

**CONNECTICUT  
PUBLIC SCHOOL  
EXPENDITURES  
2005-2006**

**Connecticut State  
Department of Education**

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# **CONNECTICUT PUBLIC SCHOOL EXPENDITURES 2005-2006**

**CONNECTICUT**

**STATE**

**DEPARTMENT**

**OF EDUCATION**

**2007**

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## Foreword

This is the State Department of Education's annual publication of local school district expenditures and related data. It is intended to assist local and regional school districts in preparing their budgets. This information should also provide school districts and the educational community at large with a convenient source of answers to many common questions raised by the general public.

Our overall goals in these efforts continue to be:

- ♦ to collect a minimum of important and comparable financial data from school districts;
- ♦ to provide the most current reports to school districts on a regular basis; and
- ♦ to automate the reporting of school districts' data and the Department's statewide reports.

You will note throughout the publication that certain data are reported either on a town basis or a school district basis. In most cases, the preference is to portray the data on a school district basis, because education budgets must be developed, approved and expended on that basis. However, there are instances where it is appropriate to report the data on a town basis, such as the case with Section 5, Net Current Expenditures per Pupil; Section 6, Equalized Education Tax Rates; and Section 8, Minimum Expenditure Requirement (MER) Compliance. All of these sections rely on the Education Cost Sharing (ECS) grant data, which are determined on a town basis.

This report is available to districts through the Division of Finance and Internal Operations section of the State Department of Education's Internet website ([www.sde.ct.gov/sde/cwp/view.asp?a=2635&q=320576](http://www.sde.ct.gov/sde/cwp/view.asp?a=2635&q=320576)). The Internet website is updated as audited data are received. I encourage school districts to use the State Department of Education's website to obtain the most up-to-date information.

If you have any suggestions or comments about this report, please feel free to contact Mark Stange at (860) 713-6462 or [mark.stange@ct.gov](mailto:mark.stange@ct.gov). He is with the Department's Bureau of Grants Management.

Mr. Brian Mahoney  
Chief Financial Officer

## Section 1: Summary of Education Expenditure Data

Section 1 contains four charts and two tables. These charts and tables illustrate some of the expenditure patterns in public education in Connecticut. They summarize in large part the detailed expenditures included in this report.

**Chart 1: Local, State and Federal/Other Expenditures for Elementary and Secondary Education -- Educational Expenditures in Dollars**

Chart 1 illustrates the growth of elementary and secondary education expenditures from over \$6.5 billion in 2000-01 to over \$8.8 billion in 2005-06, a growth of 34.4 percent or just over \$2.2 billion. During that period, state expenditures grew by 31.3 percent or \$843 million. Local expenditures for that same period grew by 35.7 percent or just over \$1.2 billion, and the federal/other category rose 45.0 percent or \$157 million.

**Chart 2: Local, State and Federal/Other Expenditures for Elementary and Secondary Education -- Percentage of Educational Expenditures by Source**

Chart 2 portrays the state, local and federal/other education expenditures in terms of percentage share. Throughout this period (2000-01 through 2005-06), the state share has decreased by 0.9 percentage points, the local share has increased by 0.5 percentage points, and the federal/other share has grown by about 0.4 percentage points.

**Table 1: Selected Current Expenditures as a Percentage of Total Current Expenditures Net of Tuition and Assessment: PK-12 and Elementary School Districts**

Table 1 illustrates for PK-12 and elementary districts changes in the percentage of total current expenditures less tuition and regional district assessment committed to several expenditure categories from 2001-02 through 2005-06.



## **Section 1: Summary of Education Expenditure Data (continued)**

### **Chart 3: PK-12 Districts' 5-Year Aggregate Change in Selected Current Expenditures as a Percentage of Total Current Expenditures Net of Tuition and Assessment**

Chart 3 highlights the shift in various in-district expenditure categories from 2001-02 to 2005-06 for PK-12 districts. Salaries, which make up the largest portion of selected current expenditures, had the largest decrease of any category in the five-year period, while Employee Benefits had the largest increase. The remaining categories posted slight increases or decreases. There were no dramatic shifts in any category over the five-year period.

