

October 15, 2008
Joint School Committee Meeting

REGIONAL DISTRICT PLANNING

FREETOWN-LAKEVILLE, MA

OCTOBER, 2008

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EXECUTIVE SUMMARY

The New England School Development Council (NESDEC) was asked by the Freetown-Lakeville Regional School District to study the advantages and challenges of consolidating into a single PK-12 Regional District. What might be the educational advantages and cost savings gained by bringing the two Elementary Districts into the Regional District...and what are the challenges?

The Report includes a display of FY08 spending for the three Districts and a simulation of FY08 had there been a single PK-12 Regional District. A CD with data-filled Excel spreadsheets (furnished with the Report), displays an electronic template to facilitate the calculation of spending and the assessment of costs. Thus the reader can make multiple assumptions for a full PK-12 Regional District (example: Would Freetown continue to pay tuition, or join the Old Colony Vocational Region?)

Some notable points of the Report:

- The three Districts already have a unified PK-12 curriculum
- There is not much to be reduced, as the Districts spend below the State per-pupil average
- The Central Office currently functions much like a PK-12 District (in FY08 the Central Office had 19.6 FTE positions, supported by 2.6 municipal FTE; with municipal tasks shifted to a full PK-12 District, it is estimated that there might have been 19.75 FTE with no FTE support required from the Town Hall budgets...although any reduction in municipal spending could be problematic)
- With duplicative functions eliminated in a PK-12 District, it is estimated that the Superintendent and three Directors of Business, Instruction, and Special Education would have 25-30% additional time to spend on supervision, evaluation, and planning activities related to the mission, educational programs, and efficiency of the new District
- The largest increase in revenue to a full PK-12 Region would have been State reimbursement of about \$552,983 in Elementary transportation for FY08
- In a PK-12 Region, building projects would qualify for 6% additional funding from the Massachusetts School Building Authority
- From FY04-08 four or five cost centers experienced unusually large increases (examples: Health Insurance for Employees and Retired Employees, etc.); whether or not the three Districts become a “full” PK-12 Region, these cost centers may deserve further study

I. Introduction: Regional District Planning

The New England School Development Council (NESDEC) was asked by the Freetown-Lakeville Regional School District to study the advantages and challenges of consolidating into a single PK-12 Regional District. What might be the educational advantages and cost savings gained by bringing the two Elementary Districts into the Regional District...and what are the challenges?

Currently the three Districts in Supervisory Union 34 are the Freetown Elementary School District (Grades PK-4); the Lakeville Elementary School District (Grades PK-3); and the Freetown-Lakeville Regional School District (Grades 4-12...with Freetown residents attending the F-L Regional District from Grade 5 onward). This F-L Regional School District sometimes is referred to in this NESDEC Report as “the Region”. In the vocabulary of the State, Supervisory Union 34 is a “partial region” because it is regionalized at some grade levels but not others; in State parlance only a PK-12 regionalized district is “fully-regionalized”. Each of the three Districts has its own elected School Committee, its own budget (and related required reports), and its own cycle of meetings. Thus the shared Superintendent of Schools and Central Office staff prepare for these three sets of budgets, reports, and meetings. The three districts have in common a single teacher pay scale, and a unified PK-12 curriculum.

There is not much to reduce (see FY07 cost per pupil for the three Districts)

- F-L Regional District was 18.7% below the State average in actual spending per pupil
- Freetown Elementary District was 5.3% below the State average in actual spending per pupil.
- Lakeville Elementary District was 35% below the State average in actual spending per pupil
- See the FY07 cost per pupil spending for the effect of few low-income students for the three school Districts as a partial explanation of lower District costs.
- Freetown and Lakeville Elementary School Districts when combined together had 7% low-income students. This lesser need contributes to the lower spending, particularly when compared to the State-wide average of 24% low-income students. Poorer school districts, with a higher percentage of low-income students are required to spend more per-pupil. Districts with low-income students receive additional State Aid between \$2,400 and \$3,000 per low-income student.

In most Districts, an expected efficiency (and cost-savings) resulting from the creation of a full PK-12 Regional School District is a reduction in the cost of District Central Office personnel. However, many of the usual consolidations and cost benefits for a Regional School District already have been aggregated together in the administration of the three separate Districts. Thus, the administrative organization of the present Central Office already taps many of the benefits experienced by a full PK-12 Region. See table of Central Office and Town FTE on page 3. The final two columns at the right provide a contrast between the FY08 actual (with three Districts) v. a single PK-12 fully-regionalized District with FTE’s matching an “Industry Standard” ...explained on page 3. The FY08 actual was 19.6 FTE school budget positions (Freetown +

Lakeville + F-L Region) plus 2.6 FTE in support of the schools, in the municipal budgets. Had there been a fully-regionalized PK-12 District in FY08, FTE staffing is estimated at 19.75 (with all Town Hall functions shifted to the Regional District...a saving of the 2.6 Town Hall positions). Note the adjacent rows labeled “Treasurer” and “Treasurer’s Accounting Support”; it is customary for these positions to report directly to the School Committee, independent of the Superintendent of Schools and Director of Business. Several additional points regarding the present Central Office staffing are worthy of note:

- **Due to local District accounting and State/Federal reporting, many current Central Office functions are duplicative, bogged down in minutia, providing data for purchasing and reporting for three separate Districts.**
- Purchasing, accounting, and payments are processed at both the Central Office level and at both Town levels. The reconciliation of data is a constant issue among the three entities.
 - Centralizing these functions in one place would not add significantly to the Regional Central Office staffing, and would streamline business functions.
 - Elimination of school purchasing, accounting, accounts payable, human service, and insurance functions at the Town Halls could result in a lower workload at the Town level. That said, it would be a challenge to reduce municipal staffing while maintaining the local capacity to provide services for all municipal departments.

Greater efficiency in the use of school buildings, classrooms, staffing, collective bargaining, and transportation could be realized without the present duplicative restrictions of three separate school Districts in the areas of:

- Operations
- Staffing
- Facilities / Classrooms / Grade-configuration
- Governance

It is estimated by NESDEC that the four District-level administrators (Superintendent of Schools, Director of Business, Director of Instructional Services, and Director of Special Education...and their support staff) spend up to 25-30% of their work year on the duplicative functions described above: three sets of budgets, District accounting and State/Federal reports, and three sets of meetings for which to prepare and follow up. Thus, if Freetown-Lakeville were fully-regionalized into a single PK-12 School District, it is estimated that each of these persons would have 1.5 days per week freed up from these administrative functions, to increase their supervision, evaluation, and planning in support of the educational programs/activities of the PK-12 students. The counter-argument can be offered that “local control” is stronger with the present arrangement in three districts, yet the reality may not be as clear-cut. A single PK-12 District governed by a strong School Committee and supported by vigorous School Councils within each school, and with a Central Office not distracted by duplicative paperwork and meetings, may be more capable of responding to the voted goals/objectives and policy initiatives of the elected School Committee.

II. Central Office and Town Staffing, State Definitions, and Data Analysis

Historical data from the Freetown Elementary District, Lakeville Elementary District, and Freetown-Lakeville Regional District are important to examine in order to identify the trends that are occurring in the three school districts. These trends, absent actions taken, provide a basis of estimation for the future. Below we examine the three School Districts over the most recent decade. Source data for this information is the Massachusetts Department of Elementary and Secondary Education, School Finance unit based upon end-of-year reports filed by the Freetown-Lakeville Administrative Offices and by the two Towns.

Central Office and Town Staffing

The chart below displays Central Office staffing in the three Districts and two Towns, compared to an “Industry Standard” (FTE staffing commonly found in an educationally-productive, well-managed PK-12 district of this size). See explanations on pages 1-2.

