

## Student-Centered Funding

Foundation for Excellence in Education

This supplements testimony provided to the Public School Funding Formula Committee on October 17, 2017, in response to questions from the Committee.

### **Methodologies for determining the base funding amount per student**

As described below, there are at least four valid methodologies for determining a base funding amount per student needed to educate a student with no special needs or disadvantages. Each of these methodologies has benefits and weaknesses. As such, some states use multiple methodologies to determine a base funding amount. Once a base funding amount is determined, a state will also need to determine funding weights for students who have special needs or disadvantages, and a state will want to update the base funding amount periodically to reflect changing costs and state standards.

**Professional judgement:** In this approach, panels of local educators are presented with a typical population of a school in the state and asked to identify the staffing and services needed to achieve state standards for these students. The per student cost of providing the recommended staffing and services becomes the base funding amount. States like this approach because it is state specific and determined by local educators, and the panels can also identify services for students with special needs or disadvantages. However, this methodology is more expensive, and most states can only afford to do it every 5 or more years. It tends to estimate a relatively high base amount, as it seeks to achieve state standards for all students.

**Successful school districts:** In this approach, schools in the state that are achieving state standards are examined to determine how much they are spending, excluding extreme outliers and taking out expenditures for students with special needs or disadvantages. The per pupil spending in these successful districts becomes the base funding amount. States like this approach because it looks at real schools in the state. It is relatively inexpensive and can be updated more regularly. However, in some states, few if any schools are achieving state standards for all of their students. It also does not easily produce weights for students with special needs or disadvantages.

**Evidence-based:** This approach uses a staffing and service model that reflects similar studies in other states and national research on effective schools and determines the cost of providing this model in the state. The per pupil cost of this model becomes the base funding amount. States like this approach because it is based on the experience and research of many states. It can also inform the weights for students with special needs or disadvantages. However, it is harder to adjust this method for the context of a specific state.

**Resource conversion:** This approach takes the funding that the state is currently allocating to districts through various formulas, excluding those intended for students with special needs or disadvantages, and divides that by the number of students to identify a base per student funding amount. States like this approach because it provides a straightforward and mathematical means to convert from a resource-based to a student-centered funding formula. However, it does not fully consider whether existing spending is adequate to achieve state standards, and it does not easily incorporate local spending.

A helpful resource on these methodologies can be found at [http://www.schoolfunding.info/resource\\_center/costingoutprimer.php3](http://www.schoolfunding.info/resource_center/costingoutprimer.php3).

### **State and local shares of base funding**

Student-centered funding accommodates a variety of divisions between state and local funding sources. Most importantly, base funding should reflect the total amount needed to educate a student with no special needs or disadvantages, and the state and local shares of base funding should be calculated on a per-student basis. If a district gains students, the state and local shares automatically increases. This differs from funding that is set at a particular taxing rate, regardless of the number of students.

### **Adjusting funding based on changing student enrollment**

In states that adjust funding based on actual student enrollment during the course of the year, significant efforts are made to accurately project student enrollment. This includes a consensus-building process between districts, the state department of education, the governor and legislature. As a result, there are very small differences between projected and actual enrollment. Districts also keep track of student attendance and enrollment on a daily or weekly basis and are therefore not surprised by changes in state funding. To the extent that districts lose funding as a result of declines in student enrollment, districts use funding reserves until they can adjust their expenditures accordingly. Florida has used this methodology since the 1970s without financial disruptions to districts.

### **Forward funding of districts**

States use a variety of schedules for funding districts during the course of the fiscal year, and there is no resource that provides a state-by-state review. Generally speaking, states want to meet the cash flow needs of districts while still ensuring that the state can appropriately adjust funding based on actual enrollment during the school year.

### **Concurrent enrollment**

States use a variety of funding methods to support concurrent or dual enrollment, i.e., high school students taking courses that earn higher education credit. From the perspective of competency-based education, the goal is to ensure that school districts have a financial incentive to encourage student acceleration without unnecessarily double funding students. A great 50-state resource on this was prepared by the Education Commission of the States:

<http://ecs.force.com/mbdata/mbprofallRT?Rep=DE15A>

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