A District in Transformation
Agenda

- Introductions
- Student Based Budgeting
- Overview of Atlanta Public Schools
- Identifying the Issue
- Finding a Solution
- Implementation
- Lessons Learned
Three topics to cover today:

1. What is Student-Based Budgeting (SBB)?
2. Why do districts implement SBB?
3. How to determine whether SBB is right for your district?
ERS is a national non-profit that partners with district, school, and state leaders to transform how they use resources (people, time, and money) so that every school prepares every child for tomorrow, no matter their race or income.
First thing to know is that SBB goes by many names

Across districts, we’ve seen:

- Student Based Budgeting
- Student Based Allocations
- Student Success Funding
- Fair Student Funding
- Weighted Student Funding

New DOE pilot calls it:

- Student Centered Funding
Districts implement SBB to improve funding equity, transparency, and flexibility

Things we often hear from school leaders before SBB:

- We still have too much of the haves and have not situation with how things are given out or allocated.
- The district does not treat all school equally and struggles with equity. Some schools are given extra funding and positions.
- The staffing process is antiquated and there is no transparency about who gets what and why.
SBB is a different way of funding schools

**Equity**

Resources are distributed equitably based on student need

“Dollars follow the student”

**Transparency**

Clear and easily understood rules for where, how, and why dollars flow

“The formula tells you what you get”

**Flexibility/School Empowerment**

School leaders define the resources they need to drive student achievement

“Principals own their budgets”
Traditional School Budgeting:

The central office decides how much funding schools receive and how the funding is spent.

### Traditional School Budget:

<table>
<thead>
<tr>
<th>Staff</th>
<th>Non-Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 teachers</td>
<td>$15,000 for instructional supplies</td>
</tr>
<tr>
<td>3 Assistant Principals</td>
<td>$5,000 for athletic supplies</td>
</tr>
<tr>
<td>2 Counselor</td>
<td>Etc …</td>
</tr>
<tr>
<td>1 Secretary</td>
<td>Etc …</td>
</tr>
<tr>
<td>Etc …</td>
<td></td>
</tr>
</tbody>
</table>

Note: This simplified example is provided for illustration only. Numbers shown are not intended to reflect recommended weights or budgets for schools.
Under SBB, districts develop a formula that determines how much funding each school receives based on its enrollment and student need...

### SBB Allocation for Example School A:

<table>
<thead>
<tr>
<th>Category</th>
<th>Enrollment</th>
<th>Weight</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>All students</td>
<td>750</td>
<td>1.0</td>
<td>$3,187,500</td>
</tr>
<tr>
<td>Below Proficient</td>
<td>400</td>
<td>0.10</td>
<td>$170,000</td>
</tr>
<tr>
<td>Economically Disadvantaged</td>
<td>550</td>
<td>0.05</td>
<td>$116,600</td>
</tr>
<tr>
<td>ELL</td>
<td>200</td>
<td>0.20</td>
<td>$170,000</td>
</tr>
</tbody>
</table>

**TOTAL:** $3,644,100

---

Schools receive $s, not staff and programs

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Note: This simplified example is provided for illustration only. Numbers shown are not intended to reflect recommended weights or budgets for schools.
... and school leaders, supported by central office, decide how to spend those dollars to best meet student needs

### SBB Budget for Example School A:

<table>
<thead>
<tr>
<th>Position</th>
<th>FTEs</th>
<th>Avg Salary</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classroom Teacher</td>
<td>42.0</td>
<td>$60,000</td>
<td>$2,520,000</td>
</tr>
<tr>
<td>Assistant Principal</td>
<td>2.0</td>
<td>$80,000</td>
<td>$160,000</td>
</tr>
<tr>
<td>Stipends for Teacher Leaders</td>
<td>5</td>
<td>$8,000</td>
<td>$40,000</td>
</tr>
<tr>
<td><strong>Etc…</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td></td>
<td></td>
<td><strong>$3,644,100</strong></td>
</tr>
</tbody>
</table>

Note: This simplified example is provided for illustration only. Numbers shown are not intended to reflect recommended weights or budgets for schools.

Additional funding for my below proficient students allowed me to purchase two additional teacher FTEs and lower class sizes to 18 in 9th grade ELA and Math...

... I also moved to a distributive leadership model in my school so I spend less on administrators (like assistant principals), and more on stipends for my teacher leaders. I’m also considering....
Over the past decade, ERS has supported 12 systems in the design and implementation of SBB.
APS by the Numbers

2,356
CLASS OF 2018 GRADUATES

$143M
IN ACADEMIC AND ATHLETIC SCHOLARSHIPS OFFERED TO CLASS OF 2018

2018 - 2019
FASTFACTS

73.8% AFRICAN-AMERICAN
15.5% CAUCASIAN
7.2% HISPANIC
2.2% MULTIRACIAL
1.3% OTHER

OUR DIVERSITY

3,991
TOTAL TEACHERS
CHARTER: 1,032
NON-CHARTER: 2,959

89 SCHOOLS
4 PROGRAMS

61 NEIGHBORHOOD SCHOOLS
5 PARTNER SCHOOLS
18 CHARTER SCHOOLS
2 CITY-WIDE SINGLE GENDER ACADEMIES
3 ALTERNATIVE SCHOOLS
72 TITLE I SCHOOLS

289 BUS ROUTES TRANSPORT 28,000 STUDENTS
TWENTY-ONE THOUSAND TWO HUNDRED FIFTEEN MILES PER YEAR
3,100,000 TOTAL MILES PER YEAR

PROJECTED K-12 STUDENT ENROLLMENT 51,368
CHARTER: 3,230
TRADITIONAL: 48,138
75% OF STUDENTS ARE ELL/GLE
87% OF ELIGIBLE REACHED ELIGIBILITY
Atlanta Public Schools is organized into nine single school clusters that consist of a high school, middle school, and elementary school. The cluster model ensures continuity for students from kindergarten through grade 12.

