EDUNOMICS LAB The Study of Education Finance

Options for NY State Ed Finance in an Era of Constrained Resources

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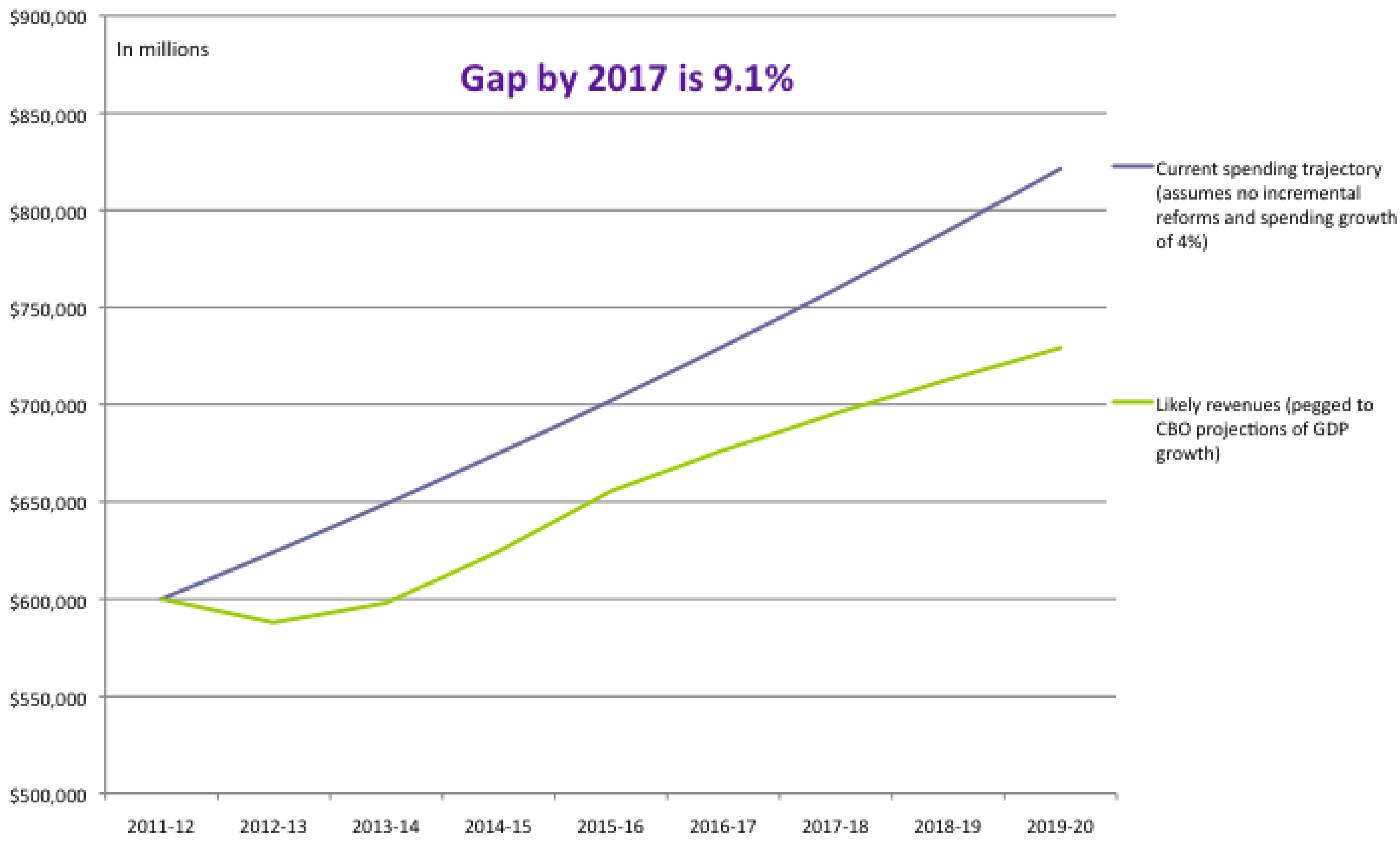
Built-in cost escalators outpace revenues



