



Fixing the Foundation Budget

Review and Update



The Foundation Budget Review Commission

- ▶ Established in Sections 124 and 278 of the FY15 State Budget
- ▶ 21 Commission Members, 7 Advisory Members –Non Voting
- ▶ 3 Staff Members

- ▶ Co-Chairs: Senator Sonia Chang-Diaz
Representative Alice H. Peisch



The Foundation Budget Review Commission

- ▶ Commission Held Six Public Hearings Across the Commonwealth
 - ▶ Seven Full Commission Meeting Between October 2014 and June 2015
 - ▶ September 2015 Commission Hired David Bunker to Crystalize Report
 - ▶ Final FBRC Report Issued on October 30, 2015
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The FBRC Mission

- ▶ “determine the educational programs and services necessary to achieve the commonwealth’s educational goals to prepare students to achieve passing scores on the MCAS examinations”
 - ▶ “review the way foundation budgets are calculated and to make recommendations for potential changes in those calculations as the commission deems appropriate”
 - ▶ “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”
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The FBRC Mission

NOTE

It's about the **Foundation Budget**

NOT

the **Funding Formula**





Findings and Recommendations Health Insurance

Findings:

Statewide spending on “Employee Benefits & Fixed Charges” exceeds the foundation budget by more than 140%. In addition, the foundation budget does not include retiree health care costs.

Recommendations:

- Adjust employee health insurance component of the formula to reflect average GIC rate
- Add new category for “Retired Employee Health Insurance” to the Foundation Budget
- Establish separate health care cost inflation adjustor based on GIC rates



Findings and Recommendations Special Education

Findings:

The foundation budget understates the number of in-district special education students and the cost of out of district special education costs

Recommendations:

-Increase the assumed in-district special education enrollment rate from 3.75% to 4.00% for non-vocational students and from 4.75% to 5% for vocational students.

-Increase the out-of-district special education cost rate to capture the total costs that districts bear before circuit breaker reimbursement is triggered.



Findings and Recommendations Low-Income Students

Findings:

Many best practices designed to meet the needs of this population emerged at the FBRC hearing and meeting. While these practices are worthy of replication no one strategy or set of strategies are employed consistently in every school district. The cost of the strategies vary widely making it difficult to recommend a specific increment for Low-Income students in the foundation budget.



Findings and Recommendations Low-Income Students

Recommendations:

- Increase the increment for districts with high concentration of low income students. Leaves specific increment to legislature but advocates for enough funding for districts to pursue multiple turnaround strategies.
- Ensure that any new definition of economically disadvantaged properly and accurately counts all economically needful students.
- Leave the exact calculation of each increment to legislative action.
- Require districts to post a plan online detailing its use of new ELL and low income allotment funds. The plan would be public but not subject to DESE approval.
- Use funding for one of six best practices enunciated in report.



Findings and Recommendations

Other Issues

- ▶ Data Collection- Improve data in many critical areas including low income and ELL spending.
- ▶ Create a Stakeholder Data Advisory Group- Assist in streamlining financial reporting, eliminate duplicate reporting requirements and improve quality.
- ▶ Consider impact and need for increased Early Education. (Commission lacked sufficient time or resources to undertake specific recommendations in this area.)
- ▶ In-District Special Education- The gap between the foundation budget in-district SPED rate and actual district level expenditures needs further attention of the legislature.
- ▶ Inflation Factors- 2010 inflation factor correction in FY16 is \$55million