

Navigating K-12 Public Education's Fiscal Landscape

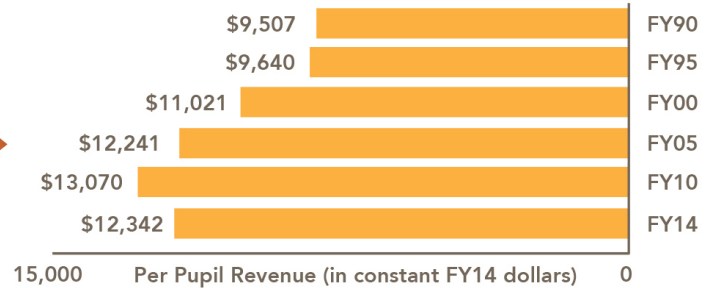
For nearly five years, Afton Partners has supported America's public education organizations by advising on and implementing financial strategies that sustain effective educational systems and programs. We provide financial consulting and operational advisory services to public school districts, charter

management organizations, foundations and private investors who support K-12 public education.

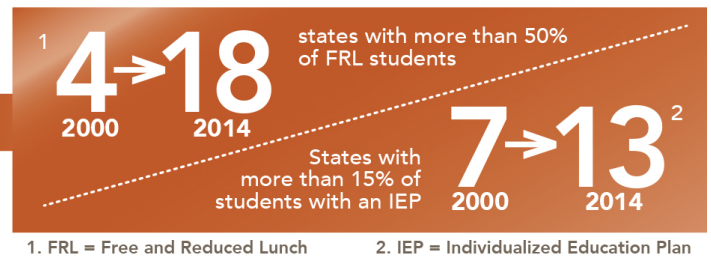
Through our work in states and school districts across the country, **we identified trends that are impacting the fiscal landscape of K-12 public education**

today. In addition, we analyzed historical data and recent events to better understand how our school system reached this point, and we provide guidance on what states, districts, and schools must do in order to create and sustain an effective educational system for the benefit of all children.

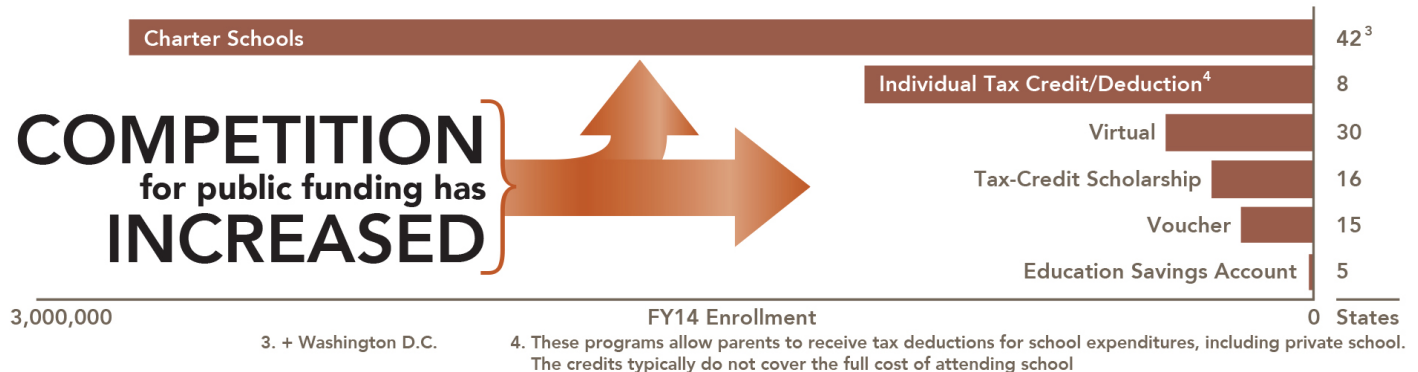
After decades of near guaranteed increases
FUNDING IS STAGNANT
while costs continue to increase



UNIQUE NEEDS
of students continue to
INCREASE



COMPETITION
for public funding has
INCREASED



School districts, charter schools, education administrators and other stakeholders are pushed to do more with little or no incremental resources. Pressure will continue to mount to meet the needs of a more diverse set of learners and an economy that is demanding of a very

different type of employee. Without additional funding (which we don't foresee), K-12 public education will need to adjust to these new realities by increasing flexibility, expanding its planning horizon, and addressing policy constraints that do not benefit its students.

