EDUCATION FUNDING 101
ECS Grant and Choice Schools

A Presentation by the
Office of Fiscal Analysis
and the
Office of Legislative Research

February 1, 2023
PRESENTATION OVERVIEW
Today's roadmap

1. EDUCATION COST SHARING GRANT
   - Legal history
   - Formula overview
   - Full funding phase-in

2. CHOICE SCHOOL FUNDING
   - History and tensions
   - School choice options
   - Funding mechanisms

3. BIG PICTURE STATE COSTS
   - Total funding per program
   - Per program state education funding %
EDUCATION COST SHARING GRANT
EDUCATION COST SHARING GRANT
Commonly referred to as "ECS"

Largest source of state aid to municipalities

Accounts for approximately 40% of total appropriated aid to municipalities in FY 23

One of the largest single General Fund appropriations

$2.179 billion FY 23 appropriation
LEGAL HISTORY OF ECS
Created after a series of court rulings

Horton v. Meskill (1974; 1977)
- Unfair system of funding public schools in Connecticut
- State ordered to construct a formula to address the variance in property values among towns

Guaranteed Tax Base (1975)
- Precursor to ECS formula

ECS formula (1988)
- First applied to FY 90
ECS FORMULA OVERVIEW
Three main components:

- Weighted Student Count
- X
- Foundation
- X
- State Aid Percentage

= FULL FUNDING
ECS: WEIGHTED STUDENT COUNT

Total students

30% X total low-income students

25% X English Learners (EL)

15% X low income concentration

= WEIGHTED STUDENT COUNT
ECS: FOUNDATION AMOUNT

$11,525

- Foundation level was last increased in FY 14 and has not changed since
- Represents the estimated cost of educating a student who is not low-income or an English learner
The state's share of education costs (according to the formula) in each town is determined by two primary factors:

70% Property Wealth
- Comparison of a town’s property wealth to median town’s property wealth
- Defined by Average Equalized Net Grand List Per Capita (AENGLPC)

30% Income Wealth
- Comparison of a town’s income wealth to median town’s income wealth
- Defined by median household income
ECS FY 23 State Aid Percentage: Wealth Factor Ranges

Property Wealth (AENGLPC)
- Highest: 788,411
- Median: 146,842
- Lowest: 57,571

Median Income
- Lowest: 36,278
- Median: 90,893
- Highest: 232,523

State Aid %
- Lowest: 1%
- Median: 24.1%
- Highest: 75.4%
ECS: ADDITIONAL COMPONENTS

State Aid Percentage Adjustments

- Minimum required state aid percentage
  10% for alliance districts and priority school districts
  1% for all other districts

- Percentage point increases for low-wealth communities based on Public Investment Community measure (PIC index)

Regional District and Endowed Academy Bonuses

- $100 x # students x # of grades
**ECS: CALCULATION ILLUSTRATION**

<table>
<thead>
<tr>
<th>Factors</th>
<th>Town A</th>
<th>Town B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Count</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>30% * 100 Low Income Students</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>25% * 20 ELL Students</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Low Income Concentration</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Weighted Student Count</strong></td>
<td>1,035</td>
<td>1,035</td>
</tr>
<tr>
<td><strong>Foundation</strong></td>
<td>11,525</td>
<td>11,525</td>
</tr>
<tr>
<td><strong>State Aid Percentage</strong></td>
<td>44%</td>
<td>62%</td>
</tr>
<tr>
<td><strong>Total ECS Grant</strong></td>
<td>5,248,485</td>
<td>7,395,593</td>
</tr>
</tbody>
</table>

X

X

=
RANGE OF ECS FY 23 TOWN GRANTS PER PUPIL

- Lowest: $68 - 84 towns
- Median Town: $3,375
- Highest: $11,444 - 84 towns
ECS FULL FUNDING PHASE-IN
Current progress toward the goal

ECS formula rarely fully funded

PA 17-2, June Special Session (the FY 18 and FY 19 biennial budget), implemented a 10-year phase-in
  • On hold for overfunded towns per the FY 22- FY 23 budget

In FY 23:
  • 81 towns are underfunded
  • 88 towns are overfunded, including 11 alliance districts that are held harmless from losses
## ECS Phase-in To Date

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Grants</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 18</td>
<td>1,927,967,202</td>
<td>----</td>
<td>----</td>
</tr>
<tr>
<td>FY 19</td>
<td>2,013,828,619</td>
<td>88,761,480</td>
<td>4.6%</td>
</tr>
<tr>
<td>FY 20</td>
<td>2,054,638,032</td>
<td>40,809,413</td>
<td>2.0%</td>
</tr>
<tr>
<td>FY 21</td>
<td>2,093,587,133</td>
<td>38,949,101</td>
<td>1.9%</td>
</tr>
<tr>
<td>FY 22</td>
<td>2,139,188,165</td>
<td>45,601,032</td>
<td>2.2%</td>
</tr>
<tr>
<td>FY 23</td>
<td>2,178,565,995</td>
<td>39,377,830</td>
<td>1.8%</td>
</tr>
</tbody>
</table>
# ECS Phase-In Estimates

