The Funding Formula Review Process
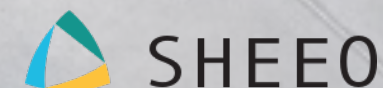
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Establishing Best Practices

To provide helpful guidance for practitioners conducting productive reviews and to identify best practices

- Lack of a robust framework
- Unidentified best practices
- Inconsistent processes
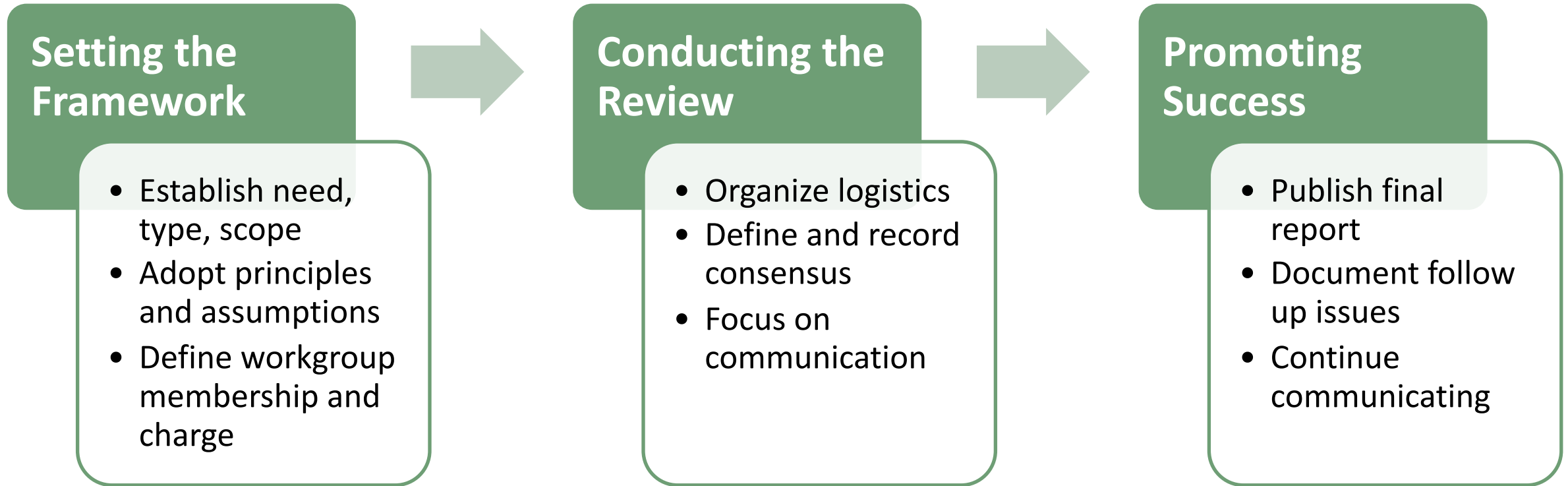
Research and Data Gathering

Survey instrument to gather baseline data

Interviews with state-level staff to gather more detailed information on previous review experiences

Fifteen survey responses and seven, in-depth state interviews

Development of best practices based on existing processes

Stages of the Review Process

Setting the Framework

- Establish need, type, scope
- Adopt principles and assumptions
- Define workgroup membership and charge

Conducting the Review

- Organize logistics
- Define and record consensus
- Focus on communication

Promoting Success

- Publish final report
- Document follow up issues
- Continue communicating

Foundation of all stages is effective communication.

Type and Scope of Review

Use a clearly defined scope to clarify stakeholder expectations.

TECHNICAL REVIEW

- Narrow scope focused on technical components
  — Occurs with more frequency
  — Focused on updating design
  — Not likely to have a large funding impact

- Not intended to alter the principles upon which the formula design is based
  — May not include rule making process
  — More targeted review workgroup membership

POLICY REVIEW

- Larger scope focused on policy choices
  — Much less frequent occurrence
  — Could lead to a total redesign
  — May include a large funding impact

- The underlying principles are in scope
  — Will likely involve rule making process
  — Larger workgroup membership with broader range of stakeholders involved

Setting the Framework

Require a periodic review every 5 years or so.	• Changing circumstances; unintended outcomes • Balancing act: engagement and stability
Adopt a clear set of principles and assumptions.	• Clear principles will establish desired end goal • Assumptions will clarify boundaries
Encourage a diverse membership yet manageable size.	• Scope of the review can affect membership • Balancing act: inclusivity and efficiency

Conducting the Review

Setting the Agenda

Achieving Consensus

Establish an endorsed workgroup charge based on stakeholder feedback.

Use the group preferred method that allows for a relative level of agreement.

