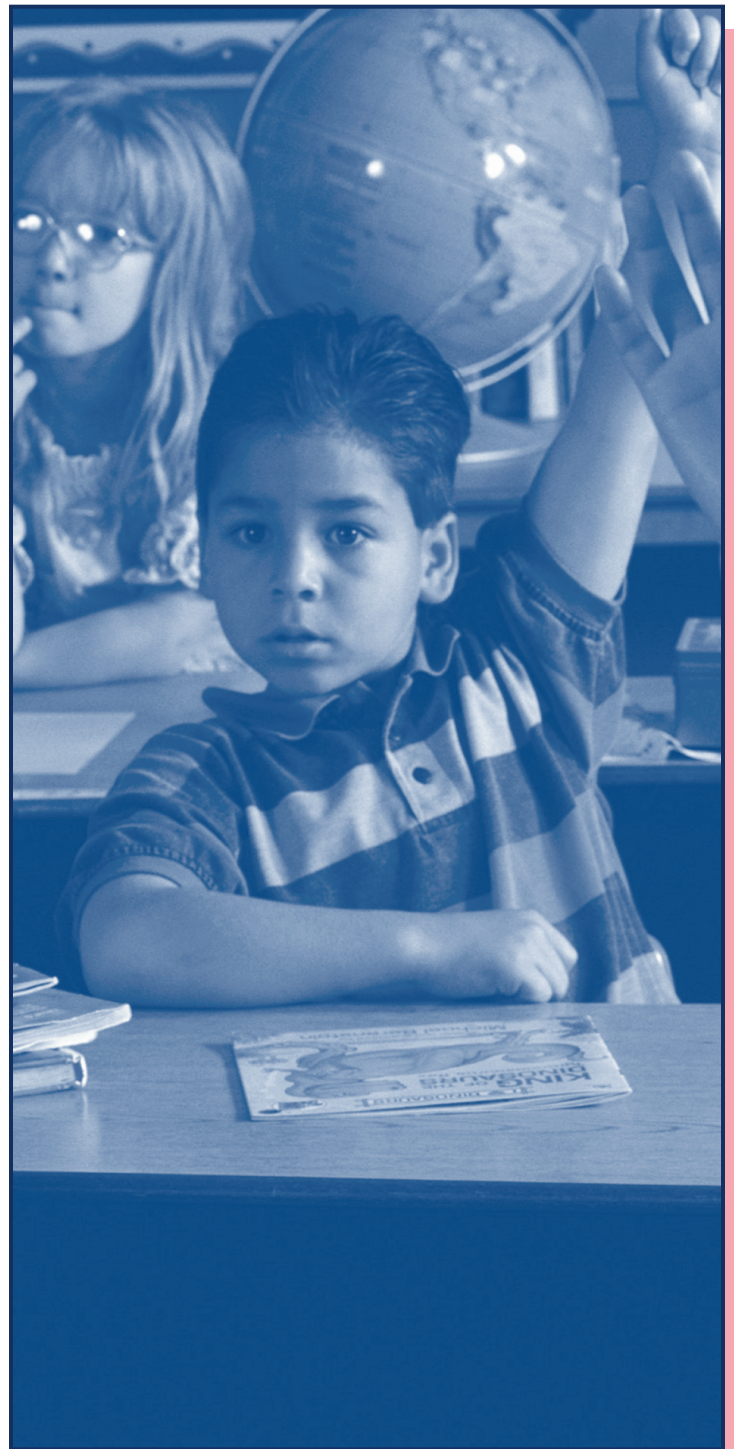


The Texas Education Dollar

Where Does It Go?

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EQUITY CENTER
Advocating School Finance Equity and Adequacy in Texas

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Prepared by
Moak, Casey & Associates, LLP
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The Texas Education Dollar *Where Does It Go?*

The 78th Legislative Session saw a major debate emerge with respect to how Texas' educational dollars are spent. With a biennial revenue shortfall of roughly \$10 billion, lawmakers were looking carefully at every state expenditure. One revenue savings measure advocated by some members of the Legislature and by the Comptroller was to impose financial penalties on school districts that spent more than average proportions of their budgets "outside the classroom" or on "non-instructional" purchases.

Two sources (both the state Comptroller's office and the annual Texas Education Agency Snapshot publication) have indicated that school districts spent only 51 percent of educational expenditures on instruction. Whether or not such a claim is accurate depends on how instructional and non-instructional costs are defined. In fact, both of these organizations have also published much higher figures for instructional spending. The Texas Education Agency, for example, stated in its Academic Excellence Indicator System report that 57 percent of educational expenditures went to instruction. In her biennial e-Texas recommendations, the Comptroller reported that 64 percent of educational dollars were instructional. None of these figures are necessarily incorrect, but they all take different views with respect to instructional and non-instructional costs.

