

ARLINGTON FINANCE COMMITTEE
MINUTES OF MEETING
TOWN HALL HEARING ROOM
9/12/12

ATTENDEES:

Bayer*	Padaria*	Jenkins	White*	McKenna*
DeCoursey*	Connors*	Simmons*	Gibian	
Tosti*	Foskett*	Deyst*	Ronan	
Ferrara*	Beck*	Jones*	Deshler*	
Franclemont*	Howard*	Fanning*	Carman	Turkall*

* Indicates present

VISITORS: Town Manager Adam Chapdelaine, Deputy Town Manager Andrew Flanagan, Superintendent Kathleen Bodie, CFO Diane Johnson, Director of Planning Carol Kowalski, School Committee Members Leba Heigham, Bill Hayner, Paul Schlichtman

KINDERGARTEN FEES: Bodie explained that recent changes to Chapt 70 incentivises no-fee all day kindergarten. See ref 1. If Arlington covers the cost of this service, budgeted at \$970k in FY13, the State increase in Chapt 70 funds in FY 14 will more than make up for this new expense. She requested FinCom support for increasing the FY13 school budget by \$970k. This will be a Special Town Meeting Warrant Article. She proposed that the additional state funds over the amount needed for kindergarten would go into the General Fund. See below for how this would affect the 5 year plan. VOTED to increase the school budget by \$970k and to transfer \$970k from free cash to the schools. 15-0-1.

TOWN MASTER PLAN: Kowalski described a 1.5 to 2 year process which will involve broad public participation and will gather information of many kinds to set goals for the physical development of the Town. See Ref 2. She answered numerous questions. Kowalski believes that having a plan will make changes more predictable and more efficient. The goals may overlap the Vision 2020 goals. The extent to which this plan will address the structural deficit is unclear. It will review the zoning bylaw. A residents working committee is being formed. The 1st public meeting will be held 10/17.

LONG RANGE FINANCIAL PLAN: Chapdelain provided 2 spreadsheets, w/ & w/o kindergarten fees (Ref 3). He carefully reviewed the assumptions for the latter case. Assuming the increased Chap 70 funds go into the Override Stabilization Fund, the first year with a deficit will still be FY18, but the deficit will be reduced from \$4.8m to \$2.7m. He illustrated this point with a graph (Fig 3c).

STORM UPDATE: Chapdelaine provided a table (Ref 4) breaking down the cost of the microburst into 6 categories. Of the \$383m total, \$307,5m was unbudgeted. He has applied for State reimbursement.

SPECIAL TOWN MEETING: FinCom to meet to discuss warrant & vote as necessary on Monday 10/1 in Hearing Room. Foskett will chair and will lead the STM because Tosti will be OOT.

ELECTION OF OFFICERS: The current officers were reelected unanimously: Chair Allan Tosti , Vice Chairs Richard Fanning, Charles Foskett, Alan Jones, Secretary Peter Howard.

COMMITTEE: Ronan plans to return in Jan. Meeting will continue to be held in the Hearing Room until the Community Safety Bldg renovation if completed.

Peter Howard 9/12/12 The annual meeting of the Association of Town Finance Committee Members will be held on 10/20. Let Turkall know if you want to attend.

cc FinCom Members, Town Web Site

Ref 1 Letter to School Committee of 9/7/12 concerning kindergarten fees.

Ref 2 Your Town, Your Plan

Ref 3 Long Range Projection 2013-2018

Ref 4 Microburst Cost Summary



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Diane Fisk Johnson, Chief Financial Officer
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September 7, 2012

Dear Members of the School Committee:

Attached please find the following documents:

- Demystifying the Chapter 70 Formula: How the Massachusetts Education Funding System Works from Mass Budget
- Chapter 70 Trends from DESE
- FY13 Chapter 70 Summary from DESE
- Memo of August 9, 2012 to the Superintendent and Town Manager

On Tuesday night at the Budget Subcommittee meeting, we will be discussing the topic of kindergarten fees, and how, if Arlington eliminates them right now, we will receive more educational funding from the state. This increase in funding will be greater than the amount of fees we were expecting to collect, and will be a great help to our community.

Education funding in Massachusetts is distributed by a formula called Chapter 70. It was designed to ensure that all districts had a minimum amount of educational funding, regardless of the wealth of the community. The minimum amount of educational funding needed for a community is called foundation budget. The community's ability to pay for education is called the required local contribution. Chapter 70 aid funds the gap between the foundation budget and the required local contribution. Communities are free to provide more funding to education if they choose to do so. For more on this, please review "Demystifying the Chapter 70 Formula" in your packet.

Because Arlington is calculated to have a high ability to pay for education, its Chapter 70 aid averaged 15.6% of foundation budget from FY08 to FY12. However, in FY13, the state set a minimum for Chapter 70 aid at 17.5% of foundation budget. This increased Arlington's Chapter 70 aid. Additionally, increases in Arlington's overall enrollment as well as relative increases in free and reduced lunch and English language learner students have increased its foundation budget. For more on this, please review Chapter 70 Trends and FY13 Chapter 70 Summary in your packet.

If we were to stop charging kindergarten fees and enroll all students in a full day program free of charge, we would increase our foundation budget significantly. With charging tuition, only the free portion of kindergarten is counted in our foundation budget. Without tuition, the full cost of kindergarten gets added to our foundation budget. Our estimates are that this change will increase our Chapter 70 aid by over a million dollars at this time, because of the



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17.5% funding minimum. This would not have been the case prior to the institution of this minimum.

Chapter 70 is calculated on the prior year's student enrollment information. If we were to stop charging kindergarten tuition right now, the additional Chapter 70 funding will not be available until FY14. In order to fill this funding gap in FY13, we have approached the Town Manager and the leadership of the Finance Committee to seek an additional appropriation to compensate us for the loss of the kindergarten fee revenues. Our proposal was positively received, and we will be bringing this proposal to the full Finance Committee on Wednesday, September 12. For more on this, please see the Memo of August 9 in your packet.

If the Finance Committee supports this proposal, and grants us the additional revenue to offset our expected kindergarten fee revenue, we will approach the School Committee on Thursday to propose that kindergarten fees be eliminated for this year, that all fees collected for this year be refunded to parents, and that kindergarten in Arlington become a full day program for all students.

I look forward to your questions on Tuesday night.

Sincerely,

Diane Fisk Johnson
Chief Financial Officer

Demystifying the Chapter 70 Formula: How the Massachusetts Education Funding System Works

OVERVIEW

This *Facts At A Glance* is designed to demystify the Chapter 70 formula for distributing education aid to local and regional school districts, so that people can become better engaged in school finance discussions in Massachusetts. While understanding the formula may seem daunting, its basic structure is actually quite simple, as demonstrated by the four steps outlined below. (For further information on the formula's more technical details and on changes made since 1993, please see a listing of additional resources at the end of this paper.)

WHAT IS CHAPTER 70?

Chapter 70 education aid is the Commonwealth's primary program for distributing its portion of K-12 public education funding to the state's 328 local and regional school districts.¹ The Chapter 70 formula aims to ensure that each school district has sufficient resources to provide an adequate education for all of its students, taking into account the ability of each local government to contribute. In short, the formula is designed to have an equalizing effect, with less wealthy districts receiving more state aid than wealthier ones.²

HOW DOES THE FORMULA WORK?

Chapter 70 aid allocations to school districts are determined through four basic steps:³

STEP 1: CALCULATE FOUNDATION BUDGET

The Massachusetts State Constitution requires that total K-12 spending in each district never falls below the amount needed to provide an adequate education to its students. Lawmakers developed the "foundation budget" as a way to calculate this funding level. A district's foundation budget is determined by multiplying the number of students at each grade level and demographic group (e.g., low-income and limited English proficiency students) by a set of education spending categories (e.g., teacher compensation, professional development, building maintenance), and then adding together those total dollar amounts.⁴

¹ The vast majority of education funding in Massachusetts comes from state and local government sources, with the federal government typically contributing only around 5 percent of school budgets. For more information on sources of education funding over time and to see how Massachusetts compares to other states, please see *MassBudget's Public School Funding in Massachusetts: Where We Are, What Has Changed, and How We Compare to Other States*.

² Specific decisions about spending Chapter 70 aid money are left to districts themselves, and this form of state aid is separate from another form of state aid, "unrestricted general local aid," which supports other local services like fire protection and road maintenance. The state does distribute additional money for other specific education programs, such as a pilot program for schools operating a longer school day, but Chapter 70 aid represents by far the largest portion of state K-12 education funding.

³ Technically speaking, Step 4 occurs after the full Chapter 70 formula has been run, rather than as a part of the formula itself. We include additional local contributions, Step 4, as a part of this *Facts At A Glance* since they are an important part of the overall education funding system in Massachusetts.

