

# Executive Summary

In 2007, Shirley invited Lunenburg and Ayer to consider school district regionalization, and formed a joint School Regionalization Planning Board (RPB). For over twenty years, Shirley's high school students had been educated in the Lunenburg and Ayer High Schools by tuition agreement. Multiple challenges faced the three districts made regionalization of the independent school districts deserving of investigation:

- Projected declining school enrollments and accompanying decreases in state aid;
- Difficulty meeting the fixed costs of administration, and the costs of health insurance for small districts;
- Difficulty managing the costs for contracted special services and tuitions for students for whom local resources are unavailable;
- Schools and other town services compete for funds, and the towns have expressed unwillingness to increase local taxes;
- Lunenburg and Ayer rely heavily on the income from Shirley's high school tuitions for their operational budgets;
- Shirley desires representation for all of their students on a school committee;
- Responsible public education in a global environment requires enhanced instructional capacity and school performance.

In addition to these challenges, the RPB recognized potential opportunities that a regional district could provide:

- Consolidation of resources for instruction

could enhance the program of course offerings and strengthen instructional practices;

- Consolidation of administrations, labor and procurement contracts, and facilities could be more efficient, yielding resources that could be redirected to direct student services;
- The opportunity to participate in the Commonwealth's regional transportation reimbursement program would yield new revenues;
- The MSBA indicated a preference for partnering for regional facilities solutions that could maximize their capital investment.

From May 2007 to September, 2009, the RPB investigated the feasibility and the advisability of forming a region, and worked to produce a plan that would enable the districts to step into a region, should the voters of the towns elect to do so. The RPB determined that:

- A three-town K-12 school region was feasible;
- A three town k-12 region met all of the criteria for advisability, except one: the short-term and one-time costs of transition from three districts to a region could not be borne by existing local or state finance mechanisms.

The RPB agreed that a region offered the communities their best opportunity to preserve and enhance public education for all children in the proposed region. We worked diligently with our municipal and legislative partners to find a way to fund the establishment of a region. But, because all criteria for advisability could

not be met by the plan, the RPB elected NOT to present the negotiated Ayer/Shirley/Lunenburg Regional Agreement to the three Boards of Selectmen, which would have brought the Agreement to the Town Meetings for adoption by majority vote.

Even though the failure to bring the three-town Regional Agreement to the people of the communities was greatly regretted by the RPB, the work had several positive results:

- Each town understands its educational goals, values, and financial opportunities better, and is well prepared to seek other collaborative or regional solutions;
- Current models were developed for analysis and negotiation of an agreement that will assist communities pursuing regionalization;
- The Board of Education amended regulations to allow for transitional regional governance options that safeguard local programs and funds during the transition to a new region;
- The MSBA amended regulations to award incentive points for regional formation when it provides alternatives to more costly construction projects.

Shirley and Ayer formed the Ayer/Shirley Regionalization Planning Board (RPB), and continued to negotiate a two-town K-12 Regional Agreement. This two-town Regional District can be implemented with a transitional cost that is far less than the three-town plan.

As a result of this continued work, and the previous work of the three-town RPB, It is the recommendation of the Ayer/Shirley Regionalization Planning Board, that the Towns of Ayer and Shirley approve the Regional School District Agreement presented to the Towns by this Board.

## **ACKNOWLEDGEMENTS**

Both Regionalization Planning Boards relied on many individuals to complete their work. We are deeply grateful for support provided by:

- Superintendents Loxi Jo Calmes (Lunenburg), George Frost (Ayer), and Malcolm Reid (Shirley);
- Shirley Public Schools Business Manager Evan Katz;

- Mr. Edward F. Lenox, of Murphy, Hesse, Toomey, and Lehane, LLP
- Senators Robert A. Antonioni, Jennifer Flanagan, Pamela Resor, and James Eldridge; Representatives Jennifer E. Benson and Robert Hargraves; and their respective staffs;
- Commissioner Mitchell Chester, Associate Commissioner Jeffrey Wulfson, and Ms. Christine Lynch of the Massachusetts Department of Elementary and Secondary Education;
- Ms. Katharine Craven, Executive Director, and Ms. Sarah Young, of the Massachusetts School Building Authority
- Dr. Sae Yun Lee of the Office of the Secretary of Education of the Commonwealth;
- Mark Abrahams, CPA
- David J. Tobin
- Dr. Bart Wendell
- Stephen J. Donovan
- Mary Ann Buescher Ashton

The RPB relied, as well, on groups of individuals for the support and ideas they contributed to the process:

- The Town Meetings, who voted for this work, trusted us with their funds, and patiently awaited results of the two-year process;
- The administrators and faculties of the school districts, who collaborated to provide information about the schools;
- The Massachusetts Association of School Committees and the Massachusetts Association of School Superintendents, whose members and staffs answered many questions about school regions; and
- The officials and people of the communities, who attended informational meetings and meetings of the RPB regularly to challenge us to do our best work.

# School Regionalization: Background and Context

In 2007, the School Committees of Lunenburg, Shirley, and Ayer negotiated their third consecutive tuition agreement for education of Shirley students from grades 9-12 in Ayer and Lunenburg. Two successive previous agreements had ten-year durations, but in this round Shirley limited the duration to three years, and invited the other districts to consider forming a school region.

Each School Committee faced challenges sustaining educational operations without significant revenue increases. The School Committees asked their Boards of Selectmen to place a warrant before the Town Meetings to form and fund a School Regionalization Planning Committee (RPC). In spring 2007, the Annual Town Meetings in each town voted to do so, and the Moderators appointed the Committees of three members in each town. In May 2007, in accordance with M. G. L. Chapter 71, the three Committees voted to form a single School Regionalization Planning Board (RPB), and pursued grant funds from the Massachusetts Department of Elementary and Secondary Education (DESE). The Board has received three DESE grants in all (for a total of \$70,000). The towns also appropriated additional funds at the 2008 Annual Town Meetings. A full financial statement is found in the Appendix.

Chapter 71, Section 14A of the Massachusetts General Laws explicitly states the role of the RPB:

*It shall be the duty of the regional school district planning board to study the fiscal and educational advisability of establishing a regional school district, its organization, operation and control, and of constructing, maintaining and operating a school or schools to serve the needs of such district; to estimate the construction and operating costs thereof; to assess the educational soundness of establishing such school or schools, to investigate the methods of financing such school or schools, and any other matters pertaining to the organization and operation of a regional school district; and to submit a report of its findings and recommendations to the selectmen of the several towns.*

The Board began its work by investigating the differences between independent districts and regional school districts, and the methods of school governance, operation, and finance permissible by law. The Board also worked to become familiar with all three individual districts and the nature of the challenges each faced, exploring the potential fit between existing challenges and possible solutions offered by a merger.

In September 2009, it was determined that, due to a lack of funding available for transition costs, a three-town Regional School District could not be successfully

implemented. As a result, the three-town Ayer/Lunenburg/Shirley Regionalization Planning Board was dissolved. Ayer and Shirley then formed the Ayer/Shirley Regionalization Planning Board to consider the feasibility and advisability of forming a two-town Regional School District. The report of the Ayer/Shirley RPB heavily leveraged the work done by the three-town RPB during its two year (2007 – 2009) effort.

## **Characteristics of a School Region**

A school region is an autonomous governmental body, whose member towns have adopted a Regional Agreement establishing a school region. The region is empowered to establish and operate schools for some or all students of the member towns. Regions are most often of three types: Vocational-technical; partial (pre-K to grade 8, or grades 9-12 are common examples), or complete (pre-K through grade 12). Any town belonging to a partial region must maintain a local school district for students not included in the region; a separate School Committee and administration must be retained. The composition and mode of election of the Regional School Committee are determined by the Regional Agreement. A region is formed when the member towns unanimously adopt the RPB's proposed Regional Agreement, which requires a majority vote of each Town Meeting.

Regional school revenues come from: the Federal government by grants; the Commonwealth through the Chapter 70, school choice, circuit breaker, transportation reimbursement, and various grant programs; and assessments to the member towns, which are determined according to the Regional Agreement. These are usually paid to the region by the towns from appropriated funds. The Regional School Budget is sent to the Annual Town Meetings for approval by the Regional School Committee. For a Two-Town Agreement, the budget is approved if it is approved by a majority at the Town Meetings of both member Towns. If rejected by one Town Meeting, it can be approved at a Super Town Meeting, by a majority vote of those in attendance from the two Towns.

The Board sought information from the DESE, regional school districts, school associations, and the educational literature about how to evaluate benefits and drawbacks of regionalization, about how to compare our current districts to a proposed regional district, and about how to negotiate a regional agreement. However, we obtained only limited guidance about forming a brand-new multi-town region

in the context of today's educational system. Most school regions in Massachusetts were formed between 1949 and 1975. During these years, there was also an expansion of school construction to house students born during the "Baby Boom" that followed World War II. Since 1975, all but one "new" region have been expansions of partial regions to become pre-K to grade 12 regions. The only new pre-K to grade 12 region formed in Massachusetts since 1975, and especially since school reform was enacted in 1993, was Manchester-Essex, which formed in 2001. These two towns had their own elementary and middle schools and Manchester had long educated all Essex high school students by tuition agreement. The Board was unsuccessful in locating anyone familiar with the process of forming that region for consultation. The Board contracted with NESDEC (New England School Development and Education Center) to consolidate information about the feasibility of a school region among any or all of our towns. During the study process, the staff of the DESE's Center for School Finance, Planning, Research & Evaluation provided invaluable technical assistance and grant support.

