

# Town of Lunenburg



Finance Committee:  
Mark Erickson, Chairman  
Terri Burchfield, Vice-Chairman  
John Henshaw, Secretary  
Karin Menard  
Jay Simeone

17 Main Street, P.O. Box 135  
Lunenburg, MA 01462-0135  
978.582.4139  
FAX 978.582.4148

RECEIVED & FILED

FEB 12 2016

LUNENBURG TOWN  
CLERK OFFICE

## Lunenburg Finance Committee Minutes February 4, 2016

Location: Town Hall  
Present: Mark Erickson, Terri Burchfield, Jay Simeone, Karin Menard, John Henshaw  
Members of the School Committee, Members of the Board of Selectmen  
Also Present: Kerry Lafleur, Town Manager, Karen Brochu, Town Accountant, Tom Alonzo, Board of Selectmen Clerk.

1. Mark E. called the Finance Committee meeting to order at 7:00 pm. Along with the Finance Committee, this joint meeting includes the Board of Selectmen and the School Committee, both of which were in session.
  - o This meeting is broadcast on Lunenburg Public Access Cable. This URL links to the video recording: <https://www.youtube.com/user/LunenburgAccess>.
2. Comments: Public: None and Committee: None.
3. Chapter 70 Workshop--focus on Lunenburg, by Mark D. Abrahams, CPA  
Notes:
  - o These minutes are a broad overview of the presentation. A copy of the minutes at the Town Clerk's office includes the power point presentation, *Chapter 70 and Net School Spending Lunenburg School District FY17 Preliminary Budget*. Many slides are shown in the video recording which has explanatory commentary by Mr. Abrahams. (see youtube link above.)
  - o Source: Department of Elementary and Secondary Education [DESE]. Link to DESE information: <http://www.doe.mass.edu/finance/chapter70/>
  - a. The Foundation Budget, Chapter 70 state aid, and local contribution:
    - The foundation budget is the minimum level of net school spending required by the state. It equals local contribution plus Chapter 70 state aid.
    - The foundation budget is set by formula. Inputs include the size and composition of school enrollment, a model of the costs of school services, and inflation.
    - Local contribution is set--independent of the foundation budget--and by formula. Inputs include local economic factors like income, equalized valuation, municipal revenue growth, and excess local effort.
  - b. Chapter 70 aid is the foundation budget less local contribution.
  - c. For years the foundation budget has understated requisite spending on education. The effect of this is cumulative: Towns and cities pay all the increased costs needed to make up the shortfall, which is considered was an inequity.
    - In FY16 Lunenburg's net school spending was \$3,583,931 or 23.4% over the foundation budget. Statewide total net school spending in FY17 will exceed the total foundation budget for the state by 20.7%.

- Mark E. asked what led to this, and Mr. Abrahams said this reflects towns' and cities' willingness to fund education in excess of the foundation budget. Tom Alonzo stated that towns and cities fund education in excess of the foundation budget minimum because that is what it costs.
  - Mr. Abrahams said two-thirds of towns and cities exceed foundational budget levels and later noted that at full equity Lunenburg would receive about \$275,000 more dollars in Chapter 70 aid than it will receive this year.
  - Since FY07 the state has tried to rectify this inequity by increasing Chapter 70 aid to cities and towns that exceed their foundation budget levels. Despite some progress, the inequity persists. The governor's FY17 budget includes a proposal to increase Chapter 70 to help defray the increasing costs. The legislature has yet to consider this.
  - The Foundation Budget Review Commission recommend a significant increase in the Foundation Budget. Traditionally local contribution is about 60% of the foundation budget and Chapter 70 is 40%. But Mr. Abrahams said that that would increase the local contribution by about \$480 million, which presents a challenge to some cities and towns to increase local contributions. It would take a long time to implement.
  - Greg observed that if the foundation budget increased the Town would not pay any higher local contribution as we are already funding a school budget 23% higher the foundation budget. Further, we would receive more Chapter 70 aid—at 40 of a higher foundation budget. Mr. Abrahams stated that the larger issue is that until the state achieves full equity, the underfunding the foundation budget may not be addressed.
  - Greg said that because most towns and cities fund education above the foundation budget the costs of increasing the foundation budget are borne by the state. The state would have no motivation to increase the foundation budget: Keeping the foundation budget at low levels means that cities and towns pay an increasing share of school funding over time. Mr. Abrahams said that a significant number of districts received significantly more Chapter 70 aid than they should be receiving and which could lose state aid if the foundation budget increases.
4. Mark E. thanked Mr. Abrahams and observed that he has a remarkable knack of making a very complex and important topic very accessible.
  5. State Funding Resolution. John made a motion to postpone the finance committee vote by one week and Karin seconded the motion. The committee approved the motion 5-0.
  6. Adjournment: Karin made a motion to adjourn and Terri seconded the motion. The committee approved the motion 5-0 and the meeting was adjourned at 8:29.

