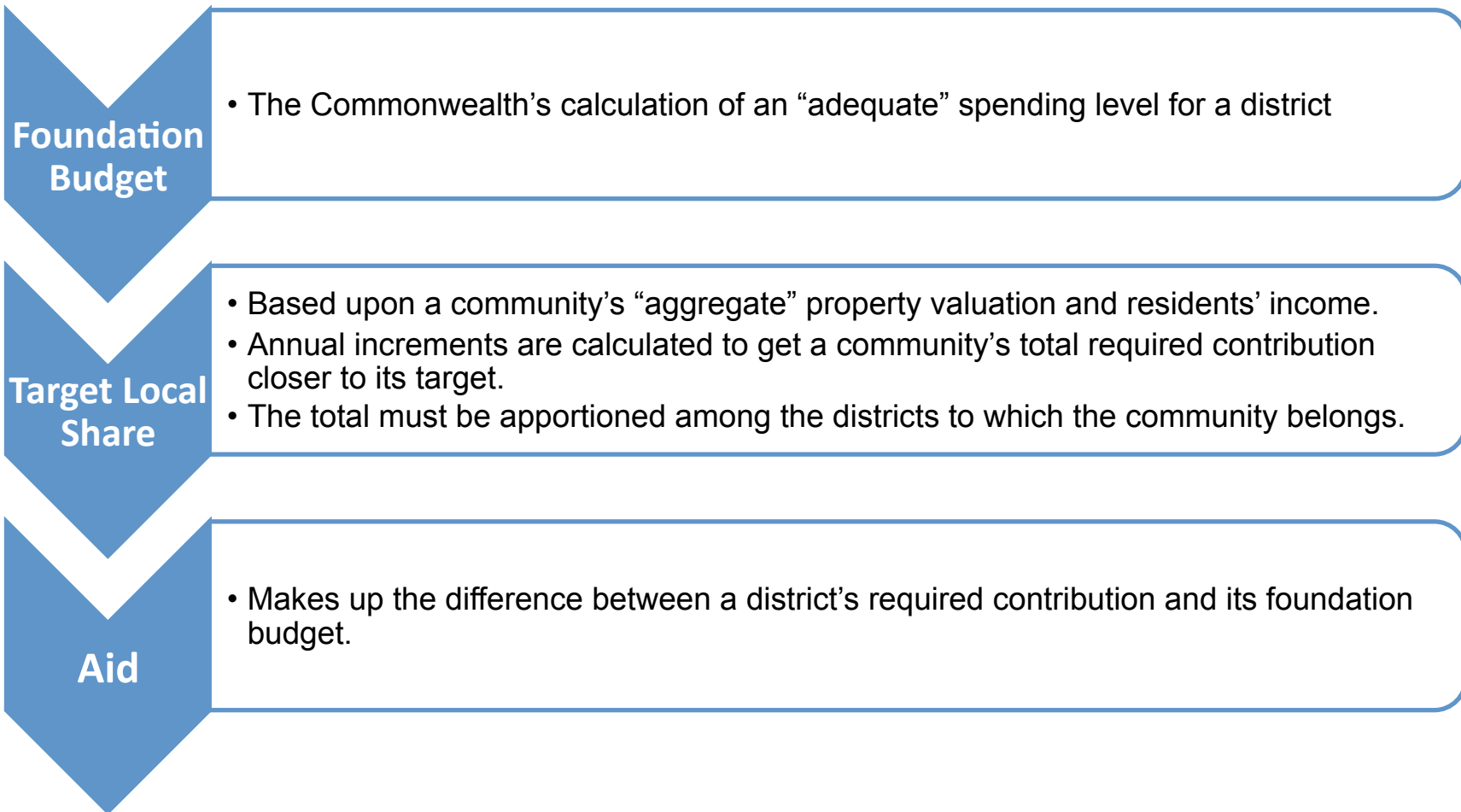


# Shrewsbury Public Schools

*Chapter 70 State Aid Report and Update*

*February 26, 2014*

# Chapter 70: Three Basic Steps



Source: Department of Elementary and Secondary Education  
[http://finance1.doe.mass.edu/chapter70/chapter\\_14p.pdf](http://finance1.doe.mass.edu/chapter70/chapter_14p.pdf)

# SHREWSBURY'S PRELIMINARY CHAPTER 70 FUNDING FOR FY 2015

- Even though calculation indicates Shrewsbury should receive less state aid in FY15, the Governor's budget provides for minimum aid of \$25 per pupil.

