

CONNECTICUT  
SCHOOL FINANCE  
PROJECT

FY 2020  
BUDGET  
CHANGES TO  
SCHOOL FINANCE

*UPDATED: July 1, 2019*

# About the CT School Finance Project

- Founded in 2015, the nonprofit Connecticut School Finance Project aims to ensure Connecticut has a fair and equitable school finance system and be a trusted, nonpartisan, and independent source of accurate data and information.
- Although not a member-based organization, the Connecticut School Finance Project actively works with a diverse group of stakeholders, including education and community leaders, nonprofit organizations, and individuals interested in how school finance impacts their students and schools.
- We aim to develop fair, well-thought-out solutions to Connecticut's school finance challenges that incorporate the viewpoints and perspectives of stakeholders.

# CT School Finance Project's Goals

- Build knowledge about how the current school funding system works,
- Bring together stakeholders who are impacted by how schools are funded, and
- Identify solutions to Connecticut's school funding challenges that are fair to students and taxpayers, and strengthen schools and communities.

OVERVIEW OF  
FY 2020 EDUCATION  
BUDGET CHANGES

# FY 2020 Total ECS Funding

- Budget continues to implement the ECS formula according to current law passed in October 2017.
- \$2.054 billion (+\$37.6 million from FY 2019 levels)
- ECS appropriation **does not** include the additional one-time, supplemental allocation of approximately \$2.9 million for towns whose districts received students displaced by Hurricane Maria during FY 2018.
- ECS formula is calculated with updated student and town data.

Sources: Conn. Acts 19-117.

Connecticut General Assembly, Office of Fiscal Analysis. (2019). *OFA Expenditure Detail: June 2019*. Hartford, CT: Author. Retrieved from [https://www.cga.ct.gov/ofa/Documents/year/PROJ/2019PROJ-20190625\\_June%2025,%202019%20Expenditure%20Detail.pdf](https://www.cga.ct.gov/ofa/Documents/year/PROJ/2019PROJ-20190625_June%2025,%202019%20Expenditure%20Detail.pdf).

# Other Significant Education Line Items

The biennial state budget for FYs 2020 and 2021:

- Delays separation of the **Connecticut Technical Education and Career System** from the CSDE into a separate state agency.
- Provides funds to increase enrollment at Connecticut's **choice schools**.
- Increases the maximum per student magnet school grant for all per student **interdistrict magnet school** operating grants by two percent.
- Transfers the responsibility for administering the **Youth Service Bureau** and **Youth Service Bureau Enhancement** programs from the CSDE to the Department of Children and Families.
- Transfers all **Sheff transportation** expenses from multiple line items into a new line item appropriation titled **Sheff Transportation**.
- Separates the **Priority School District** appropriation into three separate line items maintaining previously funded programs.

Sources: Conn. Acts 19-117.

# Other Significant Education Grants

- **Commissioner's Network**
  - FY 2020: \$10 million (+\$500,000 from FY 2019 levels)
- **Excess Cost Grant**
  - FY 2020: \$140.6 million (flat-funded from FY 2019 levels)
- **Open Choice Program**
  - FY 2020: \$26.8 million (-\$12.3 million from FY 2019 levels due to *Sheff* Transportation line item)
- **Priority School Districts**
  - FY 2020: \$37.2 million (flat-funded from FY 2019 levels but split into 3 line items)
- **Regional Vocational – Technical School System**
  - FY 2020: \$157.8 million (+\$1.9 million from FY 2019 levels)
- **Vocational Agriculture**
  - FY 2020: \$15.0 million (+\$1.2 million from FY 2019 levels)

Sources: Conn. Acts 19-117.

Connecticut General Assembly, Office of Fiscal Analysis. (2019). *OFA Expenditure Detail: June 2019*. Hartford, CT: Author. Retrieved from [https://www.cga.ct.gov/ofa/Documents/year/PROJ/2019PROJ-20190625\\_June%2025,%202019%20Expenditure%20Detail.pdf](https://www.cga.ct.gov/ofa/Documents/year/PROJ/2019PROJ-20190625_June%2025,%202019%20Expenditure%20Detail.pdf).

