



K-12 Budget & Funding Update: Challenges & Solutions

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The budget is a set of **inputs and outputs** (money coming in and going out).



The budget is a statement of our values.

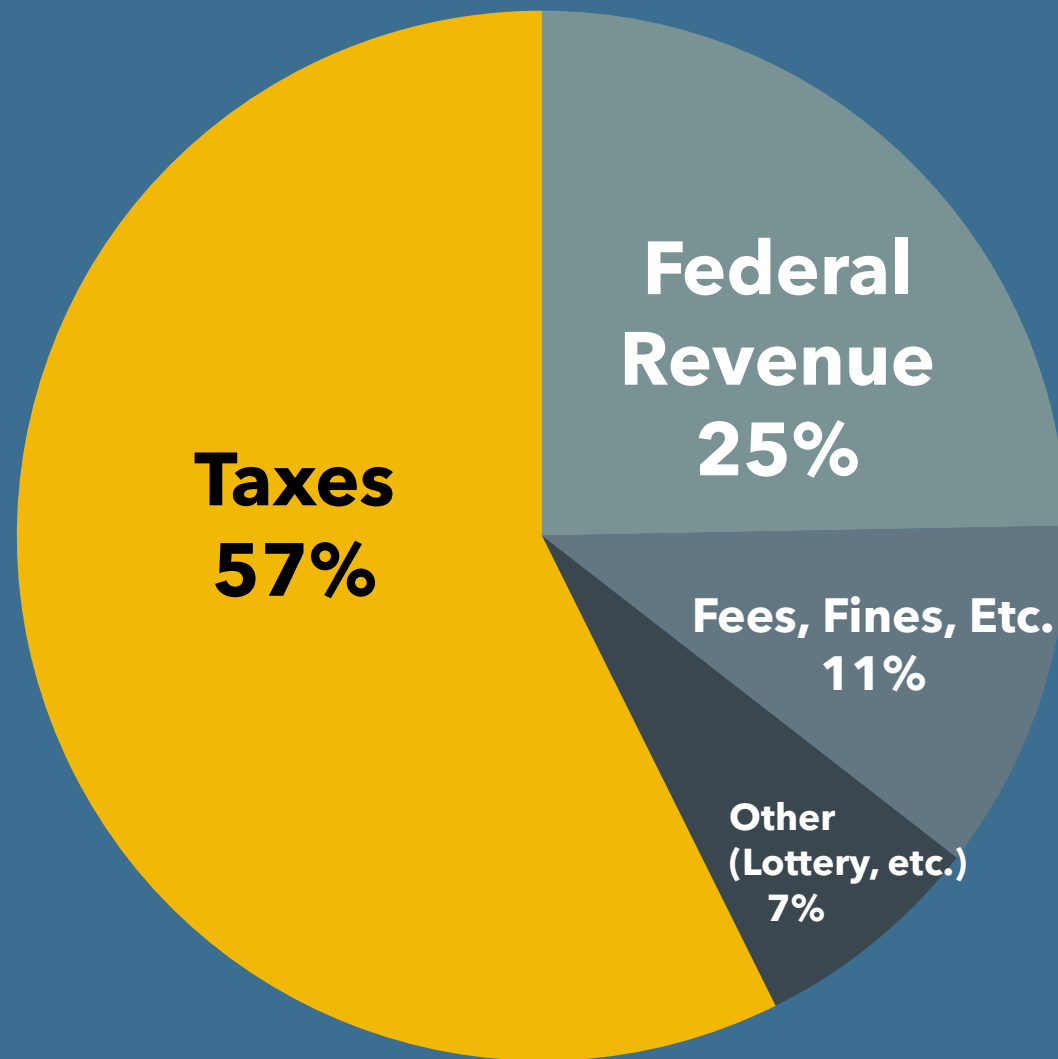
It's a set of choices we make about the kind of community we want. Which communities and services deserve funding?

