



Government Finance Officers Association

Smarter School Spending

Best Practices in Allocation Models

An Illustration with Beaverton School District, Oregon



A school district's instructional priorities should be reflected in the budget for individual school sites. Therefore, the method used to allocate funds to school sites must be designed in a way that helps a district make the most student learning gains with its available funding. This document reviews best practices in designing an allocation model using the experiences of Beaverton School District, in Oregon, to illustrate the concepts. **Beaverton's actual allocation model is available as a Microsoft Excel file on smarterschoolspending.org.**



Use Up-to-Date Enrollment Figures

Allocation models should use the most up-to-date enrollment figures. Otherwise, allocations can become misaligned with the areas of the greatest need. For example, more staff than necessary might be allocated to a school with declining enrollment. Beaverton creates a tight link between its allocation model and its enrollment projections using the following guidelines:

- **Update the forecasts often.** Beaverton updates the forecasts two or three times throughout the year, when new information becomes available. Because the forecasts remain highly relevant, they are more readily incorporated into decision-making tools like the allocation formulas.
- **Compare the forecast to actual enrollment.** Forecasts are almost never exactly right, and sometimes they even miss by a significant margin. By monitoring the difference, Beaverton knows where its staffing strategy might need to change. For instance, in August, some elementary schools might enroll a number of additional students over what was forecast.
- **Prepare to be wrong.** Since forecasts are never exactly right, it is important to be prepared to adjust to reality. Beaverton sets aside resources to address any excessively large class sizes. The resources are allocated out when Beaverton gets the data on actual class sizes and compares the data to their forecasts. Typically, this happens in the spring, summer and fall.

Connect the Allocation Formulas to Instructional Priorities

The essence of Smarter School Spending is to direct resources where they are most needed. Since a district's allocation formulas have an important influence on where resources go, it is important to make sure that the formulas are in harmony with the instructional priorities. For example, in Beaverton, the role of the assistant principal in schools has changed from remediating disciplinary problems among students to supporting teacher effectiveness and preventing disciplinary problems. Before, the number of assistant principals in an elementary school was determined primarily by the number of students in a school, as a school with more students would probably have more disciplinary problems to remediate. Now, the number of assistant principals is based primarily on the number of teachers at the school. Assistant principals work directly with teachers by observing classrooms and providing frequent feedback to improve instruction and to prevent discipline problems before they start.

Address Fractional Allocations of Staff Intentionally

Allocation formulas sometimes result in a fraction of a staff person being allocated to a school. Rather than simply rounding up to the nearest whole person, a school district should think about how it might solve the underlying need without using more resources than necessary. For example, Beaverton calibrates its rounding practices with the class schedule at its schools. For example, high school teachers are rounded to the nearest 0.2 staff members because this corresponds to the staffing necessary to teach a period. Middle school teachers are rounded to the nearest 0.5 and elementary school teachers to the nearest 1.0, as that corresponds with Beaverton's scheduling strategy at these schools.

Help Stakeholders Understand the Allocation Method

If stakeholders, particularly principals, understand how the system works they are more likely to see it as fair and, therefore, be supportive of the allocations. When people don't understand how the system works, they often assume the reasons behind allocations. These assumptions may not cast the allocation process in a favorable light. Beaverton is working towards making its allocation process more transparent and understandable to principals. For example, Beaverton is now showing the allocation model to principals earlier in budget process and holding face-to-face meetings between finance and academic staff to explain how the model works. Before, the model would only be shared closer to the end of the budget process via an email from the budget office.

Give Principals the Flexibility to Shift Resources

Oftentimes, an allocation formula will not be able to make fine distinctions amongst the differing needs of schools sites. This means that allocations produced by the formula will be suboptimal. To address this problem, principals should have some discretion to shift resources based on their knowledge of what their school needs most. Beaverton publishes a set of "Tight and Loose" guidelines for principals, which explains the boundaries of principal discretion. The "tight" guidelines describe what the principals cannot change. For example, they may not use charitable donations (e.g., fundraisers) to fund permanent positions, they can't reduce a teacher's work calendar, and they may not convert some licensed, salaried positions such as special education and English language learner teachers to non-salary allocations. The "loose" guidelines describe the flexibility that principals have to adjust their budget. For example, they can use charitable donations to fund extracurricular activities, rearrange a teacher's calendar (with the

employee's permission), and convert non-salaried allocations to licensed positions. Beaverton's "2016-2017 Tight and Loose" document is attached as Appendix 1. Any resource shifts made by the principals are reviewed by the budget/finance/academic team to make sure that the shifts don't work against a larger district policy. As long as the adjustments stay within the rules and policies, they are accepted.

