



THIS STORY HAS BEEN FORMATTED FOR EASY PRINTING

Subsidy plan for schools finds scrutiny

State has pledged \$11b; calls for budget reforms

By Rick Klein, Globe Staff, 3/16/2003

WALTHAM -- Two months ago, 420 elementary students moved into a sun-drenched new school here with wood-paneled hallways, exposed-brick walls, and three playgrounds.

All 33 classrooms in the William F. Stanley Elementary School have big-screen TVs with DVD players, and Gateway computers with Internet access. A miniature climbing wall is just off the full-sized basketball court. A room that doubles as the cafeteria and the auditorium has speakers built into an acoustically designed ceiling. This summer, all 93,000 square feet will be cooled by central air conditioning.

Today, jubilant local officials will gather at the Stanley school for a ribbon-cutting to celebrate its opening -- the first of six schools planned for this community in the next several years. The Waltham projects are expected to cost \$210 million -- 90 percent to be paid with state tax dollars.

The construction here is part of a statewide explosion of new schools being built or planned -- a boom touched off by a generous state subsidy program that has been jealously preserved and expanded by lawmakers eager to secure funding for their local schools. The program has grown so huge that the state is now committed to \$11 billion in local school projects -- a situation Governor Mitt Romney refers to as "the next Big Dig."

Now, with the state facing its worst fiscal crisis since the Great Depression, the Waltham projects and those in other suburban communities are coming under new scrutiny. Even some lawmakers who have previously supported the program are suggesting that promised state subsidies should be slashed, and many more are pushing for major reforms that would force higher-income communities to bear more of the burden for sprawling school projects.

"We've been generous when times were good, approving a large number of projects," said House majority whip Lida E. Harkins, a Needham Democrat who is cochairing a House task force charged with examining the School Building Assistance Program. "But it's one of our budget-busters now, there's no question about it."

State spending on school construction mushroomed from \$148 million in 1993 to \$365 million last year. While spending was curtailed during this fiscal year, to \$269 million, that did little to solve the long-term problem. Just to keep pace with the state's previous commitments, the program will have to grow by about \$50 million a year for the foreseeable future, according to the Romney administration.

Those kinds of increases are next to impossible given the budget deficit, estimated at as much as \$3 billion for fiscal 2004, which begins July 1.

At a recent press conference, Romney said state leaders allowed the popular initiative to spiral with little thought of its ultimate cost. "There is a practice on Beacon Hill that is very easy to get into, which is to make great promises that some in the future will pay," said Romney. "Unfortunately, the future is now. . . . Where is the revenue going to come from?"

While a consensus is growing that the spending must be brought under control, powerful forces are lining up to protect it. The School Building Assistance Program is wildly popular on Beacon Hill, since all lawmakers value K-12 education and relish the opportunity to bring gleaming new facilities to their districts.

"There's perhaps no issue in any community that's of more importance and interest than its schools and its school buildings," said state Senator Brian A. Joyce, who was instrumental in securing 90 percent state reimbursement for a six-school, \$187 million construction project in his hometown of Milton. "It's a good expenditure of public tax dollars on educational facilities. You can't simply change the rules retroactively. It's just blatantly unfair."

The state launched the School Building Assistance Program in 1948 to help communities build classroom space for the baby boom generation. Originally, the state paid between 20 percent and 55 percent of districts' construction costs on projects approved by a special state board, with a greater share going to poorer cities and towns.

For decades, the program remained relatively stable. But beginning in 1975, the minimum state subsidy crept up to 50 percent. Then in 1982, districts with racial imbalance in their schools were granted 90 percent, in an effort to help them avoid forced integration through busing by helping them build schools that were geographically positioned or large enough to attract integrated populations.

Then, as the boom years of the 1990s came to an end at the same time that the Internet was becoming a staple of education, communities rushed to the state with proposals to replace aging school buildings with newer ones that could be more easily wired for technology. The number of new school construction projects approved by the state Department of Education under the program jumped from 44 in 1999 to 70

in 2000, then to 105 in 2001.

