

MASC Circuit Breaker Best Practices from Executive Director, Glenn Koocher

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From: Howard.Christopher [<mailto:Christopher.Howard@whrsd.k12.ma.us>]

Sent: Tuesday, November 30, 2021 8:05 AM

To: glenn koocher <gkoocher@masc.org>

Subject: Circuit Breaker

Hi Glenn,

We are dealing with some questions that have come up pertaining to utilization of circuit breaker funds. Do you know or have a sense of what most districts do as it pertains to the balance they keep in the account on an annual basis? This, as I think you understand, has to do with the timing of the reimbursement for the prior year and the allocation of these funds as part of the budget process annually.

I am trying to determine if there is any best practice for how much is maintained in the account after the budget process. For example, are all funds used, or perhaps a target amount is left as a balance, for example 3, 6, 9, or 12 months expected reimbursements.

Anything you can provide here will be much appreciated.

Thanks,

Chris

Whitman Hanson SC - Chair

- <https://www.doe.mass.edu/finance/circuitbreaker/finance.html> / can't carry more than one year and the determination is really district-specific since there may be other legal carryovers that would impact this decision.
- We're allowed to carry over a balance no higher than the amount received in the ending fiscal year. Given the vagaries of out-of-district placements, and surprise move in tuitions, it really isn't a quarterly thing, but an annual one. Having only a 3 or 6 month cushion may not be safe, especially since these are your high-cost student placements.
- Agree with that. We budget one full year of current year revenue as an offset to the succeeding years budget. So we will budget all revenue we receive this year as a budget offset for FY23. This allows for us to also use FY23 revenue in FY23 if needed. We also have a stabilization fund that the Town funds from free cash on top of that - they budget 250k/year but they do not end up putting the money into the fund as we have never touched the 750k already in it. If we tap it they will replenish. We do not contribute to it at all from our budget. If you can get something established over a few years you can get into a cycle that removes most risk. I recommend both getting to a year of revenue toward the succeeding year budget and also start a stabilization fund and add to it as you can over a few years- even a little at a time helps. This will insulate the operating budget from most unforeseen OOD expenses.
- Yes, that is correct; you cannot carryover more than you received for CB revenue in the prior fiscal year. That being said, I speak with the Director of Student Services to see what if there are students likely to go out of district sometime soon and add to that an amount if there is one move-in and that is what I put on what I call a "Contingency" line to "put aside" in case something happens that is unexpected. I have to use a lot of our funds to "balance" our budget (mostly CB and School Choice), but with contingencies in mind throughout the process. I also look at the overall balance between school choice and CB together as another gut check when we are at nearing the end of our budget process. We always have to make decisions about reductions, cuts, and use of "additional school choice", etc. to offset our budget and get down to the town appropriation while also keeping in mind that we should not be building up a "war chest" of school choice funds but keeping a reasonable contingency.