



# Reimagining Federal Aid

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**Supplement, Not Supplant: The Continuing Challenges of Getting  
Federal Education Dollars to The Intended Beneficiaries**

Albert Shanker Institute

November 13, 2019

# Why?

- We often hear political leaders decry the state of our “nation’s” schools with reference to performance on international assessments
- We have 50+ widely varied systems of public schooling
  - 90% of funding, on average, comes from state and local sources
  - Some states stack up just fine with the top performing nations, others, not so much

# Why?

- These systems vary dramatically in
  - their capacity to fund adequate schools
  - the effort they put forth to fund adequate schools
  - the needs (and related “costs”) of students attending those schools
  - and the level of outcomes they achieve
- **If leaders are going to decry the state our nation’s public education system, they must begin to treat the solutions as a matter of legitimate, national policy!**

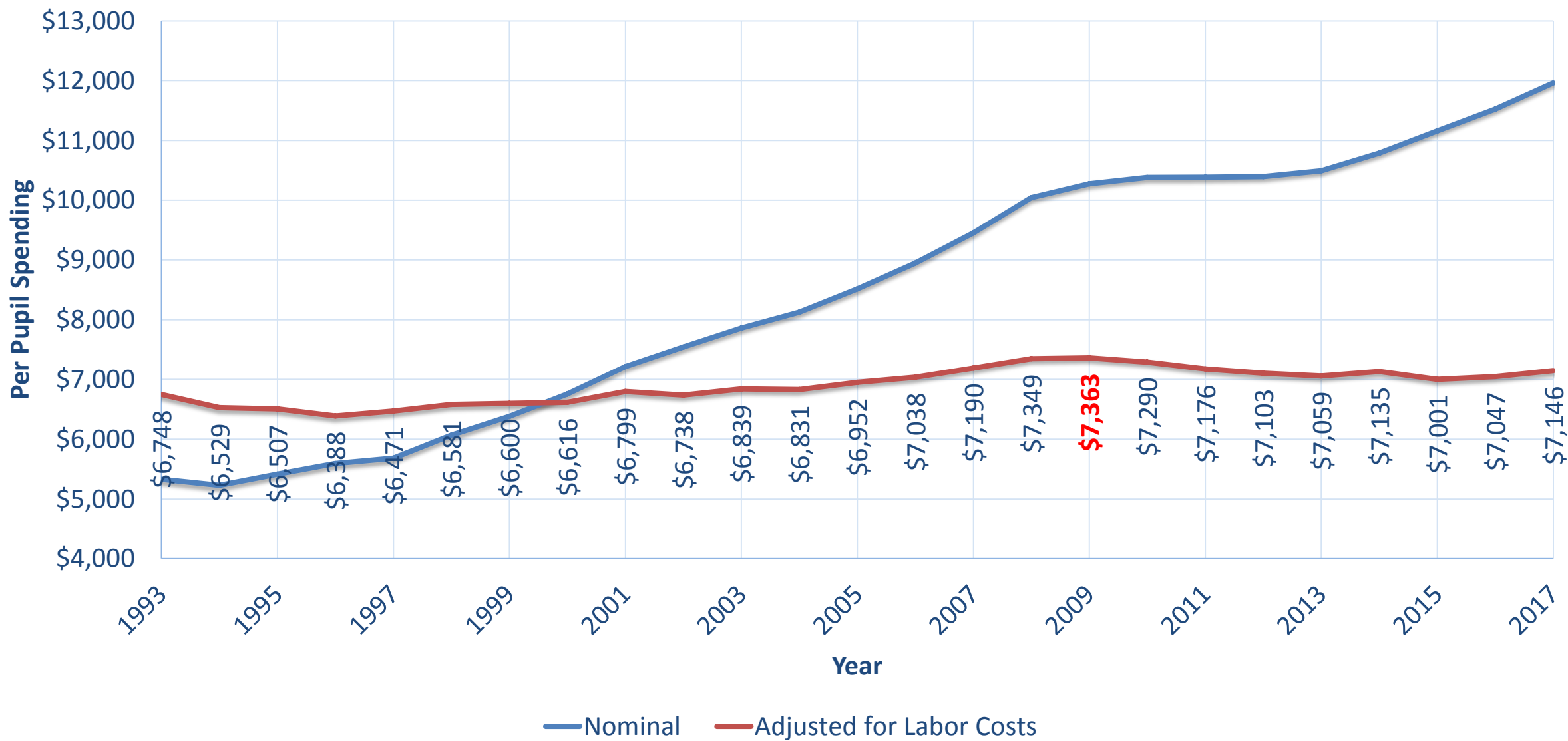
# Framework for a New Federal Approach

- Understand / estimate the “costs” of achieving common outcome goals across US states, schools and the children they serve
- Use those estimates as “targets” to guide:
  - Requirements on state overall effort and where that effort needs to be targeted
  - Identifying the amount of new federal aid needed, and where that aid should be allocated, contingent on state effort and equity (progressiveness)

