



Reason

#426

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Weighted Student Formula Yearbook

Oakland

by Katie Furtick & Lisa Snell

Oakland Unified School District

Program Name: Results-Based Budgeting

Implementation: 2004–2005 School Year

Program Type: District-Wide Program

Legal Authorization: State Administrator

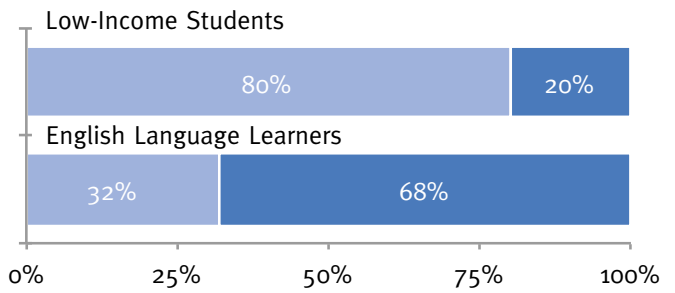
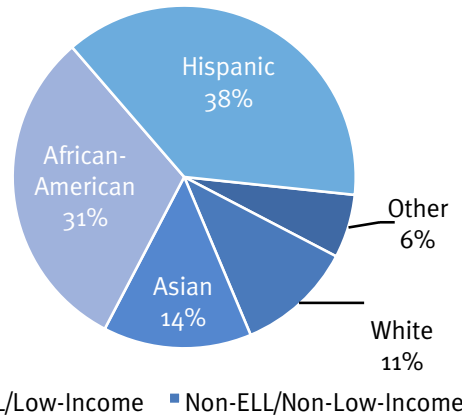
Overall Grade: A-

Category	Grade	Rank*
Overall Grade **	A-	4
Principal Autonomy	A	2
School Empowerment Benchmarks	C	12
2011 Proficiency Rates	B+	4
Proficiency Rate Improvement	B+	3
Expected Proficiency vs. Actual	C-	11
Expected Proficiency Improvement	C+	8
2011 Graduation Rates	F	15
2011 Achievement Gaps	B-	6
Achievement Gap Improvement	A-	2
Achievement Gap Closures:		
■ <i>Internal District</i>	A-	2
■ <i>Internal District vs. Internal State</i>	A-	2
■ <i>External Achievement Gaps</i>	F	14

* Tied with San Francisco Unified School District for “Improvement in Expected Proficiency.” Tied with Cincinnati Public Schools, Milwaukee Public Schools, and San Francisco Unified School District for “School Empowerment Benchmarks.”

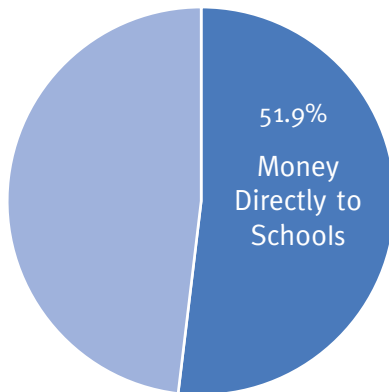
** Overall grades and ranks may not equal the average of individual grades and ranks because categories are weighted differently to reflect their importance.

Demographics



Source: OUSD 2012–2013 Fast Facts

2012–2013 Principal Autonomy



Source: OUSD 2012–2013 Budget

School Empowerment Benchmarks

School budgets based on students not staffing	Yes
Charge schools actual versus average salaries	Yes
School choice and open enrollment policies	Yes
Principal autonomy over budgets	Yes
Principal autonomy over hiring	No
Principal training and school capacity building	Yes
Published transparent school-level budgets	No
Published transparent school-level outcomes	Yes
Explicit accountability goals	Yes
Collective bargaining relief, flat contracts, etc.	No

Oakland Met 7 out of 10 School Empowerment Benchmarks

1. Overview of Oakland's Per-Pupil Formula Program

In 2013, the Oakland Unified School District enrolled 36,180 students and Oakland charter schools enrolled 10,118 students. Student demographics for charter and traditional schools show that 31 percent of students are African-American, 38 percent Hispanic, 14 percent Asian, 11 percent White, and 6 percent classified as Other. Of these students, 80 percent are eligible for the free and reduced lunch program and 32 percent are English language learners. Oakland has made significant progress on California's Academic Performance Index (API), which is the state's measure of student performance. In 1999, five Oakland schools met the state's API benchmark of 800 or greater. By 2012, 42 Oakland schools reached that benchmark.

Since fall of 2000 the district has experienced a decline in enrollment of more than 30 percent. All California school districts receive both unrestricted and restricted resources based upon the number of enrolled students. The district's severe enrollment loss has been due primarily to two factors:

1. Families moving out of Oakland due to the increased cost of living in the Bay Area, and
2. Rapid growth of charter schools, which comprised 22 percent of Oakland's public school enrollment in the 2012–13 school year.

Oakland Unified calls its student-based financing system "results-based budgeting." Its district-wide program was implemented by the authority of the state administrator in the 2004–2005 school year. Oakland Unified's decentralization and student-based financing efforts started in the 2001–2002 school year under Superintendent Dennis Chaconas. According to the Center for American Progress 2008 report on Oakland's result-based budgeting system, the school board decided to exempt seven of the district's recently established small high schools from the district finance system.¹ Each small school received a budget based on the same way the district received its funding—the average daily attendance (ADA) of the students enrolled at that school. Principals were given control over use of these resources at the school level and by the 2003–2004 school year, 14 schools were receiving funding based on ADA and the principals had discretion over the budget.

In 2003, the school district experienced a fiscal crisis that led to a state takeover of the district in exchange for a \$100 million loan from the state of California. The state installed a state administrator in place of the superintendent.

The state takeover provided a unique opportunity to make rapid change in a school district with a long history of poor academic and financial performance. In partnership with the Bay Area Coalition of Equitable Schools (BayCES), new State Administrator Randolph Ward began a new initiative, Expect Success, to

create a more accountable school district. Starting in spring 2004, Oakland Unified School District launched a fundraising campaign to attract national and local donors to invest in high achievement, equitable outcomes and public accountability.² District leaders and community partners used seed funding from national donors to write a three-year reform plan called Expect Success, designed to transform the district into a model of urban reform. By 2009, Oakland had raised \$30 million from private sources and succeeded in being the most improved, in terms of academic gains, of any urban school district in California.

In 2004, Dr. Ward decided to expand the district's student-based financing system to include every school in the district. Dr. Ward and other district administrators visited the Edmonton, Canada school district to learn more about best practices in student-based financing. Dr. Ward's implementation of results-based budgeting is an example of a top-down implementation of a school decentralization system. Dr. Ward asked a small group of district administrators in conjunction with a member of the Bay Area Coalition of Equitable Schools (BayCES) to quickly design the framework for Oakland's school finance policy. In a three-month period, Oakland's leadership created the framework for the new "results-based budgeting" (RBB) policy by developing new funding formulas and initial budgets for all schools.³ Oakland implemented results-based budgeting district-wide, as part of the "Expect Success" reforms in 2004–05.⁴

Since 2009, results-based budgeting has continued to be the district school finance plan under the leadership of Superintendent Tony Smith, who changed the overall focus of the district to implementing full service community-based schools where students can get health care, enrichment classes, food and guidance outside of their class day. He funded these programs largely by outside contributions through partnerships with local foundations and county health agencies.

