



Budget Update - Special Education and School Funding in Massachusetts

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JANUARY

Governor and Legislative leaders agree on a revenue estimate

GOVERNOR'S budget

MID-APRIL

HOUSE WAYS AND MEANS budget

HOUSE budget

DECEMBER

You are here!

JULY 1

FINAL budget

How is the state budget created?

SENATE WAYS AND MEANS budget

MID-MAY

SENATE budget

CONFERENCE COMMITTEE resolves differences between House/Senate budgets

JUNE

Governor's vetoes

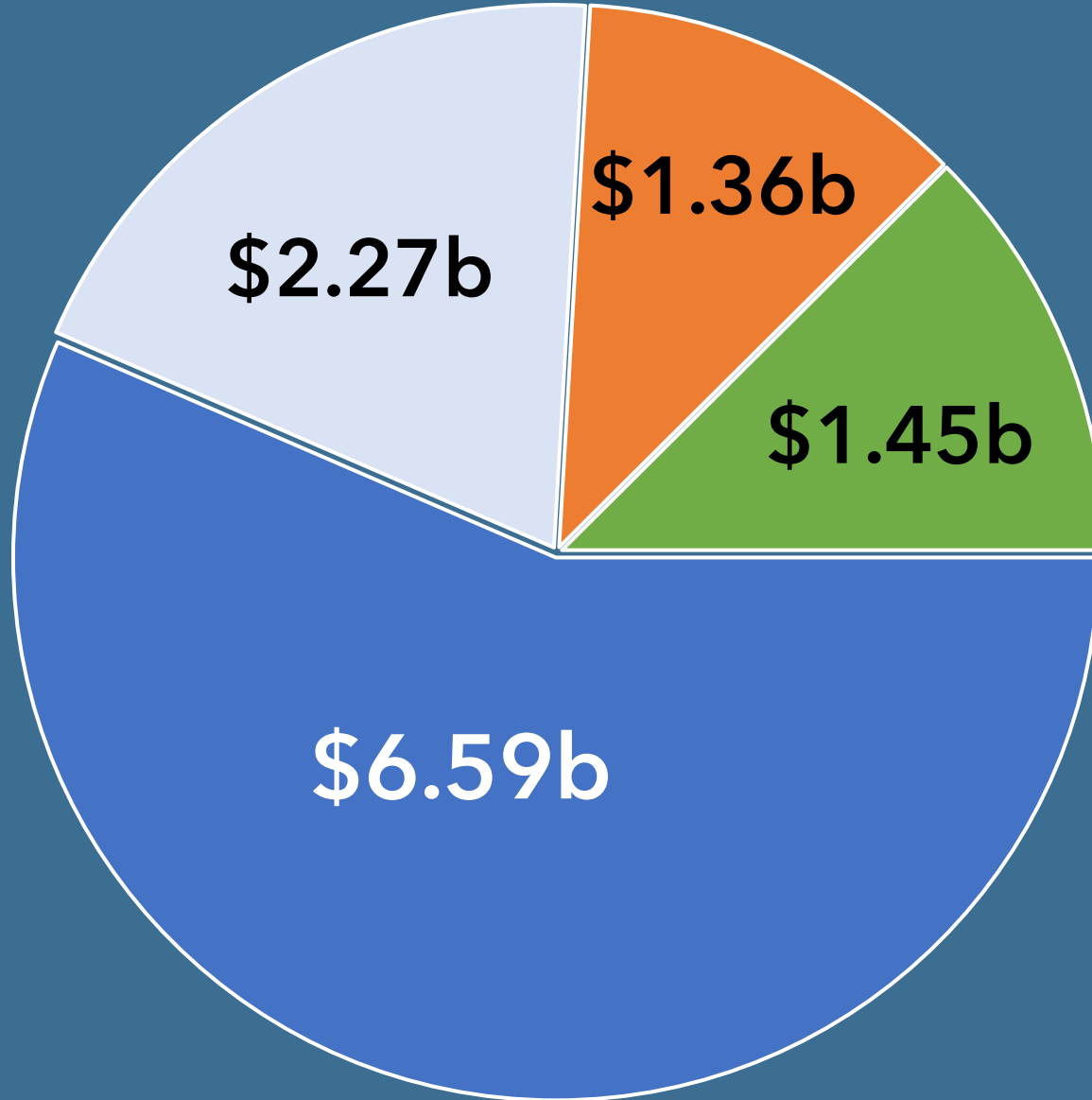
Legislature's overrides

Breaking Down the K-12 Education Budget in MA



**FY 2024
K-12 Budget
\$11.67 billion**

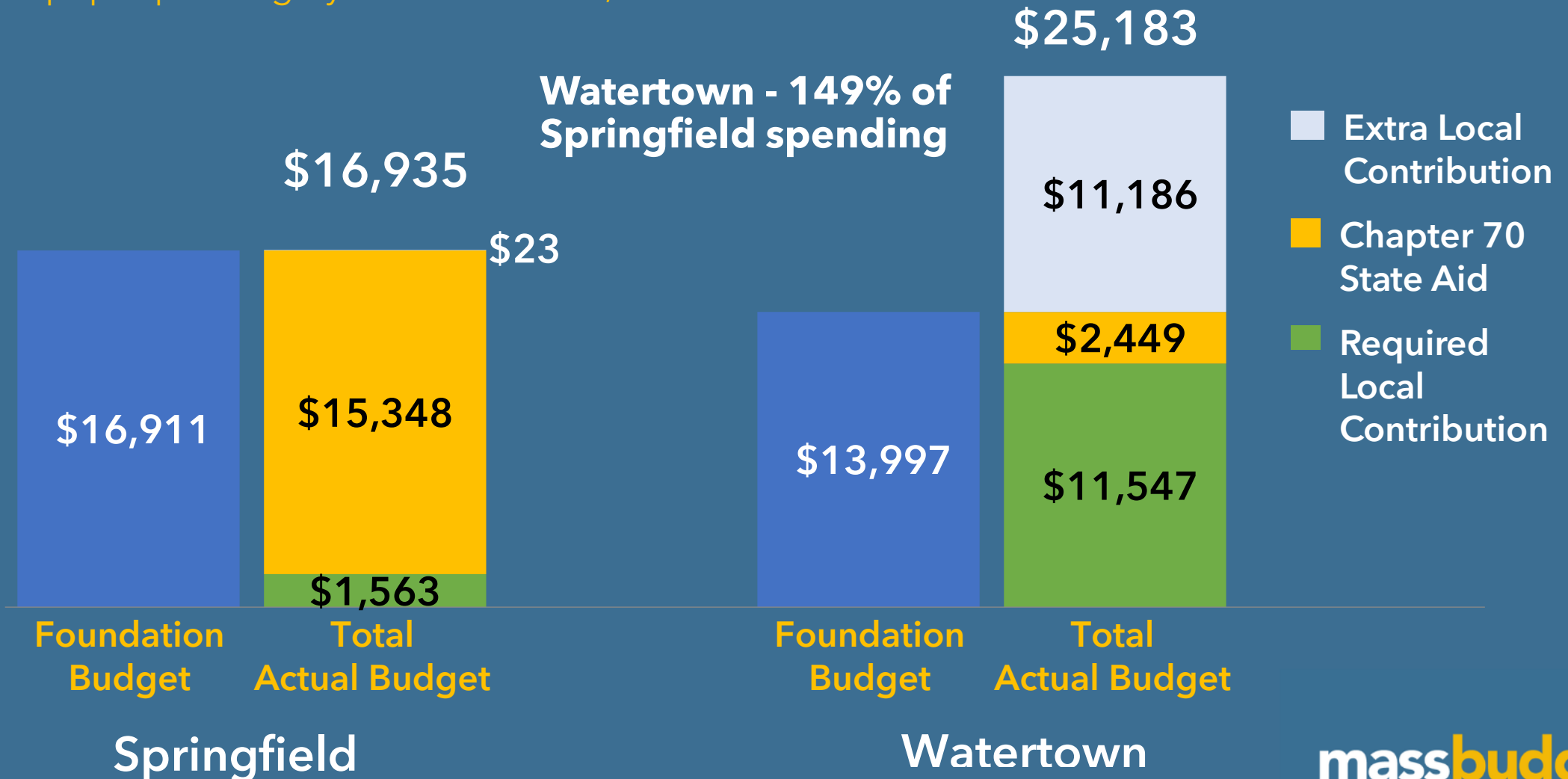
**Student
Opportunity
Act Items
+ \$640M
above FY 2023**



