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Annual Privatization Report 2014 Education



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The Education section of Reason Foundation's *Annual Privatization Report 2014* provides an overview of the latest on school choice, charter schools, student-based budgeting and more in the following subsections:

- A. 2013 School Choice Roundup in the States
- B. School Choice Market Share for 2013
- C. Weighted Student Formula in the States
- D. Expanding School Funding Portability across the U.S.

A. School Choice Roundup in the States

Nationwide, states have continued to march forward in their efforts for more school choice. In 2013 thirteen states created or expanded tuition tax credits, private school scholarships or traditional school choice vouchers. Years of these legislative victories have led to a total of 48 school choice programs available to children and their families across the United States and Washington, D.C. in 2013. These programs include 22 voucher programs, 16 tax-credit scholarship programs, one education savings account program, and eight individual tax-credit/deduction programs. An estimated 260,000 students used vouchers and tax-credit scholarships to enroll in the school of their choice in 2013, and an additional 847,000 parents and families received tax relief through individual tax credits/deductions for approved educational expenses.¹

As of the 2012–2013 school year more than 2.3 million students enrolled in public charter schools, making up approximately five percent of total public school enrollment nationwide.² This is an increase of more than a quarter of a million students enrolled in public charter schools from the previous school year. Notably, Mississippi made sweeping reforms to its charter school law with the *Mississippi Charter Schools Act of 2013*. Prior to the state’s 2013 reform the State Board of Education was the only authorizer of charter schools and charter authorization was very restricted. The only way that a charter could be authorized was if a public school was “chronically under-performing” for three consecutive years, which would make it eligible to be converted to a charter school.³ The 2013 legislation established a single statewide Charter School Authorizer Board that may approve up to 15 charter schools annually.⁴

Three states—Alabama, Mississippi and South Carolina—created brand new school choice programs in 2013. Wisconsin and North Carolina each adopted new programs and expanded existing school choice programs, and eight states—Georgia, Indiana, Iowa, Ohio, Pennsylvania, Rhode Island, Utah and Virginia—strengthened their existing programs. These new and strengthened programs are listed below by state. The tables following each description summarize either new programs or expanded existing programs.

Alabama: The Alabama state legislature passed the *Alabama Accountability Act (AAA) of 2013*, which created tax credits for families with students in a chronically failing school or zoned to a chronically failing school to attend a non-public school or non-failing public school. Families may be given an income tax credit equal to 80 percent of the average annual state cost of public school attendance for a K–12 student.⁵ Families may continue to receive the tax credit until their student completes the highest grade level at their school of choice. The AAA also creates tax credit for taxpayers (individuals and businesses) who donate to non-profit scholarship granting organizations (STOs) that provide scholarships for students to attend a non-public school or non-failing public school.⁶ Businesses that donate to these organizations will get an income tax credit equal to 50 percent of their donation, up to 50 percent of their tax liability. Individuals who donate to STOs will get an income tax credit equal to 100 percent of their donation, up to 50 percent of their tax liability (cannot exceed \$7,500 per taxpayer or married couple filing jointly). Combined, tax credits cannot exceed \$25 million annually.⁷

Table 1: Alabama New Programs

Program Name	Type	Amount Awarded	Eligibility
School Choice Tax Credit/Rebate	Individual Tax Credit	Up to 80% of average annual state cost of public school attendance. Tax credit/rebate cap of \$3,500.	Student must be in or zoned to a chronically failing school.
School Choice Scholarships	Tax-Credit Scholarship	Full Scholarship	Student's parents must not exceed 150% of Alabama's median household income or 200% of federal poverty level. Student must be less than 19 years old and must be in or zoned to a chronically failing school.

Sources: Friedman Foundation for Educational School Choice, School Choice Programs; Alabama Accountability Act of 2013

The Alabama Accountability Act of 2013, Ala. Code §§ 40-2A-7(a)(5) and 16-16D-1

Georgia: Georgia’s *Private School Tax Credit for Donations to Student Scholarship Organizations* was launched in 2008 and provides dollar-for-dollar tax credits for donations to student scholarship organizations (SSOs), which are non-profit organizations that provide scholarships to students. Scholarship recipients may use their scholarship to pay for expenses incurred in attending a non-public school. Individuals may claim up to \$1,000, married couples filing jointly may claim up to \$2,500, and corporate taxpayers may claim up to 75 percent of their total tax liability. All public school students are eligible until the student graduates, reaches age 20, or returns to a public school.

When the program was launched there was a \$50 million cap on tax credits, which is adjusted upwards for inflation annually until 2018. In 2013 the Georgia House of Representatives voted 168–3 for legislation that increases the credit cap for the program from just over \$52 million to \$58 million to adjust for inflation.⁸

Table 2: Georgia’s Program Expansion

Program Name	Type	Participating Students 2012–2013	Average Scholarship	Change for 2013–2014
Private School Tax Credit for Donations to SSOs	Tax-Credit Scholarship	13,285	\$3,388	Increase program cap by \$6 million to \$58 million.

Sources: Friedman Foundation for Educational School Choice, School Choice Programs; Georgia Private School Tax Credit for Donations to Student Scholarship Organizations

Indiana: Indiana’s state legislature expanded its *Choice Scholarship* voucher program as well as its *School Scholarship Tax Credit* program. Indiana’s *Choice Scholarship* program was enacted and launched in 2011 and allows students in low- and middle-income families to receive vouchers to attend private school. The maximum voucher size was \$4,500 in the 2012–2013 school year, which will expand to \$4,700 and \$4,800 in the 2013–14 and 2014–15 school years, respectively.

Prior to 2013, students eligible for the program must have attended a public school (including a charter school) for the preceding two semesters, and their family income must not have exceeded 150 percent of the federal free and reduced-price lunch (FRL) program. In 2013 the *Choice Scholarship* program expanded eligibility to make it easier for students with disabilities that have an Individualized Education Plan (IEP) whose family’s income does not exceed 200 percent of the FRL program, students zoned to an “F” school whose family’s income does not exceed 150 percent of the FRL program, and siblings

of students who have previously received a tax-credit scholarship of at least \$800 in previous years to reach eligibility.⁹

Indiana's *School Scholarship Tax Credit* program was enacted in 2009 and launched in 2010. The *School Scholarship Tax Credit* program allows individuals and corporations to claim a 50 percent tax credit for contributions to approved SGOs. The current statewide limit of contributions is \$7.5 million.

Previously students whose family income did not exceed 200 percent of the federal guidelines needed to qualify for the free and reduced-lunch program were eligible. As of 2013, the eligibility expanded to students enrolled in kindergarten, students who were a scholarship recipient from an SGO in the previous year, and students who had received a scholarship in the previous year from the *School Scholarship Tax Credit Program*.

Table 3: Indiana's Program Expansions

Program Name	Type	Participating Students 2012–2013	Average Scholarship	Change for 2013–2014
Choice Scholarship Program	Voucher	9,324	\$4,091	Expanded eligibility to 1) students with disabilities whose family income is up to 200% of FRL program, 2) students who attend a public school designated "F" and whose family income is up to 150% of FRL program and 3) students/siblings who received a minimum of \$800 tax-credit scholarship in the previous school year from an SGO.
School Scholarship Tax Credit	Tax-Credit Scholarship	2,890	\$880	Expanded eligibility to students enrolled in kindergarten, students who received a scholarship from an SGO in the previous year, and students who received a School Scholarship Tax Credit the previous year.

Source: Friedman Foundation for Educational School Choice, School Choice Programs; Indiana Choice Scholarship Program and Indiana School Scholarship Tax Credit

Iowa: Iowa's *School Tuition Organization* tax-credit program was created in 2006 after passing the Iowa legislature with bipartisan support. The program allows school tuition organizations (STOs) to provide private school scholarships to students whose family income does not exceed 300 percent of the federal poverty level. Tax credits are worth 65 percent of the donation's value which is limited to a statewide cap.¹⁰ The statewide cap was expanded in 2012 from \$7 million to \$8.75 million, and in 2013 has again increased to a total of \$12 million for 2014.

Table 4: Iowa's Program Expansion

Program Name	Type	Participating Students 2012–2013	Average Scholarship	Change for 2013–2014
School Tuition Organization Tax Credit	Tax-Credit Scholarship	10,446	\$1,061	Increase the statewide cap of available tax credits from \$8.75 million to \$12 million.

Source: Michael Chartier, "Iowa—School Tuition Organization Tax Credit," The Friedman Foundation for Educational School Choice, Indianapolis, 2013. <http://www.edchoice.org/School-Choice/Programs/School-Tuition-Organization-Tax-Credit.aspx>

Mississippi: During the 2013 legislative session the Mississippi legislature successfully passed HB896, which signs into law the *Mississippi Speech-Language Therapy Scholarship for Students with Speech-Language Impairments* program, also referred to as the *Nate Rogers Scholarship for Students with Disabilities* program.¹¹ The new program allows children with speech-language impairments to receive vouchers to attend accredited private schools that provide speech-language therapy. The maximum voucher amount is equal to the *Mississippi Adequate Education Program* base student cost and is available to students in kindergarten through 6th grade who have been screened and diagnosed with speech-language impairment. Students also must have attended a public or state-accredited special-purpose school that emphasized instruction in speech-language therapy intervention in the previous year.

Table 5: Mississippi New Program

Program Name	Type	Amount Awarded	Eligibility
Speech-Language Therapy Scholarship	Voucher	Max voucher is equal to the <i>Mississippi Adequate Education Program</i> base student cost.	Students in grades K–6th diagnosed with language impairment who have attended a public or accredited special-purpose school the previous year.

Source: 2013 House Education Bills, Mississippi Department of Education, April 9, 2013, <http://www.mde.k12.ms.us/legislative-services/legislative-services-legislative-reports/fy-2013-regular-session/fy-2013-house-education-summaries>.

North Carolina: The Tar Heel state changed its existing *Tax Credits for Children with Disabilities Program* from a tax-credit program to the *Children with Disabilities Scholarship Grants* program, leading to greater eligibility.¹² Also, a brand new voucher program, *the North Carolina Opportunity Scholarship Act* was passed by the General Assembly in July 2013.

The *Children with Disabilities Scholarship Grants* program—formerly known as the *Tax Credits for Children with Disabilities* program—now awards a grant rather than a tax credit to eligible families to pay for tuition and special-education-related services for each child who is home-schooled or attends a non-public school. The grant is not to exceed \$3,000 per semester or \$6,000 per year, similar to the previous tax-credit cap of \$6,000 per year. Although the dollar amount per grant is the same, eligibility will now be determined by a family’s expenses rather than their tax liability. With this change more families will have the opportunity to apply for the program because they will not be limited by their income tax liability.¹³

North Carolina’s new voucher program, the *Opportunity Scholarships* program, will provide scholarships of up to \$4,200 per year for eligible children who choose to attend a private school.¹⁴ These scholarships will become available for the 2014–2015 school year beginning February 1, 2014, and are eligible to students who live in a household that meets 100 percent free and reduced-price lunch qualifications. Once a student has been awarded the scholarship and has been admitted to the qualifying non-public school of their family’s choosing, the State Education Assistance Authority (SEAA) will send scholarship funds to that school at least twice each school year.

Table 6: North Carolina Program Expansion

Program Name	Type	Participating Students 2012–2013	Average Scholarship	Change for 2013–2014
Children with Disabilities Scholarship Grants	Scholarship	694 taxpayers participating in 2011*	Up to \$3,000/semester or \$6,000/year	Eligibility is now determined by a family's expenses rather than their income tax liability, allowing the opportunity for more families to apply for the program.

Sources: “Children with Disabilities Scholarship Grants,” Parents for Educational Freedom in North Carolina, Raleigh, <http://pefnc.org/legislation/disabilities-scholarships/>. “2013 ABCs of School Choice,” The Friedman Foundation for Education School Choice, 2013.

* Most recent participation data available.

Table 7: North Carolina New Program

Program Name	Type	Amount Awarded	Eligibility
Opportunity Scholarships	Voucher	Up to \$4,300 per year	Student must live in a household that meets 100% FRL qualifications.

