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Models for Ohio School Funding:

Comparing the Evidence-Based Approach with Weighted Student Funding

For more than 10 years, Ohio has struggled to fix a school funding system that has been deemed unconstitutional four times. While different solutions have been tried over the years, none of the reforms has been significant enough to settle this ongoing debate and ensure education funding that is fair and adequate for all Ohio students.

Today, efforts to solve Ohio's broken funding system continue. As the Ohio legislature works to arrive at a biennial budget that addresses both the school funding issue and current economic challenges, two different approaches to school funding are in play. Gov. Ted Strickland has proposed an *evidence-based* approach to determining the components of a quality education and their cost, arguing that it would direct resources to strategies proven to be effective. That model was retained, with improvements to address specific shortcomings, by the House of Representatives.

With the budget bill now in the Senate, discussions have broadened to include the *weighted student funding* model, which proponents say would give school-level educators more power and ensure that dollars are spent where they are most needed because funding follows the student. The argument for weighted student funding in Ohio was made in a Fordham Foundation report in spring 2008 called *Fund the Child: Bringing Equity, Autonomy and Portability to Ohio School Finance*, which said that to ensure a more equitable school funding system, funding should follow the children all the way to the schools they attend.

Both of these funding options are at the forefront of what could be the future of Ohio's public education funding system. Because gaining a better understanding of these ideas will be essential to moving in the right direction, School Funding Matters has examined weighted student funding and how it relates to the Ohio Evidence-Based Model and substitute House Bill 1. This report reviews how the two models are similar and different and whether they solve the problems that have plagued the Ohio public school funding system for so many years.

THE CORE DIFFERENCE

Comparing the evidence-based and weighted student funding models is essentially comparing apples to oranges. The evidence-based model is designed to determine what educational approaches should be funded and put a price tag on those approaches. Weighted student funding is a funding structure that sets out how money should be allocated. A brief description of each will highlight their fundamental differences:

Evidence-based approach – A costing-out model

The evidence-based (or expert judgment) approach is one of four main costing-out models that have been tried by states in response to school funding litigation over the past 20 years. The model's goal is to determine the cost of an adequate education. It begins by identifying effective programs and practices to determine what has been demonstrated as effective in improving student performance, selecting only methods that are supported by research or best practices. This model produces a detailed staffing recommendation for a prototypical school to address all key educational issues.

Because it relies on the research of effective educational practices and the judgment of experts who have developed or analyzed these practices to determine appropriate levels of spending, it offers states not only a precise estimate of adequate funding amount but also the key components to ensure a quality education and increased performance.

Weighted student funding – A funding structure

Weighted student funding (WSF) is a funding structure that allocates funding to schools based on the characteristics of the students attending that school. It uses a system of weights that allots more money for students with greater needs. The funding allocated for each child follows him or her to the school.

The WSF structure was created in response to concerns of inequity between and within school districts. No mechanism currently exists to correct these inequities in Ohio.

The main reason that funding is not inequitable between schools within a district is the way that schools are staffed and differences in teacher pay. Because more experienced teachers are given first choice in school assignments, the most senior teachers usually opt for more affluent schools, where teaching conditions tend to be favorable. That means that less desirable schools – those whose students have the greatest need – wind up with funding that does not match the needs of the students. WSF attempts to eradicate this problem by taking the funding to the school level.

It should be noted that the concept of weighting funding is not new. Many states currently have categorical weighted funding, including Ohio. The weighted funding is added on to a base amount, through such measures as funding for Title 1, special education and English Language Learners. This is often in addition to a foundation funding, a fixed amount distributed to districts on a per-student basis. Ohio's current system works this way, with a base cost per pupil plus weighted amounts for poverty-based funding, parity aid, special education etc.

What is unique to weighted student funding is that funding would follow the student to the *school level* versus the district level. One of the model's goals is to ensure that schools with large numbers of high-need students would have the resources to attract better teachers.

Costing-Out Model versus Funding Structure

The purpose of these two school funding ideas differs drastically. The evidence-based model, as a costing-out approach, aims to determine what amount of funding is needed to provide an

adequate education. Relying on the evidence as to what works with proven results, the evidence-based model puts together a way to ensure adequate funding for all students.

In contrast, the WSF model creates a structure to distribute funding. It does not focus on how much is adequate. Instead, it offers a structure for ensuring dollars are available where they are most needed by funding at the student level.

