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Education Funding Considerations: *A Regional Perspective*

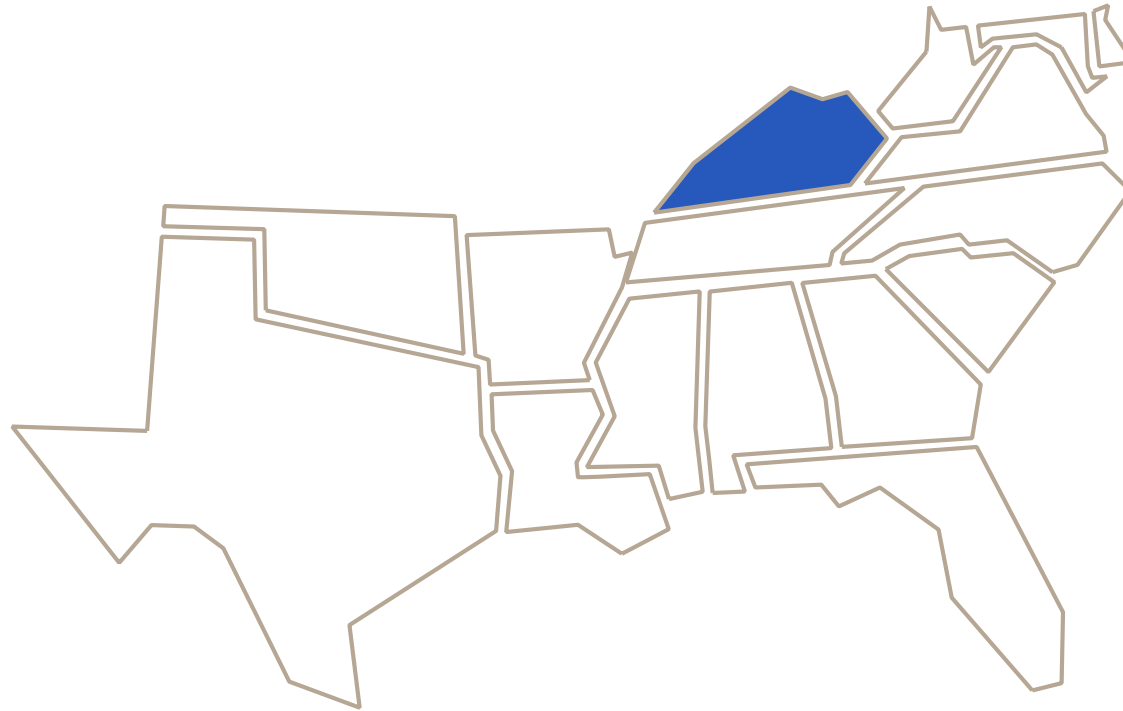
Dr. Stephen Pruitt
President
Southern Regional Education Board

Considerations

- ✓ Goals for Education
- ✓ Winners vs. Losers
- ✓ Unintended Consequences
- ✓ Transition

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Funding Comparisons Across SREB States