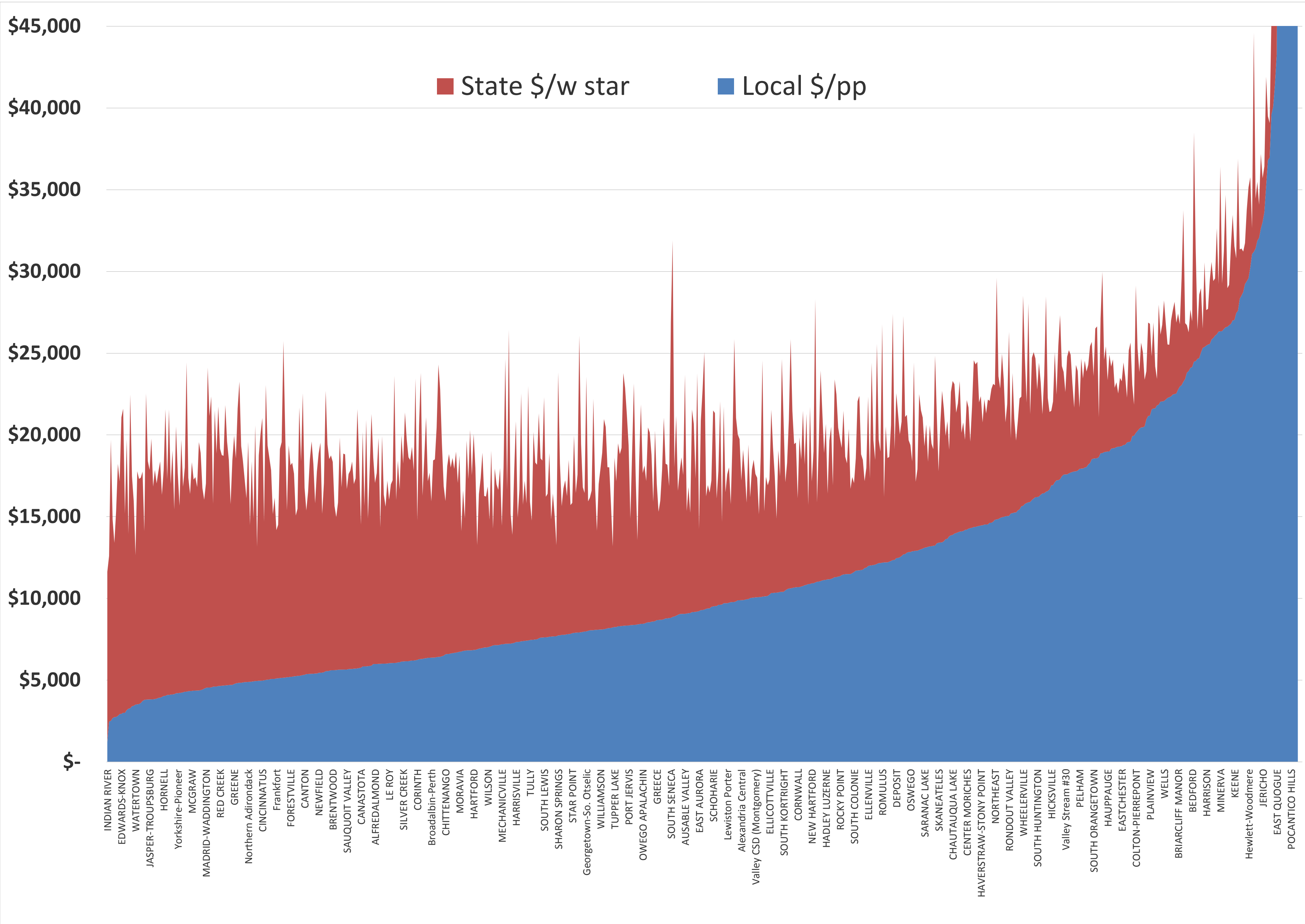
Three Paths Forward

- Scenario #1: Slow cuts that work to erode public education
- Scenario #2: Tinker around the edges, trying to protect students and learning
- Scenario #3: Redesign schooling to improve processes and outcomes, and sustainability

