



# CITY & TOWN

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## Audits Reveal Results of Ed Reform Spending

written by Dieter Wahl

Massachusetts's cumulative state investment in K-12 education under Chapter 70 for the 1994-2000 period amounts to \$14.6 billion. The Education Management Accountability Board (EMAB), established by the governor in 1997 to monitor progress under Education Reform, has reviewed and accepted audits of 18 school districts: Auburn, Braintree, Brockton, Cambridge, East Longmeadow, Everett, Gardner, Lexington, Lowell, Malden, Milton, New Bedford, North Attleborough, North Reading, Salem, Triton Regional, Woburn and Worcester. These districts represent approximately 14 percent of the state's total foundation enrollment and 14 percent of net school spending in Fiscal Year 1998. A team of auditors from the Department of Revenue's Division of Local Services, working in conjunction with the Department of Education (DOE), performed the audits.

How has the money been spent? Salary spending has increased by 30.3 percent, benefit spending has increased by 12.4 percent and non-salary spending has increased by 75.2 percent for the group of audited school districts. Books and equipment, special needs tuition, extracurricular activities, maintenance and professional development are included as non-salary expenses. The largest increase in spending in the audited districts was in professional development, which rose over 400 percent.

All of the districts have increased the number of teachers significantly, except for one community where the number of teachers actually decreased. Despite increased enrollment in many of the districts, most systems

achieved significant improvement in student to teacher ratios. In addition to decreasing class sizes, districts restored courses such as art, music and other enrichment opportunities for students. Although there has been a substantial reinvestment in textbooks and other educational supplies, only 6 of 18 districts had met the foundation budget spending for this category. The foundation budget is a target, not a requirement.

To establish a more responsive, professional cadre of principals who would focus on the results of student performance, the Education Reform Act removed principals from collective bar-

### *How has the money been spent?*

gaining units. Superintendents have been notably loath to exercise this power to vary compensation and contract terms for individual principals based on performance. There are several reasons behind superintendents' failure to utilize this tool including the additional work required to establish differentiated contracts, the necessity of strong evaluation systems and the courage to implement unpopular change. Nearly all schools have created school improvement plans but many plans do not address student performance or test results.

Both state and national studies have demonstrated that students in the United States do not attend school to the same extent as students in other countries on either a daily or an annual basis. One goal of the Education Reform Act is to make Massachusetts'

students more internationally competitive by increasing the amount of instructional time. Although school districts have met the minimum state Time & Learning requirement, few have exceeded this requirement. DOE requires 990 hours in school per year for middle and high school students and 900 hours for elementary school students.

One popular assumption regarding spending and student achievement is that student achievement improves as spending increases. Another common belief is that since different achievement tests measure different areas, the results should not be compared. Some research suggests that demographic factors such as income can predict student achievement. The education audit teams used correlation analysis to assess the relationship of some of these factors in the districts they reviewed. The correlation analysis measures how closely two sets of data are related, or how they correlate. Most experts agree that values greater than

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# LEGAL

*in Our Opinion*

## *Designer Selection Statute and Public Advertisement*

Ten taxpayers in the Town of Norwell sought a preliminary injunction to halt a school design project. The plaintiffs argued that the town had failed to comply with the public notice provisions of both the state's designer selection statute and the town's own bylaws. On appeal, the Supreme Judicial Court ruled in *LeClair v. Town of Norwell* that these violations were of a technical nature, and the public interest would not be served through the issuance of an injunction.<sup>1</sup>

In May 1997, the annual town meeting in the Town of Norwell appropriated \$100,000 for a feasibility study for construction and renovation of its school facilities. In June 1997, the Norwell school committee advertised a request for proposals (RFP) in the state's central register. Twenty-seven design firms responded to the advertisement, and representatives from 14 firms attended an informational session. In response to an inquiry, the town amended the RFP to permit the same firm selected for the feasibility study to conduct the design services. The town notified all 27 firms that had expressed interest in the project. In October 1997, the town selected Tappe' Associates, Inc. to perform the feasibility study. After an independent firm employed by the town reviewed the feasibility study favorably, the town decided to hire Tappe' to perform the design services for school construction as well.

A resident of Norwell complained to the Attorney General about the award of the design services contract in accordance with M.G.L. Ch. 149 § 44H. After a hearing, the Attorney General decided to take no action. Dissatisfied

with the result, 10 taxpayers filed suit in superior court to void the design contract.<sup>2</sup> The plaintiffs alleged the town had not complied with the notice provisions of the designer selection statute<sup>3</sup> and the town's own public bidding requirements.<sup>4</sup> After the superior court motion for a preliminary injunction was denied, this matter came before the Supreme Judicial Court on appeal.

The Supreme Judicial Court reviewed the legislative history of the designer selection statute enacted in 1980 in response to recommendations of the Ward Commission's investigation of corruption in public construction contracts. The Legislature clearly set forth advertising requirements in M.G.L. Ch. 7 § 38D. Yet, the Legislature also gave some leeway to cities and towns, as compared to the state, in the award of design services contracts. For example, unlike state agencies and authorities, municipalities were not required to use a design selection board. At issue for the Supreme Judicial Court was whether cities and towns must strictly comply with the public notice requirements.<sup>5</sup>

The plaintiffs in the Norwell case argued that the town violated the statute by failing to advertise the contract for design services. The town, however, contended it was only legally required to advertise the feasibility study contract. The town attorney noted that although the firm conducting the feasibility study is usually ineligible to perform the design services contract,<sup>6</sup> municipalities are exempt from this strict requirement. Subject to a favorable independent review, the designer of the feasibility study for a city or town is permitted to continue on and perform the design services project.<sup>7</sup> The Supreme Judicial Court ruled that this carry-on provision, in light of the entire designer statute, did not exempt mu-

nicipalities from the other statutory bidding requirements. In the court's view, the Legislature intended that the designer services contract be advertised.

The Supreme Judicial Court also agreed with the plaintiffs that the town had violated its own bylaws. Article VII of the Norwell bylaws did not totally exempt professional services contracts from the public advertising requirement, as the town attorney had argued. Rather, in the court's view, this bylaw exempted professional services contracts worth less than \$10,000 from the advertising requirement.

Having found statutory and bylaw violations, the court then examined whether the public interest would be benefited or hurt by an injunction. According to the court, the purpose of the designer selection statute was to safeguard the integrity of the system while, at the same time, assuring the quality of the design services. In its analysis, the court relied on its prior decisions interpreting the capital projects statute which was very similar to the designer selection statute.<sup>8</sup> In the court's view, the designer selection statute did not expressly void a contract where there was some technical violation of the statute. The court found the designer selection provisions to be directory but not mandatory. Where the town acted in good faith and the statute was not intentionally violated, the court was reluctant to void the town's contract with the design firm. In addition, the public interest could be harmed through the issuance of a preliminary injunction. If the town did not promptly award the design contract, the town risked not being included on the state's priority list for School Building Assistance grant money.

