

EQUITY SUMMIT | NOVEMBER 2018

EQUITABLE AND ADEQUATE EDUCATION FUNDING

GIVING ALL STUDENTS THE OPPORTUNITY TO SUCCEED

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MAKING
RESEARCH
RELEVANT

Equity and Adequacy

Evolution in Fairness of Education Funding

- Equality of nominal inputs – All districts and schools should receive the same amount of funding per student
- Equality of real resources – All districts and schools should be able to provide the same level of real resources for their students (student-teacher ratios, teacher quality, etc.)
 - Adjustments for geographic differences in prices – in particular staff salaries
- Equal opportunity to achieve a set of outcomes
 - Account for different needs of students
 - Adjustments for scale of operations or sparsity

Focus on Adequacy

- Rise of standards and testing
 - Clear definitions of what students should be able to know and do
 - Evidence of wide and persistent differences in achievement for different types of students
- Success of court cases focusing on adequacy
 - All states have some sort of language in their state constitutions indicating the education system should meet some set of minimum standards.
 - Since the early 1970s, 22 states have had plaintiff victories in school funding court cases, 17 states have had state victories, and 4 states have had mixed results (both plaintiff and state victories).

Two Components of Educational Adequacy

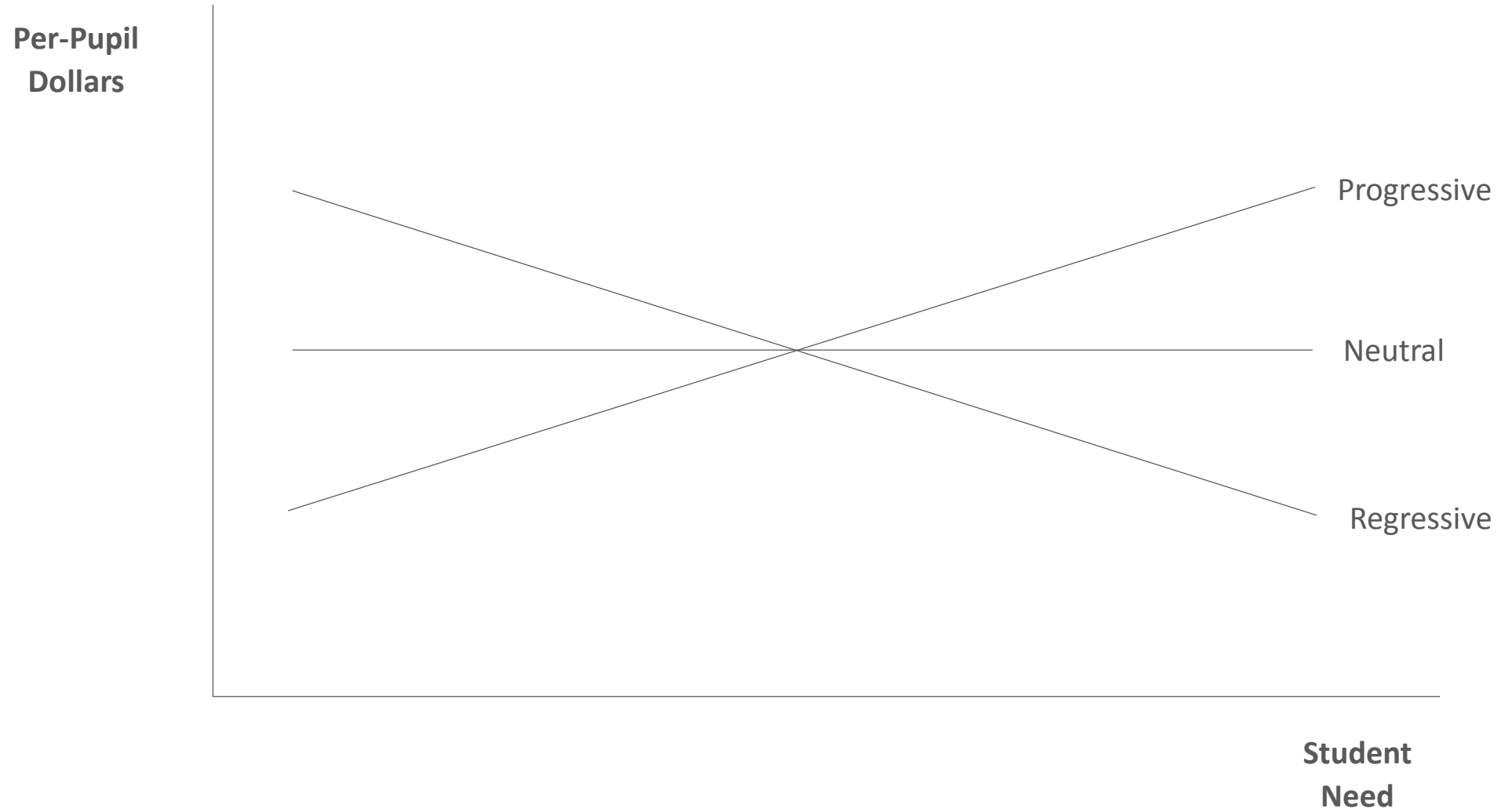
- Level of Resources
 - How much does it cost to provide all students with an adequate education?
- Equity of Resources
 - Are resources allocated in a way such that students with differential needs are provided appropriate resources regardless of their needs or circumstances?

