



THE TALE OF **FOUR** CITIES

**THE IMPACT ON THE
UNDERFUNDING OF THE STATE'S
FOUNDATION BUDGET IN:**

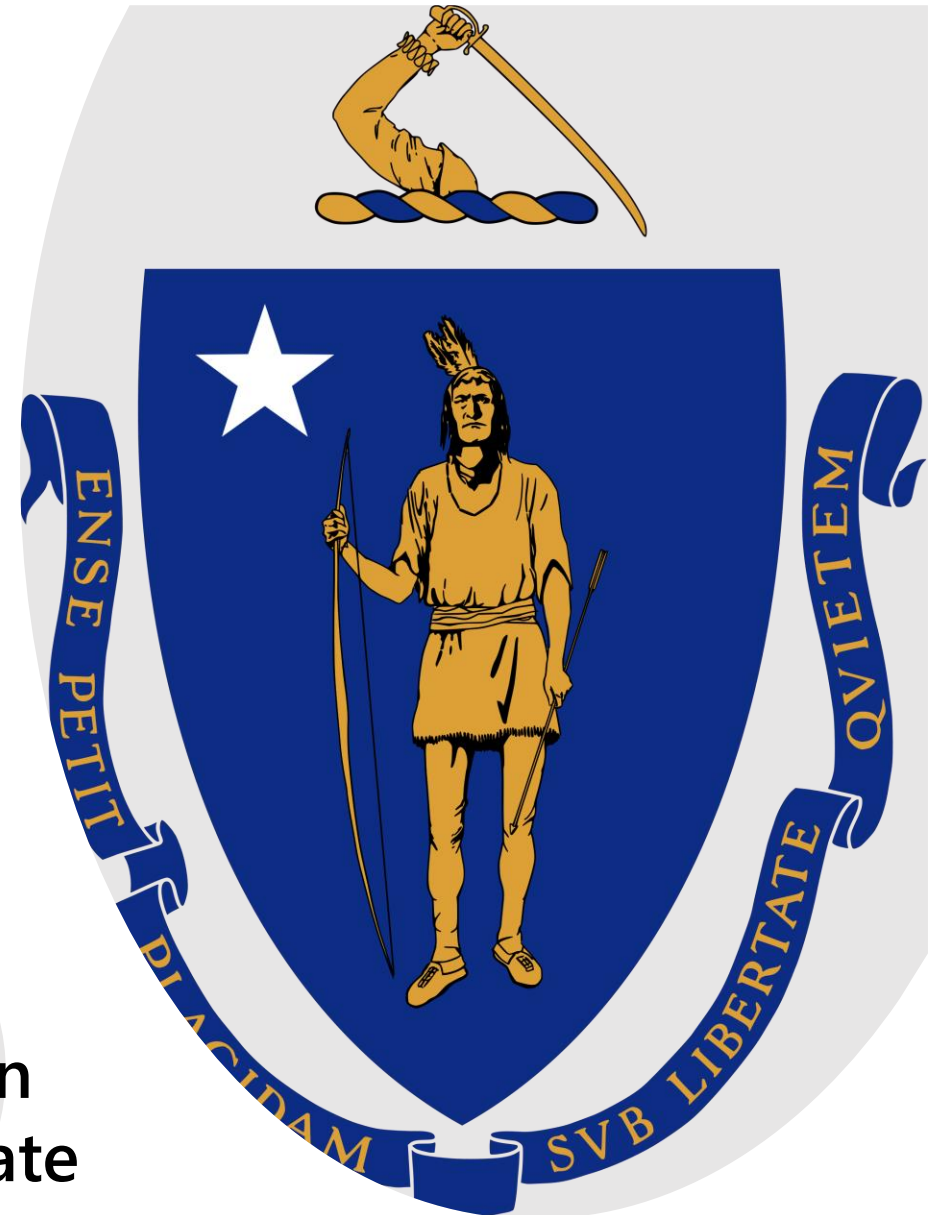
**BROCKTON
HOLYOKE
SPRINGFIELD
WORCESTER**

FOUNDATION BUDGET PREMISE

Resulted from the McDuffy v
Secretary of the Executive Office of
Education (1993)

Intended to assure a fair and
adequate minimum spending by
defining a foundation budget for
each community

Communities pay a share of the foundation
budget based on an ability to pay, aggregate
wealth, using property taxes and income



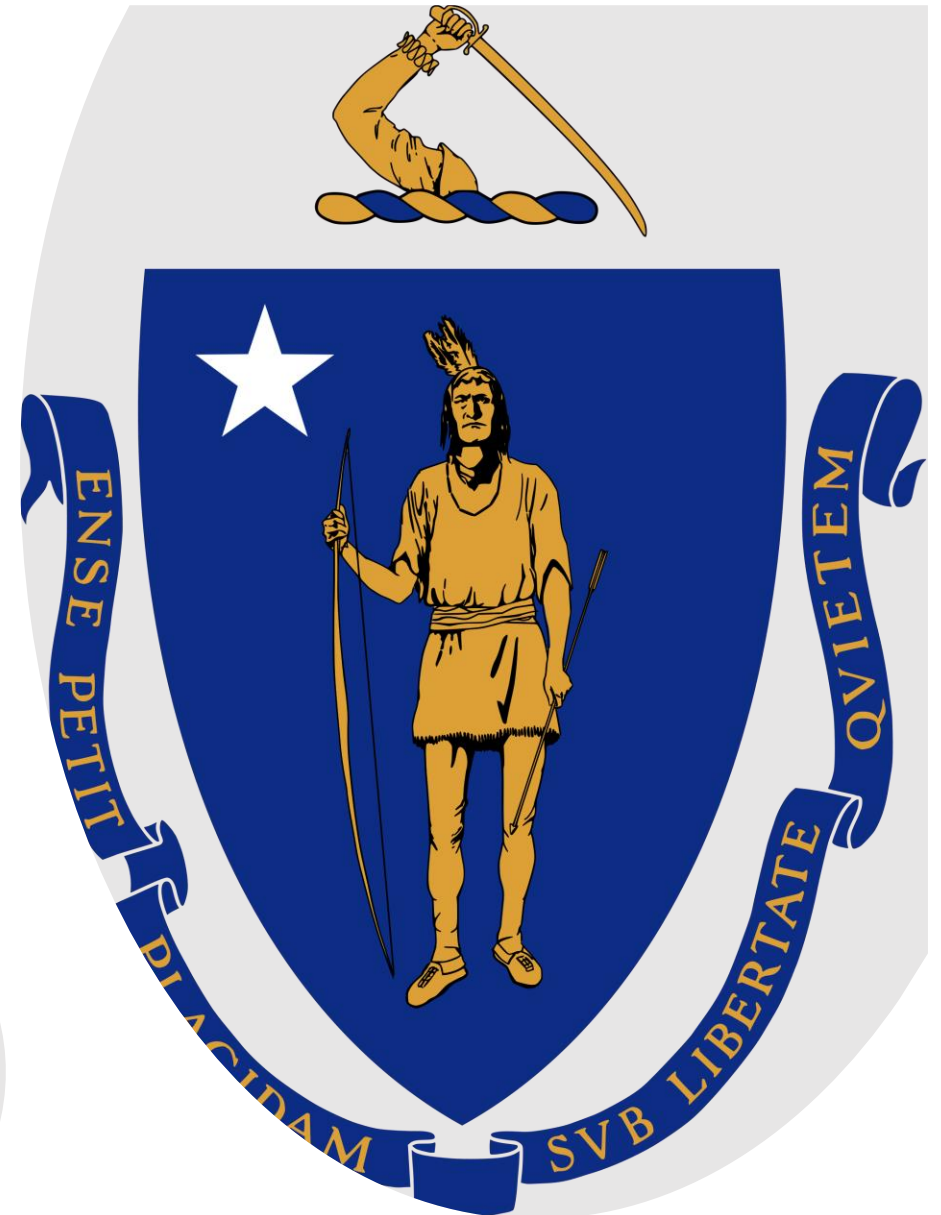
LEGISLATIVE CHARGE OF FOUNDATION BUDGET REVIEW COMMISSION

- Review Components of the Foundation Budget.
- Seek to Determine and Recommend Measures to Promote Effective Resource Allocation.

