

**SENATE . . . . . No. 2525**

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Senate, May 10, 2018, – Text of the Senate Bill modernizing the foundation budget for the 21st century (being the text of Senate document number 2506, printed as amended)

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**The Commonwealth of Massachusetts**

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**In the One Hundred and Ninetieth General Court  
(2017-2018)**  
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An Act modernizing the foundation budget for the 21st century.

*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 29 of the General Laws is amended by inserting after section 5B  
2 the following section:-

3           Section 5B½. (a) As used in this section, the following words shall have the following  
4 meanings unless the context clearly requires otherwise:-

5           “Assumed in-school special education enrollment”, 4 per cent of the total foundation  
6 enrollment in a district, not including vocational or preschool enrollment, plus 5 per cent of  
7 vocational enrollment.

8           “Department”, the department of elementary and secondary education.

9           “Employee health insurance rate”, the employer share of the average active employee  
10 premium for all group insurance commission plans for the 3 previous fiscal years; provided,  
11 however, that the group insurance commission shall annually, not later than June 30, provide the  
12 department with data necessary for the determination of the rate or an increase of it.

13 “English learner enrollment”, the number of students identified as English learners  
14 pursuant to chapter 71A, including students enrolled in vocational and technical schools.

15 “English learner increment”, the additional amount allotted within a district’s foundation  
16 budget for additional services for students identified as English learners pursuant to chapter 71A,  
17 including those enrolled in vocational and technical schools; provided, however, that the value of  
18 the increment for fiscal year 2019 shall be \$2,444.60 multiplied by the number of English  
19 learners in the district and shall be adjusted annually thereafter by the foundation inflation index;  
20 provided further, that the portion of the increment supporting employee benefits and fixed  
21 charges shall be adjusted annually consistent with adjustments made to foundation benefit rates.

22 “Foundation benefits”, the amount allotted within a district's foundation budget for  
23 employee benefits and fixed charges; provided, however, that the allotment shall be equal to 1.29  
24 times the sum of: (i) the employee health insurance rate multiplied by the number of active  
25 employees for whom the district provides health insurance; and (ii) the retired employee health  
26 insurance rate multiplied by the number of the district’s retired employees receiving health  
27 insurance through the district or any of its member municipalities; and provided further, that  
28 each district shall annually, not later than June 30, provide the department with data necessary to  
29 determine the number of retired employees.

30 “Low-income enrollment”, the number of low-income students attending school in a  
31 district regardless of residence or tuition-paying status; provided, however, that in determining  
32 the number of low-income students, the department shall use the preceding year's actual number  
33 of low-income full-day kindergarten, elementary, junior high or middle school, high school and

34 vocational students and  $\frac{1}{2}$  of the preceding year's actual number of low-income half-day  
35 kindergarten and preschool students.

36 “Low-income increment”, the additional amount allotted within a district’s foundation  
37 budget for each low-income student; provided, however, that the department shall rank each  
38 district and divide the districts into deciles; provided further, that each district shall be assigned a  
39 low-income decile based on its low-income percentage that shall be calculated as its number of  
40 low-income students divided by the total foundation enrollment; provided further, that each  
41 decile shall be assigned a low-income increment where the increment for the lowest percentage  
42 decile shall be 50 per cent of the statewide per pupil amount for students with a family income of  
43 more than 185 per cent of the federal poverty level and the increment for the highest percentage  
44 decile shall be 100 per cent of the statewide per pupil amount for students with a family income  
45 of more than 185 per cent of the federal poverty level; and provided further, that when  
46 determining the statewide per pupil amount, the department shall use the average of the base  
47 rates in the enrollment categories of prekindergarten, kindergarten, elementary, middle school  
48 and high school, weighted by the number of students in each category.

49 “Low-income student”, a student who has a family income that is not more than 185 per  
50 cent of the federal poverty level.

