School Finance 101

How Connecticut’s school funding system impacts East Hartford Public Schools and the community

UPDATED: July 23, 2018
About the CT School Finance Project

• Founded in 2015, the nonprofit Connecticut School Finance Project aims to ensure Connecticut has a fair and equitable school finance system and be a trusted, nonpartisan, and independent source of accurate data and information.

• Although not a member-based organization, the Connecticut School Finance Project actively works with a diverse group of stakeholders, including education and community leaders, nonprofit organizations, and individuals interested in how school finance impacts their students and schools.

• We aim to develop fair, well-thought-out solutions to Connecticut’s school finance challenges that incorporate the viewpoints and perspectives of stakeholders.
CT School Finance Project’s Goals

• Build knowledge about how the current school funding system works,

• Bring together stakeholders who are impacted by how schools are funded, and

• Identify solutions to Connecticut’s school funding challenges that are fair to students and taxpayers, and strengthen schools and communities.
School finance is about...
Kids
Schools
Communities
Gabriel’s Story
A note about per-pupil expenditures

- Connecticut does not currently require revenues or expenditures to be reported at the school level.
  - As a result, it is not possible to determine per-pupil expenditures at the school level.
  - This example uses average per-pupil expenditures at the local education agency (LEA) level.

- In reality, districts don’t allocate resources equally to all schools or students.

- Our methodology for calculating per-pupil expenditures at the LEA level can be found in the appendix of this presentation.
Gabriel

- Gabriel lives in East Hartford
- He is a 2\textsuperscript{nd} grader
- When he grows up, he wants to become a pilot.
How much funding does Gabriel’s school district receive to educate him?
It depends on where he lives.
Let’s take a look at funding for Gabriel at three similar school districts.

- East Hartford Public Schools
- Meriden Public Schools
- Manchester Public Schools
## East Hartford Public Schools: $13,437

<table>
<thead>
<tr>
<th>District Name</th>
<th>East Hartford Public Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Contribution</td>
<td>$7,216</td>
</tr>
<tr>
<td>East Hartford Contribution</td>
<td>$4,703</td>
</tr>
<tr>
<td>Other Contributions</td>
<td>$1,518</td>
</tr>
<tr>
<td>Total</td>
<td>$13,437</td>
</tr>
</tbody>
</table>

Meriden Public Schools: $13,955

<table>
<thead>
<tr>
<th>District Name</th>
<th>Meriden Public Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Contribution</td>
<td>$7,271</td>
</tr>
<tr>
<td>Meriden Contribution</td>
<td>$5,749</td>
</tr>
<tr>
<td>Other Contributions</td>
<td>$935</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$13,955</strong></td>
</tr>
</tbody>
</table>

Manchester Public Schools: $16,251

<table>
<thead>
<tr>
<th>District Name</th>
<th>Manchester Public Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Contribution</td>
<td>$5,070</td>
</tr>
<tr>
<td>Manchester Contribution</td>
<td>$10,124</td>
</tr>
<tr>
<td>Other Contributions</td>
<td>$1,057</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$16,251</strong></td>
</tr>
</tbody>
</table>

How much funding does Gabriel’s school district receive to educate him?

It depends on where he lives.

<table>
<thead>
<tr>
<th>School District</th>
<th>East Hartford Public Schools</th>
<th>Meriden Public Schools</th>
<th>Manchester Public Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Contribution</td>
<td>$7,216</td>
<td>$7,271</td>
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<tr>
<td>Town Contribution</td>
<td>$4,703</td>
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<tr>
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<td>$1,518</td>
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<td>$1,057</td>
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<tr>
<td>Total</td>
<td>$13,437</td>
<td>$13,955</td>
<td>$16,251</td>
</tr>
</tbody>
</table>

Although Gabriel is the same student and the districts have similar needs and demographics, each district receives a different amount of money to educate him.

Funding Per Student by School District, 2015-16

How much would Gabriel’s family pay in property taxes on a $200K house in each town?

Annual Property Taxes by Town on a House with Market Value of $200K

<table>
<thead>
<tr>
<th>Town</th>
<th>Annual Property Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Hartford</td>
<td>$6,587</td>
</tr>
<tr>
<td>Meriden</td>
<td>$5,589</td>
</tr>
<tr>
<td>Manchester</td>
<td>$4,879</td>
</tr>
</tbody>
</table>


Why?
OVERVIEW
Why is school finance a state-level issue?

- Education is **not** a fundamental right under the United States Constitution.

- Public schools fall under the authority of state government and are primarily funded through state and local tax dollars.

- All 50 states have concluded children have a right to a free, public education under their state’s constitution.

What are the funding sources for public education in Connecticut?

![Bar chart showing funding by source in Connecticut](chart.png)

Federal funding for CT public education

- Federal funding makes up a small percentage (4.2%) of overall funding for public education in Connecticut.
- We don’t have much control over how much federal funding Connecticut gets for public education.
- Federal education funding is restricted to specific purposes. For example, funding programs and services for low-income children, children with disabilities, and English Learners.

We are going to focus on state and local funding for public education

• This is 96% of the money that is spent on public education in Connecticut each year.

• Our state and local elected officials decide how much funding our public schools get and how that money is distributed to schools and districts.