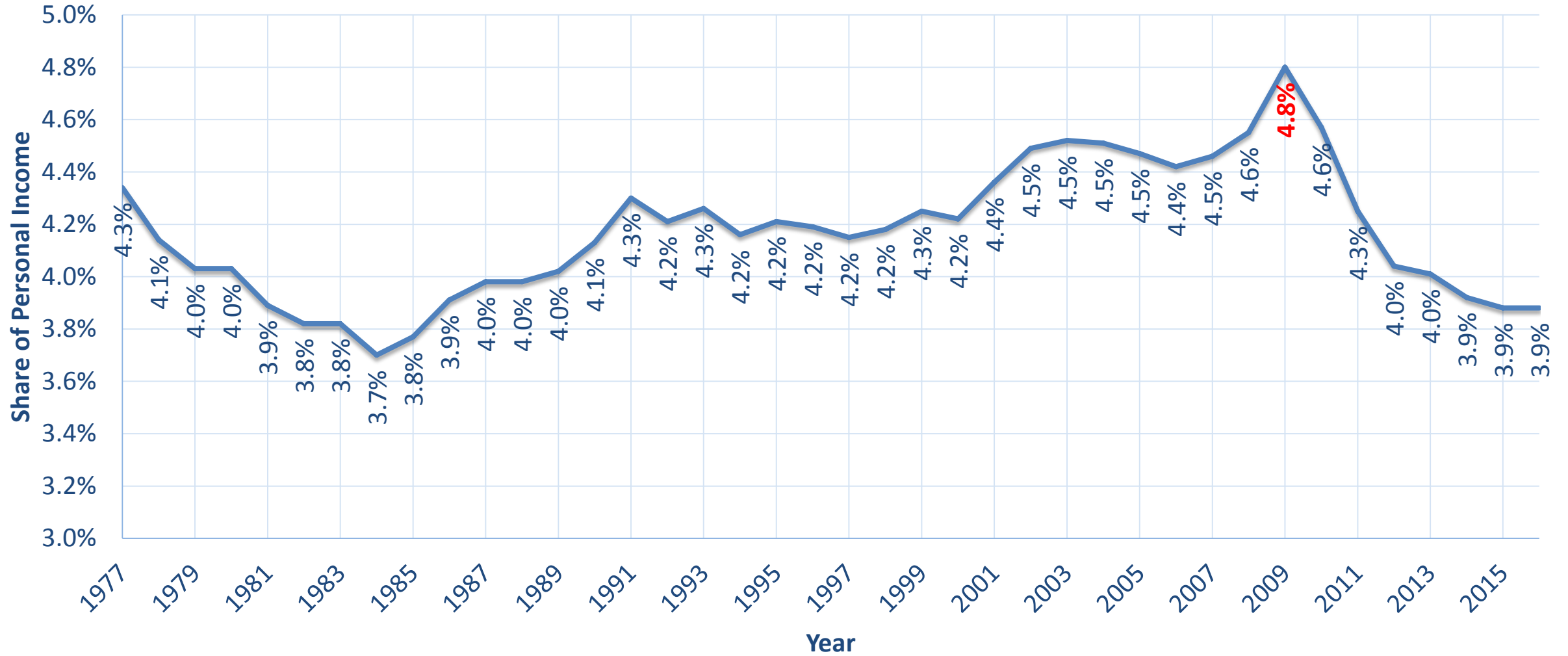
## **Facts First!**

Long Term Trends in Spending and Real Resources

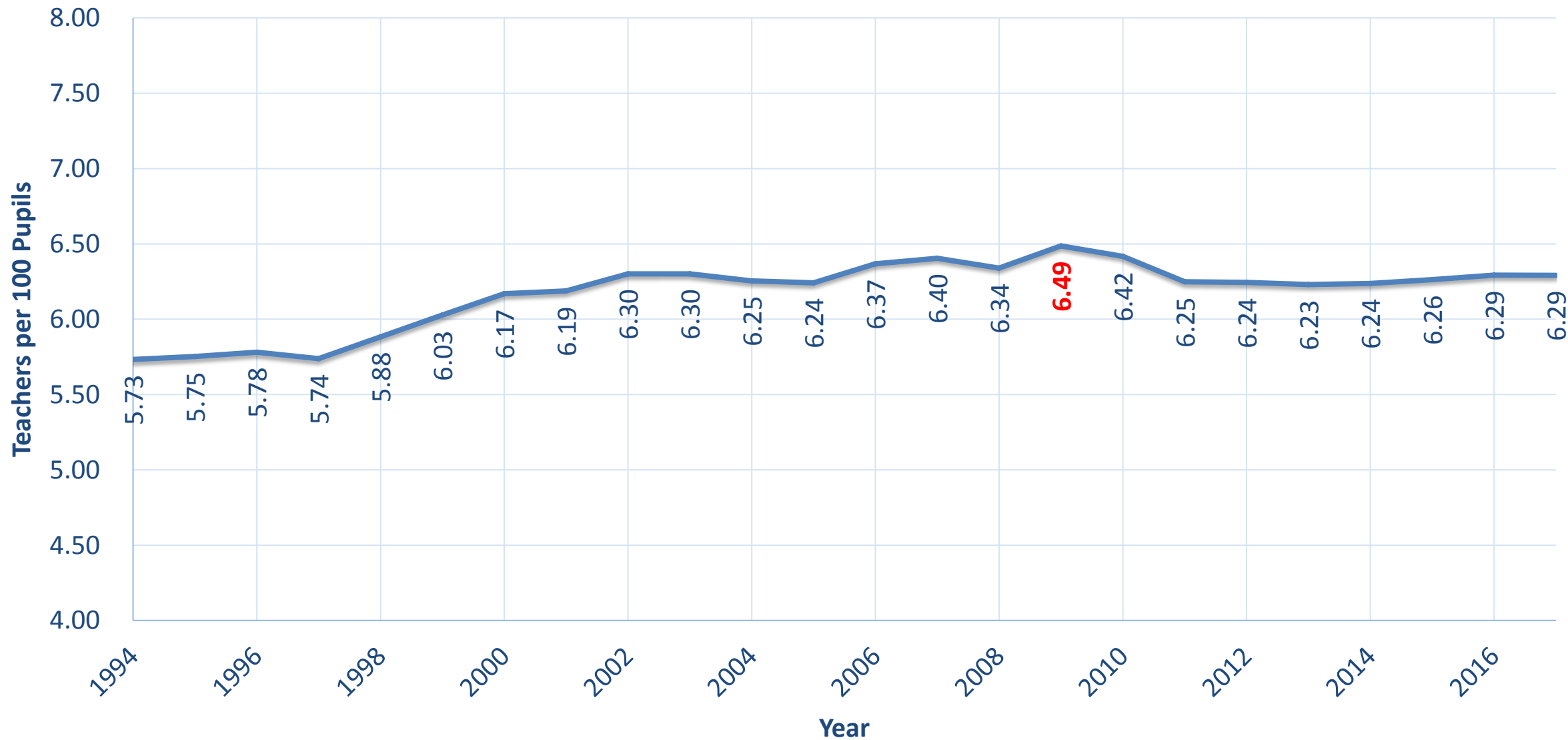
## Education Spending over Time



## Education Spending as a Share of Personal Income

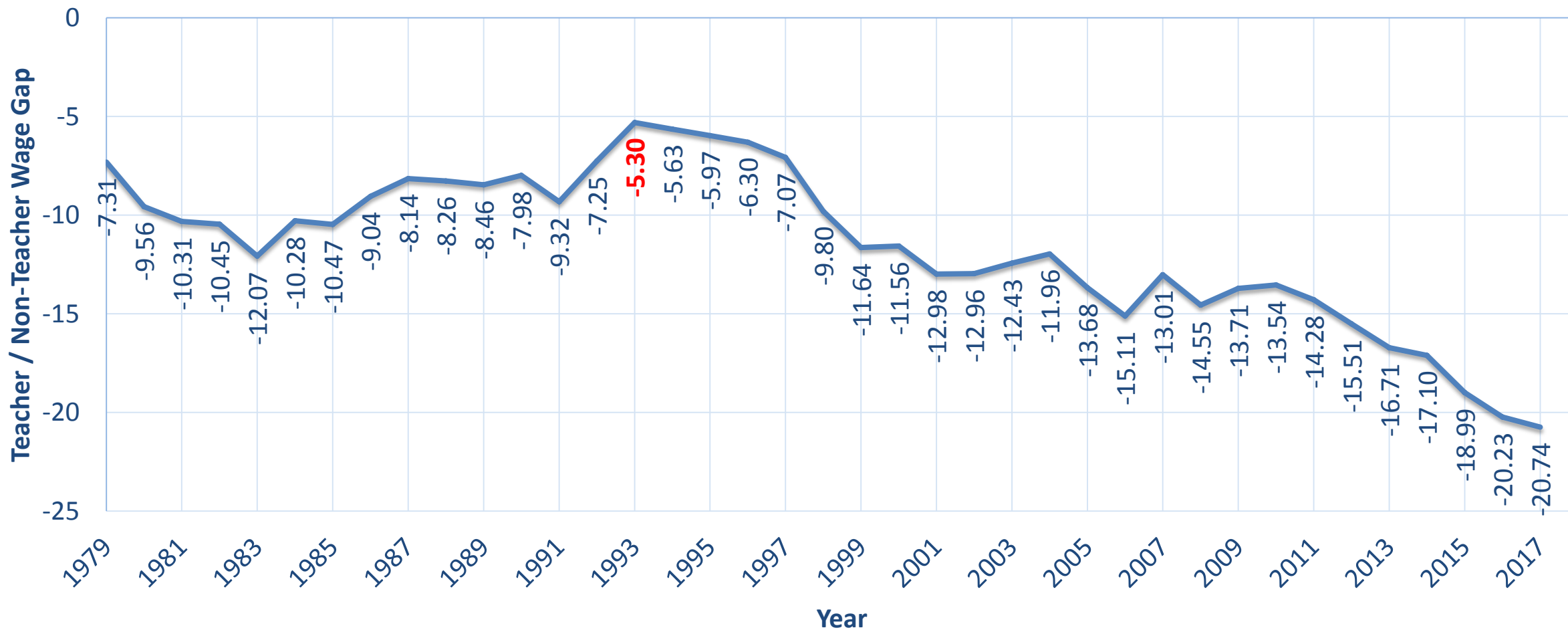


## Teachers per 100 Pupils





## Teaching Penalty

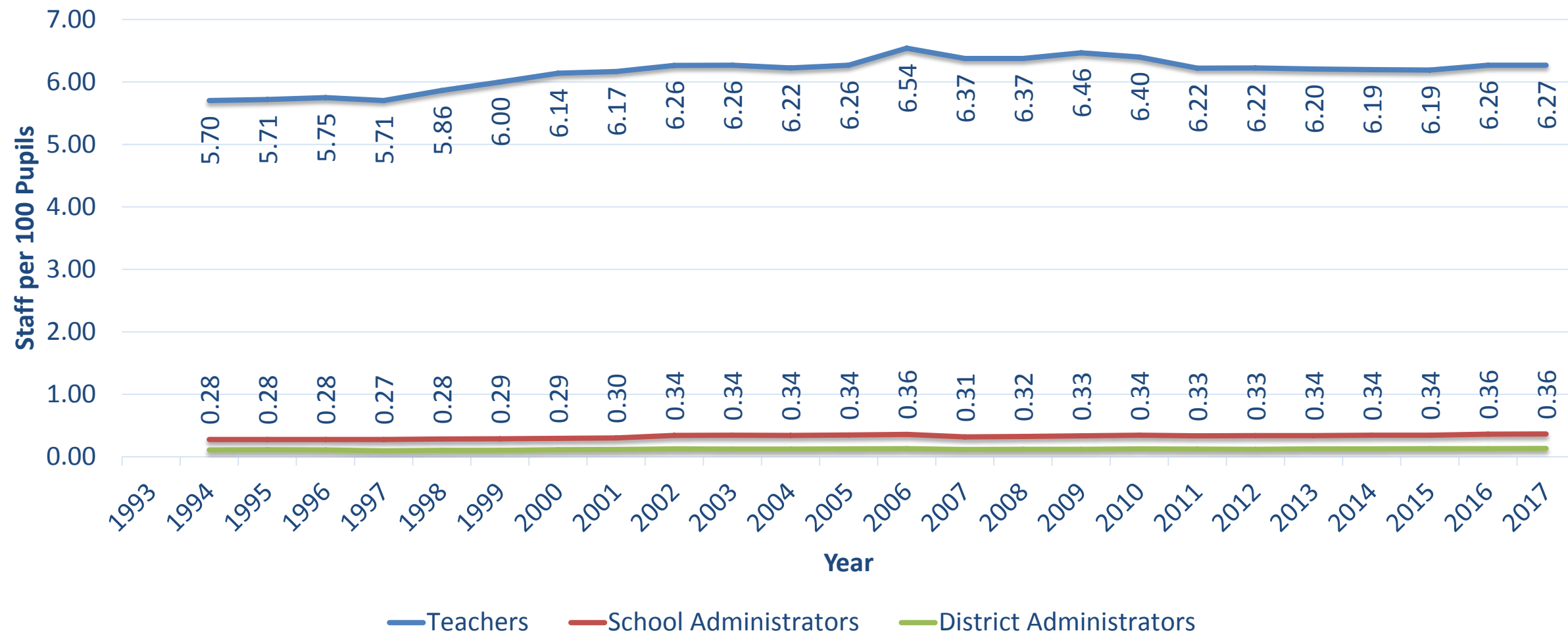


Note: Figure shows regression-adjusted weekly wages of elementary, middle, and secondary public school teachers. Non-imputed data are not available for 1994 and 1995; data points for these years have been extrapolated and are represented by dotted lines (see Appendix A for more detail).

