

# legislative bulletin

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**To:** All School Committee Members and Superintendents

**From:** Stephen J. Finnegan, Esq.

**Date:** June 23, 2009

## **SUBJECT: FINAL LEGISLATIVE FISCAL YEAR 2010 STATE BUDGET**

### **LEGISLATURE FORWARDS FISCAL YEAR 2010 BUDGET TO THE GOVERNOR**

The Senate joined the House by voting to increase the sales tax from 5% to 6.25%. This increase is expected to add revenue in the amount of \$900 million. Also local communities, at their option, may establish a 0.75% meals tax and a 2% increase in the room occupancy tax, which funds shall remain with the municipalities that exercise the option. Also, the legislature voted to close the telecom tax loophole that is expected to raise an additional \$26 million. These monies are intended, in part, to offset a substantial cut to municipal aid (Lottery and Additional Assistance Aid).

The proposed Fiscal Year 2010 budget has been balanced by the above referenced tax increases, a \$300 million transfer from the State Rainy Day Fund and the recommended use of over \$1 billion in federal stimulus monies. The budget was passed on June 19, 2009 and the Governor has ten days to exercise his line item veto authority. Governor Patrick has threatened to veto the sales tax increase unless he receives an ethics, transportation and pension reform bills, to his satisfaction. The pension reform bill has been signed into law, the transportation legislation is on the Governor's desk and the ethics bill is anticipated shortly.

### **CHAPTER 70 REDUCED**

The budget on the Governor's desk contains a \$79 million reduction to the \$3.9 billion Chapter 70 account. This represents a 2% aid reduction. The Conference Committee report recommends to the Governor that he transfer \$168 million from federal stimulus money to bring districts to their foundation budget levels. The House used an inflation factor of 4 1/2% to calculate the Fiscal Year 2010 foundation budget, while the final budget used a 3.04% inflation factor to determine said amount. The lower inflation figure will reduce districts foundation budget figure. It appears that the final budget

does not contain the \$50 per pupil minimum aid that has been a staple of the Ch. 70 aid for several years. Check the MASC website for your districts local aid.

### **REGIONAL SCHOOL TRANSPORTATION**

The House budget funded regional school transportation at \$50 million; however, the Senate budget, post the sharp April reduction in Fiscal Year 2009 state revenues, reduced this account to \$30.5 million. The Conference Committee recommended a \$40.5 million appropriation for regional school transportation and this figure was adopted by the legislature.

### **SPECIAL EDUCATION CIRCUIT BREAKER**

The Senate Ways and Means budget recommended funding the Special Education Circuit Breaker at \$105 million. MASC asked Senator Robert O'Leary, the new Senate Chair of the Education Committee, to file a budgetary amendment to increase this amount. Due to Senator O'Leary's efforts the final Senate budget appropriation for this Circuit Breaker was \$141 million, and this amount was included in the budget forwarded to the Governor. The prior year initial funding for this account was approximately \$230 million. It is anticipated that federal stimulus funds earmarked for special education may ameliorate some of the Circuit Breaker funding shortfall. The Circuit Breaker provides reimbursement for certain programs at 75% of all costs that exceed four times the state average per pupil foundation budget for the previous fiscal year.

### **CHARTER SCHOOLS**

Both the Governor and Senate Ways and Means sought to address the issue of overly optimistic charter school enrollment projections, which are not refunded to local sending districts until mid year. While the reimbursement of \$79 million reasonably funds this account, the problem of charter schools overestimating their enrollments persists.

## **GROUP INSURANCE COMMISSION – BINDING ARBITRATION**

In the past two years approximately twenty-five municipalities and regional school districts have opted to join the GIC. MASC supported legislation offered as part of the Municipal Relief bill which would have eliminated the requirement that local unions may veto a district's ability to join the GIC, unless 70% of their weighted memberships agree. An amendment was added to the Senate budget that establishes a complicated mechanism to determine whether or not a district would benefit from membership in the GIC. If a district is determined to benefit from such membership a short period of bargaining would take place, and in the event no agreement is reached binding arbitration would resolve the dispute. This amendment was supported by the unions and opposed by municipal groups including MASC.

This provision was not included in the final budget, and therefore, the current law remains in effect.

## **POTHOLE FUNDING**

The legislatively approved budget contains funding for the so-called, Pothole account in the amount of \$3.5 million. This line item provides funding to districts to address extraordinary budget problems, including substantial unanticipated pupil enrollment.

## **SBA – SPECIAL EDUCATION RATES – RECOVERY HIGH SCHOOLS – REGIONALIZATION COMMISSION**

The School Building Authority pursuant to the Outside Section 63 of the final budget eliminates the 40% minimum school building reimbursement level. Any district that is at minimum reimbursement levels would likely

see a reduction in aid for new school projects if this section is signed into law by the Governor. MASC urges districts that receive lower levels of SBA reimbursement to contact the Governor's office to request a veto of this section. A change of this magnitude should be subject to a public hearing.

Outside Section 136 imposes a conditional special education rate freeze for the Fiscal Year 2010. This freeze creates exceptions for programs concerning extraordinary relief and reconstruction. Also programs that did not charge the full 2009 rate would be allowed to do so for the Fiscal Year 2010.

Outside Section 146 of the final budget contains a Regionalization Advisory Commission. This Commission shall review all aspects of regionalization including, but not limited to, education, public safety, municipal finance and structure, etc. MASC is concerned about the possibility of consolidations of school functions without the approval of the school committee and the local legislative authority (town meetings, mayors and city councils).

The budget presented to the Governor amends G.L.c 71 to add a new section 91 to the end thereof. This section states that a "Recovery High School" shall mean a public high school or collaborative program for students diagnosed with substance use disorder or dependency. The Board of Elementary and Secondary Education, in consultation with the Department of Public Health, shall promulgate rules and regulations, as necessary to implement this section.

## **OTHER EDUCATION LINE ITEMS**

Most other education related accounts were funded at the Senate level which was generally lower than the House recommendations.

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