Testimony before the Education Committee

March 1, 2019

HB 7150 An Act Implementing the Governor’s Budget Recommendations Concerning Education

Chairmen McCrory and Sanchez, Ranking Members Berthel and McCarty, and members of the Education Committee, I would like to thank you for the opportunity to present testimony regarding HB 7150.

My name is John Spang and I am Director of Finance and School Business Operations Preston Board of Education and Town of Preston with over 30 years of experience in this field. I am also a long-time member Connecticut Association of School Business Officials (CASBO), a non-profit professional organization that represents school business officials (SBOs) that work in most of the 169 towns in Connecticut.

CASBO is concerned about several issues raised in HB7150, including the Minimum Budget Requirement (MBR); requiring local governments or school boards to make contributions toward the normal cost of funding the Teachers’ Retirement System (TRS); the capping of certain statutory grants, especially the Excess Cost Student Based grant; and the accelerated phase out of ECS grants. Our specific comments follow:

MBR has been a confusing and complex topic for many years. Although originally passed to protect Boards of Education from indiscriminate and severe budget cuts, it has evolved into a series of exceptions that has resulted in confusion and sometimes acrimony between Boards of Education and municipal officials. It also has resulted in some unintended consequences. Last year, sixteen school districts received noncompliance letters from the SDE with respect to MBR. The main reason for noncompliance was that the school districts had received increases in ECS in FY18-19 after receiving decreases in FY17-18. In Preston’s case the “increase” did not even get us back to the ECS level we had received before the FY17-18 decrease. We believe that budgeted appropriation for education should be based on the actual needs of the students of our district and not be subject to fluctuation in ECS, which at times have been arbitrary. We recommend that MBR adjustments be permitted subject to the approvals of the Board of Education and the Commissioner. Such approach will provide more flexibility by dealing with specific circumstances on an individual district basis.
Contributions to TRS by local governments revisits a policy concept first proposed by the previous administration back in 2017. Although the amounts proposed to be contributed by local governments are a much lower level than the previous proposal, it still increases the cost to towns by approximately $24 million for FY19-20 and $49 million for FY20-21. Going forward these costs will increase further. This shift of burden of the State’s fiscal woes to local municipalities and school districts is yet another unfunded mandate that will result in significant consequences. Such consequences include: increase in propriety taxes, reduction in fund balances and/or reduction in services (e.g. reduce or eliminate support services and extra-curricular activities; increase in class size; postpone building and ground maintenance etc.).

The capping of certain statutory grants is a real problem. The excess cost grant, which helps support are neediest students, has been significantly underfunded for many years. This compromises the ability of districts to provide adequate educational needs for all children.

Finally, this bill proposes to accelerate the reduction of ECS for towns scheduled to experience losses under the current funding formula. Many towns are still grappling with the impact of the current ECS phase in. To accelerate this reduction is changing the rules in the middle of the game where resources are already stretched to the limit. We request that you keep the current schedule in place so towns can plan accordingly.

Thank you for the opportunity to testify on these important matters.