

Newtown Board of Education Virtual Meeting  
CIP/Facilities/Finance Sub-Committee Minutes  
April 30, 2020, 5:00 p.m.

**Call to Order:** The BOE CIP Sub Committee meeting was called to order at 5:00 by Mr. Delia. There was no public participation.

**Participants:** Dan Delia, Ron Bienkowski, Debbie Leidlein, Lorrie Rodrigue, Michelle Ku, Robert Gerbert, Debbie Zukowski, Sandra Roussas

**Item 1 Discussion and Possible Action of the Use of Non-Lapsing Funds for Hawley HVAC Engineering Costs**

The Discussion centered on recommending to the Board of Education \$300,000 that is already in the Non-Lapsing fund for the engineering costs of the Hawley HVAC project.

The discussion began with the understanding of the appropriation process. Mr. Bienkowski stated that the funds have already been appropriated when the money was deposited into the non-lapsing account. Now all we are doing today is authorizing an expenditure from that account.

Ms. Roussas stated statutorily, once the Board of Finance approves the money to go into that account then it is the Board of Education's decision to approve the disbursement of those funds for educational purposes. It does not need to go through any approval process.

Ms. Ku stated she wanted to clarify that while the Statute does not require the Board of Finance to approve anything that the Board of Education is using the non-lapsing fund for once the money is in there. The process has always been that if the Board of Education has not designated a purpose for the money when it goes into the account, then the Board of Education goes to the Board of Finance to ask for the money to be removed for a specific purpose, and also asks for their endorsement. We are using the money for educational purposes with the input of the Board of Finance in the process.

Dr. Rodrigue stated she agrees with Mrs. Ku that there does not need to be any special caveat or condition to approve this in this way because this is the process that currently exists.

The BOE CIP Sub Committee recommends to the Board of Education that the Board approve the use of \$300,000 from the Non-Lapsing Fund Account for the Hawley HVAC Engineering Costs at the next Board meeting. All were in favor.

**Item 2 Discussion of Policy Regarding the Non-Lapsing Fund**

Mr. Delia stated one thing he wanted to discuss was policy 3160c, Removing Funds From the Non-Lapsing Educational Account (attached), and discuss the removal of funds from the non-lapsing educational account and how we forward requests of explanation of the use of the funds to the Board of Finance. Every time we use funds we have to request it from the Board of Finance.

Mrs. Zukowski questioned how the policy reads and that it does not state the word 'approval'. Mr. Delia stated that we are not here to write policy but we all work together and this is an important committee that is part of the process. He would be happy to recommend to the policy committee to take this up.

Ms. Roussas stated looking at the Non-Lapsing Account draft (attached) – she agrees with what was done in removing the one percent and replacing it with the percentage in referencing the Statue that keeps the policy current with changes at the State level. She wanted to discuss the addition of what the word 'planned' means. With the two categories of the budget plan and CIP plan she was not sure what other planning would be done so she was looking for clarification.

Mr. Bienkowski stated he was at the last policy meeting where they inserted the word 'planned' into the policy since several suggestions were made at the last meeting to be able to use the money for such examples as; COVID expenses, special education, athletic fields and Hawley HVAC. By inserting the word 'planned' into the policy it acknowledges the fact that there is a plan that exists and if the Board of Education has a plan in the future.

Ms. Roussas stated money that goes into the non-lapsing account is money that was already budgeted for as a spending plan. When it comes to voting on the budget, parents see this amount and they expect that amount is going to be spent on their children. She indicated it would be hard to create another plan for money that was voted on by the voters to be spent towards the annual education budget. That is an offset that is hard to overcome.

Mrs. Ku stated the budget and the CIP is a spending plan. The Non-Lapsing Fund is a revenue source. It is not a plan to spend necessarily other than what is in the budget or CIP plan. It is on the other side of the ledger.

Mrs. Leidlein stated we as the town Board of Education have agreed that we would be collaborative with other town boards and include them in this process but it is not required.

Dr. Rodrigue stated Mrs. Leidlein is correct and one of the things you see in that policy is it does not purposefully say 'approval' because it is more of a request, we put the funds in and go to the Board of Finance to let them know here is our plan for the use of those funds. The only thing that was in the policy that it really spoke to was emergencies. There is more thought put into what we want to use those funds for so that is why the word 'planned' was suggested.

