

Connecticut's Education Cost Sharing (ECS) Grant: History, Formula & Challenges

Education Cost Sharing Task Force
September 15, 2011

Prepared by the State Department of Education, Office of Fiscal Analysis, Legislative Commissioners' Office, Office of Legislative Research, and Office of Policy and Management

Education Funding Background: Court Decisions

- *Horton v. Meskill* (1977): CT Supreme Court ruled that public education was a state responsibility and each child had the right to an equal opportunity to receive a suitable educational experience.
- It ruled that a system of school financing that relied on local property tax revenues without regard to disparities in town wealth and lacked significant equalizing state support was unconstitutional.

Education Funding Background: Court Decisions

- The Court found that this funding system ensured that more educational dollars were allotted to children who lived in property-rich towns than to children in property-poor towns. This enabled property-rich towns to offer a wider range and higher quality of education programs than other towns.
- The decision also held that it is up to the legislature, not the courts, to devise a constitutional system for education financing.

Education Funding Background: Court Decisions & State Responses

- The Legislature responded to the Horton decision by enacting the first major education equalization funding formula, the Guaranteed Tax Base (GTB) grant. The GTB was the early version of the Education Cost Sharing (ECS) formula.
- The State Board of Education and an education finance advisory group launched an 18-month study into education finance reform that would recommend as a long-range goal that the state provide aid “at least equal to local revenues” for public elementary and secondary education.

Education Funding Background

- In 1989-90, the ECS grant replaced the GTB grant (Public Acts 88-358 and 89-124).
- In *Sheff v. O'Neill* (1996) the CT Supreme Court ruled that racial and ethnic isolation of Hartford students deprived them of their constitutionally guaranteed right to an equal educational opportunity. The decision did not involve the distribution of state education aid.

Education Funding Background: The Myth of the 50/50 Funding Promise

- A report issued by the State Board of Education after Horton suggested a goal of 50 percent state funding, but neither the General Assembly nor any of the five governors who have served since 1979 have made the 50 percent goal an explicit part of any state budget or proposed budget.
- Many individual legislators have introduced bills to enact a 50 percent funding plan, but none have ever been favorably reported out of a committee or adopted in a budget.

Education Funding Background: *CCJEF v. Rell*, the Adequacy Ruling

- In *Connecticut Coalition for Justice in Education Funding (CCJEF) v. Rell* (2010) the CT Supreme Court ruled the state constitutional right to education requires that public schools provide students an adequate education.

The court did not precisely define adequacy and did not address whether the current system was adequate.

The court sent the case back to the Superior Court for trial to determine what is adequate and whether CT provides an adequate educational system.

Impact of Equalization

2011-12 ECS Grants per Resident Student summarized by ECS Town Wealth Rank. Each grouping contains 24 towns sorted by wealth rank. Group 4 contains 25 towns.

Wealth Groupings	ECS Entitlement per Resident Student
1 (Wealthiest)	\$378
2	735
3	1,720
4	2,744
5	3,125
6	4,586
7 (Poorest)	6,860
<u>State Average</u>	\$3,472

