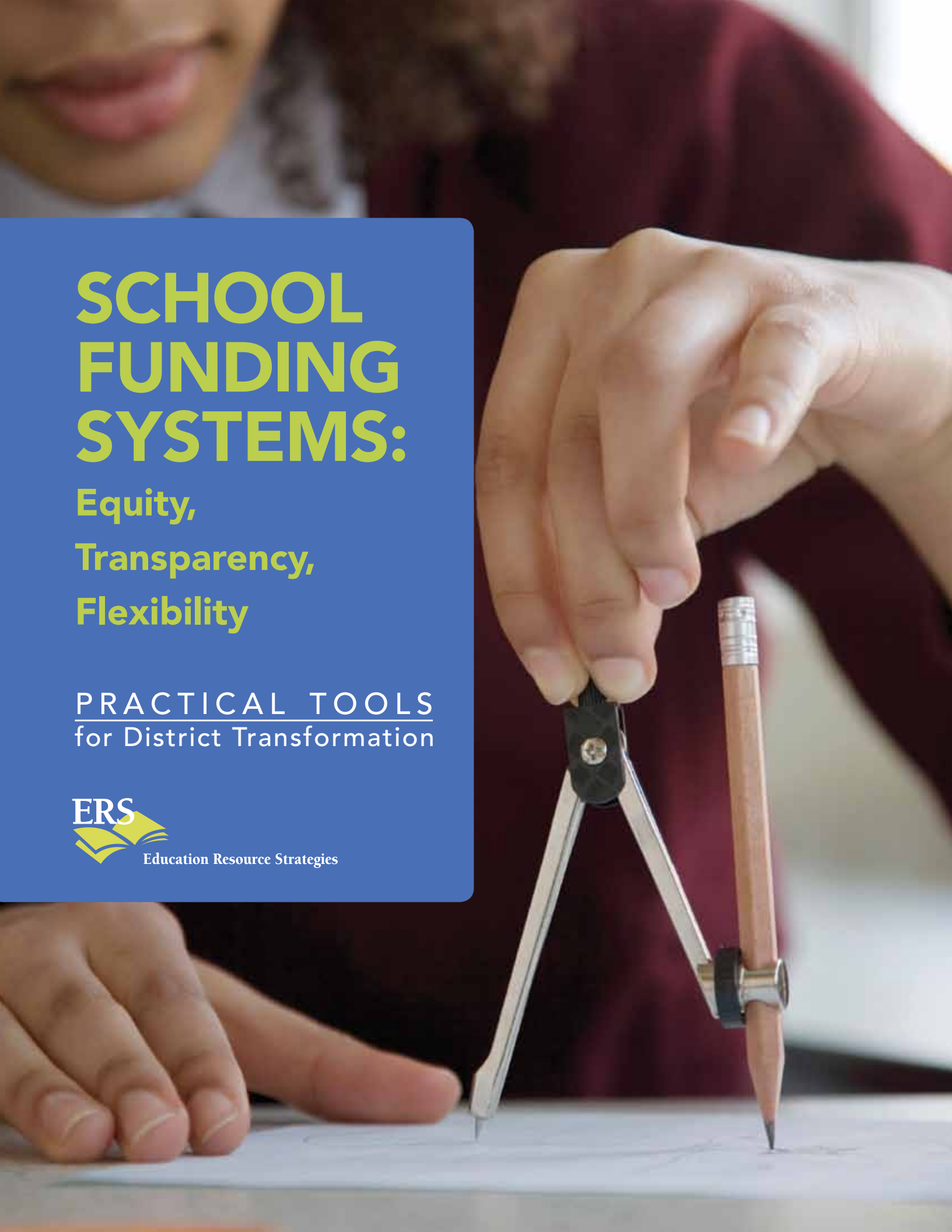

# SCHOOL FUNDING SYSTEMS:

## Equity, Transparency, Flexibility

PRACTICAL TOOLS
for District Transformation

ERS
Education Resource Strategies

## PRACTICAL TOOLS FOR DISTRICT TRANSFORMATION

Based on firsthand observations by Education Resource Strategies, Inc., of resource use in large urban school systems, this series is designed to help districts begin the process of identifying and addressing resource decisions that don't support improving student performance. This guide is one of six publications specifically designed to help district leaders analyze and optimize school system resource allocation.

***ResourceCheck***

*ResourceCheck* is an easy-to-use online self-assessment tool all district leaders can use to measure current resource use relative to best practices. This tool will give you a quick sense of where you should look deeper to get a better picture of what your district is doing. Users answer questions about district resource policies and practices and use the answers to evaluate performance.

***Seven Strategies for District Transformation***

Targeted for superintendents, this guide presents a comprehensive vision of seven strategies presented in *ResourceCheck* that are integral elements of effective district transformation.

***Resource Guides***

Targeted for district leaders including chief operating officers, chief finance officers, and chief academic officers and their staffs, four guides offer practical guidance and action steps that can help districts successfully challenge and transform their education system. Guides focus on school funding systems, school design, the teaching job, and district strategies for turnaround schools.

*All six electronic publications can be found at www.erstrategies.org.*

## ABOUT ERS

Education Resource Strategies, Inc. (ERS), is a nonprofit organization that works extensively with large urban public school systems to rethink the use of district- and school-level resources and build strategies for improved instruction and performance.

# SCHOOL FUNDING SYSTEMS:

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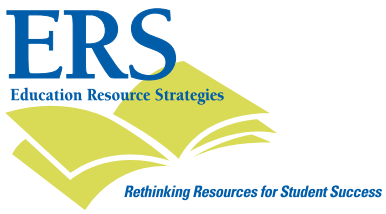


## DATA SOURCES

Unless otherwise noted, all data come from ERS work in urban school districts. To maintain confidentiality, we have used the labeling convention of "District A," "District B," etc. However, these labels do not consistently reflect the same district from figure to figure. Districts include:

Atlanta (2005–08)
Baltimore (2007–08)
Boston (2005–06)
Charlotte-Mecklenburg (2007–08)
Chicago (2005–06)
Los Angeles (2005–06)
Milwaukee (2009–10)
Philadelphia (2008–09)
Rochester (2008–10)
Seattle (2009–10)
St. Paul (2005–06)
Washington, DC (2004–05)

# CONTENTS

**How can school districts give schools the talent, time, and money they need to succeed?**

# INTRODUCTION

YOU'RE A DISTRICT LEADER who wants to see higher student achievement and balance your district budget — and that is getting harder. Budget cuts loom for at least another couple of years. There is pressure to use federal stimulus dollars to fill gaps and backfill longstanding programs but also to turn around struggling schools. This confluence of tough times and unprecedented federal support presents a major opportunity to transform school systems through effective funding practices.

This guide describes how your district can more effectively use the resources you have by:

- Making cuts with the least impact on the neediest students and schools
- Shifting current spending to where it can make the most difference
- Increasing spending where it is most needed
- Using stimulus dollars to invest in improvements
- Laying the groundwork for long-term change

The information and analyses you will find here are drawn from our work with more than 15 urban school districts in which leaders have been shocked, surprised, and motivated by discoveries of misalignment between district goals and the use of resources. For instance, one district committed to funding equity learned that middle schools, which were a focus of improvement for that district, received significantly fewer dollars per pupil than elementary and high schools. Another district that allocated staff to schools using a strict one-size-fits-all formula ended up paying an average of 25% more per pupil in schools with fewer than 350 students. A third district found that some schools received almost twice as much as other schools if comparisons were made using actual teacher salaries.

**Our premise is this: Schools need to get their "fair share" of district money to meet the needs of their students (equity), in ways that everyone can easily understand (transparency), and in ways that allow them to use resources to meet their unique needs (flexibility). Unfortunately, these three funding goals are rarely achieved.**

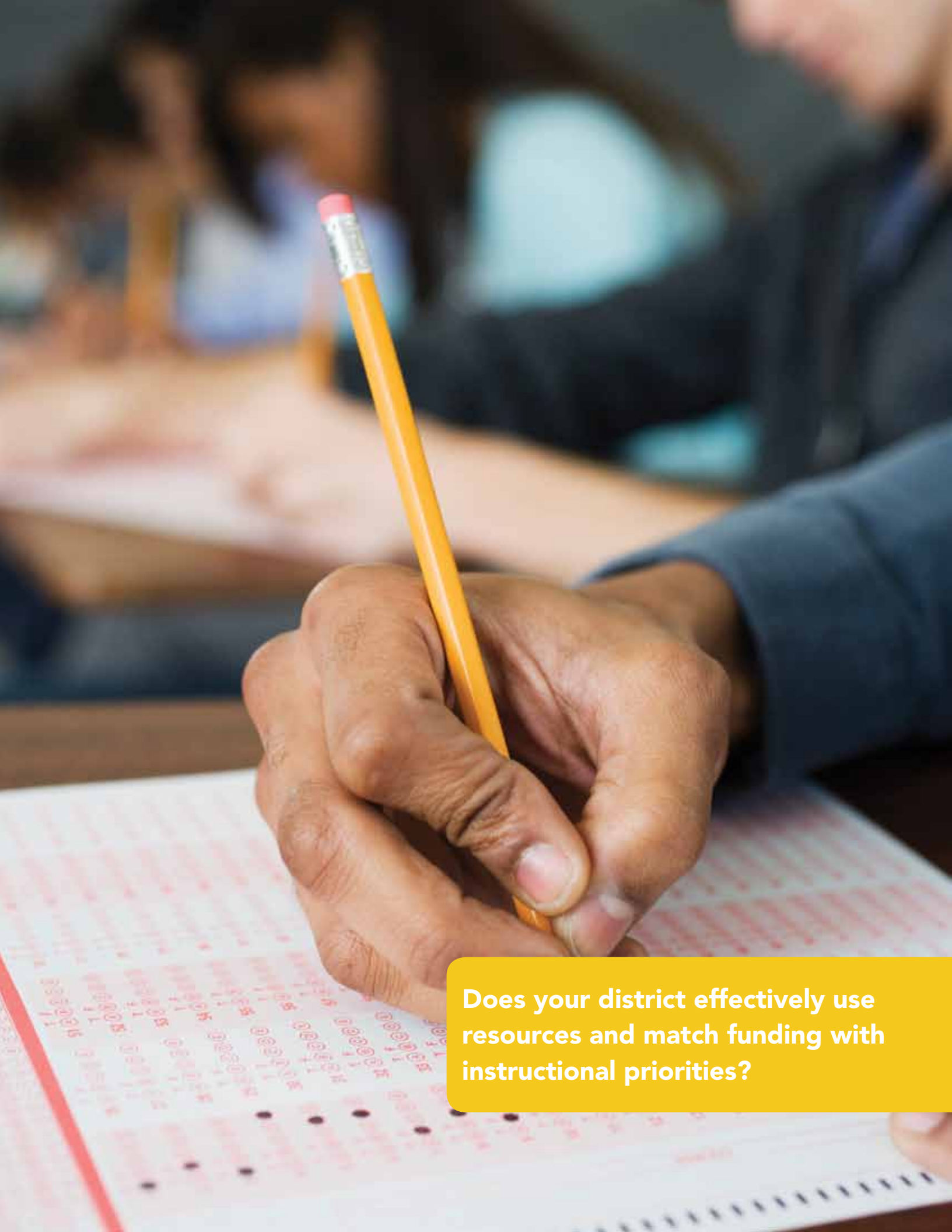
**EQUITY.** Districts do not intentionally allocate resources to schools and students in inequitable ways. However, the organizational structures, allocation models, policies, and practices in many districts produce inequitable results, with some of the neediest schools receiving half as much as other schools and their students being shortchanged.

**TRANSPARENCY.** Transparency of school funding helps districts and schools plan more strategically and make better decisions about the distribution of scarce resources. Too often, however, school-level reporting and the budget-building process lack clarity, preventing school leaders and the community from seeing an accurate picture of resource use. The result: Budget decisions are made in a partial vacuum, and appropriations do not match priorities.

**FLEXIBILITY.** School leaders need sufficient authority to flexibly organize talent, time, and technology around a vision for transforming student performance. However, traditional practices, regulations, and contractual obligations prevent many of them from making the best use of these resources.

**This guide offers practical guidance for remedying specific funding problems.**

- Use the Self-Assessment to determine whether your district is achieving the goals of equity, transparency, and flexibility.
- Learn more about equity, transparency, and flexibility, as well as the causes of misalignment between resource allocation and strategic goals.
- Apply the methodology detailed in the worksheets in this guide to figure out the extent of the misalignments in your district.
- Identify action steps you can take.
- Determine your priorities for reallocation of resources and leveraging federal dollars.



**Does your district effectively use resources and match funding with instructional priorities?**

# SELF-ASSESSMENT

USING THE **SELF-ASSESSMENT**, you can begin to understand best practices for effective resource use, potential obstacles, and how well your district matches funding with instructional priorities. After reviewing best practices for funding equity, for example, assess how your district compares by circling the closest description of your current practice.

Once you have an idea of your greatest funding issues, use this guide to dig deeper to explore the root causes of these issues and quantify the size of the problems in your district.

## Instructions

For each best practice, circle the choice that is closest to current practice in your district. If you don't know the answer, leave it blank. Give yourself one point for every 1, two points for every 2, and three points for every 3.

## Evaluating your score

First, take a look at all the areas in which you circled a 1. These are the areas on which you need to focus to improve equity in your district. Second, to get an overall sense of how your district compares to best practices, compute your score:

- **If your total score is between 34 and 42,** you're on the right track. Your funding system is likely doing a good job allocating resources equitably across schools through a transparent process that allows flexibility for school leaders.
- **If your total score is between 24 and 33,** there are opportunities for improvement in your district. Look through the Self-Assessment to identify the areas in which you scored lower, and turn to those sections of this guide for ideas on how to diagnose and address your funding issues.
- **If your total score is lower than 24,** you need to reexamine your entire funding system. Read the rest of this guide for direction on how to diagnose and address your funding issues.

