

MASSACHUSETTS

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I. GENERAL BACKGROUND

State

The Chapter 70 state aid program was enacted in June, 1993 and implemented immediately for FY94. It has doubled state funding for education, from \$1.289 billion in FY94 to \$2.566 billion in FY99. The program defines a foundation budget spending target for each school district that rose with inflation and enrollment to a statewide average of \$6,442 per pupil in FY99. The statute guarantees seven years of state funding increases through the formula; the final guaranteed increase will occur in FY2000. The goal is for a combination of state aid and local revenues to bring all cities and towns up to their individual foundation budgets by FY2000, while capping the amount any community should be required to pay out of local resources to reach that target.

In FY93, prior to the first year of new funding, 196 or 60% of the 329 operating districts were spending at levels below their foundation targets. The total shortfall was \$478 million, and a dozen districts were at less than 70% of foundation. In FY99, 73 districts (22%) are short of their foundations by \$46 million, and no district is lower than 83%. It is expected that all districts will reach their foundation targets in FY2000, the final year of guaranteed funding.

Chapter 70 does not reimburse certain categories of school expenditures that are covered by other aid programs, such as capital expenditures and transportation. The categories that *are* included represent 90% of all general fund school spending, and are collectively referred to as net school spending. In FY93, Chapter 70 aid accounted for 30% of net school spending. By FY99, that share had risen to 39.9%. State education aid—including Chapter 70, school building assistance, transportation and other programs—accounted for 41% of non-federal public school spending in FY99.

Local

There were 963,761 pupils in Massachusetts public schools on October 1, 1998 (grades PK–14). They lived in 351 cities and towns in Massachusetts which range in population from less than 100 (Gosnold, on Cape Cod) to more than 550,000 (Boston). Of these communities, 245 operate at least one local public

school and often belong to regional districts as well. The other 106 either belong to regional school districts or tuition their pupils to other districts. There are 54 academic regionals and 30 vocational regionals. In total, there are 329 operating school districts and 25 charter schools. Local taxation and spending authority resides with cities and towns, whose city councils and town meetings must approve the budgets of any school districts to which they belong.

Funding Summary 1998–99

| | | |
|---|-----------------|--------------------|
| Total State School Aid (All Programs) | | \$ 3,179.5 million |
| Grants in Aid | 3,144.5 million | |
| Teacher Retirement Contributions | 35.0 million | |
| FICA | 0.0 Million | |
| | | |
| Total Local School Revenue | | \$ 4,506.1 million |
| Property Tax | 4,139.7 million | |
| Other local source tax revenue | 0 million | |
| Local source non-tax revenue | 366.4 million | |
| | | |
| Total Combined State and Local School Revenue | | \$ 7,685.6 million |
| | | |
| State Financed Property Tax Credits | | |
| Attributable to School Taxes | | 0 |

Historical Context

The original Chapter 70 formula—named after the authorizing statute—was passed in 1965, and completely revised in 1978 with the Collins-Boverini plan. That formula reimbursed a share of what it would cost each district to spend at the state average, inverse to its ability to pay (defined as property value per capita). It remained in statute until the Education Reform Act of 1993, which replaced it with the current Chapter 70 formula.

The Proposition 2½ tax limitation law passed in 1980 and has, for the most part, transformed the local budget process into a revenue-driven approach. State aid during the 1980s - including the old Chapter 70 formula - attempted to offset some of the deep cuts in school and municipal budgets that occurred because of required decreases in property tax levies.

As a result of a 1985 education reform law, Chapter 188, the Collins-Boverini formula was supplemented during the late 1980s by the Equal Education Opportunity grant program that sought to raise lower-spending districts to 85% of the state average. That program has been subsumed into the current funding base.

Commonwealth revenue deficits resulted in large state aid cuts in FY90, FY91 and FY92, erasing many of the gains that had been made toward greater school finance equity in the 1980s.

Since FY93, annual aid increases have resulted in positive improvement in the equity of school financing from both a pupil and taxpayer perspective.

