



June 2012

# Governance Brief

Fighting for fair funding:  
**Weighted Student Formula**

Issue 1

## Governor's Proposal Rejected by Legislature

The governor's weighted student formula (WSF) proposal was not adopted as part of this year's budget, as legislators heard CSBA's BMAD concerns that the starting point for all districts was far from adequate and needed to be increased for all prior to implementing this new formula.

Beyond that, they cited concerns that the reimbursement rate for weighting factors was not directly linked to actual costs of service. The governor remains interested in the issue and all anticipate the concept will continue to be pursued through policy committees for potentially more thorough legislation next session. To be informed going forward, you are encouraged to read the following background information.

*"The Governor's 2012-13 Budget proposed implementing a weighted student funding formula to replace California's complex, administratively costly and imbalanced school finance system. The Governor's Budget also proposed that school districts and charter schools receive significant and permanent flexibility to expend the majority of their educational funds on any locally determined educational purpose. The May Revision addresses concerns raised by the Education community" (DOF May Revision Summary, May 2012)*

## Background

Weighted student formula (WSF) proposals have been circulating in California for a number of years as the state has considered ways to address the current complex and convoluted formula. In 2008, statewide proposals were considered by the then Governor Arnold Schwarzenegger and the State Board of Education (SBE). Current SBE President Michael Kirst wrote one such plan. Another coordinated by Prof. Lance Izumi was considered by the SBE in 2004. A number of local districts, including San Francisco Unified have implemented district-to-site level WSF.

A weighted student formula is a funding model that directly ties the allocation of resources to the particular characteristics of the children who are enrolled in a school or district. A base funding level is apportioned for each student and then additive amounts are apportioned based on particular identified characteristics that each child possesses. From there, the formulas may differ significantly based on the following decisions:

- Should the base level funding differ by grade level?
- Should additional funds be spent at the district level or school where student is enrolled?
- Should additional funds be spent on all students at the site or just on those students whose presence generated those funds?
- Should additional funds be fully flexible or restricted to specific uses?
- Should additional funds be increased for concentrations of students with characteristic or not?
- Should additional fund criteria be inclusive or separate and additive?

- Which criteria are to be selected?
- How will funds travel with students in/out of charters, school sites and districts when students move?
- What should happen with additional categorical funding provided for programs outside the WSF system?

### **The governor’s 2012-13 May Revision proposal responded to these questions in the following ways:**

Different base levels of funding were set for students enrolled in different grade levels reflecting higher costs of educating high school students: \$5,466 for grades K-3 (reflecting K-3 CSR spending), \$4,934 for grades 4-6, \$5,081 for grades 7-8, and \$5,887 for grades 9-12.

The governor set two criteria that generate supplemental funds. Districts would have received an additional 20 percent funding for students who are either low-income or English learners. Only one supplement would be allowed per child. Districts with high concentrations of those students on a district level would have received additional funds due to that concentration. Students need not largely be at one campus.

Base funds and additional WSF funds would have been provided to districts, who then determine where and how to spend the funds. Districts would have been required to spend the supplemental and concentration grants for the benefit of the low-income and English learner students for which they received the funds, as determined by the district.

Most other categorical programs would have been eliminated to pay for these apportionments. Their associated program requirements also disappeared, as did compliance and monitoring responsibilities. This shifts accountability from adult inputs to student outcomes. Excluded from this would be federally mandated categorical programs such as special education, funding for school nutrition and after-school programs established by Proposition 49.

Two state programs remained categorical grants that continued to be allocated according to the current funding formula, locking in historical disparities between districts for those programs: Home-to-School Transportation and Targeted Instructional Improvement Grant (TIIG) funds. However, use of the funds at the district level would have also been completely flexible. Along with rejection of the WSF proposal, the Legislature also maintains existing categorical program requirements and the requirements for spending of Home-to School Transportation and TIIG funds as in current law.

### **Issues that remain for consideration in future hearings on WSF proposals**

**Accountability for results:** Funding flexibility creates issues around how we measure the success of our investment of funds. In the past, we have used categorical funding to require specific services to be provided to certain children or certain materials to be purchased. Once we no longer link our student achievement and goals in dollars spent, how do we best measure progress? Implementing WSF requires associated changes in the accountability system to hold districts accountable for desired state outcomes for all students.

*“An API score, which is the central feature of our current accountability system, provides some good information about student proficiency on a few subjects. It tells us nothing, however, about whether students are physically fit, or the quality of career, technical, early learning, or adult education programs.*

*Great teaching, access to technology, students with the critical thinking, problem solving, and team skills they need to succeed in college and career—those are the outcomes we want. How much can be measured with data? How much can only be assessed first hand, at a school or in a classroom? How do we ensure that we have the tools we need to measure these outcomes? That’s why—while I see great potential in a weighted student formula approach—we need to look closely at the huge policy implications, and give them careful policy consideration as well.” (SPI Tom Torlakson 3/2/2012)*

Under the governor’s plan, funds would not have been tracked beyond the district level, so school-to-school support for students may vary. Efforts would be needed to ensure greater transparency for parents and the greater school community to monitor local level discussion and determine how resources are being allocated. The governor made continued phase-in of the formula contingent on legislation that would identify additional indicators of school and district success.

**How to phase in the formula:** The governor’s May Revision proposal took into account comments from the education community urging extension of the time frame for implementation of the new formula. He extended the proposal to a seven year phase-in process.

