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## Strategic School Funding for Results (SSFR)

# *Perspectives of Key Central Office Staff and School Principals Regarding Resource Allocation Policies and Procedures*

A Report Prepared for Twin Rivers Unified School District  
SSFR Research Report #02 (TRUSD)

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Prepared by  
Jay G. Chambers  
James R. Brown  
Ray Tolleson  
Karen Manship  
Joel Knudson

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## About the Authors

**Dr. Jay G. Chambers** is a senior research fellow and a managing director of the education and public sector finance group in the Education, Human Development, and Workforce Program at American Institutes for Research (AIR).

**James R. Brown** is the co-Principal Investigator for the SSFR project, and he is a senior advisor for the Pivot Learning Partners.

**Ray Tolleson** is a coach and consultant at Pivot Learning Partners and SSFR Project Lead for the Twin Rivers Unified School District.

**Karen Manship** is a research analyst at AIR.

**Joel Knudson** is a research associate at AIR.

## SSFR Project Leadership Team

Jay G. Chambers, AIR (Co-Principal Investigator); James R. Brown, PLP (Co-Principal Investigator); Steve Jubb, PLP (Project Lead in LAUSD and Director of Change Management); Ray Tolleson, PLP (Project Lead in TRUSD); Dorothy Harper, PLP (Project Lead in TRUSD); Jim Hollis, PLP (Director of Technology); Jesse D. Levin, AIR (Task Leader for Resource Allocation and Need-Based Funding Model Tasks); Karen Manship, AIR (Project Manager and Task Leader, Surveys of Current Practice)

## For further information about the SSFR project, please contact:

Dr. Jay G. Chambers, [jchambers@air.org](mailto:jchambers@air.org) or James R. Brown, [trailrunner26@verizon.net](mailto:trailrunner26@verizon.net)

## SSFR Project Advisory Group

**Susanna Cooper**, Principal Consultant for California Senate Pro Tempore Darrell Steinberg; **Fred Frelow**, Program Officer, Ford Foundation; **Stephen Frank**, Director of Rethinking School and School System Resources, Education Resource Strategies; **Ken Hall**, Founder and Chairman Emeritus, School Services of California, Inc. & Founding Director, USC School Business Management Program; **Matt Kelemen**, Consultant to the William and Flora Hewlett Foundation; **Henry M. Levin**, William H Kilpatrick Professor of Economics & Education, Teachers College, Columbia University; **Rick Miller**, Senior Partner, California Education Partners & Partner, Capitol Impact LLC; and **Warren Simmons**, Executive Director, Annenberg Institute for School Reform

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## About Strategic School Funding for Results (SSFR)

### Purpose

During the 2009-10 school year, the American Institutes for Research (AIR) and Pivot Learning Partners (PLP) formed a partnership with three large California school districts—Los Angeles, Twin Rivers, and Pasadena Unified School Districts—to begin a project to implement and evaluate the impact of a comprehensive approach to local school finance, governance, and human resource management. With the ultimate goal of improving the level and distribution of teacher effectiveness and student learning opportunities, we have designed the *Strategic School Funding for Results (SSFR)* project to (a) develop and implement more **equitable** and **transparent** strategies for allocating resources within each district; (b) link those strategies to policies and processes designed to encourage **innovation**, **efficiency**, and **teacher effectiveness**; and (c) strengthen **accountability** for improving student outcomes.

### What policies underlie SSFR?

The theory of action underlying the project encompasses the following three elements:

- 1) **A culture of innovation and efficiency can be achieved by**
  - a) *increasing school autonomy linked with accountability for results;*
  - b) *creating appropriate incentives for improving the performance of principals, teachers, and other school faculty;*
  - c) *ensuring access to a wide range of educational choices by families and children; and*
  - d) *providing school leaders with the opportunity to select and purchase various support services from the central office.*
- 2) **Increased transparency can be achieved by**
  - a) *simplifying and clarifying the processes by which resources are allocated to schools and*
  - b) *increasing the participation of a wide range of stakeholders in the design of these processes.*
- 3) **Equity can be improved by allocating dollars to schools based on student needs.**

The results of this evaluation will provide information to help federal, state, and local policymakers in their consideration of policies that will improve learning opportunities across all children.

