

**The following items will be discussed at the Joint Meeting of the Standing Committee on Finance and Operations and the City Council's Standing Committee on Education on Monday, April 25, 2016 at 5:00 p.m. in Room 410 at the Durkin Administration Building:**

c&p #2-19 - Clerk (December 12, 2012)

To consider a communication from the City Clerk regarding the City Council's Standing Committee on Education and the School Committee's Standing Committee on Finance and Operations to consider meeting jointly on a regular basis throughout the year concerning issues of overlapping interest.

gb #4-214 - Ms. Novick/Mr. O'Connell/Mr. Monfredo (July 22, 2014)

To consider the city's contribution to the Worcester Public Schools for FY16 and years following.

motion (gb #5-93) - Mr. Foley (November 16, 2015)

Request that the Foundation Budget Review Committee's Final Report and the PowerPoint presentation be referred to the Joint Committee of the Standing Committee on Finance and Operations and the City Council's Standing Committee on Education.

**STANDING COMMITTEE: JOINT MEETING OF THE STANDING COMMITTEE ON  
FINANCE AND OPERATIONS AND THE CITY  
COUNCIL'S STANDING COMMITTEE ON EDUCATION**

DATE OF MEETING: Monday, April 25, 2015

ITEM: Clerk (December 12, 2012)

To consider a communication from the City Clerk regarding the City Council's Standing Committee on Education and the School Committee's Standing Committee on Finance and Operations to consider meeting jointly on a regular basis throughout the year concerning issues of overlapping interest.

PRIOR ACTION:

12-20-12 - Referred to the Standing Committee on Finance and Operations.

3-18-13 - STANDING COMMITTEE ON FINANCE AND OPERATIONS  
(Considered with gb #2-323).

Mr. Allen, Chief Finance and Operations Officer, presented a PowerPoint presentation on the FY14 Preliminary Budget Estimates.

Ms. Colorio requested that the Administration provide a report in a Friday Letter regarding the percent of money collected in taxes by the City that is earmarked for the Worcester Public Schools.

Ms. Colorio stated that the system has a 13.8% increase in ELL and asked the Administration how that percent compares to that of the state?

Ms. Novick stated that if such a comparison is done, the relative wealth of those communities should be indicated in order that the information be put into context.

Ms. Colorio requested that the Administration provide a report indicating the number of low income students in the Worcester Public Schools.

BACKUP:

Annex A (12 pages) contains a copy of the updated status of the FY17 Budget Priority Session.

PRIOR ACTION (continued)

3-18-13 - Ms. Colorio made the following motion:  
(continued) Request that the Administration provide in a Friday Letter the State Guidelines that delineate the differences between teachers who have a direct impact in the classroom as opposed to those who provide educational support.

On a voice vote, the motion was approved.

Mr. O'Brien requested that the Administration share the responses to the above-mentioned requests with the City Council.

Mr. O'Brien highlighted the following from the City's budget presentation to the City Council and requested a report to be given to the City Council that would explain the following:

- the comparison between the amount that the Worcester Public Schools spends over the foundation budget as compared to other Gateway Cities
- the number of students leaving the Worcester Public Schools for other communities and indicate the amount that the receiving school spends over the foundation budget
- an explanation that would clear up the false impression that more Chapter 70 funding equates to a lot more money for the Worcester Public Schools without taking into account the offset of:
  - losses of funds for those children who opt to attend charter schools
  - losses incurred due to the loss of state and local grants which has been significant over the last decade

Mr. Allen, Chief Finance and Operations Officer, presented a PowerPoint presentation on the Student Transportation Overview of Operations & Budget.

Mr. Economou and Mr. O'Brien made the following motion:

Request that the City Clerk ask the City Solicitor to provide clarification on the rules that the Administration of the Worcester Public Schools adheres to regarding transportation for private and parochial students.

On a voice vote, the motion was approved.

Ms. Rivera inquired as to the increase in fuel costs that has impacted the Budget.

Ms. Colorio requested that the Administration provide the phone numbers that individuals can use to contact the appropriate personnel to discuss transportation issues.

PRIOR ACTION (continued)

- 3-18-13 - Mr. Hennessey provided the following information:  
(continued) Durham Bus Office – (508) 757-1463 (opens at 5:30 a.m.)  
Special Education busses operated by Durham – (508) 755-3495  
Special Education busses operated by the Worcester Public Schools - (508) 799-3242 or (508) 799-3241  
He also mentioned that the dispatcher has access to all drivers.  
Ms. Colorio asked if any analysis has been done relative to charging a transportation fee for students who live 1.9 miles from school.  
Dr. Boone indicated that the Administration made a conscious decision not to add fees.  
Ms. Novick inquired as to the replacement cycle for busses that the system owns.  
Mr. Allen indicated that the system has 35 busses and purchases between 2-3 per year and they last for 12-15 years before needing to be replaced. The system receives \$500,000 from the City for capital non-building expenditures and that is used to fund computers, facilities equipment and transportation.  
Mr. O'Brien made the following motion:  
Request that the City Council's Education Committee refer the PowerPoint presentation regarding Student Transportation Overview of Operations & Budget to the City Auditor for his review.  
On a voice vote, the motion was approved.
- 3-21-13 - SCHOOL COMMITTEE MEETING - The School Committee approved the action of the Standing Committee as amended.  
Ms. Novick made the following motion:  
Request that the Administration invite the City's Chief Financial Officer to do a presentation on the OPEB liabilities at a joint meeting of the Standing Committee on Finance and Operations and the City Council's Subcommittee on Education.  
On a voice vote, the motion was approved.  
Ms. Novick asked if the Administration had any recommendations regarding the \$3,000,000 that the City is assessing for the OPEB.  
Mr. Allen indicated that the \$3,000,000 that is being assessed to the Worcester Public Schools is at a reduced rate. The amount that the system should be paying, based on the actuarial studies, is \$12,000,000 next year. The Administration should discuss at the next joint meeting, the benefit of putting \$3,000,000 aside when it should be \$12,000,000. If it requires \$12,000,000 annually for the next 30 years, is there any true benefit of putting \$3,000,000 aside.

PRIOR ACTION (continued)

- 3-21-13 - (continued) The Administration should also discuss the present value of future benefits that was included in the actuarial study. The larger issue the system has is the present value of the loss of 43 teachers because that is essentially what it will cost to fund the \$3,000,000 assessment.  
Ms. Novick indicated that the \$3,000,000 would not be counted into net school spending.  
The Administration will seek a legal opinion regarding whether or not the \$3,000,000 will be counted into net school spending.
- 5-1-13 - STANDING COMMITTEE ON FINANCE AND OPERATIONS  
(Considered with gb #2-323).  
Mr. Allen made a presentation on the status of the FY14 Budget.  
Councilor Economou made the following motion:  
Request that the City Manager work with the City Council and the Superintendent to eliminate the current deficit of required net school spending and identify a funding source by potentially using a percentage of new growth revenue to provide additional funding. This would get schools to or move schools beyond the minimum requirement in order to be more competitive with surrounding communities.  
On a voice vote, the motion was approved.  
Ms. Colorio made the following motion:  
Request that the school administration develop a plan that would outline what those funds would be used for, if made available, and provide some potential outcomes for the system.  
On a voice vote, the motion was approved.  
Ms. Novick requested that the system review the capital budget and indicate how it is allocated by the City Manager through the City Council. She highlighted, as another topic, the need for additional monies for ordinary facilities maintenance for the schools since the system has 50 buildings and houses 25,000 students.  
Miss Novick stated that the House of Representatives is not understanding the Charter School issue and which seems to be a topic that no one wants to discuss in Boston.

PRIOR ACTION (continued)

- 5-1-13 - Mr. Allen stated that there is clearly a disconnect at the state level.  
(continued) On one side, there is the Board of Education approving the Charter Schools yet they have no financial authority to fund them so they are leaving it to the legislature to fund that reimbursement. When there are new Charter Schools, they are 100% reimbursed for the first year. However, it dilutes the amount of reimbursement available to all of the districts. That is why it is only going to be at 68% for this coming year. Second, there is a technical flaw that needs to be addressed at the state level. They base their tuition assessments on pre-enrollment reports. Therefore, it is not based on actual students. The Charter Schools just tell us within their charter the maximum number of students they are going to enroll next year. The first quarter payment is based on this inflated amount and the state knows it is an inflated amount. The people who got hurt the most with this scenario was the sending district until last year, when the City Manager actually held us harmless. In previous years, the system was actually reducing its budget. It will still have \$350,000 set aside as it does each year because it knows that when the final numbers are done in July, it is always worse than what the House and Senate budget included because it is significantly overstated. For the most part, it gets corrected in December but for the school department it is too late. This year, the City Manager is going to hold us harmless for those changes. Mr. Foley cautioned about looking at new growth as a possible way of bringing new revenue to the table. It is not always a way to increase revenue due to the way in which that new growth is calculated into the city calculation already. Mr. O'Brien requested that Mr. Allen create a couple of sample grids to illustrate what that would look like this year and moving forward. He stated that the joint committee's could make recommendations to the City Council which, in turn, could make these requests to the City Manager in order to have this discussion on the agenda for the next City Council meeting. Mr. O'Brien made the following motion:  
Request that the City Manager work with the City Council to find some ways to:
- eliminate the current deficit
  - identify potential new funding source such as the new percentage of new growth as a way to provide additional resources to get the school system above foundation
- On a voice vote, the motion was approved.

PRIOR ACTION (continued)

- 5-1-13 - At the request of Ms. Colorio, Mr. O'Brien asked that the School  
(continued) Committee prepare a report regarding how those new revenues  
would be expended and what the outcomes would be.  
On a voice vote, the motion was approved.  
Councilor Economou suggested that the Administration work with  
local colleges and universities for solutions to overcrowding.  
Mr. Allen provided an update on Capital projects.  
Ms. Novick requested that the Chairs invite the State Treasurer to  
visit Burncoat High School.  
It was suggested that a schedule of the Nelson Place Building  
Committee Meetings be publicized as far in advance as possible.  
Mr. Allen then provided an update on the administrative costs.  
Mr. O'Brien asked Mr. Allen to forward his calculations of how much  
of the City tax rate goes to the Worcester Public Schools.
- 5-16-13 - SCHOOL COMMITTEE MEETING - The School Committee  
approved the action of the Standing Committee as amended.  
Mr. Allen made a presentation on the status of the FY14 Budget.  
Councilor Economou made the following motion:  
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Superintendent to eliminate the current deficit of required net  
school spending and identify a funding source by potentially using a  
percentage of new growth revenue to provide additional funding.  
This would get schools to or move schools beyond the minimum  
requirement in order to be more competitive with surrounding  
communities.  
On a voice vote, the motion was approved.  
Ms. Colorio made the following motion:  
Request that the school administration develop a plan that would  
outline what those funds would be used for, if made available, and  
provide some potential outcomes for the system.  
On a voice vote, the motion was approved.  
Ms. Novick requested that the system review the capital budget and  
indicate how it is allocated by the City Manager through the City  
Council. She highlighted, as another topic, the need for additional  
monies for ordinary facilities maintenance for the schools since the  
system has 50 buildings and houses 25,000 students.  
Miss Novick stated that the House of Representatives is not  
understanding the Charter School issue and which seems to be a  
topic that no one wants to discuss in Boston.

PRIOR ACTION (continued)

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Request that the City Manager work with the City Council to find some ways to:

- eliminate the current deficit
- identify potential new funding source such as the new percentage of new growth as a way to provide additional resources to get the school system above foundation

On a voice vote, the motion was approved.



PRIOR ACTION (continued)

- 5-16-13 - (continued) At the request of Ms. Colorio, Mr. O'Brien asked that the School Committee prepare a report regarding how those new revenues would be expended and what the outcomes would be.  
On a voice vote, the motion was approved.  
Councilor Economou suggested that the Administration work with local colleges and universities for solutions to overcrowding.  
Mr. Allen provided an update on Capital projects.  
Ms. Novick requested that the Chairs invite the State Treasurer to visit Burncoat High School.  
It was suggested that a schedule of the Nelson Place Building Committee Meetings be publicized as far in advance as possible.  
Mr. Allen then provided an update on the administrative costs.  
Mr. O'Brien asked Mr. Allen to forward his calculations of how much of the City tax rate goes to the Worcester Public Schools.  
Mr. Foley requested that the Administration forward the FY14 Budget book to the City Council.  
Ms. Novick made the following motion:  
Request that the School Committee forward a letter on Friday to Senators Chandler and Moore in order to:
- commend the Senate for fully funding the Special Education Circuit Breaker and for funding the McKinney-Vento transportation and
  - to express some concerns about the ongoing funding of the "2007 so called reform funding" for the suburban areas when, at the same time, it continues to underfund the Charter School reimbursement
- On a voice vote, the motion was approved.  
Mr. O'Connell made the following amendment to Ms. Novick's request:  
Request that the Chairs invite the State Treasurer to visit Burncoat High School **and Doherty Memorial High School.**  
On a voice vote, the motion was approved.
- 10-8-13 - ESCo Projects Update - Solar Projects  
Mr. Allen indicated that the Worcester Public Schools and the City of Worcester reached agreement on the installation of solar arrays at the following six schools:
- Belmont Street Community School
  - Chandler Magnet School
  - Elm Park Community School
  - North High School
  - Roosevelt School
  - South High Community School

PRIOR ACTION (continued)

10-8-13 - (continued) As part of this agreement, a high grade roof sealer and re-roofing will occur at Belmont Street Community, Chandler Magnet, Elm Park and Roosevelt schools along with roof repairs as needed. It is expected that the solar arrays will generate approximately 20% of the electricity usage for those schools. Any routine cleaning of the solar arrays, all costs associated with the maintenance and repair will be the responsibility of the City.

