



Budget Update – Special Education and School Funding Across Massachusetts

Colin Jones, Senior Policy Analyst

Massachusetts Budget and Policy Center

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New Era – The Student Opportunity Act (SOA)

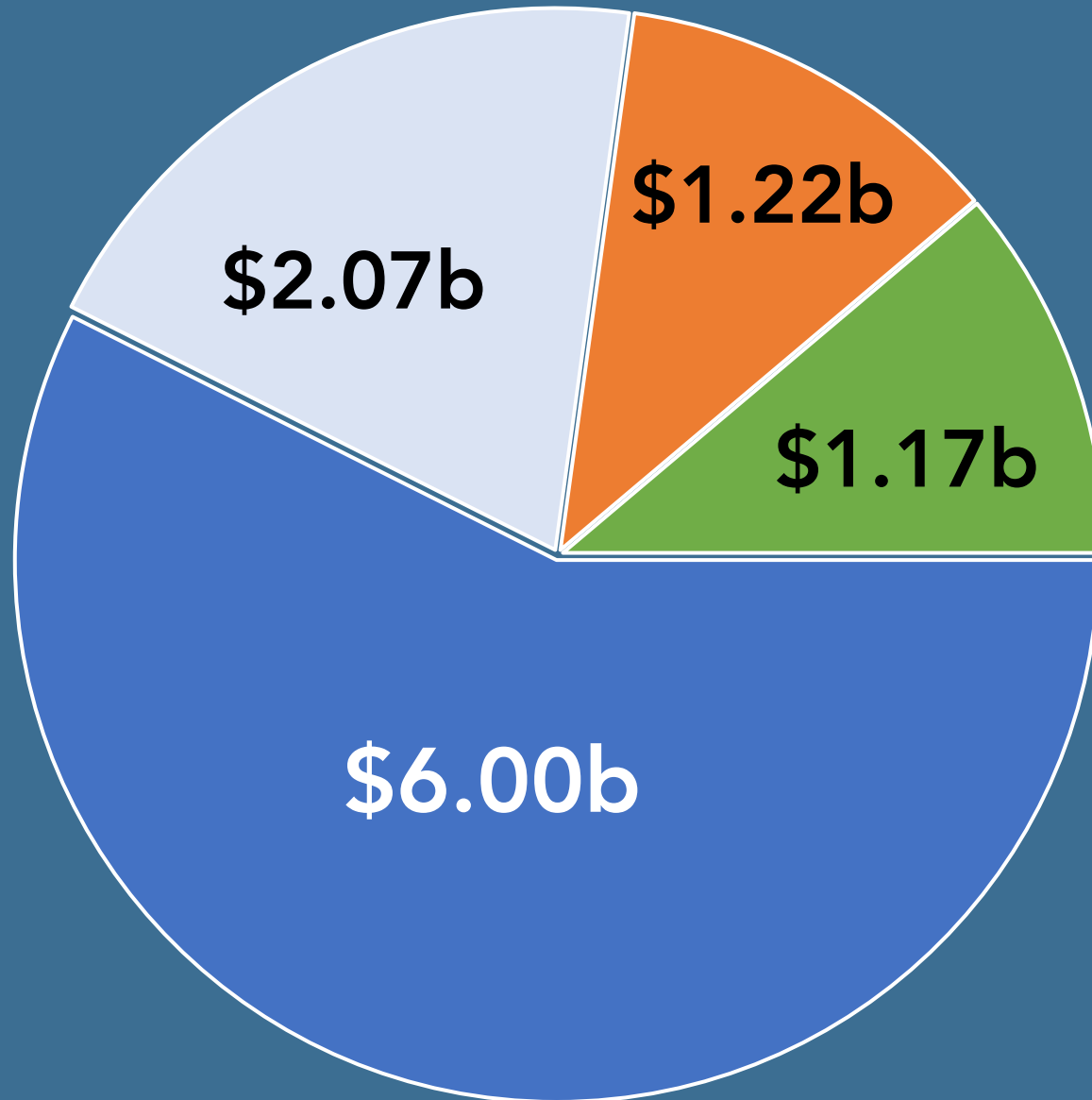
- SOA signed into law in 2019, most significant K-12 funding reform since 1993. FY22 was first year SOA took effect after delay
- SOA components – now 6 year-timeline, Chapter 70 increases, SPED circuit breaker, fully funded charter reimbursement, small innovation grant.
- Special education specifics – SOA increased SPED assumed enrollment to 4-5%, out-of-district SPED rate to 3X foundation. On grants - circuit breaker transit costs over four years (by FY 2024)

