

ACTON-BOXBOROUGH REGIONAL SCHOOL COMMITTEE MEETING

Library
R.J. Grey Junior High School

January 17, 2013
8:45 p.m. AB Regional SC Meeting
(to follow Acton Public SC meeting)

AGENDA

1. **CALL TO ORDER**
2. **ABRSC BUSINESS**
 - 2.1 ABRSD FY14 Budget & Assessment – *Xuan Kong*
 - 2.1.1 DESE Guidance for Regional School Districts
 - 2.1.2 DESE Regulations 603 CMR
 - 2.1.3 Regional Assessment memo from X. Kong re Atty Lenox comments, 1/4/13
 - 2.1.4 Recalculation of FY13 ABRSD Budget as requested at 1/8/13 ABRSC meeting
 - 2.1.5 Slides
 - 2.1.6 Memo re Assessment models, *Don Aicardi, 1/16/13*
3. **ADJOURN**



The Commonwealth of Massachusetts Department of Education

350 Main Street, Malden, Massachusetts 02148-5023

Telephone: (781) 338-3000
TTY: N.E.T. Relay (800) 439-2370

Guidance for Regional School Districts

The Board of Education approved amendments to the regulations governing regional school districts (603 CMR 41) at its meeting on January 23, 2007. The revised regulations became effective on February 9, 2007. The purpose of these amendments is to clarify the procedural requirements governing regional school district budgets. There are several areas of these amendments that we wish to highlight. For a complete copy of the most recent Regional School District Regulations go to: <http://www.doe.mass.edu/lawsregs/603cmr41.html>.

Assessment methodologies:

The new regulations, as recently amended, outline two methodologies available to regional school districts for calculating assessments to member towns. The methodologies are defined in CMR 41.02 and as follows:

1. *Statutory Assessment Method:* The calculation of members' assessments pursuant to the provisions of M.G.L. c. 70 S6. Each such assessment shall be the sum of the following amounts (i) the member's required local contribution to the regional school district as determined by the Commissioner; (ii) the member's share of that portion of the regional school district's net school spending, as defined by M.G.L. c. 70 s. 2, that exceeds the total required local contribution for all members, this share to be allocated pursuant to the assessment provisions of the regional agreement; and (iii) the member's share of costs for transportation, capital project debt service, other capital costs, and all other expenditures not included in the regional school district's net school spending, this share to be allocated pursuant to the assessment provisions of the regional agreement.

➤ **Statutory Language – Chapter 70, Section 6**

Notwithstanding the provisions of any regional school district agreement, each member municipality shall increase its contribution to the regional district each fiscal year by the amount indicated in that district's share of the municipality's minimum regional contribution in that fiscal year. The district shall appropriate the sum of the minimum regional contributions of its member districts as well as all state school aid received on behalf of member municipalities. The district may choose to spend additional amounts; such decisions shall be made and such amounts charged to members according to the district's required agreement.

Key points:

- The Regional school district prepares its assessment to each member municipality in a *multi step process*, as follows:
- The member's required local contribution as determined by the Commissioner of Education in accordance with Chapter 70
 - Any additional share of the region's net school spending that exceeds the total required contribution, this share to be allocated to each member pursuant to the assessment provisions of the regional school district agreement.
 - Transportation and other non-net school spending costs allocated to each member pursuant to the assessment provisions of the regional school district agreement.
 - Capital cost allocated to each member pursuant to the assessment provisions of the regional school district agreement.
- An annual affirmative vote of the appropriating authorities of 2/3 of the members is required.
- Notification to the Department of Education is not required.

2. *Alternative Assessment Method*: The calculation of members' assessments pursuant to the local option provided in the fourth paragraph of M.G.L. c 71, s. 16B. Each such assessment shall be the sum of the following amounts: (i) the member's share of the regional school district's net school spending, as defined by M.G.L. c70 s.2; and (ii) the member's share of costs for transportation, capital project debt service, other capital costs, and all other expenditures not included in the regional school district's net school spending; both such shares to be allocated pursuant to the assessment provisions of the regional agreement.

Key points:

- Statutory Language: Chapter 71, Section 16 B (Regional School District Law)

The members of a regional school district, including a vocational regional school district, may elect to reallocate the sum of their required local contributions to the district in accordance with the regional agreement; provided, however, that the total sum of their required contributions shall not be decreased. Election shall be by approval of all members of the district. Approval of each member shall be given by majority vote at an annual or special town meeting, in the case of towns, or by majority vote of the council, in the case of cities. The commissioner of education shall be notified upon the adoption of this section by this district. Nothing in this section shall be construed to affect the calculation of the members' required local contributions for any succeeding year as provided by chapter seventy of the General Laws.

