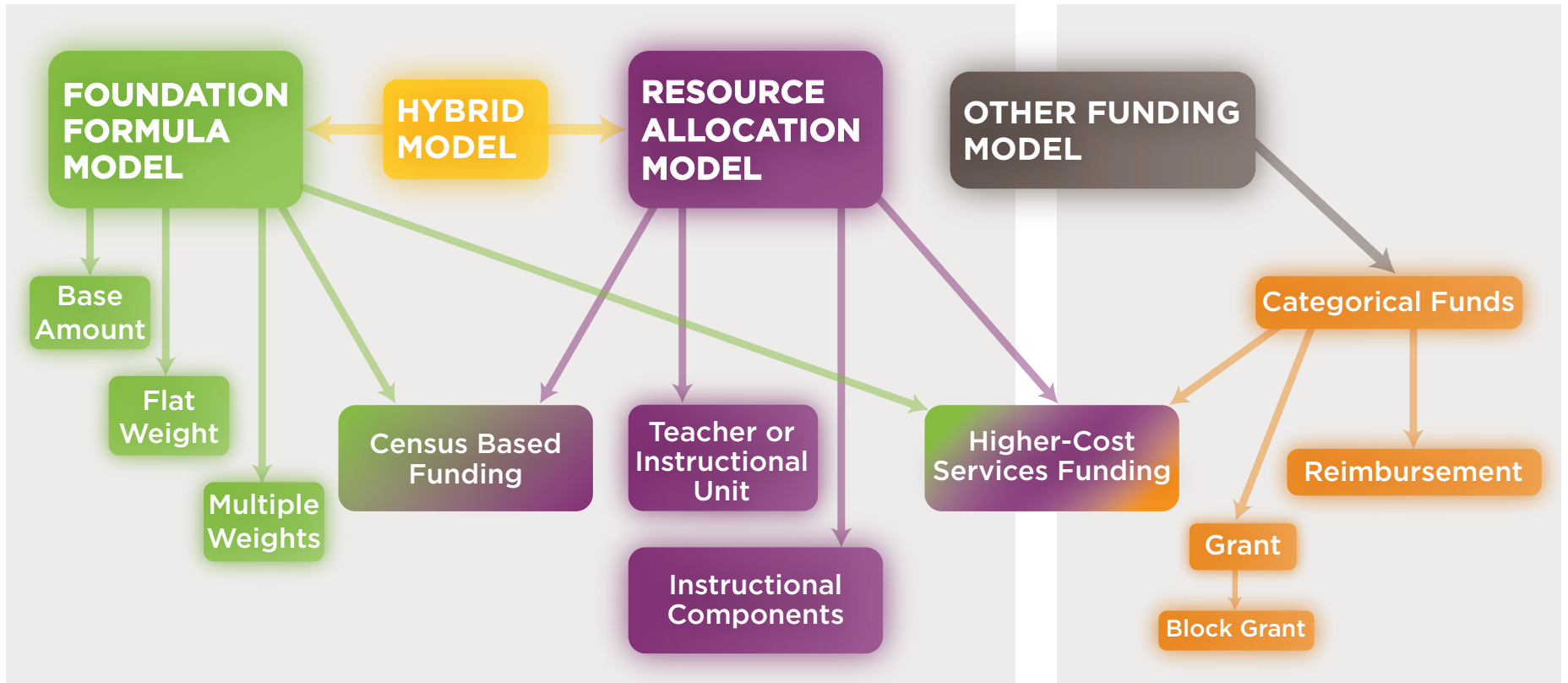


# Glossary of K-12 Education Funding

K-12 education is funded through local, state and federal contributions. With finite financial resources available, states must balance the specific needs of schools, students and staff. Often, state policy specifies how funding will be distributed to school districts. States use various distribution models to determine how much funding each district receives from the state. Education Commission of the States captures funding distribution methods used by states in our 50-State Comparisons and other policy products. This glossary can be used independently as a means for learning about K-12 education funding or in partnership with another Education Commission of the States K-12 funding product to better understand the terms and coding methodologies used in each product. In addition to providing definitions for key K-12 funding terms, this glossary includes a visual framework that displays the relationships among terms.

## FUNDING MECHANISM

## FUNDING EXTERNAL TO MAIN MECHANISM



# Definitions

## FUNDING MECHANISMS

**Funding Mechanisms:** The primary funding model used by a state.

**Foundation Formula Model:** Districts receive a base amount of funding per student, with additional money or weights added to provide additional supports to students with a higher need.

**Base Amount:** The minimum guaranteed dollar amount that the state allocates through the foundation formula to each district per student.

**Flat Weight:** A single weight or dollar amount allocated by the state for students or districts that qualify based on certain factors or student needs. Allocations determined by flat weights do not vary based on specific program needs or student characteristics. For example, a state may provide a fixed dollar amount for each student whose family qualifies as low income to help fund additional programs to support the needs of those students.

**Multiple Weights:** More than one weight or dollar amount is allocated by the state based on certain factors or student needs. States vary the amount allocated based on student need. For example, some states vary funding for students learning English as a second language, allocating more funds to students who are less fluent in English.

**Resource Allocation Model:** States distribute funds for resources.

**Instructional Components:** The state allocates funding based on the cost of resources, such as staffing, classroom supplies or other educational materials. Funding is sometimes provided for a bundle of resources. Funding for resources is often allocated based on characteristics of the student population.

**Teacher or Instructional Unit:** Funding is distributed by setting the number, or target number, of teachers or instructional support staff that state funds will support. Teacher or instructional unit funding is often calculated based on the number of students enrolled.

**Hybrid Model:** Hybrid models, which few states use, often combine aspects of foundation formula models, resource allocation models and various cost factors.

**Other Funding Model:** Occasionally, states rely on funding models that do not resemble resource allocation, foundation formula or hybrid models. Education Commission of the States classifies these as other funding models. For example, a state that relies primarily on categorical funding methods to distribute state education dollars is classified as an other funding model.

## FUNDING METHODS USED IN MULTIPLE FUNDING MECHANISMS

**Census Based Funding:** The state allocates funds to each district based on an assumed level of enrollment, regardless of the district's actual demographics. This type of funding can be used in foundation formula model funding and resource allocation model funding.

**Higher-Cost Services Funding:** This type of funding is often coupled with other funding distribution methods, and funds can be distributed as grants or reimbursements. For example, a district may be responsible for the cost of special education services up to a certain threshold, but if costs exceed that threshold, a state may provide additional funding to the district.

## FUNDING EXTERNAL TO MAIN MECHANISM

**Categorical Funds:** States distribute funds based on student characteristics or program needs. Funds may be allocated using grants or reimbursements. For example, a state may provide a funding supplement for a small or isolated school district, based on that designation alone.

**Grant:** The state allocates funds to districts that demonstrate eligibility and/or a need for funding.

**Block Grant:** A specific type of grant, where funds are allocated evenly for certain programs or to students with certain needs. Under block grants, allocations do not vary based on the specific program needs or student characteristics.

**Reimbursement:** Districts submit receipts of eligible expenditures to the state, and the state reimburses districts for all or a portion of those expenditures.