Breaking Down the K-12 Education Budget in MA



**FY 2023
Current
Budget**
\$10.45 billion

*SOA Accounts
+ \$650M*



■ Chapter 70 Aid & Reserves

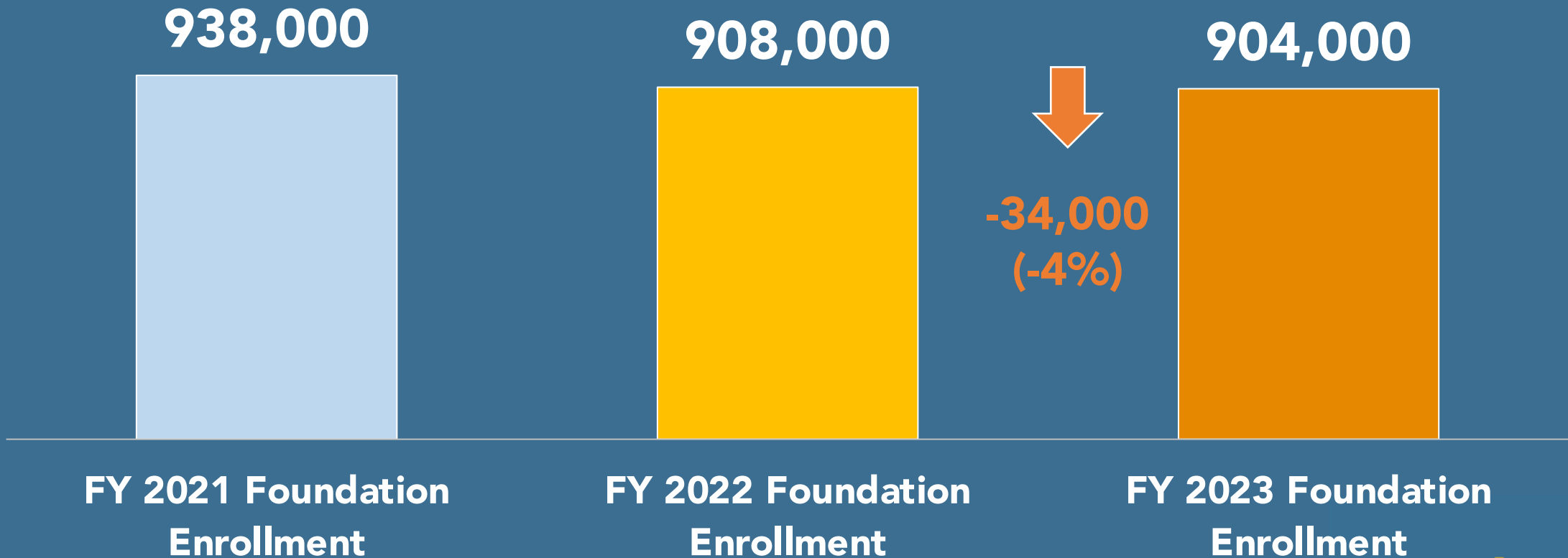
■ Teacher Pensions (FY22)

■ K-12 Grants and Admin.