# Choice Program Funding

Grant	FY 2019 Estimated Expenditure	FY 2020 Budgeted Appropriation	Difference between FY 2020 Budget and FY 2019 Expenditure	Notes
<b>State Charter Schools</b>	\$114,864,132	\$120,622,500	+\$5,758,368	Increased funding is intended to allow enrollment growth at charter schools.
<b>Local Charter Schools</b>	\$492,000	\$600,000	+\$108,000	Increased funding will allow for increased enrollment in this choice school program.
<b>Magnet Schools</b>	\$326,508,158	\$304,204,848	-\$22,303,310	Funding to support the operation of Connecticut magnet schools has been increased by \$7.8 million to provide additional general support and to accommodate increased enrollment. \$30.1 million of the appropriation has been transferred to the new <i>Sheff</i> transportation appropriation.
<b>CT Technical Education &amp; Career System</b>	\$155,856,833	\$157,821,595	+\$1,964,862	Increased funding for this appropriation reflects the increased wage related expenses associated with the state's collective bargaining contracts.

Sources: Conn. Acts 19-117.

Connecticut General Assembly, Office of Fiscal Analysis. (2019). *OFA Expenditure Detail: June 2019*. Hartford, CT: Author. Retrieved from [https://www.cga.ct.gov/ofa/Documents/year/PROJ/2019PROJ-20190625\\_June%202025,%202019%20Expenditure%20Detail.pdf](https://www.cga.ct.gov/ofa/Documents/year/PROJ/2019PROJ-20190625_June%202025,%202019%20Expenditure%20Detail.pdf).



FY 2020:  
CONTINUED PHASE IN OF  
THE ECS FORMULA

# Overview of Current ECS Formula

- Current formula began in FY 2019 and is scheduled to be phased in over 10 years.
  - Increase of \$37.6 million (over FY 2019 ECS funding) in FY 2020
  - Estimated increase of \$37.6 million per year from FY 2020 – FY 2028
  - Estimated total increase, after phase-in, of \$361 million — over FY 2019 spending levels — in FY 2028 and beyond.
- Student-based, weighted funding formula
- Formula only applies to local public schools, all other types of Connecticut public schools (magnet schools, local and state charter schools, Connecticut Technical Education and Career System, Vo-Ag schools, Open Choice) will continue to be funded by 10 other formulas

Sources: Conn. Acts 19-117.

Connecticut General Assembly, Office of Fiscal Analysis. (2019). *OFA Expenditure Detail: June 2019*. Hartford, CT: Author. Retrieved from [https://www.cga.ct.gov/ofa/Documents/year/PROJ/2019PROJ-20190625\\_June%2025,%202019%20Expenditure%20Detail.pdf](https://www.cga.ct.gov/ofa/Documents/year/PROJ/2019PROJ-20190625_June%2025,%202019%20Expenditure%20Detail.pdf).

Conn. Gen. Statutes ch. 172, §§ 10-262f, 10-262h.

# Foundation

- Foundation amount is intended to represent the estimated cost of educating a CT general education student who does not have any additional learning needs.
- Foundation in new formula = \$11,525 per pupil
  - Same as most recent ECS formula
- Foundation continues to “incorporate” State’s share of general special education funding.
- Foundation based on past foundation amounts and not derived using verifiable education spending data
  - However, \$11,525 is within a range of reasonable foundation amounts when accounting for the inclusion of special education aid.

# Formula Weights

- Formula contains three “need-student” weights, which increase per-pupil state education aid for students with additional learning needs.
- **Low-income student weight**
  - Formula includes a low-income student weight of 0.3
  - Increases foundation amount by 30 percent for students who live in low-income households as measured by eligibility for free and reduced price lunch (FRPL)
- **Concentrated poverty weight**
  - Formula increases per-student funding for low-income students who live in districts with high concentrations of low-income students
  - Concentrated poverty weight is 0.05
  - Increases foundation amount an additional five percent (for a total of 35 percent) for low-income students residing in districts with concentrations of low-income students of over 75 percent of district enrollment
- **English Learner weight**
  - Formula includes weight of 0.15 for English Learners
  - Increases foundation amount by 15 percent for students needing additional English-language skills

Source: Conn. Gen. Statutes ch. 172, § 10-262f.

