

The Whitman-Hanson Regional School Budget has reached an impasse. The roadblock is the implementation of the statutory assessment method. Before passing judgment on who is responsible for this impasse and how it can be resolved, informed citizens need to understand the way the school's operating budget is calculated. This narrative does not lend itself to pithy sound bites or self-serving rhetoric. It requires attention to legislation, regulations and math. It is the only way to acquire an understanding of the facts that are the basis for sound decision-making.

Part 1. Chapter 70 Aid.

The Chapter 70 education aid formula was created by the Education Reform Act of 1993, landmark legislation that responded to growing concerns about school funding adequacy and equity in Massachusetts. The Education Reform Act also served as the Legislature's response to the State Supreme Court case *McDuffy v. Secretary of the Office of Education*, which found on behalf of a group of students from communities with low property values that the state was not living up to its obligation to provide an adequate public education to all children in the state. Interestingly, students from the towns of Hanson and Whitman were plaintiffs in the *McDuffy* case.

Chapter 70 aid calculations are the responsibility of the Department of Elementary and Secondary Education (DESE). These calculations are done for individual towns, not for the district as a whole. The calculation consists of three components: 1. The Foundation Budget, 2. Minimum Local Contribution and 3. Chapter 70 aid.

1. **The Foundation Budget** – is based on the town's enrollment on October 1 of the previous school year. The state determines the minimum level of spending that is required to provide an adequate education for the students in that town.
2. **Minimum Local Contribution** – is based on the town's "aggregate wealth" which consists of property values and personal income reported to the Department of Revenue. It is a measure of what the state believes each town can afford to contribute towards its students' education. This number is the minimum amount each community must appropriate towards the school budget.
3. **Chapter 70 Aid** – is calculated by subtracting the Minimum Local Contribution (MLC) from the Foundation Budget. It is calculated on an individual town basis, just as the Foundation Budget and MLC are.

One more component not included in the individual towns' calculations is the "Hold Harmless" funds that the state adds to the District's Chapter 70 aid to ensure that the total Chapter 70 aid to the District never decreases from year to year.

Once the Regional School Committee approves a budget, the process of calculating each town's portion of the **Net School Spending** proceeds. Net School Spending represents the funds each town must contribute to fund the school's operating budget. It does not include the costs of transportation or debt, which are calculated separately. There are two methods of performing that calculation: the Statutory Method and the Alternative Method.

The Statutory Method takes the Net School Spending, subtracts each town's Minimum Local Contribution and arrives at the balance, referred to as Above Minimum Contribution, which is apportioned to each town based on the student enrollment percentage. The Alternative Method takes the Net School Spending and immediately applies the student enrollment percentage to calculate each town's assessment.

The most recent school year's budget, FY20, will be used for illustration purposes in Table 1. The FY20 school budget was certified at \$52,373,023. Hanson paid \$9,670,975 and Whitman paid \$14,398,151 for a total of \$24,069,126, or 46% of the total certified budget. Where did the other 54% come from? The majority of that money came from the state in the form of Chapter 70 aid. Understanding the method used to apply the DESE calculations when assessing Hanson and Whitman's share of the school budget is key to understanding what is at the heart of this budget impasse.

Table 1 FY20 Operating Budget Statutory vs Alternative Method

FY20 Certified Budget:	\$52,373,023
Chapter 70 aid total	\$(24,776,700)
Other costs and revenue	\$(3,527,197)
Net School Spending	\$24,069,126
METHOD 1- Statutory Method	
Net School Spending	\$24,069,126
Hanson MLC	\$(8,892,401)
Whitman MLC	\$(10,631,538)
Amount Above Minimum Contribution	\$4,545,187
Apply pupil percentage to Above Minimum Contribution	
Hanson 40.18%	\$1,826,256
Whitman 59.82%	\$2,718,931
Total = MLC + % Above Minimum Contribution	
Total Hanson assessment	\$10,718,657
Total Whitman assessment	\$13,350,469
METHOD 2- Alternative Method – Actual FY20 Assessments	
Net School Spending	\$24,069,126
Hanson 40.18%	\$9,670,975
Whitman 59.82%	\$14,938,151
Difference between Statutory Method - Alternative Method	
Hanson	\$1,041,825
Whitman	\$(1,041,825)

