



# STATE FUNDING STRATEGIES

TO SUPPORT EDUCATION INNOVATION

**T**his issue brief offers state policy strategies and five action steps for funding innovation in K-12 education. iNACOL is frequently asked how states are funding innovation in K-12 education and what the most common funding needs are. In general, innovation funding is important for capacity-building activities such as:

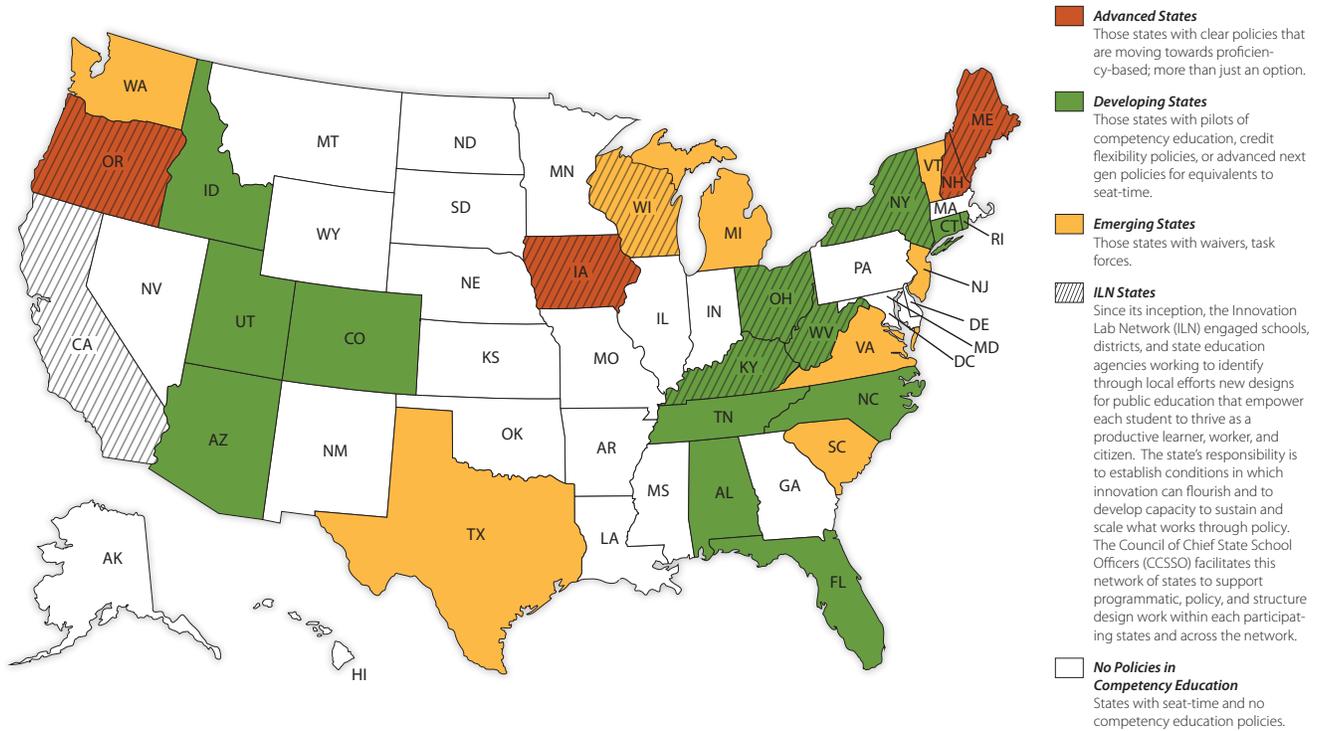
- ▶ Professional development,
- ▶ Technical assistance,
- ▶ Professional learning communities, and
- ▶ Statewide information dissemination.

Even without a formal funding strategy, states can begin planning and working to transform K-12 education with personalized, competency-based education. An important first step is to create space in state policy for practitioners and educators to redesign learning. Such policy could, for example, provide seat-time flexibility or establish innovation zones. Effectively planning, launching and scaling high-quality, personalized, competency-based learning often requires a focused approach to fund statewide initiatives to build educator capacity for student-centered learning.



2012

## A Snapshot of Competency Education State Policy Across the United States



## Defining Competency-Based Education

In 2011, one hundred innovators in the field came together where they developed a working definition of high-quality, competency-based education with the following five elements:

- 1 Students advance upon demonstrated mastery.**  
By advancing upon demonstrated mastery rather than on seat time, students are more engaged and motivated, and educators can direct their efforts to where students need the most help.
- 2 Competencies include explicit, measurable, transferable learning objectives that empower students.**  
With clear, transparent learning objectives, students have greater ownership over their education.
- 3 Students receive timely, differentiated support based on their individual learning needs.**  
Students receive the supports and flexibility they need, when they need them, to learn, thrive and master the competencies they will need to succeed.
- 4 Assessment is meaningful and a positive learning experience for students.**  
Assessments for learning give students and educators real-time information on their progress. They provide opportunities for students to show evidence of knowledge and higher order skills, whenever they are ready, rather than at set points in time during the school year.
- 5 Learning outcomes emphasize competencies that include application and creation of knowledge, along with the development of important skills and dispositions.**  
Personalized, competency-based learning models meet each student where they are to build the knowledge, skills and abilities they will need to succeed in postsecondary education, in an ever-changing workplace and in civic life.<sup>2</sup>

