

FY2003	FY2007	FY2011
C	D	F
Grade based on % of Weighted Funding Disparity		

Connecticut

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Introduction

This chapter compares district and charter school revenues statewide, and for Bridgeport and New Haven, for fiscal year 2011 (FY11).¹ Comparisons are made to previous research for FY03 and FY07, based on the same methodology. Funding disparities between

districts and charter schools for the same geographic area are explored. The per pupil funding values in the analysis are weighted to compare district and charter schools as though they served the same proportions of urban and suburban students (see Methodology for details). Additional research and insights not included in this chapter appear in the monograph at the beginning of this report. The monograph also includes a state-by-state Return on Investment (ROI) analysis, which combines the analysis of revenues with student performance data.

Highlights of the FY11 Analysis

- The 18 charter schools analyzed in Connecticut, in aggregate, received 16.9 percent less in revenues on a per pupil basis than district schools. Charter schools received \$13,902 vs. \$16,719 for district schools, a difference of \$2,818 (Figures 1 & 3).
- If districts were to educate the same urban/metropolitan vs. suburban/rural proportion of students as charter schools do, the district *weighted* per pupil revenues would be \$18,527, or \$4,625 (25.0%) more than charter schools (\$18,527 less \$13,902; see Figure 3).
- The three charter schools in Bridgeport, in aggregate, received 18.8 percent less in revenues on a per pupil basis than district schools. Charter schools received \$13,889 vs. \$17,107 for district schools, a difference of \$3,219 (Figure 3).
- The three charter schools in New Haven, in aggregate, received 42.2 percent less in revenues on a per pupil basis than district schools. Charter schools received \$13,502 vs. \$23,347 for district schools, a difference of \$9,845 (Figure 3).
- Charter schools in Connecticut educate 1.1 percent of total public school enrollment but receive only 0.9 percent of total revenues (Figure 3).
- Magnitude of Disparity: If all Connecticut districts received the same level of per pupil funding as charter schools, districts would have received \$1,449,445,063 less in total funding (Figure 3).

Key observations about Figure 3 are as follows:

- When charter school Other revenues, which are known to be philanthropic start-up funds, are subtracted from Total Revenues per pupil to illustrate public funding, the statewide disparity in funding increases from \$2,818 (Figure 3) to \$5,398 (\$16,719 for districts less [\$13,902 less \$2,580 for charter Other] = \$5,398).
- Statewide (including Bridgeport and New Haven), districts received a greater percentage of revenues from Local sources (63.3%) than from State sources (27.9%). Bridgeport and New Haven received a greater percentage of revenues from State sources (62.9% and 58.1%, respectively) than from Local sources (17.2% and 24.6%, respectively).
- Charter schools consistently received a greater percentage of revenues from State sources statewide, for Bridgeport, and for New Haven (70.0%, 67.3%, and 69.3%, respectively), and no Local revenues.