Each cluster is led by a cluster planning team to improve the quality of its neighborhood schools. These teams involve teachers, administrators, support staff, students, parents, and community members. The cluster model allows APS to provide more support opportunities and create strategies that increase student performance.

![Cluster Model & Map of Schools](image)

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**Fiscal Year 2019 General Fund Budget**

<table>
<thead>
<tr>
<th>RESOURCES</th>
<th>FY 2019 BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Taxes</td>
<td>$595,389,576</td>
</tr>
<tr>
<td>State of Georgia</td>
<td>$197,787,917</td>
</tr>
<tr>
<td>Other Local Revenue</td>
<td>$10,805,000</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>$14,452,869</td>
</tr>
<tr>
<td><strong>Total Available Resources</strong></td>
<td><strong>$816,435,364</strong></td>
</tr>
</tbody>
</table>

To view the complete APS FY18 budget data, visit [www.atlantaschools.us/budget](http://www.atlantaschools.us/budget)

**Fiscal Year 2019 Appropriations by Function**

<table>
<thead>
<tr>
<th>FUNCTION</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>63.09%</td>
</tr>
<tr>
<td>School Administration</td>
<td>4.86%</td>
</tr>
<tr>
<td>Pupil Services</td>
<td>5.32%</td>
</tr>
<tr>
<td>Staff Services</td>
<td>7.33%</td>
</tr>
<tr>
<td>General Administration</td>
<td>4.58%</td>
</tr>
<tr>
<td>Transportation</td>
<td>4.05%</td>
</tr>
<tr>
<td>Maintenance &amp; Operations</td>
<td>10.27%</td>
</tr>
<tr>
<td>School Nutrition</td>
<td>0.05%</td>
</tr>
<tr>
<td>Other</td>
<td>0.35%</td>
</tr>
<tr>
<td>Debt</td>
<td>0.10%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

---

![Budget Pie Chart](image)
Identifying the Issue
Operating Models

• By June 30, 2015 each local school system had to notify the Ga DOE that it would operate as:

  • A Status Quo School System
  • A Strategic Waiver System
  • A Charter System
Charter System
Supporting school and cluster neighborhood strategic plans

Cluster plans align instructional programming across schools and define the future direction of each neighborhood cluster. One focus is the implementation of a signature program (International Baccalaureate, STEM, and College & Career Prep)
Charter System Basics

Being a Charter System gives APS and our schools freedom to try new ideas with flexibility from state education rules to student achievement.

District-wide Innovations
Central office will work on improving systems, resources, talent management, support to schools, etc.

School Innovations
Schools and Go Teams (Local School Governing Teams @APS) will work on designing solutions that fit the school’s specific needs.
Flexibility & autonomy are means to an end, not ends themselves...

If we...
Build the capacity of school-based leadership teams and empower them...

Then...
They will make decisions that best meet the needs of their unique school communities...

So that...
We will be positioned to achieve our mission of ensuring our kids graduate ready for college & careers.

What role does Finance play?

Schools must look and feel different as a result of flexibility & autonomy if we expect the strategy to produce different outcomes for students.
A good allotment model should...

**ERS Principles for Effective School Budgeting**

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student-focused</td>
<td>Provides resources based on students, not on buildings, adults, or programs</td>
</tr>
<tr>
<td><strong>Equitable</strong></td>
<td>Allocates similar funding levels to students with similar characteristics, regardless of which school they attend</td>
</tr>
<tr>
<td>Transparent</td>
<td>Easily understood by all stakeholders</td>
</tr>
<tr>
<td>Differentiated</td>
<td>Allocates resources through a comprehensive framework that is based on student needs</td>
</tr>
<tr>
<td>Predictable</td>
<td>School allocation process is predictable and is structured to minimize school-level disruption</td>
</tr>
<tr>
<td><strong>Empowering</strong></td>
<td>Empowers school-based decision-making to effectively use resources</td>
</tr>
<tr>
<td>Aligned with district strategy</td>
<td>Supports the district’s multiyear strategic plan</td>
</tr>
</tbody>
</table>
Funding systems like SSF can help districts accomplish greater:

**Equity**
Resources are distributed equitably based on student need

“The dollars follow the student”

**Transparency**
Clear and easily understood rules for where, how, and why dollars flow

“The formula tells you what you get”

**Flexibility**
School leaders define the resources they need to drive student achievement

“Principals own their budgets”
Challenge: Transparency

24 pages include:

- About the School Allotment Guidelines
- Introduction
- Budget Basics
- Schools Based Budgets
- Staffing Flexibility
- Title I Comparability
- Consolidation of Funds
- Non-Personnel Funds
- Operational Per Pupil Allocation
- Principal Accountability
- Start-Up Charter Schools
- Average Salary & Benefits
- Leveling
- Turnaround
- Local School Governance Team
- Partnership Schools
- Core Teacher Allocations (ES/MS/HS)
- Special Program Position Allocations
  - Elementary, Middle, and High
- Non-Traditional School Allocations
- Non-Personnel Allocations
Challenge: Transparency

<table>
<thead>
<tr>
<th>School Nurse</th>
<th>Total District allocation maintained and distributed by the program manager. Allocation may be increased with approval but not decreased.</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Social Workers</td>
<td>Total District allocation maintained and distributed by the program manager. Allocation may be increased with approval but not decreased.</td>
</tr>
<tr>
<td>School Psychologists</td>
<td>Total District allocation maintained and distributed by the program manager. Allocation may be increased with approval but not decreased.</td>
</tr>
</tbody>
</table>

ESOL Teachers

ESOL allocations are based on the state funding formula for earned ESOL FTE’s from the last Spring and double the Fall FTE of the current year and divide by 3 to come up with the average and divide that average by 42. Allocations are also based on the needs/eligibility of the current enrolled students and the linking of itinerant teachers. Adjustments to this formula are based on student proficiency to ensure all schools are covered.

