



Agency Legislative Proposal - 2021 Session

Document Name: 090220_SDE_StateFundsRecovery

(If submitting electronically, please label with date, agency, and title of proposal – 092621_SDE_TechRevisions)

State Agency: Connecticut State Department of Education

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Lead agency division requesting this proposal: Legal Affairs

Agency Analyst/Drafter of Proposal: Matt Venhorst

Title of Proposal: An Act Concerning the Recovery of Misused State Funds

Statutory Reference: Title 10, Chapter 164, Part IVb (Charter Schools)

Proposal Summary:

The auditors at APA specifically recommended that the SDE “should propose legislative changes to Section 10-66tt that would clearly identify its governance responsibilities regarding charter management organizations . . .to resolve certain financial losses.” The intent of this proposal is to be responsive to that recommendation and authorize the state to recover state funds found to have been misused by an entity that runs a charter school (such as a charter management organization). While C.G.S. Sec. 10-66ee(h) currently authorizes the Commissioner to recover from a charter school grant funds that have been used improperly, there is no similar authority with respect to a charter management organization.

PROPOSAL BACKGROUND

◇ Reason for Proposal

Please consider the following, if applicable:

- (1) Have there been changes in federal/state/local laws and regulations that make this legislation necessary?
- (2) Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)? Are other states considering something similar this year?
- (3) Have certain constituencies called for this action?
- (4) What would happen if this was not enacted in law this session?

This proposal was recommended by the Auditors of Public Accounts following the closure of Path Academy Charter School.



◇ **Origin of Proposal** **New Proposal** **Resubmission**

If this is a resubmission, please share:

- (1) *What was the reason this proposal did not pass, or if applicable, was not included in the Administration’s package?*
- (2) *Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?*
- (3) *Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?*
- (4) *What was the last action taken during the past legislative session?*

PROPOSAL IMPACT

◇ **AGENCIES AFFECTED** *(please list for each affected agency)*

Agency Name: Office of the Attorney General – Still pending feedback

Agency Contact (name, title, phone):

Date Contacted:

Approve of Proposal **YES** **NO** **Talks Ongoing**

Summary of Affected Agency’s Comments

This office has not yet been contacted.

Will there need to be further negotiation? **YES** **NO**

◇ **FISCAL IMPACT** *(please include the proposal section that causes the fiscal impact and the anticipated impact)*

Municipal *(please include any municipal mandate that can be found within legislation)*

State

This statute, which authorizes the recovery of state funds, potentially could have a positive fiscal impact.

Federal

Additional notes on fiscal impact



◇ **POLICY and PROGRAMMATIC IMPACTS** *(Please specify the proposal section associated with the impact)*

◇ **EVIDENCE BASE**

What data will be used to track the impact of this proposal over time, and what measurable outcome do you anticipate? Is that data currently available or must it be developed? Please provide information on the measurement and evaluation plan. Where possible, those plans should include process and outcome components. Pew MacArthur Results First [evidence definitions](#) can help you to establish the evidence-base for your program and their [Clearinghouse](#) allows for easy access to information about the evidence base for a variety of programs.

N/A

Insert fully drafted bill here

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Sec. 1. (NEW) *(Effective from Passage)* (a) The Department of Education may institute a civil action in the Superior Court, or in the United States District Court, where applicable, against any person, firm, corporation, business or combination thereof, including a charter management organization, it believes, or has reason to believe has misused state funds or engaged in the misuse of state resources, to enjoin said parties from continuing such conduct within this state and to seek repayment of such funds as well as damages on behalf of the State. In such actions it shall be represented by the Attorney General.

(b) Upon the institution of such civil action, the Attorney General shall have the right to take the deposition of any witness the Attorney General believes, or has reason to believe, has information relative to the prosecution of such action, upon application made to the Superior Court, notwithstanding the provisions of other statutes limiting depositions. The Attorney General shall also have the right to take such depositions in other states and to utilize the laws of such other states relative to the taking of depositions where allowed by the laws of such states.

(c) In any case where damages or the misuse of state funds or resources referred to in subsection (a) of this section shall be proven by a fair preponderance of the evidence, the court shall order repayment by any or all defendants of said damages through the Department of Education.

(d) The court shall also have the right, in its discretion, to assess treble damages against said defendants.