

A Political History of School Finance Reform in Metropolitan Hartford, Connecticut, 1945-2005

by
Lis Pennington
Emily Steele
Jack Dougherty

Cities, Suburbs, and Schools Research Project
at Trinity College, Hartford CT
<http://www.trincoll.edu/depts/educ/CSS>

Paper to be presented on the
“Spatial Analyses of Educational Inequality” panel
Division G
American Educational Research Association
April 2007

Introduction

Since the 1970’s, the public school funding systems of 45 states have been challenged in the courts. Furthermore, nearly all states have undergone heated legislative battles over the fairness of per-pupil spending amid wide disparities in local property wealth. The political stakes have intensified due to rising increases in public education spending, which have more than doubled during each decade from 1940 to 1990, according to school finance policy analysts Allan Odden and Lawrence Picus.¹ The case of Hartford, Connecticut offers a striking illustration of this political conflict over public school finance, because according to Census 2000, it consisted of the nation’s second-poorest city, surrounded by a suburban metropolitan region with the nation’s fifth-highest average income. But these geo-political tensions between urban and suburban (and rural) communities are not permanent. Instead, through a historical

¹ Allen R. Odden and Lawrence O. Picus. *School Finance: A Policy Perspective, second edition* (McGraw Hill, 2002).

investigation, we can better understand how they arose, took shape, and evolved in recent decades. In particular, this study concentrates on the Connecticut state legislature as the central forum for debate and action on public school finance. It seeks to offer an historical narrative to explain how and why representatives from metropolitan Hartford's urban, suburban, and rural districts debated and voted on certain school finance bills over time.

This paper argues that public school funding debates in the post-war era have been marked by historical continuity and change. From the 1940s until today, Connecticut's legislature has been locked in a conflict between high- and low- property tax towns. Legislators have argued for more state aid either to provide tax relief from a high property tax rate, or to compensate for a low available property tax base. Although the debate has remained the same, the sides taken by urban, suburban and rural representatives have changed due to economic and political shifts in the context in which the legislature has operated. For example, in the 1940's through the 1950s, urban areas like Hartford had a high property tax base in comparison to rural towns. Therefore, representatives of rural towns argued for more state aid to help fund their schools. However, during this time, urban areas chose to tax themselves at a higher rate than rural areas and because of their high tax effort, their representatives argued for property-tax relief. From the mid-1960s through the 1970s, three changes shifted the political and economic context under which property tax base and tax effort operated. First, the suburbanization of wealth caused the high property tax base of urban areas to become depleted and caused disparities in property tax bases to grow between developing suburbs, resulting in a group of less-wealthy suburban towns. Second, a federal court mandate to reapportion the Connecticut General Assembly in 1965 redistributed rural votes and gave more voting power to suburban and urban representatives. Third, as a result of the 1974 Horton v. Meskill school finance case

ruling, the Connecticut Supreme Court declared school funding solely through property taxes to be unconstitutional and caused representatives to focus on developing a formula that they felt compensated for disparities in property tax wealth throughout Connecticut's towns.

As a result of these changes, from the 1980's through 2005 urban areas, rural areas, and less-wealthy suburban areas had low property tax bases and were therefore relatively high need. In contrast, wealthy suburban areas benefited from high property tax bases. During this time, all types of areas put forth a high tax-effort in order to meet increasing education costs. However, only the property tax bases of wealthy suburbs were high enough to enable their tax-effort to produce sufficient education funds. Therefore, the representatives of urban, rural, and less-wealthy suburban towns argued for more state aid to compensate for their low property tax bases and the representatives of wealthy suburban towns argued for more state aid to relieve their tax payers. Overall, the votes of Connecticut's legislators have been influenced by two reoccurring factors which have remained the same throughout time: the property tax base and the tax effort of the town's they represent. However, the way in which these factors have influenced representatives has changed due to changes in the political and economic context in which they have operated.

Sources and Methods

Quantitative Data Sources and Definitions

In Connecticut, most local school districts are based on individual cities and towns. These municipalities vary considerably in their amount of property wealth, and also the extent to which they choose to tax their own property, and to spend on local schools. In order to make valid comparisons between different towns, we acquired historical data from 1945-2005 from the best

available statewide sources. For local property wealth, we compiled data on (or for early years, our estimates of) the Equalized Net Grand List (ENGL), the state's full-value approximation of all taxable property in a municipality, equalized across towns and cities to account for different sales-to-assessment ratio data provided by local property assessors.² For local education expenditures, state general education aid, and average student enrollment, we compiled data from the Connecticut Policy and Economic Council (CPEC), a non-governmental organization that closely monitored spending during the second half of the twentieth century.³

In order to measure how economic shifts have influenced representatives' votes over time, the study uses two variables relating to disparities in property tax bases that have that showed up consistently in the legislature as major sources of conflict: *tax-effort* and *high-need*. *Tax effort* is defined as the rate at which each town chooses to tax its available property tax base. We have defined tax effort mathematically as the percentage of the available property tax funds each town allocates for education (or local education expenditures divided by ENGL). The key elements of tax effort are that it is a *chosen* rate on an *available* property tax base. In contrast, towns that are *high need* are defined as towns that do not have a large available property base to tax, relative to the needs of the school population that they serve. Although high-need towns may

² For ENGL from 1981 to the present, we used actual data from the Office of Policy and Management, State of Connecticut. *Fiscal Indicators for Connecticut Municipalities* (Hartford: State of Connecticut), first published in 1987 (for 1981 data). For data from 1945 to 1980, we calculated our own ENGL estimates based Net Grand List and local assessor's information provided by the Connecticut Tax Commissioner, *Information Relative to the Assessment and Collection of Taxes* (Hartford: State of Connecticut). Both volumes are available at CT State Library. For details on ENGL estimates, see Cities, Suburbs, and Schools Project at Trinity College.

³ Connecticut Public Expenditure Council, *Local Public School Expenses and State Aid in Connecticut* (Hartford: CPEC), published from 1947 to 1987. (Available at CT State Library, with data compilations available from the Cities, Suburbs, and Schools Research Project at Trinity College.) Local education spending data for the 1990s to the present was obtained from the Connecticut Department of Education, Connecticut Education Data and Research website (<http://www.csde.state.ct.us/public/cedar/index.htm>).

put forth a high tax effort, their available property tax base might not be high enough to produce sufficient education funds.

In determining the outcome of the debate between high-tax effort localities and high-need localities, legislators vote on a current school finance formula. Although school finance formulas have become increasingly complicated over time in response to changing political and economic conditions, a simplified explanation of a school finance formula involves a lump sum of state funds distributed per factor (i.e. school, pupil, or classroom). *Formula share* is defined as the benefit to each town of the current school finance formula each year. In order to compare current formula shares between towns, this study measured the current amount of state general aid given to the town per the average daily membership (similar to average enrollment) of the towns' school district.

