

Best Practices for Weighted Student Formula Budgeting

If we aggregate the best practices from every district profiled in this yearbook we can imagine an “ideal” student-based budgeting model.

Best Practices for the Weighted Student Formula

1. Redirect central office resources to the schools.

Districts should redirect central office resources to support schools. Several districts including Oakland, Hartford, New York and Baltimore have significantly reduced costs at the central office and put the money into school-level budgets.

- In Hartford’s 2009-2010 budget, 70 percent of available resources will be allocated to schools and classrooms to support instruction. This contrasts to less than one-half of resources spent in schools and classrooms by the Hartford Public School District in 2006-07. The district redirected resources to the schools with a 20 percent reduction of central office expenses including the reduction of over 40 district-level positions.

- In 2008 Baltimore City Schools faced a \$76.9 million budget shortfall. In response the “fair student funding plan” identified \$165 million in cuts from the central office to cover the funding shortfall and redistributed approximately \$88 million in central office funds to the schools. By the 2010 school year, Superintendent Alonso will have cut 489 jobs from the central office, re-directing 80 percent of the district’s operating budget to schools.

2. Use school-level academic plans to align resources with achievement goals.

A central role of the school site council is to develop a specific plan to describe areas of focus for improving student achievement and how resources will be used toward achieving the goals in the academic plan.

- The Saint Paul Public School District’s budget philosophy is that each school site’s “school comprehensive improvement plan” (SCIP) will drive the school budget process.
- San Francisco demonstrates the importance of using a weighted student formula in conjunction with school-level academic plans that tie instructional

strategies to budgets and outline specific academic goals for each school. The weighted student formula in isolation is just a funding mechanism, but when budgets are aligned with academic goals school leaders can focus on how best to use school-level resources to raise student achievement.

3. Publish detailed school-level budgets.

School-level budgets offer parents and community members transparency to see how money is spent at each individual school. The best school-level budgets offer detailed data about student populations and their specific characteristics and how much money each student population generates for the school. Good school-level budgets also report academic achievement data.

- Hartford Public School District publishes very detailed school-level budgets that report the student populations at each school as well as the funds generated by each group of students. The school-level budgets also include the school's performance data.
- In Houston Independent School District, the budgets report data broken down by the student sub-groups at each school and show the weights and funding for each group of students. In addition, HISD's school-level budgets also report student achievement data for each school.

4. Use foundation grants to support small schools.

Districts should give every school a foundation grant to cover the basic administrative costs of running a school. This allows schools of every size to cover the basics and it does not work against small schools. It allows districts to continue to

embrace small schools even under a system that funds schools on a per-pupil basis.

- In San Francisco the weighted student formula gives each school a foundation allocation that covers the cost of a principal's salary and a clerk's salary.
- In New York City all schools regardless of size or type receive a lump-sum foundation grant of \$225,000. The dollars are not tagged to particular positions and schools, not central administration, determine whether they need more core administrative staff and fewer teachers or the reverse. The foundation grant also allows small schools to maintain a core administrative staff.

5. Charge schools actual salaries to increase equity.

New York, Hartford and Oakland demonstrate that it is possible to achieve even more equity by charging schools for the actual cost of their teachers' salaries rather than each district's average salary.

- In Oakland the district charged actual salaries to schools using the rationale that since schools spend most of their budget on personnel costs, the decision to use actual salaries in school budgets to calculate school-level costs would better address equity. Oakland implemented the use of actual salaries so that schools with less experienced teachers would have lower teacher-related costs in their budgets and could redirect this money toward resources (e.g., professional development) that would support and help retain experienced teachers in schools serving larger percentages of high-poverty students.

- New York City charges schools for the average of each school’s teachers rather than the school district average. The school-level average more accurately reflects the mix of teachers’ salaries at each individual school and allows principals to have more control over the cost of the teachers at their individual school.

6. Devolve district restricted funds into the weighted student formula.

School districts need to reduce their own restricted programs and devolve those resources into the student-based budgeting formula.

Hawaii has developed a good test for whether resources should be included in the student-based budgeting formula. Hawaii’s “committee on weights” has very specific criteria to determine whether funds should be added to the WSF allocation. The committee asks a series of questions based on very specific criteria.

