



## Ensuring Equitable Funding

School funding is an enduring inequity in education, in which schools located in whiter and wealthier communities receive greater state and local funding (e.g., higher property taxes, local levies, and fundraising), which in turn can buy more and higher-quality resources (e.g., stronger curriculum, more experienced teachers, new and renovated facilities). Equitable funding is critical<sup>1</sup> to ensure that all schools and students have the opportunity to meet high standards and achieve the American Dream of equality and opportunity. Without granular reporting of financial information, it can be difficult to uncover inequities between schools and districts (e.g., federal funds for low-income students and students with disabilities can mask lower levels of state and local spending in less affluent schools or in schools with higher concentrations of students of color). ESSA requires increased financial reporting, including per-pupil allocations, to help shine a light on inequitable funding, and its funding flexibility pilot provides up to 50 districts nationally with the opportunity to consolidate and reallocate state, local, and federal funds based on student need.



### What's the Opportunity?

In an effort to advance equity, the Every Student Succeeds Act (ESSA) provides federal funds to assist states and districts in meeting the needs of traditionally underserved students, including students of color, students from low-income families, English learners, students with disabilities, and students who are homeless or in foster care. In exchange for robust data reporting, increased transparency, and a commitment to improve underperforming schools, ESSA provides states and districts with the financial flexibility to use federal ESSA funds on a wide range of actions.

Traditionally, district leaders have limited federal funds to expenditures that clearly met federal compliance requirements, such as funding additional academic interventions, due to concerns about triggering federal audits or oversight. While the law's requirement to ensure that federal funds supplement, and do not supplant, state and local funds remains, district and school leaders are no longer bound by accounting restrictions that required to them to make cumbersome financial demonstrations.<sup>1</sup> As a result, district and school leaders now possess greater latitude to

<sup>1</sup> Bruce Baker, *How Money Matters for Schools*, Learning Policy Institute, December 2017, [https://learningpolicyinstitute.org/sites/default/files/product-files/How\\_Money\\_Matters\\_REPORT.pdf](https://learningpolicyinstitute.org/sites/default/files/product-files/How_Money_Matters_REPORT.pdf).

invest ESSA funds in ways they think are most likely to benefit underserved students, including aligning their use of ESSA funds with the district's existing strategic priorities.

This guide is intended to help district leaders disrupt the compliance mindset and inertia that have characterized traditional implementation of federal grants and leverage federal funding and programs in service of a more equitable education system.



## Overcoming Potential Barriers to Equity

- Ensuring the district's financial/data infrastructure can accurately collect, disaggregate, and report on the financial data needed to surface inequities (e.g., allocations vs. expenditures, across-schools spending vs. within-school spending).
- Building district and school leaders' capacity to understand what might be driving inequities (e.g., other sources of targeted student funding such as IDEA, teachers' experience levels, size of student body) and how school-level financial data is related to other student data (e.g., number of pupils, student demographics).
- Revising existing district policies (e.g., collective bargaining agreements, salary scales), which may impede the district's ability to adjust school-level spending.
- Justifying additional spending for underserved students ("equitable spending") even after any school-to-school funding gaps have been eliminated ("equal spending") and managing political battles around the reallocation of funding.
- Accounting for the addition of private funds (e.g., PTA fundraising, philanthropic and in-kind donations) that may undermine efforts to equalize spending for underserved students.



### Example: Large, Urban Districts Transition to Funding Based on Student Needs

Student-based allocation provides one example of how school districts can build upon ESSA's financial transparency requirements to target financial resources for schools based upon their student population. Student-based allocation refers to districts using "a fixed dollar increment per student and allocat[ing] resources to schools based on their student enrollment."<sup>2</sup> Compared to districts where student-based allocation is not used, per-pupil funding in student-based allocation

<sup>2</sup> Marguerite Roza and Cory Edmonds, *What Portion of District Funds Follow Students?* Edunomics Lab at Georgetown University, June 2014, [http://edunomicslab.org/wp-content/uploads/2014/10/14\\_ELI\\_001\\_SBA\\_F.pdf](http://edunomicslab.org/wp-content/uploads/2014/10/14_ELI_001_SBA_F.pdf).

districts are weighted based on student characteristics such as language status, ability status, poverty, or grade level. Despite the many barriers that can exist for districts interested in moving to student-based allocation, several districts have made the transition. Denver Public Schools (DPS) and Boston Public Schools (BPS) have each dedicated a growing proportion of their districts' general funds to student-based allocation.

