



School Funding Overview

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Education Commission of the States

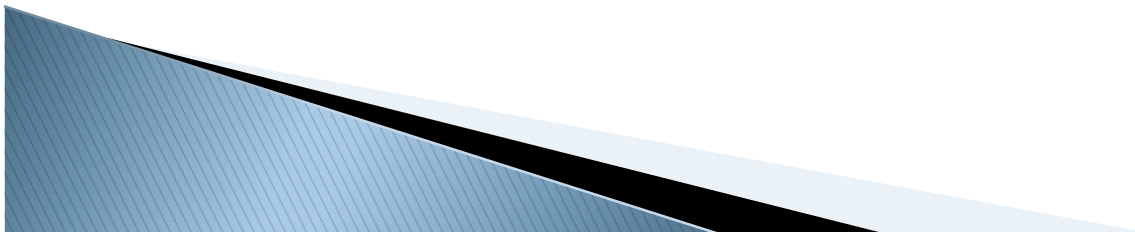
- ▶ The only nationwide education interstate compact
- ▶ Founded in 1965 to enlighten, equip and engage education policy makers
- ▶ 53 member states, territories and the District of Columbia
- ▶ Web Site: www.ecs.org

National Conference of State Legislatures

- ▶ Instrumentality of all 50 state and territorial legislatures; bipartisan
- ▶ Provides research, technical assistance and opportunities to exchange ideas
- ▶ Advocates on behalf of legislatures before the federal government
- ▶ Web Site: www.ncsl.org

Outline

- ▶ How does Texas's school funding system compare to other states?
- ▶ How do other states address issues around special student populations or districts with unique needs?
- ▶ Other funding issues (Transportation, capital costs, charters large districts, litigation)
- ▶ New approaches to school funding



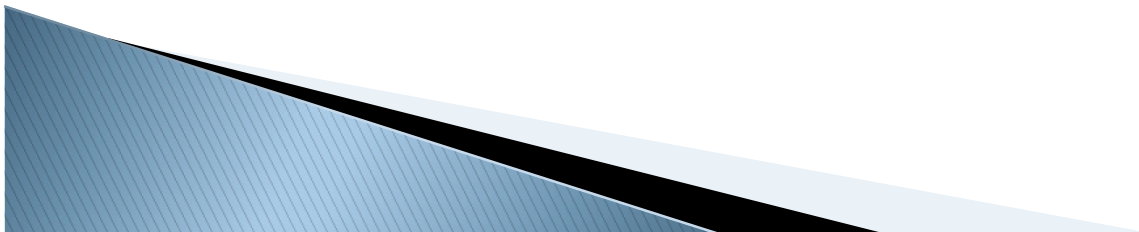
State Funding Formulas

- ▶ **First Generation**
 - Flat grant per student
- ▶ **Second Generation**
 - Equalization formulas
 - Position allocation systems
- ▶ **Third Generation**
 - Foundation formulas
- ▶ **Fourth Generation**
 - Having the funding follow the child