Afton will continue to monitor these trends and update this analysis at least on an annual basis. Please feel free to contact us directly at connect@aftonpartners.com.

What is happening today?

We're seeing current "solutions," including annual budget battles and lawsuits, do not address or fix root causes of problems, nor incentivize innovative uses of school resources. School districts are finding themselves stuck with antiquated organizational models and structures in a rapidly changing world.

1. Districts are simply getting by until the next budget cycle. Districts do little long-term planning and avoid addressing long standing budget challenges. Many districts do not have the funds or capacity to plan and execute strategic change.
2. Additionally, states and cities tend to favor temporary budget fixes over deeper structural remedies. Examples can be seen in Illinois, Pennsylvania, Kansas and Michigan, among others.
3. Adjusted for inflation, per pupil funding has been flat or declining nationwide for the last decade. This contrasts with rising salaries and benefits, including pensions.

4. Competition for enrollment adds to the financial pressures already felt by traditional school districts.
5. Though some new, innovative school models can be implemented with existing public funding, many we work with require incremental, one time funding to effectively launch
6. Measuring return on investment ("ROI") is increasingly difficult as education evolves from high stakes testing to a more nuanced evaluation of success.
7. More diverse learners require individualized approaches to education, often at a greater cost.
8. The new federal education law, Every Student Succeeds Act (ESSA), gives states and school districts more flexibility with Title dollars to serve our highest-needs students.

How did we get here?

Our public education system has reached an inflection point in terms of its fiscal health and its ability to adopt innovative approaches to improve student outcomes. States and school districts are challenged to do "more with less" while providing a quality 21st century education for a vastly different demographic of students

1. International comparisons show U.S. schools lagging behind other industrialized nations—even as graduation rates rise.
2. Alternatives to traditional school districts, including charter schools, have seen tremendous growth as more families choose tailored educational programs to best fit the needs of children. Virtual schools have also gained momentum in several states.
3. Education technology is a developing, and still fragmented marketplace. Schools are investing heavily in adaptive software, devices, and learning management systems, which offer both opportunities and challenges to leadership in education.
4. Sophisticated philanthropic investments have allowed school districts and charter schools to increase their ability to leverage funds. Impact investing can take many forms,

including direct investments, program related investments (or "PRIs") and social impact bonds, among other alternatives.

5. Limited incremental public funds in K-12 education and outdated state and district school funding models strain resources, particularly since the economic crisis of 2007-2008.
6. Financial commitments by public entities, including debt, collective bargaining agreements and pensions, continue to strain the educational system as a whole.
7. There are more diverse learners than ever in our classrooms. These students require services beyond the typical classroom, and public funding sources do not fully offset the costs of these additional needed services.
8. School districts face unique challenges depending on their regional geography. For example, many districts in Texas are seeing a growing student population with increased English language learners. Pennsylvania's student population has remained flat, while Michigan's student population is declining.
9. Employers are increasingly looking for a very different skillset in their employees. [source 2]

What does this mean moving forward?

School districts, charter schools, education administrators and their various constituencies will be pushed to do more with little or no incremental resources. Pressure will continue to mount to meet the needs of a more diverse set of learners, and an economy that is demanding of a very different type of employee. Without additional funding, K-12 public education will need to adjust to these new realities by increasing flexibility, expanding its planning horizon, and addressing policy constraints that do not serve its students. Additionally, Finance must be a support function that provides autonomy, flexibility and real time data, while both acknowledging compliance and enabling innovation.

