



PROFILES IN SCHOOL LEADERSHIP: LEVERAGING STUDENT-BASED BUDGETING

THE CHICAGO PUBLIC EDUCATION FUND



ABOUT THE FUND

The Chicago Public Education Fund (The Fund) is a nonprofit organization working to increase the number of great public schools in Chicago by supporting talented principals and enabling effective educator teams to reinvent classroom learning. Fund 4 seeks to more than double the number of high-performing principals in Chicago's public schools by 2018 and to enable the city's best educators to redefine what's possible for our schools and students. Visit www.thefundchicago.org for more information.

WHY PROFILE PRINCIPALS?

We recognize that creating a great city for public school leadership requires knowing much more about what motivates principals to lead and stay. That's why we work closely with Chicago Public Schools (CPS) and other partners to understand principal perspectives in Chicago.

As a first step, to better understand the needs of Chicago's principals and to support them in their roles, The Fund conducted a principal engagement survey in 2014. In 2015, we released *School Leadership in Chicago: A Baseline Report*, the first of what will become an annual series of reports on principal satisfaction and engagement in charter and district schools.

By combining systemwide evidence with periodic surveys of principals, we are using our profiles, reports and case studies to regularly share principal stories and champion the best practices used by strong leaders in Chicago.

WHY THIS TOPIC?

In the 2013-14 school year, CPS introduced Student-Based Budgeting (SBB), a strategic budgeting model that fairly and equitably allocates funding to schools on a per-pupil basis. The first few pages of this report offer a brief, recent history of CPS school budgets and the shift from a quota system to SBB.

Among the findings from our engagement survey, Chicago's principals want more practical tools that help increase the quality of teaching and learning in schools, especially as it relates to instruction and strategic budgeting. In fact, 40 percent of principals would like more support in strategic budgeting. Principals also cited a desire for more opportunities to learn from their peers to overcome common challenges with timely, innovative solutions and more examples of good practice within CPS.

In response to principals' desire for more examples on this topic, The Fund is committed to producing and sharing profiles of school leaders and their innovative practices around strategic budgeting. To allow for broad application, we interviewed four principals who are serving in a diverse set of contexts. We hope these profiles in school leadership offer practical tools and useful examples to principals as they think about their own school budgets.

STUDENT-BASED BUDGETING IN CHICAGO

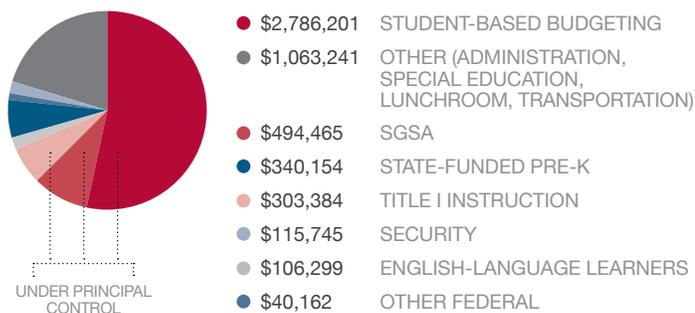
BACKGROUND

Developing a school budget has long been an important aspect of the principal role in Chicago’s public schools. Local control of resources has been an explicit priority since the 1988 Chicago School Reform Act, which created Local School Councils (LSCs) and charged them with the responsibility “to approve the expenditure plan, prepared by the principal, with respect to all funds allocated and distributed to the [school] by the Board.”¹

From the late 1980s until 2013, the resources subject to local control in Chicago Public Schools (CPS) consisted primarily of Supplemental General State Aid (SGSA) and federal Title I funds,² which are a relatively small portion of total spending at the district or school level.

Take the case of a typical CPS-operated elementary school with 700 students. The school has a total budget of \$5 million, and it receives several funding streams, including SGSA and Title I funds. SGSA provides around \$500,000 in revenue while federal Title I provides around \$300,000. This discretionary revenue of \$800,000, while significant, accounts for less than 20 percent of the school’s total funding. For many years, the bulk of a school’s budget was not subject to the same level of principal decision-making and LSC oversight as afforded to SGSA and Title I spending. As the chart below demonstrates, the majority of a school’s budget, including SGSA, Title I and Student-Based Budgeting (SBB) funding sources, is now under principal control.

**FUNDING SOURCES IN AN EXAMPLE
CPS ELEMENTARY SCHOOL**



*This example illustrates the funding sources for a CPS elementary school with 700 students and an over 90% economically disadvantaged student population in SY 2014-15. Source: Chicago Public Schools FY15 Budget Interactive Reports

CHALLENGES

Until the shift to SBB in the 2013-14 school year, CPS tried to respond to school needs by utilizing several quota formulas to allocate staff positions to the majority of schools. Over time, these formulas became complicated – there existed one quota formula for elementary schools, another for high schools and various per-pupil funding rates for specific types of schools. For example, in 2012-13, an elementary school with 400 students received as much as \$6,126 per-pupil under one formula and as little as \$5,845 under another, a difference of more than \$100,000 to serve the same number of students.

Beyond the potential for confusion and a lack of transparency, the quota formulas included financial risks to schools. Under the quota system, there was a link between student enrollment and allocated teacher positions, but the link was not one-to-one – an additional student enrolled did not necessarily lead to more revenue. Too often, the quota formulas led to funding cliffs whereby a very small change in enrollment led to a dramatic change in school funding. With just a one- or two-student shift, an entire teaching position (or a half-position) was added or eliminated, potentially leading to a gain or loss of \$50,000 to more than \$100,000 with no real change in student number or need.

Finally, since quota formulas were decided centrally, principals were limited in their ability to easily make school-specific tradeoffs. CPS allocated certain types of teacher positions according to formulas, but ultimately the quota formulas did not always meet the needs and context of individual schools.

