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City and Town

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DLS Gateway: Pilot Testing and Rollout Plans

David Davies, Director of Information Technology

The DLS Gateway, the new interactive computer application, brings online data submission and status tracking to municipal financial departments that have filing requirements or regulatory processes overseen by DLS bureaus. Covering revaluation certification, tax rate setting, Schedule A submission, and more, DLS Gateway brings the efficiency and immediacy of Internet processing to local assessors, accountants, treasurers and clerks.

Pilot Testing

A program of this scope covering 351 municipalities plus all utility and regional school districts requires careful testing. The final stage of testing involved volunteer pilot communities who submitted real estate sales for revaluation certification, property values and budget data for tax rate approvals, as well as Schedule A summaries of prior year revenues and expenditures. Seventeen cities and towns, diverse in size and location, have participated in this pilot testing program. The key findings from these communities' experience are:

• The programs are easy to use and require little or no training. In most cases the forms look and act like the Excel-based forms officials have filled out for years. As Amherst Principal Assessor, David Burgess offered, "Just to let you know that we have submitted everything and the system seemed to work well with few questions for a first time through."

• No one liked the 17-minute session time out setting that logs inactive users off. All Internet applications need to limit an inactive user session so computer resources are not wasted on users who have gone off to do other things. We have re-set the time out to 30 minutes of inactivity with a warning a few minutes before.

• Getting individual login accounts set up and maintained by local account administrators so that different financial officers can electronically sign forms or check submission status should be DLS's primary implementation challenge. Once communities assign local account administrator responsibilities, those administrators find it easy to create and manage accounts, but identifying the right person in 351 very different municipalities will take some time and effort. We appreciate your patience and cooperation.

• Now that DLS has made its internal analytical and error checking reports available to authorized local officials,

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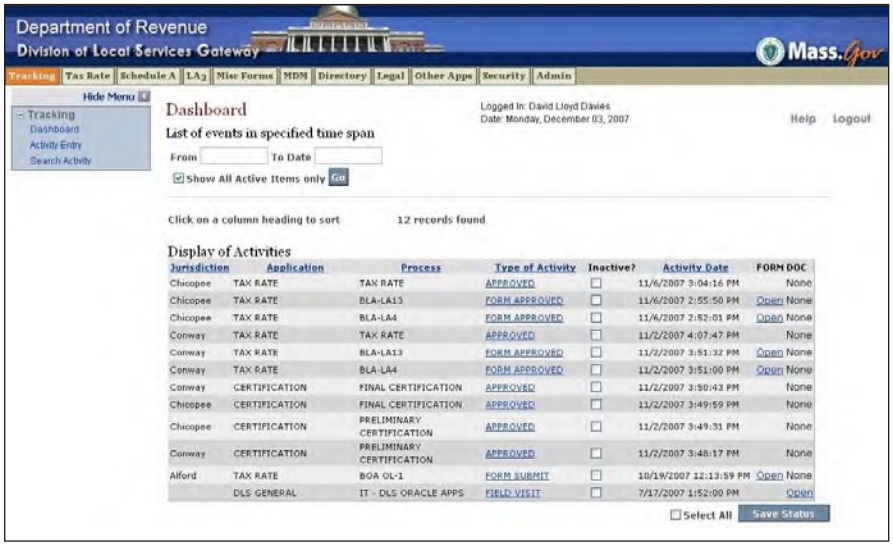

DLS Gateway Dashboard.

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DLS Commentary

The Municipal Affairs Coordinating Cabinet listening tour has wrapped up its first five stops. Given the overwhelmingly positive response, we are planning a second leg of the tour this spring.

Nearly 200 local officials and elected representatives have attended one of the two-hour sessions held to date in Northampton, Hyannis, Webster, Lowell and Marlborough.

To all of you who took time out of your busy schedules to attend a session, Lt. Governor Tim Murray and I would like to thank you for engaging with us and the members of the municipal cabinet. What has made this tour worthwhile is the directness of the communication between those in the audience and the top officials in Administration and Finance agencies focused on technology, civil service, health insurance, purchasing, capital asset management and human resources.

Don't be surprised if you see many of the suggestions made by local officials become legislative proposals or reformed regulations this year. Your ideas and concerns rang through to us and our colleagues at the State House.

And if you haven't been able to attend a listening tour session, DLS will release a new schedule of meetings coming to a city or town near you soon. We hope you'll join us this spring.

Robert G. Nunes

Robert G. Nunes
Deputy Commissioner &
Director of Municipal Affairs

Best Practices

"Best Practices" for the New Year

Zack Blake, Financial Management Analyst

With fiscal year 2009 projected to be a tough budget year for many cities and towns and in an effort to encourage the implementation of sound financial procedures, the Technical Assistance Section of the Division of Local Services (DLS) would like to outline three of our "Best Practices" for your consideration at the advent of the new year.

Located at www.mass.gov/dls, our collection of "Best Practices" provide guidance on appropriate procedures, checks and balances, and matters related to overall financial management that are of interest to policy makers, administrators, and finance officers within a community.

Revenue Projections

As the community's primary policy statement, the annual budget establishes the priorities of government. The most effective budget processes follow a formal calendar that begins in the fall each year with revenue projections. As municipal budgets in Massachusetts are revenue driven, we recommend that cities and towns begin the budget process with a projection of revenues. Completed sometime mid-fall and incorporated into budget guidelines for department heads, projections work well when they mirror the format of the Tax Recap sheet.

Overall, projections should be conservative. While, the tax levy, a straightforward calculation under Proposition 2½, and New Growth can be reasonably predicted by the assessor, an analysis of local receipts can outline the impact of rate changes or changes in economic condition in order to produce reasonable assumptions for future years.

Policies should dictate how much or what percent of free cash, stabilization or other one-time revenues will be used. Initial state aid projections should be based on current year amounts and adjusted for economic trends and the fiscal environment. State aid projections should be adjusted to reflect the recommendation presented by the governor's budget.

