

A TALE OF TWO CITIES... BROCKTON AND WORCESTER



The Case to Modernize the Foundation Budget for 21st Century Education

Foundation Budget Premise



Massachusetts Supreme
Judicial Court

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



"fair and adequate"

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



Property and Income wealth

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



Enrollment and inflation

A district's foundation budget is the sum of the district's enrollment multiplied by a differentiated per pupil rate which is updated annually by enrollment and inflation

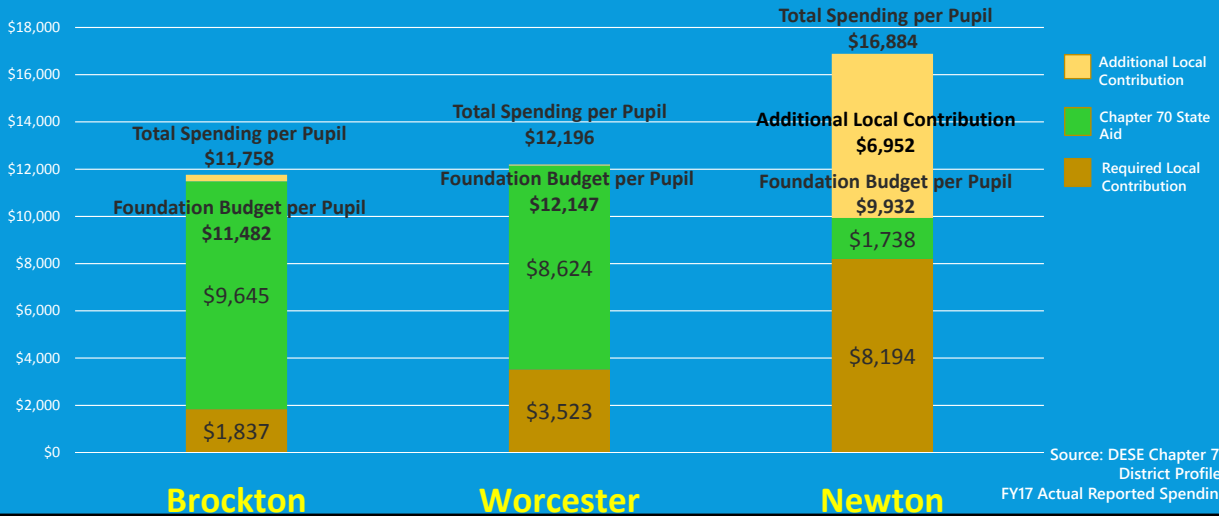
Foundation Budget Primer



- Funding is based on October 1 enrollments from the previous year
- The formula is per pupil and with differentiated rates based on grade level or needs of students

Sample Student	FY17 Base Enrollment	Incremental Rate	Total Per Pupil
4 th grader	\$7,307	\$0	\$7,307
4 th grader – Econ. Disadv.	\$7,307	\$4,135	\$11,442
4 th grader – ELL	\$9,283	\$0	\$9,283
4 th grader – ELL & Econ. Disadv.	\$9,283	\$4,135	\$13,418

Foundation Budget Primer



Legislative Charge of the Foundation Budget Review Commission:

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

Noteworthy Resource:

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

Findings and Recommendations:



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

Health Insurance:



Findings:

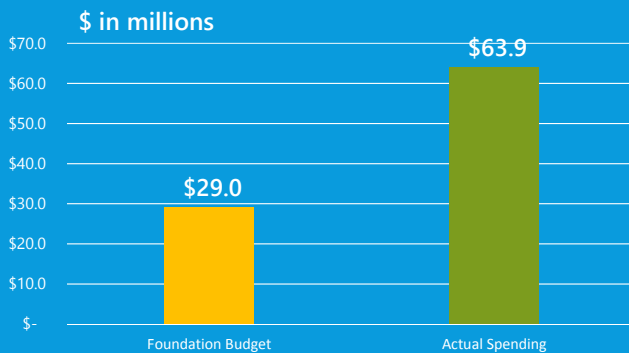
- Actual spending “far exceeds” current foundation budget allotment by more than 140%.
- Current formula does not factor cost for retiree health insurance

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.