## **Considering a School Region Now**

Each town faces some unique challenges and needs, and some challenges are shared by both towns.

- Both towns project declining school enrollments over the next decade;
- Both districts require a full administrative complement for management of education, finances, and reporting, yet both are considered small districts;
- The districts have managed resources conservatively since the recession of 2003, but funding the cost of each district without decreases in services still requires annual increases in revenues; Shirley, in particular, is challenged to supply these increases without major impacts on other town services;
- Both towns submitted Statements of Interest in July 2007 to the Massachusetts School Building Authority (MSBA) outlining urgent facilities needs;
- Because Shirley has no high school, the town pays tuition for grade 9-12 students; in addition, a number of Shirley's students attend the charter school at Devens.
- Small districts must contract for low-incidence educational services, or pay tuitions for students for whom resources in the home district are not available;
- Ayer relies on the income from Shirley's tuitions for their operational budgets and loss

of these tuitions would present a budgetary challenge;

- Shirley has no school committee representation for high school education;
- Both districts must prepare students to succeed in a global economy and to actively participate in a modern democracy. High-quality instruction at all levels must be supported; at the secondary level, access to advanced instruction, particularly in math and science, must be maintained and enhanced.

In addition to these challenges, the Board recognized potential opportunities that a regional district could provide:

- Consolidation of resources for instruction could enhance the program of course offerings and strengthen instructional practices;
- Consolidation of administrations, procurement contracts, and facilities could be more efficient, yielding resources that could be redirected to direct student services;
- The opportunity to participate in the Commonwealth's regional transportation reimbursement program would yield new revenues;
- The MSBA indicated a preference for partnering for regional facilities solutions that could maximize their capital investment.

## The Work of the Board

The Board investigated the feasibility of a region, determined its advisability, and worked to produce a plan that would enable the districts to step into a region, should the voters of the towns elect to do so. This work was done in three parts, which frequently overlapped in an iterative process: investigation, negotiation, and public communication.

Investigation consisted of:

- Review of pertinent laws and regulations
- Regular telephone and face-to-face meetings with DESE, MSBA, the local legislative delegation, and the Massachusetts Association of School Committees;
- Literature review about school district consolidation;
- NESDEC study and an enrollment projections study;
- Interviews with regional superintendents and school committee members from existing multi-town pre-K to grade 12 regions;
- Financial analysis designed to merge all 2010

local revenues and expenditures for comparison with "as-if";

- Development of financial model allowing testing of various assessment schemes;
- Requesting legal authority for establishment of a transitional regional school committee co-existing with local school committees (see Appendix).

Negotiation activities included:

- Development of a preliminary mission, vision, and statement of key values for the proposed district;
- Collaborative development of a high-level view of current educational programs, capacities and best practices, and projections for their development and improvement in a merged environment (see Appendix);
- Collaborative development of a high-level view of current operational capacities and best practices, and projections for their improvement in a merged environment (see Appendix);
- Collaborative development of a high-level view of current administrative capacities and best practices, and projections for streamlined service delivery in a merged environment (see Appendix)
- Engagement of an attorney, Mr. Ed Lenox, of Murphy, Hesse, Toomey, Lehane, LLP;
- Construction of a regional agreement per statute and DESE guidance (see Appendix);
- Development of a plan for transition to regional operations (see Appendix);
- Identifying implementation costs of the transition plan (see Appendix) and pursuit of funding for initial and one-time transition costs;
- Pursuit of MSBA commitment to planning for facilities solutions, should a region be formed.
- Public communication occurred throughout the process, during which the Board:
  - Developed an informational website, <http://www.ayershirleyregion.org>;
  - Held several local community informational meetings;
  - Televised or video recorded many meetings and workshops;
  - Responded to the press and public questions.

Funds for support of the Board's work were provided by appropriation by the Town Meetings and by three planning grants from the Commonwealth of Massachusetts made through DESE. A complete

financial report is included as an Appendix, along with the inter-municipal agreement governing management of the funds.

## The Towns and Districts in 2009

The Board's initial investigation centered around four broad areas: population and enrollments, educational and social compatibility of the towns; financial support of the schools; and aging school facilities. The NESDEC study is included as **Appendix** and is available as a complete document or by section at the town websites and **here**. A compilation of 2009 data about the population and finances of the towns is found in this section.

## Population and Enrollments

The relationship between population and school enrollment was explored in both towns. State funding for schools is dependent on enrollment, and appropriation for schools depends on the overall taxpaying population. Ayer operates a Pre-K to grade 12 district, with 2009 resident student enrollments of 971, respectively. Shirley's pre-K to grade 8 district, plus its high school students, totaled 771 in 2009. A merged district would enroll about 1750 students, with around 500 in grades 9-12.

In 2009, 38 percent of Shirley's high school students were in Ayer, 24 percent in Lunenburg and 38 percent at private, charter, or vocational schools.

**Table 1. Ayer/Shirley Resident Enrollments, FY 2009**

Town	Town Pop 2008	Attending Home District	Attending Other A/S School	Total Students to Region
Ayer	7,399	968	3	971
Shirley	7,904	542	229	771
Total	15,303	1,510	232	1,742

*Source: Ayer/Shirley School Regionalization Planning Board; Massachusetts DOR, At-a-Glance Reports*

- Projections by NESDEC and Innovation & Information Consultants, Inc., of Concord, MA, agree that the population of school-aged children in both communities will decline in the next decade, due mainly to stable housing markets and to declining local births. Even the new developments now planned are not forecasted to alleviate these declines.

State aid revenues will likely mirror the population trend, affecting the ability of the districts to sustain programs.

## Social Compatibility of the Towns

At initial meetings, the Board members shared concerns, reflected from early surveys in the communities, that the communities were too diverse in terms of educational values, economic capacity, and social composition to thrive as partners. NESDEC conducted a community survey early in the study process, which validated the existence of these concerns, as well as the need for information about the impact of a regionalization plan on the towns. The concern most consistently expressed by community members was that the educational experience for all students might be diminished rather than enhanced by regionalization.

In addition to the longstanding high school tuition agreement, the towns share some athletic teams and social and religious organizations. Both districts participate in the FLLAC to collaborate for special education and other student services. Some residents of one town work in the other. Ayer and Shirley schools now share a food service manager and the districts share some professional development activities. The educators have expressed a very favorable response to these efforts. Ayer and Shirley are both affected by and involved in planning for the future of Devens. Residents of each town take great pride in their schools, and for many residents, they are a vital and historic component of community identity. Some community activities are traditionally associated with the towns' central school campuses.

Ayer and Shirley have had strong leadership in the last three years under interim superintendents, so are eager to engage a permanent superintendent to lead strategic development.

## Educational Compatibility of the Towns

Both towns highly value a personalized learning experience, skilled educators who engage ALL students in a rigorous and interesting curriculum, and multiple opportunities to learn responsible community membership. Today's graduates from our communities must be prepared to compete in a global economy and to actively participate in a modern democracy. There is a continuing trend toward the need for access to a greater number of courses and a higher level of instruction and curriculum, particularly in math and science. In turn, this requires highly qualified and increasingly specialized educators and adequate library, laboratory, technological and classroom

facilities to support student learning. Both districts support the philosophy of teamed instruction in the middle school model, which is an important shared basis for preparation for a rigorous high school education. Despite using different curricular materials, the districts have aligned the curricula to the state standards

Enrollment in a merged high school is projected at around 500 students, which would make it a medium-sized high school by state and national standards. Residents and Board members were concerned about how the increased size of a merged regional high school would affect the delivery of a personalized educational program in that school. The scholarly literature on high school size does not provide straightforward guidance. Even though there is a great deal of opinion and anecdotal evidence, there is very little validated research on high school size or the effects of district consolidation, and none based on recent data (post school-reform or technology “revolution”). The best available research indicates a high school enrollment “sweet spot” from 500-1000 students, in which costs per student are lower and outcomes better than in either larger or smaller high schools. Service delivery models have been developed for these mid-size schools that are highly successful at meeting the broad range of needs of adolescents. Many include smaller sub-units inside a single school.

Because of its larger size, a Regional School District provides the “critical mass,” particularly at the High School level, to offer deeper, broader curriculum in all areas, including a wide range of opportunities for learning through service. It also provides the opportunity for an articulated, consistent educational program, developed and implemented by the combined instructional teams of the current districts, at the elementary and middle school levels to ensure adequate preparation for all students entering the Regional School High School.

The districts vary in their ability to support students with moderate to severe special needs within the districts, largely due to the scale of operations. Both districts employ consultant specialists, and some highly

specialized services are provided by the FLLAC collaborative. The districts highly value serving students in their home community, and see the opportunity to greatly expand local services in a region, while decreasing the costs of delivering those services.