Measuring Equity

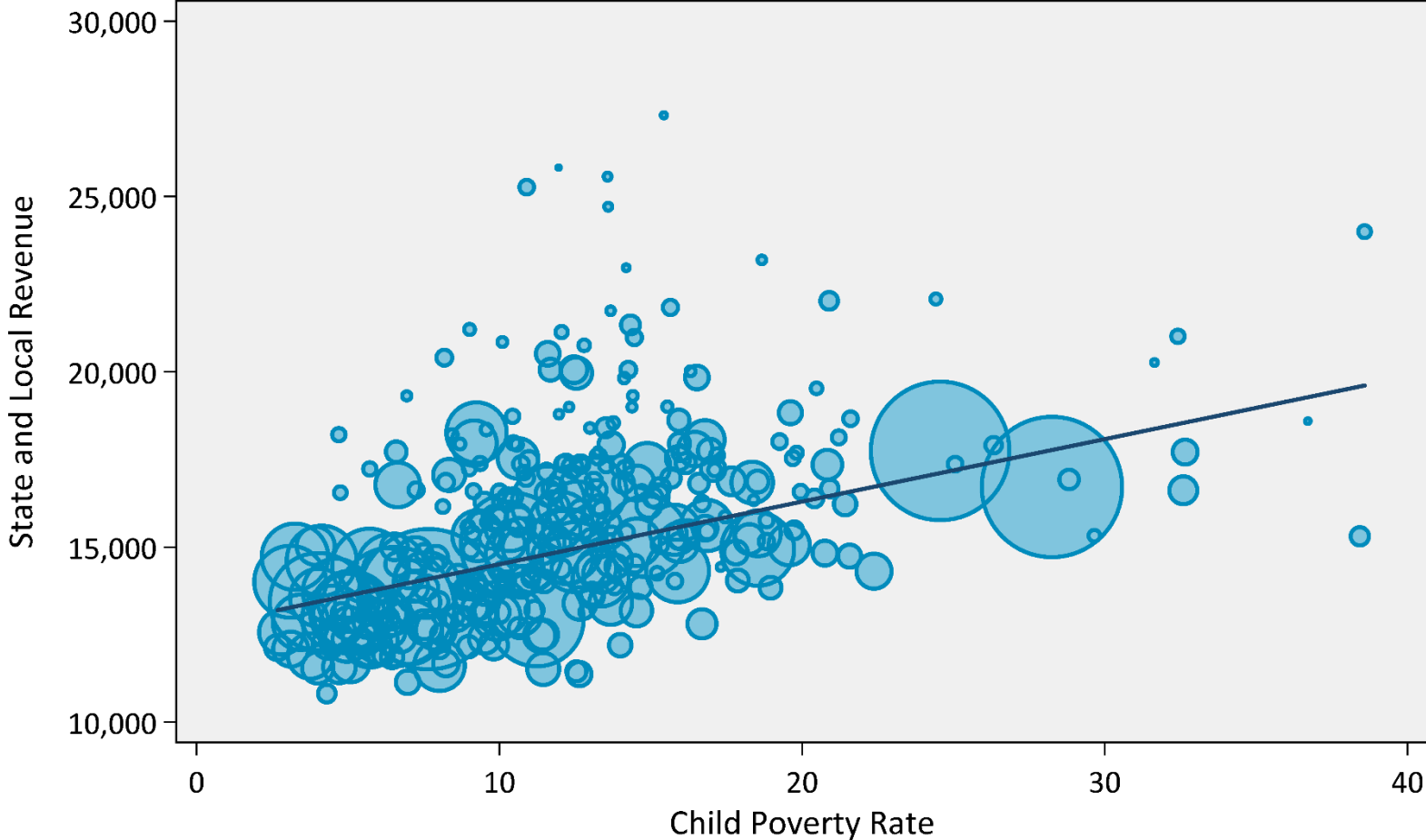
Measuring Equity

- Examine the relationship between student characteristics and education funding or spending
 - Do districts or schools with higher proportions of students in poverty receive more, the same, or fewer resources?
 - Other possible student characteristics: disability, English learner status, level of academic performance
- Do certain types or categories of schools have more or less funding or spending?
 - Differences between charter and traditional schools
 - Differences between Title I and non-Title I schools

A Graphical Look At Equity

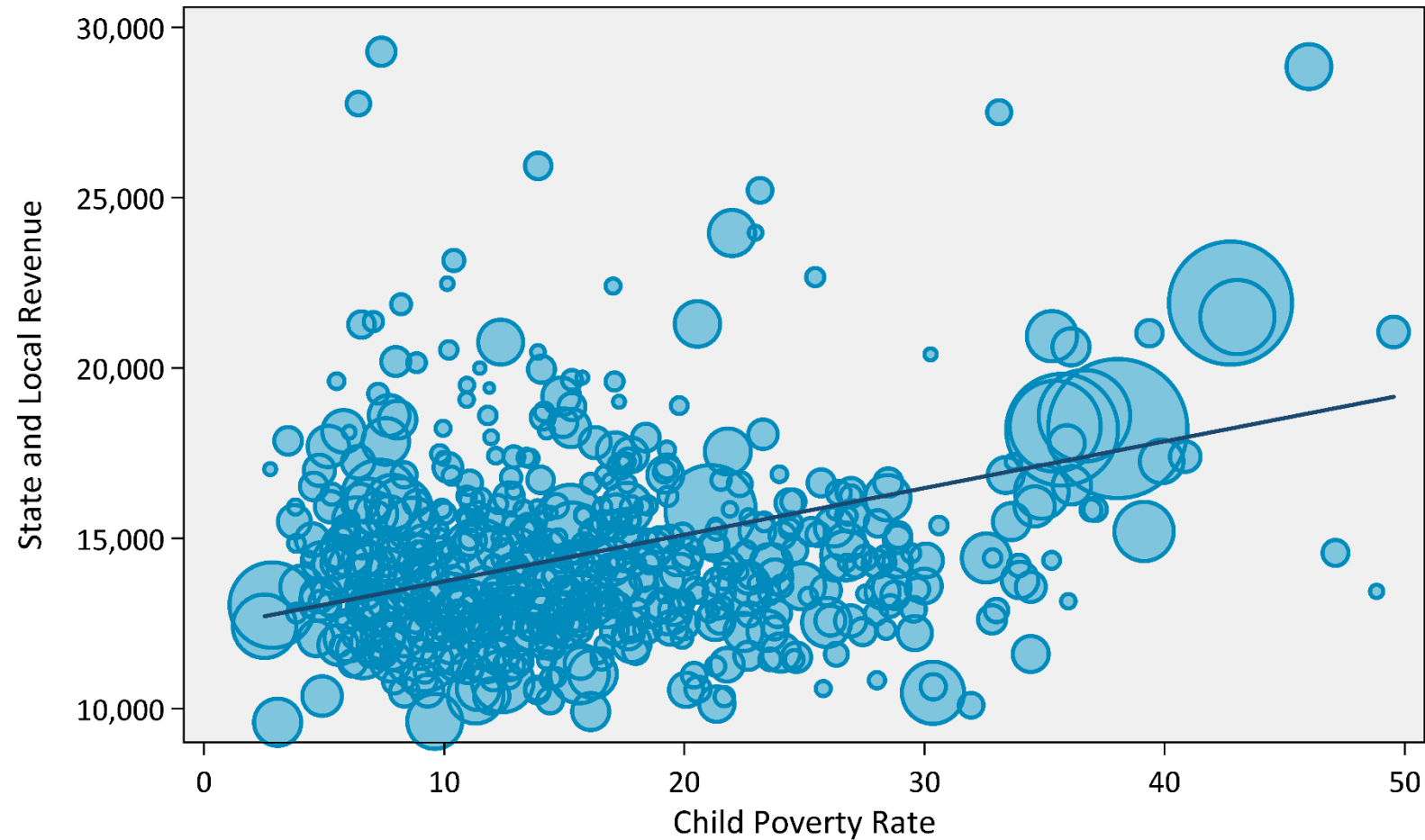


Minnesota: Progressive Distribution



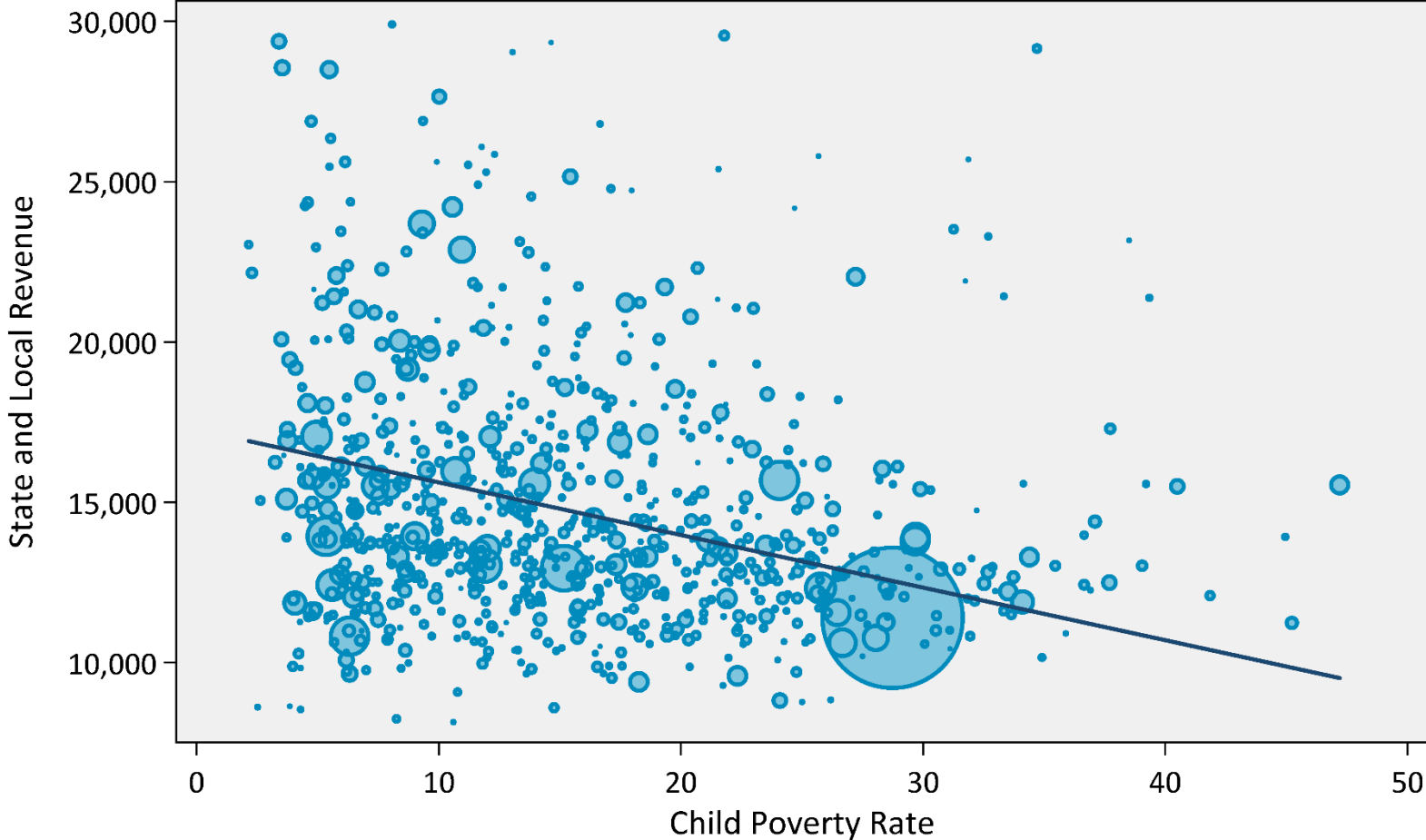
Source: National Center for Education Statistics

