minutes On Chapter

THE MASSACHUSETTS LANDMARK FUNDING LAW AS IT STANDS
AND AS IT STANDS TO CHANGE.

What is Ch. 70
What does the law say?
Why do we have it?
What does this mean for my district?
What changes are coming?

What is Chapter 70?

### Shorthand for...

# State funding for education

Massachusetts General Law Chapter 70, section 1

"It is the intention of the general court, subject to appropriation, to assure fair and adequate minimum per student funding for public schools in the commonwealth by defining a foundation budget and a standard of local funding effort applicable to every city and town in the commonwealth."



But why?

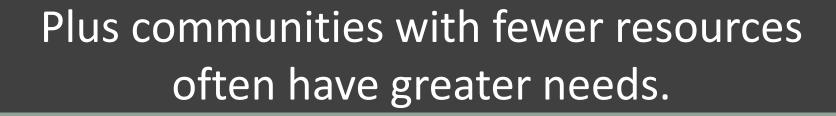
"Old Deluder Satan" law of 1647

"That every Township in this Jurisdiction, after the Lord hath increased them to the number of fifty Housholders, shall then forthwith appoint one within their town to teach all such children as shall resort to him to write and read, whose wages shall be paid either by the Parents or Masters of such children, or by the Inhabitants in general, by way of supply, as the major part of those that order the prudentials of the Town shall appoint."

### What happens when education is locally funded?

THOSE THAT HAVE FUND MORE

THOSE THAT DON'T HAVE FUND LESS



Constitution of the Commonwealth of Massachusetts, 1780

"Wisdom and knowledge, as well as virtue, diffused generally among the body of the people, being necessary for the preservation of their rights and liberties; and as these depend on spreading the opportunities and

## it shall be the duty of legislatures and magistrates

periods of this Commonwealth, to cherish the interests of literature and the sciences, and all seminaries of them; especially the university at Cambridge, public schools and grammar schools in the towns . . ."

McDuffy v
Secretary of
State Executive
Office of
Education, 1993

"In this light, we have considered the proper meaning of the words "duty" and "cherish" found in c. 5, Section 2. What emerges from this review is that the words are not merely aspirational or hortatory, but obligatory.

The Commonwealth has a duty to provide an education for all its children, rich and poor, in every city and town of the Commonwealth

and that this duty is designed not only to serve the interests of the children, but, more fundamentally, to prepare them to participate as free citizens of a free State to meet the needs and interests of a republican government, namely the Commonwealth of Massachusetts." The state thus is faced with two questions:

