

COMMENTARY

Misplaced Optimism and Weighted Funding

By **Eric A. Hanushek**

Liberals and conservatives alike have made "weighted student funding" a core idea of their reform prescriptions. Both groups see such weighted funding as providing more dollars to the specific schools they tend to focus upon, and both see it as inspiring improved achievement through newfound political pressures. Unfortunately, both groups are very likely wrong.



The overall idea of weighted student funding—that some students require more resources than others because they require extra educational services—makes sense intuitively and provides a sensible way for states to think about pieces of their school finance systems. The usual categories of students requiring "weights" are those in special education, disadvantaged students as generally defined by family income, and English-language learners.

Indeed, every state in the union currently uses some version of weighted funding, either through explicit inclusion in its funding formula or through allocations using "weighted students" instead of actual students. The federal government's most significant K-12 spending programs target disadvantaged students (through Title I) and students with disabilities (via the Individuals with Disabilities Education Act).

Given that, why is weighted student funding such a common element of reform? The prevailing idea that drives the somewhat surprising alliance of right and left goes beyond simply funding districts according to assessments of needs based on poverty status, special education, language deficiencies, and the like. The reform envisioned is not so much about providing differential dollars based on student needs, but about changing who makes funding decisions. The supporters also importantly call for dollars to go directly to individual schools based on these categorizations of student needs, with individual budget decisions being made at the school level. The unstated goal is to bypass any decisionmaking at the district level—where each group sees intractably bad political outcomes.

But hoping that a new distribution of funding that goes directly to the school level—call it school-based weighted funding—will create the right incentives appears both misguided and possibly harmful.

Let's dig deeper here. Liberals like the concept of school-based weighted funding

because they believe it would push money to schools that serve more-disadvantaged populations, and they tend to focus most on funding variations within urban districts. The highest-poverty schools in urban areas traditionally have received less funding than more-advantaged schools, not because of programmatic disparities, but largely because they employ more rookie teachers who come with lower salaries than more-senior educators.

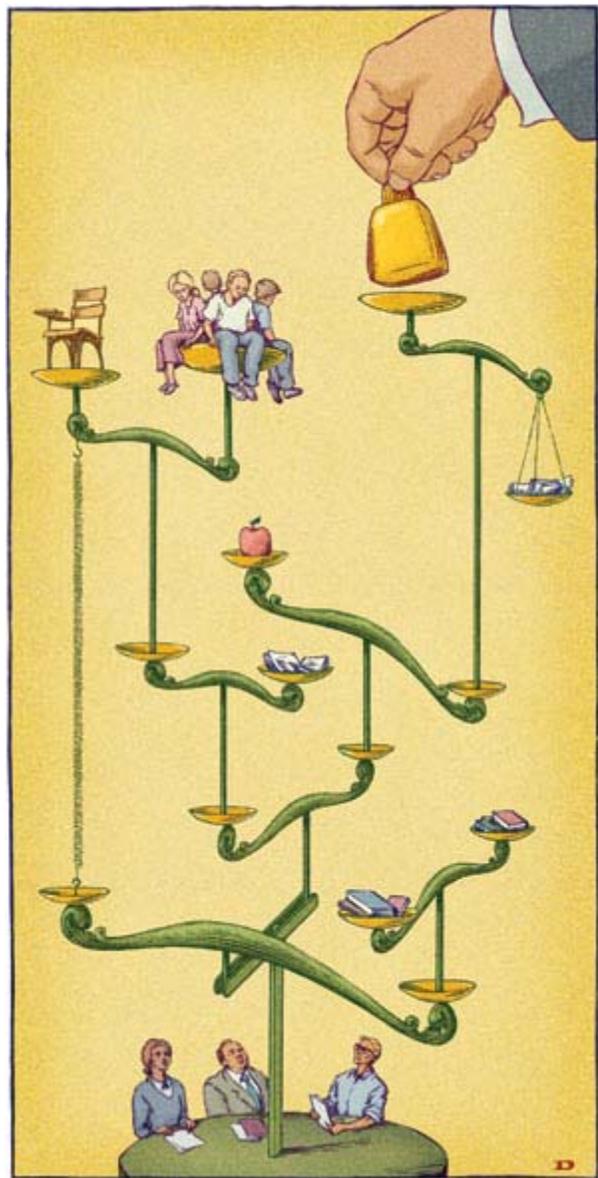
These liberals ignore the fact that local schools have no control over teacher salaries or, for the most part, over the choice of teachers. Thus, the added dollars from the weighted student funding seldom empower them to make choices that improve the quality of teachers. As a result, the benefit of additional funding in a world where the quality of teachers is unrelated to the salary of individual teachers is murky at best.