Funding the child implies some basic principles about how money should be dispersed. These principles are stated in the Ohio *Fund the Child* report:

1. Full state funding follows the child to the public school he or she attends.
2. Per-pupil funding amounts are weighted according to children's individual needs and circumstances.
3. Resources arrive at the school as real dollars that can be spent flexibly with an emphasis on results, rather than on predetermined and inflexible programs or activities.

These principles address how money should be distributed but do not answer some key questions about how to determine this funding such as: How much funding should be distributed? or What is an adequate amount of funding? or What is the basis for determining the weights?

While WSF creates a structure to disperse funding, it does not try to determine what is adequate or provide much assistance on how to weight the various components. The evidence-based approach starts with determining what is adequate and what works and then structures the findings into the prototypical school.

KEY PRINCIPLES

Three core tenets of weighted student funding are key to understanding the model. This section compares the principles outlined in the *Fund the Child* report with the evidence-based approach that is part of HB 1 as passed by the Ohio House.

Weighted student funding aims to create:

- Equity. The model directs the larger share of funds to schools that serve high proportions of disadvantaged children, regardless of where they live.
- Autonomy. WSF would allow school-level educators to allocate resources in ways that meet the needs of their specific children, aligning authority and responsibility in a modern, performance-oriented management system.
- Portability. The approach ensures that a student's school receives all of the funding allocated for that student, whether it's a district or a community school and no matter whether it's in a poor or affluent neighborhood.

On Equity

Equity within a district, as much as between districts, is an important ongoing funding issue. Often the schools that serve the most challenging students are severely underfunded, with more dollars flowing to schools with less needy students.

The WSF model aims to correct this by ensuring that funding is distributed equitably – with funding following each student based on his or her individual needs. However, this goal is complicated by significant shortcomings in the WSF model.

Primarily, there is the question of how to use weights to consistently and fairly divide funds. In other words, how much money should be allocated for an English language learner as compared to a student from an impoverished background? The WSF model itself does not specify how to determine the weights, other than to look to places that have already used the model. The system of setting the weights is uneven across existing WSF districts, calling into question the accuracy of these weights.

Without a clear method of determining weights, WSF cannot ensure equity across districts. In a 2009 peer-review article on weighted student funding, researcher Bruce Baker emphasizes the importance of ensuring a “logical and fair resource allocation formula” and says that the formulas for weighted student funding have been “presented as an afterthought, usually poorly conceived and highly politicized”¹ and that “More often than not, the only evidence provided as a basis for weighted funding formula designs are current formulas in other cities and testimonials by advocates.”²

In contrast, the evidence-based model specifically outlines a method of determining funding for each child, identifying and costing out what works to address the specific needs of different students.

Additionally, WSF does not appear to simplify complex funding systems. In Hawaii, which has implemented WSF statewide, former Superintendent Charles Toguchi has noted that the weighted formulas seemed attractive until all the needs, differences and complexities were taken into account and he found it daunting to keep track of all the weights and create meaningful formulas.³

With no basis or evidence for determining weights in the weighted student funding model, the process is likely to be politicized and funding levels to be determined subjectively rather than calculated in a logical manner.

Until a proper assessment of what it costs to educate a child of certain characteristics is clearly determined – thus setting the correct weights across the board – and funding amounts are set accordingly, the successes of WSF are likely to be spotty and inconclusive. Baker’s recent study tried to determine if weighted student funding led to greater equity. His analysis stated that

¹ Baker, B. 2009

² *ibid*

³ Hawaii Educational Policy Center.

“resource levels in urban core elementary schools [using WSF] are relatively insufficient for competing with schools in neighboring districts to achieve comparable outcomes” and that “there exists only limited if any evidence on the more basic question of whether public school districts adopting weighted funding formulas have achieved any greater degree of within-district, cross-school funding equity and predictability than those opting for alternative budgeting approaches.”⁴

Without this aspect being addressed there is room for error and influence on the weights instead of a clear, research-based, objective approach to determining the cost of educating students of specific attributes.

Also, measuring the effects of WSF on equity is complicated by the fact that, to date, no location has implemented WSF entirely.⁵ Each district has made some modifications, especially to the core issue of equalizing budgets for teachers.

On Autonomy

Currently most Ohio school districts manage money intended for a specific school at the district level. For instance, districts handle the hiring and salaries of personnel, provide benefits and operate the bus and food services. This leaves very little autonomy at the school level to manage funds intended for their students. Weighted student funding aims to give school-level leaders the ability to allocate resources in ways that meet the needs of their specific students. It also creates greater accountability at the school level for results.

