

The Education Cost Sharing (ECS) formula is the method the State of Connecticut has established to distribute approximately \$2 billion annually in state education funding. The ECS formula is used exclusively to provide state funding to local and regional public school districts. In October 2017, the Connecticut General Assembly passed a new ECS formula, which began being implemented in fiscal year 2019. Additional revisions to the ECS formula were made as part of Connecticut's biennial state budget for FYs 2022 and 2023, and the budget adjustments for FY 2023. Below is a table comparing the components of the ECS formula that was updated in 2021 and the most recent revisions to the formula.

Comparing Education Cost Sharing Formulas		
Formula Component	Previous ECS Formula (Passed in 2021) <sup>1</sup>	Revised ECS Formula (Passed in 2022) <sup>2</sup>
Foundation <sup>3</sup>	\$11,525 per student	\$11,525 per student
State Aid for Special Education Incorporated in Foundation <sup>4</sup>	Yes	Yes
Low-income Student Weight <sup>5</sup>	<b>Weight per Student:</b> 30% <b>Identification Method:</b> Eligibility for Free or Reduced-Price Lunch	<b>Weight per Student:</b> 30% <b>Identification Method:</b> Eligibility for Free or Reduced-Price Lunch
Concentrated Poverty Weight <sup>6</sup>	<b>Weight per Student:</b> 15% <b>Identification Method:</b> Low-income student residing in district where low-income students account for over 60% of the district's enrollment	<b>Weight per Student:</b> 15% <b>Identification Method:</b> Low-income student residing in district where low-income students account for over 60% of the district's enrollment
English Learner Weight <sup>7</sup>	<b>Weight per Student:</b> 25%	<b>Weight per Student:</b> 25%
Base Aid Ratio <sup>8</sup>	<b>70% Property Wealth Factor</b> Determined by a town's Equalized Net Grand per Capita (ENGLPC), compared to state median town ENGLPC <sup>9</sup> <b>30% Income Wealth Factor</b> Determined by a town's Median Household Income (MHI), compared to state median MHI <sup>10</sup>	<b>70% Property Wealth Factor</b> Determined by a town's Equalized Net Grand per Capita (ENGLPC), compared to state median town ENGLPC <b>30% Income Wealth Factor</b> Determined by a town's Median Household Income (MHI), compared to state median MHI
Base Aid Ratio Bonus for Higher-need Towns <sup>11</sup>	Adds a bonus of 3-6 percentage points to the Base Aid Ratio of communities that have one of the 19 highest Public Investment Communities (PIC) index scores	Adds a bonus of 3-6 percentage points to the Base Aid Ratio of communities that have one of the 19 highest Public Investment Communities (PIC) index scores
Regional District Bonus	The state pays a \$100 per grade per student regional bonus for any town that pays tuition for its students to attend a State Board of Education-approved incorporated or endowed high school or academy.	The state pays a \$100 per grade per student regional bonus for any town that pays tuition for its students to attend a State Board of Education-approved incorporated or endowed high school or academy.
Statewide Guaranteed Wealth Level <sup>12</sup>	1.35	1.35
Minimum Aid Ratio <sup>13</sup>	<b>Alliance Districts:</b> 10% <b>Non-Alliance Districts:</b> 1%	<b>Alliance Districts:</b> 10% <b>Priority School Districts:</b> 10% <b>Non-Alliance Districts:</b> 1%

