

IX.C.

**CONNECTICUT STATE BOARD OF EDUCATION
Hartford**

TO BE PROPOSED:
January 3, 2018

RESOLVED, That the State Board of Education approves the Fiscal Year 2018-19 Mid-Term Budget Technical Adjustments and Reduction Options, and directs the Commissioner to take the necessary action.

Approved by a vote of _____ this third day of January, Two Thousand Eighteen.

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: January 3, 2018

SUBJECT: Fiscal Year 2018-19 Mid-Term Budget Technical Adjustments and Reduction Options

Technical Adjustments:

Pursuant to instructions from the Office of Policy and Management (OPM), technical adjustments to our fiscal year 2018-19 budget are restricted to four areas:

1. Changes due to legislation that was passed in the 2017 legislative session and special legislative sessions without the proper adjustment to the budget. This includes any mergers or program restructurings, but does not include items to be funded "within available appropriations".
2. Revised estimates of debt service requirements, fringe benefit costs or fringe recovery rates.
3. Revised estimates for entitlements, court-mandated or formula-driven expenditures.
4. Adjustments due to new facilities coming on-line but not previously budgeted for or facilities scheduled to close which were not properly reflected in the budget.

Pending State Board approval, the Department is not requesting any technical adjustments.

Reduction Options:

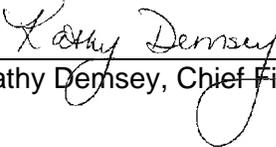
OPM's instructions also strongly encouraged agencies to submit realistic and achievable reduction options, including ideas for program reductions and eliminations. As part of the instructions, agencies were notified to anticipate that this year's holdbacks would be continued into Fiscal Year 2019. For the Department, that amount was \$94.3 million, including holdbacks of \$6.7 million in the Technical Education and Career System (TECS); \$58 million in the Education Cost Sharing grant account; and \$18.5 million in the Magnet School grant account.

Reductions beyond the \$94 million level would necessitate agency layoffs that would impact the Department's ability to meet the federal requirements of the Every Student Succeeds Act and the Individuals with Disabilities Education Act, putting significant federal funding in jeopardy. Further reductions to the TECS would significantly impact school operations and program offerings. The system is currently in the midst of a comprehensive review of its staffing levels

and associated program offerings to determine how to manage the \$6.7 million holdback in the current school year.

The Department's largest budget lines provide direct aid to our local education agencies (LEAs). We are just beginning to understand what the impact of this year's reductions in local education aid are going to have on our school districts this year and moving forward. Understanding the difficult financial issues facing the state, the Department is requesting stability in local education aid for next year. We will continue to partner with LEAs to seek opportunities for cost containment through regionalizing services and consolidating schools in light of declining enrollment.

Pending State Board approval, the Department is not proposing any reduction options for Fiscal Year 2019.

Prepared by 
Kathy Demsey, Chief Financial Officer