■ School Building - MSBA

Enrollment Disruption During COVID Era Continues to Influence K-12 Funding

FY 2021 – FY 2023 Foundation enrollment figures



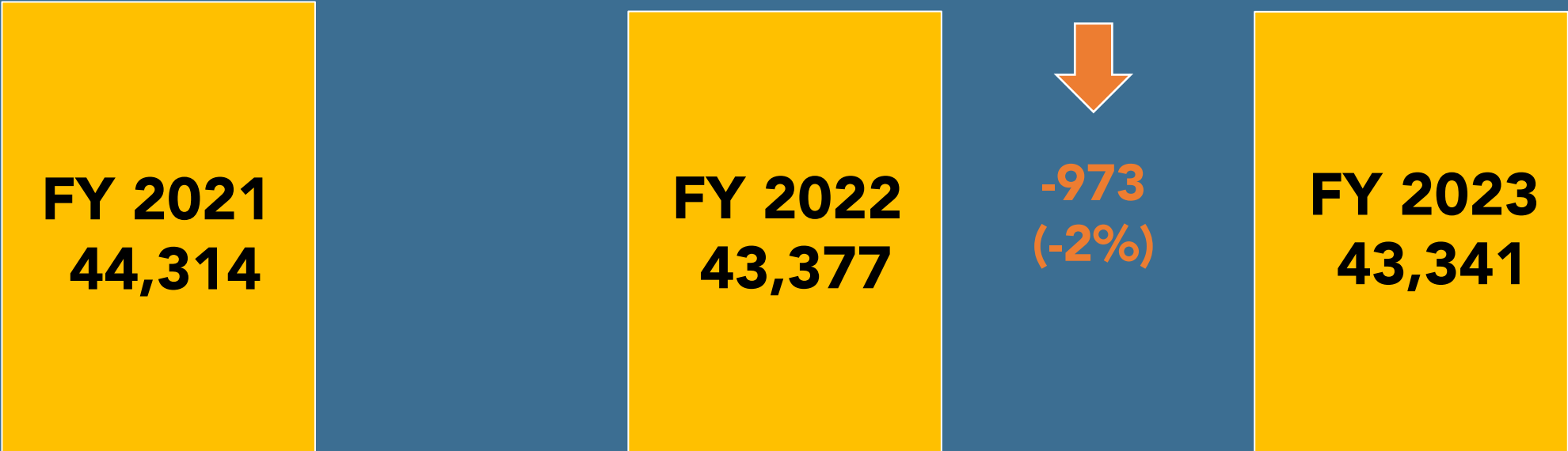
Source: Department of Elementary and Secondary Education

K-12 Highlights – FY2023 Budget

- FY 2023 budget - 2/6 of SOA, \$650M total increase to Chapter 70 and other SOA items, on pace for implementation by FY 2027
- Grant funds – significant \$90M increase to charter reimbursement to reach 100% funding, fully done by FY 2023 as intended in SOA. Circuit breaker increase of \$68M to \$441M
- COVID era impact - enrollment remains at lower levels, inflation hit statutory cap of 4.5%, free school meals maintained through state funds

Special Education Enrollment Decline Only Half That of Students Overall Since FY 2021

