

When Equity Is Optional: Does Accountability Drive School Spending?

By Ziyu Zhou



Introduction

The Every Student Succeeds Act (ESSA) gave states flexibility in designing school accountability systems, while retaining a set of “equity guardrails” to ensure states focus resources on low-performing schools and historically underserved students. The law requires states to identify at least the lowest-performing 5% of Title I schools and high schools where fewer than two-thirds of students graduate on time to receive comprehensive support. States must also identify schools with one or more underperforming groups of students to receive targeted support.

In previous work in our [When Equity is Optional](#) series, we found that low-performing schools in different states had very different odds of being identified—and that students in those schools, therefore, had very different odds of receiving the additional services and resources they needed. In other words, identifying schools is just the first step. The benefits of school accountability under ESSA hinge on states using these systems to identify student needs, provide interventions, and address resource equity gaps to better serve students in the nation’s lowest-performing schools.

Doing this work well requires extra funding. For example, only identified schools are eligible to receive additional Title I funds set aside by the state for school improvement (also known as the “7% Title I set-aside”). **We believe accountability results should be reflected in funding allocations and identified schools should receive additional resources.**

About This Analysis

In this analysis, we explored whether identified schools tended to be underfunded relative to non-identified schools when they were identified, and whether states targeted more funds to schools as a result of identification so they would have the resources needed to implement evidence-based interventions and close equity gaps. In other words, **does school identification drive school spending?**

Under ESSA, states are now required to report *school-level* per-pupil expenditure, or PPE (i.e., how much a school spent, on average, for each student in the school in a year) for all schools, starting with the 2018-19 school year. States must also report how much each school spent from federal funding sources versus state and local sources. Most states also identified their first cohort of schools under ESSA's accountability rules in the 2018-19 school year (using 2017-18 data). The new PPE reporting requirement allowed us to conduct a first-of-its-kind analysis of school-level financial data through the lens of ESSA accountability.

We compared PPE in the first cohort of identified schools with PPE in non-identified schools across nine states in Fiscal Year (FY) 2018-19 (i.e., the 2018-19 school year). This paints a baseline picture of per-pupil spending in identified schools and allowed us to consider whether lack of funding may have contributed to identification. We then compared how PPE changed from FY 2018-19 to FY 2019-20 in identified schools relative to non-identified schools to probe whether school identification appeared to influence resource allocation decisions across states.

About Our Data

ESSA Accountability Data

This analysis includes nine of the ten states in our [When Equity is Optional](#) series on ESSA accountability systems: Connecticut, Florida, Indiana, Louisiana, Michigan, Mississippi, New Mexico, Ohio, and Washington. In each state, our data set includes all schools that received ratings in the state's ESSA accountability system, as well as schools identified for support and improvement, during the first year of ESSA implementation. States typically first identified schools under ESSA in the 2018-19 school year based on data from the 2017-18 school year.

Per-Pupil Expenditure Data

We obtained school-level per-pupil expenditure (PPE) data for FY 2018-19 and FY 2019-20 from the [National Education Resource Database on Schools](#), developed by Georgetown University's Edunomics Lab and Massive Data Institute. We merged their PPE data with our accountability data set for the nine states. Edunomics Lab conducted validation checks and flagged schools for which they identified concerning financial values. Such schools were excluded from our analysis.

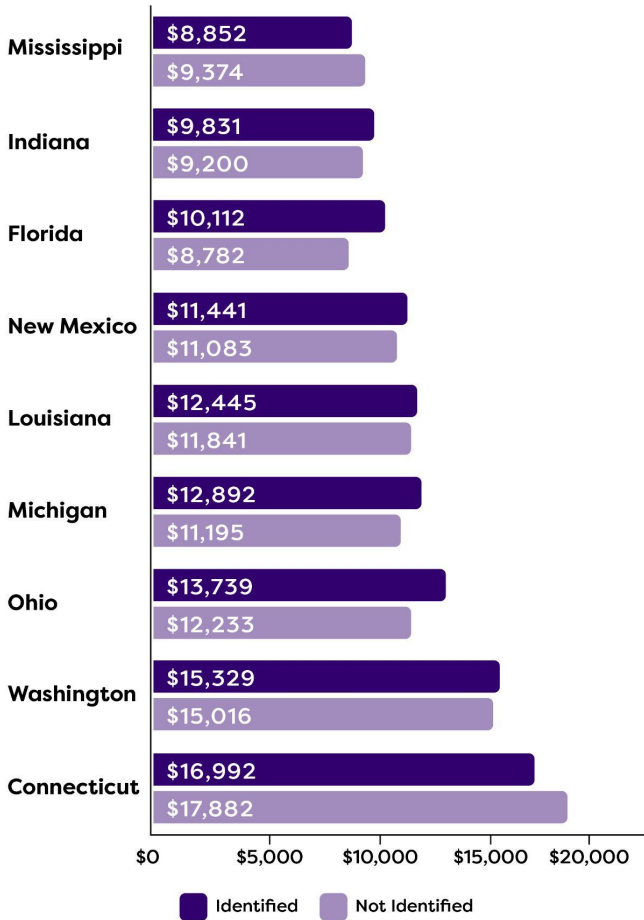
Did identified schools tend to be underfunded relative to non-identified schools when they were identified?

Per-Pupil Expenditure in FY 2018-19

Comparing Average Per-Pupil Expenditure in Identified and Non-identified Schools

In most states, identified schools tended to spend *more* per pupil than non-identified schools.