- Chapter 70 Aid & Reserves
- Teacher Pensions (FY23)
- K-12 Grants and Admin.
- School Building - MSBA

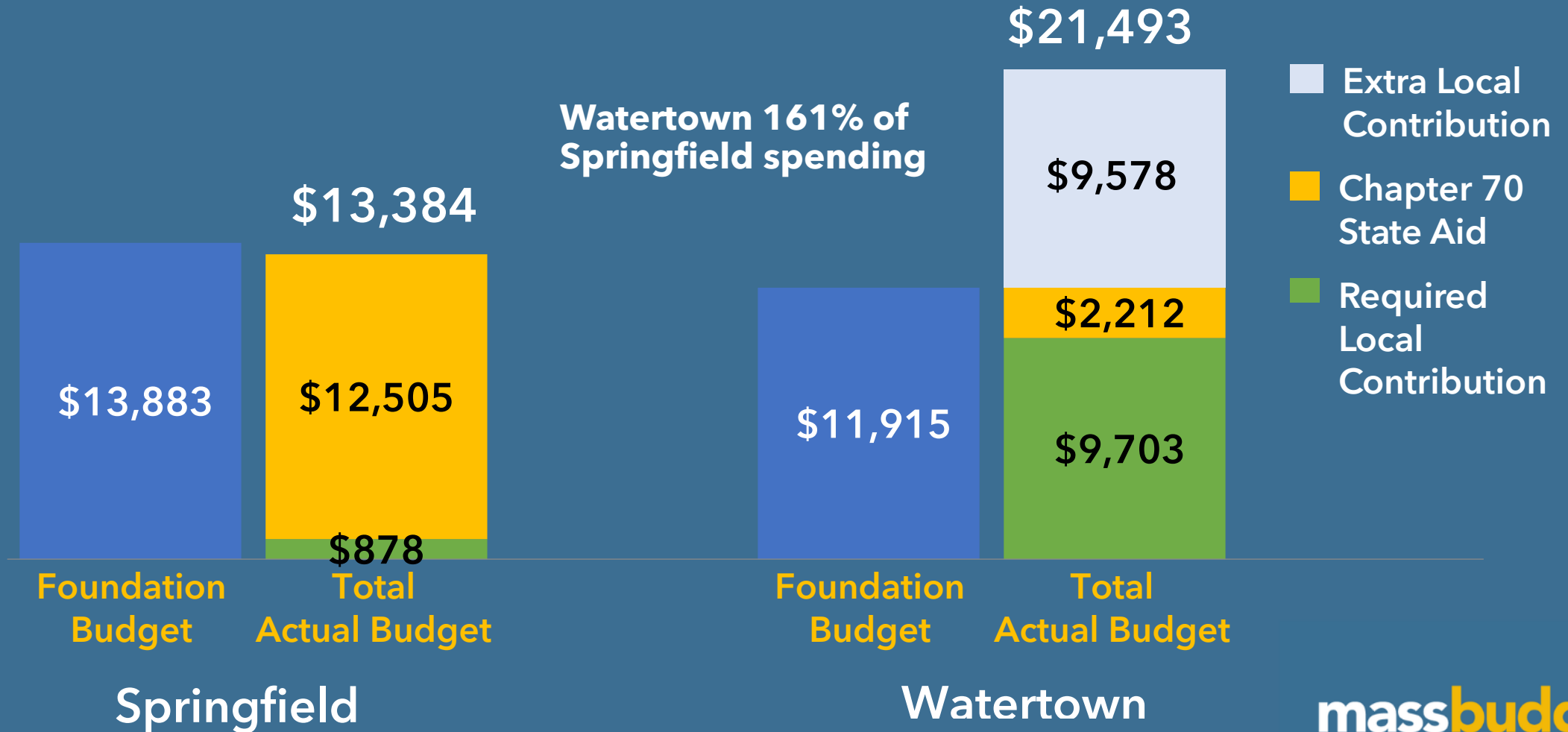
Disparity in K-12 Funding Between Communities