Mr. Allen indicated that the following work accomplishments and plans related to Technology Major Projects for 2013-14 included:

- installation of 90 iPad Minis with carts
- purchase of district subscription to Discovery Education Streaming
- plans to enter into a 5 year lease to replace all 7,000 computers and LCDs
- implementation of a new internally developed web-based student information system
- plans to be a pilot site to test new state PARCC online assessment

Mr. James Bedard provided a project rehabilitation update on the following schools:

- Worcester East Middle School Science Lab
- Heard Street School Roof Replacement
- Vernon Hill School Masonry Repairs

He summarized the following projects completed with the ESCo Program:

- Boiler/Chiller Replacement
- Weatherization & Building Infiltration
- Controls Upgrades
- Solar Panel Installation
- Steam Trap Replacement
- Refrigeration Upgrades

PRIOR ACTION (continued)

10-8-13 -

(continued) He highlighted the following MSBA projects:

<u>2012-13</u>	<u>2013-14</u>
New Citizen Center windows boilers	Columbus Park Preparatory Academy windows
Lake View School windows	boilers
May Street School windows	Tatnuck Magnet School windows
Chandler Magnet School – 2 year project windows	Worcester Arts Magnet School windows
Jacob Hiatt Magnet School boiler	Worcester East Middle School roof windows boiler

He provided the following update on Nelson Place Replacement School:

Tishman Construction has been chosen as the OPM for the project and is working with the city through the RFS process.

There were 14 architects that submitted proposals which are currently under review.

The Designer Selection Panel consists of 2 members chosen by the City, 1 member chosen by the schools, and 13 members chosen by the MSBA. This panel is scheduled to meet October 22 at the MSBA offices in Boston.

Chairman O'Brien asked the Administration to forward to the School Committee and the City Council a list of the investments made into the schools over the last four or five years.

Chairman O'Brien requested that the Administration provide a report about the additional projects that have to be done and how that will impact the \$3,000,000 cap that the City has allocated.

Mr. Allen stated that the Administration would identify for a December meeting of the Standing Committee on Finance and Operations and the City's Subcommittee on Education the projects that it has identified and include an estimated cost to do them recognizing the fact that some of them are not MSBA eligible.

Ms. Novick suggested that there be a ribbon cutting ceremony at Worcester East Middle School.

Ms. Novick inquired as to the availability of wi-fi at all of our schools.

Mr. Allen stated that Mr. Walton would provide an update that could either be sent in a Friday Letter or back to this committee.

PRIOR ACTION (continued)

- 10-8-13 - Ms. Novick asked that the Administration provide an update on  
(continued) SAGE to be brought back as a Report of the Superintendent.  
Councilor Economou asked if the SAGE programming has been marketed for other systems.  
Mr. Allen indicated that he would look into that.
- 12-18-13 - Mr. Allen provided an overview of Annex E of the backup for the item regarding net school spending.  
The Board of Education clarified the Financial Accounting and Reporting by Other Municipal Departments section of 603 CMR 10.00 and specifically added the following language:  
"The cost of insurance and retirement benefits for non-school district employees shall not be included or reported."  
Mr. Zidelis stated that the MOU between the City of Worcester and the Worcester Public Schools needs to be amended.  
Mr. Foley asked the Administration to provide an update on the reallocation of Charter School funding.  
Mr. Allen stated that the Charter School formula is a per pupil driven formula. The tuition assessment went down about 2 million dollars but the system also lost about \$800,000 in Charter School reimbursement as those costs are not going over to the Charter Schools. The state provides some temporary transitional aid for these Charter School students. The net result is a decrease in the system's assessments. The City did appropriate about 1.3 million dollars and the Administration will come forward to the School Committee with recommendations for the use of these funds. This is not new found money, because there are some deficits in the current school year.  
Mr. O'Brien requested that the Administration forward copies of Annex A of the backup for the item to the members of the City Council and put it up on the website.  
Mr. Allen provided an update on the current projects with the MSBA.
- The boiler and window replacement at the New Citizen Center is virtually done.
  - The boiler at Jacob Hiatt Magnet School was completed during the summer.
  - The window project at Lake View School is near completion.
  - The window projects at May Street School are ongoing and should be completed within the next 30-60 days.
  - The window project at Chandler Magnet School is intended to be a two-year project.
  - The Accelerated Repair Projects have gone quite well.

PRIOR ACTION (continued)

12-18-13 - (continued) The MSBA indicated that it is not considering the high school projects as part of the 2013 Statements of Interest but the Administration will resubmit them as part of the 2014 Statements of Interest period. The school department and the city of Worcester are working on a Master Plan for 3 large high school projects to be submitted to the MSBA.

Mr. Foley asked about the funding for the master plan.

Mr. Zidelis stated that the City Manager indicated and the Council supported the funding for the Master Plan.

Mr. Allen discussed the projects listed in Annex C that are non-MSBA projects and indicated that they will be brought to the School Committee in the FY15 Budget document.

Mr. Allen provided an update on the Osco Projects as contained in Annex D of the backup for the item.

Mr. Foley requested that the roof mounted solar panels be incorporated into the curriculum so that science and math students can be involved in learning about the installation of these panels and by tracking the savings in electricity as a result of the installation of them.

Mr. Foley brought up the issue that was raised by members of the City Council about non-net school spending dollars for transportation.

Mr. Allen indicated that the City Auditor, the City's Finance Office and the school department's Finance Office, are seeking professional services from qualified consultant firms to provide comprehensive consultancy reports on pupil transportation services. The bid process took place and a vendor has been selected. Within the next 90 days, the Administration should have a version of the final product.

Mr. Foley announced that the Mayor has scheduled the first meeting of the Building Committee for Nelson Place School on Monday, January 6, 2014 and that Lamoureaux and Pagano have been selected as the architect for the project.

PRIOR ACTION (continued)

7-23-14 - Mr. Ammon, a representative from the School Bus Consultants, LLC made a PowerPoint presentation, via video conferencing, to the members of the Joint Committee regarding the "Student Transportation Services Effectiveness and Efficiency Assessment" report.

The summary of the scope of services that he discussed included:

- Analysis of Efficiency and Effectiveness
  - Comparative Cost Analysis
  - Transportation Indicators
  - Routing Efficiency Indicators
  - Management and Administration review
  - Durham Contract/Bid Specifications
- K to 6 Transportation Option Analysis

The summary of accomplishments included:

- Assignment of special needs student population is timely with three-day turnaround and well managed
- Regular education routing adheres to policies promoting efficiency and effectiveness
- Policies overall well structured
- Vendor contract with Durham well written and offers additional options for consideration

The management and administration recommended were to:

- Consider technical revisions to the current transportation contract
- Increase the availability of maintenance related information for decision making through the use of an FMIS
- Consider limited policy revisions including walk-to-stop and opt-in/opt-out system to improve planning capabilities
- Hire one additional full time routing staff

Mr. Ammon indicated that the analysis of the K-6 transportation only:

- Would result in approximately 18 busses being removed from the system
  - Expected cost reduction of approximately \$1.2 million
- Significant redesign of existing system would be required.
- Policy questions with removal of service can be anticipated.
  - Sibling from grade 7 to 12 allowed to ride if there is room on bus
  - Any student who accesses existing stop on existing route is allowed to ride. if there is room

PRIOR ACTION (continued)

- 7-23-14 - (continued) Some of the issues raised by School Committee members and City Council members were:
- To consider greater utilization of busses (Mr. Foley)
  - To consider the cost savings of the elimination of busses vs. the downside of longer rides for students (Mr. Foley)
  - To consider eliminating 7-8 busses by combining bus stops (Mr. Economou)
  - To consider developing a system for parents to opt out of transportation (Mr. Economou)
  - To clarify why some schools need more busses for fewer students (Miss Ramirez)
  - To consider utilizing the “where is my school bus” app (Mrs. Toomey)
  - To consider making the tiers as uniform as possible (Ms. Novick)
  - To emphasize that an opt in/opt out system would not work in a system with a 40% mobility rate (Ms. Novick)
  - To consider establishing a mini bus transportation program for cash, if transportation were to be eliminated in grades 7-12 (Mr. Rosen)

Mr. O’Connell suggested that the Administration, over the course of the next year, consider the following recommendations for improved bus transportation to include:

- an opt out provision at the secondary level
- expansion of the walk distances, where appropriate, to bus stops for students
- development of a system for parents to register their child(ren) for transportation
- change of start times to deal with the 37 busses that arrive at or after the bell time at their schools
- development of an approach for assigning students to bus stops or routes directly
- increasing the length of routes
- opt students out of bus transportation if they have parking passes, except in emergency circumstances
- prevention and repair history procedures for monitoring busses

Mr. Monfredo commented that the elimination of transportation for grades 7-12 would be devastating to the Worcester Public Schools, due to the current chronic absenteeism problem.

PRIOR ACTION (continued)

7-23-14 - Mr. Allen presented a Transportation Analysis PowerPoint  
(continued) presentation. The purpose for this review was due to the fact that:

- Transportation costs are Non-Net School Spending
- The City has fallen below Net School Spending
- Student transportation costs have increased

Mr. Allen highlighted the following in his report:

A. The WPS School Committee policy which states that:

“Free transportation is granted to pupils in grades kindergarten through 12 who reside two (2) miles or more from the school which they are entitled to attend. The legal obligation of the School Committee in this respect is limited to provision for transportation for elementary school children and the School Committee does have the right, if necessary, to charge for transportation or not provide transportation at the secondary level regardless of where the student may live.”

B. State Law: MGL Chapter 71, Section 68

“If the distance between a child’s residence and the school he is entitled to attend exceeds two miles... the department... may require the town to furnish transportation for children in grades kindergarten through six for a part or for all of the distance between said child’s residence and the school.”

Mr. Allen stated that the role of the School Bus Consultants (SBC) was to determine possible cost savings opportunities within transportation without considering impact on students, programs or services.

Mr. Allen stressed the fact that programs and parental choice determine transportation needs.

The general findings of the report were:

- The current contract is well written and contains many of the aspects of recommended areas to be included.
- SBC does not believe further outsourcing would result in significant direct cost savings.
- SBC recommends that the district hire an additional full time person to provide the routing and route planning for special education services as well as assist for routing and route planning for regular education busses.
- SBC recommends that students register for transportation and opt-out policy for students.
- SBC recommends that the Worcester Public Schools maintain maintenance records using software.
- SBC recommends developing ways to communicate late arriving busses.



PRIOR ACTION (continued)

7-23-14 - The Administration will not recommend a change in Grades 7-12  
(continued) transportation.

With respect to the Transportation contract, the SBC recommends:

- changing the current contract structure from a single daily rate to a variable rate based on hours in order to have better control over cost reductions due to fluctuations in demand
- changing from an annual bid price to an annual CPI for cost increases

With the renewal of the transportation contract, the next steps for the Administration will be:

- to formulate bid specifications for the next five year bus contracts
- to evaluate the recommendations of the SBC and determine if any savings could be realized without changes to programs, services or choices for students

Councilor Economou moved and it was voice voted to file the following item on the City Council's Standing Committee on Education agenda:

- 1a. Transmitting a communication relative to an evaluation of Pupil Transportation Services and enclosed report from the School Bus Consultants, LLC regarding "Student Transportation Services Effectiveness and Efficiency Assessment."

Councilor Economou moved and it was voice voted to hold the following item on the City Council's Standing Committee on Education agenda:

- 2a. Order of Councilor Frederick C. Rushton request Standing Committee on Education, when meeting jointly with the School Committee's Committee on Finance, consider as cost cutting measures in transportation the following: 1) mainstreaming some Special Education Students onto the conventional busses, and 2) revising the bus pick-up system in a way that would allow for fewer stops and further walking for students, within reason; all in the interest of cost savings which could be directed to the classroom.

PRIOR ACTION (continued)

- 10-28-14 - JOINT MEETING OF THE STANDING COMMITTEE ON FINANCE AND OPERATIONS AND THE CITY COUNCIL'S STANDING COMMITTEE ON EDUCATION

Transportation

The student transportation contracts will expire on the last day of school in June 2015. The Administration is working on developing a new set of specifications for the next contract for a term of five years from June 2015 – June 2020. It intends to bid the transportation services in December 2014 with an anticipated bid opening after January 1, 2015.

MSBA Building Projects Update

Mr. Allen provided an in depth report on the:

- 2012 Approved Accelerated Repair Projects
- 2013 Approved Accelerated Repair Projects
- 2014 Approved Accelerated Repair Projects

-Core Program Projects for Nelson Place and South High Community schools

Information on these topics can be found under Annex A.

- 11-6-14 - SCHOOL COMMITTEE MEETING - The School Committee approved the action of the Standing Committee as amended. The Net School Spending section was discussed and added to the report:

Net School Spending

The joint committee reviewed the current level of net school spending. This number changes over the course of the year several times and, as it does, the School Committee and the City Council is made aware of the number in order to acknowledge that the City has made its contribution for FY15 which is above the base level. Unfortunately due to the changes in how the state regulations have been impacted regarding the ways to look at the formula, the cumulative impact to Worcester is \$2.9 million below the foundation level. Although the system made progress on the annual basis it is now necessary to go back and rectify a long standing cumulative deficit.