For example, in 2008 the Board added the Peer Education Program to the unrestricted weighted funds because all secondary students in Hawaii should have

access to the funds.

7. Frequently review the weighted formula

- In Hawaii the Committee on Weights presents a formal and transparent process for reviewing the weighted student formula. This yearly review offers districts a formalized process to review discretionary versus non-discretionary funding for individual schools. In Hawaii the committee has increased the amount of categorical funds added to the WSF allocation every year.

8. Connect student weights to academic achievement rather than poverty.

Districts should reward academic achievement by connecting the weights to academic performance rather than poverty, as Baltimore has. Low-scoring students and high-scoring students generate additional revenue rather than low-income students.

In Baltimore the district weights both academic need for students that score basic (below grade level) and academic need advanced (above grade level) at \$2,200. In 2009, since performance outcomes went up, the overall number of students who qualify for “academic need basic” went down. On the other hand, the number of students who qualify for the “academic need advanced” went up. The basic and advanced weights demonstrate how Baltimore’s Superintendent Alonso promoted academic achievement. In 2010 a smaller amount of unlocked dollars will be allocated toward the basic (lower-performing) weight and a larger amount of unlocked dollars will be shifted to the advanced weight. It is a positive outcome when the amount of money going to lower scoring students is shrinking and the amount

Criteria for Funds to Be Included in WSF

Program funds are recommended for inclusion in WSF if the funds:

1. Were provided to all schools
2. Were provided to all schools of a particular level (i.e., HS)
3. Could be distributed equitably by formula
4. Would provide greater flexibility to the school community
5. Were previously distributed in a manner that resulted in an inequity.

of revenue going to higher performing students is growing—based on higher overall achievement.

- New York City has also fostered performance and school improvement by rewarding achievement. For example, New York schools that earn both an A on their progress report and the top score of “well developed” on their quality review are awarded additional funding. Schools can spend the “excellence rewards” of approximately \$30 per student at their discretion on whatever programs or other school-related expenses will best support their continued progress.

9. Use hold-harmless strategies to phase-in equitable school-level budgets.

Most districts have a hold-harmless clause that transitions schools to budget equity over two-five years.

- Poudre School District has established a safety net so that no school will lose more than 20 percent of its current budget. To offset that cost, no school will gain more than 80 percent.

10. Allow schools discretion over purchasing of central office services.

Give schools the resources in actual dollars to purchase central office services and let them choose between competing support systems to decide which central office support functions are necessary for each individual school.

- Pilot schools show that individual schools can receive their portion of central office services in real dollars and decide which services to purchase from the central office based on their

individual needs. Belmont pilot schools receive access to central discretionary services and have the ability to select the services or instead receive the per-pupil amount for the service added to their lump-sum budget.

- In New York City the Department of Education redirected \$170 million as new “Children First Supplemental Funds” to schools to purchase newly organized school support services and other goods, services and staff that they determine help students succeed. The \$170 million came from cuts to central and regional budgets. This brought to \$230 million the amount the DOE has cut from the central office and sent to schools since 2006 to purchase support services at their own local discretion.

11. Implement weighted student formula to help with enrollment fluctuations.

Student-based budgeting can increase flexibility for budgeting during changing conditions, such as decreases or increases in enrollment.

- Poudre School District demonstrates that student-based budgeting can be a flexible and transparent tool for budgeting when schools are faced with declining enrollment. Rather than schools losing entire teaching positions based on the staffing model when fewer students are enrolled, instead the school loses the money for the actual loss in enrollment—not an entire position. This allows the school to be more flexible about how to handle financial loss in the budgeting process.

Best Practices for Accountability

1. Use overall proficiency, value-added measures and movement toward closing the achievement gap to measure school progress.

