# Issue Brief

# Education Cost Sharing Grant Formula

## Legal and Legislative History

- **1974:** In *Horton* v. *Meskill*, the Superior Court held that it is unfair for public education to be primarily funded with municipal property taxes, because that meant less wealthy cities and towns had fewer education dollars. The court ordered the state to construct a fairer funding formula where the state could act as an equalizer to make up the difference between property-wealthy and property-poor towns. The state's Supreme Court affirmed.

- **1975:** The General Assembly enacted the Guaranteed Tax Base (GTB), the first major education aid equalization formula.

- **1988:** The first version of the ECS formula was enacted, effective FY 1989-90, to replace the GTB.

- **2018:** In *CCJEF* v. *Rell*, the Connecticut Supreme Court overturned the Superior Court's 2016 ruling that the state's current school program is unconstitutional in part because its school funding formula (i.e., ECS) is not "rational, substantial, and verifiable." The high court rejected that standard as conflicting with past precedent and found that the state already "is providing significantly more educational resources to schools with large numbers of poor and needy students than to other schools."

## What Is the Basic Design behind the Formula?

Connecticut's ECS formula follows a pupil-based model, also known as a "foundation" model.

The formula uses a per-pupil dollar amount with weighted adjustments for student needs in order to arrive at a per-pupil cost for public education. Connecticut weighs low-income students more heavily by counting students who are eligible for free and reduced price lunch and English language learners.

Then, using town wealth measures, the formula determines the state's share of this per-pupil cost. In Connecticut, town wealth is measured using property wealth (70%) and personal income (30%).

State law then imposes minimum or "base aid" standards and adds earmarks for certain towns.

## What Results Does the Formula Yield for a Wealthy Town versus a Less-Wealthy Town?

The infographic on the back of this Issue Brief provides a pictorial representation of the math behind the ECS formula, as well as an example of the formula product (i.e., "target aid") for two fictitious towns with different wealth levels.

# EDUCATION COST SHARING GRANT

## GRANT FORMULA:
STUDENT NEED COUNT (X) FOUNDATION (X) STATE AID PERCENTAGE (+) SUPPLEMENTS

### STUDENT NEED COUNT

Number of resident students (as of each October 1), plus added weight for each student eligible for free and reduced price meals and identified as English language learners

### FOUNDATION

A fixed dollar amount ($11,525) representing the target level of weighted per-student spending that state ECS grants help towns achieve

### STATE AID PERCENTAGE

Represents the percentage of state assistance a town receives for education; a numerical representation of a town's property wealth with an adjustment for income, plus bonus percentage points for towns with the lowest relative wealth

### SUPPLEMENTS AND EARMARKS

Funds received by certain towns in the form of supplemental statutory grants or earmarks

CGS Sections 10-262f & 10-262h

## Recent State Aid Percentage Adjustments

In 2017, the General Assembly added a new element to the "state aid percentage" formula multiplier. To help calculate the state's share of education funding, bonus percentage points were added for the 19 towns with the lowest relative wealth. The formula uses the PIC index (public investment communities index), which measures wealth using towns'(1) per capita income; (2) adjusted equalized net grand list per capita; (3) equalized mill rate; (4) per capita temporary family assistance; and (5) unemployment rate. Towns can receive between three to six additional percentage points on their ECS state aid percentage if they rank in the top 19 of all towns in total PIC index eligibility points.

## Why Does the Formula Yield a "Target Aid" for Towns?

The ECS formula has rarely been fully funded in its 30-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. Therefore, the product of the formula's components is referred to as a town's "target aid" under the formula as if it were to be fully funded by the state.

In FY 19, the phase-in began for the current version of the formula passed by the legislature in 2017, with the goal of reaching full implementation by FY 28.

## EXAMPLE

| Town | Need Students | Foundation | State Aid Percentage | Fully Funded ECS Aid (Target Aid) |
|---|---|---|---|---|
| Property Wealthy Town | 1,000 x | $11,525 | x 30% = | $3,457,500 |
| Property Poor Town | 1,000 x | $11,525 | x 90% = | $10,372,500 |

## Learn More

"Public Education Funding Mechanisms in Other States," 2017-R-0002

OFA Infographic: "The ECS Formula"

OLR's Public Act Summary of the recent changes to the ECS formula: PA 17-2, June Special Session, §§ 225-230

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