

LEGISLATIVE Bulletin

To: All School Committee Members and Superintendents
From: Stephen J. Finnegan Esq., MASC General Counsel
Re: Governor's F.Y. 2017 Budget Recommendations, H2
Date: January 28, 2016

RE: CONFERENCE COMMITTEE REPORTS BUDGET RECOMMENDATIONS

GOVERNOR RELEASES BUDGET RECOMMENDATIONS: CHAPTER 70 INCREASE DISAPPOINTS

The Governor's FY2017 budget recommendations propose increasing Chapter 70, general aid to education, by about \$72 million reflecting a 1.6% addition to prior year amounts. The recommended funding is well below the \$111 million Chapter 70 increase found in the current FY 2016 budget and even further below other recent budgets. MASC recognizes the difficulty faced by Governor Baker in crafting a balanced FY 2017 state budget while funding increasing pension costs and most particularly health spending. Indeed school committees struggle with these same budget busters in formulating their budgets. In the current state budget Chapter 70 included a minimum aid guarantee of at least \$ 25.00 per pupil. H2 proposes only \$20.00 of minimum aid. MASC is disappointed that the important recommendations of the Chapter 70 Foundation Budget Review Commission were not considered in this budget. Further delaying the implementation of these recommendations continues to leave Chapter 70 inadequately funded for yet another year. Our schools are being short-changed, and this leads to an even greater toll on our communities. We are especially disappointed because the Chapter 70 Commission did incredible work to recommend some important funding reforms especially around special education and health insurance. MASC will ask the Legislature to increase the funding for Chapter 70 at least to the levels of the recent budgets. You will find your district's Local Aid in section 3 of the Governor's budget, which is posted at http://www.mass.gov/bb/h1/fy17h1/os_17/h3.htm. The principal municipal aid account was increased by 4.3% or \$42 million.

BUDGET CHANGES DEFINITION OF LOW INCOME IN CHAPTER 70

The Governor's budget in section 3 states that the foundation budget category of "low income enrollment" for the purpose of calculating foundation enrollment shall be the number of students identified as economically disadvantaged by qualifying as an "identified student" under the U.S. Department of Agriculture's "direct certification program" in any of the last 4 enrollment collections dating back to the prior year. Each district shall be assigned

a low income decile based on its low income percentage which shall be calculated as its number of economically disadvantaged students over its total foundation enrollment. Each decile shall be assigned a low income rate, where the rate for the lowest percentage decile shall be \$3,775 and each subsequent decile shall increase by \$40 up to the highest percentage decile rate of \$4,135. All other foundation budget categories for each district shall be calculated in the same manner as in fiscal year 2016. MASC would appreciate your providing us with data concerning how this proposed change will impact your district.

SPECIAL EDUCATION CIRCUIT BREAKER, REGIONAL TRANSPORTATION, CHARTER SCHOOL FUNDING AND OTHER PERTINENT ACCOUNTS

The Special Education Circuit Breaker provides state funding for the extraordinary expenses associated with certain special education expenses. The Circuit Breaker has been funded at \$271 million, which essentially represents level funding from FY 2016. The students benefited by this account are the most vulnerable population that school districts serve. We are particularly concerned about the lack of any new funding for this account due to the broad consensus that special education is not adequately funded by the current foundation formula as exhibited by the Foundation Budget Review Commission Report. The students benefited by this account are the most vulnerable population that school districts serve. MASC will request funding from the Legislature to adequately fund the educational offerings that are mandated by state and federal law.

REGIONAL SCHOOL TRANSPORTATION

Regional School Transportation has been level funded from the prior year at \$59 million. The funding for this year did not meet the statutory requirement for transporting regional students and will fund even fewer students in FY2017. MASC will join with municipal and education advocates to increase the funding for Regional Transportation.