Why should we fund students based on their learning needs?
Equality vs. Equity

EQUALITY = SAMENESS
GIVING EVERYONE THE SAME THING → It only works if everyone starts from the same place

EQUITY = FAIRNESS
ACCESS TO SAME OPPORTUNITIES → We must first ensure equity before we can enjoy equality
Challenges and potential support for different types of learning needs

<table>
<thead>
<tr>
<th>Learning Need</th>
<th>Potential Challenges Impacting Student’s Education</th>
<th>Examples of Potential Support</th>
</tr>
</thead>
</table>
| Student from a low-income family    | • Unstable housing situation (may move frequently or be homeless)  
• Food insecure or lack access to healthy foods  
• Parents may be less able to dedicate time and resources to education  
• Exposure to traumatic or unsafe situations  
• More likely to be absent from school  
• May have limited language capability (by the age of 3, children from low-income households hear – on average – 30 million less words than those from affluent households) | • Reading interventionist  
• Software to help build vocabulary and develop language  
• Social worker |
| English Learner student             | • May be only English speaker in household  
• Cultural differences  
• Emigrated from possible violence/warfare  
• Unfamiliar with US education system – or any education system | • ESL/bilingual teacher  
• Software to assist in learning English  
• Books and other materials in first language |
| Student with disabilities           | • Each student’s learning needs will be unique and can vary significant from student-to-student  
• Students may have physical, learning, or social-emotional changes | • Special education teacher  
• Physical or occupational therapist  
• Adaptive technology |

Does money matter?
Shifting scholarly debate

Earlier studies:
• The Coleman Report (1966): Found no clear relationship between school funding and student outcomes.
• Hanushek (2003): “…a wide range of analyses indicate that overall resource policies have not led to discernible improvements in student performance.”

Recent studies:
• Jackson/Johnson/Perisco (2016): “For low-income children, a 10% increase in per pupil spending each year for all 12 years of public school is associated with 0.46 additional years of completed education, 9.6% higher earnings, and a 6.1 percentage point reduction in the annual incidence of adult poverty.”
• Lafortune, Rothstein, and Schanzenbach (2016): “Using representative samples from NAEP, we also find that [school finance] reforms cause gradual increases in the relative achievement of students in low-income school districts.”
• Candelaria & Shores (2017): “Seven years after reform, the highest poverty quartile in a treated state experienced a 11.5 to 12.1 percent increase in per-pupil spending and a 6.8 to 11.5 percentage point increase in graduation rates.”

Source: See Appendix for list of sources.
STATE AND EAST HARTFORD OVERVIEW
Over the last 10 years, the total number of students in Connecticut public schools has declined.

Connecticut Public School Enrollment by School Year

East Hartford Public Schools’ enrollment has increased slightly over the last 10 years

Student need is increasing in East Hartford and across the state
CT’s low-income, EL, and special education populations have increased over the past 10 years

Student poverty in East Hartford has increased by 3 percentage points over the past 10 years.

The percentage of low-income students East Hartford serves has increased 8 percentage points since 2009.

The percentage of EL students East Hartford serves has increased by 2 percentage points over the past 10 years.

East Hartford spends less per student than most of its peer districts, and over $2,300 less than the state average.

### 2016-17 Spending Per Student

<table>
<thead>
<tr>
<th></th>
<th>Meriden</th>
<th>Bristol</th>
<th>East Hartford</th>
<th>Manchester</th>
<th>State Average</th>
<th>Middletown</th>
<th>Hamden</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$14,018</td>
<td>$14,044</td>
<td>$14,278</td>
<td>$15,836</td>
<td>$16,592</td>
<td>$16,695</td>
<td>$18,786</td>
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<tr>
<td>$3,000</td>
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### Sources:
How are East Hartford Public Schools funded?
District funding sources differ greatly across East Hartford’s peer towns

Per-pupil Funding by Source – East Hartford Peer Towns, 2015-16

Lower $ Per Pupil ➔ Higher $ Per Pupil

STATE FUNDING
State funding for public schools can be broken down into multiple categories.

FY2018 State Funding by Grant ($Millions)

East Hartford’s state funding per student is higher than all but one of its peer towns

2015-16 State Contribution Per Pupil

A note about special education funding

• CT does provide some funding to offset the cost of educating children with severe disabilities. Once a student’s education costs are more than 4.5x the district’s per pupil expenditure, the district can apply for funding through the Excess Cost grant.
  – However, for FY 2018, the Excess Cost grant was not fully funded – it was funded at 73%. As a result, districts did not get back all of the money they were eligible to receive.

• No matter which school a child attends, the local school district in which the child lives must pay the special education costs for the student.
  – This means that local school districts must reimburse schools of choice (charter schools, magnet schools, etc.) for special education costs.

Sources: Conn. Gen. Statues ch. 164, § 10-76g (a) & (b).
How does the state determine how much money each school should get?
CT has more than 10 different funding formulas to divide up money between public schools

- Each “type” of school has its own funding formula that is part of the Connecticut General Statutes (the laws of the state).

- The formula that distributes most of the money is the Education Cost Sharing (ECS) formula.
  - This is the formula the state is supposed to use to distribute approx. $2 billion in state education funding to public schools each year.

Conn. Gen. Statutes ch. 172, § 10-262h.
Conn. Acts 17-2 (June Special Session).
Connecticut’s Different Funding Formulas

- ECS (local school districts)
- State Charter Schools
- Local Charter Schools
- CT Technical High School System
- Regional Agriscience Centers
- District Host Magnet Schools
- RESC-Operated Sheff Magnet Schools
- Edison Magnet School
- Non-Sheff RESC Magnet enrolling less than 55% of students from 1 town
- Non-Sheff RESC Magnet enrolling 55% of students or more from 1 town
- Non-Sheff Host Magnet School
Education Cost Sharing (ECS) Formula
The Education Cost Sharing (ECS) formula determines how much money the state is supposed to give to each city/town to fund its public schools.