FY2000 is the final year of guaranteed increases for Chapter 70 funding. The formula itself exists in statute, and replacing or modifying it would require legislative action.

II. LOCAL SCHOOL REVENUE

School districts do not have separate taxing powers. Municipalities depend heavily upon property tax levies, but also benefit from local excise taxes upon motor vehicles and hotel/motel accommodations. Schools derive some general funds from tuition and rentals. In addition, they are authorized to administer revolving accounts, such as athletics and food services, from which more than \$320 million was expended in FY99.

III. TAX AND SPENDING LIMITS

Proposition 2½, passed in 1980, has limited increases to property tax levies to 2 ½% of the previous years levy limit, augmented by the taxable value of new property added to the tax rolls. Communities can vote to raise the limit permanently by override referenda. Capital and debt exclusion referenda temporarily raise the limit by the annual cost of specific projects. Most communities have passed at least one of these referenda votes.

Proposition 2½ stipulates that under no circumstances shall the total tax levy of a community exceed 2.5% of assessed property value (the levy ceiling). All communities assess at 100% of value. These values are certified by the state every three years. In FY98, local property tax levies statewide amounted to 1.7% of total valuation. Three cities—Springfield (2.50%), Lawrence (2.47%) and Holyoke (2.42%)—were at or near their ceilings. Twenty-eight cities or towns were above 2%. Twenty-two were below 1%.

After two years of deep cuts (-9.3% in FY82 and -2.5% in FY83) the statewide average change in property tax levies has ranged from 1.2% to 8.3% since FY84. In FY98, the average increase was 4.8%. According to U.S. Census data, prior to Proposition 2½, the state had the fourth highest property tax burden in the nation. In 1994 it ranked 19th.

The Massachusetts Department of Revenue must certify each city and town's tax rate and does not allow deficit budgets. Revenue deficits are required to be raised in the subsequent year's tax rate.

IV. STATE/PROVINCIAL EARMARKED TAX REVENUE

No state revenues are specifically earmarked for education.

V. BASIC SUPPORT PROGRAM: Chapter 70

Funding in 1998–1999: \$2,566.3 million.

Percentage of Total State Aid: 80.7%.

Nature of Program: Foundation.

Allocation Units: Pupils, weighted by grade, program, and low income.

Local Fiscal Capacity: Equalized property evaluation and income per capita.

How the Formula Works:

Foundation Budget

Derived from specific calculations defined in the Chapter 70 statute, the foundation budget is conceived of as the minimum amount a Massachusetts school district would need to spend to provide an adequate education, given its particular mix of pupils and programs. In FY 99, the spending target (foundation amount) was \$6,442 per pupil. The statute defines separate per pupil rates for pre-kindergarten, kindergarten, elementary, junior high, high school, bilingual, and vocational pupils. Low-income pupils generate additional increments in these rates, and a fixed percentage of enrollment is used to calculate targets for special education in-district costs and out-of-district tuition. Rates are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis' State and Local Government Implicit Price Deflator.

Separate dollar targets are calculated, by grade level, for 18 functional areas. Districts are not required to spend the target amount in each area. The goal is for their total spending to reach the foundation total, regardless of how they choose to allocate that spending across functional areas.

A wage adjustment factor attempts to control for regional differences in cost of living and salary expectations. The state is divided into 21 labor market areas. Each district's wage adjustment factor is weighted at 80% of its labor market area average and 20% of its local average. One third of that difference, compared to the state average, generates the adjustment factor. All wages paid to all employees in businesses located within a community are used, not just those related to education. The factor ranged from 83% to 107% in FY99. The factor is applied to the salary-related items in the foundation budget.

Chapter 70 Formula

The goal of the Chapter 70 formula is for every district to reach its foundation budget by FY2000. A complicated 35 column formula calculates how the cost is to be shared between state Chapter 70 aid and local contributions. The complexity has caused considerable confusion among local and state officials alike. However, both levels have carried through with the law's spending requirements, and the program is on target for accomplishing its goal.

