



# Education Funding

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What Education Services must be provided?  
How do communities pay for them?

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# Roadmap

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- What are the requirements for schooling?



# State Requirements

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- Primary / Secondary Education
- Transportation for students > 2 miles away
- Curriculum Frameworks / MCAS tests
- Special Education
  - 'free appropriate public education'
- ESL / ESOL – Transitional Bilingual
- Number of hours of 'structured education'
  - 180 days
  - Elementary (900 hours)
  - Secondary (990 hours)



# Roadmap

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- What are the requirements for schooling?
- How are they satisfied?



# Different Types of Public Schools

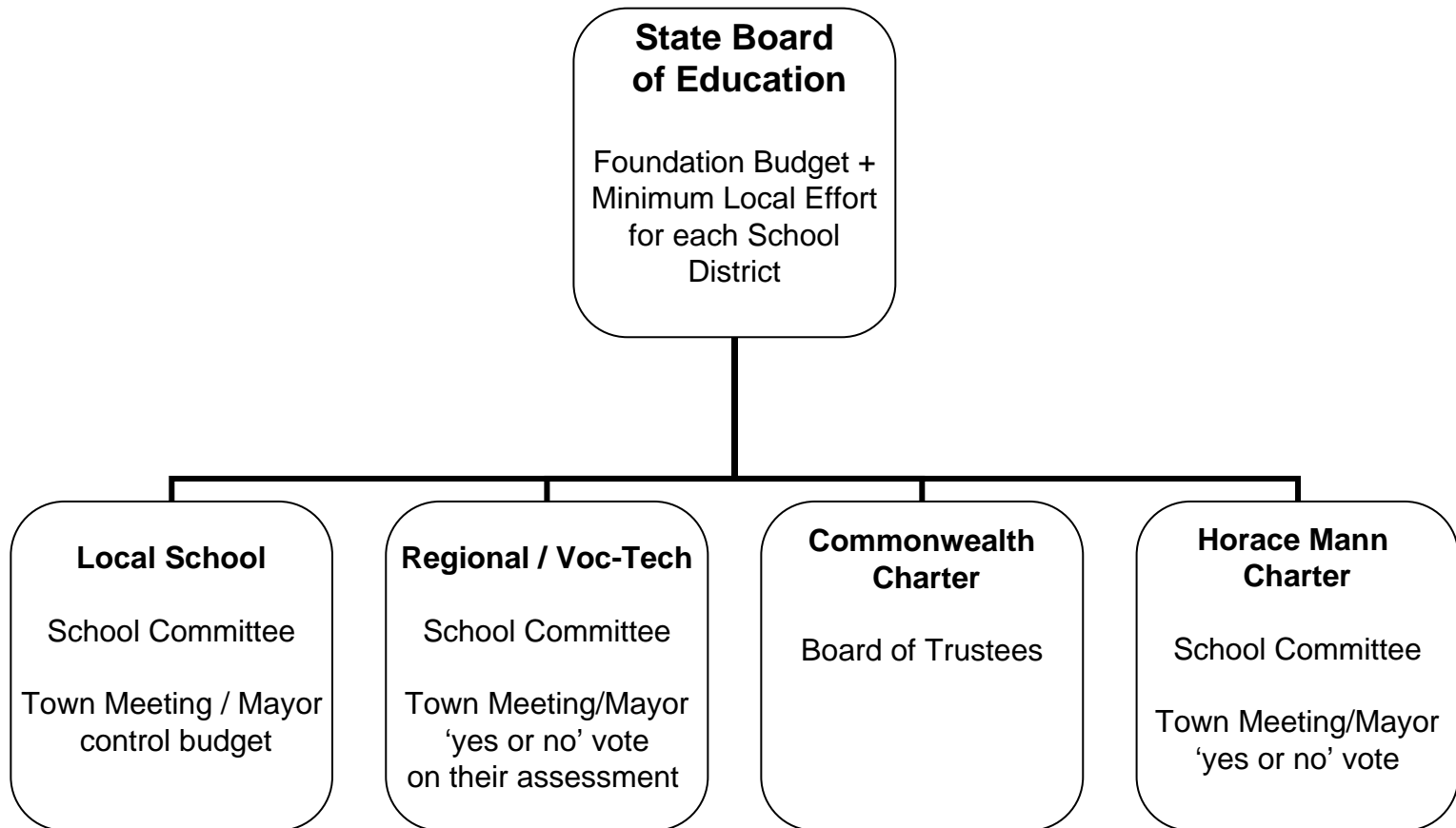
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- Local Schools
- Regional Schools
- Vocational / Technical Schools
- Charter Schools
  - Commonwealth Charter Schools (1993)
    - Approved by State Board of Education
    - Limit: 72 (Actual: 51)
  - Horace Mann Charters (1997)
    - Approved by Local School Committee and the local teacher's union
    - Limit: 48 (Actual: 8)



# How Are Schools Budgets Managed?

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# Out-of-District Placement

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- 95% of public school students attend their local/regional school
- Exceptions:
  - out-of-district SPED,
  - out-of-district vocational,
  - Choice
- Home districts pay tuition for out-of-district placements



# Roadmap

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- What are the requirements for schooling?
- How are they satisfied?
- How are schools funded?
  - Local
  - Regional / Vocational Technical School

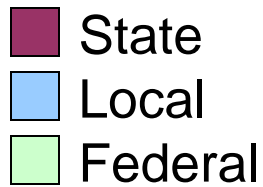


# Sources of Funds

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- State / Local partnership
- State Portion (largely Chapter 70)
- Federal Portion – needs based
  - Title I: Reading assistance for low income
  - IDEA: SPED and disabilities
- Locally raised taxes
  - Mostly Property Taxes in most towns
- Fees

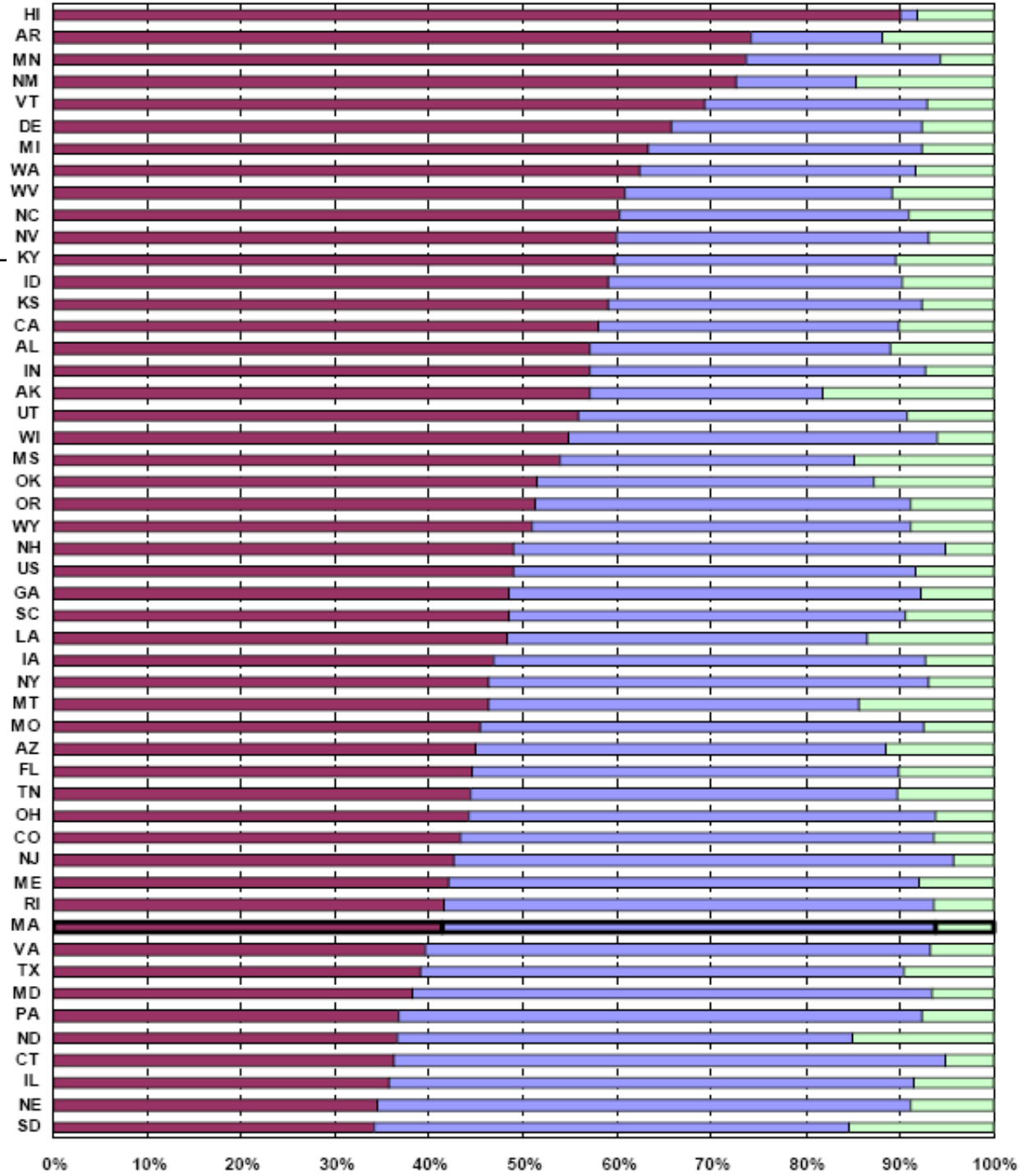
# School Revenue Sources - 2003



MA →

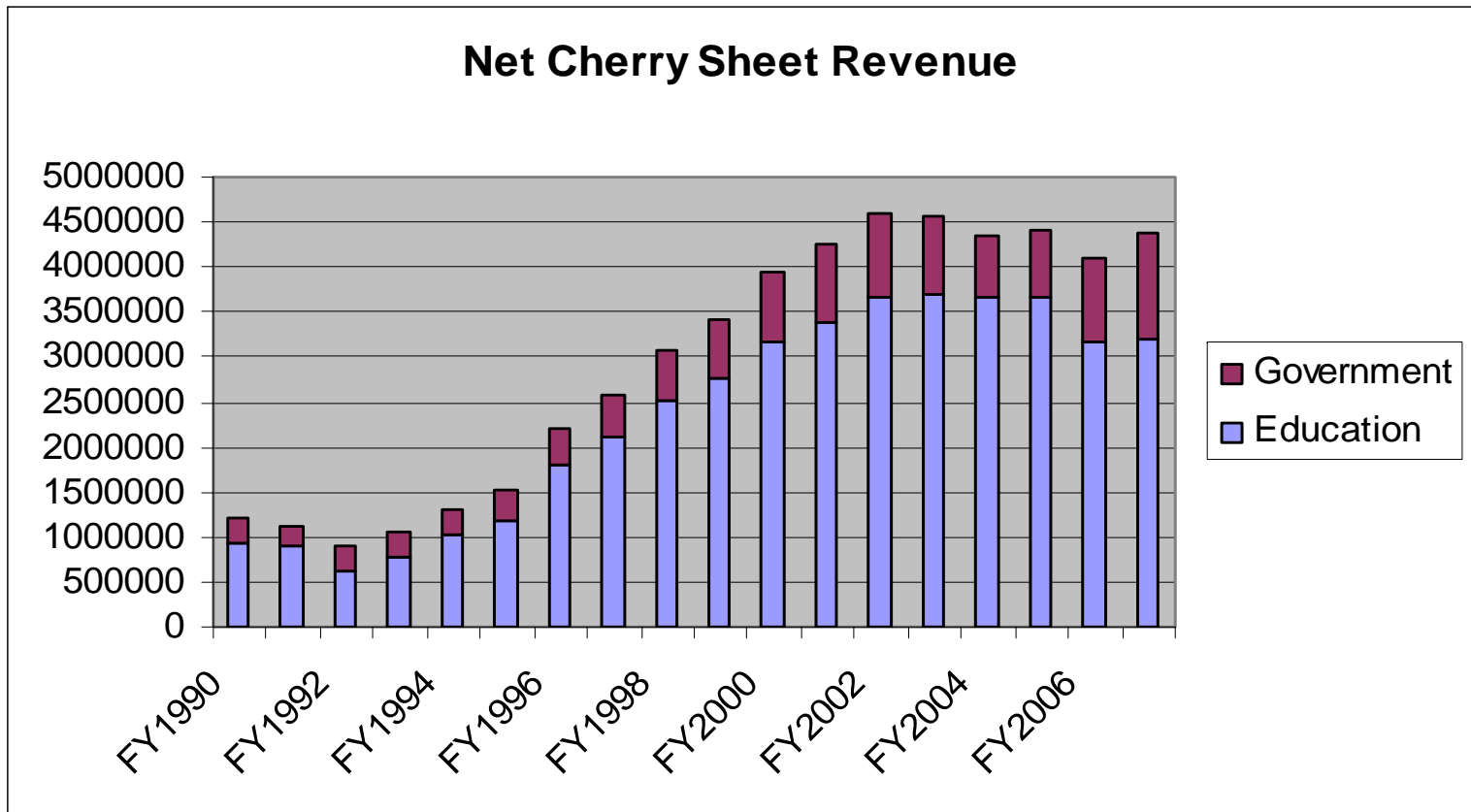
State – 41.4 %  
 Local – 52.4 %  
 Federal – 6.2%

