Bill No.: HB-7150
Title: AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS CONCERNING EDUCATION.
Vote Date: 3/29/2019
Vote Action: Joint Favorable Substitute Change of Reference to Appropriations
PH Date: 3/1/2019

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SPONSORS OF BILL:
The Education Committee

REASONS FOR BILL:
This is a bill changing the necessary education statutes needed to implement the Governor's budget. ECS phase outs are accelerated, free and reduced meal programs will require direct certification, non-distressed municipalities will be required pay twenty-five percent of teacher pension costs, distressed municipalities will be required to pay five percent of teacher pension costs, private schools will be required to pay for their own healthcare, MBR relief will be provided for municipalities planning shared services, and MBR relief of fifty percent will be granted to towns, relative to their changes in ECS funding.

SUBSTITUTE LANGUAGE: LCO No. 6738
This substitute language removes the requirement for private schools to reimburse municipalities for healthcare costs, and the requirement for municipalities to pay into the Teacher Retirement System (TRS). This substitute language would require the appointment of a Superintendent of the Technical Education Career System to improve and assess technical education programs in Connecticut.

RESPONSE FROM ADMINISTRATION/AGENCY:
Beth Bye, Commissioner, State of Connecticut Office of Early Childhood (OEC):
Commissioner Bye submitted testimony in support of Section thirteen of this bill. Section thirteen of this bill would require OEC, in coordination with SDE and OPM, to conduct a study of enrollment and availability of slots in preschool programs in the state. This additional data would help in the effective deployment of OEC resources.
Melissa McCaw, Secretary, Office of Policy and Management (OPM):
OPM supports this bill. This bill would make the necessary changes to the education statutes needed to implement the Governor’s budget. ECS would be changed in the rate of phasing out grants for non-distressed municipalities and qualification for Free and Reduced Price Lunch programs would require direct certification. This bill would provide minimum budget requirement (MBR) relief for municipalities who plan for shared services and fifty percent MBR relief relative to ECS changes. Non-distressed municipalities would be required to pay twenty five percent of teacher pension costs and distressed municipalities would be required to five percent of teacher pension costs over the next two years.

NATURE AND SOURCES OF SUPPORT:

Greg J. Florio, Ed.D., Executive Director, Capitol Region Education Council (CREC):
CREC supports section two of this bill because it would make base grants and the supplemental payment for Sheff transportation permanent. CREC requests that the base Sheff transportation grant reflect current day costs for student transportation. The current rate is short by about eighteen hundred dollars and increasing the rate by that number to the desired number of thirty eight hundred dollars it would reduce supplemental payments to transportation providers. CREC supports the extension of the timeline to pay transportation payments, but is concerned that the bill asks for an audit prematurely. The audit deadline should be November first.

Dr. Sal Pascarella, Superintendent, Danbury Public Schools:
Superintendent Pascarella supports this bill for its continuation of the ECS formula. SNAP, ELL, and special education should continue to be indexed to determine a school district’s needs. Superintendent Pascarella requests that districts not be required to increase their graduation requirements for twenty-one to twenty-five, it is an undesirable unfunded mandate and could prohibit a student’s ability to work or acquire an internship.

Katie Roy, Executive Director, Connecticut School Finance Project:
Director Roy supports this bill. This bill maintains a path toward more equitable school funding through the ECS formula and has updated town, district and student data to improve the identification of students in need. Director Roy is pleased to see that students applying for free or low cost meals will now be directly certified. The direct certification for free and reduced school meals has been implemented in four other states and seventeen more states are in the process of implementing it.

The Connecticut Association of Schools (CAS):
CAS-CIAC has a neutral opinion on this bill and is available to discuss with legislators the positive and negative impacts of it.

NATURE AND SOURCES OF OPPOSITION:

Representative Christie Carpino:
Rep. Carpino opposes this bill. Cromwell and Portland are more than qualified to regulate school district size and will make far more appropriate assessments of school community needs than the state. Local school districts, boards of education, and local residents intertwine to form the communal fabric of their towns. Local and smaller school districts have,
more successfully than larger county schools, created a sense of community, individual student accountability geared toward success, and communal pride.

**Senator Tony Hwang:**
Senator Hwang opposes this bill. Section six of this proposal would push twenty-five percent of teacher’s pension costs on municipalities in one budget cycle. Municipalities already are burdened by unpredictability in their budgets and pushing payments on municipalities like this must be reconsidered.

**Representative Themis Klarides:**
Rep. Klarides opposes this bill. There are already state statutes which allow school districts to regionalize if they so choose. Many municipalities have already taken action to share resources, transportation, and equipment. Connecticut towns currently enter into mutual agreements to share services; forced regionalization would undermine the principle of local control.