Transportation

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PRIOR ACTION (continued)

- 11-6-14 - MSBA Building Projects Update  
(continued) Mr. Allen provided an in depth report on the:
- 2012 Approved Accelerated Repair Projects
  - 2013 Approved Accelerated Repair Projects
  - 2014 Approved Accelerated Repair Projects
  - Core Program Projects for Nelson Place and South High Community schools
- Information on these topics can be found under Annex A.  
Information on these topics can be found under Annex A.
- 1-20-15 - JOINT MEETING OF THE STANDING COMMITTEE ON FINANCE AND OPERATIONS AND THE CITY COUNCIL'S STANDING COMMITTEE ON EDUCATION
- Mr. Allen discussed the Transportation Contract Analysis Report prepared by School Bus Consultants, Inc.  
It was moved to request that the members of the Standing Committee on Finance and Operations grant authority for submittal of the following projects to the Massachusetts School Building Authority for funding through the Accelerated Repair Program:
- |                           |                    |
|---------------------------|--------------------|
| Flagg Street School       | Window Replacement |
| Francis J. McGrath School | Window Replacement |
| Grafton Street School     | Window Replacement |
| Grafton Street School     | Boiler Replacement |
| Jacob Hiatt School        | Window Replacement |
- On a roll call of 3-0, the motion was approved to be forwarded to the City Council for its approval.
- 1-22-15 - SCHOOL COMMITTEE MEETING - The School Committee approved the action of the Standing Committee as amended.  
It was moved to request that the members of the School Committee grant authority for submittal of the following projects to the Massachusetts School Building Authority for funding through the Accelerated Repair Program:
- |                           |                    |
|---------------------------|--------------------|
| Flagg Street School       | Window Replacement |
| Francis J. McGrath School | Window Replacement |
| Grafton Street School     | Window Replacement |
| Grafton Street School     | Boiler Replacement |
| Jacob Hiatt School        | Window Replacement |
- On a roll call of 6-0-1 (absent-Miss Biancheria), the motion was approved to be forwarded to the City Council for its approval.

PRIOR ACTION (continued)

- 5-27-15 - JOINT MEETING OF THE STANDING COMMITTEE ON FINANCE AND OPERATIONS AND THE CITY COUNCIL'S STANDING COMMITTEE ON EDUCATION  
(Considered with gb #4-214)  
Chairman Economou and Chairman Foley both spoke about the FY16 Budget and the excellent working relationship among the City Council, School Committee, Superintendent and City Manager.  
Mr. Allen made a PowerPoint presentation on the overview of the FY16 Budget as contained in Annex A of the backup for c&p #2-19.  
Ms. Novick made the following motion:  
Request that the School Committee forward a letter to the local delegation in support of H. 326, An Act to expand universal pre-kindergarten and S. 273, An Act improving state reimbursements for charter schools.  
On a voice vote, the motion was approved.  
Mrs. Toomey requested that the Administration provide a list of who opted into the Worcester Public Schools under School Choice and provide a breakdown of the categories such as ELL, Special Education and Regular Education.  
Mr. Power offered testimony about large enrollment sizes and asked the Administration to address this issue.
- 6-4-15 - SCHOOL COMMITTEE MEETING - The School Committee approved the action of the Standing Committee as amended.  
Mr. Allen made a PowerPoint presentation on the overview of the FY16 Budget as contained in Annex A of the backup for c&p #2-19.  
Ms. Novick made the following motion:  
Request that the School Committee forward a letter to the local delegation in support for funding of the Quality Kindergarten Grant at the House level and full funding for Charter reimbursement.  
On a voice vote, the motion was approved.  
Mrs. Toomey requested that the Administration provide a list of who opted into the Worcester Public Schools under School Choice and provide a breakdown of the categories such as ELL, Special Education and Regular Education.  
Mr. Power offered testimony about large enrollment sizes and asked the Administration to address this issue.

PRIOR ACTION (continued)

6-4-15 - Ms. Novick made the following motions:  
(continued) Request that the Administration, on behalf of the School Committee, express a concern to the Foundation Budget Review Commission regarding the 4% in-district rate for special education students when the rate to educate them in Worcester is 7.9%.  
Request that the Administration forward copies of gb #4-177, Annex A, of the backup from the Standing Committee on Finance and Operations from October 28, 2014.  
On a voice vote, the motions were approved.



# Worcester Public Schools

School Committee Budget Priority Session

# FY17 Budget

**Updated Status**

based on Governor's Budget

April 7, 2016



## Budget Themes:

- **Flat Foundation Budget** Enrollment & Negative Inflation
- **One-time adjustment (increase)** in Low Income to Economically Disadvantaged Students.
- Certain costs continual to exceed normal inflation.
- **State Budget:** House Budget and Senate Budgets
- **Federal Grants:** Title I Funding

# Enrollment:

Grades	Enrollment 10/1/15	Change from Last Year
Pre-School	1,264	-134
Grades K-6	13,481	-86
Grades 7-8	3,292	-16
Grades 9-12	<u>6,922</u>	<u>+7</u>
<b>Total</b>	<b>24,959</b>	<b>-229</b> <small>-0.9%</small>

Individual schools had enrollment changes from 9.6% to -14.5%



# FY17 Foundation Enrollment

## Largest Changes:

	FY16	FY17	Change
<b>English Language Learners:</b>			
– Enrollment	8,331	8,947	+616
– Foundation Budget	\$77,504,543	\$83,052,227	\$5,547,684
<b>Economically Disadvantaged:</b>			
– Enrollment	19,651	16,076	–3,575
– Foundation Budget	\$63,341,378	\$66,474,260	\$3,132,882



## FY17 Revenue:

<u>Category</u>	<u>Increase</u>
Chapter 70 State Aid:	\$3.8
City Contribution:	\$0.5
Charter School Assessment:	<u>\$0.3</u>
<b>Revenue Increase:</b>	<b>\$4.6</b>



## FY17 Budget Estimates:

- Level Service Cost Increases
- Enrollment Shifts and Changes
- High Quality Teaching & Learning
- Other Supplies & Materials



## FY17 Level Service:

Category	Increase
Employee Salaries:	\$4.7
Health Insurance:	\$3.3
Tuition Assessment:	\$1.0
Retirement Assessment:	\$0.9
Transportation:	\$0.6
All other areas:	<u>\$0.5</u>
Level Service Increase:	\$11.0 (3.5%)



## School Resource Allocation Meetings:

### Category

### Increase

Elementary Class Size <sup>(36)</sup> :	\$2.5
Middle School Content <sup>(3.6)</sup> :	\$0.2
High School Content <sup>(18)</sup> :	\$1.6
Instructional Specialists <sup>(47)</sup> :	\$2.8*
Special Education <sup>(27)</sup> :	\$1.5
ESL Teachers & Tutors <sup>(24)</sup> :	\$2.1
School Support Staff <sup>(22)</sup> :	\$1.0*
<b>TOTAL</b> (172 positions):	<b>\$11.7</b>

## School Resource Allocation Meetings:

Instructional Specialist (47)	School Support Staff (22)
<ul style="list-style-type: none"><li>• 14 Tutors</li><li>• 12 School Adjustment or Psychologists</li><li>• 5 Instructional Coaches</li><li>• 4 Guidance Counselors</li><li>• 3 Assistant Principals</li><li>• 3 Wrap Around Coordinators</li><li>• 2 Lead Teachers</li><li>• 2 Graduation Specialists</li><li>• 2 Librarians</li></ul>	<ul style="list-style-type: none"><li>• 13 School Clerical</li><li>• 4 Kindergarten IA's</li><li>• 2 Custodians</li><li>• 1 School Nurse</li><li>• 1 Parent Liaison</li><li>• 1 Crossing Guard</li></ul>



## School Resource Allocation Meetings:

<u>Category</u>	<u>Request</u>
Professional Learning:	\$0.5
Textbooks:	\$1.0
Instructional Materials:	\$0.5
Student Furniture:	\$0.8
Total Non-Position Needs:	<u>\$2.8</u>



## Summary of Resource Needs:

<u>Category</u>	<u>Increase</u>
Level Service	\$11.0
School Requests – Positions	\$11.7
School Requests – Other	\$ 2.8
Total Cost Increase:	<u>\$25.5</u>





## Summary of Resource Needs:

Revenue Increase:	\$ 4.6
Resource Needs:	<u>\$25.5</u>
Revenue to Needs Gap:	-\$20.9



## Budget Process to Date:

- Resource Allocation Meetings with all Principals and Program Directors
- Managers of Curriculum & Instruction, Special Education, ELL, Professional Learning Prioritized School Requests based on Funding
- ALL budget decisions include Superintendent–  
Elect



## Expected Budget Actions:

- Zero-Based Budget Reallocation of Resources
- Administrative Reorganization
- Reduction of 15–20 Secondary Positions
- Reallocation of Elementary Positions (**no new positions**)

## Elementary Class Size:

<b>Class Sizes</b>	<b>15-16 Current Levels</b>
<b>Less than 23</b>	<b>347 (59%)</b>
<b>23-26</b>	<b>188 (32%)</b>
<b>27-30</b>	<b>46 (8%)</b>
<b>31+</b>	<b>3 (1%)</b>
<b>Average</b>	<b>21.5</b>

## Elementary Class Size:

Class Sizes	15-16 Current Levels	16-17 No added Staff
<b>Less than 23</b>	<b>347 (59%)</b>	<b>289 (50%)</b>
<b>23-26</b>	<b>188 (32%)</b>	<b>217 (38%)</b>
<b>27-30</b>	<b>46 (8%)</b>	<b>69 (12%)</b>
<b>31+</b>	<b>3 (1%)</b>	<b>3 (1%)</b>
<b>Average</b>	<b>21.5</b>	<b>22.5</b>

18 schools	No change
6 schools	+1 Teacher
1 school	+2 Teachers
5 schools	-1 Teacher
1 school	-2 Teachers
2 schools	-3 Teachers

## Elementary Class Size:

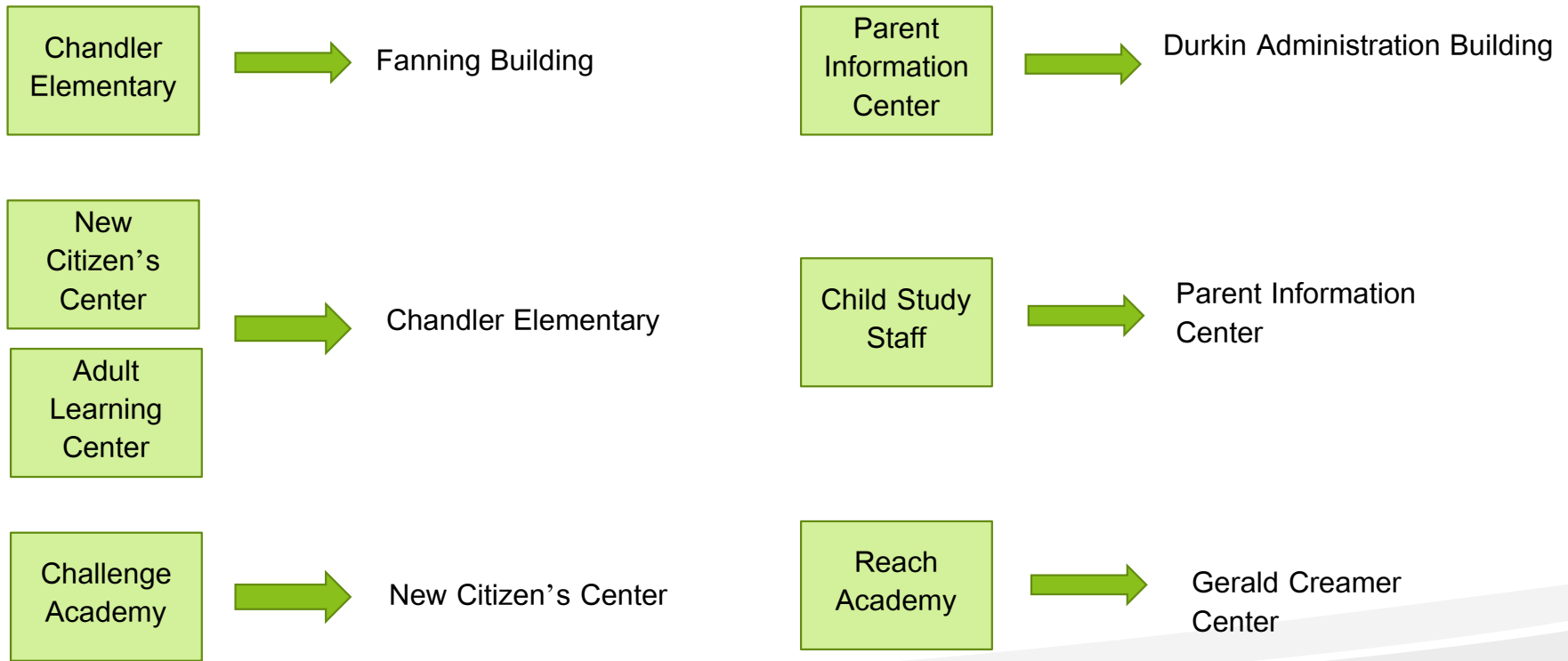
Class Sizes	15-16 Current Levels	16-17 No added Staff	16-17 +36 Teachers
<b>Less than 23</b>	<b>343</b> (59%)	<b>322</b> (55%)	<b>437</b> (70%)
<b>23-26</b>	<b>190</b> (33%)	<b>204</b> (35%)	<b>183</b> (30%)
<b>27-30</b>	<b>49</b> (8%)	<b>60</b> (10%)	<b>0</b> (0%)
<b>31+</b>	<b>2</b> (0%)	<b>0</b> (0%)	<b>0</b> (0%)
<b>Average</b>	<b>21.5</b>	<b>22.2</b>	<b>21.0</b>
			<b>\$2.5 million</b>



## Expected Budget Actions:

- Consolidation/Reduction of Pre-School Classrooms (due to enrollment)
- Reduction of Special Education Positions
- Reallocation of ELL positions
- **Deferred Spending:** All other requests

# Building Relocation Plan:







# School Safety Recommendations:



```
graph TD; A[School Safety Advisory Committee] --- B[Training & Practices]; A --- C[Supplies & Repairs]; A --- D[Equipment]
```

