

SCHOOL FUNDING SYSTEMS:

Equity,
Transparency,
Flexibility

SECTION 2

Transparency

PRACTICAL TOOLS
for District Transformation

ANALYSES AND DO-IT-YOURSELF WORKSHEETS

THE SCHOOL FUNDING SYSTEM WORKSHEET SERIES INCLUDES analysis sheets on the spending variation per pupil and worksheets with step-by-step instructions to help you calculate and measure equity and transparency. Below is a complete list of analyses and corresponding

worksheets. These analyses can help identify your largest funding challenges and greatest opportunities for action. Armed with this knowledge, you will be able to quantify transformational opportunities for your district. This document contains Analysis 8.

GET THE REMAINING WORKSHEETS AT ERSTRATEGIES.ORG.

Analyses for funding practices

| | ANALYSIS | WORKSHEET |
|---------------------|---|---|
| EQUITY | 1. Variation in per-pupil spending by school | 1. General education spending per pupil by school and school level |
| | 2. Variation in incremental spending for special populations by school | 2. Incremental per-pupil spending for special populations by school |
| | 3. Broad distribution of highly specialized programs across schools | 3. Special education fill rate |
| | 4. School size differences combined with strict funding formulas | 4. Small school spending premium by district |
| | 5. Budgets based on inaccurate enrollment projections | 5. Projected versus actual enrollment |
| | 6. Imbalances in teacher compensation among schools | 6. Average teacher compensation by school |
| | 7. Ad hoc exceptions to funding guidelines in response to individual school needs | 7. Actual student-to-teacher ratio versus target staffing rate |
| TRANSPARENCY | 8. Percentage of district budget reported at the school level | 8. Percentage of district budget reported by school |
| FLEXIBILITY | See Self-Assessment | See Self-Assessment |

Data checklist

Use this list to gather the data and files that you will need to complete the worksheet that follows. Once you have the data you need and know which questions you want to answer, follow the steps identified in the worksheet for the appropriate analyses. You will need:

Results from Analysis and Worksheet 1.

District budget file at the lowest level of detail available.

This file will allow you to:

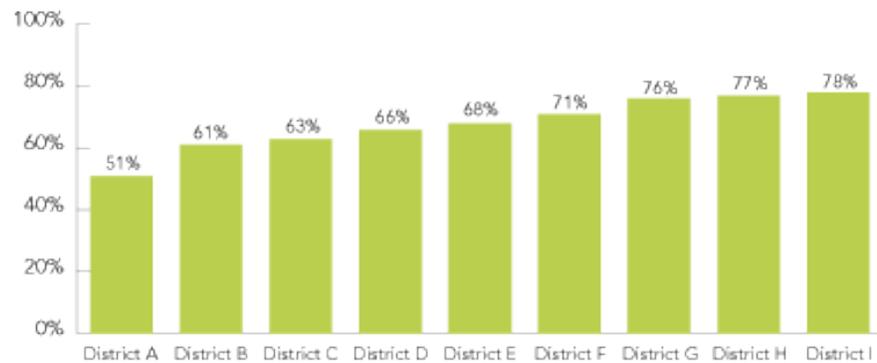
- a. Identify the total dollar amount that the district spends on schools (and not for central office and department or district-level service).

If less than 70% of your district's budget is reported at the school level, your district and school budgets lack transparency.

Analysis 8: Percentage of district budget reported at the school level

The percentage of the district budget reported at the school level is a good overall indicator of transparency. **Figure 8** illustrates the percentage of the district budget reported at the school level across nine urban districts. In District I, for instance, school leaders and the public can see how 78% of the district's spending is allocated to individual schools. However, District A's funding is much more difficult to follow, with only 51% reported down to the school level. As a general rule, if less than 70% of your district's budget is reported at the school level, your district and school budgets lack transparency.

Figure 8: Percentage of District Budget Reported at School Level



Budget transparency is important for leaders who manage and strategically allocate resources based on student need.

