WEIGHTED STUDENT FUNDING IN NORTH CAROLINA

Opportunities, Challenges, and Recommendations

EXECUTIVE SUMMARY

For over 90 years, North Carolina has funded its schools primarily through a resource-allocation model, which determines the total cost of education based on the cost of resources, such as educators and administration. For at least a decade, policymakers and other education leaders have floated the possibility of transitioning the state instead to a weighted student funding model, which would provide a base amount of funding for each student, with additional funding allocated based on their specific needs.

Recognizing that our school funding model is in need of improvement and that any changes to the model require careful consideration and input from diverse perspectives in education, the Public School Forum of North Carolina launched a comprehensive, two-year study to better understand the implications of switching to a weighted student funding model and to gather insight from representatives across the education sector.

ABOUT THIS STUDY

This report presents findings and recommendations from the Public School Forum's study group on weighted student funding. Beginning in the spring of 2024, the Forum convened a statewide group of over 100 education leaders, elected officials, and school finance experts to identify needs and opportunities for strengthening North Carolina's school funding system and to better understand and evaluate the potential impact of transitioning to a weighted student funding model in North Carolina.

In partnership with national experts from Bellwether, the Forum used current state education data to build several model prototypes and an interactive simulator to allow study group members to examine how different funding formulas would impact funding levels and allocations for students' needs in each district across the state. Study group members engaged in rich discussion and collaboratively developed a set of guiding principles, non-negotiables, and recommendations to inform next steps as state leaders continue discussions around how to fund our public schools.

Study group participants included district superintendents, school finance officers, school board members, principals, teachers, business leaders, members of the General Assembly, representatives from the Department of Public Instruction, the Governor's Office, and the State Board of Education, and leaders from statewide organizations representing a wide range of education stakeholder groups.

Together, the group developed the following guiding principles and non-negotiables to guide model prototypes and analysis of any change to North Carolina's funding model.

Guiding Principles

- Robust
- Supportive
- Transparent
- Predictable/ Stable
- Responsible
- Flexible

Non-Negotiables

- No Districts Should Lose Funding
- Evaluation for Change
- Implementation Support

WHY CHANGE IS NEEDED

Study group participants agreed that North Carolina's current public school funding model is outdated, complex, and difficult for local leaders to navigate. The current structure limits flexibility, restricts local decision-making, and does not consistently align funding with student needs.

Participants also highlighted that while improvements to our funding model would be impactful for students, we must concurrently address the issue of funding adequacy. Research consistently shows that greater investment in public education leads to stronger academic outcomes, workforce development, and long-term economic growth.[1] At current funding levels, districts in North Carolina often struggle to provide even the most fundamental resources needed to educate their students.

North Carolina needs a modern, fully-funded school finance system that is transparent, accountable, predictable, student-centered, and responsive–one that empowers local educators to implement innovative learning strategies, addresses the differentiated needs of students and communities, and provides every student with the resources necessary for lifelong success. A weighted student funding formula is one approach that could help to advance these goals, but getting the details right – from formula structure and funding levels to the implementation process and evaluation – will be of critical importance.

WHAT IS WEIGHTED STUDENT FUNDING?

Weighted student funding is an approach to state school finance that allocates dollars to districts based on student population and need. A weighted student funding formula provides a base amount of funding to all students with additional funding stacked on top for defined characteristics through both student and community weights. Students can receive multiple weights, provided that they are eligible for each category.

For example, under a weighted student funding system, a low-income student with a disability would receive a baseline dollar amount plus additional funding (a percentage of the base amount) to provide supplementary learning supports through both a low-income and disability weight. The weights account for higher operational costs required to serve students with unique needs.

