

Understanding Your Town's Chapter 70 Minimum Contributions

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Olver Transit Center, Greenfield
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MASSACHUSETTS DEPARTMENT OF
ELEMENTARY AND SECONDARY
EDUCATION



Chapter 70 aid is determined in three basic steps

A district's Chapter 70 aid is determined in three basic steps:

1. It defines and calculates a **foundation budget**, an adequate funding level for each district, given the specific grades, programs, and demographic characteristics of its students.
2. It then determines an equitable **local contribution**, how much of that "foundation budget" should be paid for by each city and town's property tax, based upon the relative wealth of the community.
3. The remainder is funded by Chapter 70 **state aid**.

Local Contribution + State Aid = a district's Net School Spending (NSS) requirement. This is the minimum amount that a district must spend to comply with state law.



A district's foundation budget is derived by multiplying the number of pupils in fourteen enrollment categories by cost rates in eleven functional areas.

Massachusetts Department of Elementary and Secondary Education
Office of School Finance

FY16 Chapter 70 Foundation Budget

93 EVERETT

	Base Foundation Components										Incremental Costs Above The Base				TOTAL*
	(1) Pre-School	(2) ----- Kindergarten ----- Half-Day	(3) Fall-Day	(4) Elementary	(5) Jr High/ Middle	(6) High School	(7) ELL PK	(8) ELL K Half	(9) ELL KF - 12	(10) Vocational	(11) Special Ed In District	(12) Special Ed Out of Dist	(13) ---- Low Income ---- Elem	(14) Other	
Foundation Enrollment	488	0	449	2,213	1,399	2,064	0	0	1,102	19	272	72	3,499	2,328	7,490
1 Administration	92,488	0	170,183	838,787	530,259	782,312	0	0	417,688	7,202	711,550	188,352	0	0	3,738,821
2 Instructional Leadership	167,037	0	307,370	1,514,944	957,708	1,412,944	0	0	754,392	13,007	0	0	0	0	5,127,401
3 Classroom and Specialist Teach	765,912	0	1,409,404	6,946,482	3,864,437	8,384,315	0	0	5,209,593	131,209	2,347,938	0	9,881,474	4,966,844	43,907,609
4 Other Teaching Services	196,434	0	361,481	1,781,641	810,767	995,818	0	0	709,405	9,167	2,192,238	2,877	0	0	7,059,829
5 Professional Development	30,290	0	55,767	274,905	188,396	269,499	0	0	185,292	4,102	113,264	0	217,473	144,692	1,483,679
6 Instructional Equipment & Tech	106,696	0	196,334	967,679	611,741	1,444,057	0	0	481,872	23,263	95,151	0	0	0	3,926,792
7 Guidance and Psychological	55,723	0	102,558	505,480	425,356	786,665	0	0	335,055	7,242	0	0	0	0	2,218,078
8 Pupil Services	22,167	0	40,801	301,646	311,469	1,059,638	0	0	150,210	9,754	0	0	0	0	1,895,686
9 Operations and Maintenance	212,685	0	391,375	1,928,981	1,322,043	1,891,167	0	0	1,300,386	32,582	794,838	0	1,526,130	1,015,385	10,415,570
10 Employee Benefits/Fixed Charge	184,518	0	339,525	1,673,537	1,005,909	1,425,791	0	0	1,048,333	21,316	866,655	0	965,409	642,318	8,173,310
11 Special Ed Tuition	0	0	0	0	0	0	0	0	0	0	1,721,175	0	0	0	1,721,175
12 Total	1,833,950	0	3,374,798	16,734,082	10,028,084	18,452,206	0	0	10,592,224	258,842	7,121,634	1,912,404	12,590,486	6,769,240	89,667,950
13 Wage Adjustment Factor	103.3%														
Foundation Budget Per Pupil														11,972	

All of your students are counted in categories 1-10. Special education and low income costs are treated as costs above the base and are captured in 11-14.