In October 2017, the Connecticut General Assembly passed a new ECS formula in the biennial budget bill for fiscal years 2018 and 2019.
ECS block grants remained in place for FY 2018

- Implementation of new ECS formula did not begin until FY 2019 (the current year)
- For FY 2018, the state budget continued the practice of distributing ECS funds via block grants
- FY 2018 ECS grants were based on what districts received in FY 2017
- Non-Alliance Districts received percentage decreases from FY 2017 grants ranging from 75% to 13%
- Alliance Districts received percentage decreases from FY 2017 grants ranging from 2.3% to .12%
- ECS funding was reduced by a total of $88.9 million in FY 2018 after holdbacks were taken into account

Overview of New ECS Formula

- New formula is scheduled to begin in FY 2019 and be phased in over 10 years
  - Increase of $88.5 million (over FY 2018 ECS funding with holdbacks) in FY 2019
  - Estimated increase of $38.7 million per year from FY 2020 – FY 2028
  - Estimated total increase, after phase-in, of $345 million — over FY 2017 spending levels with rescissions — in FY 2028 and beyond

- Student-based, weighted funding formula

- Formula only applies to local public schools, all other types of Connecticut public schools (magnet schools, local and state charter schools, Connecticut Technical Education and Career System, vo-ag schools, Open Choice) will continue to be funded by 10 other formulas

Funding for East Hartford

• For FY 2018, East Hartford received $48,825,156 in ECS funding.

• In FY 2019, the first year of the new formula, East Hartford is estimated to receive $50,064,570.

• Under the new formula, a district’s full funding will be phased in over 10 years.

Based on the most recent available data, if the formula were in place and fully funded this year, East Hartford would receive an estimated $71,282,966 — roughly $22.5 million more than the district received in FY 2018.

Estimated ECS Funding for East Hartford by Year

This means students who are currently kindergarteners will not see full funding for their district until they’re in high school.

**Estimated ECS Funding for East Hartford by Year**

- **Kindergarten (FY 2019)**: $50,064,570
- **2nd Grade (FY 2021)**: $54,720,381
- **4th Grade (FY 2023)**: $59,455,086
- **6th Grade (FY 2025)**: $64,189,791
- **9th Grade (FY 2028)**: $71,282,966


What’s in the new formula?
Foundation

- Foundation amount is intended to represent the estimated cost of educating a CT general education student who does not have any additional learning needs.

- Foundation in new formula = $11,525 per pupil
  - Same as most recent ECS formula

- Foundation continues to “incorporate” State’s share of general special education funding.

- Foundation based on past foundation amounts and not derived using verifiable education spending data
  - However, $11,525 is within a range of reasonable foundation amounts when accounting for the inclusion of special education aid.

Source: Conn. Acts 17-2 (June Special Session).
**Formula Weights**

- New formula contains three “need-student” weights, which increase per-pupil state education aid for students with additional learning needs.

- **Low-income student weight (NO CHANGE)**
  - Formula includes a low-income student weight of 0.3
  - Increases foundation amount by 30 percent for students who live in low-income households as measured by eligibility for free and reduced price lunch (FRPL)

- **Concentrated poverty weight (NEW)**
  - Formula increases per-student funding for low-income students who live in districts with high concentrations of low-income students
  - Concentrated poverty weight is 0.05
  - Increases foundation amount an additional five percent (for a total of 35 percent) for low-income students residing in districts with concentrations of low-income students of over 75 percent of district enrollment

- **English Learner weight (NEW)**
  - Formula includes weight of 0.15 for English Learners
  - Increases foundation amount by 15 percent for students needing additional English-language skills

Source: Conn. Acts 17-2 (June Special Session).
### Formula Weights

| Low-income Students | Weight: 0.3  
Concentration Threshold: 0.75  
Concentration Weight: 0.05  
Identification Method: Eligibility for FRPL |
|---------------------|--------------------------------------------------------|
| English Learner (EL) Weight | Weight: 0.15  
Concentration Weight: 0 |

### Formula Weights Comparison

<table>
<thead>
<tr>
<th></th>
<th>Prior ECS Formula</th>
<th>New ECS Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-Income</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Concentrated Low-Income</td>
<td>X</td>
<td>5% for districts with more than 75% of students identified as low-income</td>
</tr>
<tr>
<td>English Learner</td>
<td>X</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: Conn. Acts 17-2 (June Special Session).
<table>
<thead>
<tr>
<th>Student Need</th>
<th>Funding Per Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Education (Non-need) Student</td>
<td><strong>Foundation Only = $11,525</strong></td>
</tr>
<tr>
<td>Low-income Student</td>
<td>Foundation + (Foundation * Low-income Weight) = Low-income Student Funding [ $11,525 + (11,525 \times 0.3) = 14,983 ]</td>
</tr>
<tr>
<td>Concentrated Low-income Student</td>
<td>Foundation + (Foundation * (Low-income Weight + Concentrated Poverty Weight)) = Concentrated Low-income Student Funding [ $11,525 + (11,525 \times (0.3 + 0.05)) = 15,559 ]</td>
</tr>
<tr>
<td>Low-income and English Learner</td>
<td>Foundation + (Foundation * (Low-income Weight + English Learner Weight)) = Low-income and English Learner Student Funding [ $11,525 + (11,525 \times (0.3 + 0.15)) = 16,711 ]</td>
</tr>
<tr>
<td>English Learner</td>
<td>Foundation + (Foundation * English Learner Weight) = English Learner Funding [ $11,525 + (11,525 \times 0.15) = 13,254 ]</td>
</tr>
<tr>
<td>Concentrated Low-income English Learner</td>
<td>Foundation + (Foundation * (Low-income Weight + Concentrated Poverty Weight + English Learner Weight)) = Concentrated Low-income English Learner Student Funding [ $11,525 + (11,525 \times (0.3 + 0.05 + 0.15)) = 17,288 ]</td>
</tr>
</tbody>
</table>

Source: Conn. Acts 17-2 (June Special Session).
Base Aid Ratio

- Formula includes equity metric to distribute state education aid, where the towns with the least ability to fund their public schools receive the most state aid.