Ohio: Progressive Distribution



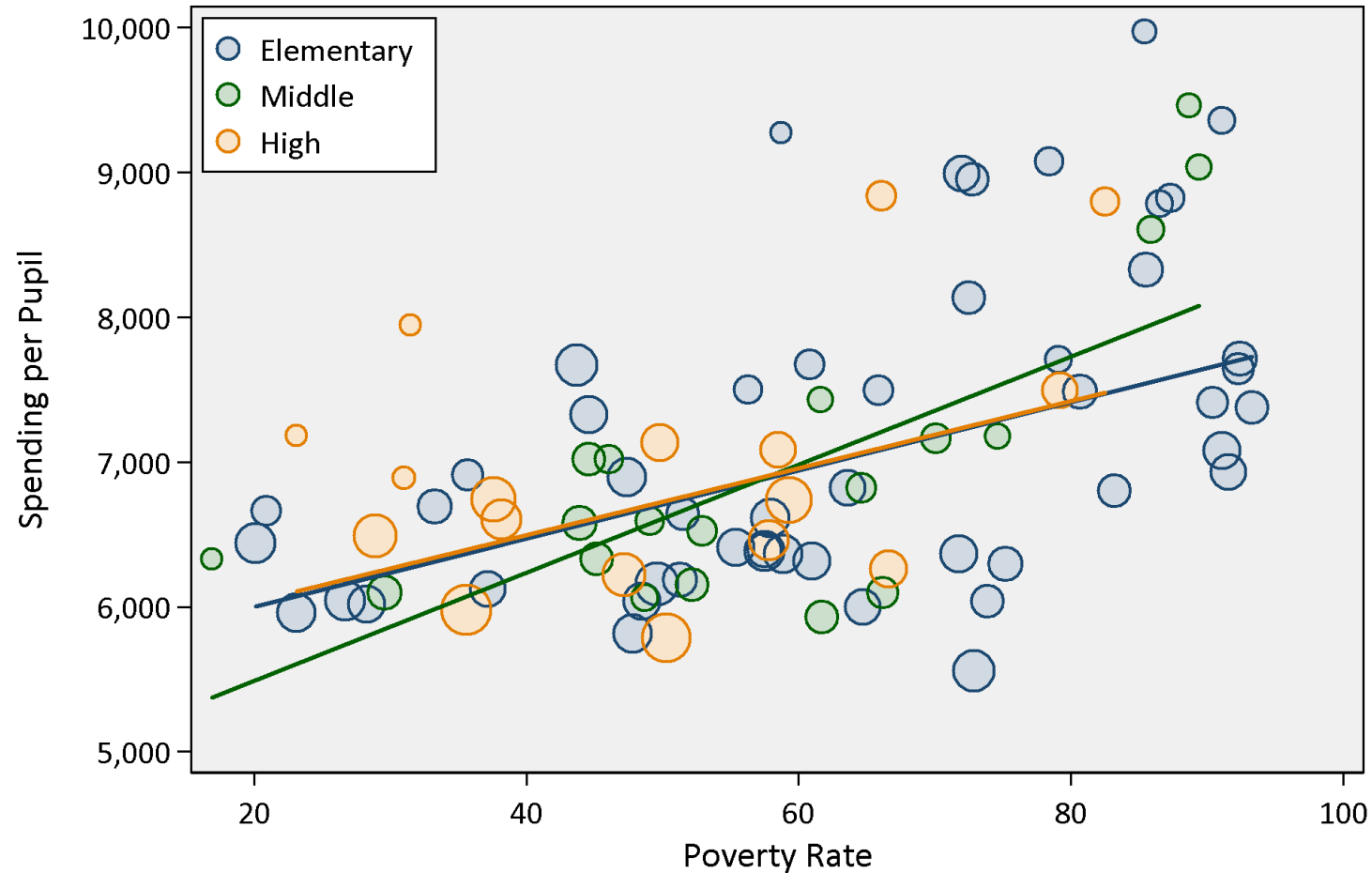
Source: National Center for Education Statistics