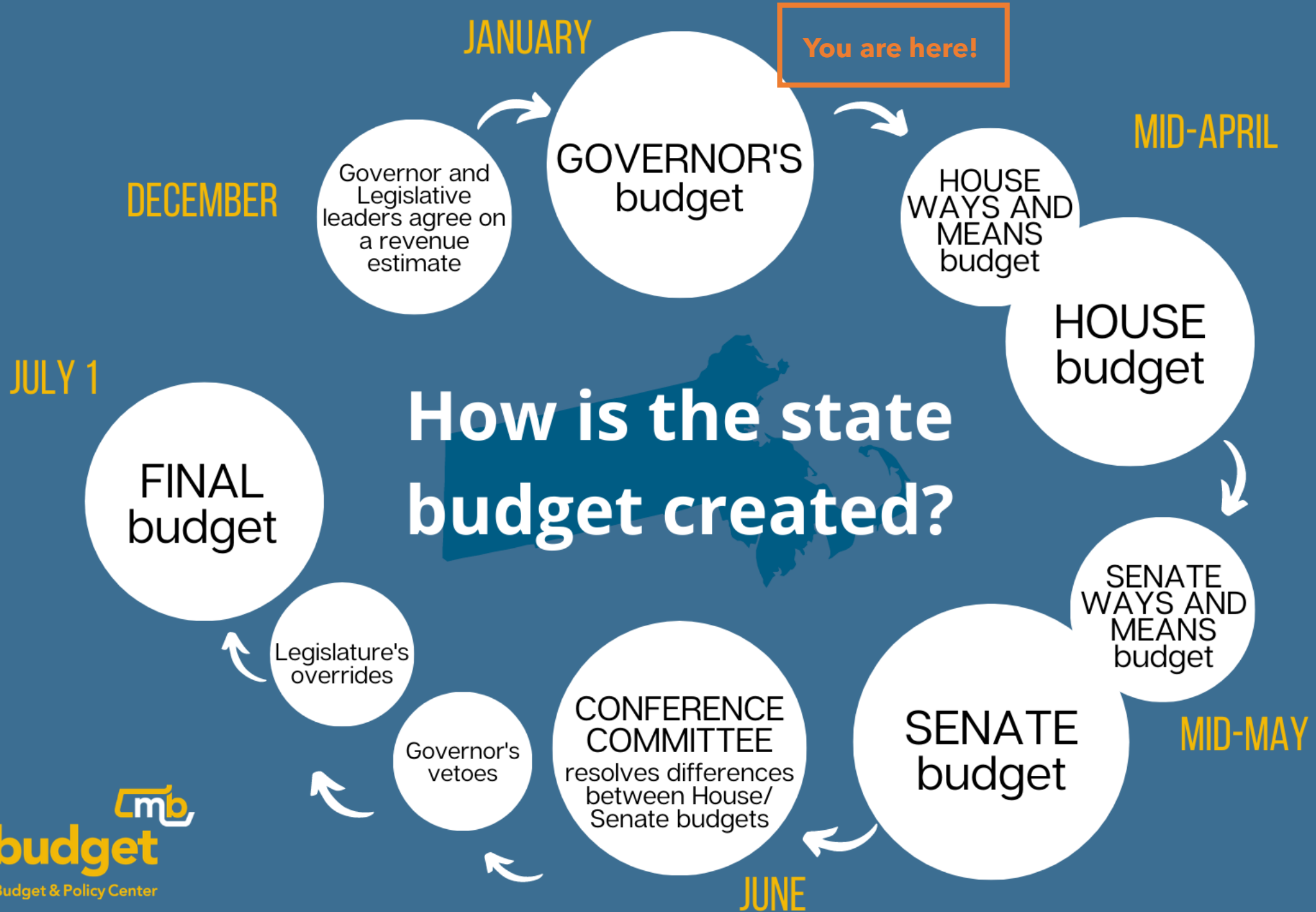
The state budget is a moral document.





Where does Massachusetts' revenue come from?





Governor
Maura Healey

House
Speaker
Ron Mariano

Senate
President
Karen Spilka

Chair of House Ways
& Means
Aaron Michlewitz

Chair of Senate Ways
& Means
Michael Rodrigues

State agencies

House of
Representatives

Senators

Current Budget Highlights

- **Implementing year 4 of the Student Opportunity Act in FY 2025 - added funding for minimum aid and a small amount to increase the count of low-income kids.**
- **No progress on the Chapter 70 inflation fix to catch up districts to extraordinary cost growth of the past 3 years (more on this later).**
- **Key Fair Share programs like universal free school meals continued. With only \$1.3B in Fair Share budgeted in FY 2025 compared to up to \$2.4B raised from the tax, potential to do much more.**