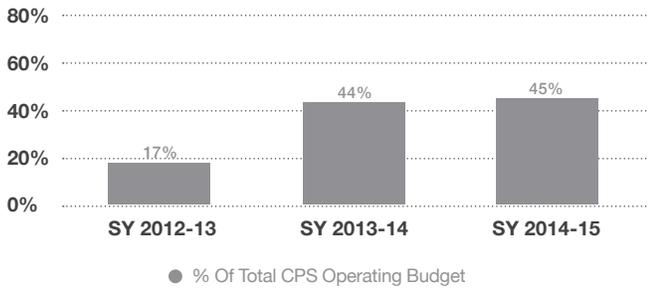
TRANSITION TO SBB

To address the shortcomings of the previous funding system and increase transparency, CPS introduced SBB as a new budgeting mechanism in the 2013-14 school year:

- Under SBB, virtually all schools – including both district-operated and charter – are funded through a unified funding formula. This mitigates confusion and offers fair treatment of different school types.
- The quota formulas were replaced with a weighted per-pupil allocation for all schools. The student weights vary according to grade level and student needs, but remain consistent across the city. From this total allocation, principals are able to fund teaching positions, purchase supplies and support additional programs with almost complete flexibility.

¹ School Code Act, 105 ILCS 5/34-2.3, Section 4
² These state and federal funds provide additional resources to schools serving large numbers of high-need students, including those who qualify for free or reduced lunch, have diverse learning needs or for whom English is a second language.

SHARE OF CPS BUDGET SUBJECT TO PRINCIPAL CONTROL



Sources: Chicago Public Schools FY15 Budget Interactive Reports; Chicago Public Schools FY13 Budget Interactive Reports

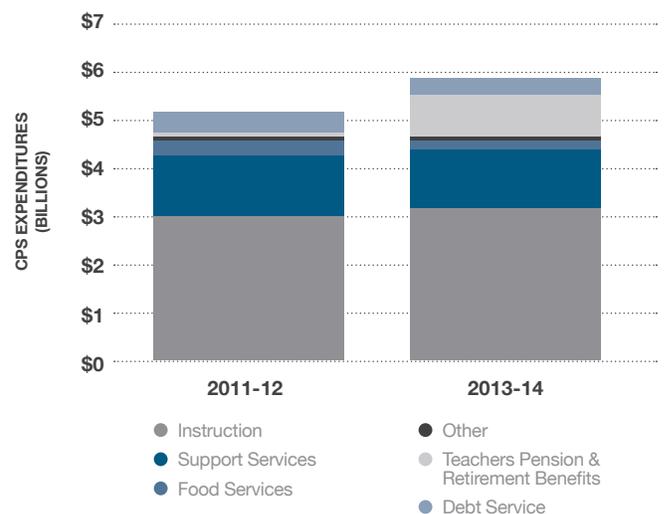
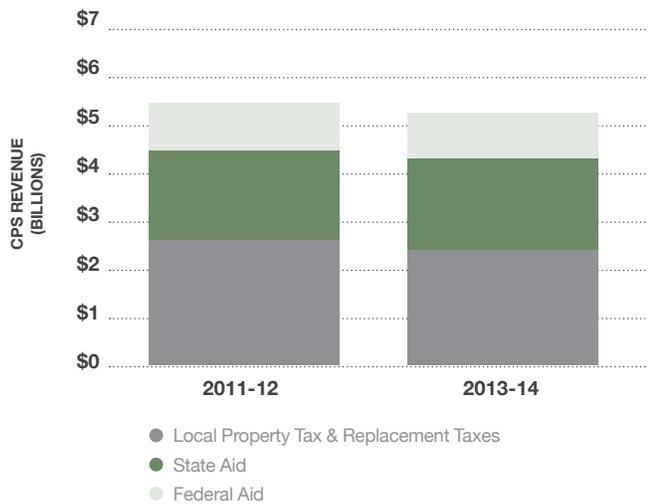
Note: SY 2015-16 data unavailable at time of print.

• As a result of the move to SBB, CPS principals have discretion over \$1.6 billion in CPS’ total general instructional funding that was previously subject to the quota system. Overall, under SBB, CPS principals now directly control 45 percent of the total CPS operating budget. For the typical elementary school described earlier, around \$3 million of the \$5 million school budget is now subject to principal discretion and LSC oversight – a major increase in local control of spending. However, even as principals have more flexibility over their school budgets, they still have to comply with mandates and contractual stipulations.

While SBB presents significant benefits with regard to local control and decision-making, the timing of the SBB rollout coincided with significant resource constraints on schools and the total CPS budget. Many schools believed they were optimally staffed at the launch of SBB, but they have found it nearly impossible to maintain those staffing levels in the last two years. It is important to note that this difficulty is driven by flat revenue and rising costs in the CPS total budget, not by SBB. As the chart below outlines, revenue from federal, state and local sources decreased by five percent between SY 2011-12 and 2013-14, but expenditures for debt service and pensions increased by 90 percent between those same years. Additionally, personnel salaries and benefits have increased by nine percent.

Whatever solutions emerge for resolving this tension almost certainly include an increase in revenue overall. In the meanwhile, as the profiles in this report demonstrate, this fiscal reality means principal leadership is more critical than ever before. Difficult decisions need to be made. The following principal stories support the conclusion that school communities are best-positioned to make them.

RECENT CPS BUDGET CHALLENGES ARE DRIVEN BY FLAT REVENUE AND RISING COSTS, NOT SBB.



