

School Budgets

Complicated, confusing, predictable

Part 1: funding

January 11, 2017

Dale Magee

Provide insights into School Budgeting

- Look at a few of the budgets & how they relate to each other
- Understand a little more about state aid and what affects it
- Look at funding trends & what to expect on the revenue side

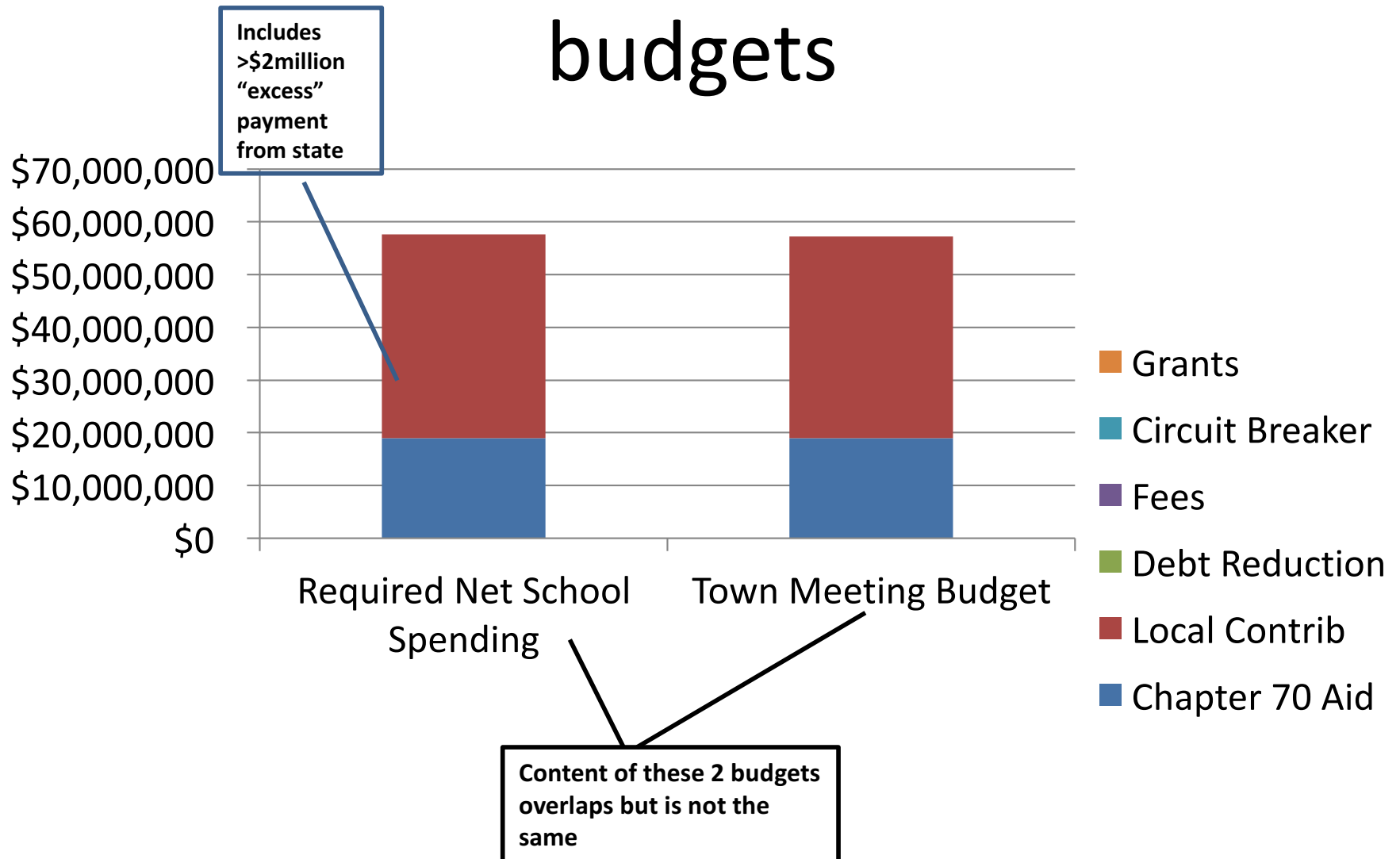
How much do we spend?