- All members of the regional school district must *unanimously* approve this method.
- A vote must be taken *each year* to utilize this method.
- Adoption of this method *must be reported* to the Commissioner of Education on the district's annual end of year pupil and financial report.
- Assessments are annually determined after deducting state aid receipts based on the provisions outlined in the regional school district agreement.
- The total assessment allocated to each member is the sum of the following amounts:
- An assessment for categories defined in c70, s2 as net school spending.
 - Separate assessment(s) for all other operating or capital costs.
- The combined sum of all the members' assessments for net school spending *must* at least equal the district's total net school spending requirement net of state Chapter 70 aid.

Example 1: Statutory Assessment Method – based on Chapter 70, Section 6

School Committee Proposed Budget: <i>Net School Spending Categories -</i>	\$9,000,000
Chapter 70 State Aid and Other Revenue	<u>\$3,000,000</u>
Net amount to be raised in assessments	\$6,000,000

	Minimum Local Contribution	Above Minimum Operating Share	Operating % RSD Agreement	Total
Town A	\$1,000,000	\$600,000	30%	\$1,600,000
Town B	\$2,500,000	\$800,000	40%	\$3,300,000
Town C	\$ 500,000	\$600,000	30%	\$1,100,000
TOTAL	\$4,000,000	\$2,000,000	100%	\$6,000,000

In this example, each town meets its minimum local contribution. The additional \$2,000,000 requested in the school committee budget is apportioned using the regional school district allocation method. The resulting total allocated to each town will not match the regional agreement allocation percentage.

Example 2: Alternative Assessment Method – based on Regional Agreement

	Minimum Local Contribution Total	Operating % RSD Agreement	Operating Share
Town A		30%	\$1,800,000
Town B		40%	\$2,400,000
Town C		30%	\$1,800,000
TOTAL	\$4,000,000	100%	\$6,000,000

In this example by using the regional school district allocation method, the sum of the members' share more than satisfies the \$4,000,000 total required local contribution. The total amount raised through assessments must equal the sum of the required minimum local contributions as determined by the Commissioner of Education.

Comparison:

	Statutory Assessment Method	Alternative Assessment Method
Town A	\$1,600,000	\$1,800,000
Town B	\$3,300,000	\$2,400,000
Town C	\$1,100,000	\$1,800,000
TOTAL	\$6,000,000	\$6,000,000

This is a simplified version of the difference in assessment methodologies for operating expenses defined in Chapter 70, Section 6 as net school spending. All other categories of spending, including but not limited to transportation and capital costs would continue to be apportioned to members based on the current procedure outlined in the regional school district agreement.

Excess and Deficiency Fund

Regional School Districts are allowed to maintain an excess and deficiency fund, pursuant to Chapter 71, Section 16B1/2 and further defined in CMR 41.06. The amended regulations further emphasize that:

- Regional School Districts must submit information to the Department of Revenue to certify the balance in the fund.
- The information is due to the Department of Revenue on or before *October 31* of each year
- The Department of Education may withhold release of all or some part of the quarterly state school aid, if the regional school district has not filed the required information by the scheduled date.
- A regional school district *may use* all or part of the certified balance in the excess and deficiency fund as a revenue source for its proposed budget.
- A regional school district *must use* the amount in excess of 5% of its operating budget and its budgeted capital costs for the succeeding fiscal year as a revenue source.
- The amount in excess of the said five per cent *must* be used to reduce the amount to be raised through member assessments.
 - The amount in excess of the said five percent is applied to each member pursuant to the assessment provisions of the regional school district agreement.
 - The amount of the excess and deficiency fund apportioned to each member may be used to reduce the local assessments for capital, transportation or other expenses as well as to satisfy the local contribution required under Chapter 70.

