MEMORANDUM

TO: Board of Directors
FROM: James MacDonald, First Deputy Treasurer, Chief Executive Officer
John K. McCarthy, Executive Director, Deputy Chief Executive Officer
DATE: April 3, 2018
RE: Town of Rockland, Jefferson Elementary School
Reimbursement Rate and Poverty Factor Points

Pursuant to G.L. c. 70B, § 10, the Massachusetts School Building Authority (the "MSBA") calculates grant percentages for approved school projects based on a formula using several factors, one of which is the Community Poverty Factor. The Community Poverty Factor is the proportion of low income students, as determined by federal eligibility for free or reduced price lunch, for the district as a percent of the statewide average proportion of low income students. As the MSBA prepares to calculate reimbursement rates for each fiscal year, it obtains information from the Department of Elementary and Secondary Education ("DESE") to use in determining the Community Poverty Factor. With increased district participation in the US Department of Agriculture's Community Eligibility Program, a provision from the Healthy, Hunger-Free Kids Act of 2010 that allows schools with high poverty rates to provide free breakfast and lunch to all students and which eliminates a district's need to collect free or reduced-price school lunch eligibility information directly from families, DESE has implemented a new methodology to calculate the percentage of low income students.

This change in methodology was discussed at the September 30, 2015 Board meeting. It was determined that for affected projects, staff would use the Calendar Year 2015 Poverty Factor points if the Calendar Year 2016 Poverty Factor points, under the new methodology, are lower. Several projects in the grant program were identified to be affected by this change and the change in the reimbursement rate has been identified and approved by the Board as each project was authorized for project scope and budget. To date, the Reay E. Sterling Middle School in the City of Quincy, and the Somerville High School in the City of Somerville have been approved to use the Calendar Year 2015 Poverty Factor Points for the calculation of the project's reimbursement rate.

On November 3, 2017, legislation was approved that requires "in determining the grant percentage for the fiscal year 2018 approved school projects, the Massachusetts School Building Authority shall calculate the community poverty factor by examining the proportion of economically disadvantaged students from calendar year 2015 to the present and assigning whichever year's factor is the highest as determined by the department of elementary and secondary education." MSBA staff have reviewed projects that have been approved by the MSBA in fiscal year 2018, and to date, the Cape Cod Regional Technical High School in the Cape Cod Regional Vocational Technical School District has been approved to use the rate as adjusted by the Community Poverty Factor, increasing to 47.87% from 42.20% base rate.

MSBA staff have also reviewed projects that received an invitation to Feasibility Study in fiscal year 2018 to date. Based on this review, staff note that the Feasibility Study Agreement for the

Jefferson Elementary School in the Town of Rockland's base reimbursement rate requires an increased adjustment to account for the Community Poverty Factor to 63.41% from 61.99%, and that the Maximum Total Facilities Grant for the Feasibility Study Agreement be concomitantly increased to $507,280.

MSBA staff recommend that the Feasibility Study Agreement for the Jefferson Elementary School project be amended based on the base rate adjusted by the Community Poverty Factor increasing to 63.41% from 61.99%, and that the Maximum Total Facilities Grant for the Feasibility Study Agreement be concomitantly increased to $507,280.