



# The Commonwealth of Massachusetts

Department of Revenue

Leverett Saltonstall Building

100 Cambridge Street, Boston 02204

IRA A. JACKSON

COMMISSIONER

EDWARD J. COLLINS, JR.

DEPUTY COMMISSIONER

## MEMORANDUM

March 9, 1984

TO: Local Government Officials

FROM: Edward J. Collins, Jr., Deputy Commissioner  
*Edward J. Collins*  
Division of Local Services

SUBJECT: CHERRY SHEET INFORMATION AND ASSISTANCE

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"Walk-In" question and answer sessions on the FY85 Cherry Sheet are scheduled at eight locations throughout the Commonwealth during the week of March 19.

The eight temporary field offices will be staffed by Department of Revenue and Department of Education personnel who will answer your questions regarding Cherry Sheet receipts and assessments. This field office approach is being offered in place of a more formal seminar series as a means of providing more individual attention to municipal officials.

This program is part of the Division of Local Services' continuing commitment to increasing the understanding of the local aid calculation and distribution process.

The attached schedule lists the field office times and locations.

If you are unable to attend one of the "walk-in" sessions, the Division of Local Services will answer your questions if you call 617-727-9260 or 617-727-0415.

SCHEDULE

PITTSFIELD

Monday, March 19  
10:30 a.m. - 2:30 p.m.

City Hall Council Chambers  
66 Allen Street  
(413) 499-1100

WEST SPRINGFIELD

Tuesday, March 20  
11:30 a.m. - 3:30 p.m.

Greater Springfield Regional  
Education Center  
88 Massasoit Avenue  
(413) 739-7271

WEST BOYLSTON

Tuesday, March 20  
6:30 - 10:00 p.m.

Central Mass. Regional  
Education Center  
Beaman Street (Rte. 140)  
(617) 835-6267

BARNSTABLE

Wednesday, March 21  
11:30 a.m. - 3:30 p.m.

Town Hall  
367 Main Street, Hyannis  
(617) 775-1120

TAUNTON

Wednesday, March 21  
6:30 - 10:00 p.m.

City Council Chambers  
15 Summer Street  
(617) 822-0581

GREENFIELD

Thursday, March 22  
11:30 a.m. - 3:30 p.m.

Greenfield Community College  
College Drive  
(413) 774-3131

WELLESLEY

Thursday, March 22  
11:30 a.m. - 3:30 p.m.

Greater Boston Regional  
Education Center  
27 Cedar Street  
(617) 547-7472

NORTH READING

Thursday, March 22  
6:30 - 10:00 p.m.

Northeast Regional  
Education Center  
219 North Street  
(617) 664-6464

FALL RIVER

Friday, March 23  
11:30 a.m. - 3:30 p.m.

Council Building  
1st Floor Hearing Room  
One Government Center  
(617) 675-6011



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### Division of Local Services

### Municipal Data Management & Technical Assistance Bureau

### THE FY85 CHERRY SHEETS: AN ANALYSIS

Each attached Cherry Sheet analysis highlights the major changes (both increases and decreases) between the Municipal Cherry Sheet for FY84 and for FY85 beginning July 1, 1984. The Cherry Sheet includes Estimated Receipts and Estimated Charges to be used in preparing FY85 local budgets. The FY85 Cherry Sheet is based upon the Legislative Resolution of February 13, 1984 authorizing "new state aid", and the proposed appropriations for other disbursement programs as set forth in House 1, the Governor's FY85 Budget. Any changes in appropriations which may be made following March 10, 1984 will result in subsequent Cherry Sheet amendments.

### CHANGES IN THE NET TOTAL OF STATE AID

It is important, when developing a local budget for FY85, to consider the municipality's net increase in state aid over that allowed in FY84. It cannot be determined simply by adding the amount of FY85 "new state aid" (contained in the Legislative Resolution) to last year's net Cherry Sheet receipts.

Each analysis explains the actual change by itemizing the major items of increase or decrease in state distributions or assessments between FY84 and FY85. Increases or decreases in receipts, in assessments, or in both, will affect the net change from FY84 to FY85. The net change may be greater than, or less than, the amount recently proposed by the Governor and approved by the Legislature as "new state aid" for FY85.

### RECEIPTS: POSSIBLE AREAS OF MAJOR CHANGES, FY84 TO FY85

Item B-1; Chapter 70 School Aid is substantially greater in most communities since most of the "new state aid" is being distributed on this line;

Item B-2 and B-3; Chapter 70 Adjustments may either credit or debit a municipality, depending on final accounting of Chapter 70 distributions for prior years, or other scheduled repayments to the State.