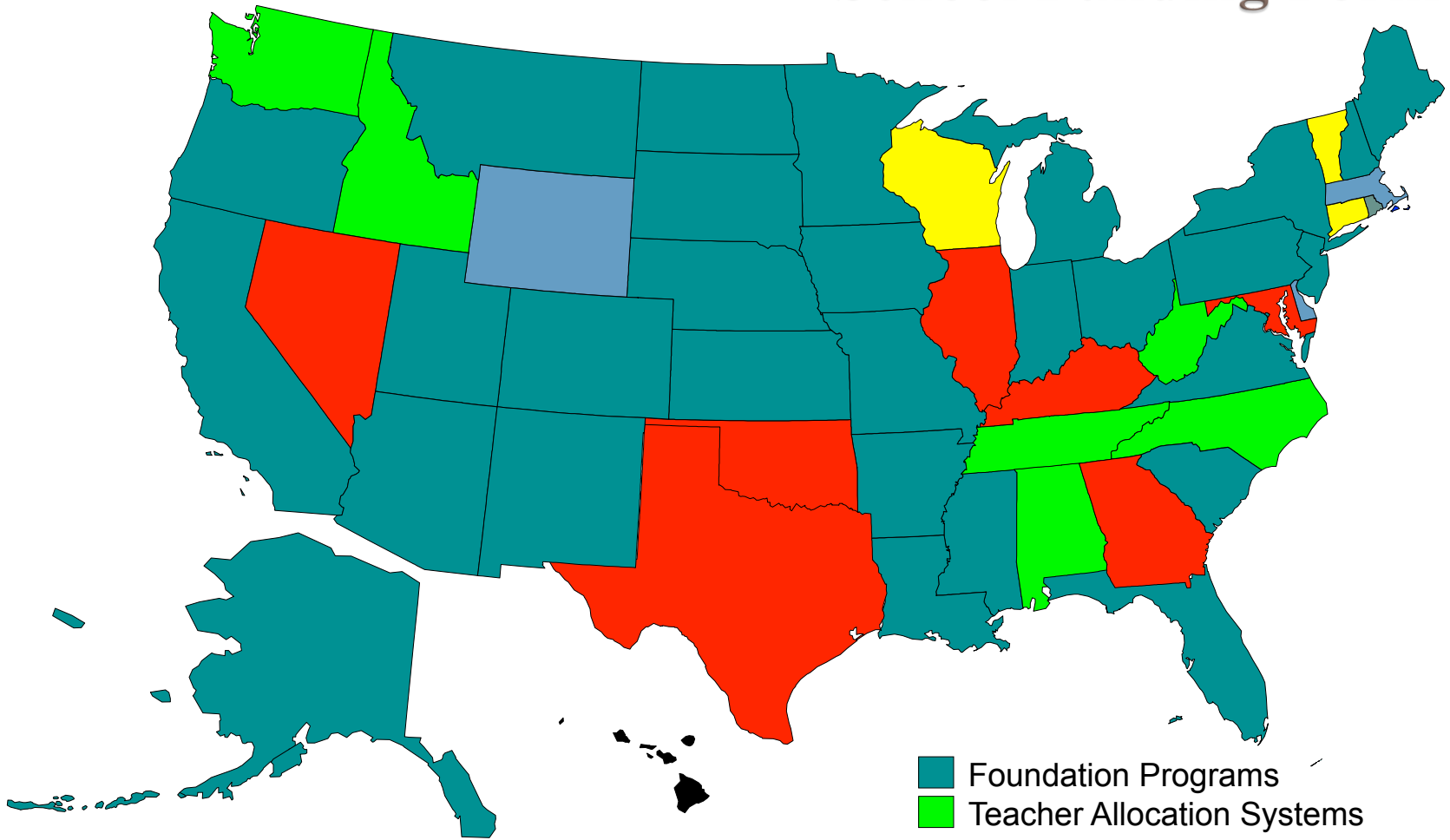


State Funding Formulas

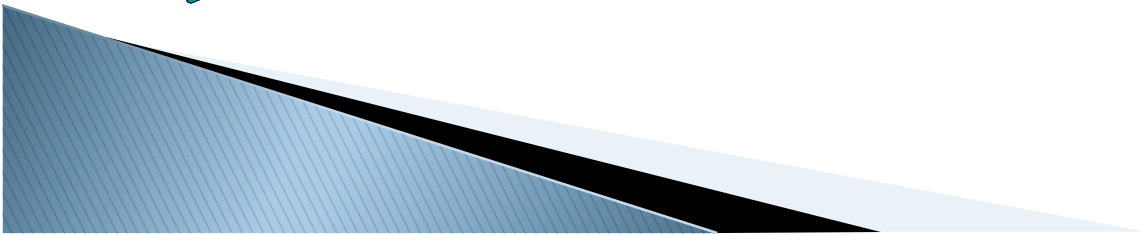
- ▶ Teacher Allocation (6 states)
- ▶ District Power Equalization (3 states)
- ▶ Foundation/Base Formula (33 states)
- ▶ Combination of formulas (7 states)
- ▶ Other - Hawaii