Examples of Assessment Methodologies using Excess and Deficiency (E&D) funds

Example 3: Statutory Assessment Method – based on Chapter 70, Section 6

	Minimum Local Contribution	Member Approved Assessment	E&D Allocation	Operating % RSD	Total Meets MLC
Town A	\$1,000,000	\$ 700,000	\$ 300,000	30%	\$1,000,000
Town B	\$2,500,000	\$2,100,000	\$ 400,000	40%	\$2,500,000
Town C	\$ 500,000	\$ 200,000	\$ 300,000	30%	\$ 500,000
TOTAL	\$4,000,000	\$3,000,000	\$1,000,000	100%	\$4,000,000

In this example, the regional school committee applies the amount of E&D that exceeds 5% to support the member town's minimum local contribution. Each member meets its minimum local contribution through a combination of member approved assessments and E&D. E&D must be allocated to each member pursuant to the assessment provisions of the regional school district agreement. The resulting local total, combining member's voted contributions and allocated E&D will not match the allocation percentages according to the regional agreement

Example 4: Alternative Assessment Method – based on Regional Agreement

School Committee Proposed Budget: <i>Net School Spending Categories -</i>	\$9,000,000
Chapter 70 State Aid and Other Revenue	<u>\$3,000,000</u>
Net amount to be raised in assessments (Must equal the sum of required MLCs)	\$6,000,000

	Minimum Local Contribution Total	Operating % RSD Agreement	Allocation Based on RSD %	Member Approved Assessment	Member E&D Allocation
Town A		30%	\$1,800,000	\$1,500,000	\$ 300,000
Town B		40%	\$2,400,000	\$2,000,000	\$ 400,000
Town C		30%	\$1,800,000	\$1,500,000	\$ 300,000
TOTAL	\$4,000,000	100%	\$6,000,000	\$5,000,000	\$1,000,000

In this example by using the regional school district allocation method, the sum of the members' share more than satisfies the \$4,000,000 total required local contribution. The E&D share, supplementing the member's voted assessment is not needed to meet the total required minimum contribution but is needed to meet the school committee's budget.

<http://www.doe.mass.edu/lawsregs/603cmr41.html?section=05>

Education Laws and Regulations

603 CMR 41.00:

Regional School Districts

41.05: Regional School District Budgets

(1) Initial Adoption by the School Committee

(a) The regional school committee shall propose, by a majority vote, a budget containing all proposed operating expenditures, capital expenditures, and debt service payments to be paid from general revenues of the regional school district. The budget shall be classified into such line items as the regional school committee shall determine, provided that such line items shall be consistent with but need not be to the same level of detail as the chart of accounts required for the end of year reporting of expenditures pursuant to 603 CMR 10.03(3).

(b) The budget shall identify each separate revenue source, and the amount estimated for each revenue source; shall specify whether members' assessments are to be calculated pursuant to the statutory assessment method or the alternative assessment method; and shall specify the total amounts to be assessed to the members for the support of the budget.

(c) The regional school committee may include a line item in the budget for a reserve for extraordinary and unanticipated expenditures.

(d) The regional school committee may include a line item in the budget for transfers into a stabilization fund established pursuant to M.G.L. c.71, § 16G½. Proposed expenditures from this stabilization fund shall not be included in the budget, but shall be governed by the requirements of M.G.L. c.71, § 16G½.

(e) Expenditures from grant funds, revolving funds, trust funds, and other funds that by law may be expended by the regional school committee without further appropriation, shall not be included in the budget. A summary of projected receipts and expenditures in such funds shall be provided to the members for informational purposes only along with the budget.

(g) The regional school committee shall hold a public hearing on the proposed budget and, following such hearing, shall adopt a budget by a two-thirds vote, incorporating such changes from the proposed budget as the regional school committee deems appropriate.

(h) The treasurer of the regional school district shall certify and transmit the budget and the assessments to each member within 30 days after the school committee's adoption of the budget and, in any event, no later than April 30.

(2) Initial Action by the Local Appropriating Authorities

(a) The budget as adopted by the regional school committee and the member's assessment as certified by the treasurer of the regional school district, shall be placed before each local appropriating authority for its consideration. Notwithstanding provisions in the regional agreement to the contrary, approval of the budget shall require an affirmative vote of the appropriating authorities of two-thirds of the members. A vote by the local appropriating authority to appropriate the member's assessment shall constitute approval of the regional school district's budget. The use of the alternate assessment method shall require the approval of all of

the members; such approval may be given by a separate vote of the appropriating authority, or if a separate vote is not taken, approval of a budget or assessment based on the alternate method shall be deemed approval of the method.

(b) If a local appropriating authority votes to appropriate a lower amount than the assessment as certified by the treasurer of the regional school district, such vote shall not constitute approval of the budget as submitted by the regional school committee. The regional school committee may consider such votes when it reconsiders the budget pursuant to 603 CMR 41.05(3).

(c) Approval of a budget based on the alternative assessment method shall be reported to the commissioner on the district's end of year financial returns.