- Town’s ability to fund its public schools is calculated by:
  - **70% Property Wealth Factor**
    - Determined using a town’s Equalized Net Grand List per Capita (ENGLPC), compared to the state median town ENGLPC, as calculated annually by OPM
    - Most recent ECS formula used 90% Property Wealth Factor
  - **30% Income Wealth Factor**
    - Determined using a town’s Median Household Income (MHI), compared to the state median MHI, as calculated by the U.S. Census Bureau’s American Community Survey
    - Most recent ECS formula used 10% Income Wealth Factor

- Formula lowers Statewide Guaranteed Wealth Level from 1.5 to 1.35, creating more equitable distribution of state education aid.

- Maintains minimum aid ratio of 10% for Alliance Districts and reduces minimum aid ratio for all other districts from 2% to 1% (guarantees all districts some ECS aid).

Source: Conn. Acts 17-2 (June Special Session).
Additional Funding for Towns in Need

- Formula adds additional funding for communities that have a Public Investment Communities (PIC) index score of over 300.
  - PIC index is calculated annually by OPM and measures the relative wealth and need of CT’s towns

- If a town has one of the top 19 highest PIC Index scores, under the new formula, the town will receive a bonus of three to six percentage points to its base aid ratio, which determines each community’s ability to financially support its public schools

<table>
<thead>
<tr>
<th>Town’s PIC Index Rank</th>
<th>Additional % Points Added to Base Aid Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>6 percentage points</td>
</tr>
<tr>
<td>6-10</td>
<td>5 percentage points</td>
</tr>
<tr>
<td>11-15</td>
<td>4 percentage points</td>
</tr>
<tr>
<td>16-19</td>
<td>3 percentage points</td>
</tr>
</tbody>
</table>

Source: Conn. Acts 17-2 (June Special Session).
Phase-in Plan

• Formula is scheduled to begin in FY 2019 and be phased in over 10 years
• Alliance Districts that would otherwise receive a decrease in aid, according to the new formula, are permanently held harmless at FY 2017 grant amounts.

<table>
<thead>
<tr>
<th>Phase-in Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>FY 2019</strong></td>
</tr>
<tr>
<td><strong>Towns Receiving Increase in ECS Funding over FY 2017 Grant</strong></td>
</tr>
<tr>
<td><strong>Towns Receiving Decrease in ECS Funding Compared to FY 2017 Grant</strong></td>
</tr>
</tbody>
</table>

Source: Conn. Acts 17-2 (June Special Session).
Alliance Districts “held harmless”

- State budget uses both the original and updated Alliance District lists, resulting in 33 districts being held harmless

<table>
<thead>
<tr>
<th>Ansonia</th>
<th>Hartford</th>
<th>Putnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bloomfield</td>
<td>Killingly</td>
<td>Stamford</td>
</tr>
<tr>
<td>Bridgeport</td>
<td>Manchester</td>
<td>Thompson*</td>
</tr>
<tr>
<td>Bristol</td>
<td>Meriden</td>
<td>Torrington*</td>
</tr>
<tr>
<td>Danbury</td>
<td>Middletown</td>
<td>Vernon</td>
</tr>
<tr>
<td>Derby</td>
<td>Naugatuck</td>
<td>Waterbury</td>
</tr>
<tr>
<td>East Hartford</td>
<td>New Britain</td>
<td>West Haven</td>
</tr>
<tr>
<td>East Haven</td>
<td>New Haven</td>
<td>Winchester</td>
</tr>
<tr>
<td>East Windsor</td>
<td>New London</td>
<td>Windham</td>
</tr>
<tr>
<td>Groton*</td>
<td>Norwalk</td>
<td>Windsor</td>
</tr>
<tr>
<td>Hamden</td>
<td>Norwich</td>
<td>Windsor Locks</td>
</tr>
</tbody>
</table>

* New Alliance District beginning in FY 2018

Source: Conn. Acts 17-2 (June Special Session).
**Example of How Phase-in Plan Works**

- It is important to remember that the new formula will be calculated on an annual basis using updated district and town data.
- As a result, a town’s calculated ECS grant will change as its district and town inputs change.
- Additionally, as a town’s calculated ECS grant changes, so will the difference between the town’s calculated ECS grant and its FY 2017 ECS grant, which will impact the phase-in schedule of the town’s grant.

Using Bristol as our sample Connecticut town, below is a hypothetical example of how a change in district enrollment (in this case a 5% increase) — with all other inputs remaining the same — would impact a town’s ECS grant for a given year (FY 2020) compared to if all of the district/town inputs remained constant.

<table>
<thead>
<tr>
<th>Example Town</th>
<th>FY 2017 Actual</th>
<th>FY 2018 Actual with Holdbacks</th>
<th>FY 2019 Actual w/ Displaced Student Supplement</th>
<th>Estimated FY 2020 if District/Town Inputs Remain the Same</th>
<th>Estimated FY 2020 if District Enrollment Increases 5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>$44,853,676</td>
<td>$44,603,676</td>
<td>$45,324,316</td>
<td>$46,332,675</td>
<td>$46,737,645</td>
</tr>
</tbody>
</table>

Displaced Student Supplement

• During the 2018 regular legislative session, the Connecticut General Assembly passed, and Governor Dannel Malloy signed, a bill (Conn. Acts 18-81) making revisions to the state’s biennial budget.

• The revised budget did not alter the structure of the new ECS formula, but it did include, for FY 2019, an additional one-time, supplemental allocation of approximately $2.9 million for towns whose districts received students displaced by Hurricane Maria during FY 2018.

