

Weighted Student Formula Overview

In the United States weighted student formula-like initiatives exist in at least 14 school districts and the state of Hawaii. In addition, several other school districts and states—including Philadelphia, Ohio, New Jersey, Indiana, Louisiana, South Carolina and Delaware—have expressed interest in moving toward a weighted student formula budgeting system.

The weighted student formula is a policy tool and financing mechanism that has the potential to be implemented by governors within the confines of existing state education budgets and economic constraints to create more efficient, transparent and equitable funding. Weighted student formula is a student-driven rather than program-driven budgeting process. It goes by several names including results-based budgeting, student-based budgeting, “backpacking” or fair-student funding. In every case the meaning is the same: dollars rather than staffing positions follow students into schools. In many cases, these resources are weighted based on the individual needs of the student.

To date, the weighted student formula has been implemented as a district-level reform rather than a state-level financing reform. With the exception of Hawaii, which has one centralized school district, no other state has implemented a true weighted student formula budgeting process. Yet, the

lessons that can be learned from school-district case studies can be extrapolated to state-level reforms.

Student-based budgeting employs a weighted student formula that helps ensure more funding is allocated to students with more expensive educational needs. Today, in most school districts, individual schools are held accountable for results, but principals have negligible autonomy since decisions about budgeting, expenditures, curriculum and hiring are largely made by district, state and other officials outside individual schools. Since student based-budgeting drives more money to the local level, local schools are held accountable for their academic results. Authority over the use of funds then rests largely with the principals of local schools to attain the results for which they are accountable. Integral to meaningful accountability, then, is (1) empowering principals to act as leaders of their schools over these matters and (2) empowering parents to pick the public schools they believe best meet their children’s unique, individual needs.

Student-based budgeting proposes a system of school funding based on five key principles:¹

1. Funding should follow the child, on a per-student basis, to the public school

- that he or she attends.
2. Per-student funding should vary according to the child's need and other relevant circumstances.
 3. Funding should arrive at the school as real dollars—not as teaching positions, ratios or staffing norms—that can be spent flexibly, with accountability systems focused more on results and less on inputs, programs or activities.
 4. Principles for allocating money to schools should apply to all levels of funding, including federal, state and local dollars.
 5. Funding systems should be as simple as possible and made transparent to administrators, teachers, parents and citizens.

In addition to the weighted student formula, a full school empowerment program includes public school choice and principal autonomy. Every school in a district becomes a school of choice and the funding system gives individuals, particularly school administrators, the autonomy to make local decisions. This autonomy is granted based on the contractual obligation that principals will meet state and district standards for student performance. Student-based funding is a system-wide reform that allows parents the right of exit to the best performing schools and gives every school an incentive to change practices to attract and retain families from their communities.

Under the weighted student formula model, schools are allocated funding based on the number of students that enroll at each individual school, with extra per-student dollars for students who need services such as special education, English language learners instruction or

help catching up to grade level. School principals have control over how their school's resources are allocated for salaries, materials, staff development and many other matters that have traditionally been decided at the district level. Accountability measures are implemented to ensure that performance levels at each school site are met. With its emphasis on local control of school funding, most teachers' unions have been reasonably supportive because the weighted student formula devolves autonomy to the school site and places responsibility squarely in the hands of each principal.

In each district the local context has flavored weighted student formula in its own ways. Like most education policy, school districts vary on the extent to which they have implemented school empowerment programs. Each district profiled in this yearbook is rated based on ten benchmarks of a robust school empowerment program. The rationale for each benchmark is described below. The benchmarks were determined based on the author's analyses of the commonalities and best practices within existing weighted student formula programs and the recommendations of other studies of student-based budgeting.²

School Empowerment Benchmarks

1. School budgets based on students not staffing

Schools should receive revenue in the same way that the district receives revenue, on a per-pupil basis reflecting the enrollment at a school and the individual characteristics of students at each school. The current staffing model used in most school districts is a very inefficient way to fund schools and creates dramatic inequities between schools. For

example, if under a district staffing model a school receives one administrator for each 300 students, a school with 300 students and a school with 599 students would draw down the equivalent resources for that staffing position. However, if schools receive budgets based on dollars related to per-pupil funding, it gives school principals the money that each student generates and allows principals to more efficiently allocate revenue and staff. This also helps as school enrollments decrease or increase. The staffing model is a very inefficient method to allocate resources as student populations change over time. For example, a staffing model cannot easily reallocate teachers as enrollment changes from one school to another. However, principals can individually assess their staffing needs and allocate staff to fit the enrollment conditions at each individual school.