Other adjustments can always be made to account for anticipated changes, spikes, or aberrations in revenue sources. Until town meeting, officials can make further adjustments, but should attempt to hold firm on projections; which in a revenue driven process establish expenditure levels.

Moving forward, major milestones in a town's budget process often include the following components:

- Budget guidelines and appropriation request forms are submitted to departments
- A department deadline to submit appropriation request
- Town administrator completes hearings and creates draft budget
- Selectmen approve budget and submit to finance committee
- Finance committee holds hearings and formulates the final budget
- Town Meeting votes on finance committee budget recommendations

As a means to guide the budget process, the town administrator should establish a budget calendar with deadlines for each of the components within the budget process. To establish a budget calendar, we recommend working backwards from town meeting, allowing a reasonable amount of time to reach each milestone.

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Legal

in Our Opinion

Eligibility for Health Insurance

James Crowley, Esq.

May a municipality adopt a policy barring an otherwise qualified retired municipal employee from enrolling in its contributory health insurance program if the employee was not a plan participant at retirement? The Supreme Judicial Court answered this question in the affirmative in the case of *Cioch v. Treasurer of Ludlow*, 449 Mass. 690 (2007).

Joanne Cioch served as a Ludlow public school teacher for 22 years until her retirement in 1994. While employed by the town and at the time of retirement, she was not enrolled in the town's public employee group health insurance plan. Instead, she opted to be enrolled in her husband's health insurance plan. When Cioch's husband retired in 1997, she and her husband could no longer be enrolled in the husband's health insurance plan. Therefore, they purchased private health insurance. Before she retired, Cioch made no inquiry about post-retirement health insurance eligibility. She was not affirmatively informed about the town's unwritten policy that participation in the town's group health insurance plan at the time of retirement was essential to obtain coverage thereafter. It was only in October 1999 when Cioch read an article in a newsletter about post-retirement enrollment that she inquired of local officials whether she could now join the town's retiree group health insurance program. Before she made her inquiries, the Ludlow board of selectmen had established a formal written policy that retirees were not eligible to participate in the group health insurance plan if they were not enrolled at the time of their retirement. By this action, the town's informal policy was now given formal effect. In accordance with the town policy, Cioch was denied health insurance coverage.

Cioch filed suit in Superior Court. In her complaint, she alleged that the town's refusal to enroll her in the retiree group health insurance program violated the state public employment retirement law and that she should be allowed enrollment in the health plan of her choice. The Superior Court judge dismissed her claim and Cioch appealed. The Supreme Judicial Court transferred the case to its own docket.

M.G.L. Ch. 32B is a local option statute, which provides a comprehensive system of health insurance coverage for public employees. Under the facts presented, the Town of Ludlow had adopted M.G.L. Ch. 32B Sec. 16, which authorizes municipalities to offer the services of a health care organization (HMOs) to certain active and retired employees and dependents. The situation at hand concerning Cioch's eligibility for benefits allowed the court to expand on one of its earlier decisions. A few years ago the Supreme Judicial Court in *McDonald v. Town Manager of Southbridge*, 423 Mass. 1018 (1996) upheld an appeals court decision, which concluded that a municipal employee was not required to be a participant in a municipal group health insurance plan at the time of retirement in order to obtain health coverage thereafter. Specifically, the appeals court held that M.G.L. Ch. 32B Sec. 9 did not preclude enrollment after retirement. In upholding that appeals court decision, however, the Supreme Judicial Court in *Southbridge* did state that a municipality could adopt reasonable regulations conditioning eligibility upon a retiree's participation in the group health insurance plan at the time of retirement.

In *Cioch*, the court observed that M.G.L. Ch. 32B spoke of "eligible" employees but did not define individual eligibility for group health insurance coverage. In the court's view, a municipality could establish a policy limiting enrollment in the group plan to retirees who were covered under the plan at the time they retired. The court rejected plaintiff's argument that Ludlow's policy on participation in the health plan resulted in her being denied a health insurance benefit which she earned as an active employee. According to the court, Cioch presented no evidence that the benefits she earned during her employment included the right to enroll in the group insurance plan after retirement. The court also did not agree that the town policy, which was reduced to writing in 1999, was applied retroactively to Cioch. Although Cioch had retired in 1994, she applied to the town for insurance coverage years later, i.e., two months after the town policy on health coverage had been formally adopted. Consequently, there was no retroactive denial of benefits. The court therefore ruled that the town had properly rejected Cioch's application since she did not apply for health insurance coverage prior to her retirement.

With the *Cioch* decision, the Supreme Judicial Court recognized that the Legislature has given authority to municipalities to enact reasonable regulations concerning health insurance eligibility that are not inconsistent with M.G.L. Ch. 32B. ■

Focus

on Municipal Finance

The Cost of School-Based Medicaid in Massachusetts

Courtesy of the State's Executive Office of Health & Human Services and the State Medicaid Office

When in 2007, the Centers for Medicare and Medicaid Services (CMS) at the U.S. Department of Health and Human Services proposed a rule change regarding the elimination of reimbursement under Medicaid for school administration expenditures and costs related to transportation of school-age children between home and school, they requested comments from state Medicaid directors. Thomas Dehner, Massachusetts' Medicaid director, and his team immediately went to work on legal, policy and fiscal analysis of the proposed rule. They submitted comments to Kerry Weems, federal administrator for Medicaid on November 6, 2007.

In Massachusetts, school-based Medicaid is known as the Municipal Medicaid program. The Municipal Medicaid program provides federal Medicaid reimbursement to Local Educational Authorities (LEAs) for furnishing eligible services and administrative activities. Municipal Medicaid has two components: Direct Services Claiming and Administrative Activities Claiming.