Respectfully submitted by John Henshaw February 9, 2016

Attachment (1)

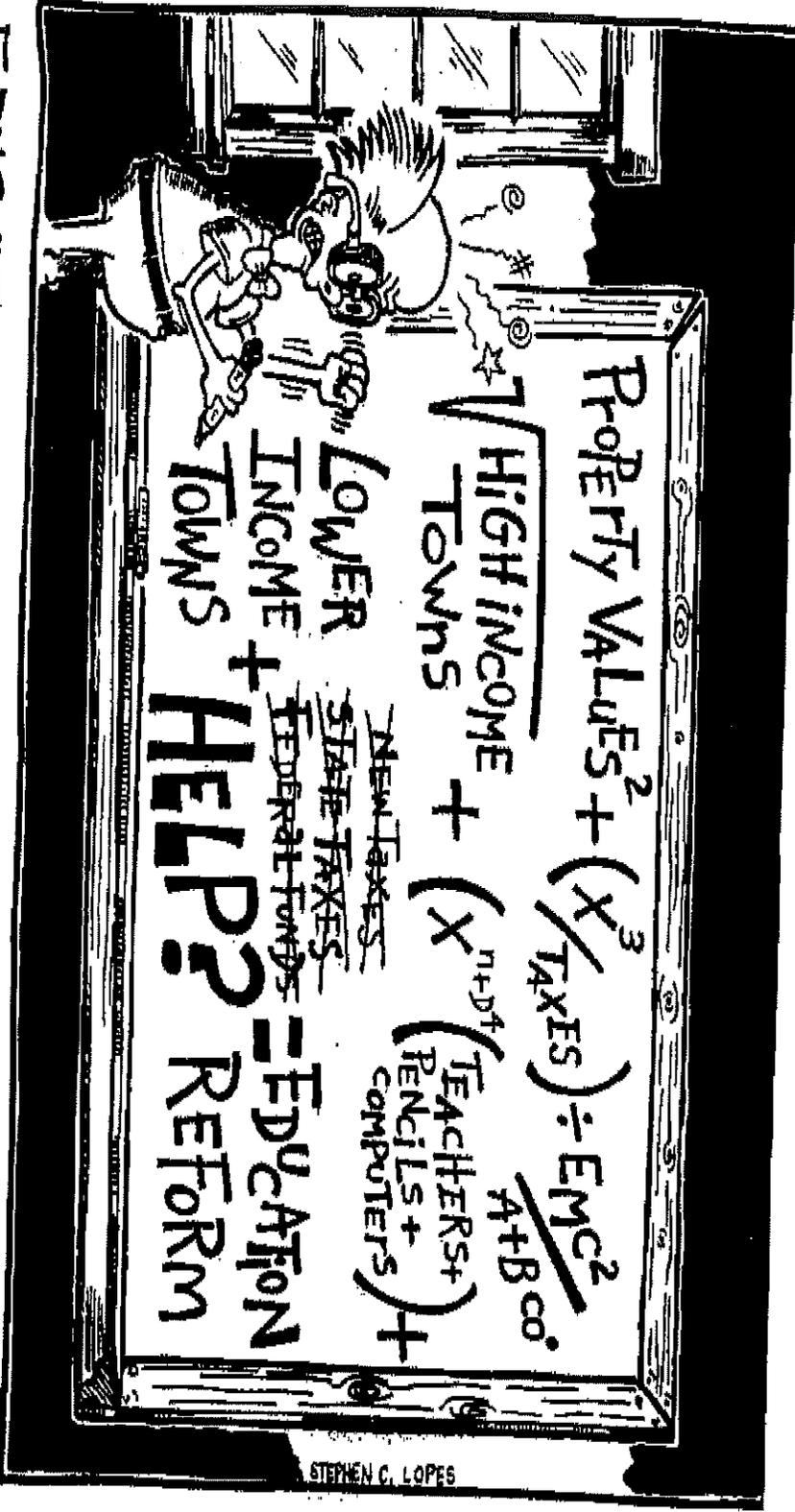
c. Greg Berthiaume.

Chapter 70 and Net School Spending  
Lunenburg School District  
FY17 Preliminary Numbers

Mark D. Abrahams, CPA

President, The Abrahams Group

February 2016



EDUCATION REFORM'S FINANCING FORMULA

STEPHEN C. LOPES

# Agenda

## The Big Picture

- Chapter 70 Trends
  - State Totals
  - Lunenburg
- FY17 Foundation formula (Chapter 70 and Net School Spending)
  - Foundation Budget
    - Foundation Enrollment
  - Local District Contributions
  - Chapter 70
  - Net School Spending
  - Summary and FY16 Comparison

