
S.220 An Act relative to the Municipal Revenue Growth Factor; S.223 An Act modernizing the foundation budget for the 21st century; S.236 An Act relative to education finance reform

Rob Consalvo

- Good morning, Chairwoman Chang-Diaz, Chairwoman Peisch and Members of the Committee. My name is Rob Consalvo. I am the Chief of Staff to Dr. Tommy Chang, Superintendent of the Boston Public Schools, and a BPS parent. I am here on behalf of Mayor Martin J. Walsh and Superintendent Chang, both of whom are sorry they are not able to attend this hearing.
- I am joined today by **Michael LoConto**, a member of the Boston School Committee and also a BPS parent, **Jessica Tang**, President of the Boston Teachers Union, and **Eleanor Laurans**, Chief Financial Officer for the Boston Public Schools.
- We are here together to testify in support of two bills:
 - *S.220 An Act relative to the Municipal Revenue Growth Factor*, and
 - *S.223 An Act modernizing the foundation budget for the 21st century*, both filed by Chairwoman Chang-Diaz.
- Additionally, the City will be testifying in support of *S.236 An Act relative to education finance reform* sponsored by Senator Sal DiDomenico.
- Mayor Walsh strongly believes that there is no more vital issue in Boston than the education and future of our children. As a City, we are making unprecedented financial investments so we can break down barriers to education and build bridges into college and career.
- Building on his commitment to Boston's students, Mayor Walsh has partnered with Legislators to propose the targeted state education finance reforms before you that will increase annual funding to Boston by \$35 million in its first year of implementation, and position Boston to receive \$150 million in additional annual Chapter 70 aid within a few years if the state identifies a new revenue source for investments in education.

- In concert with internal efforts underway to increase operational efficiency, the additional revenue will allow for the continued expansion of investments necessary to support all of Boston's children. I know Mayor Walsh cares deeply about continuing to work with all of you to expand access to high-quality education for students of all ages.
- With that, I will turn it over to Mike.

Mike LoConto

- Committee members, thank you for your time today. I want to speak specifically to S.220 and S.223, both of which would make needed changes to the Chapter 70 formula.
- To put it bluntly, Chapter 70 does not work for Boston. Our per pupil education aid from the State has decreased over the last ten years by \$155 per student, while City funding for BPS and charter schools has grown by almost 45%.
- Over that same time, \$1 billion has been added to total state spending on Chapter 70, but because of the design of the formula, Boston has seen only a small increase.
- This reality leaves the City to fill the gap at the expense of other municipal services and forces the Boston Public Schools to annually look for cost bending opportunities.
- S.223 would implement the recommendations of the Foundation Budget Review Commission, which you both skillfully chaired. The proposed changes for low-income students, special education, and English Language Learning better reflect the true cost of education today and is a needed revision to the outdated formula.
- The Boston Public Schools is the largest school district in Massachusetts and our student population is among the most economically disadvantaged in the State. Our students speak over 85 languages at home and we serve almost five times the number of special education students than the formula assumes.
- While the Foundation Budget Review Commission changes address some of these realities, the rest of the Chapter 70 formula considers Boston "rich" due to its high property values and income. Despite these high metrics, neither of these characteristics guarantee adequate municipal revenue, since Boston does not have an income tax and our property tax is constrained by Proposition 2 1/2.
- Under S.223 alone, Boston would not see any additional aid until at least FY2022, and at the end of the 7-year implementation, would receive an average increase of only \$760 per pupil.



- We respectfully request that the Committee pairs together S.223 with S.220, which reforms the part of the Chapter 70 formula that determines the local contribution.
- A community's required contribution is determined by its previous year's required local contribution adjusted by its Municipal Revenue Growth Factor, or MRGF, which is calculated using the city or town's state aid, local receipts, and property taxes.
- S.220 would cap the MRGF at 2.5% to better reflect the realities of Prop 2 ½, for those districts that:
 - already spend over its required contribution;
 - have the greatest percentage of economically disadvantaged students; and,
 - do not receive foundation aid.
- Pairing S.220 and S.223 would provide an additional state investment of \$2,260 per pupil in Boston over the seven year roll out. Total Chapter 70 funding for Boston would still be 2-3 times lower per pupil than what the Commonwealth invests in students of other Level 4 school districts but would be a significant increase from what we are receiving today. Statewide, we project that the incremental annual cost of implementing the MRGF cap would be around \$120 million.
- I will close by saying that Boston faces some of the most complex challenges in urban education. I believe strongly that the Commonwealth should be investing more in our students as we work tirelessly to close our achievement gaps and that any statewide changes to Chapter 70 must materially benefit the children of Boston.
- I look forward to partnering with you in this work and will now turn it over to Jessica.

Jessica Tang

- Good afternoon Chairwoman Chang Diaz, Chairwoman Peisch and members of the committee. My name is Jessica Tang, and I am the President of the Boston Teachers Union, representing 10,000 dedicated educator professionals of the Boston Public Schools.
- I am here today with representatives from the City of Boston as well as the Boston School Committee because we are working in collaboration to support the 56,000 public school students in Boston, and the need for funding is an issue we all know is vital to the success of our students.
- The decline of state funding for Boston has had a hugely detrimental impact on our ability to serve many of the state's poorest and most vulnerable students. As you know (and thank you for your work on this), the Foundation Budget Review



Commission has found that we are underfunding public education in this state by \$1-2 billion. State Chap 70 funding, while slightly increasing, is not keeping up with rising costs and have been stagnant for Boston. The result in Boston has been a significant decline in the percentage of funding that the state has contributed—from 33% ten years ago to less than 20% today.