51 “Retired employee health insurance rate”, the weighted average of the group insurance  
52 commission premium for all retiree plans for the 3 previous fiscal years; provided, however, that  
53 the group insurance commission shall annually, not later than June 30, provide the department  
54 with data necessary for the determination of such rate.

55           “Tuitioned-out special education rate”, 3 times the statewide foundation budget per pupil  
56 amount.

57           (b) Annually, not later than January 15, the secretary of administration and finance shall  
58 meet with the senate and house committees on ways and means to jointly determine an  
59 implementation schedule to fulfill the recommendations filed on November 2, 2015 by the  
60 foundation budget review commission established in section 4 of chapter 70. The  
61 implementation schedule shall establish a foundation budget as defined in section 2 of said  
62 chapter 70 that incorporates the categories of tuitioned-out special education rate, assumed in-  
63 school special education enrollment, low-income increment, low-income enrollment, foundation  
64 benefits, employee health insurance rate, retired employee health insurance rate and English  
65 learner increment; provided, however, that in the first year of the term of office of a governor  
66 who has not served in the preceding year, the parties shall determine an implementation schedule  
67 not later than January 31 of that year.

68           In determining the implementation schedule, the secretary of administration and finance  
69 and the senate and house committees on ways and means shall hold a public hearing and receive  
70 testimony from the commissioner of elementary and secondary education and other interested  
71 parties. The schedule may be amended by agreement of the chairs of the senate and house  
72 committees on ways and means in any fiscal year to reflect changes in enrollment, inflation,  
73 student populations or other factors that may affect the remaining costs in the schedule. The  
74 implementation schedule shall be included in a joint resolution and placed before the members of  
75 the general court for their consideration annually, along with any proposed legislation necessary  
76 to execute and implement the schedule, not later than February 15. The implementation schedule  
77 shall be subject to appropriation. Upon completion of the implementation schedule, a joint

78 resolution shall be placed before the members of the general court affirming that the  
79 recommendations of the commission have been fulfilled; provided, however, that the  
80 determination of an annual implementation schedule shall not be required upon the adoption of  
81 the resolution affirming that the recommendations of the commission have been fulfilled.

82 SECTION 2. Chapter 70 of the General Laws, as appearing in the 2016 Official Edition,  
83 is hereby amended by striking out section 4 and inserting in place thereof the following section:-

84 Section 4. There shall be a foundation budget review commission to review, every 5  
85 years, the way foundation budgets are calculated and to make recommendations for potential  
86 changes in those calculations, as the commission deems appropriate. In conducting the review,  
87 the commission shall seek to determine the educational programs and services that are necessary  
88 to achieve the commonwealth's educational goals and to prepare students to achieve passing  
89 scores on the Massachusetts Comprehensive Assessment System examination or any successor  
90 assessment as determined by the board. The review shall include, but not be limited to, the  
91 components of the foundation budget established under section 3 and subsequent changes made  
92 to the foundation budget by law. In addition, the commission shall seek to determine and  
93 recommend measures to promote the adoption of ways in which resources can be most  
94 effectively utilized and consider various models of efficient and effective resource allocation. In  
95 carrying out the review, the commissioner of elementary and secondary education shall provide  
96 to the commission any data or information that the commissioner considers relevant to the  
97 commission's charge.

98 The commission shall include: the house and senate chairs of the joint committee on  
99 education, who shall serve as co-chairs; the secretary of education; the commissioner of

