



A Sustainable Future for Rural Schools

Commission on the Fiscal Health
of Rural School Districts

July 2022

Established by
Chapter 132 of the Acts of 2019

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I. Acknowledgements

August 2022

The *Commission on the Long-term Fiscal Health of Rural School Districts* (Rural Schools Commission) is grateful to the many individuals and organizations that contributed to the completion of its study.

We would like to acknowledge the members of the Rural Schools Commission who contributed valuable knowledge, experience, and perspectives throughout the Commission's work. Additionally, we are thankful for the guidance of the Chairs of the Joint Committee on Education, Senator Jason Lewis and Representative Alice Peisch.

We greatly appreciate the guidance and support of House Speaker Ron Mariano, Senate President Karen Spilka, House Ways and Means Chair Aaron Michlewitz, and Senate Ways and Means Chair Michael Rodrigues. We applaud leadership in both bodies for recognizing the importance of supporting low and declining enrollment districts and are grateful for their support of the establishment of the Rural Schools Commission in the 2019 Student Opportunity Act. The Student Opportunity Act was a major step forward for equitable and sustainable school funding, and we are glad to build upon that work with the development of these recommendations.

Finally, we would like to thank the dedicated staff members throughout the Legislature for their work on this report. In particular, our staff, Corinne Coryat, Kathryn Jason, and Steve Mahar, and experts from the Education committee, the offices of House and Senate Leadership, and the offices of House and Senate Ways and Means. We'd also like to thank Michael Sullivan, whose expertise proved to be invaluable in drafting this report.

The Commission is grateful to individuals who shared their powerful stories and to the many groups who provided policy expertise and insight through the submission of testimony and presentations at various Commission meetings.

We are pleased to submit this report with recommendations to the Massachusetts Legislature from the Rural Schools Commission, created by Section 22 of Chapter 132 of the Acts of 2019.

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Mandate

Created under the Student Opportunity Act (SOA) in 2019, the Special Commission on Rural School Districts was created to study the long-term fiscal health of rural school districts that are facing or may face declining student enrollment, and make recommendations to consider:

(i) improving and expanding the rural school aid grant program and feasibility of including a low and declining student enrollment factor within the existing rural school aid formula; (ii) establishing and including a low and declining student enrollment factor within the foundation budget; (iii) expanding the use of technology to deliver instruction; (iv) enabling operating efficiencies; (v) exploring the use of shared services; (vi) optimizing schools and school districts; (vii) encouraging improvement of fiscal health and educational outcomes; and (viii) other matters related to educational opportunities in rural areas subject to the discretion of the commission.

(See Appendix A for the full charge to the Commission)

II. Executive Summary

Rural school districts in Massachusetts face unique and long-standing fiscal challenges. The Student Opportunity Act of 2019 acknowledged the need for the state to examine this area in further details and established the *Commission on the Long-term Fiscal Health of Rural School Districts* for that purpose. This commission's recommendations are a continuation of the work of the Student Opportunity Act to ensure students in every corner of the Commonwealth receive the resources and opportunity they deserve.

Rural schools are located in regions confronting a shifting economy, demographic changes, insufficient state investment in infrastructure, and more. In the Commonwealth's more rural regions where these schools operate, wages remain depressed, employment opportunities are limited, property values have stagnated, and the general population has declined significantly, as has student enrollment. The result is many rural school students simply no longer benefit from an education with the same level of resources and breadth of opportunity as their peers in the rest of the state.

This report highlights how regional differences have translated into students in rural school districts ending up with less than they need and deserve. In particular:

1. Rural areas have flat population growth and accelerated declining student enrollments. Rural districts are situated within municipalities whose relatively remote locations have isolated them from the economic opportunities enjoyed by much of the state. As a result, small town governments must fund increasingly higher proportions of their school budgets from an insufficient and stagnant tax base.
 - Districts with very low student enrollments cost substantially more to fund on a per-pupil basis than typical school districts. This report finds that districts with 1,300 students or fewer cost 16.7% more to operate than the state average and that small K-12 regional school districts cost 22.7% more to operate than larger ones. By under-calculating their operational costs, these districts receive insufficient Chapter 70 aid.
 - School districts in sparsely populated areas have substantially greater student transportation costs and have limited potential for consolidating schools due to long travel times.
 - Between 2012 and 2020 rural districts lost 4,232 students or 13.9% of their enrollment. Over the same period, the state's total enrollment declined by 4,541 students or 0.5%. School districts that have experienced years of declining student enrollment remain saddled with high per-pupil legacy costs. This report finds that the average employee and retiree benefits costs for the 31 districts with the highest decline in enrollment was \$1,021 per-pupil or 34.1% greater than the state average.
 - Over time, course offerings, student support services, and extracurricular activities have been substantially reduced in rural schools due to underfunding. In some cases, these reductions have driven students to seek alternatives, particularly through school choice. This compounded enrollment loss further reduces funding and a downward cycle of reduced enrollment, reduced funding, and diminished educational experience continues.

The members of this Commission feel strongly that these challenges must be addressed now so that rural schools may move forward on an equal playing field, with self-reliance and hope. Across the nation, 37 states specifically address the fiscal challenges faced by rural school districts. Massachusetts can respond effectively and decisively to its own rural school challenges with a set of cost-effective measures that will provide long-term solutions.

Commission members agreed that insufficient per-pupil funding is at the heart of this challenge and identified a range of ways the Commonwealth of Massachusetts can overcome that fundamental inequity. This report provides the pathway towards a low-cost intervention to ensure rural schools and rural regions of Massachusetts experience the same fundamental building blocks for growth that other regions enjoy.

The Commission recommends consideration of the following actions:

- **Rural School Aid:** Substantially increase funding for the state’s rural school aid program and explore revising the formula to further close the gap between rural districts’ actual costs and their current level of state funding (see pg. 27).
- **School Transportation:** Implement recommendations from the Special Commission on Student Transportation Efficiencies targeting student transportation costs and consider transportation reimbursements to rural districts with a demonstrated need (see pg. 28).
- **Declining Enrollment:** Provide funding to districts with substantial and sustained enrollment losses and move to a rolling foundation average in the foundation budget formula (see pg. 29).
- **Regionalization:** Increase incentives and supports for rural school districts to combine and form more cost-effective regional school district (see pg. 31).
- **Shared Services:** Provide incentives and technical support for rural districts to adopt shared services agreements including but not limited to forming superintendency unions (see pg. 34).
- **Special Education:** Address the high costs of special education by making available the use of extraordinary relief funding for rural districts, establishing a Special Education Funding Reform Commission, reimbursing for high-cost student during the same academic year, enhancing workforce incentives, and more (see pg. 35).
- **School Choice:** Cap the number of students leaving rural districts through the school choice program and further explore the unique impact of school choice, charter schools and vocational schools on rural school districts (see pg. 37).
- **Health Insurance:** Reduce the rising costs of health insurance by providing state technical expertise to evaluate the feasibility of joint purchasing plans and the option of buying into Medicare for certain retirees, ensuring that districts explore all available options before purchasing health insurance on their own and involving the GIC in exploring affordable healthcare options (see pg. 39).

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III. Overview

Introduction

For decades, Massachusetts' most rural schools have increasingly struggled under the burden of circumstances which other communities do not face. Declining populations, stagnant or declining tax bases, in combination with the disproportionately high costs of educating students in smaller schools has left our rural school districts with funding deficits. They have been forced to decide between cutting integral arts, athletic, and academic programming or consider closing schools. In rural communities the closure of a school does not equate to attending a different school within the same community or traveling 5-10 minutes more on a bus. It results in the collapse of community centers, children spending substantially more time on buses, and no significant increase in educational opportunities. As our rural communities continue to change, tens of thousands of Massachusetts students are being stripped of the educational opportunities that they deserve. While we accommodate the burgeoning populations of urban and suburban communities, we must do the same for our rural communities. As our urban counterparts are valuable because of their larger populations, these small, rural regions of our state are also valuable and should be celebrated because of their small size, rather than penalized because of it.

In supporting each and every student in Massachusetts we must consider the long-term sustainability of our rural schools. Equity and access to a high-quality education is central in this mission. We must ensure that each student's needs are met and beyond that, they are able to thrive regardless of ethnicity, socioeconomic status, disability, or geographic location. Our public educators shape the lives of the next generation. We must give every district, regardless of size or student population, the tools and resources it needs to support our most valuable investment: our children.

Throughout the duration of this study, the Commission received oral and written testimony from hundreds of individuals and organizations at public hearings. This participation and feedback provided critical lessons that are the fundamental guiding principles of this report. The proposed recommendations take the first steps in building a sustainable model for rural school districts, ensuring that no school or student must give up learning opportunities, or access to necessary educational services.

Process and Method

The Commission held five meetings and two public hearings over the course of its work. It broke into working groups that focused on six topic areas: the costs of health insurance and post-employment benefit costs (OPEB); the costs of school transportation in rural areas; local aid issues including minimum contribution and hold harmless; school choice issues including the charter and vocational school formulas; special education service delivery and costs; and regionalization. Each working group met with a variety of stakeholders and experts over a six-month period to identify issues, problem areas, challenges, and potential solutions. The working groups issued their reports to the full Commission, which were used as the foundation of this report.

In addition, written and oral testimony was solicited from school administrators, teachers, and parents. On September 23rd, 2021, the Commission attended a public roundtable discussion hosted at Mohawk Trail Regional School District and that was available to remote attendees via Google Meet. Following this, a formal public hearing was held on October 6, 2021. During these events, Commission members heard from dozens of stakeholders on the unique issues facing rural schools

and the critical need for state action to address rising costs and ensure a sustainable future for low and declining enrollment districts.

The Commission focused on cost-effective solutions that would improve educational opportunities for students in rural districts; address the financial challenges faced by rural and small school districts and the municipalities served by the districts; and that did not disadvantage other districts in the Commonwealth.

IV. Findings

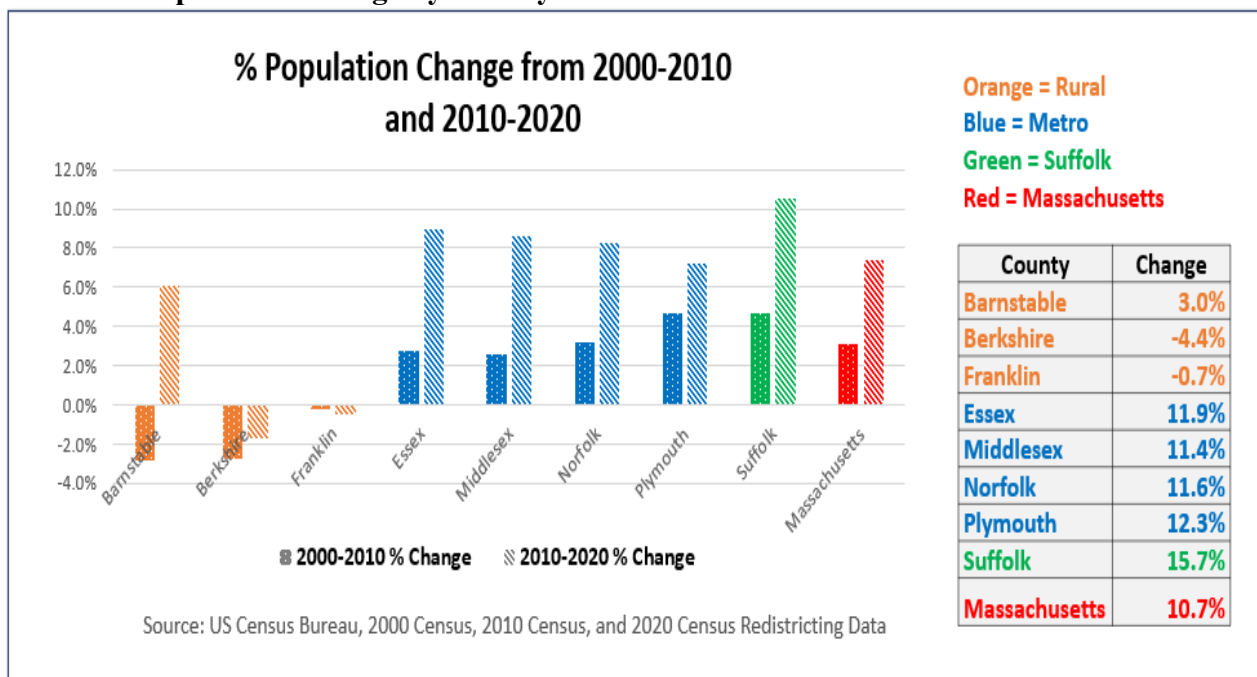
A. Defining the Challenges

Rural school districts in Massachusetts struggle with a set of challenges that have left many students with less than they need and deserve. For example, some rural high schools have cut most of their AP courses, business programs, arts offerings, social studies electives, and world languages. Middle schools have lost their team structures or eliminated their math and reading support teachers, losing interdisciplinary learning opportunities and the ability to create supportive community within the school. Elementary schools have lost reading and math support teachers as well as reading and math coaches. Support specialist positions from across grade levels such as adjustment counselors, nurses, and librarians have also been eliminated. As courses, programs, and extra-curricular activities are eliminated, students leave these schools via school choice or to attend charter or private schools. When this occurs, enrollments decline further, funding is reduced further, and a self-perpetuating cycle of decline results.

