



Ensuring Fairness in Education Funding

As part of his Fiscal Year 2018/2019 budget proposal, Governor Malloy will propose significant changes to how the state allocates education dollars, including a fairer Education Cost Sharing (ECS) grant, a more transparent distribution of special education funding, and greater flexibility for local municipalities.

Education Cost Sharing (ECS)

We owe all children a quality education—regardless of zip code. An equitable system for distributing education funding helps ensure we deliver on this promise. The recent CCJEF ruling found that the state’s main public education grant, the ECS grant, has not been calculated according to a rational and verifiable formula for years. To ensure that the state is meeting this important standard, Governor Malloy will propose a new ECS formula that will direct state aid to the communities with the greatest need. The Governor’s proposed ECS changes focus on three key areas:

Impact of Poverty

While the existing, underutilized statutory formula serves as a basis, the new formula greatly improves the fairness of how aid is calculated, incorporating more accurate measures of poverty. Changes in the federal school lunch program render the current student poverty measure – free- and reduced-priced lunch (FRPL) – less accurate. As such, HUSKY A data will replace the free- and reduced-priced lunch (FRPL) eligibility as the student poverty metric. In addition, the poverty weighting factor is adjusted because HUSKY A enrollment exceeds those eligible for FRPL.

Ability to Pay

The threshold factor used in determining a town’s relative wealth is recalibrated to provide greater equity in the distribution of funding to the benefit of communities that face the challenge of concentrated poverty.

Current Enrollment

The new formula will use current enrollment to ensure a more honest, accurate funding level year to year. This change will ensure that we are no longer funding towns at levels above their current enrollment.

Special Education

Beginning in 1996, funding for special education was incorporated into the ECS formula. This current system obscures funding for students with disabilities. Governor Malloy is proposing a more transparent approach to better serve students.

Under the Governor's proposal:

- Special education funding is separated out of the general educational aid, or ECS grant, and a new stand-alone Special Education Grant is created. Through this new grant, local school districts will be reimbursed for special education costs on a sliding scale based on a town's relative wealth.
- An additional \$10 million (above current Special Education funding) is added to the new Special Education Grant to help districts meet the needs of our students with disabilities.
- The current Supplemental Special Education Grant, which covers excess costs, is collapsed in its entirety, into the new Special Education Grant.
- The foundation of the ECS grant is reduced to reflect the separation of the special education funding into a new stand-alone grant.
- Local districts will be required to seek Medicaid reimbursement for eligible special education services. They will continue to share the additional federal revenue with the state.

Minimum Budget Requirement (MBR)

Under current law, cities and towns may not allocate less funding for education than had been allocated the previous year, with few exceptions under very limited circumstances. To provide municipalities with greater flexibility and relief from the Minimum Budget Requirement (MBR), while also ensuring that education funding is protected, the Governor proposes to:

- Maintain the MBR set at the FY17 level for towns receiving an increase in state education aid.
- For any district that may see a decrease in its ECS grants, the MBR can be reduced by a sum equal to the difference of its FY 2018 ECS grant minus its adjusted FY 2017 ECS grant.
- Exclude a town's contribution to teacher pensions from counting towards its MBR obligations.
- Eliminate MBR for Non-Alliance Districts in FY19 and require the Department of Education to develop recommendations for an alternate method of ensuring adequate local funding of education.
- Allow towns that fail to meet MBR due to financial hardship to apply to the State Board of Education for a waiver from statutory penalties.