

Andover School Operating Budget: Overview and Process

February 2020

Summary

A recommended operating budget for Andover Public Schools is determined each year by the School Committee in close consultation with the Superintendent of Schools. The Committee also works with the Town Manager, Select Board, and Finance Committee to understand revenue and expenses throughout the town in order to make responsible judgments about the appropriate level of school budget. The standard timeline for this process can be found at the end of this document.

Once the School Committee passes a recommended budget, it is brought to voters for approval at Town Meeting. The Andover Select Board and Finance Committee also review the proposed school budget, and decide whether to recommend approval or disapproval to voters at Town Meeting.

The fiscal year 2021 (FY21) APS budget will be adopted only after voter approval at Andover's next Town Meeting on April 27, 2020. The fiscal year for Andover Public Schools aligns with that of the state, and begins each year on July 1st.

State Aid to the Budget: Chapter 70 Aid

Funding for education aid – commonly referred to as Chapter 70 – is part of the annual state budget. It is allocated to each individual town from the Department of Secondary and Elementary Education (DESE) based on a formula. You can find the inputs to the formula and the full [Chapter 70 calculations](#) on the DESE website.

Chapter 70 aid is the Commonwealth of Massachusetts' primary program for distributing its portion of K-12 public education funding to the state's local and regional school districts. The Chapter 70 formula strives to be equity-based, and attempts to ensure that each school district has sufficient resources to provide an adequate education for all of its students, taking into account the ability of each local government to contribute. In short, the formula is designed to have an equalizing effect, with less affluent districts receiving more state aid than more affluent ones. Because of Andover's relative affluence, Chapter 70 aid represents only about 12% of the School Department's annual operating budget.

In Andover, Chapter 70 aid is not provided directly to the school department. It is included as one of several line items in revenue receipts to the Town of Andover from the state, along with other smaller aid amounts (such as aid for general government spending, veteran's benefits, library assistance, Chapter 90 roadway programs, etc.). You can find information on the state

receipts to each town published in “[cherry sheets](#)” and on the [Chapter 90](#) pages of the Department of Revenue website.

Chapter 70 Aid in the Andover Operating Budget

Chapter 70 aid is an important input to the school budget; however, the final allocation of aid for any fiscal year is not determined until after the state budget is passed by the legislature in both the House and Senate, and then signed by the Governor. This typically occurs in the summer and, importantly, after Andover voters have already set the school budget at Annual Town Meeting. Because of this timing, the APS budget at Town Meeting relies on an assumption of Chapter 70 aid made in early versions of the state budget, most notably the Governor’s budget proposal that is generally released in January.

In some years, including during the winter of 2019 in preparation for the FY20 budget, the amount of Chapter 70 planned to Andover in the state budget is higher than the Town Manager has assumed in his initial budget recommendation. This has caused the School Committee to engage in assertive discussions with town leadership to support a higher-than-typical increase in funding to the schools. For FY20, the Committee was successful in passing a school budget that was more than \$500,000 higher than originally anticipated because of higher-than-expected Chapter 70 aid.

However, the opposite has happened during FY21 budget preparation: Chapter 70 is expected to be approximately \$300,000 lower than what was assumed in an early version of the Town Manger’s budget recommendation. For this year, the Committee worked with the Town Manager to examine assumptions in the budget that allowed this gap to be closed responsibly while maintaining the Town Manager’s initial recommended 3.86% increase in FY21 school operating budget.

General Timeline of APS Operating Budget Development

The process for developing the Andover school operating budget is relatively consistent from year to year:

- **September and October:**
 - Develop understanding of town-wide revenue and expense situation (e.g., free cash and new growth certified)
 - Select Board sets the tax rate for current fiscal year based on spending approved at previous Annual Town Meeting (April/May) and actual revenue numbers from the state. This sets parameters (such as maximum levy capacity) for the next fiscal year
 - Assumptions and projections for next year’s budgets are built
- **November:** Operating budget planning

- School Committee discussion of budget assumptions
- Superintendent works with school departments, schools, and Principals to understand budget requests
- **December:** Initial presentation(s) of school budget priorities by Superintendent to School Committee
- **January:** In-depth discussions of budget needs and priorities
 - **Early and Mid-January:** School Committee hears budget requests from school departments and other support functions
 - **Late January:** Governor presents initial state budget recommendation, including projection for Chapter 70 aid
 - **End of January:** School Committee votes on initial school budget number and sends to the Town Manager
- **Early February:** Town Manager releases initial budget recommendations for all departments, including the school department
- **February, March and April:** Refinement of school budget, as necessary
- **March:** Formal school department budget hearing and Tri-Board meeting (School Committee, Select Board, Finance Committee) to discuss operating budgets
- **Late April or early May:** Budgets presented to voters for approval at Annual Town Meeting
- **Summer:** State budget is passed and state receipts and charges (including Chapter 70) are solidified

Note: The Capital Improvement budget follows a separate timeline and is generally complete before January 1st, which allows insertion of capital articles into the Town Meeting warrant prior to the warrant closure in late January.