Funding Formula Reference Guide

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Overview

In 2010, the Rhode Island General Assembly enacted an education funding formula with a FY 2012 implementation date. In 2016, the General Assembly enacted some adjustments to the 2010 formula, which is the funding formula being explained in this guide. The formula is based on the principle that the money follows the student. Implementation of the formula has resulted in some local education agencies (LEAs) receiving increases in state aid to education and others receiving less funding. In order to provide a planning and adjustment period for the LEAs and the state, the formula includes a multi-year transition plan. The period for LEAs receiving additional aid ended in FY 2018, while the period for remaining LEAs is through FY 2021.

The formula includes a core instruction amount for all students, which funds several academic components of the student's day; a poverty factor adjustment to the core (known as the student success factor), which provides additional funding to support student needs beyond core services; and a state share ratio, which is calculated using municipal property values, median family income, and student poverty status. All data elements are recalculated annually.

The formula also includes categorical funding to support identified high-cost programs: career and technical education, early childhood programs, high-cost special education, English learners, non-public and regional student transportation, and a temporary bonus for regional school districts. There is a categorical fund with a statutory sunset provision to support communities that send a large portion of their students to charter and state schools. Additionally, there are stabilization funds for three state schools: Davies Career and Technical School (Davies), the Metropolitan Career and Technical Center (Met Center), and the Central Falls School Department, which are intended to stabilize these state-operated LEAs due to the loss of education aid. These funds have neither a financial cap nor a funding schedule.

In addition to state aid, municipalities contribute in varying amounts to their local school departments. These funds are determined solely by local control. Charter schools and the aforementioned state-operated career and tech schools do not have a municipality to provide direct support. The local/municipal funds those schools receive is determined by a local share calculation. The local share amount is calculated by the Rhode Island Department of Education (RIDE) and publicized to all LEAs throughout the state. As a result, the per pupil funding for a student attending a charter school or state-operated career and tech school is the same as a student attending a district public school.

Definitions

Below are select definitions for terms found throughout the funding formula reference guide.

Average Daily Membership (ADM) – the number of days that students are enrolled members of the LEA, regardless of actual attendance; this is a full-time equivalent (FTE) count. Using each LEA's school calendar, students enrolled in the LEA are counted from enrollment date to withdrawal date, or the end of the school year, to determine the FTE. District ADM excludes students attending public schools of choice or state-operated schools. Example: a three-student LEA has students A, B, and C. Student A enrolls on the first day of school and stays through school day 180, for 180 days of enrollment. Student B enrolls in the LEA on school day 25 and stays through the last day, for 155 days of enrollment. Student C enrolls school day number 20 and withdraws school day number 100, for 80 days of enrollment. The total enrollment for the three students is 415 days, which is divided by the number of school days in the school year, or 180 in this example. The ADM for this LEA would be 2.3 FTEs.

Basic Education Program (BEP) – a set of regulations promulgated by the Board of Education pursuant to its statutory authority to determine standards for the Rhode Island public education system and the maintenance of local appropriation to support its implementation.

Capacity – new student seats available before a public school of choice reaches the maximum number of students it is authorized to enroll.

Categorical Funds – direct state aid that is part of the education funding formula, but calculated in different ways from the core instruction amount and student success factor. Annual allocation amounts are subject to appropriation.

Equalized Weighted Assessed Valuation (EWAV) – a component of the state share ratio calculated by the R.I. Department of Revenue. EWAV is calculated in the following manner: The total assessed valuations of real and tangible property for each municipality, as of December 31 of the third preceding year, adjusted to bring the property valuation to market value. This value is adjusted by the ratio that compares the median family income of a city or town to the statewide median family income, as reported in the latest available federal census data. In summary, the EWAV calculation takes into consideration both the property values of a community and the income of its residents.

Local Education Agency (LEA) – A term used to describe all public school districts, as well as independent and mayoral academy charter schools, and state-operated schools. Providence, South Kingstown, and Burrillville are examples of LEAs, as are Highlander Charter School and Achievement First Mayoral Academy.

National Center for Education Statistics (NCES) – the division of the United States Department of Education's Institute of Education Sciences that collects, analyzes, and publishes statistics on education and public school district financial information in the United States. It also conducts international comparisons of education statistics and provides leadership in developing and promoting the use of standardized terminology and definitions for the collection of those statistics.

Poverty Status – family income that is at or below one hundred eighty-five percent (185%) of federal poverty guidelines. The classification applies to the entire student membership period.

Public Schools of Choice (PSOC) – All independent, mayoral academy, and district charter schools, the Urban Collaborative Accelerated Program, Davies, and the Met Center.

Reference Year – the year that data is drawn from to calculate funding formula components. In some cases, it is one year prior to the aid being paid; in some cases it is two years prior.

Regional School District – an LEA created when one or more municipal school districts reorganize some or all of their schools to combine with another school district(s) in order to consolidate services.

Resident Average Daily Membership (RADM) – average number of pupils in a community during a school year, as determined pursuant to the provisions of R.I. General Laws 16-7-22. District RADM includes students attending public schools of choice or state-operated schools.

Sending District – district where a student attending a public school of choice resides; state funding for public schools of choice is calculated using the state share ratio for the sending districts.

State Share Ratio – a mathematical calculation that that takes into consideration both the property values of a community, income of its residents, and students who meet poverty status.

Student Success Factor – the amount to support high-need students beyond the core instruction amount; determined annually by multiplying the core instruction amount by 40 percent and applying the amount to students who meet poverty status.

Uniform Chart of Accounts (UCOA) – Rhode Island's method of accounting that provides transparency, uniformity, accountability, and comparability of financial information for all schools and districts. The UCOA standardized account-code structure allows every district, charter school, and state-operated school to use the same account codes and methods for tracking revenue and expenses in their daily accounting.

