

Funding K-12 Education

Overview of State Approaches
for Funding Elementary and
Secondary Public Education



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WHAT WE DO.

We believe in the power of learning from experience, and we know informed policymakers create better education policy.



WHO WE ARE.

The essential, indispensable member of any team addressing education policy.



HOW WE DO IT.



Research



Report



Convene



Counsel

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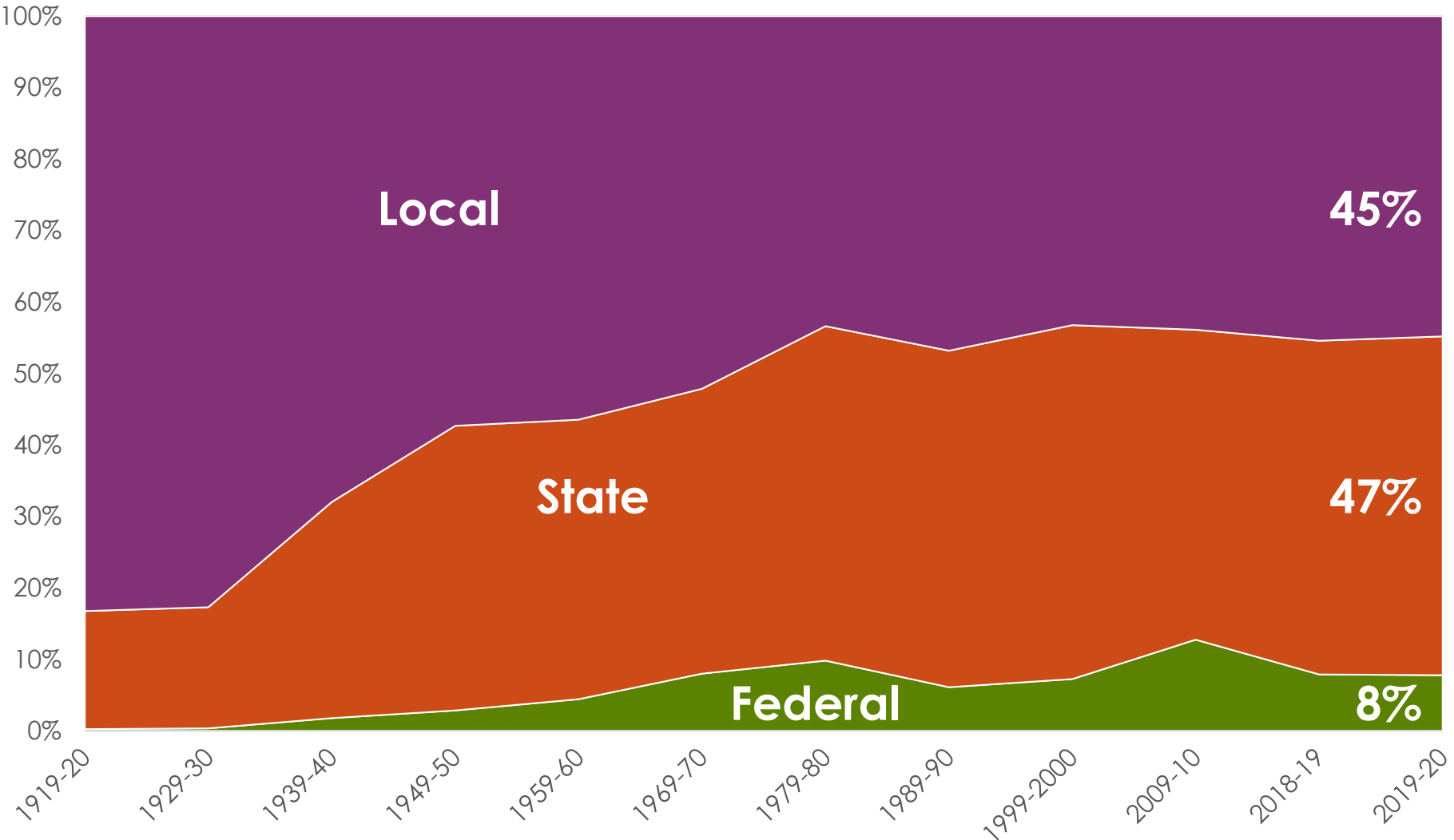


