
# Comparable, Schmomparable

## Evidence of Inequity in the Allocation of Funds for Teacher Salary Within California's Public School Districts

Raegen T. Miller May 2010

# Executive summary

Inequity haunts U.S. public school finance. Some federal programs are demonstrably unfair in allocating funds to states, and there prevails in many states a negative relationship between the rate of student poverty in school districts and the amount of per student revenues made available by the state funding formula. There is also reason to believe that the distribution of funds to schools within districts systematically disfavors schools serving the highest concentrations of low-income students. The reason is that funds follow teacher experience. Teacher salary, the largest category of school expenditure, is tightly linked to seniority, which also confers transfer privileges. Teachers tend to exercise these privileges to flee high-poverty schools for ones serving more affluent communities.

The empirical literature documenting the extent of within-district inequity is astonishingly thin. The data necessary to assess such inequity—actual expenditures at the school level—have been almost completely absent from the picture historically. School districts generally allocate funds to schools using abstract, nonfinancial terms such as the ratio of students to teachers, and districts, not schools, pay teachers' salaries. School budgets and expenditure reporting fail to reflect actual teachers' salaries, which one expects to be lower, on average, in high-poverty schools where teacher turnover holds down the average level of experience. Thus, school districts' ordinary business practices can conceal salary gaps: differences between the average salary of teachers in high-poverty schools and the average salary of teachers in low-poverty schools.

Intrepid researchers and advocates have made progress in pegging hidden salary gaps over the past few years. Laboriously constructed estimates of schools' average teacher salary reveal pervasive salary gaps among large school districts in several states. Yet within-district inequity is of potential concern in most school districts in every state. Fortunately, the American Recovery and Reinvestment Act of 2009, also known as the stimulus bill, included a reporting requirement that should enable researchers and advocates to expose hidden salary gaps far and wide.

This paper exploits a unique dataset containing information on a representative sample of 1,692 California public schools. Most of the data were drawn from centralized files maintained by the California Department of Education and the National Center for Education Statistics, but school-level average teacher salaries were plucked, one by one, from online school accountability report cards. Foreshadowing the reporting requirement of the stimulus bill, California Senate Bill 687 required schools to post actual expenditure data, including average teacher salary, on these electronic documents.

Analyses of this data shed light on the extent of within-district inequity in California. A 10 percent increase in the rate of student poverty in a California public school is associated with a $411 drop in average teacher salary, on average, controlling for several characteristics of districts and schools known to affect funding streams. This abstract finding translates to concrete disparities in funds available to support instruction. The aggregated salary gap between two otherwise identical schools with the average number of teachers, one with a student poverty rate of 50 percentage points higher than the other, amounts to approximately $76,000. Further analyses demonstrate that results are robust to a number of sensitivity tests, and they provide evidence consistent with the notion that policies by which funds follow experience are responsible for inequity. The magnitude and pervasiveness of predicted salary gaps corroborates existing evidence from large California districts while pointing to a statewide problem.

This paper demonstrates methods suitable for assessing salary gaps in a fair, simple, and general way. Its findings, while building knowledge and highlighting California's leadership in promoting transparency in school expenditures, represent the tip of the iceberg of an underexamined facet of fiscal equity. The stimulus bill reporting requirement will enable researchers and advocates to uncover hidden salary gaps in other states.

Uncovering these hidden gaps should be a high priority for two reasons. First, school districts wishing to allocate resources in ways that promote student achievement generally and help close achievement gaps between low-income students and their more affluent peers need a better grip on how they allocate resources in the first place. Second, Congress needs a better understanding of inequity currently condoned by a loophole in the comparability requirement, one of three fiscal requirements placed on districts receiving funds under Title I, Part A of the Elementary and Secondary Education Act.

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 FORDFOUNDATION

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