

AN ACT MODERNIZING THE FOUNDATION BUDGET FOR THE 21ST CENTURY SD 1905

Lead Sponsor: Senator Sonia Chang-Díaz

THE PROBLEM: In 1993, Massachusetts passed the Education Reform Act—designed to ensure that all students received a quality education. The bill established the “Foundation Budget” to serve as the starting point in how we fund school districts across the Commonwealth, based on the circumstances and needs of each student. Unfortunately, in the 24 years since, we have done little to update the assumptions in the formula and many are now outdated, hampering districts’ efforts to provide students with a quality, well-rounded education.

The 2015 Foundation Budget Review Commission (FBRC) found that **health care and special education costs** have far surpassed assumptions built into the original formula. As a result, those increasing costs have forced districts to cut other critical investments, including professional development, counseling, arts, resources like technology and books, early education, social-emotional supports, and extended days and school years.

The FBRC also found that closing the achievement and opportunity gaps for low-income and English Language Learner students is possible, but that the original formula drastically understates the resources necessary to do so, especially in districts with high concentrations of poverty. As a result, **Massachusetts ranks 48th nationally in the achievement gap** between affluent and poor students.



In all, the bipartisan commission of experts found that Massachusetts is underestimating the cost of K-12 education by \$1-2 billion each year.

THE SOLUTION: To recommit ourselves to the bedrock promise that every student in Massachusetts will have equal access to quality education, we need to significantly revise the foundation budget formula. This bill will adjust the formula to more accurately project districts’ costs, more equitably distribute resources, and empower schools to improve outcomes for all students.

SD 1905 will accomplish these goals by setting a **multi-year phase in of the FBRC recommendations**, including:

- **Realistically accounting for districts’ health care costs** by using actual averages from the Group Insurance Commission to set insurance costs and inflation rates in the Foundation Budget.
- **Accurately projecting special education costs** by increasing the assumed in-district SPED enrollment rate to 16% and increasing the out-of-district cost rate to reflect the total costs that districts bear before the SPED “circuit breaker” is triggered.
- **Modernizing the ELL and low-income components** to provide critical services as identified by national research on best practices, examples provided by other states, and practices highlighted by leading districts here in Massachusetts. Provisions include: bringing the ELL rate in all grades up to the current middle school rate of \$2,361; applying the ELL increment equally across general and vocational education students; and recognizing the increased costs borne by districts with higher concentrations of poverty.
- **Establish a Data Advisory Task Force** to improve our use of school-level data to better inform future policy decisions.

FOR MORE INFORMATION:

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