(in millions $ as of FY 23)

<table>
<thead>
<tr>
<th>FY</th>
<th>Increase for underfunded towns</th>
<th>Decrease for overfunded towns</th>
<th>Net Change $</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 23</td>
<td>39.4</td>
<td>----</td>
<td>39.4</td>
</tr>
<tr>
<td>FY 24</td>
<td>39.7</td>
<td>(7.6)</td>
<td>32.1</td>
</tr>
<tr>
<td>FY 25</td>
<td>39.4</td>
<td>(7.6)</td>
<td>31.8</td>
</tr>
<tr>
<td>FY 26</td>
<td>39.4</td>
<td>(7.6)</td>
<td>31.8</td>
</tr>
<tr>
<td>FY 27</td>
<td>39.4</td>
<td>(7.6)</td>
<td>31.8</td>
</tr>
<tr>
<td>FY 28</td>
<td>39.4</td>
<td>(7.6)</td>
<td>31.8</td>
</tr>
<tr>
<td>FY 29</td>
<td>----</td>
<td>(7.6)</td>
<td>(7.6)</td>
</tr>
<tr>
<td>FY 30</td>
<td>----</td>
<td>(7.6)</td>
<td>(7.6)</td>
</tr>
</tbody>
</table>
CHOICE SCHOOL FUNDING
Public schools of choice

Broad spectrum of school choice programs serve different educational goals

Different types of choice programs exist in addition to neighborhood public schools

Multitude of choices create certain tensions
WHY SO MANY CHOICES?
Over 100 years of school choice

Each type of school has its own legislative history:

1917: Statewide Technical High School System

1955: Statewide Vocational Agriculture Program

1993: Interdistrict Magnet Schools

1996: Charter Schools

1997: Open Choice
WHY SO MANY CHOICES?
Over 100 years of school choice

Once each program is established, it:

• becomes a part of the Connecticut education landscape

• develops constituencies of students, parents, teachers, and administrators who come to depend on, and often advocate for, the program
SCHOOL CHOICE TENSIONS
The direct consequences of choice

1. Competition for students
Students leaving for choice programs means fewer enrolled at the local (sending) district.

A shrinking statewide student body means heightened competition for students.

2. Competition for funds
Some choice programs impact the sending town’s Education Cost Sharing (ECS) grant.

Choice programs also compete for funds in the state budget process.
School Choice Tensions
The direct consequences of choice

3 Tuition and other costs
Participation in some choice programs means the local (sending) district must pay tuition and other costs to the receiving choice program.

4 Demand outpaces supply
Demand for placement is greater than available slots.
Long waits on waiting lists lead to frustration/disillusionment with programs.
TECHNICAL HIGH SCHOOLS
TECHNICAL HIGH SCHOOLS
Formally "CTECS" (Connecticut Technical Education and Career System)

DESCRIPTION

Curriculum: Traditional high school curriculum with technical and career instruction

Organization: State-run system that became a state agency independent of SDE in the 2022-23 school year

Special education: CTECS implements the student’s IEP and covers the cost

Transportation: Sending district provides transportation, even if school is located outside of the sending district
Technical High School Funding

Town pays no tuition to CTECS but loses ECS $ for sent students.
CHARTER SCHOOLS
CHARTER SCHOOLS
Operating under public charters with private leadership

DESCRIPTION

Curriculum: Traditional curriculum; many have college preparation focus

Organization: School governing council made up of private citizens; state charters are independent of local districts, while a local charter school must be part of a local district

Special education: Charter school implements the student's IEP; sending district covers the amount above the reasonable cost of educating the student, minus any per-pupil state or federal grants to the receiving district

Transportation: Sending district provides transportation if charter school is located in district; out-of-district transportation optional
State Charter School Funding

ECS $ minus charter students → State

Weighted student-based operating grant of $11,610 to $12,057 → Charter School

Private donors

Charter School

Town

TAKEAWAY: Town pays no tuition to state charter school but loses ECS $ for sent students.
## MAGNET SCHOOLS
Assisting in racial and ethnic desegregation

### DESCRIPTION

<table>
<thead>
<tr>
<th>Curriculum:</th>
<th>Themed curriculum designed to draw students from multiple school districts to promote racial, ethnic, and economic diversity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization:</td>
<td>Operated by school districts (&quot;host magnets&quot;) or regional education service centers or other nonprofit entities (&quot;RESC magnets&quot;)</td>
</tr>
<tr>
<td>Special education:</td>
<td>Sending district responsible for cost above the reasonable cost of educating the student, minus any per-pupil state or federal grants the magnet school receives; magnet school must implement the IEP</td>
</tr>
<tr>
<td>Transportation:</td>
<td>For sending districts usually through the RESC</td>
</tr>
</tbody>
</table>
Magnet School Funding

Tuition:
- Range: $2,000 to $7,021 per student*

Per-pupil operating grant:
- Range: $7,227 to $13,315 per out-of-district student*

ECS $:

TAKEAWAY: Town receives ECS $ for students it sends but must pay tuition to the magnet school.