# Big Picture

Required Net School Spending =

Local Contribution + Ch 70 Aid

Required Net School Spending >

= Foundation Budget

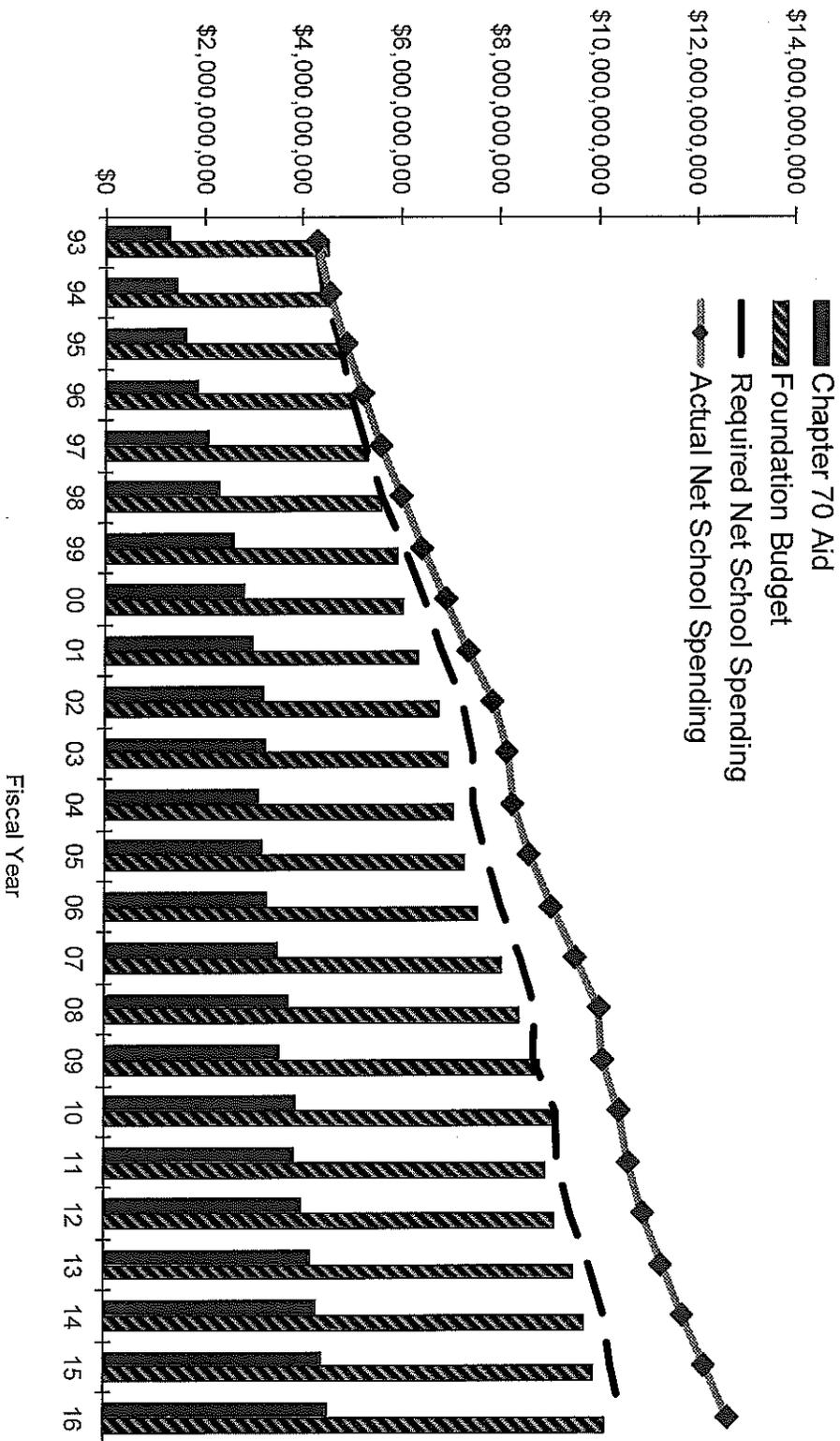
# Big Picture

- The following chart shows Lunenburg's Chapter 70 trends from FY93 through FY16, FY16 as budgeted
  - Foundation Enrollment
  - Foundation budget
  - Chapter 70 aid
  - Local contribution
  - Required and actual net school spending
- Statewide, actual net school spending exceeded foundation by about 21% for FY16