### What are the benefits of participation in the SSFR project?

Within the framework of the SSFR project, the AIR/PLP team provides the districts with data analysis, technical assistance, coaching, and training to implement the funding strategies and evaluate their success. While there are common themes being promoted across each of the three districts, each district has adopted its own focus and is adapting the SSFR components to fit the culture and context of the district. Each of the three participating districts has committed time on the part of its leadership and staff to participate effectively in this project and has acknowledged that the project represents a collaborative effort between the AIR/PLP and district leadership teams. The formative nature of the proposed project allows for a mutual learning experience between the participating districts and the AIR/PLP team and allows the creation of a strong partnership in successfully implementing SSFR.

### How is SSFR being funded?

During the 2009-10 school year, the William and Flora Hewlett and Ford Foundations provided grants to the AIR/PLP team to support Phase I of the SSFR work. August 1<sup>st</sup>, 2010 marks the beginning of Phase II of the SSFR project. During the spring of 2010, the Institutes for Education Sciences (IES) in the U.S. Department of Education awarded a grant to the AIR/PLP team to support the further development of the SSFR model over the next three years. In addition, the AIR/PLP team submitted proposals to the Hewlett and Ford Foundations to extend their support of the implementation and evaluation components of this project covering this same three year time-period. Finally, the AIR/PLP team in collaboration with our three district partners has also submitted a proposal for a grant under the Investing in Innovation (I3) program by the U.S. Department of Education to extend the development, implementation, and evaluation of SSFR over the next five years.

The result of this work will provide a guidebook to other districts interested in implementing their own version of the SSFR model and a series of reports describing the changes in the patterns of resource allocation and student outcomes that coincided with the implementation of SSFR in the three districts.

## Table of Contents

Highlights.....	v
Background .....	1
District Interviews and Principal Focus Group .....	1
Overview of the School Budgeting Process.....	1
How the Current Budgeting System Measures Up against SSFR Goals .....	2
Summary.....	4

## Highlights

This report summarizes the perspectives and attitudes of a selected set of district and school site administrators whom we interviewed in Twin Rivers Unified School District during the fall of 2009. We carried out interviews and focus groups with these individuals to gain an understanding of how the current budgeting system operates, and to obtain some information on the attitudes and perspectives of various administrative staff on the strengths and challenges of the current budgeting system and how this system measures up against some of the policy goals of SSFR, such as equity, transparency, accountability, innovation, and efficiency.

TRUSD uses a traditional staffing model to allocate general fund resources to the schools, but does provide some limited flexibility to the schools in selecting the quantities of staff employed under categorical funding programs.

With regard to equity, the perception of those interviewed suggests that substantial inequity exists in the district as a result of the policies that existed prior to the merger of the four districts into the new Twin Rivers Unified School District (TRUSD).

Regarding transparency, the impression from the interviews is that despite the notion that the information was technically accessible to everyone, it was unclear whether principals really *use* or fully *understand* that information.

The principals interviewed indicated that accountability exists primarily in the form of compliance regarding how money is spent, but also indicated that their school site councils or leadership teams tended to hold them accountable.

Interview respondents suggested that the budget crisis has limited opportunities for innovation. There was a common perception that money was sometimes spent to avoid losing it, which did not always result in the best use of funds.

Some additional comments that emerged from the interviews suggested both positive and challenging themes for the future of improving resource allocation. First, while respondents embraced the notion of flexibility, they also expressed the belief that specific parameters must be in place to ensure responsible behavior on the part of school leaders.

Second, there was the sense that resource allocation decisions were very much controlled by the central office, and that multiple levels of approval for staffing decisions resulted in a very slow process for filling new positions.

## Background

As a starting point for the Strategic School Funding for Results (SSFR) project, the AIR/PLP team developed a series of protocols to conduct interviews and focus groups with district administrators and school principals.<sup>1</sup> The purpose of these interviews and focus groups was to gain an understanding of how the current budgeting system operates, and to obtain some information on the attitudes and perspectives of various administrative staff on the strengths and challenges of the current budgeting system and how this system measures up against some of the policy goals of SSFR, such as equity, transparency, accountability, innovation, and efficiency. We asked district leaders to help us by selecting principals they felt had a good understanding of the current system and who could provide us with some thoughtful perspectives on how to evaluate its advantages and disadvantages. Therefore, our report is not based on the perspectives of a random sample of individuals, and may not be representative of all principals in the district.

Twin Rivers Unified School District (TRUSD) is the newest unified district in California as of the 2008-09 school year and was created through the unification of the Grant Union High School with three of its feeder elementary districts. This new district serves approximately 27,000 students, of whom 34 percent are white, 31 percent are Hispanic, and 17 percent are African American. About one-fourth of the students are English learners, and roughly six out of ten students are eligible for the national school lunch program. This district faces the immediate and pressing problem of combining funding streams from four districts. With the merger

<sup>1</sup> We have included the protocols we used to guide the interviews and focus group discussions in the **Technical Appendix** to this report.

of these four districts, there was no established common routine for allocating resources, and this, coupled with a shrinking budget, had the potential for a high level of local conflict according to some sources in the district.