Figure 1

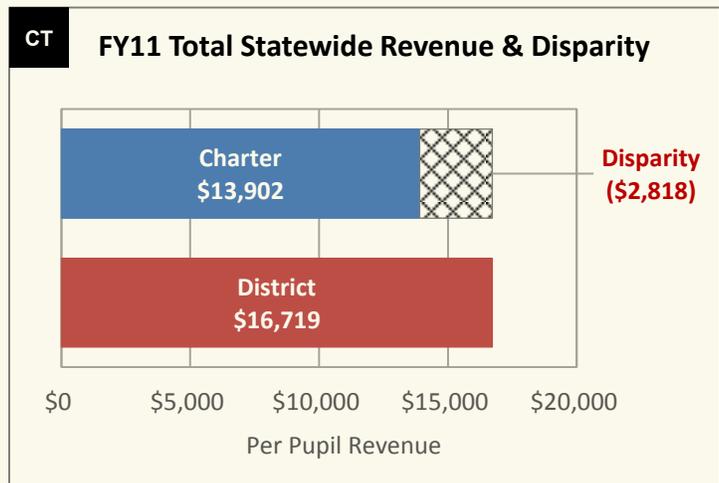


Figure 2

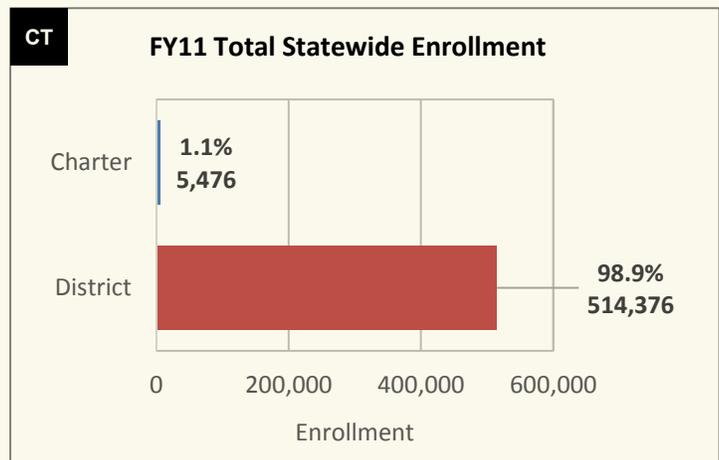


Figure 3

CT Summary Data Table									
FY2010-11	Statewide		Statewide Weighted by Charter Enrollment		Bridgeport		New Haven		
Per Pupil Revenue									
District	\$16,719		\$18,527		\$17,107		\$23,347		
Charter	\$13,902		\$13,902		\$13,889		\$13,502		
Difference	(\$2,818)		(\$4,625)		(\$3,219)		(\$9,845)		
% of District	(16.9%)		(25.0%)		(18.8%)		(42.2%)		
Per Pupil Revenue by Source	District	Charter	District	Charter	District	Charter	District	Charter	
Federal	\$1,321	\$1,103	\$2,257	\$1,103	\$3,295	\$1,092	\$3,760	\$1,269	
State	\$4,670	\$9,738	\$7,921	\$9,738	\$10,756	\$9,346	\$13,574	\$9,361	
Local	\$10,578	\$0	\$8,173	\$0	\$2,941	\$0	\$5,744	\$0	
Other	\$0	\$2,580	\$0	\$2,580	\$0	\$1,338	\$0	\$3,169	
Public-Indeter.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Indeterminate	\$150	\$481	\$176	\$481	\$115	\$2,112	\$270	(\$297)	
Total	\$16,719	\$13,902	\$18,527	\$13,902	\$17,107	\$13,889	\$23,347	\$13,502	
Enrollment									
District	514,376 98.9%		Focus Area Districts Educate 7.3% of All District Students		19,297 95.4%		18,181 92.1%		
Charter	5,476 1.1%		Focus Area Charters Educate 45.5% of All Charter Students		930 4.6%		1,560 7.9%		
Total Enrollment	519,852		N/A		20,227		19,741		
Charter Schools*	18		N/A N/A		3		3		
Revenue									
District	\$8,600,044,154 99.1%		N/A N/A		\$330,122,012 96.2%		\$424,462,795 95.3%		
Charter	\$76,124,626 0.9%		N/A N/A		\$12,916,637 3.8%		\$21,062,479 4.7%		
Total Revenue	\$8,676,168,780		N/A		\$343,038,649		\$445,525,274		
Percentage of Revenue by Source	District	Charter	District	Charter	District	Charter	District	Charter	
Federal	7.9%	7.9%	12.2%	7.9%	19.3%	7.9%	16.1%	9.4%	
State	27.9%	70.0%	42.8%	70.0%	62.9%	67.3%	58.1%	69.3%	
Local	63.3%	0.0%	44.1%	0.0%	17.2%	0.0%	24.6%	0.0%	
Other	0.0%	18.6%	0.0%	18.6%	0.0%	9.6%	0.0%	23.5%	
Public-Indeter.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Indeterminate	0.9%	3.5%	1.0%	3.5%	0.7%	15.2%	1.2%	-2.2%	
Magnitude of Disparity = Total funding Difference times District enrollment (see above)									
(\$1,449,445,063)						(\$62,108,739)		(\$178,990,404)	

* The 18 charter schools noted in Figure 3 are the number of charter schools for which revenue and enrollment data could be acquired and analyzed. Other state counts of charter schools may include a few more or less because of new charter schools or closing charter schools where revenue data and/or enrollment data may not be available.

- Charter school revenues from Other sources are from large national foundation grants, often as much as \$500,000 or \$1,500,000. These *point-in-time* grants are used by start-ups to meet capital needs.
- The focus area districts of Bridgeport and New Haven educate 7.3% of all district students, whereas the focus area charters educate 45.5% of all charter students in the state, resulting in nearly half of all charter school pupils attending school in higher-cost urban areas (see Figure 3).

Revenue Analysis – Unique Exclusion – One of the business rules for this revenue analysis is that all K-12 revenues are included in the analysis (proceeds from bonds are not considered revenues). For the Connecticut analysis there was one unique situation that generated a revenue item in FY11, but that item was excluded from this analysis. The revenue item was the result of a one-time Public-Private partnership benefiting New Haven, the state and a charter school; as opposed to an on-going, mandatory public funding mechanism. During the 2005 legislative session the General Assembly provided funding for one state charter school to buy and renovate a 42 year old school building for use as a charter school facility. The project was authorized for \$34.3 million and has allowed Amistad Academy Charter School to purchase and renovate the former Dwight Elementary School in New Haven. When the Dwight School closed in 2009 it had been serving 298 K-4 students; 49 percent African American, and 50 percent Hispanic. The new school opened in August of 2011, and is now serving 434 K-4 students; 98 percent African American or Hispanic. There were \$15,250,869 in State revenues in FY11 associated with this school renovation; but the school did not open until August 2011 (after the FY11 analysis). Those revenues were excluded from this analysis based on the combination of the following reasons.