If districts are already at foundation budget, they are guaranteed minimum aid increases that ranged between \$25 and \$100 per pupil over the six years between FY94 and FY99. In order to qualify, they must continue to raise their local contribution by the school's fair share of local revenue increases (the municipal revenue growth factor). The growth factor is weighted heavily by estimated increases in property tax in an upcoming year, but also factors in lottery aid, and certain local receipts such as motor vehicle excise, investment income, and hotel-motel excise.

Ability to pay is a conflation of two separate statistical constructs. Equalized property valuation represents total taxable value in each community, calculated by the state Department of Revenue. This measure attempts to treat all cities and towns as if they were assessing at the full market value of their property at the same point in time instead of on a staggered three-year schedule. The second definition of ability to pay is each municipality's calendar year 1989 income per capita as reported by the U.S. Census Bureau. The community's adjusted

equalized valuation is a given year's equalized valuation multiplied by the city or town's ratio of local income per capita to the 1989 state average of \$17,224.

Local effort is capped at the gross standard of effort. In FY93 this was set at \$9.40 per \$1000 of adjusted equalized valuation. Each community's gross standard is raised each year by its municipal revenue growth factor.

The Chapter 70 formula allocates annual increases in aid, but does not adjust the previous year's base. Districts are guaranteed at least as much permanent (base) aid as they received in the previous year plus an additional amount of minimum aid per pupil. Except for the cuts that occurred in FY90 through FY92, this ratcheting up approach has been a trademark of each year's local aid package in Massachusetts since the passage of Proposition 2 ½. Chapter 70 is used as a vehicle for allocating each year's aid increment.

The general flow of the formula is as follows. A district's foundation budget for an upcoming year is calculated, based upon current enrollments. The previous year's required net school spending is compared to the foundation. If the spending is already above the foundation, the district receives its previous year's base aid amount, plus a minimum aid increase of up to \$100 per pupil. If the spending is below the foundation, and if the growth factor is insufficient to close the gap through the local contribution, then one or more components generate the additional aid needed to reach the foundation.

Foundation aid is generated when a district would fail to reach its foundation even if it spent at its gross standard. For districts with below-average income, overburden aid provides temporary relief for what would otherwise be additional local effort to reach the gross standard. Equity aid replaces local spending above the gross standard with state funding. Choice aid reimburses below-foundation districts for 100% of any annual increase over the previous year's tuition paid for pupils attending other districts under the school choice law.

Foundation, minimum and choice aid are added to base aid to form the subsequent year's permanent base amount. Overburden and equity aid are recalculated each year.

Each year's foundation percentage is the ratio of the total amount of aid needed to reach the target, to the available state appropriation in a given year. The foundation percentage has risen from 20% in FY94 to 84% in FY99. It is expected to reach 100% in FY2000.

Beginning in FY96, as a result of a legislative amendment, the formula began using the previous year's required spending to determine the distance from the foundation budget, rather than districts' actual spending. This change was passed in order to avoid penalizing districts that choose to spend more than their minimum required amount (and therefore reduce their distance from the foundation target). In FY99, districts' actual minimum contributions statewide are more than 10% higher than their requirements.

The excess debt provision stipulates that if a district has a higher than average long-term debt cost in a given year, its minimum contribution is reduced by the excess amount.

Local Share and State Share: Determined by complex formula. State share is difference between calculated aid and district's gross standard spending (local share).

Weighting Procedures: Based on grade/program. Low-income pupils are further weighting.

Adjustments For Special Factors: Wage adjustment factor.

Aid Distribution Schedule: Chapter 70 is paid as part of the state treasurer's local aid distribution on a quarterly basis.

Districts Off Formula: None.

VI. TRANSPORTATION

Funding in 1998–1999: \$91.8 million.

Percentage of Total State Aid: 2.9%.