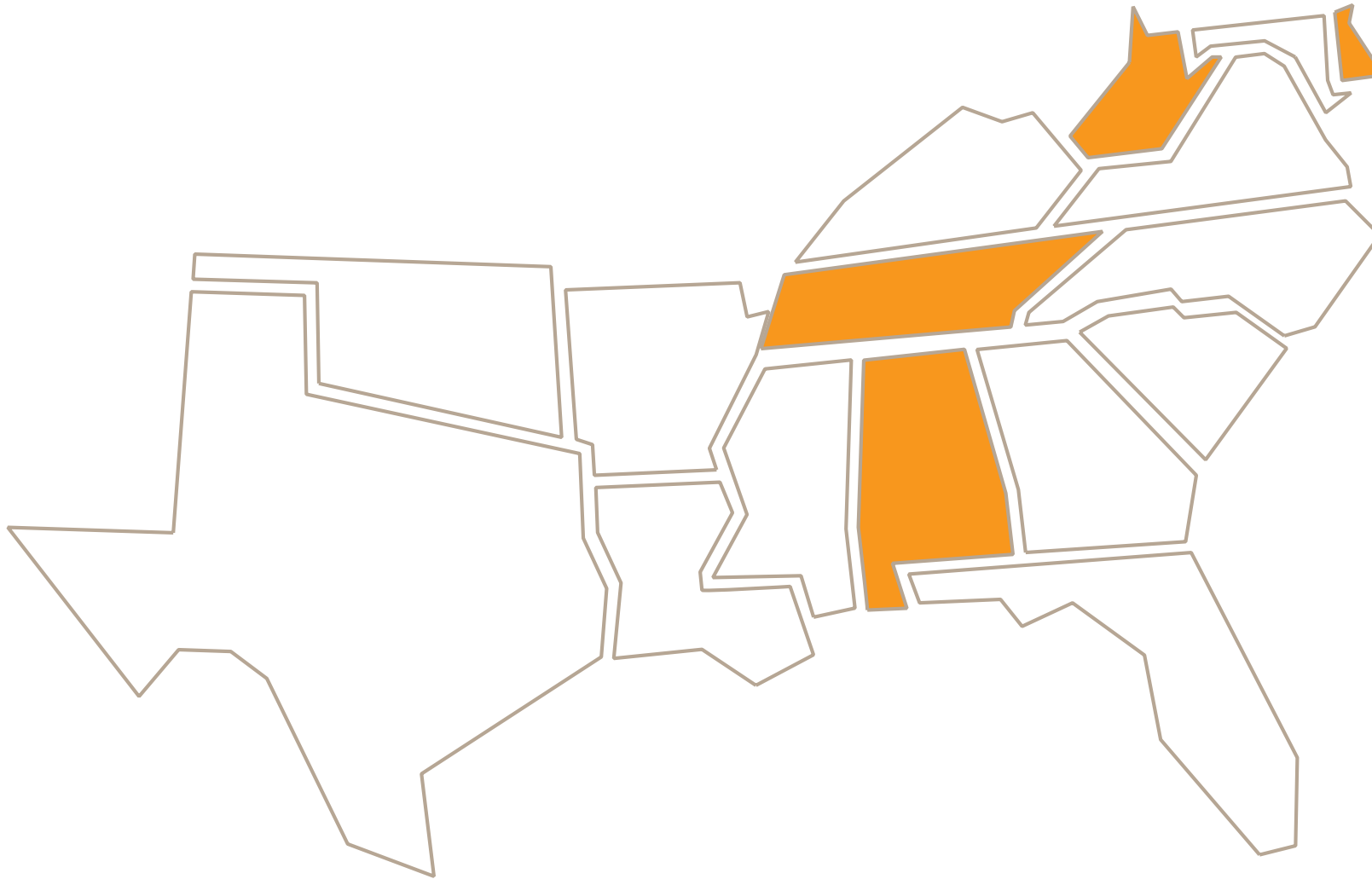


Funding Formula *Bases* Across SREB States

Resource-Based vs. Student-Based formulas

Primarily resource-based funding formula

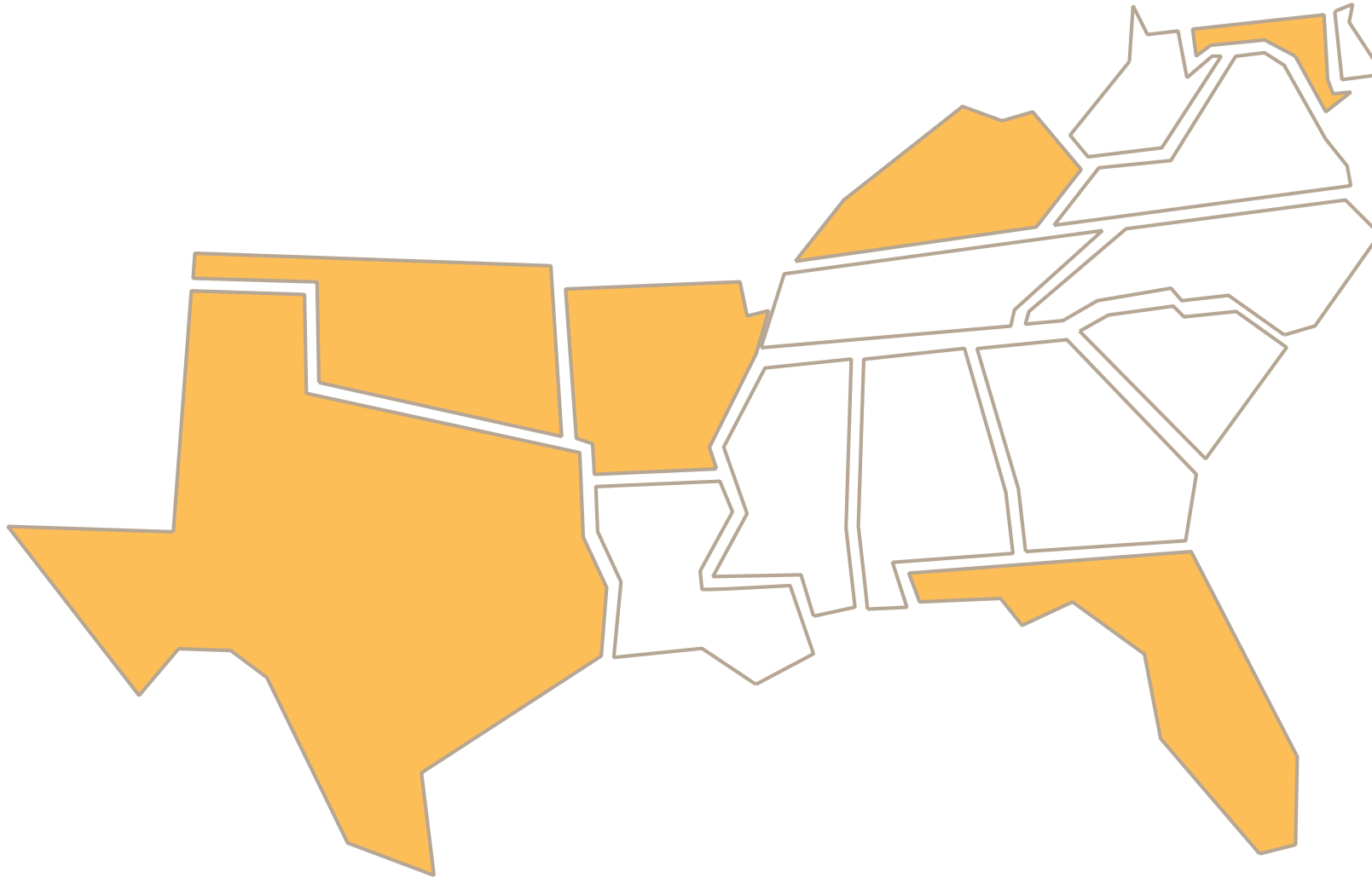
Based on cost of resources, e.g. salaries, materials



Alabama, Delaware, Tennessee, West Virginia

Primarily student-based funding formula

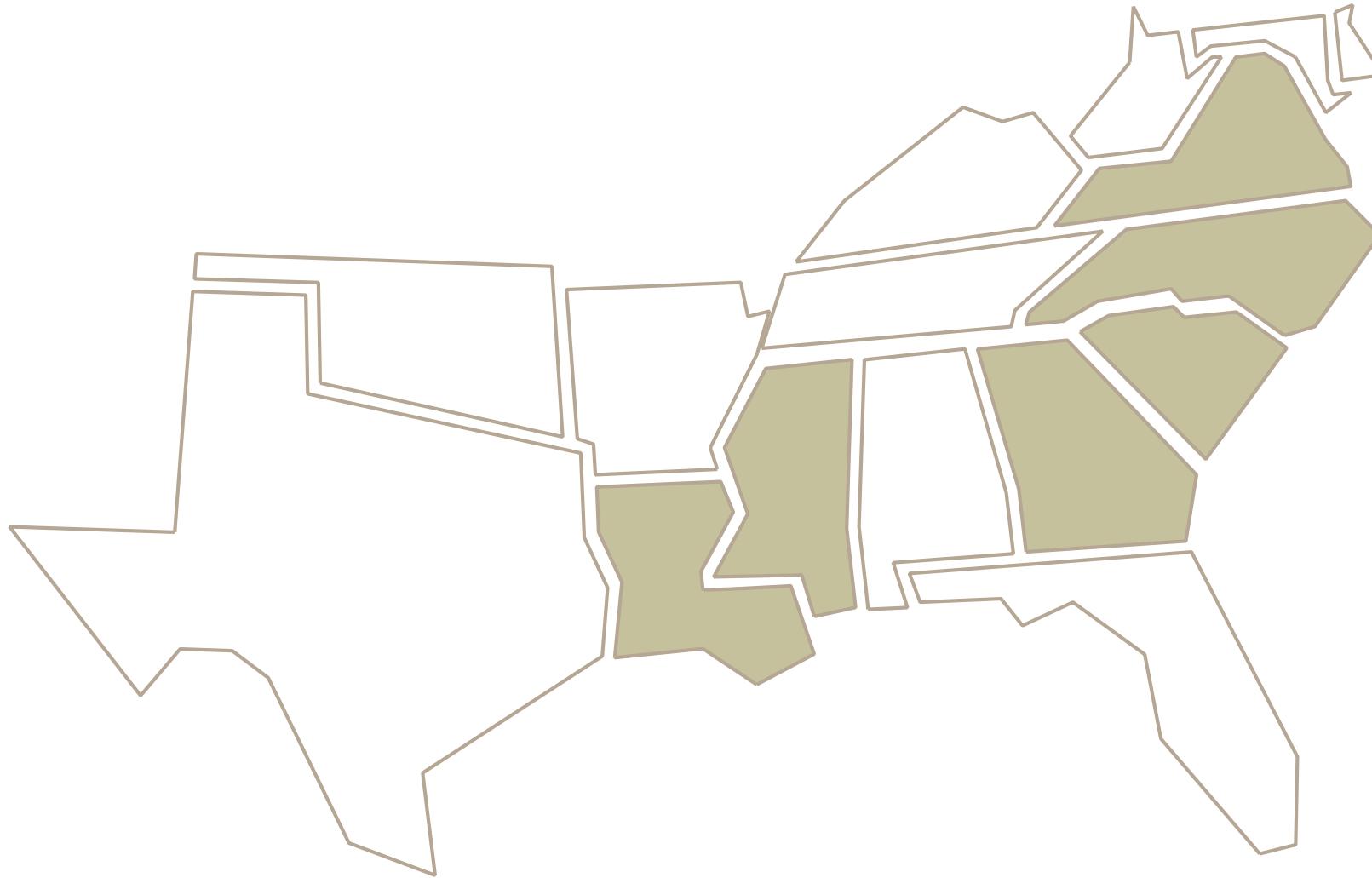
Uses base student cost plus added cost of certain student populations