# Other Essential Definitions

## Student-Centered Learning

The four key principles of Student-Centered Learning:

- ▶ Learning is personalized.
- ▶ Learning is competency-based.
- ▶ Learning takes place anytime, anywhere.
- ▶ Students have agency and ownership over their learning.<sup>3</sup>

## Personalized Learning

Tailoring learning for each student's strengths, needs and interests — including enabling student voice and choice in what, how, when and where they learn — to provide flexibility and supports to ensure mastery of the highest standards possible.<sup>4</sup>

## Federal Funding Opportunities for States to Build Capacity for Innovation

The Every Student Succeeds Act (ESSA), passed in 2015, provides states with the opportunity to leverage federal funds to build capacity for personalized, competency-based learning. The March 2018 Congressional spending bill appropriated funding for Fiscal Year (FY) 2018 and will allow states and districts to access significantly more funds for innovation than the FY 2017 appropriation. These ESSA funding opportunities include:

### Title I: Direct Student Services

- ▶ States may reserve up to three percent of their Title I, Part A grant under the new Direct Student Services provision in ESSA. States must distribute these funds to districts, prioritizing those with the highest percentage of schools identified for comprehensive and targeted support and improvement, for activities including:

- Enrollment in courses not available at a student's school,
- Credit recovery and acceleration courses,
- Activities that assist students in completing postsecondary credit,
- Components of a personalized learning approach, and
- Transportation for students attending comprehensive support and improvement schools who wish to switch schools.

- ▶ Congress has appropriated \$15.8 billion to Title I, Part A for FY 2018.

### Title II: State Reservation for Building Capacity to Lead the Transition to Personalized Learning

- ▶ States may reserve up to three percent of their Title II, Part A funds to build a workforce of leaders with the skills to help schools transition to personalized learning environments.
- ▶ ESSA requires that states taking advantage of this reservation prioritize leaders in schools identified for comprehensive support and improvement.
- ▶ Congress has appropriated \$2.1 billion to Title II, Part A for FY 2018.

### Title IV: Student Support and Academic Enrichment Grants (SSAEG)

- ▶ The purpose of the SSAEG program is to improve students' "academic achievement by increasing the capacity of States,

local educational agencies, schools and local communities to: (1) provide all students with access to a well-rounded education; (2) improve school conditions for student learning; and (3) improve the use of technology in order to improve the academic achievement and digital literacy for all students."<sup>5</sup>

- ▶ The U.S. Department of Education will distribute the funds to states by formula.
- ▶ A state may set aside up to five percent of its state grant for statewide activities and support; and distribute the remaining 95 percent to districts, by formula.
- ▶ District applications to states for funding under SSAEG must be based on an assessment of local needs and capacity, including indicators regarding equitable access to a well-rounded education, school health and safety measures, and student access to — and teacher capacity to implement — personalized learning environments.
- ▶ District funds may be used for the following purposes:
  - School health and safety (at least 20 percent of funds statewide),
  - School counseling,
  - Expanding access to a well-rounded education (at least 20 percent of funds statewide), and
  - Educational technology, which may include professional development for personalized learning, as well as for Open Educational Resources and data privacy professional development.
- ▶ Congress has appropriated \$1.1 billion for SSAEG in FY 2018.

These are some of the funding sources from the federal government that state policymakers can consider as they develop a funding strategy to support innovation for personalized, competency-based learning.

# STATE EXAMPLES OF FUNDING STRATEGIES TO SUPPORT CAPACITY-BUILDING ACTIVITIES FOR PERSONALIZED, COMPETENCY-BASED LEARNING

## Vermont



Since 2013, Vermont has pursued a comprehensive policy approach to support transformation at scale to prepare every student for success. These policies include proficiency-based graduation requirements, personalized learning plans, local systems of assessments, accountability for continuous improvement and flexible pathways. All of these components work together to improve educational options and results for students.

Without a dedicated new appropriation, the Vermont Agency of Education (AOE) has aligned its existing budget and funding sources to support this work.

To support transformation, the state has pursued educator and school leader development initiatives to build educator capacity to effectively implement student-centered learning. In 2014, the AOE used one-time, repurposed state funds to enable Vermont school districts to participate in a series of professional development seminars on a systemic approach to proficiency-based learning. [Great Schools Partnership](#) ran the seminars and approximately half of Vermont's school districts participated in the series.<sup>6</sup>

The AOE also reorganized its work and processes to create four teams to provide school districts with support in four key areas:

- ▶ Proficiency-based learning,
- ▶ Personalization and flexible pathways,
- ▶ Multi-tiered system of supports, and
- ▶ Education quality assurance.<sup>7</sup>

These AOE teams meet regularly to share learning and expertise to improve the work of the other teams. Additionally, the AOE created the [Vermont Professional Learning Network \(VT-PLN\)](#), "a statewide system to address the need for a coordinated, cohesive and consistent approach to professional learning across the state..."<sup>8</sup>