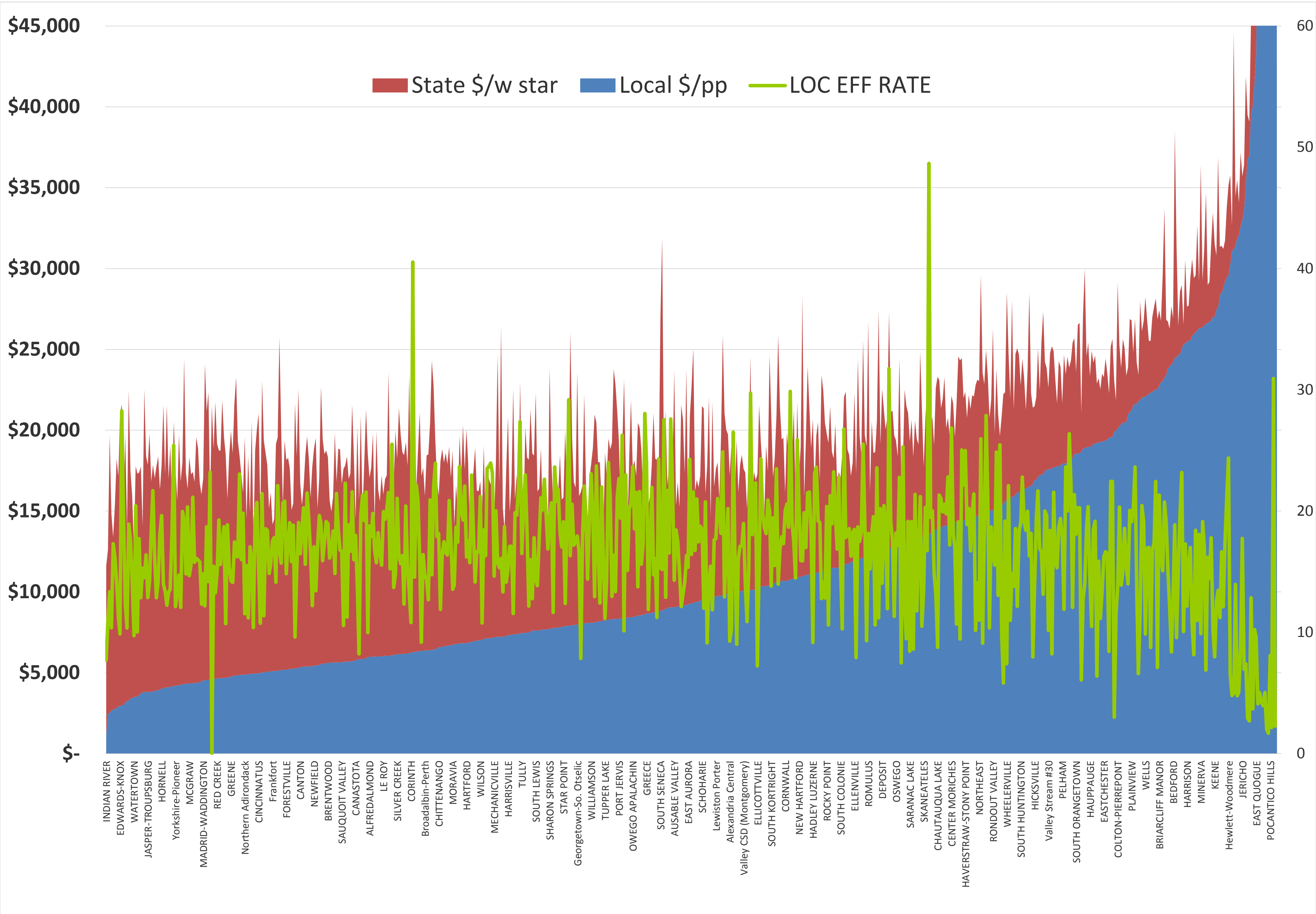
The Current Finance System is:

- **Opaque and unpredictable**. 47 complex formulas at play with different formulas applying to different districts. Some are dependent on historic allocations or yearly legislative acts.
- **Inequitable and inconsistent**. Different spending for the same student type across districts and schools
- **Insufficient.** The system could do a better job at leveraging local funds, while still directing more funds to high needs students.
- **Unproductive**. Poor relationship between spending and outcomes. The system does not drive funds to expand more productive delivery models, but rather ensures continuation of unproductive ones.
- **Inefficient**. Funds (e.g. CST, hold harmless) flow to phantom students ensuring districts don’t adapt to changing conditions, or innovate to improve ROI