SELF-ASSESSMENT

## EQUITY: Does your district allocate resources equitably across schools, adjusting for student and school needs?

| | | Current practice in your district (circle best answer) |
|---|---|---|
| POINTS: _____ | **1. Resources are allocated equitably across schools, adjusting for student and school needs.**<br><br>Why is this important?<br>Many standard funding practices result in unintentional inequities across schools and student types. Districts that do not measure and actively manage per-pupil expense by school are more likely to have inequity.<br><br>Funding systems that award dollars based on student need instead of staff positions can improve funding equity across schools by eliminating unintended funding variations. However, these systems are successful only if supportive conditions exist, including overall funding levels that are adequate to provide flexibility; principals who have the skills, support, and data to make good resource decisions; and accountability structures to ensure effective resource use. Districts that use staff-based funding systems can increase equity by carefully tracking actual expenditures and adjusting formulas and funding based on this information. | 1. The district does not track total district expenditures per pupil at each school.<br><br>2. The district tracks total district expenditures per pupil at each school and then adjusts allocations to eliminate the largest outliers.<br><br>3. The district tracks total district expenditures per pupil at each school, analyzes the reasons for differences, and systematically changes allocations to recognize student and school needs. |
| POINTS: _____ | **2. Students with greater learning challenges (e.g., special education students, English language learners [ELLs], students in poverty, off-track/struggling students) receive additional resources sufficient to support these needs.**<br><br>Why is this important?<br>Different learning needs require school funding that reflects student differences. Districts should have mechanisms for providing additional resources to students with special needs, including students who are off track or struggling academically but do not fall into another special category (e.g., special education, ELL, or poverty). Districts must think carefully about the right relative funding and how to ensure funding consistency across a variety of school configurations. | 1. Additional resources for greater student need come mostly through categorical funds and address three or fewer of the four student types listed to the left.<br><br>2. Additional resources for greater student need come mostly through categorical funds but address all four student types listed to the left.<br><br>3. The district leverages both general and categorical funding to provide additional funding to high-needs students including special education, ELL, poverty, and off-track/struggling students. |

| | Current practice in your district (circle best answer) | |
|---|---|---|
| **3. Students with specialized programming requirements are assigned to schools in a way that balances high-quality, cost-effective instruction with the need for inclusion and choice.**<br><br>Why is this important?<br>Offering highly specialized programs at many schools to only a handful of students at each school increases delivery costs and limits instructional quality by spreading scarce teaching resources too thinly across the district. | 1. Most programs are offered at most schools.<br><br>2. The most specialized programs are clustered at a few schools.<br><br>3. Student assignment is deliberately managed to balance cost, quality, and equity concerns. | **POINTS:** _____ |
| **4. School funding guidelines differ by school size to minimize unplanned extra spending on smallest schools.**<br><br>Why is this important?<br>Staffing-based formulas that always allocate teachers and other school staff such as secretaries, librarians, and assistant principals as full staff positions can drive inequity. This is especially true in very small or very large schools because small differences in enrollment can result in large differences in funding. In addition, staffing-based formulas generally do not provide flexibility around part-time or alternative resources. | 1. The district applies the same staffing formulas to all schools.<br><br>2. The district allocates staff or dollars to schools but varies the formulas (or makes other funding adjustments) based on school type and size.<br><br>3. The district allocates staff or dollars to schools, varies the formulas (or makes other funding adjustments) based on school type and size, and provides school leaders with the flexibility to use funds to best meet school and student needs. | **POINTS:** _____ |
| **5. The district accurately projects enrollment and adjusts school budgets (dollar or staff allocations) when a school's enrollment targets are not reached, balancing stability and equity concerns.**<br><br>Why is this important?<br>Schools that are significantly underenrolled but retain funding can be significantly overfunded relative to schools with accurate student enrollment projections. | 1. The district does not adjust budgets based on final enrollment.<br><br>2. The district adjusts budgets only when enrollment is higher than projected but does nothing when enrollment is lower than projected.<br><br>3. The district has a process to adjust budgets based on actual enrollment that addresses both over- and underenrollment relative to projection. | **POINTS:** _____ |

## SELF-ASSESSMENT

Current practice in your district (circle best answer)

**6. Schools with lower average teacher salaries receive equivalent total resources per pupil.**

Why is this important?

Average teacher compensation and average teacher experience can vary widely across schools, often resulting in more junior teachers in hard-to-staff schools. If districts budget using district average teacher salaries, these inequities can be masked. Districts need to understand how differences in teacher compensation drive differences in spending across schools. With this information, they can make better decisions about staff assignment and support, reducing differences in compensation or providing additional funding or support to schools with a high number of junior teachers.

1. Schools with lower average salaries get no additional funding or support.
2. Schools with lower average salaries get additional funding or support.
3. School budgets reflect actual teacher salaries, and schools with lower average salaries get additional funding and support.

POINTS: _____

**7. Ad hoc exceptions to staffing formulas are made rarely if at all, and when they are made they are centrally tracked and managed.**

Why is this important?

Districts develop staffing ratios carefully to distribute instructional resources to schools and students strategically. If ad hoc exceptions are common and multiple people have authority to make exceptions, then actual staffing ratios — and therefore investment by school and student type — can differ significantly from what district leaders intend.

1. The process for making exceptions is unclear, and exceptions are common.
2. The district has a clearly defined process for making exceptions, but the process is not always followed, and exceptions are common.
3. Ad hoc exceptions are rare, and the criteria and decisionmaking process for exceptions are clear.

POINTS: _____

For more information on EQUITY, see page 11.

## TRANSPARENCY: Does your district use a transparent budget process that builds trust and allows school leaders to make the best decisions?

| | Current practice in your district (circle best answer) | |
|---|---|---|
| **1. The district presents school budgets internally and externally in a format that is easy to understand and compare across schools and that includes all funding sources.**<br><br>Why is this important?<br>District and school leaders cannot effectively manage resources without accurate information on how those resources are deployed to schools. In addition, to hold district leaders and principals accountable for using their resources well, the public must have clear access to relevant information. | 1. School budgets are difficult to understand and compare and/or are missing significant funding sources.<br><br>2. School budgets are easy to understand and compare and include most funding sources.<br><br>3. School budgets are easy to understand and compare and include all funding sources. | **POINTS:** _____ |
| **2. The majority of resources spent at each school are included on school-level budgets or on budgets that give each principal access to his or her school's information.**<br><br>Why is this important?<br>To make decisions that best align resources with instructional strategy, principals must clearly understand what resources they have and why. | 1. Less than 50% of the district's total operating budget is reported at the school level.<br><br>2. 50–70% of the district's total operating budget is reported at the school level.<br><br>3. More than 70% of the district's total operating budget is reported at the school level. | **POINTS:** _____ |
| **3. The funding formulas that govern the staff and resources that each school gets are widely shared and understood.**<br><br>Why is this important?<br>District leaders and the public cannot accurately evaluate how funding decisions are made if the criteria behind those decisions are not clearly communicated, understood, and adhered to. | 1. Funding formulas are not widely shared and understood.<br><br>2. Formulas for some funding sources are widely shared and understood.<br><br>3. Formulas for all funding sources are widely shared and understood. | **POINTS:** _____ |

Current practice in your district (circle best answer)

**4. Principals receive school budget reports that include benefits costs for each position.**

Why is this important?

Benefits can represent as much as 30% or more of total compensation cost. Principals can make more effective staffing decisions when they understand the total cost of each position type. For instance, an instructional aide may have a salary that is only half the salary of a certified teacher but receive full benefits. If benefits are included, the total compensation cost of the aide may be closer to 75% of the total compensation cost of the teacher. Given this information, a principal who has some staffing flexibility may make different decisions about the mix of aides and teachers in his or her school.

1. Benefits costs are not reported in school budgets.
2. Some benefits costs are reported in school budgets for some positions.
3. All benefits costs are reported in school budgets for all positions.

POINTS: _____

For more information on TRANSPARENCY, see page 29.

## FLEXIBILITY: Does your district ensure school leaders have the flexibility to organize talent, time, and money to address school and student needs?

**1. Principals have the ability to swap a significant percentage of staff positions and move spending from one line item to another.**

Why is this important?

To effectively allocate all available people, time, and dollars, principals need the ability to alter school organization, staffing, and scheduling to meet the unique needs of their schools. However, not all principals have the experience, training, or knowledge to make the most effective decisions in these areas. Districts should provide the most flexibility to principals who have demonstrated the capacity to use resources effectively, while maintaining more control over the decisions of less experienced or lower-performing principals.

1. Principals cannot swap staff positions or reallocate spending.
2. Principals can make some staff and budget changes with district approval; the approval process is clear and consistently applied.
3. District provides principals with graduated levels of flexibility around staffing and budget decisions based on skills, experience, and performance.

POINTS: _____

| | Current practice in your district (circle best answer) | |
|---|---|---|
| **2. Principals have the authority to choose teachers whose skills and expertise match school and student needs.**<br><br>Why is this important?<br>To effectively match teaching staff with school and student needs, principals need the authority and ability to choose the teachers that will best meet the needs of their student populations and complement the skills and experience of current faculty members. Collective bargaining agreements that make seniority the primary driver of hiring and transfer decisions, as well as other district practices, can limit principals' flexibility in hiring the right staff. | 1. Principals must first fill open positions based on seniority or other transfer policies.<br><br>2. Principals have some flexibility in filling open positions.<br><br>3. Principals may choose teachers based on fit and need and work closely with human resources to ensure they have access to the right candidates. | **POINTS:** _____ |
| **3. Principals have the ability to make schedule changes without a contract renegotiation or a full faculty vote.**<br><br>Why is this important?<br>To effectively support both teacher and student needs, principals need to be able to adapt their school schedule to focus time and attention where it is needed most; this might include increasing time for teacher collaboration and planning or providing for small-group instruction throughout the day for struggling students. District and collective bargaining constraints limit principals' ability to best match time and staff to school and student needs. | 1. Principals cannot make any schedule changes without a contract renegotiation or full faculty vote.<br><br>2. Principals can make schedule changes that don't impact total teaching time.<br><br>3. Principals have the ability to make schedule changes, including changing total teaching time, based on student needs. | **POINTS:** _____ |

For more information on FLEXIBILITY, see page 33.

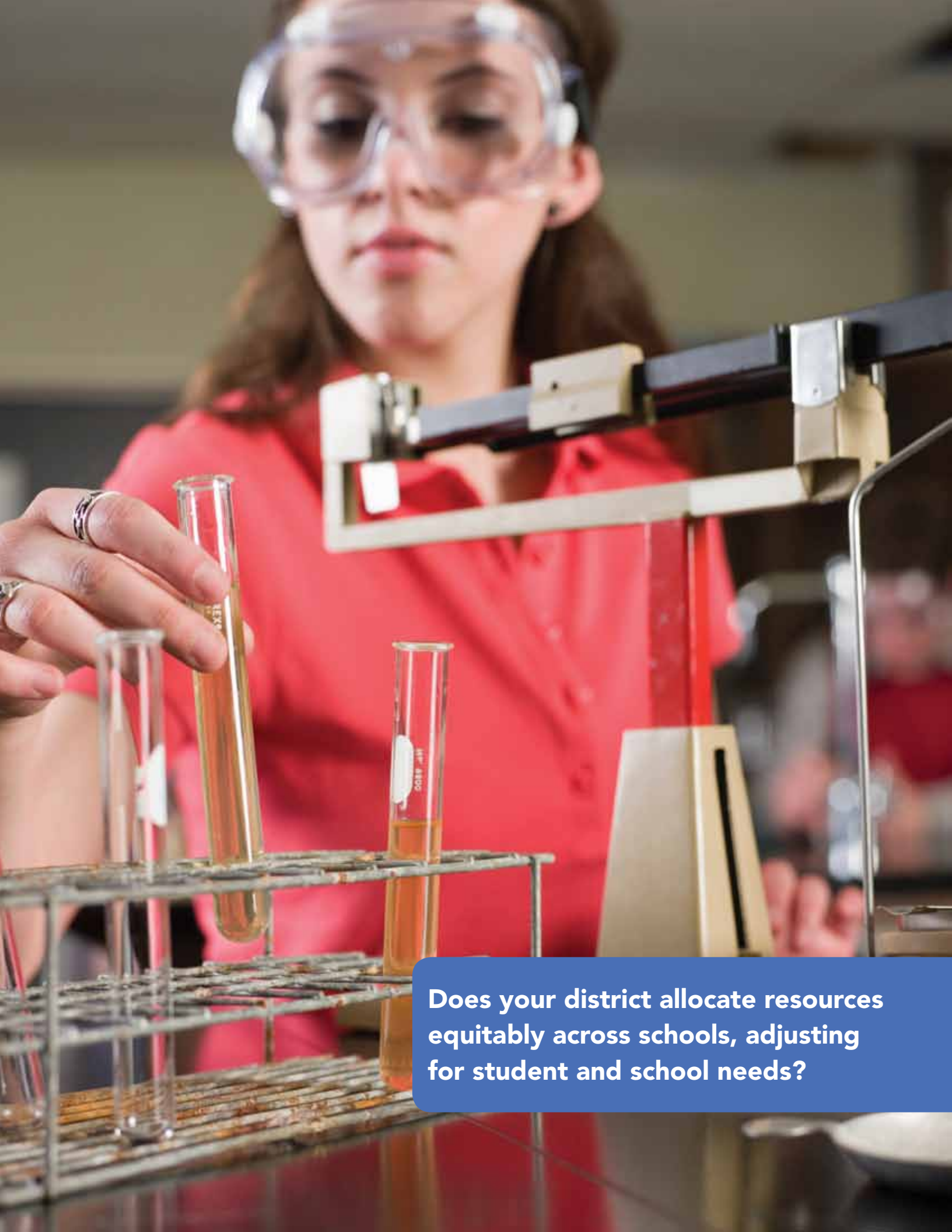
## Summary Sheet with Scores

ADD UP YOUR SCORE

| **EQUITY** | POINTS |
|---|---|
| 1. Equitable allocation | _____ |
| 2. Special populations spending | _____ |
| 3. Specialized program placement | _____ |
| 4. School size differences | _____ |
| 5. Enrollment projections | _____ |
| 6. Teacher compensation | _____ |
| 7. Ad hoc exceptions | _____ |
| **Total Equity Score (Max 21)** | _____ |

| **TRANSPARENCY** | POINTS |
|---|---|
| 1. Clear school budgets | _____ |
| 2. School-level budgets | _____ |
| 3. Funding formulas | _____ |
| 4. Benefits, costs | _____ |
| **Total Transparency Score (Max 12)** | _____ |

| **FLEXIBILITY** | POINTS |
|---|---|
| 1. Staffing flexibility | _____ |
| 2. Hiring authority | _____ |
| 3. Scheduling authority | _____ |
| **Total Flexibility Score (Max 9)** | _____ |
| **TOTAL SCORE (Max 42)** | _____ |



**Does your district allocate resources equitably across schools, adjusting for student and school needs?**

# EQUITY

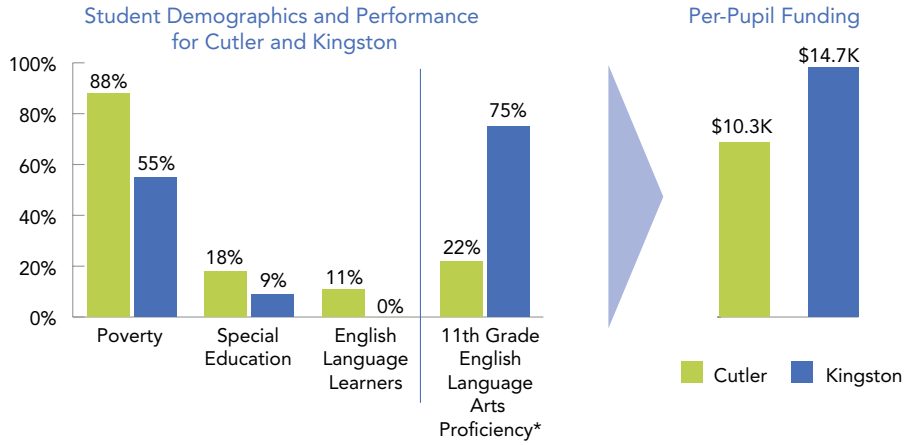
THE SEVEN ANALYSES in this section of the guide relate to funding inequity. The first two analyses will tell you how evenly you have distributed resources across schools and whether your district has differences in spending by school.

