

RHODE ISLAND EDUCATION FUNDING *STRIVING FOR EQUITY*



RHODE ISLAND LEAGUE OF CHARTER SCHOOLS
SCHOOL + STATE FINANCE PROJECT

MARCH 2024

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Definitions of Key Terms

Basic Education Program - The set of regulations for the Rhode Island public education system that sets basic standards to help ensure that all students in Rhode Island receive a high-quality education.¹

Charter District - Public schools authorized by the State of Rhode Island to operate independently from many state and local district rules and regulations. For the purposes of this report Charter Districts refer to only Independent and Mayoral Districts due to the significant legal and financial differences between District charter schools and all others.

Elementary and Secondary School Emergency Relief Fund (ESSER) - Funding provided by the federal government to assist states and school districts in responding to the impacts of the COVID-19 pandemic on health, safety and academic achievement.

FY - Abbreviation for Fiscal Year. In Rhode Island the fiscal year for the state and all municipalities except East Providence runs from July of the prior year through June of the fiscal year. For example, FY 2022 runs from July 1, 2021 through June 30, 2022. The City of East Providence is the only exception with a fiscal year that runs from November through October.

Major Sending Districts - Central Falls, Providence, and Pawtucket.

Statistically Significant Relationship - In this report we discuss the relationship between the revenues a district receives and the needs of the students being educated in the districts. To identify significant relationships, the research team carried out correlation analysis between per pupil revenues and the percentage of students in certain student need categories. To qualify as a statistically significant relationship, correlations had to have an r-squared value over 0.10 meaning that 10 percent or more of the difference is explained by the model.

Traditional District - Local and Regional school districts funded by municipalities providing public education.

¹ Rhode Island Department of Education. (n.d.) Basic Education Program. Retrieved from <https://ride.ri.gov/information-accountability/accountability/basic-education-program>.

Introduction

The adequacy, equity, and suitability of state funding for education in Rhode Island has persisted as an area of concern since the implementation of the Rhode Island education funding formula in 2010. Numerous work groups, task forces, and independent researchers have identified areas of improvement by highlighting the disparities of funding across districts and how such inequities hinder the educational opportunities available to students and the outcomes sought by education stakeholders.² Although adjustments to the funding system have been made since the formula was first implemented, the formula still contains opportunities for meaningful improvement to better address the learning needs and contexts of Rhode Island's public school students.

Addressing inequitable funding of Rhode Island's public schools, regardless of school type, is imperative as federal pandemic stimulus dollars run out. Students are still recovering from the academic and social-emotional impacts of the pandemic, particularly those in the highest need districts. Despite the significant body of research around Rhode Island's education funding system and recent research on the impact of school funding on student achievement, the impact of this system on students attending charter schools remains an untapped opportunity and area for improvement. Charter Districts are often excluded from studies or mentioned as an afterthought, despite their growing footprint in Rhode Island's education system, and their role in educating primarily students from historically under-resourced areas. More than 60 percent of students attending Charter Districts live in economically disadvantaged households³, and more than 20 percent of Charter students are multilingual learners.

The purpose of this report is to shine a spotlight on how the Rhode Island education funding system impacts charter schools and the students who attend them. The analysis, findings, and recommendations contained within this work represent a multi-pronged approach consisting of quantitative analysis of students, schools, and communities melded with qualitative structured interviews of school leaders and officials who educate students in this system. In doing so, this report offers a blueprint for identifying the inequities and discontinuities that exist in school funding, the elements of Rhode Island's funding system that contribute to these inequities, and how specific improvements can drive equitable funding and outcomes for students in every school and community across the state.

² School Finance Indicators Database. (2022). State School Finance Profile, 2019-20 School Year. Rhode Island. Retrieved from https://www.schoolfinancedata.org/wp-content/uploads/2022/12/profiles20_RI.pdf.

³ As measured by the percent of students living in households earning at or below 185 percent of the federal poverty line.

Key Findings & Recommendations

System Aggregate Impact Findings

- **FINDING 1:** Charter school students reflect a growing part of Rhode Island’s student population and reside in historically underserved communities.
- **FINDING 2:** Students attending charter schools receive less funding than students attending traditional districts, and have a lower percentage of district budgets dedicated to classroom investments, such as instruction and student support expenditures.
 - This is the result of the state education funding system’s high reliance on local property taxes, centering of the costs and needs of traditional districts, and the inequitable elements of the funding formula that place charter schools at a disadvantage compared to their traditional district peers.
- **FINDING 3:** Students in both Charter and traditional districts with large populations of multilingual learners, students in poverty, and students with disabilities do not receive additional funding to provide the educational support needed by these students.
- **FINDING 4:** Charter Districts face more volatility of revenues which is a result of the greater reliance on state funding and the nature of state funding sources.
- **FINDING 5:** Students attending Charter Districts received less per pupil funding (\$1,385 less) than students attending traditional districts, and less per pupil funding (\$2,873 less) than students attending the three major sending districts (Central Falls, Pawtucket, and Providence).
- **FINDING 6:** Municipal responsibility for important operating costs, such as transportation and facilities, results in additional funding disparities not captured in reported spending.
- **FINDING 7:** Charter Districts are significantly more reliant than local districts on alternative revenue sources that are not stable or predictable, such as donations, private grants, or loans.
- **FINDING 8:** Charter Districts receive less funding over the state foundation amount than traditional districts.
- **FINDING 9:** Charter Districts spend more per pupil on expenditures for capital projects, debt service, and transportation, leaving less funding for student instruction, supports, and other operational costs.

Component Impact Findings and Recommendations

State Share Findings & Recommendations

- **FINDING 10:** The state’s method of calculating state share ratios does not fully consider the relationship between Charter Districts and municipal appropriations for education. This results in inequitable state support for Charter Districts.
 - **RECOMMENDATION 1:** Incorporate a state share ratio calculation for Charter Districts that recognizes Charter Districts’ inability to generate revenue due to their disconnect from municipal support.

- **FINDING 11:** The state’s method of calculating state share inaccurately captures a District’s ability to fund education through the use of a formula that considers both municipal wealth and poverty concentrations. This disproportionately impacts districts with the lowest capacity to fund education, including Charter Districts.
 - **RECOMMENDATION 2:** Modernize the state share calculation to focus on the municipal ability to fund education and instead provide support for concentrated poverty through an additional student success weight.
- **FINDING 12:** Using direct certification counts in place of free and reduced price lunch counts has negatively impacted state charter school funding amounts.
 - **RECOMMENDATION 3:** The state should continue to improve the identification of students living in households making less than 185 percent of the federal poverty income, by implementing additional data collections for communities with populations that may be excluded from federal welfare programs.
- **FINDING 13:** The impact of the state’s lack of consideration for levy and revaluation statutory limitations results in volatility of formula funding for education for Charter Districts and an overestimation of municipal ability to fund education.
 - **RECOMMENDATION 4:** Modernize the calculation of municipal ability to fund education to include statutory changes in levy increase limitations and revaluation schedules to more accurately target state education aid to districts who need it most.

Local Tuition Findings & Recommendations

- **FINDING 14:** The current method of providing local funding to Charter Districts results in students attending Charter Schools receiving unequal funding compared to their peers attending traditional districts.
 - **RECOMMENDATION 5:** Provide additional state funding for Charter Districts to fill the gap left by local tuition holdbacks.

Foundation Amount Findings & Recommendations

- **FINDING 15:** The current foundation amount and calculation does not fully consider the unique circumstances and requirements of charter schools.
 - **RECOMMENDATION 6:** Modernize the foundation amount to include all costs associated with educating students including facilities and transportation, and add additional formula weights aligned to students with additional learning needs.
- **FINDING 16:** The core instruction amount does not fully represent the cost of educating students in Charter or traditional districts. Charter Districts are particularly impacted by the lack of facilities funding due to the lack of “off budget” municipal support.
 - **RECOMMENDATION 7:** Modernize the core instruction amount to include the full cost of educating students based on an amount that considers the impact of chronic underinvestment in education on average regional expenditures per pupil.
- **FINDING 17:** The student success factor does not fully capture the range of student need in Rhode Island schools and the resource investments necessary to meet these needs in both Charter and traditional districts.

- **RECOMMENDATION 8:** Expand the student success factor to include funding for the full range of student needs in the state.
- **FINDING 18:** The state’s statutorily defined relationship between traditional and Charter Districts results in Charter Districts not receiving the funding necessary to meet student learning needs.
 - **RECOMMENDATION 9:** Provide additional state support to fill the gap left by tuition reductions, the lack of municipality supplied buildings, and the increased cost of providing services resulting from small student populations.

Housing Aid Findings & Recommendations

- **FINDING 19:** Charter Districts are not reimbursed equitably for the costs necessary to build and maintain safe and healthy schools.
 - **RECOMMENDATION 10:** Provide Charter Districts with additional support for facilities through need-based housing aid reimbursements and/or place the state in the traditional role of municipalities for Charter District by providing state owned facilities for Charter District use.

Categorical Aid Findings & Recommendations

- **FINDING 20:** Categorical programs designed to help districts meet additional student needs have fallen short for both charter and traditional districts in Rhode Island.
 - **RECOMMENDATION 11:** Provide state support for students with additional learning needs and high cost programs through formula aid with statutorily required funding rather than through programs subject to appropriations.
 - **RECOMMENDATION 12:** Move funding for Multilingual learners from categorical to formula aid and implement RIDE’s proposed new multilingual learner weight included in their FY 2025 budget request.
 - This weight would increase the weight for the three lowest proficiency categories to 25 percent, add a 15 percent weight for students testing in the three highest proficiency categories, and add a 15 percent weight for students two years after exiting the MLL program.
- **FINDING 21:** Charter Districts face unique pressure for the fiscal responsibility to provide transportation for students, but do not receive state support in line with their increased costs.
 - **RECOMMENDATION 13:** Include transportation costs in the calculation of the core instructional amount used in calculating state formula aid, and expand categorical transportation aid to include aid for districts experiencing high-costs of transportation.

Background

History of School Funding in RI

The purpose of this section is to provide a brief overview of the current funding system in Rhode Island, and recent adjustments that have been implemented. Prior to the introduction of the current funding formula in 2010, Rhode Island was the only state in the country who had not adopted a formula-based system for allocating state education aid into statute.⁴ Although Rhode Island's per pupil expenditures for education consistently exceeded the national average, the state's education funding system faced a number of legal and fiscal challenges throughout the 1990s and early 2000s.⁵ In the early 1990s, the case *City of Pawtucket v. Sundlun* brought attention to the inequity of state education aid. This case contended that the state was in violation of Article XII of the state constitution by not equitably distributing funds to high-needs communities.⁶ Although the Rhode Island Supreme Court found in favor of the state, the development of a funding formula became a major legislative priority as a result.

Despite multiple efforts to develop a school funding formula from 1999 through 2009, it took until 2010 for the legislature to reach an agreement. Federal Race to the Top funding application requirements provided the final push to the legislature through the requirement that states demonstrate the use of a funding formula for equitable distribution of state aid.⁷ The new funding formula provided districts with aid for a portion of the estimated cost to educate students, based on a district's ability to pay for education.⁸

Formula and Categorical Aid - Implementation

In 2010 the Rhode Island General Assembly adopted the Education Adequacy Act and instituted a state funding formula for education beginning in FY 2012.⁹ The formula was composed of two main funding components, a core instructional amount of \$8,295 per pupil for

⁴ Wong, Kenneth K. (2011). *The Design of the Rhode Island School Funding Formula: Toward a Coherent System of Allocating State Aid to Public Schools*. Center for American Progress. Retrieved from https://cdn.americanprogress.org/wp-content/uploads/issues/2011/08/pdf/rhode_island_reform.pdf.

⁵ Wong, Kenneth K. (2011). *The Design of the Rhode Island School Funding Formula: Toward a Coherent System of Allocating State Aid to Public Schools*. Center for American Progress. Retrieved from https://cdn.americanprogress.org/wp-content/uploads/issues/2011/08/pdf/rhode_island_reform.pdf.

⁶ *City of Pawtucket v. Sundlun*, 662 A.2d 40 (R.I. 1995).

⁷ Wong, Kenneth K. (2011). *The Design of the Rhode Island School Funding Formula: Toward a Coherent System of Allocating State Aid to Public Schools*. Center for American Progress. Retrieved from https://cdn.americanprogress.org/wp-content/uploads/issues/2011/08/pdf/rhode_island_reform.pdf.

⁸ R.I. House Fiscal Advisory Staff. (2023). Education Aid. Retrieved from <https://www.rilegislature.gov/housefiscalreport/2020/Education%20Aid%20Report%20-%20Enacted.pdf>.

⁹ Wong, Kenneth K. (2011). *The Design of the Rhode Island School Funding Formula: Toward a Coherent System of Allocating State Aid to Public Schools*. Center for American Progress. Retrieved from https://cdn.americanprogress.org/wp-content/uploads/issues/2011/08/pdf/rhode_island_reform.pdf.

all enrolled students, and a student success factor of 40 percent of the core instructional amount for students in families with less than 185 percent of federal poverty income.¹⁰

The goal of the formula was to provide state education aid for core instructional services to districts with the lowest capacity to fund education and the highest student need in order to ensure equitable funding for education across the state, despite disparities in property tax capacity.¹¹ The funding formula contained a statutory phase-in period of 7 years for underfunded districts, and up to 10 years for overfunded districts.¹² The final phase-in of the formula was completed in FY 2021.¹³ In addition to formula aid, the state also provided categorical funding for high-cost special education students, career and technical programs, early childhood education, transportation costs, and bonuses to encourage regionalization.¹⁴

Changes to Formula and Categorical Aid Since Implementation

Since full implementation, there have been a number of changes made to categorical and formula funding to provide additional support to districts with specific student populations or district characteristics.¹⁵ In FY 2017 the state added categorical funding to support English Language Learners, and provided districts with three years of School of Choice Density Aid to support districts with at least five percent of students enrolled in charter schools.¹⁶ In FY 2021 the state made School of Choice Density Aid permanent, though the program was later ended in FY 2023.¹⁷ In FY 2022 and FY 2023, in order to address the impacts of the COVID-19 pandemic on student enrollment, the state allowed districts to use earlier enrollment data adjusted for transfers to choice programs.¹⁸ Additionally, in FY 2023 the state used prior year state share ratios to calculate district formula funding, due to student enrollment and poverty

¹⁰ Wong, Kenneth K. (2011). *The Design of the Rhode Island School Funding Formula: Toward a Coherent System of Allocating State Aid to Public Schools*. Center for American Progress. Retrieved from https://cdn.americanprogress.org/wp-content/uploads/issues/2011/08/pdf/rhode_island_reform.pdf.

¹¹ Wong, Kenneth K. (2011). *The Design of the Rhode Island School Funding Formula: Toward a Coherent System of Allocating State Aid to Public Schools*. Center for American Progress. Retrieved from https://cdn.americanprogress.org/wp-content/uploads/issues/2011/08/pdf/rhode_island_reform.pdf.

¹² R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

¹³ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

¹⁴ R.I. House Fiscal Advisory Staff. (2023). *Education Aid*. Retrieved from <https://www.rilegislature.gov/housefiscalreport/2020/Education%20Aid%20Report%20-%20Enacted.pdf>.

