Description of the Formula

The “Chapter 70” state aid formula provides $4.1 billion in aid to school districts through a modified foundation program. A “foundation budget” averaging $9,507 per pupil is calculated for each school district, based upon specific inflation-adjusted rates in fourteen enrollment categories and 11 functional areas. A methodology called “aggregate wealth” defines the target local contribution for each city and town. The target is derived by taking .2956 percent of each municipality’s total 2008 property valuation, and adding 1.3682 percent of its residents’ total 2007 income. These are the unique percentages which on a statewide basis yield exactly half of the contribution from property wealth and half from income. State “foundation aid” makes up the difference between a district’s target contribution and its foundation budget. Federal Education Jobs Grants and State Fiscal Stabilization Funds are used in FY11 to ensure that every district receives at least a $25 per pupil increase in aid. On average, aid pays for 45.7 percent of foundation budgets, but the range varies from 13 percent to 100 percent.

District-Based Components

Density/Sparsity of Small Schools
Does not apply.

Grade Level Differences
The regular education foundation rate is $6,677 for elementary, $6,330 for junior high/middle, and $7,893 for senior high.

Declining Enrollment or Growth
There is no specific component for declining enrollment. There was a “growth aid” provision from FY07 through FY09 but that has not been funded in either FY10 or FY11. No district receives less than its combined amount of FY10 Chapter 70 aid and SFSF grants, plus an additional $25 per pupil.

Capital Outlay and/or Debt Service
School building assistance is calculated based on a formula that weighs a community’s property value and income against state wide averages and includes a poverty factor based on the district’s proportion of low income students. State bonds are issued backed by a penny of the state’s five-cent sales tax to support actual building expenses. Payments are made to
communities for approved school projects as expenses are incurred, mitigating the state’s obligation on interest costs.

**Transportation**
The state reimburses regional districts for transportation at a fixed rate dependent upon the appropriation each year. In FY11, the rate is estimated to be 52 percent.

**Student-Based Components**

**Special Education**
The Chapter 70 foundation budget includes an assumed special education percentage of enrollment and the corresponding costs are factored into the aid calculations. A separate “circuit breaker” program reimburses districts for 40 percent of special education instructional costs in excess of four times the prior year’s state average foundation budget—$38,636 in FY11.

**Pupil Weights for Special Education Programs**
In-district: the foundation budget includes an assumed full-time equivalent (FTE) special education enrollment of 3.75 percent of total non-vocational enrollment, 4.75 percent of vocational enrollment. For each assumed FTE, the special education in-district foundation budget rate is $23,098.

Out-of-district: the foundation budget includes an assumed full-time equivalent special education enrollment of 1 percent of total non-vocational enrollment. For each assumed FTE, the special education out-of-district foundation budget rate is $24,128.

**Compensatory Education**
Each low-income pupil generates an extra increment of between $2,561 to $3,167 in foundation budget dollars.

**English Language Learner/Bilingual Education**
Each limited-English pupil generates an extra increment of between $590 and $2,153 in foundation budget dollars.

**Gifted and Talented Education**
Does not apply.

**Other**
A “wage adjustment factor” provides additional increments in foundation budgets of as much as 11 percent for communities in geographic areas with higher-than-average wages (all industries).

56 Commonwealth charter schools are funded by tuition transfers from quarterly Chapter 70 payments to school districts. The 26 thousand pupils at these schools count towards the sending districts’ foundation enrollment.
169 districts accept non-resident pupils through the school choice program, which is also funded from quarterly tuition transfers. These pupils also count toward the sending districts’ foundation enrollment.

Massachusetts DOE website link for Chapter 70 information:
http://finance1.doe.mass.edu/chapter70/

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
Proposition 2-1/2 limits a municipality’s property tax levy to a 2.5 percent overall increase in its levy “limit” plus growth in tax base; local referenda can raise the limits either permanently or temporarily. In FY10 tax levies rose an average of 3.8 percent.

**Property Assessment Ratios Used/Legal Standards For Property Assessment**
Residential property is assessed at 100 percent of local market value.

**Measure of Local Ability to Support Schools**
Total equalized property valuation and total personal income of residents.

**School District Budget and Tax Rate Procedures/Sources of Local Revenues**
All 328 operating school districts are fiscally dependent. Town meetings and city councils must approve school budgets. Local revenue is derived primarily from property tax, but also includes user fees and motor vehicle excise tax (state tax but revenues are kept locally).

**State Support for Nonpublic Schools**
In some cases local districts provide special education services and busing to private school pupils.