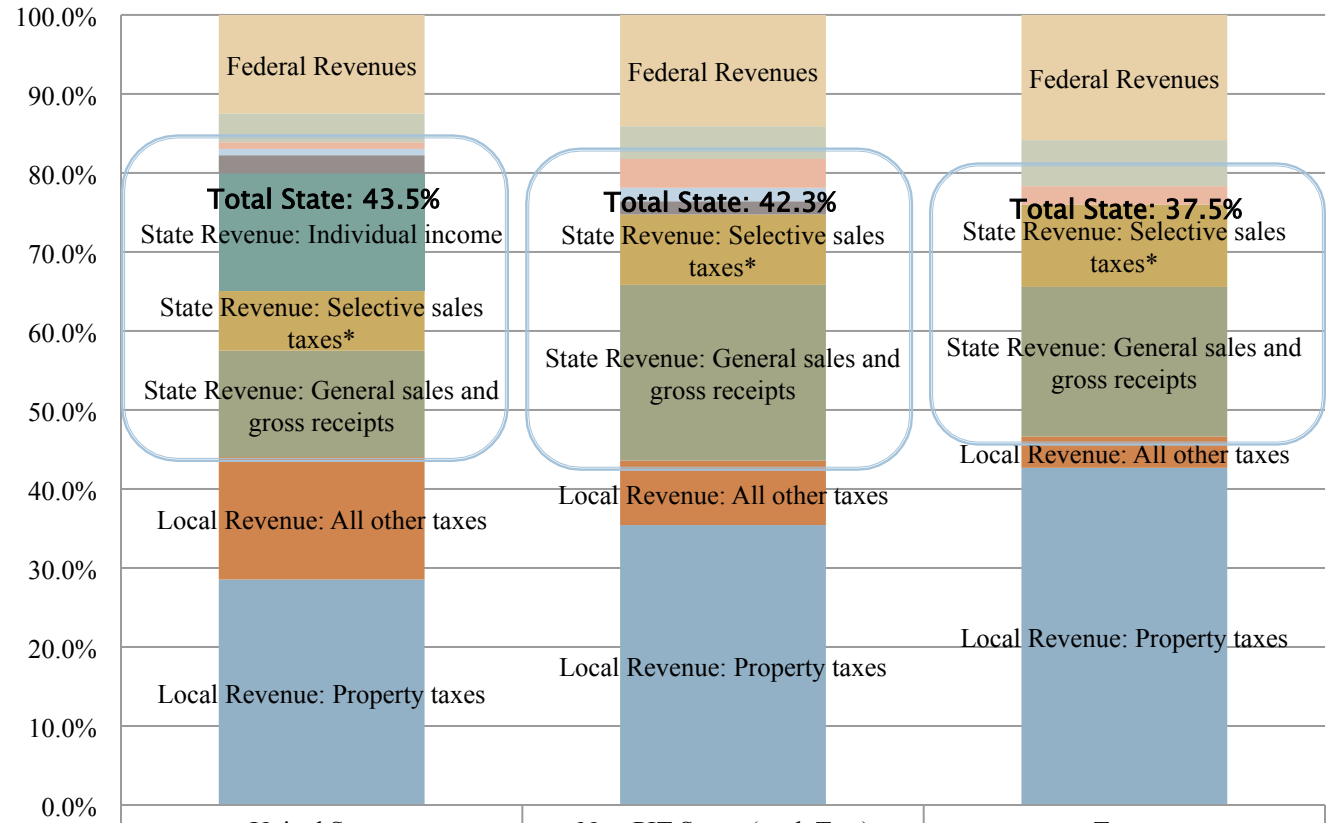
School Funding Formulas



- Foundation Programs
- Teacher Allocation Systems
- Power Equalization
- Combination



