

ABOUT THIS ACTION GUIDE SERIES

This series of action guides developed by the American Institutes for Research (AIR) is designed to support and inform education leaders who are implementing the Every Student Succeeds Act (ESSA). ESSA amends the Elementary and Secondary Education Act of 1965 (ESEA).

This edition focuses on the **fairness of school funding**. Our goal is to help leaders at the state, district, and school levels take stock of their funding practices and leverage ESSA to improve equity.

Other guides in this series will address the identification of evidence-based practices, social-emotional learning and the improvement of conditions for learning, continuous improvement cycles, and the leveraging of ESEA Title IV funding for student support and academic enrichment. For more information, please visit: air.org/ESSAGuides.

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In the context of school funding, “equity” refers to the *fairness* with which funds are provided to districts and schools. Specifically, an equitable distribution of funding grants resources in a manner that allows all students a similar opportunity to achieve a set of educational standards despite their varied needs and circumstances. The Every Student Succeeds Act (ESSA) includes various opportunities around funding practices that promote equitable resource allocation.

ESSA provisions, however, focus on the *identification* of problems related to equity. States and districts must go beyond its requirements to ensure that funding is distributed fairly to schools and that dollars are spent wisely, with the ultimate intention of improving student outcomes and closing achievement gaps.

This guide introduces state and district leaders to the main opportunities in ESSA around equitable resource allocation and recommends **three actions** that integrate these opportunities with best practices. These actions will help ensure that leaders not only identify equity gaps but also align resource allocation strategies with state and local priorities for closing resource and outcome gaps.

Why Does Equity Matter?

The ultimate goal of public education is to promote equitable student outcomes defined by the attainment of specific standards. Achievement gaps on state standardized tests based on differences in family income levels are staggeringly wide and have gotten larger over time (Reardon, 2011). Levels of educational attainment have also been shown to vary widely based on student socioeconomic status (Bailey & Dynarski, 2011). These disparities in educational achievement and attainment exist against the backdrop of a society where upward mobility has been waning (Hout, 2018) and an economy where postsecondary education is increasingly necessary for entry into the middle class (Carnevale, Smith, & Strohl, 2010; Mitchell, 2014).

The funding of schools is not always equitable. Heuer and Stullich (2011) found that 46% of high-need Title I elementary schools had lower per-pupil spending on personnel than the average personnel spending levels of non–Title I schools in the same district. Studies examining whether high-poverty schools spend more on their students than those with low poverty have found substantial variation across districts (Baker, 2009, 2012; Rubenstein, Schwartz, & Stiefel, 2006). However, studies have consistently found that high-poverty schools systematically have teachers with less experience and other qualifications, and therefore lower salaries, than low-poverty schools (Goldhaber, Lavery, & Theobald, 2015; Roza & Hill, 2004; Rubenstein et al., 2006).

There is strong evidence that improvements in equity resulting from education finance reform can improve educational outcomes (Jackson, 2018).



Jackson, Johnson, and Persico (2016, p. 157) indicated that “a 10 percent increase in per-pupil spending each year for all 12 years of public school leads to 0.31 more completed years of education, about 7 percent higher wages, and a 3.2 percentage point reduction in the annual incidence of adult poverty,” with even larger effects for children from low-income families. Lafortune, Rothstein, and Schanzenbach (2018) found that reforms to states’ systems of funding schools resulted in increased spending in low-income districts and subsequent improvement of achievement in those districts.


They noted that “the implied effect of school resources on educational achievement is large” (2018, p. 1). Last, Johnson and Tanner (2018) found that increased spending in districts serving large proportions of students in poverty in California led to increased high school achievement and graduation rates, indicating that “money targeted to students’ needs can make a significant difference in student outcomes and can narrow achievement gaps” (2018, p. i).



What Does ESSA Say About Equitable Resource Allocation?