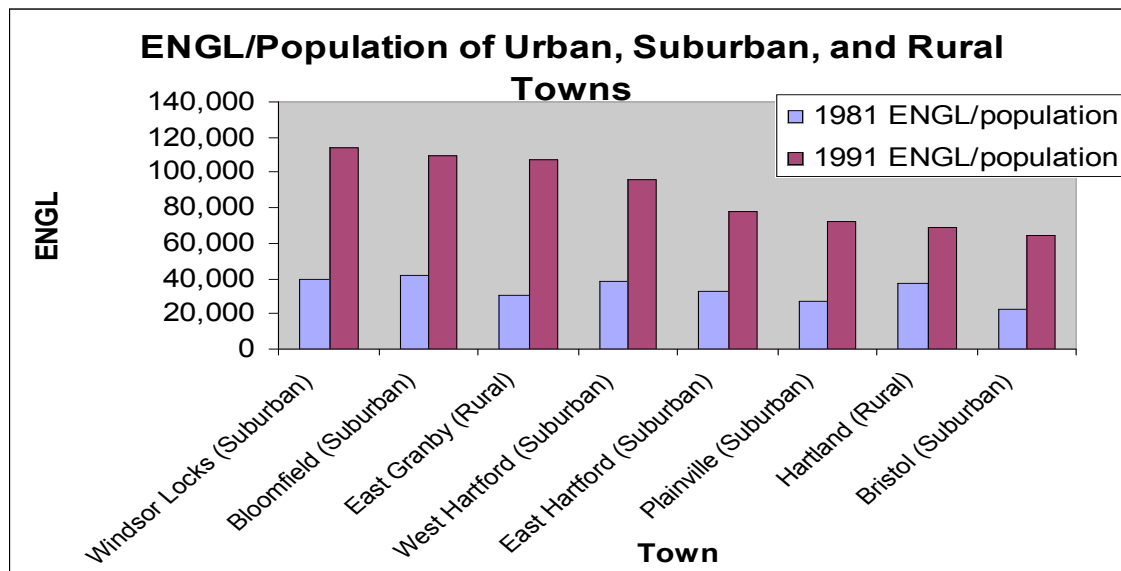
This study focuses conflict between three different geographic types of districts represented in the Connecticut legislature. We defined *urban*, *rural*, and *suburban* towns are defined by census population statistics available in the *Connecticut State Register and Manual*, relative to the central city of Hartford.⁴ *Urban* towns in this study are limited to Hartford, and another nearby city, New Britain. *Suburban* is defined as a place that is not part of urban Hartford, but is within its Standard Metropolitan Statistical Area (SMSA), defined by the US Census Bureau.⁵ *Rural* is defined as a town that constitutes less than one thousandth of the entire metropolitan Hartford population. It should be understood that representatives' districts sometimes include a number of towns and their school districts. For example, in 1989, one

⁴ Connecticut Secretary of State, *Connecticut State Register and Manual*. (Hartford: State of Connecticut), consulted years from 1950-2000.

⁵ Note that the US Census Bureau changed its definition of Hartford SMSA frequently over the six-decade period of this study. Therefore, this study instead defines the *metropolitan Hartford* area as: the central city of Hartford, the suburban "ring" around the city, and some rural towns that are included in the legislative districts of metropolitan Hartford representatives.

legislator represented the Connecticut towns of Andover, Bolton, Hebron, Manchester, and Marlborough. In this study, these five towns were all designated as rural. On the other hand, the urban area of Hartford was represented by 5 different legislators. When a legislator represented more than one town, an average of the towns' populations was taken to determine that district's geography as urban, suburban, or rural for this study.

During suburbanization, a group of suburbs developed that had significantly lower property tax bases than their wealthier counter-parts. In terms of geography, these towns are suburban. However, they are distinguished throughout the study as *less-wealthy suburbs*. For example, the chart below illustrates that towns such as Bristol and Plainville had taxable property bases (ENGL) similar to those of rural towns. Wealthier suburbs, such as West Hartford, had taxable property bases that were almost 3 times as high as less-wealthy suburbs.



Historical Research Methods

In order to understand the conflicts in the legislature that influenced representatives' votes on school finance bills, this study traced Connecticut legislative debate and action from 1945-2005. First, articles from the region's major daily newspaper, *The Hartford Courant*, were

compiled from a full-text data for 1945-present, to create a timeline of major legislative events and special interest group politics.⁶ Next, at the Connecticut State Library law and legislative reference section, a variety of primary and secondary sources served as a “road map” for research. First, the *Public Acts of the State of Connecticut* were consulted from 1945 to 2005, to identify changes in school finance law and the original State Senate or House bill numbers from which the Acts originated.⁷ Next, bill numbers were traced from Public Acts relevant to school finance to form a chronology of Senate and House Bills passed from 1945-2005. Legislative history records were then used to detail any controversies that arose surrounding each proposed bill. These records included *Proceedings* of the Senate and House, minutes of the *Hearings* of the Education Committees and Appropriations Committees in both chambers, and *Journals* of both the Senate and the House.⁸ Two factors, tax-effort and town-need, were repeatedly debated throughout these records.

In addition, a small quantitative multi-variable regression analysis was conducted on Senate and House votes on controversial school finance bills and amendments from 1972 to 2005. (The time period was limited due to the availability of House and Senate *Roll Call Votes* for recent decades only.)⁹ Regression analysis was performed on roll call votes that did not fall entirely on party lines to determine the relative importance of several factors on legislators’ votes, such as: party affiliation (Democrat or Republican), district geography (urban, suburban, or rural), tax-effort, and formula-share.

⁶ *Hartford Courant* Historical Database, available at Trinity College Library.

⁷ Connecticut General Assembly, *Public Acts of the State of Connecticut* (Hartford: State of Connecticut), biennial publication, title varies, available at CT State Library.

⁸ The unpublished *Proceedings* and *Journal* of the Connecticut General Assembly’s House of Representatives and Senate, as well as *Hearings* of various committees, are available at the CT State Library.

⁹The unpublished *Roll Call Votes* of the House and Senate are available at the CT State Library.

Rural versus Urban: School Finance Debates in the 1940s and '50s

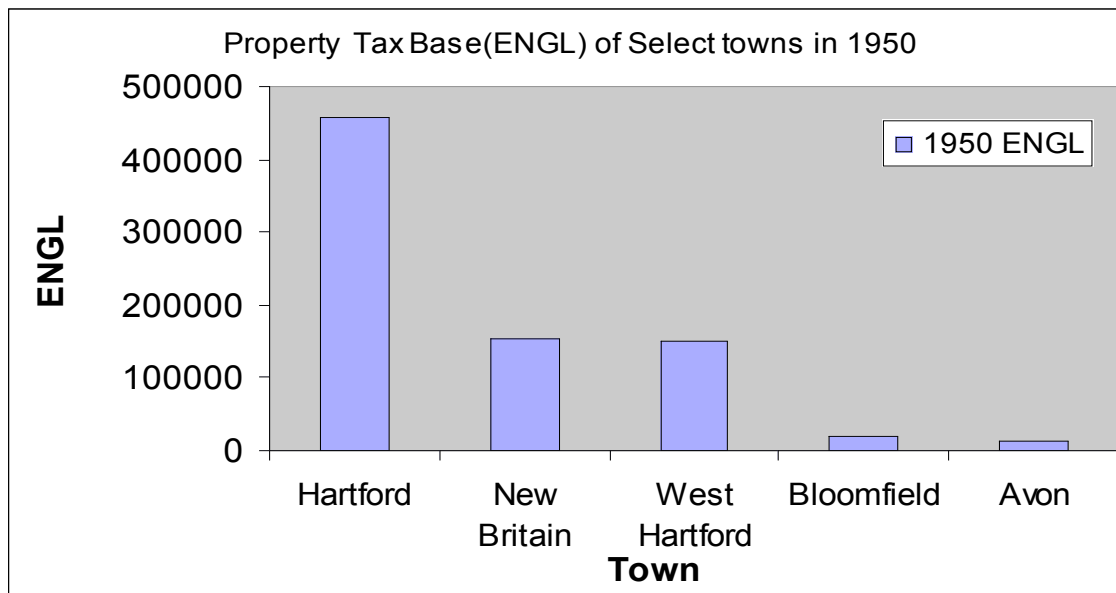
The legislative debate in the 1940s-50s over school finance votes occurred between representatives of urban towns putting forth a high tax effort versus representatives of rural towns who were high-need. As WWII and the Depression drew to a close and prosperity increased, excess funds became available to Connecticut. While both urban and rural legislators agreed that state aid for education was needed across the board, representatives of rural areas argued that their towns were high-need and should receive more state aid in order to bring their schools up-to-date with to those found in Connecticut's major urban areas. However, urban representatives argued that because their cities were putting forth a higher tax-effort than rural areas, they were entitled to additional state aid to relieve their taxpayers.

