

Education Funding in Massachusetts: Where Do We Stand?



Colin Jones, Senior Policy Analyst

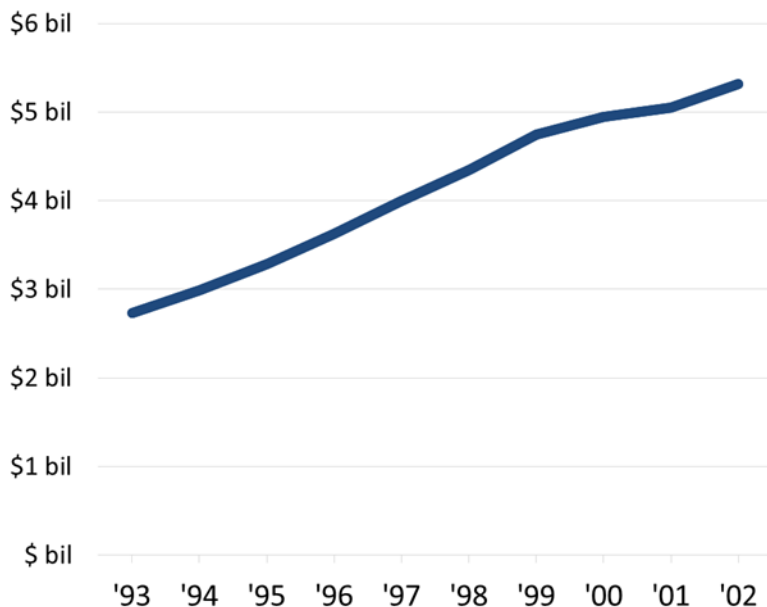
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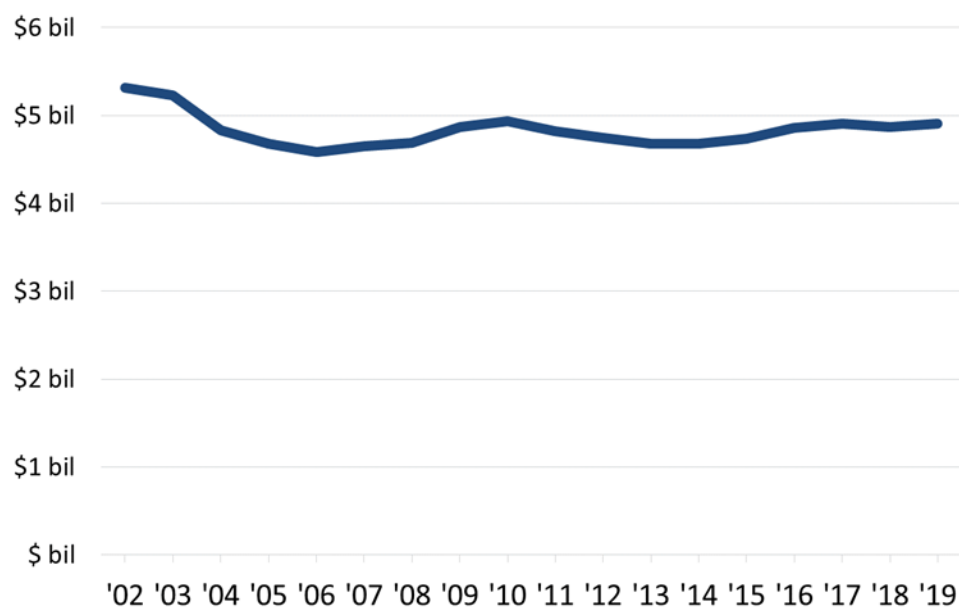
@MassBudget

Funding Progress in Massachusetts Has Eroded

Chapter 70 Aid doubled over first decade



...and has been cut \$405 mil since FY 2002

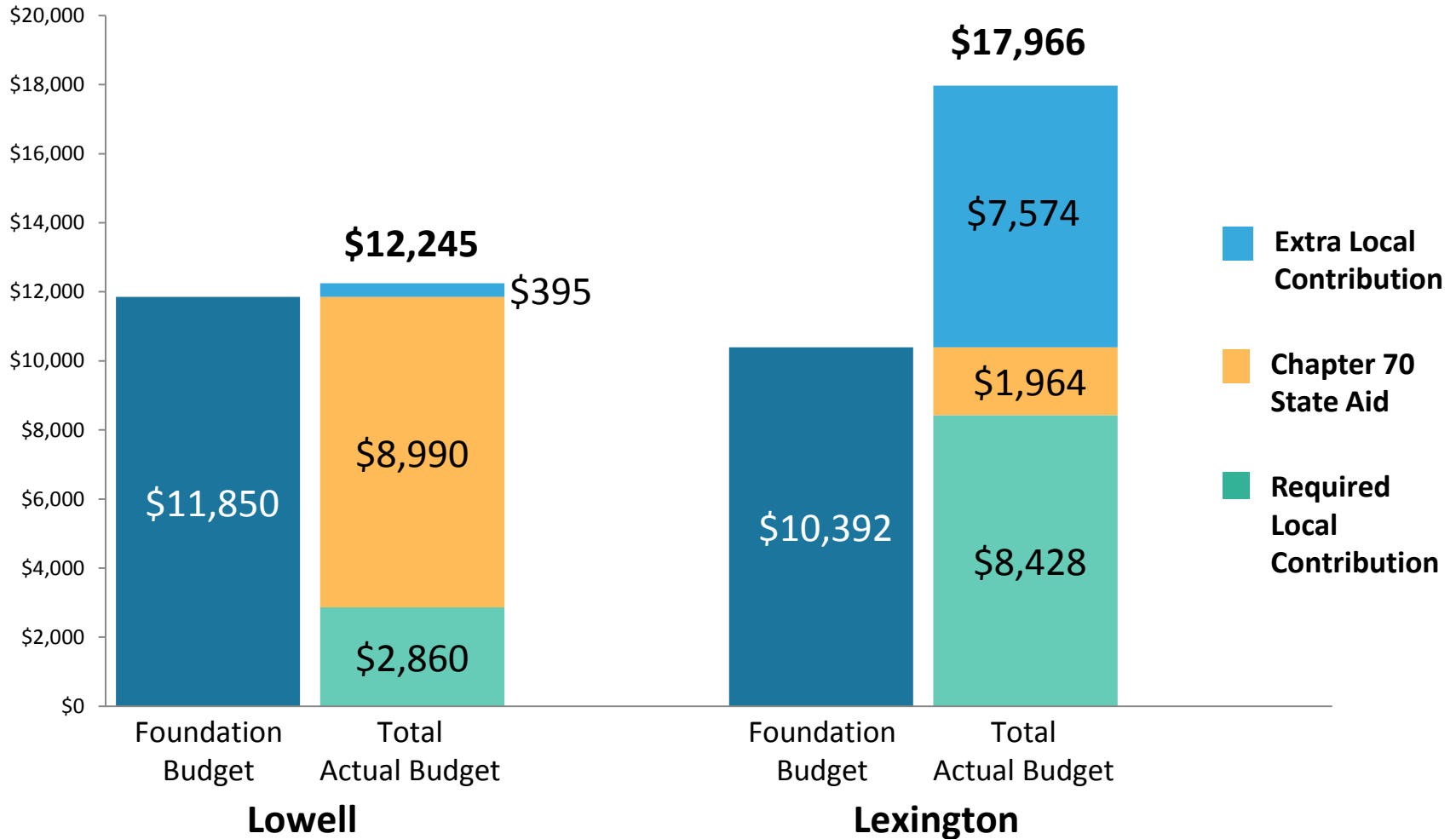


Inflation adjusted using factor identified in CH70 law (Implicit Price Deflator for State and Local Government), 2019 \$

