HOUSE . . . . . . No. 5267

The Commonwealth of Massachusetts

THIRD INTERIM REPORT

OF

THE SPECIAL COMMISSION

RELATIVE TO

THE LAWS OF THE COMMONWEALTH

PERTAINING TO ELEMENTARY AND

SECONDARY EDUCATION AS THEY

RELATE TO UNEQUAL EDUCATIONAL

OPPORTUNITIES AND SERVICES

(under Chapter 157 of the Resolves
of 1973 and most recently revived
and continued by Chapter 7 of the
Resolves of 1977)

MARCH 1, 1978
ACKNOWLEDGMENTS

The Special Commission on Unequal Educational Opportunity would like to thank the many people who have helped in the preparation of this report and the school finance proposal.

Both the legislative and executive branches have made significant contributions to the report, as well as the various groups represented on the Commission.

Special thanks are extended to the School Finance Planning Project Office of the Department of Education which prepared numerous computer printouts and analyses for the Commission's deliberations.
March 1, 1978

TO: The Honorable Senate  
The Honorable House of Representatives

FROM: The Special Commission on Unequal Educational Opportunity

The undersigned members of the Special Commission on Unequal Educational Opportunity (established by Chapter 157 of the Resolves of 1973) submit the following report:

Very respectfully,

[Signatures]

Senate Chairman
House Chairman
SPECIAL COMMISSION ON UNEQUAL EDUCATIONAL OPPORTUNITY

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Walter J. Boverini

VICE-CHAIRMAN:
James G. Collins

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Report of the Special Commission

On

Unequal Educational Opportunity

March 1, 1978

Senator Walter J. Boverini
Senate Chairman

Representative James G. Collins
House Chairman

Rosamond Crane
Executive Director
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**APPENDIX A**

An Act Revising the Formula For State Aid to the  
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The Special Commission on Unequal Educational Opportunity initially demonstrated the need for school finance reform legislation in its first interim report, House 6474 of the Acts of 1975. The Commission concluded at that time that Chapter 70 failed to realize its legislative intent: "To promote the equalization of educational opportunity in the public schools of the Commonwealth and the equalization of the burden of the cost of school support to the respective cities and towns." Some municipalities can afford to spend up to four times as much money per student as others, resulting in great disparities in the quality of educational services found from community to community.

The reason for this is clear: the availability of school revenues is directly dependent upon local property wealth and the other revenue requirements of the district. A community which is rich in property wealth and has small municipal requirements can tax itself at a low rate to raise ample revenue for the support of its schools. Conversely, the community which is poor in property wealth must tax itself at a much higher rate to raise substantially less money.

Compounding this systematic inequity, state funding of special, bilingual and vocational education programs does not take into account local ability to pay; and all these programs except vocational aid come "off the top" of the same money appropriated for Chapter 70. Subsequent study has proven that with time, the
inherent inequities in the Commonwealth's current system for the support of public schools grow greater and become more crucial.

The urgency for legislative attention to these matters was evident when the Commission held three public hearings in the fall of 1977. These were supplemented by numerous smaller meetings with requesting interest groups. Testimony overwhelmingly stated the need for a simple, more equitable formula for distribution of state aid to education. Local officials expressed dismay at the expenditure-driven nature of Chapter 766, and the over-all prioritized, categorical structure of state aid. The cities communicated their particular strain because of municipal overburden factors and large elderly populations. The poorest municipalities expressed discontent with the current mechanism for underfunding and demanded tax equity. The educators expressed concern for the "average" student, feeling that regular education programs are being short-changed. In response to these problems, the Commission subjected the current school finance laws to extensive review.

CURRENT LAWS

Currently, state school aid is distributed through two line items in the Commonwealth's budget. One line item (A) includes three formulas: special education, bilingual education, and Chapter 70 (regular education). The second line item (B) is for the distribution of vocational education aid.

The following is a summary of current formulas:
A. Prioritized Funding

1. SPECIAL EDUCATION
Chapter 71B, Section 13
Reimbursable: Amount which exceeds the average per pupil expenditure of the district provided it doesn't exceed 110% of (the applicable state average expenditure for each special education pupil) minus (the state average per public school pupil).

2. BILINGUAL EDUCATION
Chapter 71A, Section 8
Reimbursable: Amount which exceeds the average per pupil expenditure of the district (capped at 4 Million).

3. REGULAR EDUCATION
Chapter 70

FORMULA: Reimbursable expenditure \times School Aid Percentage

Definition:
Reimbursable: (Total amount expended for public schools excluding transportation, food service programs, vocational education and capital outlays) minus (receipts for federal and state aid except Chapter 70).

School Aid Percentage
1.00 - (0.65 \times (valuation percentage))
(15% to 75% floor/ceiling)

Valuation percentage:
(equalized property valuation per school attending child in the district)
Divided by
(equalized property valuation per school attending child statewide)
B. VOCATIONAL EDUCATION
Chapter 74, Section 9

FORMULA: \[ \frac{1}{2} X (\text{Net Maintenance sum}) \]

Definition:

Net Maintenance Sum: (Total Maintenance sum raised by taxation and expended for maintaining local or district independent schools other than departments in high schools) minus (tuition claims and receipts from labor of pupils and sale of products).

Line item (A) is labelled "Prioritized Funding" because the special education entitlements are determined first. Then the bilingual entitlements are determined (up to 4 million dollars). All that is left of the appropriated figure after these two determinations are made, is distributed through the Chapter 70 formula.

There are several problems with the use of this line item. First of all, as the amounts due under special education have grown and the appropriation for this total line item has not grown at the same rate, less aid is being distributed through Chapter 70. For this reason, the gap between entitlements and what school districts actually receive has been widening in recent years.

The second problem is an aspect which involves equalization. Under the current law, the only formula which attempts to measure the wealth of local school districts (and, in effect, their ability to raise funds for school use) is Chapter 70. The
"valuation percentage" takes into account the equalized property valuation on a school attending child basis.*

Since none of the other formulas include a measure of local wealth, as Chapter 70 has been reduced, so has the amount of aid which has been distributed through an equalizing formula.