Mrs. Leidlein asked could the Board of Finance or the Legislative Council refuse to grant the use of those funds for a project that the board of education determined how the Board wants to use those funds.

Mr. Bienkowski stated when you look at the way the statue is worded, the Board of Finance can't say 'we can't do that'. Unless we come to some type of agreement where we give them that authority. The Board of Finance could recommend that we don't use the money for a particular purpose but they can't say 'we can't let you use it for that purpose'.

Mrs. Zukowski said we have the option if we have an emergency we would have a shorter process but in doing so it means every possible withdrawal could end up having a shorter process and she is concerned if we do something like that it could cause further division amongst the different boards within the town.

Mrs. Leidlein said she is for working collaboratively and letting the other boards know this is our intention and this is what we want to use the money for. She asked what would the requirement be at each level and do the Boards have to approve it, does it go to a vote from the community?

Dr. Rodrigue asked the question to Ms. Roussas of prior when the Board of Education brought other projects forward was a vote taken?

Mrs. Roussas stated the Board of Finance did not deny any requests. She understands that the Board of Finance has to approve the depositing of what surplus goes into the Non-Lapsing Account and the Board of Education has the ability to spend it for educational purposes. Policy 3160c needs to be clear language in place with a matter of construction. As a Board of Education you can further refine that process.

Dr. Rodrigue stated she has been under the assumption that we go to the Board of Finance to request the removal of funds to be used for specific purpose. She does not know if we have to change the policy as it is a consistent alignment with State Statute.

Mr. Delia, Mrs. Leidlein and Dr. Rodrigue were in agreement that this was the process. The question is what happens if there is a no vote or opposition. Dr. Rodrigue stated we need clarity.

Mr. Delia stated he thinks it is important that we clarify the procedure so it is clear for everyone.

Mrs. Ku said everyone is saying the same thing and that Mr. Bienkowski is correct. The state statute as it is currently, does not require the Board of Ed to ask the Board of Finance permission to use funds out of the Non-Lapsing account and that has been the agreement since the account has been open. We need to be sure it is clarified if the Board of Finance says no you can't use those funds.

Dr. Rodrigue said the clarity needs to be around a formal approval or is it simply a request for the use of those funds with an explanation. That is really the only question.

Mr. Delia asked Ms. Roussas if the Board of Finance wants to know what our plans are for the Non-Lapsing Fund?

Mrs. Roussas said she does not know that they specifically discussed what the Board of Finance wanted to see in terms of information. She cannot speak to that as a Board. This does require a discussion at a Board of Finance meeting.

Mrs. Ku stated when you go back in history, the Non-lapsing fund was set up to have an education dedicated fund to be able to use for education's expenses. There has been a tradition for this account over the past 5 years. There's also been an idea of how the account should be used and we don't want to lose sight of that. If you look at the charter there is not a way for the Board of Education to make a request for a special appropriation. The Non-Lapsing account serves a very specific purpose.

Mr. Delia said this fund serves a purpose of being fiscally responsible. If we didn't have this fund and next year became a financial burden that would be something our community members would not want to see. We want to make sure we are doing everything we can for the children.

Ms. Roussas stated we are all in agreement with the account and that there should be money in the account. Only concern is money in the account being circumventing through the appropriation process that is already in place. We just have to be careful and respectful that this is taxpayer money.

**Adjournment:**

Mr. Delia asked for a motion to adjourn the meeting. Mrs. Zukowski moved to adjourn the meeting. Mrs. Leidlein second the motion. Motion passes and meeting was adjourned at 6pm.

