



Joint Legislative Commission on School Funding

Monday, December 9, 2024
11 am - 1 pm



Meeting Objectives

- 1) Revisit why we need a new formula and how we can afford it.
- 2) Examine three possible student-weighted model options, revised and updated with FY25 data.
- 3) Review specific district data and answer questions from members.

Agenda

- 1) Why do we need a new funding formula?** *Chairman Arthur Orr and Chairman Danny Garrett*
- 2) Basics of a Student Weighted Formula** - *Jennifer Schiess, Bellwether*
- 3) Can Alabama afford to transition to a new formula?** *Kirk Fulford, LSA*
- 4) Review Student-Weighted Model Options, with FY25 data** - *Jennifer Schiess & Alex Spurrier, Bellwether*

Overview of Process

- No decisions have been made. The models you will see today are updated with FY25 data and a continuing opportunity for discussion.
- The Legislative Commission will help us think through the decision-making process.

Commission Meeting 1

May 21, 11-1 pm

Overview of Foundation Program

Commission Meeting 2

August 15, 11-1 pm

Overview of Challenges with FP & Benefits of a Student Weighted Formula

Commission Meeting 3

November 12, 11-1 pm

Present FY24 models to Commission & request feedback

Commission Meeting 4

December 9, 2024, 11-1pm

Present FY25 models to Commission & request feedback

Commission Meeting 5

January TBD 2025

Review Final Report

Why do we need a new funding formula?

Chairman Arthur Orr and
Chairman Danny Garrett

Why do we need a new funding formula?

- 1) Alabama's Foundation Program isn't a true "foundation program".
 - The current program isn't calculated based on strategic methodology, but instead was a response to external events.
- 2) Current program hasn't changed in over 30 years ago.
 - Continuing as is will continue to produce the same outcomes.
- 3) Alabama is one of the six states that still has a resource-based formula.
- 4) Under any proposed student-based funding formulas, every system will see increased per-pupil funding.
- 5) With increased funding under a student-based formula, every system will be empowered with greater flexibility to make decisions on how to spend state funds. Districts do not have this flexibility now.
- 6) Student needs based funding would replace the "one-size-fits-all" approach.

Alabama's current school funding system is inefficient and does not address student needs.

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- The Foundation Program and At-Risk funding do not effectively target funding to meet student needs.
- At-Risk funding per-pupil is correlated with poverty rates, but funding levels are minimal – the equivalent of less than a 1% weight for poverty.
- Research shows that students that have greater educational needs (i.e. ELL, students with disabilities, students in poverty) require more support to meet academic goals, requiring greater investment of resources.
 - **\$1,000 more per pupil through school finance reform efforts has the same effect on student outcomes as 72 additional days of learning.**

Slide 7

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@jennifer.schiess@bellwether.org can you make sure that I worded this correctly, please! :)

Assigned to jennifer.schiess@bellwether.org

Corinn O'Brien, 12/7/2024

Alabama's current school funding system directs relatively little funding to support student needs

Alabama School Funding Streams by Type, FY24



Only 1.2% of \$5.3 billion of funding for Alabama schools in FY24 was targeted to address specific student learning needs.

Alabama's current funding system is inflexible and significantly influences how districts build their budgets.

Inflexible: The Foundation Program is highly prescriptive and limits the ability of local leaders to direct funding to best meet student needs.

- One-Size-Fits-All Budget Influence: The current foundation program's calculations for staff "units" significantly influences how local districts allocate the largest part of their budget: personnel.
- Local leaders have limited ability to make decisions about how state funding is spent. Line items for student materials, technology, library enhancement, professional development, and textbooks are directed by state funding allocations, not local district priorities.

A student-weighted formula would help us to address each of these challenges.

Policy Goals

If we decide to move forward, we would want a new student-weighted formula to accomplish the following:

- 1) We want to provide more funding to better meet the needs of students.**
- 2) We want all districts to see increased per-pupil funding.**
- 3) We want school systems to receive more flexibility in allocating the funding they receive through the state's funding formula.**
- 4) We want systems to retain discretion over local funding.**

Basics of a Student-Weighted Formula

Jennifer Schiess,
Bellwether

Money matters: Multiple academic studies link increased state formula funding with positive student outcomes

School Finance Reform and the Distribution of Student Achievement, LaFortune et al, 2016

- After 10 years, NAEP scores in low-income districts improved by 0.1 standard deviation, roughly equivalent to 72 additional days of learning
- Spending \$1,000 more per student in low-income districts closed roughly one-third to one-half of the test score gap between low-income and high-income districts

The Effects of School Spending on Educational and Economic Outcomes, Jackson et al, 2015

A 10% increase in spending over all 12 years of schooling resulted in:

- 0.27 more years of completed education for all students, 0.43 years more attainment for low-income children
- 7.25% increase in adult wages for all students; 9.5% increase for low-income students

The Distribution of School Spending Impacts, Jackson et al 2021

A \$1,000 increase in per-pupil spending over 4 years leads to:

- increased test scores (0.0352 standard deviations)
- increased graduation rates (1.92 percentage points)
- increased college going rates (2.65 percentage points)

In our work, we assess school funding formulas according to four principles:

ADEQUACY

- Is there enough funding in the system to enable schools to meet the state's educational mandate?
- Does the policy fulfill and protect the state's constitutional responsibilities to oversee an education system that can serve every child?

STUDENT NEED

- Does the policy allocate greater resources toward students with greater educational needs?
- Does it factor in local funding capacity in ways that enable the efficient use of limited state dollars to target the greatest needs?

RESPONSIBILITY

- Does the policy make clear the locus of decision-making for funding and budgeting, and split local and state responsibilities appropriately?

TRANSPARENCY

- Are policies clear and understandable on how funding is calculated and distributed? Are formulas only as complex as they need to be?
- Does reporting of revenue and expenditures create a feedback loop between student needs and state funding?

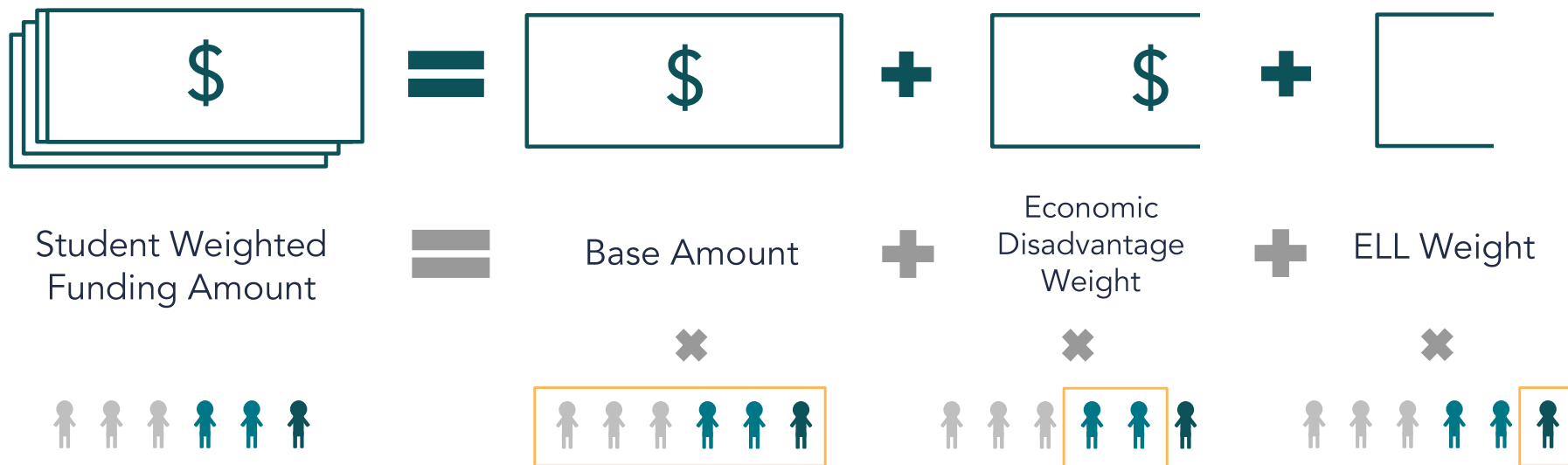
Every funding formula type has tradeoffs, but student-weighted formulas are best-aligned with all four principles

Unlike other formula types, student-weighted formulas specifically and directly anchor on student needs associated with increased educational cost

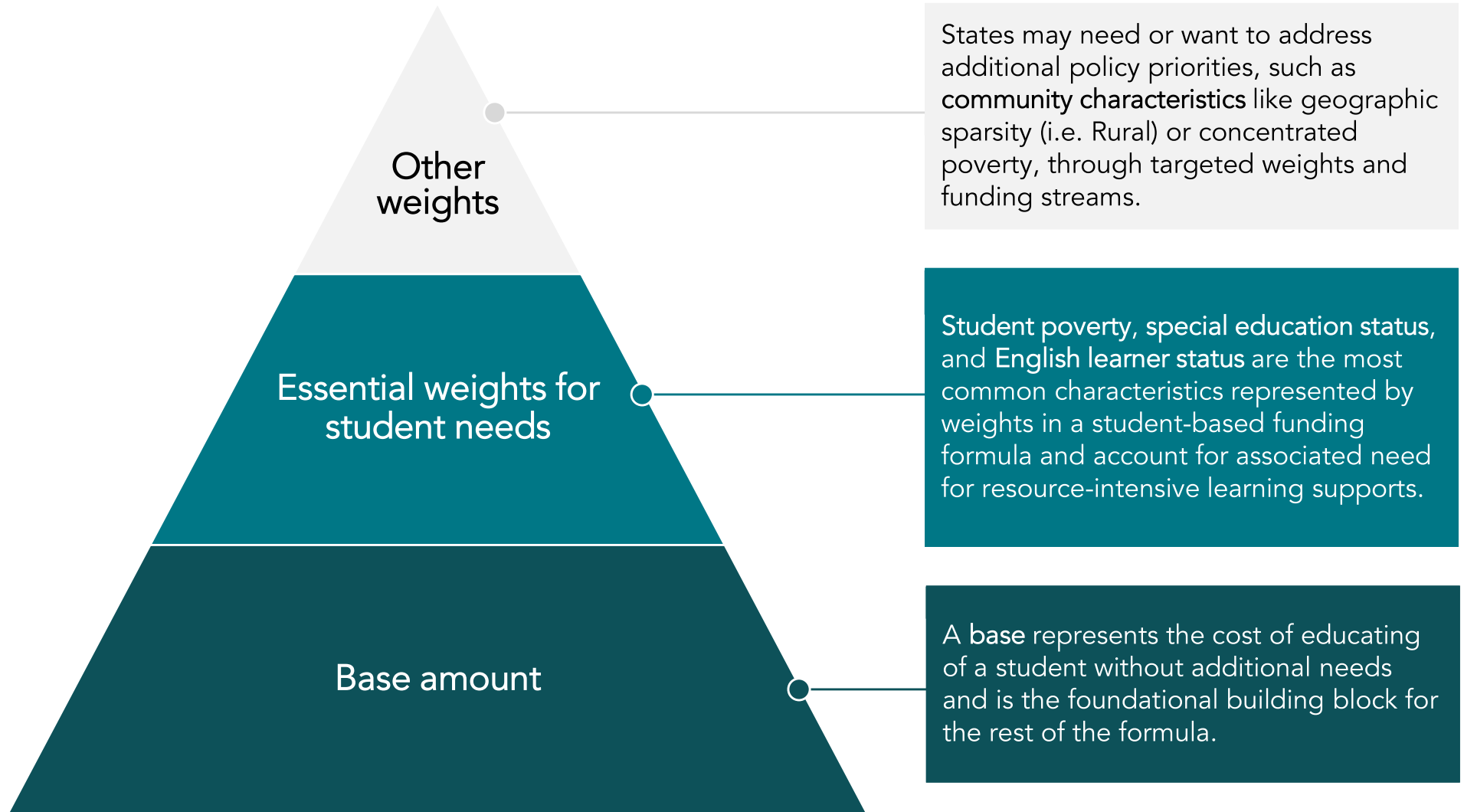
Principle	Student-weighted	Resource-based	Program-based
Adequacy	Straightforward mechanisms to adjust funding to match student needs	High potential to ensure funding matches costs Depends on costs mapping to needs	Lower potential to ensure funding matches costs or needs Programs have to map both to costs to deliver and to needs
Student Need	Highest potential to target funding to students in need of additional resources/supports	Lower potential to target funding to students in need of additional resources/supports	Lowest potential to target funding to need at the student level
Responsibility	Most opportunity for flexibility in spending decisions Clearest throughline for accountability	Flexibility can be hampered by cost assumptions or spending limitations	Least flexible for local decision-making
Transparency	Requires clear reporting structures/requirements Clearest connection to student needs	Often intuitive from a financial planning POV, but can be disconnected from student needs	Often simplest to understand Revenues and expenditures likely to track, but potentially not with need or outcomes

