

Adequacy in School Funding: A National Perspective

Jay G. Chambers, Ph.D.

Senior Research Fellow

American Institutes for Research (AIR)

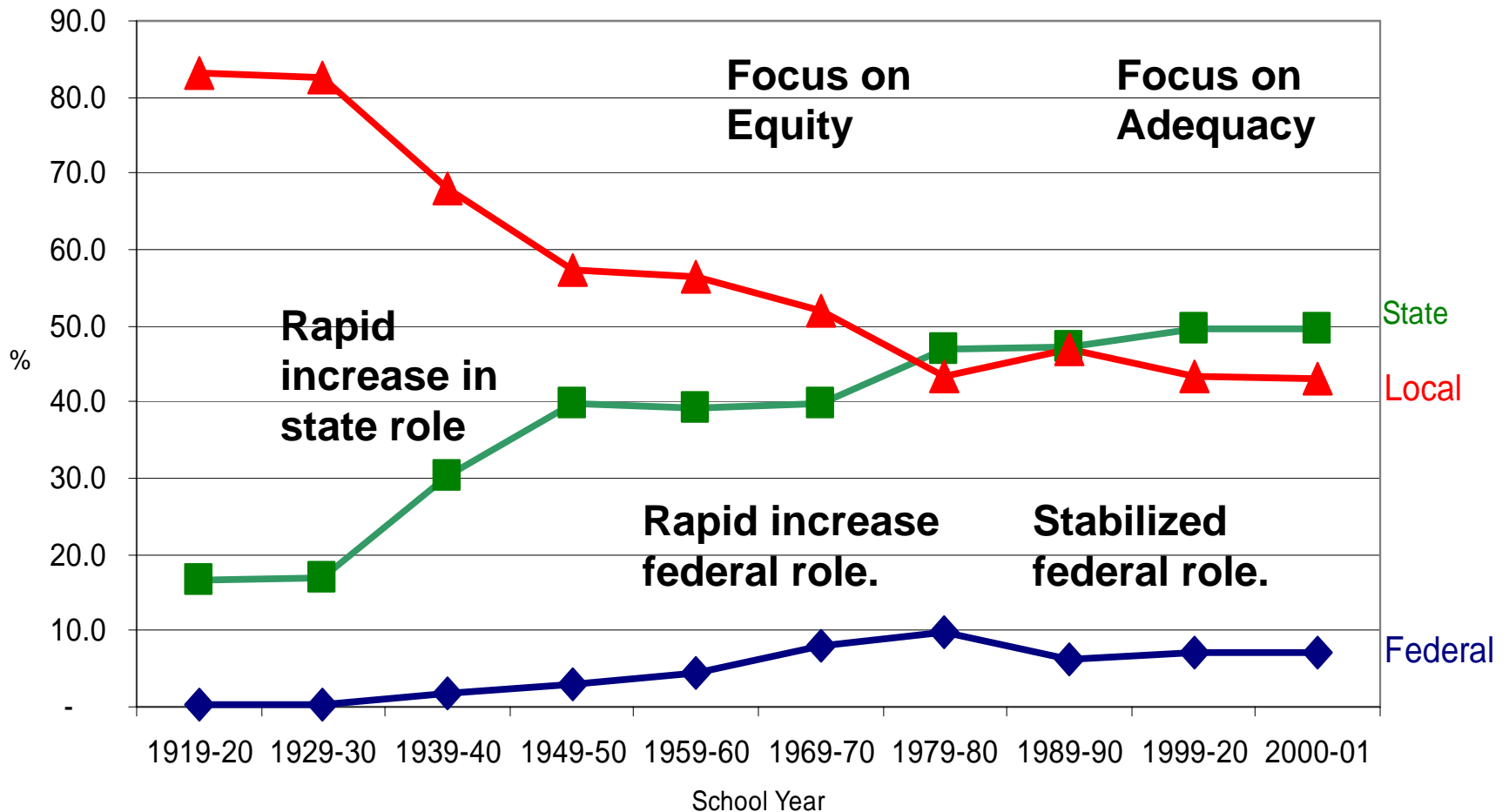
**Leadership Conference on Civil Rights Education Fund
Promising Practices in Education Reform**