BPS began its transition to student-based allocation in 2011, shifting 40 percent of the district's total budget to student-based allocation. In BPS, the district uses additional weights for students who research shows cost more to educate, including younger students, English Learners, students with disabilities, and students who had had their schooling interrupted (e.g., migrant students).<sup>3</sup>

DPS began its transition to student-based allocation in 2008. DPS now distributes 37.6 percent of its budget using a student-based allocation model, weighting for student factors such as whether students are English learners, low-income, or have a disability.<sup>4</sup> The district continues to increase the proportion of its total budget using a student-based allocation model, incorporating additional revenue streams such as a mill levy.<sup>5</sup>

ESSA provides a springboard for districts interested in adopting a student-based allocation model. ESSA's required financial transparency reporting is a necessary precursor to the creation of a student-based allocation model, and ESSA provides flexibility through its Weighted Student Funding Pilot for districts that are interested in designing a funding system that braids federal, state, and local funds and targets additional funds to groups of students with the greatest need. Districts may also move to student-based budgeting without participating in this pilot. Information about the Weighted Student Funding Pilot and is available from the US Department of Education.<sup>6</sup>

---

<sup>3</sup> Marguerite Roza and Cory Edmonds, *Boston Public Schools: Weighting What Matters*, Edunomics Lab at Georgetown University, June 2014, [http://edunomicslab.org/wp-content/uploads/2014/06/14\\_EL\\_001\\_SBA\\_Boston\\_F.pdf](http://edunomicslab.org/wp-content/uploads/2014/06/14_EL_001_SBA_Boston_F.pdf); Christina Samuels, "Transitioning to a Weighted Student-Funding Formula," Education Week Webinar, [http://edunomicslab.org/wp-content/uploads/2014/06/14\\_EL\\_001\\_SBA\\_Boston\\_F.pdf](http://edunomicslab.org/wp-content/uploads/2014/06/14_EL_001_SBA_Boston_F.pdf).

<sup>4</sup> Roza and Edmonds, *What Portion of District Funds Follow Students?*

<sup>5</sup> Marguerite Roza and Cory Edmonds, *Denver Public Schools: Making More Money Follow Students*, Edunomics Lab at Georgetown University, June 2014, [http://edunomicslab.org/wp-content/uploads/2014/06/14\\_EL\\_001\\_DPS\\_Case\\_Study\\_F-2.pdf](http://edunomicslab.org/wp-content/uploads/2014/06/14_EL_001_DPS_Case_Study_F-2.pdf).

<sup>6</sup> <https://www2.ed.gov/policy/elsec/leg/essa/scfp/studentcentered.html>



## What Should I Look for in My State Context?

---

All states were required to submit state ESSA plans to the US Department of Education (USDOE), so district leaders interested in ensuring equitable funding should familiarize themselves with the relevant aspects of their state plans<sup>7</sup> related to this equity priority. Questions that district leaders can ask about their state plans and of their broader state context include:

- How does my state fund education? Does it currently use weights associated with student need to distribute funding to districts?
- How will my state implement ESSA's required financial transparency rules? For example, how will my state decide what is attributed to school district spending versus individual school spending?
- Any there any requirements for resource reviews or needs assessments in my state's ESSA plan that analyze or impact funding? If so, my district can use the state templates for resource reviews and/or needs assessments to analyze funding. If not, can my district choose to include this information?
- Will my state apply for the federal waiver to treat targeted assistance schools as schoolwide Title I programs? If so, my district may have some additional spending flexibility associated with Title I programs.
- Is my state creating a fiscal support team to help districts with the implementation of ESSA's fiscal requirements? If so, who is on this team, and what services are they providing?
- How is my state distributing school improvement grants and Title IV funds? Are they using a competitive grant process, distributing by formula, or taking a hybrid approach?



