# **HOUSE . . . . . . . . . . . . . . . . No. 2841**

## The Commonwealth of Massachusetts

PRESENTED BY:

Claire D. Cronin

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to the Foundation Budget Review Commission.

#### PETITION OF:

NAME:	DISTRICT/ADDRESS:
Claire D. Cronin	11th Plymouth
Carole A. Fiola	6th Bristol
Joseph W. McGonagle, Jr.	28th Middlesex
Gerard Cassidy	9th Plymouth
Michelle M. DuBois	10th Plymouth
Marjorie C. Decker	25th Middlesex
Chris Walsh	6th Middlesex
Jeffrey N. Roy	10th Norfolk
James J. O'Day	14th Worcester

FILED ON: 1/20/2017

### HOUSE . . . . . . . . . . . . . . No. 2841

By Ms. Cronin of Easton, a petition (accompanied by bill, House, No. 2841) of Claire D. Cronin and others relative to the Foundation Budget Review Commission. Education.

### The Commonwealth of Alassachusetts

In the One Hundred and Ninetieth General Court (2017-2018)

An Act relative to the Foundation Budget Review Commission.

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

- SECTION 12. Chapter 70 of the General Laws is hereby amended by striking out section
- 2 2, as appearing in the 2014 Official Edition, and inserting in place thereof the following section:-
- 3 Section 2. As used in this chapter and in chapters 15, 69 and 71, the following words
- 4 shall have the following meanings unless the context clearly requires otherwise:
- 5 "Administration allotment", the amounts allotted within a district's foundation
- 6 budget for administration in any fiscal year; provided, however, that the fiscal year 2017
- 7 administration allotment, based on a sum of the following calculations, shall be the base year,
- 8 with the dollar rates adjusted annually by the foundation inflation index:
- 9 (i) \$188.56 multiplied by the foundation preschool enrollment and the
- 10 foundation half-day kindergarten enrollment;

11	(11) \$3 / /.10 multiplied by the foundation full-day kindergarten enrollment, the
12	foundation elementary enrollment, the foundation junior high or middle school enrollment, the
13	foundation high school enrollment, and the foundation vocational enrollment; and
14	(iii) \$2,602.67 multiplied by the assumed in-school special education
15	enrollment and the assumed tuitioned-out special education enrollment.
16	"Assumed in-school special education enrollment", 4 per cent of the total
17	foundation enrollment in a district not including vocational or preschool enrollment, plus 5 per
18	cent of vocational enrollment.
19	"Assumed tuitioned-out special education enrollment", 1 per cent of the total
20	foundation enrollment in a district, not including vocational or preschool enrollment.
21	"Base aid", in a fiscal year, the total amount of chapter 70 aid provided to a
22	district in the general appropriation act of the previous fiscal year.
23	"Board", the board of elementary and secondary education.
24	"Chapter 70 aid", the sum of a district's base aid, foundation aid increment, if
25	any, and minimum aid increment, if any, in a fiscal year; provided, however that no nonoperating
26	district shall receive chapter 70 aid in an amount greater than the district's foundation budget.
27	"Classroom and specialist teachers allotment", the amount allotted within a
28	district's foundation budget for classroom and specialist teachers in a fiscal year; provided,
29	however, that the fiscal year 2017 classroom and specialist teachers allotment, based on a sum of
30	the following calculations, shall be the base year, with the dollar rates adjusted annually by the
31	foundation inflation index:

32	(i) \$1,561.50 multiplied by the foundation preschool enrollment and the	
33	foundation half-day kindergarten enrollment;	
34	(ii) \$3,122.99 multiplied by the foundation full-day kindergarten enrollmen	nt;
35	(iii) \$3,122.95 multiplied by the foundation elementary enrollment;	
36	(iv) \$2,748.21 multiplied by the foundation junior high or middle school	
37	enrollment;	
38	(v) \$4,041.48 multiplied by the foundation high school enrollment;	
39	(vi) \$8,588.16 multiplied by the assumed in-school special education	
40	enrollment; and	
41	(vii) \$6,870.55 multiplied by the foundation vocational enrollment.	
42	"Combined effort yield", the sum of a municipality's equalized property	
43	valuation multiplied by the uniform property percentage and its income multiplied by the	
14	uniform income percentage.	
45	"Commissioner", the commissioner of elementary and secondary education	1.
46	"Department", the department of elementary and secondary education.	
47	"District" or "School district", the school department of a city or town or a	
48	regional school district.	
19	"Effort reduction percentage", the percentage of excess effort to be reduced	d in
50	any given year.	

