

## ED266B

### School-Site Finance and Resources

#### Overview

This module is an introduction to school finance and budgeting, emphasizing the responsibilities of principals and others at the school level. Throughout, both instructors will argue that issues of finance and budgeting, which are often discussed independently of instructional issues, must be integrated with considerations of teaching and learning; a budget is the financial embodiment of the instructional program, and should never be developed without *first* deciding instructional, pedagogical, and reform objectives. The metaphor of the onion (the different layers of resources), the “renewed” school finance, and the simulated budgets developed in the last week of the module will all attempt to integrate resource issues with instructional issues.

The first sessions of the module introduce the basic conceptual issues in school finance including the amounts and sources of funds for local schools; the conceptual basis of fiscal federalism, or who provides what in a federal system of government; the basic vocabulary and structure of grants; and different conceptions of equity. It also describes the major (and ever-changing) programs of federal and state funding, including the major programs affecting urban schools (like bilingual education, special education, NCLB, and the many categorical programs). It introduces budgets and budgeting processes, though in practice many of these vary substantially from district to district.

The second week of this module will examine the question of when resources are effective in improving learning. After examining the conventional literature on the question of “whether resources make a difference”, we’ll examine the “improved school finance” which asks how resources are used at the school and classroom levels, and under what conditions expenditures are likely to be effective. While there are many ways to approach budgeting, the *effective* use of scarce resources requires principals and others first to develop an educational vision, plans, and priorities, and only then to decide how to spend resources available.

This two-stage procedure will be the basis for an exercise in which groups first develop an educational plan for a hypothetical school, responding to the hypothetical conditions in that school, and then develop budgets under several different assumptions about resources. The last week of the module will be devoted to developing these budgets and then presenting them to the class

This module assumes that responsible decisions about resources cannot be made unless school leaders understand their own conceptions of equity, the structure and incentives of existing funding programs, and the instructional goals of their schools. Mastery of the nuts and bolts of budgeting is never sufficient, even though it is necessary on the job; in addition, the details of budgeting systems vary so much among districts that it is impossible to teach these materials in a class of students from many districts. Therefore the module will stress the conceptual issues in school finance and budgeting, rather than the details of fund structures, accounting, and audit exceptions.

## Readings and exercises

There's an enormous literature about school finance, though most of it is concerned with patterns of spending, inequalities, and arguments for increased spending at state and federal levels rather than issues of how principals and other local school leaders ought to think about budgeting. Everyone should do the absolutely required reading, which is in bold type, plus at least one other reading from each section. Some of these will be the basis for class discussions. Readings with asterisks are highly recommended but not required.

The class is organized in eight groups, particularly suitable for a series of exercises. However, on occasion we will vary the composition of these groups.

## Other resources

A good standard school finance text is Allan Odden and Lawrence Picus, *School Finance: A Policy Perspective*, Second Edition (McGraw-Hill, 2000). The research literature most often appears in the *Journal of Educational Finance; Educational Evaluation and Policy Analysis*; and the *Economics of Education Review*. A budgeting-oriented text, apparently aimed at principals, is David Thompson and R. Craig Wood, *Money and Schools* (Eye on Education, 2001).

California-specific issues: See A. Townley, J. Schneider, and L. Wehmeyer, *School Finance: A California Perspective* (Kendall-Hunt, 1998). A good source for California materials is EdSource, at [www.edsource.org](http://www.edsource.org), with a variety of report and data sources. The California Department of Education has its materials available on [www.cde.ca.gov](http://www.cde.ca.gov), and these include data for every district in the state. There's a vast amount of data on state, district, and school-level expenditures, test scores, etc. through the Education Data Partnership, [www.ed-data.k12.ca.us](http://www.ed-data.k12.ca.us). PACE (Policy Analysis for California Education) materials are at [www.gse.berkeley.edu/research/PACE/pace.html](http://www.gse.berkeley.edu/research/PACE/pace.html). The Public Policy Institute of California publishes materials on various issues including school finance; see their web site at [www.ppic.org](http://www.ppic.org). School Services of California is one of the large consulting firms in the state on fiscal issues, and prepares a number of publications, though they are sometimes expensive; they can be reached at [www.sscal.org](http://www.sscal.org).

Another source of information about states is the Education Commission of the States in Denver, on the Web at [www.ecs.org](http://www.ecs.org). The National Center for Education Statistics is the conventional source for federal data; see <http://nces.ed.gov/>.

## 1. Introduction (July 12)

Topics of this course (NG)

The idea of the “renewed” school finance: Linking money to instruction (NG and JS)

Basic numbers (federal state, local, trends) and their interpretation (Exercise 1)

The “onion” metaphor (NG)

Fiscal federalism, the vocabulary of grants, and the pervasive problem of substitution:

“All money is green” (NG)

Exercise 1: Interpreting finance data

Readings:

*Digest of Educational Statistics, 2002*, selected tables, for Exercise 1.

**A. Odden, D. Monk, Y. Nakib, and L. Picus, “The Story of the Education Dollar: No Academy Awards and No Fiscal Smoking Guns”, *Phi Delta Kappan*, Oct. 1995.**

\* D. Monk, J. Pijanowski, and S. Hussain, “How and Where the Education Dollar is Spent”, in *The Future of Children*, Winter 1997.

\* Penny Howell and Barbara Miller, “Sources of Funding for Schools”, in *The Future of Children*, Winter 1997.