Health Insurance FY17 Worcester Analysis:

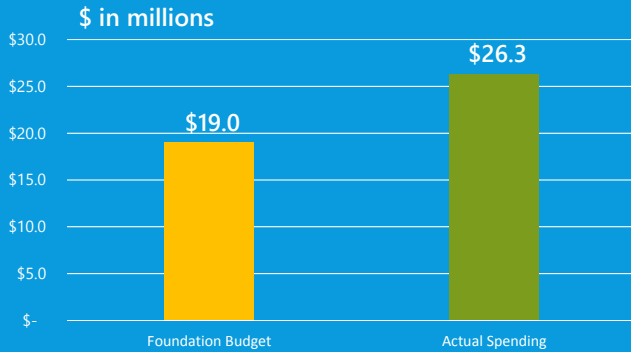


\$34.9 million Gap

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



Health Insurance FY17 Brockton Analysis:



\$7.3 million Gap

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

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 Recommendation:** 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:
 - $[4 \times \text{statewide foundation budget per-pupil amount}] - [\text{statewide foundation budget per-pupil amount} + \text{out-of-district special education cost rate}]$

Special Education:

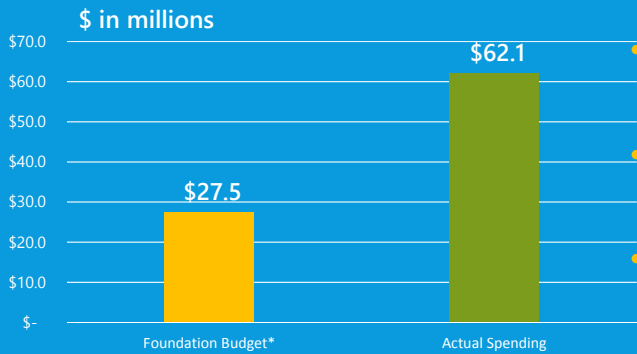


- **Recognition:** Average expenditure per pupil exceeds foundation budget, even upon adoption of recommendations, by \$700 million*.

* Page 15 of the FBRC Final Report



Special Education FY17 Worcester Analysis:



\$34.6 million Gap

Restructured Autism Services

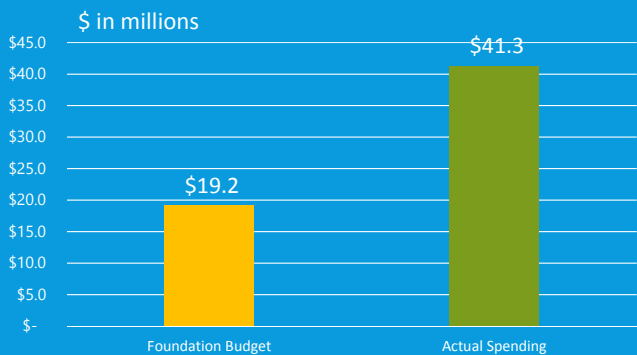
Low Out-of-District Placements

High use of Lower-Cost Special Education Collaborative Programs

* Excludes employee benefits / fixed charges



Special Education FY17 Brockton Analysis:





\$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.

Tale of Two Cities


Foundation Budget Gaps

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



Category	Worcester	Brockton	Combined
Health Insurance	\$34.9	\$7.3	\$42.2
Special Education	<u>\$34.6</u>	<u>\$22.1</u>	<u>\$56.7</u>
TOTAL	\$69.5	\$29.4	\$98.9

