



District
Management
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SPOTLIGHT

Shifting Resources Strategically to Fund District Priorities

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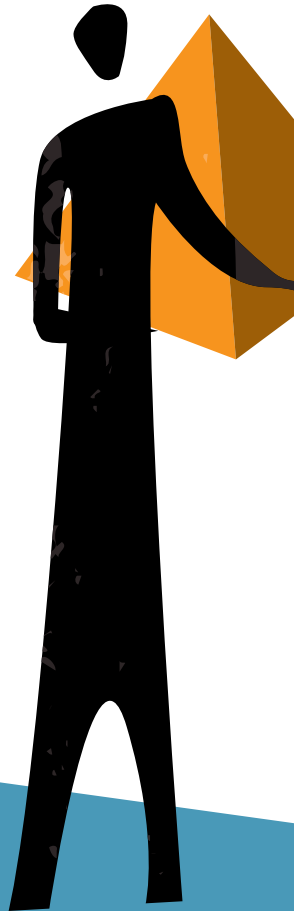
SHIFTING RESOURCES STRATEGICALLY

to Fund District Priorities

Nathan Levenson and Kristen Keen

DMC Spotlight represents the thinking and approach of the District Management Council

Weathering financial pressures is nothing new to districts and district leaders. Through good times and bad, school and district leaders have always worked hard, planned carefully, and toiled to use taxpayer dollars wisely. However, the recent pressures on district budgets represent a seismic shift. In the past, the tough times typically lasted only a few years. The budget gaps were managed through short-term fixes, such as delaying textbook and technology purchases, deferring maintenance, reducing professional development, and cutting back on coaching; these measures were weathered until spending levels returned to normal. The difference now is that many districts are facing sustained, multi-year funding gaps with no significant relief in sight. As Secretary Arne Duncan stated, school districts are now facing a “new normal.”





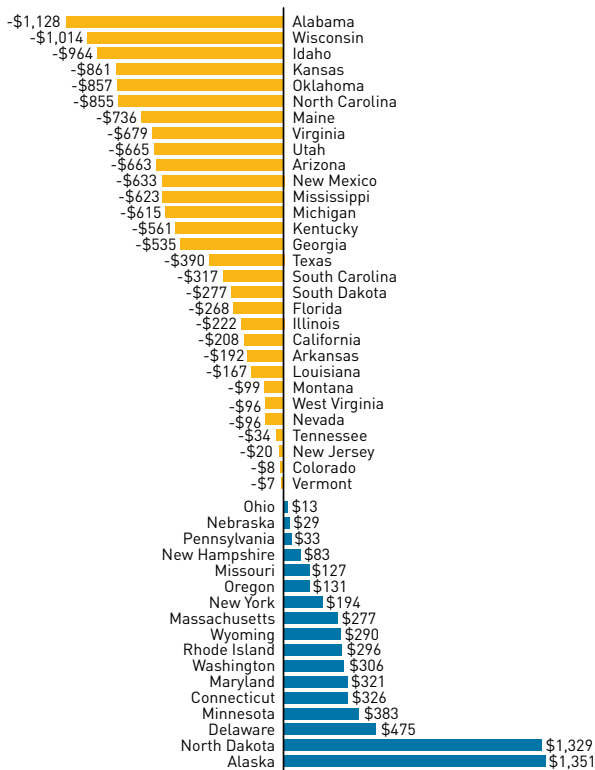
Meanwhile, more demands are being made of districts than ever before. Despite limited or shrinking resources, districts are being asked to meet rising standards, respond to greater student needs, and prepare students for the 21st-century workplace. School and district leaders struggle to find the resources to maintain current programs and support for students. Finding funding to launch new initiatives to raise student achievement, add technology, and train teachers to provide greater social-emotional support seems a nearly impossible task.

