

## Elements of Fair Student Funding

1. Create a system of great schools led by great principals who have the authority, resources and responsibility to teach all students well.
2. Engage those closest to the students in making key decisions that impact them.
3. Empower schools, then hold them accountable for results.
4. Ensure fair and transparent funding that schools can count on annually.
5. Size the district appropriately – schools and central office – to address the realities of revenues and expenditures.
6. Allow dollars to follow each student.
7. Put the resources in the schools.

## What We Can Learn from Baltimore City Public Schools

*Saving money, improving working conditions, and improving student learning through Fair Student Funding*

by Liv Finne

Director, WPC's Center for Education

October 2010

Forward-thinking school superintendents, like C.E.O. Andres A. Alonso of Baltimore City Public Schools, are reorganizing the way they run their schools, and achieving dramatic gains for students. They are implementing Fair Student Funding. This reform shifts control over school spending from central districts to individual school principals. Under Fair Student Funding, school principals are able to control the actual dollars in their school budgets, instead of having to manage a building already staffed by the district. Principals with budget power are then able to customize their programs to meet the individualized educational needs of their students. In return for this new flexibility and control, school principals are held accountable for student performance.

Thirteen other school districts across the nation have adopted Fair Student Funding, also known as Student-Centered Funding, student “backpacking,” or Weighted Student Formula. The idea is the same. Instead of providing funding based on staffing ratios or categorical program, the money follows and funds the child, weighted according to his educational needs. The districts employing this strategy for funding schools include the following: Belmont Pilot Schools in Los Angeles, Boston's Pilot Schools, Renaissance 2010 Schools in Chicago, Cincinnati, Clark County (which includes Las Vegas), Denver, Hartford, State of Hawaii, Houston Independent School District, New York City, Oakland, Poudre School District in Colorado, St. Paul, and San Francisco.

The story of how Baltimore City Public Schools achieved this reform is well worth telling. It started with a visionary leader: Andrés A. Alonso. He was selected as Chief Executive Officer of Baltimore City Public Schools in the summer of 2007.

Baltimore City Schools has 202 schools, 82,866 students, of which 91.2% are minority and 82.3% are low income. Average per pupil operating funding in FY 2010 was \$9,452, and \$13,646 per pupil for all operating and capital spending.

Because of low student achievement, Baltimore City Schools was on the federal “needs to improve” list. The district faced a \$76.9 million budget shortfall.

Alonso moved quickly to convince the School Board to adopt the Fair Student Funding Plan. In less than one year, the School Board approved Alonso's decentralization plan. This Fair Student Funding Plan is based upon the following assumptions:

Create a system of great schools led by great principals who have the authority, resources and responsibility to teach all students well.

Engage those closest to the students in making key decisions that impact students.

Empower schools, then hold them accountable for results.

Ensure fair and transparent funding that schools can count on annually.

Size the district appropriately—schools and central office—to address the realities of revenues and expenditures.

Allow dollars to follow each student.

Put the resources in the schools.

The Fair Student Funding Plan identified \$165 million in savings from the central office to cover the funding shortfall and redistributed the surplus of approximately \$88 million in central office funds to the schools.

Fair Student Funding gave school principals control over the actual dollars in their school budgets. In FY 2009 principals in Baltimore City Schools went from controlling 3 percent of their budgets to 70 percent. In FY 2010 that budget control increased to 81 percent.

Under Fair Student Funding, Baltimore City principals have discretion over at least \$5,000 per student as a base funding level, up from about \$90 in the 2007-8 school year. Schools also receive \$2,200 for each student who is struggling academically and \$2,200 for each student qualifying as gifted, plus \$900 for every low-income student in high school as a drop-out prevention weight.

School principals under this reform are no longer trapped by existing staffing formulas and school schedules, and can make changes to raise student achievement. One way they do this is to improve working conditions for teachers, focusing on reducing a teacher's "total student load." This means that a typical high school teacher under such a reform will see his student load fall from 150-180 students to an average of 88 students (private school teachers have student loads of 70-80 students), making it possible to give meaningful feedback to students on essays and tests.

Professor Ouchi in his book *The Secret of TSL (Total Student Load): The Revolutionary Discovery That Raises School Performance* (Simon and Schuster 2009) describes how principals manage these changes. They increase the proportion of teachers to support staff, they adjust the school schedule, and they make other changes to individualize instruction for students and move resources to the classroom. Professor Ouchi's comprehensive analysis of 442 schools employing this reform shows that reducing student loads on teachers results in significant gains to student learning.

Fair Student Funding has allowed CEO Alonso to shift talent and resources to the schools. This has transformed the central office into a leaner, more responsive agency focused on guiding and supporting schools, and responsible for holding schools accountable for student achievement.

Alonso and the School Board also increased choices for parents by opening six new Transformation Schools (combined middle-high schools), two new charter schools and one contract school. City Schools launched Expanding Great Options to expand and relocate school programs that were working for students and closing those which were not. With the approval of the Board, the district closed and relocated nine schools for 2009-10.

Parents and community members have been allowed input on the budget priorities of 143 schools and in the selection of 32 new principals, and 22 community-based organizations are working with 85 schools to increase participation in organized parents groups. The number of Teach for America teachers has increased from 163 members in 2008-9 to 318 in 2009-10.

Low-income first and second graders attending pre-kindergarten at Baltimore City Schools are showing higher scores on the Stanford Achievement Test 10 than low-income students who didn't attend pre-kindergarten, so Alonso and the School Board have used federal stimulus funds to expand from 4,200 to 4,800 the number of slots available in the district's pre-kindergarten program.

