



Fair Student Funding

Budgets That Put Students First

Why Fair Student Funding

Every child deserves the same opportunity for a great education — and that means every school deserves a fair share of funding. For years, our school budgeting has fallen short of that promise. As shown on the chart below, two elementary schools can have very similar student populations, but one of those schools can receive almost \$1.5 million less in funding per year. Several hundred New York City schools are affected by funding disparities such as these.

It's time to make a change. Starting in the 2007–08 school year, Fair Student Funding will begin to fund schools based on what matters most: the needs of the children at each school. In doing this, Fair Student Funding aims to achieve three major goals:

- **Increase equity while preserving stability.** Fair Student Funding will direct new funds toward schools that do not receive their fair share of resources today, without taking funds away from other schools. Because the Department of Education is cutting central and regional offices and driving those dollars to schools, *all* schools will receive additional funding

for the 2007–08 school year. About 700 historically underfunded schools will receive additional new resources, based on their enrollment.

- **Improve student achievement.** School leaders and communities know best what their schools need for their students to achieve. Fair Student Funding eliminates restrictions on dollars and gives schools more opportunities to make the best choices for their students. Fair Student Funding creates new financial incentives for schools to enroll struggling students, and new rewards when schools succeed in improving students' results.
- **Make school budgets more transparent.** Fair Student Funding will eliminate many complex, hard-to-understand funding streams and provide more than \$5 billion to schools in a single, simplified allocation. Instead of hiding the tough choices inherent in budgeting, the new formula and new data bring those choices out in the open. And while Fair Student Funding is not perfect, it is a big step forward and a strong vehicle for improvement over time.

Similar schools, different funding

Elementary school A		Elementary school B	
Enrollment	590	Enrollment	620
Poverty %	92%	Poverty %	98%
English language learners %	25%	English language learners %	29%
Tax levy general funds	\$3,250,000	Tax levy general funds	\$1,790,000
Tax levy general education per student	\$5,860	Tax levy general education per student	\$3,010

The difference between what School A and School B receive is \$1,460,000.

What's in a School's Budget?

Most of the Department of Education's \$16.8 billion budget for 2007–08 goes to schools to pay for everything from teachers to materials. Of these school funds, more than \$5 billion will now be allocated through Fair Student Funding.

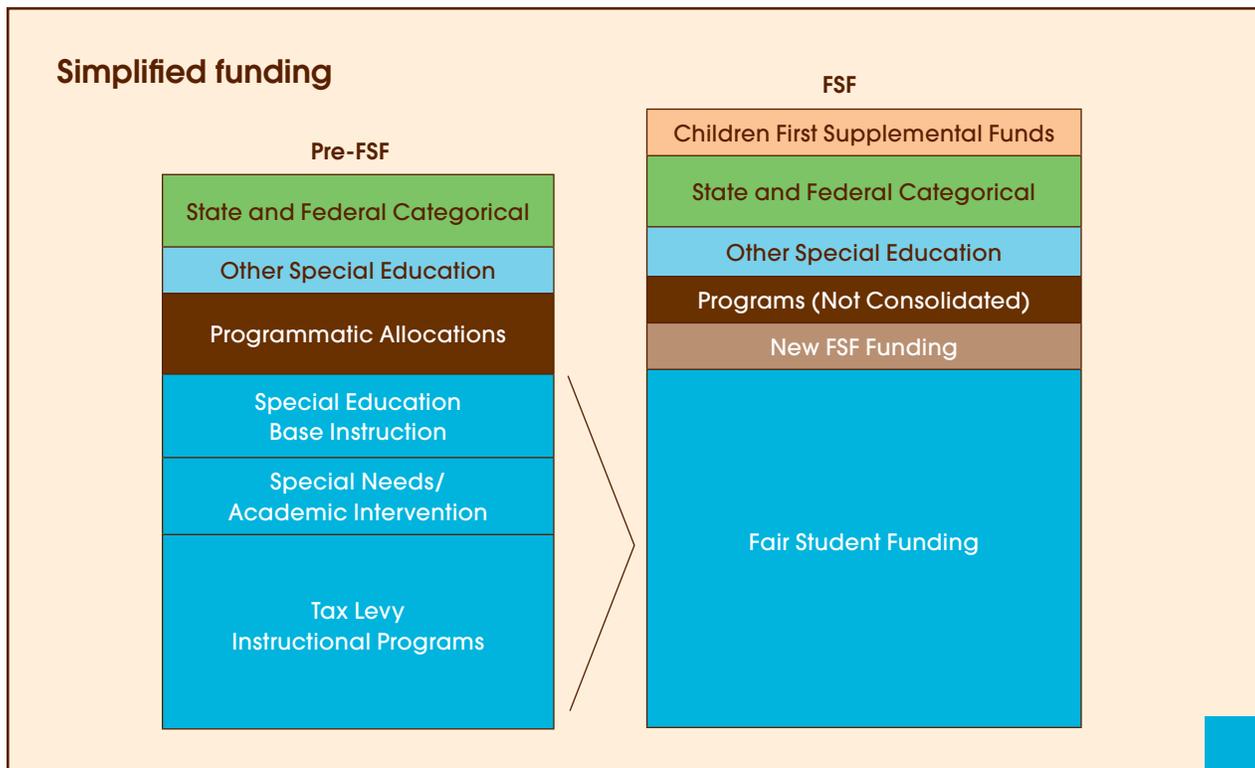
While Fair Student Funding represents the bulk of dollars going to schools, schools will benefit from several additional funding streams:

