

Achievement and Resource Gaps Widen: More Students Left Behind



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Introduction

The New York State Constitution requires the state to provide a “sound, basic education” for all public school students. In 2007, the State created the Foundation Aid formula to address the persistent disparity in student needs and local fiscal capacity. Due to the Great Recession, the four-year phase-in of a \$5.5 billion Foundation Aid increase was not only put on hold, but school districts faced several years of state aid cuts through the Gap Elimination Adjustment (GEA). Education advocates had high hopes that the 2017-18 school year would be the year that the phase-in of the Foundation Aid formula would be back on track, now that the GEA had finally been ended. Unfortunately, the 2017-18 Executive Budget abandons the full phase-in of the Foundation Aid formula and with it the promise to address the disparity in student achievement and local fiscal capacity.

Background

When it created the Foundation Aid formula, the state combined some 30 formulas into one that linked state funding to the opportunity for successful outcomes for all children. The formula was based on spending in successful school districts while accounting for variations in pupil needs, regional cost differences, and a district’s ability to raise resources locally. The partially-implemented Foundation Aid formula now accounts for more than two-thirds of state funding to public schools. The Great Recession delayed a full-phase in and there is still \$4.3 billion in Foundation Aid funding due.

NYSASBO’s state aid proposal for 2017-18 recommends full funding of the Foundation Aid formula be phased-in over the next three years. NYSASBO is not alone in making this recommendation. State aid proposals from the state Board of Regents and all major education organizations agreed on the importance of realizing this promise of a “sound basic education” for all students. The proposed 2017-18 Executive Budget disconnects the phase-in from the Foundation Aid formula and will perpetuate the gaps in student achievement and local fiscal capacity that are highlighted in this report.



Research and Findings

Approach

Our analysis first looks at differences in student performance and graduation rates for school districts grouped by the State Education Department’s need/resource capacity categories. A school district’s classification is based upon a measure of student poverty and a district’s ability to raise revenues locally. High-need schools are divided into four categories: rural districts, urban-suburban districts, New York City, and the “Big Four” city districts of Buffalo, Rochester, Syracuse, and Yonkers. The last two categories are often combined into the “Big Five.” To better understand links between resources and student performance, we also take a closer look at differences in district fiscal capacity. We further demonstrate the resource gap by looking at spending, tax rate, and taxable property value in high and low wealth decile districts.

Graduation Rates

Looking at high school completion is the broadest way to assess student outcomes. High school graduation is a significant measure of student opportunity as it is required for entry into college as well as many jobs and career development programs. As shown in Figure 1, there are enormous disparities between students in high-need and low-need school districts. Students in low-need school districts were 30 percent more likely to graduate than students in high-need school districts. As high-need schools work to improve their graduation rates, they do so while bearing the brunt of the state’s failure to fully implement the Foundation Aid formula. After factoring in proposed increases for 2017-18, Foundation Aid still due per student in low-need districts is \$508, while in high-need districts it is \$1,460. High-need urban and suburban districts face the largest shortfall: \$3,109 per student.

Figure 1. Overall 2016 Graduation Rate by Need Classification

Need Classification	Graduation Rate	Foundation Aid Still Due Per Student
High-Need Urban/Suburban	74%	\$3,109
High-Need Rural	83%	\$711
Big Four	65%	\$1,595
New York City	73%	\$1,220
High-Need Overall	73%	\$1,460
Low-Need	95%	\$508

Regional Graduation Rates

The regional breakdown of graduation rates across need resource capacity categories shows that opportunity gaps affect all parts of the state. Regional graduation rates in high need districts range from 53-86 percent, while graduation rates in low-need districts range from 93-100 percent. Figures 2 and 3 show there isn’t a single region in which high-need schools graduate students at a rate approaching low-need schools. Closing the resource gap by fully phasing in the Foundation Aid formula is truly a statewide issue.