Description: Transportation costs are not included in any of the Chapter 70 general education aid calculations. The state reimburses prior year transportation costs through a number of statutory provisions.

Most aid provisions apply to riders who live more than 1½ miles away from school. The various aid statutes apply to general school transportation, reimbursements for children that use mass-transit, transportation for the purpose of achieving racial balance, increments for bilingual and special needs riders, non-

public pupils, and pupils transported to occupational programs not available in their own districts.

Local districts received \$55.6 million in general transportation aid in FY99, a pro-ration of 28% of their entitlements. Regional school districts received \$36 million, an 80% reimbursement rate.

A separate program funded at \$250,000 in FY99 reimburses pupils who travel to school choice or charter schools in other districts. They must meet certain low-income eligibility standards to be eligible.

Extent of Participation: 354.

VII. SPECIAL EDUCATION

Funding in 1998–1999: \$65.4 million (in addition to basic support program).

Percentage of Total State Aid: 2.1%.

Description: The current special education law, Chapter 766, was passed in 1972. The law requires pupils with special needs to be provided the maximum feasible benefit. Efforts to replace this standard with the less stringent federal free and appropriate education measure have gained support in recent years but as of FY99 have not resulted in legislative change. Individualized Education Plans specify the exact nature of any special education pupil's program. In FY98 159,042 pupils, or 16.6% of total enrollment statewide, had these IEPs. Currently, Massachusetts categorizes special education pupils not by specific type of disability, but by where the instruction is provided, as categorized in eight prototypes: modified within the regular classroom; integrated (up to 25% separate); integrated (25–60% separate); substantially separate (60%+); day school; residential school; home or hospital; pre-school special education.

Special education is a major component of the Chapter 70 formula. Each pre-kindergarten special education pupil generates \$2,385 in foundation budget dollars. A fixed 3.5% of total enrollment is added for each district's in-district special education programs, at a rate of \$16,532 per pupil. Another 1% is added for out-of-district tuition at a rate of \$17,269 per pupil. Combining these three items, 11.9% of the FY99 foundation budget represents direct special education costs.

Three appropriations augment the support for special education provided through Chapter 70. The Commonwealth directly pays 50% of the tuition for pupils placed in residential programs, amounting to a subsidy of \$55.5 million in FY99. State funding covers the educational expenses of pupils in day or residential programs whose parents or guardians do not live in the Commonwealth (\$3.9 million). In addition, the educational needs of children in hospital, youth detention, state department of social services, or other placements are met through the institutional schools program (\$9.3 million).

Extent of Participation: 211.

VIII. COMPENSATORY EDUCATION

Funding in 1998–1999: \$21.4 million.

Percentage of Total State Aid: less than 1%.

Description: In FY99, the Chapter 70 foundation budget contained increments for low income pupils of \$2,228 at the elementary level and \$1,794 at the high school level. Of that year's 918,553 foundation pupils, 238,143 or 25.9% were classified as low-income. They generated a total foundation budget target of \$581 million out of the \$5.918 total statewide billion spending target in the Chapter 70 formula.

Two separate accounts were specifically targeted for compensatory programs. Academic Support grants funded \$17.9 million in tutoring, mentoring, extended day, worksite learning, and other services for low-performing students. Essential Skills Grants distributed \$3.4 million for basic skills remediation and dropout prevention, as well as to support schools involved in restructuring activities.

Extent of Participation: 202.

IX. GIFTED AND TALENTED EDUCATION

Funding in 1998–1999: \$2.5 million.

Percentage of Total State Aid: less than 1%.

Description: The dual enrollment program allows high-performing pupils to attend local colleges on a part-time basis at the state's expense (\$1.6 million in

FY99). In addition, there are separate grant programs for Advanced Placement Courses (\$500,000) and Gifted and Talented programs (\$439,970).

Extent of Participation: 174.

X. BILINGUAL EDUCATION

Funding in 1998–99: \$214 million.

Percentage of Total School Aid: 6.7%.

