December 15, 2020

Protecting High-Poverty Districts from State Funding Cuts
What we saw last time

What are the potential impacts in your state?
The Great Recession exacerbated funding inequities across the country.

Source: Chalkbeat
Funding cuts translated to educator and school staff layoffs

The K-12 public education system lost nearly 300,000 jobs, including over 120,000 teachers.

Those layoffs were dealt inequitably.

• For example, in LAUSD, Latino students were 25% more likely and Black students were 72% more likely than their White peers to see their elementary teacher laid off.
Those cuts negatively affected student outcomes

For every $1,000 decrease in per-pupil spending...

- Student achievement dropped
- College-going rates fell
- Test score gap between Black and White students grew

Source: Do School Spending Cuts Matter? Evidence from the Great Recession, Jackson, Wigger, and Xiong (forthcoming)
This was predictable...
High-poverty districts are more reliant on state aid
State funding sources are at greater risk right now.

Mix of Tax Sources by State, FY 2019
Source: The Pew Charitable Trusts, How States Raise Their Tax Dollars 2019

State and Local Direct General Expenditures, by Category, FY 2017
Source: The Urban Institute, Elementary and Secondary Education Expenditures
What we’re seeing now

WHAT ARE THE POTENTIAL IMPACTS IN YOUR STATE?
WHERE DOES YOUR STATE STAND REGARDING FUNDING CUTS RIGHT NOW?

State leaders in my state...

- have already cut education funding
- can avoid cuts if they find new revenue
- are not making cuts to education funding
- are likely to make cuts to education funding soon
State Actions: 35 states have not (yet) made cuts
There’s no one approach... we think about funding cuts on a spectrum
Georgia’s state leaders cut $950 million from the state’s core funding for K-12 education. This represented 10% of total state funding and the state cut that amount from every district.

<table>
<thead>
<tr>
<th>Forsyth</th>
<th>DeKalb</th>
</tr>
</thead>
<tbody>
<tr>
<td>5%</td>
<td>22%</td>
</tr>
<tr>
<td>% of Students in Poverty</td>
<td>Reduction per Student</td>
</tr>
<tr>
<td>$493</td>
<td>$542</td>
</tr>
<tr>
<td>Reduction as % of State Aid $</td>
<td>10%</td>
</tr>
</tbody>
</table>

Forsyth
- 5% of Students in Poverty
- $493 Reduction per Student
- 10% Reduction as % of State Aid

DeKalb
- 22% of Students in Poverty
- $542 Reduction per Student
- 10% Reduction as % of State Aid
Ohio’s governor chose to reduce last school year’s funding for K-12 education by $300 million. The cuts were designed to take more funding from wealthier districts.

<table>
<thead>
<tr>
<th>Solon</th>
<th>Cleveland</th>
</tr>
</thead>
<tbody>
<tr>
<td>7%</td>
<td>44%</td>
</tr>
<tr>
<td>$302</td>
<td>$109</td>
</tr>
<tr>
<td>38%</td>
<td>1%</td>
</tr>
</tbody>
</table>

% of Students in Poverty  Reduction per Student  Reduction as % of State Aid
MASSACHUSETTS EDUCATION EQUITY PARTNERSHIP

There is no excellence without equity
The Student Opportunity Act of 2019

Increases funding, especially for highest need districts ($1.5 billion new investments over 7 years)

Requires all districts to take action to address disparities in opportunity and achievement

Creates opportunity to open up decision-making tables
FY 2021 was supposed to be the first year of implementation

• Increase of more than $300 million, directed overwhelmingly to highest need districts

• Governor’s January 2020 budget proposal promised
  • Chelsea -- $11 million in new dollars
  • Lawrence -- $22 million
  • Springfield -- $20 million
  • Worcester -- $18 million
State school aid level-funded

Districts will get federal coronavirus relief money
What this means

Expected vs. Final Increase: Sample High Poverty Districts in MA

- Brockton
- Chelsea
- Holyoke
- Lawrence
- New Bedford
- Springfield
- Worcester

Expected increase vs. Final increase.
Actions so far &
Looking ahead

OPINION

State must fulfill its promise to underserved students

As lawmakers determine the 2021 state budget, they must fulfill their promise to historically underserved students — even if that means wealthier communities receive less.

