



Report examines student-based budgeting

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School districts that employ student-based budgeting, also known as weighted student funding or fair student funding, typically have been able to free up more than half of the school-based funds locked up at the district level to provide to school principals, according to a recent report from *Education Resource Strategies*, a Massachusetts-based nonprofit that works with urban school systems.

"In our experience, most districts end up unlocking more than 50 percent of school-based funds for SBB," according to the report, *Transforming School Funding: A Guide to Implementing Student-Based Budgeting*. "This typically equates to 40 percent or more of preK-12 operating funds, which include expenses such as transportation, food services, and district leadership."

ERS examined the implementation of SBB in four districts, Denver Public Schools, Baltimore City (Md.) Public Schools, Cleveland Metropolitan School District, and Prince George's County (Md.) Public Schools, to help determine best practices for LEAs to follow in deciding whether and how to implement SBB.

DPS unlocked 65 percent of its school-based funds for SBB, while BCPS unlocked 64 percent, CMSD 51 percent, and PGCPSS 28 percent.

LEAs typically retain -- or "lock" funds at the central district level -- for special education staff, food services, utilities, nurses, transportation, security officers, and summer school programs.

David Rosenberg, the author of the report and the manager of strategic initiatives at ERS, told *Education Daily*® last week that a district being able to unlock more than half of its school-based funds, or 40 percent of district operating funds, for SBB is a good guidepost to potential success.

"The fewer resources that are unlocked, the less potential there is to create true equity in the district," he said. "For example, if a district continues to allocate 75 percent of the funds as they always have -- likely with some, typically unintended inequity baked into the system -- then the district can only use 25 percent of funds to create more equity. By definition, the job is harder."

"Second, the fewer resources a district unlocks, the less real flexibility school leaders have to direct resources within the school in ways that are most aligned with student need and teacher capacity so it becomes a significant finance and budgeting effort with minimal impact on students," Rosenberg said.

Fewer dollars

PGCPSS is an example of what happens when school principals have fewer dollars to devote to students, he said.

"While they were able to move the needle on equity, very little real flexibility was created," Rosenberg said. "As a result, principals have expressed frustration with the work SBB requires providing the real opportunities for change they want."

A number of LEAs nationwide, including the four districts in the ERS study along with the San Francisco Unified School District and Boston Public Schools, have undertaken SBB to decentralize funding and provide more of it for disadvantaged students.

In addition, SBB has received support from Republican congressional leaders, including House Majority Leader Eric Cantor, R-Va., who last year called on legislators to encourage the implementation of a WSF formula system under which schools would receive more federal funds for educating greater numbers of disadvantaged and special needs students.

Critics have contended, however, that SBB can lead to forced layoffs at schools that receive less funding and can cause LEAs to shortchange students with special needs and disadvantaged students.

The ERS guide advises LEAs to examine and adjust their SBB formulas consistently and to create a cushion to soften the impact on schools during the first year of SBB.

"During the transition to SBB, most schools' staff and resource allocations will change from prior years," the report said. "The general pattern of equity is such that previously 'underfunded' schools will receive more resources, and previously 'overfunded' schools will receive fewer. To soften the impact on schools that were previously overfunded, many districts devise a 'hold harmless' or 'soft landing' policy that limits the amount any school can lose or gain between the pre-transition year and the first year of SBB."

- Frank Wolfe covers school funding for LRP Publications 2014

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