**Memorandum**

To: All state legislators, town officials, and school district officials

From: School + State Finance Project

Subject: A Holistic Measure of Town-level Socioeconomic Status (SES)

Socio-economic status is the position of an individual or group on the socio-economic scale. Examinations of SES often reveal inequities in access to resources. Considering the wide disparities in wealth, education, employment, and socio-economic status among municipalities in Connecticut, we are writing to recommend you of a new measure of town-level socio-economic status for implementing the municipal aid policy. The measure combines income, education, employment, housing, and health insurance levels to show an option for a macro-level measure of socio-economic status.

The selection of components is the first and vital step to constructing a SES scale. On the basis of literature, the traditional indicators for measuring SES are Income, Education, and Occupation. Income and occupation provide a snapshot of power, wealth, and access to resources, whereas education conveys information regarding earning potential across the lifespan. In our SES measure, the three indicators are equally weighted as the main components. In addition to the traditional measures, we included home value and health insurance coverage as extra indicators. The home value appears in many area-based SES scale options as an indicator for accumulated wealth. And health insurance coverage is selected to improve the diversity of the measure since it is not highly correlated with other variables. The five components with their corresponding variables selected are described below.



Table of Component, Corresponding Town-Level Variable & Percentage in Socio-Economic Scale

To produce the final SES measure, we standardized all variables and brought them to the same scale by calculating z-scores and summed them into an overall index to represent town-level SES. The above table shows the percentage of each variable in the socio-economic measure. Following this, we split towns based on their socio-economic value into five classes (upper, upper middle, lower middle, and lower).

The final socio-economic measure shows that towns with an upper-class SES have approximately 4 times the median household income compared to towns with lower-class SES. And there are considerable gaps in other variables, which prove the existence of disparities. As a result, we encourage you to consider this SES measure when creating state policy that impacts municipalities.

Sincerely,

School + State Finance Project

**Appendix:**



Table of Variable Mean Value in Each Socio-Economic Class



Table of Number of Towns in Each Socio-Economic Class

**Reference:**

Berzofsky, Marcus, et al. “Measuring Socioeconomic Status (SES) in the NCVS: Background, Options, and Recommendations.” *Measuring Socioeconomic Status (SES) in the NCVS: Background, Options, and Recommendations | Office of Justice Programs*, Bureau of Justice Statistics (BJS) Address810 Seventh Street NW, Washington, DC 20531, United States, Jan. 2014, https://www.ojp.gov/ncjrs/virtual-library/abstracts/measuring-socioeconomic-status-ses-ncvs-background-options-and.

RT;, Wani. “Socioeconomic Status Scales-Modified Kuppuswamy and Udai Pareekh's Scale Updated for 2019.” *Journal of Family Medicine and Primary Care*, U.S. National Library of Medicine, https://pubmed.ncbi.nlm.nih.gov/31334143/.

Luo, Yanan, et al. “Individual-Level and Area-Level Socioeconomic Status (SES) and Schizophrenia: Cross-Sectional Analyses Using the Evidence from 1.9 Million Chinese Adults.” *BMJ Open*, U.S. National Library of Medicine, 4 Sept. 2019, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6731895/.