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Analysis of Municipal-School Revenue Split

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BoS Meeting

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Overview

- Asked to evaluate the Acton revenue sharing formula and split of revenues
- Examine the approaches taken by other comparable towns
- Adjust financial data to put all towns on a comparable “ALG-like” basis to see what the splits have been

Process

- Agreed on set of 12 comparable towns at the end of July
- Data collection
 - DoR, DoE
 - Towns themselves
- Data collection complete as is most of the analysis
- Still trying to talk with town officials

Data Issues

- Definition of revenues/budgets to be split
 - General revenues - yes
 - Revolving/enterprise funds - no
 - Special funds - no
 - Reserves - yes

Adjustments to Data

- Various adjustments required to place all towns on a comparable, “ALG-like” basis
 - Proper treatment of regional school districts
 - Budgets not assessments must be allocated
 - State aid allocated to towns
 - Proper treatment of Schedule A expenses
 - Focus on general fund budgets as that is focus of ALG model
 - Allocation of health, retirement, fringe benefits
 - Exclude excluded debt

Data Relied Upon

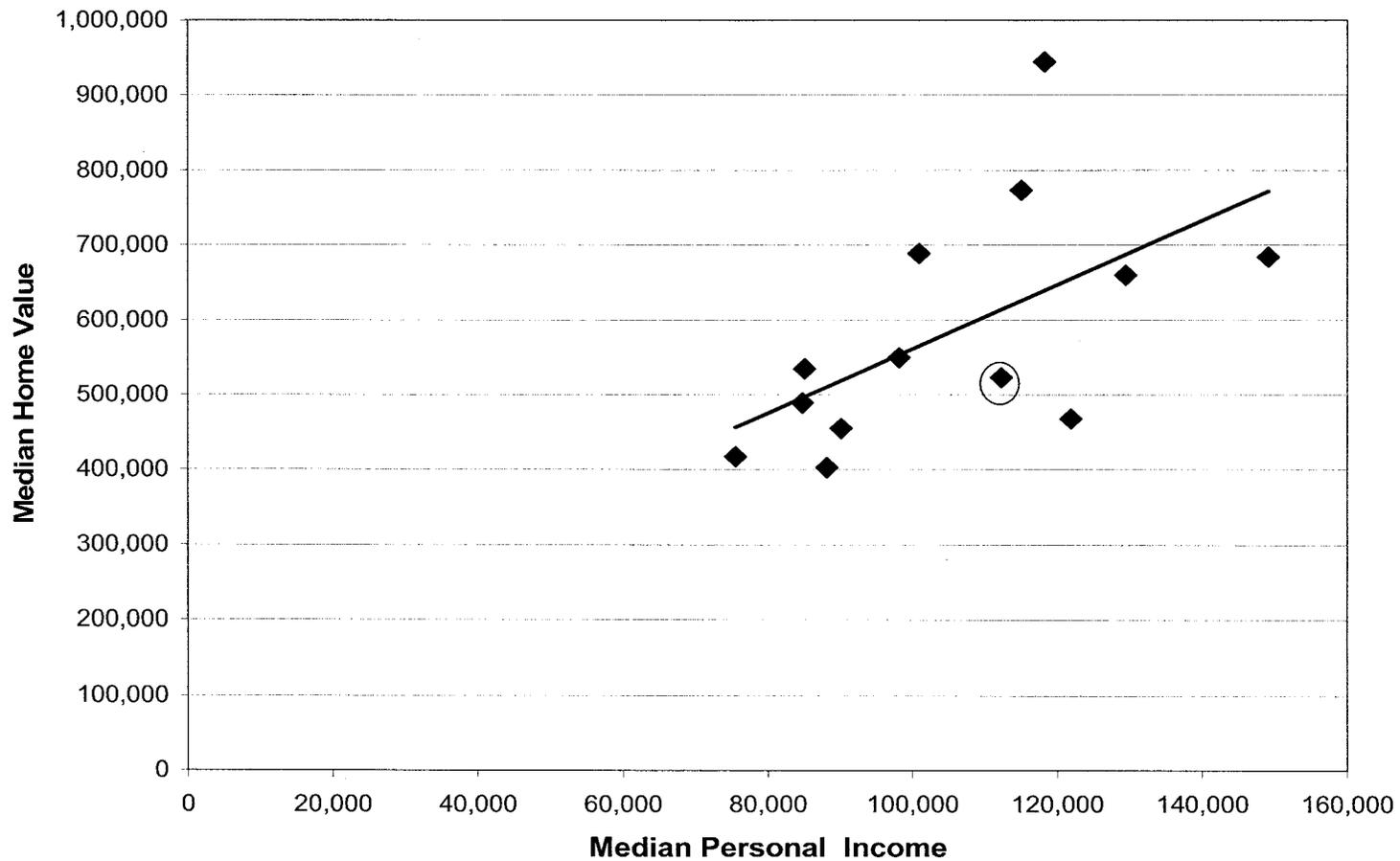
- Town data is usually most reliable and in best format for use
 - Some towns present data in close to ALG-like form
 - Several towns produce “Comprehensive Annual Financial Report”
 - Very detailed
 - Identical format
 - Useful information but not presented in identical form
- Use DoR and DoE data as backup and corroboration
 - Where necessary used DoR with adjustments

Town-School Splits

- Will be discussing issue with representatives of comparable towns to see “how they do it”
- Preliminary information suggests less formal approach than ALG