- **Several budgets**
 - **Foundation:** used to calculate **state aid**
 - Aid varies from ~18% to >90% *of Foundation Budget*
 - Based on town wealth (we are at ~23%, formula calculates ~20%)
 - **Town meeting:** *portion* of operating budget
 - **Overall operational budget**
- **Total Spend** (including buildings)
- **Town Budget**

State Aid (Chapter 70)

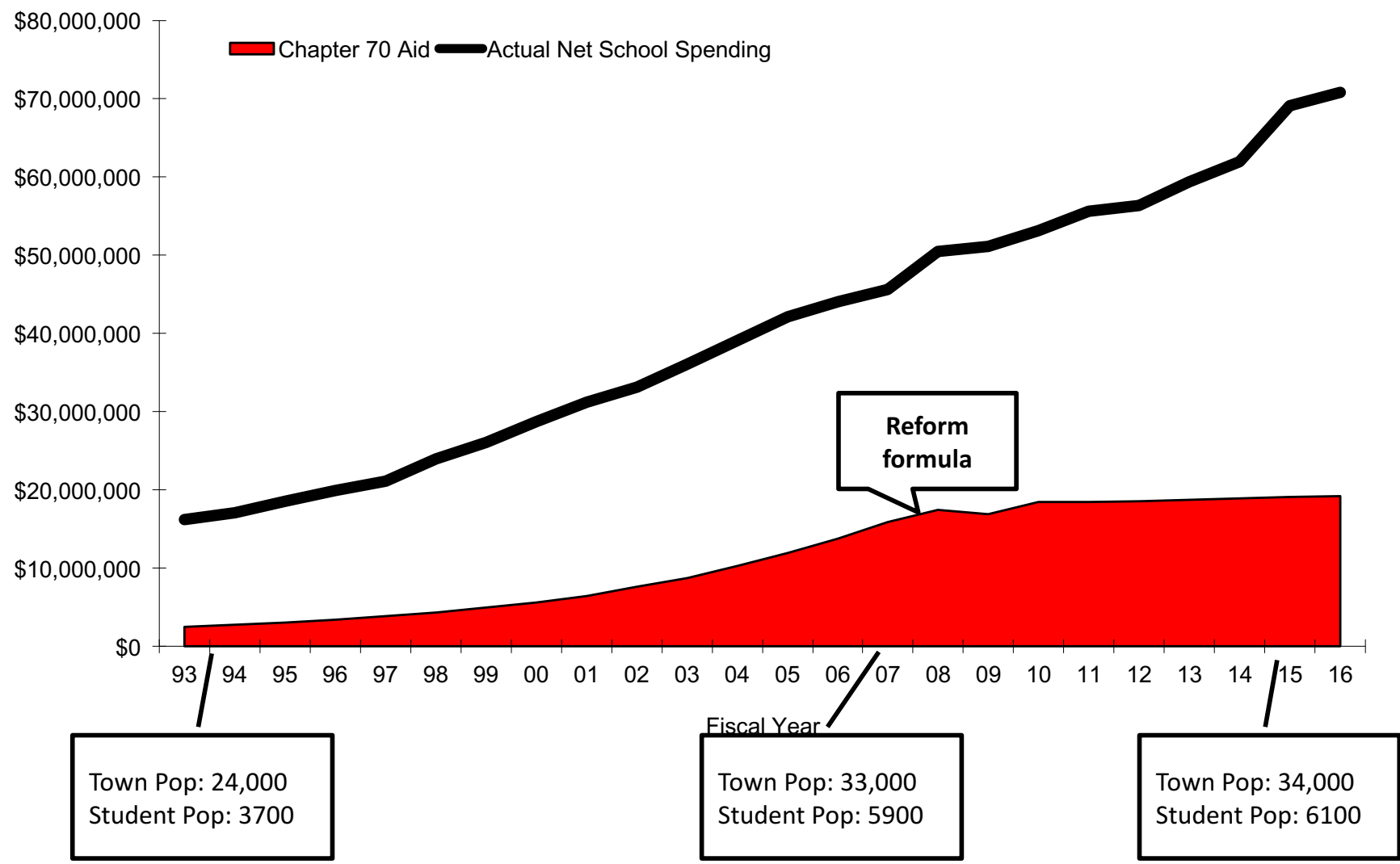
- Based on Student Profile
- Based on Community's Wealth (property and income: formula changed in 2007)
 - Community to fund based on income & property of residents, **but** source of town revenues is property tax
- *Subject to appropriation...*
- **Foundation Budget** is the calculator for state aid to district for *operational budget*

