



STATE OF CONNECTICUT
DEPARTMENT OF EDUCATION



TO: Superintendents of Schools
FROM: Kathy Demsey, Chief Financial Officer
DATE: August 5, 2019
SUBJECT: 2019-20 Minimum Budget Requirement

I want to take the opportunity to provide guidance on the implementation of the Minimum Budget Requirement (MBR) for the 2019-20 school year. In Public Act 19-117, the legislature reauthorized the MBR for fiscal years 2019-20 (FY2020) and 2020-21 (FY2021). Please review the provisions below carefully, as the legislature modified several of the MBR relief provisions and added new provisions. In addition, the Act requires the Department to provide each local and regional board of education a copy of the district's MBR calculation for the current fiscal year and make it available on the Department's website.

Alliance Districts:

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

Non-Alliance Districts:

The MBR remains in place for FY2020 and operates with the following rules and exceptions as provided for in Public Act 19-117. Subject to the limits prescribed in law, reductions to the MBR may be taken for the following reasons:

- If a town's equalization aid grant for FY2020 is less than its equalization aid grant for FY2019, the difference is the "aid reduction." Towns may reduce the district's appropriated budget in an amount equal to the "aid reduction."
- A decline in enrollment as follows:
 - If a district experienced a net reduction in its resident student count during any of the previous five fiscal years, such district may reduce its budgeted appropriation for education in an amount equal to the number of such net reduction multiplied by 50 percent of the net current expenditures per resident student of such district.
 - For the purposes of determining the reduction for a district's FY2020 budget, the look back period would be between the resident student enrollment filed with the Department on October 1, 2019 and October 1, 2015.
 - A district may not use the resident student count for any fiscal year where such student count was previously used to reduce its MBR.
- A decline in enrollment in any district that does not maintain a high school and pays tuition to another school district for resident students to attend high school in such other district equal to the decline in enrollment multiplied by the amount of tuition paid per student.

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- New and documentable savings through increased efficiencies, including, but not limited to, reductions in costs associated with:
 - transportation services, school district administration or contracts that are not the result of collective bargaining or other labor agreements;
 - an agreement to provide medical or health care benefits pursuant to Section 7-464b of the Connecticut General Statutes (C.G.S.);
 - a cooperative agreement relating to the performance of administrative and central office functions, such as business manager functions, for the municipality and the school district pursuant to C.G.S. Section 10-241b;
 - the purchasing or joint purchasing of property insurance, following consultation with the legislative body of the municipality of such district pursuant to C.G.S. Section 10-241c;
 - the purchasing of payroll processing or accounts payable software systems, following the consultation with the legislative body of the municipality of such district to determine whether such systems may be purchased or shared on a regional basis pursuant to C.G.S. Section 10-241e;
 - consolidation of information technology services; and
 - the care and maintenance of athletic fields.

A reduction taken for any of the above reasons may not exceed one-half of one percent of the district's budgeted appropriation for FY2019.

- The termination of operations and closure of a school or schools due to declining enrollment.
- Districts in the top 10 percent of school districts based on the accountability index are exempt from the MBR.
- If a district has elected to act as a self-insurer, pursuant to C.G.S. Section 10-236, and must increase its budgeted appropriation in the prior fiscal year as a result of one or more catastrophic events, as declared by a nationally recognized catastrophe loss index provider, such increase shall not be included in their MBR calculation for the following fiscal year.

Non-Alliance Districts – Special Circumstance:

Section 288 of Public Act 19-117 provides a one-year grace period for districts whose budgets were non-compliant with the MBR in FY2019. Such town shall not be penalized for non-compliance pursuant to C.G.S. Section 10-262i(e), provided such town increases its budgeted appropriation for education for FY2020 in an amount equal to the shortfall in FY2019.

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.

KD:kk

cc: Desi Nesmith, Interim Commissioner of Education

Jessa Mirtle, Legal Director

Kevin Chambers, Education Consultant

Chief Municipal Officers

School Business Officials