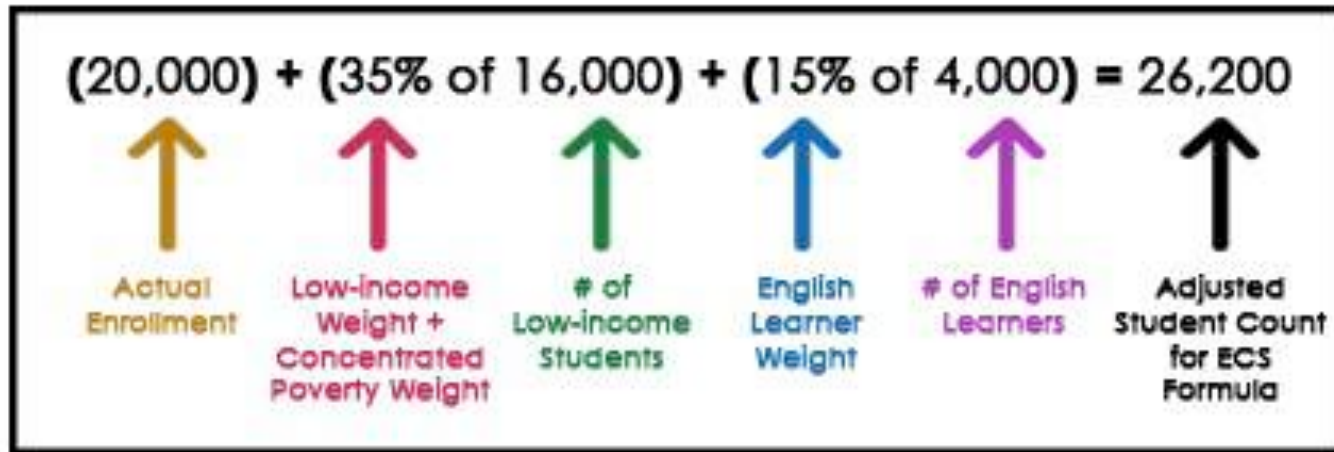
## Formula Weights

Low-income Students	<b>Weight:</b> 0.3 <b>Concentration Threshold:</b> .75 <b>Concentration Weight:</b> .05 <b>Identification Method:</b> Eligibility for FRPL
English Learner (EL) Weight	<b>Weight:</b> 0.15 <b>Concentration Weight:</b> 0

Student Need	Funding Per Student
General Education (Non-need) Student	\$11,525
Low-income Student	\$14,983
Concentrated Low-income Student	\$15,559
Low-income and English Learner	\$16,711
English Learner	\$13,254
Concentrated Low-income English Learner	\$17,288

Source: Conn. Gen. Statutes ch. 172, § 10-262f.

# How the “Need Student” calculation works



Measure	Town A	Town B	Town C
Enrollment	20,000	20,000	20,000
% Low-income	80%	10%	45%
Eligible for Concentrated Poverty Weight	Yes	No	No
% English Learners	20%	0%	5%
<b>Need Students</b>	6,200	600	2,850
<b>ECS Student Count</b>	<b>26,200</b>	<b>20,600</b>	<b>22,850</b>

Source: Conn. Gen. Statutes ch. 172, § 10-262f.

# Base Aid Ratio

- Formula includes equity metric to distribute state education aid, where the towns with the least ability to fund their public schools receive the most state aid.
- Town's ability to fund its public schools is calculated by:
  - **70% Property Wealth Factor**
    - Determined using a town's Equalized Net Grand List per Capita (ENGLPC), compared to the state median town ENGLPC, as calculated annually by OPM
    - Prior ECS formula used 90% Property Wealth Factor
  - **30% Income Wealth Factor**
    - Determined using a town's Median Household Income (MHI), compared to the state median MHI, as calculated by the U.S. Census Bureau's American Community Survey
    - Prior ECS formula used 10% Income Wealth Factor
- Formula uses a Statewide Guaranteed Wealth Level of 1.35.
- Formula uses a minimum aid ratio of 10% for Alliance Districts and 1% for all other districts, which guarantees all districts some ECS aids.