Before formal votes were held, school finance bills were proposed and initially debated in Education Committee or Appropriations Committee hearings. Lieutenant Governor Snow was present at the 1945 Education Committee hearing and filed a letter referring to his hometown of Ledyard where he served on the school board. According to 1940 population statistics, Ledyard had a population of only 1,426 and was very rural in comparison to Hartford's population of 166,329¹⁰. As Lieutenant Governor, Snow put executive pressure on the legislators to pay attention to the needs of rural towns and explained how additional state aid to rural towns could make improvements:

I would like to put on file a letter about conditions which you would not believe, in a town of Ledyard. 'The buildings have had very little repair for many years. They are

¹⁰ Connecticut Secretary of State. *Connecticut State Register and Manual*.

drafty with a stove inadequate to heat the room... We investigated and found 81 towns with poor conditions and 21 towns with extremely poor conditions¹¹. Rural towns such as Ledyard did not have the high property tax base which enabled urban areas to fund improvements on their own. According to 1950 data, the property tax base of Hartford was approximately 40 times more than that of Bloomfield, at that time a rural town.



Disparities in tax bases between urban and rural areas caused representatives of rural towns to argue and vote for more state aid to help bring rural school systems up to date with the school systems in urban areas.

In 1945, the Connecticut legislature passed Substitute Senate Bill 431, which created a public school building commission. Bill 431 gave a grant to school districts for construction, but emphasized the use of post-war funds specifically for rural school districts by allocating a sum of \$5 million to improve buildings in the poorer towns of the state. A substitute for Senate Bill 425 was also passed in 1945 and provided a grant of \$100 per pupil to every school district plus an additional \$10 grant per pupil to towns with a population of less than 25,000. Towns with a population of over 25,000 received an additional grant of only \$5 per pupil. Like Bill 431, Bill

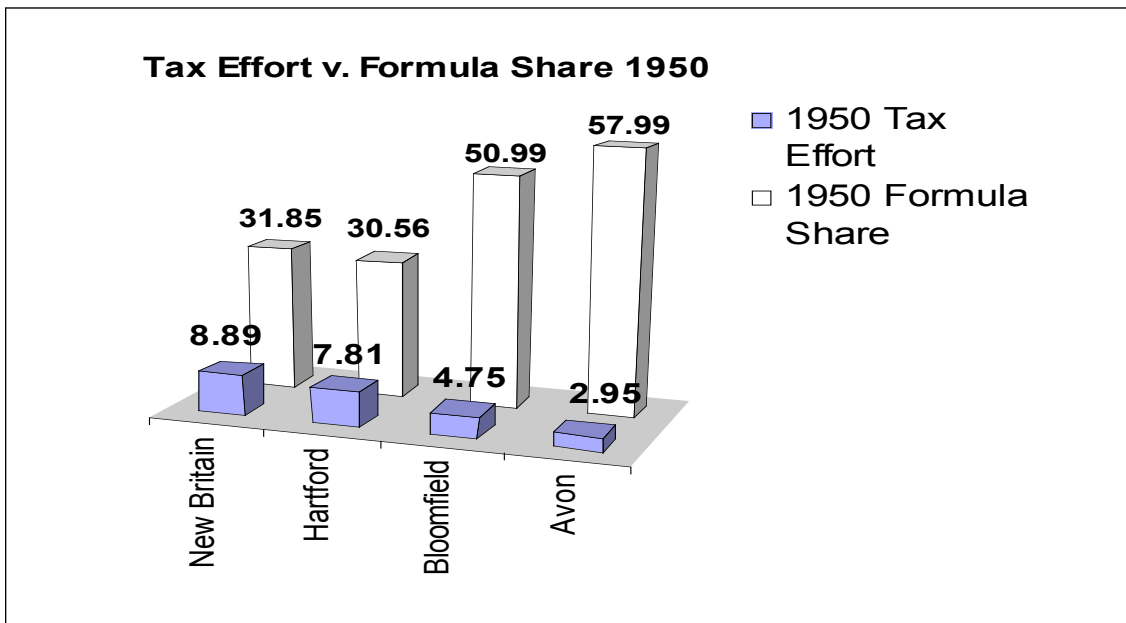
¹¹ Connecticut General Assembly, *Education Committee Hearings*, January 26, 1945, p. 57.

425 was favored by rural representatives because it provided rural school districts with twice the additional funds per pupil as urban school districts. Rural representatives were highly in favor of both bills because they benefited rural towns in high-need of additional funding to bring their facilities up to par with urban school systems. House Representative Hawkins, representing the rural town of Oxford explained, “S.B. 431 will prime the pump as no other bill will for communities that do not have adequate facilities.”¹² State aid for the development of schools became a focus of representatives of rural areas in the years immediately following WWII while representatives of rural areas fought to maintain their share of school funding.

Urban areas argued that because they were putting forth a higher tax effort than rural towns, they were entitled to more state aid to relieve their local taxpayers. However, the bills that passed through the legislature at that time focused on the student population of a school district in order to provide aid to small rural towns. The bills that passed between 1940 and 1950 did not consider a high tax rate to be a factor that warranted increased funding. Senate Bill 25, passed in 1947, allocated state aid on a per-pupil basis. However, like Bill 425, it allocated funds so that the greater the number of pupils in the town or district, the smaller the allowance per pupil. Therefore bill 25 continued to benefit rural towns. Senate Bills 431, 425, and 25 did not take tax effort into account and because they allocated based on student population they did not provide the tax relief representatives of urban areas sought after. Therefore, urban representatives argued and voted as best they could to relieve the high tax effort of their constituents.

Urban towns, which were putting forth a high tax effort, received a lower formula share from the state, according to 1950 data. The chart below demonstrates how Hartford and New Britain’s tax efforts were more than twice that of nearby rural towns, such as Avon and Bloomfield.

¹² Connecticut General Assembly, *Education Committee Hearings*, 1945, p. 61.



