools on-line quickly. Yet it does not solve the policy problem regarding funding and serious questions remain about this approach's ability to significantly reduce racial and socio-economic isolation, unless the funding policy is adjusted to encourage host magnet schools to recruit and enroll more out-of-district students. While the goal of providing 30% of Hartford students the opportunity to choose to attend a magnet school is significant, if they are attending only minimally less segregated schools with a minimally improved educational opportunity, how can anyone suggest that the Supreme Court ruling has been addressed?

Alternative 4 scored the highest, essentially because it solved the primary funding problems confronting interdistrict magnet schools currently, as well as removing a barrier to developing new magnet schools. By solving the funding problem, this solution does for RESC-operated magnet schools what Public Act 02-7 did for host magnet schools, without creating an incentive to have high percentages of minority and low-income students enrolled in the magnet schools as is the case with host magnet schools. And while this solution does eliminate the principle of the state and local government sharing the cost of education, adhering to this principle in the provision of a regional education service is not feasible. It creates an inherent "free rider" and collective action problem. This solution would not leave out the suburban districts,

however, since each school district in the region is represented on the Board of Directors of the RESC. And in eliminating this barrier to participation, it may encourage participation from districts, through the RESC, who had previously not considered being involved in interdistrict programs.

Alternative 4, that the state should fully fund the RESC-operated magnet schools, is the preferred option. This could be accomplished by providing a competitive grant program for the RESC-operated magnets where they would apply for funding from the State Department of Education based upon the gap between the foundation grant and the actual cost of operating their unique magnet program. They would justify the need for their school program, document the racial, ethnic and economic integration of their school, and leverage other funding or in-kind support from the participating districts. This could provide flexible opportunities for participating districts to support magnet schools. This approach would still encourage cooperation, but it would eliminate the current financial disincentive for magnet schools that have balanced or equal enrollment from 4 or more towns, which was earlier demonstrated to be the best approach for creating well integrated schools.

Conclusion

As was true when the Sheff vs. O'Neill litigation began, more than 90 percent of the Hartford district's 24,500 students are members of minority groups. In recent years, the plaintiffs have embraced the voluntary approach of interdistrict magnet schools and other similar programs. They have noted that many of the magnet schools have long waiting lists including long waiting lists of suburban children, suggesting that more students of all racial, ethnic and economic backgrounds would take part if the opportunities for quality, integrated education were expanded. Voluntary integration has the potential to create new school communities of people who support integration and understand the value it brings to life and education of their children.

If the state is going to modify the funding formula to allow host magnet schools to operate without participating school district tuition, then the same should be done for RESC-operated schools. RESC-operated schools have been shown to provide a more integrated educational opportunity than host magnets, and better student achievement than the host magnets. By combining Alternatives 1 and 4 into a single policy of funding magnet schools, the state will create the right mix of incentives, financial stability and parent choice and will lead to more successful integration and a more stable magnet school system that can be sustained into the future.

Ten years from now, if the future of magnet schools is to be mostly host magnet schools that are 70% to 80% low-income and minority students, and only a few truly interdistrict magnet schools operated by RESCs, then it will be easy to conclude that Connecticut did not provide the children in Hartford with their constitutionally protected right of an equal educational opportunity free from segregation. The state will have simply replicated the same segregation that exists in our urban schools and put a new name on it.

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