

**MASS Massachusetts Association of School Superintendents**

April 11, 2019

**TO:** Mass Colleagues  
**FROM:** Tom Scott, MASS Executive Director  
With Roger Hatch, MASS School Finance

**SUBJECT: House Ways and Means FY20 Chapter 70 and Education Budget Recommendations**

On Wednesday afternoon House Ways and Means released its recommendations for the FY20 state budget. The budget proposes a budget of \$42.7 billion, an increase of 3 percent over FY19.

**Chapter 70**

House Ways and Means proposes a \$218.7 million increase (4.5%) that would be the largest Chapter 70 increase in a decade. Inflation is at 3.75 percent—the highest since FY09.

The Chapter 70 calculations lean heavily on Governor Baker's preliminary proposal. Both use many of the same foundation budget rate assumptions, such as GIC-based health insurance factors and significant upward shifts in the out-of-district special education, English Language Learner and Economically-Disadvantaged rates. The main difference in these categories is the House's higher out-of-district special education tuition rate. Economically disadvantaged rates for the five poorest district deciles are slightly higher than the Governor's. The Governor's proposed Early College/Pathways funding is removed. There are no additional dollars for districts with high concentrations of needy students. These differences add up to a \$32 million boost in foundation budgets above the preliminary numbers.

If there were no changes to benefits, out-of-district special education, ELL, or Economically Disadvantaged rates, a "baseline" foundation budget would have been \$11.154 billion. The House proposed total is \$11.290 billion, so these reforms generate an additional \$136 million in foundation dollars.

## FY20 Chapter 70 Proposals, Compared to FY19, State Totals

	FY19	Governor FY20	House W&M FY20	Difference House vs Gov
Enrollment	941,411	939,683	939,683	0
Foundation budget	10,777,588,551	11,257,760,232	11,289,661,624	31,901,392
Required Contribution	6,246,842,886	6,486,506,020	6,497,626,523	11,120,503
Chapter 70 aid	<b>4,906,614,766</b>	<b>5,107,600,566</b>	<b>5,125,302,254</b>	<b>17,701,688</b>
Net School Spending	11,153,457,652	11,594,106,586	11,622,928,777	28,822,191

The minimum aid increase is set at \$30 per pupil instead of \$20. 182 of the 318 operating districts receive the minimum; 136 receive foundation aid in excess of that amount. A spreadsheet showing each district's aid is attached.

When foundation budgets rise, minimum contributions do as well. Neither the House nor the Senate publishes either figure, so regional districts in particular should be aware that the preliminary numbers from January will change; most will be higher.

The Ways and Means proposal appears to be built on a six-year phase-in towards implementing a number of FBRC recommendations, although there is no accompanying legislation or budget language to that effect. There continues to be interest in codifying the changes, and how that will play out over the remaining months of the fiscal year will be something to follow closely.

### Other proposed changes to Chapter 70

- Account 7061-0016 establishes a reserve for districts with high percentages of low-income students. \$6 million is reserved for additional academic supports for low income students in those districts and would appear to be a competitive grant. The other \$10.5 million would provide transitional assistance for districts whose Chapter 70 aid has been significantly impacted by the change in low-income enrollment measurement that has occurred over the last five years.
- Similar to the Governor's proposal, wealthier cities and towns with a combined effort yield exceeding 175 percent of foundation budget would see their required contributions brought up to their targets immediately. This affects 20 communities.

### Other Aid Accounts

- The charter reimbursement account is increased by \$23 million to \$113 million. As in the Governor's proposal, the current six-year schedule of payments would be replaced by

three-years (100/60/40). Transitional aid would be targeted to districts with the largest charter tuition increases. The facilities rate would rise from 893 to 938.

- Sped Circuit Breaker, Charter Reimbursements, Regional Transportation, METCO, and Homeless Transportation all see substantial increases. Foundation reserve (for Puerto Rican and Virgin Island hurricane victims last year) is not funded; neither is Non-Resident Vocational Transportation.
- Overall, the House provides \$54 million more in aid to education accounts than the Governor’s budget.

**Comparison of House 1 to Final FY19, Major Education Aid Accounts**

Acct	Program Name	final fy19	Governor FY20	change	
				FY19-FY20	House W&M FY19-FY20
7061-0008	Chapter 70	4,907,573,321	5,107,909,124	200,335,803	218,037,491
7061-0012	SPED Circuit Breaker Program	318,895,293	323,887,071	4,991,778	9,991,708
7061-9010	Charter Reimbursements	90,000,000	106,000,000	16,000,000	23,000,000
7035-0006	Regional Transportation	68,878,679	68,878,679	-	4,977,827
7010-0012	METCO	22,142,582	22,142,582	-	1,500,000
7061-0011	Foundation Reserve	15,000,000	-	(15,000,000)	-15,000,000
7061-0016	Low-Income District Assistance	-	-	-	16,500,000
7035-0008	Homeless Transportation	9,099,500	9,099,500	-	1,000,000
7053-1909	School Lunch Program	5,314,176	5,314,176	-	0
7053-1925	School Breakfast Program	4,666,445	4,566,445	(100,000)	150,001
7035-0007	Non-Res Voke Transp	250,000	250,000	-	-250,000
	<b>total, these accounts</b>	<b>5,441,819,996</b>	<b>5,648,047,577</b>	<b>206,227,581</b>	<b>259,907,027</b>

Amendments to the Ways and Means budget will be debated in the coming weeks. MASS will continue to monitor the budget process and inform superintendents of any significant developments.

### Links to Additional Information

House Legislative website: <https://malegislature.gov/Budget/HouseWaysMeansBudget>

DESE Chapter 70 website: <http://www.doe.mass.edu/finance/chapter70/fy2020/prelim.html>

DESE Charter Tuition estimates:

<http://www.doe.mass.edu/charter/finance/tuition/fy20/preliminary.html>

DLS Data Bank website: cherry sheets: <https://www.mass.gov/lists/cherry-sheet-estimates>