

# Recommendations for Improving School Funding in Mississippi

January 16, 2017

# How Much Do Districts Need?

How Mississippi Currently Calculates Total Target Funding

# Mississippi's Current Formula

Student Base = "successful and efficient school spending" in instructional, administration, plant operations and maintenance, ancillary support

x

(Attendance + High Growth Supplement) + 5% "At Risk" supplement

+

Teacher Units for Gifted, Vocational & Special Education

+

Allocation for Transportation

+

lesser of 12 or .75% ADA (- kindergarten) x prior year spending per pupil for Alternative Education

= Total Target Funding

# Area of Focus: Student Base

- The base is currently recalculated every four years based on C graded schools spending within one standard deviation of the mean
- There is no consideration for the demographics and learning needs of students enrolled in these districts
- There is no adequacy test
- There is little incentive to spend efficiently
- Provides no consideration of the ability of the state to pay
- Continually ties education spending to swings in the economy

# Area of Focus: Attendance

- ADA purposely deflates the number of students enrolled in a district
- The 63% rule, requiring a student in school for a minimum portion of the day compounds the deflating effect of ADA
- Districts are forced to staff and prepare for enrolled students, but don't receive funds for these costs
- In last year alone, enrollment in Mississippi's schools topped 479,000 students, but only 450,000 were funded through the formula
  - This means that the reported student "base" of \$4,980 in this year's funding is actually \$4,677 when accounting for students

# Area of Focus: Teacher Units

- Funding based on teacher units overlooks the reality that there are many more costs for special student populations than simply personnel
- Because teacher units are funded based on the average salary of that teacher in each district, state funding biases districts with supplemental salary schedules
- As a result similarly situated students in different districts will receive vastly different sums to support their education.
  - Gifted funds per student range from \$444 - \$4,200
  - CTE funds per student range from \$102 – \$1,650
- Only 14 states in the country continue to fund based on resources

# Who Picks Up the Tab?

How Mississippi Currently Calculates State and Local Shares of Costs

# Mississippi's State/Local Spending Share

Total Target Funding – the lesser of 28 Mills or (Total Target Funding x 27%)

=

Total State Aid

+

Additional Ad Valorem, In Lieu and other local fees and taxes raised in district up to a cap of 55 mills

=

Total District Funding

# Area of Focus: State vs. Local Funds

- Mississippi's state government covers the majority of funds for education. Whereas local districts pay only 35% of the tab in the Magnolia State, districts nationwide average bear 45% of the cost burden
- This is in part because of the 27% rule, which diverts about \$120 million within the formula to mostly high wealth districts
- No other state in the country guarantees such a high proportion of funding for schools without the power to levy a state collected property tax
- Because the legislature must fund 73%, the formula will always be tied to the state's ability to cover the cost.
- The rule also has the effect of allowing districts who have the means to contribute at higher levels to remain below the state average property tax rate

# Moving Forward

Our Recommendations for Improvements to the Current Formula

# Student Centered Funding

- We recommend that Mississippi disburse the vast majority of state funds for education through a **student-centered formula**.

$$\text{Total Target Funding} = \text{Students} \times \text{Base Amount} \times \text{Weights}$$

- The **base amount** represents a baseline a cost for each student.
- **Weights** are multipliers based on specific needs of students.
- Student-centered funding is also called weighted student funding (WSF).

# The Benefits of WSF

## 1- Flexibility and Accountability

| Mississippi Now   | Recommended Formula   |
|---|---|
| Calculates funds based on teacher units and requires class size ratios that in some instances should be revisited | Calculates funds based on students, not systems, inspiring an environment of innovation                               |
| Difficult-to-understand calculations in the formula make tracking funding difficult for stakeholders              | Allows the public and the legislature to better determine ROI and inspires accountability at all levels of the system |

# The Benefits of WSF

## 2- Fairness and Efficiency

| Mississippi Now   | Recommended Formula   |
|---|---|
| Shortchanges students who most need resources by masking resources through teacher units                  | Identifies priority students and provides additional funds in the form of "weights" |
| Incentivizes inefficient spending practices since future funds are based on what was spent in prior years | Divorces funding policy from spending   |

