

(Accepted as a record of a posted meeting of the Gill Selectboard)

Civic Leaders

Meeting #3 September 19, 2017 6:30 – 8:30 pm Gill-Montague Senior Center

Facilitated by Debbie Lynangale of the Community Action Mediation and Training Collaborative. Notes by Michael Sullivan, GMRSD Superintendent. Meeting filmed by MCTV.

14 Attendees:

GMRSD – Michael Sullivan, superintendent; Joanne Blier, director of business and operations

GMRSC – Timmie Smith, chair (also chair of Gill finance committee); Jane Oakes, vice chair: Mike Langknecht, Shawn Hebert

Town of Montague – Mike Naughton, finance committee vice chair; Richard Widmer, finance committee, Fred Bowman, finance committee

Town of Gill – Randy Crochier, selectboard chair; Greg Snedeker*, Selectboard; Ray Purington, administrative assistant; Tupper Brown, finance committee; Sandy Brown, finance committee

Opening

School Committee Chair Timmie Smith opened the meeting and welcomed all present, noting that none of the government bodies had a quorum in attendance.

Debbie Lynangale began the meeting by asking attendees to complete a one-page survey document seeking their availability for future meeting dates. She then turned the meeting over to the evening's presenters.

Presentation: The Foundation Budget, Chapter 70, and Local Assessments

Tupper Brown, Mike Naughton, and Joanne Blier presented a 16 PowerPoint slide presentation, copies of which were distributed to meeting attendees, on our system of school finance.

Tupper began with an overview explanation of the state constitutional and legal background for our funding system. He introduced the foundation budget as the state's determination of an adequate level of funding to educate all students each year and went on to say, that by law, the state provides 41% of the funds necessary to meet the foundation budget, while 59% comes from towns. Tupper covered slides 1-3.

Mike, then picked things up and explained Chapter 70 as the name for the state aid provided to school districts. Chapter 70 is calculated as a district's foundation budget minus what is determined to be its local contribution. The concept of net school spending was also explained. The factors that determine a town's local contribution were then covered; the value of all properties, the average income of the town's citizens, and something called a municipal growth factor. The details of these topics were on slides 4 and 5.

Next, Mike, Tupper, and Joanne explained how a district's foundation budget is determined, using Gill-Montague's FY18 calculations as an example (slide 6). A fair amount of discussion ensued with the full group as participants tried to digest this detailed information. The group noted that pre-school students apparently only count as 0.5 students, that foundation enrollment is not the same as a district's number of enrolled students, that special education costs are based on assigned percentages not actual enrollments, that there exists a factor to provide increased funding as a districts percentage of economically disadvantaged students raises, and that there exists a wage adjustment factor which increases funding to high wage regions of the state. Tupper noted that G-Ms foundation budget per pupil for FY18 is \$10,765 and that the state average is \$11,026.

Mike then led the group through a more detailed discussion of how local contributions are calculated, referring to slides 7-12. The topics of target local share, local property effort, local income effort, and combined effort yield were presented.

An issue of note was that the local contribution for any community, regardless of wealth, cannot exceed 82.5% of its district's total foundation budget.

Two questions the group had at this point were the following - how is the municipal revenue growth factor determined and where is Gill-Montague in the classification system of wealth regions used by the state.

Tupper, Mike, and Joanne then presented and responded to questions about slide 13, which shows the specific calculations for a district's actual Chapter 70 Aid. The concept of "hold harmless" was presented and it was shown that in strict formula terms G-M's Chapter 70 aid for FY 18 would be \$5,567,987, but with the compounded effects of years of hold harmless aid the district's actual Chapter 70 aid is \$6,185,014. The difference of \$616,027 was discussed in terms of how many students the district would need to see return to the district before this level of aid was reached without the "assistance" of hold harmless. Also, a question was raised as to whether or not any future infusion of state funds into the chapter 70 formula that were in response to the recommendations of the Foundation Budget Review Commission would even be seen by G-M if the increase did not go further than eliminating this gap between our actual and pre-hold harmless foundation budget.

At 8:07 Debbie reminded us of other agenda items so the presentation did not extend to the topic of the affordable assessment, slides 15-17.