However, the formula shares of New Britain and Hartford were considerably lower than that of their rural counterparts. Representative Sullivan of New Britain illustrated this reality while debating Senate Bill 25 in the Appropriations Committee. “I don’t see why New Britain, Hartford, Waterbury, and New Haven also should receive less than \$32 per pupil and be paying, whether it be a sales tax or income tax, a very, very large proportionate share of that \$10,000,000,” Sullivan explained. “Hartford has 39 mills. Lyme has 8 mills. Hartford has a bonded indebtedness of \$14,000,000. The town of Lyme doesn’t have a single penny. Which needs the tax relief?”¹³ Thus, relief for their constituents from a high tax-effort was the major factor influencing the vote of representatives of urban areas in the 1940s-1950s.

Despite the battle in the legislature between urban and rural towns, school finance bills that benefited rural towns still passed. Rural towns were overrepresented in the legislature at the time because each town received only one or two votes despite large disparities in population

¹³ Connecticut General Assembly, *Appropriations Committee Hearings*, 1947, p. 517.

between towns. Also, a dire need for additional state aid across the board, especially for increased teachers' salaries (urban representatives may not have needed school buildings built, but they did need to provide competitive teacher wages), caused urban representatives to vote in favor of bills that benefited rural towns. However, arguments still occurred during committee meetings and on the senate and house floors between urban and rural representatives. It must also be noted that often during the 40's and 50's rural versus urban arguments also fell along party lines. In 1955, controversy surrounding House Bill 1, which increased aid for school operation, illustrated that rural versus urban battles often turned into battles between Republicans and Democrats. House Bill 1 is also an example of how urban representatives competed for funds to increase teacher salaries. House Bill 1 proposed simply to increase the amount state grants to cities and towns for school operational purposes. Senator Amenta of urban New Britain voiced a common concern that small school districts might not use additional funds to raise teacher salaries. Amenta mentioned that the rural versus urban conflict fell along party lines:

At that time the small towns were crying for needed money and claimed they needed more than the larger towns because they did not have taxable property. The larger towns went along to the effect we had a graded school fund from fifty-five down to thirty dollars. We realized the small towns needed more money to spend. We are realizing it again this time...It is sad for me today to see this bill go through with the very heart of it being taken out. Why? Because the Republican leadership of some small towns are afraid the teachers will pressure them into getting more money."¹⁴

However, representatives' votes were not influenced by their party firsthand. Representatives voted based on the needs of the urban or rural towns that they represented, which happened to represent either Democratic or Republican values.

In conclusion, legislative debate in the 1940s-50s over school finance votes occurred between representatives of urban towns putting forth a high tax effort and representatives of rural

¹⁴ Connecticut General Assembly, *Senate Proceedings*, 1955, p. 52.

towns who were high-need. Representatives of rural areas argued that their towns were high-need and should receive more state aid in order to bring their schools up-to-date with those found in Connecticut's major urban areas. However, urban representatives argued that because their towns were putting forth a higher tax-effort than rural areas, they were entitled to additional state aid to relieve their taxpayers. Despite the arguments of urban representatives, influenced by their tax-effort, the needs expressed by representatives of rural towns, influenced by their property tax base, were represented in the bills that passed after WWII due to several factors: the overrepresentation of rural representatives in the legislature and a general need for state aid across the board.

Suburbanization, Reapportionment, and *Horton v. Meskill*: the mid-1960s and 1970s

After the post-WWII era drew to a close, three pivotal shifts occurred in Connecticut that changed the context within which the two major factors that influenced representative's school finance decisions (tax-effort and property tax base) operated. In the 1940s and 1950s, prior to these historical shifts, debate surrounding school finance involved urban and rural towns. However, during the 1960s- 1970s, suburbanization, reapportionment of the General Assembly, and the *Horton v. Meskill* school finance case caused suburbs to also become a key player in the school finance debate, shifted the distribution of wealth and voting power throughout Connecticut, and changed the focus of school finance legislation. The migration of the middle class to the suburbs weakened the wealth and political power of urban areas. Reapportionment redistributed rural voting power in the legislature from rural areas to wealthy suburbs and urban areas. Finally, the *Horton v. Meskill* school finance case ruling declared school funding through property taxes unconstitutional and caused the legislature to focus on a formula that compensated for disparities in property tax bases between towns. Because of changes in wealth, shifts in

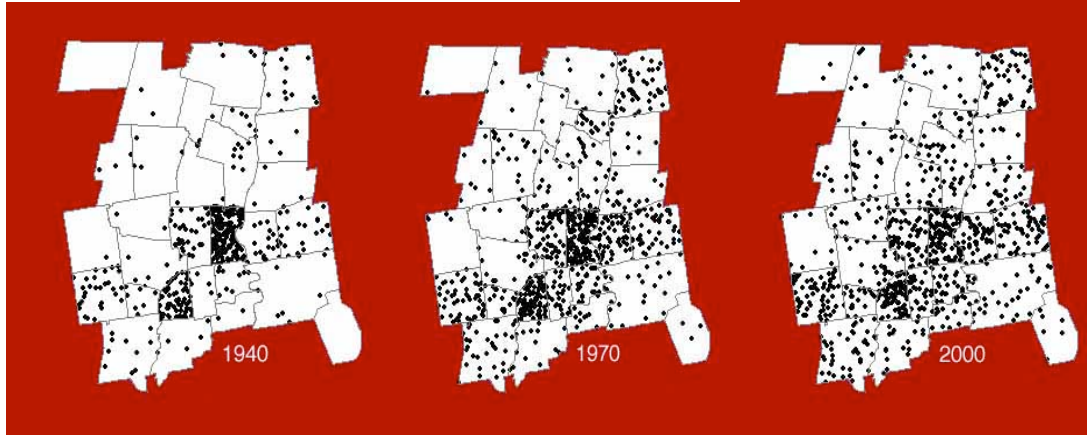
voting power and a new focus in the legislature, the school finance debate in the 1940s-1950s had changed by the end of the 1970s. In the 1940s-1950s high-need rural debate in the legislature was between high-need urban areas and high-tax effort urban areas. However, by the end of the 1970s, legislators were influenced simply by whether they were representing high or low-property tax base areas, because due to increasing costs of education, all towns were putting forth a relatively high-tax effort. However, urban areas, rural areas, and less-wealthy suburban areas did not have a high enough property tax base to enable their high-tax effort to produce sufficient school funds. In contrast, wealthy suburbs benefited from their high-tax effort because of their high property tax base.