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# Norfolk – Cherry Sheet Data



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# State Funding – the Cherry Sheet

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- Receipts

- Money that flows from State to Municipalities

- Assessments



- Money that flows from Municipalities to State

# Cherry Sheet Education Receipts Norfolk


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## A. EDUCATION:

### Distributions and Reimbursements:

 1. <u>Chapter 70</u>	3,342,421
2. <u>School Transportation</u> <i>Chs. 71, 71A, 71B and 74</i>	0
3. <u>Retired Teachers' Pensions</u> <i>Ch. 32, s. 20 (2) (c)</i>	0
 4. <u>Charter Tuition Reimbursements</u> <i>Ch. 71, s. 89</i>	22,322

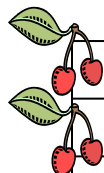
### Offset Items – Reserve for Direct Expenditure:

 5. <u>School Lunch</u> <i>1970, Ch. 871</i>	4,827
6. <u>School Choice Receiving Tuition</u> <i>Ch. 76, s. 12B, 1993, Ch. 71</i>	0
<b>Sub-Total, All Education Items</b>	<b>3,369,570</b>

# Cherry Sheet Education Assessments Norfolk

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## E. TUITION ASSESSMENTS:



1. <u>School Choice Sending Tuition</u> <i>Ch. 76, s. 12B, 1993, Ch. 71</i>	8,421
2. <u>Charter School Sending Tuition</u> <i>Ch. 71, s. 89</i>	153,120
3. <u>Essex County Technical Institute Sending Tuition</u> <i>1998, Ch. 300, s. 21</i>	0
<b>Sub-Total, Tuition Assessments</b>	<b>161,541</b>



# Ed Reform – the big picture

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## Prior to Ed Reform (1993)

- Inequities. Some towns provided vastly superior education

## Goal of Ed Reform

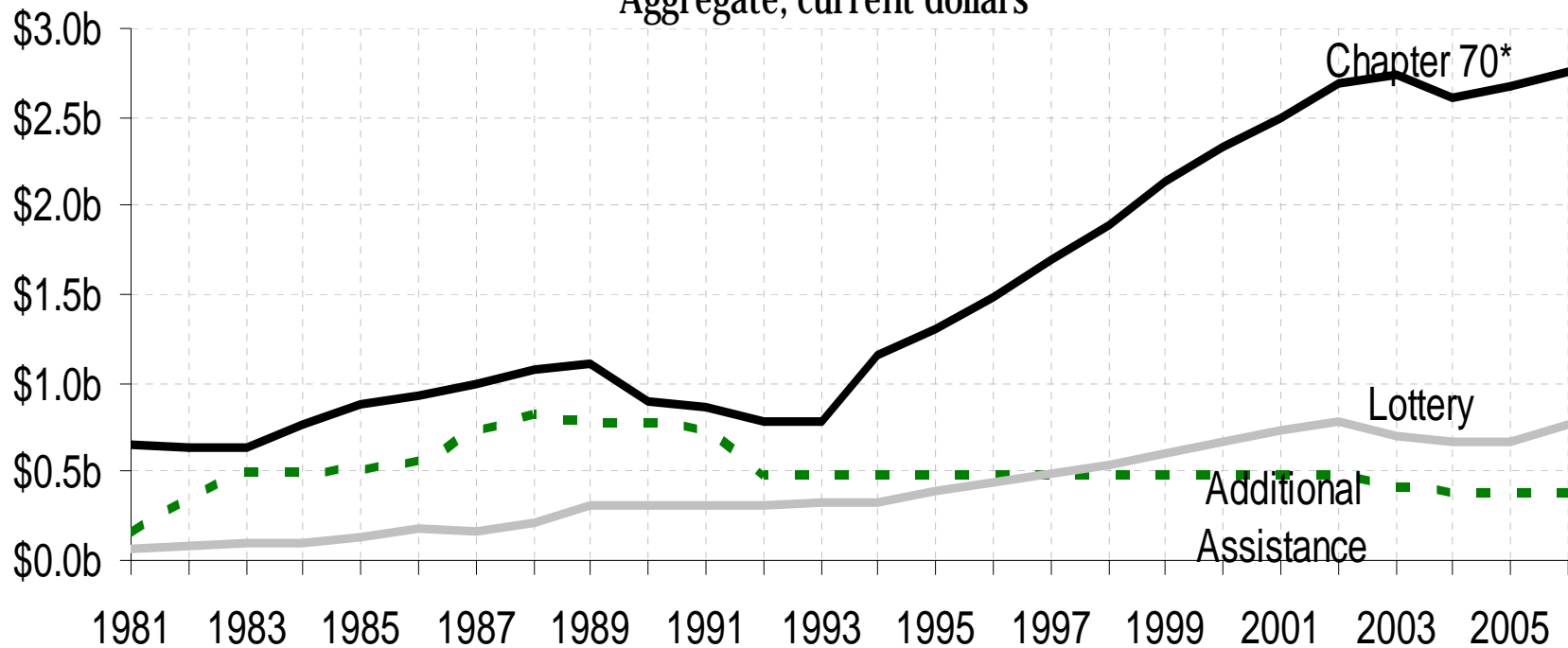
- to raise the performance of the lower performing schools
- Require base level of spending
- Provide more state money
  - 'Equalizing' – distribute more money to cities and towns with poorer financial resources

# Ed Reform Increased State Funding

## Components of "Section Three" Local Aid

Fiscal 1981 - 2006

Aggregate, current dollars



\*Excluding Regional Schools

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# Ed Reform – Partial Success

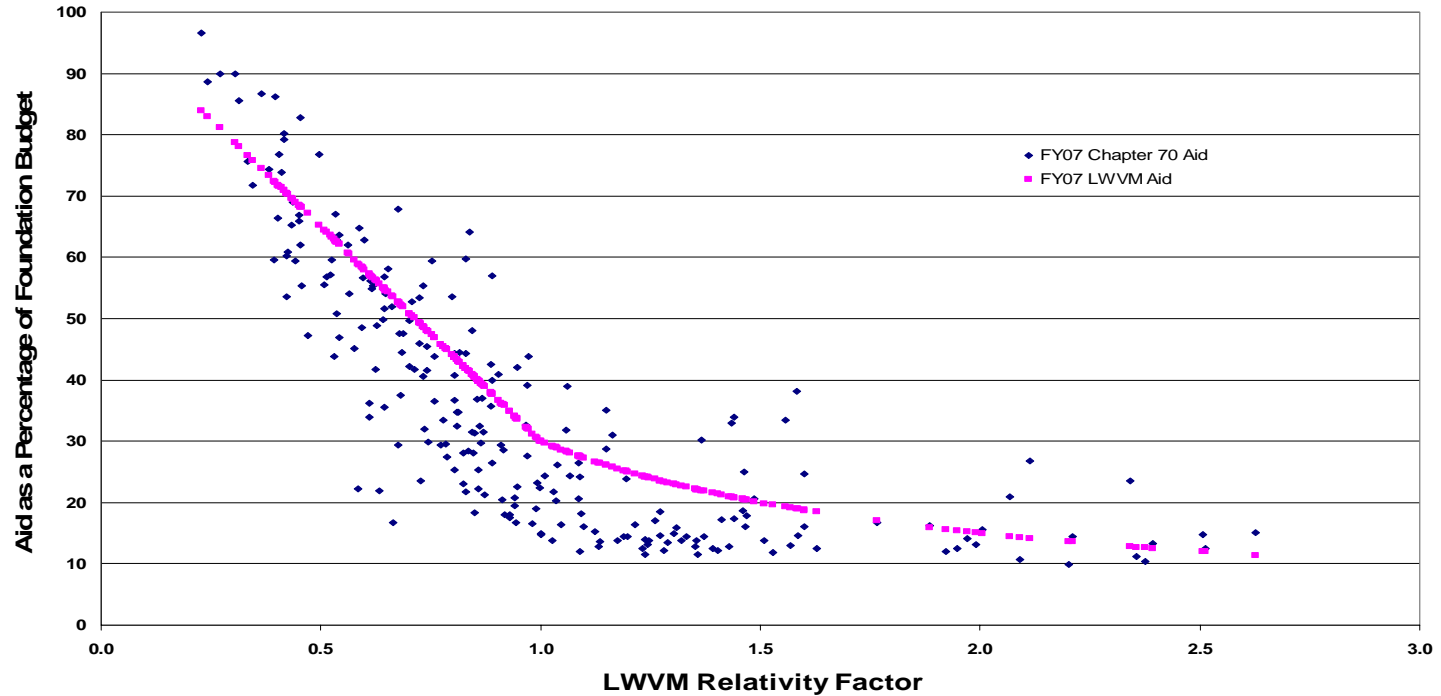
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- In 1993, 60% of districts were spending less than the foundation budget
- By 2000, all districts were spending at foundation level

# Ed Reform – Partial Failure

**FY07 Chapter 70 Aid as a Percentage of Foundation Budget vs. Equalized Valuation/Pupil Relative to State Average (LWVM Relativity Factor)**  
**Non-Regional Districts**

(231 non-regional school districts, omits 12 non-regional districts with R>3)



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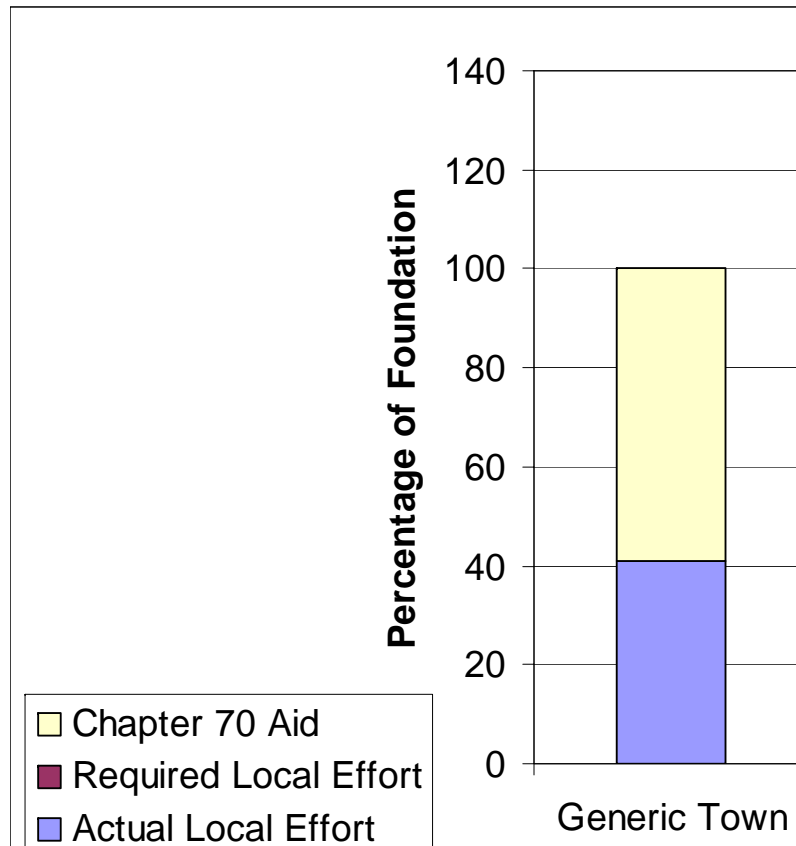
## Chapter 70 Funds – Basic Concepts

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- Base Aid
  - 'Hold Harmless' provision
- Chapter 70 Distribution formula
  - Used for new aid money



# Chapter 70 Overview



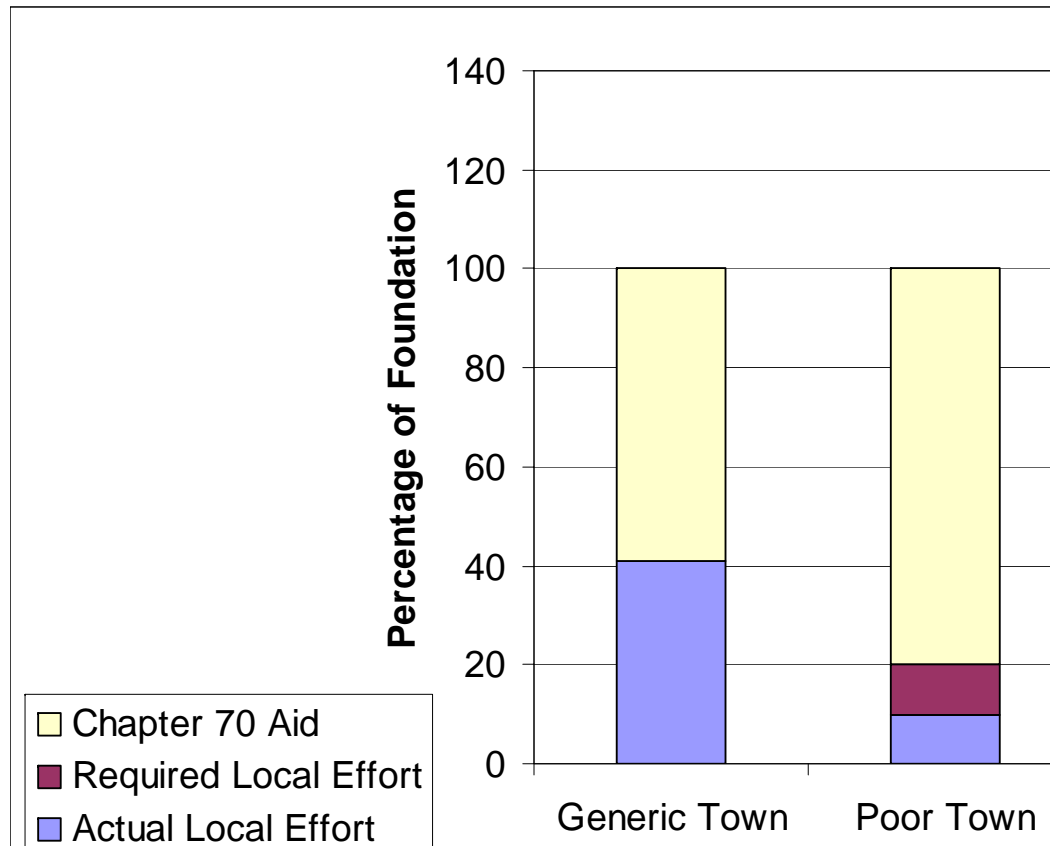
'Foundation Budget' -  
'adequate funding' for  
each school district