Arkansas, Florida, Kentucky, Maryland, Oklahoma, Texas

Hybrid funding formula

Combines base student cost with extensive program allocations



Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Virginia

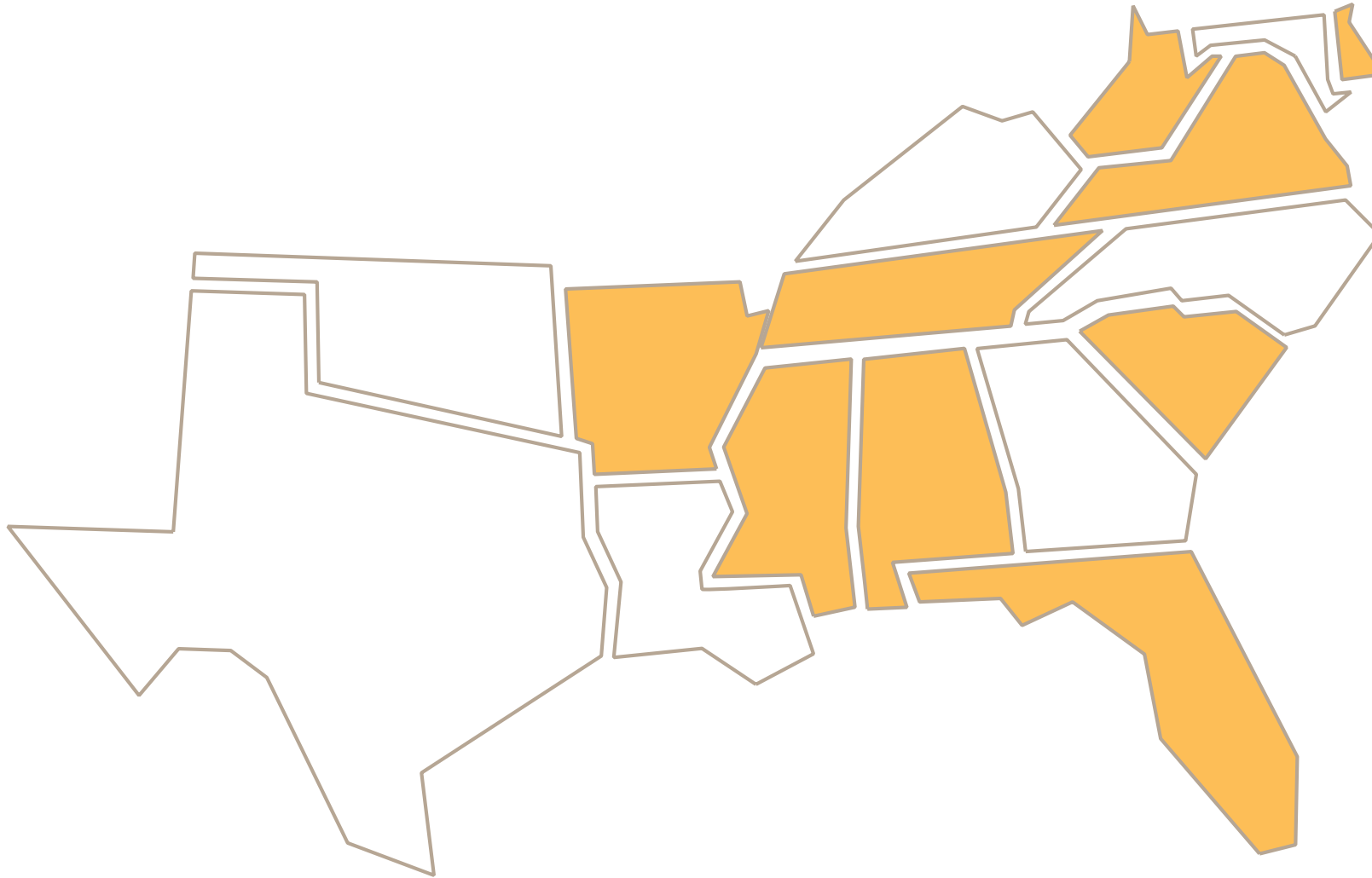
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Formula Funding *Model Types Across* SREB States

