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An affiliate of the
National Education Association

Testimony of

Ray Rossomando

Connecticut Education Association

Before the Education Committee

**HB 7255 AA Establishing a Task Force to Conduct a Feasibility Study Regarding
the Creation of a Special Education Predictable Cost Cooperative**

March 16, 2017

Good afternoon, Senator Slossberg, Senator Boucher, Representative Fleischmann, Representative Lavielle, and members of the Education Committee. My name is Ray Rossomando, and I'm the Research and Policy Specialist with the Connecticut Education Association. CEA represents 43,000 active and retired teachers across the state on matters affecting students, classrooms, and the teaching profession.

CEA has concerns regarding HB 7255. CEA instead offers recommendations for addressing underlying barriers to more predictable funding of schools.

HB 7255, along with a similar bill that was heard in the Insurance Committee (SB 542), proposes the establishment of a "captive" insurance system that would address the volatility associated with unanticipated fees from high-cost special education outplacements. Under this proposal, the state would redistribute about \$580 million of existing ECS and special education funding to a new "cost cooperative" account. Towns would also pay their usual special education expenditures into this account, plus a risk fee much like an insurance premium.

CEA believes that the state's entire system of funding schools is broken – from the irrational reliance on local property taxes to the annual state budgeting exercise warped by politics. The root cause of our dilemma is not special education costs, the ECS formula, the number of grants, or mandates. While the unanticipated cost of student outplacements are a nuisance faced by many districts, it is an ancillary problem. It should also be noted that many of the most concerning issues regarding special education costs were raised by the MORE Commission in 2015, and the concern addressed by this bill was not one of them.

A primary question then is whether a complete reshuffling of the system is necessary to achieve the limited goal of smoothing the impact of unanticipated costs. In other words, is the goal worth the burden of creating this new system? Is it wise to create more fiscal uncertainty in such uncertain times?

The CEA Solution

The root cause of our education funding problems is our state's insufficient commitment to fund what it has determined to be a fair contribution to local schools. We urge the legislature to turn its attention to this critical underlying issue, rather than one small symptom, such as the unanticipated costs of student outplacements. To this end, CEA has proposed the creation of a **CARES Fund** (Connecticut Achievement and Resource Equity in Schools) to address the root causes of school underfunding (see attachments). The CARES Fund would be outside of the general fund and paid for by a dedicated revenue stream covering the state commitment to ECS, special education, and early childhood education.

Included in this plan is a **Comprehensive Property Tax Reform Commission** to address the irrationality and lack of equity associated with our overreliance on local taxation to fund our schools. CEA has also proposed an ECS allocation for the next two years that holds every school district harmless and provides additional Alliance District funding while the commission completes its work. This two-year stopgap allocation is proposed using money already included in the governor's budget.

Cost Cooperative Concerns

If committee members instead choose to move HB 7255 forward, then we ask that you consider the following. The proposed bill asks legislators to approve the implementation of a plan that they have not yet seen. There is no bill language for the "cooperative," leaving its implications unclear. Additionally, the composition and charge of the task force raise some concerns:

- The task force does not include representation of experts in school finance, yet prescribes an overhaul of hundreds of millions of dollars in school funding with implications affecting boards of education, students, and laws regarding federal special education requirements.
- The charge of the committee is also unusual for being so prescriptive that the components of the plan appear to be predetermined.
- The task force composition is unusual in assigning a seat to the sole private entity proposing the change (the CT School Finance Project). Unlike other organizations commonly named, this private entity is not a member organization representing the collective views of stakeholders affected by the proposed change. Also, it is not clear who or what organizations are funding the private entity. This is troubling given that the task force is charged with creating a plan on behalf of the state. The public has a right to know who is funding plans affecting public education and spending public dollars.
- The task force does not include groups representing teachers whose perspectives about the implications of the proposed plan on students, services, and classroom resources should be included.

Thank you.

Comprehensive Property Tax Reform Commission

CEA calls on the Governor and General Assembly to establish, in law, a **Comprehensive Property Tax Reform Commission**. The commission would be comprised of local and statewide professionals representing critical perspectives and bringing special expertise.

The Commission's Charge: Submit to the Governor and General Assembly a strategic plan for enacting comprehensive property tax reform in the state. The plan must provide for the transitioning to a new system that includes the following key components:

1. **Reforming Local Property Tax System to:**

- Allow municipalities to diversify revenue sources to offset reliance on property taxation
- Reduce local burden to fund schools by permitting portions of new state aid to offset property tax increases.

Goals of Property Tax Reform:

- *Reduce reliance on highly unequal local property taxation to fund services.*
- *Make education opportunity more equitable (Horton v. Meskill)*

2. **Establishing the Connecticut Achievement and Resource Equity in Schools (CARES) Fund to:**

- Fully-fund Education Cost Sharing (ECS) grant
- Increase special education funding
- Increase funding for early childhood and
- Provide resources for universal full-day kindergarten
- Ensure public oversight of fund by establishing a Citizen's Commission.

Goals of the CARES Fund:

- *End persistent underfunding of ECS and other key grants.*
- *Ensure sufficient resources in all of Connecticut's towns, especially those less capable of generating revenue.*
- *Ensure predictability and sustainability in grant allocations to municipalities.*

3. **Instituting a Dedicated Revenue Source to:**

- Address unequal local tax burdens
- Collect all revenues from a dedicated revenue stream (like Special Transportation Fund and Tourism Districts) and set it aside in a fund dedicated for local education cost sharing (CARES Fund) and outside of the General Fund.

Goals of Dedicated Revenue Stream:

- *Protect future grant amounts from arbitrary changes in the annual budget process and keep separate from the General Fund.*
- *Protect education funding from arbitrary changes unrelated to the state's educational goals.*
- *Protect the state's commitment for education funding from state budget volatility and related deviations that stray from the core goals of the ECS Formula and other targeted education aid.*

Property Tax Review Commission

Charge: Develop and Propose Comprehensive Property Tax Reform Package

Propose Local Property Tax Reform

Goals:

- Enable municipalities to diversify revenue sources to offset reliance on property taxation
- Reduce local burden to fund schools by permitting portions of new state aid to offset property tax increases.
- Address non-taxable property (e.g. state-owned)

Objectives

- Reduce reliance on highly unequal local property taxation to fund services.
- Make education opportunity more equitable (Horton v. Meskill)

Establish

Statewide Dedicated Revenue Source (e.g. education mill rate or other source)

Goals

- Address unequal local tax burdens with progressive options
- Collect all designated revenues as a dedicated stream (like Special Transportation Fund and Tourism Districts) in CT – CARES Fund.
- Protect future grant amounts from arbitrary changes in the annual budget process and keep separate from the General Fund.

Objectives

- Protect education funding from arbitrary changes unrelated to the state's educational goals.
- Protect the state's commitment for education funding from state budget volatility and related deviations from the core goals of the ECS Formula and other cost-sharing grants.

Establish

CARES Fund Connecticut Achievement and Resource Equity in Schools Fund

Goals

- Fully-fund Education Cost Sharing (ECS) grant
- Increase special education funding
- Increase funding for early childhood and universal full-day kindergarten
- Ensure public oversight of fund by establishing a Citizen's Commission.

Objectives

- End persistent underfunding of ECS and other key grants.
- Ensure sufficient resources in all of Connecticut's towns, especially less wealthy ones.
- Ensure predictability and sustainability in grant allocations to municipalities