



Equal Is Not Good Enough

An Analysis of School Funding Equity Across the U.S. and Within Each State



The Education Trust

EQUAL IS NOT GOOD ENOUGH: AN ANALYSIS OF SCHOOL FUNDING EQUITY ACROSS THE U.S. AND WITHIN EACH STATE

BY: IVY MORGAN, DIRECTOR FOR P-12 DATA & ANALYTICS

When it comes to providing children with a high-quality education, money matters. Research¹ shows that sustained and significant increases in school funding can have a lasting positive impact on student achievement and other outcomes — especially for students from low-income backgrounds. Yet, the U.S. education system is plagued with persistent and longstanding funding inequities — with the majority of states sending the fewest number of resources to the districts and schools that actually need the most resources. As a result, millions of students are not getting the proper resources that would allow them to [succeed](#).

To ensure that school districts had the resources to meet students' needs due to the COVID-19 pandemic, the federal government infused nearly \$200 billion into state school funding coffers.² The American Rescue Plan (ARP) was designed with an eye toward equity, by allocating the funding through the most progressive funding formula at its disposal — Title I. This means that higher-poverty districts received substantially more funding than lower-need districts. While this money may help temporarily erase some of the persistent inequities in school funding, it won't last forever. State leaders need to address the systemic, longstanding inequities in school funding systems now, so that the so-called "[fiscal cliff](#)" will not impose the most disruption in high-need communities.

For more than 20 years, The Education Trust has been analyzing school finance data, contributing to a rich body of research and analysis on the persistent gaps in revenue between high- and low-poverty districts in states as well as between districts serving the most and the fewest students of color. Our [Funding Gaps 2018](#) report, for instance, found "devastatingly large" gaps in some states, but also that many states defy these patterns, proving that inequities are not inevitable. This new report updates that analysis, looking closely at patterns across and within states and for specific student groups. It includes new analysis comparing funding between the country's districts with the most and fewest English learners, who represent a sizeable share of the overall student population. It is also accompanied by a new, interactive data tool that, for the first time, drills down to district and specific school-level data (see sidebar on the data tool) and reveals that those inequities persist.

Here are some of the most notable findings:

- Across the country, districts with the most students of color on average receive substantially less (16%) state and local revenue than districts with the fewest students of color, and high-poverty districts receive 5% less state and local revenue than low-poverty districts. The districts with the most English learners receive 14% less state and local revenue, compared with districts with the fewest English learners.
- While national summary data shows clear regressive funding patterns, state-by-state data tells a more nuanced story, in which state and local revenue is allocated progressively for some groups of students, but not others.
- The policies that states set up to fund their districts and schools can address or exacerbate inequities. In many states, state revenue is not allocated in a way that fully counteracts inequities in local funding.

Consider too that school funding is just one part of the education puzzle. State and district leaders also need to ensure that all students' experiences in school include having fair access to resources, such as strong teachers with diverse

backgrounds who provide engaging, culturally relevant, and standards-aligned instruction; rigorous coursework that will set students up for success in college and careers; and school environments that are physically safe and emotionally supportive. School funding systems that provide more funding — not equal, and certainly not less — to meet the needs of underserved students, such as students from low-income backgrounds and English learners, will allow each student to have the resources and supports they need to thrive. Given this, states and districts have a long way to go to achieve school funding equity.

This report, used alongside other resources — such as the FundEd website that allows state-to-state comparisons of existing policies, Ed Trust’s [recommendations](#) on what is needed to advance equity in state funding systems, and EdBuild’s [promising policy options](#) — provide decisionmakers with a clear roadmap for creating policies that can transform state funding systems into vehicles to address racial, socioeconomic, and sociocultural inequities. The bottom line? If state leaders truly want to achieve school funding equity, they will quickly realize that equal funding across school districts is not good enough. Our nation’s students who need more, deserve more.



ABOUT THIS ANALYSIS

In this analysis, we examine how revenues of districts serving the most students from low-income backgrounds³, students of color, or English learners compare with those of their counterparts in each state and across the country. Our analyses compare the average revenues of districts grouped into quartiles based on the student demographic characteristics.⁴

To analyze the state of funding equity across the U.S. and within each state, we used data on state, local, and/or federal revenues and overall student enrollment from the 2020, 2019, and 2018 U.S. Census Bureau's Public Elementary-Secondary Education Finance Data files; estimates of the total number of 5- to 17-year-olds and 5- to 17-year-olds in poverty from the 2020 U.S. Census Bureau's Small Area Income and Poverty Estimates; and 2019-20 enrollment data by student race/ethnicity and English learner status from the National Center Educational Statistics' (NCES) Common Core of Data. We also used the Comparable Wage Index for Teachers to adjust revenue data for regional differences in labor costs, and the Consumer Price Index to adjust for inflation between 2018 and 2020.

To calculate differences in revenue between the highest-need and lowest-need districts, we:

- Adjusted revenue values to exclude capital outlay expenditures, reallocated charter school payments that would otherwise inflate district revenues, accounted for inflation and regional differences in labor costs, and averaged over the three years
- Sorted all districts by the percentage of students below the poverty line; the percentage of students who were Black, Latino, or Native; or the percentage of students who were English learners
- Divided districts into four groups (quartiles) so that each group represented approximately 25% of overall student enrollment
- Calculated the average adjusted revenue per student across all the districts in each quartile
- Compared the revenue per student in the highest-need and lowest-need quartiles

Because of the charter school adjustment, findings from this analysis — particularly for states like Massachusetts, Ohio, New Jersey, New York, Pennsylvania, where charter schools are concentrated in districts with high percentages of students from low-income backgrounds, students of color, or English learners — are not directly comparable to findings from previous analyses. For more detailed documentation, please see the technical appendix to this report.

RATINGS SCALE

Each of the figures presented in this report uses a ratings scale to assign categorical ratings to the percent difference in revenue between the highest- and lowest-need districts.



