



# CCM 2013 Testimony

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## ***EDUCATION COMMITTEE***

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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 92% of Connecticut's population. We appreciate the opportunity to testify on bills of interest to towns and cities.

### ***Governor's Bill 6357 "An Act Implementing the Budget Recommendations of the Governor Concerning Education."***

In Connecticut, the state share of public elementary and secondary education costs is too low. According to the U.S. Census, Connecticut is the most reliant state in the nation on the property tax to fund PreK-12 public education.

The cost for public education in our state for the current school year is over \$10 billion, and municipal property taxpayers will:

- Fund 51.4 percent of that amount (more than \$5 billion). The State contributes an estimated 42.9 percent and the federal government 5.2 percent.
- Pay at least \$0.62 of every \$1.00 raised in property taxes toward PreK-12 public education.
- Pay at least 60 percent of Connecticut's \$1.7 billion in special-education costs.
- Pick-up the bill for numerous other state-mandated education priorities that are not fully funded by the State.

The quality of Connecticut's educated workforce is one of the key assets in attracting and retaining businesses. A first-rate education system - and education finance system - is vital for Connecticut's prosperity and quality of life. State law limits municipalities primarily to the property tax for own-source revenue, and when municipalities do not receive adequate state education aid, they are forced to raise property taxes, cut other vital services, or both. Local property taxes cannot continue to shoulder the lion's share of PreK-12 public education costs.

For almost 40 years, court case after court case has ordered the State to increase funding support for PreK-12 public education in order to meet state constitutional requirements. The latest court case, CCJEF v. Rell, is, absent a settlement, scheduled to go to trial in 2014.

For Connecticut to compete economically with its neighbors and the world, the State must increase and sustain its financial commitment for PreK-12 public education.

This bill includes substantive proposals that would directly impact the cost of delivery of education on the local level.

## **EDUCATION COST SHARING FORMULA**

Would make some modifications to the Education Cost Sharing (ECS) formula. While some of the changes are positive, there are a few items that should be addressed:

- A proper foundation amount cannot be set without an adequacy study. The proposed increase in the foundation amount is a positive step forward, but there is no indication that the new \$11,754 foundation amount is based on any research as to what it actually cost to adequately educate a child in Connecticut. Having an appropriate foundation amount is a core element of any funding formula.
- The formula appears to back-in to a target amount. The more appropriate method would be to create a proper formula, determine how much funding would be required to implement it, and then fully fund the grant. Current estimates indicate the current ECS formula is underfunded by \$720 million.
- The elimination of the factor for Limited English Proficiency students is problematic. These students are a significant contributing factor to the state's achievement gap, which has been a high priority to remedy.
- Lowering the State Guaranteed Wealth Level (SGWL) from 1.75 percent to 1.50 percent is another cause for concern. The original ECS formula set SGWL at 2.0 percent, which is essential if the state's share of education funding is to reach the long-standing goal of at least 50 percent.

## **MINIMUM BUDGET REQUIREMENT**

Would continue the Minimum Budget Requirement (MBR) in the same manner as currently set forth.

The continuation of this mandate means that, no matter what efficiencies can be found in board of education budgets, they cannot be reduced. In an era in which every other state and local agency are having their budgets closely examined, one entity – boards of education – are beyond effective scrutiny and shielded from taxpayer control. Connecticut is grappling with an enormous budget hole. Exempting any part of government from being reviewed for efficiencies is inappropriate.

K-12 public education costs approach 70% of most municipal budgets in our state. Yet, the MBR places the biggest chunk of the municipal budget beyond the democratic control of the people. The State, against a woefully inadequate education funding backdrop, forces municipalities to pay for the state's underfunding through even higher property taxes. No wonder Connecticut is the most reliant state in the nation to fund K-12 public education.

The Minimum Budget Requirement must be eliminated for FYs 12-13 to allow municipalities to find reasonable savings for their property taxpayers. CCM supports ensuring that state education aid is spent on education. Every community in Connecticut spends more on K-12 public education than they receive from the State.

## **SCHOOL TRANSPORTATION FUNDING**

Would eliminate public school transportation funding, while maintaining such funding for private schools, and replace it with a \$5 million regional grant program for local and regional districts to coordinate and share public school transportation services.