CHARTER SCHOOL FUNDING

Monies for districts sending students to charter schools have been funded at almost \$101 million in H2. The Governor's proposed funding for this account reflects a \$20 million

over

increase over the FY 2016 appropriation. The Charter School Law as found in G.L.C71, s.89 (gg) provides that the reimbursement amount shall be equal to 100% of the charter school tuition in the first year and 25% in years 2 through 6. Section 42 of the H2 proposes a revision to the charter school funding formula. This section changes the formula for providing reimbursements in fiscal year 2017 to school districts experiencing increases in charter school tuition amounts as follows: (i) 100% of the increase in tuition amounts from fiscal year 2016 to fiscal year 2017; (ii) for any district with charter school payments exceeding 9% of net school spending in fiscal year 2017, an additional 50% of any increase in tuition amounts from fiscal year 2015 to fiscal year 2016; and (iii) for any such district, an additional 25% of any increase in tuition amounts from fiscal year 2014 to fiscal year 2015. This is a major proposed change to the formula that reduces funding, which is now reimbursed over six years to a three year payout and reduces the current payout from 225% to a three year reimbursement cap of 175%. We are concerned about this proposal and request that local districts immediately determine how this change to the formula would affect your school district and to inform MASC. In the interim MASC will register our reservations with the Legislature. It is interesting to note that many years ago the law limited reimbursements to three years, however subsequently MASC and MASS were able to move to the current six year statutory reimbursement mechanism.

As you are aware due to a recent communication from MASC the Legislature appears ready to take up the broader issue of charter schools. Such debate will be taken up initially by the State Senate that last year soundly defeated raising the charter school cap. MASC has legislation emanating from our Delegate Assembly (H.485) concerning the establishment of a new charter school that would require local approval initially by the school committee and in the event that the approval is not forthcoming funding for the charter school would be paid for by the state, outside of Chapter 70. Also, we have long argued for charter school reimbursements only to the extent that they reflect the actual charter school population and not the average public school student body. As MASC recently demonstrated by a report that showed that significantly involved special education students, ELL students and low income students are not as well represented in charter schools as they are from the district schools from which they draw students. Among other matters we suggest that you begin to contact your legislators on the omnibus charter school legislation, and reference the above referenced legislation.

VOCATIONAL EDUCATION INITIATIVES

The Governor recently announced a series of new initiatives to support career vocational technical education, including capital authorization of \$75 million over 5 years to fund grants for equipment to expand career technical education programs. In addition, the budget

contains \$7.5 million in increased funding for school to career connecting activities. MASC looks forward to working with the Governor and the Legislature on these worthwhile initiatives.

KINDERGARTEN GRANTS

As many of you recall the issue of kindergarten grants was raised in last in the FY 2016 budget. This program is level funded in the Governor's budget at \$18.5 million. The money is to be used for kindergarten quality enhancement grants to school districts; provided that grant awards shall be made on a per enrollee basis, as reported under the chapter 70 school aid program, so called, for each full-day kindergarten student not paying fees; provided further, that the commissioners of elementary and secondary education and early education and care shall jointly develop grant requirements for this item to ensure that funds are used to promote improvement of early literacy outcomes; provided further, that any grant funds distributed from this item shall be deposited with the treasurer of such city, town or regional school district and held in a separate account and, notwithstanding any general or special law to the contrary, shall be expended by the school committee of such city, town or regional school district without further appropriation; and provided further, that such program shall supplement and shall not supplant currently funded local, state and federal programs at the school or in the school district. MASC will review this issue further and invite your comments.

SPECIAL EDUCATION RATES

H2 in Section 31 freezes the rates of special education providers at the same price as FY 2016, except for those programs that qualify for extraordinary relief under Operational Service Division regulations.

IMPLEMENTATION OF MCAS

The Governor has included \$5.6 million to implement the new MCAS exam in his budget recommendations.

POTHOLE MONEY

In FY 2016 and in previous budgets there has been a Pothole account to fund extraordinary expenses that occur unexpectedly. This account was not funded in H2, but in FY2016 it was funded with \$2.5 million.

SCHOOL IMPROVEMENT PLANS

H.391 An Act Relating to School Improvement Plans, was filed by MASC and principally sponsored by Rep. Haddad and Sen. Spilka. This bill was worked out with MASS and maintains the approval of the superintendent and reinstates the approval of such plans by the school committee. H391 has passed the House and is currently in the Senate Rules Committee. **We urge you to contact your legislators, particularly your senators and ask for their support of this bill which is a critical part of a school Committees policy authority. Please cc MASC. Emails are appropriate.**