## **Financial Support of the Schools**

In recent years, both communities have seen the cost of service delivery increase at a faster rate than revenues, a trend that is exacerbated by the current national and state financial crises.

The annual increase in State Education Aid (Chapter 70) has slowed or remained flat; it is not expected to increase significantly in the near term. At the local level, tax collections have not kept pace with inflation, a trend that is expected to continue, making significant increases in the local contribution to schools unlikely. Choice-Out and Charter school enrollments reduce the number of students enrolled in the local district, and tuitions are paid from the towns' state aid allocation. For Charter School enrollments these tuitions are often higher per pupil than district expenditures per pupil. The towns retain fixed costs (administration and buildings, for example) for all potential enrollees when local enrollments decline. The impact is acute for Shirley, with a grade 7-12 charter school at Devens. In response to these pressures, the towns have either reduced services or redistributed resources to preserve critical educational services.

The Board compared total expenditures on education for the two towns, in order to understand the current impact on the available town revenues, and to project the financial impact of a merger on the towns. The Board sought opportunities created by regionalization to direct a larger portion of the funds now being spent into actual student services. These opportunities can come from elimination of duplicated services or substitution of more efficient operating practices, for example. Projected efficiencies (from economies of scale, shared resources, and critical mass) for a two-town regional school district are even more critical in the current economic environment, in which towns are likely to reduce services.

Per pupil expenditures calculated by the DESE provide an inaccurate comparison of actual spending on education among the two communities, for a number of reasons. In the figures submitted to the DESE, the tuitions paid by Shirley to Ayer and Lunenburg are counted as expenditures for Shirley, but are also counted as expenditures by Lunenburg and Ayer. Likewise, School Choice policies have a significant impact on Shirley and Ayer. Town expenditures on capital improvements are not included in per pupil expenditures at all, but are a significant expenditure in Shirley, which retains construction debt for a relatively new middle school. The Board worked with consultants to develop an accurate snapshot of all education revenues and expenditures in fiscal year (FY) 2010, in order to compare the towns fairly and to estimate the financial impact of regionalization on the towns. This is described in Section Three of this report.

## **Aging School Facilities**

Ayer operates three schools in two school facilities on a central campus: Page-Hilltop Elementary School and Ayer Middle School and Ayer High School. Shirley has two schools, the Lura A. White Elementary School, and the Shirley Middle School..

Aging facilities are in need of major renovation or replacement in both towns; each town filed a Statement of Interest with the Massachusetts School Building Authority (MSBA) in 2007. This is the initial step in pursuing a financial partnership for building construction or renovation. The MSBA Board of Directors uses statutory criteria to determine which communities will receive invitations to move into planning for a project (see sidebar). Statements of Interest were submitted for:

- Lura A White Elementary School in Shirley. The school requires major renovation or replacement. The original building was built in 1936, with additions in 1956 and 1970.
- Ayer Middle/High School. The school requires significant renovations. This building was built in 1961.

In July 2007, the MSBA placed both of these Statements of Interest into a category requiring study of regional solutions before moving forward into joint planning of any renovations or new construction projects.

## **MSBA “Order of Priorities”**

### **M.G.L Chapter 70B: Section 8**

*Section 8. The authority shall approve school projects and reimbursements under this chapter in accordance with the following order of priorities:*

- (1) priority shall be given to school projects needed in the judgment of said board to replace or renovate a building which is structurally unsound or otherwise in a condition seriously jeopardizing the health and safety of school children, where no alternative exists;*
- (2) priority shall be given to school projects to eliminate existing severe overcrowding;*
- (3) priority shall be given to school projects needed in the judgment of said authority to prevent loss of accreditation;*
- (4) priority shall be given to school projects needed in the judgment of said authority to prevent severe overcrowding expected to result from increased enrollments which must be substantiated;*
- (5) priority shall be given to projects needed in the judgment of said authority for the replacement, renovation or modernization of the heating system in any schoolhouse to increase energy conservation and decrease energy related costs in said schoolhouse;*
- (6) priority shall be given to any school project needed in the judgment of said authority for short term enrollment growth;*
- (7) priority shall be given to school projects needed in the judgment of said authority to replace or add to obsolete buildings in order to provide for a full range of programs consistent with state and approved local requirements; and*
- (8) priority shall be given to projects needed in the judgment of said authority to transition from court-ordered and board approved racial balance school districts to walk-to, so-called, or other school districts.*

### At-a-Glance: Ayer and Shirley

Characteristic	Ayer	Shirley
2008 Population	7,399	7,904
2009 Labor Force	4,273	3,684
2008 Road Miles	49	49
FY 2009 Tax Levy Total (\$)	15,320,578	7,452,263
Residential	6,901,306	6,671,973
Other	8,419,272	780,290
2009 Excess Capacity (\$)	142,986	3,208
2009 Override Capacity (\$)	10,754,494	9,258,856
Single-family (SF) parcels	1,391	1,406
2009 Average SF Tax Bill (\$)	3,073	3,447
2009 state average	4,250	4,250
2009 Net State Aid (\$)	5,432,151	4,777,636
2009 State Aid as Percent of Total Revenues	24%	39%
2009 Total Expenditures Per Capita (\$)	4,093	2,547

# An Analysis, Plan, and Conclusions

In considering both the feasibility and the advisability of forming a two town regional school district, the Board made several critical assumptions that underlie our analysis.

First, the Board assumed the both communities would, at a minimum, sustain the levels of funding from local appropriations at the FY2010 appropriated level

Second, the Board assumed the Commonwealth's continued financial commitment to Regional transportation, Chapter 70 Education Aid, Charter School re-imbusement, and special education circuit-breaker programs. While the current national financial crisis has resulted in temporary reduction of funding for some of these programs, it is reasonable to expect that, as it has in previous economic down-turns, the Commonwealth will restore levels of funding as soon as fiscal conditions allow.

Third, the Board assumed facility use and configuration of the region as outlined below, as part of the operational plan for the proposed region. The configuration ensured elementary-school-aged children (pre-school through fifth grade) would continue to be educated within the geographic boundaries of their respective communities.

Finally, and most importantly, the Board assumed that the new Regional School District would be supported by:

- An Administration that identifies and implements best practices across the

Regional School District.

- A Regional School Committee that advocates for all students within the Regional School district, and develops and implements a strategic plan designed to foster and promote educational excellence.
- Communities that value and participate in their schools, provide educational leadership, and hold the Regional School Committee accountable.

## I. CRITERIA FOR EVALUATION

### A. Feasibility Criteria

The Board developed criteria to determine the feasibility of forming a two town region. If these criteria were met, in the judgment of the Board, a two town region could be successfully implemented.

- The quality of the educational program cannot decline as a result of Regionalization.
- Elementary Schools (Pre-K through 5th grade) must be maintained in each community.
- The Regional School District must be established, initially, with the same level of resources as the Towns have historically committed to education.
- The portion of resources expended by a region for student programs and services must equal or exceed the current combined expenditure of the independent districts for the same.
- No insurmountable social, financial, or political challenges to forming and operating as a

regional school district are identified.

- Regional School Committee representation and assessment for the costs of the Regional School District can be managed fairly.
- In-district regional transportation must not impose an unreasonable burden on students.
- The Regional School District facilities solution cannot cost more than the total of the independent school district facilities solutions.

Because the criteria include projections of future states, the quality of the data, analyses, and the critical judgment of the Board were essential to the conclusions. Public response throughout the process was extremely valuable to the Board, both in determining and evaluating the criteria.

## B. Advisability Criteria

Given the Board's assumptions and the feasibility criteria discussed above, additional criteria were developed to determine the advisability of forming a two town region. If, in the judgment of the Board, these criteria were met, forming a region would be advisable.

- There is significant potential to improve or expand educational services for all students.
- Given resources comparable to the current combined district resources, the portion of those resources available for student programs and services can be projected to be greater than the comparable current total portion in the two districts.
- The Regional School District facilities solution is projected to be more cost-effective than the independent school district facilities solutions.
- The Regional Agreement must provide an equitable way to assess the Towns.
- No critical community differences are identified that would prohibit the formation and successful implementation of a Regional School District.
- A funding mechanism can be identified and secured for the projected short-term costs of transition to a merged regional district.

## II. ANALYSIS AND PLANNING

In addition to the socio-economic and educational data gathered and analyzed by NESDEC, The Board gathered data about the educational values of the communities, the operational, educational, and administrative design of each district, and individual town and district finances. The data were used to model a region composed from the elements that

exist today. The modeled region was evaluated for fit with the feasibility and advisability criteria and continuously revised as new information became available. At the same time, the Board negotiated components of a Regional Agreement, using the values statements and the criteria as guiding principles. The DESE provided technical guidance about meeting the requirements of the governing statute (M. G. L. Chapter 71, Sections 14-161) and corresponding regulations (603 CMR 41.00) in a 2007 document, Steps to Forming a School Region (see **Appendix**).