- **Children First Supplemental Funds** come from funds formerly controlled by regional and central offices. Schools use a portion of these funds to purchase their School Support Organization. Any remaining funds can be used at the principals' discretion to best meet the needs of students.
- **Categorical Programs** are restricted by the State or Federal governments, such as Title I and Attendance Improvement/Dropout Prevention.
- **Other Special Education** includes funding for mandated special education support that supplements core classroom instruction services. These dollars are added to the funds special education students

will receive as part of the Fair Student Funding allocation.

- **Programs Not Consolidated** include City initiatives that remain outside of Fair Student Funding due to their unique structure or priority, such as the parent coordinator initiative.
- **New FSF Funding** is the additional dollars that will go to the 693 schools that are underfunded according to the FSF formula. These new funds come from the State's Contract for Excellence and must be spent in five areas: improving teacher and principal quality, reducing class size, increasing student "time on task," restructuring middle and high schools, and expanding full-day pre-kindergarten. Schools whose funding under the old budgeting approach was greater than the FSF formula would predict will receive "hold harmless" funds that will bring them to their previous funding levels.

Schools in District 75 and programs in District 79 will not receive a Fair Student Funding allocation in the 2007–08 school year because of their unique structures. They will continue to be funded as they were previously.



More Resources for Our Neediest Students

Fair Student Funding is a new formula for meeting students' needs. These weights:

- allow schools to meet legal and policy rules;
- reflect research-based judgments about the fairest levels of funding to meet the needs of our students, with higher weights in grades and for students who need the greatest support;
- reflect fair, objective criteria that can be applied evenly across New York City; and
- reflect significant input from principals, parents and over 6,000 other community members.

The sample high school budget on the facing page shows how the weights and dollars will play out at the school level. 2007–08 budgets for every school are available on our Web site.

Grade-Level Weights

Every student in the school receives this weight, based on the grade level (K–5, 6–8, or 9–12).

Middle school students get the largest weights because they experience the largest drop-offs in student achievement.

High school students are funded at a slightly higher level than grades K–5 because: they tend to have higher costs for non-personnel (such as more costly science materials); they often take electives that break into smaller classes; and their schools often require more administrators.

Needs-Based Weights

Academic intervention. Students at higher risk of failure need additional funds through these weights.