• This allocation is provided by funds remaining in the ECS budget line item after the distribution of ECS grants, and will be distributed on a per-pupil basis using the highest number of displaced students a town received during FY 2018 as a percent of the total number of displaced students received statewide.

• **However, this supplemental allocation is not part of the ECS formula and will not be a recurring feature of the ECS appropriation.**

Although the new ECS formula takes steps toward equitable funding, there are several areas where it falls short.
Maintains More than 10 Different Formulas

- New ECS formula only applies to local public schools
- All other types of Connecticut public schools (magnet schools, local and state charter schools, CTECS, vo-ag schools, Open Choice) will continue to be funded by 10 other formulas/statutory amounts
- All other formulas not based on student and community needs
- Continuation of more than 10 different formulas also continues the challenges many districts have experienced related to choice programs charging tuition
Low-income Metric Remains a Challenge

- Use of FRPL eligibility as a proxy for identifying low-income students has become functionally unusable for the purposes of a school finance system.

- Need for a more accurate, verifiable proxy for low-income students is growing quickly as a result of the Community Eligibility Provision (CEP) of the federal Healthy, Hunger Free Kids Act of 2010.
  - To qualify for CEP, at least 40 percent of a school or district’s enrollment must be identified as eligible for FRPL via direct certification.

- As higher-need districts adopt CEP district-wide, there is no incentive to collect household income information from students, resulting in inaccurate FRPL identification rates.

- As a result, an alternative proxy for measuring low-income students will need to be identified in order to effectively and accurately provide critical resources to higher-need students.

Funding for Special Education

- Formula does not disentangle special education funding from ECS grant, and instead leaves state aid for special education “incorporated” into the foundation amount.
  - Approximately 22% of the foundation amount is attributable to special education.

- Continuing to incorporate special education funding into the foundation, while also reducing total ECS spending in FY 2018 and FY 2019, puts Connecticut at continued risk of violating its federal maintenance of support (MOS) requirement, which is the primary fiscal measure by which states are judged to be eligible for federal funding under the Individuals with Disabilities Education Act (IDEA).

- To be eligible for federal IDEA funding, a state cannot provide less state financial support for special education than it did in the preceding fiscal year.
  - If a state has been found to have failed to maintain support, the U.S. Secretary of Education may reduce federal funds to that state.

- By leaving special education funding incorporated into the ECS formula’s foundation, and then reducing ECS funding, Connecticut runs a serious risk of violating its MOS requirement and having its federal IDEA funding reduced.

Sources: Conn. Acts 17-2 (June Special Session).
Overall Formula Cost

- Despite a bipartisan biennial budget and a surge in one-time revenue in FY 2018 as a result of federal tax changes, Connecticut still faces significant fiscal challenges ahead.

- Declining revenues, continued growth of fixed costs, and looming unfunded pension obligations are expected to stress the State’s finances for the near future, potentially causing large deficits.

- As a result, the State could resort to not fully funding the formula (and its estimated total increase of $345 million) or abandon it altogether like it has in the past.

- At the beginning of FY 2014, Connecticut stopped using the most recent ECS formula because the State did not have enough money to fund the formula's phase-in plan.

- With fiscal and economic obstacles, and a longer 10-year phase-in schedule, sticking to the new formula will be a continual challenge for the General Assembly.
Local Funding
How much do CT’s cities and towns contribute to funding public schools?

Funding by Source ($Billions)

- From Federal Sources: $0.47 (4.2%)
- From State Sources: $4.41 (39.5%)
- From Local Sources: $6.29 (56.3%)

East Hartford taxpayers contribute $4,703 per student, which is lower than all of East Hartford’s peer towns.

How much do cities and towns need to contribute toward funding their public schools?

- Cities and towns must make up the difference between what their local public school system receives from state and federal sources and the local public school district’s budget.

\[
\text{School District Budget} - \text{Federal Revenue} - \text{State Revenue} = \text{Municipal (Local) Contribution}
\]
Who decides how much money is in the school district’s budget?

- The Superintendent of Schools recommends a school district budget to the Board of Education.
- The Board of Education approves a school district budget (it may be more or less than the Superintendent’s recommendation).
- The city/town governing body approves the school district’s budget as part of the city/town municipal budget (it may be more or less than the Board of Ed’s recommendation).
- In some cities/towns, there is a referendum, which means that the residents of the town (a.k.a. the taxpayers) must vote to approve the city/town budget, which includes the school district budget.

Is there a minimum budget amount?

- CT has a “minimum budget requirement,” also known as the “MBR,” which all communities — with some exceptions — must adhere to in providing funding to their local school districts.

- According to the MBR, a town may not budget less for education than it did in the previous fiscal year, unless it can demonstrate specific achievements or changes within the town’s local school district.

- Exceptions to the MBR:
  - A town may reduce its MBR in FY 2019 if it experiences a decrease in ECS funding. The MBR reduction may not be more than the decrease in ECS funding.
  - Districts with declining enrollment and fewer than 20% of students eligible for FRPL can decrease their MBR up to 3%
  - Districts with declining enrollment and more than 20% of students eligible for FRPL can decrease their MBR up to 1.5%
  - The state’s 10% highest-performing districts do not have to adhere to the MBR.
  - Member towns of a newly formed regional school district do not have to adhere to the MBR during the first full fiscal year following its establishment.
  - Other limited exemptions exist based on increased efficiencies, regional collaboration, and/or declining enrollment.

How do cities and towns raise money to pay for public schools?

• Cities and towns raise money to pay for town services (including public schools) through property taxes.
  – Cities and towns are able to collect tax on property that is owned by the people who live there.
  – Cities and towns can collect taxes on “real” property (e.g. office building, apartment buildings, houses) and “personal” property (e.g. cars and boats).

• Not all property in the town is taxable.
  – Property that belongs to some nonprofit organizations, like universities, hospitals, and churches, may be exempt from property tax.