¹⁵ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

¹⁶ R.I. House Fiscal Advisory Staff. (2023). *Education Aid*. Retrieved from <https://www.rilegislature.gov/housefiscalreport/2020/Education%20Aid%20Report%20-%20Enacted.pdf>.

¹⁷ R.I. House Fiscal Advisory Staff. (2023). *Education Aid*. Retrieved from <https://www.rilegislature.gov/housefiscalreport/2020/Education%20Aid%20Report%20-%20Enacted.pdf>.

¹⁸ R.I. House Fiscal Advisory Staff. (2023). *Education Aid*. Retrieved from <https://www.rilegislature.gov/housefiscalreport/2020/Education%20Aid%20Report%20-%20Enacted.pdf>.

data depression¹⁹ during the pandemic that increased state share ratios for wealthier communities.²⁰

For FY 2024 the state added two new funding programs to reduce the impact of changes to the state share ratio and enrollment declines, both of which threatened to decrease state funding to districts.²¹ The Poverty Loss Stabilization Fund provides transition funding to districts that experience a state share ratio reduction of more than 2 percent in a single year, while the Enrollment Transition Fund provides funding to districts for two years for formula aid lost as a result of enrollment declines.^{22 23}

School Construction Aid

The School Building Authority (SBA) administers two main school construction grant programs, Housing Aid, and the SBA Capital Fund to aid districts in the provision of adequate school facilities for students. The purpose of this section is to provide a brief overview of each school construction grant program.

Housing Aid

Since 1960 the state has provided aid to districts to guarantee adequate school facilities for students in the state.²⁴ The state provides aid through an application process where the Rhode Island Department of Education (RIDE) reviews and approves applications and the state provides a percentage of the full project cost based on a state share ratio that measures a community's need. Since implementation the minimum reimbursement rate for traditional districts has fluctuated between 30 and 40 percent with a current minimum reimbursement of 35 percent for traditional districts and 30 percent for Charter Districts.²⁵

State Housing Aid is typically provided to districts as reimbursements that begin once a previously approved project is completed. Payments are made to districts twice a year for one to

¹⁹ The term depression is used here in line with the state's explanation for using FY 22 state share ratios in FY 22. Conditions related to the COVID-19 pandemic resulted in reduced student enrollment and student poverty identification that resulted in increased state aid for wealthier districts at the expense of traditionally under-resourced communities.

²⁰ R.I. House Fiscal Advisory Staff. (2023). Education Aid. Retrieved from <https://www.rilegislature.gov/housefiscalreport/2020/Education%20Aid%20Report%20-%20Enacted.pdf>.

²¹ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

²² R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

²³ For more information on the history of school funding in Rhode Island: <https://ripec.org/education-finance-2022/>

²⁴ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

R.I. General Law § 16-7-35

²⁵ Rhode Island Department of Education. (n.d.) Housing Aid. Retrieved from <https://ride.ri.gov/funding-finance/school-building-authority/housing-aid>.

R.I. House Fiscal Advisory Staff. (2023). Education Aid. Retrieved from <https://www.rilegislature.gov/housefiscalreport/2020/Education%20Aid%20Report%20-%20Enacted.pdf>.

three years depending on total cost of the project in line with the number of years a bond was issued for.²⁶ The General Assembly is statutorily required to provide sufficient funding in the budget annually to cover the full projected cost of payments to districts for completed projects that are eligible for reimbursement.²⁷ While there is no statutory limit on total program costs, the General Assembly has historically limited project approvals in order to control program costs, this occurred most recently between FY 2012 and FY 2015 when projects were limited to only those necessary for health and safety reasons.²⁸

In FY 2024 the General Assembly provided \$104.2 million for the housing aid program, an increase of \$15.6 million over the prior year's budgeted amount.²⁹ The annual cost of the program is expected to continue to increase in future years as more projects are completed.³⁰ Any funds provided for the foundation housing aid program outlined above, that are not paid out as reimbursements, are transferred to the SBA Capital Fund.³¹

SBA Capital Fund

Established in FY 2016, the SBA Capital Fund provides funding support for smaller scale projects that do not require voter approval or the full rehabilitation of a school building. The SBA Capital Fund was initially funded with \$20 million in general fund revenues in FY 2016. Since then the fund has received additional funding through fund transfers of unused foundation housing aid funds annually and through a \$50 million general revenue allotment in FY 2023.³² Currently the main expenditure source for the SBA Capital Fund is the Facility Equity Initiative pilot program.³³

Approved in FY 2022, the goal of the Facility Equity Initiative pilot program is to provide pay-go funding for high priority projects that improve health and safety of students. This capital fund provides up-front funding for projects, rather than reimbursement to reduce costs by eliminating interest payments. Initially only for districts qualified to receive housing aid reimbursements over 65 percent, this program was expanded to districts eligible for over 45 percent reimbursement in FY 2023.³⁴

²⁶ Rhode Island Department of Education. (2023). Housing Aid Reimbursement FY 24 Guidance and Instructions. Retrieved from <https://ride.ri.gov/sites/g/files/xkqbur806/files/2023-05/FY24HousingAidGuidance.pdf>.

²⁷ R.I. General Law § 16-7-45.

²⁸ R.I. General Law § 16-7-41.1.

²⁹ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

³⁰ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

³¹ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

³² R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

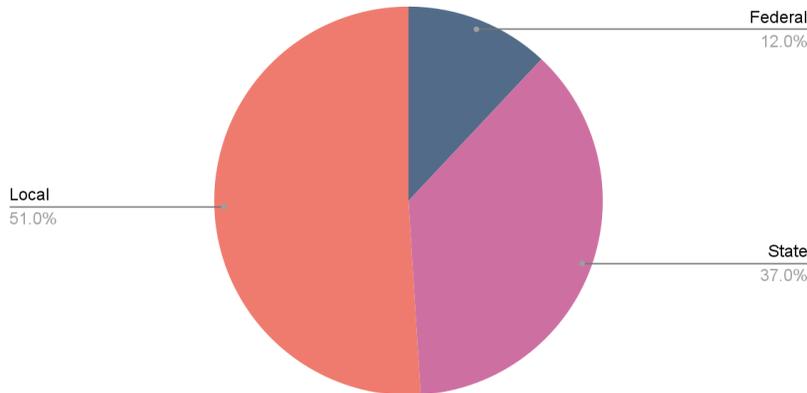
³³ R.I. House Fiscal Advisory Staff. (2023). *Education Aid*. Retrieved from <https://www.rilegislature.gov/housefiscalreport/2020/Education%20Aid%20Report%20-%20Enacted.pdf>.

³⁴ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

Current State Education Funding System

In Rhode Island funding for education comes primarily from state and local sources, though since the start of federal ESSER aid for COVID-19 response, federal funding has been a significantly larger source of funding.³⁵ Figure 1 outlines percent of funding for education by source in FY 2022. This section focuses on how the state provides aid to school districts in Rhode Island.

Figure 1. Funding Sources for Education in Rhode Island
FY 2022



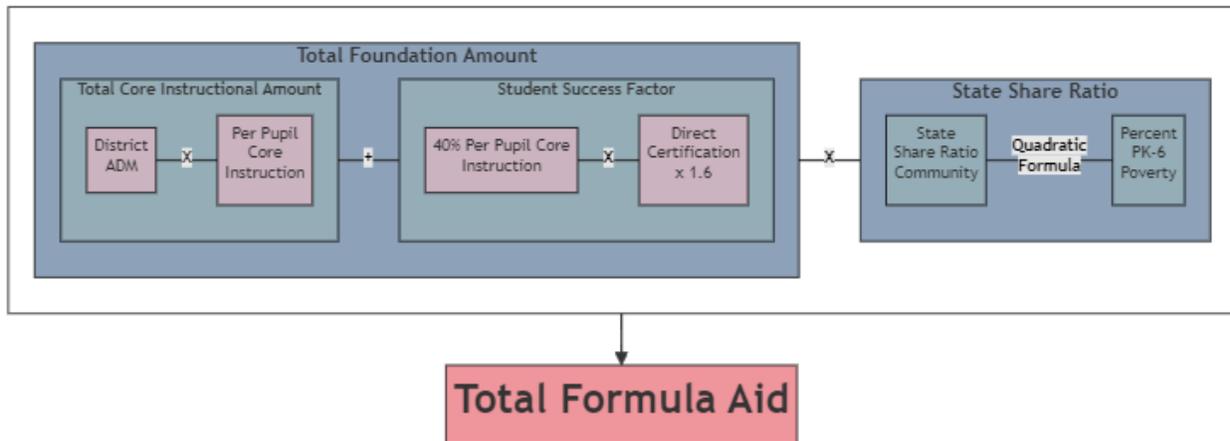
State funding for education is composed of two primary components, state formula aid, and state categorical aid. The purpose of this section is to provide a brief overview of how district funding is currently determined using the characteristics of a district and the district's students.

State Formula Aid

State formula aid is calculated based on a municipality's ability to fund education as measured by the **state share ratio**, and the cost to fund a basic education program based on the needs of students within the district as measured by the **total foundation amount**. Figure 2 outlines the components used to calculate a district's formula grant by the state.

³⁵ Local sources of funds refer to municipal appropriations for education raised through property taxation by municipalities.

Figure 2. State Calculation of District Formula Aid



State Share Ratio

The **state share ratio** uses student need and property wealth to calculate the responsibility of the state with regard to education funding. The state share ratio is the quadratic mean³⁶ of municipal wealth as measured by the **state share ratio community (SSRC)** percentage and the percent of students in grades PK - 6 in poverty. The original intent of using the quadratic mean was to provide heavier weight to the larger of the two metrics and more effectively equalize the local burden of concentrated poverty.³⁷ For example, if a district had a SSRC of 25 percent representing a relatively high ability to pay for education, but educated a PK-6 student population that had a poverty rate of 75 percent, representing a high concentration of poverty, the quadratic formula results in a state share ratio of 56 percent. This is higher than the 50 percent state share ratio that would come from using an arithmetic, or traditional mean.

The **SSRC** represents community property values, adjusted for median family income, on a per pupil basis to represent the ability of the municipality to fund education compared to the state average. To calculate each community's **SSRC**, the state adjusts total assessed values per town by the state ratio of assessment.³⁸ This amount is then adjusted based on median family

³⁶ Quadratic mean, also known as a “root mean square” is a mathematical average that measures the absolute magnitude of a set of figures. It is calculated by squaring each figure (x^2), calculating the *arithmetic mean* of the squared numbers, and finally calculating the square root of the mean. The Quadratic mean will provide a larger weight to the larger items in the set of figures, and will always be greater than the *arithmetic mean* of the set.

³⁷ Wagner, K. Dr. (2018) *Funding Formula Reference Guide*. Rhode Island Department of Education. Retrieved from <https://www.ri-asc.org/wp-content/uploads/Funding-Formula-Reference-Guide-RIDE.pdf>.

³⁸ The state ratio of assessment is calculated by dividing the total assessed value of all taxable property in the state by the full market value of all taxable property of the state.

income to reach a community’s adjusted equalized weighted assessed value (AEWAV). The community’s AEWAV is then divided by the district’s resident daily average membership (RADM). That is then divided by the state’s AEWAV per RADM, multiplied by 47.5 percent and subtracted from one to get the SSRC.

Figure 3.

$$SSRC = 1 - \left(0.475 \times \frac{\text{District AEWAV} \div \text{District RADM}}{\text{State AEWAV} \div \text{State RADM}} \right)$$

Total Foundation Amount

The **total foundation amount** is the sum of the **core instruction amount** and the **student success factor**. The foundation amount is intended to represent the cost of providing a basic education program as required by state education regulations.³⁹

The **core instruction amount** represents the cost to educate a student with no additional learning needs. This amount is calculated annually using an average of per pupil expenditures in instruction related categories in four states, Rhode Island, Massachusetts, Connecticut, and New Hampshire. This amount is multiplied by the average daily membership (ADM) to get total core instruction cost for each district. Table 1 shows what expenditures are included and excluded from the core instruction amount.

Table 1. Core Instruction Amount Expenditures by UCOA Function Code⁴⁰

UCOA Function Code	Function Description	Included	Partially Included	Not Included
100	Face to Face Teaching & Classroom Materials	x		
200	Pupil, Teacher & Program Support	x		
300	Operations		x	
400	Other Commitments			x
500	Leadership	x		

The **student success factor** is used to provide additional funding to support high-need students beyond the core instruction amount. The formula provides 40 percent of the core

³⁹ Wagner, K. Dr. (2018) *Funding Formula Reference Guide*. Rhode Island Department of Education. Retrieved from <https://www.ri-asc.org/wp-content/uploads/Funding-Formula-Reference-Guide-RIDE.pdf>.

⁴⁰ For a detailed list of expenditures included and excluded from the core instruction amount please see Appendix D.

instruction amount for students in families with incomes of less than 185 percent federal poverty levels.

The core instruction and the student success factor amounts are added together to get the district's total foundation amount. The total foundation amount is then multiplied by the state share ratio to determine the state's formula aid amount to each district. This calculation is detailed in Figure 4 below:

Figure 4.

State Formula Aid

$$= (\text{Core Instruction Amount} + \text{Student Success Factor}) \times \text{State Share Ratio}$$

State Categorical Aid

In addition to formula funding, the state also provides financial support to districts for specific programs and state mandates through a number of categorical grant programs, each which is targeted towards a specific student population or district responsibility. With the exception of the English Language program, all categorical grants are subject to annual appropriations and adjusted pro rata when funds are insufficient to cover eligible costs.

High-Cost Special Education: This categorical funding is provided to districts with special education students with education costs that exceed four times the amount of the per pupil core instructional and student success factor amounts. The state reimburses districts for costs over the threshold amount which is \$66,506 for FY 2024.⁴¹ The fund is an annual appropriation of the legislature, and if sufficient funding is not provided to cover requested reimbursements, districts are paid pro rata amounts. Prior to FY 2024 the legislature did not provide sufficient funding to cover all eligible costs.⁴² In FY 2024 High Cost Special Education was fully funded.⁴³

English Learners: To assist districts with the added costs of providing instruction for multilingual learners, the state provides categorical funding for students testing in the first three categories on ACCESS testing, representing students with the lowest proficiency in English. Funding to districts is 15 percent of the core instructional amount per pupil, adjusted by each district's state share ratio. Due to data reporting timelines, grant amounts are based on data from two years prior to the fiscal year. Funds are required to be used on high quality, research based services

⁴¹ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

⁴² Special Legislative Task Force to Study Rhode Island's Education Funding Formula. (2020). Findings and Recommendations. Retrieved from <https://www.rilegislature.gov/Reports/Funding%20Formula%20TF%20full%20report.pdf>

⁴³ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

not currently being provided by the district (“new” programming). The FY 2024 budget included statutory changes requiring annual appropriations be sufficient to cover eligible costs.⁴⁴

Transportation: The state pays for half the cost of transportation for Regional Districts and for the total cost of transportation of private school students that traditional districts are statutorily required to provide. Historically neither component of transportation aid has been fully funded, however, in FY 2024 the state did provide full funding for the regional component of transportation aid.

