

New Perspectives on School Finance and Budgeting

MMA Annual Business Meeting January 2020

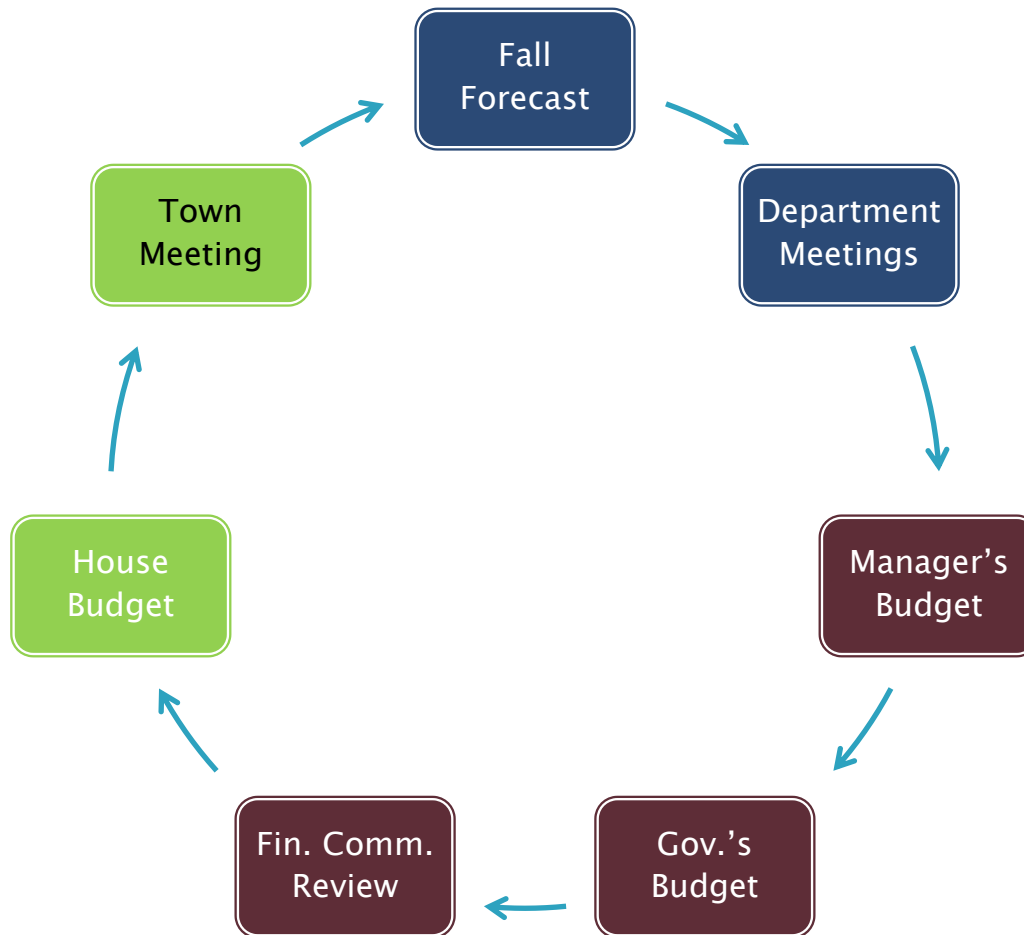
Sandy Pooler
Arlington Deputy Town Manager



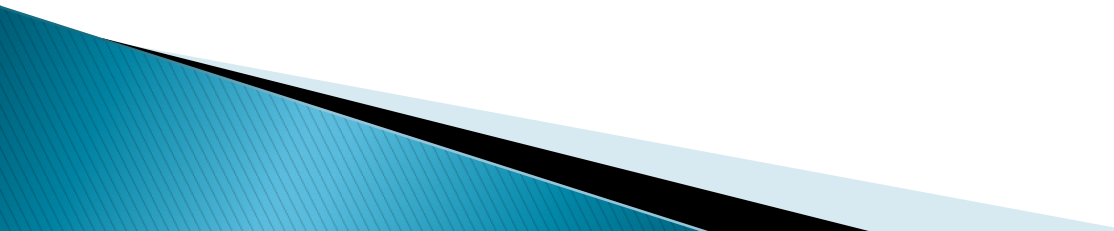
School Finance and Town Budgets



Town Budget Cycle



Budget Calendar in Three Seasons

- ▶ Fall
 - Forecast and Allocate
 - ▶ Winter
 - Figure out the details
 - ▶ Spring
 - Vote
- 

