

HOUSE No. 70

The Commonwealth of Massachusetts



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To the Honorable Senate and House of Representatives,

I am pleased to submit for your consideration, “An Act to Promote Equity and Excellence in Education,” which updates the Foundation Budget formula, consistent with the recommendations of the Foundation Budget Review Commission, and makes other improvements to increase the overall amount and progressivity of school funding, while strengthening state-local partnerships to expand effective practices in order to improve student outcomes in high-need schools and districts. Combined with reforms to the Foundation Formula which we have implemented over the past two fiscal years, this bill will add over \$1.1 billion to the statewide Foundation Budget.

Massachusetts’s education system is consistently ranked number one in the United States and if we were a country, we would be among the world leaders. But, given our dependence on the talent and skill of our people, we can’t afford to rest on our laurels. Equally important, although we are at the top when it comes to overall academic achievement, we continue to have large achievement gaps, from one group of students to another and from one community to another. To maintain our global leadership and to ensure opportunity for all our young people, we must reclaim a sense of urgency about reform and improvement throughout the Commonwealth.

The 1993 Education Reform Act was an integrated package of increased state investment and standards-based accountability, ensuring that all schools received adequate funding, while setting high expectations for both students and educators.

Over the last 25 years, the state has kept its promises, fully funding one of the most progressive school funding formulas in the country, year in and year out. At the same time, our schools and teachers have risen to the occasion, producing students who continue to outrank their peers across the nation.

Nevertheless, our funding formula needs updating to reflect new realities, including higher costs for healthcare and high-needs special education students, and continuing achievement and opportunity gaps – especially in our urban districts with high concentrations of low-income students and English language learners.

As a result, today, I introduce changes to the Foundation Budget formula to address known cost deficiencies and to provide significant new resources to the highest need students and communities, as recommended by the Foundation Budget Review Commission. By phasing in formula adjustments over the next seven years, these spending increases can be fully funded with existing resources, ensuring sustainability over time.

As important as this increased investment is, how much we spend is ultimately not as important as how well we spend it.

Therefore, my bill strengthens the authority of the Commissioner of Elementary and Secondary Education to intervene in persistently underperforming schools, including the ability to require certain improvement steps and to temporarily retain a portion of Chapter 70 funding in a new School Turnaround Trust Fund, pending the district's implementation of his school improvement recommendations.

In addition, my bill incorporates a new enrollment category into the Foundation formula that will provide additional funding for high schools that implement Early College and Career Pathways programs, which bring high schools, higher education, and employers together to provide students with a coherent course of study, combined with robust advising and work-based learning experiences, in order to intentionally prepare them for college and career success. Specifically, this category will add \$1,050 per pupil to a district's Foundation Budget. Today, these two new initiatives enroll about 1,300 students. By creating a dependable revenue stream as part of Chapter 70, combined with other investments for planning, implementation, and dual enrollment, we hope to enroll over 70,000 students in these programs when fully phased-in.

Among the changes proposed to the Foundation Budget formula are:

- An increase in the health care factor, aligned with rates paid by the state's Group Insurance Commission (GIC), and inclusion of costs associated with retirees.

- An increase in the formula’s fixed percentage for in-district special needs students in non-vocational districts, from 3.75 percent to 4.0 percent. This change translates into a student headcount of 16 percent, who are assumed to receive on average special education services during 25 percent of the typical school day.
- An increase in the factor for out-of-district special education costs, to better reflect increased costs in this program area and align with the threshold for state reimbursements under the so-called “circuit breaker” program.
- An increase in the foundation budget for increments added for educating English Learners, including differentiated rates reflecting the distinctive learning challenges faced by older students.
- Greater financial support for economically disadvantaged children, by progressively expanding the per-pupil low-income increment in districts with the highest concentration of poverty by more than \$600 at the highest level.
- A new supplemental high-needs increment of \$180 per pupil for those districts that have the highest percentage of both low-income students and English Learners.
- The expansion of a foundation budget category to support a variety of counseling and behavioral health services, consistent with my FY18 supplemental budget proposal to improve school safety.

Beyond these significant reforms to the Foundation formula, my bill addresses long-standing concerns about reimbursements to districts for increasing charter school tuition payments. Under my proposal, the current six-year reimbursement formula for tuition increases will be changed to three years, with 100 percent reimbursement in year one, 60 percent in year two, and 40 percent in year three. In addition, instead of reimbursing districts for any annual increase in tuition payments, including increases due to inflation alone, this new approach will reimburse only for tuition increases associated with real charter school enrollment growth. The combination of these two reforms, which we intend to phase into full funding over three years, will increase reimbursements in the near term and make it possible for the state to be a more predictable and reliable partner with districts as they adjust to higher charter enrollments.

In addition, the charter school section of my bill would establish a new minimum level of overall state support of charter tuitions for districts that allocate more than 9 percent of their net school spending to charter school tuitions. These districts will be guaranteed a minimum annual support level for the foundation budget costs of their charter school students, equal to the Commonwealth’s overall support for the statewide Foundation Budget (just over 45 percent, this year).