“Foundation” & Town Meeting budgets



Sources: DESE; Shrewsbury Schools End of Year report 2015

State aid for Shrewsbury is not keeping up with inflation- by design



Sources: Town Reports, DESE

Similar towns, different tax pressures

Town A



Same school pop



Same housing stock

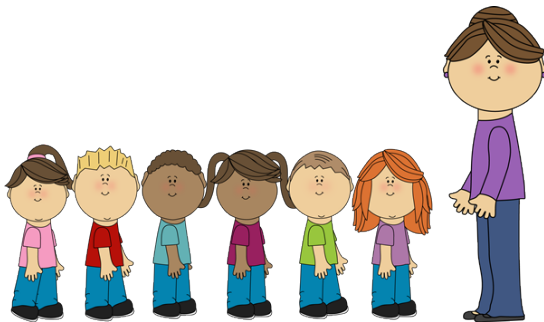


Different income



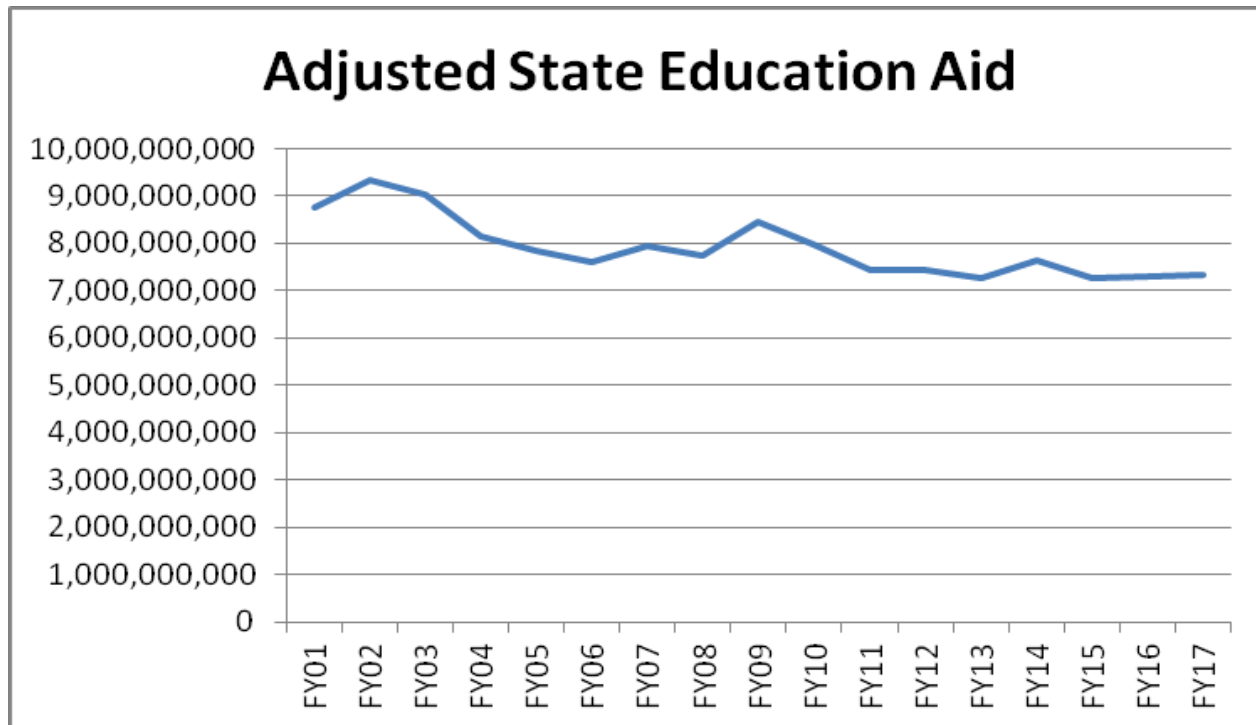
Different property tax revenues needed

Town B