Foundation Program vs. Tiered Funding

Foundation Program vs. Tiered Funding

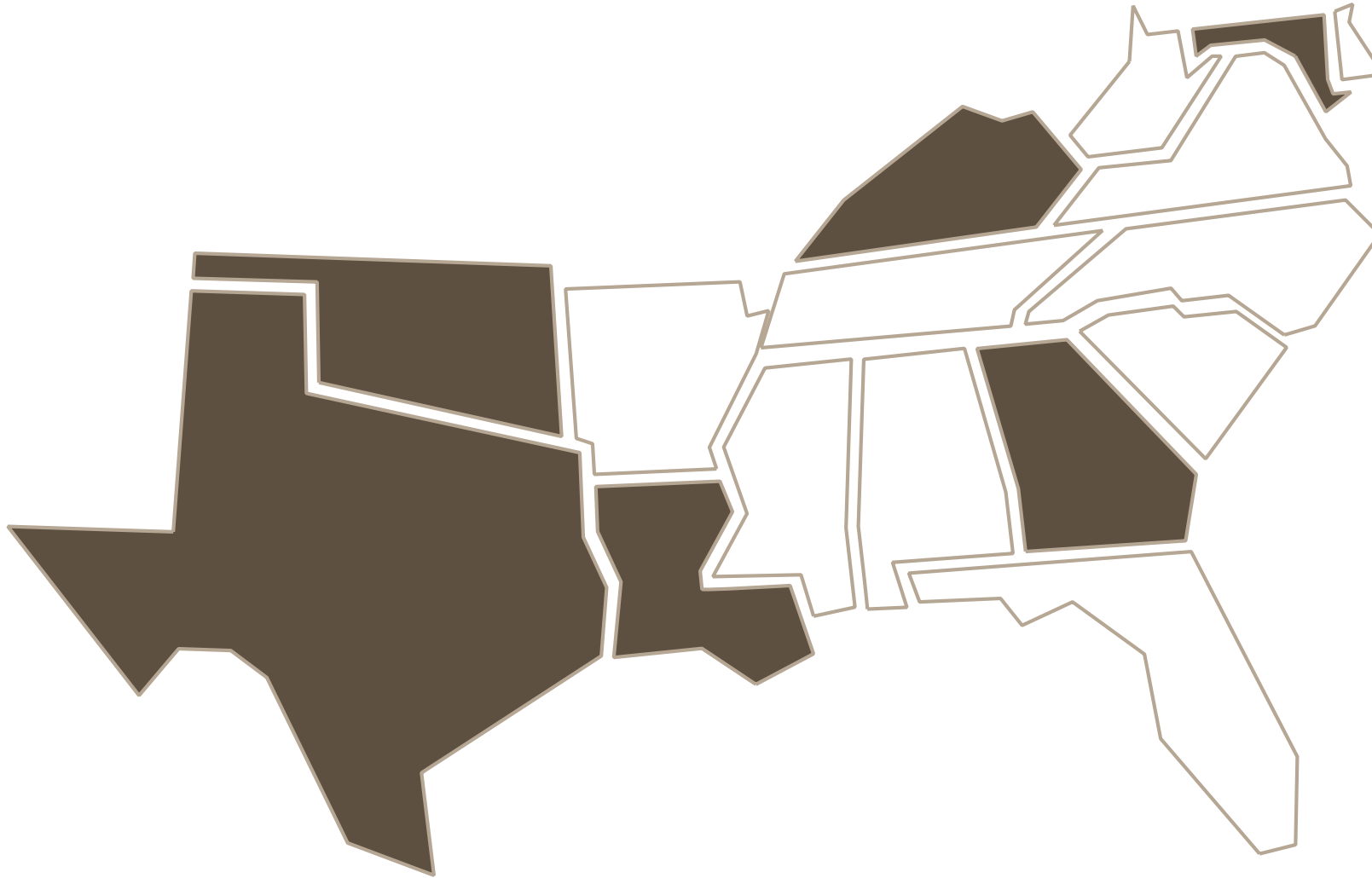
Foundation: state per-student guarantee, state and district funding



Alabama, Arkansas, Delaware, Florida, Mississippi, South Carolina,
Tennessee, Virginia, West Virginia

Foundation Program vs. Tiered Funding

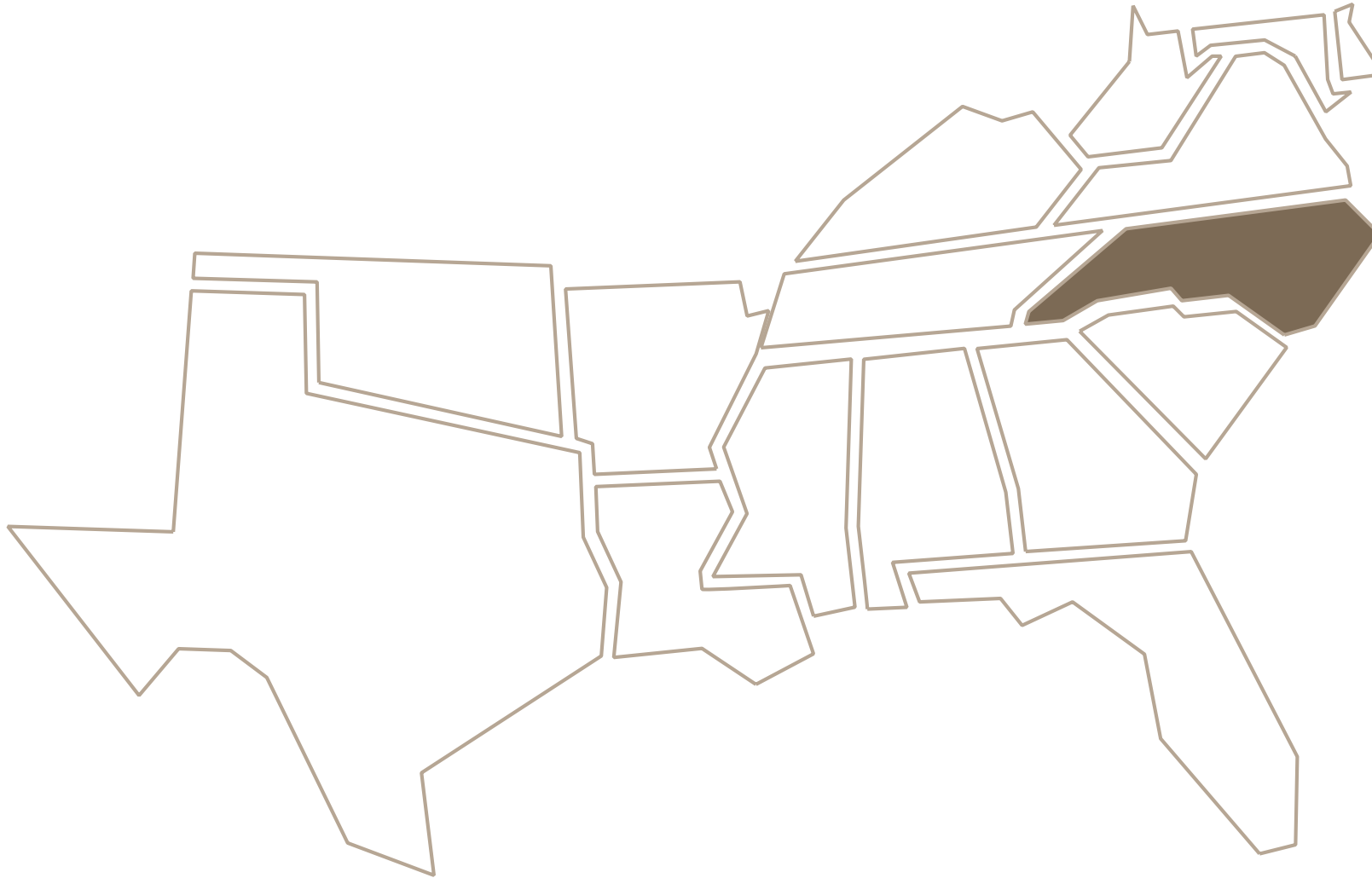
Tiered: foundation program plus equalization funding