Estimated Revenue Sources for Elem. & Sec. Public Education, FY 2010

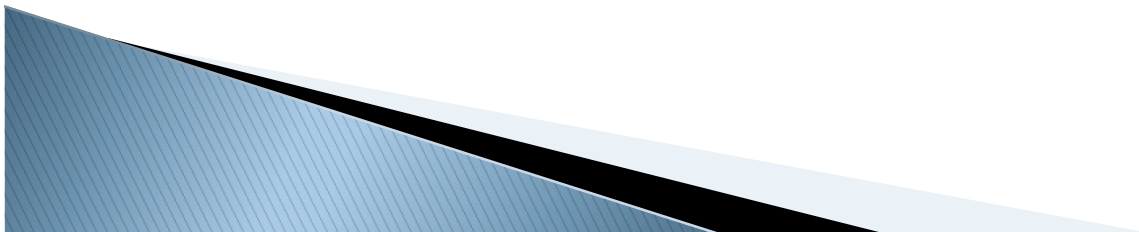


	United States	Non-PIT States (excl. Tex.)	Texas
Federal Revenues	12.5%	14.1%	15.8%
State Revenue: All other taxes	3.6%	4.1%	5.8%
State Revenue: Severance	0.8%	3.6%	2.3%
State Revenue: Property taxes	0.8%	1.7%	0
State Revenue: Corporation net income	2.3%	1.7%	0
State Revenue: Individual income	14.9%	0	0
State Revenue: Selective sales taxes*	7.5%	8.9%	10.4%
State Revenue: General sales and gross receipts	13.5%	22.3%	18.9%
Local Revenue: All other taxes	15.5%	8.2%	4.0%
Local Revenue: Property taxes	28.5%	35.4%	42.7%

SOURCE: NCSL calculations based on data from the Bureau of the Census, 2011;
 * Selective sales taxes are state Excise taxes (i.e., motor fuel, alcoholic beverages, etc.)

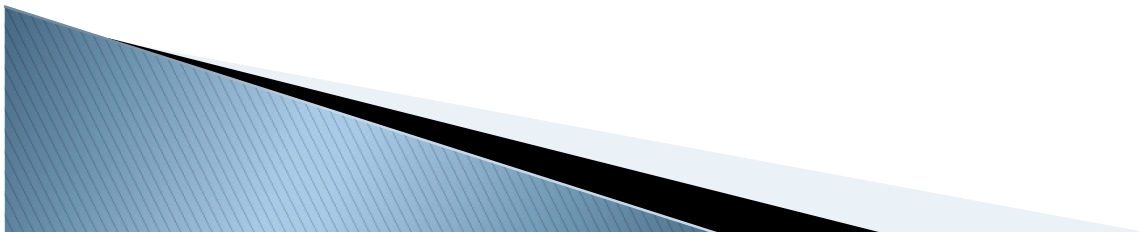
High-Need Students

- ▶ Students with special needs (Special Education, At-risk or ELL) can receive funding in two ways:
 - Inside the state's funding formula – by providing an additional weight to students
 - Outside the state's funding formula – through the use of “categorical” funding programs



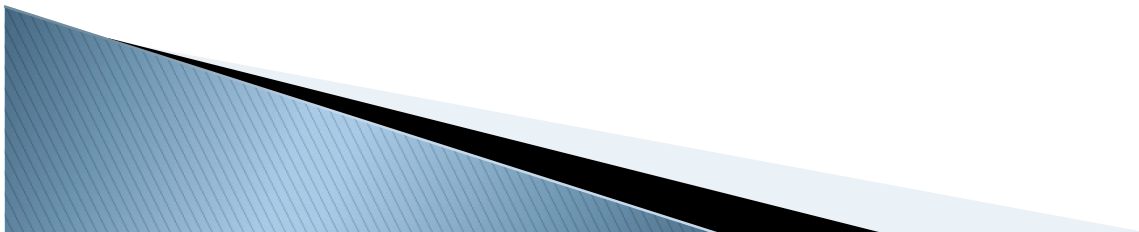
Funding High-Need Students

- ▶ **At-risk funding**
 - 34 states provide additional funding for at-risk students
- ▶ **English Language Learners**
 - 37 states provide additional funding for ELL students
- ▶ **Special Education**
 - 49 states provide additional funding for special education students



