

Education Resource Strategies

Rethinking Resources for Student Success

EXECUTIVE SUMMARY

District Spending in Small and Large High Schools: Lessons from Baltimore City, Boston, and Chicago

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Acknowledgments

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Authors

Dr. Stephen Frank is the co-founder of Education Resource Strategies and the director of the Rethinking School and School System Resources practice area. He has worked with hundreds of schools in dozens of school districts on issues of strategic planning, professional development strategy, per-pupil cost, and resource allocation. He is the co-author of *Rethinking School Resources* with Karen Hawley Miles.

Randi Feinberg is a consultant with Education Resource Strategies and specializes in school finance and resource allocation. She has worked with several urban school districts to develop strategic plans, analyze spending patterns, and redesign budget systems.

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

Our mission is to be a catalyst for the creation of high-performing urban school systems by promoting and supporting the strategic management of education resources. Our unique strength is in our action research where our partnerships with school systems bridge research and practice. We support our clients with Web-based tools, research and training, and diagnostic analyses tailored to their districts. Together, we outline strategies that are actionable and transformational both within and beyond the districts in which we work.

ERS's work and research have identified several areas in which school systems effectively leverage their resources to improve instruction, forming the basis for our five practice areas: Strategic School System Design; School Funding and Staffing Systems; Strategic School Design; School Support, Planning, and Supervision; and Human Capital.

For more information on Education Resource Strategies and our work and practice areas, visit www.educationresourcestrategies.org.

Executive Summary

In recent years, high school redesign has gained national momentum. The creation of small schools has surged. Proponents assert that small schools have lower dropout rates, increased graduation rates, and improved academic achievement. Many urban school districts, hoping to reap these benefits, are investing millions of dollars to give their students a more personal and successful experience by creating small high schools.

At Education Resource Strategies (ERS), we work with school and district leaders to help them target their scarce resources — people, time, and money — in strategic ways that improve student performance. We’ve learned that many districts don’t understand how much money they will need to start or maintain small high schools over time. Moreover, district leaders have only a vague idea of why smaller is better, what types of small high school designs might be more successful, and how much these successful designs might cost. With funding from the Bill & Melinda Gates Foundation, ERS embarked on a three-year effort to build understanding and tools to support districts in creating cost-effective systems of high-performing small urban high schools.

Our research resulted in several papers and tools. Our main report, *Strategic Designs: Lessons from Leading Edge Small Urban High Schools*, summarizes the findings from nine case studies of small urban high schools that we dubbed “Leading Edge Schools” — because they use resources in unique ways and outperform most schools in their local districts. The report examines spending and resource use at the Leading Edge small schools and identifies four practices that are common to them.

In this paper, a companion piece to the main report, we analyze small high school spending in three urban districts — Baltimore City, Boston, and Chicago — to understand whether it is higher than in larger schools; if it is, why it is different; and the policy considerations connected to small school spending. Specifically, we examined two key questions:

- How much do districts spend to operate small high schools?
- How do patterns of resource use in small high schools differ from patterns of resource use in larger high schools?

We detail the methodology we used to address these two questions and present a discussion of findings, policy considerations, and recommendations for how school and district leaders can approach small school resource use and funding.

Methodology

Our analysis is based on a comprehensive examination of district resource use that is more thorough than previous research on the topic.¹ For the districts in our study, we examined multiple sources of data at a very detailed level, including each district's operating budget as well as details on student enrollment and program participation. We confirmed, validated, and codified these data by conducting interviews with personnel at every level of the school system. We used a framework developed by ERS (explained in more detail in the Methodology section) to ensure that our analysis was consistent from district to district and that our comparisons were as complete and accurate as possible.

Findings

Our research on school spending led us to three findings: two specific to spending differences between small and large high schools within and across these three urban districts, and one regarding methodology. We found:

1. Districts spent more per pupil to run small high schools than they did to run large high schools because
 - small high schools tended to be staffed and run like large high schools and
 - districts deliberately awarded additional staff to small schools above staffing formulas.
2. Spending at small high schools shifted toward leadership and pupil services as compared to spending at large high schools. However, this did not necessarily mean that small high schools spent less per pupil on instruction.
3. Using a rigorous methodology was critical to accurately comparing spending across and within school systems.

Policy considerations

Higher spending on small schools was not inevitable nor was it necessarily undesirable, especially when small schools outperform large schools. Our examination of school size and spending has yielded the following key insights:

- **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.

