

When School Funds Follow Teachers, Not Students

by Mary Bock and Georges Tippens

As a result of the 2008 legislative session, Minnesota schools will receive an additional funding allocation of \$51 per pupil from the State of Minnesota. In tough economic times, this increase reflects broad agreement that schools need adequate resources to ensure that more students meet ever-rising standards. But beyond general support of school funding, there has been surprisingly limited information available on actual spending at individual schools, and how such spending might affect educational outcomes.

This article summarizes our findings related to disparities in spending on teacher salaries among 53 schools in the Minneapolis Public School District. Our complete findings are reported in *Minneapolis Public Schools Spending and Population Relationships*, published in October 2007 with assistance from CURA.¹ This project expands on a previous, smaller study of 2002–2003 teacher salary data. According to the earlier study, 26 out of 28 Minneapolis Public Schools that had below-average teacher pay also had above-average percentages of students of color or low-income students. The current study examined 2004–2005 school year accounting data to determine whether this trend has persisted at individual schools. In general, we found a trend of relatively low spending on teacher salaries at schools that serve a high proportion of disadvantaged learners, and vice versa.

This project was initiated by a group of parents of children in Minneapolis Public Schools, whose application for CURA research assistance was sponsored by ACHIEVE!Minneapolis. The project was supported by a grant from CURA's New Initiatives program.

Data and Research Approach

Most public school spending reports are based on districtwide salary averages, and do not report actual spending on



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The funding distribution system used in Minneapolis and most other public school districts allows for significant spending disparity on teacher salaries between schools. This study found a trend of relatively low spending on teacher salaries at schools that serve a high proportion of disadvantaged learners.

salaries by site. The purpose of our study was to analyze primary data on *actual spending* of Minneapolis Public Schools General Fund money on teacher salaries at individual schools, and to examine relationships between individual school spending² and student populations.

In examining actual spending on teacher salaries, we expected to observe some disparity between school sites, because teachers in Minneapolis and most other public school districts across the nation are placed into schools according to the terms of their collective-bargaining agreements, without consideration of differing salary levels. This system provides important protections to staff. For example, schools cannot elect to hire lower-paid teachers simply to save money. However, the practice of ignoring salaries in the staff

placement process opens the door for spending disparity between school sites.

Much of a school's annual budget allocation from its district is determined by dividing the number of children expected for the following year by the targeted class size to determine the number of classes needed, then multiplying that number by the district *average* cost for one teacher. Because actual teacher salaries vary from the districtwide average, three different spending outcomes are possible.

- ▶ If a school's average teacher salary is coincidentally equal to the districtwide average teacher salary, the school's actual spending will be **close** to its allocated budget amount.
- ▶ If a school's average teacher salary is lower than the districtwide average, the site's actual spending will be **lower** than its allocated budget amount.

¹ Available online at www.cura.umn.edu/publications/D2007-1.pdf.

² School spending, in this article, means spending on teacher salaries.

- ▶ If a school's average teacher salary is higher than the districtwide average, the site's actual spending will be **higher** than its allocated budget amount.

Thus, even though the annual site allocation process is designed to ensure fair distribution of various types of funding to schools, in keeping with applicable laws and policies, the current system offers no guarantee that schools actually spend on teacher salaries the amount of money that they are allocated for teacher salaries. Actual spending follows staff, not students.

Of course, some veteran teachers, who have more options under the terms of their teachers' contracts, choose to bid into high-need school sites. However, the trend is for higher paid teachers to migrate to lower need sites. This trend contributes to the relationship between lower teacher-salary spending and higher percentages of disadvantaged students at individual Minneapolis Public Schools that we documented in our study.

Above-average teacher pay does not always mean higher quality instruction. However, the common practice of tying teacher pay to years of service and training reflects an assumption that these qualities, in many cases, do add value to a school environment. This value, to the extent that it exists, is unevenly distributed across schools in Minneapolis, as are student demographics and academic results.

General Findings

During the 2004–2005 school year, General Fund expenditures on classroom teacher salaries ranged from \$916 to \$3,859 per pupil across 53 Minneapolis Public Schools. Thus, the highest per-pupil spending figure was 4.2 times greater than the lowest per-pupil spending figure. The impact of this spending disparity on individual school budgets can be understood by considering one school's spending figures compared with the average. Anishinabe Academy spent \$916 in General Fund money per pupil on teacher salaries in the 2004–2005 school year, at the low end of the range. If the school instead spent the average for K–8 sites of \$2,003 per pupil, it would have spent an additional \$1,087 for each of its 223 students, for a total of \$242,401. Anishinabe's student body was 96% low-income students and 98% students of color during the 2004–2005 school year.

Table 1. Correlation between Population Characteristics and General Fund Spending on Teacher Salaries for 53 Minneapolis Public Schools, 2004–2005

School Population Characteristic	Grades K–5	Grades K–8	Grades 6–8	Grades 9–12
Pct. free or reduced cost lunch	-0.32	-0.37	-0.86	-0.59
Pct. limited English proficiency	-0.46	+0.01	-0.61	+0.20
Pct. special education	+0.65	+0.42*	-0.47	-0.13
Pct. African American	-0.12	-0.11	-0.26	-0.66
Pct. Hispanic	-0.38	+0.03	-0.36	+0.84
Pct. Asian	-0.03	-0.30	-0.70	-0.88
Pct. Native American	+0.27	-0.30*	-0.19	+0.32
Pct. White	+0.36	+0.41	+0.91	+0.68
Pct. students meeting selected math proficiency measure	+0.26	+0.38	+0.68	+0.58

Note: Pearson correlation coefficients are reported here. A "+" sign for a coefficient means that as the variable in the far left column increases, spending on teacher salaries increases, whereas a "-" sign indicates that as the variable increases, spending on teacher salaries decreases. The size of the coefficient indicates the relative strength of the relationship (out of 1.00). Coefficients in bold indicate a correlation (positive or negative) of moderate or high strength.