Great Opportunity - \$1.3B Fair Share Tax Investments

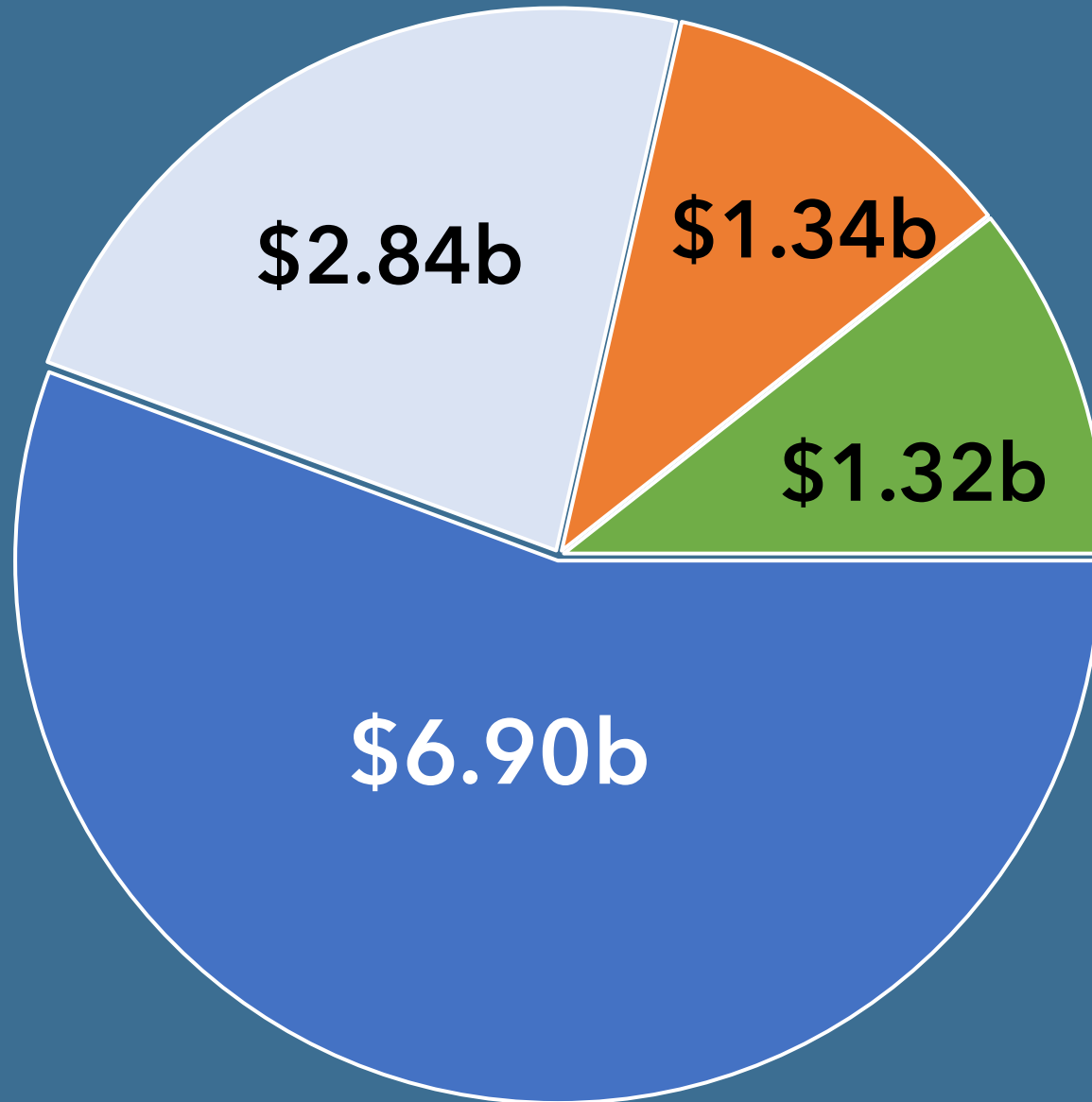
Fair Share Addressing a Variety of Needs in FY 2025		
Category	Totals	Percent
Transportation	\$539,000,000	41%
Early Education & Care	\$278,000,000	21%
K-12 Education	\$245,000,000	19%
Higher Education	\$239,000,000	19%

