

Belmont Public Schools
Article 18
Special Education Reserve Fund

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**TOWN MEETING
JUNE 7, 2017**

The District is Capitalizing on New Legislation Enacted in FY17

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- **Municipal Modernization Act (Chapter 218 of the Acts of 2016)**
 - Signed by Governor Baker on August 9, 2016
 - Four goals of the Act
 - ✦ Eliminate and update obsolete laws
 - ✦ Promote local independence
 - ✦ Streamline municipal interaction with the State
 - ✦ Provide municipalities with greater flexibility to do their jobs on a day-to-day basis
 - The Act creates a Special Education (SPED) Reserve Fund (MGL C 40A, § 13E)

DOR/DLS City & Town – August 18, 2016

<http://www.mass.gov/dor/docs/dls/city-town/2016/16ctown-aug18.pdf>

SPED Reserve Fund Language (Full Text)

- **Massachusetts General Laws, Chapter 40A, § 13E** - School district reserve funds to pay for unanticipated or unbudgeted costs for special education, out-of-district tuition or transportation
- Section 13E. Any school district which accepts this section, by a majority vote of the school committee and a majority vote of the legislative body or, in the case of a regional school district by a majority vote of the legislative bodies in a majority of the member communities of the district, may establish and appropriate or transfer money to a reserve fund to be utilized in the upcoming fiscal years, to pay, without further appropriation, for unanticipated or unbudgeted costs of special education, out-of-district tuition or transportation. The balance in such reserve fund shall not exceed 2 per cent of the annual net school spending of the school district.
- Funds shall only be distributed from the reserve funds after a majority vote of the school committee and a majority vote of the board of selectman...
- The district treasurer may invest the monies in the manner authorized in section 54 of chapter 44 and any interest earned thereon shall be credited to and become part of the fund.

SPED Reserve Fund (Summary)

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- **Massachusetts General Laws, Chapter 40A, § 13E Highlights**

- Fund established by vote of the School Committee and by vote of Town Meeting
- Fund to be used to pay for extraordinary SPED out-of-district or transportation costs
- Release of funds to pay for expenses is authorized by vote of the School Committee and by vote of the Board of Selectmen
- Any balance in the fund can carry into future fiscal years and remains in the fund until needed and expended
- Fund balance cannot exceed 2% of annual net school spending (approx. \$1M)
- Any interest earned becomes part of the fund

How is the new SPED Reserve Fund different from the SPED Stabilization Fund that already exists?

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- **Existing SPED Stabilization Fund requires (2/3) vote of Town Meeting to release funds**
 - Those votes are held in May or June
 - May/June votes mean budget freezes starting between October and January
 - Purchases of materials and supplies for the classroom and other School operational expenses are held and/or not made
- **New SPED Reserve Fund requires vote of the School Committee and vote of the Board of Selectmen to release funds**
 - Votes can be done early enough in the school year to prevent freezes
 - Early approval of Reserve funds allows the district to “hold the classroom harmless”
 - Provides staff at all levels within school departments with greater flexibility to ensure normal operations on a day-to-day basis, than what is provided by the existing SPED Stabilization Fund

DESE Guidance

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- The Massachusetts Department of Elementary and Secondary Education (DESE) has provided guidance on creating the Special Education Reserve Fund
 - Once the fund is established, the school committee may include a separate line item in their annual budget request to appropriate monies into the stabilization fund.

<http://www.doe.mass.edu/finance/circuitbreaker/stabilization.html>

How is the FY18 School Budget Affected?

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- At its May 23 meeting, School Committee voted to add a SPED Reserve Fund line item in the FY18 Draft 3 Budget
 - The only change from FY18 Draft 2 Budget (voted on April 25) is the additional line item for a Special Education Reserve Fund, which is funded at zero for FY18
 - No funding identified for the SPED Reserve Fund at this time
 - Line item is in anticipation of favorable Town Meeting vote to establish the fund (second of two votes after the School Committee vote), in accordance with DESE guidance

Next Steps

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- The Belmont School Committee and School Department are recommending and requesting a positive vote from Town Meeting to create the SPED Reserve Fund
- If the SPED Reserve fund is approved by Town Meeting; the Town, the School Committee and the School Department will need to identify funding for the account including:
 - When to fund account
 - What initial amount will be funded
 - From what source(s) will the account be initially funded