

A stylized illustration of a lighthouse on the left side of the slide. The lighthouse is white with dark green horizontal stripes. It has a yellow light at the top and a small balcony. The lighthouse is situated on a small orange island. The background is a solid blue color with wavy lines at the top and bottom, suggesting water or a sky.

Charting the Course

An Orientation Program for School Leaders



Budget and Finance

Charting the Course

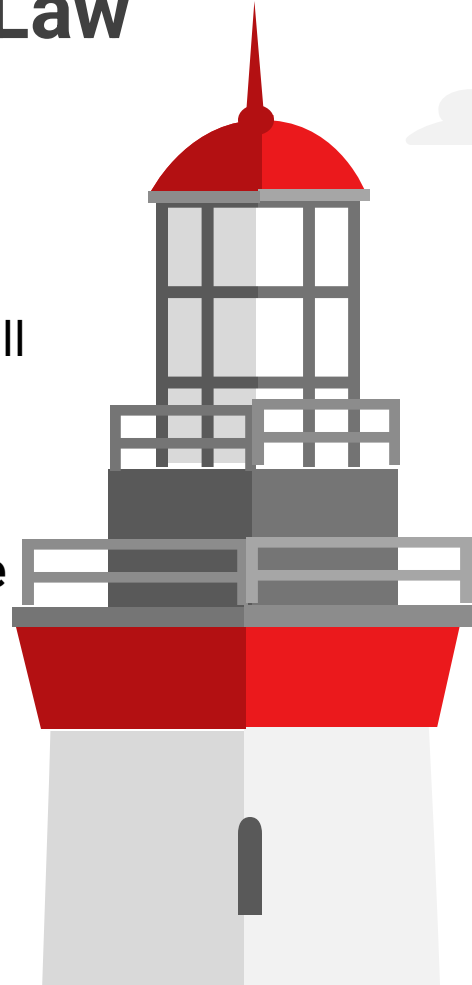
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Being on the School Committee means
I have to do WHAT???

Massachusetts General Law Chapter 71, section 37:

“The school committee in each city and town and each regional school district shall have the power to select and to terminate the superintendent, **shall review and approve budgets for the public education in the district** and shall establish educational goals and policies for the schools in the district...”



Fiduciary Responsibility

As the municipal legislature for schools, School Committee members have the responsibility to:

Understand school finance

Establish policy to clarify budget and financial processes

Establish appropriate budget rationally linked to district goals and policy

Monitor revenue & spending
Ensure accuracy over finances (warrants)
Make necessary midyear adjustments (transfers)

Confirm appointment of school business officer

Appoint superintendent

Whose job is it?

School Committee

Establishes the goals for the District.
Provides the resources (budget) to achieve the goals.
Sets the parameters (policy manual, budget) under which administrators will pursue those goals.
Monitors progress (e.g., data) toward meeting goals.
Evaluates superintendent's progress towards goals.

Superintendent

Manages the daily operations of the district within the goals and budget established by the School Committee.

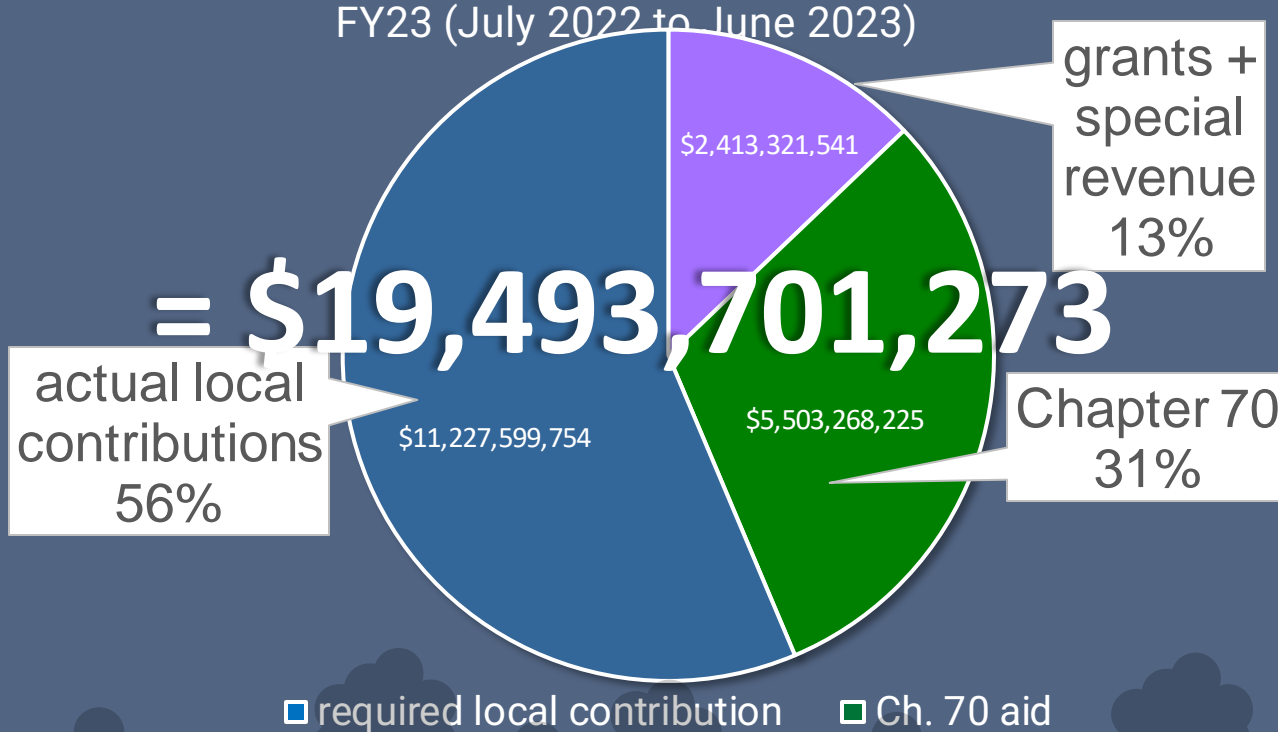


- Supports goals by starting or expanding programs/cutting or shrinking them.
- Supports goals through acceptance of grants.
- Supports personnel policy through collective bargaining agreements and other contracts.
- Supports student policy through fees and related decisions.

Your budget exists to carry out your district goals.

Your budget is a policy document.

Where do we get education funding?