Source: Massachusetts Department of Elementary and Secondary Education

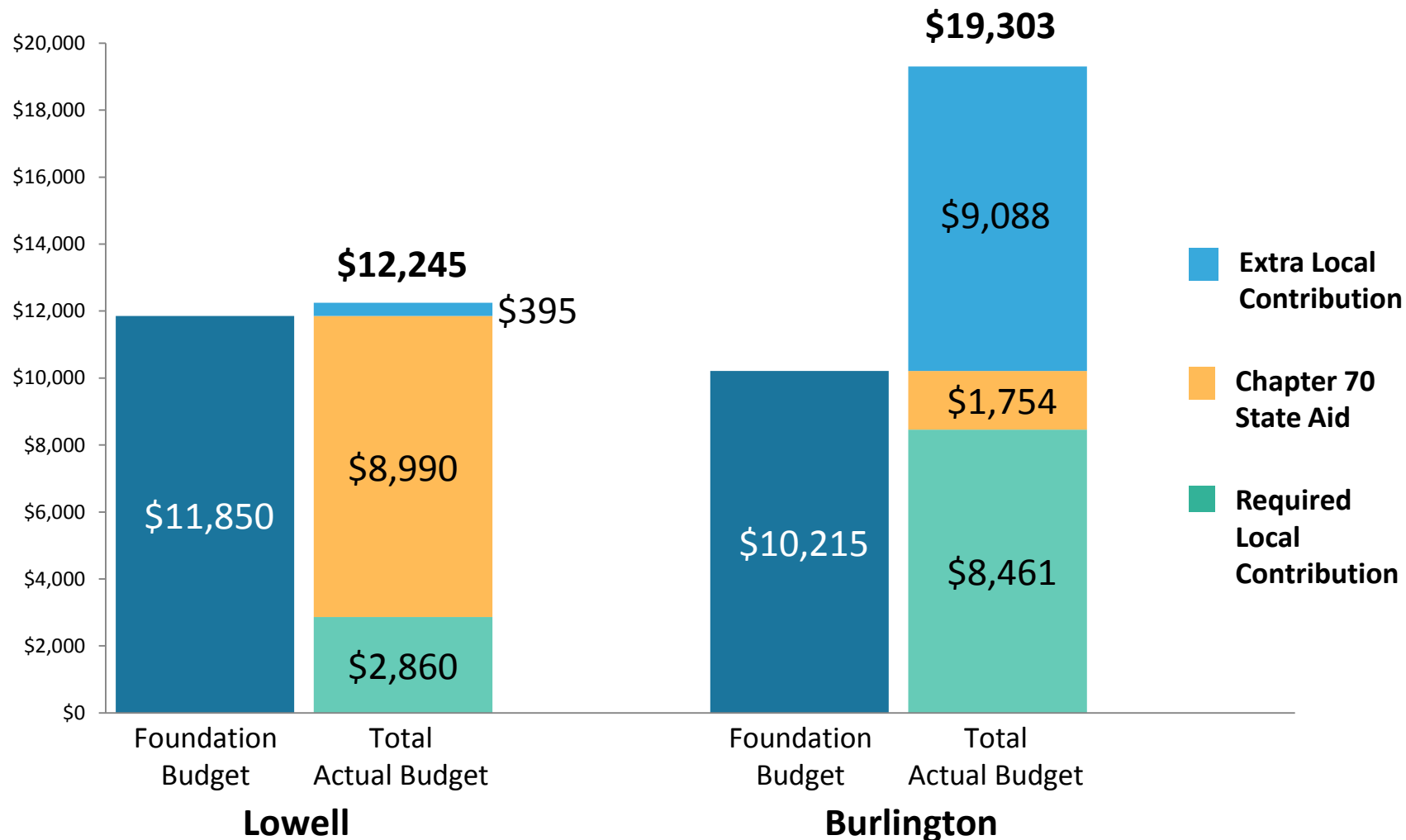
Chapter 70 Funding for Two Districts – 4 Steps

Budgeted per pupil spending by revenue source, FY2018



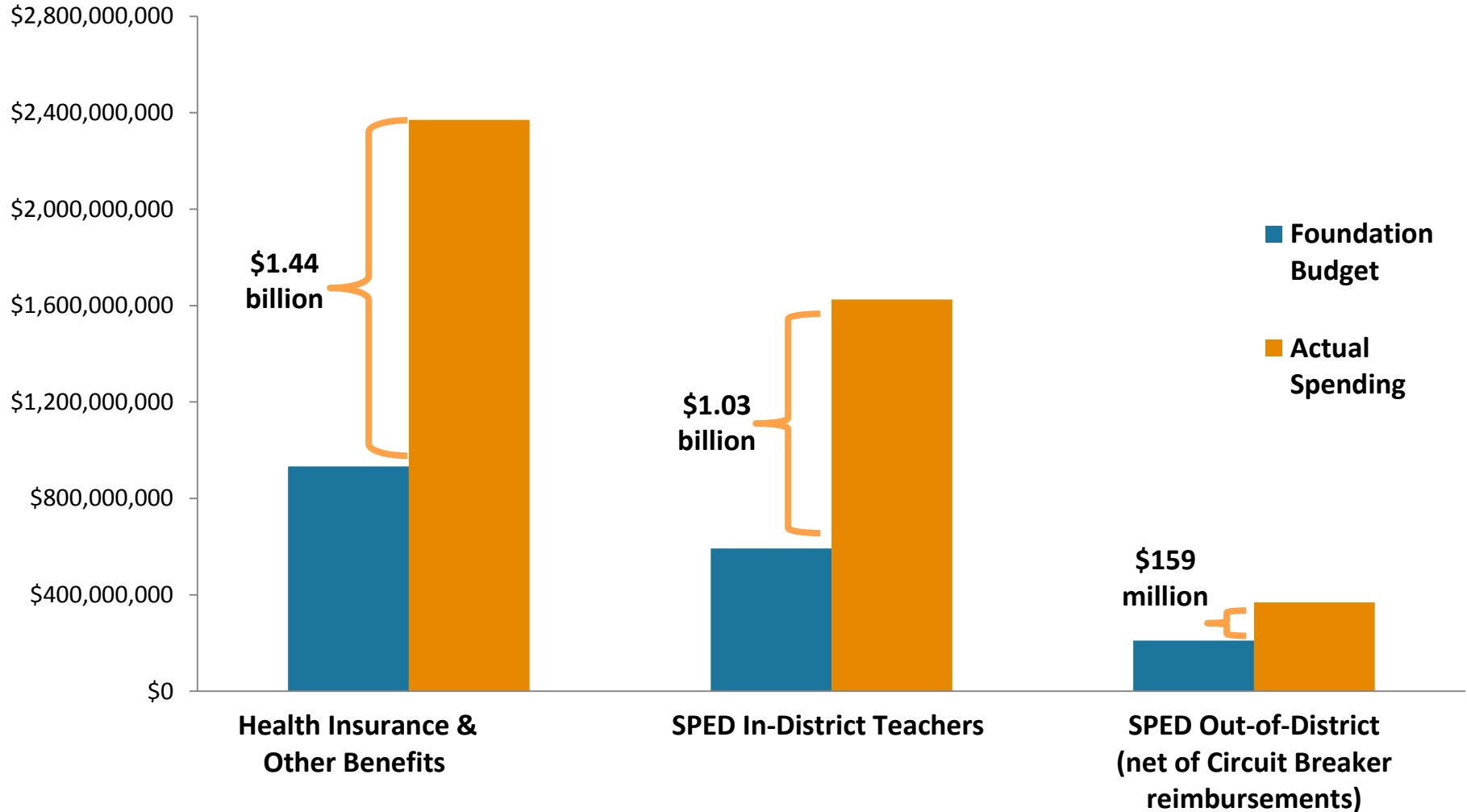
Chapter 70 Funding for Burlington & Lowell

