Funding for Students’ Sake: How to Stop Financing Tomorrow's Schools on Yesterday’s Priorities

Presented by:
Marguerite Roza
Director, Edunomics Lab
Associate Research Professor, Georgetown University
mr1170@georgetown.edu
Current conditions

⇒ Over next decade, costs will likely escalate faster than revenue.

⇒ We haven’t yet asked this system to work on getting the most bang for the buck. The result: Poor relationship between spending and outcomes.

⇒ Some schools are already more “productive” than others. (And two schools can spend the same money in the same way and get different results.)

⇒ System productivity hinges on the state’s allocation system.
Districts within states vary on spending, outcomes and ROI

Data from the ROI project at the Center for American Progress
Districts within states vary on spending, outcomes and ROI

Washington
Identify high-achieving, low-spending school districts

State Achievement Index

Adjusted Per Pupil Spending*

Data from the ROI project at the Center for American Progress
Districts within states vary on spending, outcomes and ROI.

Data from the ROI project at the Center for American Progress
Districts within states vary on spending, outcomes and ROI

Data from the ROI project at the Center for American Progress
Districts within states vary on spending, outcomes and ROI

Tennessee
Identify high-achieving, low-spending school districts

Data from the ROI project at the Center for American Progress
Current conditions

⇒ Over next decade, costs will likely escalate faster than revenue.

⇒ We haven’t yet asked this system to work on getting the most bang for the buck. The result: Poor relationship between spending and outcomes.

⇒ Some schools are already more “productive” than others. (And two schools can spend the same money in the same way and get different results.)

⇒ System productivity hinges on the state’s allocation system.
Relationship between spending and outcomes is no better at the school level.

All WA State Elementary Schools with > 75% F/RL

For information on this analysis, please contact Marguerite Roza, MR1170@georgetown.edu
Financial models show staffing innovations that expand “reach” have productivity implications.

E.g. High performing teachers could earn sizable bonuses for taking on 3 more students, by reallocating the savings.

<table>
<thead>
<tr>
<th>Existing class size</th>
<th>21.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current average teacher salary</td>
<td>$50,620</td>
</tr>
<tr>
<td>Bonus per teacher per additional student</td>
<td>$2,926</td>
</tr>
<tr>
<td><strong>Bonus per teacher for taking 3 additional students</strong></td>
<td><strong>$8,778</strong></td>
</tr>
</tbody>
</table>

Analysis by Suzanne Simburg on Cypress-Fairbanks district in TX.
What do you prefer?

$5K bonus  or  2 fewer students in each class you teach

$5K bonus  or  1/5 of an aide

$5K bonus  or  3.5 hours more prep time per week

83%

85%

69%
Inside high schools, allocations reinforce achievement gaps

<table>
<thead>
<tr>
<th>Course Type</th>
<th>Per-Pupil Course Costs</th>
<th>Salary</th>
<th>Class Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remedial</td>
<td>$713</td>
<td>$56,597</td>
<td>19</td>
</tr>
<tr>
<td>Regular</td>
<td>$739</td>
<td>$61,940</td>
<td>22</td>
</tr>
<tr>
<td>International Baccalaureate</td>
<td>$1,145</td>
<td>$67,396</td>
<td>17</td>
</tr>
<tr>
<td>Honors</td>
<td>$1,300</td>
<td>$70,283</td>
<td>14</td>
</tr>
<tr>
<td>Advanced Placement</td>
<td>$1,660</td>
<td>$73,253</td>
<td>14</td>
</tr>
</tbody>
</table>

Analysis by author on a northeast district
The goal:
Structure funds so that funds are used to leverage greatest possible outcomes
An allocation system to support productivity

A. Equity -- Equity per student or student type
B. Efficiency and effectiveness
   -- Aligns spending with students not processes.
   -- Compares spending with outcomes.
C. Flexibility and innovation
   -- Prioritize funding flexibility so that districts and schools are free to pursue productivity improvements
   -- Schools and districts can apply funds in line with the strengths/weaknesses of each school community
D. Transparency
   -- Clarity in allocation
   -- Clarity in measurement of outcomes
   -- Access to spending practices from high productivity peers
Key Opportunities for states

1. Allocate funds based on students

2. Leverage local money into the student based formula to ensure adequacy and equity.

3. Prioritize funding flexibility so that districts and schools are free to pursue productivity improvements.

4. Build information systems that districts and schools can use to fuel productivity gains.
1. Allocate funds based on students

- Structure state allocations to follow students, not processes, or purchased inputs.
  - Allocate a fixed amount of funds per student type with greater amounts for higher student needs.
  - Eliminate targeted funds for salaries, class sizes, programs, reimbursements, etc.

- Discontinue allocations that hinge on previous years’ spending levels.
  - Grandfathering, etc. inhibits districts from being nimble and adapting to changing conditions.
What share of state/local allocations follow students?

- California: 77%
- Delaware: 1%
- Idaho: 2%
- Minnesota: 77%
- New Jersey: 85%
- New York: 72%
- Pennsylvania: 0%
What gets in the way

1. Program funding (digital, STEM)
2. Funds for schooling ingredients
3. Reimbursements
4. Hold harmless provisions
5. Small district subsidies
6. Unmanaged local funding
7. Direct state payments for schooling inputs such as pensions, benefits
8. Performance funding
2. Leverage local money into student formula to ensure adequacy and equity

- Local money tends to grow faster, but is less equitable
- Create an equalization fund so that equal local effort yields equal revenues per pupil.
- Count some base effort toward student based formula with state funds layering on top to reach target pupil based amount
3. Prioritize Funding Flexibility

- Eliminate targeted funds for salaries, class sizes, programs, reimbursements, etc.
- Remove state regulations that inhibit resource decisions, such as staffing requirements, schedule prescriptions, etc.
  - Where not possible, institute a waiver mechanism
4. Build Information Systems that districts and schools can use to fuel productivity gains

- Integrate student outcomes and spending, by district and by *school*. Enable search-ability and filtering for comparisons among like schools.
- Use the system to make sure productivity becomes part of everyone’s conversation on school improvement
- Focus attention throughout the system on productivity through training or awards.