

X.A.

**CONNECTICUT STATE BOARD OF EDUCATION
Hartford**

TO BE PROPOSED:
November 4, 2015

RESOLVED, That the State Board of Education, pursuant to the directive from the Office of Policy and Management, submits Budget Reallocation Options for Fiscal Year 2016-17, and directs the Commissioner to take the necessary action.

Approved by a vote of _____ this fourth day of November, Two Thousand Fifteen.

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: November 4, 2015

SUBJECT: Budget Reallocation Options – Fiscal Year 2016-17

Secretary Barnes' August 11, 2015, budget adjustment instructions allow agencies to propose the reallocation of resources between appropriations and programs in order to address higher priority needs, as well as to realign funding to accounts that better support particular program activities.

Through a review of the Department's anticipated budgetary and programmatic needs for Fiscal Year (FY) 2017, we have identified several opportunities to reallocate funding to support areas with additional funding needs. Below please find a summary of the proposed reallocations and the associated justification.

Proposed Funding Reallocations:

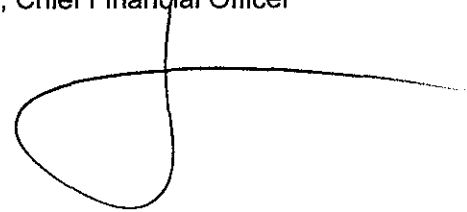
Account	FY 2017 Appropriation	Proposed Reallocation	Revised FY 2017 Appropriation
12552 – Talent Development	\$9,309,701	(\$300,000)	\$9,009,701
12566 – Common Core	\$5,985,000	(\$200,000)	\$5,785,000
12405 – Longitudinal Data Systems	\$1,208,477	\$500,000	\$1,708,477
12551 – K-3 Reading Assessment Pilot	\$2,947,947	(\$250,000)	\$2,697,947
17053 – Open Choice	\$43,214,700	(\$500,000)	\$42,714,700
12457 – Commissioner's Network	\$12,800,000	\$750,000	\$13,550,000

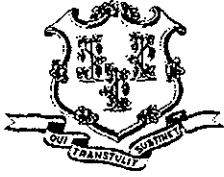
The Statewide Longitudinal Data System (SLDS) account funds the majority of the data collection, analysis and reporting work of the Performance Office, which collects data on students, staff, schools, programs, districts, and fiscal resources from local educational agencies and other service providers. The SLDS integrates all these data from offices across the agency into a central, meaningful information powerhouse called EdSight, which will serve as the backbone for several key department-wide reporting/analysis activities. The work of both the Talent and Academic Offices receives significant support from the Performance Office. A review of the programmatic and contractual needs for both the Talent Development and Common Core accounts for FY 2017 revealed the availability of funds for transfer to SLDS to support the ongoing level of data analysis and reporting work required by both offices.

Public Act 15-5 of the June Special Session required the Commissioner of Education, by August 1, 2015, to appoint a receiver for the school district for the Town of Winchester. A section of the

legislation places all three of Winchester's elementary schools in the Commissioner's Network for the school years commencing July 1, 2016, and July 1, 2017. The placement of Winchester's schools in the network was not contemplated at the time the Department developed the Commissioner's Network budget for FY 2017 and, therefore, was not included in our funding request. This proposal would move \$250,000 from the K-3 Reading Assessment Pilot appropriation and \$500,000 from the Open Choice appropriation to the Commissioner's Network appropriation to fund the cost of including all three of Winchester's schools in the network. The K-3 Reading Assessment Pilot program has been in operation for three years, and funds that were initially needed for program startup and development are now available and can be repurposed to support our efforts in Winchester. Updated enrollment projections for the Open Choice program predict lower-than-anticipated enrollment for school year 2016-17 by approximately 55 students, making funds available for transfer to the Commissioner's Network appropriation.

Prepared by Kathy Demsey
Kathy Demsey, Chief Financial Officer

A large, stylized handwritten signature in black ink, which appears to be 'Kathy Demsey', written over a horizontal line. The signature is highly cursive and extends significantly to the right of the line.