Agenda

- **State Funding Models**
- Student / District Characteristics
- K-12 Finance Trends
- Tennessee Investment in Student Achievement Act



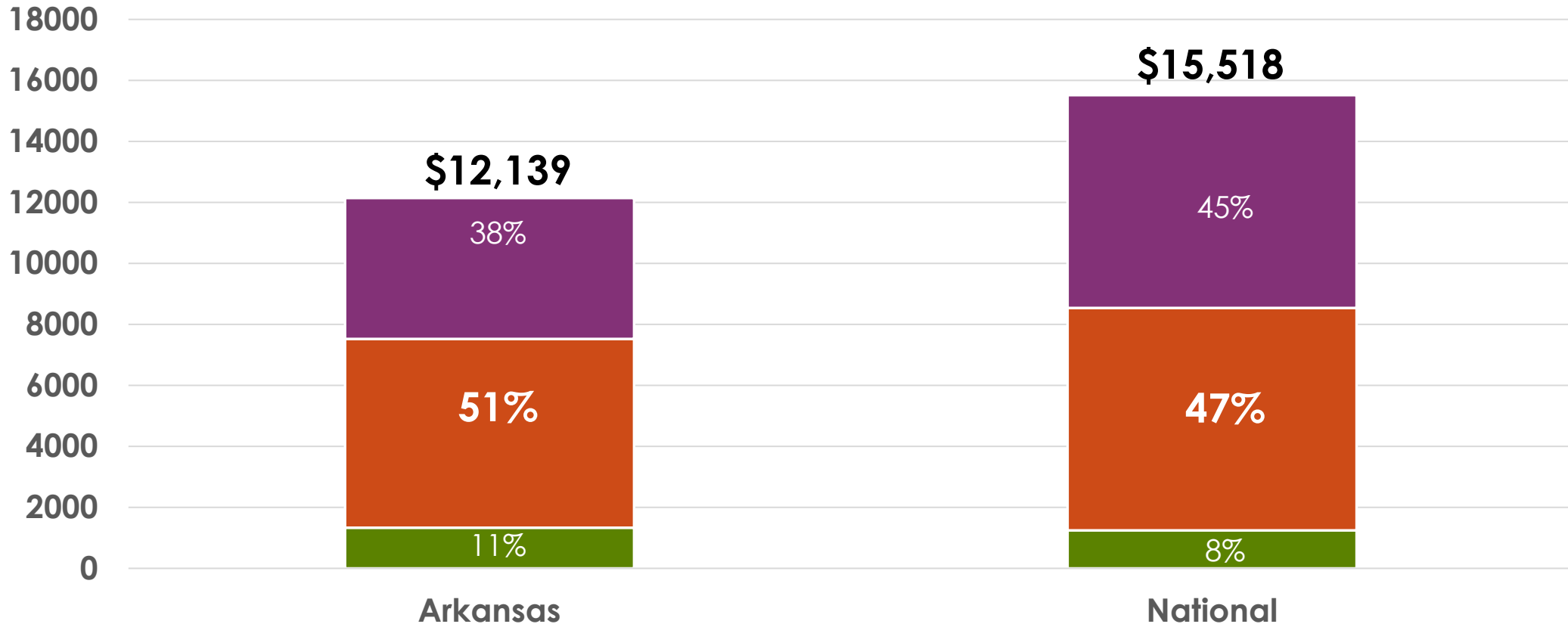
Share of Elementary and Secondary Revenues by Source (1920 – 2020)



Source: National Center for Education Statistics, Digest of Education Statistics, Table 235.10

AR Large State Share, Less \$ Overall

Expenditures Per Pupil for Public Elementary and Secondary Education by Source, FY 2020

