

**THE EDWARD J. COLLINS, JR.  
CENTER FOR PUBLIC MANAGEMENT**

**MCCORMACK GRADUATE SCHOOL  
OF POLICY AND GLOBAL STUDIES**

University of Massachusetts Boston

100 Morrissey Boulevard

Boston, MA 02125-3393

P: 617.287.4824

[www.collinscenter.umb.edu](http://www.collinscenter.umb.edu)

# **ANALYSIS OF THE ASSESSMENTS OF THE OLD ROCHESTER REGIONAL SCHOOL DISTRICT**

**AUGUST 2019**

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## Introduction

The purpose of this report is to assist the towns of Mattapoisett, Marion, and Rochester, as well as the Old Rochester Regional School District, in analyzing and understanding the factors that influence year-to-year changes in the member towns' assessments to the Old Rochester Regional School District. In recent years, annual assessments have shifted significantly among the member towns, causing budgetary challenges for both the towns and the District. In the report that follows, the two methods of allocating the regional school budget will be outlined, as well as the advantages and disadvantages of each. Other possible means to mitigate the fluctuation of assessments or the impact on town finances will also be covered.

## Allocating Regional School Budgets

There are two basic approaches to allocating regional school budgets that are allowed under Massachusetts General Laws. The first, and by far the most widely used method, uses the minimum required local contributions as calculated based on MGL Ch. 70, §6 and is referred to as the "Statutory Assessment Method." Chapter 70 is the Commonwealth's program for ensuring adequate and equitable K-12 education funding. It determines an adequate spending level for each school district (the foundation budget). It then uses each community's property values and residents' incomes to determine how much of the foundation budget should be funded from local property taxes. Chapter 70 state aid pays for the remaining amount.

The minimum contributions calculated under this method are a function of the community's aggregate wealth as measured by local property values and income levels. In communities with high wealth levels, a larger minimum local contribution is required and less Chapter 70 education aid is awarded to meet that community's foundation budget. In communities with lower wealth levels, a lower minimum contribution is allowed, with additional Chapter 70 aid awarded to maintain foundation budget spending levels.

One of the first steps in these calculations by the Department of Elementary and Secondary Education (DESE) is to look at the enrollment for each municipality and to calculate a foundation budget for each of the school districts that a community belongs to. For example, the towns that comprise the Old Rochester RSD, have pupils at Old Rochester and their local elementary district, and they also belong to a vocational school. A foundation budget is calculated for each these school districts, representing the minimum spending level needed to provide an adequate education. The foundation budget is adjusted each year to reflect changes in the district's enrollment; changes in student demographics (grade levels; economically disadvantaged status; English language proficiency); inflation, and geographical differences in wage levels.

The calculation of the members' regional assessment under this method starts with the amount of each member's minimum contribution as determined by the Commissioner of Education. The required minimum contributions of the member towns, together with the State-provided Chapter 70 education aid, total the district's required net school spending target. Since most districts spend more than the State's net school spending target, each member's share of this above required spending is allocated based on the terms of the regional agreement. Typically, regional agreements allocate this spending based on the proportion of each members' enrollment to total district enrollment. Finally, each

member's share of transportation, capital, debt service, or other amounts that do not count as net school spending are also allocated to each member based on the regional agreement. Net school spending refers spending on direct educational services and excludes expenditures on pupil transportation, debt service, and most capital spending.

The second method for allocating regional school budgets is referred to as the "Alternative Assessment Method." This process is authorized by MGL Ch. 71, §16B and allows the members in a district to assess all district costs based on the regional agreement. Essentially, this allows districts to opt out of the "Statutory Method" and go back to their original assessment processes, as stipulated by their regional agreement. Since the passage of the Education Reform Act of 1993, Massachusetts has moved to a system where the vast majority of regional districts use the minimum required local contributions for each member calculated based on community wealth.

The issue that prevents most districts from choosing this "Alternative Assessment Method" is the fact that MGL Ch. 71, §16B requires that all member towns approve the use of this method each year the district decides to utilize this method. Since the Statutory Method is wealth-based, it will result in lower assessments for a community with less relative wealth than the other member communities in the district. Therefore, it is not in the best financial interests of a poorer community to approve the use of the Alternative Assessment method, as it results in a higher assessment for their community and fails to recognize the additional Chapter 70 aid generated per pupil by the poorer community.

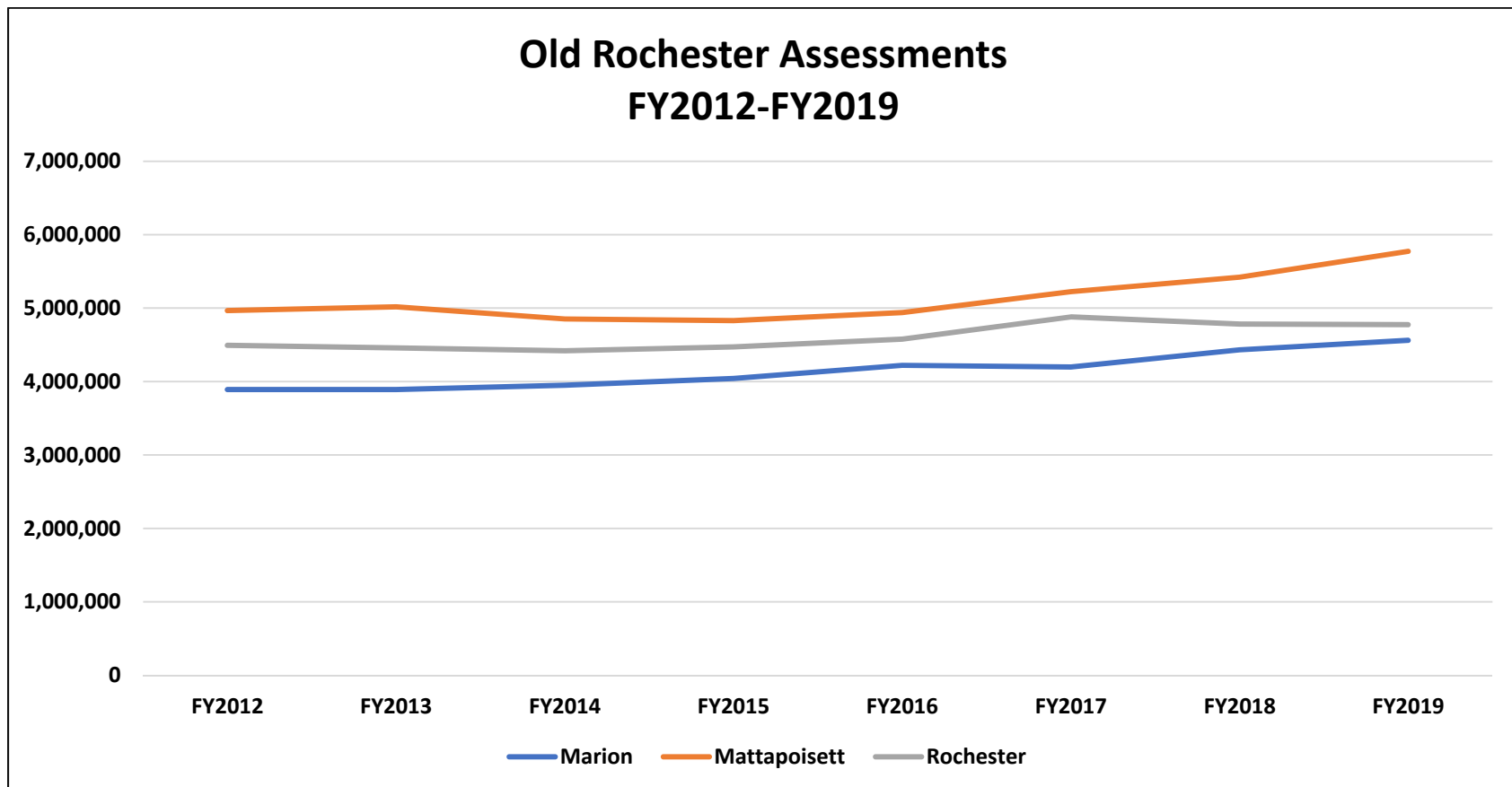
### Old Rochester RSD Assessments

The Collins Center project team reviewed the Old Rochester RSD assessments for an eight-year period from FY2012 to FY2019 and determined that the District has used the Statutory Assessment Method in all of the years reviewed. Center staff then examined how member town assessments changed over this period and analyzed the factors that drove these changes. The analysis will cover how the minimum contributions of each member town changed over this period and how above minimum spending, transportation, and capital allocations impacted member assessments.