1. Districts should **build capacity for multi-year planning** and assume little or no growth in revenue.
2. Local and state governments should plan holistically for **increased choice**. This means addressing “fixed” cost structures such as facilities and central services, district and school funding models, and increasing flexibility for operators.
3. States and Districts should **shift control of funding to schools** and support policies that increase fiscal autonomy for principals and school leaders to make decisions at the school-level. States should also ensure their resource allocation policies are aligned to student needs. Alongside this, principals must understand the financial flexibilities at their disposal, and how to utilize these to reach strategic objectives.
4. Districts and states should capitalize on **funding flexibility options**, including student-based budgeting. ESSA also supports this through **weighted funding pilots**, with the intent of providing more flexibility to states, districts and schools on how they allocate resources. Additionally, results-based funding—aligned with competency-based education—may be considered, and is already being raised in the disruptive virtual school space.
5. District and School leadership must **prioritize investments based on student outcomes** and focus on the value-add of each academic program they offer.

Latest research continues to support the inclusion of Early Childhood Education (“ECE”) in this, though no dedicated funding stream exists for ECE. Reporting structures should then align to academic inputs to measure the cost of intended outcomes. Public and non-public funding of K-12 education will require more **sophisticated reporting** and accounting on uses of funds, and the long term sustainability of their investments.

6. Districts must implement new, **more individualized approaches that meet learners’ diverse needs without new funding**. This will require new resource priorities and comprehensive, long-term planning. We are rapidly moving towards a system which may require or support an “IEP for every child.” How ready are our traditional districts to support true personalized learning?
7. States and districts must focus on **sustainable approaches to accommodate growth and improvements to existing facilities**. With changing enrollments from year-to-year (including some with large increases, and some with decreases in enrollment), those invested in public education should push for more creative sourcing, use, and financing of facilities by improving access to capital, diversifying portfolios, and leveraging underutilized buildings throughout the education landscape (including higher education).
8. K-12 education entities need **more collaboration with institutions of higher education**, particularly those that are asset rich and cash poor. The lines between K-12 and higher education are blurring, especially with the increased support and adoption of dual-enrollment programs and competency-based education, common utilization of public (and even non-public) assets may prove mutually beneficial from both a strategic and financial perspective.

Trends in the news

Click each category to follow how these education finance trends are impacting real students and schools across the country.

School Money and Performance

Is there a better way to pay for America's schools?

(NPR, 5/1/16)

This final week in the three part series, we grapple with the politics of school money, asking: Is there a better way to pay for our schools? The answer requires that we do two things: explore the challenges to change, and spotlight a few ideas that could lead to a more balanced system. What follows is a wrap-up of our reporting. For nearly every name and place, you'll find a hyperlink to more.

Can more money fix America's schools?

(NPR, 4/25/16)

This idea, that sprinkling more dollars over troubled schools won't magically improve test scores or graduation rates, is a common refrain among many politicians, activists and experts. And they have research to back it up...This debate has raged for at least half a century, and today we're going to put both sides under a microscope.

Why America's schools have a money problem

(NPR, 4/18/16)

Over the next three weeks, the NPR Ed Team will unveil a vast collection of "School Money" stories told in collaboration with station reporters across the country. Our goal: To give voice to this school-funding imbalance and to explain what happens when many of America's poorest students also attend its poorest schools. Click here to see how your school district compares to others on spending per student.

Spending in nation's schools falls again, with wide variation across states

(Washington Post, 1/27/16)

Newly released data from the National Center for Education Statistics show per pupil outlays have not recovered from the recession. Specifically, NCES data shows that 31 states are contributing less to public education than they did in 2008.

Local Education Funding

Blog: Productivity is sometimes seen as a dirty word in education. But it doesn't have to be.

(Education Next, 3/2/16)

States like California and districts like Boston, Denver and Houston, among others, have been transitioning to a finance model that gives principals greater authority over their schools' budgets in exchange for being held accountable for student outcomes. Rather than manage (and limit) how schools spend their money through rules and regulations, officials focus on how to distribute monies more equally among schools.