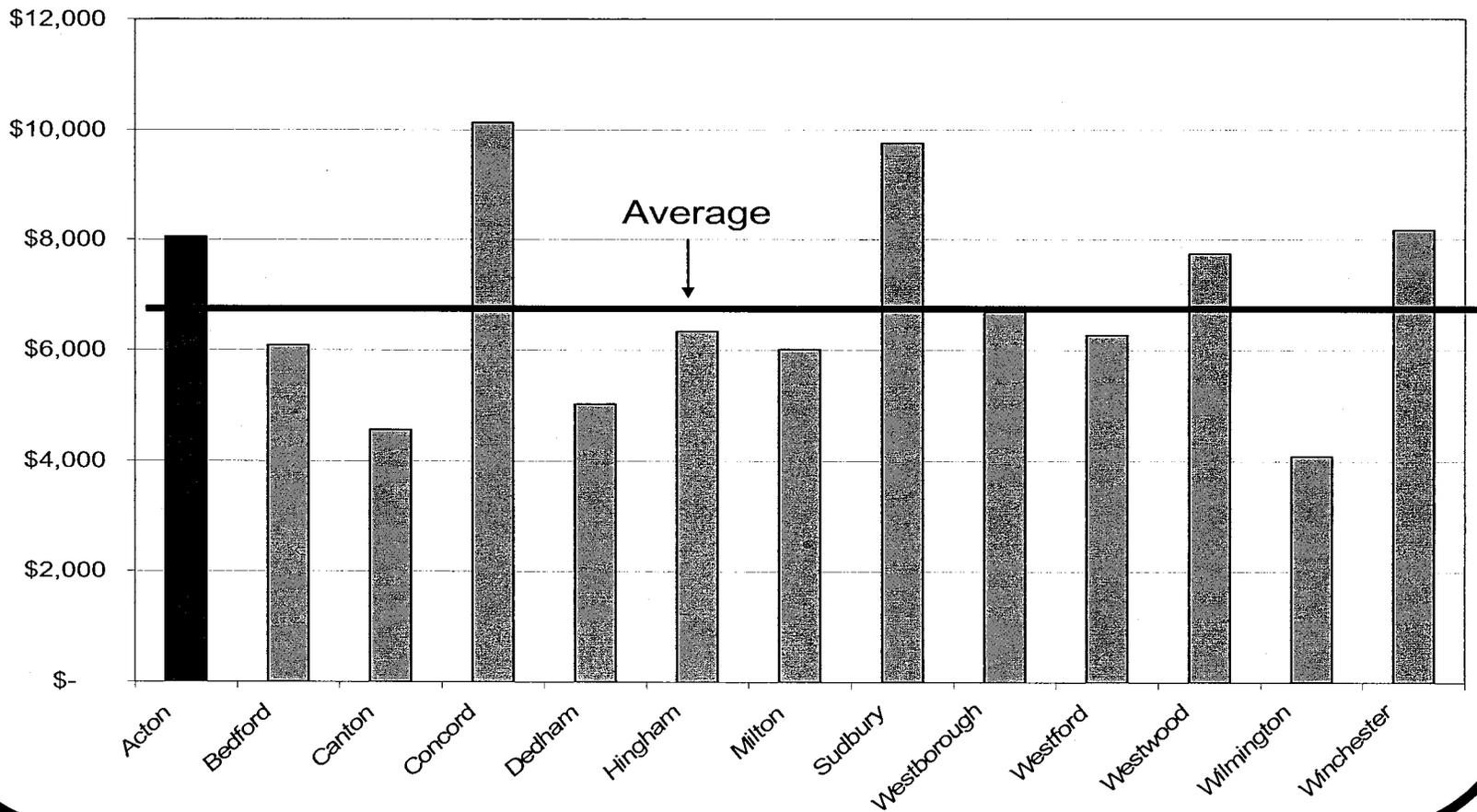
Preliminary Findings: Median Income vs. Home Values

Acton is below trend line (home values are lower relative to income levels)



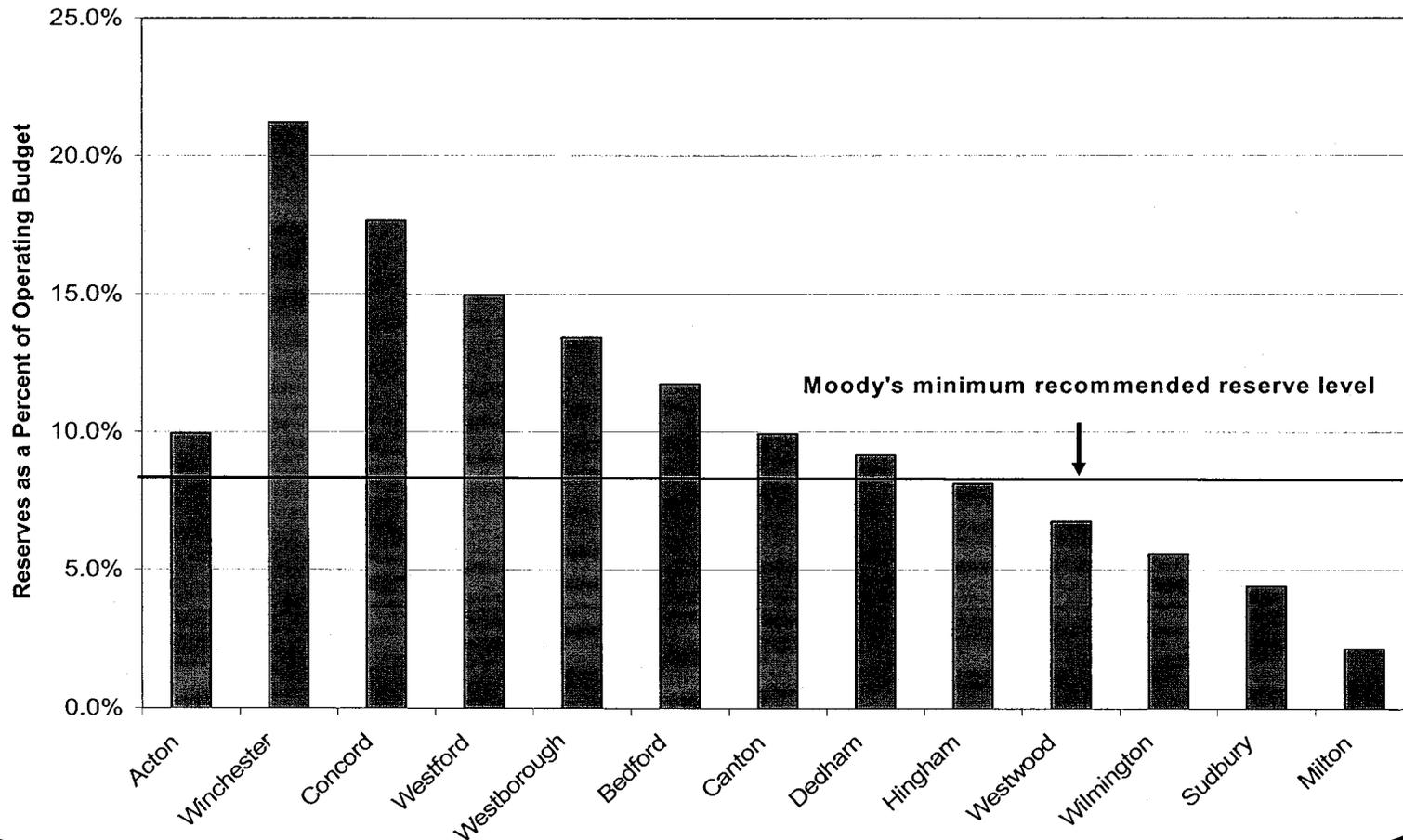
Preliminary Findings: Average Single Family Tax Bill