1. How much does it cost to educate a child in Massachusetts?

2. Who is going to pay for it?

#### FY18 Chapter 70 Foundation Budget

### Massachusetts Department of ELEMENTARY & SECONDARY EDUCATION

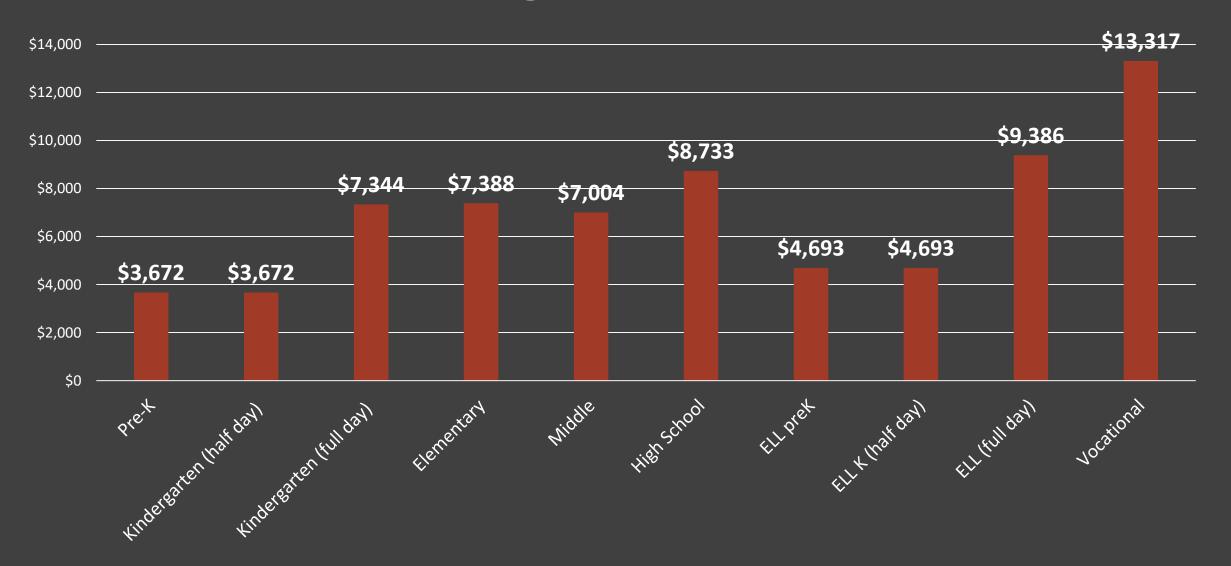
#### 153 Leominster

				B	ase Foundation	Components		, ,	_		Increment	al Costs Above	The Base	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
	Pre-	Kinde	rgarten		Jr High/	High	ELL	ELL	ELL	Voca-	Special Ed	Special Ed	Economically	
	School	Half-Day	Full-Day	Elementary	Middle	School	PK	K Half	KF - 12	tional	In District	Out of Dist	Disadvantaged	TOTAL*
Foundation Enrollment	154	2	315	2,003	1,334	1,280	0	0	479	634	233	54	2,521	6,123
1 Administration	28,341	368	115,933	737,184	490,965	471,091	0	0	176,291	233,337	591,855	137,168	0	2,982,534
2 Instructional Leadership	51,185	665	209,387	1,331,434	886,736	850,842	0	0	318,401	421,432	0	0	0	4,070,082
3 Classroom and Specialist Teachers	234,694	3,048	960,111	6,105,004	3,578,055	5,048,819	0	0	2,198,768	4,251,287	1,952,971	0	8,167,763	32,500,520
4 Other Teaching Services	60,192	782	246,248	1,565,825	750,682	599,654	0	0	299,413	297,016	1,823,463	2,096	0	5,645,372
5 Professional Development	9,282	121	37,989	241,602	174,434	162,278	0	0	78,202	132,893	94,211	0	179,747	1,110,758
6 Instructional Equipment & Tech	33,969	441	138,962	883,623	588,494	903,488	0	0	211,311	783,129	82,230	0	0	3,625,649
7 Guidance and Psychological	17,076	222	69,864	444,245	393,837	473,702	0	0	141,415	234,631	0	0	0	1,774,992
8 Pupil Services	6,791	88	27,796	265,097	288,384	638,080	0	0	63,396	316,049	0	0	0	1,605,681
9 Operations and Maintenance	65,173	846	266,610	1,695,299	1,224,065	1,138,816	0	0	548,843	1,055,673	661,131	0	1,261,458	7,917,914
10 Employee Benefits/Fixed Charges	66,565	864	272,303	1,731,586	1,140,150	1,018,782	0	0	491,357	780,824	766,321	0	829,106	7,097,859
11 Special Ed Tuition	0	0	0	0	0	0	0	0	0	0	0	1,302,339	٨	4 202 220
12 Total	573,268	7,445	2,345,201	15,000,901	9,515,802	11,305,553	0	0	4,527,397	8,506,272	5,972,182	1,441,602	69,63	33,698
13 Wage Adjustment Factor	100.0%										Foundat	ion Budget	, <sub>2000</sub>	11.57/
14 Economically Disadvantaged Decile	9													

