



# OLR RESEARCH REPORT

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## EDUCATION COST SHARING FORMULA

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

### 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 (that equals 45.3% of all state education expenditures). 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 consecutive year that ECS funding was frozen.

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 below.

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 and related budget issues 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 While its primary components remain intact, the cumulative effects of previous aid caps, minimum aid amounts, and out-of-date data elements continue to affect the funds' distribution.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.

For a summary of the formula's components see Attachment A. For a table showing each town's ECS grant amounts for FY 12 and 13, see Attachment B.

## **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 subformulas, which are briefly described below. Each of the subformulas relies on data derived from various sources from various years.

Of the three subformulas, the two that affect how much aid a town gets in relationship to the state's other towns are (1) the number of students and "need students," and (2) town wealth, which is used as part of the base aid ratio. For need students, low-income students are weighted more heavily, using an income measurement, than non-low income students. This way less affluent towns receive more aid per student. Regarding town wealth, if a town is wealthy relative to other towns, it will receive less 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 subformula, in turn, uses the following two factors to weight student counts for educational need.

- a. 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%.
- b. 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.

### **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 helps 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 subformulas 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 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.

JM:ro

## Attachment A

### The ECS Formula

**Fully Funded ECS Grant** = (Base Aid Ratio x Foundation x Need Students) + Regional Bonus

**Base Aid Ratio** = Greater of: (a) 1 minus Town Wealth ÷ State Guaranteed Wealth Level (1.75 times the median town wealth) or (b) 0.09 (9 %) for most towns and 0.13 (13%) for towns ranked in top 20 according to Title I Count ÷ Population aged 5-17

**Town Wealth** = (((ENGL ÷ Need Students + ENGL ÷ Population)) ÷ 2) x (((PCI ÷ HPCI) + (MHI ÷ HMHI)) ÷ 2)

**ENGL** = Equalized net grand list (three-year average) (CT Office of Policy & Management, Average: 2003/2004/2005)

**PCI** = Per capita income (U.S. Census Bureau, 1999)

**HPCI** = PCI for town with highest PCI in the state (U.S. Census Bureau, 1999)

**MHI** = Median household income (U.S. Census Bureau, 1999)

**HMHI** = MHI for town with highest MHI in the state (U.S. Census Bureau, 1999)

**Population** = Total town population (U.S. Census Bureau, 2005)

**Need Students** = See below

**Foundation** = \$9,687

**Need Students** = Resident Student Count + 33% of Poverty Count + 15% LEP Count

**Resident student count** = Students enrolled in public schools at town expense on the preceding October 1, adjusted for school days under or over 180 in the school year, plus 50% of town students participating in Open Choice (State Department of Education, October 2007)

**Poverty count** = Number of children aged 5 to 17 from families in poverty as determined under Title I of federal No Child Left Behind Act as of each October 1 (State Department of Education, 2005)

**LEP Count** = Number of limited-English-proficient students not participating in state-funded bilingual education programs (State Department of Education, October 2006)

**Regional Bonus** = \$100 per resident student enrolled in K-12 regional districts, \$46.15 for each student enrolled in a 7-12 district, and \$30.77 for each student enrolled in a 9-12 district

## Attachment B

### ECS (equalization aid) Grant Amounts by Town

<i><b>Town</b></i>	<i><b>Grant for Fiscal Year 2012</b></i>	<i><b>Grant for Fiscal Year 2013</b></i>
Andover	2,330,856	2,330,856
Ansonia	15,031,668	15,031,668
Ashford	3,896,069	3,896,069
Avon	1,232,688	1,232,688
Barkhamsted	1,615,872	1,615,872
Beacon Falls	4,044,804	4,044,804
Berlin	6,169,410	6,169,410
Bethany	2,030,845	2,030,845
Bethel	8,157,837	8,157,837
Bethlehem	1,318,171	1,318,171
Bloomfield	5,410,345	5,410,345
Bolton	3,015,660	3,015,660
Bozrah	1,229,255	1,229,255
Branford	1,759,095	1,759,095
Bridgeport	164,195,344	164,195,344
Bridgewater	137,292	137,292
Bristol	41,657,314	41,657,314
Brookfield	1,530,693	1,530,693
Brooklyn	6,978,295	6,978,295
Burlington	4,295,578	4,295,578
Canaan	207,146	207,146
Canterbury	4,733,625	4,733,625
Canton	3,348,790	3,348,790
Chaplin	1,880,888	1,880,888
Cheshire	9,298,837	9,298,837
Chester	665,733	665,733
Clinton	6,465,651	6,465,651
Colchester	13,547,231	13,547,231
Colebrook	495,044	495,044

<b><i>Town</i></b>	<b><i>Grant for Fiscal Year 2012</i></b>	<b><i>Grant for Fiscal Year 2013</i></b>
Columbia	2,550,037	2,550,037
Cornwall	85,322	85,322
Coventry	8,845,691	8,845,691
Cromwell	4,313,692	4,313,692
Danbury	22,857,956	22,857,956
Darien	1,616,006	1,616,006
Deep River	1,687,351	1,687,351
Derby	6,865,689	6,865,689
Durham	3,954,812	3,954,812
Eastford	1,109,873	1,109,873
East Granby	1,301,142	1,301,142
East Haddam	3,718,223	3,718,223
East Hampton	7,595,720	7,595,720
East Hartford	41,710,817	41,710,817
East Haven	18,764,125	18,764,125
East Lyme	7,100,611	7,100,611
Easton	593,868	593,868
East Windsor	5,482,135	5,482,135
Ellington	9,504,917	9,504,917
Enfield	28,380,144	28,380,144
Essex	389,697	389,697
Fairfield	3,590,008	3,590,008
Farmington	1,611,013	1,611,013
Franklin	941,077	941,077
Glastonbury	6,201,152	6,201,152
Goshen	218,188	218,188
Granby	5,394,276	5,394,276
Greenwich	3,418,642	3,418,642
Griswold	10,735,024	10,735,024
Groton	25,374,989	25,374,989
Guilford	3,058,981	3,058,981
Haddam	1,728,610	1,728,610
Hamden	23,030,761	23,030,761

