

Subject: RE: FW: MBR

Date: Wednesday, June 1, 2011 4:48:24 PM Eastern Daylight Time

From: Phil Streifer

To: Art Ward

CC: 'Tom O'Brien'

Sorry – I did not copy Tom. No, we are not expecting a reduction in enrollment. Phil

From: Art Ward [mailto:ArtWard@ci.bristol.ct.us]

Sent: Wednesday, June 01, 2011 4:26 PM

To: Phil Streifer

Cc: 'Tom O'Brien'

Subject: Re: FW: MBR

Are we expecting a reduction in school enrollment?

>>> "Phil Streifer" <pstreifer@att.net> 6/1/2011 4:06 PM >>>

Art – FYI. I just learned of this bill and if it passes, which my information suggests is the case, it could impact the city's budget plans. Phil

Bill analysis and language for MBR section 190.

§ 190 — MINIMUM BUDGET REQUIREMENT

For FY 12 and FY 13, unless their enrollment fell in the prior year or they have permanently closed one or more schools due to falling enrollment, the bill requires most towns to budget the same amount for education as they budgeted in the previous fiscal year. **For FY 12, districts must budget at least the amount they budgeted in FY 11 plus any reduction made to offset federal money paid directly to their boards of education under the 2009 federal stimulus act (ARRA).**

The bill allows most towns whose school districts had fewer students enrolled in the previous school year than in the year before to reduce their minimum budget requirement (MBR) by \$ 3,000 times the enrollment reduction. But, the total reduction cannot exceed 0.5% of their prior year's budget appropriation.

To reduce its MBR for FY 12, a district must have fewer students in the 2011 school year than it had in 2010. An FY 13 MBR reduction may similarly reflect a drop in enrollment in 2012 compared to 2011. Thus, for example, if a district had 800 students enrolled in 2010 and 750 students in 2011, it could appropriate \$ 150,000 less (\$ 3,000 x 50) in FY 12 than it did in FY 11 and still meet its MBR for FY 12, as long as \$ 150,000 was less than 0.5% of its FY 11 appropriation (i. e. , as long as its FY 11 budgeted appropriation for education was more than \$ 30 million.)

In addition, the bill allows the education commissioner to permit a town to reduce its MBR for FY 12 or FY 13 if it permanently closed one or more schools because of falling enrollment in the closed schools in FYs 11, 12, or 13. The bill requires the commissioner to determine the reduction amount.

The bill bars any MBR reduction for districts that, as a whole, either (1) fail to make adequate yearly progress (AYP) in math or reading as required by the state accountability law and the federal No Child Left Behind (NCLB) Act, or (2) achieve AYP only through the

alternate method allowed under NCLB known as "safe harbor" (see BACKGROUND).
EFFECTIVE DATE: July 1, 2011

Sec. 190. Section 10-262i of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(a) For the fiscal year ending June 30, 1990, and for each fiscal year thereafter, each town shall be paid a grant equal to the amount the town is entitled to receive under the provisions of section 10-262h, as calculated using the data of record as of the December first prior to the fiscal year such grant is to be paid, adjusted for the difference between the final entitlement for the prior fiscal year and the preliminary entitlement for such fiscal year as calculated using the data of record as of the December first prior to the fiscal year when such grant was paid.

(b) The amount due each town pursuant to the provisions of subsection (a) of this section shall be paid by the Comptroller, upon certification of the Commissioner of Education, to the treasurer of each town entitled to such aid in installments during the fiscal year as follows: Twenty-five per cent of the grant in October, twenty-five per cent of the grant in January and the balance of the grant in April. The balance of the grant due towns under the provisions of this subsection shall be paid in March rather than April to any town which has not adopted the uniform fiscal year and which would not otherwise receive such final payment within the fiscal year of such town.

(c) All aid distributed to a town pursuant to the provisions of this section shall be expended for educational purposes only and shall be expended upon the authorization of the local or regional board of education. For the fiscal year ending June 30, 1999, and each fiscal year thereafter, if a town receives an increase in funds pursuant to this section over the amount it received for the prior fiscal year such increase shall not be used to supplant local funding for educational purposes. The budgeted appropriation for education in any town receiving an increase in funds pursuant to this section shall be not less than the amount appropriated for education for the prior year plus such increase in funds.

[(d) For the fiscal years ending June 30, 2010, and June 30, 2011, the budgeted appropriation for education shall be no less than the budgeted appropriation for education for the fiscal year ending June 30, 2009, minus any reductions made pursuant to section 19 of public act 09-1 of the June 19 special session, except that for the fiscal year ending June 30, 2010, those districts whose number of resident students for the school year commencing July 1, 2009, is lower than such district's number of resident students for the school year commencing July 1, 2008, may reduce such district's budgeted appropriation for education by the difference in number of resident students for such school years multiplied by three thousand.]

