



The State of Local Aid: 2008



**A Forum on Local Aid
Hosted By
State Senator Richard T. Moore**

March 27, 2008

Dear Local Official:

As you are aware, FY 09 is shaping up to be a very difficult budget year. An economic recession threatens to reduce state and local revenues at the same time that things such as fuel and health care costs place increasing strain on municipal and state budgets. Cooperation is essential in overcoming these fiscal challenges and it is with this in mind that I welcome you to my annual discussion on the **State of Local Aid**.

Ultimately, I hope that we can use this discussion to better understand the budget realities we all face and develop strategies to overcome them. Specifically, I hope to 1) outline the fiscal conditions in which the Commonwealth finds itself, 2) highlight the state's local aid projects for FY 09, and 3) discuss measures the Commonwealth can take to mitigate the impacts from this gloomy economic forecast.

The following document contains details on the state budget including an outline of the state's budget deficit and FY 09 local aid projections. The document also includes information on the legislative initiatives I support to help stabilize municipal and state budgets today and in the future. I hope that this information will provide a background for our ongoing discussion about the state of local aid.

Finally, I have no doubt that you already have an extensive understanding of the projected budget problems. Cities and towns are grappling with the same types of budget gaps that the state is facing. As municipal and state leaders, we all will be called upon to make some difficult decisions. I hope that through our discussions at this meeting and throughout the coming year, we can continue to work together to balance our budgets and continue to provide the high quality of services our constituencies have come to expect.

I sincerely hope that you find this session informative and helpful, and I'd like to thank you for taking time out of your busy day to attend and share your ideas.

Sincerely,

A handwritten signature in dark ink, appearing to read "Richard T. Moore", is positioned above the typed name.

RICHARD T. MOORE

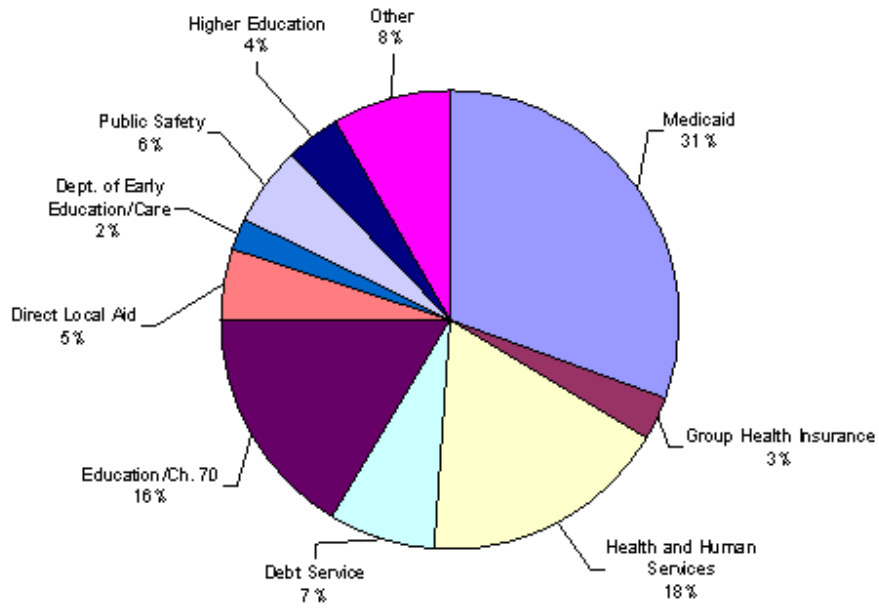
State Senator
Worcester & Norfolk District

TABLE OF CONTENTS

- 1. Local Aid Presentation – Senator Richard T. Moore**
- 2. Local Aid Packet**
 - a. FY09 Spending Chart
 - b. Chapter 70 Funding
 - c. Lottery Aid
 - d. Community Policing Grants
- 3. Senator Moore’s Education/Local Aid Agenda**
- 4. Other Items of Interest**
 - a. Additional Sources of Local Aid (DOE)
 - b. Initiative Petition to Repeal State Income Tax
 - c. Speaker Suggests Plan to Scrutinize Municipal Spending, Management (State House News Service)
 - d. Assessment of Poles and Wires on Public Ways (DOR)
 - e. Lottery Aid State Totals
 - f. Letter from Senator Moore (Lottery Aid and Income Tax)
- 5. Chapter 70 Presentation – Roger Hatch, DOE**