**Dr. Christine Carver, Superintendent of Schools, Bethel Public Schools:**
Superintendent Carver opposes this bill. Dr. Carver opposes section one because requiring private schools to pay for healthcare costs would drive up the tuition of a parochial school in their district and reduce faith based educational options. Dr. Carver opposes section six because it would require towns to pay twenty five percent of Teacher Retirement System (TRS) costs and pay all costs that result from teachers being paid above the state median. This bill would pass TRS costs on local taxpayers and it would open the door to further percentage increases in paying TRS obligations. Section seven, eight, nine, ten, and eleven cap education grants and Dr. Carver is concerned that the state will not meet their education obligations thereby pushing more of the fiscal burden on local municipal budgets. Lastly, Dr. Carver opposes section twenty-one of this proposal which requires direct certification for children to qualify for and schools to receive ECS grant funding for the National School Lunch Program. As of now many children qualify for free and reduced lunch programs, but their parents choose not to apply for other social services so their children would be disqualified under this proposal.

**The Connecticut Conference of Municipalities (CCM):**
CCM opposes this bill. This proposal would be one of the largest property tax increases in modern history and would result in seventy-three million dollars in additional taxes. Connecticut already has the third highest property taxes in the country. The SALT cap will amplify the impact of this proposal on property tax payers. Certain municipalities will be hit especially hard because they will have to pay for the Teacher Retirement System (TRS) while congruently having their ECS grants cut. CCM requests that this proposal be amended to increase the ECS reduction timeline from three years to seven years. Payments towards TRS must be allowed to contribute to the Minimum Budget Requirements (MBR). CCM requests that municipalities be allowed to participate in collective bargaining regarding teacher compensation.

**Michael Criss, First Selectman, Town of Harwinton:**
First Selectman Criss opposes this bill. Harwinton is in the process of voluntarily regionalizing and does not need this process interrupted by the state. Shifting costs on fiscally responsible municipalities because of the mismanagement of the state is unfair. First Selectman Criss requests that language be included for towns and cities to have direct access to participate in
teacher compensation collective bargaining. Harwinton is in the process of creating a leaner more efficient government in response to flat and declining state aid grants. Twenty five percent of teachers retirement payments will be taken on by municipalities under this bill, but the costs would be higher than that for many towns and may lead to percentage increases in the future. Towns do not play a role in determining teachers’ retirement pensions so they should not be forced to pay for them.

**Connecticut Catholic Public Affairs Conference:**
Eliminating state funding for healthcare is a bad place to start budget negotiations. Catholic school students are required by their schools to perform thousands of volunteer community service hours all across the state and Catholic schools donate hundreds of thousands of dollars to charities every year. The CGA has recognized the importance of Catholic schools for fifty years and their work has lowered public education budgets all around the state. Section one of this bill would require that Catholic schools reimburse the municipalities for their healthcare costs rather than the state reimbursing the municipalities for Catholic school healthcare costs. This section would terminate a longstanding compact with the state. Without school nurses Catholic schools will not be able to comply with immunization laws. This proposal will drive up tuition costs for families and undermine Catholic schooling. When children go to parochial schools, taxpayers get enormous relief from public school costs.

**Christopher J. Bielik, First Selectman, Town of Beacon Falls:**
First Selectman Bielik opposes this bill because it would shift the burden of teacher pension payments on municipalities. Education already takes up seventy to ninety percent of some municipal budgets. If this bill passes, additional education costs would result in municipal governments raising property taxes. This bill requires that towns pay for twenty-five percent of pension costs, but the ‘normal costs’ would be higher than that for small towns.

**Connecticut Association of Boards of Education, Inc. (CABE):**
CABE is concerned by several proposals in this bill. Localities, some of which who have seen no budget increases in several years, are those most sensitive to the fiscal constraints and mandates proposed in this bill. Section six requires local communities to contribute twenty five percent of the Teachers’ Retirement System, but these same communities have no representation in collective bargaining. Pension cost differences between towns is more related to length of teacher service than overpaying salaries. Acceleration of the ECS formula implementation is a fiscal burden on towns. CABE requests that this bill include the removal of the cap on Special Education Excess Cost Grant. CABE suggests caution for the changes in the Free and Reduced Price Lunch data collection proposed in section twenty one of this bill. In section one municipalities are required to collect health care costs of private schools, but would have no way to enforce this collection if the private school refuses to pay. CABE opposes section three because for some non-alliance district towns the administrative burden of submitting expenditure plans to SDE as a condition to receiving half of their ECS grant is not worth the costs it would incur. CABE supports section four of this proposal giving flexibility to alliance districts to spend half their aid on operating expenses, but has concerns that the other half fails to provide for distribution and expenditure which would reduce overall aid to alliance districts. CABE opposes section five which allows towns to make education cuts through minimum budget requirements.