### ***Ayer-Shirley Regional School District Vision, Mission, and Key Values***

*Vision: We will create a regional district that provides a rich, relevant, and rigorous curriculum and excellent instructional practice, in a learning community in which every individual is valued and supported to actively investigate the world.*

*Mission: We prepare students for lifelong learning and responsible membership in local, national, and world communities.*

#### *Key Shared Values:*

1. *We believe each learner is a whole individual, who brings a unique set of talents and experiences to the learning environment.*
2. *We believe every learner needs connection to the community to thrive.*
3. *We believe student learning is fostered through relationship with caring adults.*
4. *We believe excellent instructional practice is fundamental to excellent student performance.*
5. *We believe all learners deserve opportunities for creative expression; for a challenging academic experience that fosters intellectual curiosity; and for learning through service to others.*

## **A. Values Statements**

The Board engaged a consultant to facilitate development of a vision for the proposed region, mission statement, and key shared values underlying the mission and vision. The Board adopted a vision, mission and key values (see insert above) as guiding principles for the work of regional district planning

## **B. Educational Analysis**

### **1. Methodology**

The DESE requires regional school district proposals to include an educational plan, an operational plan, and an administrative plan for the proposed district. The two district superintendents managed this project. The administrative teams and faculty of the two districts met together to describe current service delivery capacity and identify opportunities as well as challenges presented by the proposed merger. The superintendents then collated the input and prioritized short-term and long-term opportunities for sustaining and enhancing educational services.

### **2. Results**

The Board and the DESE acknowledged that the proposed plans should be realistic in scope, but that they would not carry the weight of a mandate. Using an analogy of planning a construction project, the Board's plans are more similar to a "conceptual drawing" than a "schematic design." Implementation of an educational plan would in actuality require a wide range of detailed policy decisions by an elected School Committee. Ideally, these officials and their administrators would undertake a strategic planning process that includes all key stakeholder groups after a region is established, and would make implementation decisions based on real revenues and needs in any particular year.

The educational, operational, and administrative plans for the proposed district are included as APPENDIX. Key conclusions and recommendations are summarized in the following sub-sections.

#### ***a. Educational Plan***

The educational plan outlines a rich basic curriculum at all levels, with opportunities for enhancements across the region. The result would be "greater than the sum of the parts," as each district brings committed educators and unique areas of emphasis to the region. A regional professional development program aligned to the district goals and coordinated across the district would support educators in effective practice. NESDEC and the district administrators both identified the need

for additional professional development related to the merger to support investment in a common vision around curriculum and instructional practice.

At the elementary schools, grade-level common planning time for all teachers would be curriculum-based. The core program would be enhanced by extra- and co-curricular activities, exposure to foreign languages, and increased cultural activities. A comprehensive early childhood program and specialized academic support services for students with and without disabilities would strengthen early literacy and numeracy. A school-wide positive behavioral support system and developmental guidance program, including personal counseling, would support all students' social development.

The middle school program would include algebra; in eighth grade, a full year of world languages, band, chorus, community service learning, and exploratory opportunities. Developmental guidance, including a school-wide positive behavioral support system and specialized academic support services for students with and without disabilities, would enhance the program. Grade level teams of teachers would use common planning time to integrate classroom and special area curricula.

A merged high school program would support moving to the Massachusetts Core Curriculum graduation requirements, which exceed graduation requirements in place today. Common planning time for teachers would support integration of curriculum across disciplines. More advanced placement courses, foreign language courses, and electives should be available. Alternative scheduling to accommodate learner's needs could be introduced, and expanded community service learning and school-to-work internship opportunities could be available. Career counseling could be added to the developmental guidance program, along with a school-wide positive behavioral support system and specialized academic support services for students with and without disabilities. Participation in a larger selection of athletic activities would be possible.

Students who are learning the English language would have access to instruction by highly qualified educators, and academic support for all students would be integrated during the school day and with community programs. The regional district would provide a full range of special education and related services to enable students with disabilities to reach their full potential. Services would be provided in the least restrictive environment including full-inclusion,

partial inclusion, and substantially separate classrooms. Opportunities would exist to provide in-district services for several students currently placed outside local districts. Regional programs would serve the needs of students with developmental delays and autism spectrum disabilities who require applied behavioral analysis (ABA) services. Specialized services would be provided locally for students with complex medical needs or multiple disabilities, and for high school students who require transition to work, independent or supported living settings after high school.

- Pre-K to grade 5                      Elementary
- Grades 6-8                              Middle School
- Grades 9-12                            High School

Ayer and Shirley would merge their middle schools into a single school at the Ayer Middle/High School facility. The Shirley Middle School building would be converted, with minimal renovation, to an elementary school for students from Shirley. The current Ayer Middle/High School facility would be used for the high school program. The Board recommends that, if a region is formed, a renovation/addition project be undertaken at the Ayer Middle/High School facility.

***b. Administrative Plan***

Merging the districts provides the opportunity to consolidate two administrative services into one, with elimination of duplicative positions. Restructuring the administration, combined with the required investments in operational management software to meet the capacity of the region, should streamline these services without diminishing their effectiveness. Some services (e.g., payroll and accounting, human resources, or technology maintenance) currently provided by or in partnership with the town offices would become the full responsibility of the regional district.

The Board recognized that the actual merger of the two districts would entail a process that should be carefully planned. Chapter 71 specifies that a school region is formed when an affirmative vote to adopt the Regional Agreement is taken by the member Town Meetings. The statutory “overnight” transition from local districts to a regional school district challenged the Board as it anticipated the operational merger. Chapter 71 clearly states the powers of the School Regionalization Planning Board, and they do not include making policy (i.e., establishing, appropriating, or implementing a regional budget). The districts educate around 1750 students and employ hundreds of people who deliver year-round services to students. Merging these operations responsibly requires careful planning and skilled executive management, so that impact on the operation is seamless and minimally disruptive to students, parents, and staff. Major decisions must be made in a process that includes key stakeholders like school administrators, employee unions, parent and service organizations, and the administrations of the member communities.

The central administration would consist of a superintendent, and assistant superintendent, a director of finance, a director of technology, and a director of pupil services. The assistant superintendent would direct curriculum and instructional services, including professional development, and the building principals and their assistants. The director of finance would manage most operations, including human resources, treasurer and accounting/payroll services, food services, transportation, and facilities and grounds maintenance. The director of technology would be responsible for business and instructional technology, including systems development and maintenance, data management, and hardware and software management. The director of pupil services would manage special education services, educational specialists, health services, and guidance.

The Regionalization Planning Board anticipated an 18-month transition period, during which the local school committees would continue to expend local school budgets and operate the schools. A transitional regional school committee would be empowered, composed from these elected officials, with weighted voting, as necessary, to ensure fair representation of each member community. This committee would employ the regional superintendent, who would hire key administrators. The details of the transition plan are found in **the Appendix**; the plan outlines the responsibilities that would be required for a successful transition. In order to facilitate the establishment of new school regions, the Massachusetts Board of Education amended their regulations in 2009 to allow a transitional region to co-exist with local schools during a specified transition period.

Along with building consolidation, discussed below, consolidation of administrative services generate reductions in fixed costs, and demonstrate opportunities related to appropriate scale of operations that are only available through merger. These funds would be redirected into direct student services.

***c. Operational Plan***

The region would continue the grade configuration in use in Ayer and Lunenburg:

The transition would require expenditure of funds above and beyond the local school district operating budgets, most significantly for salaries for hiring key administrative personnel (or temporarily filling positions vacated due to hiring into the regional structure). The Board created several versions of a budget for these expenditures before adopting a final budget of \$500,000, to be expended over FY2011. These expenditures include either one-time costs or short-term costs that would be absorbed into the costs of the new region. As an example, the administrative consolidation in the first year of regional jurisdiction would decrease costs because the local districts would be eliminated. However, the cost efficiencies produced by the regionalization would not be available for expenditure on administrative costs during the transitional period, because the local districts would require administrators during the transition period. **A mechanism for funding the transition by the Commonwealth that absorbs the financial risk or at least shares risk with the communities is recommended.** Requests for short-term support by the Commonwealth by appropriation or grant from federal stabilization funds for FY2011 are pending.

## C. Financial Analysis

### 1. Feasibility

#### *a. Methodology*

The Board developed a model that assumed the two towns were functioning as a region in FY2010 as it evaluated the financial feasibility of forming a regional district. A consultant was engaged to match the districts' salary scales for professional staff, and model them as if a region existed, using data provided by the superintendents. A second consultant created a model analysis of revenues and expenditures of the two towns that eliminated duplicated spending and matched sources of revenues, using 2010 data. Assumptions about revenues and expenditures were applied "as if a two-town region existed" with the current combined available resources. Costs and savings projected for year one, based on the educational, operational, and administrative plans, were then applied to the model. This allowed the Board to project whether revenues would be available to allow the feasibility and advisability criteria to be met. Both Towns currently meet or exceed the DESE Foundation Budget.

#### *b. Results*

The analysis demonstrated that if the two towns operated as a region using 2010 appropriated resources, implementing the projected initial year

changes for efficiency, the region would have had an estimated excess of revenues (greater than RLC) of \$1.4 million, with total expenditures of \$24.4 million. Because sustaining or improving educational opportunities is the impetus for forming a region, the Board ***strongly recommends*** that the towns commit to maintaining their present degree of support if a region is formed. This would enable the district to achieve more of the enhanced opportunities described above. While some or all of the savings driven by regionalization could be used to decrease the town's regional assessments, the Board strongly recommends against that course of action. The actual recommendation would rest with the Regional School Committee, and the decision would be made by the Town Meetings. This savings supports the advisability requirements that a region must generate the capacity to expend a greater proportion of its funds on direct student services than the individual districts combined, and be no more costly than the individual districts to operate.