In addition to increasing tuition reimbursements to districts, my proposal will raise the facilities stipend paid to charter schools by 5 percent, while ensuring this allotment increases with inflation, over time. The current stipend has not been increased in a decade.

Finally, my bill establishes a new Public School Regionalization Trust Fund, to facilitate future investments in restructuring and reforming rural districts that are experiencing persistent declines in student enrollment, due to long-term demographic trends. Consistent with the establishment of this Trust, I also am calling for a special commission, including appointees by legislative leadership, to help develop practical solutions to this growing crisis, which threatens the fiscal health of dozens of rural communities across the Commonwealth, while undermining their economic future.

Taken together, the proposals incorporated in this bill, along with complementary recommendations in my House 1 submission, keep the promises we made to our children and families back in 1993, while redoubling our efforts to close the opportunity and achievement gaps that continue to challenge far too many students and communities.

Through the vision, persistence, and good faith of our political leadership at both the state and local level, and through the talent and hard work of our students and educators, Massachusetts's public schools have become first in class. Our challenge today is to make sure that they become first for all.

Respectfully submitted

Charles D. Baker,
Governor

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-First General Court
(2019-2020)**

An Act to promote equity and excellence in education.

Whereas, The deferred operation of this act would tend to defeat its purpose, which forthwith is to promote equity and excellent public schools in the Commonwealth, therefore it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 10 of the General Laws is hereby amended by inserting after
2 section 35LLL, as inserted by section 4 of chapter 273 of the acts of 2018, the following 2
3 sections:-

4 Section 35MMM. There shall be established and set up on the books of the
5 commonwealth a Public School Regionalization Fund, which shall be administered by the
6 department of elementary and secondary education. The fund shall be credited with:

7 (i) any appropriations, bond proceeds or other monies authorized or transferred by the
8 general court and specifically designated to be credited to the fund;

9 (ii) gifts, grants and other private contributions designated to be credited to the fund;

- 10 (iii) all other amounts credited or transferred to the fund from any other fund or source;
11 and
12 (iv) interest or investment earnings on any such monies.

13 Amounts credited to the fund may be expended by the commissioner of elementary and
14 secondary education, without further appropriation, for grants and contracts pursuant to section
15 16D of chapter 71.

16

17 The unexpended balance in the fund at the end of a fiscal year shall not revert to the
18 General Fund but shall remain available for expenditure in subsequent fiscal years. No
19 expenditure made from the fund shall cause the fund to become deficient at any point.

20 Section 35NNN. There shall be established and set up on the books of the commonwealth
21 a Public School Turnaround Fund, which shall be administered by the department of elementary
22 and secondary education. The fund shall be credited with:

- 23 (i) any appropriations, bond proceeds or other monies authorized or transferred by
24 the general court and specifically designated to be credited to the fund;
- 25 (ii) gifts, grants and other private contributions designated to be credited to the fund;
- 26 (iii) all other amounts credited or transferred to the fund from any other fund or
27 source; and
- 28 (iv) interest or investment earnings on any such monies.

29 Amounts credited to the fund may be expended by the commissioner of elementary and
30 secondary education, without further appropriation, for grants and contracts pursuant to section 8
31 of chapter 70.

32 The unexpended balance in the fund at the end of a fiscal year shall not revert to the
33 General Fund but shall remain available for expenditure in subsequent fiscal years. No
34 expenditure made from the fund shall cause the fund to become deficient at any point.

35 SECTION 2. Subsection (e) of section 1J of chapter 69 of the General Laws, as
36 appearing in the 2016 Official Edition, is hereby amended by striking out the final sentence and
37 inserting in place thereof the following 2 sentences:-

38 Within 30 days of receiving any proposed modifications under this subsection, the
39 superintendent shall submit the turnaround plan for the school to the commissioner for approval.
40 Upon approval by the commissioner, the turnaround plan for the school shall be final and the
41 plan shall be made publicly available.

42 SECTION 3. Subsection (k) of said section 1J of said chapter 69, as so appearing, is
43 hereby amended by inserting after the word “superintendent”, in line 351, the following words:-
44 and commissioner.

45 SECTION 4. Said subsection (k) of said section 1J of said chapter 69, as so appearing, is
46 hereby further amended by striking out, in line 355, the word “commissioner” and inserting in
47 place thereof the following word:- department.

48 SECTION 5. Said subsection (k) of said section 1J of said chapter 69, as so appearing, is
49 hereby further amended by striking out the last sentence of the second paragraph.

50 SECTION 6. Said subsection (k) of said section 1J of said chapter 69, as so appearing, is
51 hereby further amended by striking out the first sentence of the third paragraph and inserting in
52 place thereof the following sentence:-

53 If the commissioner determines that the school has substantially failed to meet 1 or more
54 goals in the plan, the commissioner may appoint an examiner to conduct an evaluation of the
55 school's implementation of the turnaround plan, require changes to the turnaround plan to be
56 implemented by the superintendent in the following year, or appoint an external partner to advise
57 and assist the superintendent in implementing the plan in the following year.