Student weighted funding formulas allocate additional funding for students with greater needs

At a high level, SWF follow a relatively simple structure beginning with a “base” amount that applies to every student enrolled and supplemented with “weights” that provide additional funding as a percentage of the base.



Building a student weighted funding formula requires making several key decisions...



Can Alabama afford to transition to a new formula?

Kirk Fulford,
Legislative Service Agency

EOY ETF Condition — FY 2024

Beginning Balance	\$2,518,997,462
Total Receipts (w/Projected September)	\$10,660,548,592
Total Available	\$13,179,546,054
LESS:	
Base Appropriations	\$9,480,295,192
Reappropriation of Reversions	\$312,059,145
Transfer to Budget Stabilization Fund	\$111,698,094
Transfer to Advancement and Technology Fund	\$1,000,000,000
Transfer to Educational Opportunities Reserve Fund	\$412,800,727
Total Obligations	\$11,316,853,158
Ending Balance Before Reversions and Adjustments	\$1,862,692,896
Projected Allocation of FY 2024 Ending Balance in FY 2025:	
Transfer to Budget Stabilization Fund	\$113,168,532
Transfer to Advancement and Technology Fund	\$873,794,314
Transfer to Educational Opportunities Reserve Fund	\$349,517,726
Remaining in ETF (Available for Supplemental Appropriation)	\$524,276,588
Total Fund Balances After FY 2025 Transfers:	
Budget Stabilization Fund	\$823,023,626
Advancement and Technology Fund	\$1,659,238,380
Educational Opportunities Reserve Fund	\$1,116,293,453

Allowed ETF Base Appropriations - FYs 2025-2030

Fiscal Year	Allowed Spending Growth	Allowed Base Appropriations	Growth Over Prior Year (\$)	K-12 Portion Based on FY 2025 Splits*	Additional K-12 (\$)
2025	6.25%	\$9,348,506,169	\$549,912,128	\$6,362,647,327	\$373,435,340
2026	6.00%	\$9,909,416,539	\$560,910,370	\$6,744,348,896	\$381,701,569
2027	5.75%	\$10,479,207,990	\$569,791,451	\$7,132,148,958	\$387,800,062
2028	5.75%	\$11,081,762,449	\$602,554,459	\$7,542,247,523	\$410,098,565
2029	5.75%	\$11,718,963,790	\$637,201,341	\$7,975,926,755	\$433,679,233
2030	5.75%	\$12,392,804,208	\$673,840,418	\$8,434,542,544	\$458,615,788

*Represents 68.06% of total base appropriations.

Total Projected ETF Receipts and Expenditures – FYs 2024 – 2030

Fiscal Year	Projected Total Available ETF Funds*	Projected Total ETF Expenditures	Projected Ending ETF Balance
2024	\$13,179,546,054	\$11,316,853,158	\$1,862,692,896
2025	\$13,245,600,699	\$11,660,553,224	\$1,585,047,474
2026*	\$13,079,272,008	\$11,794,464,013	\$1,284,807,995
2027	\$13,170,830,387	\$12,064,015,985	\$1,106,814,403
2028	\$13,398,347,579	\$12,488,576,852	\$909,770,727
2029	\$13,621,007,564	\$12,928,734,517	\$692,273,047
2030	\$13,837,903,174	\$13,385,077,255	\$452,825,919

*Assumes resumption of normal growth pattern with beginning balances included. Also assumes 1% reduction in sales tax on food in FY 2026.

FY 2025 Appropriations for Selected Programs

Program	Appropriation
<u>At-Risk:</u>	
Local Boards	\$21,217,734
Local School Financial Support	\$14,715,633
High Hopes	\$11,980,287
English Learner	\$18,500,000
Gifted Students	<u>\$12,350,000</u>
TOTAL	\$78,763,654

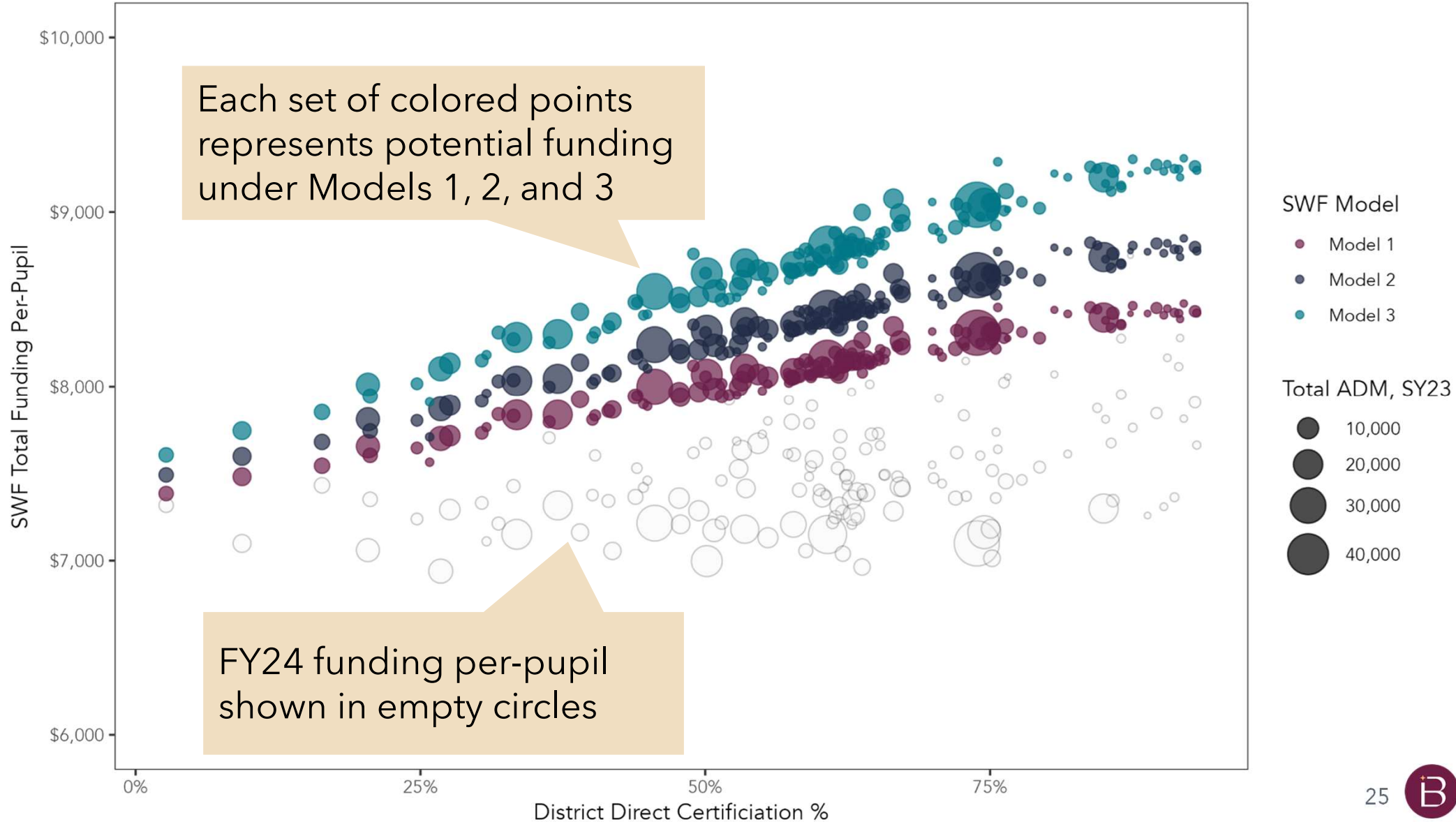
Student Weighted
Formula:
Revised Modeling
Options

The next iteration of models presented today adhere to the same policy commitments as prior models

1. Provide more funding to **better meet the needs of students.**
2. All districts see **increased per-pupil funding.**
3. School systems receive **more flexibility** in allocating the funding they receive through the state's funding formula.
4. Systems **retain discretion over local funding.**

Reminder: In November, we examined three sample models of what a SWF structure could look like for Alabama based on data from FY24

SWF Model Funding Per-Pupil by District Poverty



Today we're looking at three new models reflecting updated data and policy design options

FY25 Data Update

Since the November meeting, we've updated models to reflect more recent, FY25 data.

- This update reflects both increased funding for teacher salary increases for FY25 and normal fluctuations in enrollment (ADM) between years.

Model Design Updates

Today's models include all of the same elements as the prior versions, with changes to specific weights and some additional features.