Career and Tech: The state provides funding for a portion of higher-cost vocational education programs, for start-up costs, and for the costs associated with expanding existing programs. Though the expectation was that funding would increase as expenditures grew annually, funding has been flat since FY 2017.⁴⁵

Stabilization Funds: This fund was established as part of the funding formula to allow discretionary funding to ensure that Central Falls, Davies, and the Met Center were able to have appropriate funding available to meet their students’ needs. Additional support for Central Falls was identified as needed due to the city’s lack of fiscal capacity to fund education. Additional support for Davies and the Met were identified due to the costs associated with stand alone high schools offering CTE programming.⁴⁶

State School Construction Aid

State construction aid in Rhode Island is administered by the School Building Authority and is composed of two programs, State Housing Aid and the SBA Capital Fund.

State Housing Aid

State housing aid is provided to districts by the state for repairs, renovations, and new construction. Approved projects are reimbursed by the state based on a state share formula that is similar to the one used in the state formula aid. Figure 5 contains the formula used for calculating the state’s share. Similar to the state SSRC calculation outlined above, the state uses the per pupil district wealth divided by the per pupil state wealth multiplied by a factor and subtracted from one to get each district’s share ratio.⁴⁷

⁴⁴ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

⁴⁵ R.I. House Fiscal Advisory Staff. (2023). Education Aid. Retrieved from <https://www.rilegislature.gov/housefiscalreport/2020/Education%20Aid%20Report%20-%20Enacted.pdf>.

⁴⁶ Wagner, K. Dr. (2018) *Funding Formula Reference Guide*. Rhode Island Department of Education. Retrieved from <https://www.ri-asc.org/wp-content/uploads/Funding-Formula-Reference-Guide-RIDE.pdf>.

⁴⁷ R.I. General Law § 16-7-39.

Figure 5. State Housing Aid Reimbursement Rate Calculation

$$SSR = 1 - \left(0.62 \times \left(\frac{\text{District AEWAV} / \text{District RADM}}{\text{State AEWAV} / \text{State RADM}} \right) \right)$$

Unlike the SSRC calculation, this calculation uses a factor of 62 percent to represent the approximate average district share of school support.⁴⁸ Additionally, the state currently has a minimum reimbursement of 35 percent for traditional districts and 30 percent for Charter districts.⁴⁹ State share ratios are calculated annually and projects are reimbursed at the rate in effect at either the time the bond is issued, or at the time capital reserve funded projects are completed.⁵⁰ In addition to the state share ratio, districts can increase reimbursement rates for projects that meet state identified priority areas.⁵¹

SBA Capital Fund

Funding through the SBA Capital Fund is disbursed for priority projects through competitive grant applications and per pupil or per school grant allotments.

Currently the primary program being funded by the SBA capital fund is the Facility Equity Initiative program that aims to provide upfront funding to higher need districts for high priority projects. The state share for programs funded through the Facility Equity Initiative is the same as calculated for the State Housing Aid program.⁵² Programs were selected for funding based on scoring achieved on a prioritization rubric that identified the highest priority projects.⁵³

Other SBA Capital Fund supported projects provide per pupil grant allotments, per program grant allotments, or 100 percent funding for applications that align to state identified priorities.⁵⁴

History of Charter Schools in Rhode Island

Charter Schools in Rhode Island have educated students for over 25 years, although the landscape for opening and operating a school has changed over that time. Legislation allowing the establishment of Charter Schools in Rhode Island was first passed in 1995, permitting the

⁴⁸ R.I. General Law § 16-7-39.

⁴⁹ R.I. General Laws § 16-7-39 and § 16-77.1-5.

⁵⁰ R.I. Senate Fiscal Office. (2011). Issue Brief School Housing Aid. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/School%20Housing%20Aid.pdf>.

⁵¹ R.I. General Law § 16-7-39.

⁵² RIDE. (n.d.) Facility Equity Initiative. Retrieved from <https://ride.ri.gov/funding-finance/school-building-authority/sba-capital-fund>.

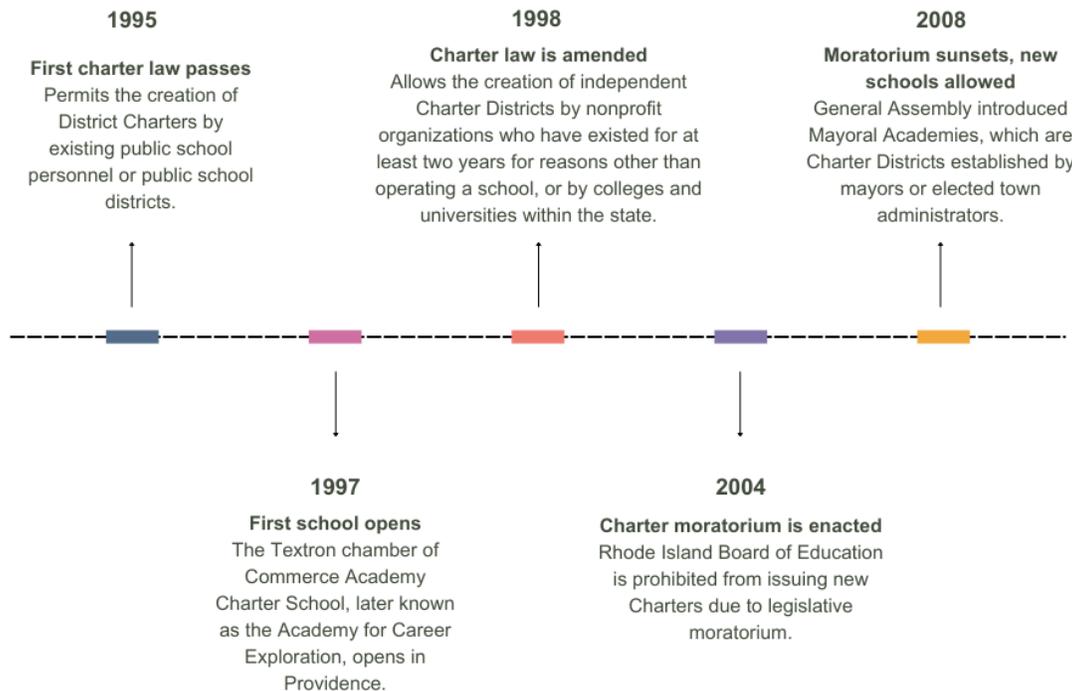
⁵³ Angélica Infante-Green, Commissioner to Council on Elementary and Secondary Education. (January 2023). SUBJECT: Recommendation of Facility Equity Initiative. Projects Retrieved from https://ride.ri.gov/sites/g/files/xkgbur806/files/2023-04/Encl6a_FEI_Approval.pdf?ver=MjqkdlA7poxe6cyX_kPrAw%3D%3D

⁵⁴ RIDE. (n.d) Rhode Island School Building Authority. Retrieved from <https://ride.ri.gov/funding-finance/school-building-authority>.

creation of District Charters by existing public schools, public school personnel, or public school districts. An amendment in 1998 allowed the creation of Independent Charter Districts by nonprofit organizations who have existed for at least two years for reasons other than operating a school, or by colleges and universities within the state.⁵⁵

The first Charter School in Rhode Island was opened in 1997, and the number of Charter Schools increased in Rhode Island until 2004, when a moratorium was placed on new Charter Schools through 2008. When the moratorium was allowed to sunset in 2008, the General Assembly again amended state law to allow for the creation of Mayoral Academies. Mayoral Academies are Charter Districts established by mayors or elected town administrators.⁵⁶

Figure 6. Timeline of Charter Laws in Rhode Island



⁵⁵ Rhode Island Department of Education. (2014). The State of Rhode Island’s Charter Public Schools. Retrieved from https://ride.ri.gov/sites/g/files/xkgbur806/files/Portals/0/Uploads/Documents/Students-and-Families-Great-Schools/Charter-Schools/State_of_RI_Charter_Public_Schools_FINAL.pdf.

⁵⁶ Rhode Island Department of Education. (2014). The State of Rhode Island’s Charter Public Schools. Retrieved from https://ride.ri.gov/sites/g/files/xkgbur806/files/Portals/0/Uploads/Documents/Students-and-Families-Great-Schools/Charter-Schools/State_of_RI_Charter_Public_Schools_FINAL.pdf.

The historical developments of these schools have resulted in three types of Charter Districts operating in Rhode Island as of 2023:

1. District Charters
2. Independent Charter Districts
3. Mayoral Academies

In Rhode Island, Charter Districts have increased autonomy and accountability compared to traditional districts. Charter Districts are intended to provide Rhode Island students and families with choices outside of the traditional public school system, while expanding and improving public education opportunities.

The process for opening a charter school is identical for all types of charter schools. Charter applications are approved by the State Department of Education in conjunction with the state Board of Education. Charters are typically issued and renewed in five year periods, with Charter Districts required to meet academic and financial standards set by the state. If Charter Districts fail to meet financial or academic achievement requirements, or violate the requirements of their charter, the charter to operate can be revoked by the state.⁵⁷ To date the state has not revoked any charters, however, after years of academic difficulties including declining performance and an unimpactful CTE program, and after receiving a single year charter extension, the state's first charter school, Academy for Career Exploration, a District Charter in the Providence School District made the decision to close at the end of the 2019-20 school year.⁵⁸

Mayoral Charter Schools have additional flexibility in legal requirements as compared to District and Independent Charter Schools. Unlike the others, Mayoral Charter Districts are not required to participate in statutory requirements to pay prevailing wages and benefits, participate in the state teachers retirement system, or provide teachers tenure.⁵⁹

Over the past five years the number of students enrolled in charter schools has grown by 35 percent, from 9,533 students in the 2018-19 school year to 12,871 students in the 2023-24 school year.⁶⁰ Students attending charter schools reside primarily in historically underserved communities with districts that educate student populations with among the highest levels of poverty in the state, and lowest property wealth. 76 percent of Charter students in the 2023-24 school year reside in three districts with significant student needs. Providence (47.9 percent), Pawtucket (15 percent), and Central Falls (13 percent). These three districts have three of the

⁵⁷ RIDE. (n.d). Rhode Island's Charter Public Schools. Retrieved from <https://ride.ri.gov/students-families/ri-public-schools/charter-schools>

⁵⁸ Borg, L. (2020, March 5). ACE charter school gets state approval to close in June. *The Providence Journal*. Retrieved from <https://www.providencejournal.com/story/news/education/2020/03/06/ace-charter-school-gets-state-approval-to-close-in-june/1577277007/>.

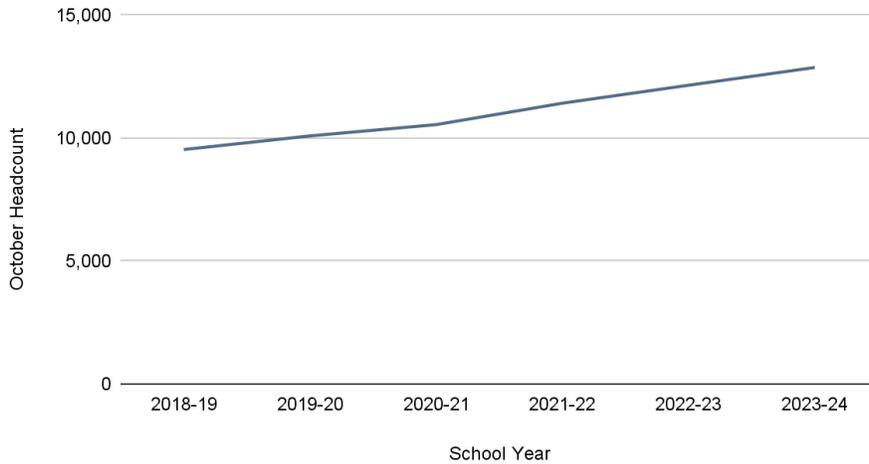
⁵⁹ Rhode Island Department of Education. (2014). The State of Rhode Island's Charter Public Schools. Retrieved from https://ride.ri.gov/sites/g/files/xkgbur806/files/Portals/0/Uploads/Documents/Students-and-Families-Great-Schools/Charter-Schools/State_of_RI_Charter_Public_Schools_FINAL.pdf.

⁶⁰ This is based on October 1st headcounts as reported by the state for all charter school types.

four highest state share ratios in FY 2024, indicating they have high levels of students living in poverty and low capacity to fund education.

FINDING 1: Charter school students reflect a growing part of Rhode Island’s student population and reside in historical underserved communities.

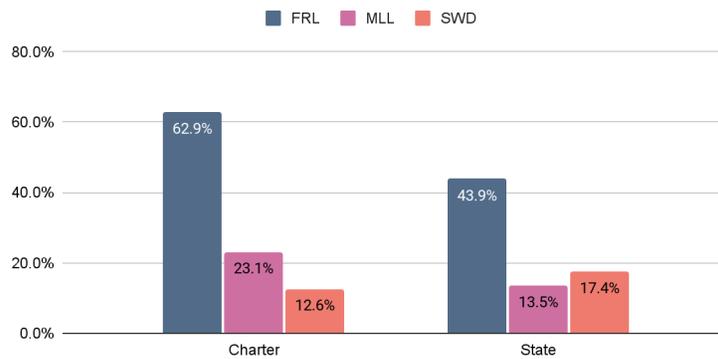
Figure 7. Charter October Headcount 2018-19 to 2023-24



In the 2023-24 school year Independent and Mayoral Charter Districts are educating student populations with higher concentrations of poverty and multilingual learner populations than the state as a whole, and a lower percent of students with disabilities.

