

## **2018-2019 Cummington Education Committee Status Report (Amended)**

Four school years after Central Berkshire Regional School District (CBRSD) closed Berkshire Trail Elementary School (BTES) in Cummington, the closure's devastating impact is evident on Cummington's participation in the school district and on some level the town as a whole.

### **CBRSD is Providing Fewer and Fewer Services to Cummington Students and Cummington's Student Enrollment in the District is Rapidly Declining**

Approximately 126 people age 18 and under live in Cummington. More than 100 of those young people attend some form of primary or secondary school. The number of students from Cummington in CBRSD schools has plummeted from 59 the last year BTES was open, to 26 as of this year. Only 6 of those students are attending CBRSD schools in grades K-5; only 2 students have entered the district at the kindergarten level in the four years since the district closed the school. Nearly all students entering preschool and kindergarten have choiced into neighboring schools or are being homeschooled.

With these low numbers at the elementary level, Cummington's total participation in the district can be projected to continue to plummet to less than 10 students within 6 or 7 years when the current middle school and high school students age out of school.

For two years following the BTES closure, CBRSD maintained a half-day preschool in conjunction with Cummington which paid the preschool's rent and utilities. Then the district chose to close this program, too, by voting to no longer provide a preschool teacher.

CBRSD is providing fewer and fewer services to Cummington's students. Furthermore, the education and services CBRSD does provide are geographically distant. As a result, a majority of families seek schooling options elsewhere. These trends are a direct consequence of the CBRSD school committee's choice to close Berkshire Trail Elementary School.

### **Impact of Berkshire Trail Elementary School Closing on Students and Town**

The closure has taken a toll.

Cummington's sense of a community has diminished as our elementary students are divided over five or more public elementary schools, all outside our town.

Bussing is not provided to the school-of-choice options, so Cummington parents have to carry the burden of transportation themselves. Many parents and guardians feel that bussing their children—especially those who are of tender age— two towns over to Craneville Elementary in Dalton is not a viable choice and does not serve the best interests of their children. Also, more and more people work to the east of Cummington rather than the west—making it yet more inconvenient and difficult to access CBRSD schools in Dalton.

There are many additional educational, economic, and social impacts of these trends for the town as a whole. These include, but are not limited to: loss of in-town jobs at BTES; families who moved away to be closer to their children's new school; students and families not shopping at the local Old Creamery Cooperative grocery after school; the lack of an elementary school is a disincentive for young families to move to or stay in town, which has had a negative impact on property value.

### **CBRSD's Lack of Plan to Address Cost and Diminished Services to Our Students**

At town meeting last year, townspeople asked Superintendent Laurie Casna and Assistant Superintendent Melissa Falkowski what their and the district's plan is to address the problem of CBRSD offering Cummington

disproportionately fewer and fewer services for our students. They had no reply at the time and have not replied since.

### **Disproportionate Cost to Cummington to Send Our Students to CBRSD**

It is undeniable that Cummington is receiving less and less for its contributions to the district as a member town, and this trend will only worsen with time. To understand how egregious this problem has become, consider the financial disparity between Cummington and other member towns:

**Cummington's tax burden per pupil in CBRSD: ~ \$34,000**

**Average per pupil tax burden across the district: ~ \$20,000**

That \$14,000 per student disparity will continue to increase each year for the foreseeable future as Cummington students continue to choose out of CBRSD and Cummington's five-year rolling student average continues to decline. Meanwhile, our neighboring school districts and towns are taking on a financial burden in order to provide education and services to our school choice students, because they receive only \$5,000 per choice student plus any special education costs.

### **CBRSD's Cost Savings from Closing BTES**

CBRSD has realized a cost savings from closing BTES. According to the data the district relied on to justify closing BTES, the district estimated it would save between \$585,000 -- \$1,700,000 per year by closing BTES. Assuming the district's numbers were accurate, in the four years since BTES was closed, CBRSD has realized a cost savings between **\$2,340,000 -- \$6,800,000**.