Direct Services Claiming provides federal Medicaid reimbursement for Medicaid covered services provided to MassHealth members who receive these services under their Individual Education Plan.

Administrative Activities Claiming provides federal Medicaid reimbursement for services that support the implementation of the Medicaid state plan, including Medicaid related outreach, individual care planning, program coordination, and assisting families in the Medicaid application process. Additionally, school-related specialized transportation for disabled MassHealth members is included in this program.

Under Massachusetts law, the vast majority of reimbursement of the Municipal Medicaid program is paid to LEAs, which include local governments, regional high schools and charter schools. Currently, there are over 300 of these LEAs enrolled in the Municipal Medicaid program. A small portion of the revenue — less than 1 percent — is returned to the state's general fund.

CMS's proposed regulation changes would eliminate the Administrative Activities Claiming portion of the Municipal Medicaid program. This change would eliminate federal revenue that is available to cities and towns each year.

CMS's proposal would disallow Medicaid reimbursements for school officials performing administrative tasks related to Medicaid programs and halt reimbursements for "specialized transportation" of students from home to school or from school to home. (Specialized transportation from school to doctor's appointments or Medicaid approved programs and back to home would continue to qualify for reimbursement.)

Dehner's team came to the conclusion that the proposed rule undermines the efficient administration of the Medicaid program for children. Their position echoed that of the American Public Human Services Association and the National Association of State Medicaid Directors.

"Massachusetts believes that schools are an efficient and effective way to reach children and their families in order to provide appropriate access to Medicaid," Dehner wrote. "Because of their role in the life of children, schools are uniquely situated to reach children in need. Since school staff often has an existing relationship with families, they are a natural conduit for providing families with information on the Medicaid program and with assistance with the Medicaid application process … These outreach and coordination services are the backbone of school-based Medicaid administrative activities and should be provided by and in the schools."

Dehner's letter went on to assert that, "Massachusetts rejects CMS' argument that administrative activities can only be appropriately provided in schools by state employees. In the Preamble to the proposed rule, CMS argues that this restriction is necessary, not because schools are an inappropriate place for such activities to be performed, but rather because states have not always claimed appropriately for administrative activities performed by school staff. As a general rule, school staffs are not employees of the state. This new requirement would establish an operational barrier to using schools as a venue for performing administrative activities that support the Medicaid program that is in fact inconsistent with the efficient operation of the Medicaid program."

CMS disagreed and has promulgated the rule as final. Unless Congress acts, the proposed rule will take effect on July 1, 2008, according to Christy Bonstelle from the state's Medicaid office.

The cost statewide will be approximately $47 million for FY09. In FY07, Administrative Activities Claiming brought in $45.8 million to Massachusetts' municipal governments, charter schools and regional schools. Medicaid traditionally reimbursed school districts 50 percent of cost for administrative work related to Medicaid programs.

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School-Based Medicaid: Administrative Activity Claiming Historical Data

School District	FY05	FY06	FY07
Abby Kelley Foster Charter	$ —	$ —	$ 23,516
Abington	33,583	143,313	110,608
Academy of the Pacific Rim	—	12,056	46,979
Acton	29,203	7,252	—
Acton Boxborough	10,982	11,141	—
Acushnet	177,648	79,401	164,881
Adams–Cheshire Regional	70,328	61,935	54,814
Agawam	182,292	156,450	—
Amesbury	96,577	50,217	60,167
Amherst	48,608	95,881	104,612
Amherst-Pelham Regional	21,172	86,323	96,593
Andover	108,454	86,320	106,334
Arlington	14,777	38,927	25,545
Ashburnham–Westminster Regional	94,738	65,586	97,161
Ashland	47,243	55,548	33,818
Assabet Valley Regional	70,599	43,413	81,945
Athol–Royalston Regional	11,248	229,876	59,936
Atlantis Charter	—	31,840	37,234
Attleboro	156,732	115,531	151,168
Auburn	36,610	43,896	31,244
Avon	42,388	52,103	37,173
Ayer	17,280	115,086	47,208
Barnstable	846,456	476,641	517,721
Bedford	5,852	—	—
Belchertown	161,731	114,314	116,584
Bellingham	—	—	48,400
Belmont	46,505	39,777	52,076
Berkley	18,030	34,283	4,810
Berkshire Hills Regional	42,770	53,906	76,881
Berlin	1,859	4,497	2,954
Berlin–Boylston Regional	5,604	11,482	24,204
Beverly	185,738	249,383	433,915
Billerica	154,199	118,288	115,886
Blackstone Valley Technical	34,925	30,353	35,292
Blackstone–Millville Regional	61,248	75,198	82,578
Blue Hills Regional	38,626	36,720	35,256
Boston	3,876,293	6,630,053	5,887,230
Boston Collegiate Charter	—	—	10,930
Boston Renaissance Charter	—	47,065	71,556
Bourne	194,344	201,340	207,083
Boxford	—	2,128	6,087
Boylston	3,781	13,841	3,243
Braintree	312,546	361,744	348,989
Brewster	16,131	—	25,773
Bridgewater–Raynham Regional	151,129	131,556	193,537
Bristol Plymouth	—	—	96,410
Brockton	508,032	439,047	453,034
Brookline	76,403	37,393	51,137
Burlington	78,794	79,521	115,753
Cambridge	344,812	259,864	355,830
Canton	81,292	91,872	84,236
Cape Cod Reg Voc Tech	11,627	27,373	64,976
Carlisle	15,508	14,077	4,108
Carver	—	48,950	11,307
Central Berkshire Regional	—	79,470	46,861
Chatham	7,762	13,987	31,100
Chelmsford	106,876	92,459	153,838
Chelsea	570,830	481,853	471,831
Chesterfield–Goshen	1,648	2,374	40,283
Chicopee	663,187	567,208	615,918