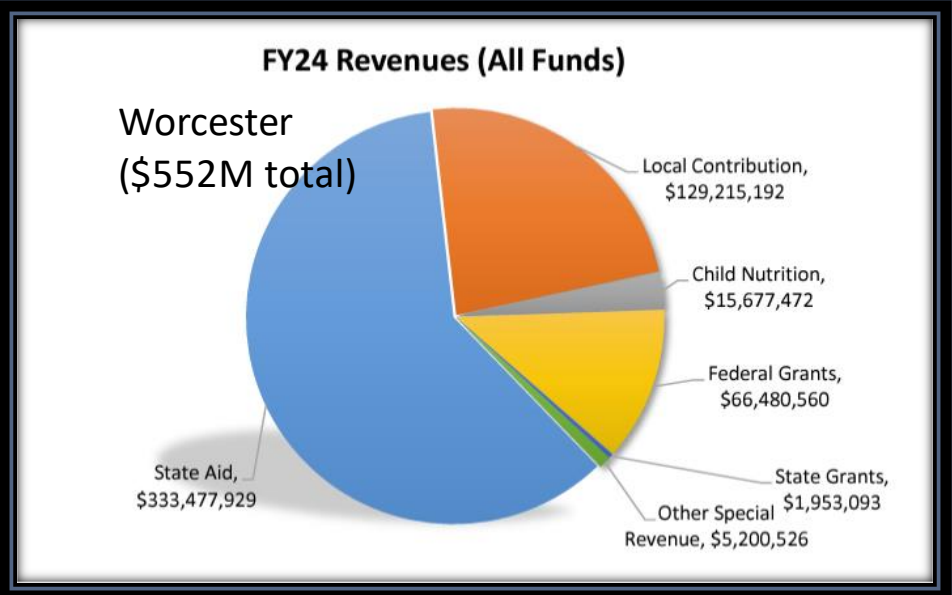
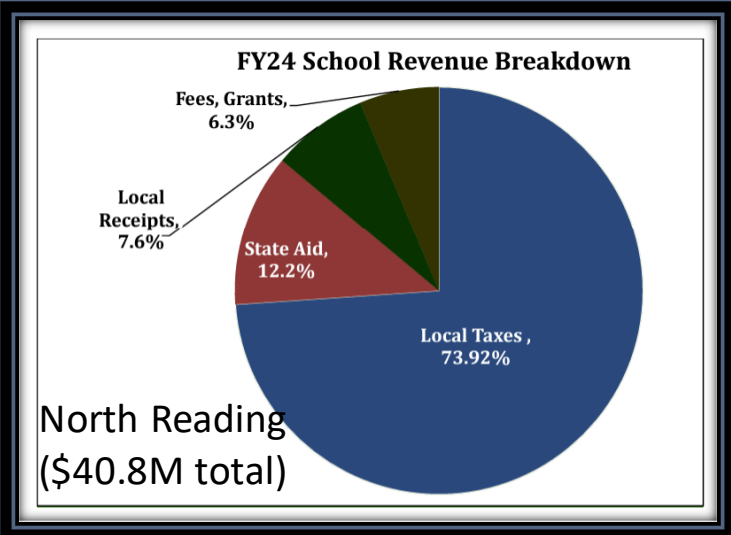


NOTE: this does not include teachers' retirement or the Mass School Building Authority

Per FY23 Chapter 70 and Net School Spending spreadsheet
Per FY23 Per Pupil Expenditure Report

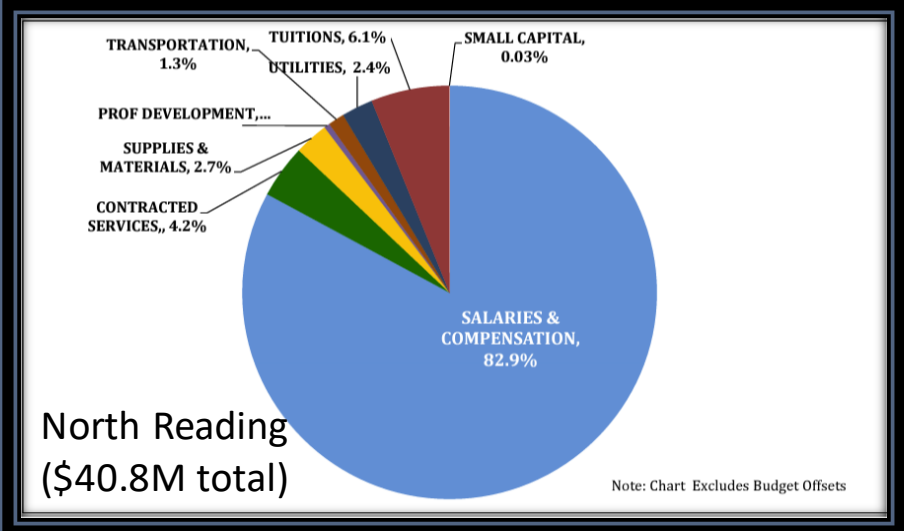
Where do we get education funding?

- Local funds
- Chapter 70 aid
- State reimbursement
 - Regional Transportation
 - Charter Schools



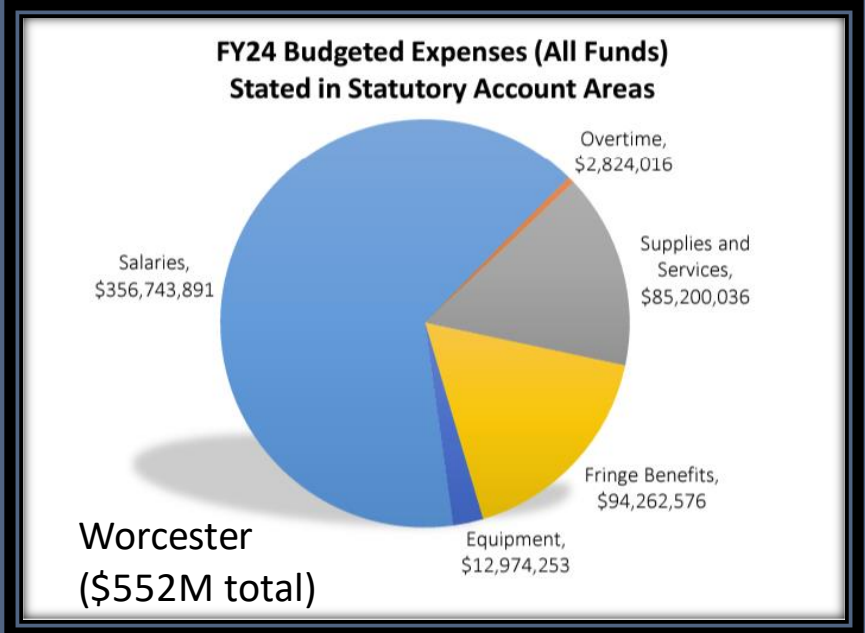
- Federal and state grants
 - Nutrition
 - Title I, IIA, IV, IDEA
 - ESSER
- Special revenue funds
 - Circuit breaker
 - Revolving funds
 - School choice

Where does the money go?



- Operating
 - Municipal
- Capital

- Level fund
- Level service
- Minimum required increase
- Fiscal cliff



Warrants, quarterly reports

Administration implements the approved budget. School Committee monitors the budget, making transfers as necessary.

Superintendent & Administrators assess needs & priorities

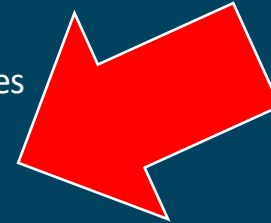
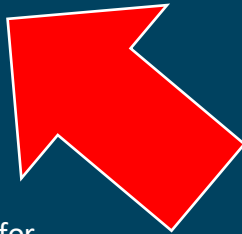
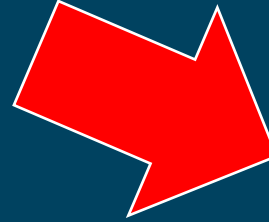
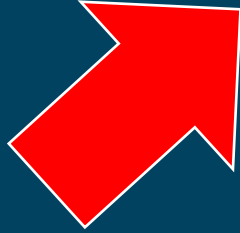
Appropriating authority (ies) approve bottom line of general fund budget.