2. Districts charge schools actual versus average salaries

While sending schools revenue rather than staffing positions increases equity, it does not go far enough. In most districts schools are charged for average teacher salaries rather than actual teacher salaries. This means that a more popular school with more experienced teachers is often subsidized by less popular schools with less senior staff members. In most districts, all teachers are charged based on an average salary of perhaps \$52,000. If one school has ten first-year teachers and another school has ten five-year teachers, on paper each school would be charged \$520,000. Yet, the resources that each school is receiving based on staffing are vastly different. In essence, schools with newer teachers are subsidizing schools with veteran teachers. If both schools received dollars and were charged actual salaries,

the school with less expensive teachers would have money left over to spend at the discretion of the principal on teacher training, the arts or to hire additional teachers. In this way charging schools for actual teacher salaries increases equity.

3. School choice and open enrollment policies

In order for student-based budgeting to improve outcomes for students, families need to be able to choose between schools. This gives less popular schools an incentive to improve to attract and retain families. School choice also shows district officials which schools hold the most value to customers. While the majority of schools will show improvements once principals control school budgets and public schools begin to compete with one another, if some schools cannot improve they can be merged with higher-performing schools or they can close, and students and resources can be redirected toward higher-performing schools. School choice is an accountability mechanism that reveals which schools are serving students effectively, by giving dissatisfied families the right to exit to a higher-performing school.

4. Principal autonomy over budgets

Principals must be able to make decisions about how to spend resources in terms of staffing and programs. The more “unlocked” dollars a principal controls, the more autonomy that principal has over designing the school to meet the needs of the students in the school. Districts that place the majority of their operating budget, between 70 and 90 percent, into weighted student formula allocations, offer principals more autonomy and more real decision-making power.

5. Principal autonomy over hiring

This means that principals have more control over personnel. When principals can fire and hire staff with fewer constraints from collective bargaining and stipulations like seniority and bumping rights, they can staff their schools in ways that fit their students' needs. Using the weighted student formula, principals can often choose their employees as teaching positions become available. However, principals generally have less autonomy over replacing existing staff for performance issues.

6. School-level management support

A district should offer some kind of formal principal training to help principals learn management best practices. There are several models including principal academies, principal coaches and mentors, district liaisons and networks and extra help from district finance personnel for budget development. Many districts recruit innovative new principals to lead empowerment schools and have retraining programs for current principals. The bottom line is that districts need a mechanism to support principals and help them become entrepreneurial leaders of their schools.

7. Published transparent school-level budgets

Parents and taxpayers should have detailed and transparent budgets at the school level that show school enrollment and staffing trends. These budgets should reveal the amount of resources that are allocated through student-based budgeting and the amount of resources that are spent at the school level but controlled by the central office. In addition, some districts also report detailed weighted information

about student populations and the resources that follow these student groups. Finally, some districts also include school-level performance and student achievement data as part of the budget transparency.

8. Published transparent school-level outcomes

Parents and taxpayers should have school-level profiles on a variety of outcomes including overall achievement distinguished by sub-group, value-added achievement gains, achievement gaps, graduation rates, attendance and other school-level outcome measures. This information should be published in easily accessible profiles for every school in the district. These profiles often contain rating systems such as grades or labels that help parents easily identify the status of each individual school.