## Turning ESSA's Requirements into Opportunities

---

This table summarizes ESSA requirements for districts and provides illustrative examples of how district leaders could move beyond meeting ESSA's requirements to using the law to drive their strategic priorities. Each box includes a reference to the related ESSA statutory provision found in the ESSA Provisions section of this brief (see p. 7) so that district leaders are able to validate any actions that they take to allocate resources more equitably.

---

<sup>7</sup> All state plans submitted to the US Department of Education are available here: <https://www2.ed.gov/admins/lead/account/stateplan17/statesubmission.html>

	WHAT DOES ESSA REQUIRE DISTRICTS TO DO?	HOW COULD DISTRICT LEADERS BUILD ON ESSA REQUIREMENTS?
<p><b>REPORTING AND DATA ANALYSIS</b></p> 	<p>ESSA requires states and school districts to produce report cards that include information about per-pupil expenditures, including actual personnel and non-personnel expenditures disaggregated by source of funds at the district and school levels.<sup>ii</sup></p>	<p>Districts can use ESSA’s financial transparency requirement as an opportunity to drive bigger conversations around equitable funding, expanding the equity conversation beyond funding to include other dimensions affected by funding like teaching, school design, instructional support, and central services. Districts can then leverage the financial transparency data to make long-needed but hard changes in these other dimensions (e.g., reallocating teachers, reorganizing schools).</p> <p>District leaders can also commit to making financial data as meaningful and actionable and possible by:</p> <ul style="list-style-type: none"> <li>• Using comparative data to understand relative differences – not just absolute values.</li> <li>• Sharing school resource data in context of school need and school performance.</li> <li>• Including explanatory data that show what drives differences in spend levels across schools.</li> <li>• Integrating other dimensions of resource equity to show the ways in which financial resources are (or are not) invested strategies and structures that drive student achievement.</li> </ul>
<p><b>SET PRIORITIES AND MAKE DECISIONS</b></p> 	<p>Districts are required to conduct resource reviews for schools that are identified for comprehensive support and improvement and additional targeted support and improvement.<sup>iii</sup></p>	<p>Resource reviews of comprehensive and additional targeted improvement schools should include an analysis of district- and school-level budgeting, including an examination of expenditures (not just allocations) and all funding sources (e.g., PTA funds). District leaders should conduct these reviews for all schools in the district, not just those where it is required by ESSA.</p> <p>ESSA’s Weighted Student Funding Pilot provides an opportunity for districts to reallocate funds in a way that will likely drive more money to schools identified for school improvement.<sup>iv</sup></p>



## Using Flexible Funding

This table provides illustrative examples of the ways that district leaders can use ESSA funding to move towards ensuring equitable funding. The examples below are meant to elicit creative thinking about braiding funds to accomplish this equity initiative; they are not exhaustive.

### OPPORTUNITY

Target funding to Title I schools	<p><b>TITLE I</b> Shift money from Titles II and IV into Title I so that other title funding goes only to Title I schools<sup>v</sup></p> <p><b>TITLE II</b> Shift money from Titles II and IV into Title I so that other title funding goes only to Title I schools<sup>v</sup></p> <p><b>TITLE IV</b> Shift money from Titles II and IV into Title I so that other title funding goes only to Title I schools<sup>v</sup></p>
Prioritize competitive grants to high-needs schools	<p><b>TITLE II</b> Ensure competitive grant proposals prioritize high-need schools (e.g., Teacher and School Leaders Incentive Program<sup>viii</sup>, Literacy Education for All<sup>x</sup>, American History and Civics Education, School Leader Recruitment and Support<sup>x</sup>, Magnet Schools Assistance<sup>xi</sup>)</p> <p><b>TITLE IV</b> Prioritize 21st Century Community Learning Center grants for low-performing schools<sup>vi</sup></p> <p><b>OTHER GRANTS</b> Ensure competitive grant proposals prioritize high-need schools (e.g., Teacher and School Leaders Incentive Program<sup>viii</sup>, Literacy Education for All<sup>x</sup>, American History and Civics Education, School Leader Recruitment and Support<sup>x</sup>, Magnet Schools Assistance<sup>xi</sup>)</p>
Braid Title IV funds with other initiatives focused on underserved students	<p><b>TITLE IV</b> Target Title IV-A district grants to low-income students, minority students, and English learners<sup>vii</sup></p> <p><b>OTHER GRANTS</b> Apply for ESSA’s Teacher and School Leader Incentive Fund (TSLIF), which prioritizes high-need schools<sup>viii</sup></p>

\*Title II and Title IV funding can be moved into any other Titles. Titles I and III cannot be moved.



