

Massachusetts Department of Elementary and Secondary Education

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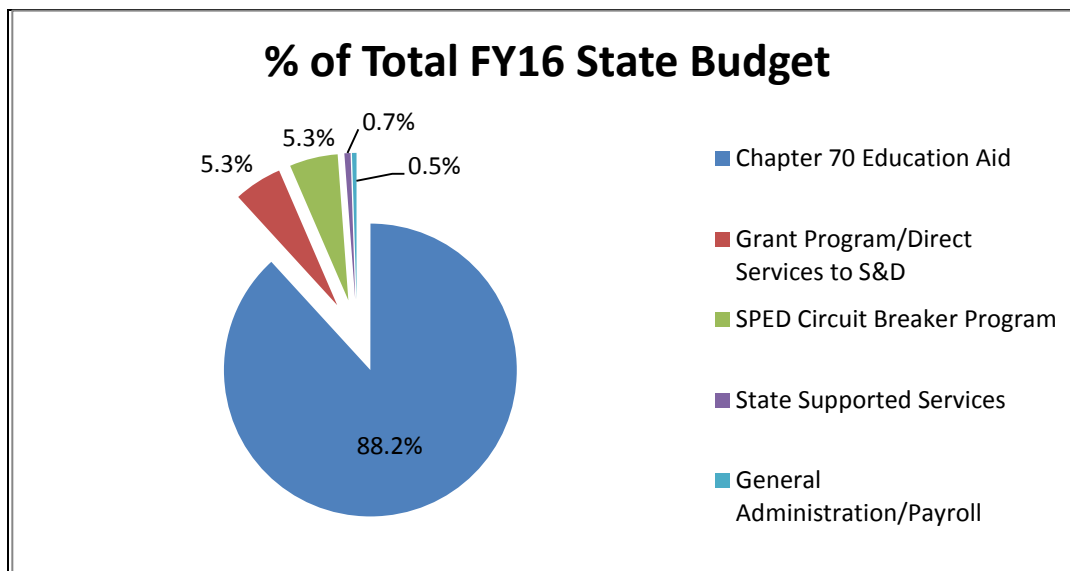
Mitchell D. Chester, Ed.D.
Commissioner

MEMORANDUM

To: Members of the Board of Elementary and Secondary Education
From: Mitchell D. Chester, Ed.D., Commissioner
Date: March 11, 2016
Subject: Update on State & Federal Education Budget

As we move through the FY17 state budget development process, I want to provide you with an update on our state and federal budget resources. The Department's ability to execute its mission is predicated on having sufficient programmatic and administrative resources.

Almost we have discussed, almost 99 percent of the Department's state budgetary resources are distributed to local school districts in the form of entitlement, reimbursement, or competitive grants. Only about one percent (1%) of the budget supports Department administrative costs as well as state-provided services (e.g., student assessment, educator licensure and special education services in institutional settings). The following chart and table demonstrates the amount of state funding directly controlled by ESE.



Budget Category	% of Total Budget	FY16 Budget
Chapter 70 Education Aid	88.2%	\$4,511,882,199
SPED Circuit Breaker Program	5.3%	\$271,639,859
Grant Programs/Direct Services to S&D	5.3%	\$271,431,201
State Supported Services	0.7%	\$34,744,420
General Administration/Payroll	0.5%	\$25,615,841
Total:	100%	\$5,115,313,520

The federal budgetary landscape is also changing with the passage of the Every Student Succeeds Act. The transition to new state plans will begin in the 2016-2017 school year, with full implementation occurring in the 2017-2018 school year. Based on funding estimates provided by the US Department of Education (USED), ESE does not anticipate major overall funding shifts from current federal grant levels in state FY17, but will need to plan for specific grant program changes in state FY18.

The Department presently has a workforce of 456 full time equivalents. Fifty-nine percent (59%) of our staff are funded from non-state budget funds (federal and trust accounts). Any downward shift in federal funding will present resource challenges for ESE. We are actively managing our personnel needs to meet the multiple responsibilities we are tasked to carry out. Our ongoing reorganization is designed to assist with meeting these responsibilities within our current fiscal environment while focusing on our core mission.

To support our discussion on March 22nd, I have included a federal funding chart showing our current projections of USED funding, a chart showing total K-12 spending in the Commonwealth broken out by local, state and federal funds, and my testimony to the Joint Ways and Means Committee.

Enclosures: Massachusetts Public School Revenue Sources
Projections of USED Funding
Testimony to the Joint Ways and Means Committee