Insufficient per-pupil funding is at the heart of this challenge faced by rural school districts. But before this report explains this challenge directly, it is important to understand the context of enrollment changes in rural Massachusetts. In the Commonwealth’s more rural regions, wages remain depressed, employment opportunities are limited, property values have stagnated, and the general population has declined significantly, as has student enrollment.

Over the last 20-year period, both Berkshire and Franklin Counties’ populations declined while the state average rose over 10% (See Table 1). Population decline negatively impacts all aspects of rural life and the rural economy.

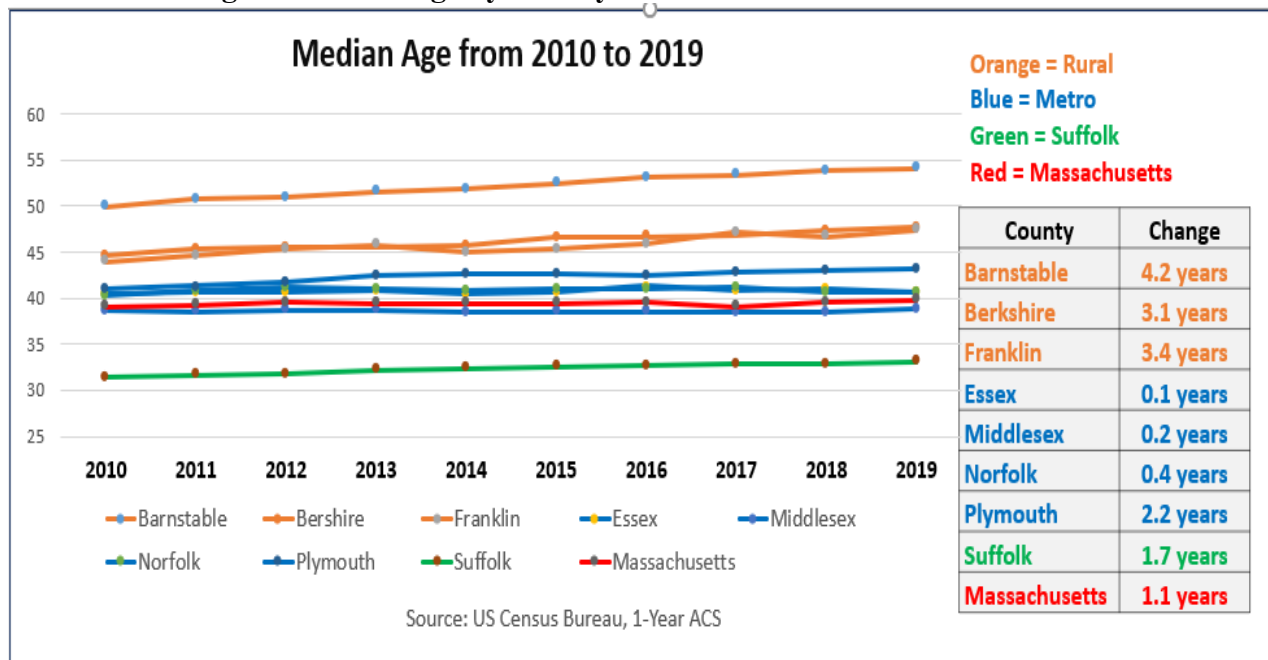
Table 1. Population Change by County



Additionally, rural Massachusetts is growing older, exacerbating the problems associated with population decline and characterized by increased numbers of citizens on fixed incomes, an

increased need for specialized healthcare services and housing, and a reduction in the available workforce. Table 2 captures the sharp contrast in these demographic changes across the state.

Table 2. Change in Median Age by County



Small rural communities are often unable to meet these needs because significantly lower property values, and property value growth, results in less tax revenue available for local budgets (See Table 3). Less revenue results in fewer local services, deferred maintenance, and less investment. This problem is compounded by state funding formulas that are predominantly population-based.

Across the commonwealth, it is not unheard of for a school budget to represent 60 percent of the total town budget, but in small towns, the burden is felt disproportionately. In addition to the enormity of this budget item, to fund the entire municipal budget, small towns are struggling with property tax increases that are pushing up against the property tax levy ceiling and the tax rate cap imposed by Proposition 2 1/2.

In Massachusetts, a **municipal property tax rate** cannot legally exceed 2.5% of the municipality’s total assessed value (AV)¹. For municipalities with a single tax rate², that equates to \$25 per thousand dollars of property valuation. This is known as the **levy ceiling**. The Town of Shutesbury addressed this challenge in saying, “The Prop 2 1/2 legislation that passed in 1982 put a cap on the residential tax

¹ There is an exception: the levy ceiling (2.5% of AV) can be exceeded by a debt exclusion or a capital outlay exclusion.

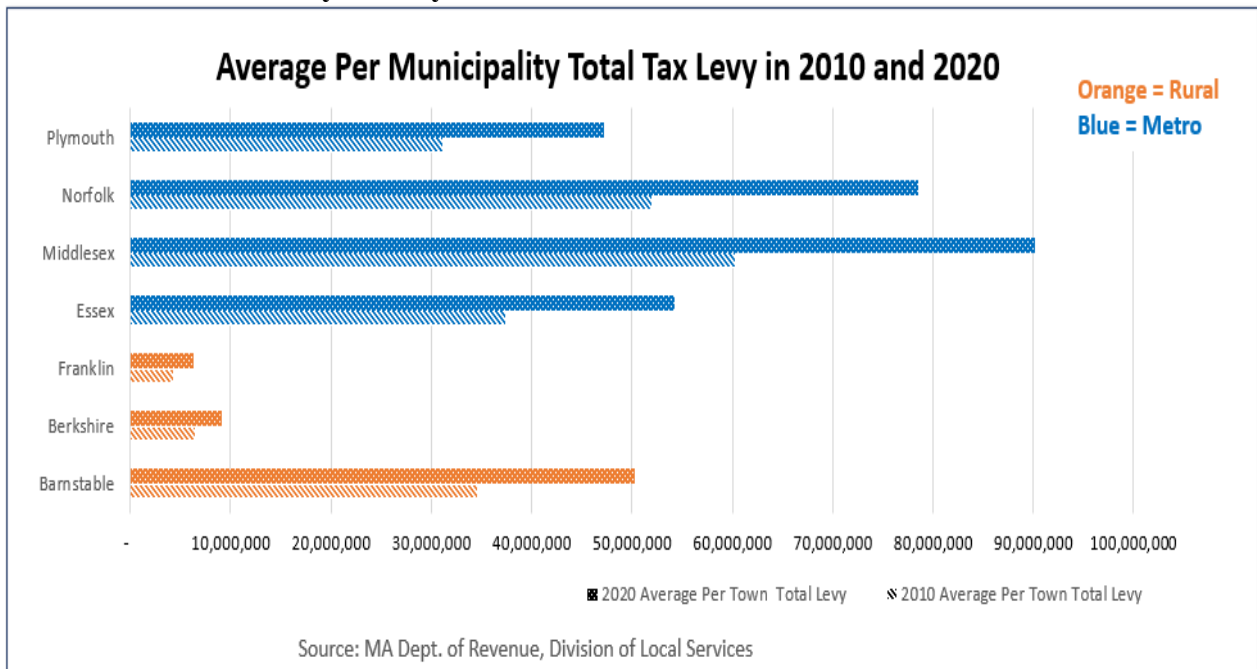
² Under property tax classification, municipalities can adopt a split tax rate. For those municipalities that choose this option (approx. one-third of the municipalities), the tax burden is shifted from the residential class to the commercial/industrial/personal property class, resulting in a lower residential tax rate and a higher commercial/industrial/personal property tax rate. The commercial/industrial/personal property tax rate can exceed \$25 per \$1,000 of AV, but the total property tax levy still cannot exceed 2.5% of total AV.

rate of \$25 per thousand. Over the course of the 37 years, with property re-evaluations fluctuating, approaching the cap has been slow, but somewhat inevitable. Shutesbury, along with other small towns with a residential tax base, will reach this limit.” In FY22, 12 of the top 20 towns with the highest residential tax rates are classified as rural by the Rural Policy Advisory Commission. These rates range from a low of \$19.87 (Bolton) to a high of \$23.24 (Wendell).

The **property tax levy** is the amount of money that a town will raise in a fiscal year from taxation to support the budget approved by Town Meeting. The **levy limit** is calculated starting with last fiscal year’s levy limit plus 2.5%, plus any overrides, plus certified new growth in the property tax base. The levy cannot be higher than the levy limit for that year unless a capital outlay exclusion or debt exclusion was approved by the voters. Towns can appropriate up to the levy limit unless it exceeds the levy ceiling.

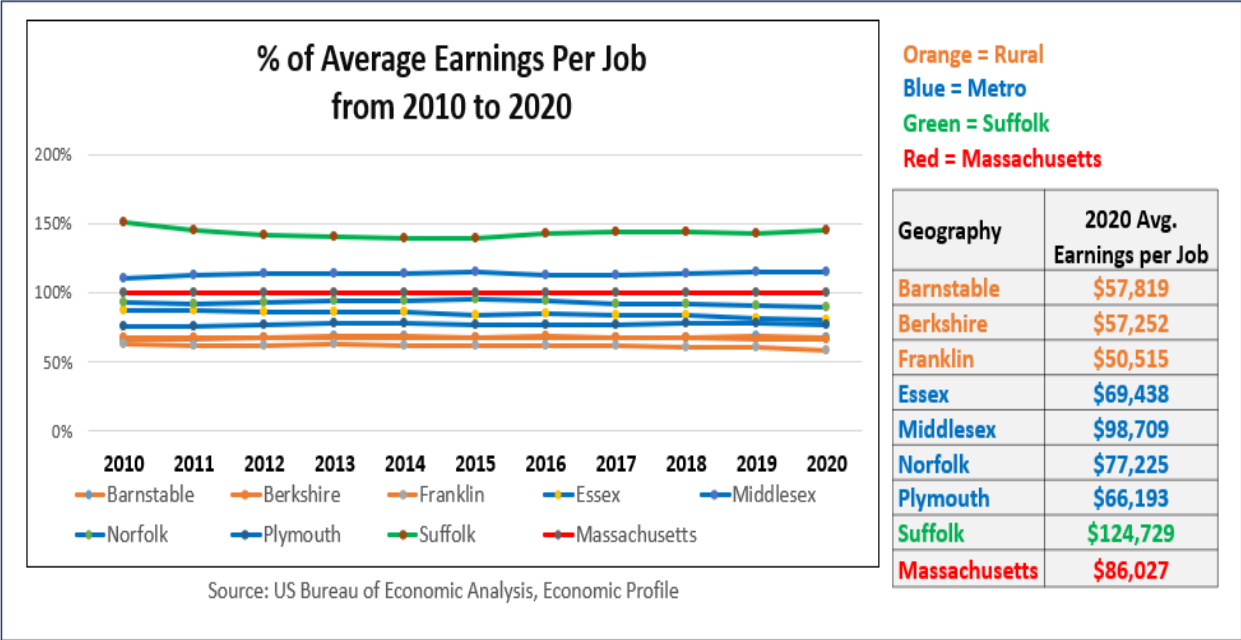
Many rural communities are experiencing very slow growth in taxable property values which slows the growth of the tax levy ceiling. Municipal budget costs, both fixed and discretionary, often rise at a rate greater than 2.5%, which requires municipalities to increase property taxes closer to the levy ceiling. As the tax rate approaches the levy ceiling, the town loses its ability to fund necessary town services, including education, through an override vote.

