



THE TALE OF OUR TEN DISTRICTS

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



A presentation of the Massachusetts Association of School Superintendents

THE TALE...*CONTINUES* IN 36 DISTRICTS...

ALSO TONIGHT

At Malden High School: Amesbury, Chelsea, Gloucester, Haverhill, Lawrence, Lowell, Lynn, Malden, Medford, Melrose, Methuen, Peabody, Revere, Salem, Saugus, Somerville, Waltham, and Woburn

At New Bedford's Keith Middle School:
Attleboro, Barnstable, Bridgewater, Bourne, Carver, Dennis-Yarmouth, Dighton-Rehoboth, Fairhaven, Fall River, Freetown-Lakeville, Holbrook, Middleborough, New Bedford, Randolph, Seekonk, Somerset, Taunton and Wareham

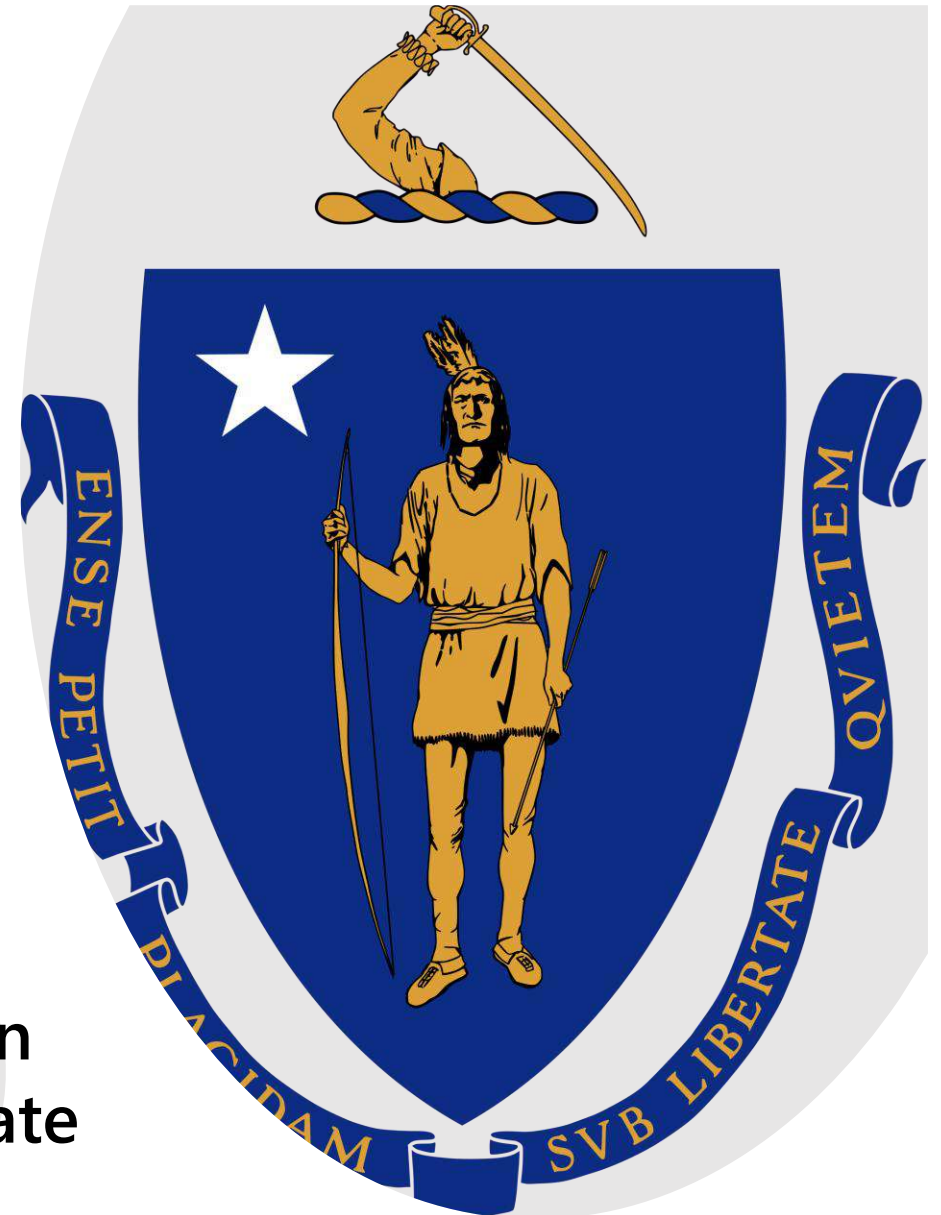


FOUNDATION BUDGET PREMISE

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

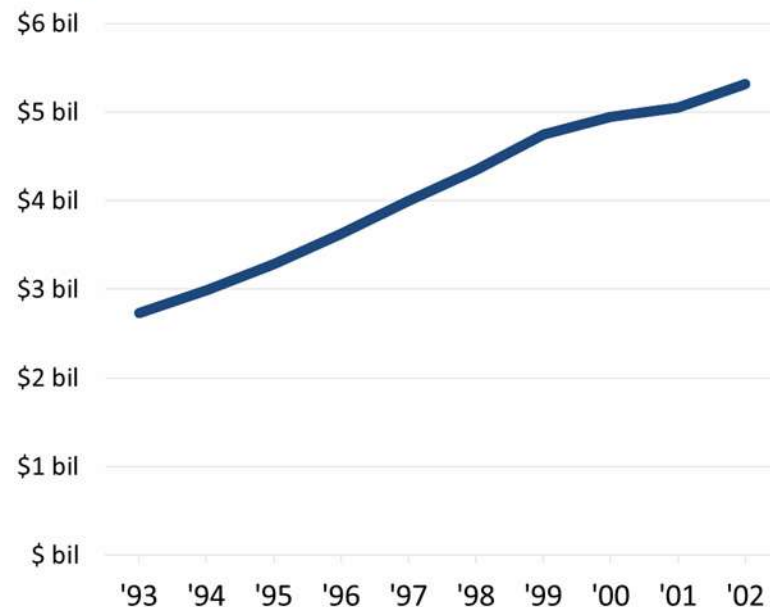
Intended to assure a fair and
adequate minimum spending by
defining a foundation budget for
each community

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

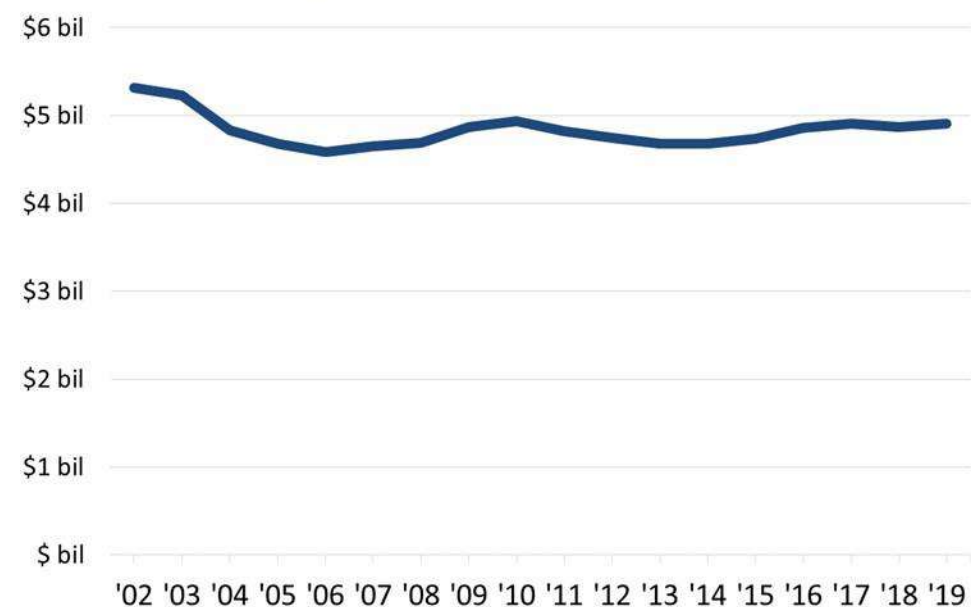


Funding Progress in Massachusetts Has Eroded

Chapter 70 Aid doubled over first decade



...and has been cut \$405 mil since FY 2002

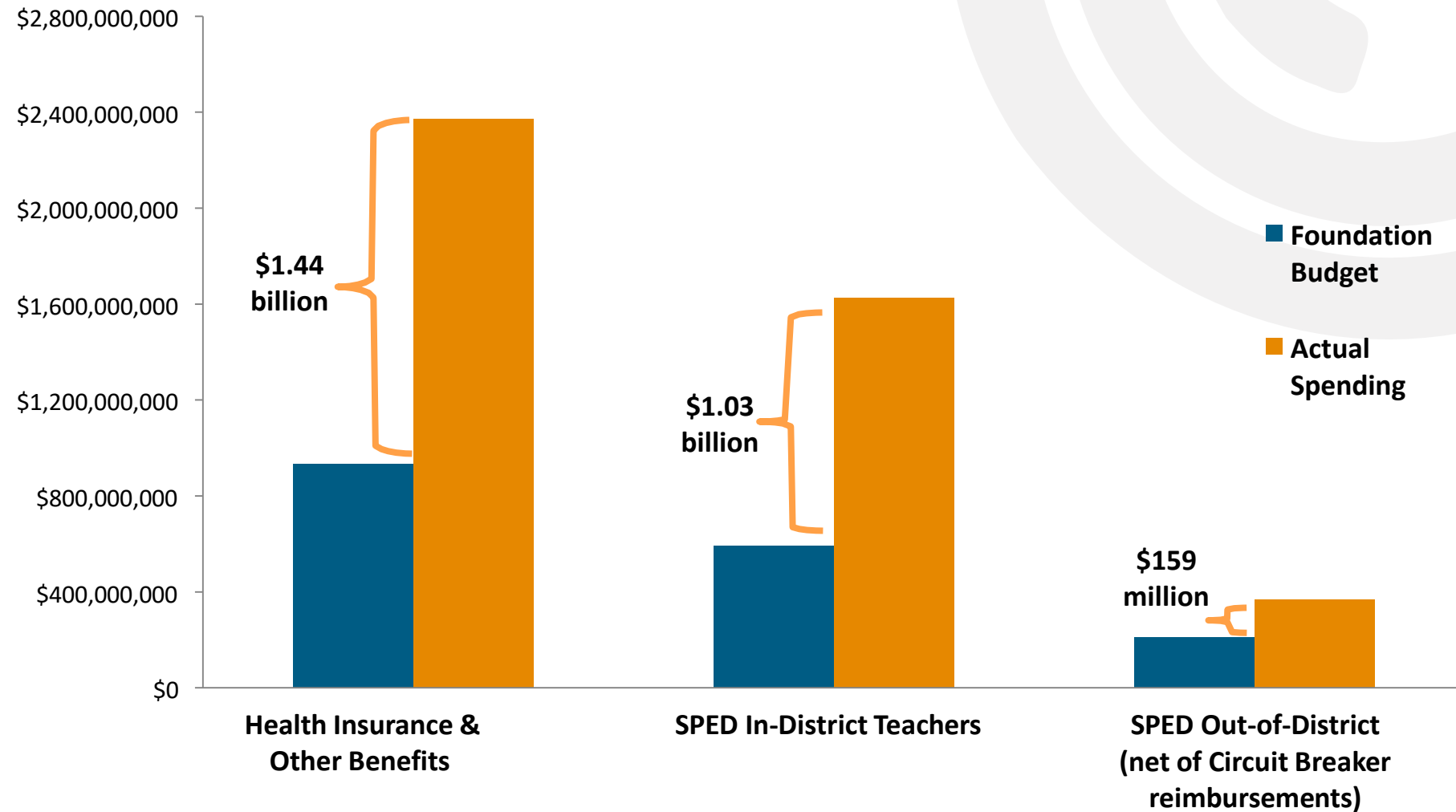


Inflation adjusted using factor identified in CH70 law (Implicit Price Deflator for State and Local Government), 2019 \$

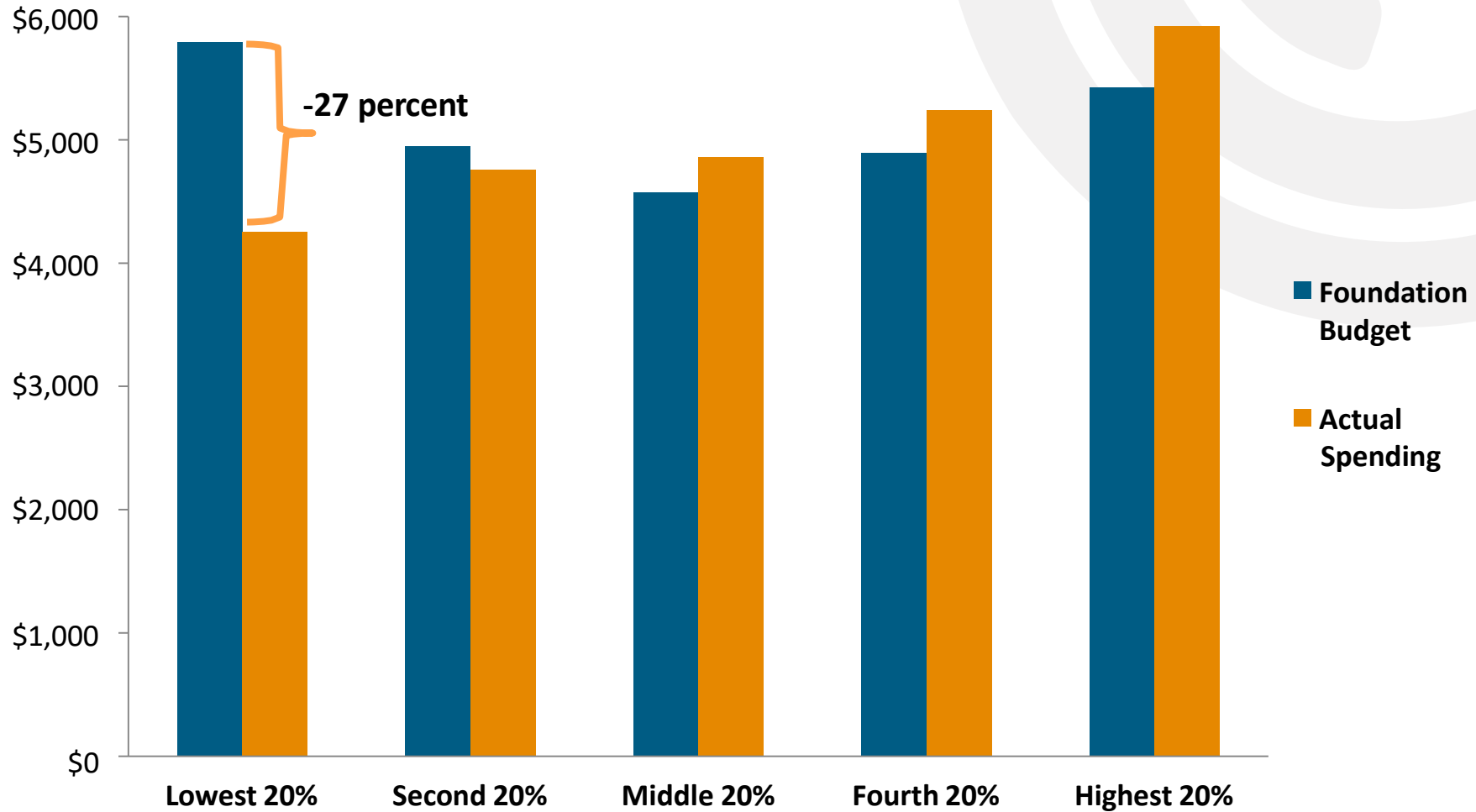
Source: Massachusetts Department of Elementary and Secondary Education

Foundation Budget Undercounts Critical Costs by \$2.63 Billion

Fiscal Year 2017

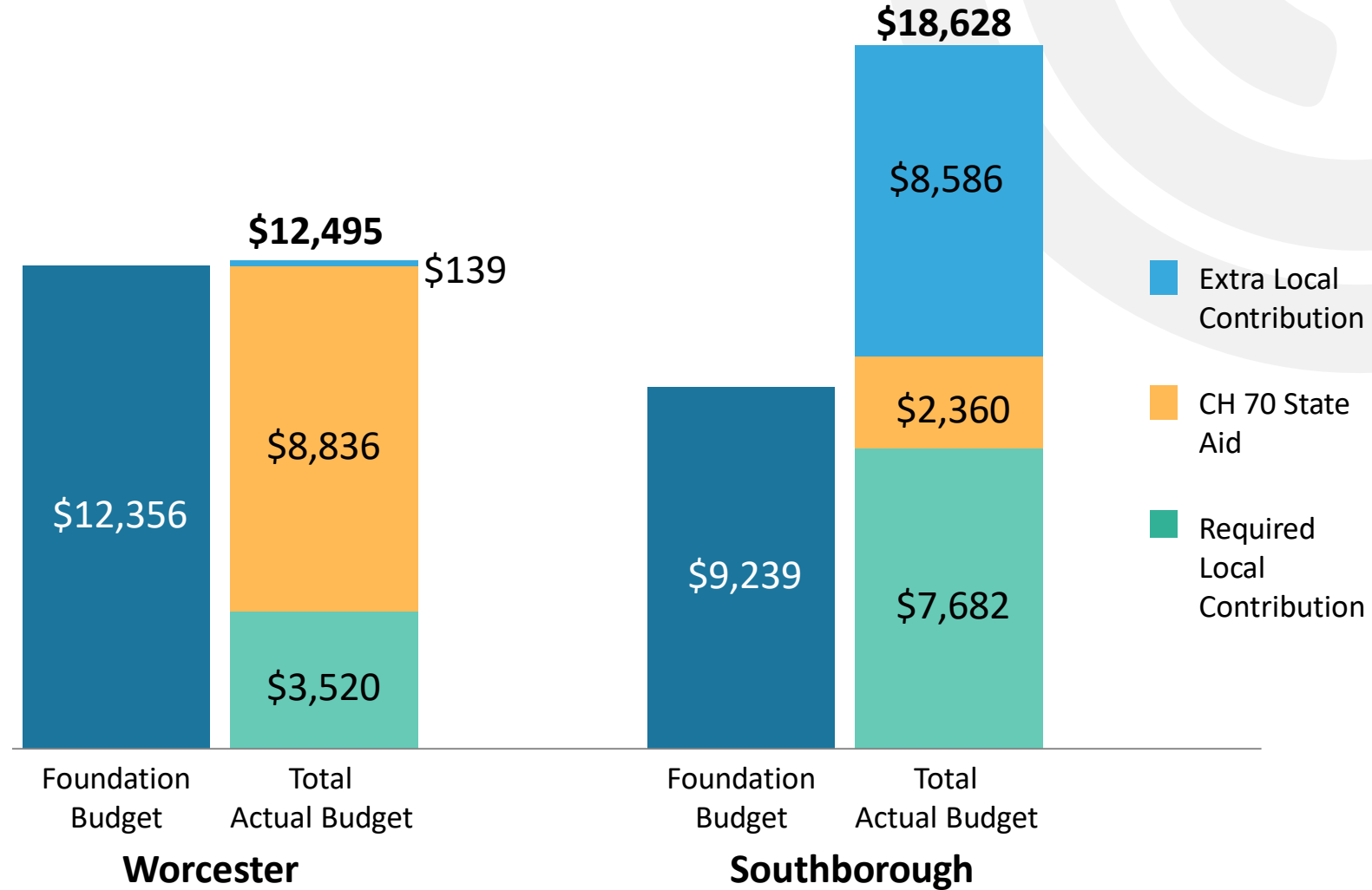


Lowest Wealth Districts Spend Nearly 30% Less Than Foundation on Regular Ed. Teachers