Figure 8. Percent of Student Population by Need Category

October 2023



How Charter Districts are Funded

Rhode Island's funding system allocates state and local funding for students educated in choice programs based on the state calculated need and local appropriation for education in the district in which the district resides.⁶¹

Charter District students receive the same state core instructional amount and student success factor amounts as traditional public school districts, based on student enrollment counts from March of the prior year, with adjustments for assumed public school of choice enrollment growth. The state share of the calculated foundation amount for each district is based on the residency of each student, meaning that charter districts receive different state support amounts for students depending on what district they reside in. State aid is paid directly to Charter Districts in four quarterly payments outlined by state law. For Charter Districts that experience enrollment changes of more than 10 percent from March of the previous year to October of the current year, the state provides a mid-year adjustment to their funding.⁶²

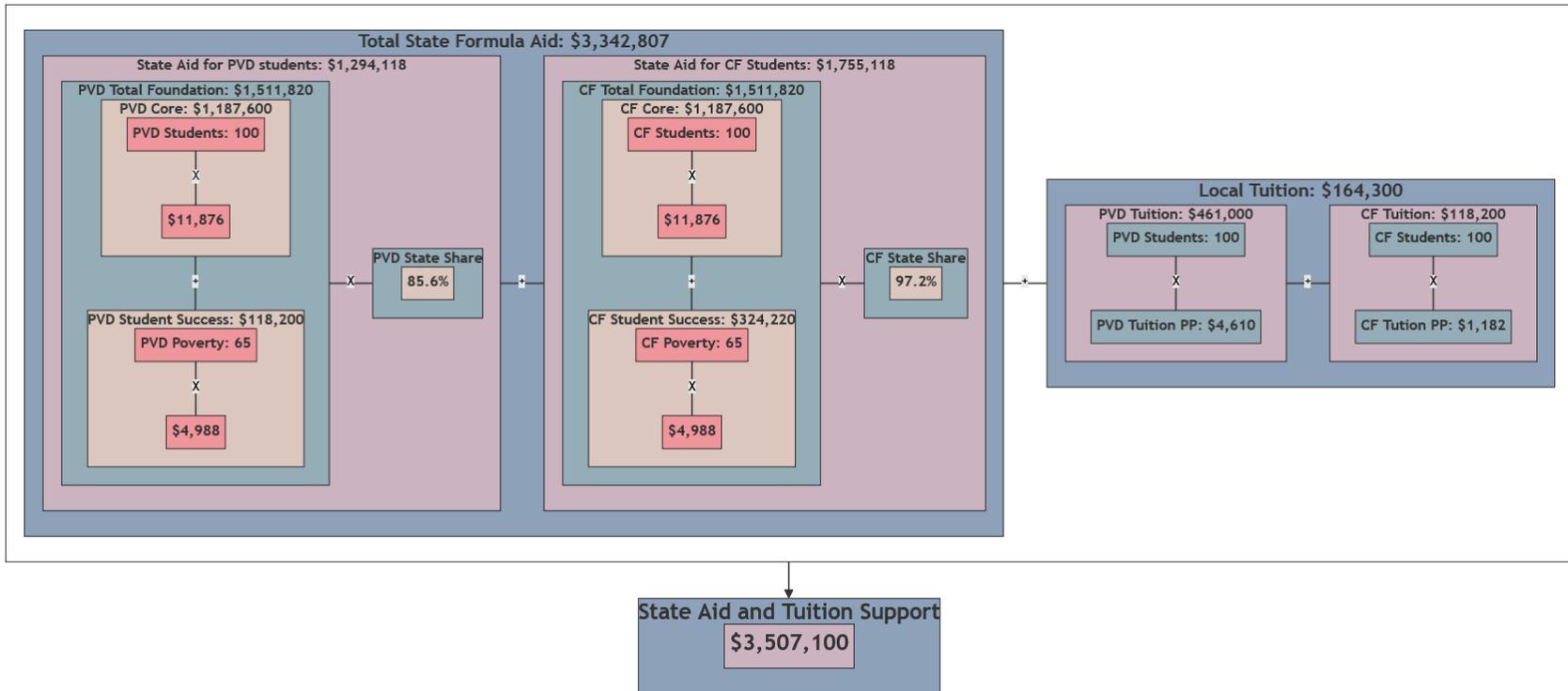
In addition to state formula aid, Charter Districts also receive local tuition paid by sending districts. The state calculates each traditional district's tuition amount based on the local appropriation for education adjusted for state allowed holdbacks and exclusions. This tuition is paid by sending districts in quarterly installments to Charter Districts.

Figure 9 outlines the calculation of state aid and tuition for a hypothetical Charter District based on FY 2024 state support and tuition amounts. This charter school educates 200 students with half residing in Providence (PVD) and half in Central Falls (CF). Both student populations have 65 students qualified for the Student Success factor. This results in a combined total support of \$3.5 million, with \$3.3 million from state formula aid, and \$164,300 from local tuition.

⁶¹ Wong, Kenneth K. (2011). *The Design of the Rhode Island School Funding Formula: Toward a Coherent System of Allocating State Aid to Public Schools*. Center for American Progress. Retrieved from https://cdn.americanprogress.org/wp-content/uploads/issues/2011/08/pdf/rhode_island_reform.pdf.

⁶² Wagner, K. Dr. (2018) *Funding Formula Reference Guide*. Rhode Island Department of Education. Retrieved from <https://www.ri-asc.org/wp-content/uploads/Funding-Formula-Reference-Guide-RIDE.pdf>.

Figure 9. State and Local Funding Calculation Example



System Aggregate Impact Analysis

This section of the report examines the impact of the current school funding system on charter students and the districts they attend. The current education funding system results in a disconnect between student need⁶³ and per pupil revenues, charter districts having to rely heavily on state funding, and ultimately charter students receiving less funding than students attending traditional districts.

FINDING 2: Students attending charter schools receive less funding than students attending traditional districts, and have a lower percentage of district budgets dedicated to classroom investments, such as instruction and student support expenditures.

This is the result of the state education funding system's high reliance on local property taxes, centering of the costs and needs of traditional districts, and the inequitable elements of the funding formula that place charter schools at a disadvantage compared to their traditional district peers.

Disconnect Between Student Needs and Funding

FINDING 3: Students in both Charter and traditional districts with large populations of multilingual learners, students in poverty, and students with disabilities do not receive additional funding to provide the educational support needed by these students.

The Rhode Island education funding system is highly reliant on local sources of funding, with over half of funding for education in FY 2022 coming from local sources. The ability for a district to raise revenue through property taxes is not equal across the state, however. Districts receive as much as 91 percent (Little Compton) and as little as six percent (Central Falls) of their funding from local sources in FY 2022.

The disparity in municipal wealth results in a disconnect between the needs of students and the funding the districts that educate them receive. There is a statistically significant relationship between per pupil revenues and municipal wealth as measured by the SSRC where districts with the highest capacity to fund education have the highest revenues per pupil from all sources. Although state education funding is relatively progressive⁶⁴ and attempts to offset the

⁶³ For more information about the increased cost to educate students in concentrated poverty: [State Education Funding: The Poverty Equation](#), students who are multilingual learners: [The Cost of Providing an Adequate Education to ELLs](#), and students with disabilities: [Special Education Is Getting More Expensive, Forcing Schools to Make Cuts Elsewhere](#)

⁶⁴ Progressive funding describes a system where district funding amounts scale with the level of student need and the ability of a district to pay for education.

disparity in municipal ability to fund education, there is no relationship between the needs of students in a district and the revenues received by the districts from all sources.

This means that students in both Charter and traditional districts with large populations of multilingual learners, economically disadvantaged students, and students with disabilities do not receive additional funding to provide the educational support that these students need.⁶⁵ When federal revenues are excluded, there is a negative relationship between student funding and the percent of students living in poverty. This is particularly concerning as federal COVID funding ends, because students in districts with higher student needs will experience the greatest reductions in funding, increasing the disconnect.⁶⁶

Charter Leader Perspective: More than half of Charter Leaders interviewed expressed significant concern about the impact of the end of federal COVID revenues. Charter Leaders noted that COVID funds allowed their districts to expand school hours, add after school and summer learning programs, and make investments in facilities and technology they would have otherwise not been able to afford.

High Reliance on State Funding

FINDING 4: Charter Districts face more volatility of revenues which is a result of the greater reliance on state funding and the nature of state funding sources.

Charter Districts⁶⁷ are significantly more reliant on state funding for education than traditional districts. Education funding in Rhode Island is heavily reliant on property tax revenues, with more than half of public school funding coming from local district revenue sources. This disparity is the result of both Charter students primarily residing in districts with low municipal wealth (80 percent of Charter students reside in the four highest state share municipalities⁶⁸) and municipal tuition holdbacks. Figure 10 shows the sources of funds for Charter and traditional districts.

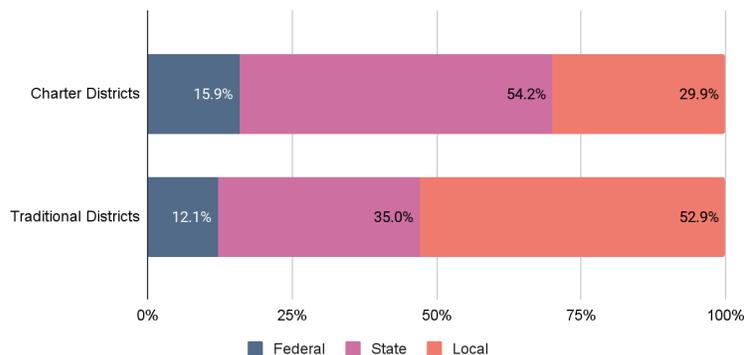
⁶⁵ For more information about the increased cost to educate students in concentrated poverty: [State Education Funding: The Poverty Equation](#), students who are multilingual learners: [The Cost of Providing an Adequate Education to ELLs](#), and students with disabilities: [Special Education Is Getting More Expensive, Forcing Schools to Make Cuts Elsewhere](#)

⁶⁶ Rhode Island received \$363.7 million in ESSER funding across all three disbursements. Because mandatory district allotments were calculated based on Title I funding, districts with the highest levels of poverty received the largest allocations.

⁶⁷ For the purpose of this report, Charter Districts refer to Independent and Mayoral Charters. District Charters are excluded due to significant differences in funding, governance, and reporting.

⁶⁸ Central Falls, Woonsocket, Pawtucket, and Providence.

Figure 10. Sources of Funds Charter vs Traditional Districts FY 22



State aid for education tends to have more volatility than local property tax revenues, resulting in the potential for unstable operating revenues.⁶⁹ In Rhode Island the method of state support calculations adds increased uncertainty for Charter Districts when planning budgets and estimating revenue. Moderate changes in municipal wealth as calculated by the state can result in significant state aid changes for Charter Districts.

For example, in FY 2024 a district that experienced a two percent reduction in state share received \$238 less per pupil in core instructional support and \$95 less per pupil in student success factor support than they would have received with the prior year’s state support ratio. While increases in core instruction and student support amounts often mean districts still receive moderate per pupil funding increases, they can be hard to estimate.

Charter Leader Perspective: More than half of Charter Leaders interviewed indicated that predicting state support can be difficult, especially when changes are made by the legislature after current year budgets are already finalized. To deal with uncertainty school leaders said that they try to budget conservatively, and have staff cover multiple roles to avoid budget shortfalls.

While traditional districts are also impacted by changes in calculated state share percentages, Charter Districts do not have the ability to request increased municipal aid to cover shortfalls.

Reduced Per Pupil Revenues

FINDING 5: Students attending Charter Districts received less per pupil funding (\$1,385 less) than students attending traditional districts, and less per pupil funding (\$2,873 less) than students attending the three major sending districts.⁷⁰

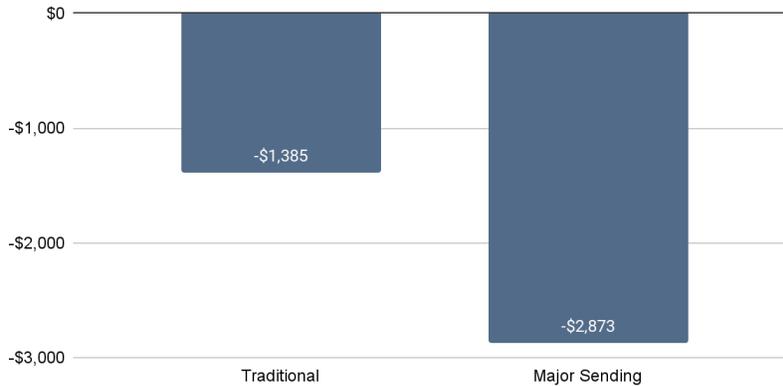
⁶⁹ For more on the impact of high state revenue reliance: [The Source Code: Revenue Composition and the Adequacy, Equity, and Stability of K-12 School Spending](#).

⁷⁰ The three major sending districts for Charter Schools are Central Falls, Pawtucket, and Providence.

FINDING 6: Municipal responsibility for important operating costs, such as transportation and facilities, results in additional funding disparities not captured in reported spending.

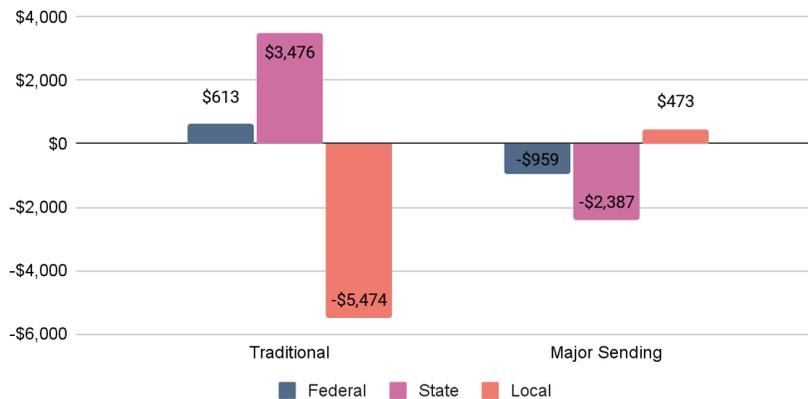
In FY 2022, students attending Charter Districts received less funding per pupil than traditional districts. Figure 11 displays the disparity between Charter District Revenue per pupil and per pupil revenues of all traditional districts and the three major sending districts.

Figure 11. Charter District Revenue vs Traditional and Major Sending Districts FY 22



The reasons for the funding disparities differ for all traditional districts and major sending districts. Figure 12 highlights differences in sources of funds. When compared to traditional districts, Charter Districts received more state and federal funding per pupil but received significantly less local funding per pupil. In contrast, Charter Districts received more local funding per pupil than the three major sending districts but less state and federal funding per pupil. The reason for the significant difference in state aid to Charter Districts as compared to the major sending districts are due to grants for CTE programs, adult education, housing aid, and other targeted state education initiatives.

Figure 12. Charter District Difference in Per Pupil Funding by Type vs All Traditional and Major Sending Districts, FY 22



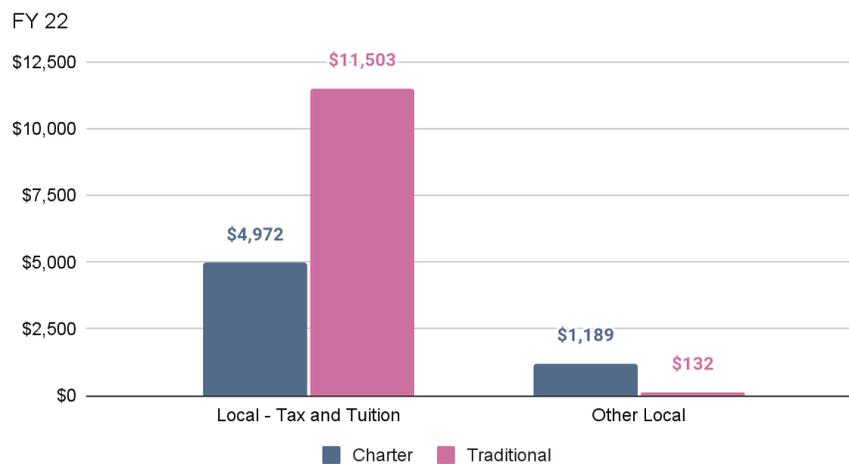
The full scope of funding disparities between Charter Districts and traditional districts is masked by municipal support for facilities, debt, and capital expenditures that do not appear as revenues for traditional districts. For example, in FY 2020 traditional districts reported \$37.8 million in interest payments on school system indebtedness, which was paid for by municipalities. This translates to approximately \$285 per traditional district pupil in additional support that Charter Districts cannot receive.⁷¹

Increased Reliance on Alternative Funding Sources

FINDING 7: Charter Districts are significantly more reliant than local districts on alternative revenue sources that are not stable or predictable, such as donations, private grants, or loans

Charter Districts attempt to resolve the disparity of funding by pursuing revenue from alternative sources that are not as stable or predictable, including donations, private grants, and loans. In FY 2022 just over 19 percent (\$1,189 per pupil) of Charter District local funds were from sources other than tuition revenues. In comparison, traditional districts only received one percent (\$132 per pupil) of local funding from sources other than local appropriations for education or tuition paid by other districts. Absent these funding sources, students attending charter schools face even larger gaps in revenue when compared to their peers attending traditional districts.

