Fiscal Year 2024 Revenue Update

Presentation
Lawrence Alliance for Education

Agenda

- Governor's FY2024 budget and implications for LPS's FY2024 budget

  - Impact of the Student Opportunity Act

- How does the Governor's budget impact LPS's FY2024 appropriation

- FY2024 budget process and next steps

The appendix to this presentation includes examples of foundation budget per pupil rate increases and SOA evidence-based programs.

Governor Healy released her FY2024 budget recently

Governor Healy released her Fiscal Year 2024 budget that includes proposed local state aid amounts for school districts and municipalities. This announcement is the guidance many school districts and municipalities use to inform their budget processes.

Her budget includes funding of the multi-year phase-in of the Student Opportunity Act (SOA). This law was the most substantial Massachusetts education funding law passed since the 1993 education reform law.

First, we will provide more context regarding the SOA's impact on the Lawrence Public Schools and how the Governor's budget impacts LPS's budget.

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How does the Massachusetts school funding model work?

PART 1: What is the minimum amount that communities should spend on public education?

Massachusetts calculates this minimum amount (also known as the <u>Foundation Budget</u>) using two main factors:

1. Enrollment of public school students (including charter and choice) as of October 1
2. Per pupil rates set by the state and differentiated by need
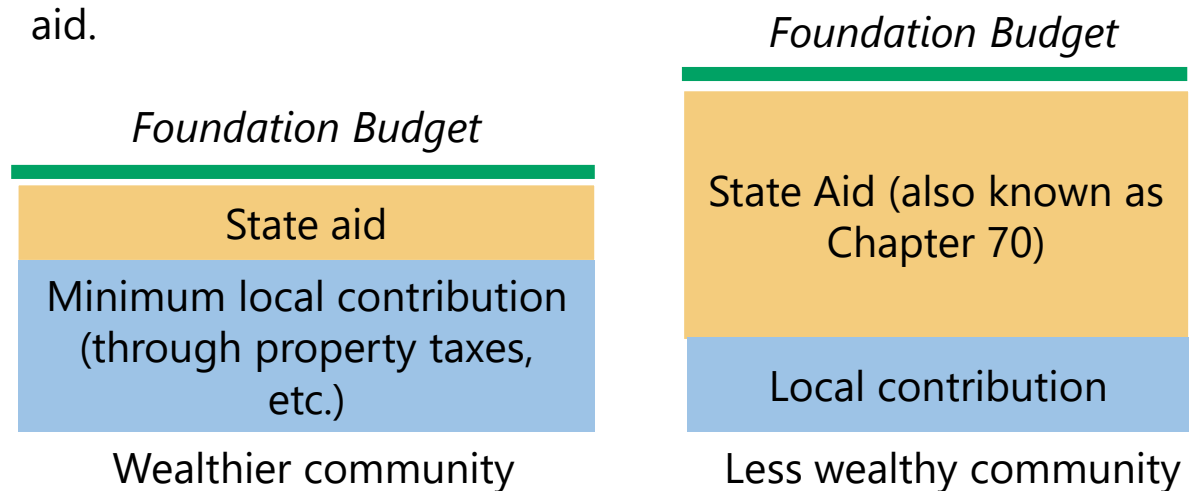
These two components are multiplied together, they total the minimum spending floor (Foundation Budget). Every community must spend at least this amount on public education.