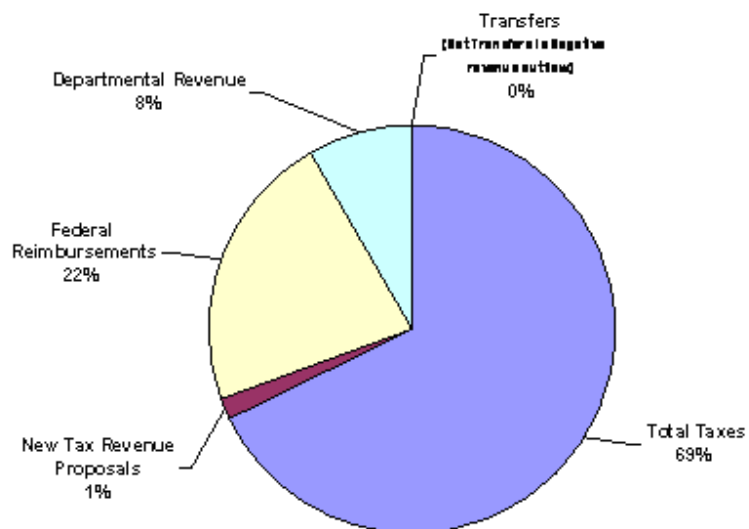
FY 2009 LOCAL AID

EXPENSES



Source: http://www.mass.gov/bb/h1/fy2009h1/msg2_09/hchallenge.htm

REVENUE



Source: http://www.mass.gov/bb/h1/fy2009h1/msg2_09/hchallenge.htm

Joint Resolution Chapter 70 Aid

Community	FY 2008	FY 09	FY08 v FY09
Bellingham	\$8,236,349	\$8,560,993	\$324,644
Blackstone	\$115,785	\$127,344	\$11,559
Douglas	\$7,317,967	\$8,066,226	\$748,299
Dudley	\$0	\$0	-
Hopedale	\$5,975,497	\$6,268,494	\$292,997
Mendon	\$13,251	\$27,663	\$14,412
Milford	\$12,145,146	\$14,245,479	\$2,100,333
Millville	\$16,148	\$43,194	\$27,046
Northbridge	\$14,114,803	\$14,256,878	\$142,075
Oxford	\$9,240,150	\$9,416,524	\$176,375
Southbridge	\$15,829,982	\$16,282,624	\$452,642
Sutton	\$5,245,542	\$5,496,292	\$250,750
Uxbridge	\$9,377,789	\$9,646,402	\$268,613
Webster	\$8,973,217	\$9,199,351	\$226,134
Blackstone-Millville	\$10,845,267	\$11,330,629	\$485,362
Dudley-Charlton	\$6,607,116	\$7,222,279	\$615,163
Mendon-Upton	\$23,069,087	\$24,412,589	\$1,343,502
Blackstone Valley	\$11,687,996	\$12,546,934	\$858,938
Southern Worcester	\$911,205	\$1,024,400	\$113,195
Norfolk County Ag	\$8,337,187	\$9,238,460	\$901,273
District Total	\$158,059,484	\$167,412,795	\$9,353,311

Joint Resolution Lottery Aid

Town	FY 2008	FY 2009 (Governor's)	FY 09 Joint Resoulution	FY08 v FY09
Bellingham	\$2,111,840	\$1,831,429	\$2,111,840	-
Blackstone	\$1,489,325	\$1,291,572	\$1,489,325	-
Douglas	\$908,255	\$787,657	\$908,255	-
Dudley	\$1,921,092	\$1,666,009	\$1,921,092	-
Hopedale	\$811,561	\$703,802	\$811,561	-
Mendon	\$508,609	\$441,076	\$508,609	-
Milford	\$3,801,454	\$3,296,696	\$3,801,454	-
Millville	\$444,249	\$385,261	\$444,249	-
Northbridge	\$2,624,068	\$2,275,644	\$2,624,068	-
Oxford	\$2,559,196	\$2,219,385	\$2,559,196	-
Southbridge	\$4,378,557	\$3,797,171	\$4,378,557	-
Sutton	\$971,553	\$842,550	\$971,553	-
Uxbridge	\$1,712,525	\$1,485,136	\$1,712,525	-
Webster	\$3,019,559	\$2,618,621	\$3,019,559	-
District Total	\$27,261,843	\$23,642,009	\$27,261,843	-

Community Policing Grants FY08



Community	Amount
Bellingham	\$18,024.00
Blackstone	\$11,299.00
Douglas	\$11,299.00
Dudley	\$19,000.00
Hopedale	\$11,299.00
Mendon	\$11,299.00
Milford	\$35,952.00
Millville	\$11,299.00
Northbridge	\$38,000.00
Oxford	\$28,500.00
Southbridge	\$18,024.00
Sutton	\$11,299.00
Uxbridge	\$18,024.00
Webster	\$18,024.00

Senator Moore's FY 09 Education/Local Aid Agenda

- **Chapter 70 Aid – Sufficient, Predictable, and Equitable Increases**

State Budget –

In FY 09, the Legislature will continue its firm commitment to public education by increasing Chapter 70 aid by over \$223 million. This marks the third consecutive year of increases over \$200 million and is part of five year funding scheme to move individual school districts toward their target-aid contribution level. In the first two years, the Legislature increased Ch 70 funds by over \$430 million. Senator Moore supports this commitment to education funding.