The Elementary and Secondary Education Act (ESEA), as amended by ESSA, recognizes the challenge of within-district inequity of resource distribution (i.e., between schools within the same district) and contains several provisions supporting financial transparency that address these inequities, including:

- A requirement to report school-level per-pupil spending on state report cards [Sec. 1111(h)(1)(C)(x)];
- A requirement for districts with low-performing schools to conduct comprehensive needs assessments, which may include resource allocation reviews [Sec. 1111(d)(1)(B)]¹; and
- A pilot of district-level weighted student funding (WSF) systems designed to allocate funding from districts to schools in an equitable fashion and provide school principals more control over how to use funding to best meet the needs of students served at their schools [Sec. 1501].



These ESSA provisions provide an opportunity for state and district leaders to evaluate the fairness of current systems that distribute resources to schools, target resources to schools in a purposeful way that will drive equity, and structure systems of allocating funding to schools in a way that aligns with state and district goals and priorities.

¹ State education agencies are required to periodically review resource allocation in each district serving a significant number of schools identified for comprehensive and targeted support and improvement [Sec. 1111(d)(3)(A)(ii)].

Actions for Education Leaders on ESSA's Financial Transparency Provisions

The research makes clear that reducing gaps in student outcomes can be achieved with equitable funding. ESSA provides a number of mechanisms for states and school districts to evaluate and improve the fairness of funding. State and local leaders may take the following actions to leverage these opportunities.

ACTION 1

Engage Stakeholders to Build Their Capacity Around Per-Pupil Expenditure Data

ACTION 2

Connect Resource Allocation Reviews to School Improvement Efforts

ACTION 3

Examine Your Approach to Funding Schools

ACTION 1

Engage Stakeholders to Build Their Capacity Around Per-Pupil Expenditure Data

Beginning with the 2018–19 school year, ESSA requires that schools and districts report school-level per-pupil spending on their annual state report cards. This requirement will provide a new level of transparency around how districts allocate their available resources across schools. This will yield a new source of information to evaluate levels of within-district equity of funding across schools. We encourage districts to use this new data source as an opportunity to engage stakeholders on multiple levels, including:

- Conducting professional development with district and school leaders about how to interpret and use the data;
- Providing stakeholders with a list of example questions to ask their school and district leaders about what the data show with regard to funding and resource allocation across schools; and
- Hosting district- and/or school-level meetings with parents and community stakeholders to share the new report card data, including the per-pupil spending data, to answer questions and have meaningful discussions about what the data show and how to improve (or maintain) equity in order to provide all students the opportunity to achieve.



Key resources

- Stakeholder Engagement Guide (from the Center on Great Teachers and Leaders)
- Beyond the Building: A Facilitation Guide for School, Family, and Community Connections (developed by SEDL, now AIR)
- Toolkit of Resources for Engaging Families and the Community as Partners in Education (from the Institute of Education Sciences)
- Strategies for Equitable Family Engagement (from the State Support Network)