# Additional Funding for Towns in Need

- Formula adds additional funding for communities that have a Public Investment Communities (PIC) index score of over 300.
  - PIC index is calculated annually by OPM and measures the relative wealth and need of CT's towns
- If a town has one of the top 19 highest PIC Index scores, under the formula, the town will receive a bonus of three to six percentage points to its base aid ratio, which determines each community's ability to financially support its public schools

Town's PIC Index Rank	Additional % Points Added to Base Aid Ratio
1-5	6 percentage points
6-10	5 percentage points
11-15	4 percentage points
16-19	3 percentage points

Source: Conn. Gen. Statutes ch. 172, § 10-262f.



# Phase-in Schedule

- Formula began in FY 2019 and will be phased in over 10 years
- Alliance Districts that would otherwise receive a decrease in aid, according to the formula, are permanently held harmless at their fiscal year 2017 ECS grant amounts.

Phase-in Schedule		
	FY 2020-2027	FY 2028
Towns Receiving Increase in ECS Funding Over FY 2017 Grant	Increase phased in by 10.66% per year	Towns receive 100% of their ECS grant, as calculated by formula
Towns Receiving Decrease in ECS Funding Compared to FY 2017 Grant	Decrease phased out by 8.33% per year	Towns receive 100% of their ECS grant, as calculated by formula

Source: Conn. Gen. Statutes ch. 172, § 10-262h.

# Alliance Districts “held harmless”

- Current formula uses both the original and updated Alliance District lists, resulting in 33 districts being held harmless

Ansonia	Hartford	Putnam
Bloomfield	Killingly	Stamford
Bridgeport	Manchester	Thompson
Bristol	Meriden	Torrington
Danbury	Middletown	Vernon
Derby	Naugatuck	Waterbury
East Hartford	New Britain	West Haven
East Haven	New Haven	Winchester
East Windsor	New London	Windham
Groton	Norwalk	Windsor
Hamden	Norwich	Windsor Locks

Sources: Conn. Gen. Statutes ch. 172, § 10-262h.  
Connecticut State Department of Education. (n.d.). Alliance Districts. Retrieved from <https://portal.ct.gov/SDE/Alliance-Districts/Alliance-Districts>.

# Example of How Phase-in Plan Works

- It is important to remember that the formula is calculated on an annual basis using updated district and town data.
- As a result, a town's calculated ECS grant will change as its district and town inputs change.
- Additionally, as a town's calculated ECS grant changes, so will the difference between the town's calculated ECS grant and its FY 2017 ECS grant, which will impact the phase-in schedule of the town's grant.

Using Bristol as our sample Connecticut town, below is a hypothetical example of how a change in district enrollment (in this case a 5% increase) — with all other inputs remaining the same — would impact a town's ECS grant for a given year (FY 2021) compared to if all of the district/town inputs remained constant.

Example Town	FY 2019 Actual	FY 2020 Actual	Estimated FY 2021 if District/Town Inputs Remain the Same	Estimated FY 2021 if District Enrollment Increases 5%
Bristol	\$45,324,316	\$46,286,500	\$47,308,491	\$47,598,671

Source: Conn. Gen. Statutes ch. 172, § 10-262h.

AREAS FOR  
IMPROVEMENT IN  
ECS FORMULA

# Maintains More than 10 Different Formulas

- ECS formula only applies to local public schools
- All other types of Connecticut public schools (magnet schools, local and state charter schools, CTECS, vo-ag schools, Open Choice) continue to be funded by 10 other formulas/statutory amounts
- All other formulas not based on student and community needs
- Continuation of more than 10 different formulas also continues the challenges many districts have experienced related to choice programs charging tuition

# Low-income Metric Remains a Challenge

- Use of FRPL eligibility as a proxy for identifying low-income students has become functionally unusable for the purposes of a school finance system.
- Previously, students' families were asked to complete paper forms stating their family income and return them to school. Now, students are "directly certified" by their school district as eligible for FRPL if they are enrolled in the Supplemental Nutrition Assistance Program (SNAP), otherwise known as food stamps; Temporary Family Assistance (TFA), otherwise known as cash assistance; state- or federally-funded Head Start programs; or children's Medicaid.
- As a result of this change and the elimination of paper-based household income surveys, the old method of counting low-income students has become inaccurate and needs to be updated to the new direct certification method.
- An example of this inaccuracy was shown during a March 6, 2019 hearing before the Connecticut General Assembly's Appropriations Committee, when the Connecticut State Department of Education's commissioner and chief financial officer repeatedly stated there are "data integrity" issues with the FRPL numbers that will be used to calculate FY 2020 ECS grants.
- While the department is investigating the cause of the "data integrity" issues, it has also proposed moving to direct certification as a way to attain a more accurate count of low-income students for the purposes of the ECS formula.