Figure 13. Charter and Traditional Local Sources of Funds FY 22



Limited Funding Over State Foundation Amount

FINDING 8: Charter Districts receive less funding over the state foundation amount than traditional districts.

⁷¹ NCES Common Core of Data, School District Finance Survey, 2019-20.

The state foundation amount for each district is intended to represent only the cost to provide a basic education program, rather than the full amount of resources necessary to operate a school district. This means that districts often receive significantly more revenue to educate students than the state foundation amount specifies. This system results in significant disparities between Charter Districts and their traditional peers, as Charter Districts receive significantly less formula aid and local appropriations over their state calculated foundation amount than traditional districts.⁷²

Charter Districts received in total 15.3 percent more than the state calculated foundation cost in FY 2022. In contrast traditional districts received 39.5 percent more than state calculation foundation costs, and the three major sending districts received more support over foundation than Charter Districts at 24 percent. If Charter Districts were equally funded over foundation that would mean an additional \$35.6 million dollars for students attending charter schools, or \$3,383 per pupil.

Higher Percent of Budget Spent on Non-Instructional Expenditures

FINDING 9: Charter Districts spend more per pupil on expenditures for capital projects, debt service, and transportation, leaving less funding for student instruction, supports, and other operational costs.

In FY 2022 Charter Districts allocated a higher percentage of their spending on non-instructional expenditures including capital expenditures, debt service, and transportation. In FY 2022 capital expenditures and debt were 9.2 percent of all Charter District expenditures, costing \$1,868 per pupil. In contrast, for traditional districts expenditures for capital and debt service were 1.4 percent of total per pupil expenditures at \$301 per pupil.

Charter Districts also allocated more of their resources in FY 2022 to transportation as compared to all traditional districts. Charter Districts spent 4.9 percent of total expenditures on transportation while traditional districts spent 3.9 percent in the same year. In total Charter Districts spent \$1,000 per pupil on transportation services in FY 2022, although expenditures varied significantly across districts from \$0 for multiple districts, to \$2,312 per pupil at Nuestro Mundo. In contrast, traditional districts spent \$838 per pupil. Table 2 outlines how Charter Districts and traditional districts compare in selected expenditure categories.

⁷² This calculation includes state formula aid and local appropriations for education received as either tuition from sending districts or local tax appropriations for education.

Table 2. Per Pupil Expenditures for Capital Projects, Debt, and Transportation

District Type	Debt service	Capital Projects	Transportation
Charter	\$1,065	\$803	\$1,000
Traditional	\$73	\$228	\$838
Difference	\$991	\$575	\$162

The result of Charter Districts expending more per pupil in these categories is that districts have fewer resources remaining to devote to classroom instruction. Accordingly, Charter districts report lower per pupil expenditures devoted to student instruction and support, as well as other operational costs.

Table 3. Per Pupil Expenditures by District Type

District Type	Total Expenditures Per Pupil	Expenditures Less Debt, Capital, and Transportation
Charter	\$20,314.3	\$17,446.7
Traditional	\$21,758.0	\$20,618.8
Difference	-\$1,443.7	-\$3,172.1

System Component Analysis

Education funding systems contain many components that determine the level of and distribution of funding to students, schools, and communities. In Rhode Island, specific formula components contribute to the inequitable funding for Charter District students as outlined previously. This section examines the major components of education funding in Rhode Island and how the components contribute to an inequitable system that does not meet the needs of Charter Schools and the students they serve.

State Share Calculation

Charter Districts are negatively impacted by the state's calculation of the state share ratio both due to the unequal treatment of Charters within the calculation, and due to a calculation methodology that is not fully equitable for districts educating higher-need students.

Unequal Treatment of Charter Districts

FINDING 10: The state’s method of calculating state share ratios does not fully consider the relationship between Charter Districts and municipal appropriations for education. This results in inequitable state support for Charter Districts.

RECOMMENDATION 1: Incorporate a state share ratio calculation for Charter Districts that recognizes Charter Districts’ inability to generate revenue due to their disconnect from municipal support.

The state share ratio is intended to use each district’s revenue generating capacity and concentration of students in poverty to determine the amount of state support each district receives. For traditional districts, state share ratios are based on the equalized weighted assessed valuation of property in the municipality and the percent of PK-6 students in poverty in the district. In contrast, Charter District state share ratios are based on the sending district of each enrolled student. This calculation therefore does not recognize Charter Districts’ inability to generate revenue through budget requests to municipalities in the same way traditional districts are able or the true needs of the students they educate.

For example in FY 2024 Highlander Charter School received 78.4 percent of total foundation cost in state formula aid. However, if their state share ratio was calculated based on District need, the state share ratio would have been approximately 82.9 percent. This would have resulted in students at Highlander receiving an additional \$316,774 in state formula aid. Based on FY 2024 data, 18 out of 23 Charter Districts would benefit from calculating state share based on their actual ability to generate revenue and student need, resulting in \$8.3 million of additional funding for students in these districts. The five districts that would not benefit from the change are districts that serve high percentages of students from Central Falls, Pawtucket, and West Warwick, districts that are currently receiving an adjusted state share, and are districts that were negatively impacted by the change from FRL to direct certification.

Unlike traditional districts, Charter Districts do not have revenue generating capacity, and are instead reliant on tuition payments from sending districts. While traditional districts have the ability to request increased municipal allocations to education based on their budget needs, Charter Districts have no such ability. For Charter Districts this can result in a mismatch between funding and District expenditures, leading to an increased reliance on other sources of revenue and a higher percentage of expenditures being spent on non-instructional costs.

Inequitable Formula Calculation

FINDING 11: The state’s method of calculating state share inaccurately captures a District’s ability to fund education through the use of a formula that considers both municipal wealth and poverty concentrations. This disproportionately impacts districts with the lowest capacity to fund education, including Charter Districts.

RECOMMENDATION 2: Modernize the state share calculation to focus on the municipal ability to fund education and instead provide support for concentrated poverty through an additional student success weight.

When developing the state share ratio calculation the state’s goal was to distribute funds to districts with low capacity to fund education and to communities with concentrated pockets of need. By using a quadratic mean to calculate the state share that includes a poverty factor the state aimed to drive additional funding to districts with child poverty concentrations that are larger than the municipality’s ability to generate revenue.⁷³ However, the inclusion of childhood poverty disproportionately benefits the wealthiest districts in the state and reduces aid for districts with poverty concentration lower than their capacity to fund education. This further drives the funding gap between students attending charter and traditional districts with the highest concentrations of student need and those attending wealthier districts.

By adjusting state share ratio community (SSRC) values, which are an intermediate step in the state share ratio formula, that are less than zero to zero, the state provides districts with the highest capacity to fund education with disproportionate formula aid. In the FY 2024 budget the legislature added in a provision for districts with more than 50 percent of PK-6 students in poverty that provides the district with the larger of either the SSRC or the quadratic state support ratio. This was implemented to offset the impact of the change in poverty identification on some of the poorest districts, including Pawtucket and Central Falls. Although this change helps ensure students in districts with the greatest need are receiving higher state support, it creates three separate state share calculation methodologies for districts.

Table 4 contains 2 hypothetical Districts to show the impact of the inclusion of PK-6 poverty in the state share calculation on districts.

District 1 is in a municipality with significantly higher than average property wealth, represented by the SSRC of -50 percent. Because the state’s formula brings any negative numbers to 0, a 10 percent PK-6 poverty rate brings up the state share percentage to 7.1 percent.

District 2 is in a municipality with moderately low wealth and just under 50 percent PK-6 poverty. Because this district does not meet the 50 percent poverty threshold, their state share ratio is negatively impacted by the inclusion for student poverty by 5.7 percentage points.

Table 4. Quadratic Formula Impact

	SSRC	Adjusted SSRC	% PK-6 Poverty	State Share	Impact
District 1	-50.0%	0.0%	10.0%	7.1%	7.1%

⁷³ Wagner, K. Dr. (2018) *Funding Formula Reference Guide*. Rhode Island Department of Education. Retrieved from <https://www.ri-asc.org/wp-content/uploads/Funding-Formula-Reference-Guide-RIDE.pdf>.

District 2	60.0%	60.0%	48.0%	54.3%	-5.7%
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In both cases the state’s use of the percent of economically disadvantaged students influences the state share for education, which results in increased funding for more property wealthy districts and a reduction of state funding for districts with moderate childhood poverty and low property wealth. This impact is felt doubly by Charter Districts who are impacted by municipal wealth and childhood poverty identification outside of their control.

Rhode Island is a regional outlier in their inclusion of poverty concentration in the calculation of the state share percentage. Both Connecticut and Massachusetts calculate the state share of education funding based on property values and income, while New Hampshire bases state aid only on property values.⁷⁴

Change to Direct Certification for Poverty Metric

FINDING 12: Using direct certification counts in place of free and reduced price lunch counts has negatively impacted state charter school funding amounts.

RECOMMENDATION 3: The state should continue to improve the identification of students living in households making less than 185 percent of the federal poverty income, by implementing additional data collections for communities with populations that may be excluded from federal welfare programs.

The disproportionate impact of the inclusion of poverty concentration in the state aid ratio calculation has been magnified by the state’s change from free and reduced lunch participation to direct certification for poverty identification. The legislature required the change from FRL to direct certification for identifying students whose family income is at or below 185 percent of federal poverty guidelines to more accurately identify qualified students in districts that participate in the federal Community Eligibility Provision (CEP) for school lunch,⁷⁵ as districts participating in the CEP do not collect FRL forms from families to determine eligibility.⁷⁶

⁷⁴ New Hampshire Department of Education. (2023). State Adequate Education Aid. Retrieved from <https://www.education.nh.gov/who-we-are/division-of-educator-and-analytic-resources/bureau-of-education-statistics/state-adequate-education-aid>.

Massachusetts Department of Elementary and Secondary Education. (2023). Chapter 70 Program. Retrieved from <https://www.doe.mass.edu/finance/chapter70/>.

Connecticut State Department of Education. (n.d). Education Cost Sharing (ECS) Town Wealth. Retrieved from <https://portal.ct.gov/SDE/Fiscal-Services/ECS-Wealth>.

⁷⁵ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

⁷⁶ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

Charter Leader Perspective: The change to direct certification was identified by a quarter of Charter Leaders as a concerning or negative change. Additionally, some Charter Leaders expressed that the change was not clearly communicated to them by RIDE.

Because direct certification relies on family participation in SNAP and other public assistance programs, there are concerns about the count being inaccurate in communities where participation is limited by immigration status or application burden. While families with non-citizen parents or children are eligible to participate in the free and reduced lunch program in Rhode Island, participation in SNAP is significantly limited or prohibited.⁷⁷ The state's use of the 1.6 factor is intended to offset the impact of direct certification counts only representing a subset of the full free and reduced lunch population, however, some school leaders indicated they felt it was not enough to make up the difference.⁷⁸

While there are ways for districts to ensure that their direct certification count is most accurate, including verification of the electric direct certification (eDC) list, Charter Districts have no control over sending district verification practices which can further impact their state share percentages.⁷⁹ This change resulted in significant reductions in PK-6 poverty percentages for a number of districts, some of those with the lowest capacity to fund education.

Statewide, the change from FRL counts to direct certification resulted in the percentage of students identified as being in low income households declining by less than one percentage point. The impact of the change on the percentage of identified students across districts ranged from an increase of 36.5 percentage points to a decrease of 23.8 percentage points. More than half of districts experienced a decrease in the percent of students identified as living in homes under the poverty threshold. For districts that had significant reductions in the percent of students identified as meeting the poverty threshold, this likely resulted in reduced state share ratios.

The under identification of students living in households making under 185 percent of poverty has significant financial ramifications for students and the districts they attend beyond the reduction of the state share ratio. Under identification also results in fewer students receiving student success factor funding, which leads to reduced total foundation amounts and lower state education aid for the districts they attend. This is discussed further later in the report.

⁷⁷ R.I. Department of Education. (n.d). Frequently Asked Questions About Free and Reduced Price School Meals. Retrieved from <https://ride.ri.gov/sites/g/files/xkgbur806/files/2023-05/MBAFAQRIDE2023Eng.pdf>

United States Department of Agriculture. (2011). Supplemental Nutrition Assistance Program: Guidance on Non-Citizen Eligibility. Retrieved from https://fns-prod.azureedge.us/sites/default/files/resource-files/Non-Citizen%20Guidance_6-30-2011.pdf.

⁷⁸ R.I. House Fiscal Advisory Staff. (2023). Education Aid. Retrieved from <https://www.rilegislature.gov/housefiscalreport/2020/Education%20Aid%20Report%20-%20Enacted.pdf>.

⁷⁹ Rhode Island Healthy Schools Coalition. (2022). School Meals Outreach Toolkit 2022-2023. Retrieved from https://www.rihsc.org/uploads/8/2/7/6/82768452/school_meals_outreach_toolkit_2022-2023.pdf.

The issue of under identification of students in poverty through direct certification is not unique to Rhode Island. In order to address similar issues Massachusetts began offering districts an optional supplemental data collection to identify students that qualify as low income but that are not identified through direct certification.⁸⁰

Levy and Revaluation Limitations

FINDING 13: The impact of the state’s lack of consideration for levy and revaluation statutory limitations results in volatility of formula funding for education for Charter Districts and an overestimation of municipal ability to fund education.

RECOMMENDATION 4: Modernize the calculation of municipal ability to fund education to include statutory changes in levy increase limitations and revaluation schedules to more accurately target state education aid to districts who need it most.

The state’s method of calculating property wealth for state share ratio calculation does not fully consider legal constraints on levy increases and property revaluations. This results in volatile state share ratios and municipal wealth values that are not reflective of a municipality’s actual ability to tax. For Charter Districts, this can mean reduced state funding and local tuition amounts that do not provide sufficient funding to fill the gap.

Since FY 2012 annual municipal levy growth has been capped at no more than 4 percent the total levy of the year prior.⁸¹ Additionally, municipalities are on different statutory schedules for performing statistical value updates and full property revaluations for tax purposes.⁸² The state’s statistical update and revaluation schedule impacts the calculation of state share ratio community (SSRC) values, which measures each municipality’s ability to pay for education. The SSRC calculation uses Adjusted Equalized Weighted Assessed Valuation (AEWAV) amounts for each municipality.⁸³ These are calculated by adjusting each municipality’s full assessment value to the state average ratio of assessment. The state average ratio of assessment is impacted by the different revaluation schedules of towns across the state, especially in times of rapidly changing housing costs.