Winners and losers are created as local funding shifts from the current complex categorical model to the more simplified approach over time, without hold-harmless provisions. CSBA and other education entities pushed for delay in the implementation of the WSF model until additional funds were available. This would ensure that funds are not taken away from some districts and given to others to accommodate the WSF at a time when districts are already significantly under-funded and are owed tens of billions of dollars because of cuts, deferrals and underpayments.

Basic aid districts would have mostly been losers in the implementation process as they would have to cease, for the most part, to get state categorical funds. Districts on the cusp of basic aid would have been at the mercy of their status when the implementation began. If a district is not basic aid, it would have benefitted from categorical apportionments in the base year to set the base funding. Becoming basic aid after that time would have allowed some on-going equalization. The reverse is also true—basic aid districts that later fell into non-basic aid status after the formula was set would no longer have access to those adjustment funds.

## County Offices

County offices, while never proposed to have been included in the WSF, have nonetheless been relieved of a significant workload associated with implementation of the governor's plan.

Commencing with the 2013-14 fiscal year, County Offices of Education (COEs) would have been required to review school district English learner and free and reduced price meal eligibility data to ensure the data was collected and reported accurately.

Additionally, several categorical programs that proposed to have been included in the weighted formula and fully flexed operate on a regional basis; therefore, replicating them under a new funding model could be challenging for most school districts. Programs in this category include, but are not limited to: Adult Education, Adults in Correctional Facilities, Advancement via Individual Determination (AVID), Foster Youth, Teacher Credentialing (BTSA), Education Technology, Professional Development, Arts and Music, School Safety, Gifted and Talented Education (GATE), and Regional Occupation Centers/Programs (ROC/P). In some instances, COEs provide and operate these programs on a regional basis and would no longer be receiving those program funds directly. The opportunity for further discussion of the proposal allows for greater analysis of regionally provided services.

## Next Steps

The challenges with the formula as proposed by the governor are not insurmountable, but will require a more thoughtful approach. The governor is likely to propose specific legislation for consideration in policy committees allowing input from all stakeholders on changes to the formula. The desired outcome is a formula that is both simple to explain and to implement, transparent to the public and allows accountability for services to students. Increased resources allowing governing boards the flexibility to meet the needs of their students are the ultimate requirement.

### Questions Board members should be asking:

- Would our district benefit financially from a similar weighted student funding formula? Which factors would we believe are important to consider when establishing supplemental funding criteria?
- How are we currently targeting resources to low-income and English learner students? What should we be considering if additional resources are available for those populations?
- Have we prioritized the key issues in our district and had the difficult conversations about what we want to spend our resources on? Are there programs we are operating only because of targeted categorical funds or would we be serving those children differently if all of our funding was flexible?
- Will this board actively engage our legislators on this issue?

## Additional Resources

### CSBA: [www.csba.org](http://www.csba.org)

*Governor's Budget Proposal 2012-13 Summary and CSBA's Position* [www.csba.org/EducationIssues/EducationIssues/~/media/03A2478BE3364A7ABEEACE16420A4AC7.aspx](http://www.csba.org/EducationIssues/EducationIssues/~/media/03A2478BE3364A7ABEEACE16420A4AC7.aspx)

*Governor's Budget Proposal 2012-13 Talking Points* [www.csba.org/EducationIssues/EducationIssues/~/media/6C40056944BC46549181129F85CCA005.aspx](http://www.csba.org/EducationIssues/EducationIssues/~/media/6C40056944BC46549181129F85CCA005.aspx)

*BMAD Action Day Board Member Brief—May Revision* [www.csba.org/en/LegislationAndLegal/Legislation/~/media/DAAF54AF4D6342A080F37C7119C67E15.aspx](http://www.csba.org/en/LegislationAndLegal/Legislation/~/media/DAAF54AF4D6342A080F37C7119C67E15.aspx)

*School Finance Exploration Project* [www.csba.org/en/AboutCSBA/~/~/media/FDD23215CB3A4E-25B5640E97FBA7DF29.aspx](http://www.csba.org/en/AboutCSBA/~/~/media/FDD23215CB3A4E-25B5640E97FBA7DF29.aspx)

### CCSESA

*Education Coalition WSF Position Paper* [www.ccsesa.org/index/attachments/WPF%20position%20paper%208%20march%202012%20\(2\).pdf](http://www.ccsesa.org/index/attachments/WPF%20position%20paper%208%20march%202012%20(2).pdf)

### ACSA

*Weighted Student Formula Update (5/14/2012)*

*Policy Analysis for California Education (PACE): School Finance Reform—A Weighted Pupil Formula for California (May 2012)* [www.stanford.edu/group/pace/PUBLICATIONS/school\\_finance\\_reform.pdf](http://www.stanford.edu/group/pace/PUBLICATIONS/school_finance_reform.pdf)

*Who is Accountable? (documentary): weighted student formula 09/24* [www.youtube.com/watch?v=HAWrxLdz\\_OE&feature=youtube\\_gdata\\_player](http://www.youtube.com/watch?v=HAWrxLdz_OE&feature=youtube_gdata_player) and *student weighted model 13/24* [www.youtube.com/watch?v=i20SscUC6Ps&feature=relmfu](http://www.youtube.com/watch?v=i20SscUC6Ps&feature=relmfu)

## Coming Up

<b>Right now</b>	Budget analysis from Governmental Relations Dept available on the CSBA website
<b>July</b>	Budget webcasts from CSBA
<b>November</b>	Look for budget workshops at CSBA's Annual Education Conference and Trade Show