

CHAPTER 70 STATE FUNDING WREAKING HAVOC ON CHELMSFORD EDUCATION DECISIONS

By
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Chelmsford's public schools are facing potentially devastating financial deficits starting as early as the next fiscal year, when the shortfall could reach \$2.6 million, growing until 2010 when the deficit is projected to be as much as a staggering \$6.2 million.

Since the vast majority of school spending (76% of a \$41.2 million budget in the current year) goes toward salaries and benefits, such deficits would inevitably mean significant layoffs with increased class sizes, not to mention further deterioration of school facilities, the continuing inability to fund innovations or new initiatives, and a threat to our ability to meet state instructional mandates.

The School Committee is well aware of the problem, and, prudently, is preparing for the possibly less-comfortable future by planning to increase class sizes, cutting some programs, and looking for any possible new revenue streams. Some of the many specific concerns of the Committee this issue raises include the number of Chelmsford High School electives offered, class size equity at McCarthy and Parker Middle Schools, and proper staffing in relation to Kindergarten and Grade 1 enrollment. Other conspicuous worries resulting from shrinking school budgets are seen in recent expense reductions – 30 percent in instructional supplies, more than 80 percent in computer hard- and software, and 41 percent in curriculum and staff development since 2001.

While the past five school budgets have seen an overall growth of 3.7 percent, during that time the district has lost nearly 46 staff positions, including 29 teachers. The reduction in teachers computes to a 7.8 percent decrease over that period. Since there has been an enrollment *increase* of 377 students (7.0%) in our district over the past ten years, these trends do not portend the kind of educational quality for which Chelmsford is justly known.

The big problem, of course, is the one staring us in the face for the next few years. Inevitably, expenses are rising. Current projections for next year show an increase of \$1.4 million in fixed costs alone, mainly due to salary gains, although the picture could shift somewhat depending on upcoming negotiations with the various unions.

This is not to say, however, that there is not a welter of possible solutions to the financial problems facing our schools. The real problem is that, because of the complexity of Massachusetts' funding scheme, as well as more than a decade of compromises and failure to make difficult choices, none of the legislative solutions on the drawing board will provide Chelmsford with its fair share of state funding, and even those helpful but insufficient remedies under consideration have questionable chances of passage.

In an effort to address school funding inequities, the legislature's Joint Committee on Education is holding regional meetings to gauge public sentiment for various solutions

to the funding problem. At the meeting nearest to us, in Townsend, Chelmsford residents will be able to tell the powers-that-be from Beacon Hill just what we feel is needed for our schools and how and why they should be treated fairly. But before we do that, it might be helpful to have an understanding of what the dimensions of the problem are, how it got to be this way, and an awareness of the solutions proposed to date.

Recent History of School Funding

In 1993 the Supreme Judicial Court ruled in the McDuffy case that Massachusetts had an “enforceable duty” to provide education for children regardless of wealth or school district.

To comply with the McDuffy ruling, the legislature enacted the 1993 Education Reform Act which radically altered the way public schools are funded. The goal became to make sure that there were funds available and spent to ensure that each and every Massachusetts school student received an “adequate” education – the goal of sufficient educational expenditures for every student, defined as the “**Foundation Budget.**”

Although this ambition was the subject of expert concerns over whether it was sufficient for an “adequate” education, given modern learning needs and philosophies, it became the financial aim for every school district and was to be achieved through a combination of available local funds and state aid granted to reach the required minimum (the “foundation”). In this way, every one of Massachusetts’ 351 school districts would, through a phased-in program completed by 2001, be able to spend at least the minimum required to educate its students. School districts could spend *more* than the minimum required, but at least everyone would be at foundation.

The Chapter 70 Funding Scheme

The Massachusetts laws that prescribe school funding methods are colloquially referred to as “Chapter 70,” after the set of statutes in which the exact process is elaborated. Chapter 70 sets out the criteria for determining the minimum each community *must* spend on education – the “minimum local contribution” – and the amount of state “foundation aid” which must be added to that minimum in order to reach the Foundation Budget standard.

Spending requirements vary by community, of course, and are intended to reflect the state’s estimate of what each community is able to pay for public education. In 1993 the Chapter 70 formula determined a base minimum local contribution for every school district that took into consideration two economic measures: 1) income per capita, based on data from 1989; and 2) equalized property valuation, based on 1992 figures. (Property valuation has to be “equalized” because it’s only revalued every three years.)

