

Testimony
Submitted to the
Education Committee
February 26, 2018

S.B. No. 8 AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS
CONCERNING EDUCATION.

S.B. No. 183 AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE DEPARTMENT OF
EDUCATION.

Good morning Senator Slossberg, Senator Boucher, Representative Fleischmann and members of the Education Committee.

My name is Dr. Greg Florio, and I serve as the Executive Director of the Capitol Region Education Council (CREC). CREC manages transportation for Sheff programs under a contract with the State Department of Education (SDE)'s Regional School Choice Office. These transportation services are essential in order for the state to meet the conditions of the Sheff Settlement Agreement, and CREC has served in this capacity on behalf of the state for nearly a decade.

SDE collaborates with the legislature annually to update statutes that authorize SDE to reimburse CREC for the cost of transporting students. CREC supports **Section 1 of Senate Bill 8**, which corrects an oversight from the last legislative session. The sun-setting date for the per pupil magnet school transportation grant for Sheff magnet schools of \$2,000 was inadvertently missed when updating other dates in statute, causing the per pupil grant amount to revert to the \$1,300 non-Sheff level.

As a result, SDE owes CREC approximately \$10 million for the provision of transportation services for SDE's Regional School Choice Office in FY18. This has caused significant and persistent cash flow issues for CREC. CREC has had to pay transportation vendors for services rendered despite insufficient repayment from the state.

Section 1 of Senate Bill 8 and the governor's budget address this oversight retroactively and eliminate the sunset provision. We ask that the language in Section 1 of Senate Bill 8 be acted upon by the committee and legislature expeditiously in order to allow the State Department of Education to pay CREC at the correct per pupil level of \$2,000. The administration has supported this request.

In addition, CREC supports the portion of **Section 3 of Senate Bill 183** that extends the ability of SDE to pay supplemental Sheff transportation funding to CREC. However, CREC opposes the proposed timeline for repayment of supplemental transportation, which allows up to seventy per cent of the supplemental grant to be paid on or before June 30, 2018, and the balance to be paid on or before May 30, 2019, upon completion of a comprehensive financial review.

Historically, the deadline for the balance payment to be made to CREC was September 1st. This repayment is for services rendered during the prior school year. The proposed timeline in SB 183 allows this repayment to be delayed an additional nine months, until May of the school year after the services were rendered. This change in timeline, which was first enacted in FY2017, has further exacerbated CREC's cash-flow issues. Costs were incurred by CREC when CREC paid vendors for services during the 2016-17 school year. To date, SDE owes CREC \$4.5 million for the contracted provision of transportation services for Sheff programs during the 2016-17 school year.

If the timeline proposed in SB 183 is not adjusted, it may be financially impossible for CREC to continue its contract with the state to provide transportation for Sheff programs. The legislation needs to be changed back to specify the previously used timeline in which the initial seventy per cent payment was to be made on or before June 1, 2018, and the balance payment was to be made on or before September 1, 2018.

CREC values our long-standing relationship with the state. We ensure that nearly 14,000 students participating in Sheff programs receive reliable, high-quality transportation. CREC has met all of its obligations under this contract with the state.

We have met with representatives from OPM, SDE, and the Governor's office to inform them of these challenges and the potential impact on CREC's ability to continue to contract with the state to provide transportation management services. They have been receptive to these conversations and acknowledge last year's error and the resulting financial challenges it has created for CREC. They have expressed that it is their intention to assist in addressing this situation.

We have done everything possible to mitigate the financial impact of these reimbursement delays on our operations and on our customers and vendors. We request that the legislature support our continued contract by acting on these items expeditiously and enabling CREC to continue to serve as the transportation manager for Sheff programs.