1. Variation in PER-PUPIL SPENDING by school
2. Variation in incremental spending for SPECIAL POPULATIONS by school

The next five analyses will help you determine which drivers of spending differences explain the most variation in your district. We have identified five key drivers of spending differences across schools that occur even when schools are serving similar student populations:

3. Broad distribution of HIGHLY SPECIALIZED PROGRAMS across schools
4. SCHOOL SIZE differences combined with strict funding formulas
5. Budgets based on INACCURATE ENROLLMENT PROJECTIONS
6. Imbalances in TEACHER COMPENSATION among schools
7. AD HOC EXCEPTIONS to funding guidelines in response to individual school needs

Despite attempts to accommodate the needs of every student, few school systems are able to avoid funding disparities across schools and student groups. Take the case of schools we'll call "Cutler" and "Kingston," two high schools in the same large metropolitan district with very different funding stories.




Cutler's demographics and performance imply that it has higher needs than Kingston, but Kingston receives nearly 50% more funding than Cutler.

**The percentage of 11th grade students who are proficient or advanced in 2008 state assessments for English language arts*

In FY09, Kingston received $14,700 per pupil while Cutler, only a few miles away, received $10,300 per pupil. Cutler has a student population with greater needs but is receiving $4,400 less per pupil than Kingston.

This story is not unique. Although districts strive for equity — students and schools with comparable needs receiving comparable funding — most experience funding disparities without realizing they exist, lacking the data and tools to recognize and quantify these issues. Even when school systems can accurately compare funding across students and schools, standard procedures and rigid teacher-student ratio-based formulas for organizing and assigning dollars, teachers, and students prohibit the allocation of resources in ways that best support instructional improvement and reform.

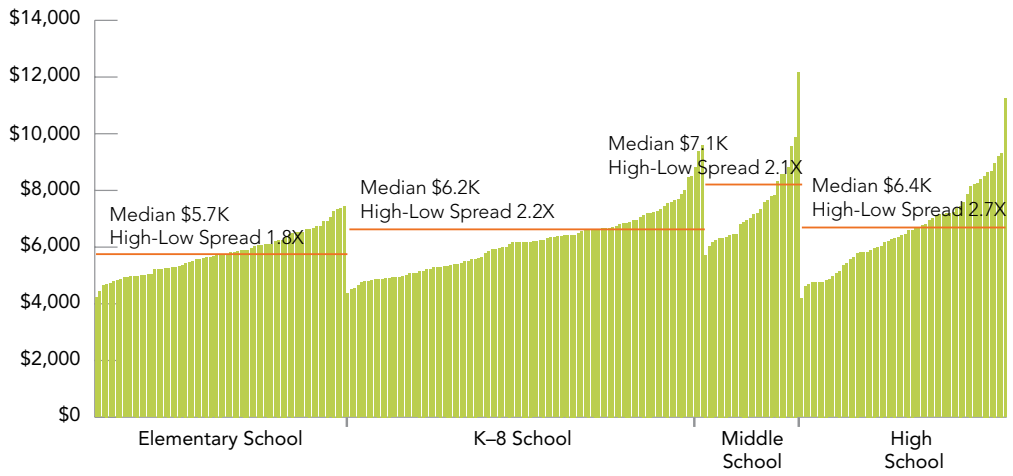
## Analysis 1: Variation in per-pupil spending by school

The most straightforward indicator of equity is per-pupil spending by school. To get a preliminary sense of equity across schools, we use the relatively simple calculation of general education, school-reported spending per general education student.

This measure is limited because it does not reflect special education and English language learner (ELL) populations nor capture school-related expenses reported at the district level, but it is a good starting place for understanding equity.

**Figure 1** illustrates the general education per-pupil spending in one typical urban district. The vertical lines represent the overall per-pupil expenditure at each school. These schools have been segmented by level: elementary, K–8, middle, and high school, with the orange lines representing the median per-pupil spending for each school type. In this district, there are dramatic differences in funding — both within and across school levels. Within school levels, the highest-funded schools receive approximately twice the funds that the least-funded schools receive. These discrepancies also exist across school levels, with elementary students receiving the lowest funding level and middle school students receiving the highest, reflecting a spending gap of $1,400 per pupil.

Figure 1: General Education Spending Per Pupil by School




Each line represents the level of funding for a particular school. At every school level, some schools receive as much as twice that of other schools.

If more than one-fourth of the schools in your district deviate more than 15% from the median, you likely have significant funding inequity in your district.

Once you have calculated the general education per-pupil spending at each school and the median for your district, you can gauge the magnitude of inequity across schools. The degree of funding variation can be summarized by calculating the percentage of schools in the district with per-pupil funding that is more than 15% above or below the median for the district. In the district in Figure 1, for example, the funding in 41% of the schools deviates more than 15% from the district median.

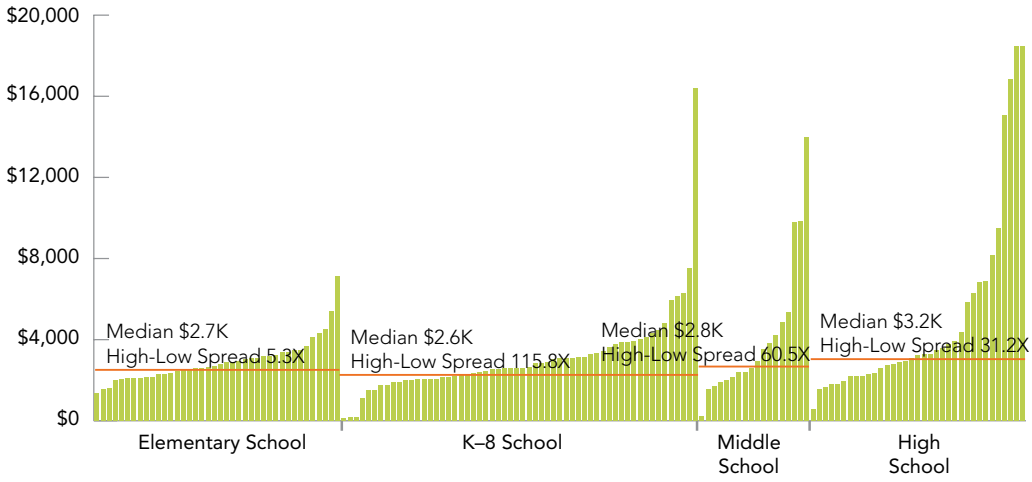
As a rule of thumb, if more than one-fourth of the schools in your district deviate more than 15% from the median, you likely have significant funding inequity in your district.

## Analysis 2: Variation in incremental spending for special populations by school

Analyzing general education spending is a good place to start, but it doesn't tell the entire funding story. All the districts with which we've worked spend significant portions of their budget to support special populations — special education students, ELL students, students in poverty, and in some cases, students who are off track or struggling academically but don't fall into one of these other categories. Since spending for these student populations can vary significantly by school, determining the extent of that variation is the next step in diagnosing the cause of funding inequities. In this section, we provide two analyses of special population spending. The first provides an overall comparison of incremental spending by group. The second, more detailed approach is appropriate if there is significant variation in student needs *within* a given special population across schools.

To illustrate how special population spending can vary by school, **Figure 2a** shows ELL-specific per-pupil spending on ELL students by school in the same district for which the general education spending is shown on page 12. We have included only ELL spending that can be tracked to the individual school because allocating central expenses evenly over the special education population can mask differences in actual school-to-school spending. (Note: If less than 50% of your ELL-specific spending can be tracked to the school level, this analysis will not be meaningful for your district.) As with general education spending, there are dramatic variations in the incremental per-pupil spending both across and within school types.

### Figure 2a: Incremental ELL Spending Per Pupil by School*




There are dramatic variations in the incremental per-pupil spending for ELL students, both across and within school types.

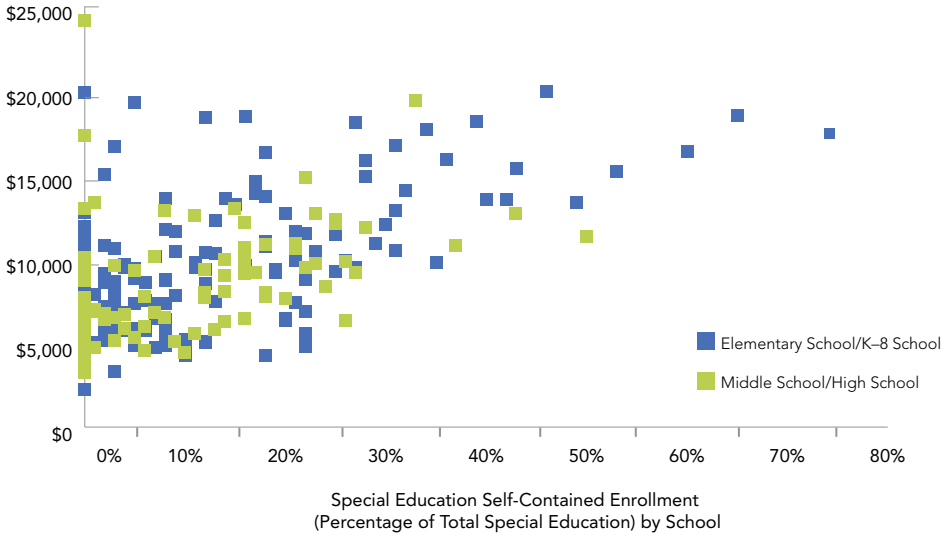
**Includes only expenses tracked to the school level*

The same analysis can quantify spending by school for other high-needs student groups, including special education students, students in poverty, and off-track or struggling students.

This analysis will give you a general indication of whether there is inequity in funding for each special population across schools. However, some of the differences in per-pupil spending by school can and will be explained by differences in the needs within the specific group. You will need to drill down to understand whether the spending differences are in fact "inequitable" or just a reflection of these differences.

These differences in the needs of special populations across schools can be especially large in special education. As an example of a more nuanced analysis of spending variation, **Figure 2b** shows the incremental per-pupil spending on special education students by school. Again, we have included only special education spending that can be tracked to the individual school because allocating central expenses evenly over the special education population can mask differences in actual school-to-school spending. In this case, we have arrayed the per-pupil spending by school (Y axis) against the percentage of each school's special education population that is self-contained (X axis), using the percentage of self-contained students as a proxy for the overall level of need in the special education population at that school. As you would expect, per-pupil spending generally increases as the percentage of self-contained students increases. However, there are still significant variations in per-pupil spending, even among schools with similar distributions of self-contained versus resource students. Some elementary schools with apparently similar percentages of high-needs students receive four times as much incremental special education funding as others.

Figure 2b: Incremental Special Education Spending Per Pupil* versus Self-Contained Special Education Enrollment (As a Percentage of Total Special Education Enrollment)




There are significant variations in spending among schools in the same district, even among those with similar distributions of self-contained versus resource students.

**Includes only expenses tracked to the school level*

If one-fourth or more of the schools in your district deviate 25% or more from the median for any special population, funding for those students may be driving inequity.

As with general education, once you have calculated the incremental per-pupil spending for different special populations at each school and the median for your district, you can gauge the magnitude of inequity across schools. The degree of funding variation can be summarized by calculating the percentage of schools in the district with incremental per-pupil funding that is more than 25% above or below the median for the district.

Apply a 25–25 guideline for your analysis: If one-fourth or more of the schools in your district deviate 25% or more from the median for any special population, funding for those students may be driving significant inequity in your district. While you will need to drill down to understand the source of these spending differences in more detail, this high-level analysis can identify disparities and point you to areas that need examination.

## Questions to Consider

1. Is there a significant range in general education per-pupil spending across schools in your district?
2. What percentage of schools in your district falls more than 15% from the median for per-pupil spending? How does this compare to other districts?
3. Are there variations in per-pupil spending by school level? Is this by design?
4. What percentage of your student population is made up of special education students, ELL students, students in poverty, or struggling learners?
5. Are there variations in incremental per-pupil spending for these special populations across schools? Is this by design?
6. How does your district allocate additional resources to special populations (special education students, ELL students, students who qualify for free and reduced-price lunch, struggling learners)?
7. Does your district provide additional funding to schools with high numbers of students who are off track or struggling academically, even if they are not special education or ELL?

Use the worksheets for Analyses 1 and 2 on pages 43 and 46.

## Take Action!

If these first two analyses have identified significant funding inequity, you will want to understand what is driving that inequity.

- **Conduct the next five analyses to quantify the drivers of inequity.**
- **Implement a process of ongoing measurement of per-pupil spending by school.** You can develop an annual process to understand funding variations across schools and student types and then identify opportunities to refine your funding rules to reduce unintentional variations. The two analyses presented here are a good starting point, but your district should track spending to specific schools and specific students with as much precision as possible. For example, much of the support for special populations such as special education students and ELL students is often managed and tracked centrally. You can develop mechanisms for understanding more clearly how those resources are actually deployed from school to school to determine whether they are being directed in the way you intend. In addition, different schools may be using special populations staff in different ways. In one district in which we worked, ELL teachers were brought into general education classrooms to support the ELL students in those classrooms, but this assignment also reduced student-to-teacher ratios for all students in that class for part of each school day. Understanding in more detail how schools are deploying the resources they have can inform equity decisions as well as identify best practices that can be shared across the district.
- **Consider a weighted student funding system.** Allocation systems that award dollars based on student need instead of staff positions can improve funding equity across schools. Many of the unintentional inequities described in this guide that result from rounding up partial staff allocations or ad hoc exceptions to staffing ratios disappear when dollars are allocated instead of staff. In addition, student-based funding

Learn more about FLEXIBILITY on page 33.

systems can provide more transparency around how districts are investing to serve needs of particular student populations. To maximize equity, think carefully about the relative funding your district wants to give to different student populations, including special education students, ELL students, students in poverty, and off-track or struggling students. Remember: These systems are successful only if supportive conditions exist, including overall funding levels that are adequate to provide flexibility; principals who have the skills, support, and data to make good resource decisions; and accountability structures to ensure effective resource use. If most school dollars are tied up in mandated positions, then an allocation based on each student could create unintended consequences. Student-based funding does not have to be "all or nothing." As a first step, consider whether there are specific programs or a larger portion of the school budget that you can convert to dollar allocations. Also look for opportunities to increase flexibility over how resources are used at schools.

- **Provide more precision within your current funding system.** If the shift to a weighted student funding system is impossible in your district, you can reduce unintentional variations by adjusting your staffing-based funding formulas. Allocating partial full-time equivalents (FTEs) to schools instead of always rounding up to the nearest FTE can reduce variation across schools, especially for special populations in which enrollment is small and rounding of staff positions can make a big difference (e.g., the difference between one ELL teacher and two, based on a difference of only one or two students). You also can target supplemental funding to schools that are underfunded relative to other schools, either overall or in specific areas.

- **Target supplemental funding to students with the greatest needs.** For the next few years, urban districts will continue to face intense budget pressure and be called on to make cuts. You can use this opportunity to increase equity among schools and students by matching funding to student need in a way that provides necessary support for all high-needs populations, including students who are off track or struggling academically. Many districts already weight special education, ELL, and free and reduced-price lunch students differently in the staffing formulas or provide additional resources to schools with significant populations of these students. Since these students may already receive additional resources through categorical funding streams, you might consider providing additional resources specifically for students who enter a school significantly below standard proficiency levels.

- **Reduce restrictions on special population funding.** You can often provide school leaders with more flexibility around serving special populations by increasing student-to-staff ratios and ensuring they are serving each student in the least restrictive environment. A careful revision of Individual Education Plans (IEPs) can redefine support for some students to ensure greater resources as well as content expertise in the core classroom setting. Core teacher teams can then target these resources toward instructional support for struggling learners in ways that are more directly focused on and adaptive to their changing learning needs.

