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Evaluation of Hawaii’s Weighted Student Formula: Key Considerations Moving Forward

On the basis of this evaluation and previous research undertaken by the research team, we have identified a number of key considerations that policymakers generally need to address as they implement a WSF policy. The first three relate specifically to funding, while the remaining two concern nonfunding issues around planning and implementation. Within the discussion of each consideration, we outline the general questions the state of Hawaii may wish to address as it reviews and modifies implementation of its own WSF.

Consideration 1 – Calculating School Allocations

Given that a WSF policy fundamentally changes how schools receive funding by basing allocations on a predetermined set of student needs and school characteristics thought to influence the cost of providing educational services, it is imperative that the formula design accurately reflects these cost factors, as well as offering a sufficient base per-pupil level of funding.

First, because a WSF allocates funds to schools using a foundation per-pupil amount, it is necessary to define which measure will be used for the count of students being served. States and districts use different metrics for counting students for making funding allocations. Some use total school enrollment, while others use the school’s average daily attendance (ADA). The use of ADA creates an incentive for increasing attendance rates and therefore may be preferable, although more burdensome to track, if improving attendance is a goal.

Next, districts must decide how to calculate the specific allocations for each school. As detailed in Chapter 2 of the main report, Hawaii currently weights funding allocations on the basis of individual student need factors such as grade range, student poverty, English language learner (ELL) status, transiency, and gifted and talented status, and students attending schools on Oahu’s Neighbor Islands. In addition, the state uses nonweighted funding allocation adjustments for different school types defined by grade level and whether a school is on a multitrack year.

Ideally, these formula weighting factors and nonweighted adjustments should reflect the best estimate of the differential cost of offering students an equal opportunity to achieve at a given level, regardless of their needs or circumstances. In setting some of the Hawaii WSF weighting factors, such as economically disadvantaged, the support offered by federal programs (e.g., Title I) was taken into account so as to achieve an overall equity with respect to economic disadvantage that recognizes resources allocated both within and outside of the WSF. In other cases, it is unclear whether the weighting factors take into account the additional categorical funds received from federal dollars (e.g., in the case of ELL weighting factors and Federal Title III funding). In any case, the most appropriate way to develop funding adjustments (formula weights) that account for student needs as well as other cost factors is to employ a costing-out approach such as those mentioned in Chapter 3 of the main report and detailed in Chambers and Levin (2009).¹ In turn, the state may want to consider engaging in a costing-out study designed to understand the differential costs of serving students with varying needs and circumstances.

¹ The four traditional costing-out approaches include Cost Functions, Professional Judgment, Successful Schools/Districts and the Evidence-Based Approach. In addition to these, Chambers and Levin (2009) also describe American Institutes for Research

In addition to accounting for student needs, it should be determined whether there are other factors that have cost implications for operating schools. For example, should the state provide additional funding for “necessarily small” schools that cannot take advantage of the economies of scale associated with operating larger schools? Also, should the state take into account geographic differences in resource prices, especially with respect to staff, in order to ensure schools are operating on a level playing field in terms of their ability to attract and retain qualified staff? Schools in geographically isolated areas or are otherwise difficult to staff, for example, may have problems attracting qualified teachers. While there is currently a bonus for teaching at hard-to-staff schools, it is unclear as to whether it is large enough to fully adjust for this cost factor.

Adjustments for compensation differentials might also be based on factors other than geographic isolation, such as challenging student populations, which may require alternative compensation to attract qualified teachers. As was shown in Chapter 2 of the main report, the state’s WSF has, over the years, included adjustments related to scale of operations and geographic isolation. However, we again stress that adjustments for all cost factors—whether they are student needs, scale of operations, or geographic differences in resource (staffing) prices—should be set to reflect the differential cost of providing an equal opportunity for students to achieve at a given level, regardless of their needs or circumstances. This is best done through a formal costing-out study that can use several methodologies to calculate the differential cost of providing educational services across a population with varying needs and circumstances.

Finally, policymakers need to determine whether the funding their schools receive under the WSF policy is at least sufficient to support basic operations. Establishing this basic level of funding support ensures that every school has sufficient funds to operate a basic program of services. Note that what constitutes enough funding to support basic operations may very well differ from school to school, depending on the various cost factors they face. Again, a formal costing-out study using methods similar to those outlined in Chambers and Levin (2009) is also ideal for understanding what the cost is to support basic operations across different schools. In addition to determining what level of funding is necessary to support basic operations, a key policy consideration is how much revenue needs to be driven through the formula in order to provide enough resources to allow school leadership to make use of the additional flexibility and discretion afforded by the WSF.