All of this work has occurred without a dedicated, state-level appropriation to support personalization or proficiency-based learning. Local school districts, whose budgets are voted upon and approved by local communities, are responsible for funding transformation efforts in Vermont.<sup>9</sup> One caution here is that relying solely on local funding has the potential to create inequities between school districts, because priorities differ between communities. Some school systems in Vermont have dedicated more resources to personalized learning or flexible pathways and less to proficiency-based learning. Other school districts have focused on other priorities and requirements. This recognizes local priorities, yet may lead to uneven implementation of the policies across the state.<sup>10</sup>

Nevertheless, the Vermont AOE has found ways to support the work by aligning its state budgeted resources, as well as federal funding sources, including federal state assessment grant and Title II dollars, to support personalization and proficiency-based learning efforts statewide.<sup>11</sup> According to Vermont AOE staff, it would be more difficult to justify allocating many of the federal funding sources, if the funding were to go to activities that would benefit only a subset of Vermont districts or students. However, since Vermont's comprehensive, statewide policies impact all of Vermont's students, justifications to the U.S. Department of Education for dedicating federal funding sources to support capacity-building for personalized, proficiency-based learning is fairly simple and straightforward.<sup>12</sup>

Finally, the AOE has effectively leveraged partnerships with education groups, such as the state's principals and curriculum directors, to support large-scale transformation of education with limited funds.

# New Hampshire



New Hampshire is a leading state for competency-based education and innovative systems of assessments to support competency-based learning. Among the state's many initiatives to support student-centered learning, its [Performance Assessment for Competency Education \(NH PACE\) Pilot](#) is an example of the important, catalytic role of the state, combined with third-party and philanthropic funding, leveraged with state funding sources, to advance personalized, competency-based learning models.

NH PACE began in the 2015-16 school year with four originating school districts. In 2016-2017, the NH PACE Pilot included seven school districts and one charter school. In 2018, there are 23 school districts involved at varying levels in NH PACE. In April 2018, the [New Hampshire Department of Education](#) submitted a [Section 1204 Innovative Assessment and Accountability](#) Demonstration Authority application to the [U.S. Department of Education](#) containing a plan to scale the NH PACE statewide within five years.<sup>13</sup>

NH PACE provides a comprehensive state system of locally developed, locally administered performance assessments tied to grade and course competencies determined by local school districts.<sup>14</sup> In addition, for grades 3, 6 and 11/12, students take the Smarter Balanced Assessments in English Language Arts. For grades 4, 7 and 11/12, students take the Smarter Balanced Assessments in Mathematics. For the other grades and subjects, participating school districts administer common and local performance-based assessments.<sup>15</sup>

Teachers from the NH PACE pilot districts collaborate to develop performance tasks. Teacher teams score student work

on performance tasks, participating in statewide comparability workshops to moderate teacher judgments and ensure that scores of student work are consistent across reviewers from different school districts.

During the first three years of the NH PACE pilot, costs have hovered around \$300,000 per year. Approximately half of the funding for the NH PACE work has come from grants from the [Nellie Mae Education Foundation](#) and the [William and Flora Hewlett Foundation](#).<sup>16</sup> The other half has come from state and federal sources, primarily state and federal assessment dollars and federal longitudinal data grants.<sup>17</sup>

The funds have supported a variety of activities required to create effective, next-generation systems of assessments and accountability, including:

- ▶ Training for assessment literacy,
- ▶ Data analysis,
- ▶ Task and technical quality reviews,
- ▶ Technical advisory committee meetings, and
- ▶ Assessment calibration activities.<sup>18</sup>

NH PACE seeks to develop teacher capacity to consistently determine student mastery of competencies, in a way that is valid and reliable. New Hampshire, to date, is the only state which has invested in performance-based assessments calibrated for consistency statewide, allowing for embedding accountability within the education system itself.<sup>19</sup>

Along with the New Hampshire Department of Education, the [New Hampshire Learning Initiative](#) (NHLI) plays a key role in supporting the work of NH PACE. NHLI has worked closely with New Hampshire educators and [2Revolutions](#) to design, implement and integrate [deeper learning competencies](#) — aligned to the state's "[Work-Study Practices](#)" — into all of the practices related to curriculum, instruction and assessment within the NH PACE school districts. Among its many funding sources, NHLI received a foundational operational grant from the [Barr Foundation](#) in 2016 and is an [Assessment for Learning Grantee](#), based on a partnership with the [Bill & Melinda Gates Foundation](#) and the [William and Flora Hewlett Foundation](#). The [Nellie Mae Education Foundation](#) and the Hewlett Foundation provided support for the design of NHLI, along with the [New Hampshire Charitable Foundation](#).<sup>20</sup>

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***New Hampshire is a leading state for competency-based education and innovative systems of assessments to support competency-based learning.”***