Budget Calendar in Three Seasons

▶ Fall

- TALK TOGETHER

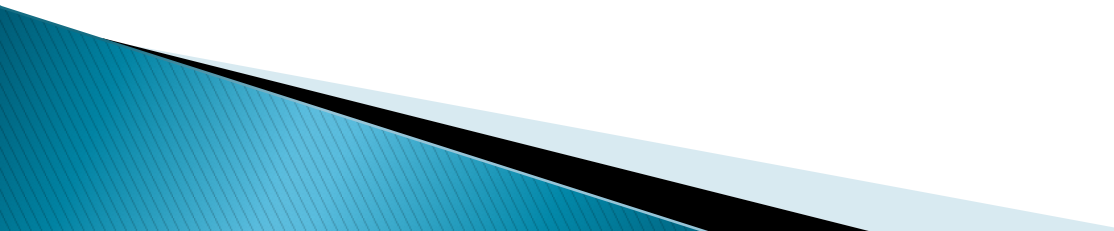
▶ Winter

- Figure out the details

▶ Spring

- Arrive at Town Meeting with a unified front

School Funding

- ▶ Town Meeting funds schools
 - ▶ Bottom line appropriation to School Committee, which makes spending choices
 - Schools must live within budgets
 - ▶ Schools have multiple funding sources
 - Town appropriation
 - Federal Grants (Title I)
 - Circuit Breaker for SPED
 - Revolving Funds (Athletic, Rentals, etc.)
 - ▶ Transparency!
- 

School Funding

- ▶ Schools have their own budget processes and timelines.
 - Know when the Superintendent and School Committee deliberate over the budget.
 - When do they need to know how much they can spend?
- ▶ Better to go to Town Meeting with agreed upon [school] budget numbers.

State aid

»» The State giveth and the State
taketh away

Arlington Cherry Sheet Aid

	FY2018 Final	Governor's	House	Senate	Conference Committee	Governor	\$ Δ	% Δ
Education:								
<u>Chapter 70</u>	11,180,879	11,534,686	11,685,389	11,765,923	11,765,923	11,765,923	585,044	5.2%
School Transportation	0	0	0				0	
Charter Tuition Reimbursement	35,441	26,787	36,782	40,550	27,042	27,042	(8,399)	-23.7%
Offset Receipts:								
School Choice Receiving Tuition	0	0	0	0	0	0	0	0%
Sub-total, Education	11,216,320	11,561,473	11,722,171	11,806,473	11,792,965	11,792,965	576,645	5.1%
General Government:								
<u>Unrestricted Gen Gov't Aid</u>	7,578,995	7,844,260	7,844,260	7,844,260	7,844,260	7,844,260	265,265	3.5%
Veterans Benefits	239,852	194,794	194,794	194,794	194,794	194,794	(45,058)	-18.8%
Exemp: VBS and Elderly	116,040	150,747	150,747	150,747	150,747	150,747	34,707	29.9%
Offset Receipts:								
Public Libraries	55,856	56,041	56,906	57,029	57,029	57,029	1,173	2.1%
Sub-Total, General Government	7,990,743	8,245,842	8,246,707	8,246,830	8,246,830	8,246,830	256,087	3.2%
Total Estimated Receipts	19,207,063	19,807,315	19,968,878	20,053,303	20,039,795	20,039,795	832,732	4.3%
Assessments	(3,184,573)	(3,285,065)	(3,294,107)	(3,294,141)	(3,294,141)	(3,309,209)	(124,636)	3.9%
Net State Aid	16,022,490	16,522,250	16,674,771	16,759,162	16,745,654	16,730,586	708,096	4.4%
Net State Aid, less offsets	15,966,634	16,466,209	16,617,865	16,702,133	16,688,625	16,673,557	706,923	4.4%

Arlington Assessments

	FY2018 Final	Governor's	House	Senate	Conference Committee	Governor	\$ Δ	% Δ
State Assessments and Charges:								
Air Pollution Districts	16,571	16,999	16,999	16,999	16,999	16,999	428	2.6%
Metropolitan Area Planning Council	22,842	23,348	23,348	23,348	23,348	23,348	506	2.2%
RMV Non-Renewal Surcharge	39,520	39,520	39,520	39,520	39,520	39,520	0	0.0%
Sub-Total, State Assessments:	78,933	79,867	79,867	79,867	79,867	79,867	934	1.2%
Transportation Authorities:								
MBTA	2,889,964	2,962,802	2,962,802	2,962,802	2,962,802	2,962,802	72,838	2.5%
Boston Metro. Transit District	759	759	759	759	759	759	0	0.0%
Sub-Total, Transp Authorities:	2,890,723	2,963,561	2,963,561	2,963,561	2,963,561	2,963,561	72,838	2.5%
Annual Charges Against Receipts:								
Special Education	12,685	28,925	28,925	28,925	28,925	28,925	16,240	128.0%
Sub-Total, Annual Charges:	12,685	28,925	28,925	28,925	28,925	28,925	16,240	128.0%
Tuition Assessments:								
School Choice Sending Tuition	11,700	23,400	23,400	23,400	23,400	38,468	26,768	228.8%
Charter School Sending Tuition	190,532	189,312	198,354	198,388	198,388	198,388	7,856	4.1%
Sub-Total, Tuition Assessments:	202,232	212,712	221,754	221,788	221,788	236,856	34,624	17.1%
Total Estimated Charges:	3,184,573	3,285,065	3,294,107	3,294,141	3,294,141	3,309,209	124,636	3.9%

