

Medway Public Schools
FISCAL POLICY

Policy # 100

The School Committee holds a significant responsibility to the children of Medway as the steward for their education and to the Medway community as the largest expender of town funds. Since the quality of the school district's educational programs are dependent upon town, state and federal funding, it is incumbent upon the Medway School Committee to ensure that the school district employs sound fiscal practices so as to manage all school funding as efficiently as possible in order to provide all students with an education that meets their learning needs and to provide resources to meet unanticipated or emergency expenses.

At this time based upon the funding resources available to the School Committee, the School Committee shall consider the School Choice Revolving Account, Circuit Breaker and the Special Education Stabilization Account for these non-discretionary expenditures. Because the budgetary implications of an unanticipated or emergency expense can be significant, the School Committee is committed to creating a sustainable capacity to meet these needs based upon the aforementioned accounts and designates that these funds shall not exceed 5% of the prior year's school department budget within any fiscal year.

GENERAL POLICY

The School Committee will:

1. Align goals of the fiscal resources of district with those goals and action steps identified in the Medway Public Schools Strategic Plan.
2. Engage in thorough and advanced planning, with broad-based involvement, in order to develop revenue and expenditure plans that ensure long-term financial sustainability, while achieving the greatest educational returns in relation to dollars expended, in a fashion that is consistent with federal and state law and local requirements.
3. Develop long-range financial budget projections as a means of comprehensive planning for instructional needs.
4. Engage in long-range technology and facilities planning which shall include but not be limited to plant maintenance, furniture, fixtures and equipment, as correlated to projected enrollment, program growth and the changing requirements of contemporary educational practices and schools.
5. Require the Superintendent or designee to prepare and present fiscal analyses and such reports to the School Committee as may be needed for their consideration.

6. Require the Superintendent or designee to provide timely, accurate and appropriate financial information to the School Committee, appropriate Town boards and officials, the community, regulators and staff with fiscal management responsibilities.
7. Seek to maintain a Special Education Stabilization Account pursuant to Massachusetts General Law, as allowed by Section 24 of Chapter 218 of the Acts of 2016 that can be used for unanticipated or unbudgeted costs of special education, out of district tuition or transportation. The balance in the reserve fund will not exceed 2% of the annual required net school spending of the school district. Funds in the Stabilization Account can only be expended or transferred out after a majority vote of both the School Committee and the Board of Selectmen. The expected minimum balance in the Special Education Stabilization Fund will be 1% of the prior year's approved school department budget.
8. Seek to maintain a balance in the School Choice Revolving Account to provide for additional innovative opportunities within the schools and cover any emergency or unexpected expenses. The maximum target of this balance will be 1.5% of the prior year's approved budget, once a Special Education Stabilization Account is established and at least 75% funded. Until that time, the expected target of the School Choice Revolving Account will be 2.5% of the prior year's approved school department budget. The expected minimum balance in the School Choice Revolving Account will not fall below 1% of the prior year's approved school department budget.
It is expected that the balances in the Special Education Stabilization, School Choice Revolving, and Circuit Breaker accounts will fluctuate throughout the fiscal year due to the normal course of funding and expenditures. For the purposes of preserving the relationship among these accounts, balances will be calculated, reviewed and adjusted annually after all fiscal year encumbrances have been resolved.
9. Review balances and plan for expenditures in all revolving and stabilization accounts at least annually.

IMPLEMENTATION

The general provisions outlined above will be carried out through prudent planning designed to ensure that the Medway Public Schools Strategic Plan goals and the curriculum standards of the Commonwealth of Massachusetts are available to all children. Planning and execution will consist of the following steps:

1. Student population estimates shall be used as a basis for projecting enrollment. Such estimates shall be made available in time to be used in the preparation of the annual budget.
2. The Superintendent or designee will present to the School Committee the Reconfigured budget by December 31st of each year. This presentation may be part of a combined meeting with the Board of Selectmen and Finance Committee.
3. The Superintendent's Budget Advisory Group, which consists of selected members of the School Committee, Board of Selectmen, and Finance Committee, will work

collaboratively during the development phase of the budget, to solicit feedback and answer questions.