# Rhode Island



Local, grassroots efforts — and many of the funding strategies to support them — have led the evolution of student-centered learning in Rhode Island. The state's framework for innovation is based on collaborative partnerships that marshal third-party and local school district funding sources to support the scaling of personalized, competency-based learning. State agencies partner with local nonprofit organizations and school districts leading this work. These agencies

offer high-level framing and work to remove policy barriers to support the implementation of new learning models.<sup>21</sup>

Rhode Island also has supported innovation with critical state-level efforts for over 15 years. Two recent examples:

- ▶ In 2015, the [Rhode Island Council on Elementary and Secondary Education](#) approved the [state's five-year strategic plan](#), which listed “personalized learning statewide” and “student-centered resource investment” among its six core priorities;<sup>22</sup> and
- ▶ In 2016, the [Rhode Island Office of Innovation](#), an initiative of the Governor's Office, categorized and catalogued the state's work for student-centered learning through the branding of a [Statewide Personalized Learning Initiative](#).<sup>23</sup> In partnership with the [Rhode Island Department of Education](#) (RIDE), the [Highlander Institute](#) and other organizations, the office launched the initiative with a [white paper](#), creating shared definitions and an understanding of what personalized learning means (and does not mean) in Rhode Island. This white paper served as a tool for organizations to raise funds for creating a community of practice for personalized learning.<sup>24</sup>

Additionally, the state created the [Rhode Island Diploma System](#) in which students earn a high school diploma based on demonstrating proficiency in the standards of each course, with individual districts determining the level of proficiency required for graduation. Beginning with the graduating class of 2021, high schools must issue diplomas based on a student's successful completion of both state and local course requirements and a performance-based diploma assessment.

To support high school students in meeting these requirements, in 2016, the state issued [regulations for high schools and middle schools](#) to provide meaningful personalized learning experiences to all students.<sup>25</sup>

Even with robust state policies to support student-centered learning, Rhode Island has not pursued a top-down approach for building capacity to scale personalized, competency-based learning. Instead, state leaders have deferred to local nonprofits, school districts and collaborative efforts to do this work. The following highlights some of the organizations, programs and initiatives to build local capacity for personalized learning.

The [Highlander Institute](#) has played a catalytic role in the state to advance personalized learning. The Institute “cultivates and disseminates innovative education solutions that improve educator and system capacity to provide personalized experiences for every learner”<sup>26</sup> and specializes in “personalized learning models that are focused on creating equity through education.”<sup>27</sup>

The Institute is one of the nonprofits in Rhode Island that has successfully brought in significant third-party funding to support capacity-building for student-centered learning. The organization's funding partners include the [Bill & Melinda Gates Foundation](#), the [Nellie Mae Education Foundation](#), [New Profit](#), the [Learning Accelerator](#), [AmeriCorps](#) and the [Overdeck Family Foundation](#).<sup>28</sup>

[Fuse RI](#), one of the Institute's principal initiatives, funded by the Bill & Melinda Gates Foundation, is a program that engages candidates in a two-year statewide educator fellowship. According to the Institute, “We identify and train Rhode Island educators who understand the power of personalized education and support them as they provide individualized support to districts and connect them with resources and thought partners.”<sup>29</sup>

Since its launch in 2014, Fuse RI has trained 82 Fuse RI Fellows and partnered with 33 school districts.<sup>30</sup> According to the Institute, Fuse RI Fellows are becoming leaders to advance education transformation both within and outside of their classrooms.<sup>31</sup> As an example, with regards to transforming educator preparation in the state, almost 40 percent of the fellows for the new [Educator Preparation Fellowship and Design Challenge](#) — which is being rolled out by RIDE and the RI Office of Innovation — are Fuse RI Fellows.<sup>32</sup>

[New England Basecamp](#) (NE Basecamp) is an organization dedicated to helping schools successfully implement personalized, competency-based learning using the [Summit](#)

[Learning](#) program. NE Basecamp “helps educators transform and reimagine instruction for their students. In turn, students are empowered to take an active role in their learning and to advocate for themselves in the classroom and in other aspects of their lives.”<sup>33</sup> It does this by providing capacity-building professional development to teachers, educator teams and school leaders.

Since 2015, the organization has partnered with 32 schools in Massachusetts and 22 in Rhode Island to transform learning to personalized, competency-based education.<sup>34</sup> NE Basecamp receives funding supports from various local foundations within the state, the [Rhode Island Foundation](#), the [Chan Zuckerberg Initiative](#) and the [Overdeck Family Foundation](#). NE Basecamp also receives fees from the schools for the services it provides.<sup>35</sup>

Rhode Island’s education innovation cluster, [EduvateRI](#), is a collaborative effort of many organizations that brings together education, research, philanthropic, government and business partners to share knowledge and foster informal connections. Through monthly partnership meetings, EduvateRI exists to promote innovation in education, as well as economic development. The Highlander Institute acts as executive agent for EduvateRI, handling the financial needs of the program, and the RI Office of Innovation manages the program’s day-to-day operations.

