



TESTIMONY OF THE  
CONNECTICUT CONFERENCE OF MUNICIPALITIES  
TO THE  
EDUCATION COMMITTEE

February 20, 2007

**Senate Bill 1114 “*An Act Implementing the Governor’s Budget Recommendations Regarding Education*”**

**Raised House Bill 7135 “*An Act Concerning the Foundation Level of the Education Cost Sharing Grant and the Minimum expenditure Requirement*”**

**Raised House Bill 7176 “*An Act Concerning Special Education*”**

Good afternoon, my name is Jim Finley, and I am the incoming Executive Director and CEO of the Connecticut Conference of Municipalities.

CCM applauds the Education Committee and Governor Rell for their proposals to reform the way in which Connecticut finances special and pre-K–12 public education.

Underpinning this Committee’s and the Governor’s proposals are a recognition that the property tax is an inadequate revenue stream on which to finance a 21<sup>st</sup> century education system. Reliance on the property tax to fund pre-K–12 public education results in (1) limited educational resources and (2) an education system with significant funding disparities from town-to-town.

Collectively, this committee, the General Assembly, and the Governor have a once-in-a-decade opportunity to transform the way we pay for schools in Connecticut. If done right, the result will be a top-flight educational opportunity for all of our kids – no matter where they live – and a reduction in property taxes across the state.

The proposals put forth in SB 1114, HB 7135, and HB 7176 are a great start in moving Connecticut toward these goals.

### **SPECIAL EDUCATION**

Currently, the State supports a very small share of Connecticut’s special education costs.

- *Share of the Costs:* According to the latest Department of Education numbers, the State supported only 31% of special education costs in FY 06. By comparison, local governments supported 60% of these costs.

- *Burden on the Property Tax:* In FY 05, municipalities spent \$767 million on special education or **11% of all the property taxes collected in the entire state.**

Special education costs are particularly difficult for municipalities to handle. They are unpredictable (a child with special needs is entitled, by law, to special education services upon moving into town) and they are often times uncontrollable (the cost of the services that are needed are usually mandated by state and federal statutes). The victims of less-than-adequate special education aid are not only the recipients of special education services, but (1) students in regular education programs from whom resources are diverted and (2) property taxpayers who see tax increases, municipal services cuts, or both, in order to pay the ever-rising special education bill.

The Governor's and Committee's proposals would help provide some relief in the special education area.

The Governor's proposal (**SB 1114**) would uncap and fully fund the special education reimbursement threshold in the student-based excess cost grant. The threshold is currently at 4.5 times each town's per pupil expenditures. CCM supports this proposal, though we would like to see the threshold lowered even further, as recommended by the Governor's Commission on Education Finance. That Commission, on whose work much of the Governor's recommendations are based, suggested an excess cost threshold of 3.5 times each town's per pupil expenditures. The cost to the State would be an additional \$27 million according to the Commission's report.

Additionally, CCM opposes the Governor's proposal to eliminate the excess cost – equity grant, which provides additional special education funds to those communities with special education costs that exceed the state average.

The Education Committee's proposal (**HB 7176**) would create a step-reimbursement scheme for the student-based excess cost grant, capturing some costs after the "2.5 times" threshold, more costs after the "3.5 times" threshold, and 90% of costs after the "4.5 times threshold". CCM supports this proposal, as well.

Both proposals would significantly increase the assistance municipalities would receive after spending their fair share on necessary, but unforeseen, special education costs. Lower reimbursement thresholds would increase reimbursements, assist local governments with uncontrollable costs, mitigate property tax increases, and benefit each town.

## **THE GOVERNOR'S OMNIBUS EDUCATION PACKAGE AND HB 7135**

### **The Governor's Bill**

CCM is pleased with the Governor's overall education package, as outlined in **SB 1114**. While not every part of the bill is perfect, the totality of the bill is a bold leap forward for Connecticut.