4. The Superintendent will submit a preliminary annual budget to the Committee in a timely fashion. The Superintendent's preliminary annual budget presentation will include the total requested budget, as well as information on program, service, or material additions or reductions.
5. The School Committee, or one of its subcommittees, will review the official budget document of the Town of Medway and abide by all deadlines contained therein.
6. The School Committee will hold a public hearing on the proposed budget for the next fiscal year annually in March.
7. The Superintendent will make recommendations to the School Committee regarding expenditures from the School Choice Revolving Account. This may include funds to augment the regular operating budget, contributions to the Special Education Stabilization account, and/or funds for programs and activities. The School Committee will receive updates on the progress of items funded through School Choice.

USE OF FUNDS

Circuit Breaker – The district receives Circuit Breaker funds quarterly from the state as partial reimbursement for previously incurred special education expenses which meet specific criteria. Circuit Breaker only reimburses school districts up to a fixed percentage each year (historically 60-70% of actual costs), and there is no guarantee of funding through the Circuit Breaker program. Circuit Breaker funds will be used to help offset the costs of special education expenses as outlined by the program guidelines.

School Choice Revolving Account – The School Committee determines how to allocate all funds received in the School Choice Revolving Account. The Committee will strive for equity when deciding how School Choice funds will be expended, and will consider using these funds to cover unexpected or emergency expenses and both curricular and extracurricular initiatives aimed at enhancing the educational experience of students in Medway Public Schools.

Special Education Stabilization Account – The School Committee established this reserve account to ensure availability of funds in the event of unanticipated or unbudgeted costs of special education, out of district tuition or transportation. Funds held in this account are intended to cover extraordinary circumstances and are not intended for use to meet special education costs within the regular operating budget.

First Reading: January 18, 2018

Adopted: April 5, 2018

Revised: October 4, 2018

Medway School Department Budget Funding From Various Sources

Local Funding of a school department's budget is the amount received from local taxpayers. It is the town's contribution to the budget that comes from real estate (property) taxes and other local receipts. Under proposition 2-1/2, the total property tax levy for any year is capped at a 2.5% increase from the prior year, plus new assessments ("new growth").

Chapter 70 Aid is the amount of general education aid that is distributed to all school districts by the Commonwealth of Massachusetts. The amount of Chapter 70 Aid each community receives, on behalf of its school district, is based on an established formula under Massachusetts General Laws, and is reported on the annual "Cherry Sheet" (i.e., state aid from all sources) upon the adoption of the state budget. Payments are made by the state via wire transfer of funds directly to the town's treasurer on a quarterly basis.

Circuit Breaker is a state grant program designed to partially reimburse school districts for instructional and tuition expense relating to unusually high-cost special education students. Special education services are legal obligations, regardless of cost, based on individual student education plans under Massachusetts General Laws. The state's Circuit Breaker program, which began in September, 2003, uses a formula to determine the amount of allowable reimbursement (a targeted percentage of costs over a certain limit, calculated on a student-by student basis) to each district. Similar to Chapter 70 Aid, Circuit Breaker funds are wire transferred to the town's treasurer directly from the state on a quarterly basis.

The school department's **Operating Budget** represents the total of Local Funding, which is appropriated by Town Meeting, Chapter 70 Aid and Circuit Breaker, as described above.

Grants represent transfer payments from the federal and state government, which offset the costs of specific expenses, thereby helping to reduce the Operating Budget. Federal and state grant processes must be used only for expenses that are specified in the related grant award and cannot be rolled over into ("supplant") the Operating Budget; grant programs are examined annually as part of the town's annual financial audit. Small local (private) grants provide further, often unanticipated, sources of funding; these funds likewise must be used for the purpose(s) established by the grantee. Grant proceeds are generally received by the town (e.g., wire transfer to a bank account under direction of the town's treasurer) and credited to a specific restricted fund balance corresponding to the accounts maintained by the school department.

Revolving Accounts represent additional outside revenues that come from the following types of sources; user fees (school lunches, participation in interscholastic athletics, facility use fees, etc.); gate receipts (certain athletic events, music and drama productions, etc.); tuition programs

(Community Education, Pre-kindergarten and full-day Kindergarten, and School Choice); and, miscellaneous (e.g., lost/damaged book charges, insurance claims, etc.) these funds also offset the costs of specific expenses, thereby helping to reduce the Operating Budget. Similar to Grants, Revolving Funds are accounted for in separately identified funds corresponding to the accounts maintained by the school department, and their use is generally restricted to the specific purpose underlying each program (e.g., school lunch, high school athletics, community education, etc.). Unlike Grants, Revolving Funds are collected by school department officials and then promptly forwarded to the school business office, where they are checked for accuracy, accounted for in detail, and submitted to the town's treasurer for bank deposit.