Georgia, Kentucky, Louisiana, Maryland, Oklahoma, Texas

Foundation Program vs. Tiered Funding

Flat grant: uniform per-student amount plus categorical funding



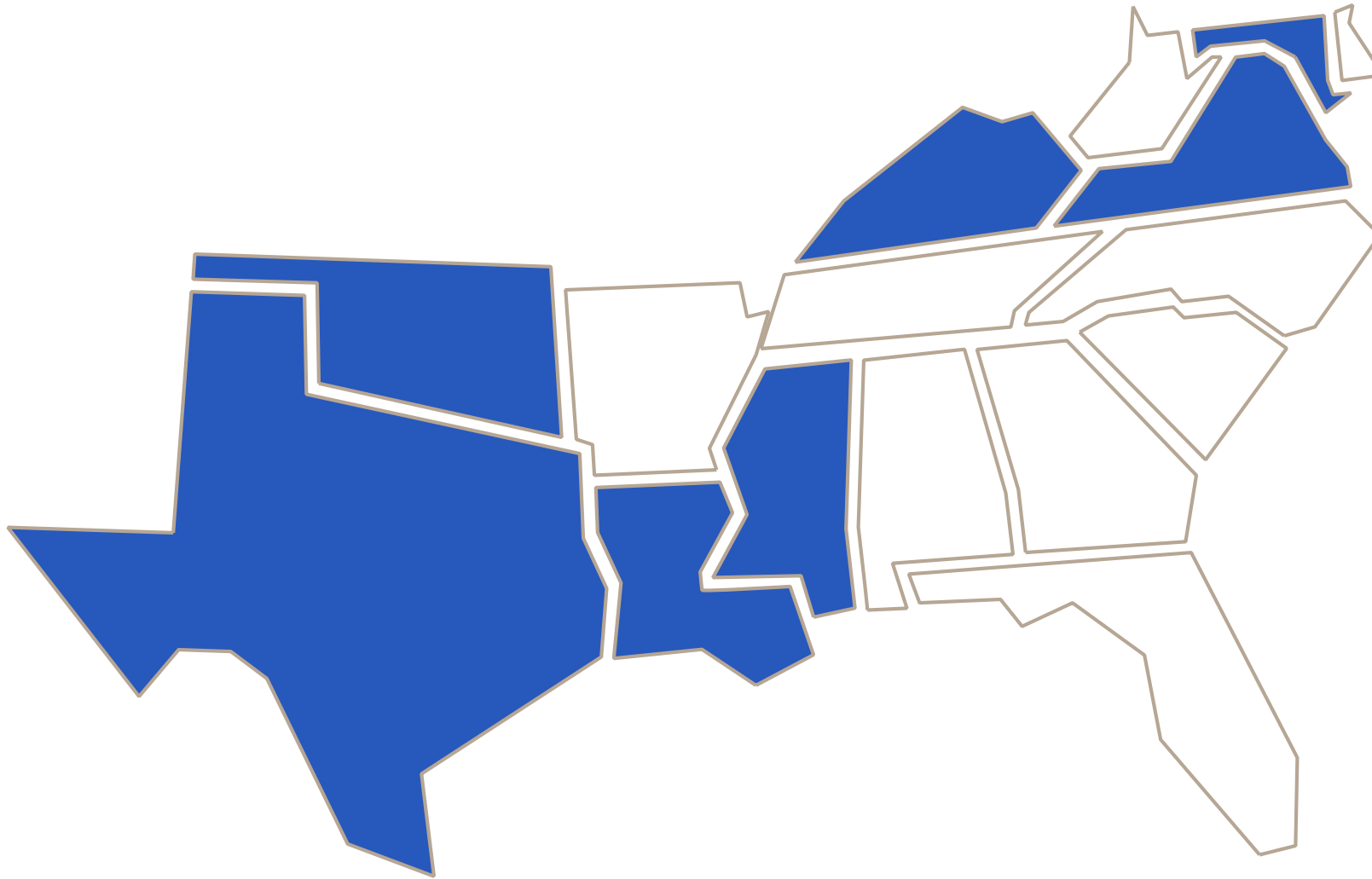
North Carolina is the only state in the nation that allocates student funding this way – formula does not take local funds into account