The Board made several financial assumptions based on the best information available; however, they are predictive, and rely on decisions that will be made in the future by others. It is important to make them explicit, so the analysis and conclusions drawn can be interpreted in context.

- Revenues from all sources were accounted as if a region was in existence;
- The "cherry sheets" of the towns would change, and a region would have its own "cherry sheet":
  - Some revenues that currently come to the towns will be received by the region, by statute (Chapter 70, choice and charter funds)
  - Some charges currently made by the towns would be expended by the region, by statute (Chapter 70, choice, and charter funds)
- Anticipated regional transportation reimbursement payments were included as revenues in the 2010 analysis;
- All school-generated revenues that currently are in the town general funds, including Medicaid payments, would be transferred to the region;
- Some expenditures now made by the towns for the schools, but which are not included in the school appropriation, would be moved into the region's budget, and would be charged to the towns as part of the regional assessment;
- The total expenditure made by Shirley for high

school tuitions would be accounted only once, to Shirley; Ayer revenues and expenditures were reduced accordingly;

- All revenues for school choice currently transferred among the two districts would be eliminated;
- All school revolving funds would transfer to the region from the towns;
- Chapter 71 requires that no professional staff compensation may decrease because of regionalization; resulting contractual costs were estimated and applied;
- The costs and "savings" of implementing the operational plan for the consolidation of two middle schools were estimated and applied.

A detailed transportation plan was beyond the scope of the Board. The location and population of schools in a region will change in the first years of operation due to school consolidation, and information at a sufficient level of detail to generate a projection was not readily available. Elementary school transportation routes would be similar to current patterns.

## 2. Affordability: Assessment of Operational Costs

### a. Methodology

Whether a region would be affordable for the member towns also depends on how much each member pays. The regional school committee determines the annual budget, and each member town is assessed for its portion of payment, appropriated at its annual meeting. Regions also require the Towns' consent for borrowing, depending on the stipulations of the regional agreement, and the region assesses the towns for their payments for its borrowing. How the region assesses the members for its costs is determined by the Regional Agreement. The Board negotiated these provisions for the proposed Regional Agreement.

Chapter 71 provides two legal methods for regions to assess towns each year for the regional budget: the "statutory assessment method" and the "alternative assessment method." The regional agreement must specify how the statutory assessment will be calculated. DESE regulations (CMR 41) require the school committee to prepare three assessments: transportation, capital, and all "net school spending (NSS)" costs (which basically include everything else). Before calculating the assessment to the towns, these NSS costs are reduced by district revenues from sources other than property taxes. A subset of NSS costs is called the "Required Local Contribution (RLC)." This sum is annually established by the DESE as part of the Chapter 70 calculation process, and sets a lower

limit that the towns must contribute to schools by appropriation. When the statutory assessment method is used, each member town *must* pay its RLC. The rest of NSS expenditures ("excess greater than RLC"), capital, and transportation must be assessed according to the stipulations in the regional agreement.

In the regional agreement, the Board chose to treat transportation spending, the RLC, and the excess greater than RLC as a single "operational assessment;" and treated the capital assessment separately. The 2010 data model described above was used to project the effects of different assessment strategies, to facilitate decision-making. The analysis separated total actual 2010 spending by town and district into capital and operational categories. **Table 1** summarizes the components of the statutory assessment.

### Table 1. Components of Statutory Assessment

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#### TOTAL ASSESSMENT=OPERATIONAL + CAPITAL

##### Operational assessment set by DESE

- Required local contribution (RLC)

##### Operational assessment set by agreement

- All NSS costs in excess of RLC (less district revenues)
- Transportation

##### Capital assessment set by agreement

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### b. Results

**Table 2** shows the amounts that each town actually spent in 2010, assigned to operational and capital assessment categories **as if a region existed in 2010**. Expenditures currently attributed to schools which would remain with the town if a region is formed have been excluded from the totals. These include retiree insurance, some administrative functions paid from town budgets, existing debt service, and member vocational-technical school regional tuitions.

Revenues that would come to the region would include all Chapter 70, charter reimbursement, and school choice funds. The remainder of the total expended for schools would come from the assessment to the towns. Therefore, in the examples that follow, the "assessment" represents funds appropriated from property taxes or other town revenues. This perspective on regional revenues and expenditures allowed the Board to model and assess the impact of various strategies for assessment on the two towns.

**Table 2. Expenditures by Assessment Categories, by Current Resources, FY 2010**

Description	Ayer	Shirley	TOTAL
RLC	6,058,728	3,754,395	9,813,123
Excess>RLC	1,348,188	81,301	1,429,489
Transport	538,038	432,681	970,719
Capital	--	--	--
<b>Total</b>	<b>7,944,954</b>	<b>4,268,377</b>	<b>12,213,331</b>
<b>Percent of Total</b>	<b>65%</b>	<b>35%</b>	<b>100%</b>

The Board studied several ways of calculating how the towns could be assessed fairly while avoiding a dramatic increase in payments for any of the member towns from year to year, particularly in the initial years of operation

After modeling multiple assessment strategies for the operational components of the assessment, the Board agreed that using as a basis the proportion of total foundation enrollment attributable to each member town was the fairest way to assess costs. Foundation enrollment, validated and published annually by the DESE, includes all students whose educational costs are paid for by a district in the previous fiscal year. This would not include students educated for their member towns by regional vocational districts. **Table 3** shows the percent of total foundation enrollment attributable to the two towns, if a region existed in 2010.

**Table 3. FY 2010 Foundation Enrollment**

By comparing the statutory foundation enrollment percentage with the total percentage of all expenditures by assessment categories, one sees first that Ayer's expenditures exceed enrollments, and Shirley's enrollments exceed expenditures. Using foundation enrollment as the basis for assessments would challenge the town of Shirley to increase its portion of costs. The Board strove to consider how to manage this gradually so the impact of increasing to the foundation percentage would not be out of reach of the Shirley taxpayers, and would not significantly increase the burden for this impact on Ayer. The statutory assessment requires each town to pay the RLC, so that portion of the assessment is not negotiable. However, the portion of the operating assessment that is the excess greater than RLC (excess > RLC) presented the opportunity to "fine-tune" the assessment in the

initial years of operation to limit the amount of annual increase to Shirley. The Board agreed to a strategy for increasing, over a six year period, Shirley's share of the excess > RLC. The total excess for the Regional School District in FY 2010 would be \$1.4 million, equal to 12% of the total assessment. The strategy is detailed in the regional agreement, presented in Section Four of this report. **Table 4** shows how the Regional Agreement provisions would affect the assessment categories from Table 2, if 2010 were the region's first transition year.

**Table 4. Assessment by Regional Agreement, FY 2010**

Description	Ayer	Shirley	Total
RLC	6,058,728	3,754,395	9,813,123
Excess>RLC	792,320	637,120	1,429,489
Transport	538,038	432,681	970,719
Capital	--	--	--
<b>Total Reg. Assmt</b>	<b>7,389,086</b>	<b>4,824,245</b>	<b>12,213,331</b>

Description	Ayer	Shirley	Total
Foundation Enrollment	1,052	846	1,898
Enrollment Percentage	55%	45%	100%
<b>Percent of Total</b>	<b>60.5%</b>	<b>39.5%</b>	<b>100%</b>

### 3. Affordability: Assessment of Capital Facilities Costs

#### a. Methodology

The capital needs of the proposed region were also part of the financial analysis. The Regional Agreement assigns capital planning and budgeting for all facilities to the regional school committee; this allows for long-

term, coordinated facilities planning. This benefits the region by supporting predictability for member towns and cooperative operational budgeting for the region. The Regional School District would have authority to negotiate leases with the member towns for school facilities, and would own any schools it constructed. Costs for ordinary capital maintenance would be managed within the operating budget. The initial capital priorities for the region would be:

- Retrofit of the existing Shirley Middle School to an elementary school;
- Renovation and expansion of the Ayer Middle-High School to support the addition of Shirley's middle and high school students.

The Board met regularly, in person or by telephone, with MSBA staff to exchange information and requested an explicit commitment from them to move forward if a region is formed. The MSBA has assured the towns that the region would qualify for of a minimum reimbursement rate (using 2009 data) of 68% of allowable costs. The Board did not make a comprehensive long-term capital plan or expenditure model. Using this reimbursement rate, the Board did project the annual capital cost (excluding costs of borrowing) that would be appropriated from each member town.

***b. Results***

The Board agreed to assess capital costs based on each town's proportion of district foundation enrollment. The costs for a renovation/addition construction project at the Ayer Middle/High School are based on multiple factors, and cannot be projected for a project ahead of the late phase of design and bid document preparation. An estimate of \$36,000,000 was used as a possible project cost. Applying the MSBA's reimbursement percentage for the proposed region to this projection, the region's portion would be \$11.5 million. Using the

Regional agreement's capital assessment formula, the cost to each town for this projection would be as shown in Table 5.