SCHOOL YEAR	2011-12	2013-14
REVENUE		
LOCAL PROPERTY TAX & REPLACEMENT TAXES	\$2,534,063,000	\$2,401,347,000
STATE AID	\$1,965,901,000	\$1,842,696,000
FEDERAL AID	\$935,951,000	\$904,186,000
TOTAL	\$5,435,915,000	\$5,148,229,000

SCHOOL YEAR	2011-12	2013-14
EXPENDITURE		
INSTRUCTION	\$2,992,481,000	\$3,126,689,000
SUPPORT SERVICES	\$1,437,058,000	\$1,444,987,000
FOOD SERVICES	\$213,115,000	\$193,642,000
TEACHERS’ PENSION AND RETIREMENT BENEFITS	\$183,499,000	\$593,225,000
OTHER	\$47,909,000	\$43,594,000
DEBT SERVICE	\$374,494,000	\$467,904,000
TOTAL	\$5,839,704,000	\$6,405,021,000

Source: Chicago Public Schools 2014 Comprehensive Annual Financial Report

Note: The Chicago Public Schools 2014 Comprehensive Annual Financial Report (CAFR) is the most recently available financial report. The CAFR, the official report for government agencies, includes combined statements of revenues, expenditures and changes in the financial position. It is published in January following each fiscal year.



CPS PER-PUPIL, PRINCIPAL-ALLOCATED SPENDING, SY 2011-12 THROUGH 2014-15

SCHOOL YEAR	TOTAL CPS SPENDING	TOTAL CPS SCHOOL-LEVEL SPENDING	PER-PUPIL, PRINCIPAL-ALLOCATED SPENDING*	PER-PUPIL SPENDING AS SHARE OF TOTAL CPS SPENDING	PER-PUPIL SPENDING AS SHARE OF TOTAL SCHOOL-LEVEL SPENDING
2011-12	\$5,110,210,000	\$3,838,903,370	-	-	-
2012-13	\$5,232,221,731	\$3,600,353,304	\$904,205,480	17%	25%
2013-14	\$5,592,273,976	\$3,537,508,138	\$2,467,010,066	44%	70%
2014-15	\$5,756,240,755	\$3,697,724,384	\$2,588,474,923	45%	70%

*Includes Charter Tuition, Student-Based Budgeting, SGSA, federal Title I Public Instruction & Support Services

Note: All data from approved or final budget, as available.

Sources: Chicago Public Schools FY15 Budget Reports; Chicago Public Schools FY13 Budget Interactive Reports

STUDENT-BASED BUDGETING PROFILES

The profiles presented in this report describe how four principals work with their school communities to strategically budget in different ways. It is worth noting that none of these principals suggest the per-pupil resources are sufficient to meet all school-specific needs. Like many of their colleagues and the general public, these principals feel that more resources would be well-utilized in their schools to drive student outcomes in their schools, and they all speak about trade-offs that are difficult to make, given the existing resource constraints. However, and perhaps most significantly, all four principals appreciate the opportunity to make those resource decisions in the context of their school community, rather than having decisions made for them centrally.

The four schools profiled are:

CESAR E. CHÁVEZ MULTICULTURAL ACADEMIC CENTER

A CPS neighborhood elementary school that takes advantage of the flexibility that SBB offers to pilot and refine innovative new academic programs, including work on the full school day.

DISNEY II MAGNET SCHOOL

A CPS magnet elementary school that is expanding to serve high school students in a K-12 model in an uncertain financial environment. Starting a new high school in CPS is always challenging and requires careful planning.

NAMASTE CHARTER SCHOOL

A CPS charter elementary school that demonstrates the importance of careful alignment between the budget and the school's most important priorities, especially when resources are stretched. As a single-site charter school, Namaste operates with more funding constraints than typical charter networks.

CHARLES P. STEINMETZ COLLEGE PREPARATORY HIGH SCHOOL

A CPS neighborhood high school that carefully uses a budget-planning and -tracking tool to evaluate outcomes for each of 12 priority areas.

CESAR E. CHÁVEZ MULTICULTURAL ACADEMIC CENTER



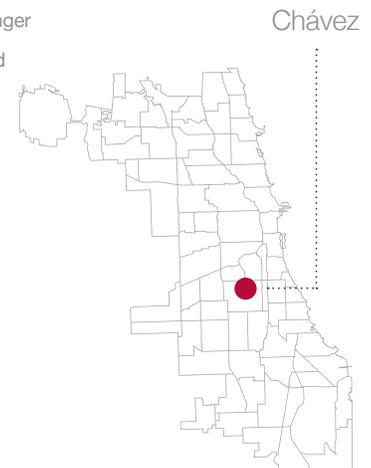
PRINCIPAL & SCHOOL BACKGROUND

Before being named principal of Cesar E. Chávez Multicultural Academic Center (Chávez) in 2010, Barton Dassinger taught in the Texas Rio Grande Valley as a Teach For America teacher and as a first and second grade teacher at Chávez. He earned his master's degree and administrative certification from University of Illinois at Chicago (UIC) in 2005 and graduated from LAUNCH, a Fund-seeded principal preparation program designed to develop aspiring principals for CPS. Prior to his first leadership position, Barton was prepared to approach school budgeting. While his administrative preparation program did not require any coursework in school budgeting or finance, Barton took such a course offered by UIC. Through his LAUNCH internship, Barton also gained exposure to the practical aspects of school budgeting within CPS.