Public school students (district, charter, choice) ✕ *Per pupil rates differentiated by need* = **Foundation Budget** *Minimum amount to spend on education*
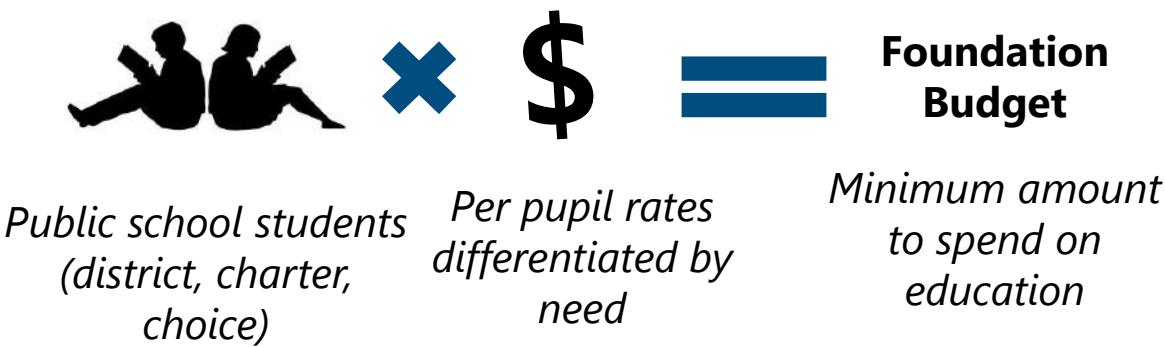
PART 2: How much of the minimum budget should a community spend using local tax dollars versus state aid?

Once the state calculates the Foundation Budget (minimum amount every community should spend), it then calculates how much should come from property taxes and other local sources of revenue (known as 'Local Contribution'), and from state aid (known as 'Chapter 70').

The wealthier the community (determined through property values and income levels), the less state aid the community receives. The less wealthy the community, the more state aid.

Foundation Budget

State aid
Minimum local contribution (through property taxes, etc.)

Wealthier community

Foundation Budget

State Aid (also known as Chapter 70)
Local contribution

Less wealthy community

What per pupil rates are used to calculate the foundation budget?

The foundation budget formula uses two types of rates: (1) base foundation categories that apply to all students, and (2) incremental rates applied to eligible students. These rates are multiplied by the number of students as of October 1 of the prior year to calculate the total foundation budget for every community.*

Base Foundation Rates	Additional Foundation Rates
• Kindergarten	• Special education in district
• Elementary	• Special education out of district
• Middle School	• English learner - elementary
• High School	• English learner – middle school
• Vocational	• English learner – high school
	• Low income – varies by concentration of poverty

Special education rates are multiplied by a fixed percentage and not actual enrollment counts

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Student Opportunity Act (SOA)

The Student Opportunity Act had two key components:
1. Additional investments in education by increasing the per pupil rates, especially for students with greater needs
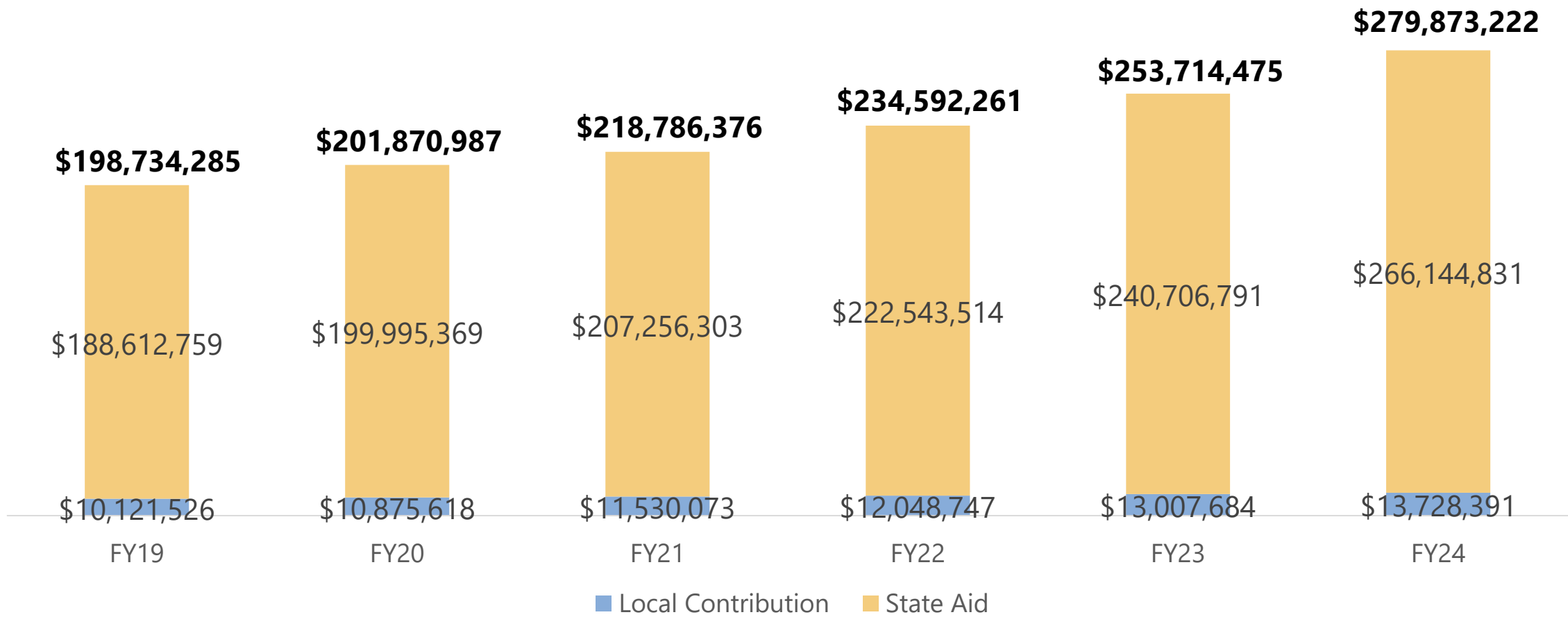2. Focus on closing gaps for student groups by implementing evidence-based practices