Formula Weighting Factors

Selected Formula Weights in SREB States

Selected Formula Weighting Factors

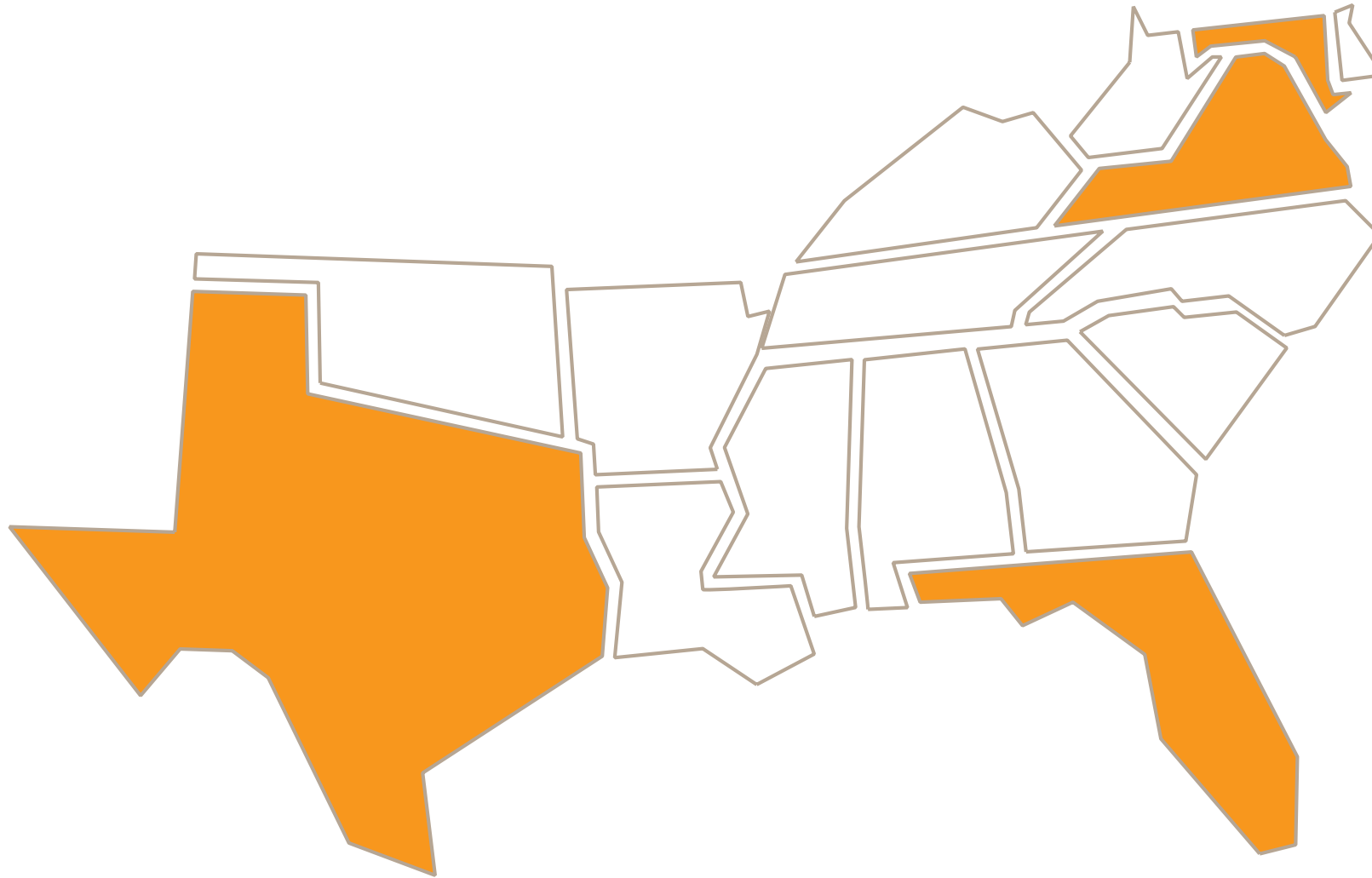
Low-Income Students



Kentucky, Louisiana, Maryland, Mississippi, Oklahoma, Texas, Virginia

Selected Formula Weighting Factors

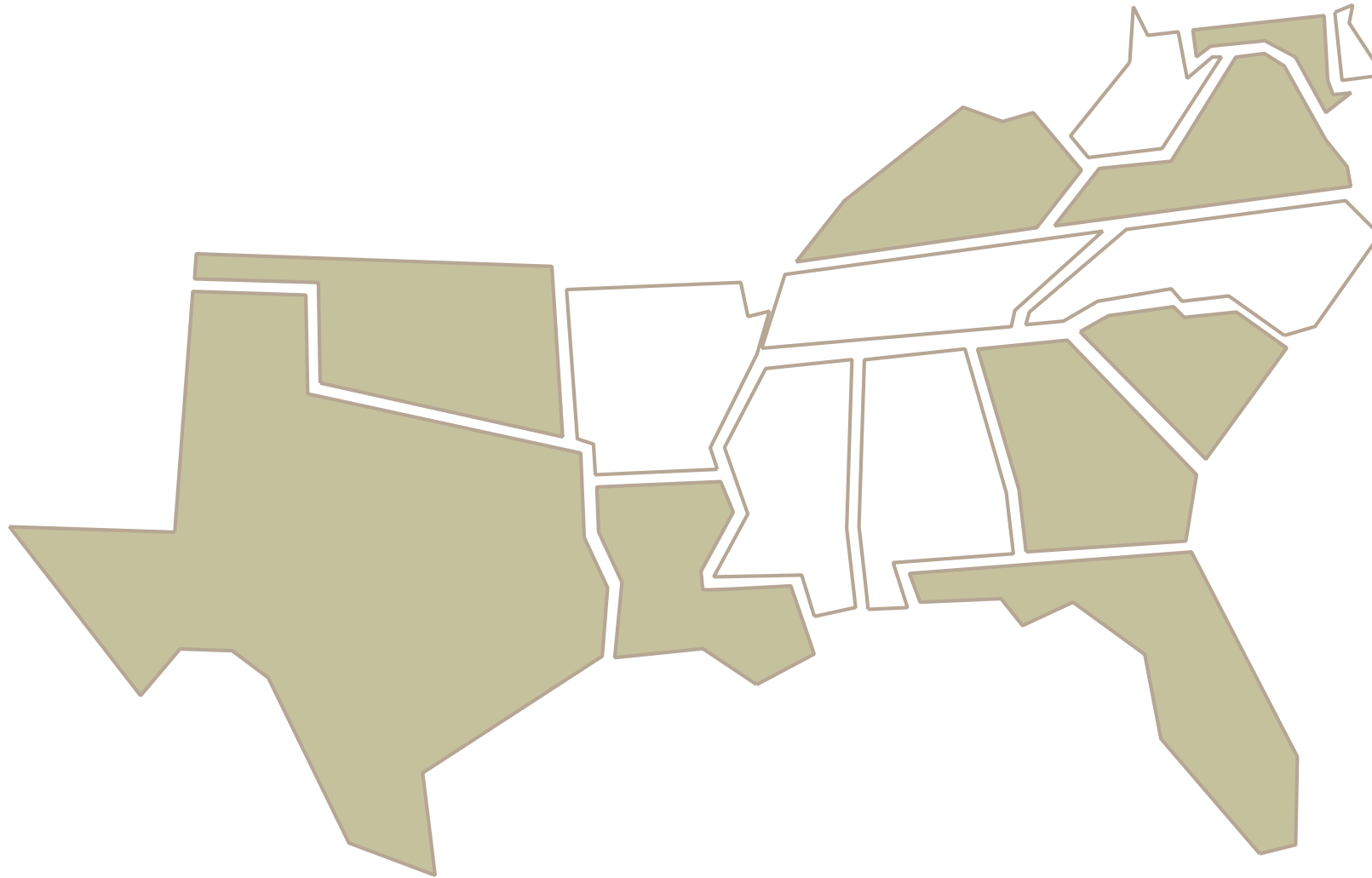
District Poverty



Florida, Maryland, Texas, Virginia

Selected Formula Weighting Factors

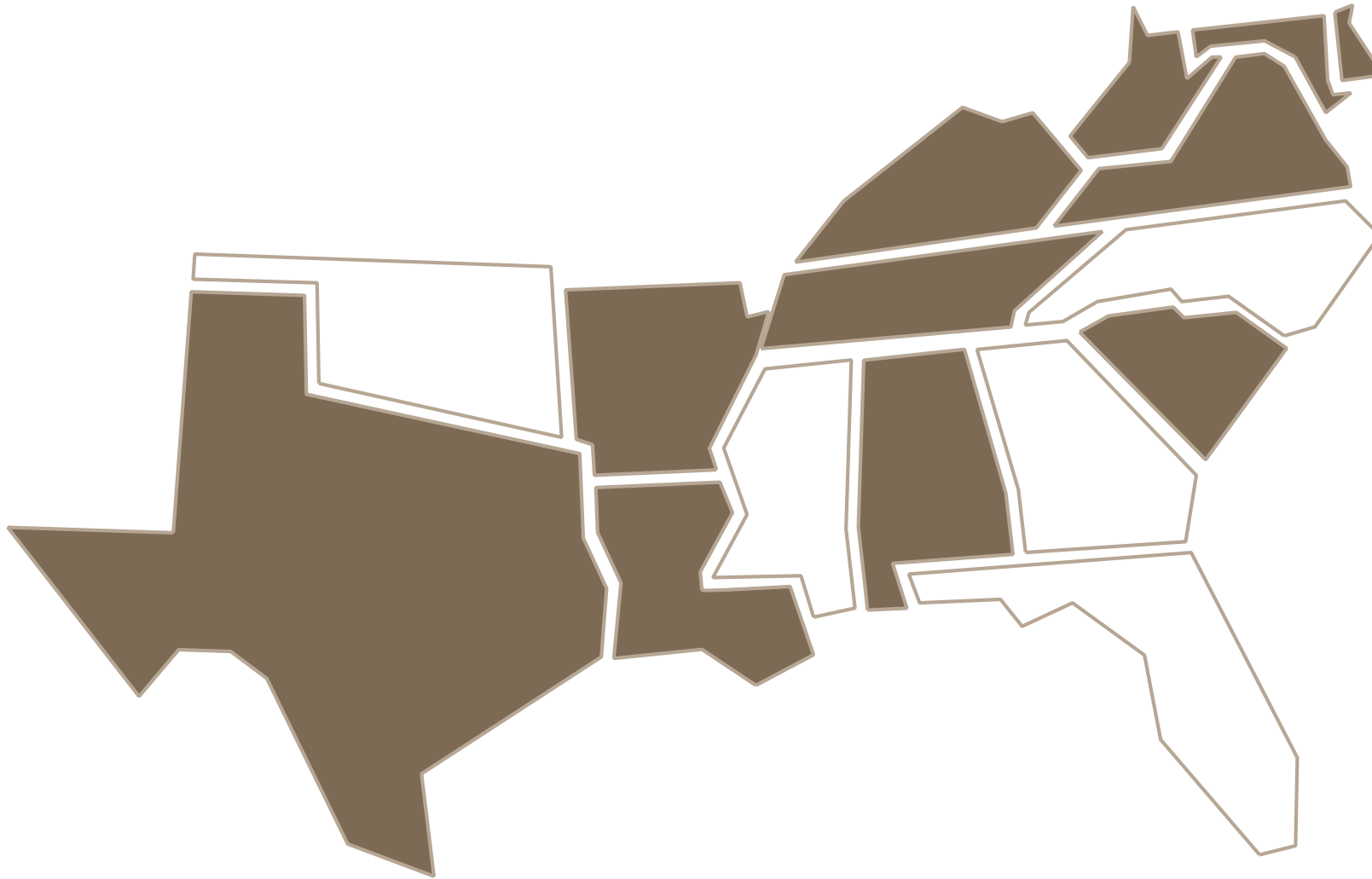
Students with Disabilities



Florida, Georgia, Kentucky, Louisiana, Maryland, Oklahoma, South Carolina, Texas, Virginia

Selected Formula Weighting Factors

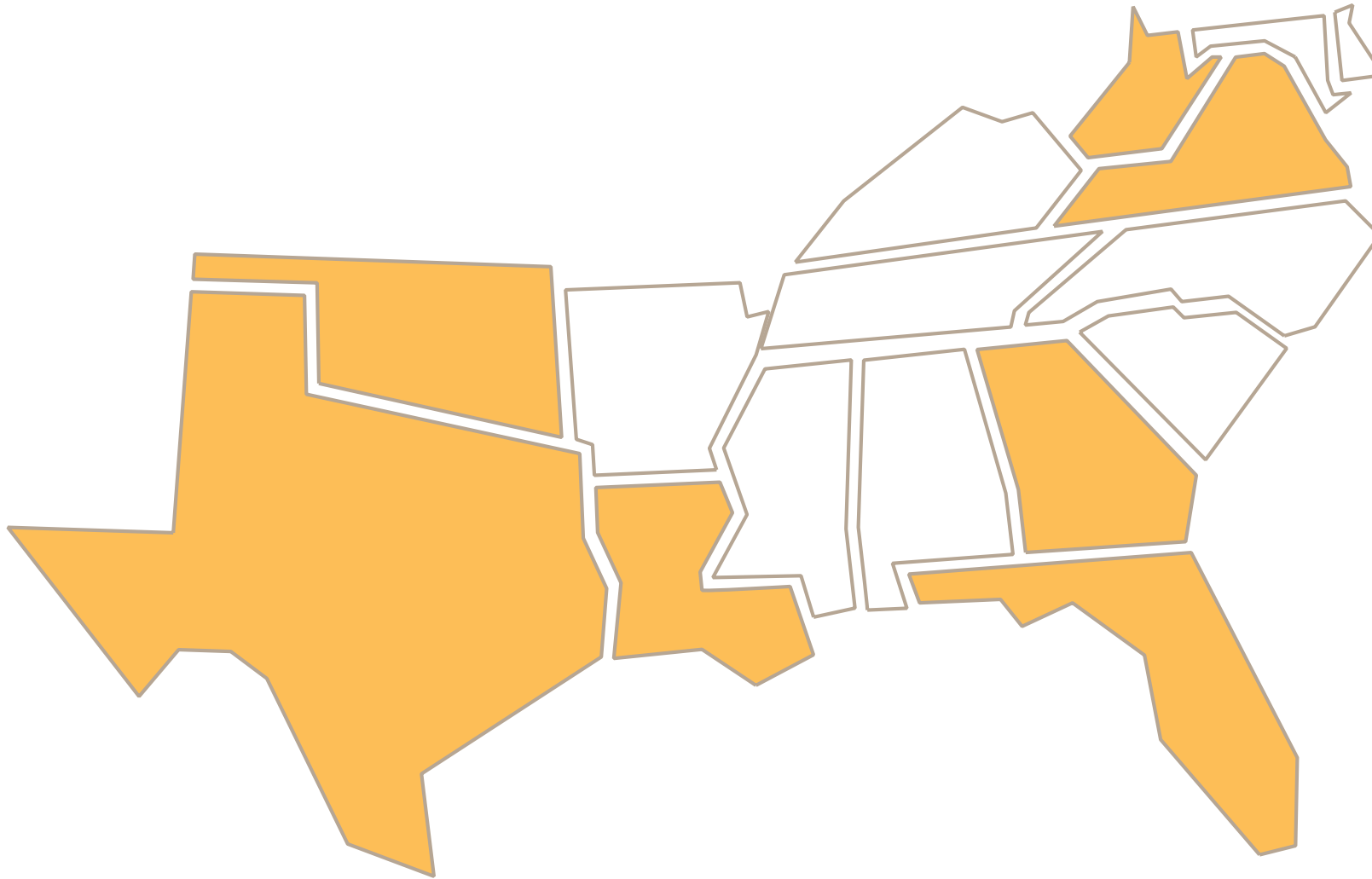
District Tax Effort



Alabama, Arkansas, Delaware, Kentucky, Louisiana, Maryland, South Carolina, Tennessee, Texas, Virginia, West Virginia

Selected Formula Weighting Factors

Small Districts



Florida, Georgia, Louisiana, Oklahoma, Texas, Virginia, West Virginia

Revenues for Public Elementary and Secondary Schools by Source of Funds

SREB States 2017-18

	Local	State	Federal
Alabama	33.6%	55.3%	11.1%
Arkansas	37.3%	51.9%	10.8%
Delaware	31.3%	60.5%	8.2%
Florida	49.4%	39.2%	11.4%
Georgia	44.4%	46.8%	8.8%
Kentucky	32.9%	56.3%	10.9%
Louisiana	44.2%	43.1%	12.6%
Maryland	52.4%	42.3%	5.3%
Mississippi	35.8%	50.4%	13.8%
North Carolina	27.0%	62.1%	10.9%
Oklahoma	42.3%	46.9%	10.8%
South Carolina	42.3%	49.0%	8.7%
Tennessee	42.2%	46.8%	11.0%
Texas	52.1%	37.4%	10.5%
Virginia	53.7%	39.9%	6.5%
West Virginia	33.8%	55.3%	10.9%