While greater school-level autonomy offers more flexibility to tailor the instructional program to the needs of the students in a given building, it also assumes a level of capacity that often does not exist in the school leadership. In schools that are performing well and have the capacity to handle the added budgetary and management authority, weighted student funding could enable them to continue on a path of success.

However, the effectiveness of WSF is questionable for schools that are already struggling with academic performance and don't have the capacity for additional budgetary responsibilities. Low-performing schools often struggle to make the changes needed without outside help. The WSF requirement that the principal function as both the chief executive officer and the chief academic officer could prove overwhelming in many schools.

In fact, Seattle Public Schools, which was one of the first to implement WSF in 1997, ended this funding structure in 2007, saying the formula had become too complex and cumbersome for school-level personnel to administer.⁶

The Ohio *Fund the Child* report recognizes the need for training and support from the district level. However, it is unclear whether this has been effective in places where WSF has been

⁴ Baker, B. 2009

⁵ Maxwell, Leslie.

⁶ Seattle Public Schools.

implemented. Helping school-level leaders gain the added skills and time required for the budgeting and management under WSF likely will remain a challenge.

While autonomy at the school level is not central to the evidence-based model, the governor's proposal as passed by the House (HB 1) contains several features that address the concerns of school-level accountability, capacity and flexibility. First, current HB 1 allows successful districts the flexibility and autonomy to run their districts how they see fit. While the evidence-based model determines an adequate amount of funding based on what works, it permits successful districts to determine how they spend their money.

In school districts that are struggling, the evidence-based model is more prescriptive and will require them to implement proven practices of successful schools with similar student populations. By providing this roadmap for improved performance, school leaders that most need the guidance receive it.

Both approaches touch on school-level accountability. The Ohio *Fund the Child* report assumes that the increased authority under WSF will bring with it "increased accountability for results." However there is no evidence that ensures that this is true. On the other hand, the OEBM calls on schools to provide greater financial information for transparency and accountability. It also calls for five-year school building spending plans, school building expenditure reports and site visits that monitor compliance and offer technical assistance.

OEBM also recognizes the limitations of the school principal and specifically calls for a school-level building manager who will handle non-academic administrative duties and will allow the principal to devote more time to educational leadership. This staffing piece builds the capacity of each school to handle academic issues separate from the business and budgetary aspects of running a school. Further, the Department of Education must provide technical assistance to districts prior to enacting any sanctions.

On Portability

Currently, state funding is distributed by the district to the public schools – funding for a given student does not necessarily follow the child to the school. When a child moves from one school to another, not all the funding tied to that student necessarily follows the child to the new school. WSF would ensure that each child is equipped with a "backpack" of funding based on his or her needs that travels to whatever school that child attends.

While WSF might help ensure that funding would follow the student regardless of the school the student attends, it does not ensure that the funding would be an adequate amount to begin with or adjusted properly when the student changes schools. Again, it would rely on a system of weights that is not based on what is needed to ensure adequacy.

It also does not take into consideration costs that are not tied to the student, such as administrative or building size variations, that may vary based on regional characteristics. As Baker notes in his review of the Ohio *Fund the Child*, "statewide application of cost-adjusted funding becomes more complicated than within-city application, especially in a state like Ohio

with expansive rural regions including many small schools and districts.”⁷ For instance, competitive wages for school staff can vary widely and would require additional weights to recruit and retain teachers. (In fact, the National Center for Education Statistics’ Comparable Wage Index for Ohio found that the competitive wage variation across the state of Ohio was more than 20%.) As stated in Baker’s review of Ohio *Fund the Child*, this weight “would not logically follow students should they later move to a school in an adjacent labor market.”⁸

The evidence-based approach to school funding more easily handles variations in funding as it is district-specific and can capture these variations more easily. A key part of HB 1 is an index, now called the Educational Challenge Factor, that weights the funding to capture local characteristics of that district, taking into account such variations and ensuring that they are tied to the district rather than to the student.

OHIO’S CURRENT CHOICES

As Ohio considers its options at this critical juncture, three basic choices are available to legislators. This section examines what each of these choices offers.

Implementing Weighted Student Funding Only

If Ohio chose to implement a WSF model as the sole basis for its school funding system, the state would have a new mechanism for distributing resources. That mechanism would bring more control and more responsibility for determining how funding is spent to individual schools.

Implementing WSF would require that Ohio leaders determine how to weight funding and to build the capacity of local schools to take on new budgetary and management requirements, both of which are complicated tasks. Also, there is no evidence that more autonomy at the school level would lead to improvements.

