



OLR RESEARCH REPORT

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EDUCATION COST SHARING FUNDS AND TRUMBULL

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You asked for a description of the Education Cost Sharing (ECS) formula including (1) a brief history of recent changes to it and (2) how it works for Trumbull.

SUMMARY

ECS aid is the major form of state education aid to Connecticut's towns. For FY 12, the current fiscal year, the state is distributing \$1.89 billion in state ECS aid to towns. The budget act (PA 11-6) passed last year overrode the statutory formula for calculating ECS grants and specified each town's ECS grant for FY 12 and FY 13. In doing so, it held funding at the current level, marking the fourth year in a row that ECS funding was frozen.

Under the budget act, Trumbull is receiving \$3,031,988 in ECS each year. As with other towns, the amount Trumbull receives has not changed since 2009.

Town wealth, which is significant in the ECS formula, is the factor that has the greatest impact on Trumbull's ECS amount. Under the formula's town wealth component, Trumbull is ranked the 45th wealthiest of the state's 169 towns. Put another way, there are 124 towns with less ability than Trumbull to raise taxes to pay for education costs.

EDUCATION COST SHARING

Overview

The ECS formula is intended to equalize state education funding to towns by taking into account a town's wealth and ability to raise property taxes to pay for education. Poor towns receive more aid per student; affluent towns receive less aid per student. The components of the formula that drive this equalization will be discussed in more detail in this report.

The basic ECS formula multiplies the number of students in each school district (weighted for educational need) by the amount the state has determined a district should spend to provide an adequate education (the "foundation") and by an aid percentage determined by the district's wealth. The result is the district's ECS grant. The law then imposes minimum or base aid for all towns and adds supplements for such things as students attending regional school districts.

The formula has rarely been fully funded in its 23-year history. Over the years there have been attempts to phase in full funding when state revenues were strong, but financial downturns have often led to interrupting the phase-in and freezing or reducing funding levels.

In addition to significantly revamping the formula in 1995 and 2007, the legislature has made some adjustment to it nearly every year since it was created. While its primary components remain intact, the cumulative effects of previous aid caps, minimum aid amounts, and out-of-date data elements continue to affect the funds' distribution.

ECS funding was frozen at the FY 09 level in FY 10 and FY 11. The current state budget calls for ECS funding to continue at the FY 09 level through FY 13.

The ECS Basic Formula

The ECS formula has three main parts that are multiplied together:

1. the number of students each town is educating adjusted to compensate for educational and economic need;

2. a “foundation” amount representing the level of per-need-student spending that state aid helps towns achieve, which is, ideally, the amount necessary to provide an adequate education to each student; and
3. a base aid ratio (or percentage) representing the relationship between (a) each town’s wealth (measured by equalized grand list adjusted for income) and (b) a state guaranteed wealth level (GWL).

Except for the foundation, which is currently set by state law, the basic formula incorporates various sub formulas, which are briefly described below. Each of the sub formulas relies on data derived from various sources from various years.

Of the three sub formulas, the two that affect how much aid a town gets in relationship to the state’s other towns are (1) town wealth and (2) the number of students and “need students.” If a town is wealthy relative to other towns, it will receive less aid per student. As for need students, using an income measurement, low-income students are weighted more heavily than non-low income students. This way poorer districts receive more aid per student.

Formula Components

1. Students and “Need Students.” The student factor starts with the number of regular and special education students enrolled in public schools at town expense (“resident students”) on October 1 in the year before the grant year (“resident students”). This number is adjusted for the district’s number of school days over the statutory 180-day minimum and then weighted for educational and economic need, by increasing a town’s resident student counts for students in certain categories to yield a “need student” count.

This sub formula, in turn, uses the following two factors to weight student counts for educational need.

1. Each student from a low-income family who is eligible for federal assistance under Title I of the Elementary and Secondary Education Act as of each October 1 counts an extra 33%.
2. Each limited-English-proficient (LEP) student not participating in bilingual education programs counts an extra 15%.

2. Foundation. The ECS foundation is set by state law at \$9,687 per-need-student.

3. Town Wealth. Each town's relative wealth is determined by an average of its property tax base and its residents' income. The property tax base is the total of its taxable real and personal property at 100% of market value, averaged over three years. The property tax base is measured on both a per-student (with the number weighted for need) and per-capita basis. Income is measured on a per-capita and median-household basis and each town's income is compared to that of the highest-income town in the state.