Legislative Initiatives –

In addition to ensuring sufficient education aid to the Commonwealth's cities and towns, Senator Moore also recognizes the need for equitable and predictable distribution of this aid. If cities and towns are to plan a successful education program, they must have a long term picture of what financial contribution they can expect from the state.

To bring such reforms, Senator Moore supports legislation that would:

- Create a 6 year schedule of education aid
- Mandate that in a fiscal crisis, education aid will have first claim on available funds
- Create a standing commission to regularly assess the efficacy of the Chapter 70 formula and periodically submit a series of suggested reforms to the legislature. Though the Legislature made minor reforms to the Chapter 70 formula in the FY 07 budget, there is no mechanism to regularly assess the success of this formula and make the periodic changes necessary to ensure that it fairly distributes education aid to all of the Commonwealth's cities and towns.

- **Fully Fund Regional School Transportation**

State Budget –

In FY 08 the Legislature allocated \$57.3 million for regional school transportation. The Department of Education estimates that this will fund between 90 % of all regional school transportation costs. The governor's FY 09 budget again funds the regional school transportation line-item at \$58.3 million. While this will not meet 100% of the expected transportation costs, it will hopefully provide a foundation on which the Legislature can build as the budget process unfolds.

Legislative Initiative –

To ensure that the Commonwealth better meets its agreement with regional school districts Senator Moore supports legislation that would direct the Board of Education to develop a method to include regional school transportation funds in the Chapter 70 formula, and to file legislation to update Chapter 70 accordingly. Currently, regional school transportation has a separate line item. This line item is subject to drastic cuts when the state faces an economic downturn, and it was cut approximately 50% during the last budget crisis, while Chapter 70 funding was cut only about 20%. Regional school districts are required to bus a majority of their students, so funding for transportation cannot be cut. Therefore, these districts are forced to cut spending for teachers and books in order to pay for transporting students to school. Placing regional school transportation in Chapter 70, with other school operating costs, makes sense. *Senator Moore is a co-sponsor of this bill.*

- **Preserve MCAS Remediation Funding**

Education is the corner stone of the Commonwealth's economic future and we should seek the highest level of achievement from our students. With these expectations must come the resources to help cities and towns meet them. MCAS remediation funding is one such tool and the Commonwealth must preserve this funding and make sure that it is reaching all students who need some extra help.

State Budget –

The governor's budget increases MCAS remediation funding by \$2 million from the FY 08 budget. These funds are essential in ensuring school districts have the resources they need to meet the Department of Education's graduation standards. Adequate and flexible resources should be available for school districts to augment any child's preparation for the MCAS regardless of grade level. In previous years, only those students taking the MCAS test during an academic year qualified for MCAS remediation grants.

- **Preserve Chapter 70 Pothole Funding –**

State Budget –

This funding is important in ensuring school districts can meet the unexpected challenges that inevitably arise during a school year. These challenges range from the impact of changes to the Chapter 70 formula to shifts in student demographics. The Governor's FY 09 budget proposal includes \$5.5 million for this program. This is the same appropriation from FY 08.

- **Controlling Costs – Giving Municipalities and School Districts the Tools They Need**

Accomplishment –

- *Creating a Local Option for Municipalities to Join the Group Insurance Commission*

Municipal health insurance costs continue to grow at an exceptional rate, diverting valuable resources that could otherwise be used for education and other local programs. Depending on the town, this initiative can slow the increase in municipal health insurance rates by granting municipalities the option of joining the state's Group Insurance Commission. Senator Moore encourages all towns to consider this option to see if it is right for them. *Senator Moore was the lead sponsor of this bill*

- *Funding for the School Building Assistance Program*

In 2004, the Legislature made a significant commitment to reform the state's school building assistance program. By committing one of every five pennies collected in state income tax to the program, Massachusetts has been able to meet its commitments to school districts across the state. These reforms have helped the cities and towns more quickly retire school building debt and, will allow school districts to receive state assistance with their future school building projects.

Solutions Supported by Senator Moore –

- *Local Option Meal and Hotel Tax*

Senator Moore supports granting municipalities the *option* of implementing a local meal and hotel tax, provided at 25% of such revenues are dispersed equitably across the Commonwealth to all cities and towns that have approved such a tax.

- *Closing the Telecom Property Tax Loophole*

Pending an appeal the SJC's recent decision, such legislation may not be necessary. However, Senator Moore supports repealing the exemption of certain telecommunications property from local property taxes.

See attached for a breakdown of potential revenues to each Massachusetts Municipality

- *Flexibility in Financing Local Infrastructure Development*

An Act Relative to the Establishment and Powers of Special Development Districts

This proposal would provide a creative alternative for cities and towns to finance infrastructure developments such as roads, parks, water and sewer facilities. The legislation would establish a new chapter in the Massachusetts general laws - Chapter 40T. This chapter would give cities and towns the local option to authorize the creation of "special development districts". These districts would be able to issue bonds outside of a municipality's bonding cap to finance infrastructure. The bonds would be repaid by betterment on only those property owners within a "special development district".