Center for American Progress

AP PHOTO/NATI HARNIK

Funding Education Equitably

The "Comparability Provision" and the Move to Fair and Transparent School Budgeting Systems

Saba Bireda March 2011

Introduction and summary

The old axiom that the rich get richer certainly plays out in the American classroom—often to the detriment of achieving academic success.

Data on intradistrict funding inequities in many large school districts confirm what most would guess—high-poverty schools actually receive less money per pupil than more affluent schools.[1] These funding inequities have real repercussions for the quality of education offered at high-poverty schools and a district's ability to overcome the achievement gap between groups of students defined by family income or ethnicity.

The source of these funding inequities is not a deliberate scheme designed to steer more state and local funds to affluent schools. Rather it is often the result of an accumulation of higher-paid, more senior teachers working in low-poverty schools. High-poverty schools typically employ less-experienced, lower-paid teachers, thereby drawing down less of the district's funds. The imbalance in funding created by this situation can total hundreds of thousands of dollars school by school.[2] Archaic budgeting practices that track positions instead of actual school expenditures only serve to reinforce this inequity.

Aside from concerns about the inequitable distribution of veteran and novice teachers across schools, students attending high-poverty schools actually need more funding to achieve at the level of their wealthier counterparts.[3] The federal government recognizes this fact with its allocation of federal funds under Title I of the Elementary and Secondary Education Act, or ESEA. One condition of receiving Title I funds is that districts allocate state and local funds equitably to non-Title I and Title I schools before spending federal monies. The "comparability" provision was implemented to ensure that schools spend Title I funds on services meant to enhance educational opportunities for students at high-poverty schools and not to make up for unfair shares of state and local resources stemming from conventional management and budgeting practices.

The comparability provision should be a strong tool to correct the funding disparities created by an inequitable distribution of higher- and lower-paid teachers. But for years, districts have been able to evade true comparability between schools due to a loophole in the law. The loophole allows districts to demonstrate compliance without comparing the amount of actual dollars spent at each school. Instead, districts can show comparability by placing equal numbers of teachers, on a per-pupil basis, at high- and low-poverty schools.

If a district does compare per-pupil expenditures, for example, the district can use a district-average teacher salary in calculations in place of actual salaries in school budgets. This common budgeting practice masks significant funding inequities. Under the current provision, districts can continue to receive Title I money even as their most high-poverty schools are deprived of fair shares of local and state funds.

The Center for American Progress previously discussed the need to close the comparability loophole in the next reauthorization of ESEA.[4] One necessary element of this goal is requiring districts to report the actual amount of money each school in the district receives in its annual allocation of state and local funds.[5] The foremost challenge for many districts will likely be updating accounting and budgeting practices to calculate school-level expenditures using actual dollars instead of abstract quantities such as full-time personnel slots. Once districts complete the task of being able to see how much schools are receiving in actual dollars, they must then move to the challenging task of devising a funding process that corrects the fiscal inequities that are uncovered.

CAP has proposed that a phase-in period will be necessary for districts to reach full compliance with a revised comparability provision. During this phase-in period, districts would have the opportunity to experiment with policies that allow them to meet the requirements of the new law. Districts that uncover funding inequities due to an imbalance in funds tied to teacher salaries will have to think of creative ways to shift salary expenditures or supplement funding for high-poverty schools.

Some fear that in pursuit of a quick fix, districts will rely on counterproductive measures such as forced transfers of teachers to achieve comparability. The tenuous link between years of experience and teacher effectiveness should give any superintendent concerned about student performance pause before pursuing such practices. Districts that rely on the forced reassignment of experienced teachers to achieve comparability miss an opportunity to direct resources toward other effective strategies, such as expanding learning time, for increasing student achievement. Furthermore, teachers are generally protected from involuntary transfers in collective bargaining agreements and state law.[6]

Closing the loophole is sure to be a priority for the Obama administration when ESEA reauthorization occurs.[7] Several districts—including Baltimore, Hartford, Oakland, San Francisco, New York, and Los Angeles—have taken affirmative steps to address funding inequities even without the nudging of a more strenuous comparability requirement. Several districts now use weighted student funding formulas where schools are allocated funds based on the needs of students. As part of funding reforms, districts have also devolved many budgeting decisions to the school level and allow principals to manage important choices about spending related to staffing, curriculum, and academic enrichment activities.[8] Thus, an augmented comparability requirement is consistent with the idea of strategic, results-oriented management practices.

Districts that have taken aggressive steps to make school funding more transparent and equitable will have a significant advantage in adapting to a new comparability provision. For now, these districts provide a prospective view of the changes needed to fund schools fairly and the implications such reforms have on school and district operations. This report will highlight relevant issues that arise as districts attempt to design fair and transparent school funding systems.

The Center for American Progress is a nonpartisan research and educational institute dedicated to promoting a strong, just and free America that ensures opportunity for all. We believe that Americans are bound together by a common commitment to these values and we aspire to ensure that our national policies reflect these values. We work to find progressive and pragmatic solutions to significant domestic and international problems and develop policy proposals that foster a government that is "of the people, by the people, and for the people."

Center for American Progress

Made possible with support from the broad foundation education

1333 H STREET, NW, 10TH FLOOR, WASHINGTON, DC 20005 • TEL: 202-682-1611 • FAX: 202-682-1867 • WWW.AMERICANPROGRESS.ORG