Value of Core Instruction Amount

Introduction

The foundation education aid for each district is the sum of the core instruction per pupil amount and the amount to support high-need students (student success factor), multiplied by the district state share ratio. The core instruction amount is the accumulation of various costs, as compiled by the National Center for Educational Statistics (NCES) for a select group of states.

The core instruction amount is based on cost studies from states that have been deemed by education researchers to be best practice financial models. In order to be informed, objective, and geographically sensitive, the formula uses an average cost of four New England states to provide a balanced perspective on what Rhode Island should be spending to provide high-quality education. The cost studies were a snapshot in time during the formula development process.

Key data reporting periods

The core instruction calculation must be completed by July to be used in the funding formula calculation, which is a key component of state budget targets used for the agency's budget preparation. Agency budget estimate are submitted to the State Budget Office in July to create financial budget targets for the following fiscal year budget request. For example, estimates are due to the state budget office in July 2016 for budget targets used in the budget request that begins July 2017 (i.e. FY 2018).

What types of Local Education Agency (LEA) Expenditures are included in the Core Instruction Component?

Description	Expenditures Included in the CORE Instruction Component	Expenditures not Included in the CORE Instruction Component
Face-to-Face Teaching and Classroom Materials	✔	
Pupil, Teacher and Program Support	✔	
Leadership, Administration and School Business Operations and Business Support Services	✔	
Federal Expenditures		✔
Non-public Textbooks and Transportation; Out of District Tuition and Transportation		✔
Debt service, Capital Projects, Legal claims/settlements, Retiree Benefits, Contingencies, Non-Business Operation Expenses		✔

Full descriptions of the expenditure categories are included in the glossary on the following page.

Glossary

Core component descriptions including location in the State of R.I. Basic Education Program (BEP) and UCOA identifier code.

BEP Section	UCOA Function ID
	UCOA Function 100: Face to Face Teaching & Classroom Materials
G13-2	All Teachers: Includes full- and part-time teachers for all programs, teacher assistants, and substitute teachers
	All Fringe Benefits: Fringe benefits except Teacher Retirement
	All Purchased Services: Contracted technical and professional services
	Instructional Supplies and Textbooks
	Dues, fees, professional memberships
	UCOA Function 200: Pupil, Teacher & Program Support
G13-1.2, G13.3, G13.4, G-14, G15-2.2	Social workers, Guidance Counselors, Nurses, Psychologists, Occupational, Physical and Speech Pathologists, Audiology
	Supplemental amounts for coaching, supervising extracurricular activities, bus supervision, summer school teaching
	All Fringe Benefits except Retirement for staff in this category
	Instructional Support Services including Library and Media, Computer Lab Staff, Curriculum Coordinators, Professional Development, and PD Staff
	Purchased services: Contracted labor and equipment for any of the salaried categories listed above
	Supplies, books, periodicals, curricular books, films, slides, tapes, video tapes, television programs, reference books not in classroom

Dues and fees for professional membership in organizations

UCOA Function 300 Operations (Selected Items)

G15-2, G15-2.1, G15-2.3, G15-2.3.2, G15-2.4	Business, Central and other supports services All Fringe Benefits except Retirement for staff in this category Purchased services: Individuals contracted to perform business, central or other support services

UCOA Function 500 Leadership

G-15, G15-1.2	General Administration: Salaries for Superintendent and staff, School Board and Negotiations All Fringe Benefits except Retirement for staff in this category Purchased Services: Expenditures for legal firms, election services, staff relations, negotiation services Supplies: Books, periodicals, general supplies, paper, printing materials for board and for budget Dues and fees for membership to professional organizations Salaries for School Principal and Staff and Department Chairs All Fringe Benefits except Retirement for staff in this category Purchased Services: Consultants, school scheduling firms, administrative staff in service training School Admin. - Supplies Books, periodicals and general supplies Dues and fees for professional organizations. Miscellaneous expenditures for goods and services

Items not in the core instruction foundation amount

Teacher Retirement (separate state funding mechanism)

Food Service, Transportation, Safety, Building Upkeep, Utilities and Maintenance, Budgeted Contingencies, Debt Service, Capital Projects, Retiree Benefits, Out of District Tuition and Transportation, Non Public Textbooks, Enterprise/Community Service, and Claims and Settlements

Expenditures funded by Federal funds

FAQs

How is the core instruction amount calculated?

The calculation uses actual, audited, verifiable expenditure data for Massachusetts, Rhode Island, Connecticut and New Hampshire. The information is obtained from the NCES database. Annually, NCES releases expenditure data for public schools throughout the country at a detailed level. The core instruction amount accounts for costs that have the greatest impact on a student's ability to learn, including instruction, instruction support, some operating costs, and all leadership costs. The average cost, for core instruction expenditure categories for the four states, is adjusted by the Consumer Price Index (CPI) to make the calculation more relevant to current costs. The calculated amount is called the "core instruction amount."

The included costs are comprehensive and based on real expenditure data. They include salaries, supplies, curriculum development, professional development, professional dues and fees, all classroom supports, all student-centered services, a portion of benefits, and all leadership costs, including staff.

The formula requires the core instruction amount to be updated annually.

Why is the core instruction amount the same for all grade levels?

This formula does not elect to treat grade levels differently. Because NCES data already accounts for the costs of delivering services at all grade levels, this formula uses "averaging" that spreads costs across all grade spans and all types of students in the New England region. Once a distribution is determined through the state funding formula, decisions on how the funds are spent are maintained at the local level. Therefore, LEAs may choose to allocate funds differently across grade levels.

Why are teacher retirement costs not included in the core?

Teacher retirement costs are partially supported through an existing state program, where the costs are shared 60 percent at the local level and 40 percent at the state level.

How is this funding formula related to the Basic Education Program (BEP)?

The funding formula aligns with the standards established in the BEP that include leadership and management of the educational system, curriculum, instruction and assessment, and supports and services for student learning.

