

# A Primer in Contemporary Budget Concepts

It is nearly impossible to pick up a local newspaper between January and June and not find at least one article on some topic related to school funding or budgets. Sometimes the articles are self-explanatory and sometimes they contain cryptic acronyms or obscure concepts. This primer has been developed to help our citizens understand contemporary school budget themes and how they relate to the Region 18 budget.

<b>Topic / Theme</b>	<b>What is it?</b>	<b>What it means to Region 18</b>
ECS – Educational Cost Sharing	ECS is Connecticut’s basic educational grant funding. ECS funding is given directly to towns and must be used for education purposes only. The amounts given to towns vary widely and depend on population, wealth and other factors woven into a complex funding formula. A special state task force has been studying the ECS funding structure. Changes are forthcoming within the next few years.	Since 2014-2015 the State of Connecticut has reduced Lyme and Old Lyme’s ECS payments by 65%: From \$751,142 in 14-15 to \$260,024 expected in 17-18; however, in anticipation of increased reductions, neither town assumed these revenues in their respective budgets in FY 18. For 18-19 (FY 19), the governor’s budget has no ECS funding allocated to Lyme or Old Lyme.
MBR – Minimum Budget Requirement	The MBR is the minimum budget that a district must approve in order to receive its full entitlement of ECS funding. Currently, the state has defined the MBR to be the previous year’s budget amount (without debt service). Recent changes in the statute allow for several MBR exceptions. These include declining enrollment, needs for academic improvement, school closings, and district performance index ranking.	The MBR for Region 18 as of September 2017 is \$29,555,195 (exclusive of debt service.) This is \$783,720 less than the 2018-19 proposed operating budget. The District can approve an operating budget greater than its MBR but not less.
PPE – Per Pupil Expenditure	The PPE is the state’s calculation of a district’s expenditures on a per pupil basis. The PPE is calculated based on audited expenditures for the district’s previous budget year. The PPE is used to calculate state reimbursements for special education students with high cost programs. The current PPE’s for Connecticut districts range from a low of \$12,744 in Danbury to a high of \$36,176 in Cornwall. Many factors contribute to a district’s PPE, including scale, program breadth, number of schools, facility maintenance, etc.	Region 18’s PPE is currently calculated to be \$20,216 by the state. The district is small and includes five small schools, which are huge factors in contributing to a higher than average PPE. The District has undertaken an aggressive marketing campaign to produce out of district tuition paying students which will assist in maintaining or lowering the PPE.
ADM- Average Daily Membership	In a regional district such as ours, the billings to the towns are based on the number of students from each town in attendance at a given point in time or the Average Daily Membership.	The ADM calculation used by Region 18 is based on an average of the by-town attendance on October 1 and April 1. This year’s cost impact is detailed on the Impact to Towns page of this booklet.