Actual state aid in FY14 = \$18.89 million

Preliminary state aid in FY15 = \$19.04 million

Difference = \$148,575

# WHY DOESN'T SHREWSBURY QUALIFY FOR MORE STATE AID?

- Enrollment increase was minimal (less than 1.0%)
- Adjustments to the Chapter 70 formula do not affect Shrewsbury because current actual aid already exceeds what the preliminary calculation says Shrewsbury should receive

# WHY DOESN'T SHREWSBURY QUALIFY FOR MORE STATE AID?

- Updated wealth calculation indicates Shrewsbury's share of an adequate public education should be 77% and the state's share should be 23%.
- State calculation indicates that Shrewsbury's initial required contribution is 8.55% below the target.
- The state's formula will move Shrewsbury's share incrementally towards the target over time.

# HOW DOES SHREWSBURY COMPARE TO OTHER COMMUNITIES?

- Out of 351 cities and towns in Massachusetts, 72 are considered to be contributing “below the target” for their local share of education funding, based on property value and income.
- Shrewsbury has the 13<sup>th</sup> largest shortfall, placing it in the bottom 4% of communities.
- Only one other Assabet Valley Collaborative community has a shortfall (Grafton – 2.52%)

# RANKING OF COMMUNITIES WITH LARGEST SHORTFALLS

1.	Royalston	35.96
2.	Tolland	21.08
3.	Athol	19.23
4.	Dudley	11.56
5.	Hanson	10.97
6.	East Brookfield	10.50
7.	Dunstable	9.92
8.	Fall River	9.51
9.	Mendon	9.31
10.	New Bedford	9.27

# RANKING OF COMMUNITIES WITH LARGEST SHORTFALLS

11. Holyoke	8.92
12. Upton	8.88
13. <b>Shrewsbury</b>	<b>8.55</b>
14. Lawrence	8.45
15. Spencer	8.21
16. Northbridge	8.12
17. Gardner	6.82
18. Oakham	6.77
19. Wrentham	6.50
20. Springfield	6.35