By Massachusetts Education Equity Partnership  Updated August 7, 2020, 3:00 a.m.
State-by-state data viz

WHAT ARE THE POTENTIAL IMPACTS IN YOUR STATE?
States can choose MANY different methods. We modeled three.

This method may seem fair on the surface— but it is not because it usually cuts more from high-poverty districts.

This method cuts the same amount for every student—which considers students’ needs to be equal. That’s bad.

This method determines cuts based on how each district’s poverty percentage and local revenue per student compare to the state average.
WHAT ARE THE RISKS OF NOT FOCUSING ON EQUITY IN CONNECTICUT?

How Connecticut funds schools

State funding gap

State

Local

Federal

Potential funding gap if Connecticut cuts 15% of education spending: $614 million
WHAT ARE THE RISKS OF NOT FOCUSING ON EQUITY IN CONNECTICUT?

- Inequitable: Cut flat percentage from total state aid
- Equal but Inequitable: Even cut for each student
- More Equitable: Cut in proportion to local revenue and student poverty

Bar charts showing the impact of different funding scenarios on lowest and highest poverty districts.
WHAT ARE THE RISKS OF NOT FOCUSING ON EQUITY IN CONNECTICUT?
What does this mean for high-poverty districts?

In Connecticut, using the more equitable approach to adjust for a 15% revenue shortfall could shield the highest poverty districts from $161 million in budget cuts.
Equity-oriented considerations for state funding cuts

DON’T LET HISTORY REPEAT ITSELF
Equity-oriented considerations for state funding cuts

1. Protect education budgets
2. Protect their highest need districts from unfair funding cuts
3. Require districts to protect their highest need schools from funding and staffing cuts
PROTECT EDUCATION BUDGETS

Cuts weren’t as bad for 2020-21 as we initially expected

To avoid cuts next year, states might have to:

- Identify new revenue streams
- Fix loopholes in existing funding formulas
- Reform funding formulas
PROTECT HIGHEST-NEED DISTRICTS

Cut based on district and student need

- Percentage of students from low-income backgrounds, English learners, etc.
- Local wealth

Measure impact:

- On high-poverty districts
- On a per-student basis
PROTECT HIGHEST-NEED SCHOOLS

Avoid cuts to funding, staff, and other programs, services and resources

Report school-level data on spending and staffing cuts
FEDS: MORE FUNDING & “STRINGS”

$ Provide additional funding for K-12 and target to the highest-need districts

✓ Require states to:
  • Maintain education spending
  • Ensure that high-poverty districts see lower cuts
  • Ensure that high-poverty schools will be protected
  • Report data
Leveraging ESSA’s Fiscal Transparency Requirement to Advocate for Fair Funding

Reetchel Presume – P-12 Data & Policy Analyst
Our conversation today

- Why school-level per-student spending data matters
- 5 principles for equity-oriented school-level spending reports
- How have states reported spending data?
- Learning from Illinois: A Fireside chat with Sara Shaw
- Conclusion
ESSA’s Requirement

- State and district report cards must annually include per-pupil expenditures disaggregated by source of funds
- Must include actual personnel and non-personnel expenditures
- Must be reported for the LEA as a whole and for each school

ESEA section 1111(h)(1)(C)(x), (h)(2)(C)
Why do we care about school spending now?

States and districts are making important decisions now.

The way states report this ESSA data can drive whether and how the data are used.
Let’s explore Louisiana’s spending reports...

1. Go to [https://louisianaschools.com/](https://louisianaschools.com/)

2. Search for a school (ex. Georgetown High School or George Cox Elementary)

3. Click on the “School Spending” tab at the top of the report card

4. Explore and try to answer: Is spending in this Louisiana school or district equitable?
Equity-oriented school spending reports

Turning numbers to insight
## 5 Principles

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Total &amp; Detail</strong></td>
<td>Provide total per-pupil spending as well as detail by source and location of spending.</td>
</tr>
<tr>
<td><strong>2. Context</strong></td>
<td>Provide contextual information to help interpret differences in spending.</td>
</tr>
<tr>
<td><strong>3. Comparisons</strong></td>
<td>Provide comparative data on spending and need across districts and schools.</td>
</tr>
<tr>
<td><strong>4. How Well</strong></td>
<td>Include additional information on how well non-financial resources are used to impact student experiences to improve student outcomes.</td>
</tr>
<tr>
<td><strong>5. Accessible</strong></td>
<td>Be clear and accessible.</td>
</tr>
</tbody>
</table>
1. Total and Detail

**HOW MUCH FUNDING DOES THIS SCHOOL SPEND ANNUALLY PER STUDENT?**

$9,743

What is this measure?