(3) Reconsideration of Rejected Budgets

(a) If the budget is not approved by two-thirds of the members, the regional school committee shall have 30 days from the date of disapproval by more than one-third of the members to reconsider, amend, and adopt a revised budget. With the approval of the Commissioner, this 30-day period may be extended an additional 15 days. Where the local appropriating authority is a town meeting and the annual town meeting is dissolved prior to voting on the budget, the budget shall be deemed disapproved by that member as of the date of such dissolution.

(b) The revised budget adopted by the regional school committee and the assessments corresponding to such budget may be less than, equal to, or greater than the amounts in the previously adopted budget.

(c) Within seven days following the regional school committee's adoption of a revised budget, the treasurer of the regional school district shall calculate and certify the assessment of each member and shall transmit the assessments and a copy of the revised budget to the members. Each member's local appropriating authority shall have 45 days from the date of the regional school committee's vote to meet and consider the revised budget.

(d) The approval of a revised budget shall be as set forth in 603 CMR 41.05(2)(a). If a local appropriating authority does not vote on the revised budget within the 45-day period, that member shall be deemed to have approved the revised budget.

(e) In a regional school district comprised of three or more members, if the revised budget is not approved, the regional school committee shall again reconsider, amend, and adopt a revised budget. The revised budget shall be resubmitted to the members pursuant to the provisions of 603 CMR 41.05(3).

(f) In a regional school district comprised of two members, if the revised budget is not approved by both members, the regional school committee shall again reconsider, amend, and adopt a revised budget and shall convene a district-wide meeting, at which the revised budget shall be placed before all voters eligible to vote at said meeting. If a majority of voters at this district-wide meeting votes to approve the revised budget, such vote shall constitute approval. If a majority of voters at this meeting votes to approve a greater or lesser amount for the budget, such amount shall be placed before the regional school committee for its ratification. If the regional school committee by a two-thirds vote ratifies this amount, it shall constitute approval. If the regional school committee rejects such greater or lesser amount, it shall again reconsider, amend, and adopt a revised budget and shall reconvene a district-wide meeting pursuant to the provisions of 603 CMR 41.05(3)(f).

(g) A district-wide meeting convened in accordance with 603 CMR 41.05(3)(f) shall only consider budgets based on the statutory assessment method.

(h) A regional school committee may reconsider, amend, and adopt a revised budget at any time prior to the approval of a previously adopted budget.

(i) If a local appropriating authority votes to approve an adopted budget subsequent to the required date for such action but prior to the regional school committee's revision of the budget, such vote shall be deemed valid.

(j) Whenever a member's assessment is reduced to a smaller amount than previously appropriated by the local appropriating authority, that appropriation shall automatically be reduced to the lesser amount.

(4) Establishment of Budgets by the Commissioner

(a) If the operating budget for a regional school district has not been approved by July 1, the superintendent of schools shall notify the Commissioner, and the Commissioner shall establish an interim monthly budget for the regional school district. The interim monthly budget shall be one-twelfth of the regional school district's budget for the prior fiscal year or such higher amount as the Commissioner may determine. The interim monthly budget shall remain in effect until an operating budget is approved pursuant to 603 CMR 41.05(3) or December 1, whichever comes earlier.

(b) If a regional school district's budget has not been approved by December 1 of the fiscal year, the Commissioner shall assume fiscal control of the regional school district pursuant to M.G.L. c.71, §16B, and 603 CMR 41.07, and shall establish the final budget for the fiscal year.

(c) Whenever the Commissioner establishes an interim or final budget for a regional school district under the provisions of this section, the treasurer of the regional school district shall calculate and certify to the members their respective assessments. Every member shall pay its respective assessment in accordance with the payment schedule in the regional agreement. The appropriation of funds to pay an assessment ordered by the Commissioner under 603 CMR 41.05(4) shall not be deemed approval by the municipality of the district's budget.

(5) Amendments to Approved Budgets

(a) A regional school committee may propose, with a two-thirds vote, an amendment to a previously approved budget. If such amendment results in an increase in the total amount of the budget or an increase in assessment for any member, such amendment shall be submitted to the local appropriating authorities for their approval. The treasurer of the regional school district shall submit the proposed amendment to the members within 7 days from the date of the regional school committee vote. The local appropriating authority of every member shall have 45 days from the date of the regional school committee's vote to meet and consider the amendment. The proposed amendment shall be effective if it is approved by two-thirds of the local appropriating authorities and by the local appropriating authority of any member whose assessment is increased.

(b) If a local appropriating authority does not vote on the proposed amendment within the 45-day period and that local appropriating authority has previously appropriated funds for its assessment in an amount greater than or equal to the member's assessment for the amended budget, that member shall be deemed to have approved the amended budget.

