

December 11, 2024

What is the minimum budget requirement (MBR)?

Connecticut's MBR prohibits a municipality from budgeting less for education than it did the previous year, unless it meets specific exceptions. The Connecticut General Assembly has added such exceptions to the MBR over the course of the MBR's existence to allow municipalities flexibility in reducing expenditures for education.¹ School districts that are in the top 10 percent of all school districts, according to the Connecticut State Department of Education's (CSDE) accountability index, are exempt from MBR requirements.² However, municipalities whose local public school districts are Alliance Districts (typically the lowest-performing local public school districts in the state) are not permitted to reduce educational expenditures and are not eligible for any of the MBR exceptions.³

Why does Connecticut have a MBR for municipalities?

In 1975, the Connecticut General Assembly created the minimum expenditure requirement, which required municipalities to spend a minimum amount per student on education based on statewide expenditures.⁴ This requirement, now slightly altered and known as the MBR, was implemented to prevent municipalities from reducing their local spending on education and using state aid for education as a replacement for local funds, as well as to prevent municipalities from using state funds targeted for education for other purposes.

What happens if a municipality fails to meet its MBR?

If a municipality fails to meet its MBR, the State can withhold the municipality's Education Cost Sharing (ECS) funds in the amount of two times the difference between the municipality's MBR and what the municipality actually budgeted for education.⁵ If this happens, the CSDE would withhold the amount of ECS funds forfeited starting in the second fiscal year immediately following when the municipality did not meet its MBR.⁶ If a municipality that is part of a regional school district fails to meet its MBR, the amount of ECS funds withheld from that municipality by the CSDE is proportional to the number of resident students attending the regional school district from the municipality that did not meet its MBR.⁷

A municipality may increase its education budget during the year in which the forfeiture of ECS funds would occur by an amount not less than the amount of the forfeiture or "for

¹ Conn. Gen. Statutes ch. 172, § 10-262j.

² Ibid.

³ Ibid.

⁴ Moran, J.D., Sullivan, M., Bourne, S., & Shepard, A. (2016). *Education Cost Sharing Grants* (2016-R-0167). Hartford, CT: Connecticut General Assembly, Office of Fiscal Analysis and Office of Legislative Research. Retrieved from <https://www.cga.ct.gov/2016/rpt/pdf/2016-R-0167.pdf>.

⁵ Conn. Gen. Statutes ch. 172, § 10-262j(e).

⁶ Ibid.

⁷ Ibid.

other good cause shown.” Should a municipality do this, the CSDE may waive the forfeiture and the additional funds expended to have the forfeiture waived would not count toward the municipality’s future MBR.⁸

What are exceptions to the MBR?

Below is a list of exceptions allowing a municipality to reduce its MBR.⁹ It is important to note that municipalities in which Alliance Districts are located are not permitted to reduce their MBR and are not eligible for any of the MBR exceptions.¹⁰ In addition, districts in the top 10 percent of performance according to the CSDE’s accountability index do not have to adhere to the MBR.¹¹

- A municipality may reduce its MBR if it experiences a decrease in ECS funding from the prior fiscal year; however, the MBR reduction may not be more than the decrease in ECS funding.
- Districts that have experienced a reduction in their resident student count may look back up to a 5-year period to calculate their decrease in resident student count.
 - The district can decide which consecutive years, up to the last five years, they would like to include in this calculation.
 - However, the decline in the student count for a given year can only be used one time to prevent districts from counting the same student count decline twice.
 - When calculating a MBR reduction under this exemption, the district is permitted to reduce its MBR by an amount equal to the net reduction in resident students multiplied by 50 percent of its net current expenditure per resident student.
- If a district does not maintain a high school and the number of students for which it pays tuition has decreased, the district’s municipality may reduce its MBR by the difference between the number of students it paid tuition for in the previous year and the number of students it currently pays tuition for, multiplied by the cost of tuition.
- If a district realizes new and documented savings through increased efficiencies approved by the commissioner of the CSDE or through regional collaboration or cooperative arrangements, the municipality may reduce its MBR by half of the achieved savings, provided that amount does not exceed 0.5 percent of the district’s budget. Efficiency savings include, but are not limited to, the following:
 - Reductions in contract costs not including collective bargaining agreements, transportation service efficiencies, or a cost savings in school district administration;

⁸ Ibid.

⁹ Conn. Gen. Statutes ch. 172, § 10-262j.

¹⁰ Ibid.

¹¹ Ibid.

- Cost savings in medical or health care benefit agreements;
 - Cooperative agreements related to administrative or central office functions;
 - Reductions in costs due to purchasing of insurance including property insurance, casualty insurance, and workers' compensation insurance;
 - Reductions in costs associated with the purchasing of payroll or accounts payable software;
 - Savings from the consolidation of information technology services; and
 - Reduction in costs associated with athletic field care and maintenance.
- The commissioner of the CSDE may allow a municipality to reduce its MBR by an amount determined by the commissioner if the municipality's school district has closed one or more schools due to declining enrollment.
 - Member municipalities of a newly formed regional school district do not have to adhere to the MBR during the first full fiscal year following its establishment.
 - Expenses that are incurred as a result of a catastrophic insurance loss can be excluded from expenditures for the purposes of calculating a district's MBR in the following year.
 - This exemption can only be taken by a school district that is self-insured and can only be taken when the school district provides documentation that the expenses are a result of a catastrophic event by a nationally recognized catastrophic loss index provider.
 - Please note this exemption is related to insurance coverage purchased by the district and not related to expenses incurred by educating the student population.
 - For example, a loss incurred as a result of unusually high medical costs may be captured by this provision. A large increase in expenditures due to the student population would not.
 - School districts receiving grants for school security infrastructure during the prior year do not have to include such funds in the MBR.

How do I know what my district's MBR is?

CSDE is required to post the worksheet for each school district's MBR on the department's website.¹² District MBR information can be found at <https://portal.ct.gov/sde/fiscal-services/education-cost-sharing-grant-ecs-mbr/documents>.

¹² Conn. Acts 19-117 § 250.