

RSD Interim 1/12th Budgets and Fiscal Oversight

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MASSACHUSETTS
Department of Elementary
and Secondary Education



DLS
DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

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Regional School District (RSD) Budgets

RSD Budgets and Assessments - Basics

- RSD budgets are based on M.G.L. c. 71, s. 16B, 603 CMR 41.05, and the RSD agreement.
- RSD assessments are developed based on the terms of the RSD agreement.
 - Required Minimum Local Contributions / Net School Spending must be met.
- RSD budgets must be adopted by the Regional School Committee (RSC). RSD Treasurer certifies assessments.
- RSD budgets/assessments require annual approval **appropriating authorities** of the Member Municipalities (“Members”).

RSD Budgets – RSC Approval Process

M.G.L. c. 71, § 16B and 603 CMR 41.05 provide a series of steps and timelines for RSD budget proposal and approval, including:

- **Regional School Committee (RSC)** proposes initial budget; **holds** public hearing (c. 71, § 38N); and adopts by **2/3 vote of full RSC**.
 - 45 days before first member town meeting/council meeting but not later than March 31.
- **RSC treasurer** certifies assessments based on RSC adopted budget and regional agreement apportionment method(s); transmits certified assessments along with budget to Member towns (Members).

RSD Budgets – Member Approval Process

Members - local appropriating authorities act on RSC approved assessments/budget.

- **Statutory assessment method**: 2/3 of local appropriating authorities of Members must approve if used.
- **Alternative/agreement assessment method**: **All** local appropriating authorities of all Members must approve the method as follows:
 - Members may hold **one vote to approve both** the method and the budget/assessment (all Members must approve), **or**
 - **Members may hold two separate votes**. One vote to approve the use of the alternative assessment method (all Members must approve) and 2/3 of the members separately vote to approve the budget.

Approved or Disapproved?

A vote by the local appropriating authority to appropriate the Member's assessment shall constitute approval of the RSD's budget. See [603 CMR 41.05\(2\)\(a\)](#)

- A Member vote to appropriate a lesser (or greater) amount than that sought in the RSC's assessment is a **DISAPPROVAL**.
- A Member vote that is *subject to or contingent upon another vote* is a **DISAPPROVAL**. (e.g., *Proposition 2 ½ override, assessment does not pass until and unless the override passes.*)

Failed RSD Budget-Local Action Until June 30

Failed budget after first attempt - RSC

Action

If the budget/assessments are not approved by a sufficient number of Members:

- RSC has **30 days** from the date of disapproval to reconsider, amend, and resubmit the budget on the basis of issues raised. (*+15 days, with approval of Commissioner of DESE.*)
- RSC may reduce, increase, or propose original budget amount.
- The RSC must adopt reconsidered budget by a **2/3 vote of the full committee.**

Reconsidered budget – RSC Action

- The RSC may vote to reduce the budget consistent with amount(s) voted at Member meeting(s).
 - If amounts approved at all previous Member meetings are sufficient to fund all recalculated* assessments and reconsidered budget, the budget is approved.
- *Note: Member assessments will change!
- Treasurer must provide recertified assessments and reconsidered budget to the Members within **7 days** of RSC approval.

Reconsidered Budget – Member Action

Members have **45 days** from the RSC's vote to act on the reconsidered budget/assessments.

- Approval of **2/3** of Members required for statutory method.
- Approval of **all** Members required for alternative method.
- Budget is considered **approved** by a Member if such Member previously approved a sufficient amount to support the reconsidered budget and Member does not vote within 45 days.
- Budget is considered **disapproved** by Member if town meeting is dissolved prior to voting.