In defining what expenditures are instructional, it is typically considered appropriate to leave facilities and debt service costs out of the equation all together (One reason for doing this is that revenue raised for the purpose of repaying debt on facilities cannot legally be shifted to other parts of the school budget.) In addition, it is reasonable to include such items as staff development, curriculum development and the cost of instructional materials such as library books as instructional. When such changes are made, results indicate that close to 63 percent of basic educational costs go to fund instruction.

But even if policy makers can agree on a proper definition of instructional spending, is it reasonable to penalize districts for putting too much of their budgets into non-instructional purchases? For two important reasons, such a policy is not the best way to encourage the efficient use of resources: first, costs typically identified as non-instructional are still important to the educational process, and second, Texas is most successful when accountability focuses on outputs rather than inputs.

Costs Typically Identified As Non-Instructional Are Important In the Educational Process.

When breakouts of spending are categorized as instructional and non-instructional there is a tendency to associate all non-instructional costs with inefficiency. However,

there are a host of costs that school districts must incur in order to provide for instruction in the classroom.

Here is a partial list of some of the expenditures considered to be "outside the classroom" in many of the calculations of non-instructional costs.

◆ **The classroom itself.** Since Texas is growing by more than 70,000 students each year (this is roughly equivalent to a school district the size of Austin), school districts have had to continually add classrooms to accommodate growing enrollments. The cost of repaying debt incurred in building classrooms is usually included as non-instructional or "outside the classroom."

◆ **The light bill.** No calculation of instructional spending includes the cost of paying electric bills that light classrooms and power computers.

◆ **Keeping school buildings clean and engaging in routine maintenance.** Maintaining buildings is one of the largest non-instructional costs that school districts face. It can and does vary significantly from year to year depending on the condition and age of facilities.

◆ **The salaries of librarians and the cost of library books.** It might surprise many to learn that school library books and librarians are often considered non-instructional.

◆ **School principals.** Although the public and a large body of research on effective schools agree that the campus principal—the instructional leader—is a critical educational expense, the principal's salary is considered a non-instructional expense in most calculations.

◆ **Transportation.** The cost of getting students to and from the classroom is also considered non-instructional.

Although there is sometimes the perception that all school expenditures that do not go into the classroom are spent at the central office, less than 4 percent of school budgets are actually spent at the central office. Most of the money that is spent outside the classroom funds facilities, routine maintenance, and student services.

Less than 4 percent of school budgets are actually spent at the central office

In an effort to reframe the issue of educational spending, the two charts below provide a breakdown of the educational dollar from the perspective of a student and a teacher. All figures are reported in terms of cents on the education dollar (for example, the cost of transportation was roughly 3 percent of the total, or 3 cents on the dollar). The total cost of basic educational services is indicated at the bottom of the page, totaling \$1.00, or 100 percent of the cost. Extracurricular activities are defined as outside of the basic educational costs and represent an additional 3 percent of the total—or 3¢ on the educational dollar and are shown on the last line bringing the total to \$1.03.

How the Education Dollar Relates to the Student

	Incremental Cost	Total Cost
The typical student begins the school day long before the first bell with a bus ride to school —either because she lives too far to walk or because the district has determined that unsafe conditions warrant the provision of a safe ride. She will also ride the bus home.	3¢	3¢
She arrives to find a building that is clean and well maintained .	9¢	12¢
The building is also heated in the winter and cooled in the summer—and the lights work.	3¢	15¢
Her parents know her school is made safer through district-supported security staff , and that if she is injured or becomes ill, she will be cared for by the school nurse .	2¢	17¢
She goes to class to find a teacher ready to begin instruction.	50¢	67¢
While in class, she has access to an instructional aide who supports the teacher in delivering instruction and to district-purchased instructional supplies .	9¢	76¢
The teacher uses a curriculum that is aligned with state standards and that builds on information the student learned the year before. The teacher has been trained regarding Texas learning standards and effective instructional practices, and has access to staff with instructional expertise who provide support.	3¢	79¢
Midway through the day, she goes to the cafeteria for lunch .	5¢	84¢
After lunch, she goes to the library to gather information for a research paper.	2¢	86¢
After school, she goes by the guidance counselor's office to talk about the process of applying to and paying for college. She is given information about student loan programs, how to prepare for the SAT, and what courses she will need to have taken in order to be prepared for post-secondary education.	4¢	90¢
Throughout the day, she benefits from services provided by the principal , the assistant principals , and other administrative staff who set the instructional tone for the school as well as make sure that all of the details of running a school are attended to so that students and teachers can focus on learning.	6¢	96¢
She also benefits from the fact that her school has access to district level staff who ensure that payroll checks to her teachers are written on time, that staff members have access to health insurance, that all of the schools are fully staffed, and that campuses have access to the support structures they need. Information is provided to the school board and to the public in a timely manner and someone has ensured that the district is complying with a host of state and federal laws and regulations regarding the operation of public schools.	4¢	\$1.00
At the end of the school day, she rides the bus back home...unless, of course, she stays to participate in an extracurricular activity .	3¢	\$1.03