Per pupil spending by revenue source, FY 2023



How the Picture Has Changed Since 2020

Per pupil spending by revenue source, FY 2020



New Era - The Student Opportunity Act (SOA)

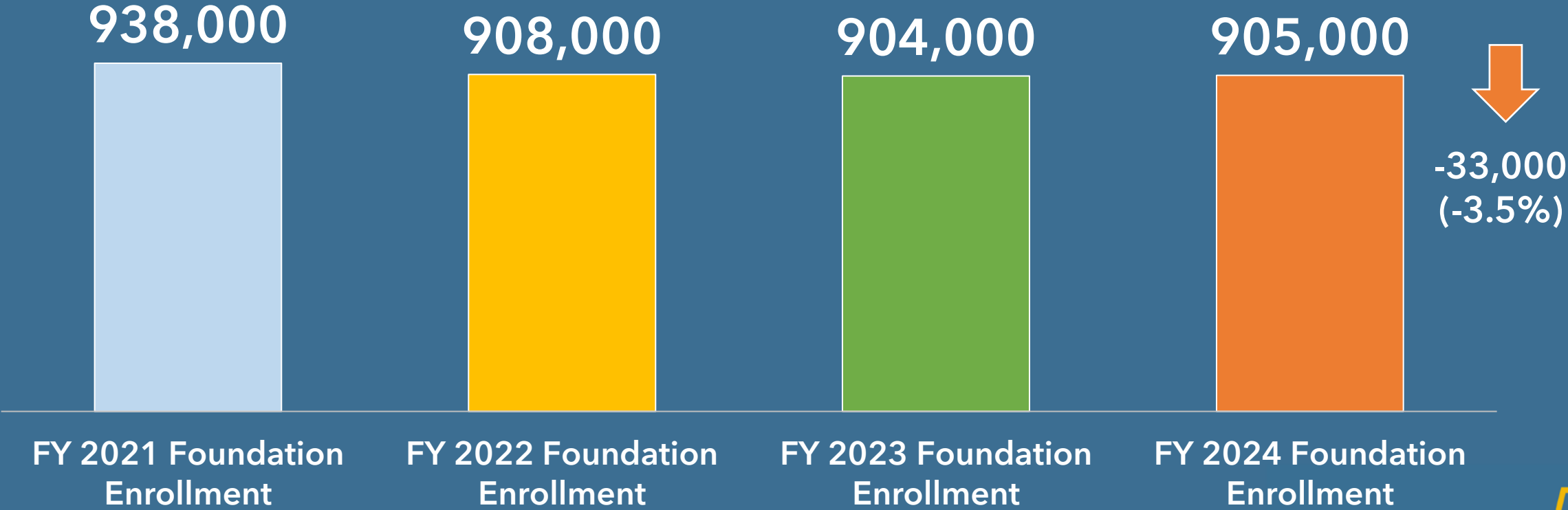
- **Student Opportunity Act signed in 2019. Most significant K-12 funding reform since 1993. FY 2022 was 1st year SOA took effect, FY 2024 is the 3rd**
- **Student Opportunity Act reforms initially projected to add \$2.2B to K-12 funding over 6 years. Includes mostly Chapter 70 aid, remainder for special education circuit breaker grants, small innovation grant. SOA on track in FY 2024**
- **Plan to add funds for circuit breaker through FY 2024 is basically complete with current budget, full charter reimbursement complete last year**

How the SOA Increases K-12 Aid

- **Increased aid from reforms in the SOA, targets in 4 main areas over 6 years: low-income, health care, special education rates and enrollment assumptions, ELL increases.**
- **Low-income rate - SOA provides added funding based on share of low-income kids - up to \$9,400 per student when implemented (FY 2024 dollars) nearly double the rate before SOA**
- **Enrollment - 185 FPL low-income threshold, including matching against public programs and supplemental data collection. Count is critical to higher rates in SOA. COVID era decline in enrollment also a key issue**

