

Lasting Change

A Policy Playbook for Improving State K-12 Finance Systems

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Introduction

State education finance systems play a fundamental role in providing the resources that schools and districts need to ensure student success. Adequate and equitable investments provide an essential foundation for a wide range of positive outcomes, including better academic achievement and graduation rates, higher wages in adulthood, and a reduction in adult poverty.¹

Unfortunately, many states' K-12 finance systems have failed to keep up with the changing needs of schools and communities. Modernizing and improving these systems is often complicated and can take years, but the payoff is significant, especially for the most marginalized students, such as low-income students and English learner (EL) students, among others.

For years, Bellwether has been learning from and supporting policymakers and advocates in their efforts to revamp education finance systems. In our 2022 report, [Making Change: A State Advocacy Playbook for Equitable Education Finance](#), we share lessons from six of those states. We found five common conditions that paved the way to success: 1) strong, diverse coalitions, 2) willing political champions, 3) rigorous, accessible research, 4) windows of economic opportunity, and 5) valid legal challenges. Not all states had all these conditions, but each had several of them.²

This policy playbook builds from that five-condition framework and offers more concrete guidance on how advocates, policymakers, and education leaders can influence K-12 funding reform in their states. It contains guiding principles to help stakeholders identify policy priorities and opportunities. It also offers guidance on how to assess and strengthen the state's readiness for change, including a checklist of questions, potential pitfalls to avoid, and examples from other states.

If any of the scenarios below sounds familiar, this policy playbook is for you: ***"I am an advocate, policymaker, or education leader interested in ..."***

- Identifying opportunities for state leaders to improve K-12 finance equity, adequacy, transparency, or responsibility.
- Finding allies interested in pursuing changes to school funding systems.
- Assessing the state conditions that can either enable or hinder reform efforts.
- Learning more about promising strategies from other states.

Bellwether's State Education Finance Initiatives

Bellwether aims to equip state leaders and advocates with a deep understanding of K-12 education finance systems and the skills needed to enact policies that expand equity and student success. Initiatives include:

- Annual training for state advocates on education finance policy analysis and development as well as data analysis and modeling.
- Technical assistance, advisory support, and capacity building for state leaders and advocacy coalitions.
- Research intended to deepen the public conversation on education finance.

Identify Policy Priorities and Opportunities

What change are you trying to achieve? While there is no perfect school finance system — and indeed, systems vary considerably from state to state — there are several principles to consider when assessing gaps and opportunities in state funding formulas:

ADEQUACY

Enough funding in the system.

EQUITY

Funding distributed based on student and community need.

TRANSPARENCY

Public engagement on how money is spent.

RESPONSIBILITY

Accountability for appropriate spending.

For each of these four principles, consider the following questions and successful policy strategies.

Adequacy

Questions to Consider

- Does the system provide enough funding to enable schools to meet the state's educational goals and mandates, both overall and for student groups that are systemically underserved or marginalized?
- Does the system provide sustainable and predictable funding over time?

Successful Policy Strategies

- Ensure that the base funding amount is high enough to deliver a consistent, transparent, and evidence-based level of funding. The base is the minimum per-student funding amount allocated to districts for each student they serve, and it is the cornerstone of most student-based funding formulas.
- Provide additional funding to students with greater needs to ensure they have sufficient resources to succeed. The optimal way to do this is to establish weights that are anchored to an adequate base funding amount.
- Safeguard sustainable, predictable funding streams for education.
- Build up rainy day funds and other reserves to protect education funding from economic shocks.

Equity

Questions to Consider

- Does the state allocate more resources to groups of students with greater educational needs, including but not limited to students with disabilities, low-income students, and EL students?
- When distributing state education dollars, does the state consider and adjust for differences in the ability of local communities to generate local tax revenue, particularly property taxes, to support their schools?

Successful Policy Strategies

- Recognize that student-based funding formulas are typically the strongest starting point for an equitable formula. These formulas should include weights that allocate additional funding for student groups that have greater learning challenges and therefore require more resources to educate, such as students with disabilities, low-income students, and ELs. It may also include weights for higher-need schools, including those in rural areas and schools serving high concentrations of students in poverty.
- Preference weights over flat per-pupil dollar amounts, which allow supplemental grants to grow as the base increases over time. Tiered funding systems that allow for differentiation among students based on needs are especially promising. For example, states can allocate more funding to ELs who have been in the country for less time or who are further from language proficiency, and they can allocate more to students with resource-intensive disabilities.³
- Break the link between local property wealth and school funding. States have several options to achieve this. They can allocate funds based on each district's ability to generate revenue. To level the playing field regarding how much funding local communities can generate through property taxes, they can cap local property tax rates or revenue amounts, recapture or redistribute local tax dollars, or otherwise equalize revenues between high- and low-wealth communities. Or, they can enact a uniform statewide property tax and allocate those revenues to school districts through an equitable state funding formula.

