

**CONNECTICUT STATE BOARD OF EDUCATION
Hartford**

Ad Hoc Committee on Education Cost Sharing and Choice Funding

**Minutes
Monday, December 6, 2010
9:30 a.m.
165 Capitol Avenue, Room 307A
Hartford, Connecticut**

Committee members present: Joseph Brennan, Vincent Candelora, Joseph Cirusuolo, George Coleman, Deborah Heinrich, James Finley, Kathy Guay, Alex Johnston, Fred McKinney, Mark McQuillan, Ron Melnik (representing Sherri DiNello), Patrice McCarthy, Sharon Palmer, Allan Taylor, Dudley Williams, John Yrchik

Committee member absent: Douglas McCrory

I. Call to Order, Welcome, Greetings

Commissioner McQuillan called the meeting to order at 9:30 a.m. He stated that the Committee has had many discussions over the last several months, and now it's time to pull the work together and offer positive suggestions to share with Governor-elect Malloy. He went on to say that by December 20, he would like the group to finalize core values, recommend changes to the ECS formula, offer changes to the magnet school/transportation funding outside of the Sheff region, and complete recommendations regarding cooperative purchasing/regionalization and a common calendar.

II. Approval of Minutes of November 8, 2010, Committee Meeting

Ms. Palmer moved, Mr. Brennan seconded, to approve the minutes of the November 8, 2010, meeting. Mr. Yrchik commented that the minutes did not reflect the discussion of issues raised about the funding scenarios presented at the meeting.

On a motion by Mr. Cirusuolo, seconded by Mr. Yrchik, the Committee unanimously agreed to rescind and table the minutes for consideration at the December 13 meeting. Members were asked to e-mail suggested changes to staff.

III. Continued Discussion of Core Values

Laura Downs facilitated the discussion on the five value statements not yet discussed.

- a. To expand the funding for more choice options, the State needs to establish a "money follows the child" system.

Some members questioned if this was more of a policy/funding mechanism rather than a core value statement. Others thought the statement was too broad, and it wasn't clear if the "money" is just ECS or all education funding. At least one member could not support this value due to the inadequacy of State funding. It was mentioned that this statement directly relates to the approved Core Values numbers 2, 3 and 6. After further discussion, it was agreed to remove this statement (a.), but recommended that Core Value #3 be revised as follows:

"State public school funding decisions should primarily focus on individual students and their learning needs while accounting for different fiscal capacities and other conditions of communities."

- b. Funds for public schools should be sent directly to the district or schools, and not the municipality.

Members were split on this statement. Some thought this was not a value and more of a policy/funding mechanism, while others saw this as a great value which would clearly delineate education funding. It was questioned whether this would truly guarantee that education funding will go directly to the classroom.

There was brief discussion on the Minimum Budget Requirement, and it was suggested that some districts need to use current funding more efficiently. Members also expressed concerns about the issues between boards of education and municipal offices.

After further discussion, members agreed to remove this statement (b.), but revise Core Value #5 as follows:

“Excluding federal funds, the State should pay for at least 50% of the cost of operating public schools, and state funds allocated for education should be spent on education.”

- c. The State has an obligation to ensure that every student receives a high-quality education, even if it means targeting a larger percentage of funding for students in need.

After brief discussion, members agreed to remove this statement, but revise Core Value #1 as follows:

“Every student has a right to, and the State has an obligation to ensure that, every student receives a high-quality education provided by highly qualified and effective educators, irrespective of his/her race, ethnicity, wealth, zip code and individual needs which means targeting a larger percentage of funding for students in need.”

- d. The State should ensure that each teacher and principal receives a basic starting salary, to ensure the equitable distribution of highly-qualified educators throughout the state.

This statement was removed.

- e. Choice options for parents should be greatly, and systematically, expanded over the next decade.

Again, members questioned if this was truly a “value”, and whether Core Value #4 already encompasses this statement. After discussion, it was agreed to remove this statement (e.).

With consensus reached on six Core Value statements, Commissioner McQuillan thanked Ms. Downs for assisting the Committee.

IV. Fundamentals of a Funding Stream for Education

Ms. McCarthy introduced William Cibes whose expertise and research would be valuable for this Committee. Among other notable accomplishments, Mr. Cibes previously served as Secretary of the Office of Policy and Management and Chancellor of the Connecticut State University System.

Mr. Cibes briefly summarized his discussion topic and noted that education is the foundation for future prosperity. A copy of the package Mr. Cibes distributed, “Build Your Own” Balanced State Budget – FY2012, is in the official file.

Mr. Cibes began by examining the magnitude of the State fiscal problem and possible causes contributing to the estimated \$3.7 billion shortfall next fiscal year. He noted that this figure includes

an ECS increase, transportation, excess cost and magnet school funding which total approximately \$170 million.