Noteworthy Resources:

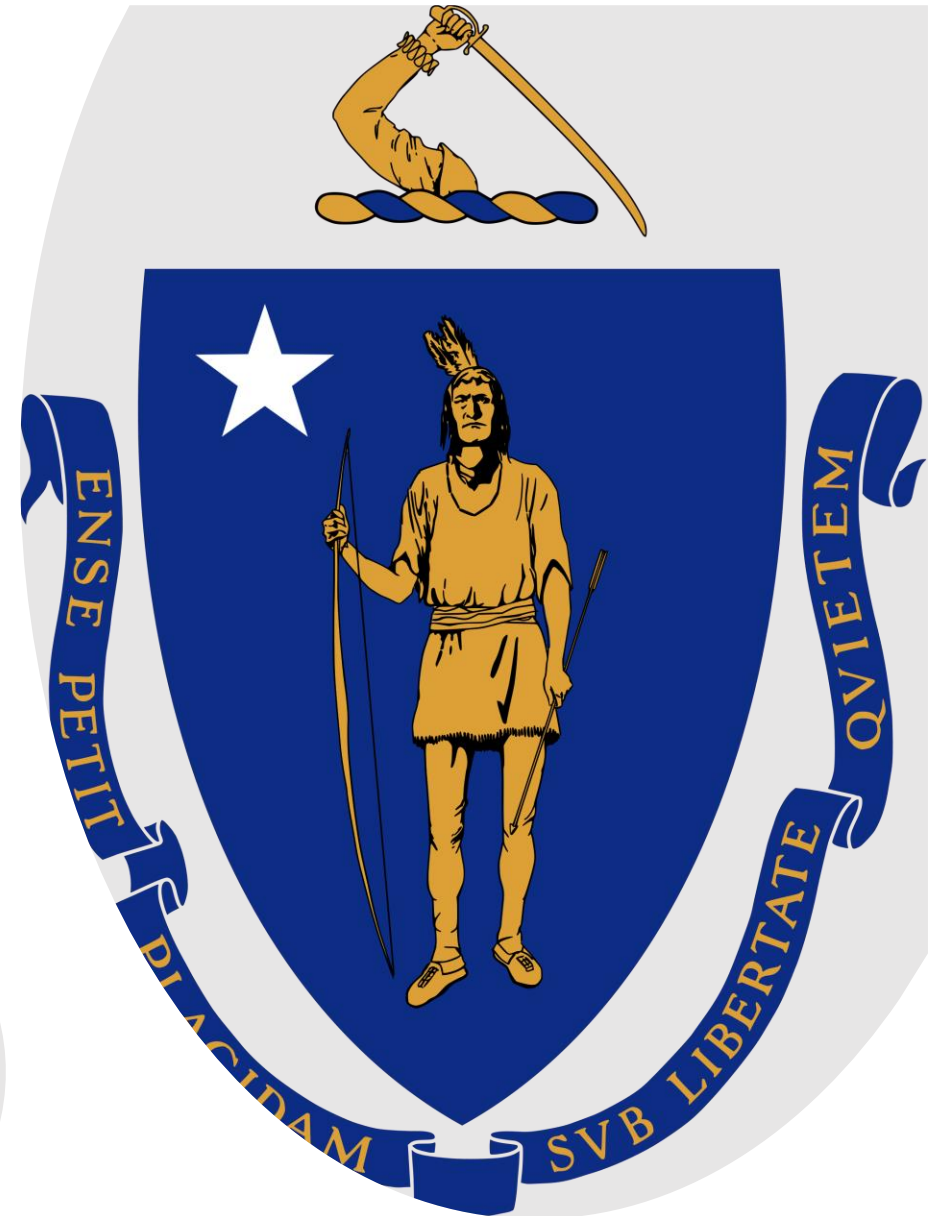
“Cutting Class: Underfunding the Foundation Budget's Core Education Program”, Massachusetts Budget and Policy Center, 2011.

“Building an Education System that Works for Everyone: Funding Reforms to Help All Our Children Thrive”, Massachusetts Budget and Policy Center, 2018.



FINDINGS AND RECOMMENDATIONS

- Health Insurance
- Special Education
- English Language Learners
- Low Income Students



HEALTH INSURANCE

FINDINGS

- Actual spending “far exceeds” current foundation budget allotment by more than 140%.
- Current formula does not factor cost for retiree health insurance

RECOMMENDATIONS

- Adjust the employee health insurance rate to the state’s GIC rate.
- Add “Retired Employee Health Insurance” to foundation budget.
- Change inflation factor to annual change to GIC rates.

SPECIAL EDUCATION

FINDINGS

- Districts spend “far more” than the current foundation budget allotment for out-of-district placements by more than 59%.
- The current assumed in-district special education enrollment is less than the actual statewide enrollment

RECOMMENDATIONS

- Increase the assumed in-district special education enrollment.
- Increase the out-of-district cost rate to capture the total costs that districts bear before circuit breaker is triggered.

SPECIAL EDUCATION

IN-DISTRICT RECOMMENDATION

- **Increase the assumed in-district special education enrollment rate from 3.75% to 4.00% (for non-vocational students) and 4.75% to 5.00% (for vocational students)**
- *Current assumption (3.75%) = 15% of students receiving SPED services 25% of the time*
- *Proposed change (4.00%) = 16% of students receiving SPED services 25% of the time*

OUT-OF-DISTRICT RECOMMENDATIONS

Increase the out-of-district special education cost rate to capture the total costs that districts bear before circuit breaker reimbursement is triggered. One example of how this might be done is to increase the out-of-district special education cost rate by an amount equal to the following:

*[4 x statewide foundation budget per-pupil amount] –
[statewide foundation budget per-pupil amount + out-of-district special education cost rate]*

SPECIAL EDUCATION

FBRC RECOGNITION

Average expenditure per pupil exceeds foundation budget, even upon adoption of recommendations, **by \$700 million***.