"Employee benefits and fixed charges allotment", the amount allotted within a district's foundation budget for employee benefits and fixed charges, equal to 1.29 times the sum of (a) the employee health insurance rate multiplied by the number of active employees for whom the district provides health insurance and (b) the retired employee health insurance rate multiplied by the number of the district's retired employees.

"Employee health insurance rate", the average group insurance commission premium for all plans for the three previous fiscal years; provided, however, that the group insurance commission shall annually, not later than June 30, provide the department with data necessary for the determination of such rate or any increase thereof.

"English language learner enrollment", the number of students enrolled in English language learner programs established pursuant to chapter 71A, including students enrolled in vocational and technical schools.

"English language learner expanded program increment", the amount allotted within a district's foundation budget for additional services for English language learners, including those enrolled in vocational and technical schools; provided, however, that the increment shall be \$2,446 multiplied by the number of English language learners in the district for fiscal year 2017, adjusted annually thereafter by the foundation inflation index.

"Enrollment categories", any of the following categories in which a student, including students enrolled in special education programs and students attending a school in another district, pursuant to section 12B of chapter 76, who resides in the district and who attends either a public school in that district or a school for which the district of residence pays tuition, is placed; provided, however, that any such student shall be place in only one enrollment

- category depending on the grade and program to which the student is assigned; provided further,
  that English language learners and low-income students shall be placed in one of the following
  enrollment categories and shall be counted for the purposes of calculating the English language
  learner increment and the low-income expanded program increment:
  - (i) "elementary enrollment", number of students enrolled in grades 1 through 5 and not enrolled in English language learner or vocational programs in a district;

- (ii) "high school enrollment", the number of students enrolled in grades 9 through 12 and not enrolled in English language learner or vocational programs in a district;
- (iii) "junior high or middle school enrollment", the number of students enrolled in grades 6 to 8, inclusive, and not enrolled in English language learner or vocational programs in a district;
  - (iv) "kindergarten enrollment", the number of students enrolled in kindergarten and not enrolled in English language learner or vocational programs in a district; provided, however, that in any district in which kindergarten students attend school for a full day, the foundation kindergarten enrollment used to calculate the foundation budget amount described in this section shall be two times the kindergarten enrollment number that would otherwise be used for said calculations;
  - $\label{eq:continuous} \mbox{(v) "preschool enrollment"}, the number of students enrolled in preschool programs in a district; and$
- 92 (vi) "vocational enrollment", the number of students enrolled in vocational, 93 education programs or an agricultural school in a district.

"Equalized property valuation", the annual equalized property valuation for a municipality as determined by the department of revenue pursuant to sections 9, 10 and 10C of chapter 58.

"Excess effort", the positive difference, if any, between a municipality's target local contribution and its preliminary contribution.

"Foundation aid", the positive difference between a district's foundation budget and its required district contribution.

"Foundation aid increment", the positive difference, if any, between the foundation budget and the sum of the required district contribution and base aid.

"Foundation budget", the sum of the administration allotment, instructional leadership allotment, classroom and specialist teachers allotment, other teaching services allotment, professional development allotment, instructional materials, equipment and technology allotment, guidance and psychological allotment, pupil services allotment, operations and maintenance allotment, employee benefits and fixed charges allotment and tuitioned-out special education tuition allotment and the English language learner expanded program increment and the low-income expanded program increment; provided, however, that the base year for calculating the foundation budget shall be fiscal year 2017; provided further, that the base year foundation budget shall be calculated according to the formulas in this section using foundation enrollment as described in this section; and provided further that, for fiscal years thereafter, the foundation budget shall be the base year foundation budget adjusted for enrollment and for inflation as set forth in section 3.