***Finding 1: Over the eight years reviewed, Old Rochester's total assessments have increased modestly, growing a total of 13.18% between FY2012 and FY2019, or an annual average of 1.88% per year.*** However, the impacts of assessment changes on the member towns have varied during this period. For example, Marion's and Mattapoisett's assessments have experienced more significant growth over this eight-year period compared to Rochester's. Marion's and Mattapoisett's assessments grew by an annual average of 2.46% and 2.32%, respectively, between FY2012 and FY2019. Rochester's assessments grew less rapidly over this period, averaging 0.9% per year. While Marion's assessment grew fairly evenly over these eight years, Mattapoisett's assessments have risen more quickly over the last three years (FY216-FY2019). See Appendix 1 for detailed assessment calculations by year and town.

## Old Rochester RSD Assessments FY2012-FY2019

Municipality	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	% Chng. FY2012-FY2019	Ave Annual % Chng.
Marion	3,891,153	3,890,101	3,949,233	4,040,528	4,221,064	4,198,278	4,431,698	4,561,141	17.22%	2.46%
Mattapoisett	4,966,566	5,016,574	4,851,561	4,829,183	4,938,720	5,223,589	5,420,567	5,773,255	16.24%	2.32%
Rochester	4,491,778	4,457,176	4,418,857	4,470,888	4,575,885	4,879,107	4,780,950	4,774,677	6.30%	0.90%
<b>TOTAL</b>	<b>13,349,497</b>	<b>13,363,851</b>	<b>13,219,651</b>	<b>13,340,599</b>	<b>13,735,669</b>	<b>14,300,974</b>	<b>14,633,215</b>	<b>15,109,073</b>	<b>13.18%</b>	<b>1.88%</b>



**Finding 2: Mattapoissett's assessment to Old Rochester actually decreased during the period from FY2012 to FY2016, but increased rapidly after FY2016.** Mattapoissett's Old Rochester RSD assessment decreased from FY2012 to FY2016 by \$27,846, a decrease of 0.56%. During this period, Old Rochester's total above minimum and transportation spending and capital spending decreased as well, with above minimum/transportation spending decreasing by \$135,909 and capital spending decreasing by \$92,334. So despite a modest increase in Mattapoissett's minimum contribution to Old Rochester during this period of \$116,402, the town's above minimum/transportation spending and capital assessments decreased by \$144,248 between FY2012 and FY2016, resulting in the \$27,846 decrease in Mattapoissett's total assessment to Old Rochester RSD. During this period of flat/decreasing assessments, Mattapoissett had the foresight to set funds aside in a Regional School Assessment Stabilization Fund, to be appropriated to defray increasing assessments in subsequent years.

In the years following FY2016, Mattapoissett's assessment to Old Rochester began to increase more rapidly, increasing by a total of \$834,535 or an average annual increase of 5.63% between FY2016 and FY2019. During this period, the town's minimum contribution increased by \$298,509, while the town's above minimum spending and transportation assessment increased by \$575,155, and the capital assessment decreased by \$39,129. So while Mattapoissett's minimum required contribution increased due to the town's growing enrollment at Old Rochester and declining enrollment at its local elementary and vocational school, it was largely the increase in the District's above minimum/transportation spending that drove the increases to Mattapoissett. In total, Old Rochester's above minimum/transportation spending increased by \$1,337,098 from FY2016 to FY2019, while the capital assessment decreased by \$99,330. By FY2019, Mattapoissett had also become the largest member town in terms of enrollment share, slightly higher than Rochester which had previously had the greatest enrollment share.

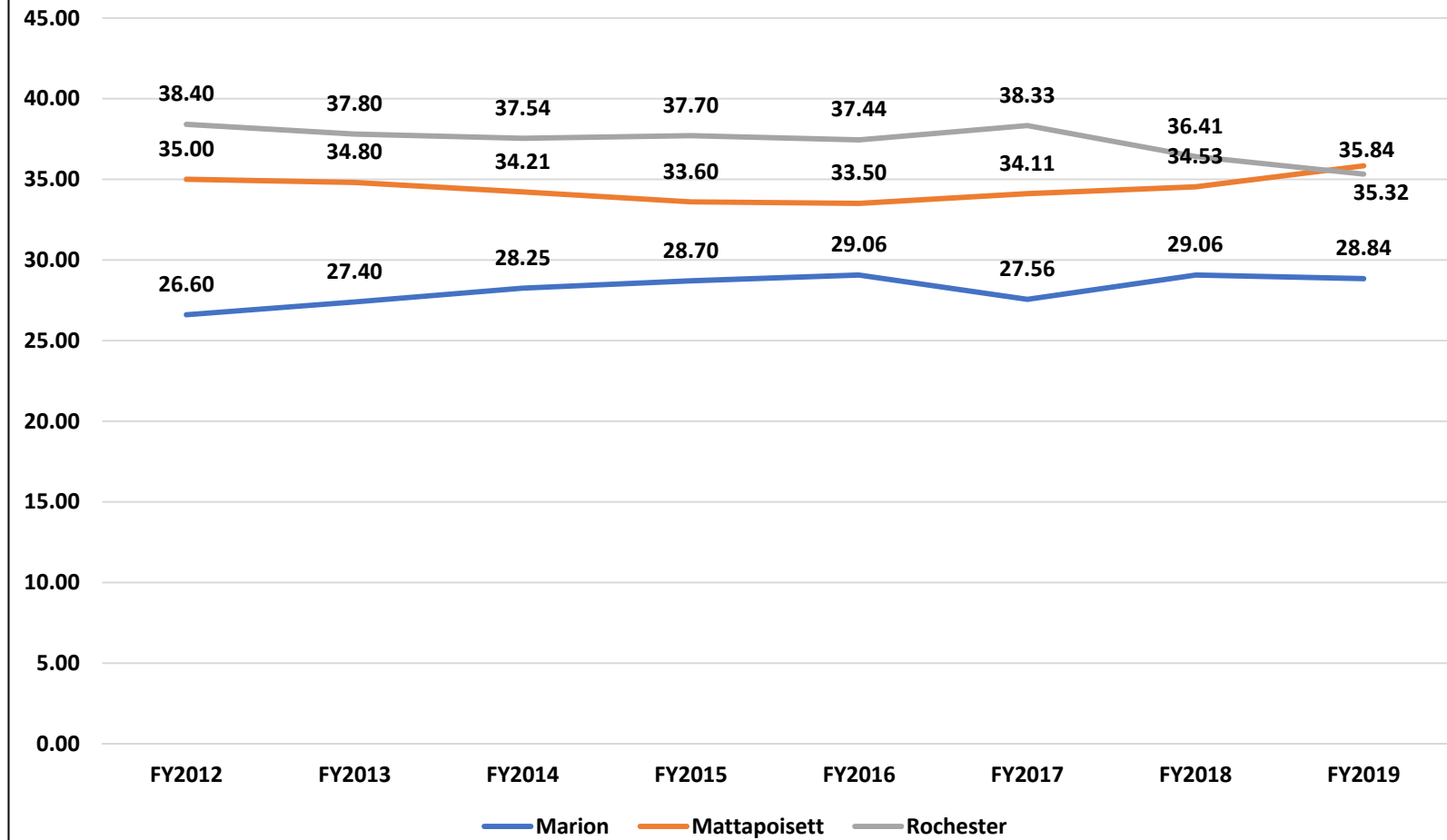
<b>Old Rochester Regional School District</b>						
<b>2012 - 2016 Assessment Changes</b>						
<b>Municipality</b>	<b>Change Minimum Contribution</b>	<b>Chng. Above Min/Trans.</b>	<b>Change Capital</b>	<b>Change</b>	<b>Percent Change</b>	<b>Average Percent Chng.</b>
<b>Marion</b>	290,355	64,884	-25,328	329,911	8.48%	2.12%
<b>Mattapoissett</b>	116,402	-109,004	-35,244	-27,846	-0.56%	-0.14%
<b>Rochester</b>	207,658	-91,789	-31,762	84,107	1.87%	0.47%
<b>TOTAL</b>	<b>614,415</b>	<b>-135,909</b>	<b>-92,334</b>	<b>386,172</b>	<b>2.89%</b>	<b>0.72%</b>
<b>2016 - 2019 Assessment Changes</b>						
<b>Municipality</b>	<b>Change Minimum Contribution</b>	<b>Chng. Above Min/Trans.</b>	<b>Change Capital</b>	<b>Change</b>	<b>Percent Change</b>	<b>Average Percent Chng.</b>
<b>Marion</b>	-10,004	376,591	-26,510	340,077	8.06%	2.69%
<b>Mattapoissett</b>	298,509	575,155	-39,129	834,535	16.90%	5.63%
<b>Rochester</b>	-152,869	385,352	-33,691	198,792	4.34%	1.45%
<b>TOTAL</b>	<b>135,636</b>	<b>1,337,098</b>	<b>-99,330</b>	<b>1,373,404</b>	<b>10.00%</b>	<b>3.33%</b>