SCHOOL DEMOGRAPHICS

Principal Name	Barton Dassinger
School Type	Neighborhood Elementary
Performance Tier	Level 1+
Students Enrolled	959
White	1.1%
African American	3.6%
Asian	0.0%
Hispanic	94.6%
Other	0.6%
Economically Disadvantaged	98.9%
English-Language Learners	46.51%
Individualized Education Program	10.22%

SCHOOL LOCATION



BUDGET OVERVIEW

SCHOOL YEAR	ENROLLMENT	EDUCATION SUPPORT SALARIES	EDUCATION SUPPORT EXTENDED DAY	TEACHER SALARIES SALARIES + BENEFITS	TEACHER SALARIES EXTENDED DAY	TOTAL PERSONNEL PERCENT OF BUDGET	TOTAL NON-PERSONNEL PERCENT OF BUDGET	TOTAL BUDGET
2011-12	913	\$981,153	\$52,470	\$3,698,294	\$110,179	\$6,810,672 (94%)	\$454,658 (6%)	\$7,265,330
2012-13	937	\$903,576	\$42,357	\$3,864,325	\$108,934	\$6,847,231 (90%)	\$795,317 (10%)	\$7,642,548
2013-14	947	\$851,571	\$57,604	\$3,966,557	\$190,310	\$6,915,340 (91%)	\$706,674 (9%)	\$7,622,014
2014-15	959	\$999,875	\$32,740	\$4,383,936	\$152,300	\$7,611,898 (95%)	\$372,838 (5%)	\$7,984,736

Sources: Chicago Public Schools FY15 Budget Reports; Chicago Public Schools FY13 Budget Interactive Reports

LESSONS LEARNED FROM BUDGET DECISIONS AT CHÁVEZ

1. **Annually evaluate a school's needs and gaps and adjust the budget accordingly.**

In recent years, Chávez achieved very strong results in math, consistently scoring at or near the top of all schools in its Network. At the same time, reading achievement was not growing at an equivalent rate. Using student assessment data and teacher input, Barton evaluated the school's reading achievement needs and gaps. In response, Barton added two additional reading interventionist positions for Chávez for the 2014-15 school year. This area received priority because additional resources were available when compared with the prior year.

2. **Prioritize the tools and resources that teachers and students need.**

Not every need can be met with finite resources. Indeed, many CPS schools find it difficult to fund desired supplies, technology and equipment for their schools in a resource-constrained environment. By carefully prioritizing investments and gathering teacher input on trade-off decisions, Chávez supports the teachers who are in front of students every day.

Of course, this has come at a cost – there are some areas where the teachers and staff at Chávez work especially hard in order to make this budget model work. For example, Chávez has not invested in recess monitors or instructional coaches. However, teachers have seen the enormous benefit of having the ability to request – and receive – the tools and materials they need most. This makes the work environment very attractive, and teachers' overall work load much more sustainable over the long term. In fact, teachers at Chávez rated teacher influence the highest possible rating on the 2014 5Essentials survey.

3. **Maximize teacher instructional time and capacity to meet student needs.**

Chávez prioritizes instructional technology investments because its teachers believe that good technology helps them teach. That said, Barton and his team are quick to note that not every computer program or technological tool is ideal. The school team compares student data to make decisions about potential programs or solutions – a core aspect of building an effective school budget.

School budgets are fairly substantial – in the millions in almost all CPS schools. At the same time, recent budget challenges have presented difficult choices for school communities. By making tradeoffs rooted in the highest-priority needs of the school, impressive outcomes can be achieved.

As could be expected, teaching positions are the major cost driver in all CPS school budgets. In the 2014-15 school year, seven schools, including Chávez, won \$100,000 personalized learning grants through Breakthrough Schools: Chicago. Barton notes that they received front-page coverage – but \$100,000 represents the cost of just one additional teacher. In 2014-15, Chávez had 55 teachers in the building and a budget of about \$8 million. However, that budget has to meet the needs of 937 students, almost 50 percent of whom are not reading at grade level. Yet, CPS principals have the ability to try innovative approaches to meet these needs.

In 2010, Chávez was one of 15 schools that participated in a pilot program, which CPS funded and The Fund supported, to increase extended-day opportunities throughout the city. The Additional Learning Opportunities (ALO) pilot consisted of a 90-minute extension to the end of the traditional school day. Students engaged in personalized learning through educational software while proctored by members from local community groups. Over two years, ALO achieved some encouraging results, which was documented in a study³ of the program, but CPS eliminated the program in 2012 while it faced a huge deficit.

Barton was especially encouraged by the initial results from ALO and sought to see its potential fully realized at Chávez. To that end, he funded an extended-day instructional program that leveraged an additional 60 minutes, four days a week. This program continues and is fully staffed with Chávez teachers, who are paid the full collectively-bargained, extended-day rate. The resources to run this program total around \$192,000 for teacher salaries, but required an additional one-time startup expense for technology costs. This program has yielded impressive benefits, with Chávez having the highest math attainment and growth scores among all 30 schools in its Network two years in a row.

Barton credits Chávez' ability to achieve great results in a resource-constrained environment to the ability to extend the school day and invest in technology. However, Chávez must continually make trade-offs, including not offering foreign language or homeroom/ advisory time. In addition, Barton budgets no additional money for recess coverage, so he and his AP must take on this supervision. By carefully weighing the costs of different options in collaboration with his school community, Barton is able to fund a truly innovative program within a traditional CPS school – with teachers paid the full collectively-bargained, extended-day rate on a standard CPS school budget.

NEEDS AND PRIORITIES CAN CHANGE OVER TIME

From 2012-14, Chávez invested in some key elements that no longer require additional dollars. For example, in the 2013-14 school year, Chávez had only one freed teacher and one assistant principal, in a school with multiple buildings serving nearly 1,000 students. Over these years, Barton used savings generated by this staffing decision to ensure all classrooms had Smart Boards, a full set of Common Core-aligned reading materials and access to ample supplies and educational software. Barton was even able to fund the installation of window air conditioner units throughout the school and to update furniture for the lower grades, without relying on capital investments from CPS.

Once these investments are made, they depreciate but do not have to be replaced again each year. A staffed position, by contrast, must be funded each year, likely at increasing cost. For the 2014-15 school year, Barton had the budgeting flexibility to add a second assistant principal and hire two reading interventionists. The additional requirements of teacher evaluations, including two formal observations for tenured teachers and four for untenured teachers, represent a significant administrative burden that can be met with an additional assistant principal. And while Chávez' math scores continue to be extremely strong, reading scores have not surged at the same rate. As such, it is wise to allocate additional resources to address this challenge. Again, SBB provided Barton with the flexibility to make these resource allocations.