These approaches are making a difference for students and families in Baltimore. Test scores of students on the Maryland State Assessment were up across all grades and groups in 2008-9, building on the record gains of 2007-8 (see charts below). Special education students are advancing at an even greater rate than general education students.

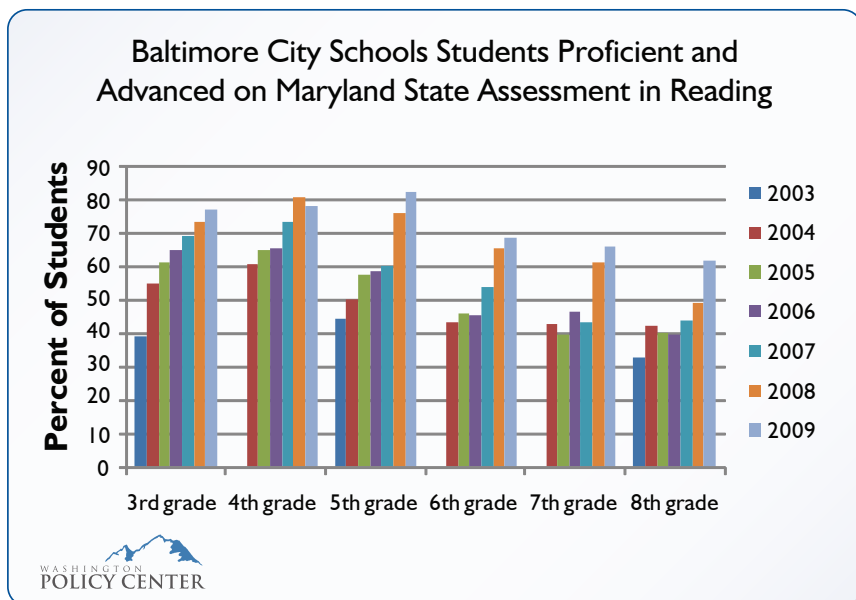
City Schools' 2008-9 dropout rate, 6.2 percent, is down 36 percent since 2006-07, a record low. In 2008-9, the first year Maryland students had to pass the High School Assessments (HSAs) to graduate, 253 more students received diplomas and 475 fewer students have dropped out of school; nearly 1,000 fewer students have dropped out in the last two years.

Too many students in the higher grades continue to struggle, particularly in math. But now, because of Fair Student Funding, principals have control over their resources and can continue to focus efforts on raising the reading and math achievement of students in fifth, sixth, seventh and eighth grade.

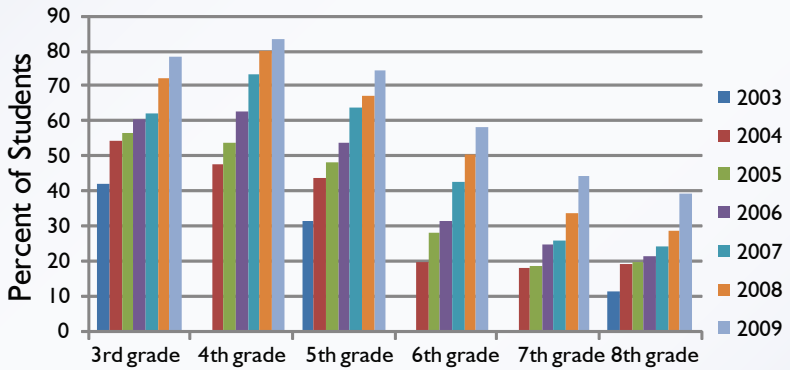
Baltimore City Public Schools are no longer on the federal "needs to improve" list. Baltimore City school officials are not complaining about school funding. Instead, they celebrate the achievement of their students and of the many principals, teachers and parents who are working to make this happen for children. They are not content with the status quo, and they continue to push for even better results.

*Liv Finne is the education director at Washington Policy Center, a non-partisan independent policy research organization in Washington state.*

## Appendix

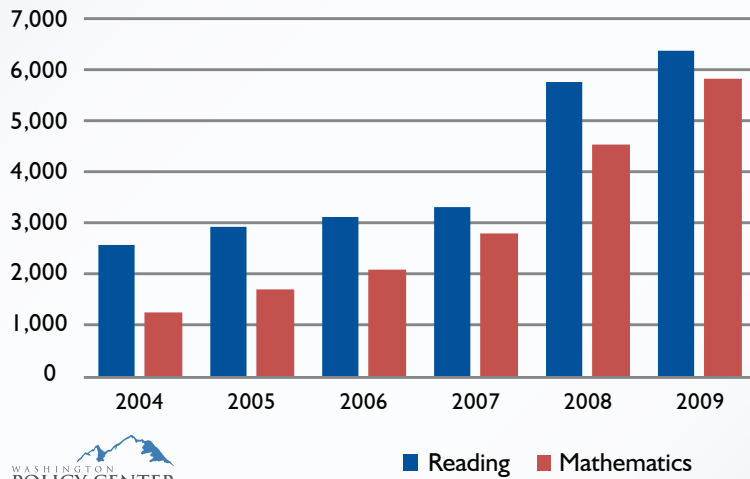


### Baltimore City Schools Students Proficient and Advanced on Maryland State Assessment in Math



### Maryland School Assessment, Grades 3-8

Number of Students Scoring Advanced



### Graduation and Dropout Rates