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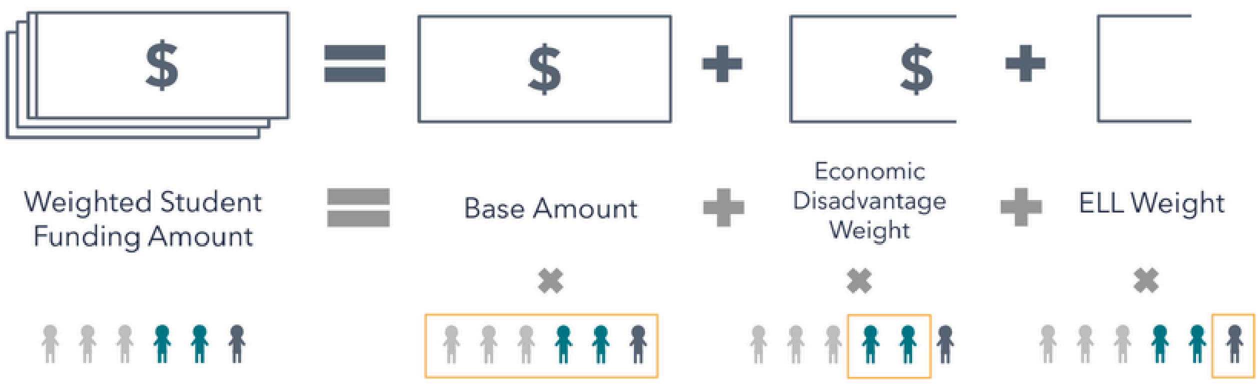
1. Learning Policy Institute. 2025. *How Money Matters: Education Funding and Student Outcomes.* https://learningpolicyinstitute.org/product/how-money-matters-factsheet

Nationally, states with weighted student funding formulas commonly implement specific weights for students with disabilities, those who are economically disadvantaged, multilingual learners, and children living in areas of concentrated poverty or sparse populations. The below graphic shows how funding is generated for a student who is economically disadvantaged and a multilingual learner.



Source: Bellwether

MODELING AND KEY TAKEAWAYS

After studying weighted student funding models from across the country, the Forum's study group analyzed four funding scenarios using North Carolina's 2024-25 student data. Each scenario applied the same student weights (which were agreed upon by study group members), while varying the overall level of investment, allowing the study group to evaluate how different funding levels would affect districts and student populations.

Scenario Weighted Student Funding Weights for Models 1-4

Economically Disadvantaged	40%
Students with Disabilities	110-150%
Multilingual Learners	17.5%
Academically/Intellectually Gifted	5%
Career and Technical Education	16.1%
Sparsity	Up to 25%
Concentrated Poverty	5%

Overview of Scenario Modeling at Various Investment Levels

Using the weights described, the following four models demonstrate the potential impact on total per-pupil expenditures across districts with different base and total investment levels.

Model 1

Revenue-Neutral
Total Investment: +$733K

Base: $5,133
Avg State Investment: $7,212/pp

Districts Gain: 42/115
Charters Gain: 101/212

Model 2

Increased Base
Total Investment: +$1.4B

Base: $5,800
Avg State Investment: $8,109/pp

Districts Gain: 93/115
Charters Gain: 176/212

Model 3

Adequacy
Total Investment: +$4.1B

Base: $7,125
Avg State Investment: $9,891/pp

Districts Gain: 112/115
Charters Gain: 207/212

Model 4

National Avg. Funding Effort:
Total Investment: +$8.8B

Base: $9,450
Avg State Investment: $13,017/pp

Districts Gain: 115/115
Charters Gain: 212/212

Through the scenario model comparisons, the study group identified a number of **key takeaways** that provide important context for any potential transition to a weighted student funding model in North Carolina.

- Higher-investment models would offer greater equity and **opportunity for district innovation and student success.**
- Each of the four model prototypes would result in a **more equitable distribution of resources for students with greater need**, including students in poverty, students with disabilities, and multilingual learners.
- Redistributing existing funding **without increasing overall investment** would result in significant funding losses for most traditional public school districts.
- The state's **smallest districts** would experience more significant losses under multiple weighted funding scenarios.

RECOMMENDATIONS

These findings informed the study group's recommendations for policymakers as they consider changes to North Carolina's school funding formula.

Recommendation	Why it Matters
Align any new funding formula with the study group's guiding principles and non-negotiables.	Creates a funding system that is equitable, transparent, predictable, flexible, and sustainable while ensuring districts have the support necessary to implement change successfully.
Significantly increase state investment in public schools.	Significant additional funding will be required in order to prevent funding losses during the transition and to provide resources for all students to succeed.
Target additional funding to the students and communities with the greatest needs.	Directs resources where they can have the greatest impact, helping reduce opportunity gaps and improve outcomes for students facing the greatest barriers.
Continuously evaluate and improve the funding formula.	Keeps the formula responsive to changing student needs, economic conditions, and inflation so funding remains fair and effective over time. Ensures that targeted funding is reaching students who need it most and improving student outcomes.
Implement low-cost adjustments to the current formula in the short-term	Provides immediate support to students and districts across the state.

Read the full report at ncforum.org/wsf