**Table 5. FY 2010 Capital Assessment for a Hypothetical Regional High School Project: Total Costs 36 M (\$)**

<b>Ayer</b>	<b>Shirley</b>	<b>Total</b>
\$6.3 million	\$5.2 million	\$11.5 million
55%	45%	100%

**III. CONCLUSIONS AND RECOMMENDATIONS: APPLICATION OF CRITERIA**

The Board evaluated the feasibility and advisability criteria in the context of the proposed Regional Agreement, the findings of the community data, the proposed educational, administrative and operational plans, and the financial analysis. It concluded that a two-town region would meet all criteria.

The Board voted to recommend this region to the towns. As a result, it is expected that the option of a Regional School District to include the towns of Ayer and Shirley will be brought before the towns at a Special Town Meetings in the spring of 2010. The Board is in agreement that an Ayer/Shirley Regional School District would serve the interests of students well, would sustain or improve their programmatic opportunities, and would provide a high school facility consistent with the needs of 21st century education.

# The Regional Agreement

The Regional Agreement was developed by the RPB with the assistance of Mr. Ed Lenox, of Murphy, Hesse, Toomey, and Lehane, LLC. Regulations (at CMR 41.00) address the content of a Regional Agreement, and Ms. Christine Lynch of the Massachusetts DESE provided specific written guidance to the Board about requirements for the Agreement. A Regional Agreement must undergo review and approval by DESE; ideally this is done before it is brought to a popular vote.

This chapter presents the Regional Agreement as developed in the final form adopted by the RPB in December 18, 2009, with discussion for clarification of the legal language, when appropriate. Much of the language is “boilerplate,” referencing (as appropriate) statutory powers and obligations of the regions and the towns. Significant phrases have been highlighted in some sections.

## Agreement Between the Towns of Ayer and Shirley With Respect to the Formation of a Regional School District

Whereas the Towns of Ayer and Shirley (hereinafter referred to as “the member towns”) for good and substantial reasons desire to create a regional school

district consistent with the terms of Chapter 71 of the General Laws of Massachusetts, as amended, the member towns, in consideration of the mutual promises contained herein, agree as follows:

### Section I – Type of District

The regional school district (hereinafter referred to as “the District”) shall provide educational programs for public school students who reside in the member towns and who are attending grades pre-kindergarten through and including grade 12. The Regional School District Committee (hereinafter referred to as “the Committee” or as the “Regional School Committee”), as established consistent with Section III below, is authorized in its discretion to establish and maintain other educational programs, including but not limited to vocational-technical educational programs consistent

with Chapter 74 of the General Laws of Massachusetts, and is authorized in its discretion to join or to form educational collaboratives consistent with Chapter 40, Section 4E of the General Laws of Massachusetts.

## Section II – Location of Schools

There shall be located in each of the member towns at least one elementary school, with grade configurations to be established by the Committee. The grade configurations of the middle school(s) and high school(s) of the District shall be established by the Committee, and the location of said middle school(s) and high school(s) will be as determined by the Committee, although said location will be within the member towns. Generally, students in the elementary grades will be assigned to the elementary school within the town in which that student resides. The school buildings may either be owned by the District or leased from the member towns under terms and conditions that will be expressed in lease agreements.

## Section III – The Regional School District Committee

- A. Composition of the Committee. The Committee will be composed of six (6) members. Because of the closeness in size of the two member towns at the time of the formation of the District, based upon the most recent United States census estimates, three (3) of said members must reside in the Town of Ayer and will be elected by the voters in said town, and three (3) of said members must reside in the Town of Shirley and will be elected by the voters in said town. During fiscal year 2011, members of the Ayer School Committee and members of the Shirley School Committee will be

eligible to serve, if elected by the voters of their town, on the Regional School Committee.

- B. Allocation and Weight of Votes. Each member of the Committee shall have one vote, and each vote shall be of equal weight unless and until a shift in the respective populations of the member towns, based on the then-current United States census estimates, causes an impermissible disparity based on one-man, one-vote principles. This population review will occur every five (5) years, with the first review occurring during fiscal year 2015. If an impermissible disparity develops, the Committee will act to address the disparity.
- C. Election of Members. Each member must reside in the town which she or he represents. Each member must be elected consistent with the process for the election of town officials in said town and will be elected to open seats during the annual election or special election in said town. The term of each elected member will begin on the first business day after his or her election and after being sworn in by the respective Town Clerk. A member who has not otherwise vacated his or her seat will continue to serve until his or her successor is elected and sworn.
- D. Length of Terms. Each member will serve a three (3) year term, with the terms staggered so that at least one (1) member representing each member town will be elected each year.
- E. Initial Staggering of Terms. For the purpose of staggering the terms of the initial Regional School District Committee only, the following will apply. In regard to each of

the member towns, the candidate receiving the highest number of votes will be elected to a three (3) year term, the candidate receiving the second highest number of votes will be elected to a two (2) year term, and the candidate receiving the third highest number of votes will be elected to a one (1) year term.

- F. Vacancies. If for whatever reason a vacancy on the Committee occurs, including a situation in which no candidate is elected at a particular election, the following process will be followed. The members of the Board of Selectman of the town in question will meet in joint session with the remaining members of the Regional School Committee who represent that town in order to appoint someone who resides in that town to serve until the next annual election. At that next annual election, a person will be elected to serve the balance of the unexpired term which had become vacant.
- G. Quorum. A quorum shall exist when a majority (i.e., more than 50%) of the six (6) members of the Committee are present. At a meeting where there is no quorum, or where the quorum is lost, the remaining members may vote to adjourn but may take no other action.
- H. Actions by Majority Vote. Except where otherwise provided by statute or by the terms of this Agreement, actions will be taken by majority vote. For these purposes a majority vote shall mean an affirmative vote by more than half of the members who are present and voting on the particular matter at a properly called meeting for which a quorum is present. Consistent with the terms of G.L. chapter 71, section 16B, a two-thirds vote of all of the Committee's members will be necessary to approve the District's annual

budget and to apportion among the member towns the amounts necessary to be raised to support said budget.

- I. Election of Committee Officers. The Committee shall annually elect a chairperson and a vice chairperson from among the Committee's membership. The Committee will have as a standard that the position of chairperson will rotate annually between the member towns. For example, in the first year that the District is in existence, the chairperson will be elected without regard for where s/he resides. In year two, however, the chair will be elected from members who reside in the other member town. This rotation will then be maintained in future years. By a two-thirds vote, the Committee may in any given year deviate from this standard regarding the rotating chairmanship. The vice chairperson in any given year will be drawn from those members who reside in the member town different from where that year's chairperson resides. The Committee will also appoint a treasurer who will not be a member of the Committee, and the Committee will also appoint a secretary who may or may not be a member of the Committee. The election of such officers will occur at the Committee's first regularly scheduled meeting held after the last of the annual elections in the member towns. Such officers will exercise the powers expressed and implied in G.L. chapter 71, section 16A.

#### Section IV – Powers of the Committee

The Committee shall possess all of the powers conferred by law upon regional school committees via G.L. chapter 71, section 16 and otherwise, including but not limited to the power to acquire property and/or to enter into leases for land and/or

buildings. During fiscal year 2012, the Committee will have the power to perform all of the end of the year reporting functions that normally would have been performed by the Ayer School Committee and the Shirley School Committee.

Section V- Development of the District's Budget

The Committee shall annually determine the District's budget consistent with the timelines, terms, and requirements in G.L. chapter 71, section 16B, and consistent with regulations promulgated by the Department of Elementary and Secondary Education. The Committee will hold a public hearing on its budget consistent with G.L. chapter 71, section 38N. The apportionment of the costs appearing in said budget will be calculated consistent with Section VI of this Agreement.

Section VI – Apportionment of Costs Incurred By the District

- A. Classification of Costs. For the purpose of apportioning costs assessed by the District against the member towns, costs shall be divided into two categories: operating costs and capital costs.
- B. Operating Costs. Operating costs shall include all costs not included in capital costs as defined in subsection VI, C below. Without limiting the generality of the preceding sentence, the following shall be classified as operating costs: salaries, wages, supplies, textbooks, ordinary repairs and maintenance, interest on temporary notes issued by the District in anticipation of revenue, and other costs incurred in the day to day operation of District schools.
  - 1. Assessment of Operating Costs. For each fiscal year, the assessment of operating

costs for each member town will be the sum of the following: (a) the member's required local contribution to the District as determined by the Commissioner; (b) the member's share of that portion of the District's net school spending, as defined by G.L. chapter 70, section 2, that exceeds the total of the required local contributions for all members; and (c) the member's share of costs for transportation and all other expenditures (exclusive of capital costs as defined under Section V,C below) that are not included in the District's net school spending. A member's share of (b) and (c) above will be calculated on the basis of "foundation enrollment" as defined in G.L. chapter 70, section 2 based upon a five year rolling average. That is, for any fiscal year a member will pay the same percentage of (b) and (c) above as that member's foundation enrollment for the preceding five years relates to the foundation enrollment for the entire District during those five years when the foundation enrollment figures for those five years are averaged.