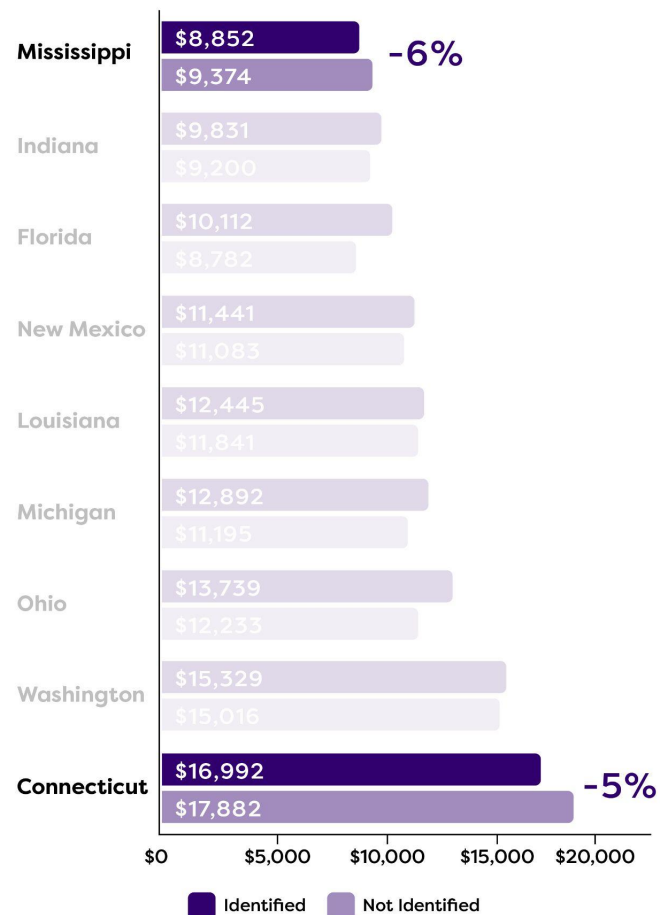
- Seven out of nine states (Indiana, Florida, New Mexico, Louisiana, Michigan, Ohio, and Washington) reported higher average per-pupil expenditure in identified schools than in non-identified schools.



Comparing Average Per-Pupil Expenditure in Identified and Non-identified Schools

Only Mississippi and Connecticut reported *lower* per-pupil expenditure in identified schools than in non-identified schools.

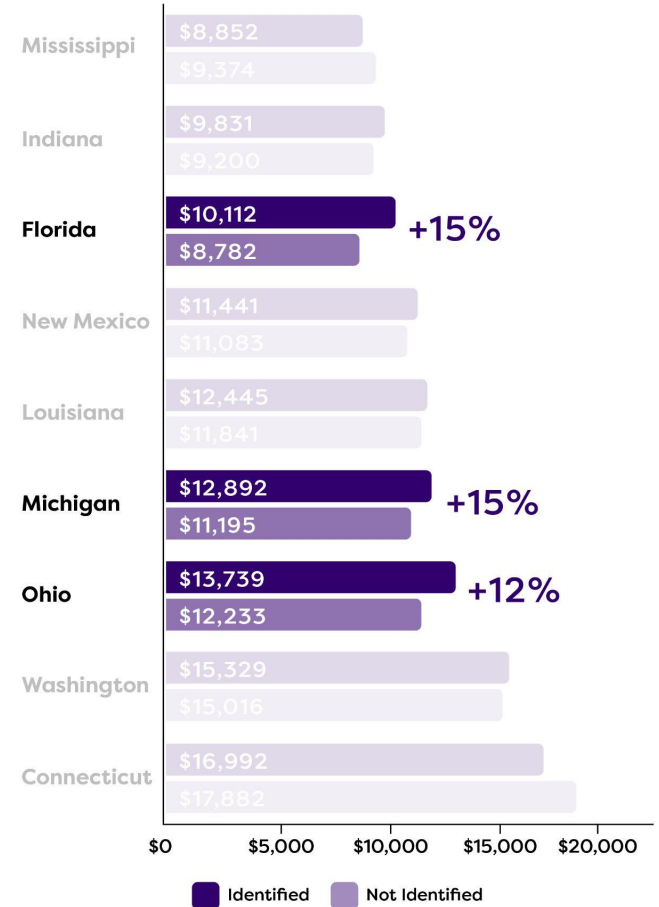
- On average, Mississippi and Connecticut spent 6% and 5% less per pupil, respectively, in identified schools.



In some states, the difference between spending in identified schools and non-identified schools was especially significant.

- On average, Florida, Michigan, and Ohio spent at least 12% more per pupil in identified schools than in non-identified schools.

