

Massachusetts Department of
Elementary and Secondary Education

Presentation on School Finance
for Melrose Board of Aldermen

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FY10 State Funding for Local School Districts

	(millions)
Chapter 70	3,870
School building assistance	635
SPED circuit breaker	133
Teacher pensions	933
Charter schools	75
Regional transportation	41
Other categorical grants	136
Total	5,823

Chapter 70

- Prior to 1993, education funding was strictly a local matter
- 1993 *McDuffy* case – Supreme Judicial Court ruled that the state had a constitutional obligation to guarantee an adequate education to every child
- 1993 Education Reform Law – Established new Chapter 70 formula
 - Significant increase in state funding
 - Minimum spending requirements for cities and towns
- Goals
 - Adequacy – for students
 - Equity – for taxpayers

Chapter 70: Four Basic Steps

- **Foundation budget** – the minimum spending level need by each district to provide an “adequate” education
- **Required local contribution** – what each city and town can afford to contribute based on municipal fiscal capacity
- **Apportionment** – allocating the required local contribution among the various school districts to which the city or town belongs
- **State aid calculation** – at a minimum, the state guarantees the difference between each district’s foundation budget and required local contributions

Foundation Budget Inputs

- **Enrollment** – October 1 headcount (from prior year) of all students for whom the district is financially responsible
- **Student demographics** – grade level; low income; ELL; vocational (but not SPED)
- **Regional wage levels**
- **Inflation** – US Dept of Commerce price deflator for state and local governments

Foundation budget excludes transportation and school building capital costs.

FY11 Chapter 70 Foundation Budget

	----- Base Foundation Components -----										--- Incremental Costs Above The Base ----				TOTAL*
	(1) Pre-School	(2) ----- Kindergarten ----- Half-Day	(3) Full-Day	(4) Elementary	(5) Jr High/ Middle	(6) High School	(7) ELL PK	(8) ELL K Half	(9) ELL KF - 12	(10) Voca- tional	(11) Special Ed In District	(12) Special Ed Out of Dist	(13) --- Low Income --- Elem	(14) Other	
Foundation Enrollment	30	233	43	1,557	936	991	14	7	55	2	139	37	355	138	3,727
1 Administration	5,129	39,838	14,704	532,406	320,059	338,866	2,394	1,197	18,807	684	328,044	87,321	0	0	1,689,449
2 Instructional Leadership	9,264	71,948	26,556	961,590	578,066	612,033	4,323	2,162	33,968	1,235	0	0	0	0	2,301,145
3 Classroom and Specialist Teachers	42,478	329,911	121,770	4,409,130	2,332,517	3,631,725	29,854	14,927	234,566	12,460	1,082,465	0	904,456	265,616	13,411,875
4 Other Teaching Services	10,894	84,612	31,231	1,130,853	489,369	431,348	4,065	2,033	31,941	871	1,010,681	1,334	0	0	3,229,232
5 Professional Development	1,680	13,049	4,818	174,497	113,714	116,728	1,062	531	8,343	389	52,217	0	19,907	7,739	514,675
6 Instructional Equipment & Tech	5,981	46,449	17,145	620,791	373,193	632,189	2,791	1,395	21,929	2,233	44,335	0	0	0	1,768,430
7 Guidance and Psychological	3,091	24,005	8,860	320,823	256,746	340,751	1,920	960	15,087	688	0	0	0	0	972,930
8 Pupil Services	1,229	9,547	3,526	191,463	187,996	458,987	861	430	6,763	926	0	0	0	0	861,729
9 Operations and Maintenance	11,796	91,613	33,813	1,224,360	797,969	819,175	7,452	3,726	58,552	3,094	366,442	0	139,688	54,301	3,611,982
10 Employee Benefits/Fixed Charges	10,343	80,327	29,649	1,073,598	613,642	624,201	6,072	3,036	47,708	2,046	403,826	0	89,307	34,717	3,018,469
11 Special Ed Tuition	0	0	0	0	0	0	0	0	0	0	0	806,487	0	0	806,487
12 Total	101,884	791,299	292,071	10,639,512	6,063,270	8,006,003	60,794	30,397	477,663	24,626	3,288,011	895,143	1,153,359	362,373	32,186,405
13 Wage Adjustment Factor	102.8%														
Foundation Budget Per Pupil														8,636	