Superintendent presents proposed budget to School Committee

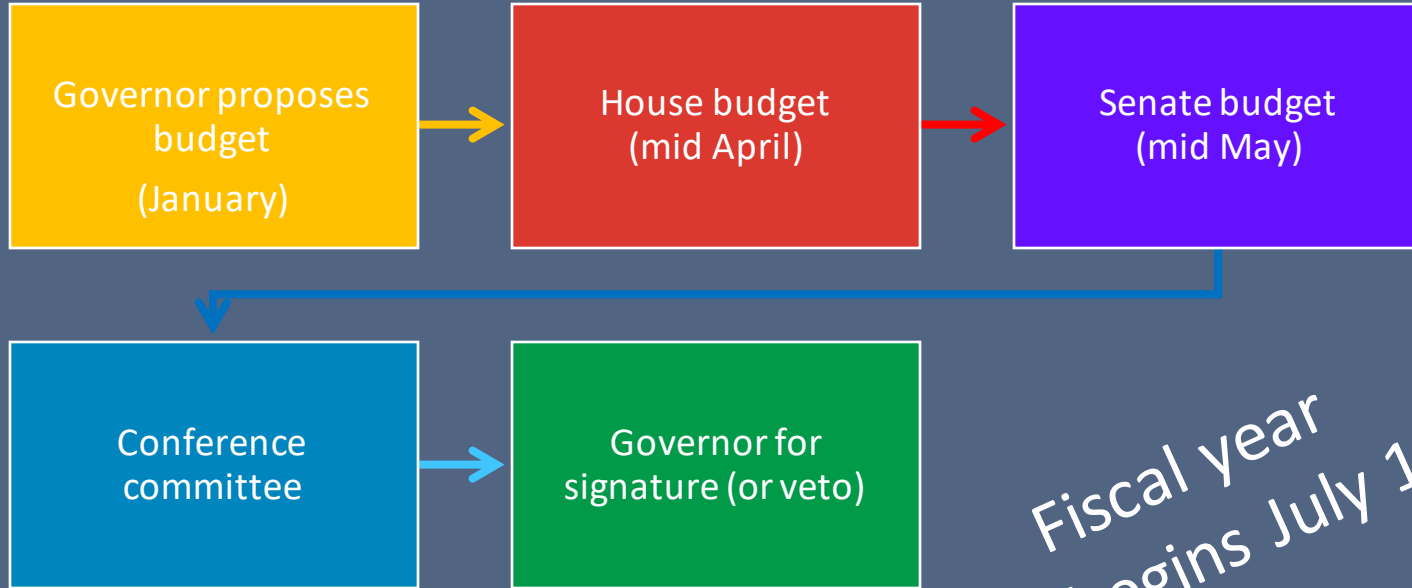
Approval by 2/3rd majority for regionals, simple majority for municipals

School Committee deliberates and approves budget to submit to appropriating authority (ies)

Prior to approval: at least one public hearing per MGL Ch.71, Sec.38N



State budget process



*Fiscal year
begins July 1!*

Striking a balance

Administrators have the flexibility to adjust spending without changing district policy.

The School Committee is assured that funds are spent appropriately to carry out goals and district policy.



What's in your budget?



All revenue sources

Narrative and graphs

Expenditures by cost center with relative change

Articulated relationship between spending and your district goals



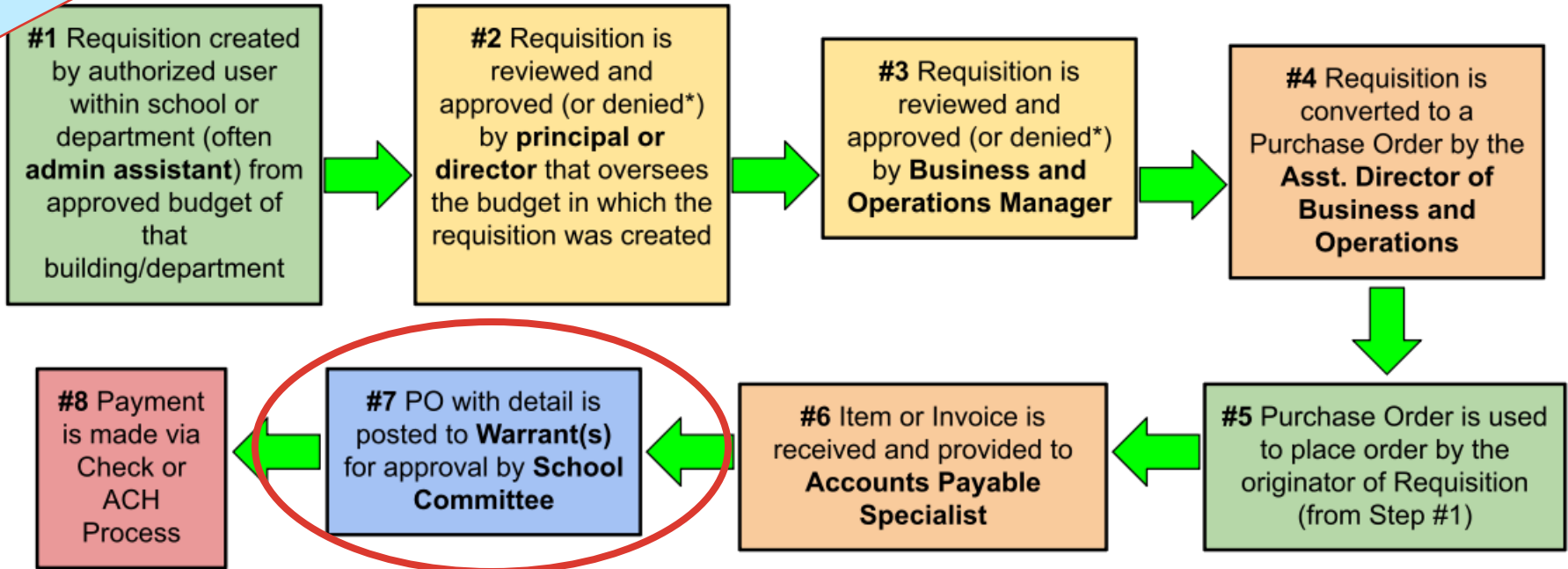
- ✓ School Committee members should know and understand what they are signing.
- ✓ School Committee members should have a chance to review and ask questions about the warrants.
- ✓ School Committee members should be given enough information to know what is being approved for payment.

“Such approval shall be given **only after an examination** to determine that the charges are correct and that the goods, materials or services charged for were ordered and that such goods and materials were delivered and that the services were actually rendered to or for the town as the case may be”
MGL Ch.41, Sec.41


A word about warrants

FOR EXAMPLE...

NRSD Requisition to Payment Process



As of the FY19 budget, all committees may now:



...designate a single member to sign all warrants.

This designation must be made by board vote.

The signed warrants must still appear on the next school committee agenda.

“This provision shall not limit the responsibility of each member of the board in the event of a noncompliance with this section.”
MGL Ch. 41, sec. 56

- Is the spending you passed cost center by cost center as projected?
- What changes need to be made? Transfers from one cost center to another go through the School Committee!
- For quarterly reports to be effective, your report should include projections (not only encumbrances) of costs to the end of the year.

Quarterly reports are the Committee's "review" (per MGL Ch. 71) of the budget outside the annual budget process.



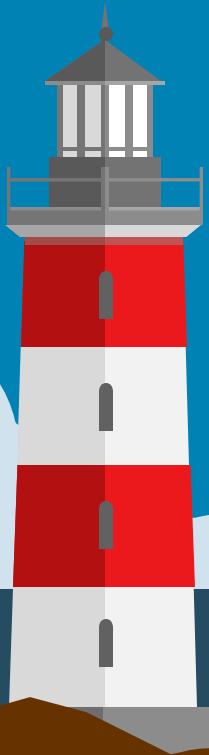
Quarterly reports

An illustration of a red and white lighthouse on a small island with a palm tree. A beam of light from the lighthouse illuminates the text 'The foundation budget formula'. In the background, there are stylized grey clouds and blue waves. A white sailboat with a red stripe is on the water to the right.

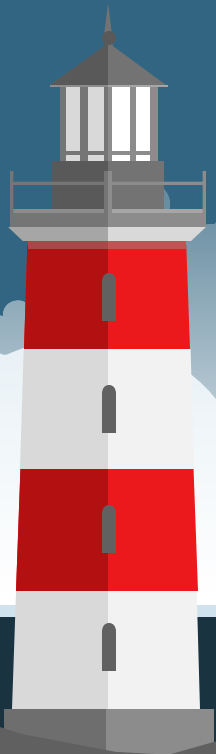
The foundation budget formula

For an in-depth look at what
happened with Chapter 70 this
year,
join us:
Friday, March 15
at noon for a virtual online
session!

Sign up on the
website!



