



June 28, 2019

Minimum Budget Requirement (MBR) Provisions for FY 20

Dear Municipal Leader:

During the 2019 legislative session the General Assembly implemented various reforms to the Minimum Budget Requirement (MBR) as part of the state budget.

The reforms enacted as part of the state budget represent a collaborative effort between CCM and the Connecticut Association of Boards of Education (CABE). Additionally, CCM worked closely with the Governor's Office and legislative leadership to ensure these reforms were adopted.

Important FY 20 reforms to the MBR are as follows:

- Current law only allows districts with declining student enrollment to use a 1 year look-back period when calculating an MBR decrease due to lower student population. The reforms enacted as part of the state budget will now allow districts to use a 5 year look-back period when calculating an enrollment decrease.
- Current law caps the amount a school district may reduce its budgeted appropriation for education due to declining student enrollment at 1.5% of the budgeted appropriation from the previous year. The reforms included in the state budget **remove** this cap.
- There is also a new MBR exemption for any self-insured school district that increases its education budget due to a catastrophic insurance loss during the prior year. The school district will not have to carry these expenses forward as a legacy cost.
- The reforms also change the penalty for municipalities not meeting the MBR in FY 19. Current law penalizes municipalities that fail to meet the MBR in an amount equal to two times the budgeted shortfall. The reforms included in the state budget change the penalty to an amount equal to the shortfall. A town would avoid the penalty if it increases its budgeted education appropriation for FY 20 in an amount equal to the amount of its FY 19 shortfall.

Provisions from current law that are still applicable for FY 20 are as follows:

- There would be no MBR for school districts that have an "accountability index score" in the top 10 percent of all districts in the state. This allows those districts to reduce their education budget with no restrictions.

- Member towns of a newly formed regional school district would also be exempt during the first full fiscal year following its establishment.
- The MBR for Alliance Districts, or those formally designated as such, would equal the prior year's budgeted appropriation.

Also under current law, additional reductions would be allowed for non-Alliance Districts under the following conditions:

- If a district is set to receive a reduction in ECS funding in FY 20, it could reduce its MBR by the amount of the reduction.
- The district can demonstrate savings through increased efficiencies or regional collaborations. The budget outlines examples of what is eligible.
- A district that does not maintain a high school and pays tuition to another school district and a student population attending high school as of the October 1 count two years prior that is less than the count for October 1 three years prior, may reduce its budgeted appropriation by such difference multiplied by the amount of tuition paid per student.
- A school is closed due to lower enrollment.

Beginning FY 20, the State Department of Education (SDE) is required to produce a minimum budget requirement calculation worksheet for each school district. The worksheet will be provided to the local and regional board of education, and SDE will make the worksheet available on its website.



If you have any questions, please contact Daniel C. Giungi, Senior Legislative Associate for CCM, at dgiungi@ccm-ct.org or (860) 305-6842.