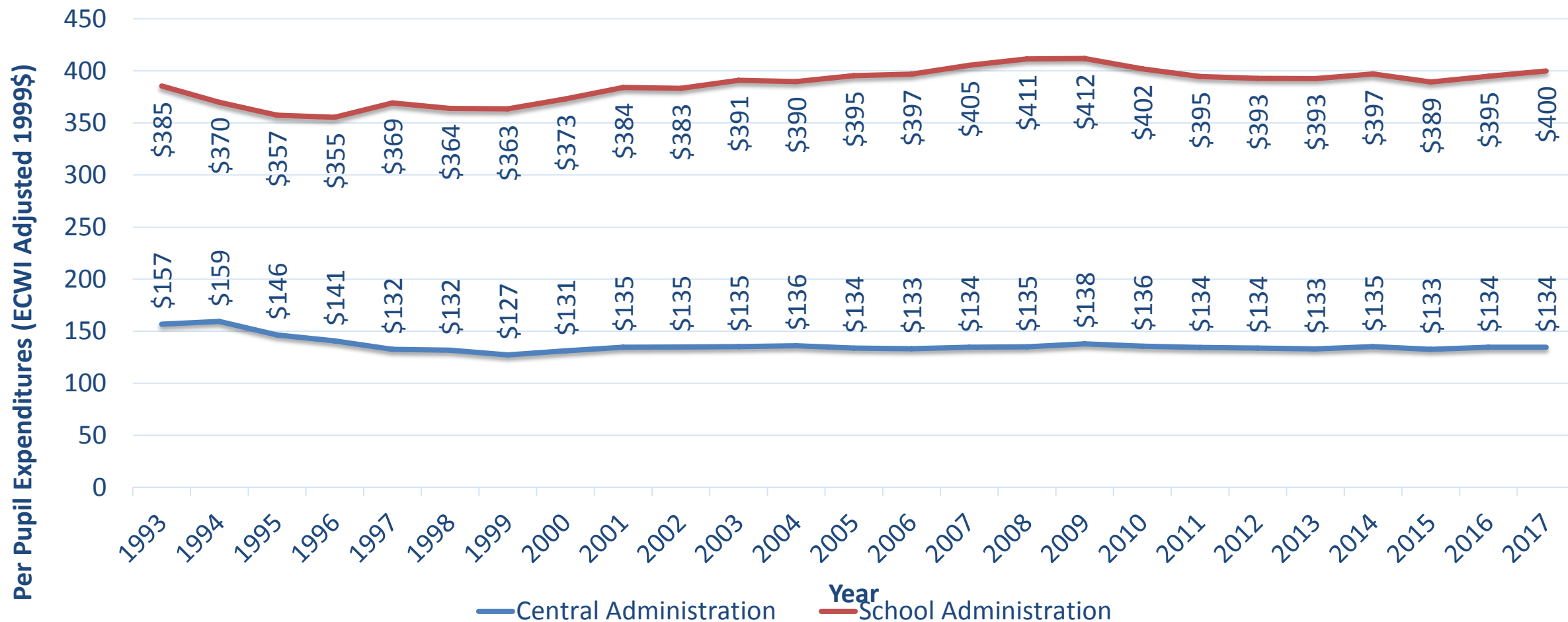
Source: Authors' analysis of Current Population Survey Outgoing Rotation Group data (<https://www.epi.org/publication/teacher-pay-gap-2018/>)

## Staff per 100 Pupils

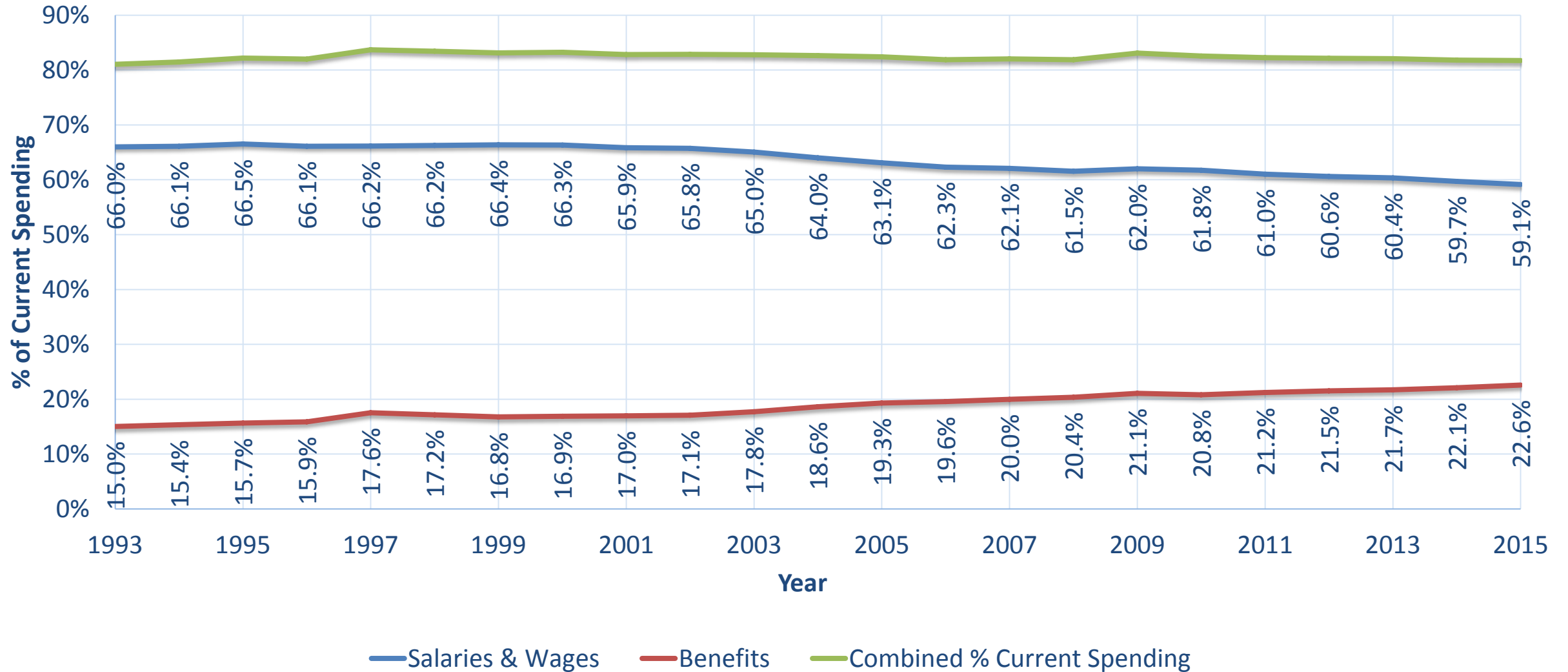
### National Average of All Districts, Weighted for Enrollment



# District & School Administrative Expenditures Adjusted for Competitive Wages over Time, Expressed in 1999\$ National Average of All Districts, Weighted for Enrollment



