



MADISON PUBLIC SCHOOLS

10 Campus Drive
P.O. Drawer 71
Madison, CT 06443
www.madison.k12.ct.us

August 20, 2024

TO: Madison Board of Education

FROM: Craig A. Cooke, Ph.D.; Superintendent of Schools

SUBJECT: Nonlapsing Reserve Fund

As the Board is aware, effective with the closeout of the 2023/24 school year budget, the Board of Education has the ability to make a deposit of up to two percent of its annual appropriation into a nonlapsing account. The Board has the sole authority to decide when and how to spend the funds in this account for educational purposes. This flexibility was provided to Boards of Education through in part the advocacy of CABA. Chairman Klaskin was involved in this advocacy directly. Please find below, in bold, the new statute:

C.G.S.A. § 10-248a

§ 10-248a. Unexpended education funds account

Effective: May 21, 2024

For the fiscal year ending June 30, 2024, and each fiscal year thereafter, notwithstanding any provision of the general statutes or any special act, municipal charter, home rule ordinance or other ordinance, a local board of education may deposit into a nonlapsing account any unexpended funds from the prior fiscal year from the budgeted appropriation for education, 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.

Shipman & Goodwin Legal Summary of Legislative Change:

Under prior law, a town board of finance, board of selectmen, or other appropriating authority for a school district was authorized to deposit unexpended education funds into a nonlapsing account, provided that (1) such deposited amount did not exceed two per cent of the budgeted appropriation for education for the prior fiscal year, and (2) expenditures were authorized by the local board of education and made only for educational purposes. Section 7 of Public Act 24-45 now authorizes a local board of education, rather than the town, to make deposits of such unexpended education funds into a nonlapsing account, provided the same conditions are met.

Prior law also authorized regional boards of education to create a reserve fund for capital and nonrecurring expenditures. Section 8 of Public Act 24-45 now permits regional boards of education to create a reserve fund for educational expenditures more generally, rather than capital and nonrecurring expenditures.

It is my recommendation that the Board of Education utilize this new statute effective with the close out of the 2023/24 budget. I have worked with Stacy Nobitz, Director of Finance, on the process to establish the fund. Furthermore, and although their approval is not required, I believe the Board of Selectmen and Board of Finance in Madison would be supportive of this action based on my past experiences working closely with these two Boards through multiple budget processes.

I would also recommend that the fund be established to specifically fund Building, Athletic and Technology infrastructure and Athletic and Music uniforms and supplies. It would not be my recommendation to fund on-going costs or salaries that should be part of the operating budget.

A motion to approve will be on the agenda for our first board meeting of the 2024/25 year. Approval would establish the fund and allow for the expended funds from 2023/24 and future budget years to be deposited into the account. We anticipate the deposit for this year would be approximately \$150,000. Recommendations for expending these funds would be brought to the Finance Committee and ultimately the full Board for approval. The Superintendent's office would then provide both the Board of Selectmen and the Board of Finance a listing of the approved expenditures.

Cc: Stacy Nobitz, Director of Finance