Central Office Staffing

FTE Full-time equivalent staff (decimal portion of time on school district business; example 0.10 FTE = 10% time on school business)

FTE Positions	FT	FSD	LT	LSD	F-LRSD	FY08 Total	“Industry Standard”
School-Related Administration	Freetown Town	Freetown Sch. Dist.	Lakeville Town	Lakeville Sch. Dist.	F-L Reg. Sch. Dist.	Total All FTE	If PK-12 Dist.
Superintendent of Schools		0.20		0.20	0.60	1.00	1.00
Town Manager’s time	0.10		0.10			0.20	
Assistant Superintendent							1.00
Curriculum Professional (Central)		0.20		0.20	0.60	1.00	1.00
Business Manager		0.20		0.20	0.60	1.00	1.00
Technology Director					1.00	1.00	1.00
Other Professional: _____							
Technology Support Staff Central					1.00	1.00	1.00
Data Analyst/collection/reporting					1.00	1.00	1.00
Superintendent Office Support		0.40		0.40	1.20	2.00	2.00
Business Office Support							1.00
Other Office Support		0.20		0.20	0.60	1.00	
Treasurer	0.50		0.50			1.00	0.25
Treasurer’s Accounting Support							1.00
Accountant/ Accounts Payable	0.20	0.80	0.20	0.80	2.40	4.40	4.00
Auditor* (Contracted Service)							*
Payroll/Personnel/Benefits Adm.	0.50	0.20	0.50	0.20	0.60	2.00	1.00
Other Administrative Support							0.50
Special Education Director		0.20		0.20	0.60	1.00	1.00
Special Education Adm. Support		0.20		0.20	0.60	1.00	1.00
Maintenance Oversight		0.20		0.20	0.60	1.00	1.00
School Security							
Other: _____							
Total FTE Employees	1.30	2.80	1.30	2.80	11.40	19.60	19.75
Total School Related FTE		4.10		4.10	11.40	19.60	
Town Staffing School Related	1.30		1.30			2.60	

State Definitions

Foundation Enrollment: These are the students, in full-time equivalents (FTE), who are enrolled in the three school Districts, for which each Town appropriates funds. To ensure an accurate count, the students are tallied as of October 1 of the school year prior to the fiscal year for which data are shown. The school budget not only provides for enrolled students in each District, but also the students supported by that budget attending schools of School Choice, Charter, Special Education placements out-of-district, or out-of-district vocational schools. These out-of-district placements are not counted in the Freetown-Lakeville Regional School determination of budget assessment because they are the responsibility of the Towns. In an expanded full Regional district, out-of-district placements (except for vocational placements) would be moved to the Regional school budget. **A determination needs to be made in any new Regional District Agreement regarding how out-of-district costs are to be allocated proportionally to the member Towns.**

Chapter 70 School Finance and Spending Requirements

A. Foundation Budget: A theoretical budget has been established in State law setting an “adequate” minimum amount of money for the education of each child at the various grade levels. Separate amounts are set for English Language Learners (none enrolled) and students enrolled in approved vocational programs. Additional funds are allowed for low-income (free/reduced-price lunch) students. An additional allowance from the State is made by formula for Special Education students, with assumptions made regarding their number.

Adequacy of Foundation: It is a widely-held belief that the increase in Foundation-required spending has not kept pace with inflation, and therefore is no longer adequate. In fact, State-wide Foundation spending is 19% above the Foundation allowance. In the State formula, Freetown, Lakeville and the F-L Region are allowed \$ 6,299 for each elementary student, and \$5,972 for each middle school student. Common logic indicates that the cost of education for these students is much greater. At the high school level a somewhat more adequate amount is allowed at \$7,447 per student. Each year this base Foundation budget is adjusted considering the previous year’s inflation and enrollment.

Low-income Students: All three Districts have below-average numbers of low-income students enrolled, with the average of all three Districts being 7.2% compared with the State-wide average of 24%. Each low-income elementary student increases the allowance to the school District of \$2,988 to the base of \$6,299, totaling \$9,287 per pupil. For low-income high school students, a District receives an added allowance of \$2,416.

The three School Districts will benefit if they review the systems in place to identify and encourage parents to register their children in the free/reduced-price lunch program of the Districts. Low-income students tallied will increase the Foundation budgets of the three School Districts, thereby increasing State Aid.

	Low-income		Total	All
	Elementary	High/Other	Low-income	Enrolled
F-L Region	87	57	144 7.2%	1,995
Freetown	55	2	57 10.1%	566
Lakeville	35	1	36 5.1%	708
Total	177	60	237	3,269
Added Allowance	\$2,988	\$2,416	7.2%	
Elementary Foundation Allowance in Foundation Budget			\$6,299	
Middle School Allowance in Foundation Budget			\$5,972	
High School Allowance in Foundation Budget			\$7,447	

- B. Local Required Contribution:** Each City and Town has its required local contribution calculated based upon the previous year’s required contribution changed by the Municipal Revenue Growth factor (MRGF).
- **Regional Allocation of Local Contribution:** The required town contribution to each of the school Districts to which a Town belongs is allocated to each District in the same proportion the Town’s total students Foundation budget generates at that school. This factor often is referred to as "Foundation share".
 - **Aggregate Wealth Correction:** Since FY07 the State has made corrections in the requirement for those municipalities that have been required to make an effort higher than their fiscal capacity, as measured by the “aggregate wealth method” based on their property wealth (50%) and income (50%). Freetown has been on track toward a lowered requirement.
- C. State Aid:** Chapter 70 Aid since 2007 has been generated by four methods:
- **Foundation Aid:** The amount above local contribution needed to meet the Foundation budget. This is the largest source of Aid
 - **Down Payment Aid:** Aid to those districts that are having their local contribution lowered because of previous high required effort.
 - **Growth Aid:** If a school district is above Foundation and its Foundation grows, it too will receive an increase in aid, a set percentage of the growth in the districts Foundation budget, called “Target Aid”.

- **Per-Pupil Aid:** Insures that each school District will receive at least a \$50 increase in Aid per pupil. Per-Pupil Aid and “Hold Harmless” Aid are most vulnerable in tight revenue years at the State level.

NSS: Net School Spending (NSS): NSS is the sum of Local Required Contribution and Chapter 70 Aid (B+C). This revenue meets, or exceeds, the Foundation Budget (A). School budgeting for transportation, capital acquisitions, debt, and certain community and food services are not included in the formula or reported in Net School Spending.

- **Town Net School Spending for Schools:** In a city or town school District some of the school spending is appropriated in the Town budget, not the school budget. Health insurance, other insurances, some maintenance, and Town administration are examples of this feature.
- **School District Net School Spending:** School Districts report what is budgeted and spent in the School Committee budget. In the case of a Regional School District all spending is in the Regional School Committee budget, administered by the Regional School District.
- **Actual NSS Spending:** This is the amount spent by the Town, School Committee, or Regional School District for all Net School Spending items, less any school-generated revenues. **On average, Massachusetts cities and towns actually are spending 19% above required Net School Spending.**

III. Trends in Spending by the three Districts

Freetown S. D. FY99-09 Profile of Chapter 70 Spending Requirements and Actual

FY	Foundation	Pct	Foundation	Pct	Required	Chapter 70	Pct	Required	Pct	Actual Less S.	Pct	Dollars	Pct
	Enrollment	Chg	Budget	Chg	Local	Aid	Chg	Net School	Chg	Net School	Chg	Over/Under	Over/
					Contribution			Spending		Spending		Requirement	Under
FY99		555	3,267,055		2,638,262	789,226		3,427,488		3,513,845		86,357	2.5
FY00		567 2.2	3,353,049	2.6	2,927,401	874,276	10.8	3,801,677	10.9	3,904,988	11.1	103,311	2.7
FY01		546 -3.7	3,399,895	1.4	3,156,454	969,826	10.9	4,126,280	8.5	3,904,145	0	-222,135	-5.4
FY02		519 -4.9	3,475,914	2.2	3,664,363	1,115,300	15	4,779,663	15.8	4,410,245	13	-369,418	-7.7
FY03		542 4.4	3,740,017	7.6	3,892,548	1,031,241	-7.5	4,923,789	3	4,707,019	6.7	-216,770	-4.4
FY04		549 1.3	3,832,845	2.5	3,857,903	892,240	-13.5	4,750,143	-3.5	4,879,941	3.7	129,798	2.7
FY05		558 1.6	4,014,085	4.7	3,565,527	892,240	0	4,457,767	-6.2	5,403,204	10.7	945,437	21.2
FY06		559 0.2	4,190,819	4.4	3,370,570	920,190	3.1	4,290,760	-3.7	5,426,874	0.4	1,136,114	26.5
FY07		569 1.8	4,507,080	7.5	3,270,816	1,236,264	34.3	4,507,080	5	5,764,156	6.2	1,257,076	27.9
FY08		566 -0.5	4,667,891	3.6	3,208,836	1,459,055	18	4,667,891	3.6	6,210,563	7.7	1,542,672	33
FY09		542	4,729,865		3,182,970	1,546,895		4,729,865					
10 Yr Chg		-13	1,462,810		544,708	757,669		1,302,3779 Yr Chg>		2,696,718			
% Chg		-2.3%	44.8%		20.6%	96.0%		38.0%		76.7%		Profile 09	

