

REVISED DISCUSSION DRAFT

Design Principles for a New School Funding Formula in Connecticut

Proposed by Members of the Big Six:

CT Association of Boards of Education (CABE)
CT Association of Public School Superintendents (CAPSS)
CT Association of Schools (CAS)
CT Business and Industry Association (CBIA)
CT Coalition for Achievement Now (ConnCAN)
CT Council for Education Reform (CCER)

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A New School Funding Formula that Supports Student Learning

Connecticut needs a new K-12 funding formula now because:

- There is no unified and consistent funding system that provides resources for every child enrolled in a Connecticut public school. Connecticut currently uses more than 10 different funding formulas to fund public schools, and the General Assembly has stopped using the ECS formula to allocate state education aid to districts.
- Currently, funding for districts and schools is not allocated according to student needs.
- The foundation for school funding is not grounded in the actual cost of educating a child, and thus is subject to expedient changes to district allocations by the General Assembly.

In light of these concerns, members of the Big Six have agreed on a set of guiding principles that should be used to redesign Connecticut's school funding formula. A new school funding formula should reflect these core values:

- ***Equity:*** Student learning needs and enrollment should drive state and local funding. Students at all public schools, including schools of choice, should receive equitable state and local funding. Low-income students, students who are English Learners, and students who require special education services, should be funded according to their learning needs.
- ***Innovation:*** The formula should incentivize innovative and efficient practices in support of mastery-based personalized learning.
- ***Coherence:*** A single funding formula for all school types should replace the current ECS grant and the various additional per-pupil funding methods.
- ***Transparency:*** Schools and districts should be able to predict their annual funding from both state and local sources and funding levels should be grounded in verifiable and transparent data. The formula should be subject to periodic review of its effectiveness.
- ***Fairness:*** Education funding is a shared state and local responsibility. State aid for each community should be determined by a combination of factors, including multiple measures of property and income conditions, and concentration of low-income students.
- ***Accountability:*** State and local education funds should be used wisely, mindful of broader fiscal constraints in Connecticut, and districts should be accountable for how they use their financial resources. Education expenditures should be transparent and regularly reported so that spending can be compared across schools and districts.

Core Instructional Cost: A Fundamental Right for All Students

A key step toward designing a new school funding formula is to estimate the fundamental cost of delivering instructional services to every student in each public school in Connecticut, including district schools, magnet schools, technical high schools, charter schools, and regional vocational agricultural centers.

The purposes of developing the Core Instructional Cost are to:

- Ensure that every student has access to fundamental teaching and learning opportunities in every school in Connecticut.
- Utilize actual education spending data in Connecticut to estimate core education cost for students, including those with higher needs (using multipliers and/or census-based calculations) and to allocate state aid to support localities with limited fiscal capacity across all school types.
- Promote funding predictability and transparency for legislative decisions and for school and district planning.

The core instructional cost forms the cornerstone or foundation upon which the rest of the funding formula should be built. In developing a new funding formula, the following must be considered:

- The per student amount associated with the core instructional cost drives the other key components of the formula.
- Additional funding (weights or multipliers) for students with specific learning needs can be applied to the core cost.
- The formula should articulate the responsibility of state and local governments in supporting equitable access to public education in Connecticut.

Additional Weights to Support Student Learning Needs

In recognition that students with greater learning needs require additional resources beyond the core instructional cost, a new funding formula should use weights to provide schools and districts with additional resources for higher-need students. The following should be considered in developing a new funding formula that provides additional resources to higher-need students:

- A weight should be applied to the core instructional cost for students who are identified as low-income.
- In recognition of the severe challenges posed by concentrated poverty, which research has shown to adversely affect student outcomes, the proposed formula should include an additional weight for low-income students who attend schools with high concentrations of low income students.
- The state must use accurate, verifiable data to identify and count students who have additional learning needs. This includes replacing the outdated and increasingly unreliable method of identifying low-income students based on their eligibility for free- and reduce-price lunch (FRPL), with a method that uses accurate, verifiable data; for example, HUSKY A.
- A weight should be applied to the core instructional cost for English Learner students, with an additional weight for English Learners who attend schools with high concentrations of English Learners.
- A system should be established to support students who require special education services, which increases predictability in special education funding and fairly distributes state aid to schools and districts based on the unique needs of the special education students they serve.

Schools of Choice: A Student-Centered Approach

The new funding formula should be coherent and provide equitable funding for public schools of choice:

- Students attending all publicly funded schools, including traditional public, charter, magnet, technical high schools, vocational agriculture schools, and those who attend traditional public schools outside their own district as part of the Open Choice program, will be integrated in a single school funding formula. Schools of choice need to be included in a comprehensive, student-based funding formula that applies to all students, including additional weights for students with greater learning needs.
- Student needs should replace school types as key determinants of state and local education funding.
- The new school funding formula should provide appropriate consideration of costs associated with specialized programs that may require additional funding to fulfill their educational mission (e.g. technical high schools or vocational agriculture programs).
- A combination of state and local funds should be allocated to schools of choice on a per-student basis, so that the total per-pupil funding for these students will go to the schools or districts of choice. However, the new funding formula should also recognize that traditional public school districts may not be able to reduce their costs for each individual student that leaves the district. The formula should take into consideration the amount of money districts are able to save as a result of students transferring to schools of choice.

Shared State and Local Responsibility for Funding Education

In Connecticut, the state and local governments share responsibility for funding public education. To ensure that state and local government fairly share in this responsibility and that public schools receive the funding they require, the new formula should:

- Determine the state and local share of education contributions using a balanced set of indicators that include local fiscal capacity, including multiple measures of property and income conditions, and the concentration of low-income students who live in a community.
- Replace the Minimum Budget Requirement (MBR) with a formula-driven minimum local contribution requirement that explicitly states the minimum amount of funding local communities must contribute towards public education costs.

Education Funding Policies Must Incentivize Innovation

Education funding policies must incentivize innovative practices to support student learning. For example, a new formula should be accompanied by policies that incentivize innovation by:

- Enabling districts to adopt mastery-based personalized learning that includes blended and online learning opportunities anytime, anywhere, according to the student's own pace and skill-level readiness.
- Providing opportunities and incentives for cross-district collaboration, such as transportation, purchasing, diagnostic screening, and data reporting, among others.
- Encouraging the integration and coordination of services for students and families across the community.
- Establishing a process for periodically reassessing state mandates and recommending that those mandates that inhibit innovation be removed.

An Increased Focus on Accountability and Transparency

Accountability and transparency are key components of a well-functioning school finance system. The new school funding formula must be accompanied by policies that require:

- Transparency in state aid, local tax revenues, and use of school funding across all districts.
- Districts to report on disaggregated funding data at the school level annually.
- School district expenditures to be reported in a manner that makes them comparable across districts.
- A tiered system of accountability that provides districts that are high performing for all students with flexibility to innovate and relief from mandates and ensures that low-performing districts are utilizing resources responsibly and in ways that research shows improve student outcomes.
- Periodic reviews of the effectiveness of the school funding formula with the goal of continuous improvement in student outcomes.

