

CPRE's School Finance Research: Fifteen Years of Findings

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CPRE and particularly the CPRE group at the University of Wisconsin-Madison have been working on school finance redesign since 1990. The issue that has driven this effort has been the goal of state standards-based education reform and, more recently, of the federal No Child Left Behind (NCLB) Act to teach all students to high standards. This goal has shifted the orientation of the education system from inputs to outcomes – student achievement to rigorous performance standards – with an attendant accountability focus at the school site. In the broader school finance community, this focus has induced a shift from “equity” to “adequacy,” for both litigation and policy. Though adequacy narrowly seeks to identify the level of dollars needed to produce a desired level of student achievement, its more general objective is to redesign the finance system to link resource levels and resource use practices more directly to student learning.

This policy brief describes how CPRE has approached this agenda over the past decade and a half, cites the bulk of research that we have published, and reveals how our current finance research has begun to explicitly link the level and use of resources with strategies districts and schools can deploy to literally double student performance over a five- to ten-year time period. During the time period over which this finance research agenda has evolved, we believe it has succeeded in linking school finance equity and adequacy, aligning effective allocation and use of resources to the most powerful and comprehensive school-based strategies that can boost student learning, and identifying strategies for how and how much to pay teachers.

This policy brief summary of CPRE school finance research and its policy conclusions is divided into the following sections:

- How education dollars are spent
- Tracking education resource at the school level and by educational strategy
- Education resource reallocation
- Toward school finance adequacy
- Using resources to double student achievement
- Use of dollars after a school finance reform
- Pricing adequacy recommendations and enhancing teacher compensation
- School-based budgeting and the weighted student formula
- Summary with policy and practice implications

How the Education Dollar is Spent

We knew that accomplishing the student achievement goals of state and federal reforms required using the education dollar more effectively. Thus, we developed several efforts beginning in 1990 to better understand how the education dollar was typically being spent. This work led to several publications (Firestone, Goertz & Natriello, 1997; Goertz & Stiefel, 1998; Monk, Roellke & Brent, 1996; Odden, Monk, Nakib & Picus, 1995; Odden & Picus, 1992, 2000, 2004, and 2007; Odden & Busch, 1998; Picus, Tetrealt & Murphy, 1996; Picus & Wattenbarger, 1996). The following are several conclusions from these analyses:

- a. There has been a steady increase in education dollars per pupil which, after adjusting for inflation, have risen on average about 3.5 % annually over the past 100 years.
- b. Today, about 61 percent of the education dollar is spent on instruction, with 10 percent on administration (5-6 percent at the site and 4-5 percent at the central office), 10 percent on instructional and pupil support, 10 percent on operations and maintenance, 5 percent on transportation and 5 percent on food and miscellaneous items. This pattern is remarkably similar for districts with very different demographics and number of pupils.
- c. Further, over the past fifty years, the percent of expenditures spent on the classroom – or instruction – has remained consistent at about 60-61%.
- d. However, over this same time period, there has been tremendous change in the composition of those classroom/instructional expenditures. Whereas fifty years ago the vast bulk of such expenditures were for regular classroom teachers (the grade level teachers in elementary schools and math, science, reading/writing, history and language teachers in secondary schools), today significant portions of such expenditures are spent on specialist teachers (art, music, family and consumer education, vocational education, health, physical education, etc.) and for extra services for struggling students – those from lower income backgrounds, those learning English and those with disabilities. More funding has also been used to employ instructional aides.
- e. There is no indication that administration consumes large sums of money. Administrative expenditures have remained pretty constant – about 5-6 % for site administration and about 4-5 % for central office administration. Interestingly, the latter figures are lower for the largest districts in the country, such as New York City, Chicago and Los Angeles.
- f. Though revenues per pupil increased consistently over time, there has not been a commensurate increase in student achievement, although more students are being served in schools and performance at the basic levels has risen. Although more services have been provided to students with special needs, perhaps ensuring that overall achievement did not drop, the consistent rise in spending

per pupil was not accompanied by a similar rise in student performance, at least over the past 30-40 years. The result means that current education goals are not likely to be met without determining how better to use school resources.

Though these findings were a good first step in understanding how the education dollar was used, we decided that additional information was needed.¹ To put the above findings into a more understandable context, we suggested that a different, and perhaps more helpful, way to understand how the educational dollar is spent is to think of it as divided into three portions:

- a. One portion for core instructional services (grade-level teachers in elementary schools and core subject teachers – mathematics, science, language arts/reading/writing, social studies and foreign language – in secondary schools), professional development and site administration. These would be considered the “line” resources in education.
- b. Another portion for additional instruction, as well as instructional and pupil support services: specialist subjects such as art, music, career/technical and physical education; compensatory, special and bilingual education services; guidance counselors, social workers, psychologists, family outreach personnel; and instructional support personnel such as librarians. These are the “support” resources in education as their purpose is to help the education system accomplish the core goal of student achievement in the core subjects.²
- c. A third portion for necessary “overhead” including operation and maintenance of schools (heating, cooling, cleaning, fixing, etc.), transportation, food services, and central office administration (the superintendent’s office, the business and personnel offices, and school board services).

The policy and practice issues, then, become whether expenditures in any of the three “portions” of education resources can be more productive, either by attaining current achievement with less money or by spending the extant money more effectively and boosting results, with a focus on the latter given the performance challenges for schools.

Addressing these issues required more detailed information about resource use practices. Since traditional fiscal reporting systems tracked expenditures by function and object at the district level, but not by the above three categories nor at the school level where teaching and learning take place, the typical financial reporting systems provided very limited information about how the education dollar is used. To be sure, the traditional fiscal reporting systems reported use by the functional categories of instruction, instructional support, administration, etc. but these categories are very

² As we indicate below, we have concluded that the major productivity issues in education have to do with how resources within the instructional function are used. For this as well as other reasons, we are not bullish with the notion to simply boost the percentage spent on instruction, i.e., the “65 percent solution.” Unless current and any new resources within the instructional function are spent more effectively, increasing the portion spent on instruction will be unlikely to impact student learning.

broad and provide little if any information on how the funds are used within each function, especially instruction. Such knowledge is needed to make more effective use of those dollars.

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