'Minimum Local Effort' -  
municipality's required  
contribution

State Funding fills the  
gap



# Chapter 70 Overview

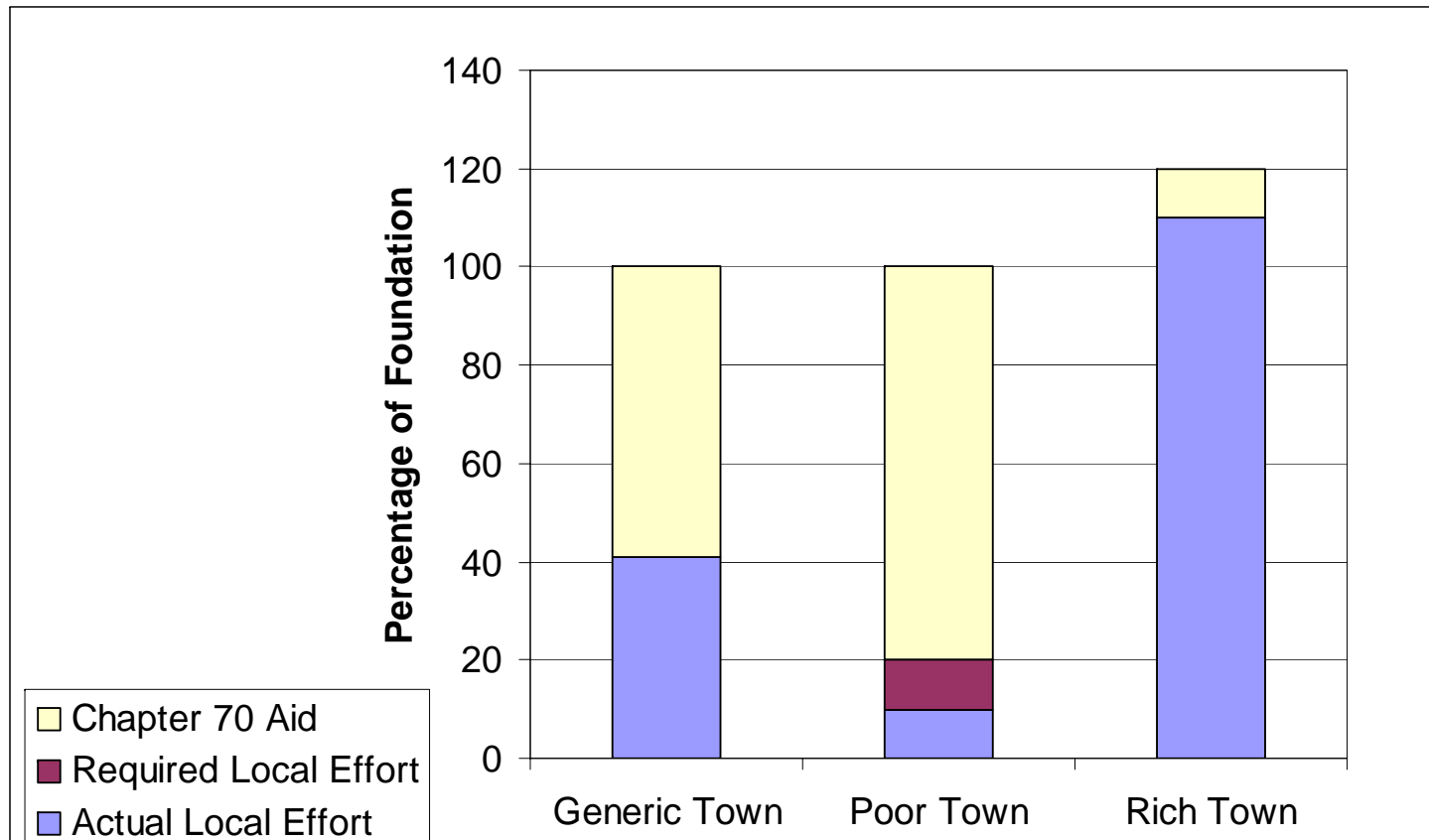


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# Chapter 70 Overview



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# Foundation Budget Formula

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Number of Pupils

(Foundation Enrollment)

Multiplied by the Per Pupil Cost

(by Category)

Plus incremental cost categories



# Incremental Costs:

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## SPED

- Each school is assumed to contain a certain percentage of SPED students

## Low Income Status

- Low Income Status is established by eligibility for free or reduced lunch programs.



# Problems with Foundation Budget

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- Based on ad hoc methodology in 1993
- Never updated to reflect new education requirements
  - Curriculum Frameworks and MCAS
  - No Child Left Behind
- Has not risen with inflation in some years
  - Capped at 4.5% before 2006
- Does not accurately account for SPED expenses



# Local Effort – Brief History

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- Original proposal
  - Minimum Local Effort
    - 1% of local per capita EQV (approximately)
  - Towns must increase local effort annually by
    - Municipal Revenue Growth Factor



# Minimum Local Effort Example

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- EQV is 1 million dollars
- Population is 1 thousand people
- $1 \text{ million} / 1 \text{ thousand} = 1 \text{ thousand}$
- $1\% \text{ of } \$1,000 = \$10$

This community would need to raise \$10 locally for school expenses.



# Problems with Local Effort - 1

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- 1% requirement
  - Towns who were below this in 1993 were required to gradually increase their local contribution until they reached 1%
  - BUT – Prop 2½ prevented significant new local revenues.
- Some towns did increase their local effort but many did not
- Now the Legislature excuses Towns from this requirement and increase minimum local effort by Municipal Growth Factor instead



## Problems with Local Effort - 2

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- Towns who pass a Prop 2½ override to support their schools receive less Chapter 70 aid.
  - The override causes an increase in the Municipal Revenue Growth Factor
  - This causes an increase in minimum local effort
  - This can cause a decrease in Chapter 70 aid.



## Problems with Local Effort - 3

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Towns must increase spending on schools each year by Municipal Growth Factor REGARDLESS of what is happening to school population.

- So towns with shrinking school populations still need to increase local effort
- As school population shrinks, the state's contribution shrinks but the local contribution does not



## Problems with Local Effort - 4

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- Starting point for local effort was whatever you were spending in 1993. Formula locks in inequities.
  - Two similar towns
  - In 1993, one was more generous with its schools
  - Since then, the state has given that community less Chapter 70 aid



# Local Effort – 2007 change in rules

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- Foundation Budget
  - Inflation adjustment cap was removed
- Local Contribution
  - Maximum required local contribution: 82.5 percent of foundation budget
    - Phased in over 5 years
  - Local Wealth is not ONLY property value
    - 50 percent income
    - 50 percent property value
    - Property value is divided by number of students instead of number of residents

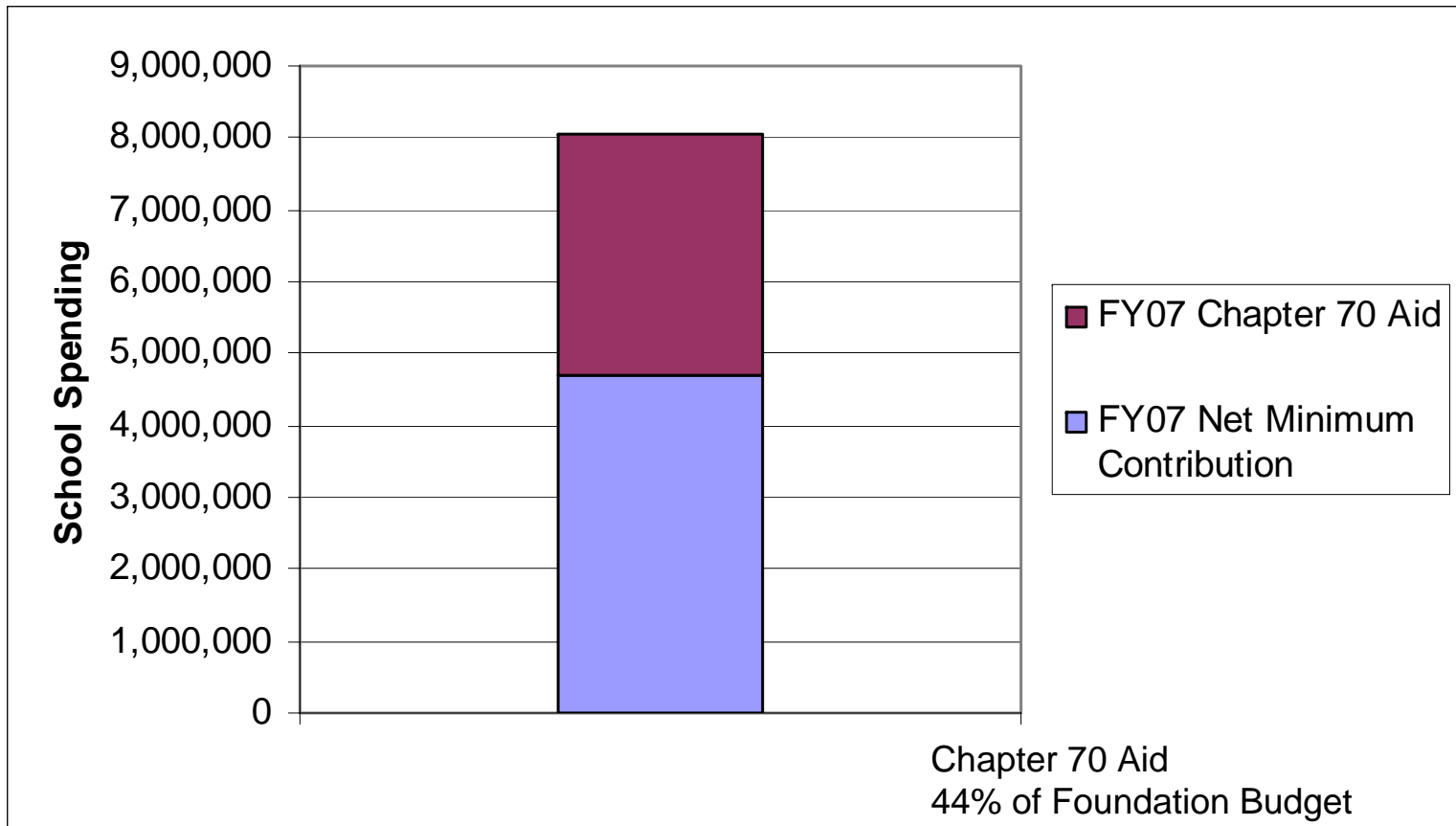


# Sample Town: Norfolk

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- Local Elementary Schools
  - Pre-Kindergarten - 6
- Academic Regional School 7 – 12
  - King Philip Regional
- Vocational Regional
  - Tri-County Regional
- Charter Schools in the area