School Safety Advisory  
Committee

Training  
& Practices

Supplies &  
Repairs

Equipment

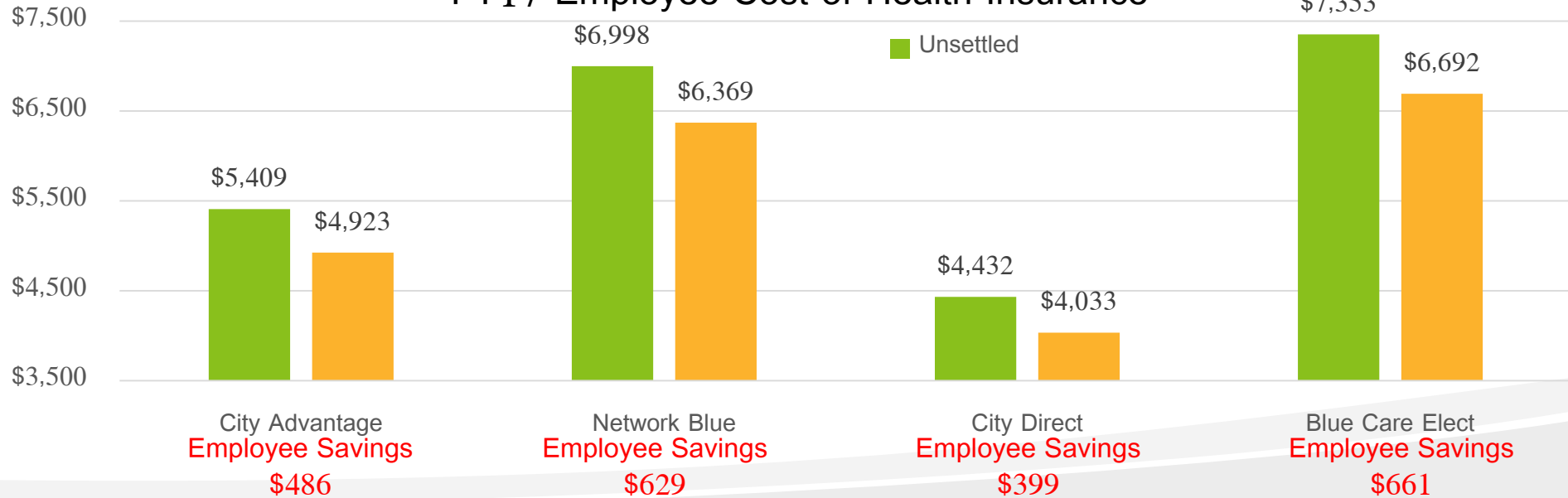


# Opportunities:

## Health Insurance: \$3 million in savings

*Could restore secondary & add elementary teacher positions*

FY17 Employee Cost of Health Insurance





# State Funding Advocacy:

- State Budget:

Inflation Factor Adjustment: **\$12 million**  
in added Chapter 70 Revenue



## Budget Schedule:

- School Committee Input and Budget Priorities
- House of Representatives (April 13)\*
- FY17 Budget to School Committee: May 13, 2016

\* WPS to use House Budget for submittal to School Committee

STANDING COMMITTEE: **JOINT MEETING OF THE STANDING COMMITTEE ON  
FINANCE AND OPERATIONS AND THE CITY  
COUNCIL'S STANDING COMMITTEE ON EDUCATION**

DATE OF MEETING: Monday, April 25, 2016

ITEM: Ms. Novick/Mr. O'Connell/Mr. Monfredo (July 22, 2014)

To consider the city's contribution to the Worcester Public Schools for FY16 and years following.

PRIOR ACTION:

- 7-31-14 - Referred to the Joint Committee of the Standing Committee on Finance and Operations and the City Council's Standing Committee on Education.
- 5-27-15 - JOINT MEETING OF THE STANDING COMMITTEE ON FINANCE AND OPERATIONS AND THE CITY COUNCIL'S STANDING COMMITTEE ON EDUCATION  
(Considered with c&p 2-19)  
Chairman Economou and Chairman Foley both spoke about the FY16 Budget and the excellent working relationship among the City Council, School Committee, Superintendent and City Manager.  
Mr. Allen made a PowerPoint presentation on the overview of the FY16 Budget as contained in Annex A of the backup for c&p #2-19.  
Ms. Novick made the following motion:  
Request that the School Committee forward a letter to the local delegation in support of H. 326, An Act to expand universal pre-kindergarten and S. 273, An Act improving state reimbursements for charter schools.  
On a voice vote, the motion was approved.

BACKUP:

- Annex A (1 page) contains a copy of the Administration's response to Mrs. Toomey's request to provide a list of who opted into the Worcester Public Schools under School Choice and provide a breakdown of the categories such as ELL, Special Education and Regular Education.

PRIOR ACTION (continued)

- 5-27-15 - Mrs. Toomey requested that the Administration provide a list of who  
(continued) opted into the Worcester Public Schools under School Choice and provide a breakdown of the categories such as ELL, Special Education and Regular Education.  
Mr. Power offered testimony about large enrollment sizes and asked the Administration to address this issue.
- 6-4-15 - SCHOOL COMMITTEE MEETING - The School Committee approved the action of the Standing Committee as amended.  
Mr. Allen made a PowerPoint presentation on the overview of the FY16 Budget as contained in Annex A of the backup for c&p #2-19.  
Ms. Novick made the following motion:  
Request that the School Committee forward a letter to the local delegation in support for funding of the Quality Kindergarten Grant at the House level and full funding for Charter reimbursement.  
On a voice vote, the motion was approved.  
Mrs. Toomey requested that the Administration provide a list of who opted into the Worcester Public Schools under School Choice and provide a breakdown of the categories such as ELL, Special Education and Regular Education.  
Mr. Power offered testimony about large enrollment sizes and asked the Administration to address this issue.  
Ms. Novick made the following motions:  
Request that the Administration, on behalf of the School Committee, express a concern to the Foundation Budget Review Commission regarding the 4% in-district rate for special education students when the rate to educate them in Worcester is 7.9%.  
Request that the Administration forward copies of gb #4-177, Annex A, of the backup from the Standing Committee on Finance and Operations from October 28, 2014.  
On a voice vote, the motions were approved.

Of the 69 students that opted into the Worcester Public Schools in 2014-2015 under the School Choice Program included 18 students identified as English Language Learners, 5 students with disabilities, and 32 students qualifying for free/reduced lunch.

ITEM: motion  
gb #5-93

**STANDING COMMITTEE: JOINT MEETING OF THE STANDING COMMITTEE ON  
FINANCE AND OPERATIONS AND THE CITY  
COUNCIL'S STANDING COMMITTEE ON EDUCATION**

DATE OF MEETING: Monday, April 25, 2016

ITEM: Mr. Foley (November 16, 2015)

Request that the Foundation Budget Review Committee's Final Report and the PowerPoint presentation be referred to the Joint Committee of the Standing Committee on Finance and Operations and the City Council's Standing Committee on Education.

PRIOR ACTION:

- 11-16-15 - STANDING COMMITTEE ON FINANCE AND OPERATIONS  
Mr. Foley made the following motion:  
Request that the Foundation Budget Review Committee's Final Report and the PowerPoint presentation be referred to the Joint Committee of the Standing Committee on Finance and Operations and the City Council's Standing Committee on Education.  
On a voice vote, the motion was approved.  
Ms. Novick made the following motion:  
Request that the School Committee ask the Mayor to forward copies of both the Foundation Budget Report and the PowerPoint presentation to the local delegation and schedule a meeting to discuss them.  
On a voice vote, the motion was approved.  
Ms. Novick made the following motion:  
Request that the Administration provide an electronic copy of the Foundation Budget Report to the School Committee.  
On a voice vote, the motion was approved.  
FILE.
- 11-19-15 - SCHOOL COMMITTEE MEETING - The School Committee approved the action sheet as stated.

BACKUP:

- Annex A (21 pages) contains a copy of final report of the Foundation Budget Review Commission.  
Annex B (13 pages) contains a copy of the Administration PowerPoint presentation.



# Foundation Budget Review Commission

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*Final Report*

**October 30, 2015**

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## ACKNOWLEDGEMENTS

The Foundation Budget Review Commission is grateful to the many individuals and organizations that contributed to the completion of its study.

First and foremost, the Commission gratefully acknowledges the exceptional work and support provided by David Bunker, who was hired by the Commission in September to manage the Commission's remaining work and complete an analysis of the topics identified by the Commission in its preliminary report. The Commission benefited enormously from David's extensive expertise and research, and his work was invaluable to the final production of the Commission's report.

We would like to thank Melissa King and Roger Hatch from the Department of Elementary and Secondary Education's Office of School Finance, who have contributed an extraordinary amount of time and expertise to the work of the Commission. The cooperation of Melissa and Roger in providing data and running projections has been instrumental to the Commission throughout the course of its deliberations, and we wish to express our gratitude for their efforts and support.

We would also like to acknowledge the members of the Advisory Committee who contributed valuable knowledge, experience, and perspectives throughout the Commission's work.

Finally, the Commission is grateful to the many groups and individuals who provided policy expertise and insight through presentations at various Commission meetings, including Dr. Karla Baehr, Dr. Paul Dakin, the Rennie Center for Education Research & Policy, and the Massachusetts Budget and Policy Center.

Senator Sonia Chang-Díaz  
*Co-Chairs*

Representative Alice H. Peisch

## **Foundation Budget Review Commission Membership**

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### **Commission Chairs**

**Senator Sonia Chang-Díaz**, *Senate Chair of the Joint Committee on Education*  
**Representative Alice H. Peisch**, *House Chair of the Joint Committee on Education*

### **Commission Members**

**Tom Moreau**, *Secretary of Education Designee*  
**Commissioner Mitchell D. Chester**, *Department of Elementary & Secondary Education*  
**Commissioner Tom Weber**, *Department of Early Education & Care*  
**Representative Michael Moran**, *Speaker of the House Designee*  
**Senator Patricia Jehlen**, *Senate President Designee*  
**Representative Kimberly Ferguson**, *House Minority Leader Designee*  
**Edward Moscovitch**, *Senate Minority Leader Designee*  
**Paul Reville**, *Governor Designee*  
**Evan Ross**, *House Ways & Means Chair Designee*  
**Senator Sal DiDomenico**, *Senate Ways & Means Chair Designee*  
**Mayor Kevin Dumas**, *Massachusetts Municipal Association Appointee*  
**Joe Esposito**, *Massachusetts Business Alliance for Education Appointee*  
**Patrick Francomano**, *Massachusetts Association of School Committees Appointee*  
**Mary Bourque**, *Massachusetts Association of School Superintendents Appointee*  
**Barbara Madeloni**, *Massachusetts Teachers Association Appointee*  
**John Coleman Walsh**, *American Federation of Teachers Massachusetts Appointee*  
**John Lafleche**, *Massachusetts Association of Vocational Administrators Appointee*  
**Michael Wood**, *Massachusetts Association of Regional Schools Appointee*  
**David Verdolino**, *Massachusetts Association of School Business Officials Appointee*

### **Advisory Members (non-voting)**

**Mary Frantz**, *League of Women Voters of Massachusetts Appointee*  
**Luc Schuster**, *Massachusetts Budget and Policy Center Appointee*  
**JD Chesloff**, *Massachusetts Business Roundtable Appointee*  
**Jennifer Francioso**, *Massachusetts Parent Teacher Association Appointee*  
**Carolyn Ryan**, *Massachusetts Taxpayers Foundation Appointee*  
**Jason Williams**, *Stand for Children Massachusetts Appointee*  
**Chris Martes**, *Strategies for Children Appointee*

### **Commission Staff**

**Jennie Williamson**, *Research Director of the Joint Committee on Education*  
**Nathanael Shea**, *Chief of Staff in the Office of Senator Sonia Chang-Díaz*  
**David Bunker**, *Staff consultant to the Commission*

## Overview

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### Mission

Sections 124 and 278 of the FY15 State Budget established the Foundation Budget Review Commission (Commission) to “determine the educational programs and services necessary to achieve the commonwealth’s educational goals” and to “review the way foundation budgets are calculated and to make recommendations for potential changes in those calculations as the commission deems appropriate.” In conducting such review, the Commission was charged with determining “the educational programs and services necessary to achieve the commonwealth’s educational goals and to prepare students to achieve passing scores on the Massachusetts Comprehensive Assessment System examinations.” The statute also directed the Commission to “determine and recommend measures to promote the adoption of ways in which resources can be most effectively utilized and consider various models of efficient and effective resource allocation.” In the FY16 State Budget, the Commission was granted an extension until November 1, 2015 to finish its work, and issue a final report.

The members of the Commission approached their work in the spirit of those who originally proposed the Education Reform Act of 1993, and the many from the educational, business, philanthropic, governmental, and civic communities who have advanced its work in a bipartisan and collaborative way since then. We are convinced that providing a high quality education to every student within the Commonwealth regardless of wealth, income, educational background, or zip code is not only a matter of constitutional obligation but of generational responsibility. It is not only the means by which our children grow into active participants in our democracy and productive members of our economy, but by which they are given the tools of self-reflection and personal growth that ensure happy, successful, and fulfilled lives that fully unlock their potential, utilize their skills, and realize their dreams. Massachusetts has made great strides since 1993 in realizing this kind of high quality public education. Indeed, on many metrics, the Commonwealth is the envy of many other states and industrialized countries. But reports from the field and the research community alike in recent years have suggested that the system is fiscally strained by the failure to substantively reconsider the adequacy of the foundation budget since 1993, and that the formula may need re-tooling to meet the needs of the 21st Century. Moreover, 22 years after the advent of education reform, the challenge we have not yet achieved desired results on is to deliver quality consistently to all geographies and all demographic groups across our state.

