Desired Features of a State Funding System

Resource: Roza, M. (2019). Funding for students' sake: How to stop financing tomorrow's schools based on yesterday's priorities. Edunomics Lab.

Summary: Challenges states face in their education funding formulas can be addressed using student-based allocation, but several common policy barriers to student-based allocation often undermine states' ability to get results for their dollars.

How to Structure Allocations

Resource: EdBuild. (n.d.). FundEd: National policy maps. A national overview of state education funding.

Summary: EdBuild's map offers an overview of the national landscape of state funding policy in terms of structure of allocations. It also provides some information about adjustments to allocation by student and district types as well as some information on the local funding landscape.

Adjustments to Allocations

Resource: Rafa, A., Erwin. B., Brixley, E., McCann, M., & Perez Jr., Z. (2020). 50 state comparison: K12 funding. Education Commission of the States.

Summary: Education Commission of the States provides a 50-state tool with summaries of funding formula adjustments for student populations (including students with disabilities, English learners, students experiencing poverty, gifted and talented students) and for district types small and isolated districts.

Resource: Roza, M. (2017). Funding student types: How states can mine their own data to guide finance policy on high-needs students. Edunomics Lab.

Summary: Education leaders can examine spending and outcomes together to understand how to leverage dollars to do the most for students and build information systems that allow a continuous feedback loop on how spending changes impact outcomes. There is no universal "right" amount of funding for each student type.

Resource: Erwin, B. (2021). A Policymakers's Guide to Virtual Schools. Education Commission of the States.

Summary: A brief overview of types of virtual schools, research on virtual schools, and state policy levers to improve virtual school quality.

Resource: Jarmolowski, H., & Roza, M. (2021). Proceed with caution: With enrollment drops, states are looking to hold district budgets harmless. Edunomics Lab.

Summary: This brief describes what states need to consider before implementing a hold harmless or declining enrollment policy and catalogs both pandemic-era and pre-existing provisions.

How and Whether to Involve Local Revenue

Resource: Chingos, M. M., & Blagg, K. (2017). Making sense of state funding policy. Urban Institute.

Summary: A primer on state funding formulas explains three different models states can use to balance state and local money.

Resource: Corcoran, S. P. (2012). The role of local revenues in funding disparities across school districts. In Baker, B. D., & Corcoran, S. P., The stealth inequities of school funding: How state and local school finance systems perpetuate inequitable student spending. (Chapter 2). Center for American Progress.

Summary: This chapter describes how local revenue can contribute to resource inequities and provides examples from six states.

Constraints and Accountability

Resource: Buerger, C., Lee, S. H., & Singleton, J. D. (2020). Test-based accountability and the effectiveness of school finance reforms. (EdWorkingPaper: 20-277). Annenberg Institute at Brown University.

Summary: The research here finds that school finance reform-induced increases in student performance are driven by those states that had test-based accountability policies in place at the time. Accountability systems may raise the efficiency with which additional school funding gets spent.

Data Systems, Tools, and Training

Resource: Roza, M. (2023). How Public Education Can Use Productivity Metrics to Drive Continuous Improvement. US Chamber of Commerce Foundation.

Summary: Edunomics Laba set of policies designed to disrupt business-as-usual routines in school districts by getting leaders to use productivity data—that is, data that pairs spending with existing data on outcomes at each school. Doing so would prompt the system to seek ways to leverage every dollar to drive measurable improvements for students .

Resource: Roza, M. (2014). A state information system to support improvements in productivity. In Gross, B., & Jochim, A. (Eds.)., *The SEA of the future: Building the productivity infrastructure* (pp. 40-47). Building State Capacity & Productivity Center at Edvance Research, Inc.

Summary: This piece outlines the new state education agency role in building data systems to incorporate spending and measure productivity, as well as providing the necessary training on using the data and creating a culture of leveraging dollars to do the most for students.

Resource: Buerger, C., Lee, S. H., & Singleton, J. D. (2020). Test-based accountability and the effectiveness of school finance reforms. (EdWorkingPaper: 20-277). Annenberg Institute at Brown University.

Summary: Research finds that school finance reform-induced increases in student performance are driven by those states that had test-based accountability policies in place at the time. Accountability systems may raise the efficiency with which additional school funding gets spent.

Other Resources on State Funding

Resource: Brixley, E., & Syverson, E. (2020). State information request: School finance equalization. Education Commission of the States.

Summary: This memo addresses questions and research around school finance equalization (SFE), a policy tool used to redistribute financial resources across school districts in a state, and provides state examples.

Resource: Chingos, M. M., & Blagg, K. (2017). How has education funding changed over time? Urban Institute.

Summary: Urban Institute's tool measures changes in funding over time: both how progressivity (how much more is spent on educating students from families living in poverty relative to students from families not living in poverty) and overall funding levels have changed in each state from 1995 to 2015.

Resource: Chingos, M. M., & Blagg, K. (2017). School funding: Do poor kids get their fair share? Urban Institute.

Summary: An analysis examines the progressivity (how much more is spent on educating students from families living in poverty relative to students from families not living in poverty) of local funding and state funding in each state, with examples.

Resource: Hoxby, C. M. and Kuziemko, I. (2004). Robin Hood and his not-so-merry plan: capitalization and the self-destruction of Texas' school finance equalization plan. NBER Working Paper No. w10722.

Summary: Due to problems created by Texas' local revenue recapture policy, this piece suggests that such a policy is not an efficient way to equalize spending across districts.

Resource: Jackson, C. K., Johnson, R. C., & Persico, C. (2015). "The effects of school spending on educational and economic outcomes: Evidence from school finance reforms." Quarterly Journal of Economics 131(1): 157– 218.

Summary: According to this study, increasing per-pupil spending improves outcomes, such as educational attainment and wages, for children from low-income families.

Resource: Smith, J., Gasparian, H., Perry, N., & Capinpin, F. (2013). Categorical funds: The intersection of school finance and governance. Center for American Progress.

Summary: This brief describes the national landscape of categorical funding and four case study states, as well as the possible benefits and drawbacks of categorical funding and reduction in the use of categorical funds in recent years

Resource: Blagg, K., & Chingos, M.(2017). How do school funding formulas work? Urban Institute

Summary: This report overviews the common funding models that states use to fund schools.

Resource: Hahnel, C., O'Keefe, B., & Zamarripa, S. (2025). Beyond the Bottom Line: A New Framework for K-12 Fiscal Accountability.

Summary: This report provides a framework for creating state-led fiscal accountability systems with a focus on funding formulas, expectations for district budgeting, and data reporting on outcomes.