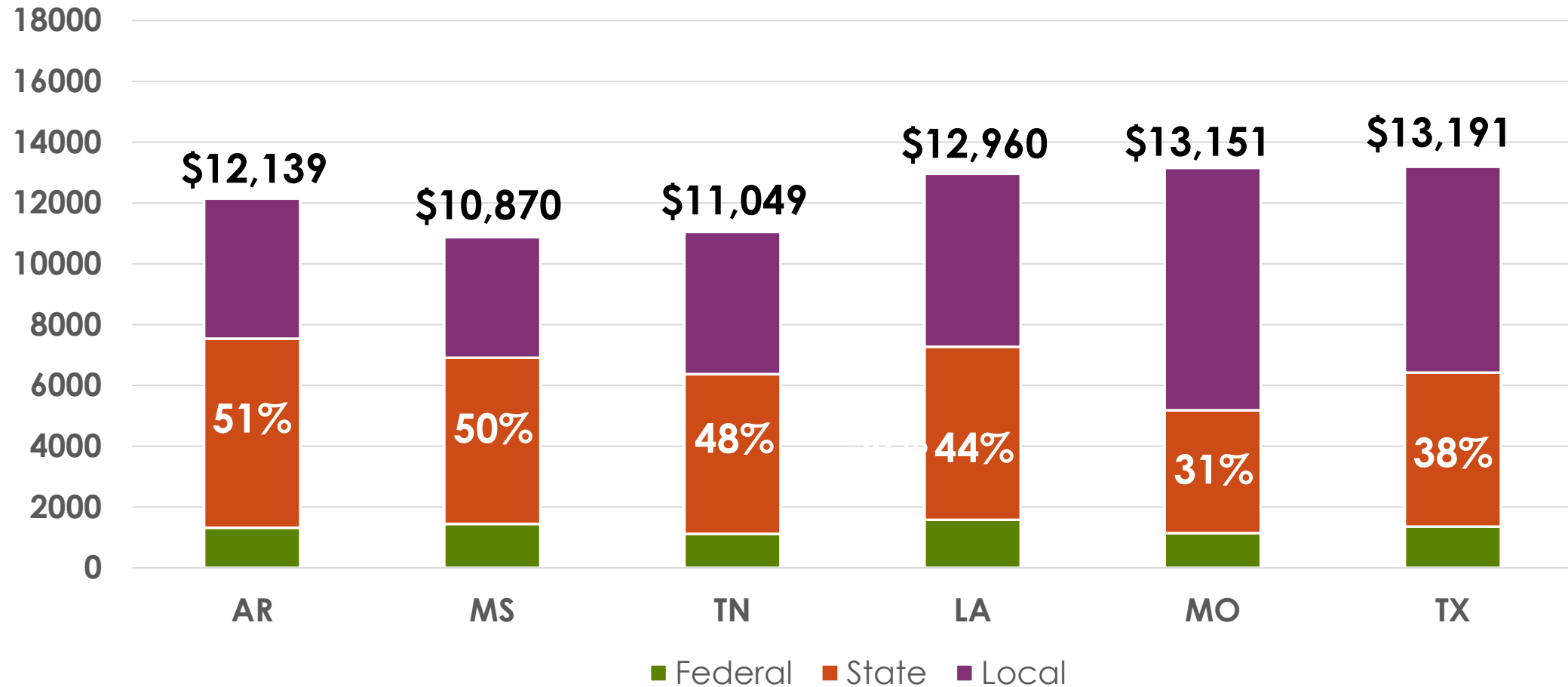


Source: National Center for Education Statistics, Digest of Education Statistics, Tables 236.75 and 235.20, NCES Comparable Wage Index 2019

■ Federal ■ State ■ Local

Compared to Bordering States

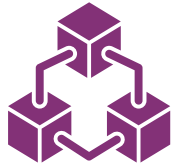
Per Pupil Expenditures for Public Elementary and Secondary Education by Source, FY 2020



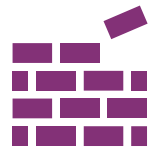
Source: National Center for Education Statistics, Digest of Education Statistics, Tables 236.75 and 235.20

50-State Comparison K-12 Funding

FUNDING MODEL



Primary
Funding Model



Base
Amount



Student
Counts

STUDENT AND DISTRICT CHARACTERISTICS



Special
Education



English
Learners



Gifted and
Talented



Students from
low-income
backgrounds



Small or Rural
Districts



Types of Funding Models



Student-Based

Districts receive a base amount of funding per student, with additional money or weights added to provide additional support to students with unique needs.

