



THE GENERAL COURT OF MASSACHUSETTS
JOINT COMMITTEE ON EDUCATION

Student Opportunity Act

Question and Answer

September 19, 2019

1. How much does the Student Opportunity Act invest in the Commonwealth's schools?

The Student Opportunity Act makes an unprecedented \$1.5 billion new investment in Massachusetts public schools. Assuming inflation over time, the bill could provide an estimated \$2.2 billion. This funding:

- Includes a \$1.4 billion increase in Chapter 70 aid over and above inflation;
- Expands the state's special education reimbursement program with an estimated annual cost of \$90 million to include out-of-district transportation funding;
- Establishes the 21st Century Education Trust Fund, estimated at \$10 million annually, to support innovative approaches to education;
- Provides an implementation timeline for fully funding charter school reimbursement costs; and
- Increases the annual spending cap for Massachusetts School Building Authority (MSBA) projects.

2. How does this bill modernize the foundation budget?

In 2015, the Foundation Budget Review Commission (FBRC), made up of key education stakeholders, made recommendations to update the foundation budget. Starting in Fiscal Year 2018, the Legislature began funding those recommendations. The Student Opportunity Act builds on those investments – continuing to implement the recommendations in four areas:

- Increases the base for the low-income student increment, which varies depending on the percentage of low-income students in the district. Districts with the largest share of low-income students receive an additional increment of 100% of the statewide average base rate.
- Increases the foundation budget increment for English learners with the largest increase targeted to high-school age English learners due to the increased needs of those students.
- Uses up to date health care cost data, compiled by the Group Insurance Commission, to determine the foundation budget estimate for employee and retiree benefit costs.
- Updates foundation budget assumptions for special education enrollment and out-of-district special education costs.

In addition, the Student Opportunity Act increases foundation budget spending for guidance and psychological services to expand social and emotional learning and mental health services.

3. What is the timeline for implementation?

The Student Opportunity Act assumes a seven-year implementation period beginning in Fiscal Year 2021.

4. How does this bill change funding for low-income enrollment?

The Student Opportunity Act significantly increases funding for low-income students. Funding varies based only on a district's percentage of low-income students, as opposed to how its percentage compares to other districts in the state; the higher the percentage, the higher the increment, up to 100% of the statewide average base rate. The bill revises the current method of assigning

low-income increments by grouping districts according to the percentage of low-income students in the district and assigning an increment amount to each group. This ensures the district's increment will change only when the percentage of low-income students in the district changes.

5. Does this bill change how the state counts the number of low-income students in a district?

The Student Opportunity Act defines low-income students as those students in families with incomes equal to or less than 185% of the federal poverty level. In recent years, the Department of Elementary and Secondary Education (DESE) used a 133% threshold. The bill directs DESE to develop a reliable method of determining the number of low-income students. In the meantime, it directs DESE to use a combination of data sources to estimate low-income enrollment in each district.

6. How does this bill address school district costs not accounted for in the foundation budget?

The Student Opportunity Act expands state support for other programs that help K-12 public schools beyond the foundation budget by including three major provisions to address additional district financial pressures:

- It increases the annual state spending cap on school construction and modernization projects by \$150 million to \$750 million.
- It modernizes the special education reimbursement program (circuit breaker) to include out-of-district transportation costs.
- It commits to a three-year implementation timeline to fully fund charter school tuition reimbursement program as adopted in the Fiscal Year 2020 budget.

7. Does the bill affect the Fiscal Year 2020 budget?

The fiscal provisions of the Student Opportunity Act will be effective in Fiscal Year 2021. This historical level of funding builds on previous investments over the past three budget cycles, including the Fiscal Year

2020 budget.

8. *Is this the first time the foundation budget has changed since 1993?*

The Student Opportunity Act represents the most significant change to the Foundation Budget since 1993. However, the foundation budget has changed each year since its establishment, as the formula is a dynamic funding mechanism. The first Foundation Budget Review Commission issued a report in 2001 and some changes were adopted based on those recommendations. Further, in 2007, the Commonwealth overhauled the contribution rate, and the Legislature began implementing the recommendations of the Foundation Budget Review beginning in Fiscal Year (FY) 2018. Those implementations are noted below:

FY 2018

- Increased employee and retiree health care benefits

FY 2019

- For the first time, implemented the funding rate dedicated to English learners
- Continued increase for employee and retiree health care benefits over the FY 2018 budget

FY 2020

- Continued increase for English learners
- Increased funding for low-income students
- Increased special education funding
- Continued increase for employee and retiree health care benefits