## District Interviews and Principal Focus Group

In October through December 2009, Ray Tolleson, a member of the Pivot Learning Partners team and our designated Project Lead in TRUSD for the SSFR project, conducted interviews with key district staff and a focus group with school principals. The purpose of these interviews and the focus group was to establish a baseline of information and to provide an overview of the current school budgeting processes in TRUSD. Below is a list of interviewed district staff:

- Janet Balcom, Assistant Superintendent of Special Education and Student Services
- Pat England, Director of Categorical Programs
- Gloria Hernandez, Assistant Superintendent of Elementary Schools
- Kate Ingersoll, Director of Budget Services, and Barbara Mitchell, Manager of Categorical Budgets
- Ziggy Robeson, Assistant Superintendent of Community Services
- Patty Smart, Associate Superintendent of Human Resources
- Ramona Bishop, Associate Superintendent Curriculum and Academic Achievement

During this same period of time, Mr. Tolleson conducted a Principal Focus Group with five school principals representing elementary, junior high, and high schools within TRUSD.

## Overview of the School Budgeting Process

School principals develop their school site plan with their school site council, which is composed of the principal, classroom teachers, parents, and students. Principals in the focus group described the purpose of the budgeting process as aligning funding with the goals of their school site plan. Once budgetary allocations are made at the district level, funds arrive in a lump sum and can be spent flexibly by principals. For elementary schools, this is approximately \$40 per student (about 0.6 percent of an elementary school budget); for junior high and high school, the amount is approximately \$70 per student (or about 1 percent of the average high school budget). In addition, every classroom teacher receives \$115 for classroom supplies.

TRUSD has over 100 categorical programs. The biggest funding source is Title I of the Elementary and Secondary Education Act (currently referred to as the No Child Left Behind Act or NCLB), followed by Economic Impact Aid (EIA), a California state categorical program that provides supplemental funds for K-12 students to support English learners and educationally disadvantaged students.<sup>2</sup> Title I is determined through a count of students eligible for the free or reduced price lunch program (currently 88 percent district-wide); all but three schools qualify for Title I funds. There are mandated amounts of Title I funding that must be set aside for things like schools of choice, Supplemental Educational Services providers,<sup>3</sup>

<sup>2</sup> For more information on the EIA program, see the following website: <http://www.cde.ca.gov/fg/fo/profile.asp?id=1616>

<sup>3</sup> Schools of choice under Title I refers to the option that parents whose children are currently attending a school that has been *identified for improvement* for two or more years may choose to transfer their children to another school in their district that has

and professional development before the funds are distributed to school sites. The district's central office ensures that categorical fund use at the school site is compliant.

Schools receive staff supported by general funds through a model in which positions are assigned to schools based on total enrollment and schools are charged the average teacher salary for these positions. For positions supported by categorical money, schools pay the actual salary. The principals have the authority to hire their staff from voluntary transfers and from an approved list of new hires. Principals do not recruit staff independently of the human resources department. On rare occasions, the HR department may have to assign a staff member to a school. To hire staff, positions require sign-off from multiple central office staff (including the superintendent in some cases) and can be filled in anywhere between two weeks and three months. For instance, the sign-off might include staff in the following divisions or departments: budget, position control, human resources, principals', supervisors, the categorical office, and the superintendent.

## How the Current Budgeting System Measures Up against SSFR Goals

In light of anticipated changes in Twin Rivers, it is worth considering the current state of the district in relation to four key goals of the SSFR project.

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not been identified for improvement. A second option parents have is to enroll their children in free supplemental educational services, such as tutoring and summer school.

### ► Equity

Equity in this context mainly refers to ensuring that high need student have access to the additional resources they need to promote equal educational opportunity.<sup>4</sup> According to the interviews we conducted, equity in the district is addressed at least in part through the allocation of Title I funds, which are distributed to schools based on the counts of students eligible for the free and reduced price lunch program. One respondent noted the discrepancy between Title I and the district's priorities for serving students, saying,

*"Title I ranking is not based on need [student performance]; it's based on low-income poverty count. We fund the school by low-income count, and then we serve the students on need."*

The perception of those interviewed was that substantial inequity exists in the district in allocation of funding to different schools due to the policies in place in each of the four districts that made up TRUSD prior to the merger. These are discussed in the additional themes below.