Figure 2. Graduation Rates by Region and School District Need/Resource Capacity Category

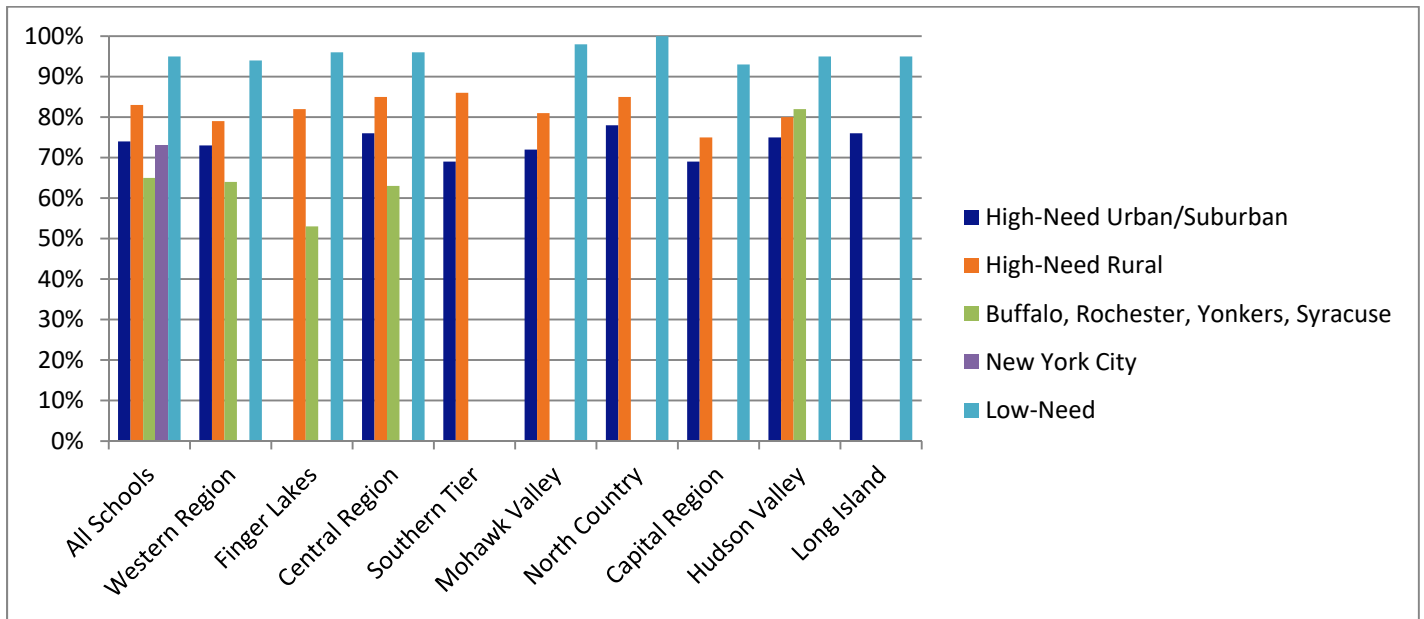


Figure 3. Graduation Rates by Region and School District Need/Resource Capacity Category (Supporting Data for Figure 2)

	High-Need Urban/Suburban	High-Need Rural	Buffalo, Rochester, Yonkers, Syracuse	New York City	Low-Need	Gap between low-need and combined high-need rates
All Schools	74%	83%	65%	73%	95%	22%
Western Region	73%	79%	64%	NA	94%	24%
Finger Lakes	None present	82%	53%	NA	96%	29%
Central Region	76%	85%	63%	NA	96%	24%
Southern Tier	69%	86%	None present	NA	None Present	NA
Mohawk Valley	72%	81%	None present	NA	98%	21%
North Country	78%	85%	None present	NA	100%	16%
Capital Region	69%	75%	None present	NA	93%	23%
Hudson Valley	75%	80%	82%	NA	95%	17%
Long Island	76%	None present	None present	NA	95%	19%

District Wealth and Student Achievement

District fiscal capacity is particularly important because local spending accounts for 56 percent of school spending statewide. We use Combined Wealth Ratio as a measure of fiscal capacity representing both property and income wealth present in a district and divide districts into 10 equal-sized categories. The lowest and highest wealth deciles feature extreme disparities in student outcomes. In the lowest wealth decile, the graduation rate is 70 percent, while in the highest wealth decile, the graduation rate is 94 percent. After accounting for proposed increases in the Executive Budget, Foundation Aid still due for districts in the lowest wealth decile is \$2,338 per student. Figures 4 and 5 illustrate the link between opportunity and fiscal capacity. New York City, despite its average wealth overall, faces challenges caused by the extreme poverty of its student body.