- The approval of this funding by the General Assembly in 2005 was a singular voluntary Public-Private partnership event, not a regular funding process. The state leveraged a unique opportunity to address a solution for a decaying 42-year-old building that was not needed; and the charter school, with additional private funding, addressed a need for space for charter school students in the city for high needs students.
- The funding approval event took place in 2005, with the final payout in FY11; but this process never became part of the state’s non-voluntary funding mechanism, and did not occur again from 2005 through the end of FY11.
- In FY11, total revenues for all charter schools in New Haven amounted to \$21,062,479 (after exclusion of the \$15,250,869 item). If this unique, voluntary Public-Private partnership capital item was not excluded it would significantly distort per pupil funding levels for New Haven and for statewide totals and make the rest of the analysis unusable for purposes of understanding regular on-going funding levels and their comparative longitudinal levels – which are the primary objectives of this analysis.

Probable Causes of Disparities

Probable causes of Connecticut’s district-to-charter funding disparities include the following:

- **Insufficient Equalization.** The intent of the statute is to use State and Local revenues to equalize funding based on student need. When statewide Local and State revenue sources are added together, however, districts receive \$15,248 in per pupil revenues, but charter schools receive only \$9,738. This difference of \$5,510 (36.1%) accounts for a majority, if not all, of the statewide disparity of \$2,818 favoring districts (see Figure 3). The \$5,510 disparity shows that State plus Local revenues do not equalize school funding based on charter school student needs. Partially offsetting that \$5,510 disparity in State and Local funding is the fact that charter schools received \$2,580 in non-public Other funding, mostly from national foundation grants, ranging from \$500,000 to \$1,500,000 each, which explains why the statewide total disparity is only \$2,818.
- **Federal Funding Disparity.** Charter schools in Bridgeport and New Haven educate 45.5 percent of charter school students in the state; student needs in these districts are high. Only 7.3 percent of district students are educated by these two districts. Charter schools educate a significantly greater percentage of students eligible for free or reduced-price lunch and Title I students (proxies for poverty, see Figure 11) than

district schools. Yet, federal per pupil funding levels for charter schools are less than for district schools statewide (\$1,321 for districts vs. \$1,103 for charter schools), in Bridgeport (\$3,295 vs. \$1,092), and in New Haven (\$3,760 vs. \$1,269). The specific causes of this federal disparity are unknown, but among possible explanations are that small charter schools may choose not to pursue certain federal revenues due to associated administrative burdens and that funds from the Federal American Recovery and Reinvestment Act (ARRA) and State Fiscal Stabilization Fund (SFSF) grants provided to the state may not have been distributed equitably to charter schools.

- **Special Education Enrollments.** Special education enrollment comprises 11.4 percent of district enrollment and 7.2 percent of charter school enrollment, a difference of 4.2 percent of total enrollment. Because additional funding is received for special education students, the higher percentage of special education enrollment in districts may contribute to the disparities. This effect would be small compared to a total disparity of \$2,818 statewide, or 16.9 percent of total district funding.
- **Independent Formula Math.** There is no mathematical connection between district funding formula elements and charter school funding formula elements. Districts are funded using the Educational Cost Sharing (ECS) formula. Charter schools are funded by an amount determined annually by the general assembly. Plus, when funds are available, newly approved charter schools may receive up to \$75,000 in state start-up grants. The formula math is not designed to relate charter school funding to district funding. As a result in FY11, statewide, charter schools received \$2,818 less in total per pupil revenues than district schools.

