



Shrewsbury Public Schools

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To: School Committee

Subj: FY17 STATE BUDGET UPDATE

Background

Each year both the Town Manager and School Department make projections about various types of state aid for the upcoming fiscal year. They are *projections* because our local budget process, culminating with appropriations at the Annual Town Meeting in May, precedes the completion of the annual state budget process which typically ends in late June or early July.

Town-wide Comparison of Projected v. Actual State Aid

On August 8, 2016, Mr. Morgado issued the attached report to the Board of Selectmen titled: ***Figure Four State Aid and Charges FY2012 to FY2017***. He had budgeted a Net State Aid figure of \$21,314,351 and the approved state budget results in an actual Net State Aid figure of \$21,331,765 or \$17,414 more than budgeted.

This is good news and certainly an example of his acumen and accuracy in predicting the outcome of the state budget process.

The largest category of aid is of course Chapter 70 Education Aid coming in at \$19,574,876 or 92% of the total. It's important to highlight that this category of aid increased by \$329,230 or \$55 per student in "MinimumAid" as a result of the Legislature wanting to provide every community some form of an increase. Had the Legislature not funded "Minimum Aid", Shrewsbury would have had no increase in Chapter 70 aid in FY17.

Final State Budget Impact on School Department Budget

There are several categories of "direct" state aid to the School Department that we now have more definitive information as a result of the state budget process.

The table below indicates our FY17 budgeted amount before and after completion of the state budget process.

Funding Description	FY17 Budget Amount Before	FY17 Budget Amount After	Difference
Special Education-Circuit Breaker Reimbursement	\$3,525,000	\$3,511,000 to \$3,559,000	(\$14,000) to \$34,000
Full-Day Kindergarten Grant	\$62,380	\$0	(\$62,380)
MCAS Remediation Grant	\$6,700	\$0	(\$6,700)

Regarding Circuit Breaker Reimbursement, I have used a 74-75% expected reimbursement rate and our submitted Net Claim Amount from our July 2016 cost submission to make the updated estimate. Typically, MA DESE will publish a Preliminary Reimbursement Calculation for each district in late September so we await this information as well.

It was surprising to many to see the Full-Day Kindergarten Grant be eliminated completely from the State Budget. It had been level-funded in both the Governor’s and House Budgets so there was a general consensus it would remain intact for FY17, despite prior year actions to reduce or eliminate it.

The elimination of the MCAS Remediation Grant is a relatively minor negative impact but yet again another reduction in state funding. We do plan to continue this program to assist high school students who need remedial support in order to pass the exam for graduation and will have to add this funding into our FY18 budget process to ensure continuity.

I am not recommending any action be taken at this early point in the fiscal year. A better milestone is an October/November overall budget projection will take into account the aforementioned changes and a myriad of other factors to provide a better sense of our budget status.

Finally, I have enclosed a summary of state budget process published by the Massachusetts Department of Elementary and Secondary Education highlighting the largest education funding categories. While the Town Manager budgeted zero dollars for Out of District Vocational Transportation and Homeless Student Transportation Reimbursements, we expect to receive some funding, albeit significantly reduced from FY16. The chart below depicts the differences for these two categories. These are considered “General Fund” receipts going straight to the town and therefore have no impact on the School Department budget.

Category of Reimbursement	FY16 Amount	FY17 Estimated Amount	Difference
Out of District Vocational Transportation	\$95,274	\$14,053	(\$81,221)
Homeless Transportation	\$16,113	\$5,051	(\$11,062)