Debbie facilitated a discussion about what the group wanted to do next relating to school finance. Suggestions were made to cover the topic of affordable assessments, a closer understanding of district revenues and district expenditures, and the idea of learning more about municipal budgets was suggested. Of note, was the idea of learning more about G-M revenues and expenditures relative to other districts, as well as a desire to learn more about transportation costs and the state's role in these.

Debbie distributed a handout with considerations for the group about its future work and a timeline for consideration for next meeting. Michael Sullivan distributed a handout for participants to consider which suggested six broad questions for the group to frame its future work around.

Based upon the data collected at the beginning of the meeting it was determined to hold future meetings on the following dates; October 3, October 17, and November 7. These will continue to run from 6:30 – 8:30 pm and be held at the senior center unless we are notified otherwise.

The meeting adjourned at 8:31 pm.

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Signed copy on file. Accepted on 10/02/2017

Greg Snedeker, Selectboard Clerk

Chapter 70, Foundation Budget & Assessment Calculation Overview

ORIGINS AND PURPOSE OF CHAPTER 70 LEGISLATION

- The Massachusetts Constitution states:
 - "...it shall be the duty of legislatures and magistrates, in all future periods of this commonwealth, to cherish... the public schools and grammar schools in the towns..."
- 1993 interpretation by the Supreme Judicial Court (McDuffy case):
 - The Constitution mandates that the Commonwealth shall provide an education to all its citizens
 - And the Court laid out general standards.
- 1993 Educational Reform Act – origin of current Chapter 70:
 - Intended to meet the Constitutional mandate announced by the Court.
- 2006 modifications to the Chapter 70 program:
 - Intended to improve the adequacy and equitability of education funding in further compliance with the Constitutional and Court requirements.

Goal of the Chapter 70 Formula

- “To ensure that every district has sufficient resources to meet its Foundation Budget spending level, through an equitable combination of local property taxes and state aid.” - DESE
- In most general overview, Chapter 70 determines the total amount of required educational spending for each district ("Foundation Budget") and for the state as a whole; it assigns 59% of the state-wide funding requirement to the towns and 41% to the state; and it specifies a wealth-based formula for distributing the 59% among the individual towns.

Does the Foundation Budget actually provide an adequate spending level to provide education for our students?

How Chapter 70 Aid is determined

A district's Chapter 70 aid is determined in three basic steps:

1. It defines and calculates a **Foundation Budget**, an adequate funding level for each district, given the specific grades, programs, and demographic characteristics of its students.
2. It then determines an equitable **Local Contribution**, how much of that "Foundation Budget" should be paid for by each city and town's property tax, based upon the relative wealth of the community.
3. The remainder is funded by Chapter 70 **State Aid**.

Local Contribution + State Aid = a district's Net School Spending (NSS) requirement. This is the minimum amount that a district must spend to comply with state law.

Key Factors in School Funding Formula

Foundation Budget

- Enrollment
- Inflation
- Wage Adjustment Factor
(this does not apply to Gill-Montague)

Local Contribution

- Property value
- Income
- Municipal Revenue
Growth Factor

These six factors work together to determine a district's Chapter 70 aid.

A district's Foundation Budget is derived by multiplying the number of pupils in 13 enrollment categories by cost rates in 11 functional areas.