State Share

Introduction

The state share is a component of the funding formula designed to provide state aid to municipal school departments based upon the municipality's ability to provide financial support.

The foundation education aid for each district is the sum of the core instruction per pupil amount and the amount to support high-need students (student success factor), multiplied by the district state share ratio.

Key data reporting periods

- August 1: RIDE receives EWAV data on or about this date.
- August 15: RIDE receives June 30 resident average daily membership (RADM) data, by district and statewide, from the e-RIDE system by this date.
- August 31: The state share ratio calculation is completed by RIDE.

Methodology

1) Receive EWAV data

2) Obtain student enrollment and poverty data

3) Determine the State Share Ratio for each Community (SSRC), which shall not be less than zero.

$$SSRC = 1 - \left(0.475 * \frac{\text{District EWAV/District RADM}}{\text{State EWAV/State RADM}}\right)$$

$$State\ Share\ Ratio\ (SSR) = \sqrt{\frac{SSRC^2 + \%PK6POVERTY^2}{2}}$$

Examples:

Community ABC has a state share ratio of 70%; the amount of per pupil aid community ABC would receive is the core instruction per pupil amount, plus the student success factor, times the share ratio of 70%.

Community DEF is better able to provide financial support for its schools, causing its share ratio to be 55%; the amount of per pupil aid community DEF would receive is the core instruction per pupil amount, plus the student success factor, times the share ratio of 55%.

FAQs

Explain the state share ratio calculation

The state share ratio is a combination of two factors. The first factor is community property values, adjusted for median family income, as provided by the Division of Municipal Finance at the Department of Revenue. This is representative of the community's ability to generate tax revenue per child attending a public school versus the state average. The second factor is the percent of children in pre- kindergarten through sixth grade who meet the poverty criteria. These two factors together represent two policy goals when determining where the state should distribute additional funds: 1) what is the local ability to generate revenue for education, and 2) where are the concentrated pockets of need?

These two factors are combined into a single state share ratio utilizing a mathematical average known as the quadratic mean. The practical effect of using this type of calculation is the larger number receives greater weight in a quadratic mean than a typical mean. In districts where the ability to generate tax revenues is high but the child poverty concentration is greater, the quadratic mean is closer to the value of the poverty concentration. To calculate a quadratic mean, square each value, add the two squares, divide by two, and take the square root.

Explain the decision to use a quadratic mean rather than an arithmetic (or simple average) mean in consideration of children in poverty when calculating the state share.

There are considerable differences in local burden for communities with the same adjusted assessed property values and different levels of poverty. Including student poverty status in the state share ratio is a way to account for additional local burden that exists because of a high concentration of poverty. Without a poverty component, two communities with the same adjusted assessed property value could have drastically different expectations for local revenue generation. While including a poverty component in a straight mean does help to reduce this difference, the calculation is more effective at equalizing the local burden of areas with concentrated poverty versus those with less concentrated poverty.

Student Data

Introduction

This section will identify and describe the student data included and excluded from the funding formula. Key data collection dates are also included.

Key data reporting periods

- March 15: A key date to estimate student data for the budget year two years hence (March 2016 data to estimate 2017-18 budget allocation) and to finalize the subsequent year budget allocation (March 2016 data used to finalize 2016-17 budget allocation). The student data collected is average daily membership (ADM). The uses of the March 15 data is further illustrated in the text box below.

Example of uses of the March 15 student data (ADM)

To estimate FY 2017-2018 formula budget target

March 15, 2016 data used

To finalize FY 2016-2017 budget allocation

Why March 15? For the subsequent year budget allocation: in order to comply with the reference date requirement that data be one year prior to the year in which aid is paid (RIGL 16-7-16(11)).

For the two years hence budget target: in order to accommodate the state budget process, which requires agency budget estimates be submitted to the state budget office one year prior to the start of the proposed budget year.

- October 1 enrollment (Not ADM, snapshot of the number of enrolled student): RIGL 16-7.2-5 requires a mid-year funding adjustment for the public charter schools if their

October 1 actual enrollment data reflects a 10 percent or greater change from the data used to finalize state funding calculations (March data estimates). This adjustment is included to mitigate fluctuations between projected and actual enrollments of new and expanding charter schools.

- June 30 End-of-Year (EOY): EOY resident average daily membership (RADM) data is a component of the state share ratio calculation pursuant to RIGL 16-7.2-4. Although this data is integral to the calculation of the state share ratio for the funding formula, it is not the enrollment data used to determine education aid.

Student data categories

Enrollment Code With Brief Description	**Included in funding formula calculation**	**Not Included in funding formula calculation**
A Enrolled in an Alternate Learning Program	✓	
E Enrolled in a state-funded Pre School Classroom		✓
G Enrolled in a GED Program (High School Equivalency)	✓	
H Home Schooled		✓
N Enrolled in a Transition Program	✓	
O Enrolled in an Outplacement Program	✓	
R Enrolled in a Public or State-Operated School	✓	
S Enrolled in a Private School w/ an IEP or Service Plan		✓

Student data is reported by LEAs through their student information systems to the RIDE Office of Data Analysis and Technology Services (DATS). Student data is compiled by DATS and submitted to the Finance Office for funding formula purposes. Prior to finalizing data and related calculations, DATS and the Finance Office verify the accuracy of the data. Material variances from the prior year are investigated by RIDE prior to dissemination of the funding formula calculations. LEAs are active participants in the review and finalization of the student data.

Charter School Growth

The premise of the funding formula is that the money follows the student; therefore, when a student leaves a district to enroll in a charter school, the state funding for that student shifts to the school of choice. When a charter school's enrollment shows a 10 percent or greater change from the prior year enrollment, the aid is adjusted to reflect actual enrollment (RIGL 16-7.2-5). RIDE estimates the projected growth during the March data update process to ensure sufficient funds are available and to minimize the need for supplemental budget requests. The guidelines for projected growth are:

- Existing School Not Adding Grades or Capacity: The Finance Office uses the March 15 ADM data.