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

Date: August 11, 2015
To: Agency Heads
From: Benjamin Barnes, Secretary
Re: FY 2017 – Midterm Budget Adjustments

A handwritten signature in black ink, appearing to read "Benjamin Barnes".

Both Governor Malloy and I want to sincerely thank you for your hard work and dedication during the 2015 legislative session. Together, we have been able to accomplish many important initiatives despite the fiscal challenges that exist. While implementing the adopted budget for FY 2016 will present considerable operational challenges for all of us, we must also focus our attention on potential adjustments to the second year of the budget biennium, FY 2017.

As you know, the state's economic recovery has slowly been gathering momentum, with sustained improvement expected over the next couple of years. However, we must continue to search for ways to reduce expenditures by bringing even greater efficiencies to our agencies and prioritizing programs and services to ensure support for those that provide the most effective and efficient use of state resources, while at the same time delivering the highest quality services possible to the citizens of this state.

With respect to the budget for FY 2017, you should therefore consider two types of budgetary adjustments: technical adjustments and policy options. Technical adjustments should be submitted if legislation passed during this last session would require a change in resources that is unrecognized by the enacted budget for FY 2017, for revised estimates of court-ordered or entitlement spending, for realignment of funding between accounts, and similar technical (non-policy) changes to the enacted budget.

On the policy side, the Governor expects agencies to continue to put forth their best ideas for streamlining operations, prioritizing programs and reducing unnecessary expenditures. You are strongly encouraged to draw on the creativity and experience of the state's front-line staff in developing concepts for improving government effectiveness and efficiency. As always, options requiring legislative action are acceptable; agencies should be prepared to identify relevant statutory changes that would support reduction proposals.

In order for this office to provide Governor Malloy with a full array of options to deal with any contingencies and to ensure the continued financial stability of the state, you are expected to submit realistic and achievable reduction options totaling at least five percent of your agency's adopted FY 2017 appropriations. You should explore opportunities to eliminate, scale back, or achieve significant efficiencies across all budgeted areas. Selected agencies will also be asked to participate in a more intensive and interactive process for developing policy options over the fall and winter; these agencies will be contacted directly regarding discussion topics and meeting schedules.

As part of your reduction option analysis, agencies should focus on opportunities to streamline government, flatten organizations, and improve the most critical public services. I strongly encourage you to be creative as you consider alternative service delivery models, updates to your practices and procedures, cross-agency collaborations, and other new ways to do business. The Governor has demanded that we all drive change and improvement in our agencies, and the budget process is a great opportunity to advance efforts in this area. In addition, you should again give thought to any potential mergers and program consolidations that might merit consideration. If you identify potential savings that may be applicable to other state agencies, I ask that you contact me, Deputy Secretary Susan Weisselberg, or Executive Budget Officer Paul Potamianos, so that the appropriate budget analyst can follow up as necessary.

We expect that agencies will not request any new funding for FY 2017 for expansions beyond what was contained in the biennial budget. If you have identified new needs that must be met, it is expected that you will propose reallocating funds within your budgeted resources to meet those needs. We will notify you directly if the Governor determines that he would like to receive a formal proposal to expand services in any policy areas that affect your agency.

You will be receiving more detailed instructions along with the dates for each submission as separate communications from my office. Once again, the Governor and I thank you for your support and look forward to working with you to ensure that the citizens of the state continue to receive necessary services at the best possible cost.

xc: Governor Malloy
Lieutenant Governor Wyman
Agency Fiscal Officers
Alan Calandro, Office of Fiscal Analysis



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

DATE: August 11, 2015
TO: Agency Heads and Fiscal Officers
FROM: Paul E. Potamianos, Executive Budget Officer
SUBJECT: FY 2017 Midterm Budget Adjustment Guidance

A handwritten signature in black ink, appearing to read "Paul E. Potamianos", with a horizontal line underneath.

This letter provides guidelines for preparing technical adjustments to your agency's FY 2017 appropriated and capital budgets. Guidance memos, midterm adjustment software, a capital budget template, and instructions are available at the following link:

<http://www.ct.gov/opm/cwp/view.asp?a=2961&Q=569362&PM=1>

Operating Budget Technical Adjustments – Due September 8, 2015

In accordance with CGS 4-77, requests for technical adjustments to your FY 2017 appropriations must be submitted to OPM. The starting point for all technical adjustments is the enacted budget for FY 2017: Public Act 15-244, as amended by Public Act 15-5 (June Special Session).

