New Perspectives on School Finance and Budgeting

MMA Annual Business Meeting January 2020

Sandy Pooler
Arlington Deputy Town Manager
School Finance and Town Budgets
Budget Calendar in Three Seasons

- **Fall**
  - Forecast and Allocate

- **Winter**
  - Figure out the details

- **Spring**
  - Vote
Budget Calendar in Three Seasons

- Fall
  - TALK TOGETEHR
- 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

### Education:

<table>
<thead>
<tr>
<th></th>
<th>FY2018 Final</th>
<th>Governor's</th>
<th>House</th>
<th>Senate</th>
<th>Conference Committee</th>
<th>Governor</th>
<th>$ ∆</th>
<th>% ∆</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 70</td>
<td>11,180,879</td>
<td>11,534,686</td>
<td>11,685,389</td>
<td>11,765,923</td>
<td>11,765,923</td>
<td>11,765,923</td>
<td>585,044</td>
<td>5.2%</td>
</tr>
<tr>
<td>School Transportation</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Charter Tuition Reimbursement</td>
<td>35,441</td>
<td>26,787</td>
<td>36,782</td>
<td>40,550</td>
<td>27,042</td>
<td>27,042</td>
<td>(8,399)</td>
<td>-23.7%</td>
</tr>
</tbody>
</table>

### Offset Receipts:

<p>| | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>School Choice Receiving Tuition</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>

**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:

<p>| | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Gen Govt Aid</td>
<td>7,578,995</td>
<td>7,844,260</td>
<td>7,844,260</td>
<td>7,844,260</td>
<td>7,844,260</td>
<td>7,844,260</td>
<td>265,265</td>
<td>3.5%</td>
</tr>
<tr>
<td>Veterans Benefits</td>
<td>239,852</td>
<td>194,794</td>
<td>194,794</td>
<td>194,794</td>
<td>194,794</td>
<td>194,794</td>
<td>(45,058)</td>
<td>-18.8%</td>
</tr>
<tr>
<td>Exemp: VBS and Elderly</td>
<td>116,040</td>
<td>150,747</td>
<td>150,747</td>
<td>150,747</td>
<td>150,747</td>
<td>150,747</td>
<td>34,707</td>
<td>29.9%</td>
</tr>
</tbody>
</table>

### Offset Receipts:

<p>| | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Libraries</td>
<td>55,856</td>
<td>56,041</td>
<td>56,906</td>
<td>57,029</td>
<td>57,029</td>
<td>57,029</td>
<td>1,173</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

**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

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

### Education:

<table>
<thead>
<tr>
<th></th>
<th>FY2018 Final</th>
<th>Governor's</th>
<th>House</th>
<th>Senate</th>
<th>Conference Committee</th>
<th>Governor</th>
<th>$ \Delta</th>
<th>% \Delta</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chapter 70</strong></td>
<td>11,180,879</td>
<td>11,534,686</td>
<td>11,685,389</td>
<td>11,765,923</td>
<td>11,765,923</td>
<td>11,765,923</td>
<td>585,044</td>
<td>5.2%</td>
</tr>
<tr>
<td><strong>School Transportation</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Charter Tuition Reimbursement</strong></td>
<td>35,441</td>
<td>26,787</td>
<td>36,782</td>
<td>40,550</td>
<td>27,042</td>
<td>27,042</td>
<td>(8,399)</td>
<td>-23.7%</td>
</tr>
<tr>
<td><strong>Sub-total, Education</strong></td>
<td>11,216,320</td>
<td>11,561,473</td>
<td>11,722,171</td>
<td>11,806,473</td>
<td>11,792,965</td>
<td>11,792,965</td>
<td>576,645</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

### General Government:

<table>
<thead>
<tr>
<th></th>
<th>FY2018 Final</th>
<th>Governor's</th>
<th>House</th>
<th>Senate</th>
<th>Conference Committee</th>
<th>Governor</th>
<th>$ \Delta</th>
<th>% \Delta</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unrestricted Gen Gov't Aid</strong></td>
<td>7,578,995</td>
<td>7,844,260</td>
<td>7,844</td>
<td>7,844</td>
<td>7,844,260</td>
<td>7,844,260</td>
<td>265,265</td>
<td>3.5%</td>
</tr>
<tr>
<td><strong>Veterans Benefits</strong></td>
<td>239,852</td>
<td>194,794</td>
<td>194,794</td>
<td>194,794</td>
<td>194,794</td>
<td>194,794</td>
<td>(45,058)</td>
<td>-18.8%</td>
</tr>
<tr>
<td><strong>Exemp: VBS and Elderly</strong></td>
<td>116,040</td>
<td>150,747</td>
<td>150,747</td>
<td>150,747</td>
<td>150,747</td>
<td>150,747</td>
<td>34,707</td>
<td>29.9%</td>
</tr>
<tr>
<td><strong>Sub-Total, General Government</strong></td>
<td>7,990,743</td>
<td>8,245,842</td>
<td>8,246,707</td>
<td>8,246,830</td>
<td>8,246,830</td>
<td>8,246,830</td>
<td>256,087</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

### Total Estimated Receipts

- **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 16,730,586 708,906 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”
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

Central Costs:
- Pensions
- Health Insurance
- State Assessments
- Capital
- Overlay
- Elections
- Warrant Articles

Separate Costs:
- Town Budget
- School Budget
How to Divide the Money
Example 1 (with specific #s)

Central Costs:
- Pensions
  - 5.5% annual increase
- Health Insurance
- State Assessments
- Capital
  - 5% of budget
- Overlay
  - 1% of Levy
- Elections (how many?)
- Warrant Articles

Separate Costs:
- 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)
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)$^2$
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