Figure 4. Graduation Rate by Combined Wealth Ratio Decile

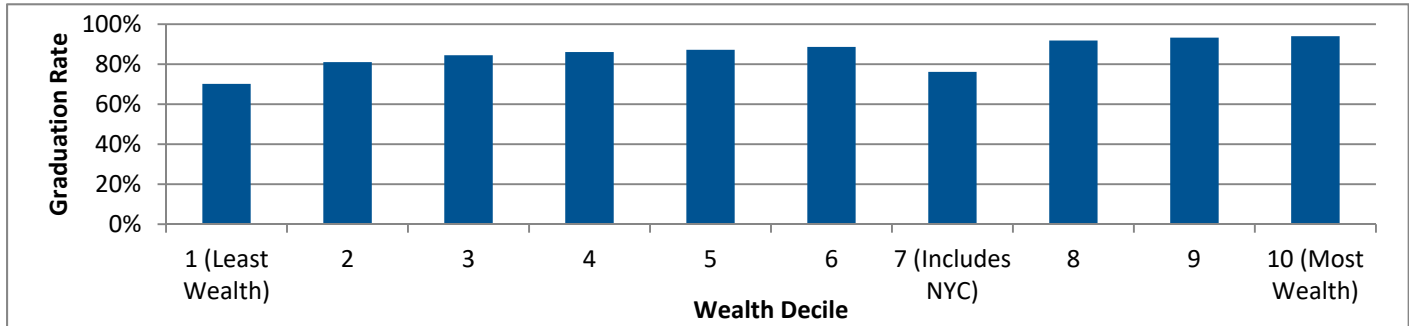


Figure 5. Graduation Rate by Combined Wealth Ratio Decile (Supporting Data for Figure 4)

Wealth Decile	Graduation Rate	Foundation Aid Still Due Per Pupil
1 (Least Wealth)	70%	\$2,338
2	81%	\$1,591
3	84%	\$868
4	86%	\$973
5	87%	\$878
6	89%	\$786
7 (Includes NYC)	76%	\$1,150
8	92%	\$724
9	93%	\$554
10 (Most Wealth)	94%	-\$336

Math and English Language Arts

While high school graduation rates measure students who ultimately complete a course of study, we also looked at student performance prior to entering high school. Between 3rd and 8th grades, students take annual exams that focus on math and English language arts. Results from these exams break down into four categories: well below proficient, partially proficient, proficient, and excelling beyond grade standards.

In math and English language arts state exams, 8th graders in high-need school districts scored an average of 288 and 301 respectively, while students in low-need districts scored an average of 313 and 321. These scores are linked to tangible differences in proficiency level. In high-need districts, 37 percent of students scored proficient or higher on the English language exam and 21 percent scored proficient or higher in math. In low-need districts, 64 percent of students scored proficient in the English language arts and 44 percent scored proficient or higher in math.

Students in high-need school districts are significantly less likely to be proficient in language and math entering high school, and are much less likely to graduate, than students in low-need districts.

When broken down by wealth decile, achievement gaps are even more pronounced. In the lowest wealth decile, seven percent of 8th graders scored proficient or better in mathematics. In the top decile, 55 percent scored proficient or better. This is further evidence that the state is not realizing its constitutional responsibility to educate all children.