Get to know the DESE Finance page!

A screenshot of a tablet displaying the Massachusetts Department of Elementary and Secondary Education (DESE) Finance page. The browser address bar shows "www.doe.mass.edu/finance/chapter70/". The page features the DESE logo, a navigation menu with categories like "Students & Families", "Educators & Administrators", "Teaching, Learning & Testing", "Data & Accountability", "Finance & Funding", "About the Department", and "Education Board". The main content area is titled "School Finance and District Support" and includes a "Chapter 70 Program" section with a description of state aid, a "Chapter 70 Legislation & Regulation" section with a list of links, and a "Chapter 70 district profiles" section. A search bar is located in the top right corner.

Not secure | www.doe.mass.edu/finance/chapter70/

Security Portal | A-Z Index | Select Language | Powered by Google Translate

Search Search

Students & Families Educators & Administrators Teaching, Learning & Testing Data & Accountability Finance & Funding About the Department Education Board

School Finance and District Support

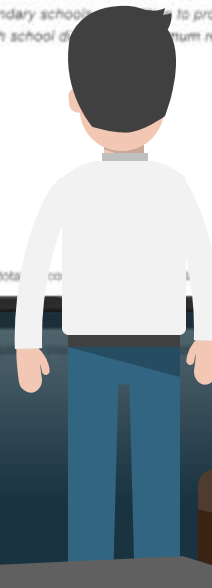
Chapter 70 Program

The Chapter 70 program is the major program of state aid to public elementary and secondary schools. It provides state aid to providing state aid to support school operations. It also establishes minimum spending requirements for each school of 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
- Chapter 70 district profiles

The on-line Chapter 70 database shows, for each school district, yearly spending and state aid total. The database also shows the trend data available for each year going back to FY03.



McDuffy v. Secretary of State Executive Office of Education Massachusetts

In this light, we have considered the proper meaning of the words "duty" and "cherish" found in c. 5, Section 2. What emerges from this review is that the words are not merely aspirational or hortatory, but obligatory. What emerges also is that the Commonwealth has a duty to provide an education for all its children, rich and poor, in every city and town of the Commonwealth at the public school level, and that this duty is designed not only to serve the interests of the children, but, more fundamentally, to prepare them to participate as free citizens of a free State to meet the needs and interests of a republican government, namely the Commonwealth of Massachusetts."



The state is thus faced with two questions:

How much does it cost to educate a child in Massachusetts?

Who is going to pay for it?



