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Lifting the Fog of Averages

Enacting and Implementing California's Requirement to Report Actual Per Pupil Expenditures School by School

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Introduction and executive summary

California is hardly on the cutting edge of national education policy these days. Recently released National Assessment of Educational Progress scores show California's fourth and eighth graders among the lowest performing in the country,[1] and its recent best effort to flex its innovation muscle saw the state finish 27th out of 41 Race to the Top applicants.[2] Yet sometimes the Golden State still finds its way into the forefront of education policy. This paper will explore one such recent example—specifically, the effort to lift the fog of averages that have enveloped public disclosure of local per pupil expenditures—and the implications for such efforts nationally.

In 2005, California passed the first law in the country to require that, each year, all school districts publicly report each school's actual per pupil expenditures as well as the average of each school's actual teacher salaries. The Obama administration has signaled its interest in similar reporting requirements for all schools in districts receiving funds under Title I of the Elementary and Secondary Education Act with a provision in the American Recovery and Reinvestment Act, or ARRA, of 2009 calling for similar information for the 2008-09 school year. With the impending reauthorization of ESEA, it is appropriate to examine the passage and implementation of California's new law for lessons applicable to the national arena.

Senate Bill 687 requires every public school to report its *actual* per pupil expenditures—including *actual* teacher salaries—school by school. The legislation sprung from the convergent desire of a number of different California advocates for better information on inequities in school spending, typically generated by the inequitable distribution of experienced teachers. California, like other states that publicly report local per pupil expenditures, had previously reported only districts' average expenditures per pupil. As a consequence, public reporting has been wildly misrepresentative of the true level of dollars spent in different schools and has masked significant disparities in spending between schools.

Inequitable school spending works along different dimensions: between states, between districts within states, between schools within districts, and even between students within schools. The biggest differences in spending arise between states.[3] Most of the litigation over school funding, in the form of state constitutional challenges, have addressed interdistrict disparities.[4] And at the most micro level, funding inequities can arise within schools as pertains to different students or classes of students. But the reform analyzed here focuses on revealing intradistrict disparities in school spending (though the data produced can also be used to compare spending in schools across the state).[5]

Exposing and redressing such disparities in spending between schools within districts, especially between low-income Title I schools and non-Title I schools, promises to be a key topic of concern in the ESEA reauthorization, judging from the administration's ESEA Blueprint.[6] As noted, the administration has already signaled its interest in replicating S.B. 687 on a national scale by requiring in the stimulus bill the first ever national reporting of actual per pupil expenditures school by school for the 2008-09 school year,[7] and by recently requiring actual per pupil expenditure and actual teacher salary data be reported biennially by a representative sample of 7,000 school districts.[8]

The California legislation garnered widespread support across the political spectrum. Its call for fiscal transparency appealed not only to progressives concerned about equitable spending, but to conservatives and business groups interested in transparency for its own sake as well as promoting a more efficient use of public resources whereby school funding could closely follow students' needs. No visible opposition was encountered during the legislative history. The bill earned strong media and editorial support, sailed to passage with a strong bipartisan concurrence, and was signed into law by Republican Gov. Arnold Schwarzenegger.

The California Department of Education, or CDE, took quick action to implement the bill, but has left key questions unanswered for school districts, undermining consistency in implementation. Most notably, the CDE has failed to develop common and consistent understandings across districts for how to identify school-level expenditures. Expenditures in gray areas—such as for custodians or resource teachers shared among schools, for summer school, or district-driven professional development—are given different treatment by different districts in the absence of state guidance.

Also, the CDE has also not actively monitored or enforced districts' compliance with S.B. 687. As a result, reporting compliance was slow to occur. The private monitoring and enforcement efforts—including a successful lawsuit—undertaken by the authors' organization, Public Advocates, have substantially boosted the number of districts and schools now reporting their expenditure data.

The public invests too much in education, and the condition of our nation's schools is too vital to the national interest, for California or the country as a whole to remain unaware of how tax dollars are being spent. Congress should include a similar ongoing fiscal transparency requirement in the ESEA. The comparability requirement, one of three fiscal requirements for the receipt of Title I funds under the act, is a perfect vehicle for this purpose. Congress should expect that effective implementation—to the point where states and districts share common practices for reporting school-level expenditure data—will take a few years to accomplish. A revised comparability requirement should be structured accordingly, providing direction and support to the Department of Education and to states and districts for effective implementation. Adequate training, technical assistance, monitoring, and enforcement will need to be provided to ensure that ultimately, useful and comparable data are reported to local communities and to the public more broadly.[9]

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