## Long-term trends on salaries and benefits as percentage of current spending



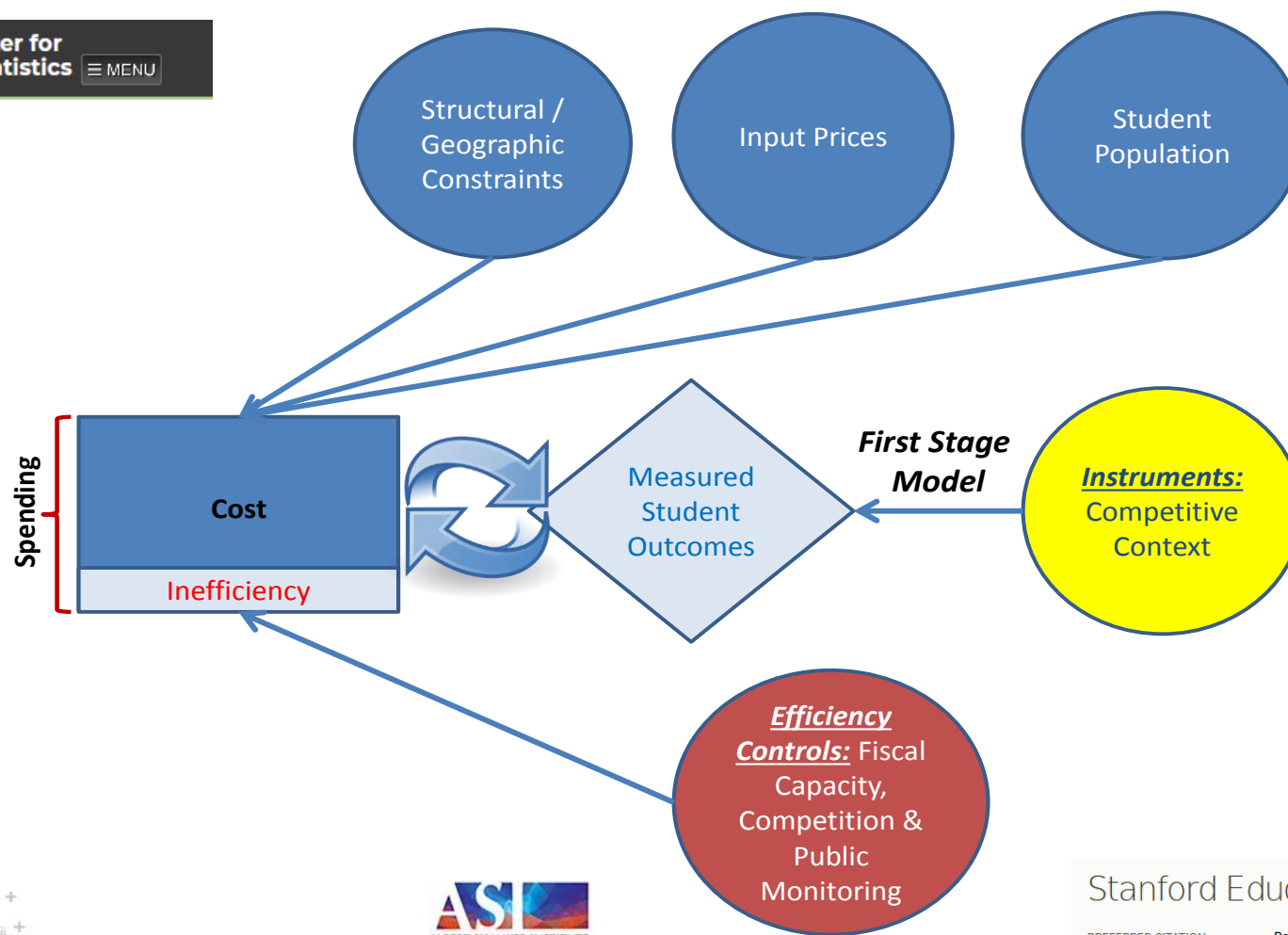
# Interstate Variation

Effort Matters

# Estimating a National Cost Model

IES :: NCES National Center for Education Statistics ≡ MENU

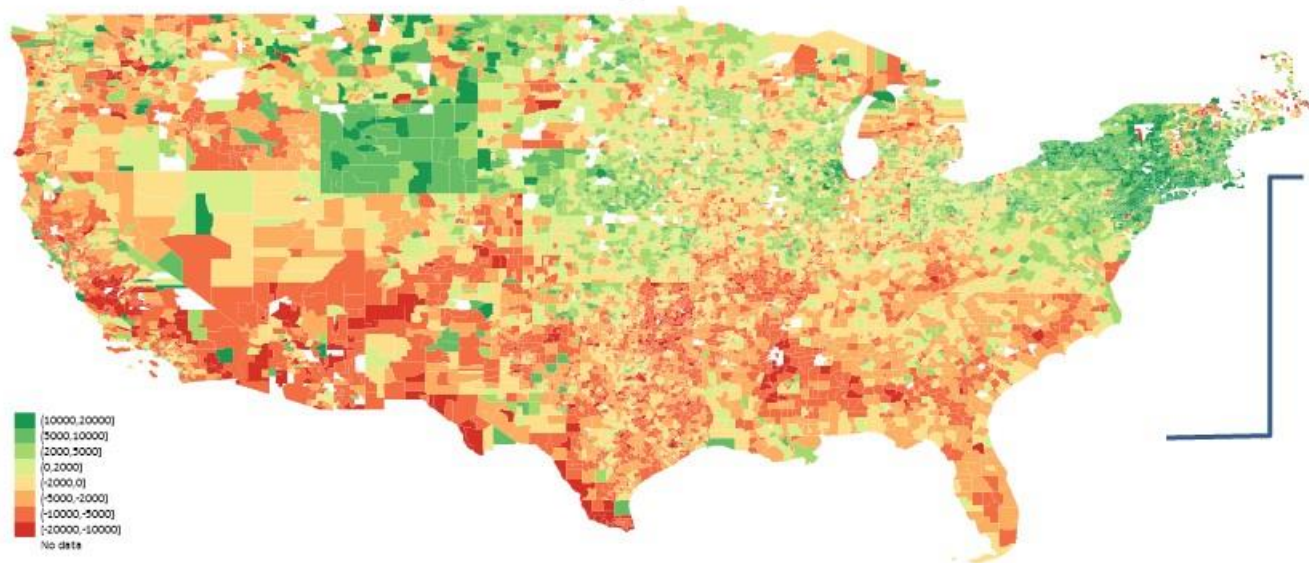
**EDGE** EDUCATION DEMOGRAPHIC AND GEOGRAPHIC ESTIMATES



$(\ln) \text{SCHOOL} = b_0 + b_1 \text{State}_i + b_2 \text{LaborMarket}_{ij} + b_3 \text{CWI}_{ij} + b_4 \text{FINANCE}_{ij} + b_5 \text{PopulationDensity}_{ij} + b_6 \text{Enrollment}_{ij} + b_7 \text{INDICATORS}_{ij} + b_8 \text{Scale}_{ij} + b_9 \text{Poverty}_{ij} + b_{10} \text{SchlType}_{ij} + b_{11} \text{DATABASE}_{ij} + e$

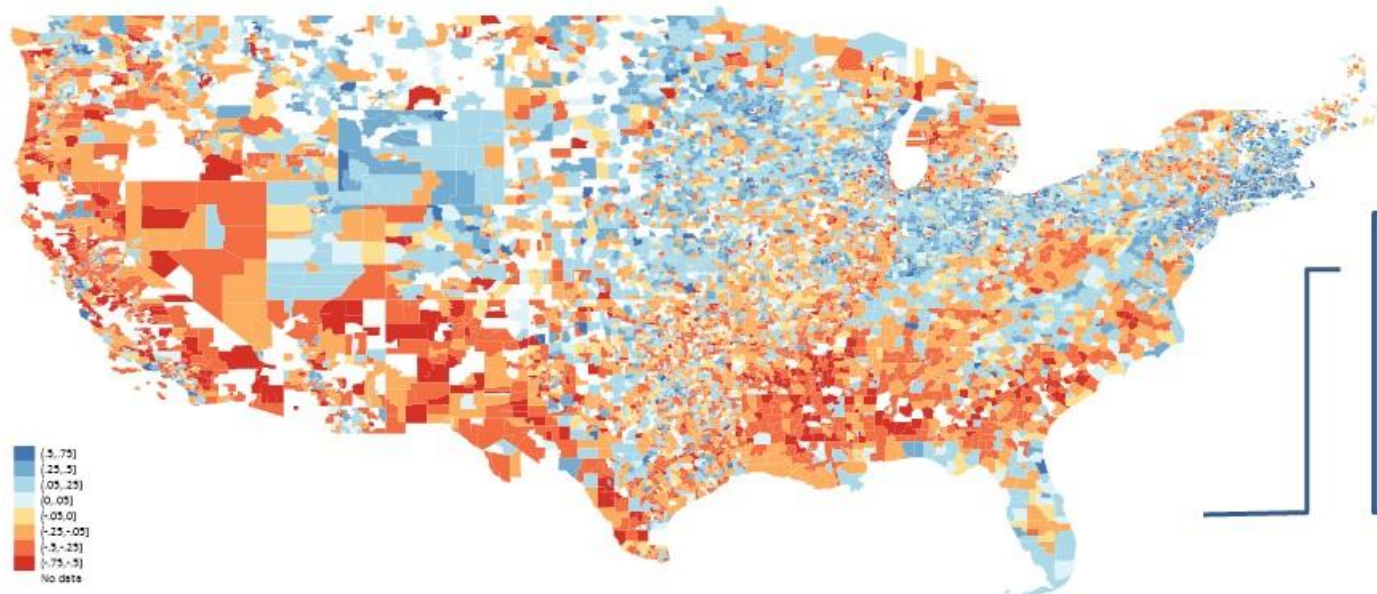


## Simulated Funding Gaps Aggressive



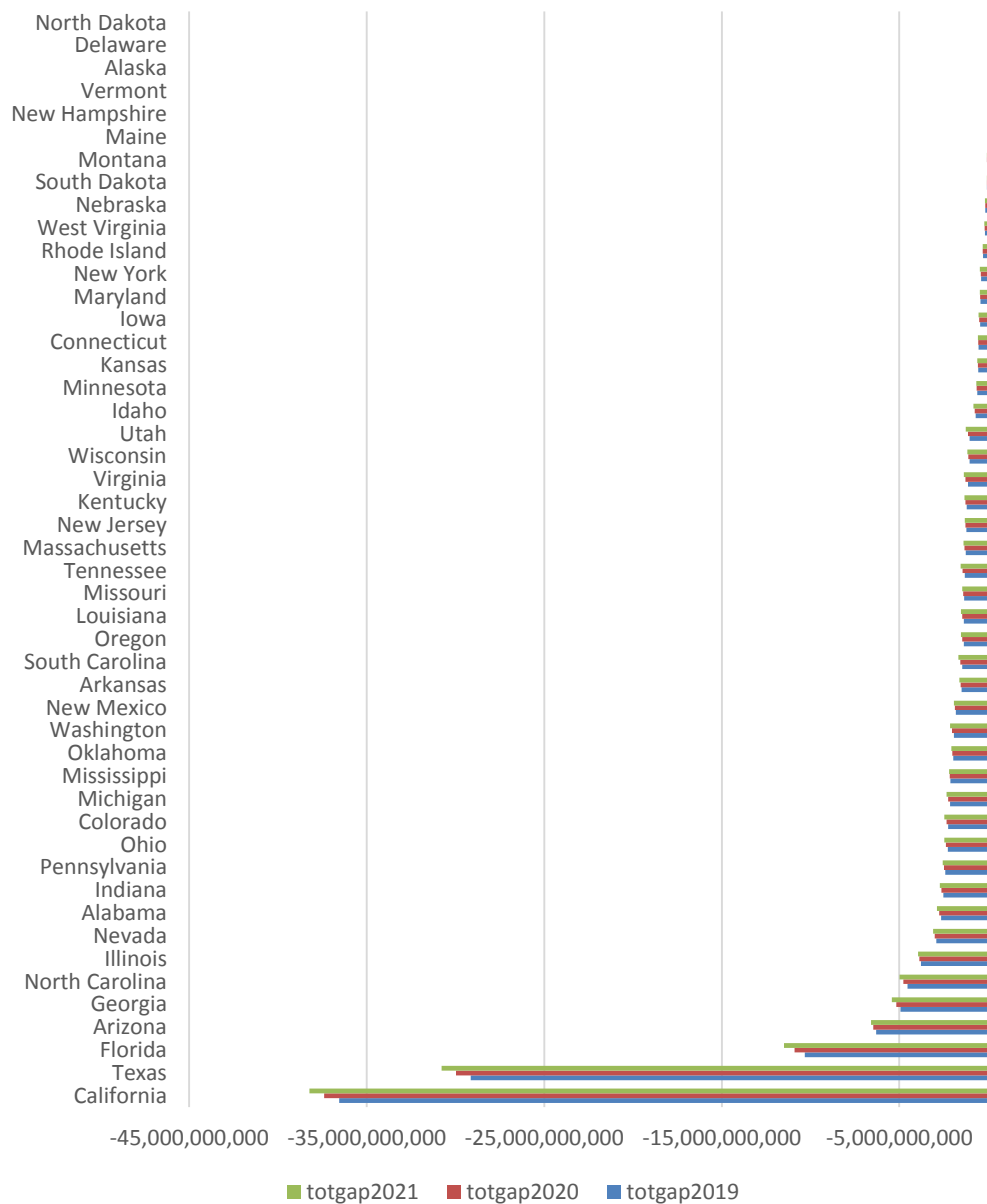
Current spending  
(2017) as % of “cost” of  
achieving national  
average outcomes (red  
= lower, green = higher)