The highest-need districts receive at least 40% more state and local funds than the lowest-need districts



The highest-need districts receive between 10% and 40% more than the lowest-need districts



The highest-need districts receive between 0 and 10% more than the lowest-need districts



The highest-need districts receive between 0 and 10% less than the lowest-need districts



The highest-need districts receive at least 10% less state and local funds than the lowest-need districts

ABOUT THE INTERACTIVE DATA TOOL

Accompanying this report is a new, interactive data tool, [The State of Funding Equity](#), which presents a comprehensive look at school funding equity between districts in states, and between schools in districts. Specifically, the tool:

- Includes state-by-state information on inequities in state and local funding between districts based on percentages of students from low-income backgrounds, students of color, and English learners
- Shares newly available school-by-school spending data with the contextual information and across-school comparisons needed to make meaning of the data and better gauge whether funding is being allocated equitably across schools in a district

Students of Color
Students in Poverty
English Learners

16% LESS PER STUDENT

Districts with the most students of color receive 16% less state and local revenue than districts with the fewest students of color.

The State of Funding Equity Data Tool

School districts and schools that serve large populations of students from low-income backgrounds, students of color, and English learners continue to receive less funding than other districts. This is despite clear evidence that sustained and significant school funding increases can have a lasting impact on achievement and other outcomes – especially for students from low-income backgrounds.

School funding systems that provide more funding – not equal, and certainly not less – to meet the needs of underserved students will allow each student to have the resources and supports they need to thrive.

Use this tool to understand whether your state provides fair funding to its highest-need districts. After that, dig in to newly available data on spending for individual schools to explore differences in spending between schools in the same district.

WHAT DID WE FIND?

States' school funding systems should ensure that districts receive significant additional state and local funding to support students from low-income families and English learners. In addition, school funding systems should ensure that districts serving high concentrations of students of color receive at least as much state and local funding as other districts. Unfortunately, that is not what the data reveals. Instead, a varied picture emerges in which too many districts that have greater needs — no matter how you define it — do not receive more state and local funding.

FINDING 1: NATIONWIDE, DISTRICTS WITH THE MOST STUDENTS OF COLOR RECEIVE LESS STATE AND LOCAL REVENUE THAN DISTRICTS WITH FEWER STUDENTS OF COLOR

Across the country, districts with the most students of color on average receive substantially less (16%) state and local revenue than districts with the fewest students of color.⁵ That's about \$2,700 less per student — and in a district with 5,000 students, that gap could mean \$13.5 million in missing resources. In a single year, that missing funding could translate to increased and improved resources, such as expert-recommended⁶ smaller student-to-school-counselor ratios, increased access to [targeted intensive tutoring](#), and other key resources that improve student outcomes.

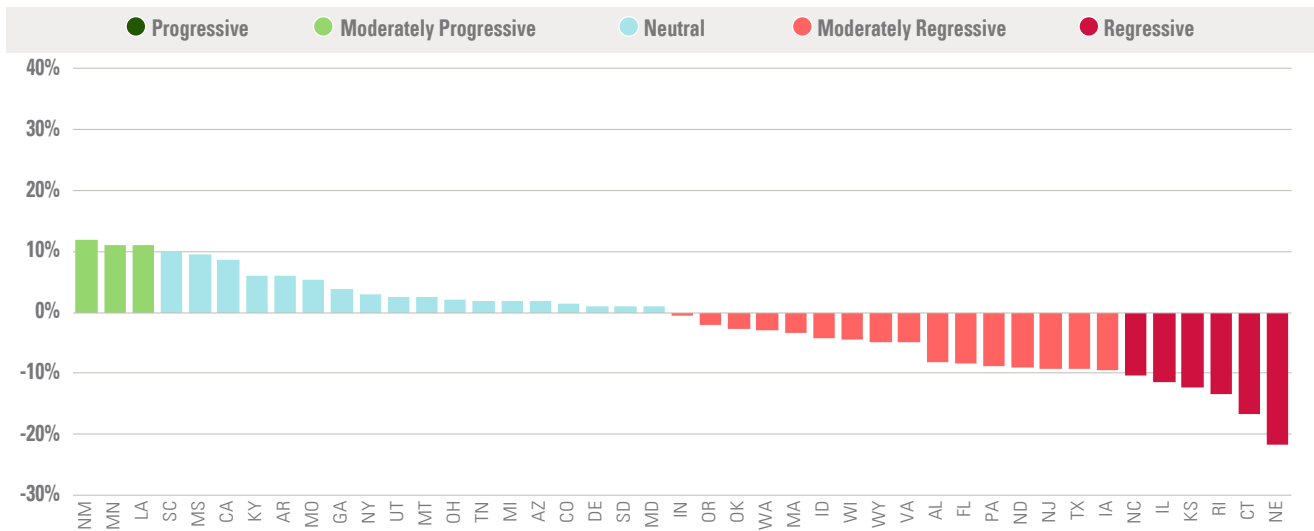
In 22 states, districts serving the most students of color receive less state and local revenue per-student than districts serving the fewest students of color. This is a particularly pronounced problem in six states (Connecticut, Illinois, Kansas, Nebraska, North Carolina, Rhode Island), where districts serving the most students of color receive 10% to 22% less state and local funding than districts serving the fewest students of color.⁷

Why does this matter? Students of color have long been denied fair school funding because their communities have been long denied fair opportunities to build wealth due to systemic racism. The legacy of housing discrimination [still shows](#) up in school funding patterns today. State school funding systems should address these disparities by ensuring that districts with the most students of color receive a combination of state and local funding that is at least as much the amount that districts with the fewest students of color receive.

For example, in a recent [Ed Trust report](#), we found that students of color, particularly Black and Latino students, enjoy science, technology, engineering and math courses and aspire to go to college and pursue careers in STEM fields, but they are routinely denied access to relevant course opportunities such as AP Biology, AP Physics, and AP Chemistry. Fair funding and resource equity — where schools and districts dedicate at least as much to serve students of color as other students — can help address these kinds of challenges and break down barriers to a high-quality education and an equitable career trajectory.