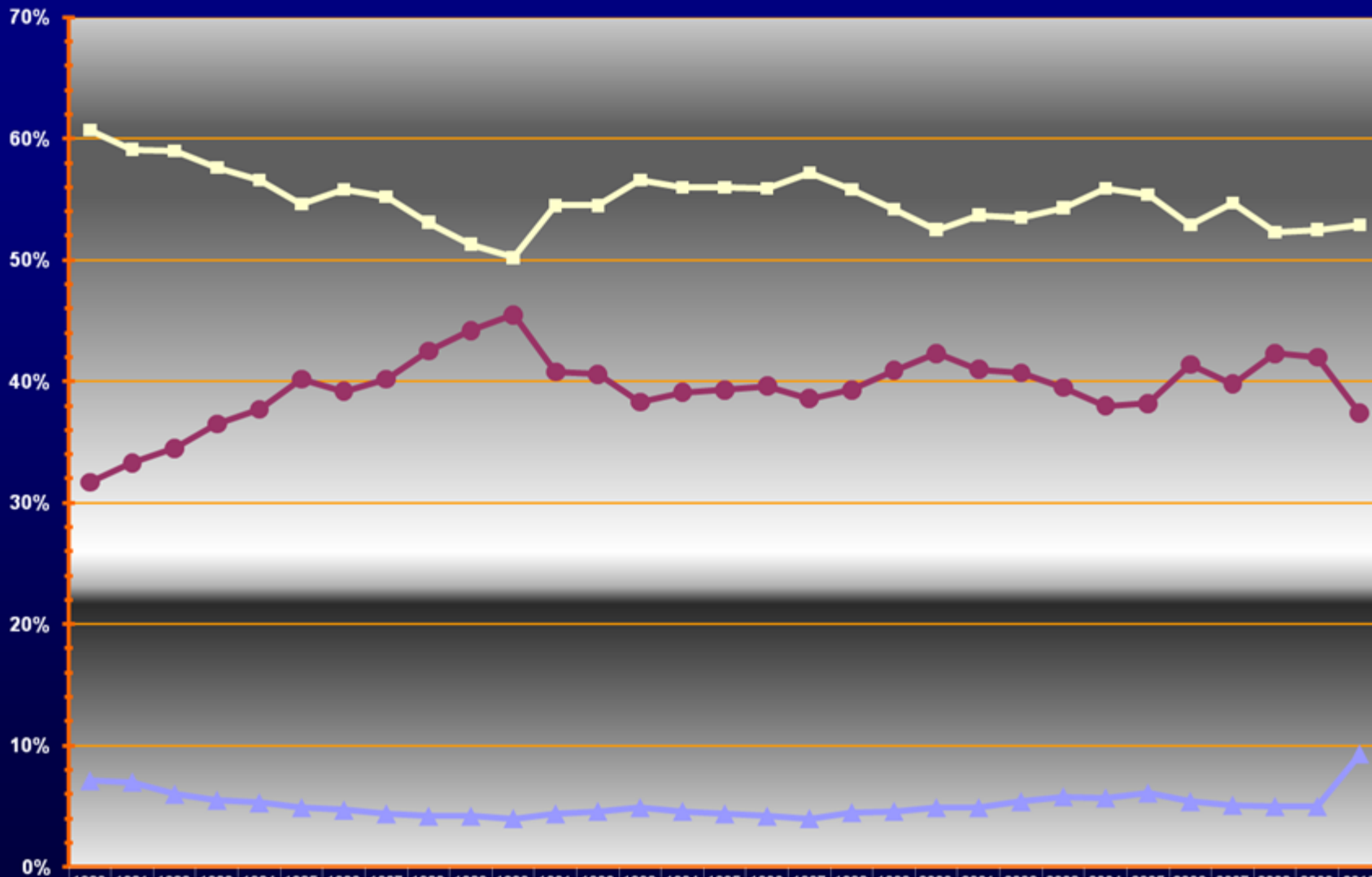
Summary of 2008-09 State Share of Public Elementary and Secondary Education

	Expenditure	Percent of Total
Education Cost Sharing (ECS) Grant	\$1,889,182,288	45.3%
Capital Grant Programs	693,888,946	16.6%
Teachers' Retirement	588,832,792	14.1%
Other State Grants	583,794,195	14.0%
SDE Leadership and Education Program Supports	147,811,644	3.5%
CT Technical High School System	140,270,505	3.4%
Other State School Districts	94,794,799	2.3%
All Other	34,984,699	0.8%
 Total State Share	 \$4,173,559,868	 100.0%

Percentages of Local, State, Federal and Other Revenues for Public Elementary and Secondary Education Expenditures in Connecticut

