



Massachusetts Association of School Superintendents School Finance Priorities

EXECUTIVE SUMMARY

As members of Massachusetts' legislative and executive branches begin to seek common ground among the various proposals designed to significantly increase the state's financial contribution to K-12 education, the Massachusetts Association of School Superintendents (MASS) respectfully offers policy makers a comprehensive set of requirements that, we believe, must be part of the final legislation that is enacted into law. At the highest level, Chapter 70 reform must include the following three essential components:

- Aggressively phase-in full funding of the recommendations of the Foundation Budget Review Commission;
- Ensure every school district in the Commonwealth receives a significant annual increase in Chapter 70 aid, regardless of their current level of local contribution; and
- School districts should be accountable through local reporting requirements to demonstrate that new funding is targeted to improve student outcomes.

Each of these components is essential to ensuring that Massachusetts maintains high-performing school districts, while also focusing needed financial support on districts where Massachusetts' high standards have yet to be achieved.

We welcome the opportunity to engage with legislators as they consider the needs of our children and school districts across the Commonwealth. We believe these "priorities" need active consideration in any budget outcome for FY2020 and beyond.

COMPONENT #1

Four areas of foundation shortfalls identified by the Foundation Budget Review Commission (FBRC) should be phased in over five years

- **Health Insurance increases are already being phased in, but not the process for annual updates**
 - The seven-year phase-in instituted in FY18 and FY19 was based upon FBRC calculations done several years ago.
 - The FBRC recommended a *separate health care cost inflation adjustor for the employee health insurance portion of the "Employee Benefits/Fixed Charges" component of the formula, based on the change in the GIC rates.* This should be incorporated into annual calculations.

- **Special education rates both in and out-of-district should be fully implemented**
 - Assumed special education in-district foundation rates should rise from 3.75 to 4.00 percent in-district and 4.75 to 5.00 percent for vocational students.
 - Assumed out-of-district rates should “capture the total costs that districts bear before circuit breaker reimbursement is triggered.”
 - The Circuit Breaker must be fully funded and out of district transportation costs should be included.

- **The identification process and cost rates of Economically Disadvantaged students must be stabilized**
 - We cannot continue annual juggling of cost rates and numbers of Ecodis pupils, as happened in FY19. The current identification process is very likely to get better and stabilize on its own, but if there are ways to improve it, we should take them into consideration.
 - The current ten-tier rate approach is valid, but we need to set an amount at each tier that is reasonable, widely accepted and consistently applied each year after inflation. The Commission offers guidance that appropriate weighting should fall between 50-100% more than the base per student rate. We believe 80% - 100% above base per student rate will help schools meet the needs and close the academic and opportunity gaps of this at risk student population with any number of programs: extended learning time, wraparound services, instructional improvement, class size reduction, early education to name a few that have been found to be successful with low income students.
 - Provide a mechanism to ensure all eligible students are counted when applying the formula. The mechanism provided should minimally include but not be limited to local school districts collecting appropriate parent/guardian information and determining income eligibility.

- **English Language Learner (ELL) reimbursement rates need to be revised**
 - “Convert the ELL increase from a base rate to an increment on the base rate.” This was implemented in FY19 and should continue in the future.
 - “Apply the increment to vocational school ELL students as well.” This too was implemented in FY19 and should continue in the future.
 - *Increase the increment for all grade levels, including high school, to the current effective middle school increment of \$2,361. This would increase the range of ELL-only weightings and expand available funds for staff-intensive high school age interventions. This has not occurred and should, although the increment should be raised to reflect inflation since the report was published.*

COMPONENT #2

Increasing Aid for All Districts

Circuit Breaker

The Circuit Breaker MUST be FULLY funded annually. As noted, this amount recognizes the assumed out-of-district rates should capture the total cost that districts bear before circuit breaker reimbursement is triggered. The circuit breaker should be expanded to special education out of district transportation costs. These transportation costs can sometimes meet or exceed the tuition costs. In FY17, the statewide costs were \$147,944,148. Full Circuit Breaker funding, including special education out of district transportation, is one of the highest priorities for our school districts.