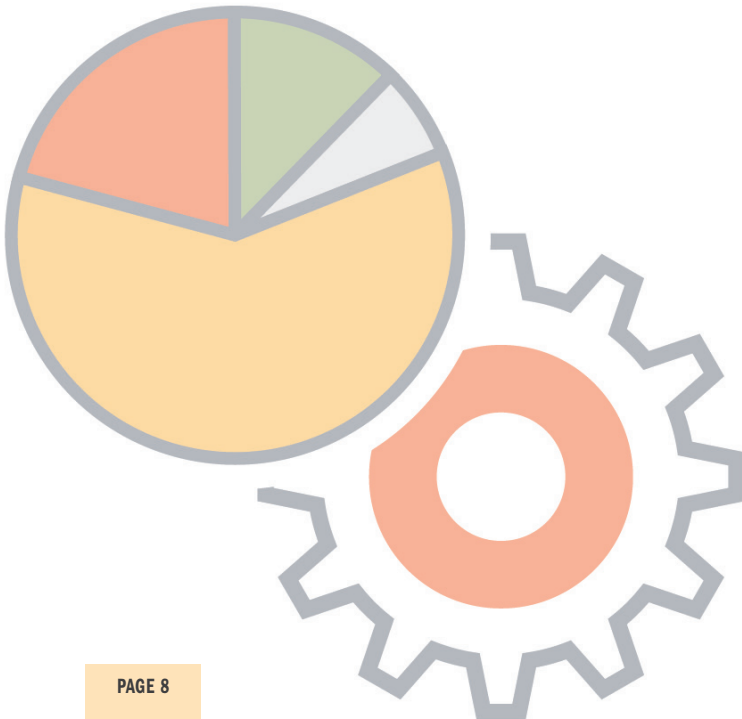
Supports available from AIR

- **Analysis of per-pupil expenditure data.** AIR has extensive experience collecting and analyzing information on school-level per-pupil spending and other measures of resources, such as staffing levels and qualifications, to investigate and report on within-district equity. A prime example of this type of analysis is AIR's work on the Successful School Funding for Results project, an effort to improve student learning opportunities through the implementation of alternative student-centered funding mechanisms in three California school districts. More recently, AIR has performed this type of analysis for a first-of-its-kind national study of districts using student-centered funding. AIR can apply this knowledge to help practitioners engage stakeholders and disseminate messages surrounding the degree to which there is within-district resource equity and potential ways to address challenges.
- **Co-interpretation.** Co-interpretationSM is a proprietary protocol for collaborative data analysis and identification of improvement needs that AIR has implemented since 2006. This approach is built on the belief that a needs assessment should be undertaken with (or by) local stakeholders rather than completed entirely by a small group of leaders or an outside entity. Engaging a diverse assortment of leaders, practitioners, and other community members in hands-on review of

data sources and collaborative development of key findings and priorities—not just in the delivery of results—ensures that the identified needs, analysis of underlying causes, and resulting action plans incorporate the input of a broad knowledge base.

- **Parent and community engagement support.** AIR’s school improvement support for Martin Luther King, Jr. Elementary School in Utica, N.Y., included strengthening parent and community engagement in the school. Working closely with the parent liaison, principal, and school leadership team, AIR helped to develop a program to build the capacity of parents to improve communication with each other, lead parent and community meetings, and engage with school and district leaders in decision-making processes. This and other efforts resulted in a more engaged group of parents, a school that was more connected with its community, and a foundation for school improvement that has led to consistent growth in student achievement.

To access resources and supports, please visit air.org/FairFundingResources.



ACTION 2

Connect Resource Allocation Reviews to School Improvement Efforts

A second ESSA provision intended to promote equity of funding across schools is the requirement for districts with schools identified for comprehensive support and improvement to conduct a comprehensive needs assessment. District and school leaders can use this requirement as an opportunity to candidly examine how resource allocation practices and decisions influence students' educational opportunities and outcomes. In particular, districts can include information on financial and nonfinancial resources (such as staff experience and qualifications and course offerings) to evaluate whether existing resource allocation supports the improvement of low-performing schools.

EXAMINING RESOURCE ALLOCATION AND STUDENT ACHIEVEMENT

The most common way of examining equity is to look at the relationship between student characteristics and levels of resources. Generally, when AIR conducts this type of analysis, we examine whether high-poverty schools have different resource levels than low-poverty schools. Another beneficial exercise might be to examine whether high-achieving schools have different levels of resources than low-achieving schools. Potential resource inequities that could be examined in this type of analysis include the following:

- Overall levels of spending
- Levels of spending within certain categories (e.g., personnel vs. nonpersonnel, instructional vs. administrative spending)
- Numbers and characteristics of staff (e.g., pupil-teacher ratios, teacher experience and credentials, caseloads for noninstructional staff such as guidance counselors)

AIR also has conducted studies examining “beating-the-odds” schools. Students at these schools outperform their peers at other schools with similar characteristics and student populations. Comparing how resources are used in beating-the-odds schools with otherwise similar lower-performing schools might shed light on how resources could be used more efficiently in schools that do not meet performance benchmarks.

