

legislative bulletin

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To: All School Committee Members and Superintendents

From: Stephen J. Finnegan, Esq.

Date: January 25, 2013

SUBJECT: H.1, GOVERNOR'S BUDGET RECOMMENDATIONS

FUNDING FOR CHAPTER 70, GENERAL AID TO EDUCATION

The Governor's budget recommendations are predicated on a significant increase in tax revenue of \$791 million in F.Y. 2014 through restructuring a variety of provisions within the state tax code, including increasing the income tax rate. In addition, H.1 estimates receipts of about \$83 million in fees generated by the licensing of new gaming facilities. Certain other anticipated revenues assume \$50 million from expanding the bottle bill to bottled water and sports drinks and by the agreement with Amazon to collect sales tax for goods sold in Massachusetts and from the expansion of the hotel surcharge to rental properties. Also, the Governor has proposed various innovations that in his estimation will generate additional revenue.

The Governor has proposed increasing Chapter 70 by \$ 226 million. This increased funding will ensure that all districts are fully funded at foundation levels, and will receive at least an increase of \$25 per pupil. In a nod to providing an adequate level of Chapter 70 funding, the Governor has recommended that the Out of District Special Education foundation cap be increased by \$25,000.00 to more fully compensate districts providing such special education.

Furthermore, the Governor has recommended the elimination of the cap of pre-kindergarteners included in the foundation enrollment for Chapter 70. Both of these Chapter 70 adjustments will assist districts with high numbers of such students. You can find your district's local aid in the Governor's budget, which is posted on the MASC website. We are appreciative of the Governor's commitment to funding education programs and will certainly be supportive of these endeavors.

REGIONAL TRANSPORTATION, HOMELESS STUDENT TRANSPORTATION AND SPECIAL EDUCATION CIRCUIT BREAKER

Regional School Transportation was funded at \$45.5 million in F.Y. 2013; however this 60% level of funding was reduced \$1 million by the Governor through his mid year 9C cuts in order to address a _ billion dollar shortfall in anticipated revenue. H.1 continues the F.Y. 13 level of funding for regional school transportation less the mid year reduction resulting in a \$44.5 million recommended appropriation for F.Y. 2014. Regional school transportation by statute is supposed to be fully funded. It is anticipated that the proposed level of appropriation will reduce the percentage to 57 or 58% of the statutory requirement. MASC will work with other associations to increase funding for regional school transportation.

After a report by the State Auditor determined that transportation for homeless students was a mandate, MASC and other education and municipal groups worked with the Auditor to determine that the amount necessary to fund the mandate was \$11.3 million. Thanks to many legislative supporters the F.Y. 13 budget included a homeless student transportation line item funded at \$11.3 million. The Governor in order to address the mid year revenue shortfall reduced this account by nearly half of the original appropriation. The F.Y. 14 recommendation for this account is approximately \$6 million. DESE is in the process of determining the actual cost of providing homeless student transportation and MASC will work to ensure proper funding of this account.

The so-called Special Education Circuit Breaker account funds the extraordinary costs of certain special education placements. Current law requires that 75% of all the approved costs for such placements

over

that exceed 4 times the state average per pupil foundation budget for the previous fiscal year shall be reimbursed to eligible school districts. This account was funded at approximately \$242 million; however, like other line items it was subject to a mid year reduction of nearly \$12 million. The proposed funding of \$230 million is estimated to fund about 70% of approved costs for such placements. MASC will seek to restore adequate funding to the Circuit Breaker.

EXPANDED LEARNING TIME AND FUNDING FOR STUDENTS IN GATEWAY CITIES

The Governor proposed \$5 million in F.Y. 2014 for a targeted expanded learning time initiative. This will allow middle school students in high-need schools to have additional time and resources. The proposed funding will ensure that students have access to enrichment programs that will enhance their ability to succeed both in and out of the classroom. The proposal also includes an additional \$9 million in funding for comprehensive supports to students and their families in Gateway Cities.

OTHER ACCOUNTS OF INTEREST

The Governor has proposed a \$675,000 increase for Literacy Programs.

H.1 recommends that the English Language Acquisition line item be increased from \$1.3 million to \$3.3 million. This account provides professional development to improve the academic performance of English language learners.

The Adult Basic Education account was increased by \$5 million, which brings the total funding to \$35.2 million.

The Education Quality and Accountability (EQA) account has been increased by \$2 million. This office measures school and district accountability of the implementation of the Education Reform Act.

The Governor has recommended that the Charter School Reimbursement account be increased from \$70 million to \$80 million. This account is used to reimburse students' resident districts based on their enrollment in a Commonwealth Charter School.

H.1 contains a new account for Innovation Schools, which is funded at a proposed level of \$1.5 million. School districts which apply for Innovation School status receive grants for planning, implementation and enhancement of such schools. This initiative arose from the Achievement Gap Bill of 2010.

GOVERNOR PROPOSED INCREASES TO EARLY EDUCATION, HIGHER EDUCATION AND TRANSPORTATION

In addition to the increased revenue for K-12 education, H.1 includes \$131 million in new funding for the early education and care system (EEC). This increased money will, in part, eliminate the EEC current birth to age five waitlist.

The Governor's budget proposal includes \$152 million in F.Y. 2014 to make college more affordable, particularly for lower and middle income students.

Finally H.1 contains a proposed \$269 million increase in various transportation projects.

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