A final problem in this line item is the way in which aid is distributed through Chapter 70 when entitlements exceed the aid available for distribution. The fact that Chapter 70 has only been fully funded twice since its inception makes the underfunding mechanism even more important.

Currently, when Chapter 70 is underfunded, each community receives the same percentage of their aid entitlement. This means that poorer districts lose more in absolute dollars than wealthier districts.

For example: Suppose, Chapter 70 is underfunded by 50% and there are two communities entitled to aid. Town A which is wealthy is entitled to $10, and Town B which is poor is entitled to $50. Under the current law, Town A would receive $5 and lose $5, and Town B would receive $25 and lose $25.

Vocational Education, the second line item, does not contain any equalizing aspect or measure of the local district's ability to raise funds to support its schools. Also, vocational education has fared better in that it has been fully funded more

*The Commission agrees with the concept of valuation percentage but differs with the use of school attending children as a divisor.
often than Chapter 70 and the extent of underfunding has been less drastic than Chapter 70.

The current laws clearly do not follow the concept of equalization. However, in all fairness, the reason they were enacted should be discussed. When new programs were mandated by the state, the General Court found it wise to establish a prioritized funding system to counteract the criticism that state mandated programs did not include the necessary financial support on the part of the state.

The extent to which the costs of these programs were underfunded and the fiscal situations in the Commonwealth were two key factors leading to the unacceptable aid situation presently.

The Special Commission on Unequal Educational Opportunity recognizes the problems which have resulted from the current system and is proposing a school finance reform bill which the commission members believe provides a greater amount of equalization in the distribution of state aid to local school districts.

The Commission also recognizes the need for increased state aid to local school districts. No finance reform will result in equalization unless significant amounts of state money are added on a continuing basis. To this end, the Commission has recommended a goal of 35% average state aid in Fiscal Year 1979; 40% in Fiscal Year 1980; 45% in Fiscal Year 1981; and 50% in Fiscal Year 1982. The Commission strongly urges the
legislature to provide the financial backing necessary to enact its school finance reform proposal which is summarized below:

**SCHOOL FINANCE REFORM PROPOSAL**

The Special Commission bill combines the four current aid formulas (special education, bilingual education, Chapter 70, and vocational education) into one formula. The formula uses the "weighted pupil concept" to account for the numbers and cost differences of students in each of the four types of programs. In addition, a low income factor is introduced to reflect the need for additional aid to districts with significant numbers of Title I children.

Each school district's aid entitlement will be determined by the following formula:

1. (School Aid Percentage) TIMES
2. (Statewide average current expenditure per pupil the previous fiscal year) TIMES
3. (Total weighted full-time equivalent pupils in the district) (FTE's)

Definitions:

1. **School Aid Percentage**
   
   *(in FY 79)* 100% - ((65% (Valuation Percentage))

   Valuation Percentage:

   (equalized property valuation per capita in the district) divided by (equalized property valuation per capita statewide).
This factor determines the state aid portion of the formula for a particular school district: (65% is the local support percentage on a statewide average, and 100% - 65% reflects the state's average support = the goal for state average support in Fiscal Year 79 is (100% - 65%) or 35%. By including the "valuation percentage", the equalizing element takes effect. In subsequent years, the average local support percentage will be reduced 5% per year to a 50% level and, conversely the state average support will increase 5% per year to a 50% level. The school aid portion of the formula will vary from community to community based on the relative property value per capita.

2. Statewide average current operating expenditures per pupil for the previous fiscal year.

This portion of the formula will be held constant for all districts in a given year. It is the base by which the school aid percentage and total FTE's in the district will be multiplied.

3. Total weighted full-time equivalent pupils in the district.

This element in the formula will vary from district to district. It will reflect the number of pupils in each program in the district, as well as the cost differences among programs. The weights were determined based on the statewide average costs for each program.
The weights are as follows:

- Regular day program: 1.0
- Bilingual education program: 1.4
- Special education (except residential): 4.0
- Special education residential: 6.3
- Vocational education: 1.5
- Add on weight for low-income (Title I): .2

The "full-time equivalent" element of the formula refers to the portion of time a student spends in a particular program.

**EXAMPLE:**

Town A has 5 students:

(a) 2 are full time in a regular program

(b) 1 is half time in regular day, half time in bilingual education

(c) 1 is full time in a non-residential special education program; and

(d) 1 is full time vocational education, plus Title I eligible

The total of Full-Time Equivalent pupils in the district would be:

<table>
<thead>
<tr>
<th>FULL-TIME EQUIVALENT</th>
<th>WEIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) 2 x 1.0</td>
<td>= 2.0</td>
</tr>
<tr>
<td>(b) .5 x 1.0</td>
<td>= .5</td>
</tr>
<tr>
<td>.5 x 1.4</td>
<td>= .7</td>
</tr>
<tr>
<td>(c) 1 x 4.0</td>
<td>= 4.0</td>
</tr>
<tr>
<td>(d) 1 x 1.5 (plus low income .2)</td>
<td>= 1.7</td>
</tr>
</tbody>
</table>

**TOTAL FULL-TIME EQUIVALENT PUPILS = 8.9**
Other provisions in the bill:

**Minimum guarantee clause:**

No district shall receive less than 110% of what it received in 1978 for aid due in 1978. This shall then serve as the base level below which no district will fall.

**Redetermination of weights:**

A procedure is included which will allow the redetermination of weights, if warranted, every two years. The Board of Education will make initial recommendations which will be sent to the Education Committee of the General Court for hearings and further recommendations. The Board will then make the final determination based on these recommendations.

**Leveling-up provision:**

Three years lead time, following the year in which the state is making its full commitment of 35%, is given to allow communities to bring up their expenditure level to the average direct service expenditure level per pupil in a regular day program in the commonwealth times the sum of the full-time weighted equivalent pupils in the district.