Source: "North Carolina's Newest School Choice Program: Opportunity Scholarships," Parents for Educational Freedom in North Carolina, Raleigh, October 2013. <http://pefnc.org/wp-content/uploads/2013/10/Opportunity-Scholarship-presentation-10.7.13.pdf>

Ohio: Ohio has expanded its existing *EdChoice Scholarship* program to include an income-based *EdChoice Scholarship* program.¹⁵ The *EdChoice Scholarship* program awards vouchers up to \$4,250 for K–8th grade students and up to \$5,000 for high school students who otherwise would be assigned to a low-performing public school to attend the private school of their choice. The number of vouchers awarded to eligible students is capped at 60,000. With the program expansion, an additional 2,000 Ohio kindergarteners whose family's income is within 200 percent of the poverty level may also receive vouchers up to \$4,250 to attend the private school of their choice. One grade is to be added each year of the program.

Table 8: Ohio Program Expansion

Program Name	Type	Participating Students 2012–2013	Average Scholarship	Change for 2013–2014
EdChoice Scholarship Program	Voucher	17,057	\$3,855	Eligibility is expanded to kindergarteners whose family's income does not exceed 200% of the federal poverty guidelines. One grade will be added each year of the program.

Source: "EdChoice Scholarship Program," Ohio Department of Education, Columbus, October 31, 2013. <http://education.ohio.gov/Topics/Other-Resources/Scholarships/EdChoice-Scholarship-Program>. "School Choice Now: The Power of Education Choice. School Choice Yearbook 2012–13," Alliance for School Choice, 2013.

Pennsylvania: Pennsylvania's fiscal year 2012–13 state budget increased the *Education Improvement Tax Credit* (EITC) program by \$25 million to \$100 million, in addition to expanding the program's eligibility requirements. The state's EITC program began in 2001 and offers scholarships to students of low-income families to attend the private school of their choice. Businesses donating to the EITC program receive a tax credit of 75 percent of their donation amount (or 90 percent if they pledge the donation for two consecutive years) against what they owe in state taxes. Prior to FY 2012–13 tax credits were capped at \$75 million, and an eligible student's family's income could not exceed \$50,000 plus \$12,000 per additional dependent child. In FY 2012–13 the tax-credit cap has increased to \$100 million and eligibility is expanded to students whose

family income is less than \$60,000 plus \$12,000 per additional dependent child. In FY 2013–14, eligibility will expand further to include students with family income less than \$75,000 plus \$15,000 per dependent child.¹⁶

Table 9: Pennsylvania Program Expansion

Program Name	Type	Participating Students 2012–2013	Average Scholarship	Change for 2013–2014
Education Improvement Tax Credit	Voucher	More than 40,000 students	~ \$1,000	Eligibility is expanded to students whose family income does not exceed \$75,000 plus \$15,000 for every additional dependent child.

Source: Nathan Benefield, "School Choice Expansion in Pennsylvania: Summary of Educational Improvement Tax Credit Increase and Opportunity Scholarship Program," Commonwealth Foundation for Public Policy Alternatives, Harrisburg, July 11, 2012. <http://www.commonwealthfoundation.org/research/detail/school-choice-expansion-in-pennsylvania>

Rhode Island: Effective July 3, 2013 Rhode Island legislators increased the cap on the *Tax Credits for Contributions to Scholarship Organizations* program from \$1 million to \$1.5 million.¹⁷ The program provides a credit on corporate taxes for donations to scholarship organizations that are worth up to 75 percent of the taxpayer's contribution or 90 percent if donated for two consecutive years and the second year's donation is worth at least 90 percent of the first year's donation.¹⁸ Each corporate donor can receive up to \$100,000 in tax credits each year. Students eligible to receive scholarships from scholarship organizations must have family incomes at or below 250 percent of the poverty level. Scholarship recipients may use their scholarship to pay for expenses incurred in attending a non-public school.¹⁹

Table 10: Rhode Island Program Expansion

Program Name	Type	Participating Students 2012–2013	Average Scholarship	Change for 2013–2014
Contributions to Scholarship Organizations Credit	Tax-Credit Scholarship	382	\$2,690	The cap on the total amount of tax credits increased from \$1 million to \$1.5 million.

Source: Michael Chartier, "Rhode Island – Tax Credits for Contributions to Scholarship Organizations," The Friedman Foundation for Educational School Choice, Indianapolis, 2013. <http://www.edchoice.org/School-Choice/Programs/Tax-Credits-for-Contributions-to-Scholarship-Organizations.aspx>

South Carolina: A temporary proviso—the *Educational Credit for Exceptional Needs Children* program—became effective July 1, 2013, which allows non-profit scholarship funding organizations (SFOs) to award grants for tuition, transportation, or textbooks to students with exceptional needs. Eligible students may receive grants up to \$10,000 or the total cost of tuition, whichever is less.

Those who contribute to SFOs may receive a tax credit which is limited to 60 percent of a taxpayer's total tax liability for the tax year that the contribution is made. The total amount of tax credits authorized is capped at \$8 million. The program is set to expire June 30, 2014 unless re-enacted by the General Assembly in the next legislative session.²⁰

Table 11: South Carolina New Program

Program Name	Type	Amount Awarded	Eligibility
Educational Credit for Exceptional Needs Children	Tax-Credit Scholarship	Up to \$10,000 or total cost of tuition, whichever is less.	Student has "exceptional needs" as defined by the SCDOE and parent believes the services provided by the school district do not sufficiently meet needs.

Source: Nikki R. Haley, Governor and William Blume Jr., Director, "South Carolina Department of Revenue Legislative Update for 2013," South Carolina Department of Revenue, Columbia, 2013, pp. 10–11. <http://www.sctax.org/NR/rdonlyres/CFB545B7-E18D-4277-B91A-70A3174057E4/0/LegislativeUpdate2012pub.pdf>

Utah: The Utah legislature passed and signed into law Senate Bill 103 following the 2013 legislative session, which establishes a formula for an annual increase in appropriations for *Carson Smith Special Needs* scholarship payments.²¹ The *Carson Smith Special Needs Scholarship* program was enacted and launched in 2005. The program gives eligible students with disabilities vouchers to attend the private school of their choice that best serves their unique needs. Voucher amounts are based on the state's weighted pupil unit. Students who received more than three hours of special education services per day qualify for vouchers worth 2.5 times the weighted pupil unit, and those receiving less than three hours of special education services per day receive vouchers worth 1.5 times the weighted student pupil unit. Eligible students are those between ages five and 21 identified as disabled under federal disability rights law.

Prior to the 2013 expansion, the program fund was capped at \$3.75 million. SB 103 will put approximately \$400,000 to \$500,000 more toward the *Carson Smith Special Needs Scholarship* program in the 2013–2014 school year, with additional money in following years based on a formula, allowing the program to grow and serve more students.²²

Table 12: Utah Program Expansion

Type	Participating Students 2012–2013	Average Scholarship	Change for 2013–2014
Voucher	714	\$4,733	New law requires the legislature to annually increase the amount of money appropriated to scholarship payments by a certain amount.

Source: J. Stuart Adams, Gregory H. Hughes, "SB 103 Carson Smith Scholarship Amendments Enrolled Copy," Utah, 2013. <http://le.utah.gov/~2013/bills/sbillenr/sb0103.pdf>. Michael Chartier, "Utah – Carson Smith Special Needs Scholarship Program," The Friedman Foundation for Educational School Choice, Indianapolis, 2013. <http://www.edchoice.org/School-Choice/Programs/Carson-Smith-Special-Needs-Scholarship-Program.aspx>

Virginia: During the 2012 legislative session Virginia’s *Education Opportunity Scholarships Tax Credits* program was signed into law to take effect the following school year. Under this program individual and business taxpayers in Virginia can receive tax credits worth 65 percent of their donations to scholarship granting organizations (SGOs). The minimum donation by a taxpayer that would merit a tax credit is \$500. Eligible students may receive a scholarship for private education amounting to 100 percent of the per-pupil amount distributed to the local public school by the state.²³ To be eligible, students must come from households in which their family income is less than 300 percent of the federal poverty guidelines. Students must also either be enrolling into grades K–1, have attended a public school in the previous school year, be a new resident of Virginia, or must be a previous scholarship recipient.

When the *Education Opportunity Scholarships Tax Credits* program was signed into law the amount that a taxpayer could donate and receive a tax credit for was \$50,000 per individual or married couple in a given year. This cap was increased in the 2013 legislative session so that tax credits are issued for the first \$125,000 in value of an individual taxpayer’s donation or \$250,000 of a married couple’s donation.²⁴ The number of available tax credits for individual and business donation is capped at \$25 million per year.

Table 13: Virginia Program Expansion

Type	Participating Students 2012–2013	Average Scholarship	Change for 2013–2014
Tax-Credit Scholarship	N/A	Up to 100% of per-pupil amount distributed to local public school by the state.	Increased the tax credit cap for individual taxpayer donations from \$50,000 to \$125,000 per individual or \$250,000 per married couple.

Source: “2013 Session: Chapter 713,” Virginia’s Legislative Information System, March 23, 2013. <http://lis.virginia.gov/cgi-bin/legp604.exe?131+ful+CHAPo713>. Stephanie Linn, “Virginia – Education Improvement Scholarships Tax Credits Program,” The Friedman Foundation for Educational School Choice, Indianapolis, 2013. <http://www.edchoice.org/School-Choice/Programs/Educational-Opportunity-Scholarship-Tax-Credits.aspx>

Wisconsin: Wisconsin made gains in 2013 for school choice by expanding its existing *Parental School Choice Program* and by signing into law the state’s first tuition tax-credit program. The *Milwaukee Parental School Choice Program* was signed into law in 1990, making Wisconsin the first state to implement a private school voucher program. Previously limited to students and their families living in Milwaukee, the availability of private school vouchers was expanded first in 2011 to families living in Racine when the *Parental Private School Choice Program (Racine)* was launched. More recently, during Wisconsin’s 2013 legislative session, the program was further expanded by removing geographic limitations and making access to the program state-wide.

Under the *Wisconsin Parental Choice Program*, in the 2013–2014 school year 500 students will be eligible to receive a voucher of up to \$6,442 to attend the private school of their choice. The following year the voucher cap will double, giving up to 1,000 Wisconsin students access to private school vouchers. Students who qualify for the *Wisconsin Parental Choice Program* are those whose family income is below 185 percent of the federal poverty level and reside outside of the Milwaukee and Racine Unified school districts. The income guidelines allow a family of four making \$43,752 annually to qualify, with a \$7,000 increase (\$50,752) allowed for married parents with two children.²⁵

Beginning in the 2014 fiscal year, Wisconsin’s new *Individual Income Tax Deduction for Private School Tuition* allows an individual income tax deduction for tuition for families whose children attend private school. The tax deduction is limited to up to \$4,000 per year per pupil enrolled in kindergarten through eighth grade, and \$10,000 per year per pupil enrolling in grades nine through twelve.²⁶ Because the tax break is set up as a tax deduction, the average Wisconsin family would get a \$240 tax cut per elementary and middle school child and a \$600 tax cut for each high school student. In total the tax deduction is expected to save Wisconsin parents up to \$30 million in 2014–2015.²⁷

Table 14: Wisconsin Program Expansion

Program Name	Type	Participating Students 2012–2013	Average Scholarship	Change for 2013–2014
Wisconsin Parental Choice Program	Voucher	Up to 500 in the 2013–2014 school year, and up to 1,000 in the 2014–2015 school year.	\$6,442	Expanded the availability of private school vouchers state-wide. Previously the programs were only available to families living in Wisconsin or Racine.

Source: Patrick Gasper, “Private Schools Register for Wisconsin Parental Choice Program,” Education Information Services, Madison, July 31, 2013. http://dpi.wi.gov/files/eis/pdf/dpinr2013_91.pdf

Table 15: Wisconsin New Program

Program Name	Type	Amount Awarded	Eligibility
Individual Income Tax Deduction for Private School Tuition	Income Tax Deduction	Up to \$4,000 deduction per pupil enrolled in K–8th grade and up to \$10,000 deduction per pupil enrolled in 9 th –12 th grade.	Any individual who claims a pupil enrolled in K–12 at a private school as a dependent for federal income tax purposes on his or her tax return.