<table>
<thead>
<tr>
<th>Funding Type</th>
<th>Dollar Amount</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>State/Local</td>
<td>$7,971</td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>$547</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,518</strong></td>
<td><strong>87%</strong></td>
</tr>
</tbody>
</table>

**SCHOOL SHARE OF CENTRAL OFFICE SPENDING**

<table>
<thead>
<tr>
<th>Funding Type</th>
<th>Dollar Amount</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>State/Local</td>
<td>$1,120</td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>$105</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,225</strong></td>
<td><strong>13%</strong></td>
</tr>
</tbody>
</table>

Per student spending $9,743 100%
2. Context

What school or district characteristics drive school spending?

- Grade-span
- School Size
- Student Need
- Performance
- Program type
What are the economic and student characteristics of this school district?

- **P-12 Enrollment**: 4,509
- **Needs Resource Category**: Low Need
- **District Ability to Raise Local Funds Is**: slightly more than the average district in the state
- **District Student Needs Are**: slightly less than the average district in the state

### Student Demographics

<table>
<thead>
<tr>
<th>Enrollment</th>
<th>BALDWIN UFSD</th>
<th>BALDWIN SENIOR HIGH SCHOOL</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Students</td>
<td>4,509</td>
<td>1,547</td>
</tr>
<tr>
<td>Economically Disadvantaged</td>
<td>38%</td>
<td>34%</td>
</tr>
<tr>
<td>Students with Disabilities</td>
<td>17%</td>
<td>14%</td>
</tr>
<tr>
<td>English Language Learner</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Race/Ethnicity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>American Indian or Alaska Native</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>47%</td>
<td>48%</td>
</tr>
<tr>
<td>Hispanic or Latino</td>
<td>31%</td>
<td>28%</td>
</tr>
<tr>
<td>Asian or Native Hawaiian/Other Pacific Islander</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>White</td>
<td>13%</td>
<td>17%</td>
</tr>
<tr>
<td>Multiracial</td>
<td>4%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Report View One: How Much is Being Spent on Instruction and Administration in this School and School District?
3. Comparisons

How does this school’s spending compare to other schools?
3. Comparisons

Is spending across schools in this district or state equitable?
3. Comparisons

<table>
<thead>
<tr>
<th>Flat spending patterns</th>
<th>Progressive spending patterns</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Is this flat spending meeting the needs of students?</td>
<td>• How much more is being spent where there is high need?</td>
</tr>
</tbody>
</table>
4. How Well is a school using its resources to create high-quality learning experiences for all students?
Per-pupil expenditures by funding source

<table>
<thead>
<tr>
<th></th>
<th>State/local</th>
<th>Federal</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>School</td>
<td>$14,656</td>
<td>$1,520</td>
<td>$16,176</td>
</tr>
<tr>
<td>LEA</td>
<td>$18,087</td>
<td>$2,295</td>
<td>$20,382</td>
</tr>
<tr>
<td>State</td>
<td>$18,683</td>
<td>$1,992</td>
<td>$20,675</td>
</tr>
</tbody>
</table>
The data can be a tool to assess school spending equity.

Is spending in this school driven by student need?

Is spending in this school’s district equitable?
5 Principles

1. Total & Detail
   • Provide total per-pupil spending as well as detail by source and location of spending.

2. Context
   • Provide contextual information to help interpret differences in spending.

3. Comparisons
   • Provide comparative data on spending and need across districts and schools.

4. How Well
   • Include additional information on how well non-financial resources are used to impact student experiences to improve student outcomes.

5. Accessible
   • Be clear and accessible.
Most states are not reporting data that are complete, accessible, and allow stakeholders to assess spending equity.
How did Illinois do it?
A conversation with Sara Shaw

Senior Manager Fiscal And Academic Solvency
Illinois State Board of Education
States should **improve their school spending reports**, so that stakeholders can better understand...

- How much is spent at an individual school
- What drives school spending at an individual school
- How spending at a school compares to others in the district or state
- If school spending is equitable
- How well is money used to meet student need

One way to do this is by **adopting the 5 principles**
QUESTIONS?

