#edfundingri

Funding Formula Working Group

Meeting 1 of 6

THE DESIGN OF THE RHODE ISLAND SCHOOL FUNDING FORMULA: TOWARD A COHERENT SYSTEM OF ALLOCATING STATE AID TO PUBLIC SCHOOLS

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Significance of RI's Fair Funding Formula

- RI operated without a formula for 20 years
- The June 23, 2010 law ended the dubious label of being the last state in the union without a school funding formula
- Legislation defied the odds—absence of court mandates, recessionary climate that yields almost no additional state dollars, and resistance from districts that receive fewer state dollars
- Bill passed: 80% House & 70% Senate

Collaborative Process That Works

- Gubernatorial, legislative, and stakeholder support for school funding reform
- RI Department of Education and independent design team developed a partnership of trust, data sharing and analysis, and coordinated communication
- Formula was publicly accessible and fine-tuned with inputs from stakeholders
- 70% of students in RI received more state aid

Five Design Features

- Core instructional cost for each student
- “Student success factor” to support students from low-income backgrounds
- State and local funding follows the student
- Determinants of state aid to districts based on local fiscal capacity and concentrated poverty
- Gradual phase-in process

Design Feature 1: Core Instructional Amount

- Proposed $8,295 per student cost for core instructional services in spring 2010, with annual adjustment
- Based on verifiable expenditure data
- Cost based on averaging the core instructional costs of Connecticut, Massachusetts, New Hampshire, and Rhode Island

Design Feature 1: Core Instructional Amount

- Instructional Staff
  - Salaries for teachers (regular, part-time, substitute, hospital-based, sabbatical, home-bound), teacher aides
- Other Instructional Service
  - Salaries and contracts for technical and professional services, supplies, textbooks, professional dues and fees
- Student Support
  - Salaries for social workers, guidance counselors, staff in health, psychology, speech pathology, and audiology, nurses, coaches, bus supervisors, summer school teachers, supervisors in extra-curricular activities

- Other Student Support
  - Salaries for supervisors of instruction, library and media staff, computer lab staff, curriculum coordinators, in-service teacher training staff; salaries and contracts for professional services, supplies textbooks, professional dues and fees
- General District Administration
  - Salaries for school board members, school board staff, superintendent, central office staff, and purchased services and contracts
- School-level Administration
  - Salaries for principals, department chairs, administrative staff; purchased services; supplies; and professional dues and fees
- Staff Benefits (60%)
  - Fringe benefits for Instructional, Administrative, and Support Staff

Design Feature 2: Student Success Factor (40%)

- An additional 40 percent of the core instructional amount is assigned to children who are eligible for free and reduced-price school lunch program (FRPL)

- Student success factor funding is supplemented with categorical funding for high-cost special education students, early childhood, career & technical programs

Design Feature 3: Funding Follows Students

- State uses the most current student information to track student transfers—from one district to another or from a regular public school to public schools of choice (charter and state schools)
- State uses enrollment data to process the transfer of state share directly without time-consuming invoicing

Design Feature 4: The State Share Ratio

Mathematical equation that simultaneously takes into account two factors:

1. *Concentration of low-income students in the district*
2. *Revenue-raising capacity, namely local property values adjusted by median income (or "equalized weighted assessed value")*

Formula supports districts that are gaining in concentrated poverty even though their overall fiscal capacity remains generally sound