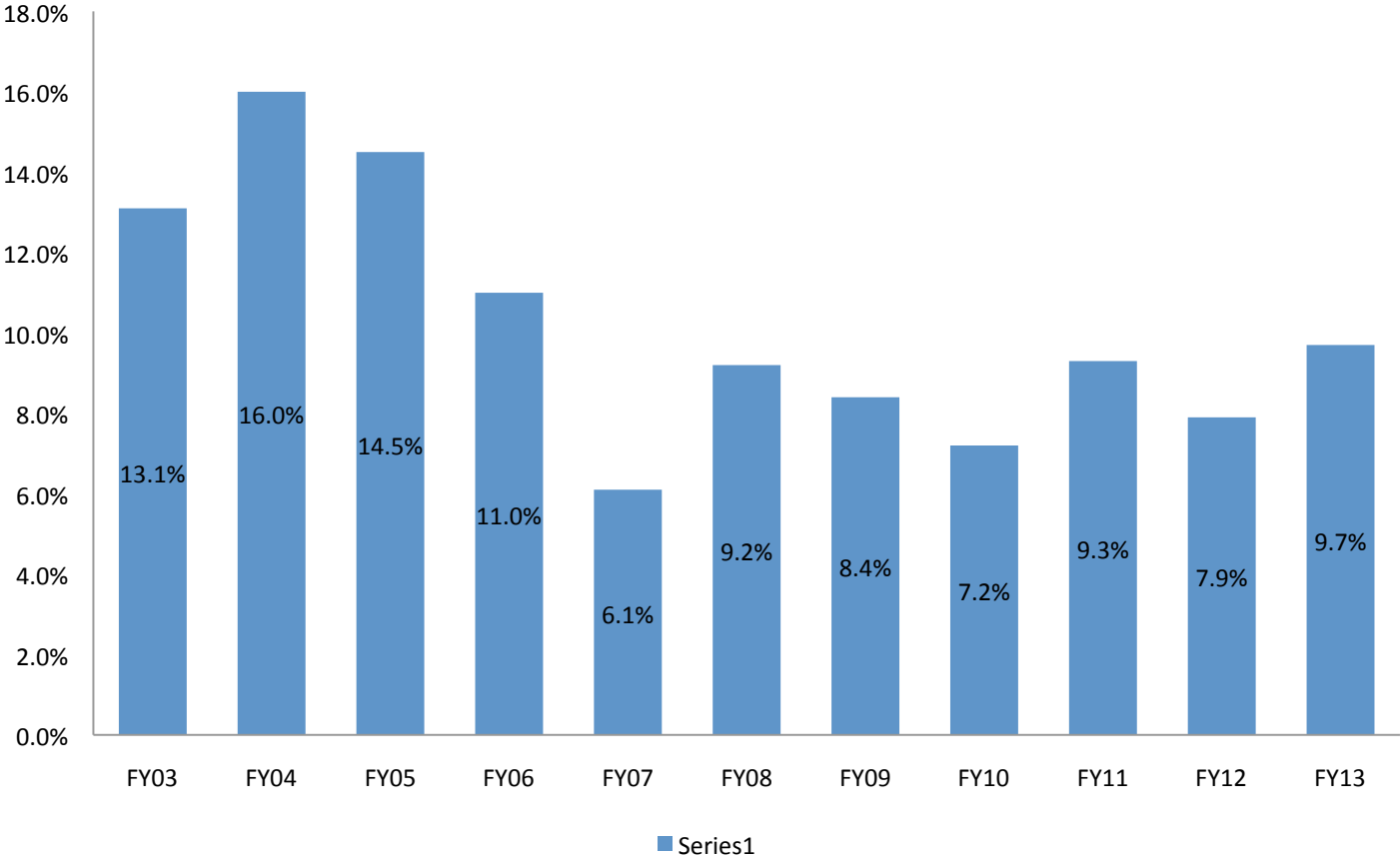
# HOW MUCH DOES SHREWSBURY SPEND ABOVE THE MINIMUM REQUIRED BY LAW?

- “Net School Spending” represents the amount of money each community must spend on public education.
- It is equal to the required local contribution plus the amount of Chapter 70 state aid provided, as determined by the state’s formula.