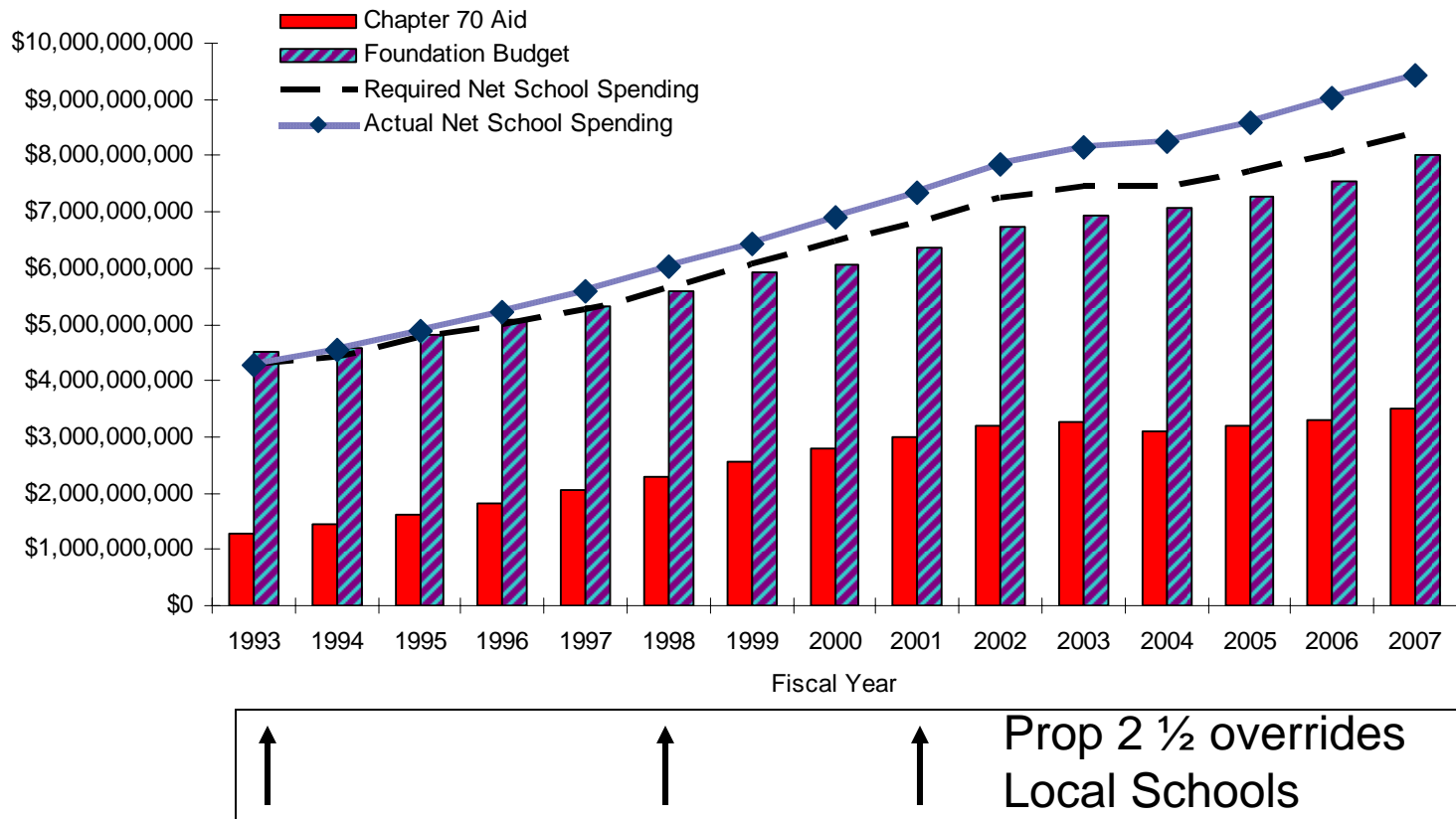
# Norfolk Local School Budget – FY07



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# Norfolk Local Schools Chapter 70 Trends



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# Roadmap

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- What are the requirements for schooling?
- How are they satisfied?
- How are schools funded?
  - Local
  - Regional / Vocational Technical Schools
  - Charter



# Charter School Tuition

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- Commonwealth Charter Schools
  - Receive tuition 'per pupil' from the state
  - Deducted from the sending district's Chapter 70 aid



## **2. Charter School Sending Tuition**

- Horace Mann Charter Schools
  - Funding is included in Chapter 70 Aid
  - Funding is allocated by the school committee
  - cannot receive less per pupil than the district's standard budget



# Commonwealth Charter Tuition Details

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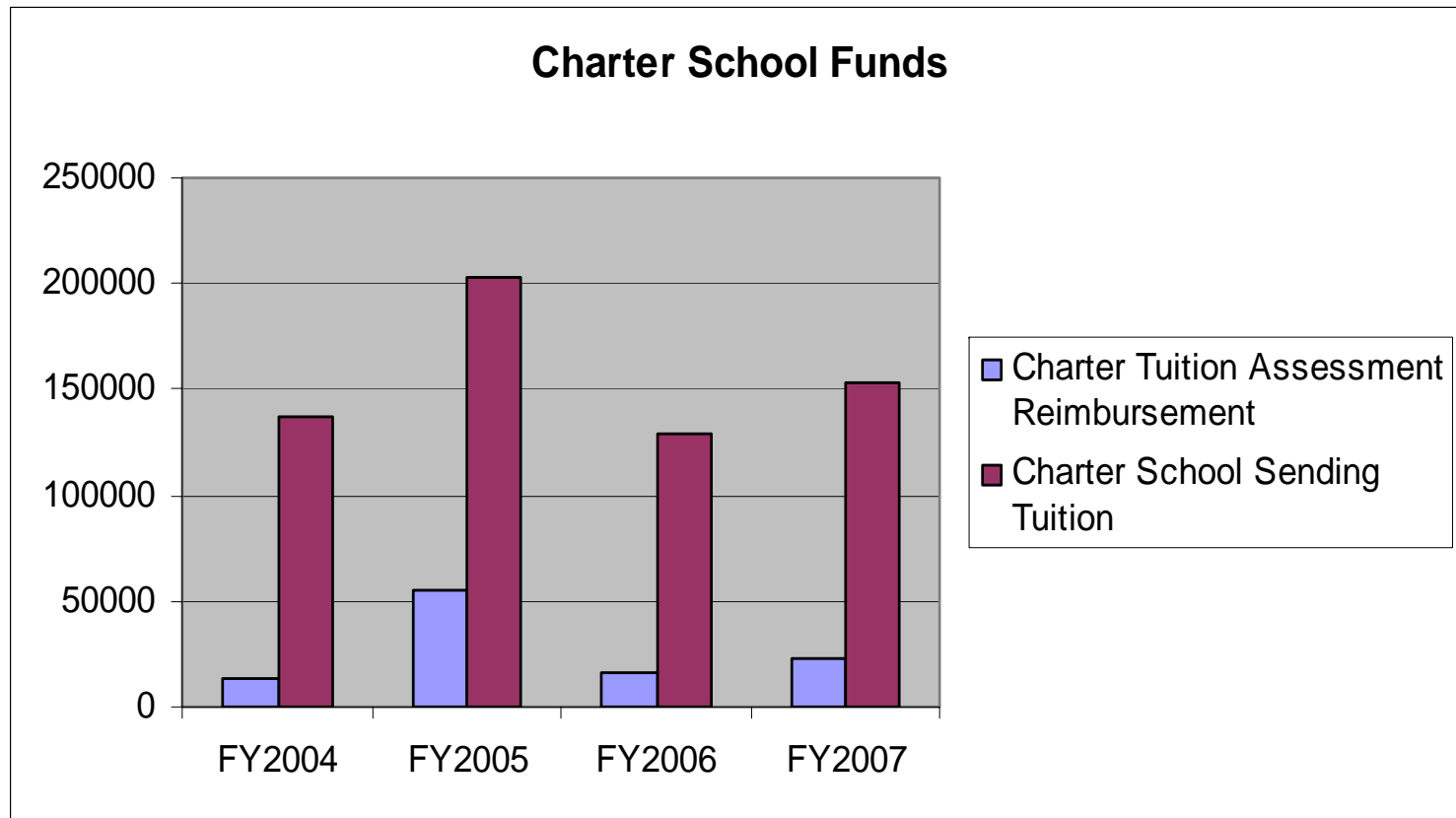
Increases in tuition are phased in:

- Town is reimbursed 100%, 60%, 40%
- If student didn't previously go to public school, 100% tuition reimbursed for the first year



- **5. Charter Tuition Reimbursements**

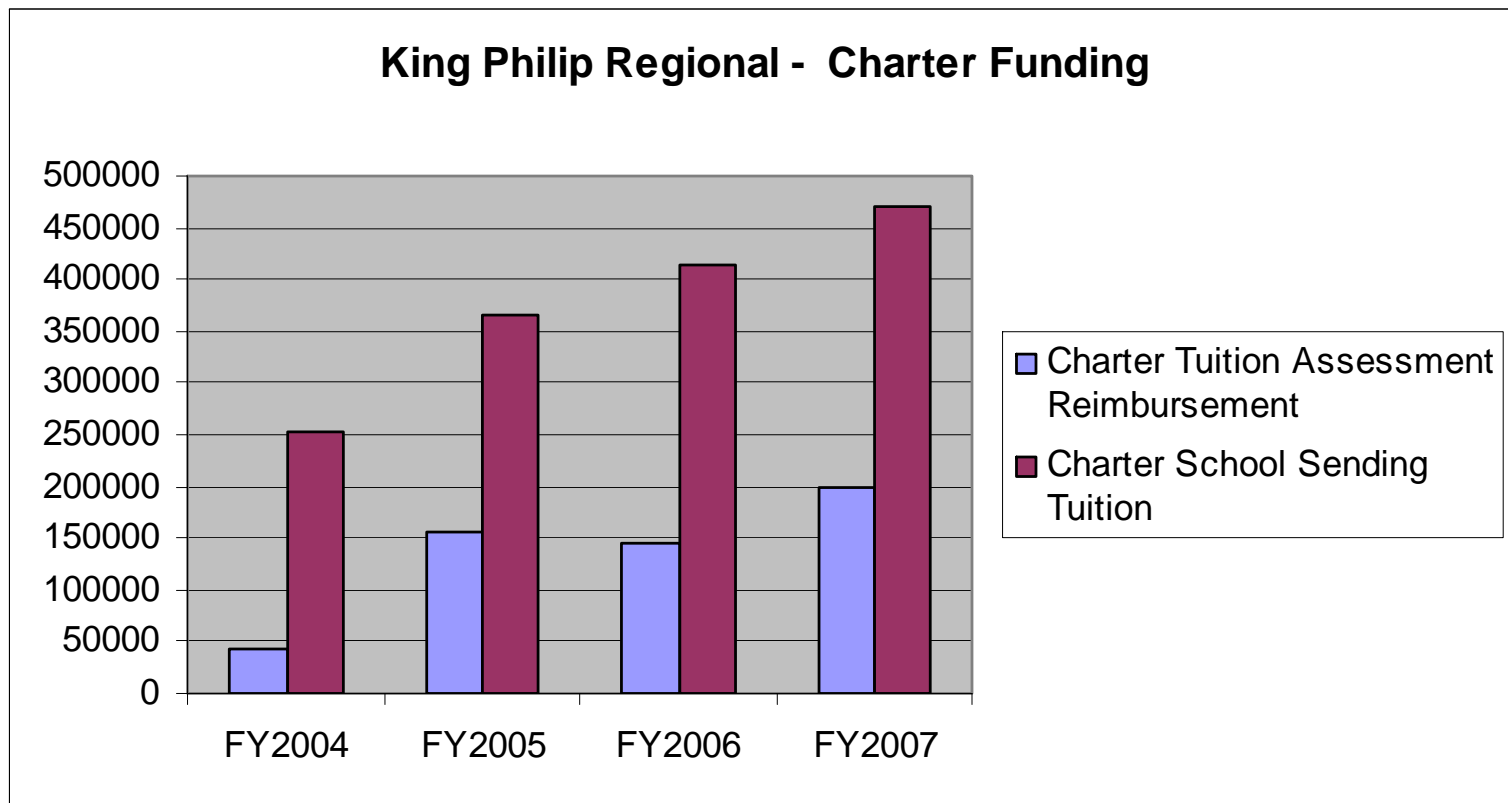
# Charter school funding in Norfolk



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# Charter School Funding - Regional



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# Roadmap

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- What are the requirements for schooling?
- How are they satisfied?
- How are schools funded?
  - Local
  - Regional / Vocational Technical Schools
  - Charter
- How is Special Education Funded ?