Item B-9; School Construction may be reduced or terminated if a final payment was made on a school bond issue. Accordingly, increases will occur if new school bonds were issued.

All Education Items: individual program amounts may increase or decrease, depending upon reports by local school authorities on how many students benefitted from a particular program the school system provided; (e.g. transportation).

Item B-4; Cost of Chemicals for Water Pollution Control has been eliminated in FY85.

Item C-10; Additional Assistance may either increase or decrease in FY85. This results from this year's legislative/executive intent to distribute "new state aid" to fund each municipality's Chapter 70 School Aid entitlement amount as completely as possible. If a municipality's "new state aid" was insufficient to achieve this, funds were transferred from last year's amount of C-10, Additional Assistance, into B-1, School Aid. If FY85 "new state aid" exceeded the amount needed to fully fund a local Chapter 70 entitlement, or if Chapter 70 entitlements dropped, or if a town was a member of fully-regionalized school system and therefore has no Chapter 70 entitlement, "new state aid" is added to C-10, Additional Assistance.

CHARGES: CHANGES FROM FY84 TO FY85

Increases in most program charges upon cities and towns by the state, or on a county or region-wide basis, are limited to a maximum of 2½% for the program as a whole, although the increase for a given community may be somewhat larger or smaller than 2½% depending upon the formula by which such charges are calculated. The Division of Local Services ensures that this Proposition 2½ limitation is adhered to.

NO "PASS-THROUGH" FOR FY85

In FY84, many cities and towns also received a "one-time" \$24.5 million distribution of state aid in the form of "pass-through" credits against their regional school district assessments for FY84. There is no "pass-through" or local assessment credit in FY85. However, regional school districts will receive this \$24.5 million of Chapter 70 regional school aid on their FY85 Cherry Sheets in addition to increases in Chapter 71 Regional School Aid totalling \$14,903,671 and Regional School Transportation Aid totalling \$957,474. This may enable some regional school districts to reduce their FY85 local assessments.

THE "BOTTOM LINE": FY84 to FY85

The "Net Change" in the Cherry Sheet Estimates from FY84 to FY85 is the "bottom line" for local financial planning. It is calculated by determining the net change in Receipts from FY84 to FY85 and combining that figure with the net change in Assessments from FY84 to FY85.

On the attached FISCAL YEAR 1985 STATE AID ANALYSIS, a maximum of five major changes in Receipts and Assessments, both increases and decreases, are itemized in a single figure entitled "All Other" changes.

For further analysis, please contact the Municipal Data Management & Technical Assistance Bureau, Room 605, 100 Cambridge Street, Boston, Massachusetts 02204. Telephones: 617-727-9260 or 727-0415.

## LOCAL/EDUCATION AID FACT SHEET

### EQUALIZING FORMULA

The objective of this new equalizing formula is to determine each community's fair share of new state aid. This is done by first projecting each community's per capita cost needs. From this is subtracted each community's per capita revenue generating capacity. Where the resulting answer is positive, meaning costs exceed revenues, that community shares the new aid in proportion to its share of the total amount needed to cover costs in all communities where costs exceed revenues plus the minimum of \$5.00 per capita. Where the resulting answer is zero or negative, meaning revenues equal or exceed costs, that community receives only the minimum \$5.00 per capita.

#### PER CAPITA COST NEEDS

Using the statistical technique known as regression analysis the following six cost factors were determined to be the most significant in projecting community expenditures:

- weighted full-time equivalent pupils per capita
- population per square mile
- employment in services per capita
- percent housing units built before 1940
- local road mileage per registered vehicle
- number of subsidized family housing units

#### PER CAPITA REVENUE GENERATING CAPACITY

On the revenue side, the following four factors were determined to be the best in estimating each community's revenue that would be available to offset costs.

- 2.5% of equalized property valuation per capita
- motor vehicle excise valuation per capita
- certified free cash in excess of 10% of the property tax levy per capita
- state aid, including each community's share of direct aid to regional school districts, per capita

AUTHORIZED "NEW STATE AID" FOR FY85 \$ 3,684,709FISCAL YEAR 1985 STATE AID ANALYSIS

Cambridge is receiving \$ 4,078,054 more/~~less~~ in estimated Net State Aid for FY85 than for FY84. Your "New State Aid" of \$ 3,684,709 is included in the changes in Chapter 70 (B1) and/or Additional Assistance (C10). These are highlighted in the box at the bottom of this page. Your estimated Net State Aid for FY85 is different from the "New State Aid" figure as a result of specific increases and decreases in various other Cherry Sheet programs. A maximum of five of the most significant program changes are listed below in Sections I, II, III, and IV.

