

# **MSBA's Closed School Policy – Frequently Asked Questions (FAQ)**

## **Q1. We are considering closing a school in our community. Who should we call?**

A1. First, read the MSBA's Closed School Policy. It provides you with an overview and helpful guidance to navigate the required process. If the school being sold, leased, or closed received an MSBA grant payment within the past 20 years, you must follow the notice requirements described in Section I of the Closed School Policy. A telephone call will not suffice as notice.

## **Q2. Can we get preliminary approval or an opinion from the MSBA on our decision to close a school in our district?**

A2. The MSBA is available to discuss school closings generally; however, it cannot and does not approve, endorse, or provide opinions regarding a district's decision to close a school facility. Decisions regarding school closures are made locally by the district and are separate from the MSBA's Statement of Interest and grant approval processes.

If a district votes to close a school facility that received an MSBA grant payment within the past 20 years (an "MSBA Assisted Facility), the district must comply with the notice requirements set forth in Section I of the MSBA's Closed School Policy. In cases where the closure of an MSBA Assisted Facility is part of a consolidation project that subsequently receives MSBA funding, any amount subject to recoupment by the MSBA as a result of the closure may be offset against a future MSBA grant payment associated with that consolidation project.

## **Q3. We are planning to sell, lease, or close a school facility but the facility never received an MSBA grant. Does the MSBA's Closed School Policy still apply to us?**

A3. Yes. If a district is planning to sell, lease, or close a school facility that never received an MSBA grant, they should carefully read Section II of the MSBA's Closed School Policy. Section II covers how selling, leasing, or closing a school facility, regardless of whether the facility ever received MSBA funding, may impact the district's future eligibility and competitiveness within the MSBA grant program.

However, because the facility never received MSBA funding, Sections I and III of the Closed School Policy would not apply in this scenario.

**Q4. We are considering consolidation, which would involve closing one of our schools and building/renovating another in partnership with the MSBA. This approach would help us save considerably on operation and maintenance costs and would allow us to provide better facilities for our students. How would the MSBA's Closed School Policy impact this approach?**

A4. The MSBA's Closed School Policy would impact this approach in a few ways.

First, if the district is hoping to partner with the MSBA on this consolidation, the district must submit an SOI for both: (a) the building they plan on renovating or demolishing and constructing as new; and (b) the school building(s) they plan on closing as part of the consolidation. Please note that while a district may have legitimate operational, educational, or financial reasons for reconfiguring its schools, those reasons may not necessarily align with the statutory priorities set forth in *M.G.L. ch. 70B, §8*. The MSBA is required by law to approve school projects and reimbursements in accordance with statutory priorities set forth in *M.G.L. c.70B, s. 8*. Thus, when the district submits its SOI application, it should be certain that their consolidation project is supported by one or more qualifying conditions under *M.G.L. c.70B, s.8* to be competitive for invitation into the MSBA's Capital Pipeline.

Second, if the district is invited into the MSBA's Capital Pipeline and the building being closed as part of the consolidation is determined to be an MSBA Assisted Facility (i.e., a facility that is currently receiving, or has received within the past 20 years, an MSBA grant payment), the district may be subject to the recoupment provisions set forth in Section III of the MSBA's Closed School Policy. In these instances, the MSBA may recoup an amount proportionate to its prior investment in the facility. In practice, this may occur through an offset against a future grant payment(s) otherwise payable to the district for their consolidation project.

**Q5. We are not going to sell or lease one of our school facilities, but we would like to re-purpose it and use it as a day care or after school space for our district. Is that ok?**

A5. Determinations of what to do with a school facility are made at the local level. The MSBA does not have the authority to prevent a municipality or district from re-purposing their school building. However, the decision to do so may impact the district in multiple ways.

If the school building is considered an MSBA Assisted Facility (i.e., it is currently receiving or has received an MSBA grant payment within the last 20 years), the district may be subject to the recoupment provisions outlined in Section III of the MSBA's Closed School Policy. Please note that re-purposing an MSBA Assisted Facility to a day-care or after

school space is not listed as an exception in the Policy. Thus, if re-purposed for either of those uses, the district should expect that they will be subject to recoupment.

Additionally, regardless of whether the school facility ever received an MSBA grant, the district will be subject to Section II of the MSBA Closed School Policy. Section II outlines the impact that closing a school facility (i.e., the discontinuation of a facility's use as a public-school building) may have on the district's future eligibility for MSBA funding and competitiveness within the grant program.

It is highly recommended that the district fully reads the MSBA Closed School Policy to ensure they have a complete understanding of how closing/repurposing the use of a public-school building may impact them both financially and within the MSBA's grant program.

**Q6. What do I need to supply the Authority if we decide to sell, lease, or take a school out of service that previously received an MSBA grant?**

A6. Please refer to Section I of the MSBA's Closed School Policy. This section outlines the MSBA's notice requirements if a district decides to sell, lease, or close a school facility that received an MSBA grant.