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# FOCUS

## on Municipal Finance

### What in the World is Free Cash?

The first thing to remember about free cash is that it is not free and it is not cash, to quote a former Deputy Commissioner of the Division of Local Services. The Bureau of Accounts (BOA) defines free cash as the amount a community has accumulated when actual revenue collections exceed the budget estimates used when setting the tax rate and/or actual expenditures and encumbrances (committed funds not yet expended) are less than appropriations. The Director of Accounts certifies free cash based on the community's balance sheet for the fiscal year ending on June 30. Prepared by the town accountant or city auditor, the balance sheet is a statement of what a community owns (assets), owes (liabilities) and what is left (fund balances) as of a given point in time. In addition to the balance sheet, BOA requires supplemental information such as state and local estimated revenues vs. actual revenues, prior year free cash not appropriated, and unexpended or unencumbered appropriations. BOA deducts property tax and other receivables not fully deferred, illegal deficits, overdrawn grant accounts and deficits in other funds such as special revenue funds or agency funds before certifying the amount of free cash. Deficits in other funds are deducted from the free cash calculation because more was spent than collected, creating an implicit "loan" from the community's general fund.

A community may not appropriate free cash until the BOA has certified the amount available. Once certified, however, it can be appropriated by town meeting or city council for any legal spending purpose up until the following June 30. If any free cash remains

at the close of the fiscal year, it cannot be appropriated until a new balance sheet has been submitted to the Bureau of Accounts and free cash for the next fiscal year is certified.

Figure 1 shows free cash totals statewide from FY1991 through FY1999. Free cash is certified as of the July 1 start of the fiscal year, so that FY1991 free cash was certified as of July 1, 1990. FY1992 is the first year that reflects the recession of the early 1990s. Positive free cash dropped 42 percent from FY1991. FY1993 showed another 2.4 percent decline. The improving economy began to manifest itself in FY1994. Positive free cash increased by 16.4 percent in FY1994, and by 24 percent in FY1995. FY1996 improved by another 52.4 percent. The free cash total stagnated in FY1997, increasing by only 2.5 percent, then began improving again. The FY1998 total increased by 13 percent and for FY1999

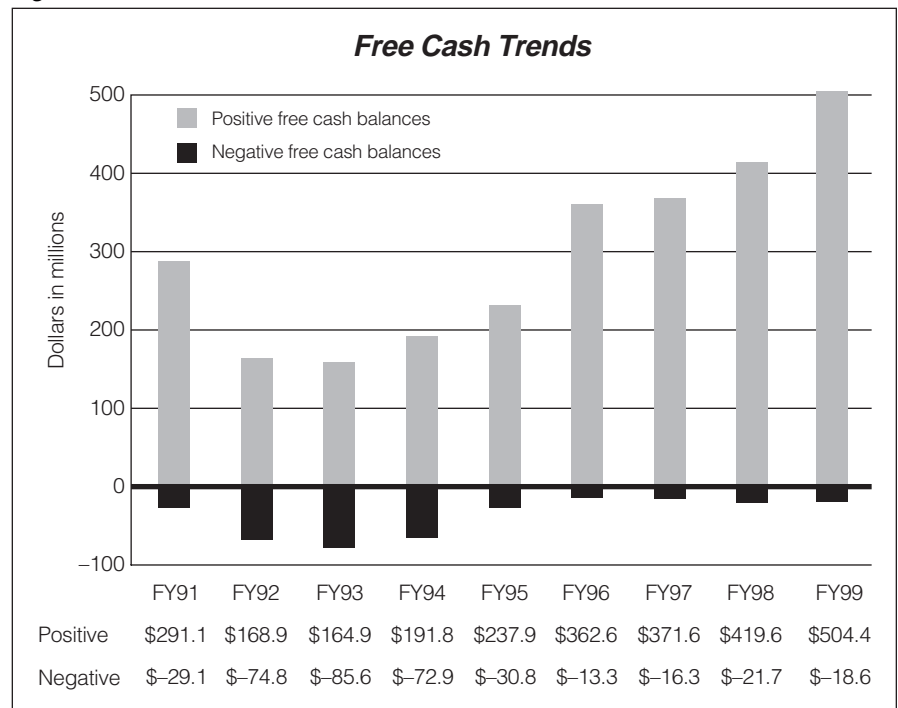
it increased another 20.2 percent. The FY1999 total is 73.3 percent higher than the FY1991 total-inflation over that period was only 20.1 percent.

Since free cash is a non-recurring revenue source, good financial management dictates that it should not be relied on to fund operating budgets, but rather should be used for one-time purposes such as capital purchases or appropriations to supplement the stabilization fund. Figure 1 clearly demonstrates that the availability of free cash varies substantially with general economic conditions.

Table 1 lists all 351 cities and towns and shows their total budgets, the amount of free cash certified and free cash as a percentage of the total budget for FY1998 and FY1999. In FY1999, the percent of free cash compared to total budget ranged from Stockbridge at 51.66 percent positive