The two analyses in this section showed you whether your district has differences in spending by school. The next five analyses will help you determine what drives the most spending variation in your district.

## Analysis 3: Broad distribution of highly specialized programs across schools

Program placement and student assignment decisions also can affect the equity and effectiveness of serving special student populations. Many districts try to serve each student at the school of choice and to integrate students as much as possible into general education settings, and this approach makes sense for most students. However, there is a subset of students that need very intense or specialized services and support. Due to the regulations and high fixed costs associated with serving these students, enrolling them across many schools throughout the district rather than in selected schools can make it difficult to find enough teachers with the needed expertise and may result in unfilled capacity and unnecessary costs. Clustering the highest-needs special education or ELL students can enhance the delivery of services without replicating the cost structure more times than necessary.

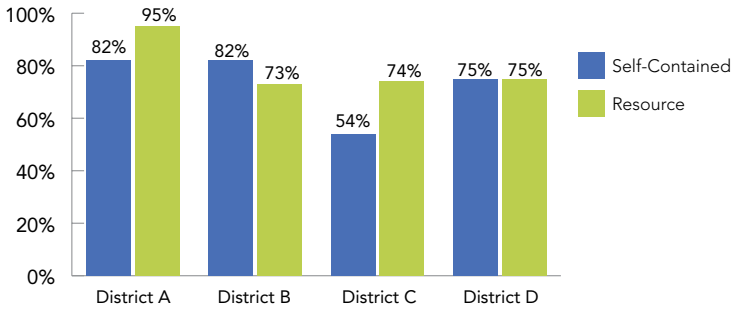
The benefits of allowing special-needs students to attend local schools and schools of their choice must be compared to the costs incurred, both in more expensive delivery and in potentially lower-quality instruction. Many districts have a hard time finding highly qualified special education and ELL teachers for these populations. Students may be better served by being grouped together in a single school serving a larger number of similar students taught by teachers most qualified to meet their needs.

**Figure 3** illustrates that placements for special education students in four urban districts result in classes smaller than required and underuse of staff. A "fill rate" describes how many students on average are in a special education class relative to the district's target class size for that disability category. A fill rate of 100% represents a perfect match between the number of "program seats" available for students at a given school and the number of students filling those seats. In each of these four districts, schools are offering classes to special education students that are, on average, one-third smaller than the classes required by those students' IEPs.

These smaller class sizes are not deliberate decisions based on student need but the random result of student choice and residential patterns. Altering program placement and student assignment to increase fill rates to 90% or higher could free significant resources to devote to other areas, including additional support for these students.

Students may be better served by being grouped together in a single school serving a larger number of similar students taught by teachers most qualified to meet their needs.

### Figure 3: Special Education Fill Rates*




Fill rates under 90% may not be an effective use of resources. Across these districts, low special education fill rates present an opportunity to rethink how these students' needs are met and free up significant resources for other investments, including additional services to support these students.

**Estimated based on number of special education staff, students, and actual special education teachers in district and class size guidelines for various disabilities and levels*

Use the worksheet for Analysis 3 on page 49.

## Questions to Consider

1. How much differentiation is there in your district in which specialized programs are provided from school to school?
2. How are students matched with specialized programs?
3. How close to capacity is the enrollment of various specialized programs?

## Take Action!

- **Make student placement more strategic for students with highly specialized program needs.** Tough economic times provide an important context for reviewing the number and size of these programs to make sure that all students get the specialized support they need, but in a cost-effective way that maximizes the use of scarce specialized staff and does not divert necessary resources from the shrinking core program. This approach may require changes in student assignment and added transportation costs to concentrate students in schools, but it can ensure that these students get the highest expertise and best facilities, even if they may not always get their first choice of schools.
- **Examine student assignment policies for students in all specialized programs.** Shifts of even a few students from one school to another can have a large impact on fill rates in small, special program classes, potentially freeing up resources to use to provide broader support or additional support for the same special program students. Even choice districts should examine whether they might be able to manage special populations by schools to more closely match populations with target class sizes.
- **Rethink service delivery model for schools with unavoidably small programs.** It might be possible to find high-quality, cost-effective ways to serve smaller numbers of students. Use of part-time expert staff, teachers with multiple certification, and outside contractors can sometimes be combined to create even more effective models.

## Analysis 4: School size differences combined with strict funding formulas

Staffing allocation formulas can cause unplanned extra spending in small schools, especially those with fewer than 350 students. One reason for this inequity is budgeting for staff positions rather than dollars, based on a staffing ratio (e.g., one teacher per 25 students or one administrative position per 400 students). In small schools, such rigid ratios are more likely to result in fractional staff allocations that are rounded up, adding entire staff members, even when the incremental number of students is not enough to fill an entire classroom or program.

Funding inequities also occur when districts award "flat" staff allocations of schoolwide positions — for example, a principal, secretary, guidance counselor, music teacher, and librarian — to all schools regardless of size. This practice drives up the per-pupil cost for small schools whose student numbers may warrant only a partial position. This same phenomenon also can result in lower per-pupil funding in especially large schools, which may receive only one principal or administrator even if they have twice the number of teachers and students as a smaller school.

**Figure 4** quantifies the spending differential between small and large schools in several urban districts, showing the unintentional effect of school size on funding. We calculated this total by first quantifying the difference in general education per-pupil spending at small schools versus larger schools, then multiplying that difference by the number of small schools in the district. Although this calculation probably underestimates the additional spending because it does not capture special education and other centrally allocated expenses that could account for some inequity, it provides a good starting point for evaluating whether or not districts are paying an unintentional premium for small schools.

In many cases, additional funds end up paying for higher per-pupil administration and operating costs rather than being targeted to improve instruction.

Figure 4: Small School Spending Premium by District

| | DISTRICT A | DISTRICT B | DISTRICT C | DISTRICT D | DISTRICT E |
|---|---|---|---|---|---|
| Average general education per-pupil spending at schools with fewer than 350 students | $5.7K | $9.2K | $8.0K | $7.4K | $12.0K |
| Average general education per-pupil spending at schools with 550–650 students | $5.0K | $7.1K | $6.1K | $5.8K | $9.6K |
| Small school premium per school | $761/pp | $2,141/pp | $1,829/pp | $1,626/pp | $2,441/pp |
| Number of small schools | 28 schools | 26 schools | 6 schools | 50 schools | 18 schools |
| Total small school premium | $6.3 million | $15.4 million | $2.6 million | $22.8 million | $5.0 million |
| Percentage of district K–12 operating budget | 1.1% | 2.5% | 0.2% | 1.1% | 0.8% |

In these districts, the total small school premium is driven by the average spending per pupil and the aggregate number of small schools in the district.

In the case of these five districts, District C pays a large per-school premium for small schools but has only six schools with 350 students or fewer and thus experiences less total inequity than District D, which pays a smaller per-school premium but has a larger number of small schools. And in District B, eliminating the cost premium of "subscale" schools could allow it to recoup as much as 2.5% of its operating budget to be reinvested in other areas.

Districts with the highest small school premiums are those that allocate funds on a strict staffing ratio basis and also provide additional funding to small schools to ensure they can provide a wide range of services. It can be advantageous to provide additional funds to small schools, especially if those schools serve high-needs student populations. However, in many cases, these additional funds end up paying for higher per-pupil administration and operating costs rather than being targeted to improve instruction.

## Questions to Consider

1. Is there a significant difference in per-pupil spending by school size in your district?
2. Are there a large number of small schools in your district, and are you paying a premium for those schools?
3. Do you use the same staff-to-student ratio throughout your district to allocate funds, or do you vary these ratios to account for differences in school size? For differences in student populations?
4. Do you allow fractional staff allocation and part-time assignments?

Use the worksheet for Analysis 4 on page 51.

## Take Action!

- **Revise staff-based formulas to reduce small school premiums.** One way to reduce the spending differences among schools is by replacing staff-based formulas with per-pupil formulas. Rather than using teacher-student ratios to allocate whole staff positions, a per-pupil formula awards dollars that follow the students and their differing needs. By specifying per-pupil dollar amounts, you can specify a "small school subsidy" of whatever size you feel is appropriate. This small school foundation level must ensure that small schools receive enough staff and flexibility to meet all legal requirements for operating schools.

  You also can improve equity by allowing fractional funding allocations and giving principals more flexibility over the types and numbers of positions they can fill. For instance, if districts allocate administrative positions in partial FTE increments, one principal may choose to have a full-time assistant principal but forego a librarian, while another may choose to staff a combined librarian/reading specialist position and have one teacher serve as a part-time assistant principal. You also can allocate teaching staff in smaller increments.

- **Foster part-time employees and staff who play multiple roles.** The ability to use part-time staff is especially important in small schools, whose lower student enrollment does not always justify full-time positions. The ideal is a versatile faculty with teachers who can teach multiple subjects; however, certification requirements make these positions difficult to fill. Specialization, electives, and enrichment become very expensive in small organizations. You can make it easier for schools to hire the optimal amount of instruction in a particular subject by recruiting and encouraging part-time employees.

- **Encourage schools to leverage community resources.** Investigate partnerships with universities and other community resources to provide staff, expertise, and services, especially in noncore, part-time, and enrichment activities. Consider allowing students to earn relevant class credits outside of the normal school day.

- **Target small school environments to the students that will benefit most from them.** Districts may make a strategic decision to invest more in smaller schools because of the benefits they provide to certain student populations. In this case, districts should monitor enrollment at those schools to ensure that the investment is in fact benefiting the intended students. In addition, revising staffing formulas as outlined above will give these schools more flexibility to leverage the additional spending in ways that can most positively affect the students.

## Analysis 5: Budgets based on inaccurate enrollment projections

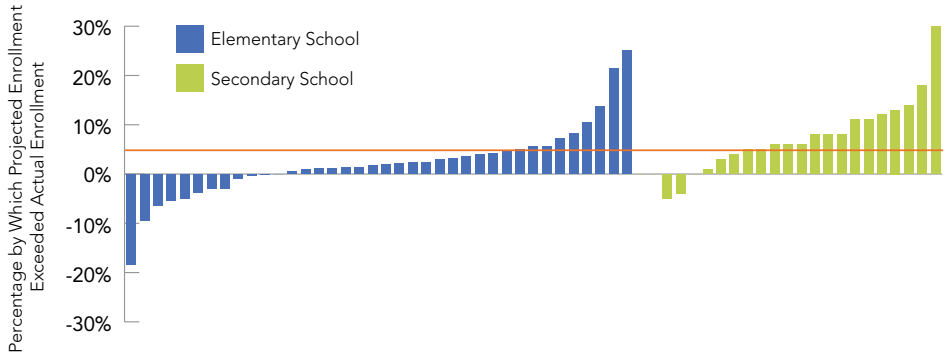
School budgets are initially awarded based on predictions of how many students will attend a school in the fall. When enrollment targets are inaccurate, the district faces a choice: Adjust the budget (which may require moving faculty to different schools) or accept a degree of inequity in funding between schools.

The actual impact of enrollment projection inaccuracy will depend on how district policies add funds and/or staff for overenrollment and reduce funds and/or staff for underenrollment.

The smaller the schools and more mobile the population, the more difficult it is to project enrollment accurately. For instance, in the district described in Analysis 1 (Kingston and Cutler), the large comprehensive high schools were much closer to enrollment targets than small high schools or entrance-exam schools, in which enrollment was significantly lower than the projection. As a result, some small, underenrolled schools that also happened to have low concentrations of special-needs students received a windfall of up to $6,000 more per student than high-needs schools that hit their enrollment targets. This inequity occurred because the district "held harmless" the schools with overprojected enrollment, permitting them to keep the projected teaching positions. As a result, significantly more resources went to the smaller schools that, on average, serve a lower-poverty student population.

**Figure 5** shows the differences between projected and actual enrollment in a large urban school system during the 2008–09 school year. The majority of the district's schools over-projected their enrollment, as indicated by the bars above the 0% line. In 71% of secondary schools and 26% of elementary schools, the projected enrollment exceeded actual enrollment by more than 5% (those schools above the orange line), yet these schools received their entire projected budget. The actual impact of enrollment projection inaccuracy will depend on how district policies add funds and/or staff for overenrollment and reduce funds and/or staff for underenrollment.

Figure 5: Projected versus Actual Enrollment




Projected enrollment exceeded actual enrollment by more than 5% in 26% of elementary schools and 71% of secondary schools. Yet these schools still received their full budget allocation.

## Questions to Consider

1. What percentage of your schools' actual enrollment is within 5% of projection?
2. Do the same schools fall below projected enrollment year after year?
3. Do you provide additional budget dollars or staff to overenrolled schools?
4. Do you remove budget dollars or staff from underenrolled schools?
5. Do overprojected/underenrolled schools have similar characteristics with regard to size, program, or type of governance?

Use the worksheet for Analysis 5 on page 53.

## Take Action!

- **Continuously improve enrollment projections.** Adjusting for missed enrollment projections after the start of the school year is limited by the difficulty and upheaval of transferring staff or students. However, reviewing several years of projections and actual enrollments can often give you clues for how projections can be improved. The same schools may exceed or fall short of enrollment each year, or other patterns may emerge. You should review your enrollment accuracy annually to identify opportunities for improvement.
- **Revise policies for adjusting budgets based on enrollment.** If your actual enrollment is off from projections by a wide margin, you should review each school's budget on a case-by-case basis to determine whether an adjustment is appropriate and potentially tighten policies, adding and taking away dollars and staff from schools once enrollments are final. This action must be approached cautiously to reduce disruption, especially at underenrolled schools, but there will likely be opportunities, especially at the most underenrolled schools, to make changes without major negative impact.
- **Provide "loans" to schools with volatile enrollment.** Some districts have had success granting loans to schools based on enrollment projections as well as a definitive explanation of how the funds will be used. The loans become part of the school's annual budget if enrollment projections are reached, but they must be paid back if enrollment falls short of expectations.
- **Explore holding money in reserve for schools in which enrollment exceeds projection.** If your enrollment is extremely volatile and difficult to predict accurately, consider holding back a portion of your budget until enrollments are finalized. That way schools whose enrollment comes in under projection won't lose any funding, and you will have budget left to distribute to schools in which enrollment meets or exceeds projection.
- **Consider closing schools that are significantly, chronically underenrolled.** Chronic underenrollment, especially in choice districts, can be a sign of deeper issues with a school. If you have schools that are less than 50% enrolled or your district expects enrollment to decline overall, consider closing low-enrollment schools to free resources for investment in other areas.