For more information on Chávez, please go to:

<http://www.chavez.cps.k12.il.us/>

³ This study of the ALO program is available upon request from The Fund.

DISNEY II MAGNET SCHOOL



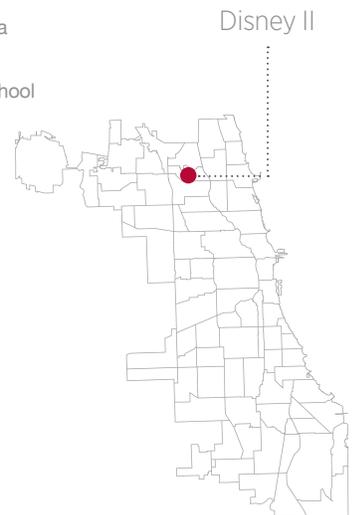
PRINCIPAL & SCHOOL BACKGROUND

A native of Bulgaria, Bogdana Chkoumbova began her CPS career in 2001 as a special education teacher at Chopin Elementary School. She received a master's degree and administrative certification from Governors State University, and, following five years as a CPS teacher, Bogdana joined the final cohort of LAUNCH. Following her graduation from LAUNCH, Bogdana worked as an administrator at Walt Disney Magnet School. In 2007, she was chosen to be the founding principal of Disney II. Supported by the Renaissance School Fund, she spent a year preparing to launch the school. Disney II opened as a pre-K-2 school in 2008. After adding a ninth grade class in 2013, Disney II became a K-12 magnet school – the first such school in CPS.

SCHOOL DEMOGRAPHICS

Principal Name	Bogdana Chkoumbova	
School Type	Magnet Elementary	Magnet High School
Performance Tier	1	1
Students Enrolled	420	493
White	43.1%	22.1%
African American	7.1%	21.3%
Asian	5.2%	2.8%
Hispanic	39.5%	49.1%
Other	4.9%	4.6%
Economically Disadvantaged	32.86%	63.29%
English-Language Learners	7.86%	2.43%
Individualized Education Program	8.57%	8.52%

SCHOOL LOCATION



BUDGET OVERVIEW

SCHOOL YEAR	ENROLLMENT	EDUCATION SUPPORT SALARIES	EDUCATION SUPPORT EXTENDED DAY	TEACHER SALARIES SALARIES + BENEFITS	TEACHER SALARIES EXTENDED DAY	TOTAL PERSONNEL PERCENT OF BUDGET	TOTAL NON-PERSONNEL PERCENT OF BUDGET	TOTAL BUDGET
2011-12	363	\$400,507	\$77,106	\$1,515,766	\$45,990	\$2,845,004 (89%)	\$341,418 (11%)	\$3,186,422
2012-13	415	\$321,442	\$25,730	\$1,757,796	\$35,000	\$2,945,326 (86%)	\$481,492 (14%)	\$3,426,818
2013-14	661	\$416,775	\$5,000	\$2,663,517	\$54,344	\$4,454,578 (87%)	\$675,346 (13%)	\$5,129,924
2014-15	913	\$505,113	\$31,200	\$3,988,268	\$75,122	\$6,478,785 (98%)	\$125,082 (2%)	\$6,603,867

LESSONS LEARNED FROM BUDGET DECISIONS AT DISNEY II

1. The new school year begins on January 1.

That is, from Bogdana's perspective, planning for the school year begins in January. Each year, informed by the school community's feedback on the current year and guided by the school's overall plan, she begins planning different budget scenarios and options. An early start allows maximum flexibility. Certainly, CPS does not make all the necessary information available to plan so far in advance. But, given extra time, Bogdana is able to adapt an early plan to subsequent changes. Even in the more tumultuous recent fiscal environment, truly unanticipated budget reductions have generally been manageable. Critically, an early start to budgeting and strategic planning allows for an early start to recruiting and interviewing for upcoming teaching positions.

2. A strong budget is developed along with a strong school plan.

When Disney II was founded, Bogdana led the development of a five-year strategic plan, guiding the schools' growth from a pre-K-2 school to a fully developed elementary school. The critical features of arts, technology and early childhood education – core to the founding principles of the school – were prioritized and have remained so in subsequent years. Necessary trade-offs were made along the way to ensure these features were fully supported. For example, in the first three years of Disney II's history, Bogdana was the only administrator. As the school has expanded across two campuses, Disney II now has two assistant principals and a resident principal, along with a dedicated coach and dean of students.

3. The school community must be involved in all aspects of the budget process.

From the very beginning, Bogdana has made a constant effort to engage all members of the school community in all aspects of school life. For a new school drawing students from many neighborhoods, this is an important element of ultimate success. The budget process provides an excellent opportunity to drive this engagement. For example, the budget process provides a regular opportunity for the school community to agree on the most important needs. It also provides a framework to structure the discussion – all schools face tradeoffs, and an inclusive budget process ensures the school's leadership hears feedback from teachers and parents. In addition, engagement around the school budget is very helpful with external fundraising – Disney II started a fundraising organization soon after its founding. This provides a modest, albeit important, contribution to the school's budget. In the 2012-13 school year, for example, the school's foundation contributed \$80,000. Total school-generated funding, including tuition-based programs, has exceeded \$350,000 in recent years.

CPS budget policies and timing have changed frequently in the recent past — and may change again. However, school leaders can prepare for future changes by preparing plans in advance and engaging with their school teams and communities.

As a participant in the pre-2013-14 per-pupil pilot programs,⁴ Disney II has actually been on a per-pupil funding model for its entire history. However, under SBB, the formulas and weights changed a bit, requiring the school to re-calculate and update plans.