March 4, 2005



K-12 Revenues Sources & Trends in School Funding

Percent K-12 Revenue from Federal, State, and Local Sources, 1919-2000



Transition from Equity to Adequacy & Cost-based Funding

- **Horizontal equity:**

- *treating similar children and taxpayers in a similar way.*

- **Vertical equity:**

- *treating different children and taxpayers in a systematically different way. (i.e., different relative amounts).*

Understanding Differences in Expenditure

- **Demand factors – local choice**
 - How much do you want to spend?
- **Supply factors – cost differences**
 - Input costs
 - Pupil-needs
 - Scale of operation

Historical Background

- Over the past 25-30 years, 45 of 50 states have had school funding lawsuits.
- 24 states currently involved.

Historical Background – From Equity to Adequacy

- During the 70's & 80's ***equal protection*** cases, *defendant states won 2/3rds of those claims.*
- During the 90's, we saw a shift toward the ***adequacy approach***, and plaintiffs have won 2/3rds of cases.
- In fact, plaintiffs have won 23/27 suits purely based on ***adequacy***.

Why Adequacy Cases are Winning.

- **Built on state education law**
 - State has the duty to serve all students.
- **Standards-based reform** movement pushed states to establish standards.
 - States have raised standards &
 - Holding students accountable.
- **Systemic lack of resources → barrier to learning**
 - Most states have not provided the sufficient resources to help students reach higher standards.

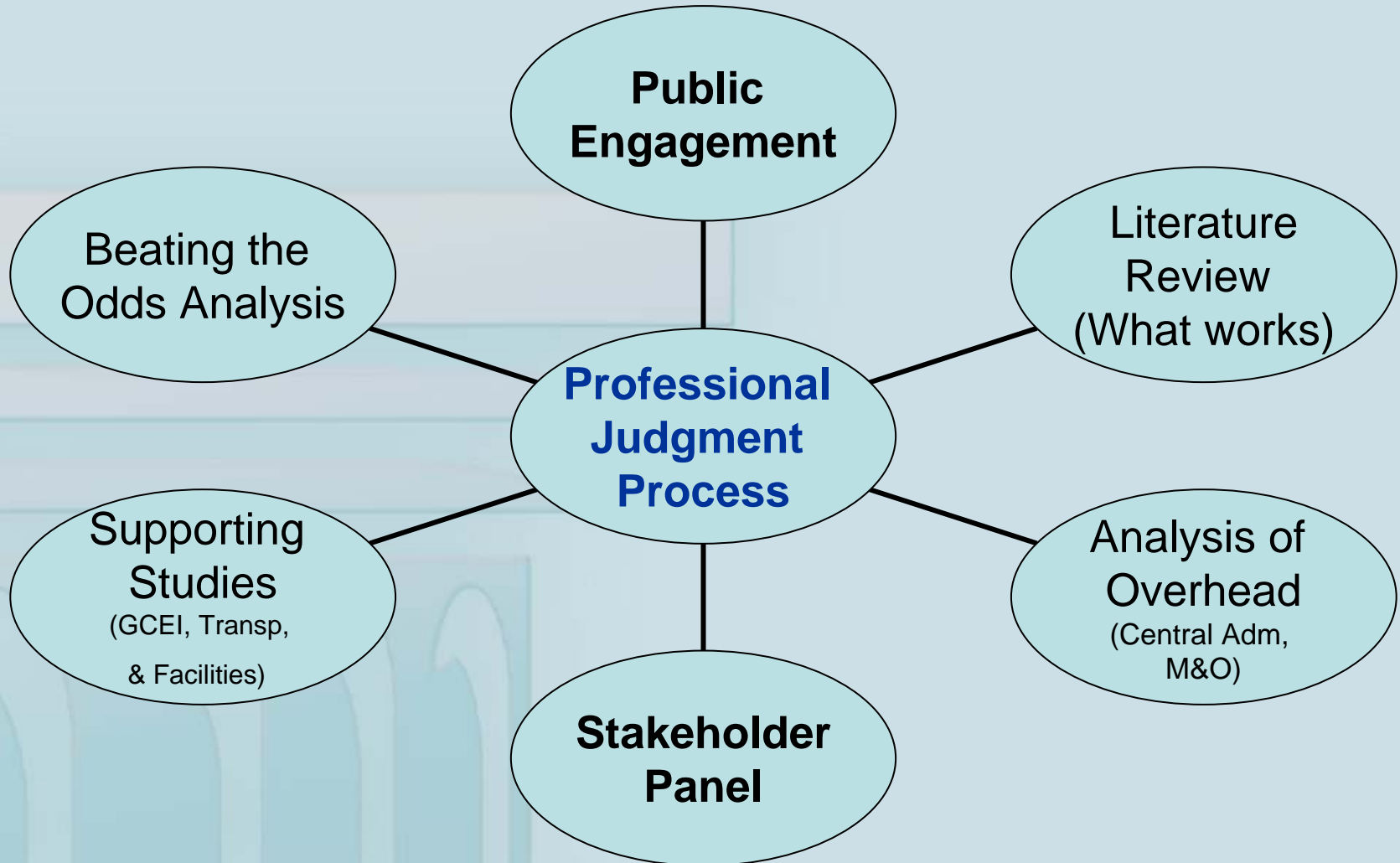
Since 1990, 40 states involved in adequacy/Costing-out studies:

- *5 court ordered since 95,*
- *21 initiated by the states,*
- *14 initiated by others.*

Designing an “Adequate” School Finance System

- **What are the goals?**
 - Establish learning standards
 - Specify desired results (proficiency levels)
 - Measure the results
 - Design curriculum
- **What does it cost?**
 - Design instructional programs
 - Specify resources to delivery the programs
 - Estimate the Costs (Costing out studies)
- **Who pays for it?**
 - Design a funding formula

ELEMENTS OF THE HYBRID PROFESSIONAL JUDGMENT MODEL



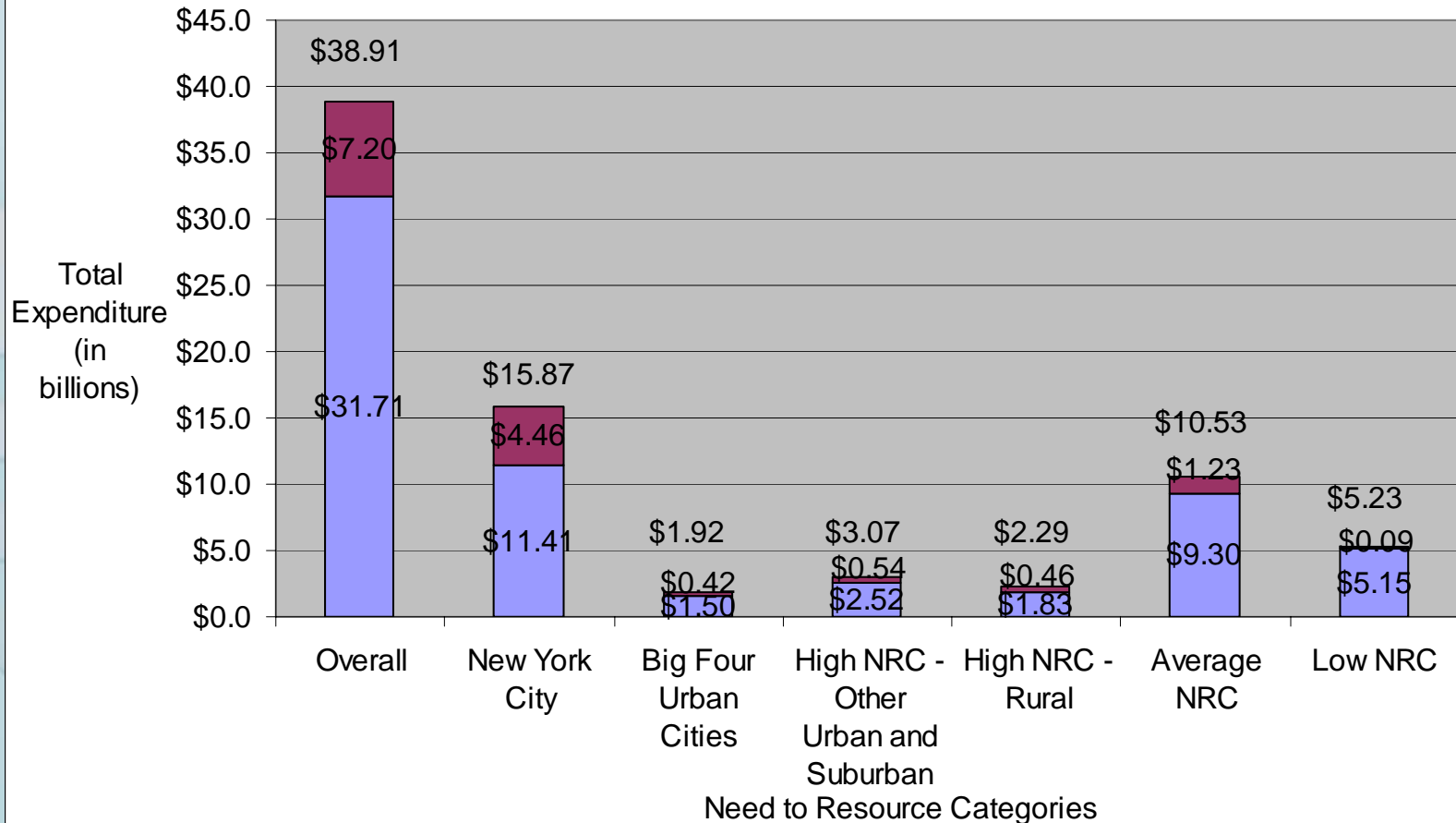
Sample Results From New York Adequacy Project

Results

- The Bottom line
 - Cost estimates for each school or district
 - Total cost estimate for the state
- Formula Development
 - How does this fit into a formula?
 - Who pays – local v state v federal?