Figure 6. 8th Grade Proficiency in Mathematics and English Language Arts

Need Classification	Exam	Average Score	Percent Proficient or Higher
High-Need	8 th Grade English Language Arts	301	37%
High-Need	8 th Grade Math	288	21%
Low-Need	8 th Grade English Language Arts	321	64%
Low-Need	8 th Grade Math	313	44%

Figure 7. 8th Grade Proficiency in Mathematics and English Language Arts

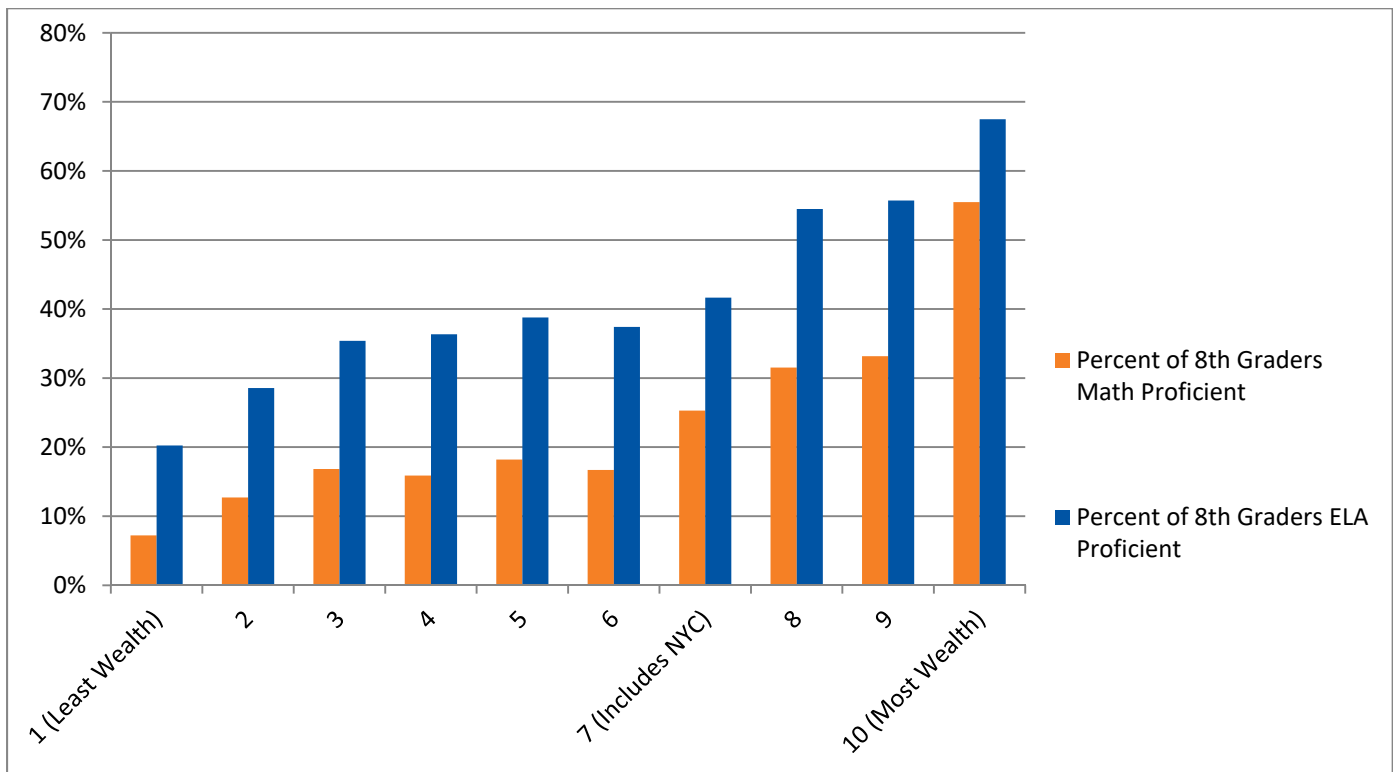


Figure 8. 8th Grade ELA and Math Average Scores and Proficiency by Wealth Decile (Supporting Data for Figure 7)

Wealth Decile	Average ELA Score	Percent of 8th Graders ELA Proficient	Average Math Score	Percent of 8th Graders Math Proficient
1 (Least Wealth)	283	20%	266	7%
2	294	29%	282	13%
3	298	35%	287	17%
4	299	36%	288	16%
5	302	39%	290	18%
6	301	37%	287	17%
7 (Includes NYC)	306	42%	294	25%
8	314	54%	301	32%
9	315	56%	303	33%
10 (Most Wealth)	323	67%	320	55%

Resources

In addition to differences in fiscal capacity, school districts also experience significant gaps in spending, taxing, and their available tax base.