Source: Senator Luther Olsen, “Private School Tuition Tax Break,” State Senator Luther Olsen, July 16, 2013. <http://legis.wisconsin.gov/senate/olsen/PressReleases/Pages/Private-School-Tuition-Tax-Break.aspx>

B. School Choice Market Share for 2013

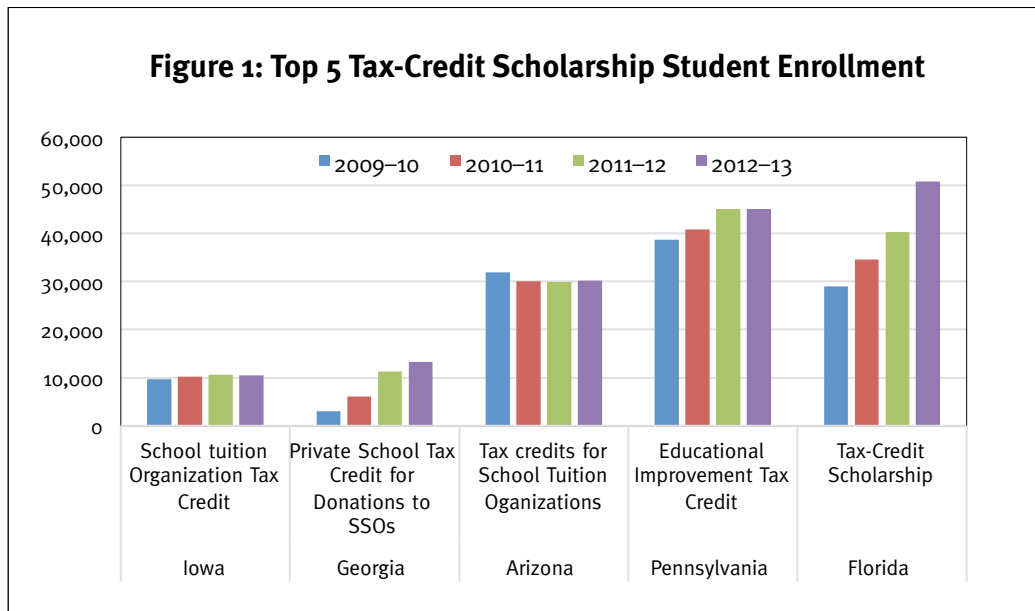
School choice continues to be a growing trend nationwide with more private school choice programs and public school choice options added and expanded in 2013. The most prevalent private school choice programs include vouchers, tax-credit scholarships, and individual tax credits/deductions for approved educational expenses. Among public school choice, charter schools continue to be the most widely used alternative to traditional neighborhood public schools. Regardless of which option families take advantage of, school choice is in demand and on the rise.

Expansion of School Choice Programs

As of 2013, a total of 48 private school choice programs were available to children and their families across the United States. Of these, an estimated 260,000 students used vouchers and tax-credit scholarships to enroll in the school of their choice in 2013, and an additional 847,000 parents and families received tax-credit relief through individual tax credits/deductions for approved educational expenses.²⁸

Arizona is the first and only state to have adopted an education savings account when the state signed into law Empowerment Scholarship Accounts during the state's 2011 legislative session. As of the 2012–2013 school year there are 302 students and their families using the accounts.

Florida's *Tax Credit Scholarship Program* has the highest enrollment of tax-credit scholarship programs nationwide. The four states following Florida for greatest enrollment are Pennsylvania, Arizona, Georgia, Iowa and Indiana, as shown in Figure 1.

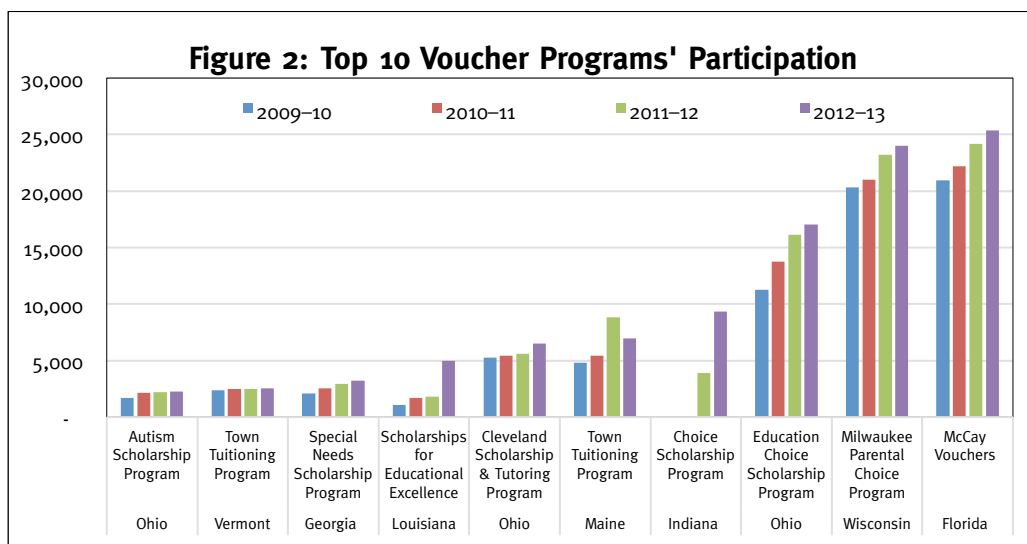


Note: Arizona’s program participation is the combined participation of its corporate and individual tax-credit scholarship programs. Pennsylvania’s FY2011 participation is used as a proxy for its FY2012 participation. FY2012 participation data had not been released at the time of production.

Sources: Friedman Foundation for Educational School Choice, School Choice Programs, <http://www.edchoice.org/School-Choice/School-Choice-Programs>; Alliance for School Choice, *The School Choice Virtual Yearbook*, <http://www.allianceforschoolchoice.org/yearbook>.

Florida’s *Tax-Credit Scholarship Program* and Iowa’s *School Tuition Organization Tax Credit Program* are means-tested programs that limit participation. Georgia, Arizona and Pennsylvania’s programs have little criteria for eligible participants.

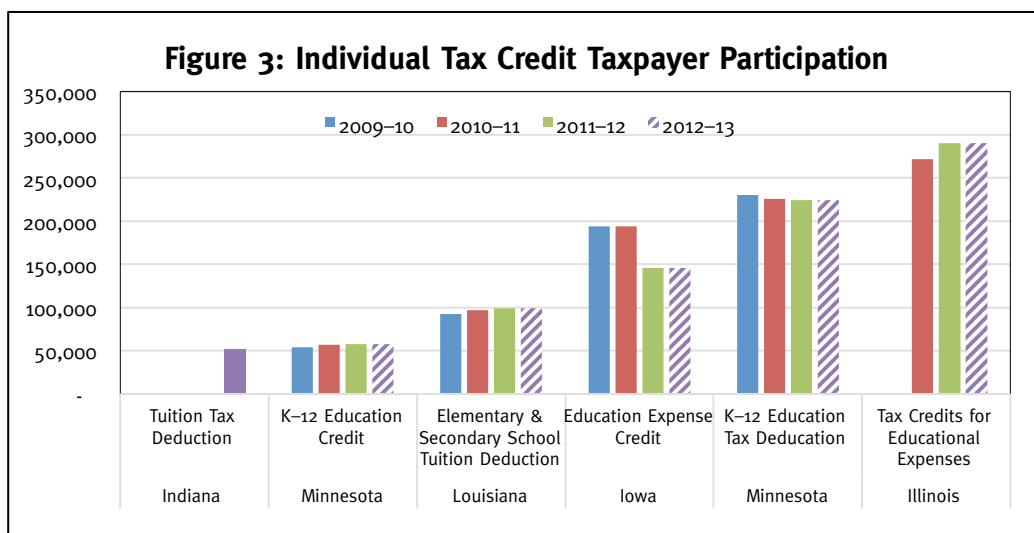
Among voucher programs, Florida’s *McCay Vouchers* have the highest number of students receiving vouchers in the 2012–2013 school year. Wisconsin, Ohio and Indiana’s voucher programs have the next highest number of students participating in their voucher programs. Figure 2 shows the top 10 voucher programs in the United States as measured by the number of students receiving vouchers.



Sources: Friedman Foundation for Educational School Choice, School Choice Programs, <http://www.edchoice.org/School-Choice/School-Choice-Programs>; Alliance for School Choice, *The School Choice Virtual Yearbook*, <http://www.allianceforschoolchoice.org/yearbook>.

Florida’s *McCay Vouchers*, Georgia’s *Special Needs Scholarship Program*, and Ohio’s *Autism Scholarship Program* are available for eligible students with special needs. Maine and Vermont’s *Town Tuitioning Programs* are available to any student living in a designated “tuition town.” The remaining programs are means-tested programs available to low-income students and their families.

Illinois’s tax-credit program, *Tax Credits for Educational Expenses*, has the most taxpayer participation of educational tax-credit programs with available data. Nearly 300,000 taxpayers took advantage of the program in FY2011. Following Illinois are Minnesota’s, Iowa’s and Indiana’s tax credit programs.



Note: Only Indiana’s FY2013 taxpayer participation was available at the time of writing. FY2012 taxpayer participation is used as a proxy for states whose FY2013 participation data were not available at the time of writing.
 Sources: Friedman Foundation for Educational School Choice, School Choice Programs, <http://www.edchoice.org/School-Choice/School-Choice-Programs>; Alliance for School Choice, *The School Choice Virtual Yearbook*, <http://www.allianceforschoolchoice.org/yearbook>.

Growth in School District Charter School Market Share and Enrollment

Charter schools, which are based on contracts between an education authority and an individual school, are the most prominent example of privatization in education. Since the first charter school law passed in 1992, the charter school sector has continuously expanded across the United States. As of 2013 more than 2.5 million students attend charter schools in 42 states and the District of Columbia, meaning that one in every 20 public school children in America attends a charter school.²⁹ In addition to those already enrolled, the National Alliance for Public Charter Schools (NAPCS) estimates that during the 2012–13 school year waiting lists across the nation approached one million names. NAPCS estimated that 610,000 students were on waiting lists during the 2011–12 school year, which increased to 920,007 in the 2012–13 school year, showing that the already high demand for charter school enrollment continues to increase.³⁰ NAPCS also found that over two-thirds of public charter schools—67 percent—across the nation report having children on their waitlist, with an average waiting list of 214 students.³¹

According to the National Alliance for Public Charter Schools' (NAPCS) eighth annual edition of *A Growing Movement: America's Largest Charter School Communities*, seven districts have at least 30 percent of their public school students enrolled in charter schools, 32 districts have at least 20 percent of their public school students enrolled in charter schools, and 135 districts now have at least 10 percent of public school students enrolled in charter schools.

The report also found that New Orleans continues to have the highest market share of public school students attending charter schools. An astounding 79 percent of New Orleans public school students enrolled in charter schools in the 2012–13 school year. Detroit and Washington, D.C. also each have a notably large share of their students attending charter schools. In the 2012–13 school year 51 percent of students living in Detroit attended charter schools, and 43 percent of all public school students attended charter schools in Washington, D.C.

Figure 4 shows the school districts serving the highest percentage of public charter school students in the 2012–13 school year.

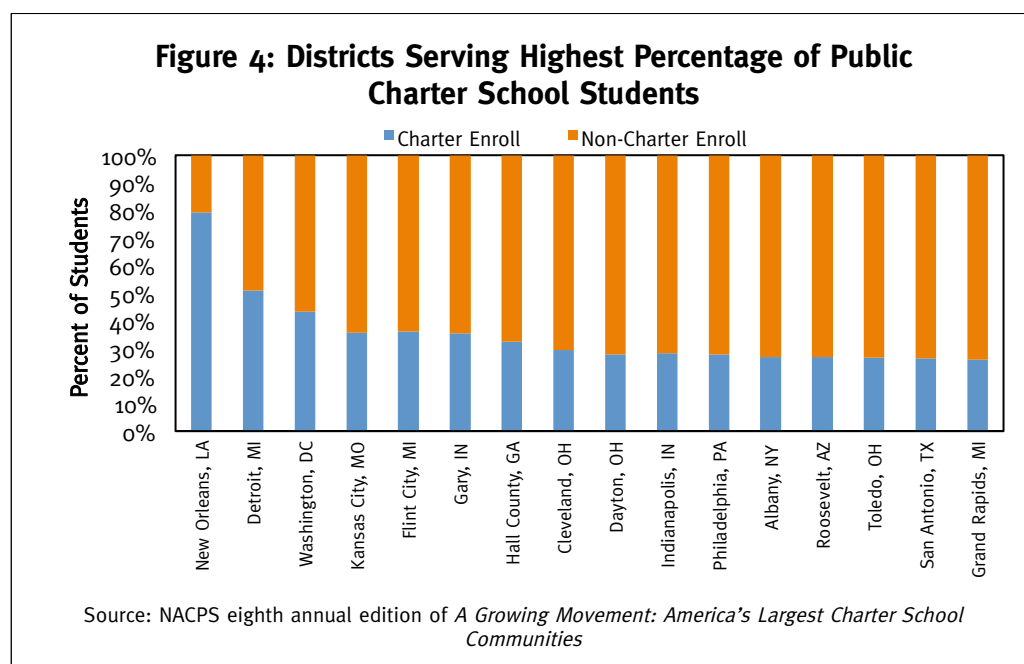


Table 16, below, shows the school districts serving the highest percentage of public charter school students and their 2013 rank and market share compared to their 2012 rank and market share.

