

# School Funding Formula House Approved Version

**Board Work Session  
March 4, 2015**

# Status

- House released formula 2-16-15
- House approved budget 2-23-15
- House updated simulation 2-25-15 to correct complexity index
- Senate version expected to be released and approved beginning of April
- Conference committee will recommend final formula

# Formula Components

- Total Regular
  - ADM (average daily membership/enrollment)
  - Foundation
  - Complexity
  - Kindergarten
  - Transition to Foundation
- Special Education
- Career & Tech Ed
- Honors
- Charter Schools
- Vouchers

# ADM

## Average Daily Membership = Enrollment

<p style="text-align: center;"><b>Current 2014-15</b></p>	<p style="text-align: center;"><b>House Version 2015-16 &amp; 2016-17</b></p>
<ul style="list-style-type: none"> <li>• Funded Enrollment               <ul style="list-style-type: none"> <li>– ½ Kindergarten</li> <li>– Grades 1-12</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Funded Enrollment               <ul style="list-style-type: none"> <li>– All Kindergarten</li> <li>– Grades 1-12</li> </ul> </li> </ul>

# Foundation Funding

- To support the basic needs of all students
- Same per pupil amount provided to all districts
- Some districts have been funded an additional foundation amount in order to avoid large, immediate losses. They are transitioning to the same foundation and will be there by 2017.

# Foundation per Pupil

Current & History	House Version 2015-16 & 2016-17
<ul style="list-style-type: none"> <li>• <b>2014-15</b> <span style="float: right;"><b>\$4,587</b></span> <ul style="list-style-type: none"> <li>– State - \$4,519,022,139</li> </ul> </li> <li>• 2013-14 <span style="float: right;">\$4,569</span></li> <li>• 1<sup>st</sup> ½ 2013 <span style="float: right;">\$4,405</span></li> <li>• 2012 <span style="float: right;">\$4,280</span></li> <li>• 2011 <span style="float: right;">\$4,505</span></li> <li>• 2010 <span style="float: right;">\$4,550</span></li> <li>• 2009 <span style="float: right;">\$4,825</span></li> </ul>	<ul style="list-style-type: none"> <li>• <b>2015-16</b> <span style="float: right;"><b>\$4,984</b></span> <ul style="list-style-type: none"> <li>– 9% higher than 2014-15</li> <li>– State - \$5,119,638,992</li> </ul> </li> <li>• <b>2016-17</b> <span style="float: right;"><b>\$5,135</b></span> <ul style="list-style-type: none"> <li>– 12% higher than 2014-15</li> <li>– 6.4% higher than 2009</li> <li>– State - \$5,286,561,127</li> <li>– <b>FWCS gaining \$14.3 million over 2 years</b></li> </ul> </li> </ul>

# Complexity Funding

- Supports additional resources, beyond the foundation, needed for students with complex needs.
  - 2014-15 FWCS funding \$47.7 million
  - 2015-16 proposed \$33.9 million (\$14 less)
- Also supports areas not fully funded with other revenue
  - Special Education, about \$16 million
  - ELL (English Language Learners), about \$4.7 million

# Complexity

<p style="text-align: center;"><b>Current 2014-15</b></p>	<p style="text-align: center;"><b>House Version 2015-16 &amp; 2016-17</b></p>
<ul style="list-style-type: none"> <li>• Index = 50% of free textbook rate</li> <li>• 2<sup>nd</sup> tier provided for districts with poverty over 70%</li> <li>• Multiplied by foundation per pupil \$4,587</li> <li>• FWCS per pupil = \$1,688</li> </ul>	<ul style="list-style-type: none"> <li>• Index = 50% of free lunch rate</li> <li>• 2<sup>nd</sup> tier eliminated</li> <li>• Multiplied by \$4,000</li> <li>• FWCS per pupil = \$1,156</li> <li>• <b>FWCS losing \$14 million over 2 years</b></li> </ul>



# Complexity Indicators

	Used in Formula	Application	Audit	13-14		14-15	
				Beginning of Year	End of Year	Beginning of Year	Current (Mar '15)
Free and Reduced Lunch Rate	Prior to 13-14	Federal Meal Application	Federal requirement: 3% of error prone applications	70.42%	71.57%	64.58%	67.15%
Free Textbook Rate	2013-14	Federal Meal Application	State could establish separate procedure	69.97%	71.25%	64.50%	67.49%
	2014-15	Check Box for free textbooks					
Free Lunch Rate House Version	2015-16	Federal Meal Application	Federal requirement: 3% of error prone applications	61.65%	62.82%	56.65%	58.41%
	2016-17						
		Required for all that are not directly certified, including those receiving free meals under Community Eligibility Provision (CEP)			Rate always higher at end of year as families understand textbook responsibilities	This year, we believe CEP program causes more misunderstanding about textbook responsibilities	

# Kindergarten

<p style="text-align: center;"><b>Current 2014-15</b></p>	<p style="text-align: center;"><b>House Version 2015-16 &amp; 2016-17</b></p>
<ul style="list-style-type: none"> <li>• Funded at ½ of foundation plus complexity + \$2,472 per pupil grant</li> <li>• FWCS kindergarten funded at 89% of grades 1-12</li> <li>• Low poverty districts funded at a higher percent</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Funded same as other grades and grant eliminated</b></li> </ul>

# Total Regular Foundation + Complexity

	State*					
	Traditional Districts & Charters			FWCS		
	Total	Per Pupil	Per Pupil Change	Total	Per Pupil	Per Pupil Change
<b>2015</b>	5,864,363,717	5,721		183,350,264	6,220	
<b>2016</b>	5,983,203,372	5,824	1.8%	180,128,681	6,140	-1.3%
<b>2017</b>	6,132,868,119	5,956	2.3%	183,679,702	6,291	2.5%
<b>Change from 2015 to 2017</b>	268,504,402	235	4.1%	329,438	71	1.1%
* excludes Vouchers and Transition to Foundation						