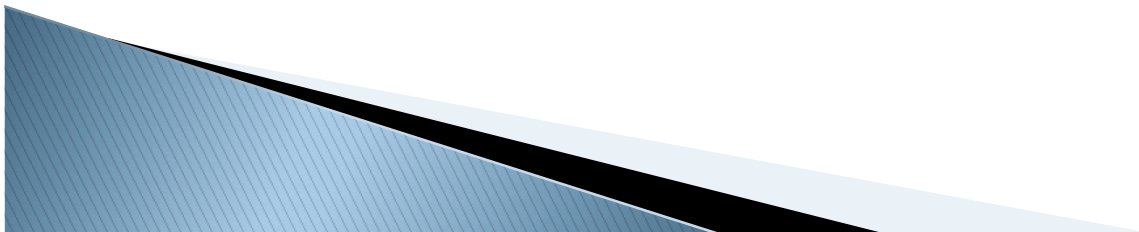
At-Risk Funding

- ▶ How are students identified
 - Most states use free/reduced price lunch
 - Students not achieving standards
 - Other identifiers like pregnant students
- ▶ How are they funded
 - Within the state funding formula as a weight
 - Flat grants (\$200 – North Carolina)
 - Variable grants (\$2,285 to \$2,831 – Massachusetts)
- ▶ Density matters



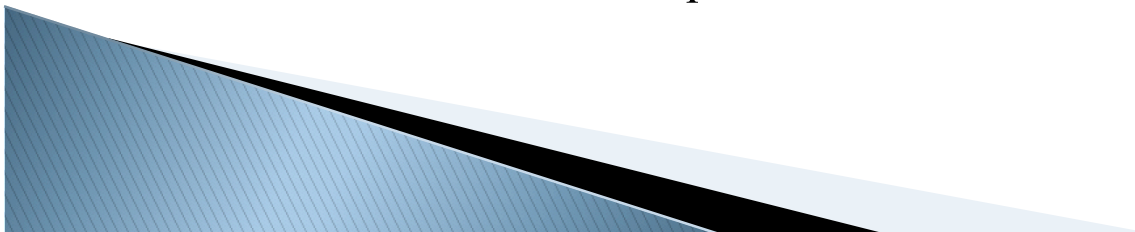
Special Education Funding

- ▶ Forty–nine states provide additional funding for special education (R.I. is the exception)
 - Within the primary formula (21)
 - Outside of the primary formula:
 - Cost Reimbursement (10)
 - Instructional Units (6)
 - Census based (5)
 - Other (14)



Funding Transportation

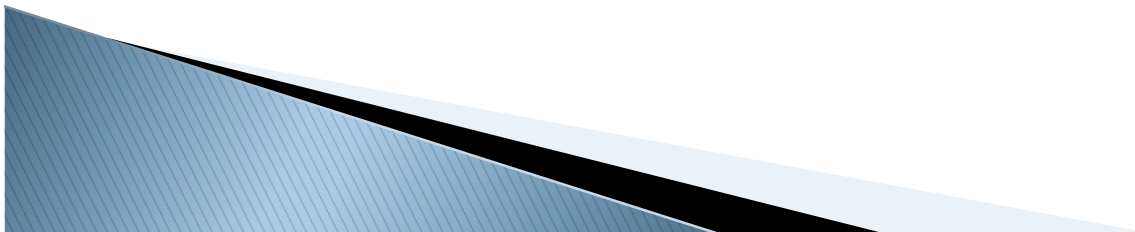
- ▶ Allowable reimbursement (16 states) — The state reimburses districts for a percentage of allowable transportation expenses
- ▶ Density formulas (9 states) — The states fund districts based on the number of district students per square mile
- ▶ Per pupil (5 states) — The state provides funding to each district based on a set amount per pupil
- ▶ Full reimbursement (5 states) — The state reimburses each district the full cost of allowable transportation expenses
- ▶ Equalized reimbursements (3 states) — The state provides reimbursement that is equalized based on a districts relative wealth



