



Massachusetts School Building Authority

Steven Grossman
Chairman, State Treasurer

Katherine P. Craven
Executive Director

MEMORANDUM

To: Board of Directors, Massachusetts School Building Authority
From: Katherine Craven, Executive Director
Date: January 12, 2011
Subject: MSBA Reimbursement Rates – DOR and DESE Data Update

M.G.L. c. 70B, §10 establishes the calculation of the reimbursement percentage to be used by the MSBA to reimburse school districts for spending on approved school building projects. The reimbursement percentage set forth in statute provides all communities with a base reimbursement percentage of 31 points. In addition to the base percentage points, the reimbursement formula includes the calculation of “ability to pay percentage points” which determines if any additional reimbursement points over the base percentage will be added to the rate before any applicable incentive points are factored into the reimbursement percentage. The ability to pay factors set forth in statute are measurers of income (per capita income), property wealth (equalized property valuation per capita), and low income students (federal eligibility for free or reduced price lunch) in a district relative to the statewide average for each category. The ability to pay data is provided by the Department of Revenue (DOR) and the Department of Elementary and Secondary Education (DESE). The statute provides a specific schedule which allocates applicable reimbursement points for the ability to pay factors depending on the district’s relation to the statewide average calculated for each category.

In order to keep MSBA reimbursement rates current with the available economic data underlying the calculation, the MSBA will request updated ability to pay data from the DOR and the DESE annually. The MSBA will request the updated data from the DOR and the DESE following the start of each new fiscal year in July, and will implement the updated data into the reimbursement rate formula effective on January 1 each year. The MSBA has received the updated ability to pay data from the DOR and the DESE necessary to update the reimbursement rates for 2011, and the updated data will be implemented into the reimbursement rate calculations effective January 1, 2011.

The impact of the updated reimbursement rate data on projects in the MSBA Capital Pipeline at the time of the annual data update will be that (1) Feasibility Study Agreements will be reimbursed based on the reimbursement rate in effect at the time of the MSBA Board of Directors’ (BOD) vote for invitation to collaborate on a Feasibility Study the proposed project, and (2) With the exception of Green Repair projects, a District’s reimbursement rate will be updated to reflect the most current data at the time



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of the MSBA BOD vote approving a Project Scope and Budget Agreement for the project (The reimbursement rate for Green Repair Program projects will be the rate in effect at the time of the MSBA BOD vote to participate in the Green Repair Program). The updated reimbursement rate at Project Scope and Budget will be applied to all audited and approved eligible costs previously submitted for the project, as well as to the remaining audited and approved eligible costs for the project. The annual update of reimbursement rate data will not have any impact on projects that have previously received a BOD approval of a Project Scope and Budget Agreement, as the rate in effect at the time of the BOD approval for the Project Scope and Budget Agreement is the rate that will remain in effect for the remainder of the project.

This methodology for updating reimbursement rates allows for efficient implementation, and will provide a process that is logical and clear to Districts partnering with the MSBA on school building projects.