Updated funding data provides a new starting point for determining a base in a new funding formula

Funding Source	2024-25 Amount
Foundation Program (State and Local)	\$5,434 million
School Nurses Program	\$89.1 million
Technology Coordinator	\$10.6 million
Combined funding	\$5.5 billion

The funding streams above represent **\$7,699 per-pupil in FY25**

The **FY24** comparison is **\$7,283 per-pupil**

From FY24 to FY25, state funding grew by \$287 million largely due to Foundation Program increases

Funding Source	2023-24 Amount	2024-25 Amount	Difference from FY24 to FY25	
Foundation Program	\$5,170,668,002	\$5,433,845,020	+\$263,177,018	+5.1%
School Nurses Program	\$65,350,843	\$89,146,355	+\$23,795,512	+36.4%
Technology Coordinator	\$10,249,050	\$10,593,488	+\$344,438	+3.4%
At Risk	\$21,208,032	\$21,185,042	-\$22,990	-0.1%
Total	\$5,267,475,927	\$5,554,769,905	+\$287,293,978	+5.5%

Alabama ADM declined slightly from SY23 to SY24; data updates showed meaningful demographic shifts

Student Group	2022-23 ADM Data	2023-24 ADM Data	Difference, SY23 to SY24	
Total ADM	721,627	718,738	-2,889	-0.4%
Direct Certification	410,097 (56.8%)	449,518 (62.5%)	+39,421	+9.6%
Special Education	93,183 (12.9%)	100,495 (14.0%)	+7,311	+15.6%
English Learner	38,832 (5.4%)	44,890 (6.2%)	+6,059	+7.8%
Gifted	56,822 (7.9%)	58,963 (8.2%)	+2,140	+3.8%

Based on feedback and with updated FY25 data, we have three new models that include some new features, but focus on the same goals

- All of these models are illustrations, not recommendations. They are intended to support discussion, questions, and feedback to support future decisions on whether and how to revise Alabama's school funding structure.
- Each model includes a base amount and weights for **six** student groups, and **modifications to how some weights function**:
 - low-income students (*modified*),
 - students with disabilities (*modified*),
 - English language learners,
 - gifted students,
 - **rural students**, and
 - charter school students
- Models vary in the size of the base and each of the weights, and they vary in their total estimated cost

Each model for discussion illustrates what policy options are possible under different revenue scenarios

To illustrate the differences between policy options in different SWF models, we will look at three models that use varying revenue growth assumptions.

Revenue Growth Assumption	Simulated SWF Model
+ \$143 million per year for 5 years	Model A
+ \$157 million per year for 5 years	Model B
+ \$165 million per year for 5 years	Model C

As we move across models, consider what inputs change, how those changes translate into different funding projections for LEAs, and how the results do (or don't) align with priorities among key stakeholders in Alabama.

Models A, B, and C have updated approaches to weights compared to previous FY24 models

Weight Type	Change from FY24 to FY25 Models
Special Education	Moved Emotional Disability from “Tier 2” to “Tier 3” special education weight
Poverty	Added escalating weight to provide additional resources to districts with higher concentrations of poverty
Rural	Added escalating weight to provide additional resources to the most sparsely-populated districts.

These SWF models use a “tiered” approach for special education weights similar to other states’ approaches

SWF Model Weight Category	SWF Model Weight Detail
Special Education	<p>Tier 1: Specific learning disability, Speech/language impairment, Other health impairment</p> <p>Tier 2: Autism, Intellectual disability, Developmental disability, Multiple disabilities</p> <p>Tier 3: Emotional disability, Hearing impairment, Orthopedic impairment, Visual impairment, Traumatic brain injury, Deaf-blindness</p>

Note: Models 1, 2, and 3 from the November meeting also included tiered funding for students with disabilities. Models A, B, and C take a similar approach, but shift "Emotional disability" from Tier 2 to Tier 3.

Several states address poverty in their formulas through two mechanisms in combination

Combining these weights enables states to address student poverty wherever it exists, while acknowledging that students in communities with higher rates of poverty face different and often greater barriers to their success

A weight for student poverty is a key feature of most student weighted formulas

Direct student weight for student poverty

- Many states use a weight - typically a percentage of the base amount defined in statute - to drive additional funding to support the needs of students from lower-income backgrounds
- All the models presented at the November 12th Commission meeting and today include a weight for student poverty

In states with pockets of deep poverty, an additional weight for concentrated poverty is appropriate

Weighting for concentrated poverty

- Research shows that students living in areas with highly-concentrated poverty have higher levels of educational need than students in other communities
- Accordingly, some states provide an additional weight for students in LEAs with the highest levels of poverty

Multiple states include additional funding weights for students in rural communities

Sparsely-populated, remote districts face unique challenges

Districts that are sparsely populated and/or geographically remote face diseconomies of scale that more densely populated districts do not and often lack local revenue capacity to address those costs.

They often face challenges with recruitment and retention, may struggle to offer a similar variety programming as less rural districts, and may have less access to local tax revenues.

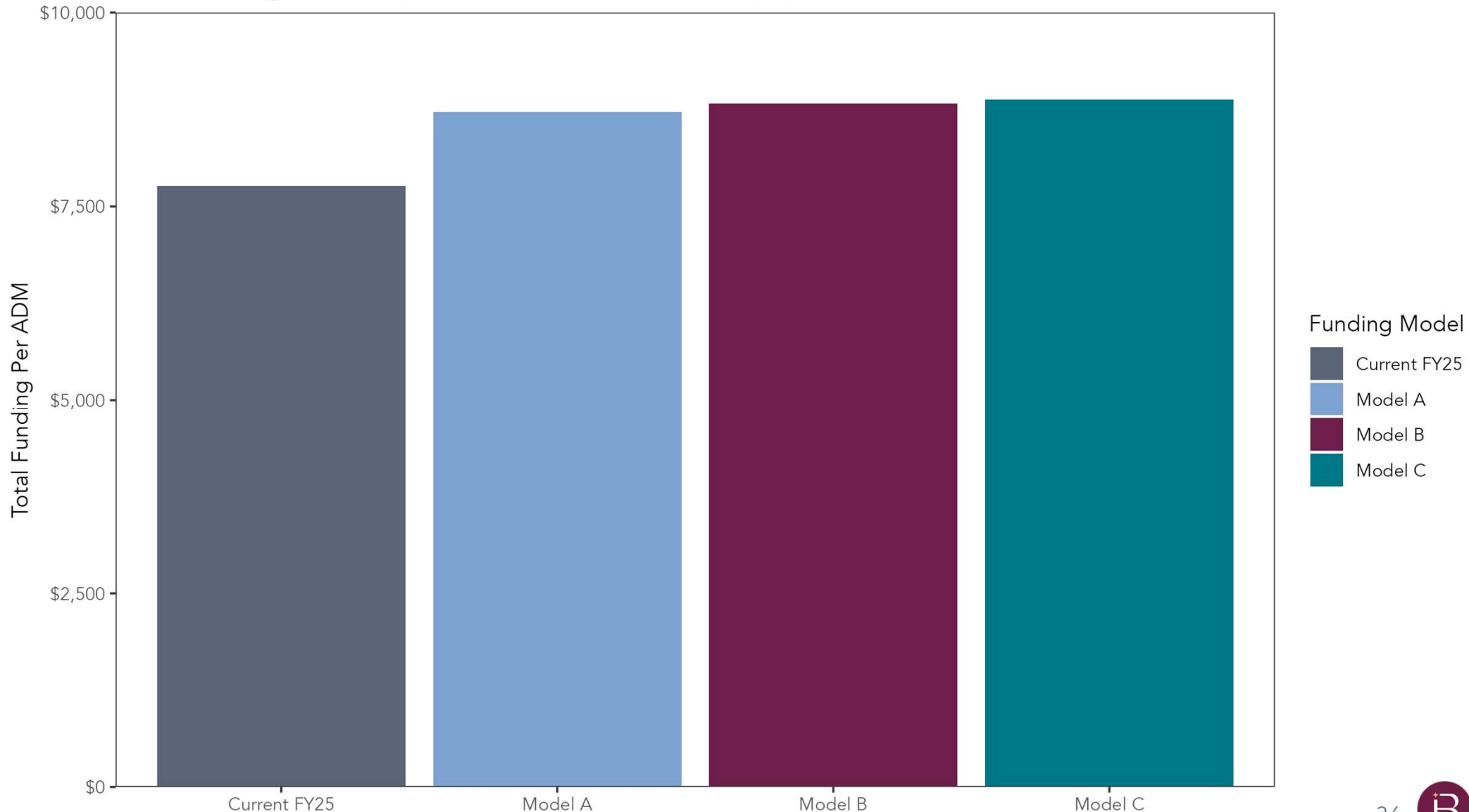
State policy can support districts with these "scale" challenges through rural or "sparsity" weights. Policy design can consider:

Sliding-scale weights to address local capacity may be more appropriate than flat or "tiered" weights

- **Flat weight**, which provides a consistent percentage increase per student for districts with fewer than X students per square mile, but may create funding volatility or "cliffs" for those near the cut point
- **Sliding-scale weight**, which provides more funding for more rural districts and increases in value as the number of students per square mile decreases

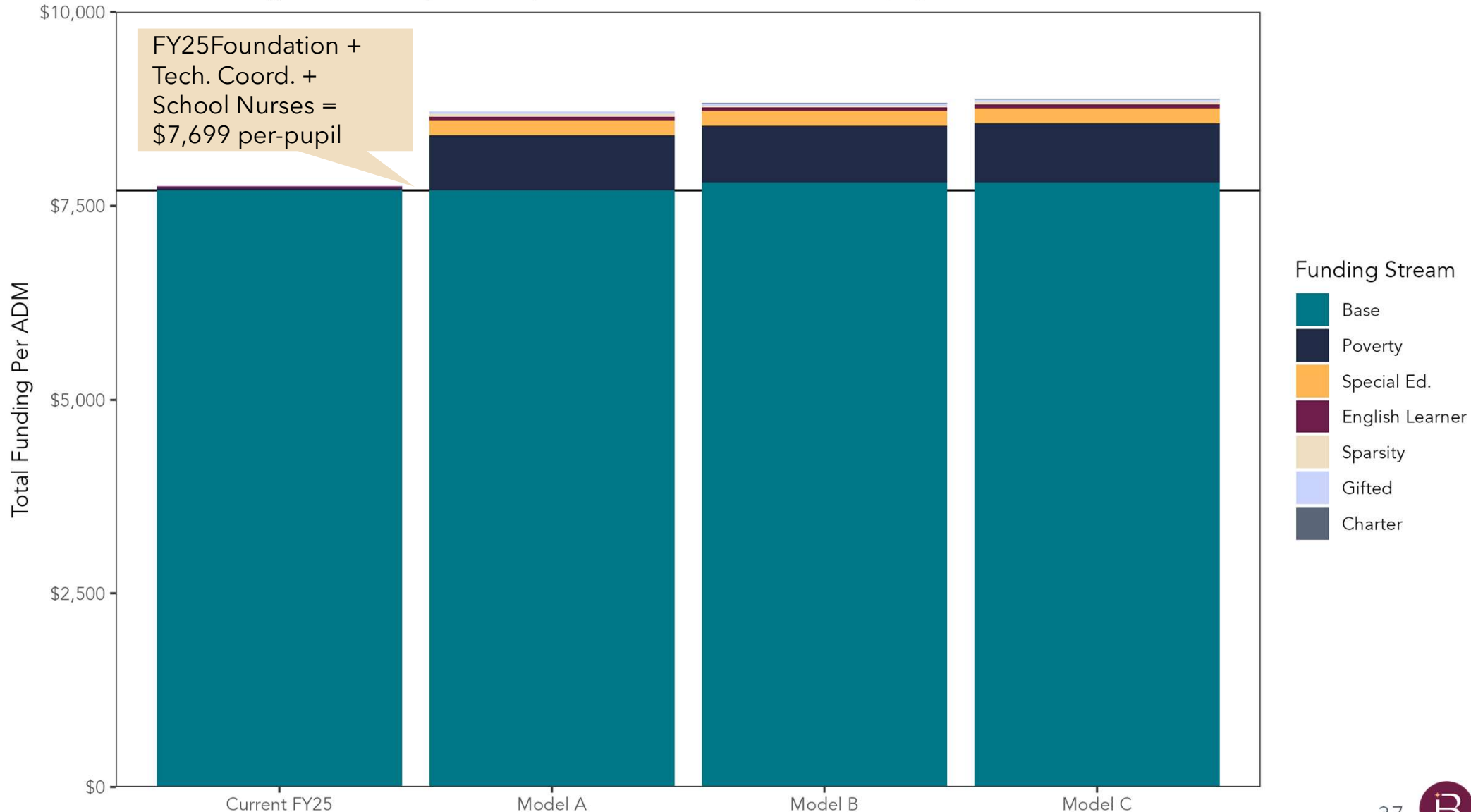
NEW Models A, B, and C illustrate what's possible with annual funding increases from \$143m to \$165m