Comparing Average Per-Pupil Expenditure in Identified and Non-identified Schools

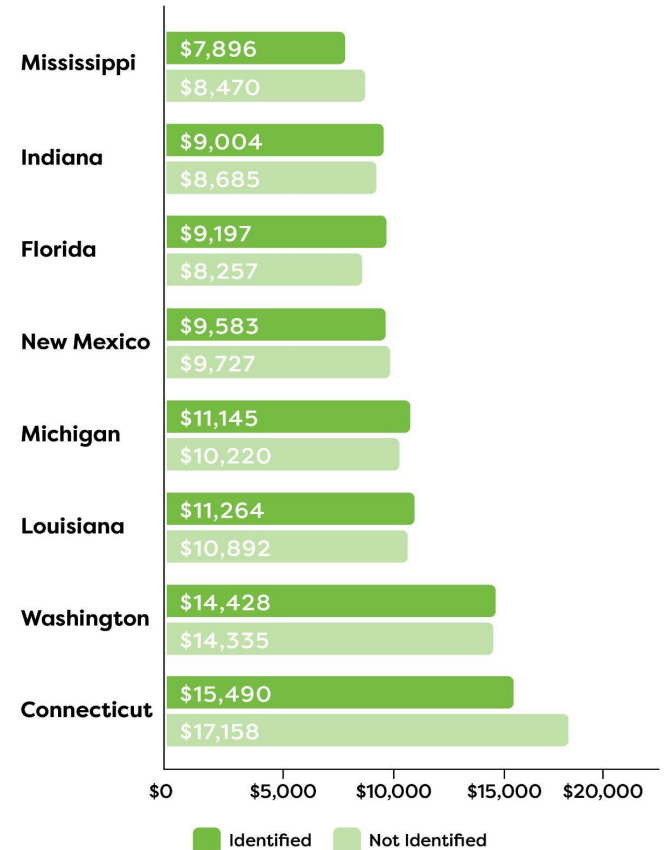


In the [2018-19](#) school year, the federal government provided 8% of elementary and secondary public education revenues, compared to roughly 47% and 45% from state and local sources, respectively. **Because public school funding predominantly relies on state and local governments, per-pupil expenditure from state and local sources largely mirrors total per-pupil expenditure.**

- In five of the eight states (Indiana, Florida, Michigan, Louisiana, and Washington), the average per-pupil expenditure from state and local sources in identified schools was *higher* than in non-identified schools.

Note: Ohio is excluded from analyses related to funding sources, because expenditures by state and local sources and by federal sources for the state was not available in the [National Education Resource Database on Schools](#).

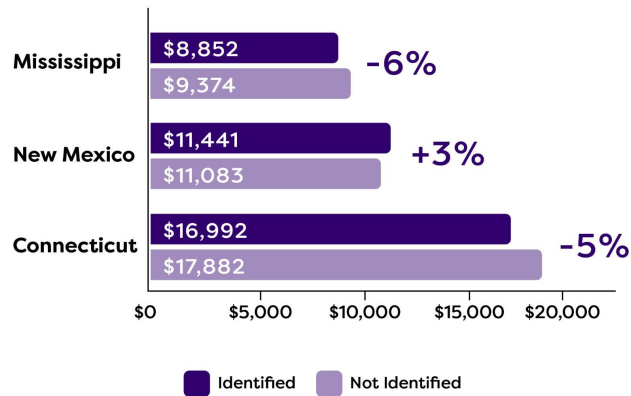
Comparing Average Per-Pupil Expenditure from State and Local Sources in Identified and Non-identified Schools



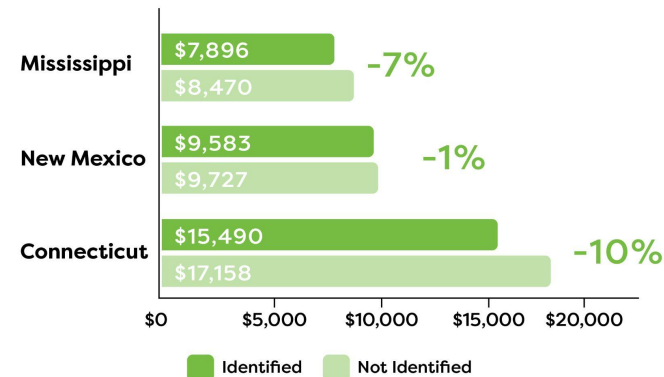
However, when only considering state and local sources, spending per-pupil was less targeted towards identified schools.

- For example, in Connecticut and Mississippi, the percentage difference in per-pupil spending in identified schools compared to non-identified schools changed from 5% and 6% less to 10% and 7% less, respectively.
- And in New Mexico, the percentage difference in per-pupil spending changed from 3% *more* to 1% *less* in identified schools than in non-identified schools.

Comparing Average Per-Pupil Expenditure in Identified and Non-identified Schools



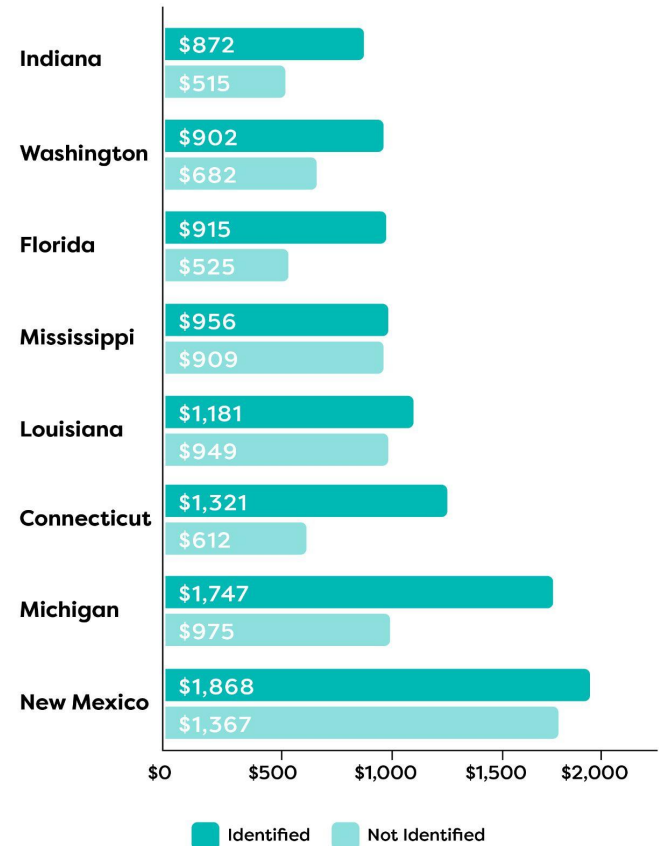
Comparing Average Per-Pupil Expenditure from State and Local Sources in Identified and Non-identified Schools



Unlike per-pupil spending from state and local sources, per-pupil expenditure from federal sources was more targeted to identified schools across the board.