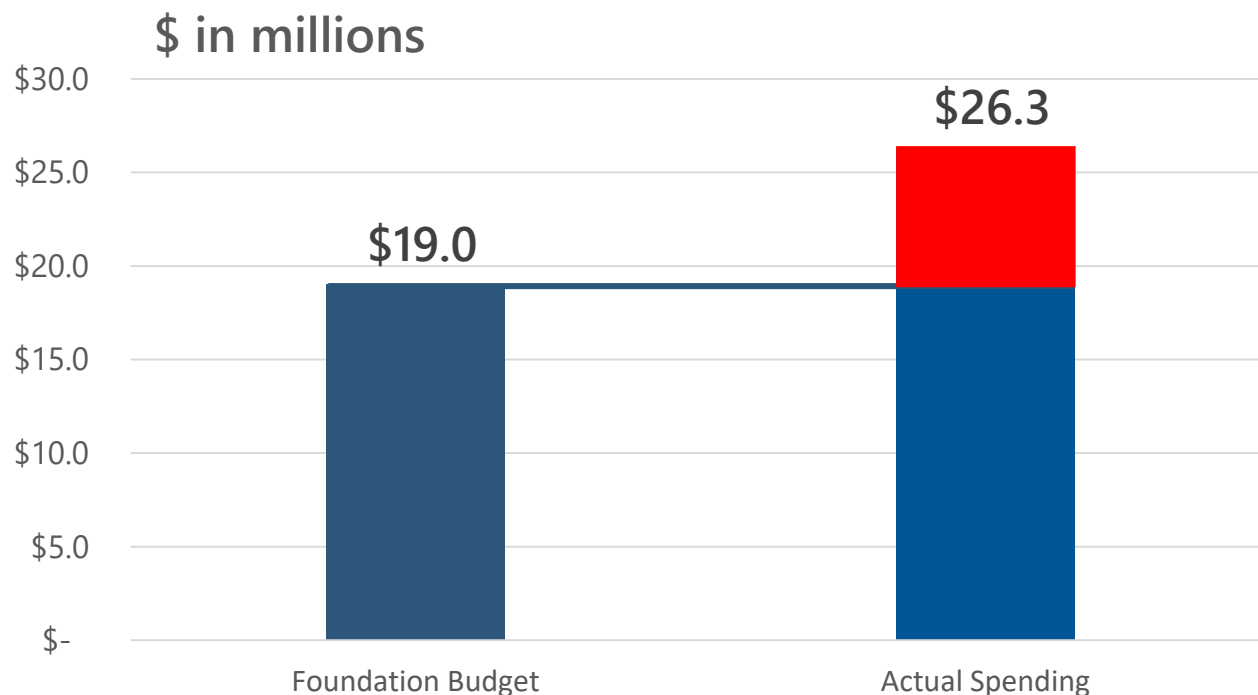


The Impact by District on Health Insurance and Special Education Spending



Brockton Public Schools

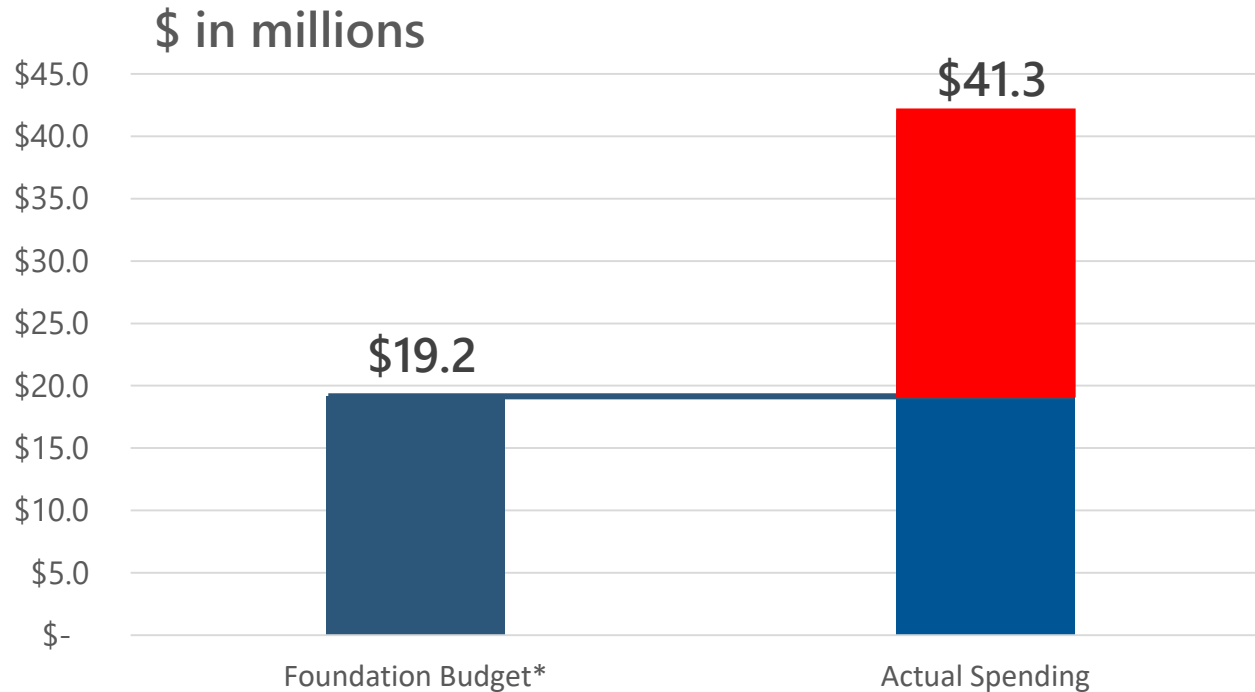
Health Insurance



\$7.3 million Gap

- Already Changed Plans
- Already Changed contribution rates
- Already Changed Co-Pays and Deductibles

Special Education



\$22.1 million Gap

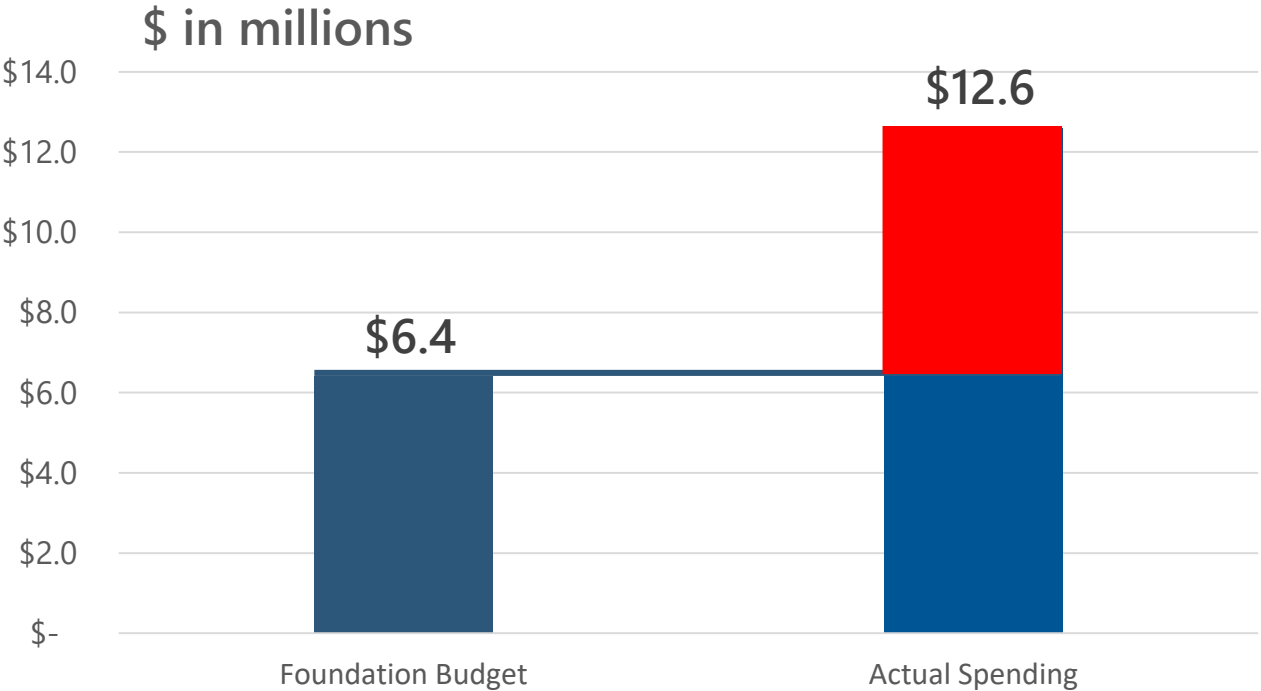
- Expanded district's therapeutic day school
- Hire own one-to-one nurses
- Eliminated third party services for behavioral and therapeutic services

* Excludes employee benefits / fixed charges



Holyoke Public Schools

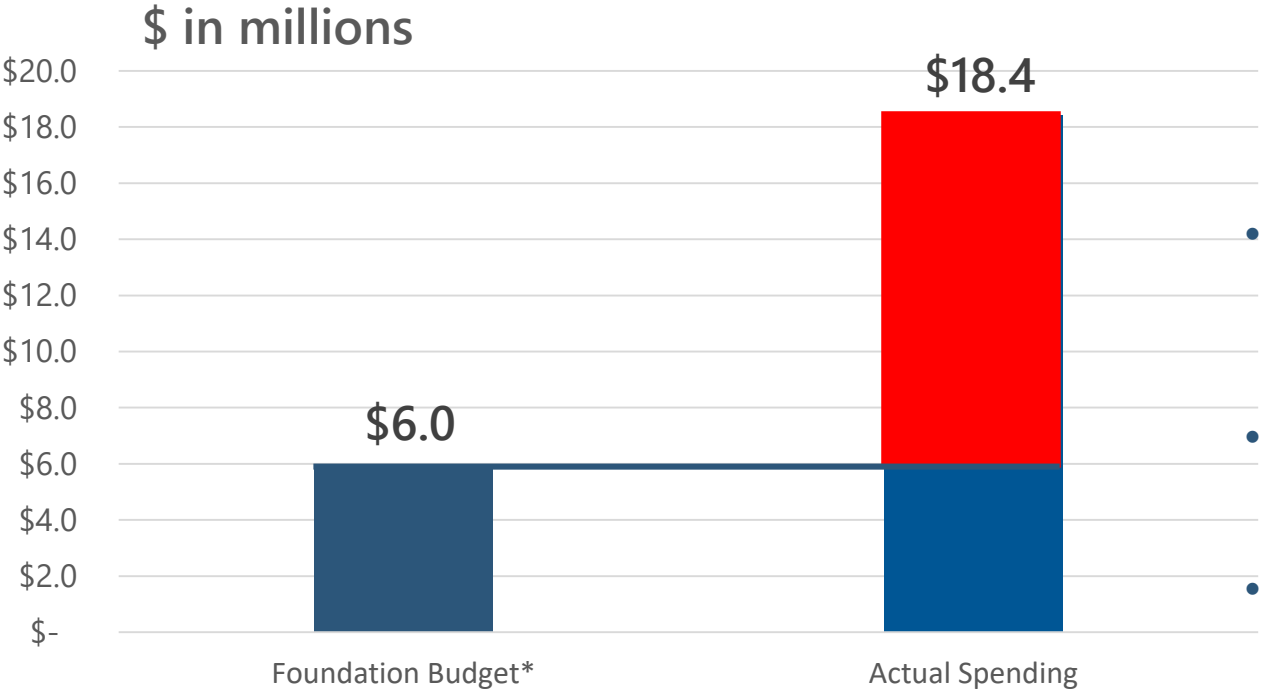
Health Insurance



\$6.2 million Gap

- Already Changed Plans
- Already Changed contribution rates
- Already Changed Co-Pays and Deductibles