Student achievement data is used for students in grades 4 and higher, mostly in middle and high schools. Generally, those with Level 1 and 2 scores on English Language Arts and math tests qualify for this weight. Because we don't want to create perverse incentives for schools to under-perform, students will receive the extra dollars only when they *enter* a given school.

Students in elementary schools and any school beginning before 4th grade (the first year that test results are available) get a poverty weight, the most accurate proxy for low achievement. Low-income K–5 students also receive extra Federal and State categorical aid.

English Language Learners. Older ELL students receive additional resources through these weights. Eligible ELL students also receive extra Federal and State categorical aid.

Special education. Schools receive additional resources based on the number of periods a day that a student requires special education services.

No Child Left Behind (NCLB) transfers. Students who transfer to a successful school receive \$2,000 annually for up to two years.

High school portfolio. High school students in one of four kinds of schools are eligible for additional funding: career and technical, specialized academic, specialized audition, and transfer.

Foundation

All schools, regardless of size or type, receive a \$200,000 lump sum that can help pay for administration and/or other needs, at the principal's discretion.

Additional Considerations ...

- Individual students can receive multiple weights; for instance, the same student could receive a weight for poverty, ELL status, special education, and/or for transferring under NCLB.
- FSF weights encourage success by allowing schools to get or keep resources when they successfully improve student achievement, such as accepting transfers, decertifying ELL students, or raising the scores of students scoring Levels 1 and 2 on ELA and math tests.
- We may add weights in the 2008–09 school year for gifted/talented students and students whose education has been formally interrupted (SIFE).

Sample Fair Student Funding Budget ABC High School

ENROLLMENT

FY08 projected enrollment

2,420

I. Foundation

\$200,000

II. Student Funding

Grades	Weight	Per Capita		Projected Enrollment		Total Dollars
K-5	1.00	\$3,788	x	0	=	\$0
6-8	1.08	\$4,091	x	0	=	\$0
9-12	1.03	\$3,902	x	2,420	=	\$9,442,840
Grade Weight Subtotal				2,420		\$9,442,840

Needs	Weight	Per Capita		# of students		Total Dollars
Academic intervention*						
Poverty (K-5)	0.24	\$909	x	0	=	\$0
Achievement (4-5)						
Well below standards	0.40	\$1,515	x	0	=	\$0
Below standards	0.25	\$947	x	0	=	\$0
Achievement (6-8)						
Well below standards	0.50	\$1,894	x	0	=	\$0
Below standards	0.35	\$1,326	x	0	=	\$0
Achievement (9-12)						
Well below standards	0.40	\$1,515	x	908	=	\$1,375,620
Below standards	0.25	\$947	x	815	=	\$771,805
English language learner (ELL)**						
K-5	0.40	\$1,515	x	0	=	\$0
6-8	0.50	\$1,894	x	0	=	\$0
9-12	0.50	\$1,894	x	674	=	\$1,276,556
Special education classroom services						
Less than 20%	0.56	\$2,121	x	141	=	\$299,061
Between 20% and 60%	0.68	\$2,576	x	0	=	\$0
More than 60%: Self-contained						
K-8 filled seats	1.23	\$4,659	x	0	=	\$0
K-8 unfilled seats	1.23	\$4,659	x	0	=	\$0
9-12	0.73	\$2,765	x	155	=	\$428,575
More than 60%: Integrated						
K-8 filled seats	2.28	\$8,637	x	0	=	\$0
K-8 unfilled seats	2.28	\$8,637	x	0	=	\$0
9-12	2.52	\$9,546	x	5	=	\$47,730
Needs Weight Subtotal						\$4,199,347
No Child Left Behind transfer	0.53	\$2,000	x	0	=	\$0

III. Portfolio Schools

	Weight	Per Capita		Projected Enrollment		Total Dollars
Career and Technical Education						
Nursing	0.26	\$967	x	0	=	\$0
Health/Trade/Technical	0.17	\$629	x	0	=	\$0
Business	0.12	\$451	x	0	=	\$0
Home Economics/Arts	0.05	\$193	x	0	=	\$0
Specialized Academic	0.25	\$947	x	0	=	\$0
Specialized Audition	0.35	\$1,326	x	0	=	\$0
Transfer	0.40	\$1,515	x	0	=	\$0
Portfolio School Subtotal						\$0

TOTAL FSF FORMULA

\$13,842,187

*Students attending schools that begin in 4th grade or above receive academic weights. Students attending schools that begin in 3rd grade or below receive poverty weights.

