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## Education

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# Julia Steiny: Funding formula wil allow us to see where dollars go

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In the wee hours of the [General Assembly](#)'s last day in session, and among a shameful blizzard of legislation moving too fast for anyone to understand well, Rhode Island got an education funding formula. We no longer suffer the embarrassment of being the only state in the nation without one.

And the heavens opened, and the angels came down to sing the Alleluia chorus.

Predictability, increased fairness and eventual education-funding equity are virtues long owed to the kids, families and educators.

The first thing anyone says about the new formula is that it's not perfect. Right. If a perfect one existed, all states would be using it. But at least we can now discuss the specifics of the one we got.

First, a few basics: A formula has two parts. One part is the "share ratio," which assesses a local community's ability to raise taxes and determines the share or percentage the state and the locals will each pay toward the per-pupil expenditure. Poor districts pay small shares; rich ones large shares. States across the nation fiddle often with their share-ratio because some set of taxpayers inevitably feels unfairly treated.

The second part is the per-pupil expenditure itself, the amount of money allocated to each child. The challenges of different students complicate this part. Rhode Island's new basic formula allots roughly \$8,300 to each child, but adds another 40 percent for each child in poverty, or about \$11,500. Deeper into the fine print are other categories that need extra funding, like vocational and early-childhood education.

Here's a dilemma: Actually, no Rhode Island school district spends less than \$11,000 per pupil. Some reach nearly \$20,000.

But because the state has horrible financial problems, the formula had to be "revenue-neutral," meaning that it couldn't cost more than the state is currently spending. Over time, so the districts that will lose money can make adjustments, the formula will redistribute the existing state spending without kicking in more money, or hardly any. So there isn't nearly enough state money in the kitty to fund what it actually costs to educate a child.

To stay within budget, the formula developers—experts from the Department of Education and Brown University—created a "market basket" approach. Only certain costs are included in the formula for the state's share. Tossed out of the basket are expenses local communities will have to fund. The developers' decisions give us a glimpse into what had been a black box of school funding, so we can see more clearly where our education tax dollars go.

Formula funds will help pay for teachers, supplies, curriculum materials and so forth.

But the expenditures now left entirely up to the local communities include food services, transportation, teacher pensions, other retiree benefits, utilities and maintenance, upkeep of the buildings, and out-of-district tuition and transportation.

Hmmmm. Let's consider just three of these market-basket rejects.

- Pensions.

Over the years, state legislators allowed themselves to buy votes from labor unions in exchange for creating an unsustainably lavish state-employee pension program, which includes teachers. Pensions are a state program; local communities have absolutely no control over them. Yes, pension generosity is doled out very unevenly — some retirees struggle, while the judges make out like bandits. But it's no secret that overall, public-employee pensions are the fiscal gorilla strangling the state's economy.

So if state pensions had been included in the market basket, precious little would have been left over for the kids. A more honest funding formula would include a cost as inevitable to education as teacher retirement. So when your kid's music or sports program is cut, think pensions. Hopefully, now that the formula has outted this issue, communities and parents will kick up a fuss and forbid the legislators to pass their irresponsibility on to the cities and towns. He who calls the tune should pay the piper.

- Other retiree benefits.

The formula developers were right to kick the costs of "other retiree benefits" out of the basket and put them squarely on the local communities. These are expenses on top of the above-mentioned pensions that were negotiated by local unions and school committees, obligating the taxpayer to fund benefits like lifetime healthcare.

In Newport, those extras make up about \$1,400 of the per-pupil expenditure. Conversely, five districts (and the charter schools) have no such obligations, leaving more money for kids and current education initiatives.

- Transportation.

Bus transportation is out of the basket? Really? Even with the "revenue neutral" constraint, you would think the state would want to use the formula to promote statewide school transportation, since economies of scale would reduce the costs for all districts and would be more fair to kids. Currently, to be eligible for a bus pass, Providence high-school students must live at least 3 miles away from their school, which seems like an invitation not to go to school on cold, winter days. Getting to school seems basic to education.

In any case, you can see that the decisions about what to put into the market basket will at least push to the surface all sorts of critical issues, which is a good thing. We're finally talking about how funds are spent, instead of merely demanding more and more money.

It's an excellent start. Kudos to the many people who pushed and pushed to get a formula, however flawed and under-funded.

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