

TESTIMONY OF THE

**CONNECTICUT COALITION
FOR *JUSTICE*
IN EDUCATION FUNDING**

TO THE

EDUCATION COMMITTEE

March 13, 2006

The Connecticut Coalition for Justice in Education Funding appreciates the opportunity to submit written testimony on the following bills of interest to our membership:

HB 5562 (Raised) – An Act Concerning Education Cost Sharing

CCJEF strongly supports HB 5562 and commends the Education Committee for proposing to raise the ECS foundation and eliminate the ECS cap in FY07, and to index the ECS to inflation in FY08.

Raising the foundation will help all school districts, as will CPI-U indexing. Eliminating the cap will significantly benefit a majority of towns. Since 1995-96 when the cap was first imposed, all but 11 towns have at one time or another been capped, and 18 of them have been capped every year. Municipalities and their school districts of all sizes and demographic makeup have been severely impacted by the cap, as a few examples of net caploss over the past 11 years by Education Committee members' own towns illustrates: Bridgeport, \$119.5 million lost to the cap; New Britain, \$78.7 million; Meriden, \$44.9 million; East Hartford, \$62.9 million; West Hartford, \$41.9 million; Middletown, \$12.5 million; Torrington, \$12.3 million; Newington, \$11.1 million; Wallingford, \$9.2 million; Derby, \$8.9 million; Berlin, \$6.8 million; Naugatuck, \$6.7 million; Southbury, \$5.3 million; and Granby, \$5.1 million. This brief list does not even include 13 of the top 20 most-impacted caploss towns. This year 87 towns are capped, totaling some \$60.6 million in lost state aid for these towns and directly contributing to their local property tax burdens.

We assume that there will be no proposed changes with regard to the current ECS hold harmless provisions. Although these stoploss provisions have a disequalizing effect within a sorely underfunded school finance system, the hold harmless provisions currently provide essential resources to towns of all wealth levels.

HB 5562's proposed 3 percent increase in the foundation level without regard to the real cost of educating students and without changes to other key aspects of the formula means that this bill must be considered but an interim measure aimed at relieving some of the fiscal pressures on school districts and their towns while work proceeds to revamp the outdated ECS formula.

Nevertheless, HB 5562 represents a bold and encouraging departure from Governor Rell's proposed budget, which essentially flat-funds the ECS and is totally silent on eliminating the cap.

SB 434 (Raised) — An Act Concerning Funding for Equal Educational Opportunity

This bill would introduce a recapture mechanism into the ECS aid formula and reduce the base aid ratio for non-priority school districts. CCJEF recognizes that SB 434 arises out of frustration by the Education Committee over the continued underfunding of the public schools and the Committee's genuine desire to increase the funding necessary for producing dramatic gains in student achievement within the priority school districts and by other school districts as well. Obviously CCJEF shares these same goals. However, our members strongly oppose the kind of Robin Hood redistribution of local property tax wealth contained in this bill.

SB 434 would continue the state's over-reliance on local property taxes rather than shift the majority share of school funding to more progressive statewide revenue streams. Rather than place the burden squarely on the state for meeting its education adequacy and equity responsibilities under the Connecticut constitution, SB 434 merely shifts more responsibility onto a dozen or so high-wealth towns. Yet those same towns currently receive only minimal ECS aid, and, like CCJEF member communities across the state, they also look to the Legislature for property tax relief and increased support of their schools. For them, SB 434 would do just the opposite.

SB 434's recapture scheme is not to be confused with a statewide property tax, which on the surface would appear to be a more equitable way to raise some minor portion of the state's expanded contribution to school aid. A statewide property tax would establish a low uniform mill rate that would comprise a portion of every town's property tax bill on behalf of the state's general fund (or other specially designated state fund for school aid). Property owners in every town would thus pay the same rate to help support education statewide, regardless of the varying local mill rates and the portion of their tax bill that directly supports their own local schools. But SB 434 does not impose on each town and property owner an equal mill rate or extract a tax in proportion to their ability to pay. Rather, the recapture scheme assumes that all wealthy residents reside in a few locales, and that all poorer residents reside in the others, whereas this is far from the reality in Connecticut.