To meet these challenges, the Commission focused not only on identifying areas where the foundation budget and district spending might be poorly aligned or out-of-date, but asked questions about best practice, efficiency, and productivity, to ensure that gaps between foundation budget assumptions and actual spending were not simply filled because they existed, but were filled because exhaustive analysis showed that either maximum efficiencies had been sought, or that even maximizing efficiencies would not have allowed districts to fully close such gaps. The Commission also undertook its task recognizing that the Department of Elementary and Secondary Education (DESE) has, in recent years, consistent with both the original Education Reform Act, and subsequent amendments to the law, including the Achievement Gap Act of 2010, been ramping up efforts to hold districts and schools accountable for results, and to ensure that every effort is being made to identify, reduce, and eliminate remaining achievement gaps. It was a special moral and fiscal focus of the Commission’s, then, to make sure that the schools and districts most likely to be held accountable for bringing high-need students to proficiency, also had sufficient resources to meet those standards, and educate their high-needs populations to the same standards as other students by reviewing the adequacy and efficacy of the ELL and low-income rates in the formula.

## **Legislative Charge**

**SECTION 124.** Chapter 70 of the General Laws is hereby amended by striking out section 4, as so appearing, and inserting in place thereof the following section:-

Section 4. Upon action of the general court, there shall periodically be a foundation budget review commission to review the way foundation budgets are calculated and to make recommendations for potential changes in those calculations as the commission deems appropriate. In conducting such review, the commission shall seek to determine the educational programs and services necessary to achieve the commonwealth's educational goals and to prepare students to achieve passing scores on the Massachusetts Comprehensive Assessment System examinations. The review shall include, but not be limited to, those components of the foundation budget created pursuant to section 3 of chapter 70 and subsequent changes made to the foundation budget by law. In addition, the commission shall seek to determine and recommend measures to promote the adoption of ways in which resources can be most effectively utilized and consider various models of efficient and effective resource allocation. In carrying out the review, the commissioner of elementary and secondary education shall provide to the commission any data and information the commissioner considers relevant to the commission's charge.

The commission shall include the house and senate chairs of the joint committee on education, who shall serve as co-chairs, the secretary of education, the commissioner of elementary and secondary education, the commissioner of early education and care, the speaker of the house of representatives or a designee, the president of the senate or a designee, the minority leader of the house of representatives or a designee, the minority leader of the senate or a designee, the governor or a designee, the chair of the house committee on ways and means or a designee, the chair of the senate committee on ways and means or a designee and 1 member to be appointed by each of the following organizations: the Massachusetts Municipal Association, Inc., the Massachusetts Business Alliance for Education, Inc., the Massachusetts Association of School Committees, Inc., the Massachusetts Association of School Superintendents, Inc., the Massachusetts Teachers Association, the American Federation of Teachers Massachusetts, the Massachusetts Association of Vocational Administrators, Inc., the Massachusetts Association of Regional Schools, Inc. and the Massachusetts Association of School Business Officials. Members shall not receive compensation for their services but may receive reimbursement for the reasonable expenses incurred in carrying out their responsibilities as members of the commission. The commissioner of elementary and secondary education shall furnish reasonable staff and other support for the work of the commission. Prior to issuing its recommendations, the commission shall conduct not fewer than 4 public hearings across regions of the commonwealth. It shall not constitute a violation of chapter 268A for a person employed by a school district to serve on the commission or to participate in commission deliberations that may have a financial impact on the district employing that person or on the rate at which that person may be compensated. The commission may establish procedures to ensure that no such person participates in commission deliberations that may directly affect the school districts employing those persons or that may directly affect the rate at which those persons are compensated.

**SECTION 278.** (a) The foundation budget review commission established in section 4 of chapter 70 of the General Laws shall file its report on or before June 30, 2015. A copy of the report and recommendations shall be made publicly available on the website of the department of elementary and secondary education and submitted to the joint committee on education.

(b) In addition to the membership listed in section 4 of chapter 70 of the General Laws and for the purposes of this review, there shall be 1 advisory nonvoting member of the foundation budget review commission from each the following organizations: the League of Women Voters of Massachusetts, the Massachusetts Budget and Policy Center, the Massachusetts Business Roundtable, the Massachusetts Parent Teacher Association, the Massachusetts Taxpayers Foundation, Stand for Children and Strategies for Children. Advisory members shall be informed in advance of any public hearings or meetings scheduled by the commission and may be provided with written or electronic materials deemed appropriate by the commission's co-chairs. Before finalizing its recommendations, the foundation budget commission established in said section 4 of said chapter 70 shall solicit input from advisory members who may offer comments or further recommendations for the commission's consideration.

## **Process and Method**

To inform its deliberations, the Commission conducted six public hearings across the Commonwealth to solicit testimony from members of the public (*refer to Appendix A for a summary of public hearing comments*). The Commission also held seven meetings between October 2014 and June 2015, during which members examined relevant research and considered information and data presented by various stakeholders (*refer to Appendix B for a summary of the Commission meetings and a list of documents reviewed at each meeting*). At the end of this period, recommendations were made and accepted relative to the foundation budget assumptions regarding health insurance and special education.

In September, the commission was able to hire a researcher and staff person, and instructed that the focus of remaining work be on identifying ways to reduce the achievement gap among low income students and English language learners by examining whether the existing additional amounts required by the formula are sufficient to meet the needs of those districts as defined by 2015 pedagogical standards and best practice. Multiple sources of evidence were considered in this phase of the work, including a review of national literature and research, as well as other state funding formulas, to determine whether our ELL and low income weightings in MA were adequate or in a reasonable national range, and interviews with superintendents, business managers, and teachers in MA districts that have found success in turning around schools and reducing or eliminating the achievement gap for high needs students. Given that insufficient time remained for either a professional judgment panel or a successful schools study, the commission's hope was that the principles underlying both models could be respected by seeking the advice, counsel, and professional judgment of those who had achieved some initial success at meeting the educational needs of ELL and low income students. The multiple sources of evidence gathered in this way are reflected in the additional recommendations made in this report relative to low income and ELL increments.

Finally, a number of areas remained in which the Commission either did not have time to carry out the due diligence needed to make an informed recommendation, or believes that current efforts and pilot programs must be continued and their results reviewed before any final inclusion of related costs in the Chapter 70 funding formula.

# Findings & Recommendations

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## – PART A –

### Foundation Budget Changes

The Education Reform Act of 1993 established the foundation budget to ensure adequate funding for all students in Massachusetts. Since then, some of the assumptions contained in the formula for calculating the foundation budget have become outdated. In particular, the actual costs of health insurance and special education have far surpassed the assumptions built into the formula for calculating the foundation budget.<sup>1</sup> As a result, those costs have significantly reduced the resources available to support other key investments. In addition, the added amounts intended to provide services to ELL and low-income students are less than needed to fully provide the level of intervention and support needed to ensure the academic and social-emotional success of these populations, or to allow the school districts serving them to fund the best practices that have been found successful.

## I. Health Insurance

### Findings

Actual spending on employee health insurance far exceeds the current foundation budget allotment for such costs, as noted in several recent studies.<sup>2</sup> Statewide, district spending on “Employee Benefits & Fixed Charges” exceeds the foundation budget allotment by more than 140%.<sup>3</sup> This is primarily due to the dramatic growth in health insurance costs nationwide and the fact that such costs have increased at a significantly higher rate than the rate of inflation used to adjust the foundation budget. In addition, the “Employee Benefits & Fixed Charges” component of the foundation budget does not include retiree health insurance, even though districts or communities incur such costs.

In developing the below recommendations, the Commission leveraged the collective expertise of its members to engage in discussions about how to address the discrepancy between the foundation budget and actual spending on health insurance. To inform such discussions, the Commission reviewed the factors encompassed in the “Employee Benefits & Fixed Charges” component of the formula, examined data on municipal health insurance trends, and reviewed information regarding the participation of school district employees in the state’s Group Insurance Commission (GIC) health plans.

### Recommendations

1. Adjust the employee health insurance rate captured in the “Employee Benefits/Fixed Charges” component of the formula to reflect the average<sup>4</sup> Group Insurance Commission (GIC) rate\*;

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<sup>1</sup> Recent studies have estimated the gap between foundation and actual spending in these categories to be as high as \$2.1 billion combined (Massachusetts Budget & Policy Center, “Cutting Class: Underfunding the Foundation Budget’s Core Education Program,” 2011; Massachusetts Business Alliance for Education, “School Funding Reality: A Bargain Not Kept,” 2010; Massachusetts Department of Elementary & Secondary Education, “Report on the Status of the Public Education Financing System in Massachusetts,” 2013).

<sup>2</sup> Ibid.

<sup>3</sup> Melissa King & Roger Hatch, DESE. “Massachusetts Foundation Budget: Focus on Special Education and Health Insurance.” March 2015. Powerpoint presentation.

<sup>4</sup> While the Commission recommends using the average rate, it acknowledges that there may be other benchmarks that the Legislature may find more appropriate.

\*The increment representing the other parts of the “Employee Benefits/Fixed Charges” component would remain the same.



2. Add a new category for “Retired Employee Health Insurance” to the foundation budget; and
3. Establish a separate health care cost inflation adjustor for the employee health insurance portion of the “Employee Benefits/Fixed Charges” component of the formula, based on the change in the GIC rates.

## II. Special Education

### Findings

Foundation enrollment accounts for the additional costs of providing special education services through an assumed rate of district enrollment, rather than an actual count of students. A district’s foundation enrollment is multiplied by 3.75% to add additional special education resources to the foundation budget. This translates to an assumption that 15% of students receive in-district special education services 25% of the time.<sup>5</sup> In actuality, around 16% of students receive some level of in-district special education services statewide<sup>6</sup>, which suggests that the foundation budget understates the number of in-district special education students. Out-of-district special education enrollment is assumed at 1% of foundation enrollment, which mirrors the rate of out-of-district special education placements statewide. However, districts spend far more on special education tuition for out-of-district placements than what is allocated through the foundation budget. In FY13, actual costs were 59% higher than the foundation budget rate of \$25,454.<sup>7</sup> To address the fact that the foundation budget understates the number of in-district special education students and the cost of out-of-district special education, the Commission has developed the below recommendations.

### Recommendations

1. Increase the assumed in-district special education enrollment rate from 3.75% to 4.00% (for non-vocational students) and 4.75% to 5.00% (for vocational students)
  - *Current assumption (3.75%) = 15% of students receiving SPED services 25% of the time*
  - *Proposed change (4.00%) = 16% of students receiving SPED services 25% of the time*
2. Increase the out-of-district special education cost rate to capture the total costs that districts bear before circuit breaker reimbursement is triggered. One example of how this might be done is to increase the out-of-district special education cost rate by an amount equal to the following:

$$[4 \times \text{statewide foundation budget per-pupil amount}] - [\text{statewide foundation budget per-pupil amount}^{**} + \text{out-of-district special education cost rate}]^{***}$$

<sup>5</sup> 15% x 25% = 3.75%

<sup>6</sup> Melissa King & Roger Hatch, DESE. “Massachusetts Foundation Budget: Focus on Special Education and Health Insurance.” March 2015. Powerpoint presentation.

<sup>7</sup> Melissa King & Roger Hatch, DESE. “Massachusetts Foundation Budget: Focus on Special Education and Health Insurance.” March 2015. Powerpoint presentation.

\*\* Not including assumed SPED costs.

\*\*\* This would be a one-time adjustment, with the resulting rate increased by inflation each year thereafter.

### III. Budget Impact Summary: Health Insurance and Special Education Changes

Statewide Summary	GAA	25% Phase in	Difference	100%	Difference
	FY16	FY16		FY16	
<b>Enrollment</b>	942,120	942,120	0	942,120	0
<b>Foundation budget</b>	10,090,177,272	10,340,927,612	250,750,340	10,912,226,442	822,049,170
<b>Required district contribution</b>	5,943,909,031	6,002,726,108	58,817,077	6,080,502,587	136,593,556
<b>Chapter 70 aid</b>	4,511,521,973	4,607,300,066	95,778,093	4,943,298,626	431,776,654
<b>Required net school spending (NSS)</b>	10,455,431,004	10,610,026,174	154,595,170	11,023,801,213	568,370,210

The chart above illustrates the estimated impact of the Commission’s recommended adjustments to the foundation budget categories for health insurance and special education, expressed both as a one year cost and based on a four year phase-in. Note that because of the structural changes recommended to both the ELL and low income rates below, further work would be needed to ensure that the Chapter 70 spreadsheets accurately reflected those changes. Those recommendations would also entail an increase in the amount of Chapter 70 aid, not reflected in this chart. In addition, if the legislature chose to incorporate any of the issues raised in Part C of this report as being worthy of further study and consideration, the final cost to the state would increase further.

### IV. English Language Learners

#### Findings

A review of national literature showed that the weights for states with funding formulas that made adjustments for ELL students had weightings of between 9.6% and 99%. Although Massachusetts uses rates rather than weightings, those rates contain an implied weighting of between 7% and 34%. In general, then, MA weightings for ELL are well within the national range, with the exception of the high school rates of 7% and 40% respectively.

Although the origin of the high school rate differential is based in legitimately different class size assumptions in a historic iteration of the formula, it presents a challenge to the effective provision of services to the ELL population. A consistent point made by the superintendents and educators with whom we spoke was the sharp rise in students with interrupted education (SIFE) and students with limited or interrupted formal education (SLIFE), often children from war torn regions, or refugees, who have serious social and emotional needs, and arrive at school with little to no formal education for school districts to build upon. This challenge is exacerbated at the high school level, where such gaps in learning must be made up in an extremely short time frame, often with highly staff-intensive interventions involving class size of 10 or less per teacher, and support staff as well. Next, vocational schools which serve significant numbers of ELL students have frequently pointed out to the Commission that they receive no additional support in meeting their students’ needs through the formula, because the ELL student amount is calculated as a base rate per student rather than as an added

increment. Therefore, no ELL increment is applied to the vocational foundation budget, despite the significant needs some vocational districts face in educating this population. Finally, smaller districts and their advocates urged that funding and flexibility remain in the formula in recognition of the fact that they too often have ELL learners, but, due to low incidence, may meet those needs in creative and cost-sharing ways with other districts.