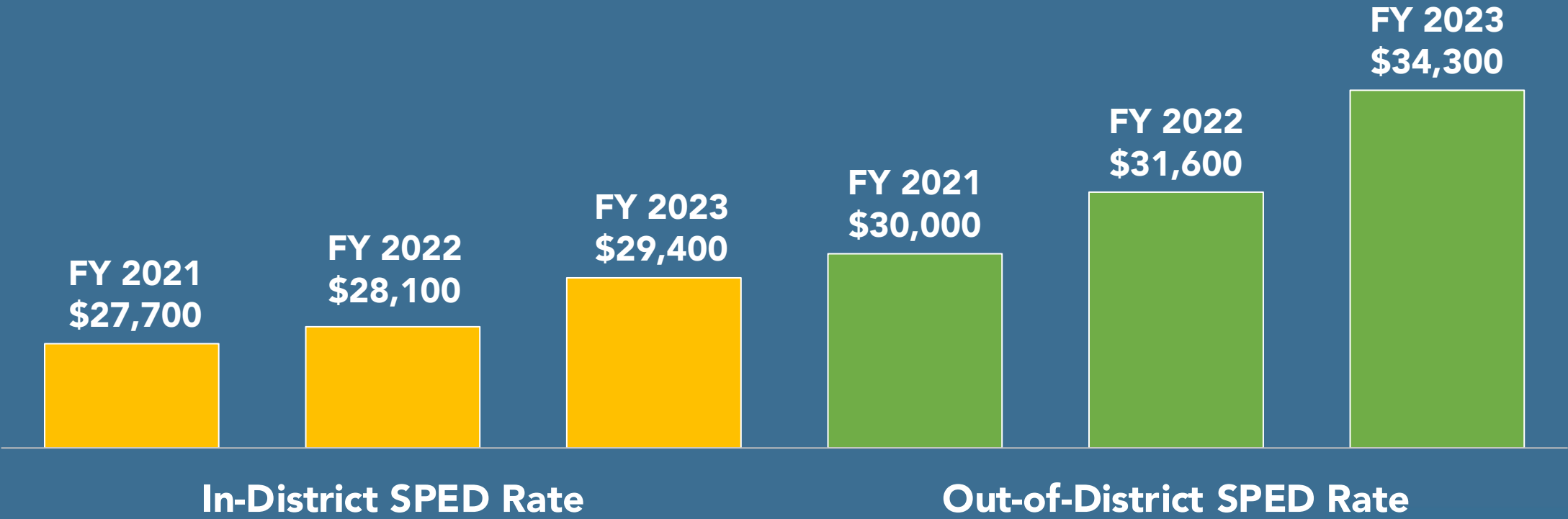
Chapter 70 Foundation All Special Education Assumed Enrollment, FY 2021 (baseline) – FY 2023 (SOA year 2 of 6)



Source: Department of Elementary and Secondary Education

Special Education Out-of-District Rate on the Rise Through SOA

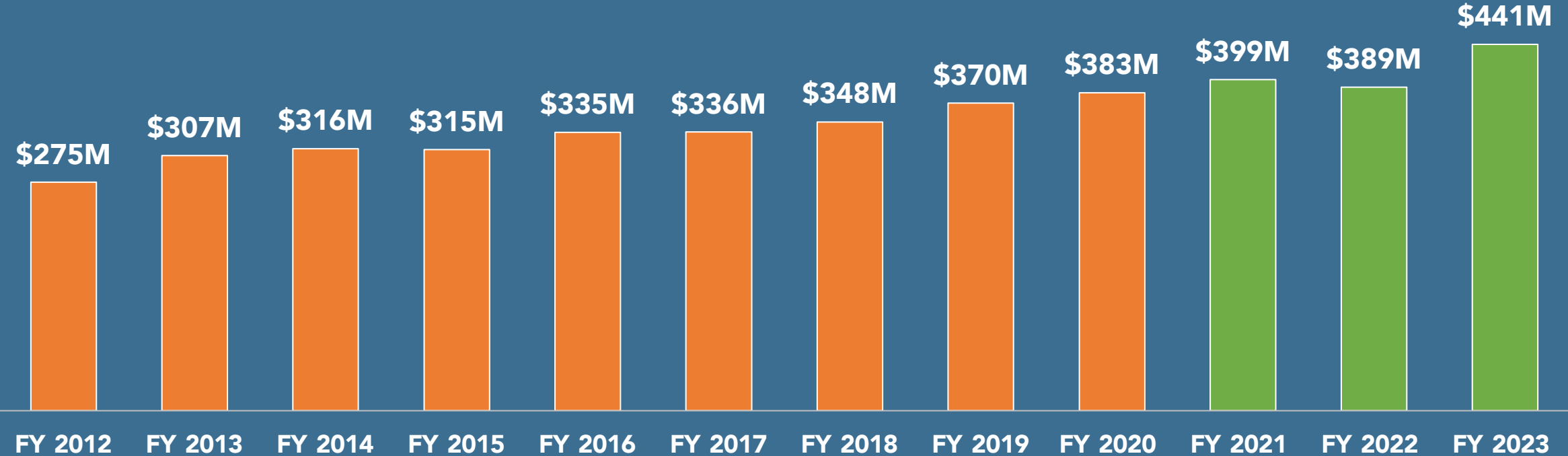
Chapter 70 Foundation Budget Rates, FY 2021 (baseline) – FY 2023 (SOA year 2 of 6)