Oakland district at heart of drive to transform urban schools

(New York Times, 3/4/16)

Mr. Wilson is facing a rebellion by teachers and some parents against his plan to allow families to use a single form to apply to any of the city's 86 district-run schools or 44 charter campuses, all of which are competing for a shrinking number of students.

Nashville schools base budgets on students

(News Channel 5, 3/10/16)

Student based budgeting is a flexible budget that gives principals the ability to tailor a large portion of their budget specific to their school instead of having the district put out a one-size-fits-all budget for all schools in the district. The 2015-2016 school year is the first year student-based budgeting has been used in the Metro School District, allowing schools to spend on what they need, whether it be computers, calculators, books, furniture, or anything else the school and its students need.

Despite uncertainty, Philly plans \$440 million in new investments

(The Notebook, 3/24/16)

Hite and Monson are projecting that charter enrollment will grow by 10,000 students over the next five years. To help offset that cost, Hite said, the District is planning to close three more District schools per year, starting in 2018. As students move to charters, the District must gradually downsize, he said, to mitigate so-called stranded costs.

Money, race and success: How your school district compares

(New York Times, 4/29/16)

A new analysis of reading and math test score data from across the country confirms just how much socioeconomic conditions matter. Children in the school districts with the highest concentrations of poverty score an average of more than four grade levels below children in the richest districts.

How one school is trying to bridge inequities

(The California Report, 3/21/16)

The goal of the funding system is simple: Give schools like Oak Ridge more money and more control over how to spend that money. In exchange, school leaders have to demonstrate their spending decisions are getting more at-risk students learning.

Parents say New Orleans school funding discriminates

(The Times-Picayune, 4/4/16)

The new plan is a compromise that "ensures that dollars follow students according to their needs in an equitable way," Lewis wrote March 26 to the state Board of Elementary and Secondary Education. It lowers the amount that Orleans Parish schools get for regular and gifted students, and increases the amount for students who have disabilities, are learning English or are far behind their grade level.

Grand Rapids Public Schools approves fundraising agreement for Museum School

(Michigan Live, 3/21/16)

The Grand Rapids School Board on Monday approved a joint fundraising agreement with the Public Museum to raise \$4.8 million for renovations to the new Museum School. The Museum School opened this year with 60 sixth-graders. The program will add a grade each year until 12th grade.

School of debt: How to bankrupt public education, Chicago-style

(Bloomberg Business, 2/16/16)

How did it come to this? Among the many culprits, real or perceived, are recalcitrant unions, inept administrators, feckless politicians and self-interested bankers. But, in the end, the simple answer is this: too much debt. The budget math is sobering. Since 2007, actual district spending has soared by more than a third, even as enrollment has fallen 4 percent.

— continued on next page

In the news, continued

Local Education Funding, continued

Long building, Chicago Schools' fiscal crisis reaches boiling point

(Education Week, 5/16/16)

By the end of the school year, in late June, the Chicago school district will have just \$24 million in cash—enough to support two days of operations. Without a fresh infusion, next year's budget will include devastating cuts of thousands of positions. It has already started preparing principals for the possibility that their budgets could be cut by more than 20 percent without state aid. Perhaps the biggest tragedy of all: The slow-moving debacle, decades in the making, was also foreseeable to some extent, observers say.

Detroit schools' decline and teacher sickout reflect bad economy and demographic shifts

(L.A. Times, 5/16/16)

The walkout was yet another troubling episode for a long-beleaguered school district that is hundreds of millions of dollars in debt and behind on payments to its retirement system. It was also another reminder of how the destiny of schools is guided by shifting demographics, the growing charter-school sector and poor economics, though Detroit is an extreme example.

Per-pupil funding sees bump in budget passed by Baltimore city school board

(Baltimore Sun, 5/3/16)

Charter schools receive more cash per pupil because they don't receive some services from the central office that traditional schools do. More than a dozen charter schools are suing the district for failing to follow the state-mandated funding formula that could provide more money.