To bridge state supports and local efforts, Rhode Island’s governor created the RI Office of Innovation, which has authority and influence as an office of state government but — because it does not function as a regulatory body — can act as a neutral convener, storyteller and connector.<sup>36</sup> The office “functions as the catalyst for accelerating innovations” and is “redesigning government to be more efficient and responsive to citizen needs.”<sup>37</sup>

The RI Office of Innovation administers the [Lighthouse Schools Challenge Grant](#). This program created in partnership with the [Rhode Island Association of School Principals](#), awarded \$200,000, raised primarily through donations, to three schools pioneering student-centered learning. In addition to the grants, 12 finalist schools were selected to participate in a series of workshops to support their planning and school-level work.<sup>38</sup>

Two of RIDE’s initiatives to build educator capacity for student-centered learning include:

- ▶ First, RIDE runs the [Rhode Island Learning Champions project](#), a collaborative effort, funded by the [Nellie Mae Education Foundation](#), to bring “together outstanding

Rhode Island educators and administrators to build the components of a proficiency-based learning system.”<sup>39</sup> Educators participating in the Rhode Island Learning Champions program developed [cross-curricular and content area proficiency frameworks](#) to help Rhode Island schools implement competency-based learning environments.

- ▶ Second, funded through an [Assessment for Learning Grant](#), RIDE, the [Center for Collaborative Education](#) (CCE) and the [Center for Teaching Quality](#) have developed micro-credentials to build educator capacity for performance assessments to support competency-based education.<sup>40</sup>

Rhode Island is quickly scaling personalized, competency-based learning in its K-12 schools. This progress is primarily due to deep partnerships between local school districts, nonprofits and communities with state supports, grassroots efforts successfully securing third-party funding, and local school districts investing their own funding to support the work. Organizations across many sectors are effectively collaborating to support and scale innovative, student-centered learning models to strive to meet the needs of every student.

**“Local, grassroots efforts — and many of the funding strategies to support them — have led the evolution of student-centered learning in Rhode Island. The state’s framework for innovation is based on collaborative partnerships that marshal third-party and local school district funding sources to support the scaling of personalized, competency-based learning.”**

# Arkansas

Arkansas' innovation strategy, pursued by the Arkansas Department of Education (ADE), was to create a third-party support agency for innovation in schools that works in partnership with statewide efforts, yet is housed separately and distinctly from ADE.

In 2013, the [Arkansas Office of Innovation for Education](#) was established as a partnership between the Arkansas Department of Education and the University of Arkansas. The office provides research and technical assistance for schools to create transformational, student-centered learning environments. Among its goals are to “promote innovation in education to cultivate and support a teaching and learning culture that will increase students' readiness for success in a continually changing college and career landscape.”<sup>41</sup>

The office helps schools participate in Arkansas' [Districts and Schools of Innovation Program](#). Its specialists work with schools to match personalized learning approaches with each school's specific needs and contexts. No state incentive money is available for participants of the Schools of Innovation Program, but schools and districts can receive increased flexibility through waivers from regulations and statutory requirements, if waivers are approved. The office helps them to identify existing funding sources to support transformation.

The office started with three positions paid for with ADE research and development funds. Since 2013, the office has grown to 10 positions. More than half of the positions are school innovation liaisons, providing coaching, development and innovation planning. The remaining positions are dedicated to research and analytics tasks, serving the needs of ADE.

In 2018, most of the funding for the office comes from an annual grant from ADE, enabling increased flexibility while



ensuring the office provides the supports and functions ADE needs. Grant monies to the office come from different ADE budgets and various state and federal sources, based on the work ADE requests.

**“The separate but supportive third-party structure for the Office of Innovation for Education enables it to have a special relationship with schools and districts — distinctly different from what it would have been if the office were positioned within the ADE.”**

For the past year and the upcoming year, approximately 10 percent of the office's total funding comes from grants from the [Walton Family Foundation](#), though like most grant funding, these funds are dedicated to specific projects and are not used to pay for general operating costs. The office has also received funding in past years from the [Winthrop Rockefeller Foundation](#).<sup>42</sup>

The separate but supportive third-party structure for the Office of Innovation for Education enables it to have a special relationship with schools and districts — distinctly different from what it would have been if the office were positioned within the ADE. This unique status creates a mutually beneficial relationship in which ADE supports the office and the office provides key functions for ADE's strategic plan, as well as professional development opportunities for ADE staff.

With the university connection, the office can network with research organizations and national resource centers. Also, as a separate entity, the office can focus solely on the support and technical assistance for innovation advancement. Finally, with its research and data analysis work that is also supported by the ADE, the office has access to school data to inform the planning, implementation and evaluation of its innovation work.<sup>43</sup>

## South Carolina

South Carolina is an example of a state supporting and scaling personalized, competency-based learning by reallocating existing operating funds.



The South Carolina Department of Education (SCDE) has identified personalized learning as a key strategy for preparing all students for success in higher education, the modern workforce and in life. In 2016, the Department worked with education stakeholders and [KnowledgeWorks](#) to develop the [South Carolina Framework for Personalized Learning](#). The framework identifies the essential elements in transforming learning systems to ensure students attain the knowledge, skills and characteristics of the [Profile of a South Carolina Graduate](#).<sup>44</sup>

SCDE is working with [reDesign](#) to engage with a broad group of community and education stakeholders to identify core, cross-cutting competencies aligned to the Profile of the South Carolina Graduate.