Per Pupil Aid

We recommend a five year sequence of minimum per pupil aid. The five year contribution sequence should be \$150 per year. Since FY14 minimum per pupil aid has ranged from \$25 to \$55 per pupil, generating between \$12 and \$32 million in new dollars for districts that did not qualify for other types of aid. This is the simplest and probably the best mechanism for ensuring that all districts receive some new money. We may as well admit that it is not “equitable” because it provides additional funding to districts that already are receiving more than the formula calculates that they should be receiving. However, if this is the political trade-off needed to perpetuate the equitable parts of the formula such as foundation aid, it is a small price to pay and it does assist districts whose costs continue to rise. Moreover, MASS believes those districts should receive the state’s share of a reasonable annual increase in costs in the form of minimum per pupil aid. The real solution is to recognize the current formula is broken and needs to be fixed.

Lowering Required Contributions

The most equitable way to bring more districts’ required net school spending to 100% of foundation is to change one underlying assumption that drives the entire Chapter 70 formula. The assumption since FY07 has been that, on a statewide basis, 59 percent of foundation budget would be borne by local taxpayers, and the remaining amount by the Commonwealth¹. There was no scientific basis for choosing 59 percent back in FY07. At the time the local spending requirement was 63 percent. 59 percent seemed like a reasonable and aspirational goal. Lowering the target by just one percentage point to 58 would mean that cities and towns would have to cover less of the foundation budget. For some, aid would fill the gap. The effect on aid in FY19 would have been an additional \$40 million. The number of foundation aid districts would have risen to 122.

COMPONENT #3

Accountability

We believe that with additional funding we have a responsibility to account for its best use to optimize student outcomes. We recommend that this come in a variety of forms. School districts should embrace the idea of transparency and annual reporting to DESE on how additional funds have been used. We support the need to show how new funding has been used to impact students.

New funding should be targeted at a mix of 21st Century “Intervention” or “Innovation” opportunities for such efforts as professional development, early literacy, extended learning time, new programs for such things as

STEM courses, acceleration academies, high school completion, and college and career readiness, and other programs as districts see fit. We need to recognize that many districts have been reducing or eliminating existing programs during recent years and additional funding may be required to regain those programs.

School districts' should be respected to determine exactly how to invest funding that best meet the specific needs of their students and not use MCAS scores as a primary determinant.

MAJOR PRIORITIES

Funding Charter Reimbursements

The separate charter reimbursement program is not directly a part of the Chapter 70 formula. However, it is affected by the foundation budget, which determines charter tuition rates. Also, in cities and towns the reimbursement is subtracted from what those local districts spend when determining their actual net school spending, so it has an immediate impact upon compliance with Chapter 70 spending requirements.

Charter pupils are counted in districts' foundation enrollment, so Chapter 70 aid already is being generated on those students' behalf. Attempts to incorporate additional district funding for their charter school students into the Chapter 70 formula have failed, but the issue resurfaces periodically.

One reason the issue resurfaces is that the funding for the charter reimbursement account has not kept pace with the entitlement. In FY19, only \$90 million of the \$180 million entitlement is funded. It is described as a six-year phased-in formula, but the six-year paradigm has never been implemented, and in FY19 the appropriation once again falls short of fully funding even the first year.

It probably matters little to districts whether they receive resources through Chapter 70 or through other programs, as long as the combined bottom line is sufficient. For minimum aid districts, fully funding the charter reimbursement account would provide much help in dealing with annual budget challenges.

Medicaid Reimbursement

Districts are responsible for programs and services for Medicaid eligible students and commit resources for any eligible Medicaid funding. These reimbursements currently are not directed to the school district.

We recommend that these reimbursements support social service programs much needed by the student population they support.

Foundation Budget Incomplete

Long term, the Foundation Budget should adjust its categories or other funding sources must recognize the growing needs in technology, health services, and social-emotional supports our students and families need. We recommend that further discussions of these concerns be part of an oversight committee which tracks the multi-year implementation of any school finance reform.

Regional Schools/Regional Transportation

Regionalization has few incentives with the absence of regional school aid and uncertainty in fully funding regional transportation. Regional transportation must be fully funded annually and regional financial incentives must be considered.

Rural Schools

Rural schools are impacted by declining enrollment and limited options to increase regionalization due to geographic size issues. A Rural Aid formula is needed. Historically, overburden aid was useful for communities with limited tax base and something of similar interest should be created. Rural aid calculations based on square mileage should include considerations such as economically disadvantaged.

Chapter 74 Support

Vocational Technical education programs must remain current in a changing workforce. State equipment grants eliminate the need to pressure local community tax dollars for capital items. Continued funding of these programs with inflationary dollars should continue.