Report to the USBE Finance Committee

R277-419 and LEA Funding Taskforce
10/7/2014
Original Recommended Actions & Timeline

• March 7 – Discuss issues and receive direction from the Board
• April through August – Convene discussion groups of constituents to talk through issues and make recommendations
  • Charter School and District Representatives
  • On-line LEAs and Providers
  • Competency Based Education LEAs and Providers
  • Legislative Fiscal Analyst and Governors Office of Management and Budget
• September 5th – Report to the State Board Finance Committee
• October 3rd – Amended Board Rules and Recommended Statutory changes to the full State Board of Education
• November – Report to Education Interim Committee or Public Education Appropriations Subcommittee
• December through January – Identify Legislative Sponsors and begin drafting legislation
Update on the R277-419 and LEA Funding Taskforce

• The taskforce has met twelve times for two hours each
  • Issues discussed by the group include:
    • Charter School and District WPU Funding
    • Online Education Funding
    • Competency Based Funding
  • Recommendations to the State Board of Education will be approved by the Taskforce at a meeting scheduled for November 5th
  • The State Board will review the recommendations and determine whether to forward them to the Legislature
Options Reviewed by the Committee

• Option 1 - Allow the sunset under 53A-17a-513(3)(b) at the end of the 2014-15 school year to take effect and fund all LEAs on ADM plus growth - ($3.4 million reduction to Charter School Funding)

• Option 2 – Allow sunset provision - Use the amount of reduced funds to increase the Charter School Administrative Cost amount per student

• Option 3 – Allow sunset provision - Use the amount of reduced funds to create a consistent declining scale administrative cost formula for Districts and Charters based on student count

• Option 4 - Move the current funding model permanently into code
Options Reviewed by the Committee

• Option 5 - Move all LEAs to the greater of prior year ADM plus growth or October 1 headcount (Cost $64 million of additional ongoing revenue)

• Option 6 - Option 5 and Eliminate Flexible Allocation and Class Size Reduction funding to cover the additional cost

• Option 7 – Option 5 and adjust Local Replacement Funding to offset the cost of moving all LEAs to higher of prior year ADM plus growth or October 1 headcount

• Option 8 – Option 5 and hold the Basic Minimum Tax Rate constant to fund a portion of the Local Replacement Funding Formula

• Option 9 – Option 5 and Local Replacement paid by Districts at 100% of actual per student amount - Student Transportation funds included in the WPU allocation

• Option 10 – Option 5 and WPU Flex eliminated - Class Size Reduction eliminated
Options Reviewed by the Committee

• Option 11 - Greater of prior year ADM plus growth or October 1 and March 1 headcount for all LEAs in the K-12 Program
  • Local Replacement paid by Districts at 100% of actual per student amount
  • Student Transportation funds included in the WPU allocation with a differentiation formula

• Option 12 - The higher of Prior Year ADM plus growth or the average of October 1 headcount and February 1 headcount.
  • Districts contribute 100% of actual tax generation into the Local Replacement Fund
  • Charter Schools have access to Special Transportation funding

• Option 13 - Combination of all programs containing State Funding excluding Special Education and School Land Trust and distributing funds on a per pupil basis
Options Reviewed by the Committee

- Option 14 - Combination of all programs containing State Funding excluding Special Education and School Land Trust and distributing funds on a per pupil basis
- Option 15 - Funding all LEAs in the K-12 Program based on the higher of Prior Year ADM plus growth or the average of October 1 headcount and use a three year phase in to mitigate the cost rather than full implementation in year 1.
- Option 16 - Delay the sunset on current funding model and take the time to develop a new finance formula to replace the current Minimum School programs
Additional Items Discussed by the Committee

• Discussion of a state-wide tax rate that would fund the Local Replacement Funding program
• Back Pack Funding
• Discussion of funding for Online and Blended Learning programs
• Implementation of a new State Board property tax levy to fund LRF and provide funding to Districts which generate taxes lower than the State Average under the LRF computation.
Draft Recommendations from the Taskforce

• Increase the Basic Rate or provide authority for the State Board of Education to implement a tax levy to fund the Charter School Local Replacement program and amounts needed to provide equalization efforts for some districts
  • Districts would be required to offset current rates by the amount that they are currently contributing to the Local Replacement program
  • Provide funding to increase all districts generating less than the LRF average up to the current $1,081 or the LRF funding amount established for future years net of capital and debt service.

• Effective for the 2015-16 fiscal year, all LEAs will be funded in the K-12 program at the higher of prior year ADM plus growth or October 1 headcount.
  • The additional cost ($64 million) would be funded through an increase in the Basic Rate and/or
  • The additional revenues currently appropriated by the Legislature from the Education Fund for the Local Replacement program if the new State Board tax levy described in item #1 above is implemented to fully fund the Local Replacement program.

• If item #2 is not approved, extend the sunset allowing Charter Schools to be funded based on the greater of prior year ADM plus growth or October 1 headcount. Regardless of whether the above noted items are approved, the current Task Force members will continue to meet to discuss:
  • Minimum School Funding Formulas
  • LEA funding for online learning
  • LEA funding for competency based education
Final Recommendations from the Taskforce

• The final recommendations from the Taskforce will be determined during the meeting on November 5, 2014

• These recommendations will be reported to the Finance Committee on November 7, 2014