Part 2. Assessment Methods and the Budget Impasse

In 2007 the Board of Education approved amendments to the regulations governing regional school districts. The revised regulations became effective on February 9, 2007. In a four-page memo that was sent to all regional school districts, the new regulations outlined two methodologies that could be used when calculating assessments to member towns: the Statutory Method and the Alternative Assessment Method. The Statutory Method was the default method to be used by regional school districts unless the regional school committee elected to utilize the Alternative Method

Key points in the memo:

“The members of a regional school district may elect to reallocate the sum of their local contributions to the district in accordance with the regional agreement; provided...

- Election shall be by approval of all members of the district. Approval of each member shall be given by majority vote at an annual or special town meeting
- All members of the regional school district must *unanimously* approve this method.
- A vote must be taken *each year* to utilize this method.
- Adoption of this method *must be reported* to the Commissioner of Education on the district's annual end of year pupil and financial report."

The Whitman-Hanson Regional School District did not respond to the information contained in the 2007 memo. The annual assessment continued to be calculated using the Alternative Assessment Method, without an affirmative vote ever having been taken.

In 2017 the School Committee empaneled a Regional Agreement Amendment Committee (RAAC) to amend the 1991 Agreement that made Whitman–Hanson a preK-12 regional school system. From September 25, 2017 until April 9, 2018 the RAAC met monthly, working with consultants from the Massachusetts Association of Regional Schools (MARS) to arrive at an amended agreement that brought the Whitman-Hanson Regional Agreement into compliance with current state legislation and regulations

After seven months of careful consideration and discussions, an amended agreement was presented to the Whitman-Hanson Regional School Committee for approval and the School Committee voted unanimously on April 19, 2018 to support the Amended Agreement.

A pivotal change to the agreement was Section V - Apportionment and Payment of Costs Incurred by the District. The language in that section spelled out explicitly how each town's operating costs would be calculated. It was the Statutory Method. Gone was any language referring to an Alternative Assessment Method. The Amended Agreement contained language that adopted the Statutory Method ***as the only method*** to be used when apportioning each town's costs.

Part 3. History of Chapter 70 Aid, Minimum Local Contribution and the effect of using the Alternative Method vs. the Statutory Method

The two tables below show the history of Chapter 70 aid for the towns of Hanson and Whitman dating back to the 2007 reforms and the effect of using the Alternative Method vs. the Statutory Method to calculate the each town's assessments for the past six fiscal years.

A careful review of Table 2 will show that Chapter 70 aid to Hanson has ***decreased*** by \$3.4 million dollars from 2007 to 2021 while Chapter 70 aid to Whitman has ***increased*** by \$1.3 million dollars. Not shown is the same fifteen-year history of the Foundation Budget and Minimum Local Contribution calculations that show both towns' MLC has increased significantly over the fifteen years, by \$5,287,266 for Hanson and by \$5,258,610 for Whitman.

Table 2.
2007-2021 History of Chapter 70 Aid

	HANSON	WHITMAN		
	Ch70 Aid	Ch70 Aid	Hold Harmless	Total State Aid
2007	\$10,374,302	\$12,005,742	\$-	\$22,380,044.00
2008	\$10,400,498	\$12,314,482	\$232,037	\$22,947,017.00
2009	\$11,277,473	\$12,702,286	\$-	\$23,979,759.00
2010	\$10,925,183	\$13,041,259	\$466,277	\$24,432,719.00
2011	\$10,645,243	\$13,150,667	\$125,296	\$23,921,206.00
2012	\$10,339,818	\$12,855,980	\$268,826	\$23,464,624.00
2013	\$10,356,055	\$13,324,446	\$-	\$23,680,501.00
2014	\$10,038,013	\$13,980,797	\$-	\$24,018,810.00