- Existing School Adding Grades or Capacity: The Finance Office uses the sending community demographics from the March 15 ADM data to project the sending communities for the new seats, as approved by the Council on Elementary and Secondary Education. In addition, the poverty status percentage for current students is applied to the new seats. Charter lottery data, which is submitted by March 31, is checked to ensure there is demand for these seats and to verify the veracity of the above-mentioned calculation of the distribution of students amongst sending districts.

- New Charter Schools: The Finance Office uses the projected enrollment information from the charter school's application to estimate the student population. The poverty status for the sending district is the basis for the poverty factor for those students projected to enroll in the charter school.

- Sending District Adjustments: The sending district student counts are reduced in a 1-to-1 ratio for each student added to a charter school; therefore, the number of students projected to enroll in charter schools are not included in the sending district student data used for funding purposes.

Calculation of Formula Aid

Introduction

This section provides the calculation for the funding formula.

The calculation is as follows:

(Core Instruction Amount x PK-12 ADM)

Core Instruction Funding

+

(Core Instruction Amount x 40% x Poverty ADM)

Student Success Factor Funding

=

Total Foundation

x

State Share Ratio

=

State Formula Funding

Funding for public schools of choice is calculated by sending district using the same calculation; aid for each sending community is added together to determine the school's appropriation.

The formula includes a multi-year transition plan. The period for LEAs receiving additional aid ended in FY 2018, while the period for remaining LEAs is through FY 2021.

Categorical Funds

Introduction

The funding formula includes several categorical aid funding programs that provide funding for costs beyond those covered in the primary aid formula. Unlike the primary aid formula, these categorical funds are explicitly subject to annual appropriations.

The original categorical funds from the FY 2010 legislation support high-cost special education students, regional school and non-public school transportation (this does not include special education transportation), career and technical education, early childhood (preschool) programs, regional school districts, and Central Falls stabilization funding.

In FY 2016, additional categorical funds were added: English learner funds, PSOC density funding, and an expansion of stabilization funding to Davies and the Met Center, which are the remaining state schools funded in part by the funding formula. For all these funds, when the annual budget appropriation is insufficient to cover all statewide costs, the funds are prorated among the LEAs with eligible costs.

Purpose of the categorical funds including calculation methodology

- High-Cost Special Education: This funding is for the state to pay for all per-pupil special education costs above five times the sum of the basic core plus the student success factor amounts.

  Methodology: The Office of Statewide Efficiencies at RIDE annually collects data where LEAs report the per-pupil costs for all students with special education costs net of third-party reimbursements. RIDE will reimburse LEAs for only the per-pupil amounts that are over the threshold.

- Career and Technical Education (CTE): This funding is for the state to pay for a portion of per-pupil costs for high-cost programs, for start-up costs, and for new or transformed programs. The amount dedicated to the high-cost reimbursement versus the new and transformed programs is determined annually per RIGL 16-7.2-6 based on the career and technical education needs throughout the state. The high-cost program reimbursement is limited to programs that have been approved by RIDE.

  Methodology: For the grants for new and transformed programs, RIDE conducts an application process. For the high-cost reimbursement, payments are based upon UCOA expenditure data for RIDE-approved CTE programs as compiled by the Office of Statewide Efficiencies. Those per-pupil expenditures are averaged over a three-year period by program category. Every eligible program is then reimbursed the per-pupil amount within each CTE program category, regardless of the actual amount of the per-pupil expenditures.

- Transportation: This funding is for the state to pay half of transportation costs for the regional school districts and to assume the costs of non-public out-of-district transportation for LEAs that participate in the statewide transportation system. The non-public out-of-district is only for students who are transported to private and parochial schools; special education transportation is not included. LEAs receive payment/reimbursement for these costs in the form of a credit against their invoices from the statewide transportation system. For the regional school district transportation, the state pays its portion as education aid to the district.

  Methodology: Regional transportation payments result from UCOA transportation expenditure data as compiled by the Office of Statewide Efficiencies; non-public out-of-district transportation payments result from student utilization by district.

- English Learners (EL): This funding is for the state to pay for a portion of the per-pupil costs for all English learners who are in the initial levels of the EL process. Based on the Assessing Comprehension and Communication in English State to State (ACCESS) annual proficiency assessment, students who are in the initial three categories (entering, emerging, and developing) are eligible for aid. The per-pupil aid amount is 10 percent of the core instruction amount multiplied by the applicable LEA's state share ratio.

  The reference year is from two years prior because of the timing of the budget process and the availability of ACCESS test results. To receive the funds, each LEA must submit a signed set of assurances and, if their allocation exceeds $10,000, a detailed spending plan to RIDE's Office of Student Community and Academic Support (OSCAS). By statute, these funds must be used to provide high-quality, research-based services and may not be used for activities the district is currently funding.

  Methodology: English learners categorical data comes from student membership and test result data reported by the LEAs to RIDE's data office.

- Early Childhood: This funding is to provide Pre-kindergarten (pre-K) funding to LEAs and non-profits to run high-quality, voluntary pre-K classrooms. These funds are awarded on a competitive basis through an annual request for proposal (RFP) process administered by RIDE. Successful applicants receive funding for a three-year cycle, subject to funding availability and annual performance reviews. Funding beyond three years would come through another RFP process. In order to be eligible for these funds the community as a whole, or an individual elementary school, must have at least 50 percent of their students meet poverty status. Students enrolled in a classroom funded by the pre-K categorical funds are not included in the student count that determines an LEA's funding formula aid.

  Methodology: The annual availability of funds determines the amount of pre-K awards made by RIDE's Office of Instruction, Assessment, and Curriculum.