Acton is above the average of comparable communities



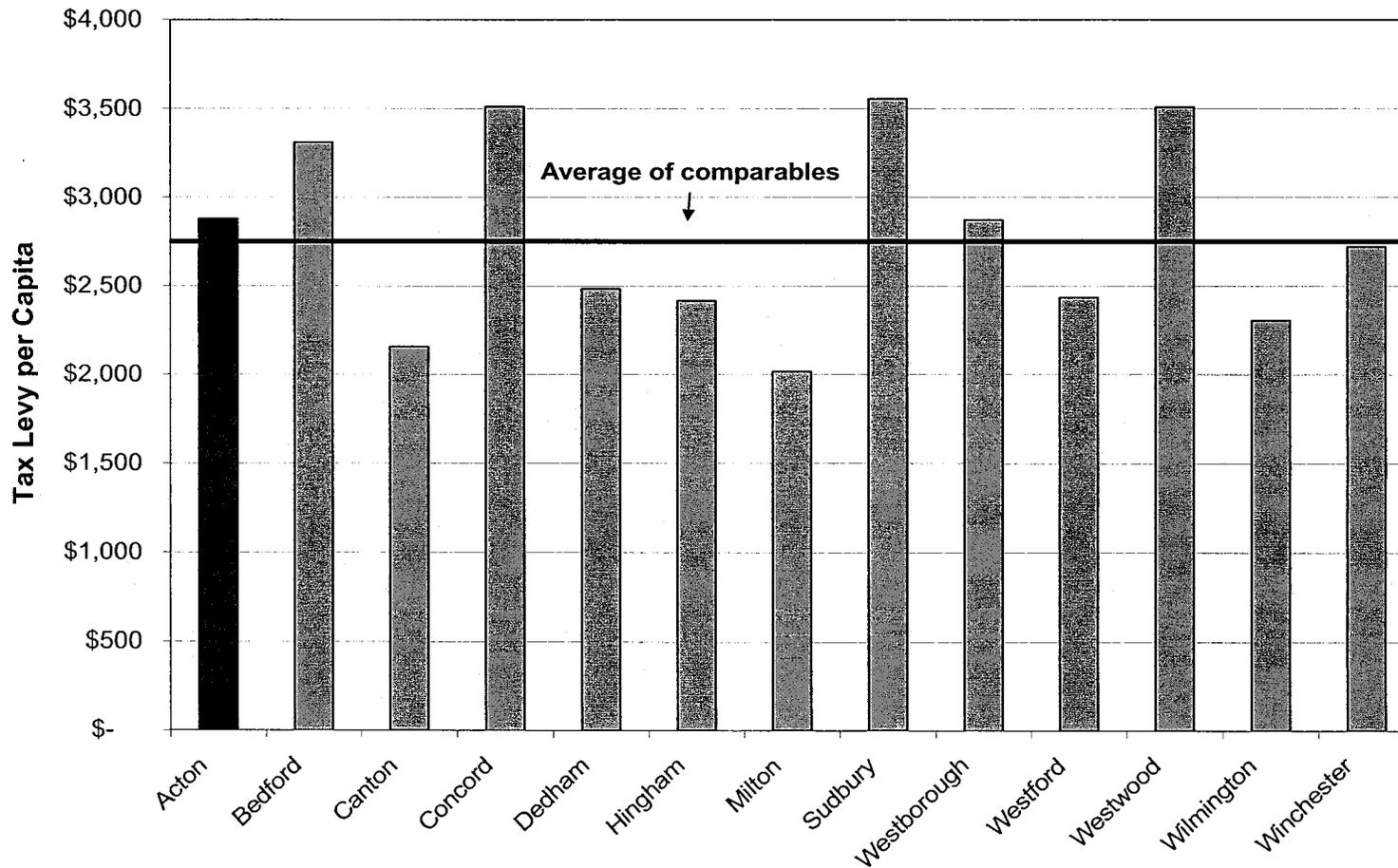
Preliminary Findings: Reserves

Acton is at the average of comparable communities



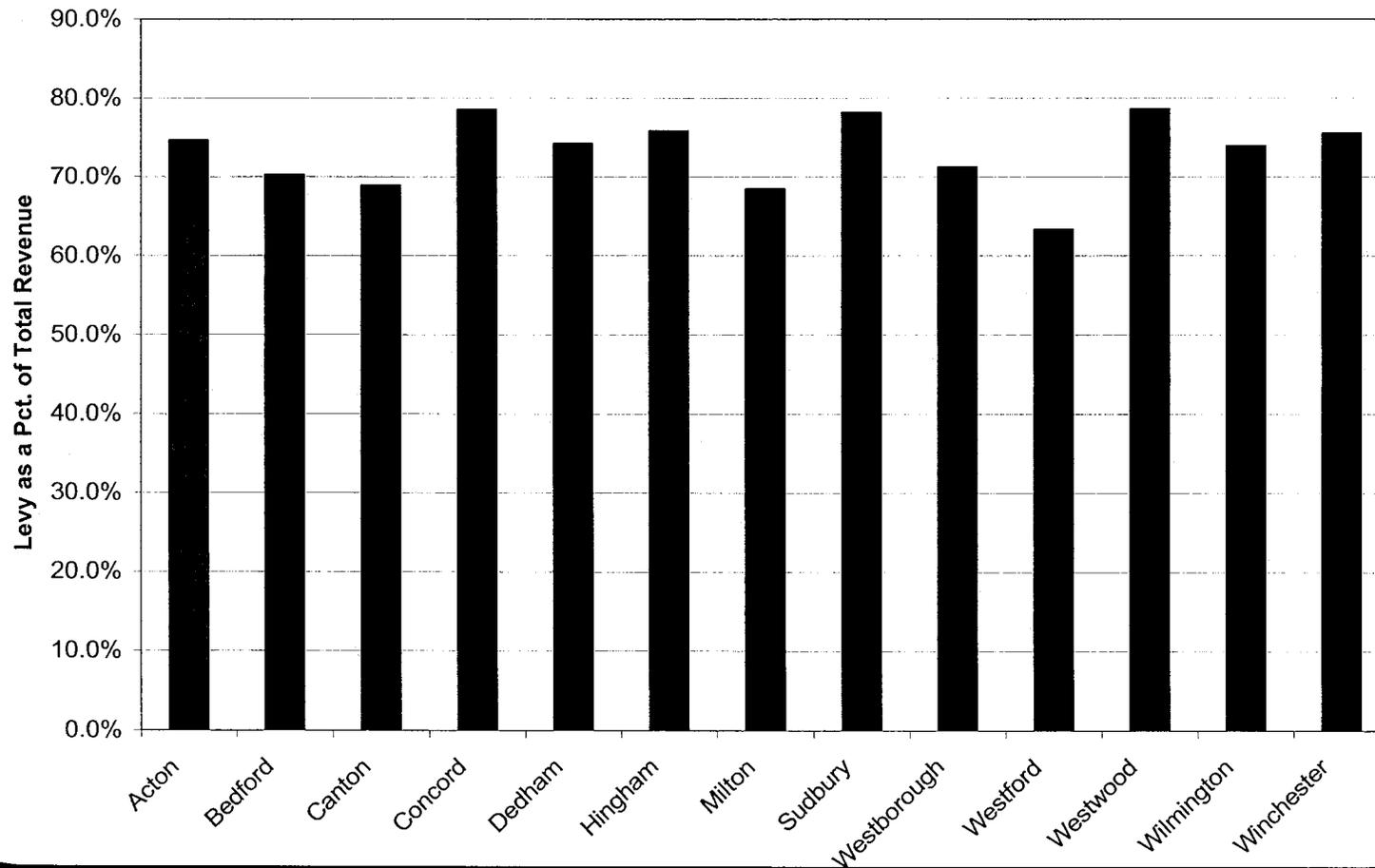