- In all eight states, the average federal per-pupil expenditure was higher in identified schools than in non-identified schools—and in several cases, significantly higher.

Comparing Average Per-Pupil Expenditure from Federal Sources in Identified and Non-identified Schools

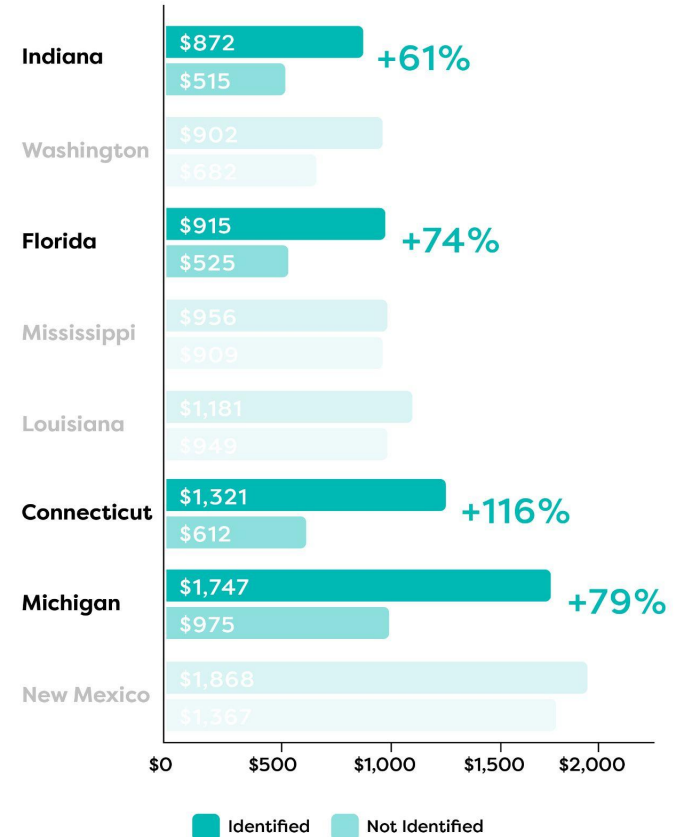


Note: Ohio is excluded from analyses related to funding sources, because expenditures by state and local sources and by federal sources for the state was not available in the [National Education Resource Database on Schools](#).

Differences between spending from federal sources in identified schools and in non-identified schools was more meaningful than differences in spending from state and local sources.

- In Indiana, Florida, Connecticut, and Michigan, per-pupil spending from federal sources in identified schools was *at least 60% higher* than in non-identified schools.

Comparing Average Per-Pupil Expenditure from Federal Sources in Identified and Non-identified Schools

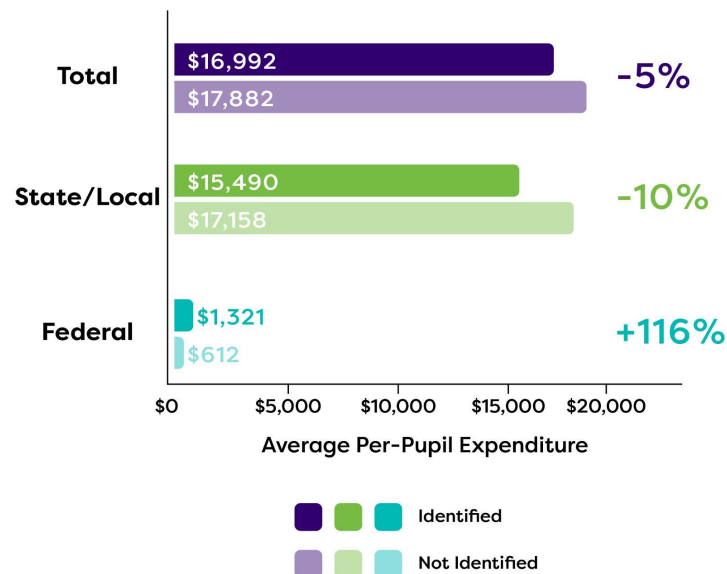


Note: Ohio is excluded from analyses related to funding sources, because expenditures by state and local sources and by federal sources for the state was not available in the [National Education Resource Database on Schools](#).

Despite per-pupil expenditure from federal sources being much more targeted towards identified schools than state and local sources, federal funding did not have a large impact on total per-pupil expenditure due to its comparatively small dollar amount.

For example, in Connecticut, the average per-pupil expenditure from federal sources in identified schools was **more than twice as much** as in non-identified schools. Meanwhile, the average per-pupil expenditure from state and local sources in identified schools was **10% less** than in non-identified schools. However, because federal dollars make up such a small fraction of public education funding, the average total per-pupil spending in identified schools was still **5% less** than in non-identified schools.

Comparing Average Per-Pupil Expenditure in Identified Schools and Non-identified Schools in Connecticut



Did school identification lead to greater spending in identified schools?