Instructional
Leadership

Administration

Classroom & Specialist
Teachers

PD

Other
teaching
services

Instructional
Materials,
Equipment, and
Technology

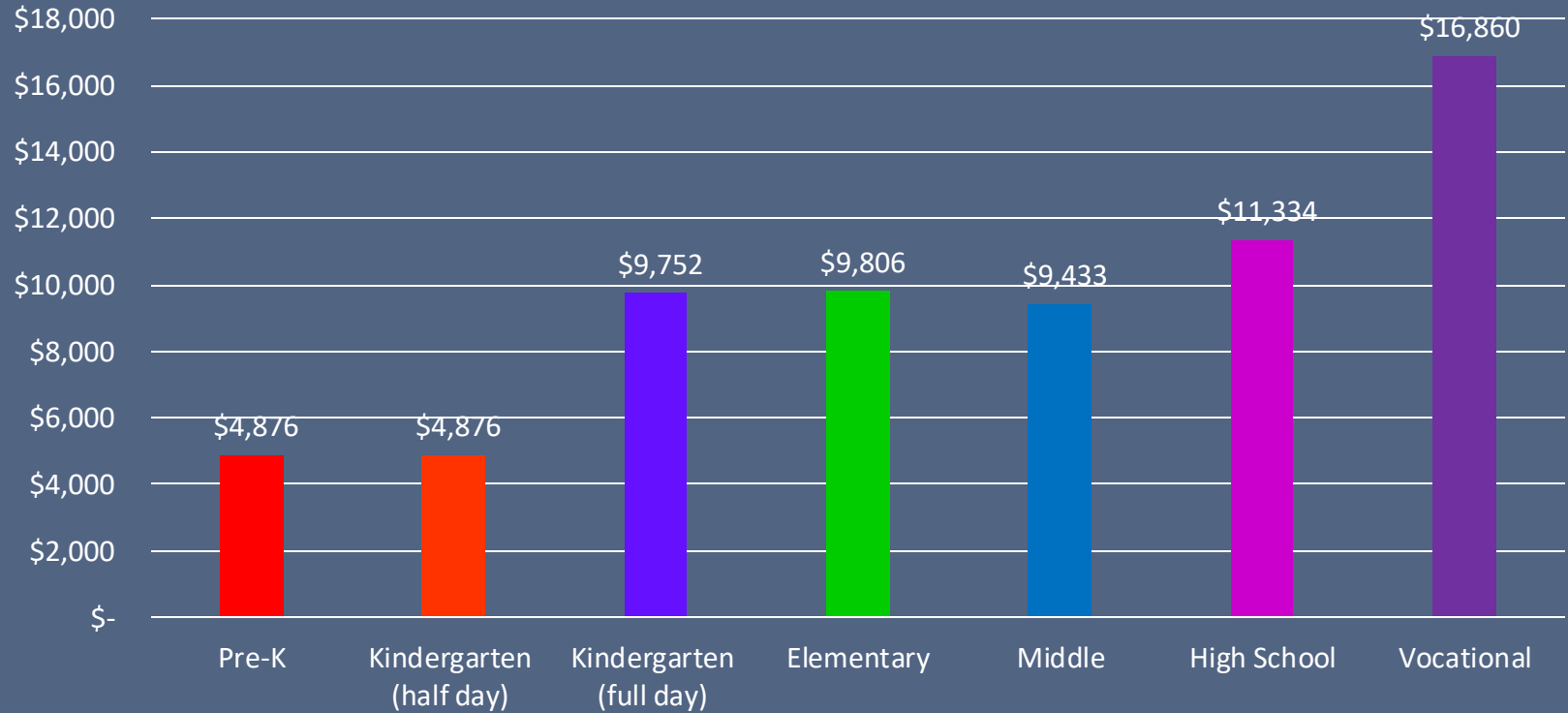
Base foundation
amount

Education

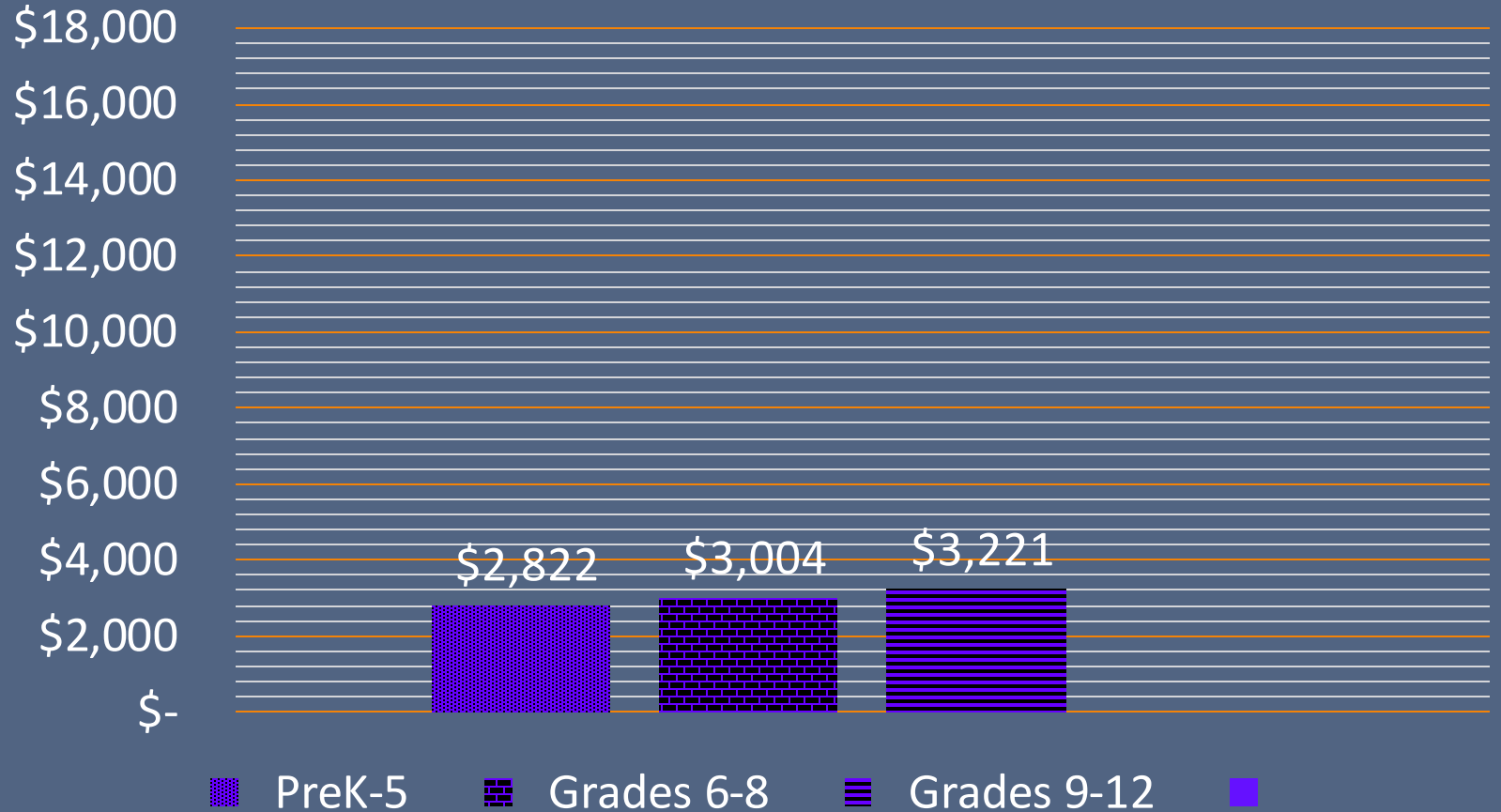
Charges




Foundation budget rates: FY25



English learners increment: FY25



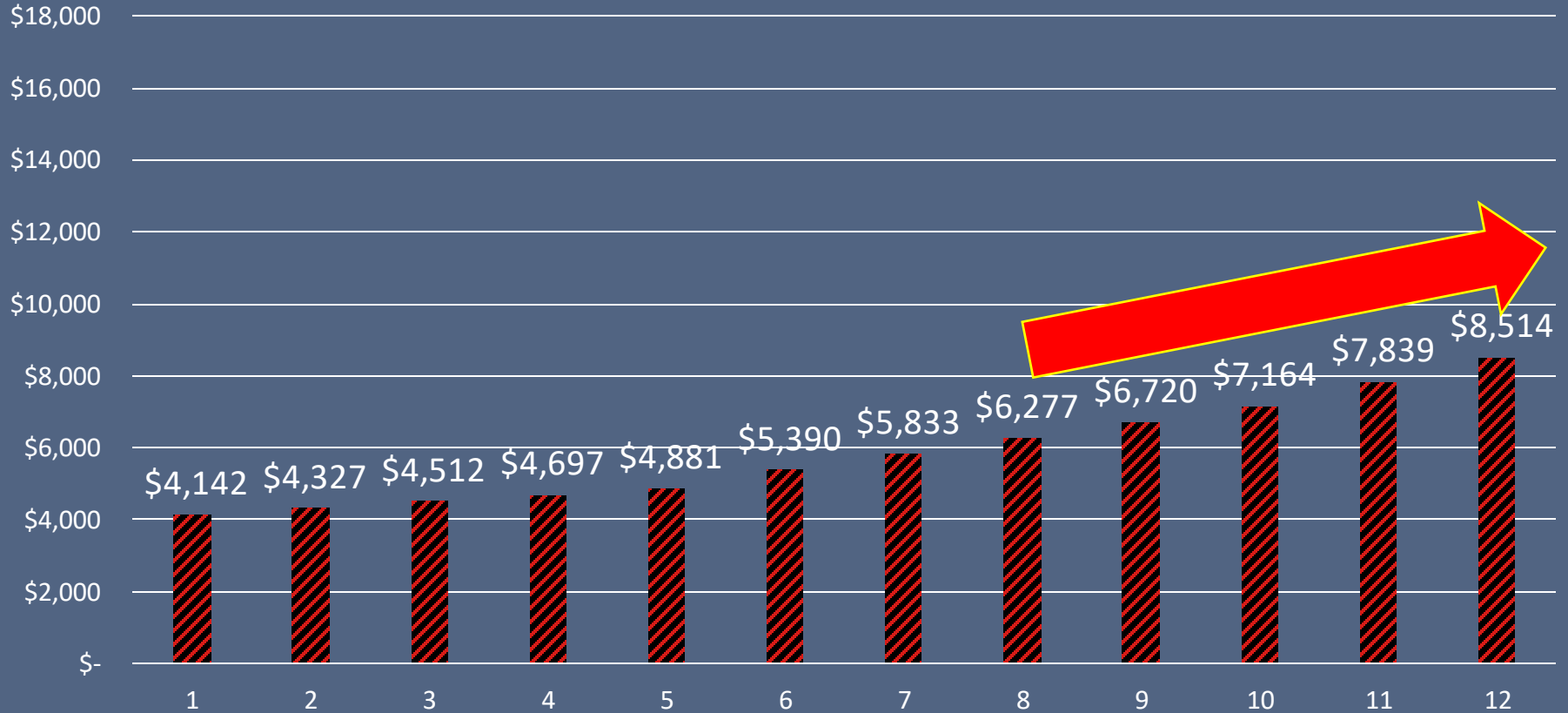
 English Learner
increment

 Low income
increment

Base foundation
amount



Low income: FY25



Low-income group 1 (0-5.99%) • Low-income group 2 (6-11.99%) • Low-income group 3 (12-17.99%) • Low-income group 4 (18-23.99%) •
Low-income group 5 (24-29.99%) • Low-income group 6 (30-35.99%) • Low-income group 7 (36-41.99%) • Low-income group 8 (42-47.99%)
Low-income group 9 (48-53.99%) • Low-income group 10 (54-69.99%) • Low-income group 11 (70-79.99%) • Low-income group 12 (80%+)

Low Income to Economically Disadvantaged back to Low Income

Beginning in FY17, the “low income” designation was replaced by an “economically disadvantaged” designation. The state determines the number of students in the district who are enrolled in:

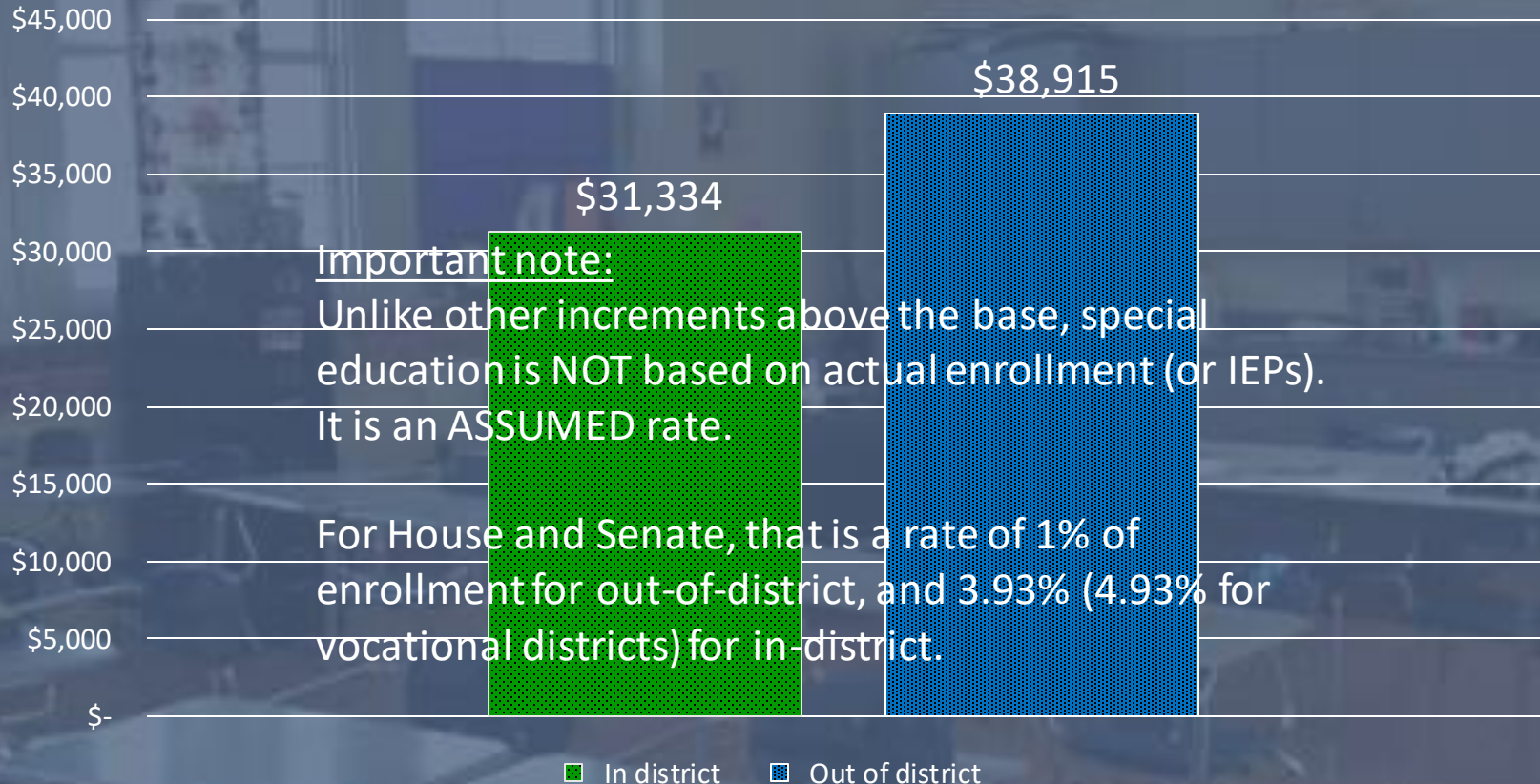
- **Supplemental Nutrition Assistance Program (SNAP)**
- **Transitional Assistance for Families with Dependent Children (TAFDC)**
- **Department of Children and Families' (DCF) foster care program**
- **MassHealth (Medicaid).**

This is called direct certification.

Beginning this year, the state is using the above PLUS students identified by districts as homeless, and students the district confirmed had met the low-income criteria through the supplemental process and collected the required supporting documentation. We are now also using the term “low income” again.

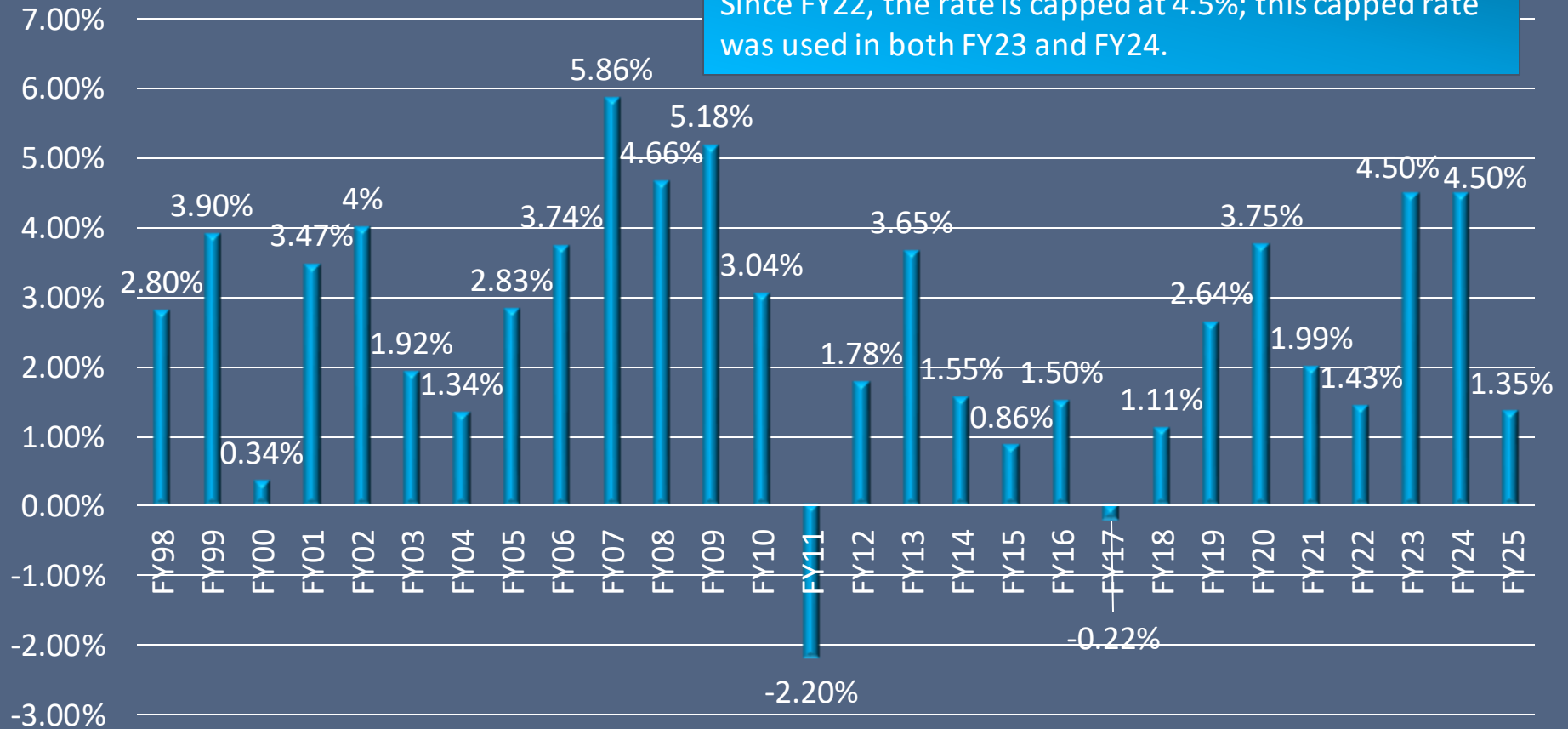
Note that this ties the low income count directly to enrollment in these state programs.

Special education: FY25



Inflation rate*: FY25

NOTES: Since FY22, health insurance has a separate rate; it is 5.03% for FY25.
Since FY22, the rate is capped at 4.5%; this capped rate was used in both FY23 and FY24.