Local Contribution

Establishing local ability to pay

- The foundation budget is a shared municipal-state responsibility.
- Each community has a different **target local share**, or ability to pay, based on its property values and residents' incomes.
- Prior to this policy, required local contributions had become less linked to ability to pay. A process was established in 2007 to move each community from its 2006 baseline to its new target.



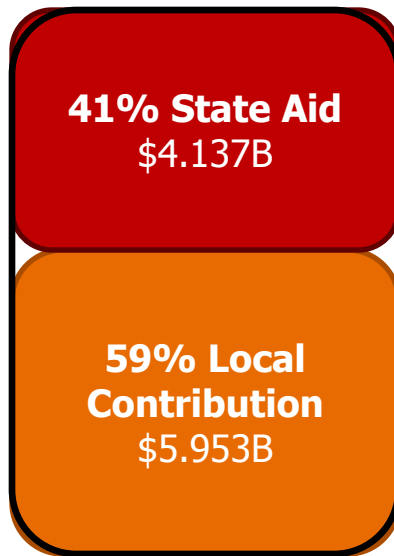
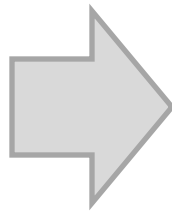
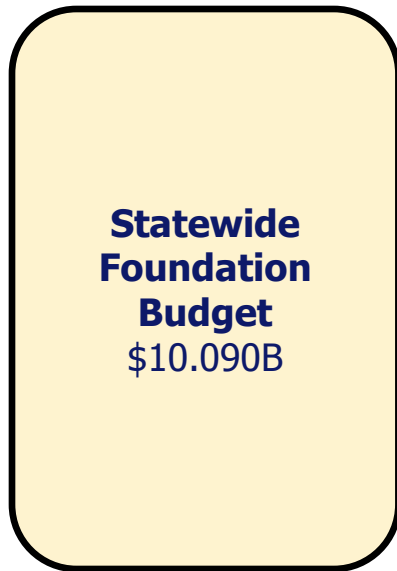
How is the required local contribution calculated?

Determining each community's target local share starts with the local share of statewide foundation.

Calculate **statewide** foundation budget.

Determine local share of **statewide** foundation.

Statewide, determine percentages that yield $\frac{1}{2}$ from property and $\frac{1}{2}$ from income.



Property and income percentages are applied uniformly across all cities and towns to determine the **combined effort yield** from property and income.



Individual communities' target local shares are based on local property values and income, and foundation budget.

- To determine local effort, first apply this year's property percentage (0.3808%) to the town's 2014 total equalized property valuation
- Then apply this year's income percentage (1.4930%) to the town's 2012 total residential income

Local Property Effort

+ Local Income Effort

= Combined Effort Yield (CEY)

- Target Local Share = CEY/Foundation budget
 - Capped at 82.5% of foundation
 - In FY16, 143 of 351 communities are capped.



