

Revisiting the DOE's Fair Student Funding Formula

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In 2007, the Bloomberg administration developed a Fair Student Funding formula (FSF) that allocated weighted funding for specific student needs to every city public school. Schools Chancellor Joel Klein hailed FSF as a giant step towards systemic equity. “I think it’s important to the city that we can say that we are being equitable, we are being transparent, and we are treating kids who are in a similar situation the same,” Klein declared.

Since it was implemented in 2007, FSF has never been fully funded, primarily because of fiscal exigencies such as the 2008 financial crisis. Many schools that received significantly more funding than their FSF formula called for, were allowed to keep their excess, sometimes hundreds of thousands of additional dollars. Many other city schools were short funded, receiving considerably less than their FSF called for. In a well-researched CUNY dissertation, *Children First Reforms, Fair Student Funding and the Displacement of Accountability in the New York City Department of Education*, (2015), Daniel Voloch found that in 2013-14, the percentage of funding city schools received varied from 81% to 134% of their FSF amount. Voloch also found an inverse relationship between the percentage of their Fair Student Funding schools received, their school size or enrollment, and their percentages of low-income and ELL students. The larger the school and the larger the percentage of their low-income and ELL students, the less FSF funding those schools received.

This failure to achieve actual rather than rhetorical fiscal equity continued for more than a decade, despite occasional press coverage documenting critical school shortfalls. In spring 2021, Mayor DeBlasio announced that all NYC public schools would receive their full Fair Student Funding allocation, thanks to the federal COVID stimulus and the New York State Legislature’s decision to fully fund the court ruling in the Campaign for Fiscal Equity lawsuit (CFE). (The CFE suit raised constitutional challenges to how New York State funds its public schools.) For some 1,200 out of 1,800 city schools, the mayor’s announcement represented the first time since FSF was established in 2007 that all schools would receive their full FSF amounts. (Note that there was no consideration of reimbursing the many short-funded schools for the 14 years in which they suffered reduced allocations.)

By spring 2021 DeBlasio was a lame-duck mayor, and the city school system had endured a COVID-induced loss of almost 10% of its previously enrolled students. Newly elected Mayor Eric Adams’ 2022-23 schools’ budget, approved in June 2022 by the City Council, called for a cut of \$215 million in FSF school allocations to cover some portion of the fiscal deficit – essentially shrinking the citywide schools’ budget to account for declining enrollment. (The city, state, and federal governments fund NYC schools according to complex formulas, but because the basic calculation is per-student, a 10% enrollment decline would significantly reduce NYC’s annual school funding.)

A teacher/parent suit against Mayor Adams’ budget cuts has halted the imposition of the fiscal cuts due to reduced enrollment, and the Adams administration is rumored to be negotiating with the City Council to reduce or offset the reductions. Since the city has billions of unspent federal COVID stimulus funds, many educators, advocates, and parents argue that a portion of that unspent federal aid should be used to hold the school system as harmless as possible against the scourges of the pandemic.

As citywide debate about the equity of the budget cuts to meet enrollment loss continues, other events have projected the FSF onto the public stage. The FSF weights, particularly those for poverty, disability and for students whose first language is not English, have been repeatedly criticized as far too low. In his study referred to above, Daniel Voloch also found that many of the new small schools developed by the Bloomberg administration after the FSF was introduced in 2007 were



100% funded at their initiation, while the average of FSF funding across all the system's schools was 87%. Thus, key equity dimensions of FSF were distorted to privilege one of the administration's favored reform strategies. Voloch's dissertation also quotes skeptics of the equity dimensions of FSF who feared that assigning weights to student need was a diversion from the overarching necessity to adequately fund the system's schools.

In an editorial written shortly after the implementation of Fair Student Funding (FSF), Michael Rebell, the lawyer who spearheaded the Campaign for Fiscal Equity case ... argued that while it was laudable to attempt to make school funding more equitable, FSF is fundamentally flawed because it “dodges the biggest funding problem facing our public schools—the lack of adequate funding overall.” In a related article, Rebell argued that “If you don't have enough basic revenue in the system, by weighting, even if it's a fair weight for concentrations of poverty - and a fair weight would be a pretty heavy one in my mind - there's a concern that you're fighting over the scraps at the table.”