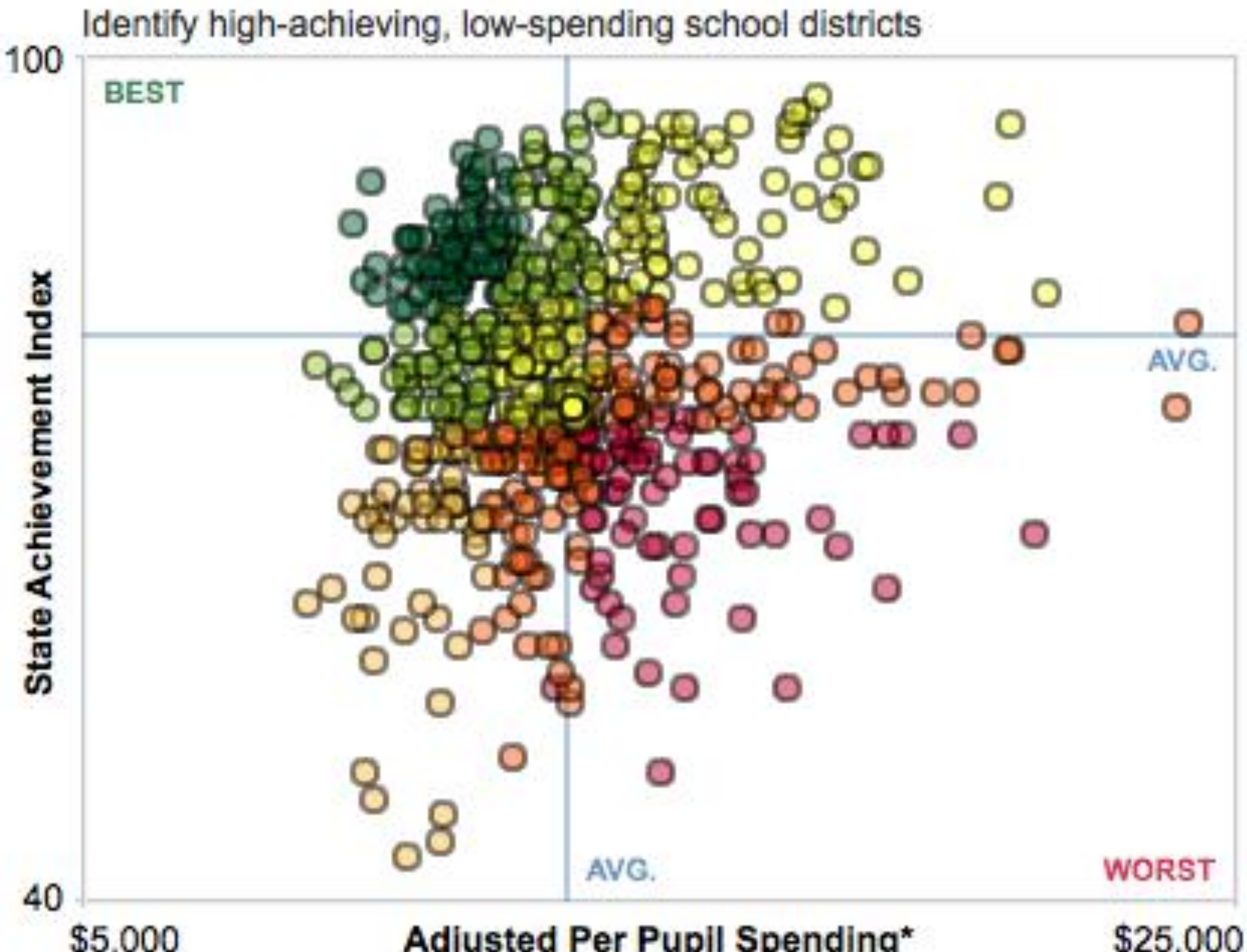
State funds level up to about $13K but after that enormous variability