Total Funding Per ADM, Current FY25 and Models A, B, and C



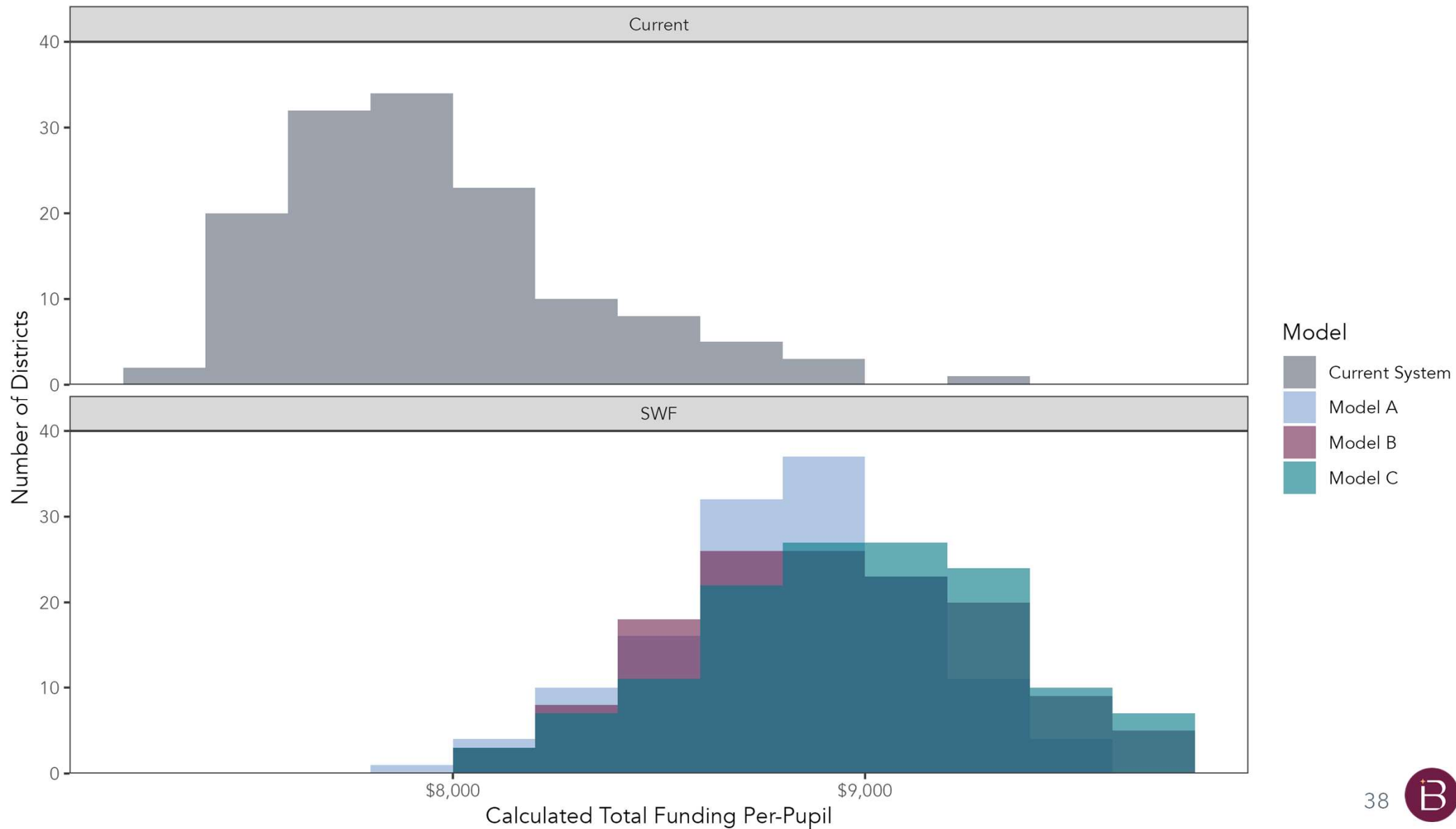
NEW Models A, B, and C each use different combinations of base and weighted funding

Total Funding Per ADM by Stream, Current FY25 and Models A, B, and C



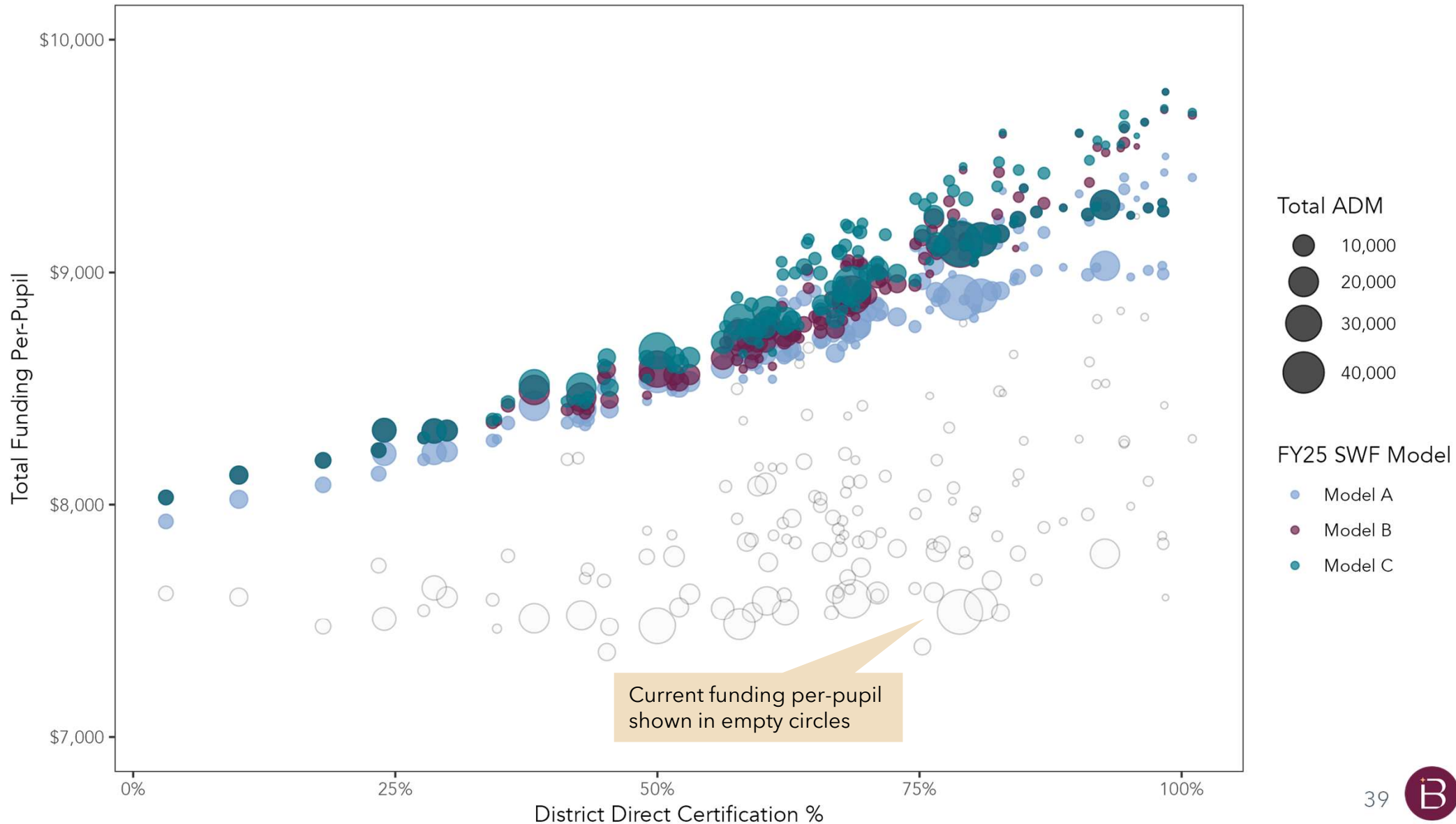
NEW Models A, B, and C would each produce a significant shift in calculated total funding per-pupil

Projected Shifts in Per-Pupil Funding Distribution



NEW Models A, B, and C illustrate what's possible with annual funding increases from \$143m to \$165m

FY25 Models A, B, and C - Total Funding Per-Pupil by District Poverty



NEW Models A, B, and C include concentrated poverty and rural weights to enable all districts to gain under different design and cost scenarios

Formula Component	Model A	Model B	Model C
Base	\$7,700	\$7,800	\$7,800
Combined Poverty Weights (dir. cert.)	12% min - 15% max Escalating weight rises from 20%-60% dir. cert.	12% min - 17% max Escalating weight rises from 50%-80% dir. cert.	12% min - 17% max Escalating weight rises from 30%-80% dir. cert.
Special Education Weights	Tier 1: 10% Tier 2: 25% Tier 3: 75%	Tier 1: 10% Tier 2: 25% Tier 3: 75%	Tier 1: 10% Tier 2: 25% Tier 3: 75%
English Learner Weight	10%	10%	10%
Gifted Weight	5%	5%	5%
Rural Weight	0% min - 5% max Starts at 10 students per square mile	0% min - 5% max Starts at 5 students per square mile	0% min - 5% max Starts at 10 students per square mile
Charter Weight	5%	5%	5%
Total Cost	\$713 million	\$786 million	\$825 million
Annual Increased Cost Over 5 Years	\$143 million / year	\$157 million / year	\$165 million / year

Each model changes different parts of the formula to illustrate different revenue assumptions and priorities

These funding streams are used as a comparison point for these SWF models

These funding streams are not included as comparison points for models; some may make sense to fold in future iterations; others may make more sense outside of a potential SWF.