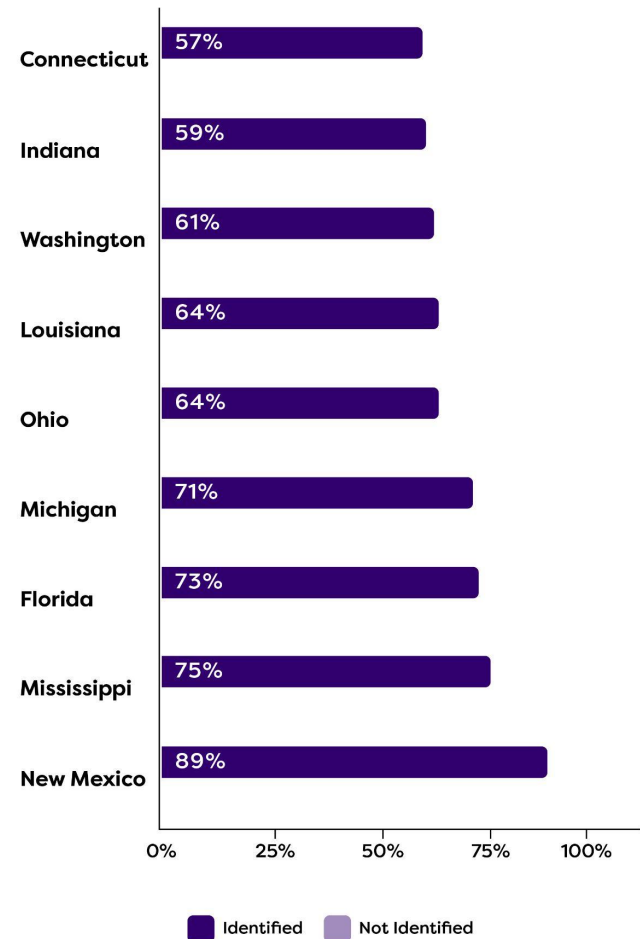
**Changes in Per-Pupil Expenditure
from FY 2018-19 to FY 2019-20**

Under ESSA, the reason why states are required to identify schools for support and improvement is to provide those schools with extra resources to implement evidence-based strategies so that they can improve student performance and school quality. If spending in identified schools declined following their identification, it would be clear states and districts were not providing these resources.

In all nine states, most—but not all—identified schools experienced an increase in per-pupil expenditure after their identification (i.e., comparing spending from FY 2018-19 to FY 2019-20).

- In every state except New Mexico, at least one-quarter of identified schools spent *less* per pupil the year following their identification.

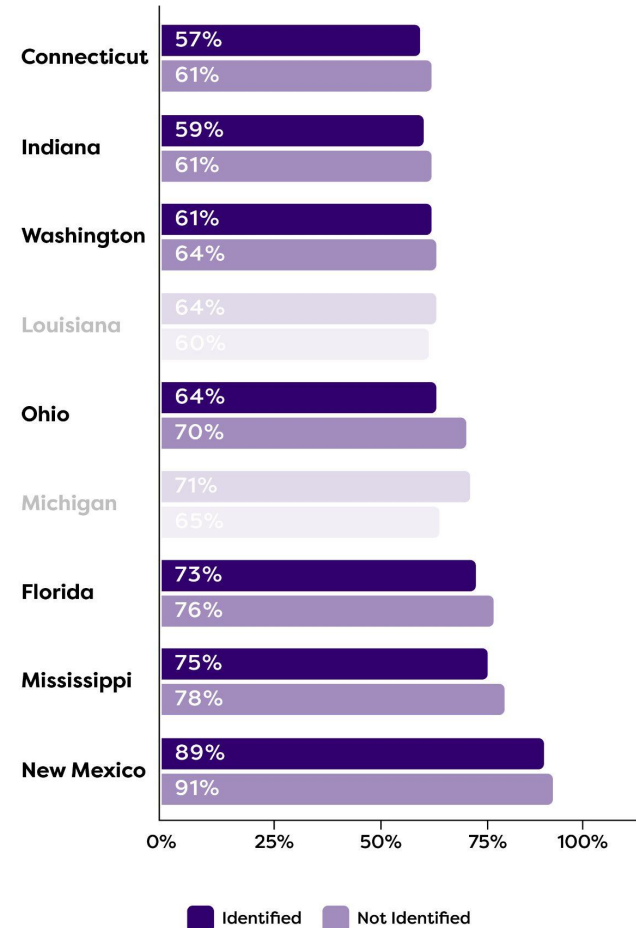
Percentage of Identified Schools with Increasing Per-Pupil Expenditure



Additionally, in most states, identified schools were *less likely* to experience an increase in per-pupil expenditure than non-identified schools the year after they were identified.

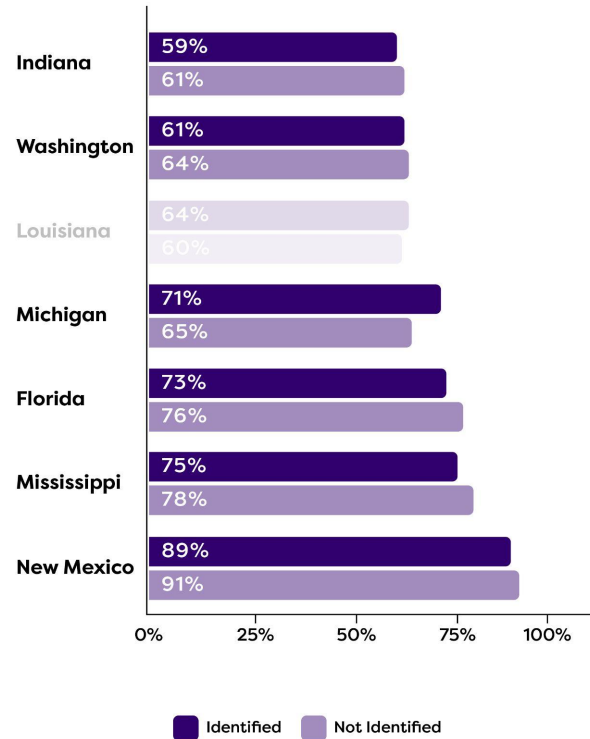
- In seven of the nine states (Connecticut, Indiana, Washington, Ohio, Florida, Mississippi, and New Mexico), non-identified schools were more likely to see an increase in spending.

