Connecting School Finance Policy with Practice: A Site-Based Expenditure Report Study

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ABSTRACT

CONNECTING SCHOOL FINANCE POLICY WITH PRACTICE: A SITE-BASED EXPENDITURE REPORT STUDY

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Northern Illinois University, 2022
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This dissertation examines the policy requirement of site-based expenditure reporting which is a requirement of the newest reauthorization of the Elementary and Secondary Education Act of 1965, the Every Student Succeeds Act. For the first time, the federal government has required school districts to report site-level expenditure data publicly. In Illinois, the tool used to meet this federal reporting requirement is site-based expenditure reporting. In this study, I focus on how school finance leaders understand, process, and implement the site-based expenditure reporting requirement while considering concepts of equity and adequacy. Sensemaking theory offers a helpful conceptual lens for understanding how school finance administrators are likely to respond to institutional reform requirements when concepts of equity and adequacy come into play. Finally, this dissertation concludes with a sample lesson module on site-based expenditure reporting for the Chief School Business Official educational endorsement program.
CONNECTING SCHOOL FINANCE POLICY WITH PRACTICE:
A SITE-BASED EXPENDITURE REPORT STUDY

BY

JULIA CHAPDELAINE PONTARELLI
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A DISSERTAION SUBMITTED TO THE GRADUATE SCHOOL
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE
DOCTOR OF EDUCATION

DEPARTMENT OF LEADERSHIP, EDUCATIONAL PSYCHOLOGY
AND FOUNDATIONS

Doctoral Director:
Benjamin Creed
ACKNOWLEDGMENTS

I would like to thank my family: my husband, children, parents, and in-laws. Without their love, support, and understanding I would not have been able to accomplish this wonderous step in my professional and educational career. I would also like to thank my advisor who coached me through this process. His knowledge and expertise helped guide me along and advanced my writing, research, and thought process as it comes to the role of finance in education.
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INTRODUCTION

Overview

Historically, local property taxes have served as a major revenue resource for local school districts. Since property taxes are frequently a reflection of local wealth, concerns surrounding equity and adequacy with how different school districts are funded are raised. To assist in combating concerns surrounding equitable and adequate school funding formulas, educational policy reform at the federal or state level is often created. One goal of state and national reforms is to increase the state and/or federal funding available to school districts, thus decreasing the percentage of funding to schools from local sources. This proportionality shift of local sources versus state and federal sources can help to offset the financial strain on local communities where schools are financed heavily through property taxes.

When educational policy reform is created to improve the equity with how schools are funded, the underlying goal is that one school district should receive the same amount of funding as another school district in a similar situation. From the student perspective, equitable school funding assumes that equally situated students are treated equally in terms of their educational experiences. Adequate educational funding concepts, on the other hand, do not focus on equal treatment, rather they attempt to establish the financial resources needed to provide a defined measure of adequate education to all students.

In 1965 President Lyndon Johnson signed into law the Elementary and Secondary Education Act (ESEA), which marked a significant increase in the amount of financial assistance
to school districts from the federal government. One of the main goals of ESEA was to help local school districts combat the negative effects associated with diminished educational opportunities for students from disadvantaged subgroups, specifically low-income students. To do this, ESEA provided greater proportions of federal dollars to school districts with higher numbers of disadvantaged students as an attempt to combat concerns of the inequality of educational experiences. Since many school districts receive a bulk of their funding from local property taxes, and often a high percentage of low-income students reflects a property-poor community, ESEA funding attempted to reduce the systemic inequities that inherently resulted. ESEA placed a focus on the need to examine the inequity of educational opportunities for children throughout the country and emphasized the importance of providing equal access to quality education for all students.

In 2015, the most recent reauthorization of ESEA was passed, the Every Student Succeeds Act (ESSA). ESSA continued the focus of attempting to address equity concerns of how school funding dollars are allocated by providing additional funding to schools with higher proportions of disadvantaged students. However, for the first time, the policies and procedures surrounding ESSA spotlighted the need to examine intra-district inequities as well. Since state and federal funding provides dollars to school districts and not specific schools, large disparities across school buildings within the same district could be concealed, resulting in another layer of inequity in public school funding. To address this additional layer of inequity, ESSA requires that local education agencies (LEAs) disaggregate their per-pupil expenditures at the site or building level and report this information publicly, thus allowing the communities the school district serves to see the amount of federal, state, and local funding distributed to every school,
not just the school district in totality. To accomplish this, each state education agency (SEA) was required to create a system by which LEAs are to submit school-level per-pupil expenditure data so the SEA can report this information to the U.S. Department of Education starting with Fiscal Year 19 (2018-2019). In Illinois, the mechanism used to achieve this requirement is site-based expenditure reporting (SBER).

While federal education funding reforms have maintained a focus on equity, many state and local funding concerns have shifted to an emphasis on adequacy. In Illinois, the Evidence-Based Funding for Student Success Act in 2017 established a focus on both equity and adequacy of how school districts are funded in Illinois. After several years of Illinois being reported as having a consistently unfair funding model, the evidence-based funding (EBF) formula was established to focus on establishing equitable and adequate funding distributions for school districts in Illinois by providing new state funding dollars to school districts that were not able to maintain a defined level of adequacy.

In school districts, school administrators are constantly pulled in many different directions. Legislatures often enact new school policies with a particular intent and idea for implementation within local school districts. However, school district leaders have different lived experiences, understandings, and knowledge of the reform and related policies. These perceptions juxtaposed with local community needs result in potentially differing implementation of the policy reform from one school district to the next. Sensemaking theory, established by Carl Weick, offers an insightful lens for examining and understanding how school district leaders make sense of a policy reform and enact the reform, thus providing additional context and reasoning behind differing implementation.
In this study, I focus on SBER, which is the mechanism Illinois school finance administrators (SFAs) use to report site-based expenditures. While SBER is an annual report each school district must produce, there is not a lot of training on the philosophy surrounding the policy, best practices for implementation, or the potential impacts on practice for SFAs, also commonly referred to in Illinois as chief school business officials (CSBOs). Therefore, this study culminates with the creation of a learning module for a CSBO endorsement program on site-based expenditure reporting through exploring what is known about SBER, different methodologies current CSBOs use to implement SBER, as well as implications of their practice. The goal of this learning module is to increase the preparedness of future CSBOs and to aid in providing a high-quality educational experience for all students.

Products

There are three main products associated with this dissertation. The first product is a literature review on the historical impact of federal and Illinois state educational finance policy. This review outlines some of the key driving forces and implications of policy creation and implementation while placing a concentrated focus on the concepts of equity and adequacy in school finance. Further, this product focuses on the federal policy requirement of SBER and how this is executed in Illinois school districts. Finally, this literature review summarizes elements of sensemaking theory and applies these concepts toward how educational leaders use sensemaking theory when faced with implementing new policy requirements.

The second product of this dissertation is an empirical study to examine how different SFAs make sense of and implement the policy requirement of SBER. This study uses a
sequential mixed-method approach starting with a quantitative analysis portion that analyzes Illinois school districts’ FY 2019-2020 publicly available SBER data. This data analysis will focus on different methodologies used by CSBOs to report site-based expenditures. The second part of this empirical study is a qualitative analysis of current SFAs’ application and implementation of SBER. One by-product of the analysis of both data sets is a review of how the concepts of equity and adequacy intertwine with SBER implementation.

The third product is a module on SBER for students in Illinois CSBO preparation programs. Specifically, this module draws on students’ prior education and understanding of school finance equity and adequacy and applies these concepts to SBER by focusing on skills needed to approach something unknown or new. This module encourages students to practice analyzing and making interpretations from data and reviews different methods and strategies practicing CSBOs utilize to report site-based expenditures using the SBER Illinois model. Finally, the module ends by connecting this process with personal definitions of the fundamental purpose of school finance and how this impacts their practice. The hope is that this module provides beneficial and practical context to the annual SBER assignment and has a positive impact on the educational experience for students.

Key Terminology

- Adequacy - School funding adequacy examines the minimum funding resources needed for each school district to achieve a defined level of proficiency of educational experiences for their students.
CSBO - Chief school business officials are the administrators in charge of finance and/or business services in a public school district in Illinois.

Equity - School funding equity looks at providing equal funding resources to districts in similar situations, schools in similar situations, or students in similar situations.

Horizontal Equity - examines the equal treatment of equals

Vertical Equity - examines the treatment of unequals

EBF - Evidence-based funding is the funding model used in Illinois to distribute state dollars to school districts.

ESEA - The Elementary and Secondary Education Act of 1965 was the first main federal intervention that provided funding to school districts to help address equity concerns with how schools are funded. ESEA earmarked funds specifically to help support students from disadvantaged subgroups.

ESSA - The Every Student Succeeds Act of 2015 is the most recent reauthorization of ESEA, which provides federal funding to school districts to help support students from disadvantaged subgroups. This reauthorization requires school districts for the first time to publicly report data disaggregated at the school or site level.

IBSE - Illinois State Board of Education

LEA - Local education agency, i.e., school district

SEA - State education agency, i.e., Illinois State Board of Education (ISBE)

SBER - Site-based expenditure reporting is the State of Illinois’s mechanism to allow school districts to publicly report site-based expenditure data.

SFA - School finance administrator is a synonym used for the CSBO.
Sensemaking theory - Sensemaking attempts to explain the world around us and make it meaningful. Sensemaking theory examines seven interconnected elements: identity, retrospective, enactment, social, ongoing, cues, and plausibility (Weick, 1995).

Figure 1 is a concept map that outlines this study.
PRODUCT 1

LITERATURE REVIEW

Introduction

In education, new federal and state policies are often implemented to address a perceived area of deficiency or concern with the operations of a school district. Particularly, educational policies surrounding how school districts are funded or how they allocate their funding are often a focus of school district reform. At the federal level, the Elementary and Secondary Education Act (ESEA) of 1965 spearheaded federal involvement in how school districts are funded by providing title funding to school districts to be used only for specific purposes to address concerns with the equitable funding of school districts. In 2015, the Every Student Succeeds Act (ESSA), the most recent authorization of ESEA, required for the first time that school districts report expenditures at the building level. Site-based expenditure reporting (SBER) is the mechanism used to satisfy this federal requirement in Illinois school districts.

Sensemaking theory can offer a helpful conceptual lens for understanding how school finance administrators (SFAs) are likely to respond to institutional reform requirements when concepts of equity and adequacy come into play. While there is extensive research on school funding inequity and inadequacies, distribution patterns in school resource allocation, and connections between resource allocation and outcomes, only two studies have been found that examine the sensemaking process of educational leaders implementing federal or state-level finance policy reforms with an equity and adequacy intent.
While SBER has important policy and practice implications, training is limited in current SFAs’ education programs. This dissertation seeks to fill this void by analyzing current publicly available SBER data, current chief school business officials’ sensemaking of the SBER policy requirement, and current chief school business officials’ (CSBOs’) practice in implementation to better prepare future CSBOs in their training programs. Ultimately, the goal of this dissertation is to better prepare and support future SFAs so they are able to support the educational experience of staff and students in the school districts they serve.

Educational Finance Reform

Historically, local property taxes have served as a major resource of revenue for local school districts. Since property taxes are frequently a reflection of local wealth, concerns surrounding equity and adequacy with how different school districts are funded are raised. To help offset inequities and inadequacies associated with how schools are funded as a result of differences in local tax bases, educational policy reform is often enacted (Bischoff & Owens, 2019; Koski & Hahnel, 2007; Slavin, 1999). Typically, educational policy reforms at both the state and federal levels result in an increase in funding to school districts, thus decreasing the percentage of funding needed from local sources. Over the years, different federal and state education finance policies have been enacted to help address these concerns.

History of Federal Education Legislation

In 1965 President Lyndon Johnson signed the ESEA into law as a provision of his War on Poverty. Prior to the ESEA, the federal government did not provide a lot of financial
assistance to school districts and did not have a strong influence over public education. ESEA aimed to change this dynamic by increasing the amount of federal funding provided to school districts and framed the increased contribution of financial aid to education as an instrument to help address poverty’s negative effects associated with diminished educational opportunities for disadvantaged subgroups of students.

ESEA placed a focus on the need to examine the inequity of educational opportunities for children throughout the country and included a recurring theme of providing equal access to quality education for all students. To do this, ESEA supplied federal dollars to local school districts with greater proportions of disadvantaged students in an attempt to help combat concerns of inequality of educational experiences. Since many school districts receive most of their funding from local property taxes and school districts with high percentages of low-income students often reflect a property-tax-poor community, this Act aimed to help balance that inequity by giving additional federal grant dollars to school districts with greater proportions of disadvantaged students. To help facilitate the focus on providing equality of educational opportunities to students, ESEA was organized into different subdivisions (Title I, Title II, etc.) each with a specific purpose for how federal dollars were awarded, allocated, and eventually used within a school district, all with the underlying goal of increasing equity. Of the different subdivisions, Title I, which was established to improve the educational opportunities and outcomes of low-income students, constituted five-sixths of the total funds provided in the initial authorization of this Act. Since its inception, ESEA, and each reauthorization thereafter, continues to be one of the largest sources of federal support for the education of disadvantaged subgroups of students.
Over the years, there have been many reauthorizations of ESEA to address concerns with the language in the Act, the intent behind the Act, the implementation of the Act, and to include financial support for additional subgroups of marginalized and disadvantaged students. After several years of data showing reports of disadvantaged students making minimal gains to close achievement gaps (Vinovskis, 1999), and claims that funds were not being directed toward disadvantaged students but all students who were struggling in school regardless of their socioeconomic status, President Nixon established Public Law 91-230, also referred to as the Elementary and Secondary Education Amendments of 1969. This reauthorization aimed to extend the programs of assistance for elementary and secondary education and address some of the concerns associated with how school districts were using ESEA dollars. One concept that developed as a result of this reauthorization was the notion of supplementing versus supplanting. This provision required that school districts supplement, or increase the level of services offered, and not supplant, or take the place of services already provided through state, local, or private funds. The concept of supplementing versus supplanting remains a consistent provision of various federal grant requirements to date.

In 1972 the Educational Amendments was enacted by congress as another reauthorization of ESEA. These amendments brought forth a new provision, Title IX, which states that “no person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving Federal financial assistance” (Public Law No. 92-318, 86 Stat. 235). Before Title IX was established, inequities of opportunities for women in education and athletics were common. Over the years, legislation, policies and procedures surrounding discrimination based upon the
sex of an individual have continued to grow. In public school districts, Title IX remains a prominent tool to combat the inequity of educational opportunities based upon the sex of an individual.

In 1981, the Education Consolidation and Improvement Act (ECIA) was passed during the Reagan Administration’s “New Federalism” approach, which aimed to consolidate and reduce the size and complexity of many of the federal programs instituted under the ESEA umbrella. To accomplish this, ECIA decreased many of the federal regulations surrounding the Title grants through consolidation and renaming. ECIA renamed the Title I grant Chapter 1, and while Chapter 1 retained the legislative intent of Title I, funding was significantly reduced, leading to a fewer number of eligible students being served (Thomas & Brady, 2005). Additionally, ECIA consolidated almost 30 categorical funds into Chapter 2 and established a Chapter 3 that allowed the U.S. Secretary of Education to withhold funds from noncompliant state and local educational agencies (Darling-Hammond & Marks, 1983). Also embedded in this reauthorization was a transition moving more of the decision-making power back to the state from the federal government.