"Foundation enrollment", the student enrollment of a district in any fiscal year; provided, however, that the foundation enrollment shall be the sum of the foundation full-day kindergarten, elementary, junior high or middle school, high school and vocational enrollment plus one-half of the sum of the foundation preschool and half-day kindergarten enrollment, including students enrolled in the program for the elimination of racial imbalance under section 12A of chapter 76; and provided further, that annually, not later than March 1 of each calendar year, the department shall certify the foundation enrollment for the next fiscal year as the actual enrollment as reported the previous October.

"Foundation inflation index", in fiscal year 2017, the foundation inflation index shall equal 1.000; provided, however, that in fiscal year 2018 and in each fiscal year thereafter, the foundation inflation index shall equal the prior year's foundation inflation index multiplied by the minimum of: (i) the ratio of the value of the implicit price deflator for state and local government purchases in the first quarter of the prior fiscal year to its value in the first quarter of the year two years prior; or (ii) 1.045; provided that the index used as the base for the calculation of the foundation inflation index in the following fiscal year shall be the index generated by applying (i).

"General revenue sharing aid", the amount of assistance from the commonwealth to be received by a city or town in a fiscal year from the following local aid programs: (i) payments in lieu of taxes for state-owned lands distributed pursuant to section 17 of chapter 58; and (ii) "Unrestricted General Government Aid" distributed through section 3 of the Commonwealth's annual budget.

136	"Guidance and psychological allotment", the amount allotted within a district's
137	foundation budget for guidance and psychological services; provided, however, that the fiscal
138	year 2017 guidance and psychological allotment, based on a sum of the following calculations,
139	shall be the base year, with the dollar rates adjusted annually by the foundation inflation index:
140	(i) \$113.61 multiplied by the foundation preschool enrollment and the
141	foundation half-day kindergarten enrollment;
142	(ii) \$227.25 multiplied by the foundation full-day kindergarten enrollment and
143	the foundation elementary enrollment;
144	(iii) \$302.50 multiplied by foundation junior high or middle school enrollment;
145	and
146	(iv) \$379.19 multiplied by the foundation high school enrollment and the
147	foundation vocational enrollment.
148	"Income", total income from all sources as reported by the residents of a
149	municipality on income tax returns submitted to the department of revenue for the most recent
150	available calendar year.
151	"Income percentage", the uniform percentage of each municipality's total
152	income which yields one-half of the statewide total of combined effort yields in any fiscal year.
153	"Instructional leadership allotment", the amounts allotted within a district's
154	foundation budget for instructional leadership in a fiscal year; provided, however, that for fiscal
155	year 2017, the "instructional leadership allotment" shall be the sum of the following rate
156	calculations; and provided further, that for subsequent fiscal years, the instructional leadership

157	allotment shall be the sum of the following calculations, with the dollar rates annually adjusted
158	by the foundation inflation index:
159	(i) \$340.55 multiplied by the foundation preschool enrollment and the
160	foundation half-day kindergarten enrollment; and
161	(ii) \$681.08 multiplied by the foundation full-day kindergarten enrollment, the
162	foundation elementary enrollment, the foundation junior high or middle school enrollment, the
163	foundation high school enrollment and the foundation vocational enrollment.
164	"Instructional materials, equipment and technology allotment", the amount
165	allotted within a district's foundation budget for instructional materials, equipment and
166	technology; provided, however, that the fiscal year 2017 instructional materials, equipment and
167	technology allotment, based on a sum of the following calculations, shall be the base year, with
168	the dollar rates adjusted annually by the foundation inflation index:
169	(i) \$226.01 multiplied by the foundation preschool enrollment and the
170	foundation half-day kindergarten enrollment;
171	(ii) \$452.01 multiplied by the foundation full-day kindergarten enrollment, the
172	foundation elementary enrollment and the foundation junior high or middle school enrollment;
173	(iii) \$723.22 multiplied by the foundation high school enrollment;
174	(iv) \$361.61 multiplied by the assumed in-school special education enrollment;
175	and
176	(v) \$1,265.62 multiplied by the foundation vocational enrollment.

"Low-income enrollment", the number of children attending school in a district regardless of residence or tuition-paying status, with a family income at or below 185 per cent of the federal poverty level; provided, however, that a low-income child or low-income student shall mean a child who meets these eligibility standards; and provided further, that in determining the total number of low-income students, the department shall use the preceding year's actual number of low-income full-day kindergarten, elementary, junior high or middle school, high school and vocational students and one-half of the preceding year's actual number of low-income preschool and half-day kindergarten students.