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Figure 1



**FY1998 and FY1999 Free Cash Compared to Total Budget**

| Municipality | 99 total budget | 7/1/97 free cash | 99 FC as a % budget | 99 total budget | 7/1/97 free cash | 99 FC as a % budget | Municipality | 99 total budget | 7/1/98 free cash | 99 FC as a % budget | 99 total budget | 7/1/97 free cash | 99 FC as a % budget |       |
|--------------|-----------------|------------------|---------------------|-----------------|------------------|---------------------|--------------|-----------------|------------------|---------------------|-----------------|------------------|---------------------|-------|
| Abington     | 24,911,882      | 821,882          | 3.3%                | 1,690,308       | 106,622          | 6.3%                | Chesterfield | 1,690,308       | 146,506          | 8.4%                | Hancock         | 1,053,738        | 225,015             | 21.4% |
| Acton        | 41,921,536      | 1,887,727        | 4.5%                | 93,699,062      | 2,600,726        | 2.8%                | Chicopee     | 101,504,263     | 2,080,473        | 2.0%                | Hanover         | 28,504,709       | 1,139,183           | 3.9%  |
| Acushnet     | 14,928,396      | 419,810          | 2.8%                | 3,627,142       | 248,390          | 6.6%                | Chilmark     | 4,207,998       | 214,096          | 5.0%                | Hanson          | 12,708,425       | 450,010             | 3.5%  |
| Adams        | 9,453,469       | 918,555          | 9.7%                | 2,433,580       | -31,816          | -1.3%               | Clarksburg   | 2,644,440       | 37,002           | 1.4%                | Hardwick        | 3,264,400        | 325,883             | 10.0% |
| Agawam       | 45,301,607      | 1,663,376        | 3.7%                | 21,413,387      | -950,477         | -4.4%               | Clinton      | 23,059,971      | 719,440          | 3.1%                | Harvard         | 12,573,993       | 300,939             | 2.4%  |
| Afford       | 806,362         | 163,440          | 20.2%               | 18,947,987      | 1,948,017        | 10.3%               | Coltasset    | 21,462,161      | 574,208          | 2.6%                | Harwich         | 30,433,200       | 4,341,131           | 14.3% |
| Amesbury     | 32,066,195      | 1,489,960        | 4.6%                | 2,170,377       | 107,583          | 4.9%                | Colrain      | 2,018,482       | 156,538          | 7.7%                | Hatfield        | 6,246,059        | 434,293             | 7.0%  |
| Amherst      | 45,172,187      | 2,339,508        | 5.2%                | 38,868,344      | 4,437,456        | 11.4%               | Concord      | 40,807,319      | 3,487,959        | 8.5%                | Haverhill       | 145,457,890      | 1,114,192           | 0.8%  |
| Andover      | 78,411,919      | 4,272,761        | 5.4%                | 3,532,373       | 427,424          | 12.1%               | Conway       | 3,717,184       | 531,681          | 14.3%               | Hawley          | 569,033          | 59,768              | 10.5% |
| Aquinnah     | 1,772,025       | 121,436          | 6.8%                | 1,210,429       | 93,156           | 7.7%                | Cummington   | 1,437,159       | 120,491          | 8.4%                | Heath           | 1,658,905        | 98,329              | 6.0%  |
| Arlington    | 78,076,954      | 2,789,282        | 3.6%                | 8,550,137       | 1,097,690        | 12.7%               | Dalton       | 9,825,986       | 1,103,893        | 11.2%               | Hingham         | 43,040,585       | 3,769,269           | 8.8%  |
| Ashburnham   | 6,239,511       | 350,299          | 5.6%                | 58,572,825      | 4,633,084        | 7.9%                | Danvers      | 58,572,825      | 4,633,084        | 7.9%                | Hingsdale       | 46,653,475       | 4,556,394           | 9.8%  |
| Ashby        | 3,053,864       | 197,218          | 6.5%                | 41,834,785      | 1,206,531        | 2.9%                | Dartmouth    | 43,492,497      | 1,218,578        | 2.8%                | Holliston       | 26,801,120       | 843,286             | 3.1%  |
| Ashfield     | 2,566,391       | 159,236          | 6.2%                | 47,546,189      | 1,524,737        | 3.2%                | Deerfield    | 50,012,601      | 1,558,194        | 3.1%                | Holyoke         | 105,715,036      | 4,140,457           | 3.9%  |
| Ashland      | 24,687,342      | -3,388           | -0.01%              | 8,407,292       | 1,033,765        | 12.2%               | Dennis       | 28,464,196      | 1,806,018        | 6.4%                | Hopedale        | 11,740,654       | 1,004,807           | 8.6%  |
| Attleboro    | 72,022,718      | 811,276          | 1.1%                | 12,959,293      | 759,529          | 5.8%                | Dighton      | 7,910,578       | 391,566          | 4.9%                | Hopkinton       | 25,887,090       | 388,265             | 1.5%  |
| Auburn       | 24,146,350      | 922,958          | 3.8%                | 40,954,619      | 2,286,365        | 5.6%                | Dorchester   | 40,954,619      | 2,286,365        | 5.6%                | Hubbardston     | 3,747,988        | 169,239             | 4.5%  |
| Ayer         | 16,523,672      | 1,226,381        | 7.4%                | 4,950,879       | 2,358,849        | 47.4%               | Dorchester   | 4,950,879       | 2,358,849        | 47.4%               | Hudson          | 33,644,218       | 2,507,919           | 7.5%  |
| Barnstable   | 92,155,090      | 6,501,106        | 7.0%                | 8,399,204       | 475,297          | 5.7%                | Dorchester   | 8,399,204       | 475,297          | 5.7%                | Hull            | 23,659,828       | 651,225             | 2.7%  |
| Barre        | 6,239,511       | 496,594          | 7.9%                | 4,245,091       | 354,206          | 8.3%                | Dorchester   | 4,245,091       | 354,206          | 8.3%                | Huntington      | 2,382,624        | 322,640             | 13.5% |
| Becket       | 2,927,033       | 76,301           | 2.6%                | 35,375,689      | 3,170,067        | 8.8%                | Dorchester   | 35,375,689      | 3,170,067        | 8.8%                | Leicester       | 17,470,865       | 608,765             | 3.5%  |
| Bedford      | 38,296,883      | 2,653,755        | 6.9%                | 25,455,482      | 1,322,305        | 5.2%                | Dorchester   | 25,455,482      | 1,322,305        | 5.2%                | Lenox           | 14,173,140       | 3,570,381           | 25.2% |
| Belchertown  | 27,467,775      | 1,312,259        | 4.8%                | 1,948,134       | 264,834          | 13.6%               | Dorchester   | 1,948,134       | 264,834          | 13.6%               | Leominster      | 65,994,508       | 4,115,269           | 6.2%  |
| Bellingham   | 31,472,828      | 2,267,426        | 7.2%                | 26,959,440      | 1,228,233        | 4.6%                | Dorchester   | 26,959,440      | 1,228,233        | 4.6%                | Leverett        | 2,944,408        | 363,359             | 12.3% |
| Belmont      | 60,639,982      | 1,541,843        | 2.5%                | 12,321,952      | 1,496,196        | 12.1%               | Dorchester   | 12,321,952      | 1,496,196        | 12.1%               | Lexington       | 85,443,850       | 3,915,748           | 4.6%  |
| Berkley      | 8,103,198       | 487,411          | 6.0%                | 24,545,948      | 674,320          | 2.7%                | Dorchester   | 24,545,948      | 674,320          | 2.7%                | Leyden          | 980,453          | 66,358              | 6.7%  |
| Berkley      | 8,103,198       | 487,411          | 6.0%                | 24,545,948      | 674,320          | 2.7%                | Dorchester   | 24,545,948      | 674,320          | 2.7%                | Lincoln         | 19,124,227       | 2,232,637           | 11.7% |
| Berlin       | 4,869,937       | 272,411          | 5.6%                | 36,174,968      | 1,012,342        | 2.8%                | Dorchester   | 36,174,968      | 1,012,342        | 2.8%                | Littleton       | 16,644,138       | 940,777             | 5.7%  |
| Bernardston  | 2,253,779       | 446,682          | 19.8%               | 15,288,477      | 287,085          | 1.9%                | Dorchester   | 15,288,477      | 287,085          | 1.9%                | Longmeadow      | 34,313,933       | 1,954,256           | 5.7%  |