**Connecticut Realtors (CTR):**
Connecticut’s education is an excellent selling point for realtors. Regionalization should be focused on removing barriers and not on force. CTR opposes further mandates on schools that increase costs. Excellent schools make Connecticut an attractive place to live. School closures and regionalization uncertainty have a chilling effect on home buyers.

**John Fixx, Head of School, County School in Madison, Connecticut Association of Independent Schools (CAIS):**
Mr. Fixx opposes section one of this bill. Connecticut’s general population may not be aware how much private schools benefit their communities. Every year private schools in Connecticut save taxpayers nine hundred thirty-one million dollars on public school costs not including additional capital cost savings such as school buildings, annual operating costs, and school grounds maintenance. Private schools only receive three million dollars in state aid for transportation and healthcare services. Private schools are good neighbors, provide good jobs, and model civic responsibility. Any loss of state support threatens enrollment.

**Laura L. Francis, First Selectman, Town of Durham:**
First Selectman Francis opposes this bill because it requires small towns to pick up Teacher’s Retirement System costs but does not allow towns to have a say in collective bargaining and salaries. This is especially problematic because towns will have to pay the difference in teachers who make more than the median salary. Durham will be penalized for having teacher salaries above the state median but this is because of teacher longevity rather than overpayments. MBR is too inflexible and cost savings from regionalization become negligible.

**Betsy Gara, Executive Director, Connecticut Council of Small Towns (COST):**
Cost is opposed to the Governor’s proposal to shift teacher retirement payments on towns, small towns will disproportionately be hurt by this policy, and there are concerns that the percentage by which these towns must pay into teacher’s retirement will increase in the future. COST opposes the acceleration of the phase in of the ECS formula. Education makes up between seventy and ninety percent of local budgets of small towns, COST recommends eliminating the MBR mandate on non-alliance district towns.

**Subira Gordon, Executive Director, ConnCan:**
ConnCan has concerns that this bill does not do enough. ConnCan is concerned that this budget does not address the fact that schools of choice receive less state funding than standard public schools, addressing this would increase education equity. ConnCan requests that all schools go under a singular education funding formula.

**Tracey Hanson, First Selectman, Town of Voluntown:**
First Selectman Hanson opposes this bill because it accelerates the phase in of the ECS formula and shifts teacher pension costs to towns. Voluntown is already going to experience ECS cuts of over a half a million dollars over the next two years, additional costs for teacher’s pensions will be a serious burden on tax payers. MBR should be removed. First Selectman Hanson suggests more investment in special education.

**Kristin Heckt, Superintendent, Town of Bolton:**
Superintendent Heckt opposes regionalization. The Town of Bolton has been voluntarily regionalizing and data from New York, Maine, and Indiana shows that forced regionalization would have serious unintended consequences.
Jeff Leake, President, Connecticut Education Association (CEA):
CEA has concerns about the transfer of responsibility to towns to pay for teacher retirement costs. CEA knows that after the fiscal years of twenty-twenty and twenty twenty-one the percentage demands by the state to pay more into the Teacher Retirement System (TRS) will grow. Two-thirds of voters oppose this section of the proposal. CEA suggests moving the Connecticut Lottery fund into the TRS as an alternative. CEA welcomes research relevant to regionalization, but opposes the concept of forcing regionalization on the basis of saving money.

Anne Manusky, First Vice-President, Connecticut Republican Assembly (CTRA):
Ms. Manusky opposes this bill. CTRA opposes forced regionalization, pushing private school healthcare on taxpayers, pushing pension costs on municipalities, and many other parts of this bill.

Steven A Moccio, Superintendent, Stafford Public Schools:
Superintendent Moccio opposes this bill because it would accelerate the ECS grant reductions creating fiscal constraint and risking inadequate financial planning. Conversely, Superintendent Moccio recommends that school districts would be better equipped to find cost saving measures if state statutes provided incentives, removed barriers, and minimized unfunded mandates. Stafford has made efforts to share services with its neighbors; cooperative arrangements between municipal and educational officials, special education transition services programs, and cooperative school consolidation, construction, and renovation have resulted from voluntary regionalization.