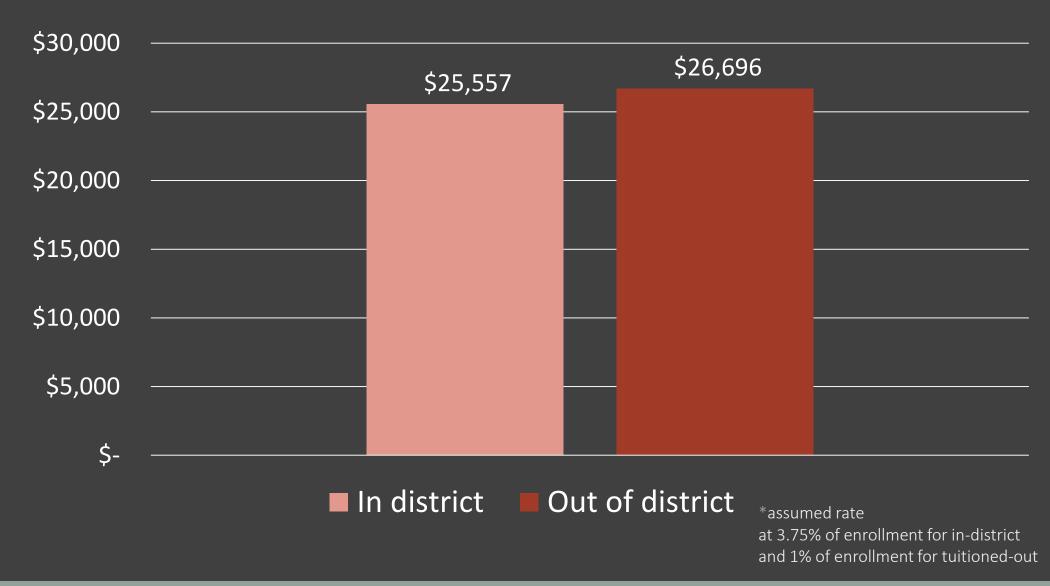
### Foundation budget

- Districts must spend no less than 95% of this amount each year.
- They can (and most do!) spend more.
- This does not include all funds spent on education in a district: transportation, some rental property, a few other items are not included. Grants are not included in this amount, nor is capital spending.
- This is intended as a "fair and adequate minimum."

### FY18 Foundation budget rates



### Special education\*



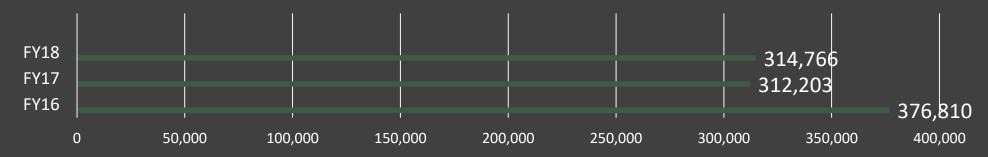
### Economically disadvantaged

Beginning in FY17, the "low income" designation has been replaced by an "economically disadvantaged" designation.

This is no longer measured by the number of students in the district who are signed up for free and reduced price lunch; instead, the state is counting the number of students in the district who are signed up for:

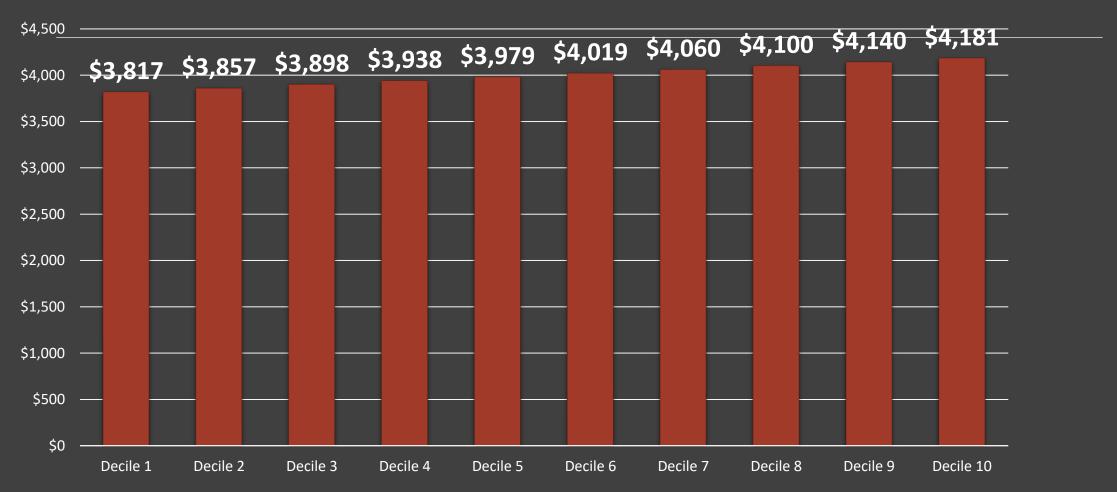
- Supplemental Nutrition Assistance Program (SNAP)
- Transitional Assistance for Families with Dependent Children (TAFDC)
- Department of Children and Families' (DCF) foster care program
- MassHealth (Medicaid).