# State Totals

## Chapter 70 Trends, FY93 to FY15

### STATE TOTAL



# State Totals

## Massachusetts Department of Elementary and Secondary Education Chapter 70 Trends

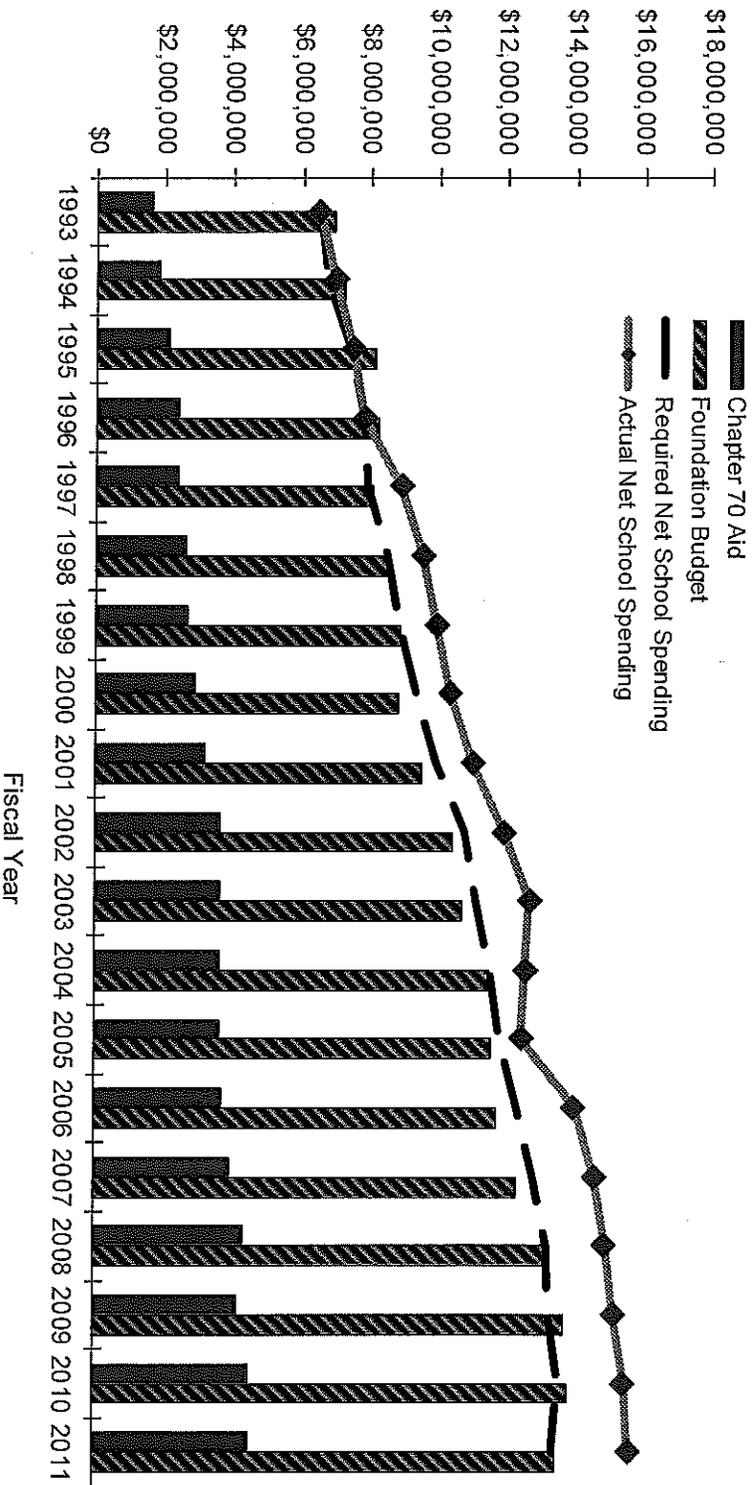
### 999 STATE TOTAL

Foundation	Enrollment	Pct Chg	Foundation Budget	Pct Chg	Required			Actual			Dollars		Percent
					Local Con-tribution	Chapter 70 Aid	Pct Chg	Net School Spending (NSS)	Pct Chg	Net School Spending	Pct Chg	Over/Under	
FY07	951,287	-0.4	8,014,672,861	6.1	4,894,002,779	3,505,192,039	6.6	8,399,194,818	5.1	9,517,716,420	5.4	1,118,521,601	13.3
FY08	949,580	-0.2	8,406,096,436	4.9	5,003,339,440	3,725,343,327	6.3	8,728,682,766	3.9	9,978,220,111	4.8	1,249,537,345	14.3
FY09	944,224	-0.6	8,811,314,229	4.8	5,121,200,339	3,536,496,064	-5.1	8,657,696,403	-0.8	10,062,456,334	0.8	1,404,759,931	16.2
FY10	940,985	-0.3	9,088,557,473	3.1	5,263,382,896	3,869,526,145	9.4	9,132,909,041	5.5	10,398,293,771	3.3	1,265,384,730	13.9
FY11	938,333	-0.3	8,921,047,970	-1.8	5,321,755,047	3,850,884,455	-0.5	9,172,639,502	0.4	10,581,836,319	1.8	1,409,186,817	15.4
FY12	937,307	-0.1	9,119,340,580	2.2	5,430,663,247	3,990,228,732	3.6	9,420,891,979	2.7	10,875,258,087	2.8	1,454,366,108	15.4
FY13	934,763	-0.3	9,467,117,141	3.8	5,610,310,448	4,170,667,652	4.5	9,780,978,100	3.8	11,275,741,785	3.7	1,494,763,685	15.3
FY14	938,083	0.4	9,711,217,585	2.6	5,779,361,506	4,300,755,418	3.1	10,080,116,924	3.1	11,702,160,878	3.8	1,622,043,955	16.1
FY15	940,831	0.3	9,866,011,313	1.6	5,855,374,498	4,400,237,013	2.3	10,255,611,511	1.7	12,159,958,326	3.9	1,904,346,815	18.6
FY16	942,120	0.1	10,090,177,272	2.3	5,957,929,457	4,511,467,180	2.5	10,469,396,637	2.1	12,641,290,711 *	4.0	2,171,894,074	20.7

# Big Picture

## Chapter 70 Trends, FY93 to FY11

### LUNENBURG



FY10 actual net school spending represents the amount budgeted

# Chapter 70 Trends FY02 -- FY 11

Value in the shaded green box. Or Select from the Dropdown Box below.