Formula Element	Current System	Model A	Model B	Model C
Base	Foundation + Nurses + Tech Coord., FY25 \$5,533,584,863 \$7,699 per-pupil	\$5,534,283,370 \$7,700 per-pupil	\$5,606,157,180 \$7,800 per-pupil	\$5,606,157,180 \$7,800 per-pupil
Combined Poverty Weight	At Risk, FY25 \$21,185,042 \$47 per-pupil	\$511,086,387 \$1,137 per-pupil (avg.)	\$524,591,044 \$1,167 per-pupil (avg.)	\$549,029,831 \$1,221 per-pupil (avg.)
Special Education Weights	High-Needs Special Education Grant	\$136,412,097 \$1,357 per-pupil (avg.)	\$138,183,682 \$1,375 per-pupil (avg.)	\$138,183,682 \$1,375 per-pupil (avg.)
English Learner Weight	English Learners line item, FY25 \$16,497,446 \$368 per-pupil	\$34,565,579 \$770 per-pupil	\$35,014,483 \$780 per-pupil	\$35,014,483 \$780 per-pupil
Gifted Weight	Gifted line item, FY25 \$10,905,344 \$185 per-pupil	\$22,700,639 \$385 per-pupil	\$22,995,452 \$390 per-pupil	\$22,995,452 \$390 per-pupil
Rural Weight	N/A	\$25,856,794 \$225 per-pupil (avg.)	\$12,334,570 \$166 per-pupil (avg.)	\$26,192,596 \$231 per-pupil (avg.)
Charter Weight	N/A	\$2,455,819 \$385 per-pupil	\$2,487,713 \$390 per-pupil	\$2,487,713 \$390 per-pupil

Current total calculated funding is less than \$7,700 per-pupil for 41 districts

Models A, B, and C each ensure that every district's total calculated funding is greater than \$7,700 per-pupil.

Calculated Total Funding Per-Pupil	Current System	Model A	Model B	Model C
Less than \$7,700	41	0	0	0
\$7,700 - \$8,699	92	47	37	30
\$8,700 or greater	5	91	101	108

The statewide average Foundation Program, Technology Coordinator, and School Nurses funding for districts was **\$7,699 per-pupil in FY25**

More than 85% of districts Models A, B, and C would see funding increase by at least \$500 per-pupil

Calculated Increase in Per-Pupil Funding	Model A	Model B	Model C
Less than \$500	18	12	10
\$500 - \$999	67	61	46
\$1,000 or greater	53	65	82

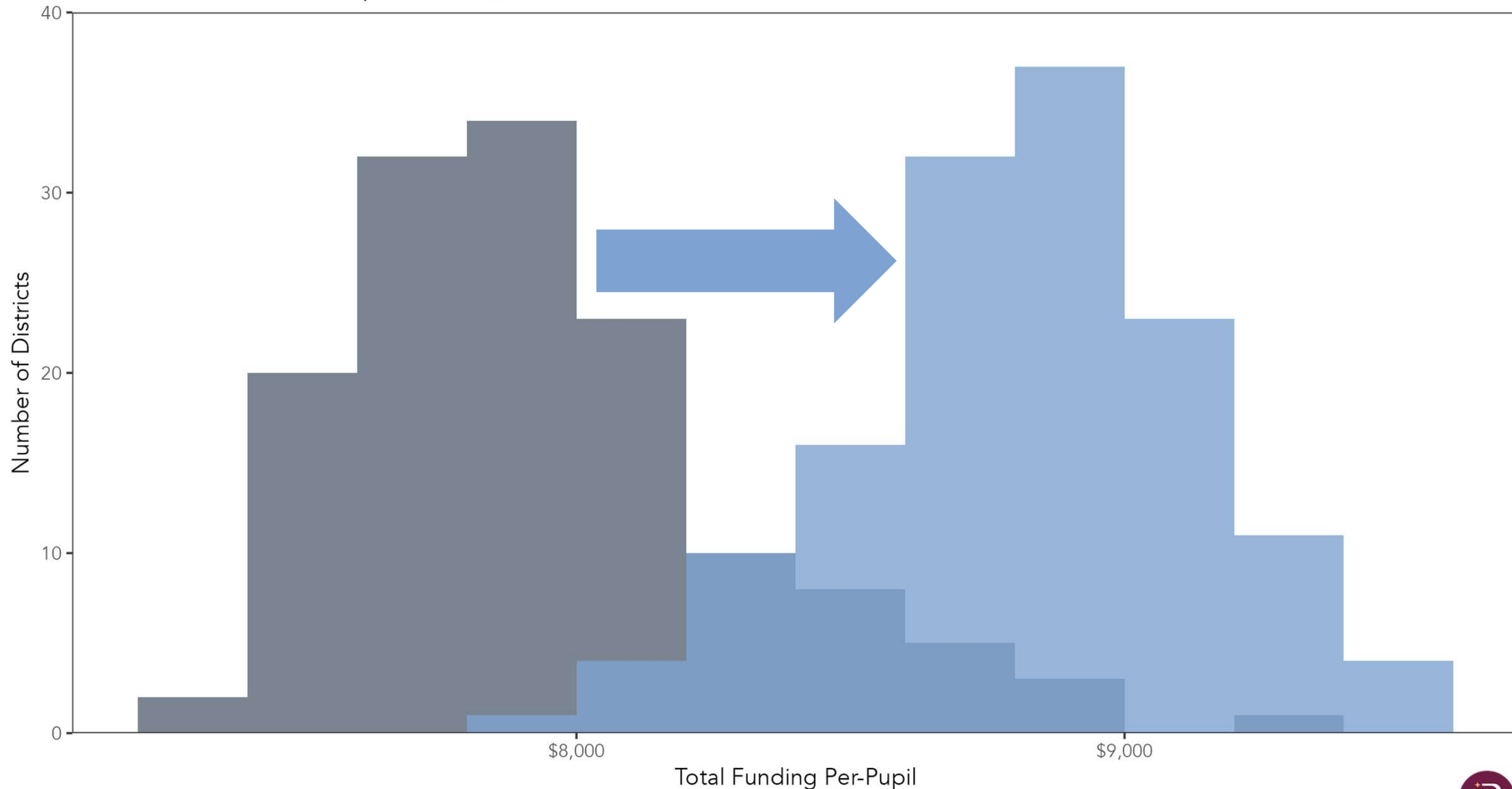
In Model A, 38% of districts would receive an increase of \$1,000 per-pupil. That figure rises to 47% for Model B and 59% for Model C.

Model A



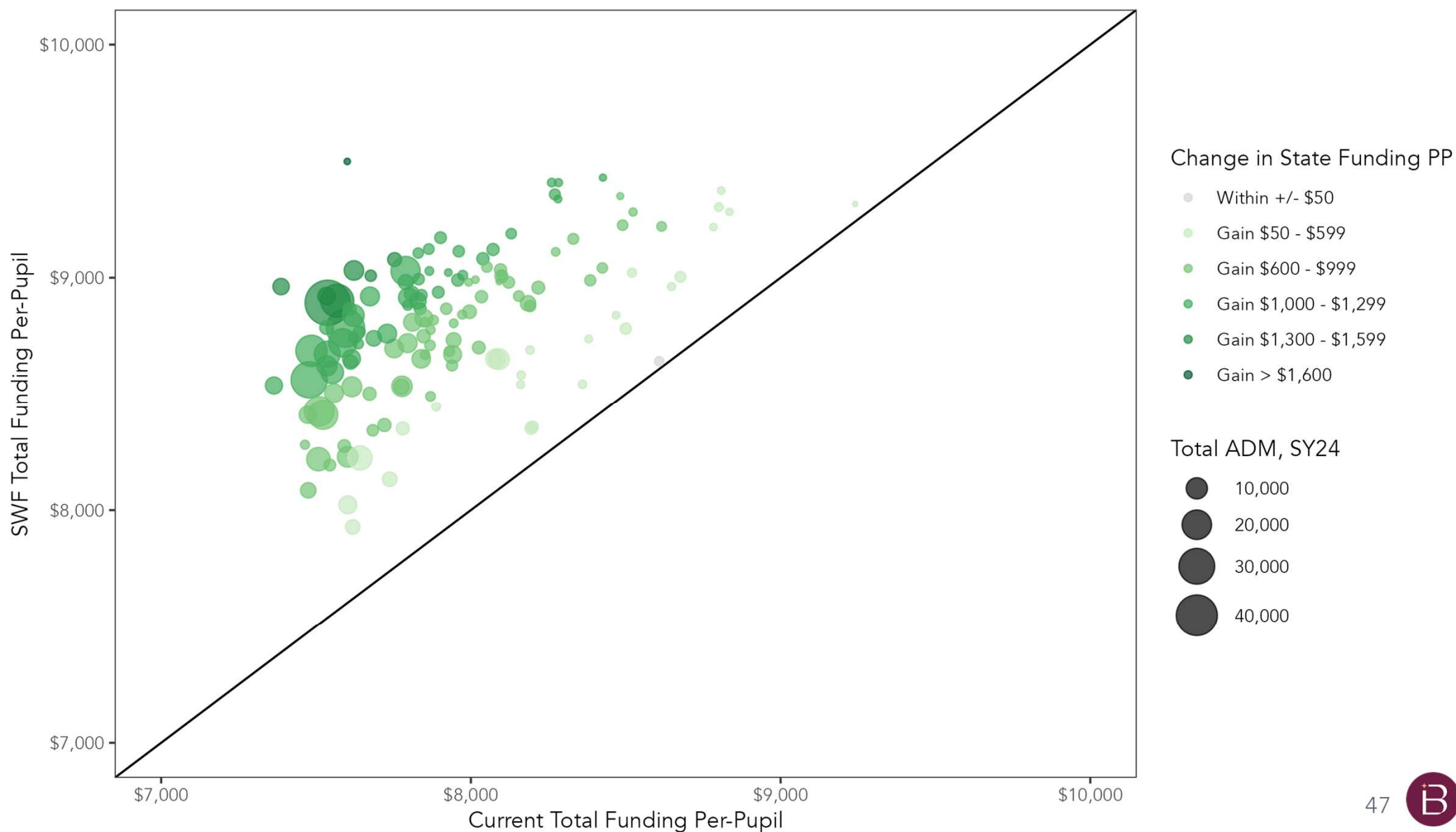
Model A produces a significant shift in the distribution to total funding per-pupil

