



Update on the School Finance/Budget Picture for FY 22

February 6, 2021

Agenda

- Brief recap of the FY 21 budget/finance situation
- Examine federal relief for schools: “ESSER 1” and “ESSER 2”
- Examine Governor Baker’s proposed budget for FY 22
- Examine how to estimate how much money your district will receive
- Discuss some of the other key budget variables and next steps

FY 21 State Budget Recap

- Nov. 2019: Historic SOA bill signed into law! The bill promises \$1.5 billion in additional annual state aid to local public schools, phased in over 7 years: <http://ma.aft.org/about-fund-our-future-campaign/victory-equity-historic-school-funding-bill-signed-law>
- Jan. 2020: Gov. Baker proposes a state budget that funds the first year of the implementation of SOA; budget includes a \$304 million increase in Chapter 70 aid: <https://www.mass.gov/news/governor-baker-files-fiscal-year-2021-budget-proposal>
- Many school-funding advocates criticize the budget, arguing that it falls short on funding the low-income increment at the same pace as other components; advocates seek a higher Year 1 investment

FY 21 State Budget Recap--Continued

- March 2020: The pandemic strikes, shutting down the economy and putting budget talks on hold
- A series of FY 21 emergency budget measures are passed through the summer and fall
- The revenue/budget picture eventually becomes a little clearer (not as bad as feared); in December 2020, a final FY 21 budget is signed into law.
- Final budget includes a \$108 million increase in Chapter 70 aid (an enrollment/inflation adjustment only), **a \$196 million decrease** from the Governor's pre-pandemic budget proposal; SOA implementation effectively delayed

FY 21 Federal Relief: The CARES Act

- March 27, 2020: The \$2 trillion CARES Act is signed into law; includes financial support for preK-12 education; higher education; and states, cities, and towns.
- Two significant sources of K-12 support in the CARES Act:
 - **Elementary and Secondary Schools Emergency Relief (ESSER) Fund: \$215 million to MA districts**, distributed via the Title I formula (“need-based”); very flexible uses (see next slide)
 - **Coronavirus Relief Fund (CvRF): \$202 million to MA districts**, distributed on a per-pupil basis (a flat \$225 per pupil); money targeted for health/safety and school reopenings (less flexible than ESSER)

ESSER I – A Deeper Dive

- First round of ESSER Funding Under the CARES Act known as “ESSER I”
- District-by-district allocations are shown here:
<https://www.doe.mass.edu/grants/entitlement-allocation.aspx?view=code&fy=2021&code=113>
 - Lawrence = \$6,399,893 Springfield = \$17,860,165
 - Amesbury = \$217,534 Billerica = \$352,744
- There is a lot of flexibility in how ESSER I funds can be used; see DESE’s ESSER page, <https://www.doe.mass.edu/federalgrants/esser/>, and click on “ESSER I Quick Reference Guide”
- ESSER I funds must be spent before 9/30/2022. Some funds have already been spent. Ask your school district: **How much ESSER I money is left?**

ESSER II: Nearly 4 Times Better!

- A second round of federal ESSER money was authorized through the Dec. 2020 federal relief/stimulus bill – the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act
- This second round of money – ESSER II – is almost four times greater than ESSER I: **\$815 million is coming to Massachusetts for distribution to school districts**
- DESE has published district-by-district allocations here: <https://www.doe.mass.edu/federalgrants/esser/> (click on “ESSER II Allocations” Excel spreadsheet); *Ex.: Lawrence = \$24 million*
- Same basic rules as ESSER I – click on “ESSER II Quick Reference Guide”; one expanded activity is “school facility repairs and improvements, such as efforts to improve indoor air quality”
- Per DESE, the ESSER II grant application for districts will be available on or around February 5, 2021; ESSER II funds must be spent before 9/30/2023.

Governor Baker's Proposed FY 22 Budget

- January 27, 2021: Baker files \$45.6 billion proposal for FY 22 – <https://www.mass.gov/news/baker-polito-administration-files-fiscal-year-2022-budget-proposal>
- Baker claims to fully fund the first year of SOA with \$246.3 million in new K-12 funding:
 - An increase of \$197.7 million in Chapter 70 funding
 - An increase of \$26.1 million in charter school reimbursement monies
 - An increase of \$22.5 million for special education circuit breaker reimbursement

Baker Budget Considerations

- Baker treats FY 22 as year 1 of 7 in the SOA implementation. But last year was delayed. Should this be year 2 of 7, or year 1 of 6? Both scenarios would demand a larger Chapter 70 aid investment.
- Baker bases budget numbers on SY 20-21 enrollment. But SY 20-21 arguably saw an artificial drop in enrollment due to the pandemic. Should the Legislature apply a “hold harmless” to enrollment numbers?
- Education spending is a state/local obligation. Baker’s budget proposes that districts may use some of their federal ESSER dollars to “fund any increase in its local contribution requirement under Chapter 70, but not more than the increase in required local contribution in FY2022 relative to FY2021.” Should this be allowed?
- A bright spot: The counting of low-income students looks solid.
- AFT MA press statement outlining concerns: <http://ma.aft.org/member-benefits/aft-massachusetts-statement-governor-baker%E2%80%99s-fy22-budget-proposal>

How Much State Aid Does My District Get Under the Baker Budget?

- “Cherry Sheet” Estimates are here:
<https://dls.gateway.dor.state.ma.us/reports/rdPage.aspx?rdReport=CherrySheets.CSbyProgMunis.MuniBudgEst>
 - Search by municipality for Chapter 70 aid and charter school reimbursement projections
- Detailed district-by-district breakdowns from DESE are here:
<https://www.doe.mass.edu/finance/chapter70/fy2022/preliminary.html>
- DESE breakdowns also show the projected increase in your district’s overall foundation budget and required local contribution

Adding It All Up: An Example

Lynn Public Schools

| | |
|--|------------------------|
| ESSER I and CvRF Money (assume already spent): | \$0.00 |
| + | |
| ESSER II Money: | \$18,735,330.00 |
| - | |
| ESSER II Money Applied to Local Contrib. Increase: | (\$1,714,014.00) |
| + | |
| Chapter 70 Aid Increase Under Baker's Budget: | \$12,293,781.00 |
| - | |
| Decrease in Charter School Reimbursement Money: | (\$146,999.00) |
| Total New Money to Lynn Public Schools: | \$29,168,098.00 |

Key Variables as Budget Takes Shape

- How will the MA Legislature respond to Baker's budget proposal? Will they make fixes/improvements?
- What will the state revenue picture look like as we emerge (hopefully) from the pandemic?
- Will the federal government pass a new relief/stimulus bill that delivers additional money to states, cities, towns, and schools? (President Biden is pushing a \$1.9 trillion stimulus package)
- Higher education – Baker's budget is lacking – will the Legislature do more?

Questions and Discussion