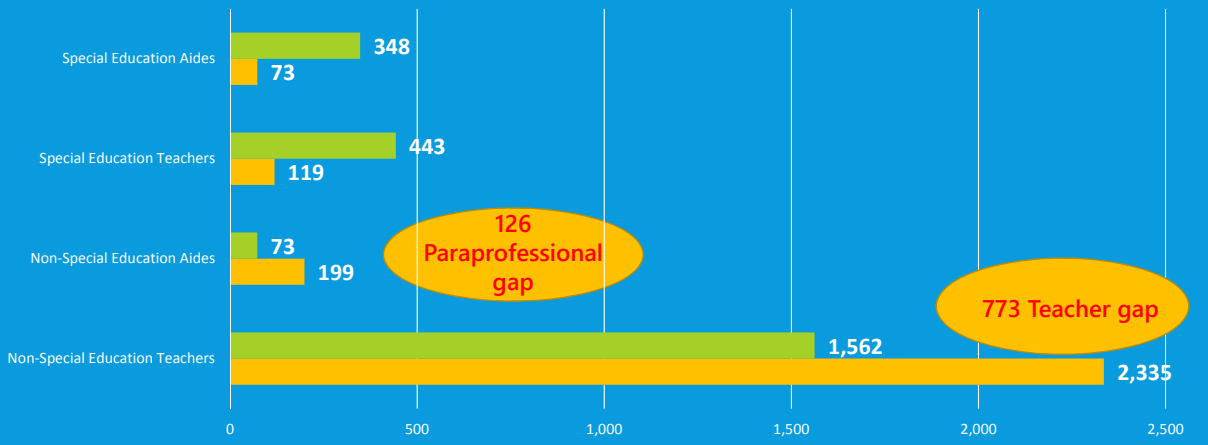
Not including funding for other FBRC Items:

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

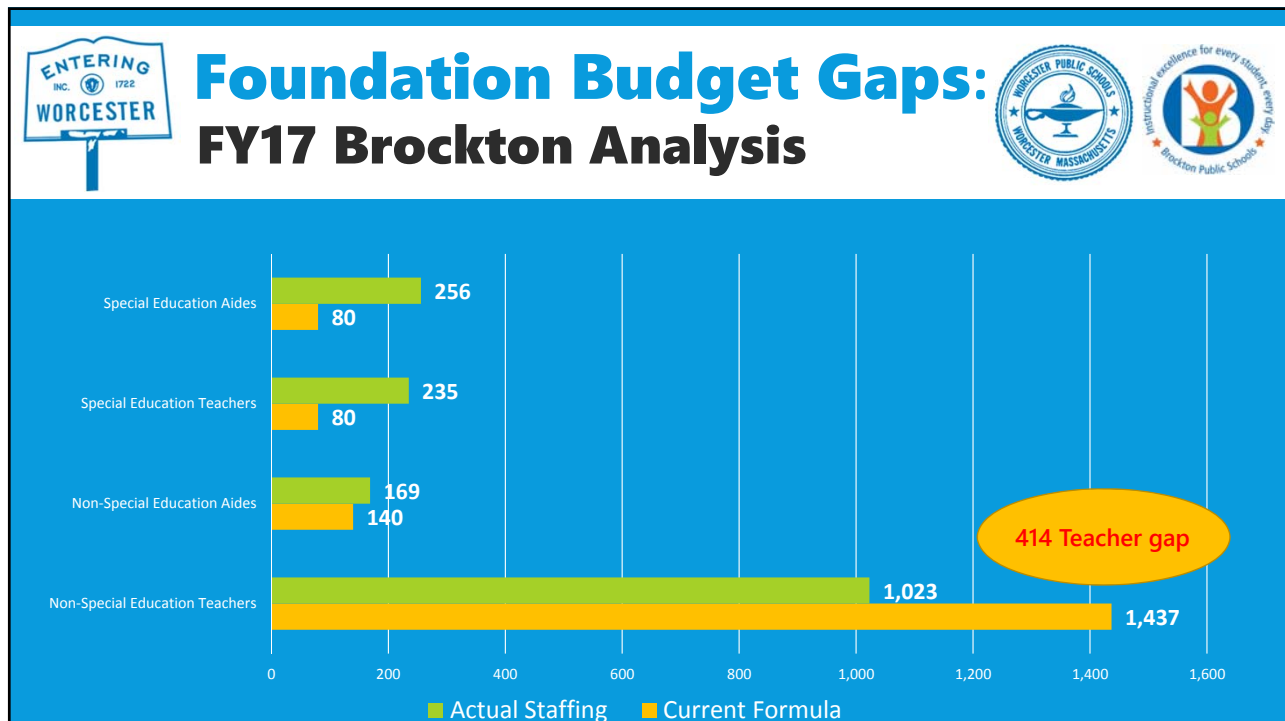
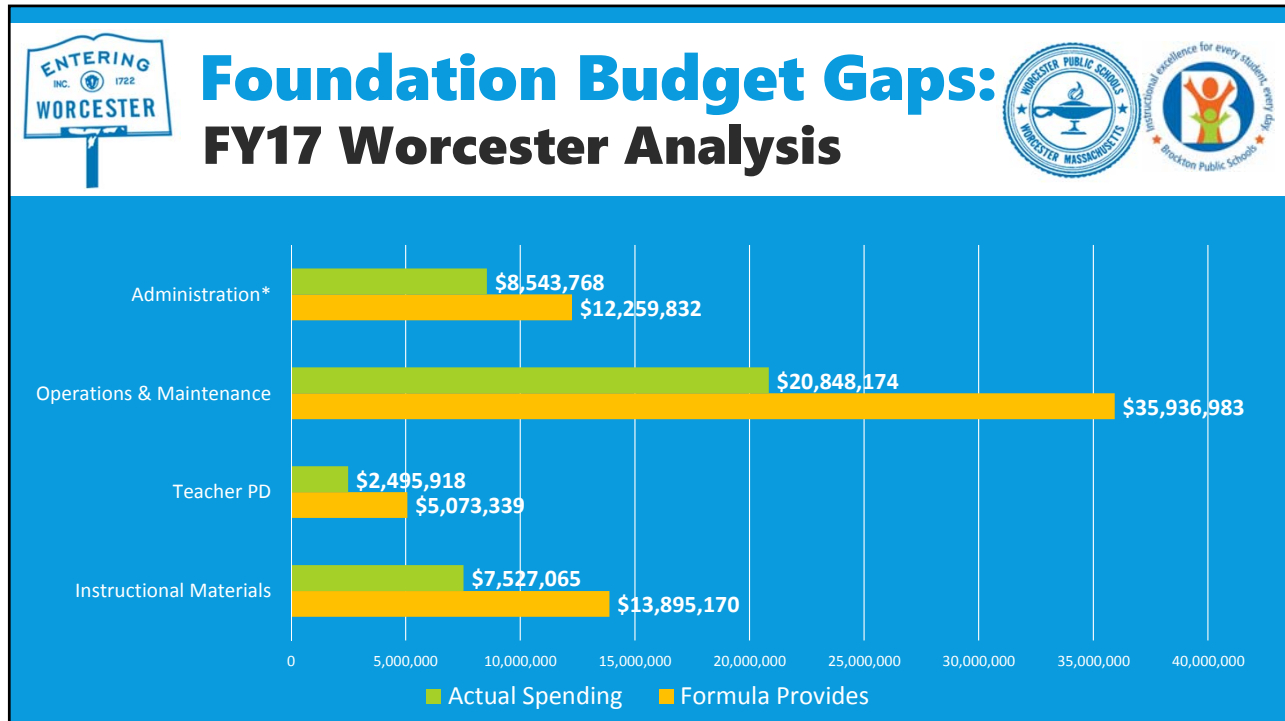