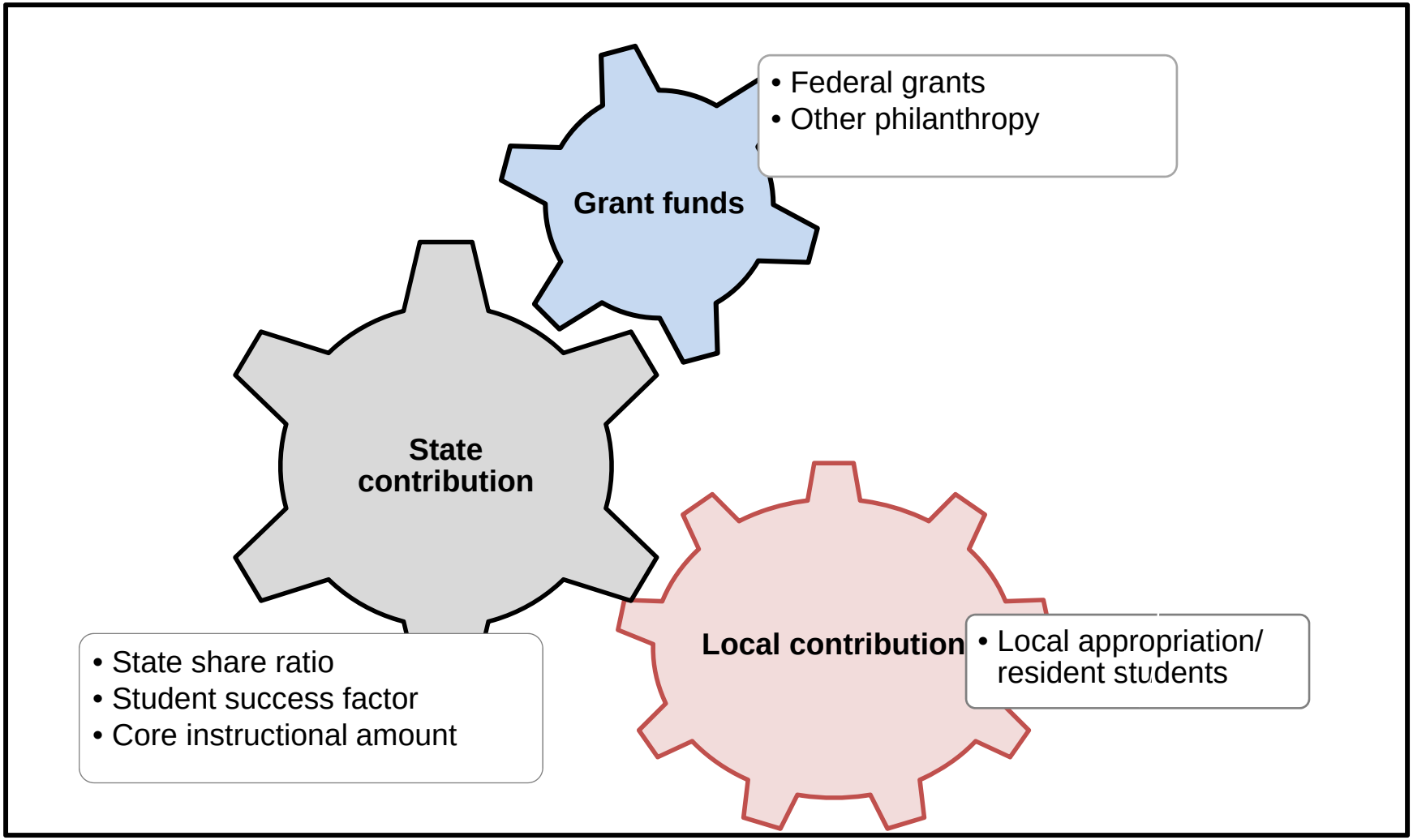
Design Feature 5: Gradual Phase-in Process

- Carefully designed and managed transition period
- Districts that received additional state aid will see gradual increase of their state aid over a period of 7 years (currently in 5 of 7 years of increase)
- Districts with decreasing state aid will see a gradual, 10-year adjustment (currently in 5 of ten years of decrease)

Key Lessons

- Effective and coordinated state leadership was necessary to build and is needed to improve this landmark legislation
- Independent analysis and auditable data supports transparency and builds faith
- Formula designed and must be maintained in the context of fiscal austerity
- Accountability and transparency should be part of ongoing review

The Funding Formula in Action



The Barrington Example

Resident students x core instructional amount = core instruction funding

Barrington has 3,287 PK-12 students, which is multiplied by *the core instructional amount of $8,928* for *core instruction funding* of $29,346,336.

Free/reduced lunch eligible students x student success factor =student success factor funding

Barrington has 164 students eligible for free and reduced lunch who each qualify for the *student success factor* of 40% of the core instructional amount (40% of $8,928), or $585,677.

The Barrington Example

Core instruction funding + student success funding = total foundation

Barrington's total *foundation* is the core instructional funding ($29,346,336) + the student success funding ($585,677) = total foundation ($29,932,013)

Total foundation x state share ratio = state contribution to total foundation

Barrington has a state share ratio of 19.7%, indicating that the state pays 19.7% of Barrington's total foundation, or $5,908,863 of $29,932,013. The state share per pupil is $1,798. *

The Barrington Example

Calculating the Local Share

Local appropriation/resident students = Local share

The town of Barrington determines its local appropriation for education; the local appropriation of $41,346,378/3,245 resident students = $12,742 local share.

State share + Local share = per pupil funding

Barrington's state share is $1,798* and their local share is $12,742. The combined state plus local share is $14,540. This is the approximate amount that is transferred to public schools of choice for every Barrington resident student.

** Average state funding per pupil for Barrington; public schools of choice funding is based on the demographics of the students attending the school.*

Rhode Island House of Representatives

Special Commission to Study and Assess Rhode Island's "Fair Funding Formula"

Final Report
May 18, 2015

Report Submitted to the
Rhode Island House of Representatives

Working Group Timeline

Item	Date	Purpose
Workgroup session 1	11/3	**Introduction** 1. Working group purpose 2. Working group members 3. Basics of funding formula 4. Key issues
Workgroup session 2	11/16	**Charter/LEA differences** 5. Differences in financial obligations: traditional districts and schools of choice 6. Marginal costs **7.** Charter school housing
Workgroup session 3	11/24	**Unique student/school issues** 8. Student weights 9. Unique school types 10. Categorical funds
Workgroup session 4	12/10	**Efficiencies, outcomes, and Rhode Island's return on investment** 11. Opportunities for cost-sharing 12. State and local contributions 13. Return on our state and local investment
Proposed release of initial recommendations		
Workgroup session 5	12/17	**Initial Recommendations**
Workgroup session 6	12/21	**Draft Recommendations/Report**