- *State guarantees a base level of dollars.*



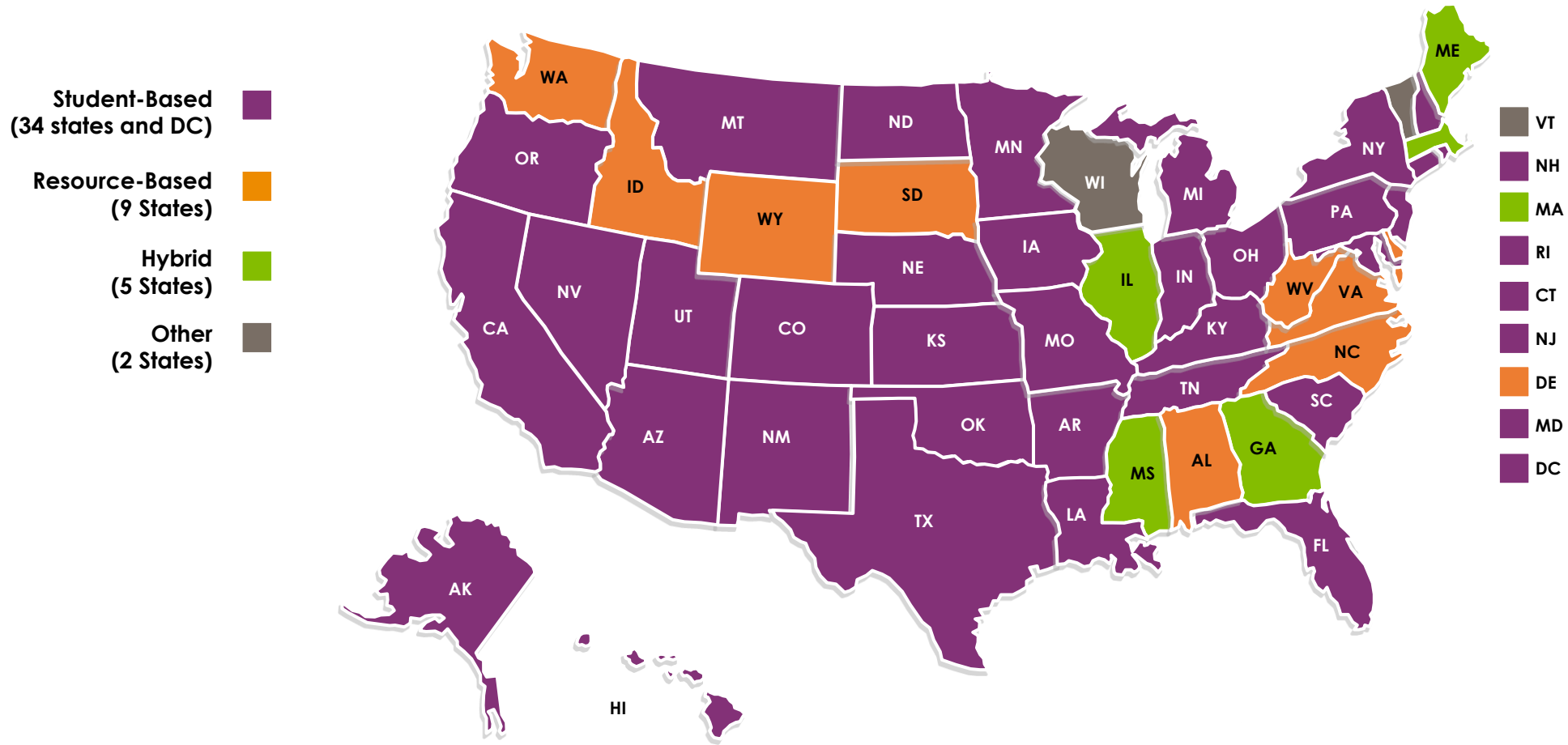
Resource-Based

Districts receive funding based on a minimum level of resources such as staffing, services or programs. Often based on a ratio of students to staff.

