

Narrative for FCCPR  
Education Funding Forum  
6 18 2024

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Thank you for taking the time out of your busy schedules to attend this forum. In the interest of time, the following presentation will be a brief overview of state local school aid. State school aid is governed by Massachusetts general law (MGL) Chapter 70 and throughout this presentation “Chapter 70” will be used as shorthand for the money that comes from the state to fund our local schools.

We will start with a simplified explanation of chapter 70 funding and it’s history. We will highlight some key issues we feel exist with the equity of the funding. Finally we will share our proposal for addressing these issues by advocating for the state to share more of the cost burden that cities pay for charter schools and school choice.

We encourage people to share other information during the group discussions and would ask you to hold your questions and write them down and direct your questions about the school funding to the panel of experts who have volunteered to be here to share their knowledge of the funding with us during the question and answer portion of the forum.

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Page 2: The Majority of local school funding comes from 2 sources:

- Local property taxes
- State local aid

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In 1993 the state legislature passed the education reform act, and established a very large state commitment to local school district funding aid.

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The 1993 act also established the Foundation Budget which is a per pupil spending amount for each public school district that represents the minimum spending level needed to provide an adequate education to students in each district.

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This act also established a calculation that reflects each city's ability to pay for their school district. This calculation is called combined effort yield or CEY for shorthand. The local contributions and state aid percentages for any individual city will vary in proportion to the city's wealth.

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The state provides a minimum of 17.5% of the funding for every school district, even to the wealthiest cities.

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State aid covers a larger percent of school funding for low and moderate income cities. The state spends over 7 billion in chapter 70 funding and more than 6 billion goes to primarily low and moderate income cities.

But nearly 650 million goes to the wealthiest cities. By the state's calculations, these cities do not need this funding and for this reason we call it "needs blind" funding. It's funding provided to these cities so that every school district "gets something" from chapter 70 funding.

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However the Commonwealth's commitment to chapter 70 funding and how it's calculated has changed several times in the 30 years of the funding.

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According to the Mass Budget and policy center a non profit that tracks spending and taxes in the Commonwealth, Chapter 70 aid steadily rose in the 90's during the first decade of the funding, but in early 2000's and for the next 2 decades, the funding remained flat or even declined, when you calculate for inflation. The left axis on these graphs shows funding in billions of dollars, the bottom axis shows the year of the funding.

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As a result almost all cities spend more than they did in the 90's, with most cities spending an average of 20% over their required local contribution. The wealthiest cities spend substantially more.

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The State legislature created a State Foundation Review Budget Commission to study the funding and in 2015 released a report indicating that the state under-calculated educations costs (and by extension, Chapter 70 funding) by \$1.5 billion dollars.

However education advocates put that figure closer to \$2.5 billion in 2018. This graph from the Mass Budget and policy center highlights the major categories of under-calculated costs and the amounts.

They are:

- Health insurance and benefits to school staff
  - Special education expenses
  - Out of district education expenses
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The State Legislature responded to the State foundation review budget commission report by passing the 2019 Student Opportunity Act.

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This act signed by former Governor Baker and the state legislature pledged an additional \$1.5 billion in new funding to chapter 70 school aid to be phased in over 7 years starting in 2020.

The Student Opportunity Act provide large amounts of new funding to many school districts and is a monumental legislative achievement.

However there remains key issues with chapter 70 funding and the distribution and implementation of the funding from the act. We will highlight a few of those issues here.

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Inflation is the first of those issues, but unlike previous decades where inflation was a reliable average of 3% or less, the last 2 years saw 7% inflation as an average. Chapter 70 funding has a built in cap on increase for inflation of 4.5%. As a result, cities received substantially less than the calculated amount of the increase from the student opportunity act.

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A second issue is that most school districts in the state are declining enrollment districts, meaning that there are less school age children in those cities each year.

2 out of 3 school districts, or 211 are declining enrollment districts. The state maintains a commitment to level funding for these districts which the state designates as “minimum aid” school districts.