Aid shall be deposited with the treasurer of the city, town, or regional district and shall be applied to expenditure for current operating costs during the year in which the aid is received. Not less than 70% shall be expended for instructional services, attendance services, health services, fixed charges and food services.
Proration:

In the event of underfunding on the part of the State, the local support percentage shall be adjusted upward to reflect an increase in local contribution and a decrease in state aid.
RELATEd ISSUEs
SUBCOMmitTEE REPORT

It has been suggested to the Commission that any school finance reform proposal should provide some guarantee of relief for the Commonwealth's property taxpayers. In response to this, a subcommittee was formed to examine the possibilities of placing controls on the increased local aid which would be distributed to the cities and towns through the proposed new formula.

The subcommittee met on three occasions and received a variety of suggestions, from several sources, which fall into three categories:

I. Levy limits and fiscal controls

II. Disclosure of state reimbursements on local property tax bills

III. State-level technical assistance to local management systems.

A detailed analysis of each of the three categories was prepared for the subcommittee by Dennis Dickstein, Anita Kramer, and Mark Morse of the Department of Community Affairs. These memoranda are available at the Special Commission office.

Based on these reports and other investigation, the subcommittee recommendations are as follows:

I. Levy limits and fiscal controls.

The subcommittee is in general agreement and recommends that levy limits should not be imposed on local communities in any form. Our research indicates that such limits have been counter-productive in states where they have been instituted.
Research on local levy and expenditure limits has led us to one universal conclusion: any mandated limit must be accompanied by substantial increases in local aid to counteract possible fiscal deficiencies caused by such limits. Realistically, Massachusetts cannot confidently predict the amount of local aid to be appropriated from year to year.

There are three basic reasons for this recommendation against levy or expenditure limits:

1) The subcommittee realizes that it is unfair to blame local officials for increased expenditures that have occurred in large part through state mandated programs.

2) We believe that a general, across the board levy limit would run counter to our primary goal which is to equalize educational expenditures. The subcommittee concluded that any mandated limit, at present, would put a severe financial strain on many communities. This conclusion was reached for two reasons. First, an additional $150 million in the local aid account for school aid would be a beginning, but at present would not significantly reduce the $3 billion raised by local property tax revenues. Second, some communities would need the increase in aid to raise their expenditures for equalization purposes. It is often the communities with per pupil expenditures well below the state average that must place the greatest burdens upon their property taxpayers.
We also reject the concept of putting severe restraint on school committees. For example, one idea suggested to the subcommittee was to raise the vote required within school committees for new expenditures from a simple majority to a two-third's vote. We believe that this would be an unworkable requirement. A two-third's vote would require four votes out of five on a five member school committee.

However, this is not to negate the role of school committees in this issue. The subcommittee contends that, in addition to the primary goal of equalization of educational opportunity, the clear intent of school finance reform legislation proposed by the Commission is that financial assistance provided under the proposed bill should be used, wherever possible, for the stabilization or reduction of local property taxes. The subcommittee believes that school committees will be judicious and sensitive in balancing their educational needs against the plight of the overburdened property taxpayers.

II. Disclosure of state reimbursements on local property tax bills.

To increase accountability in local financial matters, the subcommittee recommends the disclosure of further information regarding revenues and expenditures to the taxpayers through the property tax bill. As a result of this kind of reporting, citizens will be more fully aware of the effects of state assessments and aid appropriations upon their total taxes.
Provided with such information, the taxpayers will be better qualified to assess the practices of their local officials. The subcommittee, at the direction of the Commission, has instructed the staff to work closely with the Executive Office of Administration and Finance to further investigate this issue and present its recommendations, as soon as possible, for legislation and/or executive action.

III. State level technical assistance to local management systems.

The subcommittee believes that a fundamental prerequisite to local fiscal stability is a sound and effective system of local management. To assure that local officials make the best use of their resources, the subcommittee supports the initiatives of the executive branch in providing technical assistance to communities in the development of modern management systems, and urges that it be strengthened and continued.

Conclusion

This subcommittee realizes that the Special Commission on Unequal Educational Opportunity has a difficult, indeed Solomon-like, task before it. Equalization of educational opportunities and property tax relief are noble, though not always compatible, goals. We feel that the above recommendations will help to make the two coincide, wherever possible, in both a positive and palatable way.

For the Committee
Nick A. Paleologos
George Sprague
John Sullivan
AN ACT REVISING THE FORMULA FOR STATE AID TO THE PUBLIC SCHOOLS IN THE COMMONWEALTH

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Chapter fifty-eight of the General Laws is hereby amended by striking out section eighteen A, as most recently amended by Section 54 of Chapter 363A of the acts of 1977, and inserting in place thereof the following section:

Section 18A. Commencing with the fiscal year ending June thirtieth, nineteen hundred and seventy-nine, and continuing in every fiscal year thereafter, the state treasurer shall, subject to appropriation and upon certification of the commission, annually distribute from the General Fund to the several cities, towns, regional school districts and independent vocational schools, on or before the dates specified, to the extent that sufficient funds are available on such dates, the full amounts of school aid due the several cities, towns, regional school districts and independent vocational schools under the provisions of chapter seventy which become effective on July first, nineteen hundred and seventy-eight provided that not less than one quarter thereof shall be paid on or before September fifteenth. A second payment shall be made on or before December fifteenth, and a third payment shall be made on or before April fifteenth, and such payment, together with the payments previously made, shall equal seventy-five percent of the total amount due. The balance thereof shall be paid on or before June fifteenth.

If upon any date of distribution in said fiscal years the amount appropriated is insufficient to pay the full amounts of
school aid due under the provisions of chapter seventy which become effective on July first, nineteen hundred and seventy-eight, the provisions of section eleven of said chapter seventy shall be applied in determining the actual amounts to be distributed to the several cities, towns, regional school districts and independent vocational schools under said chapter.