999 - Massachusetts State Total

162

## Chapter 70 Trends

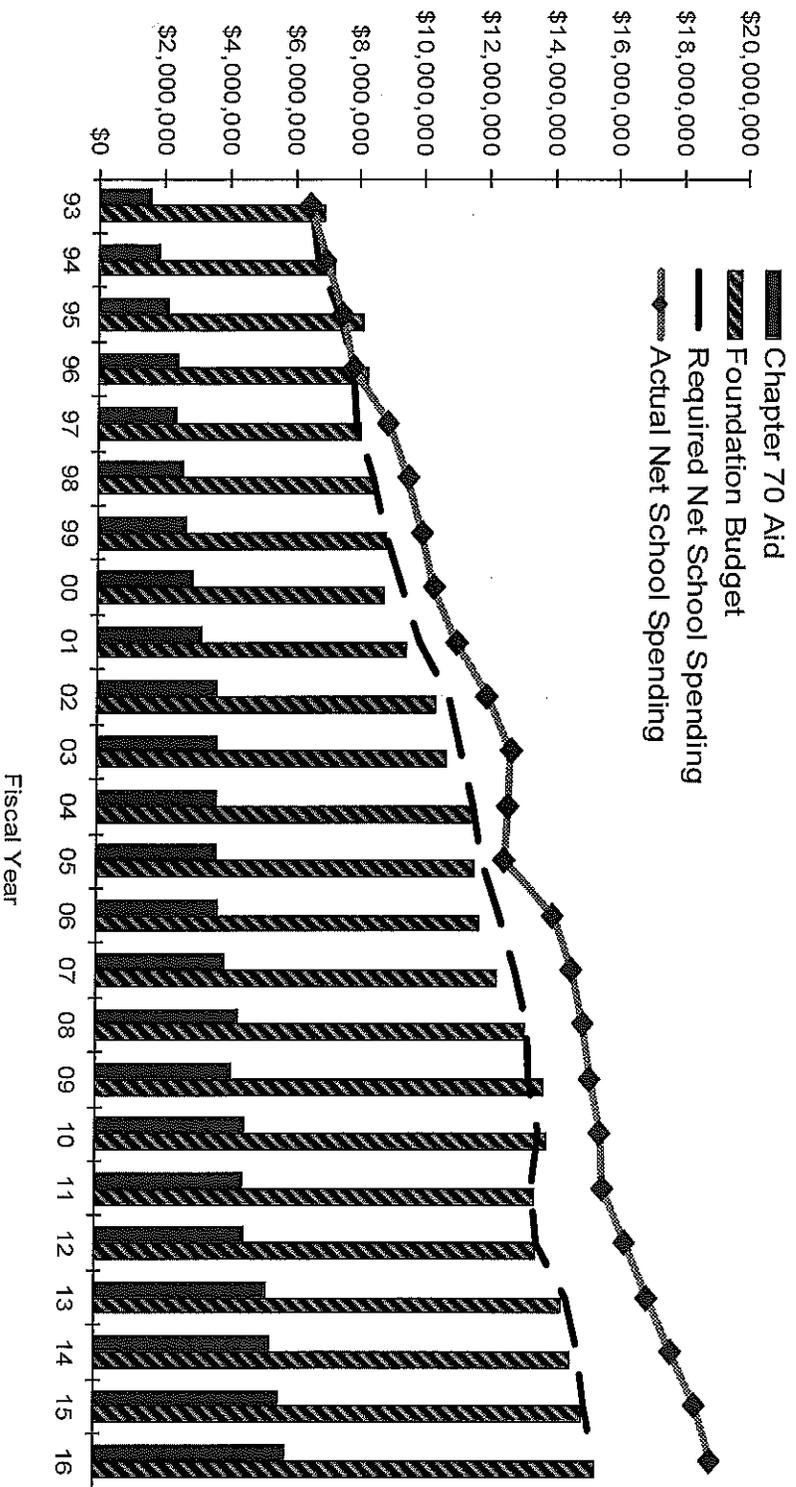
### 162 LUNENBURG

FY	Foundation Enrollment	Pct Chg	Foundation Budget	Pct Chg	Required		Chapter 70 Aid	Pct Chg	Required		Actual		Dollars		Percent
					Local Contribution	Pct Chg			NetSchool	Pct Chg	NetSchool	Pct Chg	Over/Under	Over/Under	
FY02	1,691	2.9	10,376,220	9.2	7,145,698	6.3	3,650,152	15.0	10,795,850	9.1	11,950,457	8.4	1,154,607	10.7	
FY03	1,675	-0.9	10,698,654	3.1	7,492,179	4.8	3,650,152	0.0	11,142,331	3.2	12,682,682	6.1	1,540,351	13.8	
FY04	1,735	3.6	11,521,283	7.7	7,895,526	5.4	3,625,757	-0.7	11,521,283	3.4	12,577,557	-0.8	1,056,274	9.2	
FY05	1,695	-2.3	11,538,450	0.1	8,179,359	3.6	3,625,757	0.0	11,805,116	2.5	12,477,955	-0.8	672,839	5.7	
FY06	1,663	-1.9	11,716,392	1.5	8,601,526	5.2	3,708,907	2.3	12,310,433	4.3	13,976,437	12.0	1,666,004	13.5	
FY07	1,647	-1.0	12,276,374	4.8	8,871,625	3.1	3,921,700	5.7	12,793,325	3.9	14,561,883	4.2	1,768,558	13.8	
FY08	1,665	1.1	13,121,501	6.9	8,885,020	0.2	4,314,259	10.0	13,189,279	3.2	14,903,224	2.3	1,703,945	12.9	
FY09	1,641	-1.4	13,675,383	4.2	9,084,809	2.2	4,134,848	-4.2	13,219,657	0.2	15,155,736	1.7	1,936,079	14.6	
FY10	1,622	-1.2	13,799,998	0.9	9,022,501	-0.7	4,528,374	9.5	13,550,875	2.5	15,471,660	2.1	1,920,785	14.2	
FY11	1,605	-1.0	13,414,483	-2.8	8,836,567	-2.1	4,498,396	-0.7	13,334,963	-1.6	15,607,245	0.9	2,272,282	17.0	