Results-based budgeting (RBB) is OUSD's unique budgeting process based on a per-student formula that accounts for all expenses associated with school operations. Budgets are allocated to and managed by school sites. RBB increases equity, transparency, accountability and site-based decision-making in the budgeting process. The theory of action for results-based budgeting has been to provide maximum budget flexibility and funding equity for all school sites. The advantages include the ability for individual school sites to customize educational programs and support services to fit the needs of the students, staff and parents.

The allocation of funds achieves equity of resources under RBB as it is based on actual students (versus staff allocations) and schools have more control over directing their resources. Schools are also charged for actual salaries rather than average salaries. While sending schools revenue rather than staffing positions increases equity, it does not go far enough. In most school districts schools are charged for average teacher salaries rather than actual teacher salaries. This means that a more popular school with more-experienced

teachers is often subsidized by less popular schools with less-senior staff members. In Oakland, schools are charged actual salaries. This increases equity because schools that have more beginning teachers with lower salaries will now have more resources based on the same number of students to invest in extra staff, teacher development or additional support mechanisms to help their students achieve.

Since budgets developed through RBB reflect the true costs to operate instructional programs for schools, school financing is easier for parents and the community to understand. RBB directly ties budgets to schools' strategic plans, and each school site council (SSC) has oversight of categorical funds, which adds accountability for the results attained with school funding. Finally, leaders at the school sites have more control over the budgets, allowing the educators closest to the needs of the students to make decisions about the best use of funds.

American Institutes for Research (AIR) conducted a study of the implementation and results of RBB over the course of 2007–08. The AIR study showed that even though results-based budgeting created more work for school administrators and district staff, school communities had a strong preference for RBB over traditional budgeting processes.⁵ Similarly an October 2009 survey of Oakland principals found that:

- 93.3 percent of principals value having decision-making authority over their school site budget;
- 93.1 percent of principals responded that if budget cuts have to be made, the principal with the school community should have the primary responsibility for making these decisions, and
- 86.4 percent of principals surveyed prefer to have control over the number and type of positions at their schools (principal with community decides staffing instead of according to central office formulas).⁶

The strong response from internal stakeholders is that RBB should continue and should be improved as needed and periodically evaluated for effectiveness. In a 2009 letter to Superintendent Smith, a large group of Oakland principals wrote:

We are writing to communicate to you that a significant group of principals believes that the values behind RBB are indispensable. At the same time, we recognize that the budgeting system needs to be improved, and that more support is required for RBB to realize its intended goals. For OUSD's rapid rise to continue, we believe that principals and our school communities need to be the ones making the important decisions about how to spend our limited available funds.⁷

2. How Does Oakland's Student-Based Budgeting Process Work?

In 2004 Oakland Unified School District transformed its budgeting formula from a centralized process to “results-based budgeting.” Oakland allocates funds to the school in the same way it receives revenue from the state: unrestricted Average Daily Attendance (ADA) funding is allocated to the schools based on their current year enrollment.

Oakland does not have a traditional weighted student formula; instead Oakland gives schools the money for their students and makes school-level funding more equitable for students by charging schools for actual teacher salaries at the school rather than average district salaries.

Oakland district administrators created a basic per-student allotment for elementary, middle and high schools that it reviews each year to ensure that all schools can cover their operating costs. Since schools in Oakland with more-veteran teachers had much higher costs than schools with less-experienced teachers, the district decided to have a “hold harmless” type clause that allowed individual schools to phase-out of their higher salaries over a number of years. The district provided additional resources to schools with higher veteran teacher costs to ease the transition to charging schools for actual salaries. This extra subsidy was gradually phased out by the 2008–2009 school year.

More recently, to help smooth any ongoing disparities caused by schools with more-expensive staff members, OUSD principals jointly developed a plan for an “RBB Balancing Pool,” which was first implemented in the RBB process for the 2010–2011 school year. This RBB Balancing Pool places a small “tax” on schools with lower cost teachers and reallocates the funds based on a set of pre-determined criteria, including schools impacted by receiving veteran teachers involuntarily “bumped” from other schools due to school closure or consolidation.⁸

Oakland weights only the grade level of students served in the school. Therefore, Oakland does not technically have a weighted student formula. Oakland does not include traditional student need factors (poverty, EL (English language) status or disability) as weights for distributing unrestricted (discretionary) funds. According to the AIR study, not including weights for specific student populations was a conscious decision by district administrators, who focused on two other policy components to increase resource equity: instead of weighting the GP funds, Oakland relied on the distribution of categorical program funds (e.g., Title I or Title III), which commonly do take student need factors such as poverty and EL status into account, and the use of actual rather than average salaries of school personnel.⁹ Specifically, in the AIR study five district respondents mentioned that the large amount of categorical funds that Oakland receives would ensure school budgets that reflect the needs of the students. In addition, four district respondents mentioned that given that schools spend most of their budget on personnel costs, the decision to become the first district in

the country to use actual salaries in school budgets to calculate school-level costs would better address equity.¹⁰

Oakland implemented the use of actual salaries so that schools with less-experienced teachers would have lower teacher-related costs in their budgets and could redirect this money toward resources (e.g., professional development) that would support and help retain experienced teachers in schools serving larger percentages of high-poverty students.

Oakland's Student-Based Budgeting Formula

Total School Allocation = General Purpose (GP) Allocation + Categorical Funds + Balancing Pool Subsidy (if eligible)

School's GP Allocation = Per-Pupil Allocation (different for elementary, middle and high school levels) × Projected Enrollment of Students × Average Daily Attendance (ADA)

Source: Oakland Unified School District

Oakland weights the total enrollment at the school by the school's average daily attendance (ADA) from the previous year. For example, if the district calculates that a school has an actual enrollment of 500 students and had an ADA the previous school year of 90 percent, the school would receive general purpose funds for 450 students ($500 \times .90 = 450$).

According to the AIR study, this method of weighting enrollment by ADA has been somewhat controversial in Oakland. In the study three district administrators and one principal who mentioned the use of ADA appeared to favor this calculation. These respondents felt that the use of ADA creates a realistic count of how many students are actually in the school receiving the resources, creates an incentive for a school with low attendance to improve, and creates accountability for the school's attendance rates. For example, one district administrator remarked that after the first year, six schools saw an increase of more than five percent in their average daily attendance. The principal asserted that this weighting "really did shift the school's culture" to focus on improving attendance to "bring in dollars."¹¹

3. How Much Autonomy Do Oakland Public Schools Enjoy?

There are two ways to view school-level autonomy. First, autonomy at the school site can be evaluated by budget discretion—what proportion of funds is sent to the schools versus retained at the district level? Second, one can evaluate by planning discretion—how much control over staffing and programmatic offerings do principals have?

