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

Kenneth K. Wong
Chair and Annenberg Professor
Education Department, Brown University
Presentation at the Education Cost Sharing Task Force Meeting, Hartford, CT
October 6, 2011
Significance of RI School 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

- State commissioner gained gubernatorial, legislative, and stakeholder support for school funding reform as part of the effort to compete for the federal Race to the Top funding
- State commissioner and independent design team (led by the author) 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 receive more state aid
Six Design Features

• Core instructional cost for each student
• “Student success factor” to support students who come from low-income, high-needs backgrounds
• State and local funding that follows the student
• Determinants of state aid to districts based on local fiscal capacity and concentrated poverty
• Gradual phase-in process
• System that connects resource allocation with educational accountability
1. Core Instructional Cost

- Proposes $8,295 per student cost for core instructional services in spring 2010, with annually adjustment
- Based on verifiable NCES data on salary and benefits of a wide range of instructional, administrative, and support staff
- Cost comes from averaging the core instructional costs of four New England states, namely Connecticut, Massachusetts, New Hampshire, and Rhode Island
1. Core Instructional Cost: 100%

- 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
1. Core Instructional Cost: 100%

- **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
2. Student Success Factor

- An additional 40 percent of the average pupil instructional cost is allocated to children who are eligible for free and reduced-price school lunch program (FRPL)
- 82 percent and 80 percent of the students are FRPL eligible in Providence and Central Falls, respectively. Several charter schools also have high percentage of their students eligible for FRPL
- Categorical funding for high-cost special education students, early childhood, career & technical programs, school construction, etc.
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 a charter school
- State uses enrollment data to process the transfer of state and local dollars directly without requiring the time-consuming invoicing process
4. Determinants of State Share

- 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
5. Gradual Phase-in Process

• Transition needs to be carefully managed
• Districts that receive additional state aid will see a gradual increase of their aid over a period of seven years
• Districts that receive less state aid will have a gradual, 10-year phase-in period before the lower amount takes effect
6. Accountability and Transparency

- Requires all districts to use a common set of accounting codes (UCOA)
  - Allows the state and the public to monitor the connection between local resource allocation and educational practices (Basic Education Program).

- UCOA reports on resource allocation by:
  - Jurisdiction (district name)
  - Function (teaching staff or instructional materials)
  - Program (Title I or special education)
  - Subject (math or reading)
  - Spending object (textbooks)
  - Job assignment code for the staff in the specific activity (teachers in a classroom)

- Data for cross district and school comparison
Key Lessons

• Effective state leadership widens the policy window
• Independent analysis contributes to policy reform
• Formula designed in a context of fiscal responsibility
• Accountability and transparency can be institutionalized in reform implementation