Facts about City/Town Budgets

• Each year, every city and town creates a “municipal budget” – this includes all of the money the town will need to pay for town government.
  
  – Some examples of what is included in the budget are: fire and police force, highway department, maintenance of town roads (including snow removal), the parks and rec department, and of course, public schools.

• Public schools are the biggest expense for every city and town in CT.

• Cities and towns must collect enough money through property taxes to pay for all of the expenses in the municipal budget.
How much money does the city or town need to collect in property taxes?

• The city or town figures out how much money it needs to raise through property taxes by subtracting money they get from the state and federal government from the municipal budget.

\[
\text{Municipal budget (including cost of schools)} - \text{state revenue (including ECS grant)} - \text{revenue from other sources} = \text{Total amount of $ that needs to be raised through property taxes}
\]

Facts about City/Town Property Taxes

• Each city/town has a different amount of property available to tax.
  – Each city and town adds up the value of all of the property in the town – this is known as the “grand list.”

• Once the city/town knows how much money they need to raise in taxes and the value of the “grand list,” the city/town sets a tax rate for property, known as a “mill rate.”

The value of “grand lists” varies widely

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Equalized Net Grand List GLYR 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>GREENWICH</td>
<td>$46,177,528,894</td>
</tr>
<tr>
<td>STAMFORD</td>
<td>$32,919,448,013</td>
</tr>
<tr>
<td>NORWALK</td>
<td>$19,278,296,085</td>
</tr>
<tr>
<td>WESTPORT</td>
<td>$15,522,449,617</td>
</tr>
<tr>
<td>FAIRFIELD</td>
<td>$15,395,112,106</td>
</tr>
<tr>
<td>EAST HARTFORD</td>
<td>$3,903,976,521</td>
</tr>
<tr>
<td>CAÑAAN</td>
<td>$227,108,759</td>
</tr>
<tr>
<td>EASTFORD</td>
<td>$221,338,839</td>
</tr>
<tr>
<td>HAMPTON</td>
<td>$212,505,192</td>
</tr>
<tr>
<td>SCOTLAND</td>
<td>$153,419,903</td>
</tr>
<tr>
<td>UNION</td>
<td>$130,349,340</td>
</tr>
</tbody>
</table>

The Equalized Net Grand List per Capita (ENGLPC) represents the value of taxable property per resident. East Hartford’s ENGLPC is lower than the ENGLPCs of its peer towns.

Equalized Net Grand List per Capita by Town

Meriden: $76,711
Bristol: $90,026
East Hartford: $75,610
Manchester: $97,170
State Median: $134,857
Middletown: $101,623
Hamden: $91,256

Lower $ Per Pupil $0 $20,000 $40,000 $60,000 $80,000 $100,000 $120,000 $140,000 $160,000
Higher $ Per Pupil

Sources:
Median Household Income (MHI) refers to the income level earned by a given household where half of the homes in the area earn more and half earn less. East Hartford’s MHI is lower than the MHIs for its peer towns.

Median Household Income by Town

<table>
<thead>
<tr>
<th>Town</th>
<th>Median Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meriden</td>
<td>$55,547</td>
</tr>
<tr>
<td>Bristol</td>
<td>$61,551</td>
</tr>
<tr>
<td>East Hartford</td>
<td>$50,750</td>
</tr>
<tr>
<td>Manchester</td>
<td>$65,592</td>
</tr>
<tr>
<td>State Median</td>
<td>$71,755</td>
</tr>
<tr>
<td>Middletown</td>
<td>$63,828</td>
</tr>
<tr>
<td>Hamden</td>
<td>$71,665</td>
</tr>
</tbody>
</table>

Lower $ Per Pupil ➔ Higher $ Per Pupil

Sources:
“Mill rates” also vary significantly

<table>
<thead>
<tr>
<th>Municipality</th>
<th>FY 2017-18 Mill Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>HARTFORD</td>
<td>74.29*</td>
</tr>
<tr>
<td>WATERBURY</td>
<td>60.21**</td>
</tr>
<tr>
<td>BRIDGEPORT</td>
<td>54.37**</td>
</tr>
<tr>
<td>NEW BRITAIN</td>
<td>50.50**</td>
</tr>
<tr>
<td>NAUGATUCK</td>
<td>48.55**</td>
</tr>
<tr>
<td>EAST HARTFORD</td>
<td>47.05*</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>WARREN</td>
<td>14.50</td>
</tr>
<tr>
<td>WASHINGTON</td>
<td>14.25</td>
</tr>
<tr>
<td>ROXBURY</td>
<td>14.20</td>
</tr>
<tr>
<td>GREENWICH</td>
<td>11.369</td>
</tr>
<tr>
<td>SALISBURY</td>
<td>11.10</td>
</tr>
</tbody>
</table>

*For Real & Personal Property only; vehicle mill rate is 32.00 for these communities
**For Real & Personal Property only; vehicle mill rate is 37.00 for these communities

East Hartford’s mill rate is higher than the mill rates for all of its peer towns

Town Mill Rates FY 2017-18

- Meriden* (39.92)
- Bristol** (36.03)
- East Hartford** (47.05)
- Manchester** (34.85)
- Middletown (33.90)
- Hamden* (45.26)

Lower $ Per Pupil  Higher $ Per Pupil

*For Real & Personal Property only; vehicle mill rate is 37.00
**For Real & Personal Property only; vehicle mill rate is 32.00