If student achievement is to rise and new demands are to be met within the context of the “new normal,” school districts need to find new ways to operate with these tighter budgets. Funds need to be found within the existing budget and be reallocated to support key strategic efforts. The good news is that not only is this possible but some of this funding can be found hiding in plain sight. We focus here on three key areas: general education staffing levels, special education services, and federal funds such as Title I, II, and III. Identifying opportunities to shift resources to fund top priorities requires a fresh look, some specialized expertise, a more granular examination of data, and benchmarking. More can be done with less, and funds can be identified within the current budget that can be shifted to further your strategic objectives and improve outcomes. →

New Challenges Demand a New Approach

While the national economy may be on the rebound from the Great Recession that began in mid-2008, school revenue continues to be affected. In fact, data released by the National Center for Education Statistics in January 2015 indicates that overall per-pupil spending dropped in 2012 for the second year in a row after more than a decade of increases in per-pupil funding for K-12 public schools.¹ With the decrease in federal funding from Race to the Top funds, state spending trends may be even more indicative of the future. The Center on Budget and Policy Priorities asserts that state budgets provide less per-pupil funding for K-12 students than they did six years ago at the beginning of the financial crisis.²

Exhibit 1 STATE BUDGETS CHANGE IN PER-PUPIL SPENDING, FY 2008 TO FY 2015 (INFLATION-ADJUSTED)



Source: Center on Budget and Policy Priorities budget analysis.

Moreover, in more than a quarter of the states surveyed by the Center on Budget and Policy Priorities, per-pupil funding is 10% or more below pre-recession levels (*Exhibit 1*).

Given these trends, waiting for the financial climate to improve is not a great option for students. In times past, most tight budget years were followed fairly soon by more generous ones. Spending on strategic priorities sometimes needed to be delayed, but not abandoned. This riding out the storm approach seemed a reasonable solution to a temporary challenge. Some seven years since the start of the Great Recession, the wait for good times to return seems to have no end in sight. And, costs such as steps and lanes, pensions, and insurance are growing faster than funding.

So, what are the choices?

1. Find temporary funding through grants

Federal, state, or philanthropic grants have often provided the means for districts to offer more or new services for students or staff. However, the programs funded by grants are typically able to be piloted only to a small group of schools or students or can cover only a specific period of time to get the program launched.

While this choice may help jumpstart a district initiative, it is not a long-term sustainable option. Strategic priorities, by their very definition, are long-term efforts and require long-term funding to sustain them. Too often, the end of the grant is the end of even the most effective programs or efforts.

2. Implement strategic initiatives on a smaller scale

While this approach may appear to be a reasonable compromise in tight times, this “half a loaf is better than none” approach is not an effective or fair choice for all students.

For example, an initiative to improve reading by adding skilled reading teachers for daily Tier 2 intervention and adding an instructional coach for each school to beef up core instruction is a best-practice plan. But when the costs are added up, the compromises begin. Due to budget constraints, extra help might be added every other day instead of every day, and only one coach might be added for every three schools, and so on.

Too often, the new resources are spread so thin that they have little to no impact on students and teachers. These partial shifts in resources lead to watered-down programs or strategies without the depth and scale needed to have a meaningful effect on student outcomes.

3. Take a fine-grain, laser-like review of current spending, and shift resources toward strategic priorities

By closely reviewing current spending in finer detail than is typical and by shifting resources at scale, districts can do the most good for the most students.

This shifting of resources does mean that in some identified areas, the budget, programs, and staff will be reduced so that these resources can be redirected to strategic priorities. It can feel wrong to add new programs or to invest in new staff while cutting in other areas. And it likely will feel unfamiliar: historically, many school districts have linked new improvements to having new funds. But the “new normal” is changing the demands on district leadership and demanding these difficult decisions.

“If things are to change, some things must change” is a simple but profound truism. If districts are to raise student achievement and meet the ever-mounting needs of their student populations within the context of this new normal, things must change. Budgets, current spending, and outcomes must be examined in granular detail to assess what is working successfully and what is not, and courageous shifts must be made to direct resources where they can do the most good for students.

Hiding in Plain Sight

Surprisingly, opportunities to shift resources are often hiding in plain sight. It can be difficult for districts to identify these opportunities because virtually all long-standing practices seem appropriate and necessary. The feeling that the district has looked under every rock and explored every

nook and cranny can lead to the sense that very few funds can be freed up for top priorities. But better data, specialized expertise, benchmarking, and the experience of other districts can help identify alternatives.

Collecting more detailed and better data than is typically collected during budget planning can reveal a surprising amount of resources to free up for district priorities. Not only is it possible to uncover a significant amount of resources, but often a large amount of these funds can be shifted within the first year. All the districts shown below had felt that few choices remained after all that had been done to weather years of tight budgets, but more detailed data and specialized expertise showed otherwise (*Exhibit 2*).