Table 3. Tax Levies by County



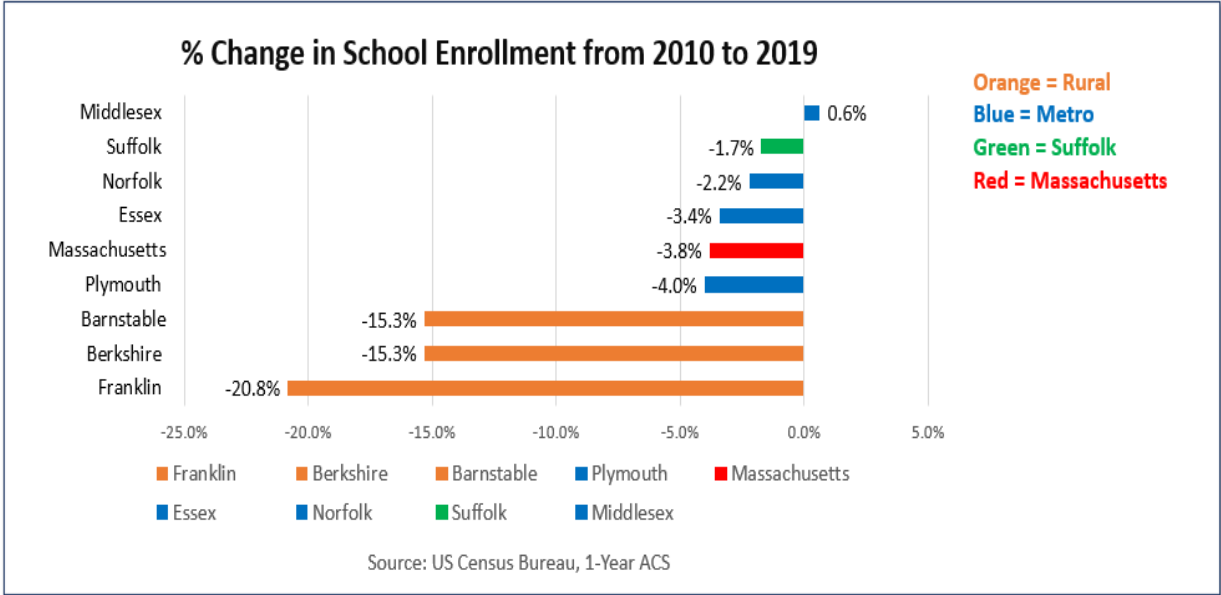
Finally, the average earning per job in Franklin, Barnstable and Berkshire Counties is only 40-46% of the average Suffolk County job. Even with the consistency of the minimum wage rate, rural areas have jobs that pay significantly less and may have fewer full-time jobs than Metro Boston and Suffolk counties. Wages in rural areas are not keeping pace with rising costs of living and the inflation caused by COVID-related supply chain issues. This information is shown in more detail in Table 4.

Table 4. Rural Area and State Wage Rates



Rural Massachusetts lags behind the rest of the state to a substantial degree in terms of population change, aging of the population, property wealth, and wages. These challenges have broad implications for rural communities and their schools. As shown in Table 5, between 2010 and 2019 Berkshire and Barnstable Counties’ school enrollments declined 15.3% each, and Franklin County’s declined 20.8%, while the state’s school enrollment declined 3.8%.

Table 5. Student Enrollment Change by County



The fundamental challenge for rural school districts is that when student enrollment declines by 15-21% the costs of operating these schools do not decline at the same rate. Usually, the loss of students is spread out across multiple grades, so the situation does not often allow for the reduction of teaching positions proportional to the number of students lost across a school. The result is often the reduction or elimination of related arts or elective programs, enrichment programs, and extra-curricular activities. In addition, over time, under-resourced town governments have been forced to choose between funding schools and reducing or eliminating other essential services. As cuts and reductions deepen, students and families often leave the district and a cycle with continued declining funding ensues. In some cases, beloved schools, that are often the heart of small towns are forced to close. To those living in a village where the community school is focal point of community life and one of only a handful, if not the only, public gathering space, closing the school means tragic loss and accelerated depopulation.

Over the years, studies and reports have outlined these challenges in detail. The state auditor studied the dynamics of rural communities and schools closely while reporting on regional school districts (RSDs). Her 2017 report, *Supporting Student and Community Success: Updating The Structure and Finance of Massachusetts Regional School Districts*³ highlights the following:

- “Especially in the western part of the state, RSDs must often operate over much larger geographic areas while serving relatively smaller numbers of students. This situation precludes their ability to take full advantage of economies of scale that allow for more efficient operations.” (p. 1)
- “RSDs must sometimes cut their overall budget by a large amount in order to achieve small reduction in a member community’s assessment.” (p. 2)
- Declining student enrollments due to demographic changes or by parents choosing other options for their children’s education have been especially acute in more rural districts. (p. 2)
- “No matter the source of these financial constraints—declining enrollments, inadequate aid formulas or reimbursement levels, or problems in local governance—the net effect is that some RSDs are forced to cut curricular, extra-curricular, or co-curricular programs that are critical to the quality of education provided to their students. Foreign language electives, Advanced Placement preparation classes, sports, technology or textbook upgrades, and other highly desirable programs are eliminated, placed on hold or subject to significant fees. Despite the best intentions and efforts of school managers and school committee members, these funding problems have a direct effect on the education options and attainments of regional district students at every grade level.” (p. 2)

³ Bump, Suzanne. (2017). *Supporting Student and Community Success: Updating the Structure and Finance of Massachusetts Regional School Districts*. Boston, MA. Commonwealth of Massachusetts, Office of the State Auditor. www.mass.gov/auditor

A 2018 Massachusetts Department of Elementary and Secondary Education report⁴ on the fiscal conditions in rural districts found that “rural districts face unique challenges that impact their ability to deliver services,” including:

- *Declining enrollment:* Between 2008 and 2017, enrollment in rural districts declined by 4,289 students, or 14 percent, compared to a decline of 24,125 students, or 2.7 percent, in districts across the rest of the state.
- *Transportation costs:* Rural districts spend 50 percent more per pupil on transportation costs than districts across the rest of the state.
- *School Choice and Charter School Reimbursements:* Some rural districts are relying more on school choice as a revenue source to support operating expenditures. Charter school tuitions have not grown as quickly in rural districts as they have for the rest of the state.
- *Increase in average per pupil costs:* Rural districts now spend \$18,678 per in-district student, up from \$14,224 in fiscal year 2008, compared to \$16,692 in non-rural districts.

Unfortunately, the fiscal challenges experienced by regional school districts and rural districts generally have not decreased following the passage of the Student Opportunity Act (SOA) in 2019. The increased Chapter 70 funding resulting from the SOA primarily benefits districts with high levels of low income, special education, and English learner students. The districts benefiting most from the SOA are predominately those with large numbers of low-income students, which, on average, are not the state’s rural districts. The Commission reviewed recently released projections of the impact of SOA on FY23 Chapter 70 aid.

The state committed to investing an additional \$1.5 billion in Chapter 70 education aid through the SOA over a projected seven-year period. Of the 41 districts identified as rural in this report, 27 are projected to receive no increase in Chapter 70 aid in FY23 as a result of the SOA. The average benefit to rural districts is \$34,278 and their total benefit is 0.39% of the state’s additional aid of \$360,661,816 in FY23.

Anticipating that this would be the case, one provision in the SOA called for the empanelment of this Commission and another required the Department of Elementary and Secondary Education (DESE) and the Massachusetts Department of Revenue to report on the equity of the local contributions component of the Chapter 70 school funding program. The report, *Local Contribution Study*⁵ calls attention to the following:

- “Diseconomies of scale in very small districts make it more challenging to provide a full educational program within the parameters of the foundation budget when districts are unable to operate close to the staff-to-student ratios assumed in the foundation budget. It is clear that many of these districts are facing significant long-term fiscal challenges due to diseconomies of scale.” (p. 22)
- Required local education spending represents a very large portion of most small-town budgets. This burden has the effect of exacerbating municipal budget issues. (p. 22)

⁴ Department of Elementary and Secondary Education. *Fiscal Conditions in Rural School Districts*. January 2018. <https://www.doe.mass.edu/research/reports/2018/01rural-schools.docx>

⁵ Department of Elementary and Secondary Education and Department of Revenue. (2020). *Local Contribution Study*. Malden, MA. www.doe.mass.edu

- “Given the fixed assumptions of staff-to-student ratios in calculating foundation budgets for all districts, not achieving, or approaching, such ratios can put a high fiscal burden on town budgets.” (p. 22)
- “Fiscal distress in many of the Commonwealth’s rural districts appears to be more related to the extreme diseconomies of scale in these small districts than to the local contribution requirement. The special commission on rural schools is expected to consider these issues.” (p. 24)

The challenges faced by the state’s rural schools are structural and long-standing. In analyzing the causes of these challenges, and in learning about best practices in other states, the Commission has come to understand that the root causes are multiple and overlapping. First, as noted above, the state’s rural communities are **economically under resourced** relative to the rest of the state, with diminishing means to fund increasing percentages of the cost of public schools. Second, rural school districts have experienced high levels of **declining enrollment**, which leave substantial legacy costs behind that are not provided for in the foundation budget formula. Third, student enrollments are substantially lower than in the rest of state and **per-pupil costs** are substantially higher than corresponding foundation budget cost determinations.

Fourth, rural school districts are **sparse**, meaning they are spread out over larger geographic areas and have few students per square mile. This results not just in greater costs such as student transportation, but also geographic distance serves as a barrier in some cases to the ability to consolidate small schools. Finally, the degree to which **school choice** has acted to as a mechanism to perpetuate a cycle of declining enrollment, declining funding, and declining educational services, has been substantial in rural districts. While not all school districts in rural areas are experiencing all five of these conditions, many are, and the Commission’s recommendations are tailored to address this combination of root causes.

The following definitions are useful in beginning this examination.

Low enrollment districts	Districts with student enrollments that are low enough that their per-pupil costs are significantly greater than average or high enrollment districts.
Sparse districts	Districts with few students per square mile or districts spread out over large geographic areas. Sparse districts have higher transportation and special education costs.
Declining enrollment districts	Districts that have experienced a substantial reduction in enrollment, particularly over an extended period of time. This experience leaves districts with substantial legacy cost for employee benefits, retiree insurance, and facilities costs.
Rural districts	Districts in the state’s least densely populated regions that are sparsely populated, have significantly low enrollment, significantly declining enrollment, or a combination of these conditions.

In past reports, DESE defined rural districts as municipal and academic regional school districts with student densities of less than 21 students per square mile, based on foundation enrollment. Regional vocational and agricultural districts were excluded, as were districts classified by the National Center for Education Statistics (NCES) as suburban. Fifty-four districts originally

qualified as rural. In 2019, a slightly different definition was used to identify the 47 districts that qualified for state rural aid and in FY22, 68 districts received this designation. This fluidity is evidence that the concepts of rural as well as low enrollment, sparsity, and declining enrollment are all relative, or on a continuum, so they are examined and explained more closely in the remainder of this report.

B. Low Enrollment Challenges

The state's foundation budget methodology uses a student enrollment-based formula to calculate adequate funding levels for districts. Unit costs for 11 cost categories are multiplied by student enrollments to determine a district's base foundation budget. These unit costs are constructed to arrive at a level of total cost that approximate actual costs being incurred by districts. That is their intended purpose. To calculate the unit cost for any spending category, the developers at DESE must assume a typical or target student enrollment to calculate the unit cost amount that will then be multiplied by actual district enrollments to arrive at foundation budget costs for each spending category.

This approach works for a typical range of enrollments that are taken into consideration when the unit costs are set. However, when these unit cost rates are applied to very low enrollment districts the resulting categorical cost totals often fall well short of a district's actual costs. This is because the unit cost rates are set too low for low enrollment districts. When unit costs that are set too low are multiplied by low enrollments the results are foundation budget category costs that lag behind actual costs. As enrollments decrease and move further away from the assumed enrollments built into the unit cost rates, the gap between foundation budget assumed costs and actual costs widens. (Evidence of this pattern is shown in Table 6.)

Here are three generic examples of how this works.

Teaching: Rural Elementary School is a K-6 school with 200 students, having 2 teachers per grade level (14) and an average class size of 14 students. Suburban Elementary School is a K-6 school with 300 students, having 2 teachers per grade level (14) also, with an average class size of 21 students.

The foundation budget formula's base rate for elementary teachers at \$3,310 per pupil. The way DESE determined this unit cost rate was to divide an assumed wage rate of \$72,820 by a typical (or model or target) class size of 22 students. ($\$72,820/22 = \$3,310$). This unit cost rate is applied to all elementary schools across the state.

So, Rural Elementary's foundation budget for classroom teachers is $\$3,310 \times 200$ students = \$662,000. With 14 teachers this equates to \$47,386 per teacher.

Suburban Elementary's foundation budget for classroom teachers is $\$3,310 \times 300$ students = \$993,000. With 14 classroom teachers also, this equates to \$70,929 per teacher.

This results in a gap in teacher costs of \$23,543 or 33% between the two schools having the same number of teachers. This foundation budget shortfall at Rural Elementary will need to be managed by increasing municipal funding or by reductions in spending somewhere in the district.

Administration: The foundation budget formula sets the cost for administration (salaries of superintendent, business director, and technology director for example) at \$423.61 per student. In Rural School District, with 1,000 students, this cost allocation is \$423,610. In Suburban School District with 2,000 students the cost allocation is \$847,220. Both districts' schools would require the same leadership and administrative functions. However, Rural School District will need to close a gap of over \$400,000 in some way. The funds will not come through Chapter 70 because the foundation formula indicates only the \$423K is needed. Therefore, Rural School District will need to either come up with the funds itself or it will need to make cuts somewhere else. But the level of service needed remains just about the same in both districts.

Employee Benefits: Rural School District had 1,800 students 15 years ago and today it has 1,000. Urban School District has 1,000 students and 15 years ago it had 800 students. The foundation budget base formula for employee benefits is approximately \$1,296 per pupil in a K-12 school district. The foundation budget cost determination for employee benefits is \$1,296,000 for both districts. Rural School District retains the costs of providing health insurance benefits to 60 more retired educators than Urban School District. Because the foundation budget does not provide for this variation, the local community of Rural School District will need to fund this gap or make reductions somewhere.