58 SECTION 7. Said subsection (k) of said section 1J of said chapter 69, as so appearing, is
59 hereby further amended by striking out, in line 379, the words "subsection (g)" and inserting in
60 place thereof the following words:- subsection (e) of section 1K.

61 SECTION 8. Said subsection (k) of said section 1J of said chapter 69, as so appearing, is
62 hereby further amended by inserting after the third paragraph the following paragraph:-

63
64 If at any time, including upon the expiration of a turnaround plan pursuant to subsection
65 (l), the commissioner determines that the district is taking insufficient steps to implement
66 changes to the turnaround plan directed by the commissioner, the commissioner may, effective at
67 the beginning of the following school year, place a share of the district's chapter 70 school aid
68 allocation in the Public School Turnaround Fund established under section 35NNN of chapter 10
69 until such time as the district implements the changes as determined by the commissioner. The
70 maximum share shall be determined by multiplying the district's per pupil chapter 70 school aid
71 by the number of students enrolled in the school. Any such funds withheld from a district under

72 this paragraph shall not be deducted from the district's school-based budgets or from direct
73 services to students.

74 SECTION 9. Subsection (l) of said section 1J of said chapter 69, as so appearing, is
75 hereby amended by inserting, in line 397, after the word "commissioner" the following words:-
76 require changes to the turnaround plan to be implemented by the superintendent in the following
77 school year or.

78 SECTION 10. Chapter 70 of the General Laws, as so appearing, is hereby amended by
79 striking out section 2, as amended by chapter 138 of the acts of 2017, and inserting in place
80 thereof the following section:-

81 Section 2. As used in this chapter and in chapters 15, 69, and 71, the following words
82 shall, unless the context clearly requires otherwise, have the meanings as established in this
83 section. The board may promulgate regulations as needed to further clarify this section. Said
84 regulations shall be filed with the house and senate committees on ways and means not less than
85 30 days before said regulations become effective.

86 "Assumed in-school special education enrollment", 4.00 per cent of total foundation
87 enrollment in a district, not counting vocational or preschool enrollment, plus 4.75 per cent of
88 vocational enrollment.

89 "Assumed tuitioned-out special education enrollment", 1 per cent of the total foundation
90 enrollment in a district, not counting vocational or pre-school enrollment.

91 "Base aid", in any fiscal year, the amount of chapter 70 school aid provided to the district
92 in the prior fiscal year.

93 "Board", the board of elementary and secondary education.

94 "Chapter 70 school aid", for each district, the greater of (a) foundation aid or (b) the sum
95 of base aid and minimum aid, provided that no non-operating district shall receive chapter 70
96 school aid in an amount greater than its foundation budget.

97 "Combined effort yield", the sum of (a) a municipality's equalized property valuation
98 multiplied by the uniform property percentage and (b) its municipal income multiplied by the
99 uniform income percentage.

100 "Commissioner", the commissioner of the department of elementary and secondary
101 education within the executive office of education.

102 "Department", the department of elementary and secondary education within the
103 executive office of education.

104 "District" or "School district", the school department of a city or town, or a regional
105 school district, or an independent vocational school, or a vocational or agricultural school
106 operated by a county.

107 "Economically disadvantaged", a designation for those students who have been identified
108 in the commonwealth's direct certification system, as maintained in the executive office of health
109 and human services virtual gateway system, as receiving assistance under the supplemental
110 nutrition assistance program (SNAP), the temporary assistance for needy families program
111 (TANF), the Medicaid (MassHealth) program, or the foster care program of the department of
112 children and families; provided that districts shall be assigned to 1 of 10 deciles based on the
113 percentage of their foundation enrollment identified as economically disadvantaged; and

114 provided, further, that any proposed changes in the use of data sets by the department in
115 determining such designations shall be filed with the secretary of administration and finance
116 prior to the governor’s annual budget submission, and if adopted in said submission, shall be sent
117 to the house and senate committees on ways and means at the time of said submission.

118 “Effort reduction percentage”, the percentage of excess effort to be reduced in any given
119 year, as specified annually in the general appropriations act, and applied to each municipality
120 with excess effort in the calculation of required local contribution.

121 “English learners”, a designation for those students for whom English is not their native
122 language and who are not yet proficient in English, in accordance with proficiency criteria
123 established by the commissioner.

124 "Equalized property valuation", the most recent equalized property valuation for a
125 municipality as determined by the department of revenue pursuant to the provisions of sections
126 9, 10 and 10C of chapter 58.

127 “Excess effort”, a municipality’s preliminary local contribution minus its target local
128 contribution, but not less than 0.

129 “Foundation aid”, for each district, the difference between the district’s foundation
130 budget and the required local contribution.