### **Recommendations**

1. Convert the ELL increase from a base rate to an increment on the base rate.
2. Apply the increment to vocational school ELL students as well.
3. Increase the increment for all grade levels, including high school, to the current effective middle school increment of \$2,361. This would increase the range of ELL-only weightings and expand available funds for staff-intensive high school age interventions.

## **V. Low-Income Students**

### **Findings**

Recommended weightings for low income students in the national literature range from an (admittedly conservative) 40% more than the base per student rate to 100% more. The low income increments in MA range from 32% at the high school level to 50% at the junior high/ middle school level, with low income ELL running between 30% and 84%. In our effort to determine where in the broader range of weightings MA should fall, the Commission reviewed the testimony made at public hearings and undertook focused interviews with successful educators in the fall. Among districts which had successfully carried out turnaround efforts, either district wide, or at select schools within the district identified as Level Four schools, many common themes and best practices emerged as worthy of replication in the effort to better meet the needs of ELL and low income learners, and reduce remaining achievement gaps, a few of which follow:

1. Extending the school day or year: This was among the top of the strategies identified as having been successful in the schools where it is tried. It is often extended to allow both more learning time for students, and common planning time for teachers and staff. More time is frequently viewed as essential to overcome existing deficits in learning and achievement.
2. Social and Emotional Needs/ Mental and Physical (including Oral) Health: Although educators are quick to stress that social and emotional needs are different and distinct from mental health, almost everyone interviewed stressed that the growth of need in this area has been staggering. Many asserted that they could not have accurately predicted in 1993, or even ten years ago, how much more effort and cost would be needed to ensure an adequate supply of social workers, guidance and adjustment counselors, wraparound coordinators, and other staff to ensure that the needs of their students are met, and that students arrive school stable and ready to learn.
3. Instructional Improvement: Improving instruction is usually key to any successful school turnaround, and several strategies emerge as valuable here: increased and improved professional development, common planning time for teachers and staff, and the use of instructional teams and instructional coaches.
4. Targeted Class Size Reductions for the Highest Need Populations: Although the formula's assumptions for K-3 class size, and for high needs students, are fairly low, several educators stressed that, for certain of the highest need populations, such as the SIFE/SLIFE ELL students mentioned above, or other high

school students with significant gaps to redress in a short time, or students with significant social-emotional needs, or who are at high risk of dropping out, or have a high history of truancy, who need intensive staff attention to help keep them in school and on task, class sizes lower than 10 to 1 were often necessary to increase achievement rapidly.

5. Early Education: Full Day Kindergarten and Full Day Pre-K. Many of the educators indicated both that bringing full day K into their districts had significantly impacted and improved school readiness, and that high on their wish list was the extension of full day pre-K and other early learning services in their districts.

For some of these strategies, the Commission was presented with solid and detailed estimates for what these implementations cost. MA 2020 presented evidence that extended learning time (or ELT) costs approximately \$1300-1500 per student. The Mass Budget and Policy Center (MBPC) presented a costing out of comprehensive wraparound services that was estimated at \$1300 per student. Worcester school officials presented evidence that their successful efforts at turning around Level 4 school cost about \$2000 more per student than other schools in the district received. Other strategies proved more elusive to cost out, although the range of weightings found in literature ranged from a conservative 40% in the Education Trust review, to 50% in the work of the Education Reform Review Commission of 2002, to almost 100% in Maryland. It was also clear from our interviews and emerging practices in other states that districts with the highest concentrations of poverty had a correspondingly high need for funding. The fact of concentration of challenging populations itself caused a change in the asset mix available to, and the expenditures required of, districts. They especially needed the educational and pedagogical synergies created by making more than one reform happen at a time.

The other challenge faced by the Commission was this: No one strategy or group of strategies is used consistently in every school district, but no model district limited so itself to one strategy only. Successful districts, and successful school turnarounds, require multiple concurrent, overlapping and reinforcing strategies, the exact details of which will vary from district to district. The question before the Commission was: How shall we account for the varying costs of diverse strategic educational choices through a standardized formula without simply summing the costs of every possible strategy, or limiting districts to one strategy at a time? The recommendations below attempt to find a way through that question by recommending that the low income increment be increased based on concentration of poverty, and that the poorest districts be provided enough per student to ensure that two to three reforms might be carried out simultaneously.

### **Recommendations**

1. Increase the increment for districts with high concentrations of low income students. The Legislature will need to determine specific increments based on further review of data and debate, but based on its review of national literature, practices in other states, and model districts within our own state, the Commission offers the guidance that that weighting should fall within the range of 50%-100% and that multiple concurrent interventions are necessary to effectively close achievement gaps. The final decision should provide high poverty school districts with enough funding to pursue several turnaround strategies at once.
2. Ensure that any new definition of economically disadvantaged (necessitated by districts' shift away from collection of free and reduced school lunch eligibility data) properly and accurately count all economically needful students.
3. Leave the exact calculation of each increment to legislative action.
4. Require each district to post a plan online, on a highly accessible and visible state website as well as their district site, about how it will use the funds calculated in the ELL and low income allotments to serve the

intended populations, what outcome metrics they will use to measure the success of the programs so funded, performance against those metrics, and, subsequently, the results of the funding on improving student achievement. The plan will be public, but not subject to approval by DESE. The plan, which can be part of required school improvement plans, should detail how funds are being used to improve instructional quality, and/or ensure that services are provided that allow every student to arrive at school physically and mentally healthy, with their social and emotional needs met, and ready to learn.

5. Consistent with testimony provided to the Commission, the interviews conducted by Commission staff, and a national literature review to identify best practices, we anticipate that districts will use funding flexibility for one or more of the following best practices: a) expanded learning time, in the form of a longer day and/or year, and inclusive, where appropriate, of common planning time for teachers, b) wraparound services that improve and maintain the health of our students, including social and emotional health and skills, mental health and oral health, c) hiring staff at levels that support improved student performance and the development of the whole child, d) increased or improved professional development rooted in pedagogical research, and focused on instructional improvement, including evidence-based practices such as hiring instructional coaches, e) purchase of up-to-date curriculum materials and equipment, including instructional technology, and f) expanding kindergarten, pre-school, and early education options within the district.

– PART B –

## EFFICIENT AND EFFECTIVE RESOURCE ALLOCATION

In the course of deliberations, Commission members often found themselves desiring even more detailed information than that immediately available. In addition, in approving foundation budget increases, they wanted to ensure the funding was used effectively and accountably to meet the educational needs of our most vulnerable children and high needs students. The first part of the recommendations below represents specific recommendations relative to the low income and ELL increment increases proposed in Part A of this report, and about school-based budgeting, the second part is the recommendation of a data working group that made recommendations to the Commission in September, and the third section contains the recommendations of the Commission relative to early education.

### Data Collection Recommendations

1. Establish a data collection and reporting system that tracks funding allocated for ELL and Low Income students to ensure that spending is targeted to the intended populations, and to provide a better data source to future Foundation Budget Review Commissions about the accuracy and adequacy of the low income and ELL increments.
2. Establish a data collection and reporting system that allows for greater access to school-level expenditures and data across all districts to increase the understanding of state level policy makes about effective school-level interventions and investments, and which connects that data to student achievement data so more informed decisions can be made about the productivity, efficiency, and effectiveness of state expenditures.

### Stakeholder Data Advisory Group Recommendations

1. *Establish Stakeholder Data Advisory Committee*  
The Department of Elementary and Secondary Education (DESE), in collaboration with the Executive Office of Education (EOE), should convene a Stakeholder Data Advisory Committee to promote effective resource allocation decisions at the local level
2. *Purpose of Data Advisory Committee*  
The Data Advisory Committee will assist DESE to identify, implement and assess cost-effective ways to achieve three goals:
  - a) Streamline financial reporting, eliminate duplicate reporting requirements, and improve data quality
  - b) Strengthen DESE capacity to analyze and report staffing, scheduling and financial data in ways that support strategic resource allocation decisions at the district and school level
  - c) Strengthen district capacity to use data to make strategic resource allocation decisions
3. *Reports to the Board and Joint Education Committee*  
The Data Advisory Committee will report its progress to the Board of Elementary and Secondary Education and to the Co-chairs of the Joint Committee on Education at least semi-annually, and will make such recommendations for new funding as are necessary for DESE to achieve the goals.
4. *Work of the DESE*  
DESE actions to achieve these three goals may include:
  - Work with MTRS to obtain individual teacher salary information

- Develop strategies for securing more school-level financial data, including, where appropriate, developing ways to apportion more district expenditures to schools automatically
- Improve data accuracy by identifying more ways to “automate” the identification of “outlier” data on EPIMS staffing and EOY financial reports from districts to prompt district review
- Strengthen its training for district staff to improve accuracy and consistency of data reporting with special attention to: a) the use of clear and consistent definitions, and b) expected use of “Reports Tab” to explain significant changes and/or “outlier” data
- Eliminate duplication of effort at state and local levels by: a) aligning finance data with staffing (EPIMS) and enrollment (SIMS) data collections, and b) aligning grants management and reporting with EOY financial reporting
- Identify potential models, requirements, impacts, and estimated cost for a new financial reporting system
- Develop more powerful, actionable and publicly-available information and reports that combine and benchmark staffing, scheduling, and district/school-level funding data to support strategic resource allocation decisions at the local level
- Expand research focused on identifying promising practices for efficient and effective district and school resource allocation
- Collaborate closely with MASBO and MASS to develop the on-line (and other) training and support that DESE, education collaboratives, and local district and school staff need to make effective use of the current and new data and research
- Take other actions deemed necessary to achieve the goals

5. *Implications for Future State Funding*

Many of the above actions will require a cost-benefit analysis of a range of options. For some chosen options, new state funding will need to be recommended and secured.

**Early Education**

High-quality preschool is an effective practice identified by most school districts as one which increases the school readiness of students, especially high need students, and which is therefore worthy of further consideration and action by the legislature as it updates the structure and financing of public education for the 21st Century. While the Commission did not have sufficient time or resources to undertake specific recommendations on early education, it was a practice that was frequently highlighted in both national literature and in feedback from model districts within the Commonwealth—both for closing achievement gaps for disadvantaged students and in reducing special education costs for districts and the state. The state is currently using federal funds from the Preschool Expansion Grant (PEG) program, and some supplemental state funds, to examine and explore ways in which early education can be provided and expanded through the existing and robust mixed delivery system of public and private providers. As it considers whether the Chapter 70 funding formula can be adapted appropriately as a funding vehicle for the ongoing provision of pre-school, the Commission encourages the Legislature to incorporate the implementation wisdom gained through the PEG pilot programs and the Commonwealth’s other early education program, quality, and access initiatives as it rolls out any effort to provide these services more widely.

– PART C –

OTHER

The Commission wishes to make the following observations and recognitions, which due to time constraints, and limited resources, it has been unable to address more extensively:

**I. IN-DISTRICT SPECIAL EDUCATION**

A review at the September meeting of in-district SPED spending data confirms that the average expenditure per pupil exceeds the rate currently included in the foundation budget, and that, even upon adoption of the changes recommended in this report, a gap will remain of approximately \$700M between foundation budget assumptions, and district reported spending, and between foundation budget assumptions about staffing (assuming 4,394 teachers, or 8 special education FTEs to one teacher), and current practice (9,915 special education teachers, or approximately 5 special education FTEs to one teacher). Some evidence and testimony was presented that the central change driving this gap was that the original foundation budget for in-district special education was built on a model of substantially separate instruction, which has changed significantly over time to reflect the growing use of inclusion as the preferred pedagogical model in the Commonwealth. Since that model involves special education students spending most or all of their day in regular education classrooms, with special education (and para-professionals) coming into the classroom to provide extra help for struggling students, the working hypothesis of several Commissioners is that the added staffing needs of that model account for the significant difference in staffing and funding levels between the foundation budget and reported spending. Commissioners also noted the following challenges related to the data as presented: a) actual reported special education costs, including the counting of staff FTEs, don't line up precisely with functional categories in the foundation budget, and b) not all functional categories are collected by program, leaving key data missing for special education. In addition, some Commissioners expressed a desire for a more detailed review of district practice to confirm that inclusion, and its broad adoption at the district level, is the chief reason for any remaining funding shortfall, and to further examine how best to account for reported costs that may be shared between regular and special education. The Commission simply did not have sufficient time or resources to further analyze and review district teaching and funding practices in order to inform more specific recommendations. The gap between the foundation budget in-district SPED rate and actual district-level per pupil costs needs further attention by the legislature, in order to ensure that Chapter 70 supports best practices in creating and maintaining a 21st century special education system.

The Commission further notes that, while any increase made to the foundation budget to reflect special education costs would result in increased Chapter 70 aid for many districts, such additional funding would not need to be spent on special education services solely. Because special education is a legal entitlement, districts must fund individual education plans for all students in special education. Therefore, any gap between the foundation budget categories and actual legal obligations results in funds being diverted from other instructional priorities of the district to fund obligatory special education costs. Any increase in the Chapter 70 assumptions about special education that increases Chapter 70 aid to a district also frees up "other" funds currently being spent on special education services, and allows districts to make a broader set of investments in core instructional services and other supports that benefit the entire learning community of that district, should the district so choose. It is the expectation of the Commission that by more accurately reflecting special education (and health insurance costs) in the Chapter 70 formula, the Legislature will make possible numerous exciting reforms and instructional improvements that are currently beyond the fiscal capacity of the Commonwealth's school districts.