There are scores more examples, from food service, to transportation, to building maintenance, to principal salaries, where the diseconomies of scale that come with low enrollments result in higher per pupil costs that are simply not taken into account in Massachusetts' foundation formula. The result is a substantial under-calculation of the cost of providing like services among districts with widely varying enrollments.

To remedy this situation, one must first know just how much more low enrollment districts cost. Here is what the Commission has learned:

- A 2007 study by Duncombe and Yinger, leaders in the field of school funding research, found that “**doubling enrollment cuts costs per pupil by 31.5% for a 300 pupil district and by 14.4% for a 1,500 pupil district.**”⁶ In this study the costs used in these determinations included all costs such as staffing, student services, and operations, except those for capital expenditures.
- DESE's 2018 study of rural schools found that **in FY16, rural districts spent \$16,772 per in-district student compared to \$14,927 in non-rural districts.**⁷ This represents a **12.4% higher expenditure rate.** In addition, this gap increased at an average rate of 0.76% per year in the 8 years prior to this report. Extrapolating from this data, it is likely that by FY21 with the arrival of the pandemic, the rural schools spending gap may have reached **16.75%.**
- Using the latest available data from DESE, the Commission found that, **for FY20, the average in-district, per pupil, expenditure for non-vocational K-12 school districts with**

⁶ Duncombe, W.D., & Yinger, J. (2007). *Does school district consolidation cut costs?* Education Finance and Policy, 2(4), 341-375.

⁷ See p.5 of Department of Elementary and Secondary Education. (2018). *Fiscal Conditions in Rural Schools*. Malden, MA. www.doe.mass.edu

fewer than 1,300 students exceeded that of districts with over 1,300 students by \$1,688 or 10.5%. This gap decreases steadily with enrollments above 1,300. Table 6 below shows the progressive decrease in per pupil expenditures as enrollments increase.

Table 6. Avg. Expenditures at Enrollment Intervals

K-12 Districts In District Enrollments	Avg. In-District Per Pupil Spending
Under 1,000 students	\$18,624
Under 1,200 students	\$18,054
Under 1,300 students	\$17,834
Under 1,400 students	\$17,435
Under 1,500 students	\$17,158
Under 1,600 students	\$17,019
Under 1,700 students	\$16,940
Under 1,800 students	\$16,910
Under 2,500 students	\$16,628

The full document from which this data is drawn may be viewed at this link:

<https://www.repblais.org/s/K-12-costs-at-range-of-enrollments.xlsx>

Drilling down at the enrollment level of under 1,300, Table 7 breaks down these cost variations by DESE expenditure category.

Table 7. FY20 Avg. Per Pupil Expenditures for Low Enrollment K-12 Districts

Foundation Budget Cost Category	30 Districts Under 1,300 Students	188 Districts Over 1,300 Students	\$ Difference	% Difference
Administration	\$748.30	\$529.22	\$219.08	41.4%
Instructional Leadership	\$1,109.32	\$1,065.08	\$44.24	4.2%
Teachers	\$6,664.30	\$6,457.16	\$207.14	3.2%
Other Teaching Services	\$1,620.10	\$1,380.00	\$240.10	17.4%
Professional Development	\$126.26	\$154.20	-\$27.94	-18.1%
Instructional Materials, Equipment and Technology	\$406.21	\$404.74	\$1.47	0.4%
Guidance, Counselling, and Testing	\$602.12	\$571.45	\$30.67	5.4%
Pupil Services	\$1,776.17	\$1,457.09	\$319.08	21.9%
Operations and Maintenance	\$1,413.69	\$1,247.48	\$166.21	13.3%

Insurance, Retirement Programs and Others	\$3,367.89	\$2,879.90	\$487.99	16.9%
Total In-District Expenditures	\$17,834.38	\$16,146.24	\$1,688.14	10.5%

The costs of district administration for the 30 lowest enrollment K-12 districts exceeded that of higher enrollment districts by 41.4% with the pupil services gap at 21.9%, and insurance and benefits at 16.9%. Additional detail of this analysis may be found in *Appendix B*.

- A similar comparison was performed comparing the average per-pupil costs of all non-vocational districts. This included all grade constellations such as K-6, 7-12, as well as K-12 districts. The results showed that the 97 districts with fewer than 1,300 students had in-district costs totaling \$18,914 while the 192 larger districts had an average cost of \$16,202. Thus, **the average expenditure for low enrollment districts of all grade configurations exceeds those of all districts over 1,300 students by \$2,712 or 16.7%**
- Reviewing the operational costs of K-12 regional districts only for FY20 provides another point of comparison. As can be seen in a clear visual trend, increased enrollment is strongly correlated with lower per-pupil costs. This results in under-calculation of low enrollment regional districts' necessary costs in the foundation budget and consequently insufficient Chapter 70 aid. Regional districts with 1,300 students or fewer had an average per pupil cost of \$19,091 while districts over 1,300 had an average cost of \$15,558. **This variance is \$3,533 per-pupil or a 22.7% higher cost for smaller regional districts.** (See *Appendix C* for details by district)

Figure 1. K-12 Regional District Total Expenditures, FY20

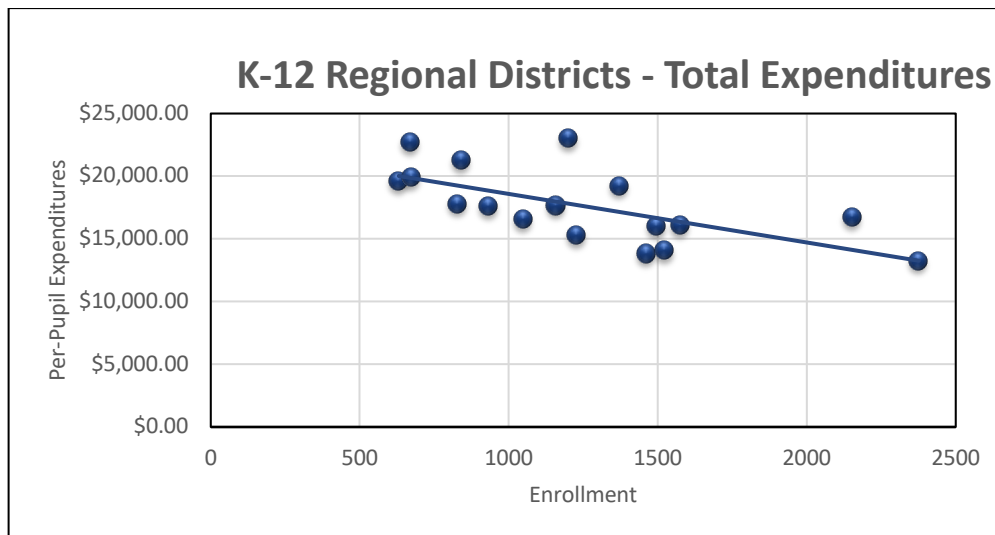


Figure 2. K-12 Regional District Expenditures for Administration

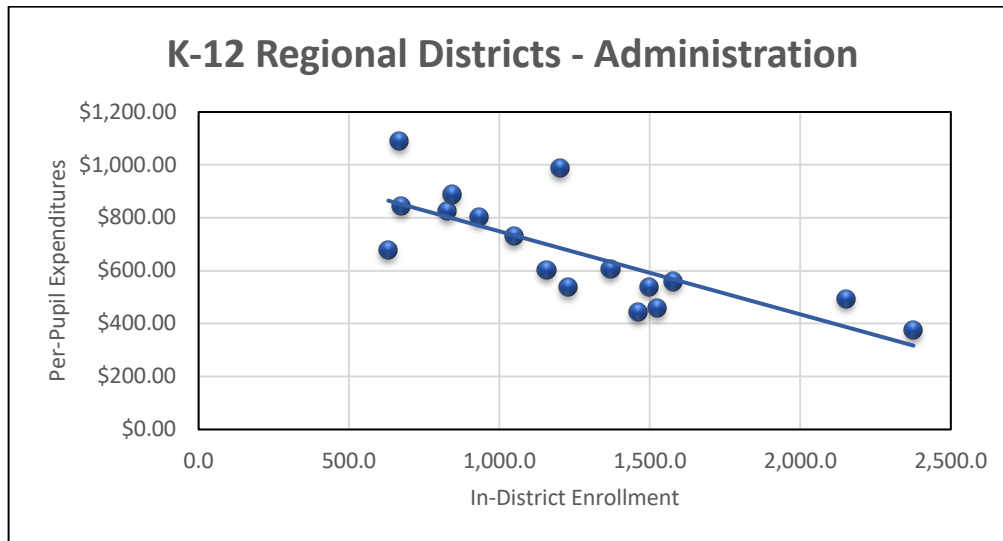
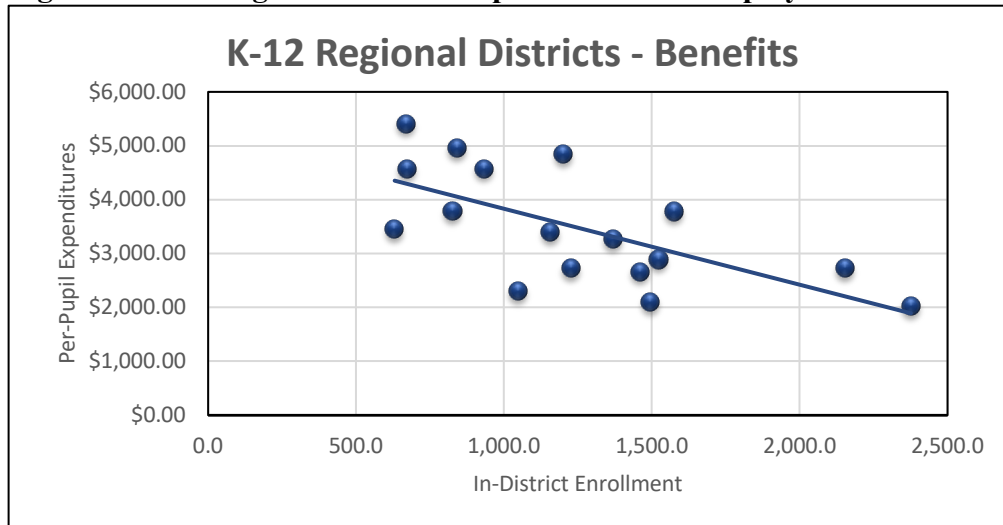


Figure 3. K-12 Regional District Expenditures for Employee Benefits



To sum up the low enrollment analysis, the evidence clearly shows the following in Massachusetts:

- In-district spending by rural districts exceeded that of non-rural districts by 12.4% in FY16, perhaps over 17% by FY21.
- In-district spending by K-12 districts with enrollments over 1,300 exceeded that of K-12 districts under 1,300 by over 10% in FY20.
- In-district spending by districts of all grade configurations with enrollments under 1,300 exceed that of districts by over 16% in FY20.
- In-district spending by regional districts with enrollments under 1,300 exceeded that of regional districts over 1,300 by 22% in FY20.

C. Sparsity Challenges

Geographically larger school districts with few students per square mile face multiple fiscal challenges. In this report, the Commission has identified sparse districts as those with 30 or fewer students per square mile. This represents the lowest 25% of students per square mile of the state's 292 non-vocational school districts.

Sparse school districts spend more on transportation because they bus fewer students and, in the case of regional districts, transport them over longer distances. To provide some sense of scale, Mohawk Trail Regional School District's land area is greater than the ten most populous school districts in Massachusetts combined. Student bus rides in parts of Massachusetts exceed an hour and fifteen minutes and rural districts spend approximately 50 percent more per pupil to transport students than other districts in the state. In addition, the long travel distances to out-of-district special education services are pronounced in sparse school districts.

High numbers of students choice out of sparse school districts because of the location. In one district, 21.8% of families responding to a survey about their decision to leave the district listed the convenience of a school closer to work or community activities as the main reason for leaving. In another district survey, a parent wrote this response to a similar inquiry:

We school choice our kids strictly based off of location. Everything we do is in the opposite direction of where ___ is located. If something were to happen to my kids at school, it would take me over an hour to get to them based on where I work. My family helps out too, but they are located in ___ and ___. It's not convenient for us to send our children to ___.

The long distances from population centers makes it extremely difficult to find qualified teachers and staff, particularly for highly specialized and part-time positions. In addition, the impact is significant in terms of special education programming. Rural districts often have a small number of students who require highly specialized programs located in settings which are substantially separate from a general education setting. Lacking sufficient enrollment to hire staff for an in district program, rural districts often need to send these students to expensive and far away out of district placements.

Enrollment decline is more pronounced in the state's sparsely populated areas, as is general population decline. The latter leads to increased demands on local property owners to pay for schools. The accompanying decline in local businesses results in great pressure on local governments to fund education and other public services.

