

# K-12 Funding Formulae: Overview and case studies

December 2021

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The information included in this report will not contain, nor are they for the purpose of constituting, policy advice. We emphasize that statements of expectation, forecasts and projections relate to future events and are based on assumptions that may not remain valid for the whole of the relevant period. Consequently, they cannot be relied upon, and we express no opinion as to how closely the actual results achieved will correspond to any statements of expectation, forecasts or projections.



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### 1 Overview of K-12 funding formulae

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### 2 State-level deep dives on K-12 funding

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#### A Case studies: Ohio, Maryland, Indiana, Texas, Florida

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#### B Briefs: Georgia, North Carolina



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### 1 Overview of K-12 funding formulae

### 2 State-level deep dives on K-12 funding

**A** Case studies: Ohio, Maryland, Indiana, Texas, Florida

**B** Briefs: Georgia, North Carolina

# Most states use a student-based formula to direct funding to LEAs, which can offer states flexibility in supporting K-12 students



*Details follow*

## 1 Student-based or weighted student funding

**Description:** Each student is allocated the same quantity of dollars (as opposed to staff positions or materials), with additional weighted funding provided for student subgroups with higher need

### Common characteristics:

- Can provide flexibility and transparency in budgeting and resourcing
- Opportunity to offer incentives for schools to attract and retain students
- Allows for autonomy and ability to make strategic decisions at LEA level

## 3 Hybrid funding approach

**Description:** Hybrid models are uniquely developed to incorporate aspects of both student-based and resource-based funding models, with the inclusion of other independent cost factors and resource needs

### Common characteristics:

- Can provide flexibility and autonomy in developing state funding formulae
- Ability to customize funding model across LEAs

## 2 Resource-based allocation

**Description:** All Local Education Agencies (LEAs) are provided with a minimum resource base (e.g., teachers, services, programs), with additional funding allocated based on relevant metrics, typically student-teacher ratios or enrollment figures

### Common characteristics:

- Foundational level of resources provided to all public schools in state
- Resourcing formulas include pre-determined allocation ratios
- May offer overarching decision-making power for SEAs, if needed

## 4 Guaranteed tax base or Tax-levy equalization

**Description:** Individual school funding allocations are determined by formulae which equalize property taxes paid within the LEA, with higher funding provided to lower-income or lower-property wealthy areas

### Common characteristics:

- All LEAs ensured to have base levels of state funding, regardless of local LEA wealth and/or property taxes paid
- May help balance increases in student funding as property taxes rise
- Potentially heavier financial burden on state funders and less efficient use of funds in property-wealthy LEAs

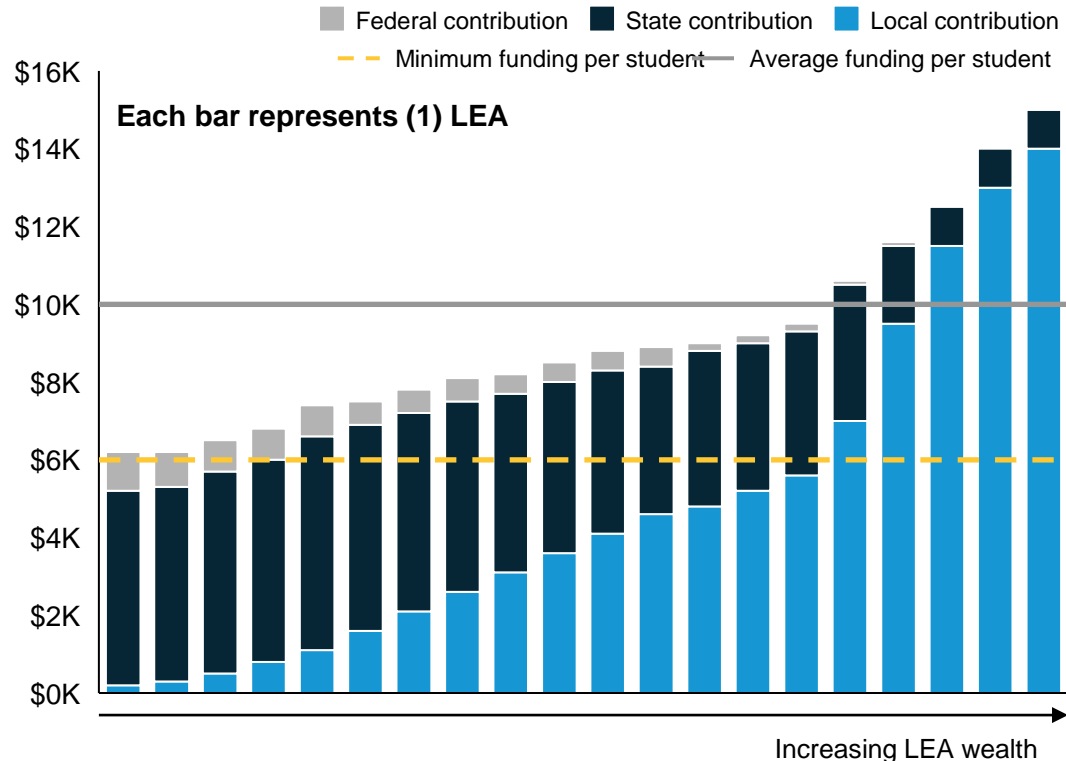
Source: Education Commission of the States

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# Student-based funding guidelines are State-determined but funded from multiple sources

## ILLUSTRATIVE

### Funding per student by local wealth, \$K (Data mockup)



1. Average Daily Attendance (Average number of students in attendance over a period of time), Average Daily Membership (Average number of students enrolled over a period of time), Seat Counts (Total number of students in attendance on a "count day")
2. All base costs have been indexed to a US average to account for cost of living adjustments and other geographic differences

Source: Fordham Institute, Education Commission of the States, Peterson Foundation

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### General overview of student-based funding

- State-level calculations **estimate the minimum per-pupil amount needed to adequately educate a student ("base cost")**, to be provided jointly by federal, state, local, and other funding sources
  - Students with additional educational needs are allocated additional funding, based on **flat-dollar or variable supplemental amounts typically determined by the State**
  - In some states, LEAs are required to adhere to statewide per-pupil funding guidelines, while **other states allow local jurisdictions to make final funding decisions for K-12 students**
- According to Education Commission of the States, 30 states use a per-pupil base cost with the **median and average values at \$6,410 and \$5,834<sup>2</sup>, respectively**
- Outside of formal "hybrid" funding models, States will **augment student-based formulae with other types of additional funding**
  - For example, most supplemental funding may be per-pupil, with specific subgroups supported via program- or resource-based funding; this is highly dependent and unique to each state's funding setup
- **Funding is disbursed to LEAs based on actual student enrollment**, with states using various methodologies for student counts<sup>1</sup>
  - **State funding can be reduced as enrollment declines**, though many states include provisions which **restrict LEAs from receiving less in the current year than the previous year**

# K-12 student-based systems primarily receive funding from state and local sources, with some federal funds for specific populations



## Federal

8%<sup>1</sup>

Federal government provides K-12 funding via two primary methods, which are administered by the State to individual LEAs:

### Elementary and Secondary Education Act (ESEA):

Title I, Part A provides funding to LEAs or schools with **high numbers or proportions of low-income students**

- Amended by the Every Student Succeeds Act (ESSA) in 2015
- Federal funds for Title I-A are allocated **based on four formulas<sup>2</sup>**, which use census poverty estimates and education costs in each state
- Usage of **federal funds depend on the proportion of low-income students** within a given school (per-pupil vs. schoolwide)

### Individuals with Disabilities Education Act (IDEA):

Act provides funding for **resources and services for students with disabilities**

- **IDEA does not fully fund any special education programs**, and typically funds 10-20% of total per-pupil revenues



## State

47%

Unique formulae determines the distribution of funding across LEAs, typically accounting for LEA traits (property wealth, income levels) and student needs within LEAs

### Base costs and supplemental funding amounts are typically outlined by States

### States assess each LEA's capacity to pay for K-12 funding and provide scaled funds to LEAs to adequately educate all students

- Share of total funding usually increases as a LEA's ability to pay decreases, so **lower-income LEAs will receive more State funds** (vice versa for wealthier LEAs)
- State funding also **increases in LEAs with high concentrations of students with additional needs** (e.g., special needs, ELL)

**LEAs in some states may not receive any State funding**, if wealth and income levels are high enough to educate students independently



## Local

45%

Local funding is sourced from various taxes at the LEA level anywhere federal and state funds are insufficient to cover K-12 educational costs

### Local funding is primarily raised through property taxes, though local jurisdictions can elect to raise K-12 funds via other taxes (e.g., income, sales, "sin" taxes)

- Beyond minimum property taxes, LEAs can voluntarily **raise taxes to direct more funding to K-12 education**
- Raising local taxes **may or may not affect State contributions**, this varies by state
- **Some states also "recapture" excess local revenues** and redistribute to lower-income LEAs

Generally, **local LEAs are expected to "fill in the gap" between the State contribution and the estimated cost to educate each K-12 student**; however, states vary in their enforcement and many allow local jurisdictions to choose

**LEAs typically have high autonomy in K-12 funding decisions**, and can opt to provide significantly higher or lower per-pupil amounts than State guidelines

1. Estimate of total national educational revenues in US in 2018-2019 school year; Does not account for other private funding sources

2. Department of Education uses four unique formulas to allocate Title I-A funds: Basic Grants, Concentration Grants, Targeted Grants, and Education Finance Incentive Grants (EFIG)

Source: Peterson Foundation, US Census Bureau, US Department of Education,

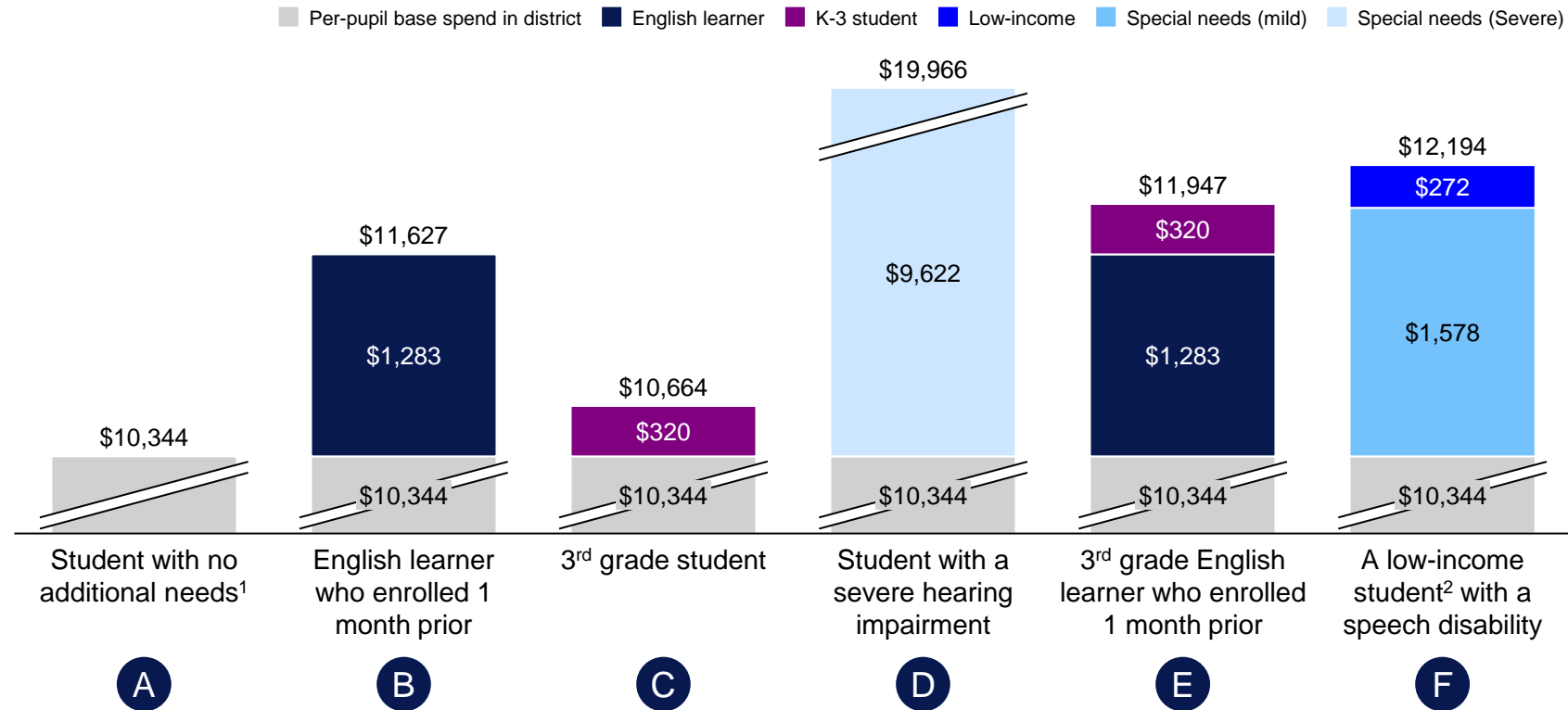
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# Illustrative example: Supplemental per-pupil funding in Ohio in FY2020

## ILLUSTRATIVE

The following exhibit demonstrates student-based funding in action, by illustrating the varying amount of funding allocated to different “student profiles” in a Local Education Agency (LEA)

*Note: Student profiles are illustrative, but the figures used are based on actual Ohio-wide supplemental funding guidelines for the highlighted subgroups*



### Supplemental funding detail:

- A** In this LEA, a typical student with no additional need for supplemental funding will be allocated \$10,344
- B** Ohio ELL students with less than 180 days of schooling receive \$1,283 in additional funding
- C** All K-3 students in Ohio receive \$320 to support early educational development
- D** In Ohio, a hearing impairment is a Category 3 Special Need, which is allocated an additional \$9,622
- E** A K-3 ELL student with less than 180 days of schooling will receive both supplements of \$320 and \$1,283
- F** Low-income students receive \$272, while Category 1 Special Needs students receive \$1,578

1. Estimated cost for a student with no additional needs is based on the average spend per student in Ohio in FY2020 (\$10,344)  
 2. Low-income students include those eligible for Free and Reduced Price Lunch, recipients of public assistance, or Title I applicants in Ohio  
 Source: Ohio Department of Education, Ohio Report Card, Education Commission of the States  
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### 1 Overview of K-12 funding formulae

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### 2 State-level deep dives on K-12 funding

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**A** Case studies: **Ohio**, Maryland, Indiana, Texas, Florida

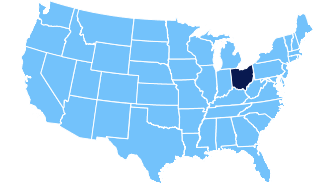
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**B** Briefs: Georgia, North Carolina



# This case study includes information on:

■ Details follow



State K-12 system overview

Funding formula deep dive



Recent legislation on K-12 funding

# Overview of Ohio's K-12 public education system (1/2)

<b>43%</b> Average state-provided funding per LEA (2020)	<b>\$6,020</b> State-mandated minimum base cost per-pupil <sup>1</sup> (2020)	<b>\$10,344</b> Average statewide spend per-pupil (2020)	<b>~\$65,500</b> Statewide average teacher salary (2020)	<b>~\$10.6B</b> Statewide K-12 spending <sup>2</sup> (2020)
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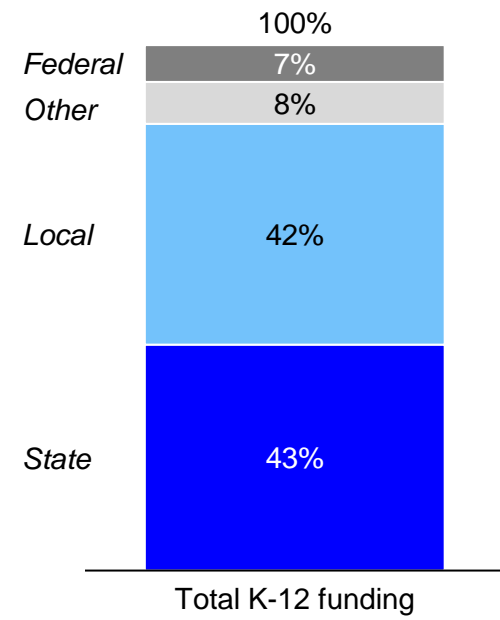
X Implemented within state    X Not implemented within state

## Funding formula type

<b>Student-based</b>	<b>Resource-based</b>
<b>Hybrid</b>	<b>Tax levy equalization</b>

## Student populations with supplemental funding

<b>K-3</b>	<b>Special education</b>	<b>English learners</b>
<b>Gifted and Talented</b>	<b>Career and Technical</b>	<b>Low-income</b>



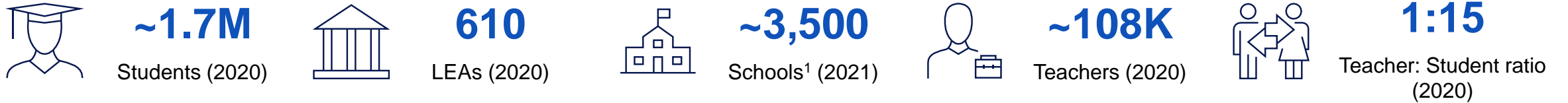
## Key observations

- Ohio spent **\$2,280, or 18%, less in FY2019-20 statewide average spend** per-pupil than the U.S. average spend<sup>3</sup>
- Recent 2021 passage of the **Fair School Funding Plan will increase per-pupil funding statewide**, with largest relative increases to students in low-income LEAs
- Ohio funds **multiple programs to support low-income students** or students with additional educational needs beyond per-pupil funds
- State **provides performance bonuses for LEAs** with high graduation rates and reading proficiency levels