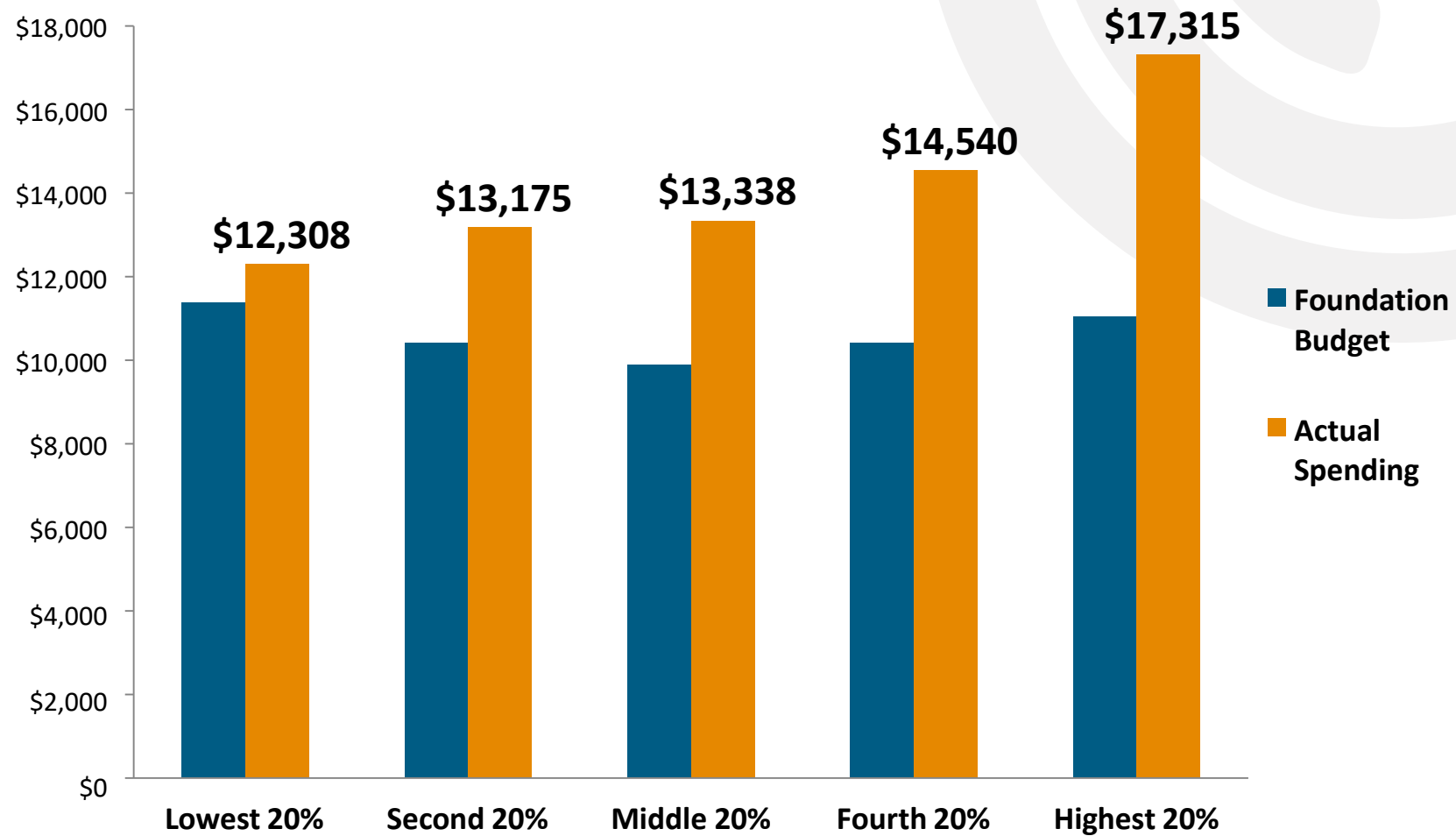
CHAPTER 70 FUNDING FOR TWO SAMPLE DISTRICTS – 4 STEPS

Budgeted per pupil spending by revenue source, FY2018



Foundation Budget is Substantially Less Than What All Districts Need, Wealthier Communities Can Spend More to Compensate

Districts clustered by community property wealth and income. Total district spending per pupil, FY 2017



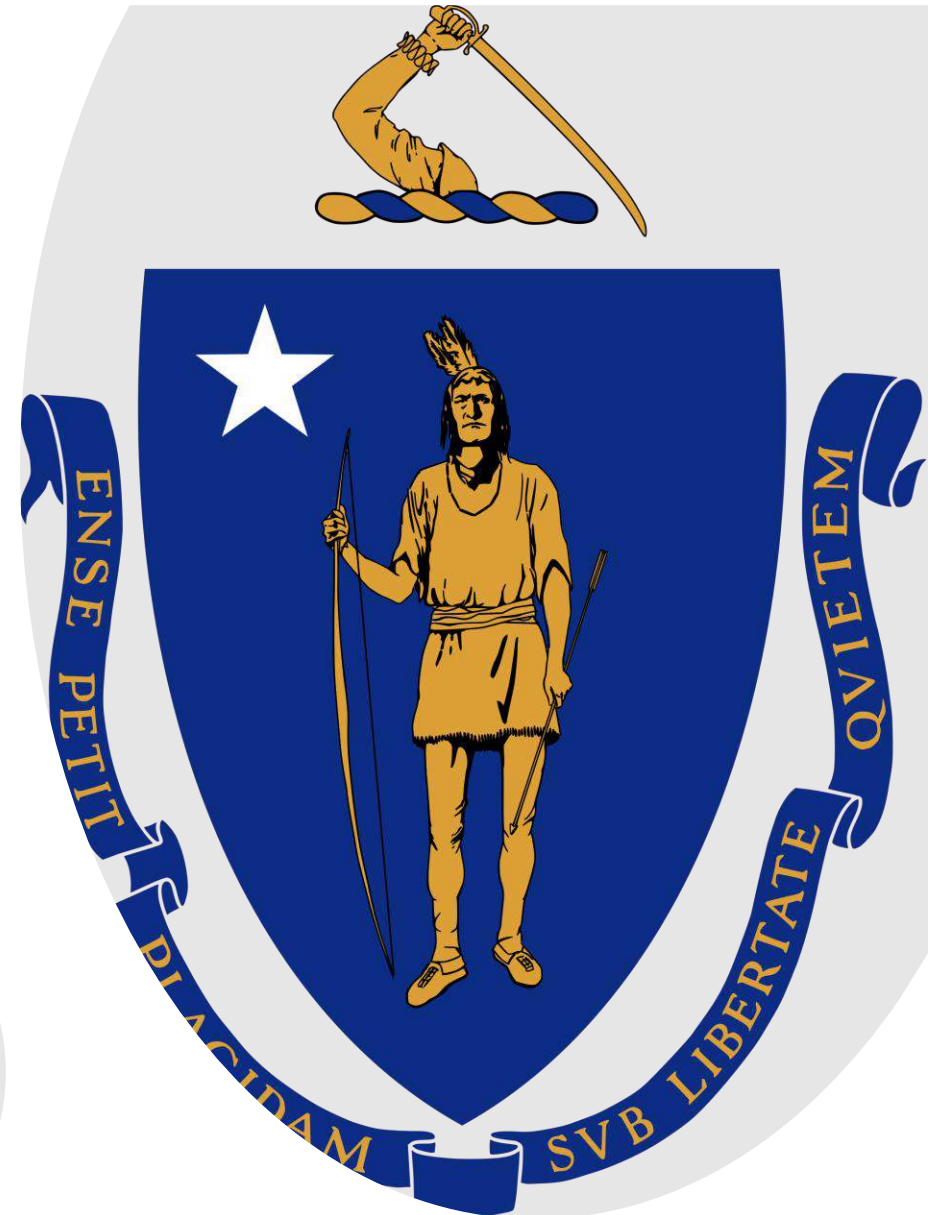
LEGISLATIVE CHARGE OF FOUNDATION BUDGET REVIEW COMMISSION

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

Noteworthy Resources:

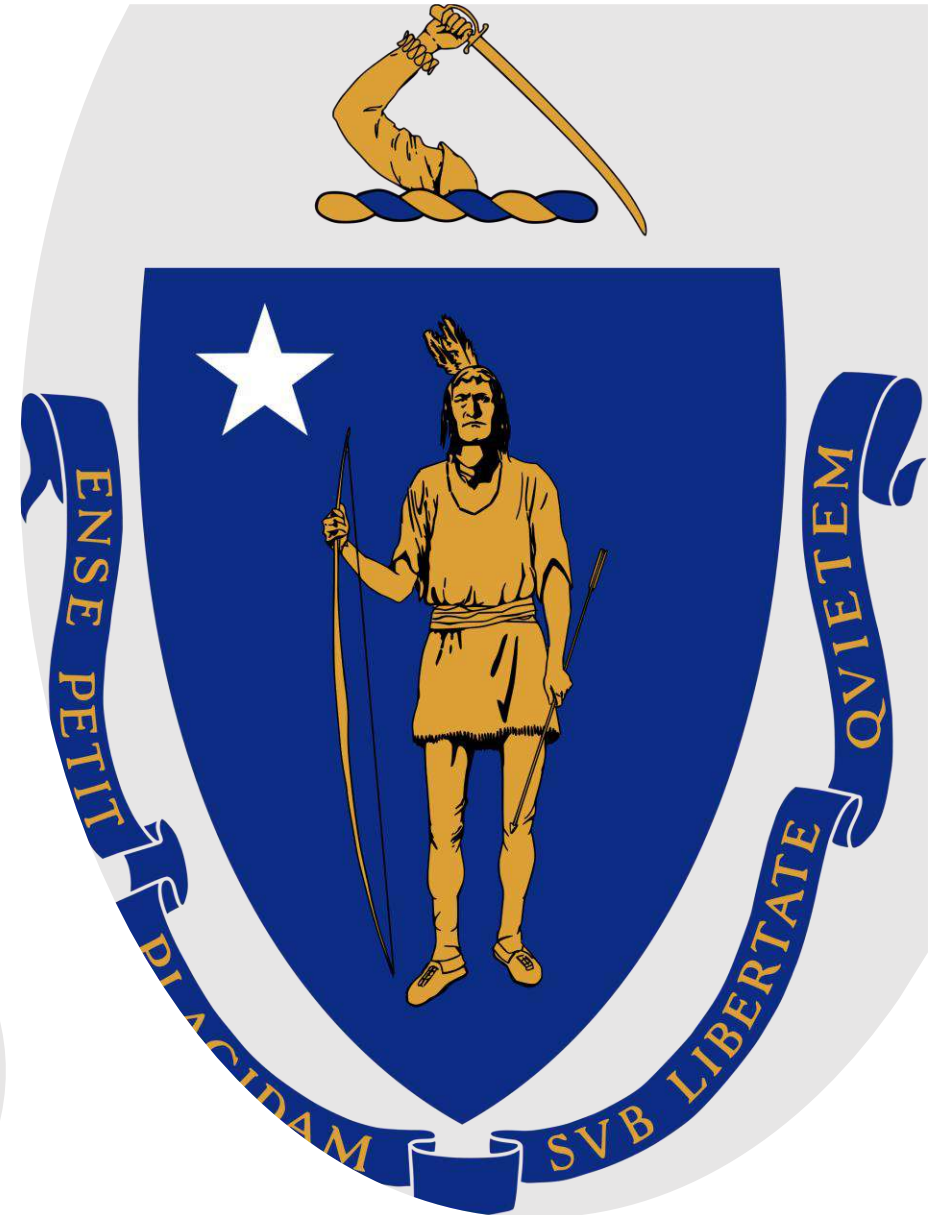
“Cutting Class: Underfunding the Foundation Budget's Core Education Program”, Massachusetts Budget and Policy Center, 2011.