Sometimes written in “our language”...

Or doesn’t answer “why?” or “so? How much do I get?”
Challenge: Autonomy and Flexibility

While there is flexibility in our current process, most allocations are used as earned and flexibility is not exercised to its fullest extent.
Challenge: Equity...

<table>
<thead>
<tr>
<th>Enrollment</th>
<th>School A</th>
<th>School B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gr KDG</td>
<td>125</td>
<td>126</td>
</tr>
<tr>
<td>Gr 01</td>
<td>131</td>
<td>131</td>
</tr>
<tr>
<td>Gr 02</td>
<td>135</td>
<td>135</td>
</tr>
<tr>
<td>Gr 03</td>
<td>140</td>
<td>140</td>
</tr>
<tr>
<td>Gr 04</td>
<td>140</td>
<td>140</td>
</tr>
<tr>
<td>Gr 05</td>
<td>128</td>
<td>128</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>799</strong></td>
<td><strong>800</strong></td>
</tr>
</tbody>
</table>

School A
799 students
Per Pupil School A= $7,891

School B
800 identical students
Per Pupil School B= $8,234

One additional K teacher, One additional K para, One additional clerk, one additional AP = School B earns an additional $282,000
Challenge: Equity 2...

School A
730 students

“One Per” per pupil = $622

School B
361 identical students

“One Per” per pupil = $1,259

<table>
<thead>
<tr>
<th>Enrollment</th>
<th>School A</th>
<th>School B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gr KDG</td>
<td>111</td>
<td>71</td>
</tr>
<tr>
<td>Gr 01</td>
<td>118</td>
<td>51</td>
</tr>
<tr>
<td>Gr 02</td>
<td>134</td>
<td>55</td>
</tr>
<tr>
<td>Gr 03</td>
<td>131</td>
<td>64</td>
</tr>
<tr>
<td>Gr 04</td>
<td>129</td>
<td>74</td>
</tr>
<tr>
<td>Gr 05</td>
<td>107</td>
<td>46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>730</td>
<td>361</td>
</tr>
</tbody>
</table>

Difference of 369 students

One Principal, One Assistant Principal, One Secretary, One Clerk, and One Media Specialist Per School= $454,331
Challenge: Equity 3...

<table>
<thead>
<tr>
<th>Enrollment</th>
<th>School A</th>
<th>School B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gr KDG</td>
<td>126</td>
<td>126</td>
</tr>
<tr>
<td>Gr 01</td>
<td>131</td>
<td>131</td>
</tr>
<tr>
<td>Gr 02</td>
<td>135</td>
<td>135</td>
</tr>
<tr>
<td>Gr 03</td>
<td>140</td>
<td>140</td>
</tr>
<tr>
<td>Gr 04</td>
<td>140</td>
<td>140</td>
</tr>
<tr>
<td>Gr 05</td>
<td>128</td>
<td>128</td>
</tr>
<tr>
<td>Total</td>
<td>800</td>
<td>800</td>
</tr>
</tbody>
</table>

School A
100% FRL, Below 60% CCRPI

School B
High population of ELL, High Mobility
Equity Challenge #4- Ad-hoc exceptions

“Squeaky wheels”
Principals advocate for the resources to support new initiatives on an ad hoc basis

Rolling over old structures
Starting staffing & budgeting processes with whatever the district did last year
The result of these challenges is that funding levels vary across schools.

$pp by school

Median $10.4K Max=1.8x Min
Median $9.0K Max=1.5x Min
Median $9.9K Max=1.9x Min
And that variance is not tightly aligned with student need

$pp$ versus school need

* Need index represents the additional funding districts typically spend on students in poverty, English language learners and students with disabilities.
Finding the Solution
SSF Taskforce

Taskforce includes 32 members
- 7 from Academics
- 4 from Accountability & Info Systems
- 1 from IT
- 1 from Turnaround
- 2 from HR
- 2 from Operations
- 2 from Office of Engagement
- 6 Elementary Principals
- 4 Middle Principals
- 3 High Principals

Additional Feedback from:
- Associate Superintendents
- Senior Cabinet
- Expanded Cabinet
Allotment Methods

- Staffing Formulas
- Per Pupil Allotment
- Point System
- Student- Weighted Funding Formula
- Hybrid
What Student Weighted Funding is...

<table>
<thead>
<tr>
<th></th>
<th>Traditional System</th>
<th>Student-Based Budgeting Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schools receive funds based on...</td>
<td>Districtwide staffing and resourcing ratios</td>
<td>A formula that provides a base amount to each school, supplemented by student need–based funding</td>
</tr>
<tr>
<td>School budgets include...</td>
<td>Specific staff positions and a targeted set of prescribed resources</td>
<td>Funds to be spent on staff and other resources based on the school’s instructional model, plus resources for categorical and centrally controlled funds</td>
</tr>
<tr>
<td>School leaders actively control...</td>
<td>As little as 1–5% of school budgets</td>
<td>40–80% of school budgets</td>
</tr>
</tbody>
</table>
## Might this be a good fit for APS?

