This Bulletin discusses changes in constructing fiscal year 2004 appropriations for those cities and towns that are members of a regional school district (“RSD”), including a vocational district. These changes are necessary to comport with the method of distribution of state funds for regional school districts contained in the Governor’s state budget for FY04, which was filed last week.

A. Changes in Regional School District Budgeting

Under current law, Chapter 70 Education Aid is paid directly to the RSD. The RSD computes assessments to member municipalities by deducting state aid and local receipts from its proposed budget. The assessments for each member community are calculated as provided by Chapter 70 and the district agreement.

Under the Governor’s proposed FY04 budget, however, all Chapter 70 aid would be sent to cities and towns instead. The Chapter 70 amount shown in Section 3 for each city or town includes its proportional share of Chapter 70 aid for the students attending RSDs. This change means that RSD assessments to members will be higher and each city or town must pay over to each RSD of which it is a member an assessment that combines its (1) usual appropriation and (2) share of its Chapter 70 aid attributable to the district.
This change should be reflected in the FY04 budgets and assessments prepared and certified by RSDs to member communities, i.e., RSDs should certify the higher assessments that result from Chapter 70 aid not being paid directly to districts.

Cities and towns should also reflect this change in actions taken on RSD budgets submitted to them. In towns where town meeting warrants have already been prepared, we think the article for appropriation for the budget would generally accommodate the motion and appropriation needed to implement this change.

B. **Analysis of Chapter 70 Aid for a City or Town**

The breakdown of Chapter 70 aid between the amount for a community's local schools and regional school district(s) of which it is a member is available on the Department of Education website: [http://finance1.doe.mass.edu](http://finance1.doe.mass.edu).

C. **Impact of Cash Flow of RSD**

District agreements vary widely as to the schedule of payment of assessments by member cities and towns. Some RSDs will see an acceleration of cash flow from the previous schedule of Chapter 70 payments by the state on the final day of each calendar quarter. On the other hand, if the district agreement requires only two payments of assessments in a fiscal year, its cash flow would be adversely affected.

Existing statutes accommodate any changes in borrowing in anticipation of revenue by a RSD that may result from the change from payments by the state to payments by the member cities and towns.

We are available to respond to questions you may have regarding these issues. Please feel free to contact your Bureau of Accounts accountant or member of our legal staff.