The amounts so distributable or distributed to the cities, towns, regional school districts and independent vocational schools under this section shall be subject to verification, correction, and adjustment by the commission in the event of any error or omission in their determination. Any adjustment which reduces or increases the amounts to which a city, town, regional school district or independent vocational school is entitled shall be taken into account in the distribution of school aid to such city, town, regional school district or independent vocational school as soon as may be after the adjustment is made and certified to the comptroller and state tax commission. No such adjustment shall be made after June thirtieth of the second fiscal year following the fiscal year in which such amounts of aid were distributed. Amounts distributable or changed in such year shall have priority over all other amounts distributed or changed in such year.

For the purpose of this section, the agricultural schools maintained by the counties of Bristol, Essex and Norfolk shall be deemed to be regional school districts.

SECTION 2. The General Laws are hereby amended by striking out chapter seventy and inserting in place thereof the following chapter:

Chapter 70

SCHOOL FUNDS AND STATE AID FOR PUBLIC SCHOOLS

Section 1. The purpose of the financial assistance provided by this chapter shall be to promote the equalization of educational opportunity in the public schools of the commonwealth, to reduce
the reliance upon the local property tax in financing public schools, and to promote the equalization of the burden of the cost of school support to the respective cities, towns, regional school districts and independent vocational schools. Assistance provided under this chapter shall be designated as school aid.

For the purposes of this chapter, the agricultural schools maintained by the counties of Bristol, Essex, and Norfolk shall be deemed to be regional school districts.

Section 2. When used in this chapter, the following words shall have the following meanings:

"Average current operating expenditure per pupil in regular day program in the commonwealth", the sum of the total expenditures for all pupils enrolled in regular day programs in public schools in all cities, towns, regional school districts and independent vocational schools in the commonwealth during a fiscal year, as hereinafter defined, divided by the total of the sums of full-time equivalent pupils enrolled in regular day programs in all cities, towns, regional school districts and independent vocational schools during said year, as hereinafter defined.

"Average direct service expenditure per pupil in regular day program in the commonwealth", the sum of the total expenditures for all pupils enrolled in regular day programs in public schools in all cities, towns, regional school districts and independent vocational schools in the commonwealth during a fiscal year, as hereinafter defined, divided by the total of the sums of full-time equivalent pupils enrolled in regular day programs in all cities, towns, regional school districts and independent vocational schools during said year, as hereinafter defined;

provided, however, that the numerator of the fraction described in this paragraph shall include expenditures for instructional services, attendance services, health services, fixed charges and food services only. Expenditures for administration, athletic
and other student activities, plant operation and maintenance,
capital outlays, transportation and food for food services
shall not be included in the numerator of said fraction;
"Commissioner", the commissioner of education;
"Equalized valuation per person in a city or town", the
equalized valuation of all property in a city or town subject
to local taxation, as most recently reported by the state tax
commission to the General Court under section ten C of chapter
fifty-eight, divided by the number of persons who reside in
such city or town. In the case of a regional school district,
the equalized valuation per person shall be determined in the
following manner: first the equalized valuation per person of
each member municipality in the regional school district shall
be multiplied by the percentage of all pupils enrolled in the
regional school district who are residents of that municipality;
and second, the equalized valuations per person in all member
municipalities as so modified shall be summed. Independent
vocational schools under the jurisdiction of a board of local or
district trustees for vocational education shall be assigned
the equalized valuation per person of the city or town in which
they are located;
"Equalized valuation per person in the commonwealth", the
equalized valuation of all property in the commonwealth subject
to local taxation, as most recently reported by the state tax
commission to the General Court under the provisions of section
ten C of chapter fifty-eight, divided by the total number of
persons who reside in the commonwealth;
"Full-time equivalent pupil", the computational unit used for
the purpose of determining the number of pupils enrolled in
either public school or in a program approved under chapter
seventy-one B of the General laws and the regulations promulgated
thereunder, and educated at the full or partial expense of a
city, town, regional school district or independent vocational
school in each of the programs hereinafter described in the
definition of "weighted full-time equivalent pupil". Such unit shall be computed as follows:

(1) a pupil enrolled full-time in only one such program shall be counted as one full-time equivalent pupil in that program; provided that a pupil enrolled in a kindergarten or pre-school program which meets for a period of time each day no greater than one-half the minimum length for a school day as established by the board of education under section one G of chapter fifteen shall be counted as one-half of a full-time equivalent pupil in the program in which such pupil is enrolled;

(2) a pupil enrolled separately in two or more said programs shall be counted as a fraction of a full-time equivalent pupil in each program with each such fraction equal to the number of hours the pupil spends in each program divided by the total number of hours the pupil spends in all programs;

(3) a pupil enrolled in two or more said programs which are carried on simultaneously, and are therefore consolidated into one program, shall be counted as a full-time equivalent pupil in that one of such simultaneous programs in which the pupil is enrolled which has the highest pupil weight, as hereinafter provided in the definition of weighted full-time equivalent pupil; and

(4) a pupil enrolled in a program of more than one hundred and eighty-five days duration shall be counted as one full-time equivalent pupil plus a fraction of one full-time equivalent pupil in that program, with such fraction equal to the number of days in excess of one hundred and eighty divided by one hundred and eighty. The commissioner may by regulation, under the direction of the state board, further define the computation of "full-time equivalent pupil" as he deems advisable;

"Local support percentage" shall, except as provided in section eleven, be sixty-five percent for the entitlements to be distributed in the fiscal year nineteen hundred and seventy-
nine, sixty percent for the entitlements to be distributed in the fiscal year nineteen hundred and eighty, fifty-five percent for the entitlements to be distributed in the fiscal year nineteen hundred and eighty-one, and fifty percent for the entitlements to be distributed in the fiscal year nineteen hundred and eighty-two and in every fiscal year thereafter;

"Persons who reside in a city or town", the population of the city or town as enumerated in the most recent of the following:

(1) the most recent official state census conducted by the state secretary; or (2) the most recent official federal census, adjusted by the state tax commission to conform as nearly as possible to the same definitions as used in such state census;

"Pupil", a person who is enrolled in either public school or in an approved program under Chapter seventy-one B of the General Laws and the regulations promulgated thereunder, and educated at the full or partial expense of a city, town, regional school district or independent vocational school where said full or partial expense represents an actual outlay or disbursement by said city, town, regional school district, or independent vocational school;

"Regular day program", any public school day program not defined as special needs, vocational or transitional bilingual education under any other provision of the General Laws or regulations promulgated thereunder;

"School aid percentage" for each city, town, regional school district and independent vocational school, the amount by which one hundred percent exceeds the product of the local support percentage, as defined above, times the valuation percentage;

"State board", the state board of education;

"Sum of weighted full-time equivalent pupils" in a city, town, regional school district or independent vocational school, the total number of weighted full-time equivalent pupils in each program hereinafter defined in schools under the jurisdiction of a regional
school district committee, a school committee of a city or town, or a board of local or district trustees for vocational education as the case may be, and the totals so derived for each program then added together to produce a single sum for all said programs in each city, town, regional school district or independent vocational school; provided, however, that any full-time equivalent pupils residing in a city or town who are receiving education in the schools of another city, town, regional school district or independent vocational school, or in a program approved under chapter seventy-one B of the General Laws and the regulations promulgated thereunder, on a tuition basis shall be deemed to be full-time equivalent pupils of their city or town of residence; "Total expenditures for all pupils enrolled in regular day programs in a city, town, regional district or independent vocational school", the total amount expended by such city, town, regional school district or independent vocational school during the previous fiscal year for the support of regular day programs in public schools exclusive of expenditures for transportation, payment of regional school district assessments, food for school food services and capital outlays, after deducting therefrom any receipts for tuition, receipts from the federal government, the proceeds of any invested funds and grants, gifts and receipts from any other sources, to the extent that such receipts are applicable to such expenditures; provided, however, that amounts applicable to such expenditures received by (a) a city, town, regional school district or independent vocational school from the commonwealth; and (b) a regional school district from the member cities and towns of said district shall not be so deducted. The commissioner of education may, by regulation, further define the expenditures and receipts that may be included hereunder; "Total expenditures for all pupils enrolled in all programs in a city, town, regional school district or independent vocational school", the total amount expended by a city,
town, regional school district or independent vocational school
during the previous fiscal year for the support of all programs
in public schools and programs approved under Chapter seventy-one
B of the General Laws and the regulations promulgated thereunder,
exclusive of expenditures for transportation, payment of
regional school district assessments, food for school food
services and capital outlays, after deducting therefrom any
receipts for tuition, receipts from the federal government,
the proceeds of any invested funds and grants, gifts, and
receipts from any other sources, to the extent that such receipts
are applicable to such expenditures; provided, however, that
amounts applicable to such expenditures received by (a) a city,
town, regional school district or independent vocational school
from the commonwealth; and (b) a regional school district from
the member cities and towns of said district shall not be so
deducted. The commissioner of education may, by regulation,
further define the expenditures and receipts that may be included
hereunder:
"Valuation percentage of a city, town, regional school
district or independent vocational school", the proportion
which the equalized valuation per person in a city, town,
regional school district or independent vocational school
bears to the equalized valuation per person in the commonwealth.
"Weighted full-time equivalent pupil", a full-time equivalent
pupil enrolled in any regular day, special needs, vocational
or transitional bilingual education program multiplied by the
pupil weight cost factor for the program or programs in which
the pupil is enrolled as set forth below:
(1) a full-time equivalent pupil enrolled in a regular day
program shall be assigned a pupil weight of 1.00; (2) a full-
time equivalent pupil enrolled in a transitional bilingual
education program in accordance with the provisions of chapter
seventy-one A and the regulations promulgated thereunder shall
be assigned a pupil weight of 1.40; (3) a full-time equivalent
pupil enrolled in a "regular education program with modifications", a "regular education program with no more than 25% time out", a "regular education program with no more than 60% time out", a "substantially separate program", a "home and hospital program", a "day program" or a "pre-school program" for children with special needs as defined in the regulations promulgated under chapter seventy-one B shall be assigned a pupil weight of 4.00; (4) a full-time equivalent pupil enrolled in a "residential program" for children with special needs as defined in the regulations promulgated under chapter seventy-one B shall be assigned a pupil weight of 6.30; (5) a full time equivalent pupil enrolled in a "vocational education program" as defined in chapter seventy-four and the regulations promulgated thereunder shall be assigned a pupil weight of 1.50; (6) a pupil whose family income is below the poverty level as determined by the department of education in accordance with the regulations promulgated under Title I of the federal Elementary and Secondary Education Act of 1965, as amended, shall be counted as one additional full-time equivalent pupil in programs of auxiliary services for educationally disadvantaged pupils, and assigned a pupil weight of 0.20 to reflect the possible needs of such a pupil for such auxiliary services, in addition to being counted in the regular day, special needs, vocational or transitional bilingual education program in which such pupil may be enrolled. Such auxiliary services shall seek to enable educationally disadvantaged pupils to fully benefit from regular day, special needs, vocational and transitional bilingual education programs. Approval criteria for auxiliary services for such educationally disadvantaged pupils shall be established by the board of education.

In determining the total number of full-time equivalent pupils enrolled in regular day program in a city or town, a child enrolled in a private school and receiving educational services at the expense of a city or town as required under the
provisions of sections forty-eight and fifty-seven of chapter seventy-one shall be counted as a fraction of a full-time equivalent pupil enrolled in a regular day program, where the numerator of said fraction is the amount per child so expended during the previous fiscal year, and the denominator of which is the average current operating expenditure per pupil in regular day program in the commonwealth during said year.