### Key Factors in the SBB Decision Process

<table>
<thead>
<tr>
<th>Decision Factor</th>
<th>SBB may be right for you if:</th>
<th>SBB may be wrong for you if:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per-pupil funding levels</td>
<td>At or above national average for your set of peer districts</td>
<td>Below average vs. peer districts and/or falling to the point where even with added school-level flexibility, resources are so scarce that SBB is unlikely to be a transformational lever</td>
</tr>
<tr>
<td>Potential resource flexibility</td>
<td>Is significant, even if principals do not yet have access to it</td>
<td>Is constrained by collective bargaining agreements, state-level oversight, or other factors not addressed by SBB</td>
</tr>
<tr>
<td>School leadership capacity</td>
<td>Principals are motivated by and capable of making wise, fact-based decisions about resource use and school design</td>
<td>Principals and district leaders are cautious about change (e.g., committed to “doing things the way we’ve always done them”)</td>
</tr>
<tr>
<td>Central office capacity</td>
<td>Leadership and managers have appetite and capacity for re-thinking their role in supporting schools and shifting mind-sets among school leaders</td>
<td>Leadership and managers are cautious about change, or focused solely on “putting out fires,” and lack capacity or willingness to change compliance mind-set</td>
</tr>
<tr>
<td>Data infrastructure</td>
<td>Systems run smoothly and deliver accurate, timely data about students, teachers, and funds</td>
<td>Systems are fragmented, with teams pursuing “workarounds” to get and act on critical information</td>
</tr>
<tr>
<td>District leadership capacity</td>
<td>The district’s leadership team has the vision, passion, and appetite to overcome any challenges identified in the issues above</td>
<td>The district’s leadership team requires some “wind at their back” to facilitate the level of change SBB requires</td>
</tr>
</tbody>
</table>
What it’s not...

A voucher system

A free-for-all

- State, Federal, Board mandates
- GoTeam
- School Strategic Plan alignment

A methodology for what you DO with the funds

- Standards of Services
- Signature Programs
- Cluster Alignment
- School Improvement Plan

Magic
What is in the allocation:

Core Teachers  School Administration  Substitutes  Fine Arts, PE, World Language  Facilities, Transportation, Utilities  Special Ed

Weights:

Grade Level  Poverty  Performance  Special Ed
### What do others include? (On/Off)

#### Percent of Eligible Resources Distributed Through SBB Formula

<table>
<thead>
<tr>
<th>District</th>
<th>All PreK-12 operating funds</th>
<th>School-based funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denver</td>
<td>55%</td>
<td>65%</td>
</tr>
<tr>
<td>Baltimore</td>
<td>43%</td>
<td>64%</td>
</tr>
<tr>
<td>Cleveland</td>
<td>40%</td>
<td>51%</td>
</tr>
<tr>
<td>Prince George’s County</td>
<td>26%</td>
<td>28%</td>
</tr>
</tbody>
</table>

**NOTE:** All PreK-12 operating funds includes all general and categorical funds used for operations.

School-based funds include only those dollars spent on school-based services, whether budgeted at the school level or centrally. (i.e. excluding leadership and management, and shared services)
To lock or unlock?

Unlocking Filters
- Fits vision for the principal's role
- No risk to student health and safety
- No external compliance needed
- Not critical to district strategy
- Specialized experience not required
- No economies of scale
- Predictable costs

NO: Resources often locked for this reason
- School utilities
- Nurses
- Special education staff
- District achievement gap initiative
- Security officers
- Summer school, if shared among multiple school sites
- Substitutes for long-term absences

YES: Resources often unlocked
- General education teachers
- Textbooks
- English language-learner staff
- Instructional supplies and materials
- Secretaries and school office staff
- Guidance counselors
- Daily substitute teachers

Eligible Resources
General unrestricted funds spent in schools

YES
Lock, keep in district control

NO
IF...
YES: Unlock for SBB model

NO: Lock, keep in district control
Districts have opted to weight different student characteristics in their SBB formulas

<table>
<thead>
<tr>
<th></th>
<th>Atlanta (SY1819)</th>
<th>Baltimore (SY1718)</th>
<th>Boston (SY1718)</th>
<th>Cleveland (SY1718)</th>
<th>Denver (SY1617)</th>
<th>Indianapolis (SY1718)</th>
<th>Nashville (SY1819)</th>
<th>San Francisco (SY1718)</th>
<th>Shelby County (SY1819)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>ELL</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
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<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>SWD</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grade Weight</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Low Performance</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>High Performance/Gifted</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Other Weights</td>
<td>Dropout Prevention</td>
<td>Mobility, Attendance</td>
<td></td>
<td>SWD Supplies</td>
<td>Mobility</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Questions to Answer...

- Is a Principal an Instructional Leader or a CEO?
- What about issues of Safety and Security?
- What about lost economies of scale? Should efficiency be a/the goal?
- What about the constraints of existing staff? Real or perceived?
- What about the small schools?
- Should we (and how should we) hold-harmless?
- What about actual vs. average salary?
- What about big program initiatives that are not tied to student attributes (Signature, Turnaround, etc)?
- What about the Standards of Service?
- What is the role of the central office? Buy-back, Charge-back, Hold-back
Student Success and Accountability

What do you measure when schools are implementing so many differing initiatives?
How do you measure it?
When? Multiple years to determine success...
Measuring student success...
• What if something is not working?
STUDENT SUCCESS FUNDING

Implementation
Successful implementation requires a multi-faceted approach to school empowerment

School empowerment comes from deliberate alignment of autonomy, accountability & support.