Table 16: Districts Serving the Highest Percentage of Public Charter School Students

2013 Rank	School District	State	Charter Market Share	Total District Enroll	Rank in 2012	Market Share 2012
1	New Orleans Public School System	LA	79%	45,540	1	76%
2	Detroit Public Schools	MI	51%	100,255	2	41%
3	District of Columbia Public Schools	DC	43%	80,231	2	41%
4	Kansas City, Missouri School District	MO	36%	26,293	3	37%
	Flint City School District	MI	36%	13,253	4	33%
5	Gary Community School Corporation	IN	35%	13,826	5	31%
6	Hall County Schools	GA	32%	26,675	Not Ranked	21%
7	Cleveland Metropolitan School District	OH	29%	58,951	6	28%
	Dayton Public Schools	OH	28%	22,396	7	26%
8	Indianapolis Public Schools	IN	28%	41,553	8	25%
	The School District of Philadelphia	PA	28%	198,929	9	23%
9	Albany City School District	NY	27%	10,937	7	26%
	Roosevelt School District 60	AZ	27%	14,165	8	25%
	Toledo Public Schools	OH	27%	33,338	8	25%
10	San Antonio Independent School District	TX	26%	59,616	9	26%
	Grand Rapids Public Schools	MI	26%	22,247	9	23%

Source: NACPS eighth annual edition of *A Growing Movement: America's Largest Charter School Communities*

The percentage of school districts with at least 10 percent and at least 20 percent market share continue to grow. Twenty-eight districts were added to the list of school districts with 10 percent market share or higher and seven districts were added to the list of school districts with at least 20 percent market share. Also,

there are 33 new school districts listed in the NAPCS report that showed demonstrable charter school market share growth since the 2011–12 school year.

Figure 5 shows the top 10 school districts serving the highest number of public charter school students in 2013 compared to their two previous years’ charter school student enrollment.

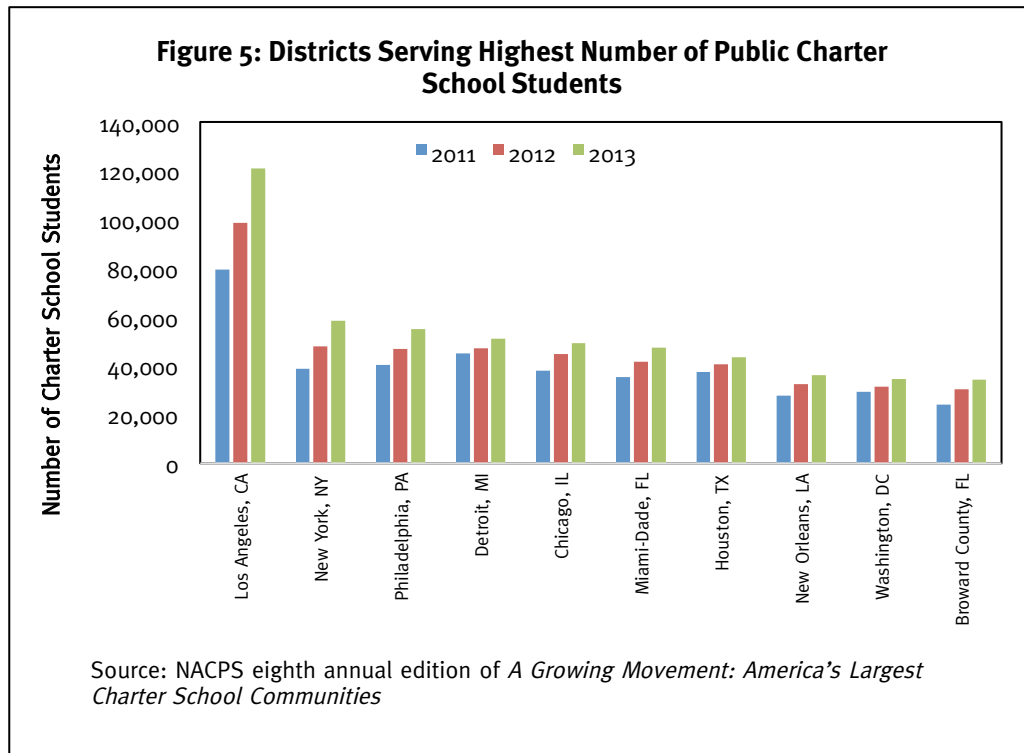


Table 17, below, lists the top 10 school districts serving the most public charter school students in 2013 compared to their rank and enrollment in 2012.

Table 17: Districts Serving the Highest Number of Public Charter School Students

2013 Rank	School District	State	Charter Enrolled	Total District Enrolled	Rank in 2012	Charter Enrolled 2012
1	Los Angeles Unified School District	CA	120,958	655,569	1	98,576
2	New York City Department of Education	NY	58,353	1,023,199	2	48,057
3	The School District of Philadelphia	PA	55,031	198,929	4	46,801
4	Detroit Public Schools	MI	51,083	100,255	3	47,086
5	Chicago Public Schools	IL	49,187	397,641	5	44,870
6	Miami-Dade County Public Schools	FL	47,573	354,241	6	41,767
7	Houston Independent School District	TX	43,546	230,782	7	40,549
8	New Orleans Public School System	LA	36,126	45,540	8	32,597
9	District of Columbia Public Schools	DC	34,674	80,231	9	31,562
10	Broward County Public Schools	FL	34,408	260,920	10	30,438

Source: NACPS eighth annual edition of *A Growing Movement: America's Largest Charter School Community*

C. Weighted Student Formula in the States 2013

Public funding systems for education continue to move toward a “school funding portability” framework at both the local and state level. The school finance policy commonly referred to as “weighted student formula,” “student-based budgeting” or “backpacking” is a more equitable way to fund students than traditional school finance policies where funding is attached to staffing positions. Weighted student funding attaches funding to students based on their individual needs, then is given directly to the institution in which the child enrolls.

Weighted student funding policies differ across states and school districts, however several best practices have emerged that offer a template for the ideal school reform package.³² These best practices are summarized into the following 10 school empowerment benchmarks that school districts across the country should aspire to meet:

- **School budgets are based on students, not staffing positions** – Schools should receive revenue in the same way that the district received revenue, on a per-pupil basis reflecting the enrollment at a school and the individual characteristics of students at each school.
- **Central office charges schools actual versus average salaries** – Charging schools a district-wide average teacher salary does not adjust for differences in newer teachers versus more-experienced teachers. If a school has 10 first-year teachers and another school has 10 five-year teachers, the school with the newer teachers is essentially subsidizing the school with veteran teachers. By charging schools actual salaries, schools with less-expensive teachers can benefit from having money left over to spend at the discretion of the principal on teacher training, the arts, or to hire additional teachers. In this way, charging schools for actual teacher salaries increases equity.
- **Schools offer choice and open enrollment policies** – Open enrollment policies empower parents to choose between schools in order to find the school that best fits their child’s needs. School choice also holds schools accountable for performance by revealing which schools are serving students efficiently, shown by higher demand for enrollment. In turn, it also incentivizes lower-performing or less-popular schools to improve to attract and retain families.

- **Principals have autonomy over school budgets** – Districts that place more of their operating budget into the weighted student formula allocations offer principals more autonomy and more real decision-making power so that they can design their school to meet the needs of enrolled students.
- **Principals have autonomy over hiring** – Principals have more control over personnel, holding them accountable for their performance and staffing their school in ways that fit their students’ needs.
- **Principals have training and build school capacity** – Principal training helps principals to learn management best practices that helps them become entrepreneurial leaders of their school. Several models include principal academies, principal coaches and mentors, district liaisons and networks, and extra help from district finance personnel for budget development.
- **School-level budgets are published and transparent** – Parents and taxpayers should have detailed transparent budgets at the school level that show school enrollment and staffing trends. These budgets should reveal the amount of resources that are allocated through student-based budgeting and the amount of resources that are spent at the school level but controlled by the central office.
- **School-level outcomes are published and transparent** – Parents and taxpayers should have school-level profiles on a variety of outcomes including overall achievement distinguished by sub-group, value-added achievement gains, achievement gaps, graduation rates, attendance and other school-level outcome measures.
- **Accountability goals are explicit** – Districts should have explicit accountability goals and measures for each school. Performance measures are often described in school-level academic plans and detail a school’s specific goals for academic improvement for various groups of students.
- **Districts have collective bargaining relief, flat contracts, etc.** – School districts are able to negotiate for more autonomy in union contracts to minimize work rules that interfere with school-level autonomy.

In the 2013 publication of Reason Foundation's *Weighted Student Formula Yearbook*, findings suggest that the amount of principal autonomy over school budgets is one of the most significant benchmarks that contributes to better student outcomes. The following text boxes detail 16 school districts and one state that currently use a school funding portability framework, including each district's or state's program name, year of implementation, program type, legal authorization, weighted student funding formula, percentage of principal autonomy, and highlights of best practices used.

Baltimore City Public School District, Maryland

Program Name: Fair Student Funding

Implementation: 2008–2009 School Year

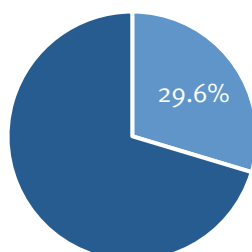
Program Type: District-Wide

Legal Authorization: School Board Policy

FY2014 Fair Student Funding Formula:

Base Allocation	1.00
Special Ed.	0.124
Advanced Ability	0.193
At Risk	0.125
Basic Ability	0.193

FY2013 Principal Autonomy:



Source: BCPS FY2013 Budget

Highlights: CEO of Baltimore City Public Schools (BCPS) Andres Alonso was given significant autonomy to decentralize schools in exchange for greater accountability for the results of his policies. By 2012 BCPS was able to cut district central office positions by 33 percent and moved \$164 million in additional dollars to schools. Fair Student Funding has enabled BCPS to hold schools accountable for performance, which has resulted in the district closing its lowest-performing schools. Since 2009, 11 percent of students have been moved into higher-quality schools with reading and math scores higher than both the closed schools and the district average. The district also showed significant gains in student achievement from 2009 to 2012, with the percent of students qualifying for the basic ability (below grade level) weight decreasing from 38.9 to 30 percent of students. Similarly, the percent of students eligible for the advanced weight increased from 15.5 percent to 25 percent.

Boston Public School District, Massachusetts

Program Name: Weighted Student Formula

Implementation: 2011–2012 School Year

Program Type: District-Wide

Legal Authorization: School Board Policy and Boston School Committee

FY2014 Weighted Student Formula:

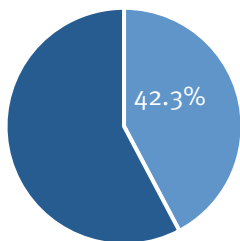
Base Allocation	1.00		
Special Ed.*	1.00 – 6.00		
FRL	0.10		
ELL**	0.02 – 0.43		
Career	1.00		
At Risk***	0.05 – 0.20		
Students with Interrupted Ed.	Elem.	Mid.	High
	0.50	0.84	0.94

* Special education weight differs by specific need.

** ELL weight differs by English Language Learner level and grade.

*** At risk weight differs by grade level.

FY2014 Principal Autonomy:



Source: BPS FY2014 Budget

Highlights: In FY2012, facing a \$63 million budget gap, Boston’s Superintendent Carol Johnson introduced Weighted Student Funding. WSF allowed the district to target budget reductions strategically and ensured that school funding was attached to kids and that education investments were made based on students and not based on maintaining programs or staffing levels. WSF has also allowed school boards to negotiate with teachers unions for more flexibility to support school-level decision-making and stronger autonomy for school principals.

More recently, Boston has used its weighted student formula to strategically target resources to the lowest-performing schools and to increase seats for disadvantaged children in more high-performing schools. For example, in FY2013 Boston’s Access to Excellence plan created 1,304 new seats in high-demand high schools and pilot schools. In addition, beginning in the 2014 school year the district’s weighted student formula will provide extra resources to schools with more than 60 percent of their students receiving free and reduced-price lunch, and will offer a new school choice plan for K–8th grade students ensuring all students have access to high-quality schools.