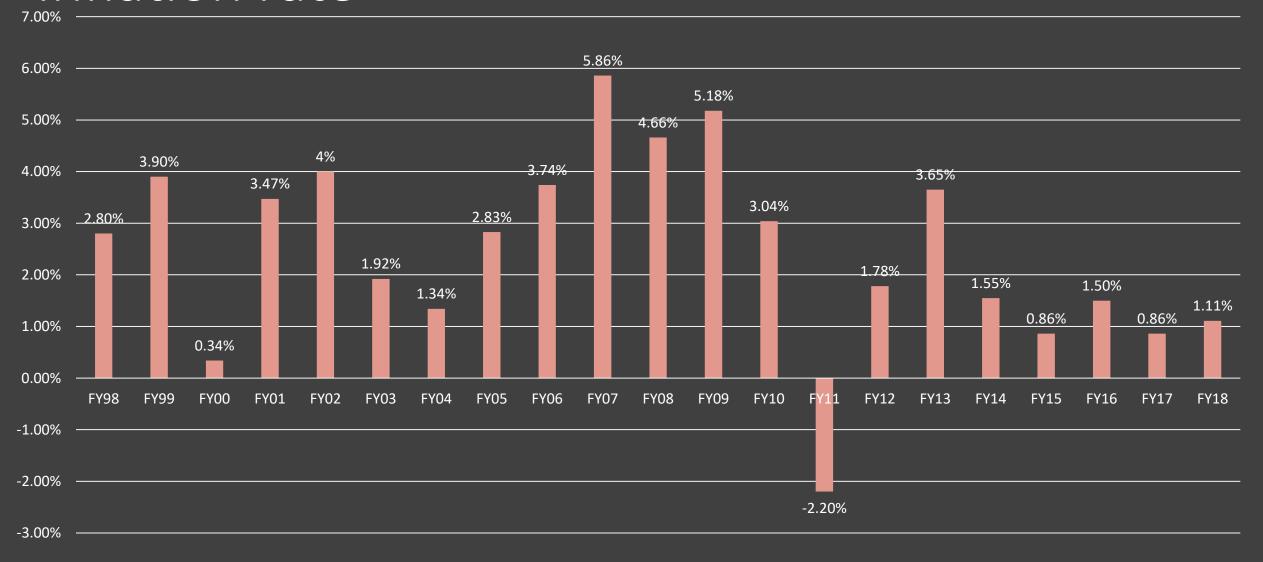


### Economically disadvantaged

#### FY18 Economically Disadvantaged Per Pupil Rate By Decile



### Inflation rate\*



### Your district foundation budget

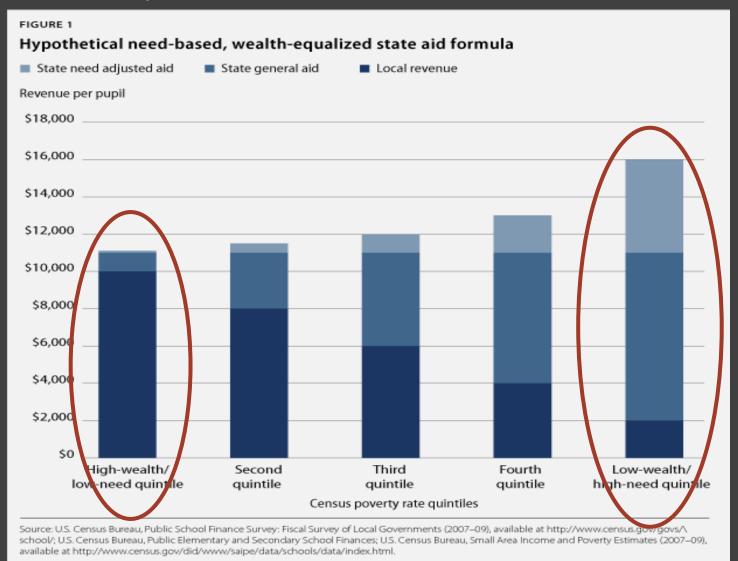
Foundation budget amount per pupil (by category)

- x enrollment in each category
- + increments above the base

district foundation budget

### Now who will pay for it?

### So hypothetically...



"The Steath Inequities of School Funding," Bruce C. Baker and Sean Corcoran, The Center for American Progress, 2012.

### Getting to foundation

#### FY18 Chapter 70 Determination of City and Town Total Required Contribution

#### **|** EDUCATION

#### 153 Leominster

Eff	ort	Go	al
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1) 2016 equalized valuation	3,443,640,600
2) Property percentage	0.3550%
3) Local effort from property wealth	12,223,511

(4) 2014 income	1,090,701,000
5) Income percentage	1.4248%
6) Local effort from income	15,540,202
7) Combined effort yield (row 3+ row 6)	27,763,713
8) Foundation budget FY18	69,633,698
9) Maximum local contribution (82.5% * row 8)	57,447,801
10) Target local contribution (lesser of row 7 or row 9)	27,763,713
11) Target local share (row 10 as % of row 8)	39.87%
12) Target aid share (100% minus row 11)	60.13%

#### **FY18 Increments Toward Goal**

13) Required local contribution FY17	27,478,840
14) Municipal revenue growth factor (DOR)	3.86%
15) FY18 preliminary contribution (13 x 14)	28,539,523
16) Preliminary contribution pct of foundation (15/8)	40.99%