Respectfully Submitted,  
Joanne Morris

THESE ARE DRAFT MINUTES AND ARE SUBJECT TO THE APPROVAL OF THE BOE CIP/FACILITIES/FINANCE  
SUB COMMITTEE

**BOE Non-Lapsing Fund Balance and Activity**

<u>Year</u>	<u>General Deposit</u>	<u>Reserved for Special Ed</u>	<u>Expense</u>	<u>Balance</u>	<u>Use</u>
2013-14 Deposit 6/30/14	\$47,185	\$0	(\$4,800)	\$42,385	Security Bollards
2014-15 Deposit 6/30/15	\$12,909	\$0	(\$4,950)	\$7,959	IR Scan - HS Roof Project
2015-16 Deposit 6/30/16	\$2,533	\$0	\$0	\$2,533	none
2016-17 Deposit 6/30/17	\$97,942	\$0	\$0	\$97,942	none
2017-18 Deposit 6/30/18	\$276,038	\$0	(\$235,295)	\$40,743	HAW, MS A/C, SHS Lightening
2018-19 Deposit 6/30/19	\$265,772	\$63,000	\$0	\$328,772	
<b>PROPOSED USE</b>			(\$300,000)	(\$300,000)	<b>HAW HVAC Engineering</b>
2019-20 Deposit 6/30/20	TBD	TBD			
6 Year Total Since Inception	\$702,379	\$63,000	(\$545,045)	<b>\$220,334</b>	0.28%
Average per year	\$117,063	\$10,500			
Amount to be reserved for Special Education				\$63,000	
Amount reserved for General Non-Lapsing				\$157,334	
<b>Total Balance Non-Lapsing Fund</b>				<b>\$220,334</b>	0.28%

Current Budget    \$78,104,410    2%    \$1,562,088

**Board of Education  
Non-Lapsing Fund - DRAFT for discussion**

**4/27/20**

The Board of Finance for the Town of Newtown established a Non-Lapsing Fund in accordance with Connecticut General Statutes 10-248a<sup>1</sup> on May 12, 2014 from the Board of Education's request. This fund has accepted year-end expenditure balances for each year since 2013-2014 when it was first established.

The Board of Education may designate all or part of any remaining (unaudited) expenditure balance for a given fiscal year to be allocated to the Non-Lapsing Account, subject to the approval of the Board of Finance. This shall occur annually after the Board of Education's books are closed each August.

The amount of the allocation cannot exceed 2% of the Board of Education's total operating budget for that fiscal year.

The amounts deposited to the fund shall not lapse at the end of each fiscal year and shall be able to accumulate without limitation. Unexpended amounts will remain in the account for use during the current and subsequent fiscal years.

Funds in the Non-Lapsing reserve may be expended at the sole discretion of the Board of Education for any of the following non-re-occurring expenses associated with maintaining the public schools in the Town of Newtown:

- a. Any Capital expenditures which have been previously approved in the five year Capital Improvement Plan
- b. Emergency conditions or replacements to capital items not previously included in the five year Capital Improvement Plan with a recommendation by the Board of Education
- c. Special Education expenses – segregated in a separate account, as enumerated in the attachment
- d. Any unbudgeted expenses that become necessary due to unforeseen conditions or situations that are required for the health and safety of all students and

---

<sup>1</sup> Sec. 10-248a Unexpended education funds account. For the fiscal year ending June 30, 2020, and each fiscal year thereafter, notwithstanding any provision of the general statutes or any special act, municipal charter, home rule ordinance or other ordinance, the board of finance in each town having a board of finance, the board of selectman in each town having no board of finance or the authority making appropriations for the school district for each town may deposit into a nonlapsing account any unexpended funds from the prior fiscal year from the budgeted appropriation for education for the town, provided (1) such deposited amount does not exceed two per cent of the total budgeted appropriation for education for such prior fiscal year, (2) each expenditure from such account shall be made only for educational purposes, and (3) each such expenditure shall be authorized by the local board of education for such town.

personnel, including the community at large. Such conditions may include the following priorities: (This should not be construed as a limiting list)

1. Uninsured or excluded property damages, claims, or deductibles
2. Long term building and facilities upgrades
3. Uncovered legal settlement costs
4. Safety and security measures (Immediate or desired)
5. Pandemic or health related threats, (viruses, food borne illness, etc.)
6. Contamination expenses and or cleanups
7. Medical benefits (transfer to self-insurance), pensions or OPEB reserves
8. Technology infrastructure failure, hacking, ransom, etc.
9. One time non reoccurring expense payoffs (leases, assessments)
10. New or innovative program development
11. Professional studies, reviews, engineering, safety, etc.
12. Storm cleanup and or repairs to buildings and property
13. Expenditures of a larger nature that only happen occasionally and have longer term benefits
14. Local funding match requirements for competitive grants
15. General budget shortfalls
16. Other unknown events (at this time)

The Board of Education must approve any expenditures from this Non-Lapsing reserve fund. The Board of Education also reserves the right to expend such funds for other purposes, given that priorities may change over time.