State Guaranteed Wealth Level (GWL). The ECS formula is designed to allow towns to tax themselves to raise a portion of the foundation based on an equalized tax burden, with the state making up any difference between what a town can raise and the foundation, up to the state guaranteed wealth level. The GWL is 75% above the wealth of the median town. A higher GWL increases the state's share of total education funding.

Other Factors

Minimum Aid. To avoid having towns whose wealth is higher than the GWL get no state aid, the ECS formula establishes a minimum base aid ratio of 0.09 for most towns and 0.13 for the 20 school districts with highest concentrations of low-income students. The ratio is the relationship between a town's wealth and the foundation. Thus, grants for the wealthiest towns (known as "minimum aid towns") are either 9% of the foundation amount for each need student or, for wealthier towns with a high proportion of low-income students, 13%.

Regional Bonus. Towns receive a bonus of \$100 for each student enrolled in a K-12 regional district and proportionately lower bonuses for students enrolled in regional districts encompassing grades 7-12 and 9-12.

(For a more detailed presentation of the ECS formula see Appendix C of OLR report [2012 -R-0063](#).)

The ECS Formula Since 2007

The last major changes in the ECS formula were enacted in the 2007 special legislative session and took effect July 1, 2007.

PA 07-3, June Special Session, changed the formula to (1) increase the level of per-student spending ECS aid helped towns achieve, (2) provide a higher level of minimum aid, (3) increase student need weightings for poverty and limited-English, and (4) use a more up-to-date measure of student poverty weighting.

That same law simplified the formula and its sub formulas by eliminating supplemental aid to towns based on poverty concentrations and higher-than-average population densities. It also eliminated a factor that provided additional aid for low-achieving students. The same act phased in increased state aid, specifying minimum percentage increases of 4.4% each year for FY 08 and FY 09.

The budget acts of 2009 and 2011 each overrode the statutory ECS formula and specified each town's ECS grants for the four years from FY 10 through FY 13. Each town's grant was held constant for each year. Thus, although the ECS formula has not functioned since FY 09, the amount each town gets today is set according to the amount the ECS formula produced three years ago.

Freezing the ECS amount for each town means that changes in student population and other data changes since then are not taken into account. Also, when the formula last functioned as a formula for the 2009 entitlements, it was still using town income data from the 2000 Census. The U.S. Census bureau was no longer conducting a mid-decennial income survey. Furthermore, starting in 2010, the Census Bureau is no longer gathering income data.

TRUMBULL

Under the budget act, Trumbull is receiving \$3,031,988 in ECS each year. As with other towns, the amount Trumbull receives has not changed since 2009. Also like all towns in Connecticut, the amount of ECS funding Trumbull is receiving right now is not a true reflection of the formula because (1) the funding level and appropriation per town has been frozen by the legislature since FY 09, and (2) certain formula elements are out of date.

Nevertheless, town wealth is the factor that has the greatest impact on Trumbull's ECS amount. Under the formula's town wealth component, Trumbull is ranked the 45th wealthiest of the state's 169 towns.

(There are 39 minimum aid towns, i.e., towns ranked as so wealthy that without the formula's minimum aid component they would get no ECS funding at all. Trumbull, ranked 45th, is not in this group.)

The State Board of Education uses District Reference Groups (DRG) as a tool to compare similar districts. Also, different DRGs can be compared to each other. DRGs group districts together that have public school students with similar socioeconomic status and need. They are given letter labels A through I.

Trumbull receives \$442 per student under ECS. The average amount received by towns in DRG B (Trumbull's DRG) is \$959. Of the 21 towns in DRG B, Trumbull is in the top half of the group when ranked by wealth.

Below is a comparison of ECS funding per student by each of the nine DRGs.

Table 1: ECS Funding Per Student by DRG

<i>DRG</i>	<i>ECS Entitlement Per Pupil</i>
A	\$360
B*	959
C	2606
D	2253
E	3433
F	4619
G	4371
H	3261
I	7686
State Average	\$3472

*Trumbull's DRG.

JM:ro