FOLLOW THE MONEY

**Preliminary Analysis of the Executive Proposal
to Stop "Trickle-Down Education Funding"**

The Education Trust–New York

We know that the level of school funding and how these resources are invested play an important role in student success — helping to determine whether students have access to strong educators, enroll in higher-level and advanced courses, are taught using modern textbooks and technology, and have the support of guidance counselors, librarians, and art and music teachers.

That is why we and other advocates often point to the stark g*aps in district-level per-pupil funding*, and the opportunities that come with it, in wealthier school districts versus school districts that serve more low-income students.

While crucial, these inequities are only part of the story.

The other component — how resources are allocated within school districts — currently remains hidden, potentially masking gaping inequities from one school to another.

Why does it matter? Because underneath the mantle of "local control," the schools that enroll the most historically under-served student populations — low-income students, students of color, English language learners, homeless students, or students with disabilities — might be given less state and local funding per-pupil than schools in the same school district with far smaller shares of those student populations.

It's time to do something about it.

In complementary ways, the Every Student Succeeds Act (ESSA) and the FY19 Executive Budget can shine a light and prompt action to close these *intra-district* resource equity gaps:

WHAT ESSA REQUIRES[1]	WHAT THE EXECUTIVE BUDGET PROPOSES[2]
TRANSPARENCY • Annual reporting at the school level — for the first time ever — and at the district level of per-pupil expenditures, disaggregated by source of funds (federal, state, and local). • The reporting must include actual personnel expenditures and actual non-personnel expenditures.	**ACTION** • Consistent reporting in a form developed by the State Education Department (SED) and approved by the Division of the Budget (DOB) that includes "uniform decision rules regarding allocation of centralized spending" — meaning that there will be true apples-to-apples comparisons of resource equity across schools. • Eligible school districts must submit their proposed per-pupil funding for each school, along with the demographic data for the school and other information. • Approval by SED and DOB is required for the district's allocation plan, based on factors including student need. • A school district that does not receive approval will not receive its State Aid increase.

THE EXECUTIVE PROPOSAL WOULD APPLY TO RELATIVELY FEW, LARGE SCHOOL DISTRICTS:

Beginning with the 2018-19 school year: *school districts located in a city with a population of more than 125,000 people[3]*

- Buffalo
- New York City
- Rochester
- Syracuse
- Yonkers

Beginning with the 2019-20 school year: *school districts containing at least nine schools and which receive at least 50 percent of their total revenue from State Aid[4]*

- Binghamton
- Brentwood
- Elmira
- Hempstead
- Jamestown
- Newburgh
- Niagara Falls
- Rome
- Schenectady
- Utica

PROMISING ELEMENTS IN THE EXECUTIVE PROPOSAL

1 It requires **consistent and transparent** reporting across school districts.

2 It requires school districts to seek approval for their per-pupil allocation decisions — creating a **new incentive for school districts to address the funding inequities within their control** and invest in the students with the greatest needs, or potentially face consequences.

3 It **requires immediate action** for the largest school districts in 2018-19 while providing **sufficient time** for other large school districts to fulfill the requirements by 2019-20.

QUESTIONS FOR POLICYMAKERS AND THE PUBLIC

1 **How will school-level funding be defined?** At minimum, it is important to establish clear and detailed statewide definitions for "school site expenditures" (which must include the actual salaries for personnel who work in a single school) and "central office expenditures," and require that they be reported separately per-pupil and as one grand per-pupil total.

2 **Should more school districts be subject to these important equity provisions?** For example, including any school district with at least 6 schools — rather than 9 schools — would add student equity protections in an additional 16 school districts that together enroll 66,000 students.

3 **Will there be a clear test of whether school districts are making equitable local investment decisions?** The most straightforward test would be: Do the school district's schools that serve the greatest proportion of low-income students (or students of color, etc.) spend at least as much in combined state and local funds per pupil as the school district's schools that serve the smallest proportion of low-income students (or students of color, etc.)?

4 **How will school districts demonstrate that they are making sufficient progress in closing these gaps?** In order for school districts to receive approval of their funding plan, the state may want to consider how a school district is investing its new resources (e.g., annual increases in State Aid and local revenue) to close per-pupil gaps as well as how it will address structural inequities among its schools over a reasonably short period of time.

ENDNOTES

[1] Every Student Succeeds Act section 1111(h)(1)(C)(x).

[2] FY19 New York State Executive Budget. Education, Labor and Family Assistance (ELFA) Bill. Part A. Available at: https://www.budget.ny.gov/pubs/archive/fy19/exec/fy19artVIIs/ELFA-ArticleVII.pdf.

[3] United States Census Bureau. City and Town Population Totals: 2010-2016. Available at: https://www.census.gov/data/tables/2016/demo/popest/total-cities-and-towns.html#tables.

[4] Number of schools downloaded from: New York State Department of Education, Information and Reporting Services. Derived from "2016-17 School-Level Data by Grade." Available at: http://www.p12.nysed.gov/irs/statistics/enroll-n-staff/home.html.

State Aid and total revenue data downloaded from: New York State Department of Education, Fiscal Analysis and Research Unit. Derived from "Masterfile for 2015-16." Available at: http://www.oms.nysed.gov/faru/Profiles/profiles_cover.html.