Funding Capital Expenses

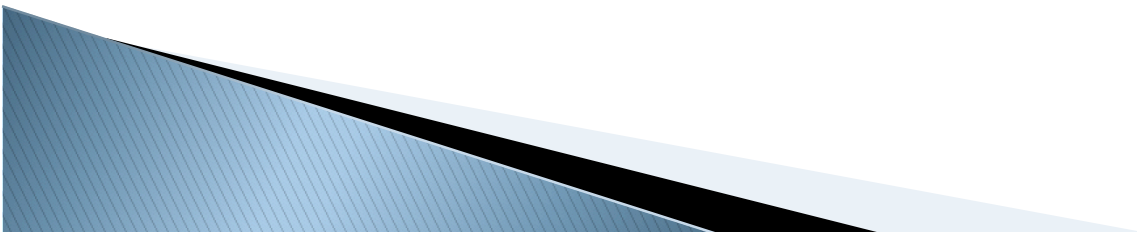
Twelve states provide no funding – the remaining 38 states provide funding in the following manner:

- Approved project grants (14 states)
- Equalized project grants (10 states)
- Equalized debt service (6 states)
- State bond guarantees (5 states)
- Subsidized loans to school districts (4 states)
- Debt service grants to school districts (2 states)



Funding Charter Schools

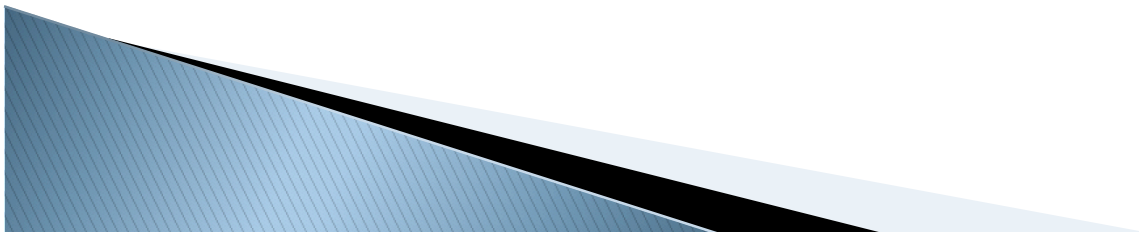
- ▶ States vary greatly when it comes to funding charter schools
 - Full state funding (Michigan)
 - Full district funding (Arizona)
 - Phased-in district funding (New York)
 - District funding with allowable admin costs