Technical adjustments may include:

- Changes due to legislation that was passed in the 2015 legislative session without the proper adjustment to the budget. This includes any mergers or program restructurings. This does not include items to be funded "within available appropriations";
- Revised estimates for entitlements, court-mandated or formula-driven expenditures; or
- Adjustments due to new facilities coming on-line but not previously budgeted or for facilities scheduled to close which were not properly reflected in the budget.

Technical adjustments should not include:

- Adjustments to offset any holdbacks implemented as part of the enacted budget. OPM will monitor these over the course of the year and will recommend any necessary changes centrally;
- The pick-up or extension of any items funded from prior year funds carried forward, or federal or private funds. If there is an unfunded FY 2017 requirement, it is expected that you will seek to reallocate funds within current resources; or
- The impact of collective bargaining agreements. OPM will work with affected agencies to make any required adjustments through a centralized process.
- Reallocations of funds between appropriated accounts. Such realignments should be submitted as part of the option process.

Budget Options – Due October 16, 2015

Budget options represent the fiscal outcome of policy changes to the enacted budget. Budget options fall into the following categories:

Reduction options: All agencies are required to submit realistic and achievable reduction options that will result in a reduction of five percent (5%) of the agency's total FY 2017 appropriations. In developing these options, agencies should expect that any holdbacks applied in FY 2016 will continue into FY 2017, and plan to identify reductions beyond these amounts.

Reallocation options: Reallocation options provide an opportunity for an agency to propose shifting resources between appropriations and programs in order to address higher priority needs, as well as to realign funding to accounts that better support particular program activities. These options are "zero-based" in nature. An agency that has identified a need to consolidate or shift resources between programs or accounts should submit a reallocation option. Reallocations to offset the potential loss of revenue or federal funds should be clearly identified in your submission.

Revenue options: Agencies may submit revenue options where the cost/benefit is clearly advantageous to the state. Any request for appropriations or positions necessary to secure additional revenue should be made sparingly, recognizing the need to constrain expenditure growth and the general economic conditions; to the extent possible, revenue options should be proposed within available resources.

As noted in Secretary Barnes' August 11, 2015 letter, we will notify you directly if the Governor wants your agency to submit a formal proposal or proposals addressing any specific new policy initiatives affecting your agency.

Capital Budget – Due October 16, 2015

Agencies should keep in mind that there is a statutory cap on general obligation debt. Any requests for additional bonding should only reflect unforeseen funding for projects that must be completed in FY 2017. Agencies may also request to reallocate amounts that have already been authorized. As with the operating budget, any requests for expansion of existing bond-funded programs or projects or for new projects or programs will be limited and made pursuant to directions from the Secretary of OPM after discussions with the Governor regarding his policy initiatives. Further instructions regarding your capital budget submittal are attached and are also available at the link referenced in the opening paragraph of this letter.

Descriptions of Agency Purpose– Due September 28, 2015

The Governor's midterm budget book will include a concise statement of agency purpose. Instructions for accessing and editing the agency descriptions that were used in the last budget book will be provided by September 1st.

Guidance and Assistance

Operating budget: For technical questions related to the budget request software, please contact Scott McWilliams at scott.mcwilliams@ct.gov. For questions regarding budget or policy issues, please contact your assigned OPM budget analyst.

Capital budget: For questions regarding budget or policy issues, please contact Steve Kitowicz at steven.kitowicz@ct.gov or Brian Tassinari at brian.tassinari@ct.gov.

Submission

Please provide your requested technical adjustments and capital budget submission to your assigned OPM analyst in accordance with the submission guidance outlined in OPM's software instructions. Additionally, provide hard copies to the legislature's Office of Fiscal Analysis. Due dates are reiterated below:

- Operating Budget Technical Adjustments: September 8, 2015
- Agency Descriptions: September 28, 2015
- Capital Budget Revisions: October 16, 2015
- Operating Budget Policy Options: October 16, 2015

cc: Alan Calandro, Office of Fiscal Analysis