Budgeted per pupil spending by revenue source, FY2018



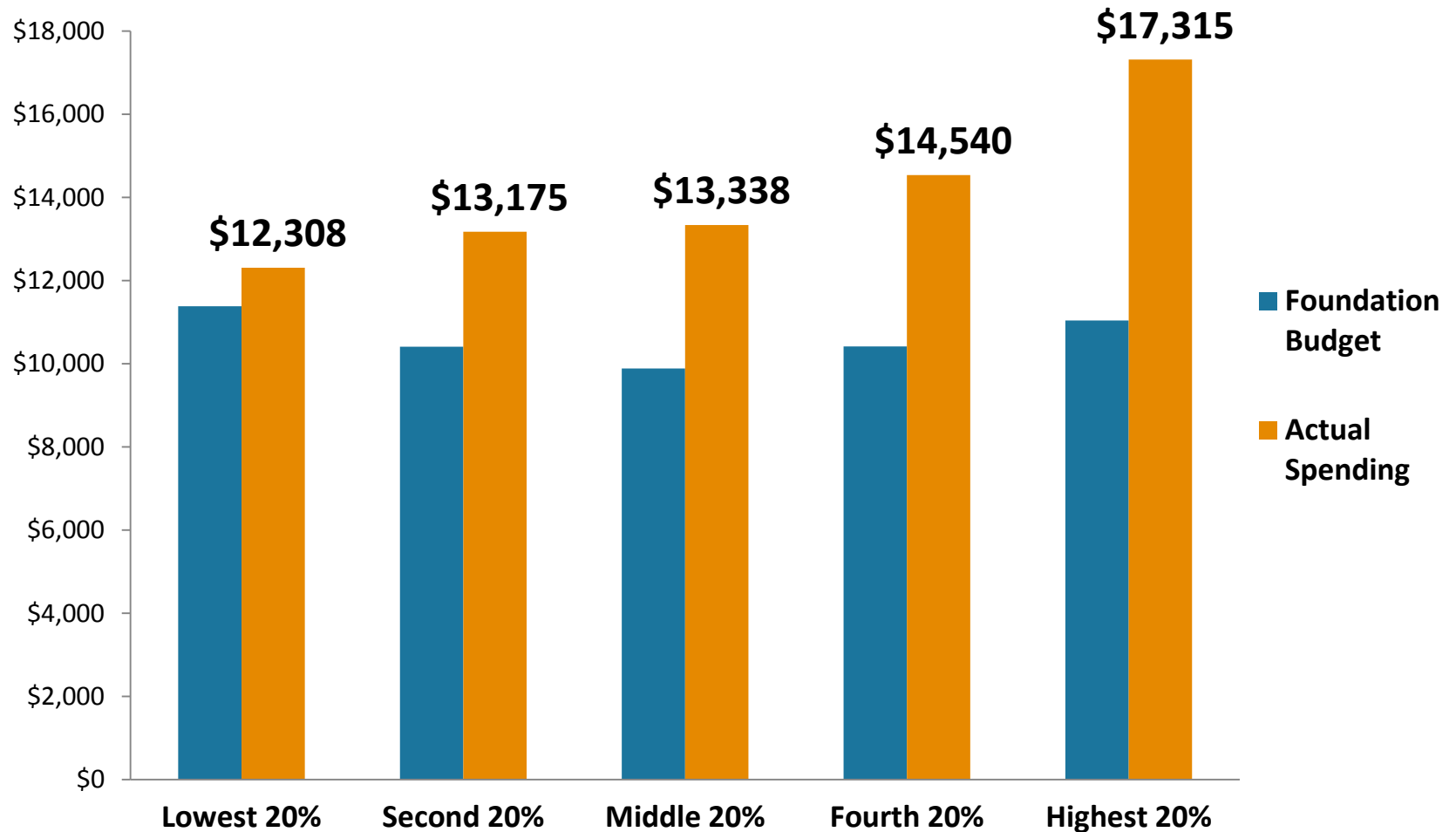
Foundation Budget Undercounts Critical Costs by \$2.63 Billion

Fiscal Year 2017



Foundation Budget is Substantially Less Than What All Districts Need, Wealthier Communities Spend More to Compensate

Districts clustered by community property wealth and income. Total district spending per pupil, FY 2017



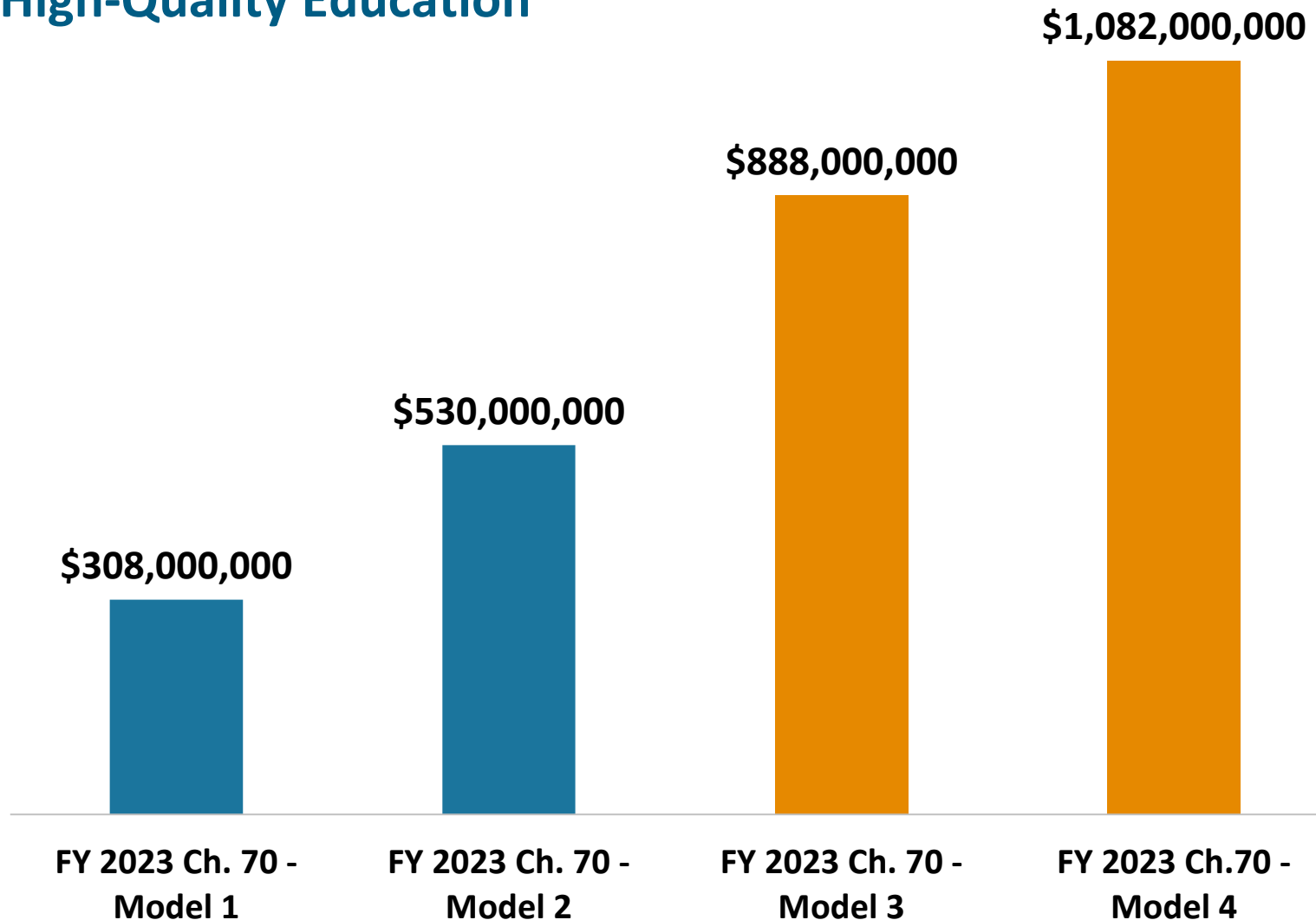
Foundation Budget Review Commission

- In 2014-2015, MA legislature convened a commission to review school funding
 - Legislative leaders, teachers unions, school administrative organizations, and educational nonprofits
 - Reviewed Chapter 70 foundation budget and offered suggestions for improvements.
 - Key findings (October 2015)
 - Update health care, special education
 - More funds for low-income and English-learners, support multiple effective programs
 - Cost for solutions over \$1 billion, path forward unclear in 2015

What Would Fixing Chapter 70 Look Like?

