

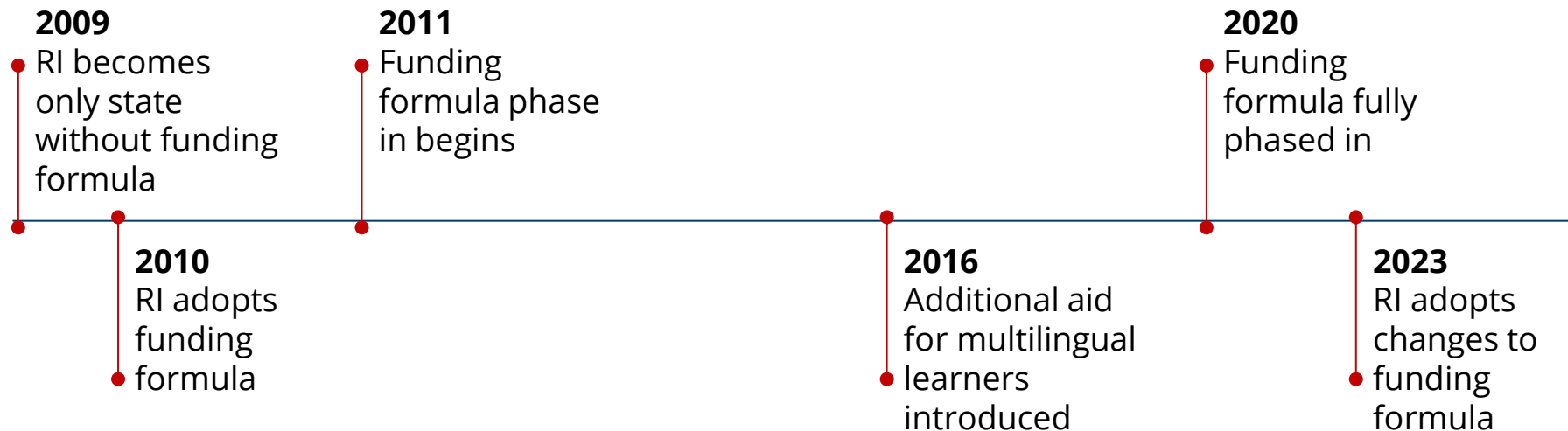
School Funding in Rhode Island: A Practical Primer

In collaboration with the Rhode Island Public Expenditure Council (RIPEC)

Rhode Island Foundation Blue Ribbon Commission for the Rhode Island
School Funding Formula



The current funding formula was first adopted in 2010 and fully phased in 2020.



When the funding formula was introduced, it intended to...

- Establish a target per pupil cost and define how much of this cost should be funded by the state
- Follow the principle that “money should follow the student”
- Distribute state funds equitably
- Ensure predictability of state funding from year to year



How does the Rhode Island funding formula work?



The state decides how to distribute money to LEAs (e.g., districts, charters) using a formula.

**Core Instruction
Funding**



**Student Success
Factor**

(for low-income students)



**Multilingual
Learner Factor**



State Share Ratio

Share of costs that the state is responsible for



For each LEA, the state estimates the cost of educating all students.

**Core Instruction
Funding**



**Student Success
Factor**

(for low-income students)