As with the definition of what is an “adequate” education, some experts felt that this calculation had some built-in disparities which would, over time, become magnified by subsequent increases made to take into account items like natural growth and inflation. The “base” has been increased annually depending on local revenue growth, but the original funding formula itself has not been reconfigured since 1994 despite obvious changes in economic circumstances throughout Massachusetts.

Once that minimum was determined at the start of this funding scheme in 1994, the state took a look at what each school district was actually spending (as of fiscal year 1993). If a district was not then spending as much as the state thought it should, the state gave it aid to compensate for this deficit until the local community could, over a period of years, raise its spending to the required levels. This kind of aid was nicknamed “overburden aid.” It was not supposed to continue indefinitely, but it has never been curtailed.

Because it is never reduced, or even scaled back, so-called “overburden aid” tends to subsidize and reward communities that lag in their efforts to meet their required minimum contribution, so they have no incentive to increase educational spending on their end. The state, effectively, “enables” them to get by without doing their part in a sort of bureaucratic co-dependency. Overburden aid, which was implemented supposedly to ease the transition from pre-1994 spending up to the foundation level, was then, incredibly, completely rolled into the aid base calculated for each community in fiscal 2001, thereby preventing it from ever being reduced or eliminated.

Rather than making tough choices, and decisively requiring localities to hold up their end of the fiscal bargain, the state does the precise opposite, telling local communities that they will be “held harmless” for the aid they’re getting above that needed to reach foundation, and permanently institutionalizing unnecessary funding for some to the detriment of those towns which have been faithful to their fiscal commitments.

All Districts Have Reached Foundation

By fiscal 2000, as envisioned in the initial funding plan, every single one of Massachusetts’ school districts had achieved at least the foundation level of education spending, with the help of the various state grants previously described. So, in fiscal 2001, the state simply said it would begin again using the prescribed aid formula, but rather than calculating it on the “base” as designed in 1993, it would quietly wrap all previous aid – including “overburden” – into the base to be cemented for inclusion in future decisions.

Thus, each community that received aid only to tide it over until it could afford its required share subsequently had that aid permanently granted. Communities, like Chelmsford, that had been highly responsible in paying their required local contributions for education were in effect penalized for their fiscal responsibility when the “base” was reconfigured in 2001. Over the years Chelmsford has demonstrated its fiscal level-headedness, for example, by maintaining a “stabilization” fund for protection against unforeseen economic problems.

This might not have been as bad as it has become had not the faltering economy spurred the legislature to make an across-the-board slash of 20% in school funding in 2004. Since that time, the only increases given by the state to local districts were those which might have been needed to reach foundation levels of spending due to increased enrollments, and one-time aid of \$50 per student distributed in fiscal 2006 (this was how Chelmsford ended up getting \$283,000 in the spring, which was split 50-50 with other town departments).

Chelmsford Is Getting Short-Changed

Chelmsford is one of a large handful of the state's 351 school districts that has lost, and may continue to lose, millions of dollars in state aid to education when compared to communities similar in size, wealth, or geographical proximity. While it is not entirely fair to compare our situation with other towns, such a comparison at least sheds light on the magnitude of the fiscal discrepancies at play.

In the past ten years, for example, Westford's enrollment has grown 57.8%, while its "Foundation Budget" has grown 111%. State educational aid to Westford, however, has snowballed a whopping 468% in that time. Chelmsford's aid has increased only 87% over the same period.

State aid per pupil is a more direct measure. Currently, officials estimate that the cost for an adequate education is, with minor geographical variations, about \$7000 per pupil. Chelmsford gets \$1,156 of aid per pupil from the state. Billerica gets \$2,027, Shrewsbury gets \$2,220, Westford gets \$2,252, and Tewksbury gets a generous \$2,541, more than double what Chelmsford receives.

A third way to view this problem is to compare the amount Chelmsford is required by the state to spend per pupil, and balance that against similar or surrounding communities. According to Department of Education statistics, in fiscal 2005, we had to pay \$6,131 per pupil with local monies, while Medfield had to pay \$5,442, Billerica had to pay \$5,012, Westford had to pay \$4,774, Shrewsbury had to pay \$4,612, and Tewksbury had to pay only \$4,398.

Keep in mind that, according to the most recent income statistics contained on the Department of Revenue's website, Shrewsbury and Medfield have higher (in the case of Medfield, *much* higher) incomes per capita, and Tewksbury's is nearly the same as Chelmsford's (*see ending table for comparison of above figures*).