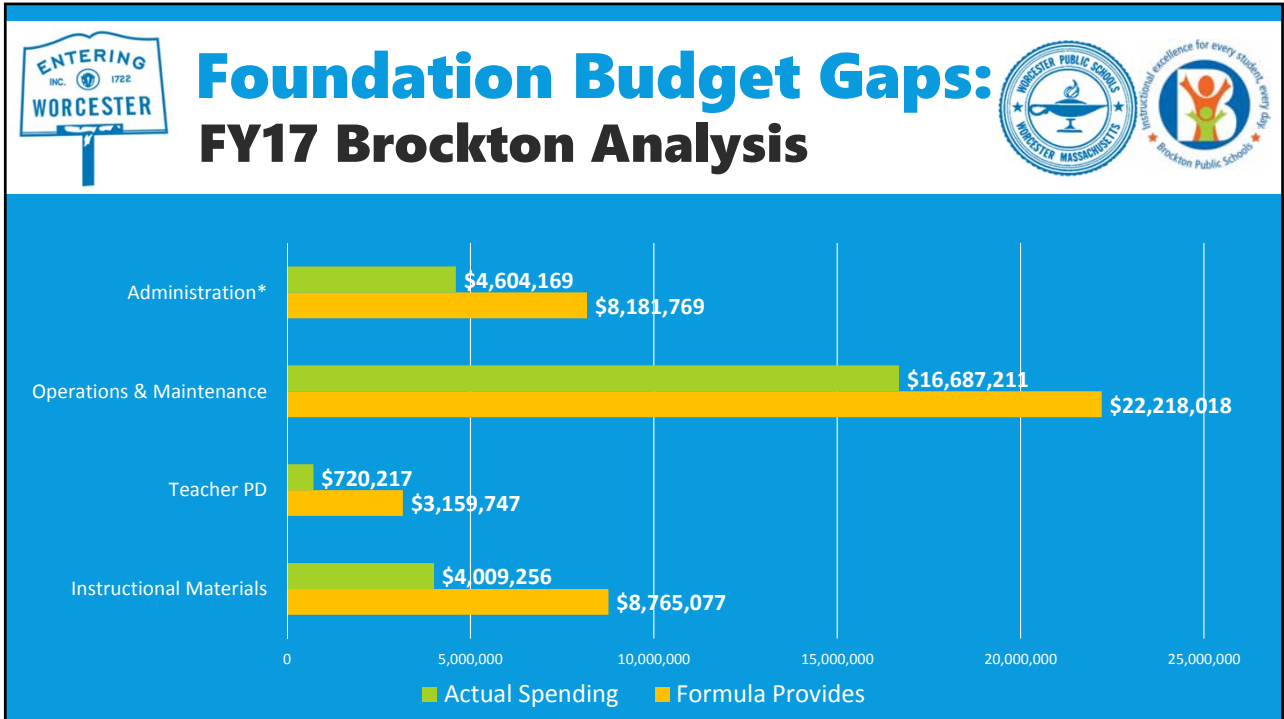
Foundation Budget Gaps: FY17 Worcester Analysis



