

Pupil-Based Funding for All Schools

The pupil-based funding model links money to each student in a school, rather than to school positions. It allows principals to make spending choices that make the most sense for their school and to make sure as much money as possible is spent directly in classrooms, rather than at the district.

Portfolio school leaders need authority to use money flexibly. They may need to extend school hours or vary class sizes according to student need and teacher ability. They may decide to create their own mix of junior and senior teachers, and make tradeoffs between staff salaries and instructional technology or purchased services.

Additionally, portfolio district leaders need to be able to expand or open new schools as they close or replace chronically low-performing schools. To do this, funds need to follow students from the closed schools to whichever schools they next attend.

Ensuring that funds follow the student means the vast majority of dollars flow to schools based on enrollment and can be used by schools to pay for salaries and other resources and to purchase assistance from the central office and independent providers. All schools should be responsible for paying rent, and charter schools should have fair access to rent school facilities. As few dollars as possible are held in the central office to pay for oversight functions and new schools development.

Why Do Portfolio Districts Need a New Funding Model?

- Districts need flexibility of funds to close unproductive schools and open new ones
- Funds are tied up in central office programs and formal administrative structures and need to be released
- School leaders need to be able to use money flexibly to:
 - Extend hours the school is open
 - Vary class sizes according to student need and teacher ability
 - Create their own mixes of junior and senior teachers
 - Be free to make tradeoffs between staff salaries and instructional technology or purchased services

EXAMPLE

Evolving Portfolio Funding Strategies in Districts

In **New York City**, former-Chancellor Joel Klein created a wholly new system for allocating funds from one based on programs and staffing tables to one based on student enrollment. He introduced the idea to the Empowerment Zone autonomy pilot, and applied it district-wide within five years. He also shrank the central office and its roles so that school leaders could control the lion's share (70%) of all funds. His aim was to get the number closer to 85%.

The **Louisiana Recovery School District** has also moved rapidly in this direction. Over 84 of its 89 schools already possess direct control over finances since they are charter schools, and per-pupil revenue is funneled directly to them by the district.

Denver also has a pupil-based funding system, and a state statute was passed in May 2010 that created a hiring system completely based on mutual consent, thereby eliminating direct placement of teachers by the district.

ELEMENTS OF A FULLY DEVELOPED PORTFOLIO IMPLEMENTATION ON FUNDING

- Funds follow students to educational options of their choice
- High proportion of district funds being sent to schools
- Common prices set for facilities and central services across sectors
- Plan in place for schools that cannot continue on student based allocation formula

METRICS AND PROGRESS INDICATORS FOR DISTRICTS**Are there are more dollars in schools?**

- Declining share of district revenue managed and controlled by central departments
- Increasing equity in per student (or per student type) school funding between district and non-district portfolio schools

Are dollars following students?

- Increasing equity in allocations per pupil type
- Increasing positive correlation between enrollment and school level expenditures
- Increasing % of total dollars spent in the building available to principals as discretionary