

# CONNECTICUT SCHOOL FINANCE PROJECT

## WHAT'S IN THE NEW ECS FORMULA?

The Education Cost Sharing (ECS) formula is the formula the state legislature has established to distribute approximately \$2 billion in state education funding to local public school districts. After several years of not faithfully using an ECS formula and instead funding local public schools through block grants, in October 2017, the Connecticut General Assembly passed a new ECS formula as part of the state's biennial budget for fiscal years 2018 and 2019. **The new formula is scheduled to be implemented beginning in FY 2019.** Below is a table comparing the components of the new ECS formula to those of the most recent formula.

Comparing Education Cost Sharing Formulas		
Formula Component	Previous ECS Formula <sup>1</sup>	New ECS Formula <sup>2</sup>
Foundation <sup>3</sup>	\$11,525 per student	\$11,525 per student
State Aid for Special Education Incorporated in Foundation <sup>4</sup>	Yes	Yes
Low-income Student Weight <sup>5</sup>	<b>Weight per Student:</b> 30% <b>Identification Method:</b> Eligibility for Free and Reduced Price Lunch	<b>Weight per Student:</b> 30% <b>Identification Method:</b> Eligibility for Free and Reduced Price Lunch
Concentrated Poverty Weight <sup>6</sup>	N/A	<b>Weight per Student:</b> 5% <b>Identification Method:</b> Low-income student residing in district where low-income students account for over 75% of the district's enrollment
English Learner Weight <sup>7</sup>	N/A	<b>Weight per Student:</b> 15%
Base Aid Ratio <sup>8</sup>	<b>90% Property Wealth Factor</b> <ul style="list-style-type: none"> <li>Determined by town's Equalized Net Grand per Capita (ENGLPC), compared to state median town ENGLPC<sup>9</sup></li> </ul> <b>10% Income Wealth Factor</b> <ul style="list-style-type: none"> <li>Determined by a town's Median Household Income (MHI), compared to state median MHI<sup>10</sup></li> </ul>	<b>70% Property Wealth Factor</b> <ul style="list-style-type: none"> <li>Determined by town's Equalized Net Grand per Capita (ENGLPC), compared to state median town ENGLPC<sup>11</sup></li> </ul> <b>30% Income Wealth Factor</b> <ul style="list-style-type: none"> <li>Determined by a town's Median Household Income (MHI), compared to state median MHI<sup>12</sup></li> </ul>
Base Aid Ratio Bonus for Higher-need Towns	N/A	Adds a bonus of 3-6 percentage points to the Base Aid Ratio of communities with scores over 300 according to the Public Investment Communities (PIC) index <sup>13</sup>
State Guaranteed Wealth Level <sup>14</sup>	1.5	1.35
Minimum Aid Ratio <sup>15</sup>	<b>Alliance Districts:</b> 10% <b>Non-Alliance Districts:</b> 2%	<b>Alliance Districts:</b> 10% <b>Non-Alliance Districts:</b> 1%
Hold Harmless	All towns were "held harmless" and could not receive less ECS funding than they did the previous fiscal year.	Applies only to Alliance Districts. <sup>16</sup> If, according to the formula, an Alliance District would receive less than its FY 2017 ECS grant, it is "held harmless" and will receive its FY 2017 grant amount instead.
Includes Public School Choice Programs	No	No

<p><b>Phase-in Plan</b></p>	<p>For the first year of the formula, all towns were guaranteed a percentage of their fully-funded grant amount (according to the formula).<sup>17</sup></p> <ul style="list-style-type: none"> <li>• Educational Reform Districts (the state's 10 lowest performing districts) were guaranteed 12%</li> <li>• Alliance Districts were guaranteed 8%</li> <li>• Non-Alliance Districts were guaranteed 1%</li> </ul>	<p>Formula is phased in over 10 years with the phase-in schedule differing between towns receiving, according to the formula, an increase in ECS funding over their FY 2017 grants and those receiving a decrease.</p> <p><b>Towns Receiving an Increase</b>  <b>FY 2019:</b> Increase phased in by 4.1%  <b>FY 2020-2027:</b> Increase phased in by 10.66% per year  <b>FY 2028:</b> Grant fully funded</p> <p><b>Towns Receiving a Decrease</b>  <b>FY 2019:</b> Decrease phased out by 25%  <b>FY 2020-2027:</b> Decrease phased out by 8.33% per year  <b>FY 2028:</b> Grant fully funded</p>
<p><b>Estimated Total Cost When Fully Funded (based on FY 2018 data)</b></p>	<p>\$2.66 billion</p>	<p>\$2.36 billion</p>

<sup>1</sup> Conn. Acts 13-247.