- In 2008, Denver Public School District launched a “school performance framework” to measure the progress of actual students against themselves and against peers from the entire state of Colorado. This metric not only ensures that all students move forward, it also measures and compares growth year by year. About 60 percent of the framework is based on student’s growth and the rest is based on overall proficiency.
- San Francisco also demonstrates the need to focus on the achievement gap within a school district. Its new “school quality, equity and access matrix” allows comparisons between schools with similar student populations and provides a tool to examine negative and positive trends toward closing the achievement gap and connect those trends with specific instructional strategies and budget decisions.
- Oakland Unified School District requires schools to publish a score card that measures each school on three academic goals:
 - Absolute Performance. How is the school performing against Adequate Yearly Progress Targets?
 - Cohort Matched Student Level Growth (value added). How is the school accelerating growth for students who have been in the school over time (measured for both one and three years)?

- Closing the Achievement Gap. Is the school closing the gap between school-wide performance and that of the lowest performing subgroup?

2. Report school-level report cards with user-friendly rating systems.

- In Denver, every public school, except those in their first year of operation, is assigned one of the following accreditation ratings every September using data collected during the previous school year: distinguished, meets expectations, accredited on watch or accredited on probation. Ratings affect how much support schools receive, corrective action taken and compensation earned by principals, assistant principals and teachers.
- In New York City progress reports grade each school with an A, B, C, D or F to help parents understand how well their school is doing and compare it to other, similar schools. These progress reports are the centerpiece of the City’s effort to arm educators with the information and authority they need to lead their schools and to hold them accountable for student outcomes. The reports also provide parents with detailed information about school performance, both to hold their schools accountable and to inform family decisions.

3. Use performance-based pay as an incentive for school improvement.

Several districts have combined performance pay with student-based budgeting to provide even more incentive for teachers and principals to raise student achievement with the resources at their discretion.

- As part of the accountability framework, Denver Public School District operates a groundbreaking teacher pay system called ProComp, along with a principal compensation system that rewards improved student achievement and commitments to work in hard-to-serve schools and hard-to-staff assignments. ProComp is a nine-year bargained agreement between the Denver Classroom Teachers Association and Denver Public Schools that is designed to link teacher compensation more directly with the mission and goals of the district and DCTA.
- In 2008 the Houston Independent School District implemented a new accountability process called the ASPIRE (accelerating student progress and increasing results and expectations) model. This overarching initiative connects all of HISD's educational improvement efforts and encompasses innovative technology solutions, professional development and communications. ASPIRE's system of value-added analysis helped HISD increase student achievement and reward those who help students make strong academic progress. As one of the largest performance-pay plans in the nation, in 2008 the ASPIRE Award Program recognized more than 10,000 teachers and other school personnel with more than \$23 million in bonuses.

4. Invest in data systems that offer teachers and principals “one-stop” data-centers for student information and strategic planning for academic goals.

- The New York City Department of Education has invested in the technology

and data systems necessary to allow schools to use evidence from student performance to inform their strategic planning and accountability goals. The “achievement reporting and innovation system” (ARIS), is a groundbreaking tool introduced in 2007 to help teachers and principals raise student achievement. As of 2008 it has been available to all New York City classroom teachers. ARIS gives educators access in one place to critical information about their students—ranging from enrollment history, diagnostic assessment information, credits accumulated toward graduation and test scores to special education status and family contact information. ARIS combines this information with an online library of instructional resources and with collaboration and social networking tools that allow users to share ideas and successes with other educators in their school and across the City.

5. Give parents real-time online access to information about their student's performance and classroom assignments.

- In Cincinnati an online program called Parent-Connect offers every parent in the district real-time access to their student's progress including assignments and grades. Each classroom maintains a computer with Parent-Connect to allow parents access at the school.

6. Close habitually low-performing schools and redirect resources to expanding higher-quality school options.

- Hartford has employed an aggressive strategy of closing low-performing schools and redirecting resources to

higher quality new schools.

- Denver demonstrates that closing under-enrolled and low-performing schools can redirect scarce district resources to students who previously were enrolled in the closing schools and that money can follow those students into newer higher-performing schools. It also can provide additional resources to create new high quality schools.

Best Practices for School Choice

1. Embrace open enrollment.

Several districts including Saint Paul, New York City, Hartford and Denver have “all choice” districts where students can enroll in any school on a space-available basis and schools that are oversubscribed use a lottery to allocate spaces.