State Education Funding

Per-pupil spending by state: A national comparison

(Education Week, 5/2/16)

This state-by-state graphic shows the percentage of students that attend school districts that spend at or above the national average (\$11,841 per pupil). Only 40% of U.S. students are in districts that spend at least the national average per pupil. Graphic: School-District Spending Disparities by State.

School districts pinched by slow recovery in state education funding

(WLRN, 4/4/16)

After deep cuts spurred by the Recession, per-pupil spending, known as FEFP, or Florida Education Finance Program has indeed hit a new high—but not when you account for inflation. In real terms, the state's contribution is down nearly 8%, and Florida school districts have to make do with the difference.

Alabama lawmakers approve largest education budget since recession

(AL.com, 4/21/16)

The Alabama Legislature today overwhelmingly passed the state's largest education budget and largest pay raise for school employees since the Great Recession...Poole said strong components in the budget include the pay raises for K-12 and community college employees, increases in the Foundation Program, which funds basic operations for school systems, and a boost in funding for school technology that includes federal matching dollars.

Is School Funding Fair? A National Report Card

(Education Law Center and Rutgers University, March 2016)

The National Report Card (NRC) evaluates and compares the extent to which state finance systems ensure equality of educational opportunity for all children, regardless of background, family income, place of residence, or school location. It is designed to provide information to better understand the fairness of existing state school finance systems and how resources are allocated so problems can be identified and solutions developed.

MS Senate consolidates nine school districts

(WTVA-TV, 3/2/16)

The Mississippi Senate consolidated the administrations of nine school districts, allowing the newly formed entities to eliminate duplicate services and direct more tax dollars into the classroom, Lt. Gov. Tate Reeves said today.

Kansas school finance bill redistributes funding dollars to help poorer districts

(KAKE.com, 3/18/16)

The plan would increase state aid for 100 districts and reduce it for 186. This comes after Kansas Supreme

Court determined the state's school finance system allows wealth-based disparities in the revenue districts get.

Florida Senate exploring alternative ways to boost dollars for K-12 education

(Miami Herald, 12/4/15)

The chairman in charge of crafting the Senate's education budget proposal signaled again Thursday that Florida Gov. Rick Scott's plan to increase K-12 education dollars primarily off the checkbooks of local taxpayers isn't going to fly. Scott aims to boost funding for K-12 schools by more than \$500 million. But only \$80 million of that is extra state money, while \$427.3 million — 85 percent — would come from rebounding property taxes.

Blog: Five finance tips for states on school funding

(Bellwether Education Partners, 2/12/16)

School finance policy isn't simple. But it is arguably the most important policy debate in state houses. Lawmakers must act with the guiding principles of equity and flexibility front and center to build the foundation on which system of schools that serves children well can thrive. As states deal with these big funding questions, this blog offers five things to consider.

Op-Ed: Why Detroit schools are crumbling - look at state's funding foundation

(Michigan Live, 2/1/16)

The facade of equality collapses, however, when one realizes that Michigan funds only part of local school districts' expenses. Crucially, Michigan provides zero funds for building new school facilities, or for improving or maintaining older schools. Whenever a district needs to replace or refurbish an aging school building, it must raise the funds itself. And as a practical matter, Michigan provides school districts just one way to pay for physical infrastructure: through local property taxes.

Few solutions in Texas school finance ruling

(New York Times, 5/15/16)

Now that it is clear that Texas' complicated school finance system is here to stay, districts around the state must find a way to move forward — whether that is by pressuring lawmakers for more money or by raising property taxes.

In the news, *continued*

Federal Education Funding

Blog: More equitable spending on its way regardless of rulemaking

(The Brown Center Chalkboard, 4/27/16)

By Marguerite Roza, Ph.D., Director of the Edunomics Lab and Research Professor at Georgetown University
For more than a decade, the federal government has required districts to report student outcomes by school. Spending was the missing piece. The new federal ESSA rights that wrong and will require districts to account for school-by-school spending and publicly report it. When the spending data are daylighted, the evidence will be clear that many districts have hardwired systematic spending inequities in their operations.