### **Chart 4: Elementary Districts' 5-Year Aggregate Change in Selected Current Expenditures as a Percentage of Total Current Expenditures Net of Tuition and Assessment**

Chart 4 highlights the shift in various expenditure categories since 2001-02 for elementary districts. With tuition and the assessment of secondary regional school districts' member towns being excluded from this analysis, Salaries make up the largest portion of selected current expenditures. Salaries had the largest decrease as a percentage of total expenditures. Employee Benefits had the largest increase as a percentage of total expenditures, with Purchased Services the second largest increase. The remaining categories posted moderate increases or decreases.

Overall, in looking at in-district expenditures, PK-12 and elementary districts displayed similar spending patterns.

### **Table 2: Current Expenditures for Regular Education, Special Education and Pupil Transportation by Source**

Table 2 illustrates the local, state and federal/other contributions for public elementary and secondary regular education, special education and pupil transportation for fiscal years 2003-04 through unaudited 2005-06. For purposes of this analysis, the consolidated Education Cost Sharing (ECS) grant revenue is assigned to regular education and special education proportionately, based on the ratio of the two revenue streams in the year prior to consolidation. On this basis, statewide approximately 19 percent of the consolidated ECS grant is allocated to special education, although this will vary from town to town.

Over the past three years, for regular education program expenditures, the local percentage has increased while the state and federal/other percentages have decreased. For special education program expenditures, the local share has decreased over the past three years while the federal/other share has increased. The state share initially decreased slightly and then increased. For transportation program expenditures, the local percentage increased slightly and then decreased while the state percentage decreased slightly and then increased. The federal/other percentage had no change. Note that in 2002-03 statutory caps were placed on the pupil transportation and the special education excess cost grants. For 2003-04, those caps had the effect of reducing the pupil transportation and special education excess cost grants by almost 21 and 29 percent, respectively. For 2004-05, those caps had the effect of reducing the pupil transportation and special education excess cost grants by almost 25 and just over 26 percent, respectively. For 2005-06, those caps had the effect of reducing the pupil transportation and special education excess cost grants by just over 22 and by almost 17 percent, respectively.

**Section 2: Selected Object Expenditure Summaries  
(Dollars per Pupil and Percentage of Total Objects)**

**Explanation of Terms**

Financial data have been taken from local and regional school districts' End of Year School Reports (ED001) for 2005-06. The data have not been fully audited. The audits may result in changes in the data presented here. The fully audited information will be available through the State Department of Education's Internet home page by August 2007.

The selected object summary data are taken from Schedule 12, Total Current Expenditures from All Sources by Function and Object. Members of secondary regional districts only report their elementary and, depending on the regional grade configuration, middle school expenditures. Therefore, their per pupil expenditures only reflect elementary/middle school expenditures. Listed below are brief descriptions of the selected objects. For more detailed explanations, please refer to the 2005-06 ED001 Instruction Manual. (See our Internet site at [www.state.ct.us/sde/dgm/formsinst/ed001/ed001\\_2006ins.pdf](http://www.state.ct.us/sde/dgm/formsinst/ed001/ed001_2006ins.pdf).) Also, for each selected object, Appendix B lists the specific source data references.

All expenditures reported in dollars per pupil use the enrollment count of October 2005 as the divisor.

For the Selected Object Expenditure Summary (Percentage of Total), each selected object is divided by the total objects less prepayment grant capital expenses (ED001, Line 1213, Column 1 minus Line 1212). Also, Instructional Supplies, Educational Media Supplies and Instructional Equipment are combined into one category. The selected object summary (Percentage of Total) includes Regular Education Tuition and Special Education Tuition, which are not in the selected objects per pupil summary. Section 4 provides a more detailed analysis of regular education tuition.

**Salaries**

Gross salaries for all personnel, certified and noncertified.