The board of education, upon recommendation of the commissioner, shall not later than the first day of March, nineteen hundred and eighty, and continuing biennially thereafter, determine any revisions or adjustments necessary to said pupil weights. Said determination shall be based upon factors including but not limited to actual costs as reported in the most recently completed fiscal year. Forthwith upon the determination of such weights, said board shall file a statement identifying and supporting such revisions or adjustments with the clerks of the senate and house of representatives who, with the approval of the president of the senate and the speaker of the house of representatives, shall refer such statement to the joint committee on education of the general court. Within thirty days of such filing, the said committee may hold a public hearing on the statement, shall issue a report, and file a copy thereof with the board of education. Said board shall adopt final revised pupil weights, making such changes in its prior determination as it deems appropriate in view of such report, and shall forthwith file a copy of the final revised pupil weights with the chairperson of the joint committee on education. Said final revised pupil weights shall be applied in the computation of the school aid due under this chapter during the second fiscal year following the fiscal year in which said pupil weights were revised.

Section 3. Subject to the limitations specified in sections six and seven below, the amount of school aid to be paid to each city, town, regional school district and independent vocational school in a fiscal year under this chapter shall be determined
by multiplying together: (1) the school aid percentage for
such city, town, regional school district or independent vocational
school; (2) the average current operating expenditure per pupil
in regular day program in the commonwealth during the previous
fiscal year; and (3) the sum of the weighted full-time equivalent
pupils in such city, town, regional school district or independent
vocational school during the fiscal year in question.

Section 4. The cities, towns, regional school districts and
independent vocational schools shall report to the commissioner,
in such form as the commissioner may require, all information
necessary to compute the amount of school aid to be paid under this
chapter. Such reports shall be made in accordance with the
provisions of section six of chapter seventy-two. The commissioner
may request other such reports as he deems necessary and as of
such dates as he may require to carry out the purposes of this
section.

The information submitted under this section shall be subject
to approval, verification and adjustment. The commissioner shall
be responsible for the verification of such information, including
but not limited to a) the numbers of full-time equivalent pupils
within each program listed in section two reported by each city,
town, regional school district and independent vocational
school; b) certification that programs in transitional bilingual
education under chapter seventy-one A of the General Laws have
been carried out in accordance with the requirements of said
chapter seventy-one A, the regulations promulgated thereunder,
and approved plans submitted earlier by a city, town, regional
school district or independent vocational school; c) approval
and certification that expenditures under chapter seventy-one
B of the General Laws are reasonable, that funds for special
education personnel, materials and equipment, tuition, rent and
consultant services were actually expended, and that such special
education classes, instruction periods and other programs have
met the standards and requirements prescribed by the regulations
promulgated under said chapter seventy-one B; and d) approval
of vocational education programs under chapter seventy-four of
the General Laws and regulations promulgated thereunder. When
undertaking such verification, the commissioner shall employ a
number of criteria in examining the information so reported,
including but not limited to (a) the proportion which the total
enrollment in each program listed in section two reported by
each city, town, regional school district and independent vocational
school bears to the total enrollment in all programs so reported,
and (b) the percentage change in the proportional enrollment in
each program listed in section two reported by each city, town,
regional school district and independent vocational school
from the prior fiscal year. An audit of the information submitted
by a city, town, regional school district and independent
vocational school shall be conducted by the commissioner in
each instance of significant change in the annual proportional
enrollment of any program listed in section two.
A city, town, regional school district or independent
vocational school may submit to the commissioner amendments to
such a previously completed report in the event of any error in
the preparation of said reports; provided, however, that no such
amendment may be filed after June thirtieth of the fiscal year
succeeding that in which amounts of school aid were computed and
paid on the basis of the previously submitted report.
Any such adjustment which reduces or increases, as the case
may be, the school aid to which a city, town, regional school
district or independent vocational school is entitled shall be
taken into account in the school aid to be paid to such city,
town, regional school district or independent vocational school
as soon as may be after the adjustment is made and certified to
the comptroller and the state tax commission. No such adjustment
shall be made after June thirtieth of the second fiscal year
following the fiscal year in which such amounts of aid were distributed.

Section 5. The commissioner shall certify to the comptroller and to the state tax commission no later than December thirty-first prior to the fiscal year in which the aid is to be paid the estimated amount of school aid to be paid to each city, town, regional school district and independent vocational school.

Before the final distributions are made under the provisions of section eighteen A of chapter fifty-eight, the commissioner shall make a final certification to the comptroller and to the state tax commission of the full amount due the cities, towns, regional school districts and independent vocational schools.

Section 6. The aid paid to any city, town, regional school district or independent vocational school under this chapter shall not be less than one hundred and ten percent of the sum of the amounts due said city, town, regional school district or independent vocational school from the commonwealth during the fiscal year ending June thirtieth, nineteen hundred and seventy-eight under the provisions of the formulae contained in the following sections of the General Laws, as such formulae were applied during the fiscal year ending June thirtieth, nineteen hundred and seventy-eight and as such amounts due were affected by the provisions of the second and third paragraphs of subsection (b) (3) of Section 18A of chapter 38; chapter seventy, sections four and eight of chapter seventy-one A; the first paragraph of section thirteen of chapter seventy-one B; sections nine, eleven, and twelve of chapter seventy-four; and section ten of chapter seventy-four, excluding therefrom reimbursements for tuition fees for children placed in a city or town by the commissioner of public welfare or the youth service board. Said sums shall exclude any amounts of reimbursements due under said statutes for expenditures incurred in the transportation of pupils. In determining the amounts due from the commonwealth in the fiscal year ending June thirtieth, nineteen hundred and
seventy-eight, the amount of school aid due under this chapter to
cities and towns which were members of regional school districts
shall be deemed to have been due to each of their respective
regional school districts in the same proportions as the current
operating assessments for the cost of regular day program levied
by each regional school district upon each such member city or
town during said fiscal year bear to the total current operating
expenditures, including such assessments, for all pupils enrolled
in regular day program in each such city or town, as defined in
section two, during the fiscal year ending June thirtieth, nineteen
hundred and seventy-eight. The amounts of school aid due, as
so determined, shall be deducted from the amounts deemed to
have been due such member cities and towns from the commonwealth
under this chapter during the fiscal year ending June thirtieth,
nineeen hundred and seventy-eight. The commissioner may, by
regulation, under the direction of the state board, further define
the amounts of aid due or deemed to have been due each city, town,
regional school district and independent vocational school from
the commonwealth under said provisions of chapters seventy,
seventy-one A, seventy-one B and seventy-four. Said regulations
may include the amounts of aid due or deemed to have been due any
regional school district established, reorganized, or terminated
after the fiscal year ending June thirtieth, nineteen hundred
and seventy-eight.