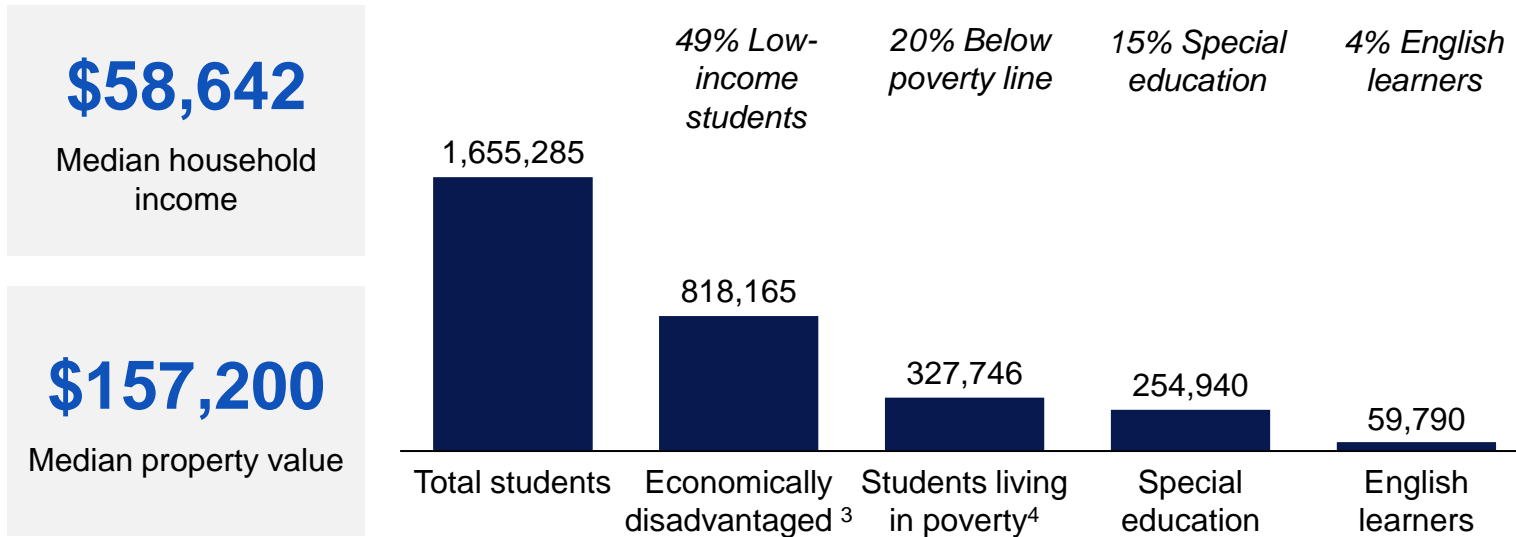
1. Base cost: Minimum spend per-pupil required for all K-12 students in the public school system  
 2. Data used is for FY2020 statewide averages unless otherwise noted. Note that FY22-23 will see adjusted base cost and per-pupil spend  
 3. The average K-12 public school spend is \$12,624 per-pupil (unadjusted for cost of living)

Source: Ohio Department of Education, Fordham Institute, EdBuild, US Department of Education

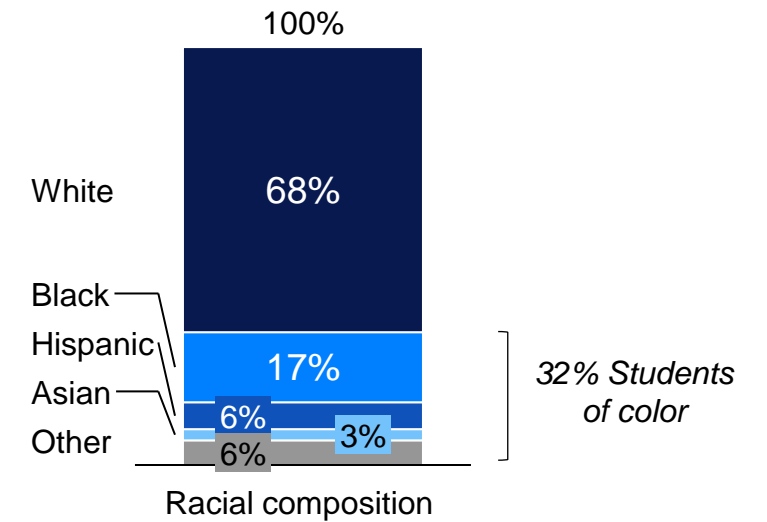
# Overview of Ohio's K-12 public education system (2/2)



Ohio Pre-K–12 student subgroup composition<sup>2</sup>, FY2019-20



Ohio Pre-K–12 racial makeup, FY2019-20

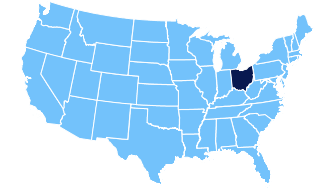


1. Includes traditional public school, community schools, vocational school, state supported schools, and STEM schools
2. Student subgroup populations are not mutually exclusive (i.e., an English learner student may also be economically disadvantaged)
3. Economically disadvantaged students include those eligible for Free and Reduced Price Lunch, recipients of public assistance, or have completed a Title I application
4. Children in poverty from households at or below 100% federal poverty (rate applied includes some non-school-aged children)

Source: Ohio Department of Education – Ohio's Education Landscape FY2020, DataUSA – Ohio, 2019, The Education Trust, Kids Count Data Center based on 2017 U.S Census

# This case study includes information on:

■ Details follow



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State K-12 system overview

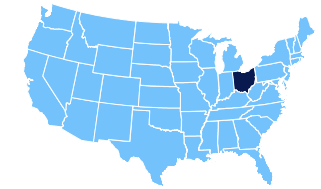
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Funding formula deep dive



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Recent legislation on K-12 funding



# Funding formula deep dive

## Base cost

All students are **guaranteed a minimum spend of \$6,020 per-pupil** in FY2019-20, funded jointly by federal, state, local, and other sources



## Student-based per-pupil supplements

**Per-pupil additional funding is provided for specific groups:** Special education, English learners, K-3 students, CTE, and low-income students

**Eligible students may also receive aid through “Targeted Assistance” programs**, which provides funding based on annual Title I budgets



## Student-based LEA supplements

**Program-based funding is provided for Gifted and Career/ Technical programs** on a LEA-wide basis

Ohio’s **“Capacity Aid” program provides additional K-12 funding** (to LEAs in areas with lower property wealth<sup>2</sup>, ~\$220 per-pupil)

Rural Low-Income Program provides **incremental funding for rural schools** with 20% or more low-income students (<\$25 per-pupil)



## Other costs

Other cost categories for funding include:

- Instructional materials
- Salaries and compensation
- School transportation
- Student meals
- Student health services
- Capital expenditures
- Debt loan payments
- Other expenses

***These costs are not covered in detail in this document***



## Total expenditures

**Ohio State Share Index (SSI) weights LEA income levels and property wealth** to calculate the “local burden” of K-12 education

**District-level allocations are then determined formulaically**, utilizing the SSI and student enrollment

**State contributions must range between 5% and 90%** of total base cost funding (\$6,020) – regardless of LEA wealth – to provide a stable foundation for all students

**LEAs are expected to “fill in the gap” to base cost** and provide additional funding via local fundraising

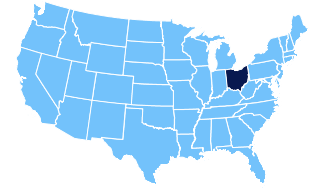
Local LEAs have **autonomy over K-12 funding-related tax increases**<sup>1</sup>

1. Individual districts levy income taxes of .5% to 2% for K-12 funding; 34% of casino revenue taxes are directed to counties  
 2. District-level property wealth is compared to state median property wealth to denote a district as "lower wealth"  
 3. LEAs with high concentrations of low-income students (Students who participate in federal aid programs or are from households at or below 200% of Federal Poverty Line)

Source: Ohio Department of Education, Fordham Institute, EdBuild, The Education Trust

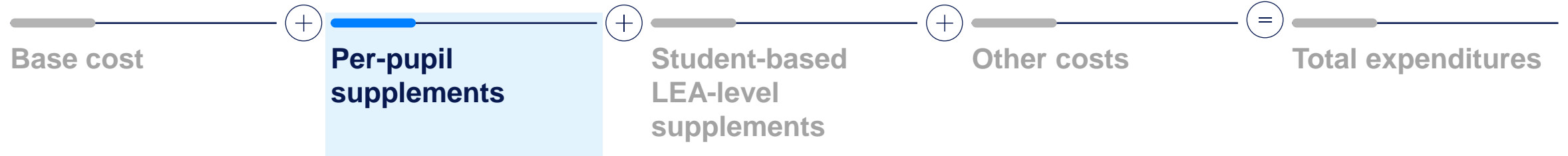
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State K-12 system overview

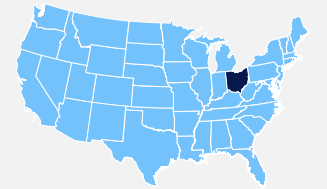
Funding formula deep dive






Recent legislation on K-12 funding

# Ohio provides incremental funding for key student populations to account for increased educational costs (1/3)

Ohio had a fixed base amount per student, \$6,020 per student in FY2020 – Funding supplements based on most recent available data<sup>1</sup>. Allocations are subject to Ohio’s State Share Index, which measures the share of funding burden provided by the state, given a LEA’s property tax base, resident income levels, and other financial factors.



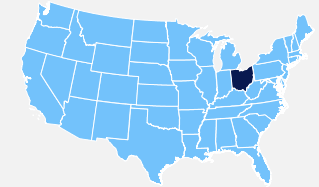
Student population 	Supplement type 	Supplement description 
<p><b>K-3</b> Variable, with maximum of <b>\$320</b> per student</p>	<ul style="list-style-type: none"> <li>• Variable</li> <li>• <i>Based on enrollment levels and LEA wealth</i></li> </ul>	<ul style="list-style-type: none"> <li>• Total supplement provided to LEA is equal to:                             <ul style="list-style-type: none"> <li>– (Number of pupils in LEA * \$127) + (Number of pupils * \$193 * State Share Index)</li> </ul> </li> </ul>
<p><b>English Language Learners</b> <b>\$641 - \$1,283</b> per student, based on educational history</p>	<ul style="list-style-type: none"> <li>• Categorical dollar amount</li> <li>• <i>Based on student’s English education history</i></li> </ul>	<ul style="list-style-type: none"> <li>• ELL students segmented into three categories of funding, which are also subject to State Share Index                             <ul style="list-style-type: none"> <li>– Category 1 (\$1,283): Less than 180 days of schooling</li> <li>– Category 2 (\$1,136): Over 180 days of schooling</li> <li>– Category 3 (\$641): Regular schooling on trial basis</li> </ul> </li> <li>• The Ohio English Language Proficiency Assessment (OELPA) is administered to reclassify ELL students as English proficient<sup>2</sup></li> </ul>
<p><b>Low-income</b> Variable, with maximum of <b>\$272</b> per student  Does not include federal aid (e.g., reduced lunch)</p>	<ul style="list-style-type: none"> <li>• Simple dollar amount</li> <li>• <i>Based on LEA’s concentration of poverty</i></li> </ul>	<ul style="list-style-type: none"> <li>• Through Economically Disadvantaged funding, Ohio provides \$272 per student<sup>3</sup> (multiplied by LEA poverty index<sup>4</sup>)                             <ul style="list-style-type: none"> <li>– Qualifications: eligible for Free and Reduced Price Lunch, received public assistance, or completed a Title I application</li> </ul> </li> <li>• Additional funding available through Targeted Assistance program (formulaic supplement)                             <ul style="list-style-type: none"> <li>– Qualifications: school’s poverty is above 35% or above the LEA-wide poverty average</li> </ul> </li> </ul>

1.Please note that funding supplements are per-pupil estimates and use most recent data (FY2018-2020)  
 2.The assessment is developed by a group of states Ohio worked with led by the English Language Proficiency Assessment for the 21st Century (ELPA21)  
 3.Fair School Funding Plan aims to increase low-income supplement to \$422 per-pupil (55% inc.) for FY22-23  
 4.Ratio of LEA’s economically disadvantaged student percentage to the analogous statewide rate; not subject to State Share Index

# Ohio provides incremental funding for key student populations to account for increased educational costs (2/3)

Ohio had a fixed base amount per student, \$6,020 per student in FY2020 – Funding supplements based on most recent available data<sup>1</sup>.

Allocations are subject to Ohio’s State Share Index, which measures the share of funding burden provided by the state, given a LEA’s property tax base, resident income levels, and other financial factors.



## Student population



### Special education

**\$1,578 to \$25,637** per student, based on category assignment

## Supplement type



- Categorical dollar amount
- Based on need allocated across 6 categories<sup>2</sup>

## Supplement description



- Allocations range from \$1,578 to \$25,637 per-pupil, subject to the Ohio State Share Index
  - Category 1 (\$1,578): Speech and Language Disability
  - Category 2 (\$4,005): Developmentally Disabled, Specific Learning Disabled; Other Health (minor)
  - Category 3 (\$9,622): Hearing Impaired; Severe Behavior Disabled
  - Category 4 (\$12,841): Visually Impaired; Other Health (major)
  - Category 5 (\$17,390): Multiple Disability; Orthopedically Disabled:
  - Category 6 (\$25,637): Deaf and Blind; Autistic; Traumatic Brain Injured
- Additional funding available through “Catastrophic Aid” and/or program-based allocations
  - Reimbursement available for special educational students in categories 2-5 whose expenses (labeled as threshold catastrophic cost) exceeded \$27,375 and by \$32,850 for students in category 6
  - Reimbursement formula:  $(\text{District cost} - \text{threshold catastrophic cost}) * .5 + [(\text{District Cost} - \text{threshold catastrophic cost}) * .5] * \text{District State Share Index}$ 
    - State guarantees half reimbursement above threshold catastrophic cost with reminder half subject to State Share Index

1. Please note that funding supplements are per-pupil estimates and use most recent data (FY2018-2020)

2. Categories initially developed by The Ohio Coalition for the Education of Children with Disabilities (OCECD) in 2001 with periodic updates; student disability status determined through professional evaluation with parental consent

Source: Ohio Department of Education, ECS, Fordham Institute, EdBuild

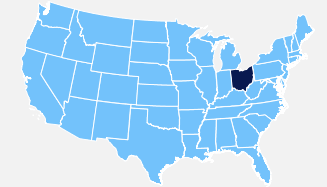
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# Ohio provides incremental funding for key student populations to account for increased educational costs (3/3)

Ohio had a fixed base amount per student, \$6,020 per student in FY2020 – Funding supplements based on most recent available data<sup>1</sup>.

Allocations are subject to Ohio's State Share Index, which measures the share of funding burden provided by the state, given a LEA's property tax base, resident income levels, and other financial factors.



## Student population



### Career and Technical Education (CTE)

**\$1,308 to \$5,192** per student, based on CTE program

Additional **\$236** for CTE students in lead districts

## Supplement type



- Categorical dollar amount
- *Based on specific program's category type*

## Supplement description



- Flat allocation of \$236 per CTE student in a "lead districts" (District which provides CTE leadership and resources for multiple districts)
- All per-pupil allocations are subject to the Ohio State Share Index
- Workforce development programs segmented into five categories, with per-pupil allocations ranging \$1,308 - \$5,192
  - Category 1 (\$5,192): Agricultural & environmental systems, construction technologies, engineering & science technologies, finance, health science, information technology, manufacturing technologies
  - Category 2 (\$4,921): Business & administration, hospitality & tourism, human services, law & public safety, transportation systems, arts & communications
  - Category 3 (\$1,795): Career based intervention
  - Category 4 (\$1,466): Education & training, marketing, workforce development academics, public administration, career development
  - Category 5 (\$1,308): Family and consumer sciences

1. Please note that funding supplements are per-pupil estimates and use most recent data (FY2018-2020)

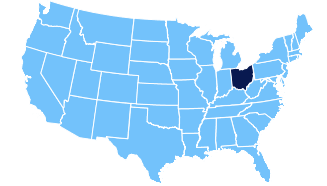
2. Categories initially developed by The Ohio Coalition for the Education of Children with Disabilities (OCECD) in 2001 with periodic updates; student disability status determined through professional evaluation with parental consent

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State K-12 system overview

Funding formula deep dive



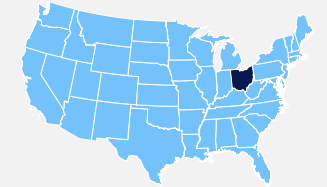
Recent legislation on K-12 funding

# Additional program-based funding is provided to LEAs for Gifted students pursuing paths beyond standard education

Ohio had a fixed base amount per student, \$6,020 per student in FY2020 – Funding supplements based on most recent available data<sup>1</sup>.

Allocations are subject to Ohio’s State Share Index, which measures the share of funding burden provided by the state, given a LEA’s property tax base, resident income levels, and other financial factors.

The following student populations are incrementally funded through program-based allocations, which provides funding specific to each program or program type present in a given LEA (rather than per student in a LEA)



## Student population



**Gifted and Talented**

## Supplement type



- District-level supplement
- Based on enrollment levels

## Program allocation(s)



- \$5.05 per student to identify Gifted students
- 1 Gifted Coordinator per 3,300 students in LEA
- 1 Gifted Intervention Specialist per 1,100 students
- Minimum requirements: 0.5 Coordinators and 0.3 Specialists per LEA

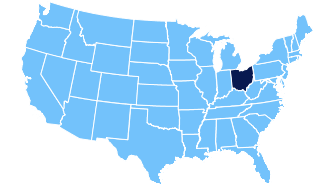
1. Please note that funding supplements are per-pupil estimates and use most recent data (FY2018-2020)

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# FY22-23 state budget may increase overall per-pupil spend and increase funding for low-income students and LEAs

## Background

- July 2021: Gov. DeWine passed FY2022-23 budget, including the “**Fair School Funding Plan**” with significant changes to Ohio’s K-12 funding formula
  - **Major legislation amendments** to gain Senate approval included removal of “six-year phase-in” language (amended funding commitment for two years), the oversight commission was eliminated, and cost studies for categorical components of formula was eliminated
- **Also seeks to reform other aspects of K-12 education**, including school transportation, online learning, general curricula changes, and other critical areas of statewide public education

## Funding formula

- Will **implement the Cupp-Patterson funding model** of funding, using a **base cost model to determine funding amounts** for all students
- If fully adopted, base costs will **increase to ~\$7200 per student, up nearly 20%** from the current \$6020 per student
- New model will see up to **~\$2B in additional state funding**; legislators plan to incorporate partial funding and 6-year phasing into final plan
- **Increases supplemental funding for low-income students**, up to \$422 from \$272 (a 55% increase)
- **Updated LEA funding share calculation** to State Share Percentage (SSP) to better measure capacity to generate local dollars by considering LEA income in addition to property valuation (detail breakdown on pp. 11)

## Statewide spend

- FY22-23 will budget \$10.23B and \$10.43B in K-12 funding
  - \$390M or **4.0% increase from FY2021’s \$9.84B budget**
- **FY21 actual spend is estimated at \$10.95B**, a 3.6% increase from FY20
- **Two-thirds of new State revenue will be directed to low-income LEAs**, while maintaining LEA-level allocations for existing revenues
- Funding levels for LEAs with the **highest concentrations of students of color will rise by 3.7%**, with predominantly White LEAs rising by 1.7%, on average
- Increases in the funding components from the Cupp-Patterson funding formula will be **phased in at an increase of 16.67% in FY22 and 33% in FY23** (disadvantaged pupil impact aid to be phased in at 0% in FY22 and 14% in FY23)

Source: Ohio Department of Education, Fordham Institute, EdBuild, Policy Matters Ohio

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# Legislation includes a shift to consider local income in new wealth calculation method

The **State Share Index (SSI)** primarily focuses on a LEA's property tax value and actively compared LEAs with one another in a competing nature.