Figure 4

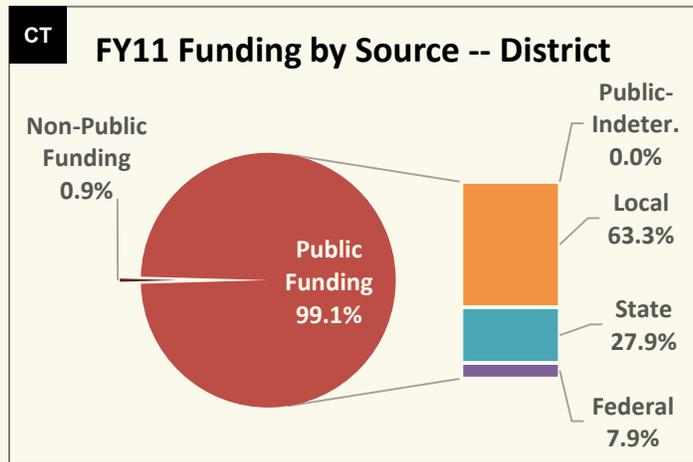
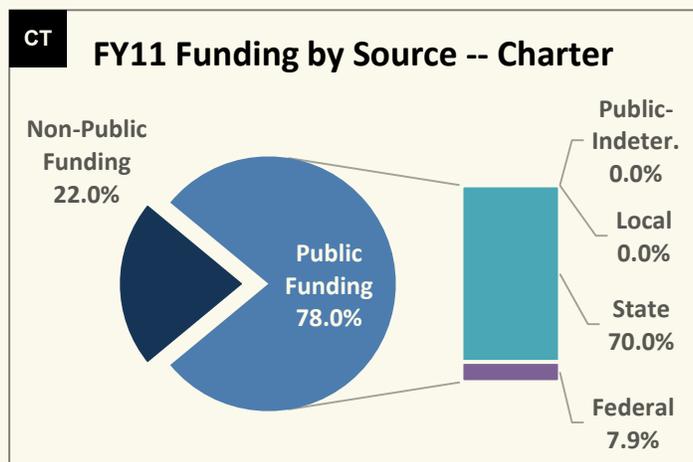


Figure 5



Where the Money Comes From

Most revenues for school districts come from local property taxes. Most state revenues for charter schools come from state sales and income taxes. Charter schools receive no local funding. In FY11, statewide, 27.9 percent of district revenues were provided from State sources, 7.9 percent from Federal sources, 63.3 percent from Local sources, and 0.9 percent from Indeterminate sources (see Figure 3). In FY11, statewide, 70.0 percent of charter revenues were provided from State sources, 7.9 percent from Federal sources, 18.6 percent from Other sources, and 3.5 percent from Indeterminate sources (see Figure 3). Districts received 99.1 percent of their funding from public sources, whereas charters received only 78.0 percent from public sources (see Figures 4 & 5). Non-Public Funding in Figures 4 and 5 includes Other and Indeterminate funding sources.

How Connecticut Funds its Districts

In 1989 Connecticut adopted the concept of Educational Cost Sharing (ECS) grants as a means to increase the state's share of education funding overall and to increase funding for poor students and those with limited English proficiency and other additional needs. The grants allowed more money to flow to districts with the greatest student needs. The ECS mechanism still applies, with small changes having been made over the years.²

The ECS basic formula is comprised of three elements:

- a base aid ratio (or percentage) representing the relationship between each town's wealth and a state guaranteed wealth level;
- the number of students each town is educating increased to compensate for educational and economic need; and,
- a *foundation* amount representing the level of per-need student spending that state aid helps towns achieve, which is ideally, the amount necessary to provide an adequate education to each student. The foundation amount is set by state law (\$9,687 per-need-student).

The statutory ECS formula has been fully funded only rarely in its two-decade history. In addition to significant changes to the formula in 1995 and 2007, the legislature has adjusted the formula nearly every year since it was created. While its primary elements remain intact, the cumulative effects of previous aid caps, under-funding, minimum aid amounts, and out-of-date data elements distort the formula's proper functioning.³

The last major changes in the ECS formula were enacted in the 2007 legislative session and took effect July 1, 2007.⁴ The formula was changed in several ways:

- to increase the level of per-student spending ECS aid helped towns achieve;
- to provide a higher level of minimum aid;
- to increase student need weightings for poverty and limited-English; and,
- to use a more up-to-date measure for the student poverty weightings.

The same act phased in increased state aid, specifying minimum percentage increases of 4.4 percent each year for FY08 and FY09. The budget acts of 2009 and 2011 each overrode the statutory ECS formula and specified each town's ECS grants for the four years from FY10 through FY13. Each town's grant was held constant for each year. Thus, the ECS formula has not functioned since FY09, and the amount each town gets today is set according to the amount the ECS formula produced four years ago.

How Connecticut Funds Its Charter Schools

Connecticut law allows for both *state* and *locally-authorized* charter schools, but as of FY11 all Connecticut charter schools were state charter schools and considered local education agencies (LEAs). In FY11, Connecticut charter schools received an annual state operating grant of \$9,300 for each student enrolled in the school (\$10,500 in FY14). In addition, within appropriations, the education commissioner may provide grants of up to \$75,000 for start-up costs to any newly approved charter school that helps the state meet desegregation goals.