⁴ There is also a wage adjustment factor that increases the costs of salaries in parts of the state where wages are higher than average.

This total “foundation budget” is designed to represent the total cost of providing an adequate education for all students, and it is often expressed as a per-pupil foundation budget by dividing the total foundation budget by the number of students (as we do in the graph below).

STEP 2: CALCULATE REQUIRED LOCAL CONTRIBUTION

Once the total foundation budget is established, the state calculates each city and town’s ability to contribute local revenue towards the operation of its schools. Local ability to contribute varies widely based upon the incomes and property values of different cities and towns. The state expects that each municipality can contribute the same share of local resources to the foundation budget by setting uniform contribution rates. In FY 2011, for example, local contributions were determined by adding 0.3 percent of each town’s total property values to 1.4 percent of the income earned by residents of the town.

The required local contribution is basically a measure of how much local tax revenue a city or town can reasonably raise and dedicate to the operation of its schools.

STEP 3: FILL THE GAP WITH CHAPTER 70 EDUCATION AID

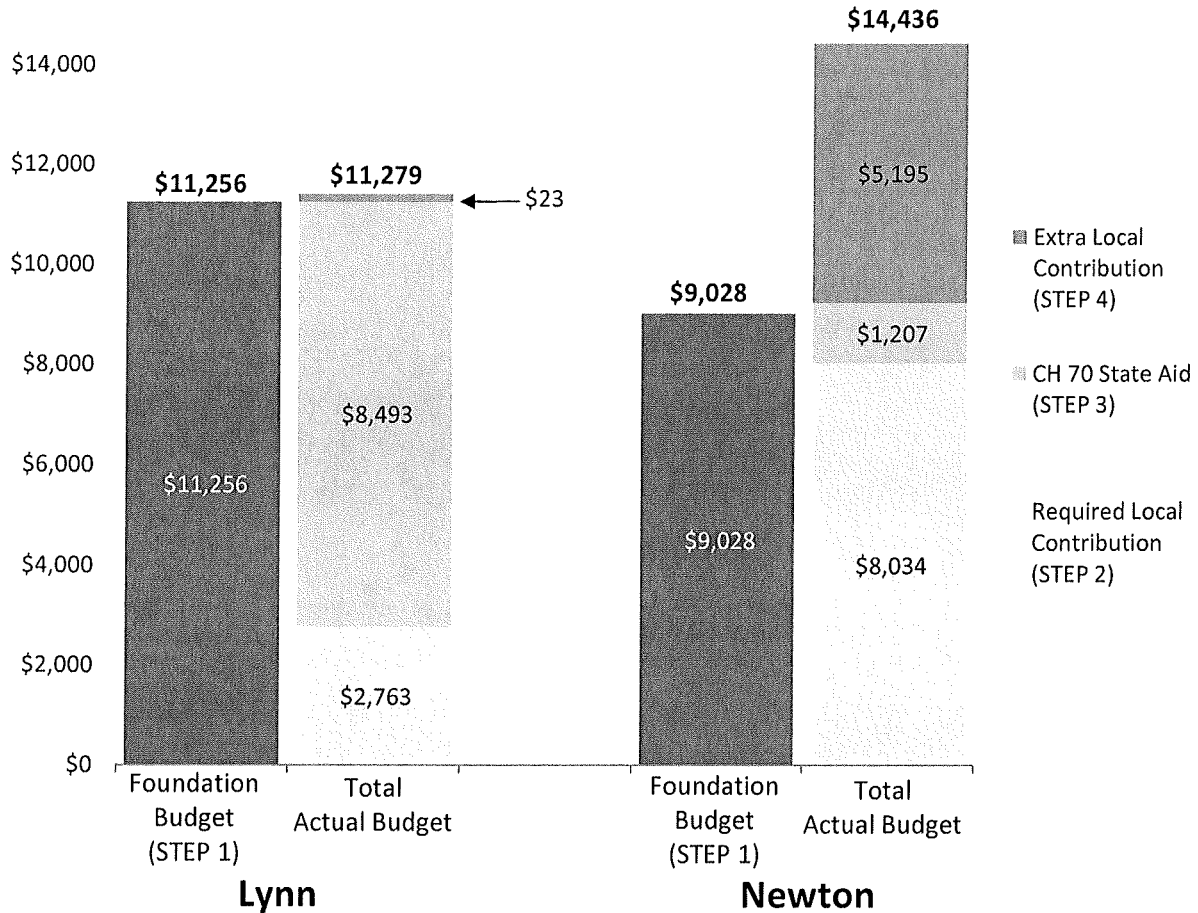
Chapter 70 education aid is then determined by filling the gap between a district’s required local contribution and its foundation budget. Calculating state aid from the difference between steps 1 and 2 ensures that every district can fund the total baseline education determined appropriate by the foundation budget.

STEP 4: AFTER CHAPTER 70 AID IS DETERMINED, DISTRICTS MAY CONTRIBUTE MORE

The required local contribution is only a *minimum* amount that cities and towns must contribute to their school districts, and many wealthier communities opt to contribute significantly more. For this reason, the Chapter 70 formula provides a baseline school budget, but it does not ensure equitable total funding across the state. Please see the graph below for an example.

Chapter 70 Funding for Two Sample Districts

Per-pupil spending by revenue source, Fiscal Year 2010



Please note that in the examples above "CH 70 State Aid" and "Required Local Contribution" together do not equal precisely the foundation budget. This is due to technical details outside the scope of this Facts At A Glance.

In the example above, Lynn has a higher foundation budget than Newton but a lower total budget. Lynn's foundation budget is higher mostly because it has a higher proportion of low-income and limited English proficient students, two categories of students that have higher associated costs when determining a foundation budget. Newton, however, is able to supplement its smaller Chapter 70 state aid with significantly more local revenue.

Notice that for both Lynn and Newton total funding is at least as high as their respective foundation budgets. The major difference, however, is that Lynn's total funding level is essentially equal to its foundation budget (only \$23 higher per student), whereas Newton's is 60 percent greater (\$5,400 higher per student). So even though Newton receives roughly \$7,300 less per student in Chapter 70 state aid, it has greater local resources at its disposal, enabling it to provide enough supplemental local funding to produce a total per-pupil budget that is roughly \$3,200 higher than Lynn's.

ISN'T THE ACTUAL FORMULA MUCH MORE COMPLICATED THAN THIS?

Yes it is, although the preceding section accurately describes the basic scaffolding of the formula. Following is a brief description of some of the formula's additional features and complications, many of which relate to transition issues that arise each time the formula is modified.

REFORMS OF 2007

A set of reforms to the Chapter 70 formula were detailed in the FY 2007 budget and planned for a five-year phase-in through FY 2011. Since many of these reforms require additional state financial support, however, the national recession led to a slowing of this process, and they will not be completed this fiscal year. Major elements of the 2007 reforms included: increasing Chapter 70 aid statewide by changing the way local ability to contribute is calculated (see below); guaranteeing a higher minimum state aid amount that primarily benefits higher-wealth communities; updating data used in determining the allocation of education funding; guaranteeing minimum annual per-pupil aid increases of \$50; and providing a new type of aid for communities with growing enrollment. For more detail on these planned reforms please see *Public School Funding in Massachusetts: Where We Are, What Has Changed, and Options Ahead*, November 2006, available [here](#).

DETERMINING REQUIRED LOCAL CONTRIBUTION

As part of the 2007 reforms, the state now calculates two separate local contribution amounts for each district before coming up with a final required contribution. The state gets to the required contribution through three steps:

1. A "preliminary contribution" is calculated by taking the previous year's required local contribution and multiplying it by the Municipal Revenue Growth Factor, a rate that estimates growth in local revenues from year to year.
2. A "target contribution" is calculated by looking at the specific property values and income wealth of a given community (as described above).
3. Since the target contribution is more directly tied to each community's current ability to contribute, the state then sets a "required contribution" designed to move districts whose preliminary contributions are either above or below their target contributions towards the target. The final required contribution is then set based on uniform rules, and falls in between the preliminary and target contributions.⁵

WHY HIGH-WEALTH DISTRICTS STILL GET STATE AID

If the Chapter 70 formula were run in its simplest form, according to the four steps outlined above, some high-wealth districts would not receive any state aid to fill the gap between their foundation budget and their local ability to contribute because for these districts their target local contribution, based upon local property and income wealth, is actually higher than their foundation budget. Since the formula's establishment in FY 1994, however, there have always been provisions guaranteeing some base amount of state education aid to all school districts. The 2007 reforms increased this base considerably, shifting a greater proportion of state resources to these higher-wealth districts.

