

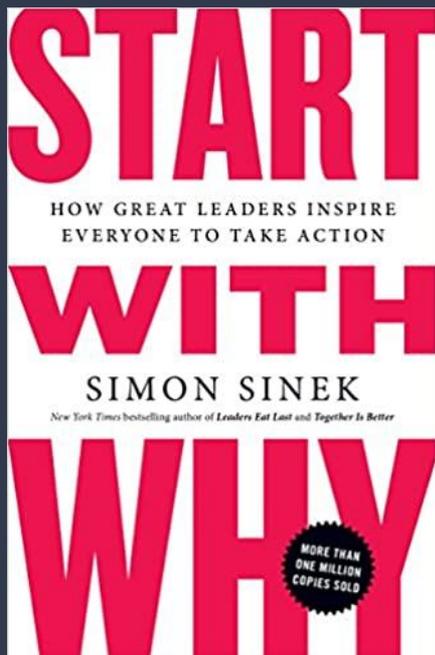
Recommended Revisions to the Monomoy Regional Agreement

The Monomoy Regional School Committee voted to approve and move forward to the Select Boards in Chatham and Harwich this recommendation by unanimous vote of the full 8-person committee at its August 11, 2021, meeting.

**A presentation for Town of Harwich Public Hearing
January 04, 2022**



The Why



Two reasons:

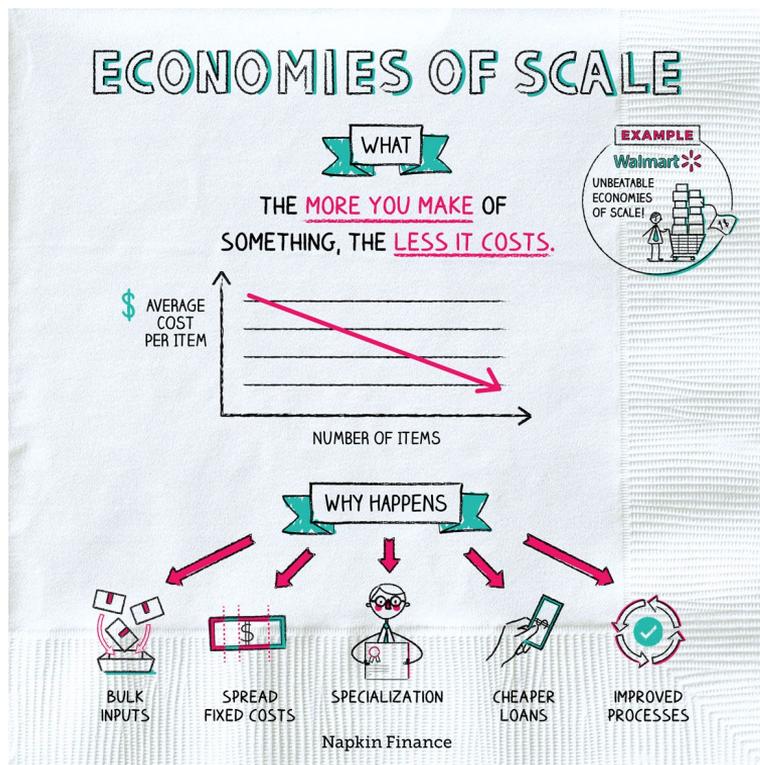
First, there is a great deal of obsolete language in the existing Regional Agreement describing the process of bringing the regional district into existence. The recommended revisions remove obsolete language and, where needed, add wording to clarify the current practice or statute.

Second, the Superintendent has raised a concern of unintended fiscal inequity in how the language in the Regional Agreement handles assessment, where the Town of Harwich ends up subsidizing operational costs of a much smaller Chatham Elementary School. A new approach to assessing costs is recommended, which would find each town paying for its own elementary school; thereby mitigating the unintended elementary fiscal inequity.

Revising the agreement will be a two step process.

The first step will focus only on financial items in Spring 2022 Town Meetings, to be followed with a second round of changes to clean up obsolete language (largely related to the process of regionalization) at subsequent Town Meetings.

Understanding the Fiscal Inequity: Basic Economics



Economies of scale apply to businesses in the private sector, and also apply to operating schools.

Generally, the more students we educate within a school, the less it will cost to educate each student, because building-level costs (such as administrative, nursing, counseling, and specialist salaries, as well as utility expenses) are divided among a larger student population in bigger schools.

