Testimony
Submitted to the
Education Committee

February 28, 2007

SB 1114 AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS REGARDING EDUCATION

Good afternoon Senator Gaffey, Representative Fleischmann, and members of the Education Committee.

My name is Bruce Douglas, and I serve as the Executive Director of the Capitol Region Education Council (CREC), representing the 35 school districts in the Capitol Region.

I am testifying today on Senate Bill 1114, An Act Implementing the Governor's Budget Recommendations Regarding Education.

SB 1114 demonstrates a strong commitment by the state to funding public education. Many educators throughout Connecticut and the nation were inspired by the Governor's bold leadership directed toward immediately improving the quality of education in Connecticut as evidenced by:

- The long overdue increase in the foundation level to $9,687 per pupil, phased in over five years;
- Funding the special education excess cost grant at 4.5 the average per pupil expenditure;
- Eliminating the cap on the education cost sharing grant;
- Establishing a vision and direction for early childhood education;
- Increasing the per student subsidy and transportation grants for the Open Choice Program;
- And, attempting to finally provide an adequate funding formula for magnet schools

I appreciate the opportunity to offer my comments on sections of SB 1114 in hopes that you might improve on the bill's recommendations. CREC supports many of the provisions, but I would like to address my concerns regarding Section 11, Subsection 3A, which recommends a funding formula for interdistrict magnet schools.

The proposed formula suggesting a phased-in state tuition of $7,060 for fiscal 2008 to $8,741 for fiscal 2011 would result in an immediate and unsustainable cost increment for participating school districts that would prohibit their continued participation. Moreover, Subsection 3K disallows current participating school districts who volunteered to send their students, from reducing their enrollment and further mandates they increase their enrollment until all empty seats in the school are filled. I find both of these subsections to be regressive.

Cost impact models we have developed based on this formula indicate that some school districts would experience more than a $600,000 increase in their magnet school tuition effective July 1, 2007.

We must not forget that when the State of Connecticut requested school districts to volunteer to engage in magnet schools and Project Choice, it was because of the local boards' of education and superintendents' sense of social justice and obligation for high quality educational opportunities for all children that many school districts enthusiastically embraced the call to action. It would be a gross injustice if we mandated their continued participation in the face of a punitive funding formula that has been flawed from its inception.

I call your attention to the Commission on Education Finance Report – Magnet School Program (attached). This section begins with the sentence, "The subcommittee's review of the Magnet School programs revealed serious ongoing financial concerns related to the operation of the various magnet school programs. The goals of the committee's recommendations are (a) to enable magnet school to continue to offer high quality, unique programming; (b) to ensure the financial stability of these schools in particular the RESC operated magnets; and (c) to help achieve the state's goal of voluntarily reducing racial, ethnic and economic isolation in certain communities."

The Commission's proposed formula goes a long way toward achieving those goals. This section of the report establishes a sound funding formula based on testimony of a wide range of providers, constituents, and state officials. We found the proposed changes recognize the accurate shared costs of providing a quality education for magnet school children by the State and participating school districts. This formula assigns 75% of the per pupil expenditure to the State and 25% to the school districts as is already the case. The plan provides for a three-year phasing in of the formula, with no significant impact on the participating schools districts. Nor does it suggest a mandate for the already participating school districts to increase their participation. I request the committee carefully review the Commission's report as it applies to magnet school program funding.

In closing, I wholeheartedly endorse the development of a strategic plan coordinated by the State Department of Education to create a network of interdistrict magnet schools and school choice programs to reduce racial, ethnic and socioeconomic isolation throughout Connecticut. The current approach has been situational or tactical at best. Remember, ***education is an emergency***. It is not about the there and then, but the here and now.

Thank you for listening to my testimony, and thank you for your accessibility and approachability.

GOVERNOR M. JODI RELL'S
COMMISSION ON EDUCATION FINANCE

Over a year ago, Governor Rell created the Commission on Education Finance to address disparities in aid to municipalities. She asked the Commission to recommend ways to provide additional resources to cash-strapped communities for important education programming.

The Commission worked diligently over the course of the past twelve months to craft a series of proposals that could, over time, increase the state's share of funding the education system to 50%.

