Massachusetts

Funding Basics

Formula Type

Massachusetts has a hybrid funding formula incorporating both resource-based and student-based elements. The state assigns costs to the education of students in several different categories, derived from the resource costs associated with educating the students in each category. The categories of students considered in Massachusetts' funding policy are those in certain grade levels, English-language learners, low-income students and students in high-poverty districts, students with disabilities, students enrolled in career and technical education (CTE) programs, and students in some sparsely populated districts.

Massachusetts expects school districts to contribute to the funding of their public schools, with the amount of the local share based on districts' property values, the incomes of district residents, and a defined percentage of the formula amount. Districts in Massachusetts are permitted to raise and keep additional local revenues for regular district operations.

Initial funding amounts are differentiated for students in certain grade levels and students in career and technical education programs based on different resource cost calculations. Supplemental funding is then provided for English-language learners, students from low-income households and students in high-poverty districts, and students with disabilities, also based on resource cost calculations. Program-specific allocations are provided for students in some sparsely populated districts.

Base Amount

Massachusetts does not have a single, statewide base amount. Instead, it uses several funding amounts that are associated with different categories of students.

The state uses a formula, called the foundation budget formula, that accounts for the resource costs and associates different costs with different categories of students: Categories include students in different preschool and kindergarten arrangements, students in different grade spans, and students in career and technical education programs. The per-student costs included in the base funding calculation for each category include those for staff salaries and benefits, instructional equipment and technology, pupil services, and professional development, among other resources.

Additional categories of students are considered to require resources beyond base funding. Students in these categories, including English-language learners, students from low-income households, and an assumed number of students with disabilities, are counted first for the purposes of the base funding calculation above and are then tallied separately for the calculation of additional funding needs.

Local Revenue

Expected Local Share

Massachusetts expects municipalities to contribute revenue to their public schools. The amount each municipality is expected to contribute is based on a combination of its property values, residents' income, and defined share of the amount calculated by the state to be necessary to educate students within the municipality's local school district.

In Massachusetts, school districts do not directly raise revenue; rather, municipalities raise revenue for schools. The state sets required local contributions for municipalities based on their target local shares. Each municipality's target local share is based on a statewide target for the proportion of education funding to be covered by state and local funds, the municipality's aggregate property values, and the municipality's aggregate income, based on its residents' tax returns. Municipalities, in total, are expected to cover 59% of the statewide foundation budget, and the state is expected to cover 41%. The target local share differs for each individual municipality depending on its property wealth and its residents' income, weighted equally. The target calculation also sets the maximum local share of the formula amount at 82.5%, so districts receive a minimum of 17.5% of the formula amount in the form of state aid regardless of local wealth and income levels.

A municipality's local contribution may be adjusted to account for the expected size of the changes in its local revenues over the prior year and for constraints on the municipality due to limits on permissible local tax rates (see "Property Tax Floors and Ceilings" for more information). When a municipality is a member of multiple regional school districts, or when it operates a local district in addition to being a member of one or more regional school districts, the municipality's local contribution is shared across the various school districts based on the size of their formula amounts as calculated for all the municipality's students.

Property Tax Floors and Ceilings

Massachusetts sets both a floor and a ceiling for local property tax rates. School districts in Massachusetts may not directly impose taxes; property taxes for education are imposed by municipalities.

Municipalities must raise a local contribution that varies based on the district's property and income wealth and its contribution in the previous year. Massachusetts also sets limits on municipalities' overall tax rate: A municipality may not impose a property tax rate of more than $25.00 for every $1,000 of taxable property wealth. However, in order to pay for certain capital projects or to meet specified debt service costs, municipalities may temporarily exceed this limitation, with voter approval.

Municipalities also may not increase taxes to raise over 2.5% more revenue than was permissible the previous year, adjusted for growth in the value of the local tax base. However, municipalities may increase taxes beyond this limitation with voter approval, up to the property tax rate ceiling of $25.00 for every $1,000 of taxable property wealth.

Other Local Taxes for Education

School districts in Massachusetts may receive local revenue from property taxes, motor vehicle excise taxes, excise taxes on other goods, utility taxes, and permit and license fees.

School districts in Massachusetts may not directly impose taxes. Municipalities impose property taxes as well as motor vehicle excise taxes; optional excise taxes on goods such hotel rooms, restaurant meals, and cannabis; utility fees; and permit and license fees. A portion of the proceeds from these municipal taxes and fees is directed to schools.

Student Characteristics

Grade Level

Massachusetts provides different levels of funding for students in four different grade spans: kindergarten, elementary, junior high school or middle school, and high school.

The funding amounts are calculated based on the assumption that different resource needs apply to these different grade spans. The per-student costs included in the base funding calculation for each grade span include those for staff salaries and benefits, instructional equipment and technology, pupil services, and professional development, among other resources. In FY2021, the base funding totaled $8,206.57 for students in full-day kindergarten, $8,254.48 for elementary students, $7,910.16 for students in junior high or middle school, and $9,715.46 for students in high school.

Different amounts are assigned to other categories of students that are also tied to grade level, including English-language learners in different grade spans and secondary students in career and technical education programs. For students in preschool and half-day kindergarten, Massachusetts provides approximately half the funding allotted for students in full-day kindergarten.

English-Language Learner

Massachusetts provides increased funding for English-language learners. It does so in the form of an allocation for each English-language learner that varies by grade level. This allocation ranged from $1,895.12 to $2,427.88 in FY2021, in accordance with a resource-based calculation.

After base funding is calculated for students in different grade levels and instructional programs, the state uses a formula that accounts for the increased resource costs associated with educating different categories of students, including English-language learners. The per-student costs included in the base funding calculation for each category include those for staff salaries and benefits, instructional equipment and technology, pupil services, and professional development, among other resources. These costs are estimated differently for English-language learners in different grade spans, such that, in FY2021, the additional allocation totaled $2,321.15 for English-language learners in grades pre-K-5, $2,427.88 for English-language learners in grades 6-8, and $1,895.12 for English-language learners in high school and vocational programs.