Education leaders can examine the connection between resource allocation and student achievement by answering the following questions:

- To what degree does the existing allocation of resources match the priorities included in our school improvement plan?
- In what ways are we overutilizing or underutilizing any of our existing resources in supporting the improvement of low-performing schools?
- How can we improve our resource allocation planning and decision-making in the future? In other words, are resources currently being allocated in a cost-effective manner?

Key resource

- Facilities Information Management: A Guide for State and Local Education Agencies (from the National Center for Education Statistics)



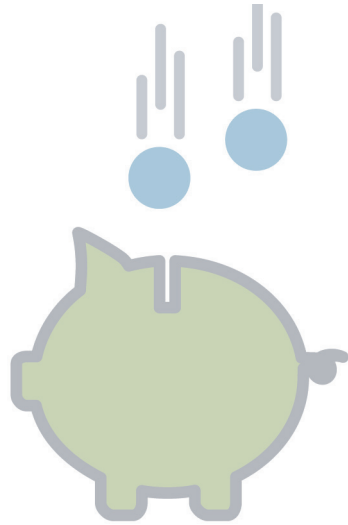
Supports available from AIR

■ **Evaluation of the cost-benefit and cost-effectiveness of interventions.**

AIR recently completed an evaluation of dual-credit instruction in Texas, examining the impact of dual credit on students' educational attainment. We also identified the cost of providing dual-credit instruction and the benefits of such programs to students and society as a whole.

■ **Development of cost-effectiveness analyses for interventions.** AIR is currently examining:

- A reading intervention for elementary school English learners across multiple states;
- A professional development intervention for English learner teachers in Los Angeles Unified School District;
- A statewide targeted-intervention program for math and reading at the high school level in Kentucky; and
- A middle school intervention in New York City focused on school safety.



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ACTION 3

Examine Your Approach to Funding Schools

Another provision of ESSA offers an opportunity for districts to engage in a pilot of student-centered funding programs, also known as weighted student funding. In WSF systems, dollars are provided to schools in a weighted fashion; in other words, more dollars go to schools serving students with additional needs. Weighted student funding models are intended to improve equity and transparency of resource allocation, as well as provide school leaders with flexibility to apply their funding allocations in a way that best meets the needs of their students. To evaluate whether a weighted student funding system might help improve equity, transparency, and flexibility, we encourage district leaders to do the following:

- Evaluate the strengths and weaknesses of the current system of allocating resources to schools and whether the current system is aligned with district and state priorities. Some of the key features of current systems to consider are whether the system provides resources to schools equitably, whether the system is transparent (e.g., Is it clear why some schools receive more or less funding than others?), and whether the system provides principals sufficient control or flexibility over how to use resources.
- Consider what it would take to implement a weighted student funding system and discuss the positive aspects of potential challenges related to implementing such a system.
- Pilot a WSF system using a subset of schools within the district. If a district decides a WSF system would be appropriate and would create tighter alignment between resource allocation and district priorities, then district leaders should take steps toward implementing a WSF system.