- *State guarantees a base level of resources.*



Primary Funding Models



Student- Based Foundation

Advantages

- Transparency
- Student Equity
- Local Autonomy and Flexibility

Challenges

- State Financial Oversight



Resource- Based Allocation

Advantages

- State Financial Oversight
- Required Level of Resources or Staffing

Challenges

- Local Autonomy and Flexibility
- Student Equity



Arkansas

Primary Funding Model: Student-Based

- 34 states & DC with this approach

Student Count: Membership Average

- 23 states with this approach

Base Amount: \$7,182 (2021-22)

- 30 states specify base amount in statute or budget – average \$6,284 (2021-22)



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Student and District Characteristics

- Special Education: **50 states & DC.**
- English Language Learners: **48 states & DC.**
- Students from Low-Income Backgrounds: **44 states & DC.**
- Gifted and Talented: **36 states.**
- Small Size or Isolated Funding: **34 states.**



Student and District Characteristics

ADDITIONAL SUPPORTS FOR STUDENTS FROM LOW-INCOME BACKGROUNDS



States provide **additional funding** to students from low-income backgrounds.

How are students identified?



States use **Free or Reduced-Price Lunch Program** eligibility as an identifier.

Which funding mechanism?



How much additional funding per pupil?

\$190 → **\$7,272**



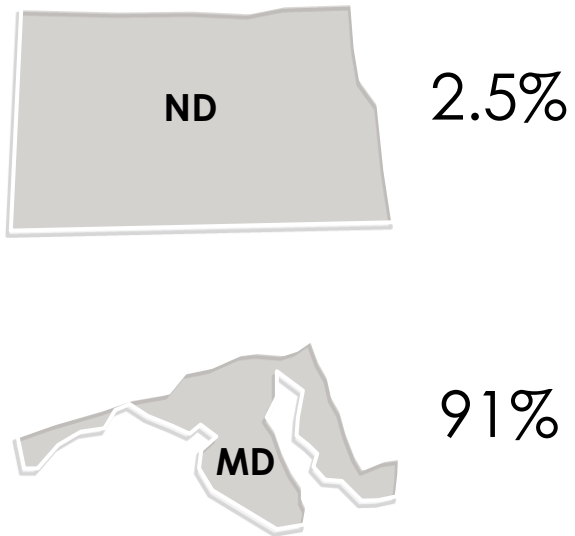
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States provide additional funding for communities with higher concentrations of economic disadvantage.