Districts are large and very complex organizations with many areas to examine when looking for funds to redirect (see “Other Opportunities to Shift Resources,” p.21). Here, however, we focus on the three large areas of general education, special education, and federally funded programs. As these can be some of the largest parts of district budgets, districts pay great attention to these areas and often feel that little change is possible in terms of spending. But opportunities are often hiding in plain sight. And precisely because the spending is so substantial in these areas, small changes can result in significant amounts of money being freed up to support strategic objectives. →

Exhibit 2 RESOURCES IDENTIFIED FOR REALLOCATION

DISTRICT TYPE	ENROLLMENT	FUNDS IDENTIFIED FOR REALLOCATION	YEAR 1 ACTUAL SAVINGS REALIZED
Small Urban <i>(very tight budgets)</i>	5,000	\$5.6 million	\$2.2 million
Suburban <i>(very low spending)</i>	9,500	\$4.7 million	\$3.5 million
Gateway <i>(chronically broke)</i>	12,000	\$4.6 million	\$1.2 million
Large Urban <i>(years of budget cuts)</i>	55,000	\$40 million	\$10 million

Budgets, current spending, and outcomes must be examined in granular detail to assess what is working successfully and what is not, and courageous shifts must be made to direct resources where they can do the most good for students.

Managing General Education Staffing with Fine-Grained Data

Because general education staffing is the largest part of any district budget, districts have focused for years on managing these line items and often feel few opportunities exist to change spending. The key to finding these hidden opportunities is examining data that is not usually collected or reviewed during the budget development process.

High School Opportunities

In many districts, the largest opportunities to free up funds without reducing offerings or changing existing class-size targets are at the high school level. A deeper look at fine-grained data is needed—specifically, enrollment data for each section of every course for every period of the day for every teacher.

Analyzing enrollment data by period and teacher highlights whether some teachers are assigned less than a full teaching load, whether some classes are split into smaller sections because extra staff is available, whether scheduling limitations are creating smaller than desired classes, and whether course offerings create very small sections.

In one district, this type of analysis revealed that Spanish, Family Science, and Physical Education classes at the high school had smaller-than-targeted class sizes; enrollment in these courses had dropped over time even though total high school enrollment had not. The school's scheduling software created full teaching loads, rather than recommending fewer staff. As a result of the data analysis, funds for four full-time equivalents (FTE) could be redirected. The same school also discovered that both its math and English departments had a number of staff that could teach an extra period a day if their classes were more efficiently scheduled (while still within existing class-size targets). These extra periods were used to provide high-quality intervention to struggling students, thus reducing intervention spending elsewhere in the budget, including in special education.

Section-level analysis can also shed much insight into high school course offerings. For example, in a low per-pupil spending district of around 10,000 students, an analysis of section-level data for courses at the high school revealed a proliferation of low-enrollment courses. In the Career and Technical Education department alone, almost three-quarters of the courses offered had less than the target class size: a quarter of the sections had fewer than ten students, and some had just one or two students.