### **The CBRSD School Committee Voted to Allow Cummington to Withdraw from the District**

Cummington anticipated these impacts and others before the school closure, which is why the townspeople protested the BTES closure so fervently and have continued to protest since. This is why within two weeks of the closure, Cummington voted overwhelmingly at a Special Town Meeting to withdraw from CBRSD. Subsequently, the school committee voted—with only one dissenting vote—to allow Cummington to withdraw as a member town from CBRSD. The town and the district drew up specific agreements on nearly every point of Cummington's departure from the district, including how to handle the tuition of students who wish to remain in CBRSD after Cummington withdraws and the handling of outstanding debt. That agreement was voted unanimously by the School Committee.

### **OPEB Determination**

There has been only one item left to settle before Cummington's withdrawal can be voted on by the district's member towns and finalized: how to handle OPEB (post-employment retirement benefits). The Town of Cummington and CBRSD were not able to see eye to eye on a fair OPEB contribution by Cummington. The night of the vote to allow Cummington to withdraw, school committee member Dick Lacatell spoke of a \$2-3 million dollar upfront payment for OPEB required by Cummington. Shortly thereafter, Cummington offered to pay \$500,000 up front—an amount that was determined with the assistance of an accounting firm using accepted accounting practices and OPEB determinations. As time goes on, Cummington's initial offer seems more and more reasonable, yet the district continues to ask Cummington to pay more than \$1.5 million.

This is a complex issue, but there are fair and accepted accounting methods to arrive at a fair OPEB payment. For instance, here are two example scenarios by which the parties could determine a fair OPEB payment by Cummington in the \$500,000-\$700,000 range:

#### **Scenario 1:**

- Using the district's preferred method of basing Cummington's OPEB share on bi-annual GASB (Government Accounting Standards Board) reports:

Total CBRSD OPEB obligation (\$50,693,119 in June 2019 as reported in the 2017 review);

X

Cummington's share of the obligation based on number of students the year Cummington leaves the district (1.89% based on October 2018 census; and chosen based upon withdrawal provision per the regional agreement Section VIII-E);

X

7% discount rate for a fully funded obligation (resulting in a 35.67% discount)

\$50,693,119 (total obligation) x .0189 (Cummington's share based on current students) x .6433 (applied discount for pre-funding)

= \$616,345 Cummington's share

*Note:*

Cummington strongly discourages this method to calculate OPEB however for several reasons:

1. This obligation is calculated per GASB strictly for accounting purposes, not pre-funding estimates as stated explicitly in those bi-annual reports.
2. This method can be easily gamed to produce wildly diverse outcomes; for example, by changing the discount rate or the percentage of students using, say a 5-year average or some other factor.
3. The district has since created an OPEB trust, which has begun to offset the district's and Cummington's share and makes such a computation more and more complicated to accurately calculate.
4. No one can foretell the future: Massachusetts may adopt single-payer healthcare (rendering OPEB obsolete), for instance, or, in the case that Berkshire County re-organizes its whole school districting structure, OPEB may be handled in some radically different way. For these and other reasons, this method can only be used to "ballpark" what OPEB means.

Scenario 2:

- Cummington's preferred method of resolving this issue involves looking at how OPEB is currently paid and extending that into the future. Currently, each town's share of OPEB is paid out of the operating budget on a pay-as-you-go basis. So each town's portion could be calculated from examining the total OPEB payments in a given year and multiplying that by their 5-year rolling average. For Cummington, that share for the next fiscal year may be calculated at \$41,770

(Retiree health insurance - \$1,613,455

+

Retiree life insurance - \$1,300)

X

2.62% (Cummington's 5-year rolling average)

= \$42,307 (Cummington's projected OPEB contribution for FY 2020)

Were Cummington to pay \$650,000 up front to CBRSD placed in a fund receiving an average of 5% interest, the district could withdraw \$42,307 each year for 30 years.

*Note:*

Cummington argues this would amply cover Cummington's obligation toward post-employment benefits based on these assumptions:

1. Cummington's share of pay-as-you-go OPEB will continue to drop based on declining enrollment (for example, we project our 5-year rolling average to drop again from 2.62% for FY2020 to ~2.2% in FY2021, meaning Cummington's share of pay-as-you-go OPEB may be estimated for FY2020 at \$36,300).
2. As in the first scenario, this scenario does not account for current pre-funding of the OPEB trust, a portion of which must offset some of Cummington's share, or any of the unknowns listed above.
3. It has often been said during these negotiations that the regional agreement was written so long ago that OPEB was not considered; we disagree with that assessment and reiterate that section VIII-E may pertain (as in the first scenario) or section VIII-A, which states that a withdrawing "town shall remain liable to the District for its share of the indebtedness ... **to the same extent and in the same manner as though the town had not withdrawn from the District.**" [emphasis added]