### ► Transparency and Autonomy

In terms of transparency, the interviews suggest that *most information is available if you are willing to look for it*. A number of district committees invite the participation of district and school staff, as well as parents and community members. At the school level, the school site council involves the principal, parents, students, and teachers, and bears responsibility for developing the school site plan. Specifically regarding allocation of funding, the district budget book is

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<sup>4</sup> This is referred to as vertical equity in the literature – systematically differential treatment for children with different needs. Another concept of equity is that of horizontal equity, in which students with similar needs are treated in similar ways across schools.

publicly available, has been handed to all principals, directors, and board members, and is available on the district website. As one respondent explained,

*"Any one of them could look at the budget and see what we're spending on transportation and utilities...It couldn't be any more transparent."*

However, although they have access to information, it is not clear that principals *use* or *understand* it. District staff revealed that specific departments may not be particularly transparent, and that principals may not understand how to read budget reports.

Within the principal focus group, there was mention of historical issues left over from the original district in which certain costs (e.g., technology services) that were unexpected or poorly explained were taken out of school budgets. Under the new TRUSD umbrella, participants seemed to have a good understanding of how to establish budgets and staffing and how to operate within various categorical restrictions. However, the principals included in this focus group included individuals who had exhibited a strong record of leadership within the district.

### ► Accountability

Principals note that accountability exists primarily in the form of compliance. From the district office, the director of categorical funds holds schools accountable for spending their money appropriately. On the school side, some principals noted that their school site council or leadership teams hold them accountable. However, principals also mentioned the wide range of district-level personnel—from transportation to budgeting to receiving—that might raise issues with their allocation of funds. —It comes from a million different ways," said one. —~~It~~ a frustration,



and it's jumping through those hoops," added another.

The district's relationship to its charter schools might best approximate a model where schools receive additional flexibility in exchange for accountability. In exchange for budgetary, curricular, and staffing discretion, charter schools have to meet certain criteria regarding parent involvement hours, student community service hours, and grade-point-average targets. Charter schools also have the ability to purchase services from the central office. For example, 5 of the 10 charters use the district hiring process and pay for support from the HR department.

### ► *Innovation & Efficiency*

Interviewees described limited opportunities for innovation due to the current budget crisis. State funding is divided into three tiers. Tier I, which includes sources such as Title I and Economic Impact Aid tend to be the most restricted (i.e., offer the least flexibility in how these funds are used). Tier II includes the English Language Acquisition Program and Agricultural Vocational Incentive Grants, and allows some flexibility. However, Tier III funding, the only fund where sites had broad discretion, had been cut or dropped for the 2009-2010 school year.<sup>5</sup> Many districts use this flexibility to help balance their budgets. District personnel suggested that additional flexibility options for federal funds

<sup>5</sup> For a more complete explanation of Tier III funding in California public schools, see the following website:

<http://www.csba.org/NewsAndMedia/Publications/CASchoolNews/2009/Feb/ElectronicOnly/LegislatureApprovesBudget.aspx>. The California State legislature divided categorical programs are divided into three groups or 'Tiers' for the purpose of protecting some programs, making cuts and/or providing districts with additional budget flexibility." A listing of the Tier I, II, and III categorical programs in California public school funding may be found at the following website: <http://www.smusd.org/smusd/lib/smusd/Budget/Categorical%20Programs.pdf>

have not been fully tapped, but that funds do not exist to use that money in new ways anyway. "We're using all the money. At this point, we don't have anything available to use it."

While efficiency is an area for improvement in the wake of the district merger, respondents did not feel that improvements in efficiency would open the door for new opportunities. Rather, previous inefficiencies in district operations prior to the merger that have been resolved as a result of the merger will likely be used to balance the budget. However, as a result of the merger, principals faced limitations with staffing, as they are mandated to fill vacancies from the layoff list created across all four original districts.

One district respondent was frustrated with the "use it or lose it" approach to spending, saying, "we always do our best to find a way to ensure that it's spent." They would prefer deciding how best to spend as part of a coherent strategy.

### ► *Additional Themes*

In addition to the current practices identified within each of the SSFR goals, interviews revealed both some positive themes and some challenges.

*Theme 1: Respondents embrace the notion of flexibility, but believe that specific parameters must be in place to ensure responsible behavior.*

Current opportunities for flexibility are limited. School schedules can be modified, but they must take place within the district's prescribed start time and release time; the teacher contract also locks in instructional minutes and recess. Principals can purchase additional support staff with their categorical funds. They also have some discretion over allocation of teachers, but they must work within the class sizes in the contract.