School District	FY05	FY06	FY07
City on a Hill Charter	—	3,665	6,661
Clinton	53,670	132,955	95,014
Codman Academy Charter	—	—	9,112
Cohasset	27,572	44,846	71,465
Community Day Charter	—	28,770	66,264
Concord	—	—	—
Concord Carlisle	—	—	—
Conway	—	—	3,112
Danvers	100,673	124,287	152,271
Dartmouth	138,016	164,326	244,389
Dedham	138,818	152,320	171,912
Deerfield	—	—	5,272
Dennis–Yarmouth Regional	176,491	324,270	292,217
Douglas	21,657	5,194	50,147
Dover	—	—	—
Dover–Sherborn Regional	—	—	—
Dracut	138,528	71,679	79,195
Duxbury	74,051	30,842	18,393
East Bridgewater	—	90,198	143,271
East Longmeadow	54,466	70,764	63,718
Eastham	—	—	—
Easthampton	111,941	61,286	64,250
Easton	—	48,550	43,763
Edward W. Brooke Charter	—	—	1,337
Erving	—	—	3,241
Everett	267,350	546,263	645,605
Fairhaven	88,535	24,153	139,304
Fall River	967,626	890,635	888,221
Falmouth	257,117	370,152	367,056
Fitchburg	—	—	523,894
Foxborough	38,845	35,608	37,465
Framingham	544,580	568,316	574,701
Franklin	189,083	185,660	248,871
Franklin County Regional Vocational	28,067	25,821	22,870
Freetown	—	4,473	1,145
Freetown–Lakeville Regional	—	18,877	10,265
Frontier Regional	—	—	15,796
Gardner	149,367	252,200	116,998
Gateway	41,567	41,213	46,343
Georgetown	5,720	5,283	—
Gill–Montague Regional	108,757	113,950	126,196
Gloucester	127,216	62,813	76,298
Grafton	22,499	29,675	45,415
Granby	60,336	54,716	65,386
Granville	11,246	8,072	10,389
Greater Lawrence Regional	317,189	267,939	197,171
Greater Lowell Regional	374,268	655,081	645,607
Greater New Bedford	33,414	23,562	29,963
Greenfield	237,789	140,461	202,753
Hadley	—	—	28,627
Halifax	5,064	3,730	4,508
Hamilton Wenham	39,415	—	—
Hampden–Wilbraham Regional	111,413	36,167	50,399
Hampshire Regional	1,281	4,663	86,685
Hanover	29,411	67,642	59,091
Harwich	63,220	82,266	76,075
Hatfield	—	—	—
Haverhill	560,011	526,949	413,440
Hawlemont Regional	8,385	13,490	12,661
Holbrook	74,373	79,171	86,636

School District	FY05	FY06	FY07
Holliston	20,225	46,133	21,859
Holyoke	850,872	957,400	1,016,904
Hopedale	—	3,111	15,931
Hopkinton	56,267	31,079	24,388
Hudson	102,199	159,771	186,869
Hull	108,161	149,551	136,075
Ipswich	49,105	54,572	25,169
Kingston	16,328	9,498	9,546
Lakeville	3,750	6,071	4,624
Lanesborough	—	—	2,209
Lawrence	1,395,980	1,848,329	1,137,806
Lee	20,899	13,175	36,996
Leicester	—	100,577	109,545
Leominster	330,296	290,136	496,208
Leverett	—	—	2,766
Lexington	8,512	23,583	90,179
Lincoln	27,488	31,267	45,919
Lincoln–Sudbury Regional	18,022	22,065	18,792
Littleton	—	—	—
Longmeadow	—	97,892	16,246
Lowell	479,578	617,587	755,175
Ludlow	21,237	39,847	54,861
Lunenburg	21,998	42,542	21,165
Lynn	443,909	619,715	653,595
Lynnfield	68,564	109,045	413,242
Malden	448,534	641,398	507,025
Mansfield	—	—	—
Marblehead	47,804	121,742	149,805
Marion	446	434	11,483
Marlborough	226,380	88,836	267,662
Marshfield	—	—	37,228
Martha's Vineyard Charter	—	—	9,224
Masconomet Regional	16,755	89,463	67,118
Mashpee	233,079	248,284	204,179
Mattapoisett	16,211	29,353	7,426
Maynard	15,702	62,112	45,679
Medfield	10,661	6,666	8,306
Medford	172,555	637,879	492,309
Medway	47,413	3,194	39,402
Melrose	167,708	204,291	193,439
Mendon Upton Regional	10,449	58,470	50,289
Methuen	69,906	765,242	318,679
Middleborough	100,028	148,702	179,533
Middleton	—	4,232	3,782
Milford	27,902	219,936	199,352
Millbury	102,991	100,986	89,333
Millis	20,250	15,776	10,136
Milton	50,126	174,749	216,472
Minuteman Vocational	65,390	35,805	51,188
Mohawk Trail Regional	88,126	113,424	109,296
Monson	5,544	13,026	20,425
Montachusett Regional	39,463	12,023	38,332
Murdoch Middle Charter	—	—	7,229
Mystic Valley Regional Charter	—	—	8,391
Narragansett Regional	89,501	77,010	168,485
Nashoba Regional	41,300	62,231	41,076
Nashoba Valley Vocational	16,018	3,795	20,568
Natick	80,781	96,201	116,687
Nauset Regional	47,263	—	85,091
Needham	79,264	35,261	254,798

