

The Rhode Island School Funding Formula, 1998-2011

By Hollie Courage

Until the RI's revised school funding formula goes into effect in July of 2011, it continues to have a public education funding equalization formula in law but not in fact. Indeed, despite what almost everyone says about RI's unique lack of a School Funding formula, in its laws, one does still exist. It can be found in Chapter 16-7 of State Law – Education: Foundation Level School Support (also known as Operations Aid).¹ The 2009 RI House Fiscal Advisory Staff thus has described it:

This program reimbursed communities' total expenditures primarily based on the wealth of that community as compared to the rest of the state. A community's "share ratio" is a measure of its per pupil wealth as compared to the per pupil wealth of the rest of the state. ... The share ratio formula measures state and community wealth using two factors: the full value of local property and the median family income as determined by the most recent census.²

Unfortunately, there are three basic problems with the formula: 1) this is a reimbursement formula and reimbursement formulas do not serve poorer communities well in bad financial times; 2) there is a lot that is not funded through the formula; and 3) the formula has been rendered inoperative by the "Rhode Island Student Investment Initiative" statute.

1) Reimbursement formula funding

Reimbursement formula funding is a simple idea. If the State has agreed to reimburse some of its communities, say, 60% of all approved expense for Education and Community X has \$100 in reimbursable Education expenses, the State will pay Community X \$60.

In reality, this theory works well only if Community X can afford to pay its share of all of its reimbursable Education expenses. If Community X has \$100 in reimbursable Education expenses but only \$35 instead of \$40 to pay its share of the expenses, the community cannot cut reimbursable Education expenses \$5 because then the State will reimburse it for only 60% of \$95 or not \$60 but \$57. Community X will then have \$95 in expenses and only \$92 to pay its expenses (\$57). It is still short unless, a) some non-reimbursable expenses in its Education budget can be cut or, b) it can take money from some other part of its Community's budget.

In many ways, this reimbursement formula punishes communities that do not spend lavishly when times are good because they then have less available to cut when money is tight. Thus, when poorer communities have to cut their reimbursable spending on Education and others don't, the reimbursement formula magnifies both the cuts and the disparity in Education spending between the haves and the have-nots (i.e., the funding gap).

RI's "share ratio" adds to the misery. As seen above, a community being reimbursed 60% of \$95 instead of \$100 receives \$57 or \$3 less. But a more affluent community being reimbursed 50% of \$95 instead of \$100 receives \$47.50 or only \$2.50 less.

2) What is not funded through the formula

“In FY 1987, operations aid represented 76.1 percent of all education aid allotted to school districts...”³
Operations Aid is currently the main component of State Support of Local School Operations.⁴
Although \$467.1 million in State Support of Local School Operations is still the largest single category of Education aid, it is now only about half—not three-quarters--of the \$889.7 million in Education expenditures budgeted for FY2010.⁵

Chapter 16-69, 60/40 Funding of Public Schools, Section 16-69-2⁶ gives a fairly good sense of all the different types of appropriations that the State is making in addition to Foundation Level School Support. (Note: the 1980s the goal of 60% funding for schools by the state is currently suspended through repeal of its funding provisions.)

§ 16-69-2 (*excerpt; bracketed language added by author*) **Definition of state-local support.** –
(a) In defining the percentage of state support to fund elementary and secondary education, the state's share shall be defined to include appropriations for the following:

- (1) Chapter 4 of this title, Permanent School Fund; (*“for the promotion and support of public education”*)
- (2) Chapter 5 of this title, State Aid; (*Educational improvement block grants, Elementary and secondary education excellence fund*)
- (3) Chapter 7 of this title, Foundation Level School Support;
- (4) Chapter 15 of this title, Teachers' Pension;
- (5) Chapter 23 of this title, Textbooks; (*the State mandates providing textbooks in core subjects for students not attending public school*)
- (6) Chapter 24 of this title, Children with disabilities;
- (7) Chapter 25 of this title, Education of children who are Deaf or Blind;
- (8) Chapter 42 of this title, Education of Gifted Children;
- (9) Chapter 45 of this title, Regional Vocational Schools;
- (10) Chapter 54 of this title, Education of Limited-English Proficient Students;
- (11) Chapter 67 of this title, Rhode Island Literacy and Drop-Out Prevention Act; and
- (12) Other educational laws as may be enacted by the general assembly.