Cincinnati Public School District, Ohio

Program Name: Student-Based Funding

Implementation: 1999–2000

Program Type: District-Wide

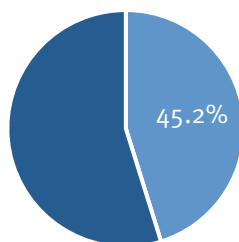
Legal Authorization: School Board Policy

Student-Based Budgeting Formula:

	All	K–3 rd 9 th –12 th
Base Allocation	1.00	0.20
FRL		0.05
ELL		0.483
Career		0.60
Special Ed.*		0.46 – 3.69
Preschool Dis.		1.00
Low Achievement		0.29

* Special education weight differs by specific need.

FY2014 Principal Autonomy:



Source: CPS 2013–2014 Operating Budget

Highlights: After three years of planning, Cincinnati Public Schools (CPS) implemented student-based funding in the 1999–2000 school year. Since then, the district has been innovative in designing ways for schools to keep current students and attract additional students. In 2009 CPS began providing school-level management support based on performance. Higher-performing schools receive coaching only by request, improving schools receive part-time coaching, and schools in need of academic intervention receive intensive, prescriptive coaching.

Cincinnati Public Schools also has demonstrated that transparency for a variety of school- and district-level indicators is one of the most useful kinds of accountability. The district's online program called PowerSchool offers every parent in the district real-time access to his or her student's progress, including assignments and grades. By allowing easy access to the performance level of district schools, parents can better discern which schools may best fit their child's needs.

Denver Public School District, Colorado

Program Name: Student-Based Budgeting

Implementation: 2007–2008 School Year

Program Type: District-Wide

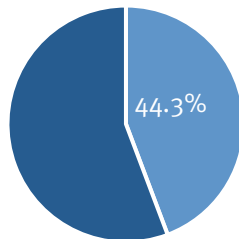
Legal Authorization: School Board Policy

FY 2013 Student-Based Budgeting:

Base Allocation	K	K–12 th	Sup.
	0.5	1.00	<0.01
Special Ed.*	1.00 – 6.00		
FRL		K–8 th	Secondary
		0.119	0.128
ELL	0.103		
Gifted	0.03		
Student Dev.	0.17		
Performance	0.016+		
Additional	<0.01		
Early Ed.	0.12 – 0.024		
Title I/II	<0.01-0.116		
Guest Teacher	0.013		

* Special education weight differs by specific need.

FY2013 Principal Autonomy:



Source: DPS FY 2013 Adopted Budget

Highlights: In 2007 Superintendent Bennet moved DPS away from the old system of allocating resources centrally (for every 25 students, a school gets one teacher) to one where schools get dollars and flexibility on how they want to spend those dollars.

Denver’s student-based budgeting ties funding to students based on their specific needs and also includes a weight that ties funding to academic achievement. The district’s performance weight acts as an incentive tied directly to the district’s accountability system. Schools receive a maintenance factor for maintaining high achievement or a growth bonus for moving up each category in the district’s school performance framework.

The school performance framework holds schools accountable for student performance by measuring the progress of actual students against themselves and against peers from the entire state of Colorado. The metric not only ensures that all students move forward, it also measures and compares growth year by year. Additionally, the district publishes annual school-level report cards that assign every public school one of four accreditation ratings. Ratings affect how much support schools receive, corrective action taken and compensation earned by principals, assistance principals and teachers.

Douglas County School District, Colorado

Program Name: Student-Based Budgeting

Implementation: 2008–2009

Program Type: District-Wide

Legal Authorization: School Board Policy

FY 2014 Student Based Budgeting:

	Elem.	Mid.	High
Base Allocation*	1.102	1.126	1.00
Special Ed.**		–	
ELL		–	
Academic aid***		–	

* SBB base funding fluctuates year to year depending on economic conditions in Colorado.

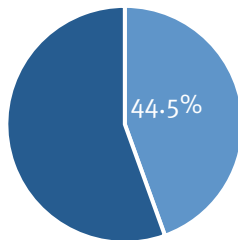
** Special education, ELL, and academic aid students receive additional SBB dollars on a per pupil basis as outlined in DCSD’s SBB Overview. Specific weights are not given.

*** Academic aid is given to students who need help catching up to grade level.

Highlights: In 2006 Douglas County School District started a student-based budgeting (SBB) pilot program with a three-year rollout plan to fully implement SBB district-wide by the 2008–2009 school year.³³ The pilot program included one district feeder group in FY 2007, expanded to three district feeder groups in FY 2008, and to all district feeder groups by FY 2009. Also in 2009 the Colorado Department of Education mandated that all school districts provide an online accessible financial database to allow viewing of financial records—and student-based budgeting provided an avenue for added financial transparency.³⁴

Douglas County School District’s student-based budgeting gives school principals autonomy over class structure, staffing ratios and non-salary purchases to meet their individual goals. Principals are also able to save leftover SBB funds from year to year and are encouraged to think strategically about their budgets.³⁵ DCSD also has open enrollment policies that allow parents to go online and fill out a common application for their child to enroll in any district neighborhood school or school from a portfolio of schooling options including magnet, charter, online, home education, contract schools, or apply for scholarships to attend private partner schools.³⁶

FY2014 Principal Autonomy:



Source: DCPS FY 2014 Adopted Budget

Hartford Public School District

Program Name: Weighted Student Funding

Implementation: 2008–2009

Program Type: District-Wide

Legal Authorization: School Board Policy

FY2014 Weighted Student Funding:

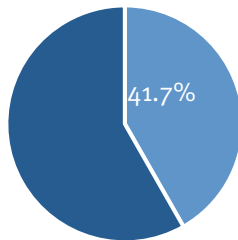
Base Allocation*	0.96 – 1.30	
Special Ed.**	0.71 – 3.60	
ELL***	0.02 – 0.43	
Academic Intervention	K–3 rd	5 th –11 th
	0.20	0.16
Advanced	0.10	

* Based allocation differs by grade level.

** Funding increases for higher levels of special education students.

*** Funding is highest at 0-20 months, decreases to 0.22 from 20 – 30 months, and drops to 0.11 for 30+ months of participation.

FY2013 Principal Autonomy:



Source: Board of Education FY2013 Adopted Budget

Highlights: In 2008 the Hartford school board approved a new, three-year strategic plan to improve outcomes for every student in the district. The plan outlines two complementary pillars established by the Board of Education: a “managed performance empowerment” approach that defines the district’s relationship with each school on the basis of its performance, and development of an “all choice” system of schools that creates and sustains a larger number of high-performing schools.

Hartford Public School District published very detailed school-level budgets that report the student populations at each school, funds generated by each group of students, and school performance data. This transparent accountability system has allowed the district to identify and close low-performing schools and redirect resources to higher quality new schools. Since the 2006–2007 school year the district has changed 34 schools to improve school quality. Schools whose average percent of students proficient in reading and math exceeds the state average are among the fastest growing schools in the district, increasing their enrollment by over 10 percent in the 2012–2013 school year.

Houston Independent School District

Program Name: Weighted Student Formula

Implementation: 2000–2001 School Year

Program Type: District-Wide

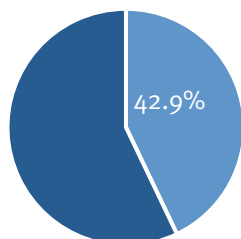
Legal Authorization: School Board Policy

Weighted Student Formula:

	Pre-K	1 st –12 th
Base Allocation	0.5	1.0
Special Ed.		0.15
ELL		0.10
Career		0.35
Comp Ed.*		0.15
Gifted		0.12
Homeless		0.05
Refugee		0.05

* State Compensatory Education

FY2014 Principal Autonomy:



Source: HISD FY2014 Budget

Highlights: In 1990, the Houston Board of Education issued a Declaration of Beliefs and Visions for HISD that called for a “new educational structure...that...is decentralized and features shared decisions-making.” Since then, efforts continued to increase to decentralize decision-making and to empower school principals, and by the 2000–2001 school year principals were granted decision-making authority over their school-level budgets with Houston’s implementation of weighted student formula.

Each year Houston has continued to reduce administrative costs and direct more revenue to classrooms. The district’s administrative cost ratio has declined from 6.48 percent in 2002 to an estimated 4.01 percent for 2013—the lowest of many Texas school districts. In turn for increased decentralization, schools are held accountable for their finances and student achievement by publishing school-level budgets broken down by student groups as well as student achievement data. Administrators and teachers are held accountable for their performance through the district’s ASPIRE Award Program that awards administrators and teachers for exceptional performance. The district paid out \$17.6 million in bonuses in 2013.

Milwaukee Public School District

Program Name: Weighted Student Funding

Implementation: 2001

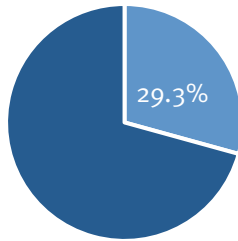
Program Type: District-Wide

Legal Authorization: School Board Policy

FY2014 Weighted Student Funding Formula:

	Base	K-8 th	Mid.	High
Base Allocation	1.00	0.044	0.059	0.181
ELL	0.059			

FY2013 Principal Autonomy:



Source: MPS FY2013 Budget Overview

Highlights: Milwaukee’s public schools moved to decentralize school funding in 2001 with the implementation of their weighted student funding. At the start of WSF, only a small percentage of the “School Operation Fund” remained centralized, with all remaining funding allocated to schools. The school-level allocation was used to purchase a portion of mandatory central services, and the rest was available to purchase a portfolio of optional central services. However, since FY2012 the district has been moving to once again centralize many school-level services.

Even though MPS has centralized more school services, principals have gained more “buying power” from Governor Scott Walker’s collective bargaining reforms, which discontinued the requirements that districts have to negotiate with teachers unions for employee benefits. These reforms allowed schools to reduce their teacher costs and hire additional full-time employees for FY2014.

Minneapolis Public School District

Program Name: Site-Based Funding

Implementation: 1993–1994 School Year

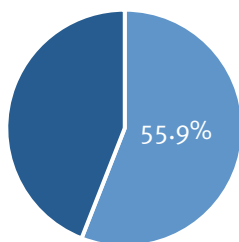
Program Type: District-Wide

Legal Authorization: School Board Policy

FY2013 Student Funding Formula:

Base Allocation	K	1 st –8 th	9 th –12 th
	0.7	1.0	1.10
Class Size Referendum	K	1 st –8 th	9 th –12 th
	0.7	1.0	1.10
Compensatory	Lump-sum per school based on FRL students		

FY2013 Principal Autonomy:



Source: MPS 2012–2013 Operating Budget

Highlights: Beginning in 1994, Minneapolis public schools were restructured to become site-based management schools that were allowed to select and evaluate personnel and theoretically exercise complete discretion over the use of salary and non-salary allocations. However site-based management restricts autonomy because the district’s central office continues to define a “minimum program” for schools that mandates many positions and grants the central office top-down budgeting requirements for schools. To address the lack of real autonomy schools have, in 2013 Superintendent Bernadeia Johnson has moved to pilot full autonomy. The pilot program will give 20–30 percent of schools control over staffing, budgets, instructional programs and schedules in exchange for explicit performance-based contracts.

District-wide, MPS monitors school-level performance and academic growth through a comprehensive accountability system. MPS has also developed a user-friendly online school choice process that allows parents to easily request any school in the district.

New York City Department of Education

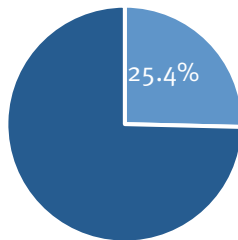
Program Name: Fair Student Funding
Implementation: 2007–2008 School Year
Program Type: City-Wide
Legal Authorization: Mayoral Control
FY2013 Fair Student Funding Formula:

	K–5 th	6 th –8 th	9 th –12 th
Base Allocation	1.00	1.08	1.03
FRL		0.12	
ELL	0.4	0.5	0.5
Portfolio*		0.05 – 0.40	
Special Ed.**		0.56 – 2.09	
Academic Intervention	Below Prof. 0.25 – 0.35	Well Below 0.40 – 0.50	
Graduation		0.40	

* Portfolio weight differs by career/technical field (nursing, health/trade/technology, business, home economics/arts), specialized field (academic or audition), and transfer students (heavy graduation or regular graduation).