Past efforts nationally to improve outcomes through greater autonomy have failed because of inadequate or misaligned approaches to accountability & support.
In preparation for the SSF transition, APS provided support to principals and central office staff in several ways:

1. Provided three **Strategic School Planning Sessions** throughout the fall for all principals during Expanded Cabinet

2. Developed a **Budget Guidance Manual** that details specific flexibilities that principals have, as well as regulations, guidelines, and best practices for how to use resources

3. Updated the **School Budget Templates** to provide detailed allocations information, budgeting functionality, and embedded checks

4. Provided technical training via **Budget Workshops** and ongoing central office support, including weekly communication memos, throughout the budget window

5. Redefined roles in **Staffing Conferences** to encourage more a supportive, and less compliance-oriented, meeting structure
Unlocked does not mean Complete Autonomy...

- Program Manager Input
- Standards of Services
- Guardrails and Guidelines
- Program Compliance
Common definitions:

**Centralized/“Hold Tight”**
Areas with shared agreements and accountability; decisions are made and/or expectations set by district leadership.

**Flexibility**
Areas where freedom is provided for customization and differentiation in the implementation of district (and cluster) initiatives; “guardrails” set by district.

**Autonomy**
Areas where school based leadership teams have complete freedom to determine the approach that best meets the needs of their school communities.
A Complete SSF Formula strikes a balance between Equity and Stability

Stability Strategies:
- Baseline Services ensures all schools are able to provide a minimum level of services
- Transition strategies ensure schools do not see large swings year over year
Greater stability means that a smaller portion of the pie goes towards equity—the dollars allocated through need-based supplements and base funding.

**No baseline supplement or transition strategy**

- Total Pool = $250M
- Equity: $250M
- Stability: $0

**With baseline supplement or transition strategy**

- Total Pool = $250M
- Equity: $225M
- Stability: $25M
Baseline Services

Principal
Assistant Principal
Secretary
Counselor
Head Custodian
Media Specialist
School Clerk
Nurse
Social Worker (.2 ES, .4 MS/HS)
ISS Monitor (MS and HS)
Registrar (HS)
Graduation Coach (HS)
.5 Athletic Director (HS)
Base Flex Allocation (1.0 Teacher salary)
Additional Flex per pupil
Cluster Funds

Signature Funds
Supplies per pupil
Substitute Funds per teacher
General Education Teacher Allotments (by grade level, rounded up for planning / extended core)

<table>
<thead>
<tr>
<th>Grade Level</th>
<th>Funding Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-3</td>
<td>21</td>
</tr>
<tr>
<td>4-5</td>
<td>23</td>
</tr>
<tr>
<td>6-8</td>
<td>24</td>
</tr>
<tr>
<td>9-12</td>
<td>25</td>
</tr>
</tbody>
</table>
Transition Strategy

A Transition strategy ensures schools do not see large swings year over year (not subject to changes in enrollment) and creates a temporary cap on what percentage of per pupil funding a school can lose or gain in one year.

**Gain Cap – 3.5%**

**Loss Limits – 2.5% or no greater than 3.0 FTE**

Other strategies to offset losses include leveraging foundations, the Partnerships Office, special revenue and grant opportunities, etc. We are also recommending to allow schools to carryover 10-15% of their unused non-personnel allocations to the following fiscal year to offset future year losses or to accrue funds.
In FY19, APS increased transparency by budgeting 61% of all funds on school budgets, $256M of which was distributed through the SSF formula.

### SY 2017-18 APS Allocations

- **Central and Centrally Managed Resources**: 41%
- **School Flow-Through Resources**: 3%
- **Resources on School Allotments**: 56%

**Total**: $379M

### SY 2018-19 APS Allocations

- **Central and Centrally Managed Resources**: 39%
- **Allocated outside SSF ("Locked")**: 21%
- **Allocated through SSF ("Unlocked")**: 40%

**Total**: $393M

**Unallocated**: $137M

**Total Allocated through SSF**: $256M

---

**Note**: In FY19, all flow-through funds were allocated outside SSF or absorbed into central. $137M includes $4.5M in hold-backs for FY19 and funding for schools not funded through SSF.

**Source**: APS financial data SY 17-18 and SY 18-19, ERS Analysis

**SSF Allocation Overview**: Total Allocation
In addition to the $256M of unlocked resources, schools had flexibility in the use of some of the “locked” resources.

**SSF Allocation Overview:** Total Allocation

<table>
<thead>
<tr>
<th>“Unlocked” Resources $256M</th>
<th>“Locked” Resources $137M</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Core teachers (including K)</td>
<td>✓ EIP/REP teachers**</td>
</tr>
<tr>
<td>✓ Extended core</td>
<td>✓ Signature funds**</td>
</tr>
<tr>
<td>✓ Principals/Aps</td>
<td>✓ Turnaround funds**</td>
</tr>
<tr>
<td>✓ School admin (including clerks, secretary, registrar, and program admin)</td>
<td>✓ Title funds**</td>
</tr>
<tr>
<td>✓ Gifted</td>
<td>✓ CTE positions</td>
</tr>
<tr>
<td>✓ Gen ed paras (including K and non-instructional)</td>
<td>✓ ESOL positions</td>
</tr>
<tr>
<td>✓ Counselors &amp; social workers</td>
<td>✓ SWD positions</td>
</tr>
<tr>
<td>✓ Graduation coaches</td>
<td>✓ Nurses</td>
</tr>
<tr>
<td>✓ Media specialists</td>
<td>✓ ROTC</td>
</tr>
<tr>
<td>✓ Athletic directors</td>
<td>✓ Custodians</td>
</tr>
<tr>
<td>✓ ISS Monitors</td>
<td>✓ SROs</td>
</tr>
<tr>
<td>✓ New textbooks</td>
<td>✓ Evening/summer school</td>
</tr>
<tr>
<td>✓ Substitutes</td>
<td>✓ Schools not funded through SSF</td>
</tr>
<tr>
<td>✓ Base, flex, cluster, and operational per-pupil</td>
<td>**Flexibility within resources exists, even though distributed outside of SSF formula</td>
</tr>
</tbody>
</table>