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

FY 2021 – FY 2024 enrollment figures



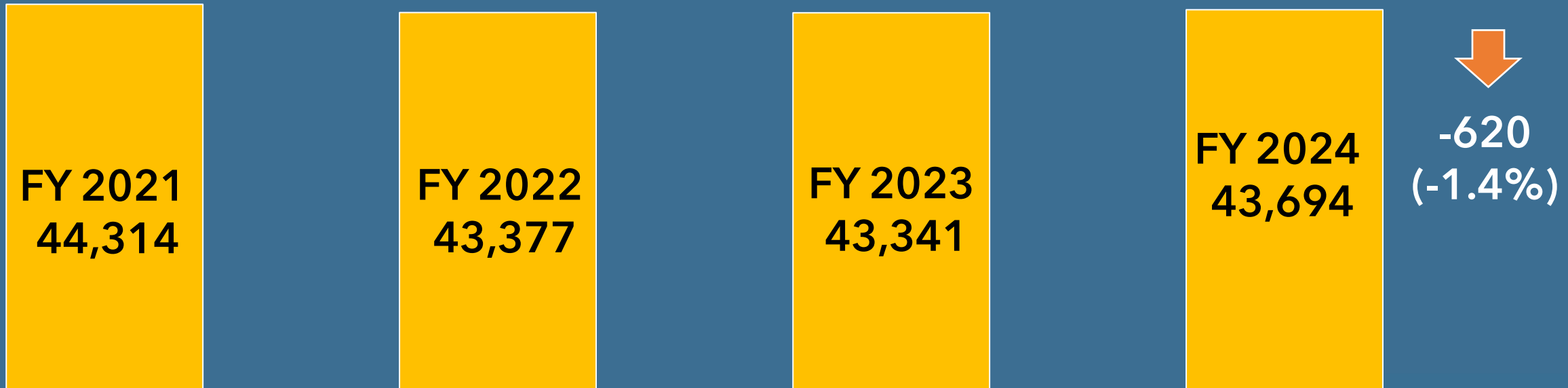
Source: Department of Elementary and Secondary Education

K-12 Highlights - FY 2024 Budget

- **FY 2024 budget - half of SOA complete, another \$640M increase to Chapter 70 and other SOA items, on pace for implementation by FY 2027. Roughly \$1.3B in total aid increase. Focused in low-income communities, allowing for more transformative investments**
- **COVID era impacts - enrollment remains stable from last year, down from before the pandemic. Inflation in the formula at maximum of 4.5% for a second straight year in FY 2024. Not accounting for full cost growth in this period. Free school meals maintained through new funding in the state budget**