Arlington Cherry Sheet Aid

	FY2018 Final	Governor's	House	Senate	Conference Committee	Governor	\$ Δ	% Δ
Education:								
<u>Chapter 70</u>	11,180,879	11,534,686	11,685,389	11,765,923	11,765,923	11,765,923	585,044	5.2%
School Transportation	0	0	0				0	
Charter Tuition Reimbursement	35,441	26,787	36,782	40,550	27,042	27,042	(8,399)	-23.7%
Offset Receipts:								
School Choice Receiving Tuition	0	0	0	0	0	0	0	0%
Sub-total, Education	11,216,320	11,561,473	11,722,171	11,806,473	11,792,965	11,792,965	576,645	5.1%
General Government:								
<u>Unrestricted Gen Gov't Aid</u>	7,578,995	7,844,260	7,844,260	7,844,260	7,844,260	7,844,260	265,265	3.5%
Veterans Benefits	239,852	194,794	194,794	194,794	194,794	194,794	(45,058)	-18.8%
Exemp: VBS and Elderly	116,040	150,747	150,747	150,747	150,747	150,747	34,707	29.9%
Offset Receipts:								
Public Libraries	55,856	56,041	56,906	57,029	57,029	57,029	1,173	2.1%
Sub-Total, General Government	7,990,743	8,245,842	8,246,707	8,246,830	8,246,830	8,246,830	256,087	3.2%
Total Estimated Receipts	19,207,063	19,807,315	19,968,878	20,053,303	20,039,795	20,039,795	832,732	4.3%
Assessments	(3,184,573)	(3,285,065)	(3,294,107)	(3,294,141)	(3,294,141)	(3,309,209)	(124,636)	3.9%
Net State Aid	16,022,490	16,522,250	16,674,771	16,759,162	16,745,654	16,730,586	708,096	4.4%
Net State Aid, less offsets	15,966,634	16,466,209	16,617,865	16,702,133	16,688,625	16,673,557	706,923	4.4%

Dividing the money

»» From “Show me the Money” to
“Give me the Money”

Talk Talk Talk

- ▶ Discuss all departments' budget needs
 - Key representatives in the room: Select Board, School Committee, Finance Committee, Superintendent, TM, Finance Staff
- ▶ Agree on how to:
 - Split revenue
 - Split costs
 - Define individual vs. shared costs

How to Divide the Money

Example 1

- Pensions
 - Health Insurance
 - State Assessments
 - Capital
 - Overlay
 - Elections
 - Warrant Articles
- ▶ Town Budget
 - ▶ School Budget

Central Costs:

Separate Costs:

How to Divide the Money

Example 1 (with specific #s)

- Pensions
 - 5.5% annual increase
 - Health Insurance
 - State Assessments
 - Capital
 - 5% of budget
 - Overlay
 - 1% of Levy
 - Elections (how many?)
 - Warrant Articles
- ▶ Town Budget
 - Net of offsets (Water and Sewer, other funds)
 - 3.25% annual increase
 - ▶ School Budget
 - General Education
 - 3.5% annual increase
 - SPED
 - 7% annual increase
 - Enrollment factor (35% of DESE avg. student cost X new enrollment)

Central Costs:

Separate Costs:

How to Divide the Money

Example 2

- ▶ Capital
 - 8% – 10% of tax levy
- ▶ State Assessments
- ▶ Pensions
- ▶ OPEB
 - Add \$100,000 per year
- ▶ Reserve Fund
 - \$100,000
- ▶ Town
- ▶ Elementary School
- ▶ Regional School
- ▶ Library
- ▶ *All increase at the same %*
- ▶ *Health insurance budgeted in Town, Elementary, and Region.*

Central Costs

Separate Costs

How to Divide the Money

Example 3

▶ 30% of New Revenue

- Salaries & Wages
- Expenses
- Capital, including Debt
- Pensions
- State Assessments
- New Fees available to Departments

▶ 70% of New Revenue

- Health Insurance budgeted Separately
- Ad Hoc enrollment adjustments

City

School

Regional School Districts

»» (Everything I just said)²

Regional School Districts

Statutory Method

- ▶ Required local contribution for each town, 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, to be allocated pursuant to 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.

Regional School Districts

Alternative Method

- ▶ Unanimous approval by all members of the region.
- ▶ Annual vote
- ▶ Report adoption to the Commissioner of Education.
- ▶ Assessments are net of State Aid
- ▶ Add the two elements to get the total assessment:
 - Net school spending for categories defined in c70, s2 +
 - Other operating or capital costs.
- ▶ Net school spending requirement, net of state Chapter 70 aid is the minimum combined sum of all assessments must.

Questions?

- ▶ Contact information
 - ▶ Sandy Pooler, Deputy Town Manager, Town of Arlington, MA
 - ▶ spooler@town.arlington.ma.us
 - ▶ 781-316-3002
- 