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Your Question:

1. How are states funding competency-based education?
2. Since this approach doesn't focus on grade levels, how are states handling this as it relates to statutory language that explicitly references grade levels?

Our Response:

1. Funding for Competency-Based Education

Across the states, most school funding flows from the state to districts based on the number of full-time students enrolled in schools. The funding is dependent on a student count – how many students are in seats on a certain day or days of the school year, not what the students know. This contrasts with a competency-based model, where students receive credit for what they know, not necessarily how long they're in school.

Most state education funding formulas do not account for new methods of curricula delivery, like competency-based education. Seat-time-based allocations, for instance, do not support competency-based models of education; strict budgetary guidelines and categorical allocations limit district flexibility and innovation; and beginning-of-year student counts fail to promote student attendance, persistence and achievement.

States can create an “innovation friendly” funding system if they allow for more portable methods of funding tied to students instead of institutions, and if they look away from beginning-of-year student count mechanisms to other innovative ways of measuring student activity.

Currently, no states have altered the way in which the fund education at the state-level to account for competency-based education; however, grant programs are a common way to fund innovative pilot programs.

State Examples

Utah

Additional Information

Deeper Learning: A Primer for State Legislators, ECS:
<https://www.ecs.org/ec-content/uploads/Deeper-learning-A-primer-for-state-legislators.pdf>

Funding Students, Options, and Achievement, Digital Learning Now:
<http://digitallearningnow.com/site/uploads/2014/05/Funding-Paper-Final.pdf>

Best Practices in K-12 Competency-Based Education, Pearson:
<http://www.pearsoned.com/education-blog/best-practices-in-k-12-competency-based-education/>

Competency-Based Education, NCSL:
<http://www.ncsl.org/research/education/competency.aspx>

“A New Kind of Classroom: No Grades, No Failing, No Hurry,”
New York Times, August 11, 2017

[SB 143](#) (2016) creates the Competency-Based Education Grants Program to improve educational outcomes in public schools by advancing student mastery of concepts and skills. Per the bill, up to three LEAs may opt to participate and receive funding from the state to do so.

Vermont

In 2014, the Vermont Board of Education enacted new [Education Quality Standards](#). Beginning with the graduating class of 2020, schools' graduation requirements must be rooted in demonstrations of student proficiency, as opposed to time spent in classrooms. This policy change did not fundamentally change how education is funded in Vermont.

New Hampshire

The U.S. Department of Education approved the state's pilot of "[Performance Assessment for Competency Education](#)" (PACE). The first cohort included students in four pilot districts who will only be required to take Smarter Balanced Assessments in three grades instead of seven, adding in competency-based curriculum in its place. As of Fall 2015, several districts had joined the implementing cohort in addition to the original four. In Fall 2016, one more district joined the implementation Tier 1 of NH PACE. A second cohort of schools and districts are engaged in Tier 2, developing and practicing [performance assessment through focused professional development](#) with group and individual coaching. Because this is a pilot program, New Hampshire has not changed the method in which it funds these districts.

2. Grade Levels

A few states, including **New Hampshire** and **Maine**, have taken steps to introduce or expand personalized or competency-based education systems in their state, and other states are certainly showing interest in these programs. While some schools may redesign their programs to eliminate grade levels ([this article](#) provides a few examples), it does not appear that any states with state-level competency-based or personalized learning systems have abandoned grade levels entirely, nor is it clear that these states intend to do so.

After a quick search on the topic, it appears **Utah** has some of the recent and relevant legislation about this issue of grade levels in competency-based systems. As previously explained, in 2016 the state created a grant program for school districts that create personalized learning, bended learning, extended learning, or competency-based education systems ([Utah Code Ann. § 53A-15-18](#)). In 2017, the legislature passed a bill ([SB 220](#)) related grade levels in these programs. Specifically, the legislation defines "computer adaptive assessment" and specifically requires these assessments to be adaptable to competency-based education programs. It also allows the state board of education to change a grade level specification for a statewide assessment to a different grade level specification or a competency-based specification. Finally, the legislature passed [SB 34](#), which establishes provisions for students that fulfill graduation requirements through a competency-based education program early and graduate from high school in advance of their peers.

Other State Examples

- **Idaho:** In 2015, the state passed legislation ([HB 110](#)) creating a task force about shifting toward a mastery-based education system. (More information about Idaho's work in this area available [here](#).)
- **Indiana:** During the 2017 legislative session, the legislature introduced a measure ([HB 1386](#)) that would have established a pilot program for competency-based education. However, the bill failed.

- **Nevada:** In 2017, the legislature passed [AB 110](#) creating a competency-based education pilot program in the state. The pilot program must include at least one school primarily serving at-risk or credit-deficient students.
- **Rhode Island:** [Senate Bill 103](#), 2017, would have directed the state to adopt a competency-based and proficiency-based learning policy and model district policy to expand competency-based learning opportunities; the measure failed to pass.