MORE FROM BELLWETHER

- [*Splitting the Bill: A Bellwether Series on Education Finance Equity*](#) is a crash course in the fundamentals of education finance. Topics cover how finance systems can support students with additional needs, how local taxes affect school finance equity, how the base amount works, and more.
- [*Fortifying Funding: How States Can Strengthen Education Finance Systems for the Future*](#) identifies four insights from the Great Recession and the COVID-19 pandemic and actions that policymakers can take to ensure their school finance systems are protected during future economic shocks.
- [*Balancing Act: How States Can Address Local Wealth Inequity in Education Finance*](#) outlines approaches that states can use to allocate state and local revenue equitably.

Transparency

Questions to Consider

- Does the state enable families and other stakeholders to see how funds are allocated and spent in a way that fosters trust and engagement?
- Are state policymakers able to see how local education agencies are using resources to achieve state educational goals?

Successful Policy Strategies

- Connect funding directly to enrollment and student needs in a student-based funding formula.
- Make reporting of district revenues and expenditures, as well as school-level expenditures, clear and accessible to policymakers, families, community members, and researchers.⁴
- Ensure districts have clear planning processes that connect district goals, actions, and services to their budgets, with opportunities for public input. These plans can communicate how additional funding for high-need students is being used to support access to high-quality teachers, curriculum, programs, student supports, and other services.

Responsibility

Questions to Consider

- Is it clear which agencies and entities are responsible for making decisions about budgeting, accounting, and fiscal oversight?
- Is it clear which agencies will ensure oversight and accountability for appropriate, equitable spending and how they will exercise that oversight?
- How does the state's funding system connect to its broader systems of school accountability, improvement, and support?

Successful Policy Strategies

- Enact a student-based funding formula to afford district leaders greater flexibility in determining which programs are best suited to meet the needs of their students and schools.
- Exercise ongoing oversight. Effective oversight demands that a separate agency or entity regularly monitors districts' fiscal and academic performance and provides support or intervention when necessary. The state can clearly communicate how these layers of support and oversight will work, who is responsible for making decisions, and what criteria will prompt deeper support.



Five Conditions for Change

Assess and Strengthen the State's Readiness for Reform

To pursue one or more of the policy strategies described above, advocates, policymakers, and education leaders should assess the extent to which their states have the five conditions necessary for change to happen — and consider ways to strengthen those conditions:

Condition 1

Strong, Diverse Coalitions

Condition 2

Willing Political Champions

Condition 3

Rigorous, Accessible Research

Condition 4

Windows of Economic Opportunity

Condition 5

Valid Legal Challenges

The next section includes a checklist of questions that can serve as a guide for discussion. We also include pitfalls to avoid as well as examples from other states.

Condition 1

Strong, Diverse Coalitions

In states with successful funding reform efforts, it is common for coalitions of aligned advocates — including parents, educators, community organizations, and other partners — to come together to highlight challenges in their school finance systems, propose solutions, and influence policymakers to make changes.

Questions to Consider

Have allies built consensus around shared goals, principles, and policy priorities?

Are there opportunities for organizations that don't typically collaborate, or who don't always see eye to eye, to come together around common policy priorities specific to school funding?

Have you mapped your current and potential allies and supporters? Are allies currently working together in a coalition? If not, is there an opportunity for you, your organization, or another partner to begin organizing them?

State Spotlights

Delaware

In Delaware, a public-private partnership called the Vision Coalition of Delaware is making the case for funding reform. As the backbone organization for this coalition of education, business, government, and nonprofit leaders,⁵ Rodel has, among other things, organized a series of convenings and published several blog posts about the need to reform the state's school funding formula (Disclosure).⁶

Michigan

In Michigan, a coalition of advocates called the Michigan Partnership for Equity and Opportunity helped secure equity-centered funding changes.⁷ During the 2023 legislative session, lawmakers created an Opportunity Index that allocates additional funding to districts based on the concentration of economically disadvantaged students, and they also increased tiered funding amounts for ELs.⁸

Pitfalls to Avoid

- X** Assuming that coalition members must agree on all policy solutions in order to successfully work together. Some of the strongest coalitions have organized around a singular issue, such as increased poverty weights for low-income students.
- X** Working in silos. When individual organizations advance separate and disconnected policy proposals, policymakers may be confused by seemingly competing proposals or perceive a lack of consensus and choose not to act.

