

## **Three new school principals buy 'almost everything we want'**

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Non-charters try out a new, arguably more equitable budgeting system that CPS plans to take districtwide in a few years

by [Mallika Ahluwalia](#). November, 2005

When first-time Principal Vincent Iturralde created a budget for Tarkington Elementary, he planned to staff and equip a school that would enroll 800 kindergarten through 8th-grade students.

On paper, Tarkington, located in Chicago Lawn, would get just under \$4 million in base funding, plus additional money for every student who qualified for a free lunch or bilingual education. Iturralde used those funds to cover the salaries of three administrators—himself and two assistant principals—and hire 29 teachers.

He also was able to set aside money for textbooks without jumping through as many hoops as most other principals.

A month after it opened this fall, Tarkington actually had 890 students on its rolls, making it eligible for even more basic and supplemental funding under the more flexible, student-based budgeting approach that the school was using, a first for a non-charter school.

“Per-pupil [budgeting] works well for schools of my size,” says Iturralde. “We were able to buy almost everything we wanted.”

This fall, Tarkington and two other new schools—Pershing West in Douglas and Uplift Community School in Uptown—are the first non-charter public schools in Chicago to try out the new budgeting system, which aims to distribute money more equitably and give principals more financial freedom. These schools’ experiences will likely influence the rollout of per-pupil budgeting, a move that CPS officials plan to take districtwide over the next five years.

So far, principals at all three schools report a positive experience with the new system.

“Everything has gone pretty well,” says Stephanie Moore, principal of Uplift Community School.

“I have no complaints. We were able to purchase all of our positions,” says Pershing West Principal Cheryl Watkins.

Yet, difficult decisions lie ahead as officials weigh the politics of rolling out a system of student-based budgeting that will invariably shift money away from some schools and

into the budgets of others. A Catalyst analysis of the district's 2005 budget found close to half of the schools studied were getting more or less than a fair share of funding. ([See Catalyst February 2005](#))

Some veteran principals who may convert to per-pupil budgeting next year are already wary of it, expressing concerns about the lack of information about the new system and how it will impact their schools financially.

And charter school leaders, who have been using the student-based approach from the start, note their biggest complaint is too little funding, particularly for special education services.

One charter school opted out of providing special education services. "We didn't want the responsibility without the funding," says Sheila Venson, director of the Youth Connections Charter.

### **Principals spend as they see fit**

Currently, the amount of money that a school receives is based primarily on staffing formulas—elementary schools get one teacher for every 28 students in grades 1 to 3, for instance—and those funds must be spent as prescribed. Only state and federal poverty funds are doled out on a per-pupil basis, giving principals flexibility over how to spend it.

But under per-pupil budgeting, every dollar that is allocated into a school's budget would be based on the size and needs of the student population it serves. This year, all charter schools and three non-charters are receiving nearly all of their funding on a per-pupil basis. Elementary schools get a base of \$5,075 per student; high schools get \$6,075.

Schools, then, can decide how to allocate the funds. Pershing West hired 16 teachers, seven of whom have more than five years experience. Watkins splits the salary of a librarian with sister school, Pershing East. Uplift hired 24 teachers, most of them new to the profession.

Iturralde recruited most of his teachers for Tarkington from this year's graduating class at the Academy of Urban School Leadership, a teacher training program for career changers. The strategy saved the school some money; the average amount of work experience among faculty is less than four years. "They all have their master's degrees, so they're not that cheap," he says.

Tarkington's budget got a boost because every classroom was filled to capacity, Iturralde says. Under per-pupil budgeting, schools will be motivated to "get bigger," he adds.

However, enrolling more students is not always an option. Youth Connections Charter has a limited number of seats for the population it serves—students who are disruptive or dropouts. The combined effect of restricted enrollment and low base funding means Youth Connections has to raise an additional \$2,000 to \$3,000 per student each year, says

Venson.

Low enrollment is also an issue for schools like South Shore's School of Entrepreneurship which, by design, will enroll no more than 600 students. The district took this into consideration this year, offering an additional \$300 per pupil to small schools.

Those supplemental funds made it possible for Pershing West, which anticipated enrolling only 280 this year, to hire full-time art and P.E. teachers.

Still, small schools' budgets are hit harder when adjustments are made in the fall based on actual enrollment counts. This year, schools new to per-pupil budgeting will be held harmless. However, charters that have experience with enrollment fluctuations, particularly high schools, have learned to game the system.

### **Finding the right formula**

Meanwhile, two foundations have hired a Boston-based consulting firm, Education Resource Strategies, to help CPS determine how to structure its per-pupil budgeting system. Karen Hawley Miles, the firm's president, previously advised the district when it conducted an audit of its professional development spending.

This time, Miles—who has done extensive research on school spending—and her team will assess how funds are currently distributed to schools, and then will make recommendations for a student-based budgeting formula.

“Chicago is pushing very hard towards per-pupil funding, but they all know that it is not that simple,” says Miles, whose report is due in January.

Another issue being considered is how to ensure that small schools are funded fairly under a per-pupil system.

Grappling with tough decisions to hammer out a new funding formula is only one of the challenges the district will have to overcome as it seeks to achieve more equity, Miles says. Equally important is making sure that the district's new student-based budgeting system has safeguards to avoid hurting struggling schools that may have trouble attracting students and may lack good leadership, she explains.

When districts convert to student-based budgeting, many initially soften the blow of redistribution by providing supplemental funds to schools that stand to lose money. That strategy keeps political fallout to a minimum, says researcher Marguerite Roza of the Center on Reinventing Public Education at University of Washington.

In Chicago, for instance, magnet and selective enrollment schools tend to get more staff and money than regular public schools. While there are no current plans to supplement those schools, says Chief of Staff Hosanna Mahaley, the district may at some point

consider giving them additional funds.

The new funding formula may include a supplement for alternative schools, she reveals, because those schools work with students who are likely dropouts and need special programs or services to help them.

While district officials remain optimistic about the prospects for more equitable funding, many principals are skeptical of per-pupil funding. This year, principals of three new high schools in Little Village declined to use the system. And just last month, at a meeting of elite principals who have been freed from some central oversight, a few worried that they would no longer be able to afford to employ veteran teachers in a per-pupil system.

As district officials continue planning to convert the budgeting system, Miles sounds a cautionary note. “Experience with other districts, like Houston, [shows] that it always takes longer than they think,” she says. “And for lots of good reasons, you can’t go to a school and say, ‘We’re funding you too much, and we’re going to take it away.’”