Across the country, districts with the most students of color receive 16% less state and local revenue than districts with the fewest students of color—in a district with 5,000 students, that's a \$13.5 million gap in missing resources

FIGURE 1: Gaps in State and Local Revenues per Student Between Districts Serving the Most and Fewest Students of Color, 2018-2020



Reading this figure: In New Mexico, districts serving the most students of color receive 12% more state and local revenue per student than districts serving the fewest students of color. States are ordered and classified as providing more or less funding to their districts with the most students of color based on unrounded percentages. We exclude: the District of Columbia and Hawaii, because they have a single traditional school district; Alaska because there are substantial regional differences in the cost of education that are not accounted for in the geographic cost adjustment; Vermont due to data anomalies; and Nevada because districts in the state cannot be split into quartiles. Findings are not reported for Maine, New Hampshire, and West Virginia because Black, Latino, and Native students make up less than 10% of the state’s total student enrollment.

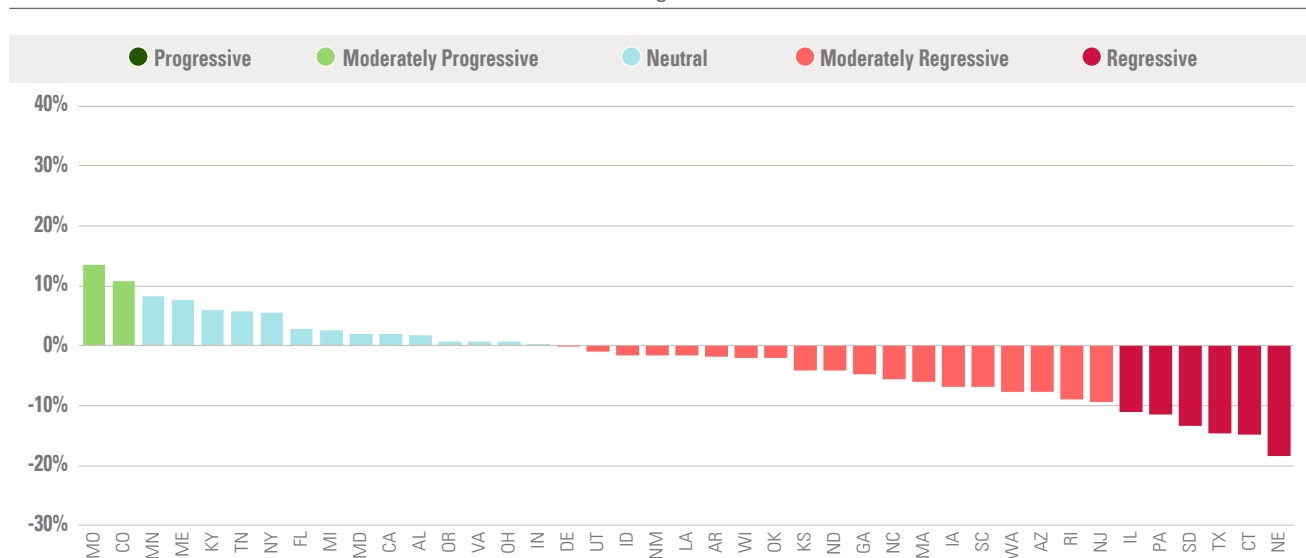
FINDING 2: DISTRICTS WITH THE MOST ENGLISH LEARNERS ALSO RECEIVE LESS STATE AND LOCAL REVENUE THAN DISTRICTS WITH FEWER ENGLISH LEARNERS

Across the country, the districts with the most English learners receive 14% less state and local revenue, compared with districts with the fewest English learners. That leaves districts with higher needs for resources — including bilingual educators and instructional materials — with \$2,200 less per student than districts with lower needs.

One-third of states (14 of 41) provide about the same level of funding to districts serving the most and fewest English learners.⁸ Even worse, in more than half of states (25 of 41), the districts serving the most English learners receive less state and local funding than the districts serving the fewest. In just two states (Missouri and Colorado), districts with the most English learners receive substantially more state and local funding than districts with the fewest English learners.

Why does this matter? Multilingual learners are an incredibly diverse group of students — their socioeconomic status and sociocultural background vary just as much as their home languages and English proficiency. They represent a sizeable share of the overall student population — [almost 12 million](#)⁹ children ages 5 to 17 speak a language other than English at home, and [5 million](#) students are classified as English learners,¹⁰ who currently account for about 10% of the K-12 student population. There is broad consensus¹¹ that school systems across the U.S. need additional funding to be able to pull together the right combinations of resources to meet the needs of multilingual learners.

FIGURE 2: Gaps in State and Local Revenues per Student Between Districts Serving the Most and Fewest English Learners, 2018-2020



Reading this figure: In Missouri, districts serving the most English learners receive 13% more state and local revenue per student than districts serving the fewest English learners. States are ordered and classified as providing more or less funding to their districts with the most English learners based on unrounded percentages. We exclude from all state-by-state findings: The District of Columbia and Hawaii because they have a single traditional school district; Alaska because there are substantial regional differences in the cost of education that are not accounted for in the geographic cost adjustment; Vermont due to data anomalies; and Nevada because districts in the state cannot be split into quartiles. We do not report findings for Mississippi, Montana, New Hampshire, West Virginia, and Wyoming because students who are classified as English learners make up less than 3% of each of those states’ total student enrollment.