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

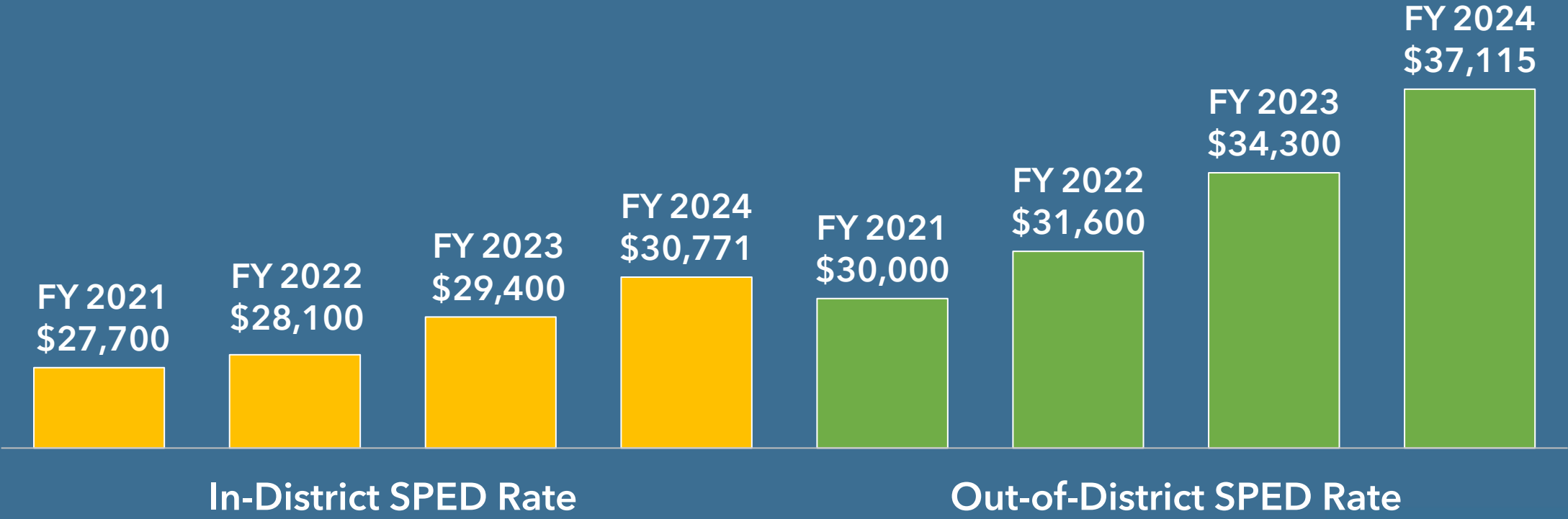
Chapter 70 Foundation All Special Education Assumed Enrollment, FY 2021 (baseline) – FY 2024 (SOA year 3 of 6)



Source: Department of Elementary and Secondary Education

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

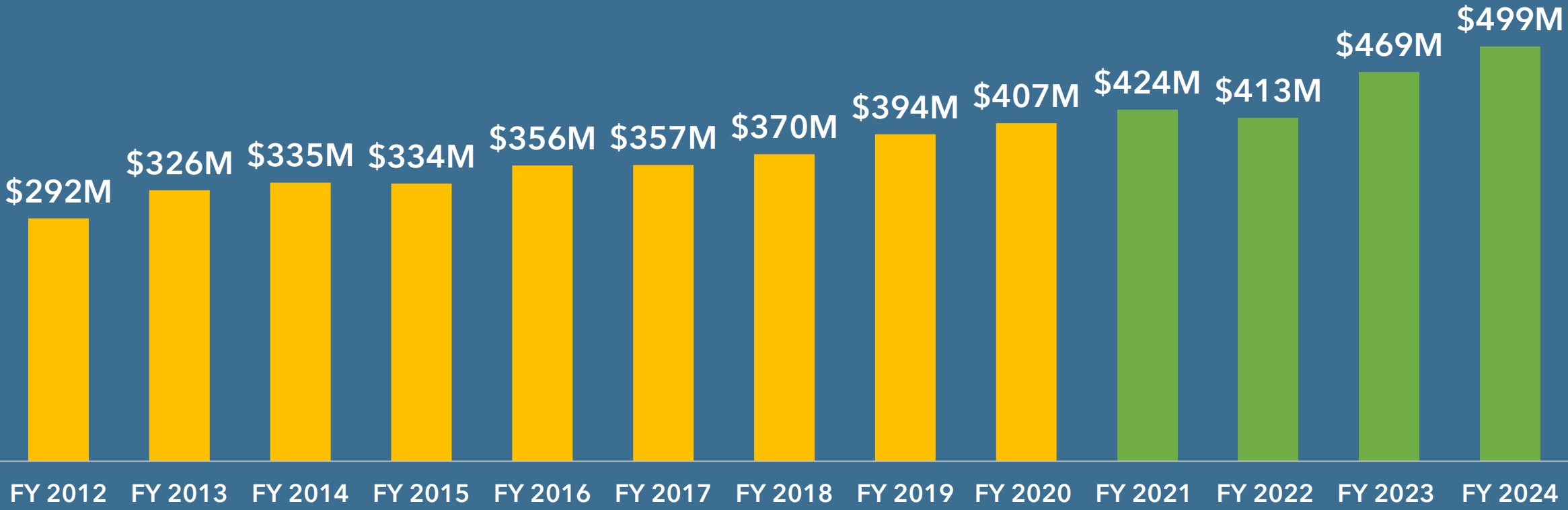
Chapter 70 Foundation Budget Rates, FY 2021 (baseline) – FY 2024 (SOA year 3 of 6)