Model A Shift in Per-Pupil Funding Distribution



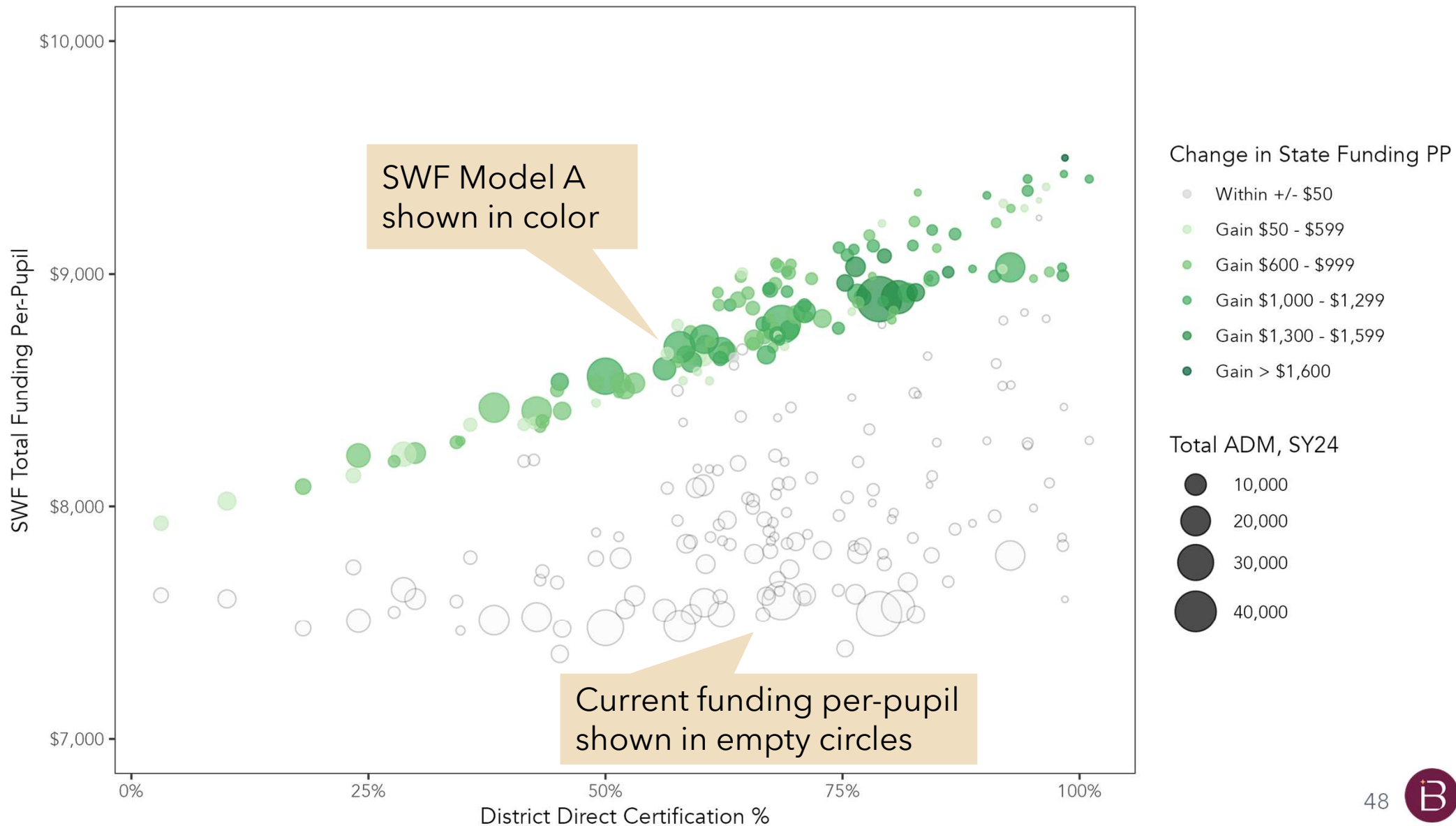
Every district gains funding under Model A, with 90% of districts gaining between \$313 and \$1,325 per-pupil

Model A Total Funding Per-Pupil vs Current Total Funding Per-Pupil



Model A benefits a wide range of districts through a system of targeted weights to address learning needs

Model A Total Funding Per-Pupil by District Poverty



Model A directs \$511M for low-income students and \$136M for special education students through weights

Funding Stream	Total Funding	Students	Per-Pupil Funding
Base	\$5,534,283,370	718,738	\$7,700
Combined Poverty	\$511,086,387	449,518	\$1,137 (avg.)
• Poverty	\$415,354,477	449,518	\$924
• Concentrated Poverty	\$95,731,910	447,793	\$214 (avg.)
Special Education	\$136,412,097	100,495	\$1,357 (avg.)
English Learner	\$34,565,579	44,890	\$770
Gifted	\$22,700,639	58,963	\$385
Rural	\$25,856,794	113,358	\$228 (avg.)
Charter	\$2,455,819	6,379	\$385
SWF Model Total	\$6,267,360,683	718,738	\$8,720
Current System Total	\$5,554,769,905	718,738	\$7,729
Difference	+\$712,590,778 (+143m per year)		+\$991

