

MASS Massachusetts Association of School Superintendents

January 28, 2021

TO: Tom Scott

FROM: Roger Hatch, MASS School Finance Analyst

SUBJECT: FY22 State Education Aid Update

Yesterday, Governor Baker released his \$45.6 billion budget proposal for FY22 (House1). This represents a decrease of 0.7% over FY21 projected spending. It fully implements the first year of a seven-year phase-in of the Student Opportunity Act. The SOA was scheduled to begin in FY21 but was delayed for one year due to fiscal constraints arising from the pandemic.

The following analysis summarizes recommendations for ESE education appropriations including grants. For all the accounts combined, funding rises by \$153.7 million or 2.5 percent over FY21.

Chapter 70 and major aid accounts

Chapter 70 would increase by \$197.6 million or 3.7 percent. First-year SOA phase-in is fully implemented at one-seventh for affected rate changes. Inflation is at 1.41 percent—lower than last year's 1.99 percent. Benefits inflation is 2.71 percent (last year 2.34).

Foundation enrollment is overwhelmingly the key factor this year. **It fell by a jaw-dropping 30,579 pupils or 3.3 percent.** Normally the change plus or minus is far below one percent. Of the state's 318 operating districts, 277 (87%) lost enrollment between FY21 and FY22. Nineteen districts declined by more than ten percent, and they covered the gamut from east to west, Cape Cod to Cape Ann, from wealthy suburbs to small rural communities. The pandemic is obviously the cause, and the big question is whether we as a Commonwealth and nation can get it under control and serve those students in public schools once again in the coming months and most definitely next fall.

The SOA changes the definition of low-income enrollment to include those students "*whose family's income is not more than 185 percent of the federal poverty guidelines.*" Although there is no longer a formal mechanism for identifying these students, ESE has used an estimation procedure such that, as described in its cover materials,

For FY2022, a district's low income enrollment is the higher of: (a) the number of students matched through the Department's current direct certification process (which

identifies students whose families have been approved for various federal and state benefit programs) or (b) the district's FY2016 low income percentage multiplied by its current foundation enrollment.

Statewide low income enrollment for FY2022 is 382,088, including students matched through direct certification and estimated student counts based on FY2016, compared to 351,970 identified as economically disadvantaged in FY2021, which only includes students who were directly certified.

This effect of this increase in low income enrollment is amplified by the fact that the one-seventh phase-in of their foundation rates is fully applied. In last January's preliminary Chapter 70 proposal, that was not the case.

As specified by law, districts are guaranteed at least a \$30 per pupil increase in aid. This is the case for 249 or 78 percent of districts.

The SOA also institutes a hold-harmless to what districts would have received if the law's changes had *not* occurred. Of the 69 districts that receive more than \$30 per pupil increases, 18 of them get their increases because of this provision. This can happen for any number of reasons, the most prominent being that without the SOA rate increases, required contributions are lower, and this generates more foundation aid.

Leaving out those 18 districts, only 51 districts receive SOA-related foundation aid. Foundation aid is the very core concept of the formula. Based upon community wealth, the formula determines a fair amount for a city or town to contribute out of local property taxes, subtracts that from the foundation budget, and the result is Chapter 70 foundation aid.

Chapter 70 is a mathematical formula, driven by numbers, and if most districts only receive minimum aid increases, it is not the fault of the algorithms. It is clearly the result of using the staggeringly low enrollment numbers, which House 1 does exactly as specified by law. There is a timing problem in that we use current year enrollment to fund the subsequent year's school budgets. Many of the departed 30 thousand pupils are likely to have returned to their public school districts by next fall. A big challenge for state policymakers will be whether a way can be found to fairly recognize and fund the additional costs those pupils will represent.

The attached spreadsheet provides a comparison to last year of the enrollment, foundation budget, required contribution, and aid for each district.

House 1 also contains significant increases for the special education circuit-breaker and charter reimbursements. However, transportation accounts see reductions.

