June 23, 2020

TO: Governor Charlie Baker

Education Secretary James Peyser

Education Commissioner Jeffrey Riley

Senate President Karen Spilka

House Speaker Robert DeLeo

Senate Committee on Ways and Means Chair Michael Rodrigues

House Committee on Ways and Means Chair Aaron Michlewitz

Joint Education Committee Co-Chair Jason Lewis

Joint Education Committee Co-Chair Alice Peisch

Gateway Cities Caucus Co-Chair Eric Lesser

Gateway Cities Caucus Co-Chair Antonio Cabral

RE: Chapter 70 Funding for Gateway Cities in FY21

Last year, educational equity in Massachusetts received its biggest win in decades with the passage of the Student Opportunity Act (SOA). Our 26 Gateway Cities have been severely underfunded for years, to the tune of several billions of dollars, and one of the main reasons for passing the SOA was to right this wrong. This year, our Gateway Cities were due to receive a desperately-needed additional [$217.5 million](http://www.doe.mass.edu/finance/chapter70/fy2021/prelim.html), more than 70% of the new aid, but due to the [$4-7 billion revenue shortfall we expect due to the COVID-19 pandemic](https://medium.com/massbudget/bringing-in-the-relief-federal-fiscal-relief-for-our-state-budget-is-critical-for-a-strong-just-f17623144ac3), that funding is now at risk. Unless we take drastic action, the promises our Legislature made to our children in the Education Reform Act of 1993 and reaffirmed in the Student Opportunity Act will remain unfulfilled once again. We therefore call on our Legislature to ensure that our Gateway City school districts are properly funded for the FY21 budget cycle.

Our cities had already been experiencing public health crises prior to COVID-19. Out of the [top 15 cities with the highest rates of asthma in Massachusetts](https://www.mass.gov/files/documents/2018/05/09/burden-in-mass.pdf), 14 are Gateway Cities. COVID-19 has exacerbated these vulnerabilities. Eight of the ten cities with the highest COVID-19 infection rates are Gateway Cities. Twenty of the twenty-six Gateway Cities have infection rates higher than the state average. Many of our adult residents, [up to 80% in some of our cities](https://data.aclum.org/2020/04/07/covid-19-disproportionately-affects-vulnerable-populations-in-boston/), are essential workers. Our people care for the sick, clean healthcare facilities, stock shelves at grocery stores, and run our transportation system. To keep our economy running, they put themselves and their households at risk, including their school-age children, who have been trying to keep up with their learning in the midst of a pandemic.

Virtual learning made it more challenging for students to progress through their school year. Many of our students don’t have quiet places to study at home. Some families have limited internet access. Some children have Individualized Education Plans that their schools haven't been able to follow. And for a number of reasons outside of their control, which include grueling work schedules, language barriers, and lack of familiarity with technology, many parents and guardians have not been able to adequately support their children’s education. Experts expect opportunity gaps to only worsen, and so we worry about the disproportionate impact this will have on our students, especially as we consider not only what has already occurred, but what is yet to come in FY21 and FY22.

Even before COVID-19, our communities needed funding for additional wraparound services and mental health supports, which is part of why the SOA was passed in the first place. Our students, compared with those in more affluent communities, face much higher rates of trauma due to poverty and immigration, and due to tragic events like the Merrimack Valley gas explosions. Researchers have long known that spending a childhood in deep poverty is a type of [prolonged, toxic stress](https://developingchild.harvard.edu/science/key-concepts/toxic-stress/) that affects children’s brains the same way, or worse, than acute trauma. Furthermore, many of our students live in fear that their loved ones will be deported, live with trauma memories of their dangerous journey to the United States, or suffer from the effects of intergenerational trauma from their parents’ and grandparents’ hardships.

But now, in addition, the Department of Elementary and Secondary Education is [putting all responsibility for the purchase of personal protective equipment (PPE) and other required supplies on districts](https://massteacher.org/-/media/massteacher/files/initiatives/coronavirus/deseguidanceonrequiredsafetysupplies.pdf?la=en), rather than using the state’s purchasing power to support them. Transportation costs will likely skyrocket in order to ensure safe distancing between students on school buses. School mental health providers will undoubtedly be even more overworked next year than ever before. While there may be additional federal funds coming, it is unlikely they will be enough to cover additional costs related to COVID-19. **Our school districts cannot be expected to do extra work next year with even fewer resources than before.**

Therefore, we the undersigned Gateway City officials and allies **call for the prioritization of Chapter 70 funding to Gateway City school districts in the FY21 budget**. The Student Opportunity Act requires that the new funding be phased in over seven years “in an equitable and consistent manner.” This pandemic will hurt all districts, but the pain must be distributed *equitably*, not equally. Wealthy districts, especially those with low rates of English Learners and economically disadvantaged students, may be experiencing some fiscal stress, but they can mitigate it by leveraging their large property tax bases. In FY18, these wealthier school districts[[1]](#footnote-1) [spent almost $1.3 billion on local school funding above what the law requires](http://profiles.doe.mass.edu/statereport/netschoolspendingtrend.aspx). Gateway Cities have no such cushion. If we believe in closing opportunity gaps, unless the Legislature is able to fully fund all districts, state funding must be focused on the most disadvantaged students, who are mostly located in our Gateway Cities. Wealthier communities will need to use their own resources to fund their required spending, so that we can ALL come out of this budgetary crisis having met our required obligations to our students. It cannot be the students in our poorest communities who continue to bear the burden that years of neglect from the state have put on them.

In order to accomplish the proper funding of Gateway City school districts, we will need a strong fiscal commitment from our Legislature and the Executive branch. We believe this can be accomplished through a combination of the recommendations outlined below.

1. Tap into the $3.48 billion “rainy day fund” to maintain the fiscal stability of the Commonwealth. If this isn’t a rainy day, nothing ever will be.
2. Increase taxes on capital gains, dividends, and interest to 8.95% so the wealthy will pay their fair share. This would raise $1 billion per year.
3. Return the corporate tax rate to 9.5%, which would raise $500 million per year.
4. Close the tax loophole on GILTI (Global Intangible Low-Taxed Income) to prevent companies from offshoring their patents and trademarks in order to avoid taxes, which [would raise over $400 million per year](https://massbudget.org/report_window.php?loc=Taxing%20the%20GILTI%20Executive%20Summary.html).
5. Halt the implementation of the charitable deduction in 2021, preventing the rich from writing off their large donations, many of which go to well-endowed universities and other wealthy nonprofits. This would [save the Commonwealth $300 million](https://massbudget.org/report_window.php?loc=Why-Highest-Incomes-in-Massachusetts-Receive-Most-Tax-Benefits-from-Charitable-Deduction.html). Now is not the time to implement new tax cuts for the wealthy.
6. Gradually decrease state contributions for communities that spend above 120% of required spending and also have rates of economically disadvantaged and English Learner students well below the state average. This includes gradually reducing the minimum state contribution from 17.5% of foundation for the wealthiest cities.

**Signatories:**

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1. Defined as school districts with FY20 English Learner or economically disadvantaged student rates lower than 75% of the state average that also spent at 120% of required spending or higher on FY19. [↑](#footnote-ref-1)