By contrast, conservatives like the idea because, in their vision, it would push funding to charter schools that traditionally have received less-than-equal shares of federal, state, and local aid. Conservatives focused largely on the federal and state dollars ignore the fact that local funding would not necessarily flow with the child to the charter school under a weighted system. Redirecting the revenue stream would not achieve the parity they seek for charter schools without altering significantly the varied arrangements nationwide for state and local school finance.

At their heart, both positions rely upon an untested view of politics: If only the actual flow of dollars were more transparent, political forces would be inescapably set in motion that would in turn eliminate the current shackles on schools and allow them to make the decisions needed to improve achievement.

We should have absolutely no reason to believe that such a vision will come to fruition. For one, for the vision to hold, we must ignore any questions about decisionmaking capacities at the school level.

The underlying motivation for weighted student funding is built on a presumption that districts are making patently bad decisions, either because of a lack of capacity or distorted incentives. Is it the case that these problems appear just at the district level, but not the school level? Why do we believe that school-level personnel—without any



—Bob Daum

prior training and experience—will become better stewards of resources or better judges of personnel, curricula, or instructional techniques?

Additionally, we must believe that public pressure set in motion by this formulaic funding of schools will sweep away the rigidities of contracts, the desire to insulate the system from competitive pressures, and the interests of current personnel, and will lead to better solutions. Neither of these underlying presumptions appears plausible. What appears to be happening is that we are attempting to produce fresh approaches to regulating the process of education, only at a different level of governance.

"The reform envisioned is not so much about providing differential dollars based on student needs, but about changing who makes funding decisions."

Liberals and conservatives both want improved achievement of all students, but achieving that seems much more likely through rewarding success, rather than relying on the hope that a naive model of political reaction would work better. In simplest terms, weighted student funding does little or nothing to alter incentives for performance in the schools unless the vague hopes behind these ideas are realized.

A contrasting perspective can be seen in funding ideas that change incentives, developed in a book by Alfred Lindseth and me, *Schoolhouses, Courthouses, and Statehouses*. Provide funding to districts that adjusts the base amount for each student—disadvantaged students, English-language learners, or special education students—to reflect differences in education needs. But, having provided funding that recognizes different needs, reward districts that promote greater student achievement. And, don't reward schools and districts where students fail to improve their performance. In other words, provide incentives for greater achievement, and do not reward failure. The different levels of funding compensate districts and schools for different demands on them, but the hopes for improved achievement come from providing incentives directly related to student achievement.

One premise of this alternative is that it is necessary to be clear about what outcomes need to be, but to allow districts to decide how to achieve those goals. Districts may find it useful in their management to employ some sort of weighted student funding for individual schools, but they might alternatively rely on strong district leadership and more-centralized funding decisions. It simply doesn't make sense to try to dictate management rules from the state or national capital.

Schools will not improve until there are greater incentives for improving student achievement. Redistributing funds across schools or increasing the funding to schools by themselves will not magically put us on this path.

Eric A. Hanushek is a senior fellow at the Hoover Institution of Stanford University and a member of the Koret Task Force on K-12 Education.