OUSD Board of Education
Special Committee on School Based Management & Budgeting

Work Plan

(v3 January 16, 2012)

Life Span

January 4, 2012 to April 4, 2012

Deliverable

To develop a Board Policy Statement, consistent with the Board's Theory of Action, on school-based decision-making in the areas of staffing, budget, instructional programs, and calendar for the Board of Education's consideration and adoption in April 2012.

Policy Intent

The Board of Education believes that school leaders (i.e. principals, teachers, classified employees, parents, students, service-providers) should be free, within the context OUSD performance standards and accountability, to create the conditions, appropriate to their circumstances, that make more effective teaching and learning possible.

Strategic Questions to Address

1. What is the role and core functions of District Administration in the development, implementation, and operation of School-Based Management?

2. What is the role and core functions of a school in the development, implementation, and operation of School-Based Management?

3. What is the full range of school decision-making authority for the selection and retention of school employees?

4. What is the full range of school decision-making authority for the development, implementation, and modification of school budgets?

5. What is the full range of school decision-making authority for the development and implementation of instructional programs?

6. What is the full range of school decision-making authority for the school calendar?

7. What does the school decision-making process look like at an elementary school, a middle school, and a high school?

Background Materials

* 1999 OUSD School Site Decision Making Policy
* 2000 OUSD New Small Autonomous Schools Policy
* 2002 Oakland's SBDM & NSAS (Meredith Honig)
* 2008 A Tale of Two Districts (A.I.R)
* 2011 California Education Code, Section 44666-44669

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Calendar	Activities
Monday, January 23, 2012 6:00pm to 8:00pm	**Special Committee – First Meeting** 1) Review Committee Work Plan 2) Discuss Strategic Questions 3) Summarize Elements of a 1st Draft Policy Statement
Monday, February 6, 2012 6:00pm to 8:00pm	**Special Committee – Second Meeting** 1) Discuss First Draft Policy Statement 2) Summarize Elements of a 2nd Draft Policy Statement
Monday, February 13, 2012 to Friday, March 2, 2012	**Community Outreach & Engagement** 1) Principal Meetings by Region & High School. 2) School Employee Meetings at no less than one high school, two middle schools, and three elementary schools per region. 3) Parent Assemblies at no less than one high school, two middle schools, and three elementary schools per region. 4) Leadership of OEA, UAOS, SEIU, and AFSCME. 5) Superintendent's Cabinet & Executive Team.
Monday, March 5, 2012 to Friday, March 16, 2012	**Analysis of School & Community Engagement Data** 1) Summary of Key Findings 2) Identify Potential Revisions to 2nd Draft Policy Statement
Monday, April 2, 2012 6:00pm to 8:00pm	**Special Committee – Third Meeting** 1) Discuss School & Community Engagement Findings 2) Vote on Final Draft Policy Statement
Wednesday, April 18, 2012	**Board of Education – Study Session**
Wednesday, April 25, 2012	**Board of Education – Adoption**

OAKLAND UNIFIED SCHOOL DISTRICT

Curriculum & Technology Committee Meeting
Date 06/08/99
Agenda Item No. C2
Exhibit No. C2

Approved by
Board of Education - OUSD
Date 06/09/99
Agenda No. L3
GCA No. —
By [signature]

Regular Board Meeting
Date 06/09/99
Main Agenda Item No. L3
General Consent Agenda Item No. —
Exhibit No. L3

SCHOOL SITE DECISION-MAKING POLICY

REVISED
by Curriculum & Technology Committee
6/8/99

DRAFT 3A

June 9, 1999

A Report to the Oakland Board of Education

Draft Language
on

School Site Decision-Making

A Policy to Promote High Quality Teaching and High Student Achievement

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INTRODUCTION AND EXECUTIVE SUMMARY

The Oakland Unified School District continues its comprehensive effort to improve teaching and learning for all students in every school. Over the past years, the district has launched many, complementary initiatives. These initiatives are designed to help schools make effective decisions which achieve the district's first and foremost goal to "Guarantee that Conditions Exist for Student Achievement." Key reforms have included:

- reconfiguring schools into K-5, 6-8, 9-12 units;
- re-organizing 6-8 schools along the "middle school" model;
- adopting demanding, uniform curriculum standards in the core subjects;
- developing an accountability system which relies on a mix of standardized and curriculum-embedded assessments and other important measures of school performance;
- shifting to a coaching model of professional development; and
- implementing a variety of academic support programs such as early literacy, small class sizes, career academies, and after-school centers.

The District has centrally directed many of these initiatives to help lay the foundation of equity and quality upon which schools can build effective instructional and support programs. The time has now come to build on that foundation by empowering principals, staff, parents, and community at our individual schools to join together to shape their schools around a shared vision of high quality teaching and high student achievement.

A large body of research clearly shows that "high performing" schools rely on their authority at the school level to make the key decisions which shape teaching and learning. In high performing schools, principals are freed from bureaucratic tasks to lead a team of empowered staff and community in promoting powerful teaching and learning that enables all students to achieve at higher levels. The Oakland Unified School District is committed to creating a system of such high performing schools.

This policy of "school site decision-making" seeks to provide our schools with the maximum flexibility and authority to determine how to achieve the District's eight strategic planning goals and particularly the first goal of "guaranteeing that conditions exist for student achievement." At the same time, this policy seeks to clarify and strengthen the role of Central Services. Central Services supports our system of schools to achieve all the District's goals:

- Guarantee that Conditions Exist for Student Achievement;
- Ensure Staff and Organizational Effectiveness, Efficiency, and Accountability;
- Develop Partnerships of Responsibility with Students, Parents and Community;
- Create and Maintain a Clean, Safe, and Healthy Learning and Work Environment;
- Ensure Fiscal Responsibility and Accountability at all Levels of the Organization;
- Recruit, Develop and Retain the Most Competent and Caring Individuals at all Levels of the Organization;

- Ensure Effective Working Relationship between the Board of Education and the Superintendent; and
- Develop a Communications and Marketing Strategy and Work Effectively with the Media.

Summary of the School Site Decision-Making Policy

Beginning the school year 1999-2000, the District grants schools the responsibility and authority to make sound and productive decisions that increase student achievement. Under this policy of school site decision-making, our schools will, through the direction of the principal and oversight of a school management team:

1. Design and deliver professional development that can include all site staff;
2. Hire and evaluate all site staff (pending agreement in labor contract negotiations);
3. Determine instructional program;
4. Provide input in the evaluation of Central Services;
5. Apply for waivers of District policies, procedures, and contract elements (pending agreement in grant and labor contract negotiations); and
6. Manage several functions at the site level, which are currently managed centrally (to be determined and phased-in over time).

Under this policy of school site decision-making, Central Services will, through the direction of the Superintendent and District managers:

1. Assist schools to have the "base" capacity necessary for effective decision-making and operations;
2. Provide on-going support;
3. Distribute resources;
4. Hold the system of schools accountable for its performance and operations.

Guiding School Site Decision-Making Principles and Objectives

In crafting this policy, the District is guided by several core principles and objectives, stated in the Oakland Board of Education Resolution 9899-0071:

Core Principles

Site Flexibility to Achieve District Standards: School sites should have maximum flexibility, within Board approved policies and standards, in how to meet District performance standards for student achievement, including adoption of innovative, research-based school reform models such as Comer, Small Autonomous Schools, and Success For All.

District-wide Accountability: School site management is most effective within a system of District-wide accountability - at school-sites and Central Services - for ensuring high achievement by all students in high quality, equitable and fully accessible educational programs. The District should allocate resources to reflect the individual needs of each school.

School Community Engagement and Responsibility: A school site management policy should significantly contribute to increased understanding, collaboration, ownership and responsibility by site administrators, faculty, staff, students and parents resulting in improved student achievement.

Central Services Support for Principals: Principals should be provided professional development and support needed for effective implementation of site decision-making policies.

Collaborative Decision-Making: School decision-making policies should be based on input from District and community stakeholders. The collective bargaining process should be used to move school decision-making forward.

Core Objectives

1. *Site Authority:* School site councils/management teams must be given greater authority and accountability in areas such as finance, personnel - the selection of staff, beginning with the selection of teachers, in compliance with District affirmative action policies and collective bargaining agreements, - curriculum and instruction, and facilities, with a focus on teaching and learning and customer service.

2. *Site Leadership:* Effective school site councils/management teams should exist at every school within three years upon adoption of a policy that offers opportunity for involvement and substantive decision-making by the entire school community, including administrators, faculty, classified staff, parents, students, and community representatives.

3. *Principal's Role:* The principal should serve the school as an instructional leader and facilitate instructional leadership among staff. To accomplish this, the principal and teachers must have the time, resources and authority to provide overall direction for instruction. The principal is accountable to the District and school site for achieving the District's and site's performance targets. The District should make the principal's position a highly desirable administrative position in the District.

4. *Parent Involvement:* Special efforts will be necessary to ensure active and substantive participation of parents in school-site decision-making bodies.

5. *Site-Community Partnerships:* Schools should encourage stronger partnerships with local community organizations and the business community by including them on school-site councils/management teams.

6. *Central Services Restructuring*: School site management requires changes to the District's central administration that would promote and support the changes at school sites. Central administration should practice shared decision-making with site leadership. The Superintendent should assure

participation of representatives from school sites on committees or task forces established to develop implementation plans for school site management and Central Services restructuring.

7. *Central Services Roles:* Central Administrative units must provide excellent customer service to school sites by enabling site-based decision-making and assisting and supporting their individual efforts to improve student achievement. Central Services assistance and support for site management includes but is not limited to:
    A. Decision-making: Provide training to members of school site decision-making bodies and monitor decision-making process at the school sites, and when needed support the use of mediators.
    B. Information: Maintain an information system of individual student data, school-wide data, and best practices that allow school sites to analyze their progress and redesign teaching and learning strategies.
    C. Accountability: Monitor school effectiveness based on common indicators and provide specific support and intervention for low-performing schools, as well as approve and certify that site plans are in compliance with applicable laws, regulations and compliance agreements and recognition for progressing schools.
    D. Evaluation: Conduct internal and external evaluations of school site decision-making structures and decision-making and the impacts on student achievement.

8. *Accountability for Implementation:* All staff at all levels must be held accountable for the implementation of policies developed pursuant to this resolution. Either failure of Central Services staff to effectively support school sites or failure of school sites to establish effective collaborative decision-making process will necessitate mediation or district intervention.

9. *Development of Central and School Site Staff, Parents, Secondary Students and Community:* Central Services, school-site personnel, parents, secondary students and community members will require significant increased professional development to dramatically upgrade skills to plan and work collaboratively, use data, resolve problems, and make effective and creative decisions that improve student achievement.

GOVERNANCE

School site decision-making (SDM) relies on the willingness and ability of those at the site to take professional responsibility for the education of children. A school undertakes SDM when the principal, staff and school community exhibit the readiness to assume the added authority allowed by the policy. Each school site determines a governance plan that best supports collaboration between the principal, certificated and classified staff, students, parents, and community members. The governing body, under the direction of the principal, develops the Comprehensive Site Plan, which serves as the blueprint for promoting effective teaching and learning at the school site.

SCHOOL SITES:
The term "school site" refers to any team of certificated and classified staff working under the leadership of a principal, regardless of size or location. The term includes childhood education centers, K-12, adult education schools, and alternative schools.

School Site Decision-Making Team: The "School Site Decision-Making Team" (SDMT) is the term used to describe the governing body adopted by a site for implementing SDM. The SDMT governance body must be comprised of the following stakeholders: parents, certificated and classified staff, site administrator and community members. The goal is that a majority of the SDMT membership be parents and teachers and that there be parity between these groups.

The composition of the SDMT governance body, defined in written by-laws, must be approved by a super majority (*2/3rds*) of those voting from each of the following groups: certificated staff whose primary responsibility is at the site, classified staff, and parents of enrolled students. Secondary schools should also seek an endorsement by the Student Leadership.

In an effort to provide all stakeholders with an opportunity to participate in the process, a meeting to establish the SDMT governance structure should be held at each site and a ballot should be mailed to the family of each enrolled student.

The Superintendent or a designated stakeholder committee must certify a site's governance plan prior to implementation. Certification is based on compliance with this policy and the plan's legality.

The SDMT functions strictly as a policy-making body and will not be involved in the daily instructional and business operations of the school. Its single standard for determining its priorities and taking action will be how the decision helps the staff at the school teach the students more effectively. The SDMT shall lead the school in an annual cycle of continuous improvement focused on student learning and shall be accountable to the Superintendent for the academic performance of the school. The study and evaluation of student achievement data shall be the basis for all SDMT decisions. The authority and responsibilities of the SDMT shall not exceed those specified by law or Board policy and shall include:

- Approving a *Comprehensive Site Plan,* including modified components of the staff development plan, the school budget, and the "accountability" plan;
- Providing input to the Superintendent on the selection of the school principal and the evaluation of the principal's performance;
- Providing input to the Superintendent on the performance of Central Services;
- Approving position descriptions for filling vacancies; and
- Approving requests for school waivers to District policies and procedures.

The Principal: Each school shall have a principal to act as the instructional leader and executive director. The principal shall seek to collaborate with teachers, staff, parents, and community members to achieve the objectives of the educational program. The authority and responsibilities of the principal shall not exceed those specified by law or Board policy and shall include:

- Working with the SDMT to lead the educational program and oversee school operations.
- Supervising and evaluating school personnel
- Managing daily operation of the school.

In recognition of the authority and responsibility associated with this position, the principal shall be the most highly regarded administrative position in the District.

All decision-making of the SDMT must include the principal as the Superintendent's designee at the site. The principal may dissent from an SDMT decision, and, following a good faith effort to resolve differences at a subsequent meeting, the SDMT may, with a two-thirds vote, request mediation. Such requests can only pertain to those issues about which the SDMT has authority and responsibility. Any requests for conflict mediation by the SDMT shall be directed to the Superintendent or a designated outside stakeholder committee. After an assessment of the conflict by the Superintendent or the committee, a mediator will be appointed who is qualified to address the issues involved in the dispute. The school site will incur the cost for a mediator. The appointment will be made within two weeks of the request.

The Faculty: All site-based reforms proposed by the SDMT regarding the delivery of instruction shall be subject to approval by the faculty at the site. The faculty is composed of non-administrator, certificated staff and instructional assistants. The Faculty Council and instructional assistant representative shall be empowered to bring proposals before the entire faculty for thorough discussion and approval. Such approval must be through a consensus process or a "super majority" (2/3rds) vote.

Waiver Process: Under SDM, schools may apply for waivers to existing District policies and administrative procedures. Schools may not apply for waivers from the District's student and school performance standards and the district-wide system for assessing achievement of standards. The Superintendent shall establish a process whereby a school may submit an application for waiver. This application must be well-supported by

arguments grounded in student and school performance data and the relevant research literature on effective school improvement practices. The application must address a specific Board policy or specific contract language, which the school wishes to suspend, and how the site proposes to address the policy or contract intent through its alternative approach. The application will be reviewed by a committee of key stakeholders, established by the Superintendent with Board approval, and legal counsel. The committee and counsel will submit recommendations on applications for waiver to the Board, which will approve or reject the application.

CENTRAL SERVICES:
Central Services will assist schools to have the "base" capacity necessary for effective site-based decision-making which promotes effective teaching and learning. They will collaborate with the school sites first to define what "base" capacity means, what skills must the principal and the SDMT have and what processes must be in place to make collaborative decisions, consistent with the principles and objectives of school site decision-making? Using this definition of "base" capacity, they will assist sites in assessing their own capacity and provide training, guides, and other support materials to sites where the assessment judges it is needed. Finally, Central Services will assist the SDMT with its certification process.

OVERSIGHT COMMITTEE:

A District-wide Oversight Committee shall be formed to facilitate communication and to monitor the implementation and effectiveness of School Site Decision-Making. The committee may also serve as a clearinghouse for mediation services. The committee will be composed of representatives of all district stakeholders including certificated and classified staff, parents, community, *students*, and Central Services personnel. The Oversight Committee will provide reports to the Board of Education based on its monitoring.

Implementation Plan:
Development of SDMT Governance

- 1999-2000: Central Services helps school sites develop the capacity for site-based decision-making and facilitates the certification process.
- 1999-2000: SDMT organizes its by-laws and engages in the "certification" process.
- 1999-2000: As each site's governance plans and by-laws are submitted, the Superintendent approves or returns for re-application, within four weeks, all applications for certification of schools.
- 1999-2000: Maximize family and caregiver involvement.

INSTRUCTIONAL PROGRAM

First and foremost, SDM must focus on the central task of creating and sustaining an instructional program that promotes student achievement of high academic standards. All SDMT decisions, including personnel, budget, and facilities, must follow from this focus on the instructional program and be driven by rationale and evidence of student and school academic performance.

SCHOOL SITES:
The Instructional Program: School sites shall have maximum flexibility to create and sustain an instructional program that meets the District's academic performance standards and that promotes maximum student attendance and high achievement by all students. Instructional staff can determine teaching strategies and materials, program structure, program staffing, and professional development, as long as the Comprehensive Site Plan provides a rationale for those decisions and the decisions do not conflict with the District standards and Board policy.

Based on requests from the instructional staff, the SDMT may request waivers from District instructional program policies, as long as the waiver request is based on rationales and evidence of student and school academic performance and as long as the waiver request promotes students meeting District standards. By policy definition, the school site's instructional program will be guided by the District's student and school performance standards, and the school site must participate in the district and state-wide system for assessing student and school achievement of standards.

The Comprehensive Site Plan is the tool through which the school identifies its instructional priorities and takes responsibility for student and school performance. Since this plan is currently done once every three years, components of the CSP will be modified to accommodate yearly planning and reporting. Yearly revisions in the Professional Development component (for both principal and staff) and in the School Budget, for example, will enable the school to align the site's strategies and funds into a cohesive, focused plan to improve teaching and learning. Systems will be established that assure continuity, and provide extensive, ongoing training for stakeholders. Yearly revisions in the School Accountability Plan, as called for in the District's Recognition and Intervention process, will enable the school to engage in a regular cycle of data-based inquiry which supports the instructional program planning.

Program Evaluation: At the school sites, in recognition of the benefits of the team-oriented governance structure described in this policy, accountability for program performance will center on the SDMT collectively, not the principal alone. The SDMT as a whole, with the principal as its leader, is responsible for program performance. Through its own data-driven inquiry and planning process, it must be able to provide an accounting to its school community and to district supervisors for its instructional and operational performance.

Under this policy, the SDMT will also have an enhanced role in the evaluation of Central Services support for the instructional program and broader school operations. As part of providing on-going support to schools, each department shall define the standards for performance in its area, develop guides which provide the criteria for effective operations in this area, and provide sites with an instrument by which they can assess the department's performance. These SDMT evaluations of departments will provide substantial input for the Superintendent and the Board in monitoring department progress toward high operational standards and in providing department recognition and intervention as indicated.

CENTRAL SERVICES:

Central Services will assist schools to have the "base" capacity necessary for effective decision-making and operations with regard to their Instructional Program. They will collaborate with schools first to define what that "base" capacity means for both the principal and the SDMT, including:

(1) understanding the District performance standards, curriculum guides, and assessment system;
(2) collective access to and ability to use relevant information in a process of data-based inquiry;
(3) ability to conduct a continuous cycle of improvement;
(4) ability to provide the Comprehensive Site Plan and accompanying documents outlining their decisions;
(5) ability to provide an accounting for their decisions and their impact on student achievement;

Using this definition of "base" capacity, Central Services will assist sites in assessing their own capacity and provide training, guides, and other support materials to sites where it is needed.

Central Services will also provide on-going support that ensures alignment of the site's instructional program with District performance standards and the system of assessment. This includes:

a. Defining and communicating the performance standards for the instructional program;
b. Developing guides for making decisions in the instructional program, in accordance with the defined standards;
c. Maintaining the District assessment system of yearly standardized testing, thrice-yearly curriculum-embedded assessment, and collection of additional indicators of student and school performance;
d. Providing a relational database of student and school performance and demographic data to support site planning;
e. Providing training, coaching, networking and other supports for instructional program and professional development planning;
f. Assisting school sites with the Comprehensive Site Plan process;
g. Establishing and facilitating the waiver process for policies and procedures;

In providing these resources, Central Services must communicate to the sites how Central Services is organizing support and what standards of performance Central Services should be held to in the delivery of their services. For example, under this policy, Central Services will organize into "service teams" coordinated by the school directors to enable "one stop shopping" by schools. Central Services must communicate this to sites and then provide sites with an instrument by which they can evaluate the effectiveness of this support.

Finally, through the Comprehensive Site Plan process and the district accountability program, Central Services shall assist the Board and Superintendent in monitoring sites' instructional programs and school progress towards meeting student and school performance standards. Central Services will provide feedback to the schools and regularly report to the board based on this monitoring.

CURRICULUM AND TECHNOLOGY BOARD COMMITTEE:
Under the school site decision-making model, it is expected that additional, centralized instructional program functions, and the funding attached to them, will be shifted to the sites. Most of these functions and funding fall under the categorical programs. Because of the compliance demands, these functions have been historically centralized to facilitate accountability.

Because of the many, complex issues attached to decentralizing categorical functions, this policy recommends a formal process be established whereby each categorical function can be examined and a specific set of Board policies and Administrative Bulletins developed which determine whether and how the functions of each program and its funding can be decentralized to school sites. This policy recommends that the Curriculum and Technology Board committee, with the Superintendent's support, conduct this formal examination.

Implementation Plan:
Curriculum Development

- 1999-2000: Complete site authority.
- 1999-2000: Cluster leaders provide support to schools for site-based curriculum development.
- 1999-2000: SDMT evaluation of Central Services supports.
- 2000-2001: School sites choose cluster leader or the money.

Professional Development for Instructional Staff

- 1999-2000: Complete site authority.
- 1999-2000: Cluster leaders provide support to schools for site-based curriculum development.

- 1999-2000: SDMT evaluation of Central Services supports.

- 2000-2001: School sites choose cluster leader or the money.

Shifting Authority to Schools to Manage Additional Functions (beyond above)

- 1999-2000: The Board committee, with the support of the Superintendent, examines each categorical program to determine whether and how the functions of each program and its funding could be decentralized to the school.

- Spring 2000: Recommendations from Board committee to the full Board.

- Spring – Summer 2000:

  Policy action by Board regarding decentralization;

- 2000-2001: School sites determine which functions they intend to exercise authority over, of the set of functions identified for decentralization.

PERSONNEL

Under SDM, schools will have greater authority over and responsibility for creating a work team and culture that promotes teaching and learning. Personnel policies regarding site staffing, professional development, performance evaluation, and employee relations will help create schools where the adults share a common vision of powerful teaching and learning and where the adults are a community of learners who take collective responsibility for the academic achievement of all students.

SCHOOL SITES:

Principal Selection and Evaluation (pending labor contract negotiations): Under SDM, the principal is the single most important individual at a school site. The principal serves as the instructional leader and facilitates the instructional leadership among the staff. It must be clear that, under the current California Education Code, the principal is legally accountable to the Superintendent. Effective school site decision-making, however, also requires that the principal be responsible and accountable to the school community, as formally constituted in the SDMT.

To facilitate this, the principal for a school site will be selected by the SDMT *or site designated selection committee*. When a vacancy occurs at a school site, the Superintendent shall forward to the SDMT a list of qualified applicants, according to state law. *The SDMT or site designated selection committee, with an additional member representing the Superintendent, will select a candidate, according to criteria established by the Board of Education and the SDMT. The SMDT shall only submit to the Superintendent, in order of preference, the names of those candidates whose appointment to the position would be acceptable. They will include in the letter transmitting the name(s) to the Superintendent a description of the relative strengths and weaknesses of the candidates and the reason each was selected.*

If the Superintendent does not select the top ranked candidate of the site designated selection committee, s/he must provide a rationale to the committee for her/his decision.

Performance evaluations of principals will be conducted through the current, formal lines of accountability. Under SDM, this evaluation will be augmented by input from the SDMT and the school staff.

All matters of employee relations concerning the principal shall be handled according to criteria and the process established by the labor contract.

Staff Selection and Evaluation (pending labor contract negotiations): *At* the school sites, the principal is the instructional leader and executive director with ultimate responsibility for all decisions and achievement of performance standards. Consistent with this, the principal shall retain final authority for staff selection subject to collective bargaining agreements. Under SDM, when a position vacancy occurs at a school site, the Human Resources department shall forward to the SDMT a list of qualified applicants for that listed position, according to state law. A committee of the SDMT, chaired by the

principal, conducts interviews. The SDMT committee ranks its first three choices and turns that list over to the principal for selection. In selecting a candidate, the principal must provide the SDMT with a written rationale for that selection.

Performance evaluation of staff will be conducted through the current, formal lines of accountability. Under SDM, this evaluation will be augmented by the SDMT and the peer review process consistent with state laws.

To re-state, under SDM, the principal is the instructional leader and executive with ultimate responsibility for all decisions and achievement of performance standards. Consistent with this, the principal shall retain strict control of instructional and business operations and performance through the performance evaluation.

All matters of employee relations concerning site staff shall be handled according to the criteria and the process established by labor contract.

Professional Development: Under SDM, the SDMT is responsible for approving the staff's recommended professional development plan for all positions. This plan is prepared on a yearly basis as part of the modified component of the CSP

CENTRAL SERVICES:

Central Services will assist schools to have the "base" capacity necessary for effective staffing, professional development, performance evaluation, and employee relations. They will collaborate with schools to define what that "base" capacity means for both the principal and the SDMT, including

(1) understanding the District's personnel policies and procedures;
(2) collective access to and ability to use relevant personnel information in the selection process;
(3) ability to facilitate the process of progressive discipline and employee grievance;
(4) ability to provide plans for employee development;
(5) ability to provide an accounting for their decisions and their impact on student achievement;

Using this definition of "base" capacity, Central Services will assist sites in assessing their own capacity and provide training, guides, and other support materials to sites.

Central Services will also provide on-going support that ensures fair and consistent application of personnel policies and procedures at the sites. This includes:

a. Evaluating site personnel decisions and provide feedback to the principal and SDMT;
b. Providing a database of qualified certificated and classified job applicants to support site personnel selection;

c. Providing training, coaching, networking and other supports for decision-making and professional development of principals, certificated and classified staff, and parents/community;
d. Assisting schools in identifying resources for professional development;
e. Managing overall employee development for the District;
f. Maintaining current support for the grievance and negotiations process and for teacher and staff development in the system;
g. Examining current and emerging teacher career paths and the new differentiated roles that develop under SDM for potential policy recommendations on teacher development.

In providing these resources, Central Services must communicate to sites how Central Services is organizing support and what standards of performance Central Services should be held to in the delivery of services. For example, under this policy, Central Services will continue its "service team" strategy of providing Central Services personnel to schools. Central Services must continue to communicate this to sites and then provide sites with an instrument by which they can evaluate the effectiveness of this support.

Finally, through the Comprehensive Site Planning process and the performance evaluation process, Central Services will assist the Board and the Superintendent in monitoring sites' personnel operations. Central Services will provide feedback to the schools and regularly report to the Board based on this monitoring.

BOARD COMMITTEE ON PERSONNEL:
Under school site empowerment, it is expected that school sites will adapt to the increased demands by creating new positions to coordinate the additional functions under SDM.

Because of the many, complex issues attached to these new positions, this policy recommends a formal process be established whereby emerging differentiated roles and new "career paths" can be examined and a specific set of Board policies and Administrative Bulletins developed which determine whether and how personnel policies and procedures and labor contract negotiations will be altered. This policy recommends that the Board Committee on Personnel, with the Superintendent's support, conduct this formal examination and recommend new policies for employee development to support the growing demand throughout the system of schools.

Implementation Plan:

Selecting Principals and Instructional staff

- 1999-2000: Central Services works with school sites to ensure base capacity for personnel selection.

- Spring 2000: Assessment of site hires and site capacity by Central Services.
- 2000-2001: Shift authority to "approved" schools.
- 2000-2001: Evaluation of Central Services support.

Professional Development for Classified Staff and School Safety Officers

- 1999-2000: Central Services works with sites to ensure base capacity to plan professional development for these positions.
- 1999-2000: Evaluation of Central Services support.
- 2000-2001: Shared responsibility between school sites and Central Services for these positions.

Selecting Classified Staff

- 2000-2001: Central Services works with school sites to ensure base capacity for personnel selection.
- Spring 2001: Assessment of site hires and site capacity by Central Services.
- 2001-2002: Shift authority to "approved" schools.
- 2001-2002: Evaluation of Central Services support.

BUDGET

School sites will have maximum flexibility over resources allocation to achieve teaching and learning objectives defined in its Comprehensive Site Plan. Under SDM, sites have the responsibility of maximizing their resources through the development of an instructional program and school environment which improves student achievement.

As is currently done, the Board budget funds to sites by program at levels sufficient to achieve the District's standards and staffing formulas. As Board committees develop new policies which may increase allocations to site, sites will have discretion to re-allocate funds to achieve their site objectives, as long as state law and District standards are not compromised.

SCHOOL SITES:
The role of the SDMT is to:

- Prepare a program site budget for the upcoming fiscal year that would best support achievement of the Comprehensive Site Plan's objectives and the District's standards;
- Monitors the principal's changes in the budget during the year (which should not exceed the site's total budget); and
- Request waivers on District budget policies and procedures.

The Principal, in consultation with Human Resources and Budget offices, is responsible for managing their budget allocation and the positions maintained within that allocation.

School sites with unencumbered funds at the end of the fiscal year will retain those funds for the following year, provided the SDMT can adequately justify the lack of expenditure to the Superintendent and provided the funds are not categorical monies which by law must be spent by the end of the fiscal year.

Schools with encumbrances and expenditures that exceed their total budget at the end of a fiscal year will either, at the discretion of the Superintendent, have the deficit paid back from future budget allocations, or lose certain budget authority.

Central Services:
Central Services will provide support which ensures effective budget development and management with the school sites. It will continue the recently restructured support to sites for budget development in which Human Resources, Curriculum and Instruction, Technology Services, and the Budget offices manage the timeline for budget development, so that schools successfully navigate the requirements and regulations for effective planning. Central Services will continue to maintain position control for the District. It will also continue to develop the Organizational, Budgeting, Accounting Reporting System and provide training and support to support site-based planning and management of the budget.

In providing these resources, Central Services must communicate to sites how Central Services is organizing support and what standards of performance Central Services should be held to in the delivery of services. For example, under this policy, Central Services will continue its coordinated strategy of budget development with schools. Central Services must continue to communicate this to sites and then provide sites with an instrument by which they can evaluate the effectiveness of this support.

Finally, through the Comprehensive Site Plan process and the performance evaluation process, Central Services will assist the Board and the Superintendent in monitoring sites' budget development and management. Central Services will provide feedback to the schools and regularly report to the Board based on this monitoring.

BUSINESS AND FINANCE BOARD COMMITTEE

This policy recommends that the Business and Finance Board Committee, with the Superintendent's support, develop a process, which will provide for the establishment of an equitable basis for allocation of resources to SDM sites. That this process includes the development of criteria for equitable allocation, which considers various site-specific needs.

Implementation Plan:

- 1999-2000: Central Services provide Professional Development to SDMT on School Site Budgeting.
- 1999-2000: Provide General Purpose and Categorical program budget allocations and related training. Specific restrictions on use of funds and reporting requirements should also be provided.
- 2000-2001: Business and Finance Board Committee develop a process which will provide for the establishment of an equitable basis for allocation of resources.

FACILITIES

A school site will have maximum flexibility to determine the use and maintenance of its facilities to achieve the teaching and learning objectives in its Comprehensive Site Plan.

SCHOOL SITES:
The SDMT shall include in its Comprehensive Site Plan: guidelines for facility use; safety and emergency plans; maintenance plans; and priorities for capital improvements that are referred to the Central Services. The SDMT shall also be responsible for completing the annual evaluation of Central Services support with regard to the facilities.

CENTRAL SERVICES:
Central Services will assist schools to have the "base" capacity necessary for effective planning and management of school facilities. They will collaborate with schools to define what "base" capacity means for both the SDMT and the principal.

Central Services will also develop an accountability mechanism to ensure the effective and efficient delivery of services to schools which include:

(1) Implementation of systems to provide efficient customer service;
(2) Implementation of systems to ensure safety and security at school sites;
(3) Implementation of on-line work request systems designed to help both the sites and the departments monitor and track outstanding work requests.
(4) Continue implementation of custodial services monthly surveys to sites requesting feedback as to the quality of service at the sites and the quality of support provided by the department managers.

Central Services must communicate to sites how Central Services is organizing support and what standards of performance Central Services should be held to in the delivery of services. For example, under this policy, Central Services may organize into "service teams" coordinated by a facilities director to enable "one stop shopping" by schools. Central Services must communicate this to sites and then provide sites with an instrument by which they can evaluate the effectiveness of this support.

FACILITIES BOARD COMMITTEE:

Because of the many, complex issues of economic efficiency and compliance regulations attached to decentralizing these functions, this policy recommends a formal process be established whereby facilities functions can be examined and a specific set of Board Policies and Administrative Bulletins developed which determine whether and how these functions and their funding can be decentralized. This policy recommends that the Board Committee on Facilities, with the Superintendent's support, conduct a formal examination and make policy recommendations.

Implementation Plan

- 1999-2000: Central Services works with sites to ensure base capacity to plan and manage school facilities.
- 1999-2000: Central Services creates a data system to track services from request to delivery and provides training to each site.
- 1999-2000: Sites do annual evaluation of Central Services support with regard to the facilities.
- 2000-2001: Board committee examines each service to determine whether and how the functions of each service and its funding could be decentralized to the school;
- Spring 2001: Recommendations from Board committee to the Board regarding functions to decentralize.
- Spring-Summer 2001: Policy action by Board regarding decentralization.

EVALUATION OF SDM POLICY

Evaluation of the School Site Decision-Making Policy, school site progress and Central Services support for schools will begin 1999-2000. The schools and the respective Central Services departments will work with Research, Evaluation and Testing and the SDM Oversight Committee to assess the school's performance in meeting standards in each of the functional areas. Yearly findings from this evaluation will be reported to the Board and used to improve the operations and decision-making of all units.

Implementation Plan

- *1999-2000: Establish a School Site Decision Making District-wide Oversight Committee.*
- *1999-2000: Establish a timeline in conjunction with the Recognition and Intervention Program to develop a process for SDM school site accountability and recognition*

- *1999-2000:* *Central Services monitors school effectiveness based on common indicators and provides specific support and intervention for low performing schools.*

- *1999-2000:* *School Site Decision Making Teams monitor the effectiveness of Central Services support.*

- *Spring 1999:* *The Oversight Committee reports to the Board on evaluation findings and makes recommendations on possible SDM policy changes.*

- 2004-2005 : Conduct a comprehensive evaluation used to assess the overall effectiveness of the SDM policy.

6/9/99CHm

Oakland Unified School District
New Small Autonomous SCHOOLS
District POLICY

Draft
March 14, 2000

REVISED DRAFT - April 24, 2000

REVISED 5/16/00

Introduction and Executive Summary

The vision of New Small Autonomous (NSA) Schools in Oakland grows out of more than a year of dialogue and conversations among many people who care deeply about education in Oakland. The word "new" connotes the need for innovation and change. "Small" refers to the often-expressed desire for school environments that are safe, dean, caring, and of a size that allows for deep, personal connections among parents, teachers and students. It also refers to the need for academically rigorous learning environments for urban students who do not currently have access to them. Finally, "autonomous" means that if we are to expect innovation and excellence, we must provide the resources, authority and flexibility for staff and parents at each site to make the changes necessary at the school level. A mounting body of evidence points to precisely these conditions as necessary elements for the reform of urban schools.

In 1998, public school parents, through Oakland Community Organizations (OCO), began organizing for new, small public schools. The small schools movement in New York City, which has made great gains in student achievement over the past twenty years, sparked the interest of many of these parents. As parents and teachers in the Fruitvale district began to develop plans for Oakland's first such school, OCO organized a delegation of parents, educators, and District administrators to investigate the small schools in New York.

Excited by what they saw in New York, OCO convened the New Small Schools Working Group in December 1998 to continue the effort in Oakland. The Bay Area Coalition of Essential Schools (BayCES) and the Museum of Children's Art (MOCHA) joined with OCO as co-convenors of the Working Group, which has met monthly since the spring. It is from conversations and research done by the Working Group that this policy emerges. Many people and organizations have joined these conversations about small schools, including individuals from the Oakland Educators Association (OEA), the Oakland Unified School District (OUSD), the Mayor's Commission on Education, and the Oakland School Board. Oakland teachers (initially a team of teachers from Jefferson Year Round Elementary School), parents, and many interested community members have also participated.

The Research: Smaller Schools Get Better Results for Urban Students

Research has demonstrated school size is a major factor in student academic success (Raywid, 1998; Klonsky, 1998). Small autonomous schools significantly improve the education and achievement of urban students, particularly students of color and low-income students. In

addition, small schools achieve these results with a lower cost per graduate than larger schools (Stiefel, Iatarola, Fruchter and Berne, 1998[1])

Research has also shown that well-designed small schools produce the following conditions, which are especially effective for improving the education of low performing and urban students who are not well served by large schools.

1. A sense of belonging.
2. High expectations for student academic work
3. Teaching and learning that is student-centered and inquiry-based
4. Self-assessment and teacher accountability.
5. Decrease in violence.
6. Increase in parental involvement.
7. Locally-generated professional development designed to support teaching and learning (Fine and Somerville, 1998)

I. Overview of Policy

Over the next three years, Oakland Unified School District will create a network of ten, new, small autonomous schools -- schools of choice for parents, students and teachers. As success is documented, more schools will be approved. This policy, combined with an increase in accountability for results, as well as, professional development and technical assistance at all schools, will positively impact student achievement and revitalize community faith in Oakland Public Schools.

II. Definition of a "New Small Autonomous School"

a) "New" means that the school offers an identifiably new context for teaching and learning, not a repackaging of an existing 'program.

b) "Small" is a range' at each grade level:

Grade Level	Ideal Size Range
K-5	Up to 250

[1] **The research varies greatly on the numbers at which a school becomes, "small." These numbers represent the middle of what is reported in the research as "small."**

A NSA school is not an academy **(three periods during a school day or a small, unit, house, core or program within a larger school. A "school within a school" is not a NSA school because they rarely have autonomous control over the key educational areas of decision making, as outlined in the above explanation of "autonomous."**

K-8	Up to 400
K-12	Up to 500
6-8	Up to 400
6-12	Up to 500
9-12	Up to 400

c) "Autonomous' means that the school has control over curriculum, instruction and assessment decisions consistent with California State and District Standards, It also controls its own budget and can reallocate funds to increase staffing if it chooses. Autonomy includes hiring and evaluation of teachers and staff consistent with labor contracts. If a school shares a site with other programs, the school does not have to seek permission of the site's cohabitants in order to change its programs though it may have to negotiate site usage issues.

d) Whenever appropriate, NSA schools shall seek alternative school designation in order to achieve maximum flexibility in key areas of design.

Part 1 Small Schools Policy

III. Purposes and Accountability for Results

a) The primary purpose of developing NSA schools is to raise student achievement and close the achievement gap for under-served students by decreasing the size of schools, adhering to high academic standards and increasing the quality choices available to students and parents in OUSD.

b) The Board and Superintendent will be responsible for ensuring that the public understands the goals and priorities of developing NSA schools.

c) The Board and the District will agree to promote and encourage the establishment of new, smaller learning environments across the District, including NSA schools, academies, schools-within-schools, and other kinds of smaller school units.

d) Small schools must identify measurable student outcomes and outline the method by which student progress in meeting the identified student outcomes will be measured. The measurable student outcomes must address overall student achievement as well as equity.

e) The District will develop and use an instrument to measure and report parent, teacher and (where appropriate) student satisfaction for all schools.

f) To continue from year to year as a new small school, the school must demonstrate that a majority of the school's students meet or exceed the school's identified student outcomes.

g) Every school in the District is entitled to an equitable share of resources, technical assistance, leadership and support in meeting its goals.

IV. Core Principles of New Small Schools

New Small School success depends on several key conditions. These conditions, as outlined in the policy and sustained by the district, are the important contributing factors leading to the results demonstrated in the research above.

a) Diversity and Consistency

- Each NSA school must create its own vision and philosophy. Some may emphasize traditional approaches to education, while others are more progressive, emphasizing community issues such as multiculturalism and social justice. Elementary schools may add preschool programs to provide early school experiences for children.

- All schools will be small ranging from 100-400 at the elementary level to 250-400 at the high school level.

- All will have lean, academically oriented programs with high expectations for students, a broadly shared vision, consistent teaching and parent connections and involvement.

- Each NSA school will offer an intimate, caring and safe learning environment where every student and family is known well.

- Each school will help students achieve to high standards and guarantee achievement of higher order literacy in language and mathematics.

b) Choice

- Each NSA School will be a school of choice for students, parents and teachers. Choices will be based on interest in the unique program and philosophy of each school.

- Each NSA school will create and calendar extensive parent, community, student, outreach and orientation sessions during a spring enrollment period to ensure that all community members are aware of their options and able to choose the best school for their child.

- Children will be able to enter schools when, 1) a parent, advocate or organization sponsors them, or 2) a public agency, counselor, or community organization refers the student, or 3) they demonstrate their own commitment to the program.

- Each NSA school will be responsible for selecting its own teachers. To work at a NSA school, a teacher must 1) be appropriately credentialed, 2) choose to work there, 3) demonstrate alignment with the school's philosophy, theme and approach to teaching and learning, 4) be offered a position by the leadership structure of the school.

- All NSA school staff members must be committed to the philosophy of NSA schools and meet the required qualifications as described in the district position descriptions.

c) Admissions

No school can refuse any student who wishes to attend and whose parents or primary caregiver can show that they know and understand the unique aspects, tradeoffs and responsibilities of attending that school except in cases where the demand for admission exceeds the number of spaces available. In such cases, schools will use an equitable selection process, such as a lottery.

Part 2-Small Schools Policy Approved by the board

- Priority for admissions will be given to children from attendance areas designated as overcrowded and children from low-performing schools. Evidence of overcrowding includes multi-track year round schools and the encroachment of portables on open and play space.

- NSA school admissions must reflect the demographics of the district as a whole and must not manipulate admissions to drain off the most accomplished, easy to teach or most motivated students.

d) School Employees

NSA school teachers and other staff are covered under the collective bargaining agreement and receive the same salary, benefits and protections that their comprehensive school counterparts enjoy.

e) Shared Decision-Making and Site-Based Management

- Each site will determine its own schedule, program, staff duties, leadership structure and calendar within a set of broad guidelines. Each site will be allocated dollars according to

district formula. Sites will then develop budgets based on their goals for student achievement and their priorities and areas of focus as a school community.

f) Continuous Dissemination of NSA School Opportunities

- A newly established teacher education center will provide ongoing networking and professional development for Oakland teachers, including dissemination of opportunities to join NSA school design teams or fill openings in NSA schools. New School Incubators, entities that help school design teams think through their plans, will be available to coach and assist teams of parents and educators as they develop their NSA school designs.

- The engagement of the community and support agencies is an important component in the NSA schools policy. The District will continue to educate the community about the goals of NSA schools and based on availability of funds host an annual conference.

g) Sites for New Schools

- In some cases, several new small schools may occupy a single site. In others, new schools will occupy existing or new sites, built or renovated especially to accommodate small autonomous schools with innovative, focused academic philosophies and programs.

- Design teams will have opportunities to start new schools/opportunities to start smaller learning environments including houses in middle schools and academies at high schools and opportunities for strengthening existing small schools.

V. Development of NSA School Designs

Groups of educators and parents will apply for NSA status through the District's Request for Authorization (RFA) to start a NSA school process. The RFA will include the criteria for evaluating each proposal. The criteria will include the following:

a) Common credible educational philosophy.
b) A common approach to pedagogy.
c) Clear visionary leadership, capable of inspiring confidence of parents, teachers and students.
d) Revenue neutral school plan. The school is funded by the ADA and categorical funds generated by students who attend the school. The school must not be dependent on additional district funds.
(e) Partnership with parents and community.
(f) An approach to recruiting students and staff. All NSA schools are schools of choice.

(g) Establish contact with all employee unions in an effort to generate support for the program of the school. All employees will be guaranteed union membership as well as appropriate wage and benefits.
(h) A school staff and student population that reflects the District's demographics, cultural heritage, and values.
(i) A school design that specifies the size of the school, grades levels to be served, class size and includes a plan for expansion, if applicable.
(j) Site availability.
(k) A plan for defining school success that includes the following:
- Grades.
- Standardized test results (STAR), and other multiple measures of student achievement.
- Staff and student attendance.
- Staff retention.
- Parent, staff and student satisfaction (i.e.surveys).
- Safety.

l) The Superintendent will appoint an advisory committee to evaluate each NSAschool proposal. Each NSA school must be approved by the Board ofEducation.
m) A plan for achieving a racial and ethnic balance among teachers and students that reflects the District's demographics.

VI. Design Team Support

Recognizing the need for innovation and responsible experimentation, the District, with support of outside funding, will offer resources, (e.g., release time and technical assistance) to those who develop designs collaboration with parents and other educators. Any current Oakland school with the partnership and support of its community may decide to divide into smaller units and participate voluntarily in the NSA school development process.

The District in collaboration with parents, will identify priority needs for school design; elementary, middle schools, high schools.

"Incubator". This will be an independent and collaborative entity of experts and support staff who will work together to provide design teams with new and additional resources, coaching, and technical assistance. The Incubator will also act as a clearinghouse for other sources of support and for university and business partnerships.

Programs and services of the NSA School incubator will be available to teachers, parents and other members of the Oakland community.

VII. Leadership and District Level Support

a) The Superintendent will designate a staff member to oversee the development of a network of up to 10 new schools over the next three years.

b) The District along with external partners, will actively seek resources to create a small team of coaches and facilitators to assist with the development of NSA schools and to provide them with opportunities to network and share progress.

c) The District, with the assistance of the City, commits to finding locations each year for new schools. These locations may be new sites, and/or subdivisions of existing sites.

d) The New Schools designee reports directly to the Superintendent or his/her designee, and will be a person with a strong vision and the authority to advocate in support of the New Small Schools Initiative.

VIII. School Governance

a) All NSA Schools will be governed by the OUSD School Site Decision-Making Policy.

b) Each, school shall create a governance structure that provides for leadership and administration of the school in accordance with state and federal mandates (e.g., three schools occupying the same site might combine resources to get a Site Manager/ Administrator and use their school budget for a Lead Teacher to be the educational leader).

c) Each school's governance structure gives parents, teachers and other school staff decision-making roles on the issues that directly concern them. However, all decision-making processes must both support the philosophy and theme of the school and be focused an higher and more equitable student achievement.

d) All NSA schools governance structures and bylaws must be approved by the Superintendent.

IX. Teacher-run Professional Development

a) The District will collaborate with other agencies to create a district wide Teacher Center. The Teacher Center will house information and materials to share with teachers interested in developing NSA Schools.

X. Parent and Community Education and Engagement and Review of Progress

a) The District will prioritize give preference for NSA school development in the areas where schools are most overcrowded and in the areas with low performing schools.

b) The District, in partnership with other agencies, will sponsor an annual Community Conference on NSA schools. This conference will infuse Oakland with new visions and ideas for schools from other cities involved in NSA school development. OUSD NSA schools will also present at these conferences.

c) The District will engage in outreach and information campaigns to inform the public of its options and choices relative to attending schools.

d) NSA schools will engage their communities in an annual review of progress. Their management team will share accomplishments, account for results achieved and share plans for the coming year.

XI. NSA School Financing

a) NSA schools will be "revenue neutral".

b) The District will create a basic funding formula for all schools which include all funds to which they are entitled.

XII. Collective Bargaining

a) The District will seek contract language with OEA and all other employee unions which will facilitate the formation, support, and sustainability of NSA schools.

XIII. Evaluation of Effectiveness of NSA Policy

A. In year three of implementation of this policy, the Superintendent shall contract for an interim evaluation of the effectiveness of the new small autonomous school approach authorized under this policy and shall report to the Board of Education with recommendations to modify, expand, or terminate the policy. The evaluation shall include, but shall not be limited to, the following factors:

1. The pre- and post- NSA school test scores of students attending NSA schools and other student assessment tools.

2. The level of parental satisfaction with the NSA school approach compared with non-NSA district schools.

3. The impact of required parental involvement.

4. The fiscal structures and practices of NSA schools, including the amount of revenue received from various public and private sources.

5. An assessment of whether the NSA school policy has resulted in increased student achievement and student satisfaction (measured by truancy, tardiness, dropout rates, etc.)

6. The level of teacher satisfaction with the NSA school approach compared with non-NSA district schools.

7. The existence of any discrimination and/or segregation in NSA schools and existence of inequitable distribution of resources throughout the District.

8. The number of NSA school applications submitted and denied and the number and reasons for the revocation of NSA school status.

9. The governance, fiscal liability and accountability practices an related issues between NSA schools and the District.

10. The role and impact of collective bargaining on NSA schools.

11. An assessment of the key success factors for Oakland NSA schools.

b) The Superintendent shall establish a system for collecting the data necessary to evaluate the effectiveness of the Oakland NSA school policy.

c) All NSA schools shall cooperate in the keeping and collecting of data necessary to evaluate the effectiveness of the Oakland NSA school policy.

C · E · P · A · L

CENTER FOR EDUCATION POLICY AND LEADERSHIP

Oakland's Site-based decision-making & new small autonomous schools

An examination of schools' progress and central office participation (2001-2002)

An Occasional Paper

by:
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March 26, 2002
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Introduction

Between October 2001 and January 2002, the Oakland Education Cabinet and Oakland's Cross-city Campaign for Urban School Reform Committee [1] commissioned an independent consultant to investigate implementation of Oakland's site-based decision-making and new small autonomous schools. This inquiry— an exploration and analysis not an evaluation— aimed to check the status of implementation, to identify early roadblocks and opportunities, and to recommend and prioritize next steps for deepening and expanding school and central office participation.

The idea for this report grew out of conversations among Oakland's assistant school superintendents and program directors, school reform support providers, and school leaders who, by the end of 2001, believed that implementation had reached a critical juncture. Many leaders of Oakland's 10 site-based decision-making and new small autonomous schools could identify specific, external supports and constraints to their progress. School and district central office leaders alike called for greater clarity about how to define "flexibility" and "autonomy" for participating schools. A partnership between school support providers including the Bay Area Coalition for Equitable Schools, Oakland Community Organizations, the Urban Strategies Council, and the Oakland Education Cabinet had solidified and remained poised for further action. These events suggested to Oakland leaders that the time was ripe for independent advice about how to make sense of implementation to date and how to proceed. Leaders agreed that any assessment of whether site-based decision-making and new small autonomous schools had improved students' school performance would be premature. Rather, leaders asked: to what extent has Oakland created the conditions necessary for full implementation?

The resulting report, *Implementing Oakland's site-based decision-making and new small autonomous schools*, provides a first-ever synthesis of the experiences of both groups of schools and crosscutting policy recommendations. Other reports and initiatives have suggested changes in schools necessary for implementation.[2] This report focuses specifically on changes in district central office roles, rules, and procedures that can help schools advance their locally developed school improvement plans.

This report highlights:

- Site-based decision-making schools and new small autonomous schools represent two sides of the same coin— a movement toward greater flexibility, autonomy, and responsibility for schools and the transformation of the school district central office into a school support provider. A coherent approach to supporting both groups of schools will likely enhance implementation of each policy strategy.
- Oakland's educational leaders find themselves building a plane while flying it— establishing basic agreements and securing core resources after schools have already begun implementation. As a result, participating schools to date have operated primarily under the same rules as regular public schools.
- Barriers to implementation stem largely from this absence of basic, starting agreements about what new authority, if any, the two policies confer to schools.

- For the most part, schools do not want to engage in activities beyond what they believe the enabling policies already allow. Schools likely would not opt out of many regular central office services if the district central office provided those services efficiently and otherwise as intended.
- Strengthening communication among school leaders, among central office staff, and between schools and the central office will go a long way to building the knowledge base and buy-in essential to implementation.