**Source:** APS financial data SY 18-19, ERS Analysis

**SY 2018-19 School Based Resources**

- **“Locked” Resources**
  - EIP/REP teachers**
  - Signature funds**
  - Turnaround funds**
  - Title funds**
  - CTE positions
  - ESOL positions
  - SWD positions
  - Nurses
  - ROTC
  - Custodians
  - SROs
  - Evening/summer school
  - Schools not funded through SSF

- **“Unlocked” Resources**
  - Core teachers (including K)
  - Extended core
  - Principals/Aps
  - School admin (including clerks, secretary, registrar, and program admin)
  - Gifted
  - Gen ed paras (including K and non-instructional)
  - Counselors & social workers
  - Graduation coaches
  - Media specialists
  - Athletic directors
  - ISS Monitors
  - New textbooks
  - Substitutes
  - Base, flex, cluster, and operational per-pupil

**SY 2018-19**

- **35%**
  - "Locked" Resources
- **65%**
  - "Unlocked" Resources

**65%**

- "Unlocked" Resources

**35%**

- "Locked" Resources

---

**Source:** APS financial data SY 18-19, ERS Analysis
APS unlocked a higher percent of school resources than comparison districts using SSF

% of School resources distributed through SSF by district

Atlanta FY1819 Resources

- **Central**
  - 39%
  - 35%
  - 21%
  - 65%
  - 59%

**Allocated outside SSF ("Locked")**
- 40%
- 51%
- 26%
- 58%

**Allocated through SSF ("Unlocked")**
- 21%
- 49%
- 74%
- 42%

Walton FY18 Goal: 28%

- APS Total Budget 1819
- APS School-based 1819
- Cleveland 1516
- Indianapolis 1718
- Baltimore 1516
- Shelby County 1819

*Locked includes allotments to schools not funded through SSF and special funds, such as Title, Turnaround, and other designated funds.

Source: APS financial data SY 18-19, ERS Analysis

SSF Allocation Overview: **Total Allocation**
Through engagement with an SSF taskforce and conversations with district leadership, APS landed on the following formula:

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Total $</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Student Weights</strong></td>
<td><strong>$246.7M</strong></td>
<td>Funds distributed through eight need-based weights:</td>
</tr>
<tr>
<td></td>
<td><strong>(96.3%)</strong></td>
<td>1. Base weight $4,339/pp</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Grade level $217-2,604/pp</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Poverty $1,950-2,600/pp</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Gifted Supplement $2,603/pp</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Gifted $2,603/pp</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. Incoming Performance $216-433/pp</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7. ELL $433/pp</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8. Special Education $130/pp</td>
</tr>
<tr>
<td>Small School Supplement</td>
<td><strong>$5.5M</strong></td>
<td>Funds distributed through a weight to supplement small schools ($1,735/pp)</td>
</tr>
<tr>
<td></td>
<td><strong>(2.1%)</strong></td>
<td></td>
</tr>
<tr>
<td>Dual Campus Supplement</td>
<td><strong>$1.6M</strong></td>
<td>Supplements provided to schools who operate on two sites to fund additional associated costs</td>
</tr>
<tr>
<td></td>
<td><strong>(0.6%)</strong></td>
<td></td>
</tr>
<tr>
<td>Baseline Supplement</td>
<td><strong>$1.3M</strong></td>
<td>Supplements provided to schools whose allocation falls below a defined threshold based on the set of resources that a school needs in order to provide basic educational programming</td>
</tr>
<tr>
<td></td>
<td><strong>(0.5%)</strong></td>
<td></td>
</tr>
<tr>
<td>Transition Cap Policy</td>
<td><strong>$1.1M</strong></td>
<td>Supplements or withholdings based on the max that a school can gain or lose from one year to the next. In FY19, schools whose allocation exceeded a 2.5% loss or a 3.0% gain were capped.</td>
</tr>
<tr>
<td></td>
<td><strong>(0.4%)</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Source:* APS financial data SY 18-19, ERS Analysis
Of the $247M through weights, only $57M are towards weights that target student level needs.

Source: APS SY19 Financial data, ERS Analysis

SSF Allocation Overview: Weights
BUT....

Many equitable allocations remained locked for the first year including…

• Title I
• Turnaround
• Special Ed positions
• ESOL positions
With a loss limit of 2.5%, and a gain limit of 3.5%, Atlanta’s transition policies are more conservative than other districts that recently implemented SSF

<table>
<thead>
<tr>
<th>In Year 1</th>
<th>Loss Limit</th>
<th>Gain Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlanta</td>
<td>2.5%</td>
<td>3%</td>
</tr>
<tr>
<td>Cleveland</td>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td>Nashville*</td>
<td>0%</td>
<td>No limit</td>
</tr>
<tr>
<td>Indianapolis</td>
<td>6% (or 2 FTE)</td>
<td>3%</td>
</tr>
<tr>
<td>Memphis</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>In Years 2+</th>
<th>Loss Limit</th>
<th>Gain Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleveland</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Nashville</td>
<td>3%</td>
<td>24%</td>
</tr>
<tr>
<td>Indianapolis</td>
<td>6%</td>
<td>3%</td>
</tr>
</tbody>
</table>

*Nashville saw an increase in funding to ensure that no schools experienced a loss in the first two years

SSF Allocation Overview: Supplements & Caps
To what extent did SSF address equity challenges?