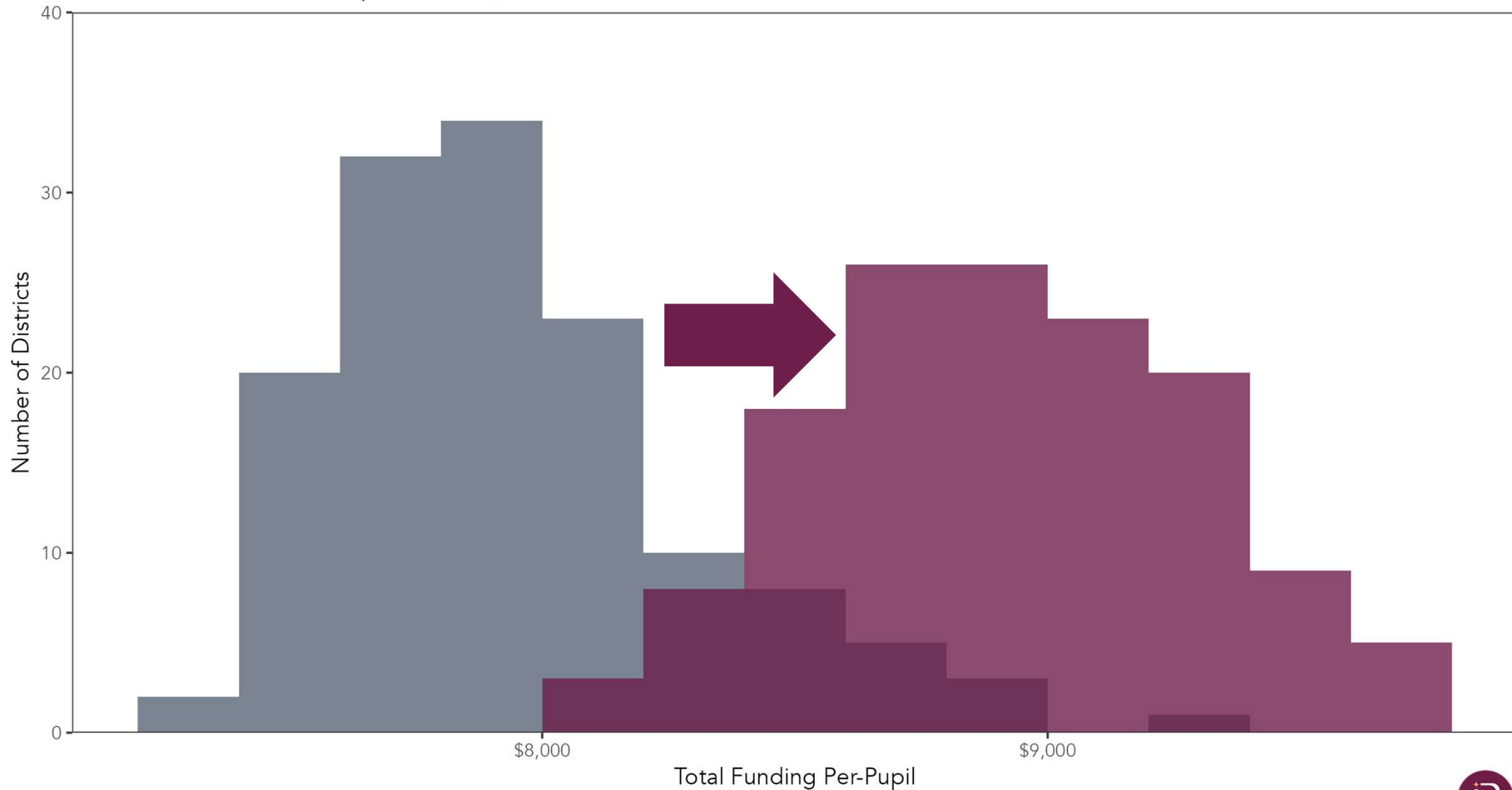


Model B



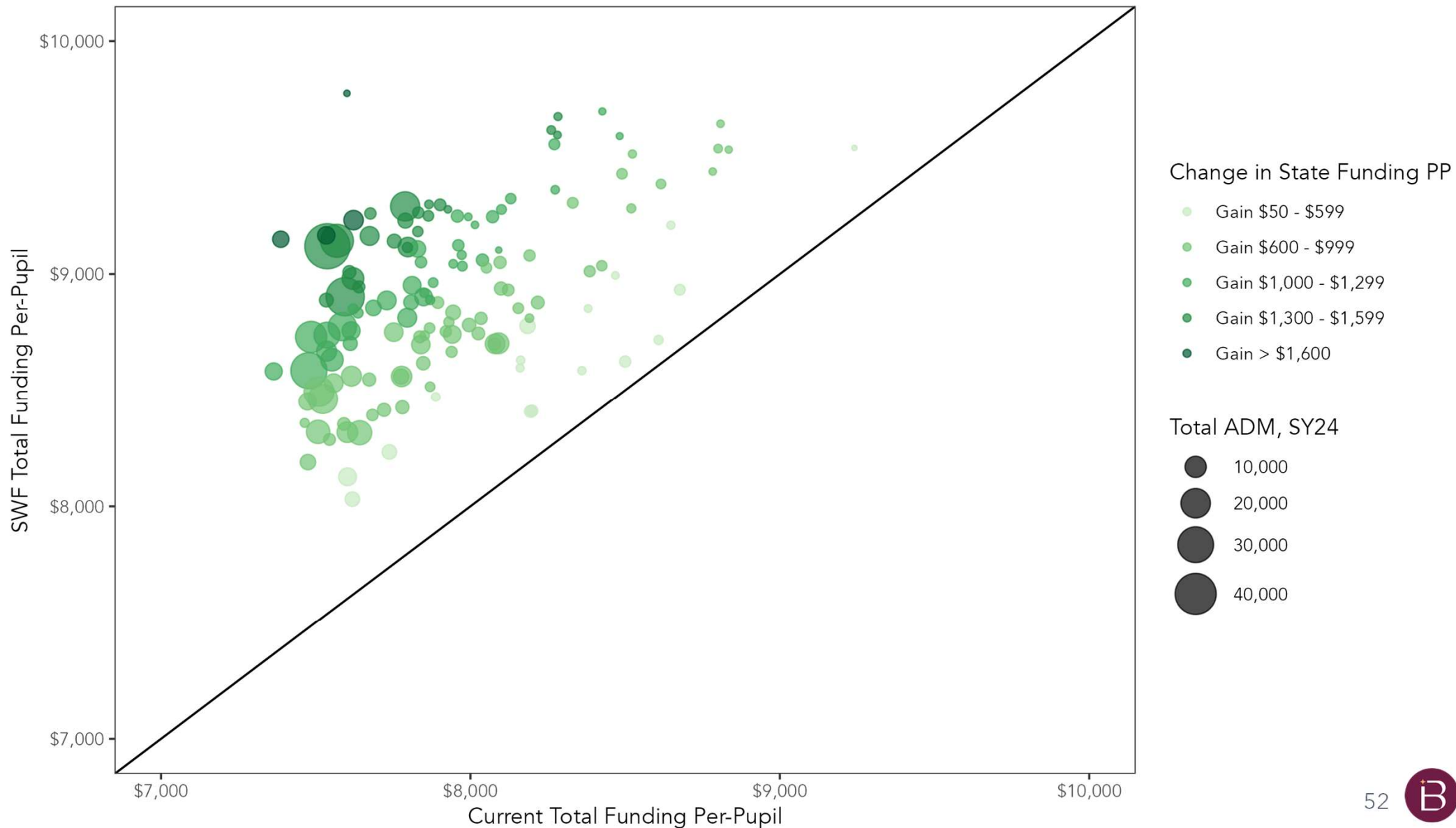
Model B produces a significant shift in the distribution to total funding per-pupil

Model B Shift in Per-Pupil Funding Distribution



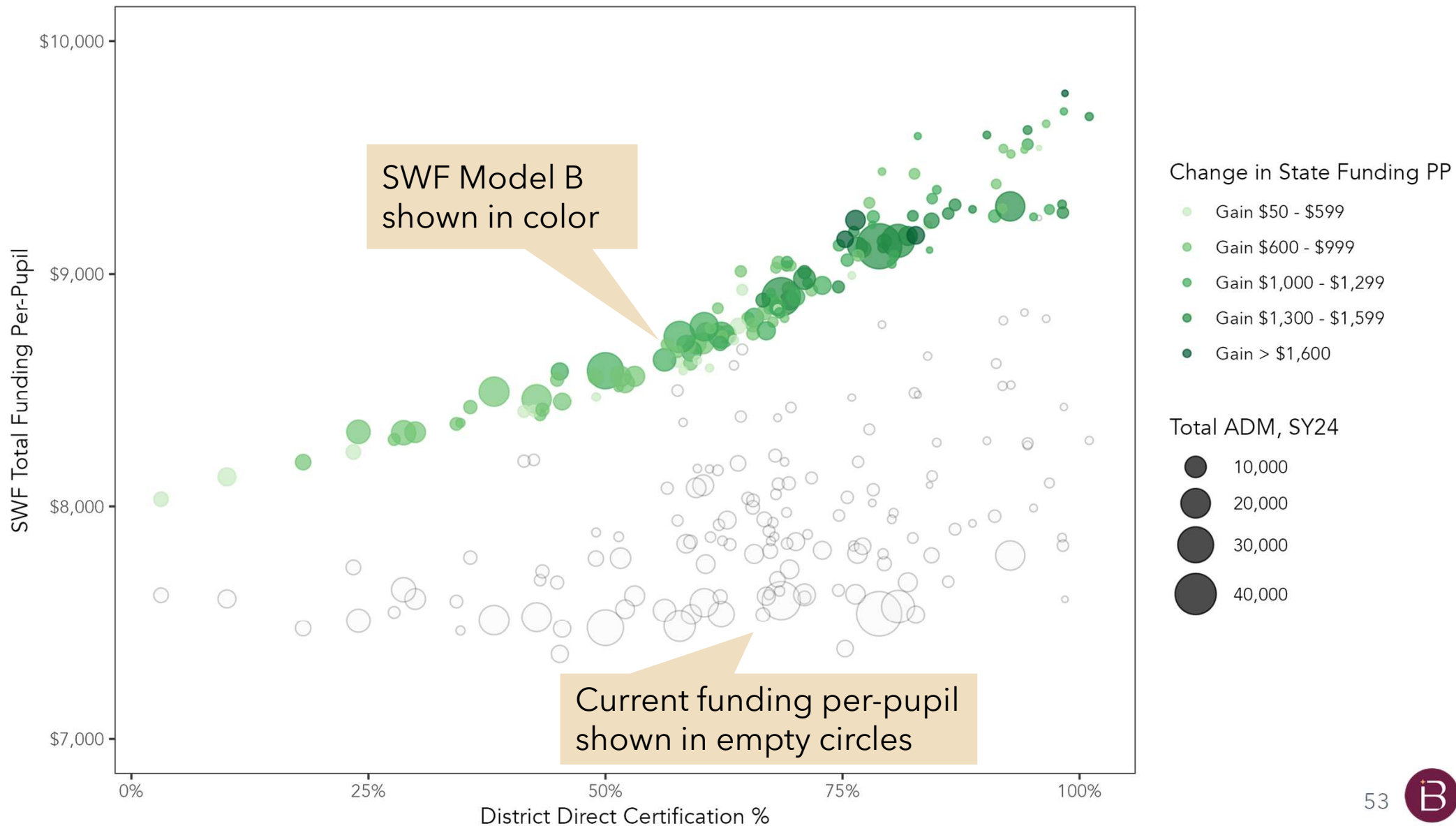
Every district gains funding under Model B , with 90% of districts gaining between \$395 and \$1,512 per-pupil

Model B Total Funding Per-Pupil vs Current Total Funding Per-Pupil



Model B benefits a wide range of districts through a relatively higher base funding amount

Model F Total Funding Per-Pupil by District Poverty



Model B directs \$525M for low-income students and \$138M for special education students through weights

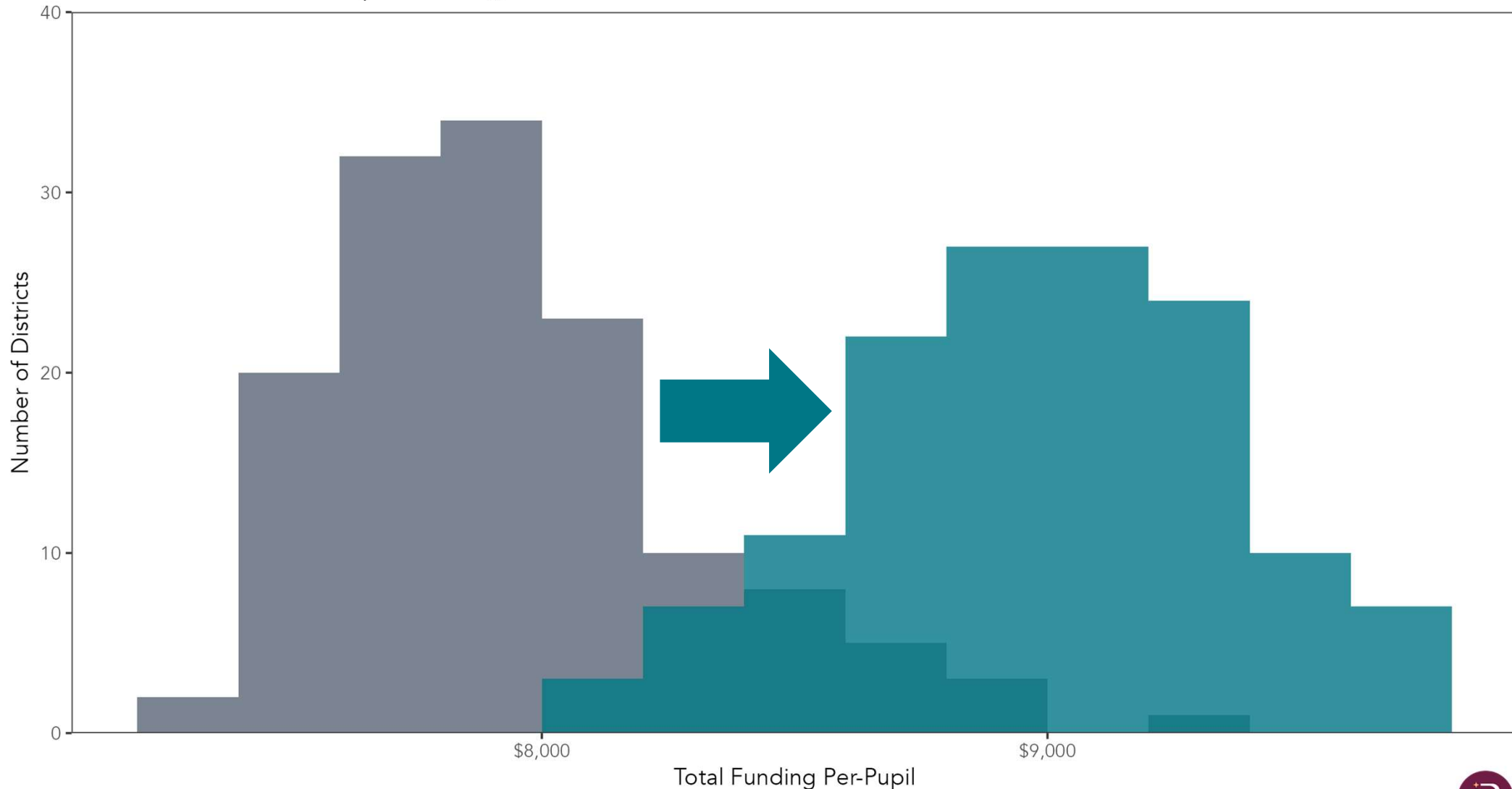
Funding Stream	Total Funding	Students	Per-Pupil Funding
Base	\$5,606,157,180	718,738	\$7,800
Combined Poverty	\$524,591,044	449,518	\$1,167 (avg.)
• Poverty	\$420,748,691	449,518	\$936
• Concentrated Poverty	\$103,842,353	386,769	\$268 (avg.)
Special Education	\$138,183,682	100,495	\$1,375 (avg.)
English Learner	\$35,014,483	44,890	\$780
Gifted	\$22,995,452	58,963	\$390
Rural	\$12,334,570	74,444	\$166 (avg.)
Charter	\$2,487,712	6,379	\$390
SWF Model Total	\$6,341,764,124	718,738	\$8,823
Current System Total	\$5,554,769,905	718,738	\$7,729
Difference	+\$786,994,219 (+157m per year)		+\$1,095

