American public education was founded on the belief of a local community having control and management of its local resources. Local control ensures that the community's needs are supported and its resources capitalized. In this spirit, the collective mission of Family of Schools and iDesign is to reform public education and create a new culture of local community empowerment, collaboration, and engagement. Having school leaders and community stakeholders manage and allocate resources while being accountable for student outcomes will transform public education.

Traditional Funding Model
Historically, schools have been funded at the local level through property tax allocations. Although, local property taxes are still a major component of the funding pie, through litigation to increase equity, taxes are funneled to Sacramento and re-distributed to districts. Local property taxes combined with state money (i.e. Lottery Fund) and federal categorical money comprises the district budget. From these funding sources, the Los Angeles Unified School District allocates staff and resources, based on district-determined staffing formulas, and use the district central office and district resources to provide all of the supporting activities required by a school site (transportation, accounting, food provision, etc).

For example, currently under the staff allocation model, an elementary school with a student population between 500-999 would be allocated 3 staffing positions, while another school with 1000 students would receive 4 staffing position.

Budget Autonomy and iDesign
The goal of iDesign, from its inception in 2007, has been to increase the decision-making authority of schools over issues of governance, budgets, staffing, instructional strategies and assessment, and professional development. Beginning with the 2009-2010 budget year, LAUSD is piloting a Per Pupil Funding formula with 33 schools (including all the iDesign schools) to replace their previous model of allocating resources to schools with one that will incrementally provide more budgetary control to school sites. The schools in this pilot will no longer receive resources in the form of staff positions. Instead, they will receive a per pupil monetary allocation based on their student enrollment and attendance.
This new funding process, along with new hiring practices, provides schools with greater control over their budget and in shaping their educational environment. However, flexibility increases schools' responsibility and accountability, and does not remove state and federal mandates of existing collective bargaining agreements. Some positions are mandated by the Education Code or will still be based on a traditional District formula.

For example, schools must have an Assistant Principal/Elementary Instructional Specialist, teachers based on a ratio of student to teacher class size, a Counselor, and a Nurse. However, other positions are school site decisions based on the needs of the school campus. For example, the number of additional assistant principals, clerical and IT support, and custodial support is to be determined by the budget and school needs.

How PPF is determined
To determine the Per-Pupil Allocation ($6204), the base revenue ($5592) is added to other unrestricted revenue ($612.00)(categorical funding that has been made flexible, lottery, and other funds used to balance the District budget), from this amount the district subtracts the cost of encroaching programs, norm-generated teachers, the cost of district-wide programs, and the cost of central and local district offices ($5293.00), to arrive at the net revenue. The net revenue for each student in 2009-2010 is $911.00.

Because of a school's enrollment and attendance trends, some schools will have a surplus and some will have a deficit. Currently, schools with a deficit are being subsidized by schools with a surplus. Deficit schools in this pilot year will have to reduce their deficit by 10% and by greater amounts in upcoming years until they are fully solvent. Likewise, schools with a surplus will give 10% back to the District to subsidize deficit schools.

This funding model can be challenging for small schools (schools with student populations under 400), because revenue is generated based on student enrollment. However, the district has committed to moving to PPF for all schools over the course of the coming years, and thus reducing district subsidization and increasing equity throughout the district.
Is this a new model in education?
Per-pupil Funding is not new to America’s public schools systems. Although the majority of school districts employ the traditional staffing ratio model, districts that intend to provide parents with the most choice have now moved to this model.

- In 2000 San Francisco changed its budgeting formula from staff-allocation to site-based budgeting that included Weighted Student formula (WSF) and district open enrollment. Each school is allocated a foundational base budget to cover the principal's salary and a clerk's salary, the rest of the revenue is generated by student enrollment. Additionally, students with certain characteristics (English Learners, Gifted and Talented, Low socio-economic status...) are weighted more and the schools are given more money to support these unique needs.
- Oakland began using the Weighted Student Formula in 2004, which they call “results-based budgeting.” Oakland distributes revenue according to the Average Daily Attendance (ADA) based on the enrollment of the current year. One difference to their model is that the district charges schools the actual salary of teachers, as opposed to the average salary of teachers. (This can be good for schools with relatively younger teachers, but detrimental to small schools with a veteran staff. Additionally, since there is no negotiation on salary, school administrators must pay according to the district salary scale, which rewards experience in the classroom.)
- New York just completed its pilot year of Fair Student Funding. Schools receive: 1) a foundational amount of money and then, 2) money based on their student enrollment and grade level, and additionally, 3) for special needs.

Conclusion
The traditional budgeting method neither meets the needs of all students and school communities nor promotes equity in the distribution of resources. Per-pupil funding allows the choices over resources to remain with the stakeholders who are most greatly affected - the local school.