## II. INFLATION FACTORS

The Commission also recognizes that, although the Chapter 70 formula contains an inflation adjustment, which has been applied in most years since 1993, in 2010, faced with a sharp downturn in revenues, and the serious budget challenge that resulted, the final budget used a lower inflation number (3.04%) from a different quarter than the quarter required by statute (6.75%). A correction for this “missed” quarter that acknowledges the statutory cap on inflation of 4.5% results in an adjustment of 1.4 % in FY16, and would have required additional Chapter 70 aid of almost \$55 million. A correction that suspended the statutory cap results in an adjustment of 3.6 % in FY16, and would have required additional Chapter 70 aid of almost \$158 million. Note, however, that these estimates were calculated separately from the recommendations made in Part A of this report. Were those changes adopted, there would be no need to make a corrective fix to those elements of the formula, which would lower the estimates above, and allow an inflation adjustment to be made to remaining categories for a lower cost in Chapter 70 aid.

– PART D –

**CONCLUSION AND NEXT STEPS**

As the Commission's work draws to a close, the legislature's work begins. We submit this report to the legislature with full recognition of the continued fiscal challenges of the Commonwealth, and the many competing priorities, and worthwhile goals, that the legislature must balance in crafting the annual state budget. We recognize that recommendations of this scope and size will need to be phased in to be affordable. However, we also note again what was stated at the beginning of this document: that the good work begun by the education reform act of 1993, and the educational progress made since, will be at risk so long as our school systems are fiscally strained by the ongoing failure to substantively reconsider the adequacy of the foundation budget. We therefore urge that the legislature act on these recommendations with a profound sense of the risks and opportunities at stake for our shared prosperity as a state and, as our constitution acknowledges, the critical nature of education to the health of our democracy. We advise a keen sense of the urgency when it comes to addressing the identified funding gaps, and the moral imperative of reducing the remaining achievement gaps.

The Commission also hopes, after passage of any revisions to Chapter 70, that careful and continued attention will be paid to the adequacy of the foundation budget, to the effectiveness of the implementation of any Chapter 70 revisions, and to best practices that emerge over coming years. We encourage the legislature to make the work of the Commission recurring, on some regular interval of years as was originally envisioned by the 1993 Act, since both pedagogical wisdom and relevant changes in our economy and society will always be emerging. We hope that, with the assistance of such a reconvened commission, the legislature will be in a position to act expeditiously on any new fiscal needs or implementation challenges that have arisen in the interim, or new strategies that permit more efficient and effective use of funds. Noting the challenges and frustrations faced by this Commission as the result of a lack of dedicated and funded staff, we strongly recommend that dedicated and timely funding be provided to any future Commission to allow a rigorous review of available data to make decisions that are in best long term interests of the Commonwealth both fiscally and educationally.

Education reform in Massachusetts is now 22 years old, and its strength has derived from a solid bipartisan commitment both to high academic standards and to providing adequate funding to allow districts to meet those standards. As a Commission composed of members from the educational, business, philanthropic, governmental, and civic communities, we hope that our proposals represent another step in that journey towards academic excellence and educational equity, and we look forward to continuing our work together to see these changes enacted and signed into law.

## Appendix A

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The Commission held six public hearings across the state to solicit testimony from members of the public. A summary of the main themes and issues that were raised during the public hearings are listed below. *This list reflects the testimony heard at the public hearings only and is not meant to convey the Commission's formal findings or recommendations.*

### **Public Hearings Summary**

- Actual spending on Special Education and Health Insurance far exceeds the foundation budget assumptions. As a result, foundation spending is consumed by these under-funded fixed charges, leaving less funding available to support other educational programs.
- Need to increase funding for at-risk students – especially low income and ELL students.
- The foundation budget does not provide sufficient resources to address the mental health needs of today's students.
- The foundation budget should provide greater support for wraparound services.
- The Commission should examine district allocation practices and efforts to remove barriers to efficient and adaptive uses of funds.
- Technology should be included in the foundation budget as such costs were not envisioned in the original foundation budget.
- The Commission should propose changes to simplify and clarify the foundation budget to make it easier for citizens to understand how funds are spent and whether these are bringing about results.
- Money should follow the student at the school level, to ensure that additional aid is being spent on the students who it is intended to benefit.
- Reconsider the use of October 1<sup>st</sup> enrollment data to calculate foundation budgets, which is especially problematic for districts that experience significant fluctuations in student enrollment throughout the year.
- The current method of funding charter schools is creating significant and growing financial difficulty for municipalities and school districts.
- The Commission should consider whether there is sufficient funding in the foundation budget for building maintenance.
- The foundation budget formula does not account for the cost of unfunded mandates.
- Need a better enforcement mechanism and/or greater clarity regarding a municipality's obligation to appropriate sufficient funds to meet the required local contribution.
- Transportation should be included and funded in the foundation budget.
- Need to address "equity" issues – the Commission should review and adjust the local contribution and school aid calculation factors in the Chapter 70 formula.
- The Commission should address concerns surrounding vocational education – i.e. how vocational education students are recruited and accepted, how tuition is calculated, and the high cost of student transportation.
- The foundation budget should include funding for school libraries.
- The foundation budget should account for the differences in costs among smaller, rural districts.

## Appendix B

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### Summary of Commission Meetings & Materials

#### **Meeting # 1: October 9, 2014**

Commission members reviewed the charges set forth in the authorizing legislation (*Sections 124 & 278 of Chapter 165 of the Acts of 2014*), viewed a presentation on the foundation budget formula entitled “Measuring Adequacy – the Massachusetts Foundation Budget” prepared by Melissa King and Roger Hatch from the Department of Elementary & Secondary Education (DESE), and discussed the public hearing schedule. Commission members received the following materials: A copy of the authorizing legislation (*Section 124 & 278 of Chapter 165 of the Acts of 2014*), a summary of the authorizing legislation, and a copy of the power point presentation entitled “Measuring Adequacy – the Massachusetts Foundation Budget”.

#### **Meeting #2: March 10, 2015**

Commission members viewed a presentation on special education and health insurance entitled “Massachusetts Foundation Budget: Focus on Special Education and Health Insurance” prepared by Melissa King and Roger Hatch from DESE, viewed a presentation on municipal health insurance trends prepared by Carolyn Ryan from the Massachusetts Taxpayers Foundation, and reviewed the Commission’s meeting schedule and timeline. Commission members received the following materials: a copy of the power point presentation entitled “the Massachusetts Foundation Budget: Focus on Special Education and Health Insurance”, a copy of the power point presentation entitled “Municipal Health Insurance Trends”, and a copy of the Commission’s meeting schedule.

#### **Meeting #3: March 27, 2015**

Commission members viewed a presentation on the other foundation budget categories and differences in spending among districts entitled “Further Analysis of the Foundation Budget” prepared by Melissa King from DESE, viewed a presentation on the wage adjustment factor prepared by Melissa King from DESE, and considered information provided by DESE Commissioner Mitchell Chester on the relationship between spending and student outcomes. Commission members received the following materials: a copy of the power point presentation entitled “Further Analysis of the Foundation Budget”, a copy of the power point presentation entitled “Wage Adjustment Factor”, and a list of school districts by wealth and low-income quintile.

#### **Meeting #4: April 14, 2015**

Commission members viewed a presentation on evidence-based strategies for improving student outcomes entitled “Building a Foundation for Success” prepared by Chad d’Entremont and Luc Schuster from the Rennie Center and Mass Budget and Policy Center, considered information provided by Dr. Paul Dakin (Superintendent of Revere Public Schools) regarding the various investments and programs that have yielded positive outcomes in Revere, and discussed the process for reviewing and voting on recommendations that would be included in the Commission’s final report. Commission members received the following materials: a copy of the power point presentation entitled “Building a Foundation for Success”, and a handout on Revere Public Schools provided by Dr. Paul Dakin.

#### **Meeting #5: May 5, 2015**

Commission members viewed a presentation on effective resource allocation entitled “Effective & Efficient Resource Allocation: A Framework to Consider” prepared by Dr. Karla Baehr, discussed and approved changes to the Commission’s timeline and work plan, and reviewed a draft proposal containing recommendations for

health care and SPED adjustments. Commission members received the following materials: a copy of the power point entitled “Effective & Efficient Resource Allocation: A Framework to Consider”, a copy of the work plan proposed by Senator Chang-Díaz, and a copy of the draft recommendations for health care and SPED adjustments.

**Meeting #6: June 9, 2015**

Commission members reviewed and approved final recommendations for Health Care and SPED adjustments, considered proposals relative to full-day preschool and accountability, and discussed the other topics to be considered by the Commission during its extended deliberations. Commission members received the following materials: a copy of the final recommendations for health care and SPED adjustments, a document containing draft proposals relative to full-day preschool and accountability, and a copy of the Commission’s updated work plan.

**Meeting #7: June 23, 2015**

Commission members reviewed and approved edits to the preliminary report, discussed the process and methodology for analyzing the other topics to be considered during the Commission’s extended deliberations, and reviewed information presented by Roger Hatch from DESE on school-based data collection. Commission members received the following materials: a draft of the preliminary report, a document explaining the foundation budget comparison tool developed by Commission member Ed Moscovitch, and a document on school-level finance data.

**Meeting #8: September 28, 2015**

Commission members were introduced to David Bunker, who was hired by the co-chairs to staff the commission and draft the final report. They also reviewed and commented on his work plan, which was centered around examining the adequacy of the low income and ELL adjustments in the formula. Melissa King of DESE gave a presentation on in-district special education costs, members held a discussion on the “accountability” and “conditions” recommendations, and Dr. Karla Baehr gave a presentation of potential recommendations on data collection, which were unanimously approved by Commission members. Commission members received: a copy of the agenda, a copy of the work proposal prepared by David Bunker, a copy of the Power Point presentation on “In District Special Education Costs” by Melissa King, a document prepared by Dr. Karla Baehr containing recommendations to support effective and efficient allocation of resources, and a document containing a list of the “Accountability” proposals that the Commission has considered to date.

**Meeting #9: October 16, 2015**

Commission members reviewed the recommendations of David Bunker regarding the low income and ELL adjustments. They also discussed the issue of efficient resource allocation and reporting on spending. Finally, they had a follow-up discussion about in-district special education, and other remaining concerns expressed by Commission members.



# Worcester Public Schools

Foundation Budget Review  
Commission

## Final Report

Findings, Recommendations, Recognitions, and Possible Impacts  
on the Worcester Public Schools



## Legislative Charge:

- Review Components of the Foundation Budget.
- Seek to Determine and Recommend Measures to Promote Effective Resource Allocation.



## Process and Method :

- Conducted Six Public Hearings
  - Worcester provided testimony
- Held Seven Commission Meetings
  - Worcester participated in data collection





## Findings and Recommendations:

- Health Insurance
- Special Education
- English Language Learners
- Low Income Students



## Health Insurance:

- **Findings:** Actual spending “far exceeds” current foundation budget allotment by more than 140%.
- Current formula does not factor cost for retiree health insurance

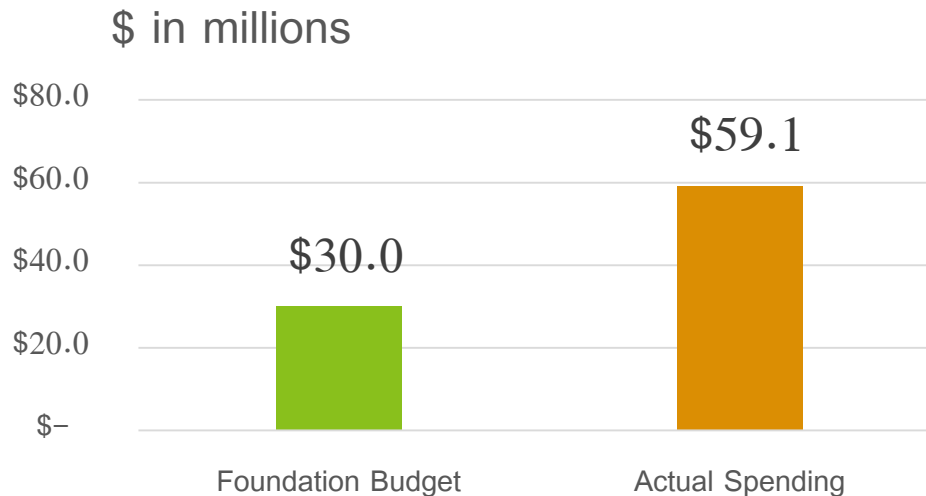


## Health Insurance:

- **Recommendations:** Adjust the employee health insurance rate to the average Group Insurance Commission (GIC) rate.
- Add “Retired Employee Health Insurance” to foundation budget.
- Change inflation factor to annual change to GIC rates.

# Health Insurance:

- Worcester Analysis



\$29.1 million Gap

- Already Changed Plans
- Already Changed contribution rates
- Already Changed Co-Pays and Deductibles



## Special Education:

- **Findings:** Districts spend “far more” than the current foundation budget allotment for out-of-district placements by more than 59%.
- The current assumed in-district special education enrollment is less than the actual statewide enrollment



## Special Education:

- **Recommendations:** Increase the assumed in-district special education enrollment.
- Increase the out-of-district cost rate to capture the total costs that districts bear before circuit breaker is triggered.



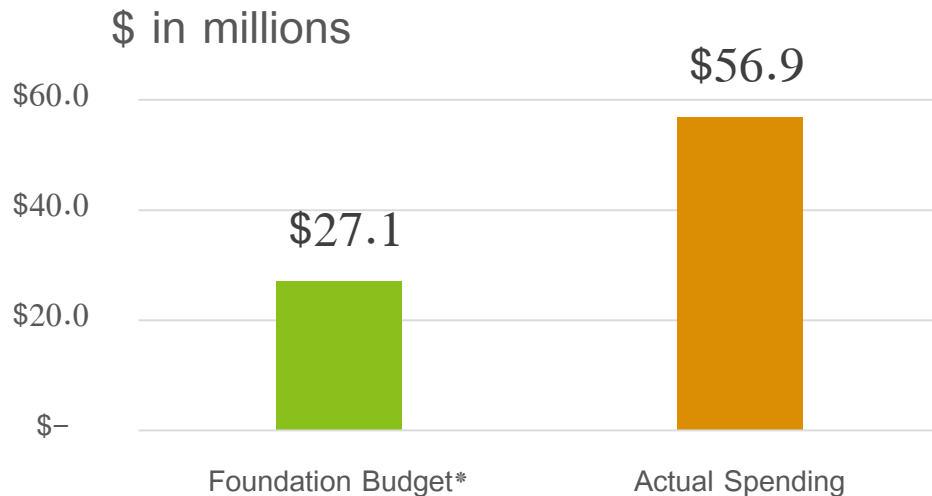
## Special Education:

- **Recognition:** Average expenditure per pupil exceeds foundation budget, even upon adoption of recommendations, by \$700 million.