Breaking Down the K-12 Education Budget



**FY 2025
Budget
\$12.40 billion**

***K-12 Formula
Aid Grew by
\$309M in FY25***



Chapter 70 Aid & Reserves

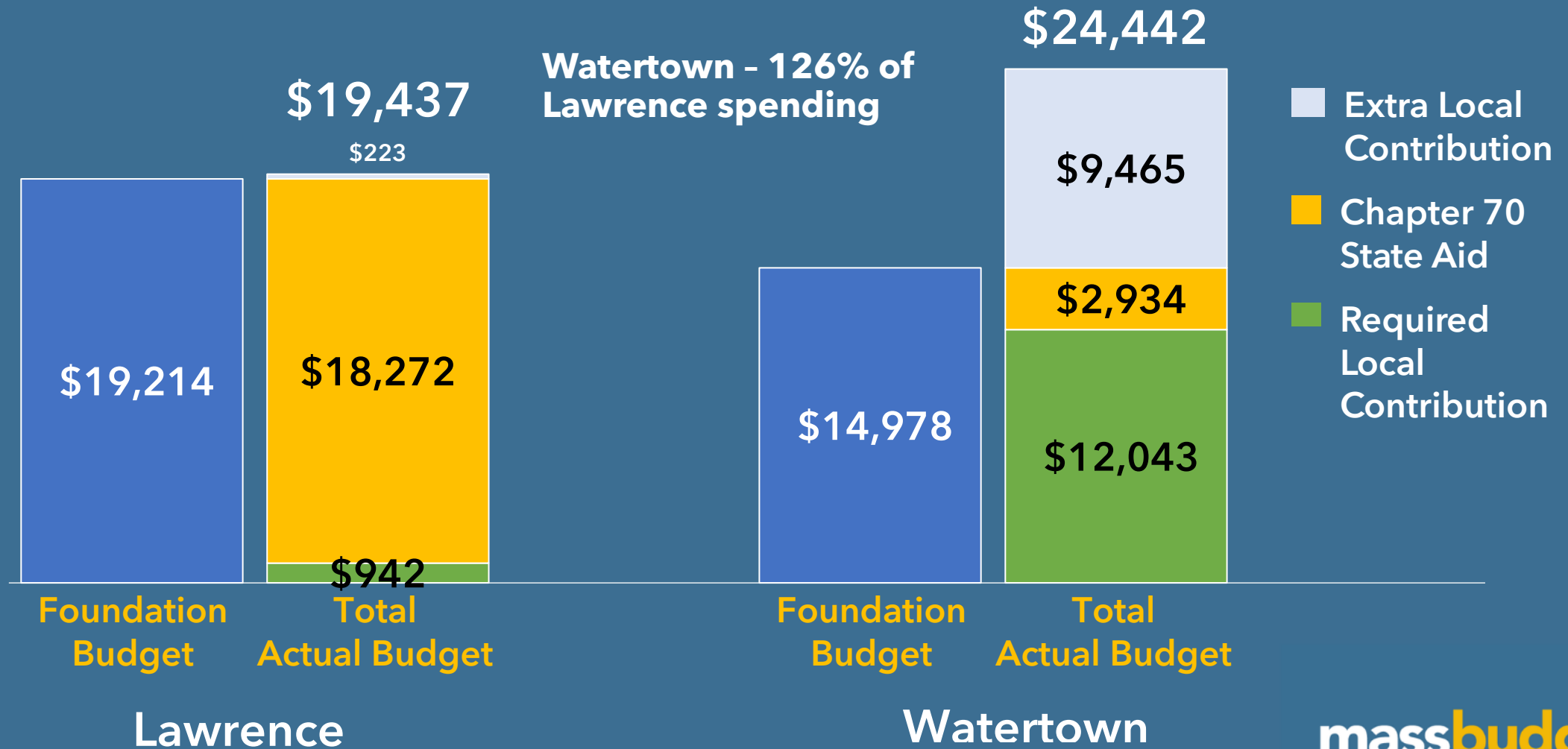
Teacher Pensions

K-12 Grants and Admin.

School Building - MSBA

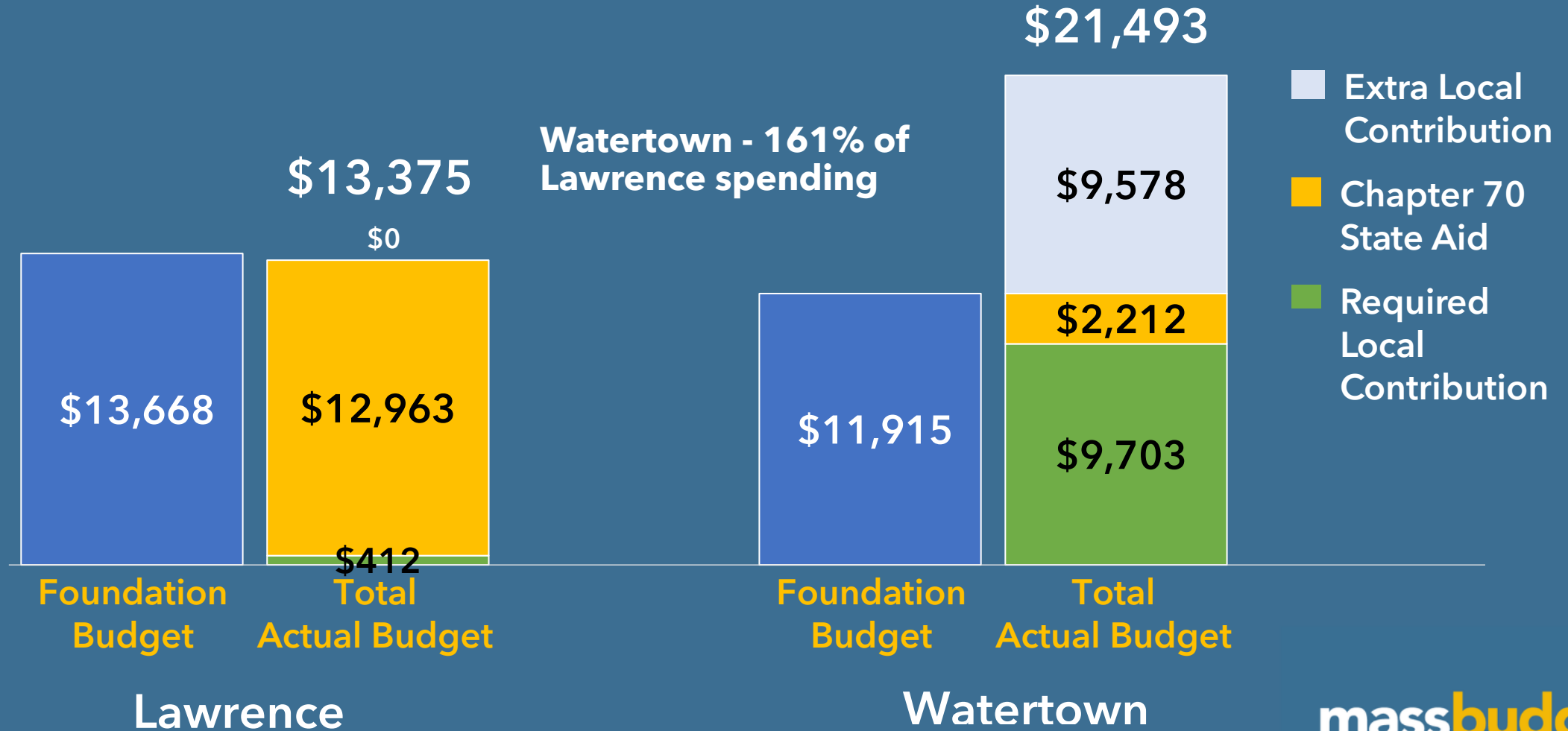
K-12 Funding Comparisons – Halfway Through SOA

