

Intermediaries play crucial roles in supporting the development of Early College High Schools:

- Intermediaries act as critical friends, providing advice to school leadership, planning teams, and staff.
- Intermediaries identify school needs and connect schools to resources, including funding, professional development, curriculum, and materials.
- Intermediaries are political allies who often mediate conflicts (for example, with the school district or university) and advocate for schools.
- Intermediaries help to build bridges between schools and potential allies.

Perhaps most important, intermediaries are simply there when they are called upon by the schools that they support.

Early College High Schools Resources for Intermediaries: Developing a Budget for Early College High School

Early College High Schools re-define the boundary between secondary and postsecondary education. They demonstrate new ways of organizing the levels of schooling to better serve the intellectual and developmental needs of students, including those for whom a smooth transition into postsecondary education is now problematic.

Changes in structure and organizational relationships required to develop Early College High Schools present significant challenges for both high schools, school districts, and institutions of higher education. For example, who pays for college tuition? Textbooks? Insurance? Transportation costs when students travel to the college campus?

JFF has prepared this document to help intermediaries in planning to meet the financial and budgetary needs of Early College High Schools. The document includes general information and key considerations that may be useful to intermediaries as they begin to identify potential revenue sources.

This information includes strategies for gathering the information necessary for effective budgeting, as well as potential sources of funding for Early College High Schools. Also included is an Early College High School Budget Planning Template to help in thinking through revenues and expenditures. JFF has prepared this information solely for use by intermediaries that are helping to establish schools as part of the Early College High School Initiative. The information that follows is intended as background to help intermediaries facilitate discussions and budget planning with local community, school, and higher education partners.

Core Funding for Early College High Schools

Just like other public schools, Early College High Schools, including charter schools, receive a funding allocation for operational costs based on a student attendance formula. Funding formulas for schools vary significantly from state to state. Even within a single state, there are often major differences in funding among local districts. Property tax is one of the primary funding sources for local public schools, including state school levies paid by all property owners and distributed throughout the state on a set formula; and special levies approved by voters for a specified school district and used only for that district.

In addition, Early College High Schools are eligible for public entitlement funding under federal and state statutes. For example, schools receive Federal funding for students who require special education services. The No Child Left Behind Act authorizes extra resources to schools and districts to meet the needs of students who are disadvantaged economically, limited English

proficient, immigrants, or Native Americans. State funding programs also support special needs as well as other state-wide priorities.

In addition to the regular funding available to all public schools, some states have set up special funds for dual enrollment. Several organizations have published reports and state-by state reviews describing funding and policies for postsecondary enrollment option programs.¹ Each state's Postsecondary Enrollment Options (PSEO) policy describes who is eligible for dual enrollment, who pays the cost of college tuition (student, state or district), and what courses that can be taken for dual credit. It is absolutely necessary for planners of Early College High Schools to be thoroughly familiar with state and local funding policies and options.

Who Pays for Tuition Costs?

Some states allow schools to use their core (per pupil) funding to cover costs incurred by higher education institutions that provide dual credit or college courses for high school students. Most states have established legislation, statutes, funding and/or programs to provide opportunities for high school students to earn college credit. Examples of such costs include tuition, books, fees, laboratory charges. Other states do not appropriate funding for dual enrollment, but authorize school districts and postsecondary institutions to develop agreements specifying how per pupil funding will be allocated to cover the costs of both high school and college/university.

Following are descriptions of ways that dual enrollment is funded. Dual enrollment programs may draw upon more than one funding source.

Contracted Services: A school district and higher education institution develop a contract specifying the amount of funding to be remitted by the district for dual enrollment. Districts typically utilize a percentage of the per-pupil funding allotment they receive from the state or local jurisdiction (based on average daily attendance).

Post Secondary Education Options Funding: A state legislates the establishment of a special fund or scholarship to pay eligible postsecondary institutions the costs of tuition, fees, and other expenses associated with approved courses. States vary in terms of eligibility requirements and what specifically will be funded. According to the National Conference of State Legislatures Report, Colorado, Indiana, New Jersey, and Ohio provide financial assistance to low income students, based on eligibility for free lunch. In most cases, state policy also prohibits "double dipping," i.e., appropriation of state funding to both the postsecondary institution and school district for dual credit.

Full Time Equivalent/Full Year Equivalent: State and local appropriations made to colleges and universities based on a formula weighing student enrollment and number of hours enrolled. High school students dually enrolled may in some instances be counted in determining state and local appropriations.

Tuition Waiver: A college or university may waive the tuition fee for students who receive dual credit. Ordinarily, the institution would still be eligible to receive state or local FTE appropriations. In at least one state (Colorado), students pay tuition and are reimbursed by the school district once they pass the course.

Tech Prep: Each state receives Federal funding to implement Tech Prep programs (<http://www.ed.gov/offices/OVAE/CTE/techprep.html>). Tech Prep supports study in a technical sequence of study beginning as early as ninth grade and extending through two years of postsecondary occupational education or an apprenticeship program and culminates in an associate degree or certificate. Tech Prep funding may be used to support dual enrollment in a technical course sequence in a community college.

In addition to these more traditional funding sources, the following have been identified as possible ways to cover costs related to taking college courses.

529 Plans: a state operated investment plan to help families save for future college costs (<http://www.savingforcollege.com/learn/>). Federal tax law provides special tax benefits to plan participants. 529 plans are usually categorized as either prepaid or savings, although some have elements of both. There are two general types of 529 plans: prepaid programs and savings programs. States offering prepaid tuition contracts covering in-state tuition allow transfer of all or part of the value to private and out-of-state schools. Recently, these plans have been adversely impacted by a downturn in the financial markets.

