

Public Education Funding Commission School Finance 201

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Public Education Funding Commission

School Finance 201

- ▷ States that have successfully changed their funding systems
- ▷ Lessons learned from other states
- ▷ School Funding Transition Process

Since 2000 several states have adopted new school funding formulas:

Arkansas (2002) Litigation

California (2013) Governor/voter approved

Illinois (2017) Legislative led change

Kansas (2017) First litigation then legislative

Maryland (2002) Legislative led change

Ohio (2013) First litigation then legislative

Pennsylvania (2015) Legislative led change

Rhode Island (2010) Legislative led change

Tennessee (2021) Legislative/Gov led change

Wyoming (2001) Litigation

Lessons Learned from Other States

First Questions to Ask

- Will current grant programs be maintained, or will they be rolled into the formula?
- Will any area of funding not be addressed in the new formula (capital, transportation, food services, special ed.)?
- How will the new formula address:
 - Student counts
 - District size
 - Cost of doing business/geographic location
 - High-need student groups (At-risk, ELL, Special Ed.)

Lessons Learned from Other States

First Questions to Ask

- How will the new formula address:
 - Student counts
 - District size
 - Cost of doing business/geographic location
 - State/local funding split
 - Determining what constitutes district “wealth”
 - How local funds can be raised
 - Will minimum property taxes be mandated

Lessons Learned from Other States

- ❖ Ensure that funding levels for individual districts are “held harmless”
 - This can be done on either a per-pupil or total payment basis
 - Most states create a time-limit on these provisions
- ❖ Create minimum payments in the formula

Lessons Learned from Other States

- Gradually transition to the new funding formula
 - The Idaho example
 - The state is gradually moving away from a resource-based system to a student-based system.
 - The Illinois and Pennsylvania examples
 - In both states all districts receive a payment equal to what they received in the year before the new formula was adopted.
 - All new funding flows through the new funding formula
 - In both states, it will take about 25 years before at least half of the funds flow through the new formula

Lessons Learned from Other States

- ▶ **Allow for certain mandates or programs be retained**
 - Retain separate funding for some programs that have a large amount of public support (Summer learning, after-school, athletics)
 - Create or retain mandates that allow education staff and the public to feel more comfortable about the new formula (Class size initiatives, teacher-student ratios, teacher salary schedules)

- ▶ **Educate the public & train district staff about the new formula**

Lessons Learned from Other States School Funding Transition Process

1. Determine what you will/won't be changing in the formula
2. Create a general outline of the new formula
3. Draft a “working” outline that includes all of the components of the new formula
4. Create the new formula and run the numbers
5. Refine the formula while constantly running numbers
6. Produce the final formula

Note: Between each step you should be receiving public input



Questions & Answers

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