No RSD Budget after second attempt:

Next steps differ depending on size of district:

- RSD with THREE OR MORE Members: RSC again reconsiders the budget and submits the certified assessments to the Members for municipal action.
(See slides 8-11)

No RSD Budget after second attempt

- RSD with **TWO Members**: RSC convenes a district-wide meeting of all registered voters from both Members, which requires (among other things*):
 - Warrant (at least a majority of RSC)
 - Notice at least 14 days prior to the meeting; posting requirements
 - Moderator appointment (joint meeting of selectboards)
 - Use of the statutory assessment method only
 - Approval by a majority of voters present and voting

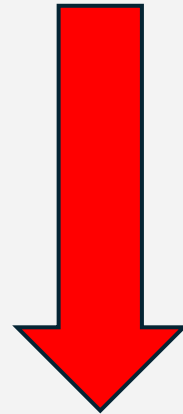
*See *M.G.L. c. 71, § 16B* for detailed requirements.

No RSD Budget after third attempt:

REPEAT ACTIONS ABOVE, PER DISTRICT SIZE, UNTIL DISTRICT SECURES A LOCALLY APPROVED BUDGET

Why might RSDs need an Interim 1/12th Budget?

No Member municipality approval before July 1



**RSD has no authority to spend general funds
in the new FY**

Failed RSD Budget - Local and DESE Commissioner Action

RSD expects it will not have locally approved budget by June 30

- District shall notify the DESE.
 - ***As early as possible in June, notify Office of Regional Governance (ORG).***
 - Commissioner, or designee, sets interim 1/12th budget.
- Amount authorized by the Commissioner shall be certified and appropriated for each successive month until a budget is adopted and approved by the RSC and Members.

Commissioner authority - 1/12th budget

Commissioner or designee shall “*certify an amount sufficient for the operation of the district and order the appropriation thereof in an amount **not less than 1/12** of the total budget approved by the region in the most recent fiscal year.*” M.G.L. c. 71, § 16B.

RSD Notification to Commissioner and Request for 1/12th Budget

As soon as possible following determination that budget will not pass by 6/30 the RSD/RSC shall submit:

- Formal notification addressed to the Commissioner and request for 1/12th budget.
- Supporting documentation (see slides 20-22).

Send by email to Michelle.L.Griffin@mass.gov and ChristineM.Lynch@mass.gov

Supporting Documentation – 1/12th Request

1. For both the FY26 and proposed FY27 budget years – the district’s total budgets, and the assessments for each Member.
 - Itemize general fund and non-recurring revenues, including proposed FY27 use of available certified Excess and Deficiency (E & D) funds (*certified as of 7/1/25 for FY27 budget*).
 - Include all FY26 and FY27 capital and debt obligations.
 - *Specify whether these obligations have changed since FY26.*
 - Indicate the FY26 and FY27 assessment methods.

Supporting Documentation - 1/12th Request

2. As to the district's approved FY 26 budget and assessments:
- Ensure any FY26 budget amendments approved by the school committee are included.
 - The FY26 budget, assessments and use of E&D must match Schedule 19 of the FY25 End of Year Financial Report (EOYR); FY25 EOYR may need to be amended.

Supporting Documentation - 1/12th Request

3. Description of steps taken to secure an approved budget. (*E.g., two sets of town meetings held; date(s) of previous district-wide meetings; RSC reconsideration;...*)
4. Description of steps to be taken to secure an approved budget (*e.g., RSC meeting to reconsider the budget; meetings with Members; additional public hearings; ...*)
5. Anticipated schedule of Member town meetings/city or town council meetings, or district-wide meeting.
6. Any other relevant information that for Commissioner to consider (*e.g., extraordinary expenditures; changing capital/debt obligations; etc.*)
7. Names and email addresses of local officials to whom RSD assessments are sent.

DESE Action – Interim 1/12th Budget

- DESE will review Notification/Request and Supporting Documentation.
- Commissioner (or designee) will set an interim budget in an amount not less than 1/12th of the total budget approved for the district in FY26.
 - The Commissioner may, in his discretion, consider other factors in setting the 1/12th budget.
 - No determination by the Commissioner on the adequacy of the 1/12th budget; the 1/12th budget merely allows the RSD to meet its immediate obligations until a local budget is passed.

