



**REHOBOTH BOARD of SELECTMEN**

146 Peck Street  
Rehoboth, MA 02769

November 13, 2019

Ms. Christine Lynch  
Ms. Michelle Griffin  
Massachusetts Department of Elementary and Secondary Education  
75 Pleasant Street  
Malden, MA 02148

Dear Ms. Lynch and Ms. Griffin,

On November 6, 2019 the Rehoboth Board of Selectmen received a letter from Associate Commissioner Jay Sullivan informing us of the intention of the Department of Elementary and Secondary Education (Department) to assume fiscal oversight of the Dighton-Rehoboth Regional School District effective December 1, 2019 and for the remainder of the fiscal year. Voting to accept the appropriation would constitute establishment of a FY20 budget; and would replace the 1/12 budget as adopted by the Department. Additionally, Associate Commissioner Sullivan's letter requested the Member Towns, the School Committee, the District Administration, and constituents forward input to be considered in establishing the final FY20 budget. This letter represents the position of the Rehoboth Board of Selectmen. Together with the letter and analysis authored by Rehoboth Finance Committee Chairman Michael Deignan, this letter constitutes the official response on the part of the Town of Rehoboth (Town). Additionally, on November 7 the Town posted the Associate Commissioner's letter to the Town's website and on November 12, 2019 we read the letter into the record during the Board of Selectmen's Meeting. We encouraged constituents to provide input directly to the Department; regardless of what position they were advocating.

Although FINCOM Chairman Deignan and I have worked independently on our responses; we have discussed coordinating the Town's response to minimize occurrences of repetition. Chairman Deignan is a highly respected town official, having served on the Finance Committee since 2009 and as the Chair since 2012. Mr. Deignan's narrative contains an accurate and compelling case which demonstrates Rehoboth's support of the School District over the years. It also chronicles the ever-increasing and unsustainable financial demands emanating from the School District.

Rehoboth prides itself on being recognized as the Birthplace of Public Education in North America. We maintain a long and proud tradition of supporting our children, our teachers, and our schools. The issues we are experiencing in recent years in no way should paint the taxpayers of our Town as “anti-school” as some have publicly stated. We believe in a well-rounded educational experience for our children which will prepare them for future success. To that end, the Rehoboth Town Meeting has twice approved a FY 2020 budget of \$18,970,859. This budget represented a substantial increase over FY2019 and would have allowed the District to fund its chosen academic programs along with robust extracurricular and athletic programs. In each such case, the District could have chosen to accept such appropriation and avoid losing control over the schools’ management, and , in each such case, the District refused to do so, opting instead for expensive and adversarial mechanisms that, at best would have netted a purely incremental increase in funding.

At this juncture, while the Board of Selectmen and residents continue to support the local schools, the taxpayers are demanding accountability on the part of the School Committee and the District Administration. Our constituents are more than willing to fund the District at ever-increasing levels but are demanding transparency and responsibility for the manner in which the budgets are formulated, the assessments are calculated, and how the Administration spends the funds entrusted to the District.

Mutual respect and trust are essential to secure the support of the voters. I believe we can all agree the cornerstone upon which mutual respect and trust is built is communication and transparency. Historically this has been the trademark of both the Town and the School District. Traditionally, the School Committee would take several meetings to review each line of each budget presented to them. The administrators from each school would participate in the discussions to answer questions from the Committee or the public. All meetings were open to the public and trust between the School Committee and voter was high. The Towns were not always able to fully fund the District’s requested amount; however, reasonable dialogue and compromise ensued when we found ourselves in that position. There was a genuine understanding of each other’s position and a solution was ultimately identified; although it wasn’t always easy. In some years Town employee salaries and town services were reduced to meet the appropriation approved at Town Meeting. The net result was a regional school with a full range of services and a sterling reputation for both academics and extracurriculars

Unfortunately, over the past few years the open and transparent approach has been replaced by budget subcommittees which meet out of the public’s eye. Discussions among the full Committee are conducted at a high level, lack specific line item detail, and appear to be placed

towards the back of School Committee meeting agendas, making it difficult for members of the public to be present to ask questions. Of the questions that do make it before the Committee, many go unanswered beyond “We’ll need to look into that and get back to you”. Most times the questions remain publicly unanswered. This approach has led to frustration and a crisis of confidence of both the School Committee and the Superintendent. It has also led to massive mistrust of the process. Nevertheless, due in part to the diligence of the FINCOM and Board of Selectmen, we have been able to present a budget to Town Meeting that is entirely supportive of the District and has not resulted in any measureable loss of services. As detailed by Mr. Deignan, the Town has also supported overrides for the District budget.