In addition, in 2017, SCDE created the [South Carolina Personalized Learning Network](#) to provide schools with tailored supports depending on their level of readiness. More than 100 schools are in the Exploration Phase and are learning about personalized learning and the conditions for successful

implementation. Another 23 schools are in the Launch Phase and are receiving more intense training and supports to begin to implement personalized learning practices. Finally, 12 schools are in the Advanced Phase and are receiving support and assistance to make systemic or full-scale transformations, either at the school or district levels.

To support this work, SCDE identified existing programs and efforts with its operating budget that could be aligned with and leveraged to support personalized learning. SCDE repurposed approximately \$1 million in recurring funds from SCDE's operating budget and created an Office of Personalized Learning with four staff (some of whom also administer other department programs), as well as four time-limited positions. Staff work as liaisons with schools, engage communities, provide professional development and support school leaders and educators working to implement personalized, competency-based learning.<sup>45</sup>

A parallel but aligned program to support innovation in schools in South Carolina is [TransformSC](#), an education initiative supported financially by the South Carolina business community to design, launch and promote "transformative practices in the classroom.... Currently, there are 63 schools from 25 districts as well as six entire districts in the TransformSC network."<sup>46</sup> TransformSC deploys action teams made up of experts from K-12 education, higher education, business and other areas, to support TransformSC schools — on an ongoing basis — to implement real-world learning, anytime, anywhere instruction, real-time information and flexible pacing.<sup>47</sup>

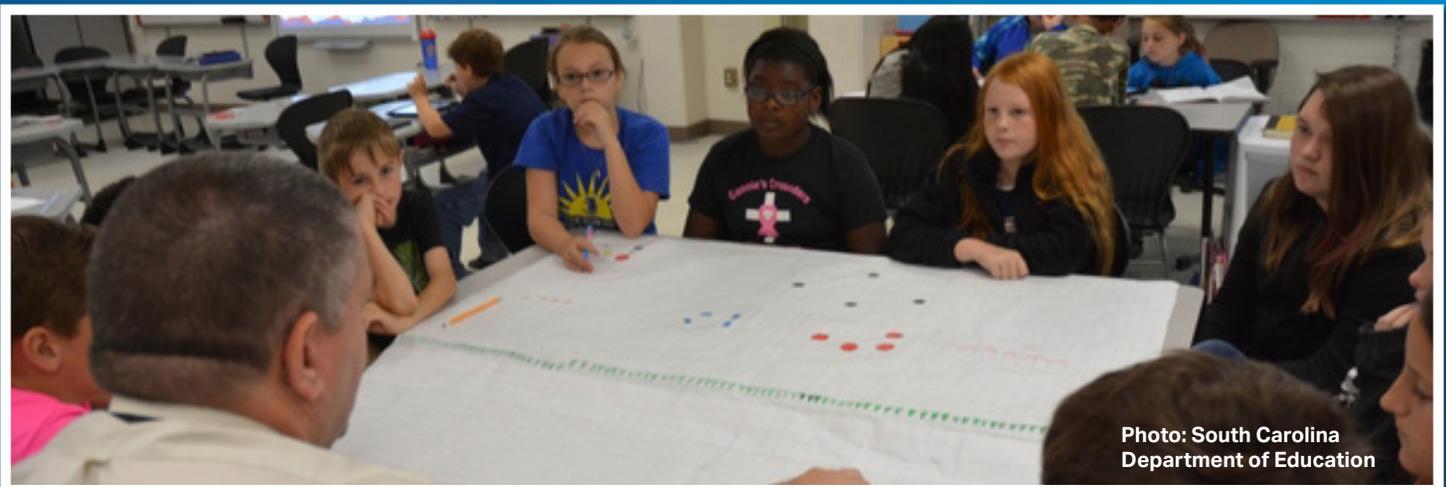


Photo: South Carolina Department of Education

## Utah



Utah has leveraged a small legislative appropriation to advance the work of building educator capacity for personalized, competency-based education.

In 2016, the Utah legislature passed SB 143, which created the Utah Competency-Based

Education Grants Program. The bill establishes a pilot program to provide grants to school districts and charter schools to transform learning to personalized, competency-based learning based on core principles from CompetencyWorks' five-part [working definition of competency education](#).<sup>48</sup>

The Utah Legislature allocated \$369,000 from the Utah Education Fund, the state's dedicated funding source for

education, to support the work of the pilot program.<sup>49</sup> For FY 2017 and FY 2018, the Utah State Board of Education created an exploratory pilot program, using Utah Competency-Based Education Grants Program funds to pay for personnel from 14 school districts and charter schools to visit existing school models of competency-based education both inside and outside of Utah.

For the first year of the pilot program, the Utah State Board of Education received a one-time allocation of \$25,000 for administrative costs. Since then, the Board has not received any ongoing funds for the grant's administrative costs. Nonetheless, the Board has allocated staff time from other programs to support the initiative.