10 Yr Trend	-86	-5%	3,038,263	29%	1,690,869	24%	848,244	23%	2,539,113	23.5%	3,656,787.6	31%	1,117,675	1.0	

# Chapter 70 Trends FY02 – FY 15

## Chapter 70 Trends, FY93 to FY15

### LUNENBURG



# Chapter 70 Trends FY07 – FY 15

## 162 LUNENBURG

Foundation	Pct	Foundation	Pct	Required		Chapter 70	Pct	Required		Actual		Pct	Dollars		Percent
				Enrollment	Budget			Local Con-tribution	Aid	NetSchool	NetSchool		NetSchool	Over/Under	
FY07	-1.0	12,276,374	4.8	8,871,625	3,921,700	5.7	12,793,325	3.9	14,561,883	4.2	1,768,558	13.8			
FY08	1.1	13,121,501	6.9	8,885,020	4,314,259	10.0	13,199,279	3.2	14,903,224	2.3	1,703,945	12.9			
FY09	-1.4	13,675,383	4.2	9,084,809	4,134,848	-4.2	13,219,657	0.2	15,155,736	1.7	1,936,079	14.6			
FY10	-1.2	13,799,998	0.9	9,022,501	4,528,374	9.5	13,550,875	2.5	15,471,660	2.1	1,920,785	14.2			
FY11	-1.0	13,414,483	-2.8	8,836,567	4,498,396	-0.7	13,334,963	-1.6	15,548,411	0.5	2,213,448	16.6			
FY12	-1.7	13,457,817	0.3	8,981,951	4,522,545	0.5	13,504,496	1.3	16,265,437	4.6	2,760,941	20.4			
FY13	3.3	14,298,145	6.2	9,188,886	5,219,937	15.4	14,408,823	6.7	16,958,752	4.3	2,549,929	17.7			
FY14	-1.4	14,546,536	1.7	9,433,283	5,354,696	2.6	14,787,979	2.6	17,672,191	4.2	2,884,212	19.5			
FY15	1.2	14,945,463	2.7	9,374,156	5,605,872	4.7	14,980,028	1.3	18,452,511	4.4	3,472,483	23.2			
FY16	1.2	15,341,250	2.6	9,506,767	5,834,483	4.1	15,341,250	2.4	18,925,181 *	2.6	3,583,931	23.4			