# HOW MUCH DOES SHREWSBURY SPEND ABOVE THE MINIMUM REQUIRED BY LAW?

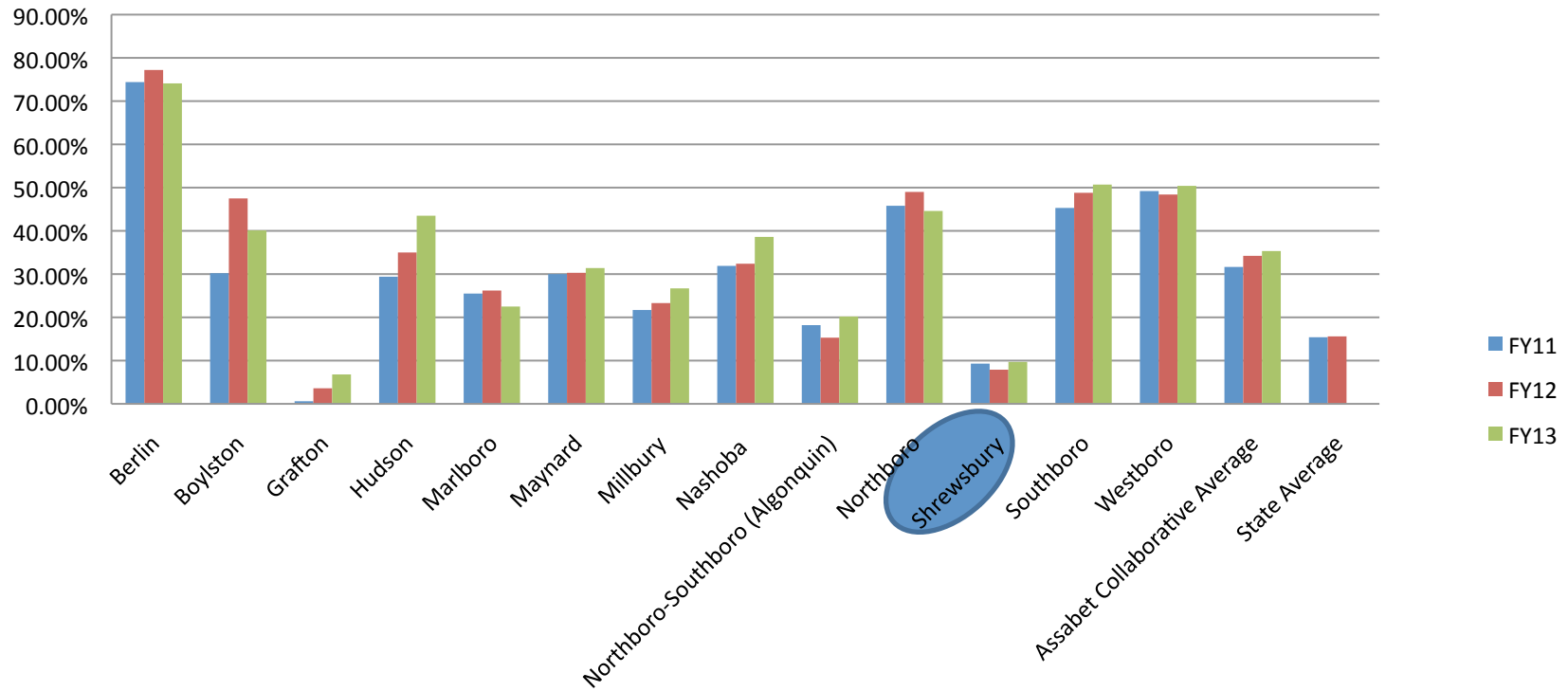
- In FY14, Shrewsbury is expected to spend \$5.6 million more than the required Net School Spending on public education, or 10.02%
- Net School Spending includes municipal indirect spending for schools but excludes long term debt and transportation.