* These two figures are affected by outlier spending and population conditions, and do not necessarily represent a trend across multiple sites.

We examined the correlation between school spending on teacher salaries and nine other variables at individual schools across four grade configurations (Table 1). Based on our analysis, the following were the three strongest overall statistical relationships between student population characteristics and actual spending on teacher salaries:

- ▶ Low per-pupil spending correlated with higher numbers of low-income students at a school (based on the percentage of students eligible for free or reduced cost lunch).
- ▶ High per-pupil spending correlated with higher numbers of White students at a school.
- ▶ High per-pupil spending correlated with higher numbers of students who are meeting the math proficiency standards at a school.

Conclusion and Recommendations

Our most important finding is that the current funding distribution system used in Minneapolis and most other public school districts nationwide allows for significant spending disparity on teacher salaries between schools. The size of the funding gap, and its alignment with the achievement gap, supports the need for publication of actual spending reports by school site, fund, and purpose so that

both families and experts can evaluate the current system. Our findings also support further investigation into the impact of spending on learning, and into teacher placement options that could be devised to balance multiple concerns, such as spending equity and fair labor practices.

For those who believe that spending equity is an important part of educational equity, our full report concludes with examples of systemic remedies that could be instituted to ensure that funding is spent proportionately per student, and in keeping with the established purpose of various funding streams. One approach is to transition to building-based budgeting, wherein a school's annual funding allocation becomes its actual budget available for spending (meaning that money would follow students rather than staff). This approach has raised fears that measures such as forced transfers would be used to achieve a mix of higher and lower paid staff at schools.³

Another option is to phase in provisions for handling new hires and reassignments that would include a financial consideration. In such a

³ See Kate Walsh, *Robbing Peter to Pay Paul: The Case Against Comparability*. Washington, D.C.: National Council on Teacher Quality, 2007. 4 pp.

Spending Comparability: A Hot Topic

Minneapolis Public Schools Spending and Population Relationships examines one type of spending disparity: disparity in actual spending on teacher salaries between schools. A broader view of the issue is provided in recent major studies sponsored by national foundations, as well as in current Congressional debate.

“In demonstrating site-to-site funding comparability, local education agencies can currently exclude state/local funds expended for staff salary differentials for years of employment. My best prediction is that this loophole will be closed in reauthorization [of the Elementary and Secondary Education Act].”

—Leigh Manasevit, Esq., *Brustein & Manasevit Attorneys at Law, Fiscal Compliance Training sponsored by the Minnesota Department of Education, January 18, 2008*

“This new model, known as Weighted Student Funding (WSF), has three key elements that level the playing field for low-income students.... [The third is that] resources arrive at the school as real dollars (not teaching positions, etc.).”

—Thomas B. Fordham Institute, “Fund the Child” website, www.100percentsolution.org/fundthechild/index.cfm

“Teacher salary gaps in the 50 largest school districts in Texas... can add up to tens of thousands—sometimes hundreds of thousands—of dollars every year.... Fortunately, research also confirms that changing current teacher distribution patterns would have a tremendously positive effect on low-income and minority students.”

—The Education Trust, *Their Fair Share* website, www.theirfairshare.org, February 7, 2008

“When I first heard about the [*Minneapolis Public Schools Spending and Population Relationships*] report, I thought it was pretty esoteric. But when I read it, I realized: ‘this is institutional racism 101.’”

—William English, *Coalition of Black Churches/African American Leadership Summit, comments made to the Minneapolis Board of Education, December 4, 2007*

model, if a school’s hiring of the top qualified candidate for a position, as determined by prevailing bidding rules, would cause the school to exceed the districtwide average teacher salary by more than 1% (for example), then the hiring committee would move down the candidate list to hire the first qualified applicant whose salary level would keep the school’s average salary within 1% of the districtwide average (or as close to this target as possible).

Suggested measures to improve parity in actual spending between schools, including the national bipartisan “100% solution” described on the Thomas B. Fordham Institute’s Fund the Child Project website (see www.100percentsolution.org/fundthechild/index.cfm), do not correspond exactly with the traditional bargaining priorities of either labor or district management. Ensuring spending equity between school sites

would place some limitation on both seniority bidding rights and on administrator hiring options. However, concern for spending equity may be in the long-term interest of both parties. In Minneapolis, families who are short-changed in the current spending distribution system are leaving the school district at higher rates than other families. Systemic changes in resource distribution, and potential improvement in outcomes, could be an important demonstration of commitment to equity in the attempt to retain or regain disaffected families.

The main focus of our study was on Minneapolis Public Schools General Fund spending on teacher salaries at individual sites. This is one of the largest and most important expenditures made by the school district. Nevertheless, the study raises many questions. For example, can above-average spending on nonteacher costs make up for below-average spending on teachers, in terms of student results? Additional research will be necessary to answer this and other questions. However, meaningful research depends on the availability of actual spending data, which we hope will be readily available in the future.

Mary Bock is a fundraising and evaluation consultant to nonprofit organizations, including Minneapolis Public Schools. She has a Ph.D. in English from the University of Minnesota. **Georges Tippens** is a graduate student pursuing a joint degree in law and urban and regional planning from the University of Minnesota. He has a B.S. in economics from the University of Washington, with a certificate in economic theory and quantitative methods.

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