Illinois: Regressive Distribution

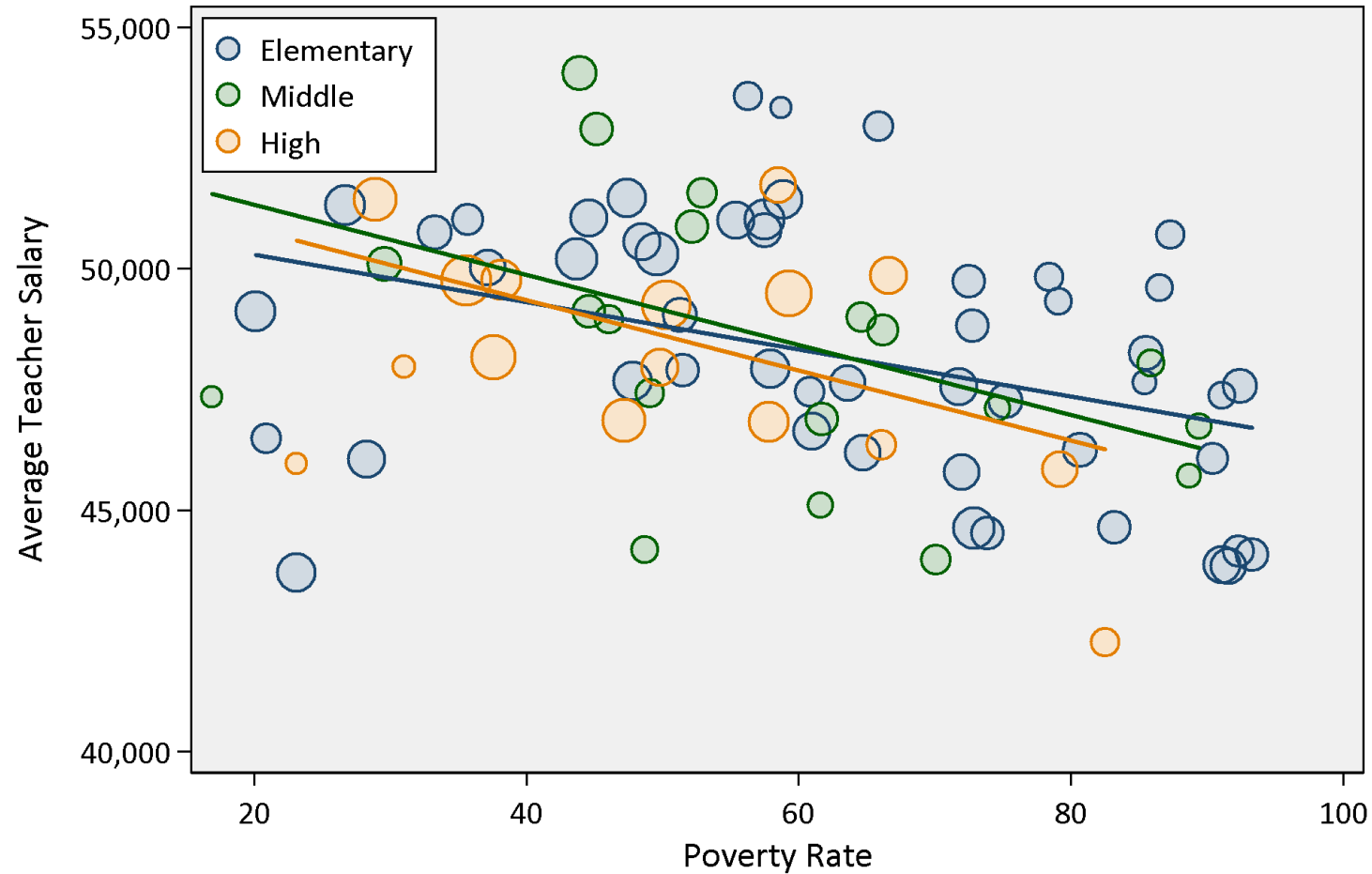


Source: National Center for Education Statistics

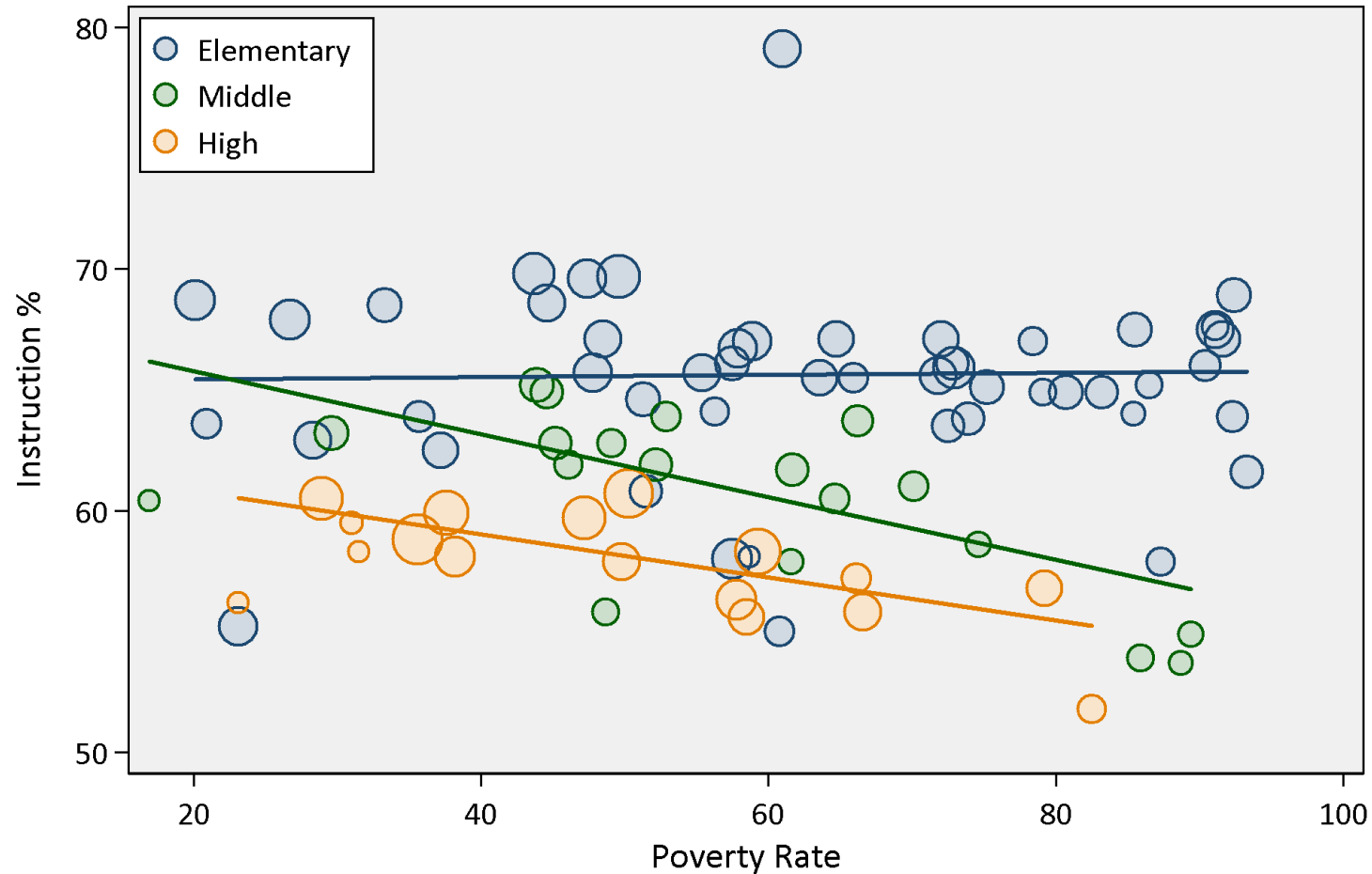
Southeast Large District: Progressive Distribution of Spending



Southeast Large District: High-poverty schools have lower teacher salaries



Southeast Large District: High-poverty middle and high schools spend a lower percentage on instruction