Local effort varies too, and then drops for highest spending districts

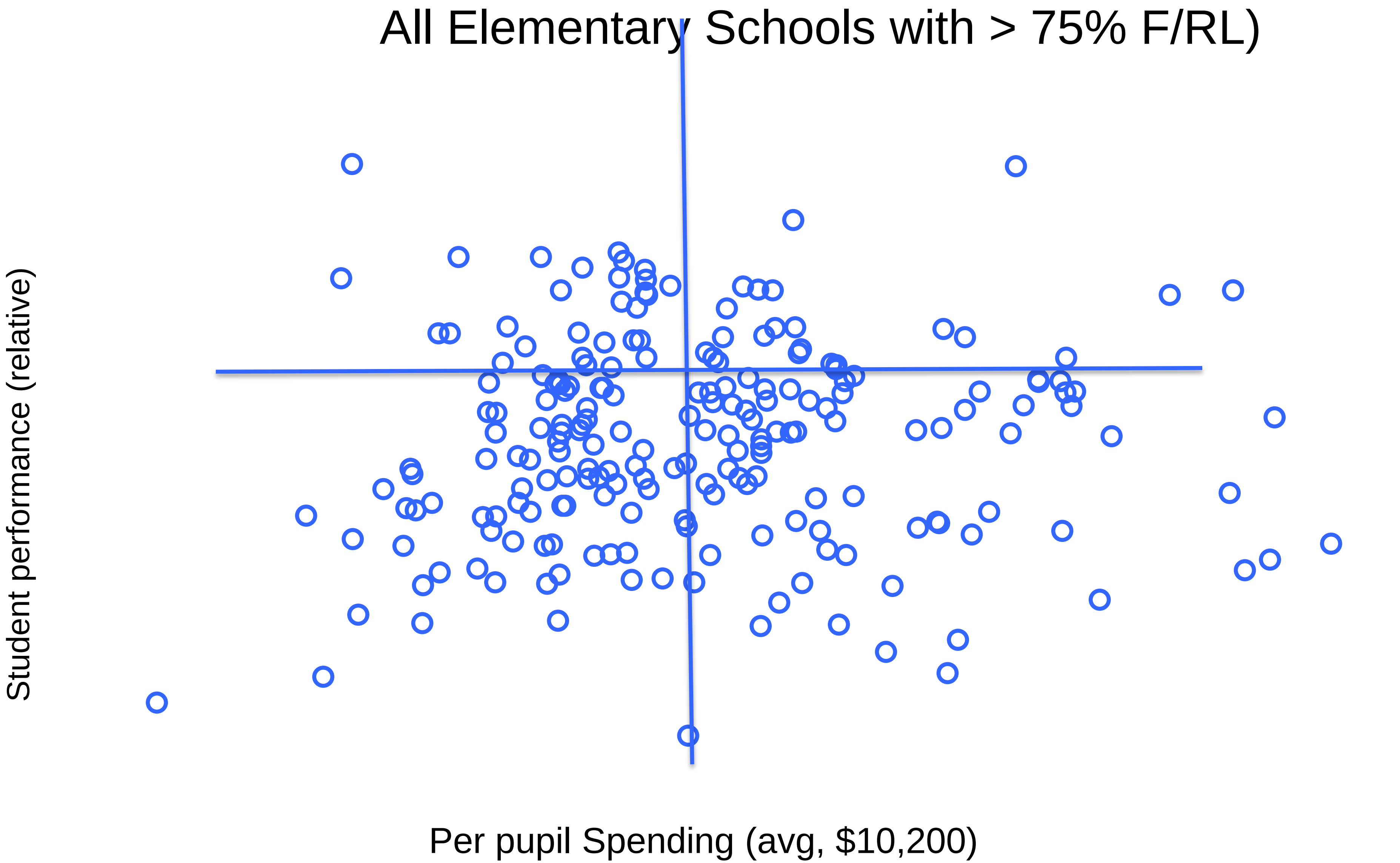


Poor relationship between spending and outcomes across districts in NY



Analysis by Center for American Progress

Analysis of allocations across schools in other states suggests poor ROI across schools



The Opportunity

State finance reforms tend to last 2 decades.

Any changes now should make sense for schooling in 2033!

What matters:

- The level of funds
- The state/local mix
- The basis for allocation
- Portabilty
- The levels of constraints, prescriptions
- Transparency
- Incentives to maximize outcomes at a particular spending level

A more equitable, transparent, and productive finance system

1. Allocate funds on the basis of students, and student types, to wherever students are served (WSF)
2. Leverage local funds to enhance spending while maintaining equity
3. Create transparency, measure productivity
4. Incent innovation, ensure variation and options
5. Augment accountability

1. Allocate funds on the basis of students, and student types, to wherever students are served (WSF)
2. Leverage local funds to enhance spending while maintaining equity

- **Merge allocations to use a single student-based formula**. Funds are driven by student characteristics (e.g. poverty, ESL, disability, etc.), *not district characteristics*. End hold harmless, small subsidies.
- **Funds are portable** and delivered directly to the district or charter responsible for the students.
- **Local wealth/income determines local revenue capacity** (for a specific effort level) which counts toward target student based allocation with remaining allocated in state funds.
- An **equalization fund** encourages increased local revenues such that equal effort creates equal per student yield.
- **Funds are flexible** so that schools can tailor usage in the most productive ways to maximize the benefit for their populations

3. Create transparency, measure productivity
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- **Financial transparency and ROI to school level** where users can search for high productivity schools and learn about how they apply their resources to foster continuous improvement.
- **Enhance training** for principals, district leaders, and boards to examine spending by school level and use ROI data.
- **Competitive grants for productivity**–enhancing innovations and new options in low ROI areas.
- **Link accountability to spending**. Celebrate high performing, financially viable schools. Rethink high spending lower performing providers.

THANK YOU

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