The new **State Share Percentage (SSP)** now fully considers property tax value (60%) and LEA income (40%) to more accurately picture what local LEAs may contribute and compares LEAs less with one another.

## Ohio State Share Index (SSI)

Equalized distribution of funds among LEAs through a reflection of wealth measured by property valuation and the income of the residents of the LEA

### 1 District's Valuation Index

Measures LEA's 3-year average property valuation per-pupil divided by the state average valuation per-pupil<sup>1</sup>

### 2 District's Median Income Index

Measures the LEA's median Ohio adjusted gross income divided by the median Ohio adjusted gross income

### 3 District's Wealth Index

If median income index is greater than valuation index, wealth index equals its valuation index

If median income index is less than valuation index, wealth index is the sum of 2/3 of wealth index and 1/3 of median income index

### 4 State Share Index Assignment

The SSI determines state contribution on a sliding scale from 5-90% of total per-pupil cost, as determined by the LEA's wealth index<sup>2</sup>:

- 5% for LEAs whose wealth index is greater or equal to 1.8
- 5-50% for LEAs whose wealth index is between 1.8-0.9
- 50-90% for LEAs whose wealth index is between 0.9-0.35
- 90% for LEAs whose wealth index is less than 0.35

1. District 3-year average valuation is adjusted if LEA valuation consists of 30% (or more) exempt property

2. State share index is on a sliding scale from 5%-90% where wealthiest LEA receive 5% of state support and the least wealthy LEAs receive 90% of state support of the foundation formula

Source: Ohio School Boards, Walter Haverfield law firm

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## Ohio State Share Percentage (SSP)

Effective for FY22-23, wealth equalization is determined through a reflection of a LEA's base cost enrolled Average Daily Membership (ADM), property valuation, and income

### 1 Per-pupil local capacity percentage

LEAs ranked using LEA's ratio of the LEA's median federally adjusted gross income (FAGI) and the statewide median FAGI from the highest to lowest ratio; local capacity percentage is determined as follows:

- Capacity percentage between 2.25%-2.5% if LEA's ratio is less than the ratio of the LEA with the 40<sup>th</sup> highest quotient but greater than 1.0
- Capacity percentage of 2.25% if LEA's ratio is less than or equal to 1.0
- Capacity percentage of 2.5% if LEAs ratio is greater than or equal to the LEA with the 40<sup>th</sup> highest quotient

### 2 Per-pupil local capacity amount

Capacity amount equal to the sum of the following three factors, calculated using the LEA's base cost enrolled ADM:

- **Valuation per-pupil:** Capacity percentage multiplied by 60% the minimum of (a) average valuation (three recent tax years) and (b) LEA's taxable value
- **FAGI per-pupil:** Capacity percentage multiplied by 20% the minimum of (a) average FAGI of LEA's residents and (b) FAGI of LEA's residents
- **Adjusted FAGI per-pupil:** Capacity percentage multiplied by 20% of the per-pupil amount of the product of (1) median FAGI of the LEA's residents and (B) number of state tax returns filed by taxpayers

*SSP equalization under implementation with no additional details on state contribution rate*



## Document contents

*In this section*

### 1 Overview of K-12 funding formulae

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### 2 State-level deep dives on K-12 funding

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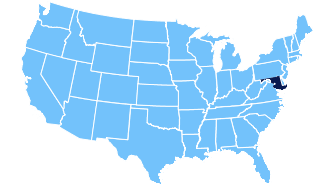
**A** Case studies: Ohio, **Maryland**, Indiana, Texas, Florida

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**B** Briefs: Georgia, North Carolina

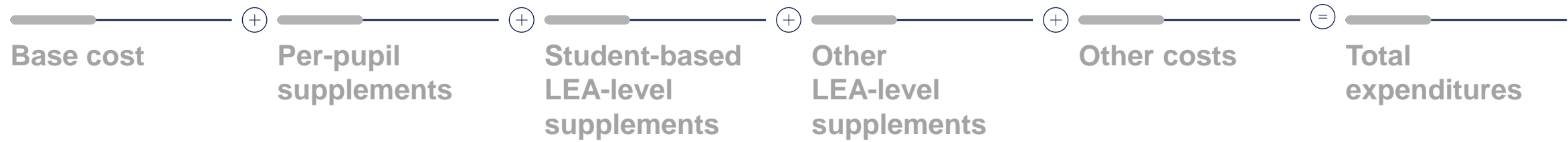
# This case study includes information on:

■ Details follow



State K-12 system overview

Funding formula deep dive



Recent legislation on K-12 funding



# Overview of Maryland's K-12 public education system (1/2)

<b>43%</b> Average state-provided funding per LEA (2020)	<b>\$7,244</b> State-mandated minimum base cost per-pupil <sup>1</sup> (2020)	<b>\$15,226</b> Average statewide spend per-pupil (2020)	<b>~\$74,000</b> Statewide average teacher salary (2020)	<b>~\$15.7B</b> Statewide K-12 spending <sup>2</sup> (2020)
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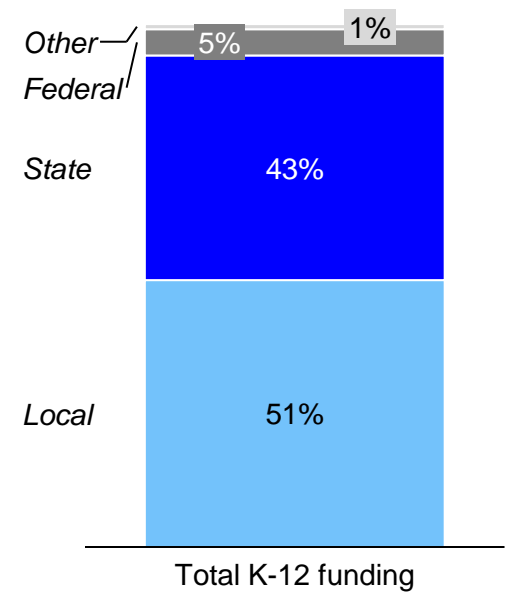
X Implemented within state    X Not implemented within state

### Funding formula type

Student-based	Resource-based
Hybrid	Tax levy equalization

### Student populations with supplemental funding

K-3	Special education	English learners
Gifted and Talented	Career and Technical <sup>3</sup>	Low-income



1. Base cost refers to the state-mandated, minimum allocation required for all K-12 students in the public school system  
 2. Data used is for FY2020 statewide averages unless otherwise noted.  
 3. Career and Technical program to be fully established in FY23-24 with The Blueprint for Maryland's Future Act  
 4. The average K-12 public school spend is \$12,624 per-pupil (unadjusted for cost of living)

Source: Maryland State Department of Education, Maryland Department of Legislative Services, Maryland Equity Project

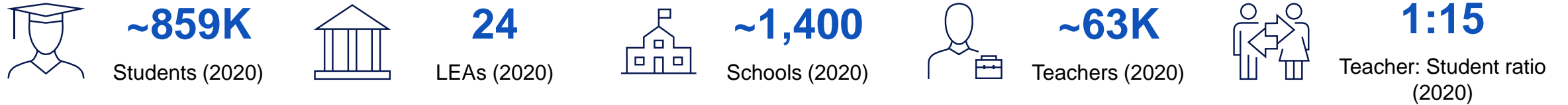
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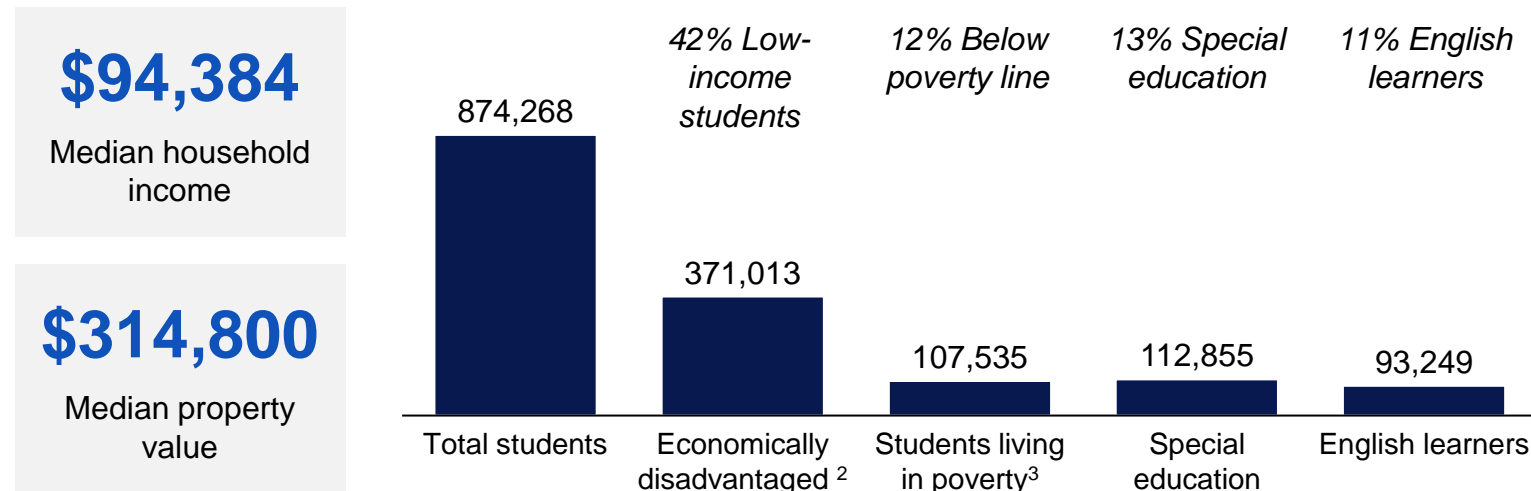
## Key observations

- Maryland spent **\$2,602, or 21%, more in FY2019-20 statewide average spend per-pupil** than the U.S. average spend<sup>4</sup>
- Recent 2021 **passage of the Blueprint Bill will increase funding to vulnerable student groups** and increase per-pupil funding statewide
- State **does not have extensive funding mechanisms for low-income LEAs**
- Maryland **funds LEAs that may experience increased funding needs** due to geographical cost differences
- State determines **local share of funding by equalizing LEA wealth** through property value and net taxable income

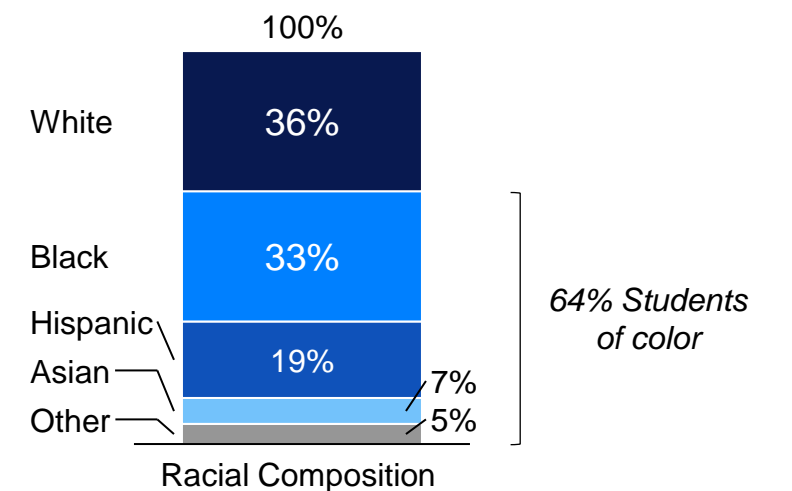
# Overview of Maryland's K-12 public education system (2/2)



Maryland Pre-K–12 student subgroup composition<sup>1</sup>, FY2019-20



Maryland Pre-K–12 racial makeup, FY2019-20

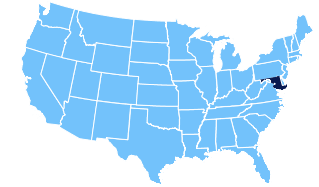


1. Student subgroup populations are not mutually exclusive (i.e., an English learner student may also be economically disadvantaged)  
 2. Economically disadvantaged students in Maryland encompasses those that qualify for free and reduced price meals  
 3. Children in poverty from households at or below 100% federal poverty (rate applied includes some non-school-aged children)

Source: Maryland State Department of Education, Maryland Manual On-Line, U.S. Census Bureau 2015-2019, Kids Count Data Center based on 2019 U.S Census

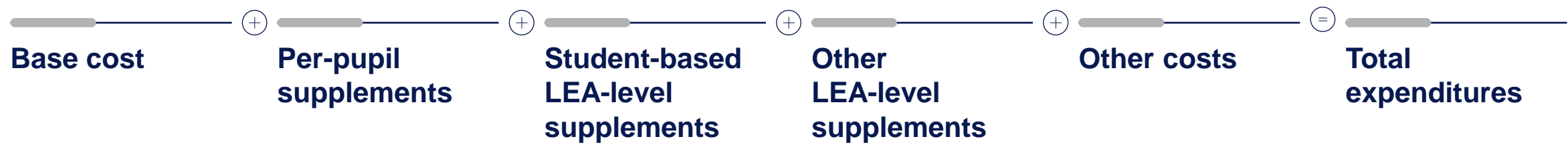
# This case study includes information on:

■ Details follow



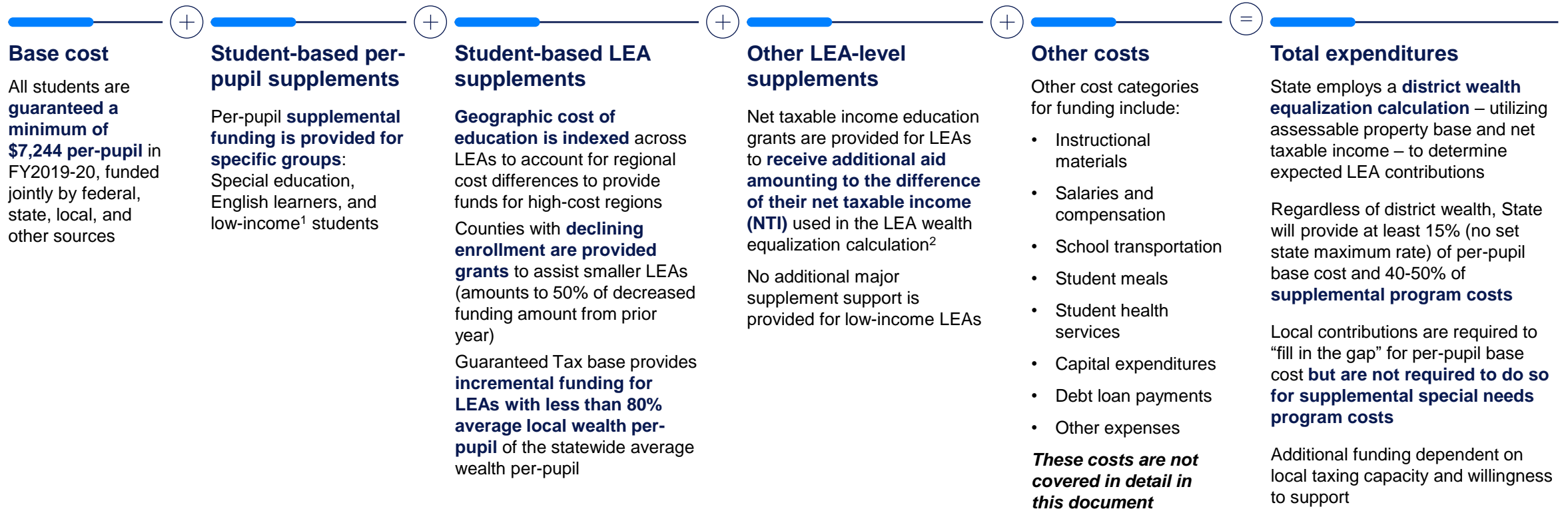
State K-12 system overview

Funding formula deep dive



Recent legislation on K-12 funding

## Funding formula deep dive

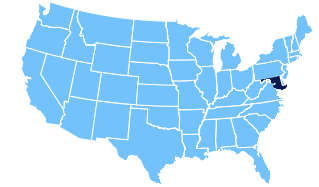


1. Students classified as low-income by Maryland if student is eligible for Free and Reduced Price Lunch  
 2. Maryland calculates state aid using both September and November net taxable income totals; if the November-NTI aid is larger, LEAs receive the difference in additional state aid from what was previously calculated using the September-NTI

Source: Maryland Department of Legislative Services, The Maryland Municipall League, Maryland Association of Counties

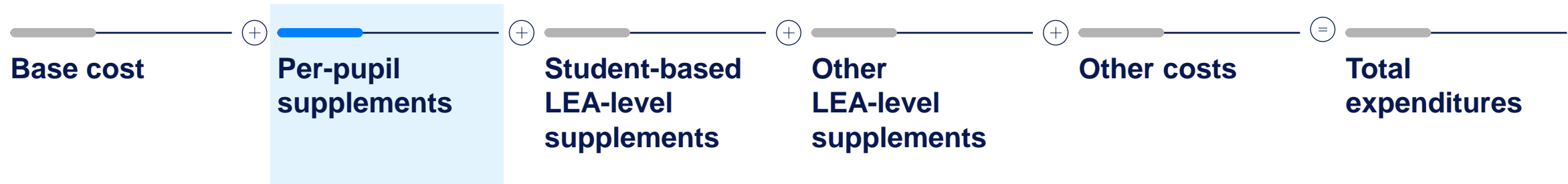
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Details follow



State K-12 system overview

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Recent legislation on K-12 funding




# Maryland provides incremental funding on a per-pupil basis for three student populations to address increased educational needs

Maryland has a fixed base amount per student, \$7,244 per student in FY20 – LEA supplements based on most recent available data<sup>1</sup>.

Allocations are subject to the district wealth equalization calculation, which measures the state’s share of contribution, given a district’s assessable property base and net taxable income.

After accounting for district wealth equalization, state contributes a maximum of 50% and minimum of 40% of supplements for designated student groups.