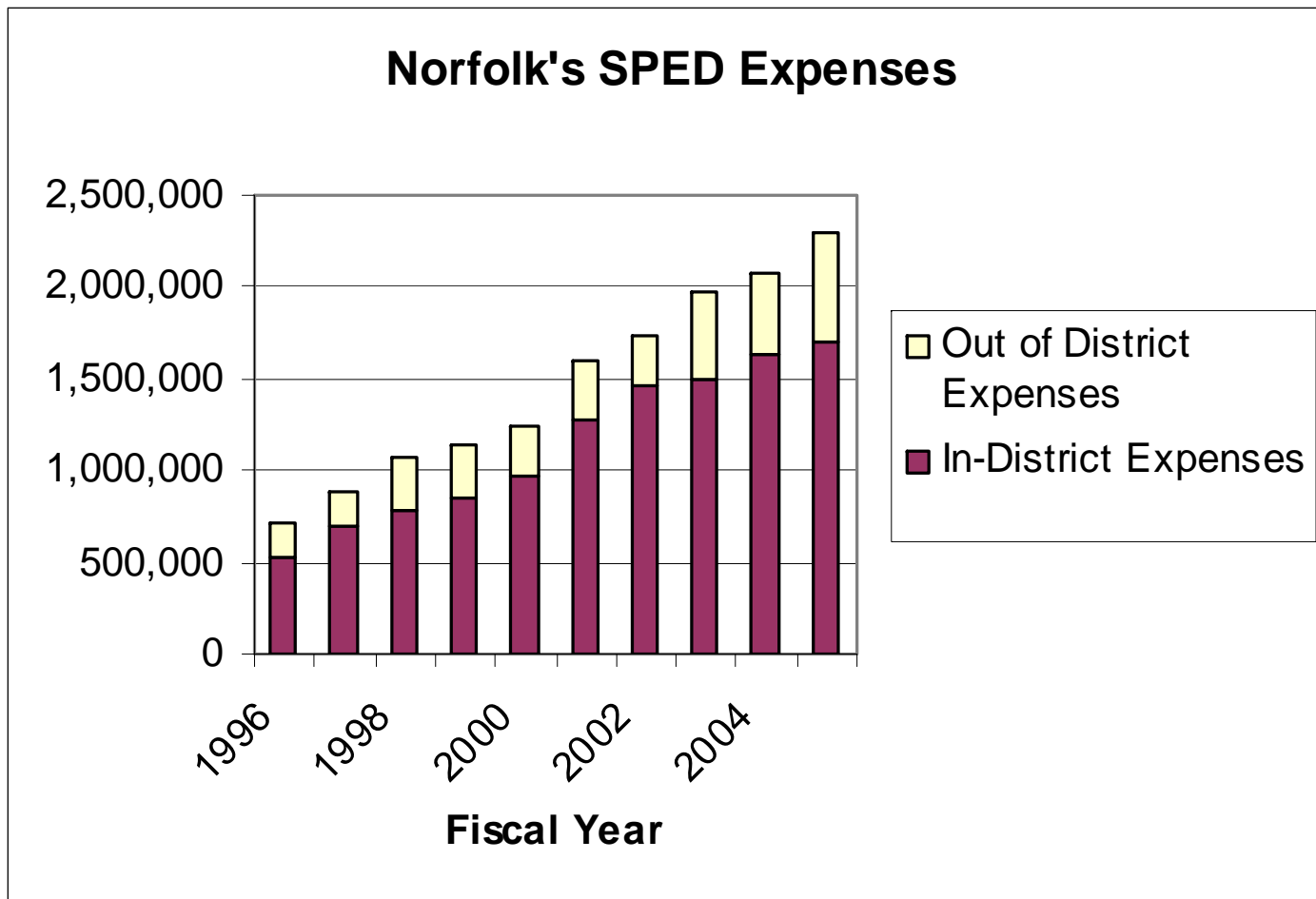


# Special Education Funding

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- Free and appropriate education
  - Same as the Federal requirement
- The Chapter 70 formula does not count the number of SPED students.
  - In-District SPED Population is set at 4% of the Foundation Enrollment and 5% of the Vocational Enrollment
  - Out of District SPED Population is set at 1% of total Foundation Enrollment

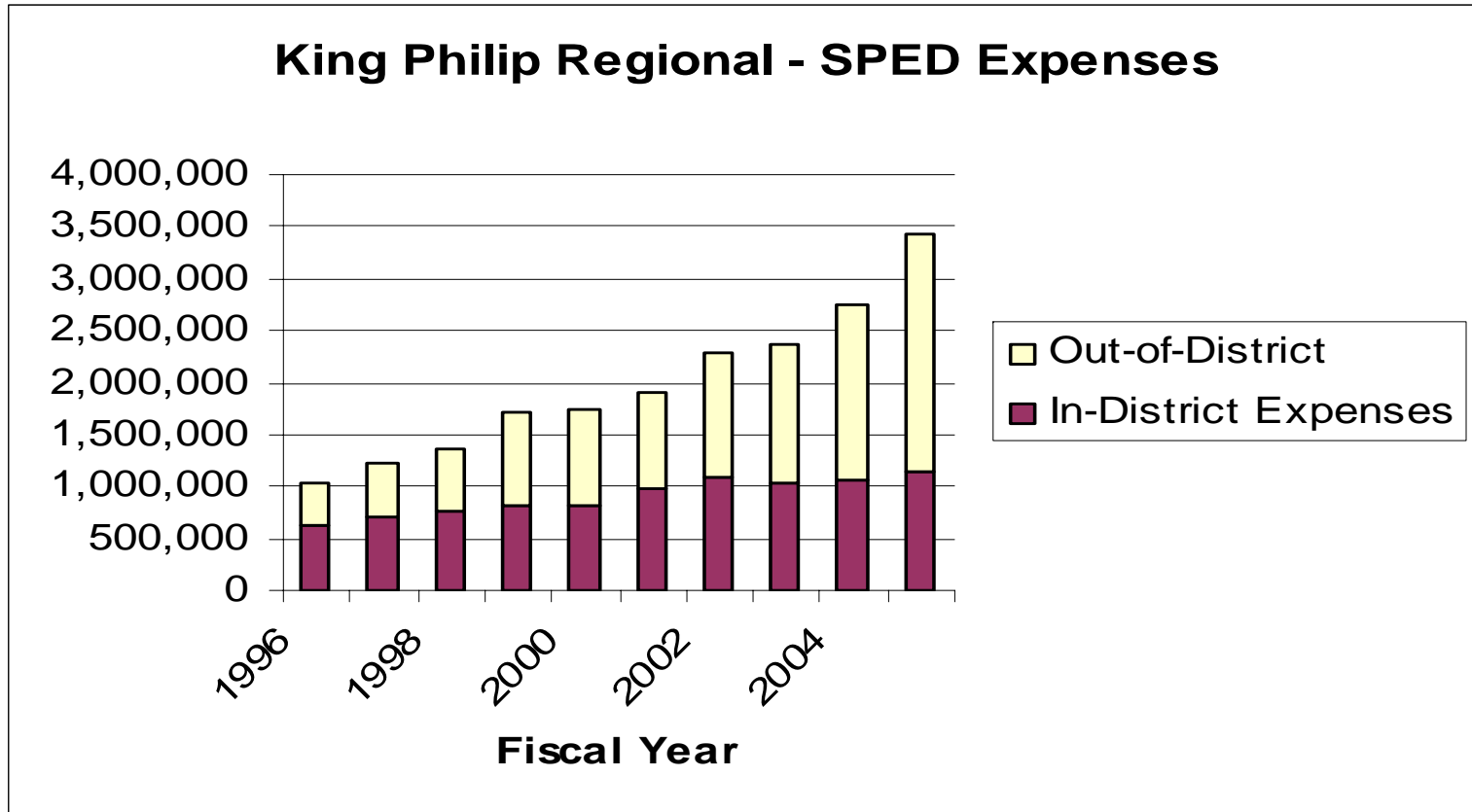
# SPED Expenses



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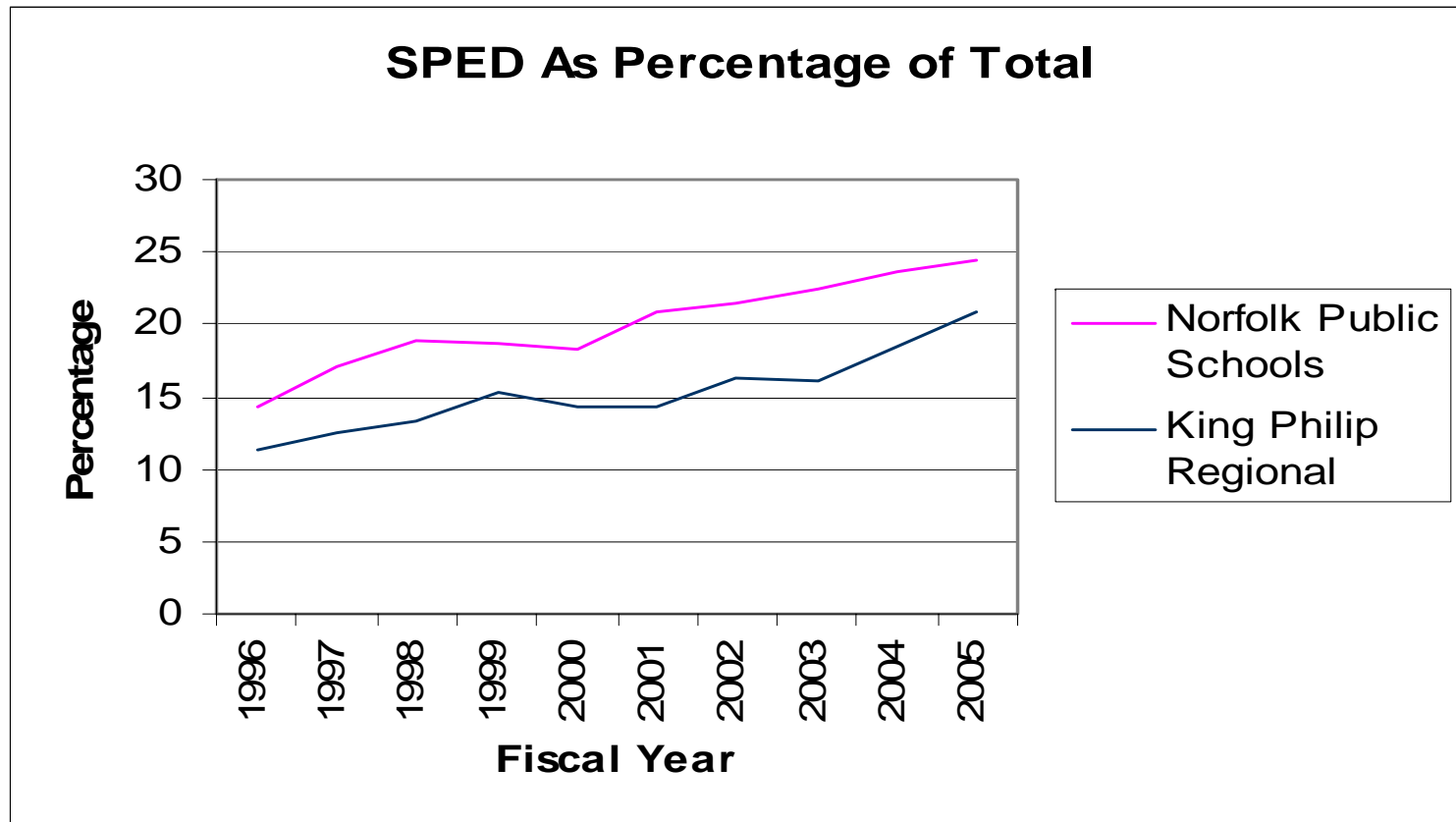
# SPED Expenses



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# SPEd Expenses Percentage of School Budget





## SPED Circuit Breaker – passed in 2003

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- Designed to help with ‘high cost’ SPED students
- State will help with exceptionally expensive students
  - 4 X the Statewide Per Pupil Foundation Budget
  - State will reimburse up to 75% of tuition costs ABOVE this amount
  - Subject to appropriation



# Funding the Circuit Breaker

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- Funding is subject to appropriation by legislature
  - FY03 – not funded
  - FY04 – 40%
  - FY05 – planned 73%
  - FY06 – 72%
- Transportation costs for out-of-district placements are not included



# Example of Circuit Breaker Norfolk – FY 06

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12 students

\$651,043

actual cost

-\$379,392

4 \* per pupil Foundation Budget

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\$271,651

net claim

\* .72

72% reimbursement rate

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\$195,587

refund to school district



# Ed Funding Changes - possibilities

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- Raise the Foundation Budget
- Change the Distribution Formula
- Change the Minimum Local Effort Formula
- Changes in SPED funding

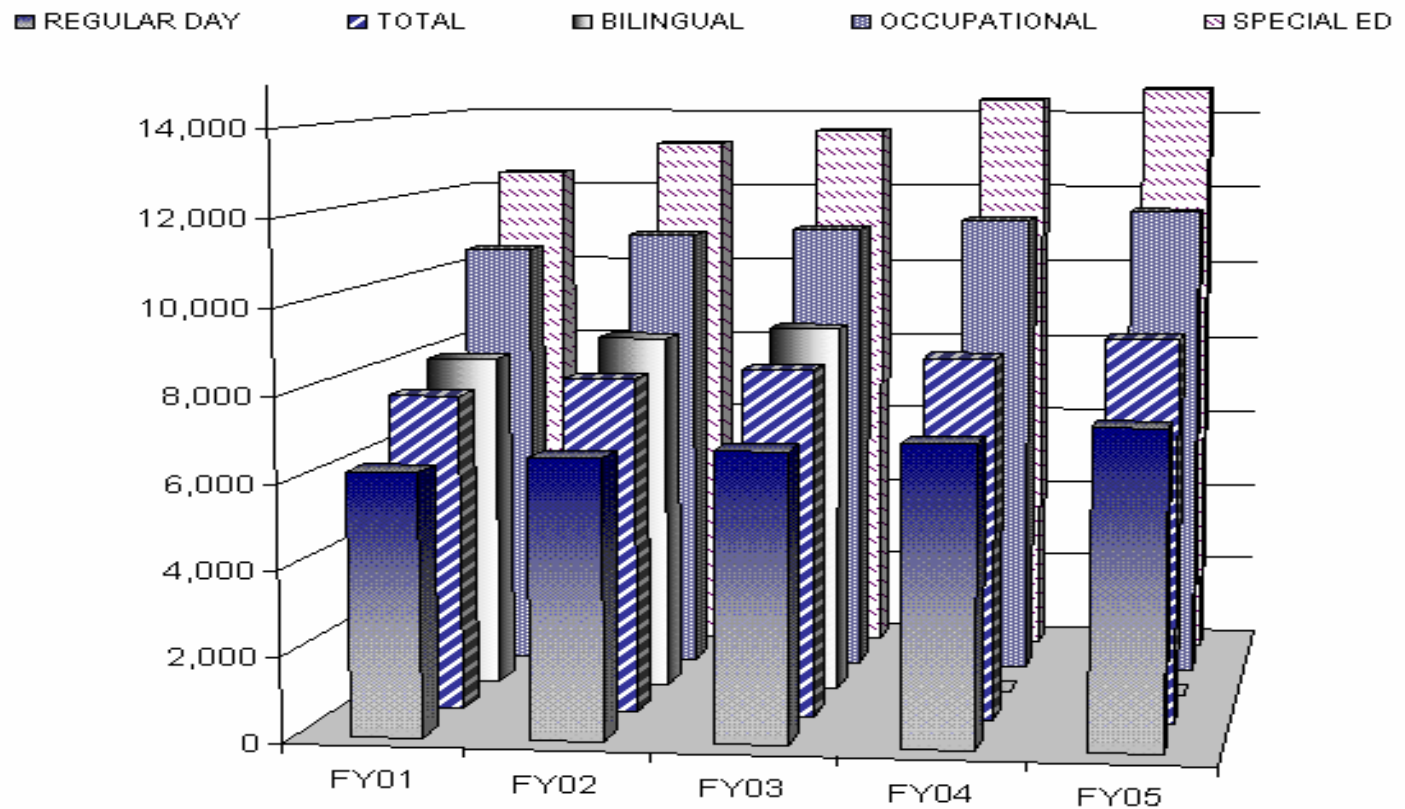


# End of Presentation

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- Questions ??