In 1983 A Nation at Risk was published by the National Commission on Excellence in Education; it documented a failing public school system, resulting in a call for an increase in rigor and standards in education. Coupled with this report was the criticism that the ECIA was established and passed too quickly and resulted in policy and implementation concerns in how the federal government was supporting the inequity of opportunity in education. In 1988 the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments (Hawkins-Stafford) were passed as another reauthorization of ESEA. This
reauthorization added additional aid programs including funds for school dropout prevention, joint education of disadvantaged preschool children, foreign language education, comprehensive child development centers, educational telecommunications partnerships, improvement and reform of schools and teaching, and education for Native Hawaiians (Public Law 100-297). This public law changed the funding formula and increased the amount of funding for Title I grants again. To combat the concerns of rigor and standards in education based upon *A Nation at Risk*, this reauthorization required states to implement standardized testing for all students and define the levels of academic achievement expected for disadvantaged students. Further, if schools were not making substantial progress toward closing the achievement gap for disadvantaged students, this reauthorization required LEAs to report it.

A frequent criticism of the ESEA and subsequent amendments was that there were too many isolated programs. To help address this, in 1994, the Improving America’s Schools Act (IASA) was enacted during the Clinton Administration to move away from singular programmatic efforts toward helping school systems develop an integrated and comprehensive standards-based framework. The goal of this Act was to change the mindset of federal grants working in isolation to federal grants working as a cohesive whole in an attempt to help all students to meet challenging state standards. To do this, IASA incorporated four key elements to assist school districts in their focus on advancing the quality of teaching and learning for all students. The first element of this reauthorization included a focus on high standards for all students and required states to develop challenging state standards. The second element emphasized the benefits of creating and providing high-quality professional development experiences that better prepare teachers to teach to high standards. The third element allowed for
additional flexibility in how local school districts implemented the federal program; however, accountability strategies needed to be developed simultaneously to demonstrate the school district’s ability to increase student achievement. Included in the accountability strategies was the requirement for schools receiving Title I funds that were not making adequate yearly progress (AYP) to report it. The final element of IASA was the recognition that ongoing family involvement in a child’s education is a critical component to increasing student achievement, thus encouraging the cultivation of partnerships between families, communities, and the local school district.

While well intentioned, concerns with the IASA reauthorization centered on the discrepancy of how school districts created and implemented standards-based reform requirements, finding that disadvantaged students continued to be left behind. In 2001 the No Child Left Behind Act (NCLB) was enacted during the George W. Bush Administration as another reauthorization of ESEA. NCLB expanded on many of IASA’s provisions and was devised with the intent to close student achievement gaps by providing all children with fair and equal access to high-quality education. President Bush is often quoted as saying too many of our neediest children are being left behind and he did not want children to be trapped in failing schools (Bush, 2001). Similar to IASA, NCLB incorporated four main provisions: the development of an accountability system for student achievement, an emphasis on implementing research-based educational programs for teaching and learning, the expansion of parental options and communication, and continued development of local control and flexibility of how school districts used federal dollars. Like all reauthorizations of ESEA, NCLB placed a focus on accountability for providing fair and equitable educational opportunities for disadvantaged
subgroups of students. To help ensure that school districts were offering needed support to disadvantaged subgroups of students such as English learners, learners with disabilities and special needs, racial minorities, and students from low-income families, NCLB established AYP benchmarks that school districts needed to meet or risk losing some of their federal funding through federal sanctioning. The AYP benchmarks were used to determine whether schools were successfully educating students based upon a defined measure of adequate student performance on standardized tests. NCLB also placed a focus on having highly qualified teachers and paraprofessionals, mandating teachers to have a bachelor’s degree in areas they were teaching and requiring paraprofessionals to have two years of collegiate-level courses or pass a proficiency examination. Further, this Act required that states and districts take steps to ensure an equitable distribution of highly qualified teachers across all schools.

**Current Federal Education Legislation**

Though NCLB aimed to put measures in place to continue to support disadvantaged students and increase equity of educational opportunities and experiences, NCLB was often criticized for having a one-size-fits-all or cookie-cutter accountability system, in-flexibility, and for being burdensome and onerous for school districts to implement. In 2015, President Barack Obama signed into the law the most recent authorization of ESEA with the ESSA. This reauthorization shifted the educational authority back on to the states and required states to create comprehensive plans to increase equity and the educational outcomes and opportunities for all students. To do this, ESSA required states to set high standards and maintain accountability through the administration of resources and empowered states to develop their own systems for
school improvement, which need to be submitted to the U.S. Department of Education. ESSA also directed states to implement annual assessments so they do not eclipse teaching and learning, increase access to high-quality preschool programs, and create new resources geared toward evidence-based strategies that improve student learning and outcomes.

While a consistent focus of each reauthorization of ESEA has been to improve the equity of educational opportunities and experiences for all students by examining inter-district inequities, it was not until the 2015 reauthorization that the focus also included intra-district inequities as well. Since state and federal funding provides funding to school districts and not specific schools, large disparities across school buildings within the same district were often masked (Baker & Green, 2014), resulting in another layer of inequity in public school funding. To address this additional layer of inequity, Section 1501 of ESSA requires that LEAs provide a percentage of funding sources (federal, state, and local), describe how federal funds are used to meet the programmatic functions of the federal grant, include per-pupil expenditures (including personnel and non-personnel expenditures), and disaggregate weighted per-pupil expenditures at the school level. This section of the Act is the first time that the federal government has required local school districts to report expenditure data at the school level publicly, thus allowing the communities the school districts serve to see the amount of federal, state, and local funding distributed to every school, not just the school district in totality. To accomplish this, each state education agency (SEA) was required to create a system by which LEAs are to submit school-level per-pupil expenditure data so the SEA can report this information to the U.S. Department of Education starting with Fiscal Year 19 (2018-2019) data.
Federal Funding History

Not only did each reauthorization of ESEA come with new policy requirements, it also provided increased federal financial assistance to schools. In the 1959-1960 school year, the federal government provided $651M to public schools. After the implementation of ESEA, this assistance jumped to $3.2B during the 1969-1970 school year. With each major reauthorization, another significant increase of federal funding can be observed (Figure 2):

- $3.2B in the 1969-70 school year to $9.5B in the 1979-80 school year as a result of the Educational Amendments reauthorization in 1972
- $9.5B in the 1979-80 school year to $12.7B in the 1989-80 school year as a result of the ECIA reauthorization in 1981
- $12.7B in the 1989-90 school year to $18.5B in the 1994-95 school year as a result of the IASA reauthorization in 1994
- $29.1B in the 2000-01 school year to $33.1B in the 2001-02 school year as a result of the NCLB reauthorization in 2001

However, the newest reauthorization in 2015, ESSA, maintained a relatively consistent level of federal funding ranging between $55-57B (NCES, 2021).

Illinois School Finance History

In the United States, education is primarily a state and local responsibility. When the U.S. Department of Education was created in 1867, its primary focus was to collect information on schools and teaching that would help the states establish effective school systems (U.S. Department of Education [U.S. DOE], n.d.). Since the responsibility of educating children falls
upon the individual state, many state constitutions include provisions declaring their responsibility to education. In Illinois, for example, Article X of the State Constitution establishes that “the state shall provide for an efficient system of high-quality public educational institutions and services” (Illinois Constitution, n.d.).

When the funding system established to disseminate state dollars toward education is deemed to be inequitable or inadequate, court-ordered reforms or legislative mandates are used to revamp the system. While both methods have a fundamental goal of improving equity and adequacy by modifying the formulas used to allocate state or federal dollars to school districts,
court-ordered reforms are based on the premise that the current funding model is unconstitutional.

In 1971, a major school finance case, *Serrano v. Priest*, attracted national attention when parents in the Los Angeles public school system attempted to sue the state of California claiming that the calculation used to finance California public schools was unconstitutional and violated the equal protection clauses of the federal and state constitutions. The plaintiffs in this case contended that the funding for public education was inherently inequitable, as taxpayers in some school districts were required to pay taxes at higher rates than families in other districts in order to provide the same or lesser educational opportunities for the students in their community. Through this lawsuit, the concept of fiscal neutrality was born, or the consideration that the quality of a child’s education cannot be based on the wealth of the local school district but rather must be based on the state as a whole (LaMorte & Williams, 1985).

The 1971 California case opened the door for close examination and scrutiny of state funding models used to finance education with an equity and adequacy intent. In 1995, a lawsuit was filed in Illinois claiming that the financial model used to fund public schools violated various provisions of the Illinois Constitution (*Committee for Educational Rights v. Edgar*, 1996). Specifically, the plaintiffs alleged that the Illinois school funding formula created vast differences in educational resources and opportunities among school districts in Illinois and that the General State Aid formula did not effectively equalize funding among wealthy and poor districts, thus leading to an inequitable and inadequate state school funding system (*Committee for Educational Rights v. Edgar*, 1996). While the plaintiffs hoped to argue in this case that education is a fundamental right and looked to establish efficient systems for high-quality
educational experiences for all students, the judge ruled against the plaintiffs, finding that the Illinois Constitution refers to education as a goal and not a right and that the plaintiffs are seeking a remedy the courts can’t or don’t provide, even assuming the facts of school funding disparity (Mathewson, 1992). Through this ruling, the judge provided the perception that the way to fix the funding model in Illinois could not be solved at the court level; instead, policy reform may be needed.

Though the judge ruled against the plaintiffs in the 1996 case, the concept of inequity and inadequacy in the Illinois public education funding formula continues to receive extensive attention. Throughout the nation, school districts are funded by state, local, and federal revenue sources; however, the percentage received by each of the sources varies from state to state and district to district. In Illinois, most school districts are primarily financed by their local community through property taxes. Over the past 10 fiscal years Illinois school districts have on average been financed 66.2% by local sources, 25.9% by state sources, and 7.9% through federal sources (Illinois Report Card [IRC], 2020). On the other hand, the national average is closer to 50% for state financial contribution to education (Figueira et al., 2017). As a result of the reliance on local resources, or local property taxes, as the main source of revenue, a variation in local property wealth can create an inequitable and inadequate educational system since households have the right, but sometimes not the ability, to sort themselves into rich districts (Loubert, 2005).

Using data from the 2006-2007 school year, in 2010 a National Report Card was published evaluating and comparing the extent to which state school funding systems across the nation ensure quality of educational opportunities for all children. In this report, Illinois was
found to have a regressive funding system, providing high-poverty districts with less state and local revenue than low-poverty districts (Baker et al., 2010). In 2012, a second edition of the National Report Card was released ranking the state of Illinois 49th out of 50 in fairness of its funding distribution based upon data from the 2007-2008 school year (Baker et al., 2012). Over the years, additional reports continued to be published finding Illinois maintained a persistently regressive and unfair funding model (Baker, Farrie, & Sciarra, 2018; Baker et al., 2017, Krengel, 2017). Due to the inequity of the state funding model combined with the heavy reliance on local resources to finance education, large disparities in school district spending (Krengel, 2017) resulted in severely underfunded and underperforming school districts (Baker, Weber, Srikanth, Kim, & Atzbi, 2018). This then created a perpetual cycle of inequity of opportunities for students in local communities, as underfunded school districts are seen as less desirable and can directly result in the inequity of labor markets (Baker et al., 2017), reduce the ability to attract and retain high-quality and qualified teachers, and therefore further exacerbate the underperformance of poorer school districts.

The General State Aid funding model used in Illinois from Fiscal Year 00 (1999-2000 school year) through the Fiscal Year 17 (2016-2017 school year) was often spotlighted for being the source of the funding inequity that existed in Illinois school districts. This funding formula was composed of two parts: the Equalization Formula Grant and the Supplemental Low-Income Grant. The Equalization Formula Grant attempted to provide equity of funding to school districts by using an inverse relationship between the amount of funding received and the local wealth of the school district; the more local wealth, the less monies received and vice versa. The Supplemental Low-Income Grant did not consider local wealth and instead provided increased
funding dependent upon the percentage of low-income students. Along with this, the General State Aid funding formula also used a foundation level, or a baseline annual cost of educating a student. While this funding formula attempted to provide equity to how school district’s received state dollars, the funding formula was often criticized for not increasing the foundation level and falling short of the recommended foundation level provided by the Illinois Education Funding Advisory Board (Bremer, 2017).

In 2008 the Chicago Urban League (CUL) sued the Illinois State Board of Education (ISBE) and the State of Illinois claiming that the funding formula violated the Illinois Civil Rights Act due to an overreliance on local property taxes to fund public education. Due to this dependence, the CUL claimed that the funding formula created large financial gaps between school districts and inequitably impacted students and families from majority-minority school districts. In the eight years it took to settle this case, calls for revamping the financial model used to fund education in Illinois continued to grow as Illinois repeatedly was deemed to be neither equitable nor adequate in terms of the educational opportunities provided across the state (Fitzgerald, 2015). Since the responsibility of education falls on the state, demands were made on the state to design a system for adequate and equitable distributions of funds to ensure fairness in the funding model (Baker, Farrie, & Sciarra, 2018). In 2017, Governor Bruce Rauner signed into law Public Act 100-0465 or the Evidence-Based Funding for Student Success Act. The evidence-based funding (EBF) funding model uses an evidence-based approach to calculate the cost of a high-quality and highly effective education using proven interventions that have a positive impact on student success (Figueira et al., 2017). The EBF funding model attempts to address concerns of equity and adequacy in school funding distribution in Illinois by developing
a set of proficiency standards and identifying a funding target of how much money is needed to educate students in each school district based on a series of metrics.

To accomplish this, the EBF funding formula can be broken down into four main components. First the model creates an adequacy target which identifies the amount of local and state funding needed for students in the district to receive a high-quality education. To do this, the adequacy target considers the overall expense for providing research-based strategies or research-based elements within the unique demographics of each school district. Specifically, the adequacy target calculates the core investments, or the number of full-time equivalent staff needed in core positions to support student learning in the district based upon the composition of the school district. The adequacy target also takes into consideration per-student investments that are subject to the comparable wage index (central office, operations and maintenance, etc.), per-student investments that are not subject to the comparable wage index (gifted programs, assessments, instructional materials, etc.), as well as additional investments such as low-income needs, English learner needs, and special education.

The second step in the process calculates the amount of local and state funding available to each school district. In Illinois, school districts receive the majority of their funding from local resources. Since the amount of revenue received from property taxes is a direct result of the wealth of the surrounding community, the funding formula takes into account the disparities that may exist between school districts in local funding and calculates a unique local capacity target per school district. The local capacity target is the amount of money from local resources that can be used to help reach the adequacy target established for the district. To determine the state resources available to each school district, the formula consolidated many of the disparate
categorical provisions of the prior funding model and looked at the total state resources received during the 2016-17 fiscal year to establish a “hold harmless” provision, or a base funding minimum. This stipulation ensured that no district will receive less in state resources as compared to the prior year.

