



# STATE OF CONNECTICUT

## OFFICE OF POLICY AND MANAGEMENT

August 18, 2017

The Honorable Dannel P. Malloy  
Governor  
State Capitol  
Hartford, Connecticut 06106

Dear Governor Malloy:

The FY 2018 Resource Allocation Plan issued June 26, 2017, in support of Executive Order 58 was developed with five guiding principles, and funding has been allocated for the first quarter of FY 2018 in accordance with these principles:

1. The allocation of funds should not increase the state's projected deficit – rather, funds should be apportioned according to a plan that is in balance for the entire fiscal year.
2. Funding should be allocated to first support the most essential health, safety, and human services for our most vulnerable residents.
3. The fiscal capacity of outside organizations – including cities and towns – should be considered when apportioning reductions.
4. The state should comply with various court orders, stipulations, and mandates, including but not limited to those impacting the departments of Children and Families, Education, and Social Services.
5. The plan should honor collective bargaining agreements.

We noted in June that the resource allocation plan was a flexible document, subject to adjustment as the year progresses. Emerging expenditure needs in a variety of agencies necessitate revision of the resource allocation plan; the attachment details those changes. In particular, I call your attention to three specific areas of revision. First, in an effort to avoid any lasting damage to the human services safety net, \$40 million has been added to available resources that support private providers. Second, \$60 million of other adjustments were identified that would have affected budget balance if left unaddressed, and resources have been directed to these areas. Lastly, we have made offsetting reductions to municipal aid to accommodate the private provider and other emerging expenditure needs. Note that we have shifted approximately \$48.8 million from special education (Excess Cost – Student Based) to the Education Cost Sharing grant, which would keep special education funded at the FY 2017 level, and ECS was then reduced by a net total of about \$51.2 million to maintain aggregate balance in the revised EO Resource Allocation Plan. This ECS allocation funds the 30 alliance districts at approximately the FY 2017 level. For non-alliance districts, we looked at the amount of municipal revenue represented by state aid, and the 54 towns above the statewide average will receive a percentage ranging from 10% to 60% of their FY 2017 ECS funding, and the 85 remaining communities will receive no ECS grant. A town-by-town listing of municipal aid to be paid under the EO is also attached.

I trust that these revisions are responsive to the guiding principles of the Executive Order and the best interests of the citizens of Connecticut.

Sincerely,

A handwritten signature in blue ink that reads "Benjamin Barnes". The signature is fluid and cursive, with the first name being more prominent.

Benjamin Barnes  
Secretary

Attachments:

1. Revisions to EO 58 Resource Allocation Plan
2. Municipal aid – town-by-town data