**Q7. A new company in our municipality is looking to expand and is willing to pay us a very favorable amount for our school and we don't need the school anyway. It is a deal too good to pass up. Can we do it?**

A7. Determinations of what to do with a school facility are made at the local level, but the district or municipality must provide notice to the MSBA and may not qualify for future grants in the subsequent ten years. Moreover, if the building being sold or leased received a grant from the MSBA within the past 20 years, the district or municipality will have to repay the MSBA out of the proceeds. The sale or lease should be for the Fair Market Value of the building as determined by an independent appraisal. Please refer to the MSBA's Closed School Policy for more information.

**Q8. We are considering closing a school, but the building never received an MSBA grant. Do we have to provide notice to the MSBA?**

A8. The formal notice requirements detailed in Section I of the MSBA's Closed School Policy only apply to buildings being sold, leased, or closed that have received an MSBA grant payment within the past 20 years.

However, the closure of any school, regardless of whether it ever received MSBA funding, may still impact the district's future eligibility for MSBA funding and competitiveness within the grant program. As part of a future SOI submittal, districts must disclose all school

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closures within the last 10 years.

Before taking action on a school building, districts should familiarize themselves with Section II of the MSBA's Closed School Policy and how the closure of a school, regardless of whether it ever received an MSBA grant, may impact the district's future eligibility for MSBA funding and competitiveness within the grant program.

**Q9. We are a regional school district that leases a school facility from one of our member communities, and that school facility previously received a grant from the MSBA. If the school facility is removed from service, which entity is responsible for the amount owed to the MSBA as a result of removing the school facility from service?**

A9. The entity that entered into a Project Funding Agreement with the MSBA is responsible for the amount owed to the MSBA as a result of removing the school facility from service. To the extent that the district's regional agreement or other local agreements conflict with this requirement, such conflict shall not relieve the entity who entered into the PFA with the MSBA of its obligations to the MSBA.

**Q10. We are a municipality in financial hardship that closed a school facility that received an MSBA grant. Can the municipality enter into a payment plan with the MSBA to pay the amount owed over several fiscal years?**

A10. The MSBA understands that municipalities may be facing financial constraints when making the decision to close a school facility. Accordingly, if the municipality does not have an active project with the MSBA from which the MSBA can offset future grant payments, the MSBA may permit the district to enter a payment plan to help mitigate financial hardship. Payment plans are typically structured as follows for Prior Project Cost Recovery amounts totaling \$1 million or less: a maximum term of 60 months, a maximum of 5 payments, and a payment schedule with installments arranged at intervals agreed upon with the MSBA. For a Prior Project Cost Recovery amount that exceeds \$1 million, the District and MSBA will mutually agree to a repayment plan based on the amount owed. Please refer to the MSBA's Closed School Policy for more information.

Should the municipality find that adhering to the MSBA's standard repayment plan would cause a significant negative impact on their finances, they can request financial hardship relief by complying with the requirements set forth in Section III, H of the MSBA's Closed School Policy.

**Q11. The municipality has voted to remove a school facility from service that had previously received a grant from the MSBA. However, the municipality has not yet determined the new purpose for the school facility. How much time does the municipality have to notify the MSBA of the new purpose of the school facility?**

A11. First, the municipality must follow the notice requirements described in Section I of the MSBA Closed School Policy, including providing notice to the MSBA at least six (6) months prior to the intended closure date of an MSBA Assisted Facility. A municipality's failure to identify the future use or purpose of the facility at the time of such notice does not relieve the municipality of its obligation to provide timely notice to the MSBA.

Second, the municipality must notify the MSBA of the new purpose for an MSBA Assisted Facility within twenty-four (24) months of the vote to remove the facility from service. The MSBA will not recoup the previous MSBA grant amount if an MSBA Assisted Facility is repurposed as a Commonwealth Charter School or a standalone Pre-K school facility. Additionally, the MSBA will not recoup the previous MSBA grant amount if an MSBA Assisted Facility is repurposed to accommodate a change in K-12 grade structure in the municipality. However, if the municipality does not inform the MSBA of the new purpose for an MSBA Assisted Facility within the required twenty-four (24) month timeframe, the exceptions will not apply and the MSBA will recoup the previous MSBA grant amount according to the formula outlined in Section III of the MSBA Closed School Policy.

**Q12(a). I am a citizen and my school district is considering closing our neighborhood school. Can the MSBA stop our school district from closing this school?**

A12(a). No. Decisions regarding whether to keep a school open, to close a school, or to consolidate schools are made locally by the school district and its governing bodies. The MSBA does not have authority over local operational or policy decisions of that nature.

**Q12(b). But the MSBA provided grant funds for this building in the year 20XX. Shouldn't it be able to prevent the closure?**

A12(b). No. If the district is considering closing a school facility that received an MSBA grant payment within the last 20 years, the MSBA will determine the amount subject to recoupment consistent with Section III of the MSBA's Closed School Policy and *M.G.L. c. 70B, s. 15*. However, the MSBA does not have the authority to prevent the district from closing the school. Again, these are local decisions, and concerns regarding school closures should be directed to the local School Committee, municipal officials, the Superintendent, and/or elected local leaders.