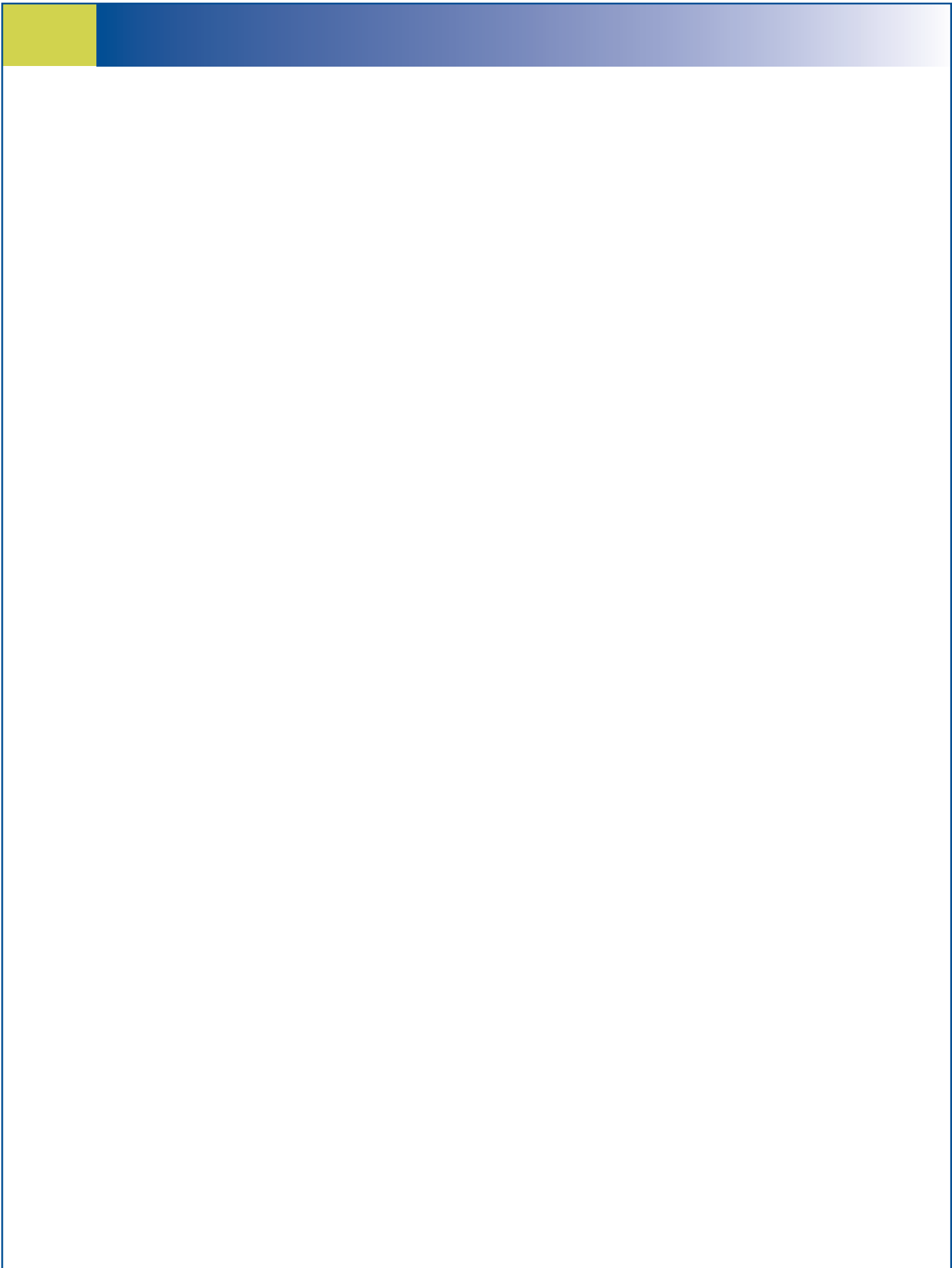
- **Spending equity:** Districts attempt to equalize spending differences in a variety of ways. Efforts to increase flexibility over school resources can reduce spending differences and encourage innovation.
- **Funding system:** Awarding dollars (instead of staff) to schools can increase flexibility for all schools and offer a transparency that is helpful to districts considering the creation of small high schools.

Recommendations

This research reaffirms the value of using a rigorous approach to comparing spending across schools and districts. School-reported budgets and other readily available data are often ill-suited to this task and require supplemental analysis. In the case of this project, without a rigorous methodology, we would have overestimated the incremental spending at small schools, leading to a flawed set of recommended actions. Unfortunately, the available data will not improve until districts change what they collect, how they organize it, how often they reconcile it, and how well they track each expense to its end uses. Moving toward a more common standard is an important next step for the field.

To successfully create and integrate small high schools into their portfolios, districts need to understand how much these efforts will cost and what the various trade-offs are. ERS makes the following recommendations for districts to consider carefully before creating large numbers of small schools:

- Consider the level of available resources and the necessary anticipated additional requirements.
- Consider mitigating spending differences by adopting a per-pupil formula and creating flexibility over resources.
- Address equity either by offering school choice, by minimizing size differences between schools, or by deliberately positioning small schools in areas of strategic need.

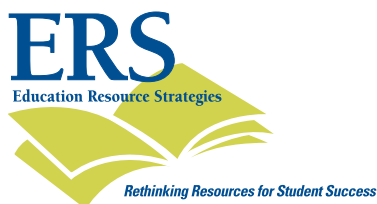


Rethinking the Cost of Small High Schools Project

The Bill & Melinda Gates Foundation supported Education Resource Strategies in a three-year effort aimed at building understanding and tools that would support districts in creating cost-effective systems of high-performing urban high schools.

Out of our extensive research, we created the following reports and tools to support leaders as they consider and design small high schools in their districts. All materials are available at www.educationresourcestrategies.org.

- **"The Cost of Small High Schools: A Literature Review"**
- **"Strategic Designs: Lessons from Leading Edge Small Urban High Schools"**
- **"Case Studies of Leading Edge Small Urban High Schools"**
- **"District Spending in Small and Large High Schools: Lessons from Baltimore City, Boston, and Chicago"**
- **Going to Scale Tool**
- **Small Secondary School Design Tool**
- **District Assessment Tool**



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1 Brook Street
Watertown, MA 02472
617.607.8000
www.educationresourcestrategies.org