- MassBudget released new research in July examining the financial impact of implementing the FBRC for each city and town
 - Includes all 4 major pillars – updating health care, special education, support for ELL and low-income students
 - In the robust scenarios, if reforms were phased in over 5 years, Lexington would see a \$4 million increase, Burlington would see a \$1 million increase
 - Reforms would likely be phased in over several years

Fully Implementing FBRC Recommendations Would Provide Significantly More Aid to Help All Schools Provide a High-Quality Education

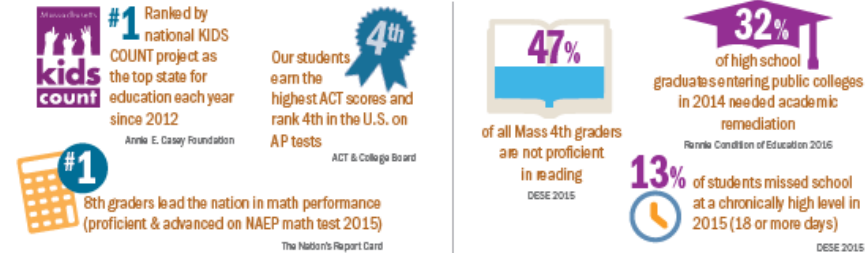


Major Opportunities for Youth and Families if Funding Increases

New investments available with added funding:

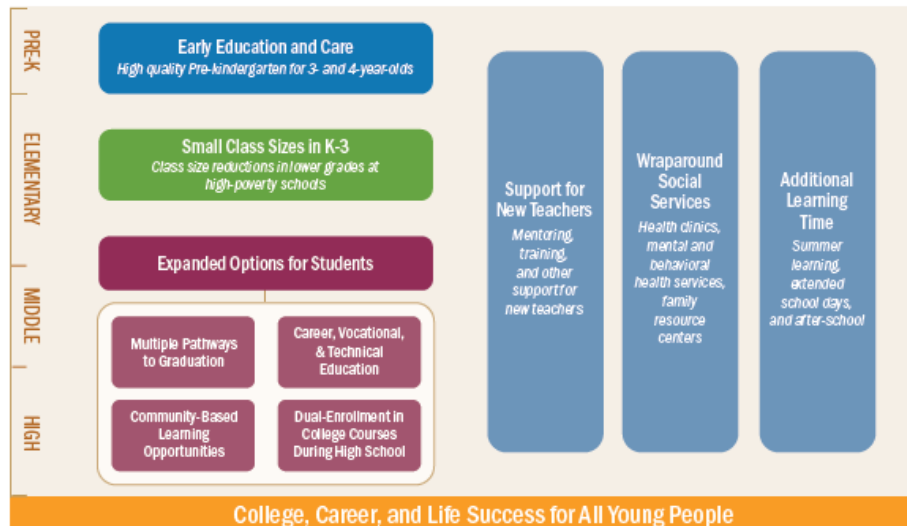
- More kids in high quality after-school or summer learning programs (\$1,875/student)
- Expanded wraparound services/community schools – health, wellness, prevention, and family outreach programs integrated in schools (\$1,425/student)
- Added career/vocational education programs (\$5,100/student)
- Increased district Pre-K programs at 75th percentile of center market rate (roughly \$16,000/student for full year, depending on region)

Massachusetts schools lead the U.S., yet challenges remain



Evidence-based strategies to support kids from Pre-K to 12th grade

For full reports and two-page summaries on each topic, go to www.expandingopportunity.org.



IS MASSACHUSETTS FACING A HIGHER EDUCATION CRISIS?

Share of workforce with bachelor's degree and median hourly wage, by state (2017 \$)

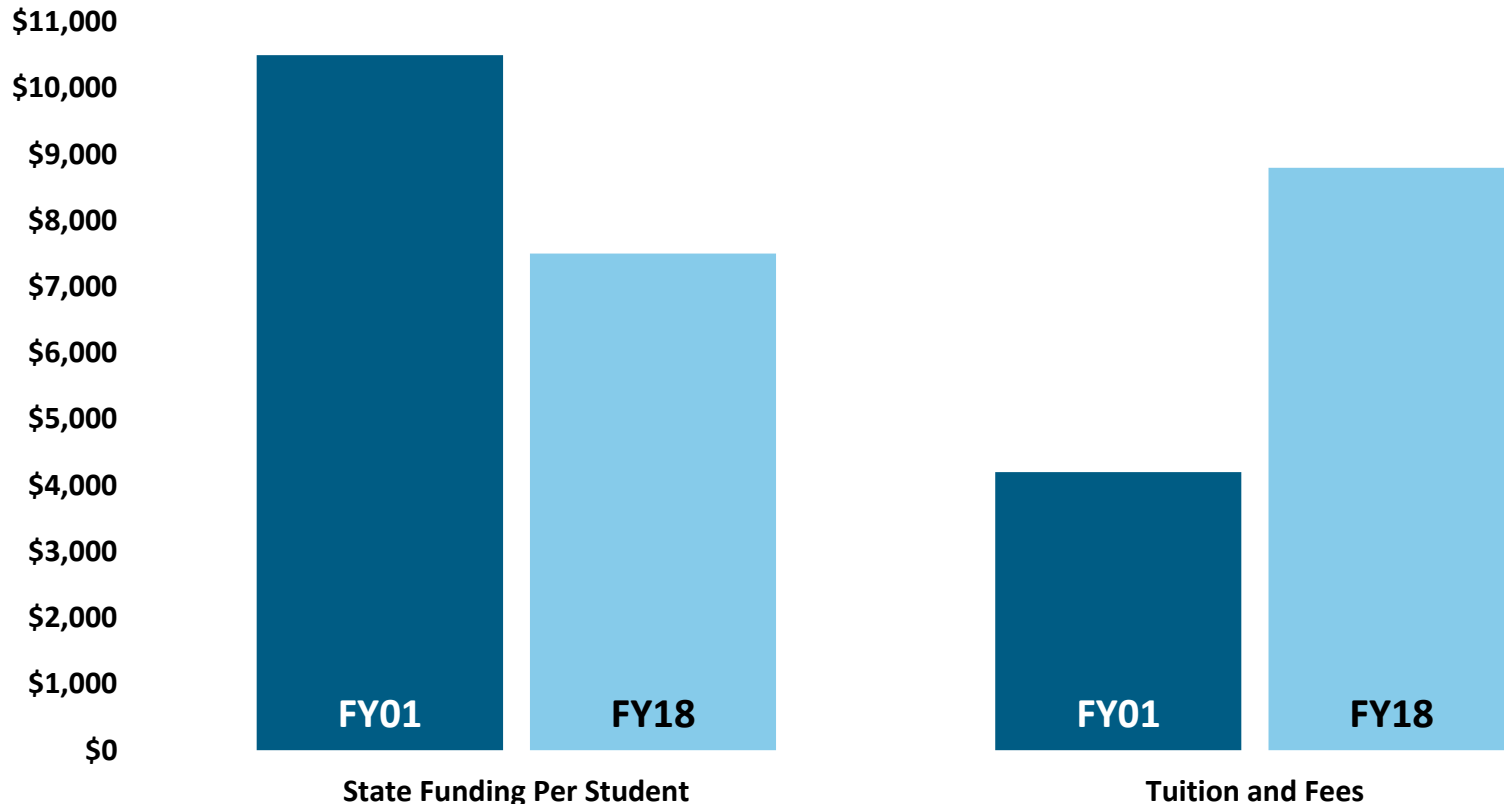


Massachusetts has the best-educated and highest-paid workforce in the nation.