School District	FY05	FY06	FY07
Neighborhood House Charter	—	—	17,263
New Bedford	800,924	1,143,084	661,849
New Salem–Wendell	—	—	3,969
Newburyport	27,749	25,333	29,214
Newton	166,655	45,437	363,321
Norfolk	—	—	—
North Adams	225,821	260,035	226,183
North Andover	57,749	112,590	36,242
North Attleboro	95,843	162,470	255,294
North Brookfield	4,751	15,300	21,277
North Middlesex	138,348	129,164	133,057
North Reading	103,921	55,221	40,127
North Shore Regional	66,911	38,158	28,379
Northampton	163,140	125,682	157,052
Northbridge	111,477	25,861	91,346
Northeast Metro Regional	56,682	77,161	97,211
Norton	—	94,933	46,047
Norwood	215,177	191,127	167,669
Old Colony Regional Vocational	19,227	3,981	22,344
Old Rochester	11,899	—	13,383
Orange	106,572	97,582	85,878
Orleans	—	—	—
Oxford	—	—	34,119
Pathfinder Regional Vocational	8,686	70,002	56,315
Peabody	—	85,663	526,122
Pembroke	70,049	75,351	70,553
Pentucket Regional	16,263	—	35,625
Pioneer Valley Regional	37,543	52,749	62,865
Pittsfield	185,633	777,703	312,077
Plainville	19,652	38,889	34,845
Plymouth	393,155	402,244	495,535
Plympton	1,780	1,915	2,714
Provincetown	82,193	39,746	110,694
Quabbin Regional	88,434	109,268	132,390
Quaboag Regional	21,433	32,773	47,778
Quincy	574,763	553,793	340,401
Ralph C. Mahar	17,226	113,530	101,473
Randolph	318,693	302,886	371,117
Reading	442,062	270,845	528,641
Revere	573,181	458,704	572,408
Rochester	2,013	11,620	1,797
Rockland	111,952	124,394	115,628
Rockport	42,113	13,424	—
Rowe	5,767	7,118	5,951
Roxbury Preparatory Charter	—	12,770	15,495
Salem	430,434	734,663	576,310
Sandwich	—	457,802	244,771
Saugus	85,211	169,059	155,697
Scituate	55,103	81,223	59,249
Seekonk	87,449	47,044	105,590
Sharon	119,336	127,751	92,762
Shawsheen Valley Regional Vocational	16,320	16,655	23,148
Sherborn	—	—	—
Shirley	53,897	75,810	38,308
Shrewsbury	18,056	107,256	162,275

School District	FY05	FY06	FY07
Shutesbury	—	—	2,902
Silver Lake Regional	38,562	18,401	19,683
Somerset	138,003	41,065	94,396
Somerville	863,018	656,967	696,762
South Hadley	33,538	41,336	53,635
South Middlesex Regional	42,804	60,600	25,917
South Shore Reg	—	7,280	6,645
Southampton	1,499	1,479	29,550
Southbridge	25,462	38,795	171,592
Southeastern Regional	50,701	91,847	40,754
Southern Berkshire Regional	27,147	21,730	41,881
Southwick–Tolland Regional	22,672	31,016	21,108
Spencer–East Brookfield Regional	79,590	78,972	21,172
Springfield	1,907,113	2,386,572	2,233,781
Stoneham	130,883	150,800	303,659
Stoughton	207,609	159,247	168,924
Sudbury	16,216	20,978	14,824
Sunderland	—	—	5,636
Swampscott	52,788	132,737	—
Swansea	41,327	48,683	21,641
Tantasqua Regional	—	—	33,802
Taunton	149,250	195,259	187,330
Tewksbury	175,922	179,005	169,337
Topsfield	—	905	1,536
Tri–County Regional	19,869	5,268	32,515
Triton Regional	94,053	75,563	99,598
Truro	38,877	20,299	41,546
Upper Cape Cod Regional Vocational	75,655	148,974	115,939
Uxbridge	—	—	17,125
Wachusett Regional	21,697	71,862	9,175
Wakefield	91,557	86,117	137,019
Walpole	218,437	206,191	279,507
Waltham	293,936	214,160	283,076
Ware	116,778	28,696	—
Wareham	—	315,406	329,864
Watertown	116,491	126,872	88,957
Wayland	—	—	4,893
Webster	121,379	144,199	132,169
Wellfleet	—	—	—
West Boylston	—	83,223	3,698
West Bridgewater	—	45,439	7,142
West Springfield	288,193	156,343	187,543
Westborough	57,517	54,737	111,016
Westfield	89,760	90,662	94,003
Westford	—	98,159	49,780
Westhampton	—	—	8,121
Westport	—	116,376	133,270
Westwood	206,587	264,228	207,516
Weymouth	327,590	384,109	406,120
Whatley	—	—	5,742
Whitman Hanson Regional	113,533	147,722	136,553
Whittier Regional Vocational	8,160	25,397	38,399
Williamsburg	930	1,627	33,221
Wilmington	56,477	150,619	25,292
Winchendon	40,249	68,732	142,535

School District	FY05	FY06	FY07
Winchester	52,655	61,727	41,341
Winthrop	148,941	236,291	217,277
Woburn	178,062	211,151	251,829
Worcester	1,526,410	1,149,194	851,761
Wrentham	—	—	21,331
Total	**36,634,101**	**45,415,318**	**45,875,973**

Quarterly report prepared for Executive Office of Health & Human Services.

Prepared by University of Massachusetts Medical School.

As of QE 06/30/07.

Table 2: Courtesy of the state Medicaid office. Note: LEAs have two years to file reimbursement claims.

DLS Gateway: Pilot Testing and Rollout Plans **continued from page one**

DLS must ensure that documentation exists online to help those officials interpret results. In many cases, for example, analytical reports automatically flag changes above a certain threshold to alert DLS analysts to potential but not necessarily actual problems. Without clarification, local officials might interpret any such warnings as serious errors.

• Users submitting directly online *appear* to get prompt review and approval. Seventeen communities is not a large sample, but the elimination of even one or two steps for DLS analysts in the busy tax rate setting season plus ease of local correction and re-submission appears to result in much faster approvals.

• Communities highly value the automatic notification features built into DLS Gateway modules, and DLS will look to expand who in city and town halls is automatically informed of the completion of certain steps in different approval processes.