## Analysis 6: Imbalances in teacher compensation among schools

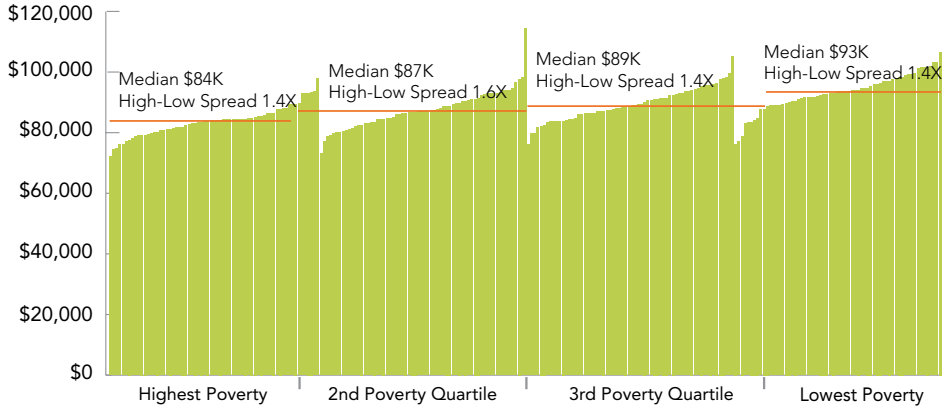
Differences in teacher compensation across schools also can contribute to funding inequities. Some schools attract and maintain more senior staff, while others have turnover problems or a less-experienced staff. Districts generally award staff positions based on the number of students regardless of the cost of the faculty member and then "charge" schools the district average salary rather than the actual cost for the teacher. The result: Schools with more experienced faculties receive a larger share of the district pie.

Differences in teacher compensation drive significant differences in spending across schools, often resulting in an underinvestment in higher-needs schools.

There is no research that correlates teacher experience (after the first three years) with instructional quality. Since what really matters is whether the quality of teachers is equitably matched to student and school needs, why is looking at actual teacher compensation important? It is important because regardless of the distribution of teaching quality across schools, differences in teacher compensation drive significant differences in spending across schools, often resulting in an underinvestment in higher-needs schools. Schools with especially high numbers of new teachers may need extra resources to support their induction process. Districts need to understand these variations and then decide whether to take actions to address them, including providing additional funding, staff, or support to those relatively underfunded schools.

**Figure 6** shows wide variation in average teacher compensation across individual schools in one large district, with average salaries at some schools more than $100,000 and at others just more than $70,000. Schools with higher levels of poverty generally have lower average teacher compensation. In other words, because of seniority staffing preference, the neediest schools are more likely to be disadvantaged, in part because they are not always the most desirable workplaces in the district and veteran teachers can go elsewhere.

Figure 6: Average Teacher Compensation by School




In this district, the highest-poverty schools have lower average teacher compensation. This inequity can result from seniority staffing preference because the neediest schools are often considered to be the least desirable places to work.

## Questions to Consider

1. Are there large variations in average teacher compensation among schools in your district?
2. How do student demographics and performance correlate to teacher compensation levels, especially at schools with the highest and lowest teacher compensation?
3. Do you allocate extra resources to schools to compensate for inexperienced staff?
4. Do incentives exist for experienced staff to teach at schools with the greatest student need?

Use the worksheet for Analysis 6 on page 54.

## Take Action!

- **Reduce differences in teacher compensation.** As new federal reporting requirements highlight inequities across schools related to compensation, you can look for ways to distribute teacher expertise more strategically. Investments and incentives to encourage highly effective teachers to move to disadvantaged schools could include salary increases, leadership opportunities for areas of expertise, or more attractive working conditions, including additional collaborative planning periods, expert support, lower pupil loads per term, and stipends for extending the learning day.
- **Adjust for differences in teacher compensation.** In addition to creating a more even distribution of teachers across schools, districts should provide additional support to schools that do have a high population of lower-compensated, and therefore less-experienced, teachers. Possible supports for schools with high numbers of new teachers could include additional coaches, smaller classes for new teachers, or additional professional development dollars.

## Analysis 7: Ad hoc exceptions to funding guidelines in response to individual school needs

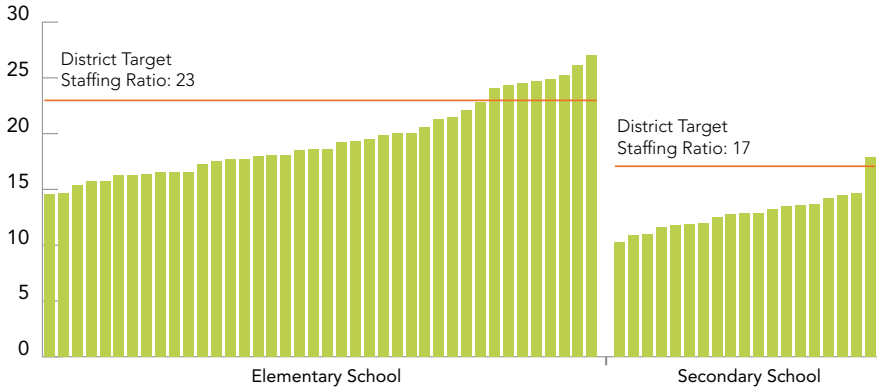
Most districts make at least some ad hoc exceptions to staffing or funding formulas, adding specific staff or dollars to an individual school based on a particular need. For instance, a principal may request and receive an additional teacher when a specific grade or course would otherwise exceed class size guidelines. Although such decisions may make sense on a case-by-case basis, failing to review and manage these ad hoc decisions collectively can result in significant inequities across schools. Funding exceptions can unintentionally favor schools with the most savvy principals.

Failing to review and manage ad hoc decisions collectively can result in significant inequities across schools.

**Figure 7** illustrates misalignments that resulted from funding exceptions made at individual schools in one urban district. Here the actual ratio of general education students to general education teachers falls short of district staffing guidelines at nearly all elementary and secondary schools. The official elementary school staffing ratio was 23:1, but the actual staffing ratio varied significantly, with some schools receiving enough additional teachers to reduce their ratio to 15:1.

A similar pattern exists in secondary schools, in which all schools but one received additional staff beyond the target level. District leaders may not be aware of all exceptions that are being made and therefore may not be targeting additional teaching resources to higher-needs students.

Figure 7: Actual Student-to-Teacher Ratio versus Target Staffing Rate*




In this district, the general education student-to-teacher ratio falls short of district staffing guidelines, resulting in richer staffing at most schools. This inequity can result from arbitrary funding exceptions made at individual schools.

**General education teachers*

## Questions to Consider

1. Do schools in your district have student-to-teacher ratios that differ significantly from your staffing guidelines?
2. Are those differences part of an intentional, targeted strategy?
3. If not, can those resources be redirected to higher-needs areas?
4. Are there opportunities to close process "loopholes" that allowed this situation to occur?

Use the worksheet for Analysis 7 on page 55.

## Take Action!

- **Tighten the process for granting and tracking ad hoc staffing exceptions.** If multiple people or departments in your district are authorized to grant ad hoc staffing exceptions, you are likely to experience unintentional differences in staffing equity. Schools should not receive more resources just because they have assertive principals. Ad hoc exceptions should be limited as much as possible and not be the result of principal maneuvering. You need to clearly communicate circumstances that warrant exceptions, limit the channels for authorization of ad hoc funding, and monitor all exceptions that are granted.

**Does your district use a transparent budget process that builds trust and allows school leaders to make the best decisions?**

# TRANSPARENCY

TO MAKE YOUR budget process transparent, you will want to ensure that:

- School budgets include all funding sources and are easy to understand and compare
- Funding formulas for staff and school resources are widely shared and understood
- School principals clearly understand what resources they have and why
- School budget reports include benefits costs for each position

Find the Self-Assessment on page 3.

Transparency of school funding, through a well-documented and comprehensive budget process, enables districts and schools to plan more strategically and make better decisions on the distribution of scarce resources. And yet, too often, school-level reporting and the budget-building process lack clarity, preventing school leaders and the community from seeing an accurate picture of resource use. This results in budgetary decisions made in a partial vacuum and funds appropriations that do not match the greatest student and school priorities.

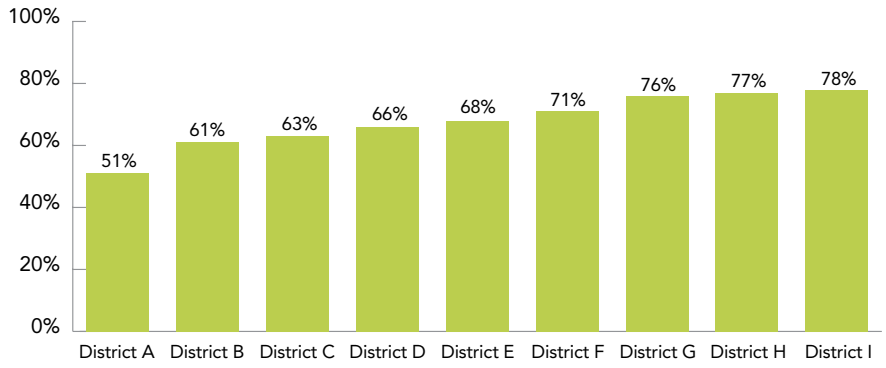
We define transparency by asking, "Are the rules for allocating resources easy to understand? Are funding sources and allocations clear?" The answers to these questions are largely qualitative and can be determined by answering the Self-Assessment on page 3 of this guide.

If less than 70% of your district's budget is reported at the school level, your district and school budgets lack transparency.

## Analysis 8: Percentage of district budget reported at the school level

The percentage of the district budget reported at the school level is a good overall indicator of transparency. **Figure 8** illustrates the percentage of the district budget reported at the school level across nine urban districts. In District I, for instance, school leaders and the public can see how 78% of the district's spending is allocated to individual schools. However, District A's funding is much more difficult to follow, with only 51% reported down to the school level. As a general rule, if less than 70% of your district's budget is reported at the school level, your district and school budgets lack transparency.

Figure 8: Percentage of District Budget Reported at School Level




Budget transparency is important for leaders who manage and strategically allocate resources based on student need.

Use the worksheet for Analysis 8 on page 56.

## Questions to Consider

1. What percentage of your district's total district budget is reported at the school level?
2. Are allocation methods clearly documented by different departments and programs?
3. Are there opportunities to provide more transparency to budget reporting procedures and policies in your district?

## Take Action!

- **Trace more funds down to the level of individual schools.** Even when it is administratively easier to *manage* certain functions such as itinerant teachers or school repairs centrally, resources should be *tracked* as much as possible to the specific schools at which they are actually expended. Accurate school reporting is a necessary precursor to giving school leaders more control over their budgets and more accountability for implementation of targeted improvement initiatives.

- **Redesign school budgets to report the *total compensation*, including both salary and benefits, for all positions.** In many districts, school leaders receive budget reports with no salary information or with salary but no benefits costs. As a result, the principal may be making decisions about which type of staff he or she needs without fully understanding the true cost to the district. For instance, an instructional aide may have a salary that is only half the salary of a certified teacher but receive full benefits. If benefits are included, the total compensation cost of the aide may be closer to 75% of the total compensation cost of the teacher. Given this information, a principal who has some staffing flexibility may make different decisions about the mix of aides and teachers in his or her school.[1]

- **Integrate categorical and general fund budgets.** Districts often classify federal and state dollars as nonoperating dollars and keep them in separate budgets issued at different times. However, a single consolidated budget report that includes dollars from all funding sources allows district and school leaders to weigh and leverage more effectively all available resources around a particular instructional vision.

- **Document and publish the existing funding rules.** Many of the processes for governing school budgets are administered by different departments within a district. The result is often inconsistent, ad hoc funding driven by individual principal requests and priorities. To be strategic about improvement and reform, you need well-documented, straightforward rules and consistent criteria for allocation decisions across all schools and programs.

[1] *Total compensation data are most appropriately used to make decisions about the mix of staff positions, not about individual employees. For this reason, you should consider providing average benefits by position rather than actual benefits by employee in school-level budget reports.*

## Sample School-Level Budget from Philadelphia

The School District of Philadelphia revised its budget reporting practices to more clearly represent central- versus school-level expenses in 2009. Prior to this revision, only expenses directly managed at the school (e.g., teachers, special education staff, etc.) were reported at the school level, and all centrally managed functions were reported only at the district level. In addition, school expenses were not categorized or grouped in meaningful ways.

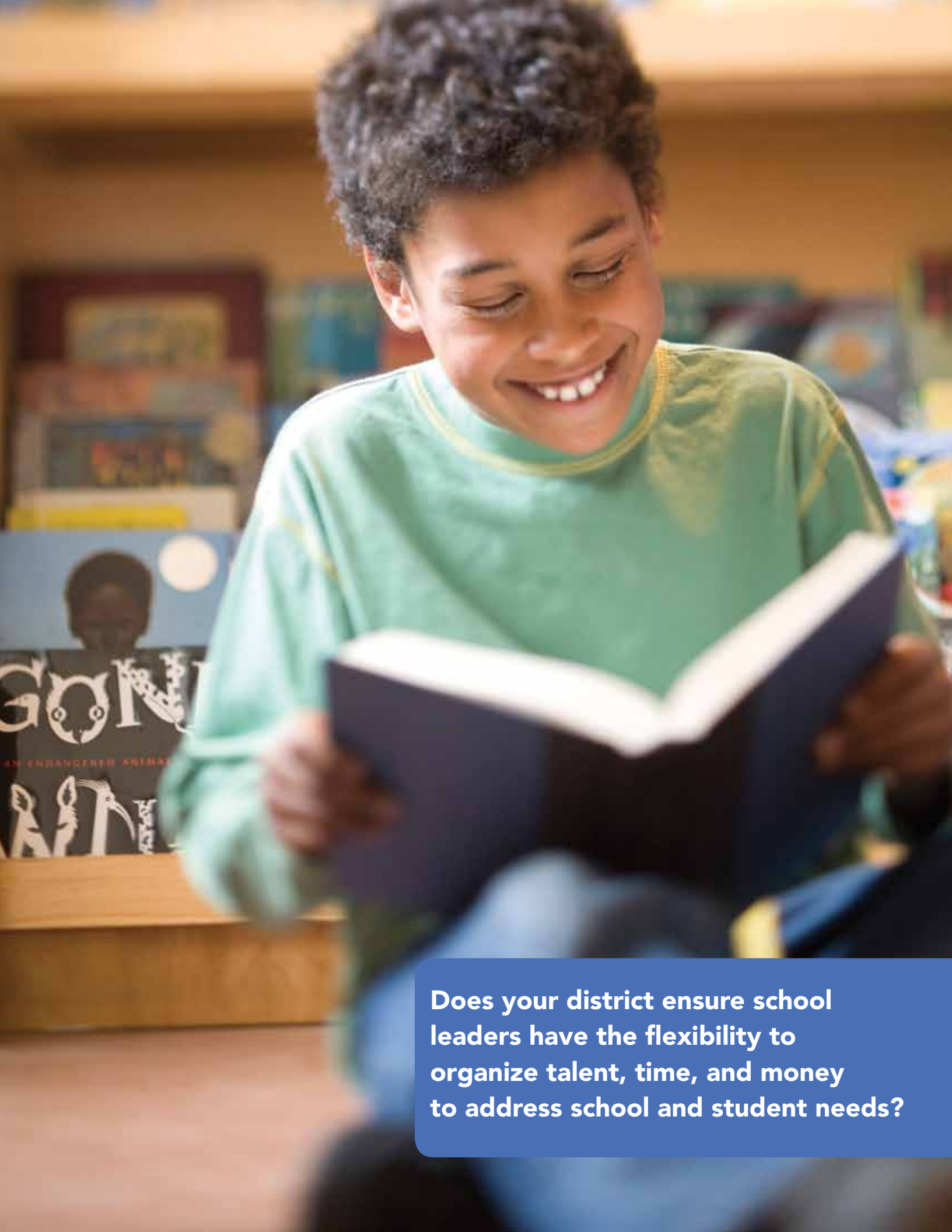
### Before: Budget Categories

| | | |
|---|---|---|
| District Operated Schools | • Basic school allocation: elementary/middle/secondary/vocational education | • Special education<br>• Early childhood education |
| Instructional Support | • Debt service<br>• Facilities/utilities | • Alternative education<br>• ELL |
| Support for District Operated Schools | • Transportation<br>• Losses and judgments | • Safety and security support<br>• High school reform |
| Nondistrict Operated Schools | • Charter schools<br>• Payments to other educational entities | • Services to nonpublic schools |
| Administrative Support | • Chief Academic Officer<br>• Chief of School Operations<br>• Chief Executive Officer/Communications | • Chief Business Officer<br>• Other central services |
| Categorical and Grants | • Federal grants<br>• State grants | • Nonpublic and competitive grants |