## Resources

- Education Resource Strategies’ Resource Check: a tool to assist districts in analyzing their resource use  
<https://www.erstrategies.org/tap/resourcecheck>
- Education Resource Strategies’ Transforming School Funding: a guide for districts interested in implementing student-based budgeting  
<https://www.erstrategies.org/cms/files/2752-transforming-school-funding-student-based-budgeting-guide.pdf>
- Edunomics Lab’s Denver Public Schools brief: a description of Denver Public Schools’ efforts to shift more money to student based allocation  
[http://edunomicslab.org/wp-content/uploads/2014/06/14\\_EL\\_001\\_DPS\\_Case\\_Study\\_F-2.pdf](http://edunomicslab.org/wp-content/uploads/2014/06/14_EL_001_DPS_Case_Study_F-2.pdf)
- Edunomics Lab’s Boston Public Schools brief: a description of how Boston Public Schools shifted to student based allocation  
[http://edunomicslab.org/wp-content/uploads/2014/06/14\\_EL\\_001\\_SBA\\_Boston\\_F.pdf](http://edunomicslab.org/wp-content/uploads/2014/06/14_EL_001_SBA_Boston_F.pdf)



## ESSA Provisions

This table provides statutory references for district leaders so that they can draw upon ESSA to validate district changes that promote improving low-performing schools in service of equity.

	ESSA STATUTORY LANGUAGE
i	<p>A special rule within ESSA’s supplement, not supplant provision changes the financial accounting methodology as follows:</p> <p>‘(1) In general.—A State educational agency or local educational agency shall use Federal funds received under this part only to supplement the funds that would, in the absence of such Federal funds, be made available from State and local sources for the education of students participating in programs assisted under this part, and not to supplant such funds.</p> <p>(2) Compliance.—To demonstrate compliance with paragraph (1), a local educational agency shall demonstrate that the methodology used to allocate State and local funds to each school receiving assistance under this part ensures that such school receives all of the State and local funds it would otherwise receive if it were not receiving assistance under this part.</p> <p>(3) Special rule.—No local educational agency shall be required to—</p> <p>(A) identify that an individual cost or service supported under this part is supplemental; or</p>

	<p>(B) provide services under this part through a particular instructional method or in a particular instructional setting in order to demonstrate such agency’s compliance with paragraph (1).” [Sec. 1118(b)(1)-(3)].</p>
ii	<p>Beginning in the 2018-19 school year, district report cards must include “the per-pupil expenditures of Federal, State, and local funds, including actual personnel expenditures and actual nonpersonnel expenditures of Federal, State, and local funds, disaggregated by source of funds, for each LEA and each school in the State for the preceding fiscal year” [Sec. 1111(h)(1)(C)(x); the state report card requirements outlined in this section also apply to districts. This information, as well as additional district report card requirements, is outlined in Sec. 1111(h)(2)(C)].</p>
iii	<p>For all schools that the state identifies as needing comprehensive support and intervention (CSI) in a district, the district must work with “stakeholders (including principals and other school leaders, teachers, and parents) to develop a plan that:</p> <ul style="list-style-type: none"> <li>“(ii) includes evidence-based interventions;</li> <li>(iii) is based on a school-level needs assessment;</li> <li>(iv) identifies resource inequities, which may include a review of local educational agency and school-level budgeting, to be addressed through implementation of such comprehensive support and improvement plan;</li> <li>(v) is approved by the school, local educational agency, and State educational agency; and</li> <li>(vi) upon approval and implementation, is monitored and periodically reviewed by the State educational agency.” [Sec. 1111(d)(1)(B)(ii)-(vi)]</li> </ul> <p>For schools identified for additional targeted support and improvement (ATSI), school districts must also “identify resource inequities (which may include a review of local education agency and school level budgeting)” [Sec. 1111(d)(2)(C)].</p> <p>Targeted support and improvement (TSI) schools where the performance of any subgroup of students on their own would lead the state to identify the school for CSI must also conduct a resource review [Sec 1111(d)(C)]. If these TSI schools are Title I schools, they can become CSI schools if they do not exit TSI status (exit status for TSI schools is determined by the local educational agency). And in the first year of identification (2017-2018), states “shall notify local educational agencies of any schools served by the local educational agency in which any subgroup of students, on its own, would lead to identification under [the lowest-performing 5 percent of all Title I schools] even without having those schools be identified as TSI schools first [Sec. 1111(d)(2)(D)].</p>