| Beverly      | 71,080,472      | 2,762,109        | 3.9%                | 2,526,715       | 120,039          | 4.8%                | Dorchester   | 2,526,715       | 120,039          | 4.8%                | Lowell          | 219,790,515      | 3,856,016           | 1.8%  |
| Billerica    | 76,541,887      | 1,764,083        | 2.3%                | 5,256,715       | 120,039          | 2.3%                | Dorchester   | 5,256,715       | 120,039          | 2.3%                | Ludlow          | 32,932,896       | 1,700,320           | 5.2%  |
| Blackstone   | 8,377,868       | 240,314          | 2.9%                | 6,165,022       | 1,012,342        | 16.4%               | Dorchester   | 6,165,022       | 1,012,342        | 16.4%               | Lunenburg       | 15,970,878       | 461,774             | 2.9%  |
| Blackford    | 1,455,213       | 112,836          | 7.8%                | 8,797,762       | 319,795          | 3.6%                | Dorchester   | 8,797,762       | 319,795          | 3.6%                | Lynn            | 169,274,762      | 1,198,353           | 0.7%  |
| Bolton       | 7,823,108       | 1,457,242        | 18.6%               | 29,156,321      | 1,570,042        | 5.4%                | Dorchester   | 29,156,321      | 1,570,042        | 5.4%                | Lynnfield       | 20,927,424       | 1,532,144           | 7.3%  |
| Boston       | 1,490,880,908   | 160,210,644      | 10.7%               | 156,315,259     | 3,511,229        | 2.2%                | Dorchester   | 156,315,259     | 3,511,229        | 2.2%                | Malden          | 90,367,467       | -1,915,597          | -2.1% |
| Bourne       | 34,650,263      | 2,375,864        | 6.9%                | 63,299,805      | 3,547,901        | 5.6%                | Dorchester   | 63,299,805      | 3,547,901        | 5.6%                | Manchester      | 15,792,987       | 1,311,878           | 8.3%  |
| Boxborough   | 9,974,401       | 502,677          | 5.0%                | 73,883,275      | 566,026          | 0.8%                | Dorchester   | 73,883,275      | 566,026          | 0.8%                | Manchester      | 41,716,813       | 2,028,966           | 4.8%  |
| Boxford      | 14,990,244      | 1,361,927        | 9.1%                | 2,193,106       | 488,712          | 22.3%               | Dorchester   | 2,193,106       | 488,712          | 22.3%               | Manchester      | 169,274,762      | 1,198,353           | 0.7%  |
| Boylston     | 6,237,607       | 764,612          | 12.3%               | 30,751,697      | 1,111,186        | 3.6%                | Dorchester   | 30,751,697      | 1,111,186        | 3.6%                | Manchester      | 183,044,855      | -1,357,384          | -0.7% |
| Braintree    | 72,939,922      | 1,254,940        | 1.7%                | 137,942,146     | 547,525          | 0.4%                | Dorchester   | 137,942,146     | 547,525          | 0.4%                | Manchester      | 22,208,380       | 1,019,871           | 4.6%  |
| Brewster     | 25,381,869      | 2,159,942        | 8.5%                | 54,944,869      | 3,198,271        | 5.8%                | Dorchester   | 54,944,869      | 3,198,271        | 5.8%                | Manchester      | 97,755,501       | 1,002,860           | 1.0%  |
| Bridgewater  | 27,176,781      | 505,155          | 1.8%                | 11,859,538      | 284,458          | 2.4%                | Dorchester   | 11,859,538      | 284,458          | 2.4%                | Manchester      | 15,546,489       | 1,002,860           | 6.5%  |
| Brimfield    | 5,389,818       | 286,501          | 5.3%                | 34,303,733      | 572,937          | 1.7%                | Dorchester   | 34,303,733      | 572,937          | 1.7%                | Manchester      | 41,716,813       | 2,028,966           | 4.8%  |
| Brockton     | 207,745,311     | 7,556,913        | 3.7%                | 14,016,553      | 811,942          | 5.8%                | Dorchester   | 14,016,553      | 811,942          | 5.8%                | Manchester      | 183,044,855      | -1,357,384          | -0.7% |
| Brookfield   | 4,950,223       | 484,988          | 9.7%                | 1,533,022       | 187,123          | 12.2%               | Dorchester   | 1,533,022       | 187,123          | 12.2%               | Manchester      | 15,792,987       | 1,311,878           | 8.3%  |
| Brookline    | 136,401,924     | 4,412,943        | 3.2%                | 59,047,111      | 1,036,208        | 1.7%                | Dorchester   | 59,047,111      | 1,036,208        | 1.7%                | Manchester      | 41,716,813       | 2,028,966           | 4.8%  |
| Buckland     | 2,517,009       | 208,260          | 8.3%                | 1,228,257       | -65,192          | -5.3%               | Dorchester   | 1,228,257       | -65,192          | -5.3%               | Manchester      | 169,274,762      | 1,198,353           | 0.7%  |
| Burlington   | 58,431,376      | 1,706,827        | 2.9%                | 781,171         | 838,158          | 107.1%              | Dorchester   | 781,171         | 838,158          | 107.1%              | Manchester      | 10,481,818       | 2,576,782           | 24.6% |
| Cambridge    | 298,222,389     | 32,045,667       | 10.7%               | 21,001,560      | 1,532,424        | 7.3%                | Dorchester   | 21,001,560      | 1,532,424        | 7.3%                | Manchester      | 10,481,818       | 2,576,782           | 24.6% |
| Canton       | 44,636,183      | 915,557          | 2.0%                | 9,685,710       | 1,037,249        | 10.7%               | Dorchester   | 9,685,710       | 1,037,249        | 10.7%               | Manchester      | 44,927,170       | 2,500,677           | 5.6%  |
| Carlisle     | 12,032,146      | 481,852          | 4.0%                | 2,904,155       | 371,320          | 12.8%               | Dorchester   | 2,904,155       | 371,320          | 12.8%               | Manchester      | 29,232,637       | 1,505,016           | 5.1%  |
| Chatham      | 22,345,683      | 1,815,259        | 8.1%                | 13,092,716      | 1,971,812        | 15.1%               | Dorchester   | 13,092,716      | 1,971,812        | 15.1%               | Manchester      | 49,232,637       | 1,505,016           | 3.0%  |
| Chatham      | 1,778,360       | 112,041          | 6.3%                | 33,852,199      | 1,621,374        | 4.8%                | Dorchester   | 33,852,199      | 1,621,374        | 4.8%                | Manchester      | 18,955,426       | -9,226              | -0.5% |
| Chatham      | 10,172,284      | 438,505          | 4.3%                | 15,395,743      | 364,071          | 2.4%                | Dorchester   | 15,395,743      | 364,071          | 2.4%                | Manchester      | 24,015,793       | 803,003             | 3.3%  |
| Chatham      | 24,156,470      | 1,868,061        | 7.7%                | 7,897,355       | 208,896          | 2.6%                | Dorchester   | 7,897,355       | 208,896          | 2.6%                | Manchester      | 98,178,024       | 1,416,443           | 1.5%  |
| Chatham      | 62,631,813      | 1,897,882        | 3.0%                | 8,252,948       | 315,919          | 3.8%                | Dorchester   | 8,252,948       | 315,919          | 3.8%                | Manchester      | 30,873,448       | 2,162,982           | 7.0%  |
| Chatham      | 82,433,417      | 2,729,571        | 3.3%                | 11,606,357      | 577,760          | 4.9%                | Dorchester   | 11,606,357      | 577,760          | 4.9%                | Manchester      | 25,177,323       | 627,725             | 2.5%  |
| Chatham      | 2,895,381       | 132,232          | 4.6%                | 13,510,736      | 398,175          | 2.9%                | Dorchester   | 13,510,736      | 398,175          | 2.9%                | Manchester      | 51,506,698       | 1,928,224           | 3.7%  |
| Chatham      | 1,517,841       | 1,535,278        | 101.1%              | 6,377,293       | 174,724          | 2.8%                | Dorchester   | 6,377,293       | 174,724          | 2.8%                | Manchester      | 6,632,800        | 331,587             | 4.9%  |
| Chatham      | 1,517,841       | 1,535,278        | 101.1%              | 6,377,293       | 174,724          | 2.8%                | Dorchester   | 6,377,293       | 174,724          | 2.8%                | Manchester      | 9,003,780        | 222,398             | 2.4%  |