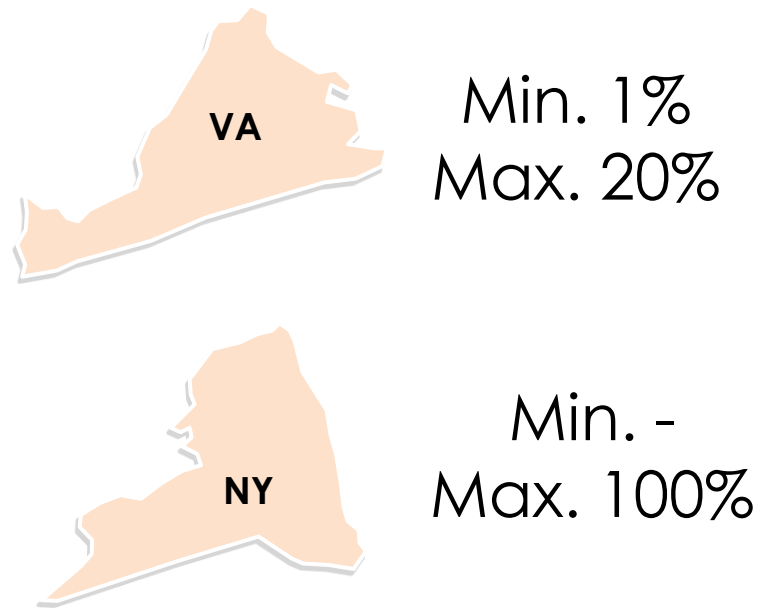
Weights and Grants Vary in Size

Funding for Students from Low-Income Backgrounds

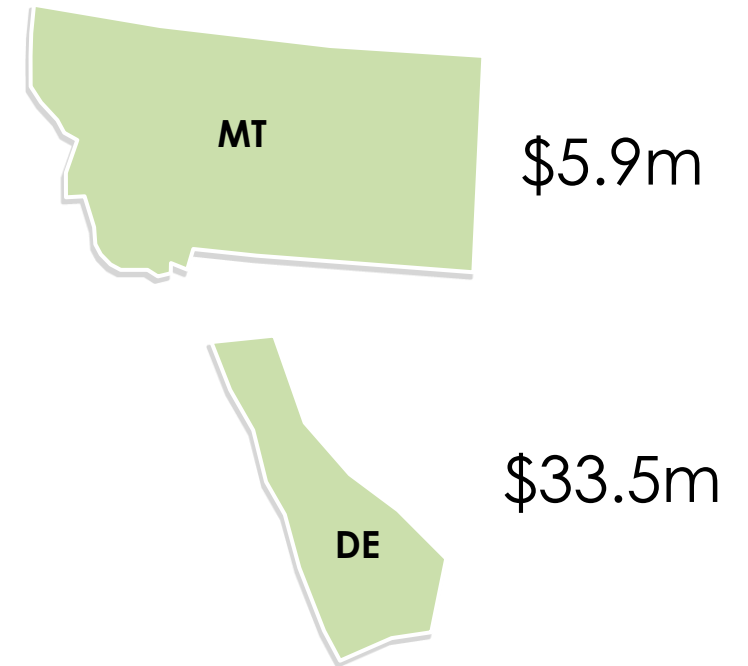
Flat Weight



Multiple Weight



Categorical Grant



Performance- Based Incentives

States may award additional funds to districts or individual schools for:

- Measures of student performance:
 - Test scores or proficiency rates or gains (FL, TN)
 - Early post-secondary completion, industry certification (FL, TN, TX)
- Amounts may differ based on student characteristics