Year	Local Amount \$	%	State Amount \$	%	Federal Amount \$	%	Other Amount \$	%	Total Amount \$
1979-80	894,394,487	60.7%	466,930,376	31.7%	104,781,975	7.1%	7,492,224	0.5%	1,473,599,062
1989-90	1,825,545,264	50.2%	1,654,048,788	45.5%	145,829,040	4.0%	8,258,938	0.2%	3,633,682,030
1999-2000	3,241,550,799	52.5%	2,611,216,407	42.3%	304,496,854	4.9%	19,439,007	0.3%	6,176,703,067
2004-05	4,418,423,489	55.4%	3,047,353,586	38.2%	488,541,690	6.1%	27,722,328	0.3%	7,982,041,093
2005-06	4,652,873,221	52.9%	3,643,412,412	41.4%	478,742,751	5.4%	27,683,453	0.3%	8,802,711,837
2006-07	5,106,006,361	54.7%	3,713,838,930	39.8%	474,377,879	5.1%	34,951,365	0.4%	9,329,174,535
2007-08	5,027,237,839	52.3%	4,065,819,333	42.3%	483,130,093	5.0%	34,951,365	0.4%	9,615,349,631
2008-09	5,220,097,913	52.5%	4,173,559,868	42.0%	494,751,397	5.0%	45,954,968	0.5%	9,934,364,146
2009-10	5,237,788,750	52.9%	3,704,901,103	37.4%	921,354,437	9.3%	42,087,556	0.4%	9,906,131,846

Local, State and Federal Shares 1979-80 through 2009-10



	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Local %	60.7	59.1	59.0	57.6	56.6	54.6	55.8	55.2	53.1	51.3	50.2	54.5	54.5	56.6	56.0	56.0	55.9	57.2	55.8	54.2	52.5	53.7	53.5	54.3	55.9	55.4	52.9	54.7	52.3	52.5	52.9
State %	31.7	33.3	34.5	36.5	37.7	40.2	39.2	40.2	42.5	44.2	45.5	40.8	40.6	38.3	39.1	39.3	39.6	38.6	39.3	40.9	42.3	41.0	40.7	39.5	38.0	38.2	41.4	39.8	42.3	42.0	37.4
Federal %	7.1	7.0	6.0	5.5	5.3	4.9	4.7	4.4	4.2	4.2	4.0	4.4	4.6	4.9	4.6	4.4	4.2	4.0	4.5	4.6	4.9	4.9	5.4	5.8	5.7	6.1	5.4	5.1	5.0	5.0	9.3

Education Cost Sharing Grant Fully-Funded (Target) Aid

Foundation

x

Need (Weighted) Students

x

Aid Ratio
(State Support Percentage)

+

Regional District Bonus

Foundation (Per Weighted Student Spending Level)

1989-90	\$3,918*
1990-91	\$4,192*
1991-92	\$4,486*
1992-93	\$4,800*
1993-94	\$4,800*
1994-95	\$4,800*
1995-96 through 1997-98	\$5,711
1998-99	\$5,775
1999-00 through 2006-07	\$5,891
2007-08 to Present	\$9,687**

* Prior to 1995-96 ECS excluded special education.

** Subject to a phase-in.

Town Student Need Count

(a) Resident Students

Kindergarten through Grade 12 Students

+

One-half credit for OPEN Choice Participation

+

Credit for Extended School Year

+

Full-time Equivalent (FTE) Prekindergarten
(Excluding School Readiness)

+

FTE Tuition-Free Summer School

Town Student Need Count

(b) Need Students

Resident Students

+

33% of Title I Poverty

+

15% of Limited English Proficiency (LEP)* Students

*LEP represents total English Language Learners minus students eligible for funding under the state Bilingual grant.

Note: Resident students include in-district and out-of-district regular and special education students who are the fiscal responsibility of the district. It does not include students enrolled in the district at the expense of another district.