The fund should not be used to offset operating costs that are normally included in the Board of Education's annual operations plan. (Electricity, insurance, personnel, etc.)

This reserve fund balance comes from an appropriation that was approved by the voters (Taxpayers) for educational purposes. That being the intent, it should be used for such. It should not be a consideration for other Boards, bodies or groups to request that it be used for other than what the Board of Education priorities are. It should also not be considered a source for budget reduction during the budget development process.

The Board of Education will advise the Board of Finance whenever it votes affirmatively to use any funds in this account and what its intended purpose is. It will always be the Board of Education's intent to have public, properly noticed discussions regarding any proposed uses of the Non Lapsing Account (Reserve) balance.

**Resolution establishing Special Education Contingency Line approved by BOE on**  
**March 20, 2018**

WHEREAS, The Board of Education has included a line item in the budget for Special Education Contingency; and

WHEREAS, The Board of Education recognizes that guidelines for the use of such monies should be specified; and

WHEREAS, The Board of Education policy for the Non-lapsing Education Fund, P3171.1, addresses the education non-lapsing account without addressing Special Education Contingency; therefore be it

RESOLVED, That the Special Education Contingency line item be used for unforeseen Special Education expenses that may result from students moving into the district, from court placements, from DCYS, from mediated settlements, and changes to IEP's; and be it further

RESOLVED, That the Special Education Contingency line item be used to cover additional costs that are expected to exceed the Special Education budget in total; and be it further;

RESOLVED, That the Special Education Contingency line item be available for expense overages as presented to the BOE; for tuition, transportation, teachers, paraeducators, BT's, BCBA, professional services, specialized services, equipment, supplies and materials, or any other expenses required by a student's IEP; and be it further

RESOLVED, That this line item only be used for Special Education purposes for expenditures so noted above; and be it further

RESOLVED, That the Board of Education request of the Board of Finance that any balance in the Special Education Contingency line at the end of the fiscal year be deposited in the non-lapsing education fund and be designated for Special Education purposes, and that these monies retain the Special Education designation within the account; and be it further

RESOLVED, That prior to any expenditure from the non-lapsing account, the Board of Education will vote to authorize such spending, and the Board will expend these funds for such previously designated purpose except under extraordinary or emergency circumstances.



## **Business/Non-Instructional Operations**

### **Budget Procedures and Line Item Transfers**

In accordance with Connecticut General Statutes §10-222, the Newtown Board of Education shall prepare an itemized estimate of its budget each year for submission to the Board of Finance and the Legislative Council for review and appropriation. Such budget estimate shall include, but is not limited to, the following major object line item categories:

- 100 - Salaries
- 200 - Employee Benefits
- 300 - Purchased Professional Services
- 400 - Purchased Property Services
- 500 - Other Purchased Services
- 600 - Supplies
- 700 - Property
- 800 - Other

Following the annual appropriation, the Board of Education shall meet and revise such itemized estimate, if necessary, and adopt a final appropriated budget for the year. Line items in the budget may be allocated more specifically by the Superintendent or his/her designee in the development, administration and monitoring of the budget after the initial approval of the budget by the Board of Education. The Superintendent shall present for Board approval any proposed additional staff that exceeds the staffing summary approved concurrent with the fiscal year budget. Hiring of additional staff that would be legally mandated will be brought to the Board for approval at the next scheduled Board meeting if all attempts for the Board of Education to meet prior to the hiring are unsuccessful.

The Superintendent and/or his/her designee shall be responsible for administering and monitoring the budget through the course of the year. The Superintendent or his/her designee shall maintain a system of appropriate expenditures and encumbrance accounting that is organized to conform to the requirements for State and Federal accounting reports. A monthly budget report shall be prepared in the same format as the annual object detail budget (as a minimum), showing for each major object code line item, the appropriated budget amount, transfers, expenditure to date, encumbered amounts, and current balance.

