

## **File: DIBA - SPECIAL EDUCATION CIRCUIT BREAKER ACCOUNT MANAGEMENT**

Both the Massachusetts Department of Elementary and Secondary Education (DESE) and the Department of Revenue's Division of Local Services (DLS) support building a special education (SPED) circuit breaker account balance as a good management practice.

*"Since DESE regulations allow communities and school districts to carry forward up to one year's worth of state reimbursement, DLS advises communities build balances in their SPED circuit breaker accounts in years when actual costs compare favorably with the budget so that in years when SPED costs increase unexpectedly or the circuit breaker reimbursement drops, there will be some circuit breaker revenue to cover any unforeseen costs. Building a circuit breaker balance is a good management practice as it eliminates some of the risk associated with these unpredictable SPED costs." (1)*

The School Committee shall pay careful attention to this SPED circuit breaker account and ensure that prior to the end of the fiscal year, when budget projections for that fiscal year are reliable, a sufficient portion of the fiscal year end balance shall be carried forward in the SPED circuit breaker account into the following fiscal year to guard against volatility in state funding for SPED circuit breaker and unexpected move ins to the district by high needs students. Note that the amount carried forward must be no more than the circuit breaker reimbursement for the fiscal year.

Note that regulations require the funds carried forward must be spent in the fiscal year carried forward to. This means that each year the SPED circuit breaker reserve for the following fiscal year must be rebuilt at the end of the current fiscal year. A common confusion is that the end of year school district budget balance is all a surplus, but that is not the case. If, in any fiscal year, budget spending followed exactly the budget plan and all budget allocations were expended exactly following the plan, the end of year balance would be exactly the amount of the SPED circuit breaker balance carried forward from the prior fiscal year, ready to be carried forward again. The SPED circuit breaker reserve is different from other city reserve accounts in this spending and rebuilding mechanism.

Reference:

### **(1) A Primer on Financial Aspects of Special Education**

<https://www.doe.mass.edu/finance/circuitbreaker/finance.html>

*This policy was updated and approved by the Framingham School Committee in Open Session on November 17, 2021.*