An Act to Promote Equity and Excellence in Education

# Section by Section Analysis

1. SECTION 1 creates two trusts – (1) a trust focused on public school regionalization, as addressed in section 20, and (2) a trust for turnaround efforts in the Commonwealth’s underperforming public schools, as addressed in section 16. The use of such trusts will allow available dollars to be carried over from one fiscal year to the next, rather than reverting to the general fund, facilitating multi-year initiatives.
2. SECTION 2 amends the existing statutory provision regarding the development of a turnaround plan for an underperforming school and provides that a school district superintendent must submit the school turnaround plan to the Commissioner of Elementary and Secondary Education (Commissioner) for approval.
3. SECTION 3 amends the existing statutory provision regarding the annual review of an underperforming school and includes the Commissioner, along with the superintendent and school principal, in the process of determining whether the school has met the annual goals of its turnaround plan and to assess the overall implementation of the turnaround plan.
4. SECTION 4 clarifies that the review addressed in section 3, which must be done in writing, shall be submitted to the Department of Elementary and Secondary Education (Department), rather than the Commissioner.
5. SECTION 5 effects the consolidation of two sentences in current law in conjunction with section 6.
6. SECTION 6 effects the consolidation of two sentences in current law in conjunction with section 5 to clarify the authority of the Commissioner to address instances in which an underperforming school has substantially failed to meet 1 or more goals in its plan.
7. SECTION 7 establishes the procedure for instances where the Commissioner requires changes to the turnaround plan for an underperforming school that impact collective bargaining. The school committee and any affected union must reopen bargaining, conduct bargaining in good faith, and complete bargaining within 30 days. If the parties are unable to reach agreement or the union members do not ratify the agreement within 10 business days, the parties shall submit any unresolved issues to a joint resolution committee. If the joint resolution committee is unable to submit a unanimous decision within the specified timeframe, the Commissioner resolves any outstanding issues.
8. SECTION 8 adds a provision to general law to address instances in which a school district takes insufficient steps to implement changes to the turnaround plan of an underperforming school as directed by the Commissioner. In such a situation, the Commissioner is empowered, effective at the beginning of the following school year, to place a share of the district’s chapter 70 school aid allocation in the public school turnaround fund established in section 1 until Commissioner determines the district has implemented the required changes. The maximum share that may be placed in the public school turnaround fund is determined by multiplying the district’s per pupil chapter 70 school aid by the number of students enrolled in the underperforming school. In accounting for the withholding of these funds, a school district is barred from deducting funding from school-based budgets or from direct services to students.
9. SECTION 9 updates an existing statutory provision to align it with the changes made in sections 2-8.
10. SECTION 10 replaces the existing section of general law that defines the elements of the Commonwealth’s formula for funding public schools. Specifically, this section deletes a number of terms no longer used in the formula and adds terms and concepts, including many that have not existed in general law but that have been incorporated for years in annual state budget language, such as the aggregate wealth model for calculating local contributions, effectively conforming terminology to current practice. Additionally, a high needs concentration increment of funding for those districts with the highest rates of economically disadvantaged students and a significant percentage of English learners is incorporated.
11. SECTION 11 inserts tables establishing the foundation budget rates, codifying the Commonwealth’s commitment to public school funding. In conjunction with section 10, this section effects substantial updates to the school funding formula and reflects recommendations of the Foundation Budget Review Commission. Specifically, consistent with the Commission’s recommendations, certain components of the formula (employee benefits, including health insurance, and guidance and psychological services) and certain categories of students (English learners, economically disadvantaged students, and students with disabilities who attend out of district placements) will be increased significantly, and at a rate greater than inflation. The rates table also incorporates the additional funding for those districts that educate a student population with the highest rates of economically disadvantaged students and a significant percentage of English learners.

The rates identified in these categories are goal rates and reflect the updated foundation budget when fully implemented (but before adjustments for inflation). The goal rate for each of these categories is to be achieved over the course of seven years. The specific increased increment in each of these categories will be found in the annual Commonwealth budget. In all other categories, the component rates will increase consistent with inflation, and those rates are contained in the tables in this section. This section also includes updated provisions for annual inflation adjustments.

The first table demonstrates how the foundation budget is calculated for each category of pupil, based on grade level. It includes costs in 11 categories, including, among others, administration, teachers, pupil services, operations and maintenance, employee benefits, and special education tuition. A second table provides additional per pupil foundation budget increases in relevant cost categories for pupils who are economically disadvantaged or English learners, terms defined in section 10. The rates table provides for higher rates for the education of older English learners and for each economically disadvantaged student in districts with higher concentrations of economically disadvantaged students. This table also contains a high needs concentration increment for each economically disadvantaged student in districts with the highest rates of economically disadvantaged students and significant rates of English learners.