(c) If a proposed amendment to a previously approved budget does not increase the total amount of the budget and reduces or leaves unchanged the assessment for every member, the amendment shall not require approval by the local appropriating authorities and shall be effective upon a two-thirds vote of the regional school committee.

(d) If the Commissioner adjusts the required local contribution of any member or members subsequent to the approval of the budget, the regional school committee shall propose an amendment to the budget to reflect such adjustments.

(e) Whenever a member's assessment is reduced to a smaller amount than previously appropriated by the local appropriating authority, the appropriation shall automatically be deemed to be reduced to such lesser amount.

(f) Transfers from one budget line item to another shall require and be effective upon approval of the regional school committee. Such approval shall be by a majority vote of the regional school committee unless otherwise specified in the regional agreement. Authority for such transfers may not be delegated.

(6) Changes to Budget upon Admission or Withdrawal of Members

(a) The treasurer of the regional school district shall include prospective members in the calculation of assessments for the fiscal year in which the members will be admitted. If such assessments are based upon enrollment in the prior fiscal year, the treasurer of the regional school district, with the approval of the Commissioner, shall estimate the enrollment to be used for prospective members. The local appropriating authorities of prospective members shall vote on the district budget for the fiscal year in which the members will be admitted and on the same terms and conditions as if they were a member.

(b) The treasurer of the regional school district shall exclude withdrawing members from the calculation of assessments for the fiscal year in which such withdrawal will take place. The local appropriating authority of the withdrawing members shall not vote on the district budget for the fiscal year in which they will no longer be a member.

(7) Department Opinions. The regional school committee or the mayor or board of selectmen of a member may request that the Commissioner issue an opinion as to whether (a) the assessments of members have been calculated correctly; and (b) whether the budget of the regional school district has been approved in accordance with statutory and regulatory requirements.

(8) State Review. The Commissioner, in consultation with the Commissioner of Revenue, may request any regional school committee to submit its proposed budget for review prior to its adoption by the regional school committee. Upon such request, the regional school committee shall provide the Department within 7 days with a copy of its proposed budget and all other information as requested by the Commissioner. The regional school committee shall not vote on the adoption of the budget, and the treasurer of the regional school district shall not certify assessments to the members unless and until the Commissioner and the Commissioner of Revenue jointly determine that the proposed budget is in balance.

Regulatory Authority:

603 CMR 41.00: M.G.L. c. 69, §1B; c. 71, §14B and §16D; c. 150E, §1.

Most Recently Amended by the Board of Education: May 19, 2009

To: Acton-Boxborough Regional School Committee
From: Xuan Kong
Date: January 4, 2013
Subject: Regional Assessment Method

As a part of discussion at regional school district study committee, Mr. Lenox (attorney for the study committee) offered the following input to the study committee on regional assessment issues. The discussion applies to both current regional agreement (and its assessment formula) and any possible future agreement for an expanded region.

***** Mr. Lenox's Discussion *****

As you know from a prior e-mail, I put my response to Xuan's question below on hold so that I could get more clarity concerning the assessment method that has been used by the Acton Boxborough Region up until now. To that end, I have had conversations with A-B Business Manager Don Aicardi and with Christine Lynch at DESE.

Because I know that you may want to send this e-mail to other members of the Planning Board, allow me to lay a bit of a foundation. All regional agreements in MA necessarily contain "assessment" language (i.e., language which establishes how the funding of the district's expenditures will be apportioned among the member communities). The most common form of assessment language is based upon some variation of student enrollment. As part of the Education Reform Act of 1993, the Legislature created the concept of "minimum local contributions", which are established by the Commissioner of Education using a very complicated formula, to insure that all municipalities will annually contribute at least a certain minimum amount in support of their public schools, whether those school systems are free-standing municipal school systems or regional school systems, or both. Partly in recognition of the fact that assessment language in regional agreements was written and agreed to years before the Education Reform Act, the Legislature created two methods that a district might follow in making their assessments. DESE, through regulations, has more clearly enunciated these options than the Legislature did in its statutory language. Districts are able to choose between the so-called "statutory assessment method" and the so-called "alternative assessment method." At the risk of over-simplifying, under the statutory assessment method each of the member towns pays its "required local contribution" as established by the Commissioner, and then on top of that pays an additional assessment which is allocated pursuant to the assessment provisions in the regional agreement. Under the alternative assessment method, the entire assessment is calculated pursuant to the assessment provisions in the regional agreement. The alternative assessment method may be used so long as the sum of the required local contributions of the member towns as established by the Commissioner is not decreased, and so long as the use of the alternative assessment method is approved for that year by a vote at each of the member's Town Meeting. These two methods can yield distinctly different results.

