

# Backpack Funding

A for Arizona  
The Reason Foundation

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Office of the Governor



# School Finance Reform and Backpack Budgeting

Lisa Graham Keegan

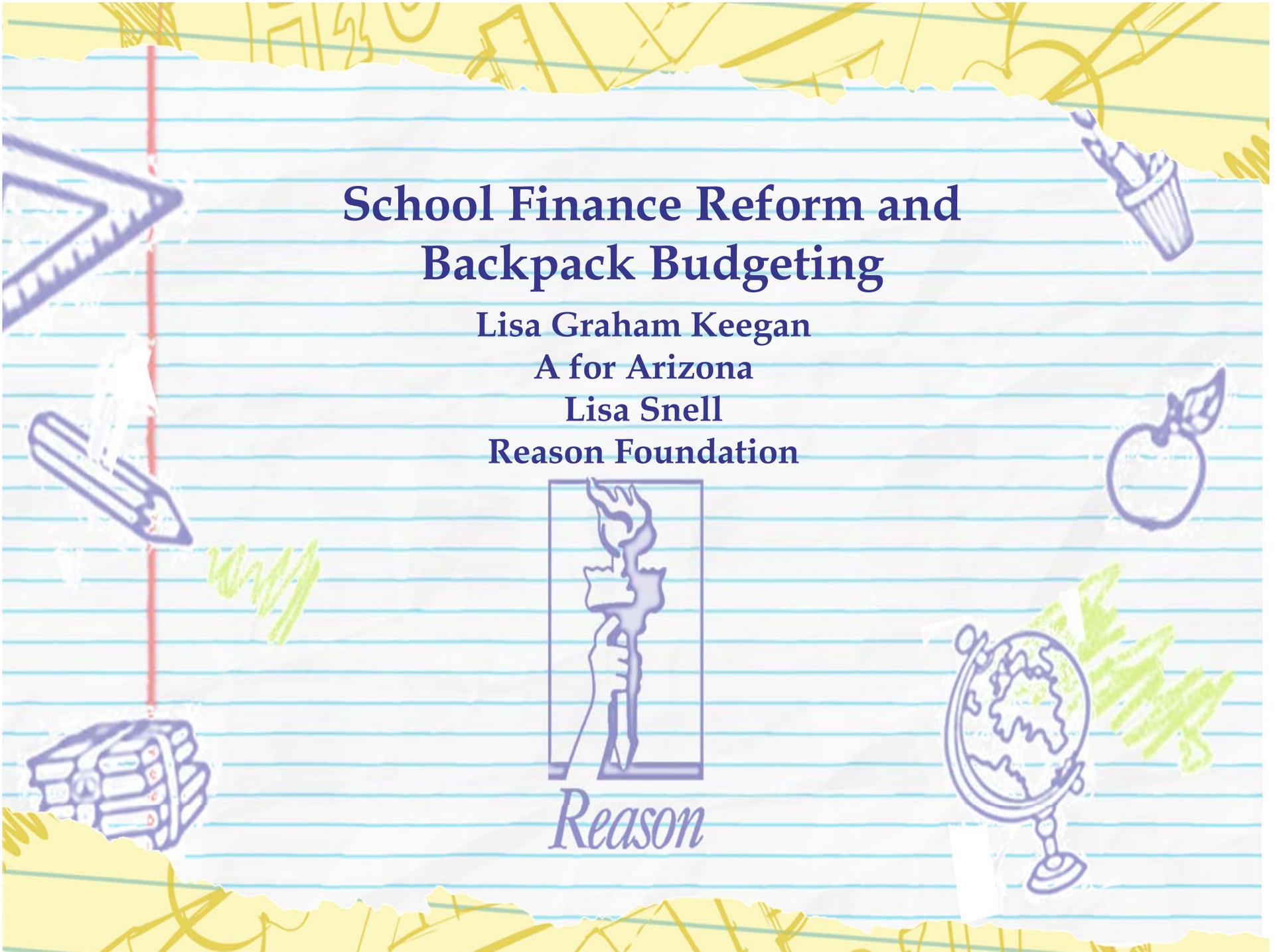
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Lisa Snell