Per pupil spending by revenue source, FY 2024



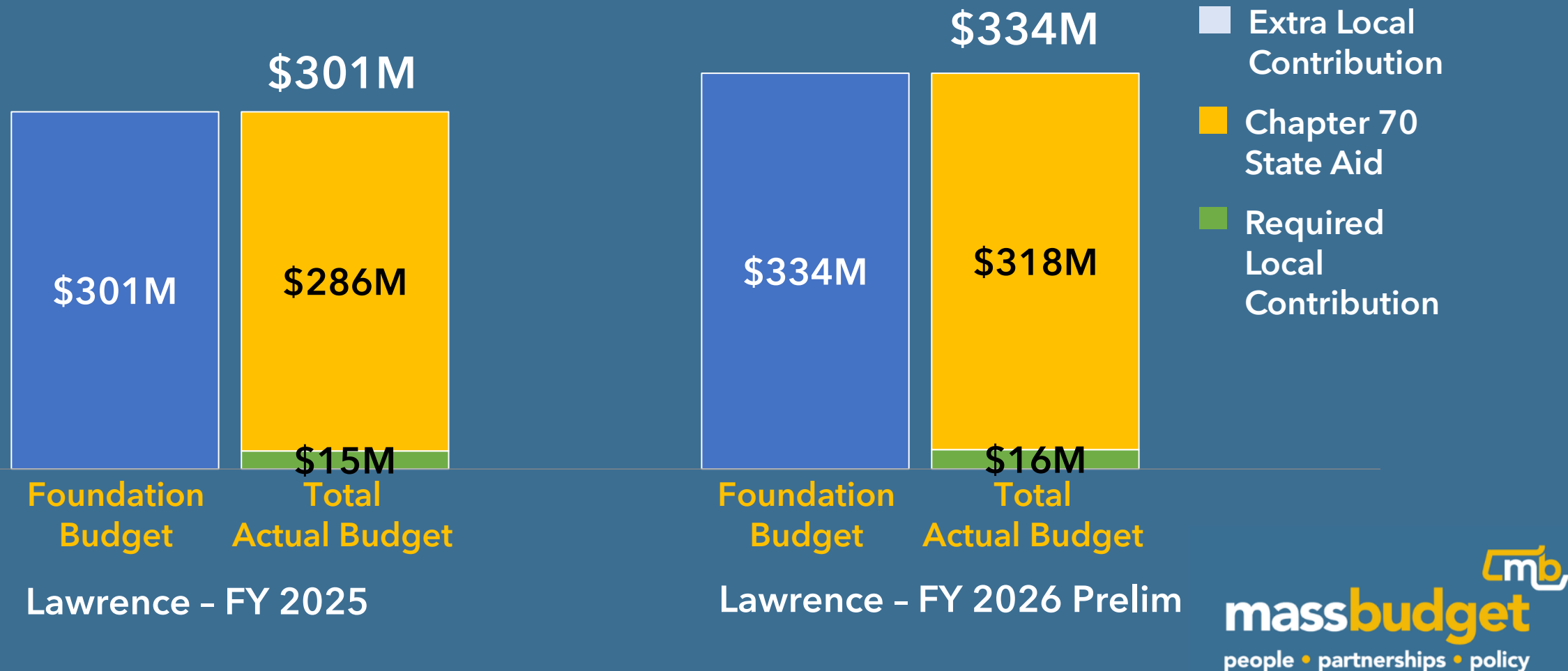
K-12 Funding Disparities Were Larger Before SOA