In FY99, the transitional bilingual education component of the Chapter 70 foundation budget stood at \$214 million. Direct spending for bilingual programs in FY98 amounted to \$129.4 million. State law requires that whenever a district has 20 or more limited-English students in the same language classification it must provide a TBE program with instruction in their native language. In FY98 29,300 full-time-equivalent pupils in 53 districts participated in a TBE program.

Extent of Participation: Not reported.

XI. EARLY CHILDHOOD EDUCATION

Funding in 1998–1999: \$85.5 million.

Percentage of Total State Aid: 2.7%.

Description: Pre-kindergarten pupils account for \$37 million of the FY99 foundation budget. This budget includes 9,245 special education pre-kindergarten pupils, and 6,710 regular education pre-kindergartners. The number of eligible regular education pre-kindergarten pupils is capped at twice the number of special education pupils.

Early Childhood Grants were funded at \$85.5 million in FY99. Nearly all of the FY99 money is distributed through two grant programs. Community Partnerships for Children helps community agencies coordinate resources benefiting children aged three and four. The number of communities participating has grown from 109 in 1993 to 313 in 1998, when they served an estimated 15,000 children. The Massachusetts Family Network helps community agencies build networks for outreach and education services, serving 3,500 families and 4,500 children.

Extent of Participation: 313.

XII. OTHER CATEGORICAL PROGRAMS

Racial Equality Grants

Funding in 1998–1999: \$25.6 million.

Percentage of Total State Aid: less than 1%.

Description: The Racial Imbalance (Metco) program places minority children from racially imbalanced schools in Boston and Springfield in 38 suburban districts (\$11.2 million). Magnet Education funding supports programs in 23 communities that have adopted a plan to racially balance their schools (\$4.8 million). Equal Education Improvement distributes up to \$500 per pupil for 19 municipalities with racial imbalance elimination plans (\$8.4 million).

Extent of Participation: 57.

Tuition for State Wards

Funding in 1998–1999: \$14.1 million.

Percentage of Total State Aid: less than 1%.

Description: When foster care children are placed in a community by the state's Department of Social Services, the Commonwealth pays 100% of the average cost for those pupils programs, provided that their parents do not already live in the school district.

Extent of Participation: 220.

Food Programs

Funding in 1998–1999: \$6.8 million.

Percentage of Total State Aid: less than 1%.

Description: School Lunch Grants, School Breakfast Programs and Summer Food Programs reimburse a share of the cost of providing meals to children.

Extent of Participation: 320.

Foundation Reserve Aid

State Funding: \$5.0 million.

Percentage of Total State Aid: less than 1%.

Description: Districts experiencing one-time problems related to the Chapter 70 formula, such as extraordinary increases in enrollment or special education costs, may apply for these non-recurring grants.

Extent of Participation: 62.

XIII. TEACHER RETIREMENT AND BENEFITS

Funding in 1998-1999: \$35.0 million.

Percentage of Total State Aid: 1.1%.

Description: Certified teachers and school administrators who work at least half-time and are covered by collective bargaining participate in the Teachers Retirement Fund. Teachers pay either 5, 7, 8, or 9% of their salary depending on when they entered teaching service. The State Teachers Retirement Board determines the amount of money necessary each fiscal year to fund the payment of benefits.

Teachers in the Boston Public Schools are not covered by the program. The state reimburses Boston for the cost of paying pensions to those teachers—an estimated \$35 million in FY99. Charter school teachers—although not covered by collective bargaining agreements—are eligible to participate.

Extent of Participation: 1.

XIV. TECHNOLOGY

In 1996, the Education Technology Bill authorized a \$30 million matching grant program for school districts, with the intent of improving classroom connections to the Internet. By 1998, 90% of districts and charter schools had received grant awards.

MassEd.Net provides state-subsidized unlimited Internet access service for Massachusetts teachers and administrators. The cost is \$25 per year, which may be paid on behalf of their employees by local school districts.