Special Education



\$12.4 million Gap

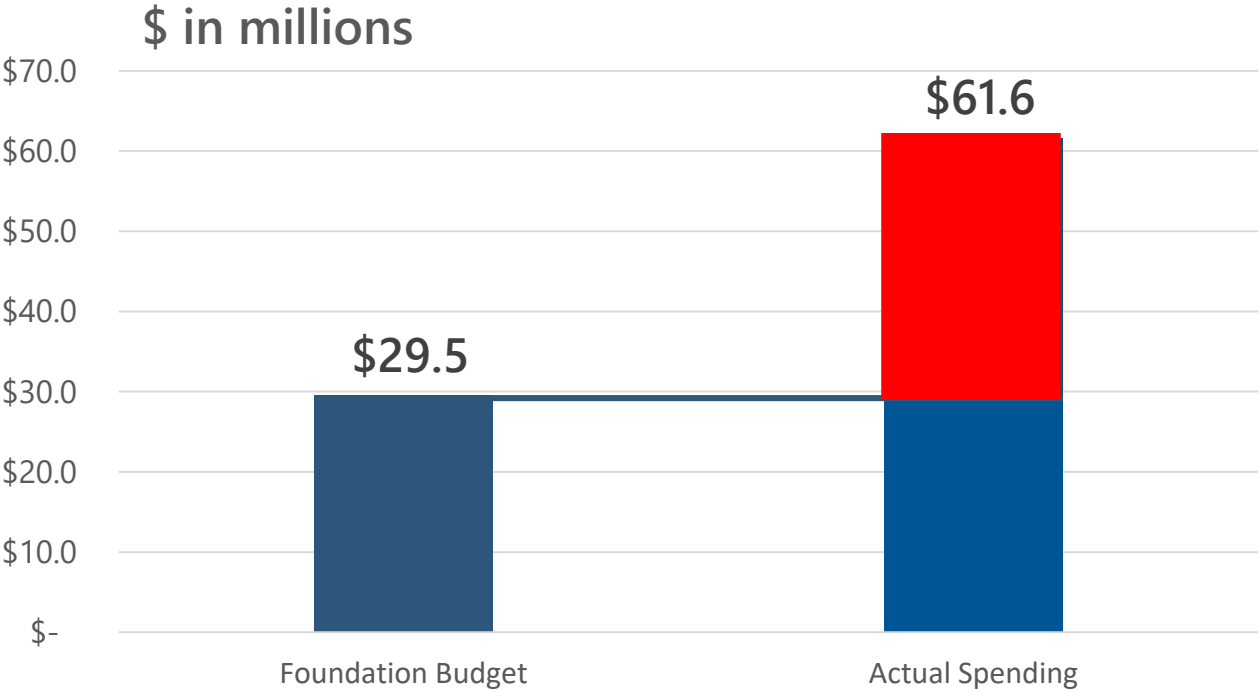
- Implemented data driven processes for recommending para's, transportation, and extended year services
- Implemented new kindergarten referral process which result in less referrals to SPED services
- Annually review all Out of District placements that would be able to be served in a less restrictive and lower cost setting

* Excludes employee benefits / fixed charges



Springfield Public Schools

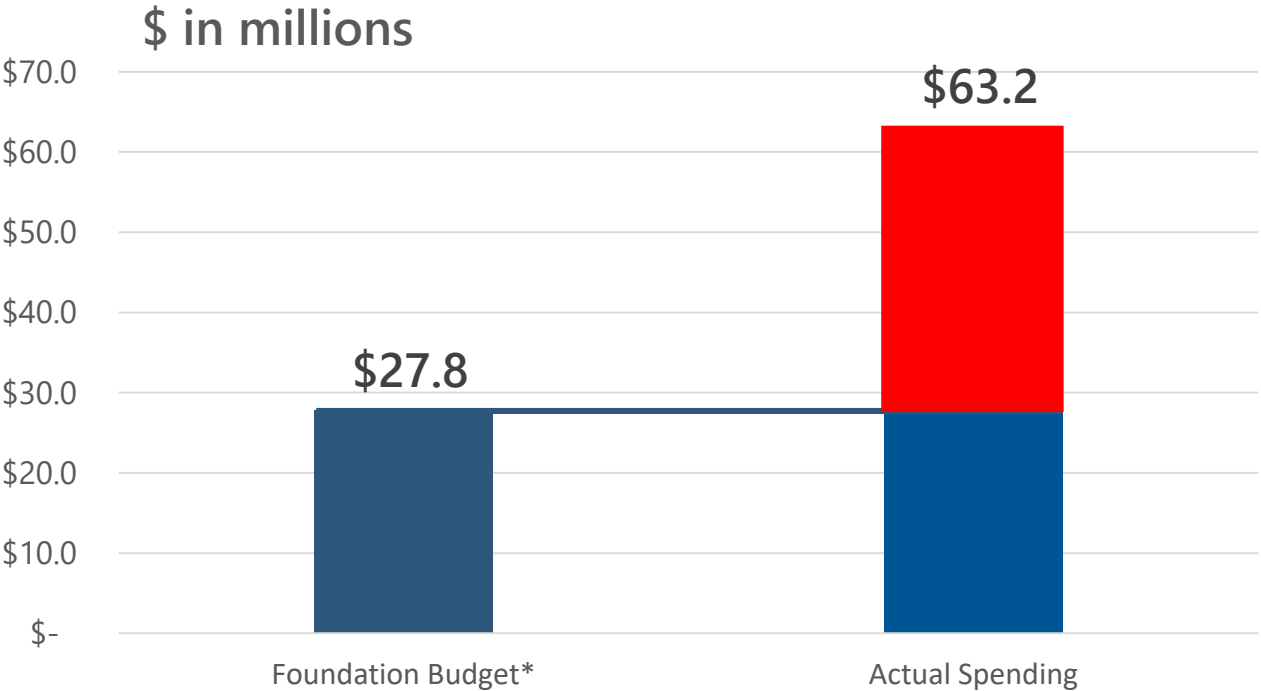
Health Insurance



\$32.1 million Gap

- Joined State’s Group Insurance Commission (GIC)

Special Education



\$35.4 million Gap

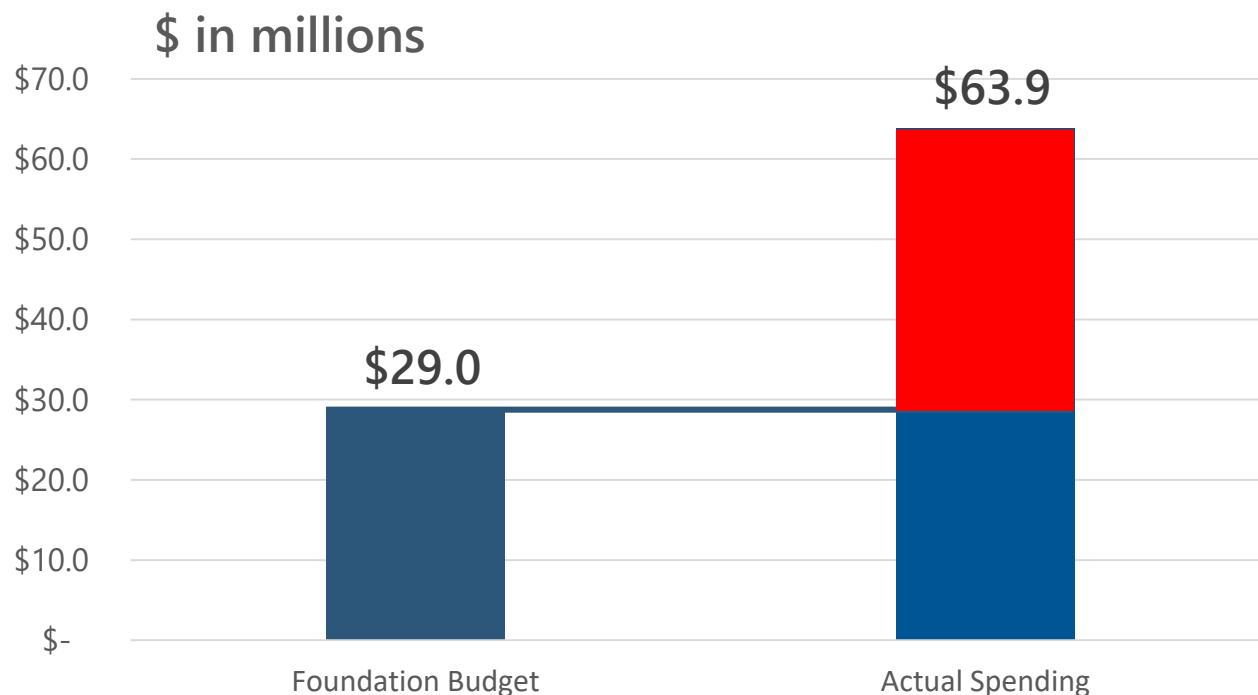
- Conducted and implemented study to reduce use of paraprofessionals and increase inclusion practices
- Developed programs to bring out-of-district placements to lower cost in-district programs