Source: Department of Elementary and Secondary Education

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

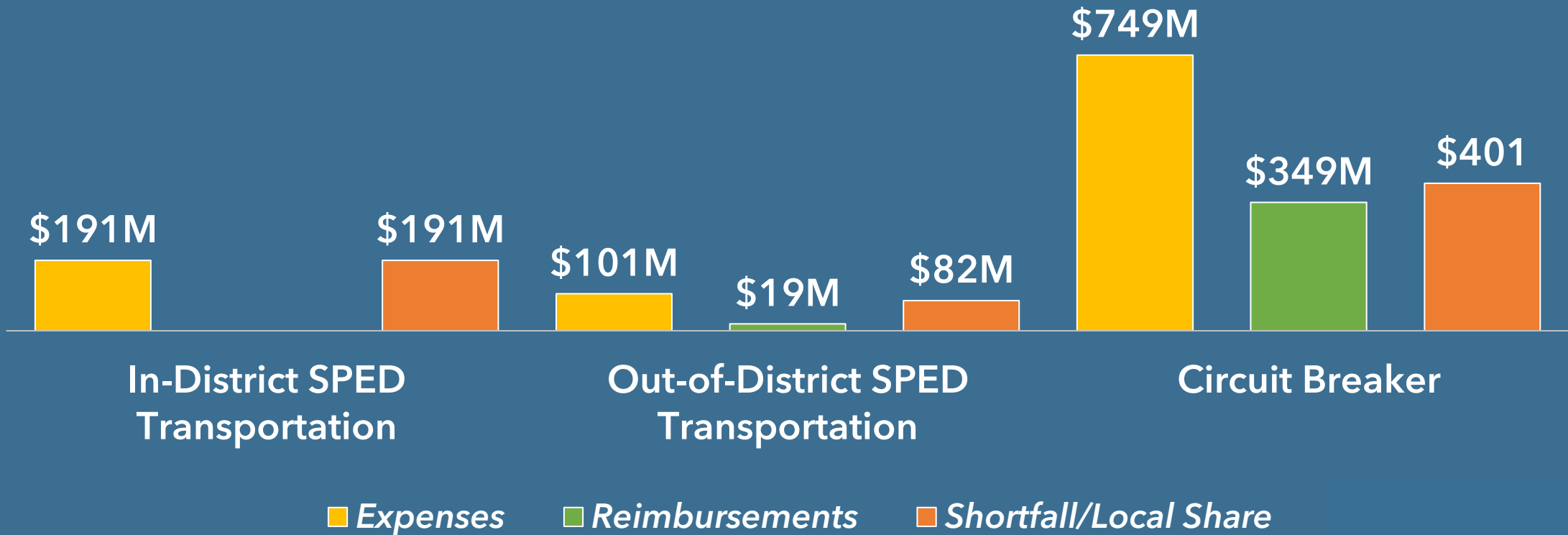
Inflation adjusted circuit breaker funding, FY 2012 – FY 2024 Current, millions