Funding for Public School Facilities

The Finance and Internal Operations Division, Connecticut State Department of Education, determines eligibility for school construction grants and is responsible for plan review. The commissioner of education or the governor and the Connecticut General Assembly approve school construction grants, depending on the program. A legislative committee appointed by senate and house leaders provides recommendations on projects to the governor and general assembly.

The state administers two types of school building grants financed by state general obligation bonds. Eligible applicants for both types of grants are towns, regional school districts, and regional education service centers, all of which are required to share in project costs. The percentage of school building grant money a local board of education may receive is based on the town's Adjusted Equalized Net Grand List per Capita, a combination of property tax base per person and income per person. Generally, the state reimbursement percentage ranges from 20 percent for wealthier districts to 80 percent for less wealthy districts. Since 2000, the state treasurer has issued \$4.2 billion in general obligation bonds for school building project grants.

Connecticut law offers some support for charter school facilities, but not on par with district access to facilities funding, limited by available state appropriations. For FY06 through FY09, charter schools could apply for state grants to finance new capital projects or general improvements to their school buildings, or to repay debt incurred for prior school building projects. The legislature authorized a total of \$20 million in general obligation bonding for these grants (\$5 million annually over four years), of which \$7,470,846 remained unallocated as of September 20, 2010. Although unallocated funds remained from the authorization, the legislature did not extend the authority for the education commissioner to accept grant applications, so no funds could be distributed in FY10 or FY11.⁵

Long-Term Funding Patterns

For Connecticut, we now have three point-in-time snapshots of public education funding for FY03, FY07, and FY11. Please note that in the presentation and discussion of longitudinal data that follows, the figures used are inflation-adjusted to 2007 dollars and differ from figures presented in Figure 3, which includes actual and weighted per pupil revenues representing FY11 only.

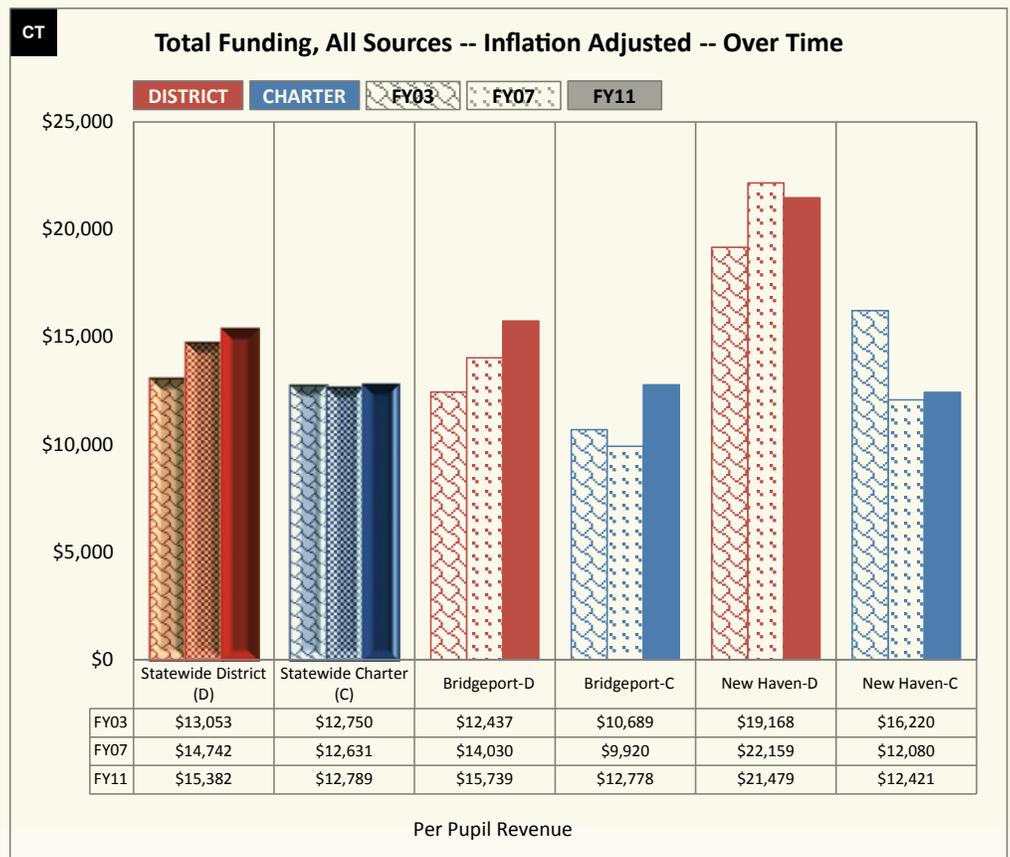
The inflation-adjusted per pupil revenues in Figures 6–8 are for comparative purposes only. Refer to the Methodology section for more on inflation adjustments.

