

The “Affordable Assessment”

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The “Affordable Assessment” was Montague’s idea

- It was a reaction to Montague’s belief that GMRSD’s assessment requests were rising faster than the town could afford.
- Montague decided to try to tie assessments to its “ability to pay” (aka “available revenue”).
- Assessments would increase at the same rate as the town’s ability to pay.
- For FY2010, Montague agreed to dedicate 48.5% of its available revenues to the GMRSD assessment.
 - The town also agreed to continue doing this in future years.
- This agreement was formalized in a document known as “The Compact”, which included a spreadsheet projecting increases for the next five years (“Table B”).

How Does the “Affordable Assessment” Work?

- Montague begins by estimating its available funds for the upcoming fiscal year.
- Available Funds is calculated by adding:
 - **Net Tax Levy** = Tax levy minus allowance for abatements and exemptions (A&E) and minus excluded debt
 - Revenue for excluded debt is not counted because it can only be used to pay down its associated debt
 - **Net State Aid** = State aid minus charges and offsets
 - **Local Receipts** = Excise taxes, trash fees, licenses and permits, etc.
 - **Free Cash** recommended for Operating Expenses
 - Per financial policies adopted 2014, Montague is in the process of eliminating its use of Free Cash for this purpose.
- A preliminary estimate is usually done by late November; revised estimates are subsequently made as appropriate.
 - Typically, the estimate is updated in late January, based on the Governor’s budget, and sometimes again in March as new information about town or state finances becomes available.

For FY14 – FY18, Montague’s calculations looked like this:

	FY14	FY15	FY16	FY17	FY18	Avg %
Net Tax Levy	13,204,539	13,752,403	14,218,525	14,728,915	15,708,117	4.4%
Net State Aid	1,384,683	1,505,800	1,509,148	1,580,490	1,617,524	4.0%
Local Receipts	1,200,000	1,300,000	1,260,000	1,315,000	1,352,000	3.1%
Free Cash	250,000	250,000	250,000	250,000	200,000	
Total	16,039,222	16,808,203	17,237,673	17,874,405	18,877,641	4.2%
x 48.5%	7,779,023	8,151,978	8,360,271	8,669,086	9,155,656	4.2%
Add GMRSD debt	145,918	143,645	137,227	133,485	200,904	
Affordable Assessment	7,924,941	8,295,623	8,497,498	8,802,571	9,356,560	4.2%
GMRSD Request	7,965,557	8,293,458	8,498,343	8,852,114	9,356,560	4.1%
less debt	(145,918)	(143,645)	(137,227)	(133,485)	(200,904)	
Net GMRSD Request	7,819,639	8,149,813	8,361,116	8,718,629	9,155,656	4.0%

What does GMRSD do?

- GMRSD takes Montague's affordable assessment estimate and tries to find an equivalent estimate for Gill.
- Early on, it uses the respective attending student enrollment percentages from each town.
 - Montague's share of the total assessment is the same as its share of the attending enrollment.
 - Attending enrollment is students actually enrolled in district schools.
 - Not the same as foundation enrollment, which includes charter and choice-out students.
- After the Governor's budget is released, each town's Required Local Contribution (RLC) is used to refine the estimate.
 - Montague's RLC is subtracted from its affordable assessment to provide its "amount above minimum" (AAM). The student enrollment percentages are then used to calculate Gill's AAM, which is added to its RLC.
 - Fluctuations in the towns' RLCs and student enrollment percentages mean that Gill's assessment may not change at the same rate as Montague's.
 - The two towns' assessments are added together to give GMRSD's total target assessment.

For FY14 – FY18, the combined calculations looked like this:

	FY14	FY15	FY16	FY17	FY18	Avg %
Attending Enrollment - Gill	124	109	115	113	105	
Attending Enrollment - Monague	763	756	710	685	692	
Montague Affordable Assessment	7,779,023	8,151,978	8,360,271	8,669,086	9,155,656	4.16%
minus Required Local Contribution	(4,704,760)	(4,858,813)	(5,006,608)	(5,110,010)	(5,029,777)	1.70%
Amount Above Minimum	3,074,263	3,293,165	3,353,663	3,559,076	4,125,879	7.75%
Montague Enrollment Percent	86.02%	87.40%	86.06%	85.84%	86.83%	
Gill Enrollment Percent	13.98%	12.60%	13.94%	14.16%	13.17%	
Gill Amount Above Minimum	499,618	474,808	543,199	587,118	626,037	6.04%
Gill Required Local Contribution	913,037	966,832	1,022,666	979,702	990,406	2.14%
Gill Affordable Assessment	1,412,655	1,441,640	1,565,865	1,566,820	1,616,443	3.47%
GMRSD Target (Combined)	9,191,678	9,593,618	9,926,136	10,235,906	10,772,099	4.05%
GMRSD Requested - Gill	1,419,256	1,441,328	1,566,029	1,574,992	1,616,443	3.35%
GMRSD Requested - Montague	7,819,639	8,149,813	8,361,116	8,718,629	9,155,656	4.03%
GMRSD Requested - Combined	9,238,895	9,591,141	9,927,145	10,293,621	10,772,099	3.91%
Difference	47,217	(2,477)	1,009	57,715	0	