FINDING 3: DESPITE CLEAR EVIDENCE THAT STUDENTS FROM LOW-INCOME BACKGROUNDS NEED MORE RESOURCES TO THRIVE ACADEMICALLY, HIGH-POVERTY DISTRICTS RECEIVE LESS STATE AND LOCAL REVENUE THAN LOW-POVERTY DISTRICTS

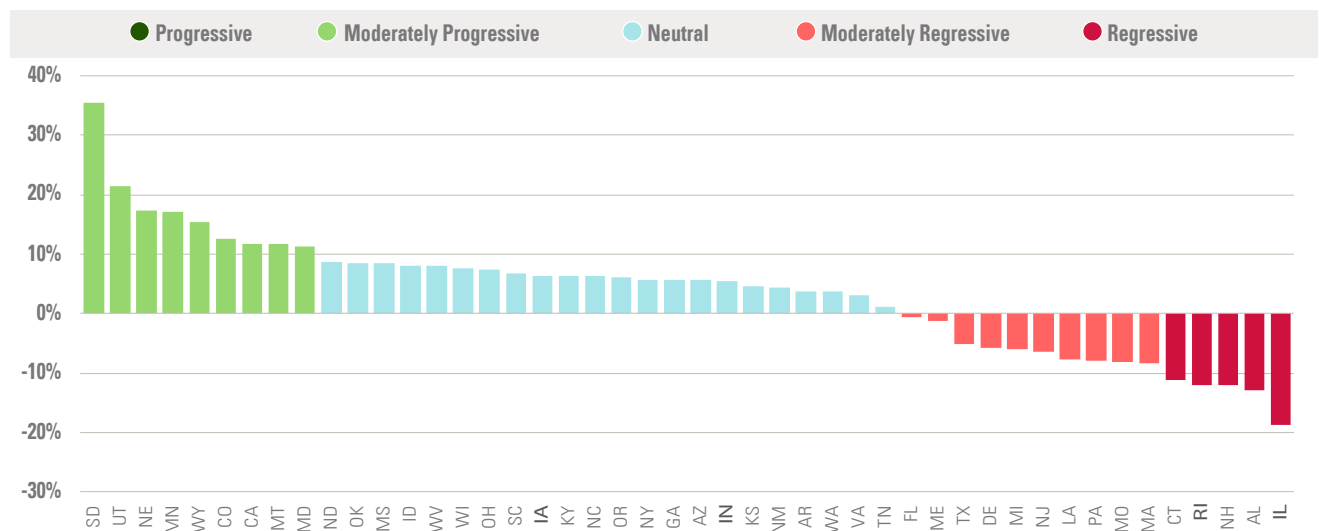
Across the country, high-poverty districts receive on average 5% less (about \$800 per student) state and local revenue than low-poverty districts. This may seem like a small difference, but it’s not — most schools with 500 students could hire at least three more teachers with that additional funding. What’s more, equal funding should not be the goal, because equal is not good enough. There are 37 states where districts that serve the highest concentrations of students from low-income backgrounds are not receiving substantially more funding than their more affluent counterparts. This includes Illinois, where districts serving the most students from low-income backgrounds receive 19% less funding than districts serving the fewest — that’s \$3,800 less per student.¹² On the other hand, in nine states, high-poverty districts are receiving a higher amount of state and local funding than districts with lower poverty rates.

With an additional \$800 per student, a school with 500 students could either...



Why does this matter? Research shows that students from low-income backgrounds benefit more both in the short and long term, when their schools have additional funding.¹³ Schools and districts that serve more students from low-income backgrounds should receive more funding to help ensure that students have rich educational experiences that prepare them to excel in post-secondary opportunities at least as well as peers from more affluent backgrounds. High-poverty districts should be receiving substantially more funding — not equal, and certainly not less — than their more affluent counterparts.

FIGURE 3: Gaps in State and Local Revenues per Student Between Districts Serving the Most and Fewest Students from Low-Income Backgrounds, 2018-2020



Reading this figure: In South Dakota, the highest-poverty districts receive 35% more state and local funds per student than the lowest-poverty districts. States are ordered and classified as providing more or less funding to their highest-poverty districts based on unrounded percentages. We exclude from all state-by-state findings: The District of Columbia and Hawaii because they have a single traditional school district; Alaska because there are substantial regional differences in the cost of education that are not accounted for in the geographic cost adjustment; Vermont due to data anomalies; and Nevada because districts in the state cannot be split into quartiles.

EQUAL ISN'T GOOD ENOUGH – HOW MUCH MORE SCHOOL FUNDING SHOULD STATES PROVIDE?

States' school funding systems should provide a significant amount of additional funding to districts to support students from low-income families, English learners, and students with disabilities so all students can reach rigorous academic outcomes. State systems usually provide this additional funding by "weighting" student enrollment numbers in the state's formula (e.g., inflating the student enrollment count for English learners so that it is 30% more or 1.3 times as much) and multiplying that by a standard amount of funding for each student, allocating a specific amount of additional funding (e.g., an additional \$3,000 for each English learner), or by funding specific programs or activities (e.g., an intensive tutoring program for English learners through a separate pot of money).

But how much more should states provide? Studies that use statistical methods to estimate how much additional funding it would cost to help close opportunity gaps and the resulting achievement gaps between students with and without additional needs consistently estimate that systems should provide 100% to 200% more funding for students with additional needs than for students without additional needs.¹⁴ Therefore, if state leaders are serious about closing opportunity and achievement gaps, they should provide additional "weights" for students from low-income backgrounds, English learners, and students with disabilities:

- Provide 100% to 200% more (2 to 3 times as much) funding for students from low-income families, as recommended by research ([here](#) and [here](#)) — than for students from higher income families. Under states' [current funding systems](#), there is a wide range in how much additional funding is allocated for students that need additional support, but states very rarely allocate substantial additional funding. Some states provide as little as an additional 10% more, and nearly all states provide less than 50% more — just two states The Student Opportunity Act (Maryland and Massachusetts¹⁵) currently have funding formulas that (on paper, at least) would allocate close to twice as much for students from low-income backgrounds under certain circumstances.
- Provide 100% to 150% more (2 to 2.5 times as much) funding for English learners, according to one [study](#). Almost all states fall short of this target for English learners — Maryland currently provides (on paper, at least) about twice as much and Georgia provides 2.5 times as much for English learners.
- Provide additional funding to support students with disabilities, based on their unique needs. States tend to provide substantially more funding for students with disabilities, largely based on the level of additional support needed to support the student's specific diagnosis.
- Provide the full amount of additional funding for every category of need that students meet. For example, if a state's funding formula prescribes 100% more for English learners and 100% more for students from low-income families, then the formula should provide 200% more for a student who is both an English learner and from a low-income background.