Category	Actual Staffing	Current Formula	Gap
Special Education Aides	348	73	
Special Education Teachers	443	119	
Non-Special Education Aides	73	199	126 Paraprofessional gap
Non-Special Education Teachers	1,562	2,335	773 Teacher gap





Foundation Budget Gaps: FY19 RECOMMENDATIONS:

Support Senate Bill 223 is now S.2325 or House Bill 2841
 - Bills supporting changes to the Foundation Budget

Bill Supporters:

<u>Worcester</u>	<u>Brockton</u>
Sen. Henriette Chandler	Sen. Michael Brady
Sen. Michael Moore	Rep. Gerard Cassidy
Rep. Kate Campanale	Rep. Claire Cronin
Rep. Daniel Donahue	Rep. Michelle DuBois
Rep. Mary Keefe	
Rep. John Mahoney	
Rep. James O'Day	

Economically Disadvantaged Student Enrollment Category:



Prior to FY17 Low Income

Supplemental Nutrition Assistance Program (SNAP); the Transitional Assistance for Families with Dependent Children (TAFDC); and MassHealth (Medicaid).

or

Free/Reduced Meal Application

FY17 Change to Economically Disadvantaged

Supplemental Nutrition Assistance Program (SNAP); the Transitional Assistance for Families with Dependent Children (TAFDC); and MassHealth (Medicaid).

Economically Disadvantaged Student Enrollment Category:



FY17 Per Pupil Funding Change:

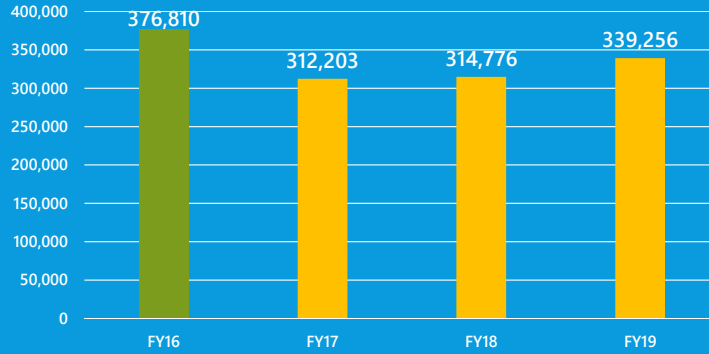
FY16 (same rate all communities)	Per Pupil Rate
Low Income Elem & Middle	\$3,473.60
Low Income K and High School	\$2,808.96