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Illinois State Board of Education
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Building a Better School

Funding Formula

Funding Policies for the Long Term
Agenda for this Conversation

I. Why focus on funding formulas?

II. Funding formulas, in brief

III. Notes from the field: a discussion with John Hryhorchuk, Texas 2036

IV. Introducing *Common Sense and Fairness*

V. Q&A
Education Challenges, Ripped from the Headlines

<table>
<thead>
<tr>
<th>Delaware</th>
<th>Colorado</th>
<th>Oklahoma</th>
<th>Idaho</th>
</tr>
</thead>
<tbody>
<tr>
<td>80% of students are enrolled in schools</td>
<td>Suburban districts around Denver are struggling to support an increasingly high-poverty population.</td>
<td>Teachers are leaving the state for better-paying positions in Texas school districts.</td>
<td>Schools are having difficulty serving rising numbers of special education students.</td>
</tr>
<tr>
<td>without enough counselors.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rigid funding system offers no flexibility to prioritize counselors.</td>
<td>Formula is heavily weighted towards small and rural districts, disadvantaging high-need cities and suburbs.</td>
<td>The formula doesn’t allocate much state money per student, and districts are barred from raising extra funds locally.</td>
<td>Special education is funded based on assumed, not actual, counts of students with disabilities.</td>
</tr>
</tbody>
</table>
Funding matters. Not just how much, but *how.*
Funding Formulas, in Brief:

1. The state uses a formula to determine how much money each district needs for the year.

2. The state calculates how much funding the district is expected to contribute from local sources.

3. The balance of the formula amount is provided as state aid.
Policy Questions: Setting the Formula Amount

- How much funding is needed per student?
- How should the funding system account for students with specific needs? e.g. English learners, economically disadvantaged, diagnosed disability
- How should the funding system account for geographic/district conditions? e.g. transportation challenges, labor market differences, concentrated poverty
Policy Questions: Calculating a Local Share

Property tax considerations:
• What is a reasonable local tax rate?
• What can different districts raise from property taxes, given different property values?

Other considerations:
• What other revenues do districts have access to? e.g. local sales taxes, natural resource revenues, utility taxes, vehicle registration fees
• Should there be consideration of differences in local income levels?
• Should there be any minimum or maximum state or local shares?
Putting it all Together

Image source: IconMark, via Noun Project
Discussion:
John Hryhorchuk,
VP of Policy, Texas 2036
Common Sense and Fairness is a report presenting policy recommendations for how best to structure a state education funding formula.

EdBuilder is an interactive web tool designed to walk you through the process of crafting a funding formula.
Common Sense and Fairness
Model Policies for State Education Funding
## Policy Components Addressed

<table>
<thead>
<tr>
<th>Formula Fundamentals</th>
<th>Student Characteristics</th>
<th>District Characteristics</th>
<th>Local Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formula Type and Structure</td>
<td>Economic Disadvantage</td>
<td>Sparsity and Isolation</td>
<td>Local Share and Property Tax Rates</td>
</tr>
<tr>
<td>Base Amount</td>
<td>English-Language Learners</td>
<td>Within-State Cost Differences</td>
<td>Other Local Revenues</td>
</tr>
<tr>
<td></td>
<td>Special Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Grade Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gifted</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Recommendation Structure

Recommendations are provided in tiers:

• **Silver**: well-precedented, but still strong enough to advance policy in most states

• **Gold**: strong and ambitious; uncommon, but still precedent in existing policy

• **Moonshot**: pushing further towards an ideal—more complex than other options, but also more equitable and precise
Recommendation Example: English-Language Learners

- **Silver**: A generous amount of supplemental funding for every ELL.

- **Gold**: Supplemental funding for ELLs in three tiers, with more funding provided for students with lower levels of English proficiency. The state should also address the diseconomies of scale in districts serving a small number of ELLs.

- **Moonshot**: Supplemental funding for ELLs in multiple tiers, with more funding for students at lower levels of English proficiency and those whose native language is less common in the district. The state should also address the diseconomies of scale in districts serving a small number of ELLs. Additionally, The state should also begin to collect data on students with limited/interrupted formal education.
Web Tool:
https://edbuild.org/content/edbuilder
Questions?
Zahava Stadler
Special Assistant for State Funding and Policy
zstadler@edtrust.org