The letter grade given to school districts in the *Weighted Student Formula Yearbook* indicating the level of autonomy over school budgets is based on the percentage of yearly operating funds that are allocated to the school level.¹² The higher the percentage of operating funds allocated to the school level, the greater budget autonomy the principal enjoys.¹³

One of Oakland's strengths is the budgeting discretion it provides to schools as it continues to move larger amounts of unrestricted funds and restricted funds to the school level. For example, even as Oakland Unified made significant budget cuts because of declining enrollment and California's budget crisis, the majority of reductions were made at the central office, and the district worked to protect the unrestricted funding that went to the schools.

By the 2012–2013 budget, the schools received 89 percent of the unrestricted budget through student-based budgeting allocations and centrally funded services for schools, and the central office expenditures had fallen to 11 percent of the unrestricted portion of the general fund.¹⁴ Combining both unrestricted and restricted operating funds, OUSD schools received 51.9 percent of funds through student-based budgeting allocations. This is a large percentage of budget autonomy relative to other school districts highlighted in the *Weighted Student Formula Yearbook*, giving OUSD an "A" in principal autonomy.

In terms of autonomy over staffing, principals in Oakland are still bound by a lengthy labor agreement between the Oakland Education Association and the district that spells out work rules and transfer and hiring rules based on the seniority status of the employee. The AIR study reported 12 of 22 respondents in Oakland mentioned collective bargaining agreements as a constraint on autonomy. As one Oakland principal commented, "Sometimes it feels like we have all the responsibility but we actually don't have any of the freedom ... because if you can't choose who you're going to hire ... then some of your budgetary autonomy actually goes away."¹⁵

A March 2013, study by the National Council on Teacher Quality describes how Oakland's labor practices constrain principal autonomy:

More than any other type of authority, principals report wanting more say over staffing in their buildings. Oakland's current bargaining agreement with its teachers union, Oakland Education Association (OEA), limits principal authority by requiring seniority to be the first consideration. Among those internal candidates that meet the credentialing and experience bar, the contract dictates that the teacher with the most district seniority is placed in the position. This approach does not allow principals a say in the placement of teachers at their schools.¹⁶

4. How Does Oakland Unified School District Support Principals?

Oakland offers a strong program of assistance to principals and school staff from central office personnel. Principals receive support from the district’s assistant superintendents (called Network Executive Officers). In addition, Oakland school principals can hire operations support coaches (or “ops coaches”) who help to create budgets and serve as liaisons to the district office. In the AIR study, one district administrator describes the operation support coaches as “executive assistants to help navigate the systems of the district.” Another district administrator adds, “We couldn’t live without him.” In addition, the district created “drop in” hours with various district officials around the time the annual plans and budgets are due to answer schools’ questions.¹⁷

Oakland has also adopted an online RBB tool for principals to use to develop their budgets and school site plans. Every spring, the OUSD budget office sends each school its projected budget allocation for the following school year. Principals then work with their staff and school site council to create and approve a budget. Principals log-in into the RBB system and enter the school’s spending decisions. The online tool has been refined every year based on principal feedback. One of the most notable changes to the tool was integrating RBB and the state’s annual mandated Single Plan Student Achievement (SPSA) in 2008. The SPSA allows a principal and school site council to analyze achievement data and detail the strategies that the school will pursue to improve student performance. By integrating RBB and the SPSA, principals are able to drill down and show how resource allocation choices support each strategy.

5. The Site-Based Management of Oakland Public Schools

In the first few years of results-based budgeting implementation, Oakland Unified followed the California education code that required every school to develop a school site council with responsibility for developing a “single plan” for student achievement. In Oakland the school site councils focused on a plan for student achievement and were accountable for how categorical funding for school improvement from the state and federal government was used to advance student achievement.

More recently, Oakland Unified has moved to a more formal school site council process as part of the movement toward full-service schools. The district launched a new Community Schools Strategic Site Plan requirement in the 2011–2012 school year. The Community Schools Strategic Site Plan (CSSSP) is closely aligned with the district strategic plan, “Community Schools, Thriving Students.” In addition to satisfying compliance requirements and guiding the allocation of categorical funds, the CSSSP will be a multi-year road map for each school to follow as the district works toward the “Full Service Community School”

model. This new school site plan has been developed by a team of cross-departmental leaders in OUSD under the advisement of principals and community leaders. All school communities completed the Community Schools Strategic Site Plan as the first step in the development of site priorities for the 2012–2015 school years.¹⁸

Each site created a Community School Leadership Team, whose members include each site’s School Site Council (including English Language Advisory Council (ELAC), the principal, parents, teachers and staff), and in secondary schools, the team will also include a student member. Additionally, each school recruited an afterschool partner, as well as a key community partner, to become members of the Community School Leadership Team. This leadership team drives the development of the CSSSP for each school and will be supported through a collaborative engagement process.¹⁹

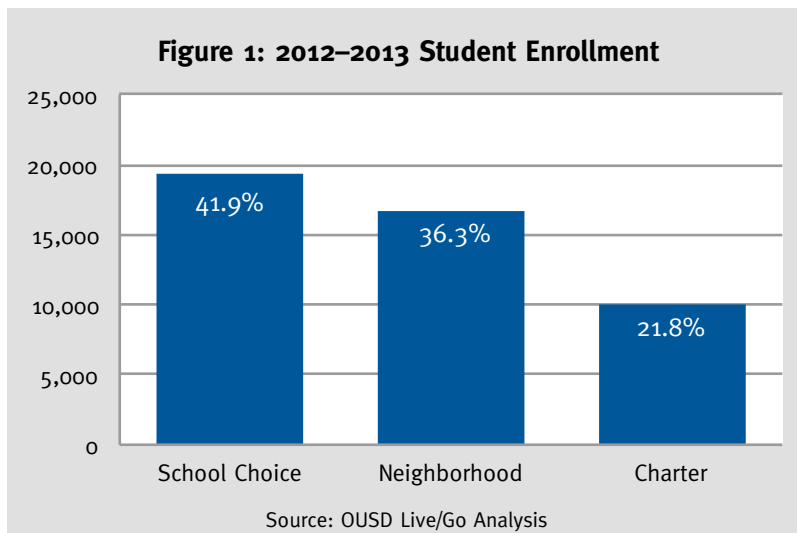
6. The School Choice Component of Oakland’s Per-Pupil Formula Program

A major goal of OUSD has been to increase the number of high quality options for families in OUSD by opening new schools, improving existing schools, and closing the lowest performing schools. The district’s goal is to provide every family with access to at least two quality schools in their neighborhood, and the ability to select from a diverse range of educational options throughout Oakland.

Since the 2005–2006 school year, Oakland Unified School District has used an enrollment system called “the options system” for its elementary, middle and high school levels. The options system lets families participate in and influence the process of selecting a school for their children. OUSD offers school tours, open houses and an elementary school “options fair” as part of the open enrollment process.