- Regional Bonus: This funding is to remove financial barriers to LEAs combining and regionalizing by providing funds for two years to offset any additional costs incurred during the regionalization process. The funding is calculated as a percentage of the aid received in the year an LEA regionalizes. In the first year following the establishment of a new regionalized district, the district would receive a bonus of 2 percent of the amount it receives through the funding formula (not including dollars received through other categorical funds). In the second year, the district would receive a 1 percent bonus. In the third year and all subsequent years, there would be no bonus.

  Methodology: Regional bonus aid is determined using the most recent funding formula calculations.

- Density Aid: This funding is direct state aid available through FY 2019 to school districts that have at least 5 percent of their student population enrolled in Public Schools of Choice. The amount of aid decreased annually from FY 2017 (the first year the aid was paid) to FY 2019.

  Methodology: Density aid is determined using the most recent funding formula calculations.

- Stabilization Funds: Central Falls, Davies, and the Met Center stabilization funds were established to ensure that appropriate funding is available to support their students. Additional support for Central Falls is needed due to concerns regarding the city's capacity to meet the local share of education costs. Additional support for Davies and the Met Center is needed due to the costs associated with running a stand-alone high school offering both academic and career and technical coursework. In addition, Davies shall receive state support to reflect full reimbursement for expenses related to the state teacher retirement system pursuant to RIGL 16-45-6.

  Methodology: Stabilization funds are determined on a case-by-case basis as part of the annual budget process.

Key data reporting periods

a) High-cost Special Education: RIDE collects expenditure data from LEAs in the fall for the previous fiscal year (reference year), which are the basis for this calculation. LEAs receive payment the following fiscal year, which is two years after the reference year. A list of the expenditure categories currently used for this calculation is in the FAQ of this section.

b) Career and Technical Education (CTE): UCOA expenditure data are the basis for this aid calculation. These data are due to RIDE by December 31 of each year. Once the data are in, the program-specific expenditure data are used for the CTE calculations in the spring. LEAs receive payment by June 30, which is one year after the reference year.

c) Transportation: UCOA expenditure data are the basis for the regional portion of this aid calculation. Regional transportation costs from UCOA are paid to the regional LEAs two years after the reference year. Non-public out-of-district transportation aid is an estimate based on the fall billing. This allows LEAs to receive payment for these costs one year after the reference year.

d) English Learners: June 30 average daily membership (ADM) and ACCESS score data are the basis for this calculation. Those data are finalized by September 1 of each year. LEAs receive payment the following fiscal year, two years after the reference year.

e) Early Childhood (pre-K): The funds are distributed as grants, and the application period is in the first quarter of the calendar year. The grants are awarded in the second quarter to start in the following school year. These funds are not limited to LEAs and may be allocated to non-profit organizations.

f) Regional Bonus: The bonus, if any, is calculated along with the other parts of the funding formula calculation using a one year reference.

g) Density Aid: This aid is based on the March 15 calculation and is paid one year after the reference year.

h) Stabilization: Stabilization funding amounts for Central Falls, Davies, and the Met Center are determined as part of the state budget process. RIDE's budget request is due October 1, the Governor's budget is due in January, and the final budget is typically enacted in June.

FAQs

What about other forms of aid, like Group Home Aid?

There are a handful of education aid payments that are not part of the formula and therefore not addressed in this guide. They include Group Home Aid, E-Rate, Non-Public Textbook Aid, School Breakfast Aid, and Aid to the Recovery High School.

What costs are included in the High-cost Special Education Categorical?

Instructional Costs such as teachers and paraprofessionals; Related Services, such as occupational therapy, physical therapy, and orientation and mobility counseling; Transportation Costs; Tuition Costs; Assistive Technology Costs; and Other Costs associated with implementing the student's Individual Education Plan (IEP) such as accessible instructional materials.

How many levels of proficiency are there in the ACCESS test?

The ACCESS test has six levels of proficiency, which are Entering, Beginning, Developing, Expanding, Bridging, and Reaching.

Local Payments to Public Schools of Choice

Introduction

The funding formula includes a “money follows the student” methodology. This section will describe how the municipal tax appropriation follows students to public schools of choice (PSOC). The allocation of municipal funds to municipal LEAs is strictly a local decision and is not a topic in this guide.

Key data reporting periods

- LEAs are required to submit all UCOA data to the RIDE, Office of Statewide Efficiencies by December 31 for the fiscal year ending the previous June 30.
- Student enrollment data - June 30 End-of-Year (EOY) average daily membership data is a component of the local share calculation.
- Local payment rates are calculated by RIDE and publicly released by June 30 for the upcoming school year. The annual release date of the local payment rates is dependent on the availability of data.

Methodology

1. Calculate the local payment rate (Step 1)

The local per pupil amount is calculated by dividing each sending district’s local property tax appropriation to education, net of debt service and capital projects, by June 30 enrollment data for all public school students that reside in the community. This calculation includes local students attending district public schools and PSOC. End-of-year data is used for the budget year two years hence (June 30, 2016 for FY 2018).

<u>Example of local payment rate calculation (Step 1)</u>

$$\frac{\text{Local Tax Appropriation to Education (FY 2016 UCOA data)}}{} \div \text{Local Public School Students (June 30, 2016 Data)} = X \text{ (FY 2018)}$$

2. Adjust the local payment rate for differences in certain financial obligations (Step 2). The local payment rate is adjusted for the greater of the following two reduction options:
   i. Seven percent (7%) of the local payment rate or
   ii. The per pupil value of the district's statutorily defined expenditure categories minus the average expenses incurred by all PSOC for those same categories of expenses. The expenditure categories are non-public textbook and transportation, retiree health benefits, out-of-district special education tuition and transportation, services for students age 18 to 21 years old, pre-school screening and intervention, career and technical education tuition and transportation, debt service, and rent.

