

Education Committee JOINT FAVORABLE REPORT

Bill No.: HB-6618

AN ACT CONCERNING CERTAIN FUNDING ISSUES AFFECTING BOARDS
Title: OF EDUCATION.

Vote Date: 3/22/2021

Vote Action: Joint Favorable Substitute Change of Reference to Appropriations

PH Date: 3/17/2021

File No.:

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

SPONSORS OF BILL:

Education Committee

REASONS FOR BILL:

Section 1: The education commissioner may allow a board of education to spend up to 10% of any increase in alliance district funds over the prior fiscal year in a way that was not included in the district's alliance district plan, as long as the board (1) spends it for educational purposes only and not to supplant the local share of education funding and (2) increases the local education funding share for that FY by the same amount (this would increase the local board's MBR by the amount the local share is increased)

Section 2: Allows the balance of any unspent federal funds received by boards of education for COVID-related expenditures (including funds from the federal CARES Act and the CRRSA) to carry forward to the next fiscal year for FYs 21-23

Section 3: Increases the amount that a regional board of education can put into its reserve fund for capital and nonrecurring expenditures from 1% to 2% of the annual district budget for a fiscal year

RESPONSE FROM ADMINISTRATION/AGENCY:

Charlene Russell-Tucker, Acting Commissioner, State Department of Education:

Section 1: Allowing districts to utilize any part of their Alliance District allocations for items "not included in their Alliance District plans" 1) goes against the intent of the Alliance District program; and 2) would dilute funding meant for those purposes. This shift has the potential to supplant local operating budgets with state funds and is not in alignment with the statute.

Section 2: Even if passed, this language would not change the requirements of the guiding federal statute. Districts currently have two CARES programs through COVID-19 relief funds which extend into school years 2021-2022 and 2022-2023. Additionally, the newly passed American Rescue Plan will provide further funding for districts over the next two years.

Section 3: This change would align regional boards of education with local boards of education, which have a 2% threshold already. The Department is supportive of this change.

NATURE AND SOURCES OF SUPPORT:

Regional School District #12: John Buonaiuto, Treasurer; Nicole E. Grant, Director of Finance

In 2019, we were pleased to hear that the threshold for the school districts to contribute to non-lapsing accounts was increased from 1% to 2% of the annual budget. Unfortunately, regional school districts were not included, and as a result of this mistake we are not afforded the same opportunity as municipal districts to accrue necessary reserves, which are crucial to the upkeep of the facilities that serve our children, and are an impactful means to avoid borrowing in order to control the annual cost of debt service

Amity Regional School District #5: Jennifer P. Byars, Superintendent; Theresa Lumas, Director of Finance and Administration

As a regional school district, we have long-term obligations of pension costs and OPEB contributions in our operating budget. Additionally, the annual cost of medical and liability insurance are other large line items in our operating budget. Capital projects often are delayed to a later budget year to keep the immediate increase low. Planning for the projects using funds that become available during a budget cycle from either unforeseen circumstances or cost-effective measure is a better budgeting method than borrowing.

Connecticut Association of Boards of Education, Inc.: This bill allows boards of education to carry over any unexpended federal funds received to address the costs associated with the COVID-19 pandemic. It also allows a regional board of education to deposit up to 2% of the annual district budget into nonlapsing account. This provision supports fiscal responsibility and is consistent with the statute allowing local boards of education to carry over funds.

Connecticut Association of School Business Officials: These proposed statutory changes will assist with efforts to adjust plans and respond to new challenges. The funding flexibility in this bill is important to plan and execute spending plans for these special challenges that could go beyond a fiscal year, including but not limited to, supply chain interruptions, facility upgrades, and other operational restrictions. The changes for regional school districts were unfortunately overlooked in 2019, but now is the time to fix that.

Kate Conetta:

We hope to be financially supported in our goal of promoting teaching as a career path in order to cultivate more teachers who represent the diversity of our community, Our students need to see teachers and leaders who look like them and the general assembly has an opportunity here to build subsidies in to make this a reality for financially-strapped districts.

Matt Conway, Superintendent, Derby Public Schools;

Diane Linderman, Board of Education Chairman, Region 18;

Ian Neviasser, Superintendent of Schools, Region #18 Lyme- Old Lyme Schools

This bill will correct the inequity between municipal school districts and regional school districts. 2019 legislation allowed municipal districts to increase annual contributions into their non-lapsing capital reserve account to 2% of their annual budget. Unfortunately, regional school districts were not included in this change as our ability to contribute to a reserve fund for capital and nonrecurring expenditures is covered under a different statute. Providing regional school district, the same the same abilities as our peers who provide educational services in single municipalities can directly translate to lower borrowing and ultimately less of a tax burden on the residents.

Mathew Hough, President, Ansonia Federation of Teachers;

Ray Rossomando, Director of Policy, Research, and Government Relations, CEA

Alliance funds are only good for a year. Once the year is up, we fall off the funding cliff. Allowing districts to carry forward funding or placing additional funds in a non-lapsing, we can better build for the future, and protect our students for years to come. Additional flexibility would help Ansonia recover from the tragic layoffs 3 years ago.

NATURE AND SOURCES OF OPPOSITION:

There are no sources of opposition for this bill.

Reported by: Dallas Emerle

Date: 3/25/2021