Reason Foundation



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# Backpack Funding Concept

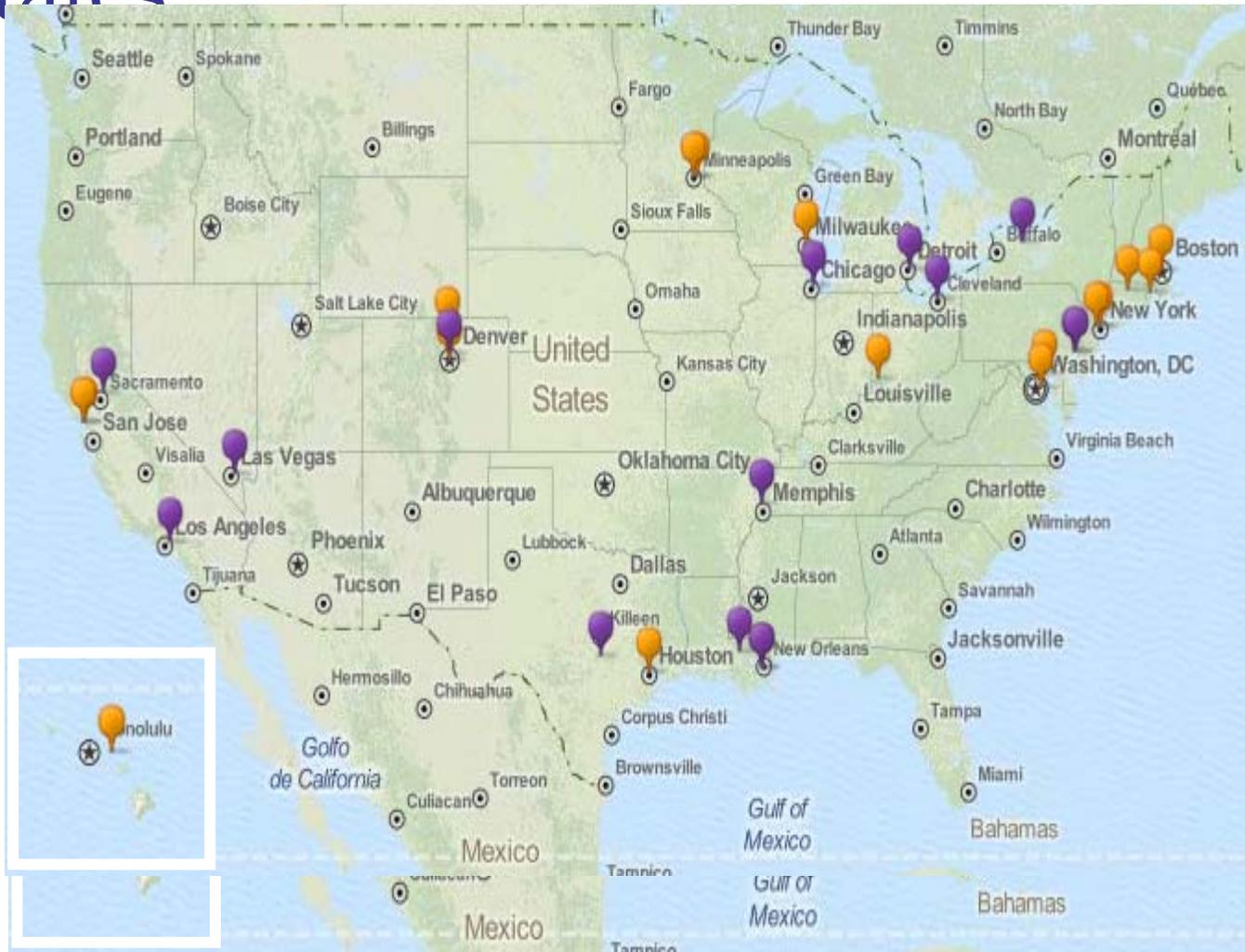
*“Public funding systems at the state and local level are adapting to a school funding portability framework, where state and local school funding is attached to the students and given directly to the institution in which the child enrolls. More than 30 school funding portability systems are funding students through student-based budgeting mechanisms.”*