Youth Tuitions: Contributions made to an account on behalf of one or more students, in some cases matched by public, private, family, church or other community contributions.

Additional possible sources of funding include: charter school appropriations, and foundation and federal grants. There have been several recent proposals to redirect savings that result from the PSEO program to fully fund the cost of the programs. (Savings in remediation, savings in state and federal student financial aid programs including Pell grants).

Start-up Funding

The Early College High School Initiative provides start-up grants to assist intermediaries and the site grantees to plan and develop schools. The initiative supports a variety of planning costs, including short-term transitional staffing, planning time, retreats, site visits, professional development, consultants who can provide needed assistance, and information technology.

The start-up grants do not support capital construction, ongoing operating costs, or the hiring of core staff (unless there is a clear justification indicating plans for sustaining ongoing staff costs). Computers and equipment can also be purchased with grant proceeds; however a justification must be provided that describes plans to support and replace equipment. Finally, grants made by

intermediaries to schools and Institutions of higher education to implement Early College High Schools may not be used to support indirect costs/overhead.

Constructing a Budget for Early College High School

Budget planning begins with an identification of both the vision and projected student population. Early College High Schools must prepare students for the rigor of college courses. The budget has to provide the resources to meet the needs of the target population. The ECHSI targets students for whom a smooth transition into postsecondary education is now problematic. This include students who are low-income, who are highly motivated but have not received the academic preparation necessary to meet high school standards, students who are English language learners, students whose family obligations keep them at home, and students for whom the cost of college is prohibitive.

The goal of the initiative is for students to earn both a high school diploma and two years of college credit toward a Bachelor's degree. The vision and goal(s) for the school, including its theme or focus should translate into decisions about the allocation of resources, the curriculum, instructional approaches, necessary professional development, and other areas. For example, what kind of academic preparation and support will be necessary to prepare students to successfully complete college level work? How will the necessary instructional and support time be built into the school schedule, including extended day, Saturday school, extended year?

Unless the Early College High School is a charter school, the support of the school district will be essential. It is also important for planners to be fully informed regarding state policies and funding for dual enrollment. The following state and district issues will need to be addressed by planners.

A crucial aspect of budget planning is buy-in from key stakeholders within the school or school district.

School District: Has the support of the Superintendent/school board been obtained? What are the school district policies for new school start-up? What office is responsible? Who in the district is responsible for new school start-up? Who is a district liaison who can provide regular guidance and respond to daily questions? Who are contacts within the district in the key operations areas of budget, pupil personnel services, facilities, special education? What is the current per pupil funding (ADA) for the district? What are the school's projected basic revenues (projected number of students multiplied by the district's approved per pupil funding)? What is the shortfall between anticipated expenses and revenue?

State Education Department: What postsecondary education option programs are administered by the state? What are current eligibility requirements? Are there additional scholarship or postsecondary access programs that could provide support to students? Who are key contacts within the administering office of department?

Higher Education Institution: What will be the specific costs to the higher education institution? What costs can be covered by per pupil funding or by postsecondary education options programs? What in-kind resources can the college or university provide? Will the college or university assume responsibility for helping to raise additional funding?

Ongoing Expenses: Based on projections of student enrollment, how many teachers will be employed in the school? When? Who will comprise the administrative staff? How much will personnel be paid, including benefits? Typically, in regular public schools, some key personnel are funded directly by the district (e.g., security, maintenance). The physical location occupied and utilized by Early College High Schools will determine financial agreements regarding space (e.g., is the ECHS located in a public school building, is it leased from an IHE or CBO, commercial property?). What will be insurance costs?

Additional Funding: What other sources of support can be identified beyond public funding? What are plans and expertise for seeking additional funding?

ECHS Budget Template

The Early College High School Budget Planning Template will help intermediaries and their grantees to project expenditures and revenues. This tool will help to focus planning decisions as well as identify specific budget needs. The template is not all-inclusive, but is intended to help guide budget planning. The template is designed to help intermediaries think through all the expenditures that will be necessary as well as all projected sources of revenue, including but not limited to the BMGF grant. In order to determine the actual costs of the Early College High School, costs that are supported by in-kind contributions should also be included.

The Expenditures side of the budget template is divided into three overlapping cost categories. The first, Planning Costs, includes planning team costs (short-term transitional staffing, consultants, professional development to support planning and school development, and release time for planning). Also included is a category for space related costs (such as room rentals, cost of temporary office space). Travel costs may include retreats, site visits to schools and programs and local transportation. The budget should include the cost of office supplies (including supplies to support computers and printers). Finally, costs related to outreach and public relations should be included (e.g., to generate support for the Early College High School).

The portion of the budget that will be used to get the school up and running is included in the second cost category, School Start-up Costs. Most of the costs associated with school start-up are normally carried by the sponsoring school district. However, charter schools must budget for start-up costs.

The final expenditure category, Operating Costs, reflects the level of funding required to run the school. Regular public schools ordinarily receive support for the majority of these categories

from the sponsoring school district. However, needs that are unmet by the district (e.g., equipment, professional services) should also be included in this section. A projection of tuition/fees for college credits should be included based on a negotiated rate and number of anticipated courses/credits to be taken by students in the school.

The Revenues side of the ECHS Budget Template includes lines to identify the various sources of support, based on the status of the school (charter or non-charter), available local land state funding, grants, and in-kind support.

¹ The Education Commission of the States (July 2001)
American Association of State Colleges and Universities (2002)
National Conference of State Legislatures (April 2001)