At the conclusion of the site visits in late 2018, Utah plans to release a framework for competency-based learning to provide guidance for Utah schools with strategies to implement personalized, competency-based learning. The Utah State Board of Education also plans to translate the framework into a planning grant application that will allocate competitive grants to school districts and charter schools making the shift to competency education. Districts and charter schools awarded a planning grant will be eligible for future implementation grants and scale-up grants awarded through the pilot program.<sup>50</sup>

## Idaho



Idaho has effectively leveraged a dedicated, legislative appropriation to quickly advance mastery-based learning through the [Idaho Mastery Education Network](#).

In 2015, the Idaho legislature passed Idaho H.B. 110 to support the state's shift to mastery-based education. The bill requires the Idaho Department of Education to:

- ▶ Conduct a statewide awareness campaign

to promote understanding and interest in mastery-based education for teachers, administrators, parents, students, business leaders and policymakers;

- ▶ Establish a committee of educators to identify roadblocks and possible solutions in implementing mastery-based

education and develop recommendations for the incubator process; and

- ▶ Facilitate the planning and development of an incubator process and assessments of local education agencies to identify local education agencies to serve as incubators.<sup>51</sup>

For FY 2016, Idaho appropriated \$400,000 to support the Idaho Department of Education in implementing mastery-based learning and the department hired a Director of Mastery-Based Learning to lead the work.<sup>52</sup>

For FY 2017, the state increased its appropriation by \$1 million to \$1.4 million, to implement mastery-based education in Idaho schools. Of this amount, \$1.35 million was set aside for grants to incubator schools participating in the Idaho Mastery Education Network, with \$50,000 reserved for operating costs for the Idaho Department of Education.<sup>53</sup>

For FY 2018 and beyond, the Idaho Legislature kept the total appropriation for mastery learning at \$1.4 million but allocated \$350,000 to the Idaho Department of Education to provide professional development to educators from schools within the Idaho Mastery Education Network.<sup>54</sup>

## Georgia



Georgia has leveraged federal funding, adding state-appropriated dollars, for grants to support innovative and personalized learning environments.

Georgia created the [Innovation Fund](#), operated by [The Governor's Office of Student Achievement](#) (GOSA). Since its inception, the Innovation

Fund has provided more than \$35 million, funding 164 grants for school programs in the following priority areas:

- ▶ Applied learning with a focus on STEAM education (science, technology, engineering, arts and mathematics),
- ▶ Birth to age eight language and literacy development,
- ▶ Blended and personalized learning, and

- ▶ Teacher and leader development for high-need schools.<sup>55</sup>

The Innovation Fund began in 2011 as a \$19.4 million competitive grant program created under Georgia's Race to the Top (RTTT) Plan. Between fiscal years 2015-2018, the Georgia legislature has also allocated more than \$15 million in state funds to the Innovation Fund to be used for grants to school districts, charter schools, regional education service agencies, postsecondary institutions, teachers and nonprofit organizations.<sup>56</sup>

In addition to federal RTTT funding and state appropriations, Georgia created the [Innovation Fund Foundation](#), a 501(c)3 nonprofit authorized by the state to receive donations that qualify for dollar-for-dollar tax credits from state income taxes. Georgia has authorized up to \$5 million in tax credits awarded on a first-come, first-served basis.<sup>57</sup>

In FY 2018, the Innovation Fund distributed \$2.1 million in grants, with \$700,000 going to grants to support personalized learning.<sup>58</sup>

## SYNTHESIS OF STATE FUNDING STRATEGIES FOR INNOVATION

These case studies demonstrate the diverse approaches states have taken to fund initiatives to build educator capacity for personalized, competency-based education. Few states rely on a single funding source to support these initiatives. Many states leverage multiple governmental and third-party funding sources to enable the work. In addition, many states harness partnerships with education stakeholders and

nonprofit organizations to provide professional development and technical assistance, and to create professional learning communities. Dedicated appropriations and state funding sources, however, are effective tools to create momentum in a state and more quickly scale personalized, competency-based learning models.

**“ Few states rely on a single funding source to support these initiatives. Most states leverage multiple governmental and third-party funding sources to enable the work. In addition, most states harness partnerships with education stakeholders and nonprofit organizations to provide professional development and technical assistance, and to create professional learning communities. Dedicated appropriations and state funding sources, however, are effective tools to create momentum in a state and more quickly scale personalized, competency-based learning models. ”**

# CONSIDERATIONS FOR SCHOOL FUNDING EQUITY: BARRIERS, CHALLENGES AND ROOT CAUSES

As they advance state policies to support student-centered learning in K-12 education, policymakers may want to examine barriers, challenges and root causes within their state's school funding formulas that limit or enable flexibility for innovative, student-centered learning models.

## Inequitable School Funding Formulas

There is a high level of inequity in the way K-12 education is funded in the United States. These persistent inequities have historical roots, including local sources of funding and property tax bases that disproportionately favor students living in more affluent communities. As a result of state supreme courts striking down inequitable state funding formulas, many states in recent years have pursued more equalized funding formulas that make up for lower levels of local funding in high-poverty areas.

