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Funding Formula Implementation Profile: Indianapolis Public Schools

Interviewee Information:

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Background: Starting in the 2017–2018 school year, Indianapolis Public Schools (IPS) implemented a Student-Based Allocation (SBA) model. Weights are determined annually based on district data, student performance, and input from school-based and central services staff. By design, the weights have the flexibility to change from year to year as student needs and demographics shift. No specific guidance is given to principals about how to spend their funds, though the funding is differentiated between “locked” and “unlocked” allocations.

Before the change, departments worked in silos; however, SBA required a higher level of coordinated effort between departments which resulted in tremendous learning and growth throughout the department. It took approximately 18–24 months to launch the formula to allow time for developing and rolling out processes and procedures.

The state of Indiana also uses a weighted funding formula. As of July 1, 2019, all Indiana school districts changed the way they reported dollars received from the state. The state of Indiana provides education funds which can only be used on instructional expenses. Operational funds must be locally funded. Only 15% of education funds may be transferred to the operational fund. For many LEAs, operational expenditures exceed the amount of funds generated locally.

Intent: The primary purpose of implementing a student-based allocation was to increase equitable distribution of funds among schools. Although there were no additional funds added to the formula initially, IPS has been able to increase funding to schools each year. IPS also employs SBA toward a secondary purpose of creating additional autonomy for schools. SBA was a tool to drive flexibility in how school leaders could serve the unique needs of their students.

Support and Training for School Leaders: To aid in the transition to the new formula, IPS worked with Education Resource Strategies to design a cohort-based professional learning opportunity for principals. The first cohort helped six school leaders develop the skills, knowledge, and mindsets needed to adapt to the new student-based formula. A second cohort was added later. Cohorts were also able to share innovative ideas about school design with each other. IPS has also built out trainings for new principals and uses board meetings to allow principals to share success stories. IPS has one person on staff who is available to provide guidance to school leaders and answer their questions about reporting and monitoring procedures.

There is also an internal “SBA development team” of IPS leaders from various departments that meets with principals regularly to get input and feedback on new ideas.

Reporting: IPS finance and academic teams worked together to build the new data collection systems. IPS adopted the Allovue financial management software to collect and organize data from schools. Schools must complete a budget module in Allovue between January and April. In July, schools receive an estimate of their allocation based on projected enrollment and can confirm their allocation based on the enrollment numbers



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entered in Allovue on August 1. IPS does not collect and analyze specific school-based expenditure data, though that information is submitted to the state at the district level. Validation is built into the Allovue system.

Monitoring: IPS publishes each school's allocation amount and school design budget annually. While there is accountability for student outcomes, there are no specific accountability measures or consequences for fund use at the school level.

Measuring Success: IPS has not yet compared the financial data to student academic outcomes. However, anecdotal and qualitative data suggest that principals are more engaged in the financial system and are staying in their roles longer—at least in some part—due to the increase in flexibility. This is the first year that IPS has a principal competency framework, which will allow it to more accurately assess principals' abilities to manage finances and use funds strategically to produce stronger student outcomes.

Lessons Learned/Advice: SBA is based on the concept that principals have a better understanding of school needs and thus can better align funding; however, principals have tended to spend their funds in the same ways that the central office previously prescribed them. Flexibility alone does not change spending habits; school leaders need resources and capacity building to find more innovative and precise uses for funds to address specific school needs.

The question of funding adequacy needs to be considered in order to achieve equity. When schools only have enough funding for the bare minimum, then schools will not have flexibility to implement new programs.

In order to see the true value of changes to funding, there needs to be a level of consistency in the way the formula is implemented and the data that are collected in order to create a baseline.