## Outcome Gaps

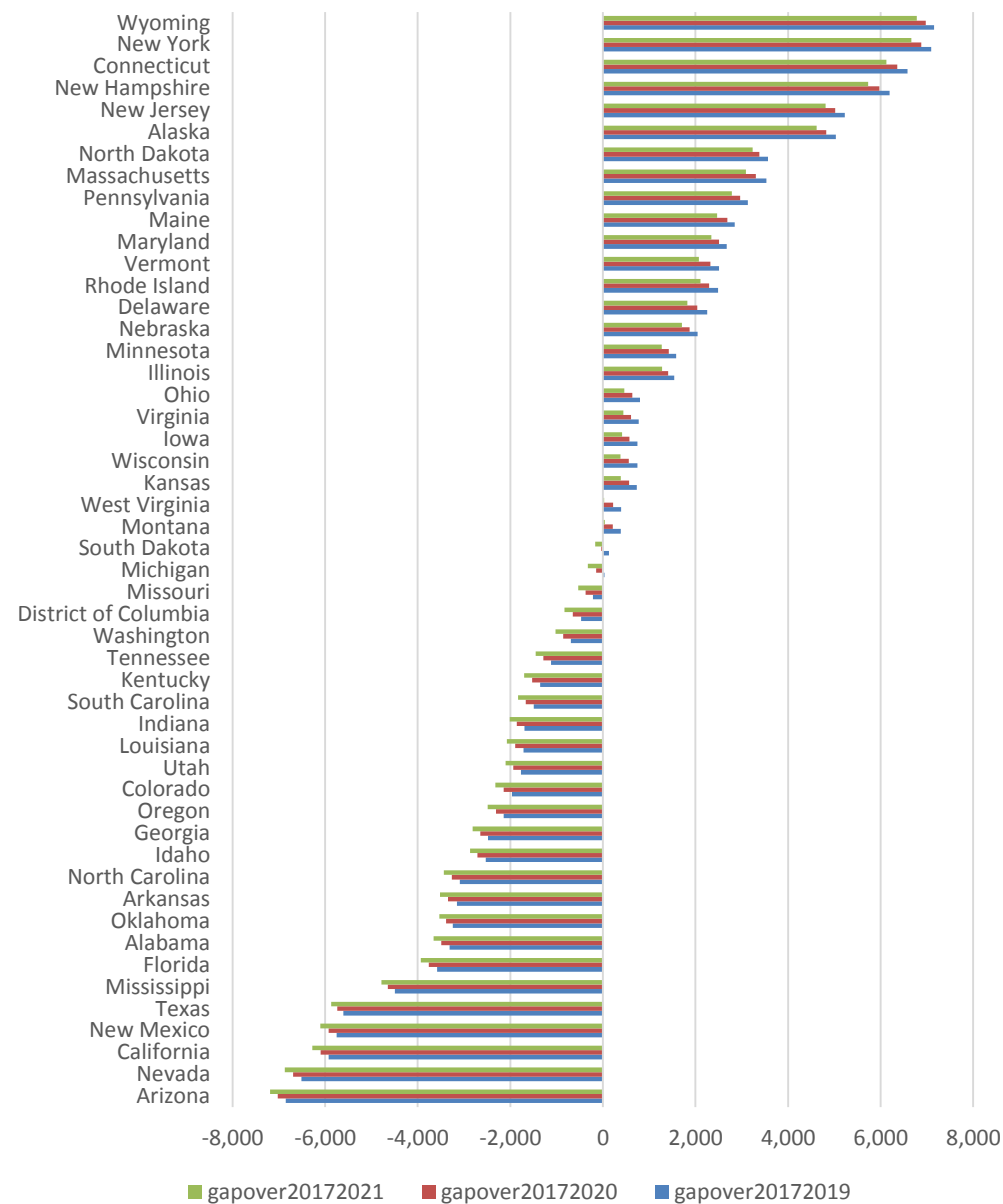


Current outcomes  
(2016) with respect to  
national average  
outcomes (red = lower,  
blue = higher)

