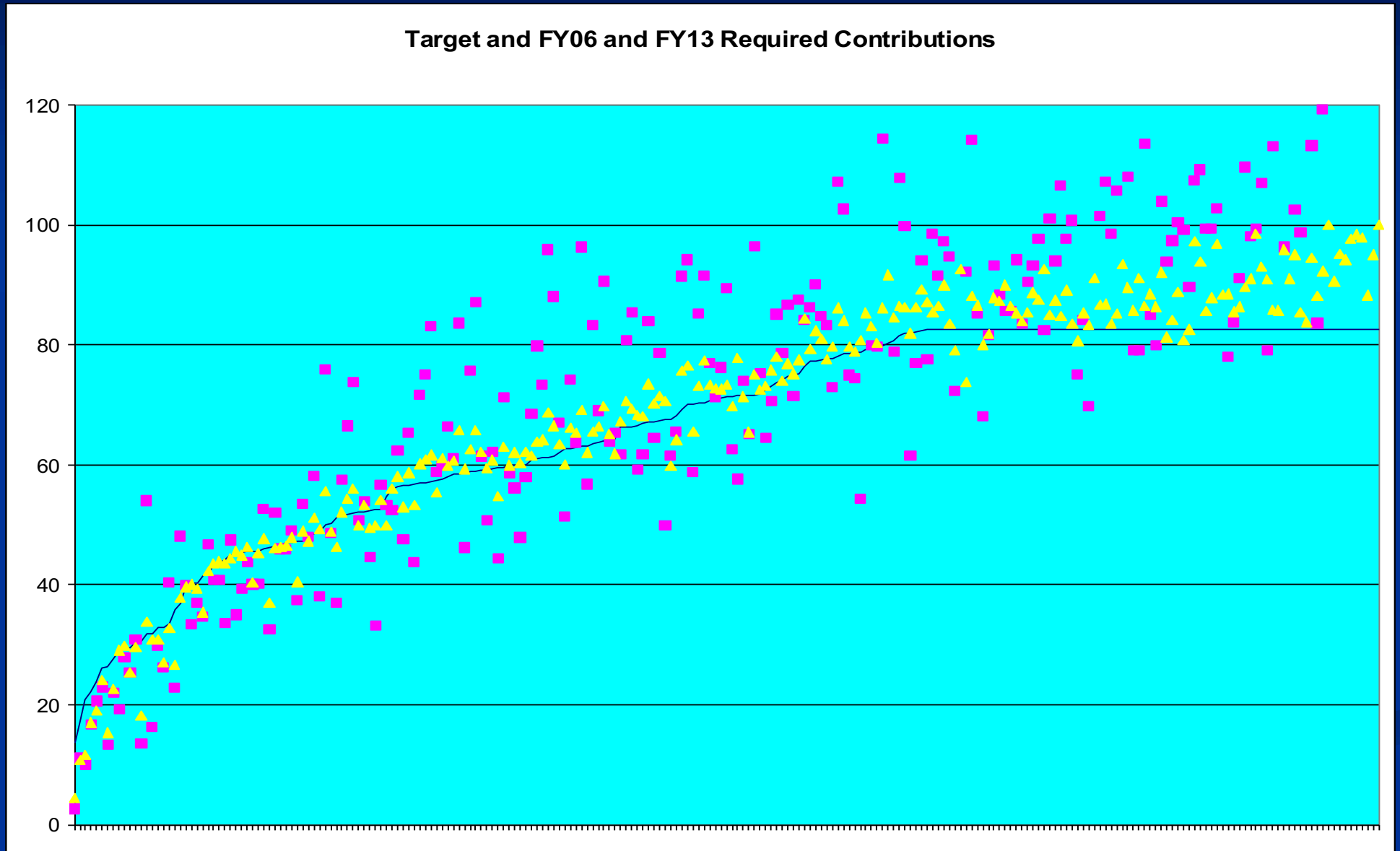


Fixing a Local Aid Glitch

Discretionary Decisions
in the Implementation
of 2006 Education Aid Reforms

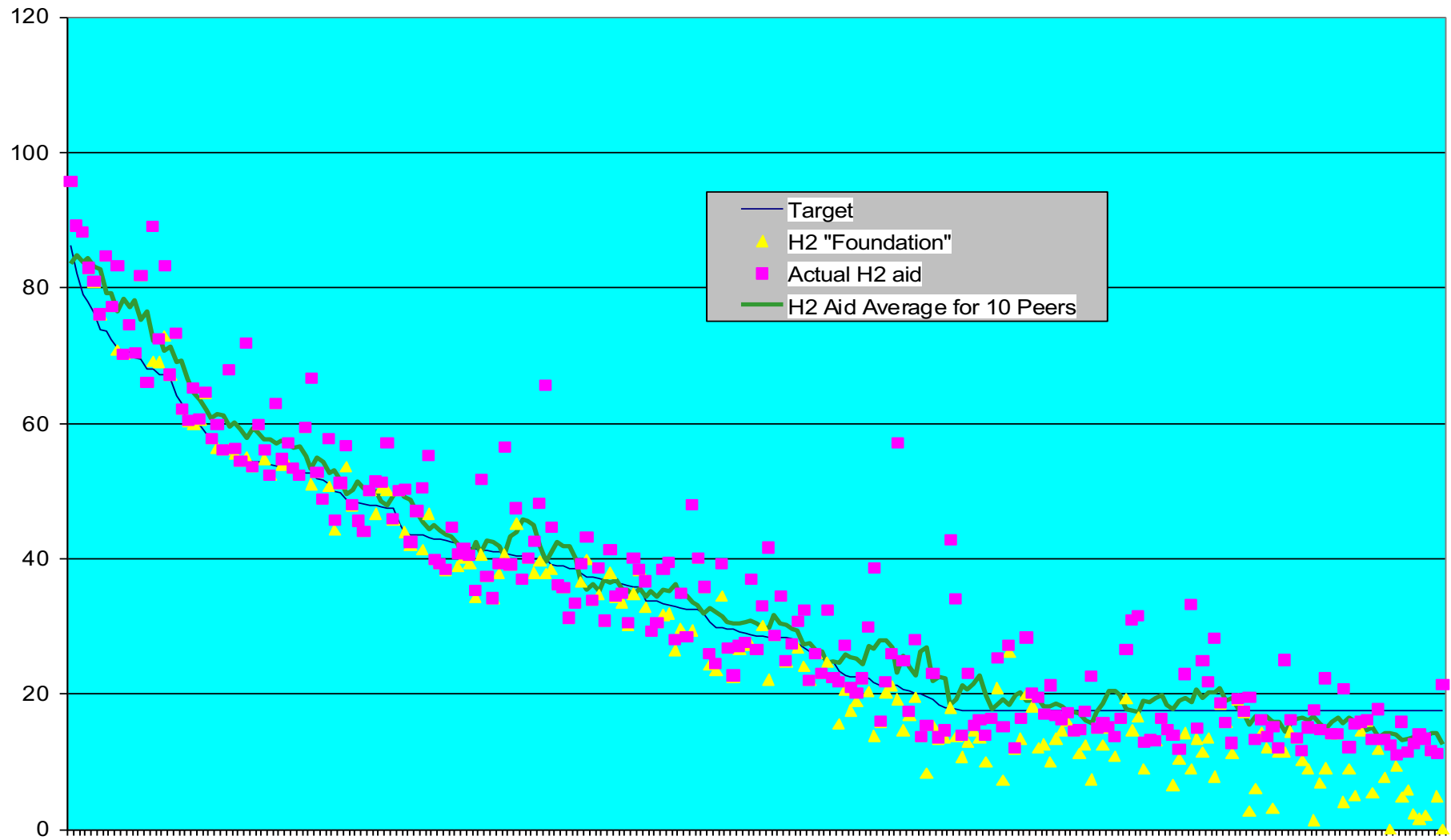
Pre-2006	2006 Reform
Foundation Budget	Foundation Budget
Less: Required Local Contribution based on historical growth model	Less: Required Local Contribution based on Aggregate Wealth model
Equals: Education Aid	Equals: Education Aid (grandfathering and transition)
Formula tweaked annually since 2002	Formula tweaked annually – bigger tweaks since 2010

Required Local Contributions have converged, but there are still outliers.