“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

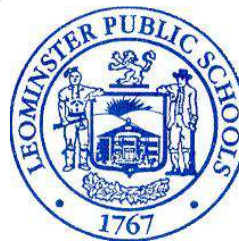
FBRC RECOGNITION

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



THE IMPACT ON EACH DISTRICT

**SPENDING GAPS CREATED BY
EXISTING FORMULA**



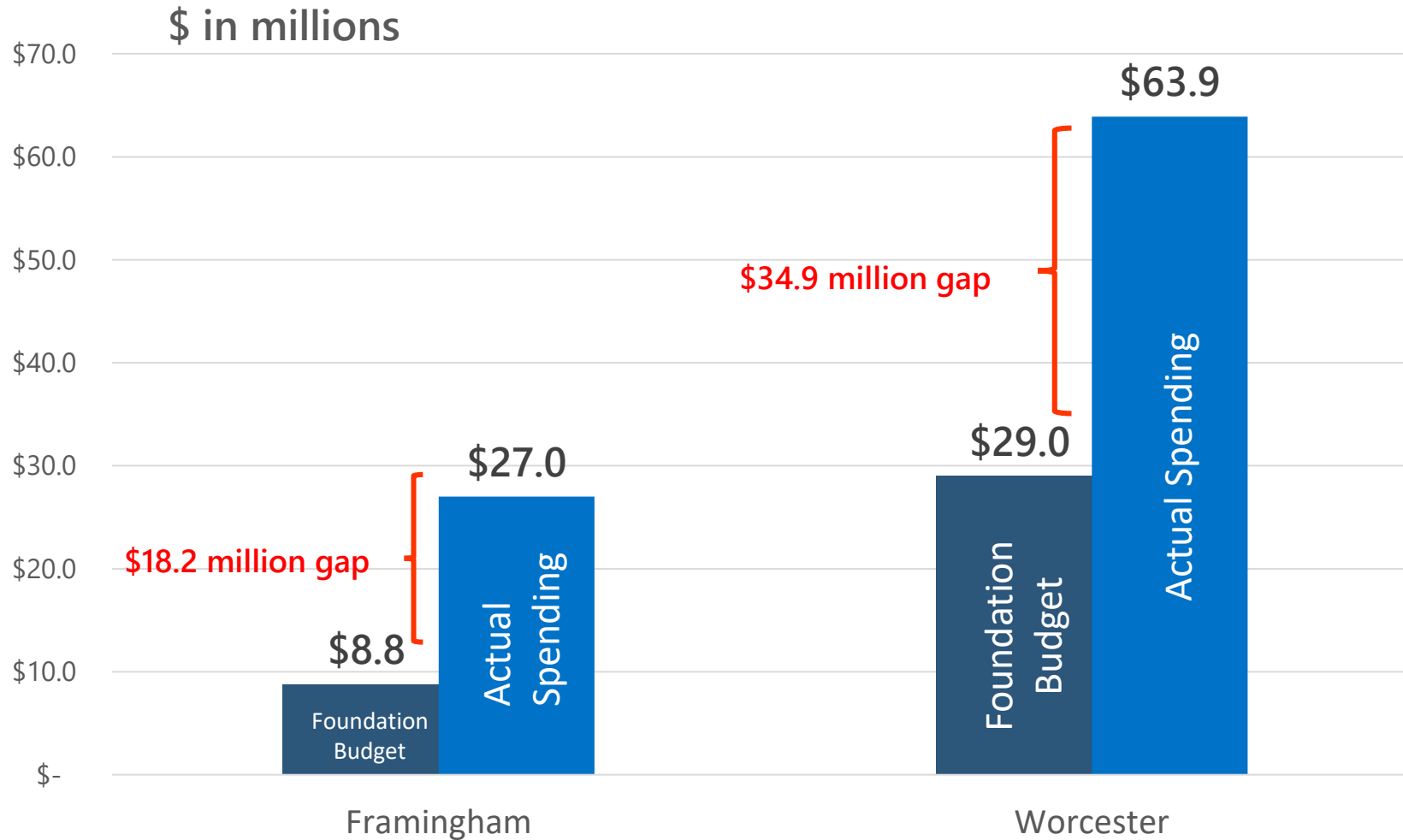


Framingham Public Schools



Worcester Public Schools

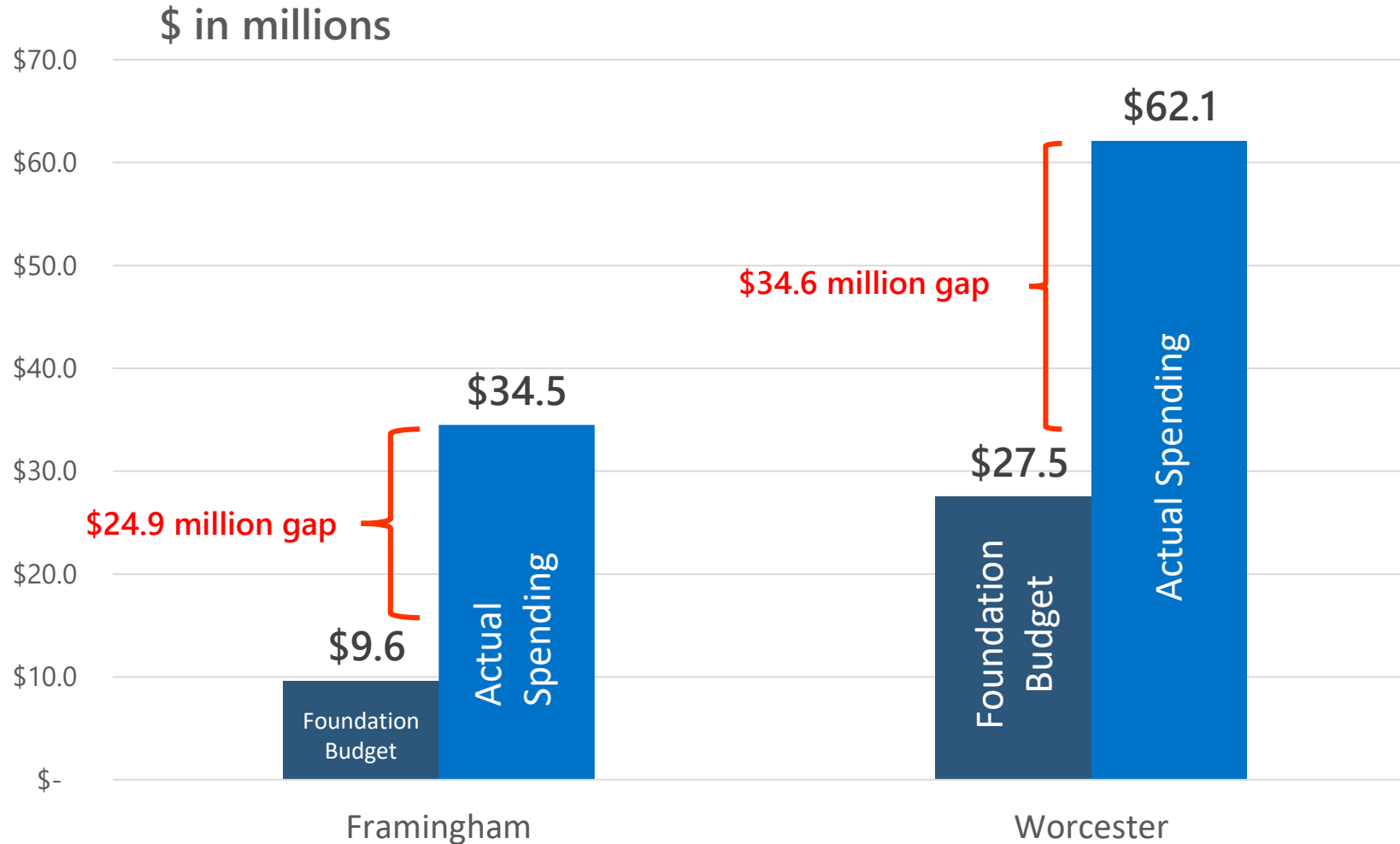
Health Insurance



Worcester

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

Special Education



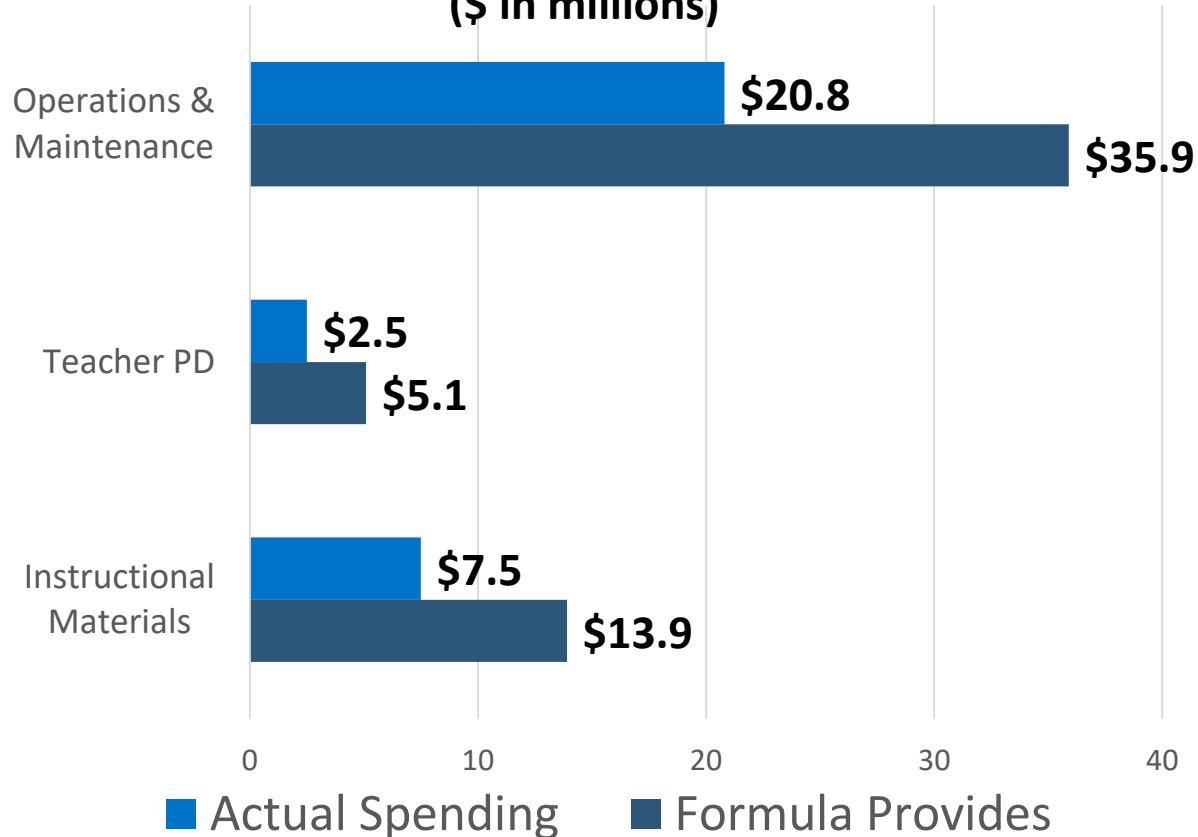
Worcester

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

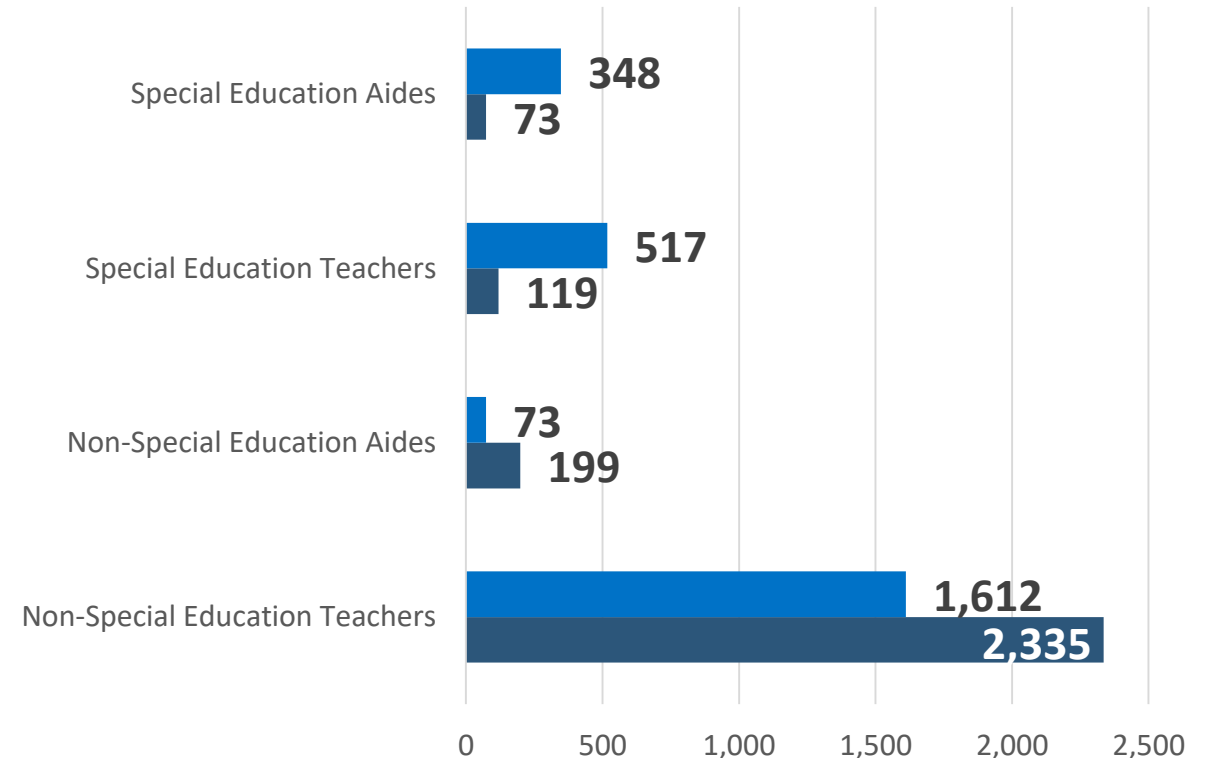


Foundation Budget Gaps: Worcester Analysis

Spending
(\$ in millions)



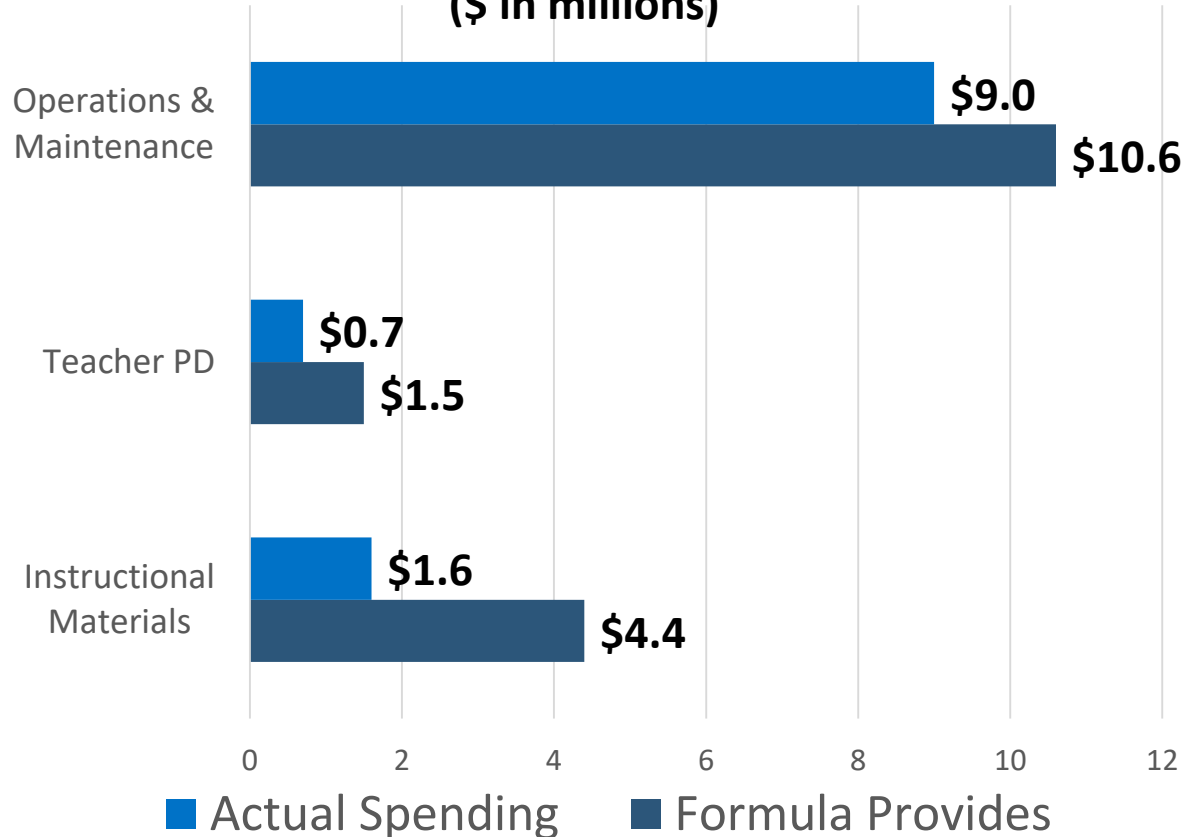
Staffing



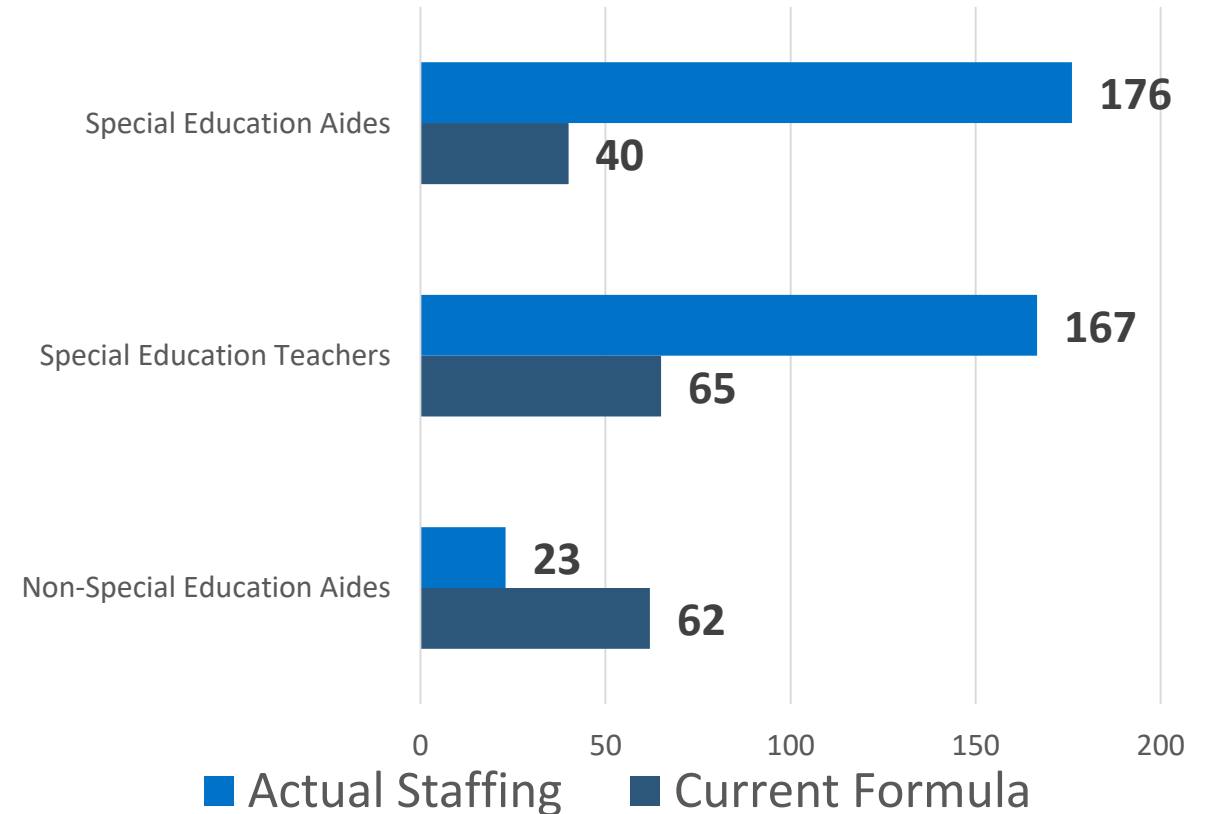


Foundation Budget Gaps: Framingham Analysis

Spending
(\$ in millions)