Elementary schools, middle schools and high schools host open houses and school tours targeted at prospective families throughout the month of December. These events offer existing and prospective families a unique opportunity to learn more about OUSD’s educational options, speak directly with staff, and determine where they’d like their children to attend school. Oakland also publishes updated school brochures that describe each school at the elementary, middle and high school level and that school’s academic performance as well as the percentage of students that chose it as their first choice and were then enrolled.

The options process is designed to help families and students choose a school that they believe will meet their particular needs. The options process does not guarantee that every family will be accepted into its first-choice school. It does, however, significantly expand the social and educational options available for Oakland families.



The options process reinforces OUSD’s commitment to offering a diverse portfolio of high-quality schools that expands opportunity for public schools students. By increasing access to a range of academic programs, many of which would otherwise be out of reach for disadvantaged students, the options process serves the district’s goals of achievement, equity and accountability. During the 2012–2013

school year, more than half of OUSD students were enrolled in choice and charter schools. Figure 1 shows the number and percentage of student attendance by school type. “School choice” indicates the number of students enrolled in schools outside of their neighborhood, “neighborhood” indicates the number of students enrolled in their neighborhood school, and “charter” indicates the number of students enrolled in charter schools.

7. Initiatives to Increase School-Level Accountability in Oakland Public Schools

In December 2012, the OUSD board voted unanimously to accept a framework for the Balanced Scorecard, which sets measurable goals for "student achievement" and "operational excellence."²⁰

The Balanced Scorecard has six goals: three for student achievement and three for operational excellence.

Goals for Student Achievement:

1. Every 9th grader graduates high school prepared to succeed in college and career.
2. Students attend school every day.
3. Racial disparities in student discipline are not evident.

Goals for Operational Excellence:

1. There is high quality instruction in every classroom.
2. Every school is a high quality full-service community school.
3. Oakland Unified School District is solvent and its financial resources are maximized to improving teaching and learning.

Each of these goals has corresponding, more-specific indicators (the policy has a total of 18 indicators). For example, in order to meet the goal that "students attend school every day" the policy has set indicators for: "Chronic Absence" (# and % of students who are absent from school 10% or more days in a year), "Attendance" (# and % of students who are present in school 95% or more days in a year) and "Student Retention" (# and % of 5th graders who attend an OUSD middle school for their 6th grade).

Each indicator then has a corresponding "annual growth target" or "2012–2013 target." The annual growth target for "Chronic Absence" is "decrease by 1% per year the number of students who miss 10% or more of school days in a year for any reason (chronically absent). The chronic absence rate will move from 11% to 10%. The focus for reduction will be targeted on African-American, Latino and Kindergarten/1st grade students."

In addition, the district is implementing a School Quality Review process to evaluate each school's ongoing progress. Each OUSD school will participate in a review at least every three years. The reviews gather qualitative and quantitative data to gain a much richer picture of what's working and not working in Oakland schools and central services.

This data is gathered through:

- A "self-reflection" written by the school
- an analysis of the school's student outcome data and key planning documents,
- campus and classroom observations during a three day site visit, and
- interviews/focus groups/ meetings with students, families, community partners, teachers, administrators and central services staff.²¹

In addition to the specific accountability framework developed by the district and the schools, charging schools for actual salaries seems to also introduce more accountability between the teacher and the principal. In the AIR study, several district respondents mentioned that actual salaries were expected to make principals more aware of the actual costs of all teachers and encourage them to hold teachers accountable for their performance. In spite of the fear that principals might discriminate against veteran teachers, one district respondent claimed that using actual salaries did introduce the cost of the teacher into decisions to retain certain staff but also gave principals a lever for holding teachers to high standards: "We saw a lot of people opting for more experienced people when they were good. It didn't have anything to do with how much they cost. Yeah, you betcha that people didn't want to pay a lot of money for people who were mediocre! That's the accountability part that's supposed to be there."²²

8. Performance Outcomes in Oakland Public Schools

Since Oakland introduced results-based budgeting in 2004, the district has seen positive movement on a number of performance measures, including the California Academic Performance Index (API). Oakland Unified has seen its state Academic Performance Index rise from 601 in 2004 to 728 in 2012. In 1999, five Oakland schools met the statewide minimum API goal of 800 or greater. By 2012, 42 Oakland schools reached that benchmark. The state of California sets a benchmark of 800 as the goal that every school and district should be scoring on the API.

Despite overall improvements in the last few years, the data show that Oakland schools seem to be performing lower than average when compared to schools across the state with similar demographics. In 2011, 70 percent of Oakland schools received a Similar Schools Rank of five or below, meaning they performed lower than average compared to similar schools across the state.

While compiling this *Weighted Student Formula Yearbook*, Reason Foundation conducted an analysis to determine how the school districts that have adopted a weighted student formula are performing relative to other districts in their state, and relative to each other.

Reason's analysis grades 10 performance metrics. Scores are determined by comparing the school district in question—in this case Oakland—with other school districts in the same state (California, in this instance), and sorting them into a decile ranking. Based on the school district's decile rank within its own state, the analysis then compares it with the other districts studied in this *Weighted Student Formula Yearbook*. Finally, this analysis assigns the studied school districts a grade based on how they measure up against one another. This analysis also grades and ranks studied school districts on two other measures: the number of school empowerment benchmarks the district has reached, and the degree of autonomy principals have over school budgets. In determining the grades on these two measures, districts are compared only with the other districts covered in this *Yearbook*. A detailed explanation of the methodology used to determine performance metrics and grading can be found in the methodology section of the *Weighted Student Formula Yearbook*.

Student proficiency rates, as determined by standardized state tests, and student enrollment data were used to calculate the following:

- 2011 proficiency rates;
- Improvement (average change) in proficiency rates from 2008 to 2011;
- Expected versus actual proficiency rates;
- Improvement in expected proficiency from 2008 to 2011;
- Achievement gap, and
- Each of three achievement gap closure metrics.

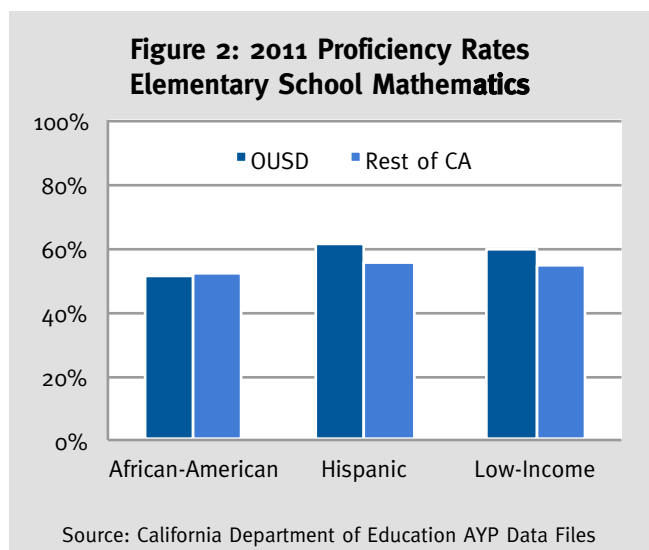
Oakland Unified School District student proficiency rate data were obtained at the school level from the California Department of Education website Adequate Yearly Progress (AYP) data files.²³ The proficiency rates given in the AYP files are based on test results of the Standardized Testing and Reporting (STAR) Program and the California High School Exit Exam (CAHSEE) for English/Language Arts and mathematics. Graduation rate data were also obtained at the school level from the California Department of Education website Adequate Yearly Progress (AYP) data files. The data were gathered from the 2010–11 cohort graduation rates.