For example, a town that is due for a full revaluation may have assessed values that are only 75 percent of full market value. If the state’s average ratio is instead 85 percent because other municipalities have had more recent updates, that municipality’s property value will be adjusted

⁸⁰ Massachusetts Department of Elementary and Secondary Education. (2023). Supplemental Low-Income Data Collection. Retrieved from <https://www.doe.mass.edu/finance/chapter70/data-collection.html>.

⁸¹ R.I. Gen. Laws § 44-5-2(b)

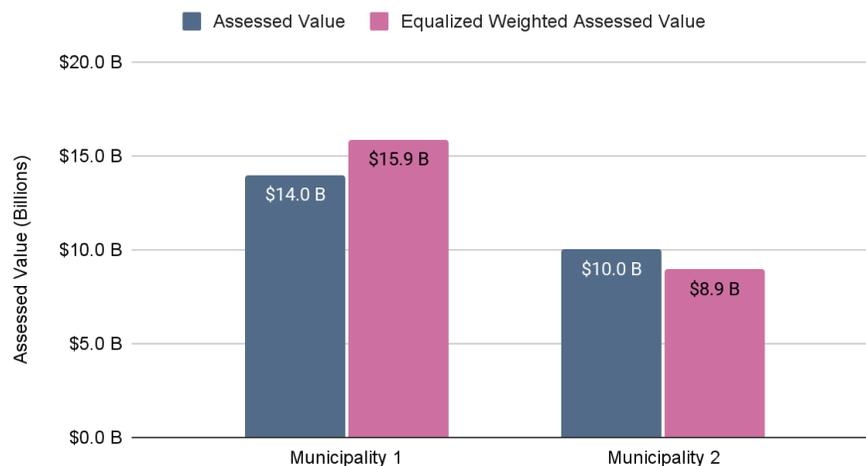
⁸² R.I. Gen. Laws § 44-5-11.6(c)(ii)

⁸³ R.I. Gen. Laws § 16-7-21

up to 85 percent of full market value, despite the fact that the town can not legally tax property at that value.

Figure 14 shows the impact of the equalized weighted assessed value that is received by adjusting municipal market values to the state ratio of assessment. Municipality 1 is a municipality with a total assessed property value of \$14.0 billion, which is 75 percent of the total market value of \$18.7 billion. With the adjustment to a state ratio of assessment of 85 percent, their equalized weighted assessed value is \$15.9 billion, or \$1.9 billion more than the value they can legally levy tax on. In comparison Municipality 2 is a municipality that has a total assessed value of \$10.0 billion which represents 95 percent of the total market value of taxable property in the town. When the state ratio of assessment is applied the municipality's equalized weighted assessed value becomes \$8.9 billion, or \$1.1 billion less than they can legally levy taxes on.

Figure 14. Impact of State Ratio of Assessment Adjustment



In addition to representing values that are not legally taxable, there is no consideration for the impact of levy caps. If a municipality experiences increased property wealth that results in a decreased state share ratio, the 4 percent cap on levies limits municipal ability to increase tax revenues. For Charter Districts this can mean a decrease in state funding with local tuition amounts that are not enough to cover the reduction in funding. Even if a municipality increases the municipal appropriation to education as levy amounts increase, the state's calculation of tuition results in a two year delay in funding for Charter Districts. This is discussed further in the Local Tuition Calculation section of the report.

Impact of State Share Calculation Methodology

FINDING 14: The current method of providing local funding to Charter Districts results in students attending Charter Schools receiving unequal funding compared to their peers attending traditional districts.

RECOMMENDATION 5: Provide additional state funding for Charter Districts to fill the gap left by local tuition holdbacks.

While the state provides tuition holdbacks of at least seven percent for districts, and excludes capital and debt costs from municipal appropriation amounts, the state primarily recognizes the costs unique to traditional districts to the detriment of Charter students.

Volatile state share revenues, and fluctuating local tuition holdbacks impact Charter Districts further by making revenues potentially uncertain and hard to predict. Additionally, because Charter District budgets are often finalized prior to the end of the legislative session, changes made to the funding formula by the legislature can result in unplanned budget shortfalls. Though this is also experienced by traditional districts, Charter Districts do not have the ability to request additional appropriations to cover budgetary gaps from state and local funding.

Charter Leader Perspective: Charter School Leaders indicated that while they are able to generally predict revenue from year to year, approximately 40 percent of leaders interviewed noted that there have been years where their estimates fell significantly short of their actual state formula aid. A quarter of Charter Leaders indicated that they were forced to budget very conservatively to account for unexpected changes..

Foundation Amount

FINDING 15: The current foundation amount and calculation does not fully consider the unique circumstances and requirements of charter schools.

RECOMMENDATION 6: Modernize the foundation amount to include all costs associated with educating students including facilities and transportation, and add additional formula weights aligned to students with additional learning needs.

Charter Districts are significantly impacted by the calculation of the foundation amount used in the state funding formula. The foundation calculation excludes some expenditure categories, does not fully consider student need, or the unique financial needs of Charter Districts. This results in Charter students receiving less funding per pupil, and Charter Districts spending a larger percentage of their funding on non-instructional costs.

Core Instruction Amount

FINDING 16: The core instruction amount does not fully represent the cost of educating students in Charter or traditional districts. Charter Districts are particularly impacted by the lack of facilities funding due to the lack of “off budget” municipal support.

RECOMMENDATION 7: Modernize the core instruction amount to include the full cost of educating students based on an amount that considers the impact of chronic underinvestment in education on average regional expenditures per pupil.

The state core instruction amount is calculated based only on the cost of providing a basic education, and as a result does not include costs related to transportation, food service, safety, capital expenditures, facilities costs, debt, teacher retirement, federally funded expenditures, and other non-business operation expenditures.⁸⁴ A full breakdown of the costs included and excluded from the core instruction amount can be found in Appendix D.

Traditionally, municipalities are responsible for funding these expenditures for school districts, however, municipal expenditures for these categories are either excluded entirely from tuition calculations, or are significantly lower than Charter Districts on a per pupil basis due to the impact of diseconomies of scale on Charter Districts.⁸⁵ As a result, Charter Districts spend a higher percentage of their budget on non-instructional related costs such as transportation and facilities. This issue is discussed further in the Local Tuition Calculation section later in this report.

The per pupil core instruction amount is calculated annually using averaged expenditure data for included categories from Rhode Island and regional peer states, adjusted for inflation (or increases in the cost of doing business), using the Consumer Price Index, or CPI.⁸⁶ By basing the core instruction amount on a regional average, the state risks underestimating the true cost of educating Rhode Island's students, which directly affects the Charter Districts that educate a higher-need student population compared to the state as a whole.

The core instruction amount is intended to produce a per pupil amount that spreads cost differences across grades and student types through averaging.⁸⁷ However, while this calculation does account for inflation through an adjustment using the Consumer Price Index, it does not account for student population differences across states. While Connecticut and Massachusetts have similar free and reduced lunch rates and multilingual learner percentages, New Hampshire's rates of both student populations are significantly lower. The inclusion of New Hampshire could distort the true cost of meeting the needs of Rhode Island's students by leveraging spending data from a state with less student need.

⁸⁴ Wagner, K. Dr. (2018) *Funding Formula Reference Guide*. Rhode Island Department of Education. Retrieved from <https://www.ri-asc.org/wp-content/uploads/Funding-Formula-Reference-Guide-RIDE.pdf>.

⁸⁵ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

⁸⁶ These states are Massachusetts, Connecticut, and New Hampshire.

⁸⁷ Wagner, K. Dr. (2018) *Funding Formula Reference Guide*. Rhode Island Department of Education. Retrieved from <https://www.ri-asc.org/wp-content/uploads/Funding-Formula-Reference-Guide-RIDE.pdf>.

Table 5. Student Demographics by State⁸⁸

State	Free and Reduced Lunch - Fall 2021	Multilingual Learner - Fall 2020
Rhode Island	40.8%	12.2%
Massachusetts	43.8%	10.2%
Connecticut	39.9%	8.0%
New Hampshire	20.8%	2.9%

There is also no consideration for the adequacy of expenditure levels. Education funding systems in Connecticut, New Hampshire, and Massachusetts have all faced court challenges related to the adequacy of education funding provided to students in each state.⁸⁹ New England as a whole is significantly more reliant on property tax revenues to fund education, resulting in significant disparities in education funding and outcomes across districts.⁹⁰ As a result, by relying only on an average of expenditures, the state is not accounting for the impact of underfunded districts on the cost average.

Student Success Factor

FINDING 17: The student success factor does not fully capture the range of student need in Rhode Island schools and the resource investments necessary to meet these needs in both Charter and traditional districts.

RECOMMENDATION 8: Expand the student success factor to include funding for the full range of student needs in the state.

By limiting the student success factor to only include students who are living in families making under 185 percent of federal poverty, the state is not fully accounting for the additional costs associated with other high need student groups.

⁸⁸ NCES. (2023). Number and percentage of public school students eligible for free or reduced-price lunch, by state: Selected school years, 2000-01 through 2021-22. Retrieved from https://nces.ed.gov/programs/digest/d22/tables/dt22_204.10.asp.

NCES. (2022). English learner (EL) students enrolled in public elementary and secondary schools, by state: Selected years, fall 2000 through fall 2020. Retrieved from https://nces.ed.gov/programs/digest/d22/tables/dt22_204.20.asp?current=yes.

⁸⁹ Lieberman, M. (2023). *A Judge Just Ruled that Another State's School Funding System is Unconstitutional*. EducationWeek. Retrieved from https://www.edweek.org/policy-politics/a-judge-just-ruled-that-another-states-school-funding-system-is-unconstitutional/2023/11#new_tab

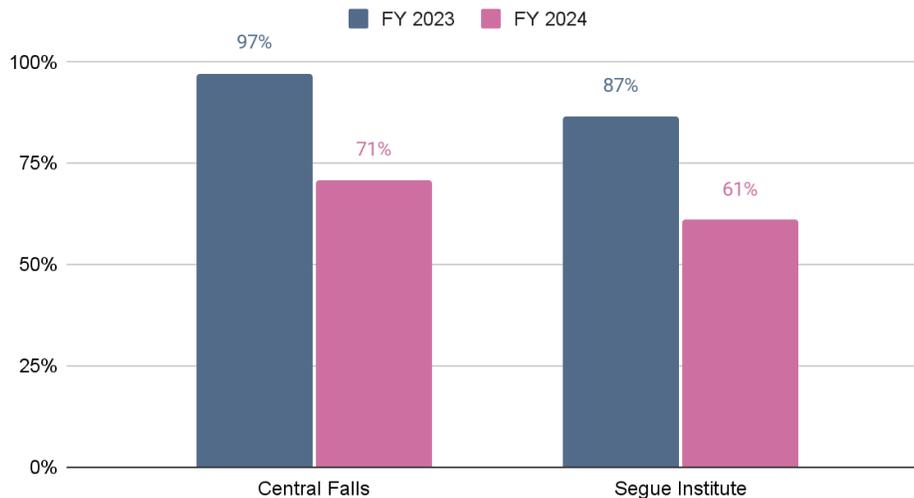
⁹⁰ The Albert Shanker Institute. (2022). *The Adequacy and Fairness of State School Finance Systems*. Retrieved from https://www.schoolfinancedata.org/wp-content/uploads/2022/12/SFID2023_annualreport.pdf.

Charter Leader Perspective: The state’s recent change in identifying students to receive the success factor from free and reduced lunch to direct certification has resulted in concerns among almost half of Charter Leaders interviewed. Leaders were concerned that they may not be receiving student success factor funding for all their students, especially students from undocumented families.

The state uses a student success factor of 40 percent of the core instruction amount to provide additional support for students with additional learning needs. This weight is applied to students living in poverty, defined as those students in households with income below 185 percent of the federal poverty level. As part of the FY 2024 state budget the legislature required RIDE to change the method of identification from students eligible for free or reduced lunch to the number of students directly certified through SNAP participation multiplied by 1.6.⁹¹

This methodology change resulted in a reduction of students qualifying for the student success factor, especially in Rhode Island’s highest need communities, which decreased the state support for these key communities. Central Falls in particular experienced a decline in identified students from 97.2 percent of students receiving the student success factor in FY 2023 to 70.8 percent of students in FY 2024. Segue Institute, a Charter District that serves primarily students from Central Falls, was similarly impacted. From FY 2023 to FY 2024 the percent of students enrolled at Segue residing in Central Falls qualifying for the student success factor fell from 86.6 percent to 61 percent. That represents a potential loss of student success funding for 87 students, or over \$380,000.

Figure 15. Student Success Factor Eligibility in Selected Districts



When comparing FRL student data reported in October 2023 to direct certification data used to calculate FY 2024 state formula aid, there is a significant variance between the two data

⁹¹ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

sources. Statewide direct certification adjusted by the 1.6 factor identified approximately 1,200 fewer students than FRL identification. While for some of the state's historically underfunded districts this resulted in increased identification, especially for Pawtucket and Providence, the change resulted in approximately \$1 million less for charter school students.

During the design of the state funding formula additional weights for multilingual learners and special education students were excluded to "avoid the perverse incentive of overidentification and to create the positive incentive for local schools to integrate these students in their mainstream instructional system."⁹² The exclusion of other measures of student need has resulted in underfunding for these students.

Charter Leader Perspective: 10 out of 12 Charter Leaders interviewed indicated that students with disabilities would benefit from additional state support and 8 out of 12 indicated that multilingual learners would benefit from additional support from the state.

Though categorical funding for multilingual students resulted in a moderate relationship between the percentage of multilingual students a district serves and the amount of state funding that district received in FY 2022, there was no relationship between the percent of students with disabilities served by a district and the amount of state funding received by those districts that same year.

Rhode Island is an outlier when compared to other New England states in their use of a single formula weight. Connecticut, Massachusetts, and New Hampshire all include additional funding for multilingual learners in their state formula aid calculations, and New Hampshire and Massachusetts both include additional support for students with disabilities.⁹³ Additionally, while Rhode Island only provides a single weight for poverty, both Connecticut and Massachusetts provide additional funding for students in districts with concentrated poverty.⁹⁴

⁹² Wong, Kenneth K. (2011). *The Design of the Rhode Island School Funding Formula: Toward a Coherent System of Allocating State Aid to Public Schools*. Center for American Progress. Retrieved from https://cdn.americanprogress.org/wp-content/uploads/issues/2011/08/pdf/rhode_island_reform.pdf.

