

SENATE NO. 313

AN ACT SIMPLIFYING AND MAKING MORE EQUITABLE THE PROVISIONS OF CHAPTER 70 RELATIVE TO DISTRIBUTION OF STATE AID AND THE REQUIREMENTS FOR SPENDING BY LOCAL GOVERNMENTS

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

1 SECTION 1. For the purpose of causing state aid to education to more accurately reflect the
2 demographics of Massachusetts cities and towns by using the current number of pupils in each
3 municipality and by using current values to determine the financial ability of each municipality
4 to provide an adequate education for all pupils, and for the purpose of distributing education aid
5 more equitably among the cities and towns, Chapter 70 of the General Laws, as appearing in the
6 2004 Official Edition, is hereby amended by the following sections.

7 SECTION 2. Section 2 of chapter 70, as so appearing, is hereby amended by striking out the
8 definition of "Base Aid" and inserting in place thereof the following new definition: "Base aid"
9 shall be, in any fiscal year, the amount of aid distributed to a municipality under the provisions
10 of this chapter for fiscal 2006.

11 SECTION 3. Said section 2 of chapter 70 is hereby amended by striking out the definition of
12 "Foundation aid" and inserting in place thereof the following new definition:-
13 "Foundation aid" shall be the state share of the foundation budget, as defined herein, times the
14 foundation budget.

15 SECTION 4. Said section 2 of chapter 70 is hereby amended by striking out the definition of
16 "Minimum required local contribution" and inserting in place thereof the following new
17 definition:-

18 "Minimum required local contribution" shall be the amount of the foundation budget minus the
19 greater of either foundation aid or base aid, assuming full funding of foundation aid; provided
20 however that the commissioner may authorize a reduction in said minimum required local
21 contribution, on terms and conditions prescribed by the commissioner, to obviate undue
22 financial hardship on a municipality applying for such relief in accordance with procedures
23 relating thereto established by the commissioner.

24 SECTION 5. Said section 2 of chapter 70 is hereby amended by striking out the definition of
25 "Standard of Effort" and inserting in place thereof the following new definition:-

26 "Standard of effort" shall be the local share of the foundation budget, as defined herein, times
27 the foundation budget.

28 SECTION 6. Said section 2 of chapter 70 is hereby amended by inserting the following new
29 definition:-

30 "Local share of the foundation budget," expressed as a percentage, shall be seventy percent for a
31 municipality exactly at the state-wide average equalized property valuation per pupil. For
32 municipalities at less than the state-wide average equalized property valuation per pupil, the
33 local share of the foundation budget shall be the product of seventy percent and the relativity
34 factor. For municipalities at greater than the state-wide average equalized property valuation
35 per pupil, the local share of the foundation budget shall be one-hundred percent minus the
36 quantity (thirty percent divided by the relativity factor).

37 SECTION 7. Said section 2 of chapter 70 is hereby amended by inserting the following new
38 definition:-

39 "Relativity factor" for each municipality shall be the local equalized valuations per pupil
40 divided by the state-wide average equalized valuation per pupil.

41 SECTION 8. Said section 2 of chapter 70 is hereby amended by inserting the following new
42 definition:-

43 "State share of the foundation budget," expressed as a percentage, shall be thirty percent for a
44 municipality exactly at the state-wide average equalized property valuation per pupil. For
45 municipalities at less than the state-wide average equalized property valuation per pupil, the
46 state share of the foundation budget shall be one-hundred percent minus the quantity (seventy
47 percent times the relativity factor). For municipalities at greater than the state-wide average
48 equalized property valuation per pupil, the state share of the foundation budget shall be thirty
49 percent divided by the relativity factor.

50 SECTION 9. Said section 2 of chapter 70 is hereby amended by inserting the following new
51 definition:-

52 "Stabilization aid" in any fiscal year shall be the positive difference between base aid and the
53 amount of foundation aid distributed to a municipality under the provisions of this chapter.

54 SECTION 10. Said section 2 of chapter 70 is hereby further amended by striking
55 there from the following definitions:

- 56 (1) Adjusted property valuation
- 57 (2) Equity aid
- 58 (3) Equity gap
- 59 (4) Excess debt service
- 60 (5) Foundation gap
- 61 (6) Foundation aid percent
- 62 (7) General revenue sharing aid
- 63 (8) Gross overburden amounts

- 64 (9) Gross standard of effort
- 65 (10) Local contribution
- 66 (11) Minimum aid
- 67 (12) Municipal revenue growth factor
- 68 (13) Overburden aid
- 69 (14) Preliminary local contribution
- 70 (15) Standard of effort gap
- 71 (16) State overburden obligation

72 SECTION 11. Section 5 of chapter 70 is hereby repealed.

73 SECTION 12. Section 6 of chapter 70 is hereby amended by striking out the following phrase:-
74 "but not including equity aid".

75 SECTION 13. Chapter 70 is hereby amended by striking out section 10 and inserting in its
76 place the following new section:-

77 SECTION 10. Amount of State Aid to be Paid to Each Municipality Subject to appropriation,
78 the amount of state aid paid to each municipality shall be the sum of foundation aid and
79 stabilization aid, as defined in section 9 hereunder and as modified by the provisions of section
80 11.

81 SECTION 14. Chapter 70 is hereby amended by striking out section 13 and inserting in its
82 place the following new section:-

83 Section 13. Allocation of Funds Appropriated for State School Aid.

84 (a) The funds appropriated for state school aid under this chapter shall be allocated among
85 municipalities as provided in section 10 hereunder.

86 (b) If upon any date of distribution the amount available for distribution under this section is
87 insufficient to make the full distributions of state school aid required by this section, the
88 distributions of foundation aid thereunder shall be the amount otherwise due each city or town
89 under this section multiplied by a fraction such that the sum of foundation aid and stabilization
90 aid for all the cities and towns shall be the amount available for distribution under this section.
91 If upon any date of distribution the amount available for distribution under this section exceeds
92 the amount necessary to make the full distributions required by this section, the distributions of
93 foundation aid thereunder shall be the amount otherwise due each city or town under this
94 section increased by a fraction such that the sum of foundation aid and stabilization aid for all
95 the cities and towns shall be the amount available for distribution under this section.

96 SECTION 15. This act shall take effect on January 1, 2008 and shall be applicable to fiscal
97 years 2007 and thereafter.