

December 18, 2025

As districts work to meet increasing student needs and maintain high-quality educational programs, the purchasing power of state and local dollars has eroded under the cumulative effects of persistent inflation. While aspects of the Education Cost Sharing (ECS) formula have changed over time, the base of the ECS formula — the foundation amount of \$11,525 — has not been adjusted since 2013.¹ Since that time, inflation has increased costs by approximately 39%.² That means to simply keep pace inflation, the ECS foundation would need to be approximately \$16,000 per student in present day.

While inflation affects all sectors, Connecticut's education system faces specific constraints: contractual salary obligations, statutory requirements to provide transportation, fixed costs related to facilities, and more. This relative rigidity in budgets makes it increasingly difficult for districts to manage increasing costs, forcing district leaders to make tough decisions that impact the day-to-day experiences of students and educators.

To understand how inflation and rising costs are impacting students and teachers in the classroom, the School and State Finance Project conducted interviews with 10 superintendents and 11 chief financial officers (CFOs)/finance directors across 18 school districts of varying size, region, and demographic composition. This policy briefing highlights themes identified during these interviews as well as a potential solution to addressing the direct impacts of inflation school districts are experiencing.³

Where are districts experiencing rising costs?

1. Staffing Wage Pressures

Personnel costs account for the majority of district budgets, so inflation-driven wage pressure significantly affects financial planning. Districts describe two major challenges:

- **Salaried Employees:** Inflation has pushed expectations for larger annual salary increases. Districts report experienced teachers and administrators are increasingly aware of rising living costs (housing, childcare, etc.) and are negotiating higher raises to keep up.
- **Hourly Employees:** Hourly staff, including paraeducators, custodians, and food service workers, are difficult to retain as wages in private-sector jobs rise faster. One district reported wages for non-salaried employees have grown 38% since fiscal year 2020.

¹ Conn. Gen. Statutes ch. 172, § 10-262h.

² U.S. Bureau of Labor Statistics. (n.d.). CPI Inflation Calculator. Retrieved from https://www.bls.gov/data/inflation_calculator.htm.

³ To preserve anonymity, we do not provide the names of specific districts or district leaders.

2. Transportation Costs

Most districts we interviewed reported rapidly rising transportation costs, despite limited changes in the level of service. These cost spikes aren't the result of running more buses or adding routes; rather, they stem from inflation-driven pressures on driver wages, fuel prices, insurance, maintenance, and contract negotiations in a market with limited competition. One district reported the cost of its bus contract increasing by 10% for a single year. Another district shared its transportation costs have surged nearly 17% over the last few years.

3. Health Insurance and Employee Benefits

Health insurance is a growing and often uncontrollable cost driver. Districts report significant increases in high-cost medical claims, rising prescription drug prices, and volatile year-to-year premium fluctuations. Many districts have explored alternative plans or new vendors, yet most conclude that remaining self-insured still yields the most predictable and affordable option. Even so, double-digit increases in health insurance frequently outpace budget growth, crowding out other spending.

4. Facilities, Utilities, and Operations

- **Electricity and Utilities:** Many districts face rising electricity and heating costs to maintain buildings. Two districts reported utility costs have increased by nearly 6% compared with last year.
- **Materials and Equipment:** The cost of basic supplies — paper, custodial materials, classroom technology — has risen steadily. As an example, one district reported the price of chairs has increased from \$90 to \$128 per chair, or a 43% increase, in just two years.
- **Construction and Repairs:** Districts report significant increases in both materials and labor for construction and maintenance. Projects that were planned prior to the COVID-19 pandemic now cost far more, making routine repairs harder to fund and large capital projects more daunting. As an illustrative example, one district reported that construction costs for a new school rose from roughly \$350 per square foot before the pandemic to between \$800 and \$1,000 per square foot today.

Where are districts making cuts? How are those cuts affecting students and teachers?

As budgets tighten due to rising costs, district leaders are forced to make difficult trade-offs that directly shape the daily experiences of students and educators. Across districts, budget adjustments often fall into four areas: staffing reductions, program cuts, deferred maintenance, and operational changes. Together, these shifts reshape school culture, classroom environments, and student access to enrichment.