Example: Shelburne's Effort Goal

268 SHELBURNE

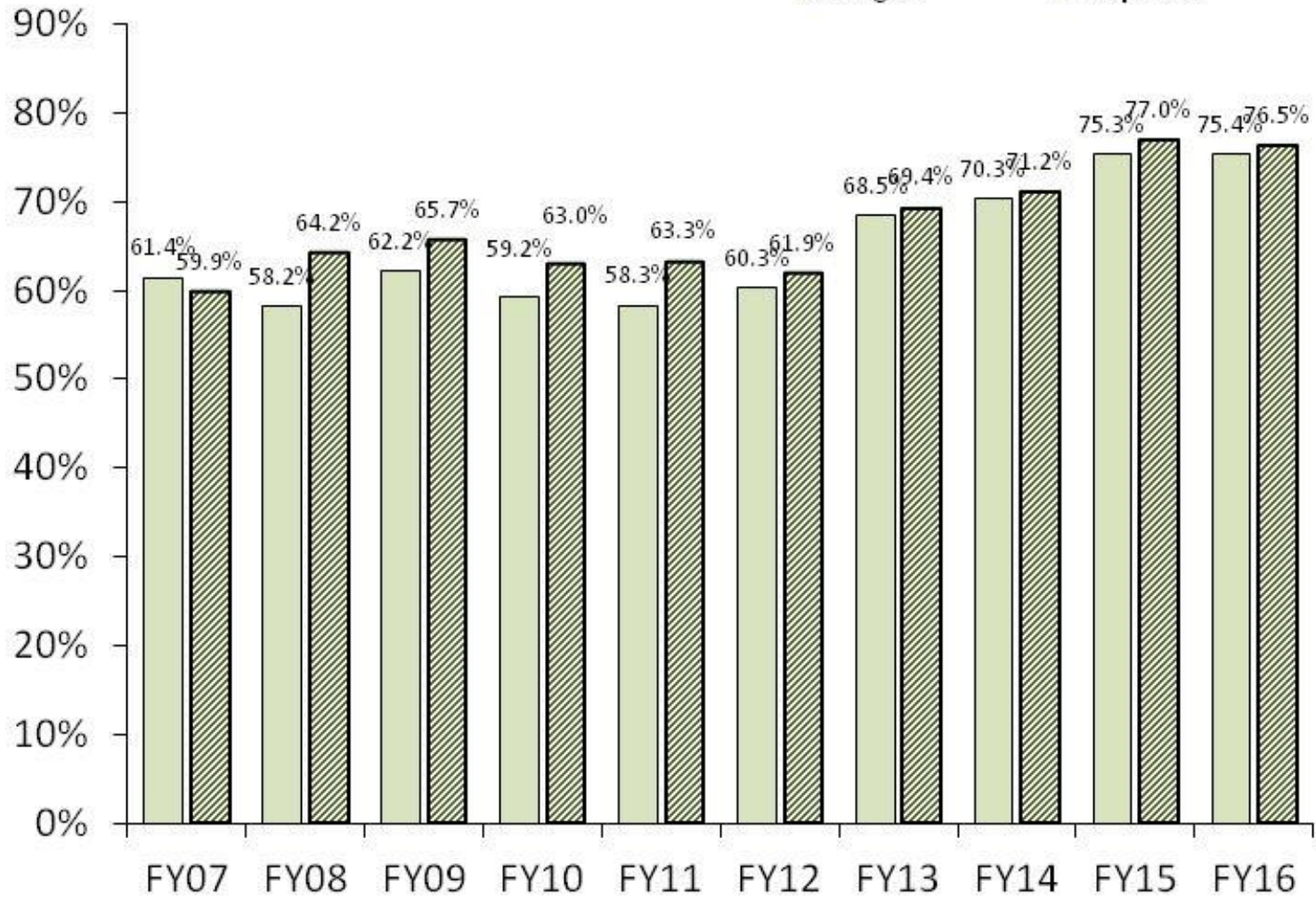
Effort Goal

1) 2014 equalized valuation	238,955,100
2) Property percentage	0.3808%
3) Local effort from property wealth	909,898
4) 2012 income	34,258,577
5) Income percentage	1.4930%
6) Local effort from income	511,482
7) Combined effort yield (row 3+ row 6)	1,421,380
8) Foundation budget FY16	1,884,966
9) Maximum local contribution (82.5% * row 8)	1,555,097
10) Target local contribution (lesser of row 7 or row 9)	1,421,380
11) Target local share (row 10 as % of row 8)	75.41%
12) Target aid share (100% minus row 11)	24.59%