These are complex matters, and they need to be understood by all parties—including the entire CBRSD school committee—for Cummington and the district to reach a fair agreement. Yet the CBRSD finance committee, at the strong advice of one member in particular refuses to hear our case or to consider all the factors that are crucial to fully understanding the matter of OPEB, insists on using scenario 1 as stated above, AND insists upon using a 25-year rolling average (!) of Cummington students to project OPEB liability. This 25-year average does not correlate in any way with the Regional Agreement. Instead, the Regional Agreement uses a 5-year rolling average for operating costs and **is how OPEB is currently being funded by the district**, or a 1-year average (the basis on which the Regional Agreement specifies capital debt and other obligations be paid). We do not know of any example in the entire state of Massachusetts where a 25-year rolling average pertains. Cummington contends that the 25-year rolling average has been chosen by the CBRSD Finance Committee because it **inflates our share of OPEB nearly three-fold**.

#### **CBRSD is Holding Cummington Hostage for Millions of Dollars in Ransom**

This gaming of the numbers leads Cummington to believe that the district is holding us hostage subject to an unreasonable ransom. As a consequence, Cummington is locked into a district that no longer serves the best interests of its students nor its town needs.

Additional factors complicate the situation for Cummington. As the only member town that is not part of Berkshire County, Cummington has no stake in the political process that is considering redistricting all Berkshire County schools. In such an instance Cummington could be left out in the cold.

Further, CBRSD is about to vote for funding on a new high school. Cummington has a shrinking stake in the district. Its projected "no" vote on this capital project will reflect its sense that it has nothing to gain by this expensive project.

Since the formation of the Regional Agreement in the 1960's, the parties have always acted on capital projects according to our Regional Agreement and the Massachusetts General Law Chapter 71 Section 16(d). Now, however, the school committee for the first time in our history has decided to use Section 16(n) instead for the new high school project—the most extensive and expensive capital project in our history. Section 16(n) silences the voices of the towns on capital projects and works to the advantage of towns with bigger populations of voters, such as Dalton. It simultaneously does away with the historic cooperation of the member towns to agree to capital projects unanimously.

#### **A Path Forward**

This is the best time for Cummington to make a move. We have a town and elementary school—Worthington, our neighbor—prepared to receive our elementary students with a tuition agreement. We have a regional high school,

Hampshire Regional, also willing to receive our students; in fact, three of the four elementary schools our students are choosing into already feed into Hampshire Regional.

CBRSD has no apparent interest in continuing to serve the vast majority of the students of Cummington or making any accommodations. The district appears to regard Cummington solely as a cash cow, needed more than ever for the construction of a new high school. Given these circumstances, Cummington and CBRSD have decided to part ways and Cummington should be allowed to withdraw on fair terms.

Cummington's Education Committee is again asking CBRSD to enter into mediation to decide the OPEB matter. While the parties have met many times to negotiate, they have not been able to come to an agreement. Furthermore, while the majority of the school committee members have been professional in their interactions, several representatives from Cummington have reported negative interactions and personal treatment from a select few members of the school committee. Cummington's legal counsel brought the negative treatment to the attention of the school committee's attorney, but there has been no assurance that the behavior has been addressed or will change. Therefore, to rebuild a positive relationship with the school committee and to have constructive and productive negotiations, **Cummington is asking in writing for a second time that CBRSD enter into formal mediation.**

Until such time as Cummington is fully withdrawn from CBRSD, **the Department of Elementary and Secondary Education advised Cummington to ask CBRSD to negotiate tuition agreements on Cummington's behalf with R.H. Conwell Elementary School in Worthington and Hampshire Regional High School, and provide transportation to both schools.** For the short term, this would address the growing inequities for the families and town of Cummington and free up the town to move forward in its efforts to rebuild its community of children, as well as begin to restore healthy relationships with our neighboring school districts that are willing to receive our students.

We thank the Selectboard, the Education Committee, and the Cummington and Hilltown community for their continued efforts on behalf of the students and children of Cummington.

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