A guide for leaders who want to use new funding flexibility in ESSA

(Education Week, 4/25/16)

The report—"Expanding Equity: Leveraging the Every Student Succeeds Act to Provide Direct Student Services"—is a kind of how-to-guide for states and districts interested in taking advantage of the chance to set aside 3 percent of statewide Title I funds for "direct student services."

State leaders hear how to rethink their use of federal funding under ESSA

(Education Week, 4/5/16)

During a presentation at the Council of Chief State School Officers' legislative conference, Mississippi education department officials as well as two Title I policy experts encouraged state leaders to work with districts on more creative uses of Title I and other money to better support student learning, and to make sure broader groups of officials are thinking about and overseeing how schools use federal funds.

Report: Increasing, Targeting, Flexibility, and Transparency in Title I

(The Hamilton Project, March 2016)

This policy proposal lays out a series of reforms to Title I. It proposes ways to promote local spending decisions that are both efficient and true to the original antipoverty intent of the program, and changes to the multiple complex and opaque funding formulas to improve transparency and progressivity, depoliticizing the distribution of funds.

Families in limbo after court puts education savings account program on hold

(Las Vegas Sun, 1/22/16)

The voucher-style ESA program is easily the most sweeping school choice program

of its kind in the nation...In an effort to stop the program from being scrapped by the courts, which could doom similar programs in other states in the future, national school choice groups have set their sights on Nevada and thrown their weight behind defending the program. On the other side, the national Education Law Center has done the same.

Funding flexibility enhanced under new K-12 law

(Education Week, 1/6/16)

The newly reauthorized version of the main federal K-12 law makes significant changes in how schools can use dollars set aside for economically disadvantaged students. Those and other changes give states and districts more flexibility in general—and particularly in how they use Title I aid. Around four dozen districts will also get the chance to create a new funding formula, using federal dollars, that's intended to target more money directly to students from low-income backgrounds and other students, like English-language learners, who may have disadvantages.

Charter Schools

Money is at the heart of the Mass. charter debate

(Boston Globe, 4/2/16)

"The state also cushions the blow to district schools by reimbursing them over a six-year period for some of the aid they lose. It is the most generous reimbursement policy of any state, though it has not always been fully funded. The goal is to give traditional public schools a reasonable period of time to cut costs to account for the loss of state aid."

Charter schools, school districts talk need for equality in funding

(Herald Journal, 3/5/16)

With a perceived inequality regarding funding for district schools and charter schools, based on the fact that charter schools are funded on their Oct. 1 Weighted Pupil Unit

(WPU) in comparison to district schools, which are funded by their average daily membership, both charter schools and district schools want to see change — an equalization in the amount of funding provided by the state.

Charter funding question has few easy answers

(Houston Chronicle, 1/24/16)

Weighted average daily attendance, the cost of education index, "golden pennies" — the way state and local tax

dollars funds public schools is complex set of concepts that takes time and effort to understand. In addition, as a result of seven lawsuits challenging the system's constitutionality since 1984, Texas has ended up with a patchwork set of formulas, weights and measures that is updated in some areas and outmoded in others.

Charter funding study calls for money to more closely follow students

(Pioneer Public Policy, 5/12/16)

Massachusetts' charter school funding formula should maintain the shared responsibility of state and local governments to fund education, but improvements could address a number of weaknesses and allow money to more easily follow students, according to a new study published by Pioneer Institute. Additionally, the state should fund "target aid," increase funding that follows special needs students, and reduce district reimbursements.

North Chicago, LEARN reach deal for second charter school

(Chicago Tribune, 5/11/16)

North Chicago Community Unit School District 187 reached an agreement with the LEARN Charter School Network this week that will allow the network to open a second charter school in the area but will tie the funding it receives to the needs of the students.