The third step in the process measures the state and local resources in comparison to the adequacy target to determine a district’s percent of adequacy, or their ability to provide adequate resources to meet defined educational aims. To calculate this percentage, the formula takes into account the local capacity target (local resource), corporate personal property replacement tax (local resource), and the base funding minimum (state resource) per district. If the total between the three revenue sources equals the district’s unique adequacy target, then the district is determined to be fully funded or at 100% of adequacy. If the district is below that calculated threshold, then the district has not met their adequacy target. This means that the district does not have the state and local resources available to provide an adequate educational experience to its students. On the other hand, if the district exceeds its target, then it is deemed to have more than the funding sources needed to provide an adequate educational experience for its students.

In the final step of the process the EBF model distributes new funding dollars with the goal of allowing all districts to meet their adequacy target. This model does not distribute new state dollars equally to all students throughout the state; instead, it distributes the funding equitably by assigning new money first to those districts that need it the most and are farthest away from meeting their adequacy target. To accomplish this, the EBF model categorizes districts into four different tiers based upon their percent of adequacy. School districts that have a funding level above 100% are classified as Tier 4 and receive 0.1% of any new state dollars. Tier
4 school districts have been identified mathematically as already meeting their adequacy target and, per the formula, need new resources the least because they have already met the threshold of the financial funding needed to provide an adequate educational experience to their students. School districts that have an adequacy level of 90% to 100% are classified as Tier 3 and receive 0.9% of new state dollars. Tier 2 school districts have an adequacy level of 68.5% to 90% and receive 49% of new state dollars. Finally, school districts with an adequacy level less than 68.5% are considered to be farthest away from adequacy, need the most state assistance, and receive 50% of any new state dollars.

The mechanics of the EBF formula endeavors to address the claims of the funding inequities and inadequacies plaguing the educational system in Illinois through a legislative mandate. The EBF funding model works to recognize individual and district needs, accounts for differences that exist in local resources, attempts to close funding gaps through providing new dollars to school districts that need it the most first, and establishes a base funding minimum so that no school district will receive less state resources from year to year. Even if a school district is deemed to be above its adequacy target, it will not lose funding from the amount received the previous year.

**Illinois SBER**

In Illinois, the mechanism used to achieve the federal expenditure reporting requirement is SBER. The ISBE acknowledges that SBER is not intended to be used for state accountability purposes, but hopes that the data can be used at the local level to inform decision making while also meeting federal requirements for school-level data reporting (ISBE, 2021). To assist LEAs
in the fulfillment of the SBER requirement, ISBE has created an online platform through the ISBE Web Application Security (IWAS) portal and has developed guidance documents walking districts through how to complete the report while emphasizing that school districts are in the best position to know their own data. Since each school district maintains a service delivery for students that may be different from its surrounding LEAs, the SBER report provides flexibility in consideration of how to allocate centralized expenditures in order to encapsulate each district’s model more accurately. ISBE notes that the approach used to disaggregate centralized expenditures should be methodically chosen and longitudinally consistent so that data reported is not deviating significantly from year to year unless the delivery model of education services to students has changed.

To assist in the distinction between site-based and centralized expenditures, ISBE provided definitions of each, noting that site-level expenditures include actual expenditures associated with personnel assigned exclusively to a particular site and actual non-personnel expenditures (supplies, purchased services, etc.) specifically attributable to a particular site. ISBE then identified centralized expenditures as everything else, noting that centralized expenditures are often the superintendent’s office, board services, transportation, fiscal services, operations and maintenance, and food services.

To complete SBER, many school districts updated their budget codes to specifically allocate and track expenditures at each site within the district. For example, if a math teacher taught 100% of the time at School A, they might have a location code of “100” attached to their salary expenditure code, whereas another math teacher who worked 50% of the time at School A and 50% of the time at School B would have their salary expenditure split up 50/50 between two
salary expenditure codes with location codes of “100” and “200” for Schools A and B, respectively. In this instance, the district is then able to easily designate the salary expenditure for the teacher based upon the site where they worked within the SBER report due to the unique location identifier within the budget code.

This process becomes more complicated for centralized expenditures depending on the philosophy and educational delivery model for each school district. Recognizing this, Illinois provides options for how a district may choose to allocate centralized expenditures to different sites within the school district. For example, some school districts may allocate transportation services based upon a per-pupil ratio while others may choose to allocate the expenditures based upon routes utilized by each school. ISBE finds either methodology to be okay as long as the school district is consistent from year to year in its reporting.

Ultimately, through the completion of SBER, LEAs are able to obtain a per-pupil expenditure figure for each school site located in the district that is disaggregated by federal versus state/local sources and site-level versus district centralized expenditures. An example of the final reports available in the Illinois Report Card (IRC, 2020) are depicted in Figure 3 for a high school located in a large suburban school district. Figure 4 depicts how this high school compares with the rest of the schools in the district (IRC, 2020).

The goal for school districts is then to examine and spark conversations regarding how they appropriate funds between buildings within the district to meet the needs of their student population and to identify any potential concerns with the equity and/or adequacy of how funds are allocated.
Figure 3: School vs district average – source of funds.

Figure 4: Bar chart – source of funds.
School Finance Equity and Adequacy

Over the years, both federal and state have impacted the percentage of funding sources in Illinois schools. Often, new education finance policy attempts to shift the proportionality of local sources versus state and federal sources to offset the financial strain on local communities where schools are financed heavily through property taxes. Further, this shift in revenue sources can help assist with equity and adequacy concerns associated with how school districts are funded.

School Finance Equity

When an educational policy reform is created to improve equity in how schools are funded, the policy looks to compare how similarly or dissimilarly students are treated in terms of resource distribution. School finance equity can be examined through the perspective of the taxpayer (Baker & Green, 2014) or through the perspective of the inputs available to each student (Berne & Stiefel, 1984). In general, school finance equity examines the resources made available to different groups of students (Berne & Stiefel, 1998).

School finance equity can be categorized into horizontal equity and vertical equity. Horizontal equity looks to see that equally situated students are treated equally (Iatarola & Stiefel, 2003; Jackson et al., 2014; Ladd, 2008; Ramirez et al., 2011; Springer et al., 2009; Wu, 2020) regardless of the student’s place of residence, socioeconomic status, race, nationality, native language, or disability (Carr & Fuhrman, 1998). School finance horizontal equity also aims to establish a minimal rule of fairness (Berne & Stiefel, 1984) for how funding is distributed. From the individual level, horizontal equity can be viewed as examining how students with similar characteristics are treated relative to one another (Downes & Stiefel, 2014).
However, from a school district level, school funding models that aim to achieve horizontal equity examine whether school districts in similar situations receive the same amount of funding (Clune, 1994).

Vertical equity, on the other hand, addresses the treatment of unequals (Plecki et al., 2009; Underwood, 1995) or examines how differentially situated students are treated differently (Downes & Stiefel, 2014; Iatarola & Stiefel, 2003). Considering that districts, schools, teachers, classrooms, etc., are not equivalent, vertical equity is achieved only when school districts in different circumstances are funded differently (Ramirez et al., 2011). Since dissimilar children have fundamentally diverse needs, achieving vertical equity can sometimes be viewed as more controversial because the metrics used to define vertical equity can be subject to social dynamics and political debate (Berne & Stiefel, 1984), meaning that some children may need different or increased numbers of resources in order to achieve vertical equity in comparison to other students. This differential treatment of students is sometimes perceived as being unfair to others. A similar parallel to this frequently seen in classrooms is when students with Individual Education Plans (IEPs) are provided extended time to finish exams based upon their disability. Other students in the classroom may see the extended time as unfair treatment; however, in order to provide vertical equity of learning opportunities for all students, this accommodation is needed for the student with the disability.

Educational funding reforms that adjust school funding formulas based upon the proportion of students from disadvantaged subgroups (low income, English language learners, students with disabilities, etc.) are attempting to incorporate concepts of inter-district (between-district) vertical equity. Within a school district, educational leaders also use concepts of vertical
equity in resource distribution when examining the needs of disadvantaged students in each building. Frequently, concepts of intra-district (within-district) vertical equity can be observed when districts purposefully allocate increased staff resources or FTE to support the specialized learning needs of different groups of students. For example, if a school district has a high percentage of students with IEPs, many times districts need to increase the number of certified and non-certified staff members to support this group of disadvantaged students due to their IEPs, thus resulting in an overall increase in resource allocation to a singular building. Sometimes, intra-district vertical equity is impeded by policies that allow for teachers with greater seniority, and often greater educational attainment levels, to request transfers to schools perceived to be more desirable within the school district boundaries, thus leaving less senior and less qualified teachers in low-performing, underserved schools (Darden & Cavendish, 2011; Iatarola & Stiefel, 2003).

**School Finance Adequacy**

The concept of adequate educational funding does not rest on the norm of equal treatment (Minorini & Sugarman, 1998) but rather centers on the ideas of sufficient resources and proficiency. Policy reforms established with the focus of implementing adequate educational funding investigates the level of sufficient resources needed to achieve educational aims (Minorini & Sugarman, 1998; Ramirez et al., 2011), attempts to provide all students the opportunity to reach a state-standard level of proficiency (Springer et al., 2009), and may describe the education needed for students to become productive citizens (Underwood, 1995). Adequate funding can be further conceptualized through the consideration of inputs and outputs,
specifically resource inputs (labor, equipment, or capital) and educational outputs (what schools produce) or outcomes (accomplishments or achievements). Educational adequacy funding reform which focuses on the input levels in the funding calculation often attempts to establish a minimum foundation level of financial obligations to districts. When developing an adequate funding model through an output lens, an education system meets an adequacy standard if all schools have sufficient resources to achieve a specified outcome given the particular set of students it serves (Ladd, 2008). The need to examine the link between inputs and outputs results in additional complexities (Guthrie & Rothstein, 1998) in determining adequate school funding levels due to the need to establish and achieve consensus on what the word “adequacy” means in terms of adequate funding, adequate performance, and adequate outcomes. To help steer away from value judgments, some school finance reforms focused on establishing adequacy develop a series of metrics in an attempt to objectively quantify adequacy levels while examining needed inputs and outputs. Altogether, true adequacy in school funding formulas can only be achieved when a pairing exists between school finance and school improvement (Clune, 1994).

**Equity and Adequacy in SBER**

When reforms in school finance are created, they often are developed to address concerns with equity and adequacy in how schools are funded. Both terms have a fundamental goal of improving the ability of all students to achieve success in education. However, school funding equity looks at providing equal funding resources to districts in similar situations, schools in similar situations, or students in similar situations. Adequacy, on the other hand, examines the minimum funding resources needed for each school district to achieve a defined level of
proficiency of educational experiences for their students. A consistent challenge of both concepts in relation to school finance is that both involve the establishment of value judgments about how to determine fairness in the distribution of resources at the federal, state, and local levels.

At the federal level, equity has been at the heart of school funding reform dating back to the establishment of the ESEA. Recognizing the inequities of educational opportunities for disadvantaged students, ESEA created federal grants that allocated additional federal monies to school districts with higher proportions of disadvantaged students. With each reauthorization since 1965, equity of resources between districts in education has remained the guiding principle. However, over the years, how districts allocate funds within their boundaries has attracted increased attention due to claims of an additional hidden inequity of resource distribution at the local level. In 2015 with the Every Student Succeeds Act, an additional call for equity examination at the local level was initiated with the requirement for school districts to publicly report per-pupil expenditures for each school within the district. This federal requirement marks the first time in which educational finance reform has spotlighted the need for districts to consider how federal, state, and local sources are allocated within them.

In Illinois, the mechanism used to bring greater transparency to the distribution of resources between schools within a district is SBER. SBER is an instrument that school districts and community members can use to help examine whether funding inequities exist within their boundaries. SBER disaggregates per-pupil expenditures per district per school by state and local spending versus federal spending. SBER also allows for the analysis of how site-level expenditures versus district centralized expenditures are allocated to each school within the district. SBER annual reporting is not the finish line in the quest to understand equity within each
school district, it is a starting point. Additionally, SBER is not an adequacy reform as it does not focus on establishing a base funding minimum nor does it address desired student outcomes through the establishment of proficiency standards. SBER provides data to help start conversations on equity within school districts’ administrative teams and with their boards of education by examining how they allocate dollars to different school buildings within the district. Ultimately, it is up to each individual school district what to do with the information learned from completing the SBER annual report.

**Equity and Adequacy in the EBF Formula**

While federal education funding reforms have maintained a focus on equity, many state and local funding concerns have shifted to an emphasis on adequacy. Approaching school finance from an adequacy intent can be seen as a fundamental shift in perspective and philosophy from equity. However, some states like Illinois, attempt to create a school funding reform to address both equity and adequacy concerns with how school districts are funded within the state. The Evidence-Based Funding for Student Success Act endeavors to understand the relationship between equity, adequacy, and student outcomes (ISBE, n.d.) and, per the 2017 state superintendent of education, takes a historic step in advancing equity concerns in Illinois by ensuring every student gets the resources they need for academic excellence and postsecondary success (Smith, 2017). EBF’s attention to adequacy in the distribution of resources is evident in the development of an adequacy target for each school district. The adequacy target establishes the financial resource benchmark a school district needs in order to implement research-based elements in their unique educational environment to achieve a proficient educational experience
for students in that district. Within the development of the adequacy target, the formula also takes into account a regionalization factor to adjust for dramatic increases in wages between neighboring counties. This step of the calculation helps to address equity concerns that exist between neighboring school districts when developing the base funding minimum needed. EBF has another major provision to address concerns of equity between school districts by chunking school districts into four distinct tiers based upon their percent of adequacy, or the amount of local and state resources available to meet the threshold needed to provide a proficient educational experience for their students. EBF does not distribute new state dollars equally to all school districts. Instead, EBF allocates new dollars to school districts for equity by providing new resources to school districts that need it the most based upon lower percentages of adequacy.

Through a complete overhaul of how educational funding is calculated and distributed, Illinois is attempting to change the narrative of being one of the worst states in America in terms of fairness of educational funding and opportunities. By developing adequacy targets, percentages of adequacy, and a new distribution model for allocating state resources, EBF is striving to combat the notion that the quality of a child’s education is solely dependent on their zip code. Through the development of evidence-based strategies and a focus on the relationship between equity and adequacy, Illinois is making progress toward assuring funding is distributed sufficiently, effectively, equitably, and adequately among school districts in Illinois. However, the underlying question still remains to be answered: How much will it cost to achieve an equitable school system that produces adequate results (Monk & Hussain, 2000)?
Implementation of Policy Matters

While new school finance policies may be created with a specific intent or to address a specified concern with equity and/or adequacy of how schools are funded, how the policy is implemented in a local school district is essential to the impact of the legislation at the local level. Since educational finance administrations have different backgrounds, experiences, understandings, and perspectives of the needs of their local school communities, how new policies are implemented may vary from school district to school district.