Arkansas Profile

Special Education: Census-based & High-cost Services Funding

- 14 states with census-based and 17 states with high-cost services funding

English Learners: Categorical

- 8 states with this approach

Low-Income Backgrounds: Categorical

- 7 states with this approach

Gifted and Talented: Categorical

- 13 states with this approach

Small and Rural: Multiple Weights

- 15 states with this approach





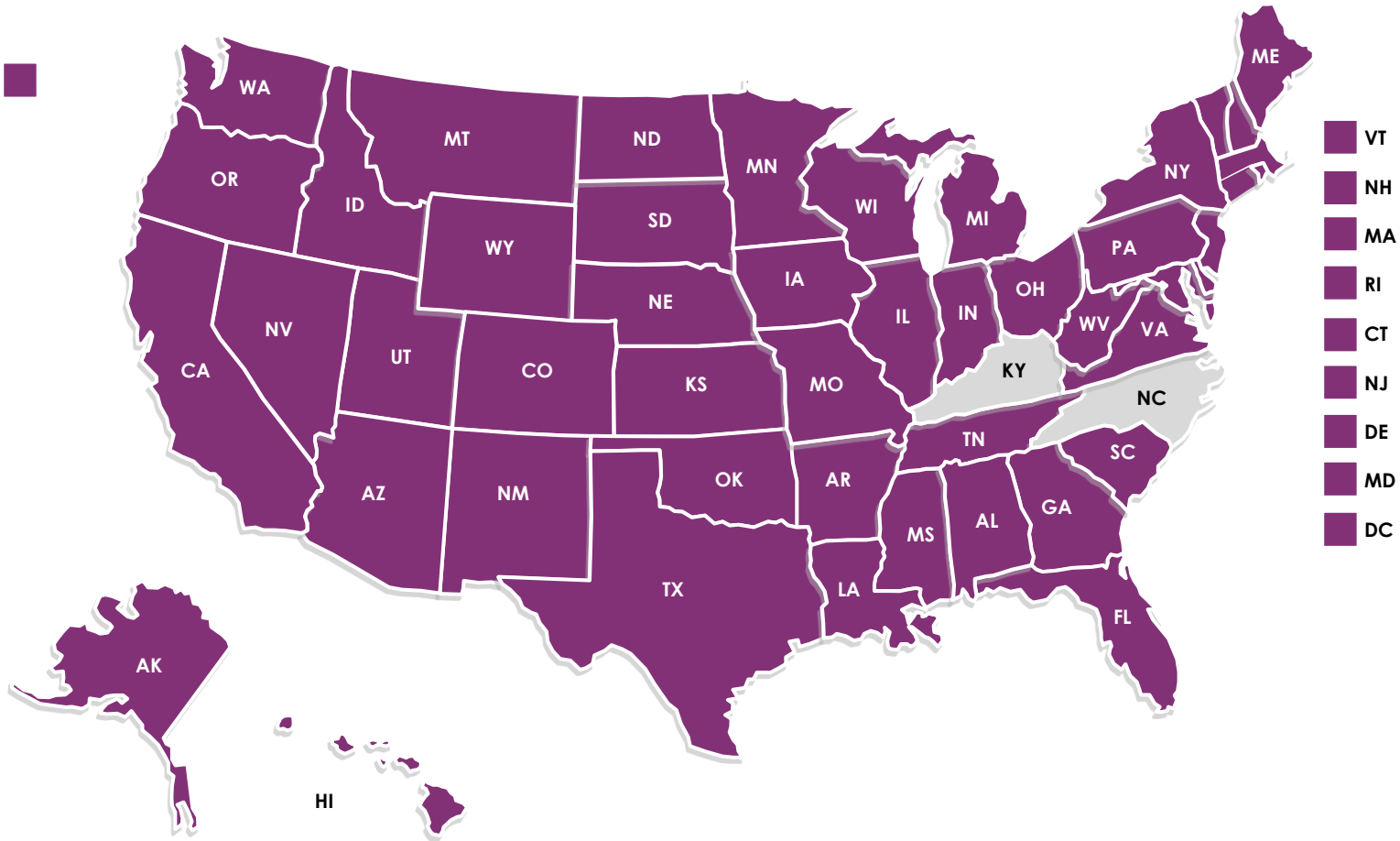
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169 Enacted K-12 Funding Bills

States with enacted legislation related to K-12 funding.





K-12 Funding Trends

Funding
Formulas

Targeted
Funding for
Certain Students

Student Counts






Funding Formula

New Mexico: [HB 130](#) creates the K-12 Plus program. To participate, schools must provide more than 180 days of instruction.

Each K-12 Plus school generates program units in the state equalization guarantee equal to the school's membership multiplied by the number of additional days.





Student Populations & Funding Formula

Nebraska: L.B. 583 increases the amount the state will reimburse each school district for the special education services to 80% of the district's total allowable excess costs.

Revises foundation aid calculation to be paid to each school district. Starting in the 2023-24 school year, foundation aid will be \$1,500 multiplied by the number of formula students.





Student Counts

Utah: [HB 394](#) reallocates Uniform School Fund savings associated with declining student enrollment to increase the weighted pupil unit.

Depends on passage of proposed constitutional amendment.





Agenda

- State Funding Models
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- **Tennessee Investment in Student Achievement Act (TISA)**



Goals for Changing Funding



Empower each student
to read proficiently
by third grade.



Prepare each high school graduate
to succeed in the
postsecondary program
or career of the
graduate's choice.