For more information, see our resource on [5 Things to Advance Equity in State Funding Systems](#).

FINDING 4: THE GAPS IN STATE AND LOCAL REVENUE BETWEEN DISTRICTS WITH THE MOST AND FEWEST STUDENTS OF COLOR OR ENGLISH LEARNERS TEND TO BE WORSE THAN THE INCOME-BASED GAPS

As described in findings 1 through 3, the national gaps in state and local funding between districts with high and low percentages of students of color or students learning English (16% less and 14% less, respectively) are larger than the gaps between districts with high and low percentages of students from low-income backgrounds (5% less).

This is also true across states: While there are regressive¹⁶ state and local funding gaps in 22 (of 43) states between districts with the highest and lowest percentages of students of color and 25 (of 41) states between districts with high and low percentages of students learning English, there are only 15 (of 46) states with regressive gaps between districts with high and low percentages of students from low-income backgrounds.

Why does this matter? Any disparities in school funding that see higher-need districts receive less funding are unacceptable. But it's particularly problematic for districts serving high concentrations of English learners or students of color to have funding gaps that are two to three times larger than the gaps for districts with high percentages of students from low-income backgrounds.

FINDING 5: STATES WHERE STATE AND LOCAL REVENUE IS PROGRESSIVELY ALLOCATED FOR ONE GROUP OF STUDENTS, DO NOT NECESSARILY HAVE PROGRESSIVE ALLOCATIONS FOR OTHER GROUPS OF STUDENTS

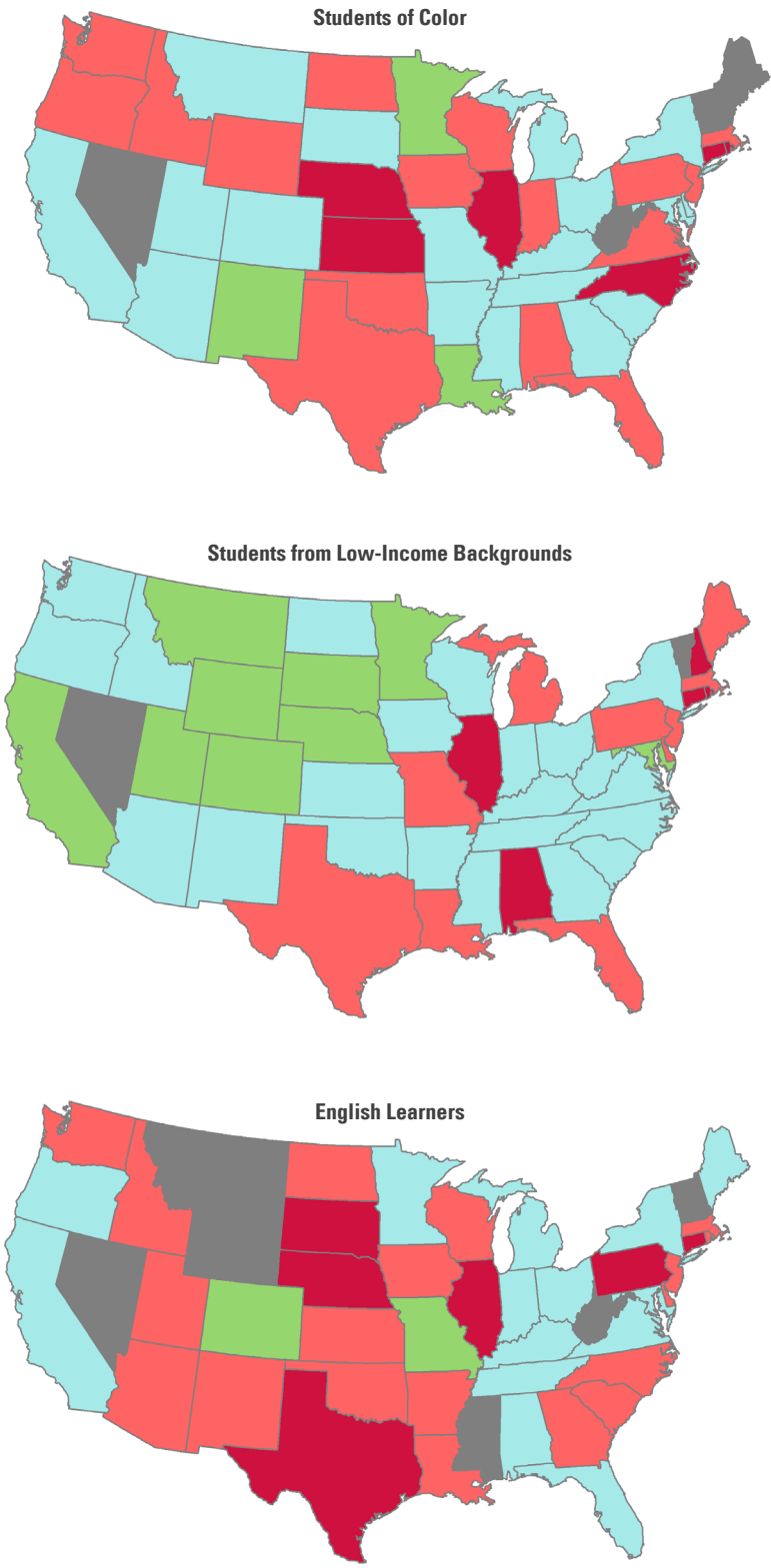
Some states — like Maryland and Minnesota — are doing better than other states in ensuring that high-need districts receive more funding to support students' needs. In each of these states, the districts with the most students from low-income backgrounds, students of color, or English learners receive more state and local funding than the districts with the smallest shares of each of group of students.