Lakeville S. D. FY99-09 Profile of Chapter 70 Spending Requirements and Actual

FY	Foundation	Pct	Foundation	Pct	Required	Chapter 70	Pct	Required	Pct	Actual Less	Pct	Dollars	Pct
	Enrollment	Chg	Budget	Chg	Local	Aid	Chg	Net School	Chg	Sch. Revenue	Chg	Over/Under	Over/
					Contribution			Spending		Spending		Requirement	Under
FY99		645	3,487,390		1,687,597	1,797,500		3,485,097		3,304,547		-180,550	-5.2
FY00		642 -0.5	3,476,160	-0.3	2,091,519	1,784,910	-0.7	3,876,429	11.2	3,716,597	12.5	-159,832	-4.1
FY01		647 0.8	3,658,369	5.2	2,136,336	1,910,725	7	4,047,061	4.4	3,880,147	4.4	-166,914	-4.1
FY02		632 -2.3	3,787,869	3.5	2,237,701	1,943,979	1.7	4,181,680	3.3	4,048,432	4.3	-133,248	-3.2
FY03		645 2.1	3,992,026	5.4	2,302,012	1,943,979	0	4,245,991	1.5	4,189,758	3.5	-56,233	-1.3
FY04		652 1.1	4,148,721	3.9	2,400,169	1,804,785	-7.2	4,204,954	-1	4,492,169	7.2	287,215	6.8
FY05		696 6.7	4,543,406	9.5	2,432,492	2,110,914	17	4,543,406	8	5,157,564	14.8	614,158	13.5
FY06		704 1.1	4,799,043	5.6	2,658,720	2,146,114	1.7	4,804,834	5.8	5,663,161	9.8	858,327	17.9
FY07		723 2.7	5,190,671	8.2	2,889,584	2,301,087	7.2	5,190,671	8	6,183,316	9.2	992,645	19.1
FY08		708 -2.1	5,317,162	2.4	3,023,826	2,348,711	2.1	5,372,537	3.5	6,779,252	9.6	1,406,715	26.2
FY09		697	5,543,482	4.3%	3,105,681	2,437,801	3.8%	5,543,482	3.2%				
10 Yr Chg		52	2,056,092		1,418,084	640,301		2,058,3859 Yr Chg>		3,474,705			
% Chg		8.1%	59.0%		84.0%	35.6%		59.1%		105.1%		Profile 09	

Trends in the two Elementary Districts

- **Enrollment:**
 - Freetown School District (SD) enrollment is stable, but also includes 70+ students at Old Colony; 10% are low-income students.
 - Lakeville School District has grown; 5.1% are low-income students.
- **A. Foundation budgets** have grown proportionately to size and inflation.
- **B. Required local contribution:**
 - Freetown SD has grown at half the rate of growth in the required Foundation spending, averaging 2.6% over 10 years, dropping \$544,000 over recent years. This is correcting for its historic required effort that was too high, as calculated by the State.
 - Lakeville SD's requirement has grown four-times greater than Freetown, and will continue that growth because the Town is below its measure of required effort, as calculated by the State.
- **C. State Chapter 70 Aid:**
 - Freetown SD, after earlier growth, fell 21.5 % from FY02 –04, recovering in FY07 with changes made in Chapter 70. Over a decade Chapter 70 Aid nearly doubled (by 96%).
 - Lakeville SD Aid increases have been less than inflation, with a FY04 loss of 7.5%. Over a decade Chapter 70 Aid grew 35.6%.
- **Net School Spending NSS:**
 - Freetown SD, because of the lowering of local contribution, the Net School Spending growth is increasing at a slightly slower pace than the Foundation budget (at 38%).
 - Lakeville SD growth matches the growth of the Foundation budget at 59%.
- **Actual Net School Spending:** After not meeting requirements at the turn of the century, actual contributions for the two small town districts have increased markedly from FY06-08, to maintain their District's programs and staff with benefits.
 - Freetown SD with lowered required local contributions, offset to a degree by increases in State Aid, the Town in FY05-08 supported escalating expenses, growing from 21% to 33% above statutory requirements in the formula.
 - Lakeville SD also has increased spending from FY05-08, by 13% – and currently is 26% above the amounts required by statute.

Trends: Without change, these trends in the small town school Districts' spending, or the pressures that have created them, will in all likelihood continue, placing continued pressure upon Town revenues.

- Freetown, with more moderate growth in required spending, and some relatively greater growth in State Aid, will continue to be asked to support its small elementary school District at levels well above the inadequate spending requirement in the Foundation budget.

- Lakeville, will continue to be required, at minimum, to share its income with the school Districts for required spending, will experience more moderate growth in State Aid, and will continue to be asked to support its small elementary school District at levels well above the inadequate Foundation budget.

The reader is cautioned that these charts do not include Transportation (not reimbursed) nor bonded debt payments.

F-L Regional S. D. FY99-09 Profile of Chapter 70 Spending Requirements/Actual

FY	Foundation	Pct	Foundation	Pct	Required	Chapter 70	Pct	Required	Pct	Actual	Pct	Dollars	Pct
	Enrollment	Chg	Budget	Chg	Local	Aid	Chg	Net School	Chg	Net School	Chg	Over/Under	Over/
					Contribution			Spending		Spending		Requirement	Under
FY99	1,715		9,567,807		4,986,424	4,672,586		9,659,010		10,291,115		632,105	6.5
FY00	1,746	1.8	9,787,766	2.3	5,123,398	4,934,486	5.6	10,057,884	4.1	11,015,928	7	958,044	9.5
FY01	1,767	1.2	10,416,561	6.4	5,134,900	5,298,861	7.4	10,433,761	3.7	11,813,279	7.2	1,379,518	13.2
FY02	1,770	0.2	11,137,843	6.9	5,632,773	5,567,682	5.1	11,200,455	7.3	12,656,873	7.1	1,456,418	13
FY03	1,808	2.1	11,756,385	5.6	5,927,466	5,828,919	4.7	11,756,385	5	13,395,213	5.8	1,638,828	13.9
FY04	1,853	2.5	12,156,048	3.4	6,141,256	6,014,792	3.2	12,156,048	3.4	13,352,450	-0.3	1,196,402	9.8
FY05	1,912	3.2	13,311,215	9.5	6,945,260	6,365,955	5.8	13,311,215	9.5	14,732,545	10	1,421,330	10.7
FY06	1,881	-2	13,524,454	1.6	7,948,805	6,460,005	1.5	14,408,810	8.2	15,400,573	4.5	991,763	6.9
FY07	1,910	1.5	14,519,330	7.4	8,906,388	6,832,785	5.8	15,739,173	9.2	16,788,080	9	1,048,907	6.7
FY08	1,955	2.4	15,553,549	7.1	9,668,371	7,200,036	5.4	16,868,407	7.2	17,784,018	5.9	915,611	5.4
FY09	1,991		16,583,275		10,105,484	7,565,074		17,670,558					
10 Yr Chg	276		7,015,468		5,119,060	2,892,488		8,011,548	9 Yr Chg>	7,492,903		Source MESE	
% Chg	16.1%		73.3%		102.7%	61.9%		82.9%		72.8%		Profile	

Trends in the F-L Regional School District

- **Enrollment** has grown 16% over the decade and continues to the present.
- **A. Foundation Budget** has grown with enrollment and inflation.
- **B. Local Contribution** from member towns has been shifting to the Regional School District, and away from Town districts, because of the growth in the Region's enrollment and Foundation budget.
- **C. Chapter 70 State Aid** has grown 61.9% and actually grew in FY04 when much of the State (including the elementary town Districts) fell.
- **Net School Spending** that is required grew nearly 83% over the decade as the contribution shifted from elementary to secondary school Districts.
- **Actual School Spending** grew at a slower pace and the actual amount above required spending has compressed in its dollar amount from FY05 + \$1,421,330 to FY08 \$915,611. To offset this revenue constriction, the Regional School District has recently been applying school District reserves to lower assessed amounts to the Towns. Thus FY08 assessments were lower than FY07. This use of one-time funds can not be sustained (see description on page 17).

F-L Trends: The F-L Regional School District with its larger critical mass, and its growth, is less subject to yearly adjustments being made to the Chapter 70 determinations. Chapter 70 is responsive to growth, in addition, the Regional factors have grown. If the Region were to expand to include the elementary Districts, Chapter 70 requirements for the elementary school would shift to the Region. Below is displayed a simulation of the Chapter 70 totals if the FY08 spending were entirely within a single PK-12 Freetown – Lakeville Regional School District Budget.

IV. FY08 Combined Requirements and Spending for the Three Districts

In the display below a simulation of all spending on the three Districts is aggregated.