The grade given for school empowerment benchmarks is based on 10 benchmarks determined to be best practices within existing weighted student formula programs, and recommendations of other studies on student-based budgeting.

The following sections expand upon each graded category by highlighting areas in which OUSD performed exceptionally well relative to other districts in California, and to other districts in the *Weighted Student Formula Yearbook*. This analysis also discusses areas in which OUSD has fallen behind or could use improvement.

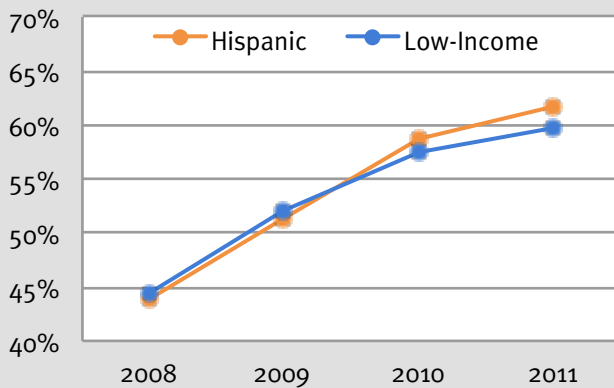
Student Achievement

Category	Grade
2011 Proficiency Rates	B+
Proficiency Rate Improvement	B+
Expected Proficiency vs. Actual	C-
Expected Proficiency Improvement	C+
Graduation Rates	F



Oakland Unified School District is among the top California school districts for highest 2011 mathematics proficiency among elementary school African-American (4), Hispanic (3), and low-income (4) students. OUSD elementary school African-American and low-income students' 2011 mathematics proficiency rate is among the top 40 percent of all California school districts. Among Hispanic students, OUSD is among the top 30 percent of all California school districts, shown in Figure 2. Although the district is high performing in elementary school mathematics proficiency among these student sub-groups, across all other grade levels OUSD falls in the bottom 50 to 20 percent of California districts. The same is true for reading proficiency rates at every grade level—OUSD falls to the bottom 40 to 20 percent of California school districts.

**Figure 3: Proficiency Rate Improvement
Elementary School Mathematics**



Source: California Department of Education AYP Data Files

Oakland Unified School District is among the top 40 percent of fastest improving California school districts in mathematics proficiency rates among elementary and middle school students.

Notably, OUSD is among the top 20 percent of California schools for fastest increase in mathematics and reading proficiency among elementary school students, and top 30 percent among middle school students.

When disaggregated by student sub-group, OUSD is among the top 30 percent of fastest improving

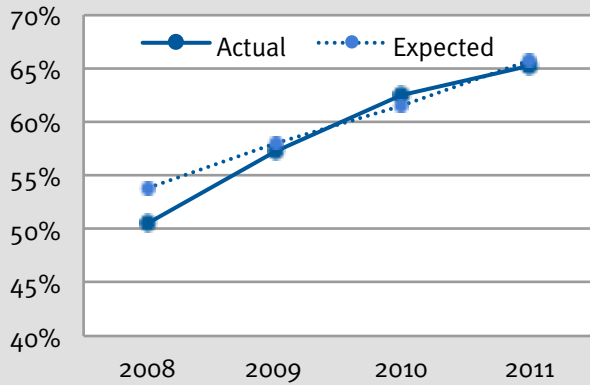
mathematics proficiency rates among African-American and low-income students. Among Hispanic elementary school students, OUSD outperformed 80 percent of California school districts in mathematics proficiency rate improvement, shown in Figure 3. Similarly, Oakland Unified is among the fastest improving California school districts in middle school reading and mathematics proficiency rates among these sub-groups of students.

Relative to other school districts in the *Weighted Student Formula Yearbook*, Oakland Unified School District (OUSD) is one of the highest ranked for mathematics proficiency rate improvement among Hispanic elementary school students, and low-income elementary and middle school students.

Predicted or expected proficiency rates are calculated relative to all other school districts in California, controlling for the percentage of low-income students at each grade level. Generally, a large low-income student body is an indicator of low performance. By controlling for, or taking into account, the percentage of low-income students in each grade level across school districts this analysis can determine how well a given school district should be performing relative to others in their state.

If the predicted proficiency rate is higher than the actual proficiency rate, then a school district is under-performing. In other words, the school district is not reaching its potential achievement level. If a school district's actual proficiency is above its predicted proficiency, the district is over-performing what is expected given the low-income student population.

Figure 4: Expected Performance Elementary School Mathematics



Source: California Department of Education AYP Data Files

OUSD is among the top 40 percent of all California school districts for improvement in expected proficiency in elementary school mathematics, shown in Figure 4. In 2008 elementary school mathematics actual proficiency was below the predicted rate. However, OUSD increased elementary school mathematics proficiency rates at a faster pace than predicted, performing better than the predicted proficiency rates in 2010, and keeping pace with predicted proficiency rates in this category in 2011. This means that OUSD improved proficiency rates of elementary school mathematics at a faster rate than was

expected, considering the percentage of low-income elementary school students in the school district. OUSD is among the highest ranked school districts in the *Yearbook* in this category.

Achievement Gaps

The following three internal district achievement gaps are measured across all grade levels (elementary, middle and high school) and school subjects (reading and mathematics):

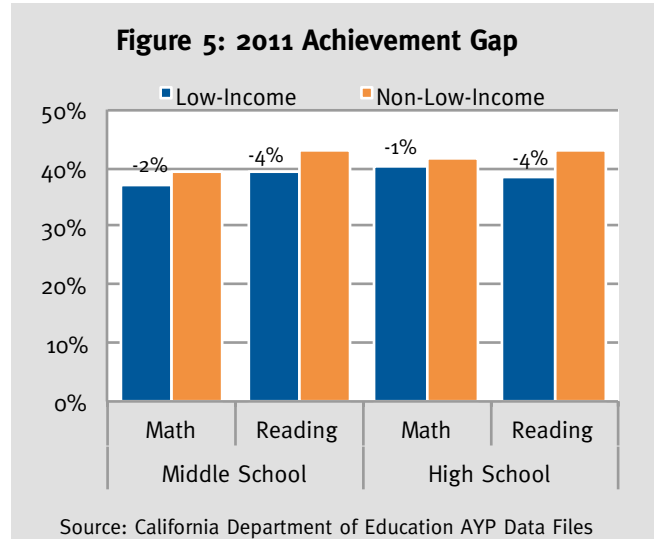
- African-American versus White student proficiency;
- Hispanic versus White student proficiency, and
- Low-income versus non-low-income student proficiency.

