

# FY20 Preliminary Chapter 70 Aid and Net School Spending Requirements

January 23, 2019

Pursuant to section 6 of Chapter 70 of the General Laws, the Commissioner of Elementary and Secondary Education is issuing the preliminary estimates of Chapter 70 school aid and net school spending requirements for FY20. These estimates are based on House 1, Governor Baker's proposed state budget for the coming fiscal year. The proposal increases aid to districts from \$4,907,573,321 to \$5,107,909,124, an increase of \$200.3 million or 4.1 percent.

These are preliminary estimates subject to change as the House and Senate deliberate on the budget. Our purpose in providing these estimates at this time is to assist cities, towns and regional school districts in their budget preparations for FY20. We advise you to construct your local budgets with sufficient flexibility to accommodate the changes that typically occur in the state budget process. The Commissioner will issue the final, official school spending requirements as soon as the Governor and Legislature approve either the FY20 state budget or an earlier local aid resolution.

The House 1 budget proposal is based on [An Act to Promote Equity and Excellence in Education](#), a comprehensive school finance bill being filed today by the Baker-Polito Administration. As described in more detail below, the bill implements the major recommendations of the Foundation Budget Review Commission (FBRC), incorporates other enhancements to the Commonwealth's school funding framework, and codifies the formula changes that have previously been implemented through annual provisions in the state budget.

The proposed legislation sets targets for changes to the foundation budget calculation, to be fully phased-in by FY26. Here is a summary of the proposals:

- The *out-of-district special education tuition* rate is raised consistent with FBRC recommendations. FY20 establishes a new goal at three times the FY19 statewide average foundation budget per pupil, to close the gap between the foundation budget (1x statewide average foundation budget per pupil) and the circuit breaker threshold (4x statewide average foundation budget per pupil). The FY20 rate represents one-seventh of the gap between the FY19 rate and the goal rate plus inflation.
- House 1 also initiates year 1 of a planned 6-year phase-in of increases to the *benefits and fixed charges* rate based on new goal rates derived from Group Insurance Commission (GIC) data. Consistent with FBRC recommendations, the goal rates account for GIC premium rates for both active and retired municipal employees. The legislation specifies that the goal rates will be updated annually to reflect changes in GIC's premium costs. House 1 builds on significant increases over the past two fiscal years and closes one-seventh of the gap toward the benefits goal rates in FY20, with one-fifth of the remaining gap to be closed in each of the next 5 years.
- For *English learners*, the Governor's proposal completes the expansion of overall rates begun in the FY19 budget, but takes a modified approach that responds to the FBRC recommendations:
  - English learner (EL) incremental rates are restructured to differentiate students by grade level. This substantially increases the increment for high school students, reflecting the additional challenges of learning a new language at an older age.
  - The foundation budget includes all students with low English language proficiency, as measured by the statewide [ACCESS for ELLs test](#). Students who have already met or exceeded state exit requirements are no longer counted as EL students in the foundation budget calculation. This reduced headcount is mitigated by the increased rates.
- For *economically disadvantaged students*, also consistent with the FBRC recommendations, the Governor's proposal expands the foundation budget over 7 years and introduces a more progressive decile rate structure to the highest 5 deciles. Starting in FY20, there is also a new targeted *high needs concentration increment* for districts serving the highest concentrations of both economically disadvantaged and EL students in the Commonwealth. Eligible districts will receive this increment in addition to the regular economically disadvantaged and EL increments. At full phase-in, a decile 10 district receiving this additional increment will now be receiving a total increment increase of \$4,782 per economically disadvantaged student (in FY20 dollars), compared to the FY19 decile 10 increment of \$3,980.
- The Governor's proposal also introduces a new foundation budget rate for high school students in approved high quality early college and innovation pathways programs to encourage and support program expansion over the next 7 to 10 years. This new rate is set at \$1,050 per student above the regular high school rate and

is fully implemented in FY20 for students already enrolled in such programs as of October 1, 2018.

- Starting in FY21 and proceeding over the next 6 years, the Governor's proposal phases in new goal rates for the *guidance and psychological services* component of foundation budget for all districts to better reflect current and best practice staffing needs for additional student services related to school safety and climate, social and emotional supports, and career counseling for students.
- In FY26, following the completion of the employee benefits goal rate implementation in FY25, the proposal increases the *assumed in-district special education enrollment* rate from 3.75 percent to 4 percent of foundation enrollment for non-vocational students, as recommended by the FBRC.
- The legislation proposes a feasibility study of tiered vocational program rates in the foundation budget. Currently, all approved Chapter 74 vocational programs receive the same rate, even though the costs associated with each separate program vary widely. The study would also consider the feasibility of raising the school choice tuition rate, currently \$5,000, for vocational students.