FY 08 Combined Freetown, Lakeville, and F-L Regional School District Spending

FY	Foundation	Foundation	B. Required	Chapter 70	Required	Actual	Dollars
	Enrollment	Budget	Local	Aid	Net School	Net School	Over/Under
		A	Contribution	C	Spending	Spending	Requirement
FY08	566	4,667,891	3,208,836	1,459,055	4,667,891	6,210,563	1,542,672
FY09	542	4,729,865	3,182,970	1,546,895	4,729,865		
Freetown							
FY08	708	5,317,162	3,023,826	2,348,711	5,372,537	6,779,252	1,406,715
FY09	697	5,543,482	3,105,681	2,437,801	5,543,482		
Lakeville							
FY08	1,955	15,553,549	9,668,371	7,200,036	16,868,407	17,784,018	915,611
FY09	1,991	16,583,275	10,105,484	7,565,074	17,670,558		
Region							
FY08	3,229	25,538,602	15,901,033	11,007,802	26,908,835	29,937,789	3,864,998
FY09	3,230	26,856,622	16,394,135	11,549,770	27,943,905		
Chg-08	1	1,318,020	493,102	541,968	1,035,070		

If FY08 spending for the three separate school Districts were combined into one Regional School District, the appropriation in Freetown for students tuitioned to the Old Colony Regional Vocational School District would be removed. That adjustment is displayed below:

Adjustment (Old Colony)		Foundation	Required Local	Chapter 70 Aid	Required NSS	Actual NSS
FY08	566	4,667,891	3,208,836	1,459,055	4,667,891	6,210,563
Freetown Enrolled	496	3,831,847	2,634,116	1,197,731	3,831,847	5,374,519
Old Colony	70	836,044	574,720	261,324	836,044	

If the three Districts were fully-regionalized into a single PK-12 District, this adjustment would be made, with the Town of Freetown continuing to pay the tuition for their students having access to approved vocational programs at Old Colony. Lakeville, as a member of the Old Colony RVSD already has a separate assessment appropriation to that

school. Lakeville’s assessment from Old Colony is offset by Aid received by Old Colony, including not only Chapter 70 Aid but also Transportation Aid. The Town of Freetown would be responsible for a Net School Spending requirement estimated at \$836,044, and would receive an estimated \$261,324 in Chapter 70 Aid for those students who it supports at Old Colony. The Freetown Town budget would also provide for the transportation to Old Colony, and the Town would file for partial State reimbursement.

Combined as Total Region with Freetown Old Colony Adjusted to FY08									
District	FY	Foundation		Foundation Budget A	B. Required Local Contribution	Chapter 70 Aid C	Required Net School Spending	Actual Net School Spending	Dollars Over/Under Requirement
		Enrollment	Town Total						
Freetown	FY08 Town	496		3,831,847	2,634,116	1,197,731	3,831,847		1,542,672
	Region	871	1,367		4,765,953			5,374,519	
Lakeville	FY08 Town	708		5,317,162	3,023,826	2,348,711	5,372,537	6,779,252	1,406,715
	Region	1084	1,792		4,902,417				
F-L Region	FY08	1,955		15,553,549	9,668,371	7,200,036	16,868,407	17,784,018	915,611
Total Region	FY08	3,159	3,159	24,702,558	15,326,313	10,746,478	26,072,791	29,937,789	3,864,998
		3,229 with 70<Voc OC							

V. Summary FY 2008 Freetown-Lakeville as Full PK-12 Regional School District

Chapter 70 Characteristics: FY08 full PK-12 Freetown- Lakeville Regional School District

- **Enrollment:** Total; 3,159 Freetown; 1,367 Lakeville; 1,792
- **B. Required Contribution:** \$15,326,313
- **C. Chapter 70 Aid:** \$10,746,478
- **B+C Required NSS:** \$26,072,791
- **Actual Contribution:** \$29,937,789

Consolidating Net School Spending by School Districts and Town Budgets:

FY08 Net School Spending data shown above is culled from End-of-Year reporting on State forms referred to as “Schedule 19”. The three school Districts and Towns supply the data.

Net School Spending for education is appropriated **in both** the School District Budget and, for the Elementary School Districts, in the respective Town budgets. In FY2008 each Town reported the expenditures related to meeting Net School Spending for the two elementary school Districts. School employee benefits, insurance, health insurance, and insurance for retired employees make up a substantial portion of those charges. In a full PK-12 Region these charges would be moved to the Regional school budget, with some exceptions noted below:

Freetown FY 2008		Sch. Comm.	Town	Total
1	Administration (1000)	164,412	2,000	166,412
2	Instruction (2000)	2,716,710	45,000	2,761,710
3	Attendance-Health (3100, 3200)	51,892		51,892
4	Food Services (3400)	10,752		10,752
5	Athletics/Student Activities/Security(3500, 3600)			
6	Maintenance (4000)	587,985	15,000	602,985
7	Employee Benefits (5100)		220,000	220,000
8	Insurance (5200)	6,000	590,000	596,000
9	Retired Employee Insurance (5250)		170,000	170,000
10	Rentals (5300)	800		800
11	Short Term Interest (5400)			
12	Tuition (9000)	2,006,582	9,155	2,015,737
13	FY08 Budgeted School Spending	5,545,133	1,051,155	6,596,288
	Percent of total in each budget related to education	84.1%	15.9%	
14	FY08 Budgeted School Revenues			
	14a) FY08 Budgeted School Revenues			
	14b) FY08 Circuit Breaker Reimbursement	384,099		384,099
	14c) FY08 Charter Reimbursement		1,626	1,626
	Subtotal, Budgeted School Revenues (14a+14b+14c)	384,099	1,626	385,725
15	FY08 Net School Spending (13 minus 14)			6,210,563

If Freetown Town Budget (for schools only) moved to Regional Budget

- Town Administration charges reported have been minimal and little dollar reduction at the Town level would occur by transfer of these functions to the Regional Budget; some functions and the workload now accomplished by the Town would not be needed.
- Choice, Charter, and out-of-district Special Education tuition (and transportation) of Special Education students would move out of the Town budget to the Region.
- Over \$800,000 in benefit and insurance charges would transfer to the Region from the Town budget.
- Tuition charges for students attending Old Colony from Freetown (\$825,619), along with their transportation (\$123,200) would remain in the Town budget.

LAKEVILLE FY 2008 Budgeted		School Committee	City/Town	Total
1	Administration (1000)	150,840	73,287	224,127
2	Instruction (2000)	3,777,512		3,777,512
3	Attendance-Health (3100, 3200)	69,342		69,342
4	Food Services (3400)			
5	Athletics/Student Activities/Security(3500, 3600)	4,529		4,529
6	Maintenance (4000)	526,295		526,295
7	Employee Benefits (5100)		243,922	243,922
8	Insurance (5200)	5,500	910,607	916,107
9	Retired Employee Insurance (5250)		216,688	216,688
10	Rentals (5300)	1,000		1,000
11	Short Term Interest (5400)			
12	Tuition (9000)	106,550	799,730	906,280
13	FY08 Budgeted School Spending (lines 1 through 12)	4,641,568	2,244,234	6,885,802
	Percent of total in each budget related to education	67.4%	32.6%	
14	FY08 Budgeted School Revenues			
	14a) FY08 Budgeted School Revenues			
	14b) FY08 Circuit Breaker Reimbursement	106,550		106,550
	14c) FY08 Charter Reimbursement			
	Subtotal, Budgeted School Revenues (14a+14b+14c)	106,550		106,550
15	FY08 Net School Spending (13 minus 14)			6,779,252
16	FY08 Chapter 70 Required Net School Spending			5,372,537

If Lakeville Town Budget (for schools only) moved to Regional Budget

- Town Administration charges reported (\$73,287) are relatively greater than for Freetown, and for a small District. All these administrative functions would move to the Region. There is a question as to how much of these costs could be reduced from the Town budget.
- Choice, Charter, and out-of-district Special Education tuitions (and Transportation) of Special Education students would move from the Town budget to the Region.
- Over \$1,350,000 in benefit and insurance charges would transfer to the Region.
- Of the NSS for Lakeville, 32.6% is appropriated in the Town budget, with nearly all moving of these expenses moving to the Region if fully-regionalized.

Freetown-Lakeville Regional School District Budget

Finally, below is a display of FY08 Net School Spending for the Regional School District as it was reported as a partial Regional School District.

Freetown-Lakeville Regional School District Budget

All expenditures are appropriated to the Region and expended by the Regional District.

665 FREETOWN LAKEVILLE REGIONAL FY08				
FY 2008 Budgeted present Regional budget		School Committee	City/Town	Total
1	Administration (1000)	587,782		587,782
2	Instruction (2000)	11,194,776		11,194,776
3	Attendance-Health (3100, 3200)	145,847		145,847
4	Food Services (3400)			
5	Athletics/Student Activities/Security(3500, 3600)	377,111		377,111
6	Maintenance (4000)	1,967,034		1,967,034
7	Employee Benefits (5100)	532,728		532,728
8	Insurance (5200)	2,550,703		2,550,703
9	Retired Employee Insurance (5250)	726,542		726,542
10	Rentals (5300)			
11	Short Term Interest (5400)			
12	Tuition (9000)	24,236		24,236
13	FY08 Budgeted School Spending (lines 1 through 12)	18,106,759		18,106,759
14	FY08 Budgeted School Revenues			
	14a) FY08 Budgeted School Revenues	322,741		322,741
	14b) FY08 Circuit Breaker Reimbursement			
	14c) FY08 Charter Reimbursement			
	Subtotal, Budgeted School Revenues (14a+14b+14c)	322,741		322,741
15	FY08 Net School Spending (13 minus 14)			17,784,018

VI. Simulation of FY08 Reporting of Net School Spending as a PK-12 Regional School District (with Assumptions)

Display of all spending appropriated in FY08 for the support of the three school Districts.