"Low-income expanded program increment", the amount allotted within a district's foundation budget for each student with a family income at or below 185 per cent of the federal poverty level; provided, however, that the department shall rank each district with respect to its low income percentage of total foundation enrollment and divide the districts into septiles; provided further, that each district shall be assigned a low-income septile based on its low income percentage; provided further, that each septile shall be assigned a low-income rate where the rate for the lowest percentage septile shall be \$3,591 and each subsequent septile shall increase by equal amounts up to the highest percentage septile rate of \$8,455; and provided further, that the fiscal year 2017 rates for each septile shall be the base year rates and shall be adjusted annually thereafter by the foundation inflation index.

"Minimum aid", the positive difference between a district's foundation aid increment and \$25 multiplied by the district foundation enrollment.

"Maximum local contribution", 82.5 per cent of a municipality's foundation budget.

"Municipal foundation budget", a city or town's local district's foundation budget plus the sum of its share of the foundation budgets at regional districts or at agricultural schools of which it is a member; provided, however, that a city or town's share of the foundation budget at regional districts or at agricultural schools shall be based upon its share of the total foundation enrollment from all member municipalities at those districts and schools.

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"Municipal revenue growth factor", the change in local general revenues calculated by subtracting 1 from the quotient calculated by dividing the sum of: (i) the maximum levy for the fiscal year estimated by multiplying the levy limit of the prior fiscal year by a factor equal to 102.5 per cent plus the average of the percentage increases in the levy limit due to new growth adjustments over the last three available years as certified by the department of revenue or as otherwise estimated by the division of local services in the department of revenue where it appears that a municipality may not be entitled to increase its minimum levy limit by 2.5 per cent; provided, however, that if the highest percentage during such three years exceeds the average of the other two years' percentages by more than two percentage points, then the lowest three of the last four years shall be used for such calculation; (ii) the amount of general revenue sharing aid for the fiscal year; and (iii) other budgeted recurring receipts not including user fees or other charges determined by the division of local services to be associated with the provision of specific municipal services for the prior fiscal year, by the sum of: (1) the actual levy limit for the prior fiscal year; (2) the amount of general revenue sharing aid received for the prior fiscal year; and (3) other recurring receipts not including user fees or other charges determined by the division of local services to be associated with the provision of specific municipal services budgeted by the municipality for the fiscal year preceding the prior fiscal year, if any; provided further, that for the purposes of this calculation, the levy limit shall exclude any amounts

generated by overrides applicable to any year after the fiscal year ending June 30, 1993; provided further, that in the absence of an actual levy limit for the prior fiscal year, the actual levy limit for the prior fiscal year shall be estimated by multiplying the actual levy limit of the fiscal year preceding the prior fiscal year by a factor equal to 102.5 per cent plus the average of the percentage increases in the levy limit due to new growth as specified above; and provided further, that in making any of these required calculations, the division of local services may substitute more current information or such other information as would produce a more accurate estimate of the change in a municipality's general local revenues and the department shall use such growth factor to calculate preliminary contribution, required local contribution and any other factors that directly or indirectly use the municipal growth factor.

"Net school spending", the total amount spent for the support of public education, including the amortization of teacher salary deferrals and tuition payments for children residing in the district who attend a school in another district or other approved facility, determined without regard to whether such amounts are regularly charged to school or nonschool accounts by the municipality for accounting purposes; provided, however, that net school spending shall not include any spending for long-term debt service, and shall not include spending for school lunches and student transportation; provided further that "net school spending" shall also not include spending from tuition revenue or revenue from activity, admission, other charges or any other revenue attributable to public education, or from state or federal grants; provided further, that such revenue shall be made available to the school district which generated the revenue in addition to any financial resources made available by municipalities or state assistance; provided further, that the department, in consultation with the department of revenue, shall promulgate regulations to ensure a uniform method of determining

which municipal expenditures shall be appropriated for the support of public education and which revenues are attributable to public education in accordance with this section; and provided further, that the regulations shall include provisions for resolving disputes which may arise between municipal and school officials.