iv	<p>ESSA authorizes a new pilot program for 50 LEAs to design a school funding system that targets additional funds to groups of students with the greatest need. As part of LEAs' applications for the pilot, they will need to provide a range of information, including a description of how the proposed system will support the academic achievement of all students [Sec. 1501(d)(1)(A)(iv)] and how federal funds distributed through the weighted system will be used to serve students supported by such funds [Sec. 1501(d)(1)(F)].</p>
v	<p>According to Sec. 5102(b)(1)(A)-(B)"(1) In accordance with this part, a local educational agency may transfer any funds allotted to such agency under a provision listed in paragraph (2) [Title II-A and Title IV-A] for a fiscal year to its allotment under any other of the following provisions:</p> <ul style="list-style-type: none"> <li>(i) Part A of subchapter I.</li> <li>(ii) Part C of subchapter I.</li> <li>(iii) Part D of subchapter I.</li> <li>(iv) Part A of subchapter III.</li> <li>(v) Part B.</li> </ul>
vi	<p>Title IV, Part B is intended to "provide opportunities for academic enrichment, including providing tutorial services to help students, particularly students who attend low-performing schools, to meet the challenging State academic standards" [Sec. 4201(a)(1)].</p>
vii	<p>Title IV-A states that each state receiving an allotment of Title IV, Part A funds may support school districts in proving programs and activities that "offer well-rounded educational experiences to all students...including female students, minority students, English learners, children with disabilities, and low-income students who are often underrepresented in critical and enriching subjects" [Sec 4104(b)(3)(A)].</p>
viii	<p>Title II-B describes the Teacher and School Leader Incentive Program, through which school districts can "develop, implement, improve, or expand comprehensive performance-based compensation systems or human capital management systems for teachers, principals, or other school leaders (especially for teachers, principals, or other school leaders in high-need schools) who raise student academic achievement and close the achievement gap between high- and low-performing students" [Sec. 2212(a)(1)]</p>

ix	<p>Title II-B describes the Literacy Education for All initiative, stating that an eligible entity includes LEAs “that serve a high percentage of high-needs schools and...serve a significant number or percentage of schools that are implementing comprehensive support and improvement activities and targeted support and improvement activities” [Sec. 2221(b)(2)(A)].</p> <p>A high-needs school is defined as:</p> <ul style="list-style-type: none"> <li>“(i) an elementary school or middle school in which not less than 50% of the enrolled students are children from low-income families; or</li> <li>(ii) a high school in which not less than 40% of the enrolled students are children from low-income families” [Sec. 2221(b)(3)]</li> </ul>
x	<p>Funds reserved under Title II-B for School Leader Recruitment and Support are intended to enable partnerships between school districts and institutions of higher learning or nonprofits to “improve the recruitment, preparation, placement, support, and retention of effective principals or other school leaders in high-need schools” [Sec. 2243(a)].</p>
xi	<p>Funds reserved under Title IV-D for Magnet Schools Assistance will be awarded to LEAs. Priority will be given to LEAs that:</p> <ul style="list-style-type: none"> <li>“(1) demonstrate the greatest need for assistance, based on the expense or difficulty of effectively carrying out approved desegregation plans and the magnet school program for which the grant is sought</li> <li>(2) propose to:</li> <li>(C) replicate an existing magnet school program that has a demonstrated record of success in increasing student academic achievement and reducing isolation of minority groups” [Sec. 4406]</li> </ul>