The Massachusetts Department of Education's Information Management System is currently in the late design phase. When fully implemented, it will provide enrollment, fiscal, testing, and other information from all school districts.

XV. CAPITAL OUTLAY AND DEBT SERVICE

Funding in 1998–1999: \$233.0 million.

Percentage of Total State Aid: 7.3%.

Description: Municipalities and regional school districts file capital project applications for State Board of Education approval. School Building Assistance criteria place projects into one of three ranked categories. First priority is assigned to projects designed to correct racial imbalance. Category 2 projects relieve or prevent overcrowded conditions, and make necessary repairs in an effort to mitigate accreditation issues. The last category of projects, category 3, are for improvements to facilities and programs and may include renovations of existing buildings.

Reimbursement rates range from 50 to 90% of project costs. Each district's percentage is fixed in statute but was derived from wealth-based measures in the 1980's. The number of payments received by the grant recipient equals the number of years for which indebtedness is incurred for the project, with a minimum of five and maximum of twenty years.

Recent legislation requires that in order to retain eligibility for school building assistance in any year, a district must have spent at least 50% of its foundation budget target for maintenance and extraordinary maintenance in the prior year.

Extent of Participation: 219.

XVI. STANDARDS/ACCOUNTABILITY MEASURES

Student Testing

The Education Reform Act of 1993 mandated a new statewide testing program to measure individual student, school and district academic achievement based upon

the state's Curriculum Framework standards. The Massachusetts Comprehensive Assessment System (MCAS) annual testing program was administered for the first time in May 1998 to all fourth, eighth and tenth graders in English Language Arts, Mathematics, Science and Technology, and History/Social Science. Beginning with the class of 2003, students must have passed the tenth grade test in order to graduate from high school. Test results are reported on a pupil, school and district basis.

The Massachusetts Department of Education is implementing a School District Accountability System that will track the progress of every school and district toward meeting state standards. Consistent evidence of poor results in a district may result in the Board of Education declaring the district to be chronically under-performing.

XVII. REWARDS/SANCTIONS

Penalty For Inadequate Spending

Districts that do not meet their Chapter 70 spending requirement may carry over up to 5% of the requirement into the next year's budget. Amounts under 95% of the requirement are permanently deducted from Chapter 70 state aid. Only a handful of districts have lost state aid under this provision since FY94.

XVIII. FUNDING FOR NON-TRADITIONAL PUBLIC SCHOOLS

Charter Schools

Funding in 1998–1999: \$27.0 million.

Percentage of Total State Aid: less than 1%.

Description: Publicly funded charter schools were first authorized by Education Reform Act of 1993. In FY96 the first 15 charter schools opened. In FY99, there were 25 Commonwealth charter schools serving 9,421 students around the state. Three Horace Mann charter schools operate within their local school budgets but with independent boards of trustees. The extent of the program is capped at 50 schools and 2% of the total school population. Charters are granted by the state Board of Education and subject to renewal after five years. The schools must adhere to state education laws and regulations. They are independent of local school districts, and they are not subject to local collective bargaining agreements.

Local funding for charters consists of tuition paid by local school districts. Tuition rates are based upon each sending district's projected current year per pupil cost, net of school building assistance and transportation. Tuition is deducted from sending districts' quarterly Chapter 70 payments and paid directly to charter schools by the state treasurer. In FY99 these payments amounted to a total of \$66 million.

The fiscal impact of charter tuition has been neutralized to a considerable extent by state reimbursements. Between FY96 and FY98, below-foundation districts received additional aid through annual budget language that created a separate charter school aid component in the Chapter 70 formula. Above-foundation districts received annual reimbursements covering between 40 and 50% of their tuition. Beginning in FY99, a revised charter funding statute took effect. Districts are reimbursed for 100% of the increase in charter tuition in the year the increase occurs, 60% of that same amount in the second year, and 40% in the third year. In addition, the state pays the first year tuition (\$3 million in FY99) for charter pupils who were home-schooled or in non-public schools the previous school year. In total, reimbursements amounted to \$24.1 million in FY99.