D. Declining Enrollment Challenges

Many rural districts have experienced substantial enrollment decline in recent years. **Between 2011-12 and 2019-20 districts defined as sparse in this report lost 4,232 students or 13.9% of their enrollment. Over the same period, Massachusetts's total enrollment declined by 4,541 students or 0.5%.** (See Table 8 below for details.)

Table 8. Enrollment Decline in Sparse Districts Vs. the State Average

LEA	District	2011-2012	2019-2020	Change	% Change
77	Douglas School District	1,708	1,282	-426	-24.9%
121	Hancock School District	46	47	1	2.2%
191	Monson School District	1,315	924	-391	-29.7%
223	Orange School District	735	534	-201	-27.3%
234	Petersham School District	115	131	16	13.9%
263	Savoy School District	40	58	18	45.0%
331	Westport School District	1,737	1,418	-319	-18.4%
343	Winchendon School District	1,479	1,224	-255	-17.2%
605	Amherst-Pelham School District	1,545	1,346	-199	-12.9%
610	Ashburnham-Westminster	2,277	2,354	77	3.4%
615	Athol-Royalston School District	1,525	1,520	-5	-0.3%
618	Berkshire Hills School District	1,339	1,185	-154	-11.5%
632	Chesterfield-Goshen School District	169	128	-41	-24.3%
635	Central Berkshire School District	1,845	1,565	-280	-15.2%
662	Farmington River Regional	155	105	-50	-32.3%
672	Gateway School District	1,084	827	-257	-23.7%
674	Gill-Montague School District	1,023	931	-92	-9.0%
685	Hawlemont School District	96	143	47	49.0%
717	Mohawk Trail Regional School District	1,049	845	-204	-19.4%
720	Narragansett School District	1,466	1,467	1	0.1%
728	New Salem-Wendell School District	140	145	5	3.6%
750	Pioneer Valley School District	1,126	700	-426	-37.8%
753	Quabbin School District	2,717	2,148	-569	-20.9%
755	Ralph C. Mahar School District	835	628	-207	-24.8%
766	Southwick-Tolland-Granville	1,664	1,486	-178	-10.7%
770	Tantasqua School District	1,782	1,793	11	0.6%
778	Quaboag Regional School District	1,382	1,228	-154	-11.1%
	Sparse Districts Total	30,394	26,162	-4,232	-13.9%
	State Total	953,369	948,828	-4,541	-0.5%

Slight and even moderate reductions in enrollment have a minimal impact on school or district costs, at least until they reach a point where a teaching position may be eliminated while retaining acceptable class sizes. Even when teaching staff can be reduced, the operational costs of a school or district remain largely unchanged without substantial reductions in enrollment. Costs for maintaining buildings and for retiree benefits, for example, remain inelastic for long periods. A comparison of FY20 in-district per-pupil costs of employee benefits shows that the average benefits costs for the 31 districts with the greatest percentage decline in enrollment between FY03 and FY23 was \$4,018 per pupil. For all other non-vocational districts the average benefits cost was

\$2,997. Thus, the average employee and retiree benefits costs for districts having the highest decline in enrollment was greater by \$1,021 per-pupil or 34.1%.⁸

Many rural districts have observed long periods of enrollment decline. As the data in Table 9 indicates, prolonged enrollment declines often result in large gaps between a district’s foundation aid and its level of accumulated hold harmless aid. The larger and longer the enrollment declines, the more pronounced this gap becomes. To reach a point where a district with significant enrollment loss is to achieve Chapter 70 aid beyond hold harmless aid, the district would need to either greatly increase its enrollment or receive a substantial increase in some component of the foundation budget formula.

Table 9. Declining Enrollments and Hold Harmless Gaps

District	Change in Enrollment			Hold Harmless Gap (FY23 Estimate)
	2006-07	2021-22	Change	
Amherst Pelham	1,857	1,270	-31.6	\$5,406,692
Southwick Tolland	1,904	1,359	-28.6	\$4,265,999
Quabbin	3,221	2,223	-31.0	\$2,758,210
Mohawk Trail	1,271	762	-40.0	\$1,807,152
Pioneer Valley	1,112	657	-40.9	\$1,292,965
Gateway	1,337	733	-45.2	\$878,825
Berkshire Hills	1,469	1,188	-19.1	\$172,618
Ashburnham-Westminster	2,472	2,272	-8.1%	\$0
Tantasqua	1,880	1,789	-4.8%	\$0
Berlin Boylston	488	1,053	115.8%	\$0

E. Practices Across the United States

Nationally, the fiscal challenges faced by rural and low enrollment districts are addressed in some form by 37 states. The identification and classification of these districts varies but the following terms are utilized: rural, remote, isolated, sparsely populated, and small. States generally recognize the higher per-pupil costs of low enrollment districts as a unique and separate cost factor from the additional costs incurred by being a sparse district.^{9,10} As explained below, 21 states have mechanisms to address low enrollment, 7 states have mechanisms to address sparsity, and 18 have mechanisms to address both.

In seven states, including Massachusetts, the funding mechanism is a direct disbursement, and the funds are not built into the state foundation budget. Table 10 summarizes these categorical grant programs. School districts that are funded in this manner are unable to plan in advance because

⁸ Department of Elementary and Secondary Education. Per-Pupil Expenditure Details. October 2021 Update. www.doe.mass.edu FY2017–FY2021 Per-Pupil Expenditures, All Funds - Statistical Comparisons - School Finance (mass.edu)

⁹ Education Commission of the States. (2021). *Small Size or Isolated Funding Adjustment*. ECS Distribution Center. Denver, CO. <http://www.ecs.org>

¹⁰ EdBuild. (2022). *FundEd: Sparsity and/or Small Size*. contact@edbuild.org

funding is contingent on annual legislative appropriations. District leaders cannot build budgets which rely on this funding source since the appropriation of these funds often occurs after the completion of the budget approval process.

Table 10. States with Direct Disbursement Programs

State	Program Name	Identifying Characteristics	Level of Funding
California	Necessary Small Schools	Number of students and distance	Schools receive from \$52,925 to \$707,100
Georgia	Sparsity Grants	Number of students	Subject to appropriation
Massachusetts	Rural School Aid	Student density and per capita income	\$4,000,000 total for FY22
Missouri	Small Schools Program	Number of students	\$15,000,000 total for FY21
North Carolina	Small County School System Supplemental Funding	Number of students	Ranges from \$1,548,000 for districts under 3,300 to \$1,820,000 for districts under 1,300 students
Vermont	Small School Support Grant	Number of students and other factors	Up to \$2,500 per student. (Transportation aid exists as well)
Wisconsin	Sparsity Aid	Number of students	\$100 or \$400 per student

The other 30 states that provide support to sparse and low enrollment districts do so by adjusting either their state foundation budget formula cost rates or to student enrollment determinations. Some provide additional revenues to districts that meet other types of criteria.

Table 11 summarizes these approaches.

Table 11. States with Mechanisms to Modify Budget Formulas

State	Adjustment Methodology
Alaska, Kansas, Nevada, New Mexico, Oklahoma, Pennsylvania, Texas, Utah, West Virginia	A weighted adjustment (multiplier) to the student enrollment component of the state school budget formula.
Idaho, South Dakota, Wyoming, Washington	A weighted adjustment to the student-teacher ratio component of the state school budget formula. Or additional staffing added to base calculation.
Arizona, Colorado, Hawaii, Louisiana, Maine, Nevada, North Dakota, South Dakota (repeated)	A weighted adjustment (multiplier) to the base per pupil cost amount.
New York	A weighted adjustment to more than one component of the state school budget formula.

Michigan	A categorical grant program and a weighted adjustment to student enrollment.
Minnesota	A supplemental funding approach and transportation sparsity funding based upon the ratio of students to total square miles of the school district.
Mississippi, Ohio, Tennessee	Transportation aid to sparse school districts.
Arkansas, Montana, Nebraska, Oregon	Other supplemental funding approaches.

The following summary of national practices provides a structure which informs the Commission’s recommendations for Massachusetts:

18 states make **distinctions** between sparse and low enrollment districts, and they have special provisions for financing both types. These states are Arizona, Arkansas, Colorado, Idaho, Maine, Michigan, Minnesota, Nebraska, New York, North Dakota, Oklahoma, Oregon, Pennsylvania, Texas, Utah, Vermont, West Virginia, and Wisconsin.

Seven states adjust their state foundation formula to factor in **low enrollment**. They do so by applying a multiplier to one or more cost categories. Some of these states also have separate sparsity components to their formulas. The table below summarizes these approaches:

- Arizona employs a multiplier between 1.158 to 1.669 to the total base per-pupil amount. The multiplier varies with district enrollments below 600.
- Colorado employs a multiplier amount between 1.0297 to 2.5801 to the total base per-pupil amount. The multiplier varies with district enrollments up to 5,000.
- Louisiana employs a multiplier amount between 1.0 to 2.0 to the total base per-pupil amount. The multiplier varies with district enrollments up to 7,500.
- North Dakota employs a multiplier between 1.0 to 1.36 to the total base per-pupil amount. The multiplier varies with district enrollments below 900.
- South Dakota employs a multiplier between 1.0 to 1.75 to the total base per-pupil amount. The multiplier varies with district enrollments up to 600.
- Maine employs a multiplier amount to the total base per-pupil amount. The multiplier formula is complex and contains a sparsity component. It applies to K-8 schools with fewer than 29 students per grade level and secondary schools with fewer than 200 students.

21 states account for variation in **school sparsity** using measures of student population density, distance to nearest schools, land area, and even road conditions. A wide range of methodologies is used including cost multipliers and multipliers to student enrollments.

11 states provide additional **transportation** funding to sparse or rural school schools or districts. These states are Arkansas, Kansas, Minnesota, Mississippi, New York, Ohio, Oklahoma, Tennessee, Vermont, West Virginia, and Wisconsin.

Two states provide some form of fiscal relief for districts with **declining enrollment**. These states are Idaho and Michigan. (Massachusetts' hold harmless aid also provides a form of financial assistance to many rural districts.)

Knowledge of these practices across the country has informed the recommendations section of this report.

V. Recommendations

The previous sections of this report explain the multiple fiscal challenges faced by rural school districts. The Commission has developed a comprehensive set of recommendations tailored to meet these separate but interconnected challenges. It is the Commission's view that these recommendations are all worthy of consideration in combination, with the implementation of any one recommendation not reducing the necessity of another.

A. Rural School Aid

Findings

Since FY20 the state legislature has appropriated Rural School Aid. In FY22 the General Appropriations Act (GAA) included \$4 million for Rural School Aid. DESE determined districts eligible for Rural School Aid based upon their student density and their per capita income. Applying these criteria, there are 67 school districts eligible to receive rural school aid in FY22. To date, rural aid for eligible districts has been prioritized based on three "priority" tiers of student density.

Unfortunately, the average grant amount from this appropriation is only \$59,701 per district, which is not enough to cover a single teacher salary and benefits. The unfunded needs of rural districts far exceed this amount. In addition, the qualifiers for rural aid do not presently take into account factors of student enrollment, declining enrollment, or other evidence of disproportionately high per-pupil costs.

Recommendations

1. At least \$60 million should be appropriated annually in Rural School Aid.

In its 2018 study of rural schools, DESE found a 12.4% spending gap between rural and non-rural districts for in-district students. The average in-district expenditures for students enrolled in all non-vocational school districts was \$17,293 in FY20, the most recent year for which this data is available. Multiplying this amount by 12.4% results in the identification of a per pupil spending gap of \$2,144. Applying this amount to the 27,219 students identified as attending rural districts in the same DESE study, the total spending gap for rural schools equals \$58,357,536. The Commission recommends at least \$60 million be appropriated in annual aid.

2. The Legislature should review the rural aid formula to more accurately address the fiscal challenges of rural schools.

Earlier sections of this report support the conclusion that school districts with student enrollments well below those assumed in the foundation base rate formulas are underfunded by as much as 20%. The Commission believes that including a component in the rural aid formula to address the fiscal challenges faced by school districts with very low enrollments will improve the equity of allotments, providing relatively greater aid to rural districts with the greatest need. Therefore, the Commission recommends that the Legislature determine how to best include such a component in the rural school aid distribution formula.

B. Student Transportation Costs

Findings

The Commission heard testimony from multiple sources about the unique challenges of transporting students to and from school in rural communities. The lack of sidewalks or safe walking paths to school hinders student access to educational opportunities. Inadequate late bus or after hours transportation provided by schools also limits participation in extra help sessions, athletics and arts/clubs/other co-curriculars. High school students in particular may face the additional challenge of lacking access to dual enrollment and early college and career technical programs which require student/family supplied transportation.

Also, the condition of roadways impacts student access to school at times. Many roads in rural communities are dirt, not asphalt, and may become impassible during more frequent, intense storm events. Local communities have had roads washed out and blocked due to bad weather conditions with local DPWs not always having the capacity to remedy these situations in a timely manner.

Terrain and access to state highways also presents challenges. Public comments expressed a frustration with travel time and road conditions for students, especially where school consolidation occurs. Transporting students to out of district placements often takes a significant amount of time as it may take a great deal of time just to reach a state and/or federal highway.