DESE Action –Interim 1/12th Budget

- A letter will be sent from the Commissioner to the RSC Superintendent:
 - establishing the Interim 1/12th budget (1/12th budget).
 - directing RSC Treasurer to calculate and certify assessments to the Members, based on the 1/12th budget.
- A copy of the letter will be sent by email to your Members' local officials (*see slide 22, #7*).
- **No additional state funding as a result of 1/12th budget.**

1/12th Budget

- Treasurers must calculate and certify assessments under the 1/12th budget using:
 - Most recent *FY27 State Aid, General Fund Revenues, and Minimum Local Contribution* numbers, and
 - *Statutory Assessment* method.
- Treasurers must also use current numbers for portions of assessments that are calculated per RSD agreements (*transportation, above minimum, debt/capital, etc.*)
 - For example, use enrollment figures or EQV from the appropriate fiscal year, per regional agreement.

1/12th Budget

- Each Member is required to appropriate and pay its assessment share as calculated by the RSD treasurer for the support of the 1/12th budget.
- Payment shall be due and payable from the Members in accordance with the dates or timelines specified in the RSD agreement.
- Each Member's total payments under the Commissioner's 1/12th budget will be deducted from the total FY27 assessment that will be charged to that Member when the district's final FY27 budget is approved.

1/12th Budget

- Under the 1/12th budget, the district may expend the amount authorized in the Commissioner's letter **each month**.
- Unexpended funds in one month may be carried forward and used in future months. RSD may continue to expend from balances in authorized school choice or revolving accounts, and may continue to expend grant funds as authorized by state or federal law.

Local Action during 1/12th Budget

Continue attempts to secure a locally approved budget:

- 3 or more Members – continue RSC and Member consideration as outlined above.
- 2 Members – continue district-wide meetings.

December 1 – Fiscal Oversight

Failed Budget by December 1 – DESE Fiscal Oversight

If RSD budget is not locally approved by Dec. 1:

- Commissioner establishes the final budget for the FY.
- Commissioner assumes fiscal oversight of RSD until end of current FY or until Members approve the budget for the subsequent FY.
- **No additional state funding as a result of Commissioner's fiscal oversight.**
- **Unlikely to be significantly different than the 1/12th budget.**

Fiscal Oversight– Commissioner Approvals Required

- Adoption, reconsideration, amendment of RSD budget, including use of funds, appropriation to stabilization, etc.
- Transfer of budgetary authority between line items.
- Planned Borrowing (*including RANS, BANS, and intent to incur debt per c. 71, § 16*).
- New or amended collective bargaining agreements, MOAs, settlement agreements, addenda/extensions to CBAs.
- New or amended contracts with a value of \$25,000 or more.
- Establishment of new positions and new/amended employee contracts.

Additional discretionary authority of Commissioner: [603 CMR 41.07](#)

Reminders

1/12th Budget - Reminders

- The 1/12th budget is an *interim* measure to provide the district with the authority to expend funds while the budget negotiation process continues.
- Though the 1/12th budget may be based on the FY26 budget, assessments will not be the same as in FY26.

1/12th Budget - Reminders

As the RSC and Members work through the budget process:

- RSC should reconsider its budget based on final state aid and minimum local contribution information.
- If budget is disapproved, RSC must reconsider and continue to follow the process and timelines outlined in M.G.L. c. 71, § 16B.
- The Member assessments under a budget set by the Commissioner must be based on the statutory assessment method.
 - However, proposed RSC assessments may be based on the alternative method.

1/12th Budget - Reminders

- In order to use E&D in the FY27 budget:
 - FY25 E&D must be certified by DOR, and
 - Certified E&D must have been included in the RSC's FY27 adopted budget.
- A Member vote to approve its RSC assessment is a vote to approve the RSC budget.