Several lessons are to be learned from other state's experiences with recapture schemes similar to SB 434. A direct comparison may be made with Vermont, where differences in the circumstances under which the Robin Hood scheme has worked should give us pause. In Vermont, the property tax recapture was aimed at just five or six "gold districts" — literally, gold mining towns, and figuratively gold, being the center of the state's tourist industry where a majority of landowners are also out-of-state residents. But Vermont is a small state with less than one-sixth the population of Connecticut, a median household income 25% below that of ours, and a considerably lower cost of living, so that the state's revenue raising needs are considerably more modest than those facing Connecticut. Even so, the Robin Hood approach means that for those recapture towns to raise an extra \$500,000 for their schools, they need to tax as if they seek to raise \$1 million. This has led to creative circumvention of state taxing laws, with business/industry and wealthy citizens being persuaded to contribute generously to private foundations that now subsidize the recapture towns' schools just to hold off higher tax rates that would only benefit their own students by 50 percent of what is raised.

In Texas, the recapture scheme had to be continually expanded as the state's revenue needs grew. Eventually, recapture provisions affected one-third to one-half of all towns. Impacted early on were the towns with successful shopping malls, those with excellent cultural/recreational attractions, and those with nuclear energy plants or oil industry holdings within their boundaries. Finally, the entire

scheme was struck down by the Texas Supreme Court. In Utah, a similar recapture scheme was tried, but reportedly it was so unpopular that it had to be quickly repealed.

The few other property tax sharing approaches mostly resemble a statewide property tax rather than a recapture mechanism like that of SB 434, though even statewide property tax policies can entail recapture where towns previously enjoyed low mill rates and/or are entitled to less state aid than the state taxes they raise locally. In New Hampshire, for example, a statewide property tax that at 6.6 mills actually exceeded the mill rates of several towns and seriously impacted some 24 of the wealthiest communities (several of which also have sizable at-risk student populations), continues to be a flashpoint of discontent as state legislators struggle with ways to circumvent repeated Supreme Court rulings that the state's school funding system is unconstitutional, underfunded, and based on inequitable tax structures. "Donor towns" continue to fight the tax, both politically and in the courts, and "receiver towns" continue not to reap any substantial new dollars from the scheme; and, of course, the list of towns that are donors and those that are receivers changes from year to year, adding to fiscal uncertainty, chaos for planners, and attempts by many towns to beat the system rather than to get more money into the schools that need it most. If anything, New Hampshire's statewide property tax has only allowed the state to re-label local property tax dollars as "state education dollars," a subterfuge that no friend of education buys — nor does the state's Supreme Court.

For these and other reasons related to equal educational opportunity and the principles of progressive taxation as the fair and equitable way to fund the public schools, CCJEF asks the Committee to take no action on Raised Bill 434.

SB 574 (Raised) — An Act Concerning an Increase in Aid for Vocational-Agricultural Schools

CCJEF supports this bill and notes that the estimated cost of providing quality vocational-agricultural programs within regionally designated high schools is already contained in the adequacy cost study that was commissioned by CCJEF last spring and conducted by Augenblick, Palaich and Associates.

SB 626 (Raised) — An Act Concerning Educational Policy Concerning School Readiness

CCJEF supports this bill but urges the inclusion of the towns of East Hartford, Waterbury, and Windham to the list of towns under Sec. 1(e)(1)(C) that are ensured of receiving no fewer full- or part-day school readiness spaces than the previous year. We also ask the Committee to amend this bill to specify that any new spaces first go to the towns from this same list that actually lost spaces when the per pupil allocation was increased.

CCJEF reiterates the concern from March 3 and 7 testimony that all towns deserve and are in need of state aid for school readiness. The universal availability of high-quality full-day preschool programs and universal full-day kindergarten is essential to educational adequacy, and the estimated costs of these programs were included in the adequacy cost study. Such early investments have been proven to be highly cost-effective and to result in numerous educational, social, and economic benefits to students, families, communities, and the nation.

SB 628 (Raised) — An Act Concerning Enhanced Data Collection and Reporting by the Department of Education

CCJEF supports this bill. At the same time, our members would like to remind the Education Committee of the extra costs that have accrued, and continue to accrue, to all school districts because of the data warehousing requirements of No Child Left Behind. The new hardware and software and

the significant additional expenditure of staff time and effort required within school districts for complying with these federal and state data collection and reporting systems constitute unfunded mandates at the local level. Nevertheless, an estimate of the local costs for the enhanced data warehouse system was included in the education adequacy cost study.

SB 633 (Raised) — An Act Concerning Individualized Education Programs for Diverse Learners in General Education Settings

CCJEF takes no position on this bill but raises several questions. Foremost is the question of a statutory definition of “diverse learners.” Does this mean students eligible for special education services? Does it also include English-language learners? Does it similarly include any and all students at risk of academic failure (e.g., low achieving, underperforming, even those who may be especially gifted or talented)?

