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Print Page

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Charter schools lose under changed funding formula

The revision imperils smaller charters and was never reviewed publicly, advocates say

PROVIDENCE, R.I. — Rhode Island's charter schools say they've been deprived of \$2.6 million in state aid this year because of a change in the school funding formula that was never discussed in public.

The Department of Education said the change was made to correct a mistake in the formula, one that gave charter schools more money per pupil than the school districts where the pupils reside.

The disagreement comes at a time when charter schools are already facing a substantial hit — \$355 per student — under Governor Raimondo's budget proposal, which was revised this winter to address concerns that traditional districts are not reimbursed for costs that they bear but charters don't.

The charter schools say the governor's proposed cut, combined with the losses they have absorbed in the changed funding formula, will spell disaster for their future, especially for small schools that already operate on tight budgets.

"We're getting two haircuts," said Sarah Friedman, co-director of The Learning Community charter school, in Central Falls. "When we project out our budgets, the independent charters will be struggling to stay open within the next five years. Most of us will be running structural deficits by next year."

Under the original school funding formula, approved by the legislature in 2010, the money follows the child.

This is how public education in Rhode Island has been funded at the local level: start with the community's property tax revenue earmarked for education, subtract what the district spends on debt and capital projects, and divide the result by the total number of public school students who live in that town or city.

Until the Department of Education changed the formula, per-pupil allocations were that simple. Conventional and charter schools used the same figures.

Beginning in the 2014 school year, however, RIDE tweaked the formula, establishing two different methods of calculating per-pupil spending. The department allowed school districts, when figuring their charter spending, to subtract the amount they had sent to charters during the 2012 school year before dividing by the total number of students. (The base year was set to be two years prior to the current fiscal year.)

By removing the money spent on charters from the equation but leaving the number of students unchanged, the formula no longer distributes school spending equally among conventional and charter students. And as charter enrollments rise, the loss in charter funding grows progressively.

Tim Groves, executive director of the Rhode Island League of Charter Schools, offered the following example. Cumberland's local appropriation for education is \$38.6 million in 2016. The total enrollment of public school students, including charter students, is 4,857. Under the original formula, Cumberland would be sending charter schools \$7,966 per student. Instead, the charters receive \$7,506 per pupil.

Here's another way of looking at it: Cumberland has 404 charter students this year. Under the new calculation, the district keeps \$460 per student, money that went to the charters before the revision. The net loss to the charter schools that enroll Cumberland students is about \$177,400.

Department of Education officials agree that this change was made in 2014 but say there was nothing covert about it.

"In 2013, we started to see a lot of increases in aid to charter schools," RIDE spokesman Elliot Krieger said Wednesday. "It was hitting some districts particularly hard. We looked back at the formula and asked, is there anything we can do to amend or correct it?"

The department discovered that charter students were being counted twice under the original formula, providing a windfall to charters at the expense of the traditional school districts, said RIDE's deputy commissioner, David Abbott.

A year later, RIDE revamped the formula to correct this mistake, Abbott said.

"If anyone should be upset," he said, "it should be the districts. We didn't realize that the way we had interpreted the statute was wrong."

But Groves, along with the leaders of two charter schools, said RIDE changed the funding formula, specified by law, without any public input: not from the Council for Elementary and Secondary Education nor the legislature. On Thursday, Council Chairman Dan McConaghy declined to comment.

"That David Abbott thinks he can change the letter of the law without any public process—that's news to me," Groves said.

Abbott said his department has considerable leeway over such calculations, adding that his agency would grind to a halt if it had to publicly vet every piece of local aid data.



PHOTO/ THE PROVIDENCE JOURNAL/MARY MURPHY, FILES

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"The charters are saying this had a huge impact that they didn't notice for three years," Abbott said. "How is that possible? They know how many kids they have."

The charter schools, however, say the changes to their total local aid were smaller in the early years and not noticeable.

Rose Mary Grant, head of the Highlander Charter School, in Providence, discovered the revision in November when her staff was compiling data for the governor's fair funding formula committee, which was convened this fall to study whether the formula was fair.

"We want to know when this decision was made and why the public wasn't informed," Grant said. "At this point, schools are looking at the next five years and wondering if they will have to close their doors."

Some members of the General Assembly were also in the dark. Rep. Jeremiah O'Grady, D-Lincoln, chaired a House committee on the fair funding formula in 2014 that heard hours of testimony.

This week, he said the change was never brought to his attention.

"The statute is pretty clear," said O'Grady, who is generally critical of how charters are funded. "In changing the formula, it appears that RIDE was pursuing something contrary to the plain language in the statute."

Krieger said the department understands the charters' point of view. So does Raimondo, he said. The governor's budget proposal freezes the charter-spending sum that districts can exempt at the 2014 level, he said, which means charter schools wouldn't lose any more money under the formula than they are now. The budget goes before the House Finance Committee on Thursday.

"That clearly will put a brake on the shift in state aid from charters to districts," Krieger said. "No one is ever completely happy with legislation that is this complicated."

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