Staffing



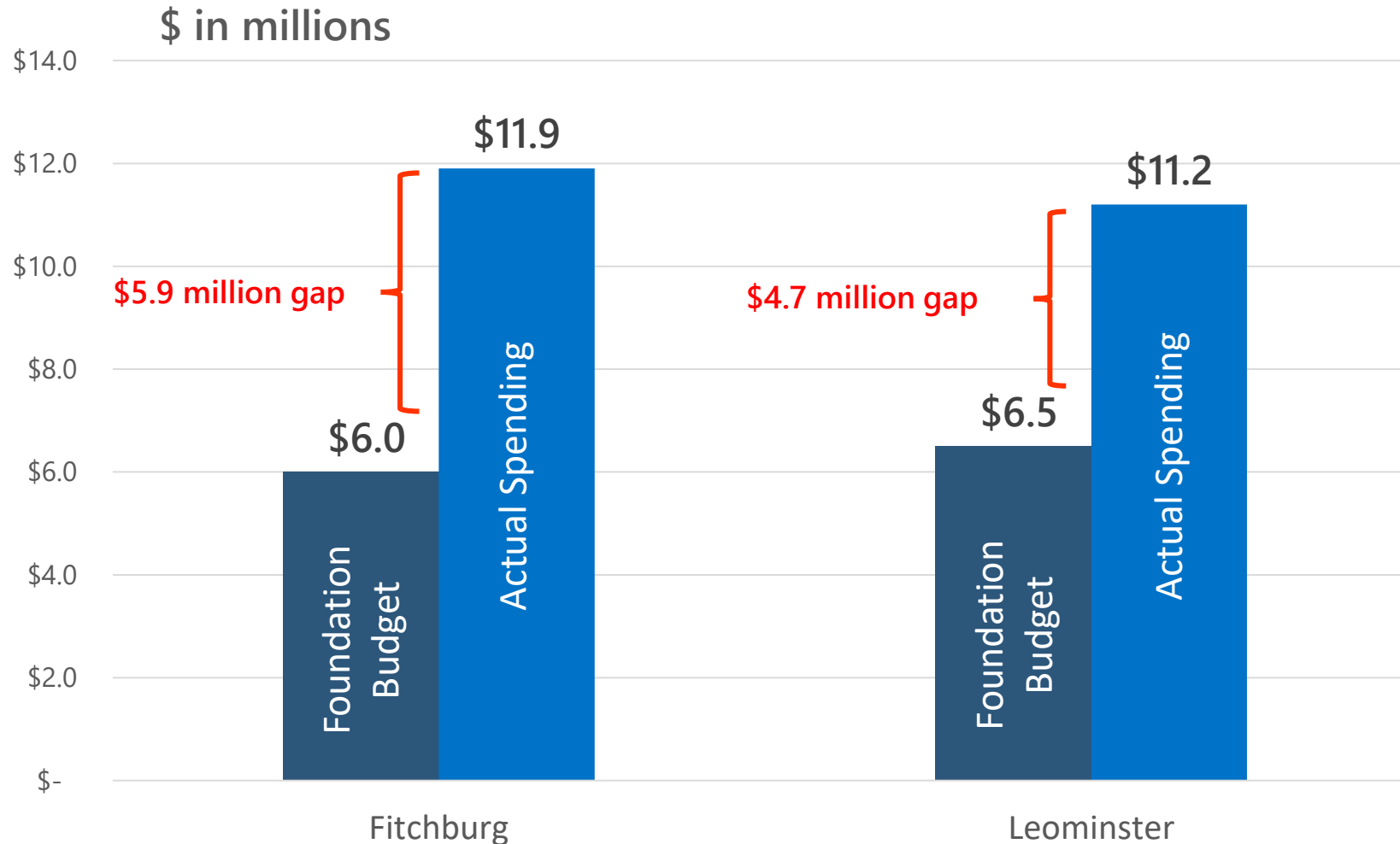


Fitchburg Public Schools



Leominster Public Schools

Health Insurance



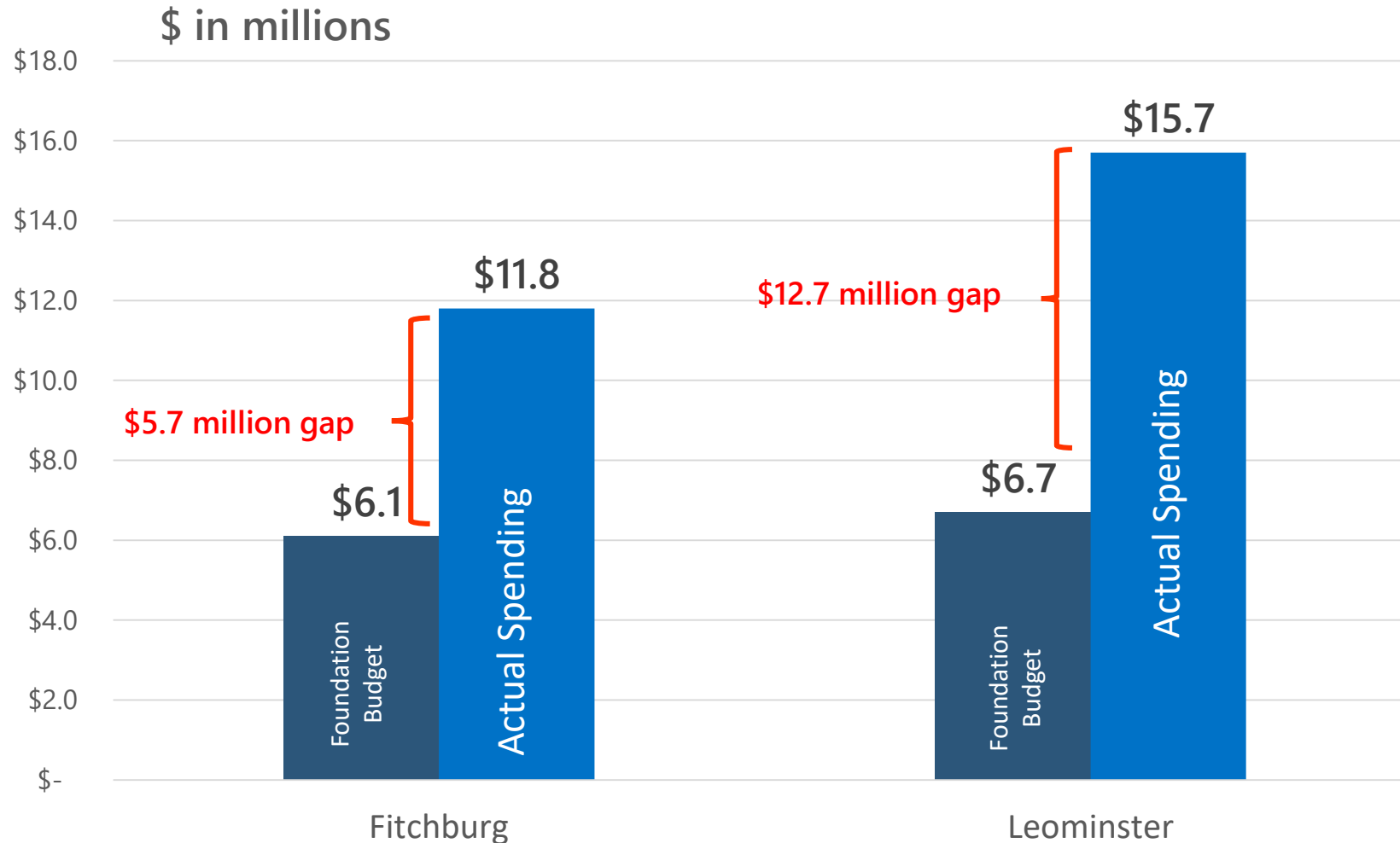
Leominster

- Changed deductibles and co-pays
- Changed contribution rates

Fitchburg

- Changed deductibles

Special Education



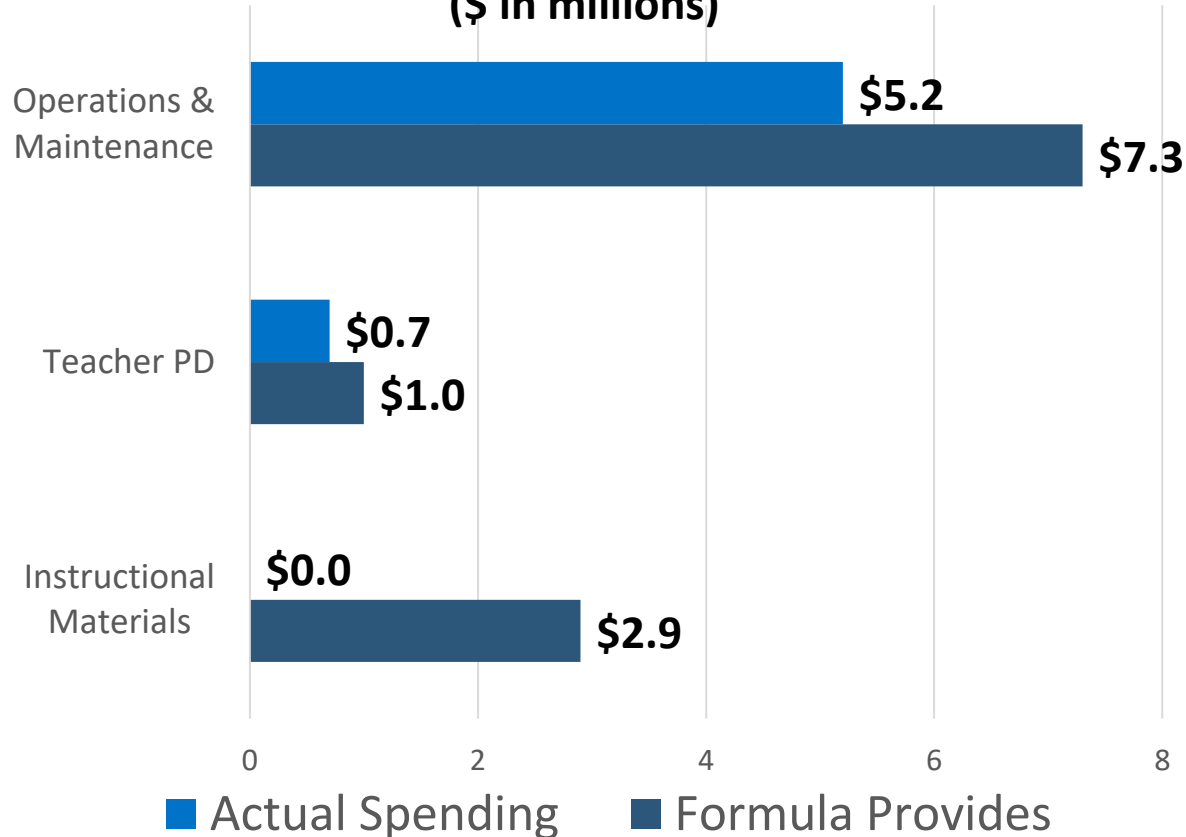
Leominster and Fitchburg

- Reduced out-of-district placements through developing in-district programs

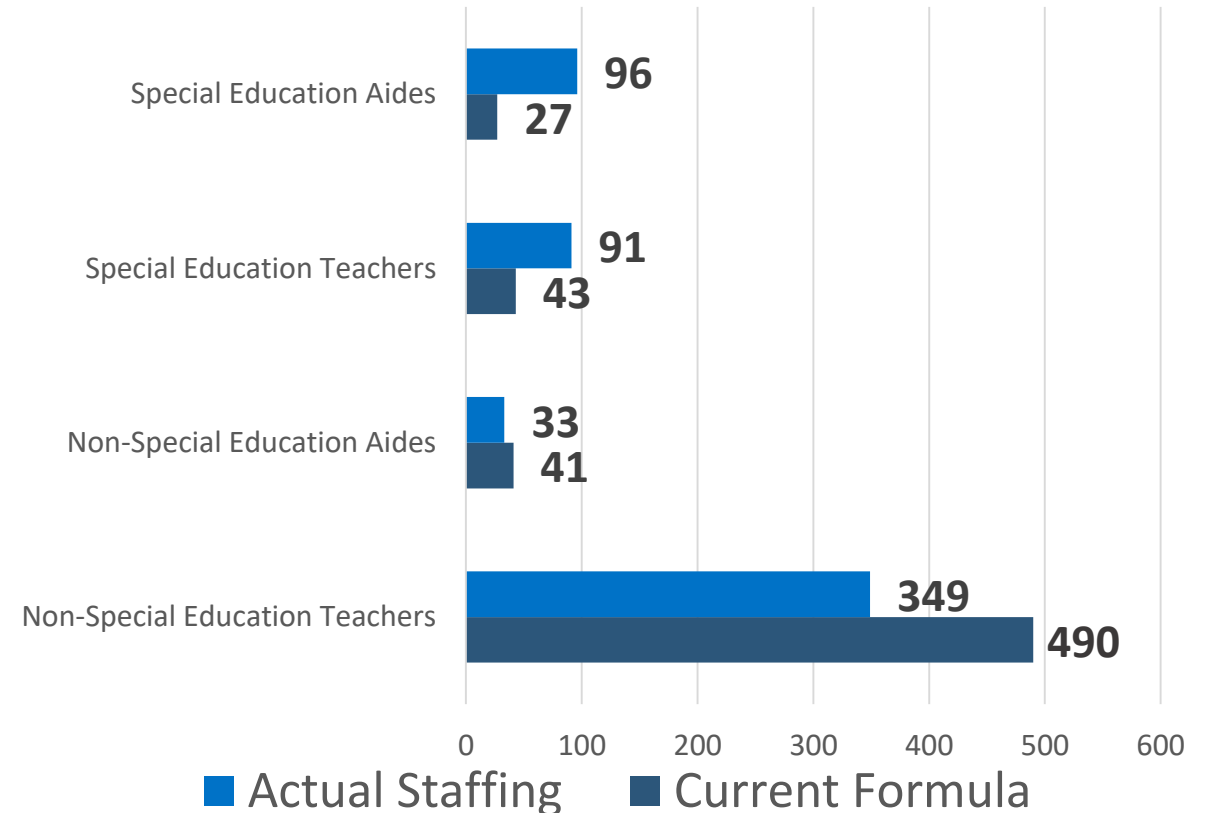


Foundation Budget Gaps: Fitchburg Analysis

Spending
(\$ in millions)



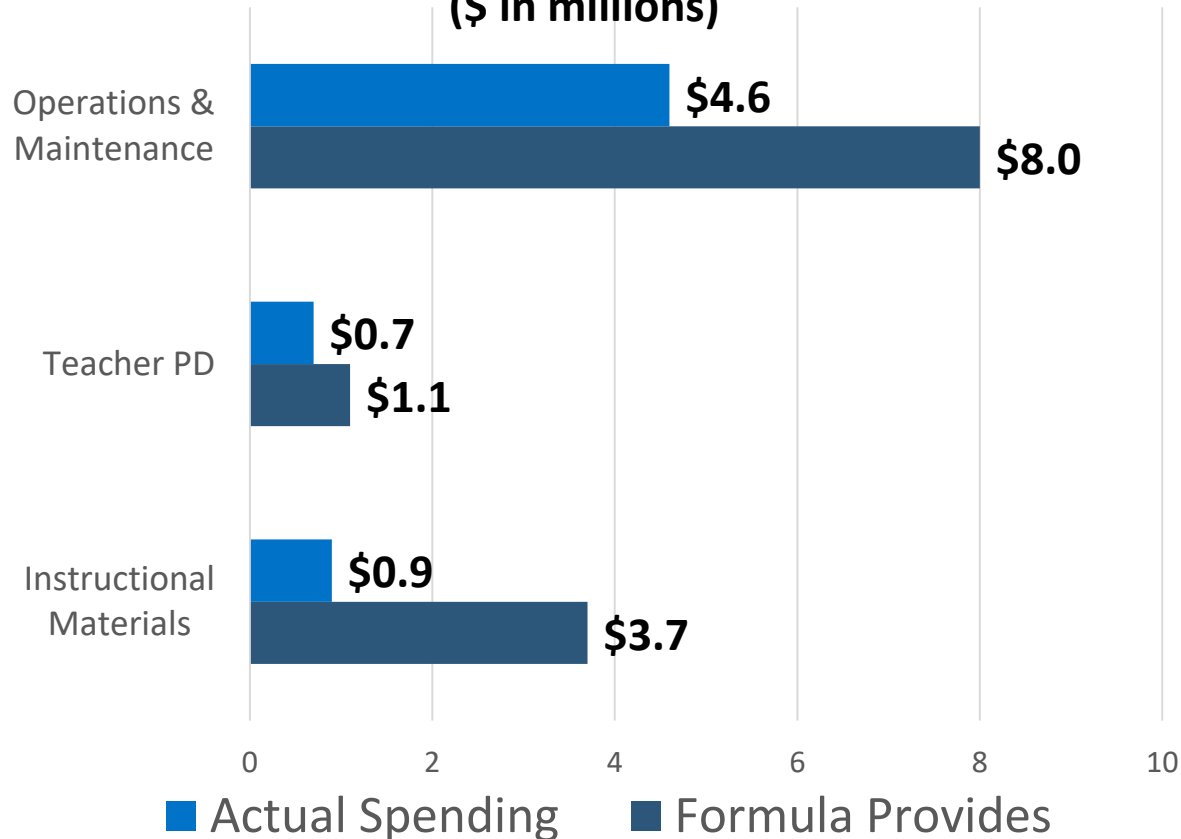
Staffing



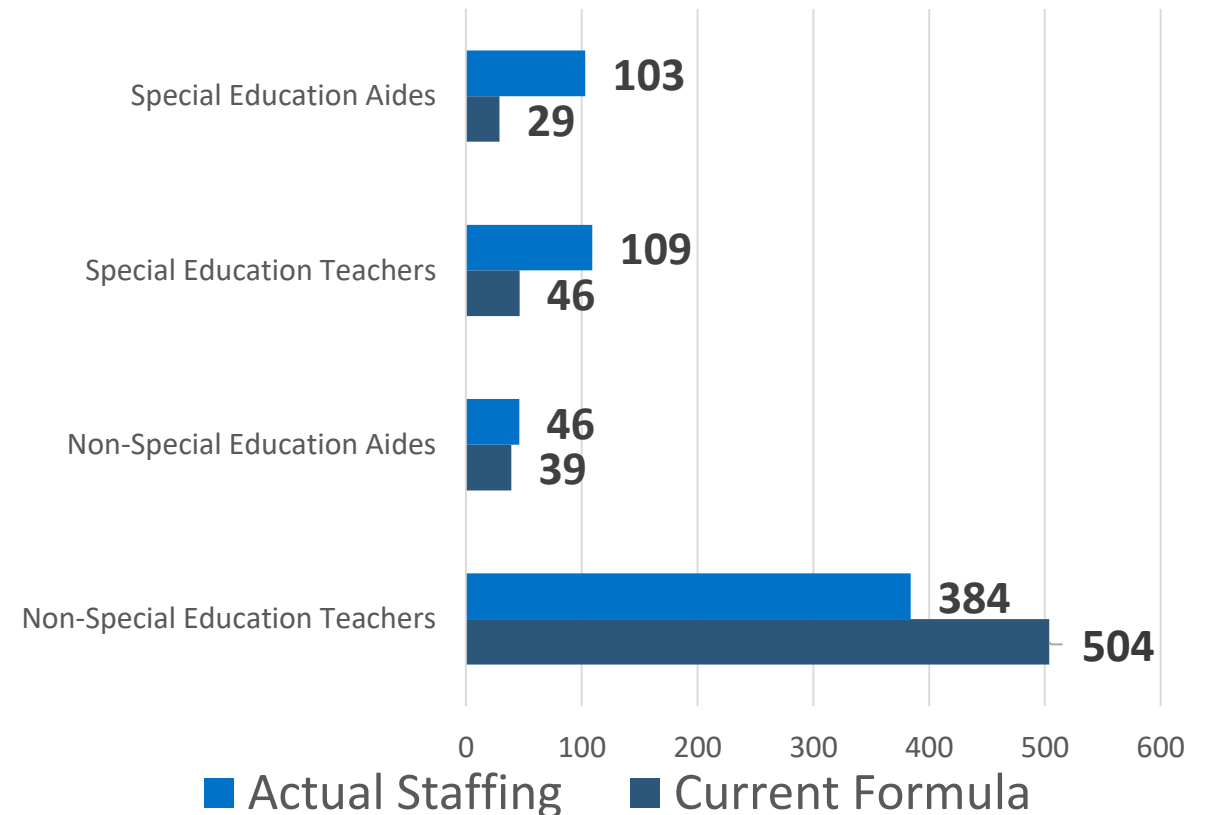


Foundation Budget Gaps: Leominster Analysis

Spending
(\$ in millions)



Staffing





Clinton Public Schools

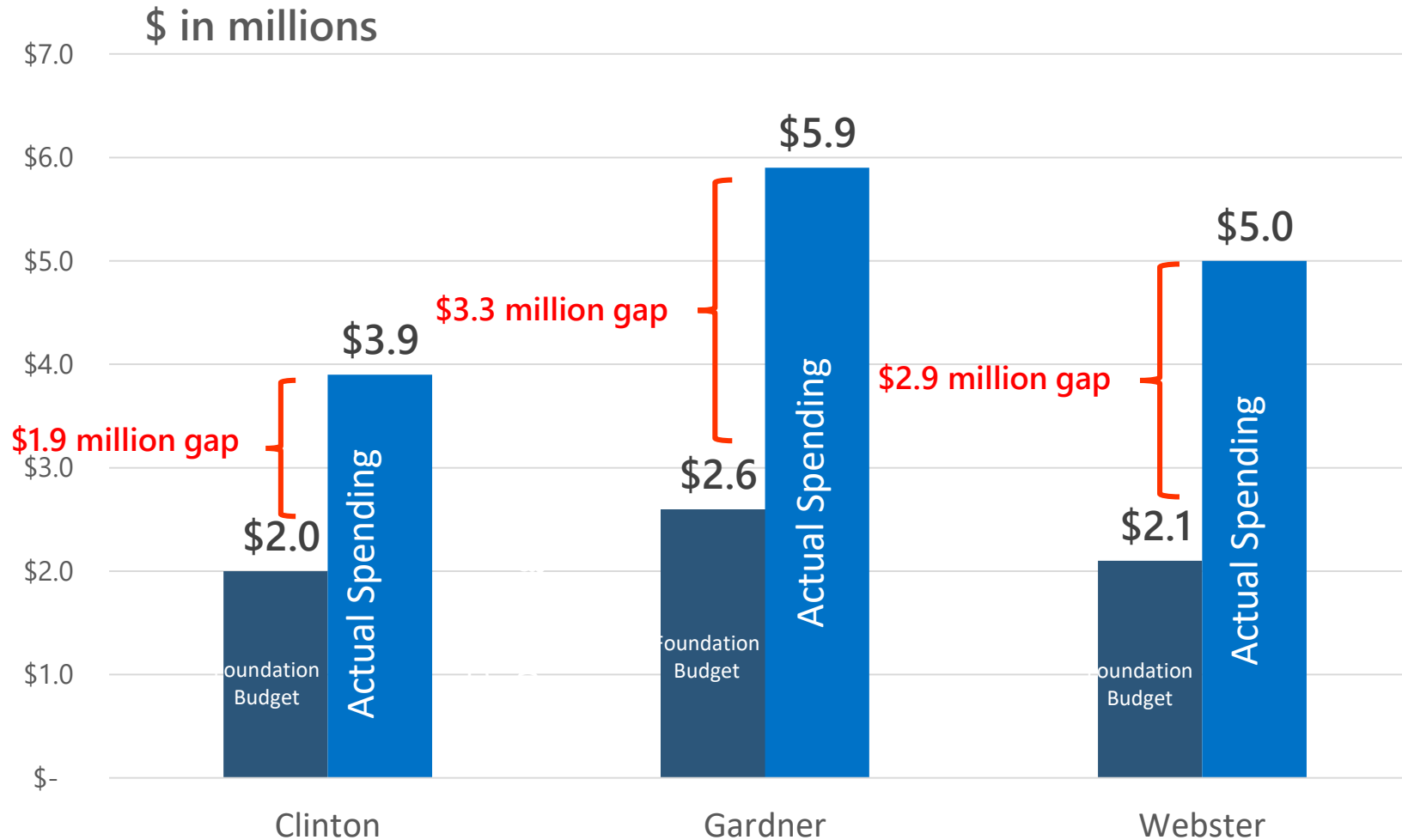
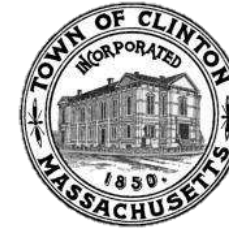