# The Benefits of WSF

## 3- Predictability and Transparency

| Mississippi Now   | Recommended Formula  |
|---|--|
| Average Daily Attendance makes funding levels uncertain until January or February, shortening planning time | Funding based on enrollment allows districts to begin planning staffing and materials needs a full year in advance                     |
| Inability to align spending on students of specific cost considerations with dollars provided               | Creates the opportunity for a continuous (even yearly) evaluation of whether funding in the system is sufficient to meet student needs |

# Recommendations

# Which Students to Prioritize?

Preliminary Recommendations Based on Stakeholder Feedback

# Student Base

## In-School Staffing:

| Number of Students Per: | Principal / Asst Principal | Teacher | Librarian | Counselor |
|-------------------------|----------------------------|---------|-----------|-----------|
| National Average        | 297                        | 16      | 1,110     | 491       |
| Mississippi             | 254                        | 14      | 584       | 366       |

- Funding teachers at the average salary of \$38,801 (with benefits) at a 16:1 ratio will cost \$3,205 per student. Increasing the teacher salary to \$41,000 will cost \$3,387 per student
- Funding other in-school staff at the national averages will cost \$523 per student, staffing at the existing ratios will cost \$655 per student
- This produces a range of \$3,728 to \$4,052 per student, which should be further reduced by 12.5% to be reflective of just the state and local portion of this spending

# Student Base

Additional costs:

|                              | Low Range | High Range |
|------------------------------|-----------|------------|
| Professional Development     | \$160     | \$175      |
| Classroom & Student Supplies | \$162     | \$200      |
| Technology                   | \$150     | \$200      |
| Transportation               | \$137     | \$150      |
| Administration               | \$448     | \$576      |
| Maintenance & Operations     | \$374     | \$411      |

Total Student Base:

|                    | Low Range | High Range |
|--------------------|-----------|------------|
| In-School Staffing | \$3,263   | \$3,538    |
| Other Costs        | \$1,431   | \$1,712    |
| TOTAL              | \$4,694   | \$5,250    |

Current  
Effective  
Student Base:  
\$4,677

# Low Income Students

- Mississippi currently provides an additional 5% of the base amount for low-income students, or about \$268 per student.
- EdBuild recommends aligning funding with the most current research demonstrating strong life-outcomes improvements for low-income students when funded at levels 20-25% higher than their better off peers
- EdBuild further recommends targeting this funding to students below the the poverty line as defined by the US Census.

# English Language Learners

- Some districts in the state report that they serve a student body that speaks over 26 different languages
- Despite growing numbers of limited English speakers, Mississippi is currently one of only six states that do not provide additional state support for ELL students.
- EdBuild recommends that Mississippi provide ELL students with an additional 15 to 25% supplement about the base amount.
- In addition, EdBuild recommends that the Mississippi Department of Education (MDE) improve collection of more robust data on the number of ELL students in each district and the cost of educating them.

# Special Education Students

- Mississippi is currently one of only six states with a funding model based on an assumption of resources needed rather than the individual needs of students.
- EdBuild recommends that Mississippi adopt a multi-tiered weight for special education, where students are assigned to one of three tiers, where each tier is associated with a different level of additional funding.
  - Tier one: 60% additional funding for students with specific learning disabilities, speech and language impairment, and developmental delay
  - Tier two: 125% additional funding for students with autism, hearing impairment, emotional disturbance, orthopedic impairment, other health impairment, and intellectual disability
  - Tier three: 170% additional funding for students with visual impairment, deaf-blindness, multiple disabilities, and traumatic brain injury

# Special Education Students

- The Mississippi Department of Education should be consulted to ensure that these funding levels will be sufficient to meet Maintenance of Effort requirements under the Individuals with Disabilities Act
- A commission should study the service-based funding model in place in states like Florida to determine it's fit for Mississippi and infrastructure needs for migration to the system

# Gifted Students

- Mississippi currently provides an additional 26% of the base amount to gifted students.
- EdBuild recommends that Mississippi maintain the existing level of funding for gifted students
- We also recommend, based on feedback from multiple administrators, that legislature and Mississippi Department of Education release restrictions on spending for this portion of funding.

# Grade Level

- Mississippi currently funds career and technical education (CTE) as an “add-on” program. Funding for CTE programs in the funding formula averaged \$355 per student
- However, because these resources are based on teachers, not students, Gulfport, for instance, received \$236 per student, but Brookhaven received over \$700.
- Administrators also report that increasing expectations for advanced learning in high schools are putting pressure on budgets that are not funded in the existing formula
- EdBuild recommends that Mississippi provide a single stream of support college- and career-readiness, equal to 30% of the base amount, or \$1,450 for every high school student.