The Ridgefield Board of Education:
The Ridgefield BOE supports the state’s efforts to provide quality education but is concerned by the Governor’s proposal to shift teacher’s retirement pension payments on municipalities. This would adversely impact education and services. Currently, eighty percent of the cost of Ridgefield Public schools is in staff salaries; this bill would force the schools to cut staff. The Ridgefield BOE states the real problems that need to be addressed in the teacher’s retirement fund are underfunding, structural misalignment, and overly optimistic investment return assumptions. Ridgefield taxpayers are already contributing to the teacher’s retirement fund through their income tax and a property tax is just another layer of unnecessary taxation.

Gordon M. Ridgway, First Selectman, Town of Cornwall:
Cornwall has concerns that forced regionalization will undermine voluntary regionalization efforts. Cornwall receives six thousand dollars annually from ECS payments, but teacher’s pension funds are the root cause of Connecticut’s fiscal woes.

Brandon Robertson, Town Manager, Town of Avon:
Mr. Robertson opposes this bill. According to the Department of Revenue Services (DRS) Avon pays eighty six million a year in income taxes to the State, but only receives one and a half million back in the form of state grants. The taxpayers of Avon already pay their fair share of taxes.

Ray Rossomando, Connecticut Education Association (CEA):
CEA does not support certain aspects of this bill. Although CEA supports the implementation of the ECS formula, they do not support the expedited process outlined in this bill. The reductions to certain school district grants were softened by the phase-in but this accelerated
process would have a negative impact on the quality of education for certain towns. In Section twenty-one of this bill, reduced and free lunch programs will require direct certification; this may be detrimental to transient and undocumented parents. Additionally, CEA opposes this bill requiring towns to receiving more ECS funds to submit burdensome plans similar to the requirements of Alliance Districts and may transfer the authority of decision making for additional educational funding to municipalities when it should rest with the board of education. CEA opposes changes to the Minimum Budget Requirements (MBR) that would allow schools to cut funding if they move to regional consolidation. Lastly, CEA opposes shifting teacher retirement obligations onto municipalities, but excluding these payments from MBR is appropriate.

Melissa-Jean Rotini, Wilton Economic Development Commission (EDC):
Wilton EDC opposes this bill. The main reason people move to Wilton is for the excellent education and they typically leave when their children graduate. Wilton EDC opposes the proposal to transfer teacher pension obligations on towns because it will put additional burdens on taxpayers and chase businesses out of town. There is no evidence that consolidation creates any cost savings.

Kevin J. Smith, Ph.D., Superintendent, Wilton Public Schools:
Superintendent Smith opposes this bill. Requiring municipalities to pay for teacher’s pensions should be rejected. Municipalities did not make the irresponsible decisions which led to underfunded pensions therefore they should not be forced to be held responsible for the state’s misgivings. Wilton fully funds its own pension obligations.

John Sprang, Director of Finance and School Business Operations, Connecticut Association of School Business Officials (CASBO):
CASBO has several concerns with this bill. First, minimum budget requirements (MBR) have gotten confusing for many schools districts, fluctuations in ECS funding has resulted in unintentional non-compliance. CASBO recommends allowing flexibility in revising MBRs with the approval of boards of education and the Commissioner. Second, shifting teacher pension costs on municipalities will lead to an increase in property tax and reduction in fund balances and services. Third, capping statutory grants is problematic. Lastly, accelerating the ECS phase in is like changing the rules in the middle of the game.

Don Stein, First Selectman, Town of Barkhamsted:
First Selectman Stein opposes the measures in this bill that would force towns to pick up a quarter of the teacher pension costs overtime, but municipalities would have no say in controlling costs or negotiations. Standard and Poors Global Ratings raised concerns that shifting pension costs to municipalities would but be detrimental to municipal bond ratings.

Joyce M. Stille, Administrative Officer, Town of Bolton:
Ms. Stille opposes this bill. This proposal shifts teacher pension costs on municipalities but current binding arbitration limits a municipality’s ability to negotiate salaries and pensions. Towns did not create this mess therefore their taxpayers should have to dig the state out of it.

First Selectman, Robert Valentine, Town of Goshen:
First Selectman Valentine opposes this bill. Shifting the cost of teacher pensions on the towns will do nothing for the state’s underlying fiscal problems other than raising the towns’ mill rates.
**Toni Boucher:**
Toni Boucher opposes this bill. Although the content of bill is not directly commented in Ms. Boucher’s testimony, she raises growing concerns within her community of the implementation of forced regionalization. Regionalization will not save costs and a bottom-up approach to education works best.


These stakeholders oppose this bill. The main concern of these stakeholders is that forced regionalization could potentially reduce property values and reduce quality of education.

Reported by: Colin Carroll Date: 4/5/2019