[(e)] (d) Notwithstanding the provisions of subsection (c) of this section, for the fiscal years ending June 30, 2008, and June 30, 2009, the budgeted appropriation for education in any town receiving an increase in funds pursuant to this section shall be not less than the amount appropriated for education for the prior year plus the percentage of such increase in funds as determined under subsection (f) of this section.

(e) For the fiscal years ending June 30, 2010, and June 30, 2011, the budgeted appropriation for education shall be not less than the budgeted appropriation for education for the fiscal year ending June 30, 2009, minus any reductions made pursuant to section 19 of public act

09-1 of the June 19 special session, except that for the fiscal year ending June 30, 2010, those districts with a number of resident students for the school year commencing July 1, 2009, that is lower than such district's number of resident students for the school year commencing July 1, 2008, may reduce such district's budgeted appropriation for education by the difference in number of resident students for such school years multiplied by three thousand.

(f) (1) For the fiscal year ending June 30, 2012, the budgeted appropriation for education shall be not less than the budgeted appropriation for education for the fiscal year ending June 30, 2011, plus any reductions made pursuant to section 19 of public act 09-1 of the June 19 special session, except that for the fiscal year ending June 30, 2012, any district with a number of resident students for the school year commencing July 1, 2011, that is lower than such district's number of resident students for the school year commencing July 1, 2010, may reduce such district's budgeted appropriation for education by the difference in number of resident students for such school years multiplied by three thousand, provided such reduction shall not exceed one-half of one per cent of the district's budgeted appropriation for education for the fiscal year ending June 30, 2011. A town shall not be eligible to reduce its budgeted appropriation for education pursuant to this subdivision if the school district for the town is in its third year or more of being identified as in need of improvement pursuant to section 10-223e, and (A) has failed to make adequate yearly progress in mathematics or reading at the whole district level, or (B) has satisfied the requirements for adequate yearly progress in mathematics or reading pursuant to Section 1111(b)(2)(I) of Subpart 1 of Part A of Title I of the No Child Left Behind Act, P.L. 107-110, as amended from time to time.

(2) For the fiscal year ending June 30, 2013, the budgeted appropriation for education shall be not less than the budgeted appropriation for education for the fiscal year ending June 30, 2012, except that for the fiscal year ending June 30, 2013, any district with a number of resident students for the school year commencing July 1, 2012, that is lower than such district's number of resident students for the school year commencing July 1, 2011, may reduce such district's budgeted appropriation for education by the difference in number of resident students for such school years multiplied by three thousand, provided such reduction shall not exceed one-half of one per cent of the district's budgeted appropriation for education for the fiscal year ending June 30, 2012. A town shall not be eligible to reduce its budgeted appropriation for education pursuant to this subdivision if the school district for the town is in its third year or more of being identified as in need of improvement pursuant to section 10-223e, and (A) has failed to make adequate yearly progress in mathematics or reading at the whole district level, or (B) has satisfied the requirements for adequate yearly progress in mathematics or reading pursuant to Section 1111(b)(2)(I) of Subpart 1 of Part A of Title I of the No Child Left Behind Act, P.L. 107-110, as amended from time to time.

(3) Notwithstanding the provisions of subdivisions (1) and (2) of this subsection, the Commissioner of Education may permit a district to reduce its budgeted appropriation for education for the fiscal year ending June 30, 2012, or June 30, 2013, in an amount determined by the commissioner if such district has permanently ceased operations and closed one or more schools in the district due to declining enrollment at such closed school or schools in the fiscal year ending June 30, 2011, June 30, 2012, or June 30, 2013.

[(f)] (g) (1) Except as provided for in subdivisions (2), (3) and (4) of this subsection, the

percentage of the increase in aid pursuant to this section applicable under subsection [(e)] (d) of this section shall be the average of the results of (A) (i) a town's current program expenditures per resident student pursuant to subdivision (36) of section 10-262f, subtracted from the highest current program expenditures per resident student in this state, (ii) divided by the difference between the highest current program expenditures per resident student in this state and the lowest current program expenditures per resident student in this state, (iii) multiplied by thirty per cent, (iv) plus fifty percentage points, (B) (i) a town's wealth pursuant to subdivision (26) of section 10-262f, subtracted from the wealth of the town with the highest wealth of all towns in this state, (ii) divided by the difference between the wealth of the town with the highest wealth of all towns in this state and the wealth of the town with the lowest wealth of all towns in this state, (iii) multiplied by thirty per cent, (iv) plus fifty percentage points, and (C) (i) a town's grant mastery percentage pursuant to subdivision (12) of section 10-262f, subtracted from one, subtracted from one minus the grant mastery percentage of the town with the highest grant mastery percentage in this state, (ii) divided by the difference between one minus the grant mastery percentage of the town with the highest grant mastery percentage in this state and one minus the grant mastery percentage of the town with the lowest grant mastery percentage in this state, (iii) multiplied by thirty per cent, (iv) plus fifty percentage points.