Summary FY08 3 School Districts: Freetown, Lakeville, F-L Region	School				
Appropriated for Net School Spending	Committee	Town	Total	School Income	NSS
Freetown FY08 Budgeted School Spending	5,545,133	1,051,155	6,596,288	385,725	6,210,563
Lakeville FY08 Budgeted School Spending	4,641,568	2,244,234	6,885,802	106,550	6,779,252
F-L Region FY08 Budgeted School Spending	18,106,759		18,106,759	322,741	17,784,018
Total FY2008 Actual Net School Spending Budgeted	28,293,460	3,295,389	31,588,849	815,016	30,773,833
(-) Less Old Colony NSS by Freetown	836,044	0			0
Actual 2008 3 District Total as Combined Region	27,457,416	3,295,389	30,752,805	815,016	29,937,789

2008 FREETOWN-LAKEVILLE REGIONAL FY08				
Display by reporting category				
COMBINED AS REGIONAL SCHOOL DISTRICT	School Committee	City/Town	Total	
Schedule 19 Simulation				
1	Administration (1000)	903,034	75,287	978,321
2	Instruction (2000)	17,688,998	45,000	17,733,998
3	Attendance-Health (3100, 3200)	267,081	0	267,081
4	Food Services (3400)	10,752	0	10,752
5	Athletics/Student Activities/Security	381,640	0	381,640
6	Maintenance (4000)	3,081,314	15,000	3,096,314
7	Employee Benefits (5100)	532,728	463,922	996,650
8	Insurance (5200)	2,562,203	1,500,607	4,062,810
9	Retired Employee Insurance (5250)	726,542	386,688	1,113,230
10	Rentals (5300)	1,800	0	1,800
11	Short Term Interest (5400)	0	0	0
12	Tuition (9000)	2,137,368	808,885	2,946,253
13	FY08 Budgeted School Spending (lines 1 through 12)	28,293,460	3,295,389	31,588,849
		89.6%	10.4%	
14	FY08 Budgeted School Revenues	2	0	0
	14a) FY08 Budgeted School Revenues	322,741	0	322,741
	14b) FY08 Circuit Breaker Reimbursement	490,649	0	490,649
	14c) FY08 Charter Reimbursement	0	1,626	1,626
	Subtotal, Budgeted School Revenues (14a+14b+14c)	322,741	1,626	324,367
15	FY08 Net School Spending (13 minus 14)	490,649	1,626	18,276,293
16	FY08 Chapter 70 Required Net School Spending	0	0	29,858,222

FY08 Simulation of Full PK-12 Regional School District Budget (see Assumptions)

From this database it is possible to recreate a full PK-12 Regional District Budget, based on actual monies appropriated and reported in FY08 for the three school Districts, if joined. A typical Regional School District summary page is created displaying a combined single Regional School District budget, and its major categories of spending.

FY08 Budgeted Simulation displays the following:

- Required spending adjusted for Special Education Circuit Breaker, Charter reimbursement, and locally generated income.
- Spending above minimum required.
- Other Required Spending:
 - Transportation spending
 - Capital acquisition
 - Bonded indebtedness of the Region
 - Any other spending

FY08 Revenues: are also displayed, including:

State Revenues:

- Chapter 70 Aid
- Increased regional school transportation reimbursements
- School Building Assistance

Local Revenues:

- Charter reimbursement and Special Education “Circuit Breaker” have been reduced from required local contribution.
- Local commonly accumulated revenues are shown (Excess and Deficiency funds and other funds received). **This simulation does not use the \$1,328,295 in one-time funds applied from “Bond Premiums” and “Designated Debt Reduction Fund” to reduce Regional assessments in FY08, as these funds are not normally used for reducing operating costs, and thus would not be available for reducing future assessments.**
- Excess and Deficiency funds and other funds received are applied.

Assessments: Are displayed for each major funding category by Town:

- Required contributions set by the State
- Other required spending off-set by revenues and assessed according to the Regional District Agreement

The simulation of the Regional budget is constructed in an electronic format (furnished on a CD) that may be modified as planning continues. **The budget simulation is based upon many assumptions that are subject to change as discussions continue.** Any expanded PK-12 Agreement would cause a modification/reconstruction of the present Regional School District Agreement. Decisions need to be made for that Agreement. The electronic format (CD) provided is a tool to simulate the consequences, intended or unintended, when testing the decision-making process.

Simulation Worksheet of a PK-12 Freetown-Lakeville Regional School District

A simulation of the FY08 school budgets from the three school Districts has been made using approved budgets as submitted to the Massachusetts Department of Elementary and Secondary Education. Any simulation attempting to display future scenarios is problematic. To ground the simulation in facts, for budget development of one full Regional School District, NESDEC used actual data report for the Fiscal Year 2008. The data comes from three separate school District budgets and two separate Town budgets, all of which in FY08 appropriated funds to support the education of students from both towns.

Assumptions used in the simulation:

The "assumptions" used below are for simulation purposes. These assumptions may be changed in any Regional School District Agreement to be approved by member Towns. The simulation worksheet allows a means of assessing the budgeting implications of the decisions being considered in the planning process.

Students attending Vocational Technical Schools:

1. Freetown students (70) tuitioned to Old Colony is in the Freetown School District budget, thus moves to the Freetown Town Budget \$825,619.
2. Freetown Town budget pays tuition to Old Colony, and a portion of Chapter 70 Aid will remain in the Town, estimated at \$260,000 in FY08.
3. Freetown will continue to have an estimated local contribution share of \$575,000 to pay for students attending Old Colony. Freetown might consider joining Old Colony. Freetown will file for non-resident Transportation reimbursements, which can be as high as 50% of costs.
4. Transportation to Old Colony would be in the Freetown Town Budget at an estimated cost of \$123,200 in FY08.
5. The Bristol County School assessment will remain in Freetown Town Budget and will generate some Chapter 70 Aid that will go to Freetown.
6. Lakeville students (84) attending Old Colony will continue to be enrolled and assessed to Lakeville by Old Colony through their assessment, reduced by Chapter 70 received on their behalf.

Foundation Enrollment Assumptions made in the simulation:

1. All students enrolled in the three school Districts on October 1, 2006 are now enrolled in a PK-12 Regional School District.
2. Freetown students tuitioned to Old Colony Vocational are not included. Those (70) students remain in the Freetown Town Budget.
3. Half-day students PK and Kindergarten are counted as ½ FTE (Full-Time Equivalents).
4. Special Education students tuitioned-out from the respective Towns are no longer in the Town budgets, and are charged through the Regional assessment process.
5. School Choice placements will be charged to the Region and in the Foundation Enrollment of each Town for assessment purposes.
6. Charter School placements will be charged to the Region and counted in the Foundation Enrollment of each Town.

Capital Bond Payments and Assessments:

7. Towns retain ownership of elementary school buildings in each respective Town.
 - a. Towns agree to allow the Regional District to use and provide for ordinary care of the school buildings.
 - b. Maintenance of Town-owned schools would be in the Regional Budget.
 - c. Bond payments due on Town-owned buildings will remain in the Town Budget, offset by School Building Assistance payments from the State.
 - d. Regional School District buildings will remain in the Regional School Budget and debt is assessed as per the Regional Agreement.
 - e. **Districts need to review policy for future bonding for Regional Ch.70B Aid, and assessments to Towns to be reduced by separate grant allocations.**

FY08 Foundation Budget Enrollments based on above assumptions for full PK-12 Regional School

Foundation Enrollment Full PK-12 Region FY 2008, based on October 1, 2006			
<i>Simulation</i>	Freetown	Lakeville	Total
Town Schools	496	708	1204
Regional School	871	1084	1955
Total School	1367	1792	3159
Found. Enrl. Ratio	0.4327	0.5673	1.0000
FY08 Regional per current			
Regional Agreement	853	1,071	1,924
Present Regional Agreement ratio	0.4433	0.5567	1.0000

Regional Transportation Reimbursement: A \$ 552,983 incentive in FY08
The most significant identifiable financial resource added by the two Town School Districts joining the Region is the opportunity to receive Regional Transportation reimbursements from the State under provisions of Chapter 71, Sect. 16C. The history of this revenue source has been variable, but over recent years it has been relatively well-funded. In the simulation we are using 84.977% reimbursement that can be used to reduce the assessment to each Town.

