

**CONNECTICUT STATE BOARD OF EDUCATION
Hartford**

TO BE PROPOSED:

April 5, 2017

RESOLVED, That the State Board of Education approves the request for Finance Advisory Committee (FAC) action to transfer an estimated \$6,053,000 between various accounts, and directs the Commissioner to take the necessary action.

Approved by a vote of _____ this fifth day of April, Two Thousand Seventeen.

Signed: _____
Dianna R. Wentzell, Secretary

CONNECTICUT STATE BOARD OF EDUCATION
Hartford

TO: State Board of Education

FROM: Dr. Dianna R. Wentzell
Commissioner of Education

DATE: April 5, 2017

SUBJECT: Request for Finance Advisory Committee Action

When an agency needs to transfer funds between state accounts over a certain dollar threshold, it must make a request to the Office of Policy and Management that the transfer be considered by the Finance Advisory Committee (FAC).

For consideration at the FAC meeting scheduled for May 4, 2017, the Department is requesting a transfer of an estimated \$6,053,000 as noted on the following page. Because grant balances are still fluctuating, please be aware that the final FAC transfer request may vary slightly.

Prepared by 
Kathy Demsey
Chief Financial Officer

CONNECTICUT STATE DEPARTMENT OF EDUCATION

Finance Advisory Committee (FAC) Request

The Department of Education requests Finance Advisory Committee action on May 4, 2017, to transfer a total of \$6,053,000 from the State Charter School and Open Choice grant accounts to the Child Nutrition State Match, Health Foods Initiative, Education Cost Sharing, and Excess Cost – Student Based grant accounts as detailed below.

Transfer of funds is requested from the following accounts:

State Charters \$3,500,000

The State Charter School account has a surplus because 1) statewide enrollment in the charter schools for the 2016-17 school year was below the State Board-approved maximum enrollments by 158 students, and 2) the appropriation anticipated greater growth over the biennium than occurred.

Open Choice \$2,553,000

These funds are available, in part, because of the need to align agency budget requests with integration goals of the current Sheff agreement. The target student counts are not always achieved, given the variety of choice opportunities available to students. In addition, several districts that were anticipated to cross into the next tier of participation, which would have given them a higher grant rate, did not.

Transfer of funds is requested to the following accounts:

Child Nutrition State Match \$220,000

Federal matching requirements are such that the state must expend \$2,354,000 as our share of the costs of this program. This year's appropriation was reduced during the 2016 legislative session and additionally through a budget holdback to \$2,135,349, necessitating the transfer of funding to meet our match requirement.

Health Foods Initiative \$540,000

Connecticut General Statutes require \$.10 per meal for this grant, and current statutory language does not provide for the funding to be reduced within available appropriations. The Governor's Budget legislation proposes adding this provision moving forward. Eight additional school districts participated in the program this year, bringing the total to 179 districts or 91.8 percent of all eligible districts. Projected expenditures for this account are \$4,402,236.

Education Equalization \$253,000

Prior year adjustments (PYAs) for the Excess Cost – Student Based special education grant are taken against the Education Cost Sharing grant. Current projections indicate that PYAs will result in \$253,000 in additional expenditures.

Excess Cost - Student Based \$5,040,000

Funds are being requested for transfer into the Excess Cost-Student Based account for two reasons. First is the need for \$40,000 because the preliminary May calculation indicates that the February payments for several grantees were greater than such calculation specifies. It is unlikely that these refunds will be recovered in time to meet our statutory payment obligations.

Second, the State is required to maintain a certain level of expenditures for special education to meet the federal IDEA annual maintenance of effort (MOE) requirement. Not meeting the required level would put receipt of these funds in jeopardy moving forward. The current year expenditure level to meet MOE is determined by the actual expenditures in fiscal year 2014-15. We have met MOE for this year.

However, based on the reductions in the current fiscal year to the Education Cost Sharing grant, the Excess Cost – Student Based grant and in other state agency budgets that contribute to the calculation of the State's MOE requirements under IDEA, we have calculated a preliminary MOE level for fiscal year 2018-19 to see if we would meet the required expenditure level. Our calculations indicate that we need to spend an additional \$5 million on special education this year in order to meet our requirement for fiscal year 2018-19. Therefore, we are requesting a transfer of \$5,040,000 to the Excess Cost – Student Based special education grant to be paid to districts this year to offset current special education costs. Based on our estimated calculation, we believe this action will allow us to meet our MOE requirement in 2018-19.