*A Handbook for Student-Based Budgeting,  
Principal Autonomy and School Choice*

## Components of Backpack Funding

- School budgets based on students not staffing
- Charge schools actual versus average salaries
- School choice and open enrollment policies
- Principal autonomy over budgets
- Principal autonomy over hiring
- Principal training and school capacity building
- Published transparent school-level budgets
- Published transparent school-level outcomes
- Explicit accountability goals
- Collective bargaining relief, flat contracts, etc.

# Weighted Student Formula in the States



- Baltimore, MD
- Boston, MA
- Cincinnati, OH
- Denver, CO
- Poudre, CO
- Hartford, CT
- Houston, TX
- New York, NY
- Newark, NJ
- Prince George's County, MD
- Oakland, CA
- Saint Paul, MN
- Milwaukee, WI
- Minneapolis, MN
- San Francisco, CA
- Rhode Island
- Hawaii

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| <span style="color: purple;">■</span> Rochester City, NY | <span style="color: purple;">■</span> Twin Rivers, CA  | <span style="color: purple;">■</span> Jefferson Parish, LA         | <span style="color: purple;">■</span> Detroit, MI      |
| <span style="color: purple;">■</span> New Orleans, LA    | <span style="color: purple;">■</span> Philadelphia, PA | <span style="color: purple;">■</span> East Baton Rouge, LA         | <span style="color: purple;">■</span> Memphis, TN      |
| <span style="color: purple;">■</span> Los Angeles, CA    | <span style="color: purple;">■</span> Austin, TX       | <span style="color: purple;">■</span> Adams 12 School District, CO | <span style="color: purple;">■</span> Clark County, NV |
| <span style="color: purple;">■</span> Chicago, IL        | <span style="color: purple;">■</span> Camden, NJ       | <span style="color: purple;">■</span> Cleveland, OH                |  |

# Backpack Budgeting in a Nutshell

The broad concept of portable funding that follows the child goes by several names including results-based budgeting, weighted student funding, "backpacking" or fair-student funding. In every case the meaning is the same: dollars rather than staffing positions follow students into schools. Resources are weighted according to individual needs of the student.

# Arizona has a head start.

- Since 1980, Arizona has had weighted operational funding statewide based on individual student need, but the money may not follow students into the school they attend. (Weights multiply the basic formula by a different factor for Special Education, English Language Learners, etc.)
- Since 1980, Arizona has set a statewide tax rate to support a portion of the full weighted funding in school districts, and backfills the needed remainder from the general fund. Since 1994, Arizona has paid for the full weighted formula for charter schools from the general fund only.
- Our goal should be to support the funding “earned” by each student equitably across the state, and deliver those dollars to each public school.

# Student-Based Budgeting and School Empowerment

SBB allows public school choice and principal autonomy, for both district and charter public schools.

The funding system gives individuals, particularly school administrators, the autonomy to make local decisions.

Autonomy is granted based on the contractual obligation that principals will meet state and/or district or system standards for student performance.

# Essence of Student-Based Budgeting

The essence of the concept is that funding, weighted according to a student's needs, should follow that child to whatever public school he or she attends.

Funding should arrive at the school as real dollars (not teaching positions, ratios or staffing).

The program pushes decision-making and spending transparency to the school level, so that funds can be spent based on the needs of the kids while focusing on results.