Individualized education programs are viewed by educators as “best practices” that can speed academic progress and help teachers differentiate the curriculum in ways that accommodate each student’s learning needs. However, the expansion of the IEP system beyond current special education practices would have significant cost ramifications in terms of staff time and effort. Any such extra state mandates are not included in the adequacy cost study estimates.

SB 637 (Raised) — An Act Concerning Charter Schools

HB 5754 (Raised) — An Act Concerning Best Practices

HB 5760 (Raised) — An Act Concerning a Study of Pilot Local Charter Schools

CCJEF does not support any of these charter school bills. Unless and until the state is adequately and equitably funding its system of 166 regular public school districts, magnet schools aimed at desegregation and compliance with *Sheff v O’Neill*, and the state’s own system of technical high schools, there should be no diversion of time, effort, and especially the state’s limited education funds for expanding charter schools and thereby encouraging the growth of a shadow independent, publicly financed school system. Unfortunately, education spending remains a zero-sum game, and charter school gains mean further public school losses. Already the charter school costs for Title I services, pupil transportation, special education, recruitment services, etc. are borne by local public school districts that receive back only a portion of those costs in state and federal reimbursements. Increasing charter school seats or numbers of schools will further aggravate financial hardships within the urban districts/towns in which the charters are located.

Accordingly, CCJEF asks the Committee to take no action on Raised Bills 637, 5754, and 5760.

HB 5757 (Raised) — An Act Concerning a Task Force to Study Gifted or Talented Programs

CCJEF strongly supports this bill to establish a task force to study gifted or talented programs. The estimated cost of such programs was included in the adequacy cost study’s figures.

HB 5758 (Raised) — An Act Concerning Minor Revisions to the Education Statutes

CCJEF supports this bill and commends the Education Committee for its attention to the inequities involved in relying on federal decennial census data for adjusted gross income figures.

HB 5759 (Raised) — An Act Concerning Family Resource Centers

CCJEF strongly supports this bill and the need for all elementary schools in priority school districts to have family resource centers. Cost estimates for these centers were included in the adequacy cost study figures

HB 5762 (Raised) — An Act Concerning a Study to Enhance the Achievements of Black and Hispanic Male Students in Public Schools

CCJEF strongly supports this bill and trusts that a contract for carrying out this study will be awarded outside the Department of Education via a Request for Proposal (RFP) process open to qualified nonprofit and for-profit organizations.

HB 5764 (Raised) — An Act Concerning After School Programs

CCJEF strongly supports this bill and the importance of providing quality after-school programs, especially in priority school districts and other districts struggling with low student achievement. The estimated cost of these programs was included in the education adequacy cost study.

HB 5769 (Raised) — An Act Concerning Interdistrict Magnet Schools

CCJEF supports only portions of this bill. We support the changes in Sections 1 and 5 increasing the pupil transportation grant and the foundation. As noted in our testimony of March 3, Augenblick, Palaich and Associates are currently winding up an adequacy cost study of the interdistrict and host magnet schools. Preliminary results place the cost of adequacy well above the foundation level proposed in this bill. And although CCJEF has not yet embarked upon the planned pupil transportation study, over the course of the magnet cost study much input concerning the state's too-low transportation reimbursements has already been obtained from both sending and host districts.

However, CCJEF members cannot support the mandate included in Section 4 requiring local and regional boards of education to allow the enrollment of, and pay tuition for, any student who wishes to claim unused magnet school seats. This amounts to both a usurping of local control and an unfunded mandate. If state support of the magnet schools were adequate, surely every magnet school seat would have numerous applicants waiting to occupy a vacancy, and every town would be seeking to participate. CCJEF members strongly support the magnet school concept and wish these schools to remain lighthouses of excellence and multiculturalism. However, the state needs to adequately fund them — and also to adequately fund the districts/towns in which magnet students actually reside.

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Should you have any questions, please contact Steve Cassano at (860) 478-5535 or Dianne Kaplan deVries at (860) 461-0320.

CCJEF is a broad-based coalition of municipalities, local boards of education, statewide professional education associations, unions, and other pro-education advocacy organizations, parents, and individuals. Member school districts serve more than 200,000 students, including some two-thirds of Connecticut's minority students, those from low-income homes, and students from homes where English is not the primary language. The coalition's growing membership includes towns that are home to 1.3 million residents (approximately 38 percent of the state's population).