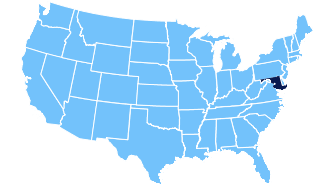
Student population 	Supplement type 	Supplement description 
<b>English Language Learners</b> State share amount <sup>2</sup> of <b>\$2,869-\$3,586</b>	<ul style="list-style-type: none"> <li>• Simple dollar amount</li> <li>• Based on student’s English education history<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Allocation of an additional 99% of the base cost per-pupil for qualified student FTE</li> <li>• Students are reclassified as English proficient after meeting score requirements on WIDA ACCESS for ELLs 2.0 assessment<sup>4</sup></li> </ul>
<b>Low-income</b> State share amount <sup>2</sup> of <b>\$2,811-\$3,513</b>	<ul style="list-style-type: none"> <li>• Simple dollar amount</li> <li>• Based on student qualification for free and reduced priced meals</li> </ul>	<ul style="list-style-type: none"> <li>• Allocation of an additional 97% of the base cost per-pupil for qualified student FTE</li> </ul>
<b>Special education</b> State share amount <sup>2</sup> of <b>\$2,144-\$2,680</b>	<ul style="list-style-type: none"> <li>• Simple dollar amount</li> <li>• Based on student population with disabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Allocation of an additional 74% of the base cost per-pupil for qualified student FTE</li> <li>• Disability determinations are made through assessments and other evaluation measures</li> </ul>

1. Please note that funding supplements are per-pupil estimates and use most recent data (FY2020)  
 2. State share supplement amount on sliding scale of 40%-50%, dependent on district wealth; local LEAs are not required to meet the remainder of the total program amount  
 3. As identified through a home-language survey and/or through a screening tests using one of the WIDA consortium assessments  
 4. Assessment created by WIDA Consortium which is used in 40 states and U.S. territories

Source: Maryland Department of Legislative Services, Maryland Equity Project, APA Funding Adequacy Study

# This case study includes information on:

■ Details follow



State K-12 system overview

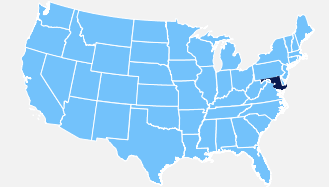
Funding formula deep dive






Recent legislation on K-12 funding

# Maryland also provides additional financial support for LEAs on a per-pupil basis to adjust for income differences

Maryland has a fixed base amount per student, \$7,244 per student in FY20 – LEAs supplements based on most recent available data<sup>1</sup>. LEA supplements, calculated on a per-pupil basis, consist entirely of state aid and require no local contribution.



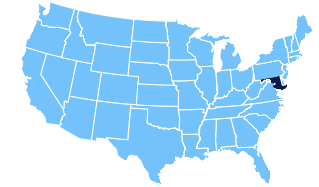
<b>Student population</b> 	<b>Supplement type</b> 	<b>Supplement allocation method</b> 
<b>Geographic cost of education index (GCEI)</b>	<ul style="list-style-type: none"> <li>• Variable</li> <li>• Based on regional cost differences</li> </ul>	<ul style="list-style-type: none"> <li>• LEAs are indexed to measure regional cost differences (e.g., wage differences, environmental weather impact, transportation access, etc.) relative to state average</li> <li>• Allocation of \$6 to \$246 per-pupil (0.8% to 3.4% of per-pupil base cost)                             <ul style="list-style-type: none"> <li>– Calculation: (FTE enrollment * per-pupil base cost* (GCEI Value -1))</li> </ul> </li> </ul>
<b>Guaranteed tax base (GTB)</b>	<ul style="list-style-type: none"> <li>• Variable</li> <li>• Based on per-pupil local wealth</li> </ul>	<ul style="list-style-type: none"> <li>• Additional funding provided to LEAs with less than 80% of statewide average local wealth per-pupil</li> <li>• Maximum allocation of \$1,449 (20% of per-pupil base cost) in additional aid</li> </ul>
<b>Declining enrollment</b>	<ul style="list-style-type: none"> <li>• Variable</li> <li>• Based on LEAs experiencing declining enrollment</li> </ul>	<ul style="list-style-type: none"> <li>• Grant allocation equal to 50% of the difference between prior year total state education aid and current year total state education aid to make up for current year decrease in state aid</li> <li>• Qualified LEAs must meet the three following criteria:                             <ul style="list-style-type: none"> <li>– The LEA’s full-time equivalent enrollment is less than 5,000</li> <li>– LEA’s full-time equivalent enrollment in the current fiscal year is less than the prior year</li> <li>– The LEA’s total education aid the current fiscal year decreases by more than 1% from its prior year’s education aid</li> </ul> </li> </ul>

1. Please note that funding supplements are per-pupil estimates and use most recent data (FY2020)  
 Source: Maryland Department of Legislative Services, Maryland Equity Project, APA Funding Adequacy Study



# This case study includes information on:

■ Details follow



State K-12 system overview

Funding formula deep dive



Recent legislation on K-12 funding

# State and local share of funding is determined by a district wealth calculation, considering property value and net taxable income

## Maryland Wealth Equalization Adjustment

Equalized distribution of funds among LEAs through a **reflection of wealth measured by eligible level of assessable property and net taxable income (NTI)**. LEAs with higher wealth – measured by assessable property and NTI – contribute more of cost while state picks up larger share for poorer LEAs

### 1 Assessed Factors

- **Personal property:** Includes all railroad and utility operating personal property and business personal property
- **Real property:** Includes all current property and new construction
- **Railroad operation real property** (public utilities)
- **Net Taxable Income (NTI):** Based on tax returns filed on or before September 1<sup>st</sup> and November 1<sup>st</sup>

### 2 Total LEA relative fiscal capacity

Maryland employs the following formula to establish a LEA's relative fiscal capacity:

- $(\text{Total personal property} \times 50\%) + (\text{Total real property values} \times 40\%) + (100\% \text{ of public utilities' assessable base}) + (100\% \text{ of net taxable income})$

### 3 Per-pupil fiscal capacity

**Local share of funding:** The district wealth, or fiscal capacity, is then divided by its “full-time equivalent enrollment” to arrive at its per-pupil fiscal capacity or wealth for the school finance formula,

**State share of funding:** Funding amount is the excess funding allocation calculated for a given LEA. The following minimums are guaranteed from the state:

- Minimum state aid of 15% of total base cost allocations
- Minimum state aid of 40% of supplemental program costs (maximum of 50% state aid contribution)



### Factors impacting property wealth

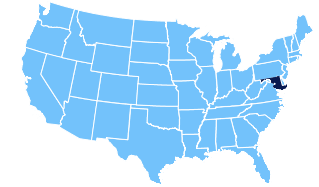
- Property assessed based on estimate of **current market value of property** as determined by the Maryland Department of Assessment and Taxation
- District property wealth is **reassessed every three years**
- The fiscal capacity of a LEA is **dependent on the county** for its local revenue
- Property exempted from taxing still factors towards district property wealth despite not generating tax revenue

Source: Adequacy Study prepared for Maryland State Department of Education, Maryland Equity Project

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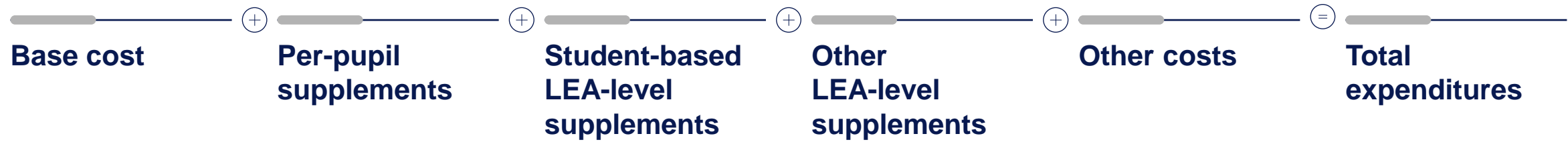
# This case study includes information on:

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Recent legislation on K-12 funding

# Maryland recently passed an investment plan to transform their K-12 system with \$3.2B in additional spend

## Background

- February 2021: General Assembly overrides Governor Hogan's veto of the Blueprint bill allowing for a **significant rewrite of the K-12 funding formula and investment plan to be enacted**
  - Major amendments applied to the bill includes delaying bill effects to FY22, requiring a study of county "capacity" to fund, and strengthening accountability measures
- **Bill also seeks to reform other aspects of K-12 education**, including increasing educator salaries, hiring new educators, funding new state programs (e.g., CTE), and other critical areas

## Funding formula

- Base cost will **increase by ~\$900 per student, up 12%**, from current base cost of \$7,244 per student, by 2030
- **Supplemental funding will increase** for English language learners by 20% and double for special education students by 2030
- **Early childhood education investment**, allowing for free and partially supported pre-k education for families up to 600% of the federal poverty level (FPL)
  - Goal of 80% of eligible children for early childhood education to be enrolled in a publicly funded pre-k in 10 years
- Introduced investment **plan will see \$3.2B in additional funding**; legislators plan to fully execute plan by 2030-2032
- Educator salaries will increase such that starting salaries will be \$60,000 by 2026

## Statewide spend

- **Total additional spend of \$3.2B with prioritized categories to receive additional funding<sup>1</sup>**:
  - \$529M investment in Pre-K access, \$80M annually for teacher recruitment and retention, \$1B for vulnerable student funding, and \$828M for per-pupil base cost increases
- Additional revenue streams to be achieved through commercial gaming tax; FY21-22 of \$250M and \$375M

1.The Blueprint Bill established a seven-member Accountability and Implementation Board (AIB) tasked with presenting a full implementation plan by February 15, 2022; most of the Blueprint Bill's funding formulas and programs begin July 1, 2022

Source: Maryland State Department of Education, Maryland Department of Legislative Services, Maryland Matters



## Document contents

*In this section*

### 1 Overview of K-12 funding formulae

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### 2 State-level deep dives on K-12 funding

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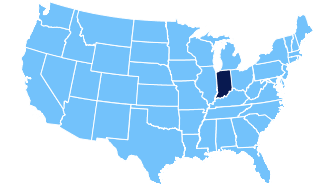
**A** Case studies: Ohio, Maryland, **Indiana**, Texas, Florida

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**B** Briefs: Georgia, North Carolina

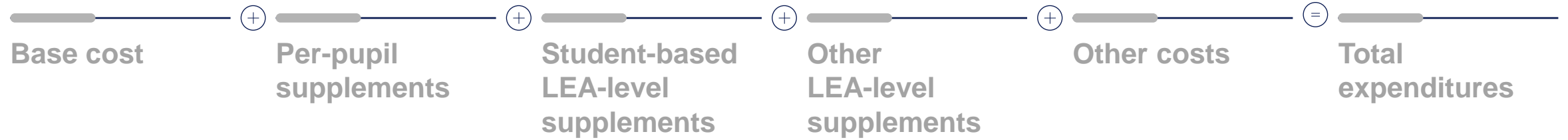
# This case study includes information on:

■ Details follow



State K-12 system overview

Funding formula deep dive



Recent legislation on K-12 funding

# Overview of Indiana's K-12 public education system (1/2)

<b>62%</b> Average state-provided funding per LEA (2018)	<b>\$5,548</b> State-mandated minimum base cost per-pupil <sup>1</sup> (2020)	<b>\$10,019</b> Average statewide spend per-pupil (2018)	<b>~\$53,500</b> Statewide average teacher salary (2020)	<b>~\$13B</b> Statewide K-12 spending <sup>2</sup> (2018)
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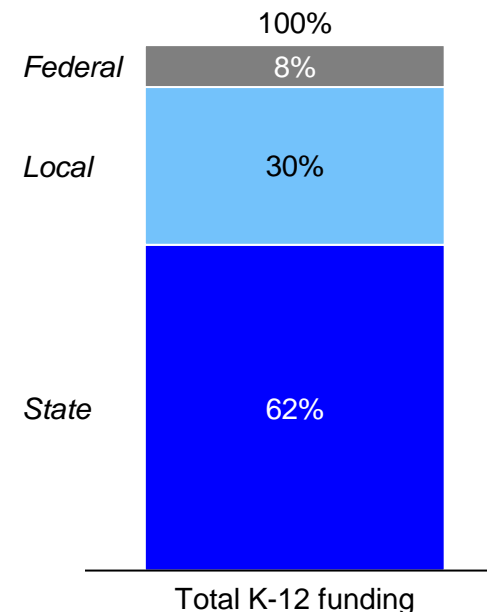
X Implemented within state    X Not implemented within state

## Funding formula type

<b>Student-based</b>	<b>Resource-based</b>
<b>Hybrid</b>	<b>Tax levy equalization</b>

## Student populations with supplemental funding

<b>K-3</b>	<b>Special education</b>	<b>English learners</b>
<b>Gifted and Talented<sup>3</sup></b>	<b>Career and Technical</b>	<b>Low-income</b>



## Key observations

- Indiana spent **\$2,605, or 21%, less in FY2019-20 statewide average spend per-pupil** than the U.S. average spend<sup>3</sup>
- Indiana funds a **reimbursement program for low-income students** to cover curricular materials with support from local funding
- **State funds majority of statewide allocations per-pupil**, including per-pupil base cost and supplemental student group funding
- State **provides performance bonuses for LEAs** whose students attain specific graduation achievements

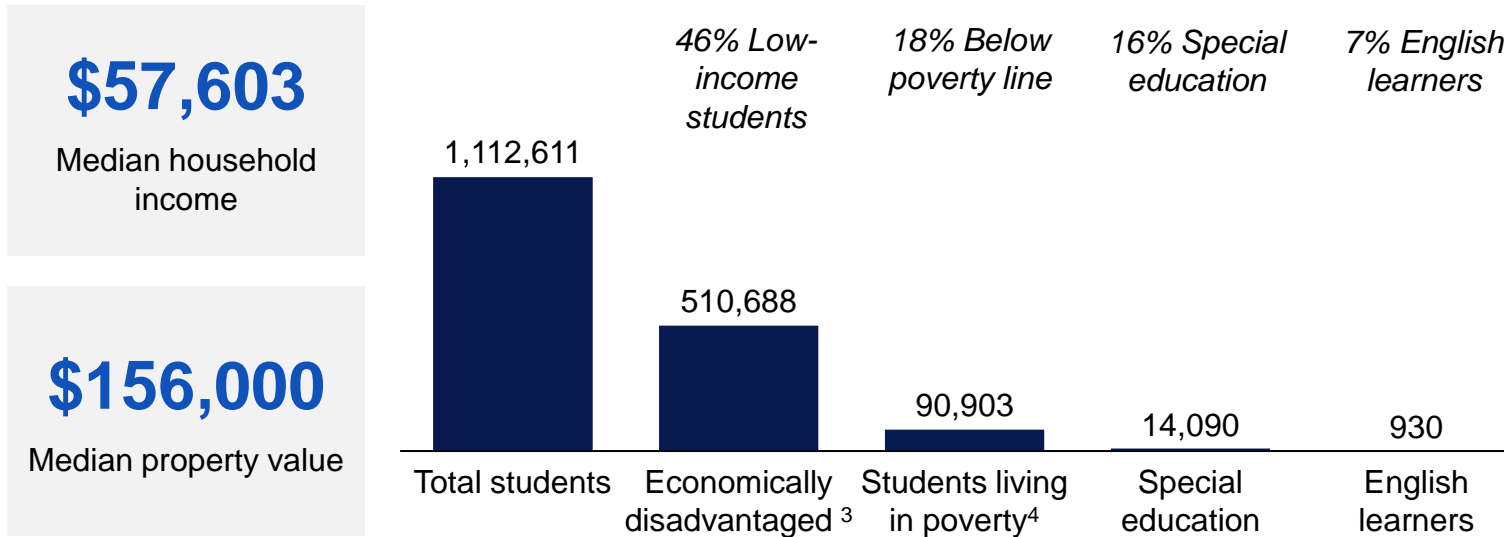
1. Base cost: Minimum spend per-pupil required for all K-12 students in the public school system; Note that FY2020-21 will see adjusted base cost of \$5,703  
 2. Data used is for FY2018 statewide averages unless otherwise noted  
 3. No guaranteed per-pupil funding is provided for Gifted and Talented but LEAs may apply for a grant to support their program  
 4. The average K-12 public school spend is \$12,624 per-pupil (unadjusted for cost of living)

Source: Indiana Department of Education, Education Data Initiative, National Center for Education Statistics

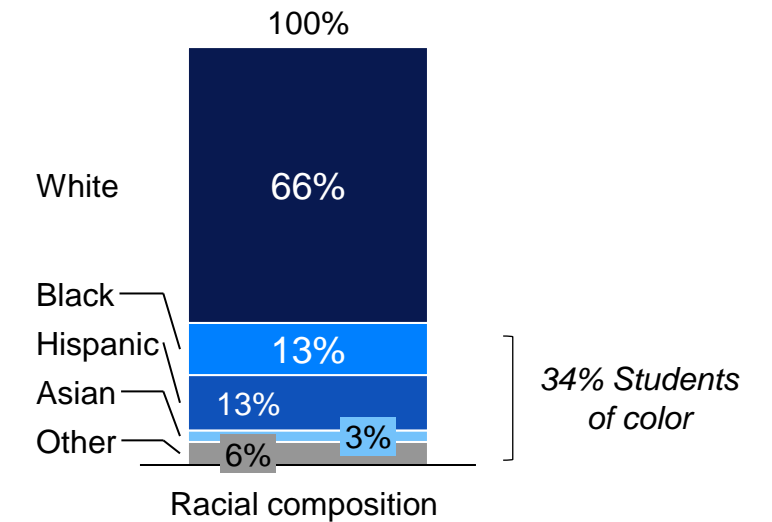
# Overview of Indiana's K-12 public education system (2/2)



Indiana Pre-K–12 student subgroup composition<sup>2</sup>, FY2020-21



Indiana Pre-K–12 racial makeup, FY2020-21



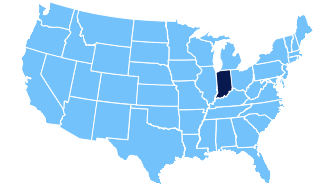
- Students include Pre-K--12 students and students for FY2020
- Student subgroup populations are not mutually exclusive (i.e., an English learner student may also be economically disadvantaged)
- Economically disadvantaged students include those eligible for Free and Reduced Price Lunch
- Children in poverty from households at or below 100% federal poverty (rate applied includes some non-school-aged children)

Source: Indiana Department of Education, DataUSA – Indiana 2019, Great Schools, Kids Count Data Center based on 2017 U.S Census



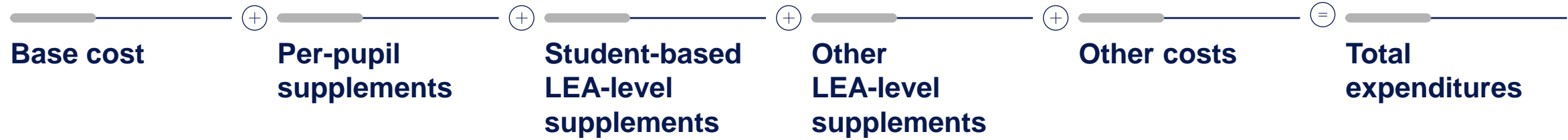
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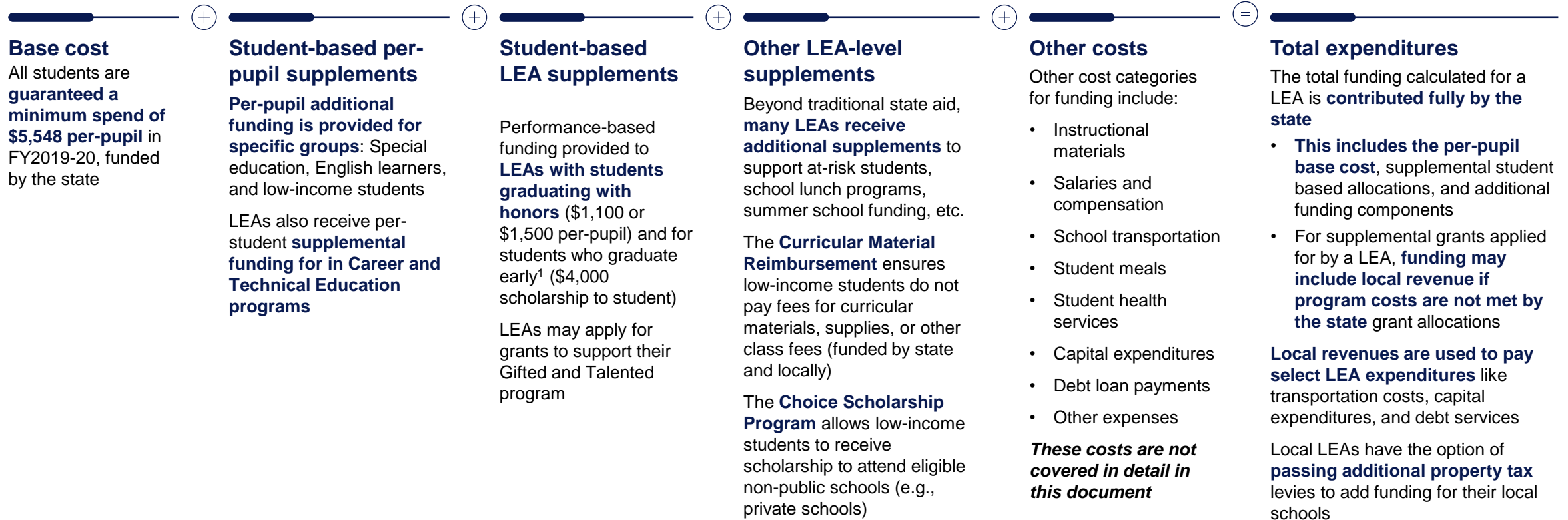
State K-12 system overview

Funding formula deep dive



Recent legislation on K-12 funding

# Funding formula deep dive

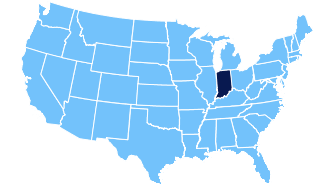


1. Students must graduate at least one year early (additional requirements may apply); scholarship may be used toward tuition and fees and any remaining funds shall be remitted to the student.

