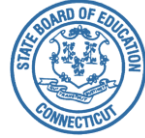




STATE OF CONNECTICUT
STATE BOARD OF EDUCATION



TO: Superintendents of Schools
FROM: Charlene M. Russell-Tucker, Commissioner of Education *CRJ*
DATE: February 26, 2024
SUBJECT: Fiscal Update

Over the past few weeks, the Connecticut State Department of Education (CSDE) has received several questions on a variety of fiscal matters. At a recent meeting with superintendents, the CSDE presented the attached slide deck to address some of those questions. The CSDE is now officially providing this resource to all superintendents.

The attached presentation explains how the special education excess cost grant is calculated, clarifies terminology and grant balance statuses for both ESSER II and ARP ESSER funds, and briefly discusses the fund request process through eGMS. Please review this presentation closely and discuss with your fiscal staff to ensure that all ARP ESSER grant balances are obligated and expended prior to the federal deadlines (slide 12), all fund requests for expenses are submitted in a timely manner (slide 14), and individual roles in eGMS are assigned to the proper staff (slide 15).

Starting in March, the CSDE will also be inviting district fiscal staff to join a monthly virtual "Office Hours." Individuals who are assigned the **LEA Fiscal Representative** role in eGMS will be invited to attend. The CSDE will review important information at these meetings, so at least one representative from the district is strongly encouraged to be in attendance. These meetings will also provide LEA staff with an opportunity to clarify any questions.

Thank you for your ongoing leadership in the efficient and diligent management of fiscal resources for the benefit of all our students. Please direct any questions you may have regarding fiscal matters to Roger Persson at roger.persson@ct.gov or Ajit Gopalakrishnan at ajit.gopalakrishnan@ct.gov.

Enclosure

Fiscal Update



February 16, 2024

Connecticut State Department of Education



Agenda



- Special Education Excess Costs
- Terminology
- ESSER II
- ARP ESSER
- Fund Requests



Special Education Excess Cost Grant



- Governed by Connecticut General Statutes 10-76g.
- Reimburses districts for high-cost special education students for costs that exceed 4.5 times the district's Net Current Expenditures per Pupil (NCEP) from the prior year.
- Example:
 - NCEP for District A is \$20,000.
 - Two special education students at District A have very high costs.
 - Student 1 costs \$120,000 and Student 2 costs \$140,000.
 - $4.5 \text{ times NCEP} = 4.5 \times 20,000 = \$90,000$.
 - District A can apply to seek reimbursement for total excess costs of \$80,000: \$30,000 for Student 1 and \$50,000 for Student 2.



Special Education Excess Cost Grant



- This grant is a capped, entitlement grant.
- *Entitlement* meaning that the district does not need to submit a traditional grant “application” to receive the funds.
- *Capped* meaning that the legislature allocates a fixed amount or appropriation annually, so if the request from all districts exceeds that appropriation, then the entitlements for all district will need to be reduced by law to stay within the appropriation.
- By law, districts seeking reimbursement must submit student and expenditure data twice during the year, initially by December 1, and the final by March 1.
- By law, 75% of the preliminary capped award is paid in February and the balance is paid in May of the year.



Proportional Reduction by Law Prior to 2022-23



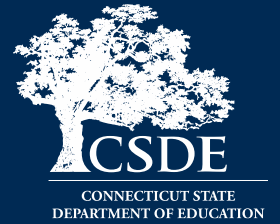
- If total district requests exceeds the available appropriation, then all districts are reduced proportionally.
- Example:
 - Total appropriation: \$900,000.
 - Total request from districts: \$1,250,000.
 - Requests exceed appropriation by: \$350,000
 - Reduce all districts proportionally i.e., $\frac{350,000}{1,250,000} = 28\%$.
 - Every district will receive 72% of their uncapped request.

District	Uncapped Request	Capped Award
A	\$700,000	\$504,000
B	\$400,000	\$288,000
C	\$150,000	\$108,000
Total	\$1,250,000	\$900,000



Proportional Reduction by Law 2022-23 onward

Subsection (d) of Section 8 of Public Act 23-1

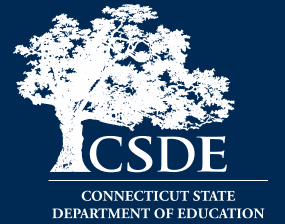


- Establishes three tiers of reimbursement based on wealth ranking of municipality i.e., 91% (for towns ranked 115-169), 88% (for towns ranked 59-114), and 85% (for towns ranked 1-58).
- Law states that if after application of tiers of reimbursement, total request still exceeds the available appropriation, then all districts are to be reduced proportionally.
- Continuing previous example with capped appropriation of \$900,000. Even after application of Tiered Reimbursement, total request of \$1,116,500 exceeds appropriation of \$900,000 by \$216,500.
- So reduce all districts proportionally by $\frac{216,500}{1,116,500} = 19.39\%$

District	Uncapped Request	Reimbursement Tier	Tiered Reimbursement	After Proportional Reduction of 19.39%	Net Reimbursement Percentage
A	\$700,000	91%	\$637,000	\$513,479.62	73.4%
B	\$400,000	88%	\$352,000	\$283,743.84	70.9%
C	\$150,000	85%	\$127,500	\$102,776.53	68.5%
Total	\$1,250,000		\$1,116,500	\$900,000.00	



Five Year Trend of Special Education Excess Costs



- CSDE has been transparent with the legislature on the uncapped entitlement requests for excess costs from school districts, as well as the challenges with reliably estimating future requests for excess cost entitlement from districts.
- The real challenge with this entitlement grant is that historically, the amount appropriated by the legislature has always been less than the total requested by all districts.
- Incidentally, even after application of the tiers, the 2023-24 overall preliminary reimbursement percentage is similar to that in 2019-20.