Given the absence of starting agreements and resources and the extent to which the participating schools operate as regular public schools, an observer might argue that implementation of site-based decision-making and new small autonomous schools has not actually begun. Some will consider a report about even early implementation premature. Accordingly, readers should consider this report an overview of what truly launching the two initiatives entails and the challenges these policies pose for schools and the district central office.

The Oakland Education Cabinet and Cross-city Campaign Committee hope that at a minimum this report will:

- Establish a set of shared understandings. Even though schools began implementation under less than optimal conditions, schools nonetheless began. All participants need clarity about accomplishments to date and next decisions.
- Provide the basis for integrating separate efforts into a coordinated movement toward greater school-site flexibility and autonomy.
- Reassure Oakland's educational leaders that a core group of school leaders and central office administrators remain enthusiastic about the potential of site-based decision-making and new small autonomous schools as levers for district-wide improvement.
- Create a new urgency for immediate decisions about flexibility/autonomy, resources, staff, and other supports for implementation.

The report's concluding recommendations specifically address the leadership of Oakland Unified School District's central office. However, this report also aims to inform all participants in implementation.

Background

Throughout the 1990s, Oakland Unified School District (OUSD), the Bay Area Coalition for Equitable Schools, Oakland Community Organizations, and other educational leaders in Oakland pursued an ambitious, institution-changing agenda for Oakland's public schools: the shift of significant decision making over school operations to school sites. These goals culminated in two specific policy initiatives. Oakland's School-Site Decision-Making Policy passed the Oakland Board of Education in June of 1999 and the New Small Autonomous Schools policy received approval in May of 2000. While each policy differs in original impetus, initial supporters, and participating schools, both initiatives rest on similar school reform principles:[3]

- Schools improve not by adding discrete services on to existing school programs but by fundamentally reforming the context of teaching and learning in both schools and the district central office.
- Teachers and students reach high academic standards in part when schools create personalized learning environments for adults and students.
- Giving schools primary control over educational decisions improves the relevance of those decisions, increases school investment in implementation, and otherwise facilitates fundamental reform and the creation of learning communities.

New policies depart from traditional roles and relationships

OUSD's central office and schools have struggled with early implementation. These struggles should come as no surprise. Both policies call for fundamental changes in roles and relationships for the central office and participating schools. Consider that both policies advance schools as primary decision makers and district central office administrators as partners and support providers. By contrast, school district central offices typically have been set up and their administrators trained to monitor schools' compliance with federal, state, and school district decisions.[4]

Nationwide, experience with school-site decision making, decentralization, and devolution for decades has been uneven at best and marked by a lack of clarity about what new, supportive roles for school district central offices entail and whether and how schools can build the capacity for increased decision making.[5] Schools and districts operate in a tangle of state and federal rules that can frustrate local attempts at fundamental reform and limit the discretion of both district central offices and schools.

Adding to Oakland's challenge, the two policies that originally authorized the initiatives outline only broad goals for participating schools and the central office. Characteristic of the decisions of various elected boards, Oakland's policies leave others to develop specific, subsequent policy changes to advance implementation. In particular, the two policies promote "maximum flexibility" and "autonomy"— concepts fundamental to implementation but typically undefined and potentially in conflict with other district goals such as accountability and equity.

Oakland's challenge: Building policy from practice

Oakland, then, finds itself building a plane while flying it— developing and clarifying new rules for implementation after schools have already begun implementation. Such post-hoc policy development is often par for the course when policymakers want to build policy from schools' practice and experience. However, building policy from practice raises several, urgent questions: How should administrators and other policymakers understand schools' experiences to date? What formal rules, roles, and other changes for OUSD's educational leaders might help advance the shared goals and promise of Oakland's site-based decision-making and new small autonomous schools?

Report overview

This report takes up these questions by presenting findings from two months of interviews with participating school leaders and central office administrators. Questions focused primarily on barriers to implementation not the range of resources available for implementation. Findings and analyses were also informed by reviews of policy reports and the authors' previous, two-year examination (1998-2000) of local, collaborative decision making in Oakland.[6]

The findings and discussion highlight commonalities across both groups of schools, shared challenges, and communication lapses that likely derail implementation. Recommendations and next steps for OUSD's central office stem from these findings.

Methods

The findings and discussion below come from interviews with key school leaders, district central office administrators, and school support providers. Other sources included school and district policies and implementation plans, research, national site-based management experts, and feedback on early report drafts. A list of Oakland respondents appears on page 24. I chose schools with reputations of being well advanced with implementation. "Well advanced" meant the schools' leaders could identify specific internal and external barriers and supports for implementation based on their direct experience. All but one school that had discontinued participation received at least two strong recommendations for inclusion. Due to time constraints that prevented consultation with all schools, I chose schools with different grade levels as indicated in Table 1. At each school, I conducted an initial interview with the school principal, asked the principal to recommend other school staff for interviews, and followed up with staff when possible.

Table 1. Participating schools

SITE-BASED DECISION-MAKING SCHOOLS	Study Participants
Melrose Elementary School	✓
Cole Arts Magnet [4-8]	
Bret Harte Middle School	✓
Oakland Technical High School [9-12]	
Edward Shands Adult School	✓
NEW SMALL AUTONOMOUS SCHOOLS	
Escuela International de la Comunidad [pre K-5]	
ASCEND [K-8]	✓
Urban Promise Academy [6-8]	
Melrose Leadership Academy [6-8]	✓
Life Academy [9-12]	✓

School interviews focused on implementation experiences to date with the specific goal of identifying concrete implementation barriers and supports. Questions concerned respondents' expectations and early plans, past and current supports and obstacles, and recommended next steps. I counted as barriers those issues reported by at least half the schools with at least one site-based decision-making school and one new small autonomous school represented. Using schools' reported barriers as a guide, I then interviewed those district central office administrators whose responsibilities most directly related to those barriers. Central office interviews focused on strategies to overcome barriers and enhance schools' supports. Of all the people invited, no one declined to participate in this study.

This set of respondents represents only a fraction of the individuals and organizations that participate in site-based decision-making and new small autonomous schools. However, the convergence of responses in the interviews suggests that the information presented here may represent a broader set of viewpoints.[7]

Findings and Discussion

Interviews and conversations yielded three sets of findings:

- Site-based decision-making and new small autonomous schools have commonalities and differences that seem productive for advancing implementation of shared reform goals.
- Both groups of schools identify particular, common issues that frustrate implementation.
- Various communication lapses throughout Oakland Unified School District (OUSD) pose significant implementation barriers.

I. PRODUCTIVE SIMILARITIES AND DIFFERENCES BETWEEN SCHOOLS

Schools share commitment to common school-improvement goals

Site-based decision-making and new small autonomous schools emerged as separate initiatives under different circumstances. Site-based decision making became Oakland Board of Education policy in 1999 as Oakland changed mayors, shifted to an interim superintendent, and otherwise experienced significant political and fiscal uncertainty. Early champions included Oakland Sharing the Vision, the Urban Strategies Council, and the Oakland Coalition of Congregations. New small autonomous schools emerged through a broad-based grassroots movement among school leaders and prominent, non-governmental organizations such as the Bay Area Coalition for Equitable Schools, Oakland Community Organizations, and the Oakland Education Association. The Oakland Board of Education approved the New Small Autonomous Schools Policy in 2000 after Oakland already secured funding for the initiative from the Gates Foundation.

Despite such distinctions, school principals, support providers, and district administrators almost unanimously view the two policies as parts of a common movement toward greater school-site flexibility, autonomy, and responsibility regarding budgets, curriculum, facilities, and other core aspects of school operations. All respondents suggested that a fully implemented site-based decision-making school and new small autonomous school would share particular features: experienced, distributed leadership; a legitimate, school-level structure for school-wide decisions; and a guiding school-wide mission, goals, and strategies.[8] The new small autonomous schools policy explicitly builds on provisions in the site-based decision-making policy.

Rather than duplicating efforts, these two policies likely expand the number and range of schools and other organizations willing and able to participate in this comment movement toward greater school-site flexibility, autonomy, and responsibility. For example, Oakland's site-based decision-making policy focuses on existing public schools and has attracted schools with long-time principals or teacher-leaders. These leaders primarily wanted new decision-making opportunities. The new small autonomous schools policy targeted teams of educational leaders interested in creating new schools with small learning communities and school-wide missions, goals, and strategies. Each policy provided a distinct rallying point for different community groups to voice support for greater school-site flexibility, autonomy, and responsibility.

School leaders welcome opportunities to meet as a group of 10 pioneering schools for peer assistance and to develop common proposals for additional funding, resources, and policy changes. School leaders want more regular contact with district central office administrators to teach about their experiences and to help create district policy that supports the shared school reform principles. Specifically, leaders of site-based decision-making schools say they want "to be at the table to influence district decisions" in ways that expand new authority to more public schools. Other leaders highlight that they pursued new small autonomous schools instead of charter or private schools because they wanted a connection to a public system for financial stability and to improve the performance of urban schools district-wide.

Distinct policy avenues add up to differences in schools' starting points and progress
Each group of schools brings a particular set of strengths and needs to the implementation process and reports different achievement:

Experience of school leaders:

- Site-based decision-making schools are long-standing public schools with typical school enrollments. These schools tend to have experienced principals and/or teacher leaders.
- New small autonomous schools are new public schools with limited school enrollments and typically have principals new to school administration and to Oakland. Several current principals originally relocated to Oakland specifically to participate in this initiative. A few have several years of administrative experience, but overall, new small autonomous school principals have less experience than principals of site-based decision-making schools.

Progress establishing a site-based decision-making body:

- Site-based decision-making schools have received instructions and technical assistance to establish broad-based decision-making structures as their first step in implementation. By the start of the 2001-2002 school year, all the schools still participating in the initiative had achieved this goal.[9] Schools' accomplishments include resolving staff conflicts, filling leadership voids, and strengthening teachers' sense of professional community.
- The new small autonomous schools opened their doors to students and staff at the start of the 2001-2002 academic year. Early assistance provided primarily by the Bay Area Coalition for Equitable Schools has focused on establishing educational missions, goals, and strategies and building consensus among school design team members. Principals plan to convene decision-making bodies but have been preoccupied with various start-up challenges such as securing a school building, hiring staff, establishing a curriculum, and developing a school budget. The original school design teams may become the operational decision-making bodies at some schools.

Status of establishing broad ownership over a school-wide mission, goals, and strategies:
Most public schools typically report that they have an educational mission and a set of goals and strategies. This readiness criterion specifically relates to whether a broad group of stakeholders actively and continually develops, uses, revisits, and revises essential school operations.

- Many of the site-based decision-making schools have spent the past 12-18 months building a site-based decision-making body.[10] However, experience ranges. Some school teams have just begun to participate in school-wide decisions. Other, more established teams actively and continually translate their long-standing missions, goals, and strategies into curriculum, instruction, and learning supports.[11]
- The Oakland Board of Education selected the first new small autonomous school teams in large part because they had developed and established a cadre of teachers with ownership over a guiding school-wide mission, goals, and strategies.

Differences suggest no one size fits all when it comes to school support

Table 2 summarizes these different reports of starting points and progress. These differences do not indicate that one reform process has been superior to the other or that one group of schools is more prepared for flexibility, autonomy, and responsibility than the other. All participating schools have made progress in their initial, focal areas, and, to varying degrees are turning their attention to others. Variations within and between groups suggest that site-based decision-making and new small autonomous schools policies involve a highly differentiated set of schools. While the common reform principles suggest that responsibilities and opportunities extended to one group of schools should be extended to another, schools will need supports appropriate to their individual starting points. Such school-by-school coaching likely will pose significant challenges for school support providers accustomed to providing broad, universal assistance across large groups of schools.

Table 2. Reports of starting points and progress

	Site-based decision-making schools	New small autonomous schools
Experienced, distributed leadership	**HIGH** ⟷ **LOW**	
	Experienced principals with personal and professional contacts throughout the district central office	Young principals with limited administrative and Oakland experience
Legitimate decision-making infrastructure	**HIGH** ⟷ **LOW**	
	The Oakland Board of Education selected schools based in part on their capacity to establish or extend a site-based decision-making team. Two years later, participating schools have established such bodies with by-laws, rules for membership, and work plans.	Representative planning teams collaboratively constructed initial school designs. Given other start-up concerns, most schools have not convened an operational decision-making body.
Guiding school-wide mission, goals, and strategies	**LOW** ⟷ **HIGH**	
	Most decision-making teams have just begun to develop or incorporate school-wide missions, goals, and strategies into their responsibilities.	The Oakland Board of Education selected schools based in part on their established mission, goals, and strategies. Schools attracted design team members and others with ready commitments to their school-wide plans.

II. POLICY CHANGES TO ADVANCE IMPLEMENTATION

Both initiatives, pilot efforts by design, aim to use the experience of initial schools to guide the creation of new district policies and procedures to take the pilots to scale— to deepen the progress of participating schools and expand participation to other schools. As intended, school leaders can now identify specific district changes they believe will advance implementation. This section summarizes barriers to implementation related to OUSD central office policies and procedures.

Overview: Barriers suggest that implementation has not truly begun

The discussion and tables below summarize a number of core implementation barriers reported by schools and various school support providers. These barriers suggest that Oakland has barely begun implementation. That is, Oakland has only recently started to establish the resources and basic agreements schools need to take on new responsibilities. In particular, Oakland's system of support for site-based decision-making and new small autonomous schools:

- Does not significantly differentiate participating schools from non-participants. Schools' status as site-based decision-making schools has not conferred any new flexibility regularly or systematically across participating schools. The new small autonomous schools largely attribute their accomplishments to date largely to their newness and their size; whatever autonomy these schools may have attained so far does not differ noticeably from that of other schools. This negligible transfer of authority makes it difficult to identify implementation barriers particular to these schools. The issues in Tables 3 (start-up concerns) and Table 4 (basic district inefficiencies) likely affect all Oakland public schools and include limited facilities, tight budgets, over-committed leaders, and central office unresponsiveness.

  OUSD has begun to explore whether to seek "alternative schools" status for the new small autonomous schools and any other schools willing to meet state criteria for the designation. Schools so designated may receive waivers of state Education Code requirements from the state superintendent of public instruction (per Education Code section 58500). Even with a change in status, OUSD will need to create its own polices and procedures to ensure that schools can *use* the special status to advance their school improvement efforts. Since most barriers listed in Tables 3-5 stem from district rules, state budget decisions, and federal mandates, alternative schools status likely will provide only the first of what will need to be many alternative designations by various local, state, and federal authorities.

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- Relies on individual relationships and beliefs, not a strategic set of agreements and plans. Site-based decision-making schools generally have had to create their own flexibility by relying on previously cultivated personal/professional relationships with central office staff. For example, many principals attribute occasionally rapid responses by central purchasing and buildings and grounds to positive histories and established trust with individuals in those departments. Strong relationships also increase school leaders' knowledge of district procedures from which to seek exemptions. These relationships tend to depend on a principal's length of tenure and reputation in the central office, not on new formal flexibility, autonomy or responsibility conferred to participating schools.

Reliance on individual relationships and decisions in a central office with significant staffing limitations means that even short absences of division directors have significantly lengthened the response time of the central office to various requests. Schools typically do not know which decisions have been made with regard to other schools and whether decisions apply to their school.

- Places the onus for creating flexibility on schools. Schools have enjoyed new flexibility when they have requested and justified the need for exemptions from specific rules. Such flexibility-by-waivers places the burden on schools to understand which district (and sometimes state and federal) rules they want waived and to expend time and other resources to compose lengthy requests. For example, one school reports writing a 40-page justification for a one-year exemption from OUSD's mandate that all elementary schools use Open Court as their primary reading program. As in this example, waivers typically offer short-term flexibility, begging the question whether the benefits of the exemptions outweigh the costs of crafting various requests. More importantly, any Oakland school can request a waiver, and, in some cases, receive a waiver; accordingly, this arrangement does not depart significantly from business-as-usual for regular Oakland public schools.

- Does not strategically promote school innovation. Experience teaches that waivers tend not to produce dramatic changes in school practice. For example, one national study of the Elementary and Secondary Education Act's Title I found that schools typically use waivers to come into compliance with federal laws not to depart significantly school business as usual.[12] Likewise, in the context of this report and formal requests to the central office, Oakland's schools have not expressed strong interest in drastic departures from familiar school options. Most schools have requested flexibility, autonomy or responsibility to improve the efficiency of basic central office procedures. For example, most school principals say they want to hire their own staff and make purchases on the open market specifically to avoid the delays and mistakes they consider typical of central office operations.

  Research and experience regarding organizational innovation teach that significant change arises not in the absence of rules but when organizations are encouraged to depart from a basic set of rules.[13] Lacking such basic structures, organizations will seek out rules and models of appropriate behavior.[14] In Oakland, the granting of unspecified flexibility, autonomy, and responsibility to schools without delineating basic understandings or new rules of operation created a void in schools' structure for innovation. In their search for basic structure, many participating schools and central office administrators have deferred to standard operating procedures governing regular public schools.

These observations should not suggest that central office administrators have not paid considerable attention to these issues. To the contrary, many central office administrators know about the barriers listed below and have made attempts— sometimes quite significant attempts— to resolve them. However, to date these efforts had not resulted in specific changes in rules and roles for schools and the central office.

The specifics: Implementation barriers fall into three categories
School leaders were virtually unanimous about several core barriers to implementation. These barriers fall into three categories: predictable start-up issues, basic inefficiencies, and fundamental changes to realize school visions.

Predictable start-up issues
Schools struggle with early implementation due to predictable start-up issues— challenges that a knowledgeable observer could have identified in advance of implementation, based solely on a careful reading of the school board policies, but that were not resolved before implementation began.

Table 3 identifies and describes these predictable start-up issues. New small autonomous schools in particular report fundamental start-up barriers. After all, the new small autonomous schools initiative involved the complete creation of schools. Site-based decision-making schools had less apparent start-up concerns because they were already operating, they had a basic set of resources at the outset, and they could develop site-based decision-making teams without additional changes in central office rules. However, none of the participating schools received the funding, flexibility or other resources they believed the enabling legislation promised.

All the examples in Table 3 stem from a common implementation gap: key leaders in OUSD have not made specific decisions about what special allowances the site-based decision-making and new small autonomous schools policies provide to schools. This gap likely results from several factors:

- Leaders aimed to build policy from practice. To maintain momentum, address various political pressures, and await early implementation lessons, OUSD selected participating schools before they established staff or rules for implementation.

- Ability and commitment varies. Individual central office administrators, for lack of time, interest or other reasons, have not sought or secured resolution of persistent implementation challenges.

- New central office administrators needed time to learn district rules. The most recent directors of the two initiatives for OUSD are new to central office administration and to Oakland. These administrators had to learn basic district policies, procedures, and chain of command while also developing essential relationships within the central office and negotiating changes for schools— all *after* OUSD had chosen schools and implementation had begun.

- Oakland leaders may disagree about how much autonomy/flexibility to allow. Some want to provide maximum local discretion in return for improved results. Some want assurances that schools meet certain capacity requirements before any authority transfers to schools. Others in the central office do not support the

initiatives on the groups that the policies create a dual school system that effectively doubles their workload.

- Lines of responsibility remain blurry and the need for complex coordination runs high. Both policies operate under the direction of a single, high-level central office administrator. However, most specific start-up gaps fall under the purview of multiple central office directors who typically do not report directly to the administrative point-people. Accordingly, point-people generally must coordinate the actions of many additional central office staff over whom they have limited formal authority or influence.

Regardless of the specific cause, the bottom line is that OUSD has only begun to establish a set of basic understandings about the implementation of site-based decision-making and new small autonomous schools.

Table 3. Predictable start-up issues

Category	Issues	Status
BUDGET	Schools experienced budget delays: • Site-based decision-making schools did not receive their new discretionary funding until their third year of implementation. • New small autonomous schools opened before OUSD had determined the size and sources of their budgets. Interim budgets were not loaded until weeks before the opening of school. This delay frustrated planning activities and led to misdirection of certain resources.	OUSD Department of Finance, under the leadership of a new (June 2001) director, has studied the new small autonomous schools' first-year budgets and developed a budget report. This report will serve as a framework for new small autonomous schools' budgets and as the basis for a business plan that OUSD can use to seek additional, outside funding. The budget will provide only a rough estimate of costs given schools' difficulties with start-up in year 1. Site-based decision-making schools' budget: status unknown.[15]
FACILITIES	Late assignment of space for new small autonomous schools led to delays in planning and wasted time and resources. (E.g., One school purchased furniture for a library and auditorium not available in their designated school building.)	A new Assistant Superintendent of Facilities will revise, coordinate, and implement the district's various facilities plans. The new assistant superintendent faces broad barriers to finding new facilities including high real estate costs and a weakening regional and national economy.

Basic inefficiencies

Implementation also stalls because of "basic inefficiencies"—central office operations that would help implementation if they proceeded expeditiously. These issues likely frustrate not only the site-based decision-making and new small autonomous schools but also regular Oakland public schools. However, particularly because leaders of the participating schools expected exemptions from traditional procedures, they have found these inefficiencies particularly frustrating and time-consuming. For example, several schools report they would not have sought alternatives to central office purchasing if they did not believe the enabling policies entitled them to such exemptions. Because participating schools have launched reforms that hinge on new funding, facilities, curriculum, staff, supplies, and other services, these schools seem to have spent a disproportionate amount of time monitoring the follow-through of the district central office in these areas.

Addressing basic inefficiencies does not require changes in district central office policy. Rather, these issues result from the slow or poor performance of existing responsibilities. Improving the basic operations of the central office would likely go a long way to advancing implementation. In fact, the sheer number of inefficiencies and significant time spent compensating for them led school principals and district central office administrators alike to raise the question: if the central office provided efficient, high-quality services would schools pursue alternatives?[16]

Table 4. Basic inefficiencies

Category	Issues	Status
BUDGET	Schools report the following frustrations with OUSD's on-line budget system (OBARS): • Budgets are difficult to read. • Budgets change daily without notice. • Dollar values do not always reflect available funds.	OUSD will adopt a new budget system, BITECH, with a clearer interface. Changes in the budget system will not resolve poor communication about budget changes or compensate for school principals' lack of familiarity with budget processes.
BUILDINGS & GROUNDS	Schools have faced significant delays in central office responses to their requests for repairs and installations. All requests must go through the central office.	Schools establish relationships with individuals in the central office to facilitate service delivery. This practice favors site-based decision-making principals who have relatively long tenures and strong relationships district-wide. The superintendent has recently conducted focus groups with a variety of school principals about these concerns.
CURRICULUM & INSTRUCTION	Schools frequently receive inadequate notice about required professional development sessions, which disrupts schools' own time for training.	(See Table 5 regarding schools' exemptions from central office professional development.)
HUMAN RESOURCES	Applicants' paperwork has been processed so slowly that schools face prolonged teacher vacancies or lose favored candidates.	Status: Unknown

Table 4. Continued

Category	Issues	Status
PURCHASING	Delays at the central office warehouse mean delays for schools in receiving purchased equipment and supplies.	Schools establish relationships with individuals in the central office to facilitate service delivery. This practice favors site-based decision-making principals who have relatively long tenures and strong relationships district-wide.
	Central purchasing can cost more than purchases on the open market	School principals occasionally make their own purchases and request reimbursement. Principals highlight that they will need additional, on-site resources for budget management if such reimbursements become standard operating procedures.
	Approvals for purchases can take considerable time. School principals spend considerable time following-up on purchase requests.	The director of small schools has made it her personal policy not to require her approval for purchases. Schools deal directly with central purchasing. This skipped step does not remedy delays that stem from the central warehouse. A new executive task force has adopted this issue among its charges.[17]
	Some central office staff respond only to principals, not to the wider range of school leaders at both schools.	Status: Unknown

Fundamental changes to realize school visions

This category includes new flexibility, autonomy, and responsibility that schools feel they need to implement their approved plans. In principle, the site-based decision-making and new small autonomous schools policies already provide schools with new discretion in most of the areas identified below. Oakland's site-based decision-making and new small autonomous schools policies promise a broad range of new flexibilities with regard to budgets, curriculum, personnel, and other areas.[18] However, the central office has not created new administrative procedures to translate the policy into practice.

School and central office leaders alike identified these barriers to implementation. Despite such consensus about the need for specific changes, none of the issues identified below has been resolved and delays persist. For example, for over six months, schools have requested and central office administrators have investigated issuing schools credit cards for basic purchases. Some central office administrators argue that delays stem from the unavailability of a vendor. School support providers, the Site-based Decision Making Committee, and others say they have identified a local bank and established a preliminary, informal agreement that would allow the 10 participating schools to open checking and credit card accounts; they argue that delays result from the reluctance of central office administrators to take on the additional work of managing multiple school accounts. No one seems to know who has the ultimate authority to decide whether and how schools may apply for credit cards.

Some leaders in Oakland argue that the central office cannot manage all at once the sheer volume of changes that implementation requires and call for a prioritization of areas for new flexibility, autonomy, and responsibilities. However, needed changes may defy prioritization because most of them are fundamentally interrelated; even if OUSD prioritizes one issue below, staff necessarily will become involved in other areas. For example, genuinely granting schools more control over hiring teachers— providing the full complement of rule changes such a shift requires— involves significant changes in budgeting and personnel (to enable schools to hire the number of teachers they want into the classifications they desire). Changes in curriculum will require new flexibility with regard to budgeting, purchasing, and personnel to ensure schools have resources and staff appropriate to their chosen course of instruction.

The list below should signal that, with implementation underway, schools' calls for particular types of flexibility/autonomy stem not simply from broad, normative arguments about the importance of local control. Rather, schools have set out with school board approval to implement particular improvement plans and have been frustrated by other, contrary central office rules.

Table 5. Fundamental changes

Category	Issues	Status
BUDGET	Several central office administrators typically must approve school expenditures before schools can access funds. OUSD loaded schools' budgets into traditional categories with limited flexibility.	OUSD's attention to budgets primarily involves establishing a core budget for new small autonomous schools and improving the on-line budget system. A new OUSD executive task force has adopted this issue among its charges.
CALENDAR	At least one school wants the option of having fewer longer school days and counting average daily attendance (for funding purposes) by semester hours not hours per day.	State laws prohibit these changes to the calculation of average daily attendance.
CURRICULUM & INSTRUCTION	Schools want freedom to develop curriculum and instruction appropriate to their board-approved plans. Their rationales include: • The Open Court mandate conflicts with some school goals, particularly with regard to second language learners. • Teachers have been required to attend professional development sessions offered by the district central office even if schools do not believe such sessions contribute to their school plans. These requests divert teachers from other professional development opportunities. • Some schools want to offer multi-grade classrooms but district textbooks focus on individual grade levels.	Schools generally report a lack of communication with central office staff in Curriculum and Instruction. One school wrote a 40-page waiver for an exemption from the Open Court requirements in year 1. No waivers were available in year 2. Central office administrators argue that all schools understand that Open Court is the one non-negotiable policy in the school district. Most schools say they would seek a waiver from Open Court if given the opportunity. Central office staff say schools may excuse themselves from central professional development if they can demonstrate the quality and appropriateness of the alternatives. Most schools seem unaware of whether this decision constitutes formal district policy. The district highlights state barriers to change including restrictions on SB813 state funds for textbooks and state requirements for core curriculum.

Table 5. Continued

Category	Issues	Status
HUMAN RESOURCES	Schools want freedom to: • Hire and fire all personnel • Develop staff categories • Determine number of staff • Hire staff on a tentative contract pending central office approval (A minority of schools wants freedom to hire non-credentialed teachers.) Schools' rationales include: • Schools need principals, teachers, and staff who understand and support their missions and who have the special skills their approaches demand. • A school with two custodial positions wants to save money by hiring one custodian and meeting remaining custodial needs in other ways. • A school wants to maintain a personnel category essential to their local goals and strategies but the central office abolished the category.	PRINCIPALS: The superintendent appoints all principals per Administrative Bulletin 4020. The new small autonomous schools director has a personal commitment to make recommendations according to schools' interests and preferences. TEACHERS: Pilot schools currently have freedom to interview and hire their own teachers within existing personnel categories and according to the provisions in the teachers' union contract. Candidates must add their name to central OUSD personnel lists for consideration and meet OUSD certification requirements for hire. Schools generally do not dispute these roles and responsibilities but want a stronger, formal guarantee of their freedom to select teachers. STAFF: OUSD has initiated negotiations with the custodial union. Negotiations with other unions: status unknown. A new executive task force has adopted this issue among its charges.
PURCHASING	Schools want to make purchases on the open market. For example, • One school wants to strengthen community relations by using local businesses and services for supplies and repairs. • By making purchases on the open market, most schools believe they can reduce costs and save time otherwise spent monitoring their orders.	An approximately six-month effort to find a vendor to provide credit cards for schools has not yet produced results. The new small autonomous schools director has made it her personal policy not to require her approval for purchases, thereby removing one step in the approval process. New small autonomous schools now deal directly with purchasing department where they typically experience significant delays.

III. COMMUNICATION GAPS IMPEDE IMPLEMENTATION

Reports about implementation in public services often stress the importance of communication and too often find communication lacking. Information does not always travel efficiently or clearly through public systems. In complex education policy strategies such as site-based decision-making and new small autonomous schools, communication takes on a heightened importance. These initiatives require the timely flow of information between schools, central office departments, and across all levels to forge the strong relationships and accomplish the kinds of policy changes that can advance implementation. Consider that central office administrators cannot build policy from practice without timely, detailed knowledge about schools' decisions and experiences. Schools cannot take advantage of policy changes unless they know about the changes. Any radical new reform increases uncertainty and perhaps anxiety for central office administrators about changes in their day-to-day responsibilities. Clear, regular communication about the new initiatives can alleviate concerns and go a long way to building essential support throughout OUSD.

To date, limited or occasional communication about site-based decision-making and new small autonomous schools has led to several, fundamental implementation challenges.

- Schools lack a clear understanding of district policies and procedures. Schools typically do not know what flexibility and autonomy regular schools have to implement local improvement plans let alone what the site-based decision-making and new small autonomous schools policies allow. Central office administrators make decisions about participating schools primarily on an issue-by-issue basis as will happen when an organization shifts from a distributor of universal services to a provider of school-by-school coaching and support. However, issue-by-issue, school-by-school decisions, in a system with poor channels for communication, has resulted in confusion for school principals and others about whether decisions regarding one school also apply to other schools. As a result, some central office administrators and school principals wonder whether site-based decision-making and new small autonomous schools conflict with OUSD's equity goals— even though in an equitable system each school would receive different resources and allowances according to its particular needs and strengths.

- Central office administrators need basic information about the policies and schools' progress. Central office administrators seem relatively unaware of what specifically the policies allow, the progress of participating schools, and how these policy initiatives fit with OUSD's strategic plan. For example, some administrators believe that the new small autonomous schools policy mandates the Open Court reading curriculum even though the formal policy does not mention Open Court. Incomplete or erroneous information— particularly information about the rationale for certain decisions— may contribute to a lack of central office responsiveness to schools. For example, as one administrator protested, "Why do I have to change what I do here [in my division to help those schools]? I mean, Curriculum and Instruction can mandate Open Court but I have to change my division around? That doesn't seem right."

- Conversations between schools and the central office have become sporadic at best. Early in implementation of both initiatives, central office administrators met regularly with participating schools to clarify district procedures, receive feedback on new policy directions, and provide other assistance. Central office administrators report that they discontinued these meetings because of schools' poor attendance and administrators' desire to give school leaders time and space to work at their sites. Schools offer alternative explanations. Site-based decision-making schools continued to meet despite sporadic attendance by central office administrators. New small autonomous schools clarify that their attendance waned because central office concerns rather than their own questions dominated the agendas. Regardless of the explanation, the participating schools currently do not have regular opportunities to consult with central office administrators either through formal meetings or site visits. Schools convene in two separate groups to address their start-up challenges. (See Table 3.) These meetings typically surface challenges but provide limited opportunities for schools to follow-up on their concerns.

- Communication between the central office and schools depends on personal experience and relationships. An individual school principal's ability to access information about central office procedures depends significantly on the strength of that principal's relationship with particular central office administrators. Two school principals reported that they personally find central office administrators responsive because they have worked with particular administrators for years. However, principals report that even these administrators will only respond to principals' requests, not those of teachers and other school/community members with whom the principals want to share responsibility.

- Competing needs for clarity and flexibility may stall communication. Some school principals want clarification of district rules to better understand what their special status confers. Others, concerned that clarification will lessen flexibility, do not pursue improved communication. This dynamic indicates a familiar tension in organizational change efforts: schools fear that greater communication and clarity will make matters worse and prefer the personal, idiosyncratic system that allows them to slip through the cracks; however, the personal, idiosyncratic system significantly stalls implementation over the long term for most schools.

- Staffing may constrain communication. Site-based decision-making schools fall under the direct supervision of an assistant superintendent who also oversees all other OUSD school reform initiatives. A dedicated, full-time director oversees the new small autonomous schools. However, that director has a staff of only one half-time administrative assistant and frequently faces additional, crisis demands. This assignment of administrative responsibilities significant limits the ability of central office administrators to facilitate the extensive communication that successful implementation requires.

Moreover, the nature of central office administrators' coordinating roles may send mixed messages to schools and other participants. Specifically, such central office point-people must support schools and monitor their progress; they facilitate change and participate centrally in that change. These dual roles typically do not add up to a coherent and consistent set of responsibilities for even the most effective and experienced administrator.

The good news is:

- School leaders want to meet with other school leaders and central office administrators. Schools welcome these meetings as opportunities to better understand and inform OUSD's strategic plan and to learn from other schools about best practices.

- When central office administrators have been invited as experts to invent new procedures for the participating schools, they have readily engaged the challenges. This observation is consistent with other attempts at system-wide change: frontline and mid-level staff become willing and ready participants in change when senior staff provide performance outcomes and new resources and ask staff to design approaches to achieve those goals.[19]

Recommendations and Cautions

These findings suggest that Oakland Unified School District can strengthen implementation of site-based decision-making and new small autonomous schools in the following ways:

- Recommit OUSD's central office to site-based decision-making and new small autonomous schools.

The participation of OUSD's central office in these initiatives to date suggests that implementation within the central office has not truly begun. The Oakland Board of Education designated site-based decision-making schools two years ago. However, since them, the central office has not provided basic, consistent support or the additional, promised funding. New small autonomous schools opened before OUSD established fundamental agreements and resources. Schools have made significant progress, often with the help of non-profit school support providers. However, schools experiences to date do not provide an accurate picture of schools' costs, experiences or barriers had they the requisite resources for implementation.

Oakland now has an opportunity to commit to site-based decision-making and new small autonomous schools in earnest. A restatement of commitment or, what some might call re-launching the two initiatives within the central office, would:

- Signal an acknowledgement by OUSD leadership that implementation to date has not proceeded as intended.
- Help re-ignite the enthusiasm that initially fueled the two initiatives.
- Communicate that site-based decision-making and new small autonomous schools comprise two legs of a common movement toward greater school flexibility, autonomy, and responsibility.
- Provide an opportunity for central office leadership to articulate and communicate how school-site flexibility, autonomy, and responsibility fit into OUSD's strategic plan.

- Define "flexibility" and "autonomy" now, create a set of baseline rules, and set a schedule for regular review of agreements.

OUSD must specifically define the flexibility and autonomy the two policies confer. No amount of new information about related experience in other school districts will minimize the risks inherent in this reform approach. Experience teaches more general but clear lessons: site-based management has languished in implementation for decades in part because central office administrators have failed to make early decisions about schools' specific new responsibilities. New rules, not simply removing old rules, provide the platforms on which schools can improvise and innovate. Accordingly, Oakland's leaders face an immediate, normative question: how much initial, new flexibility and autonomy is OUSD willing to confer to schools?

Oakland's educational leaders are off to a good start in answering this question in several respects. For example, implementation stalls in other districts that limit school decision making

to single issues and thereby ignore how restrictions in one area (e.g., purchasing) curb flexibility in other areas (e.g., buildings and grounds). Oakland by contrast promises to confer a range of new responsibilities to schools. Whereas site-based management initiatives nationwide have had limited impact on student outcomes, Oakland's extension of school responsibilities to areas of curriculum and instruction bode well for bucking these trends.[20]

OUSD's superintendent can capitalize on these strengths and facilitate implementation immediately by designating an advisory group to provide starting definitions of flexibility and autonomy. These definitions should include accountability processes appropriate to new central office and school responsibilities. A number of existing groups can serve as advisors including Oakland's Cross-city Campaign Committee (convened by the Oakland Education Cabinet). These groups have several assets important for this advisory role including staff support and the participation of school leaders, central office administrators, and non-profit school support providers.

Advisors should make strategic use of sunset dates to distinguish between short-term and long-term policy changes and create (and use) a schedule for reassessing and revising rules.

- Prioritize issues related to budgets and human resources.

The interrelationships among the implementation challenges identified in Tables 3-5 make their prioritization somewhat artificial. Furthermore, most of the issues identified here require immediate resolution for implementation to proceed as intended. If central office leaders must select one or two starting points, they should consider choosing issues that implicate a significant number of departments— such as budgets and human resources. These choices can focus work on a specific set of goals while engaging a broad range of central office administrators in implementation at the outset.

- Seek the help of an independent intermediary organization.

Currently, site-based decision-making and new small autonomous school principals find they must both develop school plans and identify new flexibility for implementation. In other words, school principals must develop the expertise of both excellent school leaders and knowledgeable central office administrators. Such capacity exceeds what anyone should reasonably expect of strong school leaders. Central office administrators also face unrealistic demands. Participating administrators have been asked both to support schools' decisions and to monitor schools' compliance with central office rules. Participating administrators find they need both to facilitate implementation and participate in implementation. Such dual responsibilities create role conflict and confusion for even the most capable administrators.

An independent intermediary organization can work between schools and the central office to help schools identify impediments to implementation, to communicate schools' challenges to central office administrators, and to assist central office administrators' in addressing implementation barriers. In particular, an intermediary could convene and facilitate meetings between central office administrators and school leaders, document and disseminate information about district policy and policy changes, research best practices in other districts, help Oakland

liaison with state and federal departments of education (see discussion below), and coordinate broad participation in the invention of specific central office policies appropriate to school-site flexibility and autonomy.[21]

Whereas the advisory group mentioned above would provide an initial set of recommendations about how to define "flexibility" and "autonomy", the intermediary would work day-to-day to help the central office and schools translate those and other agreements into specific roles, rules, and responsibilities throughout OUSD. Accordingly, the intermediary would enable school leaders to focus on their implementation and allow central office administrators to specialize in central office reform by taking on the coordination and communication necessary between the two.

Many organizations in Oakland provide assistance to schools or lobby for policy changes. However, Oakland currently does not have an organization that has responsibility for continually bridging relationships between district central office administrators and school sites in the ways described here. Nor do any Oakland organizations specifically coach central office administrators in becoming school support providers.

- Keep site-based decision-making schools in the conversation.

Any group convened to address district policy related to the new small autonomous schools should also formally address policies and procedures for site-based decision-making schools. Clearly, each school brings different experience and capacity to implementation and each requires individualized assistance. However, research for this report surfaced no reason why *changes in central office policy* extended to one group of schools would not apply to or help implementation of the other group and many reasons why formally joining the two initiatives would bolster both. This recommendation specifically refers to the scope of work set out by the Cross-city Campaign Committee, the Partnership for Small Autonomous Schools, and the Site-based Management Pilot Schools Committee, and the superintendent's new executive taskforce to support new small autonomous schools.

- Engage the state and federal government as partners.

Most state and federal barriers to implementation do not stem from provisions within the State Education Code but from budgetary and programmatic decisions. Accordingly, pursuing alternative school status through the California Department of Education is one part of what must be a broader effort to engage state and federal agencies in strengthening OUSD's ability to confer new roles and responsibilities to schools. OUSD leadership should meet with the state superintendent of public instruction directly to discuss the range of ways the California Department of Education could facilitate implementation. For example, experience with the state's former Challenge District's initiative might suggest avenues for flexibility more appropriate to Oakland's goals than the administrative waivers available with alternative schools status.

OUSD can connect with the federal government by forming a partnership with the regional director of the United States Department of Education. Alameda County's participation in

California's AB 1741 Youth Pilot Project (which included a close working relationship with the director of the U.S. Department of Health and Human Services' Region IX) might provide one model for such a federal-local partnership specifically around flexibility for local decision making.

- Staff these initiatives adequately.

Site-based decision-making and new small autonomous schools likely will not reach their full potential at their current levels of district central office staffing particularly since support for implementation involves labor-intensive, school-by-school assistance. The assignment of a full-time director dedicated to the site-based decision-making schools might help. However, given the importance of linking the two policy efforts, the superintendent should consider creating a new position to oversee site-based decision-making schools and new small autonomous schools with additional support staff.

Who should fill these central office administrative positions? When school districts launch initiatives that aim to be school-responsive, they typically promote a school leader to the helm. These practitioners-turned-policymakers bring important school expertise to the central office but often have limited knowledge of the central office itself. Accordingly, these leaders tend to know what challenges to address but not how to address them. Administrators with deep experience in both schools and central office administration are few and far between. Given a choice, OUSD should ensure that the central office directors understand the importance of supporting schools but defer to candidates with extensive experience with central office operations. Particularly if OUSD identifies or forms an intermediary organization to assist schools to bridge relationships between schools and the central office, the central office directors can truly specialize in central office transformation.

Adequate staffing of these initiatives also means that key directors from across the district central office are willing and able to assist individual schools as needs arise. Developing this central office capacity will take time and a multi-pronged effort. In the short term, all central office directors need the superintendent to provide detailed information about what these initiatives entail, an explanation of how these initiatives fit into the district's strategic plan, and a specific invitation to help solve the challenges identified here. Particularly since traditional administrative training focuses on regulatory relationships and broad distribution of universal services, all administrators need professional development in intra-agency collaboration and work with caseloads of individual schools. The City Manager's Office has been grappling with similar issues in the implementation of Geographic Service Delivery Teams (neighborhood decision making regarding city services) and may serve as an important partner and resource.

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This report reflects the observations of the author and not necessarily the opinions of any one person listed above.

Endnotes

[1] "The Oakland Education Cabinet, formerly the Mayor's Education Cabinet, brings together leaders in a citywide civic organization committed to comprehensive school improvement to enrich education for Oakland students." For a full description, see: Oakland Education Cabinet (2002). The Oakland Education Cabinet: Summary. Briefing paper written by the Oakland Education Cabinet. Te Oakland Education Cabinet also facilitates Oakland's participation in the national network, Cross-city Campaign for Urban School Reform.

[2] For example, in 1999, RPP International assessed schools progress in implementing site-based decision making and prioritized next steps for building school capacity for implementation. See: Chambliss, D., Moses, A., and Sprehe, H. (2000). *School site decision-making: Analysis of pilot site implementation.* Emeryville, CA: RPP International. The Bay Area Coalition for Equitable Schools has raised funds, held conferences, provided on-site consultation, and developed rubrics and definitions of readiness for implementation of new small autonomous schools.

[3] These policy summaries come from the following sources:

- Oakland Unified School District (2000). New small autonomous schools: District Policy. Adopted by the Oakland Board of Education on May 24, 2000.
- Oakland Unified School District (1999). School site decision-making policy. Adopted by the Oakland Board of Education on June 9, 1999.

[4] For a literature review and discussion of challenges to central office administration in becoming support providers, see:

- Honig, M.I. (2001). *Managing ambiguity: The implementation of complex education po*licy. Unpublished doctoral dissertation. Stanford University School of Education.
- Honig, M.I. (2002). Where's the "up" in bottom-up reform? Policymakers' roles in complex policy implementation. Paper presented at the Annual Meeting of the American Educational Research Association. New Orleans, LA. April 3.

[5] Malen, B. Ogawa, R.T., & Kranz, J. (1990). What do we know about school-based management? A case study of the literature—A call for research. In W. Clune and J. Witte (Eds.) *Choice and control in American Education, Vol. I: The practice of choice, decentralization and school restructuring*. New York, NY: Falmer Press (pp. 289-342).

Wohlstetter, P. & Odden, A. (1992). Rethinking school-based management policy and research. *Educational Administration Quarterly*, 28(4), 529-549.

[6] Honig, M.I. (2001). *Managing ambiguity: The implementation of complex education po*licy. Unpublished doctoral dissertation. Stanford University School of Education.

[7] Given the small number of participating schools, no sample could be representative in a scientific sense.

[8] Research supports these features as characteristic of schools with capacity for local decision making. Relevant studies include:

- Bryk, A.S., Sebing, P.B., Kerbow, D., Rollow, S., and Easton, J.Q. (1998). *Charting Chicago school reform*. Boulder, CO: Westview Press.
- Newman, F.M. & Wehlage, G.G. (1995). *Successful school restructuring*. Madison, WI: Center on Organization and Restructuring of Schools, University of Wisconsin, Madison.
- Westheimer, J. (1998). *Among schoolteachers*. New York, NY: Teachers College Press.

[9] For confirmation of this implementation progress, see: Chambliss, D., Moses, A, & Sprehe, H. (2000). School site decision-making: Analysis of pilot site implementation. Emeryville, CA: RPP International. According to several respondents, at least one of the original five site-based decision-making schools did not pursue implementation.

[10] This experience is consistent with that in other school districts that solidifying collaborative decision making bodies can take at least one year even under the most supportive of circumstances.

[11] An exception of note, Melrose Elementary School's fifteen-year-old school governance body has been deeply engaged in curricular decisions for at least the last several years. Some national experts believe that site-based decision making does not improve teaching and learning unless the decision- making team participates in the development, implementation, and review of curriculum and instruction. For further information, see: Wohlstetter, P. & Odden, A. (1992). Rethinking school-based management policy and research. *Educational Administration Quarterly*, 28(4), 529-549.

[12] See:

- Fuhrman, S.H. & Elmore, R.F. (1990). Understanding local control in the wake of state education reform. *Educational Evaluation and Policy Analysis*, 12(1), 82-96.
- United States General Accounting Office. (1998). *Elementary and secondary education: Flexibility initiatives do not address districts' key concerns about federal requirements.* Washington, DC: Author.

[13] See:

- Hatch, M.J. (1997). Jazzing up the theory of organizational improvisation. *Advances in Strategic Management*, 14, 181-191.
- Honig, M.I. (2001). *Managing ambiguity: The implementation of complex education policy*. Unpublished doctoral dissertation. Stanford University School of Education.

[14] March, J.G. (1994). A primer on decision making: How decisions happen. New York, NY: The Free Press.

[15] "Status unknown" means either:

a. The issues have not been addressed.
b. I could not access relevant information.
c. I did not have time to seek relevant information.

[16] The state Fiscal Crisis and Management Assistance Team (FCMAT) conducted an audit of Oakland Unified School District at the end of the 1990s. FCMAT's 2000 report likewise found the central office ill prepared for school site-based decision making in part because of profound inefficiencies in basic central office operations. See: Fiscal Crisis and Management Assistance Team (2000). *Oakland Unified School District Assessment and Recovery Plans*. Sacramento, CA: Author.

[17] On January 22, 2002, the leadership of Oakland Unified School District appointed a sub-group of the superintendent's executive cabinet to coordinate support to the new small autonomous schools. Because the new small autonomous schools policy depends on provisions in the site-based decision-making policy as described above, some believe this taskforce will necessarily consider support to site-based decision-making schools as well. However, site-based decision-making schools currently do not comprise a formal responsibility of this group.

[18] For a review, see:
Malen, B. Ogawa, R.T., & Kranz, J. (1990). What do we know about school-based management? A case study of the literature—A call for research. In W. Clune and J. Witte (Eds.) *Choice and control in American Education, Vol. I: The practice of choice, decentralization and school restructuring*. New York, NY: Falmer Press (pp. 289-342).

[19] See, for example:

- Barzelay, M. (1992). *Breaking through bureaucracy*. Berkeley, CA: The University of California Press.
- Osborne, D. & Gaebler, T. (1992). *Reinventing government: How the entrepreneurial spirit is transforming the public sector*. Reading, MA: Addison-Wesley Publishing Company.

[20] Wohlstetter, P. & Odden, A. (1992). Rethinking school-based management policy and research. *Educational Administration Quarterly*, 28(4), 529-549.

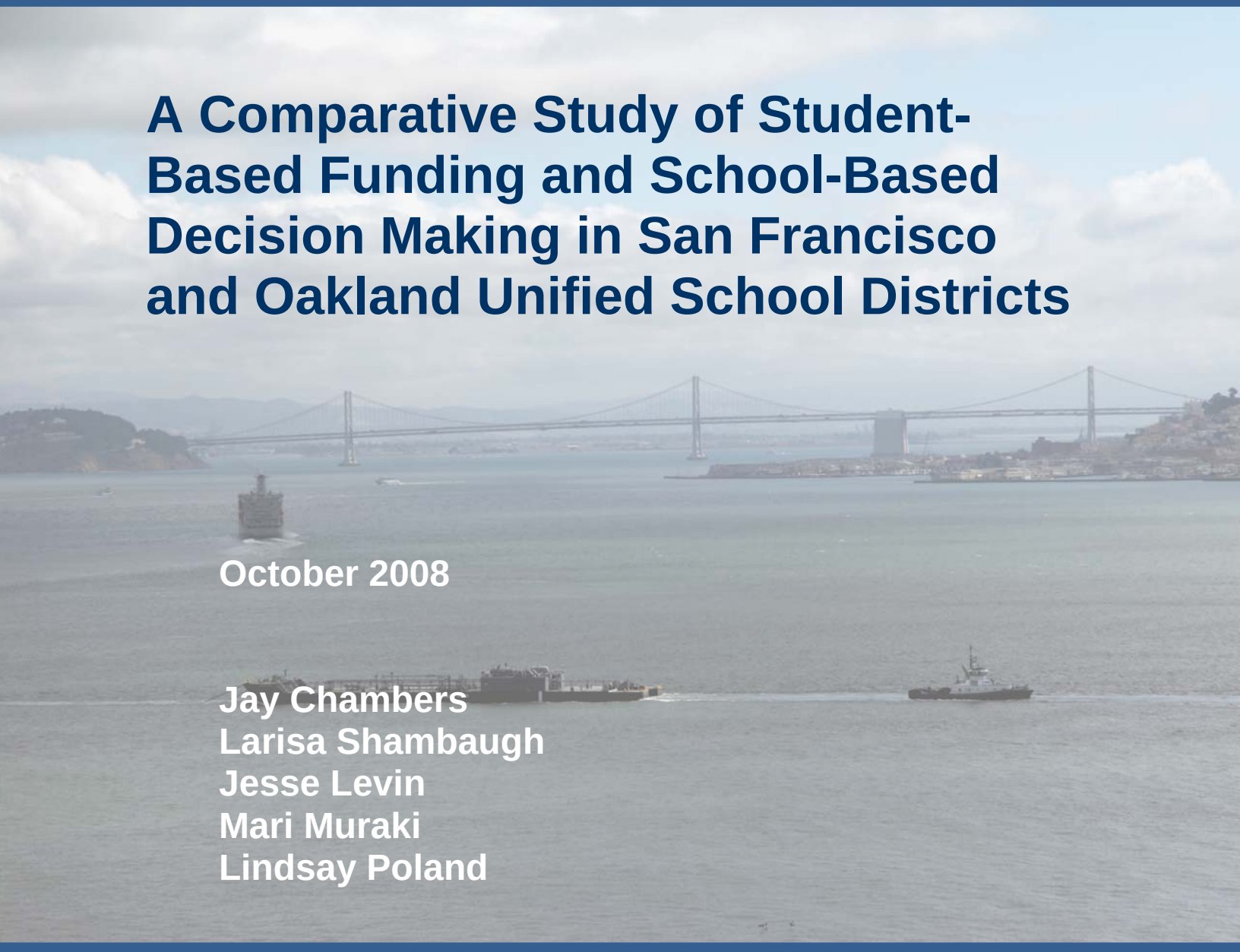
[21] For information about the role of intermediary organizations in complex education policy implementation see:

- Honig, M.I. (2001). Managing from the middle: The role of intermediary organizations in complex education policy implementation. Paper presented at the Annual Meeting of the American Educational Research Association. Seattle, WA. April. EDITOR'S NOTE: This document has been published as: Honig, M.I. (2004). The new middle management: Intermediary organizations in education policy implementation. *Educational Evaluation and Policy Analysis, 26*(1), 65-87.