Sensemaking Theory

The concept of sensemaking can help to explain why and how SFAs make sense of and implement new policy. At a very fundamental level, sensemaking attempts to explain the world around us and make it meaningful. Karl Weick, commonly referred to as the “father of sensemaking,” contends that reality is an ongoing accomplishment that emerges from efforts to create order and make retrospective sense of what occurs (Weick, 1993). Through the process of sensemaking, individuals examine interconnected interactions (Weick et al., 2005) in their lived experiences and the situations that they find themselves in (Gigliotti, 2016; Weick, 1995) in an attempt to understand times of ambiguity, confusion, or uncertainty (Ancona, 2012; Brown et al., 2015; Maitlis, 2005). Sensemaking can be triggered by chaos (Weick et al, 2005) or inadequate expectations (Weber & Glynn, 2006; Yurkofsky, 2021) as individuals attempt to make sense of what is occurring.

Sensemaking has similar features when considering an organization. From the organizational perspective, sensemaking occurs when members of an organization confront
events, issues, and actions that are surprising or confusing (Gioia & Thomas, 1996; Maitlis, 2005; Weick, 1993, 1995) and is a social process by which members of the organization interpret their environment through interactions with others, thus allowing them to understand the world and to act collectively (Maitlis, 2005; Starbuck & Milliken, 1988). Organizational sensemaking looks to answer the question of how something comes to be an event or issue for organizational members (Weick et al., 2005). Further, organizational sensemaking can be activated in groups that are not well prepared to handle changes in structural and cultural norms (Gilstrap et al., 2016; Weick, 1988) or through complex or stressful events (Kraft et al., 2018) as organizational members attempt to redefine their new environment based upon the collective experience and understanding.

**Elements of Sensemaking Theory**

Seven interconnected elements are included in sensemaking theory: identity, retrospective, enactment, social, ongoing, cues, and plausibility (Weick, 1995). When examining sensemaking through a lens of identity construction, sensemaking aims to understand the individual in relation to the world around them. To do this, individuals may project a portion of themselves on their environment and observe the consequences of this action in order to glean insight into their own identity construction (Choo, 2005).

Also, during their identity development, individuals may attempt to label or categorize as a means of stabilizing the streaming of experiences (Weick et al., 2005) in an attempt to make things rationally accountable to themselves (Weick, 1993). Like individual identity construction, identity development within an organization is also a process (Ojha, 2005), as it requires
maneuvering through unknown different situations on the path to constructing an organizational identity.

A second characteristic of sensemaking is that individuals are retrospective and seek to shape experiences into meaningful patterns based upon the reflection of their individual happenings. Sensemaking is sometimes utilized when the current state of the world is perceived to be different from the expected state (Weick et al., 2005), and individuals endeavor to make sense of what is occurring based upon the reflection and analysis of their prior lived experiences (Fischhoff, 1975). However, the process of retrospection recall is often flawed and distorted (Gover & Duxbury, 2016; Steblay et al., 2014) as individuals attempt to rationally order past events as compared to current or future events (Starbuck & Milliken, 1988). Additionally, even if individuals encounter the same experience, their reflections on the experience may differ from one person to another (Ojha, 2005), thus resulting in a different retrospection outcome of the same event. This process becomes even more challenging in an organizational setting as groups of individuals may use a retrospective process to analyze and make meaning of a new occurrence as a collective whole.

The third element of sensemaking as defined by Weick is enactment. Enactment is the process in which individuals interactively take action (Sandberg & Tsoukas, 2015) and create a stream of events that they pay attention to (Orton, 2000). When puzzling elements from the environment capture the attention of an individual, the individual may bracket (Yurkofsky, 2021), break up, rearrange, or single out (Johnson & Fauske, 2000) different facets of the experience. The output of enactment then, can be seen as the raw or the base material for other elements in the sensemaking process (Choo, 2005).
Viewing sensemaking as a social construction, the fourth element, investigates where individuals grew up, how they were taught, where they are located, and the people they are currently interacting with. Through a social context, since individuals exchange with other people, their constructed realities can be impacted by their social interactions and influences (Galbin, 2021). Social discourse, therefore, can be seen as an important element in the process of creating meaning both for the individual and at the organizational level. Organizational sensemaking is also a social process in which organization members interpret their environment through interactions with others, thereby constructing accounts that allow them to comprehend the world and act collectively (Isabella, 1990; Maitlis, 2005; Starbuck & Milliken, 1988). Further, social interaction can assist individuals in an organization to learn from one another and develop new insights, interpretations, and perspectives for a problem at hand or a change facing the organization.

The fifth element considers that the process of sensemaking is ongoing, thus there is no defined beginning or end because the world and individuals’ experiences are constantly changing and evolving. Sensemaking is observed to be cyclical and moves from the easy to the complicated as new information is collected and new actions are taken. Then as patterns are identified, and information is labeled and categorized, the complex becomes simple once again with higher levels of understanding (Ancona, 2012). Some researchers have attempted to classify this feedback loop into three main steps: scanning, interpretations, and learning (Daft & Weick, 1984). The first step of this process is perceptions (Weber & Glynn, 2006); it involves information gathering and data collection (Daft & Weick, 1984; Thomas et al., 1993). It has the individual exploring the wider system and viewing things from a variety of perspectives. The
perception or scanning phase is seen as the precursor to interpretations. During interpretations, an individual may create a map of the current situation using images and metaphors to capture key elements (Ancona, 2012) as a method of developing and comprehending the information (Thomas et al., 1993). The purpose of this phase is to give the data meaning while formulating and preparing for action. Then, based upon perceptions and interpretations, an individual is able to learn and take action and, from the organizational perspective, implement decisions (Thomas et al., 1993). Once the action is taken, the process can start again.

Extracted cues are the sixth element of sensemaking that provides a point of reference to link ideas and connect them into networks of meaning (Choo, 2005). In this property of sensemaking, individuals notice and extract cues of information from their environment (Kraft et al., 2018; Sandberg & Tsoukas, 2015), which they then interpret, organize, and develop (Maitlis, 2005) in order to develop a larger sense of what is occurring around them.

The seventh element of sensemaking is plausibility. In general, sensemaking is not used to determine whether something is right or wrong; it is used to ascertain the probability of something being reasonable or likely. Sensemaking is about the continued redrafting of an emerging story that becomes more comprehensive through observed data, data collection, experience, and conversation (Ancona, 2012; Weick et al., 2005).

However, in times of emotional distress or in crisis situations, an individual may shift their focus from plausible determinations to alternative narratives that are more emotionally palatable (Christianson & Barton, 2020; Mikkelsen et al., 2020) in order to cope with the situation at hand. From an organizational framework, organizational stakeholders may gravitate toward rationalizing shared accounts based upon their perceived plausibility (Maitlis &
Christianson, 2014; Schildt et al., 2020; Weick et al., 2005) of events or issues in order to come to a collective understanding.

While each element of sensemaking can be chunked into a distinct explanation, it is important to note that none of these elements occurs in a vacuum and often the process associated with one element leads to or relies on another. For example, when individuals undertake action and enact their reality, they then attempt to retrospectively make sense of the event, act again, and become retrospective on the new action and the process continues (Sandberg & Tsoukas, 2015), thus indicating that the process of retrospection is ongoing and cyclical in nature as individuals make sense of old experiences and confront new ones.

Another duet of sensemaking elements is seen between the pairing of social and identity construction. Participating in identity construction can be viewed as an interpersonal process through storytelling or the sharing of an individual’s personal narratives (Van de Ven, 2020) with others. During this recounting of experiences, individuals take into account the reaction and behavior of others (Choo, 2005) as a tool to help in their own identity construction. While many couplings can be observed with elements of sensemaking, any number and combination of the elements can be observed to be woven together. For instance, when an individual is focusing on prominent environmental cues to make sense of an event or issue, they may use their retrospection of prior occurrences with a specific environmental cue to help create a plausible narrative for why something is occurring. While the elements of sensemaking may build together to help strengthen the process of understanding new events or phenomena, the reverse is also true. Sensemaking collapses when identity is unclear, the social context and cues become ambiguous, retrospection becomes more difficult, ongoing events become resistant to bounding,
plausibility is strained, and probing action becomes more constrained (Sandberg & Tsoukas, 2015; Weick, 1995).

Though these seven elements are widely accepted as components of sensemaking theory, some researchers have attempted to reorganize and approach the elements of sensemaking in a different manner. Sandberg and Tsoukas (2015) identify five elements of sensemaking perspectives in organizations and find that it consists of specific episodes, is triggered by ambiguous events, occurs through specific processes, generates specific outcomes, and is influenced by several situational factors. Weber and Glynn (2006) identified three elements: prime, edit, and trigger, stating that organizational institutions (1) prime sensemaking by providing social cues, (2) edit sensemaking through social feedback processes, and (3) trigger sensemaking through contradiction and ambivalence.

**A Leader’s Role in Sensemaking**

Sensemaking can be thought of as the process by which leaders gather data about an event, problem, issue, or change facing an organization and take action. To do this, leaders must observe the happenings of events surrounding the organization (Daft & Weick, 1984) and engage in social discourse to acquire information from others (Gigliotti, 2016; Mokher et al., 2020; Weick, 1995). Through their actions, leaders are able to develop a meaningful framework for the nature of the intended strategic change facing the organization (Galbin, 2021; Gioia & Chittipeddi, 1991) with the goal of turning their understanding into a springboard for action (Weick et al., 2015).

When leaders approach sensemaking from an organizational perspective, they must
consider divergent frames of reference and individual backgrounds, organizational positions, and histories (Maitlis, 2005; Weick, 1995), and the impact each may have on the sensemaking process of individuals in the organization as well as the organization as a whole. While assisting others through the sensemaking process of understanding the impact of an organizational change, leaders must provide reassurance, orientation, balance, and acknowledgment (Kraft et al., 2018) as they work to help influence the meaning construction of other individuals in the organization (Gioia & Chittipeddi, 1991). While implementing the change, a leader must provide and sell a vision, obtain resources, provide encouragement and recognition, adapt a standard operating procedure, monitor the effort, and handle disturbances (Firestone, 1989). A leader’s approach to sensemaking may also change depending upon the political nature of the problem at hand (Gioia & Thomas, 1996); however, the primary role of the leader in sensemaking is to facilitate (Ancona, 2012) and guide (Kraft et al., 2018) the meaning-making process during complex and confusing situations facing an organization.

In the school setting, educational leaders encounter requests for change, new events, problems, and issues on a regular basis and from a variety of different sources. Some of these sources may include new changes mandated by the federal, state, and local governments; new initiatives brought forth by the Board of Education or upper administration; and ideas and issues from staff, parents, students, and the community at large. With the constant barrage of demands for change and action, it is up to the educational leader to filter requests and make meaningful decisions about what and what not to implement, all while balancing the difficult task of keeping their constituents happy (Spillane, 2000). Since academic leadership is a complex undertaking (Gigliotti, 2016), leaders must use many of the elements of the sensemaking process in concert
with one another to lead a department, a building, a district, or a community through the change process.

When federal and state governing bodies mandate educational reform in public schools, educational leaders are charged with following the requirements of the reform while also considering the impact of the reform and their ability to implement the change within their local environment. While political leaders may create policy with an intent to solve an identified problem, they are not able to mandate or always predict what matters to disparate school districts. The attitudes, beliefs, motivation, and experiences (Allbright et al., 2019; Jabar & Creed, 2020; McLaughlin, 1987) are all underlying factors that will influence local leaders as they work to understand and implement the policy reform. Policy reform can also be seen as affecting a system of practices in an educational setting. Educational leaders must grapple with underlying ideas of the policy reform and relate it to current experiences, understandings, and practices of subordinates because when new ideas are represented in such a manner the user will more likely adopt the change (Spillane et al., 2002).

Another potential hurdle in the implementation of educational reform mandate is that mandates are used when policymakers seek to achieve a uniform response or action. Due to this, mandates can sometimes be met with compliance to the law at the lowest level required (Firestone, 1989) or can be met with a surface-level or piecemeal understanding (Spillane, 2000). Sometimes, educational leaders rely on data-driven and evidence-based practices (Yurkofsky, 2021) as a means for attempting to understand, process, and implement the change. Further, when attempting to make meaning out of a new reform, educational leaders are tasked with understanding individual components of the reform and analyzing what pieces are worth
sustaining given the district’s economic, political, and organizational realities (Berman & McLaughlin, 1977; Firestone, 1989). However, if compliance is the goal of the policy, then allowing for local leaders’ discretion in the implementation is paramount (Spillane et al., 2002) as policy can set the conditions for effective administration and practice but it can’t always pre-determine how the decisions will be made at a local level (Elmore et al., 1988; McLaughlin, 1987). However, since educational leaders’ policy responses are largely driven by prior knowledge, beliefs, and values, the implementation of policy within each district will likely vary (Allbright et al., 2019). The pendulum effect is another consideration for educational leaders when determining the extent of implementation of a new change or reform; even if a new reform brings movement, the fear is the pendulum will swing back to the same place (Cuban, 1990) and the change will have been made in vain.

Current Research

In 1966, the Coleman Report stimulated the national focus on the inequity and inadequacy that exists in public education. Since that time there has been an extensive amount of research on concerns regarding school funding inequities and inadequacies (Hanushek, 1986; Underwood, 1995; Clune, 1994; Berne & Stiefel, 1998; Carr & Fuhrman, 1998; Guthrie & Rothstein, 1998; Minorini & Sugarman, 1998; Slavin, 1999; Loubert, 2005; Koski & Hahnel, 2007; Ladd, 2008; Ramirez et al., 2011; Buszin, 2013; Baker & Green, 2014; Downes & Stiefel, 2014; Springer et al., 2014; Fitzgerald, 2015; Bischoff & Owens, 2019). Distribution patterns in school resource allocation (Baker, 2003; Card & Payne, 2002; Downs & Shah, 2006; Gigliotti & Sorensen, 2018; Hoxby, 2001; Monk & Hussain, 2000; Murray et al., 1998; Odden et al., 2003;
Rubenstein et al., 2007; Springer et al., 2009) and the connection between resource allocation and outcomes (Castellanos, 2010; Grubb, 2006; Grubb & Allen, 2011; Gutherie, 2007; Hanushek, 2006; Hedges et al., 2016; Hedges et al., 2016; Iatarola & Stiefel, 2003; Jackson et al., 2016; Jackson et al., 2016; Jackson, 2018; Jackson- Jackson et al., 2014; Johnson & Tanner, 2018; Lafortune et al., 2018; Lafortune & Schonholzer, 2019; Wu, 2020) are also common topics in education finance research. However, a small amount of research has been conducted to examine the educational leader’s decision-making process used when implementing new education finance policy reforms concerning concepts of equity and adequacy.

Gaps in Current Research

In 1998, Goertz and Natriello analyzed school district spending after a new policy reform was created and found that most school districts reviewed had an increase in equity and fiscal neutrality after implementing the reform. While the researchers examined relationships between school finance policy, concepts of equity, and district responses, the research did not uncover why educational leaders in each district made these decisions. Instead, the research stayed at the district level with the examination of spending patterns, per-pupil expenditure data, and proportions of budgets allocated to different categories.