Total and Marginal Costs by Type of District

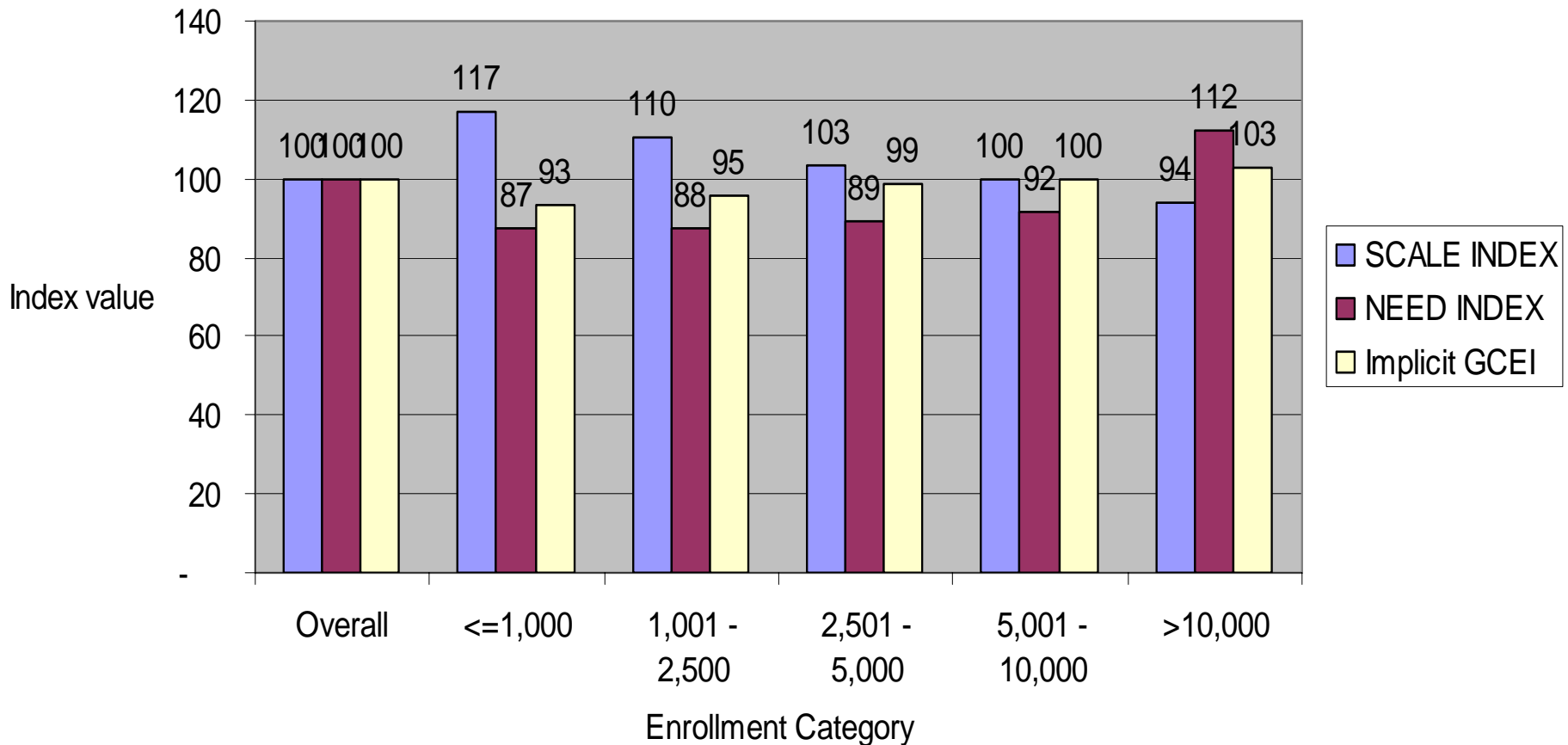
**Total Expenditure Required to Bring All Districts to "Adequate" Spending Levels
(Total Expenditure in Bold)**



- Total Additional Expenditure Required to Bring All Districts to "Adequate" Spending Levels
- Actual Total Expenditure from the NYSED Fiscal File

Scale, Need and GCEI by District Size

Relative Scale and Need Indices by Enrollment Category Based on Model Using Actual School Enrollment (separate equations by enr_cat, school size within sample limits)



Policy Perspectives on Adequacy

- Adequacy is a political & technical process
 - No one right answer
- Accountability is critical to success
 - Educators need to be held accountable
- Block grant approach offers simplicity
 - Flexibility at the local level

