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POLICY REPORT

Equity and Equality in Education Finance:
Trying to Level the Playing Field

INTRODUCTION

> **Funding gaps undermine one of our most powerful and core beliefs that we as Americans cling to: that no matter what circumstances children are born into, all have the opportunity to become educated and, if they work hard, to pursue their dreams.**
>
> **The Education Trust (2005), p. 2**

Although most Americans staunchly believe that all children should have equal educational opportunities, the resources that help determine how well these students do in school are far from being equally distributed (Biddle, 1997). Instead, per pupil funding for students in pre-K through 12, an important measure of financial equity, varies widely in schools and districts across the United States. In fiscal year 2008, the lowest five percent of school districts in the United States had current expenditures per pupil of $7,155 or less, while the highest 5 percent spent $18,477 or more (Honegger & Johnson, 2010). These vast disparities lead to appreciable differences in the quality of school buildings, facilities, curricula, instructional equipment, teachers' salaries, and student teacher ratios (Biddle, 1997). Concerns about these discrepancies in funding and their implications for various student groups have been voiced since the early 1900s and continue to drive policy discussions and development (Ladd, 2008; Odden & Picus, 2000) well into the 21st century.

Disparities in school funding are largely the result of policy choices or more accurately, policy failures. Although no student should be penalized simply because of where they live, inequitable policies and practices at the state and federal levels, especially those related to taxation and school finance, leave some districts in a much better position than others to provide their students with a quality education (Carey & Roza, 2008). Differential resources then generate unequal educational opportunities as well as disparate outcomes, especially for disadvantaged minority and low-income students (Biddle, 1997; Grissmer, Flanagan, & Williamson, 1997).

MECHANISMS FOR SCHOOL FINANCE

Unlike most industrialized nations, in the United States, much of the funding for primary and secondary education is from local sources (Biddle, 1997). Federal contributions to school spending have been relatively small, never more than 10% of the nation's overall educational expenditures and for the last 30 years, they have been closer to 7% (Manna, 2006). States contribute about 50% of the funding for a typical school district and local governments provide approximately 45% of the cost of elementary and secondary education (Owings & Kaplan, 2006; Ulbrich & Saltzman, 2009). Given the localized nature of school governance in the United States, these proportions may vary (Ulbrich, 2003).

Property taxes, which are based on wealth and differ greatly across states and even districts, provide about 70% of the local funding for schools. Because these funds make up such a significant portion of all educational financing, differences in property tax revenues mean that districts in wealthier areas have access to substantially more resources for education than those in the poorest areas (Ulbrich, 2003).

EQUALITY V. EQUITY IN EDUCATION FINANCE

Although the equal protection clause of the Fourteenth Amendment has been invoked repeatedly in school finance litigation, equality is not a true school finance issue. Differences in community resources, students' educational backgrounds, and their learning needs mean that students cannot be treated equally given the expected uniformity of school outcomes (e.g., moving to the next grade level, graduation from high school, readiness for college). Instead, policymakers often focus on equity or providing for the varying needs of students so that everyone experiences at least some aspect of the desired outcomes. Students requiring more services must be provided with more resources, ultimately resulting in more equitable but often significantly unequal treatment (Ladd, 2008; Morse, 2007; Owings & Kaplan, 2006).

Table 1

School Related Correlates of Educational Achievement

- Rigor of Curriculum
- Teacher Preparation
- Teacher Experience and Attendance
- Class Size
- Technology-Assisted Instruction
- School Safety

Note. From Barton, (2003).

Equity can apply to either inputs or outcomes. An equitable input system can be described as one in which all individuals or groups have similar inputs but may have different outcomes. An equitable outcome system means that all individuals or groups may have different inputs yet have similar outcomes. In systems such as schools where substantial differences exist, in order to have equitable outcomes, it is often necessary to have unequal inputs. Only in systems with homogeneous populations would there be the potential for both equitable inputs and outcomes (Ladd, 2008).

Per pupil spending is often seen as a critical indicator of equity. Because per pupil spending is a broad measure of inputs to a school system, it captures indicators such as the number of teachers in a school or district, how many supplies, including advanced technology and books, that are available for each student as well as other resources that can be purchased with allocated funds. However, per pupil spending is far from precise as an indicator of equitable inputs. Without specific and detailed information, there can be a great deal of hidden variation in school inputs. Teacher quality cannot be measured accurately using per pupil spending, nor can the quality and appropriateness of facilities and other non-operating budget items. Unfortunately, simply equalizing spending does little to guarantee an equal quality of education (Ladd, 2008) or equal outcomes. To increase the likelihood of equal or similar outcomes, we must look instead to equity (Berne & Stiefel, 1984; Odden & Picus, 2000; Owings & Kaplan, 2006).

IMPLICATIONS

One of the most challenging and prevalent examples of vertical inequity in U.S. school systems centers on minority and low-income students. Because these students often come to school less ready-to-learn than their more affluent peers, they require additional support. Concentrations of low-income students in schools tend to be associated with poor working conditions for teachers and poorer learning environments for students. To ensure outcomes for these students that are comparable to those of wealthier White students, additional funding is necessary to make up for these and other background variables (Ladd, 2008).

Although there is little consensus on the effects of school funding on student outcomes (Biddle, 1997; Ferguson, 1991; Hanushek, 1989; Hanushek, 2001), there is evidence that money does matter in relation to student achievement. Most importantly, empirical research has refuted claims that, despite doubling funding for education between the late 1960s and early 1990s, NAEP test scores increased only slightly. Disaggregating these scores shows that increased funding, while improving White scores only somewhat, dramatically improved them for African American and Hispanic students. Increased school funding

can actually matter more for students from less advantaged backgrounds and for minority students while having little or no effect on students from more advantaged backgrounds (Grissmer et al., 1997).

Current funding policies for schools in areas with high percentages of minority students and students from low-income families result in inadequate resources for factors related to academic achievement such as class size and experienced teachers (Barton, 2003; Biddle, 1997) (See Table 1). These disparities can be seen in the well-documented gaps in school achievement among racial groups and between low-income and more affluent students (Barton, 2003; KewalRamani, Gilbertson, Fox, & Provasnik, 2007).

RECOMMENDATIONS

•Policymakers should make a special effort to recognize and address inequities in school resources, paying special attention to disparate outcomes.

•Use various methods to assess the status of equity in schools. Although useful as a starting point, as previously indicated, per pupil expenditures fail to take into account old buildings, out of date books and supplies, and poor teaching credentials. A qualitative analysis of infrastructure and the status of critical resources would be necessary to accurately assess needed funding.

•A school finance system that is vertically equitable is one that results in approximately equal average outcomes for different policy-relevant groups (Ladd, 2008). Using a relatively simple process, vertical equity can be assessed by implementing a horizontal equity analysis using the number of weighted pupils as the pupil measure. However, it should be noted that for validity, this method of assessing vertical equity requires accurate data to quantify the level of need for the targeted students (Odden & Picus, 2000).

•Develop a clear understanding of the nature of school finance problems to ascertain the extent to which they are rooted in the tax structure or caused by other factors.

•Disaggregate school finance data systems to allow policymakers to pinpoint groups where additional resources may be necessary.

•Increase public awareness of disparities in educational finance and how these adversely affect student outcomes. Encourage people to become proactive in local, state, and federal education issues including school funding.

The goals of education, quality of education, accessibility of education, equity and adequacy of funding, although difficult matters to decide, determine the quality of life in a society.

Jane Fowler Morse
***A Level Playing Field: School Finance in the Northeast* (p. 21)**

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