



MEMORANDUM

TO: State Board of Education

FROM: Zach Foughty, Director of College and Career Readiness

DATE: April 20, 2012

SUBJECT: Summer School Formula

The Department requests approval to initiate the rule-making process to amend 511 IAC 12. Earlier this year, the board approved summer school category changes for various courses to ensure alignment with state priorities. At this time, we propose altering the summer school funding formula to calculate on a *per-student* basis rather than a strict *cost-reimbursement* basis.

Under the current funding structure, summer school funding levels are highly variable. Schools receive notification in the spring regarding the estimated cost-reimbursement percentage, which many times can be as low as 50%. Schools must later make adjustments on this estimate, which is not very reliable for planning purposes. Under this construct, schools operate under the assumption that no matter how much they cut, they still may only be reimbursed at or near the original estimate.

This uncertainty has discouraged schools from seeking Summer School funding. Consider the following, with data in **Table I**:

- In the summer of 2008, when the economy was just starting to decline, districts cut approximately 25% of estimated summer school programming in Category I, based on the initial estimates. As the economy weakened, schools became less willing to take a chance on summer school funding being available: the cuts in Category I for 2009-11 were 36%, 51%, and 40% from the estimated levels in the spring to the actual levels in the summer.
- In 2008, approximately 233 corporations offered summer school for elementary math and reading. By 2011, this number was reduced by nearly half, to 118.

Table I. Summer School Data, 2008-2011.

Year	Estimated Costs	Actual Costs	% Change	Corps. Offering Math and Reading
2008	\$35,403,586	\$26,037,162	26%	233
2009	\$35,980,875	\$23,095,415	36%	199
2010	\$28,701,838	\$14,149,491	51%	118
2011	\$23,279,730	\$14,005,031	40%	118

A per-pupil reimbursement amount would better assist schools with planning and budgeting for summer school programs. Schools would receive an estimated cost per student in the spring, rather than the estimated reimbursement percentage they receive under the current rule. School

corporations would receive an actual dollar amount to build a budget around, which likely (as detailed in the examples below) will prove very useful in guiding local decision-making regarding summer school programming.

Consider the following scenario:

In the spring of 2012, Corporation A and B both submit estimated costs to the state of \$100,000 for 500 students. The initial reimbursement estimate is at 60%. Corporation A rethinks its program and finds a way to save \$10,000, dropping its costs to \$90,000 while still serving 500 students. Corporation B decides not to cut anything from its program.

- Funding based on current rule: The final numbers are provided, and the state reimburses schools at 80%, rather than 60%. Corporation A, which cut \$10,000 from its program, receives \$72,000, while Corporation B receives \$80,000. Arguably, Corporation A was penalized for cutting its budget, as it received less money than Corporation B, even though the estimated costs for both were the same. Cutting \$10,000 actually only saved Corporation A \$2,000. The other \$8,000 helped increase the reimbursement percent from 60% to 80%, including for Corporation B (which made no cuts).
- Funding based on potential new formula: Using the same facts in the scenario, consider this. Instead of an estimated 60% reimbursement, assume that the state provides \$180 per student for summer school programming. Corporation A is able to find cost savings as stated above, bringing its cost down from \$200 to \$180 per student, and receives full reimbursement. Corporation B makes no changes, leaving its costs at \$200 per student. In this case, Corporation A is fully reimbursed for its costs, which means it fully realizes the \$10,000 in cost savings. Corporation B, which made no cuts, must now fully realize the \$20 per student deficit that it made no effort to diminish.

We believe that the second scenario is much better for students than the first.

- School A knows in either situation that if it runs its current program, it will need to supplement state funds with local funds. On a cost-reimbursement basis, the reimbursement percentage is highly variable because it is dependent upon on what every other school corporation in the state decides. On a per-student basis, a school corporation can more accurately gauge how much money it will need to use from the general fund – anything over the amount per student provided by the state (anything over \$180.00 per student in the example above). It also has a target per-student cost to strive for in order to break even on summer school.
- Other schools may be risk averse, and as such have made significant cuts to their summer school programs over the past few years. With an estimated per student formula, they can revisit those decisions and possibly provide additional services to their students to build out a full summer school program.

In addition, many more schools corporations are moving to balanced calendars and have requested the use of summer school funds for intersession periods. Because the purpose of “summer school” and “intersession school” are the same – to provide additional days and instructional time to the school year for students who need remediation or enrichment, the formula should be adjusted to allow for this flexibility in how schools are working to best meet the needs of their students.