Source: MassBudget Budget Browser

Unfunded Mandates in Special Education and Transportation - 2022 Snapshot

FY 2022 expenses, reimbursements, local share, millions



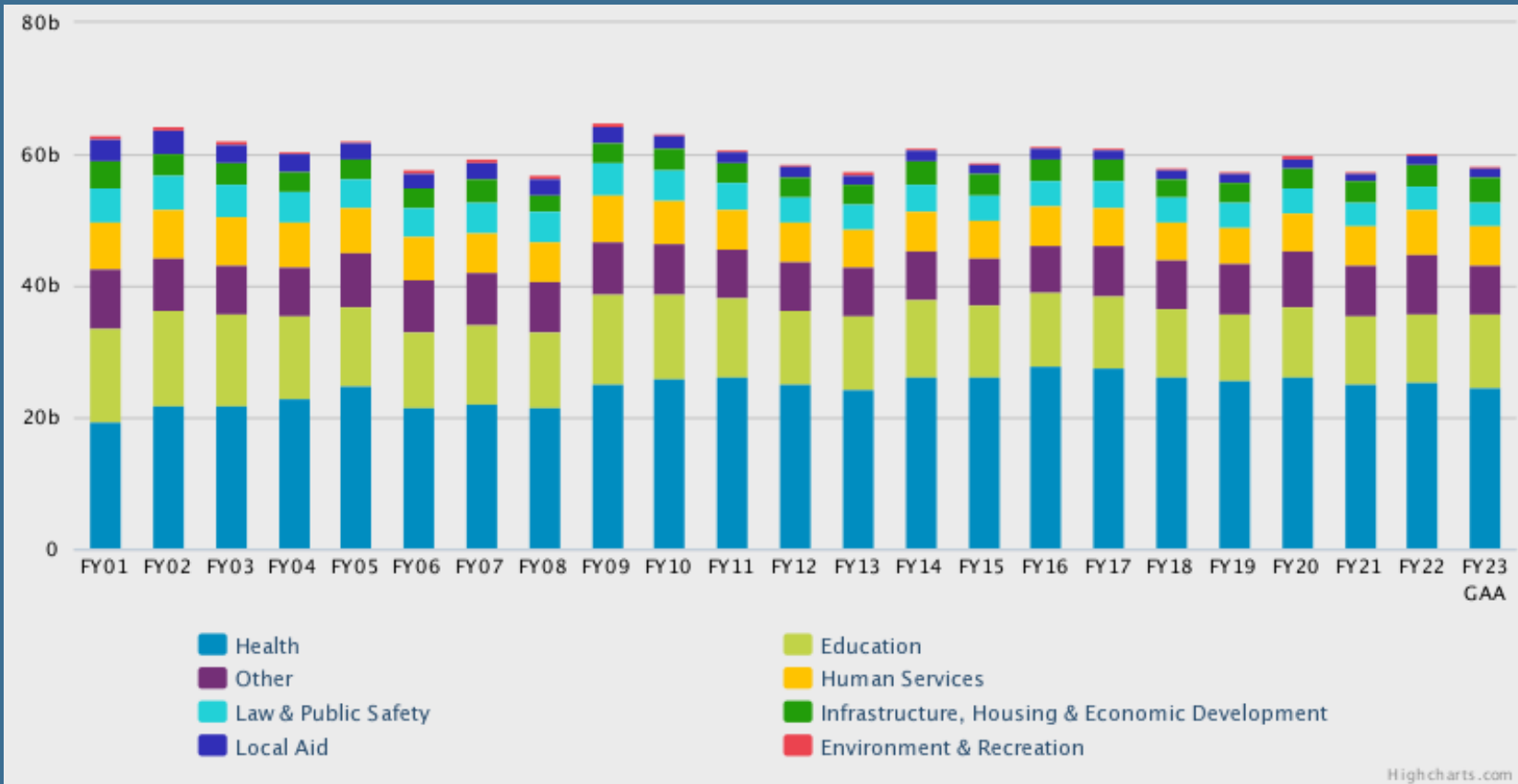
Source: Division of Local Mandates, October 2022

Latest on Special Education Costs

- October memo from Operational Services Division, suggests a moderate inflation increase of 4.7% in the cost of private special education services in FY 2024
- Dramatic decrease from the 14% cost increase in FY 2024 - it appears OSD is not broadly concerned with retention & attrition problems in the field, that necessitated the unprecedented increases. Generally, in line with the rest of the Chapter 70 system
- Late-breaking story to follow - supplemental budget moving now that would add \$75M account to help address the FY 2024 spike in special education costs, this appears likely to pass soon



What is in the Budget?



Our *Budget Browser* tracks every line item since FY 2001.

[massbudget.org/
budget-browser](https://massbudget.org/budget-browser)

Stay in touch!
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