Sources: National Forum on Education Statistics. (2015). *Forum Guide to Alternative Measures of Socioeconomic Status in Education Data Systems* (NFES 2015-158). Washington, DC: U.S. Department of Education, Institute of Education Sciences, National Center for Education Sciences. Retrieved from <http://nces.ed.gov/pubs2015/2015158.pdf>.

Connecticut State Department of Education. (2017). 2017-18 Alternative Income Survey. Retrieved from [https://portal.ct.gov/-/media/SDE/Performance/Data-Collection/Help-Sites/PSIS/CEP/CEP\\_AlternativeIncomeSurvey.pdf?la=en](https://portal.ct.gov/-/media/SDE/Performance/Data-Collection/Help-Sites/PSIS/CEP/CEP_AlternativeIncomeSurvey.pdf?la=en).

# Funding for Special Education

- Formula does not disentangle special education funding from ECS grant, and instead leaves state aid for special education “incorporated” into the foundation amount.
  - Approximately 22% of the foundation amount is attributable to special education.
- Continuing to incorporate special education funding into the foundation puts Connecticut at continued risk of violating its federal maintenance of support (MOS) requirement, which is the primary fiscal measure by which states are judged to be eligible for federal funding under the Individuals with Disabilities Education Act (IDEA).
- If Connecticut has to reduce ECS grants due to fiscal distress, such a reduction would also result in a reduction in state financial support for special education.
- To be eligible for federal IDEA funding, a state cannot provide less state financial support for special education than it did in the preceding fiscal year.
  - If a state has been found to have failed to maintain support, the U.S. Secretary of Education may reduce federal funds to that state.
- Leaving special education funding incorporated into the ECS formula's foundation means that Connecticut runs the risk of violating its MOS requirement and having its federal IDEA funding reduced.

Sources: Connecticut General Assembly, Office of Fiscal Analysis and the Office of Legislative Research. (2014). *CT Special Education Funding* [PowerPoint slides]. Hartford, CT: Author. Retrieved from [http://www2.housedems.ct.gov/MORE/SPED/pubs/OFA-OLR\\_Presentation\\_2013-01-23.pdf](http://www2.housedems.ct.gov/MORE/SPED/pubs/OFA-OLR_Presentation_2013-01-23.pdf). Connecticut School Finance Project. (2016). *Memorandum Regarding Maintenance of Effort and Support Requirements Under the Individuals with Disabilities Education Improvement Act (IDEA) of 2004*. New Haven, CT: Author. Retrieved from <http://ctschoolfinance.org/resources/uploads/files/Memo-on-Maintenance-of-Effort-and-Support.pdf>.

# Overall Formula Cost

- The continued growth of fixed costs, and looming unfunded pension obligations are expected to stress the State's finances for the near future, potentially causing large deficits.
- As a result, the State could resort to not fully funding the formula (and its estimated total increase of \$361 million) or abandon it altogether like it has in the past.
- At the beginning of FY 2014, Connecticut stopped using the previous iteration of the ECS formula because the State did not have enough money to fund the formula's phase-in plan.
- With fiscal and economic obstacles, and a longer 10-year phase-in schedule, sticking to the ECS formula will be a continual challenge for the General Assembly.



FOR MORE  
INFORMATION

## For More Information

For more information on the FY 2020 education budget and ECS formula:

[www.ctschoolfinance.org](http://www.ctschoolfinance.org)

Budget Analyses Tab,  
FYs 2020/2021 Budget Subtab

For more information on the state's budget and fiscal situation:

[www.ctstatefinance.org](http://www.ctstatefinance.org)