Consideration 2 – Calculating School-Level Salaries and Benefits

In implementing a WSF policy, policymakers must determine how to charge the costs of school personnel against each school’s budget. When a district uses average salaries, the salary amount charged against the school budget for each teacher reflects the average teacher salary for the district and therefore is identical for each school. When a district uses actual salaries, this amount is the actual salary for each teacher, which is usually determined by educational preparation and experience (i.e., the step-salary schedule). Because less experienced (and therefore lower salaried) teachers are more typically found in higher disadvantage schools, the use of average salaries tends to charge these schools an amount that is higher than their teachers’ earnings,

a “hybrid” approach that uses elements of the latter three, which they used to determine the cost of an adequate education and develop a corresponding funding formula for New Mexico.

while lower disadvantage schools (with a higher incidence of more experienced, higher salaried teachers) will be charged an amount that is lower than that paid out by the district to its teachers. In other words, under the average salary system, schools that employ a greater number of higher salaried teachers are subsidized by schools that employ a greater number of lower salaried teachers. Because the higher salaried teachers tend to gravitate to schools serving fewer disadvantaged students, while newer and lower salaried teachers are more often found in schools serving relatively more disadvantaged students, an inherent funding inequity associated with the use of average rather than actual salaries may ensue that can undermine the very intent of a WSF.²

In contrast, moving to actual salaries ensures that charges against school budgets reflect exactly what is paid out to their staff, which offers schools the opportunity to respond to this inequity in the distribution of qualified staff. Use of actual salaries means that schools with less experienced teachers have lower teacher-related costs, which allows remaining funds to be redirected toward resources such as professional development to improve teacher capacity, or toward providing additional supports that would support and help retain or attract a qualified pool of teachers.

However, it must be noted that the use of actual salaries can also introduce political tensions into a district. Use of actual salaries is often avoided because of the potential political tensions that may arise with the teachers' union, administrative and privacy challenges, and a concern that principals might discriminate against more "expensive" veteran teachers.

Consideration 3 – Degree of School-Level Discretion

One of the main goals of a WSF policy is an increased level of school-level discretion. As mentioned in Chapter 7 of the main report, one of the major challenges (and key policy considerations moving forward) is determining the appropriate split between central office and site-level discretion, which will have a direct impact on the level of funding directed through the WSF. Following up on this discussion, it is also important to distinguish between the discretion over the types and quantities of services used by schools and who is responsible for providing these services. Increasing school discretion does not mean that sites necessarily have to provide the services themselves and that central office departments administering specific programs will be dismantled. Rather, it is often the case that these services can be provided much more efficiently and in a more organized manner through the central office. As pointed out in Chapter 3 of the main report, increasing discretion for school sites can also include the option for school leadership to purchase required services (e.g., professional development or maintenance services) from the central office or to permit school leaders to contract for services from external vendors. Central office staff would have to be more competitive and market oriented in their services, but this could improve their efficiency and help create a culture among central office staff that is more responsive to their clients (i.e., schools sites).

Related to discretion over staffing decisions, our experience in this arena is that school leaders often feel that true discretion requires control over not only the general quantities of various staff but also which staff to hire or dismiss. While there was generally substantial agreement among principals that they had the autonomy to implement the instructional programs required to meet

² For example, see Roza (2009).

their students' needs (as reported in Chapter 7 of the main report), some stakeholders suggested that there were limits to real autonomy because of principals' inability to hire and dismiss teachers (see Chapter 5 of the main report). To this end, additional consideration might be given to whether school leadership should be provided additional discretion over hiring and dismissal. It must be noted that providing this type of discretion would involve extensive discussion between multiple stakeholder groups including educational administration and union leadership in order to modify collective bargaining agreements. Moreover, these deliberations need to take into account how policy governing discretion over hiring and dismissal practices might interact with other policies (see Consideration 5, below).

Consideration 4 – Capacity of School Sites

Given that a WSF policy requires a school to assume a larger role in determining its academic plans and to develop a corresponding budget, policymakers need to ensure that schools have adequate information and the technical capacity to make effective decisions about resource allocation. As mentioned above, results from interviews with stakeholders suggest that state and complex area staff have the necessary capacity to support school-level implementation of the WSF program, but that school staff do not necessarily have adequate capacity. Therefore, a key policy consideration to take into account concerns the support and additional training that will be provided to schools that lack a sufficient amount of capacity necessary to implement the WSF.

Consideration 5 – Interaction with Other Policies

Finally, it is important to consider how other policies affect the implementation of the WSF. No policy exists in a vacuum. Policies and processes—including those related to the treatment of small schools, open enrollment, and collective bargaining agreements, as well as the number of state and federal categorical programs, the budgeting cycle, and the level of funding in the state—all impact the way the WSF has been implemented in Hawaii. It is critical for the state to see its implementation of the WSF within this larger context and to think about how these various policies impact school operations and, ultimately, student learning.

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