<u>Example of adjustment to local payment rate calculation (Step 2)</u>

Greater of Option (i) (7% of X) or Option (ii) ** (June 30, 2016 Data)

X – [Greater of Option (i) (7% of X) or Option (ii) **] = Local Payment Rate (FY 2018)

** Local payment rates to mayoral academy charter schools for districts qualifying for option (ii) can be further reduced by an amount equal to the per pupil value of teacher retirement costs attributable to the unfunded liability as calculated by the state's actuary. Membership in the R.I. State Employees Retirement System is not required for teachers employed by the mayoral academies.

3. Central Falls local payment rate

Due to the state takeover of the school district on July 1, 1991, Central Falls is the only municipal LEA that does not receive municipal tax support for its annual operating expenditures. RIDE calculates the Central Falls School District local payment rate as follows:

a. Determine expenditures for UCOA codes not included in the core per pupil; these are Operations (Transportation, Food Service, Safety, Building Upkeep, Utilities, Maintenance, Data Processing, and Business Operations), Out-of-District Obligations – Tuition, Transportation, Textbooks, Debt Service and Capital Projects, Retiree Benefits, Enterprise and Community Service Operations, and Claims and Settlements.

b. Next, determine what the local share of the core costs would be by subtracting Central Falls' state share of the funding formula from the total foundation aid.

c. Combine the results of steps a and b and include as the local tax appropriation to education in Step 1 of the local payment rate calculation.

Payments from sending districts to PSOC

The local payment rates are calculated by RIDE and publicly released to PSOC. The PSOC invoice the sending school district (student's resident community) on a quarterly basis using the actual enrollment on the first day of each quarter multiplied by 25 percent of the local payment rate. In accordance with statutes, the first local district payment is based on August 15 enrollment, while the remaining quarterly payments are invoiced using the October 1, January 1, and April 1 enrollments. For any disputes unresolved within 90 days, the Commissioner of Education is authorized to withhold from state education aid the amount of the delinquency.

Select R.I. Statutes

Below are selected chapters of the RI General Laws that relate to the funding formula. They may be found online at http://webserver.rilin.state.ri.us/Statutes/.

CHAPTER 16-5 State Aid

RIGL 16-5-30 – Withholding of aid for infraction of laws or regulations – Report to general assembly

CHAPTER 16-7 Foundation Level School Support

RIGL 16-7-16 – Definitions

RIGL 16-7-17 – Time of payment of state's share of the basic program and approved expenditures

RIGL 16-7-20 – Determination of state's share

RIGL 16-7-21 - Determination and adjustment of equalized weighted assessed valuation

RIGL 16-7-22 – Determination of average daily membership

CHAPTER 16-7.2 The Education Equity and Property Tax Relief Act

RIGL 16-7.2-3 – Permanent foundation education aid established

RIGL 16-7.2-4 – Determination of state's share

RIGL 16-7.2-5 – Charter public schools, the William M. Davies, Jr. Career and Technical High School, and the Metropolitan Regional Career and Technical Center