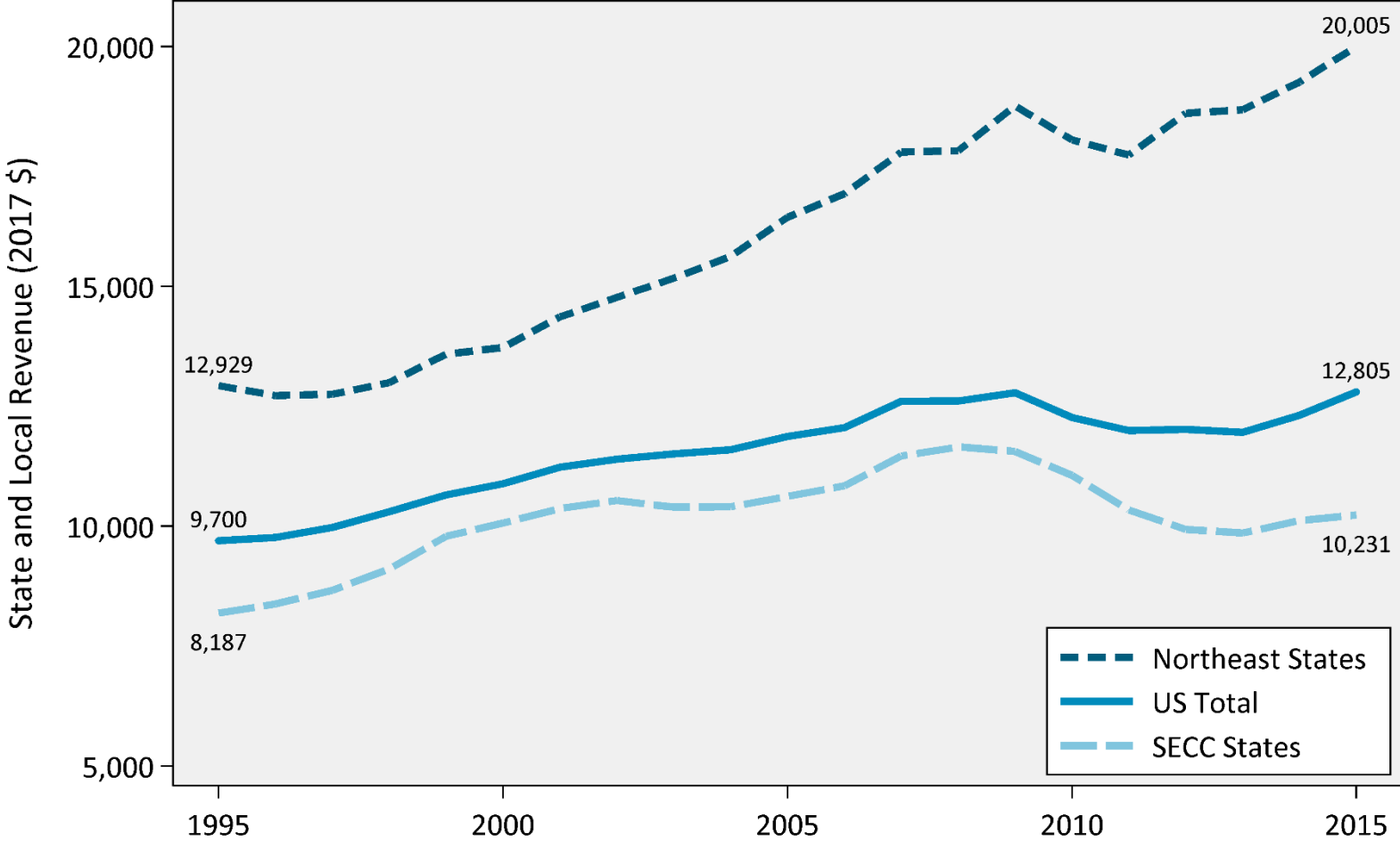


Measuring Adequacy

Measuring Adequacy – Funding Levels and Distribution

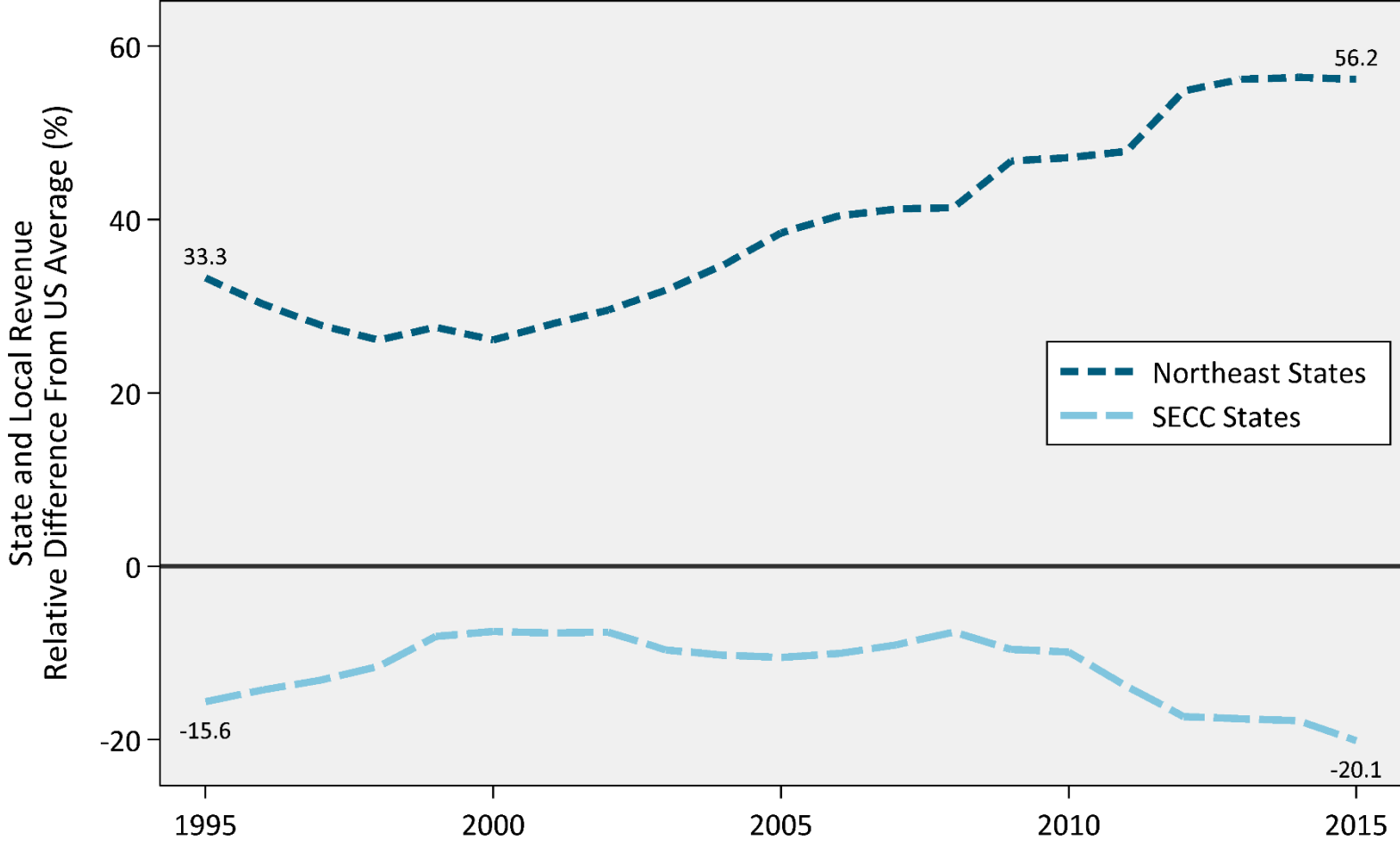
- Professional Judgement
 - Ask education experts to design educational programs by specifying the resources that will allow all students to meet the educational goals. Determine the cost of those resources.
- Evidence-Based
 - Use existing studies of programs that are effective. Determine the costs necessary to implement these successful programs.
- Cost Function
 - Develop a statistical model that uses actual data on spending and student outcomes to predict spending required to achieve a particular outcome.
- Successful Schools
 - Identify high-performing and efficient (achieve good outcomes at minimal cost) and determine the level of spending in these schools.