Source: Economic Policy Institute analysis of Current Population Survey data

As State Higher Education Funding Has Gone Down, Tuition and Fees Have Gone Up

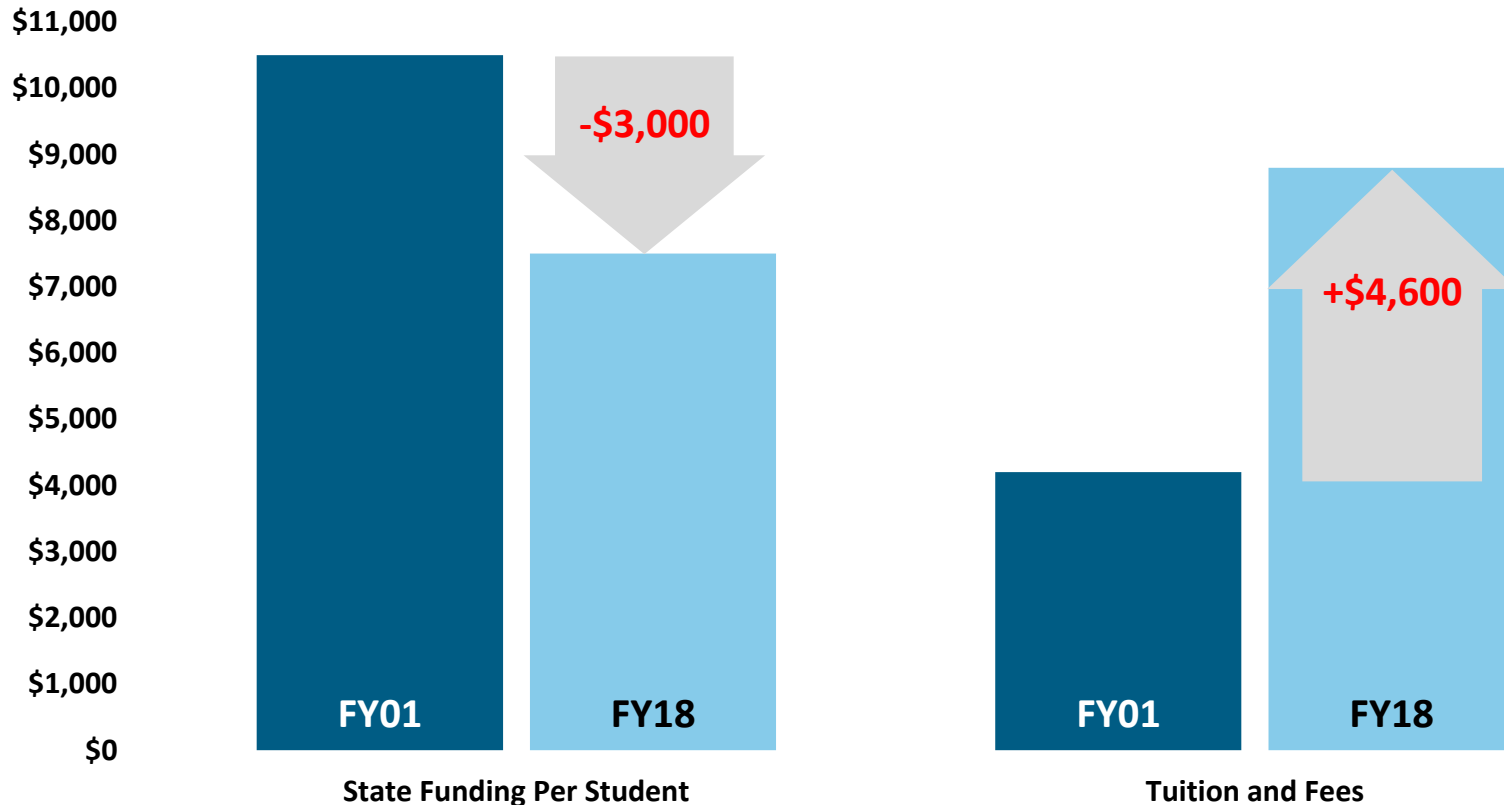
Per-student state appropriations to public college and university campuses, and in-state tuition and fees, adjusted for inflation (2018\$).



Note: School-based financial aid not funded by state appropriations is netted out of tuition and fees.