⁵ For more detail on calculating required local contributions see the DESE publication *FY11 Chapter 70 Aid and Required Contribution Calculations* available at: http://finance1.doe.mass.edu/chapter70/chapter_11_explain.html

CUTS DURING THE RECENT FISCAL CRISIS (FISCAL YEARS 2009-2011)

Due to declining state tax revenues during the ongoing state fiscal crisis, Chapter 70 aid has been cut across the board during each of the last three fiscal years. The slowed phase-in of the 2007 reforms has also had the effect of slowing an increase in state aid that had been planned. Additionally, in FY 2010 the Legislature used an inflation factor in calculating Chapter 70 aid that was lower than the factor required by state law, resulting in reduced state aid for FY 2010 and for all subsequent years until it is corrected retroactively.⁶ Federal stimulus money during these three years has, however, offset some of these state cuts. Each time Chapter 70 aid has been cut, there have been provisions protecting individual districts from cuts that would bring total spending below their foundation budgets. For more information on the scope of cuts to Chapter 70 during the current recession, please see *Fiscal Fallout: The Great Recession, Policy Choices, and State Budget Cuts*, available [here](#).

HISTORY

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. Prior to Fiscal Year 1994, the state contributed less money to K-12 education, leaving school districts more heavily dependent on the local property tax. 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.

The Education Reform Act of 1993 was based on three main principles, which guided the design of Chapter 70:

- Adequate funding should be available to every school district to provide each child with a quality education. This adequate funding requirement comes from the State Constitution, which charges the state with ensuring sufficient funding levels in every district across the Commonwealth. In 1993, the Legislature constructed a model school budget to define "adequacy" by looking at the range of basic educational cost categories and calculating the total per pupil budget necessary for the average school to educate its students. The original model school budget is the framework for the foundation budget. This model school budget was created almost two decades ago and, therefore, is based on an education cost structure that looked quite different than it does today. A full reexamination of the model school budget has not occurred in the intervening years, and would be useful for updating the formula to reflect major changes in education, such as detailed state standards and the implementation of the MCAS examinations.
- Local communities should each contribute to their schools according to their ability to raise tax revenue, based upon local property values and income levels.
- The state should provide enough funding for each school district to fill the gap between the baseline local ability to contribute and the funding level needed to provide each child with a quality education, as determined by the model school budget. This new funding commitment

⁶ For more information on the inflation rate used in FY 2010 please see *Budget Brief: Chapter 70 Funding Options for K-12 Education* available here: <http://massbudget.org/doc/613>

required a continuous net increase in state education spending over the course of the second half of the 1990s.

A second major education finance case, *Hancock v. Commissioner of Education*, was filed in 1999 and charged that the state had not fulfilled its mandate to provide adequate education to all students as mandated in the *McDuffy* case. The State Supreme Court ruled in 2005 that while the process of education reform in Massachusetts should be improved, it found that the Legislature had made reasonable progress and no legal remedy was warranted.

OTHER USEFUL RESOURCES ON CHAPTER 70

Chapter 70 Funding Options for K-12 Education. Massachusetts Budget and Policy Center, April 2010
<http://massbudget.org/doc/613>

FY11 Chapter 70 Aid and Required Contribution Calculations. Massachusetts Department of Elementary and Secondary Education, August 2010
http://finance1.doe.mass.edu/chapter70/chapter_11_explain.html

The Massachusetts Foundation Budget. Roger Hatch, Massachusetts Department of Elementary and Secondary Education, October 2009
http://finance1.doe.mass.edu/chapter70/chapter_cal.pdf

Public School Funding in Massachusetts: Where We Are, What Has Changed, and Options Ahead for Fiscal Year 2011. Massachusetts Budget and Policy Center, September 2009
<http://massbudget.org/doc/683/944>

Public School Funding in Massachusetts: Where We Are, What Has Changed, and Options Ahead. Noah Berger and Jeff McLynch, Massachusetts Budget and Policy Center, November 2006.
<http://massbudget.org/doc/507>

Public School Funding in Massachusetts: Putting Recent Reform Proposals in Context. Noah Berger and Jeff McLynch, Massachusetts Budget and Policy Center, June 2006.
<http://massbudget.org/doc/425>

Public School Funding in Massachusetts: How it Works, Trends Since 1993. Noah Berger and Jeff McLynch, Massachusetts Budget and Policy Center, November 2005
<http://massbudget.org/doc/343>

Massachusetts Department of Elementary and Secondary Education
Chapter 70 Trends

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FY	Foundation Enrollment		Foundation Budget		Pct Chg		Required Local Contribution		Chapter 70 Aid		Required Net School Spending (NSS)		Actual Net School Spending		Pct Chg		Dollars Over/Under Requirement		Percent Over/Under	
	Enrollment	Pct Chg	Budget	Pct Chg	Local Contribution	Pct Chg	Required	Chapter 70 Aid	Pct Chg	Required	Actual	Pct Chg	Actual	Pct Chg	Dollars	Percent	Over/Under	Requirement	Over/Under	
FY03	4,170	-3.9	27,651,931	-2.3	27,926,222	-2.3	27,926,222	6,003,471	0.0	33,929,693	5.8	37,547,885	3.3	3,618,192	10.7					
FY04	4,464	7.1	29,984,702	8.4	27,877,071	8.4	27,877,071	4,802,777	-20.0	32,679,848	-3.7	36,139,822	-3.8	3,459,974	10.6					
FY05	4,453	-0.2	31,118,154	3.8	28,754,431	3.8	28,754,431	4,802,777	0.0	33,557,208	2.7	39,075,230	8.1	5,518,023	16.4					
FY06	4,330	-2.8	31,514,908	1.3	29,608,395	1.3	29,608,395	5,019,277	4.5	34,627,672	3.2	43,332,610	10.9	8,704,938	25.1					
FY07	4,459	3.0	34,791,437	10.4	30,151,702	10.4	30,151,702	5,592,670	11.4	35,744,372	3.2	44,867,338	3.5	9,122,966	25.5					
FY08	4,429	-0.7	35,888,203	3.2	30,613,441	3.2	30,613,441	5,814,120	4.0	36,427,561	1.9	47,213,452	5.2	10,785,891	29.6					
FY09	4,469	0.9	38,070,505	6.1	31,841,211	6.1	31,841,211	5,574,195	-4.1	37,415,406	2.7	47,421,632	0.4	10,006,226	26.7					
FY10	4,570	2.3	40,248,798	5.7	33,205,258	5.7	33,205,258	6,104,708	9.5	39,309,966	5.1	50,771,110	7.1	11,461,144	29.2					
FY11	4,602	0.7	39,642,106	-1.5	33,491,571	-1.5	33,491,571	6,632,057	8.6	40,123,628	2.1	48,997,461	-3.5	8,873,833	22.1					
FY12	4,713	2.4	41,361,536	4.3	34,480,956	4.3	34,480,956	6,880,580	3.7	41,361,536	3.1	55,396,423 *	13.1	14,034,887	33.9					

Dollars Per Foundation Enrollment

FY	Foundation Budget		Foundation Enrollment		Percentage of Foundation Required		Actual NSS	
	Budget	Aid	Ch 70	Aid	Ch 70	Aid	Ch 70	Aid
FY03	6,631	1,440	21.7	122.7	135.8	16.0	16.0	16.0
FY04	6,717	1,076	16.0	109.0	120.5	13.3	13.3	13.3
FY05	6,988	1,079	15.4	107.8	125.6	12.3	12.3	12.3
FY06	7,278	1,159	15.9	109.9	137.5	11.6	11.6	11.6
FY07	7,803	1,254	16.1	102.7	129.0	12.5	12.5	12.5
FY08	8,103	1,313	16.2	101.5	131.6	12.3	12.3	12.3
FY09	8,519	1,247	14.6	98.3	124.6	11.8	11.8	11.8
FY10	8,807	1,336	15.2	97.7	126.1	12.0	12.0	12.0
FY11	8,614	1,441	16.7	101.2	123.6	13.5	13.5	13.5
FY12	8,776	1,460	16.6	100.0	133.9	12.4	12.4	12.4

* Budgeted

To see earlier years back to FY93, unhide rows 10 to 19 and 32 to 42.

Foundation enrollment is reported in October of the prior fiscal year (e.g. FY12 enrollment = Oct 1, 2010 headcount).

Foundation budget is the state's estimate of the minimum amount needed in each district to provide an adequate educational program.

Required Net School Spending is the annual minimum that must be spent on schools, including carryovers from prior years.