Total Funding

Figure 6 illustrates how total revenue per pupil, inflation-adjusted, increased between FY03 and FY07 for districts and charters statewide and for Bridgeport, and for the New Haven district only; for New Haven charter schools, it decreased.

FY03 and FY07 Statewide Total Funding Disparity: Consistent with the funding disparity noted in FY11 data in Figure 3 above, note that the statewide disparity

Figure 6



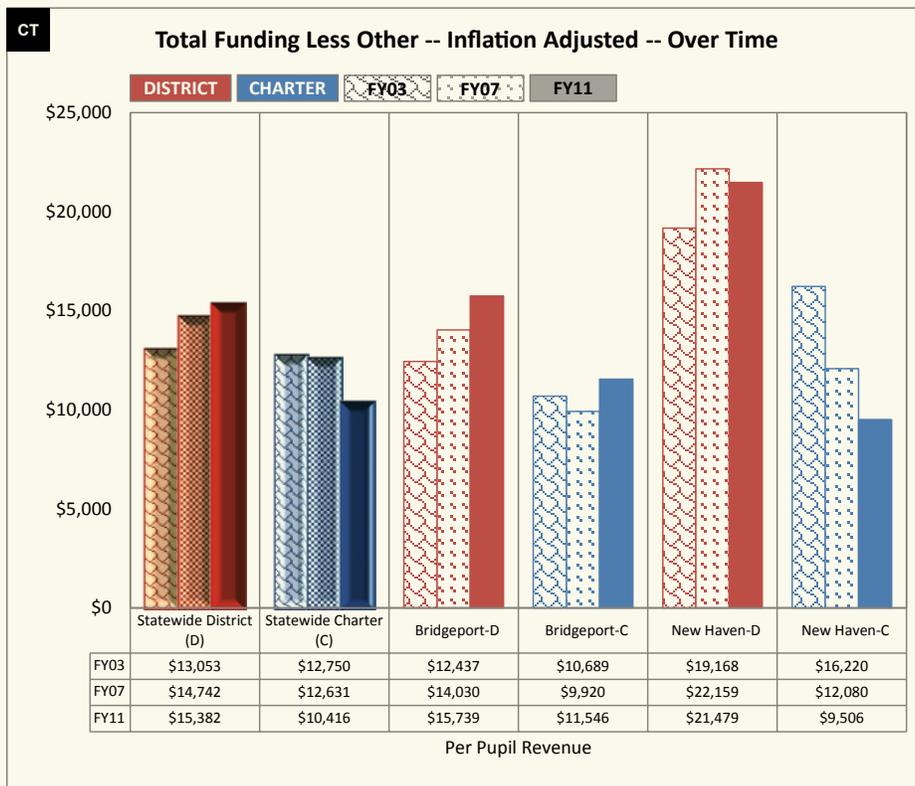
favoring districts using inflation-adjusted dollars for FY03 was \$303 (\$13,053 for districts less \$12,750 for charters) or 2.3 percent, and for FY07 was \$2,111 (\$14,742 for districts less \$12,631 for charters) or 14.3 percent (Figure 6). Statewide, there has been a persistent and growing total funding disparity favoring districts over the past eight years.

Total Funding Changes from FY03 to FY11: Statewide and for both focus areas, from FY03 to FY11, charter inflation-adjusted Total Funding increased at a much lower rate than district revenues per pupil, or decreased (see Figure 6). Statewide, Total Funding increased from FY03 to FY11 for districts in the amount of \$2,329 (\$15,382 less \$13,053), or 17.8 percent; for charters it increased \$39 (\$12,789 less \$12,750), or 0.3 percent. Bridgeport’s Total Funding for districts increased \$3,302 (\$15,739 less \$12,437), or 26.6 percent; for charters it increased \$2,089 (\$12,778 less \$10,689), or 19.5 percent. New Haven’s Total Funding for districts increased \$2,311 (\$21,479 less \$19,168), or 12.1 percent; charter school funding decreased by \$3,799 (\$12,421 less \$16,220), or a decrease of 23.4%.

Total Funding Less Other

Our study includes total funding whether the funds originate from public or private sources. The “Other” category is comprised of philanthropic and other non-tax revenues, which can play a significant role in the financing of charter schools. Therefore, we have removed Other dollars from this level of analysis to determine if funding from public sources is distributed equitably to districts and to charter schools. Public funding includes Local, State, Federal, Indeterminate-Public, and where we cannot determine the source, Indeterminate.