**Finding 3 – While enrollment shares have been relatively stable between FY2012 and FY2019, even slight changes can impact a member town’s assessment.** For example, looking at the period from FY2012 to FY2019, Marion’s enrollment share at Old Rochester grew from 26.60% in FY2012 to 29.06% in FY2016, while Mattapoisett’s fell from 35.0% in FY2012 to 33.5% in FY2016, and Rochester’s fell from 38.4% in FY2012 to 37.44% in FY2016. Marion’s increasing enrollment at Old Rochester during this period (41 additional pupils or 13.53 percent enrollment growth), combined with the largely unchanged enrollments in the other member towns, increased Marion’s enrollment share. Due to this enrollment growth, a larger share of the Marion’s total minimum contribution was allocated to Old Rochester. As a result, Marion’s minimum contribution at Old Rochester increased by \$290,335 during this period. However, in the years following FY2016, Marion’s minimum contribution at Old Rochester actually decreased slightly as fewer Marion pupils attended Old Rochester and the town’s enrollment at its elementary school and vocational school increased, moving a larger share of the town’s minimum contribution to these districts.

The increasing share of enrollment attributed to Marion between FY2012 and FY2016 also meant that the town’s share of above minimum/capital spending increased about \$40,000, which when combined with the \$290,335 increase in the town’s minimum contribution to Old Rochester, resulted in a total assessment increase of about \$330,000. In these years, Mattapoisett and Rochester were allocated a lesser share of above minimum spending due to their decreasing enrollment shares over this period and a decline in above minimum spending between FY2012-FY2016. Mattapoisett’s above minimum/capital spending decreased by \$144,000, while Rochester’s decreased \$123,500 over this period.

<b>Old Rochester RSD - Changes in Enrollment Shares</b>			
<b>2012-2016 Enrollment Shares by Town</b>			
<b>Municipality</b>	<b>FY2012 Share</b>	<b>FY2016 Share</b>	<b>Change</b>
<b>Marion</b>	26.60	29.06	2.46
<b>Mattapoisett</b>	35.00	33.50	-1.50
<b>Rochester</b>	38.40	37.44	-0.96
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	
<b>2016-2019 Enrollment Shares by Town</b>			
<b>Municipality</b>	<b>FY2016 Share</b>	<b>FY2019 Share</b>	<b>Change</b>
<b>Marion</b>	29.06	28.84	-0.22
<b>Mattapoisett</b>	33.50	35.84	2.34
<b>Rochester</b>	37.44	35.32	-2.12
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	

## Old Rochester RSD Enrollment Shares FY2012-FY2019

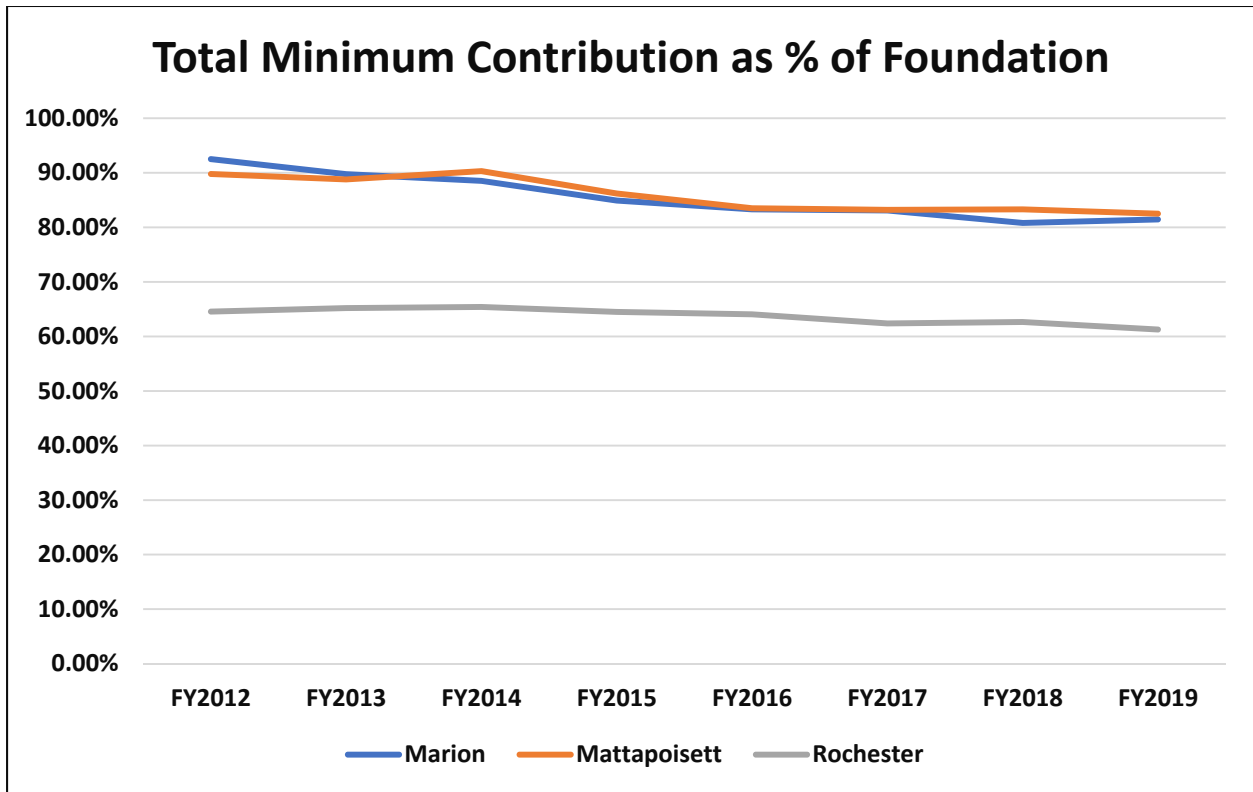




**Finding 4 – Due to their high property wealth and income levels, Marion’s and Mattapoissett’s total minimum required local contributions have been capped at the State maximum of 82.5 percent of their total foundation budgets.** This cap on the minimum contribution has been phased-in gradually (see Table below), with the State moving communities above the 82.5% maximum local contribution down to this cap. This gap between minimum contributions and the State maximum contribution was closed by 20% in FY2012 and then in gradually increasing amounts over the intervening years, until it reached 100% in FY2019.

Rochester also saw a decrease in the percentage of its foundation budget to be covered by the minimum local contribution. The town’s percentage decreased from 64.56% to 61.26% in FY2019. This likely occurred as growth in property wealth and income across the state exceeded that growth in Rochester. As mentioned earlier, each town’s total minimum contribution is allocated among its local elementary school, Old Rochester RSD, and the town’s vocational school based on each district’s relative share of the town’s foundation budget for these districts. (See Appendix 2 for allocation proportions of minimum contribution/foundation budget by town.)

<b>Total Minimum Contribution as percent of Foundation Budget</b>								
<b>Municipality</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>
<b>Marion</b>	92.51%	89.76%	88.53%	84.93%	83.30%	83.10%	80.82%	81.46%
<b>Mattapoissett</b>	89.79%	88.78%	90.31%	86.21%	83.51%	83.22%	83.31%	82.50%
<b>Rochester</b>	64.56%	65.21%	65.42%	64.49%	64.07%	62.39%	62.65%	61.26%

