



Fall River Area Chamber of Commerce & Industry, LLC  
200 Pocasset Street Fall River, MA 02721  
Tel: 508-676-8226 Fax: 508-6755932

## Article Series

### April 28, 2016

By Melissa Panchley

*The following is the second in a series of three articles aimed at defining terms that relate to school budgets and discussing the implications of less-than-optimum funding for our schools.*

#### **Understanding level services, level funding and minimum net school spending**

What is level services? How does that differ from level funding? How does minimum net school spending figure into that equation? These are all terms we sometimes hear interchangeably during budget season, but they are three very different realities.

Minimum net school spending, very simply, is the minimum contribution that a town or city in Massachusetts required by law to make toward education. The Foundation budget, as mentioned in yesterday's article, spells out what the state will contribute to each municipality, and what the minimum required by the city or town is. In Fall River, as well as some other urban areas, the funding for schools is often just below or at the minimum required by law. When the minimum is not reached, the amount that the city or town did not fully fund is carried over to the next fiscal budget, compounding what the city or town's contribution will be the following year. Not fully funding education one year and having to make it up the following year leads to inconsistent revenues for a school district, and is not a good template for funding our schools.

Local towns do not discuss minimum net schools spending, as much as level funding verses level services. Level funding is when the schools are funded at the same dollar amount as the year they were before. If a district received \$50,000,000 last year they would receive \$50,000,000 the following year. Due to contractual obligations with unions and employees, as well as the surging costs of things like special education and employee health insurance, level funding never equates to level services. Level services is reached when a district can provide the same level of services to students that were provided in the previous year. This means no reductions in staff



Fall River Area Chamber of Commerce & Industry, LLC  
200 Pocasset Street Fall River, MA 02721  
Tel: 508-676-8226 Fax: 508-6755932

or programs. Due to the factors discussed above, retaining the same staff and services, costs more money from year to year.

Fall River never really has the option of level funding. Due to the fact that Fall River funds the schools at or about minimum net school spending, and the minimum typically increases by a few percentage points, year to year, the formula requires a city like Fall River to increase their contribution each year. This increase will sometimes meet level services (like in FY 15 and FY16), and others years the increase in minimum net school spending will not be enough to meet level services.

Looking at FY 17 in Fall River, level funding, minimum net school spending and level services are very different numbers. In FY16, the required net school spending without adding on deficits from the prior year's underfunding was \$130,963,260, although as of April 15, 2016, the city has contributed \$131,663.01, which is 98.87% of the requirement of \$ 133,322,501 for FY16 (including city shortfalls from prior fiscal years). Level FUNDING the budget would require the city to contribute the same as last year, which as of right now is \$131,663,001. The minimum net school spending for FY17 is \$133,322,501, a mere \$1,659,500 more than the amount received for FY16 to date. Due to factors such as increases of \$4,300,000 in health insurance, an increase of \$1,400,000 in out-of-district special education tuitions, \$2,000,000 of circuit breakers funds typically used for special education that was used to cover the health insurance shortfall in FY16, \$1,300,000 in salary increases and various indirect costs increases like Charter Schools, School Resource Officers and retirement (totaling \$2,000,000), the Fall River Public Schools will need \$141,672,913 to level SERVICE fund for FY17, which is \$8,350,412 more than minimum net school spending and \$10,009,912 more than level FUNDING.

It is the duty of a School Committee to develop a budget that meets the 21st Century needs of all of their students in a fiscally responsible way. The process in every city or town should be that once this is done by the School Committee, the approved budget is presented to the city or town for their chance to weigh in on the fiscal realities. It is not appropriate for a city or town to give the School Committee a number to work with when developing the budget. The budget needs to meet the needs of its students and not the need of a number. It is important for the community to be aware of what the needs are of their schools and what that costs, even if the fiscal reality eventually provides less.