Source: Indiana Department of Education, Indiana Department of Education Office of School Finance

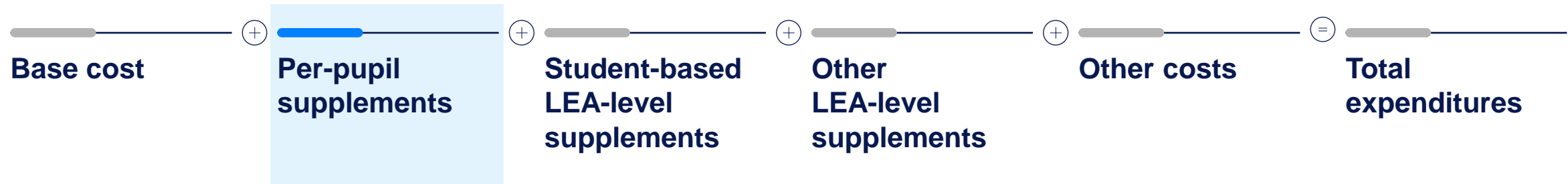
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State K-12 system overview

Funding formula deep dive



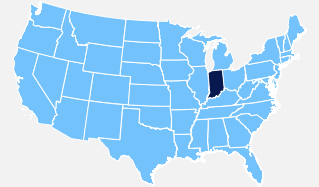
Recent legislation on K-12 funding

# Indiana determines additional funding amounts for certain student populations, supplements are fully funded by the state (1/2)

Indiana has a fixed base amount per student, \$5,548 per student in FY2020<sup>1</sup> – Funding supplements based on most recent available data<sup>2</sup>.

Allocations are subject to a school's Average Daily Membership (ADM), the count of students enrolled and expected to be in attendance K-12, taken twice a year.

The state funding formula has been funded only with state tax dollars since 2009 – The maximum amount of funding that may be paid is the amount appropriated by the State Legislator for that given fiscal year.



## Student population

### Low-income

Variable, with maximum of **\$3,650** per student

## Supplement type

- Variable
- Based on enrollment of low-income students

## Supplement description

Qualifications: Low-income students are determined by those who qualify for Supplemental Nutritional Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), or who received foster care services

Calculation:  $\$3,650 \times \text{complexity percentage} \times \text{ADM}$

- Complexity percentage: value assignment measuring amount of low-income students in LEAs
  - The greater of (a) prior year complexity index minus 0.025 or (b) current year complexity index is used

### English Language Learners

**\$300 or \$487** per student, based on assessment results

- Categorical dollar amount
- Based on student's English education history

Primary funding for ELL students is determined by the WIDA ACCESS3 assessments for students who have a primary language other than English and limited English proficiency

- Category 1: \$487 per English learner who received a Level 1 or 2 on WIDA ACCESS
- Category 2: \$300 per English learner who received a Level 3 or 4 or a Level 5 on the Tier A form of the WIDA Access

Additional funding of \$128 per student for schools with very high ELL populations<sup>4</sup>

### Special education

**\$500 to \$9,156** per student, based on category assignment

- Categorical dollar amount
- Based on enrollment of students in special education program

Allocations range from \$500-\$9,156 per-pupil dependent on student disability category:

- Category 1: \$9,156 for students with severe disabilities (unduplicated count)
- Category 2: \$2,300 for students with mild/moderate disabilities (unduplicated count)
- Category 3: \$500 for students with communication disorders (duplicated count)
- Category 4: \$500 for students in homebound programs (duplicated count)
- Category 5: \$2,875 for students in special preschool education program

1. Virtual students receive 85% of the base cost (\$4,716)

2. Please note that funding supplements are per-pupil estimates and use most recent data (FY2020)

3. Indiana uses WIDA screener to identify English learners; developed by WIDA consortium, a U.S.-based collaborative group of 41 member states

4. Percent of English Language Learner students must be at least 18% and additional computed calculation must be a decrease of at least 45%; Calculation:  $(1 - \text{current year complexity index}) / \text{complexity index FY2017}$

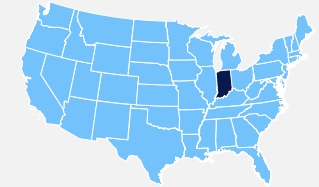
Source: Indiana Department of Education, Indiana Department of Education Office of School Finance, Indiana Fiscal Policy Department

# Indiana determines additional funding amounts for certain student populations, supplements are fully funded by the state (1/2)

Indiana has a fixed base amount per student, \$5,548 per student in FY2020<sup>1</sup> – Funding supplements based on most recent available data<sup>2</sup>.

Allocations are subject to a school's Average Daily Membership (ADM), the count of students enrolled and expected to be in attendance K-12, taken twice a year.

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## Student population

### Career and Technical Education (CTE)

**\$150-\$1,0220** per student and credit hour, based on course enrollment

## Supplement type

- Categorical dollar amount
- Based on enrollment of students in a CTE program

## Supplement description

Allocations range from \$150-\$1,020 per-pupil for each credit hour taken dependent on CTE course classification<sup>3</sup>:

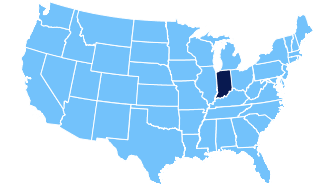
- High Value program 1: \$680
- High Value program 2: \$1,020
- Moderate Value program 1: \$400
- Moderate Value program 2: \$600
- Less than Moderate Value program 1: \$200
- Less than Moderate Value program 2: \$300
- Apprenticeship: \$500
- Work-based learning: \$500
- Introductory: \$300
- College and career course: \$150
- Area participation: \$150
- Calculation: credit hours (1, 2, or 3) \* program allocation \* ADM

1. Virtual students receive 85% of the base cost (\$4,716)  
 2. Please note that funding supplements are per-pupil estimates and use most recent data (FY2020)  
 3. Program allocations are based on labor market demand and wage data as defined annually by the Indiana Department of Workforce Development; Each occupation in Indiana is ranked and associated with a related CTE course  
 4. Low-income defined as students who received SNAP, TAND, or Foster Care Assistance

Source: Indiana Department of Education, Indiana Department of Education Office of School Finance, Indiana Fiscal Policy Department

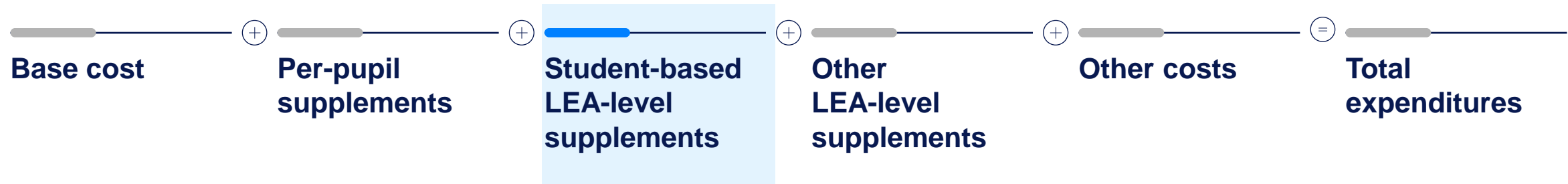
# This case study includes information on:

■ Details follow



State K-12 system overview

Funding formula deep dive



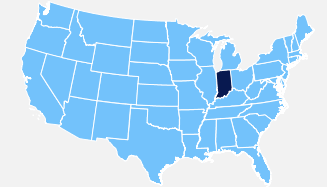
Recent legislation on K-12 funding

# Indiana determines additional funding amounts to LEAs for certain student populations, supplements are fully funded by the state

Indiana has a fixed base amount per student, \$5,548 per student in FY2020<sup>1</sup> – Funding supplements based on most recent available data<sup>2</sup>.

Allocations are subject to a school's Average Daily Membership (ADM), the count of students enrolled and expected to be in attendance K-12, taken twice a year.

The state funding formula has been funded only with state tax dollars since 2009 – The maximum amount of funding that may be paid is the amount appropriated by the State Legislator for that given fiscal year.



## Student population

**Student graduates**  
Variable, with maximum of **\$320** per student

## Supplement type

Categorical dollar amount  
Based on graduation achievement

## Supplement description

Allocation of \$1,100 or \$1,500 for each student who receives an academic honors diploma or diploma with technical honors

- \$1,100 each for qualified student graduate
- \$1,500 for each qualified student graduate who are low-income<sup>3</sup>

1. Virtual students receive 85% of the base cost (\$4,716)
2. Please note that funding supplements are per-pupil estimates and use most recent data (FY2020)
3. Low-income defined as students who received SNAP, TAND, or Foster Care Assistance

Source: Indiana Department of Education, Indiana Department of Education Office of School Finance, Indiana Fiscal Policy Department



## Document contents

*In this section*

### 1 Overview of K-12 funding formulae

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### 2 State-level deep dives on K-12 funding

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**A** Case studies: Ohio, Maryland, Indiana, **Texas**, Florida

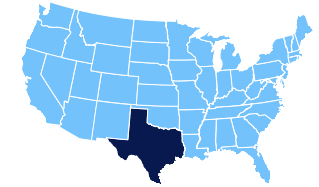
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**B** Briefs: Georgia, North Carolina



# This case study includes information on:

■ Details follow



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Recent legislation on K-12 funding

# Overview of Texas' K-12 public education system (1/2)

<b>31%</b> Average state-provided funding per LEA (2020)	<b>\$6,160</b> State-mandated minimum base cost per-pupil <sup>1</sup> (2020)	<b>\$14,058</b> Average statewide spend per-pupil (2020)	<b>~\$57,000</b> Statewide average teacher salary (2020)	<b>~\$77B</b> Statewide K-12 spending <sup>2</sup> (2020)
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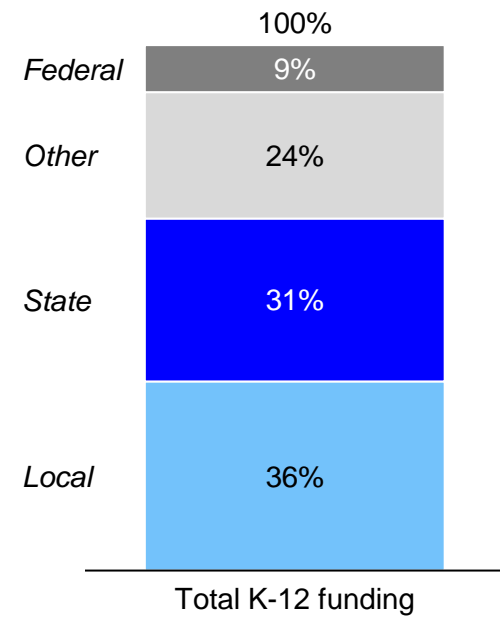
X Implemented within state    X Not implemented within state

### Funding formula type

Student-based	Resource-based
Hybrid	Tax levy equalization

### Student populations with supplemental funding

K-3	Special education	English learners
Gifted and Talented <sup>3</sup>	Career and Technical	Low-income



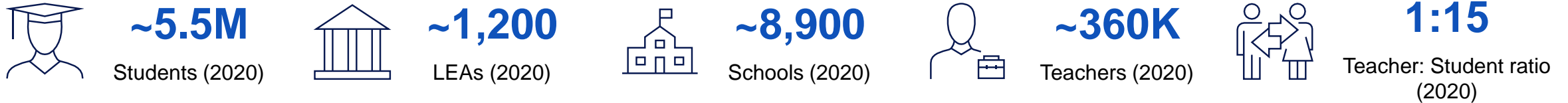
## Key observations

- Texas spent **\$1,432, or 11%, more in FY2019-20 statewide average spend per-pupil** than the U.S. average spend<sup>4</sup>
- **State employs a “recapture” program** to take excess local revenue from wealthy LEAs for redistributing
- Texas funds **performance-based bonuses for LEAs that meet graduation outcomes** above a certain threshold percentage
- **State provides incentives with additional LEA funding** for LEAs who increase property taxes beyond state minimum

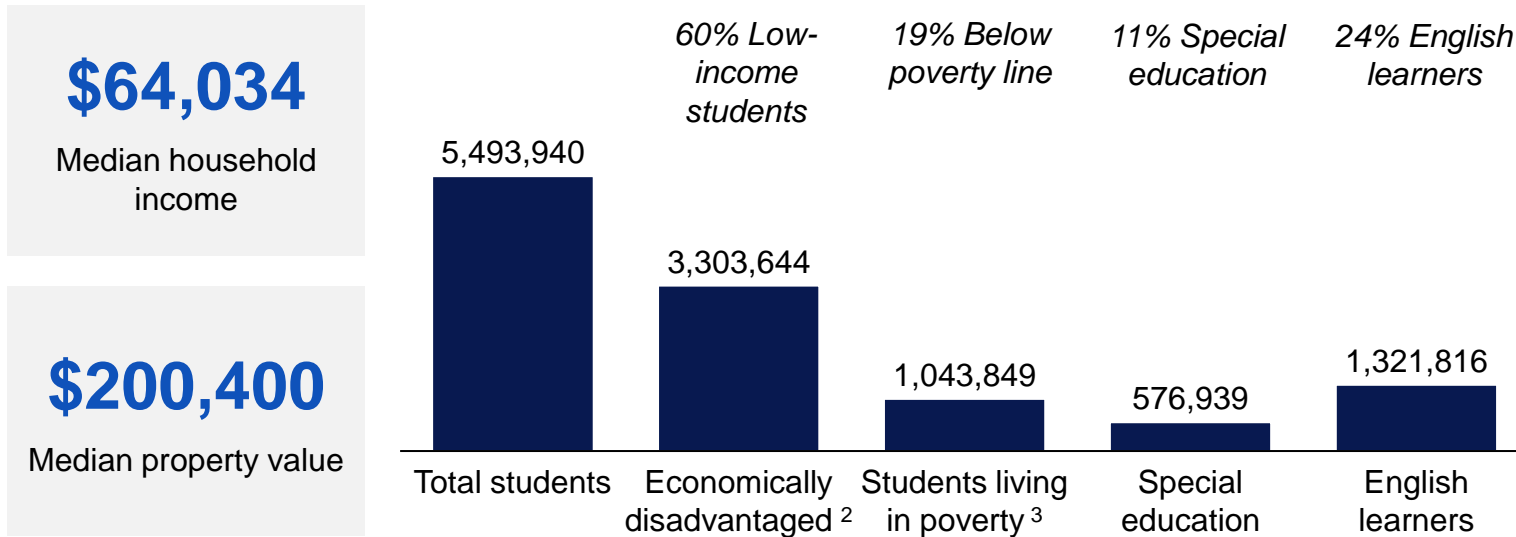
1. Base cost: Minimum spend per-pupil required for all K-12 students in public school system; adjusted base cost used for special education and CTE students  
 2. Data used is for FY2020 statewide averages unless otherwise noted.  
 3. Texas' Gifted and Talented program is funded through the per-pupil base cost and does not receive additional funding  
 4. The average K-12 public school spend is \$12,624 per-pupil (unadjusted for cost of living)

Source: Texas Department of Education, Education Data Initiative

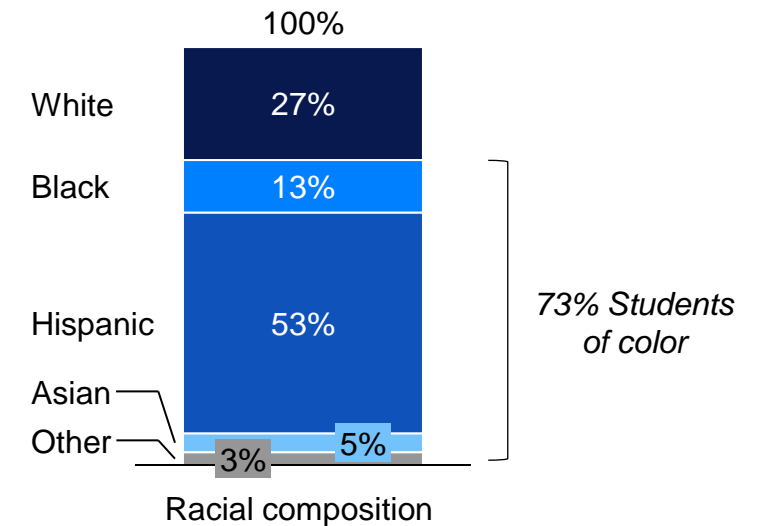
# Overview of Texas' K-12 public education system (2/2)