| Municipality       | 98 total budget    | 7/1/97 free cash | 99 total budget    | 7/1/98 free cash | 99 FC as a % budget | Municipality     | 98 total budget      | 7/1/97 free cash | 99 total budget   | 7/1/98 free cash | 99 FC as a % budget |
|--------------------|--------------------|------------------|--------------------|------------------|---------------------|------------------|----------------------|------------------|-------------------|------------------|---------------------|
| Methuen            | 75,711,353         | 739,939          | 79,440,814         | 2,088,520        | 2.63%               | Princeton        | 5,398,923            | 629,070          | 6,017,363         | 597,214          | 9.92%               |
| Middleborough      | 40,084,485         | 933,994          | 41,259,824         | 1,630,957        | 3.95%               | Provincetown     | 15,237,154           | 280,362          | 15,500,807        | 282,612          | 1.82%               |
| Middlefield        | 765,228            | 105,303          | 737,907            | 162,989          | 22.09%              | Quincy           | 164,355,584          | 4,413,455        | 177,531,387       | 3,475,693        | 1.96%               |
| Middleton          | 12,077,005         | 1,334,381        | 13,222,388         | 1,485,820        | 11.24%              | Randolph         | 50,198,782           | 1,914,392        | 55,167,824        | 3,147,647        | 5.71%               |
| Milford            | 48,386,858         | 710,439          | 50,567,266         | 1,966,270        | 3.89%               | Rayham           | 14,272,608           | 285,948          | 15,958,008        | 350,102          | 2.19%               |
| Milbury            | 17,237,684         | 1,363,821        | 18,414,197         | 1,840,028        | 9.99%               | Reading          | 49,841,295           | 2,240,445        | 53,162,851        | 1,970,994        | 3.71%               |
| Millis             | 14,277,073         | 767,473          | 15,795,424         | 312,941          | 1.98%               | Rehoboth         | 80,463,610           | 1,070,568        | 84,333,437        | 1,422,997        | 12.37%              |
| Milville           | 3,006,165          | 3,072,367        | 3,072,367          | 3,072,367        | 9.89%               | Revere           | 80,049,962           | 209,700          | 85,129,688        | 877,332          | 1.03%               |
| Milton             | 49,673,523         | 1,025,127        | 53,754,178         | 1,019,603        | 1.90%               | Richmond         | 3,501,509            | 237,970          | 3,404,746         | 201,821          | 5.83%               |
| Monroe             | 466,106            | 123,162          | 488,069            | 105,156          | 21.55%              | Rochester        | 8,881,432            | 883,997          | 9,289,211         | 1,044,576        | 11.25%              |
| Monson             | 15,105,134         | 471,740          | 16,139,530         | 702,164          | 4.65%               | Rockland         | 32,764,535           | -547,821         | 34,704,535        | 34,704,535       | 0.00%               |
| Montague           | 10,324,607         | 614,193          | 11,166,827         | 742,091          | 6.35%               | Rockport         | 19,086,940           | 307,045          | 20,301,561        | 914,465          | 4.50%               |
| Monterey           | 1,821,287          | 202,543          | 1,904,767          | 74,760           | 3.92%               | Roxe             | 2,632,751            | 927,064          | 2,029,055         | 425,514          | 20.97%              |
| Montgomery         | 1,391,590          | 221,985          | 1,161,423          | 208,828          | 17.98%              | Rowley           | 7,699,265            | 357,011          | 8,285,478         | 560,599          | 6.69%               |
| Mt. Washington     | 392,267            | 117,754          | 363,526            | 170,268          | 46.84%              | Royalston        | 1,971,358            | 692,023          | 2,290,139         | 3,290,139        | 0.00%               |
| Nahant             | 7,283,082          | 237,195          | 7,716,074          | 311,234          | 4.03%               | Russell          | 2,552,435            | 213,589          | 2,614,247         | 391,250          | 14.97%              |
| Nantucket          | 48,981,622         | 4,897,887        | 51,582,704         | 5,285,205        | 10.25%              | Rutland          | 6,939,182            | 342,906          | 7,716,359         | 542,979          | 7.04%               |
| Natick             | 68,109,313         | 2,728,405        | 72,791,084         | 3,450,176        | 4.74%               | Salem            | 80,118,531           | 1,423,512        | 85,180,152        | 2,756,091        | 3.24%               |
| Needham            | 68,161,972         | 1,968,754        | 73,111,035         | 2,900,719        | 3.97%               | Salisbury        | 11,656,138           | 169,653          | 12,639,762        | 530,287          | 4.20%               |
| New Ashford        | 368,029            | 92,369           | 339,866            | 110,018          | 32.37%              | Sandisfield      | 1,468,043            | 642,253          | 1,858,737         | 356,833          | 19.20%              |
| New Bedford        | 193,171,248        | -10,037,492      | 202,660,414        | -5,015,840       | -2.47%              | Sandwich         | 34,596,523           | 629,725          | 36,801,002        | 1,753,364        | 4.76%               |
| New Braintree      | 1,110,479          | 40,773           | 1,114,037          | 39,033           | 3.50%               | Saugus           | 48,268,946           | 316,798          | 47,471,795        | 1,051,683        | 2.22%               |
| New Marlborough    | 2,456,280          | 123,636          | 2,391,343          | 136,687          | 5.72%               | Saugus           | 1,089,972            | 90,336           | 1,268,523         | 51,974           | 4.10%               |
| New Salem          | 1,222,104          | 123,636          | 1,359,801          | 130,983          | 9.63%               | Scituate         | 36,149,486           | 1,361,356        | 41,418,610        | 2,679,946        | 6.47%               |
| Newbury            | 9,634,854          | 367,384          | 10,147,007         | 180,610          | 1.78%               | Seekonk          | 24,419,100           | 1,434,797        | 25,848,084        | 1,541,317        | 5.96%               |
| Newburyport        | 31,675,787         | 340,795          | 35,162,781         | 247,068          | 0.70%               | Sharon           | 35,025,137           | 1,216,005        | 37,853,834        | 1,742,326        | 4.60%               |
| Newton             | 206,550,487        | 4,062,320        | 212,624,482        | 7,004,674        | 3.29%               | Sheffield        | 5,591,184            | 709,575          | 5,328,331         | 720,749          | 13.53%              |
| Norfolk            | 16,568,366         | 351,797          | 16,384,882         | 565,197          | 3.08%               | Shelburne        | 2,349,264            | 202,342          | 2,658,519         | 94,094           | 3.54%               |
| N. Adams           | 28,629,941         | 346,538          | 30,448,348         | 1,794,073        | 5.89%               | Sherborn         | 11,444,940           | 527,335          | 11,809,114        | 762,245          | 6.45%               |
| N. Andover         | 47,704,711         | 1,085,950        | 50,093,573         | 337,985          | 0.67%               | Shirley          | 8,778,276            | 222,373          | 9,160,503         | 431,340          | 4.71%               |
| N. Attleborough    | 48,804,109         | 2,431,979        | 54,044,511         | 2,843,844        | 5.26%               | Shrewsbury       | 48,908,865           | 4,555,647        | 51,258,068        | 4,611,834        | 9.00%               |
| N. Brookfield      | 8,143,762          | 291,975          | 9,064,005          | 288,245          | 3.18%               | Shutesbury       | 3,428,047            | 454,428          | 4,542,015         | 523,910          | 13.39%              |
| N. Reading         | 29,702,116         | 1,311,200        | 32,200,406         | 4,989,535        | 4.65%               | Somerset         | 35,493,190           | 3,098,821        | 36,251,509        | 4,777,786        | 13.18%              |
| Northampton        | 52,557,604         | 1,402,665        | 54,321,868         | 1,873,188        | 3.45%               | Somerville       | 130,280,709          | 9,689,417        | 137,620,769       | 6,828,201        | 4.96%               |
| Northborough       | 23,607,860         | 2,854,196        | 26,227,734         | 3,016,151        | 11.50%              | S. Hadley        | 25,584,297           | 724,947          | 25,848,627        | 347,624          | 1.34%               |