Appropriations from FY2000 versus FY2010 were discussed. It was noted that total personal income grew by 63 percent over this period, and expenditures have followed the revenue capacity of the State. Mr. Cibes explained that expenditures have grown more slowly over the decade for agencies such as Education, Social Services, and Correction. However, expenditures for three agencies have grown much more rapidly: Judicial, Children and Families, and Mental Health and Addiction Services. However, Mr. Cibes noted that this still doesn't account for the fiscal crisis.

Another misconception is that an increased State workforce caused the budget crisis. But Mr. Cibes stated that the number of State employees over the past 10 years has only grown by 284, and most State agencies are much smaller than one would think. Additionally, State employee health care costs are in line with the private sector.

In order to make any cuts in State spending, Mr. Cibes suggested that one would first need to see where the money is. Again, when looking at certain agencies, though they appear to be very expensive, certain areas just cannot be cut. For instance, the Department of Social Services handles a lot of Medicaid expenditures; most of the Department of Education's appropriation is for school districts; and Debt Service encompasses a vast amount of education-related school construction.

There have been suggestions to merge various agencies, but Mr. Cibes mentioned that we still wouldn't get to the amount of the deficit even if that was done.

Mr. Cibes did offer suggestions for possible cuts: shift from nursing homes to home care; claim Medicare first for those clients eligible for both Medicare and Medicaid; reduce the incarceration population by utilizing good time early release/community-based probation services; move nonviolent offenders to a community service program; increase the use of foster/adoptive care rather than small orphanages; and do not further burden the retirement fund by offering retirement incentives.

Another fruitful area of exploration, Mr. Cibes suggested, is to eliminate tax credits. Another tax option is to collect what's due under the existing tax structure. A way must be found to collect the use tax, and to find a way for out-of-state merchants to collect taxes.

Another option is federal revenue maximization. The Health Reform package will expand the State's ability to make more Medicaid claims. Also, the State should have claimed as much Temporary Assistance for Needy Families funding as possible that was available through the Federal stimulus program.

Mr. Cibes commented that even with cutting state/tax expenditures and collecting what's due to the State, there would still be a deficit. Additional revenue options need to be examined. There is a potential to collect sales tax on additional services that are now exempt, including attorney, dental and engineering services; medical test labs, and physician services. Some states tax those areas, but they do not have an income tax.

Another way to increase revenue is to extend existing taxes. Mr. Cibes stated that we're not overly taxed in terms of capacity to generate additional revenues. The measure of capacity calculation is the total state/local revenue as a share of personal income in the State.

Mr. Cibes commented that some people think businesses in this State are highly taxed. However, when comparing Connecticut with others states, we are actually fifth lowest. He thought it was appropriate to note that in terms of educational support, states do not want to increase property taxes for business since that would limit job creation.

Mr. Cibes summarized his overall suggestions to help cut the State's deficit: first look at cuts that can be made without impacting future building blocks, eliminate tax credits, and maximize revenues from existing sources. If a gap still exists, further revenue will need to be raised.

Commissioner McQuillan thanked Mr. Cibes for taking time to address the Committee, and a brief question and answer discussion ensued.

V. Common School Calendar

Virginia Seccombe, Executive Director of LEARN, and Pam Aubin, Superintendent of Montville Public Schools, briefly summarized their experience with a common school calendar.

Ms. Seccombe and Ms. Aubin noted that they discussed regional calendars with southeastern superintendents who realized the differences in calendars could cost a school district the equivalent of a teacher's salary. They commented that district-by-district research was completed, and districts did realize that operating on different calendars was costing them money. Ms. Seccombe stated that all southeastern school calendars were shared, and LEARN then drafted a common calendar (which wasn't initially well received). A concern is that a common calendar be aligned with Norwich Free Academy (NFA), the Norwich Diocese, and the Connecticut Technical High School System. It was noted that it could cost some districts up to \$11,000 per day when that district is closed (e.g., students need to be transported to NFA).

Ms. Seccombe and Ms. Aubin polled all southeast superintendents, and 13 have expressed an interest in adopting a common calendar. However, some districts still have concerns about the starting date (before or after Labor Day) and the duration of the February vacation. However, districts electing for longer vacations can opt to pay for transporting students.

Commissioner McQuillan asked Ms. Seccombe and Ms. Aubin to submit a summary of their common calendar proposal for consideration by the Committee on December 20. He suggests the Committee look at two different models (one with a start before Labor Day and one after) and contemplate choosing one to recommend.

VI. Other Such Matters

The next meeting is scheduled for December 13, at which time the Committee will review potential modifications to the ECS formula. Information on proposals for magnet tuition reimbursements outside of the Hartford region and a transportation recommendation are also slated to be discussed. A member also suggested that the Committee discuss the November 19, 2010, correspondence submitted by the Connecticut Voice for Children.

VII. The meeting was adjourned at 11:40 a.m.

Prepared by Karen Kowalski