**Employee Benefits**

All fringe benefits paid on behalf of employees from the school district's budget or as a town's in-kind service. Benefits include health and life insurance, Social Security, employer retirement contributions and workers' compensation payments.

**Instructional Supplies\***

Expendable instructional materials such as textbooks, workbooks and other supplies.

**Educational Media Supplies\***

Expenditures for educational media services, such as school library, audiovisual, educational television and computer-assisted instruction.

**Instructional Equipment\***

Expenditures for the acquisition or lease/purchase of instructional equipment, regardless of grants received under school construction. Excluded are expenditures from bond funds.

\*In the Selected Object Expenditure Summary (Percentage of Total), these three items are combined.

**Section 2: Selected Object Expenditure Summaries  
(Dollars per Pupil and Percentage of Total Objects)**

**Explanation of Terms  
(continued)**

**Regular Education Tuition\*\***

Regular Education tuition payments to Connecticut school districts, regional educational service centers and private facilities. Amounts paid by the regional school district member towns for transportation or debt service are not reported as tuition. Tuition payments for regular education state agency-placed pupils for whom the school district had responsibility would be included here.

**Special Education Tuition\*\***

Special Education tuition payments to Connecticut school districts, regional educational service centers and private facilities. Amounts paid by the regional school district member towns for transportation or debt service are not reported as tuition. Tuition payments for special education state agency-placed pupils for whom the school district had responsibility would be included here.

**Purchased Services**

Expenditures for professional, administrative, technical and other purchased services.

**Other**

All other expenditure items, excluding most debt service, not included in the previous object categories.

\*\* Only included in the Selected Object Expenditure Summary (Percentage of Total).

## **Section 3: Selected Function Expenditure Summaries (Dollars per Pupil and Percentage of Total Functions)**

### **Explanation of Terms**

Financial data have been taken from local and regional school districts' End of Year School Reports (ED001) for 2005-06. The data have not been fully audited. The audits may result in changes in the data presented here. The fully audited information will be available through the State Department of Education's Internet home page by August 2007.

When comparing the dollars per pupil and the percentage of total functions reports, two differences must be noted. First is transportation. In the dollars per pupil report, reimbursable transportation is expressed for regular education, special education and the total. Under the percentage of total functions section, there is one overall transportation figure which includes reimbursable and nonreimbursable expenditures for both regular and special education. The second difference is that the percentage of total functions report includes an "Other" category not included in the dollars per pupil report. This category allows the percentage of total functions report to display the full distribution of functions (net of tuition). Members of secondary regional districts only report their elementary and, depending on the regional grade configuration, middle school expenditures. Therefore, their per pupil expenditures only reflect elementary/middle school expenditures.

All functions except for Land, Buildings, Capital Construction and Debt Service, and the three transportation items are from the ED001, Schedule 12, Total Current Expenditures from All Sources by Function and Object. Expenditures for Land, Buildings, Capital Construction and Debt Service are taken from Schedule 2 and Schedule 12, Line 1212. For the dollars per pupil report, the transportation figures are from Schedule 5, Public School Pupil Transportation. Listed below are brief descriptions of the selected functions. For more detailed explanations, please refer to the 2005-06 ED001 Instruction Manual. (See our Internet site at [www.state.ct.us/sde/dgm/formsinst/ed001/ed001\\_2006ins.pdf](http://www.state.ct.us/sde/dgm/formsinst/ed001/ed001_2006ins.pdf).) Also, for each selected function, Appendix B lists the specific source data references.

All expenditures reported in dollars per pupil use the enrollment count of October 2005 as the divisor, except for Special Education Transportation and Regular Education Transportation, which use the number of pupils transported, and Total Transportation per Resident Student, which uses the total number of students of fiscal responsibility. For a school district whose town is a member of a secondary regional school district, the total number of students of fiscal responsibility is adjusted to account for whether or not the district is responsible for transporting secondary-level students to the regional school district. The Total Transportation per Resident Student figure takes into account that some districts incur significant transportation expenditures associated with nontransported students as well (e.g., crossing guards for walkers).