DESE identified 21 evidence-based program areas across four categories:
A. Enhanced core instruction
B. Targeted student supports
C. Talent development
D. Conditions for student success

Districts are required to use funding to start, enhance, or expand some of these evidence-based programs to close achievement gaps and report on their progress to DESE every year.

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How much state aid does Lawrence receive?

Lawrence receives 95% of the required foundation budget to support education. This has been consistent, as the foundation budget has increased dramatically due to the Student Opportunity Act.

$198,734,285 **$201,870,987** **$218,786,376** **$234,592,261** **$253,714,475** **$279,873,222**

$188,612,759 $199,995,369 $207,256,303 $222,543,514 $240,706,791 $266,144,831

$10,121,526 $10,875,618 $11,530,073 $12,048,747 $13,007,684 $13,728,391

FY19 FY20 FY21 FY22 FY23 FY24

■ Local Contribution ■ State Aid

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How does Lawrence calculate its City's appropriation?

The foundation budget formula includes some items and excludes others. Because the formula is for all public students, costs and revenues related to charter schools and student choice are included in the formula. Other common costs for school districts, such as transportation and adult education are not included in the formula.

Included in the Foundation Budget	**Not Included in the Foundation Budget** (and will need to use local revenues to pay for them)
• Charter tuition assessments and reimbursements	• Transportation
• School choice tuition assessments	• Adult education
• State special education assessments (students served in state institutions)	• School building leases in excess of 3 years
• Municipal related costs in support of the school district (known as Schedule 19)	• Maintenance costs in excess of $100,000 per project

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What is the projected net FY24 education aid to Lawrence?

The following shows the changes in net education state aid for Lawrence from FY2023 to FY2024.

	FY23	FY24	Variance FY23 – FY24
Chapter 70 State Aid	$240,706,791	$266,144,831	$25,438,040
Charter tuition assessment	-$36,290,577	-$38,969,544	-$2,678,967
School choice tuition assessment	-$671,851	-$589,011	$82,840
State special education assessment	-$93,330	-$93,775	$445
Charter tuition reimbursement aid	$8,876,489	$9,453,039	$576,550
Net Education Aid	**$212,527,522**	**$235,945,540**	**$23,418,018**

This information will inform conversations with the City of Lawrence about our appropriation for FY2024, as well as how LPS updates DESE regarding its SOA evidence-based programs.

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Next steps in the FY2024 budget process

March
- Finalize a FY2024 budget for all revenues (local appropriation, entitlement grants, ESSER, etc.) and all expenditures (salary and benefit projections, out of district tuitions, utilities, etc.)

