

November 2013

## State Chapter 70 Education Aid Plays a Reduced Role in Boston

*Net state aid for education continues to represent a declining share of the BPS budget*

State Chapter 70 education aid of \$209.4M represents 52% of Boston's budgeted state aid in FY14, but it has been relatively flat in revenue growth. The increase in FY14 is \$1.5M or 0.7% only because each school district received a minimum of \$25.00 per student. In the 10 years from FY05 to FY14, Boston's Ch.70 state aid has increased by an annual average of 0.5%. Reductions of Ch.70 aid in FY10 (-2.0%) and FY11 (-5.8%) in response to the economic downturn contributed to this slow growth. The average annual increase in the three years since the reductions (FY12-FY14) is 0.8%

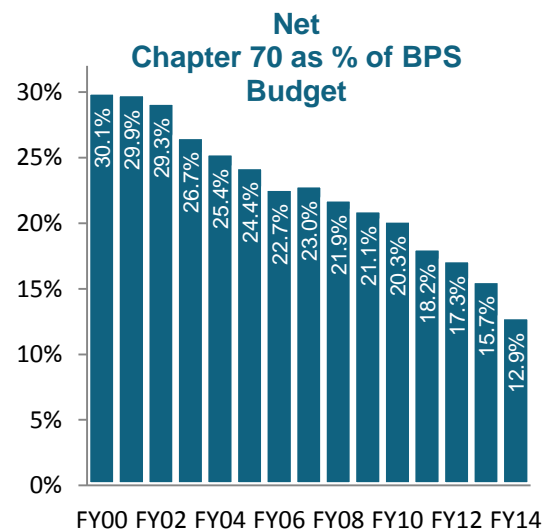
The amount a school district is required to spend on public education (Foundation Budget) is determined by a calculation established in the Education Reform Act of 1993. The calculation determines the minimum required local contribution and Ch.70 aid bridges the gap to meet the Foundation Budget. The primary objective of the state is that each district meets its Foundation Budget level. Consequently, districts that spend over the Foundation Budget level, as Boston does, have received less of an annual increase of Ch.70 funds than other districts.

The actual Ch.70 aid available for operations has been declining when the Ch.70 aid that follows Boston students who attend Commonwealth charter schools is considered. In FY14, Ch.70 aid of \$209.4M is reduced by the charter tuition assessment of \$108.2M of which \$19.8M is reimbursed to generate net Ch. 70 support of \$121.0M, or 12.9% of the BPS operating budget of \$937.4M. Since FY05, the net charter impact for Boston has grown by \$53.6M or 154.1%.

### BPS Budget

State Ch.70 aid is distributed by the state to support the City's ability to adequately support

educational spending. The funds received by the City are mixed with other General Fund revenues to determine the total operating revenues for all services for the fiscal year. Of the total General Fund revenue available for operations, the City's policy over the past six years has been to allocate 35% for the School Department, thus protecting it from the full net Ch.70 decline. Nevertheless, the declining share that net Ch.70 funds represent of the BPS budget, from 30.1% in FY00 to 12.9% in FY14, gives an indication of the growing reliance on other city revenues for school operations.



### Net Charter Tuition Assessment

For those Boston resident students who attend Commonwealth charter schools, the Ch.70 aid follows the student in the form of a state charter tuition assessment equal to the students' Ch.70 aid. The state reimburses the City for 100% of tuition lost in the first year, and 25% in the next five years. However, this reimbursement is subject to appropriation. The FY14 reimbursement of \$19.8M represents only 62.2% of the obligation.