Condition 2

Willing Political Champions

Coalitions of advocates need political champions who can help shepherd proposed changes through the legislature or the relevant regulatory body. A champion is usually an executive-level leader like the governor or education commissioner, or ideally, a combination of state political leaders.

Questions to Consider

Have you mapped out who has power and influence over changes to K-12 school funding policies in your state? Which of these people or groups, if any, have already emerged as a champion? Which of your allies has strong relationships with likely champions and can serve as a connector between those policymakers and advocates and field experts?

What specific school funding issues are, or could be, of particular interest to these champions? Consider what motivates or concerns them and how those interests can be matched with specific policy ideas.

If there are no current political champions in the state, are there potential policymakers you/your allies could cultivate relationships and/or work with to build knowledge and understanding of the funding challenges and support for solutions?

State Spotlights

Maryland

In Maryland, advocates worked closely with policymakers to change the state's school funding formula. In 2021, lawmakers passed the Blueprint for Maryland's Future, which directed more resources to ELs and allocated more money to schools with higher concentrations of poverty. Although the Blueprint did not have the support of then-Gov. Larry Hogan, who was concerned about the cost, the coalition behind it worked with other legislative leaders to help secure the law's passage.⁹

Colorado

In Colorado, state lawmakers made several changes to the state's school funding formula, including the adoption of a new comprehensive "at-risk" measure and the creation of a public school finance task force to oversee implementation.¹⁰ State advocates have helped educate and inform key policymakers in the state, and their cause has been supported by Gov. Jared Polis, who made education a centerpiece of his first term in office.¹¹

Pitfalls to Avoid

- X** Assuming that funding reform is impossible without the governor's support. Some states have secured reform by generating support among key legislative leaders, even when the governor was not engaged or on board.
- X** Limiting your political champions to elected officials. Appointed leaders, such as education commissioners in many states or state board leaders, can also play this role effectively — or they can provide heavy-hitting subject matter support to a gubernatorial or legislative leader.

Condition 3

Rigorous, Accessible Research

Advocates and policymakers need rigorous evidence to inform their advocacy and policy deliberations. This includes a strong body of research documenting challenges in the current system and data models that enable stakeholders to develop and test policy solutions before making decisions.

Questions to Consider

What existing research on the state's funding formula can be synthesized and shared with policymakers and the public?
What additional evidence or technical knowledge is needed to help make the case for funding reform?

Are there organizations in the state that have the capacity and/or technical knowledge to produce and share research on school funding reform? Can advocates and policymakers partner with these experts to craft research agendas that generate evidence and policy options that align with the state's most pressing needs?

Do state leaders and stakeholders have the capacity to develop and model the impact of policy ideas and test solutions?
If not, who is best positioned to build that capacity?

State Spotlights

New York

In New York, advocates have been sharing research about challenges with the state's school funding formula. The Alliance for Quality Education, a statewide coalition created in 2000 to build public support for equitable school funding in New York, has released research and policy recommendations that call for changes to the state's Foundation Aid formula.¹²

California

In California, a research initiative called Getting Down to Facts helped document flaws in the state's old finance system and proposed alternative policy options. That research base provided a roadmap for the 2013 passage of the state's Local Control Funding Formula.¹³ A wide variety of other research and advocacy organizations also disseminated research about the need for a formula that was more closely tied to student needs.

Pitfalls to Avoid

- X** Underleveraging existing research; sometimes, that fact base just needs a skilled communicator to make it accessible to policymakers.
- X** Proposing a new funding model without costing it out and evaluating how it would shift funding for each district.

Condition 4

Windows of Economic Opportunity

K-12 education is often the biggest line item in a state's budget, which lawmakers must balance. For that reason, economic conditions factor significantly into policymakers' deliberations around school finance reforms. A budget surplus can create a window of opportunity to direct additional funding to schools. Conversely, budgetary shortfalls can force political leaders to allocate funding more fairly and efficiently.

Questions to Consider

What is the overall financial outlook for the state? How are multiyear budget projections shaping the way advocates and policymakers design affordable and sustainable policy proposals?

If funding reform will require additional resources, what are the options for generating more state revenue or reallocating revenue responsibilities among state and local governments to cover new costs? How politically viable and sustainable are those revenue-generating strategies?

In states facing budget shortfalls, how can policymakers reshape funding formulas so that current and future reductions hit districts *equitably*, not equally, so that high-poverty schools and students are protected from steep, across-the-board cuts?