Education Funding Levels



Source: National Center for Education Statistics

Relative Difference From US Average Funding Levels

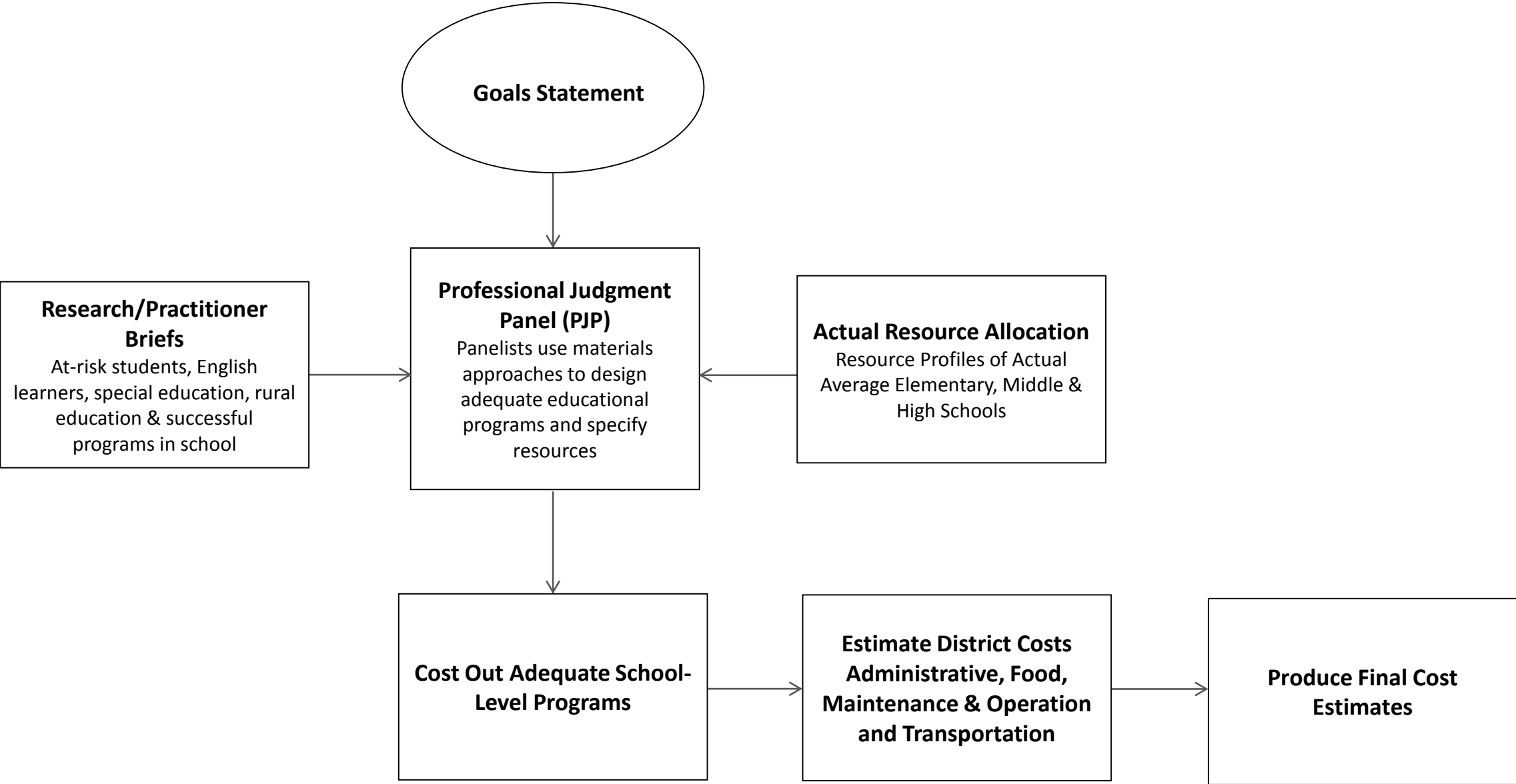


Source: National Center for Education Statistics

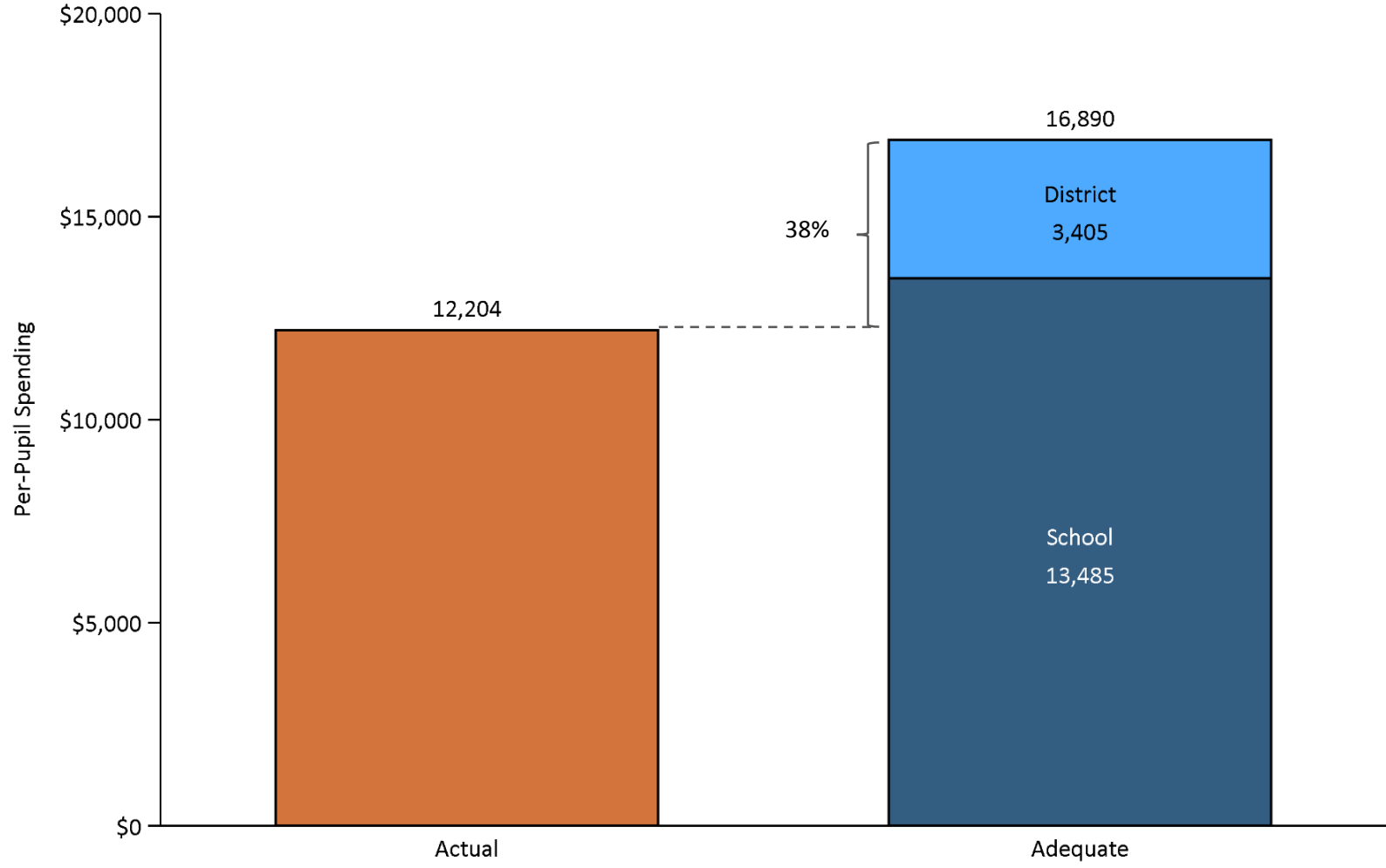
Example of the PJP Approach in California

- *What is the cost of providing all California public school students with access to the California content standards and achieving appropriate levels of proficiency in accordance with standards established by the California State Board of Education?*
 - What constitutes an adequate education in California?
 - What are the resources needed to enable the California public school system to provide all students with an adequate education?
 - What is the cost associated with providing an adequate education to all students?