⁹³ Edbuild. (n.d). FundEd State Education Funding Policies for all 50 States. Retrieved from <http://funded.edbuild.org/state/NH#MA/CT>

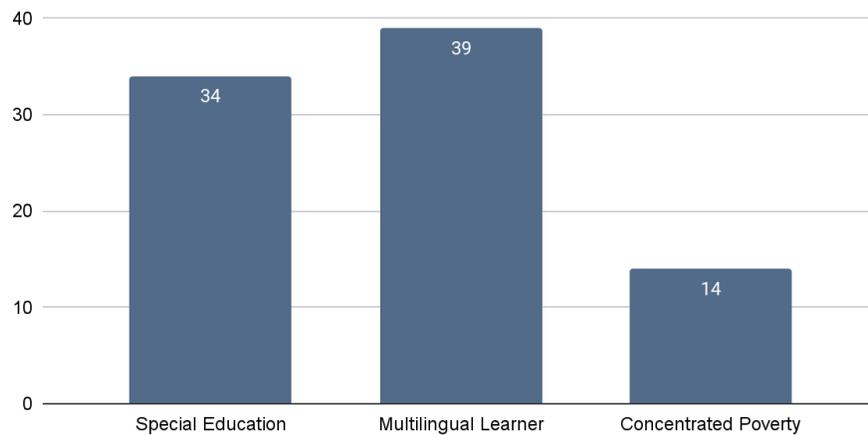
⁹⁴ Edbuild. (n.d). FundEd State Education Funding Policies for all 50 States. Retrieved from <http://funded.edbuild.org/state/NH#MA/CT>

Table 6. Funding Formula Weights by State

State	Special Education	Multilingual Learner	Concentrated Poverty
Rhode Island			
Massachusetts	✓	✓	✓
Connecticut		✓	✓
New Hampshire	✓	✓	

Rhode Island is also a national outlier in the types of student needs accounted for in the state funding formula. 34 states provide additional funding in their formula calculations for students with disabilities, 39 provide additional funding for multilingual learners, and 14 provide additional funding for concentrated poverty.⁹⁵ The table in Appendix E outlines each state’s funding system and if the state provides additional funding for special education students, multilingual learner students, or concentrated poverty students.

Figure 16. Count of States Providing Additional Funding by Student Category



⁹⁵ Education Commission of the States. (2021). K-12 and Special Education Funding 2021. All Data Points. Retrieved from <https://reports.ecs.org/comparisons/k-12-and-special-education-funding-2021>.

Local Tuition Calculation

FINDING 18: The state’s statutorily defined relationship between traditional and Charter Districts results in Charter Districts not receiving the funding necessary to meet student learning needs.

RECOMMENDATION 9: Provide additional state support to fill the gap left by tuition reductions, the lack of municipality supplied buildings, and the increased cost of providing services resulting from small student populations.

Rhode Island’s method of calculating local sending district tuition results in students attending charter schools receiving less funding per pupil than their peers and in Charter Districts relying more on alternative funding sources. Though Rhode Island law requires sending districts to pay tuition based on the municipal appropriation for education, there is no legal requirement that municipal appropriations or tuition amounts be sufficient to cover the local share.⁹⁶ Additionally, local tuition amounts do not include expenditures for capital projects or debt service, and provides districts with a minimum seven percent holdback to cover unique costs.⁹⁷

Expenditures Excluded from Tuition

The exclusion of both capital projects and debt service from the calculation of local tuition results in Charter Districts receiving no dedicated funding for these expenditure categories either at the state or local level.⁹⁸ This results in charter students receiving lower per pupil revenues, and in Charter Districts spending a higher proportion of their budgets on capital expenditures and debt service. In FY 2022 Charter Districts spent a total of \$1,868 per pupil on capital projects and debt service, representing 9.2 percent of their total expenditures for that year. In comparison, traditional districts reported just \$301 per pupil on capital and debt expenditures in FY 2022, representing 1.4 percent of total per pupil expenditures.

Unique Cost Holdback

The state’s calculation for local tuition also provides sending districts with an additional reduction of either seven percent of the local per pupil or the per pupil value of unique district costs over the average Charter District costs in the same categories.⁹⁹ Districts that receive the unique cost reduction also receive a reduction on tuition paid to Mayoral Districts in the amount of the District’s unfunded pension liability per pupil.¹⁰⁰ In FY 2024 eight sending districts

⁹⁶ Special Legislative Task Force to Study Rhode Island’s Education Funding Formula. (2020). Findings and Recommendations. Retrieved from <https://www.rilegislature.gov/Reports/Funding%20Formula%20TF%20full%20report.pdf>

⁹⁷ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

⁹⁸ While some Charter Districts do qualify for some state housing aid and SBA capital fund aid, this does not make up for regular municipal support in these categories.

⁹⁹ RIGL 16-7.2-5(c)

¹⁰⁰ RIGL 16-7.2-5(c)

qualified for the unique cost deduction, an increase from three qualifying districts the prior year, while all others received the seven percent minimum.

In FY 2023, the per pupil reduction in tuition for districts ranged from \$184 in Woonsocket to \$2,581 in Jamestown. For the three major sending districts the amount provided by the holdback in FY 2023 was an average of \$266 per pupil. Based on Charter District ADM by resident district in FY 2023, this resulted in approximately \$4.4 million (\$391 per pupil) less funding for charter students. This amount does not include additional tuition reductions for Mayoral Charter District payments provided to some traditional districts.

Tuition Calculation Delay

In addition to exclusions and holdbacks in tuition calculations, Charter Districts are also impacted by the two year delay in tuition calculations. Due to data availability, local tuition amounts are calculated using financial data from two years prior.¹⁰¹ This means that even if municipalities increase appropriations for education in response to reduced state funding or increased operational costs, Charter Districts do not benefit from those increased appropriations for two years.

For example, in FY 2022 tuition amounts were calculated using FY 2020 financial data. This calculation resulted in a tuition amount of \$4,268 for a Providence Student attending a Charter District. However, FY 2022 financial data used for FY 2024 calculations sets tuition for a Providence student at \$4,610. That is a difference of \$342 per pupil, or \$68,400 for a Charter District educating 200 Providence students.

Regional Comparison

Among Rhode Island's peer states, Massachusetts, Connecticut, and New Hampshire, only Massachusetts requires traditional districts to pay tuition for all students enrolled in Charter Districts. In contrast, charter schools in New Hampshire and Connecticut are fully funded by the state unless local districts decide to open and operate their own charter schools.¹⁰²

Massachusetts tuition amounts are based on the foundation budget used to calculate state support for traditional districts, plus an additional per pupil amount for facilities costs. The state pays full foundation aid to the sending district for all resident students, and then sending districts are responsible for making payments to Charter Districts based on the state's calculated tuition amounts. To offset the impact of tuition, Massachusetts provides tuition reimbursement for new

¹⁰¹ This means for calculating FY 2024 tuition amount FY 2022 data was used.

¹⁰² New Hampshire Department of Education. (2023). State Adequate Education Aid. Retrieved from <https://www.education.nh.gov/who-we-are/division-of-educator-and-analytic-resources/bureau-of-education-statistics/state-adequate-education-aid>.

Massachusetts Department of Elementary and Secondary Education. (2023). Chapter 70 Program. Retrieved from <https://www.doe.mass.edu/finance/chapter70/>.

Connecticut State Department of Education. (n.d). Education Cost Sharing (ECS) Town Wealth. Retrieved from <https://portal.ct.gov/SDE/Fiscal-Services/ECS-Wealth>.

Charter enrollments for three years, with 100 percent in year one, 60 percent in year two, and 40 percent in year three, within available appropriations. Additionally, the state also pays 100 percent of the facilities component.¹⁰³

School Construction Aid

FINDING 19: Charter Districts are not reimbursed equitably for the costs necessary to build and maintain safe and healthy schools.

RECOMMENDATION 10: Provide Charter Districts with additional support for facilities through need-based housing aid reimbursements and/or place the state in the traditional role of municipalities for Charter District by providing state owned facilities for Charter District use.

Housing Aid

Students attending charter schools do not receive an equal benefit from State Housing Aid as their peers attending traditional districts. The State Housing Aid program provides financial assistance to Districts in carrying out school building repairs, improvements, and replacements.¹⁰⁴ Charter Districts are excluded from the weighted reimbursement calculation based on need, and instead receive a flat reimbursement of 30 percent. While the state provides Districts with the ability to increase reimbursement rate by up to 20 percent if projects align to state identified priorities, Charter Districts receive lower reimbursement than even the wealthiest traditional districts who receive a minimum reimbursement of 35 percent before incentives.¹⁰⁵

Table 7 shows the impact of reduced reimbursement rates for Charter Districts as compared to the lowest traditional district rate, and rates received by Providence, Pawtucket, and Central Falls for hypothetical construction projects.¹⁰⁶ This table shows the reimbursement amounts for two hypothetical projects costing \$1 million and \$10 million dollars. Despite largely not benefiting from municipal bond support, and serving students primarily from high need communities, Charter Districts qualify to receive significantly less housing aid, if they qualify at all.

¹⁰³ Massachusetts Department of Elementary and Secondary Education. (2023). Chapter 70 Program. Retrieved from <https://www.doe.mass.edu/finance/chapter70/>.

¹⁰⁴ Rhode Island Department of Education. (n.d.) Housing Aid. Retrieved from <https://ride.ri.gov/funding-finance/school-building-authority/housing-aid>.

¹⁰⁵ R.I. House Fiscal Advisory Staff. (2023). Education Aid. Retrieved from <https://www.rilegislature.gov/housefiscalreport/2020/Education%20Aid%20Report%20-%20Enacted.pdf>.

¹⁰⁶ Rhode Island Department of Education. (n.d.) Housing Aid. Retrieved from <https://ride.ri.gov/funding-finance/school-building-authority/housing-aid>.

Table 7. Reimbursement for Hypothetical Projects by District Type

District Type	Housing Aid Rate	Hypothetical Project Cost	
		\$1,000,000	\$10,000,000
Charter Rate	30%	\$300,000	\$3,000,000
Lowest Traditional	35%	\$350,000	\$3,500,000
Providence	80%	\$802,000	\$8,020,000
Pawtucket	80%	\$803,000	\$8,030,000
Central Falls	96%	\$964,000	\$9,640,000

Charter Leader Perspective: All Charter Leaders expressed concern about the low rate of reimbursement provided to Charter Districts. While Leaders at districts with access to Housing Aid expressed appreciation that funding was available, half of school leaders interviewed indicated that low rates either delayed projects, or resulted in them choosing to not seek reimbursement. Two Charter District Leaders indicated that because state program requirements made projects more expensive, the low rate of reimbursement made it so there would be no financial benefit to pursuing reimbursement.

In addition to lower reimbursement rates, Charter Districts are also significantly impacted by the requirement that Housing Aid Grants only be made for projects in buildings owned by districts. Unlike traditional districts, Charter Districts often rent the buildings they operate in, and therefore do not qualify for Housing Aid. Charter School Leaders at districts that rent school facilities often indicated in interviews that a major priority is to find property to purchase in order to provide better learning environments for their students.

Facility Equity Initiative Pilot Program

In FY 2022 the Council on Elementary and Secondary Education authorized the creation of the Facility Equity Initiative Pilot Program through the School Building Authority Capital Fund. This program provides up-front funding for high priority projects to improve health and safety of students in traditionally underserved communities, and to lower costs by eliminating interest costs. This program was initially only available to districts who qualified for more than 65 percent reimbursement from the state Housing Aid program, but was expanded to districts that qualified for over 45 percent reimbursement.¹⁰⁷ Because Charter Districts receive a flat 30 percent reimbursement, they are not eligible to participate in this program, even though many Charter Districts educate significant populations of students with additional learning needs, from underserved communities.

¹⁰⁷ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

Impact

Students attending Charter Schools are not receiving equitable funding to ensure that they are attending safe, secure, high quality buildings. The reduced reimbursement rate through the state Housing Aid program, combined with a lack of state and local funding for capital projects and debt results in Charter Districts spending a significantly larger proportion of their budgets in these categories. This results in reduced funding available to provide instruction and support services to students. During interviews, Charter Leaders often noted the difficulty in obtaining Housing Aid, and noted impacts to facilities as a result including not having access to up to date technology, putting off non-emergency repairs, and taking advantage of furniture being discarded by traditional districts during upgrades.

Charter Leader Perspective: All Charter Leaders interviewed indicated that facilities costs were a significant budget concern that reduced the amount of funding available for instruction and student supports. Charter Leaders from districts that were leasing buildings noted that purchasing a building was a high priority, but that the high cost of property and lack of municipal bond support coupled with significant rent payments were significant barriers.

Categorical Funding for Student Need

FINDING 20: Categorical programs designed to help districts meet additional student needs have fallen short for both charter and traditional districts in Rhode Island.

RECOMMENDATION 11: Provide state support for students with additional learning needs and high cost programs through formula aid with statutorily required funding rather than through programs subject to appropriations.

In addition to formula aid, the state provides additional funding to public schools through Categorical Grants for high cost programs. Categorical grants include english language learner, high-cost special education, transportation, and Career and Tech. Charter Districts are negatively impacted by the underfunding and limitations on some categorical grant programs, and exclusion from others.

English Learners

RECOMMENDATION 12: Move funding for Multilingual learners from categorical to formula aid and implement RIDE's proposed new multilingual learner weight included in their FY 2025 budget request.

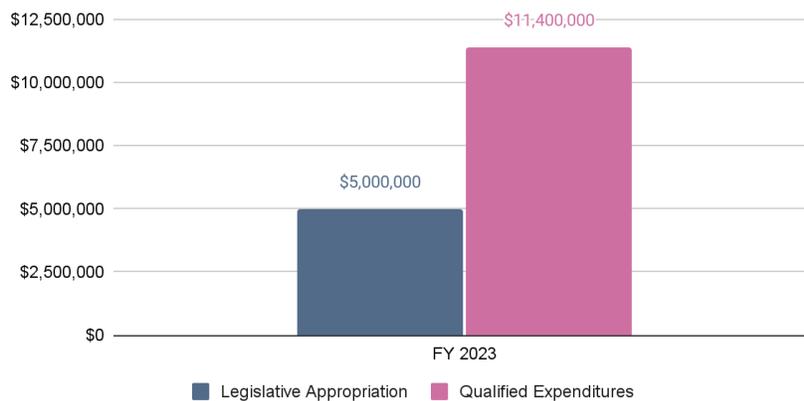
This weight would increase the weight for the three lowest proficiency categories to 25 percent, add a 15 percent weight for students testing in the three highest

proficiency categories, and add a 15 percent weight for students two years after exiting the MLL program.¹⁰⁸

Until FY 2024 English learner categorical aid was not fully funded by the legislature, resulting in reduced funding for districts on a pro rata basis. Multilingual learner aid also has historically had a high rate of unclaimed funding, and only provides funding for students testing in the lowest three levels of proficiency.¹⁰⁹

Figure 17. English Learner Categorical Funding

Appropriation vs Full Funding FY 23



Charter Leader Perspective: A third of Charter District Leaders indicated that funding for multilingual learners is often not sufficient to meet their students' learning needs. Though many recognized recent increases in English Language categorical funds, the difficulty of finding teachers, the cost of small MLL populations, and limitations tied to categorical funding were all mentioned as challenges.