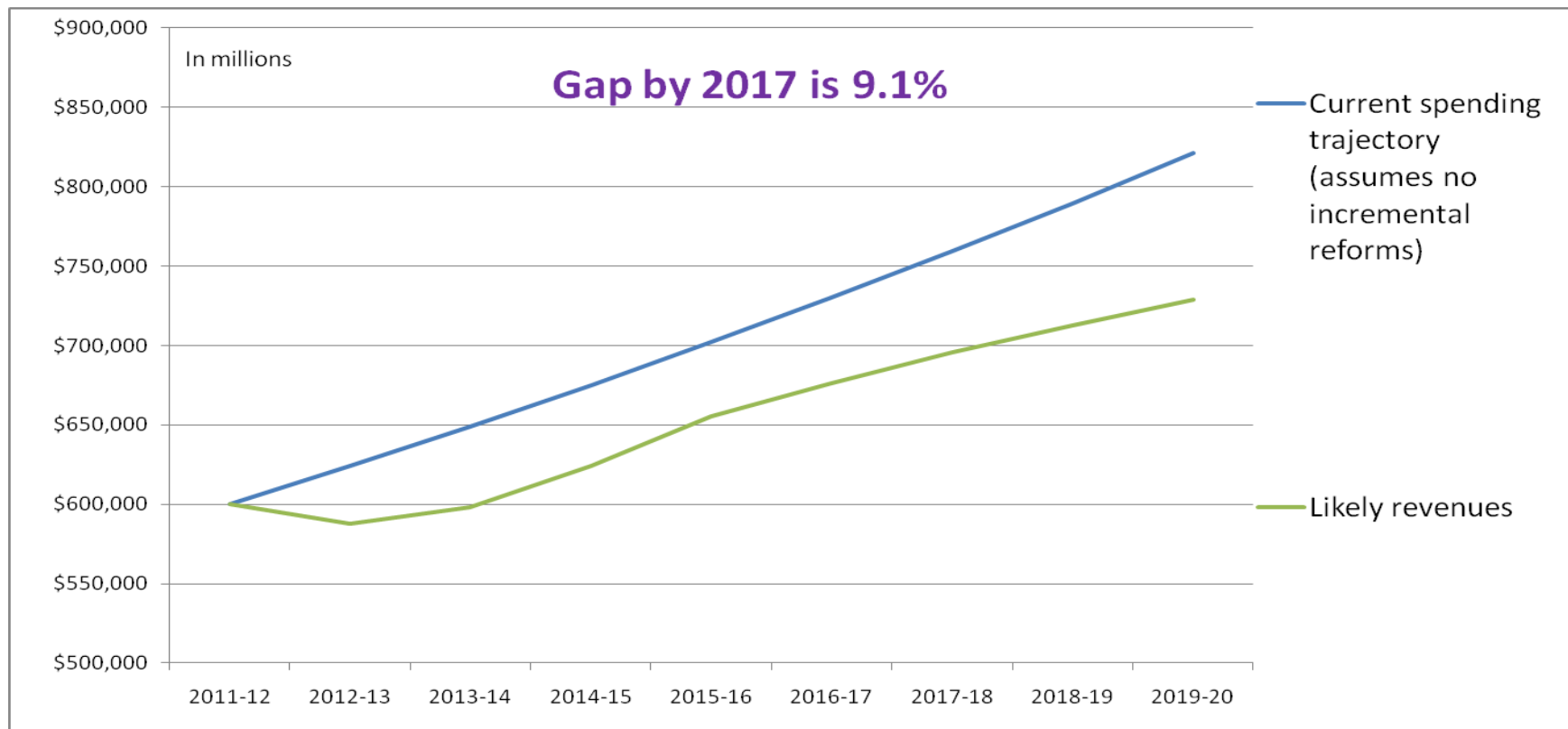
State School Funding Litigation

- ▶ 44 states have had court rulings
 - 25 ruled in favor of the districts
 - 18 ruled for the state
 - 1 state (Arizona) had mixed results

- ▶ Examples
 - Wyoming (1995)
 - Ohio (1997)
 - Kansas (2005)



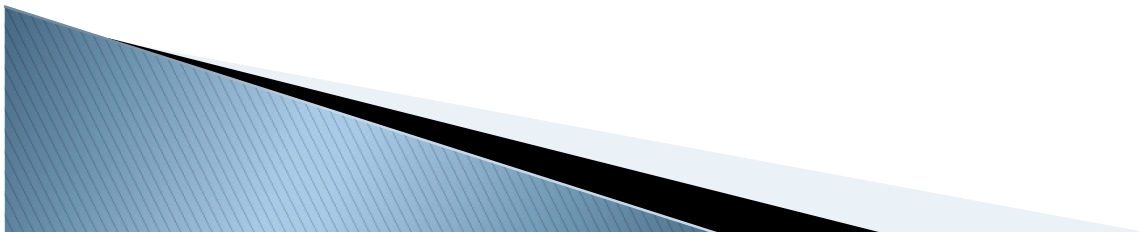
Gap Between Projected Revenues and Expenditures for K-12



SOURCE: Marguerite Roza, PhD, University of Washington; NCSL presentation, Nov. 2011, available at: www.ncsl.org.