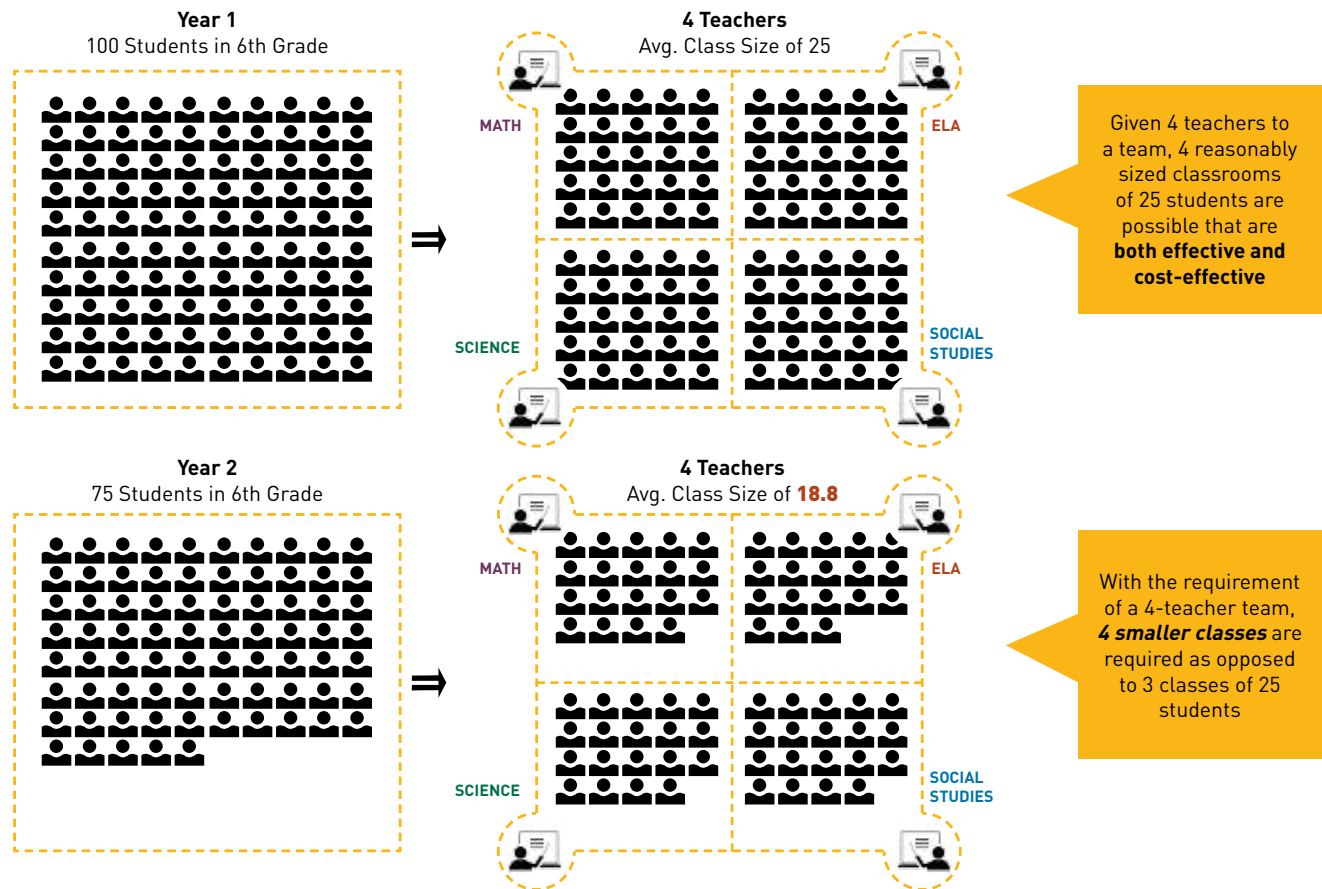
By combining low-enrollment courses, e.g. teaching Auto Tech 3 and 4 at the same time, and offering some classes every other year, the school freed up \$750,000 without dropping any career pathway or exceeding existing class-size targets.

Middle School Opportunities

Over the past few decades, many districts have adopted middle school staff teaming structures to better support the emotional and developmental needs of young students in transition from elementary school to high school.³



Exhibit 3 STAFFING CONSTRAINTS OF MIDDLE SCHOOL MODEL



While this middle school teaming model may provide more social-emotional supports, the teaming structures present significant challenges to cost-effective staffing.

In one district with around 11,000 students and three middle schools, district leaders had historically used a middle school teaming model that included four teachers to a grade-level team—one for each core subject (one math, English, science, and social studies teacher per grade). When each grade had approximately 100 students, each class met the district’s target of 25 students. The model became much more costly when enrollment dropped to about 75 students per grade. Instead of being able to maintain the target class size of 25 students and reduce the number of teachers from four to three for the grade, the rigid staffing structure required the district to retain the four teachers to cover the four core subjects and

maintain the teaming structure; smaller classes of around 18 students per class were then created in order to maintain full teaching loads (*Exhibit 3*).

In addition, while many other teachers in the district taught five periods per day, this middle school model had teachers teaching four periods a day, with one period per day used for team meetings. By moving away from a teaming model, the district was able to free up over \$2 million and adjusted staffing to be more flexible to meet varying school needs as enrollment shifted.