131 “Foundation allotments”, the sum of foundation budget costs for each district for each of
132 the functional categories. The sum in each functional category shall be constituted by the
133 product of enrollments in each foundation enrollment category and eligible for the respective

134 foundation increments times the rates assigned to each functional category pursuant to the tables
135 in section 3.

136 "Foundation budget", the sum of the foundation allotments for the following foundation
137 functional categories:

- 138 (i) Administration;
- 139 (ii) Instructional leadership;
- 140 (iii) Teachers;
- 141 (iv) Other teaching services;
- 142 (v) Professional development;
- 143 (vi) Instructional materials, equipment and technology;
- 144 (vii) Guidance and psychological services;
- 145 (viii) Pupil services;
- 146 (ix) Operations and maintenance;
- 147 (x) Employee benefits and fixed charges; and
- 148 (xi) Special education tuition.

149 "Foundation enrollment", in any fiscal year, the number of students on October 1 for
150 whom the district is financially responsible, including students attending programs outside the
151 district for whom the district is required to pay tuition. Each student shall be assigned to one of
152 the following categories:

- 153 (i) Pre-school;
- 154 (ii) Kindergarten half-time;
- 155 (iii) Kindergarten full-time;
- 156 (iv) Elementary;
- 157 (v) Junior high school/middle school;
- 158 (vi) High school;
- 159 (vii) Early college/innovation pathways; and
- 160 (viii) Vocational.

161 “Foundation increments”, the additional resources assumed necessary for the education
162 of students designated as English Learners or economically disadvantaged. The increments shall
163 be constituted by the product of a district’s foundation enrollment deemed eligible for such
164 increments and the rates assigned for each functional category pursuant to the table in section 3.

165 "General revenue sharing aid", the amount of assistance from the commonwealth to be
166 received by a city or town in a fiscal year from the following local aid programs: (a) payments in
167 lieu of taxes for state-owned lands distributed pursuant to section 17 of chapter 58; and (b) the
168 balance of the state lottery and gaming fund, as paid from the General Fund in accordance with
169 clause (c) of the second paragraph of section 35 of chapter 10, and additional funds from the
170 General Fund and the Gaming Local Aid Fund established in section 63 of chapter 23K, as
171 unrestricted general government aid.

172 “High needs concentration increment”, an additional increment for each student
173 identified as economically disadvantaged in those districts (a) that are in the ninth or tenth
174 deciles for economically disadvantaged; and (b) where 20 per cent or more of the district’s
175 foundation enrollment has been designated as English learners in 2 of the 3 most recent fiscal
176 years.

177 "Minimum aid", a district’s foundation enrollment multiplied by a per pupil dollar
178 amount specified annually in the general appropriations act, which shall be the minimum aid
179 increment above base aid.

180 “Municipal income”, the most recent aggregate personal income for a municipality as
181 determined by the department of revenue.

182 "Municipal revenue growth factor", the change in local general revenues calculated by
183 subtracting 1 from the quotient calculated by dividing the sum of (1) the maximum levy for the
184 fiscal year estimated by multiplying the levy limit of the prior fiscal year by a factor equal to
185 102.5 per cent plus the average of the percentage increases in the levy limit due to new growth
186 adjustments over the last 3 available years as certified by the department of revenue or as
187 otherwise estimated by the division of local services of the department of revenue where it
188 appears that a municipality may not be entitled to increase its minimum levy limit by 2.5 per
189 cent; provided, however, that if the highest percentage during such 3 years exceeds the average
190 of the other two years' percentages by more than 2 percentage points, then the lowest 3 of the last
191 4 years shall be used for such calculation; (2) the amount of general revenue sharing aid for the
192 fiscal year; and (3) other budgeted recurring receipts not including user fees or other charges
193 determined by said division of local services to be associated with the provision of specific

194 municipal services for the prior fiscal year, by the sum of (1) the actual levy limit for the prior
195 fiscal year; (2) the amount of general revenue sharing aid received for the prior fiscal year; and
196 (3) other recurring receipts not including user fees or other charges determined by such division
197 of municipal services to be associated with the provision of specific municipal services budgeted
198 by the municipality for the fiscal year preceding the prior fiscal year, if any; provided, however,
199 that for the purposes of this calculation, the levy limit shall exclude any amounts generated by
200 overrides applicable to any year after the fiscal year ending June 30, 1993; provided, further, that
201 in the absence of an actual levy limit for the prior fiscal year, the actual levy limit for the prior
202 fiscal year shall be estimated by multiplying the actual levy limit of the fiscal year preceding the
203 prior fiscal year by a factor equal to 102.5 per cent plus the average of the percentage increases
204 in the levy limit due to new growth as specified above; provided, further, that such factor shall
205 not be greater than the factor determined by subtracting 1 from the quotient calculated by
206 dividing total state school aid for the current fiscal year by total state school aid for the prior
207 fiscal year; and, provided, further, that in making any of the calculations required by this
208 definition, said division of local services may substitute more current information or such other
209 information as would produce a more accurate estimate of the change in a municipality's general
210 local revenues and the department shall use such growth factor to calculate preliminary
211 contribution, minimum contribution and any other factor that directly or indirectly uses the
212 municipal growth factor.