## I. INCREASES from FY84 to FY85 in Estimated Local Aid RECEIPTS:

<u>C.S.#</u>	<u>Program</u>	<u>FY84 Estimates</u>	<u>FY85 Estimates</u>	<u>Net Change</u>
1. B1	Ch 70 School Aid	\$ 6,535,811	\$ 8,758,282	\$ 2,222,471 *
2. C10	Add Assist	16,915,020	18,377,258	1,462,238 *
3. C13	Urban Redevel	540,000	1,345,000	805,000
4. B13	State Wards	52,627	107,884	55,257
5. B10	Sch Constr	3,113,620	3,130,920	17,300
6.	All Other Program Increases	\$ 1,485,044	\$ 1,487,188	\$ 2,144
Line A - Total Increases				\$ <u>4,564,410</u>

## II. DECREASES from FY84 to FY85 in Estimated Local Aid RECEIPTS:

<u>C.S.#</u>	<u>Program</u>	<u>FY84 Estimates</u>	<u>FY85 Estimates</u>	<u>Net Change</u>
1. B18	Magnet Ed	\$ 373,017	\$ 330,000	\$ 43,017
2. B8	Trans Pupils	225,955	201,917	24,038
3. C7	Veterans	78,733	59,015	19,718
4.				
5.				
6.	All Other Program Decreases	\$ 1,064,214	\$ 1,031,837	\$ 32,377
Line B - Total Decreases				\$ <u>119,150</u>
Line C - Net Change (Line A less Line B)				\$ <u>4,445,260</u>

"New State Aid" Explanation

*Chapter 70 (B1)	2,222,471
*Additional Assistance (C10)	1,462,238
"New State Aid"	3,684,709

## III. INCREASES from FY84 to FY85 in Estimated Municipal ASSESSMENTS:

<u>C.S.#</u>	<u>Program</u>	<u>FY84 Estimates</u>	<u>FY85 Estimates</u>	<u>Net Change</u>
1. D1	MBTA	\$ 5,070,806	\$ 5,335,146	\$ 264,340
2. C1	MDC Parks	1,066,488	1,217,022	150,534
3. A2	County Hosp	-	84,987	84,987
4. B1	Spec Ed	63,647	76,000	12,353
5. B9	Air Pollution	9,566	20,133	10,567
6.	All Other Program Increases	\$ 74,715	\$ 85,798	\$ 11,083
	Line D - Total Increases			\$ 533,864

## IV. DECREASES from FY84 to FY85 in Estimated Municipal ASSESSMENTS:

<u>C.S.#</u>	<u>Program</u>	<u>FY84 Estimates</u>	<u>FY85 Estimates</u>	<u>Net Change</u>
1. A1	County Tax	\$ 965,300	\$ 875,020	\$ 90,280
2. C2	MDC Sewer	1,395,908	1,319,590	76,318
3.				
4.				
5.				
6.	All Other Program Decreases	\$ 29,967	\$ 29,907	\$ 60
	Line E - Total Decreases			\$ 166,658
	Line F - Net Change (Line D less Line E)			\$ 367,206

## V. SUMMARY - CHANGE FROM FY84 TO FY85 IN ESTIMATED RECEIPTS AND ASSESSMENTS:

	<u>TOTAL RECEIPTS</u>	-	<u>TOTAL ASSESSMENTS</u>	=	
FY85	( 34,877,287 )	-	( 9,043,603 )	=	( 25,833,684 )
FY84	( 30,432,027 )	-	( 8,676,397 )	=	( 21,755,630 )
	( 4,445,260 )	-	( 367,206 )	=	( 4,078,054 )
	Line C		Line F		Net Change in
	Net Change		Net Change		State Aid
	in Receipts		in Assessments		FY84 to FY85

The \$137.5 million of aid is being sent to the cities and towns through the Chapter 70 formula and Additional Assistance funds. Most of the "new state aid" appears in Item B-1 Chapter 70 School Aid (\$114.1 million). The balance of the equalizing formula funding appears in Item C-10 Additional Assistance (\$23.4 million).