# Foundation Budget

## FY17 Chapter 70 Foundation Budget

162 LUNENBURG

	-----Base Foundation Components-----										---Incremental Costs Above The Base-----			TOTAL
	(1) Pre-School	(2) Kindergarten	(3) Full-Day	(4) Elementary	(5) Jr High	(6) High School	(7) ELL PK	(8) ELL K/1st	(9) ELL KF-12	(10) Vocational	(11) Special Ed In District	(12) Special Ed Out of Dist	(13) Economically Disadvantaged	
Foundation Enrollment	38	0	99	629	383	477	0	0	24	1	60	16	292	1,832
1 Administration	6,916	0	36,036	229,956	139,412	173,328	0	0	8,736	364	180,736	40,196	0	704,980
2 Instructional Leadership	12,491	0	65,085	413,517	251,792	313,589	0	0	15,778	657	0	0	0	1,072,910
3 Classroom and Specialist Teachers	57,276	0	296,436	1,896,102	1,016,008	1,860,820	0	0	108,958	6,632	497,390	0	899,983	6,637,581
4 Other Teaching Services	14,690	0	75,543	466,318	213,159	221,013	0	0	14,837	483	464,406	614	0	1,492,043
5 Professional Development	2,265	0	11,809	75,040	49,530	59,811	0	0	3,875	207	23,994	0	19,587	246,118
6 Instructional Equipment & Tech	8,290	0	43,195	274,439	167,107	332,994	0	0	10,471	1,222	20,943	0	0	858,660
7 Guidance and Psychological	4,167	0	21,717	137,977	111,832	174,592	0	0	7,008	366	0	0	0	457,639
8 Pupil Services	1,838	0	8,640	82,336	81,889	235,175	0	0	3,142	493	0	0	0	413,333
9 Operations and Maintenance	15,905	0	82,872	528,530	347,580	419,727	0	0	27,198	1,647	168,379	0	137,450	1,727,267
10 Employee Benefits/Fixed Charges	14,337	0	74,897	474,625	274,780	328,782	0	0	22,781	1,119	190,753	0	90,339	1,472,213
11 Special Ed Tuition	0	0	0	0	0	0	0	0	0	0	381,642	0	0	381,642
12 Total	137,995	0	719,029	4,595,639	2,653,083	4,120,130	0	0	222,785	13,171	1,516,501	422,452	1,137,340	15,538,425
13 Wage Adjustment Factor	100.0%													
14 Economically Disadvantaged Devle	4													5,521

Foundation Budget per Pupil 5,521

# Local Required Contribution

## 162 Lunenburg

<u>Effort Goal</u>		<u>FY17 Increments Toward Goal</u>	
1) 2014 equalized valuation	1,183,701,800		
2) Property percentage	0.3792%		
3) Local effort from property wealth	4,488,296		
4) 2013 income	368,099,000		
5) Income percentage	1.4701%		
6) Local effort from income	5,411,329		
7) Combined effort yield (row 3+ row 6)	9,899,625		
8) Foundation budget FY17	16,932,749		
9) Maximum local contribution (82.5% * row 8)	13,969,518		
10) Target local contribution (lesser of row 7 or row 9)	9,899,625		
11) Target local share (row 10 as % of row 8)	58.46%		
12) Target aid share (100% minus row 11)	41.54%		
		13) Required local contribution FY16	
		14) Municipal revenue growth factor (DOR)	
		15) FY17 preliminary contribution (13 x 14)	
		16) Preliminary contribution pct of foundation (15/8)	
			10,245,328
			3.91%
			10,645,920
			62.87%
		<b>If preliminary contribution is above the target share:</b>	
		17) Excess local effort (15 - 10)	746,295
		18) 70% reduction toward target (17 x 70%)	522,407
		19) FY17 required local contribution (15 - 18), capped at 90% of foundation	10,123,514
		20) Contribution as percentage of foundation (19 / 8)	59.79
		<b>If preliminary contribution is below the target share:</b>	
		21) Shortfall from target local share (11 - 16)	
		22) Added increment toward target (13 x 1% or 2%)*	
		*1% if shortfall is between 2.5% and 7.5%; 2% if shortfall > 7.5%	
		23) Shortfall from target after adding increment (10 - 15 - 22)	
		24) FY17 required local contribution (15 + 22)	
		25) Contribution as percentage of foundation (24 / 8)	

# MIRGF

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

LEVY LIMIT BASE	AMOUNT
FY2015 Levy Limit Prior to Exclusions	19,425,844
Impact of FY1994-FY2015 Overrides on FY2015 Limit	1,180,161
FY2015 Limit Adjusted for Overrides	18,285,683

INCREASE IN LEVY LIMIT GROWTH DUE TO NEW GROWTH					
Fiscal Year	Levy Limit Without Exclusions, Overrides	CH	Certified New Growth	New Growth Adjusted for 653	Percentage of Previous Year's Limit
FY2010	15,367,361		1,656,903	188,732	1.23%
FY2011	15,940,277		1,142,890	448,111	2.81%
FY2012	16,786,895		810,484	321,892	1.92%
FY2013	17,529,866		1,081,710	297,571	1.70%
FY2014	18,285,683		1,288,981	292,484	1.44%

Average of Last Three Years  
 Lowest Three of Last Four Years  
 Maximum, Last Three Years  
 Average of Two Smaller Years  
 Difference, Maximum Minus 2 Yr Average

Percent Increase in New Growth for MRGF

1.89%  
 1.89%  
 1.92%  
 1.57%  
 0.35%  
 1.69%

\*Adopted CH 653

3. CHANGE IN REVENUE SHARING	Fiscal Year	
	2015	2016
Unrestricted General Government Aid	940,983	974,858
State Owned Land	47,844	47,844
TOTAL	988,827	1,022,702

4. RECURRING LOCAL RECEIPTS	Fiscal Year	
	Budget	Budget
Motor Vehicle Excise	1,292,605	1,427,000
Other Excise	66,625	85,000
Penalties and Interest	185,446	189,000
Payments in Lieu	1,681	1,681
Fines and Forfeits	28,000	49,000
Investment Income	16,000	15,000
Miscellaneous Recurring	50,000	49,000
TOTAL	1,620,357	1,815,681