### After: Budget Categories

After the revision, centrally managed functions delivered at the school (e.g., facilities, transportation) were reported for each school including categorical and grant funds. All expenses at each school were then categorized as Instructional, Instructional Support, Pupil/Family Support, and Operational Support so that it was easy to see how much the district was investing in each area in each school.

| | | | |
|---|---|---|---|
| District Operated Schools | Instructional | • Basic school allocation: elementary/K–8, middle, secondary<br>• Special education<br>• Early childhood programs<br>• Career and technical education | • Alternative education<br>• Extended day/summer programs<br>• ELL<br>• Other: Per diem substitutes, desegregation, itinerant instrumental music |
| | Instructional Support | • Professional development<br>• Partnership schools<br>• Educational technology<br>• Regional superintendents/regional offices | • Other: supplementary and assistant principals, central book allotment, hospital/homebound instruction |
| | Pupil/Family Support | • Counselors<br>• School health/nurses<br>• Parent and community support | • Athletics, sports, health, safety, and physical education<br>• Psychologists<br>• Librarians |
| | Operational Support | • Debt service<br>• Facilities<br>• Transportation<br>• Utilities | • Food service<br>• School climate and safety<br>• Other: losses and judgments, postal services, insurance |
| Nondistrict Operated Schools | | • Charter schools<br>• Education of students in institutional placements<br>• Services to nonpublic schools | |
| Administrative Support Operations | | • Chief Academic Officer<br>• Chief of School Operations<br>• Superintendent/Chief Executive Officer | • Chief Business Officer<br>• School Reform Commission<br>• Other |



**Does your district ensure school leaders have the flexibility to organize talent, time, and money to address school and student needs?**

# FLEXIBILITY

TO GIVE SCHOOL leaders sufficient flexibility, you will want to ensure that:

- Principals have the ability to swap most staff positions and reallocate most spending
- Principals have the authority to select their teachers and other staff
- Principals can make scheduling changes without contract renegotiation or a full faculty vote

Effective school leaders need the authority, capacity, and support to organize their schools around a clear vision for improvement.

Effective school leaders need the authority, capacity, and support to organize their schools around a clear vision for improvement. They need flexibility to arrange staff, students, and the daily schedule in ways that develop staff, support individual students, and improve core instruction. This kind of flexibility, however, is rare. Our work with dozens of urban districts has highlighted numerous barriers to funding flexibility:

- School leaders cannot select the types of teachers they need.
- School leaders cannot "trade in" unneeded staff or other resources allocated by the district.
- School leaders have very little leeway in adjusting the school's resources (staff positions, dollars, schedules) to fit the school's instructional vision. Impediments include categorical funding rules, district policy, and collective bargaining agreement rules.
- Flexible resources, such as part-time, adjunct, or contracted employees, are not actively encouraged or supported. This restriction is especially burdensome in smaller schools, in which one teaching position needs to cover a wide array of skill sets that part-time or shared positions could address more effectively.

## Questions to Consider

1. How much flexibility do school leaders have around such areas as staff and student assignments, hiring, and daily scheduling?
2. Are there opportunities to improve flexibility of resource use for school leaders in your district?

## Take Action!

- **Clearly communicate how much authority school leaders have.** Flexibility over school-level resources need not translate to wholesale decentralization of district resources devoid of accountability. Our work in districts has found that school leaders often have significantly more flexibility to organize resources than they think they have. The authority of school leaders should be clarified so that principals understand what flexibility they do have and so that central officials do not accidentally impinge on this authority.
- **Review school budgets to "unlock" line items and move toward weighted student funding, especially in high-performing schools.** One way to increase the probability that trade-offs are made in ways that benefit students and teachers is to move decisions to the school level rather than trying to make them at the central level. Review whether specific budget items can be converted to dollar values based

on student needs. In Baltimore, an effort that began with an assumption that any expense would be "unlocked" unless there was a compelling reason not to (e.g., a legal or contract requirement) resulted in $70 million of expenses being moved from central office to school control.

- **Provide differential flexibility based on principal performance or capacity.** In some districts, it is unrealistic to provide broad-based flexibility to principals in the short term because not all school leaders have the appropriate skills, training, or support to effectively use their resources. In this case, you should consider a differentiated flexibility model, in which principals who have led improvements in school performance or who have demonstrated skills in strategic resource management are provided with or earn additional flexibility in hiring, staffing, and scheduling.

- **Foster part-time employees.** Reaching instructional goals may require the flexibility of hiring two part-time teachers instead of one full-time teacher or tapping a pool of experienced candidates for whom part-time work is an ideal fit. Districts can support schools in using part-time labor by recruiting and hiring part-time employees, making it easier to fill positions with part-time staff, and working with unions to provide more part-time opportunities.

- **Collaborate with your state to stop overly conservative interpretation of state and federal regulations that rigidly define resource requirements.** Often, state and federal requirements appear to mandate particular uses of resources that do not make sense for students or teachers. In addition, well-meaning administrators whose job is to ensure compliance with requirements can be overly conservative in interpreting funding rules. Tough economic times in combination with improved data on individual student outcomes may create a context to consider more flexible integration and maximization of scarce resources.

- **Open a healthy dialogue with the union.** The most effective way to increase flexibility for school leaders around staffing policies is to work jointly with the teachers' union to understand current constraints, identify research on best practices, provide district data, and weigh the costs and benefits of different options. In many cases, increased flexibility can benefit teachers as well as schools, if it can be used to create more time for collaboration, more part-time or flexible positions, and more opportunities for leadership and additional responsibility. Even when key stakeholders are reluctant to eliminate a contract provision entirely, there may be opportunities to relax the provision or waive it on an experimental basis, as in the case of charter or pilot schools.

# Summary of Action Steps

## Equity

### Special populations

- Conduct analyses in this report to quantify the drivers of inequity.
- Implement a process of ongoing measurement of per-pupil spending by school.
- Consider a weighted student funding system.
- Provide more precision within your current funding system.
- Target supplemental funding to students with the greatest needs.
- Reduce restrictions on special population funding.

### Program distribution

- Make student placement more strategic for students with highly specialized program needs.
- Examine student assignment policies for students in all specialized programs.
- Rethink service delivery model for schools with unavoidably small programs.

### School size

- Revise staff-based formulas to reduce small school premiums.
- Foster part-time employees and staff who play multiple roles.
- Encourage schools to leverage community resources.
- Target small school environments to the students that will benefit most from them.

### Enrollment projections

- Continuously improve enrollment projections.
- Revise policies for adjusting budgets based on enrollment.
- Provide "loans" to schools with volatile enrollment.
- Explore holding money in reserve for schools in which enrollment exceeds projection.
- Consider closing schools that are significantly, chronically underenrolled.

### Teacher compensation

- Reduce differences in teacher compensation.
- Adjust for differences in teacher compensation.

### Ad hoc exceptions

- Tighten the process for granting and tracking ad hoc staffing exceptions.

## Transparency

### School-level reporting

- Trace more funds down to the level of individual schools.
- Redesign school budgets to report the *total compensation*, including both salary and benefits, for all positions.
- Integrate categorical and general fund budgets.
- Document and publish the existing funding rules.

## Flexibility

### School leader autonomy

- Clearly communicate how much authority school leaders have.
- Review school budgets to "unlock" line items and move toward weighted student funding, especially in high-performing schools.
- Provide differential flexibility based on principal performance or capacity.
- Foster part-time employees.
- Collaborate with your state to stop conservative interpretation of state and federal regulations that rigidly define resource requirements.
- Open a healthy dialogue with the union.


Does your district know how to find some quick wins and lay the groundwork for long-term change?

# PRIORITIES

NOW THAT YOU have diagnosed and quantified your funding issues and have a list of potential actions to address them, you will want to:

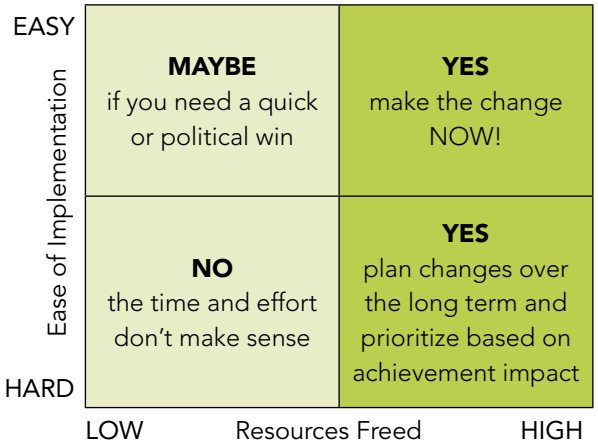
- Identify short- and long-term priorities — taking advantage of potential quick wins while setting the stage for sustainable transformation
- Learn how to leverage the billions of dollars of new federal spending

To achieve **sustainable district transformation,** you must leverage the current financial pressure to take on the difficult trade-offs and challenges that stand in the way of real change.

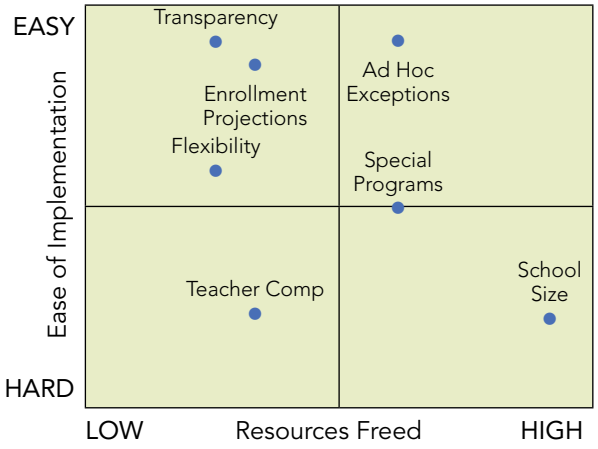
## Finding the starting point

It is easy, especially with the current intense budget pressure, to focus on the quick wins. Indeed, you should be looking for the easiest ways to free up valuable resources with the least negative impact on student performance. However, to achieve *sustainable district transformation*, you also must leverage the current financial pressure to take on the difficult trade-offs and challenges that stand in the way of real change.

Use the chart below to prioritize quickly which actions to undertake first and which have the greatest longer-term potential. You have determined the size of your funding misalignments. Now plot all of the actions you are considering according to the cost (the size of the misalignment they address) and the ease of implementation. Short-term priorities will be in the upper right-hand box, and longer-term priorities will be in the lower right-hand box.




The sample chart below illustrates where each misalignment discussed in this guide most often lies. Your district situation may be different, but the chart offers a good starting point.



## Questions to Consider

1. What is your district already addressing, or based on this analysis, likely to address soon?
2. What should be on the radar screen that is not there now?
3. How are you planning to galvanize action or support ongoing progress?
4. What can you do now to lay the groundwork for the more difficult, long-term changes?

## Making budget decisions now

Even with the influx of federal stimulus funding, districts across the country are struggling to make cuts in ways that will have the least negative effect on students. Some district leaders are trying to do less with less by cutting across the board. Some are protecting funding for the schools and students who need it most by being strategic with their budget reductions.

The tables below, which draw from the discussion of equity, flexibility, and transparency, offer guidance on how districts can reallocate existing spending as well as build a foundation for the future.

| SHORT TERM: ALIGN SPENDING WITH GOALS | | |
|---|---|---|
| **Reduce spending by …** | **Shift resources …** | **Increase spending to …** |
| • Clustering students with highly specialized program needs to achieve critical mass of students with similar needs at the same school.<br>• Reducing small school premium by refining staffing-based formulas.<br>• Merging or closing subscale schools in declining or flat enrollment districts. | • From lower- to higher-needs students and schools.<br>• From underenrolled to overenrolled schools by shifting budget and staff once enrollment stabilizes in the fall. | • Supplement spending for high-needs students, including students who are significantly off track or struggling academically. |

| LONG TERM: SUPPORT SUSTAINABLE TRANSFORMATION | |
|---|---|
| **Invest transition resources to …** | **Lay groundwork for long-term change by …** |
| • Provide supplemental resources to low-performing schools and high-needs student populations.<br>• Improve enrollment projections.<br>• Provide incentives for or remove barriers to staffing high-needs schools.<br>• Improve information on teaching effectiveness.<br>• Develop new school designs and delivery models that cost-effectively serve the highest-needs students. | • Making the case for a weighted student funding system.<br>• Beginning discussions with teachers' unions on increasing flexibility in staffing and scheduling. |

## Leveraging federal funds

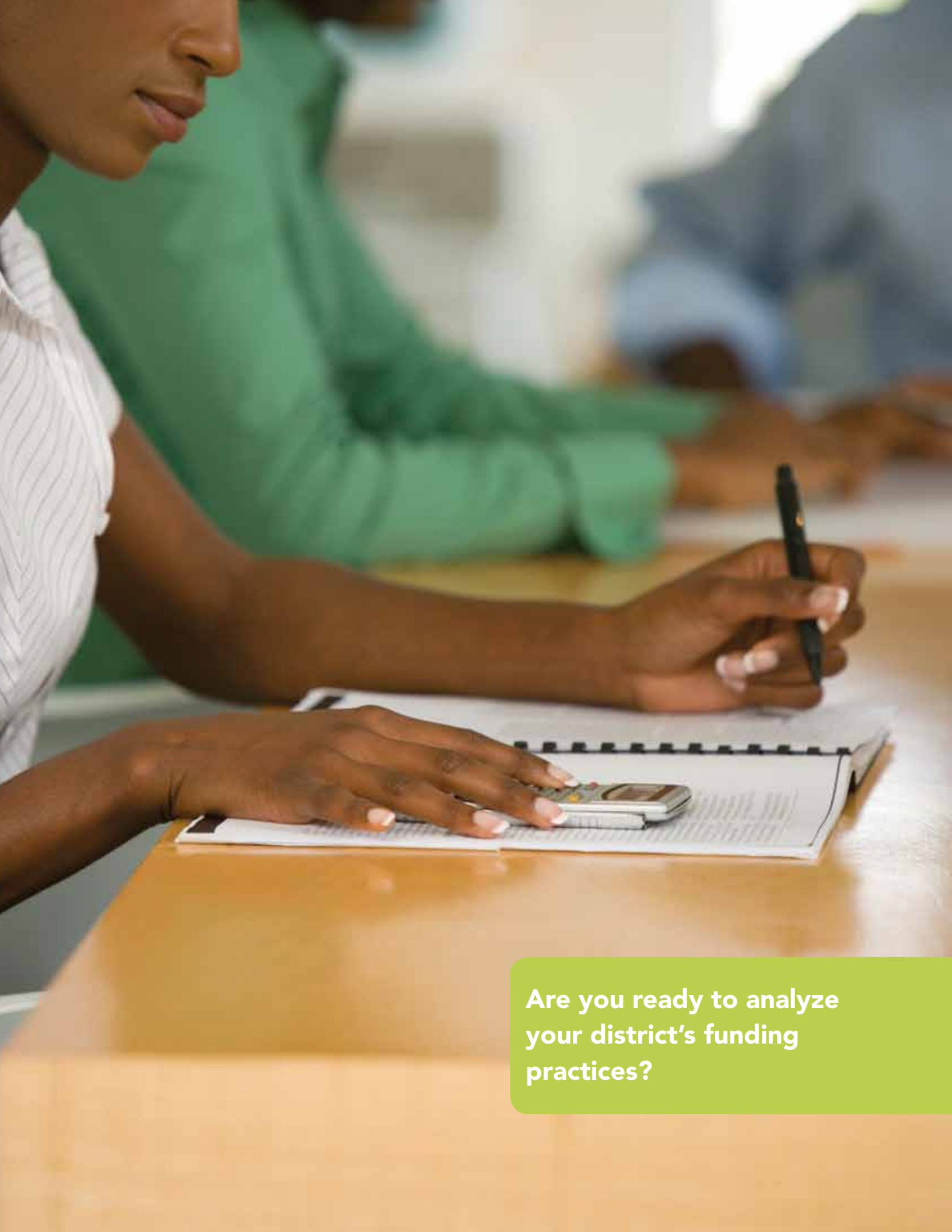
In undertaking the strategies described in previous chapters, districts can take advantage of unprecedented resources through the stimulus program, officially called the American Recovery and Reinvestment Act (ARRA). Competitive grant programs under way now will provide significant new funds targeted toward innovative and effective ways to improve results.