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Appendix: SBA School Worksheet (<https://myips.org/central-services/finance/>)

Enrollment		
Grade	FY19	FY20 Projected
K	1,855	1,845
1	1,973	1,994
2	2,031	2,055
3	2,090	2,082
4	2,087	2,146
5	2,170	2,169
6	1,970	2,051
7	1,598	1,674
8	1,438	1,548
9	1,328	1,294
10	1,395	1,338
11	1,220	1,172
12	1,031	981
K-12	22,186	22,349
PreK	508	600
SPED Self-Contained	890	834
Pre-K & Self-Contained	1,398	1,434
% Poverty*	49.4%	56.8%
# Poverty	10,964	12,686
Total	23,584	23,783

SBA Weights		
Category	Total	Percent
Base	\$89,396,000	88.6%
Supplemental	\$1,304,940	1.3%
Poverty	\$6,343,000	6.3%
ELL	\$856,400	0.8%
Baseline Supplement	\$2,971,111	2.9%
Transition Adjustment	\$69,717	0.1%
Overall	\$100,941,168	100%

Base		
Pupils Eligible	Weight	SBA Allocation
22,349	\$4,000	\$89,396,000

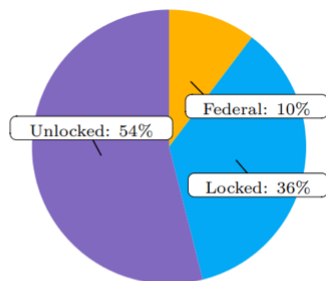
Supplemental (PreK and Self-Contained)		
Pupils Eligible	Weight	SBA Allocation
1,434	\$910	\$1,304,940

Poverty		
Pupils Eligible	Weight	SBA Allocation
12,686	\$500	\$6,343,000

English Language Learners		
Pupils Eligible	Weight	SBA Allocation
988	\$80	\$79,040
1,678	\$160	\$268,480
907	\$240	\$217,680
910	\$320	\$291,200
4,483	-	\$856,400



* Total K-12 Actual & Projected Poverty % references the Direct Certification % as of October 2017 and 2018, respectively



Total Allocations				
Type	Budgeted	FTE	Personnel	Non-Personnel
Unlocked	\$100,941,168	1,303	\$88,458,680	\$12,482,488
Locked	\$66,875,619	1,073	\$62,410,754	\$4,464,865
Federal	\$19,287,389	282	\$14,957,423	\$4,329,966
Total	\$187,104,176	2,658	\$165,826,857	\$21,277,319

Unlocked Allocations				
Allocation Name	Budgeted	FTE	Personnel	Non-Personnel
Unlocked	\$92,302,448	1,303	\$88,458,680	\$3,843,768
Innovation	\$8,638,720	0	\$0	\$8,638,720
Total	\$100,941,168	1,303	\$88,458,680	\$12,482,488

Locked Allocations				
Allocation Name	Budgeted	FTE	Personnel	Non-Personnel
Special Education	\$25,585,964	473	\$25,585,964	\$0
Facilities	\$10,858,633	222	\$10,462,368	\$396,265
Program Specific	\$9,682,848	153	\$9,335,339	\$347,509
English Learners	\$8,251,028	140	\$8,251,028	\$0
Locked	\$5,893,176	48	\$5,893,176	\$0
Athletics: Coaches	\$2,436,868	4	\$366,979	\$2,069,889
Locked: Innovation	\$1,651,202	0	\$0	\$1,651,202
Strategic Supplement	\$1,133,886	16	\$1,133,886	\$0
Future Center	\$932,663	12	\$932,663	\$0
CICF: Love of Reading	\$449,351	6	\$449,351	\$0
Total	\$66,875,619	1,073	\$62,410,754	\$4,464,865

Federal Allocations				
Allocation Name	Budgeted	FTE	Personnel	Non-Personnel
Title I	\$15,859,423	229	\$12,445,311	\$3,414,112
Title Pre-K	\$2,512,112	53	\$2,512,112	\$0
Title IV	\$568,492	0	\$0	\$568,492
Title III	\$250,950	0	\$0	\$250,950
Title IIA	\$96,412	0	\$0	\$96,412
Total	\$19,287,389	282	\$14,957,423	\$4,329,966