Suburbanization

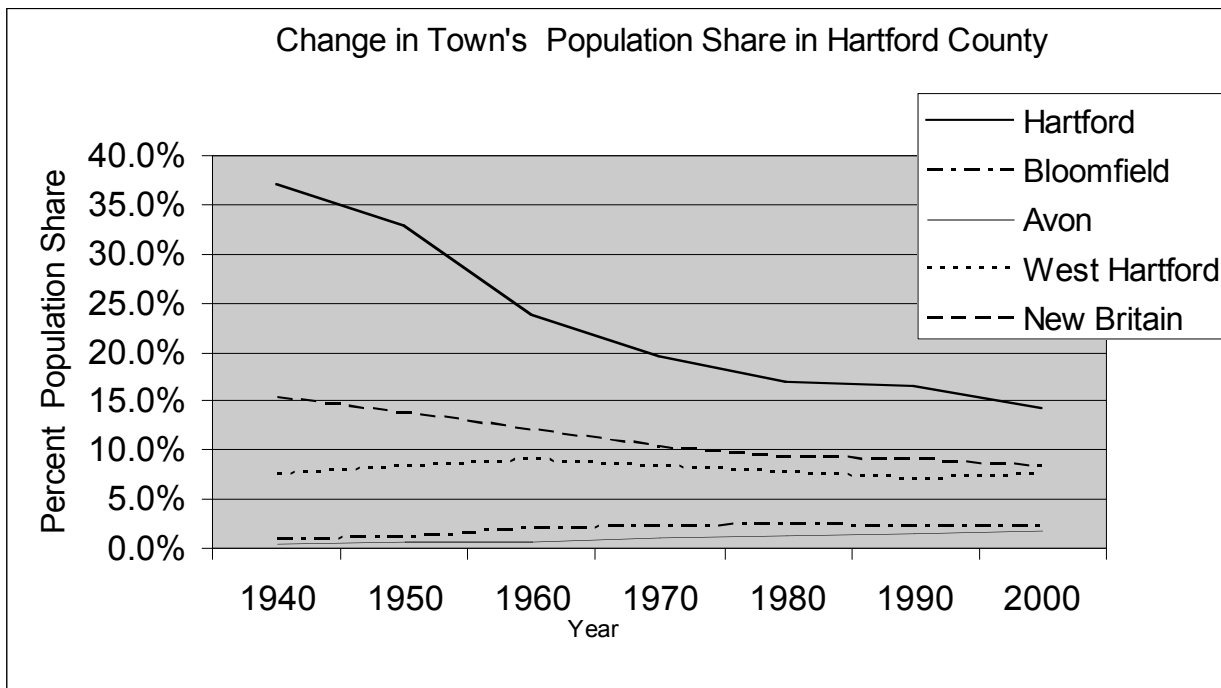
The first pivotal shift was the suburbanization of the middle class. Across the United States, a major population shift occurred in the dynamics of urban areas and their surrounding rural towns. For the most part, middle class residents left urban areas for surrounding rural areas, bringing their wealth and political power with them. Political scientist Keith Boeckelman explains the major population shift that began in the mid 1960s: “The balance of power in metropolitan areas themselves was changing, as suburbs grew in population, and many cities lost residents. As of the 1990 Census, over half of the U.S. population resided in the suburbs, and suburban legislators accounted for a majority or plurality in many legislatures”¹⁵. Because suburban representatives accounted for a majority of the legislature, middle class interests were overrepresented. The maps below illustrate the outward spread of the population over time from urban Hartford, at the center of the map, into surrounding suburban and rural areas.¹⁶

¹⁵ Keith Boeckelman, “Suburban State Legislators and School Finance,” *Journal of Political Science* 32 (2004): 50.

¹⁶ Maps and chart on change in town’s population share, calculated from US Census data.



From 1950 to 1980 the population of Hartford decreased by approximately 23% as its middle class residents migrated to the suburbs. As the chart below illustrates, until the 1960's more than 30% of the population of Hartford County lived in Hartford itself. But by 1980 Hartford accounted for only 16% of the county population, a decrease of approximately 20 percentage points. By contrast, booming suburban towns such as Bloomfield and Avon increased their share of the county population.



Reapportionment

The second pivotal shift that occurred in Connecticut in the 1960s and 1970s was the reapportionment of Connecticut's General Assembly. Reapportionment involved the redistribution of political representation by creating districts of representation in proportion to population. Since the early 1900s, the Connecticut General Assembly had been nationally known for its malapportioned system of representation. For example, before 1965, towns were given either one or two votes in the House of Representatives depending on their population and the Senate was divided into representative districts only roughly based on population. Because there were so many rural towns in Connecticut, each receiving the same representation as urban areas, rural towns were overrepresented in the legislature. Political scientist Everett Ladd described the malapportioned system of representation in Connecticut in this way: before the 1965 reapportionment, the 81 small towns in the state had 43 percent of the seats in the lower house of the legislature; afterwards, they had only 14 percent.¹⁷ Although the representation of rural towns was made more equitable by the 1965 reapportionment, Connecticut's rural areas still only accounted for only 9.8% of the population but accounted for 14% of representation in the state legislature. Therefore, as of 1965 Connecticut's rural towns still carried more than their fair share of legislative votes.

It took judicial action in the United States Supreme Court, the 1962 *Baker v. Carr* decision that mandated representation based on population, to bring about a federal court mandate for reapportionment in Connecticut. Connecticut historian Wesley Horton explained that, "As often is the case in American democracy, the only non-democratic branch of

¹⁷ Everett Carll Ladd, Jr., *Ideology in America: Change and Response in a City, a Suburb, and a Small Town* (Ithaca, NY: Cornell University Press, 1969), p. 84.

government --the judiciary -- had to be called upon to rescue the democratic system.”¹⁸ Baker v. Carr was backed up by a second Supreme Court decision in 1964, Reynolds v. Sims, which held that one man is entitled to one vote. Reynolds v. Sims was applied to Connecticut by state courts in 1964. As a result of federal court mandates, the Connecticut General Assembly called a Constitutional Convention in 1965 which reapportioned the Senate and House of Representatives to comply with the ‘one man, one vote’ principles of the Supreme Court cases. The convention decided that the Senate would be composed of 36 Senators, one from each of the 36 districts established proportionally by population. The House would be composed of 151 Representatives, one from each of the 151 Assembly Districts also established proportionally by population. Redistricting based on population gave more urban areas greater representation in the legislature.

Horton v. Meskill

The final pivotal shift during this period which affected school finance reform was the 1974 *Horton v. Meskill* ruling, which held education funding based solely on property taxes to be unconstitutional. The ruling made Connecticut one of the first eight states in the nation to invalidate their existing school financing system by relying on the equal protection provisions of its state constitution. Before *Horton v. Meskill*, schooling in all Connecticut towns was funded mainly through local property taxes, plus an additional flat grant distributed by the state. As stated earlier, this system caused high-needs towns and cities to pay increasing taxes for education while wealthier towns benefited from low taxes. High-tax efforts in towns with a low property tax base still could not produce enough revenue for education.