1. SECTION 12 eliminates a requirement for a bimonthly recalculation of the chapter 70 formula so that recalculations are synchronized to the state budget process to ensure that state appropriations reflect the most current and relevant information.
2. SECTION 13 removes the reference to a component of the original chapter 70 formula, overburden aid, that has been extracted from the chapter 70 formula calculation for many years through the annual state budget process. The removal of this concept from general law facilitates consistency, clarity, and transparency within and across chapter 70, including with the enhancements to the school funding formula advanced by this bill, making the use of disclaimers in the annual budget document unnecessary.
3. SECTION 14 revises general law to reflect current terminology and the practice of determining local contributions for school funding. To simplify the municipal budget process, this section additionally eliminates a 30-day waiting requirement for the release of preliminary estimates of required local appropriations. The section also removes the reference to a mechanism for funding regional vocational schools, which has been superseded by the aggregate wealth model.
4. SECTION 15 removes the reference to a mechanism to reduce local school appropriations automatically in the event of a reduction in the amount of the final state appropriation. Over time, municipal budgeting procedures have proven sufficient to address variations in local aid allotments between the preliminary estimates and the final state appropriations act. The removal of this concept from general law facilitates consistency, clarity, and transparency within and across chapter 70, including with the enhancements to the school funding formula advanced by this bill.
5. SECTION 16 establishes a partial exception for a school committee’s generally unlimited discretion in budgeting, in alignment with the reform effected in section 8. In a district with an underperforming school, the Commissioner is empowered to direct a district to include changes in the underperforming school’s turnaround plan, and if the district fails to make sufficient progress in implementing the changes, the Commissioner, in the following school year, may withhold a portion of the district’s foundation budget attributable to students in the school and place these funds in the public school turnaround fund established in section 1. The funds can only be used for the benefit of the district from which the funds were withheld. The Commissioner must report to the Secretary of Administration and Finance and the House and Senate Committees on Ways and Means regarding any transfer of monies into or from the fund.
6. SECTION 17 updates the district reporting requirement to facilitate future evaluations of the adequacy of the foundation budget amounts. Under this proposed section, a district must report its expenditures and staffing for each foundation functional category, as identified in section 10, such as administration, pupil services, and operations and maintenance. The Commissioner also may require districts to report on expenditures by program areas and enrollment categories. Additionally, this section updates general law to codify the existing practice, established in the annual state budget process, of deducting school choice and charter school tuition from chapter 70 aid payments; like other sections of the bill, this revision facilitates consistency, clarity, and transparency within and across chapter 70, including with the enhancements to the school funding formula advanced by this bill.
7. SECTION 18 eliminates the provision that established the original phase-in of the chapter 70 formula for fiscal years 1994 through 2000. Like other sections of the bill, this section facilitates consistency, clarity, and transparency within and across chapter 70, including with the enhancements to the school funding formula advanced by this bill.
8. SECTION 19 replaces a provision regarding the potential underfunding of the chapter 70 program during its initial years and clarifies that, in such a situation, priority shall be given to funding foundation aid. Like other sections of the bill, this section facilitates consistency, clarity, and transparency within and across chapter 70, including with the enhancements to the school funding formula advanced by this bill.
9. SECTION 20 amends current law relating to regional school aid, which includes a sparsely funded regional bonus aid program, to create a new grant program that encourages and facilitates regionalization and other regional approaches in the rural areas of the Commonwealth to create efficiencies and improve effectiveness. Funds from the public school regionalization fund can be expended to support these efforts.
10. SECTION 21 amends the charter school tuition calculation. Specifically, it places in general law a per pupil facilities component at $938, the first update in many years, and indexes it to inflation. Additionally, the section aligns terminology to the revisions to the school funding provisions.
11. SECTION 22 amends the program used to reimburse school districts for increases in charter school tuition. Specifically, it reestablishes a three-year 100%/60%/40% schedule (a sending district receives a 100% reimbursement of an increase in charter school tuition in the first year, 60% of that increase in the second year, and 40% of the increase in the third year). It further focuses transitional aid on actual increases in charter enrollments from the sending districts rather than simply higher tuition payments from the district. The revised program also provides a minimal level of state support for charter tuition payments for districts with tuition costs in excess of 9% of their net school spending. The established minimum will be linked to average state support of foundation budgets statewide.
12. SECTION 23 directs the Commissioner to study the feasibility of established tiered foundation budget rates for career and vocational programs which would enable more expensive programs to receive higher levels of funding and less expensive programs to receive funding commensurate with their costs. The study will also consider whether to propose a separate school choice tuition rate for vocational programs.
13. SECTION 24 establishes a special commission to study and make recommendations concerning the long-term fiscal health of rural school districts in the Commonwealth that face or that may face declining student enrollment.
14. SECTION 25 directs the use of any increased appropriations available for the transitional and supplemental assistance components of the charter reimbursement program, as authorized under the provisions of section 22, to support movement of both of these elements of the program towards full funding at an equal pace. The language is designed to be transitional and is specific to increases provided over the next three fiscal years.
15. SECTION 26 establishes the effective date of all sections as July 1, 2019.