Meanwhile, as some of the state's suburban communities became more diverse, they began to take advantage of the 90 percent reimbursement rate, which was originally meant to reverse segregation in older, urban districts, which tended to be poorer. Under the law, any district with a single school that was majority-minority could qualify to have all of its projects reimbursed at the 90 percent level.

That let communities like Waltham, Milton, Quincy, and Framingham jump on board and begin building schools with little cash commitment. If not for racial imbalances those communities were able to demonstrate in as few as one school, Waltham would have received 62 percent, Milton 61 percent, Quincy 63 percent, and Framingham 60 percent.

"A suburban community that is overhauling their entire stock of schools is really not what the law was intended for," said James A. Peyser, chairman of the state Board of Education and an education adviser to Romney.

In 2000, as Waltham finalized its school building package, Superintendent Susan I. Parrella said the district was speeding up some of its plans to take advantage of the higher reimbursement rate that was available.

At the time, Waltham would have asked for only two or three new schools, Parrella said, but officials decided to push to get eight projects approved -- six new buildings and two renovations -- immediately because lawmakers were promising to cut funding available through the program.

State lawmakers began to address the situation in 2000, eliminating the automatic 90 percent reimbursement for projects approved in the future and replacing the funding formula with one that heavily weights communities' ability to pay for their own buildings. (A budget rider sponsored by Joyce, however, grandfathered in a handful of cities and towns -- including his own hometown of Milton -- under the old system.)

Despite the changes, the minimum reimbursement rate remains 50 percent. In addition, none of the reforms passed to date have addressed the crippling load of projects that are already in the pipeline.

Still more projects could get on the waiting list soon. The Legislature this month reversed the Romney administration's efforts to impose an immediate moratorium on approving new projects, with lawmakers arguing that communities already have approved projects at the local level with the expectation of state money. Romney has, however, promised that the moratorium will begin July 1.

The governor also has proposed a far bolder and more politically explosive move in his budget plan for next fiscal year. He wants the Legislature to grant his administration the power to remove previously approved projects from the funding list. Peyser said Romney is open to negotiation on that proposal, and recognizes the political difficulties surrounding it.

"We wanted to raise a flag so everybody can see this is a program that is really out of control," Peyser said.

State lawmakers say they're ready to engage in talks with the governor, but they're quickly realizing that few easy answers exist. Talk is circulating of streamlined architectural standards and relaxed bidding rules, but neither of those moves would affect any of the previously approved projects.

One option is to shift the entire program from the state's operating budget to its capital account, saving the state perhaps hundreds of millions of dollars by avoiding inflation-related costs. But such a move would add immensely to the state's debt load, and Romney previously has said the state already borrows far too much.

The discussion of major reform is spreading anxiety to cities and towns. Many floated bonds based on pledges of state funding for schools and now face the possibility of that revenue stream drying up. Some lawmakers say the state has a moral obligation -- and perhaps even a legal one -- to maintain its commitments.

"It's just not right to all of a sudden take communities off that list," said state Representative Thomas M. Stanley, a Waltham Democrat who is the son of the new Waltham school's namesake.

Parrella, the Waltham superintendent, said the planned schools in her district are necessary to replace outdated buildings, some of which are more than a century old. The buildings, she said, are not extravagant; touches like air conditioning were added so the building can meet state-imposed requirements that the facilities last 50 years, since the school year might someday be extended into the summer.

In any event, Parrella said she fears a system where some communities that played by the rules are nonetheless punished by the state.

"Nowhere in our process did it say, 'We will not fund you if we choose to do so,' " Parrella said. "I don't think school systems should be held up to political blackmail."

Rick Klein can be reached at rklein@globe.com.

This story ran on page B1 of the Boston Globe on 3/16/2003.

© [Copyright](#) 2003 Globe Newspaper Company.