# Grade Level

- Mississippi currently does not provide increased funding for early grades, though the state has expanded access to pre-kindergarten through funding early learning collaboratives and set a literacy requirement for promotion to fourth grade.
- EdBuild recommends that the Mississippi Department of Education create a commission to study and make recommendations related to expanding pre-kindergarten funding and appropriate weighting for early grades as part of a continuum of early learning

# Rural or Sparse Districts

- Mississippi currently provides additional funding to rural or sparse districts only in the form of transportation funding at statewide average of \$136 per student.
- EdBuild recommends that transportation be funded within the student base at \$150 per student
- We further recommend a 10% additional supplement for every student enrolled in a district where there are less than four students per square mile, providing an additional \$484 per student in such districts.
- EdBuild also recommends that the legislature incentivize collaborative efforts between these districts and continue to consider at least administrative consolidation.

# How Should We Pay For It?

Recommendations Related to Revenue Observations

# State and Local Revenue

- Mississippi's "27% Rule" currently commits the state to funding 73% of each district's formula amount, a target that far exceeds the national average of state share of 46.7%.
- This rule has the effect of providing an aggregate \$120 million revenue supplement to districts that isn't based on student needs
- EdBuild recommends that Mississippi eliminate the "27% Rule" and repurpose those dollars to satisfy the recommendations made herein
- We further recommend that the legislature consider providing the opportunity for districts to exceed the 55 mill cap under special circumstances

# More Mechanics

Important Ancillary Policies to Support a Better System

# Student Counts

- Mississippi currently funds schools using Average Daily Attendance of students (present in school for 63% of the day) during the months of October and November
- We recommend an immediate move to enrollment-based, multiple count day system of funding schools
- Districts with attendance that is consistently more than 7% below reported enrollment, or more than 150% higher than the state's average absentee rate, should trigger accountability steps

# Transparency and Accountability

- Mississippi currently does not report financial data in its school grading system, or link investments with outcomes for specific subgroups.
- EdBuild recommends that the Mississippi Department of Education create a series of codes to track spending to the school level, or ideally, the students that benefitted.
- EdBuild further recommends that Mississippi create a fiscal transparency system to compare spending and student growth between peer districts and to enable more mentorship and stronger oversight related to spending and outcomes.

# Transparency and Accountability

## HOUSTON ISD

214,462 students  
view all campuses  
HARRIS COUNTY, REGION 4  
TEA Rating: Met Standard



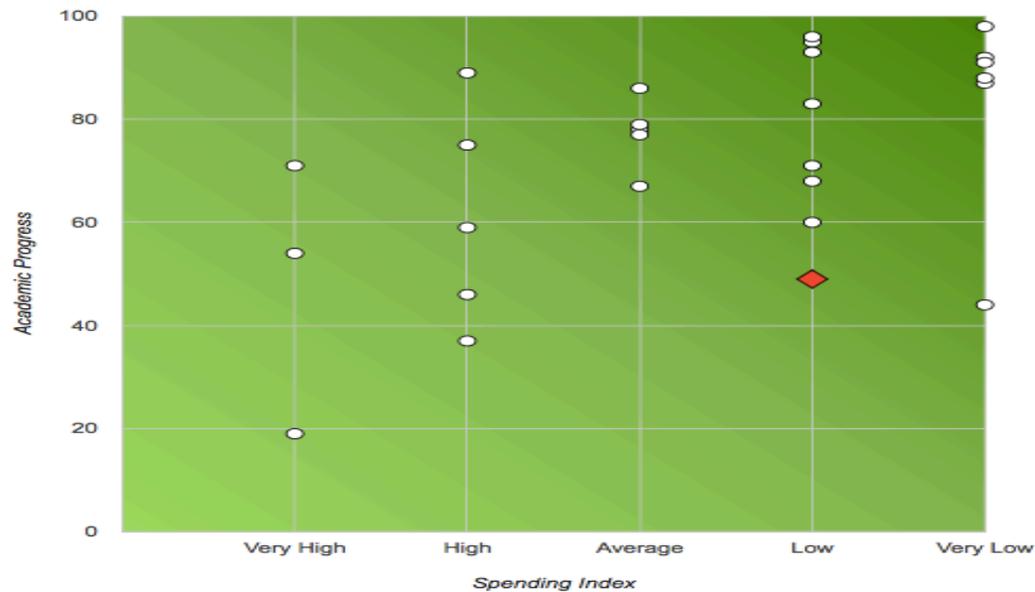
Smart Score

Average Academic Progress  
at or above 49% of all districts

Low Spending compared to fiscal  
peers  
\$7,294.67 cost-adjusted spending  
per pupil