- Honig, M.I. (2001). *Managing ambiguity: The implementation of complex education policy*. Unpublished doctoral dissertation. Stanford University School of Education, Chapter 5.

A Tale of Two Districts

A Comparative Study of Student-Based Funding and School-Based Decision Making in San Francisco and Oakland Unified School Districts



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Executive Summary

As educational budgets tighten in response to the current fiscal crisis facing public services, state policymakers continue to debate ways of improving the adequacy and equity in the approaches to distributing funds to schools and increasing the efficiency of how schools use these funds. To meet these goals, increasing attention has been paid to policies that provide school administrators with greater autonomy in how they allocate their resources and that distribute additional resources to schools on the basis of the needs of the students they serve.

One such policy that a number of districts have adopted in various forms over the past decade is a *student-based funding* (SBF) policy. Sometimes referred to as a weighted student formula policy, SBF policies typically include the following three dimensions:

- *A student need-based formula*: A district allocation formula to distribute dollars to schools based on student need.
- *Increased school autonomy*: Greater discretion in the use of those resources at the school site.
- *Student choice*: An open enrollment policy, to permit a student to choose which school to attend, with funds following the student.

Districts have used several variations on this policy, depending on their goals and their focus. The general theory is that school staff, parents, and community members are in a better position than more centralized authorities to ensure that resources align with the needs of the students. In addition, by allowing students and families a choice of schools, SBF policies introduce market forces; in other words, school administrators may be motivated to provide programming that will attract parents and children. SBF policies replace the traditional district model, in which the district retains control over both the allocation and the expenditure of resources at the school site, and allocates resources to cover schools' operating costs largely on the basis of the number of students enrolled at each school.

The Edmonton school district in Alberta, Canada, has had the longest-running SBF policy, having initially implemented a site-based management and student-based funding policy in the 1970s. Starting in the late 1990s, several urban school districts in the United States implemented student-based funding policies, including Cincinnati, Hartford, Hawaii (a one-district state), Houston, Oakland, Milwaukee, New York City, San Francisco, Seattle, and Washington, DC.

Though the number of districts with SBF-type policies has grown, the literature on the implementation and possible impacts of these policies is limited. To address this, this report describes the implementation of SBF policies in two California school districts—San Francisco Unified School District and Oakland Unified School District—and addresses the following research questions:

- What are *key considerations* that San Francisco and Oakland have faced when designing and implementing their respective SBF policies? What are the perceived impacts of these districts' decisions? (Chapters 3 and 4)
- Have San Francisco and Oakland distributed and utilized their resources in different ways after adopting SBF policies? (Chapters 5 and 6)
- Based on San Francisco and Oakland's experiences, what are some "lessons learned" for other district and state policymakers interested in an SBF policy? (Chapter 7)

This study is not an evaluation of SBF policies in California. Our goal is to describe and

compare SBF systems in two case study districts, to report the perceptions of key constituencies on these policies, and to present data on the patterns of resource allocation before and after implementation.

Methodology

To address these research questions, we used a mixed methods approach, collecting and examining qualitative and quantitative data from both districts.

To obtain perspectives from various stakeholders in the district, we conducted interviews and focus groups with a diverse sample of respondents in San Francisco and Oakland, reviewed relevant district documents, and observed district-led trainings. To obtain the school-level perspective, we selected a sample of six schools in each district, including both high- and low-poverty schools from different attendance areas. At each of the six schools, we attempted to conduct an interview with the principal, a focus group with randomly selected faculty members, and a focus group with the members of the School Site Council (SSC).

At the district level, we purposively selected both current and former administrators with knowledge of the implementation of the district's SBF policy. We also interviewed external stakeholders relevant to this process in both districts, including union leaders and community leaders.

In addition to these interviews, we conducted one focus group and three interviews with key individuals from other districts in California that considered an SBF policy but then chose not to implement it.

To provide a better understanding of whether resource allocations changed with the implementation of the SBF policies in San Francisco and Oakland, we analyzed district-provided expenditure files and publicly available data from the California Department of Education (CDE). A major focus of the quantitative analyses—investigating whether resource allocations were more equitable under the SBF policies—was to determine whether greater resources for students at high- versus low-need schools existed and whether this changed after the district implemented their respective policies. We also conducted analyses specifically for Oakland to determine whether attendance rates had increased at different schools as a result of the district's decision to provide a financial incentive for increasing a school's average daily attendance.

Key SBF Design Considerations

Both San Francisco (implementing its Weighted Student Formula, or WSF, policy in 2001-02) and Oakland (implementing its Results Based Budgeting, or RBB, policy in 2004-05) shared similar goals for implementing an SBF policy, including increasing the equity of resources in the district and enhancing school autonomy. Oakland also emphasized a third reason for implementing its SBF policy—increasing accountability for school sites.

Exhibit E1: Key *Considerations* for Districts when Designing and Implementing an SBF Policy

#1: Calculating School Allocations
#2: Calculating School-Level Salaries and Benefits
#3: Degree of School-Level Discretion
#4: Alignment of Budgeting and Academic Planning Processes
#5: Level of School Site Capacity
#6: Obtaining School Buy-In
#7: Obtaining District Buy-In
#8: Level of Community Involvement
#9: Interaction with Other Policies

Both districts' general budgeting and planning processes and timelines were therefore very similar, requiring input from school site staff,

central office staff, and parents/community members. However, the two districts implemented the comparable policies in notably different ways. As outlined in Exhibit E1, we explored how each district approached nine key design *considerations*—the first three related specifically to funding and the remaining six related to non-funding issues around planning and implementation. Within the discussion of each consideration, we outline the general questions a district may need to address when developing an SBF policy, the approach both San Francisco and Oakland took, and, where relevant, reactions to these districts' decisions from various stakeholders in the district

Consideration 1: Calculating School Allocations

Given that an SBF policy is designed to shift how schools receive funds, the district must decide exactly how to design the funding allocations to schools.

First, SBF allocates funds to schools based on the children being served. San Francisco and Oakland use different metrics for counting students for these budget allocations. San Francisco uses total school enrollment, while Oakland uses the school's average daily attendance (ADA). The use of ADA was intended to create an incentive for increasing attendance rates, but we observed no significant changes in attendance associated with the implementation of RBB.

Next, districts must decide how to distribute general purpose (GP) funds to schools. San Francisco and Oakland distribute GP funds in significantly different ways. San Francisco weights the allocations on the basis of individual student need factors such as student poverty, English learner (EL) status, and student disabilities, whereas Oakland weights only the grade level of students served in the school. In fact, Oakland does not include traditional student need factors (poverty, EL status, or disability) as weights for distributing unrestricted (discretionary) funds. *Not* including weights for specific student populations was a conscious decision by district administrators, who focused on two other policy components to increase resource equity: instead of weighting the GP funds, Oakland relied on the distribution of categorical program funds (e.g., Title I or Title III), which commonly do take student need factors such as poverty and EL status into account, and the use of *actual* rather than *average* salaries of school personnel.

Third, districts need to determine whether the funding their schools receive under an SBF policy is sufficient to support basic school operations. The two districts approached calculating the minimum level of funding a school needs to function in different ways. San Francisco created what they call a "floor plan" to ensure a certain minimum level of school personnel and the associated funding that the district believed to be necessary for the school's basic operation. Oakland did not have an official minimum amount but rather created a basic per student allotment for elementary, middle, and high schools that it reviews each year to ensure that all schools can cover their operating costs.

Lastly, districts need to determine whether certain schools should systematically receive additional funding on top of their general purpose and categorical program funds. In San Francisco, the district provides additional resources to the lowest-performing schools. In Oakland, the district provides resources to small schools and to schools with larger proportions of experienced teachers to cover higher teacher costs.

Consideration 2: Calculating School-Level Salaries and Benefits

In implementing an SBF policy, districts must determine how to charge the costs of school

personnel in each school's budget. When a district uses average salaries, the salary amount charged against the school budget for each teacher reflects the average teacher salary for the district and therefore is identical in each school. When a district uses actual salaries, this amount is the actual salary for each teacher, as determined by educational preparation and experience. Because less experienced (and therefore lower-salaried) teachers are more typically found in higher-poverty schools, the use of average salaries that charges an amount higher than what their teachers are actually earning can place higher-poverty schools at a relative disadvantage. However, the use of actual salaries can also introduce political tensions into a district.

The approach to this key consideration is one of the main differences between San Francisco and Oakland. San Francisco uses average salaries to cost out school personnel, and Oakland uses actual salaries. San Francisco chose not to use actual salaries because of potential political tensions with the teachers' union, administrative and privacy challenges, and a concern that principals might discriminate against more "expensive" veteran teachers. In contrast, Oakland implemented the use of actual salaries so that schools with less-experienced teachers would have lower teacher-related costs in their budget and could redirect this money toward resources (e.g., professional development) that would support and help retain experienced teachers in schools serving larger percentages of high-poverty students.

In general, most district-level and school-level respondents in Oakland tended to favor using actual versus average salaries in budgeting. However, the decision has resulted in political tensions. In addition, the district had to create a subsidy for lower-poverty schools to provide a cushion for those schools that could not cover the costs of their existing, more-veteran staff. It was assumed that the distribution of teachers would change over time, as more teachers would decide to stay at the higher-poverty schools because of the new supports those schools were able to purchase with their extra funds. In turn, teachers' experience levels would become more evenly distributed throughout the district. Therefore, the district planned for the subsidies to decrease gradually over three years and end in 2007–08. Interestingly, the subsidies did decrease as planned but had not yet ended in 2007-08 as had been intended. It was unclear from our conversations whether the district would be able fully end this subsidy as planned.

Given that the calculation of salaries can theoretically impact the distribution of teacher experience, we investigated whether there had been any changes in levels of teacher experience between low- and high-poverty schools in both districts over the course of this policy. In both districts, for the most part, low-poverty schools employed more experienced teachers than their high-poverty counterparts, both before and after implementation of the SBF policies, with much smaller experience gaps in elementary and middle schools. Despite Oakland's additional incentive to retain newer teachers at higher-poverty schools, on average, San Francisco showed progress toward closing the experience gap whereas Oakland did not. However, Oakland only recently began implementing this policy and so it may still be too early to see changes in teacher experience levels.

In addition to the cost of salaries, both districts faced issues about how to include the cost of employee benefits in school budgets. As with salaries, San Francisco spreads the costs of benefits across all schools, whereas Oakland schools pay for the actual benefits paid to their teachers.

Both districts had respondents who were not happy with how the benefits were calculated at the school level. San Francisco recently

started including the cost of teachers' retirement benefits in the calculation of the average salary, perhaps placing a larger burden on the schools. Oakland respondents mentioned the tension introduced by a school paying not just the actual salary costs but also the actual employee benefits, given that benefits do not relate to the teacher's "value."

Consideration 3: Degree of School-Level Discretion

One of the main goals of a student-based funding policy is clearly an increased level of school-level discretion over planning and budgeting.

We observed no consistent increase in the proportion of funding provided to schools in either San Francisco or Oakland after the adoption of their SBF policies.

Our respondents provided very mixed impressions of school-level discretion, which could, in part, be affected by other external factors that affect the level of discretion in a school, including declining revenue and collective bargaining agreements. We found that more Oakland respondents than San Francisco respondents felt that schools had a significant amount of discretion over decision making.

Interestingly, Oakland's design to create more flexibility also had an unintended impact not seen in San Francisco. San Francisco's school-level respondents, for the most part, were content with the balance of things in their planning purview. Oakland staff were provided with more discretion over expenditure, through an implementation of a "service economy" in which a school can theoretically choose which services it wants to purchase from the district and which services it wants to purchase from external vendors. However, Oakland's school-level respondents felt frustrated with being held responsible for certain resources to school budgets, including custodians, substitutes, and utilities, without having much control over the cost of these resources. Indeed, we found that Oakland's service economy model that was designed to provide more discretion to schools in Oakland had not fully taken shape as intended.

Despite these frustrations about discretion, respondents in both districts indicated numerous ways in which they used their budgetary freedom to change staffing levels and responsibilities, such as reducing counselors or librarians and hiring attendance clerks and parent liaisons. To determine whether there was any quantifiable difference in staffing patterns in both districts, we examined the number of full-time staff (FTE) per student in schools with different poverty levels. Neither district showed any discernable change in the staff ratios over the course of the implementation of its SBF policies. Respondents also reported that few changes in programmatic offerings were directly related to the SBF policy.

Many of the elements retained within the control of the central office, such as special education costs, were similar across the two districts. However, Oakland and San Francisco did have some differences in what is included within the school's discretion for planning purposes.

Consideration 4: Alignment of Academic Planning and Budgeting Processes

Effective use of resources that achieve the goals set out by the schools depends on the ability of school leadership to align the budget with the academic plans. The districts must set out procedures and processes for helping school leadership achieve this alignment between the budgeting and academic plans.

Schools in both districts felt that they were aligning their plans to their budgets and were

improving the general academic planning process, noting that the academic plan had become more of a "living document." However, Oakland respondents cited an overemphasis on complying with federal and state regulations for a lack of alignment between plans and budgets. Respondents in both districts cited an overall lack of funding that created difficulties for effective alignment. In short, our conversations indicated a need to improve alignment and for the district to provide increased resources to assist schools in this regard.

Consideration 5: Capacity of School Sites

Given that an SBF policy requires a school to assume a larger role in determining its academic plans and to develop a corresponding budget, the districts needed to determine how to ensure that schools have adequate information and the technical capacity to make effective decisions about resource allocation. Indeed, one district leader in California who previously considered, but did not implement, an SBF policy commented that one reason for not pursuing the policy was the impression of a lack of school-site capacity to take on these new responsibilities.

Based on our observations and interviews in the two districts, San Francisco appeared slightly further along than Oakland in developing technical assistance materials. Oakland, however, appeared to have more clearly defined procedures for how principals can receive assistance with their budgets and plans. Specifically, in addition to supports similar to San Francisco, Oakland schools could also hire operations support coaches (or "ops coaches")—a position well-received by respondents—to help create budgets and serve as liaisons to the district office.

However, in both districts, there was a strong message from the principals and other school leaders that the system of supporting schools in this process is in need of improvement. Not surprisingly, the vast majority of respondents also felt that there was great variation in the current capacity of schools to carry out the planning and budgeting processes. Respondents in both districts felt that the variation in capacity arose because the skill set required of principals and SSCs for planning and budgeting was very different from what is typically asked of an instructional leader.

Consideration 6: School-Level Buy-In

School-level buy-in seems to be particularly important with an SBF policy because it requires school leaders to play a new role in planning and budgeting for their schools. San Francisco and Oakland approached school-level involvement in the development of the policy in different ways. San Francisco involved school-level actors at the outset and introduced the policy gradually over two years. Oakland implemented the policy over the period of a few months with relatively little effort to incorporate feedback from school-level actors. Interestingly, despite these different approaches, respondents reported similarly high levels of acceptance of this reform at the school level.

Consideration 7: District-Level Buy-In

Perhaps just as important as school-level buy-in to effective policy implementation is district buy-in. Both San Francisco and Oakland faced decisions on how district-level staff should be involved in policy and what kinds of ongoing support should be available to district staff themselves during implementation. San Francisco district administrators were more involved in the initial stages, but both districts showed strong acceptance of the policy at the district level.

Consideration 8: Degree of Parent and Community Involvement

One of the primary ways parents and community members have input in planning and budgeting processes in California schools is through the School Site Council (SSC). Given that the site-planning process includes an element of parent and community involvement, our interviews indicated that districts must decide whether increasing parent and community involvement is an explicit goal of their SBF policy and, if so, how to authentically engage a representative group of parents and community members in the process.

We found the emphasis on parent and community involvement to be much stronger in San Francisco's WSF policy than in Oakland's RBB policy. However, despite the districts' different approaches to engaging parents and the community, both faced challenges in ensuring that the involvement was both diverse and authentic; both districts reported difficulties with ensuring SSC members represented the different demographics of the school and were actively engaged in the process. But in spite of the challenges they faced, SSCs and principals in both districts showed innovative methods for ensuring that the schools' plans reflect the community's priorities.

Although we are not able to observe a direct causal link between the engagement of community members and the SBF policies, certain respondents in San Francisco and Oakland felt that the process had a positive impact on involving parents and the community in the school planning process.

Consideration 9: Interaction with Other Policies

A last consideration is how other policies affect the implementation of SBF. No districtwide policy exists in a vacuum. District policies and processes, including small-schools policies, open enrollment policies, and collective bargaining agreements, as well as state-level policies such as the number of state and federal categorical programs, the state budgeting cycle, and the level of funding in the state, all affected the design and implementation of San Francisco's and Oakland's SBF policies.

Analysis of Spending Patterns

In addition to understanding how districts design and implement an SBF policy, we also sought to understand whether these SBF districts utilized their resources in different ways after changing the funding formulas and decentralizing decision-making authority.

For San Francisco, one notable finding is the large increase in dollars spent per pupil on employee benefits. As mentioned in Consideration 2, this could relate to the change in how the district charges benefits against school-level budgets. In general, San Francisco's share of per pupil expenditures going toward certified personnel salaries declined from pre-WSF levels. Specifically, elementary and middle schools in San Francisco experienced an increase in the share of certified salary expenditure devoted to teachers. However, spending on other certified salaries (e.g., reading specialists) across all school levels in San Francisco (elementary, middle, and high) virtually disappeared after adoption of the WSF policy.

In Oakland, per pupil expenditures on books and supplies and on services and operations consistently grew over time across all school levels. A potential reason for the increase in expenditures on books and supplies may be the settlement of the *Williams* case in California. The growth in spending on services and operations may reflect, in part, the district's introduction of the service economy model, in which services could be purchased from the district as needed. In addition, we found that across all schooling levels in

Oakland, the share of total expenditures put toward certified personnel salaries declined substantially. Oakland middle schools experienced an increase in the share of certified salaries spent on administrative/supervisory staff and a decrease in the share spent on pupil support personnel, whereas the relative share for services and operations increased.

Targeting Funds to Students in an SBF Policy: Patterns Related to Student Need and Scale of Operations

Achieving a more equitable distribution of resources is among the most important goals of implementing an SBF policy. Therefore, we conducted analyses to determine whether resources were distributed more according to student need. We used multivariate regression analysis to see how the relationship among per pupil spending and student need and school size changed over the periods before and after implementation of the SBF policies in these two districts.

In San Francisco, our analysis revealed that a positive relationship between overall expenditures and student poverty existed for elementary schools (see Exhibit E2). This positive relationship appears to be driven by the way San Francisco allocated restricted (i.e., categorical) funds, and it did not change significantly with implementation of the WSF policy.

High-poverty middle and high schools in San Francisco benefitted significantly from the implementation of the WSF policy. Focusing on the overall per pupil spending, we found that San Francisco increased the proportion of total resources allocated to high-poverty relative to low-poverty middle and high schools after implementation of the WSF (Exhibit E3). There are indications that this increase in funding for high-poverty schools was driven at least in part by increased allocations of unrestricted (i.e., general purpose) funding distributed through the pupil weighting structure established under WSF.

For Oakland, the district appeared to direct significantly more resources to higher-poverty elementary schools in the post-RBB years (see Exhibit E4), but this was driven by the allocation of restricted rather than unrestricted funding. However, while high-poverty middle and high schools in Oakland received more resources per pupil than low-poverty schools (see Exhibit E5), this was driven primarily by the distribution of restricted funds, which made up for lower levels of unrestricted funding received by the relatively higher-poverty schools. There did not appear to be a significant difference in this relationship between per pupil expenditure and student poverty before and after RBB implementation. In addition, the veteran teacher subsidies provided to the schools by Oakland appeared to have a negative impact on the relationship between student need and expenditures.

Both San Francisco and Oakland tended to recognize school size (scale of operations) as a basis for distributing resources to schools, but there did not appear to be any significant change in the relationship between per pupil spending and school size resulting from the implementation of either SBF policy.

Exhibit E2: Implicit Student Poverty Weights Using Total Expenditures for San Francisco Elementary Schools from 2000-01 to 2006-07

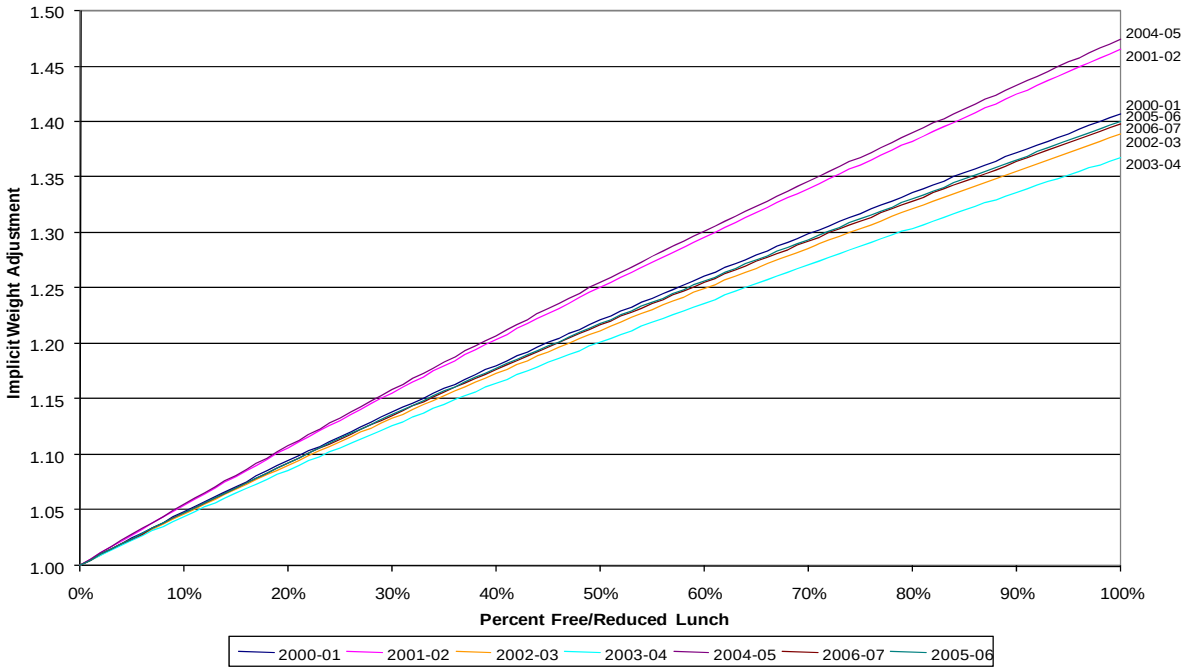


Exhibit E3: Implicit Student Poverty Weight Profiles Using Total Expenditures for San Francisco Middle and High Schools from 2000-01 to 2006-07 (Denotes Significant Difference from 2001-02 at 5% Levels)**

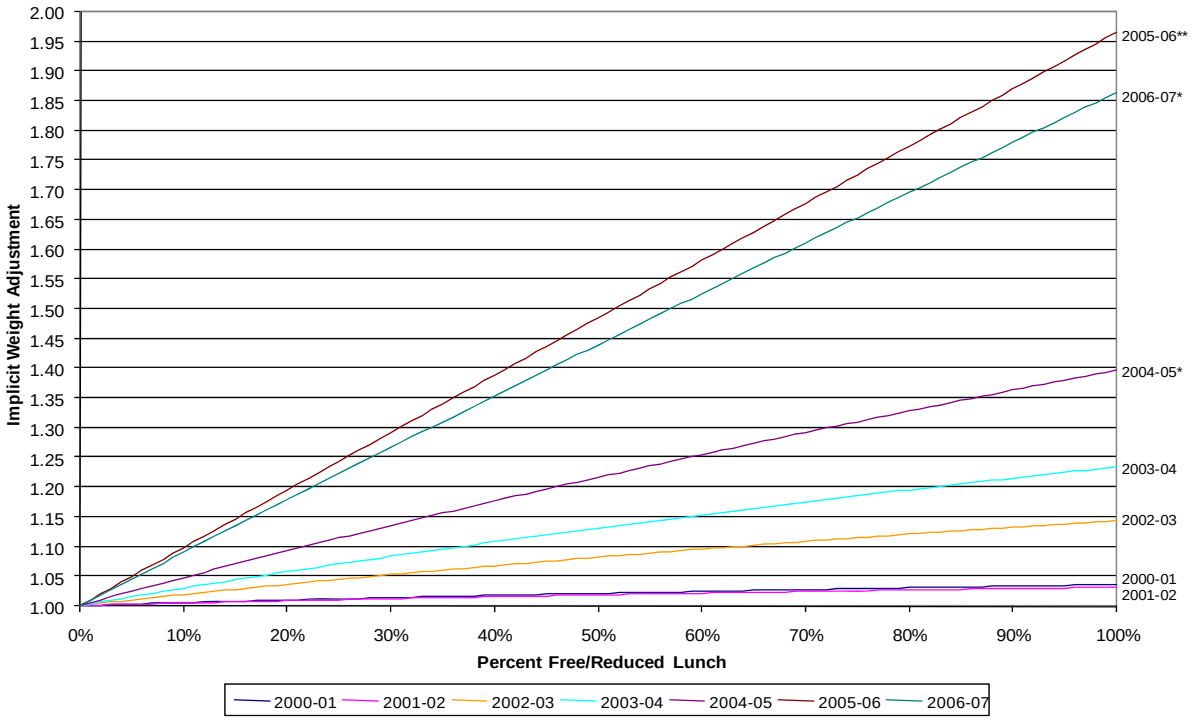


Exhibit E4: Implicit Student Poverty Weights Using Total Expenditures With/Without Teacher Subsidies for Oakland Elementary Schools for 2002-03 and 2004-05 to 2006-07 (*, ** and * Denote Significant Differences from 2002-03 at 1%, 5% and 10% Levels)**

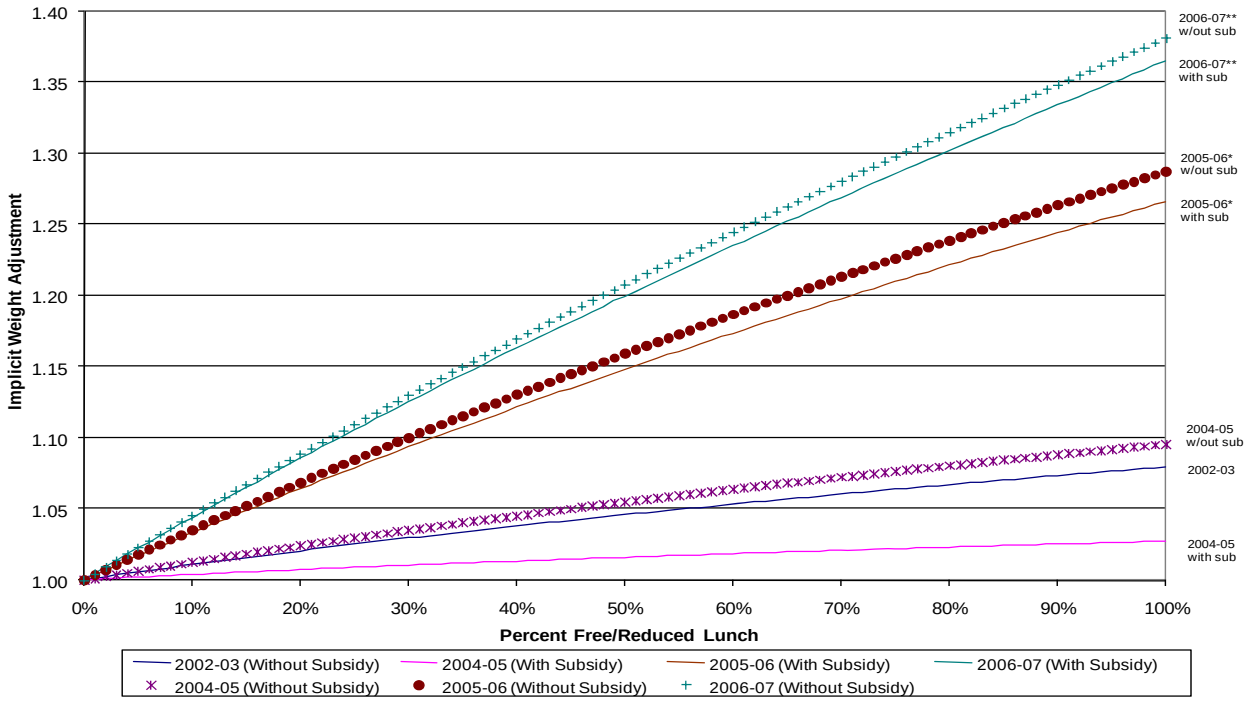
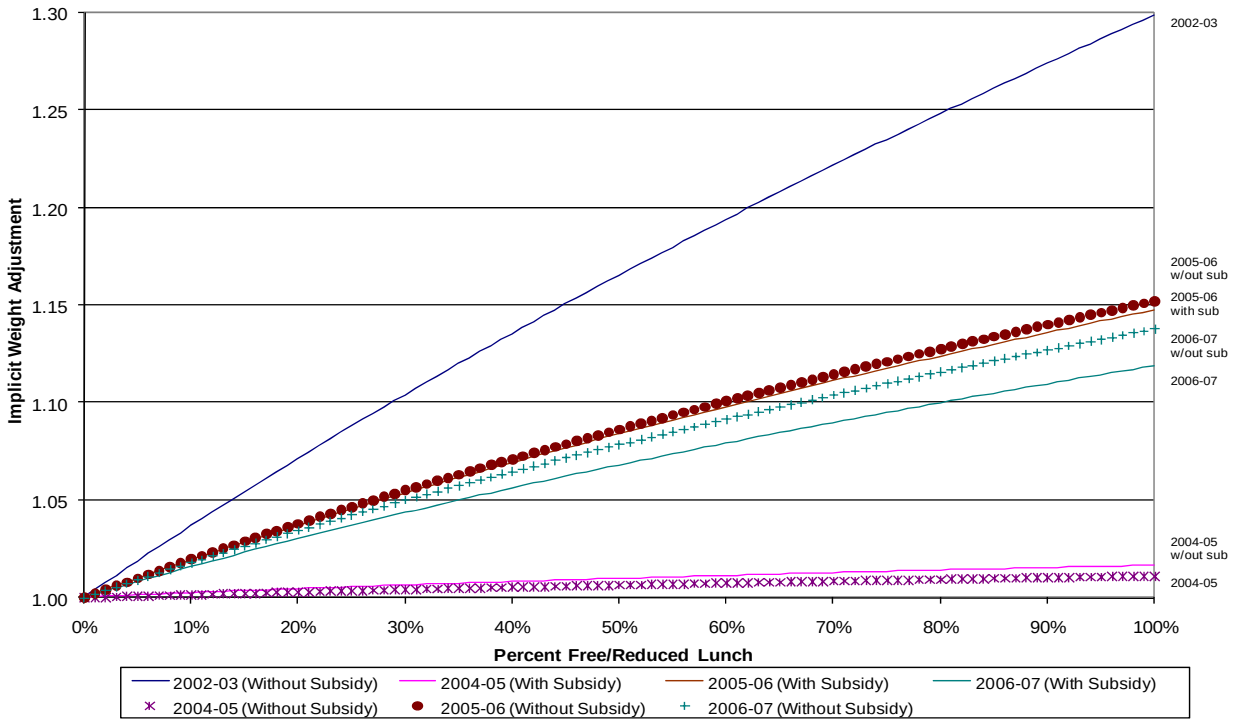


Exhibit E5: Implicit Student Poverty Weights Using Total Expenditures With/Without Teacher Subsidies for Oakland Middle and High Schools for 2002-03 and 2004-05 to 2006-07



Lessons Learned

Our conversations with various stakeholders in San Francisco and Oakland and our analysis of resource allocation provide general lessons learned about the implementation of an SBF policy. These lessons are aimed both specifically at districts considering or already implementing such a policy, and at state policymakers who can benefit from understanding how state policies affect implementation of an SBF policy.

Lessons for District Policymakers

Creating and sustaining an SBF policy requires a tremendous amount of work, but despite the onus of additional work, almost every school and district respondent interviewed exhibited a high level of acceptance of the SBF policies in both San Francisco and Oakland. The overwhelming preference for this policy over the traditional budgeting approach is more impressive when we take into account the fact that the policy asks more of everyone than does the traditional budgeting model.

An SBF policy cannot be the reform mechanism for change; it is only a process on which other reforms and policies aimed at increasing student achievement can be built. Even proponents of the policy in both districts recognized that SBF policies are not a vehicle for changing teaching and learning. The work that this policy requires should be seen only as the first step in a strategic and systemic process to improve student outcomes in a district.

SBF policies cannot and do not solve the problem of inadequate levels of funding from federal, state, and local sources. Our conversations in both districts clearly revealed the strain of a state budget crisis in California. Both districts were experiencing declining enrollments and revenues and consequently were faced with tough decisions every year. Although respondents did not blame their SBF policies for this problem, it is clear that no matter what the budgeting policy, these schools were frustrated by the struggle to cover their operating costs each year.

Even with strong support, SBF policies require ongoing review and adjustment based on feedback from relevant stakeholders. In both San Francisco and Oakland, although respondents were positive about the policy, they shared many examples of how the system could be revised to serve their needs better. Therefore, SBF districts need to evaluate the ongoing implementation of their planning and budgeting policies.

SBF policies create the opportunity (and perhaps even the demand) for improving other district-wide problems. Given that creating SBF policies often requires districts to take a much closer look at their budgeting information, processes, and tools, these policies create a unique opportunity for district administrators to refine existing structures and to re-align systems that may have been in existence in the district for a long time.

Increased transparency in the schools appeared to lead to an increased demand for transparency in the district office. Respondents indicated that both the RBB policy in Oakland and the WSF policy in San Francisco created an increased perception of transparency regarding how the schools received funding. Although this is certainly a positive outcome of an SBF policy, an interesting side-effect heard from schools in both districts is that the schools, in turn, demanded increased transparency regarding how the district used its funds centrally.

SBF policies require a culture shift for central and school staff, moving away from a compliance mentality to make room for innovation. A major culture shift is required on the part of both district and

school staff to step away from a compliance mentality and break down the traditional structures of the district. Our Oakland interviews seem to suggest a continued focus on compliance. However, focusing on compliance can negatively affect innovation.

Districts can pursue specific elements of an SBF policy with the goal of increasing equity without fully implementing an SBF policy. Our conversations with superintendents from other districts in California who opted not to pursue an SBF policy revealed that even without pursuing a full student-based funding policy, a district can implement similar mechanisms to improve the equity and transparency of resources in the district.

Lessons for State Policymakers

California's state budgeting process has a significant impact on schools' ability to plan and allocate resources. The state budget cycle in general makes school planning and budgeting processes more difficult. This seems to be especially true in SBF districts, where schools sometimes have to determine their plans and budgets before they know the total amount of funds that will be available. These tensions are further aggravated by delays in passing the state budget, leading to even further uncertainty in the planning process.

Currently, the state provides very little support to districts with an SBF policy, making it difficult for other districts to adopt such a policy. One former administrator in a district that considered, but did not implement, an SBF policy noted that the process for creating such a policy required administrative capacity that the district lacked. One recommendation made by this former chief financial officer of a large urban school district in California was to create state and/or regional structures supporting SBF policies that could assist districts that are interested in their implementation.

The large number of categorical programs at state and federal levels inhibits innovation and reinforces a compliance-oriented mentality. Despite recent provisions attempting to change the restrictions on federal funds, it has been very difficult to change the compliance mentality in states, districts, and schools. If state policymakers are interested in creating avenues for more school-level innovation, they must re-examine how state funds are distributed and how districts are required to report the expenditure of these funds. Respondents repeatedly voiced a desire to improve the state funding system to better promote innovation.

Chapter 1
General Overview

As educational budgets tighten in response to the current fiscal crisis facing public services, state policymakers continue to debate ways of improving the adequacy and equity in the approaches to distributing funds to schools and increasing the efficiency of how schools use these funds. Schools and districts are increasingly focused on how to get the most out of every dollar they receive to improve student outcomes and how to ensure an equitable distribution of resources to meet the diversity of student needs. To meet these goals, increasing attention has been paid to policies that provide school administrators with greater autonomy in how they allocate their resources and that distribute additional resources to schools on the basis of the needs of the students they serve.

One such policy that a number of districts in the United States have adopted in various forms over the past decade is commonly referred to as a weighted student formula. The name is a bit of a misnomer because it focuses on one part of the policy—the funding stream—with little hint at another important aspect of its implementation—the decentralized decision-making component. In addition, not all districts use the weighted student formula name when implementing such a policy. Oakland, for instance, has been cited in the media as having a weighted student formula. However, district respondents in Oakland were very clear that they do *not* have a weighted student formula. Technically, Oakland does not follow the method for allocating funds to schools that is typical in a weighted student formula policy. Therefore, in this report we refer to this type of policy as a *student-based funding* (SBF) policy. To be clear, the SBF policies we are referring to include the following three dimensions:

- *A student need-based formula*: A district's allocation formula that distributes dollars to schools based on student need.
- *Increased school autonomy*: A procedure to allow greater discretion in the use of those resources at the school site.
- *Student choice*: An open enrollment policy to permit a student to choose which school to attend where funds to follow the student throughout the district.

The student need-based formula addresses equity by distributing resources to where the need is greatest. School autonomy is intended to ensure that resource allocation decisions are made as close as possible to where the resources are actually used. Districts have used several variations on the theme to identify their own specific models—in New York, it is called "Fair Student Funding," whereas in many other districts, the policy has the name "Weighted Student Formula." The general theory is that school staff, parents, and community members are in a better position than more centralized authorities to ensure that resources are used in ways that align with the needs of the students. In addition, by allowing students or families a choice of schools, SBF policies may introduce market forces; in other words, school administrators may be motivated to provide programming that will attract parents and children.

The Edmonton school district in Alberta, Canada, has had the longest-running SBF policy, having initially implemented a site-based management and student-based funding policy in the 1970s. Starting in the late 1990s, several urban school districts in the United States implemented student-based funding policies, including Cincinnati, Hartford, Hawaii (a one-district state), Houston, Milwaukee, New York City, Seattle, and Washington, DC. Two districts in California are currently

implementing SBF policies—San Francisco Unified School District and Oakland Unified School District. San Francisco began implementing its Weighted Student Formula (WSF) policy in the 2001–02 school year. Oakland began implementing its Results Based Budgeting (RBB) policy in the 2004–05 school year.

Though the number of districts with SBF-type policies has grown, the literature on the implementation and possible impacts of these policies is limited. To address this, this report describes the implementation of SBF policies in two California school districts—San Francisco and Oakland. This study is not an evaluation of SBF policies in California. Our goal is to describe and compare SBF systems in two case study districts, to report the perceptions of key constituencies, and to present data on the patterns of resource allocation before and after implementation.

An Overview of SBF Policies

An SBF policy replaces the traditional district model, in which the district retains control over both the allocation and the expenditures of resources at the school site. In the traditional budgeting process, the district allocates resources to cover schools' operating costs largely on the basis of the number of students enrolled at each school. A district would calculate the staffing required for the total number of students enrolled at the school, using the desired student-staffing ratio for various job titles. Exhibit 1 shows the approximate staffing model allocations in place in San Francisco prior to the implementation of its SBF policy. Based on this formula, a middle school of 1,200 students would have previously received funding allocations for one principal, two assistant principals, 37 teachers, 2 guidance counselors, a half-time librarian, and additional special education teachers, nurses, and clerks as needed. Finally, the district would add on funding for additional programs, such as a parent liaison, depending on the central office's determination of the school's needs.

In contrast to this traditional allocation process, SBF districts provide money to schools on the basis of the composition of students enrolled in each school. Students are "weighted" according to their educational needs, with more money allocated to students, such as low-income students, English learners (ELs), or students with disabilities, who may be educationally disadvantaged.

In addition, under an SBF policy, schools commonly are given increased autonomy in developing their own academic plans and in determining how to use their budgets to implement those plans. Often referred to as site-based management, this policy itself increases decision-making authority at the school site but does not necessarily change the amount of resources allocated to the school.

To create some incentives for schools to compete for students and offer innovative programs, districts couple SBF policies with an open enrollment policy, whereby students can choose which school they attend. The funding allocations, being based on a student's need, moves with the child throughout the district.

The Edmonton school district in Alberta, Canada, has had the longest-running SBF policy, having initially implemented a site-based management and student-based funding policy in the 1970s. Often visited by districts interested in similar policies, Edmonton has become a model of SBF policies from which others have sought to learn (Archer, 2005). Starting in the late 1990s, several urban school districts implemented student-based funding policies, including Cincinnati, Hartford, Hawaii (a one-district state), Houston, Oakland, Milwaukee, New York City, San Francisco, Seattle, and Washington, DC. Each district's SBF policy varies in its implementation, including the types of

students who carry weights, the amount of weight they carry, and the degree of budgetary control given to schools (Cooper, et al, 2006; Ucelli, Foley, & Edmon, 2002).

Exhibit 1: School Staffing Formula in San Francisco Prior to their SBF Policy

Staff	Staffing Ratio
Principals	1 per school
Asst. Principals	1 for elementary schools with more than 600 students 1 for middle schools with fewer than 1,000 students; 2 for middle schools with more than 1,000 students 1 for high schools with fewer than 800 students, 3 for high schools with more than 800 students
Teachers	
Grades K–3	1 for every 20.0 students
Grades 4 and 5	1 for every 32.2 students
Grades 6–8	1 for every 33.1 students
Grades 9–12	1 for every 34.4 students 0.20 department head for each subject with 25 students 0.40 for each school with AP courses plus 0.20 for each 20 AP exams taken
Special Education Teachers	Ratios vary by severity of student need
Guidance Counselors (6–12)	1 for middle schools with fewer than 1,000 students; 2 for middle schools with more than 1,000 students 1 for high schools with fewer than 800 students, 2 for high schools with more than 800 students
Librarian (6–12)	0.5 per middle school 1.0 per high school with fewer than 2,000 students 1.5 per high school with more than 2,000 students
Athletic Director	0.20 for high schools with 12 or more teams
Clerks, Custodians, Security	Unknown

Source: District-produced data from San Francisco district administrator

So why have all these districts pursued an alternative to the traditional staffing model? The driving force behind the implementation of SBF policies appears to vary by district. Some districts implemented an SBF policy to decentralize control to the schools and hold schools accountable for student outcomes, whereas others did so to create intra-district resource equity and make the funding system more transparent (Cooper et al., 2006; Ucelli et al., 2002).

Indeed, an SBF policy can have several different goals. Changing the funding stream to match dollars at the school site with specific needs of the students at the school is intended to create a more equitable distribution of resources and provide greater resources to those students most in need (see, for example, the Thomas B. Fordham Foundation, 2006; Hawley Miles & Roza, 2006; Roza & Hill, 2003). In addition, changing the locus of decision making from the district to the school is intended to create a more efficient use of resources because those who work closest to the students might best understand these students' needs (see, for example, National Association of State Boards of Education, 2003, Ouchi, 2003; Psacharaopoulous, 2006). The theory behind decentralized decision making draws from research in the business world that links active

participation in the company with overall organizational effectiveness (Mohrman, Lawler, & Mohrman, 1992). Although this decentralization component may have the benefit of increasing transparency of governance (Roza, Swartz, & Miller, 2005), increasing involvement of various stakeholders (Designs for Change, 2002), and providing more accountability to schools in exchange for more flexibility, it is important to remember that the ultimate goal is to improve outcomes for students (Hansen & Roza, 2005).

Despite the well-intended goals of SBF policies, they do have their critics. First, some critics believe that a focus on SBF policies draws attention away from the true problem of inadequate funding in education (Petko, 2005; Ackerman et al., 2006). That is, even if an SBF policy distributes the available pot of money to schools more equitably, because the overall pot of money is not big enough to provide an adequate education, it will be difficult to achieve the ultimate goal of improving student outcomes. Others have argued that the formulas developed to distribute the funds to students under an SBF policy are not well researched and therefore may not ultimately create a more equitable distribution of resources (Baker, 2008).

Other critics are concerned that by decentralizing decision making and placing local school leaders and community members who may lack the capacity to make effective planning and budgeting decisions in charge of the schools, the policy is setting up these local leaders to fail. Under a decentralized model, communities could be blamed for the failure of the system, when they did not have the ability or the power to change the district's systemic failures (Lewis & Nakagawa, 1995). Others argue that because of this lack of school-level capacity around resource allocation strategies typically led by district-level staff, SBF policies could result in the ineffective use of funds at specific schools, further contributing to inequities in the district (League of Women Voters of Charlotte-Mecklenburg, 2007).

Research Questions

Although attention on different SBF policies has increased in recent years, the literature on the implementation and possible impacts of these policies is somewhat limited. Our goal is to describe and compare SBF systems in two case study districts, to report the perceptions of key constituencies on these policies, and to present data on the patterns of resource allocation before and after implementation. To this end, the project will address the following research questions:

- What are key considerations that San Francisco and Oakland have faced when designing and implementing their respective SBF policies? What are the perceived impacts of these districts' decisions? (Chapters 3 and 4)
- Have San Francisco and Oakland distributed and utilized their resources in different ways after adopting their respective SBF policies? (Chapters 5 and 6)
- Based on San Francisco and Oakland's experiences, what are some "lessons learned" for other district and state policymakers interested in an SBF policy? (Chapter 7)

To be clear, this project does not represent an evaluation of SBF policies in California. It is also important to note that this project builds on previous findings from a descriptive study of the weighted student formula policy as implemented in San Francisco completed by Shambaugh and colleagues (2008). That project, completed for the Regional Educational Laboratory West, described the implementation of San Francisco's weighted student formula policy and the decisions the district faced in developing such a policy. This study provides additional detail and analysis of the

implementation and the perceived impacts of the SBF policy in San Francisco as well as similar analyses of the implementation and perceived impacts of the SBF policy in Oakland.

Methodology

To address these research questions, we used a mixed methods approach, collecting and examining both qualitative and quantitative data from both SBF school districts.

Qualitative Analyses

To obtain perspectives from various stakeholders in the district, we conducted interviews and focus groups with a diverse sample of respondents in San Francisco and Oakland. The samples included both district- and school-level staff.

To obtain the school-level perspective, we selected a sample of six schools in each district, including both high- and low-poverty schools from different attendance areas. At each of the six schools, we attempted to conduct an interview with the principal, a focus group with randomly selected faculty members, and a focus group with the members of the School Site Council (SSC).

At the district level, we purposively selected both current and former administrators with knowledge of the implementation of the district's SBF policy. During the initial set of interviews at the central office, respondents identified additional district administrators who they felt would provide important additional perspectives; these individuals were therefore added to our data collection activities. We also interviewed external stakeholders relevant to this process in both districts, including union leaders in Oakland and community leaders in San Francisco. Finally, we reviewed relevant documents produced by the districts on their SBF policies and observed one district-led budget training session for Oakland principals. For a full list of the data collected and analyzed for this report, see Exhibit 2.[1]

In addition to the interviews in San Francisco and Oakland, we conducted interviews with key individuals from other districts in California to determine why these districts have not pursued an SBF policy to date. Specifically, we conducted a focus group with five current and former superintendents of large districts in California and interviewed three district leaders from three districts that had considered an SBF policy but had chosen not to implement it. For the sake of confidentiality, all individual respondents' names and all selected schools are withheld from this report.

We reviewed the data collected from all the sources listed in Exhibit 2 to learn about the implementation of SBF policies in California. We then drew relevant themes and patterns from the analysis of these data for inclusion in this report.

[1] The current study builds on a previous study of San Francisco's weighted student formula policy (Shambaugh et al., 2008). In that study, the research team interviewed eight district administrators, two union leaders, two school board members, and five principals. In addition, a focus group was held with School Site Council (SSC) members at one middle school. The team also observed an afternoon district-led budget training session for principals and an all-day training for SSC members. To avoid duplication in our interviews, we reference findings from this previous analysis in this report.

Exhibit 2: Qualitative Data Sources

	Oakland	San Francisco	Non-SBF Districts
Interviews			
District-Level Data (n=19)	n=13 - Former State Administrator - Chief Academic Officer - Chief of Community Accountability - Chief Services Officer - Program Manager, Expect Success - Senior Change Leader - Former Special Assistant to State Administrator - Former Budget Director - Current Budget Director - Former Fiscal and Policy Analyst - 3 Network Officers	n=3 - 3 Assistant Superintendents	n=3 - Current Superintendent - Former Superintendent - Former CFO
School-Level Data (n=11)	n=6 - 2 Elementary Principals - 2 Middle School Principals - 2 High School Principals	n=5 - 2 Elementary Principals - 2 Middle School Principals - 1 High School Principal[2]	-
External Stakeholders (n=4)	n=2 - Union Leader - Former Director of Local School Support Organization	n=2 - Director of Local Community Organization - Parents Involved in District Policy Formation	-
Focus Groups			
District-Level Data (n=1)	-	-	n=1 - Focus Group with 5 Current and Former Large District Superintendents in California
School-Level Data (n=13)	n=6 - 4 SSC Focus Groups - 2 Teacher Focus Groups[3]	n=7 - 5 SSC Focus Groups - 5 Teacher Focus Groups	-
Other Data			
Observation of Budget Training (n=1)	n=1 - District-Led Training for Principals on Budget Tool	-	-
Documentation Review	Various District-Produced Documents	Various District-Produced Documents	-

[2] One high school principal declined to participate in our study and could not be replaced.
[3] We scheduled a total of four teacher focus groups, but no teachers showed up at two of these.

Quantitative Analyses

The quantitative analyses presented in this report are intended to provide a better understanding of whether any apparent changes in resource allocation occurred concurrently with the implementation of the SBF policies in San Francisco and Oakland. To investigate one of the primary objectives of SBF—to promote greater equity in the allocation of resources—a major focus of the quantitative analyses was to determine whether differential access to resources for students at high- versus low-need schools existed and whether this changed after the districts implemented their respective policies.

Four types of quantitative analyses were performed to investigate potential changes in how resources were allocated and used in the two districts before and after the implementing of an SBF policy.

- **Budgetary discretion:** Given that one aim of an SBF policy is to provide greater discretion to schools, we conducted a descriptive analysis of how expenditures were split between schools and the central district office before and after SBF policy implementation to determine whether schools received a greater proportion of funding in general or a greater proportion of unrestricted funding (i.e., money with "no strings attached") specifically.
- **Teacher experience distribution:** Given that one component of an SBF policy emphasizes increasing the equity of resources in the district, and given that one of the largest expenditures for resources is the cost of teachers, we conducted a descriptive analysis of teacher experience levels between high- and low-poverty schools before and after SBF policy implementation in both districts to determine whether any change in the equitable distribution of teachers occurred.
- **Composition of expenditures by object:** Given that an SBF policy provides differential resources to schools and allows schools to make more decisions on their individual site needs, we conducted a descriptive analysis of how schools allocated expenditures across a variety of spending categories (e.g., certified and classified personnel, employee benefits, books and supplies, services and operations) before and after SBF policy implementation to determine whether there were any changes in spending patterns under a different planning and budgeting policy.
- **Implicit need weights:** One of the main goals for an SBF policy is to create a more equitable distribution of funds. Therefore, we conducted a statistical analysis of the relationship between per pupil expenditures and student need before and after SBF policy implementation to determine whether schools with greater need received a greater level of resources.

In addition, we conducted additional quantitative analyses specifically for Oakland, given that specific features of its SBF policy created additional incentives for changes in resources worthy of further investigation:

- **Calculations of subsidy costs:** Given that the new distribution mechanisms of Oakland's SBF made additional subsidies to certain schools necessary in order to cover their basic costs, we evaluated the number and size of Oakland's subsidies.
- **Changes in attendance rates:** One component of Oakland's SBF policy aims to link increased funds to increased attendance at individual schools. Therefore, we conducted a descriptive analysis of average daily attendance rates before and after the implementation of an SBF policy in Oakland to determine whether any change had resulted from the financial incentive for improving attendance.