# Key Findings

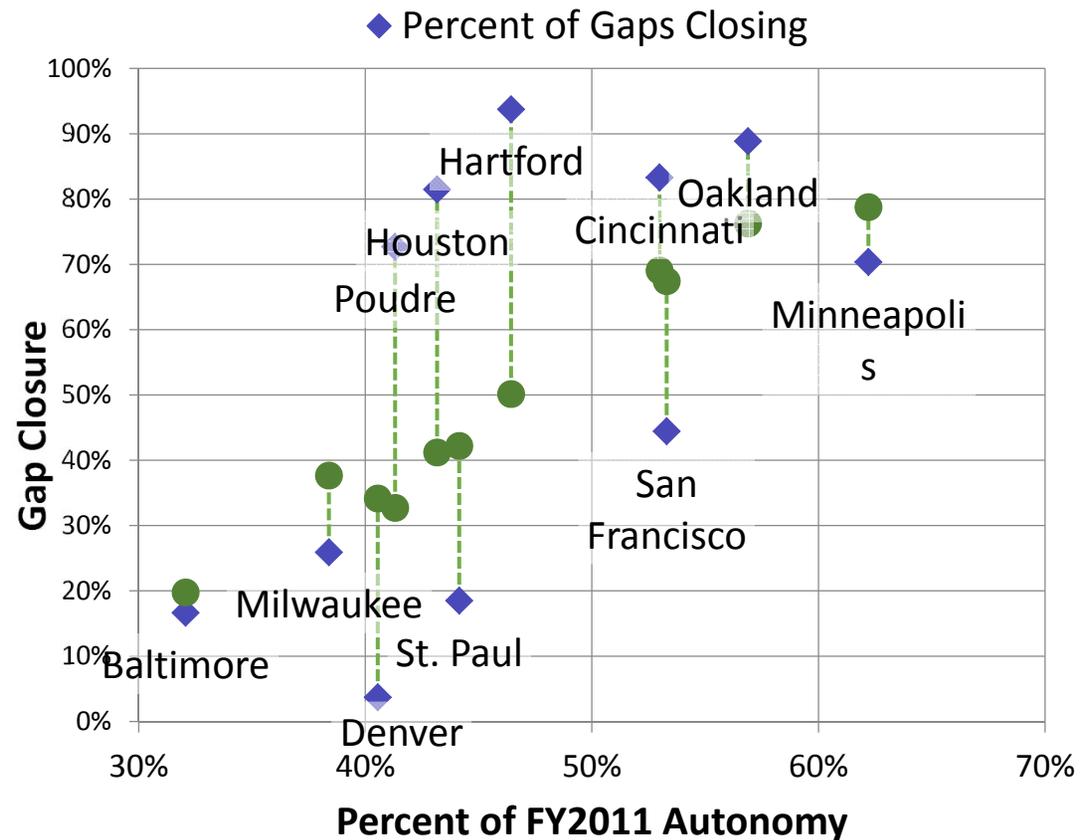
Greater  
Principal  
Autonomy

Better  
Student  
Outcomes



“Holding all else constant, a school district that allocated 50 percent of its FY2011 budget to weighted student formula, where money follows the student, is nearly 10 times more likely to close achievement gaps than a district that only allocated 20 percent of its FY2011 budget to weighted student formula.”