A separate charter school grant account of \$2.8 million funds acquisition and improvement of charter school facilities.

Transportation is provided for charter pupils under the same mileage requirements that exist for local district pupils. Some charters provide transportation themselves, using those same requirements, in which case an additional transportation cost is added to the district's tuition. Low-income pupils from outside the district in which the charter school is located are eligible for state reimbursement of the cost of transportation.

Extent of Participation: 199.

XIX. AID TO PRIVATE SCHOOLS

No state aid provided.

XX. RECENT/PENDING LITIGATION

The Education Clause of the Massachusetts Constitution, in language unchanged since 1780, states:

It shall be the duty of legislatures and magistrates, in all future periods of this Commonwealth, to cherish...the public schools and grammar schools in the towns...

In 1978, a suit challenging the fairness of the Commonwealth's school finance system was initiated against the Commonwealth on the behalf of pupils in a group of poorer communities. Several distinct eras in Massachusetts school finance (see Historical Context above) passed. In 1993, 15 years after the initial complaint, the Massachusetts Supreme Judicial Court supported the plaintiffs in *McDuffy v. Secretary of Education*, 615 N.E.2d 516 (Mass. 1993), holding that the Commonwealth had failed to meet its constitutional obligation.

The Education Reform Act of 1993 was passed by the Legislature just a few days prior to the *McDuffy* finding. Since then, the case has remained open under the jurisdiction of a Single Justice of the Massachusetts Supreme Judicial Court, but the plaintiffs have not initiated any further activity in recent years. However, in 1998 a separate case, *Lopez v. Board of Education*, was filed on behalf of pupils in six Cape Cod communities. The plaintiffs asked the Supreme Judicial Court to declare that the defendants have failed to provide sufficient state aid to their communities in adherence with the guidelines set forth in the *McDuffy* finding.

XXI. SPECIAL TOPICS

School to Work

State-approved Chapter 74 vocational programs offer sequences of courses designed to prepare students for both employment and continuing education. The state's 41,758 vocational pupils generated a \$348.8 million increment in the Chapter 70 foundation budget target in FY99.

School Choice

The school choice statute was passed in 1991 and revised by the Education Reform Act in 1993. The decision to accept out-of-district pupils rests with local school committees. In any year they may vote to stop accepting new pupils, but all school choice pupils from the prior year are eligible to continue attending. Incoming pupils must be selected without regard to race, ethnicity, language, special needs, or athletic prowess. In FY99, 116 districts participated in the program and served 7,080 pupils.

Sending school districts are charged tuition for pupils attending receiving school choice districts. The state treasurer deducts the tuition from the quarterly Chapter

70 distribution and pays receiving districts directly. The tuition is based upon 75% of the receiving district's average program cost per pupil in the prior year. Tuition is capped at \$5000 except for special education pupils, for whom the full cost is charged.

Tuition amounted to \$34.4 million in FY99. Below-foundation districts receive 100% of any annual increase in school choice tuition as a permanent component of the Chapter 70 formula. There is no reimbursement for above-foundation districts.

Teacher Quality

In August 1998 the Twelve to Sixty-Two comprehensive teacher-incentive plan was signed into law. It is a comprehensive program for strengthening Massachusetts' future teaching force. It includes a number of separate initiatives, including the following: Signing bonuses for outstanding candidates recruited from around the nation. Attracting Excellence to Teaching (reimburses loans for high-achieving college graduates who teach full-time in Massachusetts) and the Teachers for Tomorrow Scholarship Program (tuition remission at Massachusetts undergraduate programs for high school seniors who graduate in the top 25% of their class and agree to teach for a minimum of four years after graduation).

Teacher certification is required every five years. Beginning in FY99, all candidates for initial certification must pass Massachusetts Teacher Tests.

School districts are required to use at least \$100 per pupil from their Chapter 70 funds to provide professional development programs to current teachers and administrators. This requirement totaled \$91.8 million in FY99.