On the surface this may seem like a good idea – to incentivize districts to share transportation resources – however, it is much more complex than that. Transportation infrastructure across the state varies – some municipalities own their own buses and employ their own drivers; some own their buses and contract the management of the service; many contract with private vendors; ALL have varying contract lengths and expiration dates.

The concept of coordinating school transportation has been discussed in many venues over the last few years. Yet, a comprehensive examination of existing infrastructure and resources has not been done - nor a thorough vetting of how such a plan could be implemented.

An abrupt elimination of public school transportation funding, with only a few months to implement significant statewide changes, will have a devastating impact across the state.

### **ALLIANCE DISTRICT FUNDING**

While the increase in funding for Alliance Districts is welcome, there are two distinct issues with how the funding is structured:

First, those grant increases are conditional. This conditional funding goes against the principle of equalization and can magnify the problems associated with the current underfunding of the ECS grant in those lower-performing districts.

Second, municipalities must find new money to pay for the additional resources needed to meet the requirements associated with receiving the increased funds. This puts a burden on already strained municipal budgets.

The net impact on Alliance Districts is that it will actually cost them more than they receive in ECS increase, by being required to expand or establish programs.

### **CAPPED & ELIMINATED GRANT FUNDING**

Proposes capping, to “within available appropriations,” and eliminating numerous education grant funding streams, including: school lunches, libraries, adult education, special education, bilingual programs, youth centers and after schools programs to name just a few.

CCM understands the dire fiscal straits in which the State finds itself, but we underscore that (1) capping reimbursements for grants inevitably shift costs to local governments and property taxpayers, and (2) elimination of grants leaves existing programs with budgetary holes.

### **WHAT THIS BILL DOES NOT ADDRESS – SPECIAL EDUCATION!**

The Governor failed to address the skyrocketing costs of Special Education, currently burdening Connecticut’s towns and cities with a whopping \$1.7 billion price tag – this is over 21 percent of total current education expenditures in Connecticut and costs are growing at an average of 5-6 percent per year.

There are three ways in which the local overburden for the cost of special education can be alleviated within the present construct of state and federal aid.

- (1) The ECS grant is supposed to cover the basic education costs for all students - regular and special education alike – up to the foundation level now (\$9,687). Funding ECS fully and providing for foundation growth over time would increase the state share of base level costs for all students including those receiving special programs. At the time special education and ECS funding were merged, special education was about 19 percent of the combined grant, and that figure has generally been used to estimate the current portion of ECS that is for special education (about \$360 million in FY2012).
- (2) The state Excess Cost-Student Based grant provides a circuit breaker once the expenditures for a student exceed a certain level, currently 4.5 times the per pupil spending average of the district. Unfortunately, the state appropriation has been capped. In FY11, the Excess Cost reimbursement was underfunded by at least \$15 million. Reducing the threshold factor from 4.5 to a lower level (to at least 2.5) would allow the state grant to pick up more of these high costs, relieving some of the local burden. Also the reliance on individual town per pupil spending to set the thresholds results in a wide disparity in the amount of out-of-pocket costs for towns. Higher spending towns end up with the highest contribution rates before state aid is triggered. A single threshold-per-pupil dollar amount, perhaps equivalent to the foundation level for all towns set at the low end of the range, would address this and increase the state share of these costs.

There is also a strong argument that the State should reimburse every town for 100 percent of special-education costs (less federal reimbursement). Under this scenario, the State would also monitor - or contract out - identification of special education students and related administrative costs. Such a step would (a) ensure access to necessary resources for all special-needs students, regardless of community wealth and without draining off vital resources from regular-education budgets, and (b) provide significant property tax relief. In addition, services for severe-needs students could be provided regionally, for more efficiency and effectiveness.

- (3) Lastly, in addition to direct funding issues, municipalities are also looking for relief from the burden of proof for special-education services. A parent may request a due process hearing if he or she disagrees with the child's evaluation, placement, or program. School districts may also request hearings when a parent refuses to agree to a child's placement or program.

State Board of Education regulations place the burden of proof on the school district regardless of who initiates the hearing request, resulting in a costly mandate on municipalities. Connecticut policy is contrary to most other states' policies. The burden of proof in these hearings should be placed on the initiator of the request.

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If you have any questions, please contact

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