- The Race to the Top program offers more than $4 billion for states that demonstrate their commitment to four policy priorities: putting high standards and high-quality assessments in place, improving the quality of teachers and principals and ensuring that they are equitably distributed, developing and using data systems to inform instruction and evaluation, and overhauling and dramatically improving the lowest-performing schools.

- The Title 1 School Improvement Grant program is channeling more than $3.5 billion this year to turn around low-performing schools. The program will provide large grants to a relatively small number of Title 1 and Title 1-eligible schools based on performance rather than spreading the funds across all schools.

- The Investing in Innovation program will offer grants to schools and districts with innovative and effective programs that have proven or strongly promising track records of improving student achievement.

These competitive funds are different from typical federal funding for states, districts, and schools. While the programs have eligibility requirements and the applications require certain elements, districts receiving these funds do have some degree of flexibility in how they use them, and the Department of Education is emphasizing innovative, out-of-the-box thinking about tackling seemingly intractable problems. Race to the Top funds are designed to support broad-based initiatives that address the policy priorities and are not restricted by categorical limitations. School Improvement Grants can be consolidated to give even more resources to the neediest schools, and schools can use the funds over a period of several years to sustain the implementation of turnaround models.



**Are you ready to analyze your district's funding practices?**

# DO-IT-YOURSELF WORKSHEETS

THIS SECTION INCLUDES worksheets with step-by-step instructions to help you calculate and measure equity and transparency. These analyses can help identify your largest funding challenges and greatest opportunities for action. Armed with this knowledge, you will be able to quantify transformational opportunities for your district.

## Analyses for funding practices

| | ANALYSIS | WORKSHEET | PAGE |
|---|---|---|---|
| **EQUITY** | 1. Variation in per-pupil spending by school | 1. General education spending per pupil by school and school level | 43 |
| | 2. Variation in incremental spending for special populations by school | 2. Incremental per-pupil spending for special populations by school | 46 |
| | 3. Broad distribution of highly specialized programs across schools | 3. Special education fill rate | 49 |
| | 4. School size differences combined with strict funding formulas | 4. Small school spending premium by district | 51 |
| | 5. Budgets based on inaccurate enrollment projections | 5. Projected versus actual enrollment | 53 |
| | 6. Imbalances in teacher compensation among schools | 6. Average teacher compensation by school | 54 |
| | 7. Ad hoc exceptions to funding guidelines in response to individual school needs | 7. Actual student-to-teacher ratio versus target staffing rate | 55 |
| **TRANSPARENCY** | 8. Percentage of district budget reported at the school level | 8. Percentage of district budget reported by school | 56 |
| **FLEXIBILITY** | See Self-Assessment | See Self-Assessment | 3 |

**WHAT YOU NEED**

- District budget file
- District K–12 enrollment file
- District projected enrollment file

## Data checklist

Use this list to gather the data and files that you will need to complete the worksheets that follow. Once you have the data you need and know which questions you want to answer, follow the steps identified in the worksheets for the appropriate analyses. You will need:

☐ **District budget file at the lowest level of detail available. This file will allow you to:**

a. Identify all K–12 operating budget line items.

b. Provide position-level detail to identify FTEs and position titles by department/location (i.e., you can identify the number of classroom teachers at each school in the district).

c. Provide funding-source information to allow you to identify spending on special populations (specifically special education, ELL, and poverty).

d. Identify actual salary, not average salary, and if possible, the benefits for each position.

☐ **District K–12 enrollment file by grade and by school. This file will allow you to:**

a. Identify total student enrollment by student type:

   i. Identify total general education enrollment.

   ii. Identify total ELL enrollment, broken out by program so you know which students are self-contained/substantially separate and which students are integrated/mainstreamed.

   iii. Identify total special education enrollment, broken out by program so you know which students are self-contained/substantially separate and which students are integrated/mainstreamed.

b. Identify total student enrollment by student demographic (e.g., poverty).

☐ **District projected enrollment file by school from the previous year. This file will allow you to identify total projected enrollment by school.**

# WORKSHEET 1 General education spending per pupil by school and school level

## OBJECTIVE: Determine level of equity of general education spending per pupil for each school

### SUMMARY OF METRICS

STEP 1: Calculate general education per-pupil instructional cost.

STEP 2: Calculate per-pupil noninstructional fixed cost.

STEP 3: Calculate general education per-pupil spend, school reported.

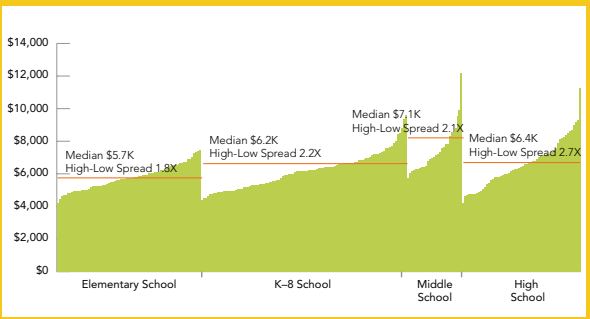
STEP 4: Calculate the median of general education per-pupil spend, school reported.

STEP 5: Chart the general education per-pupil spend, school reported.

STEP 6: Determine how many schools fall outside 15% of the median.

### REMINDER

Figure 1: General Education Spending Per Pupil by School




**General education per-pupil spend, school reported** is the most complicated measure to calculate. It also is the most critical because it offers a true "apples-to-apples" comparison of general education spending across schools. This metric not only helps you to identify and manage inequity but also can be used to counter questions and objections from others who may be using less-accurate spending measures.

We define **general education per-pupil spend, school reported:**

General education per-pupil instructional cost (Step 1) + Per-pupil noninstructional fixed cost (Step 2)

## STEP 1: Calculate general education per-pupil instructional cost.

1. Using your **district budget file:**
   a. Determine the **total K–12 operating budget** for each school.
      i. *Exclude nonoperating budget line items that are budgeted at schools (e.g., debt service, property rental/lease, capital expenses).*
      ii. *Exclude non-K–12 budget line items that may be budgeted at schools (adult education, prekindergarten, etc.).*
   b. Determine the total spend on **general education instructional staff** (teachers and aides) for each school.
      i. *Identify total spending on teacher and aide compensation for each school.*
      ii. *Exclude any teachers and aides who do not work in a general education classroom (e.g., ELL teachers, special education teachers).*

2. Using your **district K–12 enrollment file:**
   a. Identify the **total number of K–12 students** for each school.
   b. Identify the **total number of K–12 students in general education classrooms** for each school.
      i. *This includes general education students and all special-needs students who may be mainstreamed and sit in a general education classroom (i.e., most often all special-needs students EXCEPT special education self-contained students).*
      ii. *Specifically:*

K–12 total enrollment
– K–12 special education self-contained enrollment
**K–12 students in general education classrooms**

3. Calculate **general education per-pupil instructional cost:**

$$\frac{\text{Total spend on general education instructional staff}}{\text{Total number of K–12 students in general education classrooms}} = \textbf{General education per-pupil instructional cost}$$

## STEP 2: Calculate per-pupil noninstructional fixed cost.

1. Using your district budget file:
   a. Determine the total **K–12 operating budget** for each school (see Step 1).
   b. Determine the **total unspecified spending** at each school (i.e., exclude positions and resources used for ELL, special education, and free and reduced-price lunch).

2. Identify total number of K–12 students for each school (from Step 1).

3. Calculate total noninstructional schoolwide fixed costs:

Total unspecified spending
– Total spend on general education instructional staff

**Total noninstructional schoolwide fixed costs**

4. Calculate per-pupil noninstructional fixed cost:

$$\frac{\text{Noninstructional schoolwide fixed costs}}{\text{Total K–12 students (includes special education and ELL)}} = \textbf{Per-pupil noninstructional cost}$$

## STEP 3: Calculate general education per-pupil spend, school reported.

General education per-pupil instructional cost (Step 1)
+ Per-pupil noninstructional fixed cost (Step 2)

**General education per-pupil spend, school reported**

## STEP 4: Calculate the median of the general education per-pupil spend, school reported.

## STEP 5: Chart the general education per-pupil spend, school reported, sorting from lowest to highest cost within school type.

## STEP 6: Determine how many schools fall outside 15% of the median.

1. **Calculate the median general education per-pupil spend, school reported by school type.**

2. **For each school type, identify the schools with the highest and the lowest general education per-pupil spend, school reported.**

   a. Use the following formula to obtain the high-low spread within each school type:

$$\frac{\text{Highest general education per-pupil spend, school reported}}{\text{Lowest general education per-pupil spend, school reported}}$$

3. **Within each school type, identify the number of schools that have a general education per-pupil spend, school reported that is outside 15% of the median:**

$$\frac{\text{Number of schools outside 15\% of median}}{\text{Total number of schools within the school type}} = \textbf{Percentage of schools that are greater than or less than 15\% of the median}$$

**NOTE: LIMITATIONS TO THIS ANALYSIS**

First, this metric reflects only school-reported expense: only what the district budgets at the school level. This may differ by district. For example, in one district, custodians may be a line item on every school budget and would be included in this school-reported number, while in another district, they may be budgeted centrally within the Department of Custodial Services and hence would not be in this school-reported number. School-reported numbers may not provide an accurate picture of equity.

For instance, if a district allocates custodians inequitably to schools, that inequity does not appear in the school-reported number because the custodians are budgeted centrally and are not on school budgets. Generally, the less of your district's budget that is school reported, the less accurately this comparison measures equity.

Second, this metric looks only at the spending on general education students. It excludes the additional funding going to ELL and special education students. General education will not reflect inequity in the distribution of special education and ELL funds across schools.

# WORKSHEET ❷ Incremental per-pupil spending for special populations by school

## OBJECTIVE: Determine incremental per-pupil spending for special populations for each school

### SUMMARY OF METRICS

STEP 1: Identify the incremental ELL, special education, poverty, and struggling student spend by school.

STEP 2: Identify the ELL, special education, poverty, and struggling student enrollment by school.

STEP 3: Calculate the incremental ELL, special education, poverty, and struggling student per-pupil spend, school reported.

STEP 4: Create graphs to compare the incremental ELL, special education, poverty, and struggling student per-pupil spend, school reported across schools.

### REMINDER

Figure 2a: Incremental ELL Spending Per Pupil by School

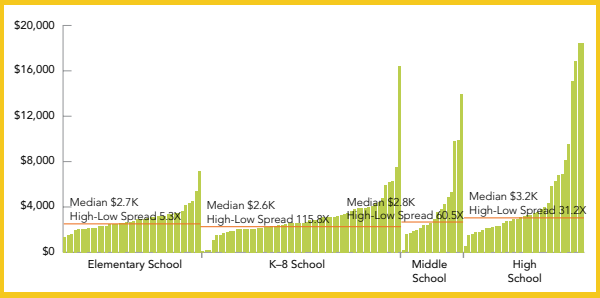
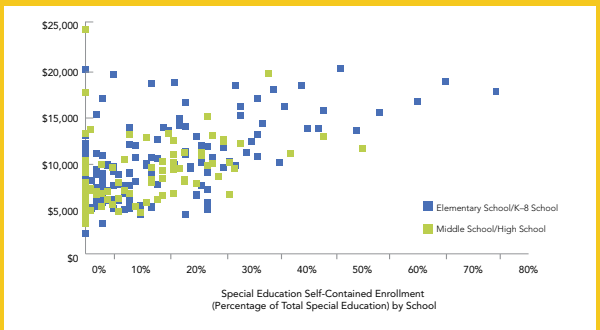



Figure 2b: Incremental Special Education Spending Per Pupil by School




## STEP 1: Identify the incremental ELL, special education, poverty, and struggling student spend by school.

1. Using your district budget file:
   a. Determine the **total spend on ELL students** for each school.
      *i. Identify any spending that is paid for by ELL-specific revenues or has a district-directed program/account code that represents ELL services.*
   b. Determine the **total spend on special education** for each school.
      *i. Identify any spending that is paid for by special-education-specific revenues or has a district-directed program/account code that represents special education services.*
   c. Determine the **total spend on poverty** for each school.
      *i. Identify any spending that is paid for by poverty-specific revenues or has a district-directed program/account code that represents services for poverty students.*
   d. If your district also directs funding or resources toward students who are struggling academically, regardless of whether they fall into one of the three previous categories, determine the **total spend on struggling students** for each school. (Note: Use whatever criteria you use in your district to define this population.)
      *i. Identify any spending that is paid for by struggling-student-specific revenues or has a district-directed program/account code that represents services for struggling students.*

## STEP 2: Identify the ELL, special education, poverty, and struggling student enrollment by school.

1. Using your district K–12 enrollment file:
   a. Identify the **total number of K–12 students** for each school.
   b. Identify the **total number of K–12 ELL students** for each school.
   c. Identify the **total number of K–12 special education** students for each school.
   d. Identify the **total number of K–12 special education self-contained students** (should be a subset of the K–12 special education students identified above) for each school and calculate the percentage of special education students who are self-contained.

e. Identify the **total number of K–12 poverty students** for each school.

f. Identify the **total number of K–12 struggling students** for each school.

## STEP 3: Calculate the incremental ELL, special education, poverty, and struggling student per-pupil spend, school reported.