# Special Education:

- Worcester Analysis



\$29.8 million Gap

- Restructured Autism Services

- Low Out-of-District Placements

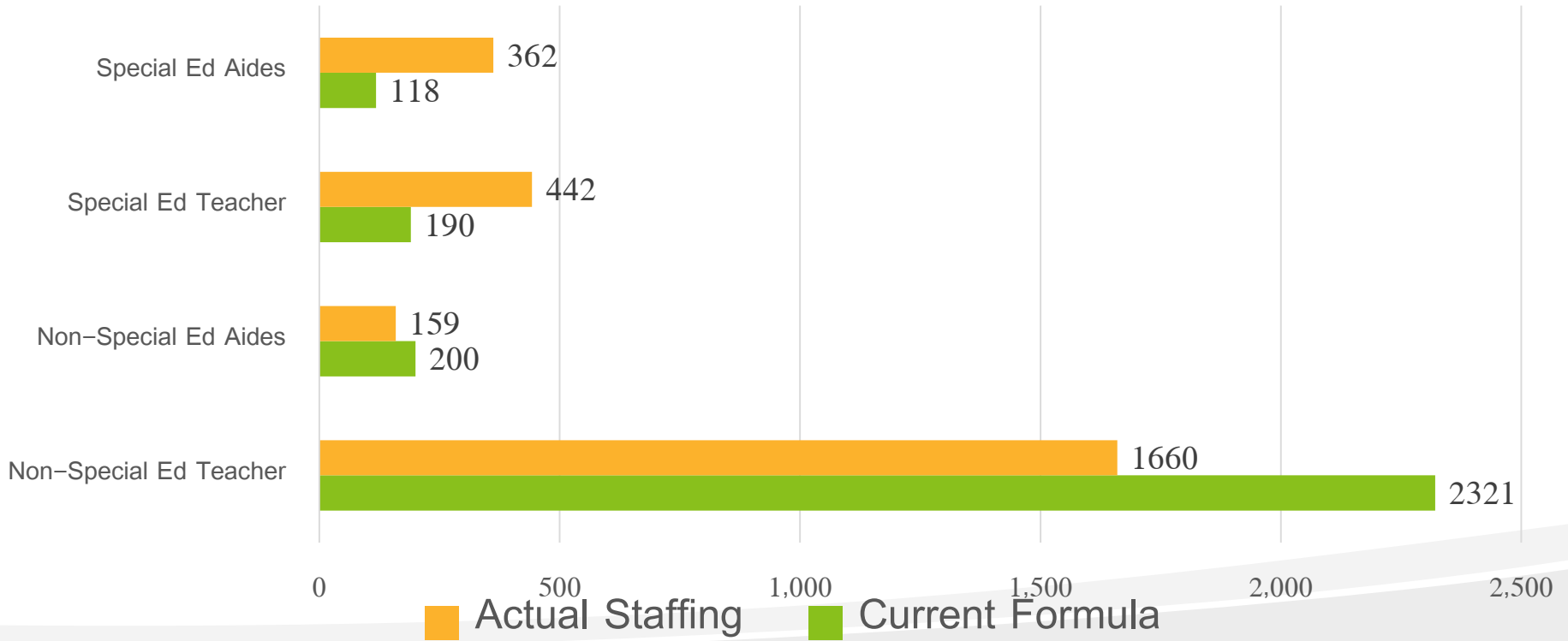
- High use of Lower-Cost Special Education Collaborative Programs

\* Excludes employee benefits / fixed charges



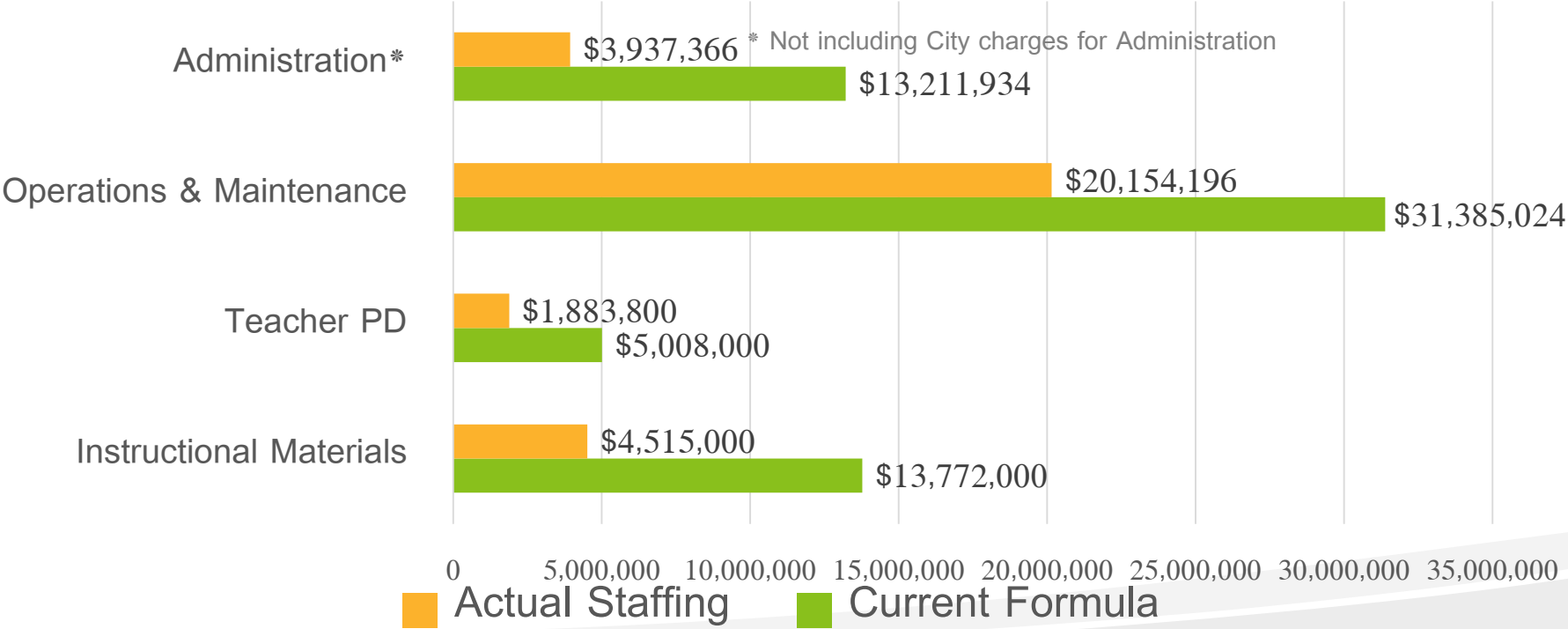
# Current Foundation Budget Gaps :

## Worcester Analysis



# Current Foundation Budget Gaps :

## Worcester Analysis





## English Language Learners:

- **Findings:** Current per pupil rate differential “presents a challenge to the effective provision of services” to ELL students.
- No additional funds are provided to ELL students in vocational–technical programs

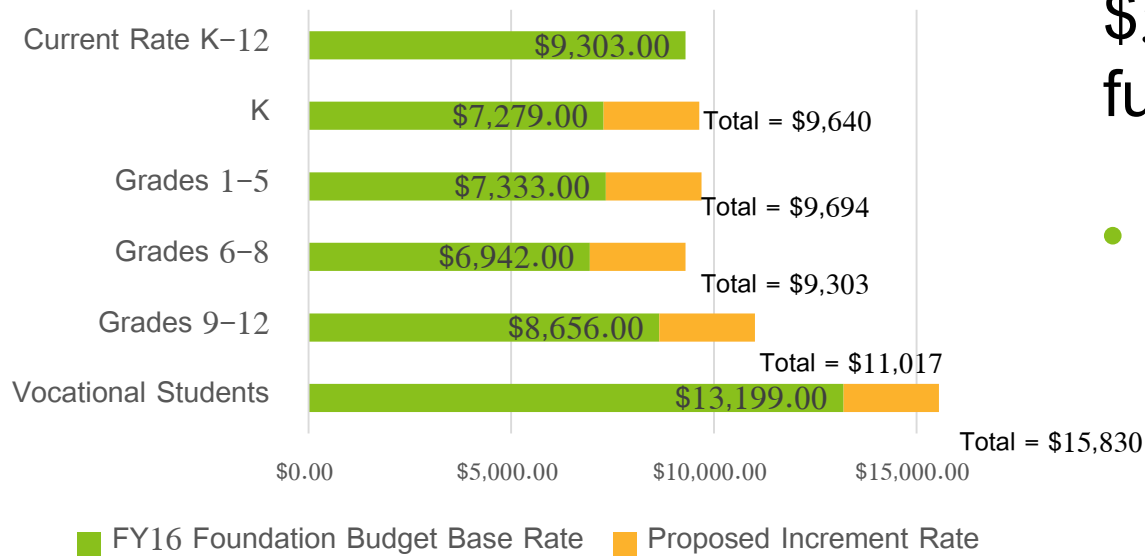


## English Language Learners:

- **Recommendations:** Convert the ELL funding from a base rate to an increment onto the base rate.
- Apply increment to vocational school ELL students.
- Increase the increment for all grade levels, including high schools to current middle school increment of \$2,361.

# English Language Learners:

- Worcester Analysis



\$5.0 million additional funds

- Add increment of \$2,361 to each base category



## Low Income Students:

- **Findings:** Successful turnaround efforts included extended school day/year, addressing social and emotional needs, instructional improvement, targeted class size reduction for highest need populations, and Full Day K and Full Day Pre-K.



## Low Income Students:

- **Findings:** Mass Budget and Policy Center report identified \$1,300 per student for wraparound services.
- Worcester “presented evidence” that turnaround plans cost \$2,000 per student.



## Low Income Students:

- **Recommendations:** Increase increment for districts with concentrations of high low income students.
- Ensure new “economically disadvantaged” definition properly and accurately count all economically needful students.



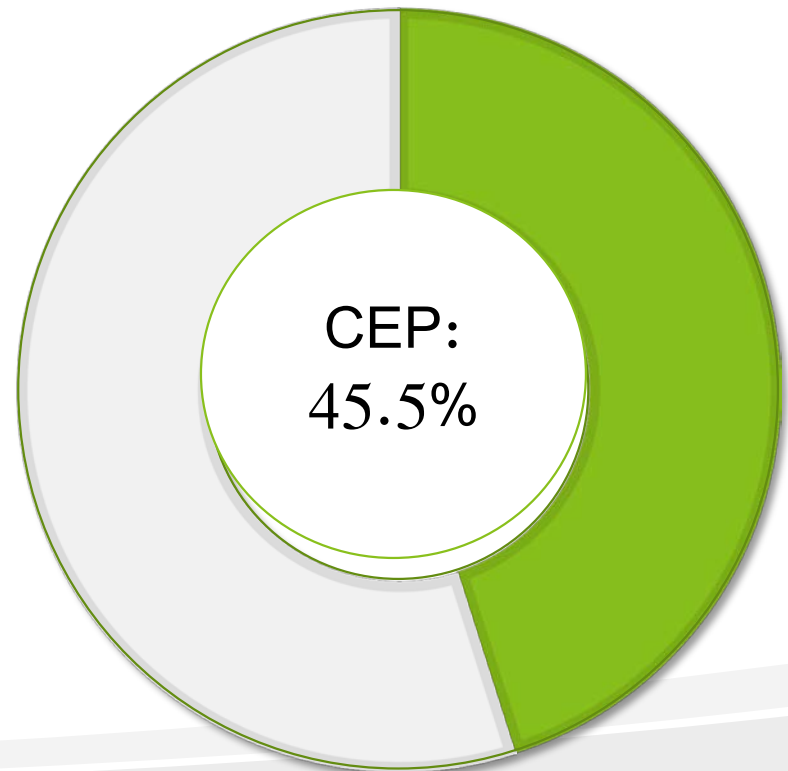


## Low Income Students:

- **Recommendations:** Leave the exact calculation of each increment to legislative action.
- Require each district to post a plan on-line, about how it will use the funds calculated in the ELL and low income allotments to serve the intended populations.



# Low Income Students: Worcester Analysis





## Inflation Factor:

- **Recognition:** In 2010, the state used a lower inflation number (3.04%) from a different quarter than the quarter required by statute (6.75%).



## Efficient & Effective Resource Allocation

- **Data Collection Recommendation:** Establish data collection system that tracks funding for ELL and low income students.
- Establish data collection and reporting system that allows greater access to school-level expenditures and data across districts.



## Efficient & Effective Resource Allocation

- **Stakeholder Data Advisory Group** : DESE and EOE create a stakeholder advisory committee to promote effective resource allocation decisions at local level.



# Early Education

- **Recommendation:** Encourages Legislature to incorporate best practices of Preschool Expansion Grant pilot program and other early education programs as it rolls out to provide these services more widely.



# Worcester Analysis

Category

Impact

Health Insurance:	\$29.1
Special Education:	\$29.8
English Language Learners:	\$ 5.0
Low Income Students:	\$20.0
Inflation Factor Adjustment:	<u>\$ 9.0</u>
FBRC Final Report Impact:	\$92.9