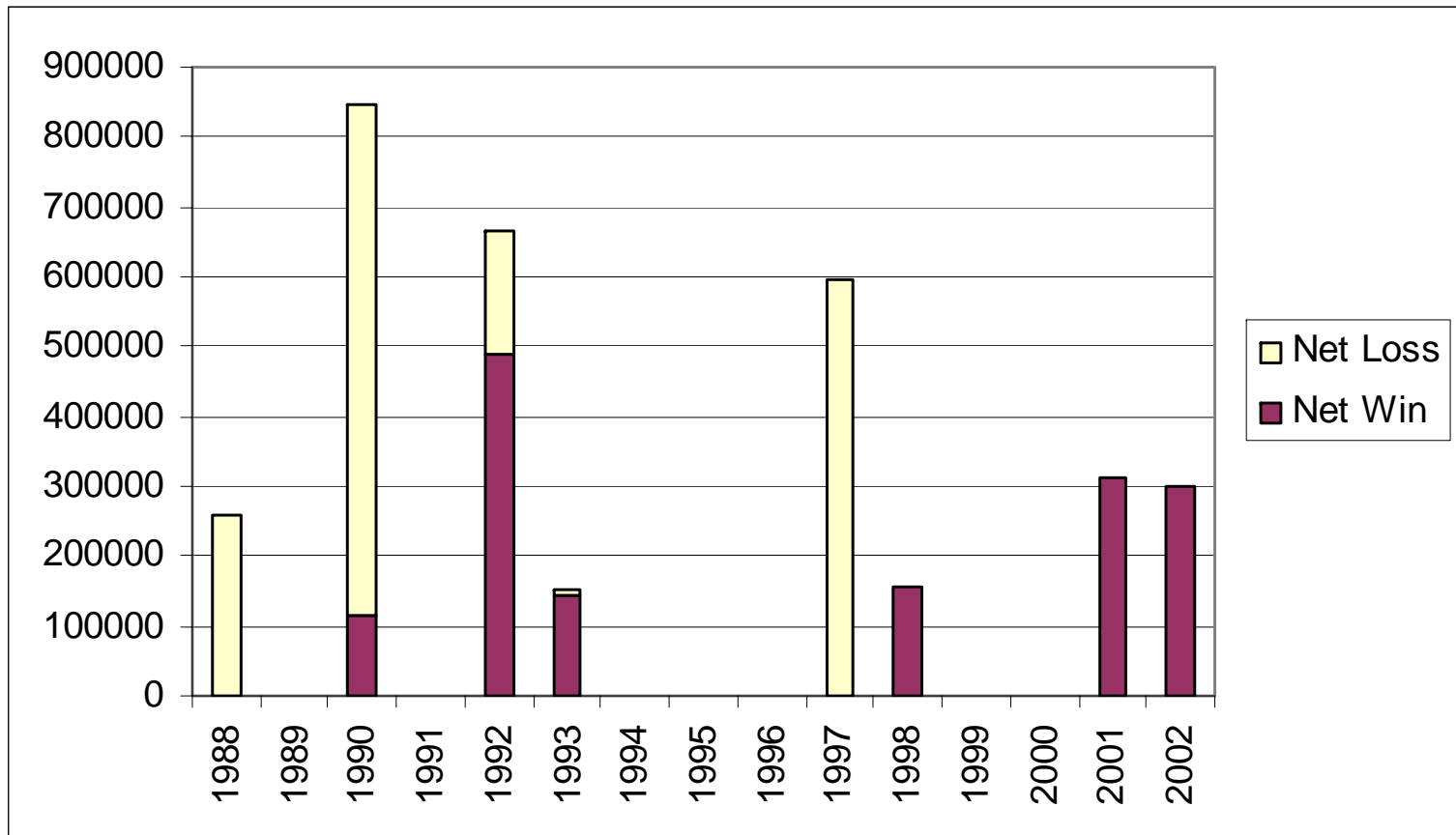
# Per Pupil Expenditures by program



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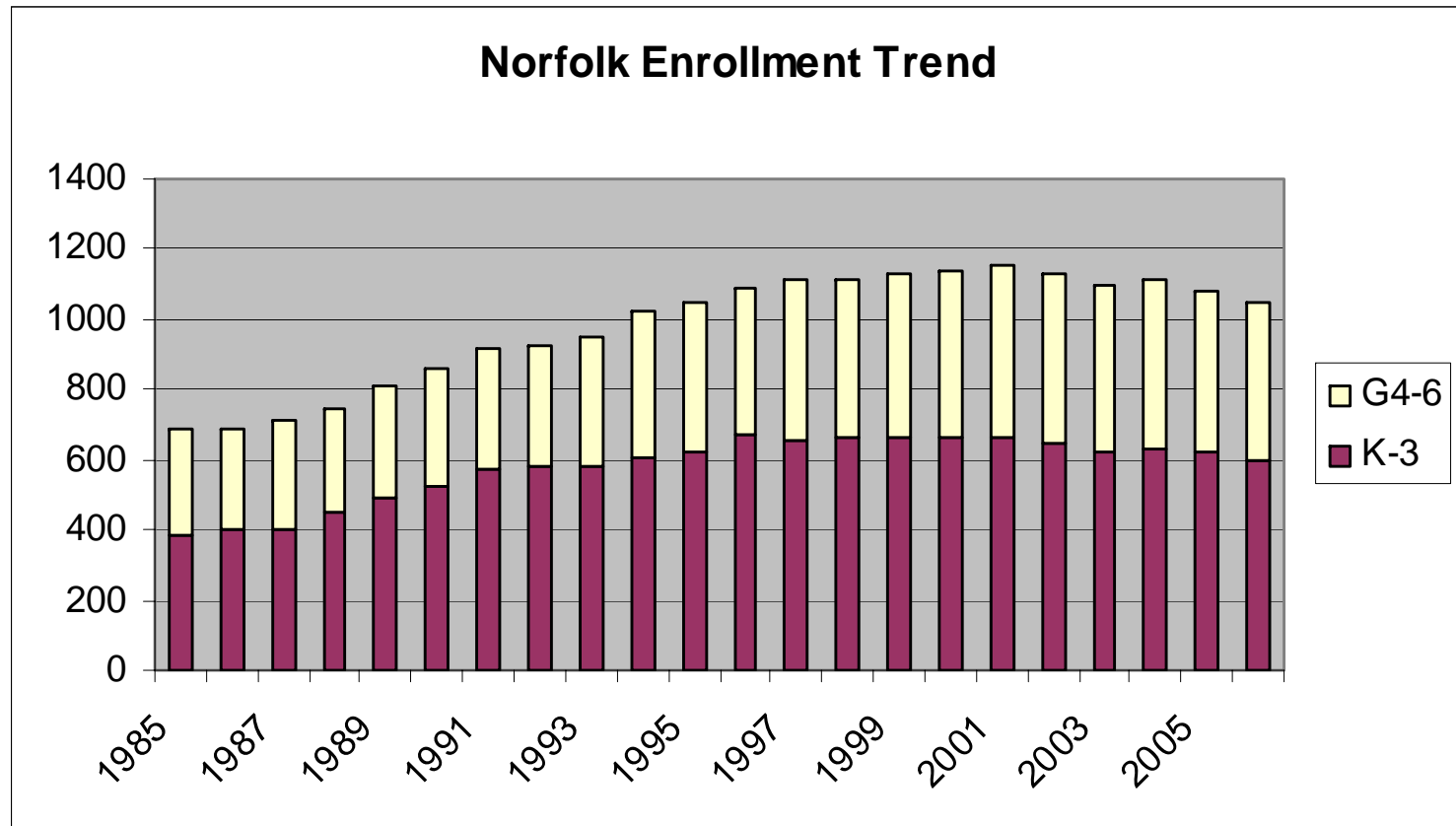
# Prop 2 ½ Override History - Norfolk



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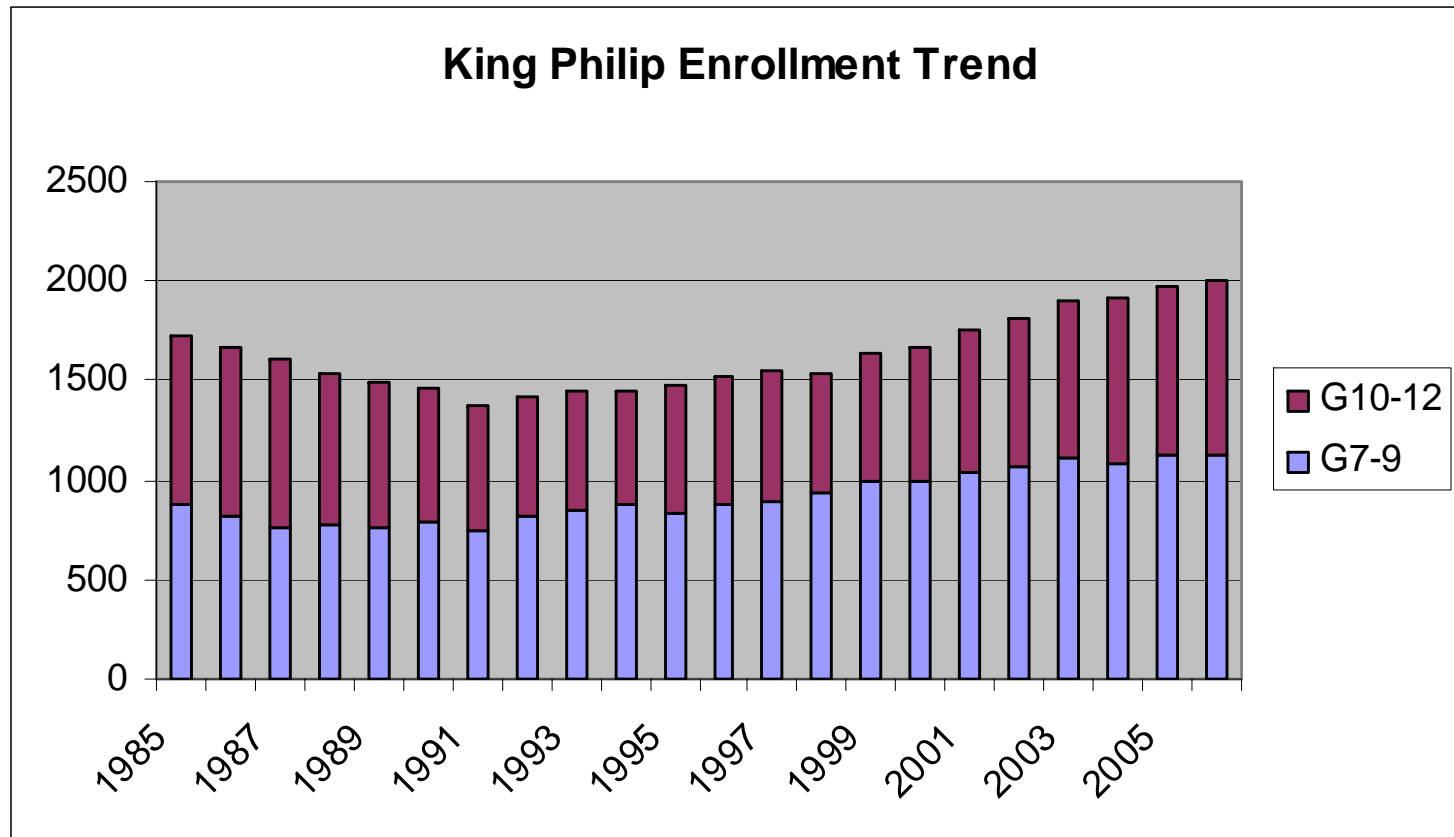
# Enrollment History - Norfolk