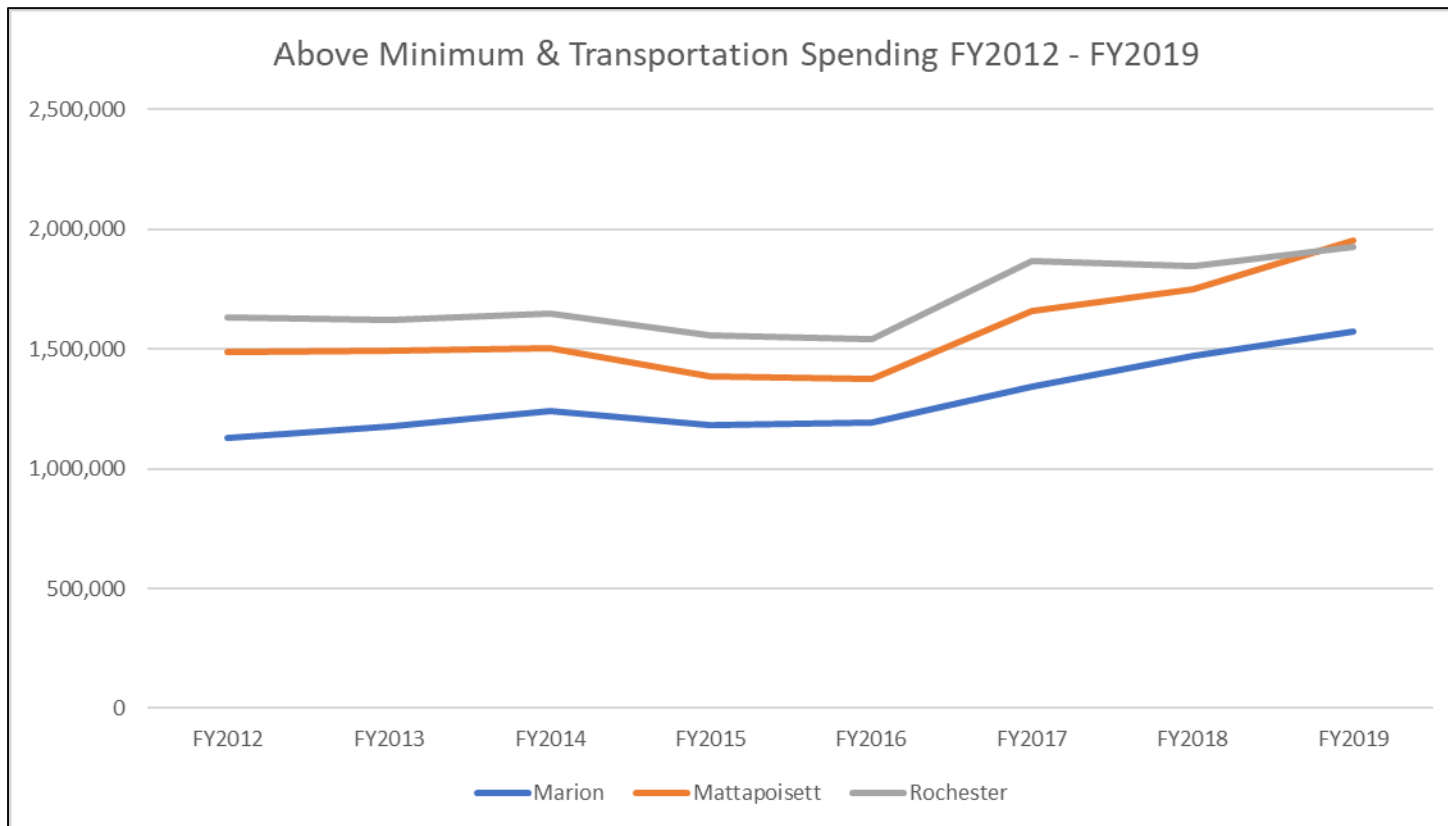


***Finding 5 – Old Rochester RSD’s above minimum and transportation spending increased rapidly after FY2016, and this contributed substantially to the rise in member town assessments between FY2016 and FY2019.*** In total, this spending increased by \$1,337,098 between FY2016 and FY2019, or an increase of 32.5%. Contributing factors in this above minimum spending growth were the relatively slow growth of Chapter 70 aid and the required minimum contributions of the member towns over this period. The vast majority of this increase was above minimum spending, as the amount assessed for transportation changed only minimally during these years. As explained earlier in the analysis of the changes in assessments during this period, this increase in above minimum spending drove the assessment increases for both Marion and Rochester, as their minimum contributions to Old Rochester decreased over this period, as did their share of capital spending. The large increases in above minimum spending exceeded these decreases for Marion and Rochester and resulted in increased assessments of \$340,007 and \$198,792, respectively. Mattapoisett’s minimum contribution increased by \$298,509 over this period as enrollment at Old Rochester grew and a larger percentage of the town’s total minimum contribution was allocated to Old Rochester. At the same time, above minimum and transportation spending assessments increased by \$575,155, and the capital assessment decreased by \$39,129, for a total FY2016 – FY2019 assessment increase of \$834,535 for Mattapoisett.

<b>Old Rochester RSD 2016 - 2019 Assessment Changes</b>						
<b>Municipality</b>	<b>Change Minimum Contribution</b>	<b>Chng. Above Min/Trans.</b>	<b>Change Capital</b>	<b>Change</b>	<b>Percent Change</b>	<b>Average Percent Chng.</b>
<b>Marion</b>	-10,004	376,591	-26,510	340,077	8.06%	2.69%
<b>Mattapoisett</b>	298,509	575,155	-39,129	834,535	16.90%	5.63%
<b>Rochester</b>	-152,869	385,352	-33,691	198,792	4.34%	1.45%
<b>TOTAL</b>	135,636	1,337,098	-99,330	1,373,404	10.00%	3.33%

### Old Rochester RSD Above Minimum/Transportation Spending

Municipality	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY12- FY19 % Chng.	FY16- FY19 % Chng.
Marion	1,128,748	1,174,874	1,239,589	1,183,488	1,193,632	1,340,418	1,471,903	1,570,223	39.11%	31.55%
Mattapoissett	1,485,194	1,492,175	1,501,109	1,385,547	1,376,190	1,658,767	1,748,962	1,951,345	31.39%	41.79%
Rochester	1,629,470	1,620,811	1,647,226	1,554,616	1,537,681	1,864,017	1,844,184	1,923,033	18.02%	25.06%
<b>TOTAL</b>	<b>4,243,412</b>	<b>4,287,860</b>	<b>4,387,924</b>	<b>4,123,651</b>	<b>4,107,503</b>	<b>4,863,202</b>	<b>5,065,049</b>	<b>5,444,601</b>		



**Finding 6 – Marion is the only member town in the Old Rochester RSD that experienced total enrollment growth across all its districts between FY2012 and FY2019.** Over this period, Marion’s total foundation enrollment at all districts grew from 741 in FY2012 to 805 in FY2019, an increase of 8.64%. Marion’s increasing enrollment was distributed fairly evenly between its local elementary and the Old Rochester RSD, with elementary enrollment increasing 8.13% between FY2012 and FY2019 and enrollment at Old Rochester growing by 8.91% over this period.

Mattapoisett experienced a loss of total foundation enrollment over this period, decreasing from 918 in FY2012 to 889 in FY2019, a decrease of 3.16%. However, Mattapoisett experienced a more rapid loss of elementary pupils, decreasing by 7.45%. At the same time, enrollment at Old Rochester grew by 4.26%, with most of this growth happening in the last several years.

Rochester also saw a loss in total foundation pupils, with enrollment decreasing from 1,016 in FY2012 to 986 in FY2019, a decrease of 2.95%. Foundation enrollment at the Rochester elementary district decreased by 4.06% over this period, while enrollment dropped by 7.29% at Old Rochester. The town’s enrollment at Old Colony Vocational School increased by 23 pupils or 38.33%. This was likely a contributing factor to the loss of Rochester pupils at Old Rochester.

<b>Foundation Enrollment by District</b>									
<b>Marion</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>% Chng.</b>
Marion	418	437	430	448	439	445	455	452	8.13%
Old Rochester	303	298	315	325	344	324	342	330	8.91%
Upper Cape	20	14	13	12	13	18	18	23	15.00%
<b>TOTAL</b>	<b>741</b>	<b>749</b>	<b>758</b>	<b>785</b>	<b>796</b>	<b>787</b>	<b>815</b>	<b>805</b>	<b>8.64%</b>
<b>Mattapoisett</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>% Chng.</b>
Mattapoisett	483	482	469	511	510	490	451	447	-7.45%
Old Rochester	399	388	384	380	397	399	409	416	4.26%
Old Colony	36	39	37	27	31	34	32	26	-27.78%
<b>TOTAL</b>	<b>918</b>	<b>909</b>	<b>890</b>	<b>918</b>	<b>938</b>	<b>923</b>	<b>892</b>	<b>889</b>	<b>-3.16%</b>
<b>Rochester</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>% Chng.</b>
Rochester	517	501	497	486	476	480	467	496	-4.06%
Old Rochester	439	419	415	427	439	448	429	407	-7.29%
Old Colony	60	67	71	70	67	69	75	83	38.33%
<b>TOTAL</b>	<b>1016</b>	<b>987</b>	<b>983</b>	<b>983</b>	<b>982</b>	<b>997</b>	<b>971</b>	<b>986</b>	<b>-2.95%</b>

***Finding 7 – Old Rochester’s in-district spending in FY2018 of \$15,565 per pupil was slightly less than the State average in-district per pupil spending of \$15,913.*** The Center project team also compared Old Rochester RSD’s FY2018 spending as reported on the End-of-Year Financial Report (EOYR) by functional category with three other similar districts (See Appendix 3). The data in these reports is fairly accurate, as districts are required to hire audit firms to verify the accuracy of the data reported in their EOYR. These comparable districts were chosen from the Southeastern part of Massachusetts, and all are partial regions rather than full K-12 regions. Although the districts vary in enrollment and a couple are larger than Old Rochester, the spending data is presented on a per pupil basis to equalize for this factor.