In 2002, Spillane, Reiser, and Reimer studied decision makers in school settings and found that an individual’s knowledge, beliefs, and attitudes impacted their implementation of educational policy reform. Additionally, the researchers found that at all levels in school districts (district administration through classroom teachers) situational differences matter and account for discrepancies in the implementation of different academic reforms. In this study, the
researchers linked the sensemaking processes of individuals in an educational setting; however, it was not related to concepts of equity, adequacy, or school finance reform. Instead, the study focused on policy in general and relevant research and used different examples in an educational setting to highlight a finding.

In 2008, Roza examined the link between resource allocation via micro-budgeting decisions and how these choices support or undermine local policy reform initiatives. Through the study, Roza found that district leaders are able to articulate objectives and goals for new visions but they were unaware of how their own decisions and actions affected budgetary matters within their district. Further, she found that resource allocation at the local level was dependent upon the individual’s discretion and priorities, not necessarily a function of the district’s stated strategy for reform. While Roza’s research looked at decision making, resource allocation, and equity, the policy reform in the study was associated with local-level reforms only and focused on two districts.

In 2011, Darden and Cavendish reviewed superintendent and Board of Education actions in advancing equity and found that often educational leaders did not realize that their common practices have a direct impact on high-poverty schools with inferior resources. Specifically, they noted the phenomenon of having less experienced teachers assigned to high-poverty schools. While the study related educational leaders’ actions and equity concerns associated with the distribution of resources, it examined the reverse relationship, noting that an educational leader’s decision making should inform policy practice at the local level. This article did not look at the process of how educational leaders review, understand, and implement federal or state policy given the individual needs of their districts.
Only two studies have been found that examine the sensemaking process of educational leaders implementing federal or state-level finance policy reforms with an equity and adequacy intent. Spain (2016) studied two school districts’ boards of education and school district leadership’s ability to reallocate funding dollars after a state-level deregulation policy reform. The study found that cultural norms and habits shaped how the decision makers made sense of policy demands. Further, Spain found that local decision makers relied heavily on their own interests and perceived interests of the district as a whole in interpreting the meaning behind the deregulation policy reform. The research also suggested that political pressures played a large role in school board and upper administration implementation of policy deregulation, and due to this dynamic, increased local control in policy reform may result in school districts maintaining the status quo as opposed to changing. While the article touched on notes of equity concerns when discussing two school districts’ determinations on whether to continue funding categorical programs when state policy mandates stop, the focus was more on the importance of the type of relationship that exists between school boards and school district leaders during the sensemaking process of new policy reform changes.

In 2019, Allbright et al. analyzed two school districts’ implementation of the new funding model in California using sensemaking theory. To help with their analysis, the authors identified and described four different definitions of equity: libertarian, liberal, democratic liberal, and transformative view. Libertarian equity prioritizes fair competition with equal rules for everyone, liberal equity assumes societal disadvantages must be addressed to level the playing field, democratic liberal equity looks to have all individuals supported in achieving a universal threshold of performance (outcome), and transformative view equity challenges oppression
(Allbright et al., 2019). Through the study, the researchers found that resource allocation mirrored educational leaders’ conceptions of equity and were shaped by their interpretation and enactment of policy reform. Due to this relationship, the researchers found that the policy enactment looked different in those school districts and varied from policymakers’ expectations of the reform.

While limited, research shows that local education finance leaders’ past experiences, attitudes, beliefs, and understanding of the concept of equity fundamentally affect the way in which federal and state policy may be implemented at the local level. Further, the process of sensemaking is a valuable tool that educational leaders can use when attempting to understand a new policy and how to implement it within their local environment. Their ability to help guide others within the school district in their own sensemaking process is crucial to the success of the policy implementation and change within their own school districts.

**This Study**

This dissertation expands on current research through concentrating on how SFAs think about SBER, make sense of this policy, and implement the policy. Further, this study examines the sensemaking processes school finance administrations use to understand and implement this annual reporting requirement. This research culminates with the creation of a learning module to support new finance administrators in their education and provide them with alternative considerations and tools for making equitable and adequate decisions about allocating resources in their school districts.
PRODUCT 2

EMPIRICAL STUDY

Research Design

Problem Statement

In Illinois, site-based expenditure reporting (SBER) is the mechanism used to satisfy the federal Every Student Succeeds Act (ESSA) requirement of reporting expenditures at the building level. While site-based expenditure reporting has important policy and practice implications, training is limited in current Chief School Business Official (CSBO) education programs as other administrative programs do not address SBER. This dissertation seeks to fill that void by analyzing current publicly available data and current CSBO practice to better prepare future CSBOs so they are better able to support the educational experience for the staff and students in their school districts.

Research Questions

1. What formula/approach do districts take when allocating central office expenditures?
2. How do participants describe the purpose of school budgeting, funding, and school funding reform?
3. How do school district finance administrators understand and implement SBER in Illinois?
4. How do school districts decide which approach to use when allocating funding to different building sites within a school district?

**Research Methodology**

To conduct this research, I employed a sequential mixed-methods approach in which I gathered and analyzed both quantitative and qualitative data. A mixed-method research methodology is a type of research in which a researcher combines elements of qualitative and quantitative research with the overall goal of combining both research components to expand and strengthen a study’s conclusions (Schoonenboom & Johnson, 2017). Since I used a sequential mixed-method approach, in the first phase of the research I examined publicly available school report card data from the 2019-2020 school year and analyzed the different types of allocation methods used: equal allocation, equity enhancing, equal dollar allocation, etc. Subsequently, I used this information to identify and interview current school finance administrators (SFAs) to discuss their allocation methods as well as the strategies and processes surrounding them.

**Research Setting/Participants**

For the quantitative portion of my research, I used the publicly available SBER data from the Illinois State Board of Education (ISBE). Specifically, I analyzed 2019-2020 financial SBER data for all public schools across the state of Illinois.

For the qualitative phase, I interviewed six educational SFAs within the counties of McHenry, Lake, Boone, and Winnebago in Illinois. Within this set of participants, my goal was to interview one to three administrators in each district type (unit, elementary, and high school).
to see if there is any differentiation in the responses, approaches, understandings, or considerations depending on the type of school district.

Data Sources and Measures

For this dissertation I used two different types of data sources: (1) publicly available data on school finance, specifically SBER data (quantitative), and (2) data collected through interviews (qualitative).

To start, I accessed the Illinois Report Card data library of publicly available data from the Illinois State Board of Education (ISBE) website. Since the SBER requirement did not start until Fiscal Year 19 (2018-2019), I analyzed FY20 (2019-2020) data. When pulling information from the data sets available from ISBE, I focused on the financial data available. Specifically, I identified types of distribution patterns of a school district’s centralized expenditures. This publicly available data was used to address Research Question 1.

In addition to the analysis of the quantitative data, the qualitative study helped to paint a more complete picture of the sensemaking processes different administrators used when completing the SBER requirement. This portion of the research was used to answer Research Questions 2, 3, and 4.

Additionally, through the qualitative study I (a) ascertained the educational leader’s understanding of the policy reform and the purpose behind the policy reform, (b) determined the different elements of the sensemaking process the educational leader used to understand the policy reform requirements and then to educate others on this reporting requirement, and (c) discussed the driving factors used when completing the SBER to see if equity and adequacy
considerations were factors in their decision-making processes. The interview questions are provided in the Appendix.

**Data Collection and Procedures**

For the quantitative portion of my research design, I used a Google spreadsheet to analyze the publicly available data of the SBER. I obtained this data from the Illinois Report Card information publicly available from the ISBE’s website. I used a series of codes to identify different patterns that emerged and analyzed the patterns based upon the type of school district, number of buildings, and Title I status.

For the qualitative research portion of the research design, interviews were conducted in person or via Google Meet. I was open to the preference and comfort level of the interviewee due to the current COVID pandemic. I primarily asked SFAs in my regional professional organization, the Illinois Association of School Business Officials, as my regional group spans the counties of McHenry, Boone, and Winnebago. I audio recorded each interview and transcribed each. Each interview was approximately 60 minutes in length. I collected verbal/written consent from all interview participants. Once I recorded and transcribed each interview, I removed all identifying information and used pseudonyms to ensure confidentiality of participants’ responses.

Interviews conducted for the qualitative portion of the study commenced after IRB approval was obtained. Prior to the interview being conducted, all participants were provided with the purpose of the study as well as procedures for the interview and data collection and were notified of the intention to use information gleaned from the study to create a learning
module for future finance administrators in education programs. All participants were notified that participation in the study was voluntary and were asked to sign a document to provide informed consent.

**Researcher Role**

For the qualitative portion of my study, I did not need entry into the school finance realm as I am a current SFA and member of the professional organization for SFAs in Illinois. I did, however, need entry into different colleagues’ school districts to conduct interviews about their experiences with completing site-based expenditure reporting as well as their general knowledge of school finance and school finance reform. Five of the interviewees are members of the same regional group in our professional organization and the sixth interviewee resides in the community that I work in. These relationships allowed me a greater opportunity to interview the individuals. However, these relationships could also be seen as a detriment as participants could be nervous to answer questions from me for fear of not knowing the “right” answer or saying the wrong thing. Additionally, I am a former math and science teacher at the high school level, so developing lesson outlines is a process that I am familiar with.

**Quantitative Data Collection**

To start, I downloaded the publicly available 2019-2020 financial data from the ISBE. I then categorized and coded the data as depicted in Tables 1 through 8.

In the 2019-2020 school year, there were a total of 867 school districts in the state of Illinois. As shown in Table 1, the vast majority of school districts in Illinois were Unit school
districts (pre-Kindergarten through 12th grade) at 45.10% and Elementary school districts (pre-Kindergarten through 8th grade) at 42.91%. High School districts (9th grade through 12th grade) comprise 11.76% of the school districts in Illinois while three school districts were classified as “other,” all of which were districts composed of a single charter school.

Table 1

District Types – State Level

<table>
<thead>
<tr>
<th>Type</th>
<th>Unit</th>
<th>Elementary</th>
<th>High School</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Districts</td>
<td>390</td>
<td>372</td>
<td>102</td>
<td>3</td>
<td>867</td>
</tr>
<tr>
<td>%</td>
<td>44.98%</td>
<td>42.91%</td>
<td>11.76%</td>
<td>0.35%</td>
<td>100%</td>
</tr>
</tbody>
</table>

To determine general allocation methods for district centralized expenditures used by school districts, a coding method as shown in Table 2 was developed. This coding system used Title I status as a means to differentiate between different allocation methods. The ESSA does not assign districts with Title I status, only specific building sites. A school building is eligible for Title I status when they have 40% or more low-income students and apply for the designation. School districts with a Title I Schoolwide Program designation receive additional federal dollars to improve the achievement of disadvantaged subgroups of students. For purposes of this study, only school buildings with a Schoolwide Program designation were considered to be Title I schools.

Table 3 uses the coding structure from Table 2 to determine the different types of allocation patterns observed by district type for the 2019-2020 data.
Table 2

District Allocation Patterns – State Level

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Equal allocation of funds between all buildings within the school district</td>
</tr>
<tr>
<td>2</td>
<td>Different allocation of funds; greater fund distribution to Title I designated schools</td>
</tr>
<tr>
<td>3</td>
<td>Different allocation of funds; less fund distribution to Title I designated schools</td>
</tr>
<tr>
<td>4</td>
<td>District only contains one school building</td>
</tr>
<tr>
<td>5</td>
<td>No funds were allocated to schools within the district</td>
</tr>
<tr>
<td>6</td>
<td>Different allocation of funds; no school buildings designated as Title I schools in the district</td>
</tr>
<tr>
<td>7</td>
<td>Different allocation of funds; all school buildings designated as Title I schools in the district</td>
</tr>
<tr>
<td>8</td>
<td>School district did not report the data</td>
</tr>
</tbody>
</table>

Table 3

District Allocation Patterns by District Types

<table>
<thead>
<tr>
<th>Code</th>
<th>All School Districts</th>
<th>Unit School Districts</th>
<th>Elementary School Districts</th>
<th>High School Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td>1</td>
<td>235</td>
<td>27.10</td>
<td>124</td>
<td>31.79</td>
</tr>
<tr>
<td>2</td>
<td>90</td>
<td>10.38</td>
<td>65</td>
<td>16.79</td>
</tr>
<tr>
<td>3</td>
<td>76</td>
<td>8.77</td>
<td>59</td>
<td>15.13</td>
</tr>
<tr>
<td>4</td>
<td>226</td>
<td>26.07</td>
<td>10</td>
<td>2.56</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>0.58</td>
<td>3</td>
<td>0.77</td>
</tr>
<tr>
<td>6</td>
<td>145</td>
<td>16.72</td>
<td>80</td>
<td>20.51</td>
</tr>
<tr>
<td>7</td>
<td>87</td>
<td>10.03</td>
<td>48</td>
<td>12.31</td>
</tr>
<tr>
<td>8</td>
<td>3</td>
<td>0.35</td>
<td>1</td>
<td>0.26</td>
</tr>
<tr>
<td>Total</td>
<td>867</td>
<td>100</td>
<td>390</td>
<td>100</td>
</tr>
</tbody>
</table>
As shown in Table 3, for all school districts, the most common allocation method seen among all schools in Illinois was Code 1 - Equal allocation at 27.10%. Code 4, the district contains only one building, was the second most prevalent code applied at 26.07%. The third most prevalent code utilized was Code 6 at 16.72%. Code 6 was applied when there were different allocations of funding between buildings but there were no school buildings classified as Title I within the district.

To determine whether patterns emerged within the types of districts (Unit, Elementary, High School, and other), data was disaggregated further, as shown in Table 3. In Unit school districts, the most common allocation method was Code 1 - equal allocation among all school buildings, at 31.79%, followed by Code 6 - different allocation but no Title I schools in the district, at 20.51%. In Elementary school districts, the most common allocation method was Code 4 - the district contained only one building, at 38.71%, followed by Code 1 - equal allocation among all school buildings, at 26.34%. In High School districts, the most common allocation method was Code 4 - the district contained only one building, at 67.65%, followed by Code 1 - equal allocation among all school buildings, at 12.75%. Finally, for school districts classified as other, all districts had only one building in the district and therefore were classified as Code 4 and thus not included in Table 3.

School districts that used an equal allocation method comprised 235 of the 867 school districts in Illinois. To explore this designation further, school districts that were assigned a code of 1, or equal allocation, were categorized based upon the percentage of Title I buildings.