- Saint Paul has a straightforward choice-based enrollment process. For elementary schools, parents go through an application process where the parents list their top three school choices for kindergarten. There is some preference given to students who live within an attendance area of each school. Saint Paul Public School District also includes several city-wide magnet and open-enrollment schools. It also has open enrollment for middle and high schools where students list two choices on an application.

2. Use technology to manage the school choice process and create an online enrollment process.

- Poudre School District implemented an online process for the 2009-10 school choice applications. The new process

provides parents the opportunity to complete and submit their application from the comfort of their own home and eliminates the need to take the application to the school and/or schools where they are applying. Other benefits of the online system include providing parents the opportunity to apply for multiple schools with one application. Parents will receive an automatic confirmation number that can be printed and kept on file for reference and the first consideration lottery process will now be automated.

3. Offer open-enrollment for middle and high school students to start.

Several districts started their open-enrollment systems by allowing older students to choose between schools. This policy can help high school students select a school that better meets their interests and ultimately help to retain students in secondary education.

Best Practices for School Autonomy

1. Give principals discretion over 70 to 90 percent of a school district’s operating budget at the school level.

- Oakland’s strength is the budgeting discretion it provides to schools as it continues to move larger amounts of unrestricted funds and restricted funds to the school level. For example, even as Oakland Unified is forced to make significant budget cuts because of declining enrollment and California’s budget crisis, the majority of reductions were made at the central office and the district worked to protect the

unrestricted funding that goes to schools so that more than 87 percent of the unrestricted budget would go to schools in 2009-2010.

- Pilot schools in Boston and Belmont offer principals discretion over the equivalent of 90 percent of resources because they give the schools the operational resources that are equal to the average operational funding provided to all public schools in the district, on a per-pupil basis. The schools also receive a proportional share of state and federal categorical funds, subject to applicable grant requirements and obligations.

2. Negotiate flat contracts with unions.

Several districts demonstrate that it is possible to negotiate with unions for a range of concessions that give principals more autonomy over school-level decisions that were previously constrained by collective bargaining rules.

- In Boston and Belmont pilot schools, teachers are exempt from teacher union contract work rules, while still receiving union salary, benefits and accrual of seniority within the district. Teachers voluntarily choose to work at pilot schools. When hired, they sign what is called an “elect-to-work agreement,” which stipulates the work conditions in the school for the coming school year. This agreement is revisited and revised annually.

3. Give principals discretion over personnel decisions.

- New York and Denver have an “open market” teacher hiring process where principals can interview multiple

candidates and make decisions about which teachers will best fit with their schools.

- Most student-based budgeting programs give schools discretion over hiring teachers at the front end of the process but they do not give principals an alternative to transfer teachers who are incompatible with the school model. Clark County School District’s union contract has a provision that details how empowerment schools can deal with teachers that are incompatible with the school. The contract states that the school empowerment team, in conjunction with the school principal, may implement a peer review model and may remove and replace a teacher deemed to be incompatible with the model established at the school. The principal ultimately has the authority to make staffing decisions.

Best Practices for School-Level Management Support

1. Set the level of district intervention and support based on student performance.

- In 2009 Cincinnati begins a new initiative in which schools will be grouped according to performance, with a progression of services provided according to need. High-performing schools will receive coaching only by request, improving schools will receive part-time coaching and schools in need of academic intervention will receive intensive, prescriptive coaching. The district will create three “turnaround teams,” each consisting of a principal and two lead teachers, to work with the district’s 16 lowest-performing

elementary schools.

- Hartford demonstrates the value of a clear accountability matrix that evaluates and sets the level of autonomy for each school based on student performance. Low-performing schools face intensive intervention from central office teams and eventual closure if performance does not improve.

2. Create “principal academies” to train principals to be entrepreneurial leaders.

Many districts that have implemented student-based budgeting from New York to Denver provide intensive professional development and training for principals using independent principal academies that are developed by nonprofits, universities or through other district partnerships. These principal academies are designed to train and empower principals to be strong entrepreneurial and instructional leaders.

3. Provide extra district support during the budgeting cycle.

Many districts offer intensive support during the budget cycle with hotlines for principals or specific one-on-ones with budget analysts to provide extra support during the months principals are developing their budgets.