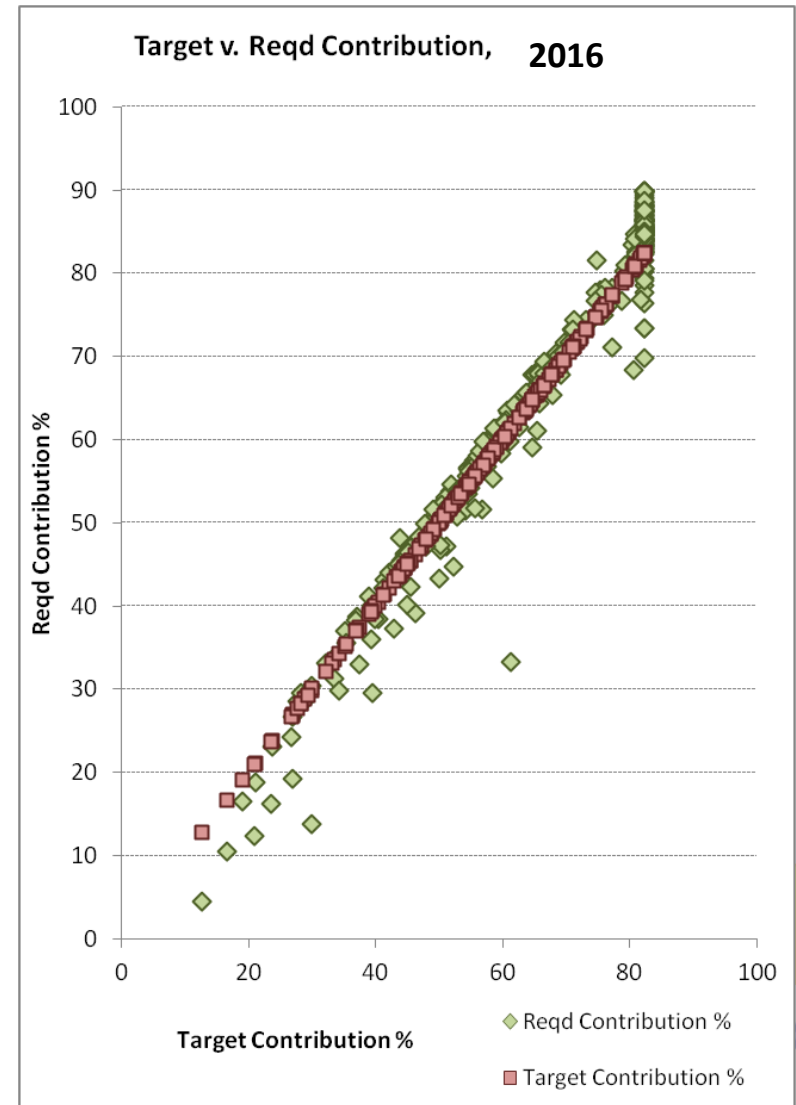
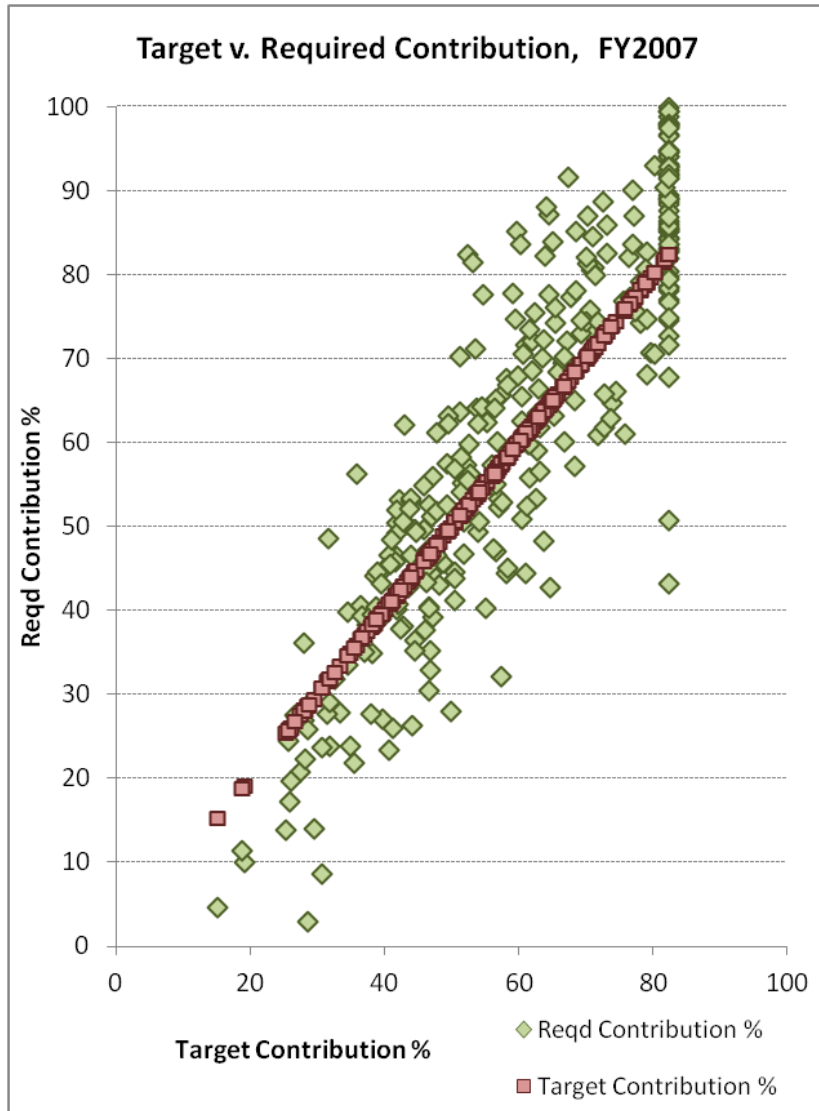
Target and Required Local Contribution Percentages