- While the city of Boston has tried its best to fill the gaps each year and over funds the expected city contributions each year, the city cannot continue to fill the gaps from the state in a sustainable way year after year.
- These funding deficits are further exacerbated by unfunded state mandates that are “subject to appropriation” including special education circuit breaker funds, and the McKinney homeless transportation funds and charter school reimbursements (underfunded this year by almost 50% after years consecutive years of underfunding--this is a shortfall of \$76 million projected this year alone).
- Underfunded charter reimbursements alone have deprived BPS of \$48 million over the last 3 years, money that our schools desperately needed such as supports for special education and ELL students, staffing for social emotional learning, and access to learning opportunities all of our student deserve. The impacts of the loss of funding are very real and impact our students in ways that are absolutely unacceptable. You will be hearing testimonies from BTU educators as well as Boston parents and students about the harmful impacts of underfunding our schools later today.
- The recommendations of the FBRC need to be implemented to reflect the realities of equitable school funding today, more than two decades after the 1993 Ed Reform Legislation. That is why we support S 223. However, this bill alone would actually be regressive for Boston. Due to the current funding formula that assumes higher contributions from city property tax revenue than is possible in reality—due to the 2.5% cap as well as the fact that 50% of the land is not taxable due to a high number of “non-profits” including universities and hospitals, it is imperative that S 223 also be passed with its companion legislation of S 220 that acknowledges and caps the Municipal Revenue Growth Factor for cities and towns such Boston as well as Hawlemont, North Adams and Wareham that would also be affected.
- In order to implement the FBRC’s findings, the state must find new Revenue. The Fair Share amendment, while not sufficient alone, is a concrete solution and a start that the BTU strongly supports.
- Last fall, Massachusetts residents in cities, suburbs, and rural areas overwhelmingly rejected Question 2, a divisive and poorly conceived ballot initiative that would have crippled public school funding across the Commonwealth. The takeaway from that



battle was very clear: residents throughout Massachusetts believe in public education and very much care about the future of our schools and students.

- The legislature has a responsibility to the student and families in Boston and throughout the Commonwealth to find the revenue to equitably and fully fund our schools. The federal public school funding landscape paints and even darker picture, with MA slated to lose up to \$214 million of federal funding and Boston would lose close to \$8 million just for title 1 and 2 funding under Trump's proposed budget.
- In Boston, while we don't always agree on everything- the School Committee, the Boston Teachers Union, the City, our parents and students are united on S 220 and 223 because we know we will be faced with year after year of difficult budget decisions for the foreseeable future if our state does not take action to reverse what has become a regressive funding system, particularly for the communities with the greatest needs and take action to prevent further deterioration of our public schools system from actions taken by the Trump administration as well. Please report S 220 and S223 favorably from the Committee.
- Thank you and I will now turn it over to Eleanor.

Eleanor Laurans

- Thank you, Jessica. I am closing out this panel to testify in strong support of S.236 sponsored by Senator DiDomenico, which includes a number of education finance reforms that Mayor Walsh has proposed to this Committee in prior hearings.
- Mayor Walsh's proposal reforms charter school financing by reducing the state's overall General Fund liability while returning to a true partnership between the Commonwealth and its cities and towns.
- Current law provides for the State to reimburse the city for the full first year costs of charter growth and 5 years of partial growth. The transition funding formula was created to account for the difficulty of immediately reducing district costs when students leave district schools to attend charter schools.
- However, over the past four years, the Commonwealth has not fully funded reimbursement to cities and towns for transitional costs, leading to an aggregate \$74 million in lost revenue for Boston alone.
- S.236 would replace the broken charter reimbursement model with a new three year transition funding system. Under this bill, the Commonwealth would fund 100% of the growth in tuition in Year 1, 50% in Year 2, and 25% in Year 3 directly to the charter



schools, with the municipality responsible for the balance in Years 2 and 3. Cities and towns would be responsible for 100% of the cost from the fourth year on.

- Capital costs would also be paid directly from the Commonwealth to charter schools, eliminating municipalities as the pass-through function we serve today.
- Lastly, S.236 adjusts the charter school per-pupil tuition calculation to recognize the full transition costs, rather than what is appropriated during the annual state budget process.
- Under the current formula, the amount of charter school reimbursement that the Commonwealth provides to a community is deducted from the City's net school spending total when determining the above foundation spending. When the reimbursement is not fully funded, the formula only deducts the reimbursement paid to the community, not the reimbursement owed to the community.
- This essentially amounts to a double hit when charter reimbursement falls short of statutory funding levels - a municipality receives less state aid but has to pay a higher charter assessment. For FY17, this change would have saved communities across the state \$4.9 million (of which Boston would have saved \$1.1M) without a cost to the state.
- The Boston Public Schools is working diligently to unlock resources for the district through operational efficiencies and smart management. However, internal measures alone cannot enable Boston students to reach their full potential.
- The fortunes of both the city and the state depend on the eventual success of Boston's students. With an estimated \$4.8 billion in state tax revenue produced in Boston, the Commonwealth's fate is tied to the capabilities of the workforce in its capital city.
- Mayor Walsh's education finance reform package provides a variety of no cost, low cost, and transformative solutions to move toward a more equitable sharing of Boston's success with all of its families. We respectfully request that you favorably report out S.220, S.223, and S.236.
- Thank you and we're happy to answer any questions.