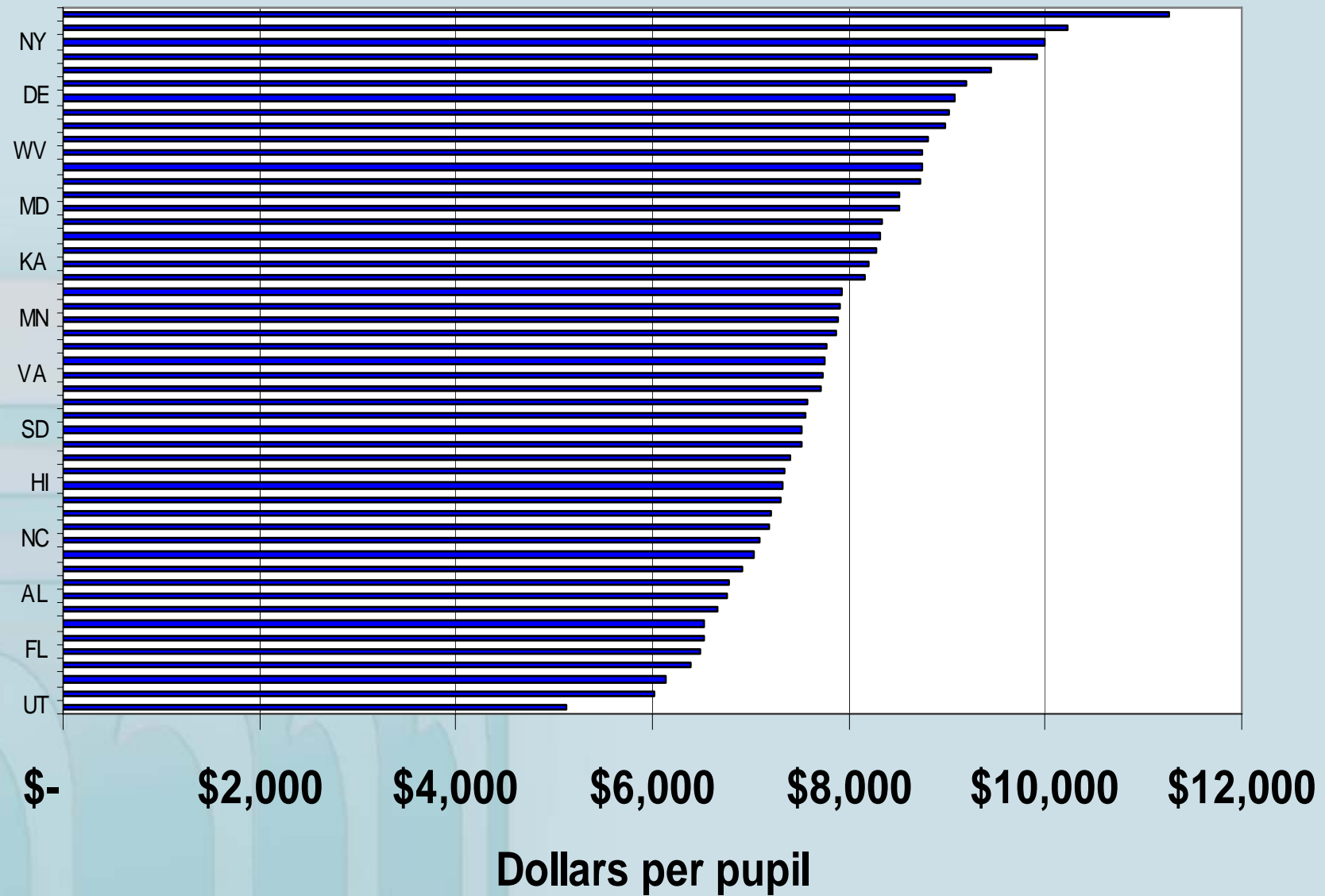
Adequacy & NCLB

- Adequacy as a national issue
- NO CHILD LEFT BEHIND what?

Under NCLB, we have

- 50 different accountability systems
- 50 different funding systems
- 50 different levels of commitment to children

Real Per Pupil Spending on K-12 Education by State



State Average Per Pupil Expenditure K-12 Education

	Actual	Real <i>(Cost adjusted)</i>
MAXIMUM	\$ 12,102	\$ 11,269
MINIMUM	\$ 4,900	\$ 5,132
RATIO	2.47	2.20

U.S. Federal commitment

% of Revenues from various sources

- *Among lowest federal commitment of developed nations. (7%)*
- *Highest in local contribution (43%).*

Poverty Differences used to Distribute Federal Funds

- A single poverty threshold used.
 - % Poverty reflects COL differences across states.
- Federal \$ not adjusted for cost differences

Policy Questions to Consider

- Is adequacy a national issue?
- Should we permit 50 different systems for children?
- Should a child's education depend so heavily on the state in which they are born?