Texas Pre-K–12 student subgroup composition<sup>1</sup>, FY2019-20



Texas Pre-K–12 racial makeup, FY2019-20

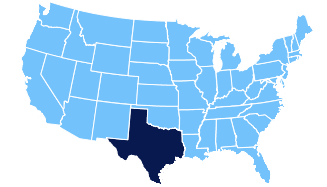


1. Student subgroup populations are not mutually exclusive (i.e., an English learner student may also be economically disadvantaged)  
 2. Economically disadvantaged students include those eligible for Free and Reduced Price Lunch  
 3. Children in poverty from households at or below 100% federal poverty (rate applied includes some non-school-aged children)

Source: Texas Education Agency FY2020, Texas Education Agency enrollment data FY2020, DataUSA – Texas 2019, Kids Count Data Center based on 2019 U.S Census

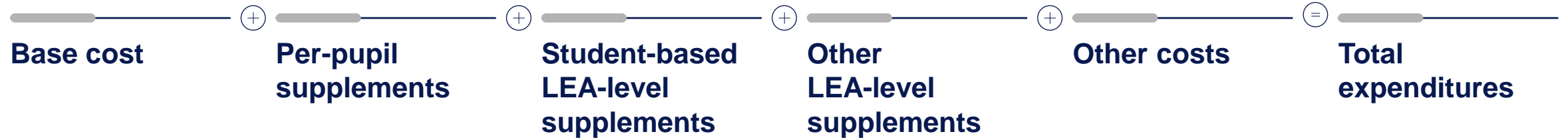
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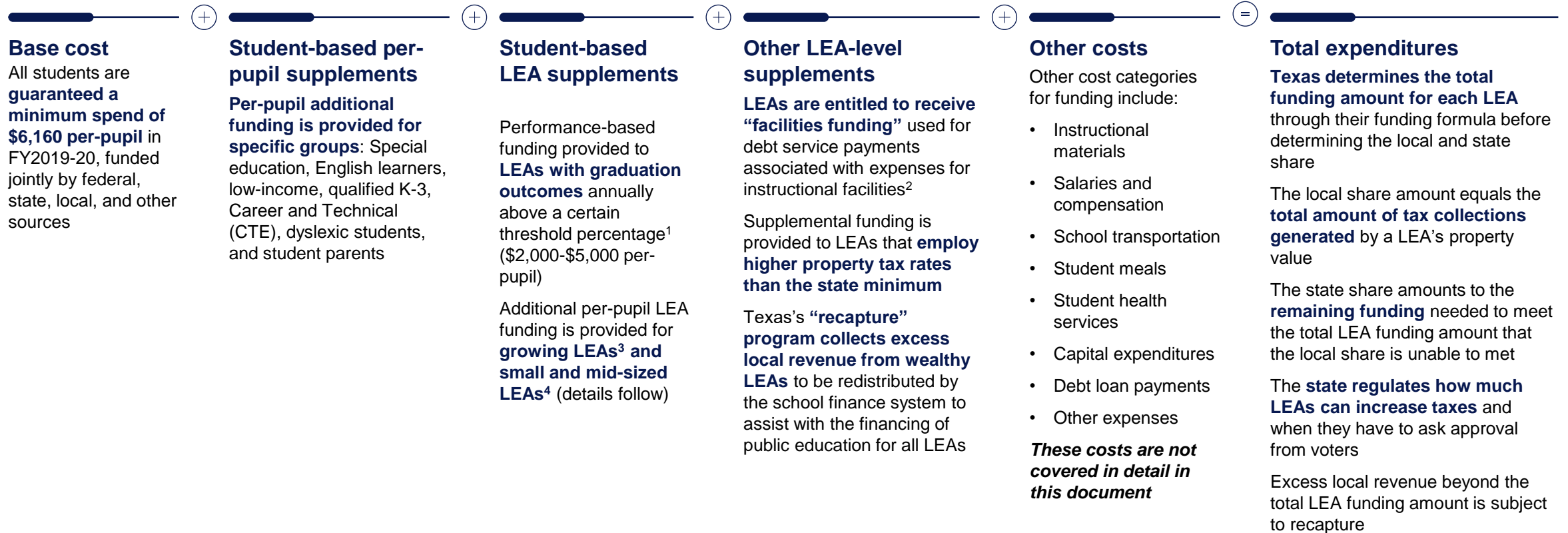
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# Funding formula deep dive



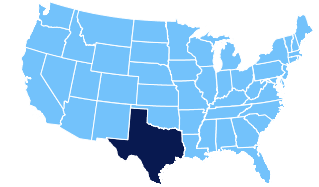
1. Graduation outcomes includes student readiness for college, career or military paid out on the basis of student status of being economically disadvantaged or receiving special education  
 2. Funds available through two programs and funding provided is based on the LEA’s annual debt service payment or \$250 per student is ADA is provided  
 3. Growing LEA defined as LEAs in the top quartile of student enrollment growth in the state over the preceding three school years  
 4. Small LEAs are those with student enrollment bellow 1,600 students, mid-sized LEAs are those with student enrollment bellow 5,000 students

Source: Texas Department of Education

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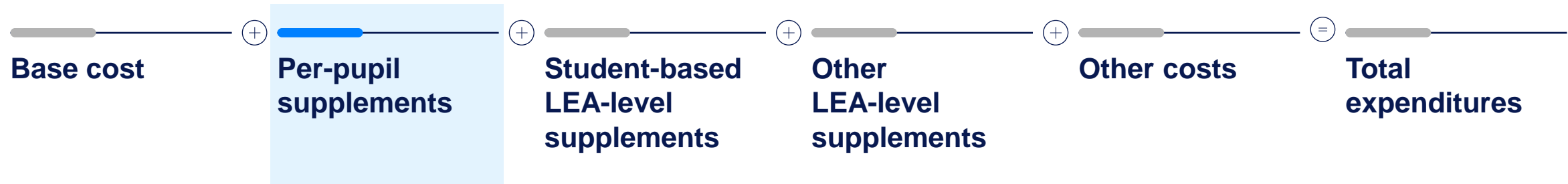
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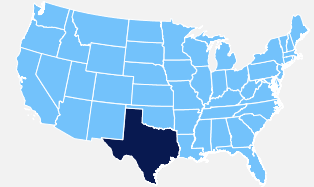
Funding formula deep dive



Recent legislation on K-12 funding

# Texas provides incremental funding for particular student or LEA characteristics in order to arrive at a LEA's total funding amount (1/4)

Texas has a fixed base amount per student, \$6,160 per student in FY2020 – Funding supplements based on most recent available data<sup>1</sup>. As Texas relies heavily on property tax rates determined by districts, the base amount may be reduced proportionately to the degree that the LEA's adopted tax rate falls short<sup>2</sup>.



Average Daily Attendance (ADA) is used to calculate majority of supplements which reflects how often those enrolled in a LEA actually attend school<sup>3</sup>.

## Student population



## Supplement type



## Supplement description



### K-3 students

**\$616<sup>4</sup>** per student, based on qualified K-3 students

- Simple dollar amount
- *Based on students who are K-3 and qualify for supplement allocation*

- Allocation of an additional 10% of the base cost per-pupil for students in K-3 who qualify as low-income (as specified in low-income supplement group) or are English learners

### Low income

**\$1,463-\$1,617<sup>4</sup>** per student, based on LEA socio-economic status for economically disadvantaged students

- Categorical dollar amount
- *Based on tier of student's home address census block group for those that qualify for Free and Reduced Price Lunch*

- Allocation of an additional 22.5%-27.5% of the base cost per-pupil for economically disadvantaged students falling into the census block tier of income range
  - Tier 1 (highest socio-economic LEAs): 22.5% weight
  - Tier 2: 23.75% weight
  - Tier 3: 25% weight
  - Tier 4: 26.25% weight
  - Tier 5 (lowest socio-economic LEAs): 27.5% weight

### English Language Learners

**\$308-\$924<sup>4</sup>** per student, based on student English proficiency program assignment

- Categorical dollar amount
- *Based on students whose primary language is not English*

- Allocation of an additional 5%-15% of the base cost per-pupil for students following into one of the following three categories:
  - Additional 5% allocation for native English-speaking students in a bilingual education and special language program
  - Additional 10% for students whose primary language is not English
  - Additional 15% for English learners in eligible dual language program

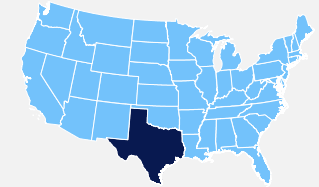
1. Please note that funding supplements are per-pupil estimates and use most recent data (FY2020)  
 2. In FY2020, districts whose tax rate falls short of \$0.93 per \$100 in value on property has their base cost reduced proportionally  
 3. ADA is calculated by taking the sum of attendance counts divided by the days of instruction; if ADA is not used, Full Time Enrollment is utilized  
 4. Amount specifies the total LEA cost to serve the student population for the LEA – The state share is determined after summing the total LEA cost of all student population groups

# Texas provides incremental funding for particular student or LEA characteristics in order to arrive at a LEA's total funding amount (2/4)

Texas has a fixed base amount per student, \$6,160 per student in FY2020 – Funding supplements based on most recent available data<sup>1</sup>.  
 Special education students replace their allocated state determined base cost with a modified base cost according to the supplement calculation.

Average Daily Attendance (ADA) is used to calculate majority of supplements which reflects how often those enrolled in a LEA actually attend school<sup>2</sup>.

Adjusted base cost is only used for special education funding calculations in which the base cost used for small and mid-sized LEAs (details follow) is added to the base amount of \$6,160 -- if a LEA does not apply for this adjustment, the state base cost of \$6,160 is used.



## Segment



### Special education

Variable updated base cost of **\$7,084-\$30,800<sup>3</sup>**, based on student disability instructional arrangement

## Supplement type



- Weighted on base cost (categorical)
- *Based on instructional arrangement categories*

## Supplement description



- Student with a disability is assigned one of 12 instructional arrangements/settings and funding is assigned based on its designated weight (from 1.15 to 5.0)
- Calculation = adjusted base cost<sup>6</sup> \* weight \* category FTE<sup>7</sup>
- Instructional arrangement categories:
  - Homebound: 5.0 weight
  - Hospital class: 3.0 weight
  - Speech therapy: 5.0 weight
  - Resource room: 3.0 weight
  - Self-contained mild/moderate/severe: 3.0 weight
  - Off home campus: 2.7 weight
  - Vocational adjustment class: 2.3 weight
  - State schools: 2.8 weight
  - Nonpublic contracts: 1.7 weight
  - Residential care and treatment: 4.0 weight
  - Mainstream: 1.15 weight

1. Please note that funding supplements are per-pupil estimates and use most recent data (FY2020)  
 2. ADA is calculated by taking the sum of attendance counts divided by the days of instruction; if ADA is not used, full time enrollment is utilized  
 3. Amount specifies the total LEA cost to serve the student population for the LEA – The state share is determined after summing the total LEA cost of all student population groups  
 4. Full time enrollment (FTE) is defined as 30 contact hours per week between a student participating in eligible program and applicable program personnel

Source: Texas Education Agency – Office of School Finance (FY2020)

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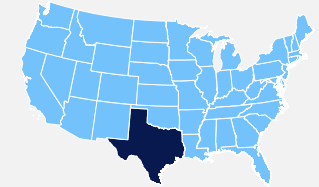





# Texas provides incremental funding for particular student or LEA characteristics in order to arrive at a LEA’s total funding amount (2/4)

Texas has a fixed base amount per student, \$6,160 per student in FY2020 – Funding supplements based on most recent available data<sup>1</sup>. Special education students replace their allocated state determined base cost with a modified base cost according to the supplement calculation.

Average Daily Attendance (ADA) is used to calculate majority of supplements which reflects how often those enrolled in a LEA actually attend school<sup>2</sup>.

Adjusted base cost is only used for special education funding calculations in which the base cost used for small and mid-sized LEAs (details follow) is added to the base amount of \$6,160 -- if a LEA does not apply for this adjustment, the state base cost of \$6,160 is used.

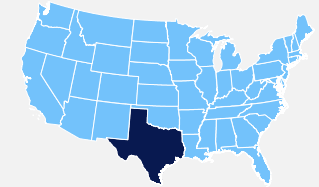


Segment 	Supplement type 	Supplement description 
<p><b>Career and Technology Education (CTE)</b> Updated base cost of <b>\$8,316<sup>3</sup></b> for students in CTE classes</p>	<ul style="list-style-type: none"> <li>Weighted on base cost</li> <li><i>Based on students who seek education in entry-level employment classes</i></li> </ul>	<ul style="list-style-type: none"> <li>Allocation of designated weight of 1.35                             <ul style="list-style-type: none"> <li>Calculation = \$6,160 * 1.35 * CTE FTEs</li> </ul> </li> <li>Additional flat-dollar allocation of \$50 for each CTE FTE; Qualified students include:                             <ul style="list-style-type: none"> <li>Students enrolled in at least two advanced CTE classes for a total of at least three credits, or</li> <li>Students enrolled in a CTE campus<sup>5</sup></li> </ul> </li> </ul>
<p><b>Transfer Students</b> <b>\$616<sup>3</sup></b> per student, based on transfer status of student under specified program</p>	<ul style="list-style-type: none"> <li>Simple dollar amount</li> <li><i>Based on students who transfer due to poor school performance</i></li> </ul>	<ul style="list-style-type: none"> <li>Allocation of an additional 10% of the base cost per-pupil for students who transfer through the Public Education Grant Program (PEG)<sup>6</sup></li> <li>PEG student eligibility                             <ul style="list-style-type: none"> <li>50% or more of students at school failed required state tests in any two of the past three years</li> <li>Student’s school was considered academically unacceptable at any time of the past three years</li> </ul> </li> </ul>




- Please note that funding supplements are per-pupil estimates and use most recent data (FY2020)
- In FY2020, districts whose tax rate falls short of \$0.93 per \$100 in value on property has their base cost reduced proportionally
- ADA is calculated by taking the sum of attendance counts divided by the days of instruction; if ADA is not used, Full Time Enrollment is utilized
- Amount specifies the total LEA cost to serve the student population for the LEA – The state share is determined after summing the total LEA cost of all student population groups
- Texas has two qualified CTE campuses (P Tech and New Tech Campus)
- Fewer than 100 students participate in the PEG program annually

# Texas provides incremental funding for particular student or LEA characteristics in order to arrive at a LEA's total funding amount (4/4)

Texas has a fixed base amount per student, \$6,160 per student in FY2020 – Funding supplements based on most recent available data<sup>1</sup>. As Texas relies heavily on property tax rates determined by districts, the base amount may be reduced proportionately to the degree that the district's adopted tax rate falls short<sup>2</sup>.



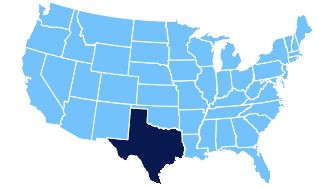
Average Daily Attendance (ADA) is used to calculate majority of supplements which reflects how often those enrolled in a LEA actually attend school<sup>3</sup>.

Segment 	Supplement type 	Supplement description 
<b>Dyslexic students</b> <b>\$616<sup>4</sup></b> per student, based on student dyslexic status	<ul style="list-style-type: none"> <li>• Simple dollar amount</li> <li>• <i>Based on students who are dyslexic</i></li> </ul>	<ul style="list-style-type: none"> <li>• Allocation of an additional 10% of the base cost per-pupil for students receiving dyslexia services</li> </ul>
<b>Student parent</b> <b>\$4,358<sup>4</sup></b> per student, based on student pregnancy history	<ul style="list-style-type: none"> <li>• Variable</li> <li>• <i>Based on students who are or have recently been pregnant</i></li> </ul>	<ul style="list-style-type: none"> <li>• Base cost is multiplied by 2.41 and qualified student full time enrollment is multiplied by a factor of 0.2936</li> <li>• Calculation = \$6,160 * 2.41 * (Pregnancy-related services FTEs * 0.2936)</li> </ul>

1. Please note that funding supplements are per-pupil estimates and use most recent data (FY2020)  
 2. In FY2020, districts whose tax rate falls short of \$0.93 per \$100 in value on property has their base cost reduced proportionally  
 3. ADA is calculated by taking the sum of attendance counts divided by the days of instruction; if ADA is not used, Full Time Enrollment is utilized  
 4. Amount specifies the total LEA cost to serve the student population for the LEA – The state share is determined after summing the total LEA cost of all student population groups

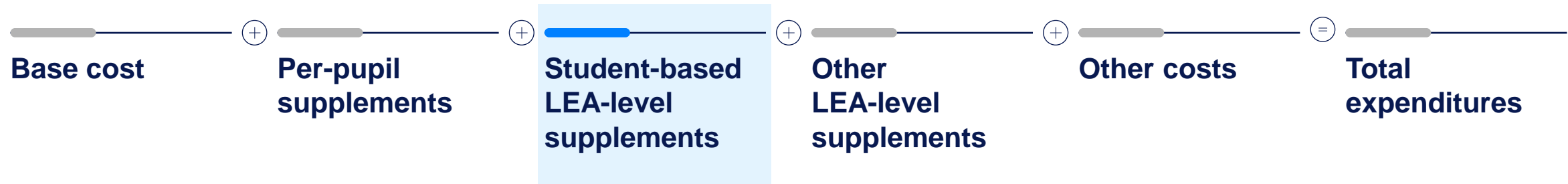
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State K-12 system overview

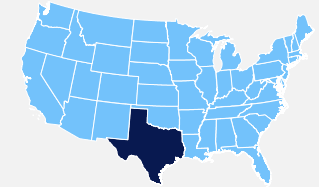
Funding formula deep dive



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# Texas provides incremental funding for particular student or LEA characteristics in order to arrive at a LEA's total funding amount (4/4)

Texas has a fixed base amount per student, \$6,160 per student in FY2020 – Funding supplements based on most recent available data<sup>1</sup>. As Texas relies heavily on property tax rates determined by districts, the base amount may be reduced proportionately to the degree that the district's adopted tax rate falls short<sup>2</sup>.



Average Daily Attendance (ADA) is used to calculate majority of supplements which reflects how often those enrolled in a LEA actually attend school<sup>3</sup>.