Recommendations

1. Establish and fully fund a Rural School Transportation Reimbursement Account.

Using the prior year's October 1st numbers for rural school districts, the legislature would have accurate funding figures from DESE to expand eligibility to these school districts with exceptional transportation challenges. (Regional rural school districts would be prohibited from "double-dipping" with this reimbursement.)

2. Fully fund Line Item 7035-0007 which provides for reimbursement for non-resident pupil transportation reimbursement.

This would provide significant financial relief for rural communities by lifting the burden of chronic underfunding of this item. The line item is defined as "For reimbursements to cities, towns, regional vocational or county agricultural school districts, independent vocational schools, or collaboratives for certain expenditures for transportation of non-resident pupils to approved vocational-technical programs of any regional or county agricultural school district, city, town, independent school, or collaborative under [section 8A of chapter 74](#) the General Laws."

3. Amend Chapter 71, Section 7C of the Massachusetts General Laws to allow for more competition in the school transportation vendor contract process.

In both MGL and Federal Code Title 49-Transportation, Part 605.11, regional transit authorities are precluded from providing transportation to school districts when private vendors are available. Waivers specifically reference urban communities and further research should be conducted to determine why rural communities are not be eligible.

4. Appropriate/direct additional funds to enable every rural school district to purchase/maintain a handicap accessible van or vans.

This would help some rural school districts transport special education and general education students to vocational-technical opportunities, co-curriculars, and early college access at our

commonwealth's community colleges.

5. Appropriate/direct additional funds to offer qualified drivers additional work beyond their driving duties at the schools or within the town.

Incentivize individuals to join the bus driver workforce through targeted funding for districts to provide full time employment rather than less attractive part time work.

6. Designate DESE to create a statewide list of approved/pre-qualified transportation vendors who will provide transportation to rural school districts.

As we do with other procurements, rural districts could turn to this list knowing that the basis of their quotes meets with DESE approval. This will help with access to bids as well as oversight of contract language which harms access to transportation.

7. Encourage discussions with special education advocates, school administrators, parents, and experts to explore reform of regulations under 603 CMR 28.00 so that the durational limit of one hour each way does not apply under circumstances where the best or only educational option for the student is over an hour away.

The mandated travel time limits for special education students established several decades ago fails to recognize the complete transformation of today's travel patterns. The increase of vehicular traffic has complicated access to appropriate special educational services across the Commonwealth in cost and time. It also effectively prohibits cost-effective measures to pick up students along the route to these special education schools and collaboratives.

8. Reimburse, as an eligible reimbursement, transportation where the path to and from school is on a documented dangerous roadway as defined by local public safety officials.

In instances where a school district is required to provide regular education transportation for a student whose home is less than 1.5 miles from her/his school and where the home is on a documented dangerous roadway, the cost to provide such transportation by the school district will be eligible for regular education transportation reimbursement by the Commonwealth.

9. Direct DESE to conduct a feasibility study of transportation collaboratives.

Increasing collaboration and consolidation within and among districts can greatly improve operational efficiencies for student transportation. For example, transportation collaboratives already exist for out-of-district special education placements. They provide for efficient and cost effective administration of the complex transportation needs associated with out-of-district placements. Districts could see similar benefits if collaboratives were utilized for general student transportation.

C. Declining Enrollment Districts

Findings

The challenges faced by districts with substantial and prolonged enrollment declines are discussed earlier in this report. The recommendations in this section target the specific challenge of declining enrollment.

Recommendations

- 1. Consideration should be given for an annual appropriation of funds to be disbursed to districts with substantial enrollment loss over time.**

Funds would go to districts which have surpassed an enrollment decline threshold of 35% over the previous 20 years. Funds would be allotted on a current per-pupil basis. An example using an appropriation of \$4 million is provided in Table 12 below.

Table 12. Districts with 35% Enrollment Loss or Greater and Corresponding Aid

District	FY03 Found. Enroll	FY23 Found. Enroll	Change in Enroll	% Change	% of FY23 Found. Enroll	\$ Aid Amount
Savoy	94	45	(49)	-52%	0.19%	7,685
Florida	112	64	(48)	-43%	0.27%	10,929
Pelham	125	65	(60)	-48%	0.28%	11,100
Petersham	110	65	(45)	-41%	0.28%	11,100
Hawlemont	145	76	(69)	-48%	0.32%	12,979
Whately	129	77	(52)	-40%	0.33%	13,149
Conway	158	78	(80)	-51%	0.33%	13,320
Provincetown	194	97	(97)	-50%	0.41%	16,565
Westhampton	154	98	(56)	-36%	0.42%	16,736
Shutesbury	189	100	(89)	-47%	0.43%	17,077
Richmond	250	122	(128)	-51%	0.52%	20,834
Sunderland	254	161	(93)	-37%	0.69%	27,494
Truro	285	185	(100)	-35%	0.79%	31,593
Nahant	431	252	(179)	-42%	1.08%	43,035
Brewster	674	440	(234)	-35%	1.88%	75,140
Lenox	768	475	(293)	-38%	2.03%	81,117
North Brookfield	911	585	(326)	-36%	2.50%	99,902
Rockport	1,070	593	(477)	-45%	2.53%	101,268
Pioneer Valley	1,019	635	(384)	-38%	2.71%	108,440

Gateway	1,542	754	(788)	-51%	3.22%	128,762
Hull	1,574	821	(753)	-48%	3.51%	140,204
Mohawk Trail	1,593	828	(765)	-48%	3.53%	141,399
Monson	1,414	852	(562)	-40%	3.64%	145,498
Adams-Cheshire	1,818	1,167	(651)	-36%	4.98%	199,291
Nauset	1,866	1,209	(657)	-35%	5.16%	206,464
Palmer	2,125	1,297	(828)	-39%	5.54%	221,492
Amherst-Pelham	2,074	1,310	(764)	-37%	5.59%	223,712
North Adams	2,107	1,323	(784)	-37%	5.65%	225,932
Mashpee	2,301	1,458	(843)	-37%	6.22%	248,986
Somerset	2,682	1,688	(994)	-37%	7.21%	288,264
Amesbury	2,925	1,878	(1,047)	-36%	8.02%	320,710
Triton	3,475	2,203	(1,272)	-37%	9.41%	376,211
Sandwich	3,973	2,422	(1,551)	-39%	10.34%	413,611
Total	38,541	23,423	(15,118)	-39.23%	100.00%	4,000,000

2. Consideration should be given to moving to a three-year rolling foundation enrollment average in the foundation budget formula.

The benefit of this change would be to spread out the funding impact of enrollment decline over a longer period of time. The flattening out of Chapter 70 aid reductions over a longer period of years would correspond more closely with the ability of districts to make operational changes in line with the reduced funding.

D. Regionalization

Findings

In rural Massachusetts, educational supply exceeds demand. Although community and school leaders have worked hard to adapt to declining enrollments, smart strategies remain necessary and difficult choices will continue. The Commission recognizes that support for increased operational efficiencies is imperative. Creating additional regional school districts may provide a partial solution to the challenges faced by low enrollment, declining enrollment, and sparse school districts. However, existing rural K-12 regional school districts already are among the state's most fiscally challenged districts. The cost savings of regionalization alone are unlikely to result in substantial, long term fiscal improvement. Regionalization combined with the reconfiguration of school building

usage, substantial increases shared service agreements, or redesign of school programming may be more impactful.

For example, if two K-12 districts, each with insufficient enrollments to provide robust middle and high school programs were to regionalize, they could use a school in one district as a combined middle school and a school in the other district as a combined high school. In this manner they would have larger student bodies sufficient to provide robust programming at both the middle and high school level.

Another example would be to create a comprehensive high school by combining a low enrollment general high school with vocational-technical high school. The teaching of parallel academic curricula in two schools in close geographic proximity and many other redundancies could be eliminated.

A third example would be to provide an in-district highly specialized special education program where formerly the separate districts elementary schools would send students to far-off out of district placements.

The potential for a range of increased efficiencies, improved student learning experiences, and consolidation of administrator expertise that regionalization may provide requires that more be done to support regionalization efforts.

It should also be noted that even though Massachusetts does not have a large land area relative to other states, geographic distances with associated long driving times do provide a limit to additional regionalization or school consolidation in some places. For example, Gateway Regional High School has only 174 students and already draws from six towns. Further consolidation or regionalizing with another high school would require impractical bus travel times with distances of up to 25 miles, often over unpaved roads.

Recommendations

1. Transitional aid of \$200 per-pupil should be provided to regional districts in their first three years of operation.

The state currently provides small amounts of bonus aid for newly formed regional school districts in the following amounts: \$50 per student in the first year and then \$40, \$30, \$20, and \$10 per student in the next 4 years. This aid is not added to a district's Chapter 70 aid. Greater support is needed to finance transitional costs more accurately and fully, such as the equalization of employees' salaries and benefits, and adaptations to organizational systems, from teaching and learning, to facilities, human resources, IT, governance, and other systems.

For a newly created region of 1,800 students, \$360,000 would be required annually, for a total of \$1,080,000 over three years.

2. Funding should be provided to cover the salaries for the temporary positions of an assistant superintendent, assistant business manager, assistant IT director, and assistant pupil services director, for the first two years of operation of a new regional school district.

The consolidation of multiple school districts into a regional district presents substantial leadership and management challenges. The demands required of a superintendent, and the

directors of business, pupil services, and informational technology would be unmanageable if done alone and do currently act as an impediment to leadership investment in moving towards regionalization. This recommendation is made in addition to the preceding recommendation.

In western Massachusetts alone, this may provide financial support in the range of \$350,000 to \$390,000 annually for two years.

3. MSBA regulations should be changed to support rural schools.

First, the state should provide substantial reimbursement for any construction or renovation of a school that results in the closure of two or more other schools. Second, the legislature should consider changes to the MSBA school building grant program regarding recapturing funds in a situation where a school that was funded, in part, with MSBA funds is closed as part of a regionalization effort.

4. Assistance to deal with unused school building.

Regionalization can lead to some school building becoming unnecessary for educational use. This can create a financial burden on towns if there is still building debt. In these instances, the state should consider relieving the municipalities of all remaining financing debt burden. Unused former school buildings are frequently not compatible for non-school use and the frequently become “white elephants” for municipalities. The Commonwealth should provide technical assistance to towns to plan for school reuse and for retrofitting buildings for other purposes.

5. Fund regionalization grants in three-year cycles.

DESE’s School District Regionalization Grant Program is a valuable source of funding to enable regionalization committees to conduct the work to make informed decisions about regionalizing. Currently grants are offered as a one-year grant, ending June 30th, at the end of the fiscal year. In recent years, due to the uncertainty of the state budget adoption, this grant program has not been able to commence until late into the fiscal year. This leaves a short time to conduct the work. Regionalization requires a multi-year planning process. The uncertainty securing grants for consecutive years also hinders a regionalization planning process. In addition, an increase in funding to \$300,000-\$500,000 per grant would enhance the capacity of districts to conduct this work. An annual review process could be built in, in order to gauge progress, with the subsequent year’s award contingent on progress being made.

6. Provide aid to new regional districts when a drop in foundation aid occurs to any of its new members due to formation of the region.

If two districts regionalize, where before the regionalization District A was receiving substantial increases in Chapter 70 aid and District B was receiving only hold harmless aid for an extended period, then District A will be reluctant to regionalize. The reason for this is that the new, combined district may not qualify for Chapter 70 aid beyond hold harmless aid. Put another way, the schools and students of what was formerly District A may see a reduction in the amount of per pupil aid they receive. In the case of Gill-Montague’s exploration of regionalizing with Pioneer Valley, the per pupil decline in aid that would occur for Gill-Montague if it combined with Pioneer Valley has been acting as a disincentive to regionalization.

E. Shared Services Arrangements

Findings

Shared service arrangements are attractive for several reasons. They can result in cost savings, efficiencies, and greater availability of professional expertise where it may be hard to find. They may also advance collaborative relationships among districts that might lead to future regionalization opportunities. It is important to note, however, that while cost savings may be meaningful, they will not be at a scale to substantially resolve the challenges facing low enrollment and sparse districts.

One-way shared services occur in the state is with superintendency unions which are widely used among rural districts. This structure allows districts to maintain their independence while providing more cost-effective services for central office leadership and administration. However, these districts still operate as separate entities, making it difficult for them to share resources beyond central office. Maintaining separate districts and separate governance structures requires district administrators to repeat the same tasks for each district, including collective bargaining, procurement, budget development, fiscal management, and data reporting, undermining some of the efficiencies that they are trying to achieve by belonging to a superintendency union.

Another option for increased consolidation of services includes working through educational collaboratives. Currently, there are 26 collaboratives in the state serving 270 school districts. Education collaboratives typically provide special education or vocational programs for their member districts. Collaboratives can expand on this role to include providing professional development, promoting shared curriculum and assessments across member districts, coordinating purchasing groups for heating fuel and other commodities, and providing transportation. Some collaboratives are already working in these areas.