Gardner Public Schools



Webster Public Schools

Health Insurance



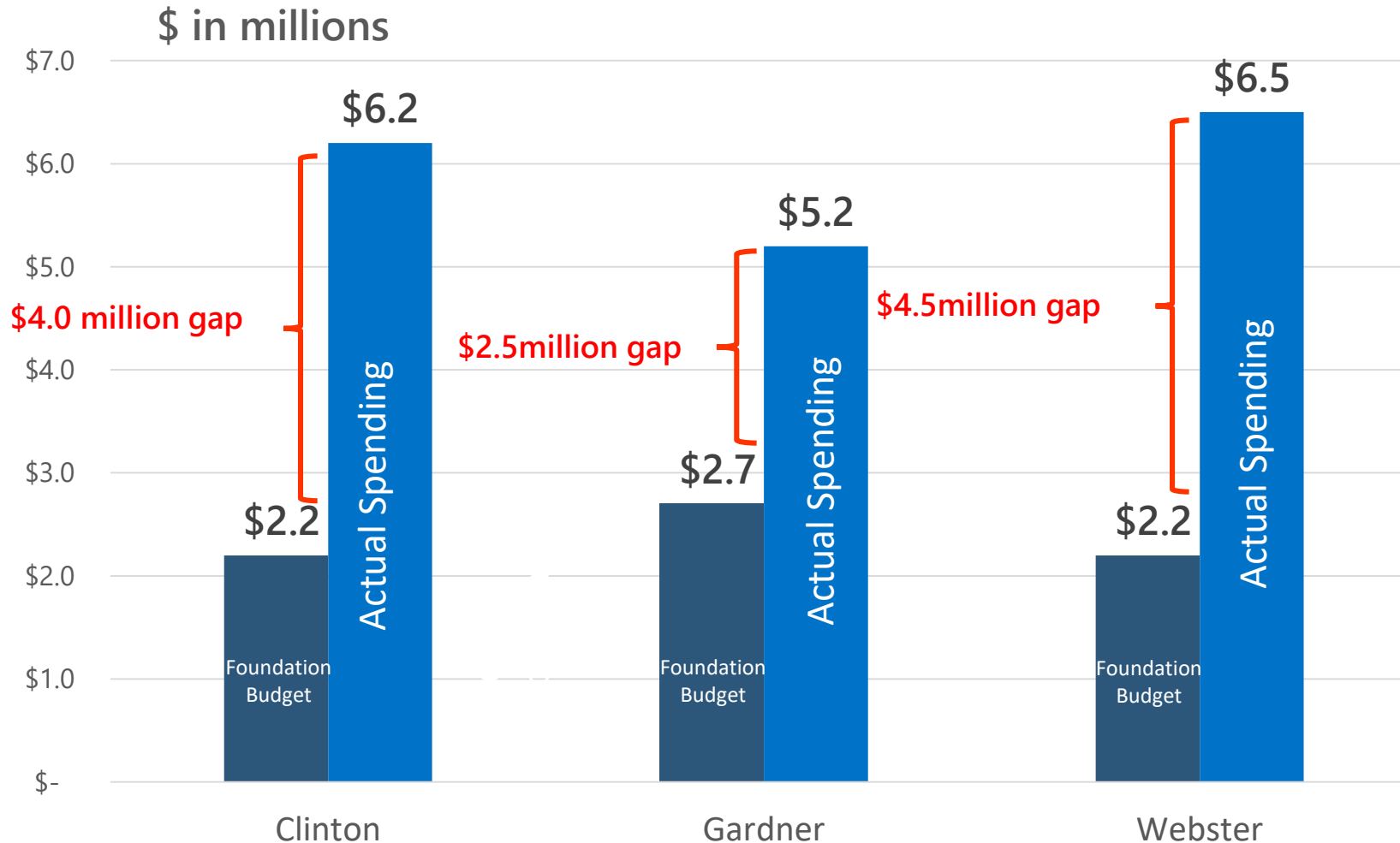
Clinton

- Increased Co-Pays and Deductibles

Webster

- Exploring plan changes and joint purchasing opportunities.

Special Education



Clinton

- Increased in-district special education programs
- Increased use of lower cost collaborative programs

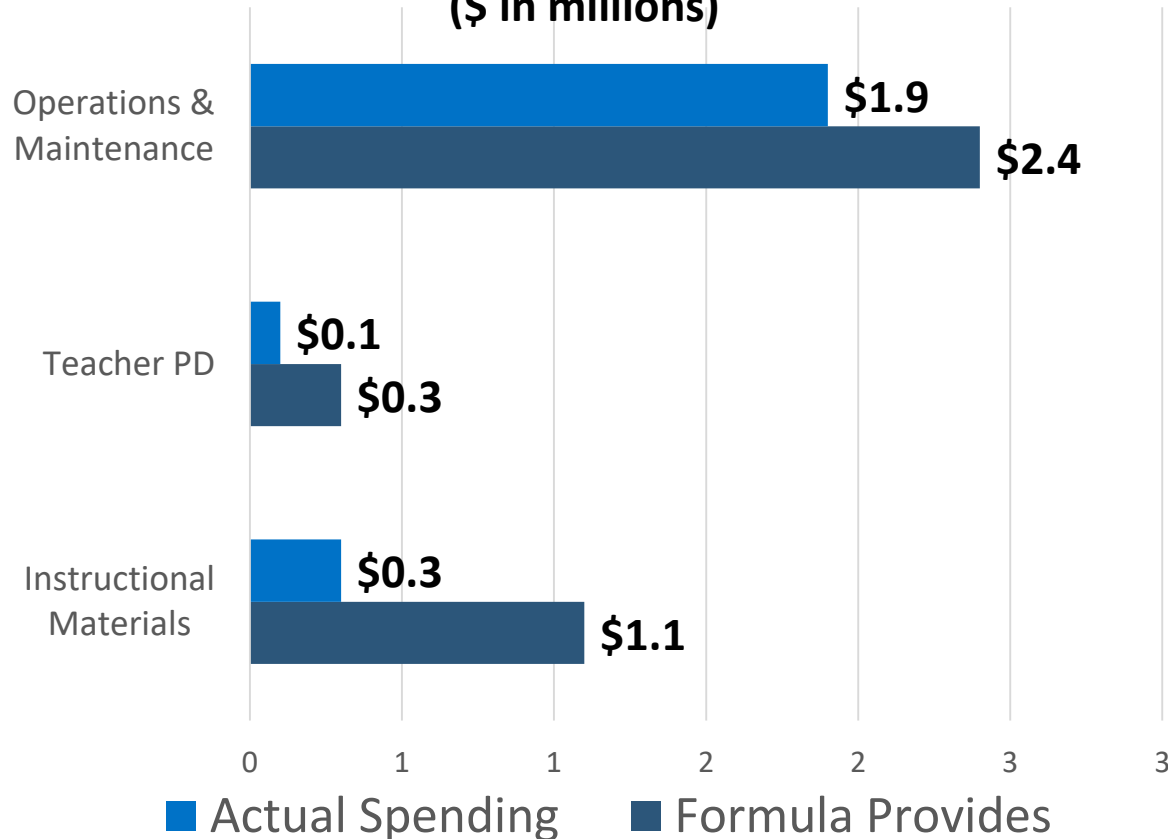
Webster

- Increased in-district special education programs and review Out of District placements

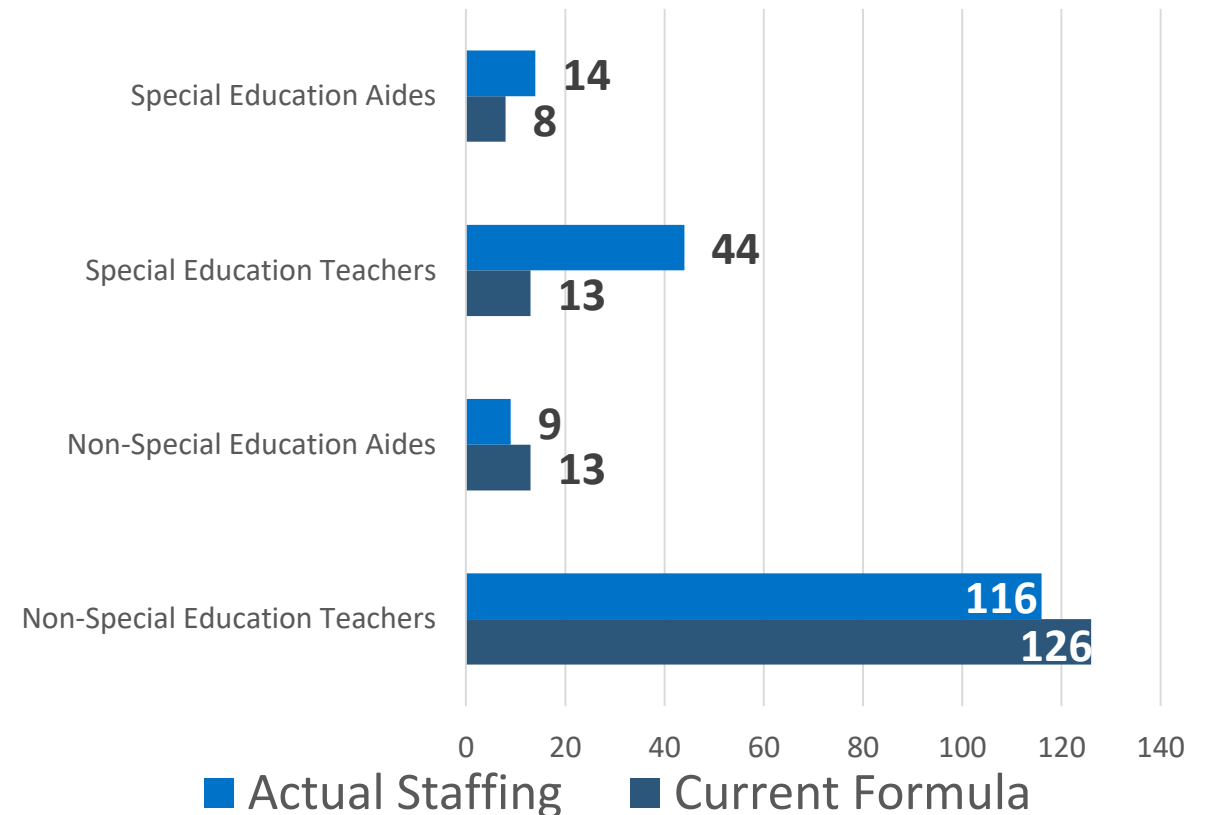


Foundation Budget Gaps: Clinton Analysis

Spending
(\$ in millions)

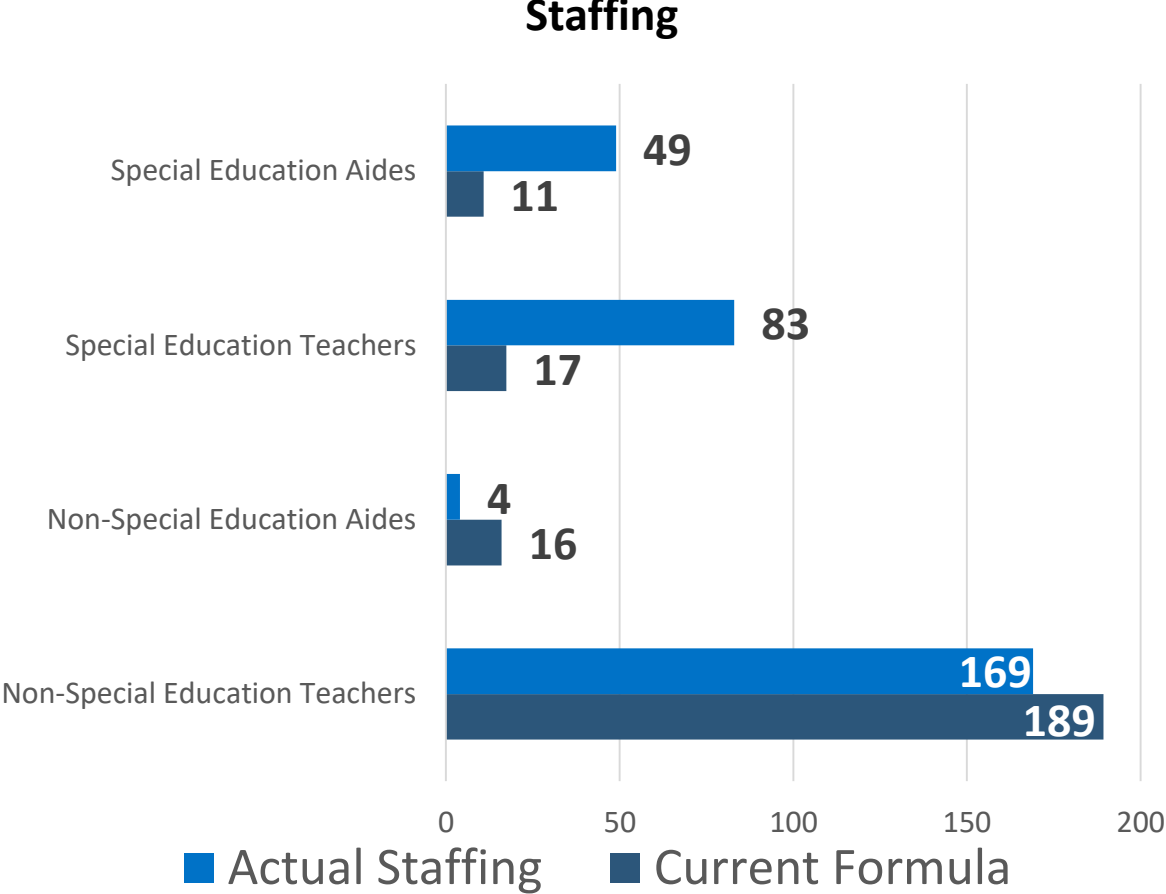
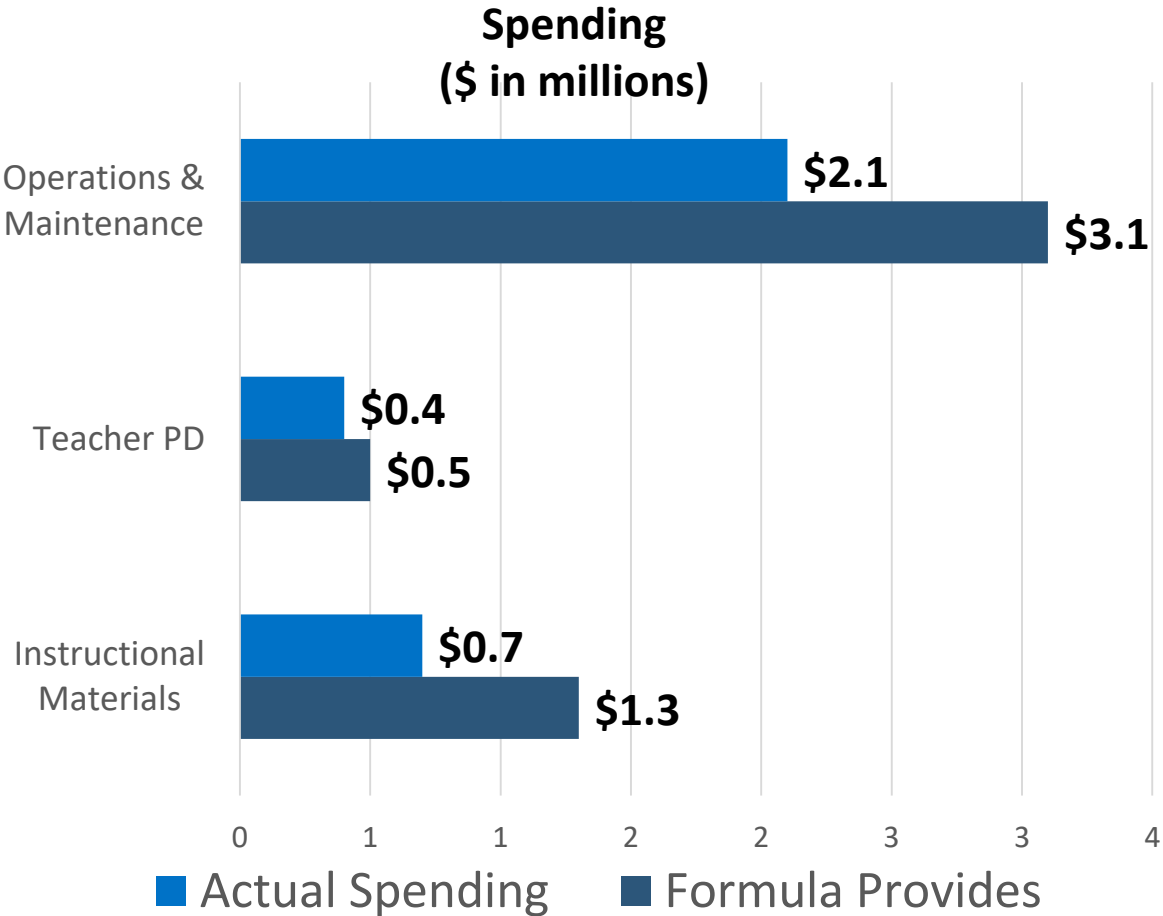


Staffing





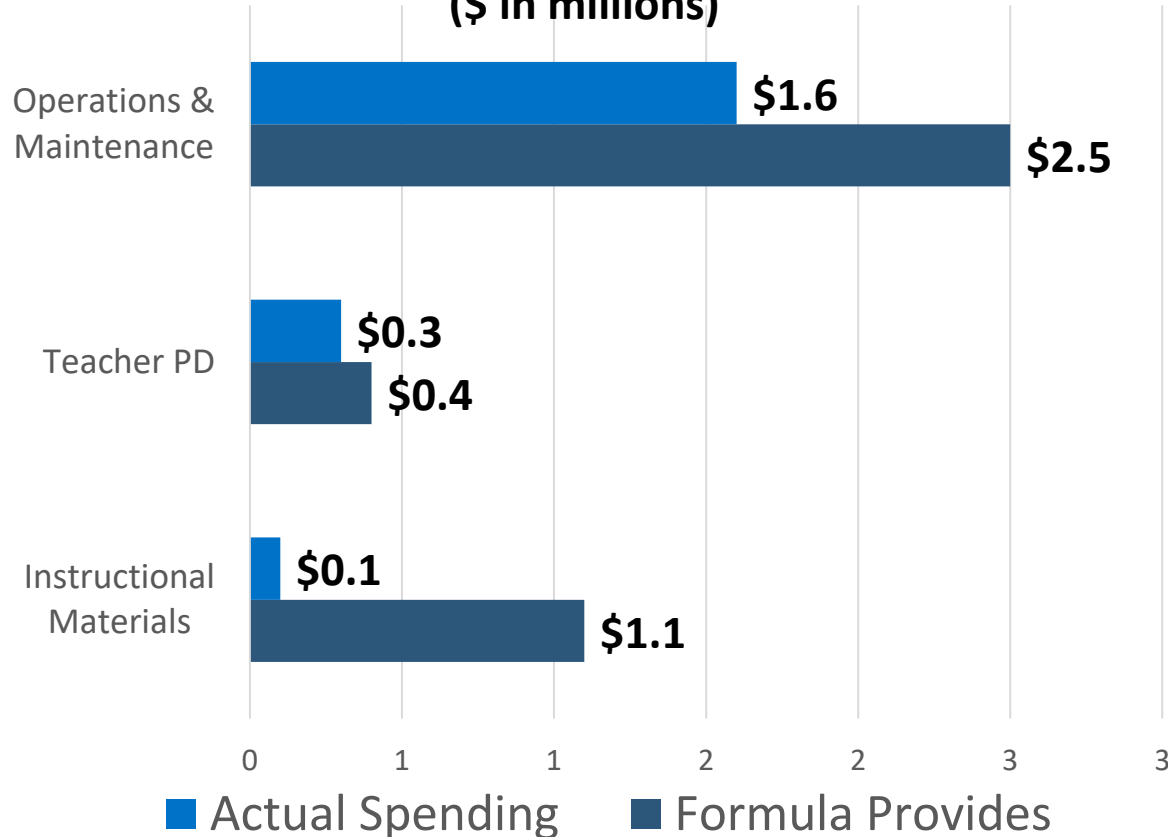
Foundation Budget Gaps: Gardner Analysis