FY18 Chapter 70 Foundation Budget

674 Gill Montague



	Base Foundation Components										Incremental Costs Above The Base			TOTAL*
	(1) Pre-School	(2) ----- Kindergarten ----- Half-Day	(3) Full-Day	(4) Elementary	(5) Jr High/ Middle	(6) High School	(7) ELL PK	(8) ELL K Half	(9) ELL KF - 12	(10) Voca- tional	(11) Special Ed In District	(12) Special Ed Out of Dist	(13) Economically Disadvantaged	
Foundation Enrollment	26	0	76	399	274	253	10	0	58	0	40	11	447	1,078
1 Administration	4,785	0	27,971	146,848	100,843	93,114	1,840	0	21,346	0	101,606	27,942	0	526,295
2 Instructional Leadership	8,642	0	50,519	265,223	182,133	168,174	3,324	0	38,554	0	0	0	0	716,569
3 Classroom and Specialist Teachers	39,624	0	231,646	1,216,124	734,923	997,931	22,952	0	266,239	0	335,274	0	1,448,231	5,292,943
4 Other Teaching Services	10,162	0	59,412	311,914	154,188	118,525	3,125	0	36,255	0	313,041	427	0	1,007,050
5 Professional Development	1,567	0	9,166	48,127	35,828	32,075	817	0	9,469	0	16,174	0	31,871	185,094
6 Instructional Equipment & Tech	5,735	0	33,527	176,019	120,875	178,580	2,206	0	25,587	0	14,117	0	0	556,646
7 Guidance and Psychological	2,883	0	16,856	88,494	80,893	93,630	1,476	0	17,123	0	0	0	0	301,356
8 Pupil Services	1,147	0	6,706	52,808	59,233	126,121	662	0	7,676	0	0	0	0	254,352
9 Operations and Maintenance	11,003	0	64,325	337,706	251,420	225,094	5,729	0	66,457	0	113,499	0	223,670	1,298,902
10 Employee Benefits/Fixed Charges	11,238	0	65,699	344,934	234,184	201,369	5,200	0	59,496	0	131,557	0	147,009	1,200,686
11 Special Ed Tuition	0	0	0	0	0	0	0	0	0	0	0	265,291	0	265,291
12 Total	96,786	0	565,826	2,988,197	1,954,520	2,234,613	47,331	0	548,203	0	1,025,267	293,660	1,850,781	11,605,184
13 Wage Adjustment Factor	100.0%										Foundation Budget per Pupil			10,765
14 Economically Disadvantaged Decile	9													

All students are counted in categories 1-10. Special education and economically disadvantaged costs are treated as “costs above the base” and are captured in 11-13.

Local Contribution

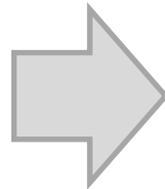
Establishing local ability to pay

- The foundation budget is a shared municipal-state responsibility.
- Each community has a different **Target Local Share**, or ability to pay, based on its property values and residents' incomes.
- Prior to this policy, required Local Contribution had become less linked to ability to pay. A process was established in 2007 to move each community from its 2006 baseline to its new target.

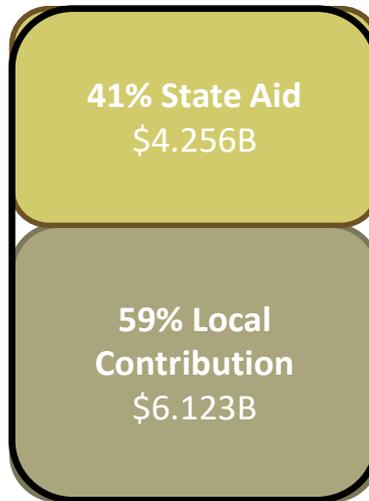
How is the Required Local Contribution calculated?

Determining each community's Target Local Share starts with the local share of the statewide Foundation Budget.

Calculate statewide Foundation Budget.



Determine local share of statewide foundation.



Statewide, determine percentages that yield ½ from property and ½ from income.



Property and income percentages are applied uniformly across all cities and towns to determine the **Combined Effort Yield** from property and income.

Individual communities' **Target Local Shares** are based on local property values and income, and foundation budget.

- To determine local effort, first apply this year's property percentage (0.3550%) to the town's 2016 total equalized property valuation (EQV)
- Then apply this year's income percentage (1.4248%) to the town's 2014 total residential income

Local Property Effort

+ **Local Income Effort**

= **Combined Effort Yield (CEY)**

- Target Local Share = CEY/Foundation Budget
 - Capped at 82.5% of Foundation Budget
 - In FY18, 147 of 351 communities are capped.

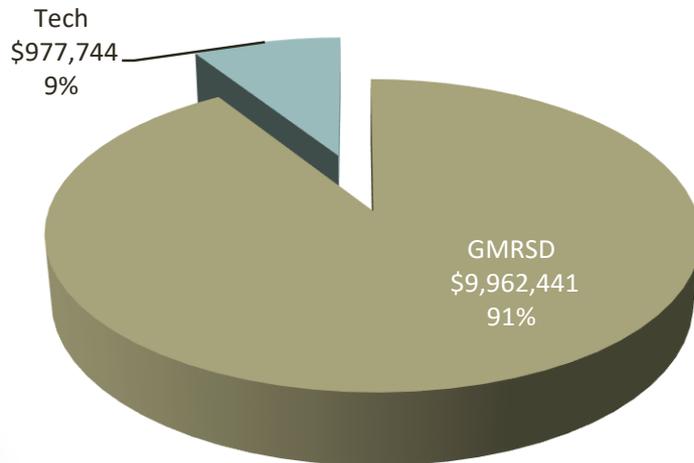
How is the town's Required Local Contribution calculated?