Recommendations

- 1. State grant funds, such as efficiency and regionalization grants, should be provided to support cost/benefit analyses of districts wishing to consider formation of a superintendency union.**

Where regionalization is not desired by local communities or is not practicable for other reasons, the state should incentivize moves towards creation of a superintendency union through mechanisms similar to the transitional and leadership cost supports recommended in this report for regionalization. The degree of financial support would be less and for a shorter duration.

- 2. Funding should be provided to support the creation of part-time position at DESE with an employee who would provide expertise in researching, developing, and executing shared service projects among school districts and with municipal governments.**

Facilitating the detailed planning and implementation of shared services agreements would require a substantial time commitment from district leaders who already wear many hats in rural districts.

F. Special Education Costs

Findings

The geographic distance from population centers providing special education services and the low enrollments of rural districts cause several types of fiscal hardships. Several of these are summarized here and then explained in more detail within each recommendation. In cases where districts have a small number of students who need support from specialized personnel such as a Board-Certified Behavior Analyst, there may only be a need for a part-time employee. Finding someone in a high demand field to take a part-time position in a rural district is nearly impossible, even after exploring options for contracting with educational collaboratives.

Generally speaking, rural residents often lack access to counseling and other support services in their communities. Traveling to a larger community for these services can be difficult or impossible due to lack of public transportation, particularly for families who are economically disadvantaged. As a result, rural districts have an increased need to provide services to students in the school setting. Rural districts have created increased numbers of positions in an attempt to fill this void of services.

Students who require very expensive placements can have a devastating impact on a school district/municipal budget, if the district is not able to plan ahead for the costs of the placement. The inability of districts to create specialized substantially separate programming for small numbers of students who need such programs contributes to a greater percentage of students needing to attend expensive out of district placements. Smaller rural districts cannot justify the cost of establishing in-district programs because of the very small number of participating students. As a result, a greater percentage of students in rural districts must attend out of district programs. Therefore, transportation costs in rural areas for special education services are typically greater because of the travel time.

The Student Opportunity Act currently provides reimbursement to districts for special education transportation. Funds available for transportation reimbursement consist of the surplus funds after all circuit breaker tuition claims have been met. The only transportation costs that are reimbursable are those for claims that reach the circuit breaker threshold (4 times foundation). In rural districts many special education transportation costs do not qualify for circuit breaker reimbursement because transportation is to in-district programs or to programs at collaboratives, where tuition and transportation costs often do not meet the circuit breaker cost threshold.

Recommendations

1. Special education extraordinary relief funding should be made available to rural districts having in-district special education rates greater than 20%.

Since the Student Opportunity Act was passed, the foundation budget formula assumes that 16% of students statewide receive in-district special education services. However, **in 2021-22, rural districts had an average in-district special education enrollment of 19.8%**, while statewide, the average was 18.9%. This gap results in significant underfunding for special education.

1. For each rural district with in-district special education rates above 20% the following steps would be taken:
2. The percentage above 20% is determined.

3. This number is multiplied by 0.25 because the foundation budget formula is built upon the assumption that these students receive direct services for 25% of their day.
4. The resulting enrollment number is then multiplied by the per-pupil foundation budget rate for the district to determine the amount of qualifying extraordinary relief aid.

The estimated cost to the state of providing this extraordinary relief funding to districts in FY22 would be \$1,211,336 (See *Appendix E* for details).

2. Rural districts should be reimbursed for high-cost students in the year in which extraordinary costs are incurred, not in the following year as is current DESE practice.

- a. Students who require very expensive placements can have a devastating impact on a school district/municipal budget if the district is not able to plan ahead for the costs of the placement. This is particularly challenging when students move into Massachusetts from out of state. A cost of services threshold amount as well as a demonstration of financial exigency threshold could be established as criteria for receipt of this assistance.

3. Provide state funding to rural school districts to cover the partial costs of salaries for highly specialized staff where a 1.0 FTE is not needed but a full-time salary is necessary to procure a qualified professional.

- a. In cases where districts have a small number of students who need support from specialized personnel such as a board-certified behavior analyst, there may only be a need for a part-time employee. Finding someone in a high demand field to take a part-time position is nearly impossible, even after exploring options for contracting with educational collaboratives. Districts end up making the decision to hire 1.0 FTE.

4. Expand incentives and supports for paraprofessionals to obtain licensure as special educators.

- A critical shortage exists in rural districts for special education teachers. The state should help districts to address this in several ways:
- Expand the current tuition incentive grant program for paraprofessionals to obtain licensure as special educators (<https://www.mass.gov/info-details/paraprofessional-teacher-preparation-grant-program>).
- Support the development of specialized teachers with targeted funding for local educator preparation programs. With guidance and funding, districts can coordinate with educational collaboratives and other providers to build “grow your own” programs and provide paid time off, or childcare stipends, to paraprofessionals studying to become licensed special education teachers.
- Provide similar support to teachers currently licensed in other subjects to become special education teachers.
- Develop assessments that can be used as an alternative to MTEL or develop licensure criteria that will supersede passing the MTEL.

5. Provide state funding to rural districts where special education students must travel long distances to receive services in other districts or at educational collaboratives.

Circuit breaker funding is currently not available for transportation provided to special education services within districts or at educational collaboratives. The costs of such transportation can be substantial in rural districts.

6. A Special Education Funding Reform Commission should be established to further study the following topics that have come to the attention of this Commission:

- Adequacy of funding for extraordinary relief
- The timing of reimbursement for high-cost special education placements
- The timing of approval by OSD for private school tuition rates
- The challenges of finding and funding appropriate out-of-district placements for rural districts
- Transitioning the in-district special education funding formula to use an actual count instead of assumptions.

G. School Choice

Findings

As enrollment declines, many districts are relying more on school choice to fill classroom seats. In some rural districts, school choice students make up as much as half of the total enrollment. As mentioned earlier in this report, many students from rural districts choice out of district due to issues of geographic convenience. In addition, many students leave to attend schools with a greater number of courses, programs, and extra-curricular activities that exist in larger schools, and which may have been cut in their home districts. The loss of students through school choice from districts already struggling financially has a substantial adverse financial impact on these districts. It also impacts school cultures adversely by reducing class sizes that are undesirably low from a student engagement and collegiality perspective, in addition to reducing the number of parents or care providers who actively support and advocate for these schools.

In FY22, approximately 1.9% of all public school students in the state attending non-vocational or charter schools choiced out of district, with choice out funding reductions of approximately \$101 million. For the state's 72 low enrollment or sparse districts the number was 6.5%, representing approximately 3,297 students and \$16.5 million. In addition, **25 of these 72 districts had between 10% and 28% of their foundation students leave through school choice.**

Recommendations

1. Establish a school choice cap for rural districts.

When a school district loses more than 10% of its foundation enrollment through school choice, the sending district's payments would be capped at 10%. State revenues would cover the additional tuition payments to the school choice receiving districts. Using FY22 as an example, this recommendation would save 25 districts \$3,123,000 (See Table 13 below.)

Table 13. Rural Districts with Choice Out Rates Greater than 10%

DISTRICT	FY23 Found. Enroll.	FY22 Choice Out Students	% Choice Out	10% of F.E.	Choice Enroll. Above Cap	Tuition to be State Paid
Worthington	107	30.0	28.0%	11	19	\$96,500
North Brookfield	585	155.0	26.5%	59	97	\$482,500
Southern Berkshire	650	139.0	21.4%	65	74	\$370,000
Gill-Montague	1,020	216.0	21.2%	102	114	\$570,000
Farmington River Reg	232	47.0	20.3%	23	24	\$119,000
Lee	560	110.0	19.6%	56	54	\$270,000
Truro	185	31.0	16.8%	19	13	\$62,500
Savoy	45	7.0	15.6%	5	3	\$12,500
Wellfleet	131	20.0	15.3%	13	7	\$34,500
Shutesbury	100	15.0	15.0%	10	5	\$25,000
Athol-Royalston	1,759	256.0	14.6%	176	80	\$400,500
Hawlemont	76	11.0	14.5%	8	3	\$17,000
Erving	205	29.0	14.1%	21	9	\$42,500
Tisbury	351	48.0	13.7%	35	13	\$64,500
Ralph C Mahar	575	76.0	13.2%	58	19	\$92,500
Sunderland	161	21.0	13.0%	16	5	\$24,500
Mohawk Trail	828	105.0	12.7%	83	22	\$111,000
Richmond	122	15.0	12.3%	12	3	\$14,000
Orange	590	72.0	12.2%	59	13	\$65,000
Adams-Cheshire	1,167	141.0	12.1%	117	24	\$121,500
Central Berkshire	1,507	168.0	11.1%	151	17	\$86,500
Petersham	65	7.0	10.8%	7	1	\$2,500
Gateway	754	81.0	10.7%	75	6	\$28,000
Clarksburg	196	21.0	10.7%	20	1	\$7,000
Wales	133	14.0	10.5%	13	1	\$3,500
Total	12,104	1,835.0	15.2%	1210	625	\$3,123,000

2. DESE should conduct a student equity analysis of School Choice, Charter, and Vocational Schools to analyze the impacts to sending districts both financially and demographically.

School Choice may have the unintended consequence of reducing equity – people with economic means, and often white, choice to better funded school districts. If true, the School Choice program, as originally envisioned, is failing and should be further re-evaluated by the Legislature to ensure it is functioning in the manner intended in its creation. In conducting the study DESE should consult with all relevant stakeholders in designing the study and share initial analysis and findings with stakeholders, for comment, before finalizing the report.

3. The Legislature should further examine school choice and its fiscal impacts, proposing changes to existing policies as needed.

The issue of school choice poses complicated questions for districts and students across the Commonwealth that exceed the scope of this Commission. The Commission recommends that the Legislature work with school districts, state agencies and departments, subject matter experts, and other stakeholders to conduct a detailed analysis of the effectiveness of the state's school choice policies and make recommendations on potential changes.

H. Health Insurance Costs

Findings

Health Insurance is both a critical part of the benefit structure of employees and a cost center that districts must actively manage. In its 2018, *Fiscal Conditions in Rural School Districts*, one of DESE's findings was that "declining enrollment and increasing health insurance spending are driving up per pupil costs." Since FY15 the average amount spent on health insurance (net payments) for rural districts increased approximately 22% while for non-rural districts the increase was approximately 19%. In addition, during this same time period, approximately 42% of rural districts saw increases of more than 30% while approximately 28% of non-rural districts realized this level of growth.

Recommendations

- 1. Rural school districts should only consider purchasing health insurance on their own as a last resort after exhausting all possible pooled insurance groups, trusts, and other means of accessing health insurance benefits.**
- 2. The state should consider providing support to districts enabling them to have an analysis performed regularly by a qualified consultant that allows the district and joint purchasing groups to see what, if any, alternative cost-saving plans and/or plan designs are available. Such a review should occur at least every three years, more frequently if purchasing insurance on their own.**

The goal of these reviews is to facilitate moving districts toward membership in purchasing groups, if more cost effective, and/or pursuing other strategies for reducing costs without shifting them onto employees, such as combining plan design changes with health cost reimbursement arrangements.
- 3. The GIC should be required, as part of its upcoming bid, to explore additional options for school districts in western Massachusetts.**

There exists an interest in western Massachusetts that GIC expand the number of service providers of HMO plans within the region.,
- 4. Rural districts should promote the use of Flexible Spending Accounts (FSA's), including paying for the administrative fees and/or matching employee deposits.**
- 5. Rural districts should promote wellness programming to facilitate increased health and wellness lifestyles, which is beneficial in controlling cost.**

6. A state level office with expertise in this area should assist rural school districts and joint purchasing groups with a cost/benefit analysis of buying into Medicare for its retirees who were hired before 1986. If it is determined that there will be savings, the state should provide financial incentives to assist in the transition.

One factor that drives up health benefits costs is paying the full cost of active plans for retirees who were hired before 1986. A process exists for buying into Medicare for these retirees.

VI. Appendices

Appendix A – Legislative Charge

Chapter 132 of the Acts of 2019

SECTION 22. (a) There shall be a special commission to study and make recommendations concerning the long-term fiscal health of rural school districts that are facing or may face declining student enrollment.

The commission shall consist of: 1 member who shall be appointed by the president of the senate, who shall serve as co-chair; 1 member who shall be appointed by the speaker of the house of representatives, who shall serve as co-chair; 1 member who shall be appointed by the minority leader of the senate; 1 member who shall be appointed by the minority leader of the house of representatives; the deputy commissioner of the division of local services within the department of revenue or a designee; the secretary of education or a designee; the commissioner of elementary and secondary education or a designee, 1 member who shall be appointed by and from the Rural Policy Advisory Commission; and 7 members appointed by the governor, 1 of whom shall be a representative of the Massachusetts Association of Regional Schools, Inc., 1 of whom shall be a representative of the Massachusetts Association of School Committees, Inc., 1 of whom shall be a representative of the Massachusetts Teachers Association, 1 of whom shall be a representative of the American Federation of Teachers, Massachusetts; 1 of whom shall be a representative of the Massachusetts Association of School Business Officials, Inc., 1 of whom shall be a representative of the Massachusetts Association of School Superintendents, Inc. and 1 of whom shall be a researcher from a public university with expertise in the area of rural school policy. A majority of the commission's members shall be residents of areas served by rural school districts. Members shall not receive compensation for their services but may receive reimbursement for reasonable expenses incurred in carrying out their responsibilities as members of the commission. The commissioner of elementary and secondary education shall furnish reasonable staff and other support for the work of the commission.