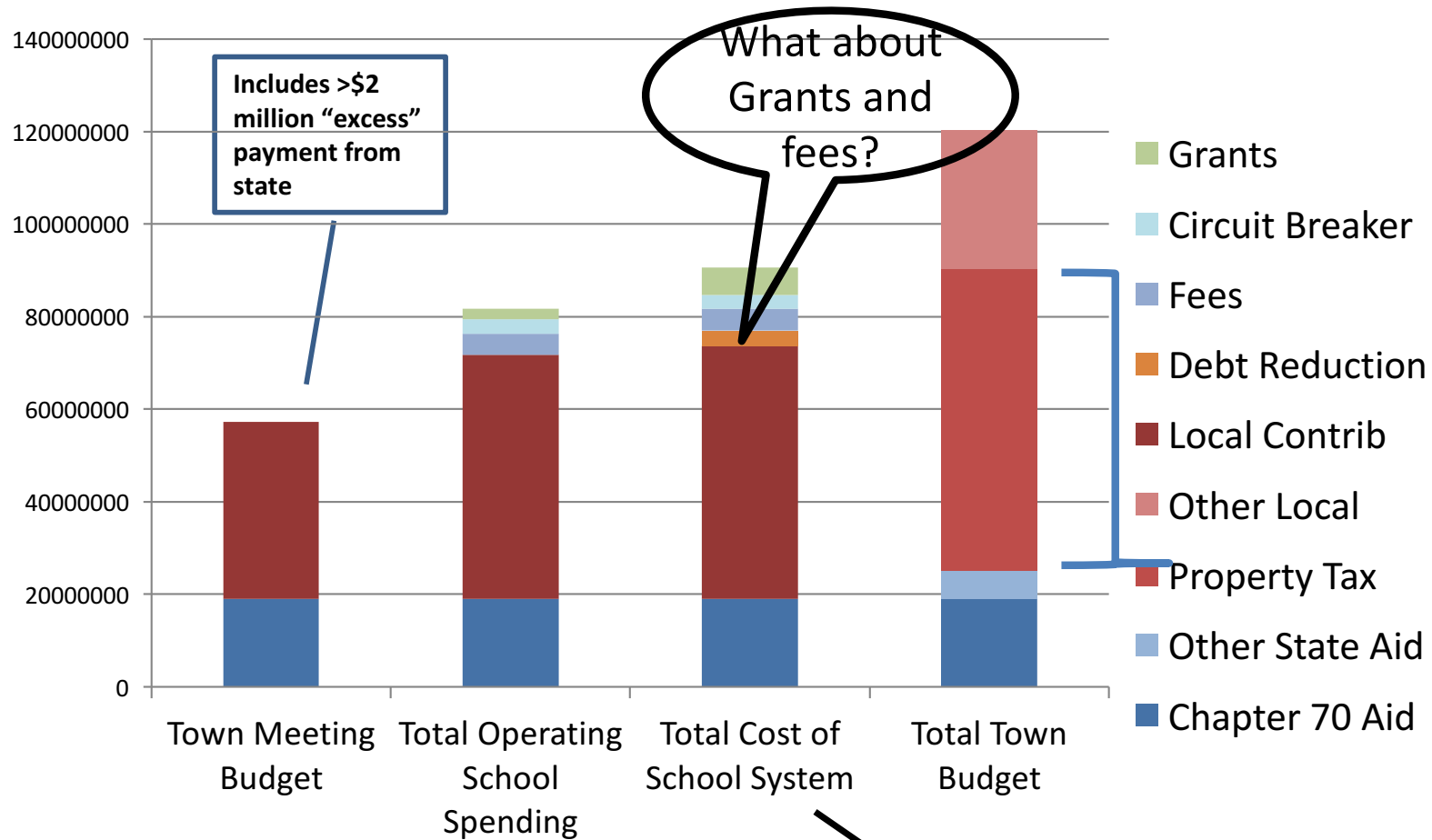


What can we expect from state aid?

- Intention of state aid is to equitably fund all districts based on the Foundation Formula
- Based on income and property value: we are in the top 1/3 of the state
- State already feels that they are overfunding us by >\$2 million/yr: thus aid has not kept up with inflation



4 budgets to think about



Includes >\$2 million "excess" payment from state

What about Grants and fees?