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Other States' School Finance Initiatives

Texas House Bill 3 of 2019

Commission on Public School Finance (2017-18)

Established by Legislature 2017

Approximately 15 full meetings throughout 2018

Commission final report December 2018

86th Legislature began January 2019, HB 3 filed in March

Multiple lawsuits over financing system over many years

Statewide discontent over “Robin Hood” equalization system

Texas House Bill 3 of 2019

Developed recommendations on:

- Purpose of financing system

- Relationship between state/local funding

- Appropriate levels of local effort that comply with state constitution

- Policy changes adjusting to student demographic and geographic diversity

Texas House Bill 3 of 2019

Changes effected by HB 3:

Reduce property taxes to foundation fund, limit local property tax increases, eliminate Cost of Education Index

Increased state funding to economically disadvantaged schools

New allotment for fast-growing districts

Increased allotments for transportation, dual credit and work-based learning

Required statewide full-day pre-k

Texas House Bill 3 of 2019

HB 3 changes related to educators:

- Increased statewide minimum teacher salary schedule

- Minimum % of year-over-year per student allotment increase for teacher salary increases

- Create teacher incentive allotment, possibility for teachers to earn six-figure salaries

- Establish statewide teacher mentoring program with dedicated funding allotment

Road to Blueprint for Maryland's Future: The Kirwan Commission

Kirwan Commission charges:

Review and recommend needed changes to update the education funding formula

Make policy recommendations enabling Maryland's preK-12 system to perform at the level of the best-performing school systems in the world

Maryland's Kirwan Commission: Lengthy Process

Commenced work 2016

Preliminary report 2018, final report 2019

Additional work on formula forming basis of legislation

House Bill 1300, [Blueprint for Maryland's Future](#) — final passage and start of implementation February 2021

Required \$4 billion annual state/county spending above current formula spending and projections by FY 2030

Blueprint for Maryland's Future: Points to Consider

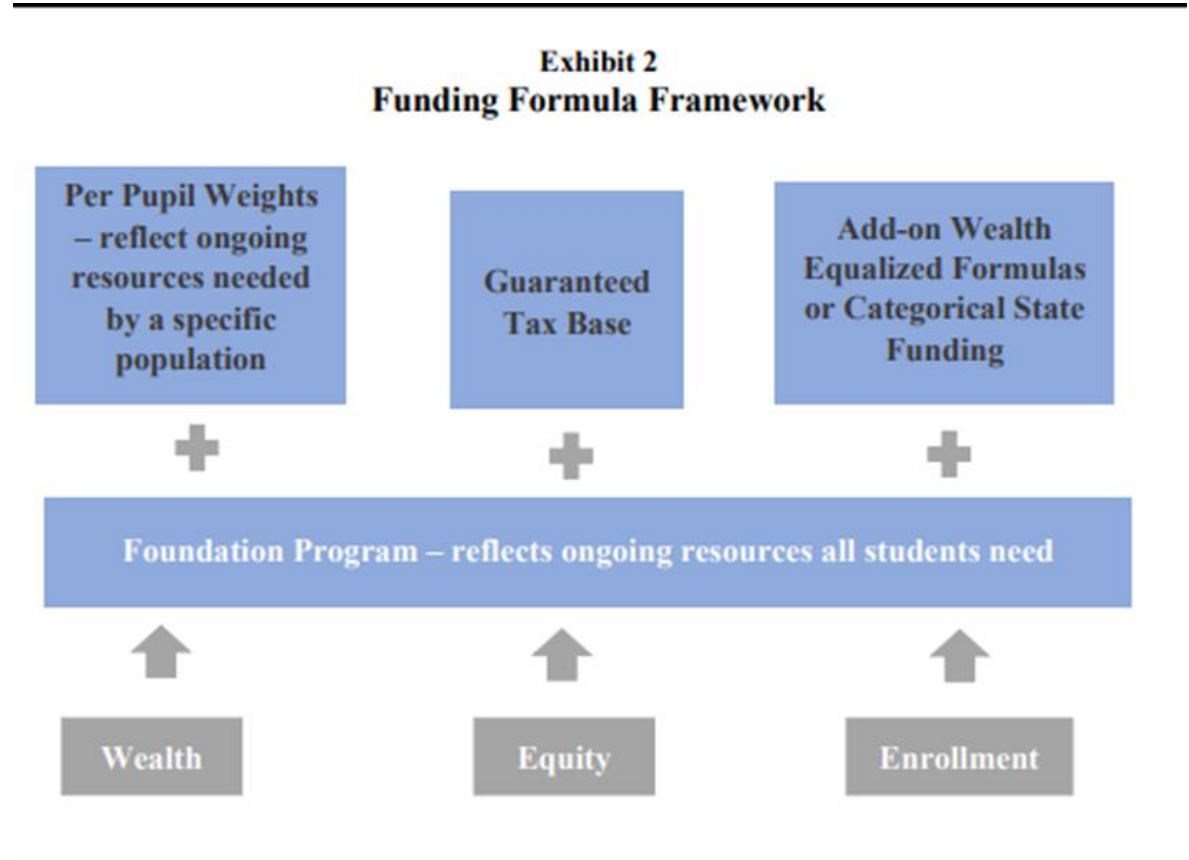
Commission:

- ✓ Identified big policy buckets
- ✓ Identified costs of changes
- ✓ THEN considered the funding formula

Commission used a blended approach to determine adequate funding for Maryland students to achieve a world-class education

Blended Approach

Determining adequate funding to for Maryland students to achieve a world-class education:



North Carolina

1997 Leandro decision:

State failing to meet constitutional responsibility to provide every student with equal opportunity for sound basic education

2016 General Assembly Program Evaluation Division report:

Significant issues with the current system/structure

2017-2018 General Assembly Joint Legislative Task Force on Education Finance Reform:

Studied various funding models

State Board of Ed Comprehensive Remedial Plan:

Adopted, ongoing budget negotiations for funding the plan

South Carolina

2019 — Governor McMaster, Speaker Lucas and Senate President Peeler:

- Office of Revenue and Fiscal Affairs to conduct comprehensive review, analysis of state appropriations, local district expenditures for public education

- Improve efficiency, transparency, accountability, and affordability

- Lay groundwork for a new and transformative funding model for public education, simple and uniform funding allocation for all 46 counties

New funding model was recommended by the Office of Revenue and Fiscal Affairs, no further action has been taken

Final Considerations

- ✓ Determine purpose for changing funding formulas
- ✓ Determine priorities for new structure
- ✓ Patience and time are necessary
- ✓ Transition and investment may be necessary

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Contact me:

Stephen L. Pruitt, Ph.D.
President

Email: Stephen.Pruitt@SREB.org

Twitter: [@DrSPruitt](https://twitter.com/DrSPruitt)

[@SREBEducation](https://twitter.com/SREBEducation)

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