

**CONNECTICUT STATE BOARD OF EDUCATION  
Hartford**

**Ad Hoc Committee on Education Cost Sharing and Choice Funding**

**Minutes**

**Monday, December 13, 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, Sherri DiNello, Patrice McCarthy, Sharon Palmer, Allan Taylor, John Yrchik

Committee members absent: Douglas McCrory, Dudley Williams

**I. Call to Order, Welcome, Greetings**

Commissioner McQuillan called the meeting to order at 9:35 a.m. He commented that the Committee now needs to pull together recommendations and come to a consensus with proposals with good promise. Two proposals that Commissioner McQuillan would like to further discuss are 1) an alternative way to reconfigure ECS that could be phased in over time, and 2) a proposal to rectify inconsistencies with magnet tuition and transportation reimbursements.

**II. Approval of Revised Minutes of the November 8, 2010, Committee Meeting**

Mr. Yrchik moved, Mr. Cirusuolo seconded, to approve the revised minutes of the November 8, 2010, meeting. Motion carried unanimously.

**Approval of Minutes of the December 6, 2010, Committee Meeting**

Mr. Yrchik moved, Mr. Cirusuolo seconded, to approve the minutes of the December 6, 2010, meeting. Mr. Brennan commented that although consensus was not reached on “money follows the child” as a core value statement, it was agreed on December 6 that this concept would still be on the table for further discussion as a design mechanism.

With that being said, Mr. Yrchik moved, Mr. Brennan seconded, to approve the minutes of the December 6, 2010, meeting. Motion carried unanimously.

**III. Modifications to the Education Cost Sharing Formula**

Commissioner McQuillan turned the meeting over to Brian Mahoney who distributed various reports detailing ECS data elements.

Report 1 – the ECS formula in its purest state. Mr. Mahoney explained that the foundation represents what should be expended from local tax dollars and the ECS grant on a per need student basis. He stated that the foundation level has always been a number in statute, rather than a computation based on established criteria.

Report 2 – simulated foundation based on the ECS plus local expenditures per need student of the town where the 75<sup>th</sup> percentile need student resides.

Report 3 – the impact of adjusting the foundation to \$13,600. Mr. Mahoney noted that the foundation is insensitive to wealth, and the impact is virtually constant for every town. He stated that the foundation rose significantly in 2007-08, but it only funded a portion of the gap that was created by the new increase. A request was made to Mr. Mahoney to run a report that shows what is actually funded and use the foundation as a variable. Though the foundation is currently set at \$9,687, it may actually turn out to be much lower. Mr. Mahoney defined need students as the PK-12 students of fiscal responsibility (excluding charter schools and the CTHSS) as of October 1, adjusted for an extended school year, participation in the OPEN Choice attendance program, tuition free summer school and weighted for Title I poverty and English language learners who are not already funded under the state Bilingual Grant.

Report 4 – a summary of the impact of adjusting the student poverty rate for students eligible for free or reduced price lunch. Mr. Mahoney noted that Title I (census) poverty counts are subject to strict eligibility requirements compared to free/ reduced lunch. Currently there are 61,000 Title I poverty students in the State, and 174,500 students eligible for free/reduced lunch. Mr. Mahoney used a 12 percent weighting factor for this simulation that shows funding would shift from the wealthier districts to the middle and poorer quintiles. However, it appears that overall that shifting to free/reduced price lunch does not have a major impact.

Reports 5A and 5B – town-by-town simulations using free/reduced price lunch versus Title I poverty. There was lengthy discussion about the use of free/reduced price lunch data. Members are concerned about underreporting and the inaccuracy of data, since we need to rely on parents to complete the forms and some are not willing to report their actual income data. Members went on to say that if this data is used, serious oversight is needed since it is unaudited. For accountability purposes, a measure that is strong and audited should be required. Mr. Mahoney noted that if free/reduced data was used, it would be subject to audit. However, as with most audits, only a sample of the data would be subject to review.

It was mentioned that, in some cases, towns actually provide all students with free/reduced lunch. It was noted that for every one percent shift in the poverty weighting index, impacts the bottom line by \$5 million using Title I poverty and \$14 million using free/reduced counts. Regardless of which data element is used to identify the measure of need, it was stated that the Committee will need to defend its actions.

Committee members had an extensive and in-depth discussion about the possibility of using the Department of Revenue Services' income data in lieu of Title I or free/reduced price lunch data. Some members were not sure of the accessibility of this data from the Department of Revenue Services (DRS). Also, there are concerns that the data would be incomplete since not all residents are required to file tax returns. It was agreed that further review and discussion of the possibility of using DRS data would be necessary.

Reports 6 and 7 – detailed information on student performance measures. After brief discussion, Committee members agreed that this measure should not be used.