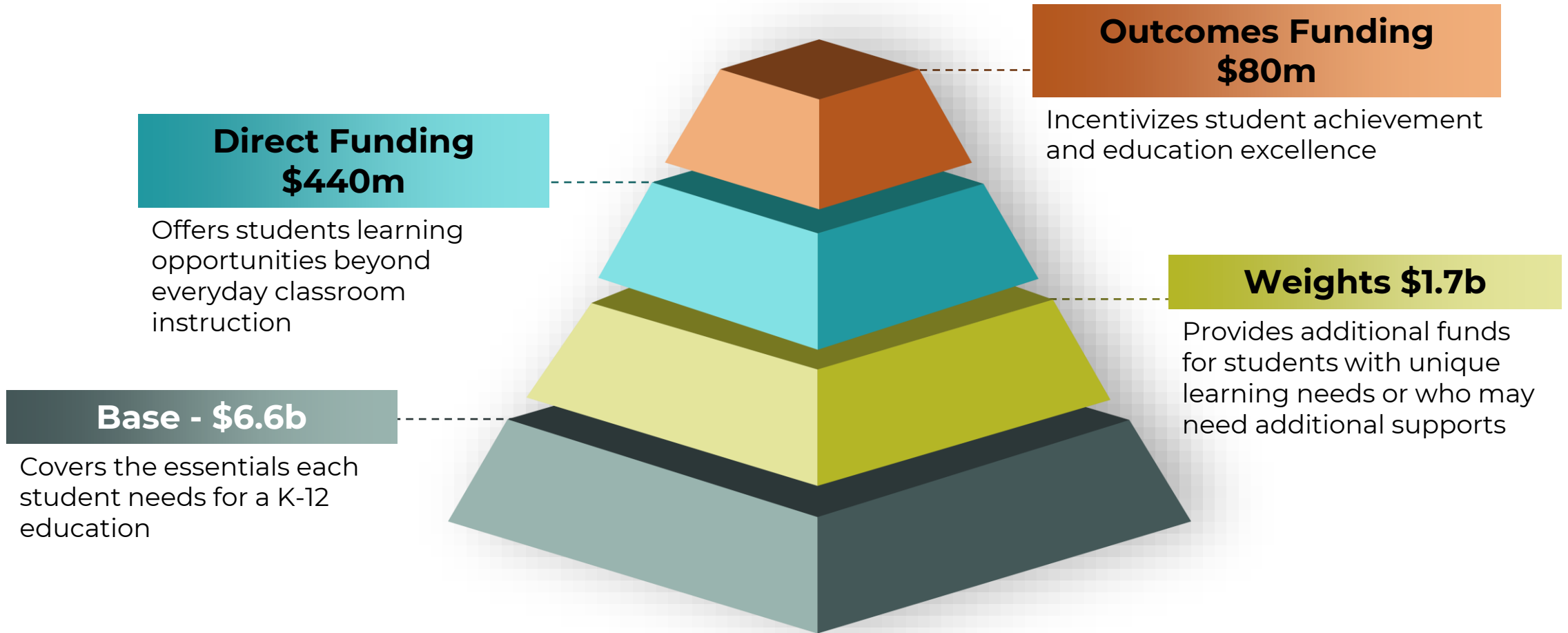
Provide each student
with the resources
needed to succeed,
regardless of the
student's individual
circumstances.

Development Process

- **Fall 2021**, Governor Lee launches review of Basic Education Program
- **18** funding subcommittees
- **16** public town halls and local match conversations
- **April/May 2022**, General Assembly passes and Governor signs TISA



Student-Based Funding Formula



Local Contributions

- **Base funding and weights** - state and local split is 70% / 30% statewide
- **Direct and outcomes-based funding** - state covers 100%
- **Hold harmless** – state pays for decrease in base aid to district:
 - 100% in yr.1
 - 75% in yr. 2
 - 50% in yr. 3
 - 25% in yr. 4



Considerations

- Define problems and priorities.
- Transparency and public input can be critical for consensus building.
- Some key funding choices to consider taking action:
 - base amounts, student counts, funding weights, state & local cost share, what to fund inside/outside of the formula.
- Planning for financial sustainability



RESOURCES

from our presentation.

[50-State Comparison: K-12 and Special Education Funding](#)

[50-State Comparison: K-12 School Construction Funding](#)

[Student Counts in K-12 Funding Models](#)

[State Information Request: Outcome-Based Funding Models](#)

[Partnering for Success: Shifting Formulas for Student Success](#)





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THANK YOU

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