Governor Rell's proposed budget includes upwards of \$265 million of increased investments in Connecticut's education system for FY 08. This proposal would be the largest on record in both dollar and percentage terms. Perhaps more importantly, the majority of the Governor's proposals stem from the work of the Governor's Commission on Education Finance, which brought together a diverse

group of stakeholders and leaders. In this way, much of the content in this bill reflects the collective thinking of Connecticut's education, business, academic, and public sector leaders.

### **CCM Supports**

*The Governor's Proposed Changes to ECS:* Among other things, **SB 1114** would make the first significant changes to the Education Cost Sharing (ECS) grant in 12 years. The bill calls for increasing the foundation to \$9,687 (from \$5,891), raising the "Standard Guaranteed Wealth Level" (SGWL) to 1.75 (from 1.55), raising the minimum aid ratio to 10% (from 6%), using a more accurate measure for poverty (the free and reduced-price lunch count), and eliminating grant caps (after five years). These are major changes that, if implemented as designed, would lead to a more equitable system for financing Connecticut's public schools and a reduced reliance on property taxes to pay for public education. (Please see the table on page 5, comparing the original, existing, and Governor's proposed ECS grant.)

*Various Changes such as the Following:* Increased per pupil funding to charter schools (Sect. 9); increased funding for transportation and per pupil costs for school choice (Sect. 10); establishing a preschool subsidy (Sect 16); increased funding per child for school readiness programs (Sect 17); exempting the use of any increased education funding from the "ability to pay" calculation in arbitration proceedings (Sect. 26); and, providing grants for the purchase of textbooks and completing deferred maintenance (Sect. 28);

### **CCM Supports, but Has Concerns With**

*The early childhood goals outlined in the Governor's bill.* CCM is concerned that they could become unfunded mandates. Municipalities are already struggling to meet current needs; any expansion of required services must come with the appropriate state funding. This includes the requirements in the bill to implement summer reading programs; reading evaluations for grades 1 through 3; and, summer school programs for children found to be deficient in reading and/or math.

*The Governor's proposal to increase per pupil magnet school grants.* CCM wants to make sure that the bill would continue to provide incentives for regional diversity in magnet schools. The current language is ambiguous. We look forward to working with the Education Committee and others to make sure that this happens.

### **CCM Opposes**

*The Five-year phase-in plan.* Five years is a long time. The phase-in should be reduced to no more than four years, the length of Governor Rell's current term of office and comprising two state-budget cycles. This would (1) hold the State to its new commitment for pre-K-12 public education and (2) develop a renewed sense of trust between local governments and the State.

*The following Various Changes:* Capping grant funding for adult education (Sect. 3), transportation to public schools (Sect. 4), and bilingual programs (Sect. 5); providing the Department of Education the authority to mandate school districts to implement full-day Kindergarten programs (Sect. 20); and, the elimination of grants designated to support the Early Reading Success program (Sec. 29), summer and weekend school programs (Sect. 31), school district improvement (Sect 32), priority school districts (Sect. 33), extended hours, academic enrichment, and recreational programs (Sect. 35).

**THE EDUCATION COMMITTEE'S BILL: HB 7135**

The Education Committee's ECS proposal involves raising the foundation level to \$10,000 per resident student in FY 08 and FY 09 and then adjusting the foundation level to inflation, going forward. CCM supports this proposal for two reasons: (1) it recognizes that the foundation is meant to be an "indexed cost" (under the original ECS formula, the foundation was to adjust each year, increasing in-step with the cost of providing an adequate education) and (2) \$10,000 is a good approximation of where the foundation should be next year (FY 08). (The Governor's proposal for a foundation of \$9,687 is based on what the foundation would be *this year*).

Still, HB 7135 does not call for a dramatic overhaul of the ECS formula or significant changes to any of the other education programs that need reworking and reform.