Section 7. In each fiscal year, each city, town, regional
school district and independent vocational school shall expend an
amount at least equal to that obtained by multiplying the average
direct service expenditure per pupil in regular day program
in the commonwealth during the previous fiscal year by the sum
of weighted full-time equivalent pupils in the city, town, regional
school district or independent vocational school during the current
fiscal year. The amount so determined shall be expended for the
support of the school programs listed in section two, exclusive
of expenditures for administration, athletic and other student
body activities, plan operation and maintenance, transportation, payment of regional school district assessments, food for school food programs, and capital outlay; provided, however, that amounts received by a regional school district from the member cities and towns of said district which are applicable to such expenditures for such programs shall not be so deducted.

If a city, town, regional school district or independent vocational school fails to expend, from sources other than the amounts of aid paid under this chapter, an amount equal to the difference between (1) the product determined in accordance with the first sentence of this section, and (2) either the total estimated amount of school aid to have been received, or the total school aid actually received by said city, town, regional school district or independent vocational school during the fiscal year in question, whichever is greater; then the commissioner shall certify to the comptroller and the state tax commission an amount equal to the school aid otherwise due to be paid under this chapter during the next fiscal year, multiplied by a fraction, the numerator of which is the actual amount expended by said city, town, regional school district or independent vocational school, from sources other than the amounts of aid paid under this chapter, and the denominator of which is the difference as set forth above.

The commissioner shall annually calculate, on or before January thirty-first, to the nearest tenth of one percent, the proportion which the total amount of school aid paid under this chapter during the previous fiscal year bears to the sum of the total expenditures for all pupils enrolled in all programs in all cities, towns, regional school districts and independent vocational schools during said previous fiscal year, as defined in section two, until said proportion equals at least thirty-five percent. The provisions of this section shall then apply to the expenditures of all cities, towns, regional school districts,
and independent vocational schools commencing with the third
fiscal year following that in which said percentage first equals
at least thirty-five percent, and in every fiscal year thereafter.

Section 8. Notwithstanding any provision of law to the
contrary, the school aid paid under this chapter to a city,
town, regional school district or independent vocational school
in accordance with the provisions of this chapter shall be
deposited with the treasurer of the city, town, or regional
school district, and shall be applied in the first instance,
subject to the limitations specified below, to total expendi-
tures for current operating costs in all programs during the
fiscal year in which payments are so made. In the event
that the estimated amount of school aid to be received by a
city, town, regional school district or independent vocational
school exceeds the amount included for such expenditures within
the total school department, regional school district or
independent vocational school budget approved by said city,
town, regional school district or independent vocational school,
after first deducting from such budgeted expenditures any other
estimated receipts for tuition, receipts from the federal
government, the proceeds of any invested funds and grants,
gifts, and receipts from the Commonwealth or any other source,
to the extent that such receipts are applicable to such expenditures,
such access shall be available for application to expenditures
for any municipal purpose by such city or town, or used by
such regional school district to reduce the operating
assessments levied upon member cities and towns during the
following fiscal year. In the event that the amount of such
school aid actually received during the fiscal year exceeds the
estimated school aid, such excess shall be added to the estimated
school aid to be received during the following fiscal year and
applied in said year in accordance with the provisions of
this section. In the event that the amount of such school aid
actually received and available during the fiscal year under the
provisions of this section for such operating expenditures,
plus receipts from any other sources applicable to such expendi-
tures as defined above, exceed the total actual amount of such
expenditures, such excess shall be added to the estimated school
aid to be received during the following year and applied in
aforesaid manner. The entire amounts of such excess school aid
carryed over from any previous year, plus the entire estimated
amount of school aid to be received by a city or town under
this chapter during the fiscal year shall, however, be treated
by the board of assessors as "school income" when computing the
school tax rate for said fiscal year under the provisions of
section twenty-three C of chapter fifty-nine. The entire estimated
amount of school aid to be received by a regional school district
during the fiscal year, plus any amount of such excess school
aid carried over from any previous year, shall be used by said
district to reduce the operating assessments levied by such
district upon member cities and towns during the following year.
The commissioner shall determine the portions of the school
aid received by each city, town, regional school district or
independent vocational school which are allocated on account of
the total number of weighted full-time equivalent pupils reported
for each program listed in section two. Not less than seventy
percent of the aforesaid portions of school aid so determined
for each said program and received by each city, town, regional
school district or independent vocational school under this
chapter shall be expended for instructional services, attendance
services, health services, fixed charges and food services in
each program listed in section two in which full-time equivalent
pupils were reported by the city, town, regional school district
or independent vocational school during said fiscal year.
Section 9. The present school fund of the commonwealth,
known as the Massachusetts School Fund, with future additions
shall continue to constitute a permanent fund. The commissioner
of education and the state treasurer shall continue to be
commissioners to invest and manage said fund, and they shall report annually the condition and income thereof. All investments shall be made with the approval of the governor and council. The annual income thereof shall be paid to the several cities, towns, regional school districts and independent vocational schools under the provisions of section eighteen A of chapter fifty-eight, as part of the school aid required under this chapter.

Section 10. The income of the Todd Fund shall be paid to the board of trustees of state colleges, and applied by it to specific objects, in connection with the state colleges, not provided by appropriation.