Per pupil spending by revenue source, FY 2020



Formula Funding for Lawrence Rising Over \$32M in FY26, Nearly All is State Aid

Required spending by revenue source, FY 2025 - FY 2026 Preliminary



Statewide Chapter 70

District Chapter 70

District Chapter 70 Aid Share

Chapter 70 Aid Increased with SOA, Districts Would Receive More with Inflation Fix

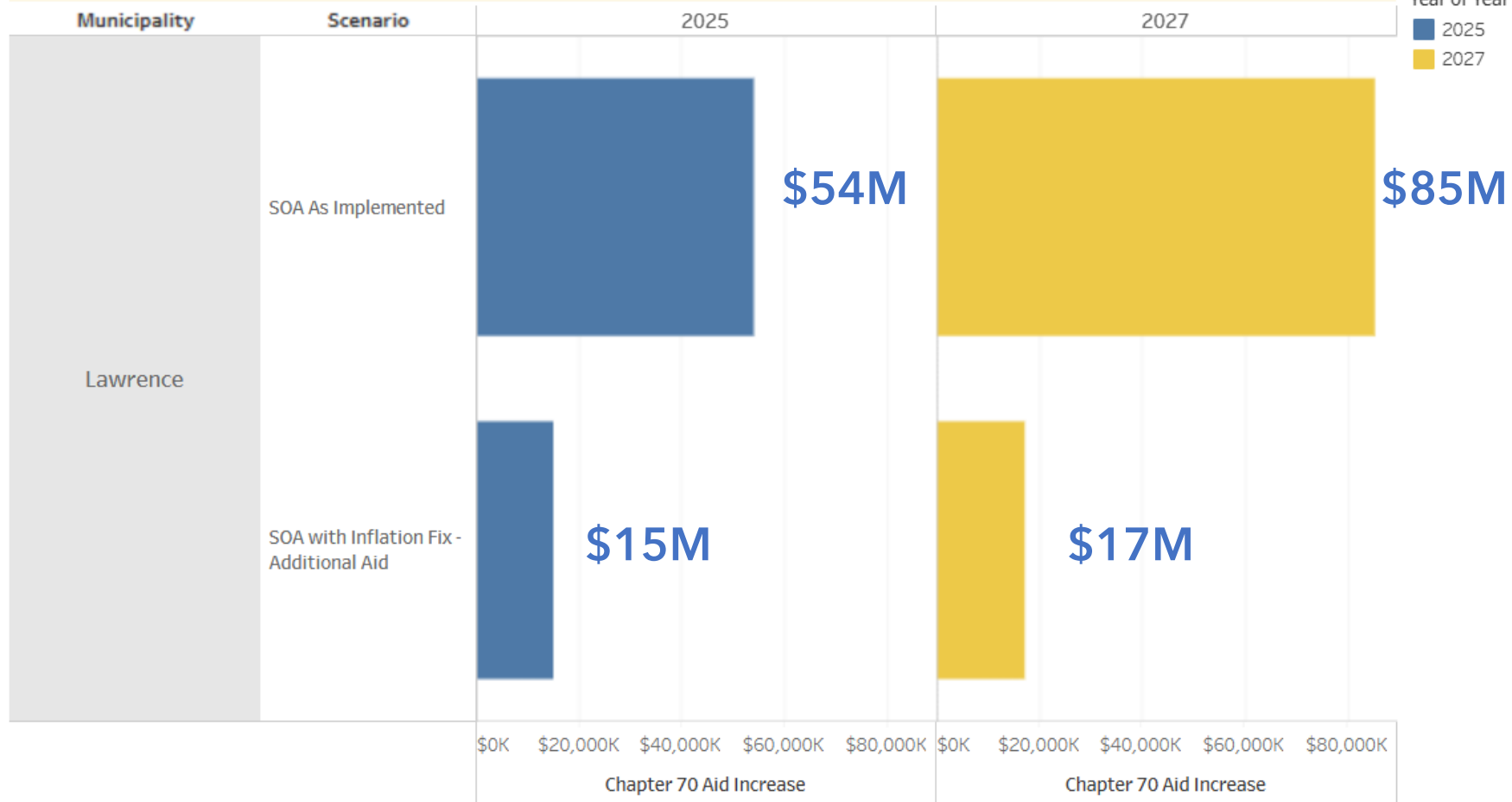
Municipality

Lawrence

Year of Year

2025

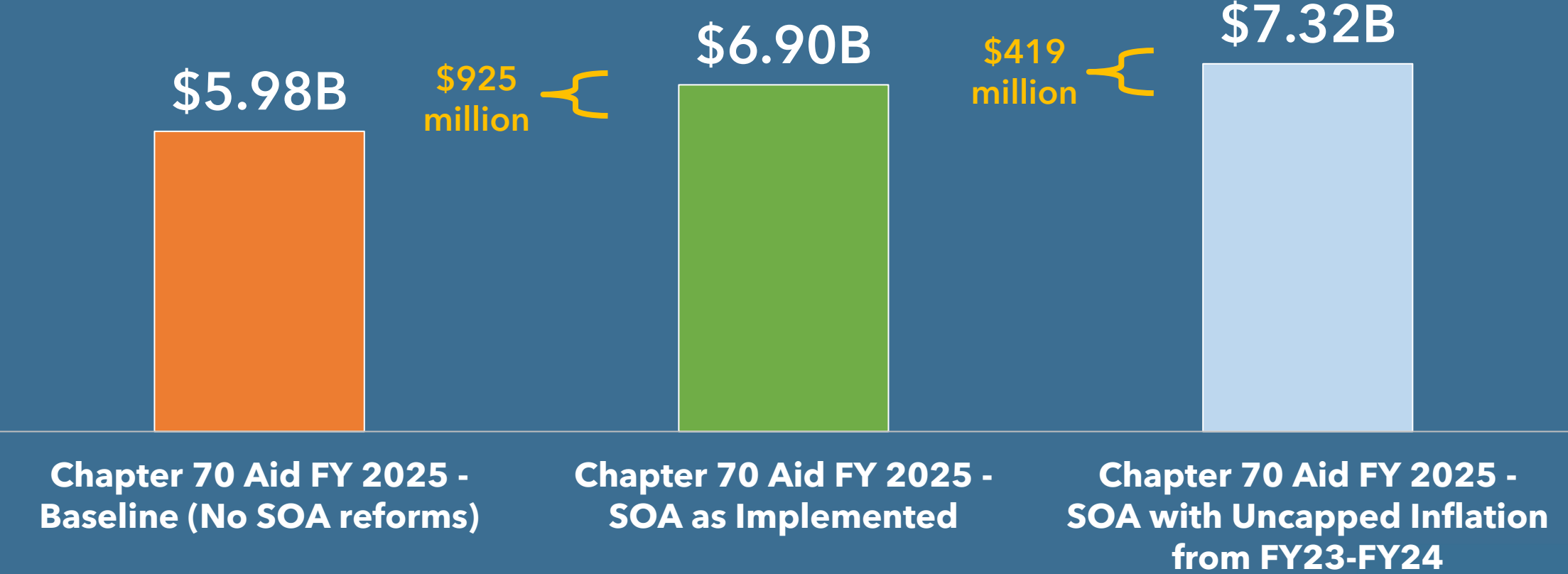
2027



Additional Funding Under the Student Opportunity Act (SOA) as Implemented Over the Status Quo Without SOA, & Additional Funding if the Policy was Fully Adjusted to Inflation, by District, FY 2025 and FY 2027 (projected)

Overall Picture - SOA Increasing Aid by \$925M Annually through FY25, Inflation Fix Would Increase Aid by \$419M

Statewide Chapter 70 Aid FY 2025 – baseline projection without SOA reforms, GAA SOA reforms as implemented, SOA reforms with uncapped inflation through FY 2025



Source: Department of Elementary and Secondary Education, MassBudget projections

K-12 Funding in the Governor's Budget Plans

- **Implementing year 5 of SOA in FY 2026 - Gov. proposals also included \$275M in new grants to support growing K-12 costs - transportation, special education, school buildings**
- **Not directly addressing a key root cause of under-inflated K-12 funds to school districts, dealing more with downstream problems**
- **Coming around on Fair Share - Gov. FY 2026 budget raises millionaire tax resources to \$1.95B and has companion bill to use prior year unspent funds of \$1.32B**

Seizing Opportunity - \$1.95B in Fair Share Tax Investments

Fair Share Addressing a Variety of Needs in FY 2026 Gov. Budget

Category	Totals	Percent
Transportation	\$765,000,000	39%
K-12 Education	\$475,000,000	24%
Early Education & Care	\$373,000,000	19%
Higher Education	\$337,000,000	17%