Report 8 – a summary of the impact of raising the State Guaranteed Wealth Level (SGWL) from 1.75 to 2.0 times the median town wealth. Mr. Mahoney noted that the higher SGWL drives more funding to middle-income districts.

During discussion, a member suggested that a formula not be created to fit districts' needs. It was questioned whether we should first define need and an objective and then develop a formula to address those issues.

There was discussion about getting to the 50 percent state share. Mr. Mahoney mentioned that if the SGWL was not changed, the foundation could be increased to get to that level. However, it would cost up to \$1 billion. It was mentioned that the foundation is an essential part of the formula and is a critical part of addressing equity.

Report 9 – a comparison of median household income (MHI) and per capita income (PCI) to data provided by the Department of Economic and Community Development (DECD). It was noted that DECD has a vendor that annually produces MHI and PCI estimates which are primarily used for housing eligibility programs. Over a ten year period, we see consistent growth under MHI, while there is far greater disparity with changes in PCI.

Reports 10A and 10B – simulated target aid using a \$13,600 foundation, 2.0 SGWL, PCI and MHI data, and a student performance weighting of 12 percent. However, 10A uses Title I poverty at 33 percent, while 10B uses free/reduced at 12 percent. Mr. Mahoney noted that both simulations added \$1.5 billion to target aid.

Reports 11A and 11B – detailed town-by-town simulations of target aid and target aid per resident student using the data from Reports 10A and 10B. Mr. Mahoney mentioned that a few towns would lose under these scenarios compared to their current target aid level.

Report 12 – a summary showing the impact of all ECS data elements. Mr. Mahoney explained that every percentage point change in the minimum aid ratio has a positive impact on wealthier towns. He also stated that the regional bonus is not a huge factor.

There was lengthy discussion about the data Mr. Mahoney presented. As noted earlier, a request was made to Mr. Mahoney to prepare an analysis showing the foundation as it is now, since it hasn't technically been phased in to the \$9,687 level.

Discussion and questions about the poverty measures continued: Is either Title I poverty or free/reduced price lunch the right measure to have the formula work properly? Fundamental wealth and poverty measures are needed. Several members questioned if "need" is not yet defined, then how can the problem be solved?

Regarding the ECS formula itself, it was suggested that the Committee talk about why it hasn't worked and develop a funding formula that taxpayers will support. Members posed several questions: What should the formula be trying to accomplish? How do we make sure the money goes to the classroom and is not just used for property tax relief?

#### **IV. Factors Affecting Tuition and Transportation Reimbursement to Attend Magnet Schools Outside of the Hartford Region**

Mr. Mahoney introduced Mark Linabury and Bill Magnotta from the Department's Bureau of Choice Programs. A Summary of 2009-10 Choice Programs (excluding Interdistrict Cooperative) was distributed, along with framing questions for magnet grants outside of the Hartford region.

It was noted that the maximum Open Choice transportation grant per pupil is \$3,250, except for CREC which is experiencing much higher costs, partly due to the number of bus routes. Outside the Sheff region, the out-of-district magnet transportation grant is capped at \$1,300 per pupil. To fully fund, the level would need to be set at a statewide average of \$1,700 per pupil.

Regarding operating grants, Mr. Mahoney noted that State law prohibits RESC magnets to operate at more than 120 percent of the net current expenditure per pupil level. However, districts operate magnets differently. RESCs do charge tuition. Hartford also has historically charged tuition. It was noted that each RESC magnet schools charges towns the same tuition regardless of the fiscal capacity of such town. Mr. Mahoney stated that in terms of revenue, RESCs receive tuition from the school districts and state grants, while host magnets receive state grants and contributions from their local property taxes.

It was stated that we need a uniform funding system for everyone.

#### **V. Correspondence Received from Connecticut Voices for Children regarding Connecticut's Education Finance Formula (dated November 19, 2010)**

Ms. Palmer highlighted several issues included in this letter:

Consider using Department of Revenue Services data to determine town wealth ranks.

Further discuss the issue of dorm/prison populations. Regarding community schools with wraparound programs – how are populations counted, and is the funding educational or municipal?

Funding statutes do not account for declining K-12 enrollments. There have been recent issues with school construction grants because of the overestimating of enrollments.

#### **VI. Other Such Matters, Discussion**

Mr. Taylor hopes to reach agreement on the principles of a funding formula at the next meeting scheduled for December 20. It was suggested that the group review poverty measures used in other states, as well as other free/reduced price meal applications. Additionally, we need to determine if solid data will be accessible from the Department of Revenue Services.

A member suggested that in the Committee's report, the reliability of the data should be noted along with the rationale for including such data elements.

It was agreed that further meetings will be scheduled into January 2011 in order for the Committee to complete its charge and issue a final report.

#### **VII. The meeting was adjourned at 11:45 a.m.**