District staff and principals expressed interest in greater flexibility, but with appropriate guidelines and accountability measures in place. One district respondent cited the potential problem of principals' dedication to particular programs or people that are not effective; others cited the importance of mandating specific approaches that are priorities for the district, like the instructional coaches, librarians, or EL primary language support. Another district respondent noted that restricted funds are targeted for specific purposes, and that flexibility can water down those purposes. From a principal's standpoint, one respondent described the relationship by saying,

*"There's a balance between flexible and being accountable and being bogged down by bureaucracy... There has to be a safeguard there so I don't do something wrong, but at some point, we want to have the reins free so we can run."*

Specifically regarding special education, one district administrator noted that schools have little discretion in the use of these funds. It was suggested that more flexibility could lead to more inclusive, less restrictive service environments if there were greater site control. However, it would also require additional training and monitoring from the district.

*Theme 2: Decisions on the allocation of resource staff are controlled centrally.*

In addition to the standard allocation of staff and funding, resource personnel staff placements are mandated from the district office.

- *Student learning coaches.* This year (2009-2010), the district has placed student learning coaches at every site. (Because of funding shortages, this position is funded 50 percent at some sites, based on student achievement data.) The position is funded with

Title I money that had been discretionary to the site, but is now included as a direct service to the school.

- Library media teachers are provided at every high school, with four additional library media teachers assigned as itinerant.
- Special education services are dictated to the district: “I think we are following federal law and I think we are providing what we are required to provide,” according to one district administrator.
- Levels of approval for staffing decisions. Staffing decisions that fall under the discretion of principals require multiple levels of approval in the central office and can take several weeks, or even months, to be filled.

*Theme 3: The merger that created Twin Rivers USD has led to cases of inefficiency and inequity that are still being resolved.*

Policy differences among the four original districts are still being resolved. The charter renewal process is being reconsidered. Historically, staff positions at school sites were also funded differently. Some schools might have covered positions with categorical dollars, while others with the same positions did not. Now, in the merged districts, the schools that use categorical dollars find themselves in the red, while the others have much more discretionary funding available. Staffing issues are also impacted. Because job descriptions are being revisited, every description needs to be approved, resulting in a longer turnaround in the hiring and placement process.

According to our interviews, efficiency at the district level is evolving in other ways as well. As part of the merger agreement, classified staff received two years guaranteed employment in the district. The result is “quite a bit of duplication” as well as several secondary schools running in the red because of staffing they are required to car-

ry because of the merger agreements with employee unions. One district respondent noted that 90 percent of the current operating budget is personnel related, explaining that the number is high because of the merger, but has decreased and will continue to decrease. Another impact of merging districts, combined with the financial crisis that has forced layoffs, is that the district has little flexibility in doing targeted recruitment.

There are indications, however, that the situation is improving. The employment guarantees will expire soon, new policies are under development within the central office, and principals express optimism for greater transparency in the new district.

*Theme 4: The current financial crisis has had profound impacts on the level of autonomy and flexibility at school sites.*

Principals noted several times during the focus group that their descriptions of the district — “moral times” departed sharply from the district in the current fiscal situation. The district faces substantial cuts; one respondent cited the need to cut \$4 million in positions, a move that by itself will still not allow the district to be solvent in two years.

At the school level, principals face new challenges to their budgeting process. —“Weeps,” where the district takes leftover money from the school site and pulls it to the central office, happen at mid-year and at the end of the year. Other cuts may also be on the horizon. The result, principals say, is the stifling of innovation. Less money is available. Furthermore, carryovers, where principals might set aside money in one year for a more expensive project in the following year, are no longer an option. The district’s layoff situation also further limits principal control over staffing in that any open positions must be filled from the layoff list.

Nevertheless, one district respondent noted that financial issues have opened a window for the district to embrace the Strategic School Funding for Results (SSFR) initiative, saying,

*“If we hadn’t had the budget crunch we would be just like anybody else because there would be no push to do things differently.”*

## Summary

This report summarizes the perspectives and attitudes of a selected set of district and school site administrators, whom we interviewed during the fall of 2009. We carried out interviews and focus groups with these individuals to gain an understanding of how the current budgeting system operates, and to obtain some information on the attitudes and perspectives of various administrative staff on the strengths and challenges of the current budgeting system and how this system measures up against some of the policy goals of SSFR, such as equity, transparency, accountability, innovation, and efficiency.

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