In addition to the financial implications, middle school models may merit revisiting. Research suggests that students who transition from an elementary school to a 6-8 middle school have drops in test scores compared to their peers →

attending K-8 schools.⁴ Given these effects on student outcomes, there is a growing trend across the country to rethink grade and staffing configurations in middle schools.⁵

Elementary Classroom Opportunities

Most districts spend substantial time and energy developing staffing guidelines and class-size targets at the elementary level. Yet, these well-defined and carefully crafted guidelines are not always adhered to for a variety of reasons. Staffing levels may not always shift quickly enough in response to varying enrollment from year to year. Also, district policies regarding school assignment or specialized classes such as English Immersion or Gifted and Talented can make it very difficult to adhere to stated district targets.

This was the case for a district with around 5,000 students. Targets for staffing and class size were established, and most schools were living within these targets. Over time, however, student enrollment had shifted at certain schools and in certain grades, but staffing had remained fairly constant. When students moved, the schools they left did not adjust their staffing, but the schools to which the students moved were allocated more staff. Then when the district leaders reviewed staffing each year, they looked at the district's average class size, which appeared to be well within their class-size targets. Even the average across each school indicated the schools were operating within district targets. Only when district leaders looked at class sizes room by room, grade by grade, and school by school did they identify specific grades at specific schools that were well outside the targets. Even though these

accounted for less than 10% of all classrooms in the district, adjustments to these resulted in savings of almost \$500,000 which was then redirected toward other district priorities. This example highlights the importance of analyzing the data on a more granular level. It also demonstrates that opportunities can be found even in a tightly managed district, and that sizable savings can result from relatively small adjustments.

The same type of analysis can also be applied to more effectively manage the allocation and scheduling of specials teachers (art, music, PE) at the elementary level without reducing a minute of art, music, or PE for students. To uncover these potential opportunities, districts need to drill down and examine individual specials teachers' schedules. When beginning this review, there are two main questions to keep in mind:

- 1. Does the staffing allocated to each school exactly match the need at each school?**
- 2. Is the time of specials teachers being scheduled effectively?**

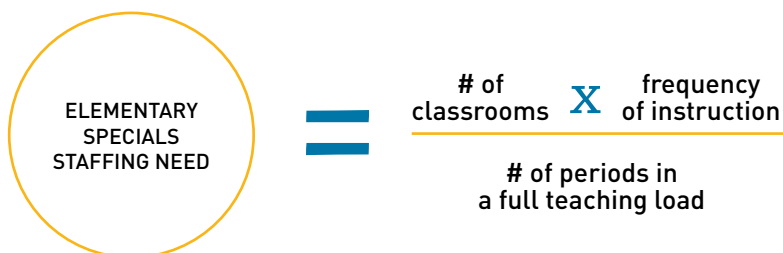
To understand whether allocated specials resources match school need, detailed information is needed, including the number of classrooms, the frequency with which each special is offered, and the total number of classes a specials teacher can teach per the contract. With this information, the required number of elementary specialists needed can be precisely calculated (*Exhibit 4*).

While this calculation indicates how many staff are needed per school and per special, this number alone is not sufficient.

Another crucial element is whether the staff's time is being scheduled efficiently. To answer this question, districts need to review master elementary specials' schedules. Often specials' schedules have open periods or downtime gaps, either because a school doesn't need a full-time specials teacher or because specials have not been scheduled back to back. Only when master specials' schedules are thoughtfully designed will staffing be deployed most efficiently and effectively.

One district with ten elementary schools chose to examine more deeply their elementary

Exhibit 4 CALCULATING ELEMENTARY SPECIALS STAFFING NEED



specials' scheduling and staffing. They had long assumed that they were so "understaffed" that most children could receive a special only four days a week instead of five. What they first found was that specials offerings across the district were inconsistent: students were not receiving the same amount of time for PE, art, or music. While it was previously believed that the district did not have enough resources to adequately and equitably allocate specials staff to all schools, the analysis showed not only that there was enough staffing to increase equity across the district, but that approximately 35% of the specials staffing costs could be freed up and shifted to other district priorities without reducing one period of specials for even one child. The district is now considering redirecting these resources to hire more certified interventionists and/or expanding the specials offerings at elementary schools, both key strategic priorities.

