BACKGROUNDER: SCHOOL FUNDING

The Challenge

Across the United States, students receive varying degrees of a quality education—those from affluent backgrounds reap the benefits of experienced educators, AP courses, full-time counselors, gymnasiums, musical instruments, and lessons in the arts while those living in high-poverty areas must tolerate leaky school ceilings, outdated textbooks, a part-time school nurse, and high rates of teacher turnover. As a result of the varying resources distributed to schools, there is a widened achievement gap among affluent and high-poverty students. In math, the average African American eighth-grader performs at the 19th percentile of White students and the average Hispanic student at the 26th percentile.[1]

Such inequities translate into long-term economic hurdles for the U.S. economy. Students without the benefit of a quality education can expect lower earning potential, loss of productivity, and a decline in competitiveness. A 2009 report by McKinsey and Company liken this situation to a "permanent national recession."[2] Unless the stakeholders make a genuine effort to lift all students, this country will fail to meet its full potential.

A high-quality education system endows all students with the ability to uncover their gifts, sharpen their skills, and bestow their talents upon this country. A high-quality education provides the supports and resources to meet varying student needs (e.g. English language learners, students with disabilities, and students from poverty). A high-quality education begins with quality early childhood education and includes rigorous standards, a comprehensive curriculum, an effective educator workforce, fair and valid assessments, family and community engagement, and school and classroom conditions conducive to successful teaching and learning. None of this is possible, however, without sufficient and equitable funding.

The Opportunity

Investing in high-quality public schools is the best way to improve and sustain the nation's economy. Investing in education—and students—is one crucial way to invest in the future and retain global economic leadership. To lead the world in economic development, the country must provide sufficient and equitable funding for the nation's public schools to allow every student the opportunity to learn and contribute to society. With sufficient funding, public education will not only create successful citizens, but will also be a vehicle to attract businesses into the states, creating jobs, and encouraging entrepreneurship.

Indicators for School Funding

NEA believes these school funding indicators are the key to national economic vitality and sustainable growth. School funding should be:

Sufficient—Funding should be sufficient for students to meet state-established academic requirements and to obtain skills enabling them to meet the demands of a rapidly changing, competitive global economy.

Equitable—Funds should be distributed according to needs-based criteria; this includes significant investment in the nation's most at-risk schools.

Productive—To ensure that students are learning at optimal levels of ability, funding should not be tied to ineffective benchmarks that create fear and uncertainty through punitive sanctions. Funding should be transparent and monitored sufficiently to ensure that funds are meeting students' needs.

Sustainable—Tax structures and economic development policies should be capable of supporting investment in public schools, and they should be fair and equitable for all citizens. Tax structures should be progressive enough to generate the necessary funding in both good and bad economic times. An independent state authority (above) should be empowered to establish and maintain a sustainable tax structure.

Indicators of a successful school funding system include:

Sufficiency of Funding

- State guarantees each school district a sufficient foundation level with appropriate adjustments for school level, school size and location, variation in costs across regions, and student characteristics.[3]
- 100 percent of schools receive sufficient levels of funding according to an independent body of stakeholders that includes active preK-12 educators and administrators

Equity in Funding

- State uses "pupil weights" in its base formula to adjust for diverse student needs.
- 100 percent of schools exhibit a low correlation between property wealth and resources for students.

Productive Use of Funds

- State offers performance incentives to ensure productive use of funds by school districts
- 100 percent of districts have joined a district-level consortium to bring down costs of bulk purchases.

Funding Sustainability

- State funds local efforts to diversify revenue streams.
- 100 percent of schools have a sustainable multi-year budget according to an independent body of stakeholders that includes active preK-12 educators and administrators

Conclusion

The United States has more than 16 million children living under the poverty level—that is 22 percent of all children in the U.S. When these children are placed in resource-scarce schools, not only do the students lose out on one of the surest paths out of poverty, but the country loses its ability to prosper. By raising Hispanic and African American achievement levels, approximately $50 trillion could be added to the U.S. economy over the next 80 years.[4] To be a globally competitive country, the U.S. must provide a high-quality education to every student and sufficiently fund the resources they need to overcome obstacles and excel.

Notes

1. Shultz and Hanushek, "Education is the Key."
2. McKinsey and Company, *The Economic Impact of the Achievement Gap in America's Schools (April, 2009).*
3. Student characteristics such as special needs, English language learners, and those in poverty and concentrated poverty.
4. U.S. Department of Education, *For Each and Every Child- A Strategy for Education Equity and Excellence, Washington, D.C., 2013.*

For more information please visit nea.org/gpsindicators

This document has been printed by Organized Staff Union Labor at the National Education Association

15515|10.13|ck

School Funding_15515.indd 2 10/1/13 12:44 PM