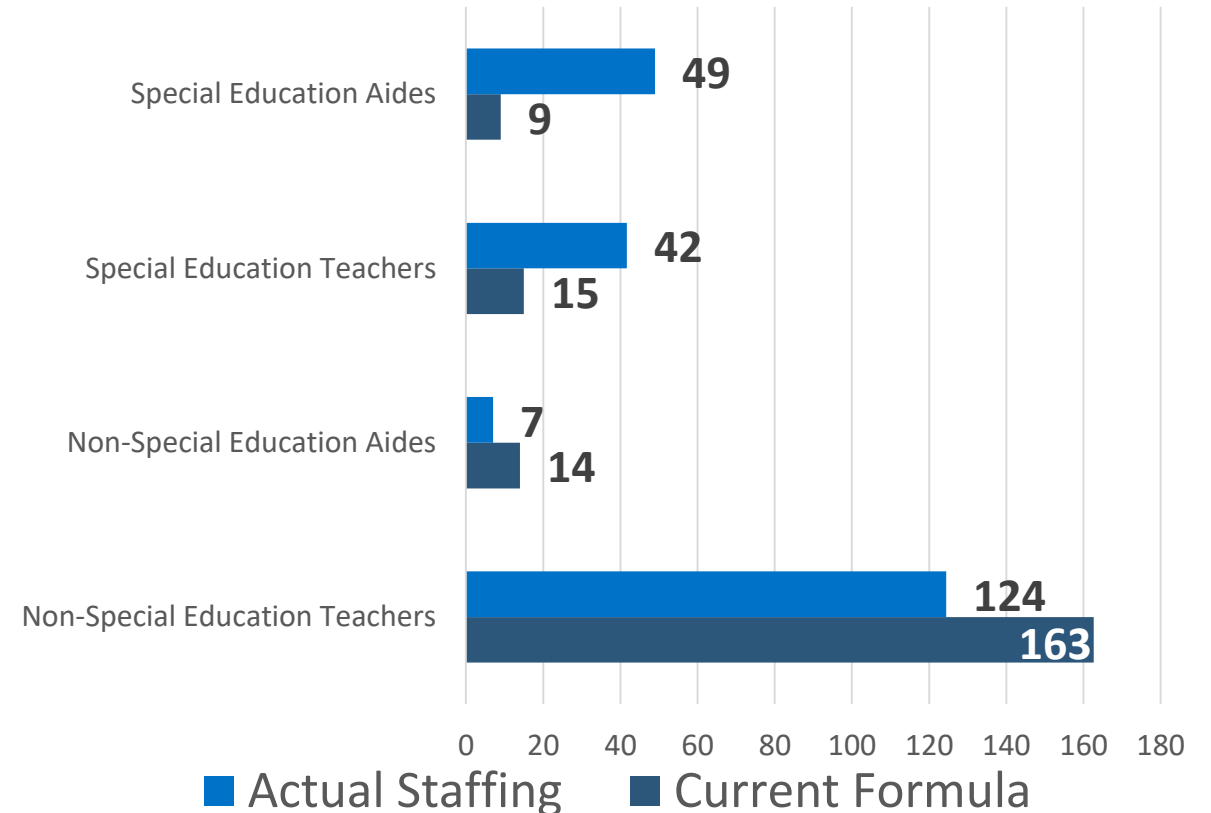


Foundation Budget Gaps: Webster Analysis

Spending
(\$ in millions)



Staffing



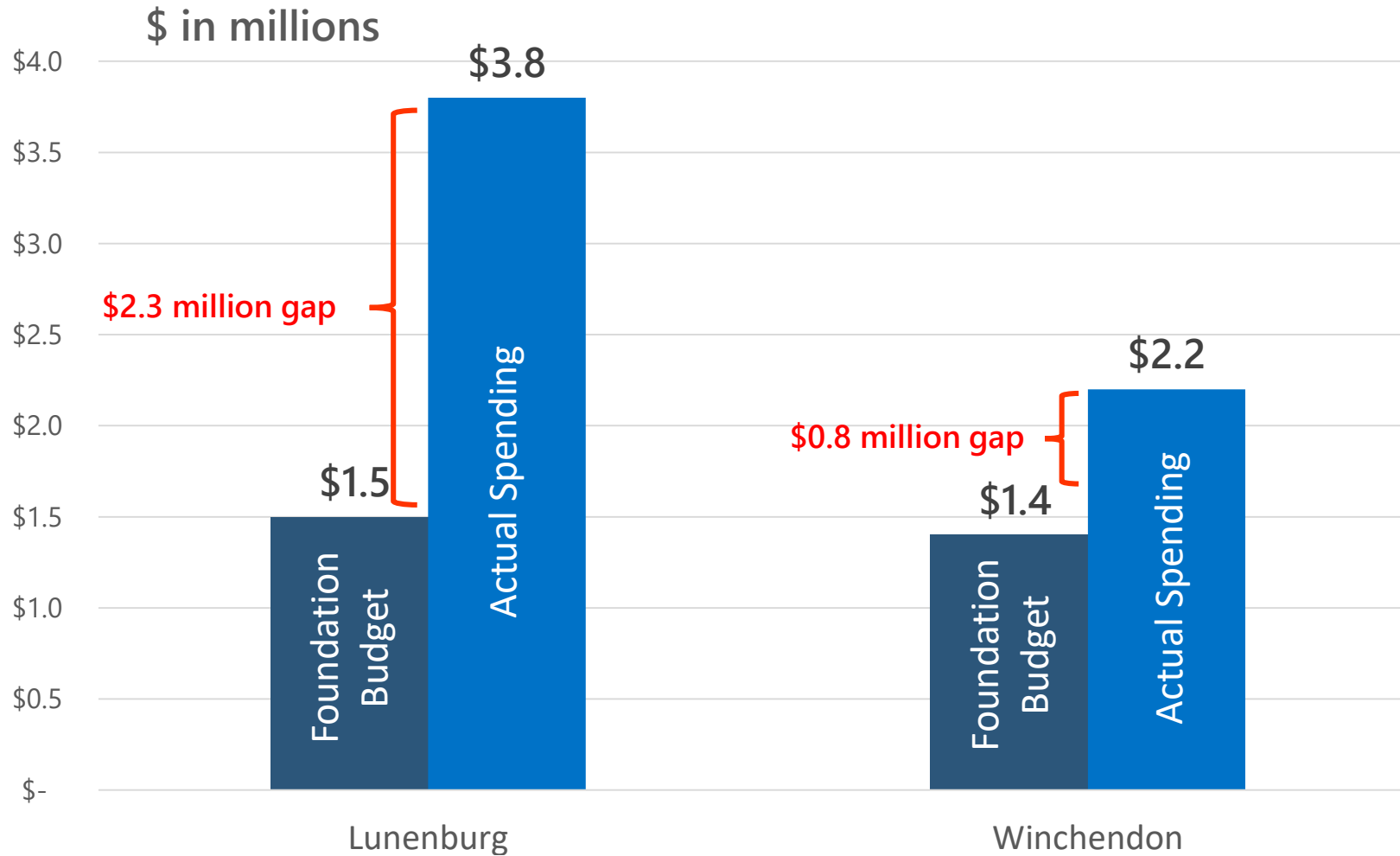


Lunenburg Public Schools



Winchendon Public Schools

Health Insurance



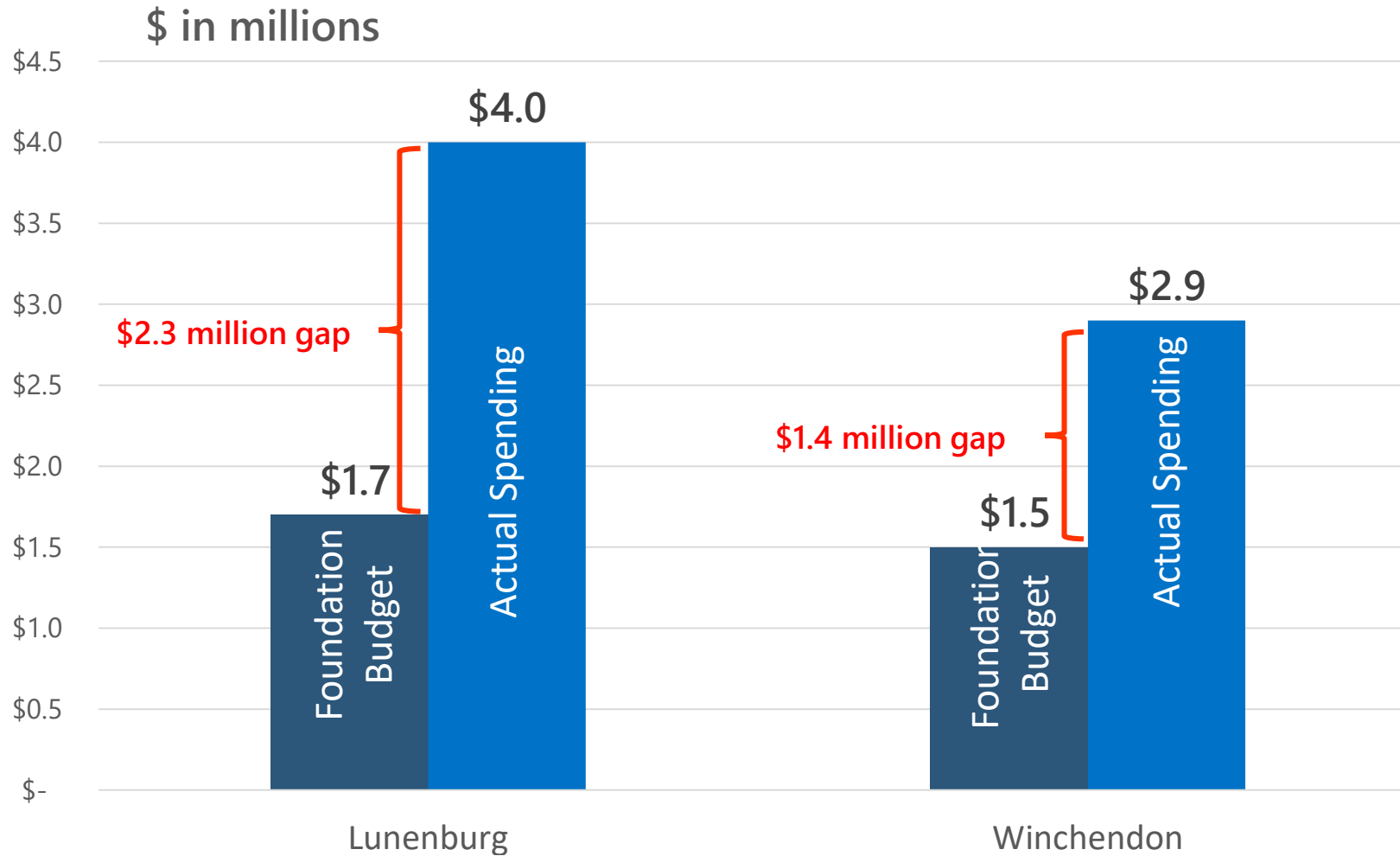
Lunenburg

- Changed Co-Pays and Deductibles

Winchendon

- Negotiated new health insurance contract

Special Education



Lunenburg

- Low Out-of-District placements
- Developed in-district program

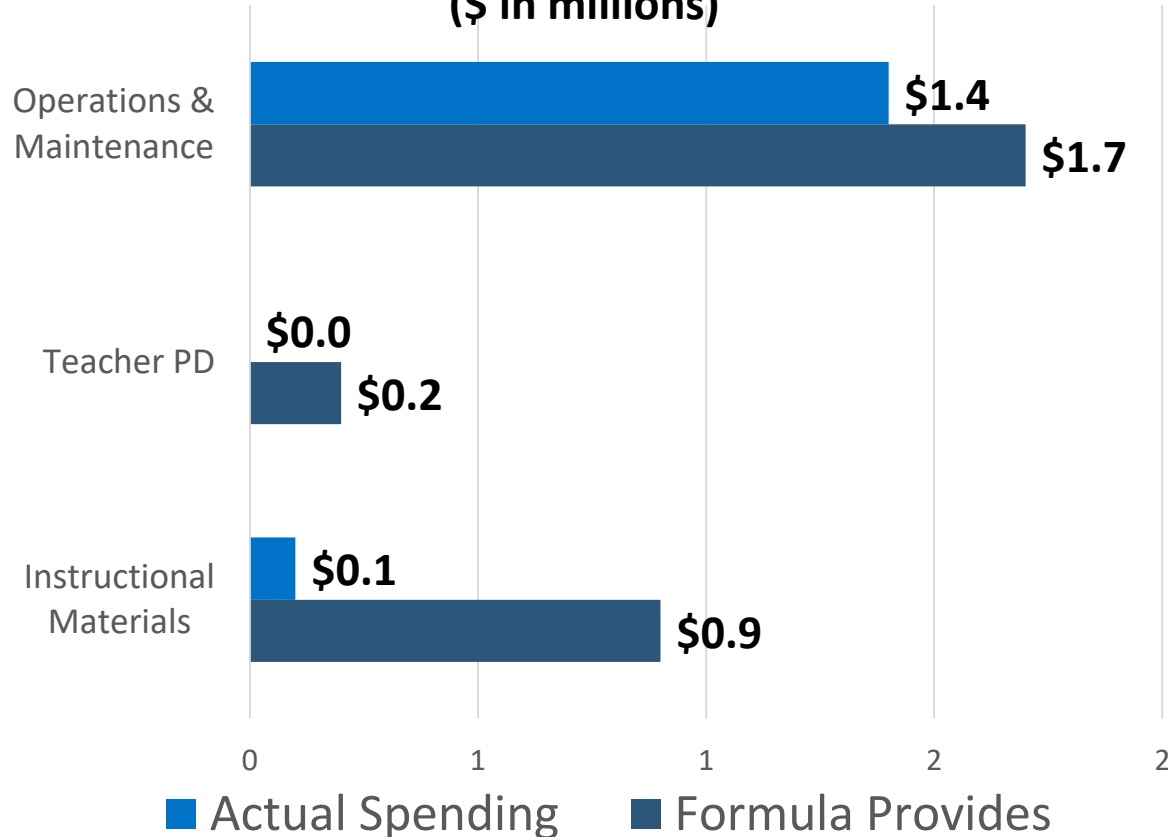
Winchendon

- Reduced out-of-district placements through developing in-district programs.

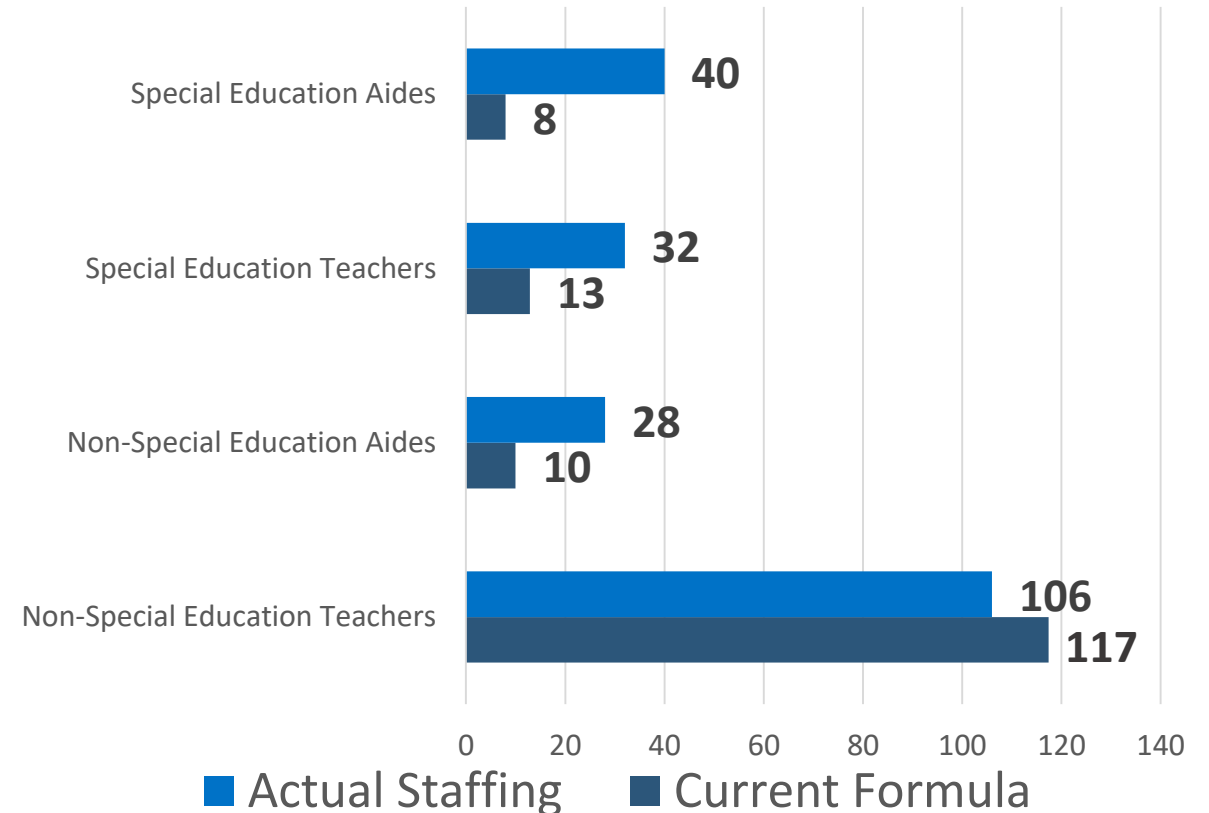


Foundation Budget Gaps: Lunenburg Analysis

Spending
(\$ in millions)