In the early spring of 2022, the Panel for Educational Policy (PEP) surprised the Adams administration by voting to reject the FSF funding allocations for the 2022-23 school year. PEP members voting against the FSF cited more than a decade of school short-funding and the perceived inadequacies of numerous FSF funding categories. Moreover, one of the PEP members revealed that the DeBlasio administration had organized a citywide Fair Student Funding Task Force, composed of several CEC members, Chancellor Carranza, UFT President Michael Mulgrew, and representatives from citywide parent and advocacy groups, to revise the FSF. The Task Force's report had never been published, and its existence had not been publicized by the city's Department of Education. The Task Force's recommendations included:

- Distributing 100% of the FSF allocations to all the city's public schools;
- Developing new weights for students from families in poverty, students living in temporary housing, and students in foster care;
- Increasing the weights for students whose first language is not English;

- Increasing schools' base allocation to ensure sufficient funds to provide for Assistant Principals, guidance counselors and other support personnel;
- Developing school-level weighting for concentrations of need;
- Developing school-level funding to fulfill instructional mandates for students with disabilities or whose first language is not English;
- An across-the board increase in high school weights to match the current academic weighting for specialized and selective high schools.

Several of these Task Force recommendations break new ground. They call for school-level, rather than the student-level funding to counter the negative effects of intensive concentrations of student need, not only poverty, disability, and limited English language capacity, but also to meet high incidence of homeless and foster-care students. One example of such a school-level concentration of need is chronic absenteeism, schools in which students are absent more than 10% of their school time. The Bloomberg Administration identified a citywide cohort of schools with significant percentages of chronically absent students and mobilized a set of schoolwide responses - intensifying school/home communications, thereby, increasing the attendance of those students in target schools. Though the results of those initiatives were positive, the de Blasio administration discontinued the effort.

Adding a new weighting for chronically absent students would ameliorate some of the need for the additional resources needed to reduce such absenteeism. But because a concentration of chronically absent students affects teaching and learning throughout the school, requires reorganizing school structures and developing re-teaching strategies, concentration grant funding for schools with significant percentages of such students is often a necessity.

Perhaps the most convincing argument for addressing, and lowering, concentrations of student need in poorly performing schools was advanced by the Parthenon Group, a Boston-based consulting group engaged by the Bloomberg administration to improve the outcomes of the system's poorly performing high schools. In *New York City Department of Education: Beat-the-Odds HS Update*, (2008), Parthenon demonstrated that school size and the concentration of low-skill-level students are critical factors affecting graduation outcomes within city high schools. According to Voloch, the Parthenon Group's findings indicate that:

It is not enough to focus weighted funding on individual students, since the same student will have a different likelihood of graduating depending on school-wide factors such as the concentration of students with low-level skills. The NYCDOE either needs to provide additional resources to schools in which students have lower likelihoods of graduating (for example, large high schools with a greater concentration of overage and under-credited students) or the NYCDOE needs to reconceive its choice and assignment structures so that there is a more equitable distribution of high-needs students. In either case, providing schools that enroll the highest concentration of academically struggling students with lower funding goes against all research and helps to create a self-fulfilling prophecy in which large schools are predetermined to fail.”

The DOE could argue that it has begun to build the capacity to meet school-level concentrations of student need into the FSF. The FSF's Achievement Weights, for example, which are applied in grades 4 and 5 as well as in all the city's middle and high schools, are based on achievement categories such as the percentages of students Below Standards and Well Below Standards, and thus help address school-level concentrations of academic need. And the FSF weights for all the city's transfer high schools recognize the concentration of student need in those schools.

But much more is needed to revise the FSF. The recommendations drafted by the citywide FSF Task Force might never have been revealed had the PEP not (temporarily) rejected the 2022-23 FSF allocation. A subsequent meeting of the PEP voted to approve the FSF allocations for 2022-23, and newly appointed Chancellor David Banks pledged to review all the FSF categories and weightings. Such a review is long overdue, and should consider:

- What levels of funding do our city schools need to approach systemic adequacy?
- What new student weightings are necessary to meet concentrations of student need (i.e., such as high indices of homeless students, students in foster care, and chronically absent students, none currently included in the FSF weightings)?
- Should all schools with specific concentrations of student need receive school-level funding in addition to the student-level weights?

Deliberations to resolve these issues are complex and difficult, and the available research evidence is not clear-cut. But the federal government's COVID stimulus, and the New York State legislative decision to fully fund the CFE, provide opportunities to advance the quest for adequate school funding in the city's schools. The Chancellor should not waste this opportunity.