Workflow Management and Notification

The automatic notification feature that communities value is complemented within DLS by a workflow management and notification system that helps ensure that community submissions move as smoothly and reliably as possible through the various people and steps needed for approval. When a community submits a form for review, the system automatically sends a notification to every DLS person concerned with that step in that process for that community. The notification appears on their daily internal "dashboard," with links to full details and the actual submission readily available (see illustration on page one). If, from that point forward, the activity requires special handling or notification of others outside of the automatic recipients, the DLS user can forward the notification to others with a few mouse clicks. When the DLS user absorbs or handles the reported activity, s/he clicks the Inactive box for that item and it disappears from the daily dashboard.

While local officials cannot see or use this feature of DLS Gateway, they should know it exists and that local submissions are automatically tracked and the right people are automatically notified at each stage of the process. In the complex Tax Rate setting process, activity tracking is outlined for any logged in local official in the Tax Rate Submission Summary which shows the last community and last DLS action, who and when, on each form in the process. This transparency increases accountability at all levels — local and state.

Rollout to All Communities

During the spring, DLS will prepare to have all communities and districts ready to use all DLS Gateway modules. Most of these preparations will center on identifying and informing the right person in each community to assume the role of local account administrator. That person should be trusted by other departments within the municipality to protect and assign appropriate access to the system. In communities with established information technology departments, that role naturally fits with the IT staff person who fulfills this function for the municipality's network. In the many communities without IT staffing, this function may logically go to a town administrator or trusted official in some other department. The decision in all cases is a local one. While the responsibility is important, the actual time and effort associated with DLS Gateway should be minimal.

While the responsibility is important, the actual time and effort associated with DLS Gateway should be minimal.

The accuracy of the Local Officials Directory (LOD) is an important ingredient of easy local account maintenance. To have an account for a community, a local official must be in the Local Officials Directory. Gateway's Security module looks to this directory for a list of valid community officials. City and town clerks, along with the DLS staff, have the ability to add and update officials in the directory. Although the majority of city and town clerks have updated their community's entries, maintenance of ever changing officials is a year-in year-out task. If your community's executive and financial officials are incomplete or out-of-date in the Local Officials Directory, achieving accuracy in the LOD is an essential first step to using DLS Gateway. City/town clerks and designated local account administrators can update any officials in their city or town, while department users can update anyone in their department. DLS will try to keep key officials current and accurate, but DLS can never realistically keep up with local changes among the thousands of officials in all local jurisdictions — and therefore relies on communities to do this.

DLS Gateway includes forms and reports that have not been automated in the past, and the spring rollout will educate local officials in new online submission options. Community Preservation Fund reporting, Snow & Ice Data Sheet, and Cash Reconciliation are examples. As these new forms are ready for community entry within Gateway, City & Town will spotlight these rollouts in future issues. DLS staff will also volunteer to speak at relevant local official conferences on rollout plans and lessons learned in pilot testing. Questions and discussion raised in such conferences before Gateway development provided valuable guidance on municipal requirements for such Internet-based applications. ■

"Best Practices" for the New Year **continued from page two**

Although the budget schedule for cities varies from towns, the fundamental steps and relationships identified are parallel.

Revenue and Expenditure Forecasting

A multi-year revenue and expenditure forecast is a useful management and policy making tool that allows a municipality to evaluate the impact of various government decisions over time. Since policy choices often affect the cities and towns financial condition for years to come, it is beneficial to analyze the associated fiscal impacts over a multi-year period.

Financial forecasting can also serve as an early warning system that detects future budget gaps between revenues and expenditures. Analyzing the city or town's financial picture in a comprehensive and structured manner can reduce the risk of overlooking key information. Detecting problems early gives municipal decision makers more time to consider corrective action.

During the course of a fiscal year, cities and towns should also complete quarterly projections. Using expenditure and revenue reports of activity to date, the officials should review and adjust projections from that point forward to the end of the fiscal year. In this way, if problem areas are identified, adjustments can be made. Moreover, if financial gains are projected, more reliable conclusions can be made relative to the potential for free cash in the ensuing year.

Technical Assistance has an online revenue and expenditure forecasting tool that makes available valuable historic data, provides user-friendly structures and calculations, and leads the user through the process of formulating a multi-year financial forecast.

Reserve and Debt Policies

We recommend that cities and town's develop reserve policies to guide decisions about adequate reserve levels based on their community's needs. The combination of competing spending priorities and limited revenue options often makes building and preserving a sizable reserves balance a challenging task, and often depends on the fiscal circumstances facing a particular community.

Formal written policies that establish guidelines for funding and maintaining reserves can help a community sustain operations during difficult economic periods. Reserves can be used to finance unforeseen or emergency needs, to hold money for specific future purposes, or in limited instances, to serve as a revenue source for the annual budget. Reserve balances and policies can also positively impact a community's credit rating and as a consequence, its long-term cost to fund major projects.

In any event, a prudent reserve policy will:

- Establish target balances for the stabilization fund, annual free cash, and other reserves in a total dollar amount or as a percentage of the total annual budget. It will guide a schedule of annual appropriations, or limitations, on use, designed to reach and sustain target balances gradually over time;
- Direct the use of all or a portion of free cash as a funding source for stabilization, or as an outlay for one-time capital projects. It will direct revenue from a specific recurring income source for similar purposes;
- Restrict the use of free cash as a general revenue source for the ensuing year's budget and maximum percentage of total free cash available;
- Restrict the use of unexpected or non-recurring revenue to one-time costs, to tax levy relief, etc.;
- Restrict the use of the stabilization fund to non-recurring expenditures and only in an amount above a certain dollar threshold. It will set similar guidelines on use of free cash.