Other highlights of the FY20 program:

- The aggregate wealth model used in the formula since FY07 continues to be in effect. For municipalities with required contributions above their targets, the equity component of the formula is reduced by 100 percent of the gap.
- 141 operating districts receive foundation aid to ensure that they do not fall below their foundation budgets.
- The inflation factor for this year is 3.75 percent.
- Statewide enrollment decreased from 941,411 in FY19 to 939,683 in FY20, a 0.18 percent decrease; 8 districts saw their foundation enrollment increase by over 5 percent.
- Cities and towns with combined effort yields greater than 175 percent of foundation have required local contributions set at not less than 82.5 percent of foundation.
- The \$11,850,000 in transition aid allocated in FY19 to 11 districts significantly impacted by the new economically disadvantaged metric has been added to the base aid of these districts.
- Minimum aid is set at \$20 per pupil.

In addition to the changes to the Chapter 70 program described above, the Governor's bill proposes three other significant initiatives relating to school finance:

- The charter tuition and reimbursement program is significantly restructured:
  - Return to a 3-year, 100%/60%/40% schedule for transitional aid.
  - Transitional aid is more closely tied to enrollment growth.
  - Supplemental aid is provided to districts with high charter tuition costs and relatively low Chapter 70 aid, to ensure a minimum level of state support for charter tuition.
  - House 1 proposal is a \$16 million increase over FY19 and represents the first year of a planned 3-year phase-in to full funding of the reimbursement program by FY22.
  - The facilities component of the charter school tuition rate is increased to \$938 per pupil in FY20, the first such increase in more than a decade. The rate would be indexed to inflation in subsequent years.
- The unique fiscal challenges faced by many of our small, rural school districts is acknowledged. Declining student enrollment, limited municipal fiscal resources, and high transportation costs are all contributing to this growing problem.
  - The legislation proposes a special commission to consider and propose short and long-term solutions to this problem.
  - The small, existing "regional bonus aid" program is replaced by a broader grant program to support studies and transition costs for regionalization and other initiatives to enhance public education opportunities in our rural districts. A trust fund will allow appropriations to be carried across fiscal years, to enable multi-year commitments for state support.

- The Governor's budget proposal also includes a new trust fund of \$50 million, funded with one-time revenue, to be used at the discretion of the Commissioner of Elementary and Secondary Education to help accelerate quality improvements in low-performing schools. This money is in addition to the Targeted Assistance funds that are set aside for struggling schools in an annual line item of the budget and funded at \$26.5 million in FY20.

## School Finance and District Support

### FY19 Updated and FY20 DESE Education Aid Program Projections

To: Secretary Michael Heffernan, Executive Office for Administration & Finance  
 Secretary James Peyser, Executive Office of Education  
 Chair Michael Rodrigues, Senate Committee on Ways and Means  
 Chair Aaron Michlewitz, House Committee on Ways and Means  
 Chair Jason tewis, Joint Committee on Education  
 Chair Alice H. Peisch, Joint Committee on Education

From: Bill Bell, Senior Associate Commissioner for Administration & Finance

Date: March 15, 2019

The Department of Elementary and Secondary Education (DESE), has updated its current FY19 education aid reimbursements and forecasted amounts for FY20. These figures are derived from the FY18 District End of Year Financial Report, and projections based on the State Board of Elementary & Secondary Education's charter authorizations and the Governor's FY20 House 1 charter reimbursement proposal for the 2019-2020 school year. DESE hopes this information will assist with the development and finalization of the FY20 General Appropriations Act (GAA).

#### **Regional school transportation (7035-0006)**

FY19 estimated claims	\$89,198,679
FY19 appropriation	\$68,878,679
FY19 estimated reimbursement percentage	77.2%
FY20 projected claims	\$92,320,633

- FY20 projection assumes a 3.5% increase in claims.

#### **Non-resident vocational transportation (7035-0007)**

FY19 estimated claims	\$4,115,126
FY19 appropriation	\$250,000
FY19 estimated reimbursement percentage	6%
FY20 projected claims	\$4,259,156

- FY20 projection assumes a 3.5% increase in claims.

