



**Testimony
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Before the Education Committee
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SB-816 - AN ACT ESTABLISHING A MINIMUM LEVEL OF FUNDING UNDER THE EDUCATION COST SHARING GRANT FORMULA.

The Connecticut Council of Small Towns (COST) **supports the intent of SB-816**, which provides that no town shall receive less than 50% of the Education Cost Sharing (ECS) grant.

It is widely acknowledged that Connecticut's ECS grant continues to be woefully underfunded. In addition, based on the existing reimbursement rate and funding caps, municipalities must shoulder more than 60% of special education costs, which are increasing by an estimated 5 – 6% each year. As a result, between 70% - 80% of the municipal budgets of Connecticut's small towns are allocated to fund public education, putting enormous pressure on local property taxpayers.

In fact, Connecticut is more reliant on property tax revenues to fund local services, including education, than any other state in the nation, according to the U.S. Census Bureau. Clearly, we need to reduce the burden on local taxpayers and ensure that the state meets its commitment to fund quality educational program for all students. We need to do this in a way that doesn't decrease ECS funding to any communities, recognizing that ECS, special education and other education grants are underfunded across the board.

Town budgets across the state are under enormous strain because the cost of providing education is increasing every year, despite efforts to control costs at the local level. New or expanded mandates associated with collecting data, aligning curricula with the common core standards, developing more rigorous curricula and graduation requirements are all laudable goals but goals with hefty price tags. In addition, personnel costs continue to increase each year and, under the state's Binding Arbitration laws, it is difficult to control costs in this area.

Many school districts are pursuing cost saving measures, such as negotiating savings in insurance, participating in consortiums to purchase oil and gas, revamping bus routes to reduce transportation costs, and utilizing technology to reduce paper and printing costs. School districts are also exploring options to reduce costs by consolidating programs with neighboring communities and utilizing shared services agreements for building and grounds maintenance and information technology support.



Unfortunately, under the state's Minimum Budget Requirement (MBR) mandate, towns must budget at least the same amount for education as they did in the prior fiscal year, except under certain limited circumstances. Towns that fall below the MBR face stiff forfeiture penalties of two times the budget shortfall, which can have a devastating impact on local budgets. This also undermines efforts of towns and school districts to achieve cost savings and reduce the burden on property taxpayers.

Towns experiencing declining enrollment should also be able to significantly reduce the size of their education budgets because oftentimes classrooms can be consolidated and staffing levels can be adjusted without undermining education quality. Unfortunately, even where enrollment has declined, relief from the MBR mandate is limited. Towns may only budget \$3000 less per student, capped at 0.5% of the prior year's budget.

To address these systemic issues, COST supports the following recommendations:

- 1) Begin to develop a long-range plan for phasing in increases to the ECS grant with the goal of fully funding the program to provide adequate fair share funding to all towns;
- 2) Increase the state's education foundation level to more accurately reflect the cost of educating students;
- 3) Adjust the threshold for reimbursing towns for special education costs to reduce the burden on local property taxpayers;
- 4) Amend the Minimum Budget Requirement mandate to provide towns with more flexibility to reduce education spending to reflect declining enrollment and cost savings;
- 5) Adjust binding arbitration laws to ensure that towns can negotiate meaningful savings in personnel costs; and
- 6) Refrain from adopting any new or expanded unfunded education mandates.