Critically, Disney II tries to maintain considerable flexibility through careful planning. In particular, non-sustainable revenue sources, such as those from external grants and fundraising efforts, are not used to fund core resources or programs that have recurring needs. These revenues are only used to fund truly supplementary resources.

In 2008, Disney II received a considerable grant from the Boeing Foundation, which provided some technology and professional development for teachers. These sorts of investments compound over time and can be allowed to phase out without disrupting the core school activities when they do so. Such planning is especially important at a school like Disney II, which receives additional discretionary funding from federal Title I or SGSA. As a magnet school, Disney II received additional non-SBB teaching positions, but these decreased from four in 2012-13 to two in 2013-14.

BIG CHANGE REQUIRES GOOD PLANNING

In 2013-14, Disney II began its expansion to include high school grades. This growth had major implications on the school from a climate, strategic and budgetary perspective. As with other decisions, Bogdana led her school community through a careful re-thinking of the school's plans. Just as was done while Disney II was growing as an elementary school, expansion was not as simple as adding a grade and hiring additional staff members. Rather, the entire plan was re-evaluated each year.

Expanding to a high school was no different. When Disney II received an additional building to hold the high school, Bogdana, her team and the community decided to house the seventh and eighth graders in the new building, along with the new ninth graders in the 2013-14 school year. Thus, the seventh and eighth graders contributed to a strong Disney II community. At the same time, teachers and students benefited from closer alignment and collaboration around the critical transition to high school.

However, this strong design came at a cost — CPS funds high schools differently than elementary schools; seventh and eighth graders receive the elementary funding weights, even if they are actually attending school alongside ninth and tenth graders in a high school environment. Thus, some important sacrifices are made to make this model work. Disney II retains a relatively small administrative and non-teaching staff, especially in the context of a school serving grades Pre-K through 10 across two campuses. To ensure the academic program can be funded and staffed accordingly, the high school grades in particular have considerably fewer support staff than in a typical CPS high school. As the school continues to expand, Bogdana and her team plan to carefully update and evaluate their progress toward achieving their goal of an integrated pre-K-12 magnet school.

For more information on Disney II, please go to:

<http://disneyiimagnet.org/>

⁴ Since the mid-2000s, a small group of CPS schools participated in the per-pupil pilot program.

NAMASTE CHARTER SCHOOL



PRINCIPAL & SCHOOL BACKGROUND

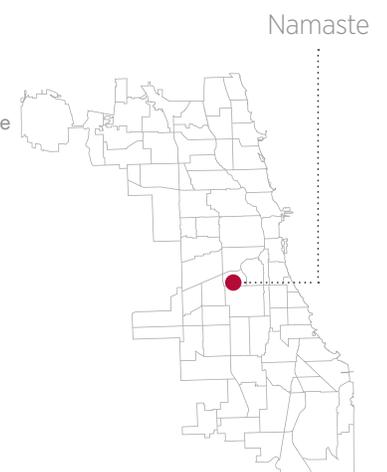
Allison Slade began her career as a Teach For America teacher in Houston. Prior to founding Namaste Charter School (Namaste) in 2004, she worked as a teacher, professional development specialist, teaching seminar leader and curriculum designer. She received a master's degree from the Harris School at the University of Chicago in 2002 and an administrative certification from Loyola University Chicago in 2004. In July 2014, following 10 years of leading Namaste as the school's principal, she stepped away from day-to-day management to focus on her role as Executive Director.

Rickie Yudin became Namaste's principal in July 2014 after previously serving as the school's Director of School Culture & Wellness and Elementary School Instructional Leader. Prior to Namaste, Rickie was an Assistant Principal and a fifth grade writing and sixth grade science teacher at KIPP Austin College Prep. Rickie began his teaching career as a Teach For America Corps Member in Las Vegas, where he taught first and second grades and reading intervention for third and fourth grades. He received his master's degree in Elementary Curriculum and Instruction from the University of Nevada, Las Vegas.

SCHOOL DEMOGRAPHICS

Principal Name	Rickie Yudin
School Type	Charter Elementary
Performance Tier	Inability to Rate
Students Enrolled	485
White	9.5%
African American	3.5%
Asian	1.0%
Hispanic	84.7%
Other	1.2%
Economically Disadvantaged	84.54%
English-Language Learners	31.75%
Individualized Education Program	17.32%

SCHOOL LOCATION



BUDGET OVERVIEW

SCHOOL YEAR	ENROLLMENT	PROGRAM SERVICES SALARIES	BENEFITS FOR PROGRAM SERVICES STAFF	TOTAL BUDGET
2011-12	452	\$2,362,000	\$365,324	\$4,631,156
2012-13	465	\$2,765,768	\$360,188	\$5,086,341
2013-14	483	\$2,627,820	\$566,276	\$5,112,250

Note: Data provided by Namaste between SY 2011-12 through 2013-14. Program Services include instructional salaries.

LESSONS LEARNED FROM BUDGET DECISIONS AT NAMASTE

1. **Align resources to achieve the most important priorities.**

Namaste's educational model is built upon six pillars or core values: nutrition, health and wellness; movement; peaceful school culture; language and culture; collaborative practice; and balanced learning. These pillars support a holistic education and come with some additional costs not always encountered in a typical CPS school. For example, Namaste students receive 60 minutes of physical education each day, along with 20 minutes of recess. To meet these objectives, the Namaste campus requires three gyms or physical education rooms to accommodate this scheduling, with corresponding costs in staffing and equipping these programs. In addition, given the focus on nutrition and health, Namaste operates its own food service program at additional cost beyond a typical CPS school. This programming is core to the school's mission and model, and thus is core to the school's budget.