Charge should be endorsed by the sponsoring body

Recording the <u>level</u> of agreement will help workgroup members manage expectations

Communicate inclusivity by gathering feedback from all stakeholders

Include a feedback loop for sponsors to weigh in

Communicating Effectively

Focus on routine and consistent messaging engaging as many stakeholders as possible.

- Not confined to one stage; should be occurring throughout

- Targeted strategies for different stakeholder groups

- Balancing act between transparency and workgroup privacy

Create a robust plan with targeted efforts to engage stakeholders

Ensure transparency rules and requirements are met

Take advantage of existing channels
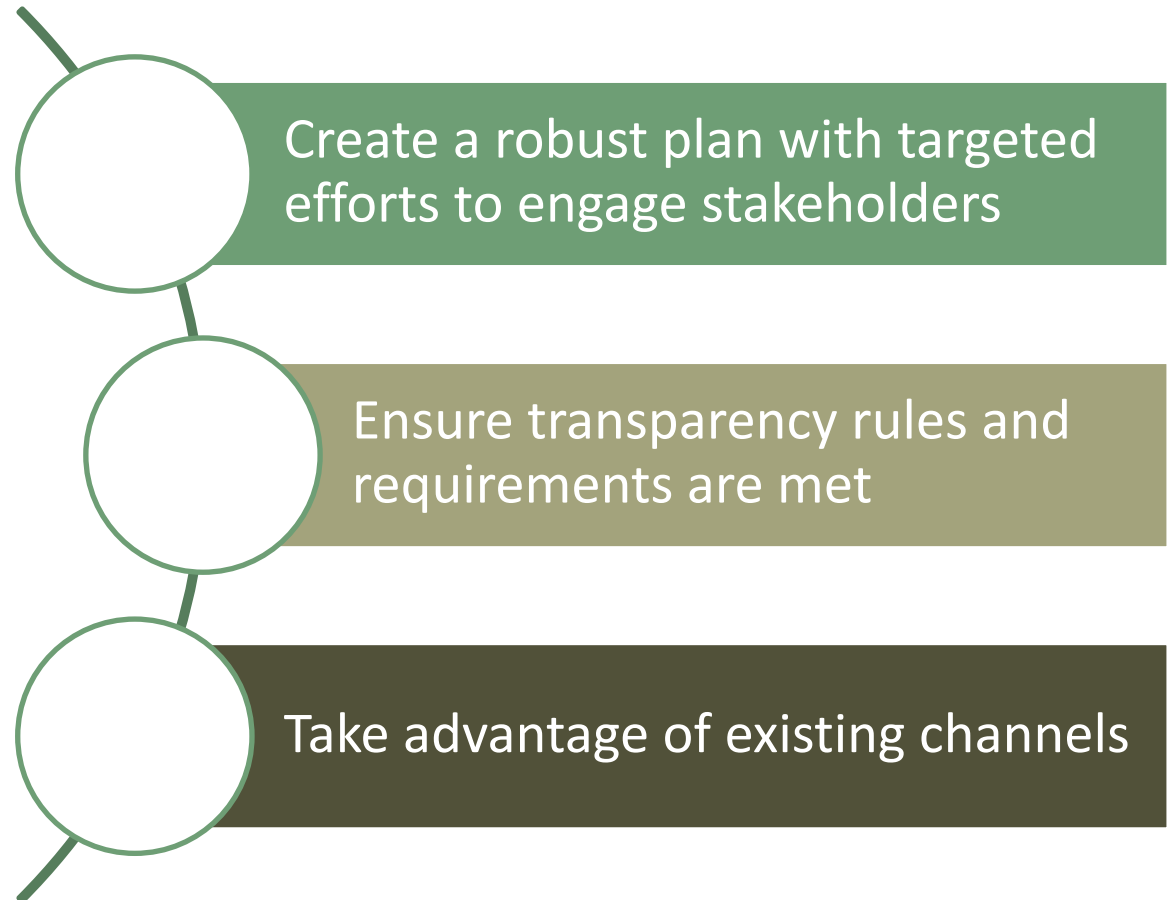
Concluding the Process

Publish a final, public report documenting the process, providing context, and summarizing the recommendations with a focus on potential impacts.

- Wrapping up the process depends on the expectations surrounding the review

- Depending on scope, the formula review process may conclude with recommendations that then lead to a separate, rules adoption process or a state budget request
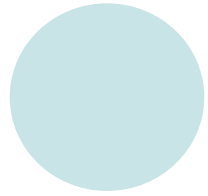
Will there be a rules adoption process?
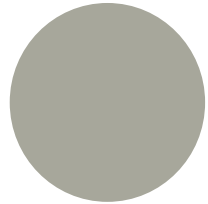
Is other, related policy work needed?