**Special education weight differs by severity or individualized education plan need, and grade level (K–8th and 9th–12th).

FY2013 Principal Autonomy:



Source: NYC DOE FY2013 Budget Allocations

Highlights: In 2002 New York City Mayor Bloomberg was granted control of New York City schools and appointed Joel Klein as Schools Chancellor. Bloomberg and Klein took steps to empower principals by giving them decision-making power and resources and holding them accountable for results. Then in 2007, Schools Chancellor Klein announced that New York City public schools would receive roughly \$900 million in new aid and that the administration’s Fair Student Funding program would bring greater equity and transparency to school budgets. A total of \$230 million of the \$900 million in new funding was cut from the bureaucracy and sent to the school level.

Part of NYC’s Fair Student Funding program is a foundation grant of \$225,000 which is sent to every school regardless of size or type. Those dollars are not tagged to particular positions and schools determine which additional positions they will fill. Also NYC charges schools average teacher salaries per school rather than across the entire district. The school-level average more accurately reflects the mix of teachers’ salaries at individual schools and allows principals to have more control over the cost of the teachers at their individual school.

New York City has worked to devolve restricted special education funds into their Fair Student Funding Formula, which shifts from funding per class type to funding individual student needs. FSF aims to eliminate the view of special education as strictly prescriptive, immovable and segregated from the kind of innovative thinking that occurs in general education.

Newark Public School District

Program Name: Weighted Student Formula

Implementation: 2011–2012 School Year

Program Type: District-Wide

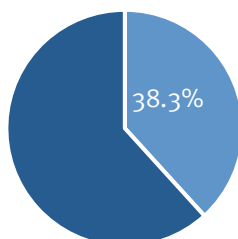
Legal Authorization: State Superintendent and State Authorization

FY2013 Weighted Student Formula:

	Base	K	Elem.	Mid.	High
Base Allocation	1.0	.06	.08	0.98	0.19
Special Ed.*			1.00 – 1.183		
ELL			0.113		
At Risk			0.09		

*Special education weight differs by severity (cognitive mild and cognitive moderate) and specific disability (learning, auditory, behavioral, multiple disabilities, autism, resource room).

FY2014 Principal Autonomy:



Source: NPS 2013–2014 Budget Hearing

Highlights: In 2011, then-State Superintendent Clifford B. Janey introduced weighted student formula, which received a vote of approval from the Advisory Board and was first implemented during the 2011–2012 budget cycle. NPS’s weighted student formula is designed to ensure that all schools offer all students the complement of academic programming and wrap-around services that are believed to be essential for students to succeed. WSF has enforced accountability through a teacher evaluation and merit-pay program where high achievement and highly effective ratings are tied to raises and bonuses.

In June 2013, NPS strengthened its weighted student formula policy by introducing a plan—One Newark—that ends residential assignment and allows students to choose any public school in Newark. The plan allows families to fill out one application and list their schools of choice in order of preference, ending the practices of geographical assignment and streamlining the process of applying to charter schools.

Oakland Unified School District

Program Name: Results-Based Budgeting

Implementation: 2004–2005 School Year

Program Type: District-Wide

Legal Authorization: State Administrator

Results-Based Budgeting Formula:

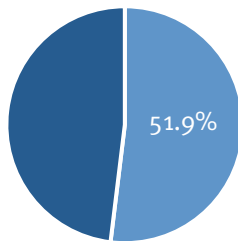
Total School Allocation = General Purpose (GP) Allocation + Categorical Funds + Balancing Pool Subsidy (if eligible)

School’s GP Allocation = Per-Pupil Allocation (different for elementary, middle and high school levels) × Projected Enrollment of Students × Average Daily Attendance (ADA)

Highlights: In 2003 Oakland Unified faced a fiscal crisis that led to a state takeover of the district, which provided a unique opportunity to make rapid change in the district after a history of poor academic and financial performance. In partnership with the Bay Area Coalition of Equitable Schools (BayCES), the appointed State Administrator Randolph Ward began the Expect Success initiative to create a more accountable school district. In 2004, in addition to launching a fundraising campaign to reform the district, Dr. Ward and district administrators in conjunction with a member of BayCES quickly designed a new framework for Oakland’s school finance policy called “results-based budgeting” (RBB). Despite forced budget cuts to the district, RBB has allowed the district to make the majority of reductions to the central office, protecting unrestricted funding that goes to schools.

Another significant aspect of the district’s autonomy resulting from RBB is that Oakland charges schools actual rather than average salaries to better address funding equity in the district. By using actual salaries, schools with less-experienced teachers have lower teacher-related costs and more of their budget can be redirected toward resources that would support and help retain experienced teachers in schools serving a larger percentage of high-poverty students.

FY2013 Principal Autonomy:



Source: OUSD 2012–2013 Budget

Prince George's County Public School District

Program Name: Student-Based Budgeting

Implementation: 2012–2013 School Year

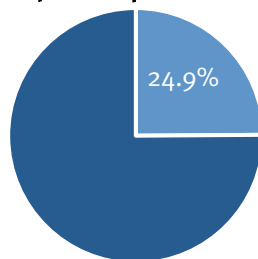
Program Type: District-Wide

Legal Authorization: School Board Policy

FY2013 Student-Based Budgeting Formula:

Base Allocation	Base	K	Elem.	Mid.	9 th
	1.0	.05	.11	0.27	0.11
Poverty	0.03				
ELL	Begin.	Intermediate		Adv.	
	0.54-0.6	0.51		0.40	
Performance	Low		High		
	0.04		0.03		

FY2014 Principal Autonomy:



Source: PGPCS Board of Education Approved FY2013 Operating Budget

Highlights: In 2011 Prince George's County public schools elected eight schools to participate in a pilot program that would inform how student-based budgeting and school-level flexibilities should be implemented district-wide. All schools district-wide adopted student-based budgeting beginning in the 2012–13 fiscal year. The district's essential components of SBB are student-focus, equity in funding, flexibility and school-based decision-making, and transparency.

PGCPS demonstrates the value of having well-developed tools that make student and principal objectives and student outcomes transparent and easily accessible. The district's Principal Evaluation Tool spells out objective measures of student and school achievement tied to principal effectiveness. Also, the district provides a one-stop portal which contains a data warehouse where school leaders, teachers and administrators can access information about school and student performance.

Poudre Public School District

Program Name: Student-Based Budgeting

Implementation: 2007–2008 School Year

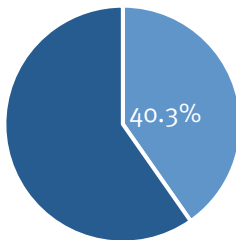
Program Type: District-Wide

Legal Authorization: School Board Policy

FY2013 Student-Based Budgeting Formula:

	K–12 th	Supplement K–3 rd
Base Allocation	1.00	0.14
FRL		0.20
ELL		0.20
ELL & FRL		0.25
Gifted		0.10
Geographic		0.805
Small Schools		0.0 – 0.20

FY2013 Principal Autonomy:



Source: PSD 2012–2013 Budget Review Committee

Highlights: Poudre Public School District, located in Fort Collins, Colorado, adopted student-based budgeting in February 2007 following a year-long study and in-depth discussion with principals about the new funding allocation system. The district already had several characteristics which fit well with the student-based budgeting design including school choice and site-based management. Student-based budgeting complemented these characteristics by offering a more equitable, transparent, flexible and student-centered model of funding rather than the traditional staffing model that allocated funding to schools based on the number of full-time equivalent staff employed.

Poudre’s student-based budgeting has served as a flexible and transparent tool for budgeting, especially when schools are faced with declining enrollment. Rather than schools losing entire teaching positions based on the staffing model when fewer students are enrolled, instead the school loses the money for the actual loss in enrollment—not an entire position. This allows the school to be more flexible about how to handle financial loss in the budgeting process.

San Francisco Unified School District

Program Name: Weighted Student Formula

Implementation: 2002–2003

Program Type: District-Wide

Legal Authorization: School Board Policy

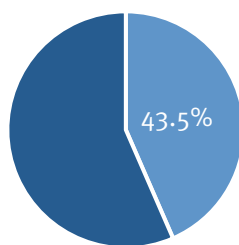
FY2013 Weighted Student Formula:

Base Allocation	K–3 rd	4 th –5 th	6 th –8 th	9 th –12 th
	1.264	1.00	1.14	1.19
Poverty	0.090			
Special Ed.*	Non-Sev.	Sev.	Resource	
	0.185	0.325	0.01	
ELL**	Beg.	Adv.	Long-Term	
	0.07 - 0.186	0.54	0.84	

*Non-severe and severe special education weights vary by grade level.

**Beginning weight differs by grade level (K – 5th, 6th – 8th, and 9th – 12th) with lower grades having a lower weight and higher grades having a higher weight.

FY2013 Principal Autonomy:



Source: SFUSD 2012–2013 Budget

Highlights: School Superintendent Dr. Arlene Ackerman introduced weighted student formula as a pilot program with 27 school in the 2001–02 school year. Based on the positive results of the pilot, the following year the San Francisco Unified school board implemented weighted student formula district-wide based on a five-year plan, “Excellence for All,” which had three main goals: to improve academic achievement for all students, increase equity in resource allocation, and establish accountability for student outcomes.³⁷

San Francisco’s weighted student formula has allowed schools to better align their budgets with academic goals so that school leaders can focus on how to best use school-level resources to raise student achievement. The district also uses an academic plan called the “balanced scorecard” to guide school-level accountability. The scorecard outlines common goals and objectives and the responsibilities of schools, departments and individuals in reaching them in order to hold everyone involved accountable for improving student achievement. The framework also provides a mechanism to communicate progress and feedback throughout the school district.

Saint Paul Public School District

Program Name: Site-Based Budgeting

Implementation: 2002–2003

Program Type: District-Wide

Legal Authorization: School Board Policy

FY2013 Site-Based Budgeting Formula:

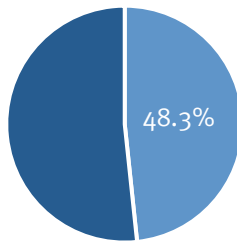
	Elem.	K–8 th	Secondary
Base Allocation	\$5,763	\$5,529	\$6,167
Special Ed.*	Integration funds provided by the state		
FRL	Based on number of FRL students.		
Referendum Revenue**	Local taxes distributed on a per-pupil basis		
Federal Funding***	Title I federal revenue distributed to schools		

*Integration funds provided by the state to create an inclusive environment for special education.

**Derived from a local 2006 tax-supported referendum.

***Distributed to schools based on the number of students who qualify for the free or reduced lunch program.

FY2013 Principal Autonomy:



Source: SPPS 2012–2013 Adopted Budget

Highlights: Facing declining enrollment and varying funding across schools, Saint Paul Public School District adopted site-based budgeting in 2002 in order to more equitably allocate resources to schools. The district’s site-based budgeting philosophy also gives principals more autonomy over their school-level budgets using the philosophy that each school site’s “School comprehensive improvement plan” (SCIP) will drive the school budget process.

However, in the district’s new 2013–2014 strategic plan, “Strong Schools, Strong Communities,” the district has moved away from site-based management to “shared leadership and accountability” and has a new, more uniform staffing formula where the district “centrally allocates instructional funds to better serve all students.”³⁸ Although the district has made moves toward more-centralized decision-making and funding, schools will remain funded using a site-based budgeting model and principals will continue to work with site councils to determine how to best use school funding.