* Excludes employee benefits / fixed charges



Worcester Public Schools

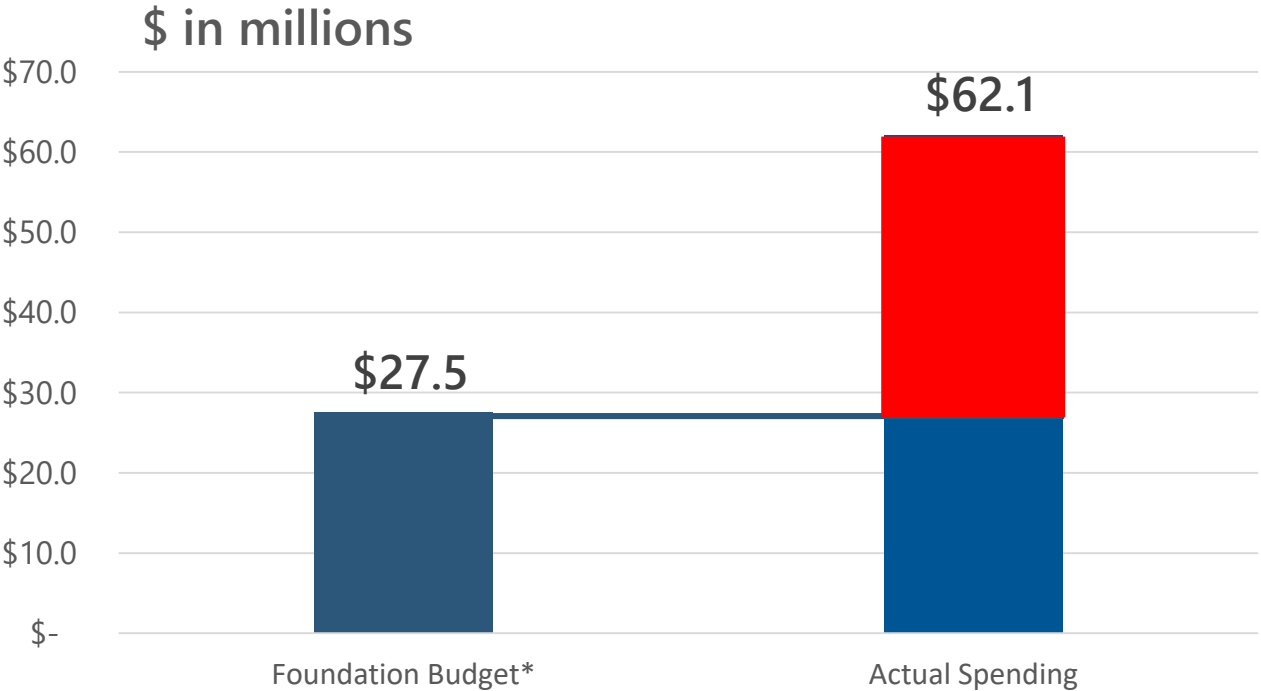
Health Insurance



\$34.9 million Gap

- Already Changed Plans
- Already Changed contribution rates
- Already Changed Co-Pays and Deductibles

Special Education



\$34.6 million Gap

- Restructured Autism Services
- Low Out-of-District Placements
- High use of Lower-Cost Special Education Collaborative Programs

* Excludes employee benefits / fixed charges



Tale of Four Cities



Combined Foundation Budget Gaps

FY17 Spending Compared to FY17 Formula
(\$ in millions)

Category	Brockton	Holyoke	Springfield	Worcester	Combined
Health Insurance	\$ 7.3	\$ 6.2	\$32.1	\$34.9	\$ 80.5
Special Education	<u>\$22.1</u>	<u>\$12.4</u>	<u>\$35.4</u>	<u>\$34.6</u>	<u>\$104.5</u>
TOTAL	\$29.4	\$18.6	\$67.5	\$69.5	\$185.0

Not including funding for other FBRC Items:

- ELL student funding based on add on rate
- Additional funding for low income students

OTHER AREAS OF THE FBRC

- **Low Income**: The FBRC recommendation was to increase the increment to 50%-100% of extra funding. The Mass Budget and Policy Center Report* uses an increase in the increment of 70%.
- **ELL Increment**: The FBRC recommendation is to change the per pupil rate from a fixed rate to an increment similar to the increment for low income students. The FY19 final state budget converted the rate to an increment (although different than the FBRC proposal)

*Recommendation of Massachusetts Budget and Policy Center (Report (2018)). The actual FBRC recommendation was to increase the increment for districts with high concentration of low income students but left the exact calculation of each low income calculation to legislative action.

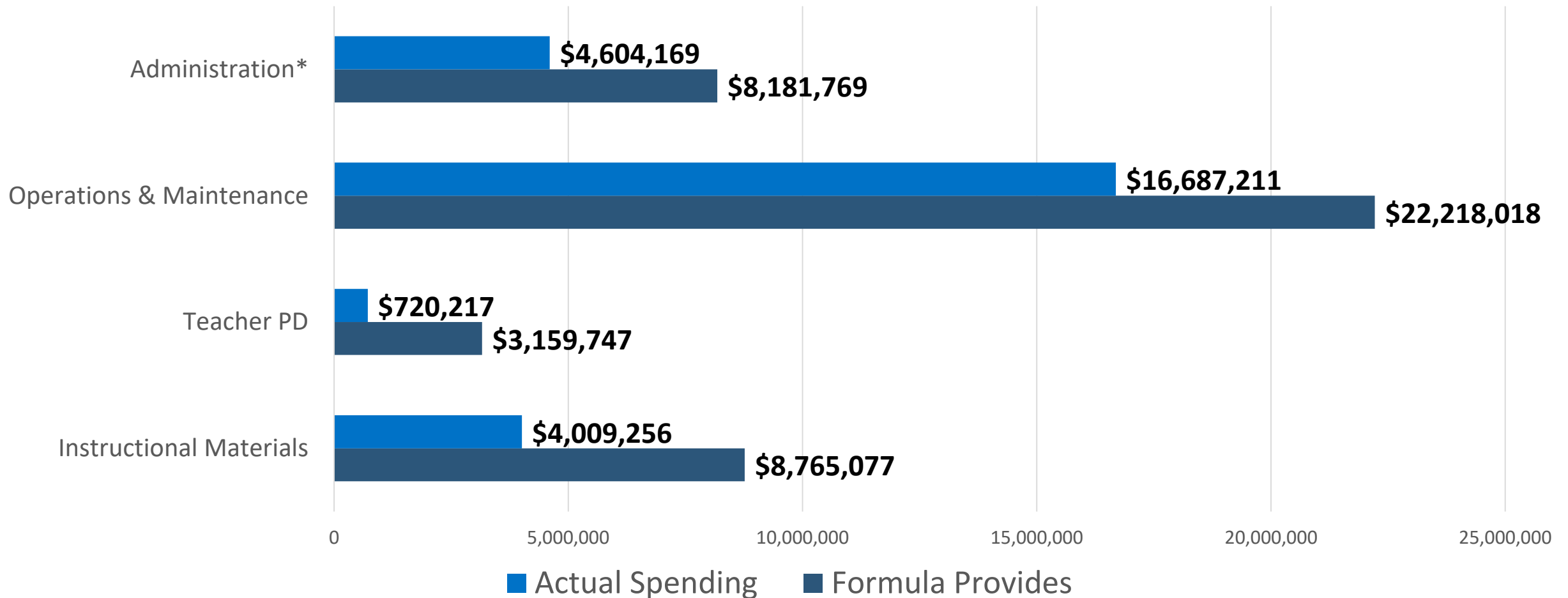


IMPACT OF THE FUNDING GAPS

IF **\$185 MILLION** MORE IS SPENT ON HEALTH INSURANCE AND SPECIAL EDUCATION THAN THE FORMULA PROVIDES, HERE IS THE DIRECT IMPACT ON THE DISTRICTS

