



STATE OF CONNECTICUT
DEPARTMENT OF EDUCATION



February 2, 2018

Dear Superintendents of Schools:

I want to take the opportunity to provide some guidance on the implementation of the Minimum Budget Requirement (MBR) for this school year. In Public Act 17-2 of the June Special Session (PA 17-2 JSS), the legislature reauthorized the MBR for fiscal years 2017-18 (FY2018) and 2018-19 (FY2019). In addition, the legislature authorized new budget adjustment flexibility for municipalities that adopted their FY2018 budgets prior to the adoption of the state budget and received a lower amount of state aid than what they had projected in their adopted budget. Outlined below are the adjustments provided for in the legislation as interpreted by the Department of Education. Please note that while statute currently continues these adjustments into FY2019, changes could be made during the 2018 legislative session.

Alliance Districts:

- The MBR remains in place.
- MBR reductions are not applicable to Alliance Districts.

Non-Alliance Districts:

- The MBR remains in place for FY2018 and operates with the same rules and exceptions as for fiscal year 2016-17 (FY2017). Please refer to Section 10-262j(a) of the Connecticut General Statutes (C.G.S.).
- C.G.S. Section 10-262j provides that, subject to the limits prescribed in law, reductions to the MBR may be taken for the following reasons:
 - A decline in enrollment subject to caps based on the number of students eligible for free and/or reduced price lunch.
 - New and documentable savings through increased efficiencies or regional collaboration.
 - The termination of operations and closure of a school or schools due to declining enrollment.
 - Towns may reduce the district's appropriated budget in an amount equal to the "aid reduction," which for FY2018 works out to 5 percent of the Education Cost Sharing (ECS) grant a town was entitled by law to receive for FY2017 minus reductions during FY2017 based on lapses as recommended by the Secretary of the Office of Policy and Management. See C.G.S. Sections 10-262i(d), 10-262h(a) and 10-262f(48).
 - Districts in the top 10 percent of school districts based on the accountability index are exempt from the MBR.

Non-Alliance Districts – Special Circumstance:

- If a town adopted its FY2018 budget (or levied taxes based on its FY2018 budget or made adjustments or transfers to such budget) prior to the adoption of the state budget **and** received a lower amount of state aid than projected in its adopted or adjusted budget, the town may:
 - Reduce its FY2018 **education** budget (in the same manner as it was originally adopted) by no more than the amount of the difference between its FY2018 ECS entitlement specified in PA 17-2 JSS and the amount of ECS projected in its previously adopted FY2018 budget.
 - Make transfers between accounts without having to follow the same budget adoption process. However, the department interprets this provision as prohibiting any transfers that would reduce the FY2018 budget by more than the difference between the district's FY2018 ECS entitlement and the amount of ECS projected in the previously adopted FY2018 budget.

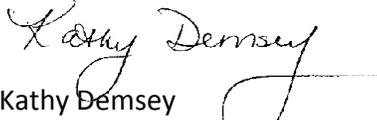
- If an eligible town makes reductions to its FY2018 education budget within the authorized limits, the penalties for falling below the MBR and transferring education aid for other purposes do not apply. Note, however, that under Section 265(b) of PA 17-2 JSS, any amount removed from the FY2018 budget using these options – whether by budget amendment or through a transfer – would be included in the town's MBR for FY2019.

For All Districts – Executive Branch Holdbacks:

The department's position is that holdbacks ordered by the Executive Branch in FY2018 **do not count** as state "aid reductions" for purposes of MBR, and thus, towns are not permitted to reduce education appropriations by holdback amounts.

If you have any questions on the implementation of the MBR for this fiscal year, please do not hesitate to contact me at 860-713-6464.

Sincerely,


Kathy Demsey
Chief Financial Officer

KD:kk

cc: Dianna R. Wentzell, Commissioner of Education
Peter Haberlandt, Legal Director
Chief Municipal Officers
School Business Officials