A debt policy guides decisions on issuance, often times by tying debt service levels to a percentage of total general fund revenues. As such, an effective policy should provide guidelines that, among other considerations:

- Specifies purposes for which long and short-term borrowing will be permitted;
- Sets goals for the average maturity (i.e., less than 10 years) of long-term debt; and,
- Sets limits on debt service payments as a percentage of the operating budget.

Beyond the best practices detailed within this article, DLS's Technical Assistance Section describes numerous recommended practices on our website, including: Saving Money on Retiree Health Insurance, Energy Cost Management, Online Bill Payments, Employee Performance Evaluations, and more.

Furthermore, the DLS website offers resources and information on issues ranging from municipal law to information technology, and from accounting to assessing. If specific questions arise, Technical Assistance offers to respond to various financial management issues through the website. ■

School-Based Medicaids **continued from page four**

Reimbursement for specialized transportation was based on state median income and varied. According to Bonstelle, the change would come at a statewide cost of approximately $47 million to municipalities in FY09. (See chart on pages five and six to determine what individual municipalities received from Medicaid reimbursements; note that some do not have students who qualify for Medicaid assistance.)

If these regulations become final, local government agencies and schools would lose most, if not all, of this revenue. **(Compiled by S.J. Port, DLS)** ■

Lt. Governor Murray and MACC Wrap Up First Listening Tour

Robert Bliss, DOR Director of Communication

Local officials and elected representatives from Athol to Wrentham gathered in Marlborough City Hall on December 7 for the final stop on the Municipal Affairs Coordinating Cabinet (MACC) 2007 listening tour.

If there was one dominant theme to the discussion it was the need for the state to encourage regionalization both to maximize local resources and to take pressure off local budgets.

About 50 people, including mayors, legislators and town officials, filled the City Hall meeting room to exchange ideas with the MACC members from the Group Insurance Commission, Operational Services Division, Division of Capital Asset Management, Civil Service, Human Resources and the Information Technology Division.

After welcoming remarks from Marlborough Mayor Nancy Stevens, who noted "unprecedented cooperation with the Patrick administration," Lt. Gov. Tim Murray kicked-off the session.

Paul Matthews, executive director of the 495/MetroWest Corridor Partnership, noted the role of MetroWest as an "economic epicenter" for Massachusetts in terms of jobs (one of every 11), payroll (one-dollar for every 10 in the commonwealth) and business development (the number of businesses in the area has doubled since 1985).

Growth of that magnitude has not left local officials in the area immune from anxiety over finances and budgets or demands from services and revenues, Matthews said. He cited transportation, housing and water resources as key issues and urged state officials to free up Westborough State Hospital and its substantial grounds for development.

Representatives from the West Suburban Managers Association spoke of the need for the state to encourage regionalization by providing incentives — "re-institute the carrot approach" advised Southborough Town Manager Jean Kitchen, referring to oft-mentioned Municipal Incentive Grants (MIG) from the mid-1990s — to facilitate inter-municipal agreements.

In a memo submitted to the lieutenant governor and Robert Nunes, DLS deputy commissioner and director of municipal affairs, the association made a number of suggestions, among them:

- Investigate economies of scale, particularly in public works, including regional fuel depots
- Make changes in Chapter 30B purchasing and building rules
- Eliminate the requirement for filed sub bids and ease prevailing wage rules
- Re-establish Municipal Incentive Grants
- Make it easier for communities to join the GIC
- Eliminate municipal civil service except for public safety
- Expand the Division of Local Services database to allow comparative analysis and performance measurement
- Continue to work on pension and retiree health insurance reform
- Address charter school funding issues

Lt. Gov. Murray observed that while abolition of much of county government had left local governments without a ready mechanism for regionalization, the Legislature has before it many proposals from the Patrick administration to provide new resources, "for a lot of unmet needs."

The call for revising and simplifying governmental organizations was sounded by Southborough Fire Chief John Mauro who noted that his department finds itself in five different overlapping regional associations for such areas as homeland security, EMS, forest fire control, emergency management and mutual aid. ■

DLS Notices

EQV — 2008

Time has flown and once again it is time to conduct the biennial Equalized Valuation Study (EQV), this time for 2008. Every even-numbered year, the commissioner of revenue determines EQV of all cities and towns in Massachusetts as required in M.G.L. ch.58, §10C. During the process, the full and fair market value of all taxable property as well as the level of assessment of the major classes of property in each community is determined. The results are used to assist with the fair distribution of certain state aid and in calculating specific charges to municipalities. The 2008 EQV numbers will be used in 2010 and 2011.

Some of the programs that use EQV numbers are the lottery, public libraries, municipal equalized grants and the Chapter 70 local aid formula. Local aid deductions are taken for charges such as Boston Municipal Transit District, county tax, mosquito control projects and air pollution control districts. Another significant use is in the determination of municipal debt limits. From start to finish the EQV cycle takes about one year. (See the Equalized Valuation Table.) Two hundred and twenty-three Massachusetts assessors' offices will receive electronic notification shortly requesting property sales data. Excluded from the request will be the remaining 128 communities that have or are currently completing their triennial certification of all real and personal property values for fiscal year 2008. For those communities the Bureau of Local Assessment (BLA) already has the required information. Sales analysis is one of the most important components of the EQV program. Consequently, assessors must review all sales and determine if they are indeed valid market sales. By valid market value we mean the price a willing buyer would pay a willing seller under no special circumstances. Because the study relies heavily on statistical analysis BLA examines the submissions for completeness and appropriateness. Sales coding must reflect an assessment date as of FY2008 for calendar year 2006 sales. In addition to residential assessment/sales statistics, appraisals of commercial and industrial properties will be conducted in selected cities and towns to supplement an insufficient number of sales.

Once our sales analysis and appraisal reviews are complete we determine the levels of assessment for the major classes of property and estimate their full and fair cash value. To that will be added a 2008 new construction value developed through a review of the past several year's new growth.

