

**CONNECTICUT STATE BOARD OF EDUCATION
Hartford**

**TO BE PROPOSED:
April 4, 2018**

WHEREAS, the Town of Winchester, pursuant to Section 304(b) of Public Act 15-5 of the June Special Session, has applied for a waiver of the third of five repayments of \$144,173 required to be made annually by April 30 under the repayment agreement required under Section 304(a) of Public Act 15-5 of the June Special Session for reimbursement of overpayments made by the State pursuant to Section 10-76g of the General Statutes during the fiscal years ending June 30, 2013, to June 30, 2014, inclusive; and

WHEREAS, the Town of Winchester has demonstrated significant improvement in the fiscal and financial practices of its school district, has demonstrated that structural changes have been implemented to ensure the school district is properly handling taxpayer funds, and has satisfied other criteria required by the Commissioner; now therefore be it,

RESOLVED, That the State Board of Education approves the waiver application submitted by the Town pursuant to Section 304(b) of Public Act 15-5 of the June Special Session for the payment to be made by April 30, 2018, and directs the Commissioner to take the necessary action.

Approved by a vote of _____, this fourth day of April, Two Thousand Eighteen.

Signed:

Dr. Dianna R. Wentzell, Secretary
State Board of Education

CONNECTICUT STATE BOARD OF EDUCATION
Hartford

TO: State Board of Education

FROM: Dr. Dianna R. Wentzell, Commissioner of Education

DATE: April 4, 2018

SUBJECT: Town of Winchester’s Application for Waiver of Repayment pursuant to § 304 of Public Act 15-5 of the June Special Session

Executive Summary

Background

The Department determined through an audit conducted by the Office of Internal Audit that, during the 2012-2013 and 2013-2014 school years, due to the filing of improperly documented claims, the State made overpayments to the Winchester school district for special education excess cost reimbursement under Connecticut General Statutes (“C.G.S.”) § 10-76g in the amount of \$720,865. During the 2015 June Special Session (“JSS”), the General Assembly passed legislation specific to the Winchester school district regarding this issue. The legislation established a State-appointed Receiver for the Winchester school district and addressed the issue of repayment of the amount owed to the State. In particular, Section 304 of Public Act 15-5 (JSS) requires the Commissioner and the Town of Winchester (the “Town”), or the school district for the Town, as applicable, to enter into a repayment agreement for reimbursement of the overpayments providing for the first payment (or reduction) to be made by April 30, 2016, and the last payment by 2020. Under the repayment agreement that was entered, the payments are due annually for five years, beginning in 2016.

The General Assembly also enacted a specific provision in the law authorizing the State Board of Education (“SBE”) to waive repayment by the Winchester school district under certain circumstances. Specifically, § 304(b) of Public Act 15-5 (JSS) authorizes the Town to apply for waiver of repayment “if the town demonstrates significant improvement in the fiscal and financial practices of its school district, that structural changes have been implemented to ensure the school district is properly handling taxpayer funds, and satisfies such other criteria as required by the Commissioner.” Public Act 15-5 (JSS), § 304(b). This waiver may be approved by majority vote of the SBE upon recommendation of the Commissioner.

The Town of Winchester has now applied for waiver of the payment of \$144,173 due, in accordance with the repayment agreement, on or before April 30, 2018. The State Board previously granted/approved the Town’s waiver applications in 2016 and 2017, forgiving the \$144,173 payments that were due on or before April 30, 2016, and April 30, 2017. In granting these waivers previously, the SBE found that the Town of Winchester in fact had “demonstrated the significant financial and fiscal improvements required by the applicable legislation.”

I recommend that the SBE approve this waiver of the payment of \$144,173 due, in accordance with the repayment agreement, on or before April 30, 2018. The term of the receivership has now concluded in the Winchester school district and control has returned to the Winchester Board of Education. In August 2017, Melody Brady-Shanley assumed the position of Superintendent of Schools. Under Ms. Brady-Shanley's leadership, the school district stands on firm financial footing and offers a sound educational program for students. In addition to the internal organizational improvements, the Superintendent and her school business manager have weekly meetings with the Town Manager and Director of Finance, and present on the district's financial status bi-monthly to the Board of Selectmen. Special education costs are moving towards being comparable with similar-sized districts, as improvements are made to in-district offerings. Another important development that speaks to the improving financial condition and relationship of the town and district is the town's decision to borrow \$5 million to make long overdue improvements to Hinsdale and Pearson schools.

Recommendation and Justification

The Town has applied for waiver of repayment of the payment due by April 30, 2018, which is the third of five annual repayments to be made to the Department pursuant to the repayment agreement that is required by Section 304(a) of Public Act 15-5 (JSS). As set forth above, based on the Department's review of the school district's current policies and practices, it is my assessment that the Town has satisfied the conditions for receiving a waiver of its 2018 repayment to the Department. Thus, the Town has demonstrated significant improvement in the fiscal and financial practices of the school district and that structural changes have been implemented to ensure the school district is properly handling taxpayer funds. For these reasons, I recommend that the SBE approve the Town's application for a waiver of the \$144,173 payment due April 30, 2018.

Prepared by: Matthew E. Venhorst, Attorney
Division of Legal and Governmental Affairs

Reviewed by: Kathy Demsey, Chief Financial Officer
Finance and Internal Operations

Approved by: Peter Haberlandt, Director
Division of Legal and Governmental Affairs