<sup>2</sup> Conn. Acts 17-2 (June Special Session).

<sup>3</sup> Amount that is intended to represent the estimated cost of educating a Connecticut general education student who does not have any additional learning needs.

<sup>4</sup> Approximately 22% of the ECS foundation amount is attributable to special education.

Connecticut General Assembly, Office of Fiscal Analysis and the Office of Legislative Research. (2014). *CT Special Education Funding*. Retrieved from [http://www2.housedems.ct.gov/MORE/SPED/pubs/OFA-OLR\\_Presentation\\_2013-01-23.pdf](http://www2.housedems.ct.gov/MORE/SPED/pubs/OFA-OLR_Presentation_2013-01-23.pdf).

<sup>5</sup> Increases foundation amount by a certain percentage for students who live in low-income households as identified by a designated eligibility metric.

<sup>6</sup> Increases foundation amount by a certain percentage for students who reside in a district where the percentage of the district's enrollment of low-income students is above a designated threshold.

<sup>7</sup> Increases foundation amount by a certain percentage for students who are identified as needing additional English-language skills.

<sup>8</sup> Variable in the ECS formula that determines each community's ability to financially support its public schools.

<sup>9</sup> Amount of taxable property (at 100 percent of fair market value) per person in a city or town. Each town's ENGLPC, along with the state median town ENGLPC, is calculated annually by Connecticut's Office of Policy and Management.

<sup>10</sup> Refers to the income level earned by a given household where half of the homes in the area earn more and half earn less. The ECS formula uses the MHI for each town, as well as the state median MHI, as calculated by the U.S. Census Bureau's American Community Survey.

<sup>11</sup> Amount of taxable property (at 100 percent of fair market value) per person in a city or town. Each town's ENGLPC, along with the state median town ENGLPC, is calculated annually by Connecticut's Office of Policy and Management.

<sup>12</sup> Refers to the income level earned by a given household where half of the homes in the area earn more and half earn less. The ECS formula uses the MHI for each town, as well as the state median MHI, as calculated by the U.S. Census Bureau's American Community Survey.

<sup>13</sup> Calculated annually by Connecticut's Office of Policy and Management, the PIC index measures the relative wealth and need of Connecticut's towns by ranking them in descending order by their cumulative point allocations based on: per capita income; adjusted equalized net grand list per capita; equalized mill rate; per capita aid to children receiving Temporary Family Assistance benefits; and unemployment rate. The below chart outlines the additional percentage point bonus towns with a PIC index score over 300 will see added to their Base Aid Ratio.

Town's PIC Index Rank	Additional % Points Added to Base Aid Ratio
1-5	6 percentage points
6-10	5 percentage points
11-15	4 percentage points
16-19	3 percentage points

<sup>14</sup> Commonly referred to as the threshold factor, the Statewide Guaranteed Wealth Level (SGWL) determines each town's ECS aid percentage. Each town's ability to support its public schools (as determined by the Base Aid Ratio) is compared to the SGWL to determine what percentage of the per-student funding amount the town will receive from ECS and what will have to come from local tax dollars. As the SGWL is lowered, and all other formula factors remain constant, the formula distributes education aid more equitably.

<sup>15</sup> Ensures every town receives some amount of ECS funding, even when the result of the ECS formula calculation would be that the town would be ineligible to receive ECS grant funding.

<sup>16</sup> The 33 lowest-performing school districts in Connecticut as designated by the commissioner of the Connecticut State Department of Education and determined by various measures of student performance.

<sup>17</sup> The most recent ECS formula was never fully funded and the Connecticut General Assembly ceased faithfully following the formula beginning with the 2013-14 school year.