- 2. Transitional Assessment of Operating Costs. In order to somewhat cushion the initial financial impact that the creation of the District may have on a member town, the following approach will be utilized in the first years of the District's existence in computing each member's share of the District's net school spending that exceeds the total of the required local contributions for all members (i.e., (b) in the preceding paragraph).
  - a. The fiscal year prior to the effective date of the creation of the District will, for purposes of this subsection, be termed the "base year."
  - b. The non-capital school costs in each of the member towns for the

base year will, for purposes of this section, be termed the “base year current resources.”

c. The District’s net school spending that exceeds the total of the required contributions for all members will, for purposes of this subsection, be termed the “total excess.”

d. In determining the assessments for the first fiscal year of the District’s existence, the percentage of the total excess that each member will be assessed will be the same percentage that the member’s base year current resources was to the sum of the members’ base year current resources.

e. In determining the assessments for the second fiscal year of the District’s existence, each member’s share of the total excess will be initially calculated using the method appearing in subsection VI,B,1. If for any member the dollar amount of said assessment is greater than the dollar amount that the assessment would have been if the percentages expressed in paragraph d (above) had been used, that member will, for this second fiscal year, be assessed no more than twenty (20%) percent of this increased dollar amount. The other member’s assessment for the total excess will be increased accordingly.

f. In determining the assessments for the third fiscal year of the District’s existence, each member’s share of the total excess will be initially calculated using the method appearing in subsection VI,B,1. If for any member the dollar amount of said assessment is greater than the dollar amount that the assessment would have been if the percentage expressed in paragraph d

(above) had been used, that member will, for this third fiscal year, be assessed no more than forty (40%) percent of this increased dollar amount. The other member’s assessment for the total excess will be increased accordingly.

g. In determining the assessments for the fourth fiscal year of the District’s existence, each member’s share of the total excess will be initially calculated using the method appearing in subsection VI,B,1. If for any member the dollar amount of said assessment is greater than the dollar amount that the assessment would have been if the percentage expressed in paragraph d (above) had been used, that member for this fourth fiscal year will be assessed no more than sixty (60%) percent of this increased dollar amount. The other member’s assessment for the total excess will be increased accordingly.

h. In determining the assessments for the fifth fiscal year of the District’s existence, each member’s share of the total excess will be initially calculated using the method appearing in subsection VI,B,a. If for any member the dollar amount of said assessment is greater than the dollar amount that the assessment would have been if the percentage expressed in paragraph d (above) had been used, that member for this fourth fiscal year will be assessed no more than eighty percent (80%) of this increased dollar amount. The other member’s assessments for the total excess will be increased accordingly.

i. . For the sixth fiscal year of the District’s existence, and for each year

thereafter, unless this Agreement is otherwise amended, each member's share of the total excess will be calculated using the method appearing in subsection VI,B,1. During the sixth fiscal year of the District's existence, the Committee, as part of its periodic review of this Agreement (spoken to in Section XIV), will review the apportionment language contained in this Section VI.

C. Capital Costs. Capital costs will include capital outlay appearing in the 7000 DESE function codes. Capital costs also include principal and interest debt service. Instructional capital expenditures which qualify under net school spending are not included under capital costs and instead are included as an operating cost.

A. Assessment of Capital Costs

a. General Standard. With the exception of assessments for the payment of principal and interest debt service, all assessments of capital costs, regardless of the regional facility to which the capital cost is associated, will be computed based on the approach and formula set out in subsection b below.

b. Approach and Formula. During the development of each fiscal year's budget, the total capital costs, exclusive of principal and interest debt service payments, for the year in question will be identified. Each member town will then be assessed a percentage of that total capital cost. One-half of each town's percentage will be based upon "foundation enrollment" as defined in G.L. chapter 70, section 2, based upon a five year rolling average. That is, for the year in question one-half of a given town's

capital assessment will be based upon the percentage that that member's foundation enrollment for the preceding five years relates to the foundation enrollment for the entire District during those preceding five years when the foundation enrollment figures for those five years are averaged. The other half of each town's percentage of the total capital cost will be based upon the "combined effort yield" as defined and calculated by the Department of Elementary and Secondary Education, based upon a five year rolling average. That is, for the year in question the other half of a given town's capital assessment will be based upon the percentage that that member's combined effort yield for the preceding five years relates to the combined effort yield for the entire District, when the combined effort yield figures for those five years are averaged.

c. Assessment of Principal and Interest Debt Service. Debt service payments (both principal and interest) which are attributable to facilities that are under the custody and control of the District, regardless of whether they are owned by the District or leased to the District, will be assessed to the member towns using the following approach. The number of students who reside in each of the member towns who are assigned to the facility in question during the year in which the budget is developed will be identified. Each member town will then be assessed a percentage of the debt service payments attributable to that facility. This percentage will be the same as the percentage that the number of students from that town who are enrolled in the facility in

question bears to the total enrollment in that facility.

#### Section VII – Payment of Apportioned Costs

Each member town shall pay to the District in each year its apportioned costs, assessed as provided in Section VI. Within thirty (30) days of the completion of the annual budget process, or June 30, whichever occurs first, the District treasurer shall notify the member towns of their assessment and the assessment payment schedule for the next fiscal year. The annual assessment of each member town shall be paid as follows:

- A. Each member town will pay to the District one-twelfth of its annual assessment of operating costs and non-debt capital costs, as defined in Section VI, on or before the fifth of each calendar month.
- B. Each member town will pay to the District its apportioned share of debt service, both principal and interest, no less than fourteen (14) days prior to the debt service payment due date.

#### Section VIII- Excess and Deficiency Fund

The District will maintain a so-called “Excess and Deficiency Fund” which shall be administered consistent with directives from the Department of Revenue and consistent with the terms of G.L. chapter 71, section 16B1/2.

#### Section IX – Revolving Funds and Existing Equipment and Supplies

At the time of the creation of the District, any and all money held in so-called “revolving funds”, in gift accounts, in grant accounts, or in student activity accounts/funds that are held by the member towns for the benefit of their respective school departments will be conveyed to the District to be utilized for educational and/or extracurricular purposes consistent with the purposes for which the revolving funds or accounts were created. Additionally, school-related equipment and supplies that are owned by the school departments of the member towns at the time of the creation of the District will be conveyed to the District.

#### Section X – Incurring of Debt

The District School Committee is empowered to incur debt consistent with the terms and conditions of G.L. chapter 71, section 16. Except for the incurring of temporary debt in anticipation of revenue, for an issuance of debt which is less than two percent (2%) of the District’s total annual budget in the fiscal year in which the Committee votes to incur the debt, the process that appears in subsection (d) of chapter 71, section 16 will be followed. For an issuance of debt equal to or greater than two percent (2%) of the District’s total annual budget in the fiscal year in which the Committee votes to incur the debt, the process that appears in subsection (n) of chapter 71, section 16 will be followed. Notwithstanding the above, the Committee by majority vote may choose to follow the process that appears in subsection (n) of chapter 71, section 16 for an issuance of debt which is less than two percent (2%) of the District’s total annual budget in the year in which the Committee votes to incur the debt.

#### Section XI – Annual Report

The Committee shall submit an annual report to each of the member towns consistent with G.L. chapter 71, section 16 (k).

### Section XII – Withdrawal of Member Towns

In the event that a member town decides to seek to withdraw from the District, the following procedures and requirements will apply:

A. Vote Expressing Desire to Withdraw. Any member town seeking to withdraw from the District shall, by vote at an annual or special town meeting, request the Committee to formulate an amendment to this Agreement setting forth the terms under which the town may withdraw from the District. No withdrawal will take effect on other than July 1 of a given year and the vote spoken of in the preceding sentence, as well as the notification to the District consistent with paragraph B below, as well as the submittal of a long range education plan consistent with paragraph C below, must all occur no less than two (2) years prior to the desired date of withdrawal.

B. Notice. The clerk of the town seeking to withdraw shall, within seven (7) days of the vote, notify the Committee chairperson as well as the District's superintendent in writing that the town has voted to request the Committee to formulate an amendment to the Agreement setting forth the terms for withdrawal. The clerk will provide a certified copy of the vote with the notification.

C. Long Range Education Plan. No less than two (2) full years prior to the desired date of withdrawal, the town

seeking to withdraw, in addition to the other requirements spoken to in paragraph A above, will submit to the Commissioner of Elementary and Secondary Education (hereinafter "the Commissioner") and to the District a "Long Range Education Plan" consistent with 603 CMR 41.02(2). The Long Range Plan will address, in addition to any other factor required by the Commissioner, the following: the expected educational benefits of reorganization; the current and projected enrollments; an inventory of all educational facilities under the jurisdiction of the District; the proposed administrative structure; the fiscal ramifications of withdrawal upon the withdrawing town as well as the other member towns in the District; the geographical and physical characteristics of the area; and the effect that withdrawal will have on student transportation.