Preliminary Findings: Tax Levy Per Capita

Acton is slightly above the average of comparable communities



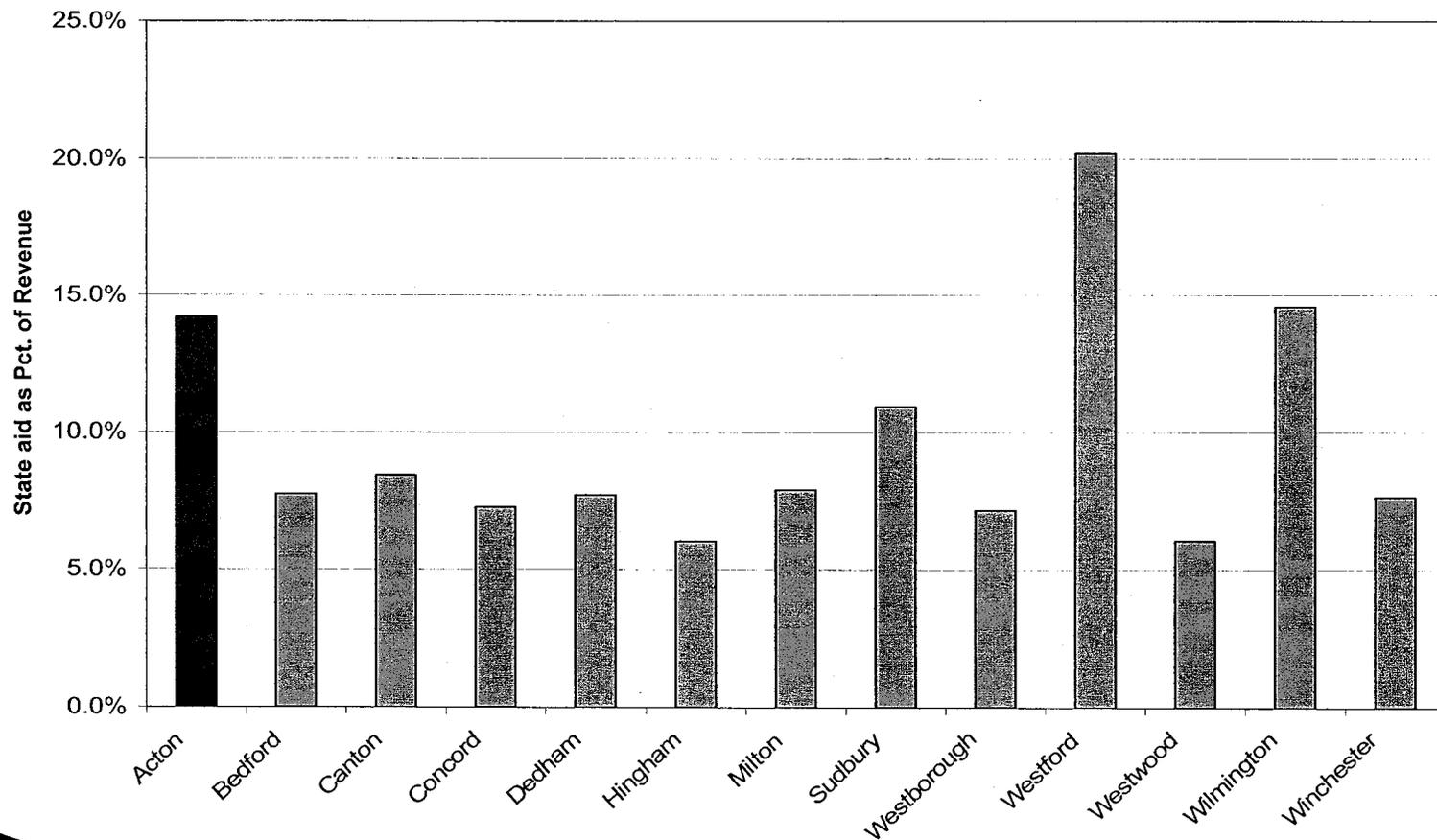
Preliminary Findings: Levy as a Percent of Total Revenue