* Tuition and state grant funding vary based on the type of magnet school and the sending town. Some magnets are not allowed to charge tuition, and some magnet operators also receive a grant for in-district students.
AGRISCIENCE AND TECHNOLOGY CENTERS
# AGRISCIENCE AND TECHNOLOGY CENTERS

Formally "regional agricultural science and technology education centers"

## Description

<table>
<thead>
<tr>
<th><strong>Curriculum:</strong></th>
<th>Vo-ag curriculum in addition to traditional high school curriculum</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organization:</strong></td>
<td>Most centers embedded in existing local high schools</td>
</tr>
<tr>
<td></td>
<td>Sponsoring local district's board of education operates</td>
</tr>
<tr>
<td><strong>Special education:</strong></td>
<td>Sending district covers any costs above the average cost to educate a student; vo-ag school must implement the IEP</td>
</tr>
<tr>
<td><strong>Transportation:</strong></td>
<td>Sending district responsible for reasonable transportation costs</td>
</tr>
</tbody>
</table>
Vo-Aa Center Fundina

TAKEAWAY: Town still receives ECS $ but must pay tuition to the Vo-Aa school.
OPEN
CHOICE
OPEN CHOICE PROGRAM
Voluntary inter-district attendance program

DESCRIPTION

Curriculum: Traditional school curriculum offered by receiving districts

Organization: Implemented voluntarily by participating school districts in the Bridgeport, Hartford, and New Haven regions and overseen by the state

Special education: Sending district responsible for cost above the reasonable cost of educating the student, minus any per-pupil state or federal grants to the receiving district; receiving district must implement the IEP

Transportation: RESCs provide transportation
Open Choice Program Fundina

ECS $ (Open Choice student equals per-pupil operating grant of $3,000 to $10,000)
(ECS $ equals half a student) (approx. half a student)

State

Open Choice School (receiveina district)

Town (sendina district)

TAKEAWAY: Sendina town receives approx. half of the ECS grant: the other half goes to the Open Choice receiving district.

* Grant amount is tied to the percentages of Open Choice students in a district: increases in increments as percentages of Open Choice students increases
BIG PICTURE
STATE COSTS
# CHOICE PROGRAM FUNDING
The state's contribution

## HISTORICAL FUNDING LEVELS FOR VARIOUS CHOICE PROGRAMS
(in millions)

<table>
<thead>
<tr>
<th>Fiscal Year (FY)</th>
<th>ECS</th>
<th>Magnet Schools and Open Choice</th>
<th>CTECS High Schools</th>
<th>Charter Schools</th>
<th>Vocational Agriculture Centers</th>
</tr>
</thead>
<tbody>
<tr>
<td>23*</td>
<td>$2,178.6</td>
<td>$395.6</td>
<td>$170.1</td>
<td>$134.5</td>
<td>$18.8</td>
</tr>
<tr>
<td>22</td>
<td>$2,139.2</td>
<td>$360.4</td>
<td>$169.0</td>
<td>$124.5</td>
<td>$18.8</td>
</tr>
<tr>
<td>21</td>
<td>$2,093.6</td>
<td>$349.8</td>
<td>$160.1</td>
<td>$118.4</td>
<td>$15.1</td>
</tr>
<tr>
<td>20</td>
<td>$2,054.6</td>
<td>$358.6</td>
<td>$153.7</td>
<td>$118.0</td>
<td>$15.0</td>
</tr>
<tr>
<td>19</td>
<td>$2,016.7</td>
<td>$363.8</td>
<td>$154.2</td>
<td>$114.9</td>
<td>$13.8</td>
</tr>
</tbody>
</table>

% Change
FY 19 to FY 23
8.0% 8.7% 10.3% 17.0% 36.8%

* Reflects appropriated funds, not actual expenditures.
CHOICE PROGRAM FUNDING
The state's contribution

FY 23 STATE FUNDING COMPARISON:
SELECTED CHOICE PROGRAMS
AND ECS*

- CTECS: 5.9%
- Charter Schools: 4.6%
- Magnet Schools & Open Choice: 13.7%
- Vo-Ag Centers: 0.6%
- ECS: 75.2%

Total FY 23 Funding: $2.9 billion

* Values rounded to the nearest tenth.
QUESTIONS?

Thank You

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