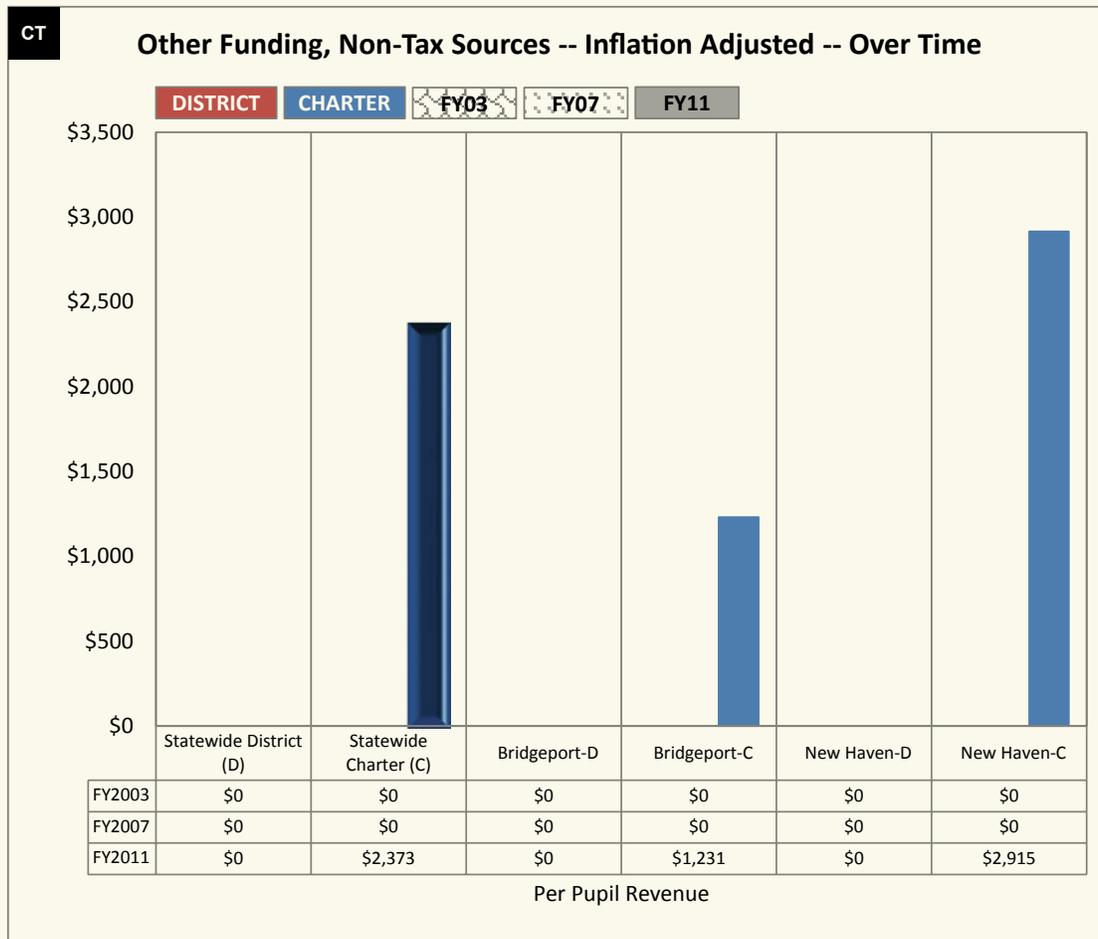
Figure 7



Other Funding

Figure 8, Other Funding, Non-Tax Sources – Inflation Adjusted – Over Time, is included, but no longitudinal observations are discussed (see cautionary note).

Figure 8



NOTE: Connecticut's finance data provided for this analysis combines Other revenues inseparably with Local revenues. The Other revenues recognized in the analysis for charter schools were for instances where it was possible to identify certain large foundation grants, and were reclassified for analysis purposes as Other in order to be consistent with the study's business rules. Districts nearly always have some Other revenues from earnings on investments, gate fees, and other non-tax sources; but, those revenues are usually a small percentage of total revenues and are included in Local revenues (but, it was not possible to separately identify them for analysis purposes). Due to this inconsistency in FY03 and FY07 caution should be taken when attempting to longitudinally compare Total Less Other revenues.

Changes in Funding Results

Figure 9 illustrates changes in total funding levels by source from FY03 to FY11, using inflation-adjusted dollars (adjusted to 2007). Significant changes include the following:

- Total revenues for districts and charter schools statewide and for the two focus areas increased from FY03 to FY11, except that New Haven charter schools experienced a decrease of 23.4 percent.
- Federal revenues increased greatly statewide and for Bridgeport and New Haven districts, whereas charter Federal revenue decreased.
- State revenues increased slightly for districts and only for Bridgeport charter schools, while decreasing for both charter schools statewide and for New Haven.
- Local revenues increased for districts statewide and for the focus area districts; charter schools do not receive any Local revenues.
- Other revenues are all not applicable (N/A) because the state finance data do not identify Other revenues separately from Local revenues, and because charter school Other was not identified separately in FY03.