## Total Dollar Gaps

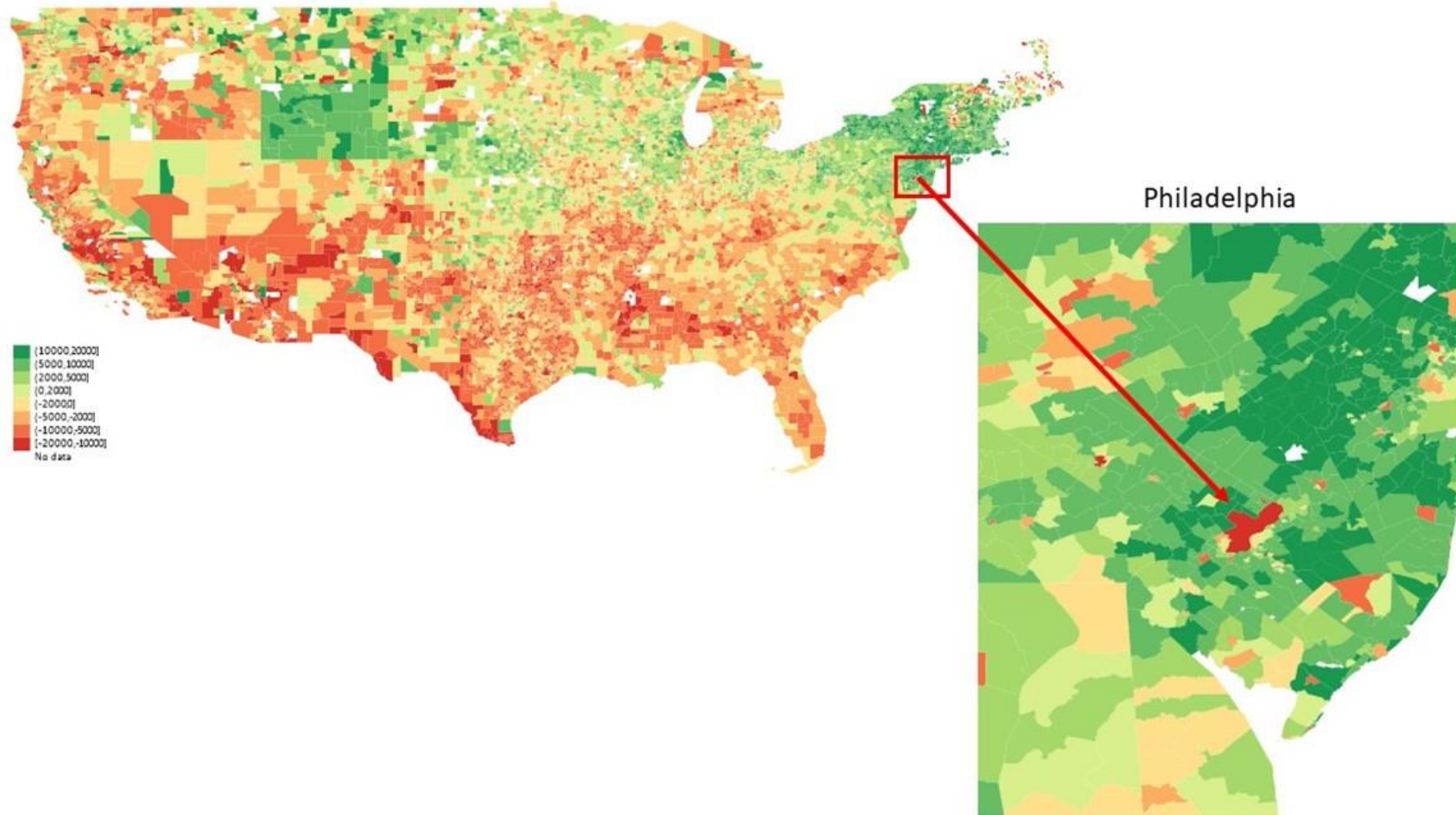


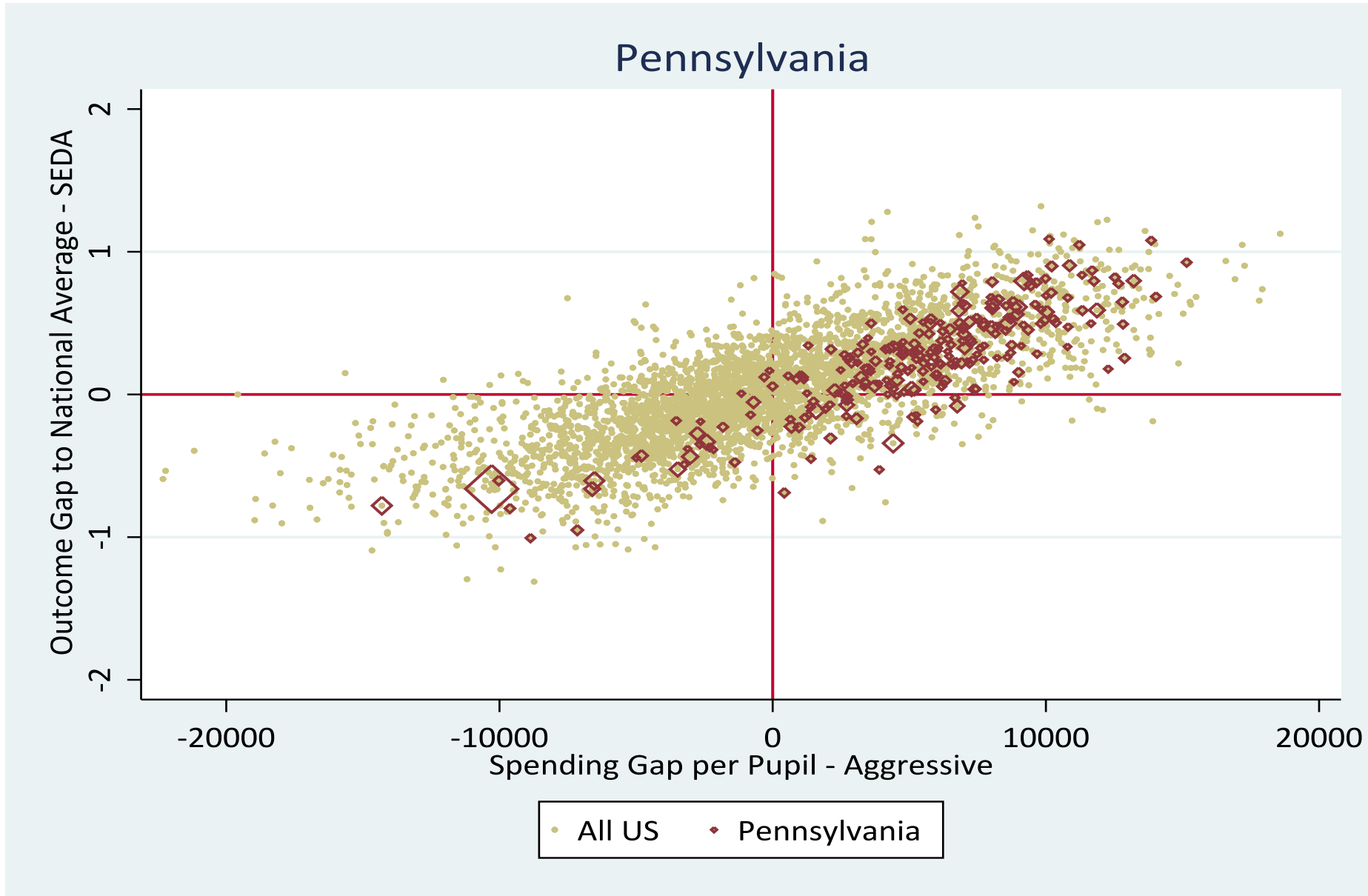
## Mean Per Pupil Gaps

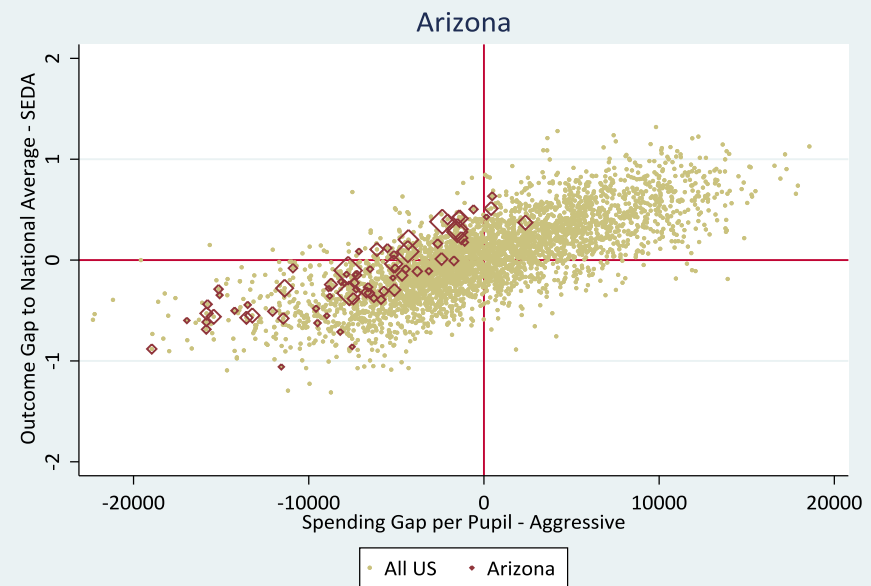
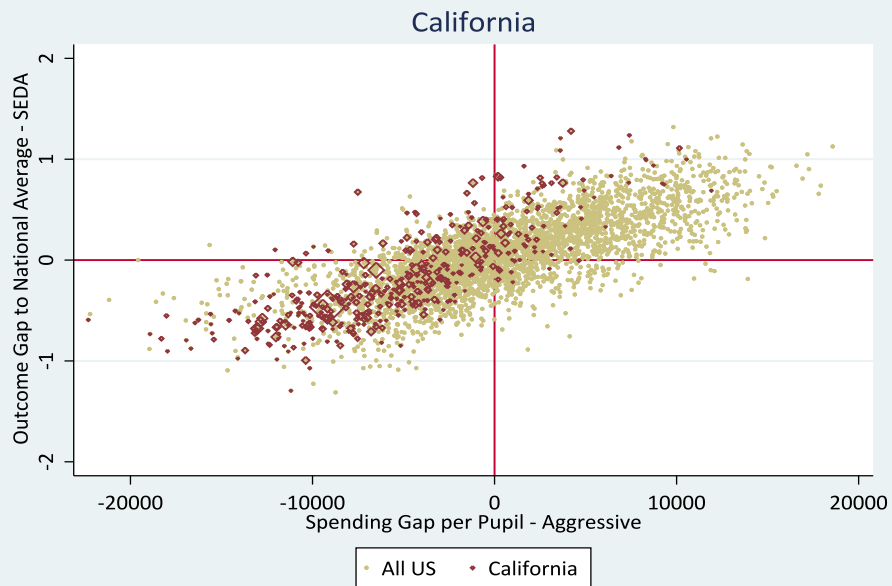
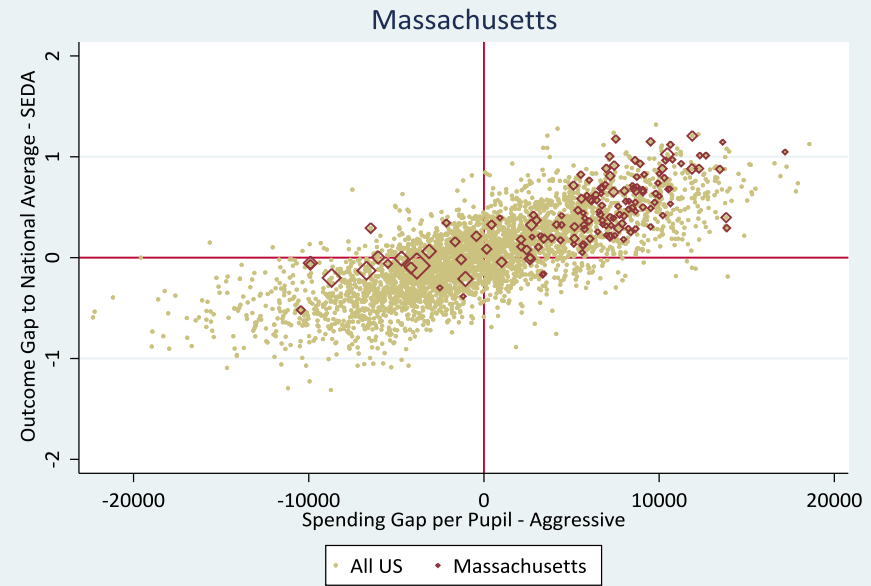
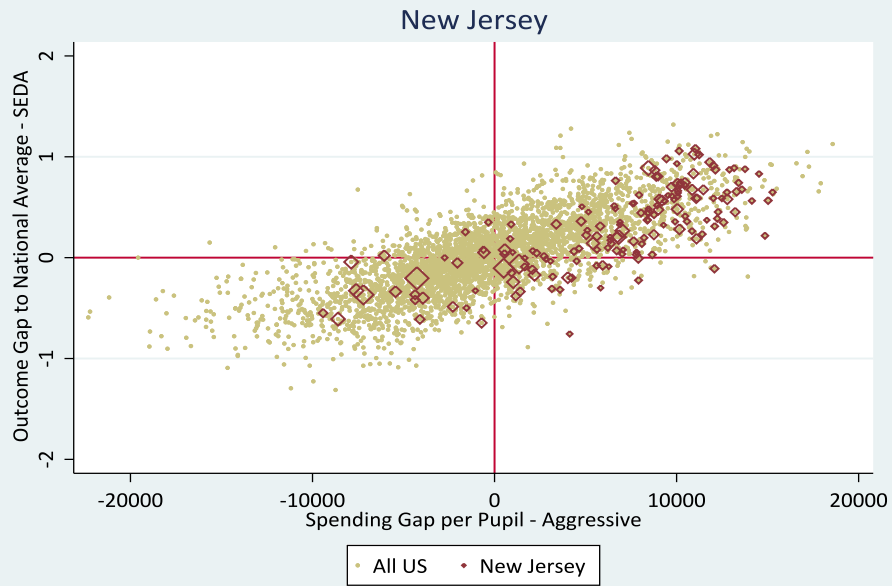




