



Massachusetts Department of Elementary and Secondary Education

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Mitchell D. Chester, Ed.D.
Commissioner

September 15, 2016

Superintendent Edward Bouquillon
Minuteman Regional Vocational Technical School District
758 Marrett Road
Lexington, MA 02421

Dear Superintendent Bouquillon:

I am writing in response to your letter requesting the calculation and approval of a capital construction and renovation increment ("increment") to support Minuteman's proposed new building project. The Board of Elementary and Secondary Education's regulations on career and technical education provide the authority for this increment. The relevant regulatory language reads as follows:

603 CMR 4.03(6)(b)(4). In instances where there is no tuition agreement in place between sending and receiving districts, the commissioner shall establish tuitions rates for the purposes of M.G.L. c.74, s.7C. In calculating and establishing said tuition rates the commissioner: ... (c) May, in instances where the receiving district has been authorized to operate a facility that serves a high percentage of non-resident students, establish a capital construction and renovation increment to be added to the tuitions paid on behalf of non-resident students attending the school. In calculating any such increments, the Commissioner shall use the actual expenditures for this purpose, as reported by the district for the year for which the non-resident tuition was calculated, divided by the total school enrollment. Students who reside in a city or town that is a member of a district which offers at least five approved vocational technical programs shall not be required to pay more than 75% of the calculated per pupil amount. The capital construction and renovation increment shall not be subject to the cap established in pursuant to 603 CMR 4.03 (6)(b)4.b.

An approved increment is added to the regular tuition rate for non-resident students admitted under the provisions of G.L. c.74, s.7.

This regulation was adopted in response to a growing demand for high quality career and technical education programs for high school students. There are many such programs currently being offered in comprehensive high schools and regional career and technical high schools, but

because towns are not required to offer career and technical education classes, there are many students who do not have access to a full range of program offerings in their town's high schools. The high cost of building and operating career and technical education facilities; the need for a critical mass of students to efficiently operate many career and technical programs; and the political barriers to the expansion of regional career and technical schools are among the factors that inhibit the growth of quality career and technical programs.

We proposed the capital construction and renovation increment as one possible tool to increase the availability of career and technical programs. The Commonwealth provides significant financial support for the construction and renovation of school buildings through the school building assistance program administered by the Massachusetts School Building Authority (MSBA). In most cases, MSBA projects are sized to accommodate only the expected enrollment from the city or town (in the case of municipal schools) or from the member cities and towns (in the case of regional schools). As a result, most schools can accept only a small number of non-resident students, who occupy empty seats created by normal enrollment fluctuations over time.

We believe that there are some circumstances when it would make sense for a career and technical program to serve a larger geographic area than just the cities and towns comprising its membership. Our current system of school funding discourages such innovative approaches, because the local share of the capital cost is borne entirely by the member towns. The increment is intended to redress that inequity. If we decide that it is in the public interest to build a larger school to accommodate a significant number of non-resident career and technical students – a decision that must be ratified by the district, by the MSBA, and by this Department – then the capital construction and renovation increment provides a mechanism for the non-member municipalities to pay their fair share of the costs.

To be clear, the application of this regulation is intended to be extremely narrow. It does not apply to every school that enrolls some non-resident students and undertakes ordinary building maintenance and improvement projects. It is only relevant in cases where a district undergoes a major new building construction or addition/renovation project *and* is specifically sized to accommodate a *significant* number of non-resident students. As I had previously written to you, I have determined that the proposed Minuteman building project meets this threshold requirement and is eligible for an increment.

Because this is the first project for which an increment has been authorized, I would like to set out the parameters which will govern the calculation of the increment:

- The increment will take effect in the fiscal year in which the new school opens.
- The increment will remain in effect for the duration of the debt service payments, provided that the building remains in use for career and technical education.
- The increment will be calculated for each fiscal year based on the district's scheduled debt service payment for the project for that year. The debt service payment in turn will

depend on the actual amount borrowed for the local share of the project and on the terms of the securities issued for the project.

- The enrollment data used to calculate each fiscal year's increment will be based on the prior year's October 1st SIMS report. For the purpose of this calculation, the non-resident enrollment shall only include students admitted pursuant to G.L. c.74, s.7.
- The full increment applies to students from municipalities that do not offer, either in a local high school or through membership in a regional career and technical district or collaborative, at least five approved chapter 74 programs (referred to as "Type A"). Municipalities that do offer at least five approved chapter 74 programs will be charged 75% of the full increment ("Type B").
- The increment is calculated using the following formula:

$$I = D / (R + N_A + .75N_B)$$

where I = full increment

D = annual debt service

R = number of resident students

N_A = number of non-resident students from Type A municipalities

N_B = number of non-resident students from Type B municipalities

- The receiving district shall, no later than March 1st of each year, submit to the Department its proposed increment calculation for the following fiscal year. The district shall notify all prospective sending municipalities of the amount of the increment no later than one week following the Department's approval of the increment calculation.

As noted above, this calculation will be based on the final borrowing costs for the project as well as the actual enrollment figures reported each year. For this reason, I am unable to definitively say what the increment will be for your project. However, in an effort to provide some additional information in advance of the district vote scheduled for later this month, I have made an *estimate* of the increment based on current project plans and enrollment patterns.

Assuming:

Annual debt service	\$3,450,188
Total school enrollment	624
Number of resident students	371
Number of non-resident students (type A)	75
Number of non-resident students (type B)	178

Then the increment would be:

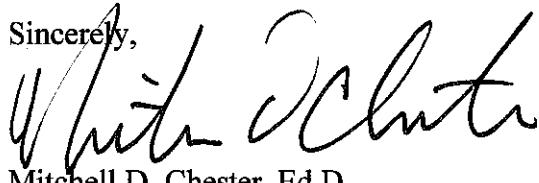
\$5,953 for students from type A municipalities

\$4,465 for students from type B municipalities (75% of the type A increment)

Readers are cautioned that the final calculation will likely vary from this estimate after the project is completed.

I hope this information is helpful to you and to the members of the Minuteman community. If you have any additional questions, please contact me or Deputy Commissioner Jeff Wulfson. I would also appreciate it if you would forward copies of this letter to the members of your school committee and to the boards of selectmen of your member towns. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Mitchell D. Chester". The signature is written in a cursive style with a large initial "M".

Mitchell D. Chester, Ed.D.

Commissioner