There are also states that are doing well for one group of students but not others. For example, state and local funding in California is more targeted to higher-poverty districts, but it is not as well targeted to districts with the most students of color or English learners. Even more notable, Louisiana districts with the most students of color receive more state and local funding than districts with the fewest students of color; however, districts with the most English learners or the most students from low-income backgrounds receive less than districts serving fewer English learners or students from low-income backgrounds.

On the other hand, states like Connecticut, Illinois, Massachusetts, New Jersey, Pennsylvania, Rhode Island, and Texas consistently underfund districts that have higher percentages of students of color, students from low-income backgrounds, or English learners.¹⁷

Why does this matter? State policy drives inequities in state and local funding. If state funding is not sufficient to counteract inequities in local funding between high- and low-need districts, then states should change their policies to increase targeting of state funds to low-wealth districts. If state funding is sufficient to counteract inequities in local funding between districts serving the most and fewest students from low-income backgrounds, but not between districts with the highest and lowest percentages of students in other groups, then state policy should change to increase targeting of state funds to districts with more student need. States also have the power to put limits on the extent to which inequities in local funding can arise.

FIGURE 4: State and Local Revenue Gaps Between High- and Low-Need Districts



FINDING 6: STATE REVENUE IS NOT ALLOCATED IN A WAY THAT FULLY COUNTERACTS INEQUITIES IN LOCAL FUNDING

Across the country, districts with the most students from low-income backgrounds, students of color, or English learners receive substantially less local revenue than other districts. These inequities should be corrected by the additional state funding that high-need districts receive compared with low-need districts. But they are not. Instead, districts with high percentages of students from low-income backgrounds, students of color, or students learning English receive less total state and local revenue. These patterns play out across many states, too.

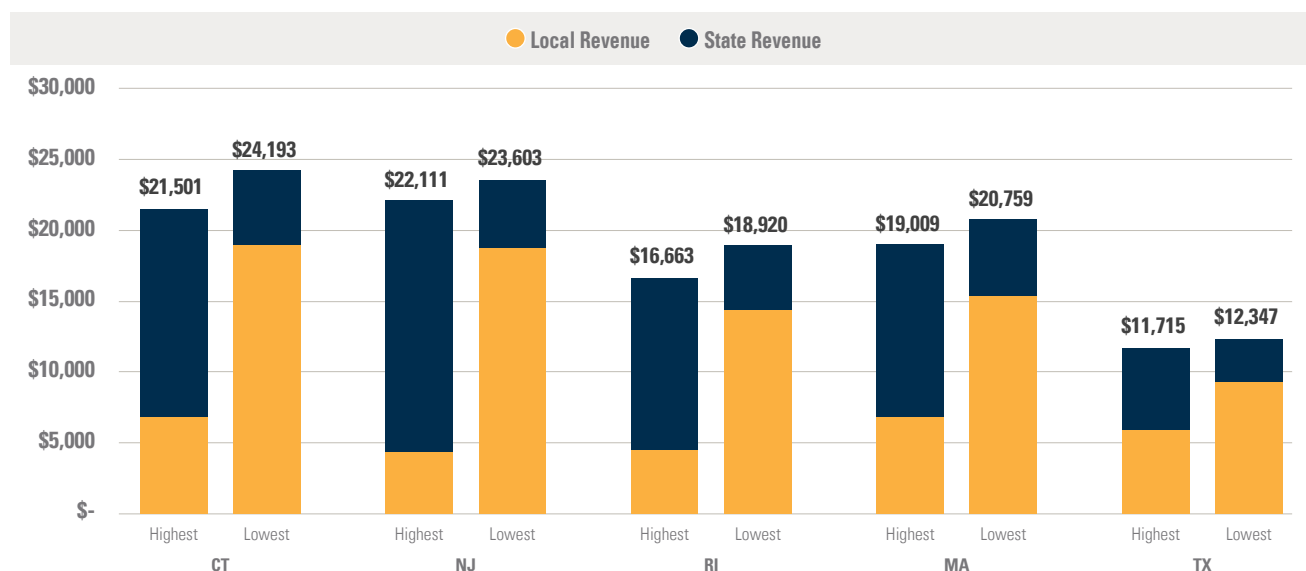
Local funding is regressive between high- and low-poverty districts in 41 (of 46) states; in 15 of those states, the funding that states provide to the highest poverty districts is not enough to make up for those inequities in local funding. Similarly, local funding is regressive between districts with the highest and lowest percentages of students of color in 27 (of 43) states, yet state funding does not make up for the local funding inequities between districts with high and low percentages of students of color in 21 of those 27 states. A similar pattern emerges between districts with the highest and lowest percentages of English learners — in 19 (of 41) states, local funding is regressive, and state funding does not counteract those differences in 16 states.

Even worse, five states (Connecticut, Massachusetts, New Jersey, Rhode Island, and Texas) consistently show up in the list of states where state funding is progressive, but not progressive enough to counteract gaps in local funding between districts with high and low percentages of students from low-income backgrounds, students of color, or English learners. This is particularly shocking for Connecticut, New Jersey, and Rhode Island, which provide at least twice as much state funding to their high-need districts as they do to low-need districts.

Why does this matter? Local revenue is mainly derived from local property taxes, which is inherently inequitable. Different communities have different property values, and districts in property-wealthy communities will always have an easier time raising more money at similar tax rates. Due to systemic racism, communities of color have been long denied fair opportunities to build wealth. The legacy of housing discrimination [still shows](#) up in school funding patterns today. While some states have funding formulas with mechanisms that counteract the inequities in local revenue that exist across districts, many states fall short. Total state and local revenue should be progressive, even if local revenue is not.