In closing, CCM looks forward to working with the committee and the Governor to find the best approach to (1) significantly increasing the State's support for pre-K-12 public education programs, (2) reducing the reliance on the property tax to fund public education, and (3) ensuring that Connecticut's education finance system meets its constitutional responsibility to provide an equal opportunity for all students to have access to educational excellence.

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For more information please contact me, Kachina Walsh-Weaver, or Adam Stern at (203) 498-3000.

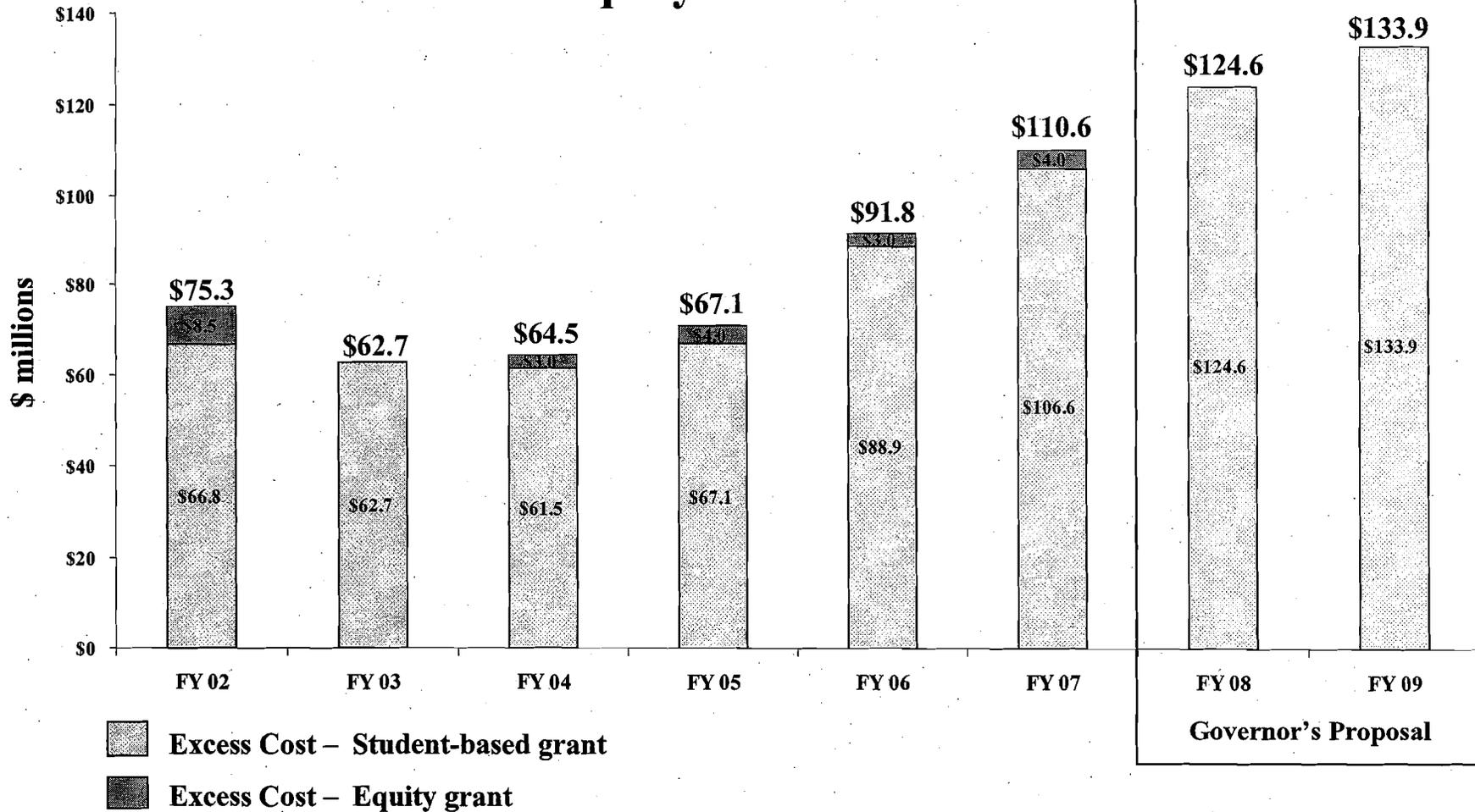
Attachments: (3)