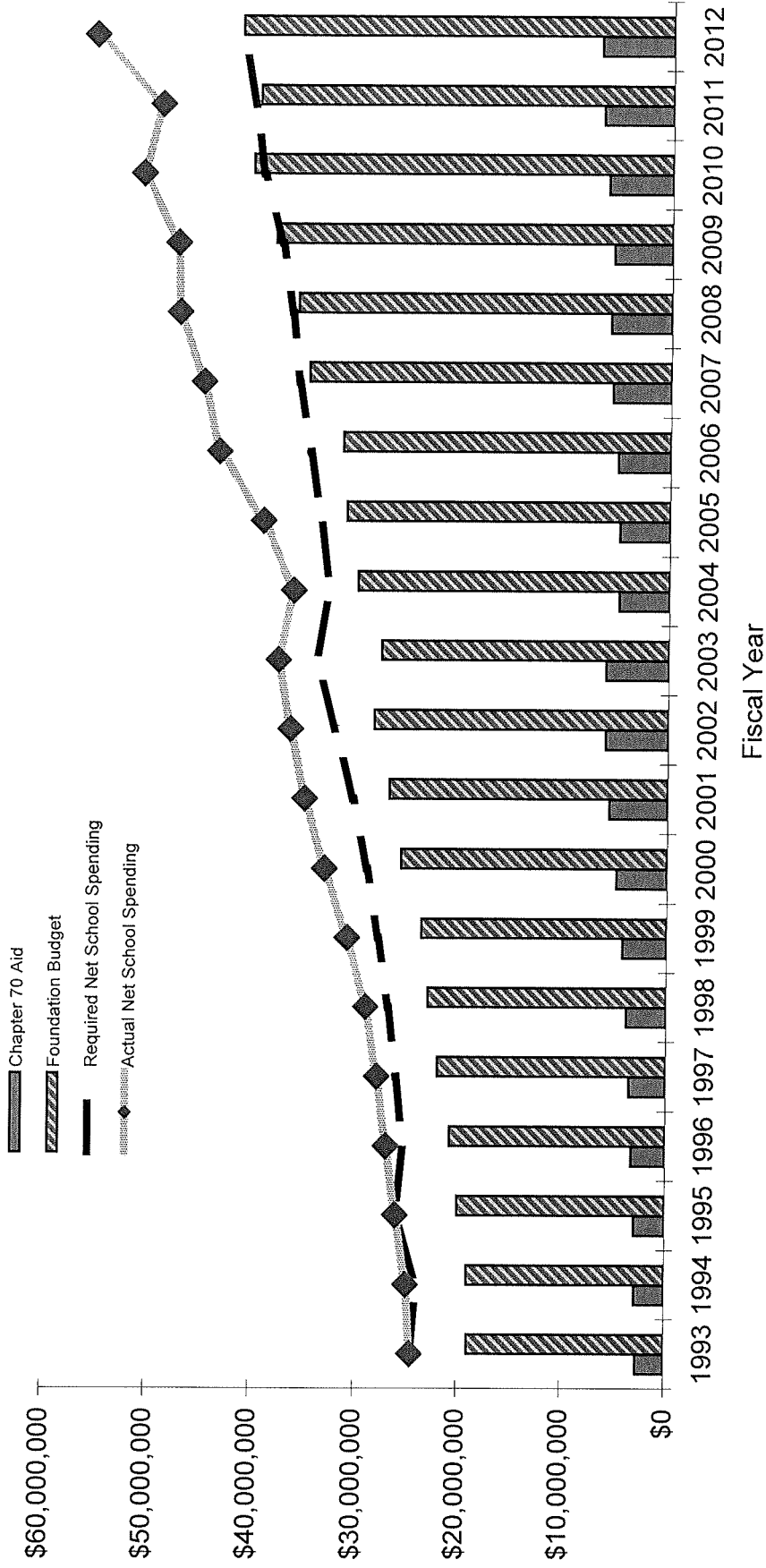
Net School Spending includes municipal indirect spending for schools but excludes capital expenditures, transportation, grants and revolving funds.

Federal SFSF grants in FY09, FY10 and FY11, and federal Education Jobs grants in FY11 are not included in these calculations. Net school spending is limited to Chapter 70 aid and appropriated local contributions. However, the SFSF and Education Jobs calculations were directly based upon the Chapter 70 formula and helped districts spend at foundation budget levels.

In FY09, this district received an SFSF grant of \$655,099
 In FY10, this district's SFSF grant entitlement was \$938,832
 In FY11, the combined SFSF and Educ Jobs entitlement was \$526,533

Chapter 70 Trends, FY93 to FY12

ARLINGTON



Massachusetts Department of Elementary and Secondary Education

FY13 Chapter 70 Summary

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Aid Calculation FY13

Prior Year Aid	
1 Chapter 70 FY12	6,880,580
Foundation Aid	
2 Foundation budget FY13	43,488,849
3 Required district contribution FY13	35,379,353
4 Foundation aid (2 -3)	8,109,496
5 Increase over FY12 (4 - 1)	1,228,916

Non-Operating District Reduction to Foundation

6 Reduction to foundation	0
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Baseline FY13 Aid

7 Baseline FY13 Aid (1+5-6)	8,109,496
8 Baseline aid pct of foundation (7/2)	18.65
9 Target aid share	17.50
10 Gap below target (9-8) x 2	0
11 Target Aid Phase-In (10*.25)	0
12 Aid after increment (7+11)	8,109,496
13 House 2 aid	8,102,943
14 Aid held harmless to H2 (12 or 13)	8,109,496
15 Foundation enrollment	4,772
16 \$40pp minimum aid (1+15*\$40)-14	0
17 Aid held harmless to House final	8,102,943

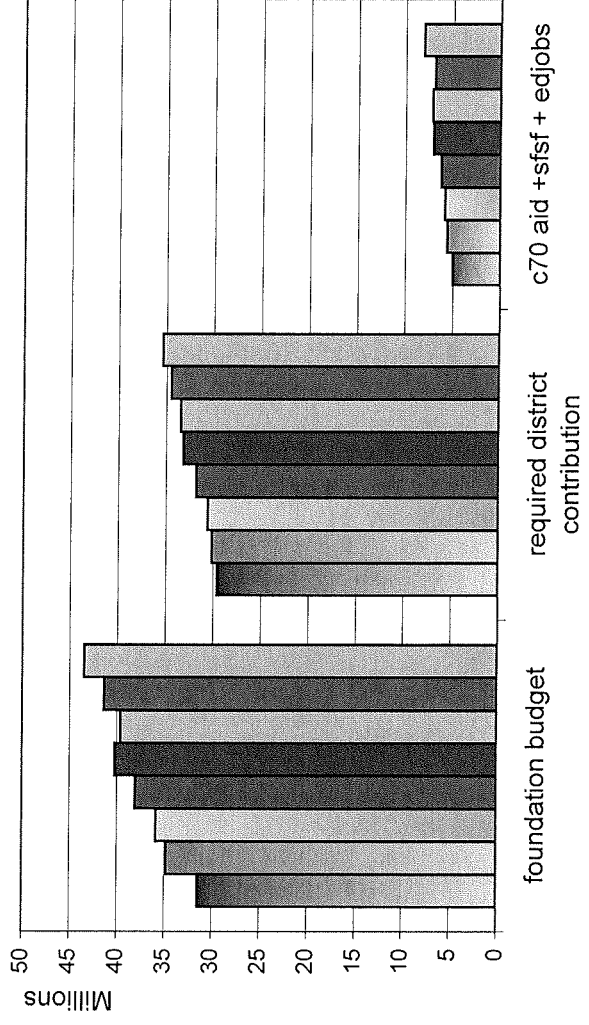
FY13 Chapter 70 Aid

18 Aid = greater of (14 + 16) or 17	8,109,496
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Comparison to FY12

	FY12	FY13	Change	Pct Chg
Enrollment	4,713	4,772	59	1.25%
Foundation budget	41,361,536	43,488,849	2,127,313	5.14%
Required district contribution	34,480,956	35,379,353	898,397	2.61%
Chapter 70 aid	6,880,580	8,109,496	1,228,916	17.86%
Required net school spending (NSS)	41,361,536	43,488,849	2,127,313	5.14%
Target aid share	17.50%	17.50%		
C70 % of foundation	16.64%	18.65%		
Required NSS % of fnd	100.00%	100.00%		