As shown in Table 4, out of the 235 school districts that used an equal allocation method, 39.15% had zero school buildings classified as Title I, 28.51% had all Title I buildings, and
Table 4

Equal Allocation Districts – Title I Percentage of Buildings

<table>
<thead>
<tr>
<th>Title I</th>
<th>All School Districts</th>
<th>Unit School Districts</th>
<th>Elementary School Districts</th>
<th>High School Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% #</td>
<td>% #</td>
<td>% #</td>
<td>% #</td>
</tr>
<tr>
<td>0</td>
<td>92 39.15</td>
<td>41 33.06</td>
<td>46 46.94</td>
<td>5 38.46</td>
</tr>
<tr>
<td>0.1-99.9</td>
<td>76 32.34</td>
<td>57 45.97</td>
<td>18 18.37</td>
<td>1 7.69</td>
</tr>
<tr>
<td>100</td>
<td>67 28.51</td>
<td>26 20.97</td>
<td>34 34.69</td>
<td>7 53.85</td>
</tr>
<tr>
<td>Total</td>
<td>235 100</td>
<td>124 100</td>
<td>98 100</td>
<td>13 100</td>
</tr>
</tbody>
</table>

32.34% had a range of Title I - status buildings in the district. For purposes of this coding method, only school buildings with a Schoolwide Program designation were considered to be Title I schools.

Similar to the all-district total, Unit and Elementary school districts had a greater distribution of percentage of Title I - status buildings. However, in Unit school districts, the greatest majority of districts had a range of Title I - status buildings, at 45.97%, while in Elementary school districts, the greatest majority of districts had 0% Title I buildings in the school district. High School districts, on the other hand, had the greatest majority of 100% Title I buildings with equal allocation, at 53.85% in districts that utilized an equal allocation method.

As indicated in Table 3, there were no school districts classified as other that used an equal allocation method, so “other” school districts are not represented in Table 4.

To investigate further the allocation method utilized in school districts that did not employ an equal allocation method, a second coding system was created as indicated in Table 5. This coding method attempts to determine whether the district allocated the greatest proportion
of funding to a school building with a Title I status, a school building without a Title I status but greatest enrollment, or a school building with neither a Title I status nor greatest enrollment for each building type: Elementary, High School, Middle School, Pre-K, and Early Childhood. For purposes of this coding method, only school buildings with a Schoolwide Program designation were classified as Title I schools.

Table 5
District Allocation Patterns – District Level

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Elem School + Title I</td>
<td>I</td>
<td>Middle School + Other</td>
</tr>
<tr>
<td>B</td>
<td>Elem School + Greatest Enrollment</td>
<td>J</td>
<td>Pre-K School + Title I</td>
</tr>
<tr>
<td>C</td>
<td>Elem School + Other</td>
<td>K</td>
<td>Pre-K School + Greatest Enrollment</td>
</tr>
<tr>
<td>D</td>
<td>High School + Title I</td>
<td>L</td>
<td>Pre-K School + Other</td>
</tr>
<tr>
<td>E</td>
<td>High School + Greatest Enrollment</td>
<td>M</td>
<td>Early Childhood + Title I</td>
</tr>
<tr>
<td>F</td>
<td>High School + Other</td>
<td>N</td>
<td>Early Childhood + Greatest Enrollment</td>
</tr>
<tr>
<td>G</td>
<td>Middle School + Title I</td>
<td>O</td>
<td>Early Childhood + Other</td>
</tr>
<tr>
<td>H</td>
<td>Middle School + Greatest Enrollment</td>
<td>P</td>
<td>Other</td>
</tr>
</tbody>
</table>

According to the first coding pattern, 2, 3, 6, and 7 represented school districts that had different allocations of funds toward building sites. Specifically, a 2 indicated a school district that had a different allocation of resources with the greatest distribution toward a Title I school; a 3 indicated a school district that had a different allocation of resources with the greatest distribution toward a non-Title I school; a 6 indicated a school district with a different allocation of funds but no schools classified as Title I, and a 7 indicates a school district with a different
allocation of funds but all schools were classified as Title I. Table 6 considers school districts that used a coding pattern of 2, 3, 6, and 7 in the first coding designation as well as the second coding pattern. A classification of “P” in the second coding method usually resulted from multiple buildings of different types having the greatest allocation of funds, i.e., an elementary school and a high school having the same resource distribution of centralized expenditures and as a result could not be classified using codes A-O singularly.

Table 6

School Districts Using a Differentiated Allocation Method (Codes 2, 3, 6, and 7)

<table>
<thead>
<tr>
<th>Code</th>
<th>All School Districts</th>
<th>Unit School Districts</th>
<th>Elementary School Districts</th>
<th>High School Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td>A</td>
<td>102</td>
<td>25.63</td>
<td>62</td>
<td>24.60</td>
</tr>
<tr>
<td>B</td>
<td>22</td>
<td>5.53</td>
<td>9</td>
<td>3.57</td>
</tr>
<tr>
<td>C</td>
<td>48</td>
<td>12.06</td>
<td>24</td>
<td>9.52</td>
</tr>
<tr>
<td>D</td>
<td>20</td>
<td>5.03</td>
<td>14</td>
<td>5.56</td>
</tr>
<tr>
<td>E</td>
<td>14</td>
<td>3.52</td>
<td>13</td>
<td>5.16</td>
</tr>
<tr>
<td>F</td>
<td>62</td>
<td>15.58</td>
<td>51</td>
<td>20.24</td>
</tr>
<tr>
<td>G</td>
<td>23</td>
<td>5.78</td>
<td>10</td>
<td>3.97</td>
</tr>
<tr>
<td>H</td>
<td>7</td>
<td>1.76</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>I</td>
<td>43</td>
<td>10.80</td>
<td>29</td>
<td>11.51</td>
</tr>
<tr>
<td>J</td>
<td>2</td>
<td>0.50</td>
<td>1</td>
<td>0.40</td>
</tr>
<tr>
<td>K</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>L</td>
<td>21</td>
<td>5.28</td>
<td>11</td>
<td>4.37</td>
</tr>
<tr>
<td>M</td>
<td>1</td>
<td>0.25</td>
<td>1</td>
<td>0.40</td>
</tr>
<tr>
<td></td>
<td>All School Districts</td>
<td>Unit School Districts</td>
<td>Elementary School Districts</td>
<td>High School Districts</td>
</tr>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td>N</td>
<td>1</td>
<td>0.25</td>
<td>1</td>
<td>0.40</td>
</tr>
<tr>
<td>O</td>
<td>1</td>
<td>0.25</td>
<td>1</td>
<td>0.40</td>
</tr>
<tr>
<td>P</td>
<td>31</td>
<td>7.79</td>
<td>25</td>
<td>9.92</td>
</tr>
<tr>
<td>Total</td>
<td>398</td>
<td>100</td>
<td>252</td>
<td>100</td>
</tr>
</tbody>
</table>
In total, there were 398 school districts out of 867 in Illinois (Code 2 = 90, Code 3 = 76, Code 6 = 145, Code 7 = 87) that differentiated their centralized expenditures. Out of these school districts, one-quarter distributed the greatest majority of centralized expenditures toward Title I elementary schools as depicted in Table 6. Similar to all types of school districts, for Unit school districts, one-quarter (A = 24.60%) of them that used a differentiated allocation method distributed the greatest funds to an elementary school that was classified as Title I. The second most common building type that received the greatest allocation of funds was high schools that were neither classified as Title I nor had the greatest enrollment, at 20.24% (Code F).

As shown in Table 6, 128 Elementary school districts varied the allocation of resources associated with centralized expenditures. Following this trend, in Elementary school districts, a Title I elementary school received the greatest funding distribution of dollars a third of the time (Code A = 31.25%). Finally, of the 18 High School districts that differentiated their centralized expenditure allocations, the majority, 61.1%, allocated the most resources to a high school building that was not Title I and did not have the greatest enrollment of students in the district (Code F).

Table 7 looks at school districts using a differentiated allocation method when there was varying Title I status of buildings in the district.

As demonstrated in Table 7, 39.16% of the time, elementary schools with Title I status (Code A) received the greatest distribution of funds within the school district when school districts had varying Title I-status buildings and chose an equal allocation method. When disaggregating the data further between the types of districts, this same observation is seen for Unit school districts and Elementary school districts as well. Overall, when considering the
number of school districts that distributed the greatest amount of funds to school buildings with a Title I status (Codes A, D, G, J, and M) versus not, 43.37% of school districts distributed the greatest allocation of funds to Title I schools.

Qualitative Data Collection

A total of six Illinois SFAs were interviewed for approximately 60 minutes each. Table 8 depicts the district type, Title I status, and the first code and the second code assigned for each SFA evaluated.
The first SFA interviewed will be referred to SFA A and the associated school district will be referred to as School District A. SFA A has been working in school districts for 14 years. School District A is a Unit district with no buildings classified as Title I. SFA A believes the main purpose of any finance role is to allocate and manage resources effectively and efficiently while also considering a prioritization of needs.

When it comes to state and federal funding reform, SFA A hopes that legislators create school funding reforms with the same goal as school districts - to improve education. While SFA A thinks that the evidence-based funding (EBF) formula was one of the best things to happen to

<table>
<thead>
<tr>
<th>District</th>
<th>District Type</th>
<th>Title I Status</th>
<th>Code</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Unit</td>
<td>0%</td>
<td>Different allocation of funds, no Title I schools in district (6)</td>
<td>Elem School + Other (C)</td>
</tr>
<tr>
<td>B</td>
<td>Unit</td>
<td>0.1-99.9%</td>
<td>Different allocation of funds, greater fund distribution to Title I schools (2)</td>
<td>Early Childhood + Title I (M)</td>
</tr>
<tr>
<td>C</td>
<td>Elementary</td>
<td>0.1-99.9%</td>
<td>Different allocation of funds; less fund distribution to Title I designated schools (3)</td>
<td>Elem School + Other (C)</td>
</tr>
<tr>
<td>D</td>
<td>Elementary</td>
<td>0.1-99.9%</td>
<td>Different allocation of funds; less fund distribution to Title I designated schools (3)</td>
<td>Pre-K School + Other (L)</td>
</tr>
<tr>
<td>E</td>
<td>Elementary</td>
<td>0.1-99.9%</td>
<td>Different allocation of funds, greater fund distribution to Title I schools (2)</td>
<td>Elem School + Title I (A)</td>
</tr>
<tr>
<td>F</td>
<td>High School</td>
<td>0%</td>
<td>Different allocation of funds, no Title I schools in district (6)</td>
<td>High School + Other (F)</td>
</tr>
</tbody>
</table>
Illinois school funding in terms of increasing equity, they still struggle with the overall formula’s heavy reliance on property taxes as the main source of revenue for Illinois school districts. When SFA A initially heard about site-based expenditure reporting, they were optimistic of the impact, noting that it would increase transparency and awareness to the community; however, they found that the reporting drove thinking but did not drive decision making. In School District A, there was a different allocation of centralized expenditures throughout the district, but no school buildings are classified as Title I in the school district. The building that received the greatest distribution of funds was an elementary building that was not Title I and also did not have the greatest enrollment.

The second school district finance administrator interviewed will be referred to as SFA B and the school district they work in will be called School District B. School District B is a Unit school district with a Title I building status composition between 0.1 and 99.9%. In the 2019-2020 school year, the building that received the greatest distribution of funds in School District B was a Title I early childhood center. SFA B has been working as an SFA for 15 years and considers the fundamental purpose of school finance to center on transparency. Specifically, SFA B believes that as an SFA, their job is to help constituents understand how the school district allocates their funds.

SFA B is sometimes skeptical of the political influences that come into play when new funding reforms are established. However, they were very pleased when the EBF formula was enacted because it helped to isolate some of the needs in each school district and provide funding to meet those needs. Similar to EBF, SFA B acknowledges that much of the federal funding school districts receive is provided so that school districts are better able to serve different
populations of students when other funding sources are not enough. One of SFA B’s primary roles in their district is to complete all federal and state reporting requirements. When site-based expenditure reporting initially was enacted, they were hesitant and primarily focused originally on the time commitment it may take to prepare for and complete the report.

The third school district finance administrator interviewed will be referred to as SFA C working in School District C. School District C is an Elementary school district with a building Title I status between 0.1 and 99.9%. The SFA in School District C has been working in school districts in various positions for 18 years and views the fundamental purpose of school finance to be making resources available to the necessary parties. The SFA for School District C acknowledges that the vast majority of the budget each year is earmarked for personnel and position control; once this is established, much of the budget flows from there. SFA C believes that state and federal educational finance reform attempts to address concerns of equity and equality. However, the implementation and realistic nature of these reforms doesn’t always rise to the expected, often stemming from a lack of training and guidance.

In School District C, the building with the greatest distribution of centralized expenditures according to the site-based expenditure report in the 19-20 school year was an elementary school that was not Title I, nor did it have the greatest enrollment. SFA C believes mainly that the site-based expenditure report served as a time-consuming exercise and did not necessarily change or impact practice. When stepping back and looking at the site-based expenditure process, SFA C believes that completing SBER can help to answer the question, why does it cost more money to run one building than another?

The fourth school district finance administrator interviewed will be referred to as SFA D
and the school district they currently work in will be referred to as School District D. School District D is an Elementary school district with the percentage of Title I schools ranging from 0.1% to 99.9%. SFA D has worked in school districts for 26 years, with the last three years as SFA in their current school district. SFA D believes the fundamental purpose of school finance is to support the students and the programming of the school by putting resources in the right places. SFA D acknowledges that it is not just the people in the school building that they have a responsibility to; they also need to be a steward of taxpayer dollars, as they have a responsibility to the community and the Board of Education on how resources are spent in the school district.

When it comes to state and federal funding reforms, SFA D believes that the newest funding reform in Illinois was to bring equity and adequacy to how dollars are distributed among schools. This SFA also finds that federal funding reforms are used to bring equity to disadvantaged subgroups of students; however, sometimes the intentions of the reform do not always match with reality. With SBER, the school building with the greatest distribution of funds was a preschool that was not classified as Title I and did not have the greatest enrollment. When it comes to the fundamental purpose of SBER, SFA D believes that the report helps a school district to tell its story.

The fifth SFA interviewed will be referred to as SFA E and the school district they work in will be referred to as School District E. School District E is an Elementary school district with Title I buildings ranging from 0.1% to 99.9%. SFA E has worked in schools for 11 years and has been the SFA in their current school district for three years. SFA E believes that the purpose of school finance is to align resources with the mission, initiatives, and overall educational goals of a school district. SFA E has a differing opinion on the purpose of federal versus state funding
reforms, finding that federal funding reforms are created so that school districts spend funds on a specific purpose to increase the equity of how schools are funded. However, when it comes to the state of Illinois, SFA E finds that at times how school districts are funded gets caught in contrary views of politicians. Despite their skepticism with some choices regarding funding Illinois schools, SFA E acknowledges benefits associated with EBF, noting it attempts to address equity concerns through redistributing state dollars based upon a local school district’s local tax basis.

School District E had the greatest distribution of resources toward a Title I elementary school for SBER in the 2019-2020 year. SFA E believes that the main objective of SBER is to help school districts ensure that they are equitably distributing resources throughout the district. Despite this intent, SFA E contends that information provided in SBER upon a first glance without any context may create a perception that one school building is being favored over another. This assumed favor could then end up causing more stress than benefit to a district in that they have to then attempt to explain the numbers and the reasoning behind the variations.