To investigate these different analyses, we used school demographics data from the California Department of Education (CDE) website as well as files containing fiscal expenditures and average daily attendance (ADA) information obtained directly from the Oakland and San Francisco central offices.[4]

Organization of This Report

The remaining six chapters present information on the processes and procedures around implementing an SBF policy, some qualitative assessment of the implementation in our case study districts, and some quantitative analyses of the patterns of resource allocation before and after SBF implementation. Chapter 2 outlines the general planning and budgeting process in San Francisco and Oakland, along with the driving force behind each district's implementation of its SBF policies.

Chapters 3 and 4 then detail nine key considerations both districts faced when planning and implementing their SBF policies. Chapter 3 focuses specifically on the three considerations that revolved around funding. Chapter 4 details the planning and implementation considerations beyond those specific to funding. Each consideration is laid out in detail along with the school and district stakeholders' reactions to those decisions. These chapters are especially geared toward district administrators who are interested in pursuing or refining an SBF policy based on real-life experiences in two California districts.

Chapter 5 provides a detailed analysis of the changes in the patterns of resource allocation over time, both before and after the implementation of an SBF policy. Chapter 6 then summarizes the analysis of whether the equitable relationship between student need and resource expenditures changed during the implementation of an SBF policy in both districts. Finally, Chapter 7 concludes with lessons learned from our observation of both districts' SBF policies in general as well as specific insights for both district and state policymakers in California.

[4] Appendix A lists the CDE data sources and their website locations.

Chapter 2
General Overview of the Implementation of SBF Policies in San Francisco and Oakland

San Francisco and Oakland both implemented an SBF policy that combines a site-based decision component and an equity-driven, student-based funding component. San Francisco implemented its Weighted Student Formula (WSF) policy in the 2001–02 school year; Oakland rolled out its Results Based Budgeting (RBB) policy in 2004–05. This chapter provides the general context of these two districts, first outlining basic demographic and achievement information, then describing the districts' initial goals for implementing such a policy and subsequently how both districts approached their planning and budgeting processes.

District Demographics and Performance

Both San Francisco and Oakland, operating relatively small urban districts, share similarities in size and enrollment patterns. In the 2006–07 school year, San Francisco's traditional public and charter schools enrolled approximately 56,000 students, and Oakland's traditional public and charter schools served approximately 47,000 students.[5] Although San Francisco enrolled more students, Oakland actually operated more traditional public and charter schools (139 versus 112 in San Francisco) in 2006–07, in large part because of Oakland's focus on operating small schools. In addition, both districts have experienced significant declines in enrollment, with Oakland declining by 19.5 percent between 1999–2000 and 2006–07 compared with 9.8 percent in San Francisco. In both cases, the elementary schools accounted for the largest portion of the decline, followed by the middle and then high schools.[6]

As of the 2006–07 school year, the student demographics and enrollment of special populations of the two districts were quite different (see Exhibit 3). San Francisco's largest racial/ethnic category was Asian students (41 percent), whereas Oakland's was African American students (38 percent). Oakland also had a somewhat higher percentage of students enrolled in the free or reduced-price lunch program (69 percent) compared with San Francisco (56 percent). The two districts faced a similar proportion of students classified as English learners (28 percent).

In terms of achievement, both districts have seen several years of consecutive improvement on the state's California Standards Test (CST) in English language arts (ELA), and this consistent improvement in student proficiency is similar to that found in five other California urban districts (see Exhibit 4).[7] Compared with other large urban districts in California, San Francisco has the highest average percentage of students performing at proficient or above on the ELA CST from 2002–03 to 2006–07; Oakland has been in the bottom three.

[5] The source for all enrollment figures is the School Information Form (SIF) Section B dataset, part of the California Basic Education Data System (CBEDS) that is maintained by the CDE. Appendix A lists the source of all the data used in this report.

[6] See Exhibits A7 through A10 in Appendix C for detailed trends in district enrollment for Oakland and San Francisco. More detailed descriptive statistics available upon request.

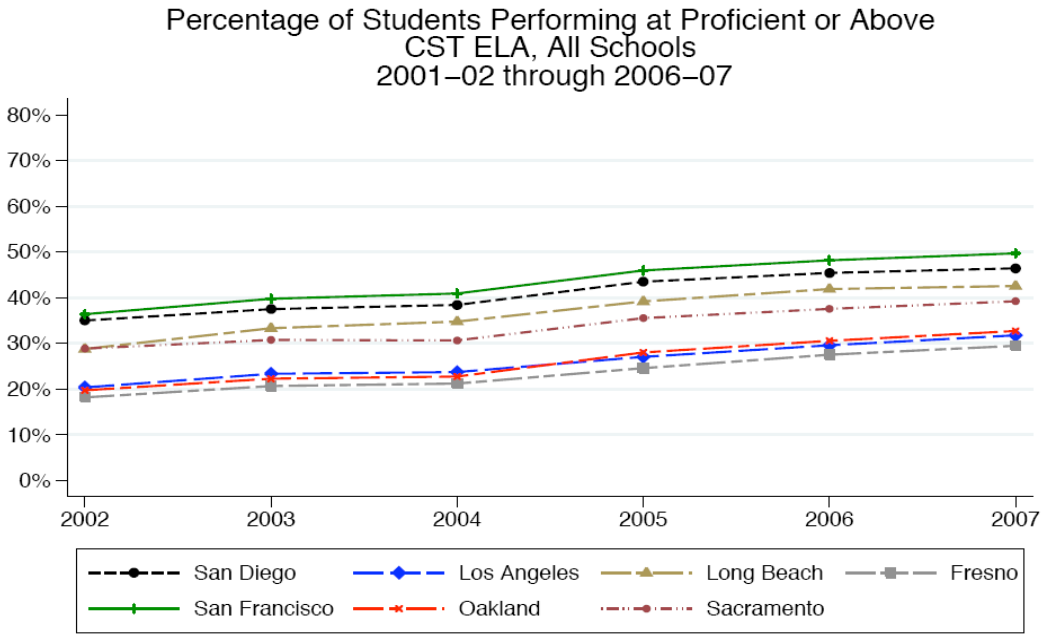
[7] We present only districtwide English language arts achievement scores here. Given that there are multiple assessments for different mathematics subjects, mathematics achievement scores cannot be averaged districtwide in a similar way.

Exhibit 3: Districts' Demographics and Enrollment in Special Programs, 2006–07

	San Francisco	Oakland
Demographics		
African American	12%	38%
Asian	41%	14%
Latino/Hispanic	21%	35%
White	9%	6%
Other	17%	6%
Special Programs		
English Learners	28%	28%
Free/Reduced-Price Lunch	56%	69%
Special Education	12%	10%

Source: CDE, 2006-2007

Exhibit 4: Comparison of California's Urban District Achievement on CST ELA



Source: CDE Official STAR Research Files

However, both San Francisco and Oakland are in Program Improvement (PI) status under No Child Left Behind (NCLB) requirements. Therefore, while improving their average achievement scores, both districts continue to struggle with increasing achievement levels for all students.

In addition to the differences in demographics and achievement, another contrast between the two districts in recent years deals with their leadership over the course of the implementation of their SBF policies. Although both have experienced turnover in district leaders, San Francisco's turnover was a result of one superintendent leaving to pursue other activities, and Oakland's leadership change occurred as a result of being taken over by a state administrator in 2003 in response to a

fiscal crisis. Oakland remains under the control of a state administrator, meaning that the school board has not had official governing power for the duration of the policy. In 2006–07, Oakland's school board began to receive certain portions of governance control back and will continue to do so in the coming school year. Given that San Francisco has been governed by its school board for the duration of its SBF policy but Oakland has largely been under state control, this difference in local control may have implications for how each district chose to implement its SBF policy.

Why San Francisco and Oakland Implemented an SBF Policy

We present here the reasons both districts pursued an SBF policy in order to understand the goals and intentions of such a policy. The literature on this topic suggests that districts have implemented SBF policies for a number of reasons: to improve student achievement, promote accountability for school-level decisions, increase transparency in how resources are allocated, and increase equity in their districts (Hill, 2008; Childress & Peterkin, 2004). Our analysis indicates that the goals of San Francisco's and Oakland's policies—promoting equity and school autonomy—were very similar. However, Oakland also appeared to have an additional focus of creating stronger school-level accountability.

San Francisco

Although doing better academically than other urban districts in California, San Francisco did have a significant achievement gap and was dealing with a number of desegregation suits in the early 2000s (Biegel, 2001). As Shambaugh and colleagues (2008) reported in their descriptive study of the WSF policy in San Francisco, the school board had previously considered pursuing a school-based budgeting policy in the late 1990s and brought in Dr. Arlene Ackerman in part with the hope she would pursue an SBF policy as a means of addressing these ongoing inequities. Indeed, respondents cited Dr. Ackerman as the initial driving force behind the creation of the district's WSF policy.

Immediately after assuming the superintendent position in San Francisco in 2000, Dr. Ackerman created a number of committees to focus on improving equity, including convening the Weighted Student Formula Committee to provide a forum for stakeholders to discuss the possible design and implementation of an SBF policy. In accordance with a suggestion from the WSF Committee, the district began a pilot of a WSF policy with 27 schools in the district in 2001–02. That same year, Dr. Ackerman created a five-year plan, "Excellence for All," which had three main goals: to improve academic achievement for all students, increase the equitable allocation of district resources, and establish accountability for student outcomes (SFUSD, Excellence for All, 2001). After receiving feedback from the WSF pilot schools, the district rolled out the policy district-wide in 2002–03. The WSF Committee continued to meet to discuss implementation issues over the next several years but had not met during the two most recent school years (2006–07 and 2007–08).

The majority of San Francisco respondents reported that the goal of the WSF policy was both to give schools more autonomy in a shared decision-making process and to create equity by allowing funding to follow a student, a finding also reported previously by Shambaugh and colleagues' (2008) descriptive study of San Francisco's WSF policy.

Oakland

Across the San Francisco Bay, Oakland began to implement district-wide reform efforts in the early 2000s in response to declining enrollment, growing community awareness of poor conditions in schools, and resource inequities throughout the district (FCMAT, 2000; Hill, 2008). Much of the

controversy centered on the inequities between the affluent "Hill" schools and the "Flatland" schools (Hill, 2008). In general, the Hill schools had access to more resources and exhibited higher student achievement than their poorer and less successful counterparts located in the Flatlands.

In 2001–02, Oakland began experimenting with site-based management by creating a handful of "small autonomous schools" (Honig, 2003). When Dr. Randolph Ward became the state administrator in 2003–04, one of his reform efforts focused on quickly expanding the site-based budgeting policies to a larger section of the district. Dr. Ward, along with a number of stakeholders, traveled to Edmonton to observe the Canadian district's well-known efforts to decentralize decision making by using an SBF policy. After returning from the visit, under the direction of Dr. Ward, a small group of district administrators in conjunction with a member of the Bay Area Coalition of Equitable Schools (BayCES) quickly designed the framework for Oakland's policy. In a three-month period, Oakland's leadership created the framework for the new Results Based Budgeting (RBB) policy by developing new funding formulas and initial budgets for all schools. Oakland implemented the RBB policy district-wide, as part of a larger set of reforms titled "Expect Success" in 2004–05.

In Oakland, a majority of the school and district respondents also reported that the RBB policy was implemented to create equity and greater school autonomy in the district. In addition, several respondents also mentioned that a goal of RBB was to more effectively hold principals accountable for school results. Given that only one respondent in San Francisco mentioned increased accountability as a purpose of the WSF policy, accountability as a component of an SBF policy seems to have been given a stronger focus in Oakland.

In addition to these main policy goals, a few respondents mentioned additional purposes for introducing an SBF policy. For example, one Oakland district administrator asserted that the district gave schools greater autonomy because declining enrollment made it necessary for the public schools to appear more attractive and more competitive with charter and private schools.

In short, both policies were designed to promote equity by ensuring that needier students received more resources and to give schools more autonomy over their budgeting and planning process. Although Oakland did seem to emphasize accountability more in its RBB policy, it is not surprising that given the similar goals of these policies in both districts, their general approaches to the overall planning and budgeting process would be similar.

Basics of the District Planning and Budgeting Processes

Under these new SBF policies, both districts have similar basic processes and timelines in place for schools to develop their academic plans and corresponding budgets.

The planning and budgeting process begins each year in January or February when the district provides schools with their projected budgets for the coming school year. These budget projections are based on the district's projections of each individual school's enrollment, calculated by demographers in the central office. Based on these projections, the district asks the school leadership to take responsibility for creating or revising the school's academic plan and ensuring that the plan is aligned to district-wide goal areas.[8] In Oakland, the academic plan is a three-year plan, while San Francisco's plans are only one year.

[8] Oakland provides schools with six district-wide goal areas: academic acceleration, college readiness, cultural responsiveness, emotional security, and clean, healthy, and safe learning environments. San Francisco provides schools

Both districts' detailed academic plan templates require explanations for the data used to develop the priorities and goals and descriptions of how the outlined strategies will meet the school's various needs that year. To develop this draft of the academic plan, both districts ask principals to solicit feedback from multiple stakeholders and examine relevant data to highlight a school's greatest needs.

School leaders then write and revise the academic plans between January and March. In both districts, School Site Councils (SSCs) are expected to prepare their academic plans before they create their budgets to ensure that budgeted resources reflect school needs. SSCs, comprising an equal number of elected parents, teachers, students (in middle and high schools), and the school principal, were mandated by state law in the 1970s for all schools that receive categorical funding (California Education Code 52853). The schools then submit the draft academic plan and budget to the district for review.

In April, San Francisco and Oakland principals meet with district administrators to provide feedback on their plans and approve their budgetary decisions. In both districts, the schools revise their budgets again in the fall, based on actual enrollment numbers, and they revise their budgets and plans throughout the year as school needs and available funds change.

Schools in both districts, in short, face an ongoing process with some support from the central office that requires attention to a school's needs and involvement of community members. This process demands close attention from both central office staff and school personnel to ensure that the school's budget is maintained and the school's planning priorities are accomplished.

Summary of Chapter 2

In this chapter, we provided general context for the two SBF districts and reported the following:

- Both San Francisco and Oakland, two urban districts in California's Bay Area, share similarities in size, declines in student enrollment, and turnover in district leadership over the past several years. However, their demographic populations are different; San Francisco serves more Asian students and Oakland serves more African American students.
- Although both districts have experienced several years of consecutive improvement on the state's English exam, San Francisco demonstrates much higher achievement overall than Oakland. However, both districts are currently in Program Improvement status, having failed to meet Adequate Yearly Progress for several years in a row.
- Both districts mentioned increasing equity and enhancing school autonomy as the two main goals of their SBF policy. In addition, Oakland emphasized increased accountability for schools as a third reason for the policy.
- Both districts' general budgeting and planning processes and timelines under an SBF policy are similar, requiring input from the central office, schools, and community members.

with five district-wide goal areas including: academic achievement, academic equity, instructional improvement, school climate, and parent/community involvement.

Chapter 3
Key Design Considerations for an SBF Policy: Part I – Funding Considerations

The basic academic planning and budgeting processes—the timeline, the general goals, and the players involved—did not vary greatly between San Francisco and Oakland. However, there was considerable variation in how these two districts implemented the comparable policies. Therefore, to address our first research question about what key considerations the districts faced when designing and implementing an SBF policy, the next two chapters present the similarities and differences for San Francisco's and Oakland's approaches to their policies.

In a separate report on San Francisco's WSF policy (Shambaugh et al., 2008), we summarized our analysis of the issues that San Francisco had to confront and consider when designing and implementing its SBF policy into nine considerations. The next two chapters in this report are organized around these considerations, each of which is designed to describe the kinds of decisions a district is likely to confront when attempting to create and introduce an SBF policy. Based on our analysis of the districts' documentation, interview and focus group data, and observations of the district training sessions, and building on our findings from our previous descriptive report on San Francisco's SBF policy, this chapter outlines the three key funding considerations that both San Francisco and Oakland have faced (see Exhibit 5). The remaining six non-funding considerations for planning and implementation issues are addressed in the next chapter.

Exhibit 5: Key Funding Considerations for Districts When Designing and Implementing an SBF Policy

1: Calculating School Allocations
2: Calculating School-Level Salaries and Benefits
3: Degree of School-Level Discretion

Within each consideration, we outline the general questions a district may need to consider when developing an SBF policy, the approach both San Francisco and Oakland took, and, where relevant, reactions to these districts' decisions from various stakeholders in the district. This report is intended to outline how different districts can approach similar policies as well as to provide insight to district policymakers who are considering implementing an SBF policy. It is important to note that these considerations are not one-time-only decisions but instead are a set of issues that a district may encounter throughout the process of designing and implementing SBF policies.

With every district reform policy, the effects can vary dramatically according to how districts and schools choose to implement SBF. Moreover, many other changes in policies or the environment in which the district operates may play a role in observed changes in patterns of resource allocation or decision making; therefore, it is not possible to attribute any changes specifically to the implementation of an SBF policy.

Consideration 1: Calculating School Allocations

Given that an SBF policy is designed to shift how schools receive funds, the district must consider exactly how to design the funding allocations to schools. Specifically, district administrators must develop a method for calculating the following:

1.1: Each school's total enrollment
1.2: The weighted funding formula for all schools
1.3: Any base-level funding amount necessary to operate a school
1.4: The amount of any subsidies required for specific schools

Although both Oakland's RBB policy and San Francisco's WSF policy contain funding allocations based on each school's student populations, as Exhibit 6 details, the calculations of these four school allocation components vary greatly. In what follows, we outline what each of these funding components mean for each district, detail the decisions behind the formulas, and describe the reactions from various stakeholders.

Exhibit 6: Calculation of School Allocations

San Francisco

Total School Allocation = WSF Funding* + Categorical Funds + Floor Plan (if needed) + STAR School Resources (if eligible) + DREAM School Resources (if eligible)

Oakland

Total School Allocation = General Purpose (GP) Allocation** + Categorical Funds + Small School Subsidy (if total enrollment < 360) + Veteran Teacher Subsidy (if eligible)

* School's WSF Funding = Per Pupil Allocation (weighted according to specific student populations) × Projected Enrollment of Students

**School's GP Allocation = Per Pupil Allocation (different for elementary, middle, and high school levels) × Projected Enrollment of Students × Average Daily Attendance (ADA)

1.1: Calculating Total School Enrollment

San Francisco and Oakland used different metrics for counting students when calculating budget allocations: San Francisco used total enrollment, whereas Oakland weighted the total enrollment by the school's average daily attendance (ADA). The use of ADA was intended to create an incentive for increasing attendance rates, but no real changes in attendance appeared evident during the implementation of RBB.

Because both districts base all their funding formulas on the calculation of each school's individual enrollment, the first step in developing the formula is to calculate the enrollment of students at each school. By January, both districts forecast the projected enrollment for the upcoming school year by using demographic predictions and enrollment trends. Given that the projected enrollment determines how much money schools receive, this projection needs to be fairly accurate for an effective planning process to occur.

In San Francisco, if the revised budget actually received at the beginning of the school year is within $15,000 of the projected budget, the district does not change the budget allocation to the school. If, however, there is a discrepancy of more than $15,000, the school must rebudget according to the actual enrollment figures (Shambaugh et al., 2008). Of the respondents who commented on the accuracy of San Francisco's projected budget figures, several respondents (three principals, two groups of teachers, and one group of SSC members) felt that the projections were not sufficiently accurate, so that in the fall, some schools had to "scramble" to adjust plans to the new (and typically higher) enrollment figures. For example, in one San Francisco school, the principal, the School Site Council (SSC) focus group, and the teacher focus group all felt that school enrollments were chronically under-projected, making planning more difficult for an already high-need school.

Although both districts calculate projected enrollment in the spring, unlike San Francisco, Oakland does not have an official policy for how to adjust for differences in the actual versus projected enrollment; whatever the actual budget figures are in the fall is what the school is given to spend for the school year. As in San Francisco, some Oakland respondents (two district administrators and two principals) felt that the enrollment projections need to be more accurate; if the fall enrollment numbers, and therefore the amount of resources, are very different, it becomes more difficult for the schools to plan. Indeed, one principal expressed frustration over the under-projected enrollment for her school each year.

Once the school year starts, the schools receive funds based on the actual enrollment. Although this calculation seems to be fairly straightforward, Oakland and San Francisco have two different methods for calculating a school's enrollment. In San Francisco, each school receives budget allocations based on the total enrollment from the "10 day count," a count of the student population taken 10 days after the beginning of the school year. Therefore, San Francisco distributes all funds to schools based on how many and what types of students (e.g., classified by poverty and English learner status) are at that school on the tenth day of the school year.

Unlike San Francisco's use of a straight enrollment total, Oakland weights the total enrollment at the school by the school's average daily attendance (ADA) from the previous year. For example, if the district calculates that a school has an actual enrollment of 500 students and had an ADA the previous school year of 90 percent, the school would receive general purpose funds for 450 students ($500 \times .90 = 450$).

This method of weighting enrollment by ADA has been somewhat controversial in Oakland. Three district administrators and one principal who mentioned the use of ADA appeared to favor this calculation. These respondents felt that the use of ADA creates a realistic count of how many students are actually in the school receiving the resources, creates an incentive for a school with low attendance to improve, and creates accountability for the school's attendance rates. For example, one district administrator remarked that after the first year, six schools saw an increase of more than five percent in their ADA. The principal asserted that this weighting "really did shift the school's culture" to focus on improving attendance to "bring in dollars."

However, four principals and one union leader clearly opposed using ADA to weight enrollment, calling it a "discriminatory method" and a "punitive measure." These respondents believed that using ADA creates an additional burden for the lowest-performing schools, despite the fact that many of the attendance issues are beyond the schools' control. For example, one principal noted that "schools that are struggling to improve attendance arguably need more money to improve attendance." Another principal explained that at his school, a one percent drop in ADA from one year to the next results in a drop of $17,000, which he felt he could not afford to lose. Even the two principals who commented that they understood the theory behind the policy of creating an incentive system to improve attendance questioned how much leverage the school has to increase attendance, especially at the higher grades. The union leader indicated that the use of ADA has increased inequities, created incentives for schools to encourage sick students to come to school, and punished students from high-poverty schools with lower attendance rates by providing them with fewer resources.

Given that there is a monetary incentive to increase attendance by using ADA in the budget allotment process, we investigated the changes in attendance rates in Oakland to see whether this incentive had any effect after the implementation of the RBB policy.[9]

Exhibit 7 shows no detectable differences in attendance rates in the years immediately surrounding the implementation of the RBB policy in Oakland in 2004–05. However, there do appear to be increases in attendance rates in the years preceding the implementation of RBB, and the increases seem to be more dramatic in the high schools. Attendance rates after the RBB policy do not appear to have changed to any significant degree.

Exhibit 7: Oakland's Pupil-Weighted ADA, 1999–2000 to 2006–07

	Pre-RBB					Post-RBB		
Year	1999–2000	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07
Elementary Schools								
% ADA	93.8%	94.0%	94.4%	95.0%	95.2%	95.2%	95.2%	95.3%
# of schools	42	44	47	48	48	49	57	57
Middle Schools								
% ADA	92.9%	92.6%	93.0%	94.3%	94.4%	94.3%	94.5%	94.8%
# of schools	9	9	11	11	11	12	13	17
High Schools								
% ADA	88.0%	89.2%	89.8%	92.4%	92.0%	92.0%	92.2%	92.3%
# of schools	3	3	4	4	8	14	16	16

Source: District-provided attendance rates, 1999–2000 to 2006–07

Given that high-poverty schools typically have lower attendance rates and therefore have more room to improve attendance, we also examined the differences in attendance by school poverty levels at the elementary, middle, and high schools (see Exhibit 8).[10] Increases in attendance for high-poverty elementary and middle schools actually preceded the RBB policy's implementation. Therefore, the decreasing differences between the low- and high-poverty elementary and middle schools did not appear to correspond to the implementation of the RBB policy.

The story is not much different for Oakland's high schools except for the most recent year of data, 2006–07. As Exhibit 8 shows, prior to RBB's implementation from 1999–2000 to 2003–04, the average ADA was already increasing for both low- and high-poverty high schools in Oakland. After the implementation of the RBB policy in 2004–05, there was an initial increase in attendance in both low- and high-poverty high schools; however, the high-poverty schools exhibited steady increases in attendance throughout the period. In turn, in 2006–07, high-poverty schools ended up with higher average attendance than their low- and middle-poverty counterparts. It is important to note that these findings for high schools should be interpreted with caution because they represent a very small number of schools.

[9] We limit our discussion here to the results for Oakland because the incentive created by using ADA was not part of San Francisco's policy.

[10] See Exhibits A15 through A17 in Appendix C for the differences by grade and poverty level.

Exhibit 8: Oakland High Schools' Pupil-Weighted ADA by Poverty, 1999–2000 to 2006–07

High Schools								
	Pre-RBB				Post-RBB			
Year	1999–2000	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07
Low Poverty								
% ADA	89.1%	90.4%	89.7%	92.8%	92.9%	93.3%	92.6%	91.8%
# of schools	2	2	3	2	2	3	2	4
Middle Poverty								
% ADA	-*	-*	-*	91.0%	92.8%	90.6%	91.6%	91.7%
# of schools	-*	-*	-*	1	1	4	9	8
High Poverty								
% ADA	86.0%	87.0%	90.0%	96.4%	91.0%	91.3%	92.3%	93.7%
# of schools	1	1	1	1	5	7	5	4
Low/High Difference	**3.1%**	**3.4%**	**–0.3%**	**–3.6%**	**1.9%**	**2.1%**	**0.3%**	**–2.0%**

* So few high schools exist for the first three years of available data that the pupil-weighted categorization into poverty groups could separate schools only into high- and low-poverty groupings.
Source: District-provided attendance rates, 1999–2000 to 2006–07

In sum, although high-poverty high school attendance rates have increased since 1999–2000, Oakland's use of ADA in the budgeting policy has not appeared to have much of an impact on raising attendance rates in the district. Most of the increase in these high school attendance rates occurred prior to the introduction of the RBB policy.

1.2: Weighting General Purpose Funds

There is a significant difference in the way the two districts distribute general purpose (GP) funds. San Francisco weights the allocations on the basis of individual student need (i.e., defined by students in poverty, English learner students, and students with disabilities), whereas Oakland weights only the grade level of students served in the school. Therefore, Oakland does not technically have a weighted student formula.

To build a weighted GP formula, San Francisco first needed to decide which student populations would receive an additional weight in the funding formula. Exhibit 9 lists the current weights for the different populations in San Francisco's GP formula. The district's WSF Committee developed and approved the weights for the district's high-need student populations, based largely on one district administrator's knowledge of how such weights were created in Seattle and Washington, DC. (Shambaugh et al., 2008). Respondents in Shambaugh and colleagues' previous study on San Francisco's WSF policy indicated a general lack of knowledge of how these weights were developed, a finding also echoed by respondents in this study.

To understand the weighting structure outlined in Exhibit 9, imagine that a first grader is eligible for the free and reduced-price lunch program (and is therefore considered low income) and is also an "Advanced" English language learner, in accordance with his placement on the California English Language Development Test (CELDT). This student would be assigned a weight of 1.4805 [= 1.33 (the grade-level component of the weight) + 0.0605 (the advanced English learner weight) + 0.09 (the poverty component of the weight)]. In other words, this student would have a weight that is 48.05 percent higher than the basic fourth- or fifth-grade student.

Exhibit 9: San Francisco's Weights for General Purpose Funds, 2006–07

		English learners				Special education		
Grade level	Base weight	Long-term non-redesignated	Beginning / intermediate (based on CELDT)	Advanced / transition (based on CELDT)	Low-income	Resource specialist program	Special day class non-severe	Special day class severe
K	1.33	-	0.0781	0.0605	0.09	0.0097	0.0179	0.0315
1–3	1.33	-	0.0781	0.0605	0.09	0.0097	0.0179	0.0315
4 and 5	1.00	-	0.0781	0.0605	0.09	0.0097	0.0179	0.0315
6–8	1.14	0.937	0.0937	0.0605	0.09	0.0097	0.0189	0.0315
9–12	1.19	0.937	0.2070	0.0605	0.09	0.0097	0.0189	0.0315

Source: San Francisco's, "Allocating Resources for Equitable Site-Managed Schools Using the Weighted Student Formula" (PowerPoint)

District administrators in San Francisco explained the rationale behind the level of weights for different student populations. For example, the district argues that the weights for grades K–3 are higher than those for grades 4 and 5 because California's class size reduction requirement for grades K–3 require more teachers, and therefore greater resources, for the lower grades. In addition, the district indicates that the weights for lower performance on the CELDT increase as the grades increase because there is less time left for the student to achieve English proficiency and it becomes more difficult to attain English in the higher grades. Lastly, the difference in the weights for special education students and the other weighted populations appears striking, but the district notes that because special education staff are centrally budgeted and therefore not part of the school's budget, the weights for special education students are intended for small expenses, such as additional instructional supplies or professional development activities.

These weights, for the most part, have remained untouched in San Francisco since their inception in 2001, even though the district has seen significant changes in its population (Shambaugh et al., 2008). Respondents in both studies recommended that more attention be given to the process of developing and adjusting the weighting structure over time. Indeed, many respondents in both studies offered suggestions for other specific populations who should have their own weights, including gifted students, low-performing students, and students with chronic behavior problems. Perhaps more important, one principal and one group of teachers commented that regardless of which populations are included, the size of the weight "is not substantial enough," providing only minimally additional funding to students with greater needs.

Unlike San Francisco and its weighted funding formula, Oakland does not distribute its GP funds to schools by using weights for student need. Oakland's GP allocation, differentiated for elementary, middle, and high schools, recognizes only differences in cost associated with the three schooling levels. Under the operational assumptions in Oakland, for example, elementary schools cost less to run than the upper grade levels, and so their per pupil portion is smaller. Therefore, while some news articles and literature have previously cited Oakland's implementation of a weighted student formula, in fact Oakland does not include the traditional student need factors (poverty, EL status, or disability) as weights for distributing unrestricted (discretionary) funds.

Not including weights for specific student populations was a conscious decision by district administrators, who focused on two other policy components to increase resource equity. District

administrators in Oakland were very adamant that their policy not be described as a weighted student formula. The designers of the policy did have conversations at the time of the design of RBB in 2004 about whether to include weights for certain populations in the GP funds, ultimately electing not do so. District officials cited two main reasons for not including weights for specific student characteristics in the GP funding formula: categorical program funds, such as Title I dollars, and the use of actual (not average) salaries in the budgeting process would be stronger levers for increasing funding equity. Specifically, five district respondents mentioned that the large amount of categorical funds that Oakland receives would ensure school budgets that reflect the needs of the students. In addition, four district respondents mentioned that given that schools spend most of their budget on personnel costs, the decision to become the first district in the country to use actual salaries in school budgets to calculate school-level costs would better address equity. (See Consideration 2 for a more detailed explanation of the use of actual or average salaries in the budgeting process.)

In addition to these two main reasons, two respondents mentioned a less-cited reason for not weighting the GP funds: the political tensions that a WSF can introduce. For example, one district administrator noted, "Why complicate [the process] with a formula that people are going to fight over?" arguing that the planning process for developing the weights would distract the district from the point of the policy. Whatever the reason for not originally choosing a WSF, our interviews did not reveal any real push in the district to pursue weighting the GP funds.

Although Oakland does not have weights for specific student needs built into its GP funding formula, both San Francisco and Oakland, as required by federal and state laws, allocate categorical program funds to the schools weighted to the school's specific student population. For example, for Title I, the district uses the counts of students eligible for free or reduced-price lunch to allocate funds, and Title III dollars are allocated based on the counts of students whose first language is not English. Oakland therefore relies solely on the categorical program funds to funnel additional dollars to meet the additional needs of certain students, such as low-income students or ELs. In contrast, San Francisco funnels all funding, both GP and categorical funds, to schools.

1.3: Calculating the Foundation Funding Amount

San Francisco and Oakland calculated the minimum level of funding a school needs to function in different ways.

San Francisco created a "floor plan" in the third year of the policy to ensure a certain minimum level of funding that the district feels is necessary for the school's basic operation (Shambaugh et al., 2008). If a school receives its WSF allocation and its other categorical program funds and is still under the floor plan minimum, the district will provide enough additional GP funds to make up the difference. One district administrator commented that because of declining revenue from state and local sources, more and more schools have been receiving the floor plan minimum: that is, more and more schools are not receiving the basic level of funding from GP funds needed to operate their schools. Another district administrator noted that he "doesn't have a problem with the concept of the [WSF] policy, but the economic reality is that some schools can't function on the amount they're given in extremely low-funded years [due to] state cuts and declining enrollment year after year."

Oakland does not have an official minimum amount but rather created a basic per student allotment for elementary, middle, and high schools that it reviews each year to ensure that all schools can cover their operating costs. As one district administrator explained, the determination of what the

per pupil cost has been over time has been a learning process that is "very much an art rather than a science." To come up with per pupil allocations that covered the basic costs of the schools, in the first year of the RBB policy the district estimated a per pupil cost for elementary, middle, and high schools, then tested a few different schools using the current year's staffing to see whether they would be able to cover their costs. Since then, the district has taken the per pupil cost and adjusted it across all schools, for example, by adding a cost of living adjustment.

1.4: Adding Subsidies for Specific Schools

In both districts, certain schools receive additional funding on top of their general purpose and categorical program funds. In San Francisco, the district provides additional resources to the lowest-performing schools. In Oakland, the district provides resources to small schools and schools with larger proportions of experienced teachers to cover higher teacher costs.

In San Francisco, the district budgets the STAR (Students and Teachers Achieving Results) and Dream Schools programs centrally and does not include these funds in a school's discretionary budget (Shambaugh et al., 2008). The STAR Schools Initiative provides targeted assistance to the district's lowest performing schools by providing additional school staff, such as an Instructional Reform Facilitator, as well as district funds to support instructional improvements. The Dream Schools, which are the lowest performing STAR schools, receive an additional $1,000 per student. One principal at a Dream School indicated that the school receives a significant amount of additional resources from this status, which are allocated to employing an additional counseling officer and a parent liaison and offering additional professional development for existing staff.

In Oakland, the district provided subsidies to small schools and schools with high levels of veteran teachers. The small schools subsidy, primarily funded by the Targeted Instructional Improvement Block Grant (TIIG), is a sliding scale subsidy with an enrollment cap of 360 students.[11] Smaller schools, therefore, receive a larger subsidy. Two district administrators commented that this subsidy was intended to be a temporary solution; the district intended to phase out the small school subsidy when all schools move toward the smaller size. However, for the time being, small schools continue to receive additional funds.

Exhibit 10 shows the number of schools, the total amount, and the average school and per pupil allocations from Oakland's small school subsidy for the 2006–07 school year. The total small school subsidy amounts in 2006–07 were approximately $5.3 million, distributed across 83 schools. A majority of this funding (67.9 percent) went to elementary schools, while considerably smaller shares went to middle and high schools (14.6 percent and 17.5 percent, respectively).

Aside from this subsidy, Oakland created another subsidy for schools with greater numbers of veteran teachers (generally the lowest poverty schools) to offset the cost of their higher salaries. This subsidy is described in further detail in *Consideration 2, Calculation of School-Level Salaries and Benefits.*

[11] The small school subsidy was not originally a graduated subsidy, that is, the subsidy was provided to all schools with fewer than 360 students and not provided to schools with more than 360 students. This was changed to better accommodate the needs of the schools.

Exhibit 10: Oakland's Small School Subsidy Allocations, 2006–07

Elementary	
Number of Schools	49
Total Allocation	$3,624,434
Average School Allocation	$77,200
Average Per Pupil Allocation	$262
Middle	
Number of Schools	15
Total Allocation	$778,210
Average School Allocation	$49,258
Average Per Pupil Allocation	$223
High	
Number of Schools	19
Total Allocation	$934,264
Average School Allocation	$56,135
Average Per Pupil Allocation	$195

Source: District-provided expenditures data

In summary, as can be seen in the various pieces of this first consideration, a district faces many detailed decisions about how to create equitable funding streams for schools to reflect most accurately the needs of the students and to ensure that the schools have enough money to operate. Although their goals for this policy are similar, San Francisco and Oakland have taken very different routes on how to provide money to schools.

Consideration 2: Calculating School-Level Salaries and Benefits

2.1: Calculating School-Level Salaries

In implementing an SBF policy, districts must determine how to charge the costs of school personnel in each school's budget. While San Francisco uses average salaries to cost out school personnel, Oakland uses actual salaries.

A key difference between the two districts, however, is the manner in which teacher costs are calculated in the schools' budgets. In San Francisco, the salary amount charged against the school budget for each teacher reflects the average teacher salary for the district and therefore is identical in each school. In Oakland, however, this amount is the actual salary for each teacher, as determined by educational preparation and experience. For example, veteran teachers typically receive considerably higher salaries than a new teacher fresh out of college.

Although using the average teacher salary appears to simplify the funding allocation process by charging against school budgets at the same salary rate for all teachers, some researchers argue that this use of average salaries hides within-district inequities in school allocations (Roza & Hill, 2003; Education Trust West, 2005). For example, because veteran teachers tend to gravitate toward schools with fewer low-income students, who are presumed to involve more educational challenges, schools serving lower proportions of low-income students have higher teacher salaries on average.

The difference between average teacher salaries in high-poverty and high-minority schools within a district can vary significantly. As Exhibit 11 displays, in 2000–01, the gap in average teacher salaries in Oakland between high- and low-poverty schools was $1,670 (Education Trust West, 2005), approximately a 3.2 percent difference. In the same year in San Francisco, the teacher salary gap between high- and low-poverty schools was $1,286, or about a 2.5 percent difference.

Exhibit 11: Gap Between Average Teacher Salaries in High- and Low-Poverty Schools, 2000–01

District	Salary Gap
Oakland	$1,670 (3.2%)
San Francisco	$1,286 (2.5%)

Source: Education Trust West, 2005; Education Data 2001

When districts use average salaries as the basis for calculating how teacher costs will be charged against their budget, as in San Francisco, schools with less experienced (and therefore lower-salaried) teachers are charged an amount higher than what their teachers are actually earning. Thus, their budget is reduced to a greater extent than would be the case if they were charged at these relatively inexperienced teachers' actual salary rates. When a greater amount is charged against their budget than what their teachers are actually making, schools have less money left in their budget for other expenses. In this way, the use of average salaries can disadvantage higher-poverty schools.

According to our respondents and findings from the Shambaugh and colleagues' study (2008), San Francisco chose not to implement actual salaries because of potential political tensions with the teachers unions, administrative and privacy challenges, and a fear that principals might discriminate against "expensive" veteran teachers. However, in 2005–06, San Francisco did try to supply additional funds to the schools with the highest number of new teachers to indirectly combat this inequity (Shambaugh et al., 2008). In addition, voters passed a parcel tax in June 2008 to combat some of the inequities in teacher distribution, with measures to attract and retain quality teachers and staff by increasing salaries and to provide teachers with additional compensation when serving in "hard to staff" schools. Therefore, although not pursuing actual salaries, San Francisco has tried alternative methods to encourage teachers to work in higher-need schools.

In contrast, Oakland implemented the use of actual salaries in 2004–05 as part of the RBB policy. At the time Oakland was the only district in the country that had switched to using actual salaries to calculate school-level expenditures. Four district officials reported that using actual salaries was a key part of the reforms under the RBB policy to create greater transparency and increase equity in the district. One district respondent commented that using actual salaries was a more equitable solution than using a simple weighted student formula because it redistributed teaching staff:

> *Weighted student formulas are just a work-around. No one wants to deal with collective bargaining agreements, so weighted student formulas are a way of creating some equity in a district and forcing people to see the true inequities that exist and to incentivize schools to maximize resources by giving them more control.*

The theory of action from the district perspective was that by using actual salaries in the formula, schools with less-experienced teachers would have lower teacher-related charges against their budget than under the previous budgeting policy that used average salaries. With lower costs and a maintained (or even increased) level of funding, the intent was to have these high-poverty schools spend the new-found money, freed up by the use of actual salaries, on resources (e.g., professional development) that would support and retain teachers in low-income schools. With the goal of teacher retention in mind, one principal commented that she had hired an extra teacher to lower

class size. Others reported that they spent their available funds on hiring coaches, counselors, extra vice principals, or administrative assistants.

In general, most Oakland district- and school-level respondents tended to favor using actual versus average salaries in budgeting. At the school level, four of the six principals we spoke with approved of the policy; the other two did not voice an opinion on the policy. Two principals reported that using actual salaries was helpful because it made the budget more transparent and forced them to consider the value of the teacher to the school in relation to what he or she was costing the school.

However, the decision to use actual salaries has not come without political tensions. Indeed, one former superintendent of a large urban school district in California that had previously considered an SBF policy but chose not to implement it indicated the reason for not implementing was based almost solely on not being able to implement the use of actual salaries for political reasons. Specifically, this former superintendent noted that,

> *Unless you do something about the salary issue, which is about 83 percent of the total dollars, you really haven't affected much of anything …The money tends to follow the teacher, not the student [with average salaries], because so much of the salary and benefits account for so much of the education dollar in the unrestricted funding. If you don't alter that, then most of the unrestricted money follows the teacher and cannot be reallocated for the students.*

This former superintendent noted that the potential political battles he would have encountered in trying to change to using actual salaries made it so the district never fully pursued implementing an SBF policy. Indeed, the fact that Oakland was under a state-appointed administrator at the time of the SBF policy's implementation and was not facing the typical pressures from the school board or union may be one of the main reasons the district was able to convert to the use of actual salaries.

In Oakland, the union leader, while approving of increasing school autonomy, opposed the actual-salary policy, claiming that it encourages principals to discriminate against more costly veteran teachers in order to bring in less expensive teachers. While a principal cannot simply remove a teacher from the school without going through due process, the union leader voiced concerns that more principals would pursue the process of "evaluating out" more expensive teachers. Our school-level interviews indeed revealed that some principals do take a teacher's cost into consideration in connection with the overall quality or performance of that teacher, whereas others said that cost was not a consideration at all. For example, a principal claimed that cost does not factor into her staffing decisions, saying, "I will hire the best teacher I can hire and take the consequences later; [a teacher's cost] has never been a deterrent." However, another principal remarked, "[Actual salary costs] will not allow you to bring in a veteran teacher who's going to come in with 20 years [experience]."

Echoing school-level respondents, several district respondents mentioned that actual salaries were expected to make principals more aware of the actual costs of all teachers and encourage them to hold teachers accountable for their performance. In spite of the fear that principals might discriminate against veteran teachers, one district respondent claimed that using actual salaries did introduce the cost of the teacher into decisions to retain certain staff but also gave principals a lever for holding teachers to high standards:

> *We saw a lot of people opting for more experienced people when they were good. It didn't have anything to do with how much they cost. Yeah, you betcha that people didn't want to pay a lot of money for people who were mediocre! That's the accountability part that's supposed to be there.*

In addition to the possible political tensions introduced by using actual salaries, the district faced question about how the schools with high populations of veteran teachers would be able to cover their existing operating costs when the policy was rolled out. As noted in Consideration 1, Oakland provided subsidies to schools that had an above-average number of veteran teachers to support them in the transition from using average to actual salaries.

The district provided this gradually decreasing veteran teacher subsidy starting in 2004–05 when Oakland moved to charging teachers' salaries in the school's budget at actual costs to provide a cushion for those schools that could not cover the costs of their existing, more-veteran staff. It was assumed that the distribution of teachers would change over time, as fewer teachers decided to move from the higher-poverty schools because of the new supports those schools were able to purchase with their extra funds. As this happened and as veteran teachers retired, the schools with previously highly veteran staffs could then hire more new teachers and eventually sustain their operating costs without the subsidy. In turn, teachers' experience levels would also become more evenly distributed throughout the district. With this theory, and given that the parcel tax that was allocated to provide these subsidies was not permanent, the district planned for the subsidies to decrease gradually over three years and end in 2007–08

Exhibit 12 shows, for each of the three years following RBB's implementation, the number of schools receiving the subsidy, total subsidy allocations, and average school and per pupil allocations on veteran teacher subsidies. In 2004–05, the first year of the RBB's implementation, Oakland distributed more than $9.9 million in veteran teacher subsidies to 44 elementary, middle, and high schools. In 2005–06, Oakland reduced this subsidy to approximately $1.95 million. In 2006–07, Oakland reduced the total subsidy again to less than $1.0 million, while increasing the number of schools receiving those subsidies to 50 schools. Average allocations in the first year after RBB were in the range of $500 to $600 per pupil, and the average allocations diminished to less than $100 per pupil in the last year of the subsidy program.

Interestingly, the subsidies had decreased as planned but had not yet ended in 2007-08 as had been intended. It was unclear from our conversations whether the district would be able to fully end this subsidy as planned. Indeed, several district staff noted that there may not be as large a shift as anticipated in teachers' experience levels from using actual salaries because of collective bargaining agreements. These administrators argued that while these agreements protected veteran teachers from being transferred to a school against their wishes, the agreements also prevented a transition to a more equitably distributed teacher workforce.

Exhibit 12: Oakland's Veteran Teacher Subsidy Allocations, 2004–05 to 2006–07

	2004–05	2005–06	2006–07
Elementary			
Number of Schools	37	37	36
Total Allocation	$8,827,791	$1,730,943	$712,972
Average School Allocation	$274,619	$53,679	$22,422
Average Per Pupil Allocation	$637	$129	$58
Middle			
Number of Schools	4	4	8
Total Allocation	$702,658	$137,776	$166,843
Average School Allocation	$193,740	$42,264	$22,252
Average Per Pupil Allocation	$522	$125	$75
High			
Number of Schools	3	3	6
Total Allocation	$405,828	$79,574	$93,142
Average School Allocation	$151,539	$29,898	$20,943
Average Per Pupil Allocation	$603	$114	$78

Source: District-provided fiscal data, 2004–05 through 2006–07
Notes: Unrestricted expenditures allocated to teacher subsidies were identified using Resource = 0091 (Parcel Tax – Measure E) and Program = 1158 (RBB Transition). Because of unavailable enrollment data, one middle school and one high school in 2006–07 were excluded from the average school and average per pupil expenditures calculations.

We investigated whether there had been any changes in levels of teacher experience between low- and high-poverty schools in both districts over the course of this policy.[12]

In both districts, for the most part low-poverty schools employed more experienced teachers than their high-poverty counterparts before and after implementation of an SBF policy, with much smaller gaps in elementary and middle schools[13] Despite Oakland's additional incentive to retain newer teachers at higher-poverty schools and therefore begin to change the distribution of teachers over time, San Francisco showed progress toward closing the experience gap whereas Oakland did not.

San Francisco schools showed small movement toward closing the teacher experience gap between low- and high-poverty schools following implementation of its SBF policy. As Exhibit 13 shows, the gap between high- and low-poverty elementary schools continued to narrow over time.
At the middle school level, the average number of years of experience for teachers at high-poverty schools was less than at low-poverty schools except in 2003–04. At the high school level, the average number of years of experience was consistently lower in high-poverty schools, but the difference between the two declined throughout the years.

In Oakland, in contrast, there was little indication of the redistribution of experienced teachers to the high-poverty schools following the implementation of the RBB policy. As Exhibit 13 shows, at

[12] Analysis of the average experience of elementary, middle and high school teachers who are authorized and assigned to teach at the elementary level or within the five core subject areas (English, Math, Science, Social Studies and Foreign Languages) for the middle and high school levels exhibit similar patterns to those for all teachers. The charts depicting average experience for authorized teachers, are presented in Exhibits A18 through A23 in Appendix C.
[13] Please see Exhibits A24 and A25 in Appendix C for the tables reporting the full results of this analysis.

the elementary and middle schools in Oakland, the average number of years of experience for teachers at high-poverty schools was consistently lower than at low-poverty schools, despite some signs of gains in elementary schools in 2001–02 before RBB was implemented. After RBB implementation, for elementary schools the gap in teacher experience between low- and high-poverty schools actually increased dramatically, while middle schools saw a relatively constant difference. For high schools, there was a switch in the direction of the gap so that low-poverty schools had higher teacher experience levels after RBB implementation.

In sum, Oakland showed little indication beyond the high school level that there was any notable increase in equity resulting from RBB with respect to teacher experience in high- versus low-poverty schools, even though the district had switched to actual salaries to provide incentives for the distribution of teacher experience to become more equal. Contrary to expectations, San Francisco, with fewer mechanisms for altering the distribution of teacher experience, showed a decrease in the gap of teacher experience between low- and high-poverty schools in San Francisco over the course of the SBF implementation.

2.2: Calculation of Benefits

As with salaries, San Francisco spreads the costs of benefits across all schools, whereas Oakland schools pay for the actual benefits paid to their teachers.

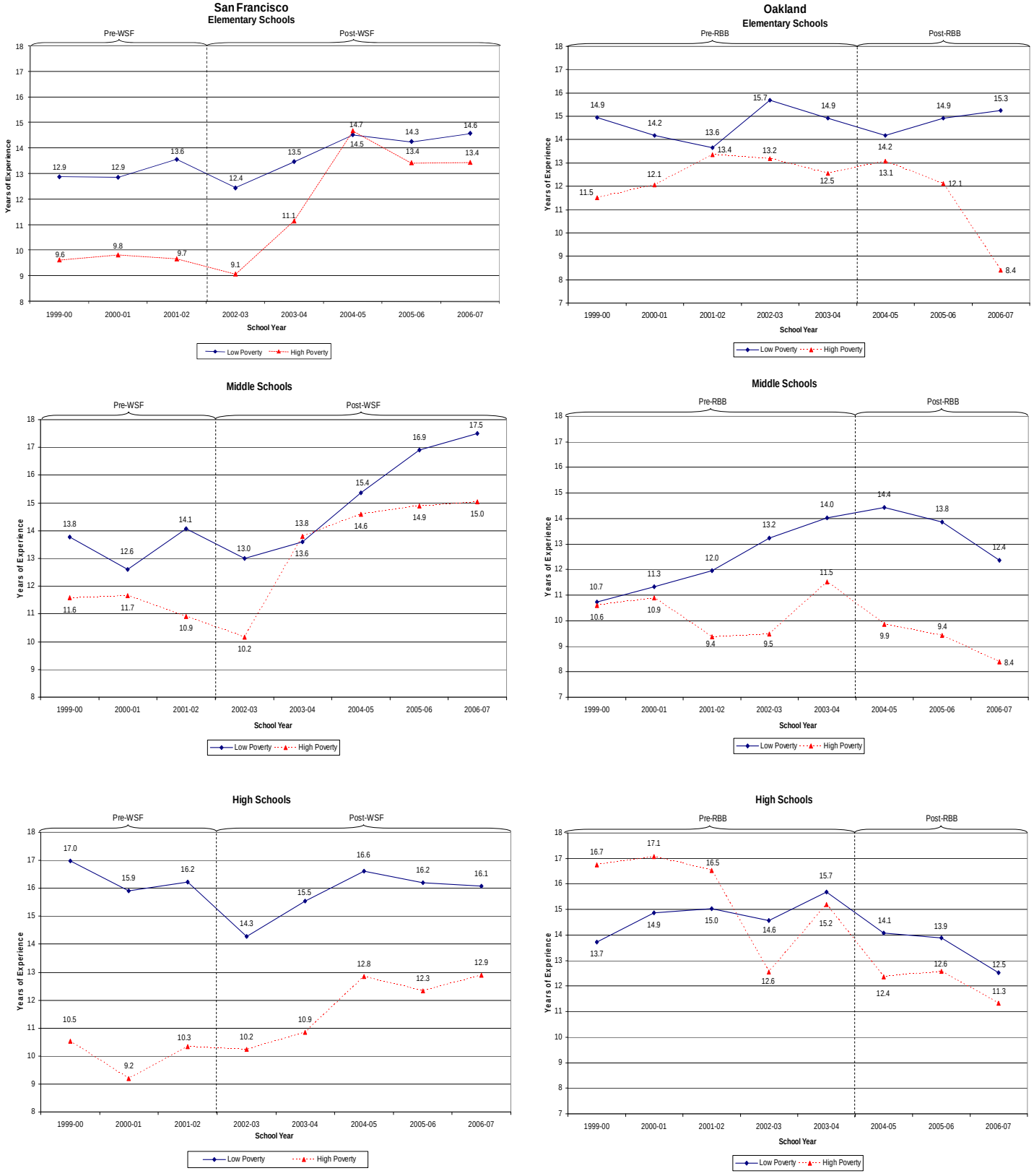
In addition to the cost of salaries, both districts faced issues about how to include the cost of employee benefits in school budgets.