## Comparing Education Cost Sharing Formulas

Formula Component	Previous ECS Formula (Passed in 2021) <sup>1</sup>	Revised ECS Formula (Passed in 2022) <sup>2</sup>
<b>Hold Harmless</b>	<p>If, according to the formula, an Alliance District would receive less than its ECS grant from FY 2017, it is "held harmless" and will receive its FY 2017 grant amount instead.</p> <p>Towns that are overfunded, according to the formula, and would normally experience decreases in their ECS funding are "held harmless" for FYs 2022 and 2023 and will receive their FY 2021 grant amounts instead.</p>	<p>Alliance Districts are "held harmless" and will receive the greater of their base grant amount (FY 2017), current year grant, or prior year grant.</p> <p>Towns that are overfunded, according to the formula, and would normally experience decreases in their ECS funding are "held harmless" for FYs 2022 and 2023 and will receive their FY 2021 grant amounts instead.</p>
<b>Includes Public School Choice Programs</b>	State charter schools are funded based on the ECS foundation and new student need weights.	State charter schools are funded based on the ECS foundation and student need weights.
<b>Phase-in Plan</b>	<p>Formula is phased in over 12 years with the phase-in schedule differing between towns receiving, according to the formula, an increase in ECS funding over their FY 2017 grants and those receiving a decrease compared to their FY 2017 grant amounts.</p> <p><b><u>Towns Receiving an Increase</u></b>  <b>FY 2023-2027:</b> Increase phased in by 10.66% per year  <b>FY 2028:</b> Grant fully funded</p> <p><b><u>Towns Receiving a Decrease</u></b>  <b>FY 2023:</b> Phase out paused and any town receiving a decrease is held harmless  <b>FY 2024-2029:</b> Decrease phased out by 8.33% per year  <b>FY 2030:</b> Grant fully funded</p>	<p>Formula is phased in over 12 years with the phase-in schedule differing between towns receiving, according to the formula, an increase in ECS funding over their prior year grant amounts and those receiving a decrease compared to their prior year grant amounts.</p> <p><b><u>Towns Receiving an Increase</u></b>  <b>FY 2023:</b> Increase phased in by 16.67%  <b>FY 2024:</b> Increase phased in by 20%  <b>FY 2025:</b> Increase phased in by 25%  <b>FY 2026:</b> Increase phased in by 33.33%  <b>FY 2027:</b> Increase phased in by 50%  <b>FY 2028:</b> Grant fully funded</p> <p><b><u>Towns Receiving a Decrease</u></b>  <b>FY 2023:</b> Phase out paused and any town receiving a decrease is held harmless  <b>FY 2024:</b> Decrease phased out by 14.29% per year  <b>FY 2025:</b> Decrease phased out by 16.67% per year  <b>FY 2026:</b> Decrease phased out by 20% per year  <b>FY 2027:</b> Decrease phased out by 25% per year  <b>FY2028:</b> Decrease phased out by 33.33% per year  <b>FY 2029:</b> Decrease phased out by 50% per year  <b>FY 2030:</b> Grant fully funded</p>

## Comparing Education Cost Sharing Formulas

Formula Component	Previous ECS Formula (Passed in 2021) <sup>1</sup>	Revised ECS Formula (Passed in 2022) <sup>2</sup>
<b>Estimated Total Cost When Fully Funded (based on FY 2022 data)</b>	\$2.30 billion	\$2.30 billion

<sup>1</sup> Conn. Acts 21-2 (June Special Session).

<sup>2</sup> H.B. 5506 as amended by House Amendment A and C: An Act Concerning the State Budget for the Biennium Ending June 30, 2023, Concerning the Provisions Related to Revenue, School Construction and Other Items to Implement the State Budget and Authorizing and Adjusting Bonds of the State Gen. Assembly. (Ct. 2022)

<sup>3</sup> Amount that is intended to represent the estimated cost of educating a Connecticut general education student who does not have any additional learning needs.

<sup>4</sup> Approximately 22% of the ECS foundation amount is attributable to special education.

Connecticut General Assembly, Office of Fiscal Analysis and the Office of Legislative Research. (2014). *CT Special Education Funding*. 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).

<sup>5</sup> Increases foundation amount by a certain percentage for students who live in low-income households as identified by a designated eligibility metric.

<sup>6</sup> Increases foundation amount by a certain percentage for students who reside in a district where the percentage of the district's enrollment of low-income students is above a designated threshold.

<sup>7</sup> Increases foundation amount by a certain percentage for students who are identified as needing additional English-language skills.

<sup>8</sup> Variable in the ECS formula that determines each community's ability to financially support its public schools.

<sup>9</sup> Amount of taxable property (at 100 percent of fair market value) per person in a city or town. Each town's ENGLPC, along with the state median town ENGLPC, is calculated annually by Connecticut's Office of Policy and Management.

<sup>10</sup> Refers to the income level earned by a given household where half of the homes in the area earn more and half earn less. The ECS formula uses the MHI for each town, as well as the state median MHI, as calculated by the U.S. Census Bureau's American Community Survey.

<sup>11</sup> Calculated annually by Connecticut's Office of Policy and Management, the PIC index measures the relative wealth and need of Connecticut's towns by ranking them in descending order by their cumulative point allocations based on: per capita income; adjusted equalized net grand list per capita; equalized mill rate; per capita aid to children receiving Temporary Family Assistance benefits; and unemployment rate. The below chart outlines the additional percentage point bonus towns with one of the 19 highest PIC index scores will see added to their Base Aid Ratio.

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

<sup>12</sup> Commonly referred to as the threshold factor, the Statewide Guaranteed Wealth Level (SGWL) determines each town's ECS aid percentage. Each town's ability to support its public schools (as determined by the Base Aid Ratio) is compared to the SGWL to determine what percentage of the per-student funding amount the town will receive from ECS and what will have to come from local tax dollars. As the SGWL is lowered, and all other formula factors remain constant, the formula distributes education aid more equitably.

<sup>13</sup> Ensures every town receives some amount of ECS funding, even when the result of the ECS formula calculation would be that the town would be ineligible to receive ECS grant funding.