#### **Homeless transportation (7035-0008)**

FY19 estimated claims	\$26,361,702
FY19 appropriation	\$9,099,500
FY19 estimated percentage	34.5%
FY20 projected claims	\$27,284,362

- FY20 projection assumes a 3.5% increase in claims.

#### **Special education circuit breaker (7061-0012)**

FY19 estimated net claims	\$403,703,403
FY19 estimated net claims entitlement (75%)	\$307,897,733
FY19 available funds	\$305,278,033
FY19 estimated payments	\$305,278,033
FY19 estimated reimbursement percentage	74.2%
FY20 projected net claims	\$427,755,339
FY20 projected net claims entitlement (75%)	\$326,533,329

- *Estimates and projections include students reimbursable at 100% rate.*
- *FY20 projection excludes extraordinary relief and other earmarks.*
- *FY20 projection assumes a 5.65% increase in net claims and an 11.6% growth in students reimbursable at 100%.*

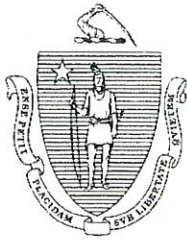
**Charter tuition reimbursement (7061-9010)**

FY19 estimated charter tuition	\$643,615,642
FY19 estimated reimbursement entitlement	\$162,211,730
FY19 appropriation	\$90,000,000
FY19 estimated percentage	56%
FY20 projected charter tuition	\$717,599,825
FY20 projected reimbursement entitlement	\$137,667,919

- *FY20 projection includes proposals/or new and expanded schools approved by the Board of Elementary and Secondary Education as well as a new method for reimbursing school districts for charter school tuition costs. This approach changes the current 6 year reimbursement schedule (100%/25%/25%/25%/25%/25%) to a 3 year schedule (100%/60%/40%) and adds supplemental funding for districts with higher charter tuition costs (greater than 9% of net school spending) and relatively low Chapter 70 aid.*

If you need any additional information regarding these projections, please contact Associate Commissioner Jay Sullivan, Director of School Finance Rob O'Donnell, or me.

Thank you for your ongoing support and assistance to the Department's mission.



## *The Commonwealth of Massachusetts*

HOUSE OF REPRESENTATIVES  
STATE HOUSE, BOSTON 02133-1054

Committees:  
Ways and Means  
Public Health  
Cannabis Policy

HANNAH E. KANE  
STATE REPRESENTATIVE  
11th WORCESTER DISTRICT  
SHREWSBURY AND WESTBOROUGH

May 9, 2019

STATE HOUSE, ROOM 167  
TEL. (617) 722-2810  
Hannah.Kane@MAhouse.gov

Board of Selectmen  
Town of Shrewsbury  
100 Maple Avenue  
Shrewsbury, MA 01545

Dear Selectmen:

I write today to provide an update relative to the Commonwealth's Fiscal Year 2020 (FY20) budget. The House of Representatives recently finalized and passed the House FY20 budget. As such, I would like to share with you updates on key budget figures and policies of significance to Shrewsbury and the Commonwealth.

Like the Baker-Polito Administration's FY20 budget, the House FY20 budget proposes \$42.7 billion in gross spending, and was crafted under the consensus state tax revenue estimate of \$29.299 billion. The House FY20 budget also prioritizes fiscal stability, as evidenced by the deposit of \$264 million into the Commonwealth's "Rainy Day Fund", bringing the balance of the account to over \$2.7 billion. Additionally, the House's balanced budget forgoes any broad-based tax increases.

With respect to local aid in the House FY20 budget, both Unrestricted General Government Aid (UGGA) and Chapter 70 funding will see an increase compared to FY19. The House FY20 budget allocates a total of \$1.1 billion for UGGA, which reflects an increase of nearly \$30 million over current fiscal year spending. Under the House's FY20 proposal, UGGA for Shrewsbury would total \$2,958,042, which is an increase of \$77,767 from Shrewsbury's \$2,880,275 FY19 apportionment. Chapter 70 funding in the House FY20 budget totals \$5.126 billion, which is a \$218 million increase from FY19 funding and secures \$30 per pupil minimum aid. Shrewsbury's Chapter 70 funding under the House FY20 budget totals \$20,068,648, which is roughly \$60,430 more than the Governor's FY20 allocation of \$20,008,218 and an increase of \$181,290 over the \$19,887,358 FY19 funding total.

