

Education Intergovernmental Aid Formulas: Considerations for Revising Formula Aid

Dan Thatcher – National Conference of
State Legislatures

Michael Griffith

 **LEARNING POLICY INSTITUTE**



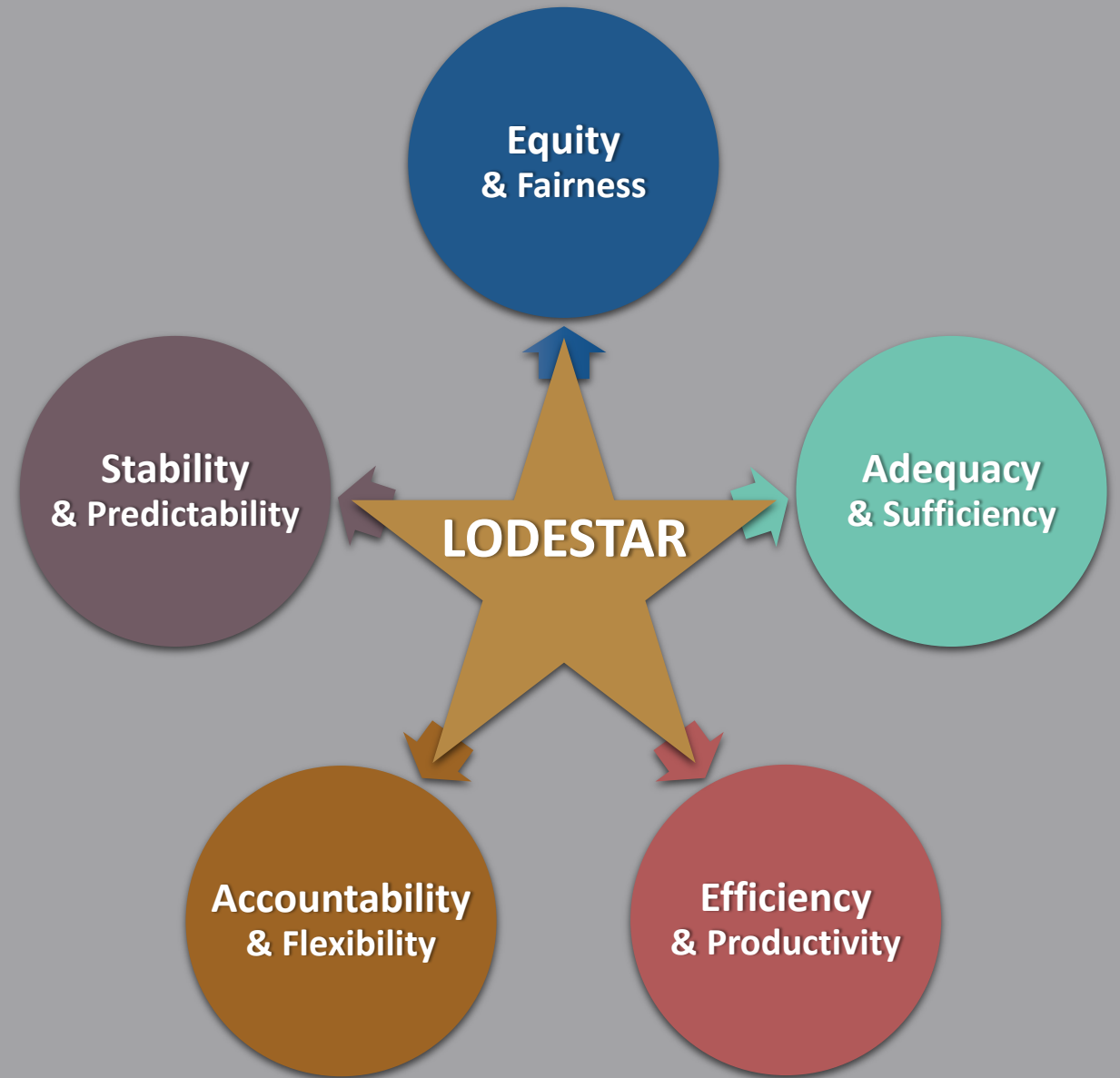


PRINCIPLES
OF A
SOUND
STATE
SCHOOL
FINANCE
SYSTEM



National Conference of State Legislatures

A sound state education finance system is based on **SIX** primary and interdependent principles:





Principles of a Sound State Education Finance System



LODESTAR

A sound education finance system aligns with and supports the overarching vision and mission of the entire education system.



