

Pupil Funding Process

Saint Paul Public Schools began a discussion around site based budgeting because schools were looking for more autonomy and the district felt that better budget decisions could be made closer to the children. It also became obvious that some schools were funded at different levels than others for reasons that could not be easily explained. The goal of the site based budgeting initiative was to more equitably allocate resources to schools as a part of the new school funding formula.

The formula that was developed does not attempt to determine or fund the cost of educating a child at a given site. Instead it allocates revenue to schools based on the formulas established in state law and the demographics of the building. This is similar to the way that the state funds districts. The Pupil Funding Formula, as it has become known, was implemented for 2002-03 fiscal year.

In the 2003 fiscal year the district was making budget reductions. Therefore the implementation of the formula did not involve providing new resources to schools but instead redistributing existing funds based on the new formula. As might be expected with any change in distribution of resources to sites, some schools received more revenue in the formula and others less. To accommodate this redistribution of resources, it was decided to phase the formula in over a period of seven years. The phase in began in fiscal year 2003 and is expected to end in fiscal year 2009, giving schools and programs the opportunity to plan for any major shifts in funding.

The formula begins by determining how much total revenue is available to schools. Currently approximately 50% of the general fund dollars go to schools. The first component of the formula is the base school allocation. This is the only amount that relates to cost. It is an amount of money that is minimally needed to open a building and recognizes the fact that St. Paul Public Schools (SPPS) has made a commitment to small schools. It recognizes that no matter how small, each school must be able to fund certain costs, such as a principal. Currently, the amount provided is \$235,000 for elementary schools, \$375,000 for middle and junior highs and \$675,000 for high schools.

Next the formula distributes categorical funds to schools. These are the dollars that have been provided by state or federal law that must be used for the purpose established in the law. These revenue sources are:

- First Grade Preparedness – revenue provided to about a dozen SPPS schools that must be used to fund all day kindergarten programs. The qualifying schools and the amount they receive are determined by the Minnesota Department of Education (MDE) based on a formula established in law.
- Learning and Development – revenue that goes only to schools who have students in kindergarten through third grade. The allocation is distributed based on the number of students in these grades and it must be used to lower class size at that level.

- Staff Development – revenue that goes to every school that must be spent on staff development for all staff in the building. According to the law, 2% of the basic general education revenue generated by the students in the district must be set aside for staff development activities. Half of that amount or 1% must be allocated to the sites based on the number of teachers in the building.
- Integration – revenue that goes to every school that must be spent to create an integrated or inclusive environment. The district provides a magnet base allocation to schools based on the original integration plan of the district and the remainder of the funds are distributed on a per pupil basis to all schools.
- Compensatory Education – revenue that is provided to every school that must be spent on programs benefiting students who are not meeting basic skills. It is based the number of students in each building who qualified for free and reduced lunch on the previous October 1. The amount that each school receives is calculated by MDE based on a formula written in law.
- Referendum – revenue provided to every school that must be spent on time and technology based on the commitments made to voters when it passed. It is distributed in an amount equal to \$10,000 plus an amount per student in the building. It is generated by an operating levy passed by the voters of the district in 2000 that will provide funding through fiscal year 2006.
- Referendum 2002 – revenue provided to every school that can be spent for general instruction at the discretion of the school or program. This referendum was passed by the voters in 2002 and will remains in effect through fiscal year 2006-07. The allocation of this referendum is distributed equally to the sites based on the projected number of students.

Next the formula distributes the amount that is added each year for seven years for the phase in of the formula. This is the adjustment to the school allocation that is one-seventh of the gain or loss from the formula implementation. It was calculated in the first year of implementation and remains constant for seven years. Some schools gain every year for seven years and some schools lose every year for seven years until equity is achieved.

Finally, the formula takes all of the remaining revenue that has been determined to be available for schools and distributes it to schools in a weighted allocation. The weighting is .5 for a kindergarten student and 1 for every other student in the building. The school may spend the funds for general instruction at their discretion.

This change to site based budgeting through a pupil funding formula has been a challenging and growing experience for the principals, accountants and parents of the district. It has facilitated change and furthered the Strategic Action Plan of the district.