How Districts Allocate Funds to Schools

Marguerite Roza
How districts fund schools (and create inequities)

**Step 1:** Districts “staff” schools: assign base FTEs to each school using staffing formulas

=> *Higher priced teachers drive more funds to less needy schools*

**Step 2:** Districts allocate extra (“non-formula”) FTEs and funds for non-staffing purposes.

=> *Wealthier schools receive more staff FTEs outside the staffing formula*
The Evidence:

Table 2: Unrestricted spending per elementary pupil across sampled California Districts

<table>
<thead>
<tr>
<th>Category</th>
<th>Low Poverty</th>
<th>High Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Teacher Expenditures</td>
<td>$2,570</td>
<td>$1,973</td>
</tr>
<tr>
<td>Teachers per 1000 students</td>
<td>44.9</td>
<td>41.5</td>
</tr>
<tr>
<td>Average teacher salary</td>
<td>$57,242</td>
<td>$47,545</td>
</tr>
<tr>
<td>Unrestricted Other Expenditures</td>
<td>$1,839</td>
<td>$1,648</td>
</tr>
<tr>
<td><strong>Total Unrestricted</strong></td>
<td><strong>$4,409</strong></td>
<td><strong>$3,621</strong></td>
</tr>
</tbody>
</table>

Source: Rose, et. al School resources and academic standards. PPIC (2006).
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Step 2: Districts allocate extra (“non-formula”) FTEs and funds for non-staffing purposes.
=> Wealthier schools receive more staff FTEs outside the staffing formula

Step 3: Districts allocate “targeted” funds to high needs students
=> State targeted funds can be used to offset federally targeted funds
State categoricals can also be a problem

Title I dollars reach high poverty schools... but...

- 94%
- 92%
- 89%
- 86%
- 72%
- 50%
- 15%
- 2%

Percent Poverty

Compensatory Weights

- Federal
State categoricals can also be a problem

State targeted funds can offset Title I

Compensatory Weights

Percent Poverty

Federal
State & Local
The Role of Title I Funds

**Purpose:** Federal Title I program now brings some $14 billion to high poverty districts with the intention of boosting spending on high poverty students above that for other students.

**Comparability Provision:**

- Districts must equalize services to high and low poverty students before using Title I funds
- Federal Title I dollars must be used to augment services for poor students.
But Title I comparability is not working
Flaw in “Equivalence Test”

Three-part “Equivalence Test” promotes problematic district budget practices and misses inequities. Districts are compliant if they have:

a) Salary Schedule
b) Staffing formula
c) Formula for allocating curriculum supplies, etc.
Flaw in “Equivalence Test”

Equivalence test has the effect of:

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