*Implicit Price Deflator Index for State and Local Governments

Your district foundation budget

Foundation budget amount per pupil
x enrollment in each category

+ increments above the base

= district foundation budget

Adding it up for Barnstable in FY25

20 Barnstable

	Base Foundation Components							Incremental Costs Above the Base							TOTAL
	1	2		3	4	5	6	7	8	9	10	11	12	13	
	Pre-school	----- Kindergarten ----- Half-Day	Full-Day	Elementary	Junior/ Middle	High School	Vocational	Special Ed In-District	Special Ed Tuitioned-Out	English learners PK-5	English learners 6-8	English learners High School/Voc	Low income		
Foundation Enrollment	153	0	376	1,944	1,160	1,603	146	207	51	669	198	242	3,074	5,306	
1 Administration	34,322	0	168,692	872,176	520,434	719,186	65,503	640,957	188,841	74,319	23,412	30,681	297,194	3,635,717	
2 Instructional Leadership	61,986	0	304,673	1,575,223	939,948	1,298,911	118,304	0	0	130,054	40,964	53,693	1,408,199	5,931,955	
3 Classroom & Specialist Teachers	284,233	0	1,397,009	7,222,738	3,792,701	7,707,480	1,193,394	2,114,998	0	910,348	286,752	375,841	13,746,713	39,032,206	
4 Other Teaching Services	72,897	0	358,305	1,852,515	795,737	915,425	83,376	1,974,743	2,885	130,054	40,964	53,693	0	6,280,594	
5 Professional Development	11,241	0	55,280	285,846	184,881	247,744	37,304	102,026	0	37,156	11,704	15,338	666,904	1,655,424	
6 Instructional Materials, Equipment & Techn	41,137	0	202,202	1,045,425	623,813	1,379,253	219,837	89,051	0	92,884	29,260	38,350	102,241	3,863,453	
7 Guidance & Psychological Services	28,958	0	142,335	735,901	473,732	723,145	65,864	0	0	55,734	17,557	23,009	556,640	2,822,876	
8 Pupil Services	8,225	0	40,443	313,606	305,683	974,079	88,718	0	0	18,585	5,853	7,671	2,892,480	4,655,344	
9 Operations & Maintenance	78,928	0	387,930	2,005,683	1,297,483	1,738,502	296,344	715,978	0	222,944	70,225	92,042	0	6,906,059	
10 Employee Benefits/Fixed Charges*	124,068	0	609,789	3,152,779	2,007,728	2,464,564	292,965	848,307	0	216,027	68,045	89,184	2,350,503	12,223,959	
11 Special Education Tuition*	0	0	0	0	0	0	0	0	1,792,943	0	0	0	0	1,792,943	
12 Total	745,996	0	3,666,658	19,061,892	10,942,141	18,168,290	2,461,608	6,486,059	1,984,668	1,888,105	594,735	779,501	22,020,876	88,800,529	
13 Wage Adjustment Factor	100.0%														
*The wage adjustment factor is applied to underlying rates in all functions except instructional equipment, benefits and special education tuition.															
14 Low-income percentage	60.14%														
15 Low-income group	10														
													Foundation Budget per Pupil	16,736	
													English learner foundation budget as % total foundation budget	3.7%	
													Low-income foundation budget as % total foundation budget	24.8%	

Adding it up for Barnstable in FY25

category	enrollment	Per pupil \$	total
Preschool	152	\$4,875.79	\$745,996
Full day K	376	\$9,751.75	\$3,666,658
Elementary	1,944	\$9,805.50	\$19,061,892
Middle	1,160	\$9,432.88	\$10,942,141
High	1,603	\$11,333.93	\$18,168,290
Vocational	146	\$16,860.33	\$2,461,608
<i>In-district sped</i>	<i>207</i>	<i>\$31,333.62</i>	<i>\$6,486,059</i>
<i>Out-of-district sped</i>	<i>51</i>	<i>\$38,915.06</i>	<i>\$1,88,105</i>
<i>ELL PreK-5</i>	<i>669</i>	<i>\$2,822.28</i>	<i>\$594,735</i>
<i>ELL 6-8</i>	<i>198</i>	<i>\$3,003.71</i>	<i>\$94,735</i>
<i>ELL 9-12</i>	<i>242</i>	<i>\$3,221.08</i>	<i>\$779,501</i>
<i>Econ. Disadvantaged (group 10)</i>	<i>3,074</i>	<i>\$7,163.59</i>	<i>\$22,020,876</i>
Total	5,306		\$88,800,529

Increments above the base are in italics Categories with zero students not included

The state is thus faced with two questions:

How much does it cost to educate a child in Massachusetts?

Who is going to pay for it?



Barnstable FY25

Effort Goal

1)2022 equalized valuation	18,221,137,000
2)Uni form property percentage	0.302%
3)Local effort from property wealth	71,098,056
4)2021 income	2,661,860,000
5)Uni form income percentage	1.4299%
6)Local effort from income	38,060,642
7)Combi ned effort yield (3 + 6)	109,158,698
8)FY25 Foundation budget	92,749,141
9)Ma xi m u m local contribution (82.5% * 8)	76,518,041
10)Target local contribution (lesser of 7 or 9)	76,518,041
11)Target local share (10 as % of 8)	82.50%
12)Target aid share (100% minus 11)	17.50%



$$\times 0.3902 = \$71,098,056$$



$$\times 1.4299 = \$38,060,642$$

Total CEY = \$109,158,698

82.5% of foundation (\$76,518,041) < Combined Effort Yield



=82.5%

Barnstable FY25

Effort Goal

1)2022 equalized valuation	18,221,137,300
2)Uniform property percentage	0.3903%
3)Local effort from property wealth	71,098,056
4)2021 income	2,661,860,000
5)Uniform income percentage	1.4299%
6)Local effort from income	38,060,642
7)Combined effort yield (3 + 6)	109,158,698
8)FY25 Foundation budget	92,749,141
9)Maximum local contribution (82.5% * 8)	76,518,041
10)Target local contribution (lesser of 7 or 9)	76,518,041
11)Target local share (10 as % of 8)	82.50%
12)Target aid share (100% minus 11)	17.50%

FY24 Increments Toward Goal

13)FY24 required local contribution	62,777,242
14)Municipal revenue growth factor (DOR)	4.33%
15)FY25 preliminary contribution (13 raised by 14)	36,474,371
16)Preliminary contribution pct of foundation (15 / 8)	77.30%

If preliminary contribution is above the target share:

17)Excess local effort (15 - 10)	
18)100% reduction toward target (17 x 100%)	
19)FY25 required local contribution (15 - 18), capped at 90% of foundation	
20)Contribution as percentage of foundation (19 / 8)	

If preliminary contribution is below the target share:

21)Shortfall from target local share (10 - 15)	11,022,544
22)Shortfall percentage (11 - 16)	11.88%
23)Added increment toward target (13 x 1% or 2%)* *1% if shortfall is between 2.5% and 7.5%; 2% if shortfall > 7.5%	1,255,545
24)Special increment toward 82.5% target** **if combined effort yield > 175% foundation Combined effort yield as % of foundation	0
25)Shortfall from target after adding increments (10 - 15 - 23 - 24)	9,766,999
26)FY25 required local contribution (15 + 23 + 24)	66,751,042
27)Contribution as percentage of foundation (26 / 8)	71.97%

“How come they get more than we do?”