Massachusetts defines an English-language learner as a student whose native language is a language other than English or who comes from an environment where another language significantly affects the student's English proficiency and whose difficulties in speaking, reading, writing, or understanding English may prevent the student from meeting state standards, engaging in the classroom, or participating fully in society.

Poverty

Massachusetts provides increased funding for students from low-income households at a level that differs depending on the concentration of low-income students in a district. It does so in the form of an allocation for each low-income student.

After base funding is calculated for students in different grade levels and instructional programs, the state uses a formula that accounts for the increased resource costs associated with educating different categories of students, including low-income students. The per-student costs included in the base funding calculation for each category include those for staff salaries and benefits, instructional equipment and technology, pupil services, and professional development, among other resources. These costs are estimated differently depending on the concentration of low-income students in the district compared with other districts in the state (see "Concentrated Poverty" for more information).

Students are considered low income if they come from families that participate in one or more of the following state-administered programs: Supplemental Nutrition Assistance Program, Transitional Assistance for Families with Dependent Children, the state foster care program, and MassHealth (Medicaid).

Special Education

Massachusetts funds special education using a census-based system, assuming that a set percentage of students in each district will require special education services and using each district's full enrollment count to determine the amount of special education funding required.

The state assumes that in-district special education placements will equal 3.79% of each district's noncareer and technical education enrollment and 4.79% of its career and technical education enrollment in grades K-12. Out-of-district special education placements are assumed to equal 1% of K-12 enrollment. In FY2021, the state allocated $27,708.02 for each assumed, in-district, special education student and $30,044.07 for each assumed, out-of-district, special education student. The dollar amounts are calculated based on the increased resource costs associated with educating students with disabilities. The per-student costs included in the calculation for each category include those for staff salaries and benefits, instructional equipment and technology, pupil services, and professional development, among other resources.

The remainder of state special education funding is distributed through specific program-based allocations. These include a partial reimbursement for districts serving students with needs imposing costs above a given threshold, set at $45,793 in FY2020 and adjusted for inflation annually thereafter (that reimbursement covers 75% of costs incurred above that threshold); a reimbursement for instructional and transportation costs for students receiving special education services outside their home districts; and an "extraordinary relief" program that supports districts whose special education expenses see at least a 25% year-over-year increase.

Gifted

Massachusetts does not provide increased funding for gifted and talented students.

Career and Technical Education

Massachusetts provides increased funding for career and technical education (CTE) programs. It does so by providing a higher per-pupil amount for students enrolled in these programs in accordance with the assumption that CTE is associated with above-average resource costs.

Base funding amounts are calculated based on the assumption that different resource needs apply to students in CTE program. The per-student costs included in the base funding calculation for CTE students include those for staff salaries and benefits, instructional equipment and technology, pupil services, and professional development, among other resources. In FY2021, Massachusetts provided $14,657.80 for each CTE student.

District Characteristics

Concentrated Poverty

Massachusetts provides increased funding for districts based on the concentrations of students from low-income households that they serve. It does so by varying the additional allocation provided for each low-income student based on the school district's share of low-income students as compared with other districts in the state.

Each district is assigned to a decile based on the share of its students who come from families that participate in one or more of the following state-administered programs: Supplemental Nutrition Assistance Program, Transitional Assistance for Families With Dependent Children, the state foster care program, and MassHealth (Medicaid). Each district receives a dollar amount per low-income student that differs depending on the decile to which the district is assigned. In FY2021, the school districts with the smallest share of low-income students received $3,830.04 per low-income student, while those with the greatest share received $4,680.83 per low-income student.

The dollar amounts are calculated based on the increased resource costs associated with educating low-income students in different environments. The per-student costs included in the funding calculation for each decile include those for staff salaries and benefits, instructional equipment and technology, pupil services, and professional development, among other resources.

Sparsity and/or Small Size

Massachusetts provides increased funding for some sparse school districts. It does so by providing supplemental amounts to sparse districts with lower per capita income levels. The amount varies depending on the district's number of students per square mile. This funding is appropriated and provided separately from the state's primary funding formula.

School districts with 35 or fewer students per square mile are eligible for this funding if they fall below a certain income threshold, which was $41,794 in FY2021 (as indicated by 2018 U.S. Census estimates). Eligible districts are tiered into three categories: Priority 1 districts are those with 11 or fewer students per square mile; Priority 2 districts are those with 12-21 students per square mile; and Priority 3 districts are those with 22-35 students per square mile. Per-pupil funding levels are highest in districts with the fewest students per square mile.

The state appropriated $3 million for this purpose in FY2021; $1.5 million was allocated to Priority 1 districts, $870,000 was allocated to Priority 2 districts, and $630,000 was allocated to Priority 3 districts. The allocations were divided among the districts in each priority group in proportion to the size of their formula amounts.

Charter Funding

Funding for charter schools in Massachusetts is calculated based on a formula distinct from the one used to calculate funding for traditional public schools.

Massachusetts calculates per-student funding for charter schools through several components. Like traditional public schools, charter schools receive a per-student formula amount, calculated separately for each school district sending students to the charter based on the state's primary funding formula. This amount is then increased by a percentage that reflects the amount by which the sending district's actual spending exceeds its formula amount. Charter schools receive all funding directly from the state.

Charter schools in Massachusetts receive a share of local tax revenue. This is accomplished by withholding a portion of state aid from the charter students' school district(s) of residence and transferring that amount to the charter school.

For a complete list of primary sources, please see the appropriate state page at funded.edbuild.org