D. Requirements. In addition to other terms and requirements which the Committee may include in the amendment, the town seeking to withdraw will be responsible for the following: (1) payment of all operating costs for which it is liable as a member of the District; (2) continuing payments beyond the time of withdrawal to the District for the town's share of the indebtedness of the District which is outstanding at the time of such withdrawal, and for interest thereon, to the same extent and in the same manner as though the town had not withdrawn from the District; and (3) for the costs, including legal fees, that accrue to the District as a result of the withdrawal process.

E. Approval of Withdrawal. A request to withdraw shall become effective only if the amendment to the Agreement is approved by vote of the Committee, is approved by the Commissioner, and is approved by majority vote at an annual or special town meeting in the town seeking to withdraw and in each of the other member towns, and the withdrawal can become effective no less than one full year after the completion of these requirements.

#### Section XIII – Admission of Additional Towns

Additional towns may apply for admittance to the District, although no admittance will occur on a date other than July 1 of a given year. Towns applying for admission must submit to the Committee a Long Range Education Plan consistent with the terms of Section XII, subsection C of this Agreement. If the Committee so chooses, it may then vote to seek approval from the Commissioner of the proposed admittance of a new member consistent with the terms of 603 CMR 41.00. If the approval of the Commissioner is obtained, the Committee will then formulate an amendment to this Agreement, setting forth the terms upon which the new member will be admitted. Such terms will include, without being limited to, “buy-in” payments by the new town to reflect capital costs that have previously been incurred by the member towns, and will include an ongoing assessment for existing debt service. No admittance of a new town will occur unless the amendment to the Agreement is approved by vote of the Committee, is approved by the Commissioner, and is approved by majority vote at an annual or special town meeting in the town seeking admittance and in each of the other member

towns, and no admittance of a new town will become effective any less than one full year after the completion of these requirements.

#### Section XIV- Review of Agreement

At least every five years, the Committee will undertake a review of the terms of this Agreement. The first review of this Agreement will occur no later than fiscal year 2015. Proposals for amendments to this Agreement will be processed consistent with Section XV.

#### Section XV – Amendments to Agreement

A. Limitation: This Agreement may be amended from time to time in the manner hereinafter provided, but no amendment shall be made which shall substantially impair the rights of the holders of any bonds or notes or other evidences of indebtedness of the District which are then outstanding, or the rights of the District to procure the means for payment thereof, provided that nothing in this section shall prevent the admission of a new town or towns to the District consistent with the term of this Agreement, and nothing in this section shall prevent the reapportionment, resulting from said admission of a new town, of capital costs of the District represented by bonds or notes of the District then outstanding and of interest thereon. All amendments are subject to the approval of the Commissioner.

B. Procedure: Any proposal for amendment, except a proposal for amendment providing for the withdrawal of a member town (which

shall be acted upon as provided in Section XII), and except for a proposal for amendment providing for the admittance of a new member (which shall be acted on as provided in Section XIII), may be initiated by a two-thirds vote of all members of the Committee or by a petition signed by 10 percent of the registered voters of any one of the member towns. In the latter case, said petition shall contain at the end thereof a certification by the town clerk of such member town as to the number of registered voters in said town according to the most recent voting list and the number of signatures on the petition which are the signatures of registered voters of said town, and said petition shall be presented to the secretary of the Committee. In either case, the secretary of the Committee shall mail or deliver a notice in writing to the board of selectmen of each of the member towns that a proposal to amend this Agreement has been made and shall enclose a copy of such proposal (without the signatures in the case of a proposal by petition). The selectmen of each member town shall include in the warrant for the next annual town meeting, or a special town meeting called for this and/or other purposes, an article which states the proposed amendment or the substance thereof. Such amendment shall take effect upon its acceptance by all of the member towns, acceptance by each town to be by a majority vote at a town meeting as aforesaid.

#### Section XVI – Severability

Consistent with G.L. chapter 71, section 16I, if any provision of this Agreement is found to

be invalid, the remainder of this Agreement shall not be affected thereby.

#### Section XVII – Transition Period

As part of the approval of this Agreement and of the regional school district created by this Agreement, the member towns as well as the Commissioner will be taken to have approved a transition period, consistent with 603 CMR 41, which will extend from the date of voter approval of the regional school district until the end of the fiscal year following the fiscal year in which the vote to approve the creation of the district was taken. During this transition period, the existing local school committees will continue in existence and will continue to operate the schools of the member towns subject to the restrictions spoken to in this Section XVII (hereinafter “this section”). During this transition period, and prior to the seating of the Regional School Committee on July 1, 2010, a transitional regional school committee will be formed consistent with this section which will exercise powers expressed in this section. Upon the seating of the Regional School Committee on July 1, 2010, the Regional School Committee will exercise the powers expressed in this section for the remainder of the transition period.

A. Composition of the Transitional Regional School Committee. As soon as possible after the approval by the voters of this Agreement, a transitional regional school committee (hereinafter “TSC”) will be formed which will be comprised of six (6) members, two (2) of which will be drawn from the members of, and selected by vote of, each of the local school committees of Ayer and Shirley. Each of these local school committees will also appoint one additional citizen who resides in their

respective town and who is not a member of the local school committee to serve on the TSC. During that part of the transition period when the TSC is in existence, should any of the members of the TSC resign from membership on the TSC or become ineligible for membership on the TSC (e.g., by leaving the membership of the local school committee or by moving from their respective town) the local school committee will vote a replacement. If the vacancy is caused by one of the members of a local school committee leaving the TSC, then the replacement will be chosen from among the remaining members of that local school committee. If the vacancy is caused by one of the “citizens” leaving the TSC, then the respective local school committee will appoint another citizen of the town who is not a member of the local school committee as the replacement.

B. Quorum. A quorum shall exist when a majority (i.e., more than 50%) of the six (6) members of the TSC are present. At a meeting where there is no quorum, or where the quorum is lost, the remaining members may vote to adjourn but may take no other action.

C. Election of Officers. The TSC will elect officers consistent with subsection III, I except that the TSC officers so chosen will serve throughout that part of the transition period that the TSC is in existence.

D. Powers of the TSC and of the Regional School Committee During the Transition Period. During the transition period, the TSC (until June 30, 2010) and the Regional School Committee (from July 1, 2010 to June

30, 2011), shall possess all powers, subject to the availability of funds necessary for the exercise of such powers, necessary for the planning and implementation of the regional school district, including but not limited to the following:

1. The power to receive funds from the Commonwealth as well as appropriations, grants, and gifts from other sources. This is not intended to alter the fact that during the transition period other funds from the Commonwealth will continue to flow to the member towns and their individual school departments.
2. The power to establish and adopt policies for the regional school district.
3. The power to employ a superintendent, treasurer, chief financial officer, and director of special education, as well as the power to authorize the superintendent to employ other personnel as needed.
4. The power to contract for and/or purchase goods and services, as well as the power to enter into leases and other agreements with the member towns, collaboratives, vendors, and other agencies and parties, with all of these powers being able to be exercised on behalf of the regional school district.
5. The power to adopt budgets for the region for the transition period and for the first year of the regional school district,

and to assess the member towns for these budgets.

6. The power to negotiate and to enter into collective bargaining agreements, which will take effect no sooner than the inception of the regional school district.

7. The power to appoint a Regional School Building Committee.

8. The power to develop and adopt a strategic plan for the regional school district.

9. The power to appoint subcommittees.

E. Relationship Between the TSC and the Local School Committees, and Between the Regional School Committee and the Local School Committees, During the Transition Period. During the transition period, the local school committees of the member towns may not make decisions that will financially obligate or legally encumber the regional school district without ratification by the TSC or, after June 30, 2010, by the Regional School Committee. In addition, the local school committees will comply with the following during the transition period:

1. No building projects will be undertaken and no building closures will occur unless ratified by the TSC or, after June 30, 2010, by the Regional School Committee.

2. Program offerings will remain substantially the same.

3. No school choice openings will be filled except with the approval of the TSC or, after June 30, 2010, by the Regional School Committee.

4. The school administration of the local school districts will cooperate with the regional administration in terms of information sharing and in terms of the transfer of control during the transition.

5. During the period July 1, 2010 to June 30, 2011 the Regional School Committee will assume responsibility for the transportation of the regular education students (i.e., not the special education students or the vocational education students) who reside in Ayer or Shirley and who are enrolled in the Ayer or Shirley Public Schools. During 2010 – 2011, the Ayer School Committee and the Shirley School Committee will each pay an assessment to the Regional School Committee of an amount equal to the cost of said transportation for their respective regular education students. The Regional School Committee will have the option of designating the Ayer School Department, the Shirley School Department, or both, as its financial agent(s) for purposes of processing invoices and payments for said transportation.

F. Termination of TSC. The TSC will exist until midnight on June

30, 2010, at which time the Regional School Committee will assume jurisdiction of the regional school district for the balance of the transition period and thereafter. The Regional School Committee will be deemed to be the legal successor to the TSC for purposes of all contracts, collective bargaining agreements, other agreements, and leases that have been entered into by the TSC.

# Appendices:

1. Educational Plan
2. Organizational Plan
3. Administrative Plan
3. Transition Plan
5. Financial Plan
6. Transition Budget
7. Enrollment Report
8. Steps to Forming a School Region
9. Letter from Massachusetts School Building Authority
11. Treasurer's Report
10. NESDEC Report