

Analysis of Finance Advisory Committee Meeting Items

December 19, 2019 Agenda



OFFICE OF FISCAL ANALYSIS

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FAC 2020-01 Department of Transportation

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Personal Services	186,011,005	165,496	(1,000,000)	-	185,176,501
Pay-As-You-Go Transportation Projects	13,652,577	-	-	1,000,000	14,652,577
TOTAL - Special Transportation Fund			(1,000,000)	1,000,000	

Funding is available for transfer from this account due to the following:

- **Personal Services** - \$1,000,000 is available due to a delay in refilling vacancies (443 positions are currently vacant).

Funding is needed for transfer to this account due to the following:

- **Pay-As-You-Go Transportation Projects** - unbudgeted emergency efforts to combat the statewide tree mortality issue partly due to the emerald ash borer beetle in which contractor services are needed.

Holdbacks and lapses:

No holdbacks have been applied to these accounts in FY 20.

¹ Prior policy actions may include holdbacks (forced lapses), rescissions, and transfers.

FAC 2020-02 Department of Education

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Commissioner's Network	10,009,398	(80,047)	(1,000,000)	-	8,929,351
Charter Schools	120,622,500	-	(200,000)	-	120,422,500
Other Expenses	3,485,381	(26,140)	-	1,200,000	4,659,241
TOTAL - General Fund			(1,200,000)	1,200,000	

Funding is available for transfer from these accounts due to the following:

- **Commissioner's Network** - Transitions of schools into and out of the Commissioner's Network are anticipated to result in \$1,000,000 in net funding available for transfer in FY 20. Five schools finished participation in FY 19 and only one school is joining the network in FY 20, for a net loss of four participating schools between FY 19 and FY 20. Currently eight schools located among Bridgeport, East Hartford, New Britain, New Haven, Winchester, and Windham participate in the network and 10 schools located among Derby, Hartford, New Britain, New London, and Waterbury are receiving planning grants to prepare for FY 21 network entry.
- **Charter Schools** - The closure of Trailblazers Academy, a state charter school in Stamford, before the 2019-2020 (FY 20) school year will result in excess funding in the Charter Schools account. The total amount of account savings due to the closure is anticipated to reach approximately \$1.5 million (135 Trailblazers students multiplied by the FY 20 per-student state charter school grant of \$11,250), of which \$200,000 is proposed for FAC transfer.

Funding is needed for transfer to this account due to the following:

- **Other Expenses** - Certain towns would receive grants: Groton (\$600,000), Thompson (\$400,000), and Stamford (\$200,000).
1. Groton and Thompson are the only Alliance Districts that are not receiving any Alliance District portion of the Education Cost Sharing (ECS) grant under the ECS formula phase-in, due to how the Alliance District portion is calculated as well as changes over time in town characteristics. Alliance District program funding is the portion of a town's current-year ECS entitlement that exceeds the town's FY 12 ECS entitlement. These two towns have FY 20 ECS entitlements that are lower than in FY 12, resulting in no Alliance District portion, and furthermore the towns are not experiencing an ECS increase under the statutory formula phase-in. The transferred funds will assist Groton and Thompson in implementing Alliance District plans in FY 20; similar transfers were received by the towns for this purpose in FY 18. (No such funding was transferred or otherwise received in FY 19.) Under the FY 20 and FY 21 Budget, both towns are to receive additional, targeted General Fund grants through the Municipal Stabilization Grant administered by the Office of Policy and Management (OPM): \$200,000 to Thompson in each of FY 20 and FY 21, and \$300,000 to Groton in FY 21.
 2. Stamford's grant of \$200,000 under this transfer will assist the town in bearing the additional educational costs incurred due to the absorption of some or all of the 135 students who otherwise would have attended Trailblazers Academy. If all 135 students had transferred to Stamford Public Schools for the FY 20 school year and were included in the town's ECS calculations in FY 20, it is anticipated the FY 20 ECS increase to Stamford's grant would have

been approximately \$19,800; an increase of approximately \$39,500 could be reflected in the town's FY 21 ECS grant (above the increase Stamford is likely to experience due to the ECS formula phase-in). (The additional Trailblazers students are not considered in the FY 20 ECS calculations because the formula's student count component lags one fiscal year.) Stamford's per-student cost of education is approximately \$19,300 (FY 19 net current expenditures per pupil), although the marginal cost of adding students to the system is likely lower. Stamford Public Schools may also be able to draw upon the approximately \$500,000 in FY 20 municipal education funding that had been budgeted by Stamford for Trailblazers Academy.

Holdbacks and Lapses

The transfers will not affect the agency's ability to meet \$80,047 in holdbacks in the Commissioner's Network account or \$26,140 in the Other Expenses account, announced by OPM in July 2019. (There is no budgeted holdback or lapse to the Charter Schools account.)

Questions

1. If the transfer is approved from the Charter Schools account, the anticipated remaining savings to the account due to the Trailblazers Academy closure is approximately \$1.3 million. Does the department anticipate these funds will be used in another way or lapsed? Please explain.
2. Do you anticipate that if Groton and Thompson continue to be designated Alliance Districts in future years, and they continue to not have an Alliance District portion of the ECS grant available, the department will annually seek additional funding for the towns' Alliance District plan implementation through the FAC process?
3. Will the aid to Groton and Thompson be considered in the Minimum Budget Requirement (MBR) calculations for the towns, or is it outside of the calculations?
4. Do you anticipate that any future charter school closures will also result in additional funds requested for towns that see an influx of students?
5. Many schools are in the pre-entry planning year for the Commissioner's Network, and will enter in FY 21. The number of FY 21 entering schools (10) is approximately double the number of schools that may be exiting in the same year. Do you believe that FY 21 appropriations for the program are sufficient?