The final finance administrator interviewed will be referred to as SFA F and the school district will be called School District F. School District F is a high school-only school district with no schools classified as Title I. SFA F has been in school districts for 10 years and has been in their current school district for one year. SFA F finds that the main purpose of school finance is to work with the Board of Education and the superintendent to help the school district meet its strategic plan while also providing for transparency to the community. SFA F views the most recent major school funding plan, EBF, as a mechanism to distribute funding more equitably toward school districts that need it the most. Further, SFA F believes that federal funding
reforms are created as a means to supplement funding in school districts while providing accountability measures that ensure funding reaches the intended parties.

In the 2019-2020 school year, the building with the greatest allocation of resources in School District F was a high school building that was not classified as Title I, nor did it have the greatest enrollment. SFA F believes that SBER was well intended, though it created challenges for smaller school districts for implementation purposes due to the time-intensive nature of completing the report. After completing the report for several years now, SFA F asks the question, “Did we accomplish what this initiative set out for?”

Results/Analysis

Through the analysis of the quantitative and qualitative data, the following five themes emerged while answering the research questions.

**Allocation Methods Utilized Are Predicated on the Needs of the District**

The quantitative portion of this study focused on how school districts allocated centralized expenditures to buildings within them. According to the ISBE, centralized expenditures are expenses that not are not tied directly to one school building site, i.e., operations and maintenance services, central office services, etc., and school districts have a choice in the methodologies they use to allocate centralized expenditures. To understand what types of approaches school districts used, two different coding methods of the quantitative data were developed. The first coding method classified school district allocation methods at a broad level with special attention to the Title I status of buildings within a school district. When a building is
classified as Title I, the school district has received additional funds from the federal government to support disadvantaged subgroups of students within that building.

Using the first coding method, three main classifications emerged: (1) equal allocation, (2) allocating funds differently with consideration on the Title I status of the buildings in the district, or (3) single-site school districts. Supported by the first coding method, approximately one-fourth of school districts (Code 4 = 26.07%) across the state of Illinois were classified as single-building school districts. Since these school districts only have one building, SBER may be seen as an inconsequential annual report because the district per-pupil expenditure mirrors the building per-pupil expenditure. Further, the school district does not need to contemplate different allocation methods for centralized expenditures because there is only one building such expenditures can be allocated to.

Another quarter (Code 1 = 27.10%) of school districts chose an equal allocation method, meaning they disaggregated their centralized expenditures evenly among all school buildings in the districts. Of these school districts, 52.8% were Unit school districts (124 out of 235), 41.7% were Elementary school districts (98 out of 235), and 5.5% were High School districts (13 out of 235). Of all the school districts that chose an equal allocation method for centralized expenditures, approximately two-thirds contained school buildings that were all classified as Title I or no buildings classified as Title I, at 39.15% and 28.51%, respectively (refer to Table 4). The remaining third of school districts that used an equal allocation method had varying Title I status of buildings in their district, at 32.34%, indicating that although some buildings received additional funding through federal sources, the distribution of centralized expenditures was unaffected.
With the selection to use an even distribution when buildings contained varying Title I status and differing student enrollments, a hypothesis could be made that expenditures associated with Title I status were automatically assigned to a building site and therefore were not considered in the distribution of centralized expenditures. However, additional research would need to be conducted to verify this. When disaggregating this data further, it was found that of the Unit school districts that used an equal allocation method, 45.97% of them had varying Title I status buildings, 18.37% for Elementary school districts, and 7.69% for High School districts, suggesting that it was more common for Unit school districts with varying levels of Title I status of buildings to use an equal allocation method, as compared to Elementary school districts and High School districts (refer to Table 4). Since a Unit school district could contain elementary schools, middle schools, high schools, early childhood centers, and pre-K schools, a conjecture could be made that the time-consuming nature of having to break apart centralized expenditures through any other method than an equal distribution would have been laborious and detract from other responsibilities of the finance office, so Unit school districts with varying degrees of Title I status elected this method more frequently.

According to Table 3, 398 school districts allocated their centralized expenditures differently among the buildings in the district (Codes 2, 3, 6, and 7); 16.72% had all Title I buildings (Code 6), 10.03% had no Title I buildings (Code 7), and 19.15% had varying degrees of buildings with Title I status (Codes 2 and 3). To further analyze the types of buildings that received the greatest distribution of centralized expenditures when the allocation differed, a second coding method was created (refer to Table 5). For all school districts that varied their allocation, the most common building type that received the greatest distribution of funding was
a Title I elementary school as indicated in Table 6, at 25.63%. This was also reflected in the breakdown of Unit school districts and Elementary school districts in which Title I elementary schools were the most common building type that received the greatest distribution of funding.

Through my professional experience, I have noted that some elementary school buildings also contain early childhood learning centers or pre-K centers, thus potentially requiring a greater distribution of funds. This, coupled with Title I status, could be a possible reason why elementary schools, while they typically have a lower enrollment and less diverse programming than middle and high schools, were the most common type of building to have the largest distribution of centralized expenditures.

When specifically analyzing school districts that had varying Title I status and used a differentiated allocation pattern (refer to Table 7), less than half of the time (Codes A, D, G, J, and M = 43.37%) a building with a Title I status had the greatest distribution of funds, indicating school districts considered other factors when determining how to allocate centralized expenditures. While this was not a focus of my study, based upon my professional experience and conversations with other SFAs, some possible explanations for this may be due to greater proportions of disadvantaged students such as English language learners, students with Individualized Education Plans (IEPs), and specialized programs such as early childhood centers or pre-K centers that require additional funding to run.

Resource Distribution is a Fundamental Component of School Finance

To obtain a deeper comprehension of how to understand, rationalize, and implement SBER, six SFAs were interviewed. During these interviews, a common theme that arose among all SFAs
was the relationship between resource allocation and the fundamental purpose of school finance. All six SFAs discussed resource allocation when describing the significance of school funding and budgeting in an educational setting; however, their alignment of what the resource allocation corresponded to differed. Three of the SFAs (A, C, and D) commented that resource allocation was affiliated with dollars spent in the classroom and programming, in that “every dollar we save is a dollar we can keep in the classroom” (SFA A). These SFAs found that it was the responsibility of the business manager to “support the programming” (SFA D), where the programming could also include the number of staff, the supplies available in the classroom, as well as supplemental resources such as psychologists and social workers (SFA C). SFA A, C, and D utilized the plausibility and retrospective properties of sensemaking theory when processing and constructing a response to questions on the fundamental purpose of school finance. These SFAs took a rational approach to examine how resource allocation influences the day-to-day operations in a school district to meet the educational needs of students. The SFAs reflected on the practicality of how resource allocation impacts students in the classroom based upon their prior experiences working in school districts as well as their understanding of the annual budgeting process.

SFA D continued their explanation of resource allocation and framed the second part of their response by discussing the overarching goals of the school district, specifically the strategic plan. SFA F provided a similar perspective, indicating that they believed the fundamental purpose of school finance is to “align and provide funding to help the district meet its strategic plan.” SFA E veered slightly from the phrase “strategic plan” and aligned the goals of the school district with the underlying mission. These three SFAs reflected on school finance from an
ongoing perspective as they did not approach it from a starting and an end point associated with an individual fiscal year. SFAs D, E and F considered how allocating resources blends into the overall direction of the long-range goals of the district, thinking about what has been learned and accomplished in prior years toward meeting these objectives: “You can’t just walk in one day and say, ‘Hey, we’re going to buy 4,000 Chromebooks’ and give them to every student. You have to plan for that” (SFA E). When allocating resources, these SFAs look several years behind and forward to ensure that the present distribution correlates with the long-term plans.

Continuing further with the notion of connecting the alignment of resources with a district’s strategic plan, SFAs B, D, and F discussed the need to answer to different public bodies: “There is critical input from key stakeholders” (SFA F); “You have to answer to the community and the Board” (SFA D). When discussing this facet of school funding and budgeting, SFAs B, D, and F used a social construction lens and addressed the need to provide transparency of resource allocation to various community members. These SFAs see an integral part of their role to be the potential and actual conversations they engage in with board members, community members, and other constituents of the school district. These interactions include answering questions about their recommendations for how tax dollars are spent and potentially altering those recommendations based upon ever-evolving conversations with different stakeholders.

**School Funding Reforms Are a Mechanism for Enhancing Equity**

When asked to state the fundamental purpose of school funding reform at the federal or state level, all six SFAs interviewed pointed straight to notions of enhancing equity. In general,
the SFAs discussed school funding reforms as a way to improve education by providing additional dollars to “level the playing field” (SFA D) and so that school districts are able to get their “equal share” (SFA B). For federal funding reforms specifically, the conversation revolved around increasing equity through providing supplementary funding to underprivileged students (SFA E) and to offset the needs of different students (SFA D). From a state funding reform point of view, SFAs described the impact of Illinois’s EBF formula, noting that EBF was “hugely positive, obviously, from an equity perspective” (SFA A).

Due to the basic nature of how schools are funded within Illinois, local property taxes serve as the bulk of revenue for most districts. Five SFAs (A, B, C, D, and E) alluded to their hesitation with the underlying reliance on property taxes and local wealth to finance a school district in Illinois, finding “it is still the wrong formula” (SFA A). Due to the inherent reliance on a local tax base, questions of how school districts are equitably funded were ultimately raised. “We just live in a state where public education is funded by the public. By property taxes. We don’t have another mechanism on how to raise revenue for our school district other than that” (SFA E). Due to this, school funding reforms at the state and federal levels are frequently enacted to bring equity to school districts that do not meet a needed level of funding due to their local tax basis. School finance reforms help to fill in some of the gaps in funding needed to provide high-quality educational experiences to all students, even those from disadvantaged subgroups that may need additional funding to meet a similar level of educational experience.

Using Sensemaking Theory to Understand and Implement SBER

SBER is an example of a product created as a result of a federal reform centered on
enhancing equity. Starting with the 2018-2019 school year, school districts in Illinois were required to complete the SBER ISBE tool to report expenditures at the building level. In order to develop a fundamental understanding of the purpose of the new reporting requirement, SFAs extracted cues to link ideas together to develop a larger awareness. SFAs drew upon and interpreted these cues from their stream of experience by reflecting on their understanding of the role equity plays in federal reform initiatives coupled with the end product of the report and found that SBER reporting is used “to ensure that we’re equitably distributing resources throughout the district” (SFA E). Further, they found that SBER can be used to tell “the story of the programming needs” (SFA D). SBER can be considered a transparency instrument that enables SFAs as well as other stakeholders to have the ability to quantify how resources are being distributed in a school district. Ultimately, SBER is a mechanism that can help a school district answer the question, “Are we providing the resources that we need building by building, based on the needs of the kids in that building?” (SFA A).

When SFAs were asked about how they made sense of the mechanics needed to complete the SBER, all six SFAs discussed working with others as a key element in their comprehension process. Specifically, these SFAs cited using vendor resources as a main instrument to help them learn about the purpose of SBER as well as how to implement it; “Luckily, we have a lot of vendors that care about us and help us out” (SFA E). Three SFAs (B, E, and F) specifically cited using online tools and training made available by different vendors as a means to learning the new federal requirement: “I went through a number of webinars that were put on,” said SFA F.

The SFAs understood that a deeper understanding could be obtained through social interactions with others. Not only did the SFAs trust that working with vendors would help them
understand the new reporting requirement, they also cited working with peers and their professional organizations as an advantageous tool, “We rely very heavily on our state organization, which has been very strong” (SFA C). In the 2018-2019 year when SFA D first had to implement SBER, they recalled, “I got the most out of talking to the other Unit school districts because they were like me… we shared a template… we would all meet together and talk.” Sensemaking theory speaks to the importance of working with others to unfold a deeper understanding. Specifically, the element of social construction informs that when individuals work together, they are able to develop new insights and perspectives to tackle the problem at hand. After completing the SBER for three years, SFA A suggests that a regional group within the professional organization should “sit down and talk on that. What are you guys doing? How are you using this?” SFA A is ultimately combining another element of sensemaking theory, retrospection, with social construction to develop an even deeper understanding of how to complete the SBER. SFA A is alluding to the significance of reflecting on past experiences with others to grow, develop, and improve their practice.

**The Role of Comparability in School Finance**

The guidance document provided by the ISBE provides multiple considerations for how to disaggregate centralized expenditures, thereby affording each school district the autonomy to choose a method that makes the most sense for them. When asked specifically about how they assigned centralized expenditures to each building, all six SFAs noted that if it was operations and maintenance related, they dispersed the expenditure costs by square footage. When it came to centralized expenditures such as the district office, fiscal services, transportation services, etc.,
there was a variety of approaches used by each district: equal allocation, student headcount, staffing counts, ridership, or the number of routes. As noted by SFA E, “It is really subjective on how you want to allocate those funds… but I do appreciate that they do give you different ways to calculate that breakout.” SFA F disagreed with this point, stating, “There needs to be one set of allocation methods for different expenditure types.” SFA F struggled with the notion that SBER may be used to compare one district to another, and without a standardized approach, the data would not be truly comparable. SFA D was also conflicted with the idea of being compared to another district but came to the realization that if they were given only one system to use, then “that’s telling me how to run my books… So maybe they did do it the best way.” SFA B appreciated the flexibility in being able to choose the allocation methods, acknowledging that the suggestions provided by ISBE “allow us to look at the recommendation and see if that fits for our school district, but every school district is different.”

While some of the allocation choices for centralized expenditures varied from district to district, one thing that didn’t change was the importance of using the same method from one year to the next. “It was a very methodical approach… it was so that we became comparable to ourselves year after year” (SFA F). From this perspective, the SFAs used the sensemaking element of ongoing, noting that one of the true benefits of SBER comes from being able to correlate and compare district data over multiple years. This analysis method allows for the ability to discern patterns year after year in how resources are allocated to building sites and reflect on how this may be associated with the needs of students and staff in the district.
In education, school funding reforms and policy changes are frequently enacted with a goal to improve equity and adequacy in how school districts are funded. At the federal level, the most recent authorization of the Elementary and Secondary Education Act (ESEA) of 1965 continued this initiative by providing additional funding to school districts with greater proportions of disadvantaged students. However, in addition to maintaining the ongoing theme of enhancing equity in school funding, the most recent reauthorization of ESEA, the ESSA, also required for the first time that school districts report their expenditures publicly and disaggregated by each building in the district. In Illinois, the mechanism used to meet this federal requirement is SBER. This research used a sequential mixed-methods approach focusing on SBER to discover allocation patterns used for centralized expenditures when completing the SBER report. This research also examined how SFAs learned about SBER, different methodologies they use to implement SBER, and how SBER impacts their professional practice.

To meet these objectives, publicly available financial data from the 2019-2020 school year in Illinois was analyzed to determine the types of allocation methods employed by school districts. Then, six interviews were conducted of current school finance administrators to ascertain the sensemaking processes SFAs most frequently engaged in to understand the annual reporting requirement and implement it in their districts.