Section 11. If in any fiscal year, commencing with the fiscal year nineteen hundred and seventy-nine, there are insufficient funds available for distribution under section eighteen A of chapter fifty-eight to pay the school aid entitlements as computed under this chapter, said entitlements for each city, town, regional school district and independent vocational school shall be recomputed by increasing the local support percentage, which percentage shall be the same for every city, town, regional school district and independent vocational school, so that the total entitlements as so recomputed shall be equal to the amounts actually available for distribution under said section eighteen A, after deducting the amounts to be paid under the provisions of section six.

SECTION 3. Chapter 71 A of the General Laws is hereby amended by striking out section 8, inserted by section 2 of chapter 1005 of the acts of 1971, and inserting in place thereof the following section:

Section 8. The state treasurer shall annually, on or before November twentieth, reimburse any city, town, regional school district or independent vocational school for expenditures incurred
during the previous fiscal year in the transportation of any
pupil enrolled in a transitional bilingual education program
and who resides at least one and one-half miles from the school
which such pupil attends, as measured by a commonly travelled
route, in the manner hereinafter defined. Such reimbursements
shall include: first, an amount for each such pupil which is
equal to the average transportation services expenditure per
pupil, enrolled in regular day program in said city, town,
regional school district or independent vocational school during
said fiscal year, provided that each such pupil enrolled in
regular day program resides at least one and one-half miles
from the school which said pupil attends; and second, the entire
amount by which the average transportation services expenditure
per pupil enrolled in such a bilingual program in said city,
town, regional school district or independent vocational school
during said fiscal year may exceed the aforesaid average trans-
portation services expenditure per pupil enrolled in regular day
program. In no instance, however, shall the amount of reimburse-
ment for such excess cost per pupil exceed one hundred and ten
percent of the average of such excess costs per pupil in all
cities, towns, regional school districts and independent vocational
schools in the commonwealth during the fiscal year in which such
expenditures were made.

In determining each said average transportation services
expenditure per pupil enrolled in regular day program in each
city, town, regional school district and independent vocational
school, the department of education shall use the transportation
services expenditure per pupil eligible for reimbursement
under sections seven A, seven B, or sixteen C of chapter seventy-
one, whichever is higher, during the same fiscal year. The
commissioner of education may, by regulation, under the direction
of the state board of education, further define the expenditures
per pupil to be used in aforesaid computations.
SECTION 4. Section 4 of said chapter 71A, inserted by said section 2 of said chapter 1005, is hereby amended by striking out the third paragraph.

SECTION 5. Section 13 of Chapter 71B, as most recently amended by section 1 of Chapter 383 of the Acts of 1977, is hereby further amended by striking out the first, third, fourth and fifth paragraphs.

SECTION 6. Section thirteen A of said chapter seventy-one B is hereby repealed.

SECTION 7. Said Chapter 71B is hereby amended by striking out section 14, inserted by section 11 of chapter 766 of the acts of 1972, and inserting in place thereof the following section:

Section 14. The state treasurer shall annually, on or before November twentieth, reimburse any city, town, regional school district or independent vocational school for expenditures incurred during the previous fiscal year in the transportation of pupils enrolled in special needs programs, in the manner hereinafter defined, provided that such transportation services are required by the educational plan of each such pupil, and that such services are not normally provided to pupils enrolled in regular day program in said city, town, regional school district or independent vocational school. Such reimbursement shall include: first, an amount for each such special needs pupil which is equal to the average transportation services expenditure per pupil enrolled in regular day program in said city, town, regional school district or independent vocational school during said fiscal year; and second, the entire amount by which each of the average transportation services expenditures per pupil enrolled in each special needs program prototype, as defined in regulations promulgated under chapter seventy-one B, in said city, town, regional school district or independent vocational school during
said fiscal year may exceed the aforesaid average transportation services expenditure per pupil enrolled in regular day program. In no instance, however, shall the amount of reimbursement for such excess cost within each such special needs program prototype exceed one hundred and ten percent of the averages of such excess costs in all cities, towns, regional school districts and independent vocational schools during the fiscal year in which such expenditures were made.

In determining each said average transportation services expenditure per pupil enrolled in regular day program in each city, town, regional school district and independent vocational school, the department of education shall use the transportation services expenditure per pupil eligible for reimbursement under sections seven A, seven B or sixteen C of chapter seventy-one, whichever is higher, during the same fiscal year. The commissioner of education may, by regulation, under the direction of the state board of education, further define the expenditures per pupil to be used in aforesaid computations.

SECTION 8. Sections nine, ten, eleven and twelve of chapter seventy-four of the General Laws are hereby repealed.

SECTION 9. The last sentence of section 8 of chapter 71B of the General Laws, as inserted by section 11 of Chapter 766 of the acts of 1972, is hereby amended by striking out the words "section thirteen" and inserting in place thereof:—section fourteen.

SECTION 10. Section 24 of chapter 71 of the General Laws, as most recently amended by section 51 of chapter 14 of the acts of 1966, is hereby amended by striking out the first four sentences.
SECTION 11. The first sentence of section 53 of chapter 44 of the General Laws, as most recently amended by section 4 of chapter 766 of the acts of 1972, is hereby further amended by striking out the words "by section thirteen of chapter seventy-one and".

SECTION 12. The second sentence of section 35 of chapter 41 of the General Laws, as most recently amended by section 3 of chapter 766 of the acts of 1972, is hereby amended by striking out the words; "provided, however, reimbursements made to a city or town under section thirteen of chapter seventy-one B shall be made to the school committees of such cities and towns and shall be used for special education programs pursuant to said chapter seventy-one B without further appropriation."

SECTION 13. This act shall take effect on July first, nineteen hundred and seventy-eight, and shall apply to the distributions of school aid to be made during the fiscal year ending June thirtieth, nineteen hundred and seventy-nine and in every fiscal year thereafter.