

EDUCATION

Funding Education Required and Target Contribution Overview

Malden School Committee

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Desired Outcome

- Understanding of the unique situation Malden is in as compared to similar communities
- Recognition that this isn't an 'us versus them' but rather a challenge that we need to come together to address

Gateway Cities & Education

- Well served by updates to the foundation budget formulas
 - Provides a more accurate approach to the cost of educating diverse student populations
- Continues to utilize the same formula for cost sharing of the updated foundation budget
 - Out of scope for Student Opportunity Act
 - Ability to pay driven by two factors; Equalized Value and Total Income
- This simplistic formula leaves similar communities in a vastly different positions financially

Three Key Terms

REQUIRED NET SCHOOL SPENDING (NSS)

An amount calculated annually by DESE that Malden must spend on education costs; includes direct costs, indirect costs, charter and voke tuitions etc. Does NOT include amounts spent on capital related costs (school building etc)

REQUIRED CONTRIBUTION

The portion of NSS that Malden is responsible for funding in the current year. Calculated by DESE for each city/town using EQV and Income factors

TARGET CONTRIBUTION

The portion of NSS that the DESE formulas determine Malden SHOULD be able to fund; The formulas are designed to increment toward this number over time

Expected Local Contribution

Disconnected from the True Ability to Pay

Expected Funding IS Tied to only Two Factors	Expected Funding Has No Connection To
Total Combined Income of Residents	ACTUAL Revenues of the City or Town
Total EQV (equalized value)	Population Being Served

D I S

C O N

N E C

T E D

Comparisons- Two Key Metrics

Required & Target Contributions as a % of Available Revenue

- Required/target contribution as a % of Tax Revenue + Local Receipts + Non-Education State Aid

Remaining Per Capital Approach

- With limited exceptions, the population being served drives the cost of services
- Funds remaining after required education funding/population being served

24 In Tax Revenue as a % of Value

FY2024 Data

Municipality	Maximum Levy Limit	Total Tax Levy	Override Capacity as a % of Levy Ceiling	Total Assessed Value	Tax Levy as % of Assessed Value
Barnstable	\$ 145,996,544	\$ 145,242,793	77%	\$ 24,524,518,817	0.590%
Revere	\$ 113,715,482	\$ 113,707,377	59%	\$ 10,994,858,679	1.030%
Malden	\$ 109,325,449	\$ 109,264,402	58%	\$ 10,505,789,000	1.040%
Peabody	\$ 140,873,454	\$ 122,510,800	51%	\$ 11,386,051,494	1.080%
Lawrence	\$ 97,589,770	\$ 84,455,743	49%	\$ 7,629,261,062	1.110%
Lynn	\$ 161,187,834	\$ 161,151,604	54%	\$ 13,975,076,000	1.150%
Haverhill	\$ 129,566,432	\$ 123,093,875	51%	\$ 10,497,584,042	1.170%
Methuen	\$ 108,991,277	\$ 108,331,374	52%	\$ 9,028,341,715	1.200%
Quincy	\$ 328,215,357	\$ 290,892,948	42%	\$ 22,680,112,532	1.280%
Lowell	\$ 184,920,460	\$ 172,422,044	43%	\$ 12,957,100,095	1.330%
Salem	\$ 125,749,807	\$ 117,433,650	42%	\$ 8,675,689,947	1.350%
Attleboro	\$ 96,628,164	\$ 96,612,078	50%	\$ 7,086,432,072	1.360%
Brockton	\$ 173,245,070	\$ 173,187,607	45%	\$ 12,601,493,444	1.370%
Chelsea	\$ 79,219,207	\$ 79,155,027	45%	\$ 5,778,945,892	1.370%
Everett	\$ 172,197,362	\$ 110,509,989	15%	\$ 8,057,645,573	1.370%
Fall River	\$ 135,767,827	\$ 133,158,722	46%	\$ 9,734,326,731	1.370%
Taunton	\$ 128,129,090	\$ 128,107,901	44%	\$ 9,114,552,753	1.410%
New Bedford	\$ 157,307,008	\$ 152,551,213	40%	\$ 10,574,289,999	1.440%
Leominster	\$ 93,446,959	\$ 87,031,610	38%	\$ 5,998,043,425	1.450%
Fitchburg	\$ 65,395,698	\$ 65,387,686	41%	\$ 4,415,103,714	1.480%
Worcester	\$ 405,536,919	\$ 381,789,495	27%	\$ 22,228,700,212	1.720%
Chicopee	\$ 110,483,923	\$ 101,680,517	21%	\$ 5,598,542,263	1.820%
Westfield	\$ 97,398,336	\$ 88,367,933	18%	\$ 4,729,795,432	1.870%
Springfield	\$ 265,112,017	\$ 256,048,299	15%	\$ 12,548,427,300	2.040%
Pittsfield	\$ 109,992,764	\$ 109,166,941	9%	\$ 4,822,885,672	2.260%
Holyoke	\$ 64,786,904	\$ 63,087,897	2%	\$ 2,651,077,152	2.380%

Required/Target Contrib. As a % of Available Revenue (FY23 Data)