While a central tenet of this model is to ensure equity between schools and among districts, it is unclear whether it has successfully done so in places where it has been implemented.

Additionally, Ohio would be less likely to have resolved the issue of having a school funding system that is unconstitutional. Because WSF has no way to assure that funding amounts are adequate, it leaves the issue at the heart of the *DeRolph* rulings unaddressed.

Implementing WSF alone would offer no new education reform as it does not function as a mechanism for change, but rather is “only a process on which other reforms and policies aimed at increasing student achievement can be built.”⁹

Weighted student funding on its own leaves much to chance, without clear benefits.

Implementing the Ohio Evidence-Based Model Only

⁷ Baker, B. 2009

⁸ Baker, B. 2009

⁹ Chambers, Jay et al.

If Ohio chose to implement the OEBM, as outlined in HB 1, notable education reforms would be implemented, and the way Ohio educates its students would change. Schools and districts that are performing well would still have autonomy to do what is working for them, but ones that are struggling would have a blueprint for how to improve, along with support. Ohio's schools and districts would become more transparent regarding their finances and would be held accountable to show improvement to the state.

Furthermore, the OEBM appears to satisfy the constitutionality issues. Leaders of the Coalition for Equity and Adequacy, plaintiff in the *DeRolph* school funding court case, have stated that "Ohio is on track for constitutional compliance" with the proposed OEBM.¹⁰

The OEBM would offer a complete package of education reforms and adequate funding, and could put an end to the constitutionality debate. It would not, however attempt to address the issue of inequalities within districts. While the OEBM could benefit from a clearer system for holding schools accountable for student performance and funding may need to be increased in a few key areas, the model effectively addresses the most pressing concerns about the state school funding system.

Implementing the Ohio Evidence-Based Model and Weighted Student Funding

As a third option, Ohio could implement both the OEBM and WSF. This would provide a significant slate of proven education reforms and adopt a structure that would take the funding to the student level, basing the funding amount on costing out the education reform components.

Implementing the OEBM along with WSF would provide the guidance for determining the weights that should be used, making the process objective. In Baker's review of the Ohio *Fund the Child* report, he highlighted that the Ohio report acknowledges a need to have the weights determined by "disinterested parties" and suggests that empirical analyses and existing research to guide weighting decisions "might help further their (Ohio's) stated goal."¹¹ The OEBM could serve as the benchmark offering for determining what is sufficient funding.

By implementing WSF as the *mechanism* to distribute OEBM-determined funding, the focus becomes the school, rather than the district. Currently the OEBM distributes funding to the district and requires compliance of failing districts, rather than schools. Examining each school's individual performance could avoid an accountability system that punishes successful schools in underperforming districts and ignores failing schools in districts that otherwise are performing well. Taking the accountability down to the school level, in this case, could improve the existing OEBM system.

CONCLUSION

With two school funding ideas on the table, the question for Ohio citizens and lawmakers becomes, Which option moves Ohio to a better educational system?

¹⁰ "E & A Coalition Weekly Update" Email

¹¹ Baker, B. 2009

The best option for the state appears to be the Ohio Evidence-Based Model, which will likely put the constitutionality debate to rest and drive Ohio in a new direction that answers the demands of a 21st-century economy.

Whether or not Ohio should also implement WSF is up for debate. Introducing both a costing-out approach and weighted student funding model may be too much to accomplish at once, but if both are attempted, using OEBM as the basis to determine the weights would improve the chances of getting them right.

Still, the results of many aspects of WSF remain unclear. While some districts that would seem to indicate success under WSF, other districts have chosen to pass it up or switch to a different model after trying WSF.¹² Furthermore, even with proper funding and weight distribution in place, it seems uncertain whether it would simplify or complicate the budget system.

WSF does hold the attractive reform feature of decentralizing budgetary control, giving more autonomy and accountability to individual schools. Coupled with the appropriate support to ensure principals have the capacity to make the decisions now on their shoulders, this could be very powerful for bringing education to local-decision making level and allowing for more choice and diversity within school districts.

Of these options, implementing only WSF appears to offer the least value with the most uncertainty. It will not solve the state's constitution debate and the success of the funding mechanism to do what it intends to do would be questionable, especially if determining the weights is left to a political process. Basically, per-pupil funding will not have a major impact if it means just moving around the same inadequate amount of funding, which the OEBM offers.

¹² For instance Charlotte, NC (<http://goleaguego.org/wsfireport.pdf>) and California (http://www.mercurynews.com/education/ci_7879171?nlick_check=1)

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