Funding for multilingual learners has to be spent on innovative services not already being provided by the district, requiring districts to continually innovate and change programs in order to access funding.¹¹⁰ This can result in instability for students, and make it difficult to determine what programs are producing the best outcomes for students. For districts with small Multilingual learner (MLL) populations, it can be difficult to find staff or programs that fit into budgets and meet state requirements. While the FY 2024 state budget did both increase

¹⁰⁸ Rhode Island Department of Education. (2023). PK-12 Education Budget Discussion. Retrieved from https://ride.ri.gov/sites/g/files/xkgbur806/files/2023-10/Encl5b_Budget.pdf

¹⁰⁹ ACCESS testing utilizes 6 levels of proficiency, with levels 1-4 representing students with English Language skills not at grade level. Rhode Island Department of Education. (n.d). ACCESS & Alternate ACCESS. Proficiency Levels and Proficiency Level Descriptors. Retrieved from https://ride.ri.gov/sites/g/files/xkgbur806/files/Portals/0/Uploads/Documents/Instruction-and-Assessment-World-Class-Standards/Assessment/Results/ACCESS_AltACCESS_PLDs.pdf?ver=2021-10-28-092556-187.

¹¹⁰ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

funding for multilingual learners, and add statutory requirements for full grant funding, resulting in significantly increased grants to districts, funds still carry the same restrictions.¹¹¹

Charter Districts are also significantly impacted by delays in funding calculations. Grant amounts are calculated based on student enrollment data and ACCESS test scores from two years prior.¹¹² This can result in only a portion of MLL students in a district receiving funding, especially in new or expanding Charter Districts, or schools where immigrant populations with MLL students expand significantly over a short period of time.

For example, Nuestro Mundo Public Charter School did not receive any Categorical aid for MLL students in the first two years of operation (FYs 2022 and 2023).

High-Cost Special Education

Charter Leader Perspective: Over 80 percent of Charter Leaders interviewed indicated that special education students would benefit from increased funding and that additional funding for special education would benefit all students in their schools. Two Charter Leaders noted that the current high-cost special education categorical grant has a threshold that is difficult to meet, and is often only reached for outplaced students, and that even when the threshold is met reimbursement is not received for two years.

In Rhode Island there is no relationship between the percentage of students with disabilities and the amount of funding districts receive. In fact, among Charter Districts there is actually a statistically significant negative relationship between the percentage of students with disabilities and the per pupil revenues a district receives. This means that Charter Districts educating higher percentages of students with disabilities receive less funding than those with lower percentages of students with disabilities.

In order to receive reimbursement through high-cost special education categorical funding, a district must spend more than four times the combined core and success factor per pupil (currently \$66,506 for FY 2024) on a single student. In FY 2022 spending by districts across Rhode Island for special education students was just over \$29,000 per pupil.

¹¹¹ R.I. Senate Fiscal Office. (2023). *FY2024 Budget as Enacted: Education Aid*. Retrieved from <https://www.rilegislature.gov/sfiscal/Other%20Documents/FY2024%20Enacted%20Education%20Aid.pdf>.

¹¹² Add Citation

Figure 18. FY 2022 Special Education Spending Per Student Compared to Reimbursement Threshold



Other Categorical Funding

Transportation

FINDING 21: Charter Districts face unique pressure for the fiscal responsibility to provide transportation for students, but do not receive state support in line with their increased costs.

RECOMMENDATION 13: Include transportation costs in the calculation of the core instructional amount used in calculating state formula aid, and expand categorical transportation aid to include aid for districts experiencing high-costs of transportation.

Students attending Charter Districts do not receive funding for transportation in line with their needs, and because Charter Districts often serve students from across multiple municipalities, the cost of transportation can be a significant portion of a Charter District budget. Transportation for charter school students is provided through the statewide school transportation system at cost to the Charter District as long as a student resides within the district’s designated transportation region.¹¹³

Charter Leader Perspective: Four Charter School Leaders indicated that transportation was a major, growing expense that took a large percentage of their budget, and one

¹¹³ Rhode Island Department of Education. (n.d). Student Transportation. Retrieved from <https://ride.ri.gov/students-families/additional-resources/student-transportation>

Charter Leader indicated concern about potential future transportation costs as they expand.

Though Charter Districts on average spend slightly less than all traditional districts on transportation, there is a disconnect between the expenditures of major sending districts and Charter Districts. While on average major sending districts spent approximately \$500 per pupil in FY 2022, Charter Districts spent approximately \$900 per pupil, with some districts spending as much as \$2,312 per pupil. Because state aid does not include transportation costs in the foundation calculation, Charter Districts are reliant on sending district tuition to fund transportation costs. However, this disconnect in costs between districts results in many Charter Districts spending a higher percent of their budget on transportation.

Although the state provides Regional Districts with 50 percent of the cost of transportation, in recognition of the high cost of regional transportation, Charter Districts do not qualify for regional transportation aid, despite many Districts experiencing similar geographic cost pressures to Regional Districts.

Appendices

Appendix A: Qualitative Research Methodology

In order to learn more about the “on-the-ground” reality of the school funding in Rhode Island, the School and State Finance Project research team conducted a series of structured interviews with Charter District leaders, finance managers, and data specialists. The structured interviews were intended to answer the following research question: “What is the perspective of school leaders and stakeholders on the charter school funding system?”

Participant Identification

Participants were identified from a list of leaders, finance managers, and data professionals provided by the Rhode Island League of Charter Schools. Initial interview requests were sent out to a selection of leaders and finance managers representing all Independent Charter Districts with an intentional balance between school leaders and finance professionals.

Appendix B: Interview Format

Interviews were conducted virtually via Zoom video conference software, and were recorded for later transcription and qualitative analysis. Interviews took place from September 30th and December 5th, each lasting for between 30 minutes and 1 hour in length.

Interview questions were developed in alignment with qualitative research design best practices, including the use of open ended questions that are informed by existing research, and the use of prompts when interviews had difficulty answering more abstract questions.¹¹⁴

Interview questions were designed to achieve the following goals:

- Assess what the interviewee’s knowledge level is about charter school funding.
- Learn how school leaders view the current system and how it does and does not meet student needs.
- Identify what leaders find works and does not work in the existing system.
- Understand what improvements would be most impactful for charter students and the districts that educate them.

Interview Question Guide

Prior to the commencement of interviews the research team developed an interview guide to provide a uniform structure for interviews to ensure more comparable responses. This guide

¹¹⁴ The following resources were used to inform the content and structure of the structured interview:
[Imperial College London - Interview protocol design](#)
[Boston University Qualitative Research Design and Analysis](#)

functioned as a framework for conducting interviews, and was modified as needed by the interview depending on the responses of the participants.

- **Introduction**

- Interviewer introduction

- Hello my name is {researcher name} I'm a {researcher title} with the School and State Finance Project. Thank you for taking the time to talk with me today!
- Before we get started, is it okay if we record this interview? The recordings will be for internal use only, we plan to use transcriptions to carry out our analysis and to potentially use for direct quotes, however we will keep all responses anonymous.
 - If yes - Great thank you so much!
 - If no - that is totally okay, I will be taking notes during the interview just to use for analysis purposes. -follow up
- To get started I'm going to tell you a bit about us and the project we're carrying out, and then I will ask you a bit about yourself and your role. Then we'll talk a bit about how your school is funded, how the current charter school funding system does and doesn't work for your school, and what you wish would be improved upon.
- The School and State Finance Project is a Connecticut-based nonpartisan, nonprofit policy organization focused on education funding and state finance issues, with a commitment to providing independent analysis, building public knowledge, improving transparency, and developing fair, sustainable solutions
- We are currently working with the Rhode Island League of Charter Schools on an analysis of the history, changes, and impact of the Rhode Island education funding system on RI charter schools and the students that attend them.
 - The goal of this project is to identify ways to improve the funding system for charter schools in the state by developing a deeper understanding of the system.
 - The objective of this interview is to learn and examine the "on the ground" reality of charter school funding as experienced by school leaders and stakeholders like yourself.
- We expect this interview to take between 45 minutes and one hour. Do you have any questions before we begin?

- Interviewee Information

- I'm going to start off with just some basic background questions about you and your role.
 - How long have you been in your current role?
 - What other roles have you had in the education field?
 - What drew you to the charter sector?

- **System Knowledge**
 - **Goal:**
 - Assess what the interviewee's knowledge level is about charter school funding.
 - **Questions:**
 - Could you please provide a brief overview of how your school is funded?
 - Guiding prompts as needed:
 - What sources of funding are available to charter schools in Rhode Island?
 - State, local, federal
 - Follow-up Questions - as needed/appropriate
 - What is the largest funding source for your charter school?
 - How do you calculate how much revenue your charter school will have for upcoming school years?
 - How does revenue vary significantly from budgeted to actual amounts?
 - Do you follow legislative discussions around changes to the funding system?
 - How do you stay up to date on changes to the school funding system?
 - What is something you wish you knew more about in the current school funding system?
- **Current System Suitability**
 - **Goal:**
 - Learn how school leaders view the current system and how it does and does not meet student needs.
 - **Questions:**
 - How would you describe the funding level of your school?
 - Guiding prompt if needed:
 - Would you say your school is underfunded, funded adequately?
 - Why do you say that?
 - With current funding do you feel you are able to fully support your students' learning needs with current funding?
 - Follow-up questions as needed:
 - In your school what student populations do you believe need additional support?
 - Are there student groups that you believe would benefit from additional funding?
 - If you were to receive additional funding, what would your spending priorities be?
 - How much additional funding do you think you would need to meet those priorities? Per pupil?

research and analysis. Qualitative interview responses and themes are used throughout this report to highlight areas of particular concern to charter school leaders and finance professionals.

Appendix D: Core Instruction Expenditures¹¹⁵

UCOA Function Code	UCOA Description	Included	Excluded
111	Instructional Teachers	x	
112	Sub Teachers	x	
113	Instruct Parapros	x	
121	Pupil-Use Technology	x	
122	Instruct Materials	x	
211	Guidance	x	
212	Library and Media	x	
213	Extracurricular	x	
214	Student Services - Instructional	x	
215	Academic Interventions	x	
216	Student Health Services - Medical	x	
221	Curric Development	x	
222	Staff Development	x	
223	Sabbaticals	x	
231	Program Management	x	
232	Therapists	x	
241	Student Assessments	x	
311	Transportation		x
312	Food Service		x
313	Safety		x
321	Building Upkeep		x
331	Data Processing	x	
332	Business Ops	x	
411	Budgeted Contingencies		x

¹¹⁵ Wagner, K. Dr. (2018) *Funding Formula Reference Guide*. Rhode Island Department of Education. Retrieved from <https://www.ri-asc.org/wp-content/uploads/Funding-Formula-Reference-Guide-RIDE.pdf>.

421	Debt Service		x
422	Capital Projects		x
431	Pass-Throughs		x
432	Retirees Benefits		x
433	Community Svc Ops		x
441	Claims and Settlements		x
511	Principals and Asst Prin.	x	
512	School Office	x	
521	Deputies and Sr. Admin	x	
531	Superintendent and Board	x	
532	Legal	x	

Appendix E: 50-State Survey of Formula Funding¹¹⁶

State	Funding System	Special Education	Multilingual Learner	Concentrated Poverty
Alabama	Resource Based Allocation	x		
Alaska	Student Based Foundation	x	x	
Arizona	Student Based Foundation	x	x	
Arkansas	Student Based Foundation			
California	Student Based Foundation		x	x
Colorado	Student Based Foundation	x	x	x
Connecticut	Student Based Foundation		x	x
Delaware	Resource Based Allocation			

¹¹⁶ Education Commission of the States. (2021). K-12 and Special Education Funding 2021. All Data Points. Retrieved from <https://reports.ecs.org/comparisons/k-12-and-special-education-funding-2021>.

Florida	Student Based Foundation	x	x	
Georgia	Hybrid	x	x	
Hawaii	Student Based Foundation	x	x	
Idaho	Resource Based Allocation	x		
Illinois	Hybrid			
Indiana	Student Based Foundation	x		x
Iowa	Student Based Foundation	x	x	
Kansas	Student Based Foundation		x	x
Kentucky	Student Based Foundation	x	x	
Louisiana	Student Based Foundation	x	x	
Maine	Hybrid	x	x	
Maryland	Student Based Foundation	x	x	
Massachusetts	Hybrid	x	x	x
Michigan	Student Based Foundation		x	
Minnesota	Student Based Foundation	x	x	x
Mississippi	Hybrid			
Missouri	Student Based Foundation	x	x	
Montana	Student Based Foundation			
Nebraska	Student Based Foundation		x	x
Nevada	Student Based Foundation	x	x	
New Hampshire	Student Based Foundation	x	x	

New Jersey	Student Based Foundation		x	x
New Mexico	Student Based Foundation	x	x	
New York	Student Based Foundation	x	x	
North Carolina	Resource Based Allocation	x	x	
North Dakota	Student Based Foundation	x	x	
Ohio	Student Based Foundation	x	x	
Oklahoma	Student Based Foundation	x	x	
Oregon	Student Based Foundation	x	x	
Pennsylvania	Student Based Foundation	x	x	x
Rhode Island	Student Based Foundation			
South Carolina	Student Based Foundation	x	x	
South Dakota	Resource Based Allocation	x	x	
Tennessee	Resource Based Allocation	x	x	
Texas	Student Based Foundation	x	x	x
Utah	Student Based Foundation	x	x	
Vermont	Resource Based Allocation		x	x
Virginia	Resource Based Allocation	x	x	x
Washington	Resource Based Allocation	x	x	x
West Virginia	Resource Based Allocation			
Wisconsin	Resource Based Allocation			
Wyoming	Resource Based Allocation		x	

Appendix F: About the Researchers

Organization Background

Founded in 2015, the School and State Finance Project is a nonpartisan, nonprofit policy organization, focused on education funding and state finance issues, with a commitment to providing independent analysis, building public knowledge, improving transparency, and developing fair, sustainable solutions.

As a trusted resource for data and information, we work with stakeholders and communities to address the most pressing education finance challenges, and develop innovative, data-driven policy solutions to improve state economic and fiscal health.

Over the past seven years, we've used our extensive experience in developing, modeling, and communicating policy solutions to reform and improve Connecticut's education finance system, increase transparency in school funding, and build knowledge in communities about the state's finances.

Expertise in Education and State Finance

Since its founding, the School and State Finance Project has worked extensively to address the state's most pressing education finance challenges. With a deep and thorough knowledge of how Connecticut funds its public schools, the School and State Finance Project has significant experience in researching, modeling, and crafting policy solutions for state education aid and special education funding, among other areas. For example, during the 2017 and 2021 legislative sessions, the School and State Finance Project worked with the Office of the Governor and legislative caucuses to revise the Education Cost Sharing (ECS) formula, including modeling dozens of potential revisions and their impacts on the state budget and individual towns.

The Project has extensive experience providing technical assistance to organizations that align with our mission, focus areas, and goals. Through this work, we harness the data and policy experience of our staff to provide school districts, nonprofit partners, and government agencies with the assistance and support needed to achieve their goals.

More information about the School and State Finance Project and its work is available at <https://schoolstatefinance.org/>.

Nonprofit Project of TSNE MissionWorks

The School and State Finance Project is a nonprofit project of TSNE MissionWorks, which is a nonpartisan and experienced fiscal sponsor that currently serves nonprofits from a variety of sectors throughout New England and across the country. The TSNE MissionWorks Board of Directors has governing authority over, and legal and fiduciary responsibility for, the School and State Finance Project.