Comparing

State aid



A tale of two districts: FY25

Peabody:

Student enrollment:
5981

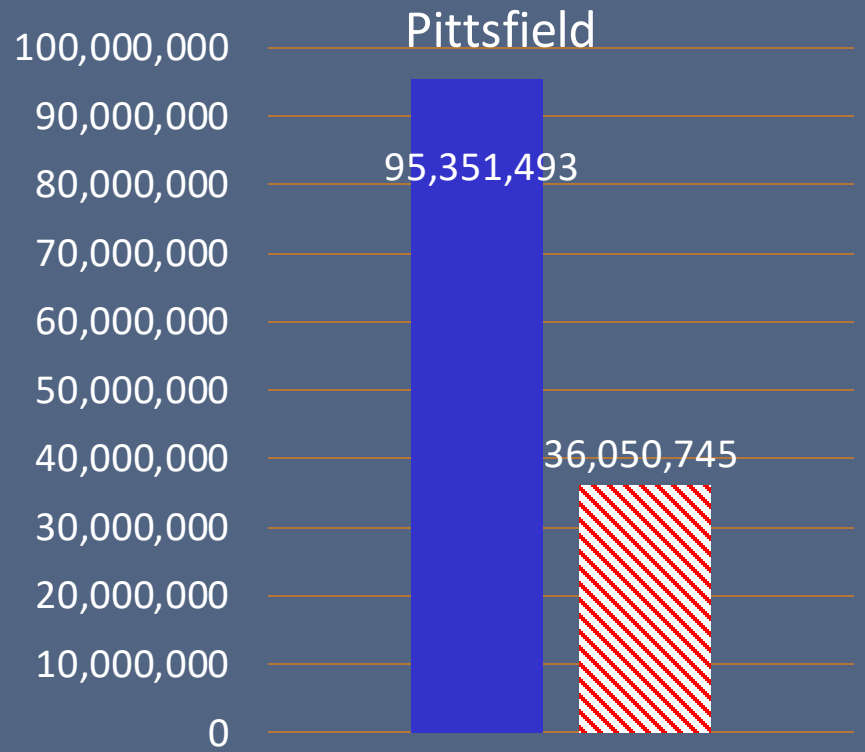
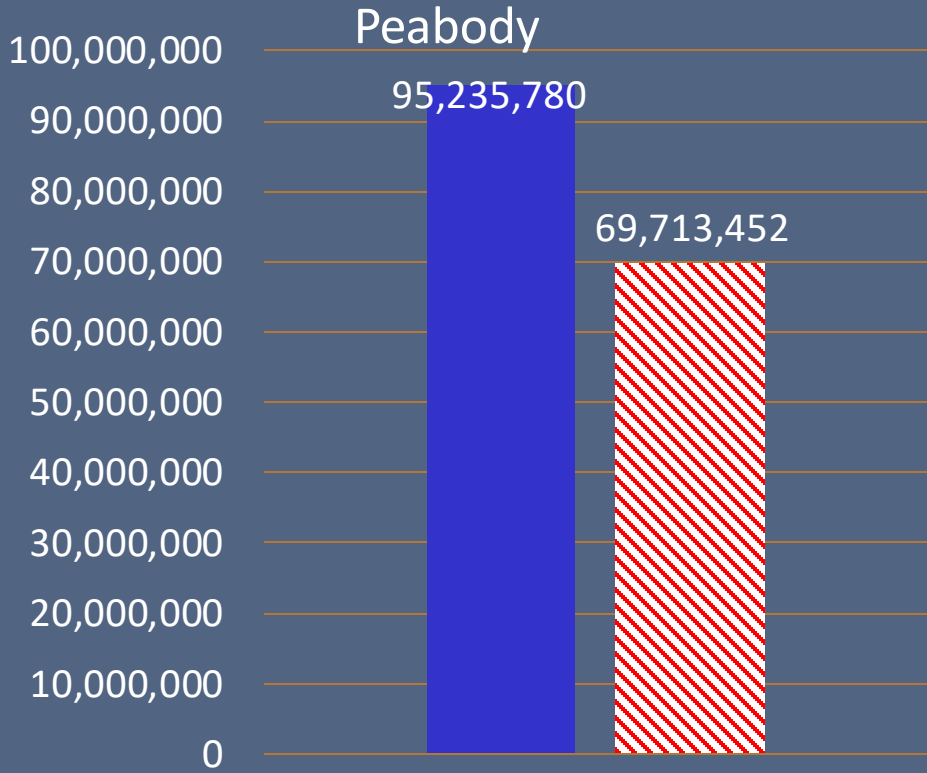
Foundation budget FY25
\$95,235,780

Pittsfield:

Student enrollment:
5558

Foundation budget FY25
\$95,351,493

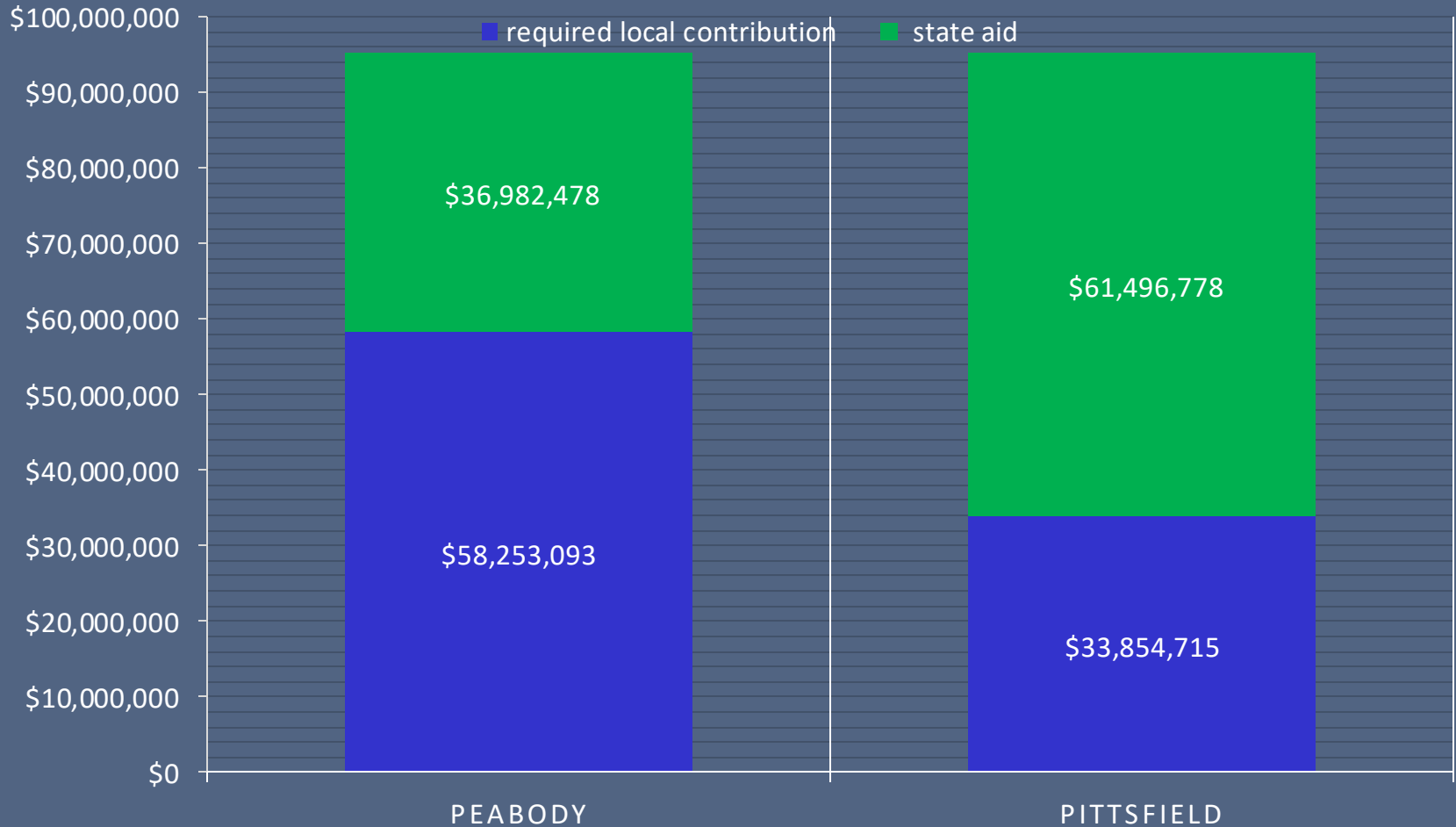
What resources do each community have for schools in FY25?



■ foundation budget ■ combined effort yield

■ foundation budget ■ combined effort yield

Getting to foundation: FY25





Questions?

masc

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