| Northbridge        | 22,797,194         | 1,145,070        | 24,309,139         | 962,285          | 3.96%               | Southampton      | 7,595,352            | 241,340          | 8,074,881         | 297,186          | 3.68%               |
| Northfield         | 3,172,232          | 534,058          | 3,981,705          | 534,675          | 13.43%              | Southborough     | 17,598,733           | 1,306,667        | 19,950,483        | 1,371,296        | 6.87%               |
| Norton             | 28,224,732         | 535,806          | 30,848,974         | 963,184          | 3.12%               | Southbridge      | 30,259,647           | 3,212,404        | 32,011,761        | 2,124,717        | 6.64%               |
| Norwell            | 23,168,159         | 686,911          | 23,741,888         | 899,507          | 3.79%               | Southwick        | 9,936,599            | 925,333          | 11,014,574        | 864,835          | 7.85%               |
| Norwood            | 82,229,484         | 2,386,984        | 82,253,129         | 2,839,843        | 3.45%               | Spencer          | 10,239,769           | 338,821          | 11,673,614        | 526,573          | 4.51%               |
| Oak Bluffs         | 12,515,285         | 619,071          | 12,927,828         | 896,147          | 6.93%               | Springfield      | 326,234,747          | -6,851,035       | 356,945,338       | -9,250,464       | -2.59%              |
| Oakham             | 1,632,346          | 138,714          | 1,889,373          | 221,600          | 11.73%              | Sterling         | 10,587,640           | 1,030,560        | 11,031,384        | 1,031,433        | 9.35%               |
| Orange             | 14,095,006         | 648,954          | 15,631,599         | 507,564          | 3.25%               | Stockbridge      | 4,802,302            | 2,021,558        | 5,386,881         | 2,782,795        | 51.66%              |
| Orleans            | 16,173,581         | 1,588,641        | 17,106,786         | 1,363,701        | 7.97%               | Stonham          | 42,623,866           | 1,113,799        | 44,246,502        | 1,284,121        | 2.80%               |
| Otis               | 2,733,612          | 304,305          | 2,907,729          | 206,968          | 7.12%               | Stoughton        | 51,643,711           | 1,390,807        | 55,328,528        | 1,664,690        | 3.01%               |
| Oxford             | 19,847,637         | 1,251,985        | 23,819,952         | 1,572,132        | 6.60%               | Stow             | 10,457,522           | 745,397          | 11,442,616        | 439,953          | 3.84%               |
| Palmer             | 23,350,646         | 623,226          | 24,604,846         | 1,989,300        | 8.08%               | Sturbridge       | 14,545,891           | 715,011          | 14,389,329        | 809,695          | 5.63%               |
| Paxton             | 5,532,738          | 369,837          | 6,016,830          | 364,312          | 6.05%               | Sudbury          | 41,901,281           | 1,433,517        | 41,901,281        | 1,433,517        | 3.42%               |
| Peabody            | 93,879,983         | 6,738,960        | 95,043,279         | 6,467,513        | 6.80%               | Sunderland       | 4,050,850            | 411,092          | 4,840,284         | 446,517          | 9.23%               |
| Pelham             | 2,236,960          | 399,580          | 2,542,848          | 288,610          | 11.35%              | Sutton           | 12,388,325           | 468,134          | 14,317,000        | 889,713          | 6.21%               |
| Pembroke           | 26,895,735         | 1,595,438        | 27,834,918         | 1,009,549        | 3.63%               | Swampscott       | 29,542,885           | 547,286          | 31,022,480        | 1,082,490        | 3.49%               |
| Pepperell          | 14,618,015         | 806,173          | 14,051,863         | 1,504,637        | 10.71%              | Swansea          | 21,319,195           | -282,990         | 22,616,041        | 226,041          | 1.01%               |
| Peru               | 975,634            | 96,643           | 995,638            | 126,925          | 12.75%              | Taunton          | 104,183,221          | 4,471,006        | 110,071,707       | 5,246,662        | 4.77%               |
| Petersham          | 1,856,311          | 343,788          | 1,626,922          | 210,733          | 12.95%              | Templeton        | 7,411,384            | 238,073          | 7,263,337         | 64,674           | 0.89%               |
| Phillipston        | 1,523,091          | 87,231           | 1,724,130          | 72,674           | 4.22%               | Tewksbury        | 52,558,904           | 874,908          | 56,836,630        | 1,829,261        | 3.22%               |
| Pittsfield         | 81,484,164         | 2,408,456        | 85,980,499         | 1,728,212        | 2.01%               | Tisbury          | 11,892,163           | 1,166,214        | 13,207,071        | 982,123          | 7.44%               |
| Plainfield         | 1,355,902          | 72,094           | 982,661            | 110,485          | 11.60%              | Tolland          | 1,548,913            | 98,942           | 565,607           | 101,779          | 17.99%              |
| Plainville         | 11,140,538         | 810,773          | 12,081,186         | 718,661          | 5.66%               | Topsheld         | 11,224,991           | 538,482          | 12,812,962        | 614,184          | 4.79%               |
| Plymouth           | 103,053,901        | 3,387,865        | 110,989,158        | 2,487,223        | 2.24%               | Townsend         | 10,158,682           | 360,747          | 10,871,718        | 712,523          | 6.55%               |
| Plympton           | 4,162,551          | 142,238          | 4,371,799          | 254,062          | 5.81%               | Truro            | 6,634,600            | 321,614          | 7,134,439         | 441,687          | 6.19%               |
| <b>Tynsborough</b> | <b>19,330,420</b>  | <b>1,225,191</b> | <b>21,259,116</b>  | <b>1,130,895</b> | <b>5.32%</b>        | <b>Tyringham</b> | <b>7,826,085</b>     | <b>319,374</b>   | <b>8,407,461</b>  | <b>42,226</b>    | <b>4.98%</b>        |
| <b>Upton</b>       | <b>19,424,263</b>  | <b>7,826,085</b> | <b>22,356,134</b>  | <b>660,650</b>   | <b>2.96%</b>        | <b>Ware</b>      | <b>16,252,756</b>    | <b>750,540</b>   | <b>17,794,155</b> | <b>1,048,376</b> | <b>5.08%</b>        |
| <b>Uxbridge</b>    | <b>49,237,496</b>  | <b>1,921,645</b> | <b>54,680,525</b>  | <b>1,764,790</b> | <b>3.23%</b>        | <b>Wareham</b>   | <b>37,536,960</b>    | <b>599,019</b>   | <b>40,907,650</b> | <b>1,109,062</b> | <b>2.71%</b>        |
| <b>Wales</b>       | <b>2,567,673</b>   | <b>93,754</b>    | <b>2,704,363</b>   | <b>57,176</b>    | <b>2.11%</b>        | <b>Wareham</b>   | <b>37,536,960</b>    | <b>599,019</b>   | <b>40,907,650</b> | <b>1,109,062</b> | <b>2.71%</b>        |
| <b>Walpole</b>     | <b>42,383,577</b>  | <b>928,669</b>   | <b>43,716,870</b>  | <b>1,205,649</b> | <b>2.76%</b>        | <b>Wareham</b>   | <b>37,536,960</b>    | <b>599,019</b>   | <b>40,907,650</b> | <b>1,109,062</b> | <b>2.71%</b>        |
| <b>Walworth</b>    | <b>130,836,474</b> | <b>9,239,901</b> | <b>130,836,474</b> | <b>9,239,901</b> | <b>7.06%</b>        | <b>Wareham</b>   | <b>37,536,960</b>    | <b>599,019</b>   | <b>40,907,650</b> | <b>1,109,062</b> | <b>2.71%</b>        |
| <b>Ware</b>        | <b>16,252,756</b>  | <b>750,540</b>   | <b>17,794,155</b>  | <b>1,048,376</b> | <b>5.08%</b>        | <b>Wareham</b>   | <b>37,536,960</b>    | <b>599,019</b>   | <b>40,907,650</b> | <b>1,109,062</b> | <b>2.71%</b>        |
| <b>Wareham</b>     | <b>37,536,960</b>  | <b>599,019</b>   | <b>40,907,650</b>  | <b>1,109,062</b> | <b>2.71%</b>        | <b>Wareham</b>   | <b>37,536,960</b>    | <b>599,019</b>   | <b>40,907,650</b> | <b>1,109,062</b> | <b>2.71%</b>        |
| <b>Warren</b>      | <b>4,960,301</b>   | <b>56,714</b>    | <b>5,192,699</b>   | <b>271,154</b>   | <b>5.22%</b>        | <b>Wareham</b>   | <b>37,536,960</b>    | <b>599,019</b>   | <b>40,907,650</b> | <b>1,109,062</b> | <b>2.71%</b>        |
| <b>Warwick</b>     | <b>1,091,345</b>   | <b>136,740</b>   | <b>984,744</b>     | <b>99,924</b>    | <b>10.05%</b>       | <b>Wareham</b>   | <b>37,536,960</b>    | <b>599,019</b>   | <b>40,907,650</b> | <b>1,109,062</b> | <b>2.71%</b>        |
| <b>Washington</b>  | <b>910,803</b>     | <b>-1,520</b>    | <b>847,461</b>     | <b>42,226</b>    | <b>4.98%</b>        | <b>Wareham</b>   | <b>37,536,960</b>    | <b>599,019</b>   | <b>40,907,650</b> | <b>1,109,062</b> | <b>2.71%</b>        |
| <b>Waterdown</b>   | <b>64,062,648</b>  | <b>3,514,963</b> | <b>68,596,007</b>  | <b>3,963,545</b> | <b>5.78%</b>        | <b>Wareham</b>   | <b>37,536,960</b> </ |                  |                   |                  |                     |