**Multilingual
Learner Factor**

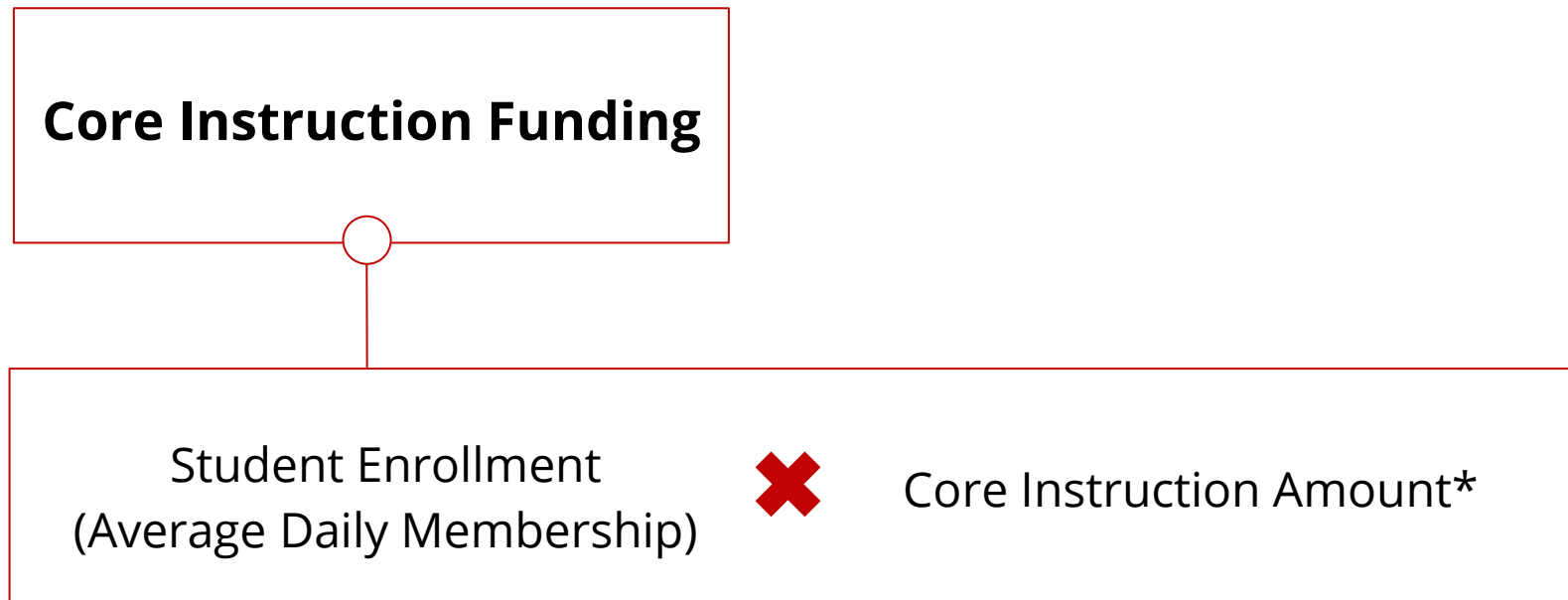


State Share Ratio

Share of costs that the state is responsible for



The **Core Instruction Funding** represents the cost of educating general education students.



**This is the regional instructional cost per student*



The **Core Instruction Funding** includes costs associated with core instruction.

Included



Classroom materials



Staff salaries



Teacher development



LEAs are responsible for other costs outside of core instruction.

Included



Classroom materials



Staff salaries



Teacher development

Not Included

Building maintenance



Transportation



Food service



Student Success Factor (SSF) represents the additional cost of educating low-income students.

**Student Success Factor
(SSF)**

Low-income student
enrollment



Core Instruction
Amount



40%

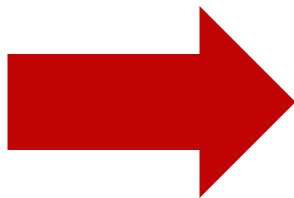


In 2023, the state made changes to how low-income students are identified.

Before

Applications to Federal Free or Reduced-Price Lunch (FRPL) program

How is poverty measured?



After

Direct Certification

Participation in supportive services for low-income families, i.e., SNAP and RI Works (multiplied by 1.6 to account for eligible people who do not apply)



Multilingual Learner (MLL) Factor represents the additional cost of educating English learners.

**Multilingual Learner
(MLL) Factor**

MLL student
enrollment



Core Instruction
Amount

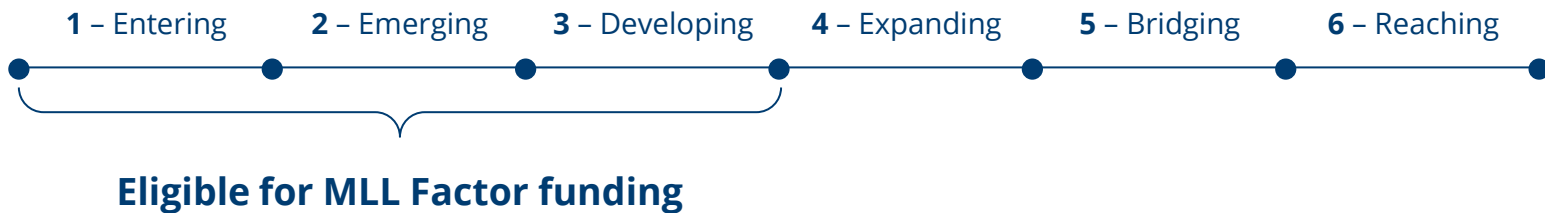


20%



RI uses the WIDA ACCESS test to measure English proficiency. Only some MLLs who receive services (those at levels 1-3) qualify for extra funds.

WIDA ACCESS for ELLs Proficiency Levels



These three components make up estimated instructional cost of educating all students.

**Core Instruction
Funding**



**Student Success
Factor**



**Multilingual
Learner Factor**



However, the state does not foot the entire bill – it pays the **State Share Ratio**.