This report shows HOUSTON ISD compared to its Smart Fiscal Peers. You may choose your own group of districts to compare by selecting several districts.

Spending Index vs. Academic Progress



- The Texas Smart Schools tool, created by former State Comptroller Susan Combs, is a great example of an effective fiscal transparency system
- Districts are compared to their peers in terms of student demographics and size, on outcomes vs spending

# Spending Flexibility

- Mississippi currently uses a series of rules and regulations that administrators say forces inefficient spending and restricts innovation.
- EdBuild recommends a review of current accreditation standards, rules, and regulations to determine if they are critical to student success.
- We further recommends a system of “earned autonomy” wherein the highest performing and highest growth districts are given independence to innovate.

# Phase-In and Implementation

- EdBuild recommends that the legislature gradually move to the new funding plan within five to eight years. During the phase-in period, EdBuild recommends
  - Limiting losses to 3% of total state funding per year
  - Limiting increases to no more than 8% of total state funding per year
- This will protect districts that stand to lose a significant sum of funding and give districts that stands to gain a significant amount of money sufficient time to plan for a "new normal."

# Phase-In and Implementation

- It is critically important to recognize that a responsible phase-in plan will lead to gradually increasing weights for special student population
- It may also mean gradual differences to how schools are resourced statewide.
- Moving, for instance, from a 5% weight for low-income students to a 20-25% weight will take a shift in resources that will need to be balanced over time
- We fully anticipate that the first several years of a new funding formula will result in lower weights than proposed in this report in order to responsibly implement these changes over time

# How the Proposed Formula Compares

# An Example, Compared to Peers

| State                       | Nominal Base | Cost-adjusted Base | Poverty/ At-Risk | English Language Learner | Special Education       | Gifted Education | Career and Technical |
|-----------------------------|--------------|--------------------|------------------|--------------------------|-------------------------|------------------|----------------------|
| Mississippi<br>(An Example) | \$4,840      | \$5,888            | 1.25             | 1.2                      | 1.6-2.7                 | 1.25             | 1.3 (all HS)         |
| Arkansas                    | \$6,584      | \$7,665            | 1.08-1.24*       | 1.05*                    | Catastrophic Cases Only | Grant            | 1.5*                 |
| Florida                     | \$4,154      | \$4,346            | -                | 1.18                     | Grant or 3.612-5.258    | Grant            | 1.005                |
| Kentucky                    | \$3,981      | \$4,695            | 1.15             | 1.096                    | 1.24-3.35               | Grant            | 1.06                 |
| Louisiana                   | \$3,961      | \$4,401            | 1.22‡            | 1.22‡                    | 2.5                     | 1.6              | Grant                |
| South Carolina              | \$2,220      | \$2,418            | 1.2              | 1.2                      | 1.74-2.57               | 1.15             | 1.29                 |

# An Example, Compared to Current

| Weight                   | Total 2016-17 Funding | Student Count | Effective Funding Per Student | New Proposed Formula |
|--------------------------|-----------------------|---------------|-------------------------------|----------------------|
| Base Funding Per Student | \$2,241,470,991       | 479,382       | \$4,676                       | \$ 4,840             |
| At-Risk Add-On           | \$84,284,731          | 337,942       | \$249                         | \$1,210              |
| Special Education        | \$264,414,582         | 56,994        | \$4,639                       | \$5,566 (avg)        |
| Vocational Education     | \$50,475,110          | 141,993       | \$355                         | \$1,452*             |
| Alternative Education    | \$29,923,800          | 3,421         | \$8,747                       | \$1,452*             |
| Gifted Education         | \$42,570,252          | 32,795        | \$1,298                       | \$1,210              |
| Transportation           | \$65,428,899          | 479,382       | \$136                         | \$150                |