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Weighty Decisions

The idea of building school budgets around individual student is getting more attention.

By Jeff Archer

When Mark Smith was the principal of Houston's Anderson Elementary School in the early 1990s, he often ran up against a maddening mathematics problem.

At the time, the Houston Independent School District doled out money to schools for nonteaching staff members—like assistant principals, clerks, and librarians—based on a set of enrollment formulas that topped out at about 1,200 children. With 1,570 students, Anderson got no more funding for such positions than did much smaller schools.

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"It was like those other 370 kids didn't matter," recalls Smith, now a manager of school administration in the district's central office.

His gripe partly explains why some districts, including the 210,000-student Houston schools, have adopted a "student based" funding system. Instead of distributing staff positions to schools based on ranges of enrollment, a student-based system gives money to sites based on the actual number and kinds of students at each school. For a big school like Anderson Elementary, that means added funds for each additional student.

Fans of the approach say it is more equitable.

Pioneered in Canada's Edmonton school district in Alberta in the 1980s, student-based funding has been imported to Seattle, Cincinnati, and San Francisco, along with Houston, over the past several years.

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The model is also catching the attention of state policymakers. Republican Keith King, a member of the Colorado House of Representatives, pledged to introduce legislation this winter to require all districts in the state to adopt student-based budgeting. California education officials are mulling similar ideas.

School finance experts agree that interest in student-based budgeting is on the rise. As the push to hold schools more accountable for academic results prompts closer scrutiny of what it costs to educate students to higher standards, policymakers are searching for new ways to divvy up their finite resources.

"As soon as there are consequences for schools that aren't performing, then all of a sudden people start to say: This school has this, and we don't," says Marguerite Roza, a senior fellow at the Center on Reinventing Public Education, based at the University of Washington in Seattle.

Weighted to Needs

As once was true in Houston, most school districts continue to use “staff based” budgeting. Under that system, a school gets an additional teacher for, say, every 25 students. Similar increments determine the number of counselors, instructional aides, and other staff members.

Districts also pay for special programs. They might put additional bilingual teachers into schools with lots of English-language learners, or they might put a music program in a school with a special interest in the performing arts.

But that approach results in different levels of spending per student from school to school within districts, says Roza, who has studied student-based budgeting in Cincinnati and Houston. In Houston, for example, she found two elementary schools of similar size and student makeup, but under the staff-based model one got \$2,341 per student while the other got \$4,312.

That happens, in part, because a single student can make the difference between getting another full-time staff member or not. Some schools also are better at convincing district leaders that they should have special programs, says Karen Hawley Miles, the president of Education Resources Strategies, a consulting group based in Wayland, Mass.

Miles adds that such spending gaps remain hidden in most districts, which don’t report per-pupil expenditures by school. “As soon as they do that [calculation], differences pop up, and then they have some big explaining to do,” says Miles, who studied the Cincinnati and Houston school systems with Roza.

Student-based budgeting avoids those gaps by dividing up money—rather than staff and programs—among schools. When a school gets one more student, it gets the same additional per-pupil amount that any other school in the district would get for that student.

In addition, because some students cost more to educate than others, districts that use student-based budgeting also “weight” each student based on his or her needs, which in turn can lead to additional money for a student. The model also is called “weighted student” funding.

For example, Houston now gives each building a base amount of \$2,802 per student. (The amount doesn’t reflect central-office expenditures or “categorical” funds for specific purposes, or other districtwide expenses.)

For each student who also needs bilingual services, a school gets 10 percent on top of that. For a student in need of gifted and talented services, it gets 12 percent more. For a student needing both services, it gets 22 percent more, or a total of \$3,418.

Don McAdams, a former Houston school board member, says the new budget process works because it treats children with similar needs the same, regardless of their district school. “The staffing model is driven by salaries, it’s driven by inputs, and it’s built around adults,” he says, “whereas weighted-student funding is built around students.”

Flexible Dollars

In practice, student-based budgeting is closely linked to site-based management. All of the big districts that have adopted the student-based-budgeting model have also moved decisionmaking authority from the central office to the school level.

Smith, the Houston administrator, says the two strategies work best in tandem. Districts that decentralize budget decisions to schools need an equitable way to allocate money. Likewise, he argues, it doesn't make sense to equalize funding among schools without also giving schools more say over how they use the money.

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"If you go to student-weighted funding, and then tell principals how they have to structure their budgets, you've done nothing," he says.

The model does pose challenges.

For one, redistributing funds creates winners and losers among schools. Some districts try to cushion the effect by phasing in student-based budgeting over several years. Others include subsidies for the smallest schools, which, lacking the economies of scale of larger sites, can lose substantial funding under the model.

Experts also say it's important that school leaders get trained in how to manage their finances. Union contracts, which often mandate the same staffing levels at each school, are another hurdle.

The idea of statewide student-based budgeting also worries some local district leaders. Arguing that each district should decide itself how best to distribute its resources, officials with the Colorado Association of School Boards have said they would oppose any bill to mandate student-based budgeting throughout the state.

After Democrats won control of the House from the GOP last fall, however, prospects for Mr. King's bill are unclear.

Richard J. Riordan, the California state secretary of education, has prompted similar debate by strongly advocating both student-based budgeting and site-based management.

Houston Principal Diana De La Rosa says the approach is worth the effort. When Houston switched to student-based budgeting in 2000, she led the city's Benavidez Elementary School. With most of its students living in poverty and in need of bilingual services, the school got more aid under the new model.

With the new cash, and the flexibility in using it, De La Rosa lowered class sizes for her most struggling English-language learners, paid for after-school programs, and hired staff members to help in parent engagement. She moved on to a nearby middle school a year ago, by which time Benavidez had moved up from "acceptable" to "recognized" in the state accountability system.

"We could individualize programs to meet the needs of the students according to the population we had," De La Rosa explains. She adds: "It feels like justice is being done."

PHOTO: Flexible Funding: Diana De La Rosa, right, visits colleagues and students at Houston's Benavidez Elementary School, where she instituted weighted-student funding when she was the principal.

—John Everett for Education Week
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