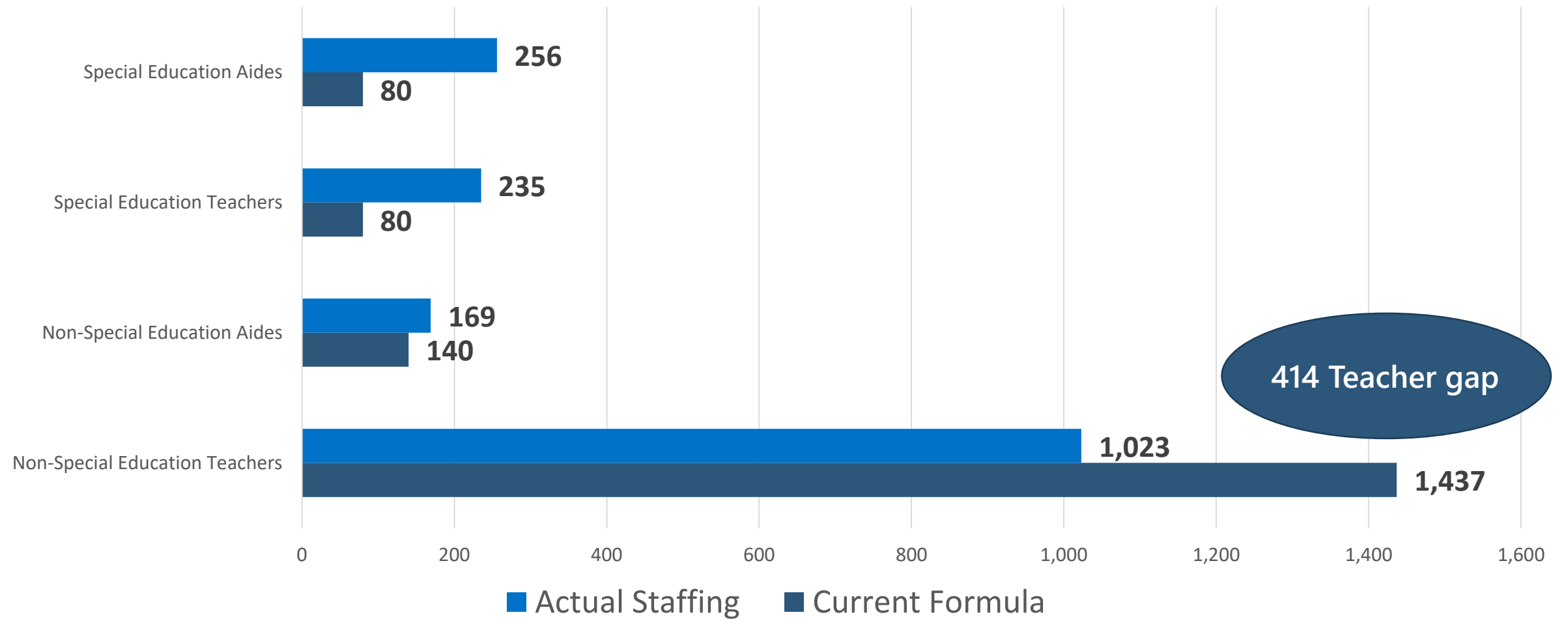


Foundation Budget Gaps: FY17 Brockton Analysis



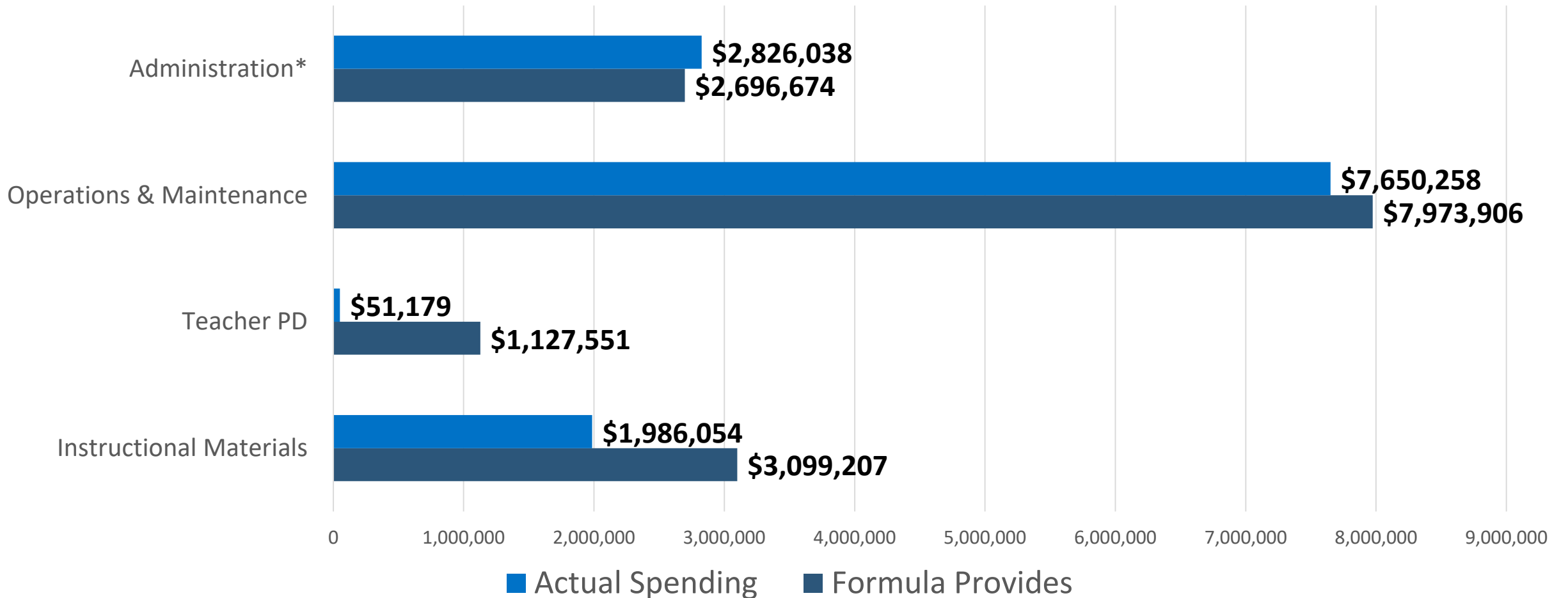


Foundation Budget Gaps: FY17 Brockton Analysis



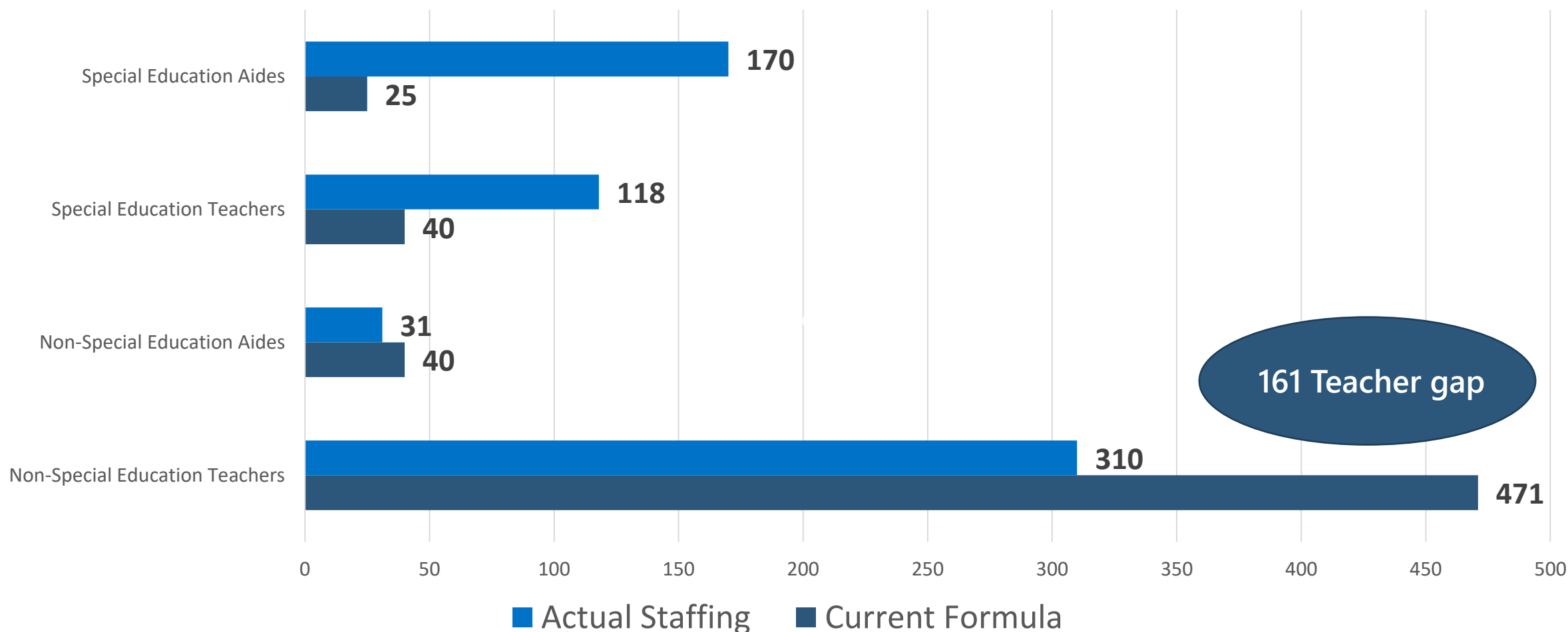


Foundation Budget Gaps: FY17 Holyoke Analysis



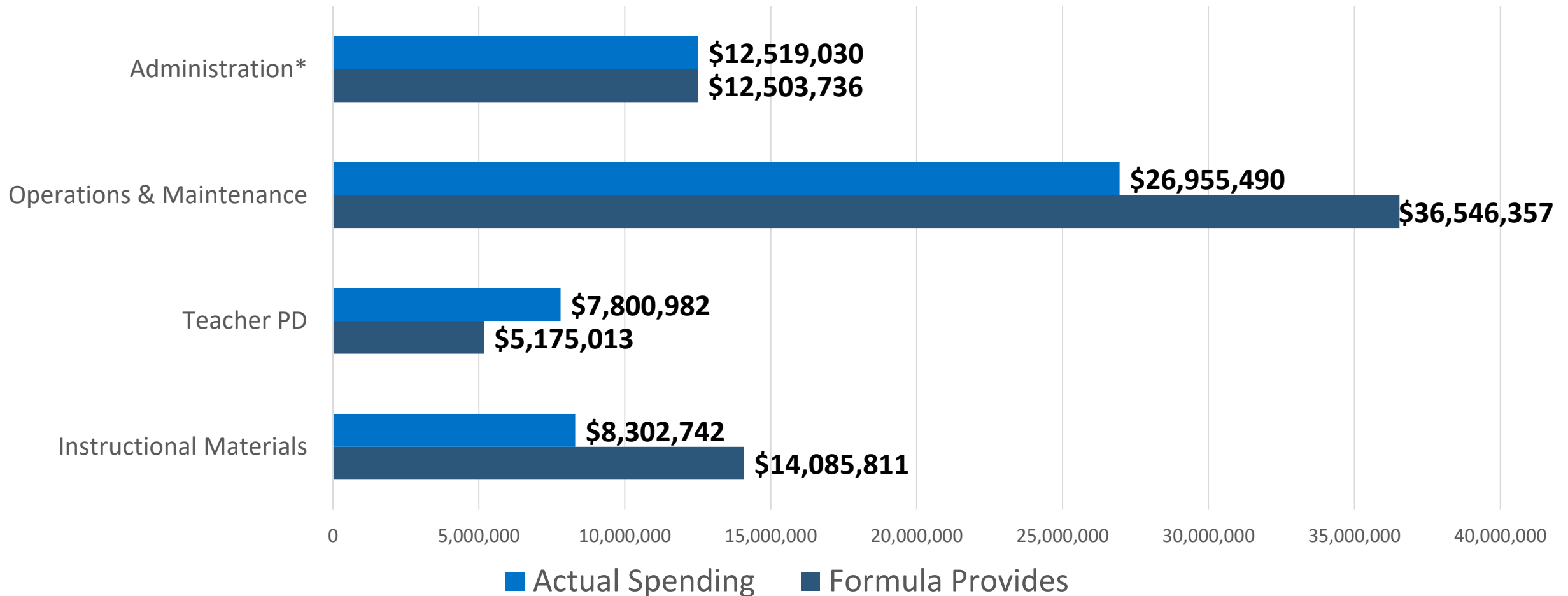


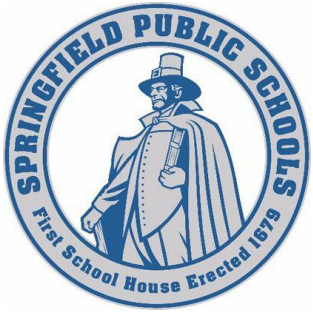
Foundation Budget Gaps: FY17 Holyoke Analysis