The Acton Boxborough region has historically utilized the alternative assessment method. That is, the total assessments paid by Acton and by Boxborough have historically been calculated on the basis of the assessment formula that appears in the regional agreement. This has been permissible because both towns have historically appropriated funds well in excess of the

required local contribution, AND because both town meetings have always approved the assessments that have been calculated using the alternative assessment method. What I have clarified with Christine Lynch is that DESE deems a favorable vote on an assessment which has been made via the alternative assessment method as tantamount to a vote to accept the use of the alternative assessment method for that year. Xuan's question, however, is what would happen in a year (either before or after the expansion of the region) in which one or both of the towns fail to appropriate the assessment that has been calculated via the alternative assessment method. The answer to this question, which I have confirmed with Christine Lynch, is as follows.

Chapter 71, Section 16B, is the statute that addresses the approval of regional school budgets. This statute requires that, regardless of whether the statutory assessment method or the alternative assessment method is used, no fewer than 2/3 of the communities that are members of the region must approve the region's budget. A vote to appropriate the member's assessment is taken to be a vote to approve the budget. In a two-member district like A-B, the need for a 2/3 majority in effect means that both communities must appropriate their assessment, or else the budget is not taken to have been approved. If one of the two towns were to fail to appropriate its assessment, Section 16B says that the issue goes back to the regional school committee (the "RSC"). The RSC, following the timelines and process that appears in the sixth paragraph of Section 16B, can either resubmit the same proposed budget using the same assessment method, lower the overall budget and recalculate the assessments, or, if the alternative assessment method is what had been originally used, the RSC could change to the statutory assessment method and recalculate the assessments using that approach. In any event, once the budget is resubmitted, each town must hold another town meeting. If both of the towns appropriate the requested assessments, the budget is passed and the problem is solved. If on the other hand, one or both of the towns fail to appropriate their assessment, the seventh paragraph of Section 16B requires that a "district-wide meeting" open to all registered voters of each town be held. If a majority of the voters at this district-wide meeting vote in favor of the budget, then the budget is passed. If a majority of the voters at the district-wide meeting do not approve the budget, or if this meeting cannot be scheduled before July 1 of the year in question, the Commissioner will establish a 1/12 budget for each of the months between July and the end of November while there still is no approved budget. If there is no approved budget by December 1, DESE will assume control of the district, and funds necessary for the running of the district will be deducted from state aid which would normally be distributed to the towns. A very important point that Christine Lynch emphasized, however, and which is relevant to Xuan's question, is that if a district-wide meeting is held, the budget that is placed before the meeting MUST be calculated using the statutory assessment method.

It may be that my answer above will stimulate other questions. If so, let me know.

Best regards.

