Overview of School Funding

ESSA Negotiated Rulemaking • March 2016
How are districts funded?
Spending varies widely across districts...

Dollars per pupil spending on education

Aldine, TX 7,800
Charlotte 8,300
Knox County, TN 9,200
Fulton County, GA 10,200
Denver 10,800
Prince George's County, MD 13,000
Baltimore 14,100
Cleveland 14,400
D.C. 16,800
Newark 21,100

~3x

Source: ERS database
All levels of government are funding education – Title I is the federal government’s largest contribution

Sources of Education Funding

<table>
<thead>
<tr>
<th>Source</th>
<th>National Average</th>
<th>Typical Urban District</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>45%</td>
<td>36%</td>
</tr>
<tr>
<td>State</td>
<td>45%</td>
<td>49%</td>
</tr>
<tr>
<td>Federal</td>
<td>10%</td>
<td>16%</td>
</tr>
</tbody>
</table>

How do districts allocate resources to schools?
Most districts allocate staff positions to schools but use of weighted student funding is growing

<table>
<thead>
<tr>
<th>How resources are allocated</th>
<th>Traditional</th>
<th>Weighted Student Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Most staff positions and non-personnel budgets allocated based on enrollment.</td>
<td>Schools get a set dollar amount per pupil with additional amounts (weights) linked to student needs such as:</td>
</tr>
</tbody>
</table>
|                             | Some positions allocated based on school size. | - Poverty  
|                             | Staffing ratios vary by:  
|                             | - Grade level  
|                             | - Student need  
|                             | - Programs offered | - Special Education  
|                             | | - English Language Learner  
|                             | | - Grade level |

| Example                     | $5,000 per general education pupil  
|                             | Plus $600 for each low income student  
|                             | Plus $1,000 for each ELL student (.2 weight) |

1 principal  
1 AP if less than 450 students, 2 if greater  
1 K-3 teacher for each 18 students  
1 4-5 teacher for each 22 students  
1 Special Education teacher for 24 students on an IEP receiving supplemental support  

Source: ERS
But, not all positions or spending in schools goes through these formulas

Example positions that might be allocated using different rules:

- Instructional Coaches
- Additional staff or resources for magnet programs
- Staff positions that serve more than 1 school such as a:
  - Nurse
  - Art teacher

Districts vary in how much they keep out of the formula
Most districts experience significant funding variation across schools.

District Example
School Level Gen Ed. Dollar per Gen Ed. Student by School

Excludes Federal Funds

Secondary schools tend to be higher funded than elementary schools.

Source: ERS Analysis; TPS Financial File 2016
80 to 90% of a school’s budget is spent on people

Typical school budget

- Teachers: 65%
- Instructional Aides: 9%
- Student support: 8%
- Administration: 5%
- Clerks & Other Staff: 5%
- Substitutes: 5%
- Supplies: 2%
- Utilities & Maintenance: 1%

Source: ERS Analysis
Most districts use average (as opposed to actual) teacher salary for budgeting which disguises inequity.

<table>
<thead>
<tr>
<th>Using average salary</th>
<th>School A</th>
<th>School B</th>
</tr>
</thead>
<tbody>
<tr>
<td>District average salary</td>
<td>$60,000</td>
<td>$60,000</td>
</tr>
<tr>
<td>Number of teachers</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Budgeted for salary</td>
<td>$600,000</td>
<td>$600,000</td>
</tr>
</tbody>
</table>

Though the district would appear to be making an equal investment in these schools on an average salary basis…

<table>
<thead>
<tr>
<th>Using actual salary</th>
<th>School A</th>
<th>School B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Novice teachers earning $30,000 each</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Mid-level teachers earning $60,000 each</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Experienced teachers earning $90,000 each</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Actual salary</td>
<td>$450,000</td>
<td>$750,000</td>
</tr>
</tbody>
</table>

…School B actually invests $300k more than School A.
Novice teachers tend to be placed disproportionately into high-need schools

Novice Teachers by School Need Quartile

Source: ERS Analysis; TPS HR File 2016