Core Instruction
Funding



Student Success
Factor



Multilingual
Learner Factor



State Share Ratio

Share of costs that the state is responsible for

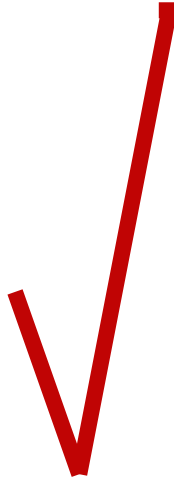


The state's share of costs, the **State Share Ratio**, depends on *two* factors.

1. **Property wealth per student:** how much revenue can a municipality generate through property taxes relative to the state?
1. **Concentration of child poverty:** what share of children in a community live below 185% of the federal poverty level?



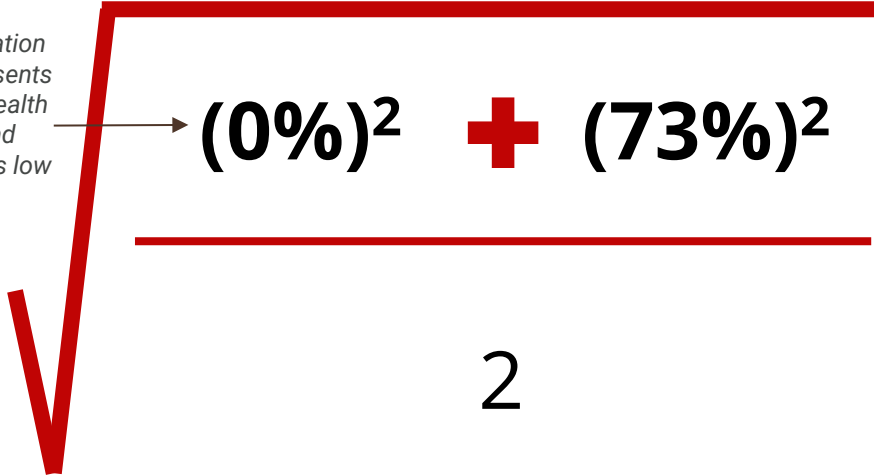
Formally, the **State Share Ratio** is calculated with this formula.


$$\frac{(\text{State share calculation based on property wealth per student})^2 + (\text{Concentration of child poverty})^2}{2}$$



EXAMPLE Newport: high property wealth + high child poverty

This value is an adjusted calculation where 0% represents high property wealth communities and 100% represents low property wealth communities.


$$\sqrt{\frac{(0\%)^2 + (73\%)^2}{2}} = 52\%$$



EXAMPLE Jamestown: high property wealth + low child poverty

$$\sqrt{\frac{(0\%)^2 + (6\%)^2}{2}} = 4\%$$



While the state's share is determined by the formula, municipalities have more discretion.

- The local share depends on municipalities' ability to generate tax revenue and how they allocate revenue across municipal services
- Municipalities can fund schools at, above, or below the cost of educating students as determined by the funding formula
- The only requirement is that municipalities must maintain the same level (total or per-pupil) of local funding year-over-year (maintenance of effort)



Funding for charter school and career and technical education (CTE) students follows the student.

- State aid goes directly to charters, while sending districts receive state aid for CTE students and pay state aid to receiving districts
- Receiving districts receive the local share from sending districts
- Charters receive the portion of the local share that remains after an amount is withheld
 - This “**holdback**” represents the unique costs in traditional school districts – the minimum holdback is 7%



In 2023, new funds were introduced to help LEAs mitigate unpredictability in state aid.



Enrollment Loss Transition Fund

Funds to support
districts facing
enrollment declines



Poverty Loss Stabilization Fund

Funds to support
districts facing state
funding declines

- Evolved out of pandemic-era hold harmless provisions
- Intended to mitigate the impact of state aid declines due to demographic shifts



How is the rest of state funding for education allocated?



Outside of the funding formula, LEAs can receive state aid through categorical funds.

- While the majority of state aid comes from the funding formula, **categorical aid** is available for identified high-cost programs
- Unlike state aid from the funding formula, categorical aid is more restricted in its use and delivered to districts as a reimbursement
- Categorical aid is not always fully funded in the state budget and allocations can change year-to-year



LEAs have access to the following categorical funds to offset the cost of high-cost programs.



Student Transportation

Funds to transport private and regional district students



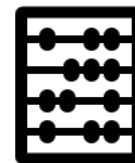
High Cost Special Education

Funds to serve students with extraordinary needs



Early Childhood Education

Funds to serve pre-kindergarten students



CTE

Funds to support new and existing CTE programs



Summary

- The funding formula was implemented in FY 2012 to make school funding more predictable and equitable.
- The funding formula calculates the cost of educating students and multiplies that amount by a state share ratio.
- LEAs receive state funding through the formula, as well as categorical funds, which are subject to annual appropriations.