# Transition to Foundation

<p style="text-align: center;"><b>Current 2014-15</b></p>	<p style="text-align: center;"><b>House Version 2015-16 &amp; 2016-17</b></p>
<ul style="list-style-type: none"> <li>• 7-year transition scheduled 2012-2018</li> <li>• \$39 million provided to districts funded higher than regular formula</li> <li>• FWCS at foundation so not transitioning</li> </ul>	<ul style="list-style-type: none"> <li>• Transition ends 2015-16</li> <li>• \$20 million provided in 2015-16</li> <li>• <b>All districts will then be on same funding formula</b></li> </ul>

# Special Education

<b>Current 2014-15</b>		<b>House Version 2015-16 &amp; 2016-17</b>	
• Severe	\$8,350	• Severe	\$8,800
• Moderate	\$2,265	• Moderate	\$2,300
• Communication	\$533	• Communication	\$500
• FWCS Total		• FWCS Total	
	\$15,444,395		\$16,407,000, 6% increase

# Career & Tech Ed

<p style="text-align: center;"><b>Current 2014-15</b></p>	<p style="text-align: center;"><b>House Version 2015-16 &amp; 2016-17</b></p>
<ul style="list-style-type: none"> <li>• Funding based on market demand and future wage of course (range \$225 to \$450 per pupil)</li> <li>• FWCS Total \$1,788,250</li> </ul>	<p>New course definitions:</p> <ul style="list-style-type: none"> <li>– Foundation \$230</li> <li>– Introductory \$340</li> <li>– Standard Pathway \$460</li> <li>– Premium Pathway \$690</li> </ul> <ul style="list-style-type: none"> <li>• FWCS Total \$1,296,420, 27% decrease</li> </ul>

# Honors

<p style="text-align: center;"><b>Current 2014-15</b></p>	<p style="text-align: center;"><b>House Version 2015-16 &amp; 2016-17</b></p>
<ul style="list-style-type: none"> <li>• \$900 per honor diploma earned</li>   <li>• FWCS Total \$508,000</li> </ul>	<ul style="list-style-type: none"> <li>• Free &amp; reduced lunch students               <ul style="list-style-type: none"> <li>– \$1,400 per honor diploma earned</li> </ul> </li> <li>• Other students               <ul style="list-style-type: none"> <li>– \$1,000 per honor diploma earned</li> </ul> </li> <li>• FWCS Total \$656,166 29% increase</li> </ul>

# Charter Schools

<p style="text-align: center;"><b>Current 2014-15</b></p>	<p style="text-align: center;"><b>House Version 2015-16 &amp; 2016-17</b></p>
<ul style="list-style-type: none"> <li>• Formula same as traditional public schools</li> <li>• Virtual charter schools funded at <b>90%</b></li> <li>• No property tax revenue</li> </ul>	<ul style="list-style-type: none"> <li>• Formula same as traditional public schools</li> <li>• Virtual charter schools funded at <b>100%</b></li> <li>• <b>Additional \$1,500 per pupil grant outside the formula</b> <ul style="list-style-type: none"> <li>– Compares to FWCS non-debt property tax (after circuit breaker) of \$1,351</li> </ul> </li> </ul>



# Vouchers

<p style="text-align: center;"><b>Current 2014-15</b></p>	<p style="text-align: center;"><b>House Version 2015-16 &amp; 2016-17</b></p>
<ul style="list-style-type: none"> <li>• 29,146 vouchers</li> <li>• \$122,617,222</li> </ul>	<p>No limit</p> <p>Budget:</p> <ul style="list-style-type: none"> <li>• 2015-16               <ul style="list-style-type: none"> <li>– 36,000 vouchers</li> <li>– \$156,420,000</li> </ul> </li> <li>• 2016-17               <ul style="list-style-type: none"> <li>– 40,000 vouchers</li> <li>– \$173,800,000</li> </ul> </li> <li>• Increase from 2014-15               <ul style="list-style-type: none"> <li>– \$51.2 million</li> <li>– Per pupil + 3.3%</li> </ul> </li> </ul>

# Voucher Enrollment 2014-15

		District	Vouchers in	% of	Compared to
	<u>Top 10 Impact</u>	<u>Enrollment</u>	<u>Boundaries</u>	<u>Total</u>	<u>District</u>
					<u>Enrollment</u>
1	FWCS	30,783	4,036	13.8%	13.1%
2	IPS	30,813	3,018	10.4%	9.8%
3	South Bend	19,680	2,224	7.6%	11.3%
4	Evansville	22,688	1,390	4.8%	6.1%
5	East Allen	9,114	891	3.1%	9.8%
6	Gary	8,594	765	2.6%	8.9%
7	Hammond	13,528	700	2.4%	5.2%
8	MSD Perry	14,718	665	2.3%	4.5%
9	Anderson	7,062	649	2.2%	9.2%
10	MSD Lawrence	14,871	564	1.9%	3.8%
		171,851	14,902	51.1%	8.7%
279	Others	835,522	14,246	48.9%	1.7%
289	All Districts	1,007,373	29,148	100.0%	2.9%
	(non-charters)				

# Legislative Steps

- Met with legislators involved with formula prior to session (handout)
- Information request from Senator Long (handout)
- Phone conference with Senator Mishler
- Meetings at statehouse on 3-5-15 with various legislators involved with formula
- Testimony on budget 3-10-15