Understanding the Fiscal Inequity: Real Numbers

FY22 Harwich Elementary School net budget
\$6,069,495

FY22 Chatham Elementary net budget
\$2,794,157

FY22 Harwich Elementary School enrollment
492 students

FY22 Chatham Elementary School enrollment
145 students

FY22 net cost per student at Harwich Elementary
\$12,336

FY22 net cost per student at Chatham Elementary
\$19,270

**FY22 difference in cost per student:
It costs \$6,934 more to educate a student at Chatham Elementary
(compared to Harwich Elementary), simply because of economies of scale.**

**Under the existing Regional Agreement, Harwich taxpayers fund
the majority (75.11%) of this difference in cost per student.**

Understanding the Fiscal Inequity: Current Assessment

FY22 Harwich Elementary School net budget
\$6,069,495

+

FY22 Chatham Elementary net budget
\$2,794,157

FY22 combined Elementary School net budgets
\$8,863,652

Per the existing Regional Agreement, these costs are assessed based on the 3-year rolling average of foundation enrollment.

FY22 3-year Harwich foundation enrollment
75.11%

FY22 3-year Chatham foundation enrollment
24.89%

FY22 Harwich's current assessed share of
Elementary School net budgets
\$6,657,489

FY22 Chatham's current assessed share of
Elementary School net budgets
\$2,206,163

It would cost Harwich taxpayers less to pay
for their town's elementary school net budget.

It would cost Chatham taxpayers more to pay
for their town's elementary school net budget.

A simple and more equitable approach would be to have each town pay for the cost of its own elementary school.

Why addressing the fiscal inequity is important:

The School Committee and Superintendent have and will continue to provide the same strong elementary programming at both Chatham Elementary School and Harwich Elementary School.

Equalizing the net cost per elementary student by simply cutting Chatham Elementary's operating budget from the current (FY22) \$19,270 per student to only \$12,336 means that the school's budget wouldn't be able to sustain the same level of staffing. Such a cut would cause a drastic increase in class size and decrease specials and supports for students. Equalizing costs would be inequitable to the students, and is viewed as unacceptable to the Superintendent and School Committee.

Making operations of the elementary schools more fiscally equitable benefits Harwich, its families, and its taxpayers:

The proposal shifts costs from Harwich to Chatham, providing fiscal relief to Harwich because Chatham would be fully funding the actual costs of running a smaller elementary school.

Making operations of the elementary schools more fiscally equitable benefits Chatham and its families:

The proposal ensures that strong educational programming remains at Chatham Elementary and, by providing fiscal relief to Harwich, better supports passage of sound school budgets by the town that will allow the district to maintain programs and quality across all grades K-12.

Recommended Revisions to the Assessment

At this time, only changes to financial terms are recommended.

The following items within the current Regional Agreement would be changed under this recommendation:

- 1) How the School Committee votes to approve the budget.
- 2) How School Choice revenue is allocated.
- 3) How the operating assessment is calculated.
- 4) How the capital assessment is calculated.
- 5) How the debt assessment is calculated.
- 6) The timing of payments.
- 7) The requirements for incurring debt.

The signature page is also updated to reflect the current board/committee members.

The text of the changes can be found here:

https://docs.google.com/document/d/17oyOENyzNiR0G0oeX7Q08z2myg_vr1eM/edit?usp=sharing&oid=103720616420994936711&rtpof=true&sd=true

1. How the School Committee votes to approve the budget:

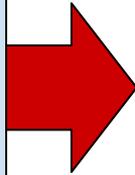
Existing Language:

Section VII. BUDGET

C 1. Regional District School Committee shall complete its proposed budget for the ensuing year. **Said proposed budget shall be approved by majority vote, with at least one Committee member from each member town voting in the affirmative.** Said proposed budget shall be posted in the Town Hall of each member town, shall be provided to each member town's public library, and shall be submitted to the Selectmen and Finance Committee members of each member town.

1. How the School Committee votes to approve the budget:

This change is required by DESE. The current Regional Agreement requires that a majority vote on a budget also be approved by at least one member from each town – state law requires only a majority vote for a budget to be passed and the Regional Agreement language cannot require something more restrictive than state law. The highlighted change establishes that the Budget/Finance Subcommittee for the School District will move forward a proposed budget (to be voted upon by the full School Committee) when it has support from at least one member from each town within the Budget/Finance Subcommittee.



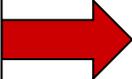
Proposed Change:

Section VII. BUDGET

C. 1. The Regional District School Committee shall have a Budget/Finance Subcommittee charged with, among other things, to develop a proposed budget. The Budget/Finance Subcommittee shall have four (4) members, two of which shall be from each member town. The Budget/Finance Subcommittee shall vote to approve a proposed budget by a majority vote with at least one member from each member town voting in the affirmative. Said proposed budget shall be approved by majority vote of the Regional District School Committee. Said proposed budget shall be posted in the Town Hall of each member town, shall be provided to each member town's public library, and shall be submitted to the Selectmen and Finance Committee members of each member town.