City/Town	Required Local Contribution as % of Avail Revenue	Target Local Contribution as % of Avail Revenue
Malden	35.76%	43.82%
Peabody	35.41%	41.86%
Attleboro	34.92%	36.71%
Quincy	33.10%	36.05%
Methuen	32.13%	37.30%
Barnstable	31.57%	36.35%
Leominster	31.03%	33.22%
Haverhill	30.62%	37.92%
Lynn	27.86%	33.72%
Revere	27.72%	34.95%
Salem	27.26%	32.13%
Westfield	26.58%	27.95%
Average Gateway	24.37%	29.98%
Worcester	24.16%	26.75%
Pittsfield	23.99%	25.51%
Brockton	23.97%	30.86%
Everett	23.67%	26.19%
Taunton	22.71%	26.47%
Lowell	22.42%	28.97%
Fitchburg	22.28%	26.83%
Chicopee	20.53%	21.78%
Fall River	19.44%	26.44%
Chelsea	17.01%	23.64%
New Bedford	15.28%	24.15%
Holyoke	13.45%	22.85%
Springfield	12.00%	19.87%
Lawrence	9.53%	31.25%

Gateway Community Rankings Available Per Capita (FY23 Data)

City/Town	Required Local Remaining Funds Per Capita	Target Local Remaining Funds Per Capita
Lawrence	\$ 1,395	\$ 1,060
Malden	\$ 1,418	\$ 1,240
Lynn	\$ 1,485	\$ 1,364
Brockton	\$ 1,570	\$ 1,427
Haverhill	\$ 1,595	\$ 1,427
Fall River	\$ 1,603	\$ 1,464
Attleboro	\$ 1,661	\$ 1,615
Methuen	\$ 1,709	\$ 1,578
Leominster	\$ 1,713	\$ 1,658
Fitchburg	\$ 1,720	\$ 1,619
Lowell	\$ 1,727	\$ 1,582
Worcester	\$ 1,743	\$ 1,683
Peabody	\$ 1,781	\$ 1,603
Revere	\$ 1,810	\$ 1,629
Average Gateway	\$ 1,867	\$ 1,729
New Bedford	\$ 1,884	\$ 1,687
Holyoke	\$ 2,009	\$ 1,791
Westfield	\$ 2,055	\$ 2,017
Springfield	\$ 2,119	\$ 1,930
Pittsfield	\$ 2,213	\$ 2,168
Quincy	\$ 2,227	\$ 2,129
Chicopee	\$ 2,252	\$ 2,217
Taunton	\$ 2,290	\$ 2,179
Salem	\$ 2,367	\$ 2,208
Barnstable	\$ 2,487	\$ 2,313
Everett	\$ 2,553	\$ 2,469
Chelsea	\$ 2,570	\$ 2,365

Putting it in Perspective

If Malden simply had the average of all Gateway cities 'leftover' to provide other government services, we would have **\$30 Million** additional over what we have today to provide local services and fund education beyond NSS

FY2023 Comparisons (Last completed fiscal year)

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	Malden	Revere	Everett	Chelsea	Salem
Population	65,074	59,075	48,557	38,889	44,819
Enrollment	6,803	7,735	7,437	7,089	4,139
Available Revenue	\$143,666,285	\$147,955,477	\$162,399,855	\$120,432,559	\$145,815,256
Required Contribution	\$51,377,517	\$41,009,518	\$38,446,657	\$20,484,593	\$39,750,153
Target Contribution	\$62,961,000	\$51,712,000	\$42,532,000	\$28,466,000	\$46,845,000

Changes from FY20 to FY25

Analysis using FY20 as a baseline as that's prior to the start of the SOA implementation.

	Malden	Revere	Everett	Lynn	Chelsea
Increase in Chapter 70 Aid	\$12,608,000	\$32,373,000	\$42,867,000	\$101,315,000	\$41,309,000
Increase in Required Local Contribution	\$14,655,000	\$14,234,000	\$13,122,000	\$12,234,000	\$5,181,000

FY25 Budget Highlights

- FY24 budget projected \$4.6 million increase in taxes, local fees and unrestricted aid TOTAL over FY23
- FY24 budget used \$5.6 million in one-time funds to balance
 - \$3.0 million in free cash to fund general fund budget
 - \$2.6 million in ARPA funds to fund required school contribution
- FY25 health costs: Recommended 18.5% increase
 - \$4.2 million Increase
 - Currently analyzing the Trust to look for ways to reduce this
- Pension schedule scheduled to increase \$702k
- Voke building project increase \$440,000
- Labor/Union contract costs escalating beyond historical rates

It Will Get Worse

If preliminary contribution is below the target share:

21) Shortfall from target local share (10 - 15)	12,161,858
22) Shortfall percentage (11 - 16)	9.67%
23) Added increment toward target (13 x 1% or 2%)*	1,122,236
<i>*1% if shortfall is between 2.5% and 7.5%; 2% if shortfall > 7.5%</i>	
24) Special increment toward 82.5% target**	0
<i>**if combined effort yield > 175% foundation</i>	
Combined effort yield as % of foundation	
25) Shortfall from target after adding increments (10 - 15 - 23 - 24)	11,039,622
26) FY25 required local contribution (15 + 23 + 24)	59,663,667
27) Contribution as percentage of foundation (26 / 8)	47.46%

Takeaways

- The revised Foundation Budget formula does an excellent job of creating a more level playing field so that ALL students are afforded a quality education...however
- The required local contribution formula penalizes density and communities with a lower tax rate even when at the levy limit
- The cost sharing formula leaves a small number of the most diverse communities struggling to fund education at the required level and with insufficient resources to deliver basic 'other' local services