State Spotlights

Connecticut

In 2017, Connecticut's severe budget deficit created pressure for lawmakers to make changes to the state's Education Cost Sharing school funding formula.¹⁴ It also provided political cover to lawmakers to make equity-oriented changes.¹⁵

Tennessee

Favorable economic conditions in Tennessee helped make the case for overhauling the state's school funding formula. In fiscal year 2022, Tennessee had a budget surplus and a healthy rainy day fund (Disclosure).¹⁶ These favorable economic conditions, coupled with Gov. Bill Lee's promise to invest an additional \$1 billion in schools, paved the way for passage of the state's new school funding formula in 2022.¹⁷

Pitfalls to Avoid

- X** Assuming that school finance reform can only happen when state economic conditions are favorable. States have enacted major reforms during budget downturns because economic conditions created policy urgency and provided political cover.

Condition 5

Valid Legal Challenges

In some states, funding reform has happened through the judicial system. Advocates sometimes pursued court action because they perceived that state policymakers lacked political will, critical leadership, or the consensus needed to secure change. Other times, advocates have leveraged a prior ruling, or the threat of lawsuits, to insist upon solutions.

Questions to Consider

Is there any recent or pending school finance litigation that could either help or hinder coalition efforts? How can advocates leverage these legal cases to help bring visibility or urgency to their demands?

If your state has recently gone through funding litigation, what were the remedies? Are there any mechanisms to enforce these remedies, and if not, how can advocates propose solutions that will help satisfy legal obligations?

State Spotlight

Pennsylvania

In Pennsylvania, a court decision over existing school funding inequities could help create a path forward for changes to the system. In February 2023, a Commonwealth Court judge ruled that the state's current funding system was unconstitutional because it did not provide adequate resources to economically disadvantaged students.¹⁸ The decision did not include any specific remedies but did put pressure on lawmakers to enact reforms. The Basic Education Funding Commission, which convenes annually, will discuss potential state actions.¹⁹

Pitfalls to Avoid

- X** Paying less attention to implementation. Although courts often require policymakers to make policy changes that improve funding for schools, they usually do not offer specific remedies, timelines, or policy proposals. Advocates must stay vigilant and hold policymakers accountable for implementing student-centered policies.
- X** Relying too much on the courts. While lawsuits can help pressure lawmakers to act, they can also have the opposite effect. For example, in 1997, the Supreme Court of North Carolina ruled that the state has a constitutional obligation to ensure all students have equitable access to resources.²⁰ Now, more than 25 years later, state policymakers have still not taken sufficient action to meet the remedies required by the state Supreme Court.²¹

Conclusion

The work of improving school finance systems is often complex, but advocates are not starting from scratch. This policy playbook shares guiding questions, concrete policy strategies, resources, and examples from states that have enacted equity-centered funding reforms. We encourage state policymakers and advocates to pick and choose the pieces that are useful in their context, taking care to avoid common pitfalls that can lead to inaction.

By building strong, diverse coalitions, identifying willing political champions, leveraging rigorous and accessible research, recognizing windows of economic opportunity, and taking advantage of legal challenges, advocates will be well-positioned to achieve lasting state K-12 funding changes that benefit all students today and into the future.

Resources

Bellwether School Finance Equity Training

Bellwether's School Finance Equity Training is an intensive course that helps participants build data analysis and modeling skills, demystify education funding policy, and accelerate advocacy on behalf of historically underserved students. [Reach out](#) to be notified when our next free, virtual training cohort opens.

Certificate in Education Finance from Edunomics Lab

This training from the Edunomics Lab at Georgetown University provides participants with practical knowledge and skills in strategic fiscal management, fiscal policy analysis, and financial leadership.

FundEd Resource Library

This resource from EdBuild provides detailed information about every state's school finance system, including how state and local revenue is generated and the extent to which additional funding is allocated to student groups.

Education Law Center Making the Grade

This resource from the Education Law Center ranks and grades all states on three measures of funding fairness: funding levels, funding distribution, and funding effort.

The State of Funding Equity Data Tool

This interactive data tool from The Education Trust offers users data on district funding based on percentages of students from low-income backgrounds, students of color, and ELs.

Advocacy Hub Resource: Power Mapping

This resource from The Education Trust in Tennessee helps advocates identify potential champions for a campaign and determine strategy overall.

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About Bellwether

Bellwether is a national nonprofit that exists to transform education to ensure systemically marginalized young people achieve outcomes that lead to fulfilling lives and flourishing communities. Founded in 2010, we work hand in hand with education leaders and organizations to accelerate their impact, inform and influence policy and program design, and share what we learn along the way. For more, visit bellwether.org.

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DISCLOSURE

Bellwether works with organizations and leaders who share our viewpoint-diverse commitment to improving education and advancing equity for all young people — regardless of identity, circumstance, or background. As part of our commitment to transparency, a list of Bellwether clients and funders since our founding in 2010 is publicly available on our website. An organization's name appearing on our list of clients and funders does not imply any endorsement of or by Bellwether.

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