Ed Lenox

Edward F. Lenox Jr., Esq.
MURPHY, HESSE, TOOMEY & LEHANE, LLP

	A	B	C	D	E	F	G	H
1	Table 6							
2	Acton-Boxborough RSD							
3		Gross Budget		Acton		Boxborough		
4	<i>fiscal year/split %</i>	FY13		80.67%		19.33%		
5	Alternative Method							
6	INSIDE DEBT LIMIT							
7	Operating Budget	\$ 34,666,617		\$ 27,965,560		\$ 6,701,057	19.33%	
8	Regular Transportation	\$ 1,328,994		\$ 1,097,509		\$ 231,485	17.42%	
9	OPEB Trust Contribution	\$ 236,000		\$ 190,381		\$ 45,619	19.33%	
10	Lower Fields	\$ 150,000		\$ 128,505		\$ 21,495	14.33%	
11	Sped Transportation	\$ 842,021		\$ 679,258		\$ 162,763	19.33%	
12	TOTAL INSIDE DEBT LIMIT	\$ 37,223,632		\$ 30,061,213		\$ 7,162,419	19.24%	
13								
14								
15	OUTSIDE DEBT LIMIT							
16	Const Debt Service							
17	JH Construction/Renovation	\$ 464,528		\$ 397,961		\$ 66,567	14.33%	
18	SH Construction/Renovation	\$ 1,426,644		\$ 1,222,206		\$ 204,438	14.33%	
19	TOTAL OUTSIDE DEBT LIMIT	\$ 1,891,172		\$ 1,620,167		\$ 271,005	14.33%	
20								
21	GROSS BUDGET	\$ 39,114,804		\$ 31,681,380		\$ 7,433,424	19.00%	
22	Deferral of Teacher Salaries							
23								
24	TOTAL BUDGET INC. DEFERRAL	\$ 39,114,804		\$ 31,681,380		\$ 7,433,424	19.00%	
25								
26	OTHER FINANCING SOURCES							
27	Chapter 70 Base Aid	\$ 7,124,122		\$ 5,747,029		\$ 1,377,093	19.33%	
28								
29	Choice/Charter School Assessment	\$ (464,922)		\$ (375,053)		\$ (89,869)	19.33%	
30	Charter School Aid	\$ 108,536		\$ 87,556		\$ 20,980	19.33%	
31	Regional School Transportation	\$ 732,782		\$ 609,135		\$ 123,647	16.87%	
32	Transfer from Premium on Loan-JHS*	\$ 658		\$ 564		\$ 94	14.29%	
33	Transfer from Reserves E&D	\$ 519,196		\$ 418,835		\$ 100,361	19.33%	
34	TOTAL OTHER FINANCING SOURCES	\$ 8,020,372		\$ 6,488,067		\$ 1,532,305	19.11%	
35								
36	ASSESSMENTS	\$ 31,094,432		\$ 25,193,313		\$ 5,901,119	18.98%	
37								
38	*Premium must be used to reduce debt service							
39								
40	Statutory Method							
41	Operating Budget	\$ 35,744,638						(B7+B9+B11)
42	Less Other Revenue	\$ 7,286,932						(B27+B29+B30+B33)
43	Required Minimum Contribution	\$ 20,909,979		\$ 16,502,939		\$ 4,407,040		DESE Chapter 70
44								
45	Operating Budget Subject to Assessment	\$ 7,547,727						(B41-B42-B43)
46								
47	Total Assessment by Local Agreement	\$ 7,547,727		\$ 6,088,751		\$ 1,458,976	19.33%	
48								
49	Regional Transportation (Net)	\$ 596,212		\$ 488,374		\$ 107,838		(B8-B31)
50								
51	Construction Cost	\$ 2,040,514		\$ 1,748,108		\$ 292,406	14.33%	
52								
53	Total Assessment	\$ 31,094,432		\$ 24,828,172		\$ 6,266,260		
54								
55	Difference (Agreement minus Statutory)			\$ 365,141		\$ (365,141)	-5.83%	

AB FY2014 Regional Budget & Assessment Method

Xuan Kong

January 17, 2013

Regional School Budget: Expenditures

- U: Minimum Foundation Budget Drivers (DESE)
 - Number of students
 - Minimum spending per student
- W: Minimum Local Contribution Drivers
 - Real estate values or property tax base (approximated by EQV)
 - Personal Income
 - Previous year effort
- W: Chapter 70 aid makes up the difference ($W = U - V$)
- X: ABRSD spends more than DESE minimum requirement
- Y: ABRSD total expenditure ($Y = U + X$)
Student transportation and capital spending are separate from above expenditure

1/17/2013

ABRSC Meeting on Assessment

2

Regional School Budget: Revenue

Total Budgeted Expenditure (FY13: \$35.744M)

Ch 70 Aid E&D Assessment to Member Towns (FY13: \$28.458M)

Enrollment Method	Acton	Boxborough
Statutory Method*	Acton	Boxborough
For FY2013, this difference was \$365K		

* Projection of Statutory method without specific language in Section 5E

1/17/2013

ABRSC Meeting on Assessment

3

Why Assessment Difference?

Assessment to Member Towns (FY13: \$28.458M)

Enrollment Method divides \$28.458M by 80.67% (Acton) and 19.33% (Boxborough)

A = \$22.957M (80.67%)	B = \$5.501M
------------------------	--------------

Statutory Method first assess minimum required contribution: Ar=\$16.503M; Br=\$4.407M

Ar (78.93%)	Br (21.07%)
-------------	-------------

then divides balance by enrollment (local agreement): Ae=\$6.089M; Be=\$1.459M

Ae (80.67%)	Be
-------------	----

Total Assessment by Statutory Method (Acton decreased by \$365K)

Ar+Ae = \$22.592M (79.39%)	Br+Be=\$5.866M (20.61%)
----------------------------	-------------------------

* Projection of Statutory method without specific language in Section 5E

1/17/2013

ABRSC Meeting on Assessment

4

Why Statutory Method Irrelevant?