FY17 (concentration of students)	Per Pupil Rate
Deciles 1-9	\$3,775-\$4,095
Decile 10 (Includes Brockton and Worcester)	\$4,135.00

Economically Disadvantaged Student Enrollment Category:



Student Enrollment

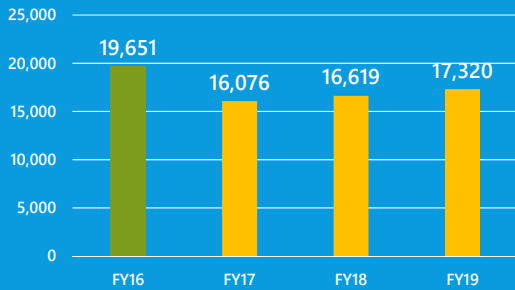


Economically Disadvantaged Student Enrollment Category:

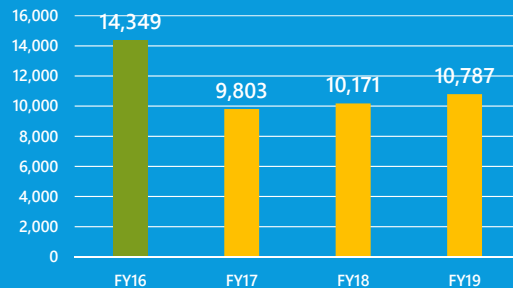


Student Enrollment

WORCESTER



BROCKTON



Economically Disadvantaged Student Enrollment Category:



FY17 “Winners and Losers”:

Greatest Reductions	Change from Low Income	Greatest Increases	Change from Low Income
Brockton	-\$5,878,404	Springfield	\$9,668,245
Boston	-\$5,629,801	New Bedford	\$3,393,596
Lynn	-\$4,126,145	Worcester	\$3,132,882
Revere	-\$3,977,858	Lowell	\$2,808,133
Everett	-\$2,732,285	Haverhill	\$1,885,863

Economically Disadvantaged Student Enrollment Category:



FY19 Enrollment Change:

- Improved Data Collection led to net increase of 24,480 students. (7.8% increase)
- Status Quo would result in \$136.5 million statewide foundation budget increase.
- FY19 Rates decreased \$200 per student (-5%)

Economically Disadvantaged Student Enrollment Category:



FY19 Per Pupil Funding Change:

Change from FY18 dollars, not adjusted for FY19 inflation

Greatest Increases	Change from FY18 Foundation	Greatest Reductions	Change from FY18 Foundation
Lynn (+16.6%)	\$4,351,859	Lawrence (+3.1%)	-\$849,347
Boston (+7.2%)	\$3,241,839	Worcester (+4.2%)	-\$556,391
Revere (+20.4%)	\$2,339,787	Quincy (+2.6%)	-\$531,123
Chelsea (+19.0%)	\$2,333,847	Holyoke (+3.5%)	-\$346,145
Brockton (0.9%)	\$403,586		

Economically Disadvantaged Student Enrollment Category:



Per Pupil *Rate Roller Coaster*:

WORCESTER					BROCKTON		
	Per Pupil Rates	WORCESTER Eco. Dis. Enrollment	WORCESTER Enrollment Change	WORCESTER Eco. Dis. Funding	BROCKTON Eco. Dis. Enrollment	BROCKTON Enrollment Change	BROCKTON Eco. Dis. Funding
FY16	\$3,473	19,651		\$63,341,378	14,349		\$46,413,809
FY17	\$4,135	16,076	-3,575	\$66,474,260	9,803	-4,546	\$40,535,405
FY18	\$4,181	16,619	+543	\$69,482,543	10,171	+368	\$42,524,036
FY19	\$3,980	17,320	+701	\$68,926,152	10,787	+616	\$42,927,622

Economically Disadvantaged Student Enrollment Category:



FY19 RECOMMENDATIONS:

- Change the state's decile rate to favor a graduated scale for communities with highest concentration of economically disadvantaged students.
- Make the rate permanent and predictable.