The impact of these significant discrepancies is not difficult to identify. First, of course, shortages have to be accounted for in budgets, which will inevitably mean layoffs in an industry as labor-intensive as education. Second, the School Committee and families will scratch and claw to make up what little of the deficits they can by implementing additional fees for things like sports, extracurricular activities, and transportation (bus fees, parking, etc.).

It should also be noted that, according to a recent judicial report on the impact of Chapter 70 school funding on educational success, Massachusetts school districts which are considered to be performing "well" under Department of Education rating systems average school spending of 130% of what is considered the "adequate" foundation budget, and communities like Brookline, Concord-Carlisle, and Wellesley spend an average of 161% of the foundation standard. So a town such as Chelmsford, which last year spent 109% of the foundation standard, is at a disadvantage to towns who share similar educational philosophies, but are not short-changed by an inequitable funding scheme.

What Can Be Done?

There are many solutions on the horizon, but none that have a realistic chance of success will completely remedy the unfair burden placed on Chelmsford, and those that are scrupulously fair to everyone have little chance of passage. The League of Women Voters, for example, has sponsored a bill which would base the ability of each community to pay solely on property valuations, on the not-unreasonable premise that since local governments cannot access income tax revenues for local expenditures, it makes little sense to use income as a measure of their ability to pay for education. This bill seems unlikely to pass.

Senator Therese Murray is proposing a bill that would implement a formula relying more heavily on income to determine ability to pay, not surprising given that her district encompasses Cape Cod, whose school districts contain extremely valuable properties, but whose per capita annual income is low.

One other legislative solution of note is a proposal put forward by the Massachusetts Department of Education. The DOE currently believes that Chelmsford should receive about \$3 million more each year than it currently does in order to be treated fairly. (What kind of wonderful school system would we have if we had an extra \$3 million to spend this year?) To fix that situation, its bill would increase aid to Chelmsford by an additional \$800,000 each year until, after four years, we would be where we should be if the state aid were distributed according to the DOE's views.

One of the more attractive features of the DOE plan is its effort to streamline and simplify Chapter 70 aid arithmetic. DOE straightforwardly says that, "For local effort to be directly proportional to ability to pay, all municipalities should pay the *same percentage*" of their wealth computation. This suggestion is easy to understand, if not entirely progressive in its impact.

There are some problems with the DOE proposal, however. An equitable distribution might yield even more than \$3 million in new annual grants to Chelmsford, and the DOE bill, although at least headed in a better direction, is said to have a poor chance of passing.

Numerous other legislative proposals have been floated, with varying provisions and chances of passage, but there is one immediate opportunity for Chelmsford school parents to have a say in how this inequity will be fixed.

Go To Townsend Next Week and Be Heard

The legislature's Joint Committee on Education has scheduled a series of regional public meetings for the express purpose of sampling the opinions of parents and other voters, but not school or town officials, concerning these problems. The meeting will be held in the North Middlesex Regional High School auditorium next Wednesday afternoon at 4:30 p.m.

It is not a particularly user-friendly meeting time, but the importance of this opportunity cannot be overemphasized. This is a key chance for Chelmsfordites to talk to concerned legislators and register concerns about school funding. The Initiative for Local Aid (ILA), a Chelmsford group headed by Laura McLaughlin and Donna Newcomb, has been campaigning hard in recent months to repair this terrible problem,

and it has started to be heard. What is needed now is for regular Chelmsford residents to express their concerns in an intelligent, knowledgeable, manner to the Committee.

The squeaky wheel may not, in this case, get *all* of the grease, but there is also little doubt that effective, targeted pressure can be extremely helpful as this problem is considered by our elected officials. The quality of our school system depends on it.

Selected Fiscal 2005 Comparison

Town	Enrollment (FY 2005)	1999 per capita income	Chapter 70 State Aid (FY 2005)	Aid as Share of State-Required Foundation Budget (FY 2005)	State-Required Local Per Pupil Contribution (FY 2005)	State Aid Per Pupil (FY 2005)
Chelmsford	5,706	\$30,465	\$ 6,593,456	16.6%	\$6,131	\$1,156
Billerica	6,260	\$24,953	\$12,688,538	28.9%	\$5,012	\$2,027
Medfield	2,928	\$42,891	\$ 4,034,179	20.2%	\$5,442	\$1,378
Shrewsbury	5,383	\$31,570	\$11,948,701	32.5%	\$4,612	\$2,220
Tewksbury	4,604	\$27,031	\$11,697,060	36.6%	\$4,398	\$2,541
Westford	4,911	\$37,979	\$11,057,152	32.0%	\$4,774	\$2,252

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