Union-commissioned report says charter schools cost LAUSD millions in taxpayer money

(L.A. Times, 5/10/16)

The report, which is certain to be viewed with skepticism by charter supporters, focused on direct and indirect costs related to enrollment, oversight, services to disabled students and other activities on which the district spends money.

New Orleans plan: Charter schools, with a return to local control

(New York Times, 5/9/16)

This new model essentially splits the difference: The schools will keep the flexibility and autonomy, particularly over hiring and teaching, that have made charters most unlike traditional public schools. But the board becomes manager and regulator, making sure schools abide by policies meant to ensure equity and provide broad services, like managing the cost of particularly expensive special education students, that individual schools might not have the capacity or desire to do.

In the news, continued

Facility Planning

Charter schools sharing LAUSD campuses: Nobody loves it, everyone has to live with it

(KPCC Radio, 4/28/16)

Since Los Angeles real estate is expensive, finding suitable space to lease is difficult, city permitting can be a hassle and charters' access to bond money to build their own buildings limited, co-location is often an "expedient" option for many new charter schools. But discord from troubled co-location sites can drown out the harmony.

Agassi's fund supports N. Phila. charter-school venture

(Philly.com, 4/18/16)

The deal sheds light on a growing niche in real estate that aims to help charter operators secure space they would struggle to acquire on their own by appealing to investors, rather than a more traditional roster of philanthropists and foundations.

Alternative Education Models and Funding Mechanisms

This controversial law could help schools in Nevada struggling with growth booms

(Desert News, 4/30/16)

Now the two states with the most rapid school age population growth, Nevada and Arizona, have joined Florida in trying out Education Savings Accounts. ESAs give parents the option of taking a chunk of the money the state would otherwise spend on their children and using it as they see fit.

Financing personalized learning: What can we learn from early adopters?

(CRPE, 4/20/16)

This new paper takes the first systematic look at costs associated with implementing personalized learning schools, how leaders of these schools choose to allocate their funds, and what it might take to make personalized learning financially sustainable on public dollars. Researchers at the Center on Reinventing Public Education, in partnership with Afton Partners, studied 16 charter elementary and secondary schools with a wide range of personalized learning models from across the country.

Opinion blended capital: What happens when companies tap both VCs and Foundations for funding?

(Ed Surge, 3/24/16)

Just as venture capitalists have financial incentives for backing education technology ventures—to the tune of \$1.85 billion in the U.S. last year alone—and relevant expertise to bring to bear on their efforts, foundations have financial as well as social motivations, and their knowledge and expertise can come in handy, too.

TLA releases "District Guide: Financing to Scale Blended Learning"

(The Learning Accelerator, 10/30/15)

Districts that think through the longer term cost trade-offs up front have a much greater chance of implementing a sustainable and scalable model to serve all students in their district. The Learning Accelerator created this guide to help encourage educators to approach financial planning for blended learning with a focus on developing a multi-year plan.

For many families, state programs cover private education costs

(Tampa Bay Times, 1/4/15)

Few education initiatives in Florida are expanding faster than the Legislature's efforts to cover education costs for families who want to send their children to private schools. Florida's Tax Credit Scholarship Program for low-income families continues to grow rapidly, aided by 2014 legislation that allowed more families to enroll. And the state's Personal Learning Scholarship Accounts program is entering its second year, with individual scholarships that allow families to tailor education services for special needs children and young adults.

School Enrollment and Student Population

What's really happening with special education enrollment

(Education Week, 4/27/16)

What I found most noteworthy is how little we know, on a national basis, about how much is spent on special education and what connection any of that spending has to student outcomes. There were a series of reports that came out in the early 2000s on special education funding, and they can be found at the website of the Center for Special Education Finance/

Special Education Expenditure Project. But all those reports were based on figures collected during the 1999-2000 school year. Wouldn't it be interesting to know how the state of special education funding has changed since then?