Comparing the Percentage of Identified Schools to Non-identified Schools with Increasing Per-Pupil Expenditure

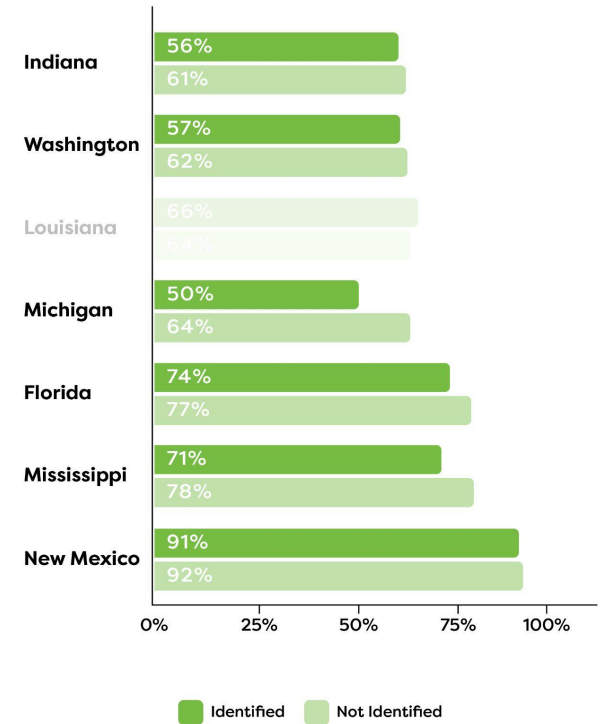


Similarly, in every state except Louisiana, identified schools were *less likely* to experience an increase in per-pupil expenditure from state and local sources than non-identified schools.

Comparing the Percentage of Identified Schools to Non-identified Schools with Increasing Per-Pupil Expenditure



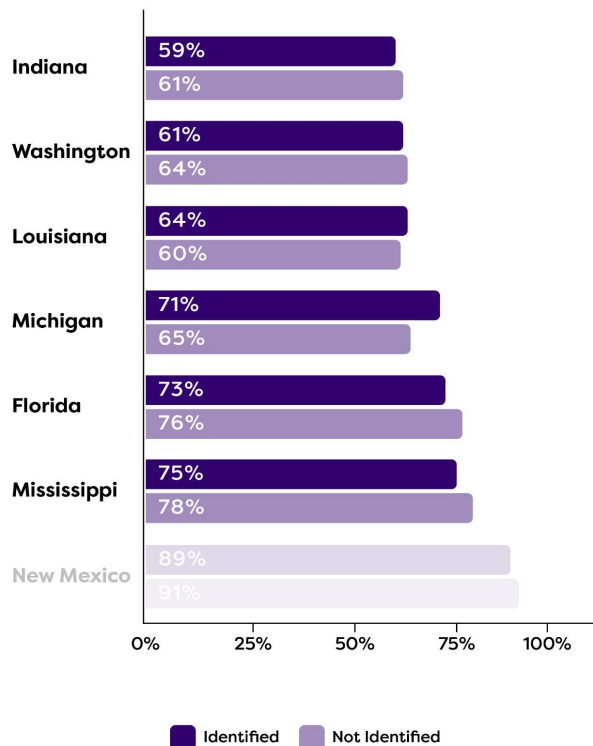
Comparing the Percentage of Identified Schools to Non-identified Schools with Increasing Per-Pupil Expenditure from State and Local Sources



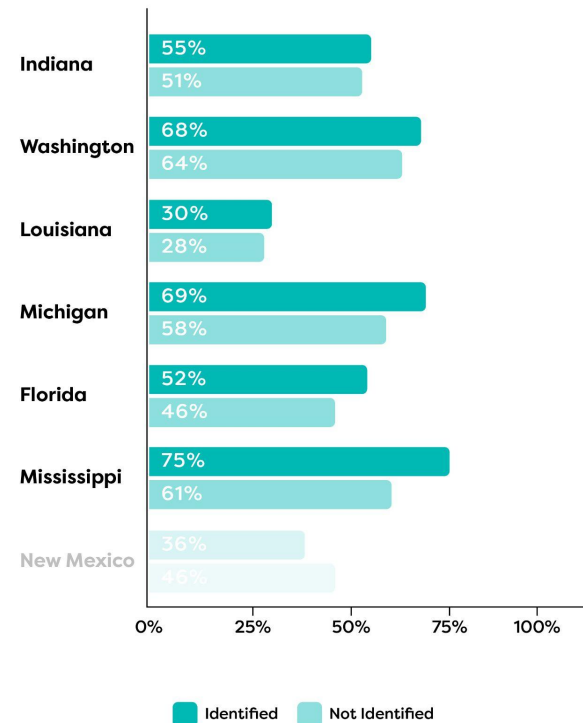
Note: Ohio is excluded from analyses related to funding sources, because expenditures by state and local sources and by federal sources for the state was not available in the [National Education Resource Database on Schools](#). Connecticut is also excluded from analyses related to funding sources in FY 2019-20, because we discovered conflicting and improbable values in the disaggregated financial data.

In contrast, in all of the states except New Mexico, identified schools were *more likely* to see an increase in per-pupil expenditure from federal sources than non-identified schools following their identification for support.