<b><i>Town</i></b>	<b><i>Grant for Fiscal Year 2012</i></b>	<b><i>Grant for Fiscal Year 2013</i></b>
Hampton	1,337,582	1,337,582
Hartford	187,974,890	187,974,890
Hartland	1,350,837	1,350,837
Harwinton	2,728,401	2,728,401
Hebron	6,872,931	6,872,931
Kent	167,342	167,342
Killingly	15,245,633	15,245,633
Killingworth	2,227,467	2,227,467
Lebanon	5,467,634	5,467,634
Ledyard	12,030,465	12,030,465
Lisbon	3,899,238	3,899,238
Litchfield	1,479,851	1,479,851
Lyme	145,556	145,556
Madison	1,576,061	1,576,061
Manchester	30,619,100	30,619,100
Mansfield	10,070,677	10,070,677
Marlborough	3,124,421	3,124,421
Meriden	53,783,711	53,783,711
Middlebury	684,186	684,186
Middlefield	2,100,239	2,100,239
Middletown	16,652,386	16,652,386
Milford	10,728,519	10,728,519
Monroe	6,572,118	6,572,118
Montville	12,549,431	12,549,431
Morris	657,975	657,975
Naugatuck	29,211,401	29,211,401
New Britain	73,929,296	73,929,296
New Canaan	1,495,604	1,495,604
New Fairfield	4,414,083	4,414,083
New Hartford	3,143,902	3,143,902
New Haven	142,509,525	142,509,525
Newington	12,632,615	12,632,615
New London	22,940,565	22,940,565

<b><i>Town</i></b>	<b><i>Grant for Fiscal Year 2012</i></b>	<b><i>Grant for Fiscal Year 2013</i></b>
New Milford	11,939,587	11,939,587
Newtown	4,309,646	4,309,646
Norfolk	381,414	381,414
North Branford	8,117,122	8,117,122
North Canaan	2,064,592	2,064,592
North Haven	3,174,940	3,174,940
North Stonington	2,892,440	2,892,440
Norwalk	10,095,131	10,095,131
Norwich	32,316,543	32,316,543
Old Lyme	605,586	605,586
Old Saybrook	652,677	652,677
Orange	1,055,910	1,055,910
Oxford	4,606,861	4,606,861
Plainfield	15,353,204	15,353,204
Plainville	10,161,853	10,161,853
Plymouth	9,743,272	9,743,272
Pomfret	3,092,817	3,092,817
Portland	4,272,257	4,272,257
Preston	3,057,025	3,057,025
Prospect	5,319,201	5,319,201
Putnam	8,071,851	8,071,851
Redding	687,733	687,733
Ridgefield	2,063,814	2,063,814
Rocky Hill	3,355,227	3,355,227
Roxbury	158,114	158,114
Salem	3,099,694	3,099,694
Salisbury	187,266	187,266
Scotland	1,444,458	1,444,458
Seymour	9,836,508	9,836,508
Sharon	145,798	145,798
Shelton	4,975,852	4,975,852
Sherman	244,327	244,327
Simsbury	5,367,517	5,367,517

<b><i>Town</i></b>	<b><i>Grant for Fiscal Year 2012</i></b>	<b><i>Grant for Fiscal Year 2013</i></b>
Somers	5,918,636	5,918,636
Southbury	2,422,233	2,422,233
Southington	19,839,108	19,839,108
South Windsor	12,858,826	12,858,826
Sprague	2,600,651	2,600,651
Stafford	9,809,424	9,809,424
Stamford	7,978,877	7,978,877
Sterling	3,166,394	3,166,394
Stonington	2,061,204	2,061,204
Stratford	20,495,602	20,495,602
Suffield	6,082,494	6,082,494
Thomaston	5,630,307	5,630,307
Thompson	7,608,489	7,608,489
Tolland	10,759,283	10,759,283
Torrington	23,933,343	23,933,343
Trumbull	3,031,988	3,031,988
Union	239,576	239,576
Vernon	17,645,165	17,645,165
Voluntown	2,536,177	2,536,177
Wallingford	21,440,233	21,440,233
Warren	99,777	99,777
Washington	240,147	240,147
Waterbury	113,617,182	113,617,182
Waterford	1,445,404	1,445,404
Watertown	11,749,383	11,749,383
Westbrook	427,677	427,677
West Hartford	16,076,120	16,076,120
West Haven	41,399,303	41,399,303
Weston	948,564	948,564
Westport	1,988,255	1,988,255
Wethersfield	8,018,422	8,018,422
Willington	3,676,637	3,676,637
Wilton	1,557,195	1,557,195

<b><i>Town</i></b>	<b><i>Grant for Fiscal Year 2012</i></b>	<b><i>Grant for Fiscal Year 2013</i></b>
Winchester	7,823,991	7,823,991
Windham	24,169,717	24,169,717
Windsor	11,547,663	11,547,663
Windsor Locks	4,652,368	4,652,368
Wolcott	13,539,371	13,539,371
Woodbridge	721,370	721,370
Woodbury	876,018	876,018
Woodstock	5,390,055	5,390,055

Source: PA 11-6