(2) For the fiscal year ending June 30, 2009, any town whose school district is in its third year or more of being identified as in need of improvement pursuant to section 10-223e, and has failed to make adequate yearly progress in mathematics or reading at the whole district level, the percentage determined pursuant to subdivision (1) of this subsection for such town shall be increased by an additional twenty percentage points.

(3) For the fiscal year ending June 30, 2010, any town whose school district is in its third year or more of being identified as in need of improvement pursuant to section 10-223e, and has failed to make adequate yearly progress in mathematics or reading at the whole district level, the percentage of the increase in aid pursuant to this section applicable under subsection [(e)] (d) of this section shall be the percentage of the increase determined under subdivision (1) of this section for such town, plus twenty percentage points, or eighty per cent, whichever is greater.

(4) Notwithstanding the provisions of this section, for the fiscal year ending June 30, 2008, and each fiscal year thereafter, any town that (A) is a member of a regional school district that serves only grades seven to twelve, inclusive, or grades nine to twelve, inclusive, (B) appropriates at least the minimum percentage of increase in aid pursuant to the provisions of this section, and (C) has a reduced assessment from the previous fiscal year for students enrolled in such regional school district, excluding debt service for such students, shall be considered to be in compliance with the provisions of this section.

(5) Notwithstanding any provision of the general statutes, charter, special act or home rule ordinance, on or before September 15, 2007, for the fiscal year ending June 30, 2008, a town may request the Commissioner of Education to defer a portion of the town's increase in aid over the prior fiscal year pursuant to this section to be expended in the subsequent fiscal year. If the commissioner approves such request, the deferred amount shall be credited to the increase in aid for the fiscal year ending June 30, 2009, rather than the fiscal year ending June 30, 2008. Such funds shall be expended in the fiscal year ending June 30, 2009, in accordance with the provisions of this section. In no case shall a town be allowed to defer increases in aid required to be spent for education as a result of failure to make adequate

yearly progress in accordance with the provisions of subdivisions (2) and (3) of this subsection.

[(g)] (h) Upon a determination by the State Board of Education that a town or kindergarten to grade twelve, inclusive, regional school district failed in any fiscal year to meet the requirements pursuant to subsection (c), (d), [or] (e) or (f) of this section, the town or kindergarten to grade twelve, inclusive, regional school district shall forfeit an amount equal to two times the amount of the shortfall. The amount so forfeited shall be withheld by the Department of Education from the grant payable to the town in the second fiscal year immediately following such failure by deducting such amount from the town's equalization aid grant payment pursuant to this section, except that in the case of a kindergarten to grade twelve, inclusive, regional school district, the amount so forfeited shall be withheld by the Department of Education from the grants payable pursuant to this section to the towns which are members of such regional school district. The amounts deducted from such grants to each member town shall be proportional to the number of resident students in each member town. Notwithstanding the provisions of this subsection, the State Board of Education may waive such forfeiture upon agreement with the town or kindergarten to grade twelve, inclusive, regional school district that the town or kindergarten to grade twelve, inclusive, regional school district shall increase its budgeted appropriation for education during the fiscal year in which the forfeiture would occur by an amount not less than the amount of said forfeiture or for other good cause shown. Any additional funds budgeted pursuant to such an agreement shall not be included in a district's budgeted appropriation for education for the purpose of establishing any future minimum budget requirement.

Subject: new MBR

Date: Tuesday, May 31, 2011 7:42:59 PM Eastern Daylight Time

From: Phil Streifer

To: 'Tom O'Brien'

CC: 'Barbara Doyle'

Priority: High

Tom – I just learned that the legislature is considering a new MBR bill this week to replace the current one expiring at the end of June. The current bill is very different in that it sets the MBR at the 2010-2011 budget level and includes a reduction of \$3000 per pupil reduction for loss of students and also a provision if a school is closed. A simple calculation would indicate that the City could not reduce our base by \$2.5M if this passes (they might be able to reduce it a few hundred thousand dollars though). Further, I do not know how the reconfigured West Woods program might impact this calculation as the bill allows the Commissioner of Education to decide on the level of reduction in such cases. In any event, the bill is being debated tonight and my source says it will pass and the Governor will sign it late this week or early next. I also understand that CCM is in favor of this bill which strengthens an argument with the municipality.

Apparently the City is going before bond counsel on June 8. As a result I doubt they would make any changes this week to our budget. But if the new MBR passes this week or early next we should get a quick legal opinion as to how best to proceed. In cases that I've heard about the Board of Education has had to take the municipality to court at times to enforce the MBR.

I've asked my contact to get me the actual proposed language and I should have it tonight or early tomorrow.

Phil