Comparing the Percentage of Identified Schools to Non-identified Schools with Increasing Per-Pupil Expenditure



Comparing the Percentage of Identified Schools to Non-identified Schools with Increasing Per-Pupil Expenditure from Federal Sources

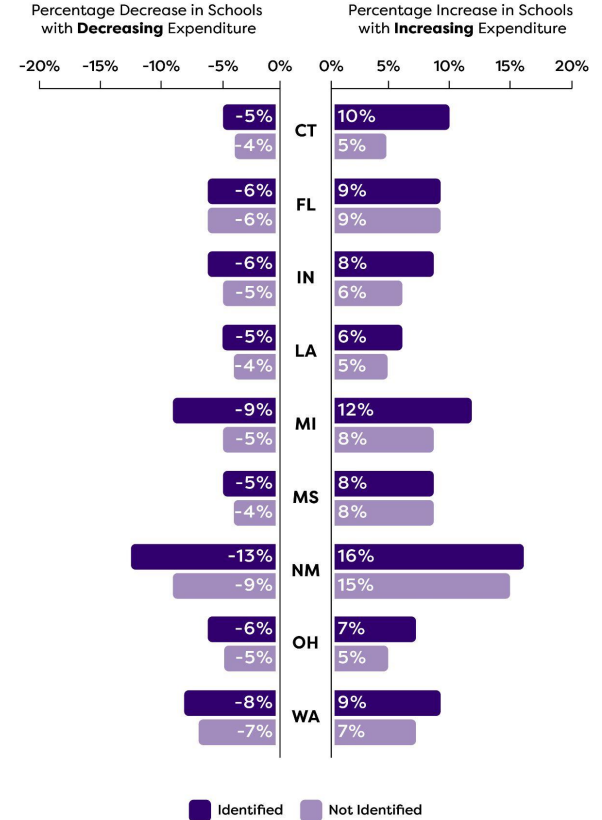


Note: Ohio is excluded from analyses related to funding sources, because expenditures by state and local sources and by federal sources for the state was not available in the [National Education Resource Database on Schools](#). Connecticut is also excluded from analyses related to funding sources in FY 2019-20, because we discovered conflicting and improbable values in the disaggregated financial data.

Comparing the Average Percentage Changes in Per-Pupil Expenditure in Identified and Non-Identified Schools

Even though the majority of schools—identified or not—saw an increase in total per-pupil expenditure in FY 2019-20, identified schools experienced greater relative changes in per-pupil expenditure from FY 2018-19 than non-identified schools.

- Among schools with increasing per-pupil expenditure, the average percentage increase was higher in identified schools than in non-identified schools in all nine states.
- However, among schools with decreasing per-pupil expenditure, the average percentage decrease was also larger in identified schools than in non-identified schools in every state.

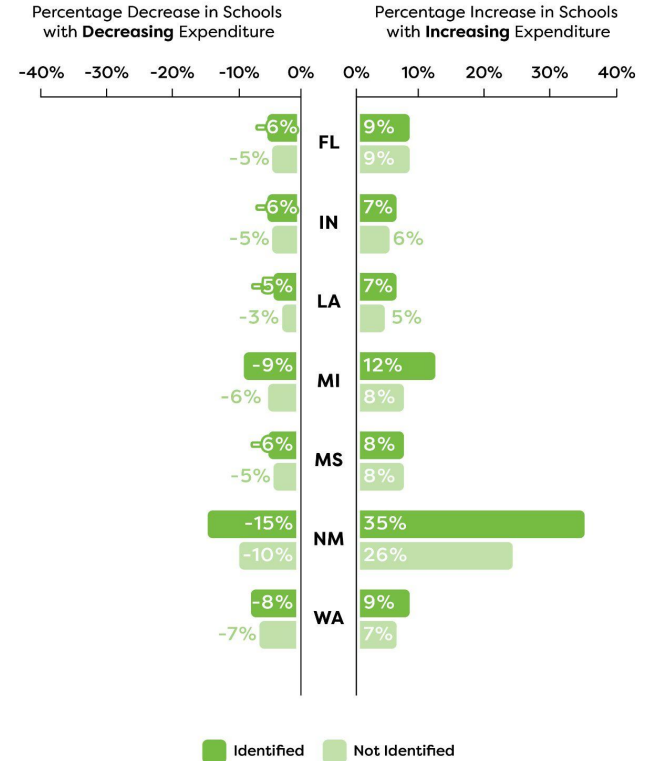


Note: Data labels are rounded to the nearest whole percentage. In Florida, the average percentage increase in per-pupil expenditure among identified schools was 8.7%, compared to 8.6% for non-identified schools; the average percentage decrease among identified schools was 5.8%, compared to 5.6% for non-identified schools. Similarly, in Mississippi, the average percentage increase among identified schools was 8.0%, compared to 7.7% for non-identified schools.

Comparing the Average Percentage Changes in State and Local Per-Pupil Expenditure in Identified and Non-Identified Schools

Identified schools also tended to experience greater relative changes in per-pupil expenditure from state and local sources (because public education funding is so dependent upon state and local governments).

- In five of the seven states (Indiana, Louisiana, Michigan, New Mexico, and Washington), among schools with increasing state and local per-pupil expenditure, the average percentage increase was higher in identified schools than in non-identified schools. In the remaining states (Florida and Mississippi), the average increase in identified schools was only slightly lower (less than 1%) than in non-identified schools.
- In all seven states, among schools with decreasing per-pupil expenditure, the average percentage decrease was larger in identified schools.

