

## Invest intelligently.

Provide an effective and transparent way of funding public education.

## Redeploy education cost sharing grants.

Develop a new weighted student funding formula to distribute Education Cost Sharing (ECS) grants within the existing pool of budgeted funds.

- 1 | Phase in new funding formula over 3-5 years.
- 2 | This funding formula will apply to all public schools including charters and magnets.
- 3 | Overtime, allow "money to follow the child."

## Why This Recommendation Is Necessary

In this time of fiscal constraint, it is critical that we allocate the funds we have to best meet student needs. Connecticut's schools are funded without ensuring that students with the same needs consistently receive the same level of funding, regardless of the public school they attend. The majority of Connecticut's state education funds are distributed through the approximately \$1.9 billion Education Cost Sharing (ECS) grants.<sup>119</sup> Originally, the amount of ECS funding received by districts was intended to take into account students' needs and the wealth of the city or town.<sup>120</sup> Due to years of alterations, caps and other adjustments, the ECS formula now has little correlation with the actual costs to educate a child.<sup>121</sup> As a result, many schools and districts both affluent and poor feel they are not receiving their fair share of funding.

Adding to this confusion, public schools of choice, such as magnet schools, charter schools and technical schools, are funded by separate categorical or line item funding streams in the state budget. As an example, charter schools receive grants of \$9,300<sup>122</sup> per student from the state through separate annual state appropriations while, in many cases, the state continues to allocate ECS funds to the school districts where these children reside. Although charter schools receive substantially less than the state average per pupil expenditure of \$13,109,<sup>123</sup> the sending district is still fiscally responsible for student services such as transportation and special education.

Using existing overall funds presently available for ECS, the formula needs to be redesigned to ensure schools and districts receive their proportionate share for the needs of their students.<sup>124</sup> A weighted student funding formula puts students, not systems, at the center of all funding decisions. This new funding system provides students with a consistent dollar amount that reflects their needs and can follow them to any public school rather than being trapped in schools that may not be serving them well.<sup>125</sup> It eliminates the double funding for charter and magnet schools, but would require charter schools to pay for costs such as transportation and special education, just as traditional public schools do.

A new weighted student funding formula should be developed after an SDE commissioned study determines the appropriate level of foundational funding necessary to educate all students. The new formula should also factor in research on the appropriate level of weights for different student needs (i.e., free and reduced lunch status, Special Needs, English Language Learner). It should be configured so that a portion of funding remains in the district for districtwide costs such as administrative and operational costs. The new formula should be phased in over 3-5 years to give schools and districts time to adjust to the changes in their budgets without too much disruption. Once a formula is decided upon, it should be reviewed periodically, but not subject to an annual process of tinkering. This funding mechanism will be an enormous shift for school and district leaders, but it is not impossible. Other states and districts across the country are moving to a weighted student funding formula.<sup>126</sup>

### Actions Required

- Develop a new weighted student funding formula to distribute ECS grants
- Legislation is necessary to make changes to the ECS formula

## Reallocate categorized funds.

Examine existing categorical grants for effectiveness and reallocate them towards specific efforts aimed at improving achievement for low-income students.

There are more than 30 state categorical grants for education totaling \$600 million.<sup>127</sup> While some of these grants can only be used for specific purposes, some of the grants related to low-performing schools are quite flexible with their uses,<sup>128</sup> leaving the state without minimal information on how these funds are used and whether they are effective. The state must review the current deployment of categorical grants for current uses and effectiveness and the possibility of reallocation.

### Action Required

- SDE must examine the use of current categorical funds for effectiveness

## Let's understand how we are spending our money.

Revise the process of tracking education expenditures to improve transparency and public accountability.

1 | Adopt a standard, common chart of accounts statewide to allow per-pupil expenditures to be reported at the state, district and school levels.

2 | Reviews of district should regularly include a component to determine how funds are distributed to individual schools and programs and a system for analyzing effectiveness of programs funded.

### Why This Recommendation Is Necessary

At any point in time, but particularly when dollars are scarce and budget cuts are looming, we need to know exactly how money is spent to compare spending practices across districts and evaluate the effectiveness of our investments. Public data describing how education funds are utilized is difficult to access and is not available at the school level.<sup>129</sup> Clear, consistent and comparable data on per-pupil expenditures at the school, district and state levels is critical to understanding whether state funds appropriately address student need and school results. Currently, school district expenditures are audited annually as part of municipality audits, but the audits do not include adequate information on individual schools.<sup>130</sup> In addition, the absence of such data at the district level can result in funding that is not properly distributed across schools within a district.<sup>131</sup>

Without clear, comparable financial data that can be easily accessed by the general public, it is not possible to

determine which costs most impact student outcomes. We need transparent and consistent information about how money is spent to make better decisions about current and future spending. The bottom line is this: Connecticut spends more than 46 other states on a per-pupil basis.<sup>132</sup> Yet we have the largest achievement gap in the nation.<sup>133</sup> To correct this situation we must know how we are spending our funds.

### Action Required

- Legislative changes are necessary to require a common chart of accounts with school-level information

## Finding cost efficiencies and additional funds can stretch our dollars.

Encourage school districts to consolidate various operations and/or share services.

1 | Commission pilot programs and an independent study to demonstrate how districts could benefit from various levels of shared services or consolidation.

2 | Offer training on the specific benefits of shared services or consolidation for boards of education and district leaders.

### Why This Recommendation Is Necessary

There are 166 school districts in Connecticut ranging in enrollment from under 100 to over 20,000 students. The average per-pupil expenditure in the 20 smallest districts was \$16,231 or almost 24% higher than the state average of \$13,109.<sup>134</sup> This points to the differential attributable to the absence of cost efficiencies in operating many smaller districts.

Local control is a point of pride for many state citizens and policy makers, but there clearly are fiscal benefits to sharing services or even consolidating districts. Districts can be surveyed to assess the best approach for the introduction of a shared service model. SDE should review the roughly \$2.7 billion expended statewide on district-level administration, employee benefits, plant operations, and transportation for potential savings.<sup>135</sup> Even a 2% savings on these district expenditures could result in savings of over \$50 million a year that can be used for other educational needs.

### Actions Required

- Pilot programs on shared service models overseen by SDE
- SDE should direct a consulting study of how districts can benefit from shared services

## More federal and private grants.

Redouble efforts to gain federal and private grants to drive excellence in our schools

### Why This Recommendation Is Necessary

With a looming budget deficit and a simultaneous need to ensure all students meet high expectations, we should diversify our funding sources. The SDE does not currently have a person in charge of searching and applying for grants, but has several people from several departments looking for funding opportunities.<sup>136</sup> The recommendations contained in this report should provide many opportunities for us to be more competitive in seeking grant funding for reform projects.

### Action Required

- Designate a person with a record of grant-writing success within or contracted to SDE to look and apply for funding opportunities