Acton is slightly above the average of comparable communities



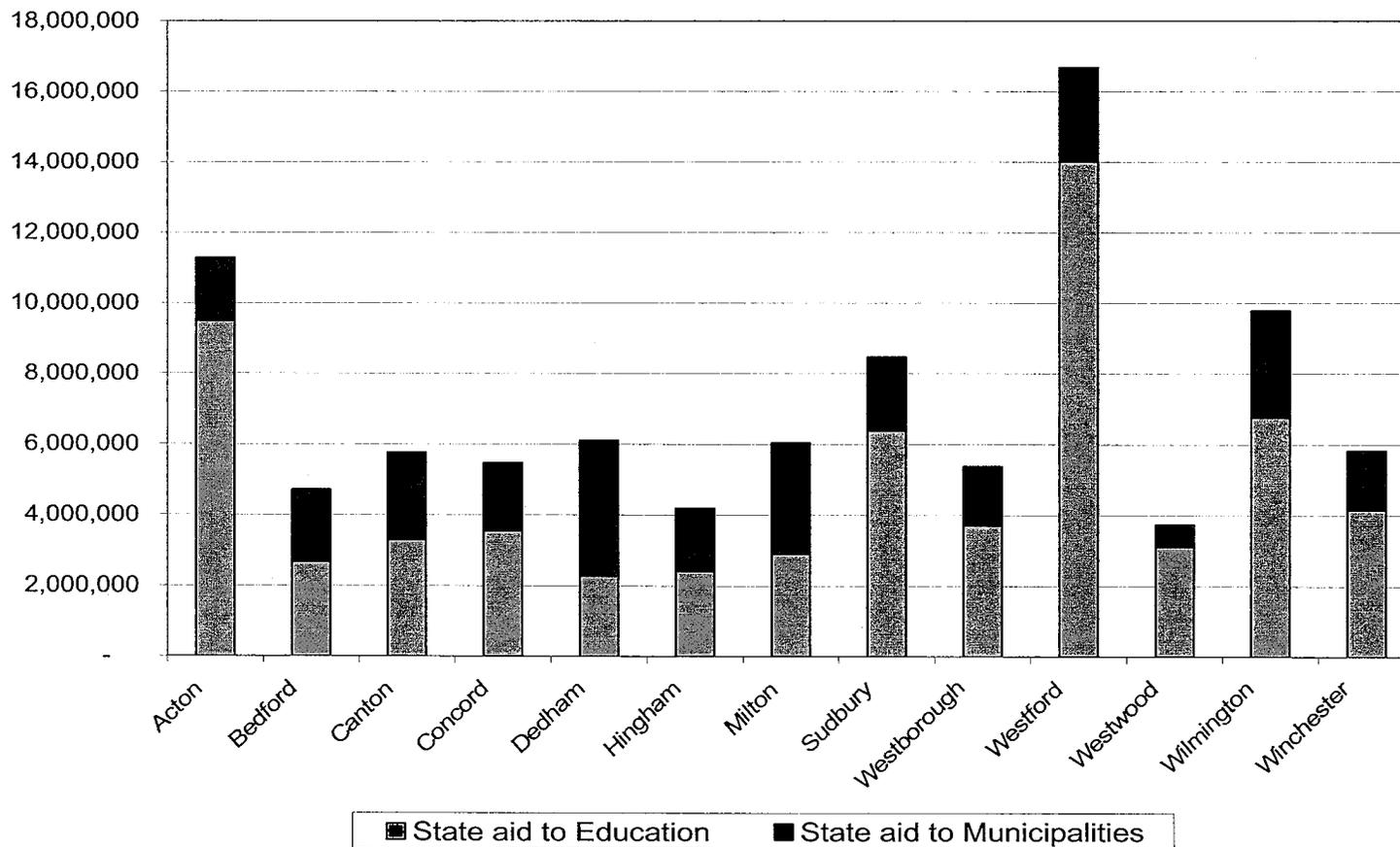
Preliminary Findings: State Aid as a Percent of Total Revenue