Internal district achievement gaps (IDG) measure proficiency gaps between disadvantaged and non-disadvantaged student groups within a given district. Because internal district achievement gaps are measured for each district in the state, this analysis can rank relative size of achievement gaps across districts in the state, and assess how quickly those achievement gaps are closing from 2008 to 2011.

An achievement gap is considered to be closing if the disadvantaged student group proficiency rate is increasing faster than the advantaged student group proficiency rate.

Category	Grade
Achievement Gaps	B-
Improvement in Achievement Gaps	A-
Achievement Gap Closures:	
Internal District	A-
Internal District vs. Internal State	A-
External Achievement Gaps	F

Oakland Unified School District has one of the smallest proficiency gaps between low-income and non-low-income middle and high school students in both reading and mathematics, shown in Figure 5. OUSD is among the top 20 to 30 percent of California school districts for smallest 2011 achievement gap in reading and mathematics proficiency rates between low-income and non-low-income middle and high school students. The 2011 achievement gaps between African-American students and White students, and Hispanic and White students in the district has not fared quite as well. However, a more important concern than where achievement gaps currently stand is whether or not—and how quickly—these gaps are closing.



Oakland Unified School District is closing several of its achievement gaps at a faster rate than its peers. OUSD ranked poorly for fastest closing achievement gaps between low-income and non-low-income middle and high school students due to ceiling effects because these achievement gaps are already very small. On the other hand, OUSD achievement gaps in reading and mathematics proficiency between African-American and White middle school students, and Hispanic and White middle school students are closing very quickly relative to the rest of California school districts, shown in Figure 6. Oakland’s 2011 achievement gap between these student groups fell in the bottom 10 percent of all California school districts, but OUSD ranked within the top 10 to 20 percent of all California school districts when measuring how quickly these achievement gaps are closing.

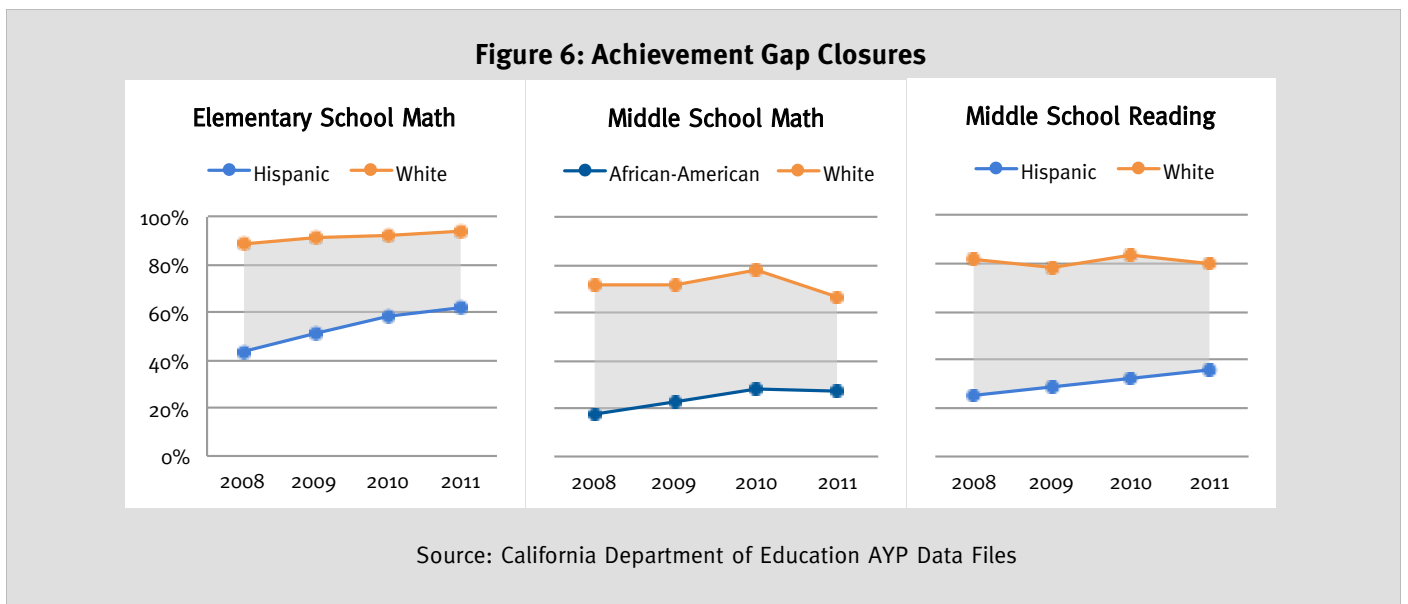


Table 1: All Achievement Gap Closures

Achievement Gap	School Level	Subject	IDG	ID vs. IS	EDG
African-American vs. White	Elementary	Math	√	√	√
Hispanic vs. White	Elementary	Math	√	√	√
Low-income vs. Non-low-income	Elementary	Math	√	X	X
African-American vs. White	Elementary	Reading	†	†	†
Hispanic vs. White	Elementary	Reading	†	†	†
Low-income vs. Non-low-income	Elementary	Reading	√	X	X
African-American vs. White	Elementary	Science	-	-	-
Hispanic vs. White	Elementary	Science	-	-	-
Low-income vs. Non-low-income	Elementary	Science	-	-	-
African-American vs. White	Middle School	Math	√	√	X
Hispanic vs. White	Middle School	Math	√	√	X
Low-income vs. Non-low-income	Middle School	Math	√	√	X
African-American vs. White	Middle School	Reading	√	√	X
Hispanic vs. White	Middle School	Reading	√	√	X
Low-income vs. Non-low-income	Middle School	Reading	√	X	X
African-American vs. White	Middle School	Science	-	-	-
Hispanic vs. White	Middle School	Science	-	-	-
Low-income vs. Non-low-income	Middle School	Science	-	-	-
African-American vs. White	High School	Math	√	√	X
Hispanic vs. White	High School	Math	√	X	X
Low-income vs. Non-low-income	High School	Math	X	X	X
African-American vs. White	High School	Reading	√	X	X
Hispanic vs. White	High School	Reading	√	√	X
Low-income vs. Non-low-income	High School	Reading	X	X	X
African-American vs. White	High School	Science	-	-	-
Hispanic vs. White	High School	Science	-	-	-
Low-income vs. Non-low-income	High School	Science	-	-	-
Total Gaps Closing out of Total Available:			14/16	9/16	2/16

† Data were suppressed due to unreliability or group represented less than 5 percent of test-takers at that grade level. – Data were unavailable.