Shelburne Target Required



Reaching the Targets Over Time

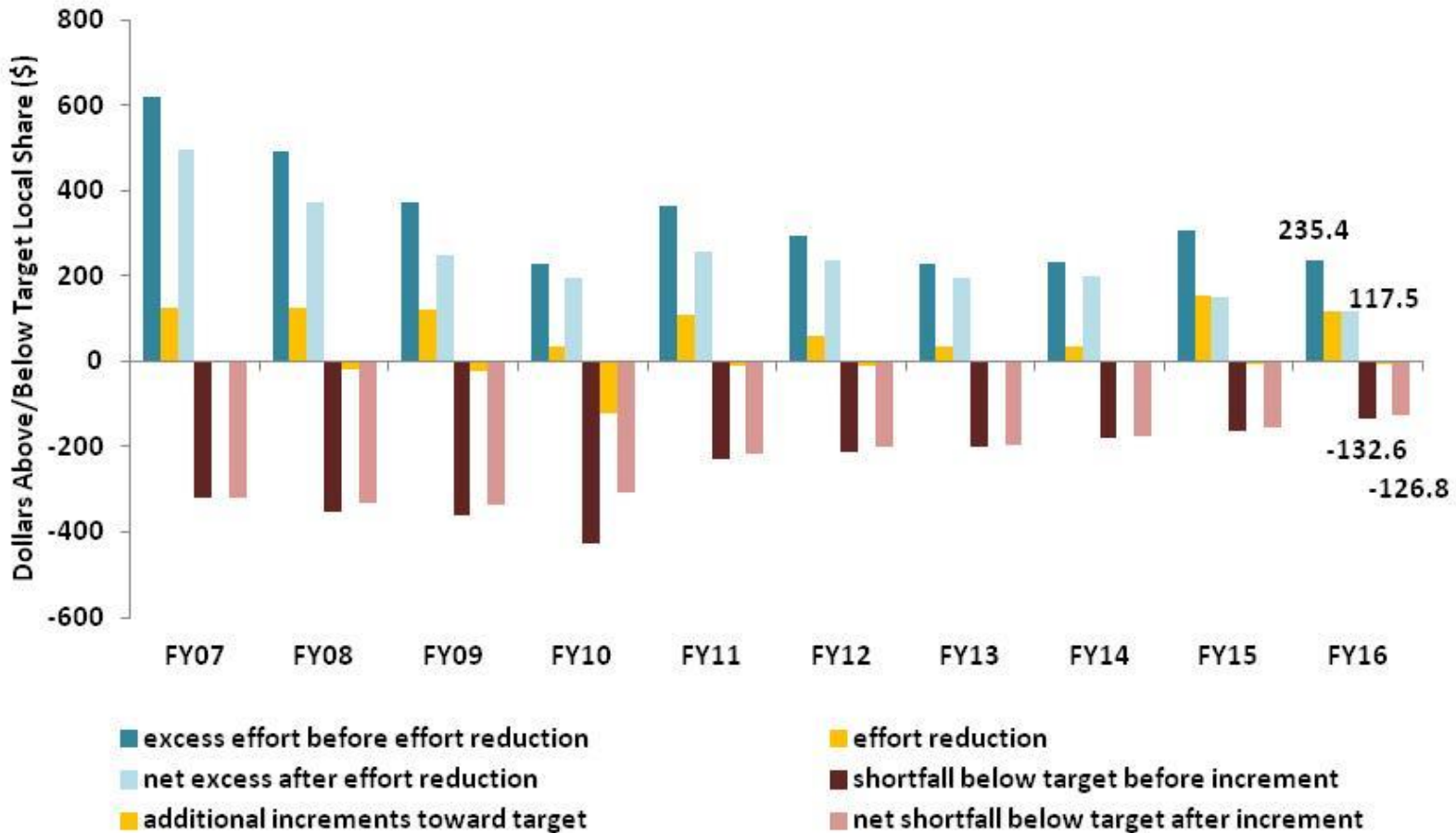
All Municipalities



7/19/2015



Progress Toward Target Contributions



Getting Closer To the Target Contribution

Determining the Upcoming Year's Local Contribution

Preliminary Contribution

- Increase last year's required local contribution by the municipality's Municipal Revenue Growth Factor (MRGF)
 - Calculated annually by the Department of Revenue
 - Quantifies the most recent annual percentage change in each community's local revenues, such as the annual increase in the Proposition 2½ levy limit, that should be available for schools

Required Contribution

- If the preliminary contribution is **above** the target, reduce by the effort reduction percent (50% in FY16).
- If the preliminary contribution is **below by less than 2.5%**, the preliminary contribution becomes the new requirement.
- If the preliminary contribution is **below by more than 7.5%**, an additional 2% is added to the preliminary contribution. For those **below by between 2.5 and 7.5%**, 1% is added.



Massachusetts Department of Revenue
Division of Local Services
Municipal Revenue Growth Factor (MRGF) Calculation, FY2016
SHELBURNE

1. LEVY LIMIT BASE		AMOUNT	