Acton is above the average of comparable communities



Preliminary Findings: State Aid as a Percent of Total Revenue

Acton is above average due to much higher proportion of ch 70 aid

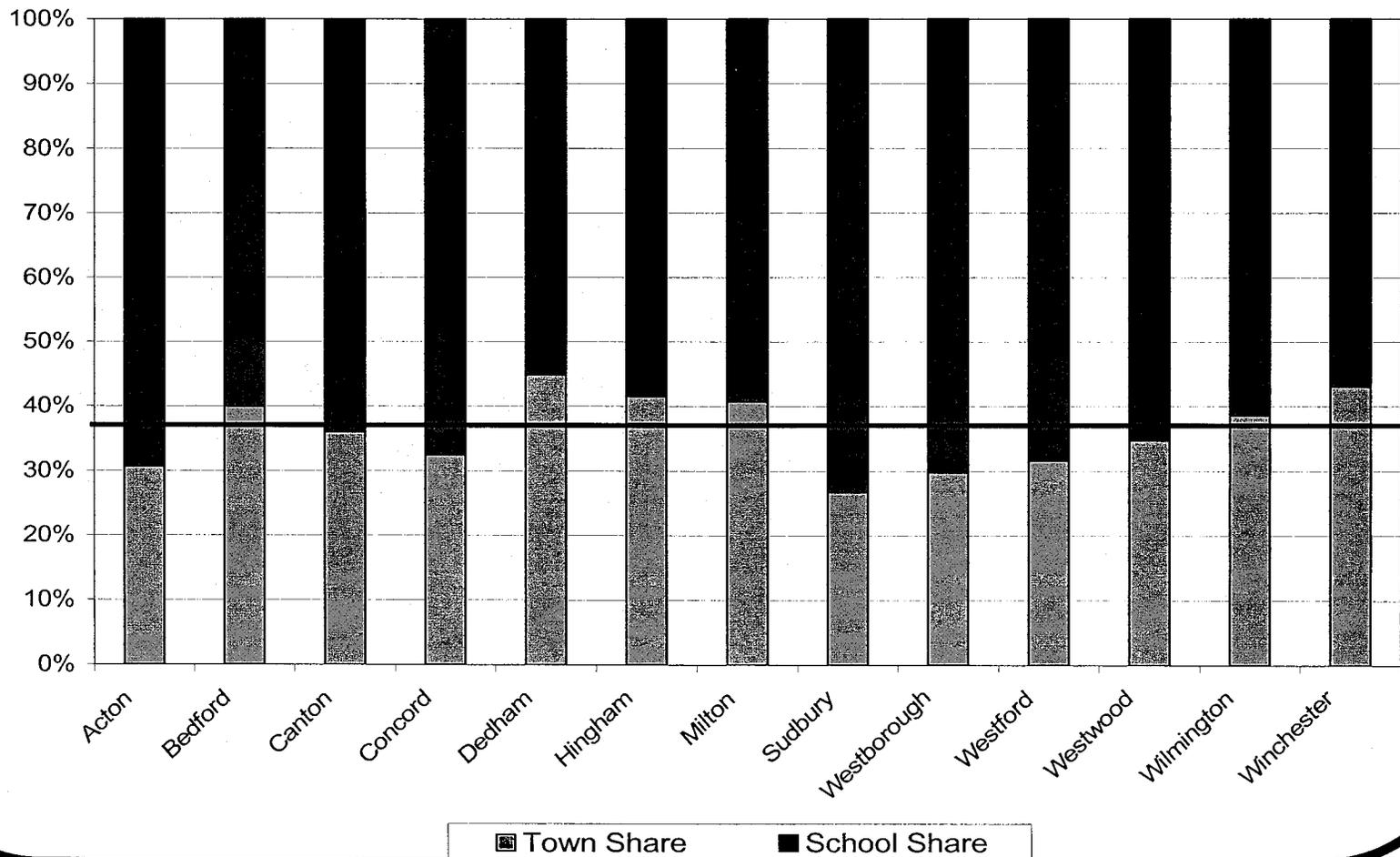


Adjustments to ALG Basis Make a Difference

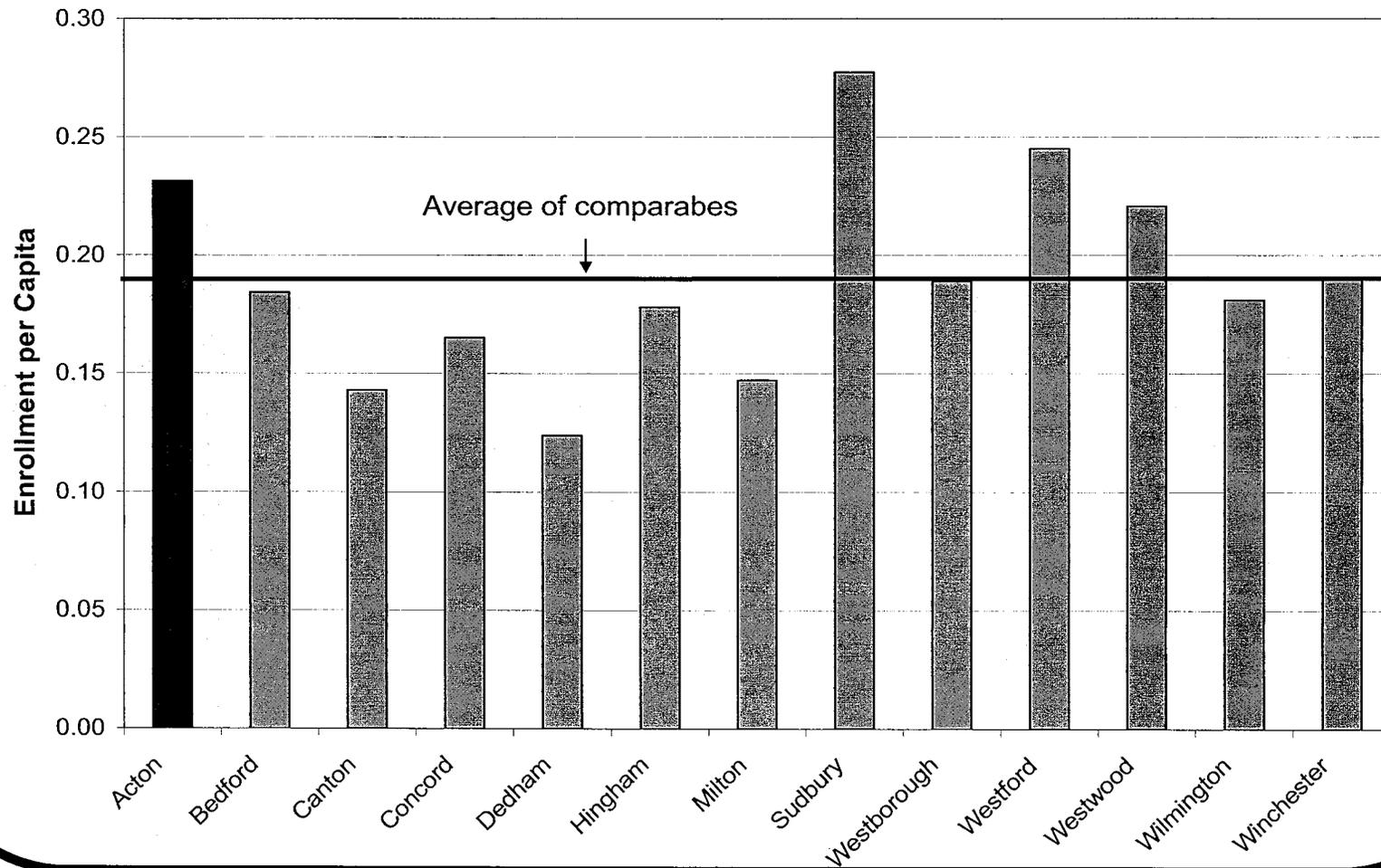
	Education Split per DoR	Education Split per ALG approach	Difference
Acton	66.6%	69.3%	2.8%
Bedford	45.2%	60.0%	14.8%
Canton	50.3%	64.0%	13.7%
Concord	62.1%	67.6%	5.5%
Dedham	42.6%	55.1%	12.6%
Hingham	49.3%	58.4%	9.1%
Milton	46.0%	59.2%	13.3%
Sudbury	67.5%	73.3%	5.8%
Westborough	53.2%	70.2%	17.0%
Westford	53.9%	68.4%	14.5%
Westwood	50.7%	65.3%	14.6%
Wilmington	48.6%	61.4%	12.8%
Winchester	42.3%	57.0%	14.7%

DoR does not allocate health insurance, pension or other employee benefits
Towns with regional school districts (yellow) are less of a reporting problem.