includes all SPED costs, all food service, grants, fees other

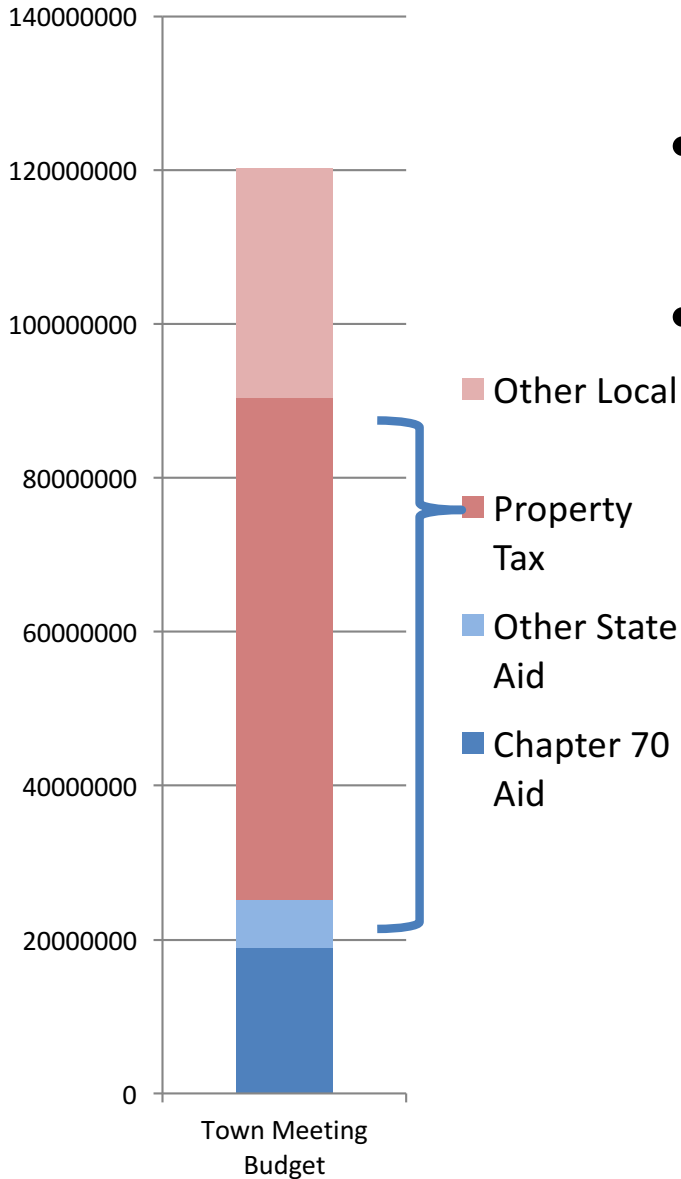
Includes debt reduction

Grants & Fees

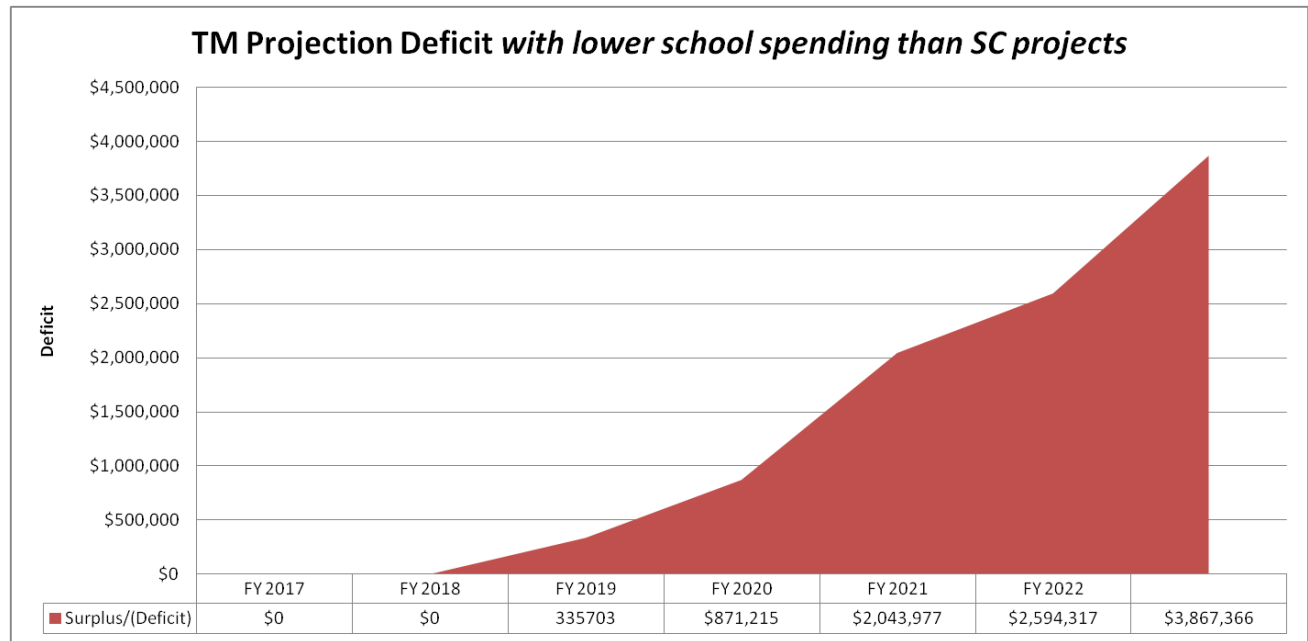
trends from 2008-16

- **Total of gov grants** mostly tied to SPED and **flat** at ~\$2 million per year
- **Fees** have undergone repeated increases, athletic, bus, activity, tuition, etc: revenues have **nearly doubled from ~\$3-\$5 million/yr**
- **School Lunch:** essentially self paying, **not external revenue source**

What about Property Tax & Prop 2 ½?



- Tied to population growth & commercial growth
- **Prop Tax ~50=60% of town revenue**
 - The rest is state aid, excise tax, fees



Sources: TM out year projection Figure 18 1/2016, Town Budget FY15

Main Revenue Points

- **Base State aid** has been **flat** for a decade and cannot be expected to increase
- **Grants** have been **flat** for the past decade
- **Fee Revenues have nearly doubled** in the decade, but even a 10% increase would only yield ~\$500,000
- **Nearly all Inflationary pressure shifts to the town appropriated budget**
- **Growth in property tax revenues limited**