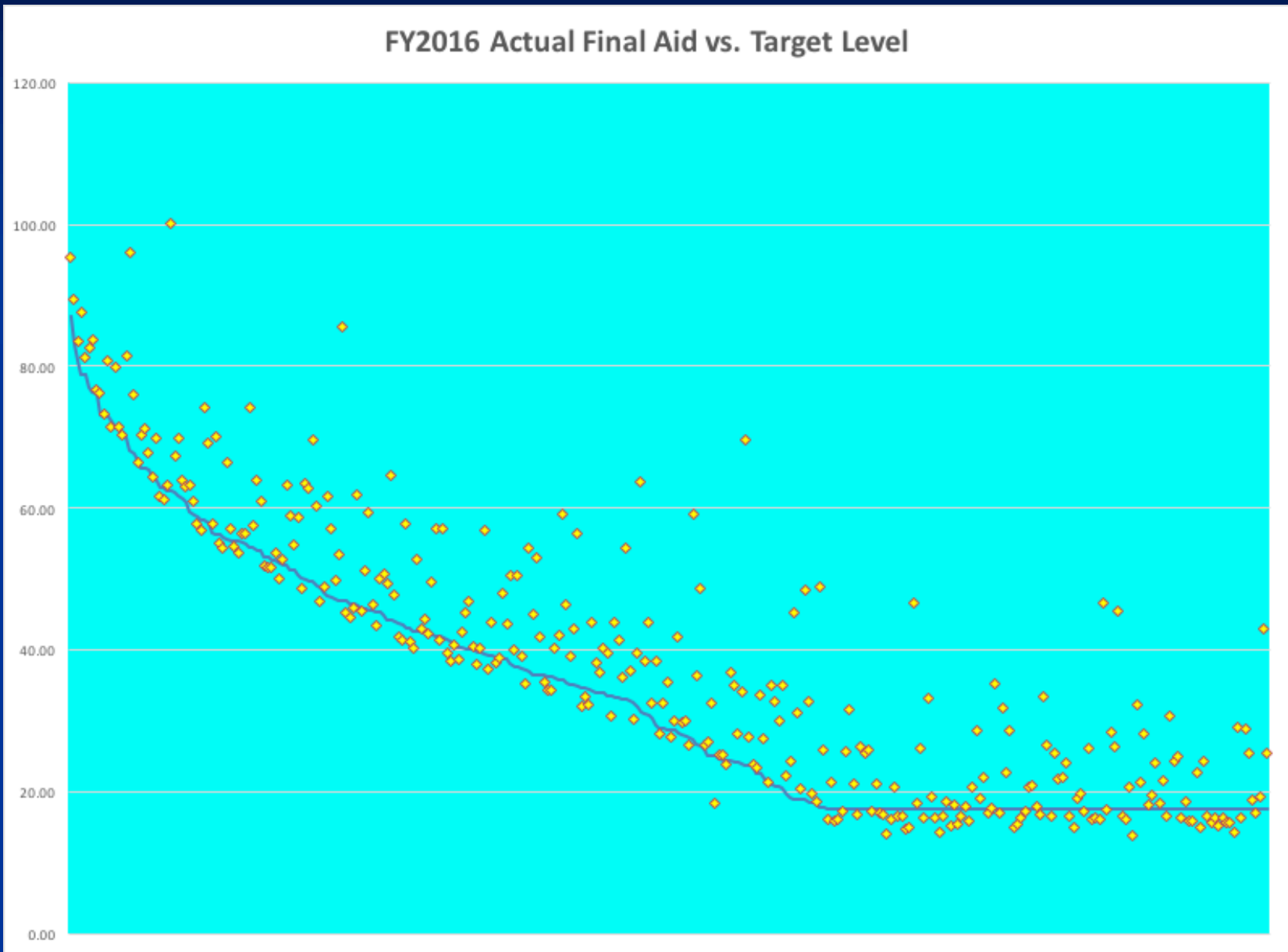


Grandfathering both preserves and mitigates effects of old model.

Target vs. FY13 Foundation Aid and Actual H2 Aid as affected by Grandfathering



By FY16, under-target gaps had been substantially reduced, but did remain.



For example, two of my communities remain below in FY16.

	Belmont	Watertown
Combined Effort Capacity as % of Foundation Budget	17.50%	17.50%
FY16 Aid as % of Foundation Budget	17.27%	16.30%
\$ Underfunded	\$90,422.34	\$323,336.74

Options

- Raise “Effort Reduction” to 100% from 50%
 - Ends the issue.
 - Allows formula simplification.
 - Cost in FY16 would have been \$45.6 million.
- Prioritize other goals among adjustments
- Make larger formula changes