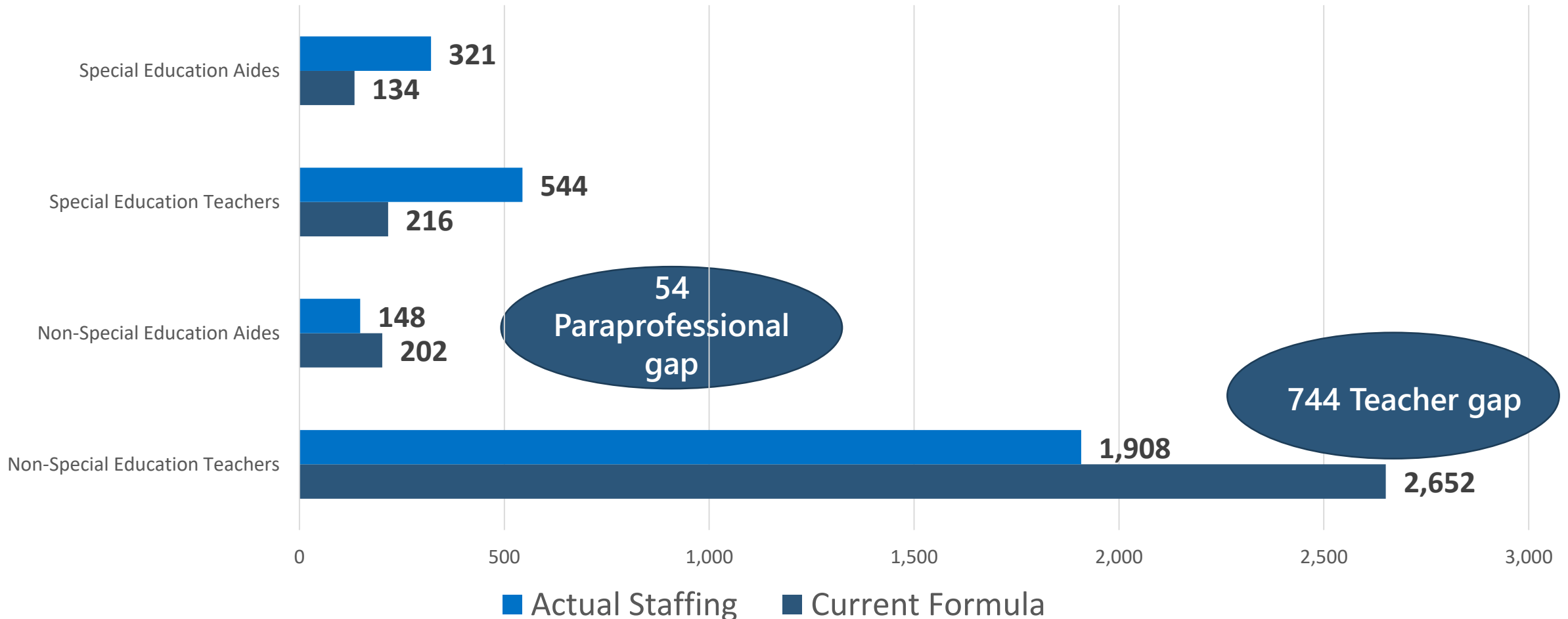


Foundation Budget Gaps: FY17 Springfield Analysis



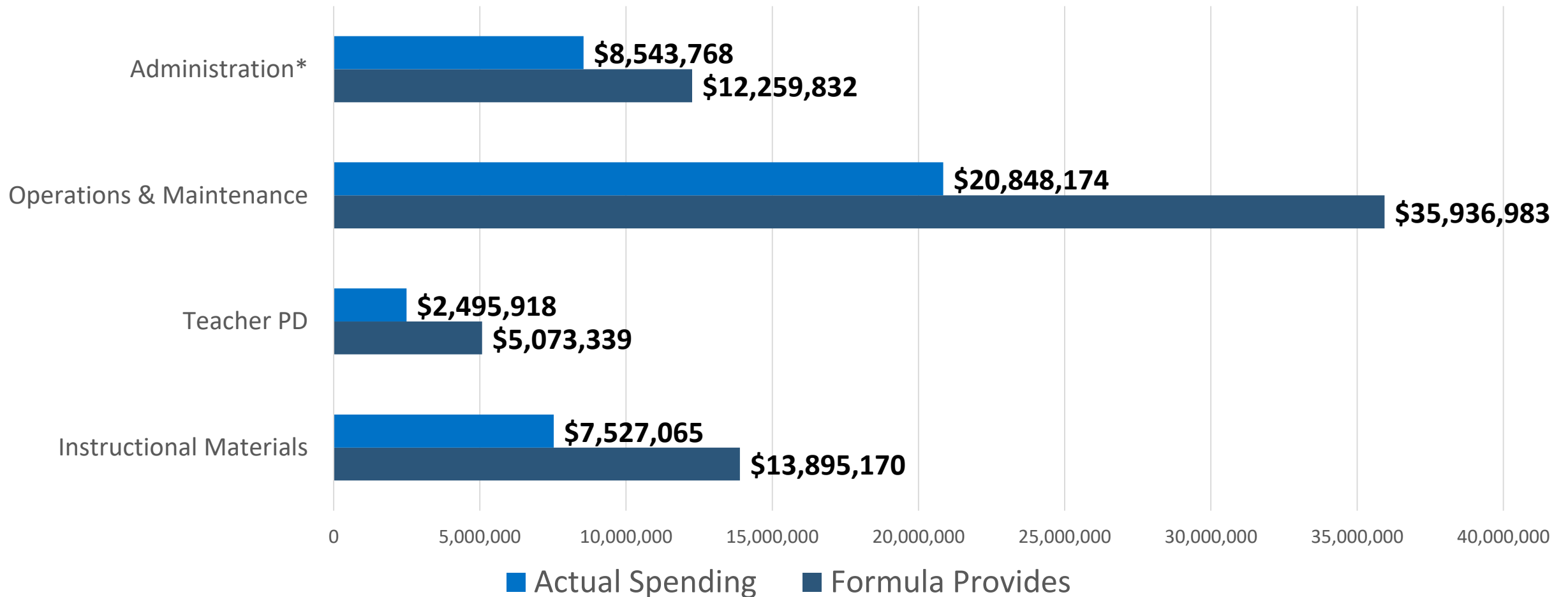


Foundation Budget Gaps: FY17 Springfield Analysis



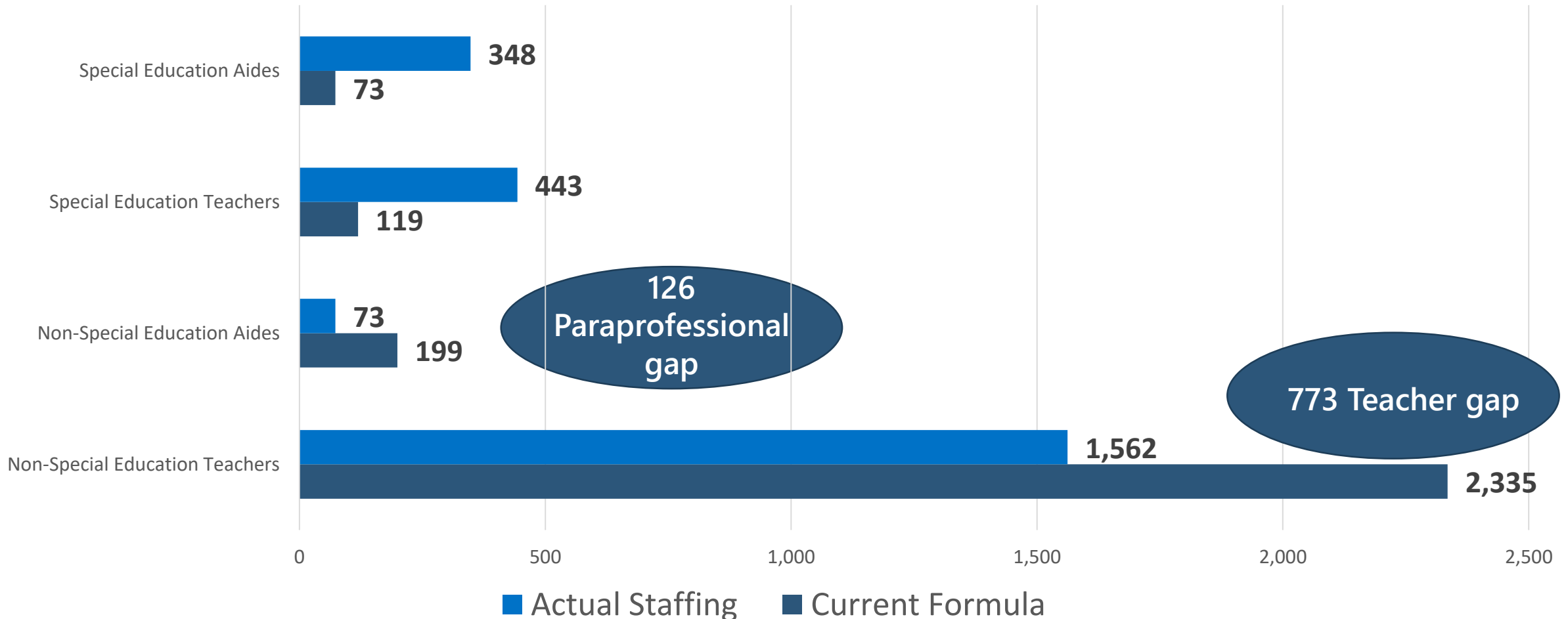


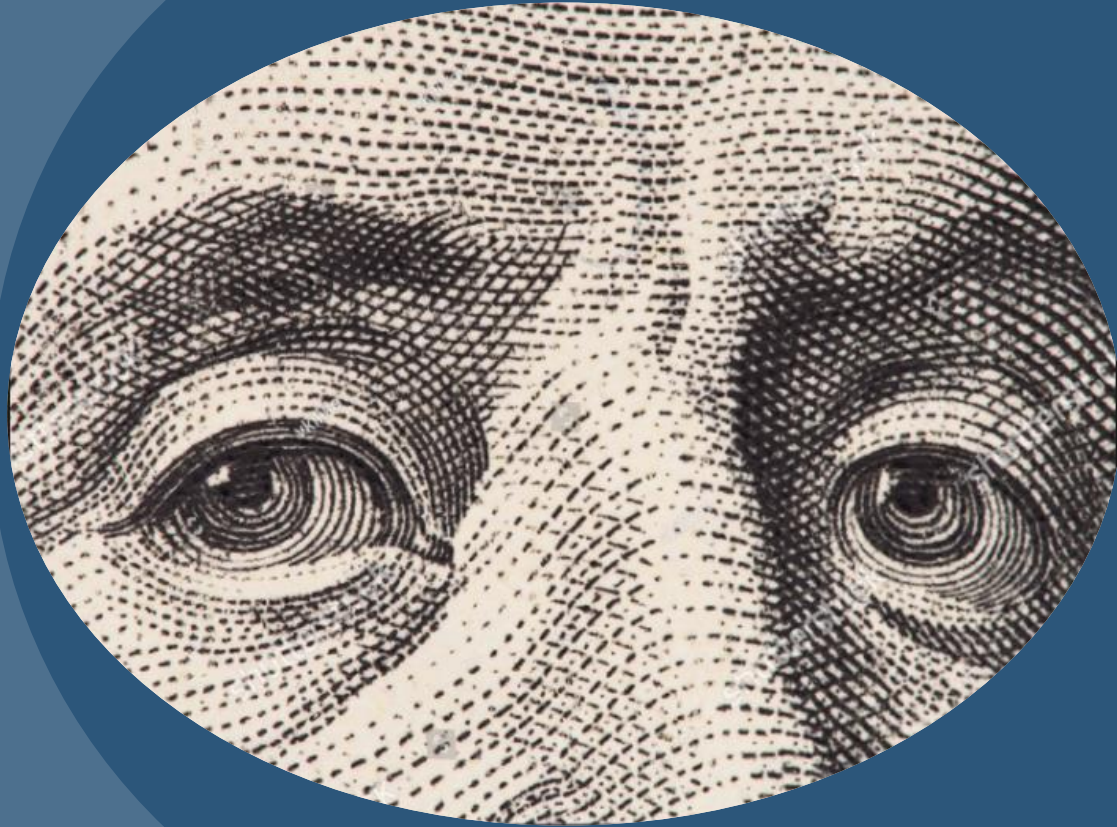
Foundation Budget Gaps: FY17 Worcester Analysis





Foundation Budget Gaps: FY17 Worcester Analysis





FINDING THE SOLUTION

AS CALCULATED WITHIN : “BUILDING AN EDUCATION SYSTEM THAT WORKS FOR EVERYONE: FUNDING REFORMS TO HELP ALL OUR CHILDREN THRIVE”, MASSACHUSETTS BUDGET AND POLICY CENTER, 2018.

INCREASE IN FOUNDATION BUDGET WITH FULL FUNDING OF THE FBRC: HEALTH INSURANCE, SPECIAL EDUCATION, ELL AND LOW INCOME



BROCKTON

\$48.8 million



HOLYOKE

\$19.9 million



SPRINGFIELD

\$94.6 million



WORCESTER

\$79.3 million

Combined: \$242.6 million

Source: "Building an Education System That Works for Everyone: Funding Reforms to Help All Our Children Thrive", Massachusetts Budget and Policy Center, 2018.

Statewide Increase: \$1.8 billion

CALL TO ACTION

As described by our state Supreme Court in its interpretation of our state Constitution 25 years ago: “What emerges...is that the Commonwealth has a duty to provide an education for all its children, rich and poor, in every city and town of the Commonwealth at the public school level, 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 in a free State to meet the needs and interests of a republican government, namely the Commonwealth of Massachusetts”*.



* Massachusetts Department of Elementary and Secondary Education. “McDuffy Case Reports.” pgs. 3-4