1. Calculate the incremental ELL per-pupil spend, school reported:

   a. For each school:

$$\frac{\text{Total spend on ELL}}{\text{Total number of K–12 ELL students}} = \textbf{Incremental ELL per-pupil spend}$$

2. Calculate the incremental special education per-pupil spend, school reported:

   a. For each school:

$$\frac{\text{Total spend on special education}}{\text{Total number of K–12 special education students}} = \textbf{Incremental special education per-pupil spend}$$

3. Calculate the incremental poverty per-pupil spend, school reported:

   a. For each school:

$$\frac{\text{Total spend on poverty}}{\text{Total number of K–12 poverty students}} = \textbf{Incremental poverty per-pupil spend}$$

4. Calculate the incremental struggling student per-pupil spend, school reported:

   a. For each school:

$$\frac{\text{Total spend on struggling students}}{\text{Total number of K–12 struggling students}} = \textbf{Incremental struggling student per-pupil spend}$$

## STEP 4: Create graphs to compare the incremental ELL, special education, poverty, and struggling student per-pupil spend, school reported across schools.

1. **For ELL, poverty, and struggling students, re-create Figure 2a: Incremental ELL Spending Per Pupil by School:**
   a. Within school types (elementary, K–8, middle, high school), sort schools from lowest to highest based on their incremental ELL, poverty, or struggling student per-pupil spend.
   b. Calculate the median within each school type and the high-low spread (highest school spend/lowest school spend).

Figure 2a is on page 13.

2. **For special education, re-create Figure 2b: Incremental Special Education Spending Per Pupil by School:**
   a. Categorize schools into school types (elementary, K–8, middle, high school).
   b. Graph a scatterplot that plots each school individually:
      i. *X-value = Percentage of K–12 special education students who are self-contained at the school (from STEP 2, 1d).*
      ii. *Y-value = Incremental special education per-pupil spend, school reported at the school.*

Figure 2b is on page 14.

# WORKSHEET 3 Special education fill rate

## OBJECTIVE: Determine approximate special education fill rates

### SUMMARY OF METRICS

STEP 1: Identify the number of special education students by program type. (At a minimum, split out resource room and self-contained.)

STEP 2: Identify the actual number of special education teachers by program type.

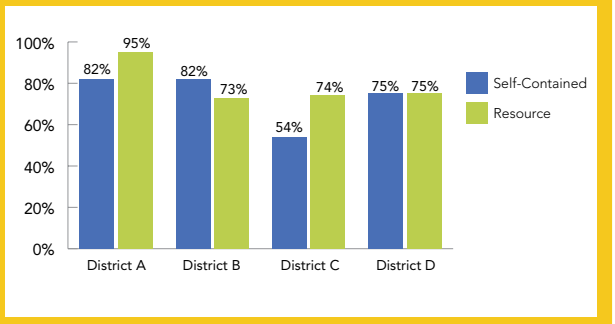
STEP 3: Identify the district's special education staffing ratios or program design.

STEP 4: Calculate the number of special education teachers needed based on program design.

STEP 5: Calculate the approximate special education fill rate.

### REMINDER

Figure 3: Special Education Fill Rates




## STEP 1: Identify the number of special education students by program type.

1. **Using your district enrollment file:**
   a. Determine the total number of special education students by program type.
      *i. You can do this based on the district's program type (i.e., resource room, consultant, integrated special class, self-contained 12:1, self-contained 8:1, self-contained 6:1, etc.).*
      *ii. At a minimum, do this for resource room versus self-contained. For example:*

| | Number of special education students |
|---|---|
| Resource | 636 |
| Self-Contained | 1,417 |

## STEP 2: Identify the actual number of special education teachers by program type.

1. **Using your district budget or human resources file:**
   a. Determine the total number of special education teachers by program type. For example:

| | Actual number of special education teachers |
|---|---|
| Resource | 58.2 |
| Self-Contained | 1,153.0 |

## STEP 3: Identify the district's special education staffing ratios or program design.

For example:

| | Program design/staffing ratio |
|---|---|
| Resource | 20:1 staffing ratio |
| Self-Contained | 12:1 staffing ratio |

## STEP 4: Calculate the number of special education teachers needed based on program design.

1. **Divide the number of special education students by the district's special education program design/staffing ratio.**

2. **Apply a 90% adjustment factor for student placement/assignment issues.**

   For example:

| | Number of students DIVIDED by staffing ratio | Apply 90% adjustment | Number of special education teachers needed based on program design |
|---|---|---|---|
| Resource | 636 students / 20:1 staffing ratio | 32 teachers / 90% adjustment | = 36 teachers |
| Self-Contained | 1,417 students / 12:1 staffing ratio | 118 teachers / 90% adjustment | = 131 teachers |

## STEP 5: Calculate the approximate special education fill rate.

1. **Divide the number of special education teachers needed based on program design by the actual number of special education teachers by program type.**

   For example:

| | Number of special education teachers needed based on program design | Actual number of special education teachers | Approximate special education fill rate |
|---|---|---|---|
| Resource | 36 | 58.2 | 61% |
| Self-Contained | 131 | 153.0 | 85% |

# WORKSHEET 4 Small school spending premium by district

**OBJECTIVE: Determine how general education per-pupil spend at small schools (defined here as schools with fewer than 350 students) compares to spend at mid-sized schools (550–650 students)**

**SUMMARY OF METRICS**

STEP 1: Identify school groupings: small schools and mid-size schools.

STEP 2: Identify the general education per-pupil spend, school reported for small and mid-sized school groups.

STEP 3: Calculate small school premium.

STEP 4: Calculate proportion of students who attend small schools.

STEP 5: Calculate total district spending on schools.

STEP 6: Calculate incremental small schools premium as a percentage of total district budget.

**REMINDER**

Figure 4: Small School Spending Premium by District

| | District A | District B | District C | District D | District E |
|---|---|---|---|---|---|
| Average general education per-pupil spending at schools with fewer than 350 students | $5.7K | $9.2K | $8.0K | $7.4K | $12.0K |
| Average general education per-pupil spending at schools with 550–650 students | $5.0K | $7.1K | $6.1K | $5.8K | $9.6K |
| Small school premium per student | $761/pp | $2,141/pp | $1,829/pp | $1,626/pp | $2,441/pp |
| Number of small schools | 28 schools | 26 schools | 6 schools | 50 schools | 18 schools |
| Total small school premium | $6.3 million | $15.4 million | $2.6 million | $22.8 million | $5.0 million |
| Percentage of district K–12 operating budget | 1.1% | 2.5% | 0.2% | 1.1% | 0.8% |

## STEP 1: Identify school groupings: small schools and mid-sized schools.

1. **Using your district K–12 enrollment file:**
   a. Identify the number of schools with fewer than 350 students and number of schools with 550–650 students.
   b. Classify small school group as schools with fewer than 350 students and mid-sized school group as schools with 550–650 students.

## STEP 2: Identify the general education per-pupil spend, school reported for small and mid-sized school groups.

1. **Reference Worksheet 1, Step 3 (page 43): You have already calculated this metric.**

## STEP 3: Calculate the small school premium.

Small school general education per-pupil spend, school reported
– Mid-size school general education per-pupil spend, school reported

**Small school premium (general education)**

## STEP 4: Calculate proportion of students who attend small schools.

1. **Using your district K–12 enrollment file:**
   a. Identify the total K–12 district enrollment.
   b. Identify the total number of students who attend schools with fewer than 350 students.
   c. Calculate the **percentage of students in the district who attend schools with fewer than 350 students.**

## STEP 5: Calculate total district spending on schools.

1. Using your district K–12 budget file:
   a. Identify the **total dollar amount that the district spends on schools** (and not for central office department or district-level service).

## STEP 6: Calculate incremental small schools premium as a percentage of total district budget.

1. To approximate how much more the district might be spending on subscale schools:

   Small school premium (Step 3)
   x Percentage of students in the district who attend schools with fewer than 350 students (Step 4)
   x Total spending on schools (Step 5)

   **Approximate spending on subscale schools**

Note that you may want to create a separate chart for elementary schools and secondary schools if there are large spending differences by school level.

# WORKSHEET 5 Projected versus actual enrollment

**OBJECTIVE: Determine the magnitude of over- or underprojected enrollment by school based on actual enrollment for most recent school year**

**SUMMARY OF METRICS**

STEP 1: Determine total K–12 actual enrollment for each school.

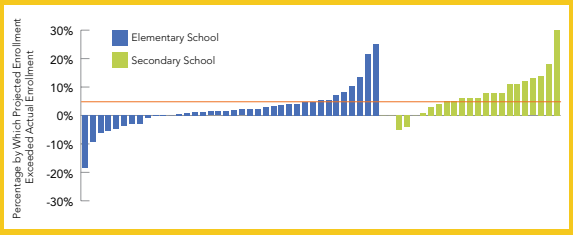
STEP 2: Determine total K–12 projected enrollment for each school.

STEP 3: Calculate percentage under- or overenrollment for each school.

STEP 4: Distribute schools based on under- or overenrollment.

**REMINDER**

Figure 5: Projected versus Actual Enrollment




## STEP 1: Determine total K–12 actual enrollment for each school.

1. Reference Worksheet 1, Step 2a (page 43): You have already calculated this metric.

## STEP 2: Determine total K–12 projected enrollment for each school.

1. Using your district K–12 projected enrollment file, determine projected enrollment for each school.

## STEP 3: Calculate percentage under- or overenrollment for each school.

$$\frac{\text{Projected enrollment}}{\text{Actual enrollment for each school}} = \textbf{Percent under- or overenrollment}$$

*Note: Ensure that you are using enrollment numbers for the same school year.*

## STEP 4: Distribute schools based on under- or overenrollment.

1. Sort school from under- to overenrollment.
2. Determine number of schools that have under- and overprojected enrollment.

# WORKSHEET 6 Average teacher compensation by school

**OBJECTIVE: Determine whether there are significant differences in average teacher compensation across schools and whether those differences are correlated with school need**

**SUMMARY OF METRICS**

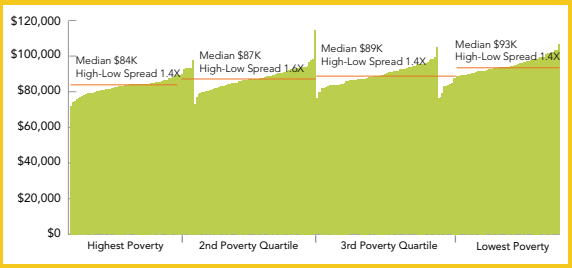
STEP 1: Determine K–12 average teacher compensation by school.

STEP 2: Define school need.

STEP 3: Understand distribution of teacher compensation based on school need.

**REMINDER**

Figure 6: Average Teacher Compensation by School




## STEP 1: Determine K–12 average teacher compensation by school.

1. Using your district budget file, calculate average teacher compensation (salary and benefits, if possible) by school.

## STEP 2: Define school need.

1. In this guide, we have defined school need by free and reduced-price lunch status and have distributed the district's schools across four quartiles.
2. For your district, choose the characteristic that is most often used to define school need.

## STEP 3: Understand distribution of teacher compensation based on school need.

1. Based on how you have defined school need, split your schools into four quartiles.
2. Determine the median teacher compensation for each quartile to identify differences by school-need category.
3. Determine the high-low spread (the difference between the highest average compensation and lowest compensation) by category to identify school-by-school differences within categories.

# WORKSHEET 7 Actual student-to-teacher ratio versus target staffing rate

**OBJECTIVE: Determine whether class sizes are optimized based on available resources and district mandates**

### SUMMARY OF METRICS

STEP 1: Determine K–12 students in general education classrooms enrollment by school type (e.g., elementary, middle).

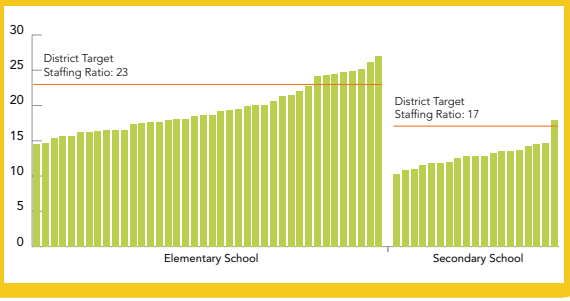
STEP 2: Determine number of general education teacher FTEs by school type.

STEP 3: Calculate general education student-to-teacher ratio by school type.

STEP 4: Compare student-to-teacher ratio to targeted staffing ratio by school.

### REMINDER

Figure 7: Actual Student-to-Teacher Ratio versus Target Staffing Rate




## STEP 1: Determine K–12 students in general education classrooms enrollment by school type (e.g., elementary, middle).

1. **Using your district K–12 enrollment file, determine the total enrollment of K–12 students in general education classrooms for elementary, middle, and high schools.**

   (Note: If your district classifies schools differently, please use your classification.)

   a. This includes general education students and all special-needs students who may be mainstreamed and sit in a general education classroom (i.e., most often all special-needs students EXCEPT special education self-contained students).

   b. Specifically:

   K–12 total enrollment
   – K–12 special education self-contained enrollment
   **K–12 students in general education classrooms**

## STEP 2: Determine number of general education teacher FTEs by school type. (Use your district budget file.)

## STEP 3: Calculate general education classroom student-to-teacher ratio by school type.

$$\frac{\text{Total enrollment of general education classroom students by school type}}{\text{General education teacher FTEs by school type}} = \textbf{General education classroom student-to-teacher ratio by school}$$

## STEP 4: Compare student-to-teacher ratio to targeted staffing ratio by school.

1. **Graph the range of the student-to-teacher ratio by school.**

   a. Compare the ranges against your state, contract, or district staffing requirements.

   b. If you have different staffing targets for different school levels, be sure to evaluate the ratios accordingly.

# WORKSHEET 8 Percentage of district budget reported by school

**OBJECTIVE: Understand the level of transparency in budget reporting at the school level**

**SUMMARY OF METRICS**

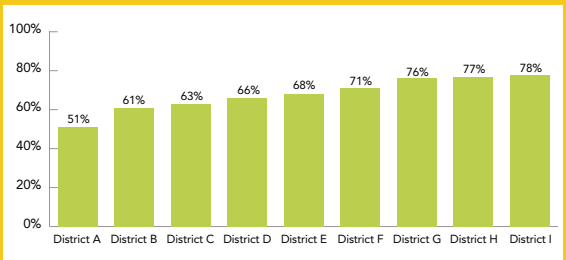
STEP 1: Determine the total school reported K–12 operating budget.

STEP 2: Determine the total K–12 operating budget.

STEP 3: Calculate percentage of total K–12 operating budget that is reported at the school level.

**REMINDER**

Figure 8: Percentage of District Budget Reported at School Level




## STEP 1: Determine the total school reported K–12 operating budget.

1. **Using your district K–12 budget file:**
   a. Identify the total dollar amount that the district spends on schools (i.e., all dollars attributed to a school location or organization code within the district budget — does not include any central office departments or district-level service).

## STEP 2: Determine the total K–12 operating budget.

1. **Using your district K–12 budget file:**
   a. Identify the total K–12 operating budget. Reference Worksheet 1, Step 1a (page 43): You have already calculated this metric.

## STEP 3: Calculate percentage of total K–12 operating budget that is reported at the school level.

$$\frac{\text{Total school reported K–12 operating budget}}{\text{Total K–12 operating budget}} = \textbf{Percentage of total K–12 operating budget reported at school level}$$

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| | |
|---|---|
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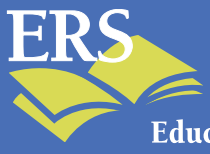


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