### What in the World Is Free Cash?

➔ *continued from page three*

free cash to Ashfield at 4.21 percent negative free cash. There were 12 communities with free cash equal to more than 20 percent of their total budgets and another 47 with free cash of 10 to 20 percent. There were 119 communities with free cash of between 5 and 10 percent of their total budgets. The largest group fell between 3 and 4 percent. The statewide total free cash as a percent of the statewide total budget for FY1999 is 4.0 percent. It was 3.15 percent in FY1998.

Eight of the 10 communities with free cash equaling the largest percentages of total budgets are in Berkshire County: Stockbridge (51.66), Mount Washington (46.84), New Ashford (32.37), Florida (27.33), Lenox (25.58), Windsor (24.84), Hancock (22.59) and Adams (21.78). The other two communities are Aquinnah (23.23) on Martha's Vineyard and Middlefield (22.09) in Hampshire County. The eight commu-

nities with free cash equaling less than one percent of their total budgets are clustered in northern Massachusetts. Three are in Essex County: Newburyport (0.7), North Andover (0.67) and Essex (0.31). Three are in northern Worcester County: Lunenburg (0.98), Templeton (0.89) and Lancaster (0.81). The others are Maynard (0.59) and Greenfield (0.31).

For FY1999, there were six communities with negative free cash, six less than in the previous fiscal year. Five of the six are cities. Three of those communities had negative free cash balances of less than one percent. The community with the highest negative balance had negative free cash equal to slightly more than four percent of its total budget. Some communities do not have their free cash certified, often because they anticipate a negative balance. For FY1999 there were nine communities that did not have free

cash certified, up from five uncertified communities in FY1998.

Prudent communities prepare conservative budgets to generate positive free cash. They also pursue the collection of unpaid real and personal property taxes aggressively since unpaid taxes are not only monies not collected, they are also deducted when free cash is calculated. Since higher free cash ratios are one indicator of fiscal health, financial services assigning bond ratings to communities use the amount of free cash as one measure of the community's fiscal stability. A strong free cash position could reduce borrowing costs. Maintenance of an adequate free cash level is not a luxury, but a necessary component of sound local fiscal management. ■

*written by Jean McCarthy  
data provided by Dora Brown  
chart prepared by Michael Maguire*

### Audits Reveal Results of Ed Reform Spending

➔ *continued from page one*

plus 0.85 show a very strong positive relationship or correlation, while values of less than minus 0.75 indicate a relatively strong inverse relationship or correlation. A value of zero indicates that there is no correlation at all.

Comparing net school spending and student test scores in audited districts reveals that there is almost no relationship. Correlation coefficients for net school spending and four different test score results yielded values between minus 0.1 and plus 0.07.<sup>1</sup> On the other hand, there is a high correlation among performance on different tests — schools that score well on the Scholastic Achievement Test (SAT) score similarly on the Massachusetts Comprehensive Assessment System (MCAS). Taking just one demographic factor,

1989 per capita income, and correlating that to the 1998 MCAS test scores results in a correlation coefficient of 0.84 for the audited districts, suggesting that per capita income plays a fairly strong role in test score results.