Overview of the Approach

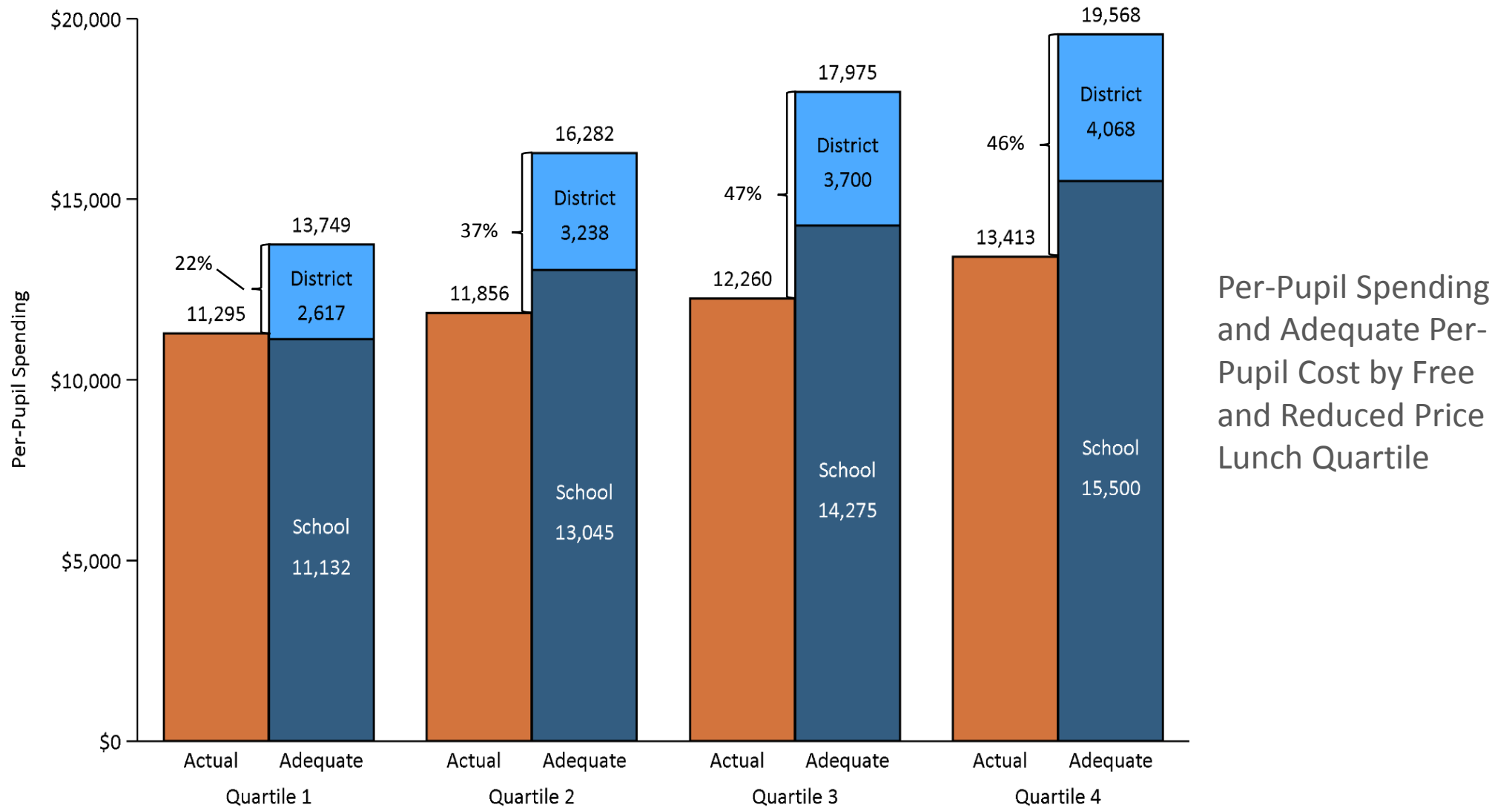


California needs to spend 38% more in order to provide adequate educational opportunities for its public school students.



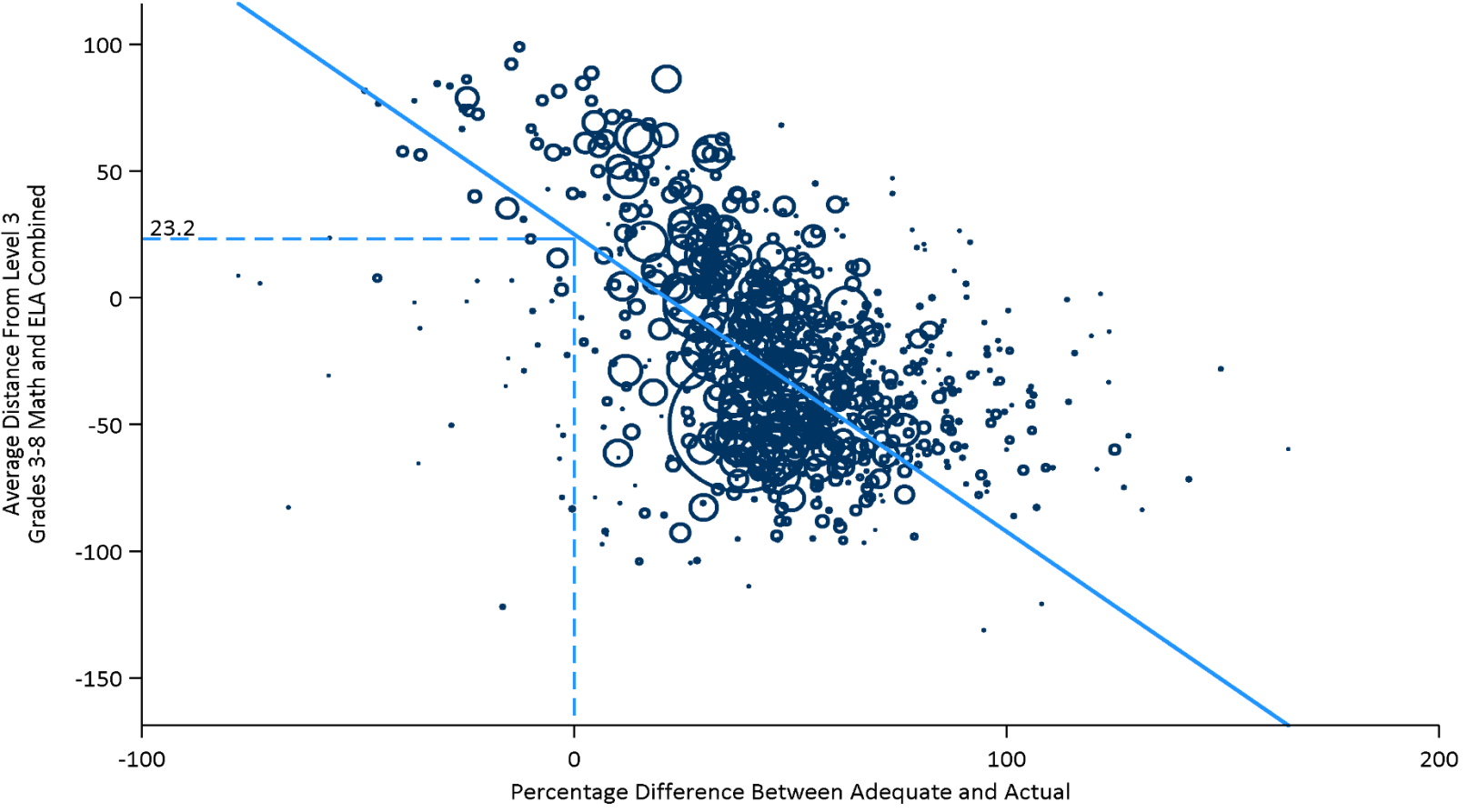
Source: AIR calculations from PJP resource specifications; California Department of Education (CDE) Student & School Data Files (<https://www.cde.ca.gov/ds/sd/sd/>); and, Standardized Account Code Structure (SACS), California Department of Education (CDE) <https://www.cde.ca.gov/fg/ac/ac/>.