#### If preliminary contribution is above the target share:

17) Excess local effort (15 - 10)	775,810
18) 85% reduction toward target (17 x 85%)	659,439
19) FY18 required local contribution (15 - 18), capped at 90% of foundation	27,880,085
20) Contribution as percentage of foundation (19 / 8)	40.04

#### If preliminary contribution is below the target share:

- 21) Shortfall from target local share (11 16)
- 22) Added increment toward target (13 x 1% or 2%)\*

  \*1% if shortfall is between 2.5% and 7.5%; 2% if shortfall > 7.5%
- 23) Shortfall from target after adding increment (10 15 22)
- 24) FY18 required local contribution (15 + 22)
- 25) Contribution as percentage of foundation (24 / 8)

See a listing of all 351 communities

### Getting to foundation

#### Massachusetts Department of Elementary and Secondary Education FY18 Chapter 70 Summary

153 Leominster

**Prior Year Aid** 

Minimum Aid



Chapter 70 aid

Comparison to FY17							
	FY17	FY18					
Enrollment	6,222	6,123					
Foundation budget	69,488,787	69,633,698					
Required district contribution	27,478,840	27,880,085					

Required net school spending (NSS)	71,368,637	71,953,572
Target aid share	59.92%	60.13%
C70 % of foundation	63.16%	63.29%

% of foundation 102.71% 103.33%

613	Target aid share C70 % of foundation				
	Required NSS % of fo				
690	80				
0	90				
	40				
0	20				
	0				
487	F				

44,073,

					Five Year Ti	rend			
2	80								
Millions	60								
	40								
	20								
	0	Found	ation Bud	mot.	Doguisad Dia	triat Contrib	ution	C70 Aid	
		FY13	ation buaş	get ■ FY14	Required Dis	FY15	FY16	FY1	7

43,889,797

Massachusetts Department of **ELEMENTARY & SECONDARY** 

Pct Chg

-1.59% 0.21%

1.46%

0.42%

0.82%

Change

44,073,487

144,911 401,245

183,690

584,935

#### Aid Calculation FY18

1 Chapter 70 FY17	43,889,797
oundation Aid	
2 Foundation budget FY18	69,633,698
2 Paguired district contribution EV19	27 000 005

3 Required district contribution FY18 4 Foundation aid (2 -3) 41,753,6 5 Increase over FY17 (4 - 1)

6 Minimum \$30 per pupil increase 183,6

**Non-Operating District Reduction to Foundation** 

7 Reduction to foundation

Transitional Relief for Significant and Negative Impact of the Change in Low-income Enrollment Measurement

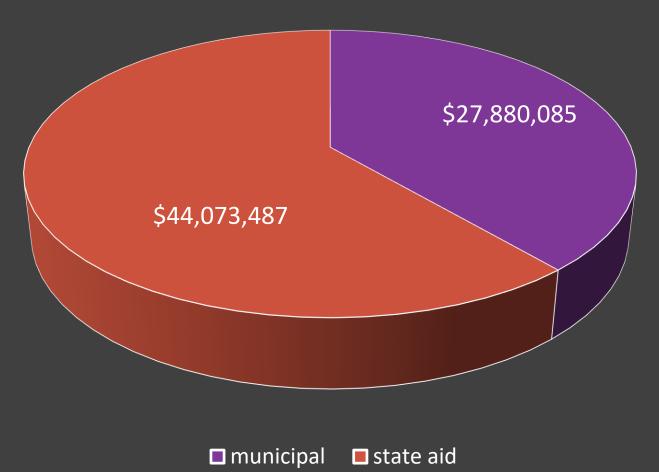
8 Additional aid

FY18 Chapter 70 Aid

9 sum of line 1, 5 minus 7

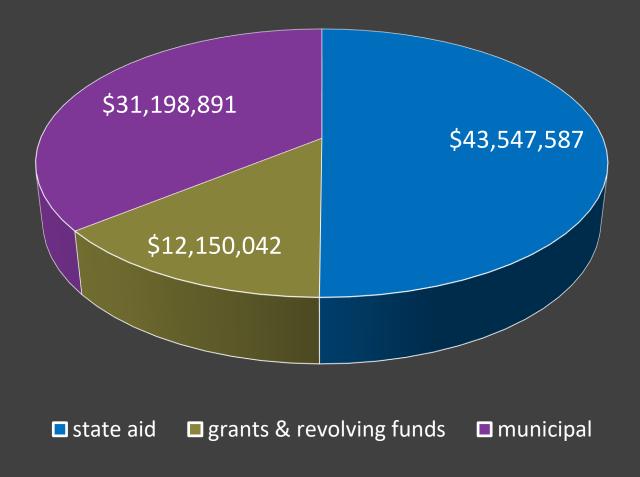
### Who is going to pay for it?