San Francisco recently started including the cost of teachers' retirement benefits in the calculation of the average salary. Approximately $21,000 of the average salary of $77,000 came from benefits for current and retired teachers in 2005–06 (Shambaugh et al., 2008). One school principal felt that the district placed a burden on the schools because of this recent decision to include retirement benefits in the average salary. Our analysis of expenditure patterns in Chapter 5 does show an increase in the costs of benefits in the later years of this policy, which may be a result of this policy decision.

Oakland respondents mentioned a different concern about employee benefit costs. Two respondents mentioned the tension introduced by a school paying not just the actual salary costs but also the actual employee benefits. One principal noted that she did not approve of having to pay the actual cost of benefits because the different costs of benefits, such as health benefits for a teacher's family of five versus those for a teacher with no children, did not relate to the teacher's "value." She felt that this put principals in an awkward position of having to decide on costs unassociated with the amount of teaching experience, commenting, "I don't think there's any argument to tie a benefit cost of an employee to their job performance, the way you potentially could with years of experience."

In short, in both districts, the decision about how to calculate benefits and to determine who bears the burden of those costs was another important consideration in implementing their SBF policies but was clearly not a straightforward choice for either district. Political and logistical obstacles exist in using actual salaries. However, districts also face inequities in teaching experience levels across high- and low-poverty schools, and using average salaries may mask this issue.

Exhibit 13: Average Teaching Experience for San Francisco and Oakland Elementary, Middle, and High School Teachers, 1999–00 to 2006–07



Source: CDE Personnel Assignment Information File (PAIF) 1999–00 through 2006–07 and California Work Opportunity (CalWORKS).

Consideration 3: Degree of School-Level Discretion

One of the main goals of a student-based funding policy is clearly increased school-level discretion over planning and budgeting. Previous decentralized decision-making efforts have not been as successful, in part, because they did not fully embrace giving funding and planning discretion to schools and therefore did not produce true changes in the institutional structures (Hansen & Roza, 2005; Wohlstetter & Van Kirk, 1995). Exactly how much discretion schools retain is affected by many decisions made at the central office. These decisions focus on both budgeting discretion—the proportion of funds sent to the schools versus retained at the district level—and planning discretion—how much control over staffing and programmatic offerings to give to schools.

3.1 Budgetary Discretion: Proportion of Funding Provided to Schools

In an SBF policy, the district pushes money out to schools and gives them some degree of control over how the funds are used. So one measure of the degree of discretion might simply be how much of the money the schools have control over. Edmonton School District in Alberta, Canada, often seen as the model SBF district, allocates approximately 75 percent of the total district budget to the schools, a larger-than-average percentage (Cooper et al., 2006). However, measuring the amount of money spent at the school level can be difficult, especially given that school budgets do not include many centrally reported resources that benefit the schools (Miller, Roza & Swartz, 2005).

To analyze the portion of funds provided to schools versus the portion of funds retained at the district level, we used several years of district-level fiscal data[14] and coded expenditures into two groups: those that could be linked to traditional public elementary, middle, and high schools that receive funds according to the RBB policy (excluding charter schools, adult education, early childhood education centers, etc.) and those funds linked to the central district office.[15]

In both San Francisco and Oakland, the proportion of total expenditures over which schools have budgetary and managerial discretion did not increase during an SBF policy.

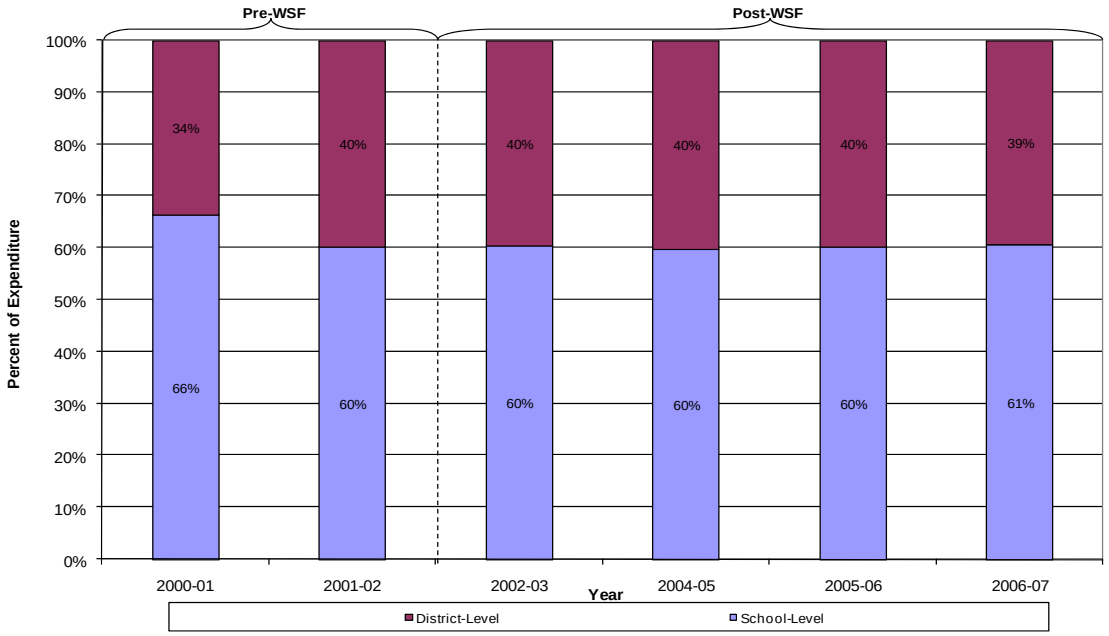
Exhibits 14 and 15 present the results of this analysis for San Francisco and Oakland. The charts contain a series of bars that represent the share of total per pupil spending attributable to school- and district-level expenditures. Remarkably consistent patterns emerged across years for both Oakland and San Francisco. This consistency indicates that the proportion of funds provided to schools and the proportion of funds retained at the district level over the course of the SBF policy changed very little. The pattern for San Francisco is stable, with about 60 percent of expenditures at the school level virtually every year after 2001–02. Similarly, in Oakland prior to the RBB policy in 2002–03, 66 percent of total per pupil spending was from school-level expenditures, whereas in the years after the implementation of RBB, schools have actually received a smaller portion of the funds (about 60 percent on average).

[14] The 2003–04 school year data were unreliable and therefore are excluded from this analysis. A more in-depth discussion of the data is included in Appendix A.

[15] It is important to note that this analysis is not precise, given that the total central office expenditures represent the amount spent on *all* sites in the district, not just the traditional public schools in our sample. Therefore, we calculated separate per-pupil expenditures for both the central office and school-level expenditures, using total district enrollment and enrollment in traditional public schools, respectively.

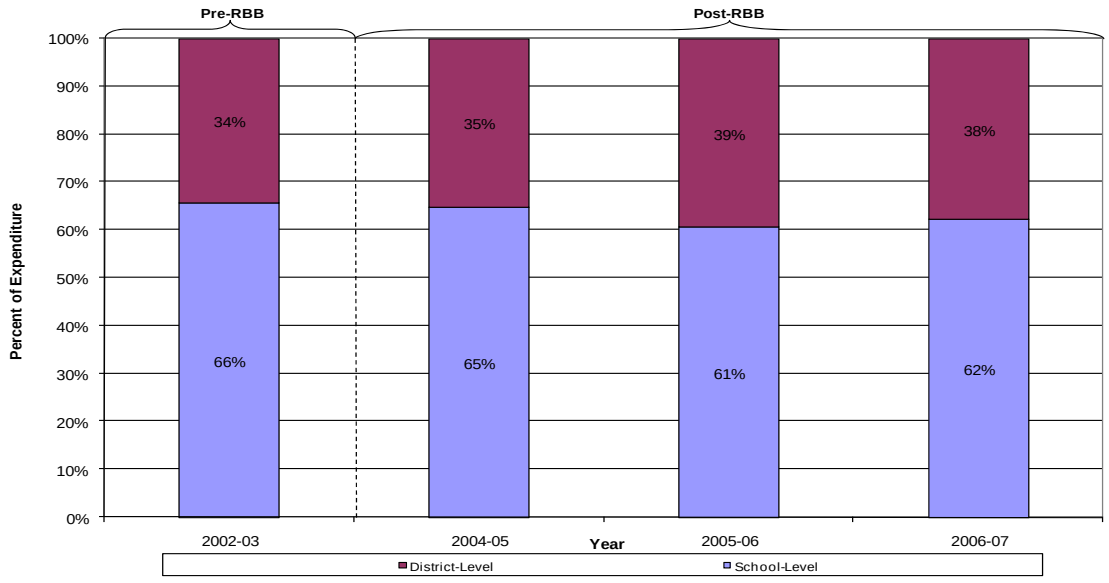
The results presented above do not capture the true district-wide expenditures that occur at schools given that several services, such as special education and professional development, are managed at the central office but delivered to school sites. Therefore, we also analyzed the estimated proportion of funds spent *at* the schools and spent *on* the schools. While the proportion of funds at the school level were higher (typically above 80 percent), neither district showed large increases in the level of resources spent at the school level after the implementation of an SBF policy.[16]

Exhibit 14: Share of Selected San Francisco Per-Pupil Expenditure by District/School Discretion from 2002-03 to 2006-07



Source: District-provided Standardized Account Code Structure (SACS) fiscal data, 2000-01 through 2006-07.
* Expenditure does not include the following object categories: Capital Outlay, Other Financing Uses or Other Outgoing Expenditures.

Exhibit 15: Share of Selected Oakland Per-Pupil Expenditure* by District/School Discretion from 2002-03 and 2004-05 to 2006-07



Source: District-provided Standardized Account Code Structure (SACS) fiscal data, 2002-03 and 2004-05 through 2006-07.
* Note: Expenditure does not include the following object categories: Capital Outlay, Other Financing Uses or Other Outgoing Expenditures.

[16] See Exhibits A26 and A27 in Appendix C for these results.

3.2 Budgetary Discretion: Proportion of Discretionary Funding Provided to Schools

Beyond the calculation of what proportion of funding is allocated to school-level expenditures, a second measure of discretion is how much money the school can spend with "no strings attached." Schools receive two types of funds: restricted and unrestricted. The restricted funding refers to categorical funding streams that are directed to certain special programs or populations of students, while unrestricted funding is simply the general purpose (GP) funding. Therefore, the second measure of budgetary discretion examines the proportion of total spending at the school level that is allocated through the unrestricted GP funds.

As Exhibits 16 and 17 showing the restricted and unrestricted funding at the district and school level depict, similar trends appear in both San Francisco and Oakland.

We find no substantial differences in the share of school-level expenditures made using restricted versus unrestricted funding. The funds that schools received with "no strings attached" in essence remained the same, except for a one-year jump in the first year of Oakland's RBB, both before and after the districts implemented an SBF policy.

Exhibit 16: San Francisco Expenditures: Restricted Versus Unrestricted Funding

		Pre-WSF			Post-WSF		
		2000–01	2001–02	2002–03	2004–05	2005–06	2006–07
District-Level Expenditures	Unrestricted Share	61%	64%	64%	51%	51%	53%
	Restricted Share	39%	36%	36%	49%	49%	47%
Total		100%	100%	100%	100%	100%	100%
School-Level Expenditures	Unrestricted Share	80%	77%	78%	81%	81%	80%
	Restricted Share	20%	23%	22%	19%	19%	20%
Total		100%	100%	100%	100%	100%	100%

Source: District-provided fiscal files, 2000–01 to 2006–07

Exhibit 17: Oakland Expenditures: Restricted Versus Unrestricted Funding

		Pre-RBB	Post-RBB		
		2002–03	2004–05	2005–06	2006–07
District-Level Expenditures	Unrestricted Share	38%	33%	28%	26%
	Restricted Share	62%	67%	72%	74%
Total		100%	100%	100%	100%
School-Level Expenditures	Unrestricted Share	74%	70%	80%	77%
	Restricted Share	26%	30%	20%	23%
Total		100%	100%	100%	100%

Source: District-provided fiscal files, 2002–03 to 2006–07

In summary, when defining discretion as the amount of total district funding over which a school has control, we find very little change since San Francisco and Oakland adopted their respective SBF policies. When discretion is defined in terms of the proportion of expenditures that is unrestricted,

the results do suggest that school-level discretion over funding in Oakland may actually have decreased since RBB was implemented, running counterintuitive to the intent of the policy.

3.3: Perceptions of Discretion

Perhaps just as important as understanding the proportion of dollars provided to the schools in an SBF policy is the *perception* of the level of school-level discretion. That is, although the proportion of funds retained at the central office and given to schools did not appear to change much in either SBF district, school-level staff were given greater control over spending the funds, which may result in a perception of greater school discretion. Our respondents provided very mixed impressions of school-level discretion.

These mixed results could be due in part to other external factors that affect the level of discretion in a school, including declining revenue and collective bargaining agreements. Given that both districts have experienced a decrease in their revenue over the past several years, schools have also felt a decrease in the amount of resources available to them. In addition, union contracts can limit the ability of school-site staff to make decisions over retaining or transferring staff. Therefore, respondent's perceptions of the degree of school-level discretion during an SBF policy may be clouded by the effects of declining resources and union agreements. Nonetheless, we asked respondents to report on their perceptions of school-level discretion.[17]

More Oakland respondents than San Francisco respondents felt that schools had a significant amount of discretion over decision making.

In San Francisco, a common complaint previously heard from both district- and school-level respondents was that because of an overall lack of funding, little budgetary discretion existed after subtracting personnel expenditures (Shambaugh et al., 2008). Our interviews for this study revealed similar sentiments.[18] Of the 11 people in San Francisco asked about the school's level of discretion, 9 respondents reported having little to no discretion after allocating funds for the basic school staff, with the remaining 2 respondents reporting that the discretion varied greatly by school. Of these nine respondents, four—one district administrator, one principal and two SSC members—mentioned that this lack of discretion is due to an ever-shrinking budget at the district level. As one principal explained,

> *When we used to have [more] funding, we had great conversations. I absolutely believe in getting the community and the teachers involved … but now 95 percent of our budget is going to staffing and benefits … It's not worth the conversations we are having.*

A district administrator echoed this sentiment noting, "Initially, [discretion] was high because there was more money. But with lean budgets, there is no choice left, no chance to make decisions now, only cuts."

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[17] The distinction between restricted versus unrestricted expenditures in our analysis was purely objective. The analysis simply made using the official definition in California: "Restricted revenues are accounted for in resource codes in the 2000–9999 range. Revenues whose use is unrestricted in nature but which still have reporting requirements are accounted for in unrestricted resource codes in the 1000–1999 range. Those activities using unrestricted revenues that do not have financial reporting or special accounting requirements are accounted for in Resource 0000, Unrestricted.", page 310-311 of the 2008 California School Accounting Manual.

[18] Given that 80 to 85 percent of school budgets in any district are typically spent on school staff, a third way to determine the level of budgetary discretion is to determine how much leeway a school has over determining which teachers it will employ. This issue is treated in more detail in Chapter 5, in which we present our findings on the changes in the distribution of resources during the implementation of the SBF models in San Francisco and Oakland.

In Oakland, perceptions of the amount of school-level discretion varied widely among district and school personnel. Of the 10 district administrators who commented on this topic, 7 noted that there was a large amount of schools' budgetary discretion, and 1 felt that it varied dramatically depending on the type of school. The remaining two district administrators felt that there was limited school-level discretion in large part owing to the declining revenue in the district. Of the school-site personnel in Oakland who were asked about the level of discretion, six respondents—three principals, two SSC members, and one union leader—felt that schools had an appropriate level of discretion over programs and resource allocation. However, four other respondents—three principals and one SSC member—felt that there was little to no discretion, in part because there was not enough money in the system to provide discretion.

Respondents also provided insight into factors affecting school-level discretion. One of the most common constraints mentioned by the respondents in Oakland was the manner in which certain cost components of their school budgets, such as custodians, were determined centrally but absorbed at the school site. (For more specific information on this discussion, see the "Service Economy" section.) Additionally, three of the eight district administrators in Oakland who felt that there was a fair amount of discretion also realized that because of the use of actual salaries in the budgeting process, the costs of the teachers at certain schools could dramatically reduce this discretion. Another large impact on the amount of school-level discretion might have been related to the allocations to small schools. One district administrator called specific attention to this, noting, "For the most part, [schools] have decision-making authority in our system but we still have some glitches that we really need to look at such as [small schools subsidies]."[19] One principal explained that although they have decision-making authority, the manner in which the district provides their categorical funds feels out of their control. However, even a principal who felt that she has little discretion also realized that compared with principals in other districts, she has more autonomy than the typical school principal.

One additional common factor the districts mentioned as influencing the level of discretion was the collective bargaining agreements, mentioned by 12 of the 22 respondents in Oakland and 6 of the 10 respondents in San Francisco. As one Oakland principal commented,

> *Sometimes it feels like we have all the responsibility but we actually don't have any of the freedom … because if you can't choose who you're going to hire …then some of your budgetary autonomy actually goes away.*

Shambaugh and colleagues (2008) reported similar findings in San Francisco, given that many staffing decisions are dictated by union regulations and not by the decisions of principals.

In addition, the variation in perception from principals might be due to the variation in the capacity of the principal to manipulate the budget. For example, one San Francisco SSC member commented that even though there is almost no budgetary discretion after paying for school site staff, he still believes that "even with a little bit of money, the discretion [at the school] provides an [opportunity] to think creatively." (See Consideration 5 for a more in-depth discussion of the considerations around ensuring an adequate level of school site capacity.)

Despite these constraints on school-level discretion, respondents in both districts indicated numerous ways in which they used their budgetary freedom to change staff positions and

[19] See chapter 4 in which *Consideration 9* details how a small schools policy has interacted with the RBB policy in Oakland.

responsibilities. In San Francisco, respondents reported that when more money had previously been available, discretion had allowed them to:

- Hire additional teachers to reduce class size or provide additional assistance to English learners;
- Hire additional counselors, attendance clerks, parent liaisons, and extra security officers;
- Increase certain useful part-time staff (such as a parent liaison) to full-time status; and
- Retain teachers to maintain their desired class numbers despite declining enrollment.

One San Francisco principal indicated that the control over retaining teachers despite fluctuations in enrollment gave her a sense of stability and community that would have been lost if the district controlled her staffing ratio based only on student enrollment. However, overall, most San Francisco respondents felt that in the past couple of years, the extreme lack of funds for schools in California resulted in schools being able to make fewer staffing decisions beyond covering the basic needs of the school.

Respondents in Oakland cited several examples about different use of funds:

- Hiring additional vice principals;
- Retaining teachers to maintain their desired class numbers despite declining enrollment;
- Cutting clerical staff but ensuring that remaining clerks had greater responsibilities;
- Reducing counselors, librarians, and social workers to part-time status; and
- Adding parent liaisons, academic support coaches, and operations support coaches.

When asked about the biggest strengths of the RBB policy, one principal commented, "The biggest difference is about being able to determine how to staff your school . . . That's huge! …That we've been able to decide what positions we need outside of the principal and the teachers." However, the union leader viewed these changes as a negative result of the RBB policy. As a result of the declining revenue during the period of RBB, schools had to cut positions such as librarians, music program teachers, and counselors, which in her opinion is "a fundamental problem with the policy."

To determine whether there was any quantifiable difference in staffing patterns in both districts, we examined the number of full-time staff (FTE) per student in schools with different poverty levels. Whereas Oakland schools did not exhibit any significant differences in the number of FTE teachers per student, San Francisco high-poverty schools at all levels employed more teachers per 100 students over the entire course of the analysis. However, neither district showed any discernable change in the staff ratios over the course of the implementation of its SBF policy. Although the average level of FTE teachers employed per 100 students fluctuated slightly, especially at the middle school level, the results of this analysis offered little evidence that there were any significant changes in access to teachers in high- relative to low-poverty schools during the implementation of the respective SBF policies in Oakland and San Francisco.[20] Nevertheless, the more detailed analysis of the per pupil expenditures on different staffing resources detailed in Chapter 5 did indicate changes related to other staff beyond teachers.

Lastly, in addition to these staffing decisions, we asked respondents about how programmatic offerings might have changed under the SBF policy. Respondents in both San Francisco and Oakland indicated few programmatic changes directly related to the SBF policies. Some specific

[20] See Exhibits A28 through A33 in Appendix C for the full results of this analysis.

examples were given, such as purchasing prizes to reward participation in the state test, instituting an after-school program, creating an advisory program, and developing a stronger newcomer program. However, most respondents asked about this issue felt that any clear programmatic changes were more likely due to the influence of district, state, and federal policies, such as small schools, state standards, or NCLB, respectively, as well as declining revenues in both districts rather than the implementation of the SBF policies.

In summary, although both districts cited examples of how they have used discretion at their schools, more Oakland than San Francisco respondents felt that schools had a significant amount of discretion over decision making. In part, this difference may be because Oakland's policy has been in place for a shorter period of time and the initial excitement over increased decision making may be a factor. Collins and Hanson (1991) did find that in a study of one district that had site-based management, teachers' expectations and attitudes toward the policy declined over the three years of the study. Therefore, this trend we see in Oakland versus San Francisco may be due to the different phases of implementation.

3.4: Planning Discretion: What's In? What's Out?

Although both SBF districts intended to provide greater discretion to schools, Oakland's design to create more flexibility had an unintended impact, creating a higher level of negativity over what costs were pushed to the school than in San Francisco. This negative reaction appears to be due to the fact that while the district pushed certain costs to a school, the actual amount of the cost was out of the school's control.

In addition to the decisions about how much money to provide to the schools and how much to retain at the central office, the districts face the question of how much control to give their schools over the planning component of the SBF policy. Should the school determine which programmatic elements its students should have? Should costs such as utilities, food service, or security be at the school level? Should the school determine what staff it wants at the school? Or should these items be centralized at the district level? These decisions represent a trade-off for districts—the more planning discretion they provide to the schools, the more latitude they have to create innovative plans. However, greater school-level control means less control for the central office in ensuring a coherent, systemic vision for the school district.

One of the determinants of this planning discretion is simply what falls in the control of the school- versus district-level budgets. Many of the elements retained at the central office, such as special education costs, are similar across the two districts. However, Oakland and San Francisco do have some differences in what is at the school's planning discretion.

Exhibit 18 displays how various expenditures are divided between the schools and the central office in San Francisco. For example, the district pays for custodial and security personnel. There is no similar list of district- and school-level responsibilities in Oakland, but our interviews revealed several differences from San Francisco. For example, in Oakland, custodial and security personnel costs are a combination of both school and district discretion; the central office determines the minimum number of custodial staff to be allocated to the school based on the number of square feet of building space, but the school's budget must pay for those staff members.

Exhibit 18: San Francisco's Budgeting Responsibilities, 2006–07

Personnel	
Site budget responsibility	**Central office budget responsibility**
General education teachers, English language learner school-based teachers, and paraprofessionals	Special education teachers, paraprofessionals, and related service providers
Elementary advisors and parent liaisons	STAR schools' staff (except parent liaisons)
Librarians	Vocational education and Regional Occupation Program (ROP) staff
Counselors	Food and nutrition staff and services
Building administration–leadership	Custodial, maintenance, and other facilities staff*
Building administration–office support	Noontime supervisors (elementary)*
Substitutes for staff development absences	Substitutes for non-staff-development absences
Extended calendar for non-athletic student activities	Athletics coaches
Security aides, other than those out of general funds	General fund security personnel
Benefits for all positions funded by site	Benefits for all centrally funded positions
	Half-time nurse, social worker, or learning support specialist for elementary schools
	Part-time arts teacher for middle schools
Services and supplies	
Instructional materials	Equipment (purchase, repair, and maintenance)*
Library books	Furniture (purchase, repair, and maintenance)*
Replacement textbooks	Basic textbooks (new core adoptions)
Computer hardware	Information technology network support and technical assistance
Special education professional development and supplies (excluding assistive technology)	Assistive technology for special education
Optional test preparation or other assessment-related activities	District-wide assessment
Extended learning opportunities (after-school and Saturday school programs)	Transportation
Language translation for school-based communication and events	Telecommunications/telephones
School-based professional development	Professional development institutes
	Business services, human resources, legal services
	Capital outlay–parts and materials*
	Utilities

* These items will continue to be provided centrally at a base level, but sites may supplement the centrally provided items or level of services with their WSF funds.
Source: San Francisco Unified School District (2006)

We asked respondents in both districts about how they feel regarding the balance of items in their planning and spending control. Our previous study on the WSF policy in San Francisco found that school-level respondents, for the most part, were content with the balance of things in their planning purview (Shambaugh et al., 2008). For the present study, eight interview respondents and one SSC focus group commented on this issue and were content with the balance. The general sentiment was that the elements outside their control, such as facilities maintenance, security staff, or special education staff, were more efficiently held by the central office, especially because these items have to be paid for one way or another. Indeed, one principal explicitly stated that she "would panic if [she] had to pay for special education" and one district administrator noted that "it would be

just one more thing for principals to worry about" because it requires so much more funding, as well as specific regulations that accompany that funding.

In Oakland, our interviews revealed a very different picture of the feelings about what is in and out of the school's planning and budgetary purview. Although the respondents echoed the concerns from those interviewed in San Francisco about delegating special education to the school level, of the nine respondents who commented on their feelings about this balance, seven had negative comments on how the system was currently structured. The comments about the balance focused on the delegation of certain costs to schools, including custodians, substitutes, and utilities, without providing any control over the factors that generate the underlying costs.

The biggest complaint about the balance of school-site costs focused on the custodians. The district calculates the cost of custodians for the schools by using a formula of the total number of students and the total square footage of the school building. A principal can appeal the total number of custodians if he or she feels that the school needs fewer, but the district ultimately determines the number of custodial staff needed. Whereas other components retained at the central office level, such as special education, appeared acceptable to the respondents, reactions from principals and several district administrators showed a general frustration over having to account for those costs in the school budget despite having no control over the number of custodians or their cost. One principal commented,

> *This is not RBB! [Under true RBB implementation,], if I want my school clean and I want to buy 17 custodians, then I can do that… And if I want my school dirty or I want to sacrifice something, [I can do that].*

Another principal echoed this sentiment, noting, "In terms of custodians, it doesn't make any sense to me. I feel like Results Based Budgeting isn't really site based." Two other principals mentioned that they would like to get cheaper services from outside the district, but contractually, the district did not offer or permit that option.

Oakland also delegates the costs of substitutes to the school level. One district administrator commented that in the first year Oakland delegated this cost to the schools, the number of substitute days dropped dramatically. However, one principal noted his displeasure that the central office required him to budget a certain portion for substitute days, based on the district average of 10 sick days per year. This principal argued that his school's teachers took an average of only four sick days per year and he wanted to conserve that additional funding for other costs.

In regard to a school's utility costs, principals (and one district administrator) voiced annoyance that they were told how much the school's utilities cost but had no control over the cost. As one principal explained, "Why do I want to know that [the utilities cost the school $1,000 per month] if I have no control over it?" Two principals remarked that to encourage conservation, they would like the utilities to actually reflect the school's usage. One principal commented, "I would love to see a rebate for utilities. I'd really like to get the school green, and I think that's a great way to do it, to provide incentives and rebates." One former district administrator explained that the plan was eventually to give the schools control over the utilities but that the bundled contract with the utilities company currently made that impossible.

3.5: The Service Economy

Oakland's service economy model that was designed to provide more discretion to schools had not fully taken shape as intended.

In addition to the split of budgeting responsibilities, another large difference between San Francisco and Oakland is how Oakland approaches its concept of the "service economy" as part of the rollout of RBB. Modeled from the approach used in Edmonton, under the service economy, a school can theoretically choose which services it wants to purchase from the district and which services it wants to purchase from an external vendor. As explained by one district administrator, the service economy is "a fluid model, so if schools aren't purchasing services from the district, the district will stop offering those services." As one former district administrator detailed,

> *We wanted to create a free market program so that [schools] could use much of their funding and not give it back to the system if the system wasn't supporting them. If they didn't feel like the HR office was recruiting well enough … or was losing applications … they could literally go out and hire their own search consultants.*

For example, if a school wanted to build the Supporting Effective Data Inquiry Package, it could purchase this service from the district for the cost of $9,950 for the year (OUSD, Instructional Menu of Services, 2008).

Conversations with current and former district administrators clearly indicate that a tremendous amount of thought went into the design of the new service economy. One specific service that has been used so far is the operation support coaches who help principals put their budgets together and serve as liaisons between the central office and principals for much of the necessary paperwork. This service, described in Consideration 5, had a very positive reception from both school- and district-level respondents. Under the theory of a service economy, some principals indicated that they had not purchased optional services from the district simply because they did not feel they needed those specific services. For example, one principal noted that she had existing coaches who were useful and so did not purchase coaches from the instructional services department.

However, Oakland's implementation of the service economy was not as smooth as hoped because of a variety of factors. First, the system has little money left over to purchase these services, given the district's declining revenue. Second, school principals with whom we spoke appeared to be somewhat confused about exactly how the service economy works, especially for technical services and utilities. For example, although it is clear from our interviews that schools do not have control over the cost of utilities at their site, many principals were unsure whether they could change this cost. Initially, the district offered no specific menu of services available to schools, leaving the school officials confused about exactly what the concept of the service economy meant. In 2006–07, Oakland developed an instructional menu, but school officials continued to be confused about non-instructional services.

Third, as one district administrator commented, Oakland did not base the service economy on a true free market concept. If the services were not as useful as principals had hoped, they did not always have the opportunity to pursue another avenue for those services. Because of contractual union obligations, the district did not permit schools to purchase such things as food services from someone outside the district. One district administrator remarked on this difficulty, noting,

> *The idea of service economy is based on having competition, and because of the way the unions work, and because there aren't a lot of other organizations that cater to schools, coming up with exactly who those competitors would be and how that would work is tough.*

In addition, as one district administrator noted that if schools did not purchase instructional services from the district, those individuals did not necessarily stop working for the district. One principal commented that this introduces a "tension between what's really centralized and what's really a service economy."

Fourth, and perhaps most important, as one district administrator noted, "There needs be a major culture shift within the district to make the service economy work." Entrepreneurial principals embraced the service economy more than others, but even then, as this administrator noted, "the centralized people at the district are not quite sure what to do and are not actually fulfilling their service economy agreement." But, according to this administrator, this mentality was difficult to change and so the department looks very similar to what it was before the service economy began.

Indeed, another district administrator noted that for the service economy to work, the district office would have to shrink noticeably—a difficult feat. In addition to changing the culture at the central office, a culture shift needs to occur at school sites. According to a district administrator, getting principals to commit to purchasing individuals in the spring for the following year without knowing what their specific needs for their incoming students are had also been difficult. One principal appeared to resent having to purchase services that had previously been given to the schools, noting, "I'm not going to pay for something that I feel should be free."

Summary of Chapter 3

This chapter reviewed three key funding considerations that San Francisco and Oakland faced when implementing an SBF policy, including the procedures for calculating school allocations, the use of actual versus average salaries and benefits in school budgets, and several ways of thinking about the degree of discretion schools have over resource allocation. Some of our main findings follow:

- By weighting enrollment by ADA to provide per pupil funding to schools, Oakland intended to encourage schools to raise attendance rates. Unfortunately, no strong evidence suggests any association between the implementation of the RBB policy and attendance rates in Oakland schools.
- San Francisco used weights reflecting differential student need to distribute general purpose (GP) funds, whereas Oakland differentiated GP funds only on the basis of the grade span of the school. Instead, Oakland relied on the distributions of the categorical funds to address differences in student need.
- Each district developed mechanisms intended to ensure that schools received enough funding to operate under the new SBF formulas. For example, San Francisco ensured that schools received a minimal allocation of dollars (their "floor plan") to support the operation of schools no matter what the weighted student formula provided. Oakland, which required schools to use actual salaries to cost school personnel, had no equivalent plan but did have subsidies intended to ensure that schools could remain financial viable. Specifically, Oakland had to subsidize the operations of the lowest-poverty schools, which tend to have more-experienced and therefore more-expensive teachers. Oakland initially assumed that the higher-poverty schools would find ways to support their less-experienced teachers by investing in professional development or by offering smaller classes, but it is not clear that this has happened yet. In addition, Oakland also had to create small-school subsidies to ensure that the many small schools in the district could cover their operating costs.

- San Francisco and Oakland chose different strategies for charging school personnel against school budgets. San Francisco uses average compensation levels, whereas Oakland uses actual compensation levels to cost school personnel against school budgets, which has created certain political tensions for Oakland with the union.
- When determining how both districts approached providing greater discretion to schools, we observed that in both districts, between 60 and 65 percent of total expenditures at the district level were allocated to the schools, but that this amount did not change greatly with the implementation of an SBF policy. When we included some of the services and resources that were managed through the district office but were delivered at the school, we found that more than 80 percent of dollars were expended at the school level. Nevertheless, this amount also did not change greatly after SBF policy implementation.
- Calculating school-level discretion was complicated by the fact that because of the limitations in the ability of a school to control the hiring, firing, and transfers of staff between schools, a school's perception of its discretion was relatively small. However, several respondents shared that despite a small portion of discretion, they were still able to make more staffing decisions at their schools.
- Finally, unlike in San Francisco, Oakland followed the model of Edmonton in implementing a service economy, which, in theory, offered the option for schools to purchase services from the central office. Although there is much to be said for this market approach in theory, as implemented in Oakland, the model still limited the discretion of the schools in accessing services.

Chapter 4
Key Design Considerations for an SBF Policy: Part II – Planning and Implementation Issues

In Chapter 3, we addressed the key *Considerations* related to funding. In this chapter, we focus on the planning and implementation issues surrounding the design and implementation of an SBF policy (see Exhibit 19).

Within each Consideration, we outline the general question a district may need to consider when developing an SBF policy, the approach both San Francisco and Oakland took when designing and implementing their SBF policies, and, where relevant, reactions to these districts' decisions from various stakeholders in the district. As noted in Chapter 3, it is important to note that these considerations are not one-time-only decisions but are ongoing throughout the process of implementation.

Exhibit 19: Key Planning and Implementation Considerations for SBF Districts

- 4: Alignment of budgeting and academic planning processes
- 5: Level of school site capacity
- 6: Obtaining school buy-in
- 7: Obtaining district buy-in
- 8: Level of community involvement
- 9: Interaction with other policies

Consideration 4: Alignment of Academic Planning and Budgeting Processes

As described in Chapter 2, San Francisco and Oakland schools were required to write one-year and three-year academic plans, respectively and to submit an accompanying budget. Effective use of resources that achieve the goals set out by the schools depends on the ability of school leadership to align the budget with the academic plans. The districts must set out procedures and processes for helping school leadership achieve this alignment between the budgeting and academic plans.

Edmonton Public Schools, often seen as the model of a SBF policy, realized after years of implementing its policy that its high school drop-out rate was much higher than desired. The district concluded that it needed to focus more on certain areas and had to reconfigure how its principals determined the goals and needs of their schools (Cross City Campaign for Urban School Reform and Focus on Results, 2006). What this may suggest is that giving schools more control over their budgets will not necessarily lead to a more effective use of resources unless the planning and budgeting processes are well aligned. A strong link between budgeting decisions and the academic plan should make resource decisions more targeted and effective.

4.1: District Supports for Alignment

Although schools felt that they were aligning their plans to their budgets and were improving the general academic planning process, our conversations with respondents in both districts indicated a need to improve alignment.

In both districts, the School Site Councils (SSCs) were supposed to prepare their academic plans before creating their school budgets to ensure that budgeted resources reflect schools' needs.

In San Francisco, although recently published guidance on school governance created by Parents for Public School (PPS) encourages SSCs to align the budget with the academic plan's priorities, there is little guidance from the district on how schools could accomplish this task. Oakland, with no documentation on this topic at all, has even less guidance for schools on aligning the academic plan and budget. District respondents indicated that they are currently working on integrating the academic plan template into the online budgeting tool to better align this process but have not yet been able to implement this plan.

In both districts, once the plan and budget are complete, the district convenes a small group of district administrators to review the plan and budget with the principal to ensure alignment. One district respondent who supports San Francisco schools in this process explained,

> *We're trying to get [principals] not to think in the old way where it's budget first, then activities. We're trying to get them to understand that they need to look at data, figure out your school's needs, and the budget follows—the budget doesn't drive your plan, the school needs should drive it.*

However, Oakland respondents expressed concern that the district's overarching emphasis on complying with federal and state regulations affected their ability to align academic plans and budgets. San Francisco respondents did not mention a similar concern. For example, three Oakland principals and nine district administrators commented that having to ensure that school budgeting complied with district, state, and federal regulations was a barrier to aligning budgets and plans. One principal described Oakland's accountability system as "choking off all creativity and innovation." One district respondent echoed this sentiment, noting that the central office is "so strict and so over the top around the necessity of being compliant that they tend to drive the principals absolutely crazy." One district respondent did note that the central office had started to make a commitment in recent years to shifting the focus of the academic plan away from compliance, but this shift did not appear evident in our conversations.

In San Francisco, two of the three district respondents indicated that school budgets were aligned with their plans, and the third respondent believed that two-thirds of the schools have well-aligned budgets and plans. All five principals interviewed in San Francisco affirmed that they created their academic plan before they considered the budget so that the school's priorities were set on the basis of school needs and not determined by budgetary constraints. Four principals said that they felt their plans were well aligned with their budgets and one said they were aligned to some degree.

In Oakland, four of six district respondents asked about this issue commented that the alignment of school plans and budgets has improved over time, whereas one district administrator felt that alignment varied by school. All six principals interviewed felt that their academic plans and budgets were aligned.

However, in both districts, school- and district-level administrators alike mentioned the inadequacy of funding overall, which they felt affected the budget's alignment to the plan. For example, one San Francisco principal noted that with so few resources left over after covering their basic staffing needs, schools did not have enough money to make real decisions about additional funds to align with the school plan. In addition, one respondent in each district noted that the involvement of the SSC can sometimes have a negative impact on the alignment of the academic plan and budget.

Despite this mixed reaction to the alignment of the plan, however, several respondents in both districts indicated positive changes in the overall academic planning process itself. As Shambaugh and colleagues (2008) reported, a few San Francisco respondents did report a change in how the academic plan was used, seeing it as more of a "living document." In both districts, respondents at different levels of the system mentioned that the focus on the academic plan had, in general, created a more strategic focus. Specifically, a San Francisco principal noted that the focus on the academic plan had removed the "fluff" from the plan and helped focus the school's goals. An Oakland principal noted that it had "taught [her] a process to organize [her] thinking." A district administrator in Oakland noted that the RBB policy had created "more conversation around strategic investments and weighing the costs against the value added [of different programs.]"

Consideration 5: Capacity of School Sites

Given that an SBF policy requires a school to assume a larger role in determining its academic plans and to develop a corresponding budget, the districts needed to determine how to ensure that schools have adequate information and the technical capacity to make effective decisions about resource allocation. As one district administrator acknowledged, the design of the SBF policy indeed "is to change the whole nature of school administration."

Conversations with California district leaders revealed that some school districts are wary of SBF policies in large part because of uncertainty about whether the school and community leaders have the capacity to take on these new responsibilities. In a focus group of five current and former urban superintendents in California who did not have SBF policies, three of the five participants expressed serious concern over schools' capacity to accomplish effective planning activities. As one former California superintendent noted,

> *We are not hiring principals really focused or experienced in budgets, more so in instruction and training. When you have schools that are struggling academically, you look for principals that are good at instruction. If you give the schools the monies that they are entitled to, you are giving the schools a lot of discretion over a large amount of funds with a lot of regulations that they may not be entirely trained to handle.*

Interestingly, one district leader in California who previously considered but did not implement an SBF policy commented that one reason for not pursuing the policy was the impression of a lack of school-site capacity to take on these new responsibilities. As this superintendent for a large urban school district in California noted, "The need and urgency to do that and the knowledge and skills for the personnel it would require to use this system … would have been too steep of a learning curve." Interestingly, this district leader noted that in addition to a lack of school-site capacity that hinders the progress on this policy, the school board members often lack budgeting capacity, making the implementation of this policy difficult on several fronts.

5.1: Districts' System of Support and Capacity Building

To address this concern, both San Francisco and Oakland developed training sessions and materials to build schools' capacity.

Based on our observations and interviews in the two districts, San Francisco appeared slightly further along than Oakland in developing technical assistance materials. Oakland, however, appeared to have more clearly defined procedures for how principals can receive assistance with their budgets and plans.

Specifically, in San Francisco district-level respondents envisioned their role as one of providing technical assistance to schools by conducting training sessions, such as an annual all-day SSC summit and an afternoon budget training for principals, as well as developing manuals and materials to assist the schools and SSCs (Shambaugh et al., 2008). In addition, the district scheduled an annual review session with each principal to review the academic plan and budget.[21]

A local chapter of Parents for Public Schools (PPS), in collaboration with the district, published training modules in 2008 for SSCs on school governance. This governance training series addressed a number of aspects of the budgeting and planning process, including the planning timeline, the role and composition of SSCs, the alignment of academic plans and budget, and how to best monitor the implementation of the school plan. In addition, San Francisco provided a list of contacts at the district level, including the assistant superintendents, who provide general oversight of school principals. But, as one district administrator explained, "There's no one place [for principals to go]. There's multiple places, and it really just depends on where [the principals] are most comfortable going."

Oakland had less documentation and training to assist the schools and SSCs with their planning and budgeting process, but established specific procedures for assisting people with the process of developing a plan and budget. Like San Francisco, the district offered training sessions about the online budgeting tool to principals. However, Oakland also offered a stronger program of assistance to schools from central office personnel during the process. Specifically, in addition to the annual district review process and general oversight by the district's assistant superintendents (called Network Executive Officers, or NeXOs), Oakland schools could also hire operations support coaches (or "ops coaches") who helped create budgets and served as liaisons to the district office. One district administrator described the operation support coaches as "executive assistants to help navigate the systems of the district." The ops support coach was very well received by the respondents in Oakland; one district administrator explained, "We have an ops coach who is very good and we couldn't live without him." In addition, the district created "drop in" hours with various district officials around the time the annual plans and budgets are due to answer schools' questions.

One additional difference between the two districts' support systems is Oakland's tiered approach, which provided more intensive capacity building related to the planning and budgeting processes to the lowest performing schools. In addition to providing additional support to the lowest performing schools with training sessions for SSCs, the district gave greater scrutiny to the allocation of resources and the theory of action behind these decisions. The NeXOs could veto decisions made at these schools that they perceived to be not well connected to the school's needs. San Francisco offered coaches for new principals but had no clear support system for the lowest performing schools specifically in terms of the academic planning and budgeting process.

5.2: Perception of District Supports

These districts' efforts aim to support schools in this process and build capacity to make effective resource allocation decisions. Therefore, we asked respondents to comment on the supports and capacity-building systems the districts designed.

[21] In 2007–08, the district did not hold review sessions with principals because a state-level budget crisis required the district to redistribute funds to the schools at multiple points in the planning process. As a result, schools did not finalize their plans and budgets until past the timeline for when districts meet with principals.

In Oakland, the 12 respondents—5 district administrators, 3 principals, and 3 SSC members—who commented on the district's processes for supporting and training the schools noted a serious need for improvement. One district administrator echoed a common sentiment when he noted, "One of the unfortunate truths under 'Expect Success' [the name of Oakland's reforms] is that trainings have not always followed … these new systems." Specifically, two district staff members reported that the district-led trainings for principals did not focus on how to make effective budgeting decisions but rather on how to use the technology. In addition, some respondents indicated that they would like more materials and tools to help them in the process because the trainings did not provide the necessary support. As one principal commented, "You could have a seminar on brain surgery, but you wouldn't be able to go out and do it."

However, despite this need for improvement, one system of support in Oakland was very well received—the operations support coaches. Of the six respondents who discussed this role, all six—three district administrators and three principals—felt that the operation support personnel were very effective in creating a more effective budgeting process. One district administrator explained,

> *We couldn't live without [our operations support coach] … I just don't see how these schools could manage because there's an awful lot of stuff that takes so much time that he does that would just drive principals crazy.*

One principal echoed this sentiment when she noted that her operation supports coach was "worth every penny … The constant challenge for a principal is not making a decision and doing something, it's making sure that it's done. And [my ops coach] gets it done."

In San Francisco, similar to Oakland, there was a strong message from the principals and other school leaders that the system of supporting schools in this process is in need of improvement. Of the four respondents and four focus groups that commented on this issue, three individuals and three focus group respondents remarked that principals and SSCs needed additional training and support. As one district administrator commented, "Every year at the end of the year principals do a survey, and they always say they want more support in budgets." One principal suggested that the district could recognize principals with more experience around budgeting and pair them with principals who need additional support. Along the same lines, one experienced SSC member recommended that the district create a formal structure to allow the SSCs to share their knowledge with each other.

5.3: Perceptions of School Capacity

Not surprisingly, given that most respondents in San Francisco and Oakland felt that both districts needed to improve on their systems for supporting and training principals and SSCs, the vast majority of respondents also felt that there was great variation in the current capacity of schools to carry out the planning and budgeting processes.

In Oakland, seven respondents—five district administrators and two principals—commented that school capacity varied greatly depending on the principal. Four respondents—two district administrators and two principals—felt that there was little or no capacity at their individual schools or the schools with which they work. Only two principals felt they were highly capable in this process. District administrators were clearly aware of this problem but had decided to go ahead and build the system and to enhance capacity along the way. As one former district administrator commented, "We knew that capacity would vary greatly but [we] wanted to throw everyone in to the process so they could 'survive then thrive.'"

In San Francisco, respondents were more positive about the existing capacity. Three district respondents, one principal, and one SSC member felt that there was great variation in the district. One district administrator, two principals, one SSC member, and one teacher felt that there was a sufficient level of capacity for this process. However, even those who felt that there was sufficient capacity in San Francisco often noted that there were still issues around the technology used in the process of developing budgets.

Respondents in both districts felt that the variation in capacity arose because the skill set required of principals and SSCs for planning and budgeting was very different from what is typically asked of an instructional leader. As one Oakland district administrator explained,

> *We have upped the job of the principal and the responsibility of the school site, not only around operational management but instructional leadership at the same time.*

One San Francisco district administrator echoed this sentiment, noting, "Certainly, when we all got our credentials, doing budgets was not part of it." Highly functional principals, according to respondents, seemed to understand how to use their support staff in this process and how to be strategic with their money.

Our interviews revealed examples of how site leaders and SSCs that lack capacity can affect the functionality of the process. One Oakland principal shared a story of another principal in the district who had to let a librarian go because the school could not support the cost, but then ended the year with a $125,000 surplus. In another case, we observed an SSC meeting at a school in which the conversation focused on misinformation about funding for English learner (EL) programs. The SSC members believed that the funding for EL programs was outside the control of the SSC, leading to a fragmented discussion of school plans.

In summary, given this new role of the principal, both districts designed systems and processes to develop capacity to ensure that the intended goals of their SBF policy are met, and their respective approaches achieved varying degrees of success. San Francisco had several trainings and materials to build capacity, and Oakland established important designated support personnel for principals.

Consideration 6: School-Level Buy-In

Successful implementation of a policy such as the SBF requires buy-in from school-level actors (McLaughlin & Talbert, 2003; Desimone, 2002). School-level buy-in seems particularly important with an SBF policy given that school leaders play a new role in planning and budgeting.

San Francisco and Oakland approached school-level involvement in the development of the policy in different ways. San Francisco involved schools at the outset and introduced the policy gradually over two years. Oakland implemented the policy over a shorter period of time with relatively little effort to incorporate feedback from schools. Despite these different approaches, respondents reported similarly high levels of acceptance of this reform at the school level.

6.1: Initial Involvement of Schools

San Francisco formed a WSF Committee in 2000–01 to obtain input on the policy from stakeholders. During the first 4 years, this committee met several times a year to discuss the details of implementation and visited other districts to observe their implementation of other SBF policies. In addition, the committee initiated a pilot program of 27 schools in 2001–02. As an incentive to

participate, the district provided an extra $100 per student and 2 days of training to each pilot school (Shambaugh et al., 2008).

Unlike San Francisco, Oakland did not have a specific RBB pilot program. The district had begun its transition to a site-based decision-making model under former superintendent Dennis Chaconas in 2002–03, with seven small schools that were exempted from the traditional budgeting model and were given more decision-making control at their sites. These schools were not a true pilot of the RBB policy. It was not until January 2004, when the state administrator at the time took a group of principals and district-level staff to Edmonton to observe that district's funding model, that the district even began to design its SBF policy. When the decision was made, a small group of district-level staff worked over the course of 3 months to develop Oakland's new RBB funding system. The policy was launched district-wide the next year for the 2004–05 school year.

One district respondent who was a key team member in the design of the policy explained the reasoning behind the rapid transition to the new policy without a formal pilot process:

> *Everyone had ideas about how we could pilot what they were doing up here [in Edmonton], or how we could expand the number of schools, and I said, if this thing is so good, why don't we just do it in the entire district? If it's working in five schools, ten schools, why don't we make it so it works in 120 schools? Because unless we do it throughout the system, it's not going to be institutionalized, it'll be seen as pilot or elite or something just for certain schools and not for others.*

Not surprisingly, most principals felt that the schools had little to no involvement in developing the RBB policy. Of the six principal respondents, three felt that schools were not involved in the process at all, one felt that only the pilot schools were involved, and one was unsure of the level of involvement. Only one principal said that she felt that the district had tried to get input from school-level staff. As one principal commented, "I think, by and large, it just kind of came, call it a mandate or not, that was just the new way we were doing things."

6.2: Degree of School-Level Buy-In

Previous studies on site-based budgeting policies in general have found that decentralized planning and budgeting can lead to greater teacher empowerment (Leithwood & Menzies, 1998; Collins & Hanson, 1991). For example, Newkirk and Klotz (2002) found a significant positive difference in teachers' feelings of self-efficacy in site-based budgeting districts in South Mississippi. Empowered teachers with a strong sense of self-efficacy can be powerful levers for change in instructional practices and increases in student achievement. Our respondents, however, did not mention any specific changes in school climate related to teacher empowerment. Indeed, several voluntary focus groups for school faculty members had no participants show up, perhaps indicating the low level of interest the faculty has in this process.

But although our respondents did not discuss the specific nature of teacher empowerment as it related to SBF policies, both districts did show a high level of general school-level buy-in to this process and policy. This finding is in keeping with Odden and Busch's (1998) findings of positive teacher response to site-based budgeting in their studies in England and Australia. Specifically, teachers reported site-based budgeting to be very difficult, but would not choose to revert back to the old system, greatly appreciating the more empowering work environment (Odden & Kelley, 2000).

In San Francisco, four of the five principals interviewed said that they were initially very excited about the policy because they felt that it would give them more money to support their high-needs students. The fifth principal, who became a principal in San Francisco after the initial implementation of WSF, felt that WSF was a natural process and could not imagine *not* having control over her schools' funds. Two principals commented that their initial excitement faded somewhat with the decrease in overall funds; they did not feel that the remaining resources were sufficient to meet student needs.

Similarly, when the RBB policy was implemented in Oakland, principals' reactions to the policy were primarily positive. Principals reported that they had been excited about the greater control over funds at their sites, the ability to get more funding through increased attendance, and the increased transparency of the funds. One principal commented, "Part of the reason I became a principal [in Oakland] was because of the promise of having that autonomy at a school site." Although all of our principal respondents enjoyed receiving more control and autonomy in their schools, two noted that there was some distrust and skepticism from principals about the reasons behind the new policy. These principals may have felt that the policy was "sprung" on them by the district and that the district was trying to hide funding from them by using this new formula. Two principals commented that although they felt capable and comfortable with the process, they thought that some principals in the district were completely unprepared to deal with the technology and budgeting skills necessary to implement the policy effectively in their schools.

