

# State Law That Governs Local Board of Education Budget Preparation, Approval, and Modification

By: John D. Moran, Principal Analyst  
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## Issue

Summarize the state law that governs local board of education (BOE) budget preparation, approval, and modification at the local level, including any oversight mechanisms.

## Summary

Broadly speaking, the state constitution and law (1) require that free public education be provided in Connecticut and (2) establish numerous duties related to that obligation. Under state law, a local BOE must take certain steps to prepare a proposed education budget for the upcoming year, including interacting with the town's board of finance or other local appropriation-making body (e.g., board of selectmen or annual town meeting), as appropriate.

In Connecticut, local BOEs do not have the authority to levy local property taxes on their own. Instead, state law requires a board to work within the limits of the appropriations the town has set for it and specifically prohibits BOE members from authorizing expenditures that exceed appropriations. When a BOE determines it has not received sufficient funds to operate its schools, the law allows it to seek additional appropriations from the town. State law also includes other provisions governing BOE budgets such as reporting requirements, transfers within the education budgets, and use of funds from other sources (e.g., school activity funds).

Furthermore, state law places certain requirements on local education budgets. The minimum budget requirement (MBR) prevents most towns from reducing their school board appropriation for

the upcoming year, although there are exceptions that allow appropriation reductions in certain situations and complete exclusions for towns that meet certain criteria.

This report focuses on the statutes addressing local BOEs and not those that apply to regional BOEs, which statutes treat somewhat differently.

## **Board of Education Duties and Budget Development**

### ***Duties***

The Connecticut Constitution requires that there will “always be free public elementary and secondary schools in the state” ([Article Eighth, § 1](#)). Furthermore, statutes mandate that each town will have a BOE and the town will control the public schools within its limits through the BOE ([CGS § 10-240](#)).

Among their many statutory duties, school boards must provide students with an appropriate learning environment, which includes (1) adequate books, supplies, materials, equipment, staffing, facilities, and technology; (2) equitable resource allocation among its schools; (3) proper facilities maintenance; and (4) a safe school setting ([CGS § 10-220\(a\)](#)).

### ***Budget***

Regarding school budgets, the law requires each local BOE to prepare an itemized cost estimate (i.e., “proposed budget”) for maintaining its public schools for the following year. At least two months before the annual meeting when appropriations are made, the BOE must submit the estimate to the board of finance, to the board of selectmen (if there is no board of finance), or otherwise to the authority making appropriations for the school district. The itemized estimate for the year, by law, must have broad categories (including at least salaries, fringe benefits, utilities, supplies, and grounds maintenance) that are divided into one or more line items ([CGS § 10-222](#)).

Within 10 days after receiving the proposed budget, the board of finance (or other applicable appropriating authority) must make spending recommendations and suggestions to the BOE for consolidating noneducational services and achieving financial efficiencies. The BOE can accept or reject the suggestions, but must provide a written explanation with the reason for rejection to the board or the appropriating authority ([CGS § 10-222](#)).

In many Connecticut towns, the final approval of the budget comes through a town referendum as required under the town charter. Once the municipality appropriates money for the maintenance of public schools, the BOE has the discretionary authority to expend the funds ([CGS § 10-222](#)).

***Procedures for Additional Appropriations and Penalty for Exceeding the Appropriations.*** BOE expenditures cannot exceed the municipality's appropriation plus any money the BOE received from other sources (e.g., grants and local fundraisers) for school purposes. If the board needs additional funds, the board chairman must notify the board of finance or other applicable authority and submit a request for additional funds in the same way as the municipality's other departments, boards, or agencies. Under the law, no additional funds can be spent unless the supplemental appropriation is granted, and any supplemental spending cannot exceed the supplemental appropriation amount ([CGS § 10-222](#)).

State municipal law prohibits school board members and school officials from authorizing expenditures that exceed the BOE's appropriation (this prohibition also applies to municipal officials and municipal spending). The law makes these officials personally liable for these expenditures ([CGS §§ 7-348 & -349](#)), but Thomas Mooney's *Connecticut School Law (10<sup>th</sup> Edition)* notes there are no reported cases of personal liability for authorizing good faith expenditures that create a deficit.

***Transfers Within the Education Budget.*** A BOE may transfer any unexpended or uncontracted-for portion of any education appropriation to any other item of the education budget. Additionally, boards may adopt policies and procedures to authorize designated personnel to make limited transfers under emergency circumstances if the urgent need for the transfer prevents the board from meeting in a timely fashion to consider it. All transfers made in these instances must be announced at the next regularly scheduled board meeting, and a written explanation of the transfer must be provided to the municipality's legislative body or, if the legislative body is a town meeting, to the board of selectmen ([CGS § 10-222](#)).