2. How School Choice revenue is allocated:

This change is proposed by the School Committee to ensure that each town will equitably benefit from school choice revenue based on the town's proportion of students.



Proposed new paragraph:

Section VII. BUDGET

C. 6. The budget will be prepared net of School Choice revenue. School choice revenue will be proportionally allocated to offset each school's budget based on the school's average ratio of enrollment at that school for the preceding three years on October 1, as reported to DESE. Each school's ratio of enrollment shall mean the ratio that that school's enrollment bears to the total district enrollment.

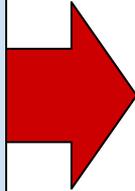
3. How the operating assessment is calculated:

Sections 2 and 3 of the original Regional Agreement have been revised to describe how excess costs (costs beyond the required minimum local contribution) will be apportioned.

Sections 2 and 3 provide:

- How the costs to run each elementary school are calculated.
- How the local minimum contribution is allocated to each school.
- How revenue is equitably divided between the schools.

These two sections are combined into a new Section 2 in the School Committee proposed change.



[Follow this link to the complete process description.](#)

Summary of proposed changes:

- Divide the operating costs into three parts: Chatham elementary costs, Harwich elementary schools costs, and Regional costs.
- Use enrollment figures to apportion the state set minimum local contribution and budgeted revenue to each of the three parts of the operating costs.
- Assess the remaining elementary school operating costs to each town.
- Use enrollment figures to apportion the remaining regional operating costs to each town.

4. How the capital assessment is calculated:

Existing Language:

Section IX. METHOD OF ASSESSING COSTS OF THE DISTRICT

B. Capital Costs. Except as expressed in subsection E below (which pertains to the assessment of capital costs and debt service on facilities that are in existence at the time of creation of the District until such time that there is one regional high school and one regional middle school), capital costs shall be assessed to the member towns on the basis of the three year rolling average of each town's foundation enrollment as described in Section IX, A, 4 above.

4. How the capital assessment is calculated:

[Follow this link to the complete process description.](#)

Proposed Change:

Section IX. METHOD OF ASSESSING COSTS OF THE DISTRICT

B. Capital Costs.

...

1. Capital costs attributable to the middle and high schools will be assessed to the member towns on the basis of the three-year rolling average of each member town's foundation enrollment. That is, foundation enrollment figures, as published by DESE for each member town for the most recent three years will be averaged, as will the total of the foundation enrollments of all member towns for the most recent past three years. Each member town will be assessed the same percentage of middle and high school capital costs as that member's foundation enrollment for the past three years relates to the foundation enrollment for the Regional District during those three years.
2. Capital costs attributable to the District's elementary schools will be assessed to the member town that owns that building.

Capital Costs were originally split based on the 3-year average of foundation enrollment (currently roughly 75% Harwich, 25% Chatham). In the proposed revision, the town that owns the elementary school is responsible for all capital costs for their building, but the capital costs of the middle and high school (which are fully regional) continue to be split based on the 3-year average of foundation enrollment.



5. How the debt assessment is calculated:

Existing Language:

Section IX. METHOD OF ASSESSING COSTS OF THE REGIONAL SCHOOL DISTRICT

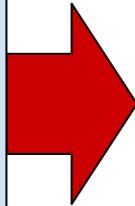
D. Debt Service. Except as expressed in subsection E below (which pertains to the assessment of capital costs and debt service on facilities that are in existence at the time of creation of the District until such time there is one regional high school and one regional middle school), debt service costs will be assessed to the member towns as follows:

1. Debt service costs attributable to the high school and the middle school will be assessed to the member towns using the three year rolling average of each town's foundation enrollment as described in Section IX,A,4 above.
2. Debt service costs attributable to the District's elementary schools will be assessed to the member towns based upon the mechanism described in paragraph E below which utilizes the most recent three years' October 1 enrollment figures.

5. How the debt assessment is calculated:

As with Capital Costs, Debt service was originally split based on the 3-year average of foundation enrollment (currently roughly 75% Harwich, 25% Chatham). In the proposed revision, the town that owns the elementary school is responsible for all debt service for their building. The debt service of the middle and high school (which are fully regional) will continue to be split based on the 3-year average of foundation enrollment. As of FY22, the only debt service for the school district is for the construction of the regional high school.