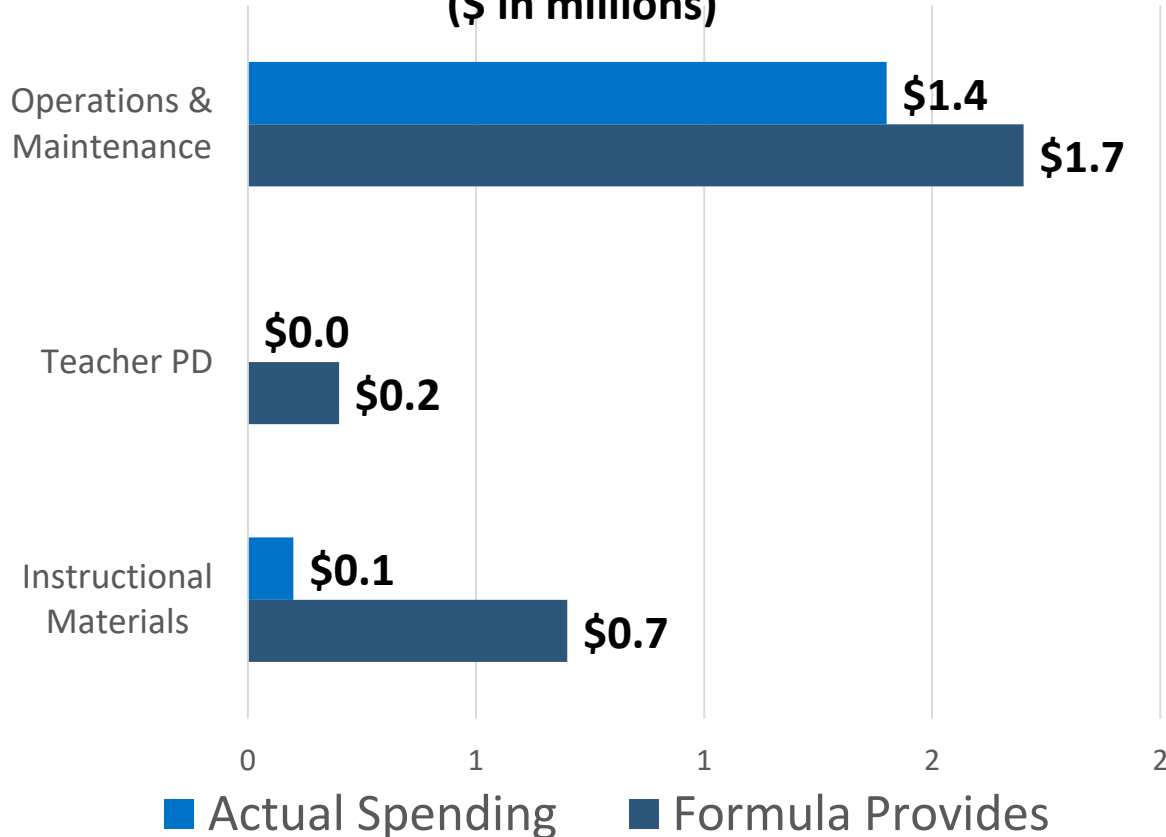
Staffing



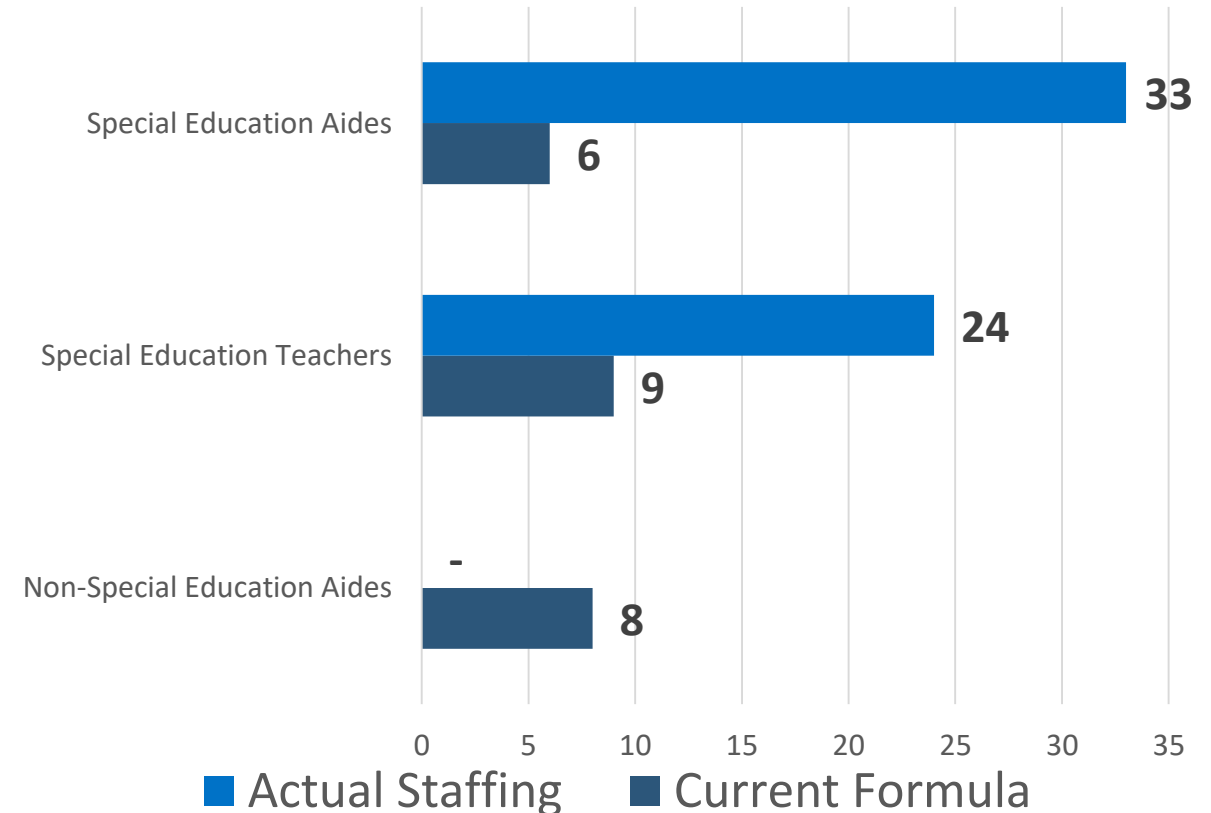


Foundation Budget Gaps: Winchendon Analysis

Spending
(\$ in millions)



Staffing



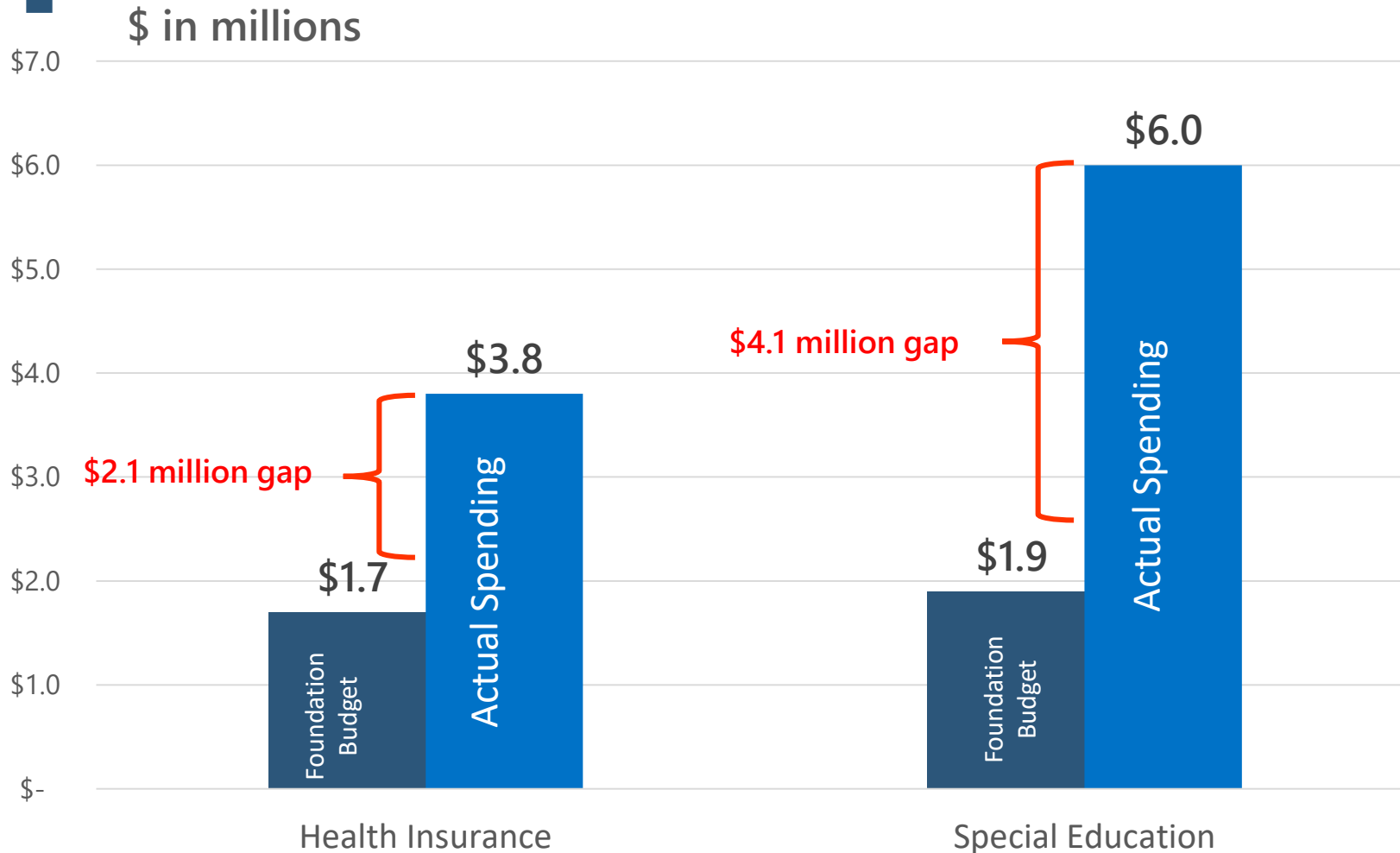


Ayer-Shirley Regional School District

Health Insurance & Special Education



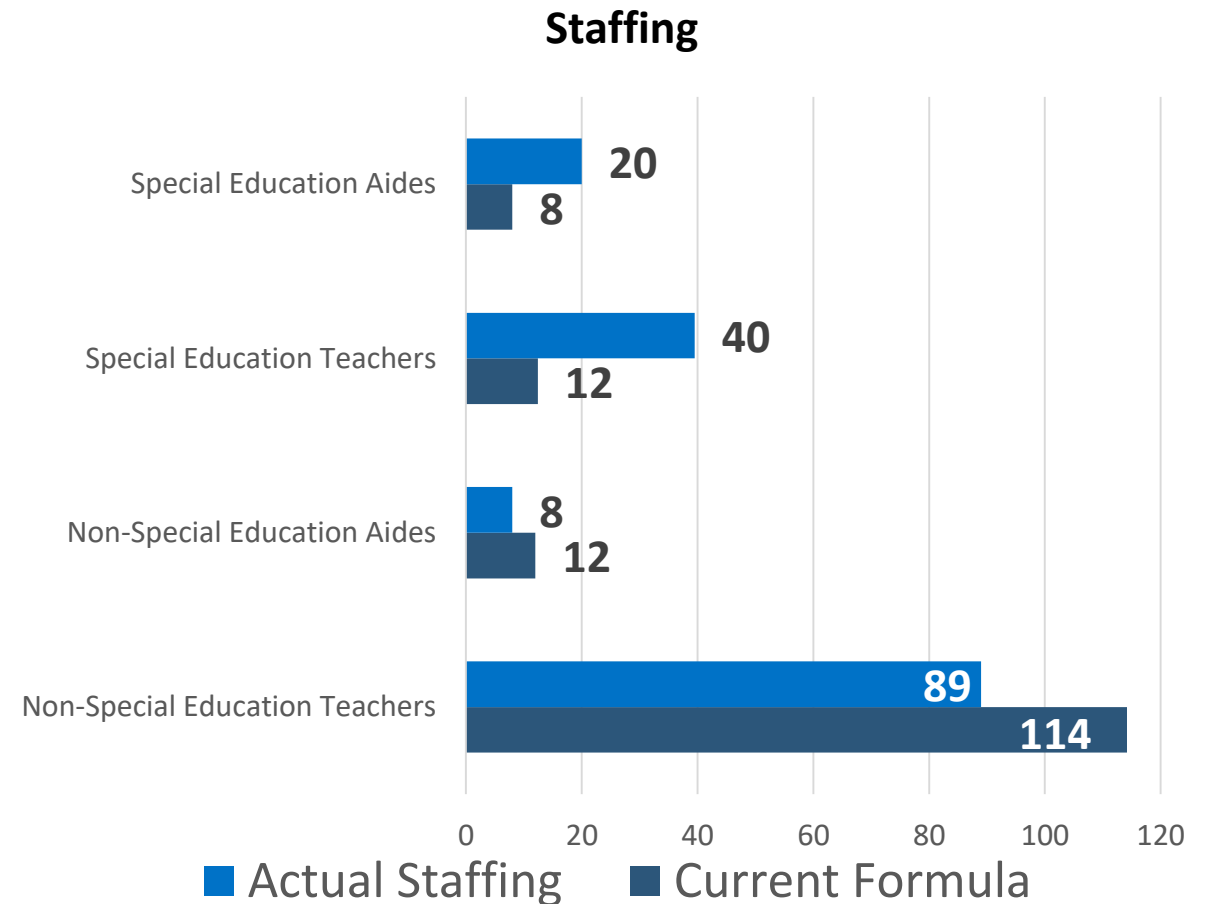
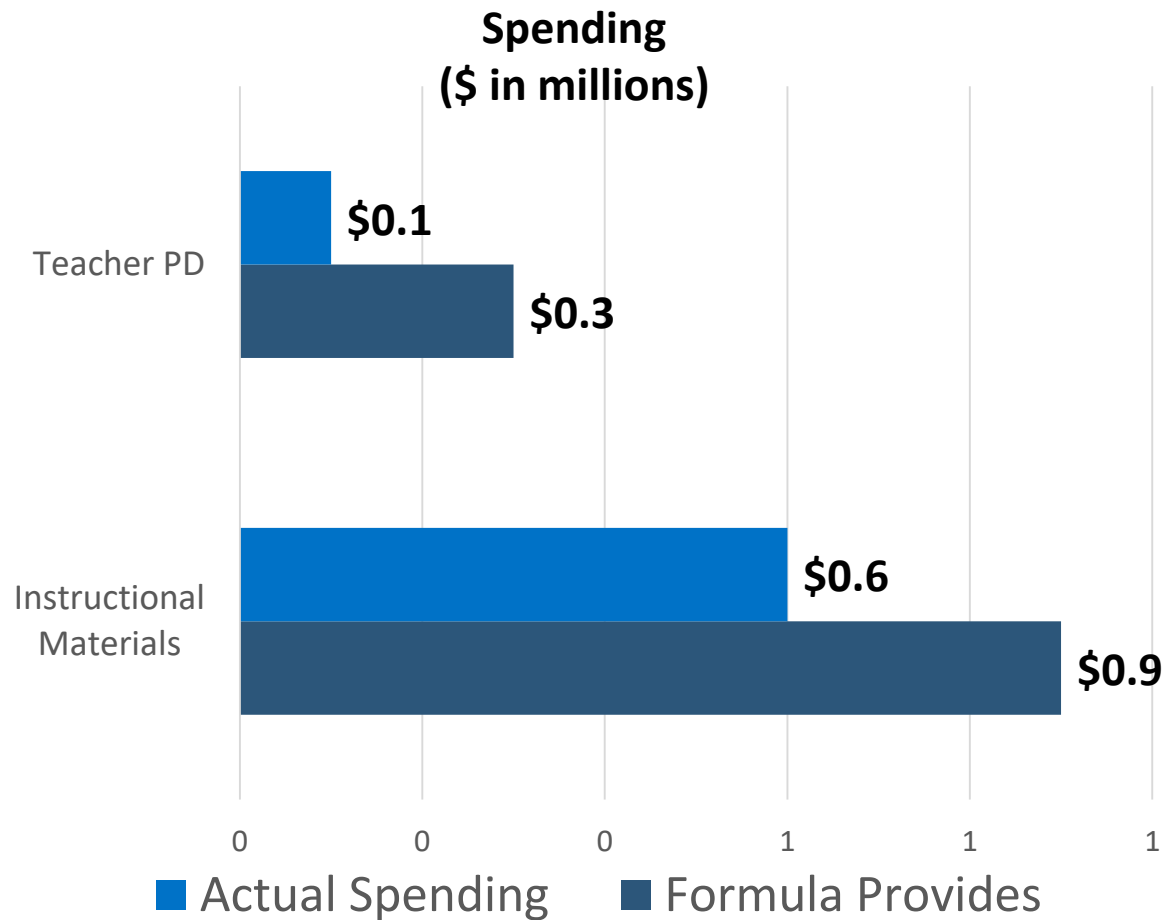
Ayer-Shirley



- Changed health insurance plans and prescription drug coverages
- Increased health insurance co-pays and deductibles.
- Created continuum of sped programs, K-12
- Able to reduce out of district placements
- Referrals to collaborative placements versus private day
- Applied Behavioral Analysis (ABA) training for teachers and paraprofessionals



Foundation Budget Gaps: Ayer-Shirley Analysis



Combined Foundation Budget Gaps

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

District	Health Insurance	Special Education	Total
Worcester	\$34.9	\$34.6	\$69.5
Framingham	\$18.2	\$24.9	\$43.1
Fitchburg	\$5.9	\$5.7	\$11.6
Leominster	\$4.7	\$12.7	\$17.4
Clinton	\$1.9	\$4.0	\$5.9
Gardner	\$3.3	\$2.5	\$5.8
Webster	\$2.9	\$4.5	\$7.4
Lunenburg	\$2.3	\$2.3	\$4.6
Winchendon	\$0.8	\$1.4	\$2.2
Ayer-Shirley	\$2.1	\$4.1	\$6.2
TOTALS	\$77.0	\$96.7	\$173.7

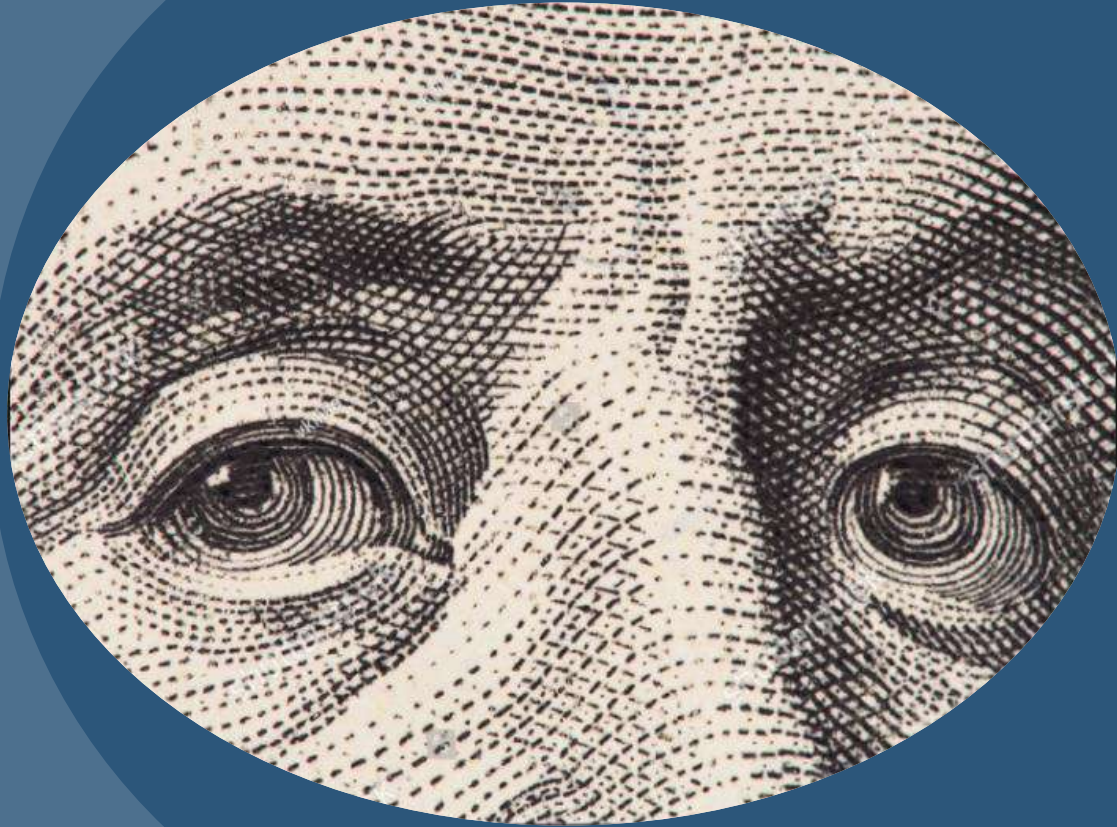
Not including funding for other FBRC Items:

- 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.