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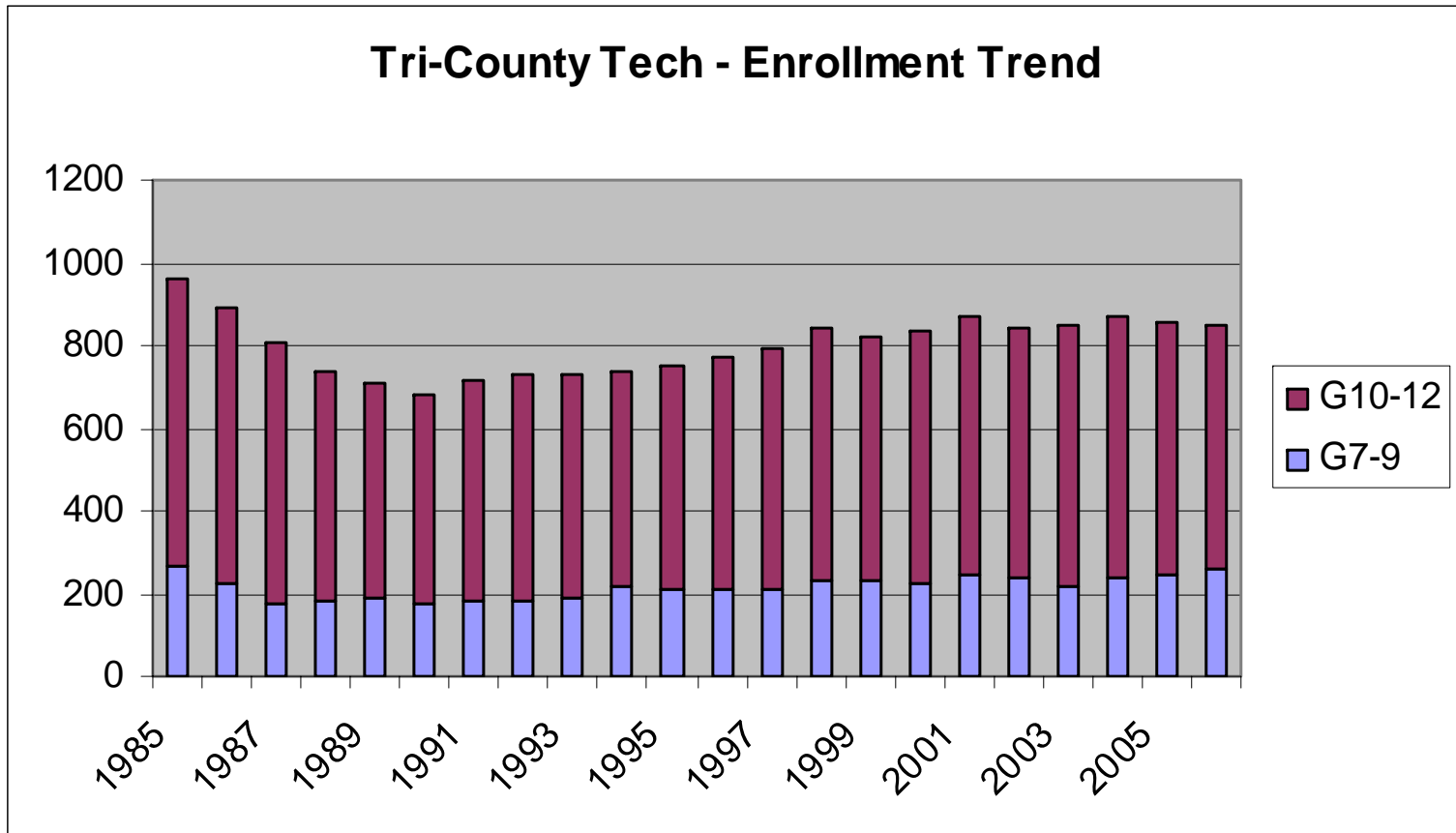
# Enrollment History – King Philip



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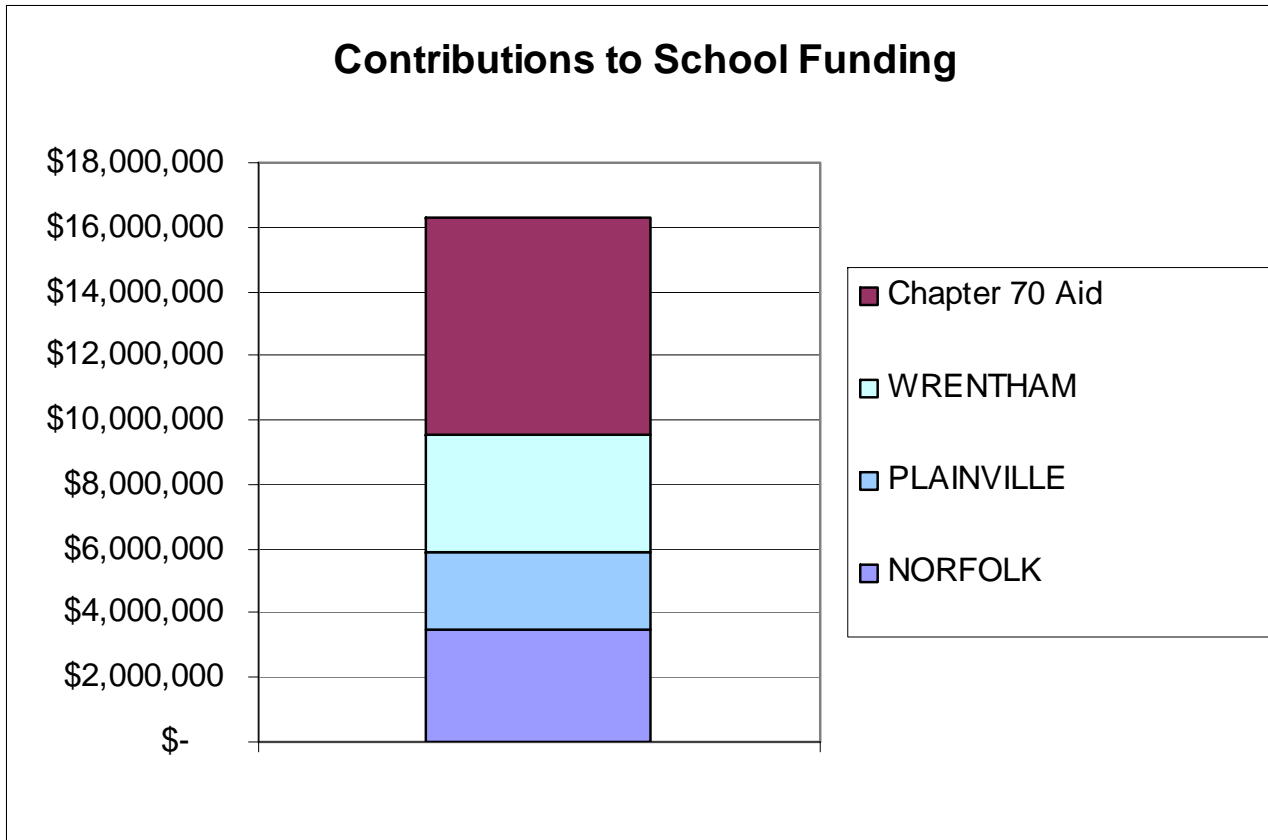
# Enrollment History Tri-County Tech



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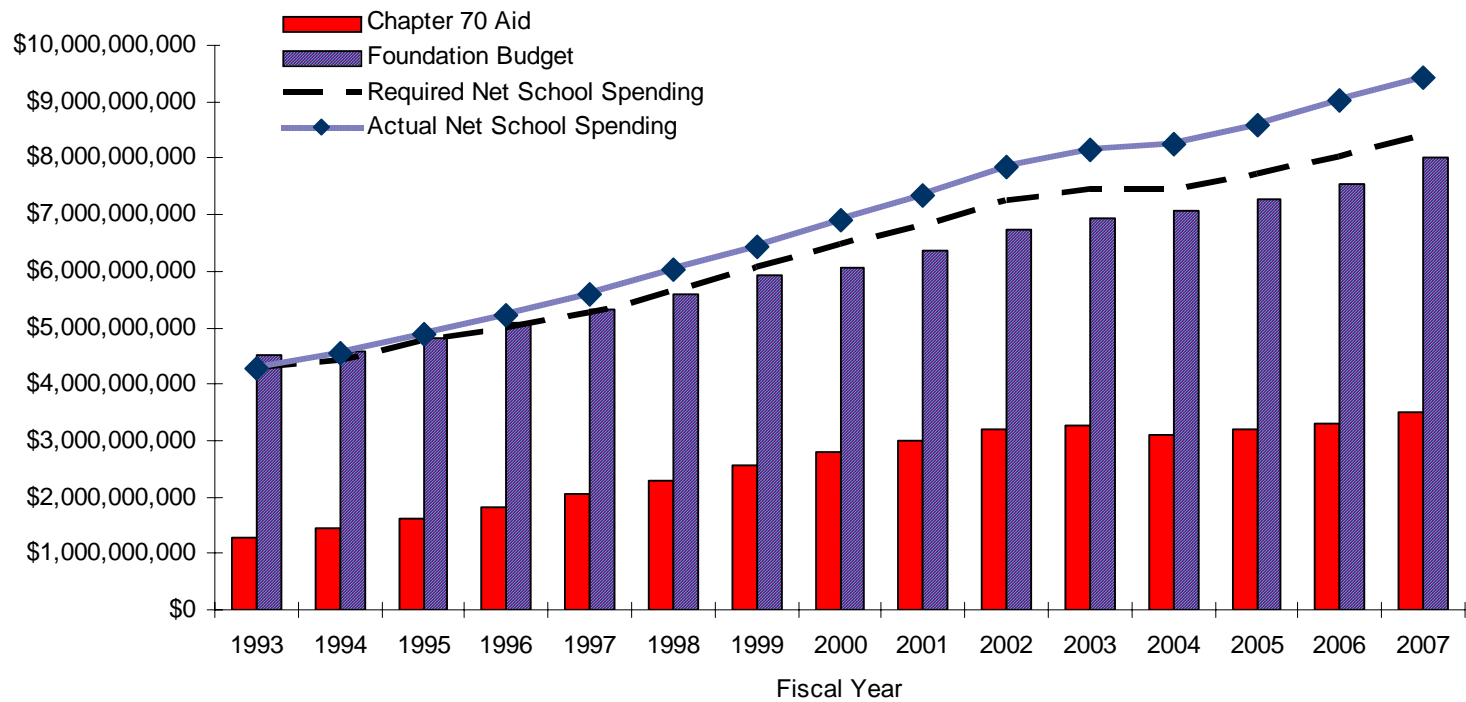
# King Philip Regional School Budget



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# King Philip Regional Schools Chapter 70 Trends

