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# **Key Decisions in Restructuring the K-12 Finance System**

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L E G I S L A T I V E   A N A L Y S T ' S   O F F I C E

Presented to:  
Senate Budget and Fiscal Review Subcommittee No. 1  
On Education  
Hon. Marty Block, Chair





## Basic Design Decisions

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### **Decide Basic Finance Structure**

- Weighted student formula.
- Block grants.



### **Establish Base Rates**

- Target base rate.
- Grade-span adjustments.



### **Set Supplemental Rates for Certain Student Groups**

- Targeted student groups.
- Identification measures.
- Time limits.
- Rates.



### **Determine Concentration Funding**

- District or school-based funding.
- Concentration thresholds.
- Charter school issues.



## Other Funding Decisions

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### **Decide How to Fund Special Activities**

- Class size reduction.
- Career technical education.
- Transportation.
- Facility maintenance.



### **Decide How to Address Special Characteristics**

- Necessary small schools.
- Basic aid districts.
- Regional differences.



## **Additional Considerations**

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### **Establish Spending Requirements**

- District spending plans.
- Supplemental funds for supplemental services.
- List of allowable activities.
- Link to performance.



### **Devise Way to Monitor Whether Requirements Are Being Met**

- Plans, expenditures, and/or outcomes.
- District or school-based.
- Oversight entity.
- Consequences.



### **Build Transition Plan**

- Trade-offs with other K-12 funding priorities.
- Hold harmless provisions.
- Allocation priorities.
- Implementation timeline.



## Design Decisions Affect Overall Funding Levels for Individual Districts

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### **Governor's Proposal Would Change Overall Funding Levels**

- Current system benefits certain districts based on historical factors.
- Governor's proposal would benefit districts with high proportions of English learner and low-income students.



### **Changing Design Components Would Change Overall Funding Levels**

- Increasing the base rates.
- Decreasing supplemental rates.
- Raising concentration thresholds.
- Including more special activities.
- Adjusting phase-in period.