During the House budget debate, I was able to secure earmarks for important local initiatives. As I previously did in FY19, I sponsored and delivered an amendment allocating \$50,000 to Shrewsbury Youth and Family Services to continue providing Youth Mental Health First Aid Training to individuals and organizations in Shrewsbury and Central Massachusetts. As SYFS' 3 year grant from SAMHSA has expired, this community resource continues to be a trusted and

relied on source to provide adults with a tool kit to identify and address mental health and link young people to imperative mental health services.

As a founder and House Co-Chair of the Legislature's Food System Caucus, I joined with my colleague Representative Dan Donahue (D-Worcester) to sponsor an amendment for the Healthy Incentives Program (HIP). As you know, HIP affords low-income residents the opportunity to purchase fresh, healthy and local fruits and vegetable from our Commonwealth's farmers, providing critical support to our local farmers and small businesses while also investing in our citizen's public health. As lead sponsors of the amendment, Representative Donahue and I were able to secure a \$500,000 funding increase for the Program from the original House Ways and Means funding level and we were proud to count 127 of our House colleagues as co-sponsors of the amendment, bringing the Program total to \$4.5 million in the House FY20 budget.

To address some of the funding equity concerns raised by the Foundation Budget Review Commission, the House budget sets aside \$16.5 million to assist school districts serving a high percentage of low-income students. The House budget also addresses the recommendations of the Commission by completing the funding increase for English-language learners, continuing with increases for employee health care benefits and beginning the implementation of the special education circuit breaker increase under a set 6-year implementation schedule. While it is my belief that the House and Senate will further address the Foundation Budget Review Commission's recommendations and funding of our public education system via independent legislation, these are significant investments and key steps in said process. The House FY20 budget also provides further noteworthy funding increases and allocations for education line items. The House FY20 budget apportions \$328.8 million for the Special Education Circuit Breaker, which is a \$9.5 million increase over FY19 spending. The House FY20 budget also provides \$1 million in funding to award grants for civics education programs, building on last session's civics legislation.

The House FY20 budget makes efficient investments in our Commonwealth's economic development and workforce, including dedicating \$1.5 million in funding for the Start Up Mentoring Program, which connects early stage entrepreneurs, tech start-ups and small businesses with established businesses and capital financing and the Talent Pipeline Program, which provides limited stipend matches for interns at technology and innovation start-ups. The House FY20 budget also allocates \$2 million for the Manufacturing Extension Partnership, which operates state programs designed to help small and mid-size Massachusetts manufacturing businesses. Filling vacancies in critical job sectors and providing workforce development training was a priority in the House budget, as \$6.9 million was transferred to the Workforce Development Trust Fund.

The House FY20 budget also includes critical funding and policy directives in a variety of different areas, some of which I would like to highlight for your reference:

- \$143.9 million for the Bureau of Substance Abuse Addiction Services and \$49.4 million for the Substance Use Disorder Trust Fund;
- \$17.9 million for Councils on Aging;

- Language directing the State Comptroller to transfer up to \$10 million in net surplus funding to the Massachusetts Community Preservation Trust Fund to assist cities and towns with open space, affording housing and historic preservation efforts;
- A provision to increase the Conservation Land Tax Credit's annual cap from \$2 million to \$5 million over a three-year period; and
- The creation of a task force to study the financial stability of Massachusetts nursing homes and a \$35 million supplemental rate increase for nursing homes.

The budget now advances to the Senate, which is expected to debate their budget the week prior to Memorial Day. I will remain engaged in the next phase of the budget process through communication and partnership with Senator Michael Moore. As always, I will continue to passionately and thoughtfully advocate on behalf of Shrewsbury, as the fiscal stability and success of Shrewsbury continues to be my top focus. I remain committed to ensuring the state of the Commonwealth is strong and that Massachusetts is a leading place to live, work and raise a family. Of course, should you have any questions or concerns on this matter, please do not hesitate to contact me either via email at [Hannah.Kane@mahouse.gov](mailto:Hannah.Kane@mahouse.gov) or by telephone at (617) 448-7304. My Legislative Director, Jessica, may be reached at [Jessica.Beliveau@mahouse.gov](mailto:Jessica.Beliveau@mahouse.gov) or by office telephone at (617) 722-2810. I will be certain to keep you apprised of developments regarding finalizing the FY20 budget.