FY06
 FY07
 FY08
 FY09
 FY10
 FY11
 FY12
 FY13



Massachusetts Department of Elementary and Secondary Education

Office of School Finance

FY13 Chapter 70 Foundation Budget

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	Base Foundation Components										Incremental Costs Above The Base					TOTAL*
	(1) Pre-School	(2) Half-Day	(3) Kindergarten	(4) Elementary	(5) Jr High/Middle	(6) High School	(7) ELL PK	(8) ELL K Half	(9) ELL KF-12	(10) Vocational	(11) Special Ed In District	(12) Special Ed Out of Dist	(13) Elem	(14) Other		
Foundation Enrollment	32	344	73	1,984	1,027	1,258	0	30	227	0	178	48	380	166	4,772	
1 Administration	5,761	61,928	26,282	714,307	369,755	452,922	0	5,401	81,728	0	442,307	119,274	0	0	2,279,664	
2 Instructional Leadership	10,404	111,844	47,469	1,290,112	667,815	818,025	0	9,754	147,609	0	0	0	0	0	3,103,033	
3 Classroom and Specialist Teachers	47,707	512,845	217,660	5,915,509	2,694,674	4,854,069	0	67,357	1,019,331	0	1,459,503	0	1,019,361	336,412	18,144,427	
4 Other Teaching Services	12,235	131,528	55,825	1,517,223	565,343	576,533	0	9,172	138,805	0	1,362,715	1,822	0	0	4,371,202	
5 Professional Development	1,887	20,284	8,613	234,113	131,365	156,021	0	2,396	36,256	0	70,405	0	22,438	9,802	693,577	
6 Instructional Equipment & Tech	6,730	72,347	30,705	834,510	431,977	846,621	0	6,309	95,481	0	59,895	0	0	0	2,384,575	
7 Guidance and Psychological	3,471	37,313	15,838	430,445	296,607	455,439	0	4,332	65,560	0	0	0	0	0	1,309,004	
8 Pupil Services	1,381	14,841	6,302	256,870	217,189	613,474	0	1,942	29,390	0	0	0	0	0	1,141,388	
9 Operations and Maintenance	13,248	142,413	60,441	1,642,676	921,863	1,094,882	0	16,814	254,441	0	494,080	0	157,434	68,774	4,887,064	
10 Employee Benefits/Fixed Charges	11,638	125,113	53,099	1,443,201	710,304	835,916	0	13,726	207,721	0	545,545	0	100,852	44,056	4,091,171	
11 Special Ed Tuition	0	0	0	0	0	0	0	0	0	0	0	1,103,745	0	0	1,103,745	
12 Total	114,461	1,230,456	522,234	14,278,965	7,006,891	10,703,902	0	137,202	2,076,319	0	4,434,450	1,224,841	1,300,084	459,043	43,488,849	
13 Wage Adjustment Factor																
															9,113	

* Total foundation enrollment does not include columns 11 through 14, because those columns represent increments above the base. The pupils are already counted in columns 1 to 10.

Total foundation enrollment assigns pupils in pre-kindergarten and half-time kindergarten an enrollment count of .5.

Special education in-district headcount is an assumed percentage, representing 3.75 percent of K to 12 non-vocational enrollment and 4.75 percent of vocational enrollment.

Special education out-of-district headcount is also an assumed percentage, representing 1 percent of non-vocational K-12 enrollment.

Low income headcounts are the number of pupils in columns 1 through 10 who are eligible for free or reduced lunch.

Each component of the foundation budget represents the enrollment on line 1 multiplied by the appropriate state-wide foundation allotment.

The wage adjustment factor is applied to underlying rates in all functions except instructional equipment, benefits and special education tuition.

The foundation budget shown on this page may differ from the final number used in the formula, due to rounding error.

Massachusetts Department of Elementary and Secondary Education

Determination of City and Town Total Required Contribution FY13

10 ARLINGTON

Effort Goal

1) 2010 equalized valuation	7,388,658,200	
2) Property percentage	0.3221%	
3) Local effort from property wealth	23,801,309	
4) 2009 income	1,722,515,000	
5) Income percentage	1.6124%	
6) Local effort from income	27,773,654	
7) Combined effort yield (row 3+ row 6)	51,574,963	
8) Foundation budget FY13	45,702,617	
9) Maximum local contribution (82.5% * row 8)	37,704,659	
10) Target local contribution (lesser of row 7 or row 9)	37,704,659	
11) Target local share (row 10 as % of row 8)	82.50%	
12) Target aid share (100% minus row 11)	17.50%	

FY13 Increments Toward Goal

13) Required local contribution FY12	35,933,423
14) Municipal revenue growth factor (DOR)	3.47%
15) FY13 preliminary contribution (13 x 14)	37,180,313
16) Preliminary contribution pct of foundation (15/8)	81.35%

If preliminary contribution is above the target share:

17) Excess local effort (15 - 10)	
18) 15% reduction toward target (17 x 15%)	
19) FY13 required local contribution (15 - 18), capped at row 10	
20) Contribution as percentage of foundation (19 / 8)	

If preliminary contribution is below the target share:

21) Shortfall from target local share (11 - 16)	1.15%
22) Added increment toward target (13 x 1% or 2%)*	0
*1% if shortfall is between 5% and 10%; 2% if shortfall > 10%	
23) Shortfall from target after adding increment (10 - 15 - 22)	524,346
24) FY13 required local contribution (15 + 22)	37,180,313
25) Contribution as percentage of foundation (24 / 8)	81.35%

Date: August 9, 2012
To: Kathleen Bodie, Superintendent of Schools; Adam Chapdelaine, Town Manager
From: Julie Dunn, Paula Neville, Diane Johnson
Re: Kindergarten Fees

We recommend that the Arlington Public Schools immediately discontinue charging fees for Full Day Kindergarten (FDK). Because of recent changes to the state educational funding formula (Chapter 70), Arlington stands to gain approximately \$1.2 Million in state funds for FY14 if full day kindergarten is offered free of charge in FY13.

When the FY13 School Department Budget was approved at Town Meeting, \$970,000 was estimated for Kindergarten Fee collections. If the Town were to offset this projected revenue with an additional appropriation for FY13, the School Department would return to parents all kindergarten fee revenues collected for FY13. Since Chapter 70 increased \$1,222,363 in FY13 due to Arlington's status as a foundation aid district, these unanticipated funds are immediately available to the Town.

The funding formula of Arlington's multi-year financial plan does not advance unexpected additional Chapter 70 revenues to the School Department, but rather pools those resources in order to extend the life span of the most recent override. In order for the School Department to be made whole on the loss of Kindergarten fee revenue, an appropriation of an additional \$970,000 is necessary each year on top of the School Department's annual appropriation. However, given the significant increase in Chapter 70 aid above and beyond this amount, the Town will still benefit by \$252,363 in FY13, \$1.4 m in FY14, and should continue to realize additional funds into the foreseeable future.

Eliminating full day kindergarten fees will allow Arlington to reduce the burden on the families. In the recent years of financial hardship, fees for full day kindergarten, athletics, music and other special programs have been increased. Kindergarten is unique among these fee supported programs, as it is the only program that will increase our Chapter 70 aid from the state if we offer it for free. While it would be desirable to further reduce all fees, at the present time it is only by eliminating full day kindergarten fees that Arlington can realize an even greater increase in state aid. There would be no similar increase from the state if we reduced other fees, and the difference would have to be made up with significant program cuts in the school budget.

Arlington's Projected FY 14 Chapter 70 Calculation: With and without charging Tuition for FDK in FY13

This analysis demonstrates the estimated increase to Chapter 70 aid Arlington will be allocated for FY14 if it offers FDK in FY13 without tuition.

Foundation Enrollment

½ day kindergarten students now would count as full day students

Table 1: Foundation Enrollment, Arlington Estimated for FY13

Foundation Enrollment	½ day Kindergarten	Full day Kindergarten
A-W/ Tuition	344	0
B-W/o Tuition (New)	0	344

Foundation Budget

Because the nature of Arlington's foundation enrollment has changed, Arlington's foundation budget will change in the same way. Under a ½ day kindergarten scenario, the rate is \$3,501 versus \$7,002 under a full day kindergarten scenario. Therefore, moving to free full day kindergarten (eliminating tuition) increases a district's foundation budget because those ½ day students now are counted as full day students at the full day rate (twice the ½ day rate).

Table 2: Foundation Budget, Arlington Estimated for FY13

Foundation Budget	½ day Kindergarten	Full day Kindergarten
A-W/ Tuition	1,204,344	0
B-W/o Tuition (New)	0	2,408,688

Foundation Aid

Eliminating tuition for full day kindergarten increases the district's foundation aid (the aid that, combined with the local contribution, is needed to get the district to 100% of its foundation budget.) How this impacts what a district receives in future c70 aid depends on how close its spending requirement is 100% of foundation. Arlington is currently spending at foundation (100%), so this increase in foundation aid also results in a c70 aid increase as well.

Table 3: Chapter 70 Aid Calculation, Arlington FY14

Prior Year Aid	Original – A ½ day Kindergarten	New – B Free Full Day Kindergarten	Difference
1. Chapter 70 FY13 Aid	8,102,943	8,102,943	
Foundation Aid			
2. Est. Foundation Budget FY14	44,876,488	46,026,962	1,150,474
3. Est. Required District Contribution FY14	36,439,457	36,439,457	
4. Est. Foundation Aid (2-3)	8,437,031	9,587,505	1,150,474
5. Est. Increase over FY13 (4-1)	334,088	1,484,562	
Non-Operating District Reduction to Foundation			
6. Reduction to Foundation	0	0	
Estimated Chapter 70 Aid FY14			
Sum of line 1 and 5 minus line 6	8,437,031	9,587,505	1,150,474



Your Town, Your Plan

Why a Master Plan?