As in San Francisco, Oakland principals voiced frustrations about the ongoing issues of decreasing state funds, a perceived lack of transparency at the district level, and increased bureaucracy and paperwork. However, all six principals we spoke with in Oakland believed that the district should keep the RBB policy, with four principals asserting that RBB made principals more aware of how they spend money and increased transparency.

In sum, in considering the different ways the two districts approached the issue of attaining school involvement and buy-in, it is interesting to note that school and district staff in both districts have a comparable and relatively high level of satisfaction with their policies. Oakland's state administrator gave schools a top-down mandate that put in place the mechanisms for a bottom-up approach to the budgeting and planning process, whereas San Francisco spent more time and resources incorporating school feedback to gain school buy-in. Even though Oakland neither involved the schools in the decision to implement RBB nor gave them the opportunity to provide input on how the policy should be implemented, the levels of satisfaction in both Oakland and San Francisco appeared similar.

Consideration 7: District-Level Buy-In

Perhaps just as important as school-level buy-in to effective policy implementation is the degree of district buy-in to an SBF policy.

Both San Francisco and Oakland faced decisions on how district-level staff should be involved in policy and what kinds of ongoing support should be available to district staff themselves. San Francisco district staff were more involved in the initial stages, but both districts showed strong acceptance of the policy at the district level.

7.1: District Staff's Initial Involvement

In Oakland, a small group of district staff headed by the state administrator, Dr. Randolph Ward, designed the RBB policy. Although this small group was intensively involved in the process, other district respondents were not as intimately involved beyond an initial visit to Edmonton to observe its SBF policy. One district respondent present at the time of implementation reported that the majority of district staff was not involved in the process, commenting,

> *There were two individuals … who were really the architects of the policy. They made a lot of decisions behind closed doors. They were really smart people but an island unto themselves.*

In contrast, district-level involvement in the design and implementation of San Francisco's WSF policy seems to have been greater. A small group of district and school staff visited other districts to observe how other SBF policies worked. San Francisco leadership included a significant number of district staff, representing a variety of departments, on the WSF Committee. Specifically, in 2004–05, the WSF Committee included 31 members: 14 district administrators, 7 principals, 2 union leaders, and 8 others (Childress & Peterkin, 2004). One district respondent who was working at the district level when the WSF policy was implemented reported,

> *When [WSF] was first implemented, we had a large role . . . because Arlene Ackerman, who brought it in, wanted us to have a big role . . . We had a lot to do with rolling it out, professional development, making sure it was comprehensible to principals and the school community.*

7.2: Ongoing Involvement of District Staff

Although San Francisco may have had a deeper involvement of district-level staff in the formation of the policy, both districts had to respond to the changing roles and responsibilities of certain district staff after the implementation of their SBF policies. The Oakland Network Executive Officers (NeXOs) and San Francisco assistant superintendents' roles had previously been to provide instructional leadership to principals, but under SBF policies, they had additional responsibilities overseeing school budgets, monitoring budgetary compliance, encouraging principals to align their budgets with their academic plans, and ensuring that schools had enough money to cover operating costs. For example, one Oakland principal commented that although NeXOs are supposed to be more involved in the budgeting process, she believes they typically have little training in budgeting beyond their own experiences as a principal. One Oakland district administrator supported this sentiment, saying "[NeXos] generally don't tend to be the types of people who want to spend a lot of time on budgets."

7.3: Degree of District-Level Buy-In

With these varying levels of involvement in the formation and ongoing support of each SBF policy, San Francisco district staff, who assisted schools in the planning and budgeting processes, were reported to be less supportive of the policy because of declining revenue available to schools (Shambaugh et al., 2008). Although we did hear some concerns about schools struggling with the level of funding, we did not find evidence of negativity about this policy from district administrators in either district. In fact, despite the new responsibility of supporting schools with their budgeting process, district-level staff in both San Francisco and Oakland who work with schools approved of the SBF policy. It is important to note that Oakland's central office has experienced a high amount of turnover since the initial implementation of RBB. However, despite this turnover, all district respondents from both Oakland and San Francisco reported that they would keep their SBF policy if given the choice to return to a traditional top-down budgeting system.

Consideration 8: Degree of Parent and Community Involvement

One of the primary ways parents and community members have input in planning and budgeting processes in California schools is through the School Site Council (SSC). State regulations task SSCs at a minimum to develop a school plan, evaluate the educational program at the school, and approve the proposed expenditures of categorical funds.

The site-planning process includes an element of parent and community involvement; our interviews indicated that districts must decide whether increasing parent and community involvement is an explicit goal of their SBF policy and, if so, how to authentically engage a representative group of parents and community members in the process.

8.1: Policies and Processes for Parent and Community Involvement

As expected under California law, both Oakland and San Francisco involved SSCs in the planning and budgeting processes to determine school priorities, provide input on the school plan, and approve certain budgeting decisions. However, the emphasis on parent and community involvement had a much stronger role in San Francisco's WSF policy than in Oakland's RBB policy.

In San Francisco, increasing parent and community involvement was one goal of the WSF policy. Engaging parents and community members in the budgeting and planning process was a key goal in Superintendent Ackerman's plan for San Francisco (Childress & Peterkin, 2004). All three district respondents mentioned the increased role of the SSCs in the budgeting and planning process and four of the five principals mentioned shared decision making as a primary goal of the policy. One principal commented that she felt the focus on community involvement was one of the main strengths of the WSF policy.

In contrast, in Oakland only two former district administrators key to designing the policy commented on the role of parents and community members. According to them, the RBB policy placed the responsibility on the principal to decide how involved the community should be at the school. Ultimately, Oakland gave more control and autonomy to school principals than did San Francisco, and the district left it up to principals to decide how much they wanted to involve the community in decisions beyond those regarding the categorical funding. A district staff member commented, "RBB certainly puts in place the conditions for greater participation for the parents and community, but it doesn't make it a [requirement]."

These different approaches for the role of the community in developing the SBF policies are also reflected in how the district developed the statutory role for the SSCs. Oakland's SSCs, following the minimum state requirement, were required to sign off only on the categorical funds. One Oakland district administrator noted that certain principals present the entire budget to the SSC for review and input, but the district does not mandate them to do so. San Francisco's SSCs, however, have authority to approve the full budget, including both categorical funds and unrestricted general purpose funds.

In addition, San Francisco requires community involvement beyond that from the SSC. Specifically, San Francisco requires schools to have two community-wide meetings in addition to their monthly SSC meetings to obtain input of community members outside the SSC. Oakland does not require community-wide meetings beyond the SSC.

8.2: Aiming for Diverse and Authentic Involvement

Despite the districts' different approaches to engaging parent and community involvement, both faced challenges in ensuring that the involvement was both diverse and authentic—in other words, that the members on the SSCs represent the different demographics of the school and were actively engaged in the process.

Both San Francisco and Oakland respondents indicated that SSC representatives did not reflect the student body demographics, typically representing only the more-affluent parents. In addition to under-representation of diverse communities in the process, respondents from both districts mentioned that community involvement varied greatly from school to school. In San Francisco, one community member commented that only about 20 percent of San Francisco's SSCs were organized enough to be effective. Another San Francisco district administrator commented,

> *There are some [SSCs] that are just rubber stamping and who are only marginally engaged. On the other end of the spectrum, the principal is just fighting to be strategic about shifting where the community is and where they think money would be better utilized.*[22]

Both districts also faced challenges in ensuring the effective involvement of community members. One district respondent and one community member in San Francisco commented that principals could be overwhelmed by the amount of community involvement and sometimes struggled with maintaining a balance between teachers' and parents' opinions on school needs. For example, one community member explained that sometimes the conflicting priorities of SSC parents and teachers affect the planning process.

Despite the challenges they faced, SSCs and principals in both districts showed innovative methods for ensuring that the schools' plans reflect the community's priorities.

For example, one San Francisco principal described a process she uses to engage the community in ranking school priorities: she wrote school resource options on large pieces of paper and gave parents, teachers, and community members stickers each to place next to their top four choices. The list produced from this ranking allowed the SSC to fund as many of the top priorities as possible.

8.3: Perceived Impact on Parent/Community Involvement

Given that both San Francisco and Oakland considered the role that parents and community members play in the process, we asked respondents whether they felt that any change in parent or community involvement had occurred during the district's SBF policy implementation.

Although we are not able to observe a direct causal link between the engagement of community members and the SBF policies, some respondents in San Francisco and Oakland felt that the process had a positive impact on involving parents and the community in the school planning process.

Although the levels of community involvement required in the process may be different, both San Francisco's WSF policy and Oakland's RBB policy require some form of involvement from parents and the community. Therefore, we asked respondents whether they felt that the overall involvement of parents and the community had increased.

[22] See *Consideration 5* on how the districts approached building the capacity of all members engaged in this process.

San Francisco placed an emphasis on the role of the community in the shared decision making created by the WSF policy. Overall, similar to what Shambaugh and colleagues (2008) reported, respondents felt that the WSF policy has increased community involvement and authentic engagement in the district. A number of respondents—two district staff, two principals, one community member, one SSC member, and one faculty group—indicated that community involvement had increased, while one community member, one principal, and one teacher felt that community involvement had not increased. As one district respondent answered when asked about a success of the WSF policy,

> *For me, it's the level of parent involvement—I think that's really increased. Where parents really have a voice—sometimes it's a voice you might not always want to hear, but they have the opportunity! And especially in the high school there's a lot of student voice in regards to budgets, which I think is great.*

In addition, one principal noted that although the number of community members had not increased, the process is now "more meaningful for those involved."

In Oakland, although expanding community involvement was not a specifically stated goal of Oakland's RBB policy, two district staff, two principals, and one group of SSC members said that they felt that community involvement had increased since the implementation of RBB. However, they also noted that it is difficult to attribute any increases directly to the policy. For example, one principal believes that community involvement increased at her school because of the school choice policy, which she felt created more buy-in and support from parents because they were able to select their children's schools. Indeed, one district respondent and the union lead questioned the authenticity of community involvement, and the union lead commented that SSCs are still a "rubber stamp" in some schools. Ultimately, although the initial purpose of RBB was to give principals more authority and to hold them accountable for their schools, there is evidence that community involvement and understanding have increased in some schools in Oakland. However, it is not clear how much this change in community involvement and understanding can be attributed to the RBB policy.

Consideration 9: Interaction With Other Policies

A last consideration is how other policies can and do affect the implementation of SBF. No district-wide policy exists in a vacuum. Therefore, to ensure that the district can achieve the goals of an SBF policy, district and school leaders should understand how the policy interacts with other district- and state-level policies and regulations when both designing the policy and reviewing the policy's implementation on an ongoing basis.

9.1: Interaction With Other District Policies

District respondents in both San Francisco and Oakland mentioned several district-level policies that likely affect the implementation of the WSF policy. Shambaugh and colleagues (2008) outlined several existing policies in San Francisco that had an impact on the implementation of San Francisco's WSF policy, including the district's school supervision and intervention processes, the existence of other district-specific funding streams, the district's collective bargaining agreements, and the district's open enrollment policy.

Respondents mentioned several existing district-level policies and procedures that affected the implementation of their SBF policy, including a small-school policy, an open-enrollment policy, and the collective bargaining agreement.

Small-Schools Policy

Both San Francisco and Oakland have small schools in their districts, but Oakland has taken a much more aggressive stance on developing small schools. Nine respondents in Oakland and two respondents in San Francisco mentioned that the existence of small schools introduced difficulties to the planning and budgeting processes. Specifically, respondents mentioned that small schools, lacking economies of scale, struggled with covering basic costs with the funds allotted to them. As one Oakland district administrator noted, "Small schools have had a positive impact on classroom and school climate, but have raised financial considerations [around] economies of scale."

Indeed, another Oakland district administrator noted that many schools in the district do not have enough funding in the basic allocations and categorical funds to operate without an additional small-school subsidy. Oakland was reviewing the sizes of its small schools to eventually determine the optimal functional school size with the hope of eventually removing the small-schools subsidy. However, small schools clearly have restricted discretion in both districts because they still need the subsidies in Oakland and receive additional allocations to meet the minimum funds needed to operate in San Francisco (the "floor plan"). Such subsidies essentially take the schools "off the formula," so to speak, by ensuring them minimally sufficient funding to permit operation and by disregarding the student populations at specific school sites.

District Enrollment Policy

Similar to all major SBF policy districts, both San Francisco and Oakland have open enrollment policies, meaning that students can select from all public schools in the district. Given that funding attached to each child follows the student to whatever school he or she attends, this policy may give schools an incentive to try to attract as many students as possible. One district administrator in Oakland did note that the enrollment process means that "we see families as customers with dollars. [The families] make decisions about what schools they want to go to. With RBB, they really get to decide!" Along these lines, one principal noted that because of the open enrollment policy, "We do a lot of outreach—information nights, fairs, … and events where we invite people who are looking for high schools and put on a show." One San Francisco respondent also echoed findings reported by Shambaugh and colleagues (2008) that in San Francisco, the lower-performing schools with fewer and fewer students are struggling to meet their basic operating costs. Finally, one district respondent in Oakland indicated that the open enrollment policies make forecasting enrollment for the coming year more difficult, causing more variability in the projected and actual budgets at the school site.

Collective Bargaining Agreements

As mentioned in previous sections, respondents at all levels of the system revealed that each district's collective bargaining agreements affected the implementation of the district's SBF policies. Previously, Shambaugh and colleagues (2008) reported that San Francisco respondents felt that the teacher hiring and transfer processes severely constricted a school's discretion. Similarly, a majority of both Oakland and San Francisco respondents in this current study voiced a similar concern. A district administrator in Oakland echoed this sentiment, noting, "There's a disconnect between the RBB process and some of the union contracts."

One former district administrator in Oakland noted that the collective bargaining agreements were altered toward the beginning of the RBB policy to give more authority to schools. Nevertheless, the majority of respondents in both districts felt that the large component of their discretion focused on staffing had really not changed during SBF implementation.

9.2: Interaction With State Policies

In addition to other existing district policies that might affect the implementation of an SBF policy, San Francisco and Oakland respondents shared their insight on the impact of certain state policies. Specifically, as Shambaugh and colleagues (2008) also found, respondents mentioned their perceptions of the negative impacts of a high number of categorical program funds, an uncertain state budget funding cycle, and a general lack of adequate funding.

Large Number of Categorical Funds

The sheer volume of categorical programs in California created challenges for schools in connecting their goals and objectives with the requirements embedded within the categorical programs.

California is known for its increasingly large number of state categorical program funds restricted for specific use at district and school levels. Indeed, California has more categorical programs than any other state in the country (Hassel & Roza, 2007). Districts in California can receive funds from as many as 220 state and federal categorical programs, up from just 57 state categorical programs in 1993 (Timar, 2006). Hassel and Roza (2007) argue that the large number of categorical program funds in any state can reduce spending coherence, impose onerous management requirements of the funds, and provide a "one-size-fits-all" approach to school systems with differential needs. However, our respondents indicated that categorical program funds, more specifically, can affect the intent of an SBF policy.

The previous descriptive study of the WSF policy in San Francisco reported that approximately half the respondents at the district and school levels mentioned that the categorical funds presented challenges in the budgeting process (Shambaugh et al., 2008). Similarly, six of the Oakland respondents and three of the San Francisco respondents mentioned the difficulties created by the categorical funds. Conversations revealed that the large number of categorical funds in California affected both the manner in which schools plan their programs and the overall process for monitoring and compliance.

First, respondents reported that the large number of state and federal categorical program funds affected how schools develop their school and resource allocation plans. By introducing a fragmented funding system on which to overlay their school plan, the alignment of the budget to the goals in the plan became more difficult because it was challenging for a school to connect categorical program funds, restricted to specific programmatic purposes, to the school's unique strategy.

Second, the large number of categorical program funds did not have an impact on just the process for school planning but also appeared to reinforce a compliance mentality. As Cross and Roza (2007) assert, the highly monitored and documented process for spending federal and state funds has "created the mentality that documenting compliance was more important that documenting educational outcomes." For example, one San Francisco principal admitted that she doesn't "really put into the academic plan what I see as the true goals. I use words that will appease the district and will fulfill the categorical [requirements.]"

Third, one superintendent in a non-SBF district noted that the categorical program funds provide additional dollars for students with additional needs, but their distribution is not sufficiently systematic, noting, "The difficulty is that there's not a lot of science attached to the weights [of the categorical program funds]."

State Budgeting Cycles

Respondents felt that the implementation of SBF policies was directly affected by California's budget cycle, which made the planning process much more difficult.

Seven respondents—four district administrators and one principal from Oakland, and one district administrator and one principal from San Francisco—all discussed the negative impact of the state budget cycle on their districts' and schools' planning and budgeting processes.

The state budget is supposed to be finalized every year by the beginning of July. Given that this date does not align with when the schools are supposed to finalize their budgets in April, the schools must finalize their plans before knowing exactly how much money they will receive. In addition, the July deadline is rarely met, leading to even more uncertainty as the school year nears. As one district administrator noted,

> *The annual budget cycle is very unpredictable … which makes forecasting and budgeting more difficult … Schools are in a Catch 22 [because] they don't know if they can actually pay for what they want and the central office is not sure if they can actually provide the services they want.*

As one Oakland principal asked, "What other organization doesn't have an operating budget firmly in place [for the coming year]?" One San Francisco administrator noted that because of the uncertainty of the state budget, the budgets had to be changed four times in one planning cycle, creating additional work for all of the principals.

As others have already noted (see, for example, Jacobson, 2008), the state budget cycle introduces another layer of uncertainty into the districts' and schools' planning and budgeting process. Schools must budget for the "worst case scenario" and hope that the legislature gives them more money in the fall. However, at that point, it is often too late to hire back all the teachers whom they have laid off. Simply put, as one district administrator in Oakland noted,

> *[Our SBF policy] doesn't really fit in some ways with how school districts are funded and state annual funding cycles for education work. We just have to be able to make that work.*

State Funding Levels

Another large impact from state policies that respondents reported was not in the budgeting cycle or the number of categorical program funds but rather in the general lack of adequate funds in the state of California.

Respondents at all levels of the system in both districts mentioned that the state's overall lack of funding for education had a dramatic impact on their school plans.

Echoing findings from our earlier study in San Francisco (Shambaugh et al., 2008), respondents in both districts repeatedly mentioned the difficulty of any budgeting process given the general perception of a lack of adequate funding. As one district administrator in Oakland noted, "RBB has made more visible that we don't have much money." The union leader in Oakland noted that

> *One unintended consequence [of RBB] was, because … we're dealing with inadequate funding to start with … [schools are] having to really decide between essential things.*

Whether the lack of money affects the degree of discretion for making decisions on programmatic and staffing resources at the school or the level of funding leaves the central office to scramble to determine how to cover all schools' operating costs, respondents expressed a very clear frustration over the availability of funding. This sentiment may have been intensified because the interviews were conducted in a year that produced a state-level budget crisis that led to potential layoffs for all

districts in the state. Nevertheless, a strong recommendation from several respondents was to increase state funding.

Summary of Chapter 4

This chapter detailed six of the nine considerations that both San Francisco and Oakland faced when developing their SBF policies, as well as some of the reactions to these decisions by relevant stakeholders in the districts. Although the two districts have many policy similarities, we detailed a number of concrete implementation differences between the two districts. The district's similarities and differences follow:

- Alignment between a school's academic goals and the allocation of dollars in the budget, critical to schools' success in achieving those goals, was difficult to achieve in both districts. Some schools accomplished this objective better than others, and the capacity of school leadership in those schools appeared to be a contributing factor.
- With regard to building school capacity, San Francisco provided extensive training and documentation of procedures. At the same time, Oakland provided more limited training, but provided much more significant support to the schools from trained district personnel.
- To foster school-level buy-in, during the years prior to implementing the WSF policy, San Francisco made considerable efforts to involve district- and school-level staff in the process of designing and implementing its version of the SBF policy. In contrast, Oakland's RBB policy was implemented very quickly at the mandate of a district leader. Whereas San Francisco introduced WSF as a pilot program, Oakland implemented the RBB throughout the district within a period of months. Given the different ways the two districts brought these policies to scale, it is interesting to note that both school and district staff within both districts had a very comparable and relatively high level of satisfaction with their policies.
- Community involvement was handled quite differently in the two districts. San Francisco expected principals to involve their SSC in decisions on all funds in the budgeting process and to hold meetings to seek public input on the academic plans and budgets. Oakland required input only on the use of categorical funds and held no community-wide meetings, putting the responsibility on the principals to decide how much community involvement to seek. However, despite the differences in implementation of this process, the reality was that a fairly limited number of community members were actually involved in the process.
- Other policies significantly affected the implementation of SBF policies. District policies and processes, including small-schools policies, open enrollment policies, and collective bargaining agreements, as well as state-level policies such as the number of state and federal categorical programs, the state budgeting cycle, and the level of funding in the state, all had an impact on the design and implementation of San Francisco's WSF policy and Oakland's RBB policy.

Chapter 5
Analysis of Spending Patterns

In addition to understanding how districts design and implement an SBF policy, it is also important to understand whether SBF districts distribute and utilize their resources in different ways after changing their funding formulas and decentralizing decision-making authority. Therefore, this chapter explores the patterns of variation in per pupil spending across schools within the San Francisco and Oakland. The first section gives a brief overview of the trends in per pupil expenditures existing in the two districts both before and after implementation of the SBF policy.[23] Next, we provide a more detailed analysis of changes in how dollars were allocated among different objects of expenditures in both districts before and after the implementation of an SBF policy.

General Trends in Per Pupil Expenditures

First, to understand the context of expenditures in both districts, we calculated the basic per pupil expenditures trends at the school level.[24] These school-level expenditures accounted for just under two-thirds of total district spending and, for the most part, included dollars allocated to resources that principals and the school leadership manage and administer at the school site.[25]

Although actual spending increased in both Oakland and San Francisco over the period studied, real resources available to schools, once inflation was taken into account, either remained constant or declined.

Exhibits 20 and 21 display the trends in average per pupil expenditures over time across elementary, middle, and high schools in San Francisco and Oakland, respectively. With a few significant exceptions, we observed an increase in actual per pupil spending over the timeframe of our analysis across all three schooling levels in both districts. However, it should be noted that in those years when expenditures did drop (2002–03 and 2003–04 for San Francisco and 2005–06 in Oakland), the decline reflected a significant decline in resources. Moreover, when we account for the effects of inflation, real spending at the school level has either stayed about constant or declined.[26] In effect, inflation has made it difficult for schools to maintain the same service levels in both districts over the period of our analysis.

Compared to expenditures in Oakland, the average per pupil expenditures at San Francisco middle and high schools were much closer to one another. After a jump in school-level per pupil expenditures from 2000–01 to 2001–02, San Francisco middle and high schools experienced a large two-year decline. Elementary schools enjoyed an increase for a full three years (from 2000–01 to 2002–03), which then gave way to a large decrease in 2003–04 to a level below their 2001–02

[23] See Exhibits A7 through A17 in Appendix C for more general information on the context of each district, including enrollment patterns and numbers of students in poverty and English learners.

[24] Using district-provided fiscal files, we calculated school-level per-pupil expenditures by simply dividing the total expenditures at each school by its enrollment. We calculated only those expenditures that we could track to the specific school site. Oakland was unable to provide us with accurate data for the 2003-04 school year, so we simply excluded the fiscal data for that year from our analysis

[25] In addition to the resources managed at the school site, schools receive a substantial amount of services from instructional and support staff members from the central office who provide direct services to schools. Therefore, the school-level per-pupil expenditures should not be interpreted as representing the overall amount spent per student. Rather, they represent the dollars that could be reliably tracked to the school site.

[26] See Exhibit A34 Appendix C for the estimates of inflation.

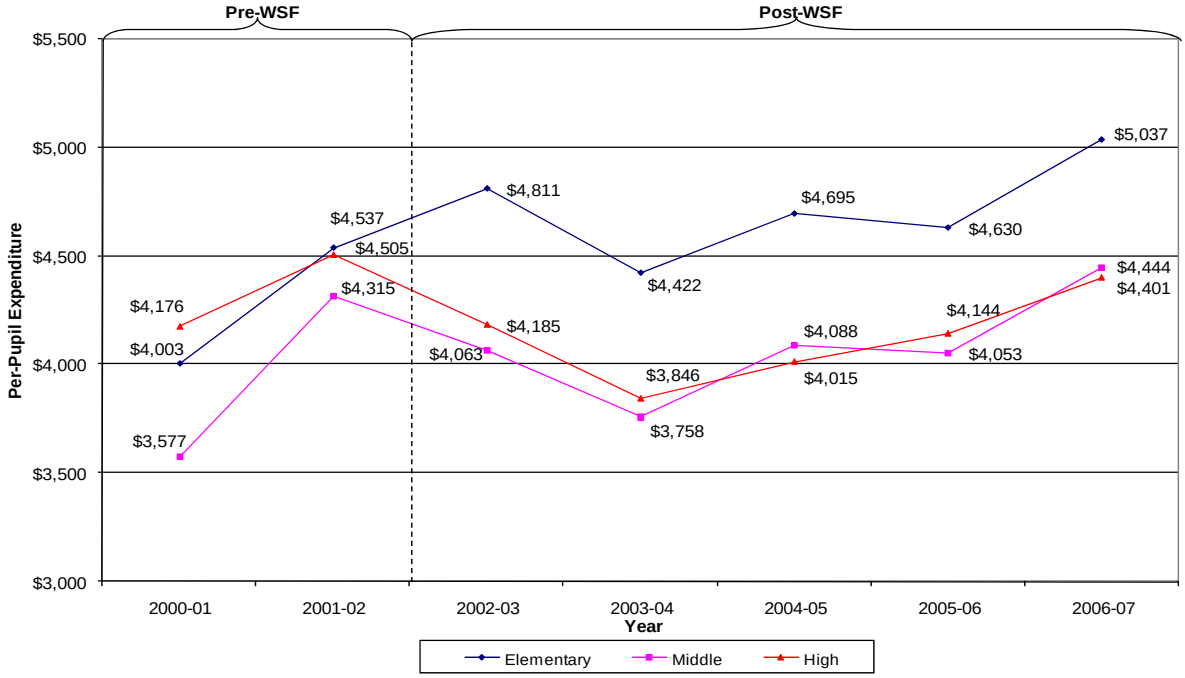
average. From 2003–04 on, there was a general increasing trend across all school levels (a steady increase for high schools and 2 years of large increases interrupted by slight decreases in 2005–06 for the two lower levels). Over the period, average school-level per pupil expenditures for elementary, middle, and high schools in San Francisco increased by 25.8 percent, 24.2 percent, and 5.4 percent, respectively. Although consumer prices over this period increased by about 14 percent, data from the Bureau of Labor Statistics (BLS) indicated that elementary and secondary school teachers' salaries increased by about 25 percent from 2000–01 to 2006–07 (Bureau of Labor Statistics, 2008).

From 2002–03 (the year prior to RBB implementation) to 2004–05, average per pupil expenditures increased in Oakland for both elementary and middle schools, but declined for high schools, followed by additional declines in per pupil expenditures for all three school levels in 2005–06 and sharp increases in 2006–07. Over the five-year period, Oakland elementary schools enjoyed the largest relative increase in school-level per pupil expenditures (17.2 percent), followed by middle (9.0 percent) and high schools (4.4 percent). Meanwhile, consumer prices over this period increased by 7 percent, and the elementary and secondary school teachers' salaries increased on average by about 13 percent.

What is perhaps most notable in both districts is that elementary schools spent more per pupil than the middle and high schools in almost every year in our analysis.[27] In San Francisco, elementary schools outspent the high schools by roughly 15 percent in 2002–03 ($4,811 versus $4,115) and by over 14 percent in 2006–07 ($5,037 to $4,401). Oakland elementary schools outspent the high schools by about 10 percent ($5,383 versus $4,895) in 2000–01 and over 23 percent ($6,310 to $5,111) in 2006–07. Although high schools, and to some degree middle schools, generally require more full-time-equivalent (FTE) teaching staff per full-time student, their class sizes tend to be somewhat larger and their administrative costs tend to be spread across a larger enrollment than elementary schools, on average. It appears that the larger class sizes and the ability to spread administrative and support costs across larger enrollments tend to result in somewhat lower per pupil costs for the upper-grade schools. In addition, federal Title I programs, the largest federal education program, also tends to be predominantly found in elementary schools, which tends to increase spending at the elementary level relative to the middle and high school levels.

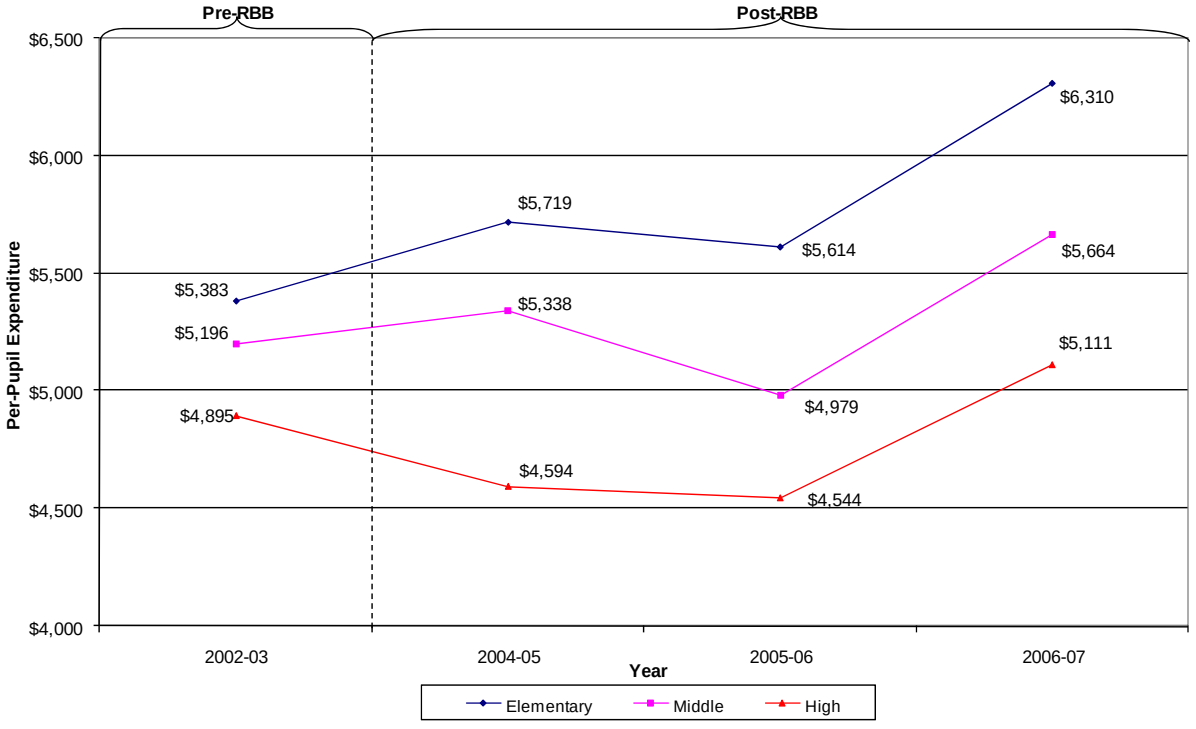
[27] The only exception is 2000–01 in San Francisco in which the middle schools just barely outspent the elementary schools.

Exhibit 20: Average Per-Pupil Expenditure of San Francisco Elementary, Middle and High Schools from 2000-01 to 2006-07



Source: District-provided Standardized Account Code Structure (SACS) fiscal data, 2000-01 through 2006-07 and California Department of Education (CDE) School Information Form, Section B database available online at http://dq.cde.ca.gov/DataQuest/downloads/sifenr.asp.

Exhibit 21: Average Per-Pupil Expenditure of Oakland Elementary, Middle and High Schools for 2002-03 and 2004-05 to 2006-07



Source: District-provided Standardized Account Code Structure (SACS) fiscal data, 2000-01 through 2006-07 and California Department of Education (CDE) School Information Form, Section B database available online at http://dq.cde.ca.gov/DataQuest/downloads/sifenr.asp.

Expenditures by Object Category

We then examined how resource allocation had changed after implementation of the RBB and WSF policies. To do this, we disaggregated average per pupil expenditures within the high-, middle-, and low-poverty groups of elementary, middle, and high schools into the following object categories: certificated and classified personnel salaries; employee benefits; services and operations; books and supplies; and outgoing, capital outlay, and other financing uses.[28]

For each observed year and schooling level, we categorized schools as low-, middle-, and high-poverty based on whether they were below the 25th percentile (low), between the 25th and 75th percentiles (middle), or above the 75th percentile (high) of poverty.[29] We then calculated the average per pupil expenditures for each poverty category by schooling level and year.[30]

Exhibits 22 and 23 display average per pupil expenditures for different categories for San Francisco and Oakland elementary schools. Each bar shows, for a given school year, how average per pupil expenditures in a particular poverty group are broken out across the different types of object categories listed above. All averages are pupil-weighted to provide a more accurate district-wide representation. To the right of each collection of bars for a school year, we list the shares of total per pupil expenditures associated with each object-specific segment. We present the total per pupil expenditures (i.e., the sum of all the object components) at the top of each bar.

Expenditures by Object Category for San Francisco Schools

In San Francisco, we found average total per pupil expenditures increasing over time with respect to elementary school-level poverty across all observed years (see Exhibit 21). The only perceptible change in the patterns of total per pupil expenditures that occurred after WSF implementation was a convergence of expenditures for the middle- and high-poverty schools in the four years following policy adoption.[31]

For elementary schools, perhaps the most notable finding is the large increase in dollars per pupil spent on employee benefits beginning in 2004–05, reaching 23 to 25 percent of total expenditures by 2006–07, in contrast to 15 to 16 percent in 2000–01. As mentioned in Consideration 2 in Chapter 3, this could relate to the change in how the district charges benefits against school-level budgets. In addition, expenditures on both classified personnel salaries and services and operations experienced rather sharp increases in the year directly following WSF implementation (2002–03). However, despite this one-year increase, the share of total per pupil expenditures going toward certified personnel salaries generally declined from pre-WSF levels. The shares of low-, middle-, and high-poverty school expenditures attributable to certified personnel salaries dropped from 64, 68, and 72 percent in 2000–01 to 60, 61, and 66 percent, respectively, in 2006–07, an average decline of more than five percentage points. Similarly, the low-, middle-, and high-poverty school figures for classified salary shares went from 8, 11, and 14 percent to 4, 6, and 6 percent.

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[28] Appendix A provides a list of the disaggregated object codes in each category.
[29] The calculated percentile cut-off points of poverty used to distinguish among high-, middle-, and low-poverty schools were enrollment-weighted to more accurately reflect the poverty distribution across schools. A further discussion of the data used here is included in Appendix A.
[30] The average per-pupil expenditures were weighted by enrollment to provide a more representative average measure of per-pupil spending. An unweighted average could be influenced by per-pupil expenditures of smaller schools.
[31] The expenditures difference between middle- and high-poverty schools became large again in 2006–07.

The average total per pupil expenditures for middle schools across poverty levels showed that funding became more progressive for most years.[32] However, the patterns are not as clear as those for elementary schools. Most notably, in 2000–01 middle-poverty schools tended to spend slightly less on a per pupil basis than those in the low-poverty group; in 2003–04 and 2006–07 high-poverty schools spent slightly less than middle-poverty schools. Again, we find that spending on employee benefits increased substantially over the period, whereas the shares of total per pupil expenditures spent on both classified and certified personnel salaries experienced a general decline, especially from 2004–05 to 2006–07.

For the two pre-WSF years, the patterns in total average per pupil spending in San Francisco high schools across poverty groups are similar to those of middle schools.[33] However, in the years following WSF implementation, the results differ greatly. First, the high school findings exhibit a much smaller range in average total per pupil expenditures across poverty category. Second, as opposed to the staircase shape found for virtually all years in the elementary and middle school analyses, the high school patterns for 2003–04 and 2004–05 show that low-poverty and high-poverty schools received more per pupil funding than middle-poverty schools. In addition, across all years, high schools tended to spend less per pupil on services and operations than did their elementary or middle school counterparts. However, as in both the elementary and middle schools, employee benefits increased substantially, especially from 2004–05 on, whereas classified personnel salaries expenditures generally declined. Interestingly, no general decline in expenditures occurred for certified personnel salaries.

Expenditures by Object Category for Oakland Schools

In Oakland, expenditures on books and supplies as well as services and operations increased over the period of RBB implementation.

Exhibit 23 shows how average per pupil expenditures were split across object categories for low-, middle-, and high-poverty Oakland elementary schools in the year preceding RBB implementation (2002–03), indicating that high-poverty schools spent less than low-poverty schools per pupil—$5,166 versus $5,595. However, by 2006–07 this pattern had almost reversed itself, with lower total per pupil expenditures in low-poverty schools than in middle and high poverty schools. These patterns for overall total per pupil expenditures were most strongly driven by the categories of certified personnel salaries and services and operations.

Certified personnel salaries accounted for the largest share of the total (roughly 60 percent). Services and operations[34] grew from between 3 to 5 percent of total expenditures to about 7 to more than 10 percent of the total by 2006–07; this increase may be due to the concurrent increase of small schools that require more administrative services as the number of schools expands In addition, per pupil expenditures on books and supplies consistently grew over time across all school groups. A potential reason for the increase in expenditures on books and supplies may be the settlement of the *Williams* case in 2004, which led to an additional $138 million of state funds targeted for new books and instructional materials at the lowest-performing schools (*Eliezer Williams et al. vs. State of California et al.*). The growth in spending on services and operations may reflect, in part, the district's

[32] See Exhibit A37 in Appendix C for the results from this analysis.
[33] See Exhibit A38 in Appendix C for the results from this analysis.
[34] Services and Operations include communications, housekeeping services, insurance, travel and conferences, etc.

introduction of a "service economy" (see Chapter 3, *Consideration 3*), whereby services could be purchased from the district as needed.

The relative object-specific expenditures shares for the pre-RBB year were quite similar, with middle-poverty elementary schools spending a slightly larger portion of total expenditures (5 percent) on services and operations. In the post-RBB period, the shares of total per pupil expenditures devoted to certified and (to a lesser extent) classified personnel declined over the period for all poverty categories. These were offset largely by increases in the share of expenditures going toward services and operations and, to a lesser extent, books and supplies.

In contrast to the findings for elementary schools, the middle school results showed that just prior to RBB, the average total per pupil expenditures were considerably higher for high-poverty middle schools.[35] In 2006–07, expenditures among Oakland middle schools became relatively progressive where average per pupil spending, both in total and for each individual object-specific component, was highest for high-poverty schools. Similar to the elementary findings, spending on services and operations and books and supplies consistently increased over time. In addition, expenditures attributable to certified personnel salaries decreased.

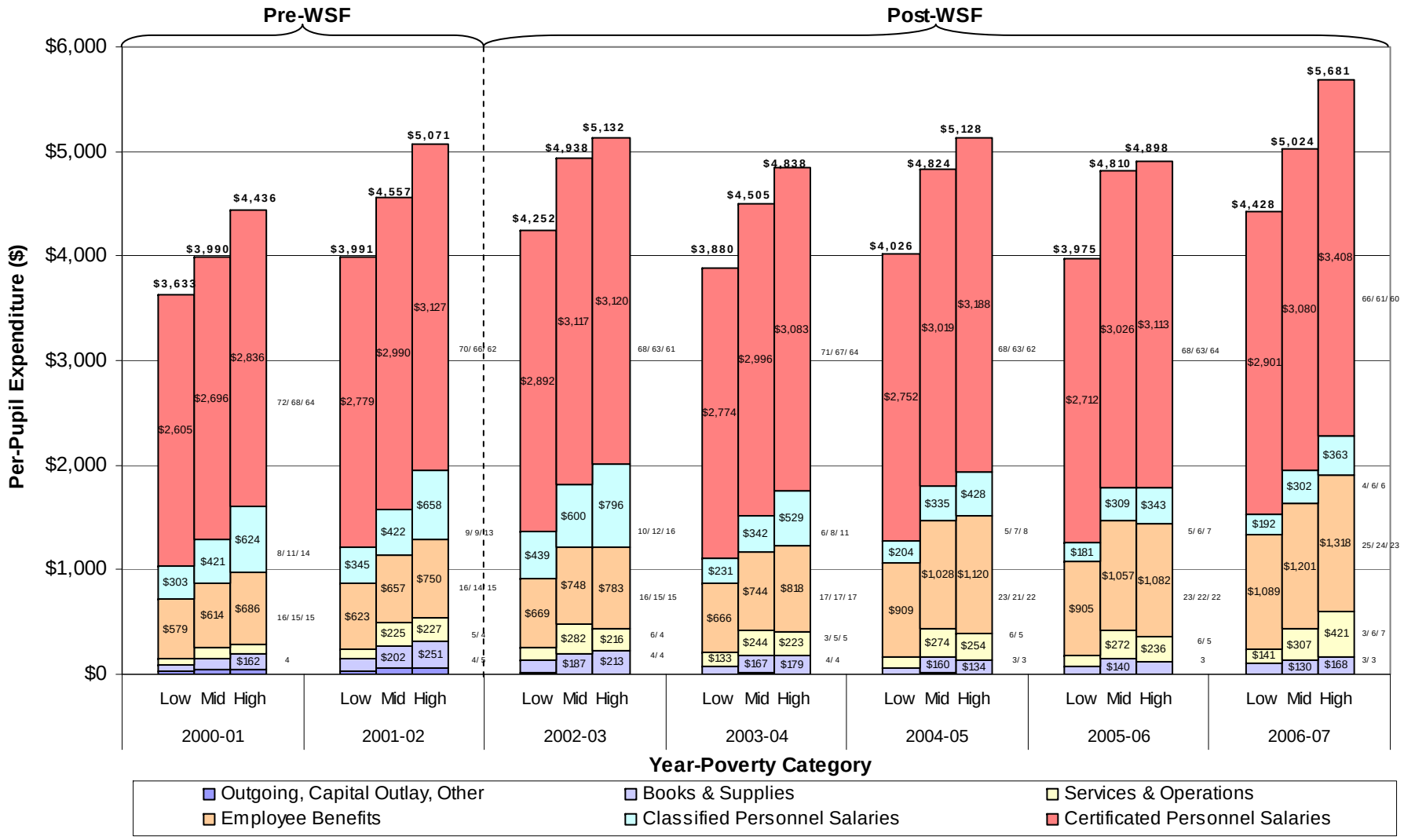
For Oakland high schools, there is no clear pattern in average total per pupil spending over time.[36] Similar to the findings for the elementary and middle schools, we observed that absolute spending per pupil on services and operations increased for all three poverty groups in the post-RBB years, again probably due to the increase in the total number of schools. Additionally, the share of high school expenditures attributable to certified personnel salaries consistently decreased for all poverty levels over the period, while expenditures on books and supplies generally increased.

Composition of Certified Personnel Salaries

The investigation of expenditures by object presented above clearly shows that the bulk of educational spending goes toward the salaries of certified staff. However, the results have nothing to say about how salary expenditures are distributed across the various classes of certified personnel employed at schools. Given that the implementation of SBF policies may have involved significant changes in the roles and responsibilities of staff and subsequent shifts in the mix of types of certified personnel that schools employed, we examined the per pupil expenditures on four specific components of the certified personnel salaries: teachers, administrator/supervisor, pupil support, and other.[37]

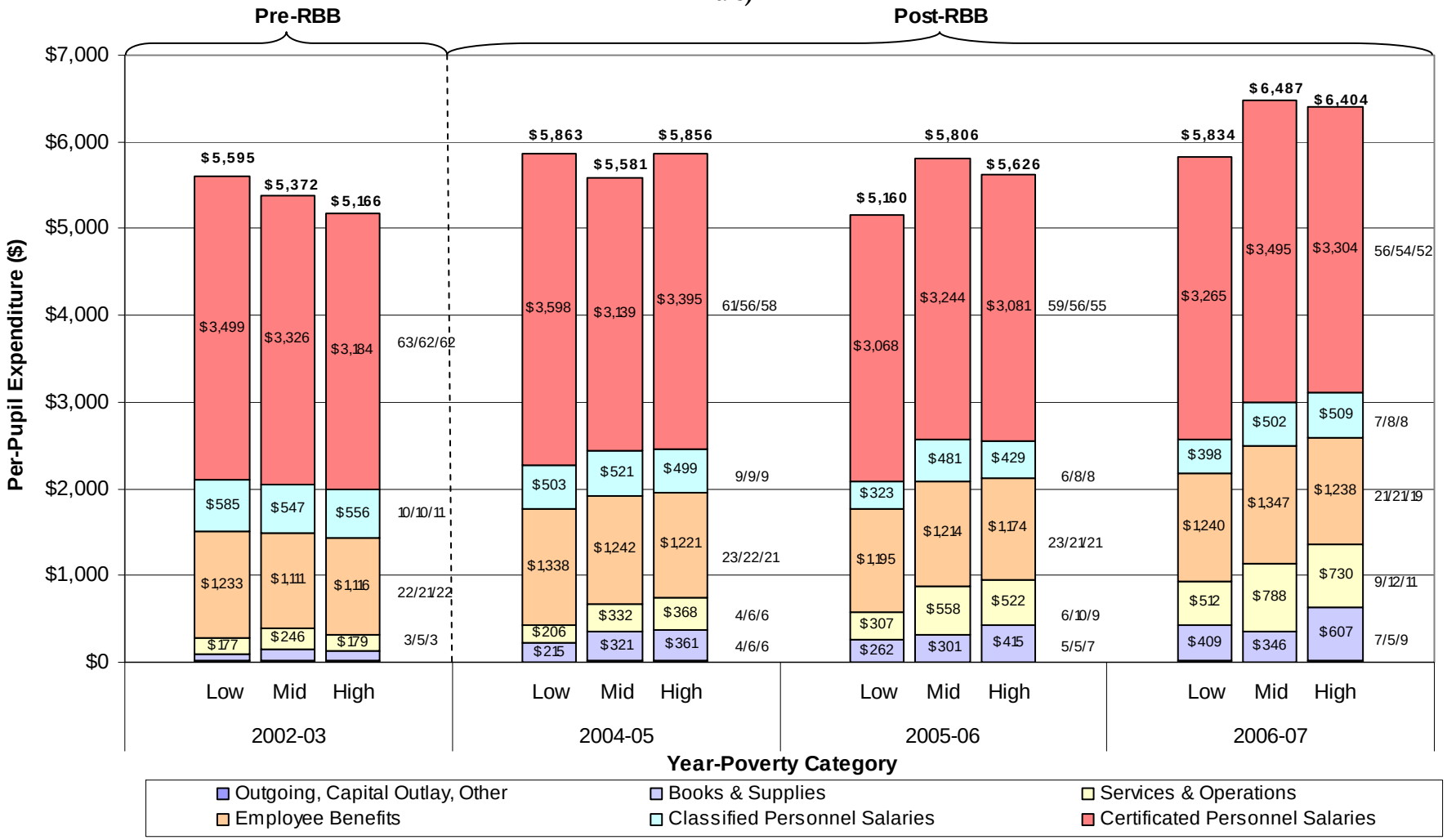
[35] See Exhibit A35 in Appendix C for the results of this analysis.
[36] See Exhibit A36 in Appendix C for the results of this analysis.
[37] The "Other" category includes certified salaries for personnel such as special education staff and other program specialists or resource teachers not performing duties as a classroom teacher.

Exhibit 22: Distribution of San Francisco Elementary School Per-Pupil Expenditure Across Spending Object by Poverty Category for 2000-01 to 2006-07 (Total Per-Pupil Expenditure in Bold, Shares to Right of Bars)



Source: District-provided Standardized Account Code Structure (SACS) fiscal data, 2000-01 to 2006-07.
Note: Labels for dollar values below $125 and corrsponding expenditure shares not displayed.

Exhibit 23: Distribution of Oakland Elementary School Per-Pupil Expenditure Across Spending Object by Poverty Category for 2002-03 and 2004-05 to 2006-07 (Total Per-Pupil Expenditure in Bold, Shares to the Right of Bars)



Source: District-provided Standardized Account Code Structure (SACS) fiscal data, 2002-03 and 2004-05 to 2006-07.
Note: Labels for dollar values below $125 and corrsponding expenditure shares not displayed.

In Oakland, schools at all levels spent a greater portion of certified salary on administrative/supervisory staff during the implementation of the RBB policy.[38]

Specifically, starting in 2004–05, the share of teacher salaries in Oakland elementary schools decreased, while expenditures on administrator/supervisor increased. Oakland middle schools, after the implementation of RBB, also saw an increase in expenditures on administrative and supervisory staff salaries, mostly offset by a decrease in pupil support salaries. Finally, in Oakland high schools, teacher salary expenditures declined after RBB was implemented, while administrative/supervisory salaries and, in 2006–07, pupil support salaries increased.

In San Francisco, at all levels of the system, spending on teacher salaries increased, while expenditures on staff classified as "other" (e.g., reading specialists) almost disappeared completely.

Specifically, elementary, middle, and high schools showed a general increase after the implementation of WSF in the average share of certified salary expenditures spent on teachers, especially for middle- and high-poverty schools. Compared with the situation in the pre-WSF period, there has been almost a complete drop-off of salary expenditures on staff classified as "other." Elementary and middle school expenditures on administrative/supervisory staff remained relatively constant over the period. In addition, in high schools, the difference between relative expenditures on teachers in low- and high-poverty schools dropped from 6 percent in 2001–02 (when the average low- and high-poverty schools dedicated 86 and 80 percent of salary expenditures, respectively, to teachers) to 1 percent in 2006–07 (when the average low- and high-poverty shares were 85 and 84 percent).

Summary of Chapter 5

To summarize, the examination of per pupil expenditures in this chapter suggests the following:

- Across all schooling levels in Oakland, the share of total expenditures put toward certified personnel salaries declined substantially, whereas the share attributable to services and operations increased.
- Spending on books and supplies at all schooling levels has increased dramatically over time, which might be related to the settlement of the *Williams* court case.
- In San Francisco, school-level spending on employee benefits increased dramatically both in absolute and relative terms.
- The share of certified personnel salaries attributable to teachers in Oakland elementary and high schools declined after the introduction of the RBB policy, and the elementary share spent on other certified staff increased over the same period.
- Oakland middle schools experienced an increase in the share of certified salaries spent on administrative/supervisory staff and a decrease in the share spent on pupil support personnel.
- Schools at both the elementary and middle levels in San Francisco experienced an increase in the share of certified salary expenditures devoted to teachers.
- Spending on other certified staff salaries across all school levels in San Francisco (elementary, middle, and high) virtually disappeared after the adoption of its WSF policy.

[38] See Exhibits A39 through A44 in Appendix C for the full display of analyses of certified salary expenditures.

Chapter 6
Targeting Funds to Students in an SBF Policy: Patterns Related to Student Need and Scale of Operations

Among the most important goals of implementing an SBF policy is to achieve a more equitable distribution of resources by producing a system in which dollars more closely follow students according to need. Therefore, we conducted analyses to determine whether students with characteristics commonly associated with additional educational needs had access to more resources at the school level.

This chapter focuses on analyzing the relationship between school-level per pupil expenditures and student need over time. Here we explore whether the relationship between spending and student need changed after San Francisco and Oakland implemented an SBF policy. We investigated the relationship between spending and student need by using overall per pupil expenditures as well as its unrestricted and restricted funding components.

The first section of this chapter provides a discussion of restricted versus unrestricted funding and some of the implications for equity of the teacher salary subsidies used by Oakland. The second section contains a descriptive analysis of the link between expenditures and student need. The third section presents a more detailed multivariate regression analysis of this relationship between expenditures and student need.

Policy Design Implications – Restricted Versus Unrestricted Funding and Teacher Salary Subsidies

As discussed in Consideration 1 in Chapter 3, San Francisco and Oakland designed their SBF policies quite differently. A major distinguishing factor between WSF in San Francisco and RBB in Oakland is in the types of funding that the new distribution methods affect. For this analysis, we divided expenditures into two classifications, those made from *restricted* versus *unrestricted* revenues.