#### **Instructional Programs**

This includes expenditures for instruction in regular education (including vocational agriculture), special education, culturally disadvantaged pupils and free summer school. Please note that the expenditures reported for students tuitioned out of district are excluded for both per pupil and the percentage of total reports.

#### **Pupil and Instructional Support Services**

This includes expenditures for personnel services such as teaching assistants, curriculum consultants, in-service training specialists, medical doctors, therapists, audiologists, neurologists, psychologists, psychiatrists, guidance counselors, etc. Expenses for improvement of instructional services and educational media services are also included.

#### **School-Based Administration**

Expenditures for activities concerned with the administrative responsibility of directing and managing the operation of a school, such as the principal's office.

**Section 3: Selected Function Expenditure Summaries  
(Dollars per Pupil and Percentage of Total Functions)**

**Explanation of Terms  
(continued)**

**General Administration**

Expenditures for activities of the board and the superintendent's office and the fiscal activities of the school district, including the school business office.

**Plant Services**

Expenditures for activities concerned with keeping the physical plant open, comfortable and safe for use; keeping the grounds, buildings and equipment in effective working condition for plant operations; and maintenance of buildings, grounds, equipment, utilities and heat. This function includes salaries and benefits associated with plant services.

**(DOLLARS PER PUPIL SUMMARY ONLY)**

**Buildings and Debt Service**

Expenditures pertaining to debt service, capital, land and buildings, including redemption of principal payments, interest expenses on long- and short-term loans, and housing authority obligations. The expenditures in this function are supported (in part) by state grant payments. School construction expenditures often fluctuate dramatically from year to year. While we have continued to include an amount per pupil for this item, we have removed it from the "percentage of the total function summary" to avoid year-to-year distortions in the distribution.

**Special Education Transportation**

This includes expenditures for public special education students transported to public and nonpublic schools, in town or out of town, on special education vehicles. This does not include special education students riding with regular education students.

**Regular Education Transportation**

Expenditures for public regular education students transported to in-town or designated out-of-town public schools, approved out-of-town interdistrict magnet schools, nearest out-of-town vocational agriculture center(s), and in-town or out-of-town technical high schools.

**Total Transportation per Resident Student**

Expenditures included above under special and regular education transportation. Excludes nonreimbursable transportation (e.g., field trips), regional district transportation assessment, and excess vocational agriculture costs for transporting beyond the nearest center.

**(PERCENTAGE OF TOTAL SUMMARY ONLY)**

**Other**

Expenditures funded by local tax appropriations for providing food to pupils and staff. Also, that portion of salaries for coaches, directors and supervisors of any school activity paid by local appropriation. Salaries of custodians, police and firefighters paid from local appropriations. Major equipment such as band equipment and uniforms paid by local appropriation.

**Total Transportation**

All expenditures for public pupil transportation including vehicles, salaries and fringe benefits.

## **Section 4: Regular Education Tuition/Assessment Summary (Dollars per Pupil)**

### **Explanation of Terms**

The various tuition and assessment per pupil rates have been taken from local and regional school districts' 2005-06 End of Year School Reports (ED001), Schedule 11.

The assessment per pupil for member towns of a secondary regional district includes both regular education and special education costs. All other tuition rates include only regular education. Costs of transportation and debt service are not included in this section.

Listed below are brief descriptions of the pupils sent out of district.

#### **Designated High Schools**

There are 20 towns in Connecticut that do not maintain a high school and are not members of a secondary regional district. These towns tuition their students to a designated high school, generally in another school district but in some cases to one of the three endowed academies. Some towns may use more than one designated high school. Similarly, some designated high schools take in students from more than one district. In these cases, the designated high school charges the same tuition rate for each sending town. However, because districts are reporting students on a full-time equivalent basis, towns sending students to the same designated high school may show different tuition rates. Also, when comparing districts using the same designated high school, differences in their tuition rates may occur if one of those districts is using additional designated high schools. Generally, the tuition rates associated with a vocational agriculture center are included under the All Others section. However, if the center is also the designated high school, then those tuition rates would be included in this section.