April
- Present a recommended FY2024 budget

May
- Present FY2024 budget at relevant public meetings and hearings

June
- FY2024 budget is approved
- FY2023 budget ends on June 30, 2023
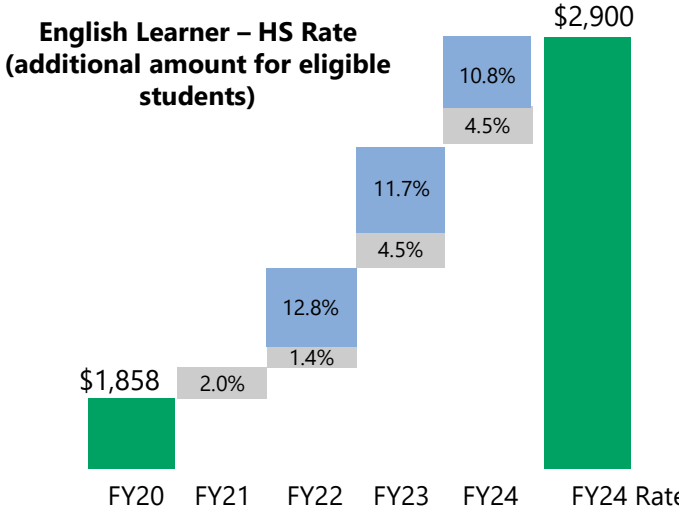
The 2024 fiscal year begins on July 1, 2023.
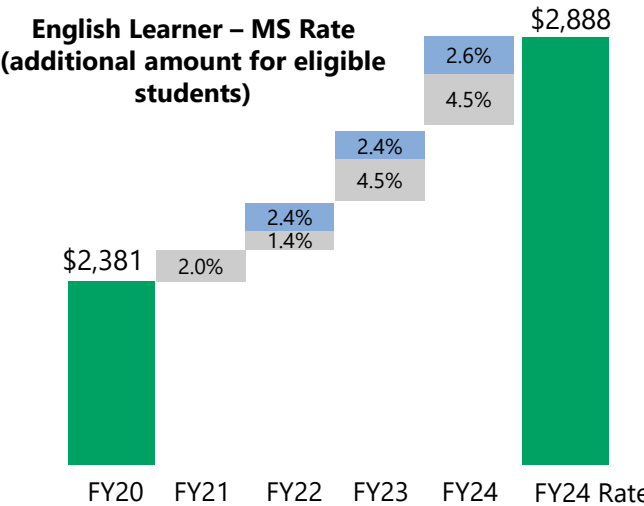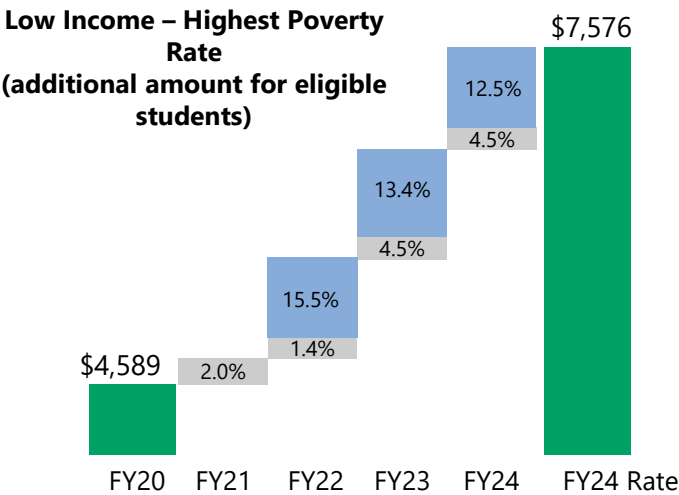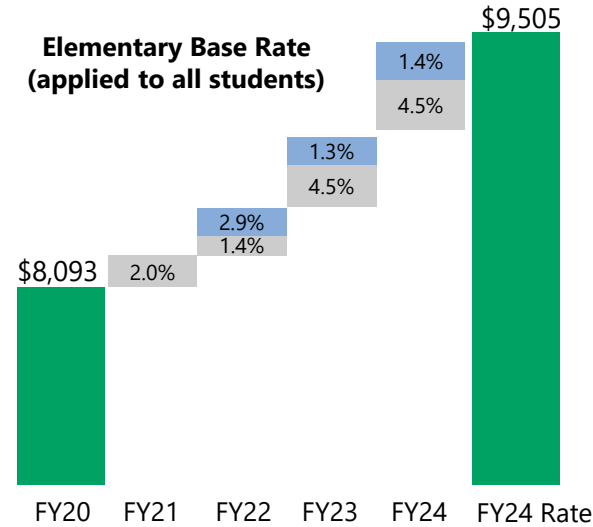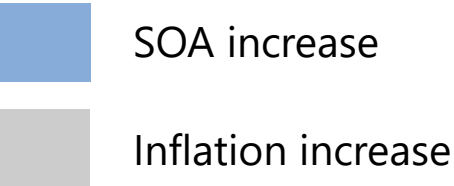
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Appendix