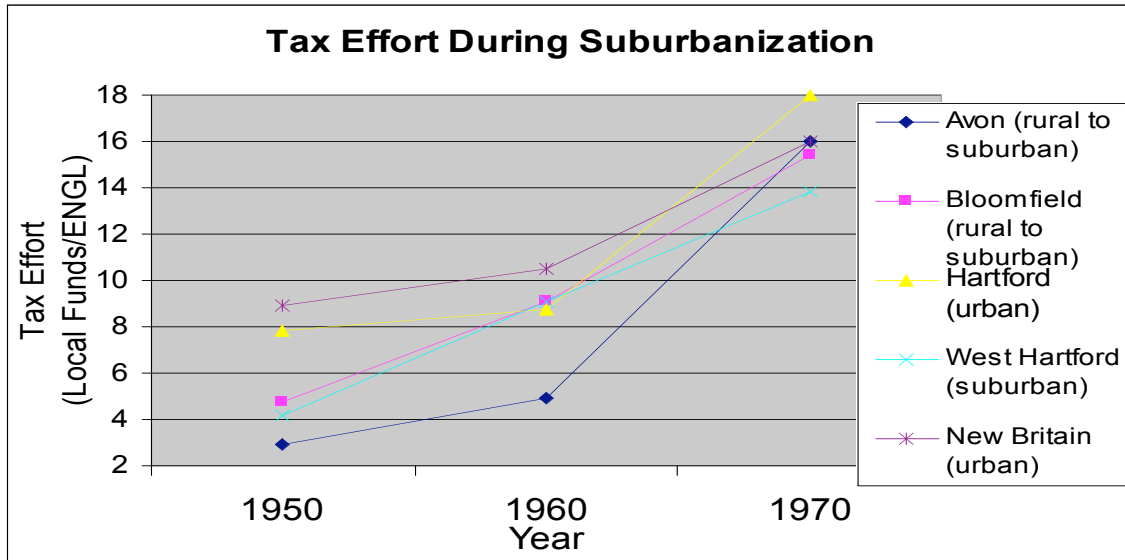
¹⁸ Wesley W. Horton, *The Connecticut State Constitution: A Reference Guide* (Westport, Conn: Greenwood Press, 1993), p. 17.

In order to address the *Horton v. Meskill* mandate, the 1975 legislative session developed a Guaranteed Tax Base (GTB) formula to allocate state aid. House Bill 6310 appropriated the GTB program in Connecticut and was passed in the legislature without significant controversy. Before 1974, state aid for education formulas never strayed far from a flat grant sum allocated to towns on a per factor basis. Connecticut's 1975 GTB formula was similar to GTB formulas enacted in other states. The formula provided a larger state role in low property wealth towns and a smaller state role in high property wealth towns¹⁹. The GTB formula "bases state aid to the towns on such things as local property wealth, the tax effort each town makes to raise money for its schools and the educational needs of the students as measured by their economic status"²⁰. The result of this formula was that state aid varied with both the level of property wealth and the tax effort of the locality. Therefore, the G.T.B. formula provided the most benefit to high-need towns whose high tax-effort was unable to produce sufficient education funds due to a low property tax base.

During the urban versus rural debate that took place during the 1940s and 1950s, the tax effort of high-need (rural) localities was considerably less than that of high tax effort (urban) localities. For example, the chart below shows that in 1950, the tax effort of rural Avon was less than half that of Hartford. In contrast, during the debate of the mid 1960s-1970s (urban, suburban and rural), high-need areas also put forth a relatively high tax effort.

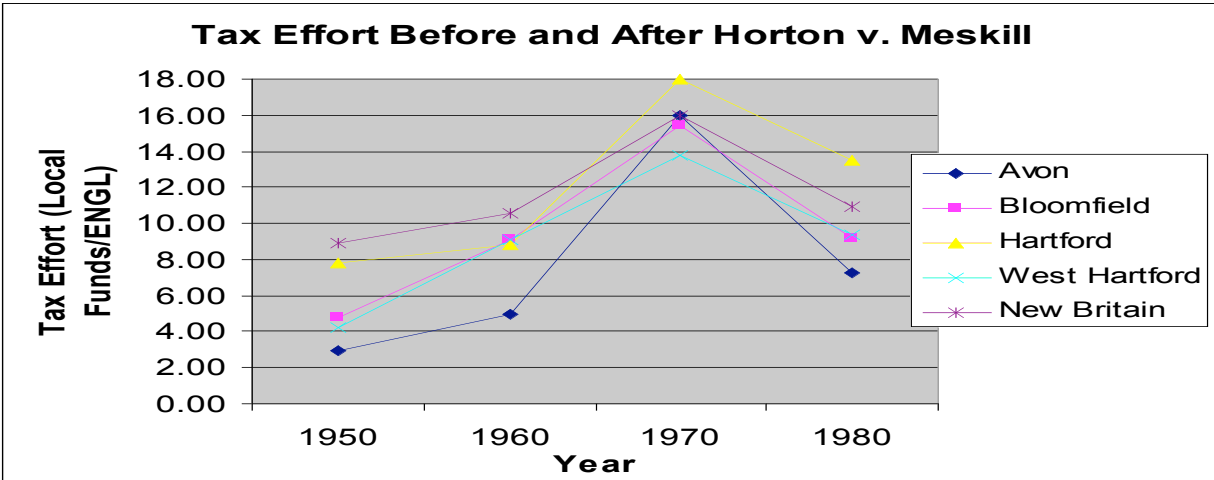
¹⁹ Odden and Picus, *School Finance*, p. 180.

²⁰ Richard L Madden, "Impact of New Ruling on Schools is Weighed" *New York Times* 29 April 1984.



The tax efforts of most towns increased drastically during suburbanization due to rising education costs. However, increased tax effort did not keep urban areas from being in high-need of state aid for education. Because the urban areas lacked property wealth, their *chosen* tax effort on their *available* property base still produced little revenue.

Horton v. Meskill provided tax relief for both urban and suburban towns struggling with the rising costs of education and high tax rates. The chart below shows that between 1960 and 1970, the tax effort of Avon more than tripled as its population grew from 5,273 to 8,352 due to suburbanization. However, it must be noted that the available tax base of Avon also increased because of suburbanization which in turn *increased* the town's overall tax effort. In contrast, between 1960 and 1970 the tax effort of Hartford doubled as its property wealth base *decreased* and property tax effort had to be increased to create more funds for public education.



The migration of people and wealth to newly established suburbs caused urban and rural representatives to be influenced by different factors than in the 1940s and 1950s. The migration of wealth created a taxable property base in new suburbs and depleted the taxable property base in urban areas; it also caused a new player in the school finance debate, less wealthy suburbs which did not have as high a property tax base as their wealthy suburban counterparts. Therefore, after the mid 1970s, suburban representatives voted based on the fact that their localities were able to put forth a high-tax effort. On the other hand, urban representatives, rural representatives, and less-wealthy suburban representatives were all forced to vote based on the fact that their localities were in high-need of state aid for education. However, suburban representatives carried more political weight in the legislature because reapportionment of the general assembly based on population gave the suburbs more votes as their populations grew.

The Aftermath of Horton v. Meskill: 1980-2005

The changes that took place from the mid 1960s through the mid-1970s, specifically suburbanization and redistricting, shifted the battle in the legislature over education funding

between urban and rural towns. After the late 1970s, the battle in the legislature had shifted to urban *and* rural towns versus suburban towns. In addition, suburbanization also caused the development of another group of towns that became involved in the conflict. After suburbanization, several towns developed into what are defined as less-wealthy suburbs. As stated earlier, less-wealthy suburban towns were high-need because they lacked a taxable property base comparable to that of wealthy suburban areas. Therefore, less-wealthy suburban towns sided with urban and rural towns in the battle for more school funding in order to compensate for their lack of property tax revenues. Also during this time, state legislators struggled to effectively allocate funds according to the *Horton v. Meskill* court mandate. However, as in the past, education costs continued to increase and state funds failed to keep up, forcing towns to rely more and more on property taxes. Lack of state funding for the Guaranteed Tax Base formula made it ineffective, further fueling the argument over available state funding. Representatives of urban, rural and less-wealthy suburban towns argued that they were in high-need of increased school funding because they lacked the available property base to make their high-tax effort worthwhile and to keep up with rising education costs. In contrast, suburban legislators argued for tax relief from the high-tax effort they put forth to match rising education costs.