During the last year, the Commission heard from the state's education finance experts, held its own conference and learned from nationally recognized experts and listened to the public's concerns regarding education financing. Since the summer, the Commission has worked in three subcommittees to draft recommendations to be considered by the 2007 General Assembly, which convenes in February. The subcommittee's recommendations follow:

Middle/High School Support:
Funding is recommended to pilot a new RESC Open Choice support service in reading, mathematics and behavior interventions -- to strengthen student outcomes, reduce Open Choice student attrition, and build district capacity to better serve Open Choice students. Approximately 100 students would be served on a rotating basis as grade-level academic skills are mastered.

Summer School:
Funds were committed in 2005-06 and 2006-07 to serve over 200 Open Choice students in the CREC region. The summer 2006 program served K-4 students, helped struggling and new students in Grades 5-8, and assisted students in all grades to participate in receiving district summer school programs. Increased funding of $360,000 is recommended to serve approximately 25 percent of Open Choice students, statewide. The summer program will help to transition new students and build the academic, communication and leadership skills of new and continuing Open Choice students.

II. Proposed Changes - Magnet School Program

The subcommittee's review of the Magnet School program revealed serious ongoing financial concerns related to the operation of the various magnet school programs. The goals of the group's recommendations are (a) to enable magnet schools to continue to offer high quality, unique programming; (b) to ensure the financial stability of these schools in particular the RESC operated magnets; and (c) to help achieve the state's goal of voluntarily reducing racial, ethnic and economic isolation in certain communities. Unlike the current formula the subcommittee's proposal would provide for built-in annual increases that correspond to the increases that all districts are experiencing statewide. The proposed formula change would cost the state an estimated $17 million based on enrollment and statewide expenditure levels for the 2005-06 school year.

The subcommittee's proposal would completely revamp the magnet school operating grant formula. The state would now calculate an estimated cost per magnet school student by multiplying the two year's prior statewide average Net Current Expenditure per Pupil (NCEP) times a magnet school factor. *(For example: For fiscal year 2007 you would use the expenditure data from the 2004-05 school year.)* The magnet school factor used by the committee is 1.10 and is meant to identify the additional costs faced by magnet schools given the need for specialized curriculum, extended days and school year, and smaller class sizes. Then depending on whether the school is a host or RESC operated magnet the state's share of its cost would be 70%/75%. Please see detail provided below.

Statewide Average NCEP (2004-05 un-audited) - $10,596
Statewide Average NCEP with Magnet Factor - $11,655.60
Enrollment data from 2005-06 school-year.

- State's share for RESC operated magnets, where no single district has greater than 55% of the enrollment, would be $8,741.70 per pupil or 75% of the two year prior Statewide Average NCEP with Magnet Factor.
- State's share for Host operated magnets and RESC operated magnets, where a single district has greater than 55% of the enrollment, would be $8,158.92 or 70% of the two year prior year Statewide Average NCEP with Magnet Factor for out-of-district pupils and $3,000 for in-district pupils.

Under this proposal $2.1 million in supplemental funding would be needed *(and is included in the cost estimate)* to hold CREC and EASTCONN harmless to their prior year grant levels. The subcommittee proposes providing that supplemental funding in the first year and then over the next 3 years phasing it out as participating districts' tuition levels increased.

In addition, members support efforts by the Department of Education to ensure that districts actively participate in these programs. The long-term financial and programmatic success of these schools relies heavily on the full enrollment of a diverse student population.

III. Proposed Changes - Special Education – Excess Cost

The subcommittee's review of the Special Education – Excess Cost grant centered on the state's reimbursement level for the portion of the Excess Cost grant related to district initiated special education placements. Currently a district would be eligible for a grant for the costs associated with children whose cost of special education, related services and room and board exceed 4.5 times the previous year's Net Current Expenditures per Pupil (NCEP) provided the state did not cap the appropriation level. For example:

If the district's prior year NCEP was $10,500, then they would be responsible for all costs for that child up to $10,500 x 4.5 or $47,250. If the state's appropriation level was capped then the district would receive a reduced reimbursement amount for any costs exceeding the $47,250.

From year-to-year districts' costs for special education can vary dramatically and are difficult to budget and plan for. This grant acts as an insurance policy for districts. If fully funded, it is designed to reduce their exposure to significant and unexpected special education costs. Unlike other state grants, which may be tied to a district's wealth, all districts will see significant benefit from an increase in funding for this grant. Therefore, committee members recommend that the reimbursement threshold be reduced from 4.5x to 3.5x. In the example above this would mean the district would be responsible for all costs up to $36,750. The cost to the state of this change would be approximately $27 million.