100 elementary and secondary education; the commissioner of early education and care; the speaker  
101 of the house of representatives or a designee; the president of the senate or a designee; the  
102 minority leader of the house of representatives or a designee; the minority leader of the senate or  
103 a designee; the governor or a designee; the chair of the house committee on ways and means or a  
104 designee; the chair of the senate committee on ways and means or a designee; and 1 member to  
105 be appointed by each of the following organizations: the Massachusetts Municipal Association,  
106 Inc.; the Massachusetts Business Alliance for Education, Inc.; the Massachusetts Association of  
107 School Committees, Inc.; the Massachusetts Association of School Superintendents, Inc.; the  
108 Massachusetts Teachers Association; the American Federation of Teachers Massachusetts; the  
109 Massachusetts Association of Vocational Administrators, Inc.; the Massachusetts Association of  
110 Regional Schools, Inc.; and the Massachusetts Association of School Business Officials.  
111 Members shall not receive compensation for their services but may receive reimbursement for  
112 the reasonable expenses incurred in carrying out their responsibilities as members of the  
113 commission. The commissioner of elementary and secondary education shall furnish reasonable  
114 staff and other support for the work of the commission. Prior to issuing its recommendations, the  
115 commission shall conduct not less than 4 public hearings across regions of the commonwealth.

116       It shall not constitute a violation of chapter 268A for a state employee or a person  
117 employed by a school district to serve on the commission or to participate in commission  
118 deliberations that may have a financial impact on the district employing that person, the  
119 commonwealth or the rate at which that person may be compensated; provided, however, that the  
120 commission may establish procedures to ensure that such a person shall not participate in  
121 commission deliberations that may directly affect the school districts employing such a person or  
122 that may directly affect the rate at which such a person is compensated.

123 SECTION 3. Chapter 70 of the General Laws is hereby amended by inserting after  
124 section 4 the following section:-

125 Section 4A. (a) The department, in consultation with the executive office of education,  
126 shall convene a data advisory committee to promote the improved use of school-level data to  
127 inform effective resource allocation decisions at the local level.

128 The data advisory committee shall include, but not be limited to, a representative from:  
129 the department; the executive office of education; the Massachusetts Association of School  
130 Committees, Inc.; the Massachusetts Association of School Superintendents, Inc.; the  
131 Massachusetts School Administrators Association, Incorporated; the Massachusetts Association  
132 of School Business Officials, Inc.; the Massachusetts Association of Vocational Administrators,  
133 Inc.; and the Massachusetts Association of Regional Schools, Inc. The data advisory committee  
134 may add additional members upon a majority vote of the committee members. The representative  
135 from the department and 1 member determined by a vote of the full committee every 2 years  
136 shall serve as co-chairs.

137 The data advisory committee shall assist the department in identifying, advising on and  
138 analyzing cost-effective ways to achieve goals including, but not limited to:

139 (i) streamlining financial reporting, eliminating duplicative reporting requirements  
140 and improving data quality;

141 (ii) strengthening the department's capacity to analyze and report staffing,  
142 scheduling and financial data in ways that support strategic resource allocation decisions at the  
143 district and school levels;

144 (iii) strengthening district capacity to use data to make strategic resource  
145 allocation decisions; and

146 (iv) establishing a data collection and reporting system that: (A) tracks funding  
147 allocated for low-income students and students identified as English learners pursuant to chapter  
148 71A to ensure that spending is targeted to the intended populations and to provide a data source  
149 for the foundation budget review commission about the accuracy and adequacy of the low-  
150 income and English learner increments as defined in section 5B½ of chapter 29; and (B) allows  
151 for access to school-level expenditures and data across all districts to inform the public and  
152 policy-makers about effective school-level interventions and investments.

153 (b) The data advisory committee shall report on its progress to the board of elementary  
154 and secondary education, the clerks of the senate and the house of representatives, the senate and  
155 house chairs of the joint committee on education and the chairs of the senate and house  
156 committees on ways and means not less than annually, by December 1. The report shall include  
157 recommendations for the department to achieve the goals of this section. The department may, in  
158 consultation with the data advisory committee, develop or procure the data collection and  
159 reporting system described in subsection (a).

160 SECTION 4. Section 2 shall take effect upon the adoption of the joint resolution  
161 affirming that the recommendations of the commission have been fulfilled, as provided in  
162 subsection (b) of section 5B½ of chapter 29 of the General Laws.