2015	\$9,199,932	\$13,694,661	\$1,225,892	\$24,120,485.00
2016	\$8,829,017	\$13,345,973	\$2,044,595	\$24,219,585.00
2017	\$8,375,155	\$13,183,533	\$2,877,542	\$24,436,230.00
2018	\$7,631,712	\$12,974,506	\$3,945,812	\$24,552,030.00
2019	\$7,286,943	\$13,026,683	\$4,351,834	\$24,665,460.00
2020	\$7,139,961	\$13,206,188	\$4,430,551	\$24,776,700.00
2021	\$6,972,473	\$13,301,818	\$4,612,329	\$24,886,620.00
Change 2021-2007	\$(3,401,829)	\$1,296,076		\$2,506,576.00

The information contained in Table 3 shows the impact of delaying the implementation of the Statutory Method. In FY15 the difference would have been ~\$375,000. By FY20 the difference had risen to over \$1 million dollars. For FY21 the projected amount is now up to \$1,141,833.

Table 3.
FY15-20 Effect of Alternative vs Statutory Method

FY	Enrollment % of Students		Actual Assessment approved at Town Meeting "Agreement Method"		Total Statutory Method [Required Min plus Remaining amount]		Effect of moving from Alternative to Statutory	
	Hanson	Whitman	Hanson	Whitman	Hanson	Whitman	Hanson	Whitman
2020	40.21%	59.79%	\$9,670,975	\$14,398,151	\$10,720,037	\$13,349,089	\$1,049,062	\$(1,049,062)
2019	40.31%	59.69%	\$8,913,341	\$13,270,185	\$9,838,937	\$12,344,589	\$925,596	\$(925,596)
2018	40.54%	59.46%	\$8,194,736	\$12,064,192	\$8,936,865	\$11,322,063	\$742,129	\$(742,129)
2017	41.48%	58.52%	\$7,715,066	\$10,956,757	\$8,312,734	\$10,359,089	\$597,668	\$(597,668)
2016	41.70%	58.30%	\$7,524,572	\$10,515,837	\$7,940,402	\$10,100,007	\$415,830	\$(415,830)
2015	41.82%	58.18%	\$7,324,961	\$10,189,999	\$7,699,402	\$9,815,558	\$374,441	\$(374,441)
Six year total							\$4,104,727	\$(4,104,727)

Part 4. Budget impasse

This background information was designed to provide the facts about the funding of the school budget as it relates to Chapter 70 aid and the Minimum Local Contribution. The 2007 revised DESE regulations introduced the Statutory Method of calculating regional school budgets as the **default** method to be employed by all regional school districts. Alternative methods were still permissible; however, the regulations clearly outline the steps that must be followed each year to use the alternative assessment method. Those steps were never followed and the Whitman-Hanson Regional School District has been improperly calculating the two towns' assessments for years. The six-year effect of that failure to follow state regulations has cost Whitman taxpayers over \$4 million dollars. Late last spring a newly elected School Committee member finally did the math, revealing the true costs to each town had the statutory method been used. That information has led to the uproar over adopting the statutory method that the veteran members of the School Committee, all of whom had voted for the 2018 Amended Regional Agreement, had assumed was being used all along.

So here are some parting questions for the readers to ponder.

- After unanimously approving an amended Regional Agreement in April 2018 that included the Statutory Method as the only method to be used when calculating assessments, why was the alternative method still being used by the School Department to calculate the FY19 and FY20 school budget?
- With the significant decline in Chapter 70 aid over the past 13 years, why has Hanson not questioned its assessment? There is an appeal process in Chapter 70 Section 6A that allows for a town to request a recalculation of its minimum local contribution. Hanson has not pursued that approach. Instead, Hanson officials – having woken up to the financial impact of implementing the statutory method of assessing its share of the FY21 school budget – have held the school budget hostage while steadfastly insisting that it is Whitman’s obligation to agree to a “compromise”.
- Why did it take so long for someone to do the math?