Summary of Elementary Regular Education Transportation

Total FY08 Cost of regular elementary transportation:	\$ 650,744
<u>Regional Transportation Reimbursement at 84.977%</u>	<u>\$ 552,983</u>
Net Regional Assessment for regular transportation	\$ 97,761

Fiscal Year 2008 Transportation Costs				
Actual Costs for 3 Districts (regional efficiency possible)	Freetown SD	Lakeville SD	2008	Full Region Town Transp.
FT 2008 Budgeted Costs	FY08 Budget	FY08 Budget	Total Towns	
Total Cost Regular Transportation to/from school	346,440	304,304	650,744	650,744
Rate of Reimbursements	0	0	0	84.977%
State Reimbursements Received, if any	0	0	0	552,983
Net Cost of Regular Transportation to/ from school	346,440	304,304	650,744	97,761
Transportation Special Education Student to/ from schools	170,182	207,843	378,025	378,025
Total Transportation Costs Regular and Special Education	516,622	512,147	1,028,769	475,786
Advantage in Transportation Costs with current 84.977%	294,394	258,588		552,983

Because Regional Transportation Aid is a reimbursement, it is likely that the reimbursement will not be available until the second Regional budget, unless some other action or special legislation is provided. It must also be noted that during tight fiscal times, Transportation reimbursements are a lower priority for the State's than is support of instruction.

Special Education Transportation

Special Education Transportation would move from Town school district budgets to the full PK-12 Regional budget. There is no reimbursement for this higher cost and often more distant travel. There is a request of the legislature to include this cost, when excessive, into the Special Education Circuit Breaker.

FY 2008 Freetown-Lakeville Regional School District Bonded Debt Assessment and Allocation

Bonded Debt of the Regional School District will remain in the Regional budget. Bonded Debt in the Towns will remain in the Town Budgets. School Building Assistance for currently approved projects will continue to flow as it has in the past.

Bonded Debt Excluded	Freetown Debt		Lakeville Debt		Regional	F-LRSD
	Share	Assessment	Share	Assessment	F-L RSD Budget	Totals
FY 2008 Bond Payment Budgeted						
Name Project # 1: HS / MS						
Principal to be paid					3,056,050	3,056,050
SBA Reimbursement or interest Applied					2,224,694	2,224,694
Net Payment Project # 1 Appropriated		375,382.10		455,973.91	831,356	831,356
						0
Name Project # 2: GRAIS						0
Principal to be paid					373,695	373,695
SBA Reimbursement or interest Applied					262,100	262,100
Net Payment Project # 2 Appropriated		2,901.47		108,693.53	111,595	111,595
Bonded Indebtedness' <i>-NOT Debt Excluded</i>						
Name Non Excluded Project: HS / MS						
Principal to be paid					442,622	442,622
SBA Reimbursement or interest Applied					271,625	271,625
Net Payment Project Non Excluded		77,633.46		93,363.74	170,997	170,997
TOTAL Principal Allocation for Town					F-L PRINCIPAL DUE	3,872,367
(-) Less Total All SBA applied to Town					(-) LESS SBA	2,758,419
Total Bond Payment Assessed to Town		455,917.03		658,031.18	F-L BOND ASSESSMENT	1,113,948
All other Debt Services to Elementary School Building shall remain the responsibility of the respective Town.					Includes \$83,870 charge	

Massachusetts School Building Authority (MSBA) Considerations

The new State building authority legislation determines separate grant amounts for each member Town in a Regional School District.

- **Issue: A PK-12 expanded Regional School District Agreement would have to address apportionment of any future capital costs and application of grants that may be at different rates for each town to offset bonded debt assessments to each Town.**
- **Regional Incentive: MSBA may provides up to 6% in points added to the reimbursement for Regional school building projects. This added Regional incentive could have significant implications in any request for overrides related to construction.**

VII. Fiscal Capacity of Towns to Support School District(s): Chapter 70 issues

District	total EQV 2006	property percentage	DOR total income 2005	income percentage	combined effort yield	FY09 Foundation
		0.00 %		0.00 %		
		0.31 local effort from property wealth		1.56 local effort from income wealth		
FREETOWN	1,327,532,800	4,123,968	262,835,000	4,089,890	8,213,858	12,041,644
LAKEVILLE	1,635,605,700	5,080,993	307,095,000	4,778,606	9,859,599	15,978,005
Total	2,963,138,500	9,204,961	569,930,000	8,868,496	18,073,457	28,019,649
As Percent of Total						
FREETOWN		44.8%		46.1%	45.4%	43.0%
LAKEVILLE		55.2%		53.9%	54.6%	57.0%

Property Wealth: Property wealth is fairly proportionate to student enrollment ratio, with Freetown showing a 1.2% greater capacity.

Income: Freetown’s income capacity is slightly (2.1%) greater than Lakeville.

Combined Measures:

- Freetown’s measured capacity of 45.4% of resources is 2.4% greater than its 43.0% share of the Foundation budget.
- Lakeville conversely has 57% of the Foundation budget, but 54.6% of the measured resources.

This translates to a slight resource advantage to Freetown. These factors would influence requirements whether remaining as a stand-alone elementary District or joined in a PK-12 Regional district. On a per-pupil basis, Freetown would be expected to pay more from local resources.

Target Determination for Required Contribution and State Aid in FY08:

Both Towns are in a transition toward reaching a target share of local contribution, to be supplemented by a target share of aid to meet Net School Spending.

- **Freetown** at 67.3% required contribution is very close to its target local share of **contribution of 68.21%** of Foundation. That targets a State expectation of **31.79% State Aid**. In FY08 Freetown’s required effort was lowered from Municipal Revenue Growth (MRGF) by \$ 62,423 to transition to new State measures of capacity.
- **Lakeville** at 55.49% required contribution is more than 6% below its **61.71%** target contribution, and is slated at this time to be assisted with **38.29% State Aid**. In FY08 Lakeville was required to increase its required amount \$ 78,881 above MRGF.

Lea	District	required local contribution FY08	preliminary contribution FY09	preliminary contribution percentage of Foundation	target local share
102	FREETOWN	8,019,242	8,103,444	67.30	68.21
146	LAKEVILLE	8,546,419	8,866,055	55.49	61.71
	Total	16,565,661	16,969,499		
%	As Percent of Total				
102	FREETOWN	48.4%	47.8%		
146	LAKEVILLE	51.6%	52.2%		

The measures of wealth affecting the transition of local contribution are subject to annual adjustments based on property wealth and income data.

FREETOWN - LAKEVILLE PK-12 Region	
Simulation of Regional District using FY08 Budgeted State Method	
Total NSS * less Freetown Old Colony	29,937,789
Transportation Regular	1,688,768
SPED Transportation	533,964
Chap 74 Transportation to be filed by Freetown	0
Capital Acquired (7000)	57,809
Capital Bonded Debt (8000)	<u>3,872,367</u>
TOTAL Expense	36,090,697
(-) Less Reimbursement Regular Transportation	1,688,768
(-) Less SPED Transportation	533,964
(-) Less Capital Acquired	57,809
(-) Less Bonded Debt	<u>3,872,367</u>
Total Chapter 70 NSS Expenditures	29,937,789

Net School Spending: \$ 29,937,789 in FY08

The School Committee and Towns approved the amounts needed and the Towns appropriated the budgets reported. As the Regional School District's Auditors, Thevenin, Lynch, Bienvenue have pointed out in their annual review, "Massachusetts General Law, Chapter 70, as amended by the Education Reform Act of 1993, provides a minimum amount of spending for local and Regional School Districts". This Net School Spending requirement is made up of the minimum local contribution and Chapter 70 State Aid." In FY08 \$26,072,789 was the required amount. The Regional School District and Towns met that requirement, which is town-specific each year. Amount above required spending totaling \$ 3,846,185 on Net School Spending items, in a Regional School District are assessed according to the Regional Agreement.

Other Required Spending:

In addition, to Net School Spending requirements, school Districts have other needed expenditures for transportation; capital assets acquired; and must meet bonded debt payments. All these other spending items are reduced by any aid received, and are assessed to the Towns according to the Regional District Agreement.

Worksheet Simulation of FY08 as a PK-12 Regional School District:

The CD worksheet displays an electronic template for purposes of calculating Net School Spending and other required spending and assessing those costs as a full PK-12 Regional School District for the Towns of Freetown and Lakeville.

VIII. Cost Centers with Large Increases

Whether or not Freetown and Lakeville choose to become fully-regionalized into a single PK-12 District, it is useful for future budget planning to pinpoint the cost centers with the largest increases in recent years. Displayed below are abbreviated summaries of the FY04 v. FY08 costs for the current Freetown Elementary District, the Lakeville Elementary District, and the Freetown-Lakeville Regional District. Notable increases can be found in Employee Benefits (5100 Health Insurance) and Retired Employee Insurance (5250); and in Maintenance (4000 includes Utilities). Note that Instruction (2000) includes Special Education; and that Transportation expenses do not appear in these tables. Identifying the cost centers with large increases may assist the Towns and School Committees in commissioning separate studies of problematic areas, as time tends to be limited during the normal cycle of budget-building. School-Town cooperation, collaboration with other Districts, and/or legislative help may be useful in curbing excessive increases in the future.