EQUITY & FAIRNESS

A sound education finance system adjusts for student needs, district characteristics and local economic capacity to ensure resources are proportional to need.



ADEQUACY & SUFFICIENCY

A sound education finance system provides sufficient resources across the system to support reasonable and manageable goals of the statewide education system.



Principles of a Sound State Education Finance System



EFFICIENCY & PRODUCTIVITY

A sound education finance system minimizes the administrative burden and cost at the state and local levels. It does so, in part, by permitting greater flexibility in how local school districts allocate their resources.

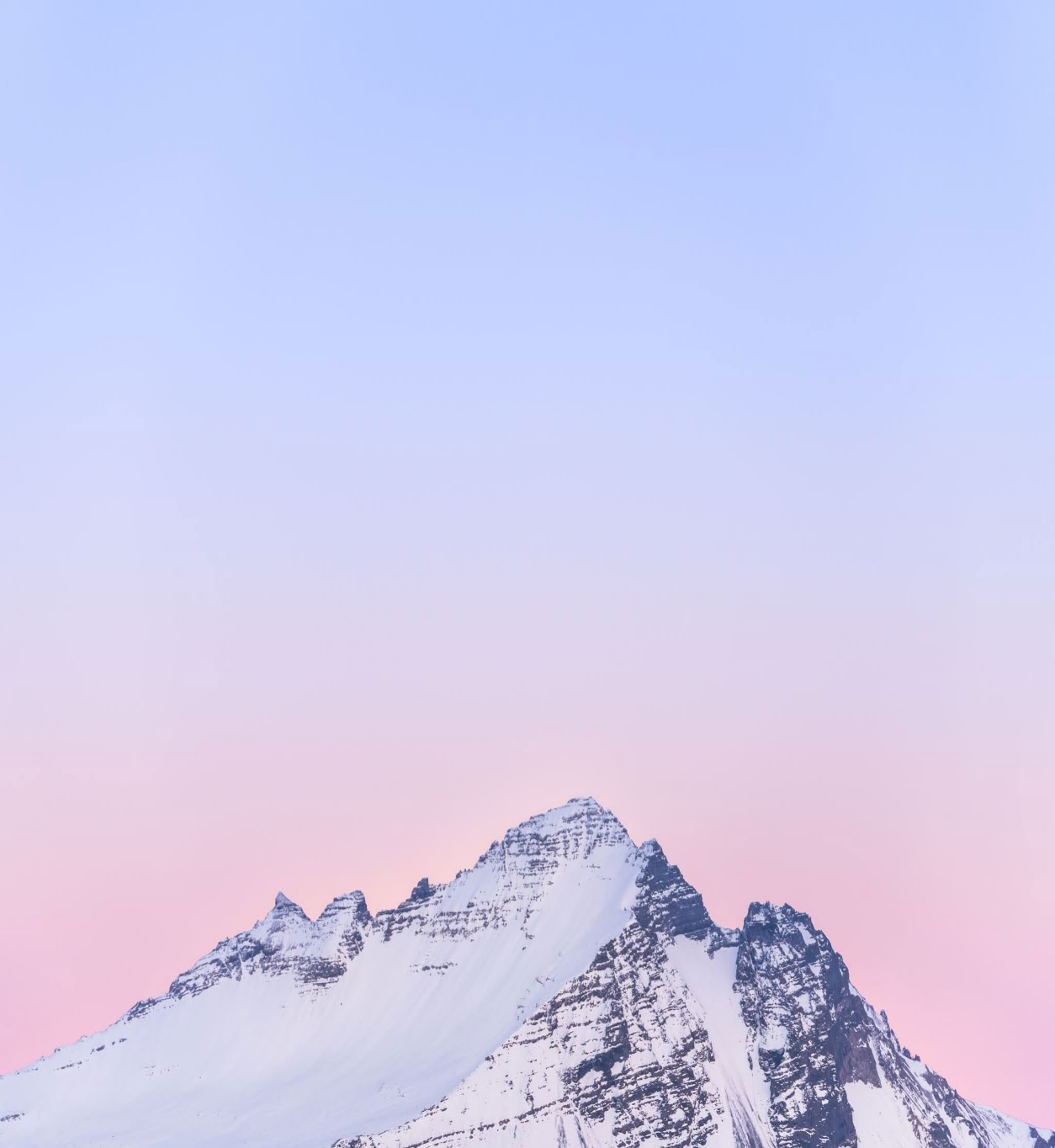
ACCOUNTABILITY & FLEXIBILITY

A sound education finance system is transparent and includes the ability to link financial decisions to the goals of the statewide education system.



STABILITY & PREDICTABILITY

A sound education finance system promotes durability in revenue by relying on a mix of revenue sources that behave predictably over time.



Moving Mountains

Education Funding Formula
Revisions



Legislative Lessons Learned

Moving Mountains

COMPROMISE IS PART OF THE PROCESS

Crafting a new funding formula requires listening to the needs from every corner of the state and adjusting—or compromising—accordingly.



THE LOCALS HAVE IT

“All politics is local; school politics is localer.”

– Former State Senator Norma Anderson, Colorado

RAISE ALL BOATS

Coalitions, consensus work and compromise can ensure changes benefit all students.



EXTERNAL STIMULI BRING CHANGE

Legislative equilibrium is so powerful that unusual circumstances may be necessary to permit legislators to tip the balance in a meaningful way.

COALITIONS AND CONSENSUS CAN WORK

Change is facilitated when there is consensus among administrators, school boards, teacher unions, student and parent organizations and the business community.