During the quantitative portion of this study, it was discovered that SFAs employed a variety of methods to allocate expenditures to school buildings within their districts. Specifically, the allocation methods could be categorized into three main classifications: equal allocation, non-equal allocation and single-building districts. Through the analysis of the disaggregation of
centralized expenditures, it was found that the Title I status of the buildings in a school district did not significantly influence the choice to use an equal allocation method, as the split between a school district having no Title I buildings, having some Title I buildings, and have all Title I buildings was relatively similar when an equal allocation method was chosen. When school districts used a differing allocation method, the most common type of building that received the greatest amount of funding was a Title I elementary school. However, similar to the equal allocation method, Title I status did not seem to have a significant effect on a school district using a differing allocation method to distribute the greatest amount of funds to a singular building. Therefore, a conclusion can be drawn that additional factors beyond the singular Title I status of the buildings in the district contributed to a school district’s allocation method utilized.

The second portion of this sequential mixed-methods study was developed to answer the questions: (1) What formula/approach do districts take when allocating central office expenditures? (2) How do participants describe the purpose of school budgeting, funding, and school funding reform? (3) How do school district finance administrators understand and implement SBER in Illinois? (4) How do school districts decide which approach to use when allocating funding to different building sites within a school district? Sensemaking theory provides helpful insights in how SFAs think about and answer these questions, and based upon the results of this study, four main themes emerged. The first theme centered on the significance of resource allocation in SFAs’ definitions of budgeting and funding. SFAs were found to use different elements of sensemaking theory to align resources allocation with different facets of budgeting and funding. SFAs who used the elements of plausibility and retrospection aligned resource allocation with programming needs, whereas SFAs who used the elements of ongoing
and social construction aligned resource allocation with strategic plans and responding to stakeholders. Regardless of their alignment of resource allocation, through using various elements of sensemaking theory, SFAs were able to develop a greater insight on the role of funding and budgeting in school finance.

The second theme that emerged as a result of this study was a reflection on how concepts of equity impact school funding reforms. All six SFAs discussed enhancing equity as a fundamental element of both state and federal funding reforms. However, none of the SFAs discussed the concept of adequacy to the same level of detail, using “adequacy” as a buzz word or synonym of “equity” versus digging deeper into the difference in the meaning behind it. Based upon this analysis, it is suggested that additional emphasis be placed on the concepts of equity versus adequacy and tying these definitions to various aspects of school funding so they are revisited several times during the SFAs’ professional development and educational programming.

The third theme emerged as a result of analyzing how SFAs made sense of the new reporting requirement of SBER. When initially attempting to comprehend and implement SBER, SFAs interwove three elements of sensemaking theory: extracted cues, social construction, and retrospection. Through using these elements, SFAs were able to make sense of SBER, how it fit into their overall responsibilities, and complete the new reporting requirement. Sensemaking theory suggests that when elements are combined together, individuals are able to develop a deeper understanding of the unexpected or unknown. Using these elements, SFAs were able to see the larger picture of the purpose of SBER and articulate the process that they used to achieve this.
The final theme that emerged during the qualitative portion of this study was the reflection on the role that comparability plays in school finance. When considering the autonomy provided with SBER, SFAs were conflicted in their notions of whether they appreciated the flexibility that the report provided for allocated centralized expenditures to different buildings or not. While some SFAs were intrigued by the idea of being able to compare their school district’s finances to others, some were skeptical that a true comparison is impossible to achieve due to varying factors that make each school district unique. One element of comparability that SFAs concurred on was the ability to parallel their SBER to themselves year after year and the benefits that resulted from being able to do this.

As a current public SFA, one question I consistently ask the administrative team when a new initiative is created and implemented is, How are we measuring the effectiveness? A similar sentiment was raised during the interviews with the SFAs in regards to SBER. Specifically, “did we accomplish what this initiative was set out for?” (SFA F). When SBER initially rolled out, school finance administrators were optimistic: “I thought, wow, I actually like the concept that I could look at a building and understand how much a building is costing me” (SFA A). Unfortunately, the initial setup to prepare for this reporting requirement was time intensive, “Sometimes locally we might suffer in all of the additional reporting that we have to do” (SFA C). However, once the initial setup was created, the value in the report for helping SFAs to measure how they are equitably and adequately distributing resources is able to become the emphasis. Based on the results of this study, it is recommended that a learning module on SBER be created to help assist new SFAs to understand the global picture surrounding SBER; how this intertwines with resource allocation, concepts of equity and adequacy; and ultimately, how it can
be used to inform decisions at the local level on how the distribution of resources impact the educational experience of the students in the district.
PRODUCT 3
LEARNING MODULE

The final product of this dissertation is the creation of a learning module on site-based expenditure reporting (SBER). To create this module, I reflected on my experience as a teacher and the lesson plan template “ITEACH” used in my school district. The ITEACH model stands for ignite the learning, tell the class what they will be learning, engage students in the lesson, assess student learning, close the lesson, and honor the students. I then coupled this lesson plan style with a template used in the NIU College of Education for course outlines to create this learning module.

This learning module incorporates concepts of equity, adequacy, resource allocation, and sensemaking theory and centers on the annual requirement of SBER. The focus of this module is not on the actual mechanics of the step-by-step process of completing the report, as this may be easily forgotten if not used immediately. Instead, this module emphasizes skills needed to be successful as a chief school business official approaching a new school funding reporting requirement.

Specifically, the module prioritizes (1) the skills needed to approach a problem or an unknown situation, (2) how to connect concepts of equity and adequacy with additional elements of school finance, specifically, school funding reforms and SBER, (3) how to interpret financial data from state reports with special consideration of different points of view, (4) how to present financial reports to a supervisor, including the Board of Education, and (5) how to infuse the
concepts learned with personal definitions of the fundamental purpose of school finance and school finance administrators (SFAs).

This research project has shown me that developing and cultivating an individual definition of the fundamental purpose of school finance is an ever-evolving process. Each task learned and completed as an SFA should always circle back to this primary objective, for without this consideration, reporting requirements may turn into monotonous tasks with little perceived value added. It is important that new SFAs understand that everything they do as an SFA serves a greater purpose and connects to the bigger picture of school finance.

Below is a sample lesson plan that I would embed into the current Chief School Business Official (CSBO) endorsement program to teach new SFAs about SBER, but more importantly, to help them practice and hone their skills. Adjustments to this tentative lesson plan would be made based upon attending a steering committee at the university to learn about the current program and how this lesson could be embedded within it.

Lesson Plan

Module Objectives

1. Revisit previously learned concepts of equity versus adequacy and resource allocation in school finance
2. Investigate different approaches to making sense of the unexpected (sensemaking theory)
3. Analyze a school finance reform and connect concepts of equity and adequacy (Every Student Succeeds Act [ESSA] & SBER)
4. Analyze, interpret, and infer meaning from data (SBER)
5. Develop and enhance personal definitions of the fundamental purpose of school finance and reflect on how this impacts their practice

Module Plan

The module plan as depicted below incorporates elements of both the ITEACH model as well as the NIU template for course outlines. Additional guidance is provided below on the structure of the ITEACH model as well as sensemaking theory to provide additional context for any instructor who teaches this lesson.

Ignite the Learning

The purpose of the ignite portion of the lesson plan structure is to ignite the learning and get students in the mindset of the lesson. The ignite portion of the lesson should be relevant to and related to the upcoming lesson or connect to the prior lesson. For this lesson, the ignite portion of the lesson plan design will start with a scenario to get the students thinking about the topic of the lesson. The teacher has the option to project the scenario on the front board, have a slide in a PowerPoint, or pass out a piece of paper with the scenario on it to each student. The suggested scenario is as follows: You are a new SFA and you learn about a new financial reporting requirement focused on resource allocation. Brainstorm independently what you would do to learn about this reporting requirement and ultimately implement it in your school district.

Students will then work with a partner or in small groups to discuss different approaches utilized and come to a consensus of the top three approaches to share with the large group. The class as a whole will discuss recurring themes, pros, and cons of different approaches. During the
follow-up discussion, the teacher should emphasize concepts of sensemaking theory without explicitly calling out the elements. Some of the more common elements that students may call upon may include: retrospection (reflection on previous practice), social construction (working with others), retrospection (reflection on previous practice), ongoing (how it may connect to a larger, more global picture of the school district), extracting cues (connecting ideas to make a stream of meaning), and plausibility (not necessarily right or wrong, but thinking about the probability of something being reasonable or likely).

**Tell Students About the Learning**

The purpose of the tell portion of the lesson plan structure is to explicitly tell the students what the learning goals of the lesson are. At the end of the lesson, students should be able to articulate how the lesson fits into the global learning of the endorsement program. During the tell portion of this lesson, the teacher should inform students they will be calling upon previously learned key vocabulary such as equity and adequacy in education. Students should be encouraged to consistently reflect during the lesson on how those key vocabulary words come into play. Students should also be informed that they are going to learn about an annual reporting requirement for SFAs that is a result of a requirement in a federal reform.

**Engage the Students in the Lesson**

The purpose of the engage portion of the lesson plan structure is to engage all students in the lesson. The teacher should think of a variety of ways in which to present information to a variety of different learning styles: visual, auditory, and kinesthetic. For this lesson, all students will be
given an article on ESSA and the SBER requirement in Illinois. In small groups, students will discuss fundamental goals of ESSA and SBER. After discussing in small groups, the class will discuss as a large group. The teacher will encourage students to discuss how the vocabulary words of “equity” and “adequacy” align with the goals of ESSA and SBER.

The teacher will then demonstrate where to find SBER reports on the Illinois Interactive School Report Card and provide two final reports of site-based expenditure reporting from anonymous school districts in Illinois. One report should use an equal allocation method and one should use a differentiated allocation method of centralized expenditures. The students should start with individual reflections and then be put in small groups to analyze both reports to answer the following questions. The teacher will then call on each group to report on one of the following questions:

a. What do you notice about each report? How are they similar? How are they different?

b. What information are you able to interpret from each report about each school district?

   Was one of the school districts easier to do this with? Why or why not?

c. What could be some potential reasons or explanations for the data shown?

d. What questions do you have after reviewing the data for each report?

e. How might a board member interpret this data? An administrator? A parent? A teacher?

   Does your interpretation of the data change depending on the lens you view the data from?

f. Based upon your response to part (e), if you were the CFO in each school district, what information would you highlight when presenting this report and why?
Assess the Learning

The purpose of the assess portion of the lesson plan structure is used to assess students’ understanding of the learning targets. The teacher should use a mixture of formative and summative assessments to assess student learning. Examples of some formative assessments may include in-class discussions, quick surveys, group work, small writing responses, homework assignments, etc. Examples of some summative assessments may include projects, presentations, exams, etc. For this lesson, the teacher will assess the learning informally throughout the lesson while walking around, listening, and engaging students in conversations. Students will also be informally assessed during the ignite and close portions of the lesson. Students will be formally assessed at the end of the lesson with the homework assignment.

Close the Lesson

The purpose of the close portion of the lesson plan structure is to close the learning. The close portion of the lesson summarizes what was learned and allows for student questions and feedback. At the end of the lesson, students should be able to explain what was learned and how it connects with prior learning. For this lesson, the students will be given a closing prompt to reflect on what was learned during the lesson and how it fits into their definition of the fundamental purpose of school finance. Additionally, students will be asked to reflect on the role SFAs play and how this impacts practice. Depending on the time left in the class period the teacher should have various students share out loud. If there is no time remaining, students should submit written responses for review and feedback from the teacher.
Honor Students

The purpose of the honor portion of the lesson plan structure is to provide encouraging support to students and acknowledge students’ questions and their learning process. The honor portion of the lesson is not unique to each lesson. In general, the teacher demonstrates the honoring of students through giving all students the opportunity to participate and engage in the lesson. The teacher should acknowledge the participation of all students and connect responses to the larger learning. Should a student ask an off-topic question, the teacher will be respectful in how they redirect students back to the task at hand. Further, the teacher will demonstrate the honoring of students through giving timely, frequent, and meaningful feedback to students that enhances their understanding of the material.

Module Activities

1. Independent reflection
2. Small and large group discussions
3. Review of literature

Module Assessment

The teacher will ask each student to find the most recent site-based expenditure report for a non-single-site school district of their choosing. Students will then prepare a brief presentation (3-5 minutes) that they would use at a board meeting to present this information to the Board of Education. Each presentation should include concepts of equity, adequacy, and resource allocation and discuss potential reasons for the data as presented.
REFERENCES


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APPENDIX

INTERVIEW QUESTIONS
1. Tell me about your professional experiences in education.
   a. What positions have you held?
   b. How many school districts or buildings have you worked in?

2. Let’s talk about school finance.
   a. What do you think the main purpose of school finance is?
   b. How does the process of allocating resources play into this purpose?

3. Tell me about educational finance reform policy.
   a. What do you think the purpose of education finance reforms are?
   b. What are some examples of reforms you had to learn about and implement while in your role as an educational finance leader in a school district?

4. Describe your understanding of the Every Student Succeeds Act, the most recent reauthorization of ESEA.
   a. Did you find anything to be unique or different about this reform then other federal reforms?
   b. What would you say are some of the driving forces behind ESSA?

5. Describe your understanding of the Evidence-Based Funding formula.
   a. How was this funding formula different from the prior funding formula used in Illinois?
   b. What were some of the driving forces behind needing a new funding formula in Illinois?
6. One of the unique provisions of ESSA was the requirement for site-based expenditure reporting. Describe what happened when you first learned about the SBER reporting requirement.
   a. What did you hear about it?
   b. What was your initial reaction to this reporting requirement?

7. Reflecting on the approach that you used to understand the requirements of SBER reporting, how was this approach similar or different to other policy changes you had to learn about before?

8. What were some of the methods that you used to understand this new policy reform requirement?
   a. How did you learn about it?
   b. Did you reach out to colleagues to learn more about this reporting requirement? IASBO? ISBE? Did you use the guidance documents?
   c. Did you use the tool available in IWAS? Forecast 5? Your own spreadsheet?

9. Did you feel that you had enough training or preparation to complete this reporting requirement?

10. If you had to describe the ideal way to learn about this reporting requirement and how to implement it - what would it have looked like?

11. Talk to me about the process you used to organize all of the information
   a. What process did you go through to allocate centralized expenditures?
      i. How did you decide upon this?
   b. What process did you go through to allocate federal dollars?
i. How did you decide upon this?

c. Were there any other special processes or allocation methods that you used?

12. What would you say were some of the driving factors that contributed to the allocation method selected?

13. Did you find the reporting requirement to be restrictive or were you able to apply it easily within the context of your school district? How so?

14. Did completing the site-based expenditure reporting impact or change your reporting practices?

15. How did you inform other administrators or the Board of Education about this reporting requirement?

   a. What was their reaction?

   b. What questions did they have?

   c. What methods did you use to help them with their understanding of the policy reform requirement?

16. How often do you refer back to information learned from the site-based expenditure reporting? How does it impact your day-to-day, month-to-month or year-to-year position?

17. How did your approach to site-based expenditure reporting change from your first year of completing the report to the second?

   a. Did you learn anything new?

   b. Did you change your allocation method?
c. Did you change the way that you represented the information to the Board of Education or the community?

18. What were some positives that came out of the site-based expenditure reporting requirement for your individual practice?
   
a. How about the district as a whole?

b. Were there any negatives?

19. If you had to describe the purpose of site-based expenditure reporting in one phrase or sentence to another finance administrator - what would you say?