**Which Cost Centers Display Largest Increases? *
Freetown Elementary District FY04 – FY08**

Freetown Elementary District	Total SC+Town FY04	Total SC+Town FY08	Difference FY04-08	% Change FY04-08	Avg % Change per year
Administration (1000)	177,375	166,412	-10,963	-6.2%	-1.5%
Instruction (2000)	2,127,497	2,761,710	634,213	29.8%	7.5%
Attendance-Health (3100, 3200)	37,934	51,892	13,955	36.8%	9.2%
Athletics/Student Activities/ Security (3500, 3600)	9,042	10,752	1,710	18.9%	4.7%
Maintenance (4000)	417,216	602,985	185,769	44.5%	11.1%
Employee Benefits (5100)	76,656	220,000	143,344	187.0%	46.7%
Insurance (5200)	500,281	596,000	95,719	19.1%	4.8%
Retired Employee Insurance (5250)	79,316	170,000	90,684	114.3%	28.6%
Tuition (9000)	1,480,938	2,015,737	534,799	36.1%	9.0%
Total School Spending	4,906,258	6,596,288	1,690,030	34.4%	8.6%

*Other large increases: Special Education is a sub-set of Instruction; Utilities are a sub-set of Maintenance; Transportation does not appear in this table.

Data for FY08 as reported in Schedule 19 of FY07 End-of-Year Report.

Which Cost Centers Display Largest Increases? *
Lakeville Elementary District FY04 – FY08

Lakeville Elementary District	Total SC+Town FY04	Total SC+Town FY08	Difference FY04-08	% Change FY04-08	Avg % Change per year
Administration (1000)	180,353	224,127	43,774	24.3%	6.1%
Instruction (2000)	2,716,536	3,777,512	1,060,976	39.1%	9.8%
Attendance-Health (3100, 3200)	43,222	69,342	26,020	60.1%	15.0%
Athletics/Student Activities/ Security (3500, 3600)	3,674	4,529	855	23.3%	5.8%
Maintenance (4000)	326,383	526,295	199,912	61.3%	15.3%
Employee Benefits (5100)	67,127	243,922	176,795	263.4%	65.8%
Insurance (5200)	587,441	916,107	328,666	55.9%	14.0%
Retired Employee Insurance (5250)	90,787	216,688	125,901	138.7%	34.7%
Tuition (9000)	488,231	906,280	418,049	85.6%	21.4%
Total School Spending	4,505,491	6,885,802	2,380,311	62.8%	13.2%

*Other large increases: Special Education is a sub-set of Instruction; Utilities are a sub-set of Maintenance; Transportation does not appear in this table.

Data for FY08 as reported in Schedule 19 of FY07 End-of-Year Report.

Which Cost Centers Display Largest Increases? *
Freetown-Lakeville Regional District FY04 – FY08

Freetown-Lakeville Regional District	Total SC+Town FY04	Total SC+Town FY08	Difference FY04-08	% Change FY04-08	Avg % Change per year
Administration (1000)	465,050	587,782	122,732	26.4%	6.6%
Instruction (2000)	9,112,009	11,194,776	2,082,767	22.9%	5.7%
Attendance-Health (3100, 3200)	92,344	145,847	53,503	57.9%	14.5%
Athletics/Student Activities/ Security (3500, 3600)	352,013	377,111	25,098	7.1%	1.8%
Maintenance (4000)	1,357,647	1,967,034	609,387	44.9%	11.2%
Employee Benefits (5100)	161,196	532,728	371,532	230.5%	57.6%
Insurance (5200)	1,643,006	2,550,703	907,697	55.2%	13.8%
Retired Employee Insurance (5250)	241,312	726,542	485,230	201.1%	50.3%
Tuition (9000)	17,186	24,236	7,050	41.0%	10.3%
Total School Spending	13,441,763	18,106,759	4,664,996	34.7%	8.7%

*Other large increases: Special Education is a sub-set of Instruction; Utilities are a sub-set of Maintenance; Transportation does not appear in this table.

Data for FY08 as reported in Schedule 19 of FY07 End-of-Year Report.

IX. Appendix: History of Massachusetts Regional School District Finances as Related to the Freetown-Lakeville Regional District

Regional School Districts in Massachusetts are political entities that receive and disperse funds, are governed by a regional district School Committee that is elected, or appointed by elected officials of member municipalities. Organized under a voter approved “Regional Agreement”, costs are assessed to member municipalities and subject to appropriation voted at annual budget meetings. Regional School Aid, to encourage formation of Regional School Districts, was established in the 1950’s to reduce the impact of assessments to Regional member municipalities. Using the State’s terminology, the Freetown- Lakeville Regional School District is a “partial” Regional School District and has been aided by the State for that organizational model (a “full” Regional School District includes grades PK-12).

1975 Regional Incentive Aid was changed to include the following: First, to encourage PK-12 regions over partial regions (by allowing larger Incentive Aid), with the intent of making the delivery system more efficient and manageable, while reducing the number of small entities with which the State had to deal. Secondly, an equity factor was placed in the Aid calculation. And third, the Aid went directly to the Regional School District as a political entity, with the requirement that it be used to lower the assessment to member communities. Regional Incentive Aid was line item funded in the State budget (Ch 71, Section 16D). The Regional School Committee approving a total budget, anticipating Chapter 70 Aid and Regional Aid, determines the assessments for Regional School Districts.

1981 Modifications to Proposition 2 ½ made for Regional School Budget Approval: This referendum set a limit of a 4% increase for any assessment to a city or town. As a result, Regional budgets could not be approved if their assessment increased greater than 4% for any member municipality. This cap disregarded both Regional Agreements and enrollment shifts. Regional school leaders, MASS, MASC and MMA joined together, and succeeded in obtaining legislative approval of significant changes in the Regional District budget approval process. First, a 2/3rd vote on the budget and assessment is required for the Regional School District Committee. Then, approval by at least two-thirds of the member municipal appropriating authorities was needed to secure approval of a Regional District budget. Action by each member municipal appropriating authority on their Regional assessment constitutes approval of the budget. In a two-town Region, such as Freetown-Lakeville, both Towns must agree. If an impasse occurs, a joint two-Town, District-wide meeting (registered voters in both towns) can be called to act on budget approval. This somewhat complicated budget procedure was created to make Regional School District budget approvals functional under the limitations of the new law. In the event a Regional School District has not achieved approval of the Regional budget assessments from member municipalities by the start of a fiscal year, the Commissioner of Education must provide oversight and a 1/12 monthly budget based on the previous year’s budget is put in place. In 2008, there are several Regional Districts functioning under this provision.

School Reform Legislation of 1993:

- **Regional Incentive Aid was Folded into Chapter 70:** In 1994 Regional School Aid was folded into Chapter 70, resulting in its financial benefits to Freetown and Lakeville becoming **no longer apparent in Aid distribution**. This lack of visibility has diminished its affect as an incentive for Regionalization.
- **Window of Opportunity for Regional PK-12 “Bonus Aid”:** The Commonwealth made a concerted effort to entice PK-12 Regional School Districts as the preferred Regional model, for providing effective administrative consolidation, governance, curriculum coordination, and critical mass efficiency. Regional districts were viewed as a means of consolidating administrative and governance of Local Educational Agencies (LEA), while broadening the capacity to meet program needs of students. A window of opportunity existed from 1993 to 1996 for municipalities and school districts to voluntarily join into full Regional districts with added Regional School Aid then known as “Regional Bonus Aid” (Ch 71, Sect. 16D). The towns of Freetown and Lakeville did not make that transition. After 1997 new Regional Bonus Aid was not available, yet Regional Aid received by the Freetown-Lakeville Regional School District was retained in that school District’s “Base-Aid” under provisions of M.G.L. Chapter 70. There is no new Regional Incentive Aid available for expanding Regional School District, at this time, though some planning and transition funds may be available.
- **Partial Regional School Districts**, (Grades 6-12, 7-12, 9-12, etc.), have been organized that connect local school Districts or Supervisory Unions. Partial Regions have some efficiency limits when compared with the efficiency of full PK-12 Regions. Enhanced opportunities through the expansion of critical mass and the offering of expanded programs (language, sciences, arts, advanced placement, etc.) are seen as additional benefits of PK-12 Regions. Regional Aid for partial Regions was less generous than the amounts provided to full-Regional School Districts. That amount was retained in the Base Aid going to the Freetown – Lakeville Regional School District and is used to lower the operating a maintenance budget of the Regional School District. Lakeville, a member of the Old Colony Regional Vocational Technical School District, also benefits from any partial Regional Aid retained in that district’s “hold-harmless” Chapter 70 Aid. At this time there is no Incentive Aid for new partial Regions.