#### **Secondary Regional Districts**

There are eight secondary regional districts comprised of 27 member towns. The regional assessment reflects both regular education and special education. Within each region, the member towns have the same per pupil assessment rate. When comparing regional assessments, please note that Regional School Districts 4, 5, 7, 8 and 11 include Grades 7 through 12, while Districts 1, 9 and 19 reflect Grades 9 through 12.

#### **Interdistrict Cooperative High Schools**

Pursuant to Section 10-158a of the Connecticut General Statutes, towns may enter into cooperative arrangements. The arrangements are not predefined in statute, but are designed to reflect the needs of the partnering towns. The state provides a school construction bonus for such arrangements. In 2005-06, Salem and East Lyme partnered for the only active cooperative arrangement and involved their secondary students.

#### **Private or Residential Facilities**

Regular education tuition for pupils sent to private or residential facilities in and out of state. In many cases, the types of pupils reported here are those placed in a facility by the courts who would otherwise attend a regular education program in a public school. Costs related to special education and room and board are not included.

#### **Approved Interdistrict Magnet Schools**

In 2005-06 there were 45 full-time interdistrict magnet schools. The figures listed in this section reflect the tuition charges for regular education and exclude any additional costs for special education or transportation services. Please note that some magnet schools did not charge tuition to any of the sending towns. Also, many towns send students to more than one magnet.

#### **All Others**

Regular education tuition rates not covered under any of the other previous sections are reported here. This section includes vocational agriculture tuition in cases where the center is not a district's designated high school. Also included is regular education tuition for pupils sent to a Regional Educational Service Center (RESC), including RESC-operated part-time interdistrict magnet schools.

## Section 5: Net Current Expenditures per Pupil

This section provides town by town Net Current Expenditures Per Pupil (NCEP), which has been a primary measure of per pupil spending in Connecticut for more than three decades. NCEP measures education expenditures with a couple of adjustments (as explained below) for all the students for which a town is fiscally responsible, regardless of whether the town operates its own school or tuitions its resident students to other districts/regions or private schools. However, there are towns which do not offer in-district middle- and secondary-level services. These towns either send these students to designated high schools in other towns or are members of regional school districts or interdistrict cooperatives. In such cases, these tuition and assessment costs are included in the town-based data, so that all 169 towns reflect prekindergarten through Grade 12.

The 2005-06 data have not been fully audited. The audits may result in changes in the data presented here. The audited information will be available through the State Department of Education's Internet home page by Fall 2007.

### **ADM 2005-06**

Represents the average daily membership (ADM) calculated from the October 2005 Public School Information System (PSIS) and the 2005-06 End of Year School Report (ED001). ADM represents resident students adjusted for school sessions in excess of the 180-day/900-hour minimum, tuition-free summer school, full-time equivalent (FTE) prekindergarten pupils and participation in Open Choice. As a result of these adjustments, in many districts a fractional ADM number will be reported.

### **NCE 2005-06**

Net current expenditures (NCE) are calculated as defined in Connecticut General Statutes Section 10-261(a)(3). NCE includes all current public elementary and secondary expenditures from all sources, excluding reimbursable regular education transportation, tuition revenue, capital expenditures for land, buildings and equipment, and debt service. Statute provides for the inclusion in NCE of the principal portion of debt service for NCE eligible items. For many districts, this represents debt incurred for certain minor school building repairs and roof replacements.

### **NCEP 2005-06**

Net current expenditures per pupil (NCEP) represents NCE divided by ADM.

### **NCEP Rank**

Each town is ranked between 1 (highest) and 169 (lowest) in NCEP.

