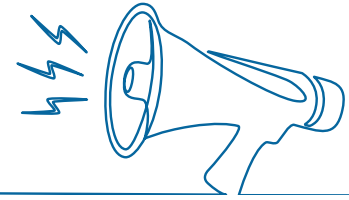




EDUCATION: Financing CT's Future

CCM Public Policy Issue Bulletin



Overview

Connecticut towns and cities are responsible for funding the majority of pre-k-12 education. While the State has a long history of local control of schools, it is the State who has the constitutional responsibility to ensure that all children have equal access to quality public schooling. A first-class education system, and education finance system, is vital in providing a quality workforce to attract and retain business and spur economic success for the state. The success or failure in the partnership between the state and municipalities in delivering quality education is essential in advancing Connecticut's prosperity and quality of life.

Local government vs Boards of Education

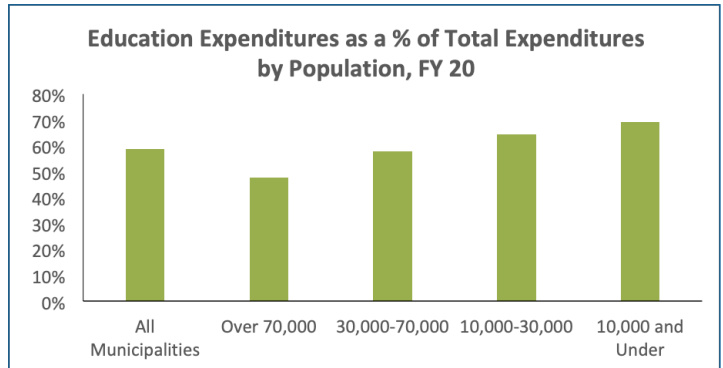
Part of understanding education finance and delivery is identifying some of the challenges that are faced. In particular, recognizing the distinction between local government and boards of education. Local government consists of your local legislative body – town or city council, Board of Selectman – who are responsible for general government responsibilities and administering the municipal budget. Furthermore, they are the sole authority in implementing property taxes on residents.

This is different than boards of education who function as agencies of the State in charge of implementing the State's educational interests within a specific town. Boards of education do not have the ability to generate their own revenue. They rely on the local government – largely utilizing property taxpayers – to fund their budget.

Education Funding

The cost for public education in Connecticut exceeds \$12.3 billion annually. With limited resources for outside financial assistance, municipal property taxpayers fund a majority of those costs. The balance is provided largely by the state, followed by the federal government.

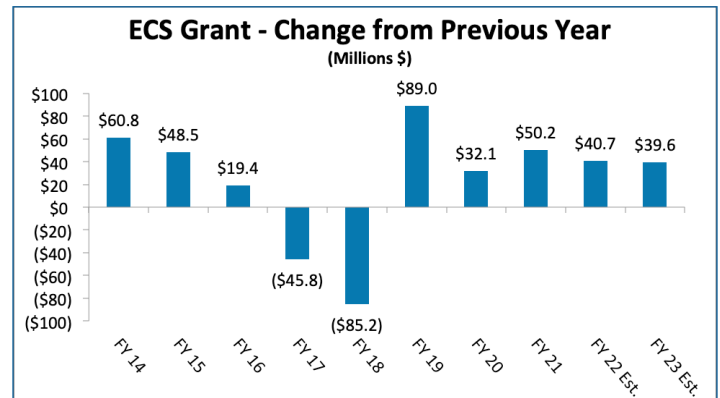
The principal mechanism for the state's portion of education financing is the Education Cost Sharing (ECS) grant. Originally, the ECS grant was formulated to provide a transparent and equitable methods for making education finance allocations. However, flaws in the formula and consistent underfunding has



Source: OPM Municipal Fiscal Indicators

meant that state aid has not been aligned with local needs. If the state support is unreliable, towns and cities need to adjust by increasing property taxes.

The ECS grant also does not provide a student-based approach to improve outcomes for all students. English learners, students who are economically disadvantaged, and students navigating through their education in communities that experience concentrated poverty, all deserve to be funded at a level that makes a real and tangible difference. There are questions as to how well the ECS formula factors these needs.