For example, House Bill 7138, passed in 1981, dealt with technical alterations to the GTB formula. When the bill was debated on the floor of the Senate, Senator Skowronski explained the context of the debate in terms of the minimum expenditure requirement (MER), which was added to the GTB formula in 1979. The MER mandated that each school district met or exceeded a basic level of per pupil spending. Skowronski explained:

In certain towns...the amount of the GTB grant under the formula as proposed in the upcoming fiscal year is substantially less than the amount of the minimum expenditure

requirement that will have to be paid in the upcoming fiscal year. Or to state it in another manner, the GTB grant is increasing by a small amount but the minimum expenditure requirement is increasing by a substantial amount, a much larger amount²¹.

Because the GTB formula required a minimum amount of funds to be spent on education, towns were forced to produce these funds through property taxes. The GTB formula did allocate state aid to help towns with education funding, however, not enough state aid was available to provide tax relief as the MER increased.

House Bill 7555, passed in 1987, required towns that struggled to reach the MER to spend all of their state aid provided to them for education improvement purposes. On the other hand, towns who easily met the MER were not required to spend any of the state aid provided to them specifically for education improvement. Therefore, wealthy towns could use state funds instead of local property tax dollars to run their schools, choosing tax relief over furthering education improvement. An amendment to bill 7555 proposed setting the MER level based on towns that fell within the 75th percentile of spending per pupil. Setting the MER at a level that 25% of towns could easily reach using their own tax dollars would have given the wealthiest towns the option of choosing to use state funds for tax relief instead of using them for education improvement. Representatives of urban, rural, and less-wealthy suburbs opposed the passage of the amendment because it enabled state aid to be used by wealthier suburbs for tax relief while their low property tax base rendered a high tax effort ineffective. On the other hand, suburban representatives supported the amendment because it provided tax relief.

Quantitative analysis of the Roll Call Vote on Bill 7555 found that whether the legislator was representing an urban or non-urban (suburban, less-wealthy suburban, rural) district, as well as party affiliation, played a large part in determining voting patterns. According to the

²¹ Connecticut General Assembly, *Senate Proceedings*, 1981, p. 5186.

regression analysis, both geography and party affiliation perfectly predicted voting outcomes, and both are highly correlated, as all urban district representatives were Democrats. Suburban towns were more evenly divided between representatives of both parties, but obviously all Republican legislators represented suburban districts. However, like the debate in the 1940s - 1950s, representatives' votes were not influenced by their party firsthand. Again, representatives voted based on the needs of the urban or rural towns that they represented, which happened to represent either Democratic or Republican values.

In regards to Bill 7555, Representative Langlois from Killingly, a less-wealthy high-need suburban town, voiced his opposition to the amendment on the floor of the house. Langlois felt that the amendment would have caused increases in the disparities between rich and poor towns by relieving the taxes of wealthy suburbs but not giving tax relief to high-need towns. Langlois stated, "Connecticut will be expending 1 billion dollars towards education...the amendment will enable local towns to use money for tax relief as opposed to education enhancement."²² By the 1980s all towns had become high-tax effort towns in order to meet the rising costs of education, however, representatives of high-tax effort towns that were also high-need (urban, rural, and less-wealthy suburban towns) argued that state aid should be used to help their struggle to meet the MER as opposed to being used for tax relief in towns with high tax bases (wealthy suburbs).

A 1985 federal ruling held that parts of state school aid funding were unconstitutional confirmed that the Guaranteed Tax Base formula was not solving the education funding problem caused by property tax disparities. The Connecticut Federal court ordered the Connecticut General Assembly to spend more money to fund the GTB formula. The Connecticut state legislature was ordered to fully finance the formula in the next fiscal year and in response to the

²² Connecticut General Assembly, *House Proceedings*, 1987, p.8109-8128.

1985 federal ruling, a new formula, the Education Cost Sharing Formula (ECS), was enacted by the state legislature in 1988. The ECS formula was passed in the General Assembly without controversy to replace the ineffective GTB formula. The formula provided Connecticut's towns with a lump sum of state aid per student and additional grants per student determined by town need. The formula especially benefited high-need towns.

Despite updates in Connecticut's school finance formula, the battle in the legislature still remained the same as it did when the GTB formula was in place. Like the GTB formula, the Education Cost Sharing formula was not fully financed by the state and was rendered ineffective. For example, Senate Bill 243 was passed in 1989 in an attempt to increase the amount of state aid put towards the ECS formula. Bill 243 provided for an increase of \$18 per pupil in the lump sum grant. However, representatives of both high property tax base and high-need towns argued for more state aid and representatives in the Education Committee recommended an increase of \$30 million in state aid for education. Education Committee members explained that, "Connecticut agrees that the time is ripe for another substantial contribution along these lines to the towns and cities which are increasingly hard pressed to find suitable and adequate sources of tax revenue to provide a first class local level education"²³. However, throughout the early 1990's the Connecticut legislature made little progress on the Education Cost Sharing formula.

As of 1997, funding the Education Cost Sharing formula was still the major focus of the Connecticut legislature. Throughout the early 1990's the major education finance bills that passed through the legislature dealt with combining several large grants to subsidize the lack of state funding. These bills all shared the same title, "An act concerning education grants". Since 1994, the ECS grant had been "capped" by the legislature every year. The caps on the formula

²³ Connecticut General Assembly, *Education Committee Hearing*, 1989, p. 30.

did not allow for enough state funds to be distributed throughout Connecticut's towns. Senator Kissel explained the issue on the Senate floor:

Up in north central Connecticut there are towns that are considered middle-class, even somewhat affluent, that are affected by the cap...Not specifically urban municipalities, or ones that are considered urban. And also, it's been my belief, and people may differ with this, but I do believe that the state's commitment through the ECS formula to municipalities, when used appropriately by those municipalities, is one of the best ways that we can go about trying to make sure that municipalities' property taxes remain stable.²⁴

