

Weighted Student Funding and Opportunities for Fiscal Reforms

Testimony by Rebecca Sibilias, Director of Fiscal Strategy, StudentsFirst

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About Us:

StudentsFirst is a bipartisan grassroots movement of more than one million members nationwide, working to focus our education system on what's best for students. We are working to ensure educators are valued for the critical role they play in kids' lives, families have high-quality school choices and a real say in their child's education, and our tax dollars are spent wisely on what works for kids. Launched by former Washington D.C. Public Schools Chancellor Michelle Rhee in December 2010, StudentsFirst has successfully helped pass more than 70 student-centered policies in seventeen states, and our movement continues to grow. We are excited to be working with our partners in Ohio to put students first.

Rebecca Sibilias is the former chief financial officer of the state education agency for the District of Columbia. She leads the Fiscal Strategy division at StudentsFirst, which focuses on elevating national awareness of education finance issues and supporting states in implementing needed reforms.

Weighted Student Funding Offers Benefits and Challenges

- StudentsFirst believes every state should have a transparent, stable, and equitable school funding system. This funding system should treat all public schools equally and provide schools with spending flexibility so that each are able to meet the unique and changing needs of their students.
- Prior to my tenure at StudentsFirst, I served as the education finance advisor to the Mayor of Washington, D.C. and served as the Chief Financial Officer for the state education agency. In these roles I was intimately involved in the design, annual revisions, and execution of the District's funding formula, which happens to be a weighted student funding (WSF) formula. DC has had a WSF in place since 1999.
- There are a variety of school funding methods utilized by states – each with their own strengths and inevitable weaknesses.
- Weighted student funding is the concept where school districts receive dollars based on enrollment, but also receive extra amounts - or "weights" - for certain types of students, such as English language learners (ELL) or students with disabilities.

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- Weighted student funding formulas offer the advantage of providing funding that is more closely related to the needs of the students attending each school. These formulas are also very transparent - parents, school districts, and taxpayers are able to see how education dollars are allocated from year to year.
- Weighted student funding formulas are becoming more common. A few other school districts in the country, such as Boston, have already decided to use components of WSF in how they distribute the district's overall revenues to individual schools. As a statewide school district, Hawaii also uses a version of weighted student funding.
- However, this funding methodology is not without challenges. A weighted student funding formula requires policymakers to decide which school or student elements receive extra weights and the value of each weight.

Enacting Accompanying Reforms Will Maximize the Benefits and Minimize Challenges

- When it comes to school funding, the allocation process is just the beginning. The financial policies I'm highlighting will, if implemented, allow Ohio schools to make the most of the funds they receive. Additionally, Ohio can position itself to collect and use good data and make subsequent adjustments to the formula over time. This will ensure that the WSF, or any other formula chosen, successfully reaches the state's goal of improving the equity and adequacy of its education funding process.
- In order for schools to achieve the academic results so desired by parents, policy makers, and teachers, school districts need flexibility over how resources are used and the state needs to have a solid accountability system in place that allow it to identify poor performers and intervene when necessary.
- Ohio law should increase the level of autonomy school districts have over their finances so they are better able to meet the unique needs of their students.
- Remove any spending requirements that inhibit the ability of schools to innovate and spend their limited resources on programs that work.
- Rather than prescribing inputs, Ohio should focus on performance outcomes - how well are the programmatic and business decisions being made by schools benefiting student achievement.
- Ohio should remove class size requirements above third grade.
- Ohio limits class sizes to 25 students; however, class size restrictions have not been shown to have a measurable impact on students beyond the third grade.
- Such caps severely restrict the ability of school districts to efficiently manage changes in enrollment throughout the year and increase their costs.
- To capture more accurate information about the costs of a quality education, Ohio should require financial reports that demonstrate how well schools are spending.

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- Ohio requires districts to report a variety of financial and academic data, however this information is not easily understood by the public and does not demonstrate return-on-investment.
- State law should empower the department to assign each school and school district a fiscal star rating that is based on how efficiently each school manages its finances and uses its resources to improve student achievement.
- Standard reporting systems and return on investment data will allow Ohio to adjust its weights over time.

- Ohio should further increase its fiscal accountability measures for underperforming or financially mismanaged districts.
- If schools and districts prove incapable of delivering a return-on-investment or sound financial management, they should first be paired with a similar district for best practice sharing and knowledge transfers.
- Ohio already gives the department of education and the state auditor oversight over school district finances, but their processes could be expedited and strengthened.
- Ohio law should allow the department and the auditor to appoint a receiver for financially troubled districts. This receiver should be tasked to develop a financial recovery plan and make financial decisions until a district's finances have been turned around.

- To ensure equity, Ohio should ensure that its funding formula provides charter schools with dedicated facilities funding.
- Students at charter schools would benefit if the WSF provided charter schools with a per-pupil facilities allowance. The amount of this facilities allowance could be based on average per-pupil spending by school districts in the state on capital costs, including debt service.
- Such funding will help enable charter schools to obtain private financing for the purchase or construction of facilities, or allow them to pay lease costs so they do not have to dip into operational funds.
- Ohio law already includes the Community Schools Facilities Guaranteed Loan Program that will help charter schools obtain financing, but the state should fund this program and explore other options such as a grant program or credit enhancement program.

- Ohio could also use this opportunity to revise the way it allocates funding for teacher salaries. By implementing performance pay statewide school districts would be positioned to attract and reward it's the best teachers.
- Ohio only permits school districts located in the city of Cleveland or those that are Race to the Top subgrantees to implement performance pay compensation systems.
- Ohio should require school districts to develop compensation systems that include measures of effectiveness. Performance should be the primary criteria used to determine pay increases.