FIGURE 5: State and local revenue by source of funds in the highest and lowest poverty districts in selected states, 2018-2020



Reading this figure: In Connecticut, the highest-poverty districts receive \$20,501 state and local funding per student, which is less than what the lowest-poverty districts receive; this regressive funding pattern is driven by inequities in local revenue receipts between high- and low-poverty districts (orange bars) – which state funding addresses but does not fully correct (blue bars).

CONTEXT-BASED STATE-LEVEL POLICY RECOMMENDATIONS

It is important to understand what the data says about funding inequities and the specific policies that could address those inequities. Context-specific recommendations can lead to windows of opportunity to change the policies that govern how states fund districts.

When pushing for school funding reform, advocates should work toward achieving the policy recommendations noted below that align with challenges in specific states.

STATE & LOCAL, COMBINED

An equitable funding structure is an important foundation. There are three key features of equitable state and local funding systems:

1. State and local funding should be allocated so that higher-need districts serving more students from low-income backgrounds and English learners receive more funding; and that districts serving the most students of color do not receive less funding.
2. States should send more funding to districts that have less ability to raise local revenue, and states should limit property-wealthy districts' ability to create new inequities through exorbitant amounts of additional local funds.
3. States should also ensure that the funding allocated is adequate to support a rigorous, high-quality education program for all students, particularly English learners, students from low-income backgrounds, and students of color.

The following are actions to take depending on whether state and local funding combined is progressive, flat, or regressive.

PROGRESSIVE (E.G., MINNESOTA)	FLAT (E.G., KENTUCKY, TENNESSEE)	REGRESSIVE (E.G., CONNECTICUT, ILLINOIS)
<p>Ensure that districts with more students from low-income backgrounds and more English learners are receiving substantially more funding to meet students’ needs, and that districts serving more students of color are not receiving less funding.</p> <p>Ensure that your state is providing enough funding to support all students, but particularly students from low-income backgrounds, English learners, and students of color, to meet at least average national outcomes.</p> <p>Ensure that your state’s effort is above or comparable to the national average.</p>	<p>Ensure that districts with more students from low-income backgrounds and more English learners are receiving substantially more funding to meet students’ needs, and that districts serving more students of color are not receiving less funding.</p> <p>Ensure that the structure of your state’s funding formula is driven by students’ needs, and that a significant portion of resources are flowing through that need-based formula.</p> <p>Ensure that state funding is allocated to fully compensate inequities in local revenue.</p>	<p>Ensure that the structure of your state’s funding formula is driven by students’ needs, and that a significant portion of resources are flowing through that need-based formula.</p> <p>Ensure that districts with more students from low-income backgrounds and more English learners are receiving substantially more funding to meet students’ needs, and that districts serving more students of color are not receiving less funding.</p> <p>Understand whether it is the distribution of state revenue or the distribution of local revenue that is driving the inequities in total revenues.</p>

High-poverty districts should be receiving substantially more funding — not equal, and certainly not less — than their more affluent counterparts

STATE

State leaders should provide more funding to high-need districts than to property-rich, lower-need districts. They can do this by including additional funding for students from low-income backgrounds, English learners, and students with disabilities in the education funding structure. In addition, state leaders should ensure that state revenue fully makes up the difference between what the district needs and what it is reasonably able to raise in local revenue. The following are actions to take depending on whether state funding is progressive, flat, or regressive.

PROGRESSIVE (E.G., CONNECTICUT, NEW JERSEY)	FLAT (E.G., MICHIGAN)	REGRESSIVE (E.G., KENTUCKY, LOUISIANA)
<p>Ensure that your state fully funds its education formula and every category of need that a student meets.</p> <p>Ensure that your state requires districts to contribute an expected share of local revenue toward education; if there is no expectation for local share contribution, ensure that there are limits placed on the amount of local revenue that can be raised, so that doesn't drive inequities.</p> <p>Understand how much of the funding burden is placed on the state, as opposed to local districts, and ensure that aligns with the state's goals and values for educating its students.</p>	<p>Ensure that the structure of your state's funding formula is driven by student need, and that a significant portion of resources are flowing through that need-based formula.</p> <p>Ensure that your state is not allocating more state revenue to high-wealth districts than they need, due to funding floors or hold harmless policies.</p> <p>Ensure that state funding is allocated to fully compensate inequities in local revenue.</p>	<p>Ensure that the structure of your state's funding formula is driven by student need, and that a significant portion of resources are flowing through that need-based formula.</p> <p>Ensure that your state is not allocating more state revenue to high-wealth districts than they need, due to funding floors or hold harmless policies.</p> <p>Ensure that state funding is allocated to fully compensate inequities in local revenue.</p>

LOCAL

State leaders should ensure the contribution asked of high-wealth districts is an appropriate fair share and that the funding burden borne by low-wealth districts is reasonable. They should also address inequities in local sources of funds (including property wealth and income) by requiring localities to fully fund an expected local share of education funding based on their ability to raise revenue. For example, there should be a required local contribution based on a standard tax rate that will yield a larger local share in property-rich districts than in property-poor ones. State leaders should also limit property-wealthy districts' ability to raise and spend exorbitant amounts of additional local funds, thus creating new inequities. The following are actions to take depending on whether local funding is progressive, flat, or regressive.

PROGRESSIVE (E.G., UTAH)	FLAT (E.G., MONTANA)	REGRESSIVE (E.G., CALIFORNIA, TEXAS)
<p>Understand how much of the funding burden is placed on the state, as opposed to local districts, and ensure that aligns with the state's goals and values for educating its students.</p> <p>Ensure that your state specifies a minimum and maximum local tax rate for education that applies to all districts.</p>	<p>Understand how much of the funding burden is placed on the state, as opposed to local districts, and ensure that aligns with the state's goals and values for educating its students.</p> <p>Ensure that your state specifies a minimum and maximum local tax rate for education that applies to all districts.</p>	<p>Ensure that state funding is allocated to fully compensate inequities in local revenue.</p> <p>Require very high-spending, high-wealth districts to contribute to a state funding pool that supports lower-wealth districts in exchange for being permitted to spend more than the state limits.</p>

FEDERAL CONSIDERATIONS

Education funding comes from a combination of federal, state, and local funds — but the vast majority (about 90%) comes from states and localities. Therefore, state leaders must address long-standing inequities in their school funding systems and close state and local funding gaps so that all students have the resources they need to thrive.