## The Original ECS Formula, Current Law, and The Governor's Commission's Proposal

	Original ECS Formula (if in place today)	Current Law	Governor's Budget Proposal: FY 08
<b>Foundation</b>			
Amount	\$8,122	\$5,891	\$9,687
Calculation	Amount spent on the 80th percentile need student three years prior. (Calculation based on costs for regular education students, only.)	Set by General Assembly. (Includes costs for regular and special education students).	Set by General Assembly. (Includes costs for regular and special education students).
Frequency of Calculation	Foundation adjusted every year.	Foundation not adjusted since FY 00.	Foundation not adjusted from FY 08 through FY 12.
<b>Wealth Measures</b>			
State Guaranteed Wealth Level (SGWL)	2.00	1.55	1.75
Minimum Aid Ratio	0.0%	6.0%	10%.
Town Wealth	ENGL per student adjusted for per capita income.	ENGL per student & ENGL per capita, adjusted for per capita income & median household income.	No change from current law.
<b>Need Students</b>	574,362	600,927	More than 600,927 (Poverty count increases and weight for LEP students increases.)
Resident Students	Reg. Ed. Students	Reg. + Spec. Ed.	Reg. + Spec. Ed., but magnet school students would no longer be included in a district's need student count.
Poverty	'96-'97 Temporary Family Assistance (TFA) Count x 0.25	'96-'97 Temporary Family Assistance (TFA) Count x 0.25	# of students in free/reduced price lunch program x (.2188)
Remedial students	%age of mastery test scores at or below remedial performance on mastery test x resident students x 0.25.	%age of mastery test scores at or below remedial performance on mastery test x resident students x 0.25.	Eliminated. (Commission chose to eliminate this weight, as is seemed to reward district's for poor performance.)
Limited English proficiency	ELL students x 0.10	ELL students x 0.10	ELL students x 0.20
<b>Regional Bonus</b>			
Size of bonus	Up to \$25 per "regional student"	Up to \$100 per "regional student"	No change from current law.
Cost of bonus	\$612,000	\$2,447,250	\$2,447,250
<b>Supplemental Formula Aid</b>	\$0	\$5,576,500	\$0
<b>Density Formula Aid</b>	\$0	\$5,454,300	\$0
<b>Total ECS Grant</b>	\$2,367,198,996	\$1,627,321,377	\$2,771,194,735
Size of Cap	\$0	(\$54,007,902)	\$0
Size of Stoploss	\$33,349,000	\$135,376,055	Data not yet available, but each town, each year of the phase-in would receive a minimum increase of 3%.

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# Special Education Excess Cost Grants: *Full funding of Student-based Grant* but *Elimination of Equity Grant*