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.

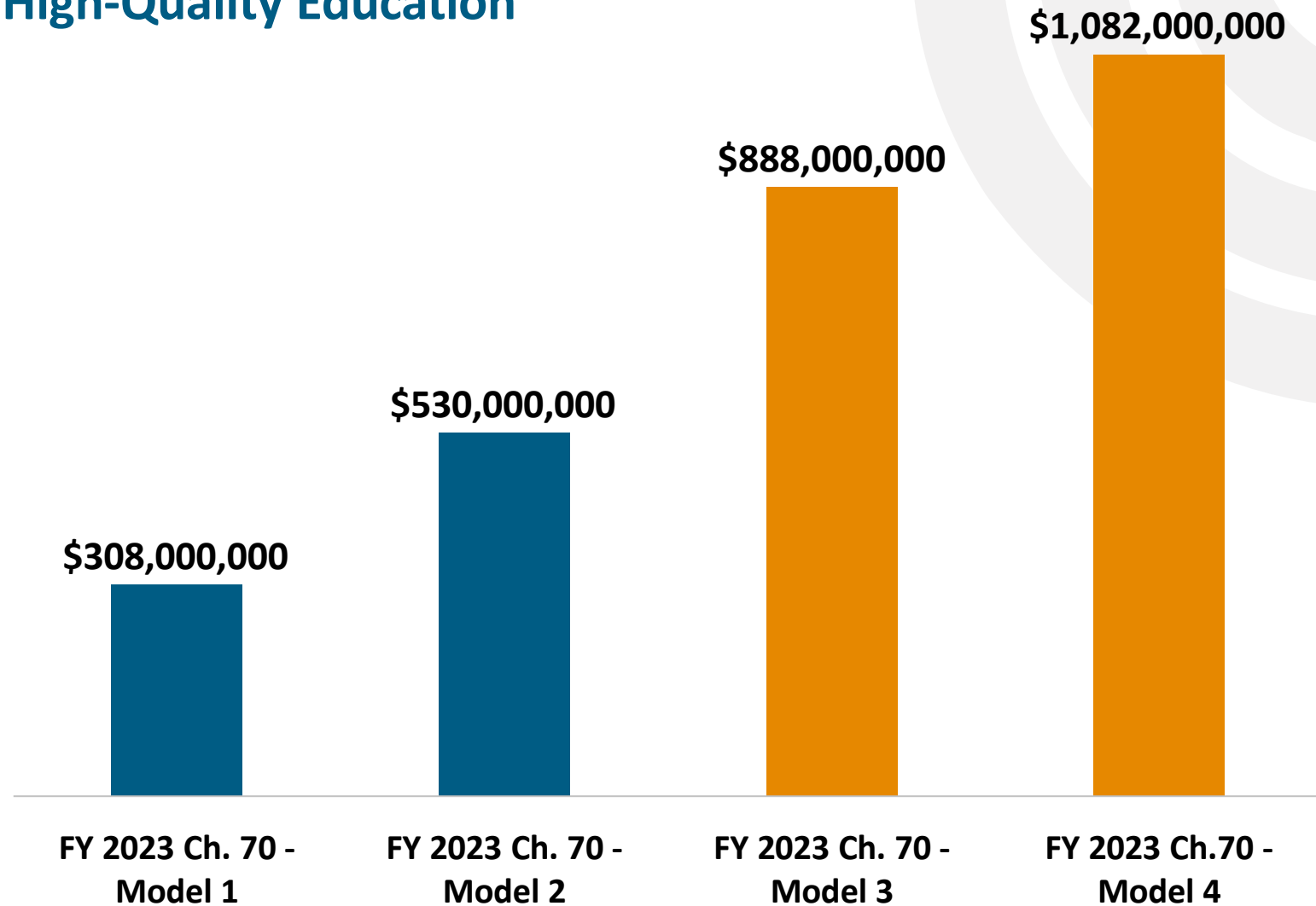
What Would Fixing Chapter 70 Look Like?

- MassBudget released new research in July examining the financial impact of implementing the FBRC for each city and town
 - Includes all 4 major pillars – updating health care, special education, support for ELL and low-income students
 - Reforms this large would likely be phased in over several years

Four Models For Change

- **Model 1:** Health Insurance, Special Ed. & ELL
- **Model 2:** Model 1 + **Minimum Aid Guarantee**
 - \$50 Per Pupil Guaranteed Increase Over Prior Year
 - Guarantees 17.5% Of Foundation Budget After Accounting For Charter School Tuition
- **Model 3:** Health Insurance, Special Ed., ELL + **Low-Income Rates Increased by 70%**
- **Model 4:** Model 3 + **Minimum Aid Guarantee**

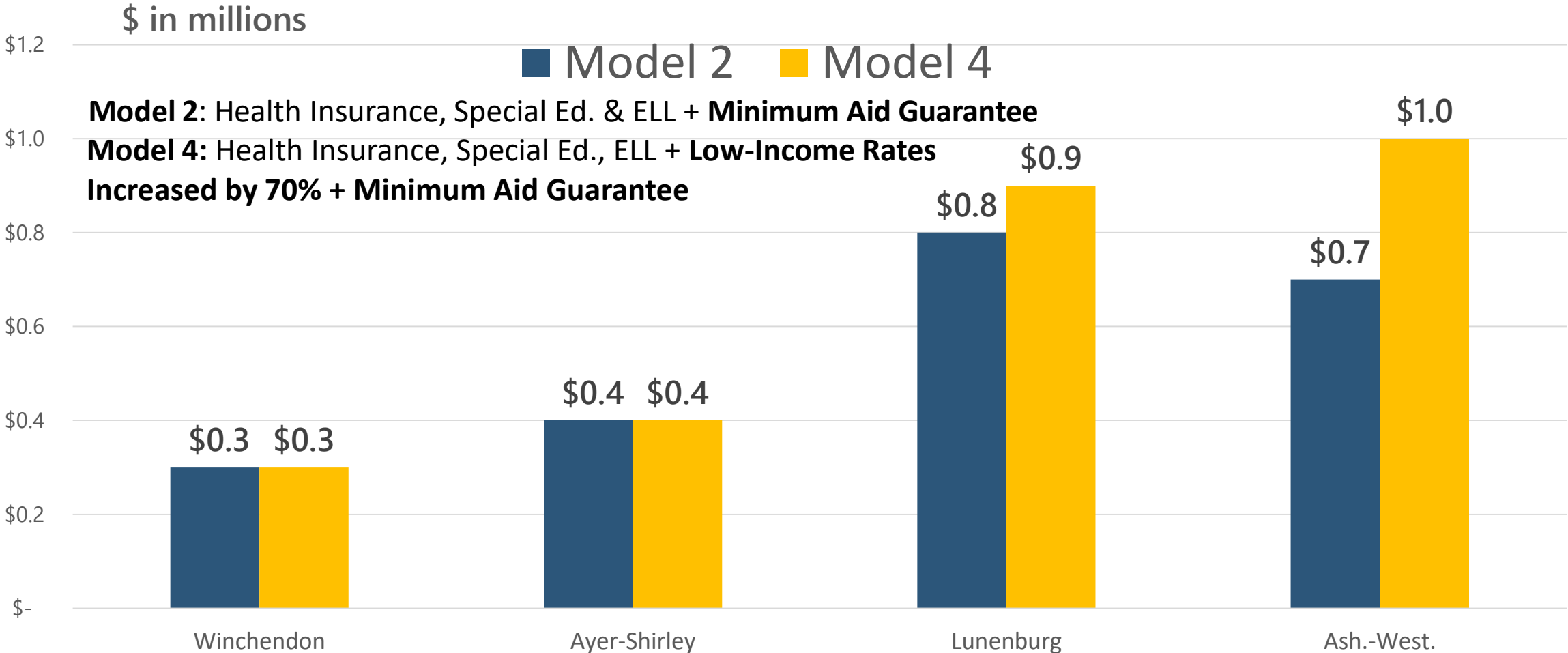
Fully Implementing FBRC Recommendations Would Provide Significantly More Aid to Help All Schools Provide a High-Quality Education



Additional statewide Chapter 70 Aid over baseline in FY 2023, by implementing each reform model

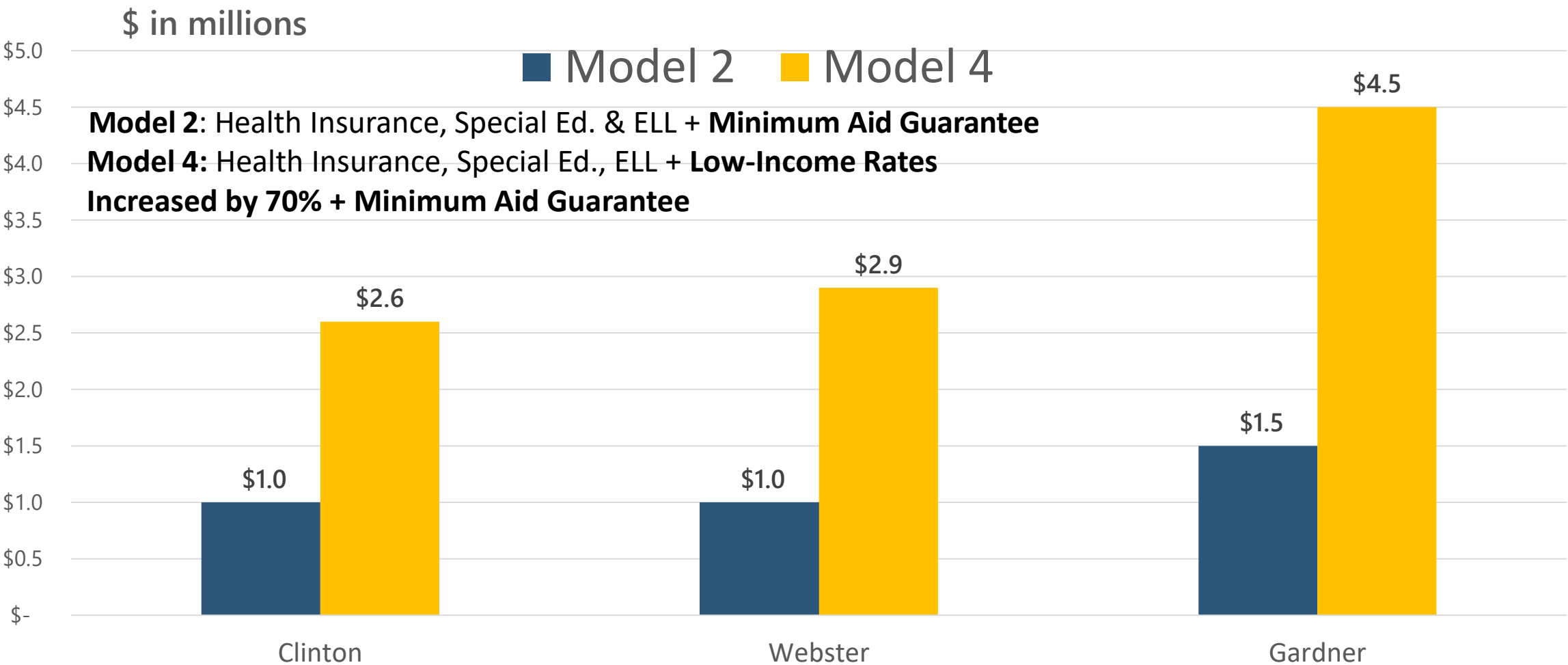
Impact on Our Districts

Chapter 70 Increases



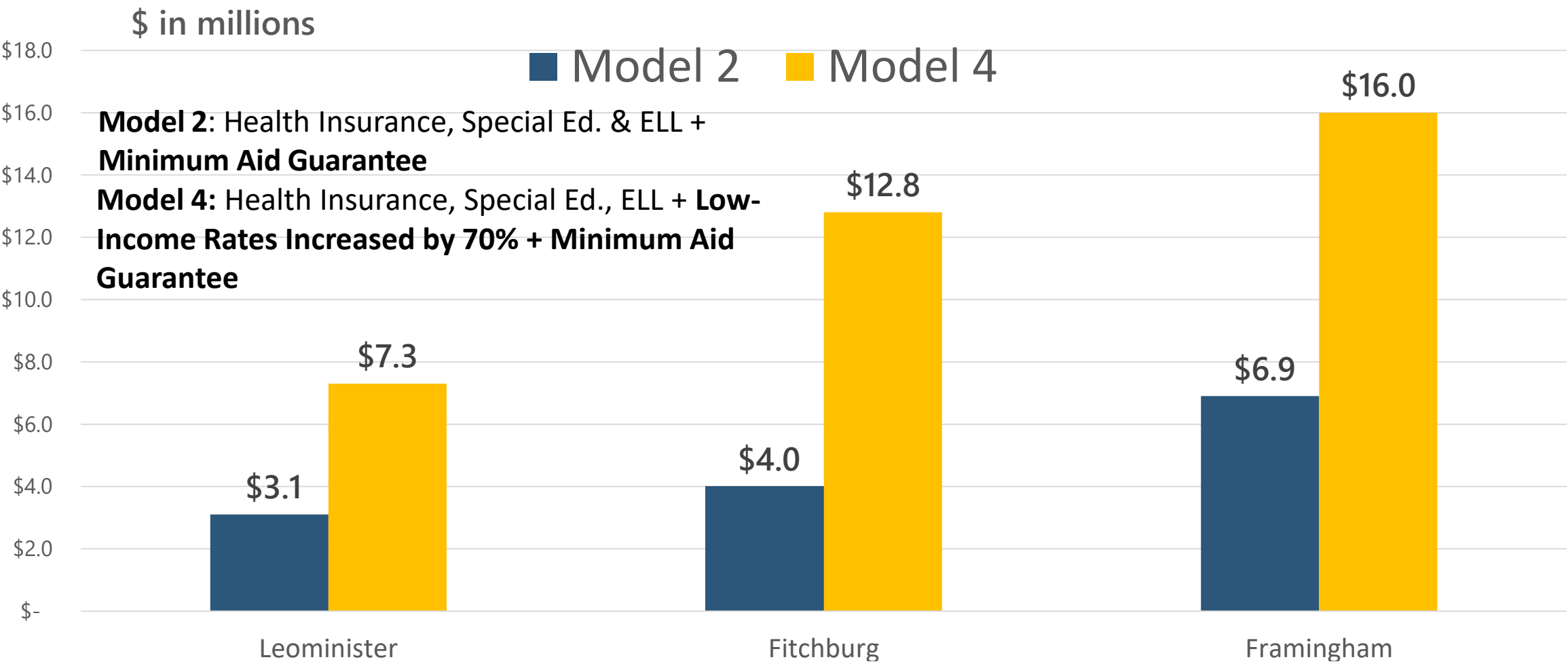
Impact on Our Districts

Chapter 70 Increases



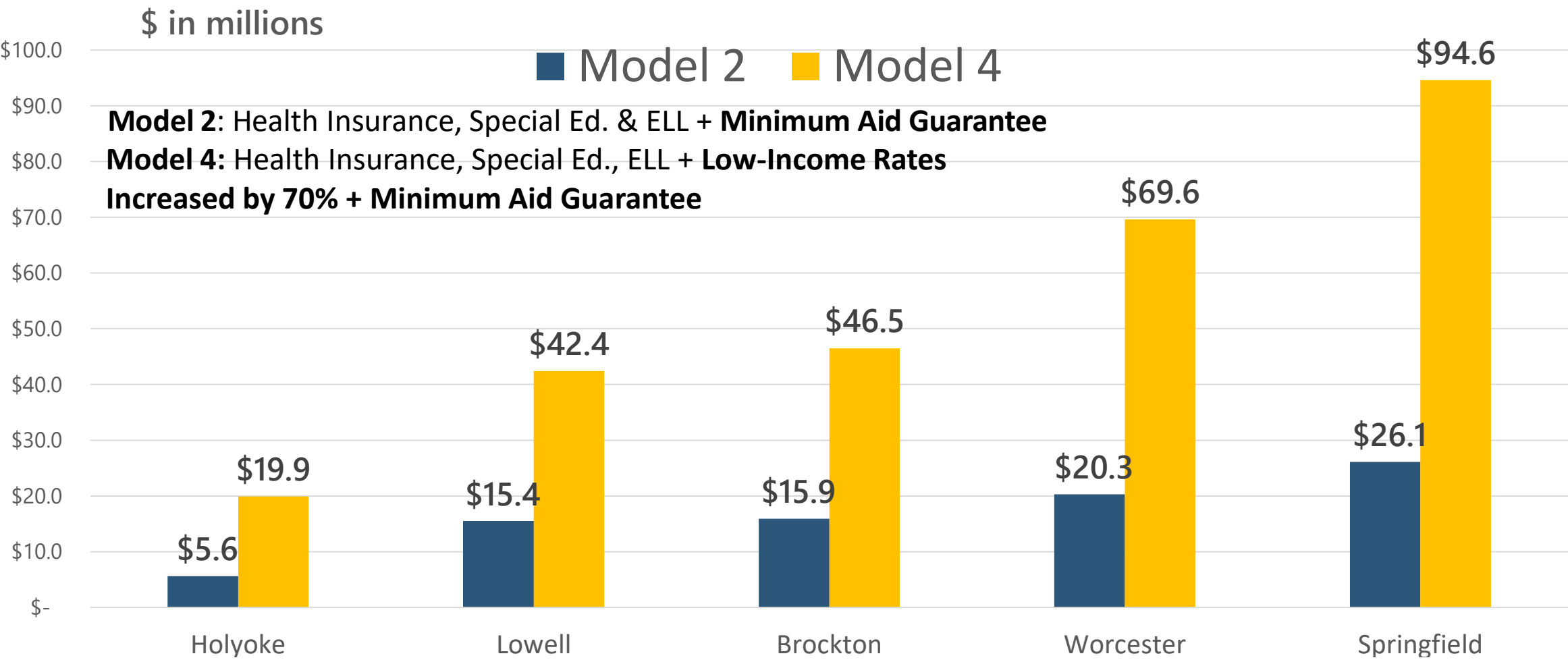
Impact on Our Districts

Chapter 70 Increases



Impact on Our Districts

Chapter 70 Increases



INCREASE IN CHAPTER 70 WITH FULL FUNDING OF THE FBRC: HEALTH INSURANCE, SPECIAL EDUCATION, ELL AND LOW INCOME



AYER-SHIRLEY

\$0.5 million



CLINTON

\$2.6 million



FITCHBURG

\$12.8 million



FRAMINGHAM

\$16.0million



GARDNER

\$4.5 million



LEOMINSTER

\$7.3 million



LUNENBURG

\$0.9 million



WEBSTER

\$2.9 million



WINCHENDON

\$0.3 million



WORCESTER

\$69.6 million

Combined: \$117.4 million

Statewide Increase: \$1.1 billion

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

CHAPTER 70 INCREASES IN OTHER SELECTED CENTRAL MASSACHUSETTS AREA DISTRICTS



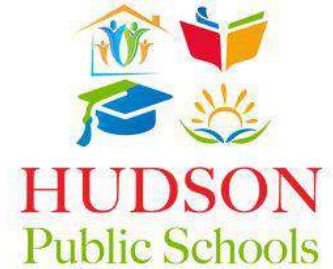
\$8.8 million



\$5.5 million



\$3.0 million



\$2.2 million



\$2.2million



\$1.9 million



\$1.5million



\$1.3 million



\$1.2 million



\$1.2 million



\$1.0 million



\$1.0 million

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”*.



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