5. SUMMARY	Amount		Pct Chg
FY2015 MRGF Levy Limit	18,984,809		
FY2015 General Revenue Sharing	988,827		
FY2015 Budgeted Recurring Local Receipts	1,620,357		
FY2015 Total Municipal Revenue	21,593,993		
FY2016 Estimated Levy Ceiling	28,180,826		
FY2016 Levy Limit - 1.02%	19,459,429		
FY2016 Estimated New Growth	320,843		
FY2016 Estimated Levy Limit	19,780,272		
FY2016 General Revenue Sharing	1,022,702		
FY2015 Budgeted Recurring Local Receipts	1,815,681		
FY2016 Total Municipal Revenue	22,618,655		
Change, Base to Current Revenues	1,024,662		

FY2016 Municipal Revenue Growth Factor 4.75

# Local Required District Contributions

## Apportionment of Local Contribution Across School Districts

### 162 Lunenburg

Lunenburg

Montachusett

Combined Total for  
All Districts

#### Prior Year Data (for comparison purposes)

1 FY16 foundation enrollment	1,647	78	1,725
2 FY16 foundation budget	15,341,250	1,191,829	16,533,079
3 Each district's share of municipality's combined FY16 foundation	92.79%	7.21%	100.00%
4 FY16 required contribution	9,506,767	738,561	10,245,328

#### FY17 apportionment of contribution among community's districts

5 FY17 total unapportioned required contribution (municipal contribution sheet row 19 or 24)			10,123,514
6 FY17 foundation enrollment	1,632	91	1,723
7 FY17 foundation budget	15,538,425	1,394,324	16,932,749
8 Each district's share of municipality's total FY17 foundation	91.77%	8.23%	100.00%
9 <b>FY17 Required Contribution</b>	<b>9,289,895</b>	<b>833,619</b>	<b>10,123,514</b>
10 Change FY17 to FY16 (9 - 4)	-216,872	95,058	-121,814

# Chapter 70

## 162 Lunenburg

### Aid Calculation FY17

#### Prior Year Aid

1 Chapter 70 FY16

**5,834,483**

#### Foundation Aid

2 Foundation budget FY17

15,538,425

3 Required district contribution FY17

9,289,895

4 Foundation aid (2 -3)

6,248,530

5 Increase over FY16 (4 - 1)

**414,047**

#### Minimum Aid

6 Minimum \$20 per pupil increase

**0**

#### Non-Operating District Reduction to Foundation

7 Reduction to foundation

**0**

#### FY17 Chapter 70 Aid

8 sum of line 1, 5 minus 7

**6,248,530**

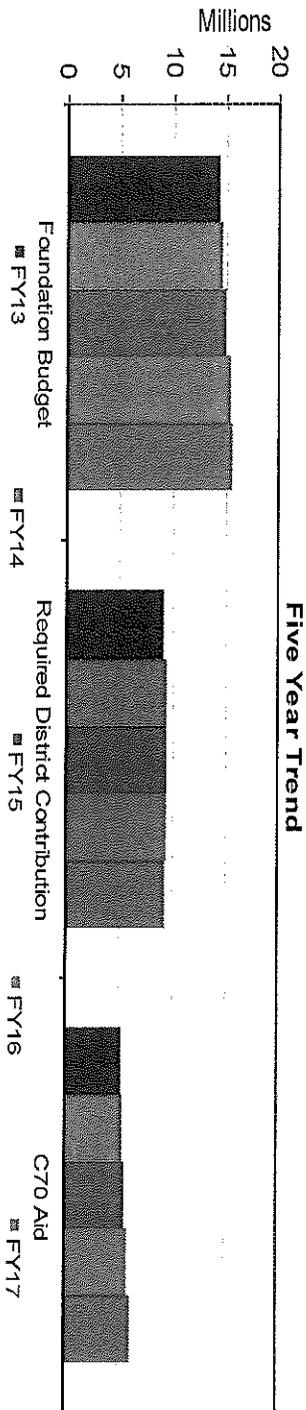
# Required Net School Spending and FY 16 and 5 Year Trends

## 162 LUNENBURG

### Comparison to FY16

	FY16	FY17	Change	Pct Chg
Enrollment	1,647	1,632	-15	-0.91%
Foundation budget	15,341,250	15,538,425	197,175	1.29%
Required district contribution	9,506,767	9,289,895	-216,872	-2.28%
Chapter 70 aid	<b>5,834,483</b>	<b>6,248,530</b>	414,047	7.10%
Required net school spending (NSS)	15,341,250	15,538,425	197,175	1.29%

Target aid share	39.71%	41.54%
C70 % of foundation	38.03%	40.21%
Required NSS % of foundation	100.00%	100.00%



# For Further Information

Mark D. Abrahams, CPA

President, The Abrahams Group

508 788-9172

[Bettergov@aol.com](mailto:Bettergov@aol.com)

[www.theabrahamsgroup.com](http://www.theabrahamsgroup.com)