Restricted funding comes from federal, state, and local sources and generally includes categorical funds directed at specific programs (e.g., bilingual, child development) or student populations (e.g., poverty status, EL status). Unrestricted funds are those over which the school has some discretion. Exhibit 24 provides examples of the types of targeted funding falling under each group.

Exhibit 24: Types of Restricted (Categorical) Funding

Restricted Federal Resources–Title I, Title II, Title III, Individuals with Disabilities Education Act (IDEA), Bilingual Education, Adult Education, Child Development and Nutrition

Restricted State Resources–Economic Impact Aid (EIA), Targeted Instruction Improvement Block Grant (TIIBG), Immediate Intervention/Underperforming Schools Program (IIUSP)

Restricted Local Resources–Routine Repair and Maintenance, Locally Defined Resources

In San Francisco, the WSF policy implemented specific student weights to distribute unrestricted funding to schools on the basis of student need (see Consideration 1, Chapter 3). The district then ensured that each school's allocations provided a minimum operating budget based on a set standardized staffing ratios (the "floor plan"). Restricted funds continued to be distributed as they were prior to the implementation of the WSF.

In contrast, Oakland's RBB policy did not assign explicit student weights to unrestricted funding. Instead, Oakland distributed its unrestricted funds according to a school's share of total district enrollment weighted by average daily attendance (ADA): that is, schools with higher attendance rates received more funding per pupil. However, elementary, middle, and high schools received differential per pupil funding based on assumptions about the relative cost of serving students at these grade levels. Also, Oakland distributed restricted funding to schools according to their enrollment of eligible students in relation to the district as a whole (e.g., Title I funding is distributed based on free or reduced-price lunch counts of children).

Another important difference between the San Francisco and Oakland SBF models is in the way each district treated personnel costs in school budgets. As outlined in Consideration 2, under the WSF program in San Francisco, the cost of a full-time teacher for any school corresponded to the average compensation level for teachers in the district. In Oakland under the RBB policy, the cost of a full-time teacher corresponded to the actual compensation for that teacher. However, Oakland introduced this component of the RBB model gradually from 2003–04 to 2006–07, over which time those schools with high proportions of veteran (or more expensive) teachers could apply for subsidies to cover their higher costs.

Although using compensation subsidies was necessary to ease the transition for schools with high salary costs resulting from large proportions of veteran teachers, one might expect that these subsidies may have diluted the original intention of moving to using actual salaries. That is, the original intent of this provision was to increase equity by having schools base their staffing decisions on the true cost of the staff they employ. We investigated the impact of the teacher subsidies on the relationship between expenditures and poverty in the post-RBB years by estimating additional implicit student need weights using school-level per pupil expenditures that did not include subsidies for veteran teachers. The implicit weight profiles with and without the teacher subsidies were then compared to evaluate the impact of this policy component on the expenditures/poverty relationship. In addition, to examine the impact of Oakland's use of veteran teacher salaries on the potential strengthening of the expenditures/poverty relationship associated with RBB, we estimated alternative implicit weights, using expenditures that did not take into account the subsidies received by schools.

Given that the two districts have implemented policies that use quite different strategies to achieve an equitable distribution of resources, it makes sense to examine the implications of each not only on total expenditures but also on the restricted and unrestricted expenditures components. To this end, we estimated implicit weight adjustments for each year for total, restricted, and unrestricted expenditures, and we did so separately, in both districts, at the elementary and combined

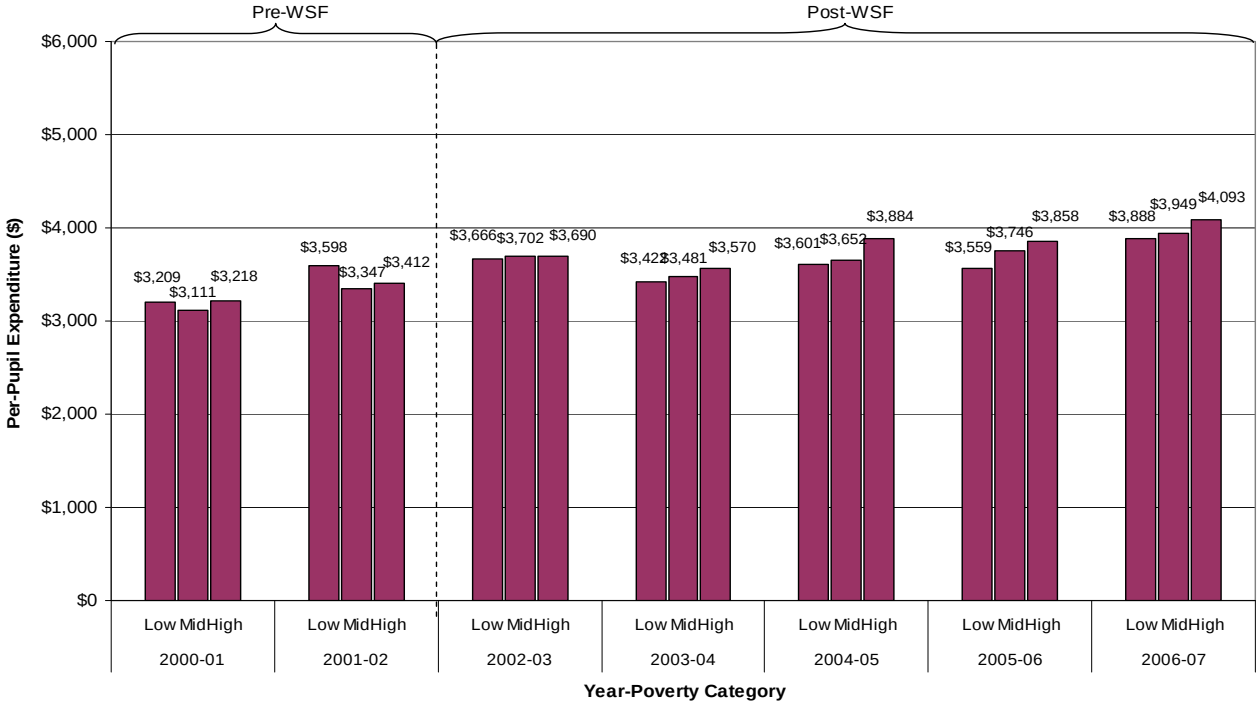
middle/high school levels.[39] The following section presents the main results of the analysis of implicit need weights.

The Relationship Between Expenditures and Student Need – Descriptive Analysis

An important goal of both the RBB and WSF policies is to promote greater equity. However, each policy is quite different in the types of funding it uses to achieve this goal, given that Oakland focuses its efforts on restricted funding while San Francisco focuses on both unrestricted and restricted funding. Therefore, this section investigates how expenditures stemming from restricted and unrestricted funding vary according to student need in each district and whether there have been any differences since Oakland and San Francisco adopted their SBF models.

In San Francisco, the results for the elementary and middle schools suggest that unrestricted funding allocations increased equity in the years following the implementation of a WSF policy. For example, Exhibit 25 shows that prior to the implementation of WSF, low-poverty elementary schools actually received more unrestricted funding per student than did those serving high-poverty populations. This trend was reversed with the onset of WSF and improved progressively over the course of the policy.[40] However, this pattern does not hold true for high schools; low-poverty high schools continued to receive more unrestricted funding than high-poverty high schools.

Exhibit 25: Distribution of San Francisco Elementary School Per-Pupil Unrestricted Expenditure across Resource Types by Poverty Category from 2000-01 to 2006-07



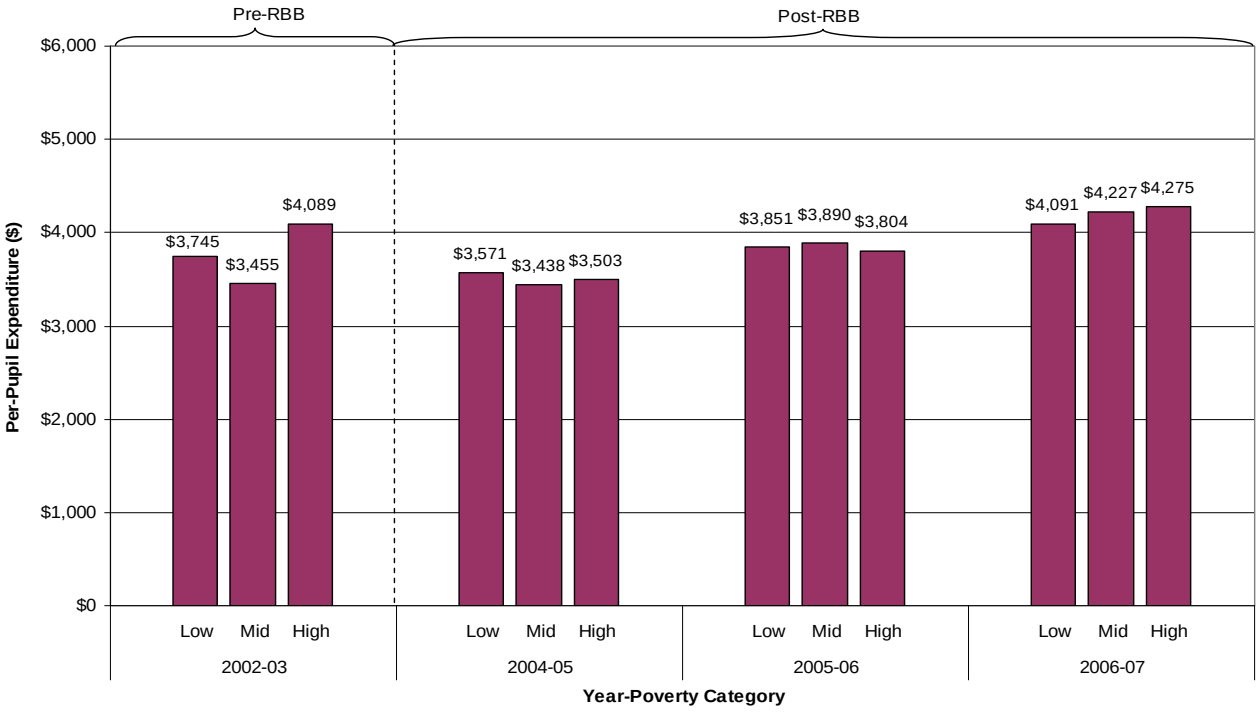
Source: District-provided Standardized Account Code Structure (SACS) fiscal data, 2000-01 through 2006-07.

[39] The sample size of middle and high schools was not sufficiently large enough to run separate regressions at these grade spans.

[40] See Exhibits A45 to A50 in Appendix C for all the graphical displays of this analysis.

In Oakland, prior to RBB implementation, low- and high-poverty schools tended to exhibit higher per pupil expenditures than the middle-poverty schools at all three grade levels. However, as Exhibit 26 shows, only middle schools showed a relatively progressive pattern in unrestricted funding over time, whereby unrestricted expenditures tended to increase with poverty. This result is somewhat surprising given that the design of the RBB policy does not include explicit weights for student need in unrestricted funding. However, the elementary and high school levels did not show patterns that relate increases in unrestricted funding expenditures to higher student need.

Exhibit 26: Distribution of Oakland Middle School Per-Pupil Unrestricted Expenditure across Resource Types by Poverty Category from 2002-03 and 2004-05 to 2006-07



Source: District-provided Standardized Account Code Structure (SACS) fiscal data, 2002-03 and 2004-05 through 2006-07.

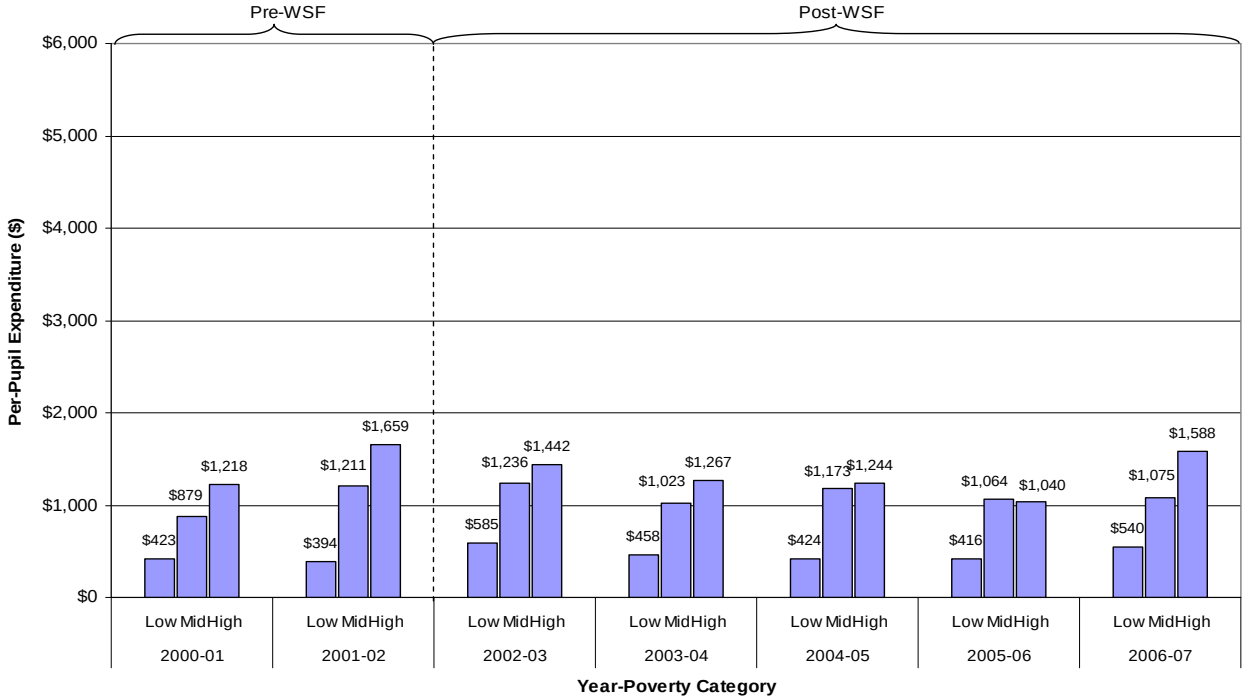
In addition to analyzing the relationship of unrestricted funding to student need, we examined the relationship between restricted funding and student need. Exhibits 27 through 28 show average per pupil restricted funding amounts across the three schooling levels in San Francisco and Oakland. In San Francisco, at all school levels (except high schools in 2006–07), the restricted per pupil expenditures were progressive according to student need. That is, the high-poverty schools had more restricted expenditures than the low-poverty schools. Surprisingly, even though Oakland's policy relies on restricted funding to provide resources to students with greater need, results for the San Francisco schools suggest that the relationship between student need and restricted per pupil expenditures was comparatively stronger than those of Oakland schools at all schooling levels. For example, see Exhibit 27, which shows restricted elementary expenditures in San Francisco, versus Exhibit 28, which shows restricted elementary expenditures in Oakland.[41]

However, the patterns in Oakland showed a more progressive relationship between restricted expenditures and poverty levels for elementary schools in the years following RBB. The patterns of the upper-schooling levels are a bit less clear. At both levels, Oakland allocated restricted funding in

[41] See Exhibits A51 through A56 in Appendix C for all the graphical displays of this analysis.

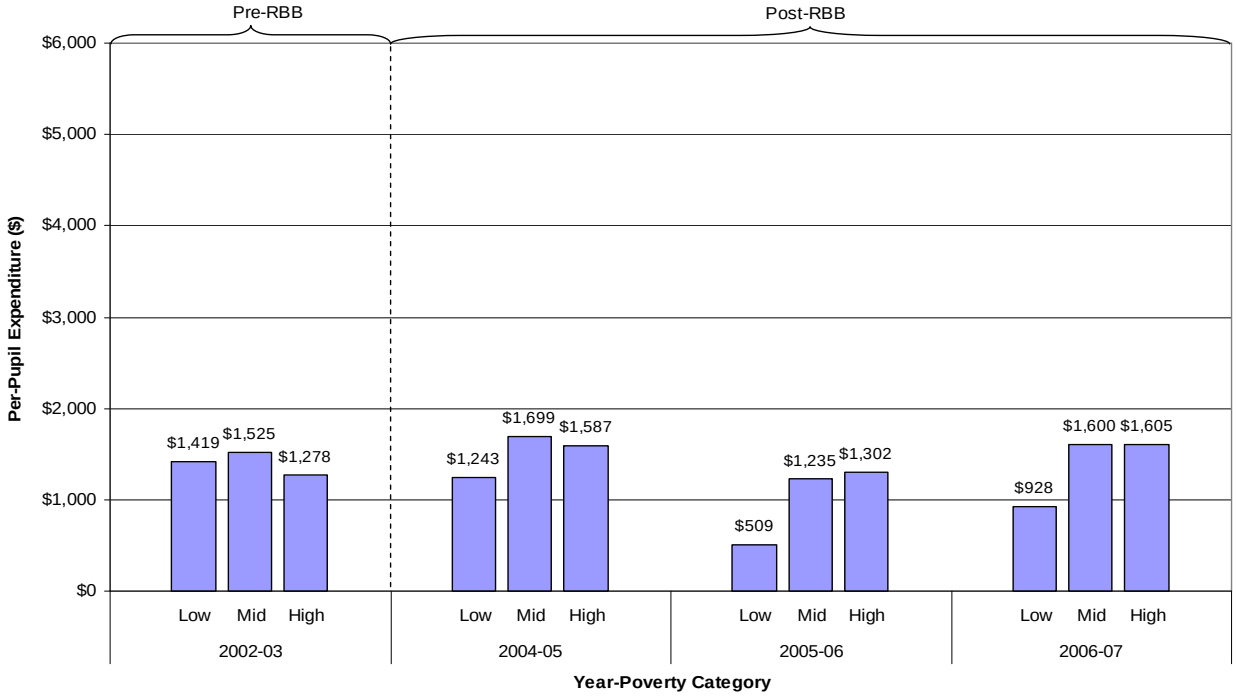
a progressive fashion prior to RBB. However, both distributions became somewhat less progressive in 2004–05 but returned to being strongly progressive in the following years.

Exhibit 27: Distribution of San Francisco Elementary School Per-Pupil Restricted Expenditure across Resource Types by Poverty Category from 2000-01 to 2006-07



Source: District-provided Standardized Account Code Structure (SACS) fiscal data, 2000-01 through 2006-07.

Exhibit 28: Distribution of Oakland Elementary School Per-Pupil Restricted Expenditure across Resource Types by Poverty Category from 2002-03 and 2004-05 to 2006-07



Source: District-provided Standardized Account Code Structure (SACS) fiscal data, 2002-03 and 2004-05 through 2006-07.

In sum, the descriptive analysis of expenditures by poverty level provides insight into whether students with greater need received additional restricted and unrestricted funding in both districts. The results strongly suggest that the allocation of unrestricted funds became more progressive over time in San Francisco. Moreover, the result is clearly in line with the mechanism by which WSF directs resources. In Oakland, with respect to the allocation of restricted funding, the results pointed toward a progressive shift in the relationship between expenditures and poverty levels for Oakland elementary schools and, to a lesser extent, middle and high schools.

The Relationship Between Expenditures and Student Need – Implicit Weight Regression Analysis

Although the analysis above does present the basic story of the relationship between student need and expenditures in both districts, it relies on descriptive statistics. To develop a more sophisticated understanding of this issue, we used multivariate regression analysis to see how the relationship among per pupil spending and student need and school size changed over the periods before and after implementation of the SBF policies in these two districts.[42] The regressions allowed us to estimate implicit weight profiles for student need and scale, which show how school-level per pupil expenditures varied with respect to levels of student poverty and total school enrollment in each year.

We included school size as an explanatory factor in this analysis to see to what extent economies of scale played a role in ensuring an equitable distribution of resources to schools. Very small schools often face higher costs for achieving the same outcomes because of the diseconomies associated with small-scale operations. If the funding distribution formula does not account for school size, pupil need may not necessarily be appropriately addressed. The need/scale analysis simply reflects the extent to which district funding distributions to schools take into account diseconomies of small-scale operations.

Evaluation of the generated spending profiles show whether the relationship among student need, school size, and expenditures became stronger with the advent of the SBF policies. We use the magnitude of the estimated expenditures-student need relationship as a gauge to answer the question of whether the policies implemented were associated with an increase in the equity with which resources were distributed. Under the assumption that higher-poverty students have greater needs for educational resources, we might anticipate that spending should be positively associated with student poverty. Moreover, if we believe that smaller schools are subject to higher costs, we would also expect that lower enrollments would be associated with higher spending. The following analysis investigated these expected relationships and how they may have changed with the implementation of the SBF policies in Oakland and San Francisco.

Implicit Weight Adjustment Definitions

We define two implicit weight adjustments as follows:

- Implicit *Need Weight* Adjustment: An index value representing the relative per pupil expenditures of a school with a given percentage of students eligible for free or reduced-price lunch compared with a school of identical size with no students eligible for free or reduced-price lunch

[42] An in-depth discussion of the regression procedure used can be found in Appendix B.

- Implicit *Enrollment Weight* Adjustment: An index value representing the per pupil expenditures of a school of a given size *relative* to an average-size school in the district serving an identical percentage of students eligible for free or reduced-price lunch.

For instance, an implicit poverty weight adjustment of 1.15 calculated for an elementary school with 50 percent of its student body eligible for free or reduced-price lunch would mean that its per pupil expenditures was estimated to be 15 percent higher than a similar size elementary school with zero percent poverty.

Interpreting the implicit enrollment weight adjustment is only slightly different in that instead of the index being centered around zero, the index values explain how much more or less school-level per pupil expenditures were relative to the average-size school in the district. For example, consider a high school enrolling 500 pupils in a district with an average high school enrollment of 1,000. A calculated implicit enrollment weight of 1.10 means that the school-level per pupil expenditures for this school was 10 percent more than the average-size (1,000 student) high school serving the same percentage of students eligible for free or reduced-price lunch.

Although poverty is arguably the strongest indicator of student need, we also experimented with estimating implicit weights for other student-need variables commonly thought to be related to costs or expenditures, including percent English learners and percent special education. However it was not feasible to include additional measures of student need in the analyses presented in this report for two reasons.[43] First, in both districts, a bulk of the spending for the special education population could not be linked to individual schools because many of these services are provided by instructional and related service staff working out of the central district office. Second, the other measure of student need—the English learner (EL) status of a student—proved highly correlated with poverty, making it impossible to accommodate both in the regressions. That is, including the percentage of EL students along with the percentage of students eligible for free or reduced-price lunch in the regression model resulted in multicollinerity, severely affecting our ability to isolate the separate impacts of poverty and EL status.[44]

Implicit Weight Analysis Results

The following graphs represent the "responsiveness" of school-level per pupil expenditures to student poverty. More precisely, each implicit student poverty profile depicts the relationship between student poverty (i.e., the percentage of pupils eligible for free or reduced-price lunch) and per pupil expenditures. The Implicit Weight Adjustment on the *y*-axis is an index value denoting the proportionate difference in the average per pupil expenditures at a school with a given percentage of students in poverty (i.e., eligible for free or reduced-price lunch) *relative* to an identically sized school with zero poverty. For example in Exhibit 29, in 2002–03 the average elementary school with about 55 percent of its students in poverty spent approximately 5 percent more per pupil than an elementary school of equal size serving no impoverished students. Clearly, as the lines become steeper (that is, as the lines show a higher corresponding increase in the percentage of poverty at a school and the weight of resources the school receives) so does the "responsiveness" of

[43] The full set of regression output used to generate the results presented below can be found in Exhibits A57 and A58 in Appendix C.

[44] For example, the correlation between poverty and EL during the sample years ranged from 0.49 to 0.77 and from 0.43 to 0.92 in Oakland and San Francisco, respectively, and 29 out of 33 correlations were significant at the 5 percent level (full correlation matrices are available on request). Further, variance inflation-factor diagnostics confirmed that the inclusion of both poverty and EL in virtually all the regressions was not warranted.

expenditures to poverty. This responsiveness, or slope, of the relationship is the implicit weight that represents the way the district distributed resources to the schools in relation to poverty.

We offer some words of caution regarding the interpretation of the implicit weight profiles. First, each profile corresponds to a specific average per pupil expenditures that varies from year to year and, more important, according to the type of expenditures being described (i.e., total with or without teacher salary subsidies, unrestricted with or without teacher salary subsidies, and restricted). Notably, because restricted expenditures makes up a smaller share of total spending, the average per pupil expenditures represented by these profiles were lower. The reader needs to keep this lower base in mind when interpreting the restricted profiles, which tend, on average, to be much steeper.

Second, the analyses represent expenditures profiles and *not* cost profiles. These estimates merely show how expenditures varied with respect to poverty and whether this relationship changed after the implementation of an SBF policy. Because we have not conditioned on outcomes, the analysis provides no information about the amount of expenditures necessary for schools serving various levels of student poverty to achieve at some pre-specified level.

Finally, the results presented below in no way imply that the respective SBF policies were solely responsible for changes in the observed relationship between expenditures and poverty. That is, they do *not* imply a causal link between these policies and resource allocation, but rather only a correlation. Myriad other policies and factors occurred over the same period under study that may have affected resource allocation, which are difficult if not impossible to take into account. However, this does not preclude the usefulness of the results, which shed light on how resource allocation changed after the implementation of the RBB and the WSF.

San Francisco Elementary Schools

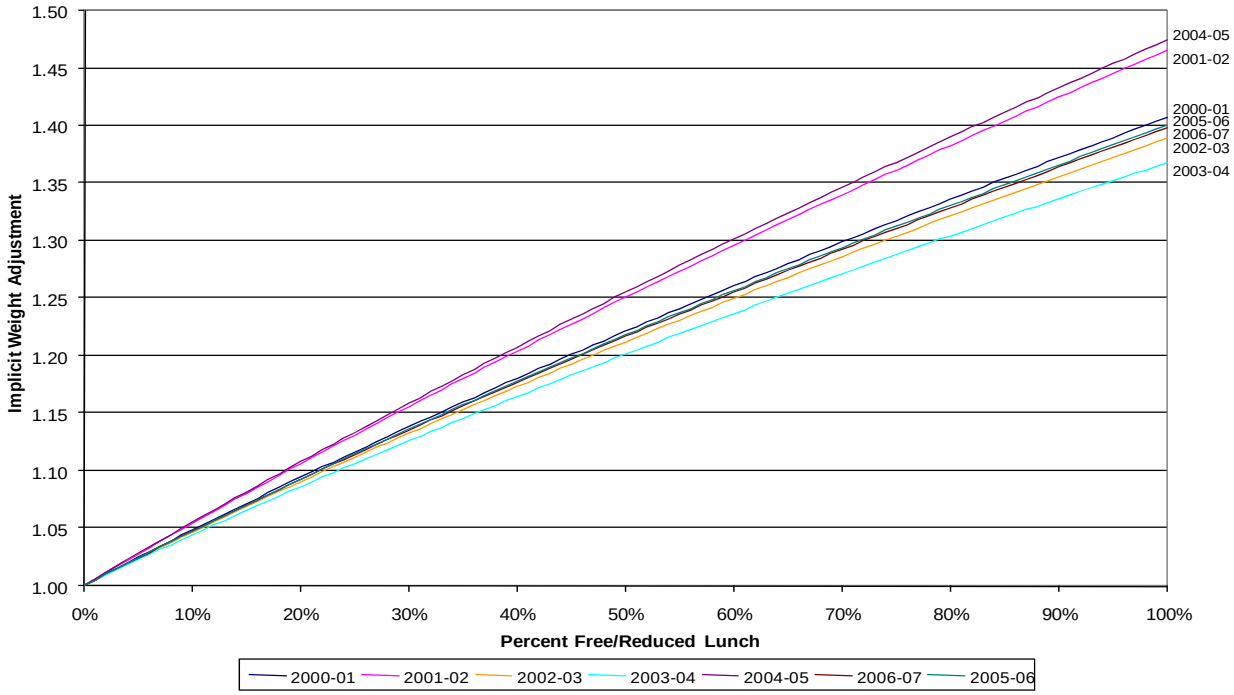
In San Francisco, we had two years of information from before the implementation of the WSF policy (2000–01 and 2001–02). We decided to make the year just prior to implementation (2001–02) the reference year against which we tested other year-specific profiles for significant changes.

San Francisco provided more total resources (restricted and unrestricted combined) on a per pupil basis to high-poverty than to low-poverty elementary schools across all years for which we have data—both before and after WSF implementation. In other words, the implementation of the WSF policy did not appear to cause any change in the distribution of elementary school funding with respect to poverty.

Exhibit 29 includes the total expenditures implicit weight profiles for San Francisco elementary schools from 2000–01 through 2006–07. Here we find that the implicit weights used to generate the profiles were all statistically significantly different from zero (at the 1 percent level). However, none of the post-WSF weights differed significantly from the pre-WSF reference year. The results imply that there was a significant positive relationship between elementary per pupil expenditures and poverty across San Francisco schools across all years—pre- and post-WSF alike. As a result, there is nothing to suggest that this observed relationship between spending and poverty is attributable to

the implementation of WSF. We note that the resulting implicit weights were quite comparable to those found for the most recent years in Oakland. For example, the results suggested that a San Francisco elementary school with a poverty rate of 50 percent was expected to spend between 20 percent and 25 percent more per pupil than a similar size school with zero percent poverty.

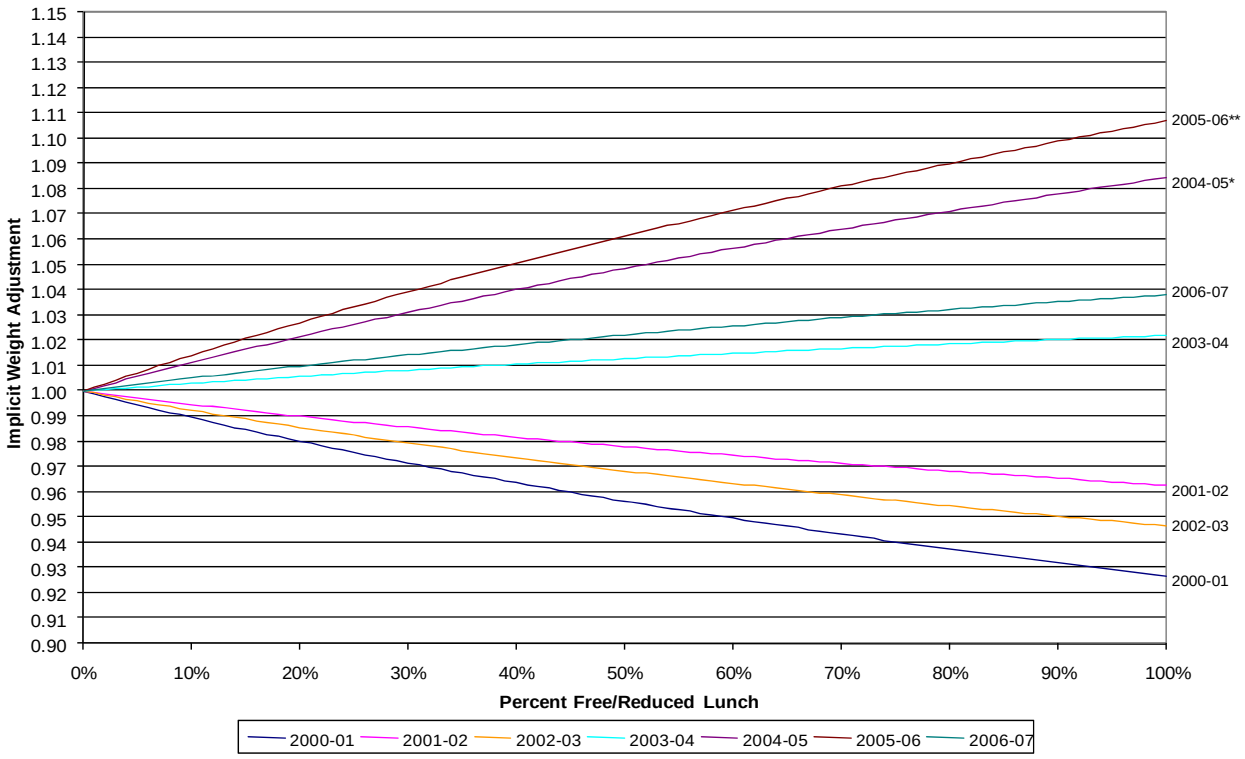
Exhibit 29: Implicit Student Poverty Weights Using Total Expenditures for San Francisco Elementary Schools from 2000-01 to 2006-07



There is little to suggest a consistent systematic positive relationship between unrestricted school per pupil expenditures and student poverty for San Francisco elementary schools.

Exhibit 30 presents the implicit weight profiles corresponding only to those unrestricted expenditures. The graphic shows a general "fanning out" of the profiles. Most notably, the implicit weight estimates increased from 2002–03 through 2005–06 and then receded in the final year. The 2005–06 school year was the only one for which the estimated implicit weight proved to be significantly different from both the pre-WSF reference year (2001–02) and from zero at conventional levels (i.e., 5 percent or better). In turn, it seems that there is little to suggest a systematic relationship existed between unrestricted school per pupil expenditures and student poverty among San Francisco elementary schools.

Exhibit 30: Implicit Student Poverty Weights Using Unrestricted Expenditures for San Francisco Elementary Schools from 2000-01 to 2006-07 (** and * Denote Significant Difference from 2001-02 at 5% and 10% Levels)

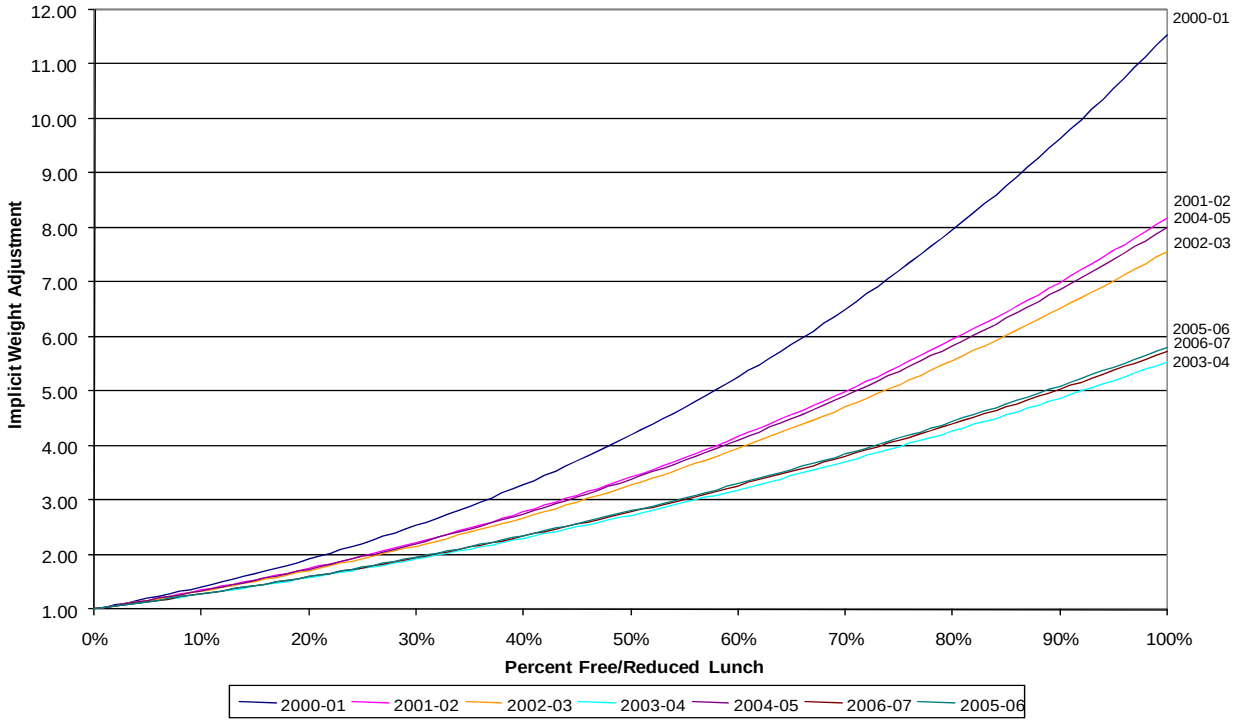


The distribution of restricted funding to San Francisco elementary schools suggests a strong and positive relationship between per pupil spending and student poverty. However, there was no difference in this positive relationship before and after the implementation of the WSF policy.

Movement in the elementary school restricted expenditures implicit weight profiles showed little consistency over time. Exhibit 31 shows that from 2000–01 through 2003–04, the estimated weights decreased to their lowest level. This was followed by an increase in 2004–05 and two more decreases thereafter. Although none of the post-WSF weights is statistically different from those in the reference year, individually all of them prove to be significantly different from zero.

These findings suggest that while there was a positive relationship between overall per pupil expenditures and student poverty among San Francisco elementary schools, this was driven mostly by the distribution of restricted (categorical) funding and did not change appreciably over the years in our sample, including the period of WSF implementation.

Exhibit 31: Implicit Student Poverty Weights Using Restricted Expenditures for San Francisco Elementary Schools from 2000-01 to 2006-07

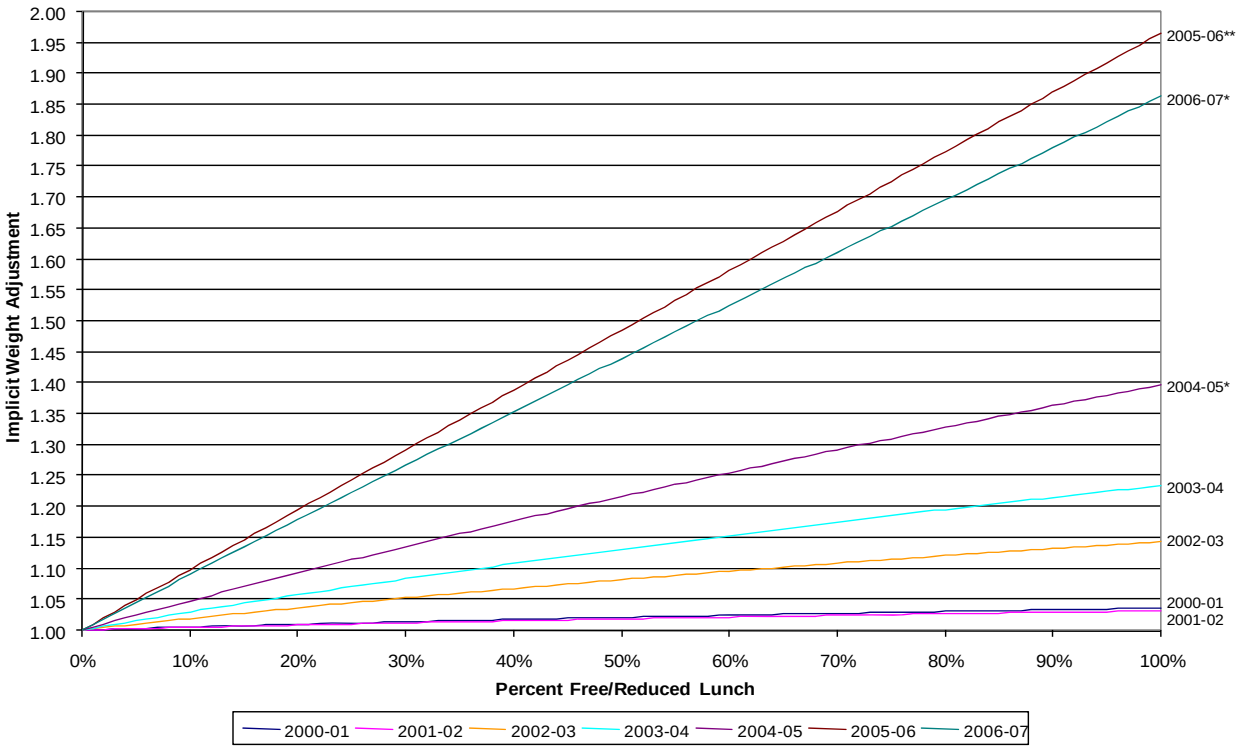


San Francisco Middle and High Schools

Focusing on the overall per pupil spending, we found that San Francisco increased the proportion of total resources allocated to high-poverty relative to low-poverty middle and high schools.

Exhibits 32, 33, and 34 illustrate the total, unrestricted, and restricted implicit weight profiles for the combined group of San Francisco middle and high schools. In contrast to the total expenditures implicit weight profiles for elementary schools, those found for the middle/high schools (Exhibit 32) show a clear pattern over time. The results suggest that the estimated expenditures/poverty relationship became stronger over time. From the pre-WSF reference year (2001–02) onward, the profiles become much steeper until 2005–06 and experience a modest decline in 2006–07. Our results imply that before San Francisco implemented the WSF policy, the average middle/high school had a per pupil expenditures that was merely 2 percent greater than a similar-size school with zero percent poverty. In 2006–07, this poverty premium jumped to an estimated 49 percent. The implicit weights for the most recent 3 years (2004–05, 2005–06, and 2006–07) all statistically significantly differ from zero. In addition, those from the most recent 2 years proved to be significantly different from the pre-WSF reference year. It seems that San Francisco middle and high schools have experienced a noteworthy increase in the expenditures/poverty relationship since the implementation of WSF.

Exhibit 32 - Implicit Student Poverty Weight Profiles Using Total Expenditures for San Francisco Middle and High Schools from 2000-01 to 2006-07 (** Denotes Significant Difference from 2001-02 at 5% Levels)

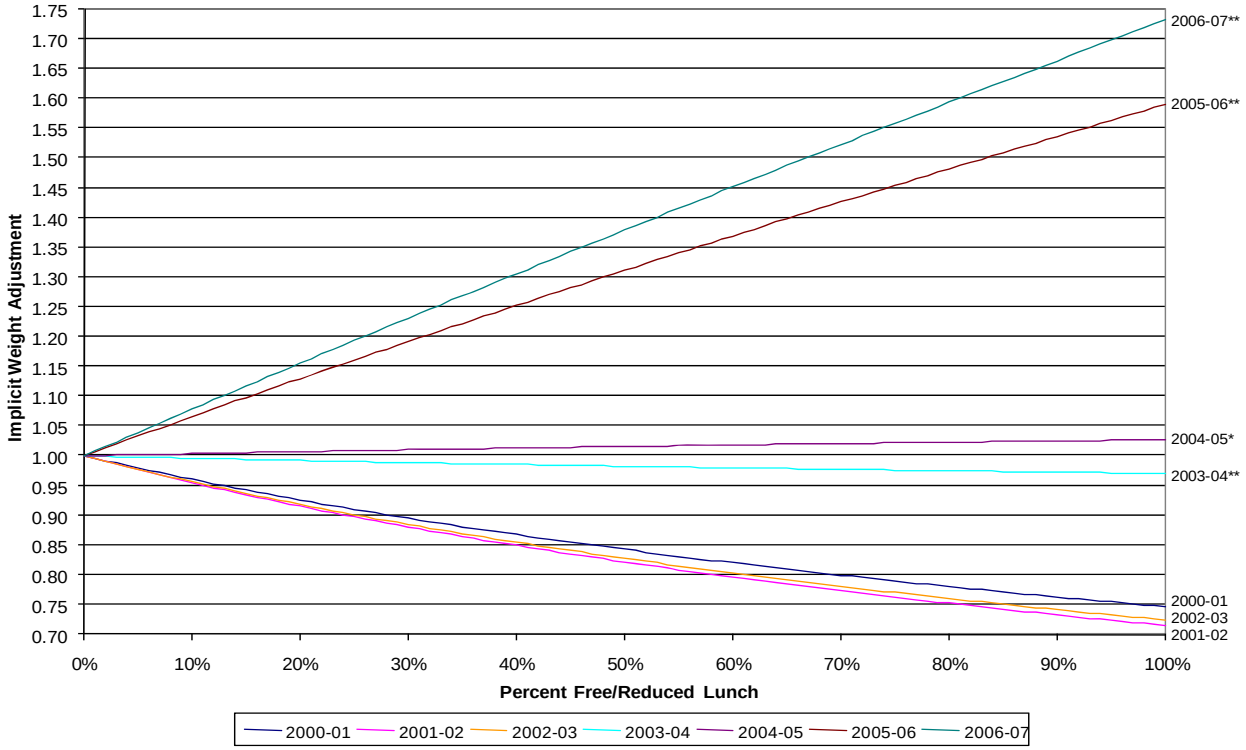


For San Francisco middle and high schools, per pupil spending out of unrestricted funding exhibited a stronger positive relationship with poverty after the implementation of WSF.

The following exhibits explore whether the increase in the link between expenditures and poverty among San Francisco middle and high schools manifested itself in the allocation of unrestricted or restricted funding. Exhibit 33 contains the unrestricted implicit weight profiles over the sample years. The strong post-WSF trend in the profiles is undeniable. For every year after WSF was implemented except for 2002–03, the profile gradients became steeper. What is interesting is that the year-specific profiles can be grouped neatly into the following three phases:

- Pre/Early-WSF (2000–01 to 2002–03) – Negative Expenditures/Poverty Relationship
- Mid-WSF (2003–04 to 2004–05) – Negligible Expenditures/Poverty Relationship
- Late-WSF (2005–06 to 2006–07) – Positive Expenditures/Poverty Relationship

Exhibit 33: Implicit Student Poverty Weights Using Unrestricted Expenditures for San Francisco Middle/High Schools from 2000-01 to 2006-07 (**Denotes Significant Difference from 2001-02 at 5% Level)



In three of the five post-WSF profiles (all in the mid- and late-WSF phases), the implicit weight estimates significantly differed from that of the pre-WSF reference year. However, imprecision of these estimates shows that they did not individually differ from zero. This finding is consistent with the WSF policy, which created explicit student weights to apply to unrestricted funding in an effort to promote greater funding equity.

With the exception of one year (2002–03), the relationship between per pupil spending out of restricted funding in San Francisco middle and high schools did not appear to differ with the implementation of WSF.

Exhibit 34 shows how restricted funding varied with respect to student poverty in San Francisco middle and high schools. Tracking the profiles over time shows little or no consistent pattern to their movement. Perhaps the most striking result is the incredibly large, but short-lived, jump in the profile gradient for the year directly following WSF implementation (2002–03). Indeed, this is the only year for which the implicit weight significantly differed from the pre-WSF reference year. Of additional interest is that only during the first three years did the estimated implicit weights prove to be statistically different from zero. Therefore, the results did not show there to be a systematic relationship between restricted expenditures and student poverty in the years after implementation.

Exhibit 34: Implicit Student Poverty Weights Using Restricted Expenditures for San Francisco Middle and High Schools from 2000-01 to 2006-07

Oakland Elementary Schools

The more steeply sloped poverty gradients in the more recent years suggest that Oakland directed more resources to the higher-poverty elementary schools after implementing its RBB policy.

Exhibit 35 shows the implicit weight profiles for Oakland elementary schools, using total spending (restricted and unrestricted combined) for each of the four years in our study sample (2002–03 and 2004–05 to 2006–07). The only year prior to RBB is 2002–03,[45] which corresponds to a relatively flat implicit weight adjustment profile, when an elementary school with 50 percent poverty spent approximately 4.6 percent more per pupil than another school with identical enrollment and zero percent poverty. Although the slope of the poverty gradient declined between 2002–03 and the first year of RBB implementation (2004–05), this decline was not statistically significant (i.e., the slopes for all intents and purposes were not different from one another).[46] The poverty gradients for 2005–06 and 2006–07 show a dramatic and statistically significant increase in the slope, which suggests that Oakland directed significantly more dollars to high-poverty schools in these two years than in the year preceding RBB implementation. The 2005–06 profile shows that an elementary school with 50 percent poverty in that year was expected to spend approximately 15 percent more per pupil compared with a school of similar size but with no students in poverty. The increasing trend in the poverty gradient continued in 2006–07, when an elementary school with 50 percent poverty was

[45] Although we tried to obtain more than one year of data prior to RBB for this analysis, Oakland was not able to provide accurate data for the 2003–04 school year.

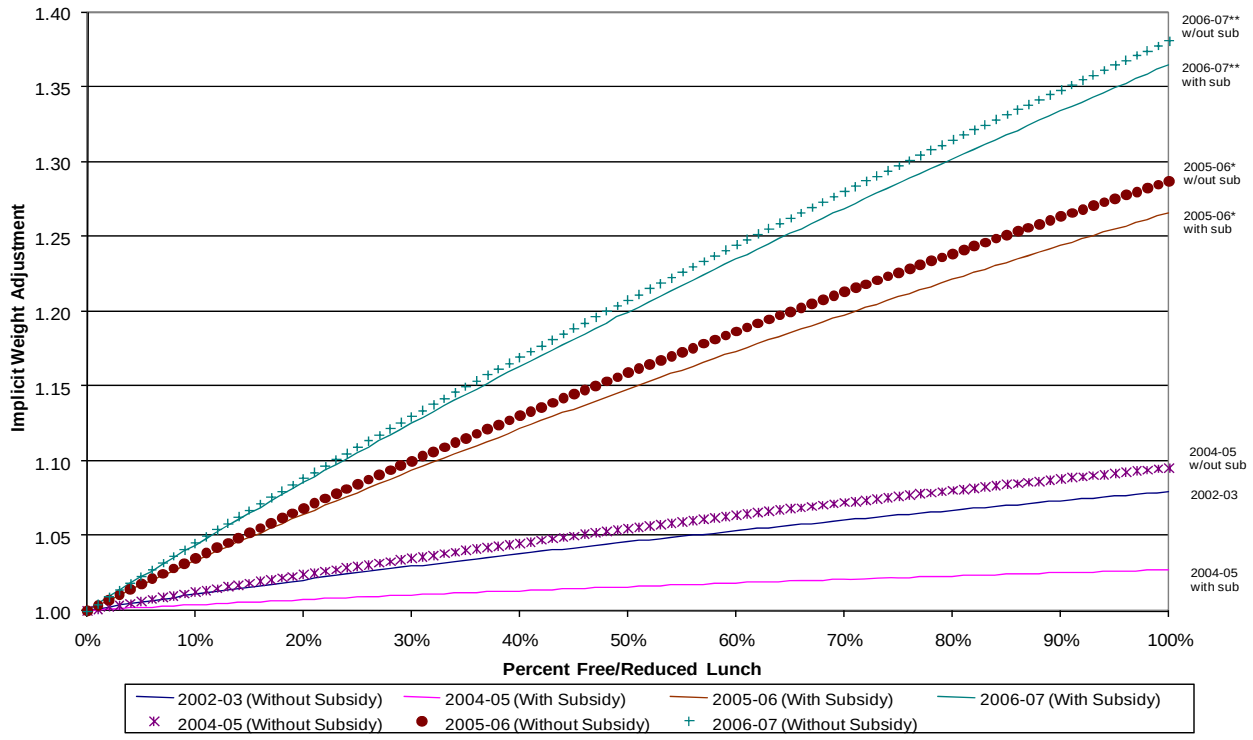
[46] A table of p-values from all pairwise tests of implicit weight between pre- and post-implementation years is included in Exhibits A59 and A60 in Appendix C.

expected to spend approximately 20 percent more on average than a zero poverty school. Unlike the previous result, this was statistically significant.

Oakland's salary subsidies may have temporarily inhibited the RBB policy's strengthening of the relationship between elementary school spending and poverty.

As mentioned above, the implicit weights were also estimated for expenditures that did not take into account the subsidies provided for schools with a large proportion of veteran teachers. The profiles corresponding to these estimates are also included in Exhibit 35 and use symbols rather than solid lines to represent the gradients (*, •, and +). Here we see that in each year following RBB implementation (2004–05, 2005–06, and 2006–07) the estimated relationship between per pupil spending and poverty was stronger for each corresponding year when the teacher subsidies were not taken into account. The difference between the with- and without-subsidy profiles diminished in each successive year as the amount of subsidies provided steadily declined. This result makes intuitive sense, because we would expect the schools receiving subsidies (i.e., those with a large share of veteran teachers) to be lower poverty, on average. We can best see this result by comparing the with- and without-subsidy profiles for 2004–05. Clearly, the 2004–05 profile without the subsidy is much steeper than both the with-subsidy profile for the same year and the 2002–03 profile. This suggests that the subsidies may have inhibited the effectiveness of the RBB policy to increase the extent to which the district directed resources to higher-poverty elementary schools in this year. However, we should note that district leadership envisioned these subsidies as a necessary, if temporary, provision because without the subsidies, schools would not have been able to afford the staff currently in their school and not been able to adhere to collective bargaining agreement commitments.