\* “Intergovernmental Fiscal Relations”, from Allan Odden and Lawrence Picus, *School Finance: A Policy Perspective*.

## 2. Federal Issues (July 13)

Federal programs

Different conceptions of equity

Equity among students vs. equity among government units

Exercise 2: Reading district budgets: federal funds in J200 forms

Exercise 3: Planning for “No Child Left Behind”

Readings:

**Robert Berne and Leanna Stiefel, “Concepts of School Finance Equity, 1970 to the Present”, in H. Ladd, R. Chalk, and J. Hansen, *Equity and Adequacy in Education Finance*.**

District budget forms — Berkeley USD (for Exercises 2 and 4).

Materials on the No Child Left Behind Act of 2001 (for Exercise 3).

### 3. State/California issues (July 14)

*Serrano* and developments since *Serrano*

The structure of state financing to districts

The multiple effects of grants and grant formulas: levels of funding, incentives, and directives about spending

Exercise 4: Reading district budgets: state funds in J200 forms

Exercise 5: Planning for II/USP.

Readings:

**“History of California School Finance”, Ch. 2 of A. Townley, J. Schneider, and L. Wehmeyer, *School Finance: A California Perspective*.**

Paul Goldfinger, “A History of Revenue Limits — Or why is Your Base Revenue Limit Bigger than Mine?” School Services of California, Dec. 1999.

Neal Finkelstein, W. Furry, and L. Huerta, “School Finance”, in PACE, *Crucial Issues in California Education 2000*.

Tables from Tom Timar, “Reform of Categorical Finance in Education in California”, Feb. 2004 (for discussion in class).

Data tables on the adequacy and equity of state funding, from Education Week, *Quality Counts 2004*.

“Cohort 3 II/USP Guidance”, California Department of Education (for Exercise 5).

\* The *Serrano* case: “*Serrano v. Priest: Implications for Educational Equality*”, *Harvard Education Review* Nov. 1971.

\* J. Betts, K. Rueben, and A. Danenberg, *Equal Resources, Equal Outcomes? The Distribution of School Resources and Student Achievement in California* (PPIC, 2000), Policy Summary plus tables.

#### **4. District Policies and School-level Resources (July 15)**

Variation in district practices

Decentralization and site-based budgeting

Examining a plan-driven budget: Seattle and San Francisco

Alternative local funding: district foundations; PTA and booster clubs

District allocations to schools: The case of Berkeley (JS)  
Other districts represented in the class

Exercise 6: Identifying School-Site Revenue Sources

Exercise 7: Resources at the school level

Readings (for this session and session #5):

**“Equity Considerations in Funding Urban Districts”, in *The Future of Children*, Winter 1997.**

“School District Revenue”, from A. Townley, J. Schneider, and L. Wehmeyer, *School Finance: A California Perspective* (1998).

Case study: the San Francisco weighted study formula

Excerpts from the weighted student formula, Seattle Public Schools

\* “School Facilities” in *The Future of Children*, Winter 1997.

\* M. Fermanich, A. Odden, and S. Archibald, “A Case Study of District Decentralization and Site-Based Budgeting: Cordell Place School District”

#### **5. Within-school allocation of resources (July 19)**

Choices: among grades, among students, among programs (JS)

Conceptions of within-school equity (JS)

Incentives under high-stakes tests (NG)

Exercise 8: The allocation of resources *within* a school

School facilities and their effects on instruction: Walk-through of Berkeley High School

#### **6. Budgets and budget processes (July 20)**

Fund structures and budgeting (JS)

Student body funds/ parcel tax funding

Budgeting processes: Who does participate? Who should participate?

Matching grants

One-time versus on-going funds



**Karen Miles, “Freeing Resources for Improving Schools: A Case Study of Teacher Allocation in Boston Public Schools, *Educational Evaluation and Policy Analysis* Winter 1995.**

**or**

**Karen Miles and Linda Darling-Hammond, “Rethinking the Allocation of Teaching Resources: Some Lessons from High-performing Schools”, *Educational Evaluation and Policy Analysis*, Spring 1998.**

\*Allan Odden and Sarah Archibald, *Reallocating Resources: How to Boost Achievement without Asking for More*, Step 5, “Paying for the Changes”.

Exercise 12: Developing a budget, Task II: Developing an education plan

## **9. School reform and school finance: Allocating constrained resources (July 26)**

Exercise 13: Developing a budget, Task III: Constructing budgets under four scenarios.

## **10. Issues in California’s Future (July 27)**

Possible California finance reforms: Master Plan deliberations  
The *Williams* case

Readings:

\*Master Plan for Education, Finance and Facilities Working Group, K-12 Education, *Final Report*, Executive Summary.

***Williams v. State of California*: ACLU News, “Landmark Case Challenges Pervasive Substandard Conditions in Schools”**. In addition, the brief is available at [www.aclunc.org/students/williams-brief.htm](http://www.aclunc.org/students/williams-brief.htm); a series of expert reports (including one by Norton Grubb and Laura Goe!!) is available at [www.idea.gseis.ucla.edu/publications/williams/reports](http://www.idea.gseis.ucla.edu/publications/williams/reports), and an excellent summary by Jeannie Oakes at [www.idea.gseis.ucla.edu/publications/williams/reports/wws16.html](http://www.idea.gseis.ucla.edu/publications/williams/reports/wws16.html).

## **12. Reporting out to the “district and school board” (July 28, 29)**