Fiscal Year	Uncapped Entitlement Request from Districts	Amount Appropriated by the Legislature	Percentage of Excess Cost Reimbursed
2019-20	\$197,834,955	\$140,247,371	71%
2020-21	\$175,626,041	\$141,049,061	80%
2021-22	\$175,733,825	\$140,619,782	80%
2022-23	\$203,882,252	\$156,119,782	77%
2023-24 (Preliminary)	\$255,102,708	\$181,119,782	71%



ESSER and Fund Requests



Terminology



- **Obligation**
 - Documented commitment (e.g., purchase order) in the district’s accounting system to expend the funds
- **Liquidation**
 - When the money is actually spent

If obligation is for:	The obligation is made:	In other words:
Personal services by an employee	When the services are performed	Salaries and benefits of employees can be paid for services performed up to the obligation deadline
Personal services or work performed by a contractor who is <i>not</i> an employee	On the date on which the district makes a binding written commitment to obtain the Service	Contracts/POs must be executed by the obligation deadline but work can be performed and bills can be paid until the liquidation deadline
Public utility services	When the district receives the services	Heat, electricity, water, and other such utilities can be paid for services received up to the obligation deadline



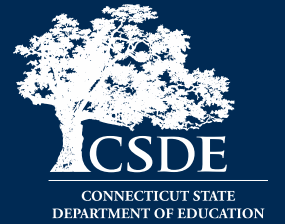
Obligation and Liquidation Deadlines



	ESSER II	ARP ESSER
Obligation Deadline <i>(non-negotiable)</i>	September 30, 2023	September 30, 2024
Liquidation Deadline	January 28, 2024	January 28, 2025
Liquidation Extension Deadline <i>(pending federal approval)</i>	March 31, 2025	March 31, 2026



ESSER II (as of February 5, 2024)



Status	# of Districts	Allocation (\$)	Amount Unpaid (\$)	Grant Balance (%)
Expended all funds by the liquidation deadline of January 28, 2024	172	403,884,034	2	0
Liquidation extension to March 31, 2025, approved by the U.S. Department of Education (USED)	3	2,669,553	214,945	8.1
Districts were late in submitting liquidation extension request. CSDE is requesting late liquidation extension from USED.	4	25,179,848	548,013	2.2
Balance not obligated by statutory deadline of 9/30/2023. Ineligible for liquidation extension. Funds expected to be returned to US Treasury.	9	11,450,377	1,317,741*	11.5
State Total	188	443,183,812	2,080,701	0.5

*One CMO with three schools accounts for 96% of this balance.



ARP ESSER (as of February 5, 2024)



Organization	Allocation (\$)	Amount Unpaid (\$)	Grant Balance (%)	Deadlines
Ten Districts with balances exceeding \$9 million each	530,734,569	290,240,576	54.7	Obligation deadline: September 30, 2024
<i>All Other Districts</i>	465,292,422	137,357,510	29.5	Current Liquidation Deadline: January 28, 2025
State Total	996,026,991	427,598,086	42.9	Liquidation Extension (<i>Pending Federal Approval</i>): March 31, 2026



Next Steps



- Review EdSight [Grant Expenditures \(ct.gov\)](https://ct.gov) dashboard to identify “grant balances” which are funds still at CSDE.
- Have detailed meeting with district fiscal representatives to identify how much of the balance is obligated *and* what is yet to be obligated.
- Confirm that the existing obligations are still necessary and appropriate.
- If existing obligations need to be adjusted, make sure to revise the ARP ESSER application in eGMS ASAP for approval so that you have time to adjust obligations by September 30, 2024.
- Obligations cannot be changed after September 30, 2024. For example, if you want to cancel your Chromebook PO for \$700,000 and instead purchase a curriculum model/program with those same funds, first ensure you have the plan approved in eGMS and then make sure that the \$700K PO for the curriculum is in place by September 30, 2024; a new PO cannot be created after September 30, 2024, using ARP ESSER funds.
- If funds are not obligated by September 30, 2024, those funds will likely need to revert back to the US Treasury



Fund Requests



- [Memorandum on Shift from Prepayment to Reimbursement Notice – April 4, 2023 \(ct.gov\)](#)
- CSDE makes payments on ALL grants on a weekly basis. Note that ECS, Excess Cost, Adult Ed, etc. are entitlements and paid per schedule. Only GRANTS are on a reimbursement basis.
- Since January 1, 2024, CSDE has already made seven payments. Here's a brief summary from those seven payments made to date:
 - 140 districts and 34 other organizations (e.g., CBOs, higher ed) have requested at least one reimbursement on one grant.
 - In total over \$130 million across 93 different grants has been paid out.



eGMS Roles



- Fund requests can be submitted to CSDE by the person in eGMS who is assigned the **LEA Fiscal Representative** role.
- Therefore, please ensure that this role in eGMS is assigned only to those individuals in the district who are explicitly designated by the superintendent with the authority to submit fund requests.
- CSDE considers any Fund Request received from the LEA as authorized by the Superintendent.
- The **User Access Administrator** role in eGMS is a very powerful role. It allows a person with that role to add/remove users or change their access levels in the system. Please ensure this role is given to the right person(s).
- Review the **Address Book** in eGMS at least annually with your designated **User Access Administrator** to make sure that appropriate individuals are assigned the proper roles, especially **LEA Fiscal Representative** and **LEA Superintendent / Authorized Representative**
- Use the [Request Help](#) page on eGMS to seek assistance if necessary.



Contacts



- eGMS: Use the [Request Help](#) page on eGMS
- Other questions:
 - Ajit Gopalakrishnan, ajit.gopalakrishnan@ct.gov
 - Roger Persson, roger.persson@ct.gov