Several years ago the Town adopted zero-based budgeting methodology to create budgets for town departments. Each department started with a budget of zero dollars and built the requested appropriation by identifying the costs associated with the departmental mission and plan for the upcoming year. This is the traditional approach taken in the private sector and provides an opportunity to discuss specifics rather than generalities. For example, if the total cost of three desired programs is \$240,000 (\$80,000 each after identifying all the required elements), and funding is approved for only \$160,000 then the discussion focuses on which program will not move forward, rather than the traditional “we need to cut \$80,000 from our budget”. Zero-based budgeting creates dialogue, expectations, and accountability. It also identifies shifting priorities, which enables resources to be moved out of certain areas and into areas of higher priority. The Finance Committee liaison actively participates in the preparation of each department’s budget before the budget is brought before the Board of Selectmen for consideration and approval before the full Finance Committee votes on the final recommendation to be placed before the voters. We conduct these meetings in open session and review the line by line detail of each department’s budget. The formal process begins in January and concludes in April.

Offers to assist the School District Administration with implementation of zero-based budgeting have been extended; however, the District has refused to consider this budgeting approach; opting for the traditional “start with last year and add-on” philosophy. While we are appreciative with a budgeting philosophy that contemplates level services, and while a transparent process may provide fruitful results in other contexts, this approach in the D-R District has led to bloated budgets and finger pointing when the funding proposals have not matched the demand. Inevitably what has followed is not constructive dialogue but, rather, a series of provocative statements and press releases from the Administration and School Committee condemning the taxpayers of Rehoboth for “not paying their fair share” and how “drastic cuts will need to be made to the budget”. This rhetoric is unproductive and divisive; especially when one considers the target of these accusations is the community which already

is responsible for almost double the other member Town's net minimum; plus an additional \$3.4 million for a total appropriation that equals 64% of Rehoboth's total revenue.

Obviously, this year's budget process has been particularly difficult, as evidenced by the need for the Commissioner to step in. In preparation for the Annual Town Meeting, the School Committee approved a \$45.4 million budget to fund the Administration's plan for the FY20 Dighton-Rehoboth Regional School District. After accounting for State reimbursements and other sources of revenue received by the District, the School Committee voted assessments to Dighton and Rehoboth totaling \$30,284,924. Of that total, Rehoboth was assessed \$19,529,656 and Dighton was assessed \$10,755,268. The total amount assessed to Rehoboth increased \$1.6 million over FY19. (**Please note:** the additional \$1.6 million in the FY20 assessment was in addition to the FY19 increase of \$2.1 million to the District's funding as approved via a Proposition 2 ½ override vote by the Rehoboth taxpayers.)

A record breaking 699-registered voters attended the May 28, 2019 meeting where an overwhelming majority of those assembled rejected the School Committee's assessment to Rehoboth in favor of the Finance Committee's recommendation of \$18,970,859, which is slightly over \$1.0 million more than last year and \$3.4 million more than the Town is required to pay under the State Minimum Net School Spending mandate. It is the Board of Selectmen's position that this approved budget would have been satisfactory to deliver top-tier educational services to District students.

The School Committee was not satisfied with the voted increased contribution of more than \$1.0 million over last year to fund the FY20 budget. A week after Rehoboth's Annual Town Meeting, the Regional School Committee and the Administration met and spent several hours demeaning the Town of Rehoboth, its elected officials and its residents for failing to give into their demands. At the end of the meeting, the School Committee did not vote to accept the small decrease in desired funding, as would be permitted under Chapter 71. Nor did the District vote to assess a compromise amount. Rather, the District ignored the will of the Rehoboth Town Meeting and voted to send a 'new' assessment to Rehoboth in the **same** amount as the previous assessment.

Earlier in this letter we referred to frustration and a crisis of confidence of both the School Committee and the Superintendent, which has led to massive mistrust of the process. Let me provide an example of why this is an accurate statement. At the May 2018 Annual Town Meeting, the Finance Committee, with the support of the Rehoboth Board of Selectmen, recommended funding Rehoboth's assessment as voted by the School Committee. Since the requested appropriation far exceeded the Town's ability to fund the assessment without a Proposition 2 ½ Override, Finance Chairman Deignan offered the following motion:

***“LET IT BE MOVED:*** That the Town accept the Report of the Finance Committee for the Fiscal Year 2019 Dighton Rehoboth Regional School Budget and Assessment and appropriate the sum of \$15,842,799 as recommended by the Finance Committee set forth therein to defray the expenses of the Dighton Rehoboth Regional School District for the ensuing fiscal year as specified, and as funding thereof, to appropriate from Taxation the sum of \$15,842,799. And further to appropriate an additional \$2,115,992 such additional amount being contingent upon passage of a Proposition 2 ½ Override”.

Town Meeting approved and the subsequent override ballot vote passed by a significant margin. The District received the full appropriation they requested. In large part, the success of the override vote was due to the commitment by the School Committee and Administration that the override will “address the District’s operating needs for years to come.” These statements were repeatedly made to the same Town officials and voters who are now being told we are not paying our fair share and that last year’s override was not enough and the taxpayers must pay an additional \$1.5 million this year. It must be noted the Finance Committee allocated the total amount of last year’s override (\$2,115,992) to the District this year even though the Town was under no obligation to do so. This further demonstrates Rehoboth’s support of the School District.

