



ECS TASK FORCE: OPPORTUNITY TO FIX A MAJOR PROBLEM



What is the ECS formula?

- “ECS” stands for “Education Cost Sharing” – and the ECS formula is the cornerstone of Connecticut’s state funding of pre K-12 education.
- The ECS formula (and its predecessor, the Guaranteed Tax Base grant) were created following a 1977 CT Supreme Court ruling that funding education solely with property taxes was unconstitutional, as wealth disparities between towns left students in poor districts behind.
- In August 2011 Governor Malloy, in light of pending litigation, appointed the latest in a series of tax forces to evaluate the ECS formula.

How does the ECS formula work?

IN THEORY

- ✓ The ECS formula aims to provide equal education funding across the state.
- ✓ Towns are ranked by wealth in seven groups, each getting a baseline grant per student – from \$378 for the wealthiest towns, to \$6,860 for the poorest.
- ✓ Target aid is calculated taking into account number of resident students, plus additional funding for low income and non-English speaking students.
- ✓ Fully funded, the formula would adjust by income, grand list, and town wealth to limit dramatic grant increases, minimum funding and phase ins.

IN PRACTICE

- ✓ The education finance formula is currently not being applied as designed to allocate resources.
- ✓ The state has never fulfilled promised funding levels: the 2013 state budget covers only 72% of the funding allocated by the ECS formula.
- ✓ The calculations do not account for charter, magnet and technical school students and dramatically underfund special education needs. The formula uses outdated poverty, education cost and population data.
- ✓ Grant caps and stop loss have produced vast funding disparities even between similar towns, with some chronically underfunded and others getting more funds than the formula would allocate.

Why is the ECS formula important?

- **57% of municipal budgets** go to pay preK-12 education.
- The ECS grant **only covers 42% of PreK-12 education costs** (FY12 CCM estimate).
- **72% of municipal revenue comes from property taxes**, the most regressive part of the state’s tax code. Poorer cities and towns, with smaller grand lists and a more limited tax base, are forced to charge higher taxes to raise the same revenue per student.
 - The average mill rate for the five poorest towns in Connecticut is almost twice the average for the five wealthiest (35 to 19) - residents and businesses in cities pay more taxes for the same amount of assessed property, leaving them at a disadvantage.
- **Property taxes account for 41% of all state and local taxes in Connecticut** – compared with 33% from state income taxes and 15% from state sales taxes.




The ECS cost sharing formula: in practice

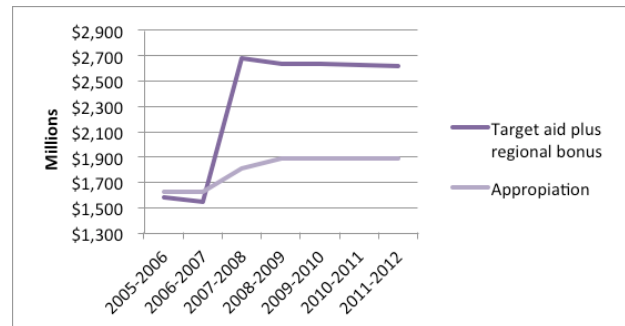
Due to the combination of cap increases, stop loss provisions, magnet school calculations and other additions to the original formula, several districts are severely underfunded. Looking at a list of the ten most underfunded, per ECS task force data, we can see the arbitrary nature of the school funding system in Connecticut as it is currently implemented: it includes middle income and wealthy suburbs and poor small and larger cities. Meanwhile, some very wealthy school districts, like Wilton and New Canaan, are actually overfunded, receiving more money than the ECS formula would require.

According to ECS task force numbers, the ten most underfunded districts in the state, on a per student basis, are the following:

TOWN	UNDERFUNDING PER STUDENT
West Hartford	\$ -5,550
Waterbury	\$ -5,048
East Hartford	\$ -4,917
Ansonia	\$ -4,777
New Britain	\$ -4,751
Wethersfield	\$ -4,749
Windsor Locks	\$ -4,605
Manchester	\$ -4,441
Vernon	\$ -4,431
Hebron	\$ -4,395



Additionally, the ECS allocation itself has been severely underfunded for the past several years. Target funding levels were frozen from 2000 to 2007, forcing towns to carry most of the burden for any cost increases. Target funding was finally raised 73% for the 2007-2008 budget, but with a slow phase in. The funding, however, never followed – budget appropriations have been frozen since 2008, covering only 72% of the target aid.



Why we need reform:

Education funding in Connecticut is heavily dependent on property taxes which are inherently regressive and hurt both individuals and communities. The ECS formula chronically leaves the poorest districts underfunded, leaving them with less money per student. Inadequate funding is one of the sources of CT's achievement gap. Inadequate funding is one of the sources of Connecticut's achievement gap. We must develop and fully fund a formula that will provide an adequate and equitable education to all children.

Sources: ECS task force – "CT education cost sharing grant: History, Formula and Changes" presentation; Connecticut Council of Municipalities; CT News Junkie – Patrick Riccards (ConnCAN) op-ed; Connecticut Coalition for Justice in Education Funding. More information available at www.cahs-media.org



The Connecticut Association for Human Services (CAHS) works to end poverty and to engage, equip and empower all families to build a secure future. "ECS Task Force" is one in a series of data and policy briefs. Visit www.cahs.org for more papers or information.