1. Staffing Cuts and Hiring Freezes

Because of its prominent share of the budget, staffing is often the first — and most difficult — area districts turn to when facing fiscal strain. Nearly every district we interviewed described relying on attrition as a primary cost-containment strategy, intentionally leaving positions unfilled to balance their budgets. Several districts reported reductions exceeding 40 positions. The range of staffing adjustments described by districts include:

- Not filling teacher and administrator vacancies;
- Hiring less experienced teachers;
- Reducing paraeducator and support positions;
- Collapsing class sections when teachers retire or resign;
- Cutting specialist positions or spreading them across multiple buildings (e.g., music, art, world language, literacy coaches, social workers); and
- Increased reliance on long-term substitutes to fill persistent vacancies.

How do these cuts affect students and teachers?

- Larger class sizes across grade levels;
- Fewer adults to support behavior needs, resulting in more frequent disruptions;
- Less instructional differentiation and individualized attention;
- Reduced access to social-emotional support and intervention services;
- Higher levels of teacher stress as workloads and student needs increase; and
- Declining staff stability, which affects school climate and continuity.

School leaders describe classrooms as feeling less personal, more chaotic, and harder to manage, while students experience less consistent adult engagement.

2. Programmatic Reductions

When budgets are tight, districts are forced to scale back non-essential programs that enrich the student experience. These include reductions to:

- High school pathways and elective offerings;
- Summer school;
- After-school programs;
- Clubs and athletics;
- Teacher professional development; and
- Advanced Placement (AP), Early College Experience (ECE), and International Baccalaureate (IB) programs.

How do these cuts affect students and teachers?

- Students, especially those from less wealthy districts, lose access to enrichment opportunities that support important creative and social aspects of the educational experience, leading to decreased investment and attendance;
- Students have less access to opportunities that can support college and career readiness;
- High school schedules become less flexible, increasing study halls and reducing exposure to arts, technology, and world languages; and

- Educators receive fewer opportunities for professional growth, limiting their ability to implement new strategies or curriculum improvements.

District leaders emphasized they do not consider these programs as “extra,” as they are critical to career pathing, social development, and academic recovery. But when crowded out budgets force a choice between core staffing and enrichment opportunities, district leaders have to choose the former.

3. Instructional Supplies and Building Maintenance

Districts also describe freezing discretionary spending intended to keep classrooms and schools well-supplied and maintain school buildings. These budget-tightening reductions include cuts to:

- Classroom supplies and materials;
- Technology replacements;
- Routine repairs and building maintenance; and
- Larger capital projects.

How do these cuts affect students and teachers?

- Students used outdated and worn materials, resulting in decreased student investment and limited learning opportunities;
- Technology breaks more frequently, disrupting instruction and creating longer-term fiscal problems;
- Buildings and playgrounds show increasing signs of wear, affecting health, safety, and climate; and
- Teachers often spend more of their own money to provide classroom materials.

Taken together, these reductions have the potential to significantly diminish the quality of students' learning environments, leaving students with fewer resources and creating spaces that are increasingly difficult for teachers and school officials to manage and maintain.

4. Operational Adjustments

Another area where districts turn to free up funding is revising daily operations related to utilities and transportation costs, including:

- Closing buildings during the summer to reduce utility costs;
- Restricting after-hours building access due to cuts to custodial overtime; and
- Consolidating bus routes and limiting field trips that require bus transportation.

How do these cuts affect students and teachers?

- With limited access to school buildings, the number of extracurricular programs, family engagements, and community events at schools decrease, which can ultimately lower student and family investment;
- Staff have limited access to buildings for planning and setup, creating additional stressors; and
- Students spend more time on buses and face reduced transportation access.

Over time, these operational changes accumulate, leading to disruptions to learning and a sense of belonging. They also limit the time, space, and access the community has to invest in a stable and supportive school environment.

What districts need from the State of Connecticut

Adjust the ECS Formula for Inflation

With the completion of the ECS formula's phase-in schedule, school district leaders overwhelmingly emphasized the need for an annual adjustment to preserve the value of the ECS grant going forward. Without an annual adjustment, districts will continue to lose purchasing power each year, undermining the purpose of the formula's phase-in itself.

An inflation-adjusted ECS formula would provide consistent and predictable revenue growth for districts. Such an adjustment would build inflation directly into the ECS foundation amount through ongoing annual increases aligned to the state's spending cap growth rate. This would help ensure state support keeps pace with rising costs so districts and schools can:

- Maintain staffing levels and core programs;
- Prevent inflationary increases from draining funds away from enrichment and instructional supports;
- Protect the operational stability required to maintain safe and accessible environments where students can learn and thrive; and
- Improve long-term planning and budgeting stability.

Leaders stressed that without an inflation adjustment to the ECS formula, districts will continue to make cuts that directly affect classrooms, teacher retention, and student learning.