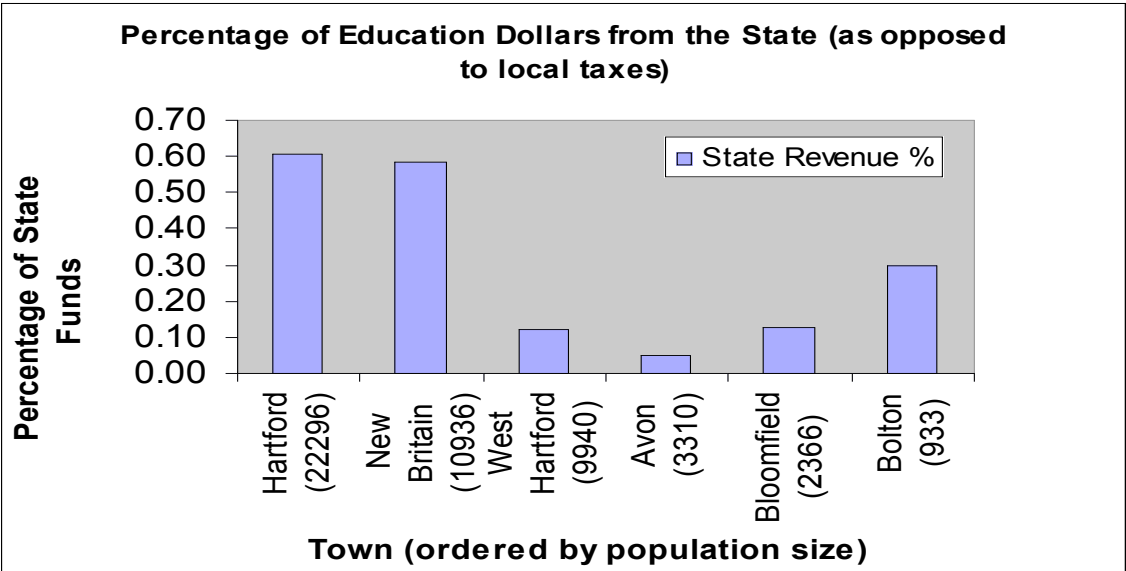
Although small towns did not have as much of a voice in the legislature, they pressured for their share of state funds. Small towns recognized the urgent need for state funding in urban communities, however, because the ECS formula was under funded they argued for less of their share to be cut. Senator Bacchiochi of Somers argued for small towns to get a higher share of the formula:

I represent a small town that has all the needs of a big city...we have a very high teen pregnancy rate. We have an extremely high rate of homelessness. We have children that have no place to live. But yet, when they go to school, they do not have the funds in that school that some of the large cities have and some of the more affluent towns have²⁵.

As illustrated by the chart below, during the 2000 school year, urban towns such as Hartford were receiving the highest share of the ECS formula and wealthy suburban towns were receiving the least. However, some less wealthy suburbs and rural towns such as Bolton were high-need like Hartford but their situation did not gain as much recognition in the legislature as urban areas.

²⁴ Connecticut General Assembly, *Senate Proceedings*, 2005, *need page#.

²⁵ Connecticut General Assembly, *Senate Proceedings*, 2005, p. 4061



On the other side of the debate, representatives of wealthy suburban towns argued that they were hurt too drastically by the formula cap in comparison to urban, rural, and less-wealthy suburban towns. Senator Prague, who represented a wealthy suburban area, argued that the fact that wealthy suburban towns were receiving minimal help from the state would hurt them eventually:

As we continue to pile up the burden on these towns, to increase their property tax burdens, those towns are going to begin to suffer economically. And to the extent that these towns are providing the funds to Hartford to pay for a lot of these other programs, or the balance of the ECS formula, I think we're going to begin to hurt them. The slow strangulation of the goose that lays the golden egg, is now occurring. And when those communities and those towns begin to fail economically, and when the people who are there begin to move away in large numbers, or have an inability to pay the other taxes, I think that we are doing ourselves a great disservice²⁶.

Senator Prague alluded to a cyclical nature to the education funding battle. He felt that by shortchanging wealthy suburban towns in the present, it would cause their school systems to decay in the future. However, without making drastic formula changes, legislators did not have a choice as to how to fund education because the education needs of urban, rural, and less-wealthy suburbs were urgent. Representatives of urban, rural and less-wealthy suburban towns argued

²⁶ Connecticut General Assembly, *Senate Proceedings*, 1999, p. 3530.

that they were in high-need of increased school funding because they lacked the available property base to make their high-tax effort worthwhile and to keep up with rising education costs. In contrast, suburban legislators argued for tax relief from the high-tax effort they put forth to match rising education costs.

Conclusion

From the 1940s until today, Connecticut's legislature has been locked in a conflict between high property tax towns and low property tax towns. Legislators have argued for more state aid either for tax relief from high property tax rates or to compensate for low property taxes. Although the debate has remained the same, the sides taken by urban, suburban and rural representatives have changed due to economic and political shifts in the context in which the legislature operates. In the 1940's through the 1950s, urban areas had a high property tax base in comparison to rural towns. During this time, representatives of rural towns argued for more state aid to help fund their schools. In contrast, urban areas chose to tax themselves at a higher rate than rural areas and because of their high tax effort, their representatives argued for property-tax relief. Three changes occurred in the mid-1960s through 1970s that shifted the political and economic context under which property tax base and tax effort operated. First, the suburbanization resulted in the migration of the middle class and their wealth out of urban areas and into rapidly developing rural towns. Disparities in property tax bases also began to grow between developing suburbs resulting in a group of less-wealthy suburban towns. Second, a Federal Court mandate to reapportion the General Assembly in 1965 redistributed rural votes and gave more power to suburban and urban representatives in the legislature. Third, as a result of the 1974 *Horton V. Meskill* school finance case ruling, school funding through property taxes

was declared unconstitutional. As a result of the *Horton v. Meskill* mandate, representatives focused on developing a formula that they felt compensated for disparities in property tax wealth throughout Connecticut's towns.

As a result of these changes, from the 1980's through 2005, urban areas, rural areas, and less-wealthy suburbs had low property tax bases and were therefore high-need. In contrast, wealthy suburbs benefited from high property tax bases. Because of increases in education costs, by the 1980s all geographical areas put forth relatively a high tax-effort. However, only the property tax base of wealthy suburbs was high to enable a high tax-effort to produce sufficient funds. Therefore, the representatives of urban, rural, and less-wealthy suburban towns argued for more state aid to compensate for their low property tax bases and the representatives of wealthy suburbs argued for more state aid to relieve their tax payers. The battle in the Connecticut legislature over education finance has remained the same since 1945 although the context of the debate has changed. Representatives of urban, suburban and rural areas have consistently had to argue for more funds for either property tax relief or to supplement a lack of property taxes to fund their local schools. Despite shifts in wealth, changes in power in the legislature and judicial action legislators are still struggling with a lack of available funds for education. The *Horton V. Meskill* court mandate was an attempt to steer education away from property taxes, however, the formulas used to compensate for property tax disparities (the Guaranteed Tax Base formula and the Education Cost Sharing formula) were under funded and therefore made ineffective. Despite major social changes and judicial action the representatives', education funding decisions are still influenced mostly by property taxes. This illustrates that disparities in education funding are not going to disappear unless education funding can be disconnected from property taxes.

Note about authorship:

This paper represents a collaborative effort between the co-authors. The primary author, Lis Pennington, will receive her undergraduate degree from Trinity College in May 2007 with a dual major in Educational Studies and Public Policy & Law. She conducted all of the historical research, developed the main arguments, and wrote the first drafts of this paper as part of her undergraduate senior research project. She received funding to work on this project from the Trinity College Faculty Research Committee Summer Research Assistant program.

Emily Steele assisted with the quantitative portion of this study and will receive her undergraduate degree from Trinity College in May 2007 with a major in Economics, and teacher certification in secondary school mathematics.

Jack Dougherty is Associate Professor and Director of the Educational Studies Program at Trinity College. As the faculty advisor for the first author, he helped to conceptualize the study design and its analysis, and revised subsequent drafts. The collaboration took part through the Cities, Suburbs, and Schools research project at Trinity College. See more at

<http://www.trincoll.edu/depts/educ/CSS>