Section E which dealt with the small amount of debt that existed at the time of regionalization no longer applies and is removed.



Proposed Change:

Section IX. METHOD OF ASSESSING COSTS OF THE REGIONAL SCHOOL DISTRICT

D. Debt Service. Notwithstanding the terms of subsection B above, debt service costs will be assessed to the member towns as follows:

1. Debt service costs attributable to the high school and the middle school will be assessed to the member towns using the three year rolling average of each member town's foundation enrollment as described in Section IX, A, 3, above.
2. All other debt service costs attributable will be assessed to the member town that owns the building.

5. How the debt assessment is calculated:

Existing language to be removed:

Section IX. METHOD OF ASSESSING COSTS OF THE REGIONAL SCHOOL DISTRICT

E. Notwithstanding the terms and conditions of subsections B and D above, until such time as there is one regional high school and one regional middle school, expenditures on capital items and debt service which are attributed to facilities that are in existence at the time of the creation of the District and which are under the care and custody of the District, regardless of whether they are owned by the District or leased to the District, will be assessed to the member towns using the following approach. The number of students who reside in each of the member towns who attend the facility in question based upon the average of the most recent three years' October 1 enrollment figures as reported to DESE will be identified. Each member town will then be assessed a percentage of the capital and debt service expenditures attributable to that facility. This percentage will be the same percentage as the number of students from that town who are enrolled in the facility in question, using the three year average referenced in this paragraph, bears to the two towns' combined enrollment in that facility. If the construction of a new high school is undertaken after the creation of the District, the capital costs and debt service attributed to said construction, and the planning for same, will be assessed under subsections B and D above, despite the fact that the completion of the new high school will occur prior to there being one regional middle school. If a renovation of and/or addition to the building which is known at the time of creation of the District as the Chatham Middle School/High School is undertaken for purposes of converting said building to a District middle school, the capital costs and debt service attributed to said renovation/addition, and the planning for same, will be assessed under subsections B and D above. However, the capital costs and debt service attributable to this building continuing to be used as a middle school for the Chatham students while the Harwich Middle School is still in operation will be assessed consistent with this paragraph E.

6. The timing of payments:

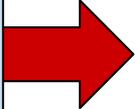
Existing Language:

Section IX. METHOD OF ASSESSING COSTS OF THE REGIONAL SCHOOL DISTRICT

F. The payment of the assessed share of costs by each member town, as computed by the Regional District School Committee according to the methods specified in Section IX, shall be made by each member town's Treasurer by check or electronic transfer payable to the Regional School District in five equal installments by the first business day of each August, November, February, May, and June.

6. The timing of payments:

Method of Assessing Costs Section F of the original Regional Agreement becomes Section E. The proposed revisions change the timing of payments to fit the way the towns have actually been funding the district over the past years.



Section IX. METHOD OF ASSESSING COSTS OF THE REGIONAL SCHOOL DISTRICT

E. The payment of the assessed share of costs by each member town, as computed by the Committee according to the methods specified in Section IX, shall be made by each member town's Treasurer by check or electronic transfer payable to the District in equal installments by the first business day of the month as set forth below:

Chatham: August, October, December, February, April, May, June

Harwich: July, September, November, January, March, May, June.

7. The requirements for incurring debt:

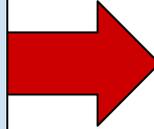
Existing Language:

Section XV. INCURRING OF DEBT

The District School Committee may vote to incur debt consistent with the terms and conditions of G.L. chapter 71, section 16. At the time of taking action to incur debt, and except for the incurring of temporary debt in anticipation of revenue, the District School Committee by a **majority** vote will choose either the process that appears in subsection (d) of chapter 71, section 16, or the process that appears in subsection (n) of chapter 71, section 16.

7. The requirements for incurring debt:

This change is required by DESE. The current Regional Agreement requires a majority vote of the School Committee to incur debt. State law requires a two-thirds. The required change aligns the Regional Agreement with the law. DESE also requires the Regional Agreement to indicate a default approach to incurring debt – here the proposed change now requires both approval at Town Meetings and a vote at the polls, consistent with subsection (n); whereas subsection (d) required only Town Meeting approval.



Section XV. INCURRING OF DEBT

The District School Committee may vote to incur debt consistent with the terms and conditions of G.L. chapter 71, section 16(n). At the time of taking action to incur debt, and except for the incurring of temporary debt in anticipation of revenue, the District School Committee may, by a **two-thirds** vote, choose to incur debt using the process that appears in subsection (d) of chapter 71, section 16.

[Link to MGL Ch 71 s16](#)