1. Begin with last year's Required Local Contribution.
2. Increase that by the town's Municipal Revenue Growth Factor to create Preliminary Local Contribution (PLC).
3. Compare PLC with the town's Target Local Share.
4. Add to or subtract from the PLC to adjust toward the target.
5. The result is the town's Required Local Contribution.

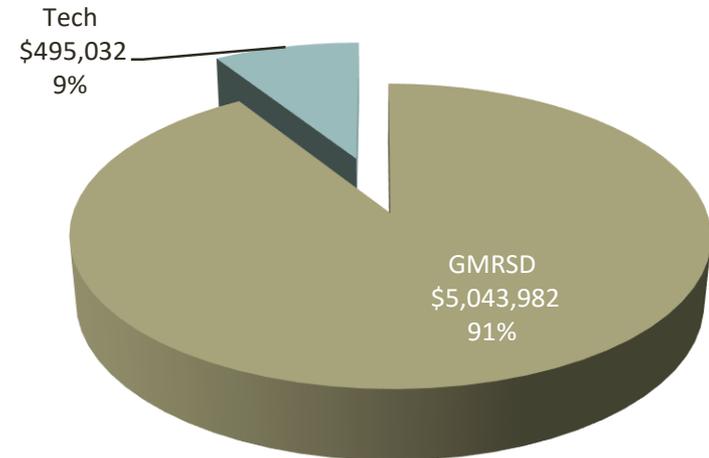
How is the district's required local contribution calculated?
Once the city or town's required local contribution is calculated,
it is allocated among the districts to which it belongs.

Below is how Montague's Foundation Budget and Required Contribution are allocated to
each district Montague is a member of.

**FY18 Montague Foundation
Budget**

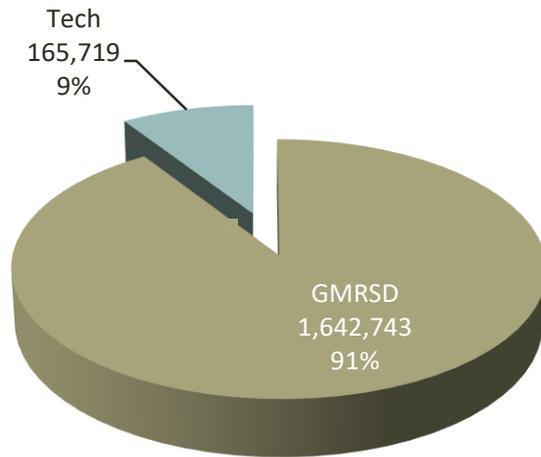


**FY18 Montague Required
Contribution**

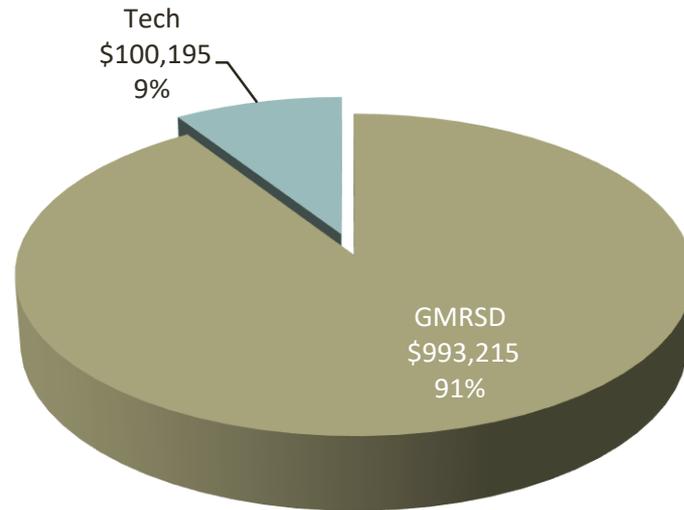


Below is how Gill's Foundation Budget and Required Contribution are allocated to each district Gill is a member of.