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"Operations and maintenance allotment", the amount allotted within a district's foundation budget for operations and maintenance; provided, however, that the fiscal year 2017 operations and maintenance allotment, based on a sum of the following calculations, shall be the base year, with the dollar rates adjusted annually by the foundation inflation index:

- (i) \$433.61 multiplied by the foundation preschool enrollment and the foundation half-day kindergarten enrollment;
- 255 (ii) \$867.21 multiplied by the foundation full-day kindergarten enrollment and 256 the foundation elementary enrollment;
  - (iii) \$940.18 multiplied by foundation junior high or middle school enrollment;
  - (iv) \$911.60 multiplied by the foundation high school enrollment;
- 259 (v) \$2,907.31 multiplied by the assumed in-school special education 260 enrollment; and
  - (vi) \$1,706.08 multiplied by the foundation vocational enrollment.

"Other teaching services allotment", the amount allotted within a district's foundation budget for other teaching services; provided, however, that the fiscal year 2017 other teaching services allotment, based on a sum of the following calculations, shall be the base year, with the dollar rates adjusted annually by the foundation inflation index:

266	(i) \$400.48 multiplied by the foundation preschool enrollment and the
267	foundation half-day kindergarten enrollment;
268	(ii) \$800.98 multiplied by the foundation full-day kindergarten enrollment and
269	the foundation elementary enrollment;
270	(iii) \$576.58 multiplied by the foundation junior high or middle school
271	enrollment;
272	(iv) \$480.01 multiplied by the foundation high school enrollment and the
273	foundation vocational enrollment;
274	(v) \$8,018.64 multiplied by the assumed in-school special education
275	enrollment; and
276	(vi) \$39.76 multiplied by the assumed tuitioned-out special education
277	enrollment.
278	"Preliminary contribution", the product of: (i) a municipality's required local
279	contribution for the prior fiscal year; and (ii) 1 plus the municipal revenue growth factor for the
280	current year; provided, however, that if a municipality's preliminary local contribution as a
281	percentage of its foundation budget is more than 2.5 percentage points lower than the target local
282	share, the preliminary contribution shall be recalculated using the municipality's revenue growth
283	factor plus 1 percentage point; and provided further, that if a municipality's preliminary
284	contribution as a percentage of its foundation budget is more than 7.5 percentage points lower
285	than the target local share, the preliminary contribution shall be recalculated using the

municipality's revenue growth factor plus 2 percentage points.

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287	"Professional development allotment", the amount allotted within a district's
288	foundation budget for professional development; provided, however, that the fiscal year 2017
289	professional development allotment, based on a sum of the following calculations, shall be the
290	base year, with the dollar rates adjusted annually by the foundation inflation index:
291	(i) \$61.76 multiplied by the foundation preschool enrollment and the
292	foundation half-day kindergarten enrollment;
293	(ii) \$123.57 multiplied by the foundation full-day kindergarten enrollment;
294	(iii) \$123.59 multiplied by the foundation elementary enrollment;
295	(iv) \$133.97 multiplied by the foundation junior high or middle school
296	enrollment;
297	(v) \$129.90 multiplied by the foundation high school enrollment;
298	(vi) \$414.29 multiplied by the assumed in-school special education enrollment;
299	and
300	(vii) \$214.77 multiplied by the foundation vocational enrollment.
301	"Property percentage", the uniform percentage of each municipality's total
302	equalized property valuation which yields one-half of the statewide total of combined effort
303	yields in any fiscal year.
304	"Pupil services allotment", the amount allotted within a district's foundation
305	budget for pupil services; provided, however, that the fiscal year 2017 pupil services allotment,

based on a sum of the following rate calculations, shall be the base year, with the dollar rates adjusted annually by the foundation inflation index:

(i) \$45.19 multiplied by the foundation preschool enrollment and the foundation half-day kindergarten enrollment;

- (ii) \$90.41 multiplied by the foundation full-day kindergarten enrollment;
- (iii) \$135.61 multiplied by the foundation elementary enrollment and the foundation English learner, full-day enrollment;
- 313 (iv) \$221.50 multiplied by foundation junior high or middle school enrollment; 314 and
  - (v) \$510.77 multiplied by the foundation high school enrollment and the foundation vocational enrollment.