FY2015 Levy Limit Prior to Exclusions		3,297,723	
Impact of FY1994-FY2015 Overrides on FY2015 Limit		268,982	
FY2015 Limit Adjusted for Overrides		3,028,741	

2. INCREASE IN LEVY LIMIT GROWTH DUE TO NEW GROWTH					
Fiscal Year	Levy Limit Without Exclusions, CH		New Growth for 653	New Growth Adjusted for 653	Percentage of Previous Year's Limit
	653	653			
FY2010	2,617,937				
FY2011	2,717,762		139,808	34,376	1.31%
FY2012	2,826,870		133,321	41,164	1.51%
FY2013	2,929,032		121,868	31,491	1.11%
FY2014	3,028,741		154,593	26,484	0.90%
FY2015			172,651	91,418	3.02%
Average of Last Three Years					1.68%
Lowest Three of Last Four Years					1.17%
Maximum, Last Three Years					3.02%
Average of Two Smaller Years					1.01%
Difference, Maximum Minus 2 Yr Average					2.01%
Percent Increase in New Growth for MRGF					1.17%

3. CHANGE IN REVENUE SHARING	Fiscal Year 2015	Fiscal Year 2016
	Cherry Sheet	Estimates
Unrestricted General Government Aid	232,704	241,081
State Owned Land	2,228	2,228
TOTAL	234,932	243,309

4. RECURRING LOCAL RECEIPTS	FY2014	FY2015
	Budget	Budget
Motor Vehicle Excise	175,000	180,000
Other Excise		
Penalties and Interest	20,000	25,000
Payments in Lieu	3,500	1,500
Fines and Forfeits	15,000	15,000
Investment Income	1,000	1,000
Miscellaneous Recurring		
TOTAL	214,500	222,500