However, the federal government plays an important role in funding education, too. In addition to the recent influx of ARP dollars allotted to schools, there has been much more interest in recent years in increasing the amount of federal funding available to support education — specifically by increasing Title I funding; ensuring that additional funding is allocated to provide substantially more resources to high-poverty districts; and incentivizing states to develop more equitable state funding policies. Future proposals to improve federal fiscal equity should ensure that school funding adequately meets student needs and is targeted so that the states, districts, and schools that need the most resources receive the most funding.

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ENDNOTES

1. Bruce Baker, *Does Money Matter in Education?* (Washington, DC: Albert Shanker Institute, 2016), <https://www.shankerinstitute.org/resource/does-money-matter-second-edition>; C. Kirabo Jackson, Rucker C. Johnson, and Claudia Persico, *The Effects of School Spending on Educational and Economic Outcomes: Evidence from School Finance Reforms*, (Cambridge, MA: National Bureau of Economic Research, 2015), <https://www.nber.org/papers/w20847.pdf>; Julien Lafortune, Jesse Rothstein, Diana Whitmore Schanzenbach, *School Finance Reform and the Distribution of Student Achievement*, (Cambridge, MA: National Bureau of Economic Research, 2016), <https://www.nber.org/papers/w22011.pdf>.
2. The fiscal data used in this analysis does not include any federal COVID-19 relief funds.
3. The data used is based on the number of students in poverty, which has a specific federal definition. However, in this report, we refer to students in poverty as students from low-income backgrounds.
4. These analyses show actual, not estimated, differences in funding between groups of districts. Factors like district size (relative to the state's population) and demographic segregation across districts within a state can lead to more or less differentiation in the level of need in districts with high and low percentages of students who are underserved. For example, in Delaware, the highest poverty rates in the highest and lowest poverty quartiles are 29% and 12%, respectively; but in Washington, the highest poverty rates in the highest and lowest poverty quartiles are 62.5% and 7%, respectively.
5. This pattern is not clear when examining state-by-state data. If we were to estimate the national gap using within-state quartiles, each state would contribute a representative share of districts to the top and bottom quartiles. So, the districts with the highest percentages of students of color in states like Kentucky, Montana, and Iowa would get counted in the highest quartile in the U.S. analysis, even though the average poverty rates across these districts ranges from 40 to 45% – which is on par with the averages in the lowest quartile in states like New Mexico (57%), Delaware (33%) or Texas (31%). Such an analysis would not describe differences between districts with the highest and lowest percentages of students of color. When the data is grouped this way, districts with the most students of color receive 2% less in state and local revenue than districts with fewest students of color.
6. No Author, *School Counselor Roles & Ratios*, (Alexandria, VA: American School Counselor Association, n.d.), <https://www.schoolcounselor.org/About-School-Counseling/School-Counselor-Roles-Ratios>.
7. State-by-state findings are not reported for the District of Columbia and Hawaii because they have a single traditional school district. Vermont is excluded due to data anomalies. Nevada is excluded because states in the district cannot be split into quartiles; in addition, findings are not reported for Maine, New Hampshire, and West Virginia because Black, Latino, or Native students make up less than 10% of the state's total student enrollment.
8. We exclude from all state-by-state findings: The District of Columbia and Hawaii because they have a single traditional school district; Vermont, due to data anomalies; and Nevada because districts in the state cannot be split into quartiles. In addition, we do not report findings for Mississippi, Montana, New Hampshire, West Virginia, and Wyoming because students who are classified as English learners make up less than 3% of each of those states' total student enrollment.
9. U.S. Census Bureau, *Characteristics of People by Language Spoken at Home*, accessed October 20, 2022, <https://data.census.gov/cedsci/table?t=Language%20Spoken%20at%20Home&tid=ACSS15Y2020.S1603>
10. National Center for Education Statistics, Digest of Education Statistics, *Table 204. 20 English learner (EL) students enrolled in public elementary and secondary schools, by state: Selected years, fall 2000 through fall 2019*, accessed October 20, 2022, https://nces.ed.gov/programs/digest/d21/tables/dt21_204.20.asp?current=yes.
11. EdBuild, *FundEd: National Policy Maps – English-Language Learner*, accessed October 20, 2022, <http://funded.edbuild.org/national#ell>; Oscar Jimenez-Castellanos and Amelia M. Topper, "The Cost of Providing an Adequate Education to English Language Learners," *Review of Educational Research*, 82, no. 2 (June 2012): 179–232.
12. Note that Illinois implemented funding reform in 2019. The data used in this report reflects just one year of resulting changes in funding distributions; however, given hold-harmless provisions that were included in the reform and the small amount of funding that is actually flowing through the new system, funding distributions will not change dramatically over the next few years.
13. Bruce Baker, *Does Money Matter in Education?* (Washington, DC: Albert Shanker Institute, 2016), <https://www.shankerinstitute.org/resource/does-money-matter-second-edition>.
14. While this body of research is small and has flaws, including focusing on student test scores as the only outcome of interest, it is the best research that is available in the field.
15. In FY22, Maryland's funding formula allocated 91% more for students from low-income backgrounds. Massachusetts' Student Opportunity Act (2019) allocates up to 100% more for students from low-income backgrounds in districts with high percentages of students from low-income backgrounds.
16. Regressive gaps are those where high-need districts receive less funding than low-need districts; progressive gaps are those where high-need districts receive substantially more funding than low-need districts.
17. Note that Massachusetts enacted funding reform legislation in 2019, but implementation began after the 2019-20 school year, so those changes are not captured in this analysis. The data from this report is based on three years of school district finance data – only one of which includes funding increases due to HB3.



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