Required Local Contribution

- New “aggregate wealth” model adopted in FY07
- Establishes target local share and target aid share for each city and town
 - Targets based on EQV and personal income data
 - Adjusted each year to reflect changes in data
 - Assumes statewide 59% target local share and 41% target aid share
 - Minimum target aid share = 17.5%
- Multi-year transition to new model – annual increments bring municipalities closer to target each year

Determination of City and Town Total Required Contribution FY11

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Effort Goal

1) 2008 equalized valuation	3,938,558,100
2) Property percentage	0.2956%
3) Local effort from property wealth	11,643,637
4) 2007 income	1,015,913,000
5) Income percentage	1.3682%
6) Local effort from income	13,899,380
7) Combined effort yield (row 3+ row 6)	25,543,017
8) Foundation budget FY11	32,902,999
9) Maximum local contribution (82.5% * row 8)	27,144,974
10) Target local contribution (lesser of row 7 or row 9)	25,543,017
11) Target local share (row 10 as % of row 8)	77.63%
12) Target aid share (100% minus row 11)	22.37%

FY11 Increments Toward Goal

13) Required local contribution FY10	25,431,997
14) Municipal revenue growth factor (DOR)	2.90%
15) FY11 preliminary contribution (13 x 14)	26,169,525
16) Preliminary contribution pct of foundation (15/8)	79.54%
<i>If preliminary contribution is above the target share:</i>	
17) Excess local effort (15 - 10)	626,508
18) 30% reduction toward target (17 x 30%)	187,952
19) FY11 required local contribution (15 - 18)	25,981,573
20) Contribution as percentage of foundation (19 / 8)	78.96
<i>If preliminary contribution is below the target share:</i>	
21) Shortfall from target local share (11 - 16)	
22) Added increment toward target (13 x 1% or 2%)*	
<i>*1% if shortfall is between 5% and 10%; 2% if shortfall > 10%</i>	
23) Shortfall from target after adding increment (10 - 15 - 22)	
24) FY11 required local contribution (15 + 22)	
25) Contribution as percentage of foundation (24 / 8)	

Apportionment of Local Contribution Across School Districts

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	MELROSE	NORTHEAST METROPOLITAN	ESSEX AGRICULTURAL	COMBINED TOTAL ALL DISTRICTS
<u>Prior Year Data (for comparison purposes)</u>				
1 FY10 foundation enrollment	3,698	48	2	3,748
2 FY10 foundation budget	32,562,555	724,199	28,421	33,315,175
3 Each district's share of municipality's combined FY10 foundation	97.74%	2.17%	0.09%	100.00%
4 FY10 required contribution	24,854,305	552,766	24,926	25,431,997
<u>Apportionment of FY11 contribution among community's districts</u>				
5 FY11 total unapportioned required contribution ("municipal contribution" sheet row 19 or 24)				25,981,573
6 FY11 foundation enrollment	3,727	46	2	3,775
7 FY11 foundation budget	32,186,377	688,876	27,746	32,902,999
8 Each district's share of municipality's total FY11 foundation	97.82%	2.09%	0.08%	100.00%
9 FY11 required contribution apportioned using row 8 percentages	25,415,699	543,965	21,909	25,981,573
10 Essex Agricultural adjustment	-1,897	-41	1,938	0
11 Required district contribution FY11 (lines 10 + 11)	25,413,802	543,924	23,847	25,981,573
12 Change FY10 to FY11 (12 - 5)	559,497	-8,842	-1,079	549,576

Chapter 70 Comparisons

	Melrose	Wakefield	Reading	Stoneham
Enrollment	3,727	3,350	4,265	2,586
Foundation budget	32,186,377	29,492,137	35,612,661	22,707,299
Required local contribution	25,413,802	25,319,071	26,823,717	19,708,328
Chapter 70 aid	7,708,250	5,065,190	10,023,063	3,515,493
Required net school spending	33,122,052	30,384,261	36,846,780	23,223,821
C70 as % of foundation	23.95%	17.17%	28.14%	15.48%
C70 target %	22.37%	18.32%	24.96%	17.50%

Major ARRA Grants

	(000)
• FY09 stabilization	793
• FY10 stabilization	317
• IDEA	997
• Title I	219
Total	2,326

Charter Tuition

Number of students	237
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Foundation tuition charge (\$8297 pp)	1,965,954
Less transitional reimbursement	(173,241)
Net charge	1,792,713

Facilities tuition charge (\$893 pp) (state pays 100%)	211,638
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