Maximizing the Impact of Federal Grants

Federal grants like Title I, II, and III can be the source of the most readily available funds to support strategic priorities. Often, however, federal grants are not allocated or managed to maximize support and alignment with the district's top priorities. There are three reasons this can be the case:

1. Lack of visibility about the spending of federal grants

Although the superintendent and the cabinet closely scrutinize every line of the operating budget every year, they often do not review federal grant budgets with the same level of attention. A federal funds manager, a program coordinator, or historical practices usually dictate how the grant dollars are spent, and these decisions are not adjusted each year to reflect the district's strategic priorities. A coordinated budget that combines the operating budget and major grant budgets into one unified and comprehensive budget can help shine a light on the district's activities as a whole.

2. Inaccurate interpretation of allowable spending

Federal grants come with lots of limitations; these dollars cannot be spent on just anything. Experts in the field, however, report that many districts limit their options more than necessary based on inaccurate information, myths, or flawed interpretations of what is actually allowed. This occurs even when they check with federal or state personnel. Federal rules actually provide much more flexibility than is recognized in most districts. An expert in the field can help reveal opportunities.

Not only is it possible to uncover a significant amount of resources, but often a large amount of these funds can be shifted within the first year.

3. The fear of noncompliance

The last thing a district wants is to receive a letter of noncompliance from the state department of education threatening the loss of funding. This fear often leads districts to avoid all but the safest of decisions. It is easiest to meet compliance requirements with separate and/or unrelated projects; however, students are best served when all district dollars, including federal dollars, are tightly linked to the district's key strategies and priorities and are routinely evaluated for effectiveness, and not just compliance.

Some districts have addressed these real challenges head-on. They have created very detailed listings of how every grant dollar is spent, and then have sought to shift these dollars to support key district priorities wherever possible. They have brought in experts to guide them and help them steer clear of noncompliance. They ask, "How can we spend these dollars on x?" rather than "Can we?" or simply assuming, "We can't."

In an urban district of roughly 5,000 students, a deeper look at Title I spending at the school level uncovered around \$1.5 million in resources that could be shifted to align with top district priorities. It was discovered that Title I funds were being used to hire over 200 paraprofessionals and only six certified interventionists, one reading specialist, and no math specialists. This significant funding of paraprofessionals was a clear misalignment of resources given the district's priority of improving core instruction, which would be better achieved by directing funding to hiring more specialists and certified interventionists. →

Detailed data provide district leaders a much clearer picture of what is happening in the district and what is happening for students.

In this case, the misalignment occurred not only due to limited central office oversight and scrutiny into how Title I funding was being used at the school level, but also due to a lack of clarity about who was responsible for making decisions on the use of the funding. Central office believed principals were in charge of making the decisions; meanwhile, the principals thought that these resource decisions, inherited from their predecessors, reflected the wishes of the central office. The detailed analysis helped make visible how these funds were being used, and in the end, both district leadership and school principals were in agreement that these Title I funds could be better aligned with their top priorities. With \$1.5 million in misaligned resources uncovered, the district was able to fund five new curriculum and instruction leadership positions, ten instructional coaches, a new early literacy initiative, and a dual language immersion program.

Title II is, in practice, the most flexible of the ESEA Title grants. But since the grant dollars are sometimes distributed directly to the schools, the chance to align the use of these funds with district priorities is often overlooked. Some districts have taken a more aggressive approach by having the district office determine how the funds will be spent

in order to ensure that professional development is tightly aligned to district strategies. Some districts have moved away from funding “sit and git” professional development sessions or paying for attendance at workshops, both of which seldom actually develop educator expertise. Instead, they are using Title II for a wide range of initiatives aimed at improving teaching, including coaching, mentoring, induction programs, implementing new evaluation systems, and performance-based pay.

Title III, designed to support English language learners (ELLs), is the least flexible of the ESEA Title programs because its use is restricted to direct services for EL students and their teachers. That said, districts have found ways to integrate and coordinate Title III-funded services with other district services. For example, one district uses Title III funds to pay for the portion of its six-week summer academy for ninth graders that serves newcomers and EL students at risk of failure.

Increasing the Reach of Special Education Staff

Special education directors usually know exactly how much needs to be spent on special education in order to be in compliance with state maintenance of effort laws; however, special education directors often do not have a detailed understanding of how staff spend their time each day or how services are being delivered to students.