# SHREWSBURY: HISTORY OF PERCENTAGE SPENT ABOVE REQUIRED NET SCHOOL SPENDING



# ASSABET VALLEY COLLABORATIVE DISTRICTS: COMPARISON OF PERCENTAGES SPENT ABOVE NET SCHOOL SPENDING

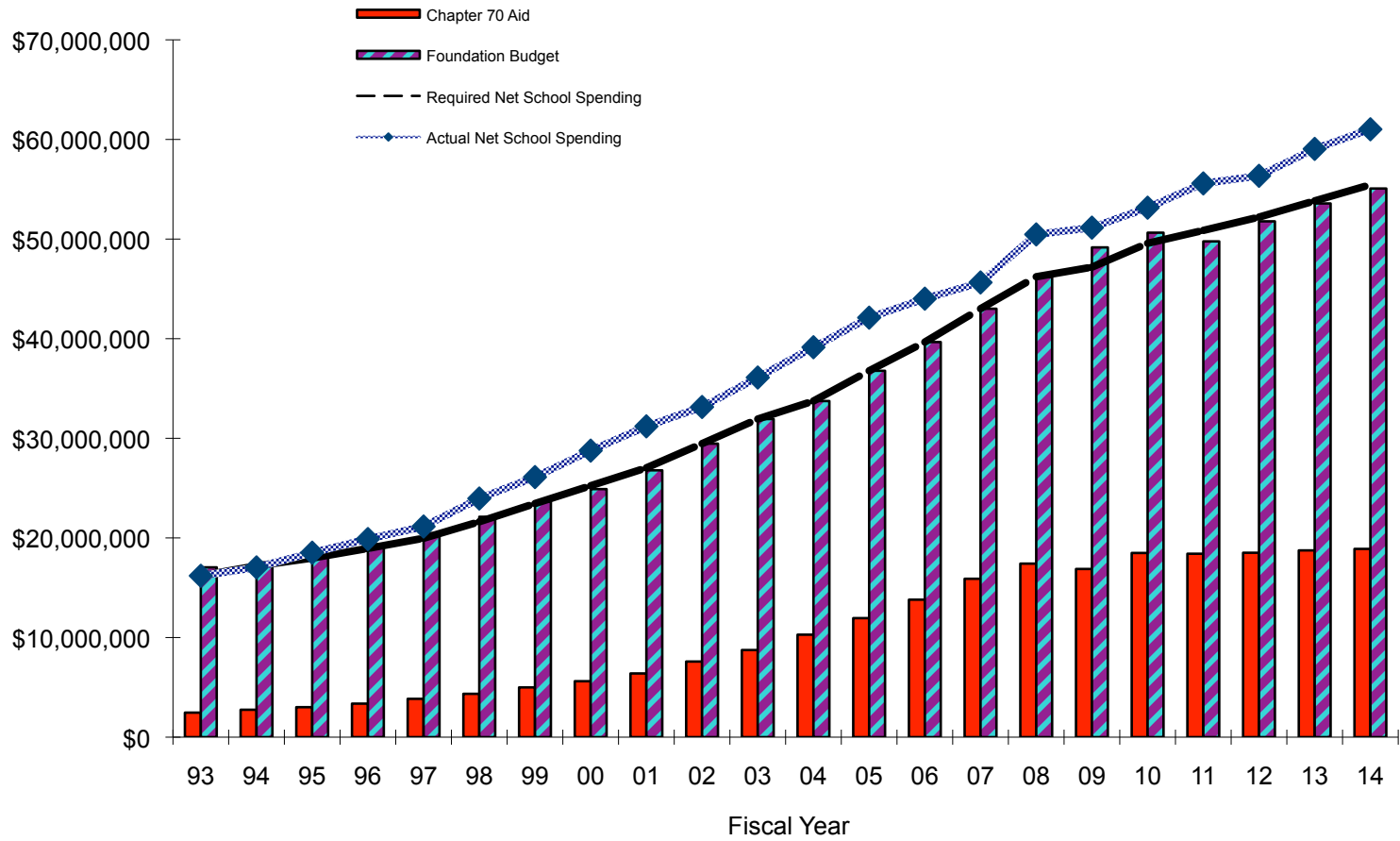
## Percent Spent Beyond Required Net School Spending



## Net School Spending Comparison

- State Average: 15% Above Requirement
- Assabet Valley Collaborative Average: 34% Above Requirement
- Shrewsbury Public Schools: 10% Above Requirement

# Chapter 70 Trends for Shrewsbury



# Why are districts spending more than net school spending requirements

- Foundation Budget is simply not sufficient to meet the needs of districts to adequately educate their students.
- The formula is now 20 years old and has not kept pace

# Chapter 70 Shortcomings

- Not adequately kept up with Cost of Health Insurance
- Does not adequately fund the rising costs of Special Education Costs
- Does not take into account the changing needs of education, particularly around technology
- Does not account for transportation costs or debt payments
- It is important to note that federal stimulus money during the financial crisis backfilled much of the Chapter 70 aid



# Chapter 70 Shortcomings

- Recent report commissioned by industry groups found that actual state spending exceeded the Foundation Budget by:
- Special Education Costs: \$1.0 Billion
- Health Insurance/Benefits: \$1.2 Billion
- Average salaries for Massachusetts teachers were actually \$8,000 higher than the foundation budget allocation

# SUMMARY

1. The state formula only provides “minimum aid” to Shrewsbury (Preliminary amount: \$148,575 increase)
2. The state’s wealth calculation indicates Shrewsbury is in the bottom 4% of all communities for its shortfall from the expected local contribution
3. While Shrewsbury contributes more than the minimum required to education, peer school districts contribute at considerably higher levels above the minimum.

# Key takeaways

- Foundation Budget is no longer adequate in funding public education in Massachusetts
- Shrewsbury is below its target local share and should not expect to receive any substantial increase in Chapter 70 in the coming years.
- Shrewsbury does spend more than its required net school spending but comparatively less than peer districts.