Does this work affect the state budget request process?
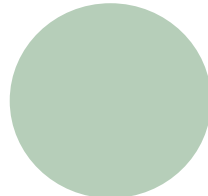
Promoting Success

Foster a shared understanding of the recommendations and goal alignment.

Document any follow-up needed or remaining issues for future resolution
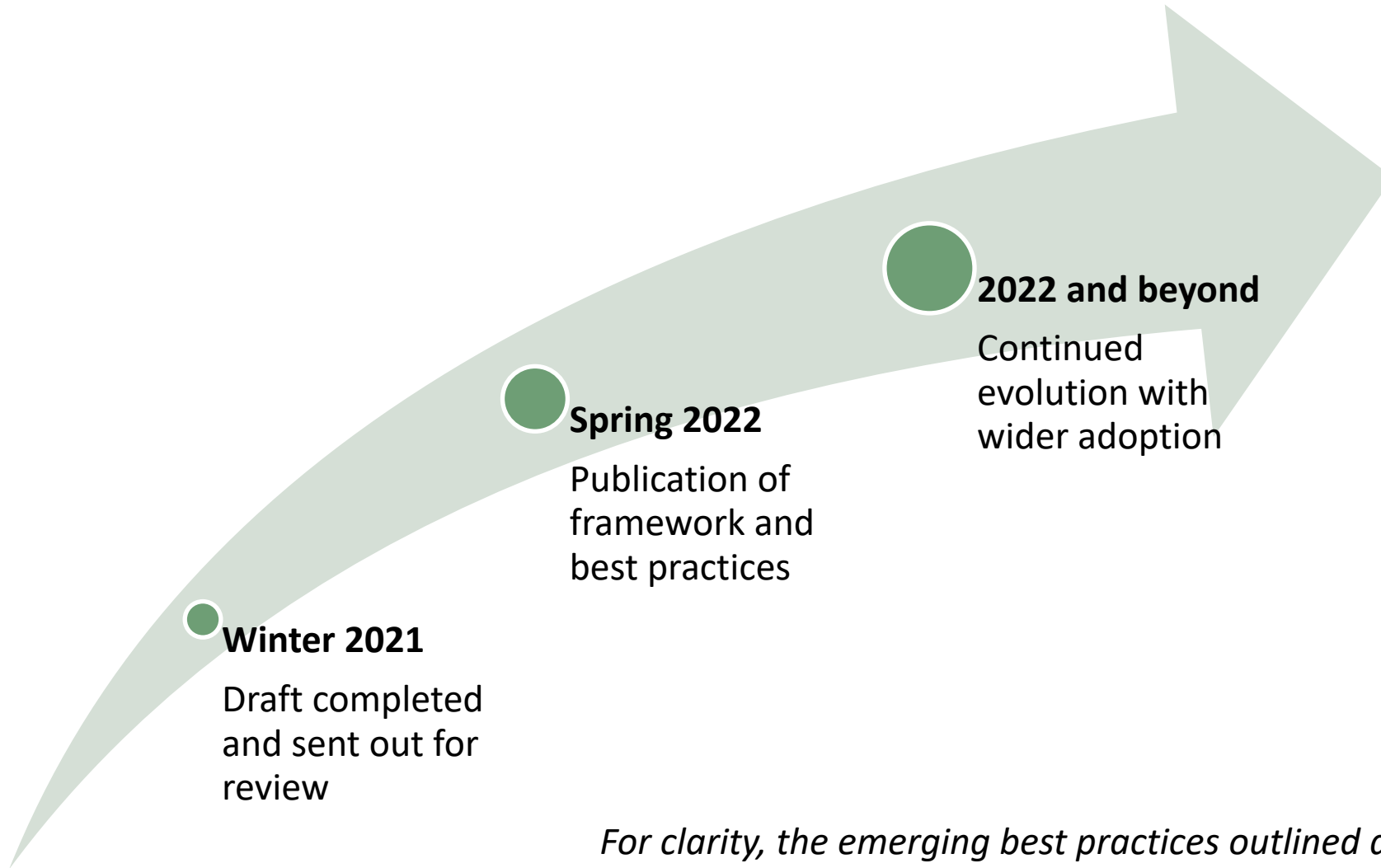
Create a set of communication materials to socialize the recommendations with stakeholders

Organize continued stakeholder engagement efforts to achieve a greater awareness of formula and policy alignment

Moving Forward

Destination

Helpful guidance for more productive formula reviews with best practices identified

2022 and beyond

Continued evolution with wider adoption

Spring 2022

Publication of framework and best practices

Winter 2021

Draft completed and sent out for review

For clarity, the emerging best practices outlined are based on current research so they may become better practices over time with wider adoption across states.

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