CITY of BOSTON

Education Revenue and Assessments
FY17 Recommended Budget is $2.97 Billion

- Property Tax: 68%
- State Aid: 15%
- Other: 8%
- Excises: 6%
- Licenses & Permits: 2%
- Reserves: 1%
INCREASED RELIANCE ON PROPERTY TAX

Totals may not add due to rounding.
Proposition 2 ½ constrains Boston’s property tax growth each year to 2 ½ % over the previous year’s levy limit, plus increased value of new development and other growth.
Chapter 70 Education Aid: Public elementary and secondary schools primary state aid funding source. It also establishes minimum spending requirements for each school district and minimum requirements for each municipality's share of school costs.

Unrestricted General Government Aid (UGGA): Local aid for funding general government services.

Charter School Tuition Assessment: A per pupil payment for students attending Commonwealth Charter Schools. The per pupil rate reflects the City’s spending in support of public education.

Charter School Tuition Reimbursement: Transitional funding meant to assist communities as their charter school costs grow.

Net School Spending: The amount of funding the state requires each district to spend in support of education, excluding certain types of expenditures such as transportation, adult education, and long-term debt.
Boston’s Net State Aid is decreasing

Net State Aid is defined as state aid revenues less state assessments.

-$180 million
Despite the State adding over $850M since FY08, Boston’s Chapter 70 Aid is down by $2M

*Net school spending excludes certain types of expenditures such as transportation, adult education, and long-term debt
Boston’s Education Spending

- Public Safety: 19%
- Boston Public Schools: 35%
- Charter School Assessment: 5%
- Other Departments: 8%
- Streets: 5%
- Other Centrally Budgeted Funds: 1%
- Health Care: 9%
- Pension: 6%
- Other Fixed Costs: 9%
- Public Health Commission: 3%
- Education is 40%

Health care includes $40 million to fund the OPEB liability. Total health benefit related costs, including OPEB, Schools & PHC are 12.7% of total expenditures.
2010 Achievement Gap Legislation increased the Charter School Tuition Assessment Cap for those communities in the lowest 10% of performance:

- Only 31 districts have 18% caps
- Of those, eight spend more on charter school tuition than 9% of net school spending
**Foundation Base Rate**: Rate for specific demographic make-up of the school’s students modeled on the Chapter 70 foundation budget calculation.

**Above Foundation Spending**: Boston’s actual net school spending exceeds the foundation requirement by 27%.

**Facilities Aid**: $893 per student to support capital costs.

*Example based on Projected FY17 Rates for Excel Academy Commonwealth Charter School.
Boston’s charter school cap is a percent of our “Net School Spending”. Under the 2010 Achievement Gap Legislation, the Cap increases each year to 18% in FY17.
Boston’s Assessment has increased as:
- The cap elevated each year,
- BPS spending rose, and
- More students attended Charter Schools
Charter tuition reimbursement is based on the increase in the district’s tuition over the prior fiscal year.

The first year’s increase is reimbursed at 100% and the subsequent five years are to be reimbursed at 25%.

Municipalities are also reimbursed for the $893 per student facility assessment.

Reimbursement underfunded for the past two years totaling to $28 M in lost revenue for Boston.
Boston’s Net Charter School Costs

Commonwealth Charter School Tuition

- Millions
- FY11 Actual
- FY12 Actual
- FY13 Actual
- FY14 Actual
- FY15 Actual
- FY16 Q2 Update
- FY17 Budget

Commonwealth Unfunded Obligation

Charter Assessment

Reimbursement
Under the Governor’s H.2 proposal, all communities receive their full facilities reimbursement and 100% of their first year tuition costs, a greater percent than they received in FY16.

Communities most impacted by charter school costs should receive 50% of their year 2 tuition costs and 25% of their year 3 tuition costs, but H.2 does not fully fund the Governor’s proposed formula.
The current reimbursement model is broken.

Because it is subject to appropriation, the Commonwealth has underfunded its obligation to cities and towns, while cities and towns have continued to pay their assessments.

- The need for transitional dollars for school districts is real.
- The cost structures of large urban districts are inflexible, defined by multi-year collective bargaining agreements, enrollment patterns that often do not support facilities changes, and large concentrations of the highest need students.

Mayor Walsh is proposing a more affordable direct funding model to ensure the Commonwealth’s commitment to supporting charter schools.
Mayor Walsh’s education reform proposal fixes charter school financing by making the Commonwealth more accountable to funding transition assistance for communities that are quickly seeing their charter school costs rise.

With financing fixes, the Mayor’s plan would allow the charter cap to continue to rise, but in a fiscally responsible manner that would protect taxpayers and would not pit District Public Schools against Public Charter Schools.
The proposed charter ballot initiative nullifies community caps. Without real limits, Boston’s Assessment could grow at an even faster rate.

* This projection assumes the addition of 1% statewide enrollment (about 9,500 students) every year to the cap.

**This projection assumes a 4% growth in Net School Spending each year.