(b) In making its recommendations, the commission shall consider: (i) long-term economic, demographic and student enrollment trends and projections in communities that are rural or experiencing population decline; (ii) long-term fiscal trends in school districts experiencing declining student enrollment; (iii) an analysis of the fiscal health of regional school districts and the impact of regionalization on each contributing municipality, especially in low-income and middle-income areas, including funding impacts on each contributing municipality; (iv) the impact of the rural school aid grant program established in item 7061-9813 of chapter 154 of the acts 2018 and any need to expand the program to address student enrollment decline; and (v) best policies and practices in other states.

The commission shall make recommendations for: (i) improving and expanding the rural school aid grant program and feasibility of including a low and declining student enrollment factor within the existing rural school aid formula; (ii) establishing and including a low and declining student enrollment factor within the foundation budget; (iii) expanding the use of technology to deliver instruction; (iv) enabling operating efficiencies; (v) exploring the use of shared services; (vi) optimizing schools and school districts; (vii) encouraging improvement of fiscal health and educational outcomes; and (viii) other matters related to educational opportunities in rural areas subject to the discretion of the commission. The commission shall include with its recommendations any cost estimates and feasibility associated with the commission's recommendations.

The commission shall also consider and incorporate into its recommendations the findings of: (i) the department of elementary and secondary education's 2018 report titled "Fiscal Conditions in Rural

School Districts” that was filed pursuant to section 127 of chapter 47 of the acts of 2017; and (ii) the report of the special commission on improving efficiencies relative to student transportation that was filed pursuant to section 77 of chapter 154 of the acts of 2018.

(c) The commission shall hold not less than 5 public meetings and may hold additional hearings and other forums that it considers necessary. The commission shall file its report and recommendations with the clerks of the senate and the house of representatives, the chairs of the joint committee on education and the rural policy advisory commission not later than December 31, 2022.

Appendix B –Average Per-Pupil Costs of All K-12 (non-vocational) Districts

218 K-12 districts (FY20)	In-District FTE Pupils	Administration	Instruct. Leadership	Teachers	Other Teaching Services	Prof. Develop.
Districts Under 1,300	27,879.1	\$748.30	\$1,109.32	\$6,664.30	\$1,620.10	\$126.26
Districts Over 1,300	806,269.4	\$529.22	\$1,065.08	\$6,457.16	\$1,380.00	\$154.20
Difference		\$219.08	\$44.24	\$207.14	\$240.10	-\$27.94
% Difference		41.4%	4.2%	3.2%	17.4%	-18.1%

218 K-12 districts (FY20)	Instruct. Materials, Equip. & Technol.	Guidance, Counseling and Testing	Pupil Services	Operations and Mainten.	Insurance, Retirement Programs and Other	Total In-District Expenditures
Districts Under 1,300	\$406.21	\$602.12	\$1,776.17	\$1,413.69	\$3,367.89	\$17,834.38
Districts Over 1,300	\$404.74	\$571.45	\$1,457.09	\$1,247.48	\$2,879.90	\$16,146.24
Difference	\$1.47	\$30.67	\$319.08	\$166.21	\$487.99	\$1,688.14
% Difference	0.4%	5.4%	18.0%	11.8%	16.9%	10.5%

Link to the full document is here:

<https://www.repblais.org/s/K-12-LE-cost-categories-comparison-w-FB-baseline.xlsx>

Appendix C – FY20 Per-Pupil Expenditures of Regional K-12 Districts

LEA	Grade Range	School District	In-District FTE Pupils	Total Expenditures
755	k-12	Ralph C. Mahar	630.6	\$19,513.24
765	k-12	Southern Berkshire	669.3	\$22,668.99
750	k-12	Pioneer Valley	674.4	\$19,886.46
672	k-12	Gateway	827.9	\$17,769.63
717	k-12	Mohawk Trail	842.4	\$21,201.68
674	k-12	Gill-Montague	933.2	\$17,528.38
620	k-12	Berlin-Boylston	1,049.2	\$16,533.56
715	k-12	Mount Greylock	1,158.6	\$17,601.30
618	k-12	Berkshire Hills	1,202.0	\$22,941.92
778	k-12	Quaboag	1,227.8	\$15,266.06
698	k-12	Manchester Essex	1,371.2	\$19,200.22
720	k-12	Narragansett	1,462.5	\$13,774.62
766	k-12	Southwick-T-G	1,497.1	\$15,953.44
615	k-12	Athol-Royalston	1,525.1	\$14,033.44
635	k-12	Central Berkshire	1,576.3	\$16,064.75
753	k-12	Quabbin	2,153.5	\$16,679.17
610	k-12	Ashburnham-W.	2,376.1	\$13,203.96

Appendix D – Rural Aid Distribution

Priority Group	LEA #	District	FY23 award	FY22 award
Priority 1	234	Petersham School District, Massachusetts	\$68,140	\$13,628
Priority 1	263	Savoy School District, Massachusetts	\$23,869	\$4,774
Priority 1	728	New Salem-Wendell School District, Massachusetts	\$182,903	\$36,581
Priority 1	685	Hawlemont School District, Massachusetts	\$121,472	\$24,294
Priority 1	253	Rowe School District, Massachusetts	\$25,555	\$5,111
Priority 1	68	Conway School District, Massachusetts	\$40,755	\$8,151
Priority 1	632	Chesterfield-Goshen School District, Massachusetts	\$82,899	\$16,580
Priority 1	121	Hancock School District, Massachusetts	\$41,234	\$8,247
Priority 1	98	Florida School District, Massachusetts	\$49,889	\$9,978
Priority 1	662	Farmington River Regional School District, Massachusetts	\$105,868	\$21,174
Priority 1	230	Pelham School District, Massachusetts	\$34,445	\$6,889
Priority 1	349	Worthington School District, Massachusetts	\$52,328	\$10,466
Priority 1	717	Mohawk Trail Regional School District, Massachusetts	\$805,386	\$161,077
Priority 1	755	Ralph C. Mahar School District, Massachusetts	\$1,300,122	\$260,024
Priority 1	272	Shutesbury School District, Massachusetts	\$114,233	\$22,847
Priority 1	327	Westhampton School District, Massachusetts	\$53,739	\$10,748
Priority 1	337	Whately School District, Massachusetts	\$46,847	\$9,369
Priority 1	765	Southern Berkshire School District, Massachusetts	\$350,796	\$70,159
Priority 1	672	Gateway School District, Massachusetts	\$1,096,272	\$219,254
Priority 1	154	Leverett School District, Massachusetts	\$50,280	\$10,056
Priority 1	683	Hampshire School District, Massachusetts	\$546,236	\$109,247
Priority 1	670	Frontier School District, Massachusetts	\$295,645	\$59,129
Priority 1	750	Pioneer Valley School District, Massachusetts	\$584,242	\$116,848
Priority 1	318	Wellfleet School District, Massachusetts	\$56,080	\$11,216
Priority 1	340	Williamsburg School District, Massachusetts	\$186,158	\$37,232
Priority 1	635	Central Berkshire School District, Massachusetts	\$1,796,722	\$359,344
Priority 1	43	Brimfield School District, Massachusetts	\$299,255	\$59,851
Priority 1	700	Martha's Vineyard School District, Massachusetts	\$500,670	\$100,134
Priority 1	306	Wales School District, Massachusetts	\$246,025	\$49,205
Priority 1	74	Deerfield School District, Massachusetts	\$140,630	\$28,126
Priority 1	300	Truro School District, Massachusetts	\$99,179	\$19,836
Priority 1	289	Sunderland School District, Massachusetts	\$75,756	\$15,151
Priority 1	618	Berkshire Hills School District, Massachusetts	\$526,369	\$105,274
Priority 2	753	Quabbin School District, Massachusetts	\$1,309,527	\$261,905
Priority 2	135	Holland School District, Massachusetts	\$71,290	\$14,258
Priority 2	766	Southwick-Tolland-Granville RSD, Massachusetts	\$566,792	\$113,358
Priority 2	224	Orleans School District, Massachusetts	\$43,071	\$8,614
Priority 2	605	Amherst-Pelham School District, Massachusetts	\$450,430	\$90,086
Priority 2	770	Tantasqua School District, Massachusetts	\$1,043,154	\$208,631
Priority 2	715	Mount Greylock School District, Massachusetts	\$357,260	\$71,452
Priority 2	85	Eastham School District, Massachusetts	\$47,116	\$9,423

Priority 2	63 Clarksburg School District, Massachusetts	\$160,840	\$32,168
Priority 2	250 Rochester School District, Massachusetts	\$193,556	\$38,711
Priority 2	240 Plympton School District, Massachusetts	\$67,532	\$13,506
Priority 2	45 Brookfield School District, Massachusetts	\$183,901	\$36,780
Priority 2	91 Erving School District, Massachusetts	\$47,832	\$9,566
Priority 2	223 Orange School District, Massachusetts	\$551,069	\$110,214
Priority 2	275 Southamptton School District, Massachusetts	\$179,084	\$35,817
Priority 2	660 Nauset School District, Massachusetts	\$289,451	\$57,890
Priority 2	41 Brewster School District, Massachusetts	\$99,395	\$19,879
Priority 2	191 Monson School District, Massachusetts	\$509,975	\$101,995
Priority 2	127 Hatfield School District, Massachusetts	\$78,725	\$15,745
Priority 3	117 Hadley School District, Massachusetts	\$39,388	\$7,878
Priority 3	287 Sturbridge School District, Massachusetts	\$130,432	\$26,086
Priority 3	720 Narragansett School District, Massachusetts	\$319,961	\$63,992
Priority 3	674 Gill-Montague School District, Massachusetts	\$241,700	\$48,340
Priority 3	150 Lee School District, Massachusetts	\$49,517	\$9,903
Priority 3	615 Athol-Royalston School District, Massachusetts	\$567,081	\$113,416
Priority 3	778 Quaboag Regional School District, Massachusetts	\$322,932	\$64,586
Priority 3	603 Hoosac Valley Regional School District, Massachusetts	\$364,688	\$72,938
Priority 3	111 Granby School District, Massachusetts	\$120,841	\$24,168
Priority 3	215 North Brookfield School District, Massachusetts	\$144,027	\$28,805
Priority 3	331 Westport School District, Massachusetts	\$114,254	\$22,851
Priority 3	610 Ashburnham-Westminster School District, Massachusetts	\$448,510	\$89,702
Priority 3	343 Winchendon School District, Massachusetts	\$406,290	\$81,258
Priority 3	77 Douglas School District, Massachusetts	\$185,519	\$37,104
Priority 3	760 Silver Lake School District, Massachusetts	\$294,860	\$58,972
	999 State Total	\$20,000,000	\$4,000,000

Appendix E – Sparse Districts Eligible for High Special Education Enrollment Aid

District Name	Students With Disabilities #	Students With Disabilities %	% Qualifying for Aid	Total Enroll.	# of Students Qualify. for Aid	Found. Sped. Enroll.	Per-Pupil F.B.	Qualify. Aid \$
Gill-Montague	231	27	7.0	855.6	59.9	14.97	12,737	190,701
Orange	141	26.1	6.1	540.2	33.0	8.24	12,794	105,403
Hawlemont	32	26	6.0	123.1	7.4	1.85	14,107	26,044
Ralph C Mahar	149	25.9	5.9	575.3	33.9	8.49	13,350	113,282
Hoosac Valley	249	24.7	4.7	1,008.1	47.4	11.85	12,917	153,004
Athol-Royalston	383	24.4	4.4	1,569.7	69.1	17.27	12,915	222,995
Farmington River	28	24.1	4.1	116.2	4.8	1.19	11,455	13,641
Gateway	174	23.6	3.6	737.3	26.5	6.64	12,299	81,611
Winchendon	285	23.2	3.2	1,228.4	39.3	9.83	12,620	124,024
New Salem-Wendell	29	22.3	2.3	130.0	3.0	0.75	12,820	9,586
Amherst-Pelham	280	21.9	1.9	1,278.5	24.3	6.07	12,533	76,114
Mohawk Trail	169	21.9	1.9	771.7	14.7	3.67	11,857	43,462
Monson	186	21.8	1.8	853.2	15.4	3.84	11,782	45,236
Hancock	12	21.1	1.1	56.9	0.6	0.16	11,567	1,809
Petersham	23	20.2	0.2	113.9	0.2	0.06	12,826	730
Quaboag Regional	231	20.1	0.1	1,149.3	1.1	0.29	12,850	3,692
Total	2,602	23%		11,107	381	95		1,211,336