A comprehensive municipal master plan will be developed in Arlington to serve as the Town’s primary policy statement on future physical development in Arlington. The process involves public participation to set goals and communicate a long-term shared vision, followed by a review of current trends relative to land use, economic strength, housing, open space, recreation, natural, cultural and historic resources, transportation, population, demographics, public facilities, and includes steps to implement the plan. Each element of the master plan is inter-related, for example economic development may depend on transportation; increased housing can lead to increased demand for services. The legal basis for master planning in Massachusetts is provided in Chapter 41, Section 81D of Massachusetts General Law. This act encourages Planning Boards to create Master Plans to “provide a basis for decision making regarding the long term physical development of the Municipality.”



Why Now?

We face fiscal challenges, changing demographics, and an increasingly competitive future for jobs, education, and resources. The people of Arlington have differing opinions, but we also share common values that can shape a vision for future. **That vision must be reflected in Arlington’s future investments and actions.**

Change on public and private property happens, whether we like it or not. Choosing to do nothing won’t freeze Arlington the way it is. **Planning will help us anticipate and guide change to keep what’s great about Arlington and make the most of opportunities that meet our needs.**

We can be content to sit back and react, or we can plan for what we want in the future. **Sitting back and reacting to development decisions creates anxiety, mistrust, and suspicion when change occurs.**

We have a structural deficit, and only 4% of our tax base is non-residential. **Our next steps have to be coordinated to address this trend.**

Public dismay can occur when major public improvements are undertaken or private property owners decide to redevelop. Anxiety and animosity can cost everyone extra money and time. **Having a master plan is more fiscally prudent, efficient and predictable than addressing improvements and development on an ad-hoc basis.**

Communities with master plans have better bond ratings, get bonus points on grants, and send positive message to businesses considering Arlington.



The elements of a comprehensive master plan are described below

Goals and Policies: A statement of goals and policies will be developed to guide future improvements and development. An interactive public process will be used to determine Arlington’s community values and goals and to identify patterns of development and improvements which will be consistent with the goals and policies.



Land Use: A plan will be developed to identify present land uses, determine future desired development and improvements, review and recommend zoning changes, and designate the inter-relationship of public and private land uses.



Housing: This element analyzes existing and projected housing needs including programs to preserve and increase affordability, housing stock, and to create housing opportunities for all.



Economic Development: This element of the master plan will identify and develop policies and strategies to strengthen Arlington’s businesses, to diversify and expand the business base by building on our strengths, and to propose methods to bring in businesses matched with Arlington’s trade and professional skills. It will also examine ways to introduce new businesses consistent with current trends such as Green Communities, R&D, and technology enterprises.



Natural and Cultural Resources: Arlington’s cultural, ethnic, creative, artistic, historical, and natural assets are analyzed in this master plan element. Policies and strategies to protect, educate and enjoy these resources will be identified and developed.



Open Space and Recreation: This element provides an inventory of recreational and open space areas of the Town and identifies priorities for management, protection, and expansion of recreation and open space as well as resources and strategies for implementation.



Public Facilities and Services: This is a major master plan element that updates the status, inventory, and challenges of meeting current and future demand for services and public facilities. This element includes schools, libraries, facilities and buildings for public works, council on aging, police, fire, EMS, and public parking.



Transportation: Included in this element is an inventory of existing and proposed transportation systems: pedestrian, automobile, bicycle, public transit, and trucking. Strategies to address future mobility needs, maintenance, and priorities for improvement of existing transportation infrastructure will be developed.



Implementation: This element proposes a program of actions necessary to achieve the objectives for each element of the master plan. Schedules, responsible party, and costs (and revenue, if applicable) in a summary capital expenditure program will be developed. Specific processes to amend the Town's regulatory structure to ensure consistency with the master plan will be presented in the implementation element.

SAVE THE DATE: October 17, 2012

The master plan will take between 18 months and two years to complete. The first step is an interactive, community-wide workshop on Wednesday, October 17, 2012 at 7:00 p.m. in the Town Hall Auditorium to hear from Arlington's broad and varied voices on shared values that will form the goals and policies of the master plan.

Updates on this project can be found online at arlingtonma.gov/planning

Long Range Projection 2013-2018
Impact of Eliminating Kindergarten Fees
 9/12/12

Ref 3a

	FY 2013	FY 2014	Dollar Change	Percent Change	FY 2015	Dollar Change	Percent Change	FY 2016	Dollar Change	Percent Change	FY 2017	Dollar Change	Percent Change	FY 2018	Dollar Change	Percent Change
I REVENUE																
A. State Aid	15,040,293	16,584,646	1,544,353	10.27%	16,731,306	146,661	0.88%	16,879,433	148,127	0.89%	17,029,042	149,608	0.89%	17,180,146	151,105	0.89%
School Construction Aid	2,474,796	2,474,796	0	0.00%	2,474,796	0	0.00%	2,474,796	0	0.00%	2,474,796	0	0.00%	1,615,937	(858,859)	-34.70%
B. Local Receipts	8,455,000	8,505,000	50,000	0.59%	8,555,000	50,000	0.59%	8,605,000	50,000	0.58%	8,655,000	50,000	0.58%	8,705,000	50,000	0.58%
C. Free Cash/Muni Building Trust	1,570,000	1,000,000	(570,000)	-36.31%	750,000	(250,000)	-25.00%	750,000	0	0.00%	750,000	0	0.00%	750,000	0	0.00%
D. Overlay Reserve Surplus	200,000	200,000	0	0.00%	200,000	0	0.00%	200,000	0	0.00%	200,000	0	0.00%	200,000	0	0.00%
E. Property Tax	97,880,811	100,823,525	2,942,714	3.01%	103,535,285	2,711,760	2.69%	106,304,055	2,768,770	2.67%	109,146,422	2,842,367	2.67%	112,072,944	2,926,522	2.68%
F. Override Stabilization Fund								1,971,449			4,436,417			4,828,171		
TOTAL REVENUES	125,620,900	129,587,967	3,967,067	3.16%	132,246,387	2,658,420	2.05%	137,184,733	4,938,346	3.73%	142,691,677	5,506,944	4.01%	145,352,198	2,660,521	1.86%
II APPROPRIATIONS																
A. Operating Budgets																
School	45,612,598	47,675,113	2,062,515		49,844,818	2,169,705		52,127,914	2,283,096		54,530,992	2,403,078		57,061,056	2,530,064	
General Education Costs	30,356,198	31,418,665	1,062,467	3.50%	32,518,318	1,099,653	3.50%	33,656,459	1,138,141	3.50%	34,834,436	1,177,976	3.50%	36,053,641	1,219,205	3.50%
Special Education Costs*	14,286,400	15,286,448	1,000,048	7.00%	16,356,500	1,070,051	7.00%	17,501,455	1,144,955	7.00%	18,726,557	1,225,102	7.00%	20,037,415	1,310,859	7.00%
Kindergarten Fee Offset	970,000	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%
Net School Budget	45,612,598	47,675,113	2,062,515	4.52%	49,844,818	2,169,705	4.55%	52,127,914	2,283,096	4.58%	54,530,992	2,403,078	4.61%	57,061,056	2,530,064	4.64%
Minuteman	3,022,146	3,127,921	105,775	3.50%	3,237,398	109,477	3.50%	3,350,707	113,309	3.50%	3,467,982	117,275	3.50%	3,589,361	121,379	3.50%
Town Personnel Services Expenses	22,935,142	23,776,048	840,905	3.67%	24,696,255	920,208	3.87%	25,836,506	1,140,251	4.62%	27,018,416	1,181,910	4.57%	28,243,443	1,225,027	4.53%
Expenses	9,210,916	9,260,916	50,000	0.54%	9,310,916	50,000	0.54%	9,360,916	50,000	0.54%	9,410,916	50,000	0.53%	9,460,916	50,000	0.53%
Less Offsets:																
Enterprise Fund/Other	1,688,999	1,748,114	59,115	3.50%	1,809,298	61,184	3.50%	1,872,624	63,325	3.50%	1,938,166	65,542	3.50%	2,006,001	67,836	3.50%
Tip Fee Stabilization Fund	400,000	179,793	(220,207)	-55%	0	(179,793)	-100%	0	0		0	0		0	0	
Net Town Budget	30,057,059	31,109,056	1,051,997	3.50%	32,197,873	1,088,817	3.50%	33,324,799	1,126,926	3.50%	34,491,167	1,166,368	3.50%	35,698,357	1,207,191	3.50%
MWRA Debt Shift	5,593,112	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%
B. Capital budget																
Exempt Debt Service	2,800,366	3,029,598	229,232	8.19%	2,945,587	(84,011)	-2.77%	2,848,691	(96,896)	-3.29%	2,753,751	(94,940)	-3.33%	2,655,433	(98,318)	-3.57%
Non-Exempt Service	5,184,894	5,669,965	485,071	9.36%	5,765,920	95,955	1.69%	5,965,050	199,130	3.45%	6,115,331	150,281	2.52%	6,115,331	0	0.00%
Cash	1,462,356	1,269,606	(192,750)	-13.18%	1,508,650	239,044	18.83%	1,228,956	(279,694)	-18.54%	1,300,625	71,669	5.83%	863,908	(436,717)	-33.58%
Minus Capital Carry Forward	(103,796)	(125,200)	(21,404)	20.62%	(127,216)	(2,016)	1.61%	(152,005)	(24,789)	19.49%	(159,938)	(7,933)	5.22%	(159,938)	0	0.00%
Total Capital	9,343,820	9,843,969	500,149	5.35%	10,092,941	248,972	2.53%	9,890,692	(202,249)	-2.00%	10,009,769	119,077	1.20%	9,474,734	(535,035)	-5.35%
C. Pensions	7,710,766	8,173,411	462,646	6.00%	8,663,816	490,405	6.00%	9,183,645	519,829	6.00%	9,734,664	551,019	6.00%	10,318,744	584,080	6.00%
D. Insurance	15,105,214	15,841,578	736,365	4.87%	16,950,489	1,108,910	7.00%	18,137,023	1,186,534	7.00%	19,406,615	1,269,592	7.00%	20,765,078	1,358,463	7.00%
E. State Assessments	2,991,422	3,066,208	74,786	2.50%	3,142,863	76,655	2.50%	3,221,434	78,572	2.50%	3,301,970	80,536	2.50%	3,384,519	82,549	2.50%
F. Offset Aid - Library & School	61,138	61,138	0	0.00%	61,138	0	0.00%	61,138	0	0.00%	61,138	0	0.00%	61,138	0	0.00%
G. Overlay Reserve	900,000	600,000	(300,000)	-33.33%	600,000	0	0.00%	800,000	200,000	33.33%	600,000	(200,000)	-25.00%	600,000	0	0.00%
H. Other Crtd Jdgmnts/ Deficit/ symmes	550,000	700,000	150,000	27.27%	700,000	0	0.00%	700,000	0	0.00%	700,000	0	0.00%	700,000	0	0.00%
I. Warrant Articles	794,269	794,269	0	0.00%	794,269	0	0.00%	794,269	0	0.00%	794,269	0	0.00%	794,269	0	0.00%
J. Override Stabilization Fund	3,879,357	3,002,191			367,670											
K. TOTAL APPROPRIATIONS	125,620,900	129,587,967	3,967,067	3.16%	132,246,387	2,658,420	2.05%	137,184,734	4,938,346	3.73%	142,691,677	5,506,944	4.01%	148,040,369	5,348,692	3.75%
BALANCE	(0)	(0)			(0)		(0)		(0)		(0)		(0)	(2,688,171)		
Surplus / (deficit) to carryover to next year	(0)	(0)			(0)		(0)		(0)		(0)		(0)	(2,688,171)		
Reserve Balances																
Free Cash	6,823,055	3,000,000			2,500,000			2,000,000			2,000,000			2,000,000		
Stabilization Fund	2,561,288	2,674,094			2,854,317			3,039,947			3,231,145			3,428,080		
Override Stabilization Fund	7,866,176	10,868,367			11,236,037			9,264,588			4,828,171			0		
Tip Fee Stabilization Fund	179,793	0			0			0			0			0		
Municipal Bldg Ins. Trust Fund	858,418	884,170			910,695			938,016			966,157			995,141		
TOTAL:	18,288,730	17,426,632			17,501,049			15,242,551			11,025,473			6,423,221		
% of General Fund Revenue	14.6%	13.4%			13.2%			11.1%			7.7%			4.4%		