5. SUMMARY	Amount	Pct Chg
FY2015 MRGF Levy Limit	3,195,877	
FY2015 General Revenue Sharing	234,932	
FY2014 Budgeted Recurring Local Receipts	214,500	
Total Base Municipal Revenues	3,645,309	
FY2016 Estimated Levy Ceiling	5,636,284	
FY2015 Levy Limit * 1.025	3,275,774	
FY2016 Estimated New Growth	37,392	
FY2016 Estimated Levy Limit	3,313,166	3.67
FY2016 General Revenue Sharing	243,309	3.57
FY2015 Budgeted Recurring Local Receipts	222,500	3.73
Total Estimated Current Municipal Revenue	3,778,975	
Change, Base to Current Revenues	133,666	3.67
FY2016 Municipal Revenue Growth Factor		3.67



SHELburne

FY16 Increments Toward Goal

13) Required local contribution FY15	1,409,478
14) Municipal revenue growth factor (DOR)	3.67%
15) FY16 preliminary contribution (13 x 14)	1,461,206
16) Preliminary contribution pct of foundation (15/8)	77.52%

If preliminary contribution is above the target share:

17) Excess local effort (15 - 10)	39,826
18) 50% reduction toward target (17 x 50%)	19,913
19) FY16 required local contribution (15 - 18), capped at 90% of foundation	1,441,293
20) Contribution as percentage of foundation (19 / 8)	76.46

If preliminary contribution is below the target share:

21) Shortfall from target local share (11 - 16)	
22) Added increment toward target (13 x 1% or 2%)*	
<i>*1% if shortfall is between 2.5% and 7.5%; 2% if shortfall > 7.5%</i>	
23) Shortfall from target after adding increment (10 - 15 - 22)	
24) FY16 required local contribution (15 + 22)	
25) Contribution as percentage of foundation (24 / 8)	



129 HAWLEYEffort Goal

1) 2014 equalized valuation	48,930,700
2) Property percentage	0.3808%
3) Local effort from property wealth	186,319
4) 2012 income	5,105,000
5) Income percentage	1.4930%
6) Local effort from income	76,218
7) Combined effort yield (row 3+ row 6)	262,537
8) Foundation budget FY16	461,645
9) Maximum local contribution (82.5% * row 8)	380,857
10) Target local contribution (lesser of row 7 or row 9)	262,537
11) Target local share (row 10 as % of row 8)	56.87%
12) Target aid share (100% minus row 11)	43.13%

HAWLEYFY16 Increments Toward Goal

13) Required local contribution FY15	225,939
14) Municipal revenue growth factor (DOR)	4.56%
15) FY16 preliminary contribution (13 x 14)	236,242
16) Preliminary contribution pct of foundation (15/8)	51.17%

If preliminary contribution is above the target share:

17) Excess local effort (15 - 10)	
18) 50% reduction toward target (17 x 50%)	
19) FY16 required local contribution (15 - 18), capped at 90%	
20) Contribution as percentage of foundation (19 / 8)	

If preliminary contribution is below the target share:

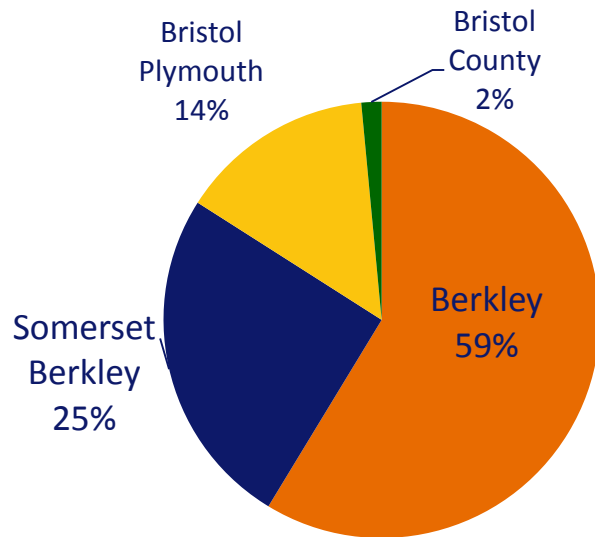
21) Shortfall from target local share (11 - 16)	5.70%
22) Added increment toward target (13 x 1% or 2%)*	2,259
<i>*1% if shortfall is between 2.5% and 7.5%; 2% if shortfall > 7.5%</i>	
23) Shortfall from target after adding increment (10 - 15 - 22)	24,036
24) FY16 required local contribution (15 + 22)	238,501
25) Contribution as percentage of foundation (24 / 8)	51.66%