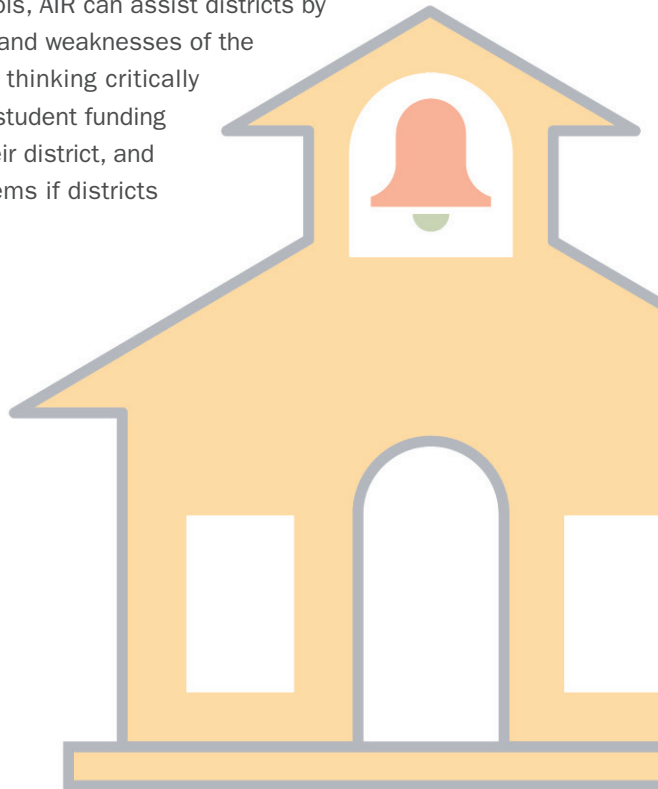
Key resource

- Evaluations of WSF systems in Hawaii, Oakland, and San Francisco. AIR has a long history of conducting evaluations of weighted student funding systems and will release a national study of such systems in 2019 for the U.S. Department of Education.

Support available from AIR

- **Assistance for districts in evaluating current funding formulas.** AIR has helped several districts in California examine their systems for funding schools and has developed resources for districts in this area. Given our vast experience in both researching and implementing systems of funding schools, AIR can assist districts by evaluating the strengths and weaknesses of the current funding formula, thinking critically about whether weighted student funding would be a good fit in their district, and implementing such systems if districts choose to do so.

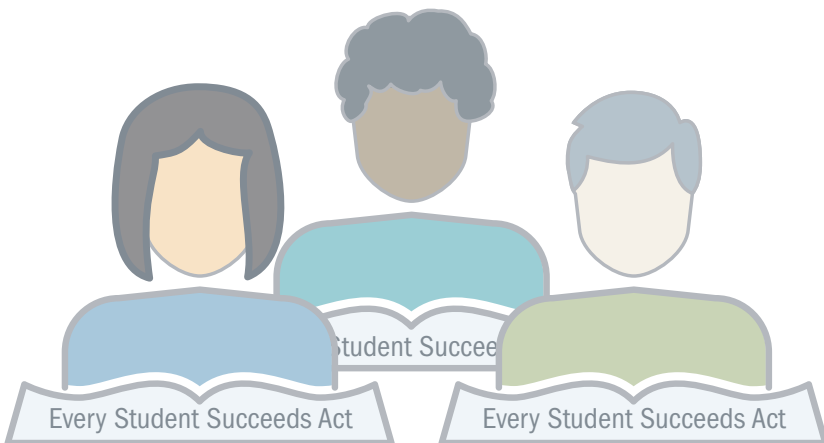
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Call to Action

Without an equitable distribution of resources to schools, students do not have equal opportunities to succeed in their schooling. Gaps in achievement and educational attainment between students from families with different incomes are growing (Bailey & Dynarski, 2011; Reardon, 2011). The differences in educational outcomes translate to differences in life outcomes; students with higher levels of education have consistently higher incomes than those with lower levels of education.

The good news is that more equitable distribution of resources has been shown to improve student outcomes for children from low-income families and reduce achievement gaps (Jackson et al., 2016; Johnson & Tanner, 2018; Lafortune et al., 2018). ESSA provides states and districts with an opportunity to critically evaluate their current systems of funding schools. In doing so, states and districts can create more equitable and purposeful systems that target more resources to those who most need them and are focused on helping low-performing schools improve.



In this guide, we presented three strategies for leveraging ESSA to improve equity of school funding, resources for acting on these strategies, and related supports available from AIR. Going forward, we recommend that you:

- Consider the gaps between your current strategy for addressing equity of funding and these recommended actions;
- Adapt the provided resources to support your strategies; and
- Consider how external providers might help address these gaps.

We hope this guide serves as a starting point for education leaders to think critically about equitable school funding. We look forward to discussing the needs of your state or district further. You may contact ESSAsolutions@air.org or Jesse Levin, principal researcher at AIR, at 650.376.6270.



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Established in 1946, the American Institutes for Research (AIR) is an independent, nonpartisan, not-for-profit organization that conducts behavioral and social science research on important social issues and delivers technical assistance, both domestically and internationally, in the areas of education, health and workforce productivity.

