




STATE OF CONNECTICUT
STATE BOARD OF EDUCATION



TO: Robert L. Genuario, Secretary
Office of Policy and Management

FROM: Mark K. McQuillan
Commissioner of Education 

DATE: November 30, 2009

SUBJECT: FY2010-11 Budget Reduction Options

The Department's statement regarding the Budget Reduction Options is hereby submitted in response to the Office of Policy and Management's memoranda dated October 23, 2009. Please consider this submission as a draft pending the review and approval by the State Board of Education at its December 2, 2009, meeting.

If you have any questions, please contact Brian Mahoney, Chief Financial Officer, at 860-713-6464. Thank you.

MKM:bm

cc: Paul Potamianos
Kathy Guay
Leah Grenier
Brian Mahoney
Bruce Ellefsen

CONNECTICUT STATE BOARD OF EDUCATION
Hartford

TO: State Board of Education
FROM: Mark K. McQuillan, Commissioner
SUBJECT: Budget Reduction Options

The budget instructions from the Office of Policy and Management (OPM) require us to provide 5 percent budget reduction options for fiscal year 2010-11. The current 2010-11 budget appropriates \$2,738,517,690 to the Department. Before applying the 5 percent reduction, there are two important adjustments that impact next year's appropriation. First, \$269,519,895 of federal State Fiscal Stabilization Funds are included in the Education Cost Sharing (ECS) grant account. Second, if we assume that the same level of cost-saving reductions applied this year (.64 percent of the total appropriation) will be in place again in 2010-11, it would result in an additional reduction of \$17.5 million. The net result of these adjustments is the reduction of next year's available funds to \$2,451,497,795. A 5 percent reduction option would then equal \$122.6 million.

There is no logical or reasonable method for reducing the State Board of Education (SBE) budget by 5 percent without significantly harming the education of Connecticut's children and impacting the municipal tax burden. For the 2010-11 general fund budget, it is anticipated that:

- 91 percent will be in the form of grants;
- almost 6 percent will support the operation of the Connecticut Technical High School System (CTHSS); and
- slightly more than 3 percent will be attributable for central office personnel services and other non-grant items.

It is important to note that within the SBE operating budget, neither the CTHSS nor the agency's major expenditure categories can absorb a reduction of any significant amount without violating state law and/or failing to serve our CTHSS students.

It should also be noted that included in the Governor's November 24, 2009, deficit mitigation plan was the suspension of the Licensed Practical Nurse (LPN) program for the remainder of this fiscal year. Given the programmatic structure of the LPN program, the suspension effectively postpones the program to at least January 2011.

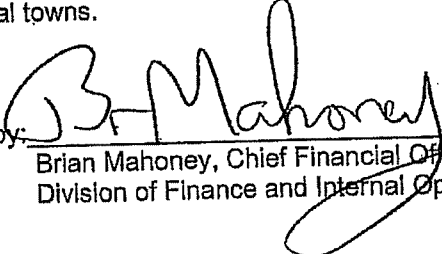
With respect to the grants that the Department administers, for 2010-11, the ECS grant represents approximately \$1.9 billion or more than 75 percent of the agency's general fund grants and selected Education Support Programs (see attached). However, as a requirement to accepting the \$541.9 million of State Fiscal Stabilization Funds, the state cannot reduce ECS funding from its current level. In addition, any reductions to the \$120.5 million Excess Cost appropriation could impact the state's Maintenance of Effort under the federal Individuals with Disabilities Education Act.

With the caveat that the SBE cannot recommend any scenario under which a \$122.6 million reduction can be achieved without significant harm to the education of Connecticut's children, we instead provide OPM with the following option for review:

Given that the ECS and Excess Costs grant accounts cannot be reduced, the remaining grant and support programs potentially available for reduction total \$509.3 million. In order to achieve a 5 percent reduction, these grants/programs would need to be reduced by 24.1 percent.

Reducing the state's grant and support programs by such a large amount would dramatically reduce critical direct services to students. Reducing any of the key state initiatives of the last decade (including early childhood/preschool, summer and after school programs, reducing student isolation) would harm the neediest students in our state. In addition, cuts in grants for transportation and adult education would simply shift the tax burden to local towns.

Prepared by:


Brian Mahoney, Chief Financial Officer
Division of Finance and Internal Operations

December 2, 2009

December 2, 2009

CONNECTICUT STATE DEPARTMENT OF EDUCATION
Division of Finance and Internal Operations

2010-11 Five Percent Reduction Request
Summary of General Fund Grants and
Education Support Programs (ESP)

Grants and Education Support Programs Not Subject to Reduction Option		2010-11 Appropriation
Grant	Education Cost Sharing (ECS)	\$1,889,609,057
Grant	Excess Cost - Student Based	120,491,451
ESP	Sheff Settlement	26,662,844
ESP	Development of Mastery Exams	18,786,664
ESP	Teachers' Standards Implementation	2,896,508
ESP	Basic Skills Exam Teachers in Training	1,239,559
ESP	Resource Equity Assessment	283,654
Subtotal		\$2,059,969,737
Grants and Education Support Programs Potentially Eligible for Reduction Option		
Grant	Magnet Schools	\$174,631,395
Grant	Priority School Districts	117,237,188
Grant	Charter Schools	53,117,200
Grant	Transportation of School Children	47,964,000
Grant	Adult Education	20,594,371
Grant	OPEN Choice Program	14,465,002
Grant	Interdistrict Cooperation	14,127,369
Grant	American School for the Deaf	9,979,202
Grant	Omnibus Education Grants	6,748,146
Grant	Family Resource Centers	6,041,488
ESP	Early Childhood Program	5,007,354
Grant	After School Program	5,000,000
Grant	Health and Welfare Services	4,775,000
Grant	Vocational Agriculture	4,560,565
Grant	Nonpublic School Transportation	3,995,000
Grant	Youth Service Bureaus	2,947,268
Grant	Head Start Services	2,748,150
Grant	Head Start - Early Childhood Link	2,200,000
Grant	Bilingual Education	2,129,033
ESP	School Accountability	1,855,062
Grant	Head Start Enhancement	1,773,000
Grant	School Breakfast Program	1,634,103
Grant	Regional Education Services	1,530,000
ESP	Longitudinal Data System	775,000
Grant	Youth Service Bureau Enhancement	625,000
ESP	Primary Mental Health	507,294
ESP	Best Practices	475,000
ESP	Community Plans for Early Childhood	450,000
ESP	Connecticut Pre-Engineering Program	350,000
ESP	Adult Education Action	253,355
Grant	Young Parents Program	229,330
Grant	School to Work Opportunities	213,750
ESP	Improving Literacy	150,000
ESP	Early Childhood Advisory Cabinet	75,000
ESP	Readers as Leaders	60,000
ESP	Connecticut Writing Project	50,000
Subtotal		\$509,273,625