3) The Rhode Island Student Investment Initiative

In the 1990s it grew increasingly evident that funding Education mainly through the reimbursement formula was not working, particularly in urban areas where low per pupil wealth is paired with the high costs of high student need populations. The funding gap was growing and so were expenses outside the formula. Therefore Article 31 of the FY 1998 State Budget established §16-7.1 The Rhode Island Student Investment Initiative which reconfigured Education Funding aid to address these problems. This new law was intended to be temporary, i.e., “...a transition step toward enacting a comprehensive state education aid funding program”⁷; much of the aid in Article 31 was thus described by referencing the old aid categories and distribution.

Ten years later, Article 31 of the FY 1998 Budget, now known as The Paul W. Crowley Rhode Island Student Investment Initiative⁸, is still in effect. But no one reading the law can understand how much each district is allotted or what is included in the allotment because Operations Aid is simply described as follows: “(a) Each locally or regionally operated school district shall receive as a base the same amount of

school aid as each district received in fiscal year 1997-1998, adjusted to reflect the increases or decreases in aid enacted to meet the minimum and maximum funding levels established for FY 2000 through FY 2008.”⁹ According to “Rhode Island Education Aid” by the House Fiscal Advisory Staff, there are a number of other aid categories included in the base entitlement in addition to Foundation Level School Support¹⁰ but, from the statutes, it is impossible to figure out what they are.

Plus, tying the amount given to 1997-1998 aid means that the aid given has no relationship to current student populations or school district wealth. There is other funding but, “For FY 2009 and FY 2010, the reference year for the data used in the calculation of aid pursuant to... [the other Student Investment Initiative funds]... shall be FY 2004.” So that provision has no relationship to current information either.

The total result of all of the above is an ungainly, piecemeal method of funding Education which is almost impossible to understand because, like many driving directions in RI, a lot of the necessary information is described in terms of “what used to be there.”

Moreover, while doing the budget the Legislature has each year amended the Student Investment Initiative law, deciding annually which parts of the statute will be funded the following year. This has been going on for years.

Footnotes

¹ R.I.G.L., § 16-7-20 Determination of state’s share, <http://www.rilin.state.ri.us/Statutes/TITLE16/16-7/16-7-20.HTM>

² “Rhode Island Education Aid,” House Fiscal Advisory Staff, October 2009, Pg. 18, <http://www.rilin.state.ri.us/HouseFinance/Education%20Aid%202009.pdf>

³ “Rhode Island Education Aid” 2009, Pg.21

⁴ “Rhode Island Education Aid” 2009, Pg. 31

⁵ “Rhode Island Education Aid” 2009, Pg. 13

⁶ R.I.G.L., § 16-69-2, Definition of state-local support, <http://www.rilin.state.ri.us/Statutes/TITLE16/16-69/16-69-2.HTM>

⁷ Article 31, FY 1998 State Budget, <http://www.rilin.state.ri.us/BillText97/HouseText97/H6496Aaa.htm>

⁶ R.I.G.L., § 16-7.1, The Paul W. Crowley Rhode Island Student Investment Initiative, <http://www.rilin.state.ri.us/Statutes/TITLE16/16-7.1/INDEX.HTM>

⁹ Article 3 Substitute A as Amended, FY 2010 State Budget, <http://www.rilin.state.ri.us/PublicLaws/law09/law09068-03.htm>

¹⁰ “Rhode Island Education Aid” 2009, Pgs. 24, 27, 28, and 31

¹¹ “Rhode Island Education Aid” 2009, Pgs. 100-101

¹² R.I.G.L. § 16-77.1-2

<http://www.rilin.state.ri.us/Statutes/TITLE16/16-77.1/16-77.1-2.HTM>