***Annual Board of Education Report.*** The annual BOE report must include a summary showing the (1) total cost of maintaining the schools, (2) amount received from the state and other sources, and (3) net cost to the municipality of the school budget. The BOE secretary must maintain the report with a record of the board's proceedings. The report and the proceedings are submitted to the town at its annual meeting and they must also be printed with the reports of the other town officers ([CGS §§ 10-222 & -224](#)).

## ***Additional Reporting Requirements***

***Annual Posting of Aggregate Spending.*** Each BOE must annually post on its website the aggregate spending on salaries, employee benefits, instructional supplies, educational media supplies, instructional equipment, regular education tuition, special education tuition, purchased

services, and all other expenditure items (excluding debt service) for each school under the board's jurisdiction ([CGS § 10-222o](#)).

***Posting and Submitting Current and Projected Expenditures and Revenues.***

Additionally, each BOE must, on a quarterly basis, (1) post the board's current and projected expenditures and revenues on its website and (2) submit a copy of these numbers to the town's legislative body or, if the legislative body is a town meeting, to the board of selectmen ([CGS § 10-248c](#)).

***Funds From Certain Sources***

***School Activity Funds.*** The law authorizes BOEs to create and maintain an activity fund that may handle (1) school lunch program costs not provided by town appropriations (e.g., parent and student meal payments); (2) driver education course costs not provided by town appropriations; and (3) funds of schools and individual school organizations as the board deems desirable. The activity fund may include gifts and donations.

If a fund is created, a school board must designate one of its members or another person to serve as treasurer. The treasurer must keep separate accounts for each school lunch program, driver education program, school funds for individual schools, and each school organization included in the school activity fund. Expenditures are made from the fund in the manner prescribed by BOE regulation. The respective schools and organizations maintain control of school funds and the school organization funds. The accounts of the school activity fund are considered town accounts and will be audited by the town auditor in the same way as other town accounts ([CGS § 10-237](#)).

***Payments for Lost or Damaged Items and Use of School Facilities.*** By law, any funds received from parents, students, or insurance proceeds to pay for lost, damaged, or stolen textbooks, library materials, other materials, or equipment net of any costs the finance board or other appropriating authority has incurred to replace these items, is deemed appropriated to the BOE (in addition to the funds appropriated for that fiscal year). Funds paid by outside groups for custodial costs due to the use of school facilities are also handled the same way ([CGS § 10-222a](#)).

**State Influence Over School Budgets**

The [MBR](#) generally prohibits towns from budgeting less for education in the upcoming fiscal year than was budgeted for the current year. Generally, when state education aid for a town increases, the municipality's education budget must increase by at least the amount of the aid increase ([CGS § 10-262j](#)). The law is in place to ensure that towns use state education funding for education

purposes and to prevent a town from reducing its local financial support for education when the state increases state education funding (i.e., supplanting local funds with state funds).

While the MBR places significant constraints on local authority to craft local education budgets, it allows municipalities some flexibility under certain circumstances. By law, towns that meet certain school district performance criteria are entirely exempt from the requirement, and MBR reductions are permitted in certain situations.

### ***Exempt Towns***

Towns with a school district ranked among the top 10% of districts as measured by the State Department of Education’s accountability index (AI) scores are exempt from the MBR ([CGS § 10-262j\(d\)](#)). The AI score for a school district takes state mastery test scores and high school graduation rates into account and may also include other metrics like academic growth over time, attendance and chronic absenteeism, postsecondary education and career readiness, and other factors stated in law ([CGS § 10-223e\(a\)](#)).

Towns that are members of a newly formed regional school district are exempt from the MBR for the first full fiscal year following the new district’s creation ([CGS § 10-262j\(e\)](#)).

### ***Other MBR Flexibility***

The law also allows municipalities to disregard certain grants they received that year when they calculate the next year’s MBR, including any school security infrastructure competitive grant received from the state. During the COVID pandemic, the legislature also allowed the same for supplemental local funds and federal COVID relief funds. Excluding funds from the MBR allows towns to use them without creating an ongoing funding obligation (i.e., without “counting” toward the MBR).

Unless it has an Alliance District, a town can decrease its MBR for the following reasons, among others:

1. an Education Cost Sharing (ECS) aid decrease;
2. an enrollment decrease;
3. a school closure; and
4. increased efficiencies leading to a reduction of costs, which need to be approved by the education commissioner ([CGS § 10-262j\(a\)&\(b\)](#)).

Towns with a school district that is designated as an Alliance District generally cannot decrease their appropriation, but they are entitled to exclude the grants and COVID funds discussed above from their MBR and are not required to count school security infrastructure grant funds ([CGS § 10-262j\(c\)](#)). Alliance districts are the 33 lowest performing school districts in the state based on their AI scores.

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