FY18 Gill Foundation Budget



FY18 Gill Required Contribution



Calculating Chapter 70 Aid



FY18 Chapter 70 Summary

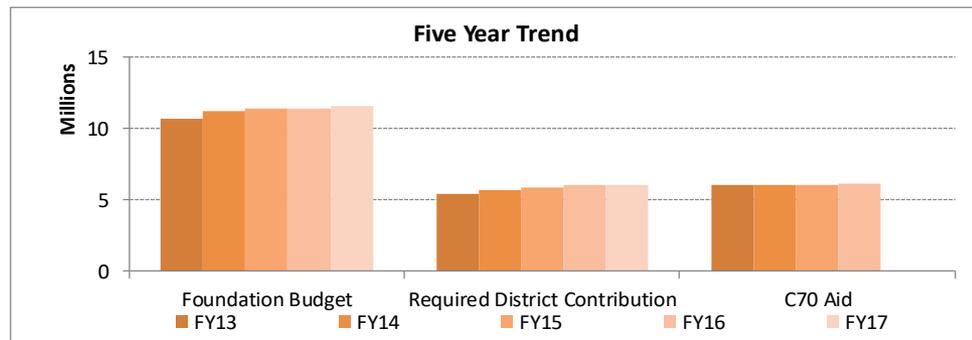
674 Gill Montague

Aid Calculation FY18

Prior Year Aid	
1 Chapter 70 FY17	6,152,674
Foundation Aid	
2 Foundation budget FY18	11,605,184
3 Required district contribution FY18	6,037,197
4 Foundation aid (2 - 3)	5,567,987
5 Increase over FY17 (4 - 1)	0
Minimum Aid	
6 Minimum \$30 per pupil increase	32,340
Non-Operating District Reduction to Foundation	
7 Reduction to foundation	0
Transitional Relief for Significant and Negative Impact of the Change in Low-income Enrollment Measurement	
8 Additional aid	0
FY18 Chapter 70 Aid	
9 sum of line 1, 5 minus 7	6,185,014

Comparison to FY17

	FY17	FY18	Change	Pct Chg
Enrollment	1,091	1,078	-13	-1.19%
Foundation budget	11,388,880	11,605,184	216,304	1.90%
Required district contribution	6,051,487	6,037,197	-14,290	-0.24%
Chapter 70 aid	6,152,674	6,185,014	32,340	0.53%
Required net school spending (NSS)	12,204,161	12,222,211	18,050	0.15%
Target aid share	47.20%	48.30%		
C70 % of foundation	54.02%	53.30%		
Required NSS % of foundation	107.16%	105.32%		



- Districts are held harmless to the previous year's level of aid
- In FY18, "minimum aid" is also available .
- District receives at least \$30 per pupil in additional aid over FY17 (235 operating districts).

Chapter 70 Website

<http://www.doe.mass.edu/finance/chapter70/>

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School Finance

Chapter 70 Program

The Chapter 70 program is the major program of state aid to public elementary and secondary schools. In addition to providing state aid to support school operations, it also establishes minimum spending requirements for each school district and minimum requirements for each municipality's share of school costs.

Chapter 70 Legislation & Regulation

- Legislation
- Regulations
- Compliance With Net School Spending Requirements
- Retiree Health Insurance and Section 260 of the FY'15 State Budget
- How the foundation budget is calculated
- Chapter 70 district profiles
The on-line Chapter 70 database shows, for each school district, yearly spending and state aid totals in comparison to the foundation budget. Trend data is available for each year going back to FY93.
- Chapter 70 Trends in Aid and Local Contribution
This tool shows trend data for the key factors influencing Chapter 70 required local contributions and state aid calculations going back to FY2007.

Chapter 70 State Aid and Spending Requirement

01/25/2017	FY18 Preliminary Chapter 70 Aid and Net School Spending Requirements
07/11/2016	FY17 Chapter 70 Aid and Net School Spending Requirements
01/27/2016	FY17 Preliminary Chapter 70 Aid and Net School Spending Requirements
07/17/2015	FY16 Chapter 70 Aid and Net School Spending Requirements
03/04/2015	FY16 Preliminary Chapter 70 Aid and Net School Spending Requirements

How Does the “Affordable Assessment” Work?

