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Ray Rossomando

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*Before the
Education Committee*

**Re: SB 425 AAC Governance of the State Education Resource
Center**

March 12, 2014

Good afternoon Senator Stillman, Representative Fleischmann, and members of the Education Committee. My name is Ray Rossomando, Research and Policy Development Specialist for the Connecticut Education Association. CEA represents 43,000 members who are active and retired teachers across the state.

We testify today in opposition to SB425, which would establish the State Education Resource Center (SERC) as a quasi-governmental agency. A better option would be to define SERC as a state agency.

Furthermore, PA 13-286 clarified SERC's status by requiring it to comply with the Freedom of Information Act, competitive bidding, public auditing, and personal service contracting laws applied to state agencies. SB425 appears to wipe out some of these important protections.

SERC's Pattern of No-bid Contracts and Unaccountable Outsiders' Influence

SERC was established in legislation as an entity of the state under CGS 10-4q (PA 05-245, Sec. 24). The SERC entity created in 2005 replaced or subsumed an entity formerly known as the Special Education Resource Center.

While SERC has long been respected for providing education support to school districts, its more recent activities have compromised its reputation. SERC recently awarded a contract worth \$250,000 to a group led by anti-public education activist Michelle Rhee. Prior to that, SERC was used to funnel state tax dollars to outside entities to draft Connecticut's 2012 Education Reform bill.

Materials from a Freedom of Information request uncovered instances of contracts being executed without bidding and SERC serving as a conduit for influence over legislation that violated the public's right to know.

For example, email threads released in the FOI request show:

1. The no-bid contracting of services to a private firm (Education First) to “help Connecticut policymakers draft human capital legislation that tie [sic] new evaluation results to reforms in tenure, certification/licensure, layoff, dismissal, and professional development policies.”
 - *Shouldn't the public have a right to know who is drafting legislation affecting our children's education?*
2. Outside sources, such as the Council of Chief State School Officers (CCSS) being tapped to pay for consultants to influence policies under development by the state's Performance Evaluation Advisory Council (PEAC).
 - *Shouldn't the public have a right to know that the state sought to have CCSSO fund the development of policies affecting schools? Who else funded these efforts?*
3. A state contract to institute education reform policies being influenced, orchestrated, screened, approved, and practically executed by DSA Capital's William Cox, who was not an employee of the state.
 - *Shouldn't the public have a right to know who William Cox is, what interests he represents, and how he was able to orchestrate and approve a no-bid state contract and have it executed by SERC?*

The Legislature's Options

PA 13-286 also required SDE to study and report on options for reconstituting SERC as a quasi-public agency, state agency, or nonprofit organization. SDE was required to indicate its preference. It is unfortunate that SDE submitted a proposal for a quasi-governmental entity that is nearly identical to the one it submitted prior to studying other options. In SB425, SDE proposes the reconstitution of SERC as a quasi-governmental agency an arms-length away from the oversight, transparency, accountability, and other protections of the public good that apply to state agencies.

Alternatively, the legislature could make it crystal clear that SERC is in fact an entity of the state, subject to disclosure laws that are in the public interest. In doing so, the legislature could, among other points:

- Clarify that SERC is a public agency subject to Connecticut's fair and open contracting laws, freedom of information requirements, and public auditing.
- Require SDE to annually report all state contracts awarded by SERC and the purpose of such contracts, including the names of consultants operating under personal service agreements or other non-employee based designations.
- Require SERC to report all costs of salaries, fringe benefits, and other compensation expenses.

An Argument Against Reconstituting SERC as a Quasi-Governmental Agency

Quasi-governmental agencies operate an arm’s length away from state government oversight and public transparency. Consequently, their operations have a spotted history in Connecticut. Over the past decade, quasi-governmental agencies in Connecticut have too often failed the public good. From unsecured investments of public dollars in Enron and outrageous executive bonuses to no-bid contracts and accusations of cronyism, the good work of quasi-agencies in Connecticut has been marred by well documented failings and perceptions of wrongdoing.

According to OLR (2005-R-0772): “The major reason for establishing quasi-public agencies here was their organizational location outside the structure of state government, which meant they could avoid many of the requirements and controls imposed on governmental agencies.” The state’s 11 quasi-governmental agencies fall primarily into 3 categories: Complex financing, waste-to-energy, and targeted economic development. By putting a quasi-governmental agency in charge of education policies affecting Connecticut children, we would be setting a troubling precedent.

The Table prepared by OLR shows the public protections absent from quasi-governmental operations. While good arguments could be made for using a quasi-governmental structure to carry-out certain complex public functions, the oversight of our public schools is not one of them.

TABLE 1: Applicability of State Government Controls to Quasi-Public Authorities

<i>Control</i>	<i>CDA</i>	<i>CII</i>	<i>CHEFA</i>	<i>CHESLA</i>	<i>CHFA</i>	<i>CHA</i>	<i>CRRRA</i>	<i>CHWMS</i>	<i>CCEDA</i>	<i>CLC</i>	<i>LFCCEA</i>
Budget	No	No	No	No	No	No	No	No	No	No	No
Bonding	No *	Yes	No	No	No	Yes	No	Yes	Yes	Yes	No
Personnel	No	No	No	No	No	No	No	No	No	No	No
Purchasing	No	No	No	No	No	No	No	No	No	No	No
Contracting	No	No	No	No	No	No	No	No	No	No	No
Affirmative Action	No	No	No	No	No	No	No	No	No	No	No
UAPA **	No	No	No	No	No	No	No	No	No	No	No
Code of Ethics	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
FOI	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State Auditors	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Source: LPRIC’s report entitled *Connecticut Resources Recovery Authority and other Quasi-Public Agencies*

UAPA= Uniform Administrative Procedure Act

FOI= Freedom of Information

*Under insurance mortgage program the State Bond Commission issues bonds, the proceeds of which are funneled through the Department of Economic and Community Development to CDA.

**The law requires all quasi-public agencies to follow certain guidelines when adopting its procedures (similar to the UAPA’s notice, publication, and approval requirements but without the need for legislative approval) (CGS § 1-121)

We strongly urge committee members to reject SB425 and clarify SERC’s status as an entity of the state subject to laws that apply to state agencies and ensure oversight, transparency, accountability, and other protections of the public’s right to know.

Thank you.