

Testimony Presented to the Appropriations Committee
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Good afternoon, Senator Harp, Representative Walker, and members of the Appropriations Committee. My name is Stefan Pryor, and I am the Commissioner of the State Department of Education. I am accompanied today by senior staff who are prepared to address detailed questions relevant to their areas of expertise. Thank you for allowing me the opportunity to review with the Committee the current status of the Department's budget.

Based upon preliminary estimates, we believe that the potential deficiency for fiscal year 2013-14, for the agency as a whole, would be \$9 million against our total appropriation of \$2.9 billion, after factoring in surplus accounts. This represents a variance of 0.3 percent from the original appropriation.

Expenditures in the magnet school account are currently projected to be \$274 million against an appropriation of \$265 million as adjusted by carry forwards and holdbacks. The anticipated deficiency of \$9 million is related to a couple factors: unbudgeted legislation requiring the State to pay prekindergarten tuition costs to interdistrict magnet schools operated by Regional Educational Service Centers (RESCs) and projected supplemental transportation costs associated with the *Sheff* settlement. The deficiency may be further exacerbated by a \$5 million generic reduction to the account enacted during the 2013 legislative session.

For fiscal year 2013-14, Public Act 13-247 allows a RESC operating an interdistrict magnet school offering a preschool program to charge tuition to the State Department of Education (SDE) for each child enrolled in the program. This measure was taken as an interim step to creating a sliding scale fee to charge parents, beginning in school year 2014-15, for participation in the preschool programs. Historically, such tuition was charged to the district the child resides in and has therefore not been a budgeted expenditure. Estimates at the beginning of the fiscal year indicate that these tuition payments could cost the State \$5 million in unbudgeted funds.

The *Sheff* settlement requires the SDE, through the Regional School Choice Office (RSCO), to operate a regional transportation system for all *Sheff* programming, including magnet schools. For fiscal year 2013-14, it is estimated that the system will transport 10,500 students from 79 towns to 41 magnet schools. Given the size and complexity of the system, the statutory per pupil grant of \$2,000 is insufficient to support the cost of the system. This amount has remained unchanged since fiscal year 2011, and any resulting shortfall has been covered through surpluses generated in the account from fluctuations in actual versus projected enrollment.

In cooperation with its transportation vendor, RSCO has made significant changes to the system to increase efficiency and reduce costs over the last several years. These changes include utilizing central stops, tiering bus routes where possible, and sharing buses between magnet schools that are located near each other. While these measures help minimize the cost of transportation, they will not reduce per pupil transportation costs to a level of \$2,000 per pupil. Preliminary estimates indicate that \$4 million in supplemental transportation costs will need to be paid in order to provide transportation in the *Sheff* region and for the State to meet the goals required in the *Sheff* agreement.

October 1 enrollment data is in the process of being finalized, which may result in the projected deficiency having to be adjusted in future months. The Department continues in its efforts to identify additional ways to achieve savings that will reduce the deficiency going forward.

Once again, thank you for the opportunity to address this issue. I appreciate your continued support of the Department's programs and services on behalf of Connecticut's children.