MASSACHUSETTS
Department of Elementary and Secondary Education
Russell D. Johnston | Acting Commissioner

November 19, 2024
(*by email: aganem@bbrsd.org)*

Albert Ganem, Superintendent
Berlin-Boylston Regional School District
215 Main Street
Boylston, MA 01505

Dear Superintendent Ganem,

We write in response to your request for guidance concerning several challenges related to the Berlin Boylston Regional School District's (District) FY25 budget. Please note that we cannot provide legal advice. To the extent that is needed, please consult with District counsel.

Our understanding is that the initial FY25 budget and assessments, adopted by the Berlin Boylston Regional School Committee (Committee) in March 2024, were approved by the Town of Boylston (Boylston) at its May 2024 Town meeting and rejected by the Town of Berlin (Berlin) at its May 2024 Town meeting. Following Berlin's rejection of the budget and its assessment, the Committee held several meetings and subsequently agreed at a June 17, 2024 joint meeting with the Berlin finance committee and Berlin Select Board (the joint meeting) to decrease the Berlin assessment to a number acceptable to Berlin officials. Previous information received from the District's interim business official on July 2, 2024 indicated that the Committee agreed at the joint meeting to reduce its FY25 budget, decrease the assessment to Berlin, and increase the use of Excess and Deficiency (E & D) revenues to support the budget. This was confirmed in our call on October 10, 2024. Following the joint meeting:

- At its June 17, 2024 Town meeting, Berlin voted to approve a higher assessment than that agreed upon at the aforementioned joint meeting, apparently due to an error.
- The District's recalculated Boylston assessment was lower than that approved by Boylston at its May 2024 Town meeting. The Boylston treasurer indicated to District staff that the Town's FY25 payments to the District would be based on the (higher) assessment approved at its May Town meeting.

<u>Budget and software discrepancy</u>:
You asked for guidance on how to correlate the FY25 general fund budget (budget) in the District's accounting software with the Committee's FY25 approved revenues and expenses. Given the information provided to us, we recommend that the Committee re-vote the budget (which requires a 2/3 vote of the full Committee) to confirm: (1) the

expenses in the budget are consistent with any changes made in the spring 2024 Committee meetings; (2) the use of E & D as a revenue source is consistent with the votes at the Committee's spring 2024 meetings (before June 30, 2024), and (3) the revenues needed to support the budget are consistent with the decreased assessments to member towns that followed the joint meeting. The accounting system should then be updated consistent with the Committee's re-voted budget, and the re-voted budget should be sent to both member towns.

Town Votes and Town Assessments:
You asked for guidance on the proper assessments to the member towns, given the circumstances outlined above. Notwithstanding Berlin's approval of a higher assessment than that which should have been presented at the June 17, 2024 Town meeting, the Committee and Berlin reportedly reached an agreement for a lower Berlin assessment at the joint meeting. While the means by which this number was reached and the assessment that was presented to the Town were not consistent with regulatory procedures, we recommend the Committee consider using the agreed-upon number when re-voting the budget.

Regional school district regulations address the circumstance that has arisen concerning the Boylston assessment. Specifically, regulations state that *"[w]henever a member's assessment is reduced to a smaller amount than previously appropriated by the local appropriating authority, the appropriation shall* ***automatically be deemed to be reduced*** *to such lesser amount."* 603 CMR 41.05(5)(e). Note that Boylston need not hold an additional town meeting vote on the Committee's reduced assessment.

Excess and Deficiency:
You requested clarification concerning the use of E & D in the FY25 budget. We discussed whether a regional school committee must hold a separate vote on the use of certified E & D in an upcoming fiscal year's budget. A separate vote is not required, though a regional school committee must vote on such use of E & D prior to the close of the fiscal year in which it is certified. Information provided to us indicates that the Committee's spring 2024 votes on the FY25 budget and assessments, all prior to June 30, 2024, included the use of E & D as a revenue source.

We hope this is helpful as you address the challenges with the District's FY25 budget. As noted in my letter to the Town of Berlin and in our meetings, it is imperative that the Committee, District administration, and both Berlin and Boylston Town officials have a shared understanding of what the law, regional school district regulations, and regional agreement (agreement) require regarding the budget process, the apportionment of costs, and calculation of assessments to the member towns. As discussed, the District's agreement contains a complicated assessment formula dependent upon multiple factors, some determined locally. Related to this, it was noted in our meetings that the District's budget and operations are conducted as though the District exists as three separate entities. Despite full regionalization, current processes require two separate Committee

and Town meeting votes for each elementary school's capital and operating expenses, and additional Committee and Town meeting votes for secondary and joint administration expenses. As discussed, the District is a single entity and should operate as such. As noted in our prior letter to the Town of Berlin, regional school district law (M.G.L. c. 71, § 16B) and regulations (603 CMR 41.00) contain specific requirements related to the development, proposal, and approval of a regional school district budget, and contemplate that a regional school committee must develop one proposed budget, comprised of all expenses needed to support the operation of the entire regional school district. A regional school district budget should clearly delineate capital/debt and operating expenses, and information about its use of non-general fund revenues should be shared for transparency purposes. However, the general fund budget on which the Committee votes should be one number, and that one number should be proposed to the member towns for votes by their appropriating authorities. We strongly recommend that the Committee, along with the member towns, review the agreement and consider whether an amendment is needed to clarify and simplify the assessment process. My staff is available to provide technical assistance in this regard.

We would be happy to discuss the content of this letter further with you, your staff, and/or your Committee. Please contact Michelle Griffin if you would like to set up such a meeting.

Sincerely,



John J. Sullivan
Associate Commissioner, District and School Finance

c: Meagan Grill, School Committee Chair *(by email: mgrill@bbrsd.org)*
Aaron Osborne, Director of Finance and Operations (By email: *aosborne@bbrsd.org)*
Christine Lynch, Office of Regional Governance
Michelle Griffin, Office of Regional Governance