

SENATE No. 2525

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)

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.