## Student population

## Supplement type

## Supplement description

### Growing LEAs

**\$246** per student, based on growth status of LEA

- Simple dollar amount
- Based on LEAs experiencing rapid enrollment growth

Allocation of an additional 4% of the base cost per-pupil for qualified LEAs experiencing rapid enrollment growth

Qualification: LEAs in the top quartile of student enrollment growth in the state over the preceding three school years

### Small and mid-sized LEAs

Variable of **\$0.15-\$2.50** per student, based on LEA size

- Variable
- Based on LEAs enrollment size

Allocation of additional per-pupil base cost of \$6,160 for small-sized LEAs by a factor of 0.0004 of their enrollment below 1,600 students or by a factor of 0.00047 for LEAs with fewer than 300 students

- LEAs with fewer than 1,600 students =  $((1,600 - ADA) * 0.0004) * \$6,160$
- LEAs with fewer than 300 students =  $((1,600 - ADA) * 0.00047) * \$6,160$

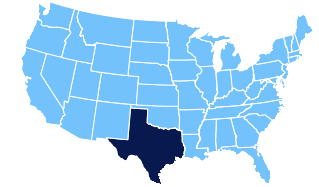
Allocation of additional per-pupil base cost of \$6,160 for mid-sized LEAs by a factor of 0.000025 of their enrollment below 5,000 students

- LEAs with less than 5,000 students =  $((5,000 - ADA) * 0.000025) * \$6,160$

1. Please note that funding supplements are per-pupil estimates and use most recent data (FY2020)  
 2. In FY2020, districts whose tax rate falls short of \$0.93 per \$100 in value on property has their base cost reduced proportionally  
 3. ADA is calculated by taking the sum of attendance counts divided by the days of instruction; if ADA is not used, Full Time Enrollment is utilized  
 4. Amount specifies the total LEA cost to serve the student population for the LEA – The state share is determined after summing the total LEA cost of all student population groups

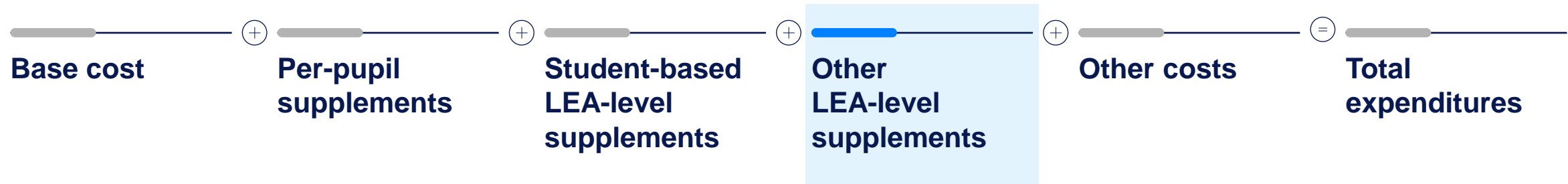
# This case study includes information on:

■ Details follow



State K-12 system overview

Funding formula deep dive



Recent legislation on K-12 funding

# Texas provides additional funding as incentive for districts that tax beyond the required minimum in order to minimize state contribution

Texas provides “enrichment” funding to encourage LEAs to generate additional funding by taxing beyond required state minimum of \$0.93 per \$100 in property value. This is done in order to incentive districts to increase local property taxes to maximize their local contribution in order to promote taxpayer equity by ensuring LEAs receive a guaranteed amount of funding for each penny of tax effort.

Weighted Average Daily Attendance (WADA) is utilized in order to calculate the amount of funds a LEA is entitled to. WADA is not determined on LEA enrollment, but it rather allocated based on LEA enrollment of students with special characteristics. WADA is determined by the calculated total LEA funding amount divided by the per-pupil base amount of \$6,160.

## Level 1 funding<sup>3</sup>

At level 1 (L1), LEAs are **equalized up to 160%** of the base cost on a per penny of tax effort basis

**Qualification:** Districts may receive L1 funding if they tax above the state minimum of \$0.93 per \$100 in property value

**Calculation:** L1 factor amount \* reward factor \* WADA

- L1 factor amount<sup>1</sup>: \$98.56
- Reward factor: Up to a factor of 8
  - District’s reward factor is determined by the amount of tax pennies in excess of \$0.93, up to an additional 8 pennies (i.e., a districts with a tax factor of \$0.99 will be rewarded by a factor of 6)
- WADA: District's total funding amount divided by state base amount (\$6,160)

## Level 2 funding

At level 2 (L2), LEAs are **equalized up to 80%** of the base cost on a per penny of tax effort basis

**Qualification:** Districts may receive L2 funding if they tax above the state minimum of \$1.01 per \$100 in property value, in addition to L1 funding

**Calculation:** L2 factor amount \* reward factor \* WADA

- L2 factor amount<sup>2</sup>: \$49.28
- Reward factor: Up to a factor of 9
  - District’s reward factor is determined by the amount of tax pennies in excess of \$1.01, up to an additional 9 pennies (i.e., a district with a tax factor of \$1.08 will be rewarded by a factor of 7)
- WADA: District's total funding amount divided by state base amount (\$6,160)

**Local Share** of funding is determined taking the difference of the respective level funding amount from the LEA’s local revenue

- Local revenue = (PTAD current year property value / 100) \* LEA tax rate

**State Share** of funding covers the remainder of the funding amount

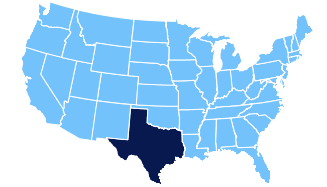
1. L1 enrichment funding is not subject to recapture, providing increased incentives for higher tax efforts  
 2. Amount set by the General Appropriations Act  
 3. Fixed amount set by statute

Source: Texas Education Agency – Office of School Finance (FY2020)

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# This case study includes information on:

Details follow



State K-12 system overview

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Recent legislation on K-12 funding

# The determined total LEA funding amount is funded by the LEA's property applicable tax revenue with excess costs funded by the state

First, the **total LEA funding amount** is determined by taking the sum of all allotted funds



Second, the **local and state share** is determined by the generated local revenue with excess costs funded by the state

## Total LEA funding amount

The total LEA funding amount is determined by sum of the per-pupil base cost and additional supplements

### 1 Per-pupil base cost

Sum of per-pupil base cost of \$6,160 or adjusted base cost for following groups:

- Special education adjusted per-pupil base cost
- CTE adjusted per-pupil base cost

### 2 Supplemental student population funding

Sum of all supplemental funding for specific student groups:

- Qualified K-3 students
- English learners
- Dyslexic students
- Low-income
- Parent students
- Transfer students

### 3 Supplemental LEA funding

Sum of additional funding gained by LEAs

- Growing LEAs
- Other funding sources: graduation bonus, school safety supplement, teacher incentive supplement, transportation supplement, etc.

## Local share amount

The local share is the amount of tax collections generated by a district's property value

- Current year property value \* the lesser of the district's tax rate or 0.93%
  - Property value: The district's current year property values as determined by Property tax assistance Division of the Texas Comptroller of Public Accounts

### LEAs with excess local revenue are "recaptured" to pay funds into the total LEA funding amount for distribution to other LEAs

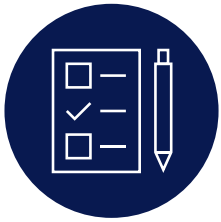
The state provides five options for LEAs to reduce excess local revenues:

- Option 1: Consolidate with another LEA
- Option 2: Detach property
- Option 3: Purchase attendance credits from the state
- Option 4: Contract to educate nonresident students from a partner LEA
- Option 5: Consolidate tax bases with another LEA

## State share amount

The State share amount is the total LEA funding amount minus the local share





## Document contents

*In this section*

### 1 Overview of K-12 funding formulae

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### 2 State-level deep dives on K-12 funding

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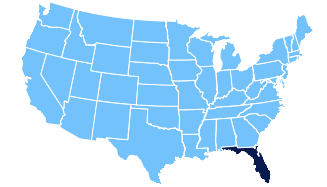
**A** Case studies: Ohio, Maryland, Indiana, Texas, **Florida**

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**B** Briefs: Georgia, North Carolina

# This case study includes information on:

■ Details follow



State K-12 system overview

Funding formula deep dive



# Overview of Florida's K-12 public education system (1/2)

<b>39%</b> Average state-provided funding per LEA (2020)	<b>\$4,373</b> State-mandated minimum base cost per-pupil <sup>1</sup> (2022)	<b>\$8,859</b> Average statewide spend per-pupil (2020)	<b>\$57,464</b> Statewide average teacher salary (2021)	<b>~\$10.1B</b> Statewide K-12 spending <sup>2</sup> (2022)
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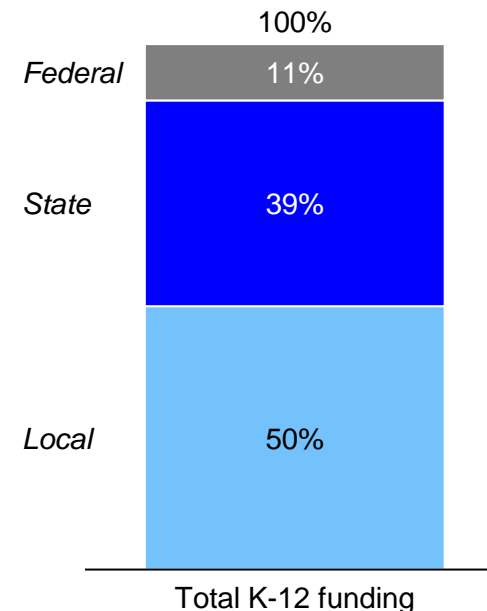
X Implemented within state    X Not implemented within state

## Funding formula type

<b>Student-based</b>	<b>Resource-based</b>
<b>Hybrid</b>	<b>Tax levy equalization</b>

## Student populations with supplemental funding

<b>K-3</b>	<b>Special education</b>	<b>English learners</b>
<b>Gifted and Talented</b>	<b>Career and Technical</b>	<b>Low-income<sup>4</sup></b>



## Key observations

- Florida spent **\$3,765, or 30%, less in FY2019-20 statewide average spend per-pupil** than the U.S. average spend<sup>3</sup>
- **Local sources fund a higher proportion (50%) of K-12 funding** relative to other states
- All K-12 funding determinations are made under the **Florida Education Finance Program (FEFP)**, which defines per-pupil allocations and state/local contributions
- All supplemental funding provisions are made via **FTE weights atop of the state base cost**
- Florida has faced regular budget cuts, causing **K-12 base costs to decline or stay constant** over recent decades

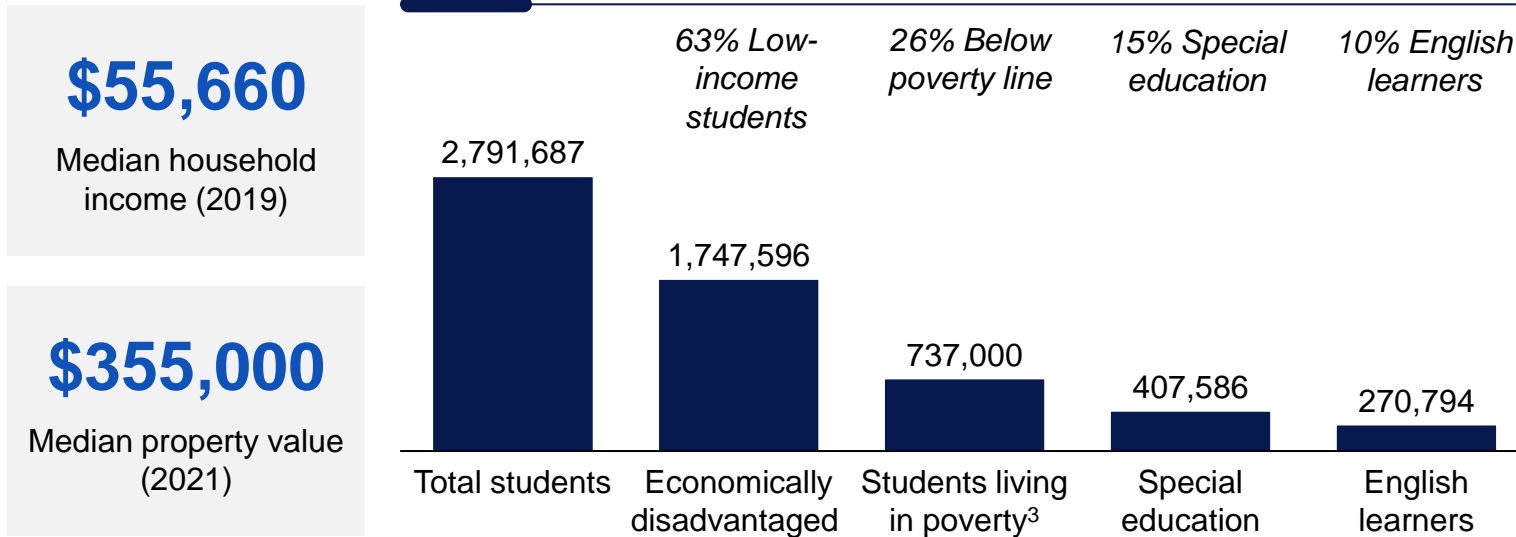
1. Base cost: Minimum spend per-pupil required for all K-12 students in the public school system; Adjusted slightly by county based on cost of living  
 2. Data is primarily from FY2021-22 unless otherwise noted, except for split of funding sources and average statewide spend per-pupil (2019-20)  
 3. The average K-12 public school spend is \$12,624 per-pupil (unadjusted for cost of living)  
 4. Low-income do not have supplemental funding weights, but have access to State-provided "scholarship programs"

Source: Florida Department of Education, US Department of Education

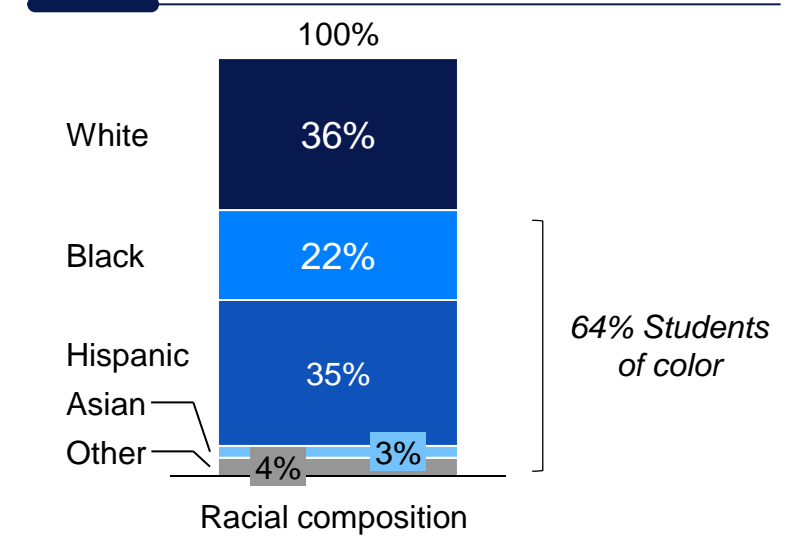
# Overview of Florida's K-12 public education system (2/2)



Florida Pre-K–12 student subgroup composition<sup>2</sup>, FY2019-20



Florida Pre-K–12 racial makeup, FY2019-20

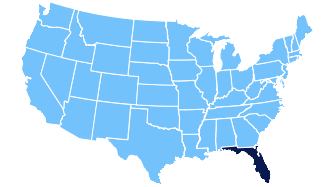


1. Count of schools includes all public traditional and charter schools
2. Data is primarily from FY2021-22 from Florida Department of Education reports (Referenced by 2022 in top line)
3. Student subgroup populations are not mutually exclusive (i.e., an English learner student may also be economically disadvantaged)
4. Children in poverty from households at or below 100% federal poverty (rate applied includes some non-school-aged children)

Source: Florida Department of Education, Florida Report Card, US DataCenter, US Census, Florida Realtors

# This case study includes information on:

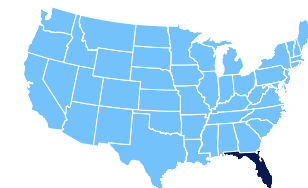
■ Details follow



State K-12 system overview

Funding formula deep dive





# Funding formula deep dive

## Base cost

All students are **guaranteed a minimum spend of \$4,373 per-pupil** in FY2021-22, funded jointly by federal, state, local, and other sources

Florida Education Finance Program (FEFP) is the **primary determinant for per-pupil funding**, using student FTE<sup>2</sup> values and supplemental weights to adjust for specific student groups



## Student-based per-pupil supplements

English learners, K-3 students, Gifted and Talented, and CTE students **receive supplemental funding via two major allocations:** Supplemental Academic Instruction (SAI) and Exceptional Student Education (ESE)<sup>4</sup>

Four **State-provided scholarship programs are available to specific student groups** (e.g., students with disabilities, low-income)<sup>1</sup>

- McKay Scholarship for Students with Disabilities Program
- Florida Tax Credit Scholarship
- Family Empowerment Scholarship
- Hope Scholarship Program



## Student-based LEA supplements

Other LEA-level funding is **provided to small LEAs or isolated schools**<sup>3</sup>

Additional funding provided to **schools with AP, IB, or AICE students**

“Bonus weighted FTE” categories also **provide funds to LEAs, based on student eligibility**



## Other costs

Other cost categories for funding include:

- Instructional materials
- Salaries and compensation
- School transportation
- Student meals
- Student health services
- Capital expenditures
- Debt loan payments
- Other expenses

***These costs are not covered in detail in this document***



## Total expenditures

Florida uses the FEFP to calculate per-pupil cost estimates, then **use a DCD calculation to determine the total funding allocation per-pupil**

- District Cost Differentials (DCD) **adjust statewide cost guidelines**, based on the Florida Price Level Index (recent 3 years)
- **FEFP is calculated five times per annum** to arrive at the final per-pupil appropriation

**State utilizes three funds for K-12 funding**, including redirected revenues from sales taxes, Florida Lottery, and Miami-Dade slot machines

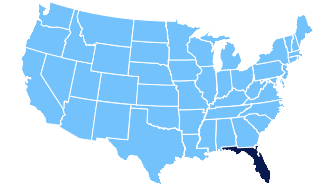
**Majority of local funding is raised through property taxes**, with additional funding through discretionary tax levies

1. Scholarship programs are different to supplemental funding, though operate and are funded in similar ways (weighted atop of FTE base cost)  
 2. Any 4-12 student with at least 900 hours of instruction (720 hours for PK-3) in Florida  
 3. Small LEAs have fewer than 10,000 FTE and fewer than 3 FTE of ESE students; Isolated schools are greater than 28 miles from nearest high school  
 4. ESE refers to any students who require specialized education or additional resources; This includes both Gifted students and students with special needs

Source: Florida Department of Education, EdChoice

# This case study includes information on:

■ Details follow



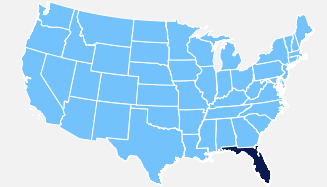
State K-12 system overview

Funding formula deep dive






# Florida provides incremental funding via weighted FTE funding for four key student populations with unique educational needs

Florida has a fixed base amount per student, \$4,373 per student in FY2021-22. Supplemental funding amounts are based on the 2021-22 summary report from the Florida Department of Education.



Supplemental funding is provided on a weighted FTE basis, which is also subject to a District Cost Differentials (DCD) cost-of-living adjustment for all counties.