Such budget report shall be presented to the Board of Education at the regularly scheduled meeting in the month following the period for which such report is prepared, except the year-end report which shall be completed and presented by the end of August. The year-end report shall reflect all major object codes in positive balance. The Superintendent or designee shall recommend to the Board of Education and the Board shall approve transfers from one major object code to another.

## **Business/Non-Instructional Operations**

### **Budget Procedures and Line Item Transfers (continued)**

Any movement by the Board to expend funds that would otherwise render a major object code in a negative balance shall be preceded by a Motion to Transfer Funds between major object codes to maintain a positive balance in the account from which the funds will be expended. However, this action would not take place if there were expected incoming supplemental funds recognized by the Board.

For effective and efficient administration of day-to-day operations, budget transfer authority is granted to the Superintendent or the Director of Business, as his/her designee, under the following restrictions:

No transfers within major object codes, whether individual or cumulative, of \$10,000 or more shall be made unless authorized by the Board.

If the emergency transfer of \$50,000 or less is needed and the Board is unable to meet in advance, the Board will take action at its next regularly scheduled meeting. In addition, all transfers within an object summary category under \$10,000 will also be approved at the next meeting.

The Board of Education shall not expend more than the amount of the total appropriation and the amount of money received from other sources for school purposes. If any occasion arises whereby additional funds are needed by the Board of Education, the Chairperson of the Board of Education shall notify the Board of Finance, Board of Selectman, or appropriating authority and submit a request for such necessary additional funds. No additional funds shall be expended until such supplemental appropriation is granted and no supplemental expenditures shall be made in excess of those so authorized.

### **Adding Funds to the Non-Lapsing Educational Account**

1. Each year, before August 31<sup>st</sup>, the Newtown Public Schools Director of Business will recommend to the Board an unexpended amount consistent with the Connecticut Statute 10-248a not to exceed 1% of the previous year's budgeted education appropriation to be placed into the non-lapsing education account.
2. Each year, before August 31<sup>st</sup>, the Board will forward a request to transfer unexpended funds from the previous year's budgeted education appropriation, to the non-lapsing education account. The transfer request will include each account number and the amount to be transferred. If known, the specific use for the funds will be communicated.

## **Business/Non-Instructional Operations**

### **Budget Procedures and Line Item Transfers (continued)**

#### **Removing Funds from the Non-Lapsing Educational Account**

The Board will vote to forward a request and explanation to the Board of Finance for use of funds from the Non-Lapsing Education Account. Consistent with the Connecticut Statute 10-248a, the use can be for any educational purpose. If appropriate, this request will also include a financial impact sheet.

Legal Reference:        Connecticut General Statutes

10-222 Appropriations and budget. (as amended by PA 13-60, An Act Concerning the Consolidation of Non-Educational Services)

Charter, Town of Newtown, 2008, P. 28

Policy adopted:        April 4, 2017

NEWTOWN PUBLIC SCHOOLS  
Newtown, Connecticut

## **Business and Non-Instructional Operations**

### **Non-Lapsing Education Fund**

The Newtown Board of Education (Board) may request the Town's Board of Finance deposit into a non-lapsing account any unexpended funds from the Board's prior fiscal year general operating budget, provided such amount does not exceed one percent (1%) of the total budgeted appropriation for education for such prior fiscal year pursuant to C.G.S. 10-248a.

Prior to any expenditure from the Non-Lapsing Education Fund the Board of Education shall vote to authorize such spending. The transfer of monies shall follow the process as laid out in policy 3160 (Budget Procedures and Line Item Transfers).

The Board may designate these funds for a specific purpose. The Board will expend these funds for such previously designated specific purpose except that they may also be used for other extraordinary or emergency expenditures which may be necessary but not otherwise budgeted.

The account shall be subject to the annual audit as required by State statute. The Board shall review the fund balance on an annual basis.