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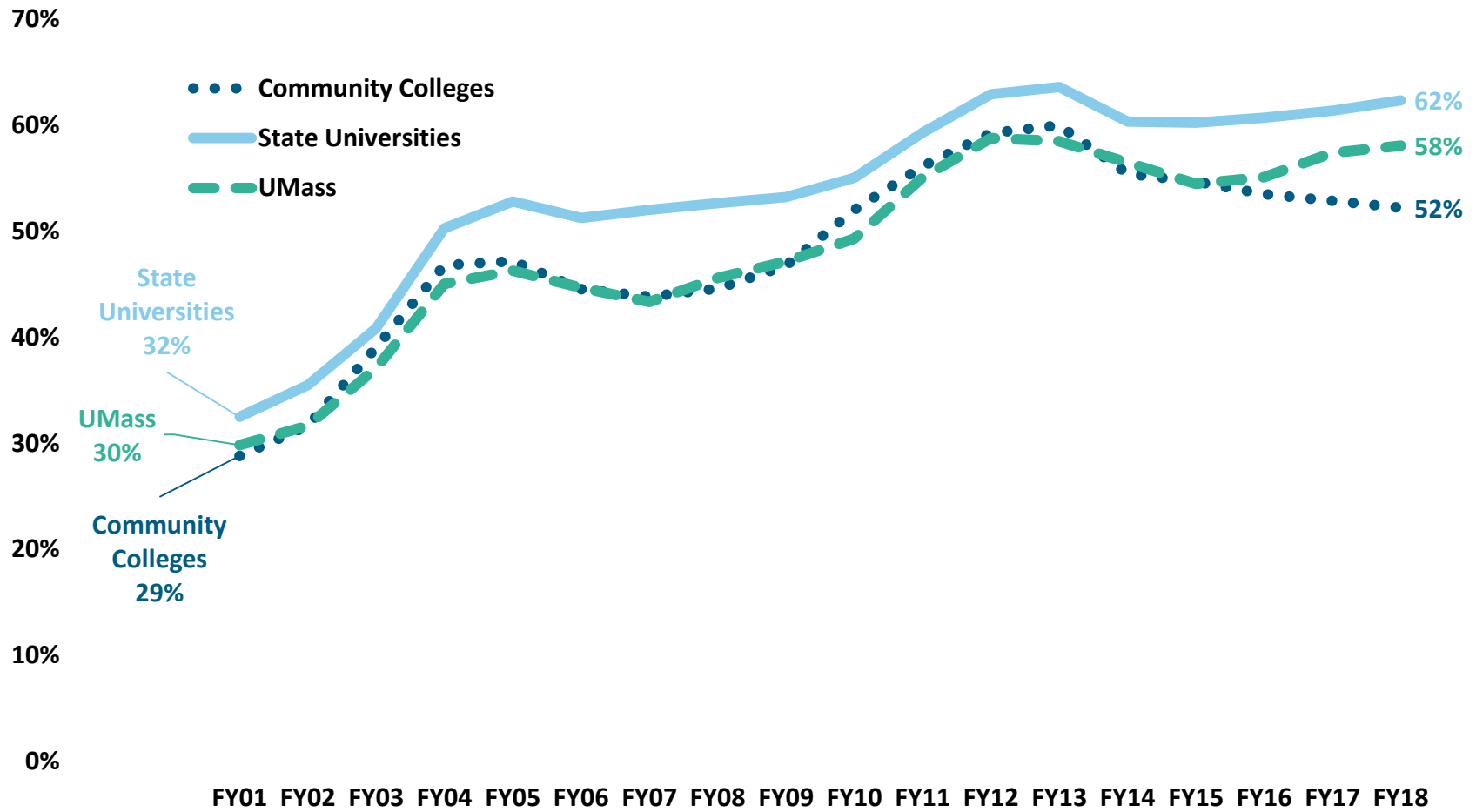
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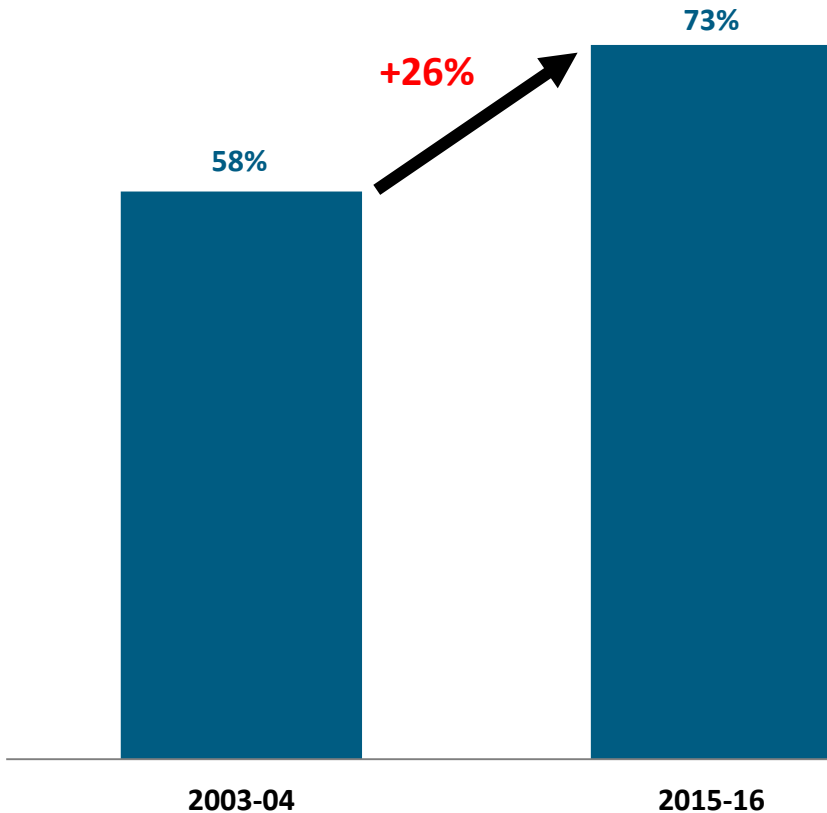
Students' Share of Higher Education Costs Has Risen Dramatically

In-state tuition & fees as a percentage of education revenue (in-state tuition & fees + state appropriations)



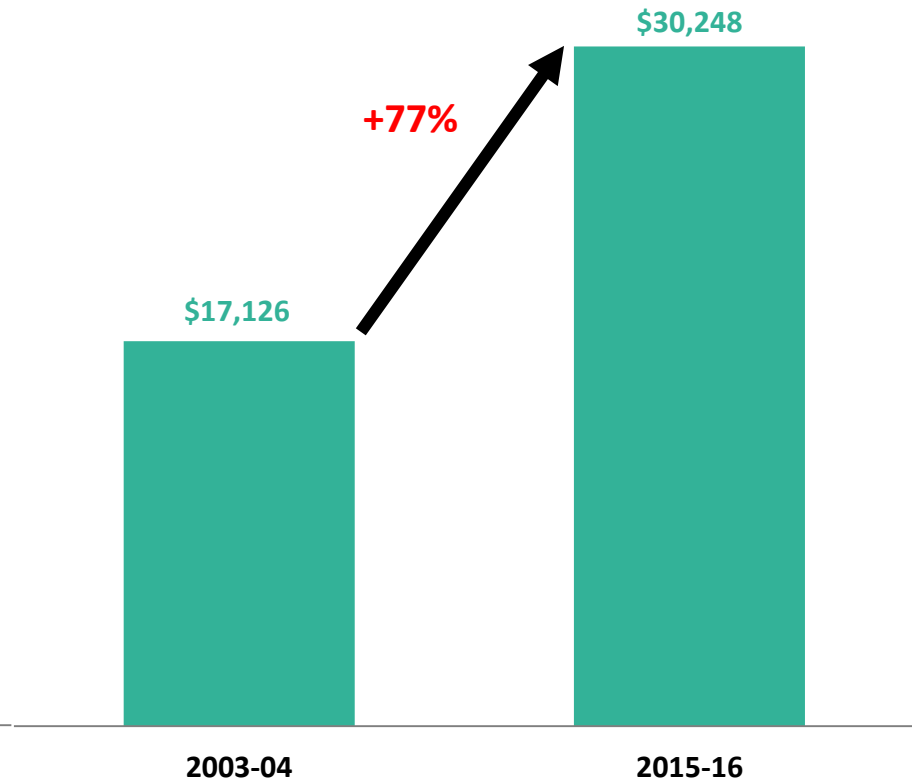
More Students Are Taking out Loans...

Share of grads of public 4-year colleges in MA with debt



...and Student Debt Has Increased

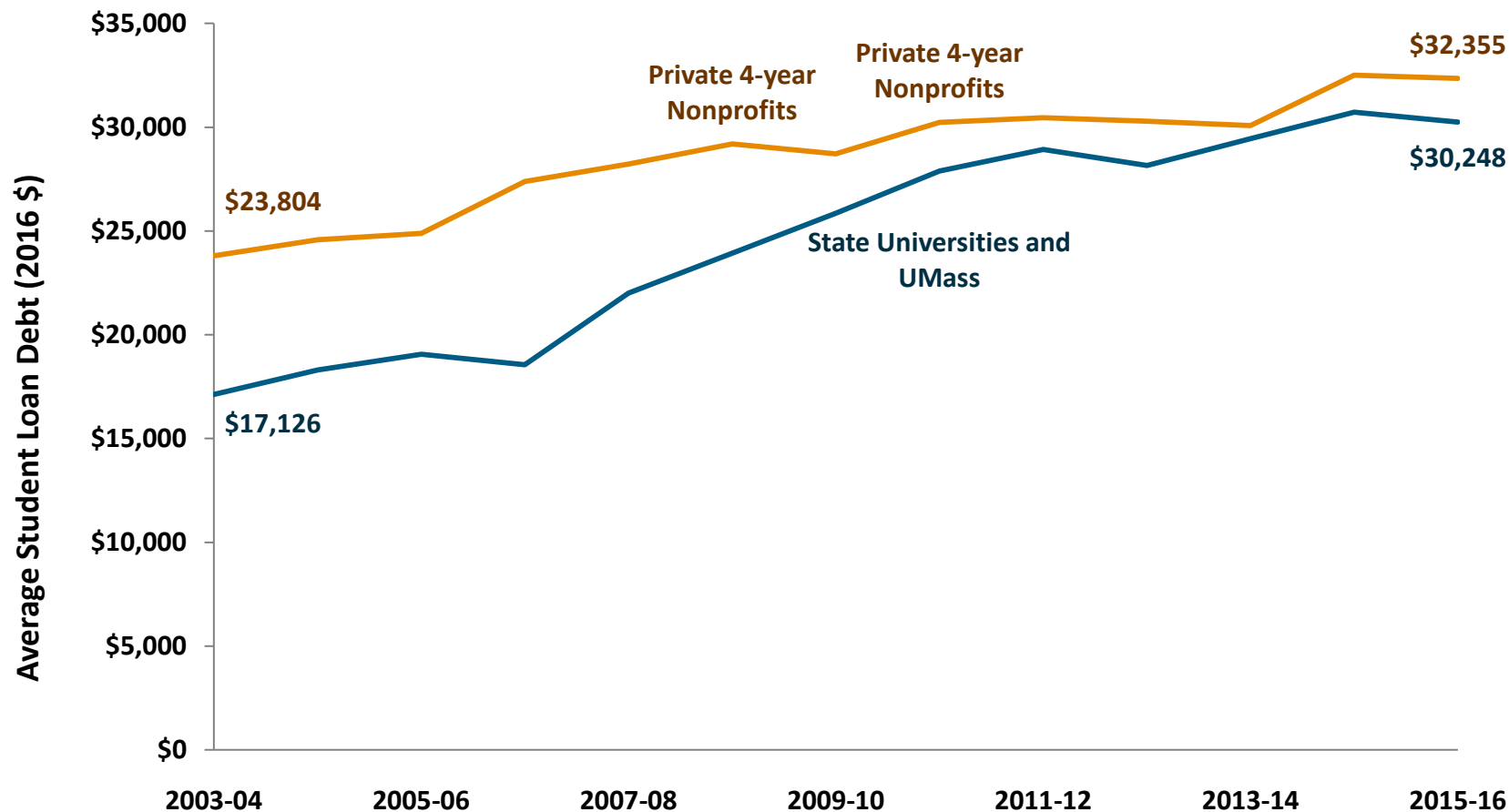
Average student debt for grads of public 4-year colleges in MA who took out loans, adjusted for inflation (2016 \$)