"Required district contribution", a local district's share of the municipality's required local contribution or, in a regional district or agricultural school, the sum of the member municipalities' required local contributions apportioned to that regional district or agricultural school.

"Required local contribution", the municipality's preliminary contribution minus the product of its excess effort, if any, multiplied by the effort reduction percentage; provided, however, that the required local contribution shall be apportioned to each district to which the municipality belongs, in proportion to the municipality's foundation budget at those districts.

326	"Retired employee", an employee of a school district who retired while
327	employed by that district and who receives health insurance benefits through that district.
328	"Retired employee health insurance rate", the average group insurance
329	commission premium for all retiree plans for the three previous fiscal years; provided, however,
330	that the group insurance commission shall annually, not later than June 30, provide the
331	department with data necessary for the determination of such rate or any increase thereof.
332	"Statewide target local share", the sum of all municipalities' target local
333	contribution, as a percentage of the sum of all municipal foundation budgets, which shall be set
334	at 59 per cent.
335	"Target aid share", for a local district, 100 per cent minus the municipality's
336	target local share; provided, however, that for a regional district or agricultural school, the
337	"target aid share" shall be 100 per cent minus each member municipality's target local share,
338	multiplied by each municipality's share of the regional district's enrollment, summed for all
339	members of the district.
340	"Target local contribution", the lesser of a municipality's combined effort yield
341	and its maximum local contribution.
342	"Target local share", a municipality's target local contribution as a percentage
343	of its municipal foundation budget.
344	"Tuitioned-out special education allotment", the product of the tuitioned-out
345	special education rate and the assumed tuitioned-out special education enrollment.

"Tuitioned-out special education rate", three times the statewide foundation budget per-pupil amount.

"Wage adjustment factor", an adjusted difference between the average annual wage for all jobs in the labor market area in which a municipality is located and the average annual wage in the commonwealth; provided, however, that average annual wage figures shall be published annually by the division of employment and training; provided further, that the wage adjustment factor shall be the sum of 1 plus a fraction, the numerator of which shall be the product of 1/3 and the difference resulting from subtracting the average annual wage in the commonwealth from the average annual wage of the municipality, and the denominator of which shall be the average annual wage in the commonwealth; and provided further, that for the purposes of this definition, the average annual wage of the municipality shall be the sum of:

- (i) .8 multiplied by the average annual wage for all jobs in the labor market area in which the municipality is located; and
- (ii) .2 multiplied by the average annual wage of the municipality; provided, however, the wage adjustment factor in any community shall not be less than 1.
- SECTION 13. The third paragraph of section 3 of said chapter 70, as so appearing, is hereby amended by striking out the last sentence and inserting in place thereof the following 2 sentences:-

The factors to be inflated by the foundation inflation index shall be the monetary values for the administration allotment, the instructional leadership allotment, the classroom and specialist teachers allotment, the other teaching services allotment, the professional development allotment, the instructional materials, equipment and technology allotment, the guidance and

psychological allotment, the pupil services allotment, the operations and maintenance allotment, the English language learner expanded program increment and the low-income student expanded program increment.

The rates established in section 2 shall serve as the basis for the implementation schedule established annually under section 5B1/2 of chapter 29.

SECTION 14. Section 5 of said chapter 70 is hereby repealed.

SECTION 15. Section 6 of said chapter 70, as appearing in the 2014 Official Edition, is hereby amended by striking out, in line 6, the word "minimum".

SECTION 16. Said section 6 of said chapter 70, as so appearing, is hereby further amended by striking out, in line 8, the words "but not including equity aid,".

SECTION 17. Section 7 of said chapter 70 is hereby repealed.

SECTION 18. Section 9 of said chapter 70 is hereby repealed.

SECTION 19. Said chapter 70 is hereby further amended by striking out section 10, as appearing in the 2014 Official Edition, and inserting in place thereof the following section:-

Section 10. Subject to appropriation, the amount of state aid to be paid to each municipality in each fiscal year under this chapter shall be the sum of the base aid, the foundation aid increment and the minimum aid to which the municipality may be entitled under this chapter

SECTION 38. Sections 12 through 19 of this act shall take effect on July 1, 2019.