213 "Net school spending", the total amount spent for the support of public education,
214 including tuition payments for children residing in the district who attend a school in another
215 district or other approved facility, including a charter school, determined without regard to
216 whether such amounts are regularly charged to school or non-school accounts by the

217 municipality for accounting purposes; provided, however, that net school spending shall not
218 include any spending for school construction, long term debt service, school meals,
219 transportation of students to and from their homes, or adult and community learning programs.
220 Net school spending shall also not include expenditures from grants; other state aid programs;
221 tuition revenue or revenue from activities, admissions, and other charges or any other revenue
222 attributable to public education. Such revenue will be made available to the school district which
223 generated such revenue in addition to any financial resources made available by municipalities or
224 state assistance. The department, in consultation with the department of revenue, shall
225 promulgate regulations to ensure a uniform method of determining which municipal
226 expenditures are appropriated for the support of public education and which revenues are
227 attributable to public education in accordance with this section. The regulations shall include
228 provisions for resolving disputes which may arise between municipal and school officials.

229 “Preliminary required local contribution”, for each municipality, its required local
230 contribution for the prior fiscal year increased by its municipal revenue growth factor.

231 “Required local contribution”, for each municipality, the required local contribution shall
232 be its preliminary required local contribution as adjusted by this paragraph. If the preliminary
233 required local contribution is greater than the target local contribution, then the preliminary
234 required local contribution shall be reduced by the product of its excess effort and the effort
235 reduction percentage. If the preliminary local contribution as a percentage of the foundation
236 budget is between 2.5 and 7.5 percentage points below the target local share, then the
237 preliminary required local contribution shall be increased by 1 per cent. If the preliminary
238 required local contribution as a percentage of the foundation budget is more than 7.5 percentage
239 points below the target local share, then the preliminary required local contribution shall be

240 increased by 2 per cent. Notwithstanding the foregoing, in any municipality with a combined
241 effort yield equal to or greater than 175 per cent of its foundation budget, the required local
242 contribution shall not be less than 82.5 per cent of its foundation budget. The commissioner shall
243 allocate each municipality's required local contribution among the districts to which the
244 municipality belongs, in proportion to each district's share of the municipality's foundation
245 budget.

246

247 "Required net school spending", for each district, the sum of its chapter 70 school aid and
248 its required local contribution.

249 "Target local contribution", the lesser of (a) a municipality's combined effort yield, or
250 (b) 82.5 per cent of its total foundation budget.

251 "Target local share", the percentage of each municipality's foundation budget represented
252 by its target local contribution.

253 "Uniform income percentage and uniform property percentage", factors calculated
254 annually by the commissioner such that (a) the total state equalized property valuation multiplied
255 by the uniform property percentage is equal to the total state municipal income multiplied by the
256 uniform income percentage; and (b) the total state target local contribution is equal to 59 per cent
257 of the total state foundation budget.

258 "Wage adjustment factor", an adjusted difference between the average annual wage for all
259 jobs in the labor market area in which a municipality is located and the average annual wage in
260 the commonwealth. Average annual wage figures shall be published annually by the division of

261 employment and training. The wage adjustment factor shall be the sum of one plus a fraction, the
262 numerator of which shall be the product of one-third and the difference resulting from
263 subtracting the average annual wage in the commonwealth from the average annual wage of the
264 community; and the denominator of which shall be the average annual wage in the
265 commonwealth. For the purposes of this section, the average annual wage of the community
266 shall be the sum of: (a) eight-tenths multiplied by the average annual wage for all jobs in the
267 labor market area in which the municipality is located; plus (b) two-tenths multiplied by the
268 average annual wage of the municipality; provided, however, the wage adjustment factor shall
269 not be less than one.

270 SECTION 11. Said chapter 70, as so appearing, is hereby further amended by striking
271 out section 3 and inserting in place thereof the following section:-

272 Section 3. For the school district in each municipality, for each regional school district,
273 for each independent vocational school in the commonwealth, and for each vocational and
274 agricultural school operated by a county there is hereby established a foundation budget.

275 The foundation budget shall be calculated based on each district's foundation enrollments
276 for the prior fiscal year. For fiscal year 2020, foundation budgets shall be based on the per pupil
277 rates in the following table, for each foundation functional category and each enrollment
278 category, provided that the special education in-school and special education tuitioned-out
279 enrollments shall be the assumed enrollments as defined in section 2 of this chapter.

280 Table 1: Base Foundation Budget Rates

281

282 For each student identified as being economically disadvantaged or an English learner,
283 the increments in the following table shall be added to each foundation budget allotment.