Of note in the review of FY2018 spending, Old Rochester spent the lowest amount per pupil on district administration at \$432 per pupil, compared with the comparable districts that spent between \$573 and \$626 per pupil on administration. Old Rochester’s spending on teachers per pupil was \$6,032, an amount slightly below the State average (\$6,180). One comparable district spent about the same amount per pupil on teachers (\$6,152), one spent significantly more (\$7,879) and one spent significantly less (\$4,717). Old Rochester spent the lowest amount per pupil on Instructional Materials, Equipment, and Technology at \$376 per pupil, while the other comparable districts spent between \$416 and \$609 per pupil. Spending in this area was also below the State average of \$488 per pupil. However, Old Rochester spent the second highest amount per pupil for Guidance, Counseling, and Testing at \$634 per pupil, with two other districts below \$600 per pupil and the highest spender at \$887 per pupil. The State average per pupil spending for this category was \$504 in FY2018.

Of particular interest is that Old Rochester RSD spends very little on out-of-district expenses. For FY2018, these expenses included relatively small school choice tuition (\$90,599) and charter school tuition (\$27,821) assessments, but no expenditures for out-of-district special education tuitions or special education transportation. In contrast, one of comparable districts spent about \$2 million on out-of-district special education tuitions and transportation, while another spent about \$4.8 million on these expenses.

## Summary of Findings

In total, the Old Rochester RSD assessments have increased modestly over the period reviewed by the Center. Although member town assessments increased by an average of 1.88% per year over the years from FY2012 to FY2019, the individual impacts on the member towns have varied as enrollment shares, minimum contributions, and the above minimum spending has changed. For example, from FY2012 to FY2016, Mattapoisett's assessment actually decreased slightly, as the town's share of enrollment decreased and the amount of district-wide above minimum spending also decreased. Marion's assessment increased over this period, as their enrollment increased rapidly at Old Rochester between FY2012 and FY2016, increasing both the town's minimum contribution to Old Rochester and the allocated share of above minimum spending. Rochester experienced a slight increase in assessments during this period, as Rochester's enrollment at Old Rochester was unchanged during this period.

Beginning in FY2017, district-wide above minimum spending increased significantly. Spending above minimum increased by \$769,542 in FY2017, and then increased by another \$150,631 in FY2018 and by \$396,747 in FY2019, for a total increase of \$1,316,920. During this period, transportation spending fluctuated only slightly, and increased by only \$20,178. Capital spending actually decreased during this period (-\$99,330). The increase in above minimum spending increased the assessments to all three members during this period. In Mattapoisett, the town's increasing share of Old Rochester enrollment increased the share of the town's minimum contribution allocated to Old Rochester, and the higher enrollment share meant a larger share of the increased above minimum spending as well. The result was that Mattapoisett experienced average annual assessment growth of 5.63% per year beginning in FY2017.

## Recommendations

As discussed in the body of the report, the alternative assessment method authorized by MGL Ch. 70, §16B is not widely used across the State, as it essentially allows districts to opt out of the wealth-based calculations of minimum required contributions and base assessments on the original regional agreement. Under the current statutory assessment method, the member towns' minimum contributions are calculated based on each community's property wealth and income. Consequently, Rochester's minimum contribution per pupil is significantly lower than the contributions of Marion and Mattapoisett. As a result, it would be unlikely for the District to get unanimous approval of the alternative assessment method. This method requires annual, unanimous approval of all members each year that it is used.

Old Rochester Minimum Contribution per Pupil								
Municipality	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Marion	8,137	8,204	8,244	7,998	8,062	8,074	7,972	8,406
Mattapoisett	7,898	8,114	8,414	8,118	8,082	8,086	8,218	8,514
Rochester	5,678	5,960	6,097	6,073	6,201	6,061	6,180	6,322

**Recommendation 1 – To slow rapid increases or decreases in assessments, the District should consider changing its regional agreement to allow for enrollments to be averaged over a three to five-year period for assessment purposes.** The impact of changing the assessment method in this manner would be to smooth out rapid changes in enrollment, so that in a town experiencing enrollment growth, the assessment will increase more gradually over a few years, rather than all at once in a single year. Conversely, for a town experiencing a declining enrollment share, this change would slow the rate of the assessment decrease, so that it also occurs over a few years. The District has explored changing its regional agreement to allow for averaging enrollment over a three-year period. This is an appropriate step to slow rapid increases and decreases in assessments due to the inevitable changes in relative enrollment shares among the member towns.

**Recommendation 2 – The member towns should consider establishing special purpose stabilization funds to smooth the budgetary impacts of fluctuations in the Regional assessments.** Stabilization funds may be created for one or more different purposes under M.G.L. Ch. 40, § 5B. A fund may be created for a broad category of spending purposes or may be established for more specific purposes. In this case, the special purpose stabilization fund could be established for the purpose of smoothing year-to-year changes in regional school assessments. Funds could be deposited into the stabilization fund in years when the assessment does not increase much and drawn from it to offset budgetary impacts when assessments increase more rapidly. For example, in years where assessments increase only minimally or decrease, a member town can appropriate the difference between the assessment and what the assessment would have been if it increased by 2 to 2.5% into a special purpose stabilization fund. In years where the assessment increases beyond this 2 to 2.5% threshold, the town can appropriate from the special purpose stabilization to offset the impact on the town's budget.

Creation of a specialized stabilization fund requires a two-thirds vote of the legislative body of the town and the vote must clearly define the purpose(s) of the fund. A majority vote is required to appropriate money into the fund and a two-thirds vote is required to appropriate money out of the fund or to change the purpose of the fund. It is the project team's understanding that Mattapoisett has already established a special purpose stabilization fund. The other towns should consider whether this would be a benefit to them as well.

**Recommendation 3 – The member towns should communicate regularly with the Old Rochester RSD on fiscal issues and continue participating in the collective bargaining process as allowed under State law.** Though it appears that the District has done a good job in terms of holding the line on assessment increases, and communication with the member towns appears to be good, the Town Administrators in the member communities should continue to meet regularly as a group, with the Superintendent, to discuss regional fiscal issues and town resources available to address these issues. The ability of member towns to influence the regional budget is enhanced when the member towns communicate and act together.

Potential subjects for these meetings could include discussion of District projections of future years' (or multi-year) revenues and expenditures, upcoming cost pressures or budgetary challenges, major capital needs, and unfunded District fiscal obligations such as Other Post-Employment Benefits (OPEB). OPEB refers to the future cost of providing benefits to active employees upon retirement, with health insurance being the primary cost driver. It is in the best fiscal interests of both the member towns and the District to discuss these issues regularly and cooperatively in order to mitigate or avoid future fiscal problems.

The member towns should also continue to participate in the District's collective bargaining process. Pursuant to MGL CH. 150E, §1, the member towns have rotated the towns' participant in the District's collective bargaining process. Designating a town representative to the School Committee for collective

bargaining purposes allows the towns to offer input and participate in discussions on future contract proposals. As mentioned above, development and discussion of District revenue and expenditure projections with the Town Administrators could also provide useful context for future contract negotiations. Participation in School Committee discussions around bargaining also gives the member towns a means to better understand the District's financial needs and challenges.

**Recommendation 4 – The District should develop a detailed Capital Improvement Plan (CIP) and establish a District Stabilization Fund.** Developing a five-year CIP is a best financial practice and is a comprehensive look at the District's expected future capital needs, the realistic estimation of project costs, a prioritized year-to-year project schedule, and a capital budget that outlines spending purposes and funding needed for the upcoming fiscal year. While the District is assessing the member towns for existing District debt service, this amount has declined over the last eight years as debt service has decreased. A potential issue is that the District may not be spending enough to adequately maintain its existing assets or acquire new assets that may be necessary in the future.

To establish funding for future capital needs, the District should establish a stabilization fund as allowed by MGL Ch. 71, §16 G1/2. Establishment and use of a stabilization fund should be based on the District's long-range capital improvement plan. To establish this reserve, a majority vote of the Regional School Committee is required, along with the specific approval of each member town. Once established, the regional budget may include a line-item to appropriate funds into this stabilization fund. This line-item is part of the annual regional budget and does not require a separate vote by the member towns. Expenditures from the stabilization fund may be authorized by a two-thirds vote of the School Committee if used for capital (purposes for which District is permitted to borrow). Since appropriations into a regional stabilization fund are a form of capital budgeting, the regional school committee does not have authority to increase or decrease the amount once the budget is approved.

