

Policy Brief: Student Opportunity Act

In September, the Joint Committee on Education filed legislation that includes over \$1.4 billion in new spending to be phased in over seven years. Titled the Student Opportunity Act (the SOA), it is a major overhaul of the state's Chapter 70 education funding formula and revision of foundation budget rates. The SOA also proposes a new definition for minimum aid, new district planning and reporting requirements, a 21st Century Education Trust Program focused on innovative practices, and a study on the formula for determining local contributions to education funding.

Foundation Budget Revisions

The SOA increases each foundation budget base rate (see sidebar for explanation of base rate) as well as many incremental rates, including those for English language learners (ELL) and low-income students. Investing in these students to close well-documented achievement gaps is crucial and has widespread support in the business community and elsewhere. However, two issues deserve further attention from the Legislature: how the spending is determined and where the funding will come from.

First, it is not clear how the increment amounts were determined and how they are linked to closing achievement gaps statewide. To date, there has been no public study conducted to inform the rationale for how we fund our schools. Although the Foundation Budget Review Commission recommended the low-income increment be set at 50 percent to 100 percent of the base rate, this recommendation was not based on a rigorous study of what is required to properly fund education in Massachusetts or the cost of additional services or investments for low-income or ELL students.

Second, the legislation is unfunded. It proposes to phase-in the full increase through fiscal year 2027; however, this schedule is subject to appropriation by the Legislature during each budget cycle. It is unclear if the proposal is financially sustainable, particularly during an economic downturn or a period of reduced state revenue.

What is Chapter 70 and the Foundation Budget?

Chapter 70 is Massachusetts' state education aid program.

The foundation budget is one component of the Chapter 70 program and is the mechanism to determine spending levels deemed adequate for school districts across the state. To calculate adequate spending levels, the foundation budget uses set rates that are tied to grade level and school services (base rates) and types of targeted funding (incremental rates).

The calculation is based on enrollment.

The Chapter 70 program establishes the state and local shares of education costs.

The Student Opportunity Act largely focuses on the foundation budget portion of the Chapter 70 program.

In addition to the funding issues, the bill also misses an [opportunity to better prepare students for college and the workforce](#) by not incorporating a new Chapter 70 enrollment category for college and career readiness initiatives. The Chamber and others have advocated for including such a category to expand access to innovative programs focused on career readiness, including industry-recognized credentialing and work-based learning opportunities. Aligning our education system with the Massachusetts economy would better prepare students for their post-graduation careers as employers across the state struggle to find workers with the in-demand skillsets required for today's jobs.

What else is included?

- Requires the Foundation Budget Review Commission to convene at least once every 10 years.
- Establishes a Data Advisory Commission to better inform local leaders on how to leverage limited resources.
- Creates a 21st Century Education Program, including an advisory council and a trust fund, tasked with addressing achievement gaps.
- Increases the limit on grants available from the Massachusetts School Building Authority to \$750 million, adjusted annually for inflation.
- Revises the definition of net school spending to include charter school tuition and updates the charter school tuition reimbursement funding schedule.
- Updates the special education circuit breaker program to include out-of-district transportation costs.
- Establishes a new commission tasked with studying declining enrollment in rural school districts.

State Aid and Local Contributions

Although the most-discussed portion of the SOA is the spending increase, the bill also addresses state aid and local contributions, two calculations that are separate from the foundation budget formula.

The bill changes the definition of minimum aid to guarantee every district a minimum increase of at least \$30 per pupil in state aid each year. However, minimum aid is regressive: wealthier districts receive much more in minimum aid than lower income districts. Codifying minimum aid increases into statute effectively diverts funds away from low income communities in favor of high-income districts, hindering the state's ability to close the achievement gap.

The bill also requires the state to study its method for determining local contributions for education funding. The report, due December 1, 2020, may include recommendations to revise local contribution requirements to improve equity, predictability, and accuracy. This is a critical initiative to ensure that the state moves toward a needs-based state aid system which prioritizes Chapter 70 aid for the communities that need it most.

Accountability & Reporting

The SOA requires new statewide targets for closing achievement gaps and annual benchmarks to measure progress, which the Chamber advocated for in its [testimony earlier this year](#), but it lacks the tools to ensure districts adapt if the goals are not met. Additionally, school districts must establish similar targets and develop publicly available three-year plans outlining how they will meet the targets. The three-year plan must describe the distribution of Chapter 70 aid among individual schools and develop outcome measures to determine progress toward the district's goals. The bill requires yearly reporting but meeting the targets in the three-year plan is not mandatory. The SOA omits mechanisms, such as those included in the Governor's education bill, that would compel districts to make progress toward their goals. The Chamber previously urged legislators to consider what steps would be necessary to implement if a district does not meet its goals.

The SOA also includes new data reporting requirements to track college and workforce readiness and measure student preparedness for future success. The additional data collection requirements include student participation in college and career readiness programming and application and acceptance rates at postsecondary institutions. This data will serve as a guidepost for usefulness and rigor of curriculum design and course offerings for schools, districts, and the state.

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