284 Table 2: Incremental Foundation Budget Rates

285

286 Each district's wage adjustment factor shall be applied to all of the foundation budget
287 allotments except the allotments for instructional materials, equipment, and technology;
288 employee benefits and fixed charges; and special education tuition.

289 Beginning in fiscal year 2021, and in each subsequent year, foundation budget rates shall
290 be adjusted as follows:

291 (i) The per pupil rate for foundation special education tuition shall be equal to 3
292 times the state average per pupil foundation budget;

293 (ii) The portion of the per pupil rate for employee benefits and fixed charges
294 constituted by health insurance costs shall be adjusted annually by the commissioner, in
295 consultation with the director of the group insurance commission, to reflect the increases in
296 employer premium costs for health insurance provided by the commission to municipal
297 employees and retirees; and

298 (iii) All other rates shall be adjusted by the ratio of (a) the implicit price deflator for
299 state and local government expenditures as published by the U.S. Bureau of Economic Analysis
300 for the third quarter of the prior federal fiscal year to (b) the same deflator one year earlier.

301 SECTION 12. Section 3A of said chapter 70, as so appearing, is hereby amended by
302 striking out the last sentence.

303 SECTION 13. Section 5 of said chapter 70 is hereby repealed.

304 SECTION 14. Said chapter 70, as appearing in the 2016 Official Edition, is hereby
305 further amended by striking out section 6 and inserting in place thereof the following section:-

306 Section 6. In addition to the amounts appropriated for long-term debt service, school
307 meals, adult education, student transportation, and tuition revenue, each municipality in the
308 commonwealth shall annually appropriate for the support of public schools in the municipality
309 an amount not less than the net school spending requirement. Each municipality shall also
310 appropriate not less than its minimum required local contribution for each regional school district
311 to which the municipality belongs.

312 The commissioner shall estimate and report such amounts to each municipality and
313 regional school district as early as possible, but no later than March first for the following fiscal
314 year, and shall revise such estimates within thirty days following the enactment of the general
315 appropriations act.

316 Notwithstanding the terms of any regional school district agreements to the contrary, no
317 regional school district shall be required to submit a budget to its members before receiving the
318 commissioner's initial estimate. Each regional school district budget shall provide for not less
319 than the net school spending requirement. The district may choose to spend additional amounts;
320 such decisions shall be made and such amounts charged to members according to the district's
321 regional agreement.

322 SECTION 15. Section 7 of said chapter 70 is hereby repealed.

323 SECTION 16. Section 8 of said chapter 70, as appearing in the 2016 Official Edition, is
324 hereby amended by adding the following paragraph:-

325 Notwithstanding the first paragraph of this section, if the commissioner withholds funds
326 from a district pursuant to the provisions of section 1J of chapter 69, such amounts shall be
327 deposited in the Public School Turnaround Fund established by section 35NNN of chapter 10.
328 Such funds shall be made available to the district for expenditure to support school turnaround
329 upon approval by the commissioner. Funds deposited into the Public School Turnaround Fund
330 shall only be used for the benefit of the district from whom such funds were withheld. For
331 purposes of compliance with the requirements of section 11, any amounts deposited in the Public
332 School Turnaround Fund shall be treated as expended by the district. The commissioner shall
333 report to the secretary of administration and finance and the house and senate committees on
334 ways and means within 60 days of any transfer of funds into or from the Public School
335 Turnaround Fund.

336 SECTION 17. Said chapter 70, as so appearing, is hereby further amended by striking out
337 sections 9 and 10 and inserting in place thereof the following sections:-

338 Section 9. Each school district shall report, in a form and manner prescribed by the
339 commissioner, its expenditures and staffing for each foundation allotment budget. The
340 commissioner also may require districts to report on expenditures by program areas and
341 enrollment categories in the foundation budget.

342 Section 10. Subject to appropriation, each municipality, regional school district,
343 independent vocational school, and county operating an agricultural or vocational school shall

344 receive chapter 70 school aid as provided in this chapter. Tuition payments required pursuant to
345 section 89 of chapter 71 and section 12B of chapter 76 shall be deducted from said aid.

346 SECTION 18. Section 12 of said chapter 70 is hereby repealed.

347 SECTION 19. Said chapter 70, as so appearing, is hereby further amended by striking out
348 section 13 and inserting in place thereof the following section:-

349 Section 13. If in any fiscal year the amount appropriated for chapter 70 school aid is less
350 than the amount prescribed by sections 2 and 3, then priority shall be given to funding
351 foundation aid.