The true measure of success is most likely the degree to which a school district performs better than expected based on its demographic characteristics. Among the audited school districts that performed better than expected are North Reading, Auburn, Braintree, East Longmeadow, Everett and Worcester. Everett and Worcester are two districts that appear to have taken education reform very seriously and implemented many of its provisions, such as communicating goals

clearly, preparing thoughtful school improvement plans and using evaluation tools for both teachers and principals.

Successful school districts tend to exhibit some shared characteristics. They have strong and positive leadership, clear direction that is communicated well throughout the organization, and a sense of purpose and drive. Clear communication of goals through mission statements, strategic plans with specific goals and objectives, and effective methods of measuring progress and holding managers accountable move school districts forward. ■

1. 1998 MCAS Total Score (.01), 1998 Combined Advanced & Proficient Scores (.03), 1998 SAT score (.07) and 1997 10th Grade Iowa Percentile rank (-.10).

# DLS UPDATE

## Rating of Qualified Bonds Improves

Moody's Investors Service recently upgraded the rating on the state general obligation-qualified bond program to Aa3 from A2, affecting \$632.4 million of outstanding debt. The enhancement reflects the Commonwealth's strong credit rating as well as the strength of the direct-pay arrangement authorized by state statute. Under the Massachusetts Qualified Bond program the State Treasurer pays the debt service directly from a community's local aid, reinforcing the security of the bonds and thereby reducing the cost of borrowing for municipalities. Amesbury, Beverly, Blackstone Millville Regional School District, Brockton, Fall River, Haverhill, Lawrence, Lowell, Revere and Springfield have all issued bonds under this program.

## FY2001 Growth Factors

The Division of Local Services has provided preliminary FY2001 municipal revenue growth factors (MRGF) to the Department of Education (DOE) to be used to calculate the amount of Chapter 70 aid proposed in the Governor's budget (House 1A). Both Chapter 70 aid and the MRGFs may change as a result of the legislative process. Based on statute, the MRGFs are used to increase the local municipal contribution to support schools and the gross standard of effort used to measure ability to pay under the Education Reform Act. The law provides for a cap on the MRGFs based on the annual percent increase in formula aid for Chapter 70. For FY2001, the factors were capped at 4.72 percent.

The MRGF is an estimate of the percentage change in a municipality's revenue growth for a fiscal year. It repre-

sents the combined percentage increase in the following revenue components: automatic 2½ percent increase in the levy limit, estimated new growth, the change in selected unrestricted state aid categories, and the change in selected unrestricted local receipts. The MRGF is the summary of the change in the four components.

Detailed descriptions of the calculation of every community's preliminary FY2001 MRGFs are available on the DLS website, address on page 8, (see MRGF2001.xls). To see a community's numbers, click on the "reports" menu choice. A companion file provides spreadsheets that give the calculations in column format for all 351 cities and towns (see MRGF2001.spreadsheet.xls). For questions call Lisa Juskiewicz or Rick Kingsley at DLS.

## Room Occupancy Excise Alert

Communities that impose a local room occupancy tax on hotels and motels must notify the Commissioner of Revenue when they vote to adopt that local option.<sup>1</sup> A copy of the town meeting or city council vote specifying the rate at which the local excise is to be imposed and the effective date of the local excise should be received by the Commissioner at least 21 days before the effective date for imposition of the excise. The effective date is the first day of the calendar quarter following 30 days after such acceptance, or the first day of such later calendar quarter as the city or town may designate.

Massachusetts General Laws authorize any city or town to impose a local excise on the transfer of occupancy of any room or rooms in a bed and breakfast establishment, hotel, lodging house or motel located in that community. State law imposes an excise at a

rate of 5.7 percent of the total amount of rent for each such hotel/motel occupancy. Each city or town may vote to impose an additional surtax of up to four percent of the total amount of rent (up to 4.5 percent in Boston).<sup>2</sup> To impose the additional excise, a community must first accept the provisions of law. For towns, acceptance requires a majority vote of town meeting. In cities, a majority vote of the city council, or a majority vote of town council in municipalities with a town council form of governments, is required.

Although failure to notify the Commissioner does not affect the effective date of the excise, or excuse the operator from the obligation to collect the excise, it obviously has an impact on the Commissioner's notification of local hotel/motel operators. Despite lack of such notice, hotel/motel owners could still be subject to fines and interest for failure to collect the excise. Also, in one community the hotel owner received a rebate of the amount collected with notice that the town had not adopted the hotel/motel excise because the Commissioner had no record of the town's adoption of the local option. ■

1. 830 CMR 64G.3A.1.

2. MGL Ch. 64G, § 3, 3A.

## Designer Selection Statute ➔ continued from page two

In conclusion, the court refused to issue the injunction since the public interest would not be served. ■

written by James Crowley

1. 430 Mass. 328 (1999).

2. Pursuant to M.G.L. Ch. 40 § 53.

3. M.G.L. Ch. 7 § 38A½-38O.

4. Article VII of the town bylaws.

5. M.G.L. Ch. 7 § 38D.

6. M.G.L. Ch. 7 § 38H(d).

7. M.G.L. Ch. 7 § 38H (l).

8. M.G.L. Ch. 7 § 40A et seq.

## Municipal Fiscal Calendar

### April 1

**Collector:** Mail 2nd half semi-annual tax bills.

### Mark Your Calendars — Opportunities for Training

*Assessment Administration: Law, Procedures, Valuation* (Course 101) will be offered in Melville Hall (Room 201), Berkshire Community College in Pittsfield on eight consecutive Wednesdays beginning April 5, from 7:00 p.m. to 10:00 p.m.

*Assessment Administration: Law, Procedures, Valuation* (Course 101) will be offered at the Department of Revenue's first floor conference room, 51 Sleeper Street, Boston, on eight consecutive Tuesdays beginning April 11, from 7:00 p.m. to 10:00 p.m.

*Classification Training Workshops* will be held in conjunction with Course 101 in Room 201, Melville Hall, Berkshire Community College on Wednesday, May 3, 2000, and in the first floor conference room, 51 Sleeper Street in Boston on Tuesday, May 9, 2000, from 7:00 p.m. to 8:30 p.m.


The *New Officials Finance Forum* will be given on Friday, June 2, 2000, at the Ramada Inn, 624 Southbridge Street, Auburn from 8:45 a.m. to 3:00 p.m.

Contact Barbara LaVertue, Coordinator of Training, at (617) 626-2340 for more information. ■

## Data Bank Highlight

The Municipal Data Bank website has spreadsheets listing certified free cash amounts as a percentage of the total budget for all cities and towns from FY1981. It also has spreadsheets for the other two major reserve funds: stabilization fund and overlay reserve. One spreadsheet shows stabilization fund balances as a percentage of the total budget. The other shows overlay reserve as a percentage of the tax levy. These spreadsheets can be downloaded from the website. The Data Bank provides many other reports containing financial and demographic information on Massachusetts cities and towns. Most of these reports are available on the website. Another feature of the website, the Community Report Builder, allows users to construct reports online.

To obtain information from the Municipal Data Bank, visit our website, listed below, or call Dora Brown or Debbie DePerri at (617) 626-2300. For technical assistance, contact Medi Ba at (617) 626-2355. ■

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