Recent School Finance Changes

- **Erosion of Regional Aid in Base Aid:** Inflation and Chapter 70 reductions of FY04 (up to 20% of all Aid) cut into residual amount of this Aid in “hold-harmless” for many Regional School Districts. Because the Freetown Lakeville Regional District was growing in FY04, calculations resulted, not in a reduction, but in a 3.2% increase, calculated as “Foundation Aid” to meet the Net School Spending requirement. No Regional Incentive Aid remains in the Freetown-Lakeville Chapter 70 base. Locally, Freetown lost 14%, and also lost Lakeville FY04 Chapter 70 Aid, as well as Lottery Aid reductions.

- FY05 Change to Regional Allocation of Municipal Local Contribution:** Local Contribution is the amount which each municipality must contribute, at minimum, to the school Districts to which they belong. That amount is increased each year in the same proportion as Municipal Revenue Growth. **Total local municipal contributions, not just the growth,** began to shift the required local contribution allocation (among the school Districts to which a municipality belongs) based upon their respective share of Foundation budget. This change was phased in over four years, with $\frac{1}{4}$ of the gap (toward reaching the Foundation share) being filled in FY05, and $\frac{1}{2}$ the gap filled in FY06. By FY08 all "Required Contribution" is now allocated among the school Districts to which a community belongs based on their respective Foundation budget share, changing each year due to shifts in enrollment, program, and grade level. The change is responsive to Regional School District enrollment and program changes, and for the first time there is a logical explanation for the "Required Contribution" assigned to each Regional District. The result also drives some Chapter 70 Aid changes. All these change were made administratively without changes in law. Chapter 70 Aid was fixed by the legislature for each city, town or Regional School District, based upon this administrative method of determining the local contribution (by implicit Agreement).

Regional Allocation FY 2008	Town School District	F-L Regional School District	Freetown to Bristol Cty Lakeville to Old Colony
Local Contribution			
Freetown	36.17%	56.11%	7.72%
Lakeville	35.38%	57.36%	7.26%

If the Regional School District were to include the present elementary Districts the allocation to the F-L Region would be combined.

- FY06 Change in Chapter 70:** The administration recommended and the legislature enacted a change in the Aid calculation by eliminating "Base Aid" (with all of the previous year's aid, including residue Regional Incentive Aid contained in Base Aid). "Foundation Aid", the amount above local contribution needed to meet the Foundation Budget, is now calculated first. The amount above Foundation that included residue Incentive Aid was then called "hold harmless" to the total FY05 Aid. "Hold-harmless" in FY06 for all districts totaled \$264M. Since a number of districts were to receive only level Aid, all school Districts received at least \$50 per pupil increase in FY06 Chapter 70 Aid.
- FY07 Aggregate Wealth Measure of Fiscal Capacity:** Beginning in FY07 greater equity in both State Aid, and local contribution requirements in Ch. 70 causes evident differences in assessment costs to member municipalities. Fiscally disparate municipalities pay different portions of costs tied to the "Aggregate Wealth Method", rather than per-pupil assessments voted in Regional School District Agreements.
 - A 5-Year Phased-Change in Chapter Local Contribution and Aid:**
 - Aggregate Wealth Method for Measuring Fiscal Capacity:** In April 2005 the Department of Education announced the concept of "Aggregate Wealth" as a method for the determination of "fiscal

capacity” to meet local required contribution. It was intended to be more equitable as related to the total Equalized Property Value (EQV as 50% of the equation) and Income of residents of cities and towns (as the other 50% of the aggregated capacity). The required local contribution for each Town is about equal to the Foundation budget for each Town, which is based on the Foundation enrollment.

▪ **Freetown and Lakeville Aggregate Wealth Capacity is Similar**

District	total EQV 2006	property percentage	DOR total income 2005	income percentage	combined effort yield	FY09 Foundation
		0.31%		1.56%		
		local effort from property wealth		local effort from income wealth		
FREETOWN	1,327,532,800	4,123,968	262,835,000	4,089,890	8,213,858	12,041,644
LAKEVILLE	1,635,605,700	5,080,993	307,095,000	4,778,606	9,859,599	15,978,005
Total	2,963,138,500	9,204,961	569,930,000	8,868,496	18,073,457	28,019,649
As Percent of Total						
FREETOWN		44.8%		46.1%	45.4%	43.0%
LAKEVILLE		55.2%		53.9%	54.6%	57.0%

- The State chose a total State-wide target so that 59% of required spending is to be met by local contribution and the remaining 41% to be met by targeted Aid. Each municipality has a specific target percentage of local effort and target Aid, based on their fiscal capacity, as it is determined each year, using the latest available income and property values.
- **Freetown in FY09** has a local contribution target of 68.21% of the Foundation Budget. Its actual contribution is slightly below that at 67.30% of the Foundation Budget. Freetown will be required to share its Municipal Revenue Growth with its school districts. Freetown recently has contributed between 20-33% above what is required for its elementary school District, and slightly above what is required for the Regional School District.
- **Lakeville in FY09** has a local contribution target of 61.71% of the Foundation Budget. Its actual contribution is 6.22% below its target, and may be required not only to share its Municipal Revenue Growth but also to make a slightly greater effort toward target over the next few years. Lakeville recently has contributed 18-26% above what is required for its elementary school District, and slightly above what is required for the Regional School District.

Lea	District	required local contribution FY08	preliminary contribution FY09	preliminary contribution percentage of Foundation	target local share
102	FREETOWN	8,019,242	8,103,444	67.30	68.21
146	LAKEVILLE	8,546,419	8,866,055	55.49	61.71
	Total	16,565,661	16,969,499		
%	As Percent of Total				Target Aid
102	FREETOWN	48.4%	47.8%		31.79
146	LAKEVILLE	51.6%	52.2%		38.29

- **Chapter 70 State Foundation Aid** makes up the difference between what is required for local contribution and the Foundation budget. In FY09 the Target Aids are:
 - **Freetown 31.79% of Foundation**
 - **Lakeville 38.29% of Foundation**
 - **F-L Region 35.5 % of Foundation**

Aid received by the Region is not allocated to each town.

- **Each town’s contribution is, however, determined separately. Whether the Towns retain their present elementary school District or join in a full Region, this will not effect the calculation of their required local contribution.**

- **Local Required Contribution Adjustment:**
- **FY09 (Year 3) through FY11:** Since this 5-year transition is being phased-in, it is expected to continue forward, subject to annual appropriations and any changes resulting from the governor’s “Readiness” effort. During the five-year transition many Regional School Districts are now having local required contribution being adjusted lower than Municipal Revenue Growth, for high-effort member municipalities in Regional School Districts. Freetown is close to having that adjustment. Lakeville, as noted above is 6.7% below that form of relief.

Assessment Regulations for Regional School Districts:

In January 2008 the DOE (now DESE) Board of Education approved revised regulations and guidelines to clarify how required spending is to be distributed in the Regional School District assessment to member municipalities (called the “Statutory Method”), or to allow the Regional School District’s Agreement be the method for determining assessment (called the “Alternative Method”), provided that all member community appropriating authorities approve the alternative method for determining assessments in each year it is used.

Statutory Guidelines require that:

- **Total Net School Spending** that is required would include all:
 - **Chapter 70 Aid** to be received.
 - **Required Local Contribution** allocated by the State from each member community.
- **Amounts above required spending** would be assessed according to the Regional District Agreement.
- **Transportation, Debt, and Capital Acquisitions** reduced by Aid provided for these purposes would be assessed according to the Agreement.

Regional Transportation Aid: A major financial incentive for any community considering membership in a Regional School District, is Regional Transportation Aid (Chapter 71, Sect. 26C). The State has offered as an incentive for Towns to join Regional School Districts by legislating that 100% of transportation costs (subject to appropriation) would be reimbursed to move students from member towns to Regional school location(s). This incentive is intended to lower Town costs to a sometimes-distant host community location. Though the actual percentage of reimbursement has varied widely over the years, Regional Transportation was funded strongly up to 2001. By 2004 Transportation Aid to cities and towns, including Freetown and Lakeville Elementary Districts, was eliminated. Regional Transportation Aid had declined to 37% of costs, resulting in the diminishment of another Regional incentive.

At the time, the Department of Education (because of other instructional priorities) was reluctant to recommend full-funding of Regional Transportation. It was also argued that full funding discourages a search for the most economical delivery of services. Regional School Districts through their associations sought relief from the legislature.

FY05 Regional Transportation funding was increased by \$11 M to \$37 M (or 62% of costs) and Regional School Districts were able to restore programs and services previously drawn away to fund Regional Transportation.

FY06 Regional Transportation was increased by \$7M to \$45M (or 75% of costs). By FY09 Regional Transportation has risen to \$61M, near 88% of cost. When the formation of new Regions is being discussed, Regional Transportation Aid is viewed as a clear financial incentive.