Student-based budgeting—also called weighted student funding and fair student funding—is a method of allocating public school funds in a way that is responsive to students' needs. Although this concept is relatively new, it has gained popularity in school districts across the country; Hartford, Denver, Houston, and Seattle have already implemented the practice, and the number of adoptive districts continues to grow. Student-based budgeting is an emerging practice, and researchers are just beginning to evaluate the ways in which school districts benefit from adopting the funding allocation method. Emerging research indicates that student-based budgeting offers mixed results. In 2012, Education Week reported that student-based budgeting helped many of Boston's public schools weather budget cuts resulting from a $63 million shortfall. Schools were facing a 7.4 percent cut across the board; however, due to student-based budgeting, some schools were able to make less dramatic cuts or avoid making cuts altogether.[i] As a result, 45,000 public school students were shielded from the potentially negative effects of budget cuts.

Despite the economic benefits conferred to some districts, there has been little research conducted to provide evidence that weighting funding towards students' needs actually improves student achievement. One study conducted by Allovue found that graduation rates for students with special needs increased in New Orleans after student-based budgeting was implemented.[ii] However, there is no evidence to confirm that student-based budgeting improved college and career readiness for these students or for students in New Orleans generally.

In light of the limited amount of research on this topic and the inconclusive results from the studies that are available, it is important for school and district leaders to understand the costs and benefits associated with implementing student-based budgeting. This paper seeks to define student-based budgeting, outline how it works, and explore the potential challenges of implementation.

What is Student-Based Budgeting?

Student-based budgeting is a means of allocating public school dollars according to the number of students enrolled in a school and each student's individual needs, rather than staffing ratios alone. Under this system, each student is assigned a weight based upon his or her level of need, and that weight determines the level of funding each student receives. Districts will assign weights by identifying factors that typically place students at risk of academic

underachievement relative to their peers. Students who are at greater risk receive higher levels of funding. For example, many of the school districts that have already adopted student-based budgeting assign various weights to students who have special needs, come from low-income households, and are English language learners. Students who fall into these buckets receive "heavier" weights than their counterparts, resulting in higher levels of funding for these students than general education students. Additionally, students who fall into multiple at-risk categories receive higher levels of funding than those who fall into fewer categories.

What Are the Benefits of Using a Student-Based Budgeting Model?

A well-implemented student-based budgeting formula ideally results in greater equity and transparency within school districts, and gives school leaders more flexibility so that they can find ways to meet the needs of their unique student populations. Kristy Hebert, CEO and Founder of Collective Leadership, has helped many school districts around the country implement student-based budgeting systems. According to Kristy:

> Too often today the decision-making power over what is best for a student's educational development happens away from the school. Student-based budgeting connects students' academic needs with adequate funding to effectively result in a responsible approach to educating each child. Providing principals with autonomy over school budgets will, at last, connect good funding and spending practices with rigorous academic expectations in the hands of those who know students' needs the best to improve success.

An education leader in Colorado also recognized the impact of student-based budgeting. In an August 2015 report published by the Independence Institute, Mike Pickering, POWER Zone leader and former school principal, discussed how school leaders' control over funding can translate directly into more resources for students:

> Now the principal knows, if I turn off these lights...if I really invest in this and be more frugal, then I'm going to see the results. I can put that into my implementation budget and get another intervention for my kindergarteners. It has absolutely allowed us to push more resources to the classroom...with the ability to look at those funds in a different way, and recognize opportunity that you couldn't have recognized before.[iii]

During the same interview, however, Pickering also referred to the steep learning curve many district leaders face when implementing student-based budgeting, referring to the process as "confusing".[iv] It is this learning curve that prevents some districts from benefitting from student-based budgeting.

What Challenges Do Districts Face
When Implementing Student-Based Budgeting?

Although many districts have benefitted from student-based budgeting, many have also struggled with various aspects of implementing the funding scheme. Effective student-based budgeting is built upon a foundation of sound logistics and strong procedures. Therefore, failing to put the appropriate measures in place before adopting student-based budgeting may result in outcomes that do not benefit students and teachers.

Enrollment Data: One recurring difficulty is in producing and using accurate enrollment data in student-based budgeting. In order for districts to allocate monies fairly and equitably among schools, they need detailed accounts of their enrolled students. If data on the number of enrolled students and their specific needs is imperfect, that might exacerbate existing intra-district funding inequities.[v] Districts typically struggle to maintain enrollment data because of the many changes that occur with families moving in and out of the district throughout the year. This is an especially difficult obstacle to overcome in urban districts, where transient student populations are more common. This is an issue that Principal Karen Lott faces as she tries to improve student achievement at Thirman L. Milner School, a Commissioner's Network School in Hartford. "As a neighborhood school serving an array of students with special needs – SPED, EL – one of my biggest concerns is how student-based budgeting does not account for fluctuations in enrollment. It does not take into account increasing enrollment during the school year." In addition, Principal Lott states, "Although student-based budgeting provides additional weighting by student type, it does not take into account the needs of a Commissioner's Network School struggling with performance in reading and math. There should be even more weight given to close the huge gaps. Our students all receive the same weights even though the needs of my kids can actually be greater than other schools, with students reading three or four years below grade level".

Political Pressures: In addition to managing ever-changing student enrollment numbers, district and school leaders implementing student-based budgeting must also grapple with a multitude of politically contentious issues, including:

(1) Addressing the varied administrative costs associated with different types of schools;
(2) Considering whether to close schools that have low levels of enrollment that do not justify their relatively high administrative costs;
(3) The inclusion of teachers' salaries within the confines of the student-based budgeting model can sometimes create a perverse incentive to hire less experienced teachers;
(4) Choosing which weights to apply, given the myriad needs of students and the finite resources available; and
(5) Maintaining stakeholder support when the weighted formula causes some schools to lose funding.[vi]

New Burdens for School Leaders: Finally, under the student-based budgeting model, a school leader must function much more independently. Successful principals will need to understand budgeting and how to efficiently allocate their schools' resources to address their most critical needs and priorities. However, in the education sector, leaders are often better trained in instruction than in budgeting and operations. When school principals are ill-prepared to undertake these extra burdens, the student-based budgeting model can stretch their already tight schedules even thinner.

Proper implementation is critical to ensuring student-based budgeting results in the best outcomes for students, so districts need to ascribe leadership training as much importance as any other aspect of the funding formula.

Districts that would like to implement student-based budgeting must do so with an understanding that the process is long, involved, and often iterative. Although a properly managed system may ultimately benefit students, there is currently little evidence linking student-based budgeting to student achievement. Well implemented student-based budgeting systems require district leaders who are politically savvy and are willing to overhaul most every aspect of their relationship with schools, including their leadership style and planning calendar, to ensure the system is balanced and effective.

Sources

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