Using technology to gather and analyze special education staff schedules in granular detail can provide key insights into how staff spend their time and how they serve students. Having this data also provides an opportunity to benchmark against other districts. Staffing levels have been found to vary greatly, even when normalized for enrollment, demographics, and per-pupil spending. For example, some districts have been found to have nearly three times as many special education teachers as similar districts and more than four times as many paraprofessionals. In addition, detailed data has revealed to some districts that their special education staff spend 50% or less of their workweek directly supporting students, and spend a great deal of time in meetings and on paperwork. Some districts also discover that some staff work with far fewer students than their colleagues, even if the IEPs don't require the smaller groups. These variations typically result from the complexities of scheduling, variation in needs by school, and variation in the allocation of resources.

OTHER OPPORTUNITIES TO SHIFT RESOURCES

Detailed data provide district leaders a much clearer picture of what is happening in the district and what is happening for students. This data can allow district leaders to create more detailed staffing guidelines. Although there are carefully managed class-size guidelines and teaching-load guidelines for general education, most districts have few straightforward rules regarding remediation and intervention staffing. Applying clearer guidelines to group size, workload, and the amount of time to be spent with students can allow schools to increase equity of workload among staff and to ensure that student needs are 100% met and that more time is spent with students—and that this is all done more cost-efficiently.

Funding Your Top Priorities Is Possible

Tight or shrinking district budgets are becoming the new norm, and it is important for the central office to believe and to communicate that more really can be done with less by shifting resources to support top priorities. Using different and more detailed data can help districts identify opportunities for freeing up funds in order to focus on strategies with the potential for greater student achievement gains.

Identifying the opportunities is the first step. But implementing the shift in resources can be equally if not more challenging. Cutting long-standing cherished programs, cutting budgets, and cutting staff to invest in new programs and to hire new staff can feel wrong. However, “if things are to change, some things must change.” If districts are to respond to rising standards, greater student needs, and the demand for 21st-century skills, and if they are to achieve this within their financial constraints, a fresh look and deep analysis of the data combined with bold and courageous leadership are needed. Bold action and new approaches are required in order to deliver results for those the district serves: the students. ♦

General education, federal grants, and special education aren't the only areas where opportunities to shift funds can be identified. Based on the wisdom of experts from around the country and the experience of highly effective school districts, DMC has identified additional opportunities to free up funds to support top priorities. While not all of these will be applicable, a few are likely to apply to most districts.

The list includes:

Operational Costs

- General education transportation
- Energy
- Maintenance
- Custodial
- Food service
- Instructional technology

Teacher Effectiveness

- Professional development costs
- Cost-free PD opportunities
- More-effective instructional coaching
- Less costly instructional coaching

Struggling Students

- Paraprofessionals
- Intervention staff
- Speech and language
- Out-of-district placements
- Alternative schools

Non-Instructional Staff

- Central office
- School-based administrators
- Clerical support
- Library/media
- Guidance counselors

Revenue

- Maximizing Title I
- Medicaid

Instructional Time

- Teacher absences
- Extended day or year
- Blended or online learning

The key to sifting through these categories to identify meaningful opportunities is a combination of benchmarking and fine-grained data.

Benchmarking lets a district know if others have found a way to do the same things more cost-effectively. One district, as an example, was surprised to learn that most similar districts had far fewer custodians, maintenance, and grounds staff. This realization led to a deep review of roles and responsibilities, and revealed some duplication of responsibilities. Prior to receiving the analysis, they had been quite confident that the district had a reasonable level of staffing. In fact, the staffing level had been high for so long that it simply had come to seem normal.



NOTES

¹ Emma Brown, “Nation’s Per-pupil K-12 Funding Fell for Second Consecutive Year in 2012,” *The Washington Post*, January 29, 2015.

² Michael Leachman and Chris Mai, “Most States Funding Schools Less Than Before the Recession,” *Center on Budget and Policy Priorities*, May 20, 2014.

³ Peter Meyer, “The Middle School Mess,” *EducationNext*, Volume 11, No. 1, Winter 2011. ⁴ Martin R. West and Guido Schwerdt, “The Middle School Plunge,” *EducationNext* Volume 12, No. 2, Spring 2012. ⁵ Peter Meyer, “The Middle School Mess,” *EducationNext*, Volume 11, No. 1, Winter 2011.