



The Commonwealth of Massachusetts Department of Education

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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.