

Issue #8: Should school districts be required to demonstrate comparability of services between Title I and non-Title I schools, and if so, may they point to a uniform salary schedule in order to do so?

Current Law

The purpose of federal Title I dollars is to augment services for poor students; school districts are not permitted to use federal dollars to supplant local spending. Thus school districts may receive funds under Title I only if they are able to demonstrate that they provide comparable services Title I and non-Title I schools prior to the addition of federal dollars to school budgets. This requirement is often referred to as the “comparability” provision.

The simplest way for districts to demonstrate that they meet this requirement is by having a district-wide salary schedule along with policies that ensure comparable curriculum and teachers. School districts are not required to provide school-level budget data demonstrating that spending is actually the same across schools once true teacher salaries are taken into account.

In addition to comparability requirements, contained in Section 1121 of the current law, there is an additional requirement that obliges states to take steps to “ensure that poor and minority children are not taught at higher rates than other children by inexperienced, unqualified, or out-of-field teachers” and to publicly report on their progress (Section 1111(b)(8)(C)).

Background

The primary issue with respect to comparability is not the underlying goal, but how districts can demonstrate compliance with it. Because they can ignore the salaries that actual teachers earn, they can consider a new teacher with a bachelor’s degree as equal to a twenty-year veteran with a master’s degree, even though these teachers represent very different costs. This practice can easily create the illusion that Title I students are receiving comparable services, when, in fact, significant funding disparities remain between high- and low-poverty schools within a district.

Local spending data confirm the illusory nature of comparability as “enforced” by current law. One study of California school districts found that low-poverty schools received \$2,570 per student in unrestricted teacher expenditures, while high-poverty schools received \$1,973 per student—the result of paying lower salaries and employing fewer teachers than the low-poverty schools.¹⁶ Other analyses have confirmed that, when looking at the school-building level and not district averages, significant disparities can be found.¹⁷ Teacher salary gaps of \$1,000 per student amount to differences of hundreds of thousands of dollars between schools. While federal funds may compensate for some of the differential, the purpose of Title I is to provide additional funds, not to cover a deficit.

¹⁶ Maguerite Roza, “What if We Closed the Comparability Loophole?” in *Ensuring Equal Opportunity in Public Education* (Washington, D.C.: Center for American Progress, 2008), 66, http://www.americanprogress.org/issues/2008/06/pdf/comparability_part3.pdf.

¹⁷ Daria Hall and Natasha Umhosky, *Close the Hidden Funding Gaps in Our Schools* (Washington, D.C.: Education Trust, 2010), <http://www.edtrust.org/dc/publication/close-the-hidden-funding-gaps-in-our-schools>.

Unfortunately, most school districts do not calculate, let alone make public, real expenditures at the school-building level. Analysts looking into finance equity issues have to create school-level data from LEA budgets. Unless parents and the public have these numbers, they are in the dark as to whether resources are being equitably distributed among the schools in their district.

The policy conundrum, however, is that if districts are not permitted to demonstrate compliance through the mechanisms of current law, including a districtwide salary schedule, what, if anything, should replace it? Any new framework for demonstrating that resources have been equitably distributed has significant potential for unintended consequences. Requiring districts to allocate equal funding to every school could result in personnel shifts oriented around salary rather than teacher effectiveness. (That is, districts could shift older, more expensive teachers to high-poverty schools in order to meet the mandate—regardless of whether those teachers are actually effective.) Even requiring an equal distribution of effective teachers would be difficult, at least in the absence of forced transfers that would be hugely unpopular and likely quite impractical. Moreover, documenting comparability would take considerable resources and would be very difficult for the federal government to monitor adequately.

Options

Option 8A: Require that per-student allocations in Title I schools be equal to allocations in non-Title I schools before federal funds are added. Require districts to consider actual teacher salaries in their calculations.

Pros	Cons
<ul style="list-style-type: none"> • Eliminates comparability “illusion” that allows districts to comply with statute through districtwide salary schedules • Could lead to a more equitable distribution of teachers and other resources across high- and low-poverty schools 	<ul style="list-style-type: none"> • Is very difficult to monitor and enforce at the federal level, which could result in the creation of a new comparability fiction • Is likely to result in unintended consequences as districts reallocate staff on the basis of salaries and not teacher effectiveness • Represents an enormous new federal intrusion into the operations of local school districts

Option 8B: Require that schools have an equitable balance of effective teachers, or provide the principal with the equivalent in discretionary dollars.

Pros	Cons
<ul style="list-style-type: none"> • Eliminates comparability “illusion” that allows districts to comply with statute through districtwide salary schedules • Could lead to a more equitable distribution of teachers and other resources across high- and low-poverty schools • Offers a little more flexibility than option 8A in terms of how districts can meet the requirement 	<ul style="list-style-type: none"> • Is very difficult to monitor and enforce at the federal level, which could result in the creation of another form of comparability fiction • Still represents an enormous federal intrusion into the affairs of local school districts

Option 8C: Phase in another transparency requirement whereby districts must annually report school-level budget data, including actual staff and teacher salaries, as well as all nonpersonnel expenditures. Ask the National Center for Education Statistics (NCES) to develop a common chart of accounts and related standards for reporting these data. At the same time, eliminate the comparability requirement so that districts don’t have an incentive to lie about their school-level spending.

Pros	Cons
<ul style="list-style-type: none"> • Ensures that parents and the public have information they need to determine whether resources are being equitably distributed within a school district • Removes the charade of “comparability” while empowering local reformers with data 	<ul style="list-style-type: none"> • Involves giving many districts the time and guidance needed to develop and report school-level budgets

The Reform Realism Position: Option 8C

This option enables parents and the public to know where money is going—down to the school-building level. With that information, they can determine how best to address inequities—whether by empowering principals to hire personnel, letting the labor market set appropriate salaries to attract the teachers needed for particular schools, or creating smaller incentive programs to address inequities in teacher staffing.

We recognize that collecting and reporting school-level financial data will be a big lift for most school districts. Still, under the ARRA and recent civil rights regulations, districts are already required to report some of this information. Substantial guidance will need to be provided from NCES. We would support allowing Title I dollars to be spent on this task—and think it would be well worth the effort.

Phase in another transparency requirement whereby districts must annually report school-level budget data, including actual staff and teacher salaries, as well as all nonpersonnel expenditures. Ask the National Center for Education Statistics (NCES) to develop a common chart of accounts and related standards for reporting these data. At the same time, eliminate the comparability requirement so that districts don't have an incentive to lie about their school-level spending.