

Education Funding Task Force Hears From Expert On How Other States Have Faced Reform Challenge

By Adam Pridemore for NCASA

This week, the [Joint Legislative Task Force on Education Finance Reform](#) held its second meeting of the interim. Vice-Chair of the Task Force, Rep. Craig Horn (R-Union), noted that the issue(s) before the Task Force are broad and complex, and as such, the meeting continued along the focus of the [Task Force's initial meeting earlier this month](#) of providing Task Force members with further background information into the issues surrounding K-12 allotment funding and weighted student formula funding.

The Task Force only had one speaker on the agenda for this week's meeting, Mr. Michael Griffith, School Finance Consultant with the Education Commission of the States. Mr. Griffith [presented Task Force members with a background](#) on how North Carolina funds K-12 education, and how other states fund K-12 education. Mr. Griffith noted for the Task Force that any high-quality funding formula has the following characteristics:

- **Adequate:** Funding is sufficient to meet current state education requirements.
- **Equitable:** All districts have access to a relatively equal level of resources, and all students have access to relatively equal educational offerings.
- **Flexible:** Districts have the ability to use their resources to meet their unique needs.
- **Adaptable:** The formula can handle changes in the way that educational services are delivered with little to no adjustment.

Rep. Hugh Blackwell (R-Burke) expressed concerns about how to balance the need to have flexibility with that of the government's desire to ensure funds are being used how the General Assembly intends.

In regards to North Carolina's current funding model, Mr. Griffith noted that due to its inflexibility, the position allocation system has difficulty adapting to new(er) education programs. As far as the characteristics for a high-quality funding formula as shown above, he note that NC's current funding system received the following marks:

- **Adequate:** Hard to determine.
- **Equitable:** Quality counts grades – B+
- **Flexible:** The current system has limited flexibility.
- **Adaptable:** The current system is not adaptable to changes in the education environment.

Mr. Griffith informed the Task Force that 33 states have weighted student formulas, or as he called them "Foundation Formulas". He told the Task Force that many states use a Foundation Formula because they are:

- Easy to establish.

- Easily adjusted to meet a state's/district's education needs and economic circumstances.
- Provides districts with greater autonomy in decision making.
- Can be adjusted to include various policy choices such as class size requirements, teacher salary schedules, targeted funding for certain programs/student groups.

Mr. Griffith advised the Task Force to consider the following during any school funding transition process and noted that public comment should be received during each step:

- Determine what will/won't be changing in the formula.
- Create a general outline of the new formula.
- Draft a "working" outline that includes all of the components of the new formula.
- Create the new formula and run the numbers.
- Refine the formula while constantly running numbers.
- Produce the final formula.

Noting that there are fears among stakeholders when transitioning to a new funding formula, such as fears that the new system could result in lower funding for schools, confusion as to how the new system works, or that the loss of mandates may result in some programs being eliminated, Mr. Griffith provided the following guidelines for what other states have done to ease the transition:

- Gradually transition to the new funding formula, perhaps over 3 to 5 years.
- Ensure that funding levels for individual districts are "held harmless."
- Create minimum payments in the formula.
- Allow for certain mandates or programs to be retained.
- Educate the public and train district staff about the new formula.

The Task Force did not set its next meeting date upon adjournment. NCASA, in conjunction with NCASBO and NCSSA, hopes to present funding method recommendations to the Task Force at a future meeting. Following the release of the Program Evaluation Division's [report last year](#), NCASA launched a workgroup of superintendents and finance officers to develop recommendations to share with the new legislative Task Force on behalf of all school leaders. The larger workgroup directed a subcommittee of finance officers to work with NCASA and a consultant the last few months to research funding models in other states, identify pros and cons of North Carolina's current funding system, and develop consensus recommendations that can unify all districts around common goals for inclusion in any school finance reform effort ultimately undertaken in North Carolina. That report has been finalized and is in the process of being shared with members of the Task Force. The report will be posted on [ncasa.net](#) when NCASA, NCASBO and NCSSA are afforded the opportunity to present to the Task Force.