Sources:
The amount of property tax CT residents pay varies widely depending on where they live.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>FY17-18 Mill Rate</th>
<th>Property Tax – 200K House</th>
<th>Property Tax – 2012 Honda Civic</th>
</tr>
</thead>
<tbody>
<tr>
<td>HARTFORD+</td>
<td>74.29*</td>
<td>$4,786</td>
<td>$158</td>
</tr>
<tr>
<td>BRIDGEPORT</td>
<td>54.37**</td>
<td>$7,612</td>
<td>$182</td>
</tr>
<tr>
<td>EAST HARTFORD</td>
<td><strong>47.05</strong></td>
<td><strong>$6,587</strong></td>
<td>$158</td>
</tr>
<tr>
<td>HAMDEN</td>
<td>45.26**</td>
<td>$6,336</td>
<td>$182</td>
</tr>
<tr>
<td>NEW LONDON</td>
<td>44.26**</td>
<td>$6,196</td>
<td>$182</td>
</tr>
<tr>
<td>MERIDEN</td>
<td>39.92**</td>
<td>$5,589</td>
<td>$182</td>
</tr>
<tr>
<td>BRISTOL</td>
<td>36.03*</td>
<td>$5,746</td>
<td>$158</td>
</tr>
<tr>
<td>MANCHESTER</td>
<td>34.85*</td>
<td>$4,879</td>
<td>$158</td>
</tr>
<tr>
<td>MIDDLETOWN</td>
<td>33.90</td>
<td>$4,746</td>
<td>$112</td>
</tr>
<tr>
<td>GREENWICH</td>
<td>11.369</td>
<td>$1,592</td>
<td>$56</td>
</tr>
</tbody>
</table>

*For Real & Personal Property only; vehicle mill rate is 32.00
**For Real & Personal Property only; vehicle mill rate is 37.00
***For Real & Personal Property only; vehicle mill rate is 27.25
****For Real & Personal Property only; vehicle mill rate is 29.34

*Residential property in the city of Hartford is not assessed at the standard rate of 70%. Instead, Hartford's current assessment rate for residential property is 32.21%. Due to this difference, the property taxes for the house in this example may be lower in Hartford than the taxes in other towns with lower mill rates.

KBB value for 2012 Honda Civic DX Sedan 4D with 75,000 miles and in good condition.
How are Other Types of Public Schools Funded?
With 10 more formulas!

- Connecticut has a different funding formula for each different type of public school. These public school types include:
  
  - Magnet schools (5 different formulas)
  - Charter schools (2 different formulas)
  - CT Technical Education and Career System (1 formula)
  - Agriscience schools (1 formula)
  - Open Choice program (1 formula)

Sources:
CT educates about 543,000 students, of those 63,000 attend school choice programs.

2015 Enrollment by School Type

## Connecticut’s other education funding formulas are not based on student learning needs

<table>
<thead>
<tr>
<th>Formula</th>
<th>Low-income Students</th>
<th>English Learners</th>
<th>Students with Disabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECS (local school districts)</td>
<td>✓</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>State Charter Schools</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Local Charter Schools</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>CT Technical Education and Career System</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Regional Agriscience Centers</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Hartford Host Magnet Schools</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>RESC-Operated Sheff Magnet Schools</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Edison Magnet School</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Non-Sheff RESC Magnet enrolling less than 55% of students from 1 town</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Non-Sheff RESC Magnet enrolling 55% of students or more from 1 town</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Non-Sheff Host Magnet School</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

Magnet School Formulas

• There are 5 different formulas for magnet schools.
• The formula for a magnet school depends on:
  – Whether the magnet school is operated by a Regional Education Service Center (RESC) or a local public school district.
  – Whether the magnet school was created as part of the Sheff v. O’Neill settlement.
  – One magnet school—Thomas Edison Middle School in Meriden—has its own funding formula. (It is a non-Sheff magnet administered by ACES.)
• RESC-operated magnet schools and some host district magnet schools can charge tuition to the sending districts for the amount it costs to educate the student above the State’s per-pupil allocation.

Charter School Formulas

• There are 2 different formulas for charter schools.
• The formula for a charter school depends on whether it is a state or local charter school.
• State charter schools receive a per-pupil amount from the state ($11,250) per student. They receive no local funding.
• Local charter schools receive:
  – Local per student costs
  – An additional $3,000 per student from the State

Other Choice School Formulas

- **Agriscience Programs: Mix of state and local funding**
  - State funding: $4,200 + potential for supplemental funding; sending district receives ECS funding for each student
  - Local funding: The sending district can be charged up to $6,822.80 per student

- **Connecticut Technical Education and Career System: State funding only**
  - State funding: 100% state funding; approx. per-pupil amount is: $15,012 (appropriation only — does not include fringe benefits of employees)

- **Open Choice: Mix of state and local funding**
  - State funding: Receiving district gets a subsidy (based on Open Choice enrollment as a percentage of the district’s total enrollment) that ranges from $3,000 to $8,000 per student participating in the Open Choice program. Each participating student is counted as half of a student in the sending and receiving districts ECS student counts.
  - Local funding: The receiving district pays the remaining cost to educate the student.

Sources:
Conn. Gen. Statutes ch. 172, § 10-266aa.
Conn. Acts 17-2 (June Special Session).

