



Policy Brief

Finance/Funding Formulas

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State Education Funding Formulas And Grade Weighting

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Funding Formulas

In each state the cost of educating students enrolled in public K-12 schools is divided between local, state and federal resources. States develop educational funding formulas to determine the total amount of funds needed for each student and to establish the state's share of those costs. Following are descriptions of the different ways that the 50 states and the District of Columbia allocate education funding.

- **Foundation/Base Formula** (25 states and Washington, D.C.) – This method provides for a base-funding amount that is multiplied by a weight for each student. The weight factor varies depending on the perceived level of the student's educational needs. For example, higher funding levels are provided to students enrolled in special education, English Language Learner or at-risk programs.

States that use foundation/base formula funding: Alaska, Arizona, Colorado, Connecticut, Florida, Iowa, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Minnesota, New Hampshire, New Jersey, New Mexico, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Texas, Utah and Vermont.

- **Modified Foundation/Base Formula** (12 states) – Some state funding systems have a structure that is similar to a traditional foundation formula but include modifications which can cause it to function quite differently. The most common difference between a traditional and a modified foundation formula is that modified systems do not have a common foundation/base funding amount for all schools – instead the foundation amount varies from district to district. *For a complete description of how each of these thirteen states' formulas differs from traditional foundation formulas please see the notes section at the end of this Policy Brief.*

States that use a modified foundation/base formula: Arkansas, California, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New York, Oregon, Virginia and Wisconsin.

- **Teacher Allocation** (7 states: Alabama, Georgia, Idaho, North Carolina, Tennessee, Washington and West Virginia) – This type of formula allocates funding for education staff (teacher, administrators and support staff) as well as other costs to districts based on total student enrollment. For example, a district might receive funding for one teaching position for every 20 students enrolled and one administrator position (principal or vice principal) for every 400 students enrolled.
- **Dollar Funding Per Student** (2 states: Massachusetts and Wyoming) – This less common school funding system provides an exact dollar amount per student. It is similar to the foundation method in that students with different education needs receive different amounts of funding. However, the states that use the dollar funding per student formula put into legislation the exact dollar level of funding that each student needs for education.

- **Other Systems** (4 states: Delaware, Hawaii, Pennsylvania and Rhode Island) – Two states, Pennsylvania and Rhode Island, have funding systems in legislation but for all practical purposes these systems are not used. Instead these states allocate funds to school districts based on what was received in the previous year plus an inflation increase. Delaware uses a combination of a foundation formula and a teacher allocation system. The state of Hawaii operates as a single school district so it does not have a traditional state education funding formula.

Grade Differences

Within some of these state-funding formulas, the funding level varies by grade level. Of the states that use foundation, or “modified foundation”, formulas, 21 differentiate funding depending on the grade level. Seven of the eight states that use a teacher allocation system vary their funding depending on grade levels, as do both states that use a dollar amount per student formula.

The tables below indicate the weights for different grade levels among the four types of formula funding. For the purpose of this StateNote, numbers for kindergarten reflect funding for full-day enrollment. *For a description of how half-day and full-day kindergarten students are funded within in each state’s formula, please see the ECS [Kindergarten Finance StateNote](#).*

States that use foundation or “modified foundation” formulas:

State	Grades	Weight		State	Grades	Weight
Arizona	K	.579		New Jersey	K	.50
	1-7	1.158			1-5	1.00
	8-12	1.268			6-8	1.12
					9-12	1.20
Colorado	K	.50		New Mexico	K	1.44
	1-12	1.00			1	1.20
Delaware	K	.50			2-3	1.18
	1-12	1.00			4-6	1.045
					7-12	1.25
District of Columbia	K-5	1.05		New York	K-6	1.00
	6-8	1.00			7-12	1.25
	9-12	1.20				
Florida	K-3	1.007		North Dakota	K	.5832
	4-8	1.000			1-6	.9490 - 1.3121
	5-12	1.113			7-8	.9807
					9-12	1.0362 - 1.4712
Georgia	K	1.6226		Ohio	K	.50
	1-3	1.2686			1-12	1.00
	4-5	1.0258				
	6-8	1.0102				
		1.0000	Oklahoma	K	1.30	
				1-2	1.351	
				3	1.051	
Kansas	K	.50			4-6	1.00
	1-12	1.00			7-12	1.20
Kentucky	K	.50		Oregon	K	.50
	1-12	1.00			1-12	1.00
Minnesota	K	.557		South Carolina	K	1.30
	1-3	1.115			1-3	1.24
	4-6	1.060			4-8	1.00
	7-12	1.300			9-12	1.25

State	Grades	Weight		State	Grades	Weight
Montana	K	.50				
	1-12	1.00		Utah	K	.55
					1-12	1.00
Nevada	K	.60				
	1-12	1.00		Vermont	K-6	1.00
					7-12	1.25
New Hampshire	K	.60				
	1-8	1.00				
	9-12	1.20				

* Weight varies based on district size.