Assessment to Member Towns (FY13: \$28.458M)

Enrollment Method divides \$28.458M by 80.67% (Acton) and 19.33% (Boxborough)

A = \$22.957M (80.67%)	B = \$5.501M
------------------------	--------------

Statutory Method first assess minimum required contribution: Ar=\$16.503M; Br=\$4.407M

Ar (78.93%)	Br (21.07%)
-------------	-------------

then divides balance by enrollment (local agreement, section 5E):

$$Ae = \$22.957M - \$16.503M = \$6.454M$$

$$Be = \$5.501M - \$4.407M = \$1.094M$$

Ae (85.51%)	Be (19.33%)
-------------	-------------

Total Assessment by Above Exercise (Assessments Remain the Same)

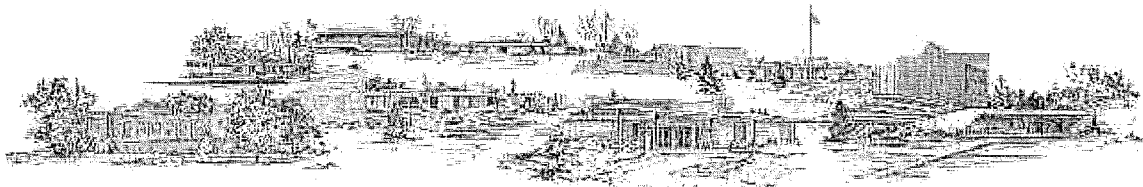
Ar+Ae = \$22.957M (80.67%)	Br+Be=\$5.501M (19.33%)
----------------------------	-------------------------

* Projection of Statutory method with specific language in Section 5E

1/17/2013

ABRSC Meeting on Assessment

5



ACTON PUBLIC SCHOOLS / ACTON-BOXBOROUGH REGIONAL SCHOOL DISTRICT
96 Hayward Road, Acton, Massachusetts 01720-2995 • (978) 264-4700 • Fax: (978) 266-2523

Interoffice Memorandum

To: Acton-Boxborough Regional School Committee
From: Don Aicardi, Director of Finance *DA*
Date: 1/16/2013
CC: Dr. Stephen Mills

The Massachusetts Board of Education approved amendments to the regulations governing regional schools districts (603 CMR 41) at a meeting on January 23, 2007. Those revised regulations became effective on February 9, 2007. The purpose of the amendments was to clarify the procedural requirements governing regional school district budgets. Those regulations outlined two “methodologies” available to regional school districts.

One way, the “**alternative assessment**” model, might be more clearly understood as the method that the Acton-Boxborough Regional School Committee has been using to prepare the two towns’ assessments for each fiscal year, using language from the existing Regional Agreement. Based on a three year rolling average of students, the town of Boxborough has been annually assessed, on a percentage basis, the following percentages:

Boxborough Annual Percentage
of Annual ABRSD Budgets
(from Table 6 documents)

FY06	21.07%
FY07	21.47%
FY08	21.58%
FY09	21.46%
FY10	21.15%
FY11	20.77%
FY12	20.19%
FY13	19.33%
FY14 (est)	18.39%

Another potential model, the “**statutory assessment**” model, calculates the members’ assessments pursuant to M.G.L. c.70 S6. At the January 8, 2013 ABRSC committee, Mrs. Mary Brolin requested that I

✓

research the statutory assessment model and then re-calculate the current FY13 budget to see what difference using this method would have on the two member's assessments. I recalculated the FY13 budget using both assessment methods. A copy was included in the backup for tonight's meeting.

After evaluating the statutory method in FY09 and FY10, and seeing how compatible the two methods were, the Regional School Committee agreed to continue using the alternative assessment as outlined in the regional agreement going forward.

Once that was completed, using this methodology, based on previous final Table 6 documents, and using minimum contribution data from the DESE website, I went back in time to see what the patterns would have been if the statutory method had been used:

**Boxborough Annual Assessment
Variance Between Alternative Assessment method
and Statutory Assessment method**

FY06	(\$60,525)
FY07	(\$102,688)
FY08	(\$60,140)
FY09	\$7,699
FY10	\$14,045
FY11	\$187,127
FY12	\$239,155
FY13	\$365,141

Finally, I have attempted to estimate what the FY14 assessment would be for Boxborough. The actual minimal contributions for FY14 as calculated by DESE for both communities will not be made public until next Wednesday with the release of the Governor's proposed FY14 budget. Knowing of the likely interest in that number, I have estimated the change in Boxborough's assessment would be approximately \$266,000, using the current proposed FY14 ABRSD budget, and the 18.39% percentage for Boxborough as calculated under the alternative method. I will be happy to review this estimate next week once the State Budget is released and will share that information with the ABRSC once I had completed the actual calculation.

I am happy to answer any questions that you might have. Thank you.