Figure 9

CT Per Pupil Revenue -- Inflation Adjusted -- Over Time Percentage Increase / Decrease (black shading)					
From/To: FY2003 / FY2011	Federal	State	Local	Other	Total
Statewide District (D)	135.9%	0.2%	19.7%	N/A	17.8%
Statewide Charter (C)	-13.4%	-2.9%	N/A	N/A	0.3%
Bridgeport-D	140.4%	17.3%	1.5%	N/A	26.6%
Bridgeport-C	-36.2%	8.3%	N/A	N/A	19.5%
New Haven-D	50.2%	0.8%	22.7%	N/A	12.1%
New Haven-C	-21.5%	-9.2%	N/A	N/A	-23.4%

Figure 10 shows changes in the percentage of Total Funding disparity from FY03 to FY11. The disparity persists over the past eight years.

Figure 10

CT Disparity as Percent of District -- Over Time Negative Disparities Mean Districts Receive More (red text)			
Focus Area	FY2003	FY2007	FY2011
Statewide	-2.3%	-14.3%	-16.9%
Bridgeport	-14.1%	-29.3%	-18.8%
New Haven	-15.4%	-45.5%	-42.2%

Select Enrollment Characteristics

Charter school percentages for free or reduced-price lunch eligibility, a proxy for low-income, and Title I are significantly greater than district percentages. On a percentage basis, more special education students attend district schools than charter schools.

Figure 11

CT Select Enrollment Characteristics									
Student Group >>> Year >>>	Percentage of Total Enrollment								
	Free & Reduced Lunch			Title 1			Special Education		
	FY03	FY07	FY11	FY03	FY07	FY11	FY03	FY07	FY11*
Statewide District	0.0%	27.1%	33.7%	0.0%	40.7%	46.0%	N/A	N/A	11.4%
Statewide Charter	0.0%	59.4%	67.6%	0.0%	87.5%	100.0%	N/A	N/A	7.2%

*Special education enrollment percentages were obtained from a state task force report entitled, Task Force to Study State Education Funding Interim Report, dated January 2012. Special education enrollment was not available from the NCES Common Core of Data. As of the date of the report, FY11 special education enrollment was not available. The estimated amounts used on Figure 11 are FY10 amounts computed from detail in the Task Force report.

Funding Practices Summary

Figure 12

CT Funding Practices Summary								
PURPOSE	GRADE			FUNDING				REF
	FY2003	FY2007	FY2011	Federal Source	State Source	Local Source	Facilities Source	
<i>This table summarizes answers to key funding mechanism questions in context with a grade based on actual funding results.</i>	C	D	F					
	Grade based on % of Weighted Funding Disparity							
ACCESS TO FUNDING SOURCES								
Do charter schools have access to this funding source according to state statutes?	Yes	Yes	No	Yes				
In practice, do charter schools have at least as much access to this funding source as districts have?	Yes	Yes	No	No				
Do charter school students receive at least 95% as much per pupil in revenue for this source as district students?	No	Yes	No	No				
DATA AVAILABILITY								
Does the state provide reasonable access to detailed public data on federal, state, local, and other revenues for district schools?							Yes	
Does the state provide reasonable access to detailed public data on federal, state, local, and other revenues for charter schools?							Yes	
FUNDING FORMULA								
Are charter schools treated as LEAs for funding purposes?							Yes	
Does the state provide funding for charter schools and districts based primarily on student enrollment?							Yes	

Endnotes

- 1 The source for revenue data was the Connecticut State Department of Education. Mr. Mark Stange, Education Consultant, Bureau of Grants Management, Connecticut State Department of Education provided a summary file of expenditures by source that was used as a proxy for revenues for FY11 (and previous study periods). The Department could not provide a detailed revenue file; but the Strategic School Profile (SSP) reporting process was used to estimate revenues by source. Mr. Stange's contact information follows: phone 860-713-6462; email mark.stange@ct.gov. Enrollment data were obtained from the Connecticut State Department of Education web site.
- 2 State of Connecticut. Task Force Study State Education Funding Interim Report. January 2012. <<http://www.cga.ct.gov/ed/CostSharing/Documents/ECS%20Interim%20Report%20Final%201-19.pdf>>.
- 3 Ibid.
- 4 Ibid.
- 5 Connecticut General Assembly, Office of Legislative Research. "Funding for Charter Schools, the Open Choice Program, and Regional Agricultural Science and Technology Centers." OLR Backgrounder #2010-E-0400. October 14, 2010. <<http://www.cga.ct.gov/2010/rpt/2010-R-0400.htm>>.