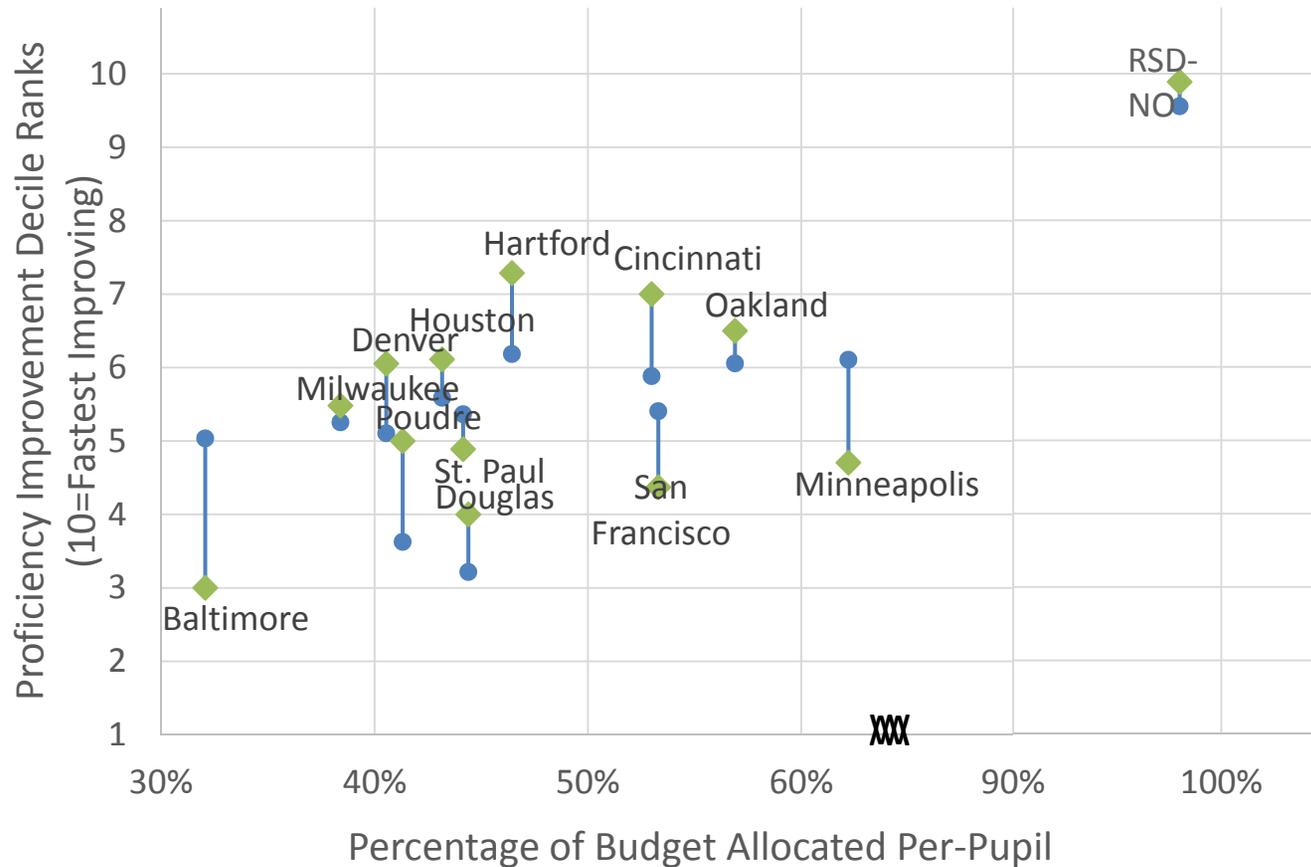
Percent of Achievement Gaps Closing vs. Predicted Probability of Achievement Gap Closing



# Predicted Improvement Rank vs. Average Improvement Rank

## Disadvantaged Student Groups

—●— Predicted Rank



“School districts with a higher amount of budget autonomy are predicted to have a higher ranking for proficiency improvement, though their actual rankings may be higher or lower depending on exogenous factors.”

# Big Backpack Ideas for Arizona

- The state level funding formula should be changed so that the money follows the child to the school level.
- All funding streams including federal and local bonds and overrides should flow to students rather than districts to level the playing field between charter and district schools.
- School funding must be transparent and equitable at the school level rather than the district or system level.
- All public schools should be funded based on current year enrollment.
- Schools should receive revenue on a per-pupil basis reflecting the enrollment at a school and the individual characteristics of students at each school.
- Principals must be able to decide how to spend the resources earned by the students in their school