

**CONNECTICUT STATE BOARD OF EDUCATION
Hartford**

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

Monday, November 8, 2010

9:30 a.m.

**165 Capitol Avenue, Room 307A
Hartford, Connecticut**

Committee members present: Joseph Brennan, Vincent Candelora, Joseph Cirusuolo, George Coleman, Sherri DiNello, James Finley, Kathy Guay, Alex Johnston, Mark McQuillan, Sharon Palmer, Patrice McCarthy, Allan Taylor, Dudley Williams, John Yrchik

Committee members absent: Deborah Heinrich, Douglas McCrory, Fred McKinney

I. Call to Order, Welcome, Greetings

Commissioner McQuillan called the meeting to order at 9:40 a.m., and all those in attendance introduced themselves.

II. Approval of Minutes of October 18, 2010, Committee Meeting

Mr. Brennan moved, Ms. McCarthy seconded, to approve the minutes of the October 18, 2010, meeting. Motion carried unanimously.

III. Education Funding Formula – Review of Potential Revisions to ECS Formula

Brian Mahoney provided Committee members with various impact analyses. Mr. Mahoney's intent was to have members better understand the relationships of ECS and its components. Mr. Mahoney explained the differences between District Reference Groups (DRGs) and quintiles: DRGs are not just about wealth but an array of socio-economic status indicators, while the quintiles are strictly grouped by wealth. It was noted that "wealth" in ECS is a combination of equalized net grand list per capita and wealth per need student using a three-year average adjusted for per capita income and median household income. It was also noted that Quintile 1 is considered the wealthiest group of towns, while quintile 5 is the poorest group.

Item B was described as an overall snapshot of the 2010-11 ECS grant. Mr. Mahoney explained that the regional bonus is designated for towns that are members of regional school districts, and those towns receive up to \$100 per student (which equals about \$2.5 million statewide.)

Item C depicted various impacts of decreasing and increasing the Minimum Aid Ratio. It was noted that for every point change in the aid ratio, there is about a \$10 million impact primarily in the wealthiest quintile. However, if the minimum aid ratio was eliminated, a number of districts would not be eligible for ECS funding.

Item D showed the impact of adjusting the State Guaranteed Wealth Level (SGWL). Basically the SGWL is the median town's wealth times a fixed number that has shifted many times – from a low of 1.55 to the current high of 1.75. When computing the ECS aid ratio, each town's wealth is compared to the SGWL. This ECS component is not about the poorest or wealthiest districts, but more about those towns in between.

Item E showed poverty data and English language learners (ELL) weighting impacts. Mr. Mahoney stated that when keeping the bottom line flat and giving poverty and ELL equal weighting, both can be set at 31 percent. It was noted, however, that there is very little impact across the board when adjusting ELL.

Items F1 and F2 factor poverty, ELL weighting, and bilingual students into the formula. Asked what would happen with all ELL students in the formula, Mr. Mahoney answered that the target grant would go down. It would only be a marginal benefit to quintile 5, but the rest of the State would suffer with almost a \$14 million decrease statewide.

Items G1, G2 and G3 were reports showing the impact of Title I poverty counts versus free/reduced price meals. It was noted that Aid to Dependent Children is not a valid measure of poverty in the State. If everything else was kept equal except using free/reduced data instead of Title I poverty, it would add \$233,620,435 in funding.

Mr. Mahoney completed his presentation, and members discussed the data presented.

III. Education Funding Formula – What Should be Included in Formula / 50% State Share

Alex Johnston spoke about a student-based approach to school finance. (A copy of the PowerPoint presentation is in the official meeting file and should be considered as part of these minutes.)

Mr. Johnston described several of the graphs included in his presentation. He noted that the mostly likely scenario over the next two years is flat funding (or possibly even a decrease). As discussed at a previous meeting, the key components for developing a student-based funding formula are: foundation amount, student success factor, state share ratio, minimum aid and a phase-in. Mr. Johnston offered six different scenarios and their predicted impacts:

Scenario 1: Current finance system and the ARRA funds expiring. This would result in a decrease of almost 13 percent statewide and no gain in funding. Mr. Johnston noted that almost every student would lose under this scenario.

Scenario 2: Student-based model and the ARRA funds expiring. This model keeps the foundation at \$9,687, a 30 percent poverty weight, .983 share ratio and no guaranteed minimum funding. This model also results in a 13 percent decrease, but a number of districts and students would gain funding. This model creates a clearer relationship between town wealth and state aid. About two-thirds of the towns would see an increase.

Scenario 3: Current system and flat funded. Zero percent change.

Scenario 4: Student-based model and flat funded. This model keeps the foundation steady, a 40 percent poverty weight, 9.27 share ratio and a 3 percent guaranteed minimum. This model shows a decrease of .03 percent funding. Many more students and districts gain funds as compared to the previous models. However, many districts would be losing funds relative to where they are now.

Scenario 5: Student-based model, and ECS boost. This model shows a 12 percent increase of state funds. Most students and districts would gain funds under this model.

Scenario 6: Student-based model with the State paying 50 percent of total costs. Students and districts would significantly benefit from this model. However, there would be a 32 percent increase of state funds needed over the current level.

Mr. Johnston briefly described the slides showing impacts of sample districts. Members discussed the data presented.

During discussion, an analysis with DRGs was requested. It would appear that towns in DRG I would come out ahead if using a student-based approach.

Mr. Johnston also noted that more models will still need to be run, since we really don't know the impact of these scenarios presented. Some members felt there is still a tremendous amount of uncertainty as to the degree to which districts would have students leaving or staying in their district and the subsequent uncertainty of a budget from one year to the next based on Choice movement.

Mr. Yrchik is concerned about changing the ECS formula in ways suggested by the ConnCAN presentation. He stated that the approach would create diseconomies of scale and would make it harder for traditional local school districts to function. He noted that there is no research that indicates the dramatic change suggested would improve public education for all students. Dr. Yrchik also feels that context is critical. Given the state budget gap, there appears to be no new money. Mr. Yrchik stated that it would not be in the public interest to replicate a system like Rhode Island that merely redistributes an inadequate amount of money in a different way.

Dr. Cirusuolo said that whatever funding method we put in place to honor the choice of parents who decide to send their children to a school outside a school district has to also honor the choice of parents who decide to send their children to a school within the school system.

IV. Continued Discussion of Core Values

Laura Downs was not present to facilitate this discussion, and it will be added to the next meeting agenda.

V. Other Such Matters, Discussion

Commissioner McQuillan asked the Committee if reframing school finance will be best achieved through Mr. Johnston's student-based model or a restructuring of the current ECS formula. The Committee needs to make a decision on how to proceed. During discussion, members talked about the need to decide on the fundamentals of a funding stream – what's the basic structure? Also, how should Choice be handled?

As stated at previous meetings, it was suggested that the Committee look past the next two or three years and discuss a long-term solution. After the Committee decides on the fundamentals of a funding stream, it will review what other states are doing.

At the December 6 meeting, the core value statements need to be completed. The Committee will then need to come back with structural components for the funding mechanism and decide which categorical grants would be included. The Commissioner noted that the regionalization discussion has been completed, but would still like to talk about a common calendar.

Because of the amount of work that is still needed, Commissioner McQuillan suggested that the Committee add another meeting date – Monday, December 13. There were no objections.

At the December 6 meeting, the group will discuss the possibility of having an education finance expert come in on December 13 to discuss both proposals and help the Committee evaluate them.

When preparing the Committee's report, it was suggested that short-term solutions be provided along with a statement of long-term recommendations.

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

Prepared by Karen Kowalski