2. **Plan for different scenarios, and prepare for the downside in advance.**

All schools face year-to-year variation for both costs and revenues: teachers gain experience and advance along a salary scale, enrollment may be above or below expectations, and significant changes in CPS' overall fiscal condition might impact the total amount of resources that can be allocated to schools. In some ways, a single-site charter faces particular challenges, given the need to meet facility payments and seek re-imbursment for special education spending. This makes careful and conservative planning even more essential. To that end, Namaste has traditionally prepared a school budget projecting around only 480 students. This is below its actual and expected capacity but provides some insulation from unexpected challenges in the budget process.

3. **If reductions are necessary, reduce amount or frequency instead of eliminating a resource entirely.**

Since resources are often limited, sometimes programs have to be scaled back. Namaste emphasizes the importance of maintaining at least some support for each valued priority. For example, Namaste provides a free Family Breakfast each week. Should financial considerations force a re-evaluation of this program, Namaste might hold a breakfast every other week, or perhaps once a month, to maintain the resource in some meaningful form. When reductions are necessary at other organizations, individual line items might be eliminated entirely until the total budget is balanced. Namaste has intentionally made a different choice.

A school budget should always follow a school's long-term strategic plan and goals. The budget does not drive programmatic decisions. Rather, it reflects the collective goals and decision-making of the school community and leadership.

Guided by Namaste's six pillars, all school activities, programming and resources are identified as necessary, complementary or optional. The sum of each of these groupings then produces the total school budget. Allison developed this process several years ago at Namaste, and Rickie continues to utilize it today.

Critically, each item is classified according to the school's mission. For example, given the explicit focus on health and wellness, water dispensers in classrooms are necessary. Following this model, free, after-school or intersession programming is deemed optional. These types of programs could be scaled back somewhat to help close a potential budget gap.

Namaste also identified some resources that are not integral to the school model. To illustrate, students used to receive a backpack with school supplies – this was not a necessary item and is no longer funded. Given the key focus on physical wellness and the attending resource needs, Namaste covers music, art and theater education through external partnerships. At the same time, Namaste does rely on external fundraising to provide some of these opportunities. In a typical year, Namaste covers around 20 percent of its operating budget through private contributions.

PLAN FOR STUDENT NEEDS AND FACULTY INTERESTS

As a single-site CPS charter school, the budget process at Namaste is a bit different than at a CPS neighborhood school in that single-site charters operate under more constrained budgets. However, many of the core principles remain. A charter school's budget does not require LSC approval (though charter schools do have their own governing boards of directors), but charters are renewed for five-year periods. Thus, Namaste provides budgets for both the upcoming year and for a five-year horizon, in alignment with the charter renewal process.

While developing the budget for the next year, Allison and Rickie follow a process developed several years ago. Critically, the process begins early. Each January, a staff interest survey is conducted to inform planning for the upcoming year. Namaste teachers indicate their interest in returning for the next year, and their interest in specific grades or subjects, which begins the conversation between school leadership and faculty. While plans can never be known with complete certainty in advance, around 75 percent of teachers remain consistent with their stated intentions.

Beginning in February, Namaste holds an Instructional Leadership meeting. School leaders, guided by the school's priorities and past experiences, identify and discuss their needs and desires for the upcoming year. In March, Namaste receives applications for its admission lottery from interested students, with final enrollment paperwork submitted by May. Equipped with this information, Allison and Rickie start aligning student needs, faculty interests and available resources during the spring. The budget is then approved by Namaste's board during a spring meeting.

For more information on Namaste, please go to:

<http://www.namastecharterschool.org/>

CHARLES P. STEINMETZ COLLEGE PREPARATORY HIGH SCHOOL



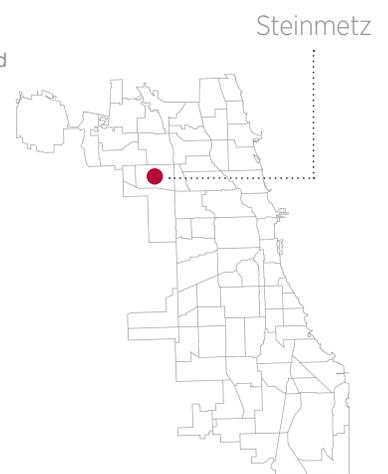
PRINCIPAL & SCHOOL BACKGROUND

A Chicago native and CPS graduate, Stephen Ngo has been the principal at Charles P. Steinmetz College Preparatory High School (Steinmetz) since 2012. He began his career as an English teacher in Japan, where he taught for three years. Upon returning to the United States, Stephen taught Social Studies at Steinmetz for eight years and served as an assistant principal for four. Stephen then became the principal at World Language High School and led the school for three years before returning to lead Steinmetz. He earned his master's degree from the University of Illinois at Chicago (UIC) in 1994 and his administrative certification from Loyola University.

SCHOOL DEMOGRAPHICS

Principal Name	Stephen Ngo
School Type	Neighborhood High School
Performance Tier	Level 2
Students Enrolled	1,709
White	10.0%
African American	12.6%
Asian	2.0%
Hispanic	74.0%
Other	1.4%
Economically Disadvantaged	93.56%
English-Language Learners	14.1%
Individualized Education Program	14.98%

SCHOOL LOCATION



BUDGET OVERVIEW

SCHOOL YEAR	ENROLLMENT	EDUCATION SUPPORT SALARIES	EDUCATION SUPPORT EXTENDED DAY	TEACHER SALARIES SALARIES + BENEFITS	TEACHER SALARIES EXTENDED DAY	TOTAL PERSONNEL PERCENT OF BUDGET	TOTAL NON-PERSONNEL PERCENT OF BUDGET	TOTAL BUDGET
2011-12	1,890	\$2,190,128	\$53,395	\$9,411,825	\$130,379	\$16,550,457 (94%)	\$993,540 (6%)	\$17,543,997
2012-13	1,823	\$2,196,369	\$102,902	\$9,579,043	\$125,756	\$16,659,146 (94%)	\$1,072,459 (6%)	\$17,731,605
2013-14	1,809	\$2,167,966	\$48,229	\$9,110,209	\$72,569	\$15,528,316 (96%)	\$644,536 (4%)	\$16,172,852
2014-15	1,709	\$1,747,737	\$49,000	\$9,429,627	\$81,250	\$15,371,047 (98%)	\$353,006 (2%)	\$15,724,053

