

Four Important Concepts for the Funding Formula Working Group

Concept 1: The “core instructional amount” (\$8,928 in FY16) includes most basic instructional costs but it is not the state “per pupil amount”.

The core instructional amount is the per pupil New England average of many (but not all) educational expenses from the previous year. Some important items like transportation and out-of-district tuition are not included.

- **Therefore, a key takeaway** is that the core instructional amount is *not* the complete per pupil cost for educating Rhode Island students. It is a regional per pupil average of *most* costs.

Concept 2: The state doesn’t pay the core instructional amount for each student. The state pays its share (calculated by the share ratio) of the core instructional amount.

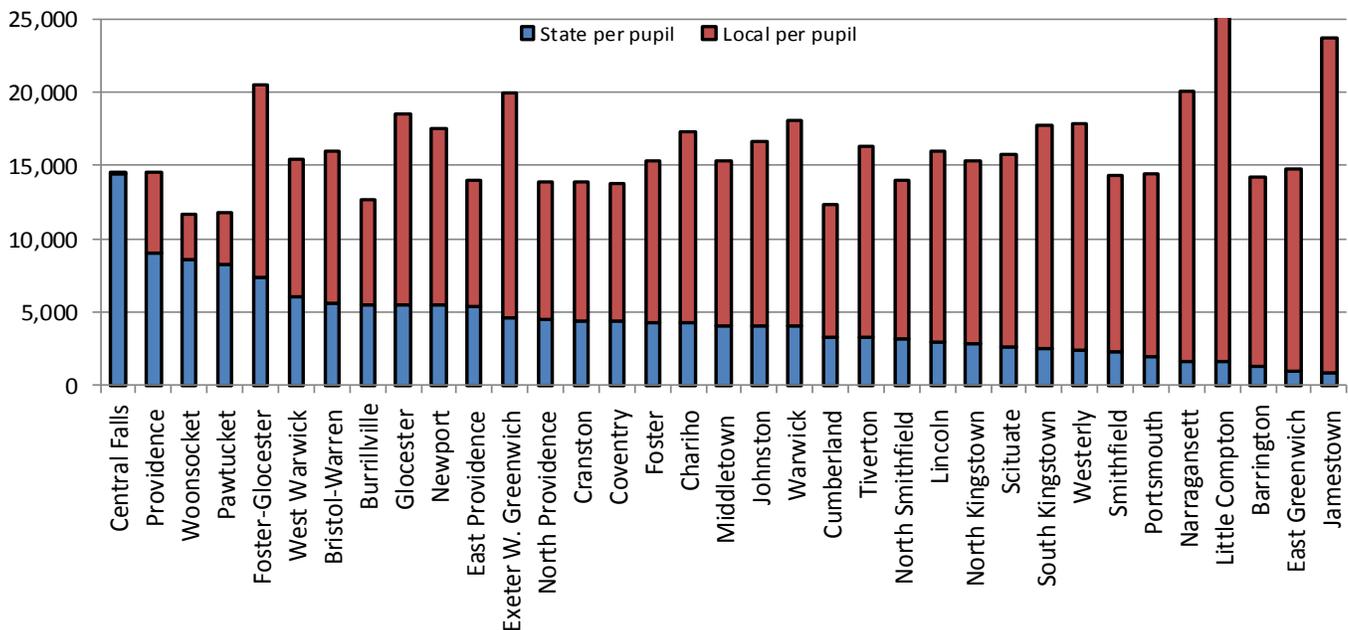
- **Therefore, a key takeaway** is that a one-dollar increase (or decrease) in the core instructional amount does not increase (or decrease) the state contribution by one dollar; rather, the adjustment is fractional based on the state share ratio.

Concept 3: Most of the differences in Rhode Island’s per pupil amounts are the result of differences in local contributions, not differences in the state contribution.

The state contribution is based on the “state share ratio”, which combines median family income and property value. Because of differences amongst Rhode Island communities, the state share ratio ranges from an FY16 high of the state paying 93.5% of the core instructional amount (Central Falls) to a low of the state paying 8.7% of the core instructional amount (Jamestown).

- **Therefore, a key takeaway** is that discussions about the adequacy of educational funding require an examination of both state and local contributions.

2014-15 State and Local Revenue, by District



Concept 4: District and school funding is affected by all changes in enrollment, regardless of why students enter or exit.

When a student leaves her resident district and enrolls in a public school of choice, the state and local share follow her. When a student moves out of the state or enrolls in a private school, the resident district loses the state but not the local share for the student.

- **Therefore, a key takeaway** is that all enrollment decline results in a decrease in state aid; student movement to public schools of choice also results in a transfer of local share.