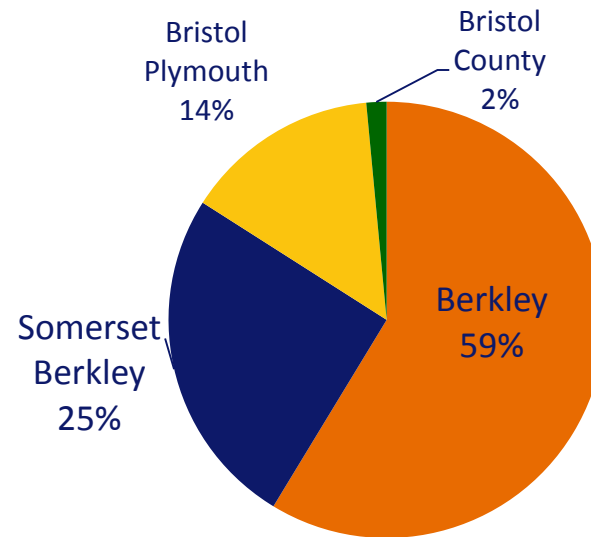
How is the district's required local contribution calculated?
Once the city or town's required local contribution is calculated, it is allocated among the districts to which it belongs.

Town of Berkley

Foundation Budget = \$11.2M



Required Local Contribution = \$5.8M



Massachusetts Department of Elementary and Secondary Education

FY16 Chapter 70

Apportionment of Local Contribution Across School Districts

268 SHELBURNE	SHELBURNE	MOHAWK TRAIL	FRANKLIN COUNTY	COMBINED TOTAL ALL DISTRICTS
<u>Prior Year Data (for comparison purposes)</u>				
1 FY15 foundation enrollment	1	167	11	179
2 FY15 foundation budget	13,005	1,646,948	171,604	1,831,557
3 Each district's share of municipality's combined FY15 foundation	0.71%	89.92%	9.37%	100.00%
4 FY15 required contribution	10,008	1,267,412	132,058	1,409,478
<u>Apportionment of FY16 contribution among community's districts</u>				
5 FY16 total unapportioned required contribution ("municipal contribution" sheet row 19 or 24)				1,441,293
6 FY16 foundation enrollment		182	5	187
7 FY16 foundation budget		1,805,497	79,469	1,884,966
8 Each district's share of municipality's total FY16 foundation		95.78%	4.22%	100.00%
9 FY16 Required Contribution		1,380,529	60,764	1,441,293
10 Change FY15 to FY16 (9 - 4)	-10,008	113,117	-71,294	31,815



Regional District Contributions: Sum of Each Members Requirement

Massachusetts Department of Elementary and Secondary Education

FY16 Chapter 70

Regional District Enrollment and Contributions by Member City or Town

717 Mohawk Trail

LEA	Member	Foundation Enrollment			Required Minimum Contribution		
		FY15	FY16	Change	FY15	FY16	Change
	District Total	944	938	-6	6,365,060	6,523,226	158,166
13	ASHFIELD	168	165	-3	1,350,493	1,353,498	3,005
47	BUCKLAND	187	172	-15	1,252,868	1,265,503	12,635
53	CHARLEMONT	83	84	1	450,847	477,100	26,253
66	COLRAIN	174	169	-5	1,036,377	1,047,977	11,600
129	HAWLEY	15	15	0	92,513	75,631	-16,882
130	HEATH	98	94	-4	491,735	452,390	-39,345
237	PLAINFIELD	52	57	5	422,815	470,598	47,783
268	SHELBURNE	167	182	15	1,267,412	1,380,529	113,117



A Regional's Foundation Budget, Minus the Required Contribution, Equals Foundation Aid