**Recommendation 5 – The District could also consider expanding to a full K-12 regional school district.** If Old Rochester were a K-12 district, enrollment proportions for assessment purposes would be based on a larger grade span. In cases where enrollment at the middle/high school is growing, but elementary enrollment is declining, such as in Mattapoisett in recent years, this change would temper the growth in the town's enrollment percentage. For Marion, however, with enrollment growth at both Old Rochester and its elementary school, this change could result in a slightly higher enrollment percentage. For Rochester, with enrollment declines at both Old Rochester and its elementary district, this change would result in about the same enrollment percentage.

One advantage of a single assessment for both elementary and middle/high school programs is that member towns avoid the difficult decisions that come when their assessment at the middle/high school increases, but local political pressure does not allow them to reduce the budget or re-direct funding from the elementary district.

Of course, there are many other important factors that must go into a decision to fully regionalize the Old Rochester RSD. Factors such as the relative spending levels at each elementary district, potential salary discrepancies, any economies of scale possible with an expanded district, or opportunities for increased state aid should also be considered carefully. In an expanded regional district, transportation aid will likely increase as elementary transportation costs will now be eligible for state reimbursement. Currently, these costs are not reimbursable, as only eligible regional school transportation costs are reimbursable.



Appendix 1 – Old Rochester Assessments FY2012-FY2019

<b>FY2012</b>	Minimum Contribution	Above Minimum	Transportation	Capital	TOTAL
Marion	2,485,614	1,048,354	80,394	276,791	3,891,153
Mattapoisett	3,096,206	1,379,413	105,781	385,166	4,966,566
Rochester	2,515,184	1,513,413	116,057	347,124	4,491,778
<b>TOTAL</b>	<b>8,097,004</b>	<b>3,941,180</b>	<b>302,232</b>	<b>1,009,081</b>	<b>13,349,497</b>

<b>FY2013</b>	Minimum Contribution	Above Minimum	Transportation	Capital	TOTAL
Marion	2,444,768	1,089,548	85,326	270,459	3,890,101
Mattapoisett	3,148,044	1,383,805	108,370	376,355	5,016,574
Rochester	2,497,182	1,503,099	117,712	339,183	4,457,176
<b>TOTAL</b>	<b>8,089,994</b>	<b>3,976,452</b>	<b>311,408</b>	<b>985,997</b>	<b>13,363,851</b>

<b>FY2014</b>	Minimum Contribution	Above Minimum	Transportation	Capital	TOTAL
Marion	2,445,517	1,154,639	84,950	264,127	3,949,233
Mattapoisett	2,982,908	1,398,237	102,872	367,544	4,851,561
Rochester	2,440,389	1,534,341	112,885	331,242	4,418,857
<b>TOTAL</b>	<b>7,868,814</b>	<b>4,087,217</b>	<b>300,707</b>	<b>962,913</b>	<b>13,219,651</b>

<b>FY2015</b>	Minimum Contribution	Above Minimum	Transportation	Capital	TOTAL
Marion	2,599,245	1,111,365	72,123	257,795	4,040,528
Mattapoisett	3,084,903	1,301,111	84,436	358,733	4,829,183
Rochester	2,592,970	1,459,877	94,739	323,302	4,470,888
<b>TOTAL</b>	<b>8,277,118</b>	<b>3,872,353</b>	<b>251,298</b>	<b>939,830</b>	<b>13,340,599</b>

<b>FY2016</b>	Minimum Contribution	Above Minimum	Transportation	Capital	TOTAL
Marion	2,775,969	1,111,989	81,643	251,463	4,221,064
Mattapoisett	3,212,608	1,282,060	94,130	349,922	4,938,720
Rochester	2,722,842	1,432,505	105,176	315,362	4,575,885
<b>TOTAL</b>	<b>8,711,419</b>	<b>3,826,554</b>	<b>280,949</b>	<b>916,747</b>	<b>13,735,669</b>

<b>FY2017</b>	Minimum Contribution	Above Minimum	Transportation	Capital	TOTAL
Marion	2,634,665	1,266,797	73,621	223,195	4,198,278
Mattapoisett	3,254,237	1,567,661	91,106	310,585	5,223,589
Rochester	2,735,181	1,761,638	102,379	279,909	4,879,107
<b>TOTAL</b>	<b>8,624,083</b>	<b>4,596,096</b>	<b>267,106</b>	<b>813,689</b>	<b>14,300,974</b>

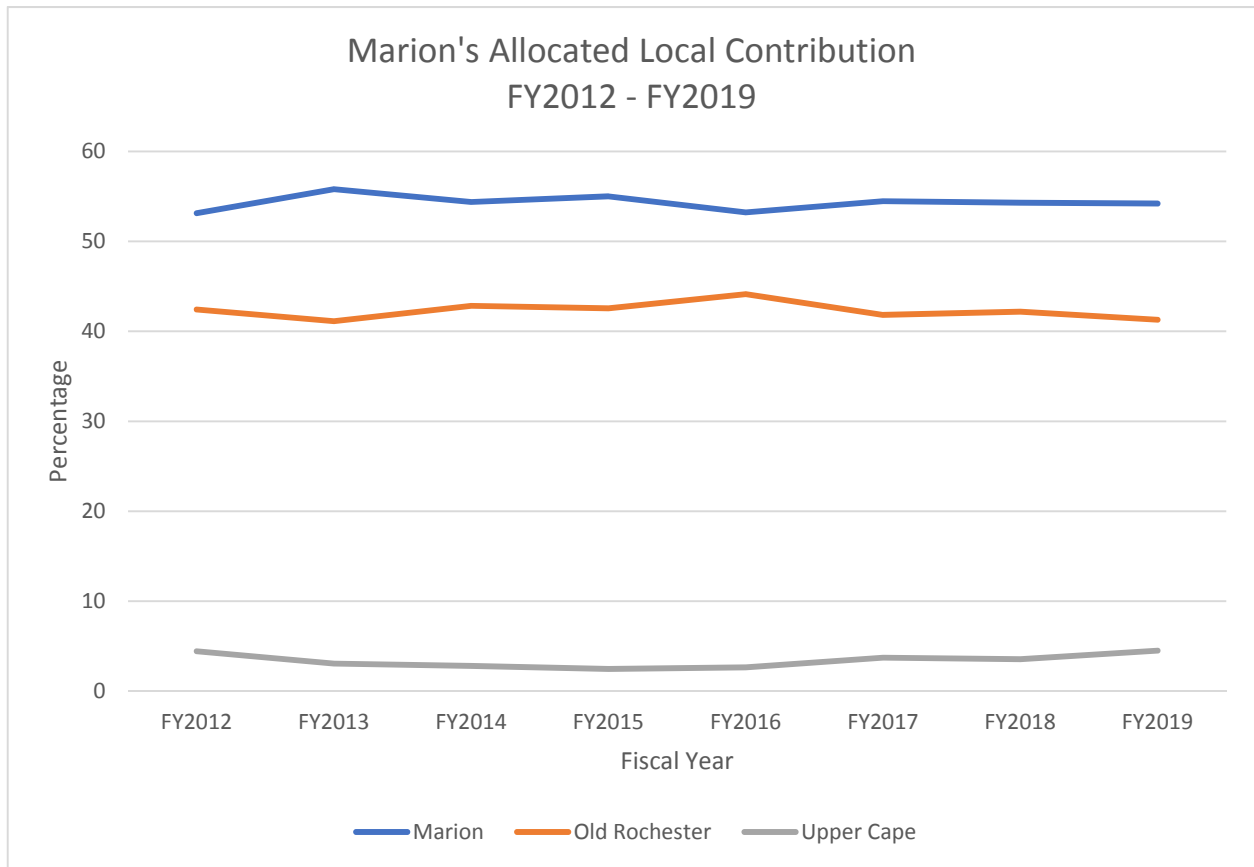
<b>FY2018</b>	Minimum Contribution	Above Minimum	Transportation	Capital	TOTAL
Marion	2,726,176	1,379,399	92,504	233,619	4,431,698
Mattapoissett	3,349,949	1,639,045	109,917	321,656	5,420,567
Rochester	2,643,805	1,728,283	115,901	292,961	4,780,950
TOTAL	8,719,930	4,746,727	318,322	848,236	14,633,215

<b>FY2019</b>	Minimum Contribution	Above Minimum	Transportation	Capital	TOTAL
Marion	2,765,965	1,483,378	86,845	224,953	4,561,141
Mattapoissett	3,511,117	1,843,421	107,924	310,793	5,773,255
Rochester	2,569,973	1,816,675	106,358	281,671	4,774,677
TOTAL	8,847,055	5,143,474	301,127	817,417	15,109,073

