

To Be Fair, Parents and Schools Sometimes Treat Their Children Differently

Thank goodness we discovered our oldest boy needed glasses by the time he was eight. Otherwise our highly contemplative son might not have fallen in love with the gentle mice of Brian Jacques' Redwall.

Now our second son, was a different story. By the time he turned eight, we learned this impulsive, energetic boy had ADD and needed a doctor's care and a whole bevy of support services to cultivate an interest in reading.

To ensure both boys would be successful in school, we had to spend more on one than the other.

Ours is not a unique experience. Every parent knows that their children may differ in learning styles and educational needs. And every parent knows family budget priorities have to shift as their children's developmental needs change over time.

Similar to parents, school districts provide different educational programs for children who have different learning needs. Because, just like parents, school districts want to prepare *all* their children for good jobs in the future and for the challenges of supporting themselves and their families.

All state school districts hire specialists and offer customized courses and services to children who have diagnosed learning disabilities, who do not speak proficient English, or who are academically disadvantaged because of impoverished backgrounds.

Most school districts also provide supplemental and specialized services that extend beyond the regular curricula to other students, including

- Highly intelligent students who need a challenging curriculum,
- Migratory students who need supplemental instructional and administrative services,
- Students seeking jobs after high school who need career and technical education programs to prepare them for skilled work,
- Students in crisis who need specialized counseling care, and
- Students who need extra academic help – regardless of their background.

Similar to parents, why would anyone expect a school district to spend the same amount per student for 10 students with no extra educational needs as for another 10 students who do?

So, if we can agree it's fair to spend different amounts of money on different types of students, can we agree that any analysis of a school district's expenditures should reflect that some students cost more to educate than others?

Certainly, finance experts from the American Education Finance Association and the U.S. National Center on Education Statistics would agree it's fair and have publicly recommended analysts to adjust for these student-need related costs. Beyond that, all finance experts recommend accounting for the time-value of money.

Such adjustments allow an understanding of how nominal dollars and seemingly large amounts of excess funds quickly shrink once the analysis accounts for the effects of inflation and the varying costs of student-needs.

A Fair Financial Analysis of the Spokane School District's Operating Expenditures

Following the advice of financial experts, let's *fairly* analyze the Spokane School District's operating expenditures over a seven-year period, extending from school year 2004-05 to school year 2010-11. As explained below, the analysis uses a methodology recommended by national experts to ensure an equitable picture of how school funding has changed over time in Spokane's large and diverse urban school district.

First, let's cut to the chase and report the findings:

Taking into account inflation and the relative cost of educating varying student types, the difference in spending per pupil over the seven-year period shrinks from the nominal amount of \$2,093 per pupil to the more real amount of \$427 per pupil, with most of the shrinkage due to inflation.

Considering what is generally known about educating diverse students and the changing nature of what constitutes a basic education in today's society, parents might well wonder if the remaining difference of \$427 might decline even further if the analysis had included

- The relative, additional costs of educating highly-capable, migratory, career & tech prep students or other special-category students, or
- Any change in what constitutes a 'basic education' since 2004-05. For example, the state has recommended curricular enrichments in the science and math elements of basic education that certainly could have resulted in an increase in the base cost of a basic education, and
- Student-weights that are more representative of the true cost of educating the three student types used in the analysis (students living in poverty, students in special education classes, and English Language Learners). For example, research suggests that the additional costs of educating students living in poverty are greater than the 20 percent-above-the-base weight used in this analysis, and may be as much as 100 percent above the base (or twice the norm).

Finally, an analysis of the separate contributions of state and local funding reveals that the state's share barely kept pace with the effects of inflation and with the changing and growing needs of the district's student population. Local dollars have increased at a faster rate than state dollars.

Taken together, the findings help support what Spokane School Board members and others have said regarding the critical importance of local levy dollars: Local levy dollars have indeed been used to backfill the gaps left by inadequate state funding for basic education.

The findings also support the contention that school funding is not adequate for all students.

Step 1. This is an analysis of Spokane School District's *actual* operating expenditures over a seven-year period starting from school year 2004-05 to school year 2010-11.

This is the time period for which data readily exists on the state's website for school district finances.

In the real business world, some differences are expected between actual and projected or budgeted spending figures. In each of the last seven years, the Spokane School District actually spent 95 percent to 98 percent of the operating expenditures that were budgeted for the year. The budgeted operating expenditure for school year 2011-12 was not included in the analysis.

Operating expenditures draw from revenues received from federal and state governments and collected locally, largely through school levies.

Operating expenditures are for the routine costs incurred each year in providing education services. Such costs include those for instruction, the maintenance of school facilities, administration at districts' central offices and schools, food services, and pupil transportation. Operating expenditures are not covered by capital funds, debt service, funds for purchasing buses, or Associated Student Body (ASB) funds.

Step Two: As finance experts recommend, this analysis accounts for the effects of inflation on expenditures over time. Experts argue over which discount rate to use; not whether one should be used at all.

In unadjusted or nominal terms, the difference in spending per student from school year 2004-05 to 2010-11 is \$2,093 per student (\$10,381-\$8,269). Once the spending figures are adjusted for inflation using the urban Consumer Price Index, the difference shrinks to \$727

Step Three: As national school finance experts recommend, expenditures were adjusted to account for the cost differences in educating different types of students.

One recommended way is to use student weights so that each extra-need student is given a weight that indicates, relative to the norm expenditure, the value of the supplemental services that are required.

In general, school finance experts recognize three categories of students that require supplemental education services, and therefore, additional funding beyond the base revenue amount allocated to all students.

As recommended by the experts, this analysis assigned a weight of one to all students and gave an additional weight to the following:

- Students in special education classes were given an additional weight of 1.3,
- Students living in poverty were given an additional weight of 0.2, and
- English Language Learners were given an additional weight of 0.2.

So, for example, if an English Language Learner student requires 20 percent more in funding than the norm, than all English Language Learner students count as 1.2 students in determining the level of funding that is needed.

Using weights is an important consideration to the Spokane School District because, as Table 1 shows, its total enrollment declined over the seven-year period. But the District’s number of challenging students who require extra services and cost more to educate increased in each of the three categories under consideration. Receiving only the average funding for basic education for each student would have proved disastrous for the District and the students who needed the extra resources to be academically successful.

Table 1: Spokane School District’s Overall Enrollment: Some Decline, But Greater Complexity

	School Year 2004-05	School Year 2010-11	Difference
Total Enrollment	29,657	29,081	-576
Students in Special Education Classes	4,152	4,217	65
English Language Learners	1,038	1,251	213
Students in Free & Reduced Price Meal Program (Poverty)	13,850	16,198	2,348

Of course, which students receive weights and how much weight is the subject of much discussion. The weight of 1.3 used in this analysis as an adjustment for special education reflects the best information available from national studies of the average supplemental revenue on special education. No national consensus exists on the additional costs associated with the supplemental services required by students in poverty or English Language Learners. The weight of 0.2 is considered to be a very conservative weight and a placeholder until better information becomes available.

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