Regional School District Budgets – The Division of Local Services Perspective

FY27 Annual Town Meeting

M.G.L. c. 44, s. 31 states:

“No department financed by municipal revenue, or in whole or in part by taxation, of any city or town, except Boston, shall incur a liability in excess of the appropriation made for the use of such department, each item recommended by the mayor and voted by the council in cities, and each item voted by the town meeting in towns, being considered as a separate appropriation...”

- DESE’s 1/12th budget gives authority to the RSD to expend after July 1 if there is not passed budget.
- A member city or town must still have a legal appropriation made by the legislative body for the RSD budget to expend after July 1.
- No appropriation = no payment of any kind can be made to the RSD.

So what can you do??

FY27 Annual Town Meeting

Possible town meeting actions if you don't want to approve the RSD budget:

- Appropriate your required minimum contribution.
- Appropriate the portion of your capital assessment that pertains to debt service on debt issuances you authorized and may even have passed a debt exclusion for.



FY27 Tax Rate Setting

- DLS won't set your tax rate if there is a significant variance between your local appropriation and the final assessment (DESE 12/1) or passed by the members. (example to follow)
- You cannot simply add to recap page 2 “Other Amounts to be raised” the amount of an appropriation shortfall. You need an appropriation by the local legislative body to complete the full assessment.
- Again, DESE setting the final budget is not authority to expend.



FY27 Tax Rate Setting

J. Sullivan RSD 2027 Budget

| | <u>RSD Assessment</u> | <u>Town Appropriation</u> | <u>Excess/(Shortfall)</u> | <u>Free Cash Cert.</u> | <u>Amount</u> | <u>6/30/2026 Stabilization</u> | <u>Excess Capacity</u> |
|--------|---------------------------|-------------------------------|---------------------------|----------------------------|---------------|------------------------------------|----------------------------|
| Town 1 | \$4,349,664.00 | \$4,510,773.00 | \$161,109.00 | 10/16/2026 | \$909,230.00 | \$500,160.52 | |
| Town 2 | \$1,961,692.00 | \$1,977,600.00 | \$15,908.00 | 10/16/2026 | \$89,439.00 | \$328,576.74 | |
| Town 3 | \$3,622,968.00 | \$2,622,968.00 | (\$1,000,000.00) | | | | \$1,025,696 |
| Town 4 | \$947,719.00 | \$913,523.00 | (\$34,196.00) | | | \$76,112.00 | \$55,125 |
| Town 5 | \$1,598,343.00 | \$1,521,997.00 | (\$76,346.00) | 10/31/2026 | \$253,797.00 | \$281,924.39 | \$112,000 |

No one approved the budget in the first round. In the second round, only Town 1 approved the budget. Town 2 and Town 3 approved the budget in the third round. Finally, on September 13, the District went back to Town 4 and Town 5 and neither approved the budget. The over-appropriations for Towns 1, 2 and 3 reflect the decreases in the RSD budget in the third and fourth round votes.

Excess and Deficiency

- State statute ([M.G.L. c. 58, §18F](#)) authorizes the Commissioner of Revenue to delay current fiscal year, as well as future fiscal year payments, for any regional school district not filing its required forms and schedules. (Due October 31)
- E&D cannot be voted for use by the school committee if it is not certified by the Division of Local Services. This includes use to reduce member assessments in the budget.



QUESTIONS?

Resources

Fiscal Intervention and Oversight — Guidance for Regional School Districts, March 2020

<http://www.doe.mass.edu/news/news.aspx?id=25942>

M.G.L. c. 71, § 16B:

<https://malegislature.gov/laws/generallaws/parti/titlexii/chapter71/section16b>

603 CMR 41.00: <http://www.doe.mass.edu/lawsregs/603cmr41.html?section=all>, including:

603 CMR 41.05(3) – Reconsideration of Rejected Budgets

603 CMR 41.05(4) – Establishment of Budgets by the Commissioner

603 CMR 41.07 – Fiscal Control of RSDs by the Commissioner

CONTACT

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