

## **Issue Brief 9: Improving School Finance and Efficiency**

The attached brief was developed to introduce and frame key issues under discussion by the Funding Formula Working Group.

These briefs do not address every issue that affects public education funding. By focusing on concise introductions to important and complicated topics, some detail and nuance has been intentionally omitted.

We welcome your feedback on these briefs or on any other topic related to Rhode Island's Funding Formula, which you may submit to [edfundingri@ride.ri.gov](mailto:edfundingri@ride.ri.gov)

## Issue Brief 9: Improving School Finance and Efficiency

### Issue Summary

This brief describes current initiatives in Rhode Island to improve the transparency and efficiency of the public education funding and to summarize the best practices that have shown to improve school finance and the efficiency of public education systems across the nation and around the world. These practices should not be considered for adoption wholesale, but instead should be reviewed and analyzed for their potential ability to improve the equity and efficiency of Rhode Island's funding formula.

### Rhode Island Context and Data

Several iterations of Rhode Island's Strategic Plans for Public Education have called for the state's resources to be invested wisely. With this charge, the Rhode Island Department of Education and various stakeholders have undertaken numerous efforts to create opportunities and strategies to achieve savings that could be redirected toward the improvement of student achievement.

In response, the Rhode Island Department of Education has implemented six major categories of statewide efficiencies. These efforts range from creating service-sharing arrangements (statewide out-of-district transportation) that produce local savings to improving statewide oversight of expensive programs that require both state and local investments (school construction regulations) to the statewide bond funding to pursue critical facilities updates (Wireless Classroom Initiative).

Table 1: Statewide Efficiency Effort	Estimated Savings
Statewide Food Service Contract	\$5 million
Statewide Out-of-District Transportation	\$12 million
School Construction Regulations	\$100 million
E-Rate Consortium and RITEAF Program	\$2.5 million annually
Statewide School and Office Supply Bids	\$1.1 million
Wireless Classroom Initiative	\$2.9 million

In addition, the Office of Statewide Efficiencies at RIDE has partnered with districts to develop a best-in-class statewide method of accounting called the Uniform Chart of Accounts (UCOA). UCOA has allowed the state and local districts to research expenditure data down to the school level and to answer sophisticated questions about both expenses and revenue. UCOA is used in RIDE's funding formula and categorical programs. UCOA has been the source data for all expenditure presented to this Working Group.

### National Practice and Examples

No state, district, or education system offers a flawless model of excellence in school finance and efficiency. However, best practices in state funding formulas recognize three important principles.<sup>1</sup>

1. Achieving equity and excellence requires distributing resources based on student need and the provision of such resources must be linked to their effectiveness. Practices that support this principle include:
  - Publicly reporting financial information down to the level of all public schools, while taking into account school characteristics such as size, geography, demographics, and student need

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<sup>1</sup> Many best practices featured in this brief were highlighted in a federal report, "For Each and Every Child: A Strategy for Education Equity and Excellence" published on February 2, 2013 by the U.S. Department of Education.

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- Striving towards a system of funding that provides sufficient resources needed for diverse students to achieve state content and performance standards. This may require the provision of additional resources to address the academic and other needs of diverse types of disadvantaged students
  - Addressing the consequences of concentrated poverty in schools. Research indicates that schools with concentrated poverty are expensive and perform worse than schools without concentrated poverty
2. Installing a dynamic system of continuous improvement that includes transparency of data. Best practices that promote continuous improvement include:
- Developing ways to increase cost-sharing between schools and districts to lower administrative costs and redirect funds towards teaching and learning
  - The periodic review, development of performance evidence, and updating of the finance system to respond to changes in academic standards, student demographics, program research, costs and other factors relevant to maintaining meaningful educational opportunities and to reaching high levels of achievement for all students
  - Commitment to revisiting the adequacy of education funding on a consistent basis.
  - Assurances that the finance system is supported by stable and predictable sources of revenue
3. Promoting best practices and innovation that serve students and families, including:
- Adding requirements that designated state funding be used to implement empirically proven instruction or programming to meet the need of traditionally underserved students
  - Promoting innovation through incentive funding
  - Promoting high-quality programs for disadvantaged students without incentivizing the misidentification or over classification of students.