



Student-Centered Funding: Danger to Public Schools, Gateway to Private School Vouchers

► WHAT IS A STUDENT-CENTERED FUNDING SYSTEM?

For over a decade, so-called “education reformers” have pushed a method of decentralized, district-level school funding allocation they label Student-Centered Funding, Student-Based Budgeting, Weighted Student Funding, or more colloquially, “Backpack Funding” or “Money Follows the Child.” This should not be confused with a statewide system for distributing money to districts based on weights reflecting student need, known as a weighted student funding formula.¹ Instead, a “student-centered” funding system distributes funds from districts to individual schools by assigning a dollar amount to each student. If a student moves to a different school, that funding “follows” them to the new school. Proponents claim this system promotes equity and school autonomy, but the evidence proves otherwise.

► WHAT DOES THE RESEARCH SHOW?

Student-centered funding tends to exacerbate inequities in already under-funded schools. A study comparing Houston and Cincinnati, districts with student-centered funding models, to Austin and Columbus, districts without these models, showed spending was more predictable and more positively correlated with poverty and at-risk measures in Austin and Columbus.²

A report on Chicago Public Schools’ student-centered funding system found that low-budget schools were clustered in low-income neighborhoods with a median 95% Black population, while high-budget schools were in neighborhoods with a median 2% Black population.³ The report noted that under the previous funding system, teacher salaries were covered by the district’s central office, which distributed experienced teachers across the district more evenly.⁴ Boston Public Schools recently abandoned student-centered funding because of similar inequity in the allocation of resources.⁵ And despite years of student-centered funding, Denver Public Schools continues to suffer from deep inequities, with schools that serve predominately low-income families and students of color lacking key resources, such as physical education, arts, and interventions for struggling students.⁶

Student-centered funding can also work against coherent district-wide policies and priorities,⁷ and when overall funding is inadequate, a school principal’s “autonomy” is reduced to deciding which programs, staff or services to cut.⁸ But that’s not all...

► STUDENT-CENTERED FUNDING SYSTEMS OPEN THE DOOR TO PRIVATIZATION

Many proponents of student-centered funding have a motive far removed from funding equity and school autonomy. Because these systems make funding “portable,” following a student from one school to another, they facilitate privatization – the diversion of public dollars out of the public education system to pay for private schooling.

Student-centered funding puts a dollar amount on the head of each student and sets the stage for those dollars to march out the door into privatized education programs.

In 2010, the rightwing American Legislative Exchange Council (ALEC) drafted a model Student-Centered Funding Act.⁹ The bill contains no educational or financial benchmarks to ensure every student receives an adequate education. It advocates putting a dollar amount on the head of each child, thereby setting the stage for those dollars to march out the door of public schools and into privatized education programs. In fact, ALEC notes that student-centered funding “compliments efforts to expand private-school choice” and directs users to ALEC’s model bills for private school voucher programs.¹⁰

► WHAT MAKES AN ADEQUATE AND EQUITABLE SCHOOL FUNDING SYSTEM?

The goal of a state school funding system should be to ensure all children – no matter where they live or the challenges they face – have the opportunity for a public education that prepares them to be responsible and productive citizens and live happy and meaningful lives. School funding systems must attain the twin goals of adequacy (ensuring funding is sufficient to serve all children) and equity (ensuring funding is distributed fairly, so that all children can access equal educational opportunities). States can accomplish this by ascertaining the base cost of an adequate education and the additional costs for students with elevated needs, and then allocating funds to districts based on student population, weighted by student need, as well as a district’s ability to raise revenue for its local contribution.

So-called student-centered funding skips key steps in this process, failing to account for things like the true cost of education, student need, or district wealth, and thus providing neither adequacy nor equity. Moreover, the structure of this funding method can lead – often intentionally – to school privatization. The harms inflicted by private school voucher schemes are numerous and well documented.¹¹ The danger of a student-centered funding system is that it leads right into that trap.

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1 David Hinojosa, *Essential Building Blocks for State School Finance Systems and Promising State Practices*, Learning Policy Institute (2018), p. iv, https://learningpolicyinstitute.org/sites/default/files/product-files/Essential_Building_Blocks_State_School_Finance_Systems_REPORT.pdf.

2 Bruce D. Baker, *Within-District Resource Allocation and the Marginal Costs of Providing Equal Educational Opportunity: Evidence from Texas and Ohio*, Educ. Pol'y Anal. Archives (2009), <https://epaa.asu.edu/ojs/index.php/epaa/article/view/5>.

3 Stephanie Farmer & Ashley Baber, *Student Based Budgeting Concentrates Low Budget Schools in Chicago’s Black Neighborhoods*, Project for Middle Class Renewal, University of Illinois (2019), p. 5, <http://publish.illinois.edu/projectformiddleclassrenewal/files/2019/09/Student-Based-Budgeting-report.pdf>.

4 *Id.* at 7.

5 Alain Jehlen, *BPS Prepares to Dump—or at Least Change—Weighted Student Funding*, DigBos (Nov. 23, 2021), <https://digboston.com/bps-prepares-to-dump-or-at-least-change-weighted-student-funding/>.

6 Desiree Mathurin, *DPS said Last Week it Might Close or Consolidate 19 Schools in Low-income and Predominantly Minority Areas. Now it’s “Pausing” that Plan.*, Denverite (Sept. 30, 2021), <https://denverite.com/2021/09/30/denver-public-school-closures-or-consolidation-plan-paused/>.

7 Baker, *supra*, at 22.

8 Jehlen, *supra*. See also Kimberly Curtis, Kristin Sinclair & Betty Malen, *Student-Based Budgeting (SBB) as an Education Reform Strategy: Theory and Evidence*, 39th Annual AEFP Conference, San Antonio, Tex. (Mar. 13, 2014), p. 9, https://scholar.google.com/citations?view_op=view_citation&hl=en&user=8bhkCFoAAAAJ&citation_for_view=8bhkCFoAAAAJ:9yKSN-GCBOIC.

9 American Legislative Exchange Council, *The Student-Centered Funding Act* (Jan. 8, 2010), <https://alec.org/model-policy/the-student-centered-funding-act/>.

10 *Id.* at n.1(c).

11 For a summary of research about the negative effects of private school vouchers on public school funding and student outcomes as well as the discriminatory and segregative effects of voucher programs, see this PFPS fact sheet: https://pfps.org/assets/uploads/CR_PFPS_Fact_Sheet_MAR_2020-final.pdf