- It starts with Montague, which agreed in 2010 to dedicate 48.5% of its available funds to the GMRSD assessment.
- Available Funds is calculated by adding:
 - **Net Tax Levy** = Tax levy minus allowance for abatements and minus excluded debt
 - **Net State Aid** = State aid less charges and offsets
 - **Local Receipts** = Excise taxes, trash fees, licenses and permits, etc.
 - **Free Cash** recommended for Operating Expenses

For FY14 – FY18, the affordable calculations looked like this:

	FY14	FY15	FY16	FY17	FY18	Avg %
Net Tax Levy	13,204,539	13,752,403	14,218,525	14,728,915	15,708,117	4.4%
Net State Aid	1,384,683	1,505,800	1,509,148	1,580,490	1,617,524	4.0%
Local Receipts	1,200,000	1,300,000	1,260,000	1,315,000	1,352,000	3.1%
Free Cash	250,000	250,000	250,000	250,000	200,000	
Total	16,039,222	16,808,203	17,237,673	17,874,405	18,877,641	4.2%
x 48.5%	7,779,023	8,151,978	8,360,271	8,669,086	9,155,656	4.2%
add GMRSD debt	145,918	143,645	137,227	133,485	200,904	
Affordable Assessmen	7,924,941	8,295,623	8,497,498	8,802,571	9,356,560	4.2%
GMRSD Request	7,965,557	8,293,458	8,498,343	8,852,114	9,356,560	4.1%
less debt	(145,918)	(143,645)	(137,227)	(133,485)	(200,904)	
Net GMRSD Request	7,819,639	8,149,813	8,361,116	8,718,629	9,155,656	4.0%

Affordable Assessment continued...

- Montague has historically used a portion of its Free Cash to fund the following year's operating expenses. However, financial policies adopted by the town in 2014 call for a gradual ending of that practice, and Montague has begun reducing the amount used each year.
- Over this period, Montague's affordable assessments have grown at roughly the same rate as GMRSD's assessment requests
- This does NOT mean that GMRSD's combined assessment requests (Gill and Montague) have grown at the same rate, because Gill and Montague share differing percentages of the total assessment (based on their respective enrollments in the given year).

Enrollment	FY14		FY15		FY16		FY17		FY18	
Gill	124	14.0%	109	12.6%	115	13.9%	113	14.2%	105	13.2%
Montague	763	86.0%	756	87.4%	710	86.1%	685	85.8%	692	86.8%

GILL MONTAGUE CIVIL LEADERS AND REGIONAL SCHOOL DISTRICT (9/19/17)

Possible mission statement elements:

Promote Gill Montague schools' fiscal sustainability by

- Serving as a longer-term strategic planning body for town and school officials
- Providing a forum for exploring regional and county-wide collaborations, particularly with others facing similar issues
- Advocating for increased state funding
- Considering options for increasing income and decreasing expenses for schools
- Others?

Possible group needs for additional information/further education:

- School finance
- Town perspectives, plans (economic development, growth, etc.)
- Enrollment trends, population demographics and trends
- Legislators' perspectives, state approach to these issues
- Others' similar efforts, regionalization initiatives
- Others?

Possible activities timeline:

Sep – Nov 2017:

- Presentations, developing common language and frame of reference
- Initial external communication materials, developing talking points and materials for discussions with legislators and others
- Developing group structure (name, mission statement, participants, action plans, etc.)

Dec – Mar 2018:

- Working groups develop initial lines of inquiry for large group review; collect data, conduct interviews and otherwise collect input on inquiries; report back to large group
- FY19 school budget issues, as needed outside other for a

Apr – Jun 2018:

- Synthesis, joint action plan or recommendations?

Questions: At which points does the group seek input from whom? At which points does the group want to brief which people or entities on the work?

2017-9-19 Questions for Civic Leaders Consideration

1. What is the likely result of the status quo?
 - a. What is happening with the populations of our towns and the region?
 - b. What is likely to happen with charter schools, school choice, and neighboring districts?

2. How can the district increase enrollment?
 - a. What can be done with diminishing resources?
 - b. What would be desirable with a small increase in resources?

3. What is the potential for significantly decreasing expenses?

4. What angle would we take to seek increased state funding? How likely would it be to succeed?

5. What is the possibility of increased local assessments?

6. Is there a solution that would involve partnering with other districts or re-structuring our schools?