(cf. 3160 – Budget Procedures and Line Item Transfers)

Legal Reference:      Connecticut General Statutes

10-222 Appropriations and budget

10-248a Unexpended education funds account

Policy adopted:      April 4, 2017

NEWTOWN PUBLIC SCHOOLS  
Newtown, Connecticut

**DRAFT**

**Business and Non-Instructional Operations**

**Non-Lapsing Education Fund**

The Newtown Board of Education (Board) may request the Town's Board of Finance deposit into a non-lapsing account any unexpended funds from the Board's prior fiscal year general operating budget, provided such amount does not exceed ~~one percent (1%)~~ **the percentage** of the total budgeted appropriation for education for such prior fiscal year pursuant to **as referenced in** C.G.S. 10-248a.

Prior to any expenditure from the Non-Lapsing Education Fund the Board of Education shall vote to authorize such spending. The transfer of monies shall follow the process as laid out in policy 3160 (Budget Procedures and Line Item Transfers).

The Board may designate these funds for a specific purpose. The Board will expend these funds for such previously designated specific purpose except that they may also be used for other **planned**, extraordinary or emergency expenditures which may be necessary but not otherwise budgeted.

The account shall be subject to the annual audit as required by State statute. The Board shall review the fund balance on an annual basis.

(cf. 3160 – Budget Procedures and Line Item Transfers)

Legal Reference: Connecticut General Statutes  
10-222 Appropriations and budget 10-248a  
Unexpended education funds account

**House Bill No. 7424**

inclusive, the Department of Education shall (1) provide training to those persons employed by the department within the Technical Education and Career System who will be responsible for performing central office and administrative functions for the system on and after July 1, [2020] 2022, and (2) identify those persons within the system who can be trained to perform multiple functions or responsibilities for the system.

Sec. 280. (*Effective from passage*) Sections 5 and 20 of public act 17-237, as amended by section 17 of public act 18-182, shall take effect July 1, 2022.

Sec. 281. (*Effective from passage*) Section 2 of public act 17-237, as amended by section 73 of public act 17-2 of the June special session and section 18 of public act 18-182, shall take effect July 1, 2022.

Sec. 282. (*Effective from passage*) Section 4 of public act 17-237, as amended by section 74 of public act 17-2 of the June special session and section 19 of public act 18-182, shall take effect July 1, 2022.

Sec. 283. (*Effective from passage*) Section 6 of public act 17-237, as amended by section 279 of public act 17-2 of the June special session and section 20 of public act 18-182, shall take effect July 1, 2022.

Sec. 284. (*Effective from passage*) Section 7 of public act 17-237, as amended by section 287 of public act 17-2 of the June special session and section 21 of public act 18-182, shall take effect July 1, 2022.

Sec. 285. Section 10-248a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019*):

For the fiscal year ending June 30, [2011] 2020, and each fiscal year thereafter, notwithstanding any provision of the general statutes or any special act, municipal charter, home rule ordinance or other ordinance, the board of finance in each town having a board of finance,

**House Bill No. 7424**

the board of selectman in each town having no board of finance or the authority making appropriations for the school district for each town may deposit into a nonlapsing account any unexpended funds from the prior fiscal year from the budgeted appropriation for education for the town, provided (1) such deposited amount does not exceed [one] two per cent of the total budgeted appropriation for education for such prior fiscal year, (2) each expenditure from such account shall be made only for educational purposes, and (3) each such expenditure shall be authorized by the local board of education for such town.

Sec. 286. (*Effective from passage*) Notwithstanding the provisions of subsection (e) of section 10-262i of the general statutes, the town of Plymouth shall not be deemed in violation of the provisions of section 10-262j of the general statutes for the fiscal year ending June 30, 2019, if said town increases its budgeted appropriation for education for the fiscal year ending June 30, 2020, in an amount equal to the difference between the amount said town should have appropriated for education and the amount it actually appropriated for education for the fiscal year ending June 30, 2019.

Sec. 287. (*Effective from passage*) Notwithstanding the provisions of subdivision (5) of subsection (b) of section 10-262j of the general statutes, the town of Portland may reduce its budgeted appropriation for education for the fiscal year ending June 30, 2019, in an amount equal to the documentable savings achieved through increased district efficiencies, approved by the commissioner, up to one-half of one per cent of said town's budgeted appropriation for education for the fiscal year ending June 30, 2018.