<table>
<thead>
<tr>
<th>Drivers of Funding Inequity</th>
<th>Status in SSF System</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Magic” student allocations</td>
<td>Issue mitigated</td>
</tr>
<tr>
<td></td>
<td>-still exists for locked resources</td>
</tr>
<tr>
<td>Per-school allocations</td>
<td>Issue mitigated</td>
</tr>
<tr>
<td></td>
<td>-still exists in baseline supplement calculations</td>
</tr>
<tr>
<td>Allocations based on only a subset of needs</td>
<td>Issue mitigated</td>
</tr>
<tr>
<td></td>
<td>-may still exist for some locked resources</td>
</tr>
<tr>
<td>Other ad-hoc exceptions reward “squeaky wheel” and prioritize stability over equity</td>
<td>Issue mitigated</td>
</tr>
<tr>
<td></td>
<td>-increased transparency reduces the frequency and magnitude of exceptions</td>
</tr>
<tr>
<td></td>
<td>-dual campus, baseline, and transition policy supplements prioritize stability over equity</td>
</tr>
</tbody>
</table>
Summary

- 30 schools receiving less funding than they would have through the previous allotment formula
- 31 schools receiving more funding than they would have through the previous allotment formula
- School decreases/increases because of SSF range from -2.5% to 3.5%
- Eleven schools require a baseline supplement
- Five schools hit the Gain Cap
- Twelve schools hit the Loss Limit
- 28 Schools receiving small-school supplement
  - Elementary enrollment less than 500 = 25 schools
  - Middle enrollment less than 600 = 2 schools
  - High enrollment less than 700 = 1 schools
Pre-Work for Roll-out

- Budget Services met with each Associate Superintendent to review every school budget
- Recommendations and solutions to close budget gaps were identified for each school
- Where schools see a compounding effect (losses in Title I, losses in enrollment, and losses through SSF) and where instructional programs will be greatly impacted, additional review will be conducted by CFO and Deputy Superintendent
Flexibility & autonomy are means to an end, not ends themselves...

If we...
Build the capacity of school-based leadership teams and empower them...

Then...
They will make decisions that best meet the needs of their unique school communities...

So that...
We will be positioned to achieve our mission of ensuring our kids graduate ready for college & careers.

Schools must look and feel different as a result of flexibility & autonomy if we expect the strategy to produce different outcomes for students.
With the new model, you start to see school allocations moving closer to a midline based on the challenge index and you see a tilting of the lines towards a more equitable distribution where schools with the greatest challenge receive additional funds. The tilt is subtle due to the transition policy and because many “need-based” allocations such as ESOL, Special Education, and Turnaround are still outside of this funding formula and allocated on top of these base allocations.
The majority of principals reported making changes in order to differentiate student supports

Other changes reported include:
- Increased support staff for SEL and behavioral needs
- Additional support in reading (purchase of materials, adding reading specialist, etc.)
- Investing more in instructional personnel

Source: Post-Staffing Conference Principal Survey & CLL Survey, March 2018; ERS Analysis
Lessons Learned
It’s not just SSF!

Enrollment

- Up 448 from FY2018 levelling at traditional schools
- Down 971 from FY2018 projections at traditional schools
- Carver transitions to partner school
- Pockets of growth and decline

FY2018 Levelling Hold-Harmless

- Schools with enrollment decreases at leveling for FY2018 but with small class-size cushions were held-harmless
- Schools with large enrollment decreases at levelling for FY2018 were held-harmless to a certain position loss limit
- If enrollment remains flat at levelling numbers, the full loss of the allocation is being absorbed in FY2019
It’s not just SSF!

Title I

• Non-Personnel added to Fund 150 Consolidation
• Re-prioritized based on current demographics
• 85% of previous year allocation

Holdback

• $4.5 million is being held back from traditional school allotments pending revenue outcome
• Each 1% additional local revenue = approximately $4.5 million
SSF is the How... not the What

- As additional programs, allotments, and resources are identified for decentralization, additional “switches” and “dials” are added to the dashboard
- Changes to budget factors will change the weights (growing the pie…)
- Programs may shift from “allotments” to SSF in the out-years as we continue to refine the tool
- Need more supports, guidance, training, (especially on strategy!)
- More accountability metrics!
- Opportunities to explore:
  - Buy-Back: schools receive funding for certain programs and may elect to either “buy-back” those services from the central office or identify other ways to meet those needs
    - Pros- Very granular and maximum autonomy
    - Cons- Juice worth the squeeze (transaction cost)? Lost economies…
  - Charge-Back: every expenditure is allocated to the schools on a per-pupil basis; mandatory fixed cost at CLL are then charged back to the departments
    - Pros- Very transparent; ability to measure ROI of programs at individual schools
    - Cons- Juice worth the squeeze (transaction cost)?
  - Cluster allotments: FTE for specific programs are allocated at a cluster level to be maintained and distributed
Leveling

- Leveling in the first year of Student Success Funding has presented multiple sets of challenges
- Learning curve for school, HR, and Finance
- This year, adjusted an amount equivalent to the base amount per pupil
- For those that increased, the full allotment was adjustment, but for those that decreased a prorated (hold-harmless) amount was taken
- Had principals better realized how leveling could affect their allotments under SSF, they might have built their budgets differently (less “people-heavy”, a contingency budget, etc.)
Compared to similar questions in the fall, a post-budget survey found principals had a clearer understanding of how their budgets were calculated, and rated support from CLL more highly.

% of principal responses (N=39 fall, 27 winter)

- **Fall**
  - Strongly Agree: 23%
  - Agree: 49%
  - I understood how my school’s allocation was impacted by the student need characteristics in my school, and why these changes were made to all schools.

