

DO DISTRICTS HAVE TO SPEND MORE ON SMALL HIGH SCHOOLS?

WATERTOWN, Mass., January 26— In this era of tight budgets, schools and districts are under increasing pressure to make every dollar count. Many educators believe small schools are one answer to poor performance and low graduation rates in large urban districts—small schools were a cornerstone of incoming Secretary of Education Arne Duncan’s legacy in Chicago. But can districts afford them? A new report finds that three large urban **districts spend more on small high schools than on large high schools—but they don’t necessarily have to.**

Education Resource Strategies, an organization that studies resource use in urban school districts, announces the release of a new report, *District Spending in Small and Large High Schools: Lessons from Baltimore City, Boston, and Chicago*, by Stephen Frank and Randi Feinberg. ERS looked at 160 high schools in these districts, slightly less than half of which were small schools (fewer than 499 students), and compared spending in these schools with those over 1000 students. ERS asked:

- How much do districts spend (per pupil) to operate small high schools?
- Do small high schools use their people, time, and money in the same way larger high schools do?

Findings:

The report, funded by the Bill & Melinda Gates Foundation, found that these **districts spent between 10 and 20 percent more per pupil in small high schools than they did in large high schools, primarily because:**

1. **Districts funded small high schools using rules better suited to large high schools.** Districts generally allocate staff positions rather than dollars to schools; some staff positions are fixed (e.g., each school gets one principal) and some are allocated according to staffing ratios. When these staffing policies do not differentiate based on school size, small high schools end up spending more per pupil. For example, to pay a principal a \$122,000 annual salary, a small school with 400 students would spend \$305 per pupil, while a large school of 1000 would spend only \$122 per pupil. These differences add up.
2. **Districts tended to give small schools additional staff above minimum staffing formulas.** Sometimes this happened when districts felt small schools needed a minimum level of staff above staffing ratios. Sometimes districts allocated extra teachers to enable the school to offer a broad array of courses or serve various populations of students with special needs.

Without rethinking these practices, a district looking to transform all high schools into small schools would end up with an operating budget increase of 3 to 4 percent—unlikely to pass muster in these challenging fiscal times.

“Big-city superintendents can use this report to examine their spending strategies on small high schools and assess how they can use resources more thoughtfully and effectively,” says co-author Stephen Frank. “In tough times, superintendents have to be able to show that small schools are cost-effective and can boost achievement without breaking the budget—an achievable goal when small school funding is strategic and deliberate.”

Policymakers should consider:

It is certainly not the case that higher spending is always undesirable—schools with lower per-pupil spending often suffer from insufficient resources and extra spending may be necessary to boost achievement. Higher spending on small schools may pay off with higher achievement and may even result in a lower cost per graduate if more students stay in school. But—this higher spending is not necessarily inevitable and is not necessarily correlated with these better outcomes. **ERS’s research with many districts has indicated that how *much* money districts spend may not be as important as *how* they spend it.**

To create **small schools by design, not default**, policymakers should consider:

- Funding level: districts do not always need to spend more on small high schools, but they *do* need to ensure a threshold level of funding for very small high schools
- Spending equity: efforts to increase flexibility over school resources can reduce spending differences and encourage innovation
- Funding System: awarding schools dollars (instead of staff) can increase flexibility for all schools. It can also help small schools allocate staff and other resources in ways that make sense for their school’s size and design

Methodology matters

Given the complex nature of analyzing budgets and reallocating resources, accurate data is critical. This study found that **looking at budget data without a careful and thorough methodology, districts can grossly over- or underestimate how much they spend in each school.** In our extensive work with urban districts, ERS has found that decision-makers often do not have access to the data they urgently need to use their resources as effectively as possible. In the three districts included in this report, we looked at many different sources of budget data—and found that **not only different districts, but even different departments and divisions within the same district, report, collect, and analyze data very differently.** To get around these and other shortcomings in the data, ERS coded every line item in these multiple budgets, conducted interviews at every level of the school system to validate these data, and developed a unique and thorough research framework to ensure complete and accurate comparisons. **This methodology is a major contribution to the field in terms of why standards are needed in budget data collection, reporting, and analysis -- and how, once collected, the data can be more accurately analyzed.**

District and school leaders looking to create and support effective small schools will benefit from the insights and recommendations in Frank and Feinberg’s paper. This report and other resources on small schools are available to download at www.educationresourcestrategies.org.

About Education Resource Strategies

Education Resource Strategies (ERS) is a non-profit organization that works extensively with urban public school systems to rethink the use of district and school-level resources, and build strategies for improved instruction and performance. Recent ERS partner districts include St. Paul Public Schools, New York City Department of Education, Atlanta Public Schools, Chicago Public Schools, Boston Public Schools, and Cincinnati Public Schools.

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