State of Hawaii

Program Name: Weighted Student Formula

Implementation: 2006–2007

Program Type: State-Wide

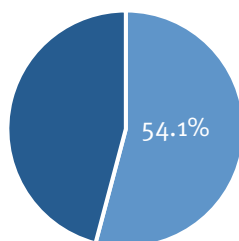
Legal Authorization: School Board Policy

FY2013 Weighted Student Formula:

	K	Elem.	Mid.	High
Base Allocation	1.15	1.00	1.04	1.00
FRL		0.10		
ELL*	NEP 0.328	LEP 0.164	FEP 0.055	
Transiency		0.05		
Gifted		0.265		
Neighbor Island		0.004		

* NEP = Non-English Proficient,
LEP = Limited English Proficiency,
FEP = Fully English Proficient

FY2013 Principal Autonomy:



Source: HI Dept. of Education Budget Execution Section

Highlights: The state of Hawaii implemented weighted student formula in 2006–07 as a means of providing a more equitable system of school finance, streamlining the allocation of resources to schools, and ushering in a process for increasing local authority over educational decision-making. Since its implementation, the amount allocated to schools through the formula has increased by 11.3 percent—from \$655.4 million in 2006–07 to \$729.7 million in 2012–13.³⁹

A 2013 study by American Institutes of Research found that funding equity has increased under WSF as evidenced by statistically stronger, positive relationships between funding and student need across all grade levels since implementation.⁴⁰

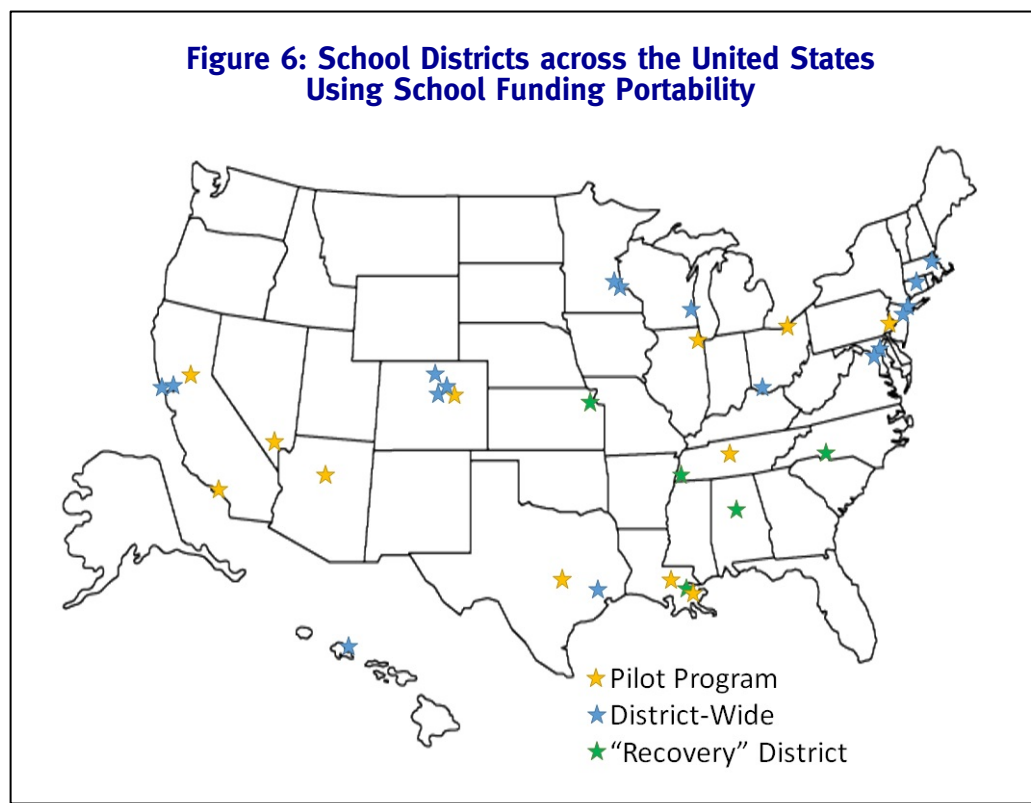
A survey of Hawaii’s WSF stakeholders identified a number of successes of WSF including consistent and equitable funding to all schools, an earlier budgeting process allowing for better planning, the creation of SCCs permitting community representatives to be included in the school budgeting conversations, autonomy and flexibility offered to principals around school budgeting, the potential to bring about more accountability and less waste.

D. Expanding School Funding Portability Across the U.S.

In addition to the school districts across several states that have already adopted school funding portability models district-wide, several more school districts are showing interest in the school finance model. Taking the moniker “student-based budgeting,” “fair student funding,” “backpacking” or most commonly “weighted student formula,” school funding portability pilot programs are popping up around the nation. These pilot programs implement weighted student formula in selected schools within a given school district. By initiating a pilot program first, school districts are able to experiment with their formula and added principal autonomy, which is integral to the policy. The pilot allows the district to find how to best design a formula that creates the most equity across schools, and develop the right level of support to school leaders prior to adopting the policy district-wide.

In some parts of the country where there is a high concentration of chronically failing schools—such as New Orleans’s Recovery School District in Louisiana—policymakers are taking more drastic measures. In these cases, rather than piloting new programs to try to fix the school district, the state takes over and creates a brand new, fully autonomous school district. The state then places several of the worst failing schools from the old district under control of the new district. Many of the schools placed in the new district are re-opened as fully autonomous charter schools. Other schools, which remain under the purview of the new district, enjoy charter-like autonomy where money follows the students to their schools and principals have a high level of autonomy over their budget, staffing positions and curriculum.

Figure 6 shows a map of school districts across the United States that have implemented weighted student formula district-wide and those that are experimenting with pilot programs. The map also shows areas in the U.S. that are operating fully autonomous “recovery-style” school districts.



At the state level, policymakers in at least three states are exploring or have adopted legislation to move toward per-pupil school district funding.

- California:** In 2013, Governor Jerry Brown of California signed into law California's new Local Control Funding Formula (LCFF). The restructuring of California's school finance formula will increase equity in student funding state-wide by giving additional resources to students with greater need on a per-pupil basis. The new finance formula also aims to increase accountability and transparency of budget practices.

LCFF began in the 2013–2014 school year and will fund school districts in California on a per-pupil basis differentiated by grade spans.⁴¹

Supplemental funding will go to counts of pupils designated as low-income, English learners and foster youth.⁴² In addition, districts where disadvantaged students make up 55 percent or more total enrollment receive "concentration grants" equal to another 50 percent for every student above the 55 percent threshold.⁴³

- **Michigan:** In 2012, Michigan’s Governor Rick Snyder proposed an “open enrollment” plan that would completely restructure Michigan’s school finance system. The proposal would knock down school district boarders and allow any school to enroll non-district students. In turn, the per-pupil funding from the state to school districts would be attached to the students and would follow them to the schools of their choice, not to the school district to which they are residentially assigned.⁴⁴ The proposal also included giving early high school graduates up to \$10,000 for college, expanding online learning options, and reducing money to schools that fail to improve student test scores.

Most of Governor Snyder’s proposal was dismissed, but some ideas stuck, such as the creation of performance-based funding. Signed into law in 2012 to take place in the 2012–2013 school year, the Performance Based Bonus (PBB) is provided to Michigan school districts to incentivize student academic growth. Each district is eligible for a \$100 per pupil bonus that is divided into three pieces: \$30 for improvement in math in elementary/middle schools, \$30 for improvement in reading in elementary/middle school, and \$40 for improvement in all tested subjects in high schools.⁴⁵

Eligibility for the elementary/middle school bonus is determined based on Michigan’s Performance Level Change (PLC) metric and measured annually.⁴⁶ Eligibility for the high school bonus is determined by the four-year slope of each district’s overall high school proficiency rate.⁴⁷ If a given district is eligible for any part of the \$100 bonus, it is then distributed to every enrolled pupil in the district regardless of grade level.

- **Ohio:** In 2013 the Ohio legislature replaced the state’s school funding formula with a per-pupil formula that will take effect for FY 2014–2015.⁴⁸ The state’s share of the total per-pupil funding for each district varies depending on the district’s wealth index, which is determined by district property values. For districts with less property wealth, or a high percentage of low-income residents, the state picks up a larger share of the total district allotment.⁴⁹ Also, all districts are given additional per-pupil resources for certain student groups such as students with disabilities, students from low-income families, and gifted students.⁵⁰

The following four sections expand upon each school district running weighted student formula pilot programs and “recovery-style” districts in the West, Midwest, Northeast and South United States.

1. School Funding Portability Expansion in the West

California is home to two school districts that use school funding portability models as their school finance mechanism, with two more of the state's school districts operating pilot programs. Similarly, three Colorado school districts have adopted weighted student formula district-wide with one other district using a pilot program. Nevada and New Mexico also each have a school district piloting weighted student funding. The California, Colorado, Nevada and New Mexico pilots are described below:

Los Angeles Unified School District, CA – Los Angeles Unified School District (LAUSD) phased in its Belmont Pilot Schools Network beginning in the 2007–2008 school year. The district's pilot program was modeled after the Boston Pilot Schools Network, which at the time had a pilot program in 20 innovative Boston schools and has since expanded the pilot to become a district-wide program.⁵¹ LAUSD's Belmont Pilot Schools Network was established by a unique agreement that both the district and unions will allow approved pilot schools to be exempt from district policies and mandates but they must follow state and federal guidelines.⁵² Approved pilot schools have autonomy over five key areas: budgeting, staffing, curriculum, governance and scheduling.⁵³ The number of approved pilot schools has grown from just 10 in 2007–2008 to 49 in 2012–2013.⁵⁴

Twin Rivers Unified School District, CA – During the 2009–2010 school year Twin Rivers Unified School District (TRUSD) partnered with American Institutes for Research (AIR) and Pivot Learning Partners (PLP) to implement and evaluate the district's Strategic School Funding for Results (SSFR) project.⁵⁵ SSFR was designed to more equitably allocate resources within the district, increase budget transparency, encourage autonomy, innovation and efficiency, and strengthen accountability for improving student outcomes.⁵⁶ Currently 19 schools are part of the SSFR pilot program.

Adams 12 Five Star Schools, CO – The Adams 12 public school district in Colorado implemented the first phase of its new student-based budgeting model in 2013. Prior to the student-based budgeting model, Adams 12 used a “lump sheet” method of distributing funds to schools with limited input from principals of how those funds could be used.⁵⁷ Principals then had to fill out several budget forms and worksheets to be sent back and forth, which increased the chance of redundancy and inaccuracy. By implementing student-based budgeting the district aims to increase budget transparency and accountability, and empowers schools with greater discretion and flexibility.⁵⁸ The new funding model now

allows principals to look at their budgets as a whole and more clearly understand how much discretionary funding they have autonomy over.

Clark County School District, NV – Clark County School District (CCSD) in Nevada piloted its Empowerment School Program in the 2006–2007 school year. By December 2007 a total of 14 schools in Clark County submitted empowerment proposals that outlined how their schools would employ five autonomies (governance, budget, staffing, instruction and time) to address the needs of the school community and increase student achievement.⁵⁹

Santa Fe Public Schools, NM – District administrators from Santa Fe Public Schools in New Mexico plan to adopt fair student funding (FSF) in the 2013–2014 school year in some schools, with hopes to expand the policy district-wide in 2015–2016.⁶⁰ New Mexico uses a funding formula from the state-to-district level that sends money to school districts based on various factors like student needs, district size, whether or not district enrollment is growing, or if it is a rural school district. Fair student funding will replace the district’s traditional staff-based funding model with a per-pupil funding based on student need, which will ensure that the funding for students who require additional resources follows them to their school.

