

# 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. The ECS funding structure has changed every year for a number of years.	Since 2014-2015 the State of Connecticut has reduced Lyme and Old Lyme’s ECS payments from \$751,142 in 14-15 to \$260,024 expected in 17-18. For 18-19 (FY 19), the governor’s initial budget had no ECS funding allocated to Lyme or Old Lyme; however, his final budget included \$303,109 in ECS monies which is a \$43,000 increase over 17-18. The towns, in anticipation of no ECS funding, did not budget for these revenues in either 17-18 or 18-19. The current proposal for 19-20 ECS is \$296,042.
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’s performance index ranking.	The MBR for Region 18 as of August 2018 is \$30,388,915 (exclusive of debt service.) This is \$873,943 less than the 2019-20 proposed operating budget.
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 PPEs for Connecticut districts range from a low of \$12,827 in Danbury to a high of \$35,155 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 \$21,589 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 increase student enrollment will assist in maintaining or lowering the PPE. Additionally, the expansion of the Pre-K program is expected to reduce 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.