RIGL 16-7.2-6 – Categorical programs, state funded expenses

RIGL 16-7.2-7 – Transition plan

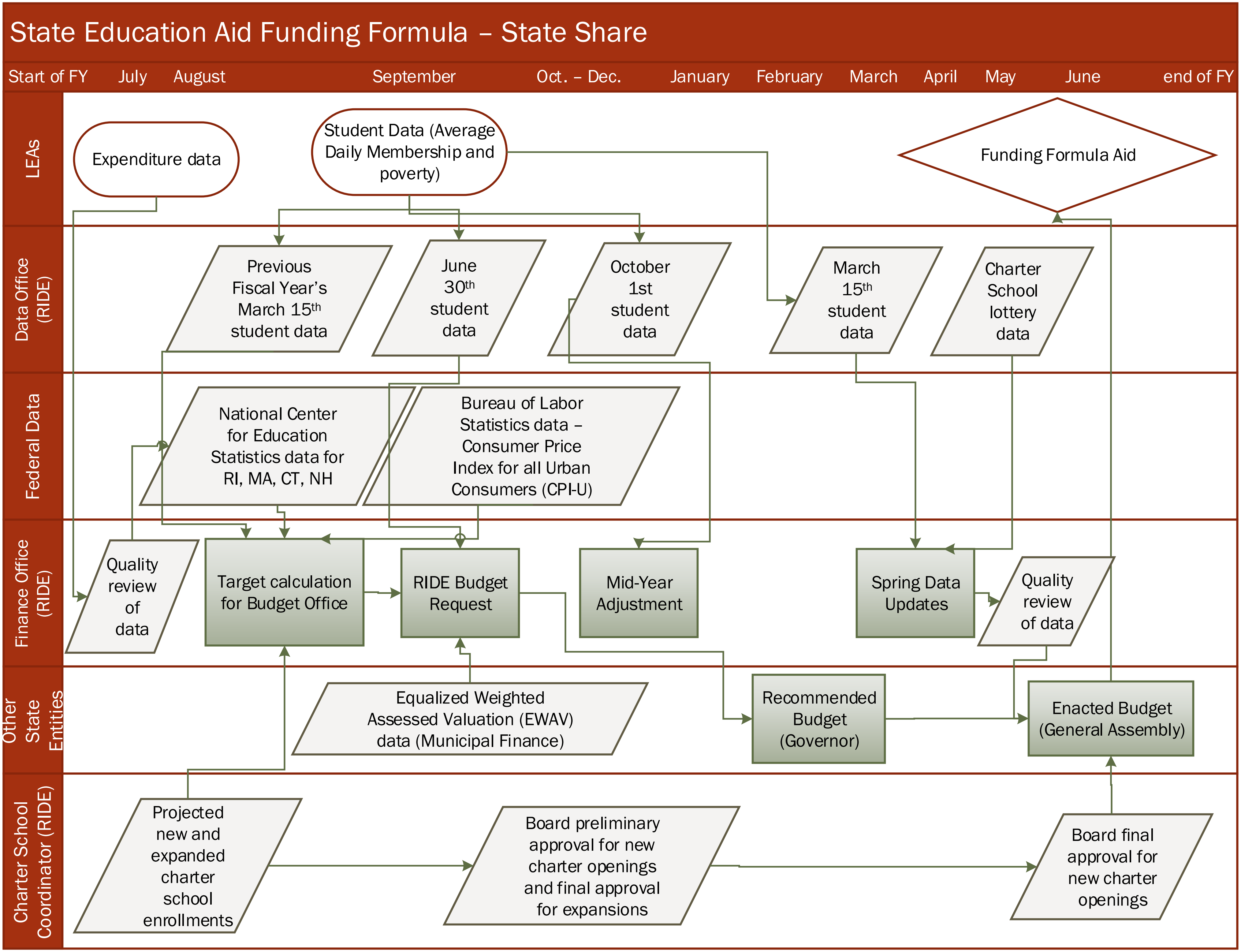
RIGL 16-7.2-9 – Applicability

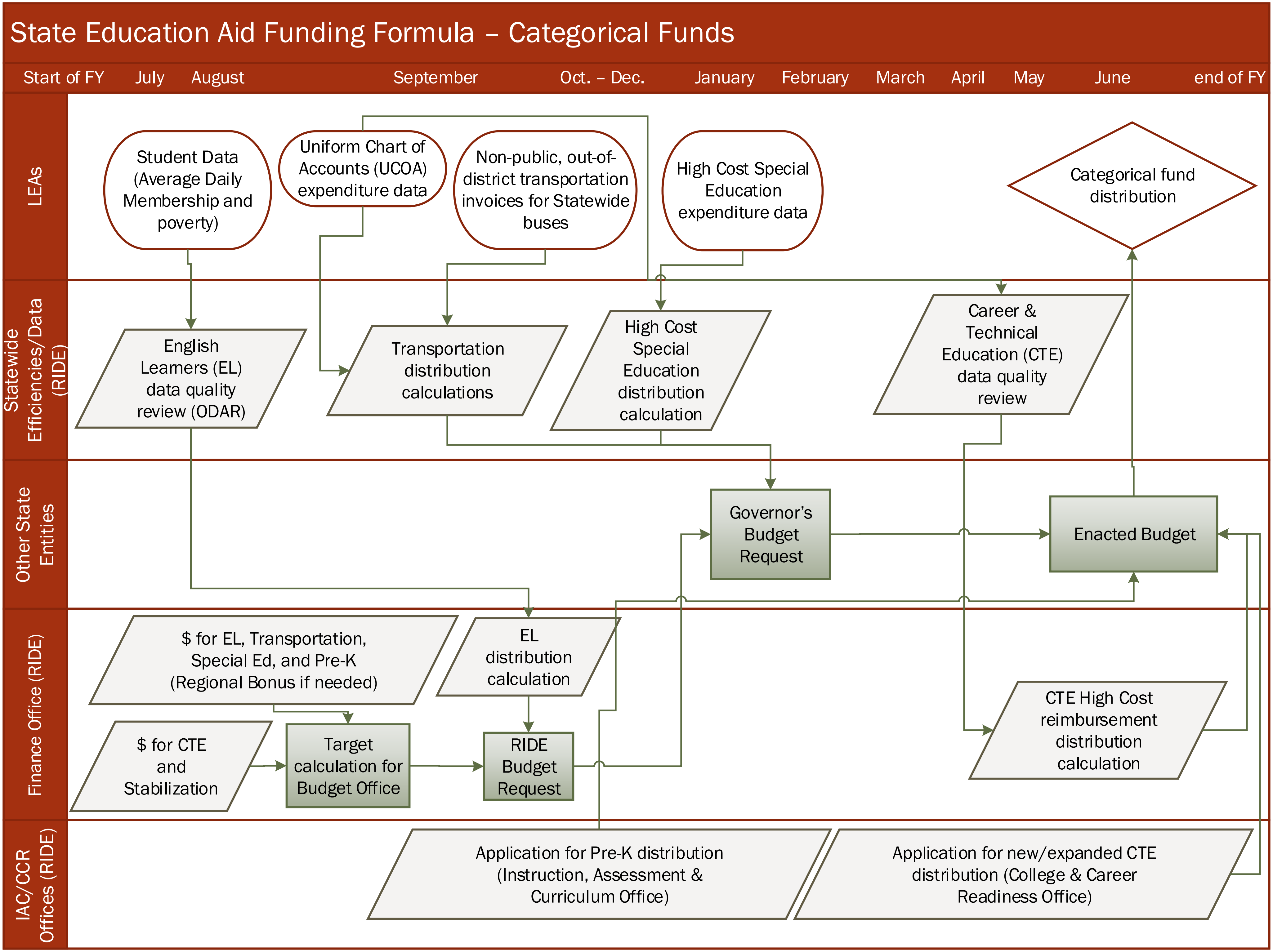
CHAPTER 16-45 Regional Vocational Schools