FAC 2020-03 Teachers' Retirement Board

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Retirees Health Service Cost	26,001,300	-	(300,000)	-	25,701,300
Other Expenses	431,727	-	-	300,000	731,727
TOTAL - General Fund			(300,000)	300,000	

Funding is available for transfer from this account due to the following:

- **Retirees Health Service Cost** - Prescription drug program costs established for 2020 in September are lower than were budgeted, resulting in a projected lapse in the account. The agency remains self-insured for prescription drug coverage for eligible retired members.

Funding is needed for transfer to this account due to the following:

- **Other Expenses** - Additional expenses are required to digitize member records in order to reduce necessary storage space and improve workflow. The agency is moving to 165 Capitol Avenue and the allocated space is not large enough to hold all existing paper records.

Holdbacks and lapses:

No holdbacks have been applied to these accounts in FY 20.

Appendix A: Projected Account Balances for Agencies on this Agenda (After Proposed FAC Transfer(s))

Department of Transportation				
	Original Appropriation²	Available Funding³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	186,011,005	185,176,501	185,176,501	-
Other Expenses	53,346,796	53,346,796	53,346,796	-
Equipment	1,341,329	1,341,329	1,341,329	-
Minor Capital Projects	449,639	449,639	449,639	-
Highway Planning And Research	3,060,131	3,060,131	3,060,131	-
Rail Operations	215,598,790	215,598,790	215,598,790	-
Bus Operations	196,616,501	196,616,501	196,616,501	-
ADA Para-transit Program	43,303,827	43,303,827	43,303,827	-
Non-ADA Dial-A-Ride Program	576,361	576,361	576,361	-
Pay-As-You-Go Transportation Projects	13,652,577	14,652,577	14,652,577	-
Port Authority	400,000	400,000	400,000	-
Transportation to Work	2,370,629	2,370,629	2,370,629	-
TOTAL - Special Transportation Fund	716,727,585	716,893,081	716,893,081	-

Department of Education				
	Original Appropriation²	Available Funding³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	16,689,546	16,564,374	16,564,374	-
Other Expenses	3,485,381	4,659,241	4,659,241	-
Development of Mastery Exams Grades 4, 6, and 8	10,449,592	10,371,220	10,371,220	-
Primary Mental Health	345,288	345,288	345,288	-
Leadership, Education, Athletics in Partnership (LEAP)	312,211	280,990	280,990	-
Adult Education Action	194,534	194,534	194,534	-
Connecticut Writing Project	20,250	-	-	-
Neighborhood Youth Centers	613,866	552,479	552,479	-
Sheff Settlement	10,250,966	10,250,966	10,250,966	-
Parent Trust Fund Program	267,193	240,474	240,474	-
Regional Vocational-Technical School System	135,153,018	135,153,018	135,153,018	-
Commissioner's Network	10,009,398	8,929,351	8,929,351	-
Local Charter Schools	600,000	600,000	600,000	-
Bridges to Success	27,000	27,000	27,000	-
Talent Development	2,164,593	2,148,359	2,148,359	-
School-Based Diversion Initiative	900,000	900,000	900,000	-
Technical High Schools Other Expenses	22,668,577	22,498,563	22,498,563	-
EdSight	1,095,806	1,091,971	1,091,971	-
Curriculum and Standards	2,215,782	2,199,164	2,199,164	-
Sheff Transportation	44,750,421	44,750,421	44,750,421	-
American School For The Deaf	8,357,514	7,932,514	7,932,514	-
Regional Education Services	262,500	262,500	262,500	-
Family Resource Centers	5,802,710	5,802,710	5,802,710	-
Charter Schools	120,622,500	120,422,500	120,422,500	-
Child Nutrition State Match	2,354,000	2,354,000	2,354,000	-

² Includes appropriated accounts from all appropriated funds.

³ Includes all anticipated and enacted holdbacks (forced lapses), rescissions, and transfers.

Department of Education				
	Original Appropriation²	Available Funding³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Health Foods Initiative	4,151,463	4,151,463	4,151,463	-
Vocational Agriculture	14,952,000	14,952,000	14,952,000	-
Adult Education	20,383,960	20,383,960	20,383,960	-
Health and Welfare Services Pupils Private Schools	3,438,415	3,438,415	3,438,415	-
Education Equalization Grants	2,054,281,297	2,054,281,297	2,054,281,297	-
Bilingual Education	3,177,112	3,177,112	3,177,112	-
Priority School Districts	30,818,778	30,818,778	30,818,778	-
Interdistrict Cooperation	1,537,500	1,537,500	1,537,500	-
School Breakfast Program	2,158,900	2,158,900	2,158,900	-
Excess Cost - Student Based	140,619,782	140,619,782	140,619,782	-
Open Choice Program	26,835,214	26,835,214	26,835,214	-
Magnet Schools	304,204,848	304,204,848	304,204,848	-
After School Program	5,720,695	5,720,695	5,720,695	-
Extended School Hours	2,919,883	2,919,883	2,919,883	-
School Accountability	3,412,207	3,412,207	3,412,207	-
TOTAL - General Fund	3,018,224,700	3,017,143,691	3,017,143,691	-

Teachers' Retirement Board				
	Original Appropriation²	Available Funding³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	1,631,971	1,610,706	1,610,706	-
Other Expenses	431,727	731,727	731,727	-
Retirement Contributions	1,208,783,000	1,208,783,000	1,208,819,000	(36,000)
Retirees Health Service Cost	26,001,300	25,701,300	24,301,300	1,400,000
Municipal Retiree Health Insurance Costs	5,532,120	5,532,120	5,532,120	-
Total - General Fund	1,242,380,118	1,242,358,853	1,240,994,853	1,364,000