Long Range Projection 2013-2018

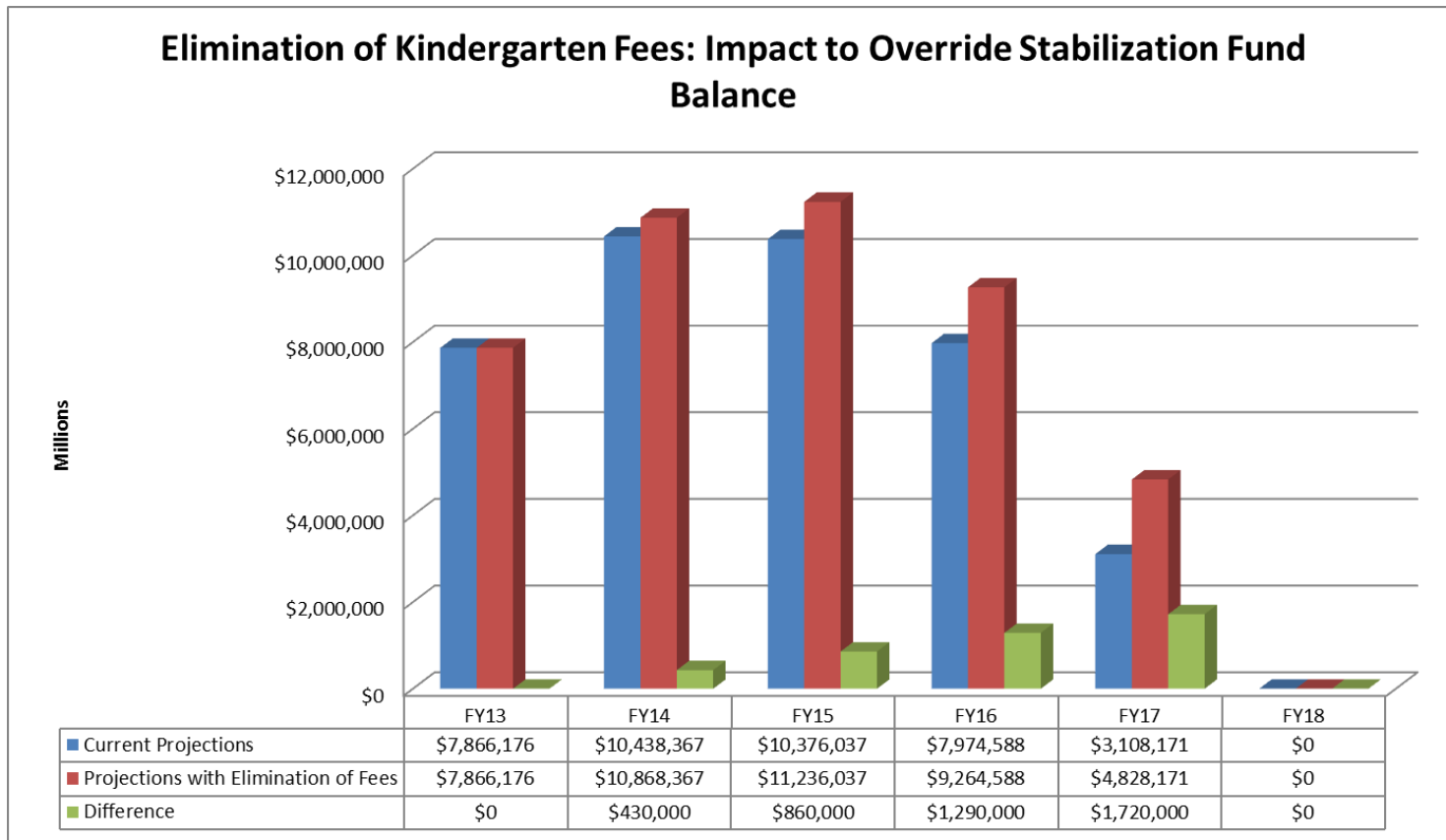
Finance Committee

9/12/12

Ref 3b

	FY 2013	FY 2014	Dollar Change	Percent Change	FY 2015	Dollar Change	Percent Change	FY 2016	Dollar Change	Percent Change	FY 2017	Dollar Change	Percent Change	FY 2018	Dollar Change	Percent Change
I REVENUE																
A. State Aid	15,040,293	15,184,646	144,353	0.96%	15,331,306	146,661	0.97%	15,479,433	148,127	0.97%	15,629,042	149,608	0.97%	15,780,146	151,105	0.97%
School Construction Aid	2,474,796	2,474,796	0	0.00%	2,474,796	0	0.00%	2,474,796	0	0.00%	2,474,796	0	0.00%	1,615,937	(858,859)	-34.70%
B. Local Receipts	8,455,000	8,505,000	50,000	0.59%	8,555,000	50,000	0.59%	8,605,000	50,000	0.58%	8,655,000	50,000	0.58%	8,705,000	50,000	0.58%
C. Free Cash/Muni Building Trust	600,000	1,000,000	400,000	66.67%	750,000	(250,000)	-25.00%	750,000	0	0.00%	750,000	0	0.00%	750,000	0	0.00%
D. Overlay Reserve Surplus	200,000	200,000	0	0.00%	200,000	0	0.00%	200,000	0	0.00%	200,000	0	0.00%	200,000	0	0.00%
E. Property Tax	97,880,811	100,823,525	2,942,714	3.01%	103,535,285	2,711,760	2.69%	106,304,055	2,768,770	2.67%	109,146,422	2,842,367	2.67%	112,072,944	2,926,522	2.68%
F. Override Stabilization Fund					62,330			2,401,449			4,866,417			3,108,171		
TOTAL REVENUES	124,650,900	128,187,967	3,537,067	2.84%	130,908,717	2,720,750	2.12%	136,214,733	5,306,016	4.05%	141,721,677	5,506,944	4.04%	142,232,198	510,521	0.36%
II APPROPRIATIONS																
A. Operating Budgets																
School	44,642,598	46,705,113	2,062,515		48,874,818	2,169,705		51,157,914	2,283,096		53,560,992	2,403,078		56,091,056	2,530,064	
General Education Costs	30,356,198	31,418,665	1,062,467	3.50%	32,518,318	1,099,653	3.50%	33,656,459	1,138,141	3.50%	34,834,436	1,177,976	3.50%	36,053,641	1,219,205	3.50%
Special Education Costs*	14,286,400	15,286,448	1,000,048	7.00%	16,356,500	1,070,051	7.00%	17,501,455	1,144,955	7.00%	18,726,557	1,225,102	7.00%	20,037,415	1,310,859	7.00%
Net School Budget	44,642,598	46,705,113	2,062,515	4.62%	48,874,818	2,169,705	4.65%	51,157,914	2,283,096	4.67%	53,560,992	2,403,078	4.70%	56,091,056	2,530,064	4.72%
Minuteman	3,022,146	3,127,921	105,775	3.50%	3,237,398	109,477	3.50%	3,350,707	113,309	3.50%	3,467,982	117,275	3.50%	3,589,361	121,379	3.50%
Town Personnel Services Expenses	22,935,142	23,776,048	840,905	3.67%	24,696,255	920,208	3.87%	25,836,506	1,140,251	4.62%	27,018,416	1,181,910	4.57%	28,243,443	1,225,027	4.53%
Expenses	9,210,916	9,260,916	50,000	0.54%	9,310,916	50,000	0.54%	9,360,916	50,000	0.54%	9,410,916	50,000	0.53%	9,460,916	50,000	0.53%
Less Offsets:																
Enterprise Fund/Other	1,688,999	1,748,114	59,115	3.50%	1,809,298	61,184	3.50%	1,872,624	63,325	3.50%	1,938,166	65,542	3.50%	2,006,001	67,836	3.50%
Tip Fee Stabilization Fund	400,000	179,793	(220,207)	-55%	0	(179,793)	-100%	0	0		0	0		0	0	
Net Town Budget	30,057,059	31,109,056	1,051,997	3.50%	32,197,873	1,088,817	3.50%	33,324,799	1,126,926	3.50%	34,491,167	1,166,368	3.50%	35,698,357	1,207,191	3.50%
MWRA Debt Shift	5,593,112	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%
B. Capital budget																
Exempt Debt Service	2,800,366	3,029,598	229,232	8.19%	2,945,587	(84,011)	-2.77%	2,848,691	(96,896)	-3.29%	2,753,751	(94,940)	-3.33%	2,655,433	(98,318)	-3.57%
Non-Exempt Service	5,184,894	5,669,965	485,071	9.36%	5,765,920	95,955	1.69%	5,965,050	199,130	3.45%	6,115,331	150,281	2.52%	6,115,331	0	0.00%
