

## Testimony of the State Board of Education On the Allowable Growth Targets in Act 46

This statement reflects a consensus of the state board of education. As the board has not met since your request for input, we have not formally voted on these comments. However we commend the alacrity with which you are addressing this issue and we appreciate your invitation to share our thoughts.

- The fiscal situation of the state influences our thinking as does the spending levels for education in the state. We recognize there are competing, even imperative, demands for scarce resources.
- While caps, limits, incentives and disincentives are commonly used mechanisms in education finance, it appears that the allowable growth targets in Act 46 were only added in the late hours of the 2015 session and did not have sufficient vetting as is typical of our legislative deliberations.
- The result was a sliding scale based on one year's data which froze the normal variations in school spending. Based on the luck of the draw, some schools worked from a low base and others from a high base. A multi-year base would have been a more valid measure.
- Towns with predetermined or less controllable expenses (tuition towns, multi-year teacher contracts and socio-economic circumstances) will arbitrarily receive a high or low target.
- As towns will be subjected to different tax rates for the same spending level, the constitutionality and the basic fairness of the provision is questionable. This is a controlling value.
- While town meeting and school votes are on the close horizon, the state board judges that correcting the arbitrary unfairness is the better option rather than knowingly continuing an unfair system (even though many have prepared budgets under these constraints – which generates another problem).
- The 0.9% solution does address a major cost driver, health insurance. However, it paves over a bumpy road and does not address inherent inequities.
- While cost-savings and efficiency are explicit goals of Act 46, these goals are obliquely addressed.
- Consequently, the state board recommends that the General Assembly place the allowable growth provision on hold and that the education committees work with the money committees to more precisely define the expenditure problems and craft well-considered solutions to our educational cost concerns.
- While recognizing that more comprehensive solutions are unlikely in this second year, the goal should nevertheless be for substantive actions this spring.

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