9. Explicit accountability goals

A district should have explicit performance measures for each school. These performance measures are often described in school-level academic plans and detail a school's specific goals for academic improvement for various groups of students. In addition, many districts have overarching accountability frameworks that set specific district-wide minimums for performance and reward or intervene in schools based on each school's ability to meet district targets. These accountability systems often include performance pay systems and escalating levels of intervention for schools with poor performance.

10. Collective bargaining relief through flat contracts

School districts with weighted student formula programs often have negotiated for more autonomy in union contracts to

minimize work rules that interfere with school-level autonomy. These contract stipulations often waive union rules that detail the length of the school year, instructional minutes and acceptable teacher duties. Some student-based budgeting and school empowerment programs have negotiated new contracts or use “flat” contracts of ten or less pages that allow autonomy for the details of a teacher’s job description to be decided at the school level, as long as both the principal and the teacher agree to the working conditions. These flat contracts still offer teachers the district salary schedule, tenure and due process protection. However, these contracts free principals to negotiate individual work rules with their own staff.

The purpose of this yearbook is to profile school districts in the United States that have embraced a decentralized “school empowerment” approach to governing individual schools and adopted a weighted student formula budgeting system. In these innovative schools, dollars follow students into schools, principals and school communities have discretion over resources at the school level and districts embrace open enrollment and let parents choose between schools within the district.

This yearbook profiles 14 school districts and the state of Hawaii and details how each district has implemented weighted-student formula financing systems. This yearbook utilizes primarily district-level documents including district budgets, policy manuals and Web site descriptions of school financing systems in addition to some supporting studies and newspaper accounts. To the extent possible, it describes the current status of these school empowerment policies and budgeting practices. The

yearbook attempts to capture how these policies are currently portrayed in school district reports and public information. It is meant to be a starting point for policymakers interested in learning how weighted student formula works in practice in the United States.

The districts in this yearbook each met between six and ten of the school empowerment benchmarks. New York City and Hartford met all ten and Boston, Chicago, Denver and Houston score nine out of ten benchmarks. Every district has specific strengths. Some newer programs such as Baltimore rank only seven out of ten because they have not developed every component. Yet, Baltimore has been one of the most aggressive districts in cutting central office spending and offering schools discretion over the majority of the district’s operating budget. Similarly, Oakland met only eight out of ten benchmarks but has created more school-level equity by charging schools the actual dollar value of their teachers.

On the other hand, Chicago, Belmont and Boston, score high in terms of the benchmarks because the pilot schools have strong individual autonomy. However, the overall pilot programs are small and include just a few schools in each district. Therefore, it is critical to examine the merits of each individual program for its unique school empowerment strengths.

The yearbook concludes with a list of best practices based on the aggregated experience of all the districts. Finally, this yearbook extrapolates from the district case studies to state-level policy recommendations and examines ways in which state-level policies might drive more school districts to empower local schools and adopt weighted student formula budgeting practices.

Endnotes

1. These principles are described in *Fund the Child: Tackling Inequity & Antiquity in School Finance*, Thomas B. Fordham Institute, June 2006, <http://www.edexcellence.net/fundthechild/Manifesto%20Report.pdf>
2. See William G. Ouchi, *Making Schools Work, A Revolutionary Plan to Get Your Children the Education They Need* (Simon & Schuster, 2003); *Fund the Child: Tackling Inequity & Antiquity in School Finance*, Thomas B. Fordham Institute, June 2006, <http://www.edexcellence.net/fundthechild/Manifesto%20Report.pdf>; Jay Chambers et al., *A Comparative Study of Student-Based Budgeting and School-Based Decision Making in San Francisco and Oakland Unified School Districts*, American Institutes for Research, October 2008, http://www.air.org/news/documents/A%20Tale%20of%20Two%20Districts_Final.pdf; Larisa Shambaugh, Jay G. Chambers, and Danielle DeLancey, "Implementation of the Weighted Student Formula Policy in San Francisco: A Descriptive Study of an Equity-Driven, Student-based Planning and Budgeting Policy," American Institutes for Research, August, 2008. http://www.air.org/news/documents/REL_2008061.pdf.