Education Aid Accounts
Governor's House 1 Compared to FY21

Account	Aid Program	FY21	FY22 H1	Change	
70610008	Chapter 70	5,283,651,632	5,481,304,643	197,653,011	
70610012	SPED Circuit Breaker	345,154,803	367,654,803	22,500,000	+6.5%
70619010	Charter Reimbursements	117,357,887	143,500,000	26,142,113	+22.3%
70350006	Regional Transportation	82,178,615	75,856,506	-6,322,109	
70350008	Homeless Transportation	13,449,605	11,099,500	-2,350,105	-17.5%
70350007	Non-Res Voke Transp	250,000	250,000	0	0
	Subtotal, Aid Programs	5,842,042,542	6,079,665,452	237,622,910	

Grants and other accounts

Other ESE accounts see a net decrease of \$84 million, most of which is from the elimination of last year's Coronavirus Program.

**Education Grants and Other Programs
Governor's House 1 Compared to FY21**

Account	Grants and Other Programs	FY21	FY22 H1	Change
70100005	ESE	12,736,260	11,796,260	-940,000
70100012	METCO	25,600,000	25,600,000	0
70100033	English Language & Literacy	2,454,731	4,300,603	1,845,872
70101193	Civics Education Programs	1,000,000	0	-1,000,000
70101194	Financial Literacy Education	250,000	0	-250,000
70101202	Computer Science Ed	1,000,000	0	-1,000,000
70270019	School-to-Career	6,400,000	6,000,000	-400,000
70271004	English Language Acquisition	4,533,474	0	-4,533,474
70280031	Institutional Schools	8,430,007	7,973,837	-456,170
70350001	Career and Technical	1,500,000	1,500,000	0
70350002	Adult Basic Education	46,385,000	40,606,883	-5,778,117
70350035	AP Math and Science	3,292,809	2,892,809	-400,000
70531909	School Lunch	5,314,176	5,314,176	0
70531925	School Breakfast	4,916,445	4,566,445	-350,000
70610010	Mental Health/Substance Abuse	0	3,013,833	3,013,833
70610027	Coronavirus Protection	53,060,000	0	-53,060,000
70610029	Ed Quality and Accountability	1,016,512	925,214	-91,298
70610033	Military Mitigation	1,400,000	1,300,000	-100,000
70619200	Education Data Services	578,231	1,078,231	500,000
70619400	Student & School Assessment	32,235,270	32,235,270	0
70619401	Assessment Consortium	200,000	0	-200,000
70619406	College and Career Readiness	875,000	0	-875,000
70619408	Targeted Intervention	14,077,049	12,555,706	-1,521,343
70619412	Extended Learning Time	9,323,255	3,988,087	-5,335,168
70619601	Teacher Certification	2,300,000	2,300,000	0
70619607	Recovery High Schools	2,700,000	2,600,000	-100,000
70619611	After and Out-of-School	11,242,017	2,577,017	-8,665,000
70619612	Safe and Supportive Schools	510,684	510,684	0
70619619	Franklin Institute of Boston	1	1	0
70619624	School of Excellence	1,500,000	1,500,000	0
70619626	YouthBuild Grants	3,000,000	2,400,000	-600,000
70619634	Mentoring Matching Grants	1,000,000	1,000,000	0
70619650	Student Wellness	2,000,000	0	-2,000,000
70619809	District Regionalization	500,000	500,000	0
70619812	Child Sex Abuse Prevention	600,000	600,000	0
70619813	Rural School Assistance	3,000,000	1,500,000	-1,500,000
70619814	Summer Learning	1,000,000	500,000	-500,000
70619815	Hate Crimes	0	400,000	400,000
	Subtotal, Grants and Other	265,930,921	182,035,056	-83,895,865
	Total, All Education Accounts	6,107,973,463	6,261,700,508	153,727,045

Next Steps

The House and Senate will take up the Governor's recommendations and prepare their own budgets during the months ahead. MASS will inform superintendents of any significant developments.

Links to Additional Information

Governor's House 1 Budget: <https://budget.digital.mass.gov/govbudget/fy22/>

DESE Chapter 70 website:

<https://www.doe.mass.edu/finance/chapter70/fy2022/preliminary.html>

DLS Data Bank website: cherry sheets: <https://www.mass.gov/lists/cherry-sheet-estimates>