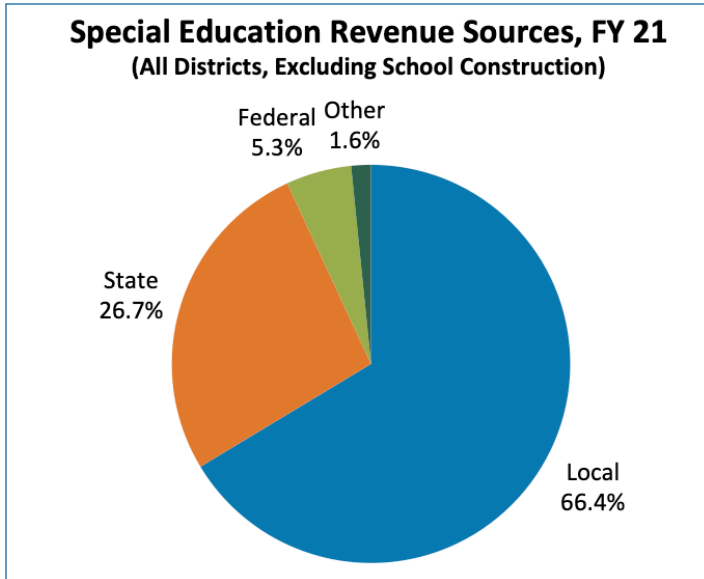


Source: CCM calculations based on State Comptroller's annual reports and adopted state budgets

Special Education

Statewide, special education costs exceed \$2.4 billion – and continue to rise. Towns and cities pay for about 66% of those costs. Unforeseen demands for special education services too often result in local budget adjustments, supplementary appropriations, and other extraordinary measures. This is particular-

ly troublesome in smaller towns, where the addition of even one special-needs student can decimate a budget. The Excess Cost grant, the State's primary mechanism for funding special education, fails to address these fluctuations. In addition, the grant only examines a town's ability to pay and fails to consider the needs of students. This misguided approach not only impacts students, but also property taxpayers.



Source: CCM calculations based on SDE EdSight data

Minimum Budget Requirement (MBR)

Delivering and fostering a productive and financially responsible education system is not without challenges and limitations. One such constraint on municipalities is the MBR. This is a statutory requirement that the local government must appropriate to the local board of education, with limited exceptions, at least the same amount for education as it did the previous year. In theory, it sounds reasonable. However, what about districts that see declining enrollment or utilize other cost savings measures? The MBR exceptions offer limited relief. MBR in its current form does not properly address these situations and prevents municipalities from achieving savings. This results in municipalities allocating more money than necessary to adequately fund their school districts, which places an additional burden on property taxpayers.

Other Challenges...

Each year new additions are made to the curriculum. These are made without the funding to support the resources or staff to implement those new requirements. This places a strain on faculty beyond what they already are.

Beyond the traditional support of financing and providing quality education, towns and cities must contend with other considerations and challenges, including:

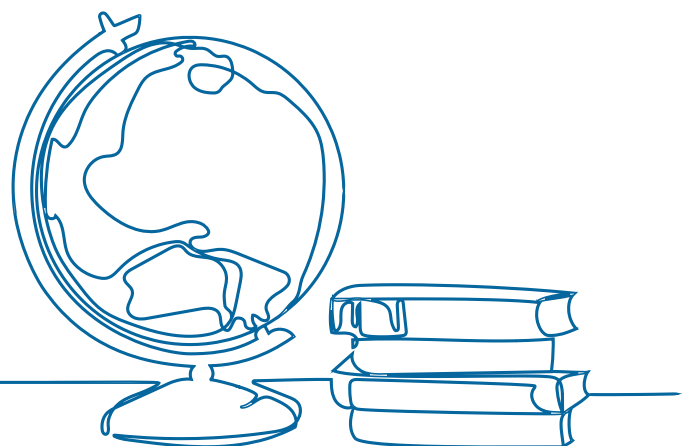
- Funding for early childhood education
- Assisting in school readiness programs
- Supporting vocational and agricultural schools

In addition, town and city leaders must provide a safe and healthy environment to learn. As student enrollment changes and technology needs grow, so do public expectations for quality schools - and therefore the need for new or renovating school infrastructure rises. This requires millions in bonding funds to support capital improvements to public schools.

Conclusion

Towns and cities have a responsibility to nurture the growth of the next generation. As mentioned, there are challenges that must be addressed. Local leaders, and as the statewide association of towns and cities, we can make these issues paramount in the public debate to address those challenges and reach systemic change.

For more information on education finance in Connecticut, please visit <https://www.ccm-ct.org/Resources/Research/Education-Finance>.



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