



Commentary

Craig Larson

Superintendent of the Rockwood School District

My background as an educator is in curriculum and instruction. I have spent my career working to improve the quality of instruction in classrooms in suburban schools. Over the years, however, I have learned the importance money plays in providing a quality educational environment. In my current role as superintendent of the Rockwood School District, the fourth largest school district in Missouri, I am continually involved in studying school finance. Let me provide some background information about the Rockwood School District.

Rockwood enrolls 22,000 students in thirty schools and covers 150 square miles. Rockwood is funded from several sources, with local property tax being the largest single source of funding and representing 62 percent of our revenue. Additional major sources of revenue include state sales tax at 10 percent, desegregation funding at 8 percent, and the state funding formula at 6 percent. The remaining 14 percent of our revenue comes from over thirty sources. Rockwood's tax rate of \$4.50 is approximately the average rate among the twenty-three districts in St. Louis County. Rockwood's revenue is approximately \$7,300 per student, not including the funds available for special education through the Special School District. This is among the lowest per-pupil expenditure among the twenty-three St. Louis County districts.

In spite of having the fourth-lowest funding per student in St. Louis County and spending near the state's average cost per student, Rockwood has exceptional student achievement. Many of our schools score at the top of the state proficiency test, and our average standardized test scores are well

above state and national averages. Further, our graduation rate is over 90 percent, with 90 percent of the graduates going on to higher education. For good reason, we market ourselves as an excellent value in education. Members of our Board and many members of the state legislature cite Rockwood as an example of quality education being provided at an affordable price.

During the past eighteen months the state has completely rewritten the school funding formula. Rockwood was involved in testifying and discussing the goals of a new formula throughout the legislative process. The new formula is designed to gradually infuse additional dollars into the school funding formula—an additional \$800 million over a seven-year period. Some would say the new formula was adopted as a way for the state to avoid being forced to revise the formula by losing a current court case. In fact, Rockwood has been active in the “Coalition to Fund Excellent Schools,” an organization of over sixty school districts that are “interveners” in the current school funding court case that is designed to force a revision of the state's school funding procedures. The court action is being advanced by over 200 school districts that are members of the “Coalition for Educational Equity” and are suing to force the state to equalize funding for districts around the state. The court case is continuing in spite of the recent newly adopted funding formula.

A recent quote in the May 2005 issue of *American School and University* stated what seems to be the pattern for state funding of schools in Missouri: “Ideally, states would define what is a suitable or adequate education, determine what the costs are, and provide the funding. But legislators

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tend to approach the question in a more politically expedient way. They look at how much funding is politically feasible, and allocate that amount to school districts.” Missouri’s new formula is an attempt to provide “adequate” funding to all students by guaranteeing a floor per-pupil expenditure to each student. But the amount of the floor, \$6,100, was developed as a way for the state to avoid the need to raise new taxes to fund the formula in the early years. The plan assumes that future economic growth will allow the state to increase school funding over a seven-year period.

Rockwood has advocated throughout the development of the new formula for a “need driven” formula rather than a “revenue equalization formula.” The new formula does provide a weighting for students’ needs if the local district is serving more than the average number of “at risk” students, special education students, or limited English proficiency students. Included within the \$6,117 identified as the state adequacy target are certain categorical programs that previously were funded separately, including exceptional pupil aid, remedial reading, gifted funding, free text revenues, and fair share revenues. In addition, the formula, for the first time, includes a dollar value modifier to recognize differences in the regional cost of education. After the above calculations, the district’s “local effort” is deducted and is based on the district’s assessed values as of January 1, 2004, multiplied by a “performance levy” of 3.43. In addition, certain other items are included in local effort such as payments in lieu of taxes, fines, state assessed railroad and utility taxes, and one-half of the district’s 2004-05 “Proposition C” funds (a state sales tax to support schools).

When fully phased in after seven years, the new formula is anticipated to provide Rockwood School District approximately \$20 million in additional state revenues annually. Though this is

good news, our revenue grows only about \$2.5 to \$3 million annually as the new formula is phased in. Although helpful, this small additional state funding will not solve all of our financial issues or enable the district to address all student needs. It certainly is a significant improvement from the prior twelve years when we have seen no increases in our per-pupil state funding. This new funding will likely increase the portion of Rockwood’s operating expenditures funded by state revenues from the current 9 percent to an estimated 14 percent.

The following are Rockwood’s and my major concerns related to the new formula:

- that it is fully funded during the planned seven-year phase-in period, or more rapidly than that if possible;
- that the importance of serving gifted students be included in the student weightings similar to the current consideration for at-risk, special education, and limited English proficiency students;
- that a dollar value modifier that more accurately reflects the true incremental cost of providing education in the metropolitan St. Louis area be implemented;
- that the change in the distribution of sales tax (Proposition C) revenues be phased in over a seven-year period of time similar to the foundation formula; and
- that the penalty related to reduced summer school participation be removed.

We are pleased that the legislature attempted to adopt a student need-driven formula and they included some recognition of regional variances in the cost of education, but we believe the inclusion of the above-recommended changes could enhance the new formula to be truly excellent.