Worksheet 8: Percentage of district budget reported by school

OBJECTIVE: Understand the level of transparency in budget reporting at the school level.

SUMMARY OF METRICS

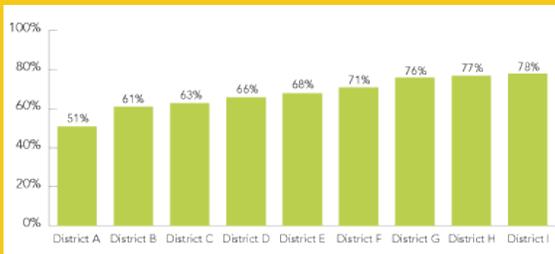
STEP 1: Determine the total school reported K–12 operating budget.

STEP 2: Determine the total K–12 operating budget.

STEP 3: Calculate percentage of total K–12 operating budget that is reported at the school level.

REMINDER

Figure 8: Percentage of District Budget Reported at School Level



STEP 1: Determine the total school reported K–12 operating budget.

1. Using your district K–12 budget file:

- Identify the total dollar amount that the district spends on schools (i.e., all dollars attributed to a school location or organization code within the district budget — does not include any central office departments or district-level service).

STEP 2: Determine the total K–12 operating budget.

1. Using your district K–12 budget file:

- Identify the total K–12 operating budget. Reference Section 1: Equity, Worksheet 1, Step 1: You have already calculated this metric.

STEP 3: Calculate percentage of total K–12 operating budget that is reported at the school level.

$$\frac{\text{Total school reported K–12 operating budget}}{\text{Total K–12 operating budget}} = \text{Percentage of total K–12 operating budget reported at school level}$$

QUESTIONS TO CONSIDER AND ACTION STEPS

Questions to Consider

1. What percentage of your district's total district budget is reported at the school level?
2. Are allocation methods clearly documented by different departments and programs?
3. Are there opportunities to provide more transparency to budget reporting procedures and policies in your district?

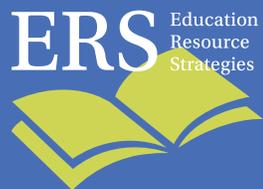
Take Action!

- **Trace more funds down to the level of individual schools.** Even when it is administratively easier to *manage* certain functions, such as itinerant teachers or school repairs centrally, resources should be *tracked* as much as possible to the specific schools at which they are actually expended. Accurate school reporting is a necessary precursor to giving school leaders more control over their budgets and more accountability for implementation of targeted improvement initiatives.
- **Redesign school budgets to report the total compensation, including both salary and benefits, for all positions.** In many districts, school leaders receive budget reports with no salary information or with salary but no benefits costs. As a result, the principal may be making decisions about which type of staff he or she needs without fully understanding the true cost to the district. For instance, an instructional aide may have a salary that is only half the salary of a certified teacher but receive full benefits. If benefits are included, the total compensation cost of the aide may be closer to 75% of the total compensation cost of the teacher. Given this information, a principal who has some staffing flexibility may make different decisions about the mix of aides and teachers in his or her school.¹
- **Integrate categorical and general fund budgets.** Districts often classify federal and state dollars as nonoperating dollars and keep them in separate budgets issued at different times. However, a single consolidated budget report that includes dollars from all funding sources allows district and school leaders to weigh and leverage more effectively all available resources around a particular instructional vision.
- **Document and publish the existing funding rules.** Many of the processes for governing school budgets are administered by different departments within a district. The result is often inconsistent, ad hoc funding driven by individual principal requests and priorities. To be strategic about improvement and reform, you need well-documented, straightforward rules and consistent criteria for allocation decisions across all schools and programs.

¹Total compensation data are most appropriately used to make decisions about the mix of staff positions, not about individual employees. For this reason, you should consider providing average benefits by position rather than actual benefits by employee in school-level budget reports.

ABOUT ERS

ERS is a non-profit organization dedicated to helping urban school systems organize people, time, and money to create great schools at scale.



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