In addition to internal district achievement gaps (IDG) discussed above, this analysis also measures internal district versus internal state (ID vs. IS) achievement gaps and external district achievement gaps (EDG). Internal district achievement gaps (IDG) are measured between student groups within the district. Internal district versus internal state (ID vs. IS) achievement gaps are measured as the district's achievement gap versus the average achievement gap of every other district in California (excluding Oakland Unified School District). If a given OUSD achievement gap is closing faster than that of the rest of the state, the ID vs. IS gap is considered to be closing. Finally, external achievement gaps (EDG) are measured by the difference between the district's disadvantaged student group proficiency rate and the advantaged student group average proficiency rate of all other districts in the state. External achievement gaps are considered to be closing if the district disadvantaged group proficiency rate is increasing faster than the state advantaged group. Table 1, on the previous page, shows which achievement gaps OUSD is closing, and which achievement gaps are not closing, given the available data.

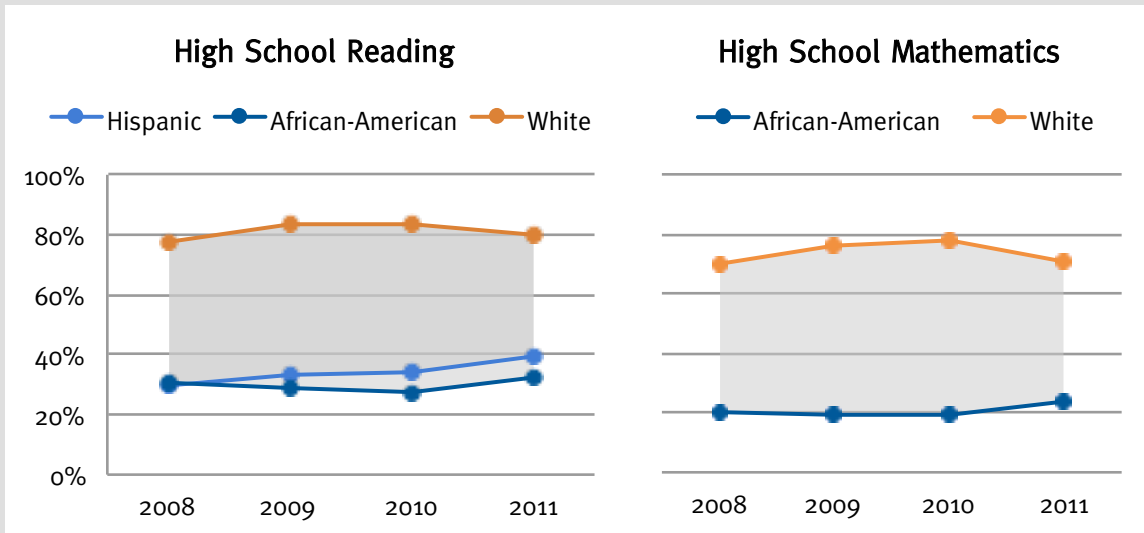
The majority of OUSD internal district achievement gaps are closing, and most are closing at a faster rate than the state average. However, when measuring improvement of OUSD disadvantaged students against the “rest of state” average advantaged student improvement, OUSD falls behind. This means that within the district OUSD is closing achievement gaps by increasing disadvantaged students proficiency in mathematics and reading relative to advantaged students in their district—and at a faster pace than other California school districts. But, when measuring disadvantaged students from OUSD against advantaged student performance in the rest of the state, advantaged student performance is increasing at a faster pace.

Areas for Improvement

Oakland Unified School District 2011 reading proficiency rates fell into the bottom 50 percent of California school districts across several sub-groups and school levels. OUSD fell into the lowest 10 percent of California school districts for 2011 middle school reading proficiency rates among Hispanic students, which also gave the district the lowest ranking relative to all other districts in the *Weighted Student Formula Yearbook* in this category. Also, OUSD fell into the lowest 30 percent of school districts for reading proficiency improvement rates among African-American high school students, giving the district one of the lowest rankings relative to other districts in the *Weighted Student Formula Yearbook*.

Although several achievement gaps within the district are quickly closing, achievement gaps among OUSD high school students show little to no improvement, shown in Figure 7. OUSD fell in the bottom 10 percent of all other districts in California, and had the lowest ranking among other districts in the *Weighted Student Formula Yearbook* for the achievement gaps shown below.

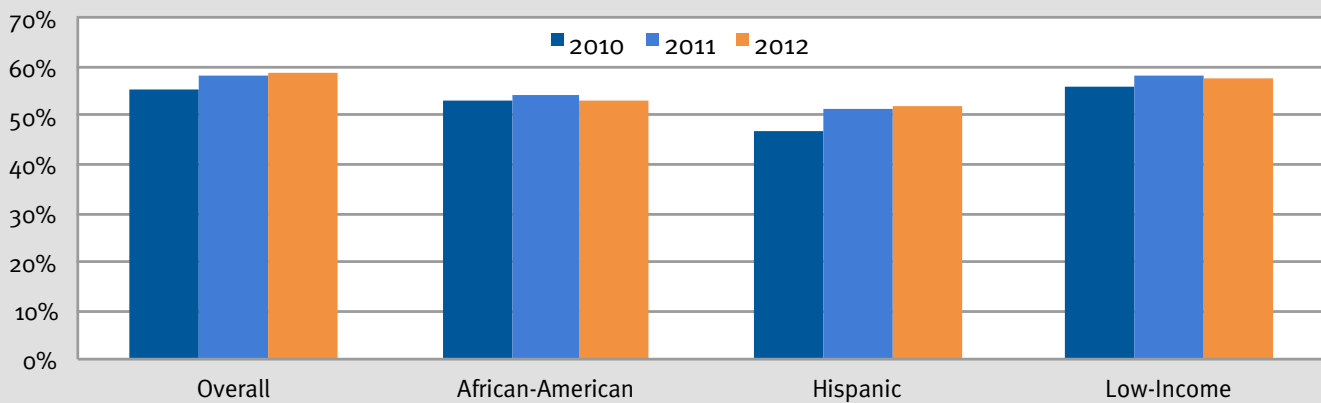
Figure 7: Achievement Gaps



Source: California Department of Education AYP Data Files

Oakland Unified School District fell in the bottom 10 percent of all school districts in California for 2011 graduation rates overall and for each sub-group. Since 2010 graduation rates have increased overall and among Hispanic students, but African-American student graduation rates have fallen from 2011 to 2012, and low-income students graduation rates have stayed the same, shown in Figure 8. Further, the fact that overall graduation rates have increased in recent years can be attributed in part by the increase in graduation rates among White students.

Figure 8: Graduation Rates



Source: California DOE Ed-Data

School Empowerment Benchmarks

Category	Grade
School Empowerment Benchmarks	C
School Budgets based on students not staffing	Yes
Charge schools actual versus average salaries	Yes
School Choice and open enrollment policies	Yes
Principal autonomy over budgets	Yes
Principal autonomy over hiring	No
Principal training and school capacity building	Yes
Published transparent school-level budgets	No
Published transparent school-level outcomes	Yes
Explicit accountability goals	Yes
Collective bargaining relief, flat contracts, etc.	No

OUSD received a “C” grade for reaching school empowerment benchmarks relative to other school districts in the *Weighted Student Formula Yearbook*. Compared to most school districts in California, OUSD has achieved many benchmarks in moving from funding institutions to funding students. However, there remains room for

improvement in OUSD’s implementation which would lend itself to faster improvement in accountability and student outcomes. Lessons learned from Oakland Unified’s results-based budgeting are described below.