**Citywide cumulative ELL weight is 0.55.

At this school, there were 395 ELLs who entered the school below proficiency, funded at \$524,017.

A Gradual Transition Preserves Stability

We want to drive more resources into schools that aren't getting their fair share of funds and encourage all schools to perform better. But we also want to protect what's already working. That's why Fair Student Funding will be implemented gradually, with a focus on lifting schools up to their formula level, not bringing any down. Specifically, in 2007–08 and 2008–09:

- Fair Student Funding will not result in reduced funding for any schools. If a school's funding under the old budgeting approach is greater than funding under the Fair Student Funding approach, the school will receive base funding equal to its funding under the old approach.
- Schools will be adequately funded to continue paying their existing teachers, those on their payrolls as of April 2007. At the same time, schools will begin

to take responsibility for the real costs of new hires — so that schools can use their resources as effectively as possible to improve student achievement.

- Schools will have resources to replace a departing senior teacher with another senior teacher, if they choose to spend their funds this way.

These “hold-harmless” protections are designed to support what's already working. Two important things to keep in mind:

- These funding commitments are contingent on adequate State and City funding.
- Even under this plan, schools still may face funding reductions because of changes in programs outside of Fair Student Funding, changes in enrollment or loss of grant funding.

“Our new Fair Student Funding formula will help us level the financial playing field, making sure that all schools receive what they need to educate their students, so all schools can be held to the same high standards.”

— Joel I. Klein,
Schools Chancellor

Fair Student Funding is based on extensive research and outreach

The Fair Student Funding plan is based on an inclusive, research-based process that involved:

- More than 100 meetings with almost 6,000 people in all five boroughs
- Careful analysis of current budget practices
- Input from expert advisers, including leaders from communities that have pioneered these approaches
- A review of multiple research studies

The local community input resulted in significant changes and improvements to the final plan.

The Impact on Our Students

Our Children First reforms challenge our students to learn at higher levels and provide many additional supports to help them get there — additional training, authority and flexibility for principals; more professional development for teachers; additional instructional hours for struggling students; more choices for families; and a portfolio of accountability tools that helps educators adjust their instruction based on student achievement data.

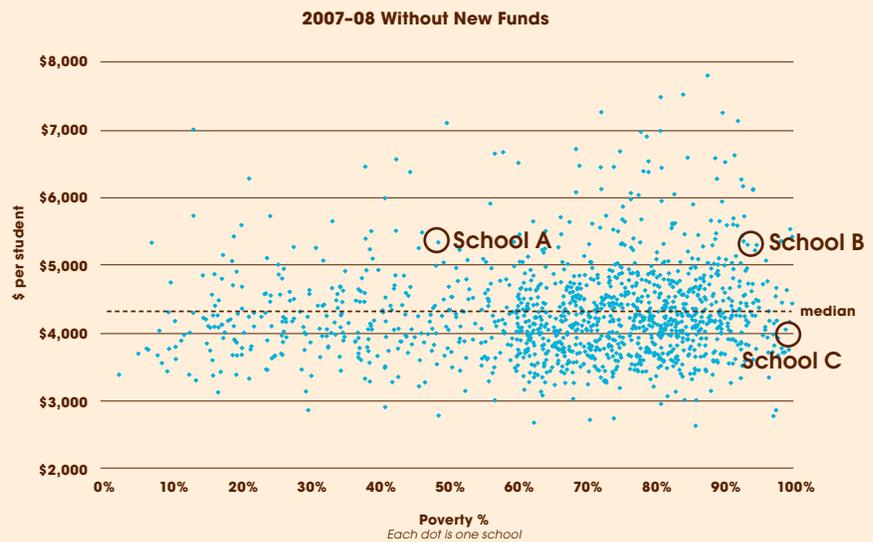
Additional funding is one of those resources. As the charts below demonstrate, Fair Student Funding will

channel new resources to the students who need them most — especially poor students, ELL students and students in schools with comparatively low teacher salaries. In all, 693 schools will receive new funds through Fair Student Funding, many up to \$400,000 more in 2007–08.