States that fund school districts based on a teacher allocation system:

State	Grades	One Teaching Unit for Each:		State	Grades	One Teaching Unit for Each
Alabama	K-3	13.8 pupils		North Carolina	K	19 pupils
	4-6	22 pupils			1-2	20 pupils
	7-8	21 pupils			3	22.23 pupils
	9-12	18 pupils			4-6	22 pupils
					7-8	21 pupils
Delaware	K	34.8 pupils			9	24.5 pupils
	1-3	17.4 pupils			10-12	26.64 pupils
	4-12	20 pupils				
				Tennessee	K-3	20 pupils
Georgia	K	15 pupils			4-6	25 pupils
	1-3	17 pupils			7-9	30 pupils
	4-12	23 pupils			10-12	26.5 pupils
Idaho	K	16-40 pupils**		Washington	K-3	18.05-20.4 pupils**
	1-6	12-20 pupils**			4	18.05-21.7 pupils**
	7-12	12-18.5 pupils**			5-12	21.7 pupils

** Teacher student ratios vary based on district size.

States that provide funds to school districts based on a dollar amount per student:

State	Grades	Foundation Funding Amount Per Student		State	Grades	Foundation Funding Amount Per Student
Massachusetts	K	\$5,149.54		Wyoming	K	\$3,119
	1-5	\$5,180.35			1-5	\$6,238
	6-8	\$5,433.12			6-8	\$6,223
	9-12	\$5,667.16			9-12	\$6,454

States with funding systems established in legislation but which are not currently used to allocate funds:

State	Grades	Weight
Pennsylvania	K-6	1.00
	7-12	1.36

Notes:

Descriptions of states the use a "modified foundation formula":

- **Arkansas:** The state's foundation amount is equal to the total amount of available school funding divided by total number of students in the state. Available school funding is equal to 98% of the local assessment on property multiplied by 25 mills plus 75% of miscellaneous state funds.
- **California:** Education funding from the state, for most districts, is determined by multiplying a district's Average Daily Attendance (ADA) by their "revenue limit" amount. A revenue limit amount is set annually for each district and is provided through a combination of state aid and local property taxes. The amount is based on historical funding patterns that take into account the type of school district (elementary, unified or high school) and size of district. All districts, regardless of wealth, are given a base amount of at least \$120 per student from the state. (As of 2003-04, the state decided that funds from categorical programs fulfilled this "basic aid" requirement.)
- **Michigan:** The foundation amount used in the state's funding formula varies for each school district in the state. Each district's foundation figure is derived from its per student spending amount in 1994, which was just after the adoption of the state's new school funding system.
- **Mississippi:** The foundation amount is based on spending in districts that meet qualifications in the following areas: accreditation level, enrollment, operational millage, net assessed value per pupil and percentage of students participating in the free lunch program.
- **Missouri:** The "base-funding" amount in the state's formula is the amount of funding, from both state and local sources that each district is not allowed to fall below. The base amount is determined for each district by calculating their per-pupil funding amount from 1992-93 and adjusting it for inflation.
- **Montana:** Elementary schools (K-6) receive a base funding amount of \$18,889 per school plus a base rate of \$3,834 to \$3,734 per student (based on total student population). High schools (7-12) receive a base funding amount of \$209,873 per school plus a base rate of \$5,109 to \$4,709.50 per student (based on total student population).
- **Nebraska:** Foundation amounts are based on the actual spending in school districts minus the districts fiscal capacity plus any needed equalization aid.
- **Nevada:** The foundation amount is referred to as the "basic support guarantee" and is based on the district's costs (teacher salaries, administrative costs, etc.) plus transportation cost minus the districts "wealth adjustment factor." This amount is then adjusted to the state average.
- **New York:** The foundation amount equals the greater of a district's Approved Operating Expenses (AOP) or \$400. A district's AOP is equal to their cost of: salaries (for administrators, teachers and non-professionals), fringe benefits, utilities, and the maintenance of school facilities.
- **Oregon:** The base-funding amount in the state's formula is \$4,500, plus an adjustment for teacher experience. The adjustment for teacher experience is based on the district's average teacher experience (in years) compared to the average statewide teacher experience.
- **Virginia:** The foundation amount is calculated separately for each district and is based on the per-pupil cost for instructional and support positions and non-personnel items.
- **Wisconsin:** The foundation program has three tiers: the first is based on shared cost (i.e. operating expenses, capital outlay and debt service) up to \$1,000 per pupil; the second level is a set amount per pupil (\$6,700 for FY 2001-2002); and the third level is based on average property value per pupil.

Mike Griffith is a policy analyst, specializing in education finance issues, with the Education Commission of the States. All information for this StateNote comes from state legislation and is based on data for the 2001-2002 fiscal year.

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