## Section 6: Equalized Education Tax Rates

These equalized education tax rates (EETR) and their respective ranks for final 2004-05 and unaudited 2005-06 data present the relative educational effort of each town on three different levels. The three sets of percentages reflect the local share of the following: the minimum expenditure requirement (MER); the MER plus special education and public and mandated nonpublic pupil transportation; and all current expenditures. The decision to isolate educational effort in three parts was made for several reasons. First, the Education Cost Sharing (ECS) grant formula is directly tied to the MER, which has as one of its goals the equalization of effort among all towns. The MER effort figures can be used to monitor progress in that area. The second measure is an effort to create a picture of comparable local effort for all major mandated programs (MER/special education/transportation). This was done by measuring the sum of local effort for the MER and the local share of special education and pupil transportation. The third level of analysis looks to capture a total effort that goes beyond the mandated amounts to include expenditures above the MER.

The focus is on current public elementary and secondary expenditures excluding adult education, nonpublic expenditures (except for mandated nonpublic transportation), state and federal prepayment grants, and most construction and debt service expenditures.

Since town mill rates are based on different assessment ratios and schedules for valuation, an equalized property wealth measure was needed to provide comparability among towns. The State Office of Policy and Management computes a measure called the equalized net grand list (ENGL), which represents the value of taxable real and personal property at 100 percent fair market value. For each year of data, the ENGL used was that upon which taxes were levied for the general expenses of the town for that year. Per capita income (PCI) and median household income (MHI) are used because the income from which taxes are paid has an important effect on town taxing capacity, and these factors are critical components of the major state education funding formulas.

**HPCI = Highest Town Per Capita Income**

**HMHI = Highest Town Median Household Income**

**Income Adjustment Factor (IAF) =  $\left( \left( \frac{\text{PCI}}{\text{HPCI}} \right) + \left( \frac{\text{MHI}}{\text{HMHI}} \right) \right) / 2$**

**Property Wealth = ENGL x IAF**

Commencing in 1995-96, the state's major grant in support of special education was consolidated with the ECS grant. Therefore, the special education and regular education (MER) portions of post-1994-95 ECS must be isolated and appropriately attributed to the various EETRs. For the purposes of the EETRs, this is done by identifying the relationship between the 1994-95 Regular Special Education and ECS entitlements.

**1994-95 Base Revenue = 1994-95 Regular Special Education Entitlement + 1994-95 ECS Entitlement**

**ECS Special Education Portion Percentage (ECS-SEPP) =  
1994-95 Regular Special Education Entitlement / 1994-95 Base Revenue**

**Current Year ECS Special Education Portion = ECS-SEPP x Current Year ECS Entitlement**



**Section 6: Equalized Education Tax Rates  
(continued)**

For example, in the attached report, an EETR of 4 in Column 1, Minimum Expenditure Requirement, means that for every \$1,000 of property wealth, \$4.00 was raised to meet the MER. The rank in the adjacent column reflects a town's effort compared to all other towns, with 1 being the highest effort and 169 being the lowest. The same relationship holds true for Columns 2 and 3, MER/Special Education/Transportation and All Current Expenditures. Listed below are examples of how figures in the three categories are computed. These examples are based on a district with the following characteristics:

ENGL	=	500,000,000	Local Share of Special Education Expenditures	=	3,500,000
IAF	=	.50	Local Share of Transportation Expenditures	=	1,500,000
Property Wealth	=	250,000,000	Regular Program Expenditures (RPE)	=	20,000,000
ECS Grant	=	6,250,000			
ECS-SEPP	=	.20			
ECS - Special Ed	=	1,250,000			
ECS - Regular Ed	=	5,000,000			
MER	=	15,000,000			

**Example 1 - MER:**

Local Effort:	MER - ECS-Regular Ed	[15,000,000 - 5,000,000]	=	\$10,000,000
Percentage Rate:	Local Effort / Property Wealth	[10,000,000 / 250,000,000]	=	4.0 mills