- Example of the change in per pupil rates

- List of evidence-based programs related to the Student Opportunity Act

How does the Student Opportunity Act (SOA) impact per pupil rates?

Before SOA, the per pupil rates changed every year due to inflation (DESE uses a price deflator index). If inflation increased by 1.5%, all per pupil rates were increased by 1.5%. Inflation rates are capped at 4.5%.

SOA said that, in addition to these annual changes, rates should be even higher, especially for categories of students with greater needs, such as low income, English learners, and students with disabilities. These increases are so great, that they will be phased in over six years. FY24 represents year 3 of a 6-year phase in.

■ SOA increase

■ Inflation increase

Elementary Base Rate (applied to all students)

	FY20	FY21	FY22	FY23	FY24	FY24 Rate
	$8,093	2.0%	1.4% / 2.9%	4.5% / 1.3%	4.5% / 1.4%	$9,505

Low Income – Highest Poverty Rate (additional amount for eligible students)

	FY20	FY21	FY22	FY23	FY24	FY24 Rate
	$4,589	2.0%	1.4% / 15.5%	4.5% / 13.4%	4.5% / 12.5%	$7,576

English Learner – MS Rate (additional amount for eligible students)

	FY20	FY21	FY22	FY23	FY24	FY24 Rate
	$2,381	2.0%	1.4% / 2.4%	4.5% / 2.4%	4.5% / 2.6%	$2,888

English Learner – HS Rate (additional amount for eligible students)

	FY20	FY21	FY22	FY23	FY24	FY24 Rate
	$1,858	2.0%	1.4% / 12.8%	4.5% / 11.7%	4.5% / 10.8%	$2,900

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List of SOA evidence-based programs (1 of 2)

Enhanced Core Instruction
- Expanded access to full-day, high-quality pre-kindergarten for 4-year-olds, including potential collaboration with other local providers
- Research-based early literacy programs in pre-kindergarten and early elementary grades
- Early College programs focused primarily on students under-represented in higher education
- Supporting educators to implement high-quality, aligned curriculum
- Expanded access to career-technical education, including "After Dark" district-vocational partnerships and innovation pathways reflecting local labor market priorities
- Culturally responsive teaching and other strategies that create equitable and culturally responsive learning environments for students
- Expanded learning time for all students in the form of a longer school day or school year

Targeted Student Supports
- Inclusion/co-teaching for students with disabilities and English learners
- English Learner Education programs, including dual language (DL) and transitional bilingual education
- Acceleration Academies and/or summer learning to support skill development and accelerate advanced learners (A and E)
- Dropout prevention and recovery programs (I)

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List of SOA evidence-based programs (2 of 2)

Talent Development
- Diversifying the educator/administrator workforce through recruitment and retention
- Leadership pipeline development programs for schools
- Strategies to recruit and retain educators/administrators in hard-to-staff schools and positions
- Increasing opportunities for educators and support staff to engage in a cycle of continuous improvement, utilizing district and school teaming structures

Conditions for Student Success
- Expanding capacity to address social-emotional learning (SEL) and mental health needs of students and families
- Increasing opportunities for all students to engage in arts, enrichment, world languages, athletics, and elective courses
- Developing effective family/school partnerships
- Community partnerships for in-school enrichment and wraparound services
- Labor-management partnerships to improve student performance
- Facilities improvements to create healthy and safe school environments

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