Public school enrollment to rise every year through 2024, fed data predict

(Education Week 5/2/16)

After relatively flat enrollment through the end of the 2000s, public K-12 enrollment started to tick up again in 2014, according to the National Center for Education Statistics' Digest of Education Statistics, 2014, the 50th in the series of annual and biennial reports compiling education data.

Declining enrollments hurting rural WNC school districts

(Citizen-Times, 2/25/16)

Because of the way the state funds schools, it can be especially tough when small schools lose students. Enrollment in Macon County schools remains higher than it was 10 or 12 years ago, but the district has lost some students to neighboring charter schools, according to Chris Baldwin, superintendent of Macon County Schools.

In Cincy schools, crowded classes cost millions

(Cincinnati.com, 2/27/16)

By 2015, "overload" pay shot up to \$1.8 million – roughly 22 times as much as in 2011. School officials say it's the result of a significant increase in overload pay written into the most recent union contract, negotiated in 2014, coupled with enrollment increases and difficulty filling some positions.

In Orleans school money plan, gifted students' loss is disabled students' gain

(The Times-Picayune, 2/24/16)

Nonetheless, Orleans Superintendent Henderson Lewis Jr. backed the proposal firmly, voting yes and issuing a joint statement with Recovery Superintendent Patrick Dobard. They said it was a matter not of school versus school or Recovery versus Orleans, but of ensuring basic fairness in how the city's main stream of education money flows to children.

— continued on next page

In the news, continued

OSchool Enrollment and Student Population, continued

Guest column: Schools with most special needs students should get extra money

(The Times-Picayune, 2/25/16)

Any fair and equitable school system should have a funding policy that matches the financial resources each school receives to the specific needs of the students they are serving. But fully a quarter of our city's charter schools receive the same flat funding amount regardless of the needs of the students with disabilities that they serve.

Price tag for school enrollment growth at least \$90 million

(Desert News, 11/18/15)

Senate Budget Chairman Lyle Hillyard, R-Logan, said during the meeting there needs to be more discussion in the Legislature about how enrollment growth is funded to account for fixed costs that aren't directly affected. "I fully intend to fund it," Hillyard said in an interview, noting public education needs are adding up quickly. "But we have to find a different way of looking at it."

Pension Costs

Why big-city school districts are going broke

(U.S. News & World Report, 3/18/16)

While the financial woes are a result of a confluence of circumstances, analysts say one culprit stands above the rest. "Pensions are one of the most untold stories of why this is happening," says Chad Aldeman, an associate partner at Bellwether Education Partners, an education policy organization in Washington. "These are big dollar amounts at play that people haven't conceptualized." According to the Federal Reserve, employee pensions across state and local governments are underfunded to the tune of \$1.7 trillion.

Study: How Illinois shortchanges its teachers' retirement

(Bellwether Education Partners, 2/8/16)

What policymakers and others have failed to ask is how well the current pension system is serving its workers, particularly teachers. While many assume that the current problems lie solely in the state's failure to properly manage its finances, few consider the design of the current plan and the impact it has on teachers. This report concludes that by adopting an alternative retirement plan for teachers, the state could improve its financial situation and provide better benefits for teachers.

School pension costs continue to rise

(Education Next, 12/15/15)

As of September 2015 pension costs were \$1,085 per pupil. The reasons for the dramatic rise in pension costs for school employees vary from state to state, but the main cause is payments to amortize the enormous unfunded liabilities that have come to exist as states and districts have deferred payments on benefits they have promised to their teachers and other employees.

Report: How pension debt eats away at teacher salaries

(Bellwether Education Partners, May 2016)

So overall expenditures are up, but teacher salaries are actually down slightly over the same period. Today, the average public school teacher earns \$56,689 annually, a couple hundred dollars less than the average teacher salary 20 years ago (in constant dollars). Why is this happening? This puzzle can be explained by three trends eating into teachers' take-home pay: rising health care costs, declining student/teacher ratios, and rising retirement costs.