352 SECTION 20. Chapter 71 of the General Laws, as so appearing, is hereby amended by
353 striking out section 16D and inserting in place thereof the following section:-

354 Section 16D. There is hereby established a regionalization assistance program to
355 encourage the creation of new regional school districts; the expansion of existing regional school
356 districts; the expanded use of superintendency unions and education collaboratives to provide
357 services on a regional basis; the creation of new regional entities; and other strategies to improve
358 the efficiency and effectiveness of public schools. The commissioner may expend funds from the
359 Public School Regionalization Fund established under section 35MMM of chapter 10. The
360 commissioner may award grants to cities, towns, regional school districts, and education
361 collaboratives for the planning and implementation of such initiatives. The commissioner may
362 also contract with public or private entities for the provision of services related to such
363 initiatives. The commissioner shall give priority to initiatives serving the rural areas of the
364 commonwealth and other districts experiencing persistent enrollment declines.

365 SECTION 21. Section 89 of said chapter 71, as so appearing, is hereby amended by
366 striking out subsection (ff) and inserting in place thereof the following subsection:-

367 (ff) Commonwealth charter schools shall be funded as follows: the commonwealth shall
368 pay a tuition amount to the charter school, which shall be the sum of the tuition amounts
369 calculated separately for each district sending students to the charter school. Tuition amounts for
370 each sending district shall be calculated by the department using the formula set forth herein, to
371 reflect, as much as practicable, the actual per pupil spending amount that would be expended in
372 the district if the students attended the district schools. The tuition amount shall be calculated
373 separately for each district sending students to a charter school, and for each charter school to
374 which a district sends students. Each district's per pupil tuition amount for each charter school to
375 which it sends students shall include a per pupil foundation budget component, adjusted to
376 reflect the actual net school spending in the sending district, and a per pupil facilities component.

377 In calculating the per pupil foundation budget component, the department shall calculate
378 a foundation budget for the students from each sending district attending the charter school in the
379 previous fiscal year, pursuant to the provisions of section 2 of chapter 70; provided, that the
380 department shall not include in said calculation the assumed tuitioned-out special education
381 enrollment, nor any amounts generated by said assumed enrollment, as defined by said section 2.
382 The per pupil foundation budget component shall be the district's foundation budget for the
383 charter school, as so calculated, divided by the number of students attending the charter school
384 from the sending district in the previous fiscal year. The per pupil foundation budget component
385 shall be calculated separately for each charter school to which a district sends students. The
386 foundation budget for a charter school shall be the sum of the foundation budgets for the charter
387 school for each district sending students to the charter school.

388 In adjusting the per pupil foundation budget component, the department shall calculate
389 for each sending district an above foundation spending percentage, which shall be the percentage
390 by which the district's actual net school spending exceeds the foundation budget for the district,
391 as calculated pursuant to the provisions of chapter 70. The department shall further calculate the
392 percentage of actual net school spending reported by the sending district associated with tuition
393 costs for tuitioned-out special education students, including education that occurs in educational
394 collaboratives, and with that share of spending on health care costs for retired employees which
395 is included in net school spending, and shall reduce the district's above foundation spending
396 percentage proportionately. The per pupil foundation budget component for each charter school
397 to which the sending district sends students shall be increased by said adjusted above foundation
398 spending percentage.

399 The per pupil facilities component shall be \$938 in fiscal year 2020, and each year
400 thereafter shall be adjusted for inflation by the same factor set forth in clause (iii) of the fifth
401 paragraph of section 3 of chapter 70 for adjusting foundation budgets.

402 The total tuition amount owed by a sending district to a charter school shall be the per
403 pupil tuition amount as defined above, multiplied by the total number of students attending the
404 charter school from that district in the current fiscal year. The sending district's total charter
405 school tuition amount for purposes of the following paragraphs shall be the sum of the district's
406 tuition amounts for each charter school to which the district sends students, calculated using the
407 provisions of this section. The receiving charter school's total charter school tuition amount shall
408 be the sum of the tuition amounts calculated for the charter school for each district sending
409 students to the charter school.

410 If a charter school student previously attended a private or parochial school or was home
411 schooled, the commonwealth shall assume the first year cost for that student and shall not reduce
412 the sending district's chapter 70 aid for that student's tuition in that fiscal year.

413 The state treasurer is hereby authorized and directed to deduct a district's total charter
414 school tuition amount, as calculated herein, from the district's chapter 70 school aid, as defined
415 in section 2 of said chapter 70, prior to the distribution of said aid. In the case of a child residing
416 in a municipality which belongs to a regional school district, the charter school tuition amount
417 shall be deducted from said chapter 70 school aid of the school district appropriate to the grade
418 level of the child. If, in a single district, the total of all such deductions exceeds the total of said
419 school aid, this excess amount shall be deducted from other aid appropriated to the city or town.

420 The state treasurer is hereby further authorized and directed to disburse to the charter
421 school an amount equal to the charter school's total charter school tuition amount as defined
422 above.

423 If more than 1 charter school is managed by a single network or board of trustees,
424 funding shall not be transferred among individual schools within the network unless such schools
425 are located in the same school district.