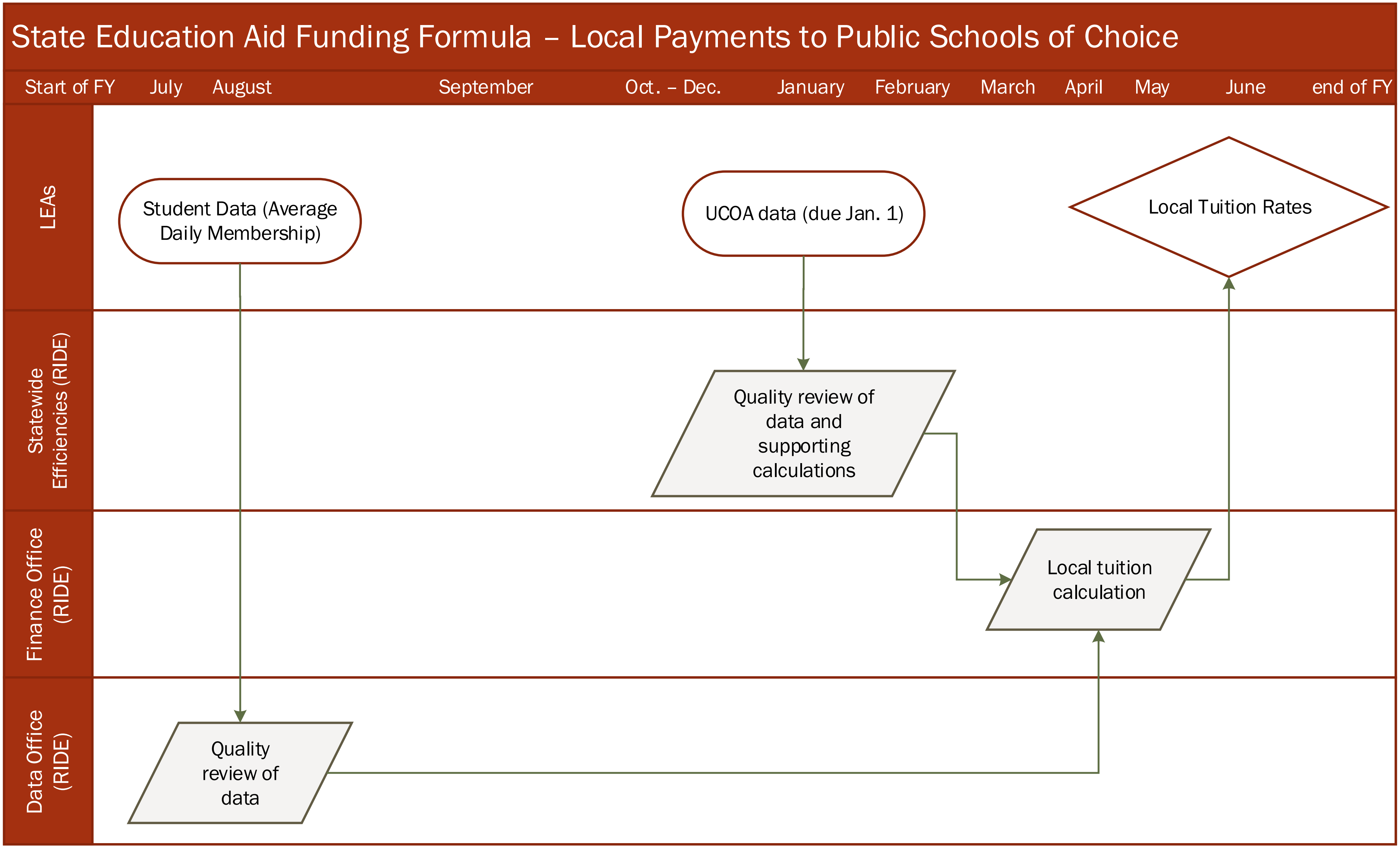
RIGL 16-45-6 – Powers additional to previous authority

CHAPTER 16-64 Residence of Children for School Purposes

RIGL 16-64-6 – Disputes over residency – Determination proceedings


State Education Aid Funding Formula – State Share
Start of FY
July
August
September
Oct. – Dec.
January
February
March
April
May
June
end of FY
LEAs
Data Office (RIDE)
Federal Data
Finance Office (RIDE)
Other State Entities
Charter School Coordinator (RIDE)
Expenditure data
Student Data (Average Daily Membership and poverty)
Funding Formula Aid
Previous Fiscal Year's March 15th student data
June 30th student data
October 1st student data
March 15th student data
Charter School lottery data
National Center for Education Statistics data for RI, MA, CT, NH
Bureau of Labor Statistics data – Consumer Price Index for all Urban Consumers (CPI-U)
Quality review of data
Target calculation for Budget Office
RIDE Budget Request
Mid-Year Adjustment
Spring Data Updates
Quality review of data
Equalized Weighted Assessed Valuation (EWAV) data (Municipal Finance)
Recommended Budget (Governor)
Enacted Budget (General Assembly)
Projected new and expanded charter school enrollments
Board preliminary approval for new charter openings and final approval for expansions
Board final approval for new charter openings


State Education Aid Funding Formula – Categorical Funds
Start of FY
July
August
September
Oct. – Dec.
January
February
March
April
May
June
end of FY
LEAs
Statewide Efficiencies/Data (RIDE)
Other State Entities
Finance Office (RIDE)
IAC/CCR Offices (RIDE)
Student Data (Average Daily Membership and poverty)
Uniform Chart of Accounts (UCOA) expenditure data
Non-public, out-of-district transportation invoices for Statewide buses
High Cost Special Education expenditure data
Categorical fund distribution
English Learners (EL) data quality review (ODAR)
Transportation distribution calculations
High Cost Special Education distribution calculation
Career & Technical Education (CTE) data quality review
Governor's Budget Request
Enacted Budget
$ for EL, Transportation, Special Ed, and Pre-K (Regional Bonus if needed)
EL distribution calculation
CTE High Cost reimbursement distribution calculation
$ for CTE and Stabilization
Target calculation for Budget Office
RIDE Budget Request
Application for Pre-K distribution (Instruction, Assessment & Curriculum Office)
Application for new/expanded CTE distribution (College & Career Readiness Office)


State Education Aid Funding Formula – Local Payments to Public Schools of Choice
Start of FY
July
August
September
Oct. – Dec.
January
February
March
April
May
June
end of FY
LEAs
Statewide Efficiencies (RIDE)
Finance Office (RIDE)
Data Office (RIDE)
Student Data (Average Daily Membership)
UCOA data (due Jan. 1)
Local Tuition Rates
Quality review of data and supporting calculations
Local tuition calculation
Quality review of data