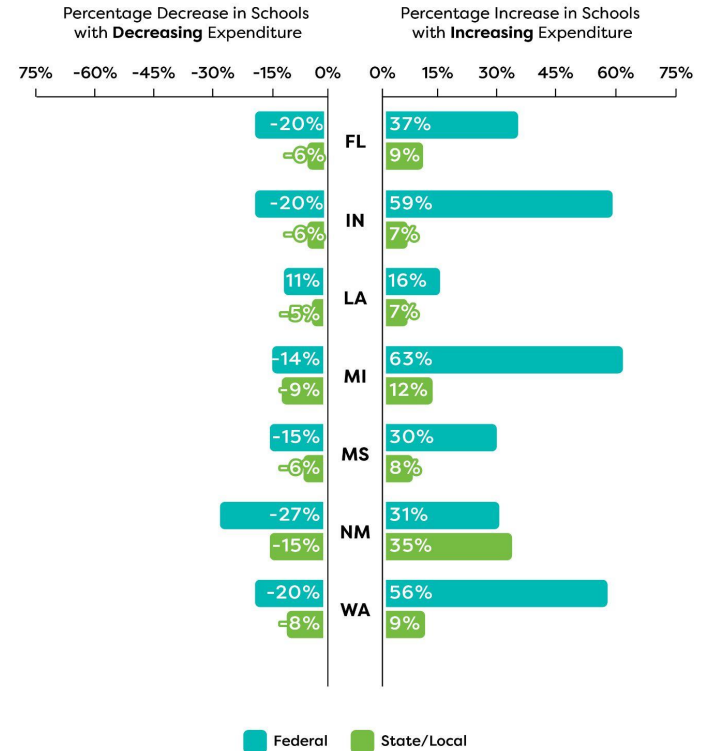


Note: Ohio is excluded from analyses related to funding sources, because expenditures by state and local sources and by federal sources for the state was not available in the [National Education Resource Database on Schools](#). Connecticut is also excluded from analyses related to funding sources in FY 2019-20, because we discovered conflicting and improbable values in the disaggregated financial data.

Comparing the Average Percentage Changes in Federal and State/Local Per-Pupil Expenditure in Identified Schools

Compared to state and local dollars, percentage changes in per-pupil expenditure from federal sources in identified schools tended to be far more substantial (in part due to the fact that federal funding is a much smaller dollar amount).

- For example, in Washington, among identified schools with increasing federal spending, spending increased by 56% on average. In contrast, among identified schools with increasing state and local spending, spending increased by only 9%.
- Similarly, among Washington's identified schools with decreasing federal spending, spending decreased by 20% on average. In contrast, among identified schools with decreasing state and local dollars, spending from state and local funding decreased by just 8%.



Note: Ohio is excluded from analyses related to funding sources, because expenditures by state and local sources and by federal sources for the state was not available in the [National Education Resource Database on Schools](#). Connecticut is also excluded from analyses related to funding sources in FY 2019-20, because we discovered conflicting and improbable values in the disaggregated financial data.

Conclusion

The purpose of ESSA's accountability requirements is not to create a list of struggling schools. It is to guide education leaders' decisions, support student needs, and address long-standing inequities in resource allocation in order to drive positive changes in those schools. **This analysis reveals that funding, especially state and local dollars, was not targeted sufficiently toward identified schools—even after they were identified.**

Compared to spending from state and local sources, federal funds were much more targeted. In FY 2018-19, in every state in our analysis, the average per-pupil expenditure from *federal* sources was higher in identified schools than in non-identified schools. That was only true in just over half of the states, however, when considering average spending from *state and local* sources. But because education funding relies so heavily on state and local governments, funding from federal sources—though more targeted—cannot make much of an impact on overall per-pupil spending.

Once schools were identified for support, the majority of them in every state experienced an increase in total per-pupil expenditure from FY 2018-19 to FY 2019-20. However, in all but one state, at least one quarter of identified schools experienced a decrease in per-pupil expenditure after they were identified as needing additional support. Moreover, in seven of the nine states, the percentage of non-identified schools that saw a spending increase was even higher than for identified schools.

Conclusion (continued)

Compared to non-identified schools, identified schools also tended to experience greater relative changes—both increases and decreases—in spending from *state and local* dollars and, thus, in overall per-pupil expenditure. That said, identified schools experienced the most significant relative changes in per-pupil expenditure following identification from *federal* sources.

Accountability systems cannot deliver on their promise to lead to meaningful school improvement if those schools do not receive additional resources after they are identified—or if they receive fewer resources relative to non-identified schools. State and local governments should review their funding systems to ensure they are directing more resources to identified schools and should consider adding categorical funding mechanisms that exclusively support school improvement in identified schools. Likewise, even though federal funds were more targeted to identified schools than state and local funds, federal policymakers should consider increasing funding for the “7% Title I set-aside.” Because *some* identified schools in every state experienced a decline in spending from federal sources following identification, its current funding levels are inadequate to support the needs of *all* identified schools.

About the Author

[Ziyu Zhou](#) is a research and data specialist at All4Ed. She can be reached at zzhou@all4ed.org.

About Us

[All4Ed](#) is a national nonprofit advocacy organization that advances equitable policies and practices so all students, especially those from underserved communities—particularly students of color and those from low-income families—graduate from high school prepared to complete postsecondary education and achieve success in a rapidly changing world.

Acknowledgements

This work would not have been possible without the collaboration and contributions of many on the All4Ed team, especially Anne Hyslop who provided valuable guidance and feedback and Ally McCraw who designed all the graphics. We also thank Ash Dhammani from Edunomics Lab for his insights on the data. In addition, we thank the W. K. Kellogg Foundation for its generous support of this work.