BLA will post the preliminary valuation numbers on the Department of Revenue website and assessors will be notified of this posting electronically on or before June 1, 2008. Assessors then have the opportunity to review the preliminary numbers and request adjustments from BLA, provided they have appropriate documentation. Both informal hearings and a formal hearing will be held by the bureau. Assessors who remain dissatisfied will have the opportunity to file an appeal at the Appellate Tax Board.

Failure to provide the requested data can lead to forfeiture of a community's appeal rights. If you have any questions please call Donna Demirai at 617-626-2391. ■

M.G.L. Ch. 58, §§ 9–10C

Equalized Valuation Timetable, 2008

January 1, 2008		Valuation date
January 25, 2008	Assessors	Submit sales reports
June 1, 2008	BLA	Posts proposed EQVs
June 10, 2008	BLA	Completes public hearing
July 20, 2008	BLA	Completes EQV revisions
August 10, 2008	Municipality	Appeal of EQV to ATB
January 20, 2009	ATB	Acts on EQV appeals
Early 2009	Legislature	Receives EQVs

Table 1

DLS Notices

Certification Preparation Meetings

New for the upcoming fiscal year, Bureau of Local Assessment (BLA) appraisal advisors and a representative from the BLA Boston office will hold group meetings with local assessors' representatives in preparation for their FY2009 certification review. Assessors scheduled for FY2010 certification are also invited. Over the next couple of months meetings will be held in various areas across the state specifically to prepare the 88 FY2009 communities scheduled to have their proposed real and personal property values certified next year. These meetings will provide information on what communities are expected to do, note any certification requirement changes, provide any needed clarification and describe what the BLA Boston staff does with the data it receives. Assessors' appraisal consultants are welcome to attend. BLA will also hold an appraisal vendor debriefing meeting at the end of January and will also share the outcome of that meeting with assessors.

Previously BLA advisors met only with individual communities, this practice will continue. However, our goal with these sessions is to give groups of assessors the opportunity to hear the same instructions together and to have the chance to ask questions that will benefit all in attendance. It is our hope that this sharing of information will make the certification process more transparent and yield a greater understanding of the process. If these meetings prove to be productive BLA will consider making them an annual occurrence. Feedback is appreciated and registration is required. Register with John Gillet at 617-626-3605. ■

Meeting Schedule

February 6, 2008	10:00 a.m.	Boston	Saltonstall Building 100 Cambridge Street Rooms C & D
February 13, 2008	10:00 a.m.	Wareham	Town Hall 34 Marion Road Auditorium
February 27, 2008	10:00 a.m.	Springfield	436 Dwight Street Room B42
March 5, 2008	10:00 a.m.	Worcester	40 Southbridge Street 4th Floor Conference Room A
March 12, 2008	1:00 p.m.	Sunderland	Public Library 20 School Street

Table 2

Municipal Calendar

February 1

Taxpayer: Deadline for Payment of 3rd Quarterly Tax Bill Without Interest

Taxpayer: Quarterly Tax Bills — Application Deadline for Property Tax Abatement

February 15

Treasurer: 2nd Quarter Reconciliation of Cash

February 28

Finance Committee: Continue Budget Review and Develop Recommendations

March 1

Personal Property Owner: Submit Form of List

Non-Profit Organization: Final Filing Date for 3-ABC Forms

March 31

State Treasurer: Notification of Quarterly Local Aid Payment on or Before March 31

April 1

Collector: Mail 2nd Half Semi-Annual Tax Bills

Taxpayer: Deadline for Payment of Semi-Annual Bill Without Interest ■

DLS Profile

Zack Blake: Service Oriented

S.J. Port, Director of Policy and Communication

Raised in Acton, public service was a value inherited by Zack Blake from his parents and grandparents. Blake's grandfather, upon retirement from a career as a Good Year executive, dedicated his remaining years to labor relations and non-profit fundraising; the example stuck.

Summers during high school and college were spent on various service programs across the country such as working for the National Park Service in Martinez, California and the U.S. Forest Service in Fish Valley, California. Most of the work focused on trail maintenance and forest fire prevention, which initially led Blake to consider a forestry-sciences degree.

Life took several turns and after graduating from Miami University in Ohio, with a degree in history, Blake took an associate position with Fidelity Investments. The experience was "valuable" but didn't satisfy his thirst to "contribute more."

Blake began to feel that the best way to contribute would be at the local level. Returning to graduate school, he earned his masters of public administration from Suffolk University.

Blake found what he was looking for in municipal government; "Local government is democracy in its purest form. I love the New England town meeting tradition – even if it does have its own set of headaches."

"Government at the local level has an immediate impact," says Blake. "A policy change one day can affect residents of the community the next day."

Post graduate school, Blake took a position within Watertown's personnel office, where he became aware of the Division of Local Services (DLS) and its role at the junction of state and local government. A posting on the Commonwealth Employment Opportunities website led to a nine-month contract position with the Division of Local Services Technical Assistance Section, which transitioned to a full-time position last June. Since that time, Blake continues to be busy writing financial management reports for municipalities across the commonwealth.

Zack Blake

"It's pretty fascinating — the analysis and organizational review associated with our reports," says Blake. "It's an ideal position for someone with a passion for local government to be able to interact with cities and towns across Massachusetts."

Blake admits the learning curve was challenging, but one he welcomed. Overall, he feels that DLS has made him more conscious of the enormous effort involved in managing municipalities'; work he hopes to encourage more peers to participate in.

Blake, and his wife of four years, Cate, recently purchased their first home in Newton, Massachusetts. The skills he's acquired through his work at DLS and his experiences working with communities helped them to decide what mattered most to them in a community. Cate's proficiency as an attorney came in helpful once they had chosen Newton.

When not working on his new home, or caring for their two dogs, Blake is an avid backpacker who spends many weekends traveling north to the "incredible peace" he finds in the woods. ■

City & Town
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