Simulated Funding Gaps  
Aggressive

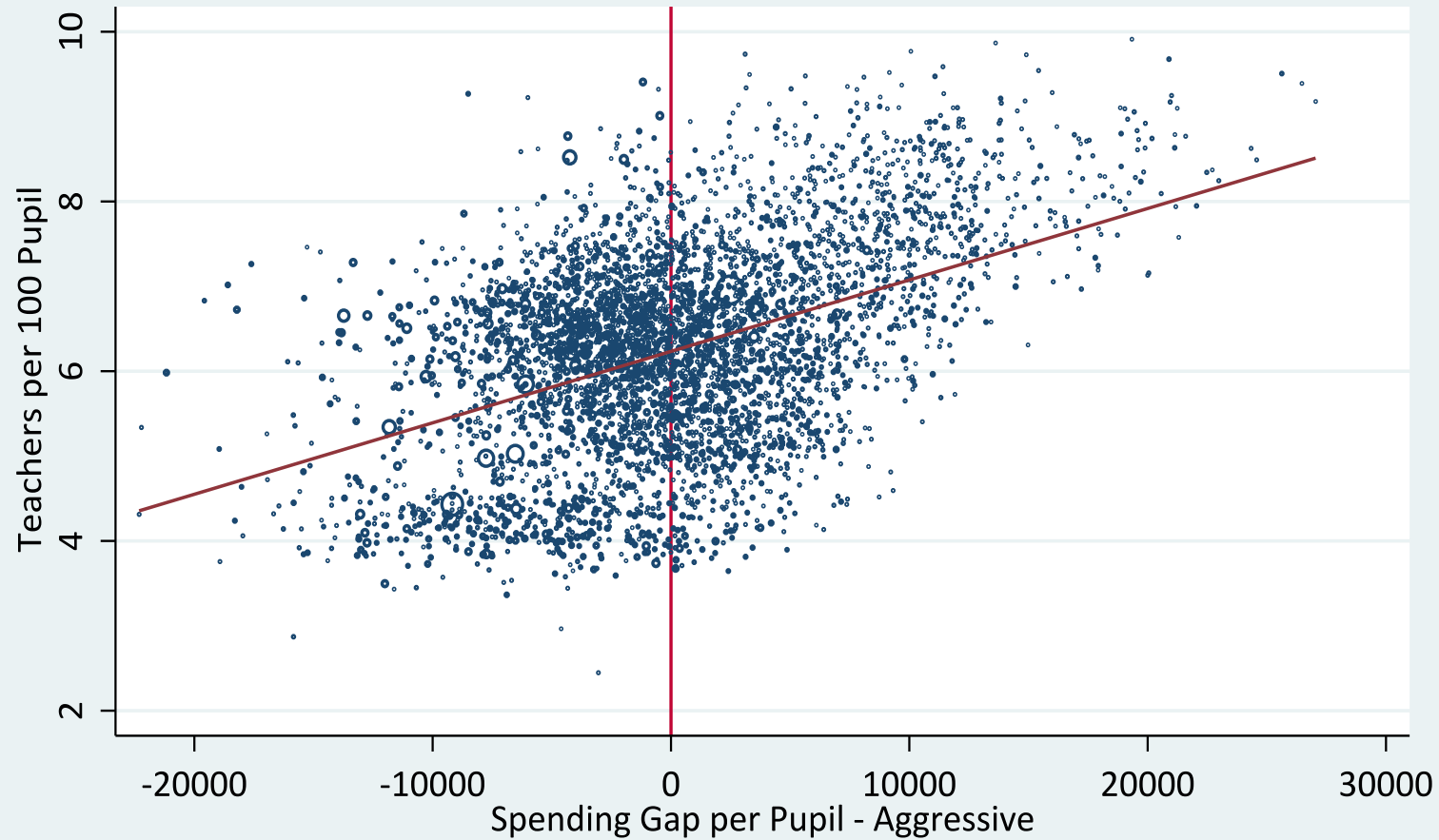








## Spending Adequacy & Staffing Ratios



• Teachers per 100 studnets (uses CCDLEA, tottch) — Fitted values

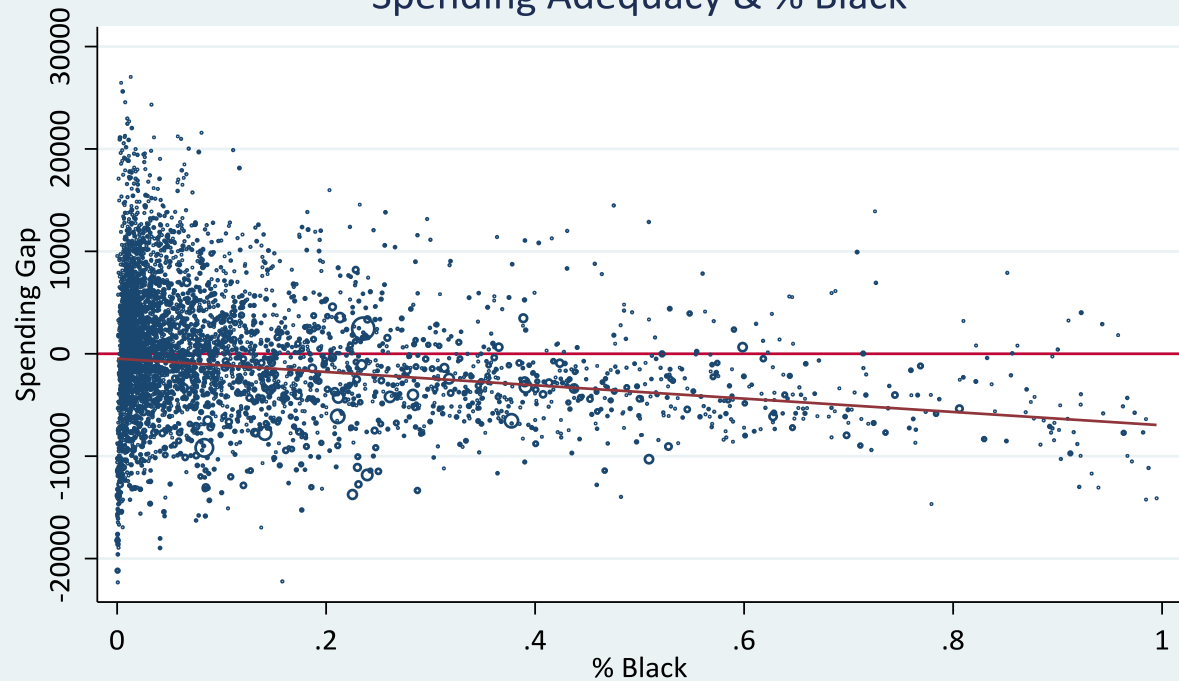
Correlation=.4287

# District Characteristics

	High Funding & High Outcomes (Upper Right)	Low Funding & Low Outcomes (Lower Left)
Teachers per 100 Pupils	6.68	5.89
Percent Black	7.75	20.22
Percent Latinx	13.22	38.29