Reallocation of Scarce Resources

- ▶ Redesign state and district funding formulas:
 - To allow greater flexibility (time, class size, etc.)
 - To account for student types
 - To direct resources where they are most needed
 - To maintain cross-district equity
- ▶ Improve and standardize data collection and systems:
 - To track resource allocations to student needs
 - To insure comparability across LEAs



Reallocation of Scarce Resources

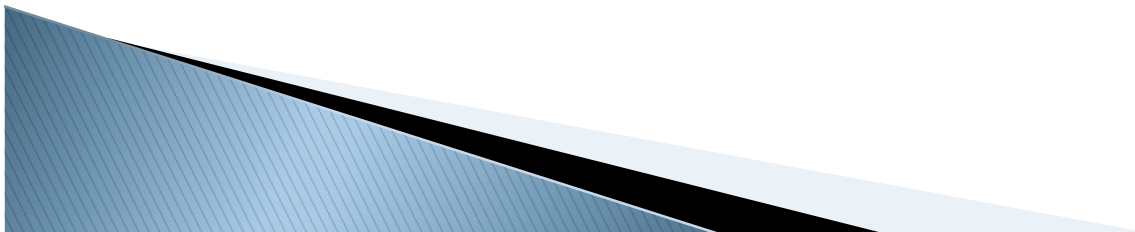
- ▶ **Invest in and promote use of technology**

(To improve productivity, the NCSL Digital Media and Learning Project, funded by the MacArthur Foundation, seeks to provide state legislators with information, examples and perspectives on the changing world of digital media and learning in order to effectively address the policy issues that will be in front of them in the next several years.)

- To enhance learning
- To improve data collection
- To aid in the creative use of building space

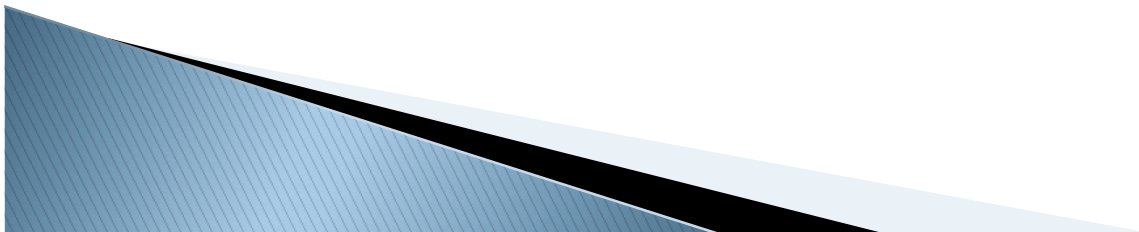
- ▶ **Improve delivery of special education aid:**

- To support early response to intervention (RTI)



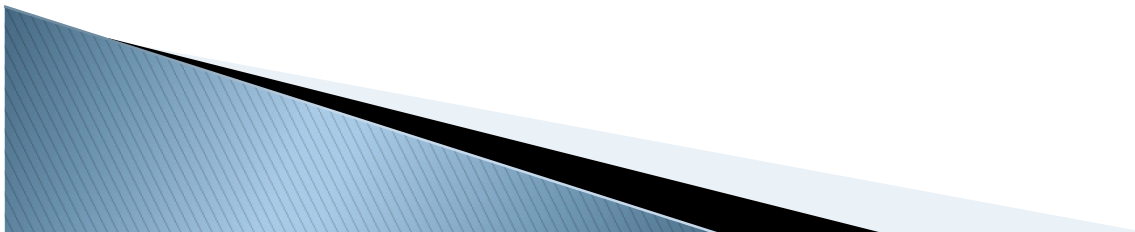
Reallocation of Scarce Resources

- ▶ Oregon moving toward an innovative approach thru **SB 909: The Oregon Education Investment Board** (i.e., P-20 council).
 - Seamless Education System
 - Local Control (“tight-loose” accountability system)
 - Outcome-Focused Investment
 - Early Childhood Investment
 - Individualized Education



Proficiency-based Learning as an alternative to Seat Time

- ▶ Arizona – Competency based learning
- ▶ Iowa – Creates the Competency-based Instruction Task Force
- ▶ Maine – Changes high school diploma requirements as the first step in moving all schools to the proficiency-based education model.
- ▶ Tennessee – Allows virtual school students to move at their own pace but requires students to demonstrate mastery, competency, and completion of a course before receiving credit.



Questions

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