

SENATE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Pavel Payano

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to Chapter 70 inflation relief.

PETITION OF:

NAME:

Pavel Payano

DISTRICT/ADDRESS:

First Essex

SENATE No.

[Pin Slip]

The Commonwealth of Massachusetts

In the One Hundred and Ninety-Fourth General Court
(2025-2026)

An Act relative to Chapter 70 inflation relief.

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 15 of the General Laws, as appearing in the 2022 Official Edition,
2 is hereby amended by inserting after section 66, the following new section:

3 Section 67. (a) As used in this section, the following words shall, unless the context
4 requires otherwise, have the following meanings:-

5 "Department", the Department of Elementary and Secondary Education

6 "Extraordinary Inflation", inflation in past fiscal years that exceeded the 4.5% cap on the
7 inflation adjustment to the Foundation budget pursuant to subsection (a) of section 3 of chapter
8 70 of the general laws.

9 "Fund", the School Budget Stabilization Fund, established under subsection (b) of section
10 67 of chapter 15 of the general laws.

11 (b) There is hereby established on the books of the commonwealth a separate fund to be
12 known as the School Budget Stabilization Fund.

13 (c) The fund shall be credited with:

14 (i) revenue from appropriations and other money authorized by the general court and
15 specifically designated to be credited to the fund;

16 ii) interest earned on money in the fund. Amounts credited to the fund shall not be subject
17 to further appropriation and any money remaining in the fund at the end of a fiscal year shall not
18 revert to the General Fund.

19 (d) Amounts in the fund shall be held by the Department, exclusively for the purposes of
20 the fund, and the agency shall disburse amounts in the fund, without further appropriation, upon
21 the request from time to time of its commissioner.

22 (e) The Department shall make expenditures from the fund for the purpose of providing
23 financial relief for school districts in response to Chapter 70 funding limits caused by
24 extraordinary inflation in past fiscal years.

25 (f) The Department shall establish guidelines for the equitable disbursement of funds.

26 g) Not later than September 1 of each year, the commissioner of the Department shall file
27 a report in writing with the joint committee on education and the house and senate committees on
28 ways and means concerning the grants made in the fiscal year ending on the preceding June 30.

29 SECTION 2. Section 2 of Chapter 70 of the General Laws is hereby amended by striking
30 the definition of "Foundation inflation index" and inserting in place thereof:

31 "Foundation Inflation Index," the ratio of the value of the implicit price deflator for state
32 and local government purchases in the third quarter of the prior fiscal year to its value in the third

33 quarter of the fiscal year 2 years prior. Should the index exceed 1.045, the department shall act
34 pursuant to Section 18 of this chapter.

35 SECTION 3. Chapter 70 of the General Laws, as appearing in the 2022 Official Edition,
36 is hereby amended by inserting after section 17, the following new section:

37 Section 18. If the Foundation Inflation Index, as so defined in section 2 of this chapter,
38 exceeds 1.045, the department shall submit to the board a plan for restoring the full amount of
39 funding to districts should the department deem the index too high to restore funding in the same
40 fiscal year. The plan shall be no longer than five fiscal years in length, shall include the full
41 amount of funding lost to inflation that fiscal year, and shall consider any projected losses in
42 future fiscal years as a result of previous shortfalls in Chapter 70 allocations. The plan, upon
43 approval by the board, shall be submitted to the house and senate chairs of the joint committee
44 on education, the chair of the House committee on ways and means, the chair of the Senate
45 committee on ways and means, and the Secretary of Administration and Finance. The
46 department shall also make the report publicly available on its website.