Source: Department of Elementary and Secondary Education

Circuit Breaker Reimbursements on Upward Trajectory, Moderate Real Increases Since SOA

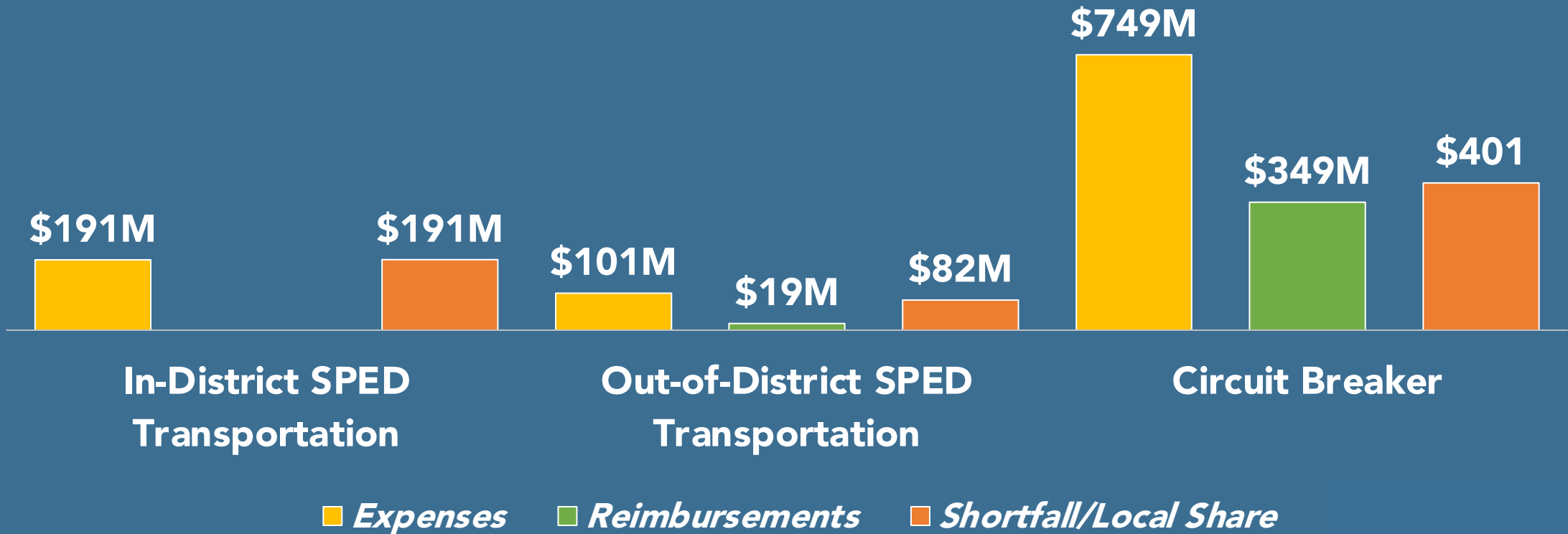
Inflation adjusted circuit breaker funding, FY 2012 – FY 2023 Current



Source: MassBudget Budget Browser

Unfunded Mandates in Special Education and Transportation – Recent Snapshot

FY 2022 expenses, reimbursements, local share, millions



Source: Division of Local Mandates, October 2022

Warning Signs on Special Education Costs

- October memo from Operational Services Division, suggests a large inflation increase of 14% in the cost of private special education services in FY 2024
- Up from under 3% in FY 2023 according to OSD reports
- Increase will far exceed the rest of the Chapter 70 system, potentially creating the need for increased attention on the circuit breaker as well as the inflation factors for FY 2024