Student population 	Supplement type 	Supplement description 
<b>K-3</b> \$550 per FTE	<ul style="list-style-type: none"> <li>Weighted on base cost</li> </ul>	Supplement weight: 1.126 FTE or .126 of base cost, adjusted for DCD amount <ul style="list-style-type: none"> <li>1 FTE is allotted for grades 4-8, with grades 9-12 receiving 1.010 FTE weight</li> </ul>
<b>English Language Learners</b> \$870 per FTE	<ul style="list-style-type: none"> <li>Weighted on base cost</li> </ul>	Supplement weight: 1.199 FTE or .199 of base cost, adjusted for DCD amount
<b>Career Education</b> \$44 per FTE	<ul style="list-style-type: none"> <li>Weighted on base cost</li> </ul>	Supplement weight: 1.010 FTE or .010 of base cost, adjusted for DCD amount Career Education is only funded for students in grades 9-12
<b>Exceptional Student Education (ESE)</b> \$15,953 to \$ 23,351 per student, based on category assignment  Does not including ESE Guaranteed Allocation	<ul style="list-style-type: none"> <li>Weighted on base cost (categorical)</li> <li>Based on specific need across multiple categories</li> </ul>	Florida ESE program encompasses funding for special services and resources for both students with special needs and gifted students <sup>1</sup> K-12 students with Support Levels 1-3 ESE needs do not receive weighted funding <ul style="list-style-type: none"> <li>Receive funding via the ESE Guaranteed Allocation, a ~\$1B fund that is appropriated to individual LEAs after completing year-end counts on student membership</li> </ul> Students in Support Levels 4-5 receive weighted base cost supplemental funding: <ul style="list-style-type: none"> <li>Support Level 4: Student receiving specialized approaches, assistance, or equipment for the majority of learning experiences; 3.648 FTE (\$15,953 per FTE)</li> <li>Support Level 5: Student receiving continuous, intense assistance, multiple services, or substantial modifications for the majority of learning activities; 5.340 FTE (\$23,351 per FTE)</li> </ul>

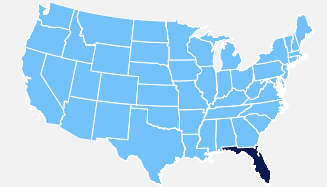
1. State legislature and other bodies are considering separating gifted students into a standalone program

Source: Florida Department of Education



# Beyond supplemental funding, Florida provides four State-funded scholarships to support certain student populations (1/2)

Florida has a fixed base amount per student, \$4,373 per student in FY2021-22. Supplemental funding amounts are based on the 2021-22 summary report from the Florida Department of Education.



Scholarship funding sources can vary by year and is not defined by legislative guidelines, so scholarship amounts change regularly. Some scholarships also allow (or fund) a student’s ability to transfer schools, rather than just providing additional funding on a per-pupil basis

## Scholarship name

## Scholarship description

### McKay Scholarship for Students with Disabilities Program

**\$4,373** per student, and additional ESE funding if applicable

Allows for students with disabilities to enroll in other public schools or apply to a participating private school, in a county adjacent to his or her home county

- Participants must be recorded in the prior FTE counts to be eligible
- Accepted students will receive 100% of the unweighted FTE funding, plus a per FTE share for all categorical programs the student participates in
- For student reported in FEFP categories 254 or 255, the scholarship amount does not include a share of the ESE Guaranteed Allocation

### Florida Tax Credit Scholarship Program

Variable amount per student, with **\$6,346** on average and a maximum of **\$9,197**

Privately funded scholarships by participating organizations directed to K-12 funding for low-income students

- Private voluntary contributions are made to nonprofit scholarship-funding organizations for eligible students
- Eligible students are:
  - Students who qualify for Free and Reduced Price Lunch
  - Students in or previously in foster care
  - Students with household incomes at or below 185% of the Federal Poverty Line (FPL)
  - Students who were eligible and received a scholarship in the previous year

Recent contributions totaled \$874MM in tax credits for participating corporations

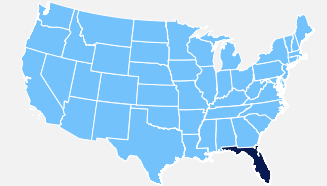
Source: Florida Department of Education

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# Beyond supplemental funding, Florida provides four State-funded scholarships to support certain student populations (2/2)

Florida has a fixed base amount per student, \$4,373 per student in FY2021-22. Supplemental funding amounts are based on the 2021-22 summary report from the Florida Department of Education.

Scholarship funding sources can vary by year and is not defined by legislative guidelines, so scholarship amounts change regularly. Some scholarships also allow (or fund) a student’s ability to transfer schools, rather than just providing additional funding on a per-pupil basis



## Scholarship name

## Scholarship description

### Hope Scholarship Program

**\$4,154** per student, and additional FTE weighted funding if applicable

Scholarship available to K-12 students enrolled in a Florida public school who have been subject to an incident of battery, harassment, hazing, bullying, kidnapping, physical attack, robbery, sexual offenses, assault, threat, intimidation or fighting at school are eligible

Eligible students have the opportunity to transfer to another public school or enroll in an approved private school under the Hope Scholarship

Scholarship amounts are 95% of unweighted FTE funding per student, plus any weighted FTE funding for other categorical program allocations (except the ESE Guaranteed Allocation)

### Family Empowerment Scholarship

**\$4,373** per student, and additional ESE funding if applicable

Allows students in households with limited financial resources to enroll in another public school within or adjacent to their home county or apply to attend a participating private school

- Eligible students are:
  - Students who qualify for Free and Reduced Price Lunch
  - Students in or previously in foster care
  - Students with household incomes at or below 375% of the Federal Poverty Line (FPL)
  - Students who have same-household siblings who received the scholarship previously
  - Students who are dependents of a member of the United States Armed Forces
  - Students with disabilities categorized under Florida’s public school system
  - Note: Priority is given to students whose household income level does not exceed 185% of FPL or who is in foster care or out-of-home care

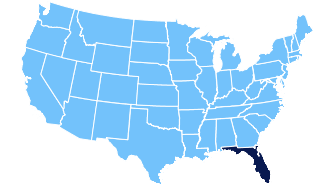
Scholarship amounts are 100% of unweighted FTE funding per student, plus any weighted FTE funding for other categorical program allocations (including ESE Guaranteed Allocation)

Source: Florida Department of Education

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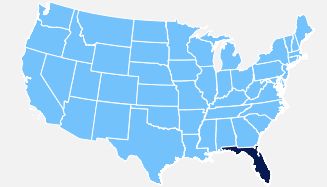
State K-12 system overview

Funding formula deep dive



# Additional weighted FTE funding is provided to LEAs with specific characteristics or student bodies

Florida has a fixed base amount per student, \$4,373 per student in FY2021-22. Supplemental funding amounts are based on the 2021-22 summary report from the Florida Department of Education.



Supplemental funding is provided on a weighted FTE basis, which is also subject to a District Cost Differentials (DCD) cost-of-living adjustment for all counties.

## District characteristic

## Supplement description

**Small county ESE**, Maximum value of **\$189,569** per LEA

Available to LEAs with fewer than 10,000 students and fewer than 3 students in ESE Support Levels 4 and 5; Limited to statewide supplement value of 43.35 FTE

**Small, isolated school**, Variable per annum

Available to schools with over 28 students, fewer than 100 students in grades 9-12, and further than 28 miles to the nearest high school

- Some elementary schools may also qualify based on various county-level conditions

**Academic bonuses**, **\$700 to \$1,311** per FTE

Additional FTE weights are provided for students who participated in advanced educational programs (e.g., Advanced Placement, International Baccalaureate)

- Students scoring a (3) or higher on an AP exam: Additional .16 FTE per student (\$700)
- Students scoring a (4) or higher on an IB exam: Additional .16 FTE per student (\$700)
- Students scoring a (E) or higher on an AICE<sup>2</sup> exam: Additional .16 FTE per student (\$700)
- Students receiving an AP Capstone Diploma, or an IB or AICE diploma: Additional .3 FTE per student (\$1,311)

Classroom teachers who instruct the aforementioned students also receive \$50 per student bonuses (i.e., a teacher has 13 students receive (3) or higher on AP Calculus will receive a \$650 bonus)

**Early high school graduation**, **\$1,096 to \$2,191** per student (given to LEA)

LEAs with students who graduate .5 to 1 year early will receive additional funding to “make up” for lost students

- Half year early graduation warrants .25 FTE and full year early graduation warrants .5 FTE

**Dual enrollment**, **\$349** for each qualifying completed class

LEAs with students that participate in dual enrollment programs earn bonus FTE upon completion of coursework

- Enrollment in a dual enrollment program earns .16 FTE and completion of an associate’s degree with a GPA of 3.0 or above will earn .3 FTE
- Individual class completion with “A” or better will earn .08 FTE per student

**\$699 to \$1,311** for dual enrolled students


LEAs must allocate at least 50% of the earned funds directly to the schools with students earning the bonus

2. Advanced International Certificate of Education

Source: Florida Department of Education



## Document contents

 *In this section*

### 1 Overview of K-12 funding formulae

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### 2 State-level deep dives on K-12 funding

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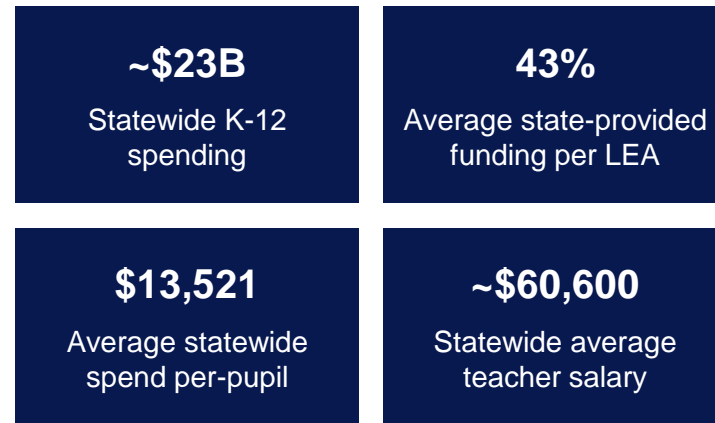
**A** Case studies: Ohio, Maryland, Indiana, Texas, Florida

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**B** Briefs: Georgia, North Carolina

# Overview of Georgia's K-12 funding formula

## Georgia key statistics, 2019-20



## Pre-K-12 demographics

1.7 million enrolled students

- 56% Low-income
- 20% Below poverty line
- 63% Students of color
- 12% Special education
- 9% English learners

1. The Early Intervention Program (EIP) serves students who are at risk for not reaching or maintaining academic grade level; the base cost for kindergarten (\$5,766), grades 1-3 (\$5,069), grades 4-5 (\$5,054) is adjusted accordingly
2. Program for students in grades 6-12 who have identified deficiencies in reading, writing, or mathematics
3. Georgia uses mills to evaluate property taxes, with a one mill tax rate being \$1 per \$1000 of assessed property taxes. The state uses an equalized property tax base to adjust for differences in assessment among counties; property value is assessed on 40% of appraised value

Source: Georgia Department of Education, Georgia State University, National Center for Education Statistics, Kids Count Data Center

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## Georgia funding formula details, FY2021-22

### Base cost

The per-pupil base cost is allocated based on the student grade level based on the Quality Basic Education (QBE) Act funding formula (students in the Early Intervention Program receive an increased base cost<sup>1</sup>):

- Kindergarten (\$4,664), grades 1-3 (\$3,611), grades 4-5 (\$2,898), grades 6-8 (\$3,174), grades 9-12 (\$2,789)

### Supplemental student funding

Designated student subgroups receive an adjusted base cost taking account of the additional cost associated with their program. Their adjusted base cost taking account of supplemental costs is as follows:

- **Career technical agricultural education:** \$3,300 per FTE
- **Special education:** \$6,726-\$16,370 per FTE
- **Gifted education:** \$4,683 per FTE
- **Remedial education<sup>2</sup>:** \$3,786 per FTE
- **Alternative education:** \$4,150 per FTE
- **English Language Learners:** \$7,219 per FTE

LEAs may receive additional funding for facilitates/administrate maintenance, categorical grant earnings, etc..

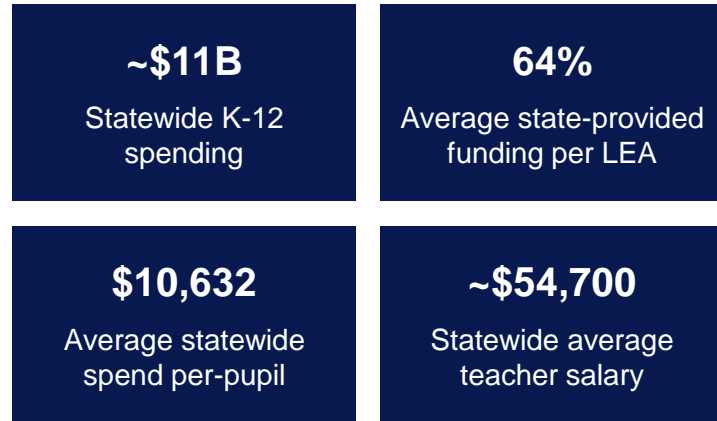
### State and local share

The state funding that a local school system receives equals the QBE funding formula amount, less the local funding contribution. The local funding contribution amounts to tax revenue of \$5 per \$1000 of assessed property value<sup>3</sup>.

- LEAs that fall below the 90<sup>th</sup> percentile in property tax generation (at a rate of \$1 per \$1000 of assessed value) are equalized by the state through additional supplementation

# Overview of North Carolina’s K-12 funding formula

## North Carolina key statistics, 2019-20



## Pre-K-12 demographics

1.5 million enrolled students

- 44% Low-income
- 19% Below poverty line
- 50% Students of color
- 14% Special education
- 8% English learners

1. Actual allotments is determined on position and dollar per student allocations for a LEA; funding from federal government not captured
2. LEAs pay what is required to hire staff based on legislated State salary schedule; the state manages the budget and covers the salaries and benefits
3. District average daily membership (ADM) determined monthly by sum of days in membership for all students divided by number of days in school
4. Actual allotments are assigned by grade level; funds restricted to purpose of program (may be used for teachers, instructional support and supplies, etc.); funding from federal government not captured
5. Funds restricted to purpose of program; may be used for teachers, instructional support and supplies, etc.

Source: North Carolina Department of Public Instruction, Public Schools First North Carolina, National Center for Education Statistics, Kids Count Data Center

## North Carolina funding formula details, FY2020-21

### Funding Model

The state engages in a resource-based funding model: ~65% is allocated on a position basis, 24% is allocated on a categorical basis, and 10% on a dollar basis.

### Positions and Dollar Allotments

**Total average allotments is dependent on grade level<sup>1</sup>: \$6,033 for K-3, \$5,150 for 4-8, \$5,152 for 9-12.** The dollar amount is the sum of cost associated with the number of positions allotted to LEAs<sup>2</sup> and additional costs:

- **Classroom teacher:** One position allotted per 19-29 average daily member<sup>3</sup> (ADM) for K-12<sup>4</sup>
- **Administration:** (1) 12-month principal per school, 10-month Assistant principal per 986.3 ADM, 10-month instructional support per 210.56 ADM
- **Other support:** Classroom materials, textbook and digital resources, non-instructional support, and teacher assistants determined on a dollar-per-student amount

### Categorical

Student based funding allocation to address specific needs of student population<sup>5</sup>:

- **Special education:** \$4,509 per ADM
- **English learners:** \$906 per ADM
- **Low-income:** \$409 per ADM
- **K-3 students below grade level:** \$59.47
- **Gifted:** \$433 per ADM
- **Low wealth county:** \$361 per ADM
- **Disadvantaged students:** \$281 per ADM
- **Small county:** \$827 per ADM

### State and local share

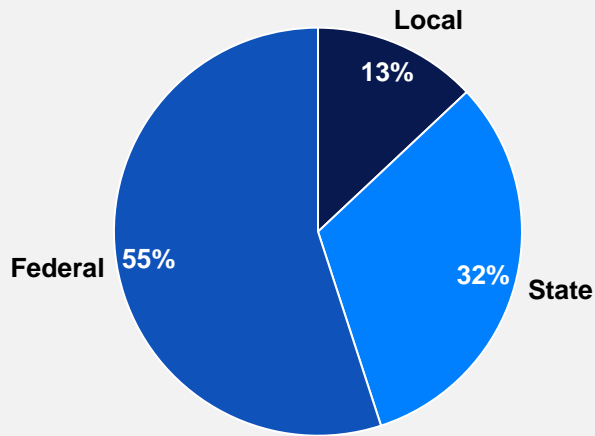
The state the funds the majority of allocations provided on a position, categorical, and dollar basis. Local funds are responsible for building, maintaining, and equipping school facilities.

# Appendix



# U.S. Congress is proposing provisions for national, universal Pre-K to build upon existing early childhood education programs

Pre-K funding by source (%), FY2018-2019



## Overview of Pre-K funding in the US

Pre-K is funded through multiple sources, but primarily through specific Federal funding programs

All but 6 states contribute to Pre-K programs, with 9 states directly funding through their standard K-12 funding formulae<sup>1</sup>

In 2015, total spend on Pre-K was ~\$24B, with more than half being federally funded

- Total K-12 spend was \$649B, making Pre-K a small 8% of total

Current funding for Pre-K programs differ by state:

- (2) states fund universal Pre-K programs<sup>2</sup>
- (7) states fund mostly universal Pre-K programs
- (35) states fund non-universal Pre-K programs
- (6) states do not offer any state-level Pre-K funding

## Build Back Better Act

The Build Back Better Act (BBB) has multiple provisions to change early childhood schooling and childcare:

- BBB would provide “high-quality, free, inclusive, and mixed-delivery preschool programs” available to all three- and four-year-old children in states which opt-in
- Proposal includes funding to cover the federal share of total costs for all Pre-K students, regardless of income or other eligibility
- No state match is required for Pre-K funding until FY2025, but cannot decrease current funding levels
- Mixed-delivery programming would allow funding to go to schools, Head Start centers, childcare organizations
- Existing Head Start programs will partner with BBB to deliver Pre-K

## US Pre-K programs are funded through a series of mechanisms:

### Federal

Federal funding has varying eligibility factors for children and is derived primarily via the following programs:

- Head Start and Early Head Start
- Childcare and Development block grants
- IDEA grants for infants and families
- IDEA Preschool grants

### State

State funding is highly unique to each state’s Pre-K provisions, with funding coming from general funds, LEA-level block grants, or K-12 funding formula.

Many states also utilize “sin” taxes to provide additional funding for Pre-K

### Local

Local funding provides the least Pre-K funding, nationally, but local programs are growing to better support early childhood development

Pre-K funding primarily comes from local voluntary taxes (e.g., property tax, sales tax, soda tax)

1. Data is based on an Education Commission of the States study of all U.S. states in FY2016-2017  
 2. Universal Pre-K is defined by age-based student eligibility, while non-universal programs factor in household income or state spending caps