



October 15, 2020

Commissioner Jeffrey C. Riley  
Department of Elementary and Secondary Education  
75 Pleasant Street  
Malden, MA 02148

Dear Commissioner Riley,

On behalf of the Greater Boston Chamber of Commerce, I am writing to provide comments on the Chapter 70 Local Contribution Study required by Section 21 of the Student Opportunity Act. The Chamber is committed to closing achievement gaps and pushing equity to the forefront of state education funding policy. With the impact of COVID-19 reducing the state's revenue and imperiling the implementation of the Student Opportunity Act, the state must use its limited resources, like Chapter 70 education aid, to the maximum benefit and effect. To this end, it is important for the state to equitably, predictably, and accurately determine each municipality's ability to contribute toward education funding.

Many municipalities have the capacity to fund their school districts entirely through local resources, while less wealthy cities and towns struggle to provide adequate education funding. In FY 2019, the wealthiest 20 percent of districts spent an average of \$4,642 more per student than the least wealthy 20 percent of districts. These inequities across municipalities exacerbate achievement gaps, disproportionately impacting Black, Latinx, low-income, and high-needs students.

Addressing education inequities requires aligning state aid to community need. But right now, Massachusetts distributes more aid to wealthier school districts than their formula-determined need, which limits the amount of critical funding sent to low-income communities. As we find in [Missing the Mark](#), a report the Chamber co-authored with the Massachusetts Business Alliance for Education, 14 percent or \$778 million of the Chapter 70 aid in the original FY 2021 budget proposal (H.2 submitted in January 2020) is needs-blind because it goes to districts regardless of their ability to fund their K-12 education on their own. Almost \$500 million, or 64 percent, of that total goes to the wealthiest 20 percent of districts. These districts serve municipalities that have the capacity to fully fund their schools from local resources alone.

Continuing to use these needs-blind formula factors – the hold-harmless provision, minimum aid, the 175 percent threshold for below-effort aid, and the cap on maximum local contribution share of the foundation budget – hinders the state's ability to close achievement gaps. The report recommends four changes to the Chapter 70 state aid funding formula to increase progressivity and equity:

- Incrementally phase out the hold harmless provision, which guarantees every school district level Chapter 70 aid each year. If a phased withdrawal of the hold harmless provision would be too detrimental to school districts, an alternative step is to switch to a per-student hold-harmless calculation, guaranteeing level funding each year on a per-pupil basis.
- Phase out minimum aid, which guarantees every district a flat per-pupil aid increase each year. The Legislature determines the minimum aid increase amount each budget cycle and then distributes it only to those districts for which all other foundation budget and Chapter 70 formula factors do not generate an aid increase equal to what the district would receive with minimum aid alone. Minimum aid is regressive because the wealthiest school districts receive more than five times as much in total minimum aid compared to the lowest resourced districts.



- Eliminate below-effort aid to municipalities that have the capacity to fund at least 125 percent of their foundation budget from local resources, lowered from the current threshold of 175 percent. Below-effort aid is meant to help cities and towns afford a large year-over-year increase in their required contributions by shifting some of the responsibility for paying for the increased contribution from the municipality to the state. The Commonwealth's least wealthy communities benefit the most from below-effort aid and such aid should be reserved for those municipalities rather than assisting municipalities with a high level of local capacity for funding.
- Increase the maximum required local contribution share of the foundation budget from 82.5 percent to 85 percent so that wealthier communities are responsible for funding a larger share of their districts' budget. In FY 2021, the state calculates that 104 of the 351 municipalities can afford to fund their school districts entirely from local resources.

Taken together, these recommendations reduce the topline investment by \$25 million, money that can be reinvested into districts based on student need. These recommendations increase the equity of Chapter 70 state aid in H.2 by boosting aid in the lowest-wealth districts by \$2.5 million and reducing unnecessary aid in the highest-wealth districts by \$13.2 million.

The Chamber recognizes the intricacies and complexities of the Chapter 70 formula and appreciates that developing a formula that works for every municipality in the Commonwealth is a daunting undertaking. However, we also believe that growing inequality and economic uncertainty necessitates a statewide approach steeped in equity. Removing or thoughtfully revising some of the needs-blind factors in the Chapter 70 aid formula is a necessary step toward ensuring equity in educational opportunity.

Sincerely,

A handwritten signature in cursive script that reads 'James E. Rooney'.

James E. Rooney  
President and CEO