Other major components of the \$164 million include:

- . A \$14.9 million increase in direct aid to Regional Schools
- . \$957,000 to fully fund Regional School Transportation
- . \$3.5 million to fully fund Tuition for State Wards
- . \$5.7 million in additional funding for Construction of School Projects

Also the State will continue to provide \$4.1 million in assistance to Fringe MBTA Communities for assessments for service not received. An additional \$2 million is also provided for Management Improvements in Massachusetts cities, towns and school departments.

Unlike last year, there is no automatic regional school district "pass-through" credit to cities and towns in FY 85.

The FY 84 regional school district "pass-through" was needed because local aid amounts were made known after local governments had completed their regional school budget approvals. Therefore, to enable cities and towns last year to receive the benefit of this additional \$24.5 million in aid, the money was channeled through regional schools which would then automatically credit that extra amount to cities and towns to be used for other local budget purposes.

This "credit" procedure is not available this year because the distributions are being announced in advance of the local appropriation process. The \$24.5 million is again being listed in the regional school aid accounts for FY 85, but this year it is up to the member municipalities to choose, via their Town Meeting/City Council appropriation process, how much of that money will remain with the regional school for their budget and how much, if any, is to be separated out for other municipal needs.



IRA A. JACKSON  
COMMISSIONER

# *The Commonwealth of Massachusetts*

*Department of Revenue*

*Leverett Saltonstall Building*

*100 Cambridge Street, Boston 02204*

March 9, 1984

## TO LOCAL GOVERNMENT OFFICIALS:

You are hereby notified (as required by General Laws, Chapter 58, Section 25A) of the amounts that are estimated to be received by your municipality during the fiscal year ending June 30, 1985, as detailed on the enclosed green Form C.S. 1-ER. Included with Local Aid Fund revenues are the Commonwealth's share of the reimbursement and assistance programs and the amount due under General Laws, Chapter 70, as amended.

The total FY 85 estimated receipts amount for Cities, Towns and Regional School Districts is \$2.017 billion. This represents an increase of \$164 million or 8.9% over FY 84 receipts. The FY 85 total receipts are based upon the Governor's proposed budget which is subject to revision.

You are also hereby notified (as required by General Laws, Chapter 59, Section 21) of the estimated assessments, charges and county taxes for FY 85, as detailed on the enclosed pink Form C.S. 1-EC.

The total of estimated net state and county assessments to Cities and Towns is \$264.1 million. This represents an increase of \$8 million or 3.1% over FY 84 charges.

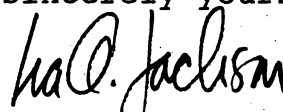
As promised by Governor Dukakis, the Cherry Sheet is being sent out earlier in the year than ever before. This early delivery date should allow you and other local officials to more effectively plan for the next fiscal year.

The Governor's new aid to Massachusetts cities and towns amounts to \$164 million, or a 40 percent share of the growth in the three major state taxes (income, sales, and corporate excise) as promised. \$137.5 million of this aid is being distributed through a new equalizing formula which takes into consideration certain community cost needs and revenue generating capacity factors. Please see the enclosed Equalizing Formula Fact Sheet for more information.

The Department of Revenue's Division of Local Services under the direction of Deputy Commissioner Edward J. Collins, Jr., will be staffing a number of field offices throughout the week of March 19-23, 1984. This service, conducted jointly with the Department of Education, will bring knowledgeable staff to your region of the state for an afternoon or evening to answer particular Cherry Sheet questions which you may have. Please see the enclosed memorandum and schedule outlining this service.

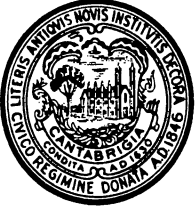
Division of Local Services staff is also available to answer questions and provide additional information via telephone. Please contact the Municipal Data Management & Technical Assistance Bureau, Room 605, 100 Cambridge Street, Boston, Massachusetts 02204. Telephones: 617-727-9260 or 727-0415.

Sincerely yours,



Ira A. Jackson,  
Commissioner

IAJ/jmcd



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139  
Tel. 498-9011

EXECUTIVE DEPARTMENT  
ROBERT W. HEALY  
City Manager

March 19, 1984

To the Honorable, the City Council:

Enclosed for your information is a copy of a report from the  
State Department of Revenue relative to the FY85 Cherry Sheet.

Very truly yours,

Robert W. Healy  
City Manager

RWH/mbf  
Enc.

Agenda Item Number Two

F- 78

Re: enclosing a report from the State  
Dept. of Revenue Re: the FY-85 Cherry  
Sheets.

In City Council,

March 19, 1984

3/19/84

Placed

on

File