However chapter 70 funding and those adjustments made to chapter 70 funding through the student opportunity act factor enrollment heavily in the formula, leaving a majority of declining enrollment school districts out of substantial increases in new funding, which includes rural schools, small districts like Belchertown, mid sized cities like Amherst and even our largest city, Boston.

It’s also important to understand the Student Opportunity Act primarily benefited the Commonwealth’s largest cities. There are 20 cities with a population over 60,000 people that account for roughly 45% of the state’s population. But more than ½ of the state lives in the other 330 cities and they operate much smaller school districts.

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Even for those districts that received substantial new funding from the Student Opportunity act such as Greenfield and Holyoke, in the years the funding was under-calculated, cities had to make hard funding decisions for their schools and cities to reflect the missing funding amounts, including cutting funding to their schools.

That brings us to our group’s issue of focus, charter school and school choice public funding policies. But I want to be clear, we are not advocating against these policies, only who should pay for them.

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When students leave a public school district for a charter school the funding for that student follows the student to the charter school, for school choice, it's a portion of the funding.

This seems logical and we would assume the public school district saves money from not having to educate those students, the reality however was clearly stated by the Massachusetts teacher's association during their 2016 campaign to stop the expansion of charter schools.

**“This system costs school districts much more in tuition payments than it saves them from having to educate fewer students. Students typically enroll in charters from different classrooms across a district. As a result, the cost of operating a community's entire school system is essentially unchanged. Neighborhood schools are left with less money to cover the same operating expenses, such as maintenance, utilities and transportation costs. To put it another way, when a student leaves a classroom to go to a charter school, the district doesn't save money because it can't lay off 1/25th of a teacher.”**

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The cost to cities for paying for charter schools and the loss of Chapter 70 funding as a result has only continued to grow. In FY2010 sending tuition for charter schools was \$271 million, as of FY 2023 it was \$889 million and is now over \$900 million.

Additionally, charter schools do not support any out of district special education expenses. If a charter student needs to start receiving out-of-district services, the student goes back to becoming the public school district's financial responsibility.

Out of district special education expenses are typically a public school district's largest individual student cost obligation where the cost for a single student can exceed a quarter of a million dollars.

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In addition to the cost to cities generally, there is great inequity in which cities have the largest share of the cost burden of charter school and school choice public funding and it breaks down along lines of poor and wealthy cities. The 15 cities with the lowest municipal tax bases account for  $\frac{1}{4}$  th of the cost impact of charter schools and school choice, despite being less than  $\frac{1}{6}$  th of the population.

Boston, despite it's relative wealth, has the largest population of low income high needs students in the Commonwealth. They account for nearly a  $\frac{1}{3}$  rd of the charter school cost impact despite having less than  $\frac{1}{15}$  th of the state's student foundation enrollment.



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So we ask a simple question. Is the fairness of state school funding important to us and is it important to the state and it's legislature? In 2016 in response to the state ballot question to expand charter schools, voters defeated that question 62% to 38%.

What you may not know is that the results for each city break down entirely along income lines with very few exceptions. Those cities with low or moderately funded tax bases voted against the expansion. Wealthy cities voted higher than the state average in favor of the expansion or voted in the outright majority in favor of the expansion. This is because wealthy cities can afford to fund their public school districts AND pay the costs associated with charter schools.

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Our group proposes a simple and transparent solution to make the funding more equitable. We are proposing a targeted underwriting of the cost of charter school and school choice programs for low and moderate income cities by the state.

The largest version of this proposal would cost nearly \$700 million annually to the state, but even a smaller version of this commitment for many cities would represent the largest 1 year increase in state school funding aid for most declining enrollment districts.

We also want to remind people that change does not come without struggle. We invite you to join us in forming a coalition and working with lawmakers to have the state share a larger burden of the cost of charter schools and school choice programs.

Thank you.