Model C



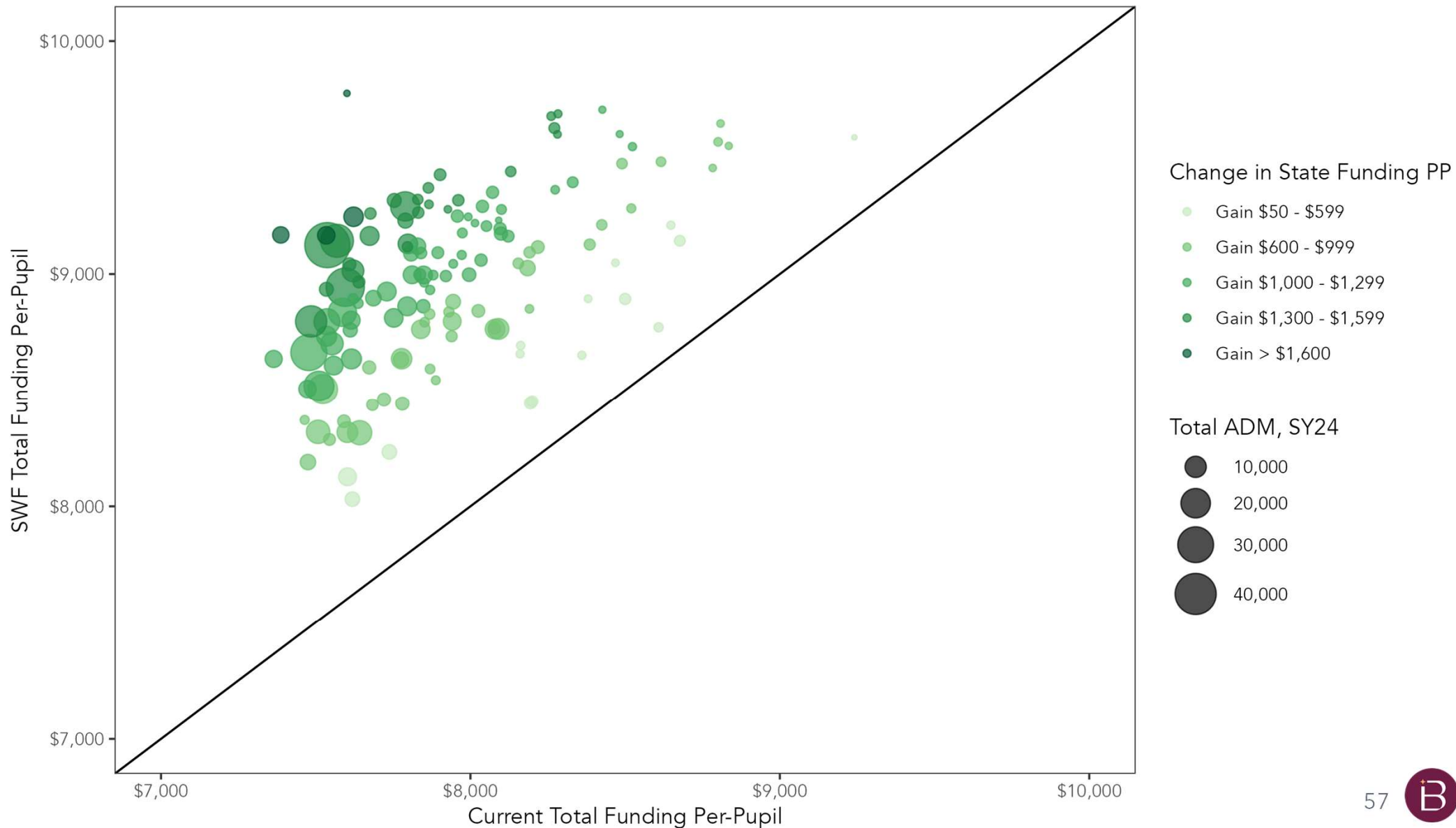
Model C produces a significant shift in the distribution to total funding per-pupil

Model C Shift in Per-Pupil Funding Distribution



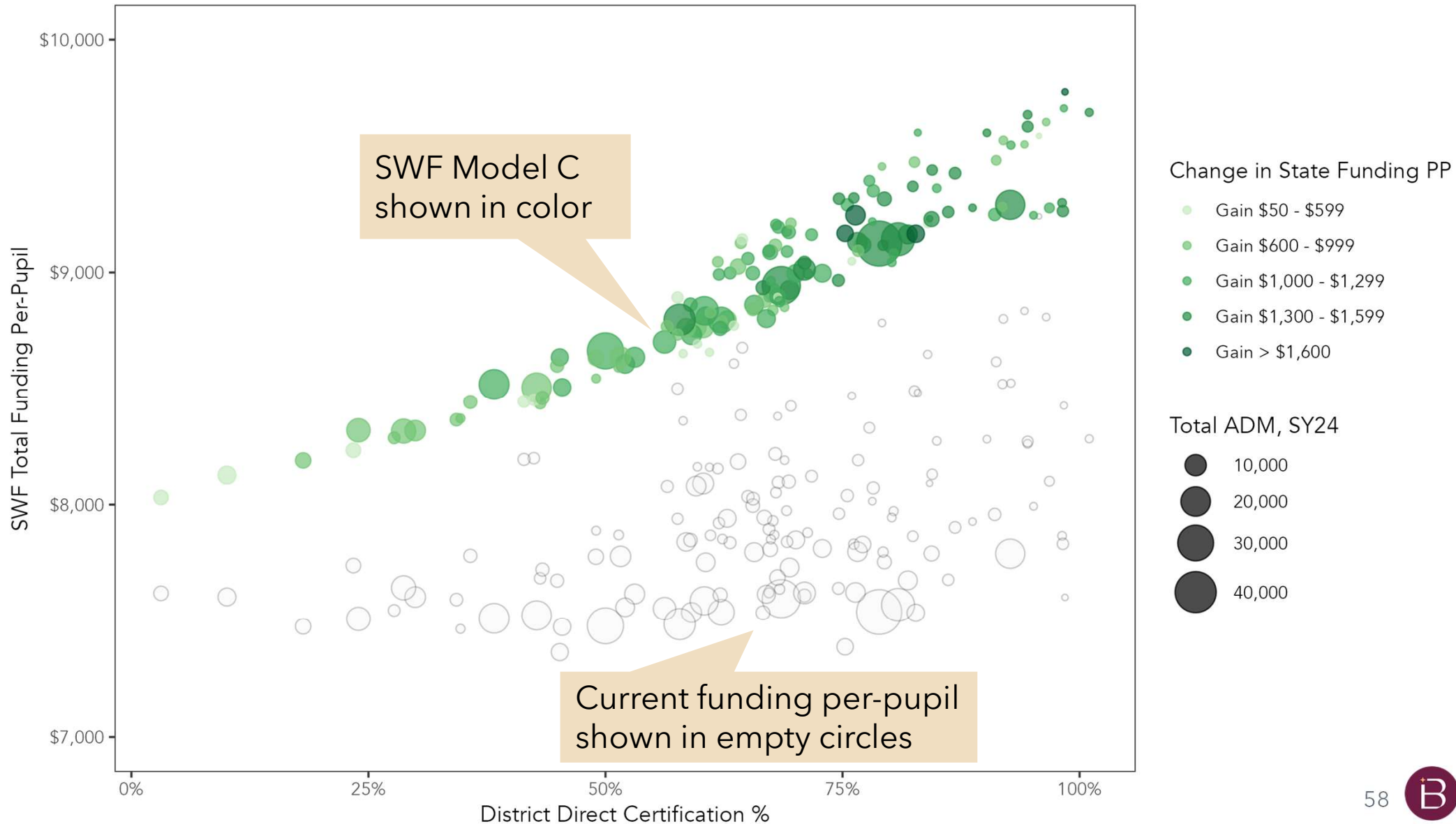
Every district gains funding under Model C, with 90% of districts gaining between \$458 and \$1,564 per-pupil

Model C Total Funding Per-Pupil vs Current Total Funding Per-Pupil



Model C benefits districts over 30% direct certification with a higher weight for student poverty

Model G Total Funding Per-Pupil by District Poverty



Model C directs \$549M for low-income students and \$26M for rural students through weights

Funding Stream	Total Funding	Students	Per-Pupil Funding
Base	\$5,606,157,180	718,738	\$7,800
Combined Poverty	\$549,029,831	449,518	\$1,221 (avg.)
• Poverty	\$420,748,691	449,518	\$936
• Concentrated Poverty	\$128,281,140	436,440	\$294 (avg.)
Special Education	\$138,183,682	100,495	\$1,375 (avg.)
English Learner	\$35,014,483	44,890	\$780
Gifted	\$22,995,452	58,963	\$390
Rural	\$26,192,596	113,358	\$231 (avg.)
Charter	\$2,487,712	6,379	\$390
SWF Model Total	\$6,380,060,937	718,738	\$8,877
Current System Total	\$5,554,769,905	718,738	\$7,729
Difference	+\$825,291,032 (+165m per year)		+\$1,148



Phase-In Considerations



States often ease transition to new formulas over a short timeframe to manage change and smooth budgetary impact

Phase-In Options	Description
Parallel Systems Phase-in	<p>The state calculates formula allocations under both the current Foundation Program (“old” system) and the new SWF system, implementing the SWF formula by allocating an increasing percentage of total funding through the new formula over time.</p> <p><i>Example: In Year 1, districts receive 80% of their funding through the “old” system and 20% through the new formula. In Year 2, the percentages shift to 60% “old” system and 40% “new” system, and so on.</i></p>
Single System Phase-in	<p>The initial SWF system would replace the “old” system beginning in Year 1, but with lower values for the base and/or weights that increase over the phase-in period up to their full value.</p> <p><i>Example: In year one, the new SWF system starts at the full amount for the base, and weights increase to their full levels over time. Starting with fully funded weights and a phased-in base is another option.</i></p>

Under any scenario, **temporary transition aid** can ensure that no district or charter loses money on a per student basis throughout the phase-in.

A five-year phase would allow time for budgetary adjustments and fiscal staff training in a new system

A phase-in period should be accompanied with:

- Training and technical assistance for district leaders and fiscal staff during the first years of the transition to a new formula
- Accountability and transparency mechanisms that would ramp up during the phase-in and continue through full implementation



Accountability & Transparency Mechanisms




New formula
legislation



Phase-In
Year 1



Phase-In
Year 2



Phase-In
Year 3



Phase-In
Year 4



Full
Phase-In
Year 5



Training & Technical Assistance