K-12 Public School Funding Formulas: An Analysis of Financial Management and Distribution of Resources

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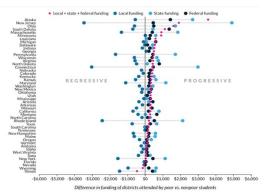
Purpose of Research

- > As of 2013, studies indicate nearly half of the nation's children attend schools in high-poverty districts. Although research consistently proves that low-income students are in dire need of additional resources to succeed in the classroom (and eventually in the workforce), current school funding formulas across states and districts are rigged against helping disadvantaged students overcome some of these socio-economic challenges.
- > Across the United States, at the state and local level, public schools funding formulas, financial policies, and guidelines of financial reporting lack transparency and accountability metrics contributing to inequitable access to a great education for all students.
- > Research question: How can states and districts implement progressive, equitable funding policies that improve student outcomes, while augmenting current accountability metrics?

Overview and Background

- ➤ In the U.S., a student's zip codes often determines the quality of education and the type of access to resources he or she will receive throughout his/her K-12 educational experience.
- > The lack of a proper and effective school finance reform on the federal level stems from the 1973 San Antonio Independent School District v. Rodriguez case. The court held that it was not unconstitutional under the Equal Protection Clause of the Fourteenth Amendment for there to be funding disparities among Texas school districts (Chay 2003).
- ➤ Majority of states fail to develop a school funding formula that creates the flexibility to ensure all students receive access to equitable resources and a high quality education. Therefore, students from low-income communities have less access to a high-quality education because of the lack of sufficient funding for higher poverty districts.
- > Traditional funding formulas are inherently flawed in which they abide by staff-allocation models that distribute resources primarily based on student enrollment. This essentially means resources are distributed based on staffing and program averages instead of the needs of each student.
- > Current budgeting and accounting practices lack transparency and provide no means to compare resources across schools with differing student population, making understanding where exactly money is being spent an arduous process.
- > A student-weighted funding model ensures that individual student factors such as poverty, limited English language proficiency, homelessness, disability and/or giftedness are accounted for within each district's budgeting process.

Differences in Federal/State/Local Revenues per Student Between Districts Serving the Most and the **Fewest Students in Poverty**



Literature

- > In their analysis of Kentucky researchers Kern and Wall found that the measurement of children in poverty is not adequate and the federal free and reduced-price lunch program is only a shorthand way of looking at the problem (Kern and Wall,
- > The National Report Card (NRC) examines state finance systems ability to ensure equality of opportunity for quality education for all children, considering backgrounds, family income, place of residence, school location. NRC extends past per pupil calculations, to capture complex differences among states.
- > Morgan and Amerikaner examined how the revenues of districts serving higher percentages of students living in poverty or students of color compare with those of their counterpart districts. Their findings suggest that in more than half of states, districts with the highest poverty rates do not receive more funding to account for that increased need of their student population (Morgan and Amerikaner, 2018).
- > Title I of the Elementary & Secondary Education Act (ESEA) was created to provide federal funds to state and local education agencies with the intention of augmenting funding for high-poverty students. The foundation of how Title I funds are distributed rely on comparability and supplementing spending, however, this isn't always the case (Roza, Miller and Hill, 2005).
- ➤ Miles and Roza argue against the use of traditional staffing funding model in a majority of urban districts that mostly provide resources to schools in the form of staff. based on student enrollment. However, they contest that this staff-based allocation model has proven to be flawed in which it reports varying per-pupil expenditures within districts where funding is primarily based on school size, staffing, resources for special student populations and costs of facilities. Instead, they argue that districts need to transition to more equitable models such as studentweighted allocations (Miles and Roza, 2013).

Data and Methodology

Our research originated from a need to understand how state funding formulas impact the success of underprivileged students including, low-income families, English-language learners and students with disabilities.

Participants- Ten individuals who represented stakeholders in public education finance participated in this study. The participants were categorized in three stakeholder categories: School administrators and staff, government stakeholders and advocacy organizations, including:

- ➤ Principals & Educators
- ➤ Policy Makers in the U.S. Department of Education
- > State Board of Education members
- > Administrators of Charter School Associations
- Senior management in education nonprofit organizations

Study- All participants were asked six open-ended questions, and based on their stakeholder group, they were asked three to four

Analysis of Interview Data

- ➤ 60% of interviewees stated that using local property taxes as the primary funding for students is the greatest barrier to equitable financing within schools/districts.
- ➤ "In efforts of measuring performance, you must begin with a rigorous needs assessment to identify the crucial needs of the schools and essentially determine what needs improvement. Then, you can set up accountability structures with a plan that's responsive to what's going on in the school where you hold teachers/principals accountable for some amount of growth over a specific period of time" (MD State Board of Education Member)
- > 30% of interviewees said school administrators are facing imprisonment for misuse of funds and falsely reporting the use of funds in Maryland. While, two respondents indicated no consequences or accountability system in the state of Rhode Island.
- ➤ Underserved communities in areas of concentrated poverty are significantly impacted by funding formulas because public education funds rely on local municipalities. 45% of our respondents indicated more collaboration between state, local and federal entities to increase funds. 55% suggested creating new innovative revenue streams including soda tax, casinos and private partnerships for wrap- around services.

Recommendations

- 1. School districts need to transition from traditional staffing funding models to more progressive, student-weighted allocation models, where the level of funding should increase relative to the level of concentrated student
- 2. More equitable funding for charters, particularly so that the state funding for charters can account for costs associated with renting and maintaining facilities.
- 3. Greater transparency and accountability in disclosing how local, state and federal funds are being spent, specifically at
- 4. An increase in funding from the state and federal level to compensate for the inadequacies of local property tax funding.

Roza, Marguerite, Miller, Larry, and Paul Hill (2005). Strengthening Title 1 To Help High-Poverty Schools How Title 1 Funds Fit Into Distric ation Patterns. Center on Reinventing Public Education.
Title I, Part A Program. (2015) U.S. Department of Education. Accessed April 16, 2018. <a href="https://doi.org/10.1016/j.jps.1016/j.ps.1016/j.jps.1016/j.jps.1016/j.

