



900 Chapel St, 9<sup>th</sup> Floor, New Haven, CT 06510 • P. 203-498-3000 • F. 203-562-6314 • www.ccm-ct.org

## ***APPROPRIATIONS COMMITTEE***

February 21, 2012

The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent over 90 percent of Connecticut's population.

CCM appreciates the opportunity to testify on the **Governor's proposed Department of Education budget.**

The Governor is proposing changes to funding for charter schools.

- Funding for state charter schools will be incorporated into ECS, though the funds will not be distributed through the formula. This current funding total is \$59.8 million.
- The per-pupil, state grant would be increased from \$9,400 to \$11,000. Towns in which the student resides would be required to contribute \$1,000 per pupil, so charter school funding would increase to \$12,000 per pupil, a 28 percent increase over the current grant.
- An additional \$14.1 million in new funding for state charter schools would also be part of ECS.

### **Discussion of Proposed Changes**

We applaud the Governor's proposal to increase ECS funding. This is long overdue as there has been level-funding of ECS since FY 2009. The proposed phase-in of increased funding is an important first step, but there must be a long-term commitment to significantly increase ECS until full funding is achieved. A fully funded ECS grant under the proposed formula would total over \$4 billion.

*While we support these additional resources, there are some concerns with other aspects of the Governor's proposal.*

Funding for state charter schools, which educate only 1% of our public school students, has historically been outside the ECS formula. This was due in part to the fact that these schools are chartered and regulated by the State and do not answer to local school districts. These schools are free of many of the requirements of traditional schools. They were originally sold to the State as a more efficient and effective deliverer of education services. Another reason charter schools were not part of ECS is because the State now pays \$9,400 per pupil directly to charter schools regardless of need factors. Many of these

charter schools have substantial private endowments or contributions that they are not required to disclose and that supplement their state-guaranteed per pupil subsidy. There is not a traditional school district in Connecticut that now receives \$9,400 per pupil in state funding. The Governor is proposing a 28% increase in charter school funding. The school districts that host charter schools will remain responsible for the special education and transportation costs of charter school students.

Why incorporate funding for charter schools into the ECS grant without having such funding run through this needs formula? What is the policy goal here?

The proposal also requires municipalities to fund \$1,000 of the \$12,000 per-pupil grant for state charter schools. This increased cost is supposedly balanced by additional funding in ECS. If that is the case, why would the State not fund the entire \$12,000 directly to charter schools instead of embedding the unique charter school transaction in a needs-based education equalization formula? The local portion of this new charter school funding, \$6.4 million, is taken directly from the \$50 million proposed increase in ECS. It means that the ECS increase is really \$43.6 million in net new dollars.

Another component of the Governor's proposal that CCM is concerned about is the new mandated minimum local funding percentage. This would initially require that local governments fund at least 20 percent of education, with that percentage increasing each year until it reaches 30 percent in FY2016. While it may only impact a few municipalities, it would place an added burden on already stretched local budgets and property taxpayers. The municipalities most likely to be impacted are Connecticut's poorest communities with already high effective property tax rates and dealing with significant municipal overburden (high demand for non-education services). How does this proposal aid in reducing the over-reliance on property taxes to fund PreK-12 public education? How does it meet the State's constitutional responsibility to adequately and equitably fund PreK-12 public education?

One significant aspect of education finance that is missing from the reform dialogue is special education. This is the single largest driver of cost in PreK-12 public education, growing at an estimated 5-6 percent annually. Towns and cities already fund about 60 percent of these program costs, and, like the ECS grant, the state Excess Cost grant has been level funded since FY2009. The grant is supposed to provide reimbursement for costs that exceed 4.5 times the average per-pupil cost in each district. Level state funding means that each municipality's reimbursement is capped. Special education reform is an essential element of education reform.

CCM believes one of the key steps to determining appropriate funding for PreK-12 public education is to conduct a study to determine just how much it costs to appropriately educate a child in Connecticut. With information from such an adequacy study, policymakers can then further develop an education financing mechanism that would provide the necessary resources.

Lastly, the Education Cost Sharing Task Force is in the middle of its work. It is scheduled to deliver a final report in October with recommended changes to education funding that can inform further reform efforts. CCM commends the Governor for initiating the establishment of this task force and for developing such an ambitious reform agenda.

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If you have any questions, please contact Ron Thomas, Public Policy & Advocacy Director, at [rthomas@ccm-ct.org](mailto:rthomas@ccm-ct.org) or (203) 498-3000.