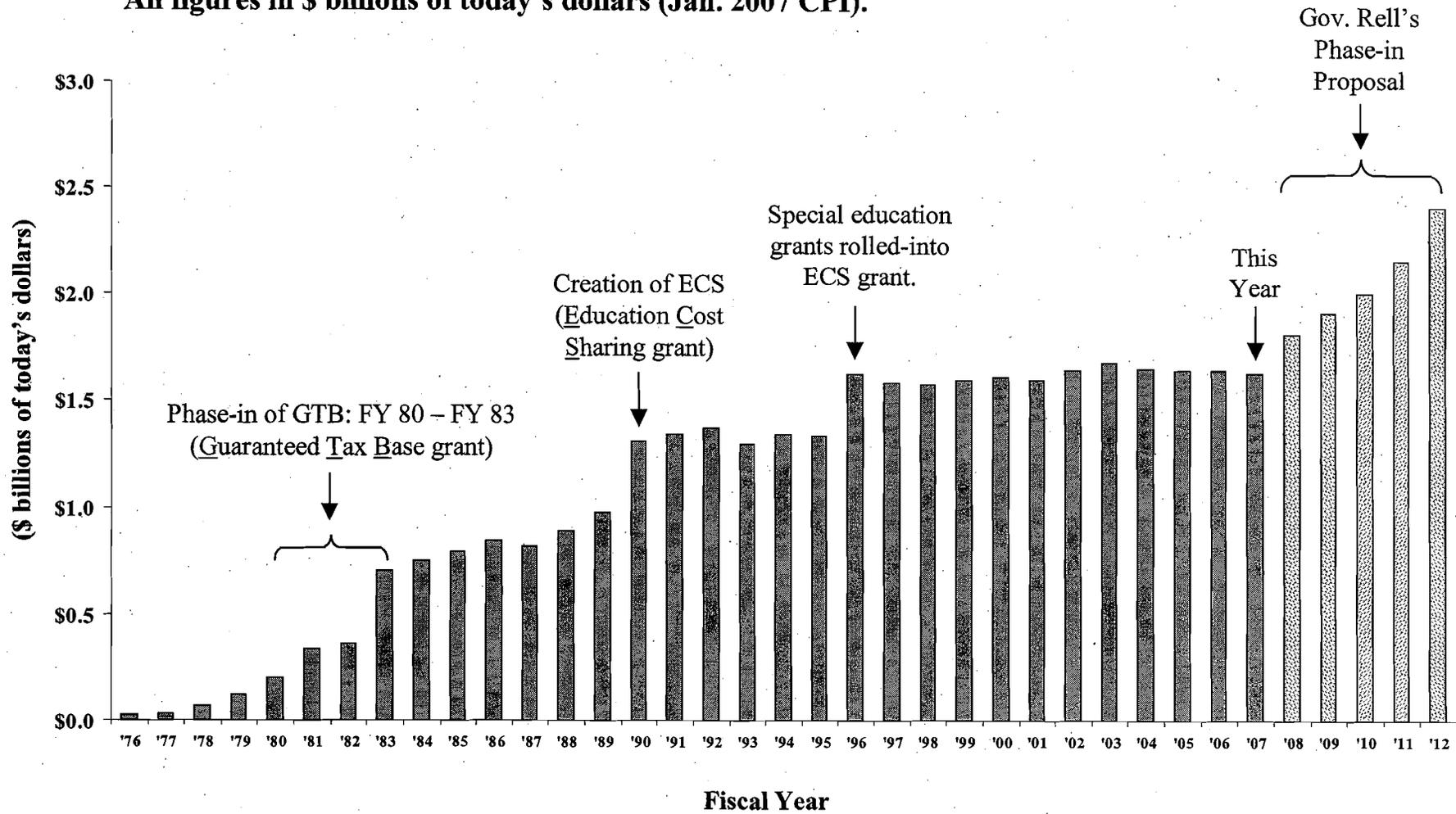


*Note:* The Excess Cost – student based grant has two components: special education aid for (1) children whose placement is done by the Department of Children and Families and (2) children whose placement is done by a local school district. For children placed by DCF, municipalities are reimbursed for all costs which exceed the local school district's average per-pupil expenditure. For locally placed students, municipalities are reimbursed for all costs which exceed 4.5 times the district's average per-pupil expenditure. The Excess Cost – Equity grant reimburses those towns whose special education expenditures exceed the state average.

Source: Governor's Proposed State Budget, previous state budgets, and CCM, Feb. 2007.

# History of Education Equalization Funding in Connecticut, 1976 – 2012

All figures in \$ billions of today's dollars (Jan. 2007 CPI).



Source: OFA "Revenue and Budget Data" publication, Feb. 2006, Governor's Proposed State Budget FY 08 and FY 09, and CCM, Feb. 2007.

Note: For FY 08 – FY 12, CCM assumes an annual inflation rate of 2.5%.