Sec. 288. (*Effective July 1, 2019*) Notwithstanding the provisions of subsection (e) of section 10-262i of the general statutes, any town that is determined to be in violation of the provisions of section 10-262j of the general statutes by the State Board of Education for the fiscal year ending June 30, 2019, shall forfeit an amount equal to the amount of

What follows are my attempts at making sense of the issues we may be talking about in Thursday's meeting. My intent is that this document lays out some possible options for discussion. As this is being written in isolation, the options listed should be considered possible initial "seeds" to help to encourage a reasonably robust discussion. Hopefully, we will have a productive conversation on Thursday and, if desired, we can update this document for our next regular BoE meeting.

---

Recently, questions have been asked, both within the BoE and among members of other boards, about the purpose and use of the BoE Non-Lapsing Fund (hereinafter called "The Fund"). The Facilities/CIP/Finance Committee has determined that the purpose of and practices related to The Fund warrant a closer review and hopes to present to the full membership of the BoE a plan that they agree meets the goals of the BoE while also constructively addressing the questions that other town leaders may have.

Meanwhile, the district finds itself in an extraordinary position resulting from the COVID-19 pandemic. This year, the estimated year-end balance left over from the budgeted appropriation has two components. The first is unused funds from the typical operational costs associated with running the school district. The second is unused funds because of the closure of the schools in response to the state-wide COVID-19 shutdown. The estimated budget balances are \$291,303 for the former and \$941,502 for the latter, assuming that schools remain closed for the remainder of the school year. At this time, there is a proposal on the table to request that both components roll into The Fund, though the bulk of the COVID-19 balance is expected to be used both for educational recovery purposes (social/emotional support, instruction, student/staff physical welfare, etc.) and for more extenuating uses, e.g., to offset tax increases that would be incurred by potential BoE CIP year 1 requests.

As mentioned in our last regular BoE meeting, I believe there are two separate conversations we should have. First, we should understand alternatives for using some of the COVID-19 balance, e.g., to assist the broader Newtown community, specifically by helping to reduce the overall tax burden in these extreme times. Second, we need to ensure that the overall purpose for The Fund – in more ordinary times - is well articulated and its management provides a flexible way to address the general (normal/routine) operational challenges faced by the district.

## **COVID-19 Balance**

There are (at least) three high-level ways we could disburse the COVID-19 balance:

1) All of the COVID-19 balance gets fully rolled into The Fund and categorized as unreserved.

Points to Ponder:

- The funds were allocated to the BoE for educational purposes by the taxpayers and would remain within the administrative authority of the BoE, pending BoF approval, to use for any such purpose within the scope of the Non-Lapsing Fund.
- The proposed plan discussed at our last regular meeting and provided to the BoF on Apr 23 suggests using \$650,000 of unreserved funds to offset the tax-burden on Newtown taxpayers along with \$250,000 for educational purposes resulting from the shutdown. In doing this, the purpose of the Non-Lapsing Fund, at least for this extraordinary year, has been extended to be used in a way that complements the CIP process potentially setting a precedent that may or may not benefit the district in the long-term.
- More??



2) The Town (via the BoF) decides to transfer all of the COVID-19 balance into the Town's Unassigned General Fund.

Points to Ponder:

- Money that was allocated for educational purposes reverts to the Town.
- The Town can use money as it deems prudent to help address the impact of COVID-19.
- BoE access to such money then requires a (potentially) more time-consuming process to access.
- More??

3) Hybrid+ Approach - The BoE, with BoF approval, rolls a portion of the COVID-19 balance needed to cover pandemic-related educational expenses into The Fund, but earmarked as COVID-19 Recovery (e.g.), and transfers the rest to the Town's Unassigned General Fund including enough funds to cover the HAW HVAC engineering study. When the district has fully recovered from this extraordinary event the BoE, with BoF approval, will designate any remaining funds back to the nonreserved category.

