

**SERIES: 2002-03**  
**CIRCULAR LETTER: C-3**

TO: Superintendents of Schools

FROM: Theodore S. Sergi  
Commissioner of Education

DATE: July 10, 2002

SUBJECT: 2002-03 Education Budget Update

By now you should have had an opportunity to review the updated 2002-03 Education Cost Sharing (ECS) grant estimates on the Department's website (<http://www.state.ct.us/sde/whatsnew/index.htm>). While the implementing statutory language will not be finalized until the legislature reconvenes in August, the ECS figures match those developed by the Office of Fiscal Analysis as part of the budget settlement and reflect a total increase of \$61 million, with no town receiving less aid than in 2001-02.

The news relative to other state grant programs is more problematic. The appropriations for Adult Education, Public and Nonpublic Transportation, and Special Education Excess Costs have all been capped so that each town's formula entitlement will need to be reduced proportionately.

Beyond the reductions that have already occurred, you need to be aware of the potential for further reductions authorized pursuant to Section 52 of Special Act 02-01, May Special Session. Under this new provision, the General Assembly has given the Governor the authority to reduce any fund or appropriation by an additional 5 percent beyond what current law provides. That means that grants to cities and towns can be reduced by an additional 5 percent, and non-municipal grants and other programs can be reduced by an additional 10 percent of the appropriation (5 percent under pre-existing law plus 5 percent under the new section). The ECS grant and a couple of other non-education town aid programs are exempt from this new authority.

The General Assembly has given the Governor the authority to determine whether to exercise this authority and to what extent after October 1 of this year. This places the Department in the position of having to issue reduced grant awards for any potentially impacted program. This additional uncertainty as to state grant revenues for 2002-03 will add to the difficulty of managing your budgets for 2002-03. This uncertainty is unavoidable and, under the circumstances, it is essential that you be aware of the possibility – perhaps even likelihood – of additional rescissions.

Circular Letter: C-3  
July 10, 2002  
2002-03 Education Budget Update  
Page 2

As with the ECS grant, the implementing statutory language for the capped appropriations in certain grant accounts is not in place and will not be until the August session. Therefore, the specific methodology for reducing grants is not yet determined in all cases. It will be several weeks before updated estimates can be calculated for some of the programs. For specific program questions, contact your program manager first or Robert Brewer, Director of the Division of Grants Management ([robert.brewer@po.state.ct.us](mailto:robert.brewer@po.state.ct.us) or 860-713-6464).

One final point regarding school construction. The priority project listing for 2002 was approved during the budget session, but the actual bond act has not yet been passed. That is also scheduled to be completed later in August. Until the bond act is final, the total funding available for FY2002-03 payments will not be clear. There is, however, sufficient funding to make payments as scheduled through September. Consequently, there should be no construction cash flow problems during the summer months, and assuming the bond bill is adopted as planned in August, allocations should be available to meet all state school construction obligations throughout the year.

On a positive note, our federal grant awards for 2002-03 have begun to arrive, and funding for those programs should be available in time for districts to operate these programs as planned. More information on federal programs is available through the respective program office within the Department.

TSS:rbk