**Percent of Foundation/Local Contribution**

**Marion**

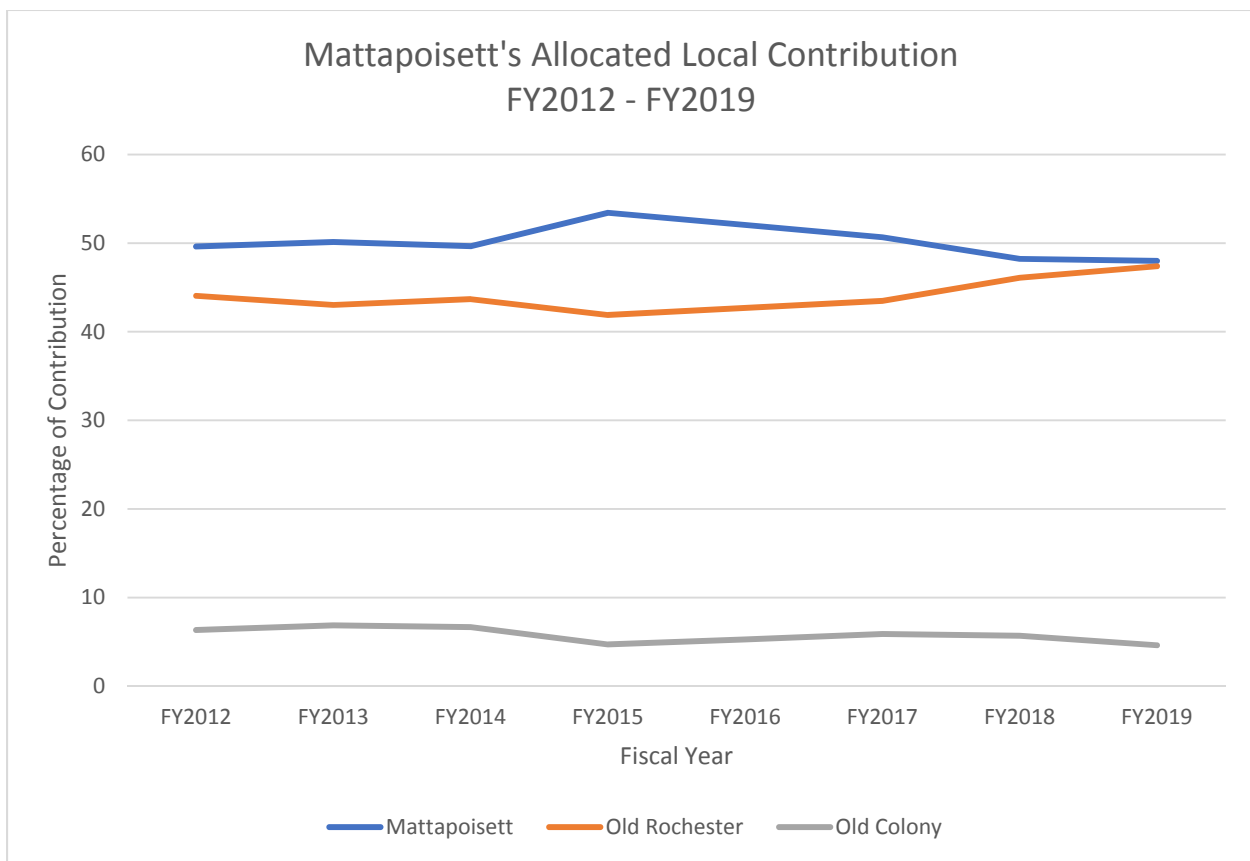
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Marion	53.14	55.81	54.38	55	53.22	54.46	54.29	54.2
Old Rochester	42.42	41.13	42.83	42.55	44.14	41.82	42.17	41.29
Upper Cape	4.44	3.06	2.79	2.45	2.64	3.72	3.54	4.51
TOTAL	100	100	100	100	100	100	100	100



## Percent of Foundation/Local Contribution

### Mattapoisett

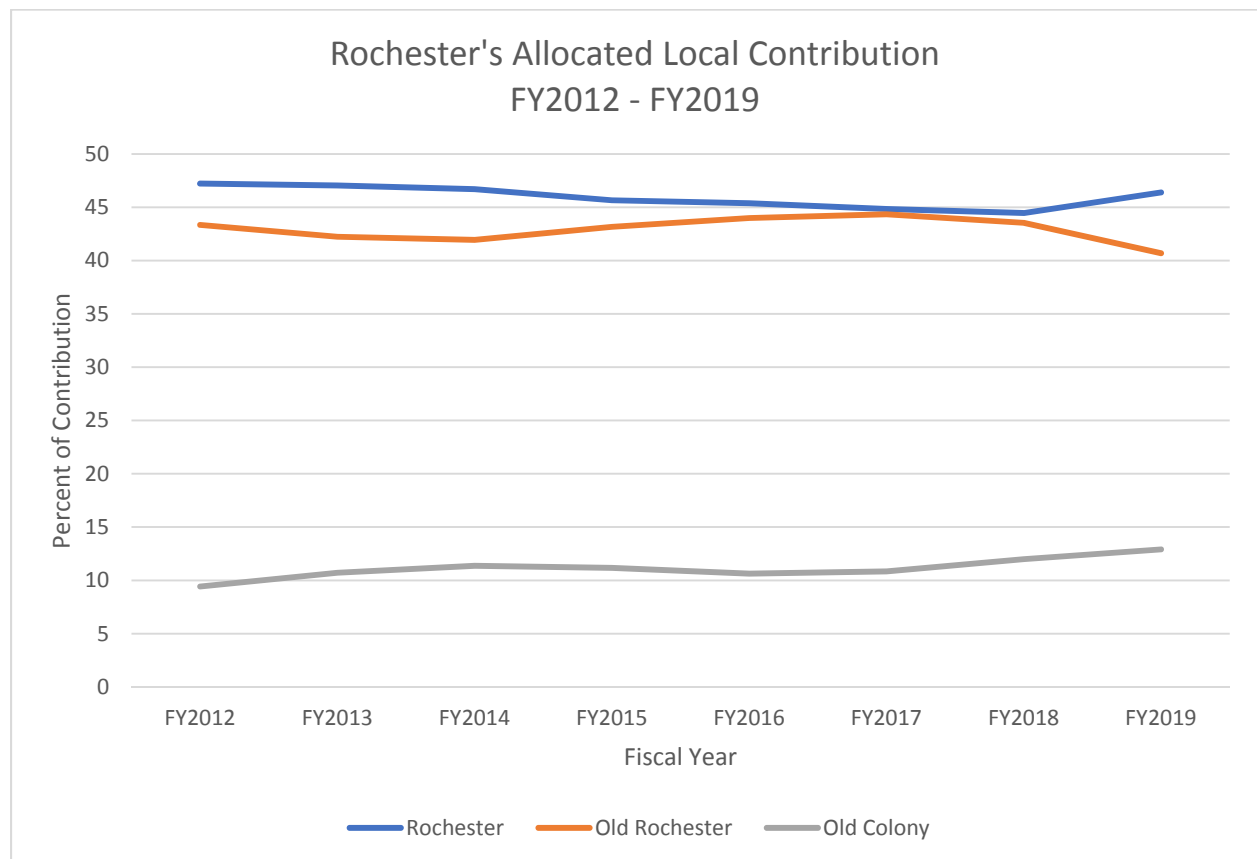
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Mattapoisett	49.61	50.12	49.66	53.42	52.05	50.66	48.23	47.99
Old Rochester	44.06	43.02	43.67	41.88	42.68	43.47	46.09	47.4
Old Colony	6.33	6.86	6.66	4.7	5.27	5.87	5.68	4.61
TOTAL	100	100	99.99	100	100	100	100	100



## Percent of Foundation/Local Contribution

### Rochester

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Rochester	47.22	47.04	46.7	45.66	45.38	44.83	44.46	46.39
Old Rochester	43.35	42.24	41.94	43.17	44	44.34	43.55	40.69
Old Colony	9.43	10.72	11.36	11.17	10.62	10.83	11.99	12.91
TOTAL	100	100	100	100	100	100	100	99.99