426 SECTION 22. Said section 89 of said chapter 71, as so appearing, is hereby further
427 amended by striking out subsection (gg) and inserting in place thereof the following subsection:-

428 (gg) Funds appropriated by the commonwealth for charter school tuition assistance shall
429 be expended as follows: (i) First, for the payment of first year tuition for students previously
430 enrolled in a private or parochial school or home schooled; (ii) Second, for the payment of
431 tuition for siblings where required by paragraph (2) of subsection (i); (iii) Third, for

432 reimbursement of the per pupil facilities component of charter school tuition; (iv) Fourth, for the
433 transitional assistance and supplemental assistance as defined in this section, provided that said
434 transitional assistance and supplemental assistance shall be prorated equally if sufficient funds
435 are not appropriated to fully fund such assistance.

436 A district's transitional assistance allowance shall be the positive difference between its
437 current charter school enrollment and the highest enrollment level of the previous 5 years,
438 multiplied by its average per pupil adjusted foundation tuition rate. Subject to appropriation, in
439 the year of the increase the district shall receive 100 per cent of the transitional assistance
440 allowance; in the year following the increase the district shall receive 60 per cent of the
441 transitional assistance allowance; and in the second year following the increase the district shall
442 receive 40 per cent of the transitional assistance allowance.

443 If a district's net charter school tuition cost in any fiscal year exceeds 9 per cent of its net
444 school spending, it shall receive, subject to appropriation, supplemental charter tuition assistance
445 calculated as follows: (i) Subtract the district's chapter 70 school aid as a percentage of the
446 district's foundation budget from the total state chapter 70 school aid as a percentage of the total
447 state foundation budget, but not less than zero; (ii) multiply the result by the foundation budget
448 for the district's students attending charter schools; and (iii) subtract from the result the amount
449 of transitional assistance provided to the district.

450 SECTION 23. The commissioner of elementary and secondary education shall study and
451 report on the feasibility of establishing multiple foundation budget rates for career and vocational
452 education programs within the foundation budget under section 2 of chapter 70 of the General
453 Laws, to better reflect the differences in operating costs among such programs. Said study shall

454 also consider the feasibility of establishing a separate school choice tuition rate for such
455 programs. The commissioner shall report his findings to the secretary of administration and
456 finance, the joint committee on education, and the house and senate committees on ways and
457 means no later than September 1, 2020.

458 SECTION 24. (a) There shall be a special commission governed by section 2A of chapter
459 4 of the General Laws to study and make recommendations concerning the long-term fiscal
460 health of rural school districts in the commonwealth facing or that may face declining student
461 enrollment.

462 The commission shall consist of 13 members, including a chairman appointed by the
463 governor; a vice-chair who shall be appointed by the senate president; a vice-chair who shall be
464 appointed by the speaker of the house of representatives; 1 member who shall be appointed by
465 the minority leader of the senate; 1 member who shall be appointed by the minority leader of the
466 house of representatives; the deputy commissioner of the division of local services within the
467 department of revenue, or her or his designee; and 7 additional members appointed by the
468 governor, 1 of whom shall be a representative of the Massachusetts Association of Regional
469 Schools, Inc.; 1 of whom shall be a representative of the Massachusetts Association of School
470 Committees, Inc.; 1 of whom shall be a representative of the Massachusetts Association of
471 School Business Officials, Inc.; and 1 of whom shall be a representative of the Massachusetts
472 Association of School Superintendents, Inc. A majority of the commission's members shall be
473 residents of areas served by rural school districts. Members shall not receive compensation for
474 their services but may receive reimbursement for the reasonable expenses incurred in carrying
475 out their responsibilities as members of the commission. The commissioner of elementary and
476 secondary education shall furnish reasonable staff and other support for the work of the

477 commission and may expend funds from the Public School Regionalization Fund established
478 under section 35MMM of chapter 10 of the General Laws for such purposes.

479 (b) The commission shall study and report on: (i) long-term economic, demographic, and
480 student enrollment trends and projections in rural communities; (ii) long-term fiscal trends in
481 rural school districts experiencing declining enrollment; and (iii) recommendations for:
482 reorganizing schools and school districts; consolidating administrative, transportation, and
483 governance functions; expanding the use of technology to deliver instruction and enable
484 operating efficiencies; and encouraging innovation to reduce costs and improve educational
485 outcomes. The commission, in formulating its recommendations, shall take into account the best
486 policies and practices in other states. The commission shall hold at least 5 public meetings and
487 may hold hearings and other forums as it considers necessary.

488 (c) The commission shall file its report and recommendations with the clerks of the
489 senate and the house of representatives who shall forward the same to the senate and house
490 chairs of the joint committee on education not later than June 30, 2020.

491 SECTION 25. Notwithstanding clause (gg) of section 89 of chapter 71, as amended by
492 section 22, in fiscal years 2020 through 2022, any increase in appropriation above fiscal year
493 2019 levels, available for use as payments for transitional assistance and supplemental
494 assistance, shall be used to close equal proportions of the gap to full funding for both elements of
495 the program.

496 SECTION 26. This act shall take effect on July 1, 2019.