Source: The Institute for College Access, college-insight.org

Public University Graduates' Debt Near That of Private University Graduates in Massachusetts

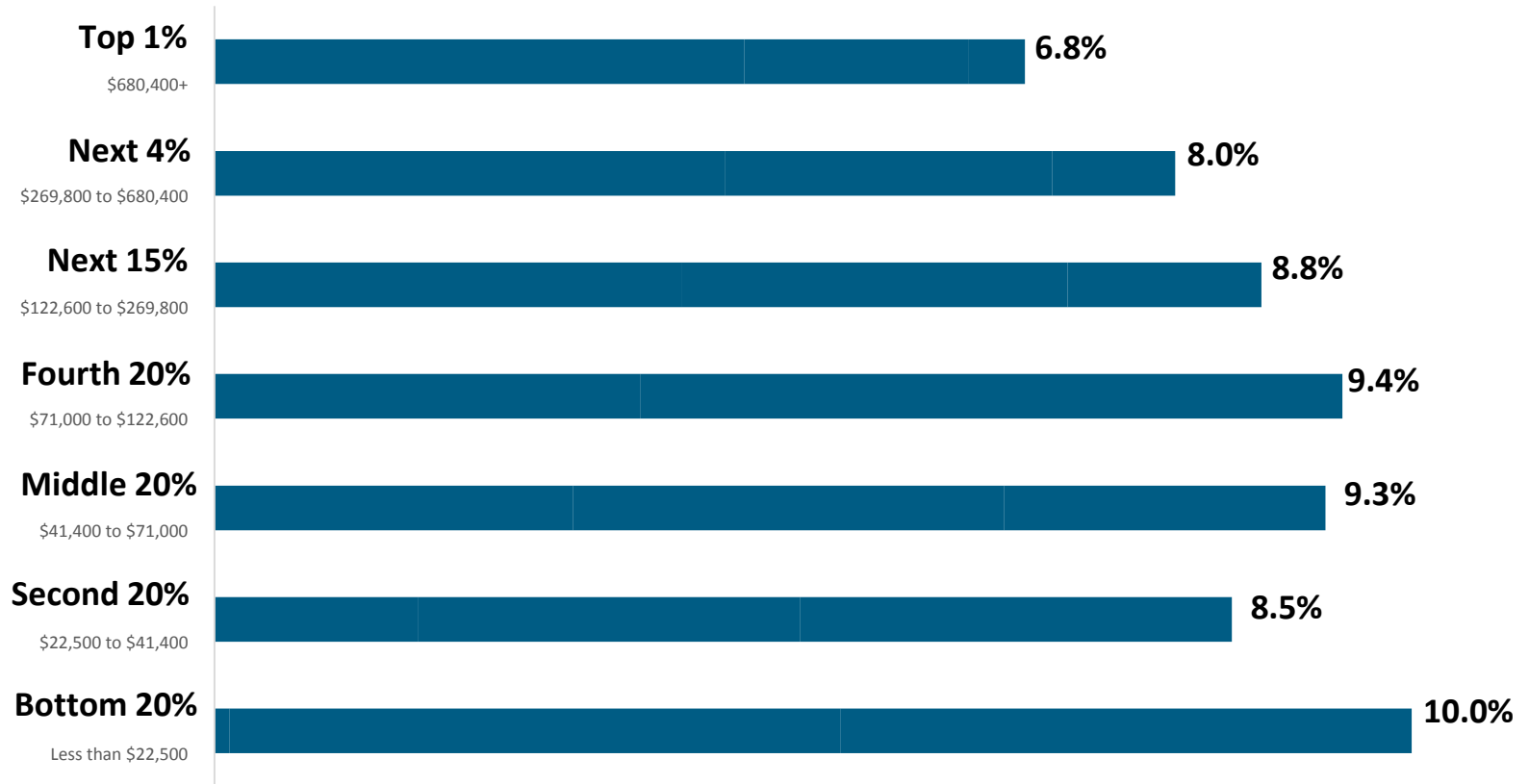
Average student loan debt for graduates of public and private non-profit 4-year colleges & universities in MA (2016\$)



Source: The Institute for College Access, college-insight.org

Highest-Income Taxpayers Pay Smaller Share of Income in State and Local Taxes

% of personal income paid in state and local taxes, 2018 projection



Source: Institute for Taxation and Economic Policy

Some Progressive Revenue Options...



Income taxes

- Fair Share Legislative amendment
- Fair Share citizens amendment w/no dedication of \$
- Personal income tax rate
- Raise income tax rate while increasing exemptions to make more progressive

Corporate taxes/fees

- Corporate tax rate on net profits
- Corporate minimum tax (raise by size)
- Cut special tax breaks
- Health care assessment (EMAC)
- Tax large university endowments
- Corporate tax on excessive CEO pay

