



STATE OF CONNECTICUT

STATE DEPARTMENT OF EDUCATION



TO: Superintendents of Schools
School Business Managers
Chief Municipal Officers

FROM: Kathy Demsey, Chief Financial Officer
Finance and Internal Operations Office

DATE: August 14, 2014

SUBJECT: 2014-15 Minimum Budget Requirement

This correspondence pertains to the 2014-15 Minimum Budget Requirement (MBR) and the reporting requirements necessary for the State Department of Education (SDE) to compute the MBR and monitor compliance.

MBR Determination for Non-Alliance Districts

2014-15 Base MBR

The 2014-15 base MBR equals the greater of the 2013-14 MBR or the 2013-14 budgeted appropriation(s) to the board of education, plus any increase in Education Cost Sharing (ECS) aid in 2014-15 relative to 2013-14.

Reductions to MBR

Under certain circumstances, legislation provides the town with the potential to reduce the MBR by **one** of the following three options:

1. If a district's October 2013 resident student count is less than the October 2012 count, its MBR may be reduced by \$3,000 for each such reduced count. However, the maximum reduction under this provision cannot exceed one-half of 1 percent of the greater of the 2013-14 MBR or the 2013-14 budgeted appropriation(s) to the board of education.
2. If a district does not operate a high school and is not a member of a regional school district and the October 2013 designated high school students have decreased from the prior year, the MBR may be reduced by the 2013-14 tuition rate for each such reduced count. There is no maximum reduction under this provision.
3. The Commissioner of Education has discretion to review and approve MBR reductions for districts that realize **new and documentable savings** through increased efficiencies, regional collaboration, or cooperative arrangements pursuant to Section 10-158a of the Connecticut General Statutes. Such reductions may be in the amount of up to one-half of the savings. However, the maximum reduction allowed under this provision is one-half of 1 percent of the greater of the 2013-14 MBR or the 2013-14 budgeted appropriation(s) to the board of education. If you are planning to exercise this option, please contact Kevin Chambers at 860-713-6455 for the specific reporting requirements.

Preliminary maximum reduction amounts under each of these options are provided on Attachment 2.

In addition, legislation also provides the opportunity for districts to request of the Commissioner of Education a reduction to the MBR as a result of closing schools in 2014-15 due to declining enrollment. The Commissioner has sole discretion as to approving such requests, as well as the amount of the approval.

When reviewing whether the MBR reduction options are applicable, **please note that those districts with approved 2014-15 budgeted appropriations that do not reflect reductions from 2013-14 are exempt from any reductions to their 2014-15 base MBR** (see Attachment 2).

MBR Determination for Alliance Districts

2014-15 Base MBR

The 2014-15 base MBR equals the greater of the 2013-14 MBR or the 2013-14 budgeted appropriation(s) to the board of education.

Increases to MBR

Any school district designated as an alliance district and whose local tax dollar contribution to education in 2012-13 was below 22 percent when compared to the overall education expenditures from all sources (local, state, federal and other, including in-kind services but excluding land, buildings, capital and debt service) will be required to increase its 2014-15 MBR by the amount of funding necessary to achieve the 22 percent contribution. Attachment 1 lists the 30 alliance districts along with their 2012-13 local tax dollar funding percentage.

Note: Pursuant to Section 154 of Public Act 13-247, the Commissioner may permit a town designated as an alliance district to reduce its budgeted education appropriation if such town can demonstrate that its local contribution for the fiscal year ending June 30, 2015, has increased when compared to the local contribution used in determining its local funding percentage. Please contact Kevin Chambers at 860-713-6455 for further information on this provision.

Data Reporting Requirements for MBR Determination and Compliance

MBR data will be collected on Form ED012. The critical data that must be collected includes:

- final 2013-14 budgeted appropriation including any supplemental appropriations;
- final 2013-14 regional district assessment;
- 2014-15 budgeted appropriation(s) to date; and
- 2014-15 regional district assessment.

If your district has an approved 2014-15 board of education budgeted appropriation, please file the ED012 on or before August 28, 2014. Otherwise, please report as soon as

possible once the budget is approved. Note the following when reporting the 2013-14 and 2014-15 appropriations:

- The appropriations **must** be from local revenues, which may include state grants such as Education Cost Sharing and Transportation that are paid to the town and are not subject to pass through to the board of education and any federal or other sources of unrestricted revenue to the town. Examples include Federal Public Law 874 (Pupil Impact) Funds, non-progress school construction reimbursement payments and any fees and other revenues collected by the town. Do not include state or federal grants awarded directly to the board of education.
- Any accounting-related adjustments **must** be consistent between the two years, i.e., if 2014-15 includes an item such as school district employee health benefits that was previously appropriated to another department, the amount of the appropriation for these benefits must be added to the 2013-14 appropriation amount. Conversely, if there was an item that was included in 2013-14 that was not in 2014-15, that item must be removed from what is reported in 2013-14. While this applies to reclassifications of expenses only, keep in mind that a one-time special appropriation for education must remain as part of that year's appropriation, e.g., if in 2013-14 additional funds were appropriated for computers, that amount must remain as part of the 2013-14 appropriation.
- **Do not include** appropriations related to land, buildings, capital and debt service.

All data must be submitted by August 28, 2014, through the Department's data collection Web site:

<https://www.csde.state.ct.us/districts/>

The ED012 is designed for school districts other than secondary regions; the ED012 Worksheet is to be filed by the secondary district. Users will be automatically linked to the correct application based on town codes. Detailed filing instructions are also available on the site.

If you have any questions, please contact Kevin Chambers at kevin.chambers@ct.gov or 860-713-6455. Thank you.

KD:kk

cc: Stefan Pryor
Adam Goldfarb
Kevin Chambers

Attachments

Attachment 1

List of Alliance Districts and 2012-13 Local Funding Percentage

Ansonia	42.90%
Bloomfield	73.10
Bridgeport	21.40
Bristol	53.00
Danbury	71.00
Derby	58.00
East Hartford	39.90
East Haven	51.00
East Windsor	65.10
Hamden	72.50
Hartford	23.00
Killingly	48.00
Manchester	63.00
Meriden	41.80
Middletown	68.30
Naugatuck	49.00
New Britain	30.10
New Haven	23.50
New London	32.50
Norwalk	84.20
Norwich	43.20
Putnam	40.50
Stamford	85.90
Vernon	57.10
Waterbury	36.70
West Haven	41.70
Winchester	54.30
Windham	33.70
Windsor	76.30
Windsor Locks	77.40