CRPE
REINVENTING
PUBLIC EDUCATION
Student Based Allocations for States

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The Opportunity

• State finance reforms tend to last two decades
• We know that schooling will change over the next 20 years
• We don’t know how it will change, but we know there will be students
• Today’s changes should make sense for the class of 2034!
Why does allocation matter?

- **Equity & Accountability**: performance comparisons requires level playing field
- **Access & Choice**: funds follow students to district and charter schools accountable for their performance
- **Adaptability & Efficiency**: for districts to use funds well, they need to adapt to changing conditions
Michigan
Identify high-achieving, low-spending school districts

State Achievement Index

Adjusted Per Pupil Spending*

$5,000

$15,000

CRPE
REINVENTING PUBLIC EDUCATION

EDUNOMICS LAB The Study of Education Finance
Student Based Allocation (SBA)

- Dollars (not staff positions or other ‘ingredients’) are allocated to districts or charters (not intermediaries or programs) on the basis of students.
- Students are weighted according to needs.
- Many states use SBA for a portion of their funds, but other allocations work at cross-purposes.
Pennsylvania
New York
New Jersey
Minnesota
Idaho
Delaware
California

% SBA

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

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
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<th>CA</th>
<th>DE</th>
<th>NJ</th>
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<td><strong>1. Funds for programs or delivery models</strong></td>
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<td><strong>2. Dedicated funds for schooling inputs</strong></td>
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<td><strong>3. Reimbursements</strong></td>
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<td><strong>4. Hold harmless (phantom student funds)</strong></td>
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<td><strong>5. Small district subsidies</strong></td>
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<td><strong>6. Untamed local funding</strong></td>
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<td><strong>7. Direct state payments for pensions, benefits</strong></td>
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<td><strong>8. Performance funding</strong></td>
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The Current Finance System is:

- **Inequitable (at times) and inconsistent.** Funds (vocational ed, STEM) go to programs rather than students. Small district subsidies.
- **Insufficient.** The system could do a better job to fully fund at-risk allocations.
- **Unproductive.** Poor relationship between spending and outcomes. Cost reimbursements (special ed, food service) discourage local innovation and increase administrative burden.
- **Ineffecient.** Hold harmless funds (payments for declining membership, 90/10, special ed) protect districts from having to adapt to changing conditions. Small district subsidies limit innovation and discourage consolidation. Funds intermediaries rather than districts and charters.
Expanding SBA in Michigan

- Consolidate categoricals and build the funds into existing student formulas
- Identify and price the cost of hold harmless provisions
- Identify inequities created by intermediaries, programs
- Shift cost reimbursement budgets into existing SBA
THANK YOU!

Center on Reinventing Public Education Economics Lab