- **Winter**
  - Strongly Agree: 44%
  - Agree: 52%
  - I truly felt supported during this budgeting process. Whenever I had a question, people went over and beyond to assist. My staffing conference was WONDERFUL...It truly felt supportive.

- **Fall**
  - Strongly Agree: 41%
  - Agree: 55%
  - When I needed support from central office, I was generally able to find the correct person and resolve my question/issue within an appropriate time frame.

- **Winter**
  - Strongly Agree: 5%
  - Agree: 70%
  - When working with multiple departments, I received consistent guidance and answers to help me organize my budget around my strategic priorities.

Source: Post-Staffing Conference Principal Survey & CLL Survey, March 2018; ERS Analysis
And responses were similarly positive to additional questions we asked.

The budgeting process was great. I like the new autonomy and flexibility with my budget and school program.

The budget department along with HR assisted with immediate feedback and clarity.

**% of principal responses (N=27)**

- **I understood what flexibilities I had with my budget this year**
  - Strongly Agree: 44%
  - Agree: 52%

- **I understood what I was responsible for including in my budget this year**
  - Strongly Agree: 41%
  - Agree: 55%

- **I received timely responses to my questions from my Associate Superintendent**
  - Strongly Agree: 70%
  - Agree: 30%

Source: Post-Staffing Conference Principal Survey & CLL Survey, March 2018; ERS Analysis
CLL staff responses indicate a number of strengths in the budgeting process

% of CLL responses (N=15)

- **For resources related to my department, I understood what flexibilities principals had with their budgets this year**
  - Strongly Agree: 20%
  - Agree: 47%

- **For resources related to my department, I understood what principals were responsible for including in their budget this year**
  - Strongly Agree: 21%
  - Agree: 57%

- **I was able to respond to principals’ questions in a timely manner (within 48-hours)**
  - Strongly Agree: 27%
  - Agree: 40%

---

The budget guidance document was a good idea.

I believe the one-on-one conversations were very key to ensure alignment of thought process and data….it is easier to explain to someone else what has been thoroughly explained to you.

Source: Post-Staffing Conference Principal Survey & CLL Survey, March 2018; ERS Analysis
And also highlight areas for improvement around trust, support, and collaboration between CLL and principals

- **% of CLL Responses**

  - **I was able to be a thought-partner to principals on challenges raised about resources related to my department**: 20%
  - **Principals proactively reached out to ask questions about resources related to my department**: 20%
  - **[It would be great] if there was a way to implement a confirmation or spot check into the process**: 20%
  - **[We should] conduct a training for associate sups to ensure their understanding of each area**: 20%
  - **Principals made certain decisions based on dollars versus looking at students and services required**: 33%
  - **Meetings with CLL staff and Principals would be helpful - there were few opportunities to engage in the work together**: 7%

*Source: Post-Staffing Conference Principal Survey & CLL Survey, March 2018; ERS Analysis*
What we’ve learned from a decade of supporting districts in implementing SBB:

1. SBB supports district strategy, it is not the strategy

2. Supporting principals around strategic school design is critical.

3. Change is hard and SBB requires a fundamental shift in how Central Office and schools engage with each other.

4. But change can happen and for many districts, the process of implementing SBB was transformative in and of itself.
Check out our Introductory Guide to help determine whether SBB is right for your district:

Our Intro Guide covers:

- The SBB Theory of Action
- What it Takes to Successfully Implement SBB
- System Conditions that support SBB
Learn more at our SBB Toolkit!
www.erstrategies.org/SBB

Guides
• An Introduction to SBB
• A Nuts-and-Bolts Guide to Implementing SBB

Tools
• SBB Readiness Assessment
• SBB Financial Modeling Tool
• Sample SBB School Workbook
• School Check and School Designer
• And more!
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LIKE + FOLLOW
@ERStrategies
Questions and Discussion
Appendix
Weights

Grade Level

- Kindergarten, .60: Lower class sizes and para in each class
- Grades 1-3, .25: In alignment with budget parameter “investments in Pre-K through 3rd grade to ensure all students are reading by the end of 3rd grade.”
- Grades 6 & 9, .05: Transition funds

Prior Academic Performance:

- Percentage of rising 5th and 8th graders performing at beginning level on milestones from the 2016-2017 school year applied to total enrollment
  - Middle, .10
Weights

Poverty:

• Direct Certification as provided by Nutrition for the 2016-2017 school year.

• ES, .50: Direct Cert. rates range from 2% to 84%; average 55%; 74% of schools above 50%

• MS, .45: Direct Cert. rates range from 19% to 72%; average 58%; 80% of schools above 50%; offset by higher weight in beginning performance

• HS, .60: Direct Cert. rates range from 16% to 64%; average 46%; 55% of schools above 50%; higher weight required to be impactful
Weights

English Language Learners: 2016-2017 student record submission to the Georgia Department of Education

- All Levels, .10 = small supplement as FTE allotments are in addition to SSF

Special Education: 2016-2017 student record submission to the Georgia Department of Education

- All Levels, .03 = small supplement as FTE allotments are in addition to SSF
Weights

Gifted: (2016-2017 student record submission to the Georgia Department of Education)

• All Levels, .60 = Larger supplement to ensure sufficient funds to continue existing gifted programs

Gifted Supplement: (2016-2017 student record submission to the Georgia Department of Education)

• All Levels, .60 = For schools with gifted population less than 5%, gifted weight applied to the incremental enrollment up to 5%; ensures base funding so all schools can purchase a reasonable portion of a gifted allotment
Weights

Small School Supplement, .40: Schools below a certain threshold receive an additional weight applied to each incremental student between the schools enrollment and the threshold amount to ensure school viability in a per pupil allotment

- ES threshold = 450 students
- MS threshold = 500 students
- HS threshold = 550 students