4. Redesign central office support.

- In Baltimore in 2010 the central office is restructuring the way it provides support to principals and schools. As schools assume more responsibility the administrative role of the district central office is becoming more targeted to focus on three key functions: guiding schools, supporting schools and holding schools accountable for student

achievement. The central office would improve support to schools by creating “school networks.” Under this plan, 14 networks would each serve up to 15 schools and each would be composed of four people—two in the area of academics, one in special education and student supports and one in operations such as finance, facilities, etc. The networks would assume and improve the school “support” or liaison functions now performed by the central office. They would spend most of their time in schools and they would offer schools one-stop shopping solutions, keeping them from having to navigate the central office’s myriad departments. To measure and ensure the quality of this school support, school principals would evaluate the networks and provide these evaluations to district leadership.

- Oakland offers a strong program of assistance to principals and school staff from central office personnel. Principals receive support from the district’s assistant superintendents. In addition, Oakland school principals can also hire operations support coaches who help to create budgets and serve as liaisons to the district office.

State Recommendations for Weighted Student Formula

The weighted student formula report, *Fund the Child*, by the Thomas B. Fordham Institute offers solid state-level recommendations arguing that states are in the best position to advance weighted student formula. This yearbook concurs with the Fordham recommendations and argues for four essential state-level policies

that could increase weighted student formula budgeting at the local level.

1. States should centralize education funding and redistribute it based on a weighted student formula. States that provide a larger share of education funding can compel school districts to distribute resources more equitably at the local level. The state of Hawaii implemented weighted student formula because it had one centralized funding stream. When states distribute equitable funding between school districts based on student characteristics, it encourages districts to attach funding to students. Then states can require districts to pass on the weighted allocations to the school level. For example, in New Jersey in 2008, after years of court-driven, ad-hoc approaches to school funding, Governor Corzine pushed through a weighted student formula school financing reform to create an equitable and predictable mechanism to distribute funding to all children in New Jersey based on individual student characteristics. Governor Corzine's weighted student funding formula will be equitably applied to all school districts and charter schools beginning in fiscal year 2009. However, this weighted student formula does not yet require individual school districts to have funding follow students into schools. It does not offer incentives for principal autonomy over resources or school choice. However, this is a promising first step, which would make it easier for New Jersey to implement state legislation to require districts to allocate funding based on a weighted student formula as a next step. Many states, such as California and Michigan, have already moved toward centralizing school funding.

2. States should allocate funding

to schools based on a weighted student formula. States should pass specific legislation that makes state money follow the child, according to need. The state's role should be to ensure that districts allocate state and federal funds according to weighted student funding principles. States should require districts to pass through as much state and federal funding as possible to schools, based on the state's WSF model. In essence, states could encourage more robust weighted student formula by funding every child as if he or she was enrolled in a charter school and the funding followed the child into the school.

The Fordham Foundation also argues that states should encourage districts to allocate local funding according to weighted student formula principles. It argues that states could require districts to allocate local funding based on WSF principles in order to be eligible to receive their share of state funding.

3. States should invest in budgeting software and require districts to report school-level data. School districts could benefit greatly from better budgeting systems. If funding were available for states to implement a standard budgeting system, it would alleviate the fears of many districts to migrate to a new budgeting process. The Oakland Unified School District, for example, had to develop its budgets during the first year using Microsoft Excel spreadsheets because the district's existing finance system could not support the new process. A new state budgeting system would need to break down revenues and expenses on a site-by-site basis. States should require districts to report current spending at the school level based on actual dollars rather than district averages. Having

transparent budget information is the first step toward weighted student formula and will point out any inner-district inequities for each school district.

4. States should resist categorical programs and restricted funding. California's has a \$40 billion budget crisis that has had a real impact on local school budgets. To help mitigate this impact, the state gave school districts a waiver which gives districts discretion over most categorical programs. This demonstrates the need that local districts have for control of their resources, especially during budget deficits. As districts receive unrestricted funding, they can pass this money to schools as real dollars rather than programs. For example, in Oakland Unified, district administrators report that the large number of categorical programs at state and federal levels inhibits innovation and reinforces a compliance-oriented mentality.