Figure 9 shows a consistent trend. In each of the three years studied, the lowest need school districts spent more, taxed less, and drew on a great deal more tax revenue per pupil than the highest need school districts. For example, in 2011, the highest need school districts had approximately \$2,589 in tax revenue for every student while the low-need districts had about \$16,885 in tax revenue for each student. By 2013, the highest need school districts had \$2,752 in tax revenue per student while the lowest need school districts had \$18,360 in tax revenue for each student.

Figure 9. Spending, Tax Rate, and Tax Revenue per Student

	2011-2012		2012-13		2013-14	
	High-Need	Low-Need	High-Need	Low-Need	High-Need	Low-Need
Spending	\$16,612	\$21,632	\$16,843	\$22,201	\$17,224	\$23,052
Tax Rate	\$14.62	\$12.47	\$15.27	\$13.22	\$15.69	\$13.97
Tax Revenue	\$2,589	\$16,885	\$2,693	\$17,517	\$2,752	\$18,360

Looking at the gap in funding between the highest and lowest need school districts shows that from 2011 to 2013 the spending and tax revenue gap per pupil increased (see Figure 10). The gap in tax rate decreased slightly, with the highest need districts taxing \$1.72 more per thousand than the lowest need districts. In 2013, the spending gap between high and low-need school districts increased \$808 per pupil to \$5,828. The gap continues to increase, as tax revenue grew approximately \$163 per student in high-need school districts and about \$1,457 per student in low-need school districts. Comparing the spending gap over time, NYSED reports “this expenditure gap generally decreased from 1993-94 until 1999-00, and, with few exceptions, has generally been increasing since the 2001-02 school year.” Even though the highest need school districts tax at a higher rate, they tend to raise less and offer less.

Figure 10. Gap Between Low-Need and High-Need School Districts

Year	2011-12	2012-13	2013-14	Change
Spending	\$5,020	\$5,358	\$5,828	\$808
Tax Rate	\$2.15	\$2.50	\$1.72	-\$0.43
Tax Revenue	\$14,296	\$14,824	\$15,608	\$1,312

Conclusion

This report makes clear that the large disparities in school outcomes between high-need and low-need school districts have a large and profound impact on student opportunity. Setting these data in the context of Foundation Aid promised, but not yet delivered, shows that high-need districts especially face severe financial challenges that restrict their ability to improve student performance. Analyzing Foundation Aid still due and student outcomes in terms of wealth deciles, shows that Need Resource Categories don’t capture the full extent of resource and achievement gaps. The resource gap is also illustrated by the fact that high-need school districts tend to tax more, spend less, and have a significantly smaller tax base to draw upon.

These disparities have real world consequences. Adults who haven’t completed high school are more than twice as likely to be in poverty as adults who earn a high school diploma. The growing economic and social importance of post-high school education is closed off to students who don’t complete high school. Education offers a clear path out of poverty and the enormous resource debt owed to high-need school districts hurts students, their communities, and the state as a whole.

The proposed 2017-18 Executive Budget’s abandonment of the phase-in of the Foundation Aid formula is deeply troubling. Foundation Aid isn’t an arbitrary formula; it was modeled on spending in successful districts. When it created the Foundation Aid formula, the state made a promise to provide educational opportunity to all students. The Governor and Legislature must reaffirm their commitment to a full phase-in of Foundation Aid as an essential step in closing these unacceptable resource and achievement gaps.

Data Sources

Graduation rate data are from NYSED's 2012 Cohort (August) High School Graduation Rates, Released February 10, 2017. Data on Foundation Aid Still Due are from the current law estimates for school districts as of 11/15/16. Data on school spending, tax rate, and available tax base come from NYSED's Analysis of School District Finances, January 2016.

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