Sincerely,



HANNAH KANE  
State Representative  
11<sup>th</sup> Worcester District

CC: Shrewsbury School Committee  
Shrewsbury Finance Committee  
Town Manager Kevin Mizikar  
Superintendent Joseph Sawyer  
Assistant Town Manager Kristen Las  
Assistant Superintendent of Operations and Finance Patrick Collins





## MA Department of Revenue

Division of Local Services

Preliminary Municipal Cherry Sheet Estimates

Data current as of 05/09/2019

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## FY2020 Preliminary Cherry Sheet Estimates

## Shrewsbury

[Estimated Receipts](#)
[Estimated Assessments & Charges](#)

PROGRAM	FY2019 Cherry Sheet Estimate	FY2020 Governor's Budget Proposal	FY2020 House Budget Proposal	FY2020 SWM Budget Proposal	FY2020 Conference Committee
<b>Education Receipts:</b>					
Chapter 70	19,887,358	20,008,218	20,068,648	20,068,648	
School Transportation	0	0	0	0	
Charter Tuition Reimbursement	24,111	26,060	26,257	40,481	
Smart Growth School Reimbursement	0	0	0	0	
<b>Offset Receipts:</b>					
School Choice Receiving Tuition	145,604	135,604	135,604	135,604	
<b>Sub-Total, All Education Items:</b>	<b>20,057,073</b>	<b>20,169,882</b>	<b>20,230,509</b>	<b>20,244,733</b>	
<b>General Government:</b>					
Unrestricted Gen Gov't Aid	2,880,275	2,958,042	2,958,042	2,958,042	
Local Share of Racing Taxes	0	0	0	0	
Regional Public Libraries	0	0	0	0	
Urban Revitalization	0	0	0	0	
Veterans Benefits	113,841	131,516	131,516	131,516	
Exemp: VBS and Elderly	99,186	103,693	103,693	103,693	
State Owned Land	121,438	108,029	108,029	113,802	
<b>Offset Receipts:</b>					
Public Libraries	48,734	51,980	53,297	53,539	
<b>Sub-Total, All General Government:</b>	<b>3,263,474</b>	<b>3,353,260</b>	<b>3,354,577</b>	<b>3,360,592</b>	
<b>Total Estimated Receipts:</b>	<b>23,320,547</b>	<b>23,523,142</b>	<b>23,585,086</b>	<b>23,605,325</b>	

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### FY2020 Preliminary Cherry Sheet Estimates Shrewsbury

[Estimated Receipts](#) | [Estimated Assessments & Charges](#)

PROGRAM	FY2019 Cherry Sheet Estimate	FY2020 Governor's Budget Proposal	FY2020 House Budget Proposal	FY2020 SWM Budget Proposal	FY2020 Conference Committee
<b>County Assessments:</b>					
County Tax	0	0	0	0	
Suffolk County Retirement	0	0	0	0	
Essex County Reg Comm Center	0	0	0	0	
<b>Sub-Total, County Assessments:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>State Assessments and Charges:</b>					
Retired Employees Health Insurance	0	0	0	0	
Retired Teachers Health Insurance	0	0	0	0	
Mosquito Control Projects	79,922	85,758	85,758	85,758	
Air Pollution Districts	11,974	12,121	12,121	12,121	
Metropolitan Area Planning Council	0	0	0	0	
Old Colony Planning Council	0	0	0	0	
RMV Non-Renewal Surcharge	22,020	22,020	28,240	28,240	
<b>Sub-Total, State Assessments:</b>	<b>113,916</b>	<b>119,899</b>	<b>126,119</b>	<b>126,119</b>	
<b>Transportation Authorities:</b>					
MBTA	170,066	171,946	171,946	171,946	
Boston Metro. Transit District	0	0	0	0	
Regional Transit	75,752	79,994	79,994	79,994	
<b>Sub-Total, Transp Authorities:</b>	<b>245,818</b>	<b>251,940</b>	<b>251,940</b>	<b>251,940</b>	
<b>Annual Charges Against Receipts:</b>					
Multi-Year Repayment Program	0	0	0	0	
Special Education	3,353	7,104	7,104	7,104	
STRAP Repayments	0	0	0	0	
<b>Sub-Total, Annual Charges:</b>	<b>3,353</b>	<b>7,104</b>	<b>7,104</b>	<b>7,104</b>	
<b>Tuition Assessments:</b>					
School Choice Sending Tuition	256,161	237,064	237,064	237,064	
Charter School Sending Tuition	389,534	416,393	425,395	427,603	
<b>Sub-Total, Tuition Assessments:</b>	<b>645,695</b>	<b>653,457</b>	<b>662,459</b>	<b>664,667</b>	
<b>Total All Estimated Charges:</b>	<b>1,008,782</b>	<b>1,032,400</b>	<b>1,047,622</b>	<b>1,049,830</b>	

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