Making up for Lost Time - \$1.32B Proposed Supplemental Fair Share Investments

Fair Share Addressing a Variety of Needs in Proposed Supp. Budget

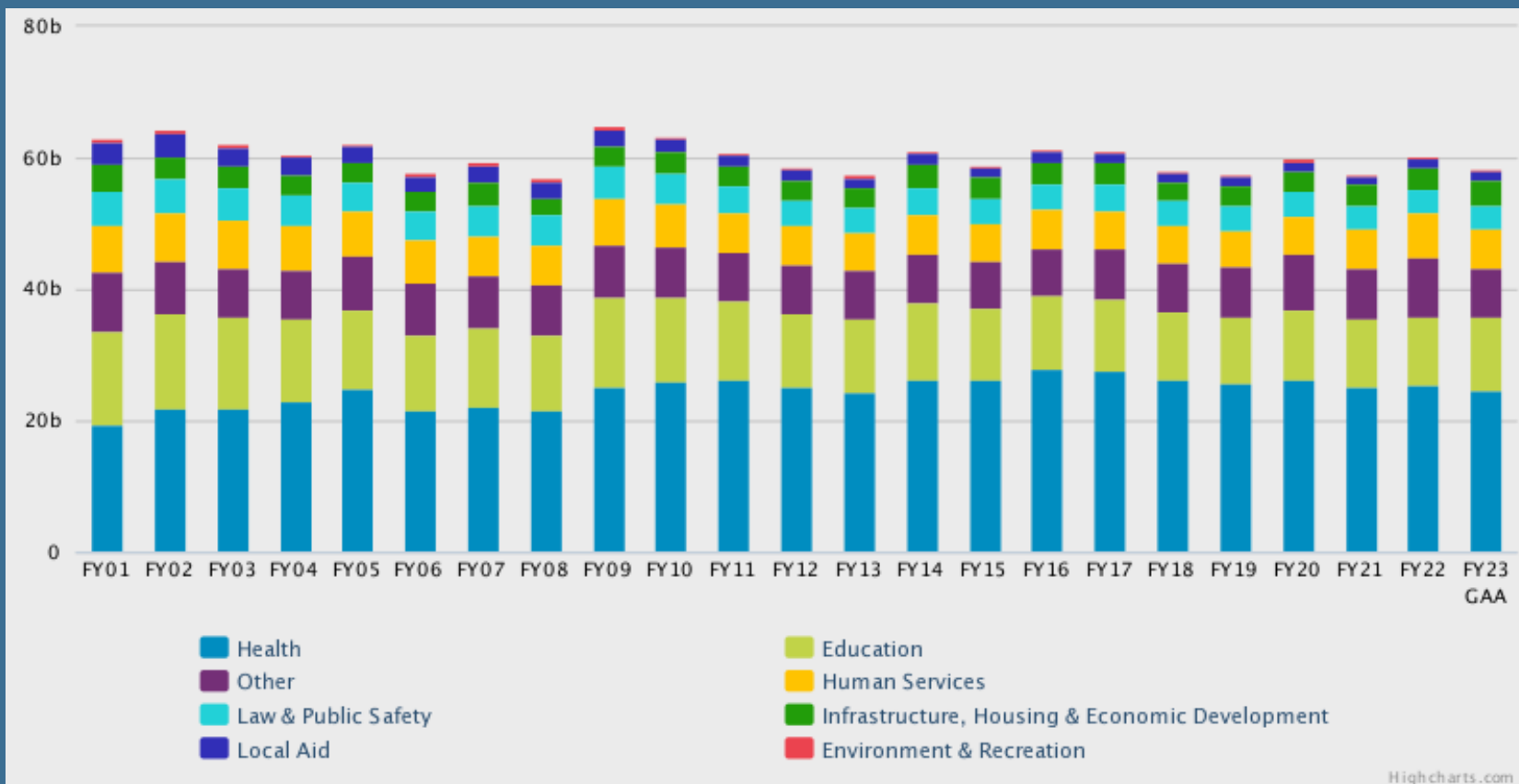
Category	Totals	Percent
Transportation	\$857,500,000	65%
K-12 Education	\$312,500,000	24%
Early Education & Care	\$150,000,000	11%
Higher Education	\$0	0%

K-12 Funding - Next Steps

- **All districts are facing a challenging environment, need for more services and support, high costs, gaps left by expired COVID funds**
- **Options to consider through the rest of the budget process and legislative session**
 - 1. Fix Chapter 70 inflation statewide, likely with multi-year phase-in**
 - 2. Invest more in grant programs in areas like transportation, special education, rural aid, and school building to ease pressure on city budgets, provide more options to cover costs**
 - 3. Longer term - convene a commission to look at structural issues in K-12 funding generate proposals for the next 5 years**



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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