Address Equity in Resource Allocation

Allocation formulas that go simply by the number of students, number of teachers, or similar metrics risk overlooking factors, like poverty, that require additional resources to address. Beaverton, like many districts, has been working to address a persistent achievement gap between the mainstream student populations and students from underperforming segments of the student body, including English language learners, special education students and students from families in poverty. To address the achievement gap, Beaverton had to focus on the schools where the gaps were occurring. Therefore, in addition to accounting for poverty levels within its standard allocation formulas, Beaverton directed "academic funding" to the schools that most needed additional assistance to close the achievement gap. Only about one-third of the schools within the district receive academic funding, and among these schools the funding was more heavily weighted to the neediest schools.

Principals at the schools with an achievement gap set goals aligned to Beaverton's district-wide goals, such as increasing graduation rates for disadvantaged students. The principal works with the central budget/finance/academic team to make a plan to achieve the goal and develop measures to gauge progress. The academic funding is then used to enact the plan. Progress is jointly reviewed by the school and the district team three times per year, with adjustments made as needed.

Appendix 1 – Beaverton’s Tight and Loose Form (2016-17)

Tight	Loose
- Elementary schools’ special staffing allocations will be based on the number of full-day K-5 classrooms. This includes specialized SPED programs and classrooms added due to enrollment increases. - K-8 PE, Technology Instructional Assistant, Library Media Assistant, and music allocations will be based on the number of K-8 classrooms plus middle school plan time differential. Elementary schools may not add above positions with general fund dollars. - All K-5 music and PE specialist rotation classes will provide 90 minutes each of instructional time in a five-day rotation. - K-8 schools will schedule the assigned minutes for elementary and differentiate for grades 6-8 to provide contractual plan time.	- With Human Resources (HR) and Executive Administrator approval, schools may use categorical grant funds to add positions. - With HR and Executive Administrator approval, schools may use specialist allocations for other teaching responsibilities outside of PE and music, if the minimum 90 minutes in music and PE have been met in a five-day sequence. - Time increments for PE and music may vary based on collaborative decisions between specialists and principals.
- Licensed positions within the local option “sub-fund” (Fund 107) must be used for classroom teachers. - Licensed positions may not be converted to non-salary. <i>Conversions must be requested at the time of staffing and approved by HR and Executive Administrator.</i> - Licensed assignments will be based on licensure and ODE requirements.	- Principals determine how the staffing allocation funds are used at the time of staffing (e.g., number of sections). - Up to 1.0 non-local option licensed staffing may be converted to classified or other licensed positions. For example, SPED convertible may be used for classified, licensed or non-salary - Non-salary may be converted to licensed and/or classified. - Schools have flexibility to assign staff to most needed positions.
Schools may not change a classified employee’s calendar (e.g., 180/185-day calendar to 210-day calendar).	- Classified staffing may be converted to another classified job classification, licensed staffing or to non-salary with prior approval. Non-salary may be converted to classified. - Principals may flex a classified employee’s schedule if the employee agrees. They may also extend pay or pay overtime for an employee to complete a special project.

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Tight	Loose
• PTOs/Boosters may not directly or indirectly fund permanent positions such as classroom teachers, counselors, etc.	• Boosters and PTOs may raise funds to support extracurricular activities or district-wide programs (e.g., band and drama). These include stipends and casual labor.
• Academic achievement allocations will be used to provide academic, social, emotional or behavioral support designed to close the achievement gap.	• Schools have the flexibility to determine the use of these funds, <i>subject to HR, Executive Administrator, and Business Office review.</i>

Learn More

To learn how Smarter School Spending can benefit your students, visit the website at www.smarterschoolspending.org.