**Example 2 - MER/Special Education/Transportation Programs:**

Local Effort:	MER - ECS-Regular Ed + Local Share of Special Ed Expenditures + Local Share of Transportation Expenditures	[15,000,000 - 5,000,000 + 3,500,000 + 1,500,000]	=	\$15,000,000
Percentage Rate:	Local Effort / Property Wealth	[15,000,000 / 250,000,000]	=	6.0 mills

**Example 3 - All Current Expenditures:**

Local Effort:	RPE - ECS-Regular Ed + Local Share of Special Ed Expenditures + Local Share of Transportation Expenditures	[20,000,000 - 5,000,000 + 3,500,000 + 1,500,000]	=	\$20,000,000
Percentage Rate:	Local Effort / Property Wealth	[20,000,000 / 250,000,000]	=	8.0 mills

**Section 7: State Formula Grant Aid as a Percentage of Selected  
Current Expenditures (SCE) from 2001-02 to 2005-06  
Sorted in Quintiles by ECS Wealth Rank**

The analysis on the following page illustrates state support of selected current expenditures for public elementary and secondary education for fiscal years 2001-02 through 2005-06. As used in this analysis, selected current expenditures include all educational expenditures except those supported by miscellaneous revenues, state and federal prepayment grants, school construction, nonelementary/secondary education (e.g., adult education), nonpublic and capital building expenditures, and debt service. State aid includes the following grants: Education Cost Sharing (ECS), special education, public transportation and vocational agriculture.

The data in this analysis are sorted in quintiles--five groups of school districts based on 2006-07 ECS town wealth. This analysis is based on 158 school districts (169 towns less the 20 K-12 regional member towns plus the 9 K-12 regional districts). To avoid duplication, the eight regional high school districts are not included. Groups 2, 3 and 4 include 32 school districts, while Groups 1 and 5 include 31. A list of the school districts in each quintile appears following the analysis.

This analysis includes new state aid as a percentage of new selected current expenditures. It also isolates the portion of new education spending that is derived from state effort versus local effort. A figure of 100 percent, for example, would mean that all new spending for that year was subsidized by state grant revenues.

**Section 8: Analysis of Minimum Expenditure  
Requirement (MER) Compliance  
1997-98 through Unaudited 2005-06**

State education aid in the 1990s, particularly the first half of the decade, grew at a considerably slower rate than in the previous decade. Although local expenditure growth also slowed, there was a shift in the relative share of education spending from the state to the local level, which in turn tended to reduce spending above the MER level. However, during the second half of the decade, this trend reversed itself, as we have seen continued growth in MER spending since 1995-96.

The following table shows the MER percentage of compliance from 1997-98 through unaudited 2005-06 on both a statewide and District Reference Group (DRG) basis. DRGs divide the state's 166 school districts into nine groups based upon seven measures of socioeconomic status (SES) and need. Those measures are median family income in 1999 for households with children in public school; the percentage of parents with a bachelor's degree or higher; the percentage of public school children with parents aged 16 years or older, employed, and holding jobs in executive, managerial and professional specialty occupations; the percentage of public school children living in families without a wife or husband present or in non-family households; the percentage of students from families with incomes eligible to receive free or reduced-price meals; the percentage of public school children whose families speak a language other than English at home; and 2004 average enrollment.

On a statewide basis, in 1997-98 the average district, in terms of MER expenditures, spent 21.4 percent above its minimum. That margin has continued to grow. By 2005-06, the average margin of compliance (based on unaudited data) is over 56 percent. Certainly one factor that has contributed to the increase in MER expenditures has been the all new aid component of the MER which has been in place, in one form or another, since 1995-96. From 1995-96 through 1998-99, districts have not been required to add any new local funds to the MER. In 1997-98, many districts were allowed to reduce local MER spending, as the starting point for MER became the prior year's MER rather than MER eligible expenditures, which for most districts is higher than the MER. Also commencing in 1997-98, was the provision to reduce the MER for declining enrollments.

In any case, except for a handful of the poorest towns with the highest need, districts have appeared to move away from the use of the MER as the target for local budgeting.