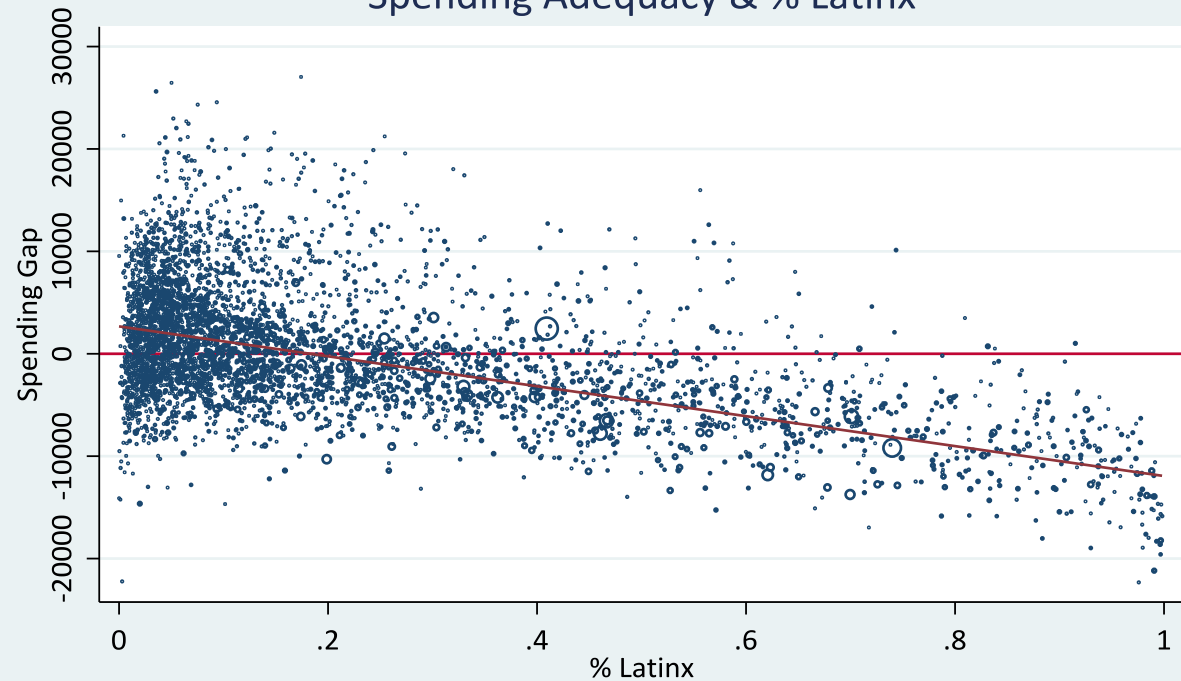
## Spending Adequacy & % Black



• Spending Gap per Pupil - Aggressive — Fitted values

Correlation=-.1949

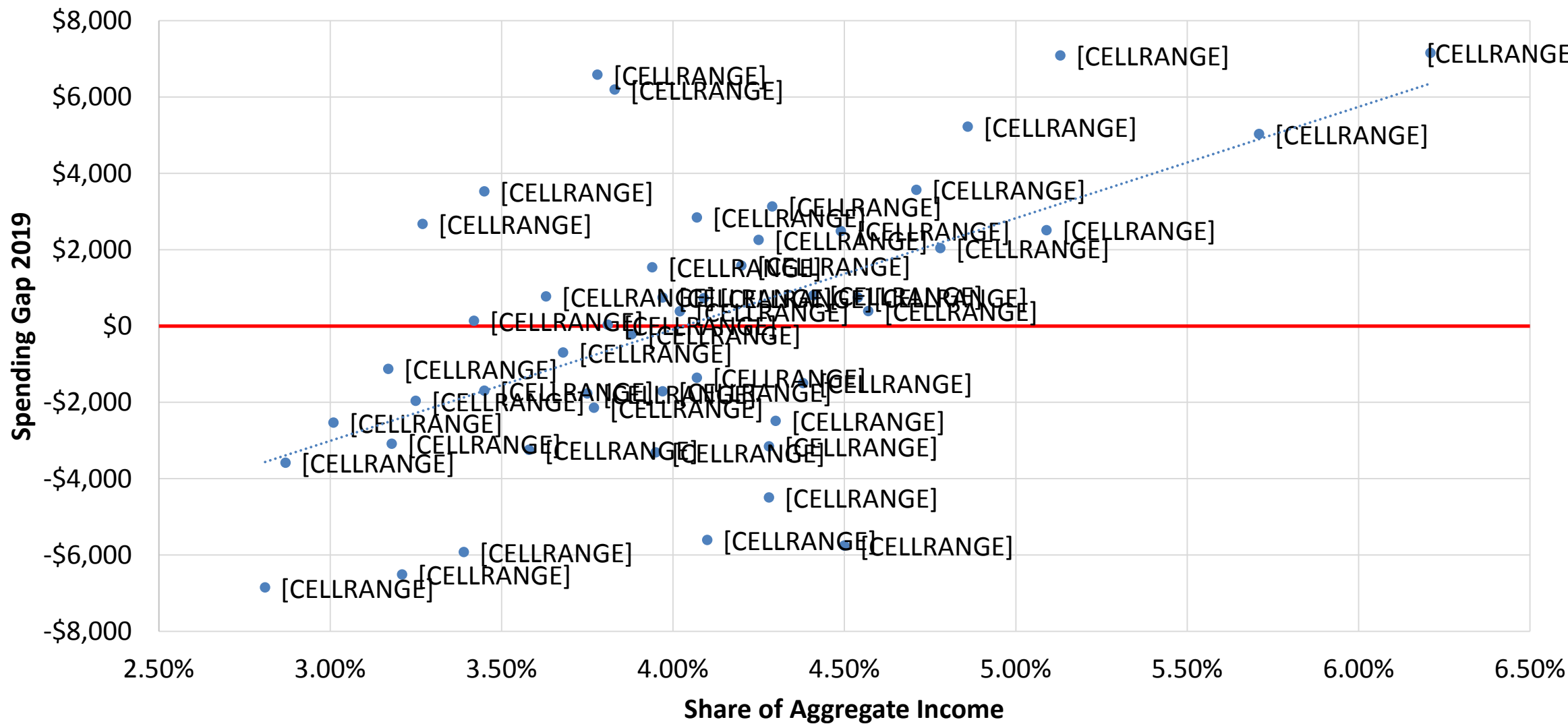
## Spending Adequacy & % Latinx



• Spending Gap per Pupil - Aggressive — Fitted values

Correlation=-.62

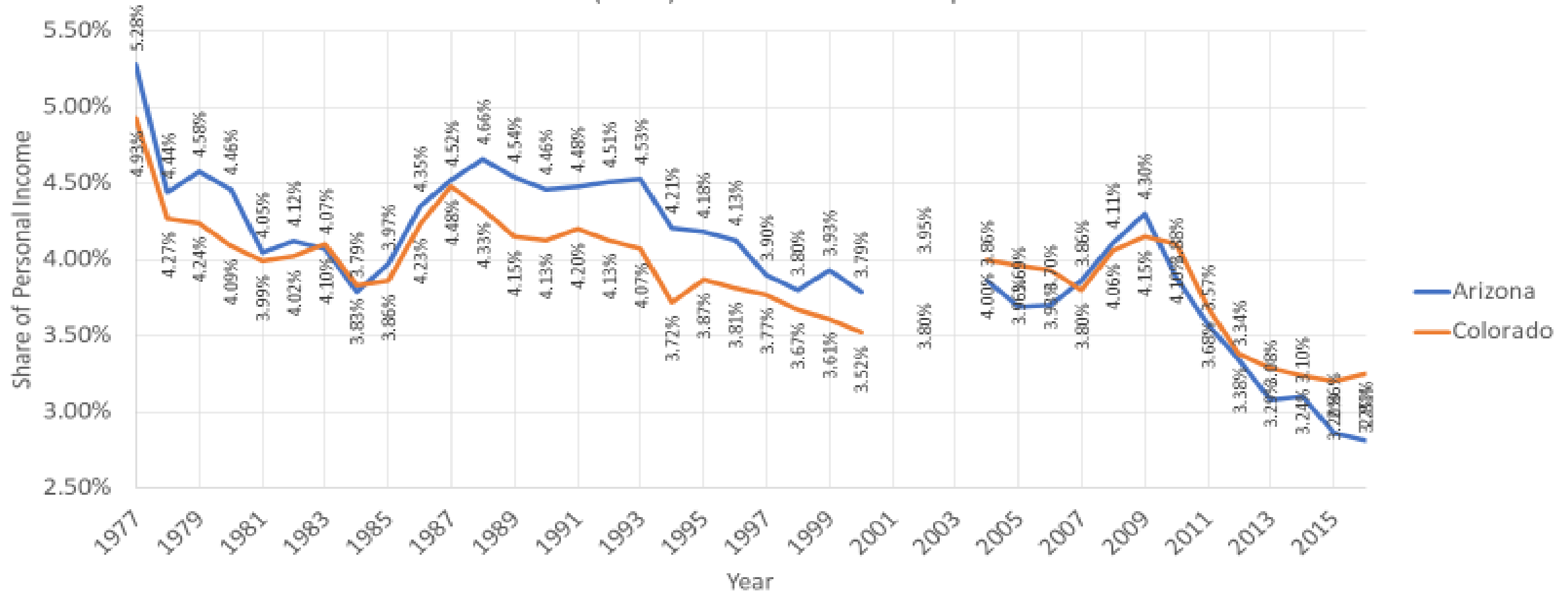
## Spending Gaps and State Effort





## ARIZONA & COLORADO

### Direct Expenditure on Education as a Percent of Personal Income (E027) Elem Educ-Direct Exp



# Thoughts

- Filling these gaps (even to shoot for prior national means) will be expensive:
  - \$35.26 (2021)
    - \$70.53 (2022)
      - \$105.79 (2023)
        - » \$141.06 (2024)
          - \$176.32 (2025)
- States will have to carry a significant share of this cost (by raising their effort to a specific target – share of API or GSP)
  - I’m looking at you Arizona!
- Feds must place pressure on states to not only improve overall effort, but target resources according to need (gaps)
  - Overall Progressiveness
  - No jurisdiction left behind (elimination of “financially disadvantaged” districts)