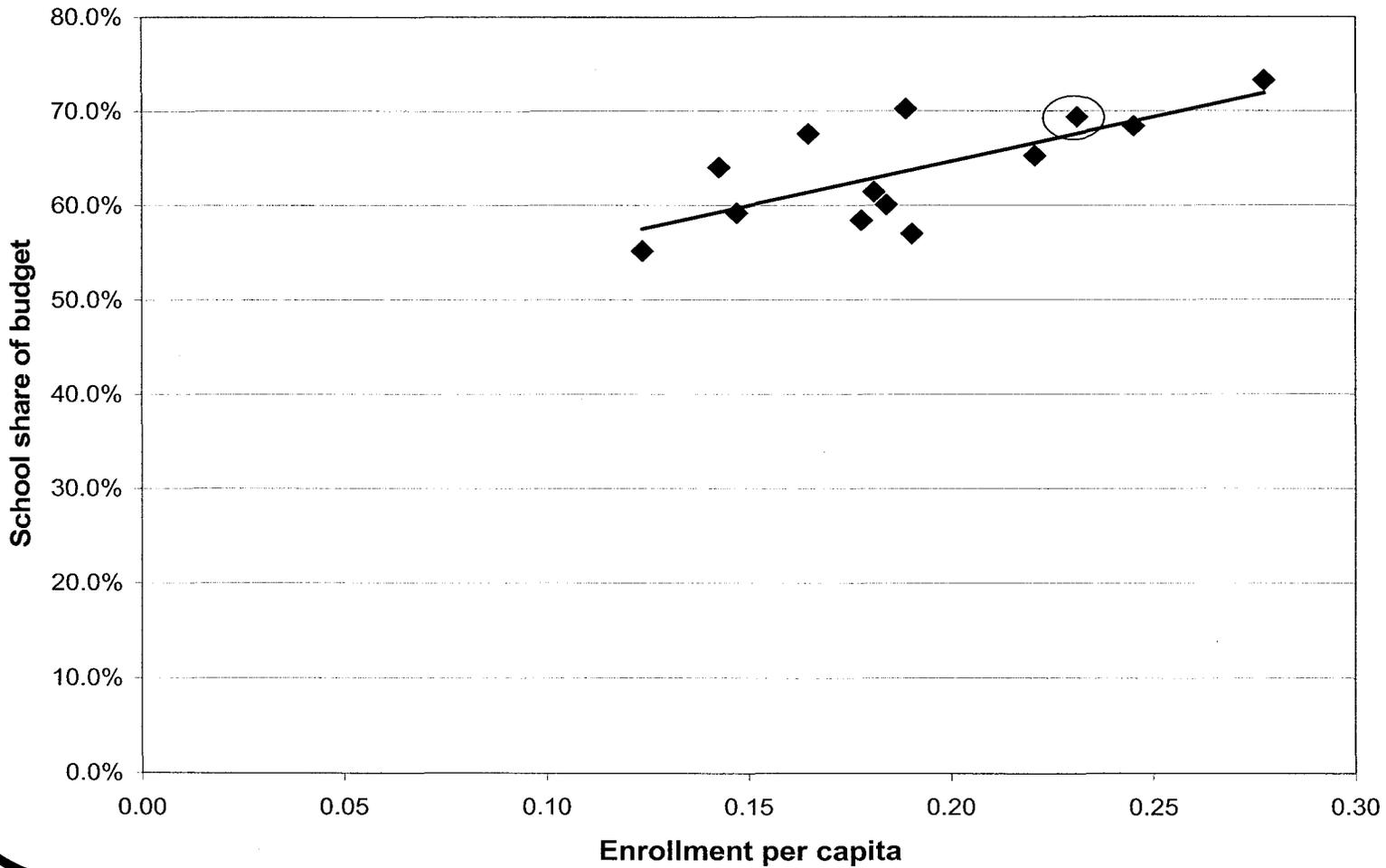
Split of Town/School Revenue on “ALG-like” Basis