How the Education Dollar Relates to the Teacher

	Incremental Cost	Total Cost
A teacher's primary means of support is through salary and benefits .	50¢	50¢
When she arrives at school, she benefits from maintenance expenses. Her classroom is clean, repairs are made as needed, and the utility bills have been paid.	12¢	62¢
She goes by the school library to check out a set of resource materials for students to use in class.	2¢	64¢
After delivering her first lesson, most students understand and are working through an assignment designed to reinforce the material. Two students are struggling. She asks her instructional aide to monitor the rest of the class while she works individually with these two students.	4¢	68¢
Her classroom is supplied with the materials she needs to deliver effective lessons.	5¢	73¢
After lunch, one of the students becomes restless and inattentive. After several attempts to work with the student, the teacher sends him to the guidance counselor who works with the student and his parents to correct the behavior so he can return to class. During this time, the teacher continues to teach. In addition to this kind of responsibility, guidance counselors perform a host of other tasks such as ensuring that all students complete necessary coursework and providing services to special education students.	4¢	77¢
She is more effective because the school is well-run due to the work of the principal , the assistant principal , and the rest of the campus administrative staff . They provide leadership to ensure that school climate is focused on achievement. Distractions from the overall mission of educating students are kept to a minimum. Campus administration has also seen to the details of running a school so that students and teachers are free to focus on learning.	6¢	83¢
During her planning period, she works on next week's lessons. She draws from a curriculum that is aligned well with other grade levels in the district and with state standards. She is confident that she is teaching students the material they will need to be successful next year. She has access to training and support from instructional staff who can offer guidance when needed.	3¢	86¢
She also benefits from services provided by the central office . Her paychecks are delivered on time. When she is out ill, she knows that a qualified substitute will be provided. Services provided to the school are well coordinated. Information is provided to the school board and to the public in a timely manner and someone has ensured that the district is complying with a host of state and federal laws and regulations regarding the operation of public schools.	4¢	90¢
Several important basic services are available to her students. Many use district provided transportation and eat in the school cafeteria . All are made safer through the campus security team. When they are ill or injured, they can go to the school nurse . These services ensure that students are in class and ready to learn. They also mean that the teacher can focus on providing instruction, rather than on these basic needs.	10¢	\$1.00
She stays after school to work with the journalism staff on getting next week's edition of the school newspaper out. She is paid a small stipend for taking on this extracurricular responsibility.	3¢	\$1.03

Texas' Past Success Suggests That Measuring School Efficiency Using Outcomes, Not Inputs, Works Best.

Texas has received national attention for the educational progress it made over the past decade. Not only have scores on state standardized tests improved steadily, but Texas consistently performs well on independent assessments of student learning such as the National Assessment of Educational Progress and the Third International Mathematics and Science Assessment.

Most observers generally attribute Texas' success to a strategy developed over the past decade: provide districts with roughly equal educational revenue, hold districts accountable for student learning, and allow innovation at the local level. Texas has long recognized that varying circum-

stances in its more than 1035 independent school districts and varying needs among its more than four million students render a one-size-fits-all approach to education impossible. Local communities continue to need the freedom to determine how best to invest in educational programs and services that will enable their students to be successful. Some districts might invest more heavily in providing student services in response to local need. Others may have to transport students longer distances to school each day. A strong accountability system will continue to drive greater efficiency into this process. Mandating how districts allocate resources will not.



Texas School Alliance

Texas School Alliance
1801 N. Lamar Blvd., Suite 202
Austin, Texas 78701
512.485-7878
www.txsa.org



Texas Association of School Administrators

406 East 11th Street
Austin, Texas 78701
512.477.6361
www.TASAnet.org



Texas Association of School Boards

1101 Trinity
Austin, Texas 78701
512.478.4044
www.tasb.org

EQUITY CENTER

Advocating School Finance Equity and Adequacy in Texas

Equity Center
1220 Colorado Street, Suite 300
Austin, Texas 78701
512-478-7313
www.equitycenter.org



Texas Association of School Business Officials

2538 S. Congress Avenue
Austin, Texas 78704
512.462.1711
www.tasbo.org