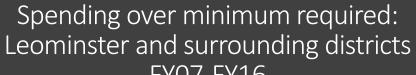
Leominster Public Schools FY18 Foundation Budget



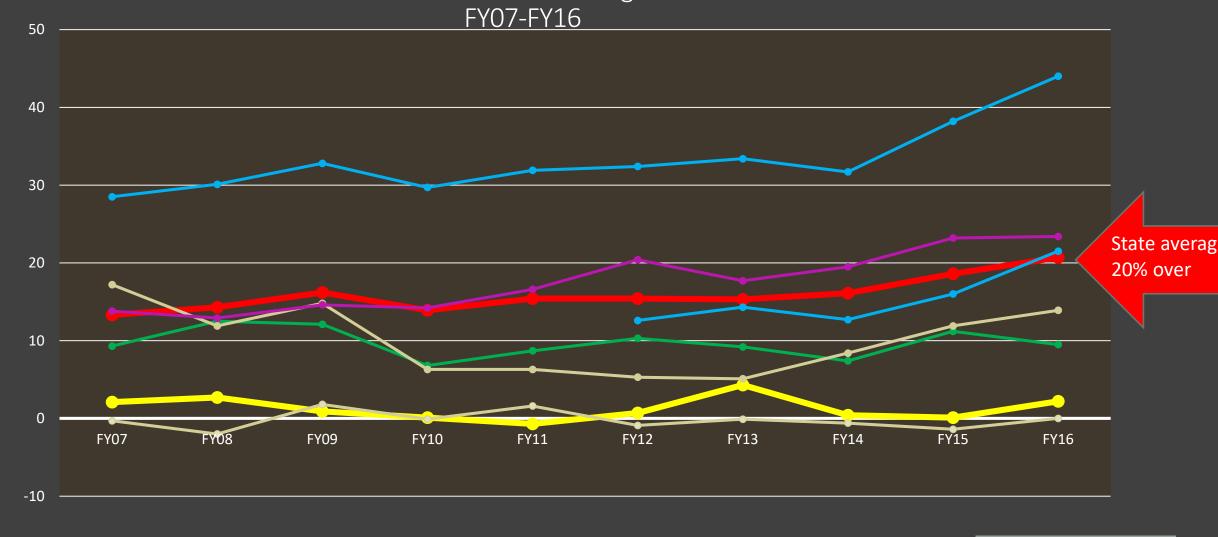
### Who does pay for it?

Leominister Public Schools FY16 spending



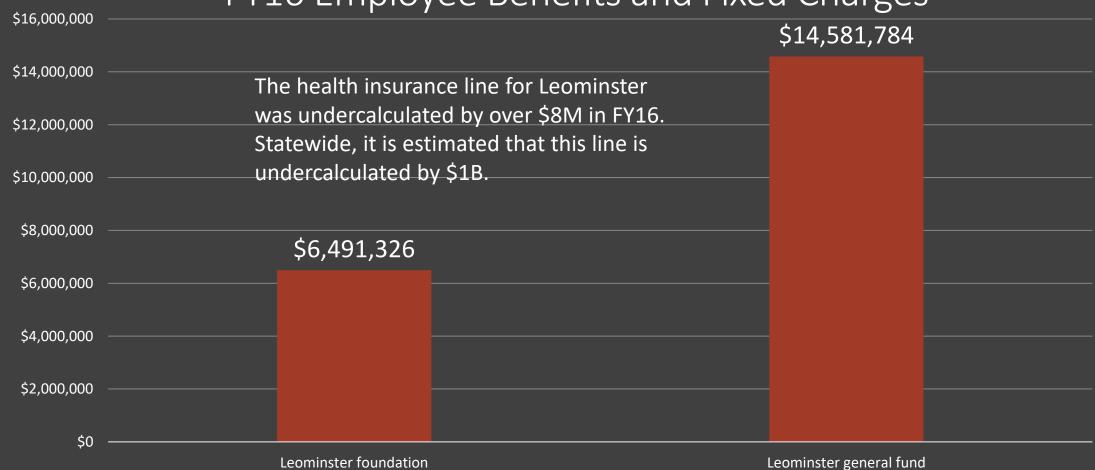


🗕 state average 🔷 Leominster 📤 Fitchburg 🥌 Wachusett 🗪 Ayer-Shirley 📤 Ash-West 🝑 Nashoba Regional