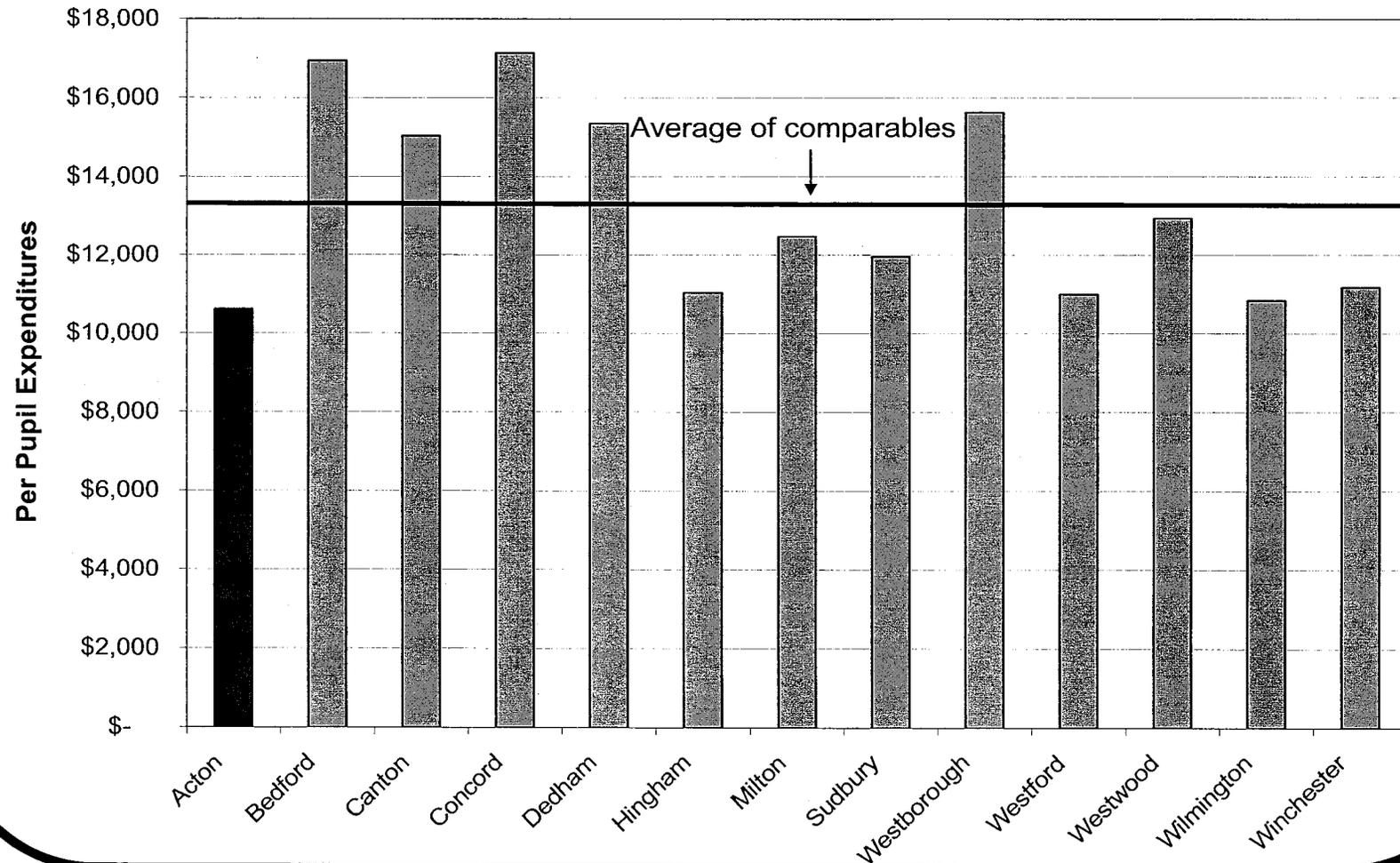
Enrollment per Capita



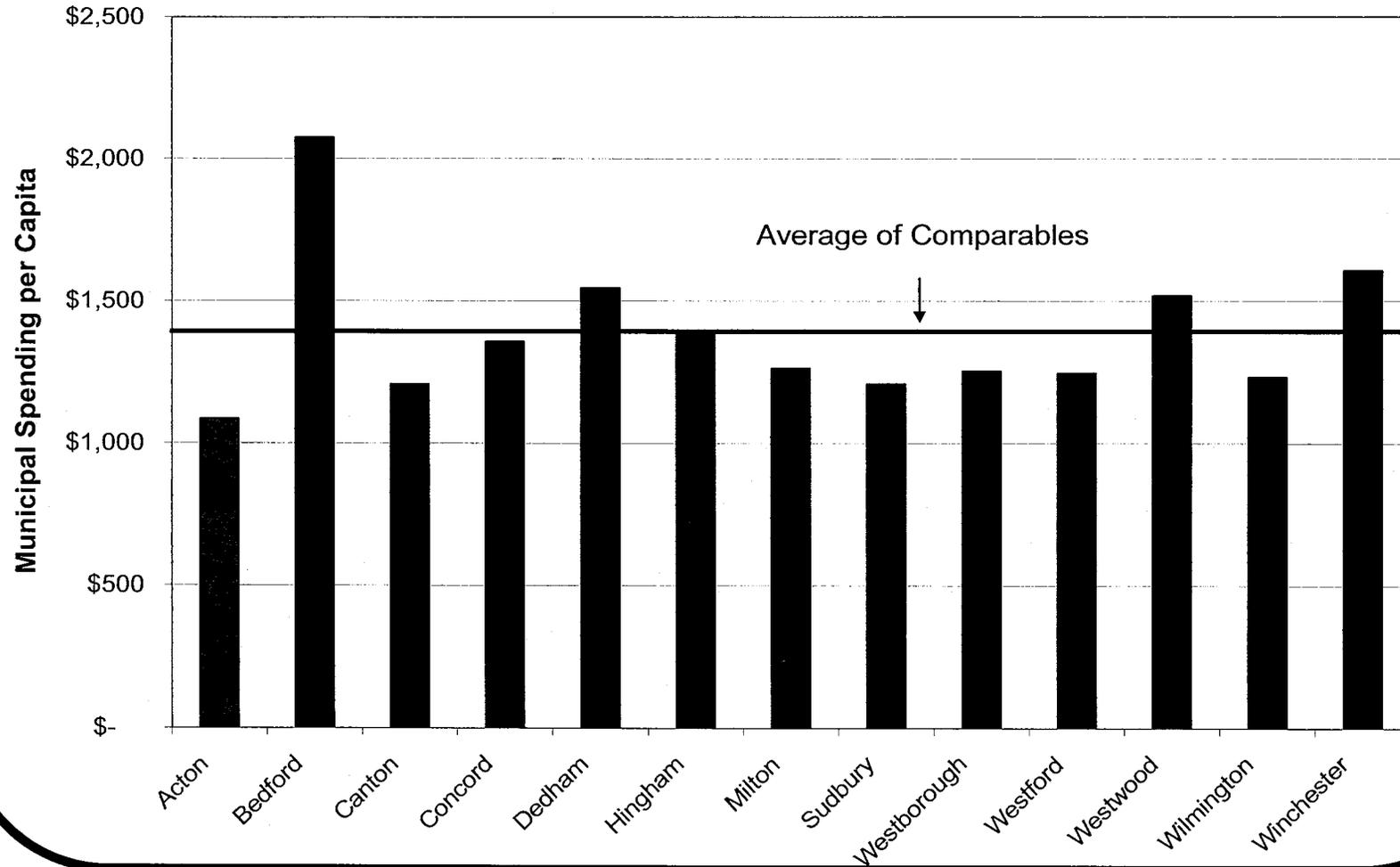
Enrollment per Capita vs. Education Split



School Spending per Pupil



Town Spending per Capita



Possible Approaches to Revenue Split

1. Revenue sharing “model”
2. Budget “needs” based approach
3. Formula based-approach
4. Town manager as arbiter
5. Fincom as arbiter
6. Town meeting as arbiter
7. Others

Possible Approaches to Revenue Split

- May be a moot issue for this year as little incremental revenue may be available
- Nevertheless decisions still have to be made on how to split the shrinking pie
 - Nothing new budgets and does that meet revenue projections?
 - Sharing of incremental revenue (if any) that allows increase in town split
- Follow-up on discussions with officials from other towns