EPRC Education Policy Research Consortium

Impacts of Student-Weighted Funding

Executive Summary

Student weighted funding is the most widely used means to ensure schools have enough money to provide for the differing needs of students. However, research suggests the benefits of student weighted funding go well beyond adequate resources for specific-needs students, offering significant improvements in (1) general education programming; (2) more targeted and efficient usage of tax dollars, and (3) long-term benefits including higher property values, improved business investments, and lower social costs. While there are considerable differences in how effective student weighted formulae are, they provide the capacity for a more efficient and calibrated use of tax dollars with community-wide benefits.

Main Takeaways: Student Weighted Funding	*Policy Considerations*
- *Can improve general education performance*	- *Improves efficiency of tax dollar application*
- *Can lead to higher property values*	- *Can reduce administrative overhead for schools*
- *Can improve workforce and economy*	- *No tax increase necessary*
- *Can reduce social costs associated with poverty*	- *No schools receive less funding*

Introduction

This brief summarizes research on the benefits and concerns of student weighted funding for a wider audience, including parents, schools, and the broader community of taxpayers. The way schools are funded varies widely from state to state, but one commonality is that the vast majority of states utilize student-weighted funding (SWF).[1] SWF means that in addition to a 'baseline' amount of money allocated per-student, additional 'weights' are provided for students that require additional funding, such as those with special education needs or English language learners. This is opposed to older funding models—such as 'foundation programs'—that allocate a standard amount to the school based on the number of faculty and staff. Given that student information can now be shared rapidly with state departments of education, efforts to modernize school funding to be more calibrated and responsive are underway. However, for the wider public, there may be many questions regarding the broader benefits of SWF, outlined below.

SWF Impacts on Students

While it is difficult to make broad statements about SWF on student outcomes given the major differences between state funding models,[2] research is clear on how targeted funding can impact students. Expenditures on specific needs-based resources—such as instructional aides for special education, curricular and nutritional resources for at-risk students, or specialized instruction for English language learners—have repeatedly shown to have a large impact on those students' outcomes.[3] However, research also suggests that, when coupled with an adequate base amount of student expenditures, **weighted funds improve the educational outcomes of general education students as well**.[4] With adequate support in the classroom, research suggests that teachers are better able to focus on the core aspects of teaching, provide more individualized instruction, and better manage classroom discipline.[5] Indeed, **the type of school expenditures supported by SWF tend to be those most associated with improvements in student learning, positive school climate, and long term outcomes for both general students and those with additional needs**.[6]

SWF Impacts on Schools

While the link between SWF and school success may be clear and obvious, there are also secondary benefits. First, SFW proposals often implement a 'hold harmless clause' whereby **no schools will receive less money than they did under a prior formula.**[7] Second, states often try to compensate for gaps in funding with a patchwork of grant programs for schools with higher numbers of high-needs students. With SWF additional programs are built into the formula, reducing the paperwork and administrative overhead of applying for needs-based grants.[8] Third, depending on state-determined accountability requirements, SWF can place expectations and boundaries on expenditures. While districts and schools tend to have considerable discretion over how they spend, **having clearly marked funds may help inform leaders on the application of funds to ensure tax dollars are spent on their targets so all student needs are resourced properly**.[9]

SWF Impacts on Communities and Taxpayers

SFW can support long-term economic improvement in the form of higher property values, increased employment, higher wages, more business investment, and reductions in social costs associated with poverty. **There is a clear link between robust education funding and growing property values**. Prior studies have found that for every additional dollar in educational spending, real estate valuations rise by $20; another found that for every additional $500 in per-pupil expenditures there is a 2.2% increase in home values. **Better funded schools retain more capital locally, supporting additional businesses in the service, finance, real estate, and construction industries.**[10] Moreover, the targeted funds of SWF can specifically address several of the contributors to local poverty, which inflicts heavy social costs on communities and taxpayers, through the funding of nutrition, afterschool, parental involvement, and other specific support programs.[11] Finally, foundation-based states often compensate for gaps in funding with a significant amount of add-on grants and programs. SWF incorporates these automatically, meaning that, under properly managed state education accounts, **adopting SWF does not require tax increases**, but serves as a more efficient funding mechanism.

Takeaways

There is, to date, no relevant evidence that older foundation funding models outperform SWF models.[12] While the implementation and usage of a funding program is the most important aspect of successful student, school, and community outcomes, the calibrated efficiencies of SWF often mean that **no additional taxes are needed**, **no schools receive less money**, and **students in general do better**. Evidence generally concedes that SWF, as opposed to foundation funding, provides the conditions for long term economic benefits for the state and its citizens.[13]

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