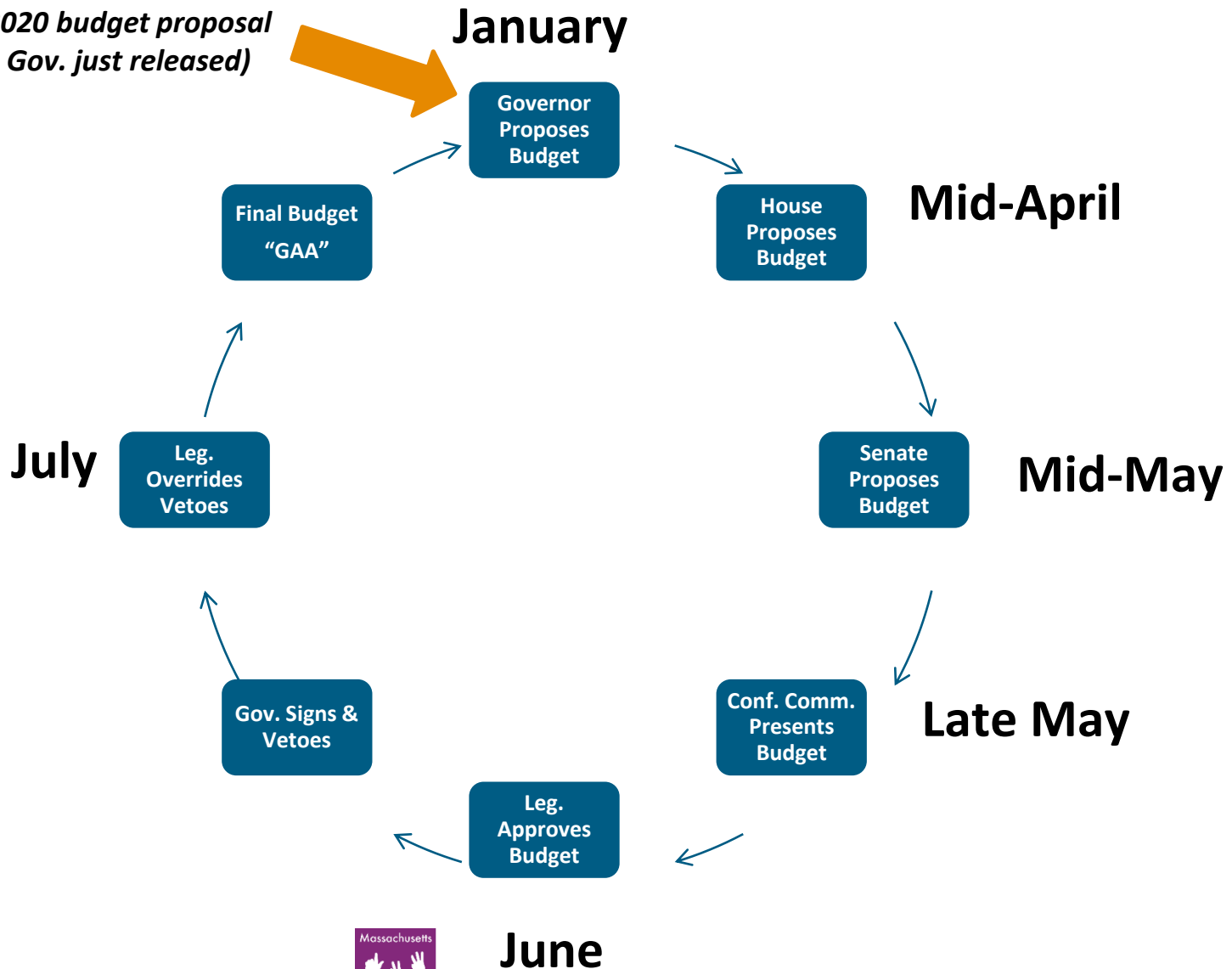
Wealth taxes

- Mansion transfer tax
- Estate tax
- Inheritance tax
- Capital gains tax
- End exemption on capital gains tax for transfers at death

[MassBudget.org](https://www.massbudget.org/14-Options-for-Raising-Progressive-Revenue)
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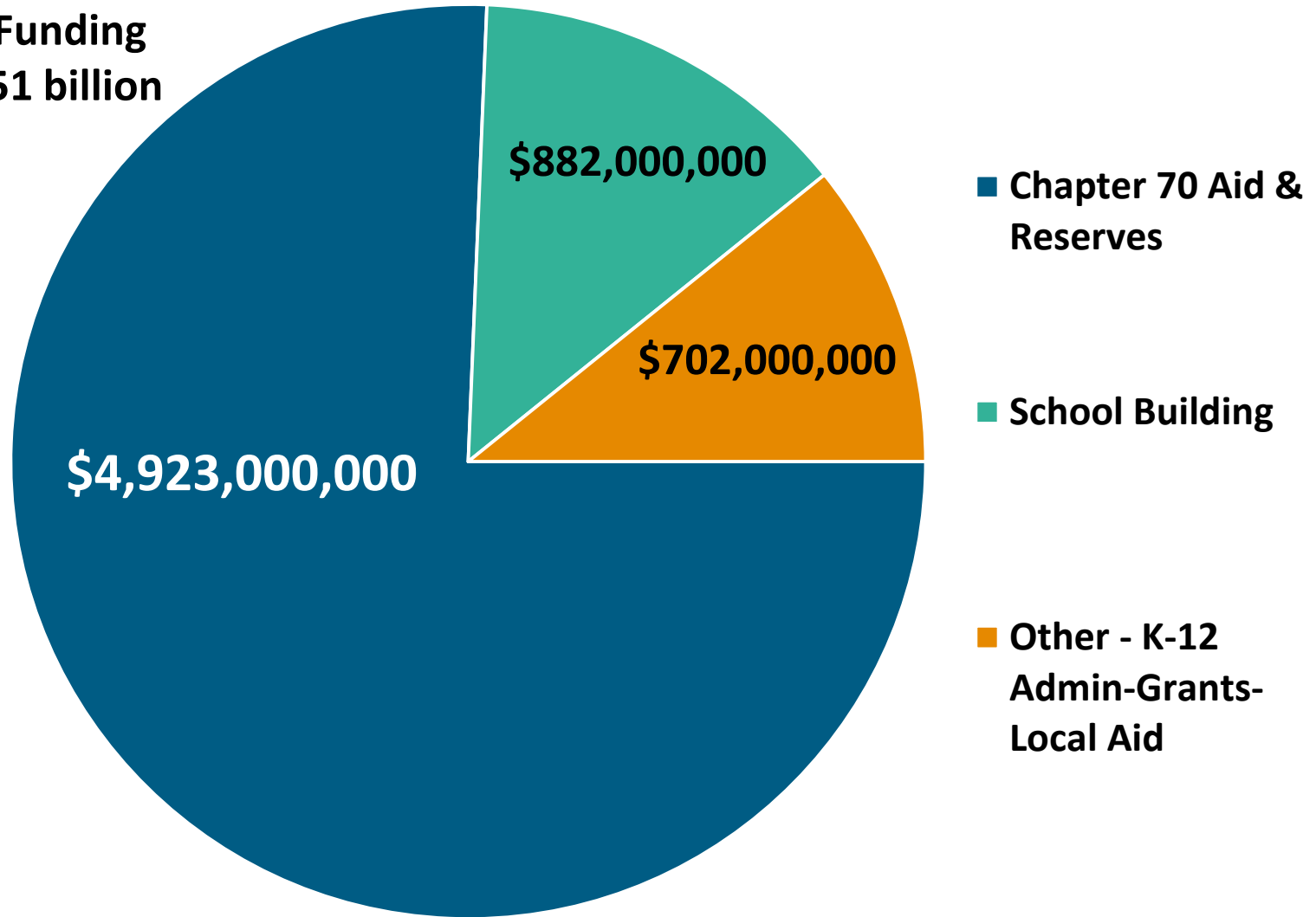
State Budget Process & Timeline

*You are here
(FY 2020 budget proposal
from Gov. just released)*



Breaking Down the K-12 Education Budget

Current Year Funding
(FY 2019) \$6.51 billion



K-12 Education: Trends in Governor's FY 2020 Budget

- Modest increase to Chapter 70 (3.8%), in line with inflation
 - 7-year phase in of reforms (health care, SPED, ELL, low-income)
 - Top low-income rate barely increased (to target of \$4,800, compared to \$7,200 in MassBudget report, over \$8,000 in PROMISE Act, FBRC maximum)
 - Reform bill & budget also contain new powers for ESE on school turnaround and local control
- K-12 grants outside of formula funding increased by 12%, most in new trust funds (turnaround, school safety, drinking water)
- Charter school reimbursements increased \$16M, moved to 100%-60%-40% schedule, likely reducing some gaps

Annual Change In Chapter 70 Under Gov. Baker FY 2020

Proposal is \$132M Less than More Ambitious Plan