Aid Ratio (State's Percentage of Support of the Foundation)

(a) Income Adjuster

$$\frac{\frac{\text{Per Capita Income (PCI)}}{\text{Highest PCI}} + \frac{\text{Median Household Income (MHI)}}{\text{Highest MHI}}}{2}$$

(b) Adjusted Equalized Net Grand List (AENGL)

$$\begin{aligned} & \text{3-year Average Equalized Net Grand List (ENGL)} \\ & \quad \times \\ & \quad \text{Income Adjuster} \end{aligned}$$

(c) Town Wealth

$$\frac{\frac{\text{AENGL}}{\text{Population}} + \frac{\text{AENGL}}{\text{Need Students}}}{2}$$

(d) State Guaranteed Wealth Level (SGWL)

$$\text{Median Town Wealth (Rank 85) } \times 1.75$$

(e) Aid Ratio

$$1 - (\text{Town Wealth} / \text{SGWL})$$

No town may receive an aid ratio of less than 9 percent. The highest aid ratio in 2011-12 is 91.67 percent (Hartford).

Regional Bonus for Each Member Town

For students enrolled in the region, each member town receives a regional bonus as noted below:

- Kindergarten through Grade 12 members receive \$100 per student.
- Grades 7 through 12 region members receive \$46.15 per student.
- Grades 9 through 12 region members receive \$30.77 per student.

Adjustments to the Fully-Funded Formula

Over the years, there have been a number of statutory adjustments to the fully-funded formula. Over time, these have included:

- **Grant Caps** limit the amount of increase a town could receive from one year to the next. Towns impacted by grant caps receive less than the formula.
- **Stoploss** guarantees a prescribed level of funding regardless of the formula. Towns impacted by stoploss receive more than the formula.
- **Phase-In** is often employed when there are significant changes to the ECS formula. Phase-in allows the State to implement the formula changes in stages over time.

Recent History of Adjustments

- **2006-07** – All districts were guaranteed a minimum grant of at least 60 percent of the fully-funded formula.
- **2007-08** – A 17.1 percent phase-in was implemented, and all districts were guaranteed a minimum 4.4 percent increase over the prior year.
- **2008-09** – A 15.7 percent phase-in was implemented, and all districts were guaranteed a minimum 4.4 percent increase over the prior year.
- **2009-10** – The formula was replaced with the entitlements specified in statute, basically holding towns to their 2008-09 levels.

ECS Grant

Percent of Target Aid plus Regional Bonus Funded 2005-06 through 2011-12

Fiscal Year	(1) Target Aid plus Regional Bonus	(2) Total Appropriation	(3) Percent of Formula Funded (Col 2 / Col 1)	(4) Funding Gap (Col 2 - Col 1)
2005-06	\$1,576,175,824	\$1,619,486,942	102.70%	\$43,311,118
2006-07	1,545,953,224	1,627,598,155	105.30%	81,644,931
2007-08	2,675,159,699	1,809,212,278	67.60%	(865,947,421)
2008-09	2,630,075,409	1,889,128,288	71.80%	(740,947,121)
2009-10	2,628,880,903	1,889,609,057	71.90%	(739,271,846)
2010-11	2,620,743,377	1,889,609,057	72.10%	(731,134,320)
2011-12	2,614,412,779	1,889,609,057	72.30%	(724,803,722)

ECS Formula Challenges

- **Foundation** – Under original legislation the foundation was set at the expenditure per pupil of the town where the 80th percentile pupil resided (based on 3-year-old data). To date the foundation has been written into statute.

- **Need Students** – Poverty weighting. Title I data as opposed to free and reduced lunch, aid to dependent children, or other alternative measures.

- **Town Wealth**

- (1) Per Capita Income and Median Household Income are from the decennial census and are only provided once every 10 years. Starting with the 2010 census, that information is not collected but will be generated through the American Community Survey.

- (2) State Guaranteed Wealth Level – under the original legislation it was to be set at 2. Currently it is at 1.75.

- (3) Guaranteed minimum aid ratios. Currently the minimum is at 9 percent. It has been as low as zero.

- **Other issues:** money follows the child, phase-in of the foundation and guaranteed minimum and maximum funding levels (hold harmless/stop loss, grant caps).