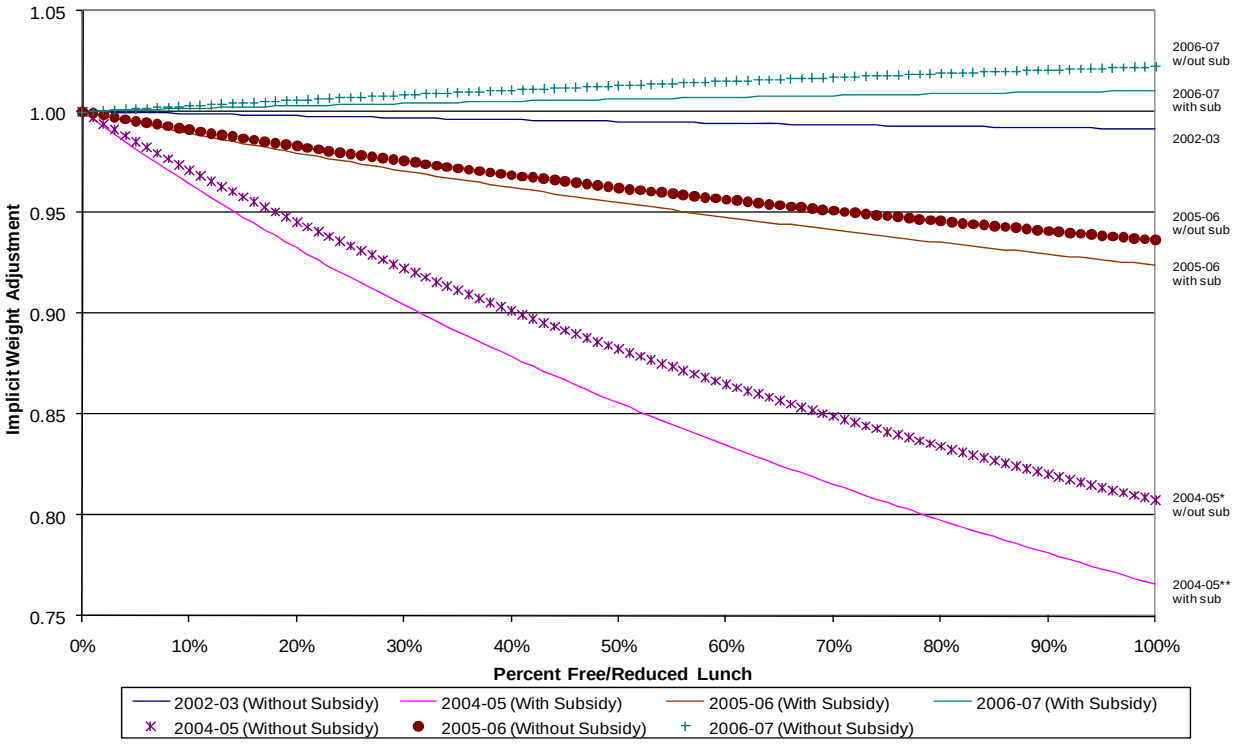
Exhibit 35: Implicit Student Poverty Weights Using Total Expenditures With/Without Teacher Subsidies for Oakland Elementary Schools for 2002-03 and 2004-05 to 2006-07 (*, ** and * Denote Significant Differences from 2002-03 at 1%, 5% and 10% Levels)**



With the exception of 2004–05, Oakland distributed unrestricted funding more or less equally across elementary schools. That is, with the exception of the 2004–05 gradient, which showed a negative relationship between school spending and poverty, none of the poverty relationships were statistically significantly different from the flat profile found for the pre-RBB year.

In Exhibit 36, we see a statistically significant drop in the poverty gradient for unrestricted funding in the first observed year of RBB implementation (2004–05), but after this initial decline in the poverty gradient, Oakland experienced two years in which the poverty gradient was not statistically different from zero or from the flat profile for the 2002–03 school year (the pre-RBB year). Only the 2004–05 implicit weight estimate differed statistically from zero at a significance level of 5 percent. This suggests that the mechanism by which Oakland distributed unrestricted funding to elementary schools was not systematically related to student poverty. This should be no surprise if we consider that the RBB policy distributes unrestricted funding only with regard to enrollment weighted by ADA and not poverty. As with the analysis of total spending, the poverty gradients that excluded the teacher subsidies showed a higher slope than the analysis with the teacher subsidies.

Exhibit 36: Implicit Student Poverty Weights Using Unrestricted Expenditures With/Without Teacher Subsidies for Oakland Elementary Schools for 2002-03 and 2004-05 to 2006-07 (and * Denote Significant Differences from 2002-03 at 5% and 10% Levels)**

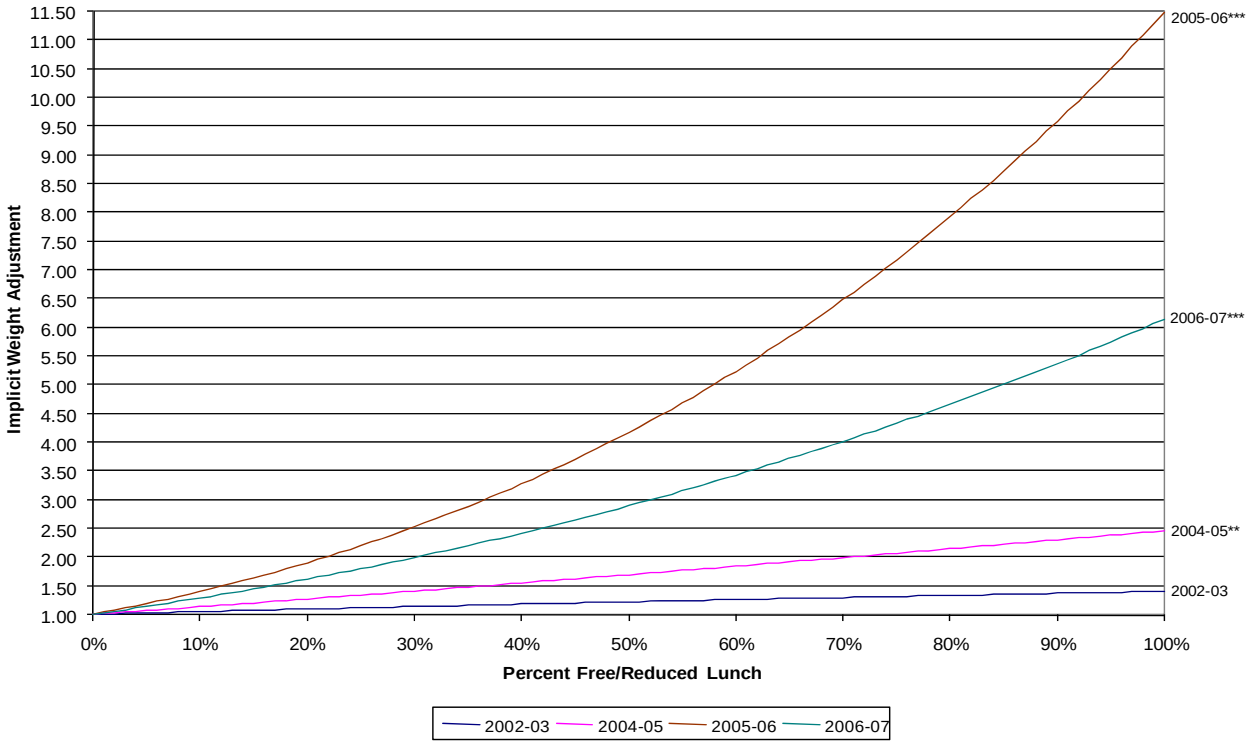


The move to an RBB policy appeared associated with a significant increase in the extent to which Oakland directed its restricted funds to elementary schools serving higher-poverty students.

Exhibit 37 considers the relationship between restricted funding and school-level student poverty. In 2002–03 (the year before RBB implementation), the very flat poverty profile suggested that there was essentially no systematic relationship between student poverty and expenditures made with restricted funding. However, with the move to RBB, the district appeared to increase in successive years the responsiveness of restricted per pupil expenditures to student poverty. Moreover, the

estimated implicit weights used to generate the profiles for all three post-RBB years were statistically significantly different from 2002–03 at the 5 percent level or better. Whereas the profile showed that in 2004–05, a school with 50 percent student poverty spent about 175 percent more (close to three times as much) in restricted funding compared with a school with zero poverty, in 2006–07, this expected measure went up to 300 percent (about four times as much).[47]

Exhibit 37: Implicit Student Poverty Weights Using Restricted Expenditures for Oakland Elementary Schools for 2002-03 and 2004-05 to 2006-07 (* and ** Denote Significant Differences from 2002-03 at 1% and 5% Levels)**



In summary, the implicit weight analysis for Oakland elementary schools shows that overall, the district directed significantly more resources to high-poverty elementary schools starting in 2005–06. It is important to note that the district drove the increases in equity through the way it distributed restricted as opposed to unrestricted funding to schools. In addition, the veteran teacher subsidies had a negative impact on the extent to which these resources were directed to the higher-poverty schools.

Oakland Middle and High Schools

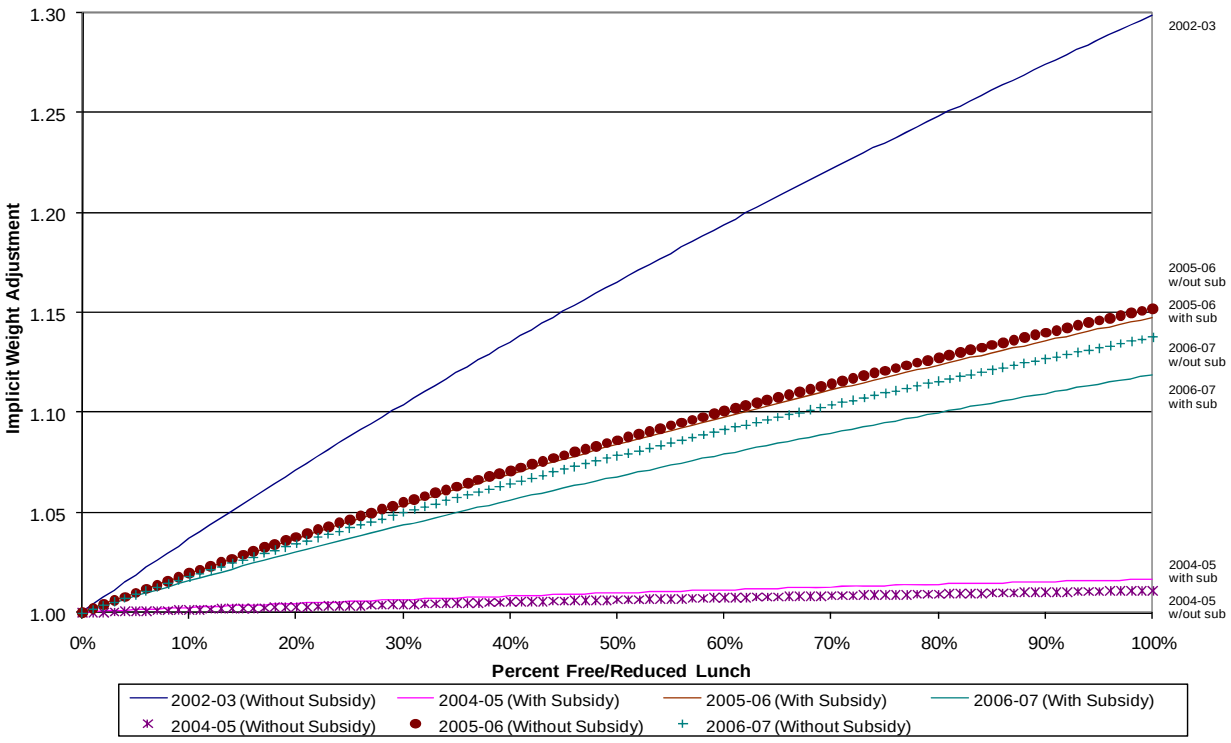
Oakland did appear to direct additional resources to high-poverty middle and high schools; however, in contrast to what was found for elementary schools, the post-RBB poverty profiles for Oakland middle/high schools never become steeper than that of the pre-RBB year.

[47] Although the implicit weight adjustment values here look inordinately high and profiles surprisingly steep, we remind the reader that the average per-pupil expenditures estimated in conjunction with each weight was far lower than those generated for those weights above corresponding to total and unrestricted expenditures. For instance, the estimated average restricted per-pupil expenditures for 2006–07 was $621, and the estimated average unrestricted per-pupil expenditures (inclusive of teacher subsidies) for the same years was $6,214.

None of the estimated poverty profiles for Oakland middle and high schools for the post-RBB year proved to be statistically significantly different from that of the pre-RBB year.[48] Therefore, the data at hand cannot identify any pre/post difference in the relationship between middle/high school per pupil expenditures and poverty. The estimated implicit weight profiles pertaining to total, unrestricted and restricted middle/high school expenditures are provided in Exhibits 38, 39, and 40, respectively. In Exhibit 38, the pattern of implicit weight profiles for total middle/high school expenditures only vaguely resembles those of their elementary counterparts. In the first post-RBB year observed (2004–05), the slope of the poverty gradient showed a large drop, followed by a rebound in 2005–06 and then a slight drop in 2006–07.

On a final note, the effect of teacher subsidies on total expenditures was similar to the elementary case only for 2005–06 and 2006–07. In 2004–05, the profile based on expenditures that excluded teacher subsidies becomes flatter than its with-subsidy counterpart. This implies that the teacher subsidies distributed in 2004–05 tended to go toward middle/high schools with higher than average poverty.

Exhibit 38: Implicit Student Poverty Weights Using Total Expenditures With/Without Teacher Subsidies for Oakland Middle and High Schools for 2002-03 and 2004-05 to 2006-07

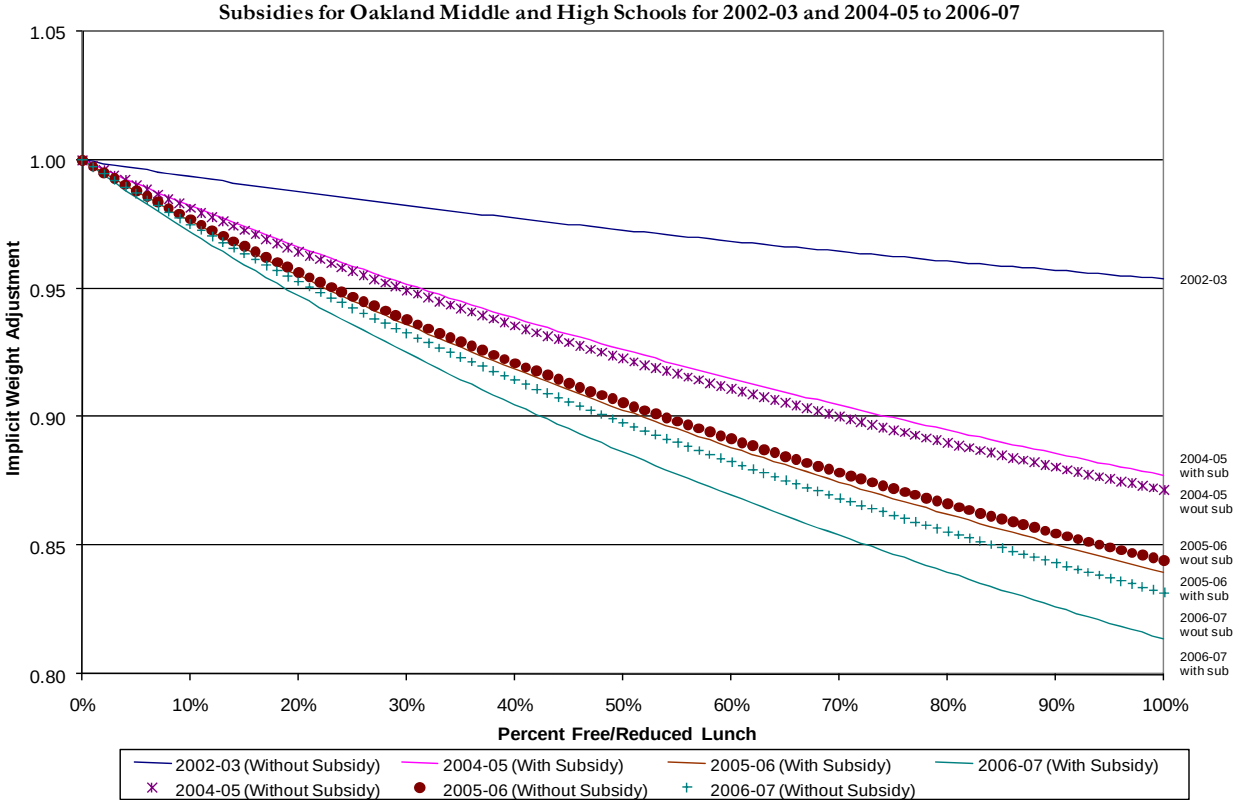


[48] For the middle and high school regression analysis, we found it necessary to combine the schools at these two grade levels because of the small sample sizes in both Oakland and San Francisco.

Oakland appears to have distributed less unrestricted funding on a per pupil basis to higher- versus lower-poverty middle/high schools. That is, there was a negative relationship between unrestricted per pupil expenditures and student poverty among Oakland middle/high schools.

In Exhibit 39, we find a continuous decreasing pattern in the post-RBB unrestricted expenditures profile gradients with none significantly differing from that of the pre-RBB year. Moreover, the implicit weight used to generate the profiles for 2005–06 and 2006–07 proved significant from zero at the 5 percent and 10 percent levels, respectively. This implies that the mechanism by which Oakland distributed unrestricted funds among middle/high schools in the more recent years was regressive (i.e., there was a negative relationship between expenditures made with unrestricted funds and poverty). However, we should note that Oakland relied on the distribution of restricted funding to achieve the goals of the RBB policy, for which restricted resources are distributed according to student need.

Exhibit 39: Implicit Student Poverty Weights Using Unrestricted Expenditures With/Without Teacher Subsidies for Oakland Middle and High Schools for 2002-03 and 2004-05 to 2006-07

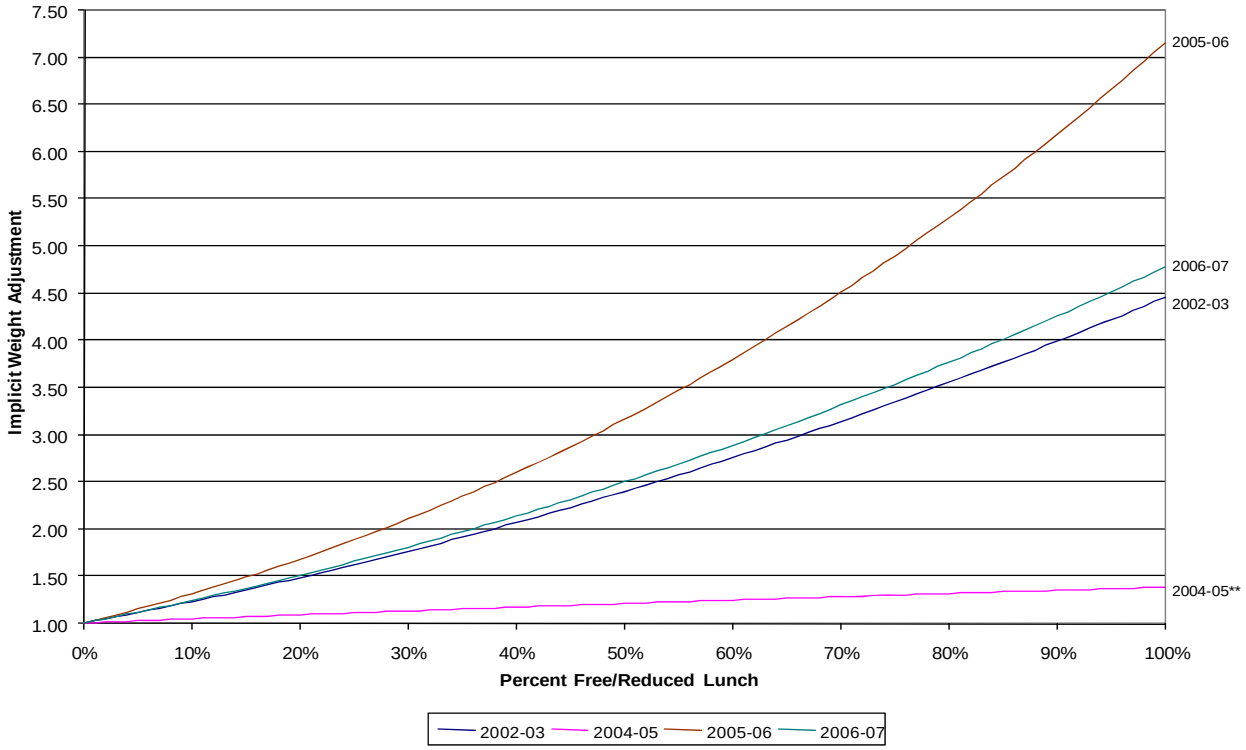


Oakland distributed greater amounts of restricted per pupil resources to high- versus low-poverty middle and high schools, both before and after the implementation of RBB.

Exhibit 40 contains the Oakland middle/high school implicit weight profiles pertaining to expenditures made with restricted funds. The shift in profiles is quite sporadic, declining in 2004–05, increasing strongly in 2005–06, and finally settling back to just above the pre-RBB level in 2006–07. Although none of the post-RBB profiles differs statistically from that of the pre-RBB year, two of these three were statistically significant from zero at the 1 percent level. These results imply a significant positive relationship between restricted per pupil expenditures and student poverty both before and after the implementation of RBB. However, when taken together with the other implicit

weight profile results it seems that, contrary to the case of elementary schools, the mechanism to distribute restricted funding to middle/high schools could not compensate for the lack of equity found in the distribution of unrestricted funding at these levels.

Exhibit 40: Implicit Student Poverty Weights Using Restricted Expenditures for Oakland Middle/High Schools for 2002-03 and 2004-05 to 2006-07 (Denotes Significant Differences from 2002-03 at 5% Level)**



SBF and Economies of Scale

In addition to the analysis of the relationship between per pupil spending and poverty, we examined the relationship between spending and school size for elementary and middle/high schools.[49]

No differences appeared in either district for the relationship between per pupil spending and school size related to the implementation of the SBF. However, both districts appeared to recognize that both elementary and middle/high schools require additional funds to operate both small schools and very large schools.

We estimated different relationships for elementary versus middle/high schools because of the differences in the way educational services are organized at these two levels (e.g., self-contained classes tend to dominate the elementary delivery system, and departmentalized classes predominate at the middle and high school levels). With almost no exceptions, we found that very small and very large schools tend to spend more than schools in the middle range of size.

Exhibit 41 presents the range of school size within each district along with the range at which the approximate minimum per pupil spending occurs, controlling for variations in poverty. These variations in per pupil expenditures based on enrollment were driven largely by the variations in

[49] Exhibits A61 through A64 in Appendix C present the graphical results of the relationship between per pupil spending and school size. We have only summarized these analyses in this chapter.

allocations of unrestricted funding rather than restricted funds, which were mostly directed to schools on the basis of the level of pupil needs (e.g., incidence of poverty, EL designated students).

Exhibit 41: Ranges of School Size and Minimum Expenditures

	Elementary Schools		Middle/High Schools	
	San Francisco	Oakland	San Francisco	Oakland
Range of Size				
Smallest Enrollment	43	87	91	62
Largest Enrollment	708	1,431	2,623	2,355
Range of Enrollment at Which Minimum Expenditures Was Achieved				
Smallest Enrollment	475	624	1,653	1,173
Largest Enrollment	607	791	2,029	1,469

Source: District-provided expenditures files for San Francisco and Oakland

It is interesting to note that the range of size at which minimum per pupil expenditures occurred was similar in the two districts for elementary schools (i.e., 475 to 607 in San Francisco and 624 to 791 in Oakland). For the middle/high schools, the ranges of enrollment at which minimum per pupil expenditures occurred did not overlap between the two districts. In part, this may be a result of the small-school initiative in Oakland, which provided support for a number of the large high schools to divide into smaller units.

Summary of Chapter 6

The implicit weight analysis investigated the relationship between overall per pupil expenditures, its restricted and unrestricted components, and student poverty. The results of the analysis suggest the following:

- A systematic relationship between overall expenditures and student poverty existed for San Francisco elementary schools. Moreover, this relationship appears to be attributable to the way San Francisco allocated restricted funds, but did not change appreciably with WSF implementation.
- An increase in the link between overall expenditures and poverty for San Francisco middle and high schools occurred after the district implemented WSF. There are indications that this increase in equity was achieved through allocation of unrestricted funding.
- The strength of the relationship between per pupil expenditures and student poverty increased among Oakland elementary schools in the post-RBB years, which was driven by the allocation of restricted rather than unrestricted funding.
- Oakland middle and high schools did not appear to enjoy the same increase in overall expenditures/poverty relationship as elementary schools. Although the results suggested that there existed a significant positive relationship between restricted per pupil expenditures and student poverty both before and after RBB implementation, the relationship was not strong enough to drive this relationship between overall expenditures and student poverty.
- Both San Francisco and Oakland tended to recognize school size (scale of operations) as a basis for distributing resources to elementary and middle/high schools, but there did not appear to be any significant change in the relationship between per pupil spending and school size resulting from the implementation of either SBF policies.

Chapter 7
What Is the Tale of These Two Districts? Lessons Learned From San Francisco's and Oakland's Experiences

Our conversations with various stakeholders in both San Francisco and Oakland revealed much about the design and implementation of SBF policies and the decisions that these districts faced in pursuing an equity-driven, student-based funding budgeting and planning model. Our analysis shows how some of these decisions might have had an impact on resource allocation and resource utilization at the school site. In this final chapter, we present some of the lessons gleaned from these two districts' experiences. First, we present general lessons learned, relevant to anyone interested in the concept of an SBF policy. Then we outline some lessons directed specifically at districts considering or already implementing such a policy. Finally, we provide some insights for state policymakers to consider as they continue to design and refine policies that affect implementation of SBF policies.

Lessons for District Policymakers

Creating and sustaining an SBF policy requires a tremendous amount of work.

As seen in the detailed considerations we outlined in Chapters 3 and 4, developing an SBF policy requires a significant amount of work at both the district and school levels. District administrators must develop a different funding stream and create a sophisticated enrollment projection system in an open-choice district. At the same time, they must provide support to schools to build their capacity and ensure that other existing district policies do not counteract the goals of the SBF policy. School administrators must engage multiple stakeholders in the planning process and ensure a strong understanding of the funding policies in order to develop their school budgets, all while managing the day-to-day activities in their role as the school's instructional leader.

Despite the onus of additional work, the SBF policies in San Francisco and Oakland were accepted by almost every school and district respondent.

Our interviews in both districts indicated a strong acceptance of the nontraditional planning and budgeting processes introduced by the SBF models. Of the 18 people in Oakland asked whether they would prefer to return to the former budgeting and planning process or retain the current SBF policy, 16 responded that they would prefer to keep the current process. One district administrator noted that she could not comment because she had never worked under another policy and one union leader noted that she would not choose to return to the previous policy but would dramatically alter the current policy.

Similarly in San Francisco, of the nine respondents asked, eight indicated that they would prefer to retain the current policy. One principal commented that he would prefer to return to the previous policy because the goals under the WSF policy had not been attained. The positive acceptance of the WSF policy among those interviewed in San Francisco for the present study is consistent with what Shambaugh and colleagues (2008) reported in an earlier study on San Francisco's implementation of the WSF policy, where only 1 of 17 respondents indicated a desire to return to the previous policy. The overwhelming preference for this policy is more impressive when we take into account that the policy asks more of everyone than does the traditional budgeting model.

An SBF policy cannot be a reform mechanism for change; it is only a process on which other reforms and policies aimed at increasing student achievement can be built.

Even proponents of the policy in both districts recognized that SBF policies are not a vehicle for changing teaching and learning. Indeed, one former superintendent in California who did not pursue an SBF policy noted that "people view this as a panacea and that it will improve the outcomes by giving decisions to schools. But not all superintendents are on board with that belief." Rather, SBF policies should be seen only as a foundation that provides greater equity and increases autonomy on which to build other policies to increase student achievement. One former district administrator in Oakland who is a firm believer in the effectiveness of this policy, when asked to give advice to others considering such a policy, said, "Forget about the budgeting, that happens on its own. Focus on training for principals, how to create professional learning communities, how to use data." In short, the work that this policy requires should be seen only as the first step in a strategic and systemic process to improve student outcomes in a district.

SBF policies cannot and do not solve the problem of inadequate funding from federal, state, and local sources.

Our conversations in both districts clearly revealed the strain of a state budget crisis in California. Our interviews revealed that *any* budgeting policy will not increase the overall level of funding. Both districts were experiencing declining enrollments and revenues and consequently were faced with tough decisions every year. Although respondents did not blame their SBF policies for this problem, it is clear that no matter what the budgeting policy, these schools felt frustrations over their struggle to cover their operating costs each year.

Even with strong support, SBF policies require ongoing review and adjustment based on feedback from relevant stakeholders.

As one district administrator from Oakland noted, there is a recognition that you have to "work on a few kinks in the system per year, knowing that there will be kinks." In both San Francisco and Oakland, although respondents were positive about the policy, they shared many examples of how the system could be altered to serve their needs better. However, as reported by Shambaugh and colleagues (2008), San Francisco had not reviewed its WSF policy, including the weights used in distributing funds, for several years.

In Oakland, as mentioned throughout the *Considerations*, respondents mentioned several components of the policy that they would like to see reviewed, such as evaluating the use of average daily attendance (ADA) in calculating school allocations, the impact of small schools on the policy, and the capacity of the school site to accomplish these goals. Therefore, SBF districts need to evaluate the ongoing implementation of their planning and budgeting policies.

SBF policies create the opportunity (and perhaps even the demand) to improve other district-wide problems.

Given that creating SBF policies often requires districts to take a much closer look at their budgeting information, processes, and tools, these policies create a unique opportunity for district administrators to refine existing structures and to realign systems that may have been in existence in the district for a long time. In Oakland, for instance, to determine what the school costs would be under the new RBB policy with actual salaries, the district needed to have accurate personnel rosters for each school. Once it began this process, the district realized that the system was outdated and could not accurately report who was working at each school. One former district administrator then

went to every school in the district with a roster and asked the principal to confirm which staff worked at that site to create a new system with accurate information.

As another example, respondents in Oakland who were pleased with elements of the RBB policy that made budgeting and planning easier noted a desire to improve other bureaucratic district processes. Oakland principals explained that they created their budgets in a user-friendly web-based tool, but after the budget is finalized in the fall, that tool's purpose stops and principals have to revert to an older system that requires a paper trail to track purchases and costs throughout the year. Principals voiced a desire to have more integrated and efficient systems, such as the web-based RBB tool, to simplify their management practices.

Finally, San Francisco experienced an approximate 10 percent jump in the reported poverty rate from 2001–02 to 2002–03 for both middle and high schools. One district administrator noted that the increase in poverty reporting in the district was due in part to a change in the nutrition policy in the district that led to more accurate reporting of student poverty figures. However, this increase may also be due in part to the change in incentives associated with the implementation of the WSF.

Increased transparency in the schools appeared to lead to an increased demand for transparency in the district office.

Respondents indicated that both the RBB policy in Oakland and the WSF policy in San Francisco created an increased perception of transparency of how the schools received funding. For example, as one San Francisco principal noted, this transparency had "made staff realize that I don't have money hiding under my desk … and that [the school has no money.]" Although that accomplishment is certainly a positive if bittersweet outcome of an SBF policy, an interesting side effect heard from schools in both districts is that the schools, in turn, demanded increased transparency regarding how the district used its funds centrally. One Oakland principal explained, "I trust that [the central office] is making pretty good, equitable decisions, but I still feel the natural resentment that I know there's waste that I don't have any say over."

Additional comments, such as "It's like they're holding back money to pay for central services, and my question has always been, if no one uses [the central services] what happens to that money?" showed a certain level of distrust of the central office in both districts. In short, there seems to be a certain level of concern about a lack of transparency around central office expenditures, which stands in contrast to the increase in school-level transparency.

SBF policies require a culture shift in central and school staff, moving away from a compliance mentality to make room for innovation.

In a previous study of decentralized school budgeting policies in four districts, Goertz and Stiefel (1998) asserted that no real change in school or central office climate occurred because, in the districts they studied, the policy occurred at the margins and had not really broken down the traditional structure of decision making that previously existed. That is, a major culture shift is required on the part of both district and school staff to step away from a compliance mentality and break down the traditional structures of the district.

Focusing on compliance can negatively affect innovation. One principal noted that "the seed of the idea [of the policy] is powerful … but all those bureaucratic nightmares [get in my way.]" One former district administrator said, "Principals keep asking themselves, 'What if I get too innovative? I'm safer if I just do it the way I've always done it.'"

Our Oakland interviews seem to suggest a continued focus on compliance. Several Oakland respondents referred to the "compliance office" (the unofficial name for the district's office of federal and state grants). Even the guide for developing the schools' academic plans is titled *Compliance Information and Guidance*. One district administrator called the SSC the "compliance SSC." Another Oakland district respondent commented that the district is more concerned with compliance than results, saying, "There's more accountability for how you spend the money versus the impact of what you spend the money on. Until we change that, it's going to stay the same." Indeed, while commenting on the operations support coaches who serve as liaisons to the district in Oakland on a variety of budgeting and administrative issues, one district administrator noted, "The ops support person lessens the burden, but the burden should not exist in the first place." One principal also commented that the operations support coach "is a bit of a bandage for a system which is still so ridiculously bureaucratic and complex."

Districts can pursue specific elements of an SBF policy with the goal of increasing equity without fully implementing an SBF policy.

Our conversations with superintendents from other districts in California that have opted not to pursue an SBF policy revealed that even without pursuing a full student-based funding policy, a district can implement similar mechanisms to improve the equity and transparency of resources in the district. For example, in one urban school district, the superintendent indicated that although the district would not pursue a full SBF policy for a variety of reasons, the district has focused on two components similar to SBF policies, as described further below: (1) focusing on the calculation of actual salaries and (2) ensuring the most efficient distribution of funds based on student need.

Specifically, although the schools in this district do not receive school allocations based on actual salaries, starting a few years ago, the central office began tracking school-level spending based on actual salaries. In this process, central office staff uncovered the fact that the district had been staffing kindergarten through third grade classes with one teacher for every 18 students, whereas the district policy was one teacher for every 20 students. This type of budgeting calculation, according to this superintendent, was discovered only when the central office began tracking costs using actual salaries. In addition, this district also hired a consultant to help redesign the allocations of categorical program funds to ensure that the district was providing resources to its schools in a more efficient and equitable manner. As the superintendent described it,

> *We have a tendency [in school systems] to build budgets around expenditures patterns based on previous needs. We have been working to build the knowledge base to create the pressure for change and the development of our system to better support what sites are saying they need rather than what they are accustomed to getting.*

These actions taken by a non-SBF district give examples of the types of decisions a non-SBF district can pursue that appear to reflect goals similar to those of an SBF policy.

Lessons for State Policymakers

California's state budgeting process has a significant impact on schools' ability to plan and allocate resources.

As described in Consideration 9 in Chapter 4, the state budget cycle in general makes school planning and budgeting processes more difficult. This seems to be especially true in SBF districts, where schools sometimes have to determine their plans and budgets before they know the total amount of funds that will be available. The state's budgetary cycle provides an incentive for

underestimating projected enrollments, given that adding new staff in the fall is much easier than reducing existing staff. These tensions are further aggravated by delays in passing the state budget, leading to even further uncertainty in the planning process. As just one example, because the budget crisis at the state level resulted in several different estimates of available funds for the coming year over several months, San Francisco did not even hold district-level reviews of the schools' academic plans and budgets.

Currently, the state provides very little support to districts with an SBF policy, making it difficult for other districts to adopt such a policy.

One former administrator in a district that considered, but chose not to implement, an SBF policy noted that the process for creating such a policy required administrative capacity that the district lacked. One recommendation made by this former chief financial officer of a large urban school district in California was to create state and/or regional structures supportive of SBF policies that could assist districts that are interested in their implementation, noting that "the CDE could invest some time and energy at the state level [to make] this policy more feasible in districts."

The large number of categorical programs at state and federal levels inhibits innovation and reinforces a compliance-oriented mentality.

Despite recent provisions attempting to change the restrictions on federal funds, the compliance mentality has proven very difficult to change in states, districts, and schools (Cross & Roza, 2007). If state policymakers are interested in creating avenues for more school-level innovation, they must re-examine how state funds are distributed and how districts are required to report the expenditures of these funds. In discussions with a group of superintendents, we heard a clear message from other large districts in California that although they may not prefer an SBF policy, they would *all* prefer to receive the funding from the state with fewer strings attached. Whether it be in the form of a statewide weighted student formula that distributes funds from the state to the district level or a limitation on the number of categorical programs, these superintendents from across the state voiced a desire to allow the state funding system to better promote innovation.

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(1) The progress of pupils toward the standards established pursuant to subdivision (a) and, if applicable, the state adopted academic content standards as measured by state adopted criterion referenced assessments.

(2) The instructional techniques and strategies used by the employee.

(3) The employee's adherence to curricular objectives.

(4) The establishment and maintenance of a suitable learning environment, within the scope of the employee's responsibilities.

(c) The governing board of each school district shall establish and define job responsibilities for certificated noninstructional personnel, including, but not limited to, supervisory and administrative personnel, whose responsibilities cannot be evaluated appropriately under the provisions of subdivision (b) and shall evaluate and assess the performance of those noninstructional certificated employees as it reasonably relates to the fulfillment of those responsibilities.

(d) Results of an employee's participation in the Peer Assistance and Review Program for Teachers established by Article 4.5 (commencing with Section 44500) shall be made available as part of the evaluation conducted pursuant to this section.

(e) The evaluation and assessment of certificated employee performance pursuant to this section shall not include the use of publishers' norms established by standardized tests.

(f) Nothing in this section shall be construed as in any way limiting the authority of school district governing boards to develop and adopt additional evaluation and assessment guidelines or criteria. *(Stats.1976, c. 1010, § 2, operative April 30, 1977. Amended by Stats.1983, c. 498, § 29, eff. July 28, 1983; Stats.1995, c. 392 (A.B.729), § 1; Stats.1999–2000, 1st Ex. Sess., c. 4 (A.B.1), § 4, eff. June 25, 1999.)*

§ 44663. Written evaluation and assessment of certificated employees and certificated noninstructional employees; copy to employee; written reaction; discussion of evaluation and assessment

(a) Evaluation and assessment made pursuant to this article shall be reduced to writing and a copy thereof shall be transmitted to the certificated employee not later than 30 days before the last schoolday scheduled on the school calendar adopted by the governing board for the school year in which the evaluation takes place. The certificated employee shall have the right to initiate a written reaction or response to the evaluation. This response shall become a permanent attachment to the employee's personnel file. Before the last schoolday scheduled on the school calendar adopted by the governing board for the school year, a meeting shall be held between the certificated employee and the evaluator to discuss the evaluation.

(b) In the case of a certificated noninstructional employee, who is employed on a 12–month basis, the evaluation and assessment made pursuant to this article shall be reduced to writing and a copy thereof shall be transmitted to the certificated employee no later than June 30 of the year in which the evaluation and assessment is made. A certificated noninstructional employee, who is employed on a 12–month basis shall have the right to initiate a written reaction or response to the evaluation. This response shall become a permanent attachment to the employee's personnel file. Before July 30 of the year in which the evaluation and assessment takes place, a meeting shall be held between the certificated employee and the evaluator to discuss the evaluation and assessment. *(Stats.1976, c. 1010, § 2, operative April 30, 1977. Amended by Stats.1983, c. 498, § 30, eff. July 28, 1983; Stats.1986, c. 393, § 1.)*

§ 44664. Frequency; areas of employment; unsatisfactory performance; exclusion

(a) Evaluation and assessment of the performance of each certificated employee shall be made on a continuing basis as follows:

(1) At least once each school year for probationary personnel.

(2) At least every other year for personnel with permanent status.

(3) At least every five years for personnel with permanent status who have been employed at least 10 years with the school district, are highly qualified, if those personnel occupy positions that are required to be filled by a highly qualified professional by the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301, et seq.), as defined in 20 U.S.C. Sec. 7801, and whose previous evaluation rated the employee as meeting or exceeding standards, if the evaluator and certificated employee being evaluated agree. The certificated employee or the evaluator may withdraw consent at any time.

(b) The evaluation shall include recommendations, if necessary, as to areas of improvement in the performance of the employee. If an employee is not performing his or her duties in a satisfactory manner according to the standards prescribed by the governing board, the employing authority shall notify the employee in writing of that fact and describe the unsatisfactory performance. The employing authority shall thereafter confer with the employee making specific recommendations as to areas of improvement in the employee's performance and endeavor to assist the employee in his or her performance. If any permanent certificated employee has received an unsatisfactory evaluation, the employing authority shall annually evaluate the employee until the employee achieves a positive evaluation or is separated from the district.

(c) Any evaluation performed pursuant to this article which contains an unsatisfactory rating of an employee's performance in the area of teaching methods or instruction may include the requirement that the certificated employee shall, as determined necessary by the employing authority, participate in a program designed to improve appropriate areas of the employee's performance and to further pupil achievement and the instructional objectives of the employing authority. If a district participates in the Peer Assistance and Review Program for Teachers established pursuant to Article 4.5 (commencing with Section 44500), any certificated employee who receives an unsatisfactory rating on an evaluation performed pursuant to this section shall participate in the Peer Assistance and Review Program for Teachers.

(d) Hourly and temporary hourly certificated employees, other than those employed in adult education classes who are excluded by the provisions of Section 44660, and substitute teachers may be excluded from the provisions of this section at the discretion of the governing board. *(Stats.1976, c. 1010, § 2, operative April 30, 1977. Amended by Stats.1983, c. 498, § 31, eff. July 28, 1983; Stats.1999–2000, 1st Ex. Sess., c. 4 (A.B.1), § 5, eff. June 25, 1999; Stats.2003, c. 566 (A.B.954), § 2; Stats.2005, c. 677 (S.B.512), § 28, eff. Oct. 7, 2005.)*

§ 44665. "Employing authority"

For purposes of this article, "employing authority" means the superintendent of the school district in which the employee is employed, or his designee, or in the case of a district which has no superintendent, a school principal or other person designated by the governing board. *(Stats.1976, c. 1010, § 2, operative April 30, 1977.)*

ARTICLE 12. SCHOOL–BASED MANAGEMENT AND ADVANCED CAREER OPPORTUNITIES FOR CLASSROOM TEACHERS PROGRAMS

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§ 44666. Legislative findings and declarations

(a) The Legislature finds that a primary goal of every public school should be the creation of effective and productive learning environments for pupils. Increasing the educational effectiveness and productivity of public schools may require new ways of organizing instructional and adminstrative [1] staff which increase the collective investment of all schoolsite educators in the success of their school. The Legislature also finds that innovation and change are frequently discouraged by undue administrative and organizational rigidity. The Legislature intends that the school district's role in working with schoolsites be characterized by setting clear goals, providing sites the flexibility to achieve those goals, offering high quality technical assistance and support, and holding sites accountable for performance. The Legislature supports shifting from a rule-based system to a performance-based system of accountability. Those educators closest to pupils should be free, within limits, to create learning environments appropriate to their circumstances. The Legislature declares its intent not to diminish the leadership roles of school districts and site-level administrators. However, the Legislature does intend to encourage schools to foster more professional collaboration where teachers and principals, as an educational team, are responsible for creating the conditions that make more effective teaching and learning possible, and where schoolsite educators as a group have responsibility for the functioning and performance of their school.

It is the further intent of the Legislature to encourage and foster a shift in public school administration from a system that rigidly controls and directs what goes on at the next lowest level, to a system that guides and facilitates professionals in their quest for more productive learning opportunities for their pupils.

(b) The Legislature further finds and declares all of the following:

(1) Hierarchical decisionmaking has tended to reduce the effectiveness and productivity of teachers in educating pupils. A more collaborative decisionmaking process may result in more effective teaching and pupil learning.

(2) A true profession should offer individuals the opportunity for growth in their careers and in their professional lives.

(3) Professional growth brings with it additional responsibilities and accountability, and taking greater responsibility allows the professional to achieve enhanced status and higher salary, and to make a contribution to the profession.

(4) The current staffing structures and compensation structures in California school districts that emphasize seniority in setting teacher salaries and uniformity in teachers' roles do not adequately reward teaching excellence, exceptional achievement, or the assumption of additional educational responsibilities by teachers. Neither do they provide an incentive for teachers to continue to pursue excellence.

(5) The establishment of advanced career opportunities for teachers, in conjunction with greater teacher involvement in schoolsite management, should increase the variety and responsibility of a teacher's work. It should also provide: (A) a mechanism for restructuring salary schedules to recognize experience, additional work and responsibility; and (B) the opportunity for performance-based contracts with teachers or groups of teachers.

(6) Advanced career opportunities for teachers should also provide an incentive for teachers to remain in teaching, upgrade their skills, and improve the instructional program. *(Added by Stats.1989, c. 1282, § 1.)*

1 So in enrolled bill.

§ 44667. School-based management projects; alternative models; procedures to increase teachers' decisionmaking authority; voluntary participation in programs

(a) It is the intent of the Legislature to encourage school districts to plan and implement alternative models of school-based management projects, or advanced career opportunities for classroom teachers projects, or a combination of both, for one or more schools in the district. Further, it is the intent of the Legislature that school district governing boards and administrators work with classroom teachers and teacher bargaining units to develop and strengthen procedures that increase teachers' decisionmaking authority in responsibilities that affect their ability to teach. These procedures may include, but need not be limited to, the following:

(1) Selection of new teachers and administrators.

(2) Evaluation of teacher and administrator performance.

(3) Selection of curricular areas for improvement.

(4) Tailoring and coordination of curriculum and instruction across grade levels and within departments at the schoolsite level.

(5) Establishment of pupil discipline policies.

(6) Design and conduct of staff development programs and policies.

(7) Assignment of pupils and scheduling of classes.

(8) Schoolwide problem solving and program development.

(9) Organization of the school for effective instruction.

(10) Development of procedures designed to institutionalize teacher involvement in decisionmaking.

(11) Determining the roles and functions of teachers, administrators, and classified employees at the school site.

(12) Development of alternative methods of teacher compensation that reward teaching excellence, exceptional achievement or the assumption of additional educational responsibilities.

(13) Establishment of policies to decentralize district decisionmaking by providing schoolsite administrators and teachers with greater budget authority including the allocation of fiscal, personnel, and other resources at the schoolsite.

(b) Participation of school disctict [1] in the programs established pursuant to this article shall be on a voluntary basis. A school district shall be eligible to participate only upon the approval of participation by both the governing board of the district and the exclusive representative of certificated employees of the district. *(Added by Stats.1989, c. 1282, § 1.)*

1 So in enrolled bill.

§ 44667.2. School-based management proposals; contents

It is the intent of the Legislature that each school district's school-based management proposal shall include the following:

(a) A plan for involving parents in the planning, implementation, and evaluation of school restructuring efforts.

(b) A plan for staff development that shall be made available to participating school personnel in order to assist in restructuring elements specified in the district proposal.

(c) A plan for regularly assessing the progress of participating schools in meeting the goals identified in their funding proposal. Assessment plans shall include provisions for the collection of

information on various school-level indicators including pupil performance, detentions, pupil and teacher absenteeism, and staff turnover. Districts are encouraged, as well, to establish a process of onsite quality reviews with the objective of evaluating the quality of instruction, leadership, staff development, and the planning and decisionmaking processes at participating schools. *(Added by Stats.1989, c. 1282, § 1.)*

§ 44668. Advanced career opportunities for classroom teachers; Advanced Career Opportunity Program components

(a) "Advanced career opportunities for classroom teachers" means a compensation system developed jointly by the governing board of a school district and the exclusive representative of certificated employees for one or more of the schools in the district that may include the following components:

(1) Extended contract days.

(2) Additional pay for additional duties or responsibilities.

(3) Differentiated staffing.

(4) Additional pay for meeting contracted performance goals.

(b) Each Advanced Career Opportunity Program shall include the following components:

(1) Fair selection procedures for job enlargement activities.

(2) An evaluation procedure developed jointly by the governing board of the district and the exclusive representative of certificated employees that provides for periodic, fair, objective, and consistent evaluation of educator performance for purposes of placement and career advancement.

(3) A plan for the periodic review of the district's Advanced Career Opportunity Program. *(Added by Stats.1989, c. 1282, § 1.)*

§ 44669. Waiver of statutes or regulations

(a) Notwithstanding any other provision of law, for the purposes of implementing a program established pursuant to this article, the State Board of Education may waive any part, article, or section of this code, or any regulation adopted by the State Board of Education that implements this code upon request by a governing board of a school district on a districtwide basis or on behalf of its schools or programs, if the governing board does both of the following:

(1) Provides written documentation that the exclusive representative of certificated employees concurs with the request. Failure of the exclusive representative of certificated employees to concur in the waiver request shall constitute cause for its denial.

(2) Demonstrates that the waiver request is necessary to implement the proposed pilot project.

(b) Subdivision (a) does not apply to Section 51513 or Part 26 (commencing with Section 46000), other than Section 46206. *(Added by Stats.1989, c. 1282, § 1. Amended by Stats.1995, c. 275 (A.B.56), § 3, eff. Aug. 2, 1995; Stats.1998, c. 313 (S.B.1193), § 3, eff. Aug. 21, 1998.)*

CHAPTER 3.1. SCHOOL PERSONNEL STAFF DEVELOPMENT AND RESOURCE CENTERS

ARTICLE 1. SCHOOL DEVELOPMENT PLANS [REPEALED]

ARTICLE 2. RESOURCE AGENCY OR CONSORTIUM [REPEALED]

ARTICLE 3. ADMINISTRATOR TRAINING AND EVALUATION

§ 44681. Legislative findings and intent

The Legislature recognizes that the principal plays a pivotal role in the life of a school. Research indicates that at schools where pupil achievement is higher than might be expected, principals provide strong leadership and support. Teachers at these schools report that their principals facilitate innovation, support teachers in efforts to promote new ideas, and assist staff to acquire needed skills and materials. Other studies show that the principal is the most effective agent for bringing about educational improvement.

The Legislature further recognizes that although principal leadership is essential to effective instruction, research shows that many principals are neither prepared nor encouraged to be educational leaders. According to principals and others, administrator training does not always match responsibilities of the job, and opportunities for continuing development are inadequate.

The Legislature, by the provisions of this article, intends to provide site and central district administrators ongoing opportunities to improve their management and leadership skills. The Legislature intends that administrator support and development activities funded by this article will result in direct improvements in services to California public school pupils. The Legislature further intends that current funding for duplicative educational programs be redirected to fund the provisions of this article.

It is also the intention of the Legislature to enhance the desirability of teaching as a profession by promoting a school environment that facilitates a constructive working relationship between teachers and administrators. *(Added by Stats.1982, c. 1388, p. 5291, § 4, eff. Sept. 24, 1982. Amended by Stats.1986, c. 363, § 1.)*

§ 44682. Administrative training and evaluation programs; establishment; purpose; funding

(a) Any school district, county superintendent of schools, or consortium of those entities shall be eligible for funds in order to establish an administrator training and evaluation program, which shall provide to school administrators support and development activities designed to improve clinical supervision skills.

(b) In order to receive funding for an administrator training and evaluation program, a school district, county superintendent, or consortium shall:

(1) Develop a three-year plan for support and development activities, based on a systematic assessment of unmet needs of pupils and school personnel in the districts to be served.

(2) Operate the program in conjunction with the teacher education and computer center which serves the school district or

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