School administrators aim to gain added budget transparency by adopting FSF, which will express school budgets in terms of actual dollar amounts rather than full-time equivalent (FTE) staff. Also, under FSF school communities will have greater autonomy over how their school operates. School leaders will be able to develop academic plans, budgets and staffing plans tailored to their schools’ specific academic needs with training and assistance from the district’s central office, rather than absolute control.⁶¹

2. School Funding Portability Expansion in the Midwest

Two school districts in Minnesota use district-wide weighted student formula policies called “site-based management.” Milwaukee Public Schools in Wisconsin also uses a district-wide policy. In Ohio the movement toward weighted student formula is expanding, with one district operating district-wide and another with plans to implement its pilot program district-wide in the 2013–2014 school year. Similarly, one school district in Illinois currently is running a pilot program with plans to expand district-wide by 2015. Kansas City officials are gearing up to transform one underperforming district to a “recovery-style”

district, turning failing schools over to nonprofit organizations for operation. The Illinois, Kansas City and Ohio initiatives are described below:

Chicago Public Schools, IL: The Chicago Public Schools (CPS) school board authorized the district’s student-based budgeting pilot program, Renaissance 2010 (Ren10), in the 2005–2006 school year. The goal of the program was to provide all families—regardless of their socio-economic standing—with options for a high-quality education.⁶² The basic principle of the program is “autonomy in exchange for accountability” as accomplished through three qualities: every new school is held accountable to a five-year performance plan or agreement, every school’s achievement is measured by a standard set of metrics beyond test scores, and schools enjoy freedom over curriculum, length of school day and school year budget.⁶³

In 2013 CPS CEO Barbara Byrd-Bennett announced that the district will expand student-based budgeting district-wide at the start of the 2014–2015 school year. By moving to the student-based budgeting model, CPS will give greater autonomy to school principals so that they may invest resources in a way they believe will best meet their students’ needs.⁶⁴ The district’s new per-pupil funding formula will assign a base weight for students with an additional weight for students with special needs, varying by grade level.⁶⁵ The portion of flexible funding, allocated to schools on a per-pupil basis, will represent about 50 percent of schools’ budgets and include money for core staff, education support personnel, supplies and additional instructional programs.⁶⁶

Kansas City Public Schools, MO: In 2013 the Missouri Department of Education worked with CEE-Trust and Public Impact to produce a plan to take control of the consistently underperforming Kansas City Public Schools (KCPS) district. The plan addresses that the KCPS school system is failing its students, not those employed in the system, which is the impetus for reform. According to the report two core conditions must work together to create a high-performing urban school: that educators run schools and that schools are held accountable.⁶⁷ One of the main actions outlined in the plan that would provide for those conditions is to strip away the district’s central office and replace it with a new, slimmed-down “Community Schools Office” (CSO).⁶⁸ The CSO would oversee performance of the city’s public schools and hold them accountable for student outcomes, but allow an array of nonprofits to actually run the schools. The CSO would also be in charge of ensuring that schools have funding, facilities and transportation. While in transition, the school CSO will house a “Transition Authority,” which will be charged with operating schools until enough high-quality independent nonprofit organizations can take over as school operators.⁶⁹

Cleveland Metropolitan School District, OH: In 2012 Cleveland Metropolitan School District (CMSD) passed into law *The Cleveland Plan*, and in 2013 a strategic plan was outlined to transform the district.⁷⁰ Several stages of the plan have been completed to transition the district from a traditional centralized school district to a portfolio district, including launching the district's Transformational Schools Pilot program in nine of the district schools. CMSD has also started implementing a system to measure performance and drive improvement at the central office, school and individual level, and has begun to put more school autonomy in place in an effort to improve outcomes. Specifically, in the coming 2013–2014 school year, as outlined in CMSD's strategic plan, principals will fully understand and begin to use the new flexibilities and autonomies afforded to them and hiring protocols will move from the central office to the school. However, there is still much work to be done.

Additional goals for the 2013–2014 school year are: finalizing a financial model for student-based budgeting, expanding the district's roll-out of training and coaching on strategic resource use and school design for 10 to 15 schools in a second Transformation Schools cohort, and creating new tools and systems to evolve the central office's support for schools as they transition to greater budget and school design autonomy.⁷¹

By June 2016, Cleveland Metropolitan School District plans to have *The Cleveland Plan* fully up and running. A few notable goals of the plan are to fully implement student-based budgeting, aiming to give principals authority over nearly 70 percent of their budget costs as opposed to the one percent that principals now control.⁷² In addition, the district will open 18–24 new district and sponsored/partner charter schools to expand choice and replace failing schools. The district hopes to have full enrollment in high-performing schools, and will reduce the number of low-performing schools by 50 percent.⁷³

3. School Funding Portability Expansion in the Northeast

Maryland, Massachusetts, New York, Connecticut and New Jersey are home to school districts that use district-wide school funding portability models as their school finance mechanism. Pennsylvania may be able to join that list if administrators in the School District of Philadelphia continue to push for the creation of a student-based budgeting policy.

The School District of Philadelphia: In 2010, then-Schools Superintendent Arlene Ackerman created the \$5 million weighted student funding pilot program.⁷⁴ Fifty-seven city schools participated in the program, each receiving \$150 extra per student enrolled regardless of need.⁷⁵ Ackerman’s plan called for expanding the pilot district-wide by the 2011–2012 school year, however the pilot program has since fallen through as the district elected new leadership.

Now a new face is fighting for school finance reform and emphasizing the need to adopt a student-based budgeting plan—Philadelphia Mayor Michael Nutter. In 2013 Mayor Nutter put forth a funding proposal that he touted as a long-term fix to the School District of Philadelphia’s (SDP) chronic budget problem. The proposal included increasing the state’s subsidy for public education, restoring a version of charter reimbursement that was eliminated prior to the 2011–2012 school year to help offset the cost of charter schools, and form a commission to develop and implement a weighted student formula.⁷⁶ Though his 2013 proposal did not reach fruition, in his 2014 inaugural remarks Mayor Nutter continued to stress the need for a city-wide and even state-wide school finance overhaul with the creation of a student-based budgeting formula.⁷⁷

4. School Funding Portability Expansion in the South

Louisiana’s Recovery School District in New Orleans serves as a model of school district relinquishment for other states looking to find solutions for chronically failing school districts. Two other Louisiana districts have implemented weighted student formula pilot programs. In Tennessee, one school district has launched its school-based budgeting pilot program, and another is operating its own “recovery-style” district. Texas’s Houston Independent School District has a district-wide weighted student formula, and another Texas district is experimenting with a pilot program. Two school districts, one in Alabama and one in North Carolina have made progress to allow a number of schools to operate with charter-like autonomy. The Alabama, Louisiana, Tennessee and Texas initiatives are described below:

Birmingham, Alabama’s Woodlawn Innovation Network: In 2013 the Birmingham Board of Education drafted, voted on and submitted a waiver to the state asking that five schools within the Woodlawn Innovation Network gain charter-like autonomy. Alabama does not currently have a charter school law allowing the authorization of charter schools, but if passed, school principals in the Innovation Network would gain similar autonomy. The Innovation Zone plan asks that participating schools are given autonomy over hiring and firing

decisions for teachers and staff, allow principals to be CEOs of their schools, directly managing budgets and exercising flexibility over how funds are spent and allowing autonomy over curriculum and extending the school calendar.⁷⁸

The Woodlawn Innovation Network would form partnerships with the University of Alabama and Lawson State Community College, along with other education providers to existing high schools within the Network into academies with interest-based themes. The academies would focus on the arts, science, mathematics, engineering and technology called “STEAM” academies among elementary schools, Innovation academies among middle schools, and Fast Track Early College academies among high schools.⁷⁹

New Orleans Parish School District, LA: In an effort to fix the chronically failing New Orleans Parish School District, the state of Louisiana formed the Recovery School District (RSD) in 2004, giving the newly formed district autonomy over operation of schools placed in the district. By November 2005, the Louisiana Board of Elementary and Secondary Education (BESE) shifted 114 low-performing Orleans Parish schools to the state-run RSD.⁸⁰ The drastic shift left only 17 schools under the control of the Orleans Parish School Board (OPSB).⁸¹

The state takeover transformed the public school system in New Orleans by moving from a centralized single-district model to a multi-district model with a portfolio of independent and autonomous charter and charter-like schools. RSD schools are funded on a per-pupil basis, and each school principal may use that money to staff his school as he likes and pay for whatever instructional methods he chooses.⁸² RSD’s fully autonomous schools have reduced reliance on the central office, making it a lean organization whose primary responsibilities are holding principals accountable for student outcomes and closing failing schools.⁸³ The RSD also holds an open enrollment policy where students residing in the district may apply to any school using a common application. Currently RSD is comprised of 60 charter schools and 15 charter-like schools that are run by the district.⁸⁴

Jefferson Parish Public School System, LA: Since the beginning of 2011, the Jefferson Parish Public School System (JPPSS) has undertaken several reforms under the district’s *Jefferson EDGE 2020* strategic plan. Reforms that have already been enacted include the Jefferson Parish School Board voting to close several underperforming schools and granting charters to new schools.⁸⁵ In 2013 the district continued to work on additional reforms, such as formulating a student-based budgeting approach that ties school funding to students and gives principals more autonomy over staffing, curriculum, budgeting and operations.⁸⁶

The district also has worked on downsizing and re-organizing the central office, placing greater emphasis on teacher evaluations, and strengthening accountability measures for principals.⁸⁷ The overhaul of the school district has already improved district performance, with the Louisiana Department of Education grading JPPSS as a “B” district in 2013, up from a “D” district just two years prior in 2011.⁸⁸

East Baton Rouge Parish School System, LA: In 2013 the East Baton Rouge School Board approved the East Baton Rouge Parish School System (EBRPSS) 2013 strategic plan with a seven to four vote.⁸⁹ The district Committee for Educational Excellence (CEE) developed the plan containing six objectives focused on one bold goal: EBRPSS be among the top 10 school systems by 2020.⁹⁰ The six objectives outlined in the plan focus on early childhood education, academic expectations, governance and accountability, culture, neighborhood schooling and school choice, and community and parental involvement. Specifically, one of the strategies under the governance and accountability objective is to institute student-based budgeting policies similar to funding formulas used by charter schools or the state student-based budgeting pilot program to maximize school-level funding and principal autonomy. In addition, the plan calls for transparent annual report cards that show school performance, performance management for teachers and school leaders, and training and instructional coaching.

Charlotte-Mecklenburg, NC: The Charlotte-Mecklenburg public school district is taking a nuanced approach to give nine schools within the district more autonomy over their budgets and how they operate. Project Leadership and Investment for Transformation—Project LIFT—is a \$55 million investment from corporate and family foundations as a non-profit organization.⁹¹ After formally entering into a public/private partnership with the Charlotte-Mecklenburg school board in early 2012, Project LIFT began its first year of operation in 2013.⁹²

In its inaugural year, Superintendent of the Project LIFT zone Denise Watts made talent the number one priority. The autonomy LIFT zone school principals have over hiring and firing decisions allows them to remove teachers that they believe are not mission-aligned, as well as offer signing, performance and retention bonuses for others. Zone schools also have been able to expand the school day and year, and give a greater focus on technology in the classroom by having autonomy over their school budgets. Through the project’s four pillars—time, talent, technology, and community and parent engagement—the project hopes to reach its goals of having 90 percent of students proficient in reading

and math, 90 percent of students achieving more than one year's growth in one year's time, and 90 percent of students graduating high school.⁹³

Metro Nashville Public Schools, TN: Dr. Jesse Register, director of Metro Nashville Public Schools (MNPS), launched the district's school-based budgeting pilot program beginning in the 2013–2014 school year. The 15 schools participating in the pilot program receive an average of around \$6,300 per enrolled student. Of the per-pupil allotment, principals have over 92 percent complete autonomy, with the remaining money going to central services like transportation, food, human capital, textbooks, building services, etc.⁹⁴

MNPS plans to expand the pilot program to 50–60 schools in the 2014–2015 school year, with a goal of expanding the program district-wide by 2015–2016.⁹⁵ Over the next few years, as the district continues to further improve the program, MNPS leaders plan to develop a weighted student formula to more equitably allocate per-pupil resources to schools rather than the flat per-pupil amount currently used in the pilot program.⁹⁶ Also, MNPS's strategic compensation committee is developing a plan that rewards high performing teachers, with a goal of implementing the plan for the 2014–2015 school year.

Memphis's Achievement School District, TN: In 2010 the Tennessee Department of Education launched Tennessee's Achievement School District (ASD). Modeled after Louisiana's Recovery School District, the Achievement School District was created to launch the bottom five percent of schools in Tennessee to the top 25 percent. The district's strategy for accomplishing this goal is to increase freedom and autonomy at the state and district level while holding schools accountable for results through the district's School Performance Framework.⁹⁷ ASD also is focused on cultivating capacity by recruiting and training talented teachers, many of whom come from Teach for America and the Memphis Teacher Residency.⁹⁸

During the 2013–2014 school year ASD had jurisdiction over 15 schools in Memphis and one school in Nashville. Ten of the 16 schools are charters serving 3,000 students, with the other six schools directly operated by ASD serving 2,000 students.⁹⁹ ASD took over an additional six schools in 2013, which will expand the district to 22 schools beginning in the 2014–2015 school year, with hopes to add another 13 schools by 2016.¹⁰⁰

In addition to the Achievement School District, the combined Shelby County-Memphis School District created an "Innovation Zone" that encompasses 13 schools that have budget and hiring autonomy.¹⁰¹

Austin Independent School District, TX: During the 2012–2013 school year Austin Independent School District (AISD) interviewed 83 principals for their input on moving to a more equitable and flexible funding framework using student-based budgeting. Of those interviewed, 89 percent felt that flexibility should be increased, 37 percent mentioned that training and support for school leaders would be a critical success factor for student-based budgeting, and 43 percent expressed strong interest in participating in a pilot program. After presenting the findings to the AISD Board of Trustees, by a vote of eight to one the Board adopted the motion to move forward with development of the pilot. The next steps for the district are to establish a design framework, process and structure for implementing a weighted student formula funding system in a cohort of 10–20 schools targeted to begin in the 2014–2015 school year.¹⁰²

About the Author

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