

Finance Committee School Choice Funding Sub-Committee 8/2/2021 Meeting starts 3PM

Present: Susie Mosher, Bob Groves
Zoom enabled

BG and SM discuss.

SM expresses her view that Fincom needs to communicate with School Committee. We should ask them to come up with a policy re School Choice. Susie's view is that this is School Committee's responsibility, not Fincom's.

BG states, that his view is that Fincom should act collaboratively with School Committee but as the authority reviewing department budgets to Town Meeting has the final say on recommended allocations. For this reason, the amount of School Choice funds used in any year should be represented as a revenue source in School Budget as it is in Pelham and Leverett.

BG states Fincom's role is that of "Watchdog" representing interest of Taxpayers and a "check" on Town department spending requests. Susie states that Fincom is "Facilitator" to find resources to meet the needs of the Town.

SM and BG discuss Pelham School Budget.

BG notes that School Choice is a revolving fund and that some amount is applied to support budget in Pelham while some is retained in fund. How is this determined?

BG states that Choice money should be applied to budget, not simply made available to school. SM disagrees. Both agree that State guidelines and rules give communities some leeway to interpret.

What are State standards? What do other communities do? Some discussion of possible role of School Committee, Superintendent, Financial Director and Fincom in determining how much to apply and account for Choice.

Susie would like to learn more about minimum growth requirements for education funding as cited in the Association of Town Finance Committees Handbook.

BG states that Shutesbury supports education well above minimum requirements.

SM will call Amherst Super and Financial Director to find out more about how Amherst and Pelham manage Choice.

BG will do the same with School Committee and district for Shutesbury.

Next meeting 8/16 @ 3PM.

Meeting adjourns 4:25

Accounting for tuition revenues (receiving districts)

The municipal or district treasurer should transfer the amount received for school choice tuition revenue each month into a school choice revolving account. These funds are then available for expenditure by the school committee without further appropriation. DESE populates school choice revenues on Schedule 1 line 630, school choice tuition receipts.

Because cities, towns, and regional school districts must account separately for school choice assessments and revenues, it is improper to "net out" the assessments from the revenues and only deposit the balance in the revolving fund.

Expenditure of tuition revenues

While the school choice statute does not provide explicit guidance as to the allowable uses of choice tuition revenue, the requirement that municipalities place such revenues in a special account for use by the school committee indicates a legislative intent that they be used for the general purposes of the school choice program. School choice tuition is intended to provide a financial incentive to encourage districts to participate in the program. Therefore, allowable expenditures include any expenditures for staff, materials, equipment, or services that directly enhance the quality of a district's educational programs and benefit students who currently attend a district's schools.

If a school committee does not need to spend tuition revenues on direct services for education, it may use those revenues for other expenditures that enhance current educational programs for students. For example, in such limited circumstances, it may be appropriate to use tuition revenues for the construction or renovation of a science or computer laboratory. Because the school choice statute requires the school committee to spend the tuition revenues, the committee may not transfer these funds to another municipal department for purposes

unrelated to education. Additionally, local school committees may not transfer funds for the payment of debt service, even if the debts were incurred by the municipality for a school-related capital expenditure, as such expenditures are not within the scope of the school committee's power or authority.

Expenditures made from the revolving fund for school choice tuition revenue do not count toward meeting a district's net school spending requirement because the spending requirement relies upon local tax effort and school choice revenue is derived from other communities. An appropriating body may not reduce the school operating budget below the amount required to meet the district's net school spending requirement with the expectation that school choice revenues will be available to make up the difference. The appropriating body, however, may take into account the availability of school choice revenues and other special revenues in deciding how much to appropriate above the net school spending requirement.

<https://www.doe.mass.edu/finance/schoolchoice/choicead.html>

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