The estimated gap is larger in districts with higher poverty.



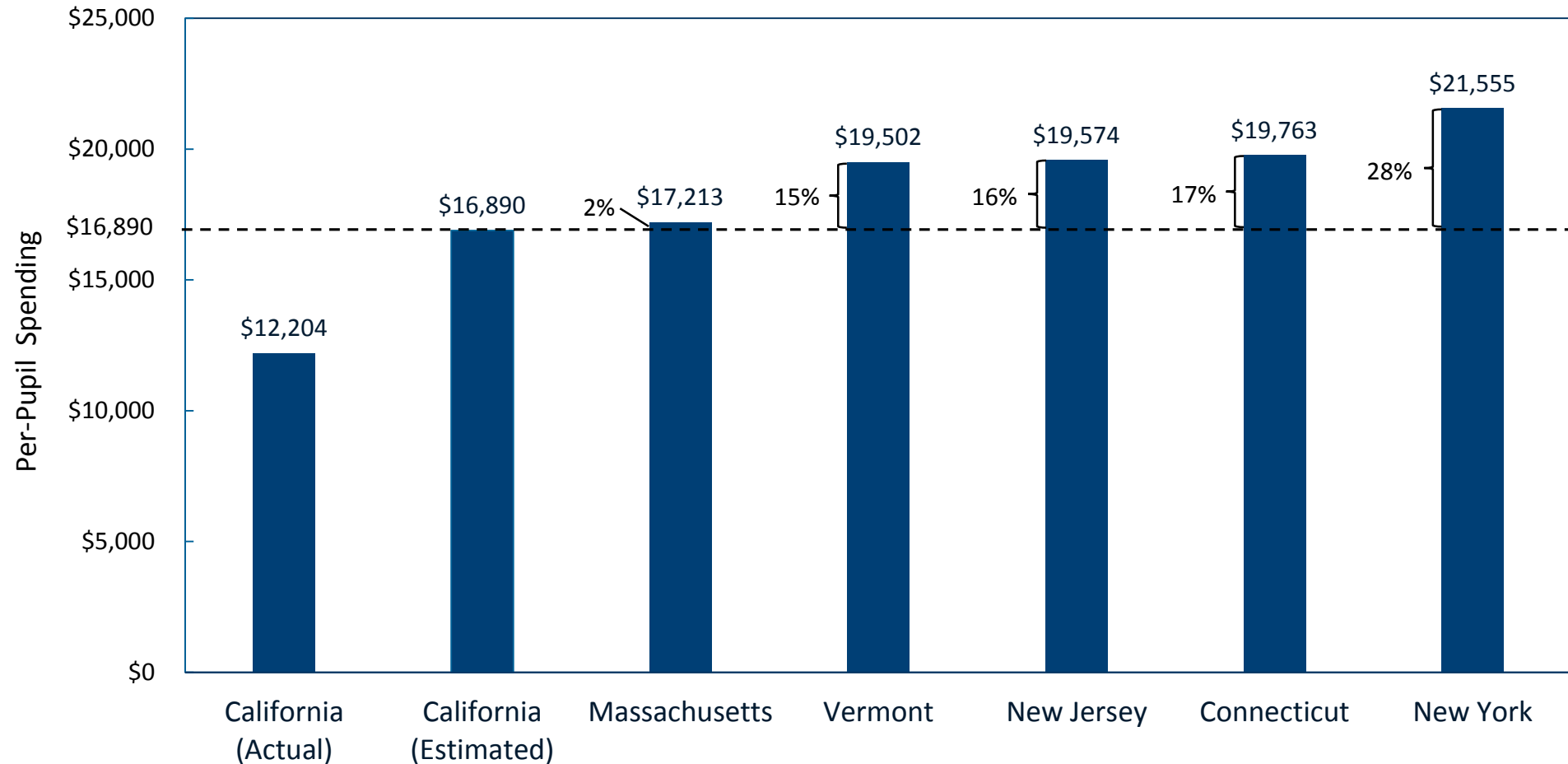
Source: AIR calculations from PJP resource specifications; California Department of Education (CDE) Student & School Data Files (<https://www.cde.ca.gov/ds/sd/sd/>); and, Standardized Account Code Structure (SACS), California Department of Education (CDE) <https://www.cde.ca.gov/fg/ac/ac/>.

Grades 3–8 ELA Test Scores in Relation to the Percentage Difference Between Adequate Cost and Actual Spending



Source: AIR calculations from PJP resource specifications; California Department of Education (CDE) Student & School Data Files (<https://www.cde.ca.gov/ds/sd/sd/>); California Assessment of Student Performance and Progress (CAASPP) <https://caaspp.cde.ca.gov/sb2017/ResearchFileList>; and, Standardized Account Code Structure (SACS), California Department of Education (CDE) <https://www.cde.ca.gov/fg/ac/ac/>.

Actual Spending and Estimated Adequate Cost Per Pupil in California Compared to Actual Spending Per Pupil in Other States (2016-17)



Sources: AIR calculations from PJP resource specifications and California Department of Education (CDE) Student & School Data Files (<https://www.cde.ca.gov/ds/sd/sd/>).

Cornman, S. Q., Zhou, L., Howell, M. R., & Young, J. (2018). *Revenues and expenditures for public elementary and secondary education: School year 2014–15 (fiscal year 2015): First look* (NCES 2018-301). Washington, DC: National Center for Education Statistics. Retrieved from <https://nces.ed.gov/pubs2018/2018301.pdf>. 2016-17 actual spending per pupil figures are inflation-adjusted measures of the 2014-15 dollars using the Bureau of Labor Statistics Consumer Price Index (CPI) Inflation Calculator (<https://data.bls.gov/cgi-bin/cpicalc.pl>).

Key Findings

- California needs to spend more in order to provide an adequate educational opportunity for its public school students.
 - In 2016–17, the state spent about \$66.7 billion (\$12,204 per student) to educate its public school students in Grades K-12, while the overall estimated adequate cost for 2016–17 amounted to \$92.3 billion (\$16,890 per student).
 - The estimate suggests that California would need to invest an additional \$25.6 billion or 38% above actual spending to ensure that all students had the opportunity to meet the state's goals.
- The estimated gap between adequate cost and actual spending is larger in districts with higher poverty and those located in smaller towns or rural/remote areas.
- While the suggested necessary spending increase may seem large, in the context of spending levels in other states, the finding is merely a reflection of the relatively low level of spending in California.

Taking Stock

Assess the state of education funding: What are the key education funding issues in your state or district?

- Are funding levels adequate to reach your educational goals?
- Are education funds distributed in a manner accounting for specific costs incurred by districts?
 - Student need cost factors: student poverty, disability, English learners
 - Geographic cost differences: prices to hire and retain teachers
 - Scale of operations: small size and sparsity
- Are education dollars being spent in a way that aligns with your goals and priorities?

Challenges

- Is raising more state revenue for education feasible?
- What are the barriers to distributing money more equitably?
 - Political pressures
 - » Some districts are “winners” and some are “losers” if you reallocate.
 - Structural factors
 - » How reliant is school funding on local revenue?

On The Horizon

- States will be required to collect and report school-level funding on state report cards beginning with this school year (2018-19).
 - This new data source will provide states/districts with new opportunities to assess within district equity.
 - Even if states distribute dollars to districts in a fair and progressive way, districts could distribute dollars to school inequitably.
 - AIR has done research examining district allocation policies, in particular focusing on weighted student funding (WSF) policies.
 - » Traditional staffing-based school allocation has a tendency to be inequitable.