## Choice Schools Funding Formulas Summary

<table>
<thead>
<tr>
<th>Type of School</th>
<th>State funding per pupil</th>
<th>Can the school charge tuition to the sending district?</th>
<th>Does the city/town where the student lives get ECS for the student?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriscience</td>
<td>$4,200 + potential for supp. funding</td>
<td>Yes, up to $6,822.80</td>
<td>Yes</td>
</tr>
<tr>
<td>Charter, Local</td>
<td>$3,000 + district per student costs</td>
<td>No but get district per student costs</td>
<td>Yes</td>
</tr>
<tr>
<td>Charter, State</td>
<td>$11,250</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>CTECS</td>
<td>$15,012</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Magnet, RESC, Sheff</td>
<td>Varies from $7,900 - $10,443</td>
<td>Yes, up to cost of educating student</td>
<td>Yes</td>
</tr>
<tr>
<td>Magnet, RESC, non-Sheff</td>
<td>Varies from $3,000 - $7,900</td>
<td>Yes, up to cost of educating student</td>
<td>Yes</td>
</tr>
<tr>
<td>Magnet, District, Sheff</td>
<td>$13,054 (interdistrict)</td>
<td>No</td>
<td>No but get ECS for in-district students</td>
</tr>
<tr>
<td>Magnet, District, non-Sheff</td>
<td>$3,000 (host district); $7,085 (interdistrict)</td>
<td>Yes*</td>
<td>Yes</td>
</tr>
<tr>
<td>Open Choice</td>
<td>Varies from $3,000 - $8,000 per student</td>
<td>No</td>
<td>50% to sending; 50% to receiving</td>
</tr>
</tbody>
</table>

* Conn. Gen. Statutes ch. 172, § 10-264(m)(2) prohibits host magnet schools from charging tuition if tuition was not charged in FY 2014-15. Tuition may be charged with the Commissioner of Education’s permission if the request is made by September 1 of the year before the tuition will be charged.

Conn. Gen. Statutes ch. 172, § 10-266aa.
Conn. Gen. Statutes ch. 172, § 10-266l.
Conn. Acts 17-2 (June Special Session).
Calculating Expenditures per School Type

• Individual children receive different amounts of funding based on learning needs. Gabriel is an illustrative vehicle for conveying differences in funding amounts between schools, and has been given the average spending per pupil for each school accordingly.

• For all school types, the following have been excluded:
  – School construction – capital, not general operating costs
  – Loans – not income

• The individual items used to calculate state, local, and other contributions for each school type are found on the following slide.
### Calculating Expenditures per School Type

<table>
<thead>
<tr>
<th></th>
<th>Local Public</th>
<th>Charter</th>
<th>SHEFF RESC Host Magnet</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State Contribution</strong></td>
<td>• Board of Education Services for the Blind</td>
<td>• State Charter School Grant</td>
<td>• State Magnet School Grant</td>
</tr>
<tr>
<td></td>
<td>• ECS – NonAlliance</td>
<td>• Common Core State Grant</td>
<td>• State Magnet Transportation</td>
</tr>
<tr>
<td></td>
<td>• Excess Cost/State Agency Placement</td>
<td>• School Breakfast (state)</td>
<td>• Two Rivers receives a separate state subsidy for magnet school transportation.</td>
</tr>
<tr>
<td></td>
<td>• Healthy Foods</td>
<td>• Child Nutrition</td>
<td>• Other State Grant Funds</td>
</tr>
<tr>
<td></td>
<td>• Magnet Transportation</td>
<td>• Special Education Reimbursement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Open Choice</td>
<td>• Other State</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Other Direct State Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Public Transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Special Education Supplemental</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• State Grants Managed by a Nonpublic/Quasi-Public Organization</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Serving Public Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• State Match Child Nutrition</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• State School Breakfast</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Total from ED141 Summary Report Column 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Voag</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Your Portion of Services/Expenditures from Consortium Grant Payment Arrangement</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Local Contribution</strong></td>
<td>• Local Share is Total less State+Other</td>
<td>• Local Support</td>
<td>• LEA Regular Tuition</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• LEA Special Education Tuition/Transportation</td>
</tr>
<tr>
<td><strong>Other Contribution</strong></td>
<td>• Bilingual Education (Federal)</td>
<td>• Title I</td>
<td>• Federal Funds</td>
</tr>
<tr>
<td></td>
<td>• Headstart</td>
<td>• Title II</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Other Direct Federal Grants</td>
<td>• National School Lunch</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Your Portion of Services/Expenditures from Consortium Grant Payment Arrangement</td>
<td>• Other Federal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Federal Grants Managed by a Nonpublic/Quasi-Public Organization</td>
<td>• Interest Income</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Serving Public Education</td>
<td>• Miscellaneous</td>
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<td></td>
<td>• Total Tuition &amp; Transportation Revenues</td>
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<td>• In-Kind Services</td>
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<td>• Medicaid Revenue Expended on Special Education Services</td>
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<td>• Medicaid Revenue Expended on Regular Education Services</td>
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<td>• Third Party Billing/Insurance</td>
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<td>• Contributions</td>
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<td>• Rentals</td>
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<td>• Endowment Funds</td>
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<td>• Other Miscellaneous Revenues</td>
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<td>• Total Miscellaneous Revenue from ED141 Summary Report, Column 3</td>
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</table>

Sources: Does money matter?


Terms to Know

- **Alliance Districts** – The 33 lowest-performing school districts in Connecticut as designated by the Commissioner of the State Department of Education and determined by various measures of student performance.

- **Base Aid Ratio** – Variable in the Education Cost Sharing (ECS) formula that determines each community’s ability to financially support its public schools. The Base Aid Ratio uses property wealth (weighted at 70 percent) and income (weighted at 30 percent) to determine each community’s ability to raise money from property taxes to pay for its local public schools.

- **Equalized Net Grand List per Capita (ENGLPC)** – Amount of taxable property (at 100 percent of fair market value) per person in a city or town. ENGLPC values are the primary measure used in the Base Aid Ratio portion of the ECS formula to determine how much state education funding is owed to a given town.

- **Median Household Income (MHI)** – Refers to the income level earned by a given household where half of the homes in the area earn more and half earn less. MHI is used in the Base Aid Ratio as a representation of a town’s income wealth.

- **Public Investment Communities (PIC) index** - 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.

- **State Guaranteed Wealth Level (SGWL)** – Commonly referred to as the threshold factor, the 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.