Cash	1,462,356	1,269,606	(192,750)	-13.18%	1,508,650	239,044	18.83%	1,228,956	(279,694)	-18.54%	1,300,625	71,669	5.83%	863,908	(436,717)	-33.58%
Minus Capital Carry Forward	(103,796)	(125,200)	(21,404)	20.62%	(127,216)	(2,016)	1.61%	(152,005)	(24,789)	19.49%	(159,938)	(7,933)	5.22%	(159,938)	0	0.00%
Total Capital	9,343,820	9,843,969	500,149	5.35%	10,092,941	248,972	2.53%	9,890,692	(202,249)	-2.00%	10,009,769	119,077	1.20%	9,474,734	(535,035)	-5.35%
C. Pensions	7,710,766	8,173,411	462,646	6.00%	8,663,816	490,405	6.00%	9,183,645	519,829	6.00%	9,734,664	551,019	6.00%	10,318,744	584,080	6.00%
D. Insurance	15,105,214	15,841,578	736,365	4.87%	16,950,489	1,108,910	7.00%	18,137,023	1,186,534	7.00%	19,406,615	1,269,592	7.00%	20,765,078	1,358,463	7.00%
E. State Assessments	2,991,422	3,066,208	74,786	2.50%	3,142,863	76,655	2.50%	3,221,434	78,572	2.50%	3,301,970	80,536	2.50%	3,384,519	82,549	2.50%
F. Offset Aid - Library & School	61,138	61,138	0	0.00%	61,138	0	0.00%	61,138	0	0.00%	61,138	0	0.00%	61,138	0	0.00%
G. Overlay Reserve	900,000	600,000	(300,000)	-33.33%	600,000	0	0.00%	800,000	200,000	33.33%	600,000	(200,000)	-25.00%	600,000	0	0.00%
H. Other Crt Jdgmnts/ Deficit/ symmes	550,000	700,000	150,000	27.27%	700,000	0	0.00%	700,000	0	0.00%	700,000	0	0.00%	700,000	0	0.00%
I. Warrant Articles	794,269	794,269	0	0.00%	794,269	0	0.00%	794,269	0	0.00%	794,269	0	0.00%	794,269	0	0.00%
J. Override Stabilization Fund	3,879,357	2,572,191														
K. TOTAL APPROPRIATIONS	124,650,900	128,187,967	3,537,067	2.84%	130,908,717	2,720,750	2.12%	136,214,734	5,306,016	4.05%	141,721,677	5,506,944	4.04%	147,070,369	5,348,692	3.77%
BALANCE	(0)	(0)			(0)			(0)			(0)			(4,838,171)		
Surplus / (deficit) to carryover to next year	(0)	(0)			(0)			(0)			(0)			(4,838,171)		

Reserve Balances	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Free Cash	7,793,055	3,000,000	2,500,000		2,000,000	2,000,000
Stabilization Fund	2,561,288	2,674,094	2,854,317		3,039,947	3,428,080
Override Stabilization Fund	7,866,176	10,438,367	10,376,037		7,974,588	0
Tip Fee Stabilization Fund	179,793	0	0		0	0
Municipal Bldg Ins. Trust Fund	858,418	884,170	910,695		938,016	995,141
TOTAL:	19,258,730	16,996,632	16,641,049		13,952,551	6,423,221
% of General Fund Revenue	15.5%	13.3%	12.7%		10.2%	4.5%



Budget Assumptions

- \$970,000 will be appropriated from Free Cash for the purposes of returning Kindergarten Fees in FY13.
- The cost of offsetting Kindergarten Fees will remain fixed at \$970,000 throughout the plan.
- Beginning in FY14, the Town will receive an additional \$1.4 million in Chapter 70 funds as a result of providing free kindergarten.
- The additional \$1.4 million will remain fixed through the plan and not inflated by the 1% that is generally assumed for Chapter 70 growth.

Ref 4

Finance Committee Meeting - 9/12/2012

Town of Arlington
Summary of Costs Associated with Microburst July 18, 2012

Category	Amount
Department of Public Works Labor Costs	\$47,706.06
Department of Public Works Equipment Costs	\$45,337.50
Infrastructure Repairs	\$158,233.10
Police Overtime and Expenses	\$2,798.50
Fire Overtime	\$1,210.38
Emergency Crews (Private Contractors)	\$125,762
Total	\$381,047.04
Portion of DPW Labor Unbudgeted	\$19,536.78
Portion of Police Overtime and Expenses Unbudgeted	\$2,798.50
Portion of Fire Overtime Unbudgeted	\$1,210.38
Infrastructure Repairs Unbudgeted	\$158,233.10
Emergency Crews Unbudgeted	\$125,762
Total Unbudgeted Costs	\$307,540.26

Possible State offset
\$ 31K to replace trees