CHANGE REQUIRES A LEGISLATIVE FOCUS

“I can finally say I am proud of the education funding strategies in Illinois after a decades long-battle.”

– Senator Kimberly Lightford, Illinois



School Funding Transition Process

Mike Griffith – Senior
Researcher and Policy Analyst



Since 2000 several states have adopted new school funding formulas:

<i>Arkansas (2002)</i>	<i>Litigation</i>
<i>California (2013)</i>	<i>Governor/voter approved</i>
<i>Kansas (2017)</i>	<i>First litigation then legislative</i>
<i>Maryland (2002)</i>	<i>Legislative led change</i>
<i>Ohio (2013)</i>	<i>First litigation then legislative</i>
<i>Pennsylvania (2015)</i>	<i>Legislative led change</i>
<i>Rhode Island (2010)</i>	<i>Legislative led change</i>
<i>Tennessee (2021)</i>	<i>Legislative/Gov led change</i>
<i>Wyoming (2001)</i>	<i>Litigation</i>

School Funding Transition Process

Common Questions

- Will current grant programs be maintained, or will they be rolled into the formula?
- Will any area of funding not be addressed in the new formula (capital, transportation, food services)?
- How will the new formula address:
 - Student counts
 - District size
 - Cost of doing business/geographic location
 - Determining district “wealth”

School Funding Transition Process

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

Note: Between each step you should be receiving public input

What states have done to ease the transition

- Gradually transition to the new funding formula
- Ensure that funding levels for individual districts are “held harmless”
- Create minimum payments in the formula
- Allow for certain mandates or programs be retained
- Educate the public and train district staff about the new formula

Thank You

Questions or Comments?

Dan Thatcher: daniel.thatcher@ncsl.org

Mike Griffith: mgriffith@learningpolicyinstitute.org