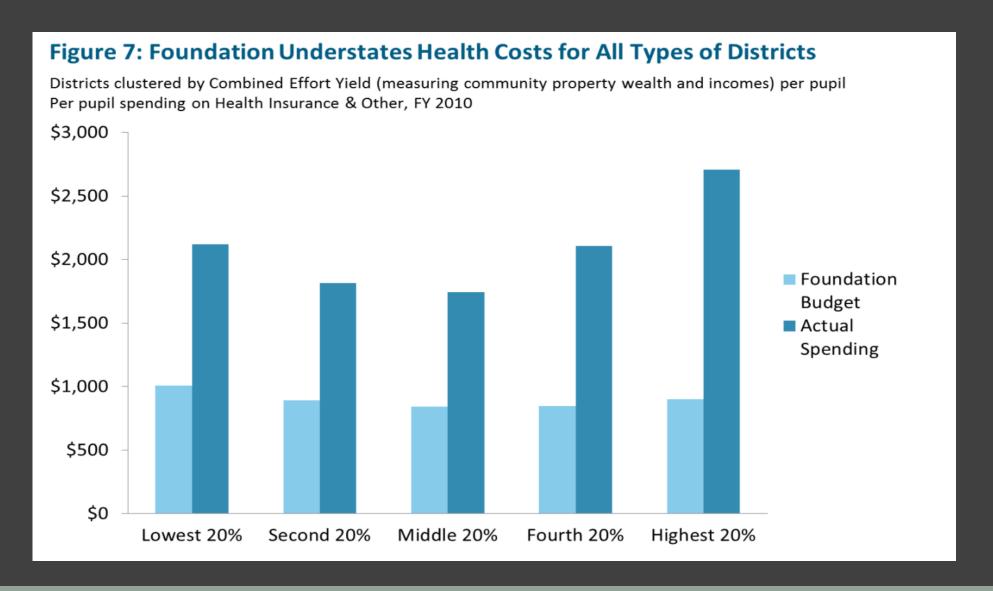


### Leominster Public Schools

Foundation budget v general fund FY16 Employee Benefits and Fixed Charges



#### Health insurance costs are understated everywhere

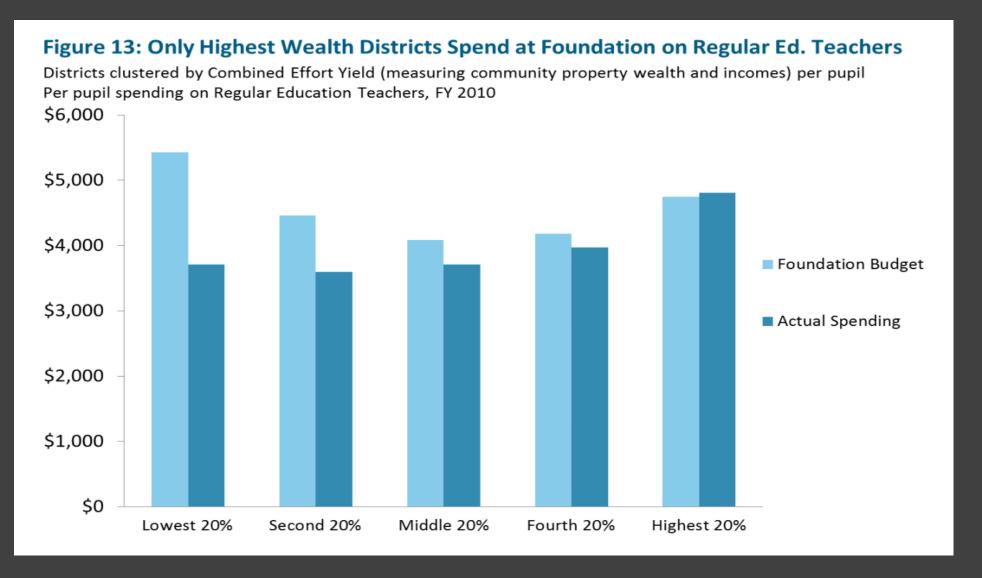


### Leominster Public Schools

Foundation budget v general fund FY16 Classroom teaching

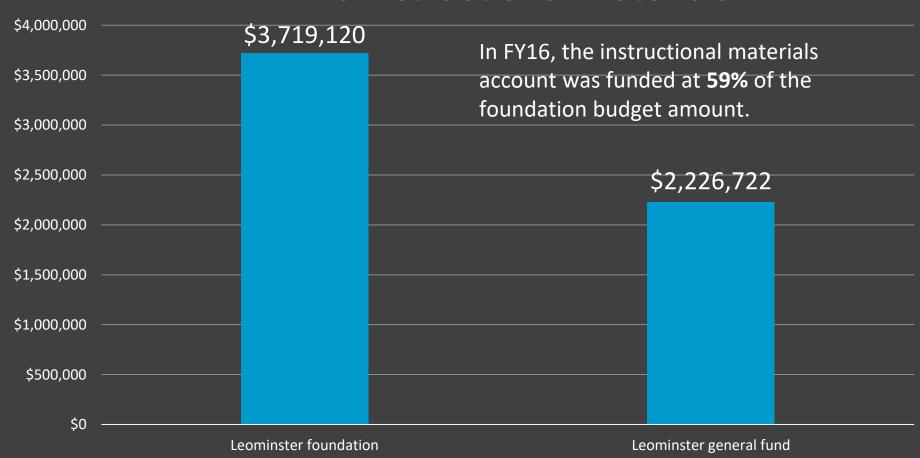


### How that hits the classroom statewide



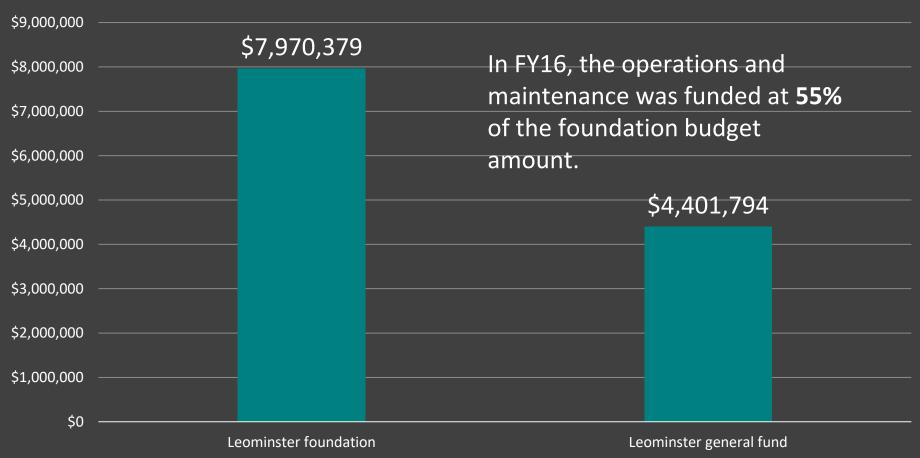
### Leominster Public Schools

Foundation budget v general fund FY16 Instructional materials



### Leominster Public Schools

Foundation budget v general fund FY16 Operations and Maintenance



Report issued October 2015 after months of hearings and research

Estimated that the cost of K-12 education in Massachusetts was undercalculated by at least **\$1 billion** a year.

#### Health insurance

- adjust health insurance to be in line with average GIC rates
- add retired health insurance to the foundation budget
- calculate health insurance inflation separately from inflation of the rest of the budget

#### Special education

- change the assumed in-district special ed cost (from an assumed 15% of students to an assumed 16% of students
- increase the out-of-district special ed cost rate to capture full cost before the circuit breaker is triggered
- recognize "the growing use of inclusion as the preferred pedagogical model in the Commonwealth"

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#### **English Language Learners**

- make ELL an increment added to the base rate per pupil
- include it for vocational students
- make it the same rate at all levels, choosing the middle school level; this is to
  make up for the previous assumption that older kids required fewer services (or
  less funding), which has been found not to be the case.

#### Low Income students

This recommendation does not spell out numbers or calculations, but cites the large number of programs -- extended learning time, wraparound services, instructional improvement, class size reduction, early ed--that have been found to be successful with low income students, and laying out some parameters on costs.

It recommends establishment of a committee to improve data reporting, specifically around reporting of use of funding at a school level.

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#### Additional recognitions:

- Early childhood education
- Skipped inflation (year and quarter)

### Pending legislative action...

#### Additional resources:

- Cutting Class: Underfunding the Foundation Budget's Core Educational Program (2011); Mass Budget and Policy Center
- Demystifiying the Chapter 70 Program (2010); Mass Budget and Policy Center
- Foundation Budget Review Commission Final Report (2015); Massachusetts General Court
- Jami McDuffy and others v. Secretary of the Executive Office of Education and others (1993)
- Recommendations to the Foundation Budget Review Commission (2015); Massachusetts Association of School Business Officials

Tracy O'Connell Novick MASC Field Director tnovick@masc.org 508-579-5472 @TracyNovick