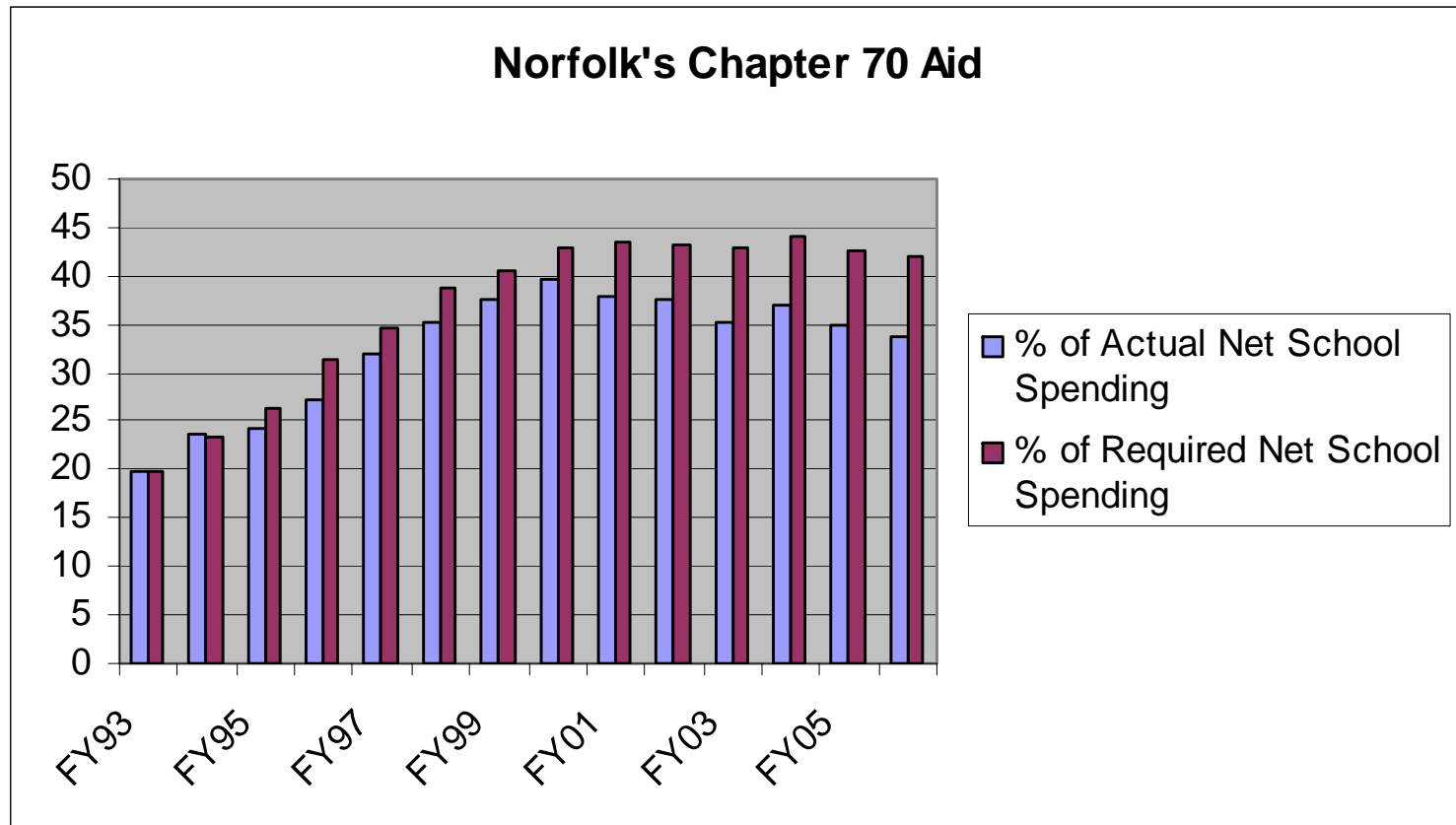


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# Norfolk Local School

## Chapter 70 Aid as Percent of School Spending

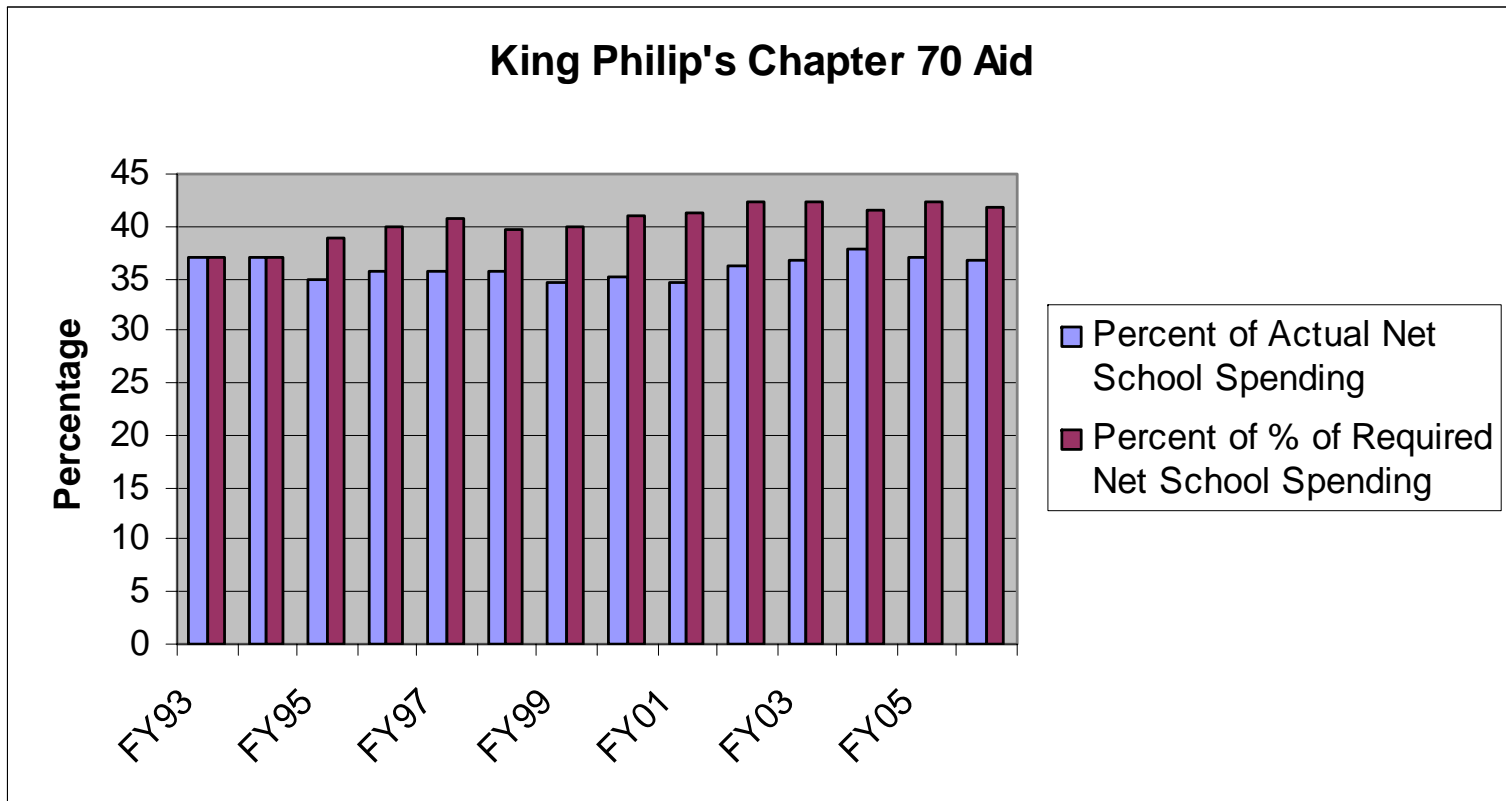


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# King Philip Regional School

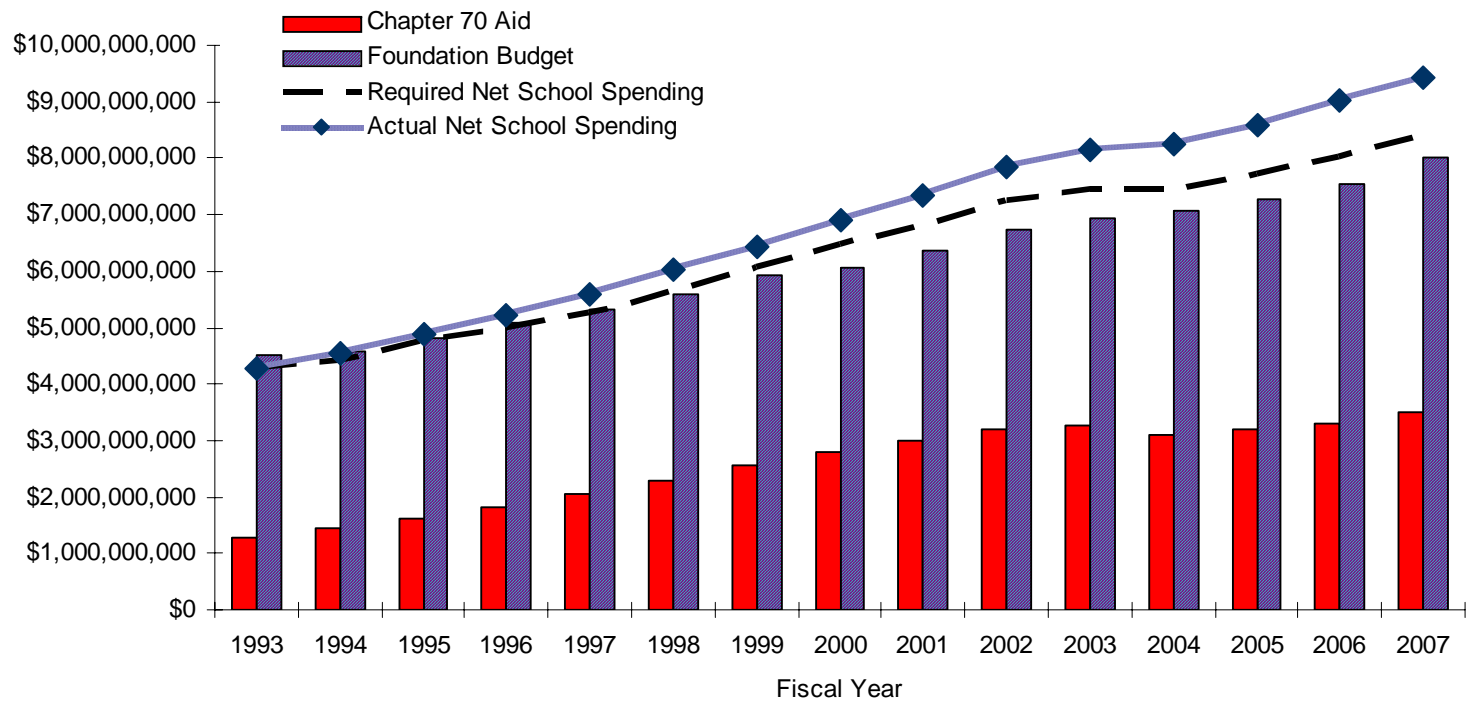
## Chapter 70 Aid as Percent of School Spending



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# Tri-County Regional Tech School Chapter 70 Trends

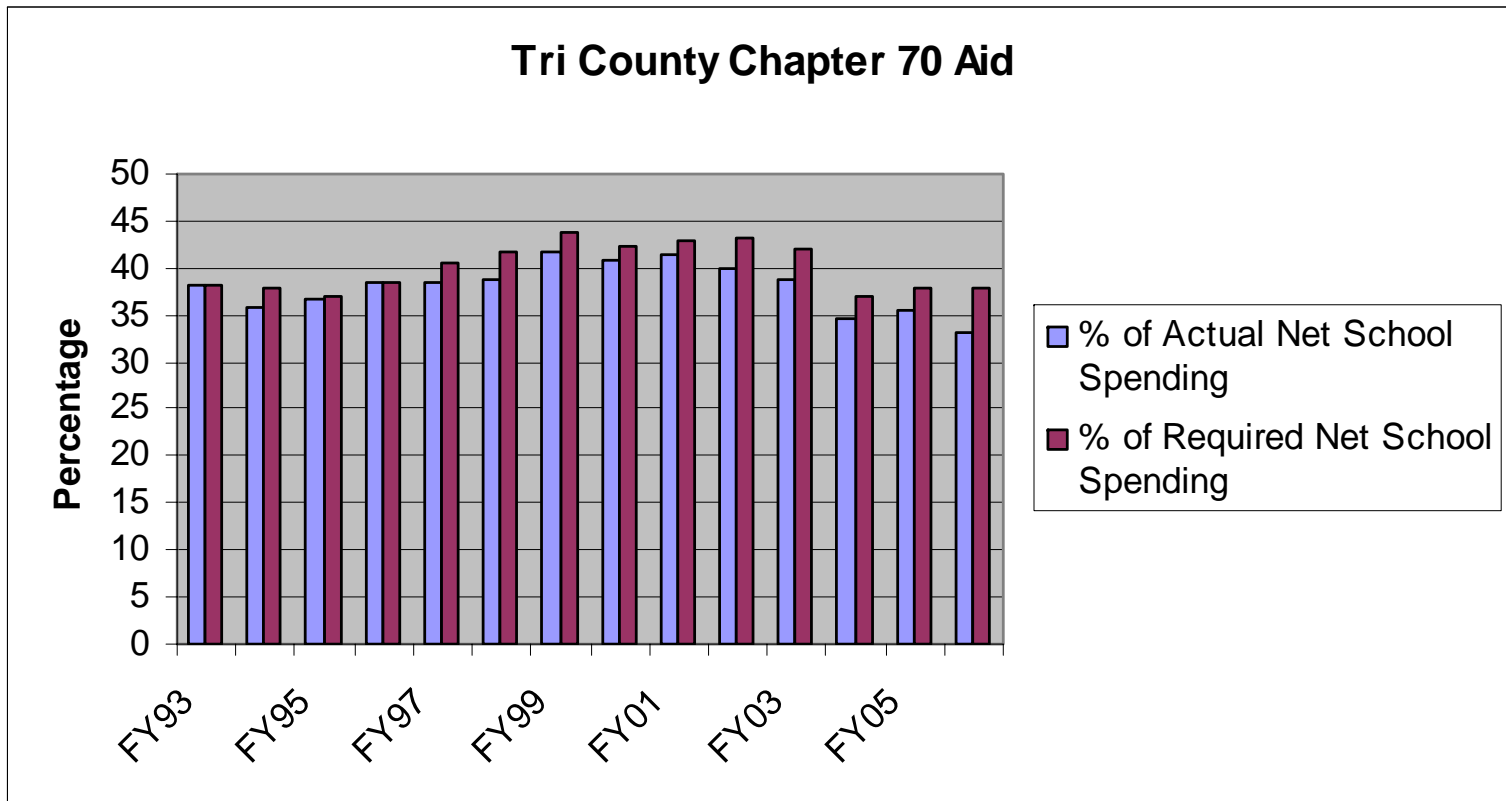


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# Tri-County Regional Tech School

## Chapter 70 Aid as Percent of School Spending



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