Points to Ponder:

- The BoE could/might have more direct administrative access to funds for expenses resulting from COVID-19. (If the money is earmarked specifically for COVID-19 recovery, would the BoE still have to go through BoF approval for each specific use?)
- The expenses, overall, needed for the district to recover from the pandemic may not be known a priori. Having as much money as makes sense on hand while recovering could help reduce the impact to normal educational operations.
- If we transfer money back to the Town, can we be assured that the money will be used to fund the HAW HVAC engineering study? Is it possible to start on the RFP process ASAP?
- The purpose and management of the The Fund can more easily be discussed independently of the highly unusual events that resulted in a higher-than-normal end-of-year balance.
- More??

### **(Normal) Non-Lapsing Fund Purpose and Use**

According to the information provided in the April 9, 2020 meeting of the Facilities/CIP/Finance Committee, the amended statute establishing a non-lapsing account reads:

Sec 10-248a. Unexpended educational funds account. For the fiscal year ending June 30, 2020, and each fiscal year thereafter, notwithstanding any provision of the general statutes or any special act, municipal charter, home rule ordinance or other ordinance, the board of finance in each town having a board of finance, the board of selectman [sic] in each town having no board of finance or the authority making appropriations for the school district for each town may deposit into a nonlapsing account any unexpended funds from the prior fiscal year from the budgeted appropriation for education for the town, provided (1) such deposited amount does not exceed two percent of the total budgeted appropriation for education for such prior fiscal year, (2) each expenditure from such account shall be made only for educational purposes, and (3) each such expenditure shall be authorized by the local board of education for such town.<sup>1</sup>

---

<sup>1</sup> This was hand-typed, so may contain typos.

Per BoE Chair Dr. Ku, a motivation for Statute 10-248a was to provide districts with an alternative method to manage the year-end fund balance. In allowing the BoE to create a non-lapsing account (The Fund), the state legislature provided a mechanism for funds previously approved by the taxpayers be available to the BoE for educational purposes. The BoE plans to update Policy 3171.1 regarding the Non-Lapsing Education Fund. (Note that some of the practices may be reflected in the policy's companion administrative regulations.)

In general, The Fund could be a tool to help the district with known but unpredictable expenses, as well as a mechanism to reduce overall expenses related to BoE capital projects. Some of the known, but unpredictable expenses include:

### Special Education

According to information provided by Dr. Ku to the BoF on Feb. 6, 2020, expenditures as provided in the approved budgeted and actual costs for special education related items rarely match noting that, on average over 8 years, the difference is more than \$430,000 per year. (The 5 year average is over \$550,000 while the 3 year average is over \$415,000.)

Currently, the BoE has a budgeted item of \$100,000 per year that, if unspent, moves into an account reserved for special education. This is the only way to increase the funds reserved for special education and so has difficulty reliably providing the \$400,000+ shortfall for special education funding. If we hope to create a special education budget that is fully, and only, based on current special education expected expenses we need to address the following questions:

- Are there other methods to create a reliable a funding mechanism to offset the unpredictability of special education expenses that also allows some flexibility in accessing the funds (as a backup) in the case of unforeseen emergencies?
- If the funds get depleted in a year with a very high unanticipated special education costs, what are ways it can be replenished so that a reasonable amount is available for the following fiscal year (so that the unpredictability is not reflected in the BoE subsequent operational budget)? Is it legal/reasonable to replenish the account from the Unassigned Fund Balance, e.g.? What would that process look like?
- More??

### Emergencies

Currently (from what I understand) the budget includes an account for Building & Site Maintenance and another for Building & Site Emergency Repairs. The practice has been to use the funds available for maintenance for any overages incurred by emergency repairs. This practice could lead to maintenance that was planned being pushed back by a year, possibly causing a disruption to an overall maintenance plan. However, the current practice gives the district administrative direct control over addressing emergencies. In the past, larger-scale emergencies (like the Reed oil spill) were paid by both budgeted BoE funds and the Town's General Fund. The use of budgeted BoE funds (again, from what I understand) had a noticeable impact on accounts throughout the budget. If the Non-Lapsing fund is used to address emergencies that exceed funds available in the operation budget, we need to address the following questions:

- Is there a way to allow the BoE to have direct administrative access to the funds?
- More??

Other Examples??