



**Testimony
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The Connecticut Council of Small Towns (COST), which represents 110 smaller communities throughout Connecticut, **supports provisions in SB-946, AN ACT CONCERNING THE MINIMUM BUDGET REQUIREMENT**, which exclude any funds received or used for COVID-19 related expenses and funds received for school security improvements from the calculation of a school district's budgeted appropriation for education under the Minimum Budget Requirement (MBR).

Given the ongoing fiscal challenges facing municipalities and the uncertain economic impact that COVID-19 will have on residents and businesses, the state must provide towns and cities with the tools needed to manage local budgets and property tax levels. Unfortunately, towns have very little opportunity to control the level of education spending, in large part, due to state mandates such as the MBR.

In Connecticut's small towns, education spending may comprise as much as 65% - 80% of the municipal budget. Unfortunately, this means that property taxpayers bear the burden for funding education in Connecticut. Recognizing this, towns have worked hard to try to reduce costs and improve efficiencies.

However, the MBR requires school districts to budget at least the same amount for education as they did in the prior fiscal year, with certain limited exceptions. School districts that fall below the MBR face stiff forfeiture penalties of two times the budget shortfall, which can have a devastating impact on local budgets. The MBR and forfeiture penalties have made it very difficult for towns to achieve cost savings and reduce the burden on property taxpayers.

In recent years, the legislature has revised the MBR to provide towns with greater flexibility to reduce education spending to reflect declining enrollment, school closures, and reductions in state education funding, including: 1) increasing the per-student reduction allowed for decreased enrollment, 2) raising the overall cap on how much a town can reduce its MBR, 3) removing the limit on how many ways a town can qualify for MBR flexibility; and 4) exempting certain "high performing school districts" from the MBR.



In addition, towns may reduce education budgets to reflect new and documentable savings achieved through reductions in costs associated with transportation, administration, insurance, IT functions, maintenance and other areas. These exceptions are continued under SB-946, which COST supports.

Given that the MBR restricts a town's ability to reduce education spending, COST is concerned about making the MBR permanent, as called for under the bill. Despite the additional exceptions, towns and taxpayers continue to bump up against the MBR, which acts as a roadblock to improving efficiency and reducing education costs.

To address this, COST encourages lawmakers to support efforts to assist municipalities in controlling education spending and property tax levels by providing towns with greater flexibility under the MBR.

Founded in 1975, COST is the state's only organization dedicated exclusively to advocating on behalf of the interests of Connecticut's smaller towns in the legislative process.