This is a step in the right direction. However, equalized state funding formulas usually only create a floor for school funding. Wealthier localities can supplement those school funding levels more easily than poorer localities, creating additional disparities. Another reason inequities persist is school funding calculations often do not adequately fund the supports needed for students with disabilities or those from disadvantaged backgrounds.

State policymakers should analyze the inequities in their state school formulas and chart a path forward to ensure funding formulas generate the funds necessary for schools to meet the needs of every student.

## How States Count Students for School Funding Purposes

States should ensure the way they count students for funding calculations provides sufficient flexibility to allow for competency-based education systems and anytime, anywhere learning.

In 2018, 16 states use Average Daily Membership (ADM), and not seat-time, where students are counted each day they are enrolled in the district, for school funding calculations. ADM is more conducive to a competency-based education system



than Average Daily Attendance (ADA), as ADA formulas require students to be in their seats for specific amounts of time to generate funding. Only seven states use ADA in their funding formulas.

In the 26 other states (Hawaii is distinct because it operates as a single school district), the funding formulas are based on counting students either on a single day or multiple points during a school year.<sup>59</sup> Though not as conducive to competency-based education as ADM, single- or multiple-day counts for school funding calculations, especially those based on membership rather than attendance, can provide flexibility for competency-based education. On the other hand, basing funding on single- or multiple-day counts presents challenges for adequately and accurately funding schools with highly-mobile student populations.

## Flexibility in Definitions that Drive School Funding Calculations

How states define key terms such as "instructional hours" can support or impede innovative, student-centered education.

In *Competency-Based Education & School Finance*, the Foundation for Excellence in Education provides useful examples and recommendations to ensure sufficient flexibility in the definitions of key terms used for school finance to not impede competency-based learning environments.

For example, for sufficient flexibility around the term "instructional hours," states can redefine instruction "to mean a teacher's facilitation of student learning of specific competencies, using a variety of delivery mechanisms and through various partners. This approach does not require an arbitrary distinction between the time students are working directly with teachers, with community partners, in groups or in self-directed activities. Teachers still play a central role. However, they facilitate and validate the learning of students, supported by technology and community partners."<sup>60</sup>

# ACTION STEPS

The following are action steps for state policymakers to consider to develop funding strategies to effectively support state-level capacity-building activities for personalized, competency-based learning:

1

## **ACTION STEP #1**

Learn about how other states are funding innovation pilots, professional learning communities, professional development, technical assistance and other state initiatives to build educator and school leader capacity for transforming K-12 education.

2

## **ACTION STEP #2**

Engage districts, communities and state stakeholders to identify the areas where funding is needed to increase capacity.

3

## **ACTION STEP #3**

With stakeholders, identify existing sources of funding that could be repurposed for capacity building and whether additional funds should be requested.

4

## **ACTION STEP #4**

Identify the funding levels needed, the funding targets and the purposes and uses of those funds.

5

## **ACTION STEP #5**

Create and engage with a working group composed of a diverse cross-section of education and community leaders to study innovative funding approaches to school finance from other states and countries. Convene the group to design education funding formulas to align with student-centered learning models and ensure equitable funding for all students.

# CONCLUSION

To effectively plan, launch and scale high-quality personalized, competency-based learning models, most educators and school leaders require intentional, sustained capacity-building supports. Therefore, states are identifying sustainable funding strategies for statewide initiatives to build this capacity. Options include state funding for a network of competency-based education schools, professional learning communities or pilot programs.

State policymakers have an important opportunity to support the transformation of education systems to drive equity and ensure high-quality learning for all students. With sufficient capacity, school leaders can create and scale personalized, competency-based learning models for all students, making it possible to prepare every child with the knowledge and skills they need to succeed after high school. We should not delay, but instead work intentionally and collaboratively to move forward. Our students are counting on us.

For additional insights, explore:

- ▶ Center for Innovation in Education — [Low-Stakes Completion-Based Funding: A New Approach to Financing Competency-Based Education](#)
- ▶ iNACOL — [Fit for Purpose: Taking the Long View on Systems Change and Policy to Support Competency Education](#)
- ▶ iNACOL — [Reaching the Tipping Point: Insights on Advancing Competency Education in New England](#)
- ▶ Foundation for Excellence in Education — [Competency-Based Education & School Finance](#)
- ▶ Getting Smart — [4 Ways We Can Fund Personalized Learning to Create More Equitable Schools](#)
- ▶ iNACOL — [Current to Future State: Issues and Action Steps for State Policy to Support Personalized, Competency-Based Learning](#)

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## Acknowledgments

We are grateful to the following state and nonprofit leaders — without whose insights, knowledge and feedback we could not have written the state case studies found within this report: Amy Fowler, Pat Fitzsimmons, Paul Leather, Jonathan Vander Els, Stephen Osborn, Dana Borrelli-Murray, Shawn Rubin, Daniela Fairchild, Donna Stone, Denise Airola, Stephanie DiStasio, Lauren McCauley, Sarah Young, Kelly Brady and Duncan Robb. Special thanks go to DeQuendre Bertrand and Ashley Jones of iNACOL and Chris Sturgis of MetisNet for their invaluable contributions to this report.

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