Turning to the FY2020 budget, and upon information and belief, the Town has identified several instances of significant concern regarding the District’s calculation of individual budget lines and the transferring of expenses from one budget line item to another. For example, several budget line items have been identified as being funded in each of several years without any funds being expended for the intended purpose.

Perhaps of most concern are the movement of capital expense into the operating budget and the reallocation of certain costs out of individual school budgets and into the Central Office budget. We believe both of these actions are inconsistent with the Regional Agreement and, given the allocations therein, operate to transfer costs onto the Rehoboth taxpayers.

The Regional Agreement states that each Town is responsible for 100% of the capital expenses incurred in the K-8 schools that are located in each Town (High School capital costs are apportioned). Historically and in accordance with the Regional Agreement, capital projects were brought to Town Meeting as a separate article, debated, and voted on by those assembled. Some articles required additional funding through a capital or debt exclusion vote; others did not. Over the past several years, this process has been all but abandoned and replaced with capital projects being included in the operating budgets. The reason for concern

is twofold: (1) the Regional Agreement requires each town to pay 100% the cost of its own K-8 capital; (2) this approach lacks transparency and results in an artificial and compounding expansion of the operating budget. Rehoboth is responsible for over 64% of the combined operating assessment; hence Rehoboth is paying 64-cents of every misclassified \$1.00 in the Dighton K-8 budget. Using the 3/1/19 line item budget provided by the District, we are concerned that the misclassification included approximate \$380,000 in the Dighton K-8; \$483,000 in the Rehoboth K-8; and \$493,000 at the high school. Additionally, it appears the District has entered into capital leases for various capital projects for which the annual lease payment is now included in the operating budget. These actions were taken without approval of Town Meeting as is required by the Regional Agreement.

Also of concern is the reallocation of health insurance and retiree costs from the individual towns to the Central Office budget. At present, the Regional Agreement does not contemplate the Statutory Method for operating assessments and rather, for K-8 schools, allocates operating expenses to the host community. However, the District has chosen to ignore that aspect of the Agreement and, apparently, is allocating all operating costs in accordance with the Statutory Method. The District has not made any effort to approve the Alternative Method in the Regional Agreement, as approved by the two member Towns, even for the amount above the Required Minimum Contribution. This practice is uniquely to the financial detriment of Rehoboth. We would like to pursue the maximum amount of fidelity to the Regional Agreement but such pleas have fallen on deaf ears.

None of the information we are sharing in this letter will come as a surprise to the Department. On April 16, 2019 a small group met with Deputy Commissioner of Education Wulfson and Assistant Secretary of Education Moreau in Rehoboth. This was a fact finding meeting of sorts, since those in attendance (including our State Senator and State Representative) needed factual answers to specific questions and guidance for moving forward. We also shared specific examples to support the growing concern of fiscal irregularities on the part of the Administration, and the lack of governance and oversight on the part of the School Committee. Since that date, the Town has continued to request vital financial data from the District but the District has been generally noncompliant with such requests.

We strongly urge the Department to take a deep dive into the District's proposed FY20 budget before establishing a final budget. The Town does not take the position that the Department should confine itself to the FY2019 as a starting, as would be consistent with 1/12 budgeting under the statute. Indeed, having twice approved a budget of \$18,970,859, the Town would be comfortable with a budget at this level. In all instances, however, we submit there exists sufficient funding to support all elements of the operating budget; once the misclassified capital expense is removed and funds from historically unused lines are reallocated. To this end, if

feasible, we implore the District to vote to accept this approved budget amount and continue the operation of the local schools without Departmental intervention. If this is not feasible, we implore the Department to accept and implement a budget consistent with the amount approved by the Rehoboth Town Meeting.

Plainly, when the Department is charged with the duty to take over a school, the statute contemplates the implementation of a budget that would further the educational goals of the Commonwealth while also implementing any necessary austerity that is advisable. The budget approved by the Town is consistent with these requirements. While its implementation may not implement each and every expenditure on the District's initial list of goals, all essential functions will be funded.

Furthermore, implementation of a \$18,970,859 budget will ensure that other services of Rehoboth residents will not be cut. To adopt and assess a larger budget would strain the Town's levy limit and therefore require cuts in other essential services including public safety and public works.

Finally, should the District be unwilling or unable to retain control of the District for FY2020, we believe that District taxpayers would benefit from having the Department take active control of the fiscal management of the funds ultimately entrusted to the District by appointing a fiscal overseer who is completely without ties or interests to any of the District, the Town of Rehoboth or the Town of Dighton. We believe this is a necessary and essential step to restore fiscal discipline and stability to the District and to ensure funding is prioritized to the classroom, the teachers, and the children.

The Town would welcome the opportunity to further engage with the Department before, and after, December 1<sup>st</sup>. We look forward to working with all affected stakeholders to ensure that fiscal stability, accountability, and performance returned to our District. Please contact us if any additional information or discussion is necessary for the Department to reach an informed decision.

Respectfully submitted on behalf of the Town of Rehoboth,



Gerald V. Schwall  
Chairman  
Rehoboth Board of Selectmen