

Presentation to

The Joint Legislative Committee  
on Public School Funding Reform

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## Overview

- School funding information - a national perspective.
- Education funding formulas in the fifty states.
- The goals of any funding system.

## Comparative State

- Large mid-west or northeast states that have multiple urban district, a tradition of local control and a history of funding education above the national average.
- Connecticut, Illinois, Massachusetts, Michigan, Ohio and Pennsylvania.

## Student Population & District Information

- Student population:
  - New Jersey: 1,380,882
  - Comparative States Average: 1,213,881
  - National Average: 961,348
  
- Number of districts:
  - New Jersey: 593
  - Comparative States Average: 599
  - National Average: 307
  
- Average Students Per District
  - New Jersey: 2,329
  - Comparative States Average: 2,027
  - National Average: 3,131

## Education Expenditures

- Spending per students:

New Jersey:	\$11,502
Comparative States Average:	\$9,922
National Average:	\$8,554

- Percentage of Funds Coming from State Sources

New Jersey:	39.4%
Comparative States Average:	45.8%
National Average:	53.2%

## Taxation

- Property tax per capita:
  - New Jersey: \$1,872
  - Comparative States Average: \$1,191
  - National Average: \$969
  
- State & Local Taxes Per \$1,000 of income:
  - New Jersey: \$104
  - Comparative States Average: \$102
  - National Average: \$102

Note: The \$2 difference in relative tax effort equates to an additional \$670 million.

## Funding Formulas

- The funding formula currently in New Jersey statutes is a foundation or base formula.
- This is the most common method of funding schools - with 24 other states and D.C. making use of it.
- A foundation formula provides for a base-funding amount that is multiplied by a weight for each student. The weight factor varies depending on the perceived level of the student's educational needs.

## Modified Foundation/Base Formula

- Some state funding systems have a structure that is similar to a traditional foundation formula but include modifications which can cause it to function quite differently. The most common difference between a traditional and a modified foundation formula is that a modified systems do not have a common foundation/base funding amount for all schools – instead the foundation amount varies from district to district.
- 12 States: Arkansas, California, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New York, Oregon, Virginia and Wisconsin.

## Teacher Allocation System

- This formula allocates funding for education staff (teacher, administrators and support staff) as well as other costs to districts based on total student enrollment. For example, a district might receive funding for one teaching position for every 20 students enrolled and one administrator position (principal or vice principal) for every 400 students enrolled.
- 7 States: Alabama, Georgia, Idaho, North Carolina, Tennessee, Washington and West Virginia

## Dollar Funding Per Student

- This funding system provides an exact dollar amount per student. It is similar to the foundation method in that students with different education needs receive different amounts of funding. However, the states that use the dollar funding per student formula put into legislation the exact dollar level of funding that each student needs for education.
- Two states - Massachusetts and Wyoming

## Other Funding Systems

- Delaware uses a combination of a foundation formula and a teacher allocation system.
- Hawaii is a single school district and does not need to make use of a traditional formula.
- Pennsylvania and Rhode Island have funding systems in legislation but for all practical purposes these systems are not used. Instead these states allocate funds to school districts based on what was received in the previous year plus an inflation increase..

## Goals of Any Funding System

- **Adequate:** Funding (both state and local) is able to meet the states educational goals.
- **Just:** Every student receives the funding needed to achieve state standards.
- **Flexible:** One size fits all never works. Districts all have different needs and different resources.
- **Straightforward:** Districts and schools should know how much funding they will be getting in the coming year.
- **Produces Educational Results**