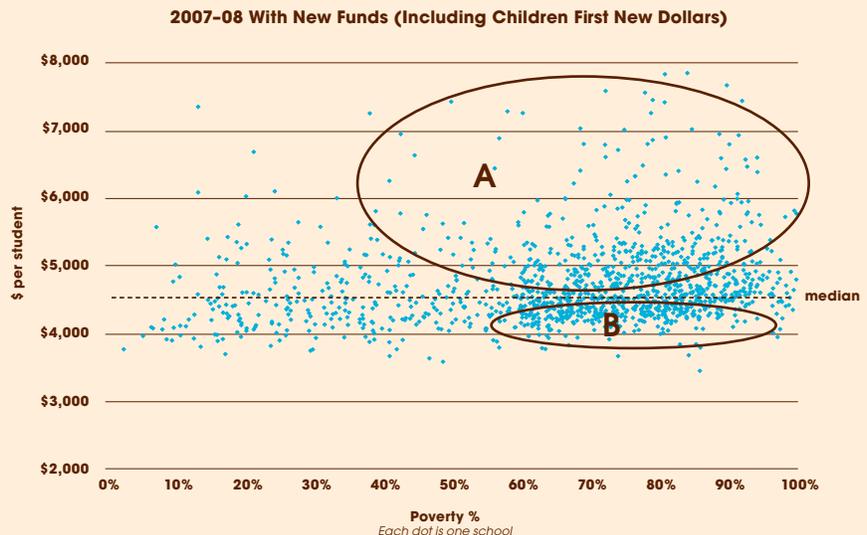
By the 2008–09 school year, we hope all schools in New York City that serve similar populations receive equivalent funding. That’s only fair.

Closing the gaps

School A, with about 50 percent poverty, receives about the same per-student funding as **School B**, with about 90 percent poverty. **School C**, which has nearly 100 percent poverty, receives less than both School A and School B.



With \$110 million in new funds through Fair Student Funding, 693 schools (**Group B**) will come closer to fair funding (near the 1.00 line). Meanwhile, our “hold-harmless” protections will ensure that no schools (**Group A**) will lose funding this year because of Fair Student Funding.



Learn More

Our new Fair Student Funding Web site includes a wealth of resources for parents, educators and the public:

- Simplified, one-page budgets for every school, with information about actual funding, along with details about school funding as calculated under the old formula and full FSF implementation for 2007–08
- A detailed resource guide (*FSF: Making It Work for Your School and Your Students*)
- A two-page parent summary
- Multiple budget planning tools for principals
- And more



The screenshot shows the 'ChildrenFirst' website interface. At the top, there is a navigation bar with links for Parents, Students, Educators, Human Resources, Our Schools, and About the DOE. The main content area is titled 'Your School's Budget' and includes a 'School Search' form with fields for School Name or Number, Borough (set to '-- All --'), and Zip Code, along with a Search button. The footer contains copyright information for the NYC Department of Education and links for Residents, Business, Visitor, Privacy Policy, Disclaimer, Equal Opportunity, and Contact DOE.

Check it out at <http://schools.nyc.gov/Offices/ChildrenFirst/FairStudentFunding>

FSF at a glance

Total dollars included in FSF allocation for 2007-08: **\$5.3 billion**

FSF as a percentage of full FY08 school budgets: **approximately 65%**

FSF as a percentage of full FY08 tax levy funding: **approximately 80%**

New dollars allocated through FSF this year: **\$110 million**

Schools that will get these new FSF dollars: **693**