LESSONS LEARNED FROM BUDGET DECISIONS AT STEINMETZ

1. Tracking the impact of dollars spent helps improve transparency and decision-making over time.

Large, comprehensive neighborhood high schools like Steinmetz have to meet the needs of many different students, and resources – financial and otherwise – are often limited. Given this situation, Stephen thinks carefully about how to allocate resources toward priorities so that each dollar contributes positively to school improvement. In particular, Stephen uses smartly designed tools to clearly track how each dollar is spent – toward specific goals and measurable results – and relies on resources, like his Network Chief of Schools, for guidance when making budgeting decisions.

2. Maximize resources toward instruction, especially when resources are limited.

Stephen saw an opportunity to streamline the budget and support strong instruction by ensuring that all licensed educators in his building spent some time teaching classes. In many CPS high schools, several teacher positions have traditionally been allocated to quasi-administrative or non-instructional work, such as serving as a dean of students. Over the past three years, Stephen gradually modified non-classroom teacher positions to allocate resources towards strong instruction. He took on a class himself to set an example.

3. Leverage opportunities to collaborate with peers and share best practices.

Stephen values opportunities to collaborate with others and share best practices around priority areas, such as increasing Steinmetz's graduation rate. For example, he leverages an opportunity to collaborate with other high school principals through Network for College Success (NCS). He also enjoys strong support from his Network Chief of Schools and frequently meets with other CPS principals formally and informally to share innovative ideas.

For budgets to accurately reflect school priorities, good tracking and evaluation systems are critical. Additionally, sharing best practices with peers generates innovative solutions to stretching a limited budget for greater impact.

Through his years working in and leading CPS high schools, Stephen has developed several best practices for budgeting; the most important example is the careful attention he pays to the observable and measurable outcomes of resources. Stephen uses a budget-planning and -tracking tool developed with help from his Network Chief of Schools. With this tool, Stephen and his Network Chief identify all school Continuous Improvement Work Plan (CIWP) goals and School Quality Rating Policy (SQRP) elements and allocate each dollar so that it expressly supports a given goal or metric. Stephen can see at-a-glance how much money is devoted to each of 12 priority areas, making it easy for him to track expenditures and the associated outcomes on each priority area.

For example, in his first year as principal at Steinmetz, Stephen identified the freshman on-track⁵ rate as a priority area. In response, he implemented a series of low-cost interventions, such as initiating weekly freshmen data reports sent to all ninth grade teachers. Based on these reports, ninth grade teachers offered at-risk freshmen the opportunity to improve their grades at weekly Saturday school sessions. As a result, Steinmetz's freshman on-track rate rose from 73.6 percent in the 2012-13 school year to 85 percent in the 2013-14 school year. At the end of the first semester of the 2014-15 school year, the freshman on-track rate was 87 percent. Clearly, Stephen's careful budget-planning and -tracking tool helped Steinmetz make impressive gains.

ALIGN BUDGET DECISIONS TO PRIORITIES

As a large neighborhood school, Steinmetz has a significant number of stakeholders, not least of which are its 110 teachers. As such, it is critical to develop a shared understanding for how the school will thrive and reach its goals. For example, as the budget situation has become increasingly challenging, schools have less flexibility for teachers staffed in non-teaching positions. Of course, under SBB, it is possible to re-define those positions as needed. That said, managing a change in staffing structure is challenging. Stephen led a necessary staff reorganization by emphasizing that all staff members support strong instruction and moving licensed educators from non-teaching administrative positions into classrooms – even teaching a ninth grade World Studies class himself in 2013-14, and leading a senior seminar for the first half of the 2014-15 school year. Although this change received some pushback, Stephen used this opportunity to allocate budget resources toward strong instruction.

In addition to strategizing each dollar spent and reorganizing staff, Stephen greatly benefits from being able to share ideas and collaborate with other CPS principals. In particular, Stephen finds his school's membership in NCS to be an invaluable partnership. This organization, housed at the University of Chicago's School of Social Service Administration, partners with CPS schools to build the capacity of school leaders through professional development, shared learning, data analysis and the implementation of research-based frameworks. Through his participation in NCS, Stephen has worked with other participating principals to use data to support improvement in Steinmetz's graduation rate. As a result of increased attention and resources, the graduation rate increased from 62.3 percent in 2012-13 to 70.1 percent in 2013-14. Stephen anticipates that the graduation rate will continue to improve with the increased focus on the freshman on-track rate, and he credits much of this success to his opportunities for peer collaboration through programs like NCS.

For more information on Steinmetz, please go to:

<http://steinmetzac.com/Prod/index.php>

⁵ Developed by the University of Chicago's Consortium on Chicago School Research (CCSR), the freshman on-track rate measures course grades and credits of students at the end of their freshman year. Freshmen who are on-track are three and a half times more likely to graduate from high school in four years than students who are off-track.

LEARN MORE

For more than a decade, our work has introduced us to the dedicated individuals and organizations growing great public schools across our city. We invite you to learn more by visiting our partner schools, deepening your understanding of our model and investing in Fund 4, which is focused on doubling the number of high-performing principals in Chicago's public schools. Please visit our website at www.thefundchicago.org or email us at research@thefundchicago.org.

On behalf of The Fund, thank you for your interest, support and commitment to Chicago's children.

ACKNOWLEDGEMENTS

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200 West Adams, Suite 2150
Chicago, Illinois 60606

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