## FY2018 In-District Spending - Old Rochester RSD and Comparable Districts

		Old Rochester RSD	Nauset RSD	King Philip RSD	Silver Lake RSD
Function	Description	\$ Per Pupil	\$ Per Pupil	\$ Per Pupil	\$ Per Pupil
1110	School Committee	\$57.37	\$14.28	\$53.00	\$4.63
1210	Superintendent	\$138.07	\$113.07	\$106.37	\$128.65
1220	Assistant Superintendents	\$62.71	\$60.17	\$33.72	\$106.89
1230	Other District-Wide Administration	\$0.00	\$13.68	\$0.00	\$0.00
1410	Business and Finance	\$123.35	\$257.91	\$113.19	\$193.03
1420	Human Resources	\$23.30	\$40.80	\$79.97	\$72.33
1430	Legal Service for School Committee	\$13.37	\$17.60	\$64.02	\$72.18
1435	Legal Settlements	\$0.00	\$17.03	\$0.00	\$0.00
1450	Districtwide Information Systems	\$13.53	\$59.14	\$122.72	\$48.23
<b>ADMN</b>	<b>Administration (sub-total)</b>	<b>\$431.69</b>	<b>\$593.68</b>	<b>\$572.99</b>	<b>\$625.94</b>
2110	Curriculum Directors (Supervisory)	\$138.49	\$86.87	\$422.37	\$601.83
2120	Department Heads (Non-Supervisory)	\$25.49	\$92.01	\$35.80	\$4.58
2210	School Leadership	\$619.28	\$620.63	\$457.55	\$470.34
2220	Curriculum Leaders (School Level)*	\$0.00	\$0.00	\$0.00	\$0.00
2250	Administrative Technology (School Level)	\$140.37	\$203.51	\$181.55	\$0.00
2315	Instructional Coordinators*	\$0.00	\$0.00	\$0.00	\$0.00
<b>LDRS</b>	<b>Instructional Leadership (sub-total)</b>	<b>\$923.64</b>	<b>\$1,003.03</b>	<b>\$1,097.26</b>	<b>\$1,076.75</b>
2305	Teachers, Classroom	\$6,032.47	\$7,879.49	\$4,716.51	\$6,151.83
2310	Teachers, Specialists*	\$0.00	\$0.00	\$0.00	\$0.00
<b>TCHR</b>	<b>Teachers (sub-total)</b>	<b>\$6,032.47</b>	<b>\$7,879.49</b>	<b>\$4,716.51</b>	<b>\$6,151.83</b>
2320	Medical/ Therapeutic Services	\$59.48	\$324.21	\$160.16	\$92.77
2324	Substitutes, Long-Term	\$86.23	\$92.53	\$99.63	\$0.00
2325	Substitutes, Short-Term	\$84.91	\$83.74	\$79.26	\$154.98
2330	Paraprofessionals	\$745.26	\$1,034.55	\$512.32	\$854.33
2340	Librarians/Media Center Directors	\$117.40	\$126.52	\$14.91	\$99.36
<b>TSER</b>	<b>Other Teaching Services (sub-total)</b>	<b>\$1,093.27</b>	<b>\$1,661.54</b>	<b>\$866.28</b>	<b>\$1,201.44</b>
2351	Professional Development Leaders	\$0.00	\$12.95	\$0.00	\$16.57
2352	Instructional Coaches	\$33.59	\$0.00	\$0.00	\$0.00
2353	Professional Days*	\$0.00	\$0.00	\$0.00	\$0.00
2354	Stipends for Teachers Providing	\$0.00	\$13.47	\$13.85	\$29.47

	Instructional Coaching				
	Substitutes for Professional				
2355	Development*	\$0.00	\$0.00	\$0.00	\$0.00
	Costs for Instructional Staff to Attend				
2356	Professional Development	\$3.99	\$101.68	\$32.84	\$41.89
2357	Professional Development Costs*	\$0.00	\$0.00	\$0.00	\$0.00
	Outside Professional Development				
2358	Providers for Instructional Staff	\$2.39	\$12.53	\$0.00	\$25.21
<b>PDEV</b>	<b>Professional Development (sub-total)</b>	<b>\$39.98</b>	<b>\$140.63</b>	<b>\$46.69</b>	<b>\$113.13</b>
	Textbooks, Software, Media, and				
	Materials				
2410		\$92.75	\$59.80	\$27.75	\$41.44
2415	Instructional Materials (Libraries)	\$16.85	\$69.62	\$3.51	\$173.62
2420	Instructional Equipment	\$0.00	\$56.81	\$6.44	\$80.49
2430	General Classroom Supplies	\$95.69	\$15.97	\$256.78	\$21.87
2440	Other Instructional Services	\$42.92	\$72.79	\$27.64	\$165.06
2451	Classroom Technology	\$100.48	\$136.22	\$86.95	\$88.31
2453	Technology (Libraries)	\$0.00	\$66.31	\$0.00	\$37.84
2455	Instructional Software	\$27.27	\$2.23	\$6.94	\$1.00
<b>MATL</b>	<b>Instructional Materials, Equipment, and Technology (sub-total)</b>	<b>\$375.96</b>	<b>\$479.76</b>	<b>\$416.02</b>	<b>\$609.63</b>
2710	Guidance/Adjustment Counselors	\$526.95	\$827.47	\$481.72	\$538.85
2720	Testing and Assessment	\$0.00	\$12.34	\$0.00	\$0.00
2800	Psychological Services	\$107.51	\$47.37	\$109.18	\$38.12
<b>GUID</b>	<b>Guidance, Counseling, and Testing (sub-total)</b>	<b>\$634.46</b>	<b>\$887.18</b>	<b>\$590.90</b>	<b>\$576.97</b>
3100	Attendance and Parent Liaisons	\$0.00	\$0.00	\$0.00	\$0.00
3200	Medical/Health Services	\$152.54	\$159.11	\$65.09	\$70.57
3300	Transportation Services	\$681.09	\$874.18	\$578.89	\$539.08
3400	Food Services	\$345.61	\$420.63	\$276.05	\$306.01
3510	Athletics	\$368.44	\$474.44	\$330.30	\$189.31
3520	Other Student Activities	\$105.91	\$364.46	\$306.63	\$2.68
3600	School Security	\$0.00	\$0.00	\$33.52	\$0.00
<b>SERV</b>	<b>Pupil Services (sub-total)</b>	<b>\$1,653.58</b>	<b>\$2,292.82</b>	<b>\$1,590.49</b>	<b>\$1,107.65</b>
4110	Custodial Services	\$581.95	\$575.68	\$426.81	\$635.24
4120	Heating of Buildings	\$134.35	\$102.48	\$118.54	\$125.08
4130	Utility Services	\$453.59	\$202.20	\$391.86	\$351.17
4210	Maintenance of Grounds	\$50.02	\$21.60	\$123.22	\$67.91
4220	Maintenance of Buildings	\$45.45	\$103.34	\$170.25	\$263.73
4225	Building Security System	\$0.00	\$75.72	\$5.88	\$0.00
4230	Maintenance of Equipment	\$15.73	\$44.39	\$21.60	\$97.73
4300	Extraordinary Maintenance	\$0.00	\$29.96	\$0.00	\$260.33
4400	Networking/Telecommunications	\$8.16	\$0.00	\$42.74	\$0.00
4450	Technology Maintenance	\$0.00	\$0.00	\$0.00	\$0.00
<b>OPMN</b>	<b>Operations and Maintenance (sub-total)</b>	<b>\$1,289.25</b>	<b>\$1,155.37</b>	<b>\$1,300.91</b>	<b>\$1,801.20</b>

5100	Employer Retirement Contributions	\$496.48	\$758.22	\$473.17	\$368.32
5150	Employee Separation Costs	\$40.80	\$33.95	\$13.61	\$8.96
5200	Insurance for Active Employees	\$2,126.63	\$2,642.86	\$1,718.13	\$1,336.36
5250	Insurance for Retired Employees	\$265.38	\$506.42	\$519.41	\$450.47
5260	Other Non-Employee Insurance	\$141.95	\$14.64	\$59.01	\$72.31
5300	Rental Lease of Equipment	\$19.69	\$0.00	\$0.00	\$5.36
5350	Rental Lease of Buildings	\$0.00	\$83.32	\$0.00	\$25.99
5400	Short Term Interest RANs	\$0.00	\$0.00	\$0.00	\$0.00
5500	Other Fixed Charges	\$0.00	\$0.00	\$0.25	\$0.00
5550	School Crossing Guards	\$0.00	\$0.00	\$4.54	\$0.00
<b>BENE</b>	<b>Benefits and Fixed Charges (sub-total)</b>	<b>\$3,090.94</b>	<b>\$4,039.41</b>	<b>\$2,788.12</b>	<b>\$2,267.75</b>
<b>TOTAL</b>	<b>Total In-District Expenditures per Pupil</b>	<b>\$15,565</b>	<b>\$20,133</b>	<b>\$13,986</b>	<b>\$15,532</b>