9. Lessons Learned in Oakland

1. Increased transparency for schools leads to demands for central office transparency. According to the AIR study, increased transparency in the schools because of results-based budgeting has led to an increased demand for transparency in the district office.²⁴ Respondents indicated that the RBB policy in Oakland created an increased perception of transparency regarding how the schools received funding. An interesting side-effect heard from schools in both districts is that the schools, in turn, demanded increased transparency regarding how the district used its funds centrally. An example of this can be seen in the January 29th, 2008 Board retreat in Oakland to strategize how to deal with budget cuts from the state budget crisis in California. The budget retreat documents include a transparent line-item central office budget that demonstrates how each program area will be cut to manage the budget crisis and direct more resources toward schools.

2. Categorical programs and restricted funding at the state and federal level limit innovation and budget discretion. Respondents to a comprehensive AIR evaluation of results-based budgeting stated that the large number of categorical programs at state and federal levels inhibits innovation and reinforces a compliance-oriented mentality.²⁵ Despite recent provisions attempting to change the restrictions on federal funds, it has been very difficult to change the compliance mentality in states, districts and schools. If state policymakers are interested in creating avenues for more school-level innovation, they must re-examine how

state funds are distributed and how districts are required to report the expenditure of these funds.

Respondents repeatedly voiced a desire to improve the state funding system to better promote innovation.

3. Creating a culture of empowerment and accountability. RBB has been very popular with Oakland principals. Principals cite budget autonomy as essential for creating an aligned instructional program and improving student performance. Principals are willing to accept this responsibility in exchange for heightened accountability for results.

4. Increased productivity and efficiency. A system like RBB has the potential to eliminate waste and increase productivity. Principals in particular, as well as teachers and parents, see how every dollar counts for maximizing student learning. Principals and teachers may choose to take on additional responsibilities (e.g. counseling) instead of hiring a dedicated staff member. Principals argue that with budgets declining amidst state and local budget cuts, site discretion is even more critical. As one principal commented, “The flexibility of RBB is essential, particularly in these budget constrained times. If I’m able to find a grant to fund X, then I can use district money to fund Y. If the district prescribed how I should spend district dollars, I’d lose the ability to leverage and maximize all available resources.”²⁶

5. Collective Bargaining limits school-level discretion. Collective bargaining remains a huge challenge even under a student-based budgeting system. Principals’ autonomy to spend resources is constrained by work rules and personnel policies. Collective bargaining rules limited principals’ perceptions of discretion and autonomy because in Oakland it was very difficult to make staffing decisions for hiring or firing or transferring personnel.

Resources

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- Matt Hill, *Funding Schools Equitably: Results-Based Budgeting in the Oakland Unified School District*, Center for American Progress, June 2008, http://www.americanprogress.org/issues/2008/06/pdf/comparability_part4.pdf.
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- Oakland Unified School District, *Results-Based Budgeting Caselet*, <http://thrivingstudents.org/sites/default/files/OUSD%20RBB%20caselet.pdf>.
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Endnotes

- ¹ Matt Hill, *Funding Schools Equitably: Results-Based Budgeting in the Oakland Unified School District*, Center for American Progress, June 2008, http://www.americanprogress.org/issues/2008/06/pdf/comparability_part4.pdf.
- ² Oakland Unified School District, *Multi-Year Financial Sustainability Plan 2009–2011*, January 2009, <http://ousd.legistar.com/LegislationDetail.aspx?ID=258159&GUID=5DA47F8F-08A8-417F-8292-3CC5720AB12C&Search=&Options>.
- ³ Jay Chambers et al., *A Comparative Study of Student-Based Budgeting and School-Based Decision Making in San Francisco and Oakland Unified School Districts*, American Institutes for Research, October 2008, p.12. http://www.air.org/news/documents/A%20Tale%20of%20Two%20Districts_Final.pdf.
- ⁴ Oakland Unified School District, *Expect Success: Making Education Work for Every Oakland Student*, Spring 2007, <http://webportal.ousd.k12.ca.us/docs/26982.pdf>.
- ⁵ Chambers et al., *A Comparative Study of Student-Based Budgeting and School-Based Decision Making in San Francisco and Oakland Unified School Districts*, p. xiv.
- ⁶ OUSD Budgeting—RBB Letter of Support and Recommendations, November 30, 2009. <http://thrivingstudents.org/sites/default/files/Spring%202010%20letter%20of%20support%20from%20USD%20principals.pdf>
- ⁷ Ibid.
- ⁸ Oakland Unified School District Impact Assessment: Results-Based Budgeting. http://www.ousd.k12.ca.us/cms/lib07/CA01001176/Centricity/Domain/14/Impact_Assessment_Results-Based_Budgeting.pdf.
- ⁹ Chambers et al., *A Comparative Study of Student-Based Budgeting and School-Based Decision Making in San Francisco and Oakland Unified School Districts*.
- ¹⁰ Ibid., p.12
- ¹¹ Ibid., p. 16.
- ¹² Oakland Unified School District, 2012–2013 Adopted Budget, June 27, 2012.
- ¹³ The methodology used for determining principal autonomy is explained in detail in the methodology chapter of the *Weighted Student Formula Yearbook*.
- ¹⁴ Ibid.
- ¹⁵ Chambers et al., *A Comparative Study of Student-Based Budgeting and School-Based Decision Making in San Francisco and Oakland Unified School Districts*, p. 33.

- ¹⁶ “Teacher Quality Roadmap: Improving Policies and Practice in Oakland Unified School District,” National Council on Teacher Quality, March 2013.
<http://www.goleadershipcenter.org/NCTQ%20Oakland%20Report.pdf>
- ¹⁷ Chambers et al., *A Comparative Study of Student-Based Budgeting and School-Based Decision Making in San Francisco and Oakland Unified School Districts*, p. 44.
- ¹⁸ Community Schools Strategic Site Plan, <http://www.thrivingstudents.org/38>.
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- ²⁰ “OUSD Scorecard Update: What is OUSD’s Balanced Scorecard Policy?,” Great Oakland Public Schools, March 27, 2013. http://www.gopublicschools.org/2013/03/what_is_ousds_b.php
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- ²³ <http://www.cde.ca.gov/ta/ac/ay/aypdatafiles.asp>.
- ²⁴ Chambers et al., *A Comparative Study of Student-Based Budgeting and School-Based Decision Making in San Francisco and Oakland Unified School Districts*, p. 89.
- ²⁵ Ibid., p. 91.
- ²⁶ *Results-Based Budgeting Caselet*, Oakland Unified School District,
<http://thrivingstudents.org/sites/default/files/OUSD%20RBB%20caselet.pdf>.