

# A Tale of Two Salaries

Presented by Allovue and Reason Foundation



Amount of public funds the U.S. spends on PK-12 education annually

## \$600 billion

**\$539.4 billion** or **90%** of all money for education is provided by state and local revenues

Average money spent per pupil in the U.S. a year

## \$12,000



NCES reports that 90% of district budgets are spent on

## wages and benefits

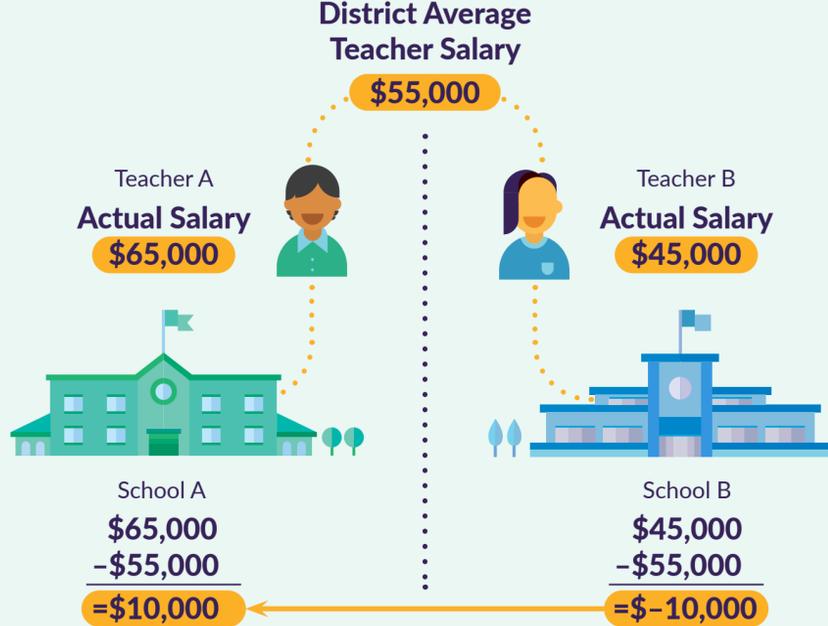
### Are the funds allocated equitably within districts?



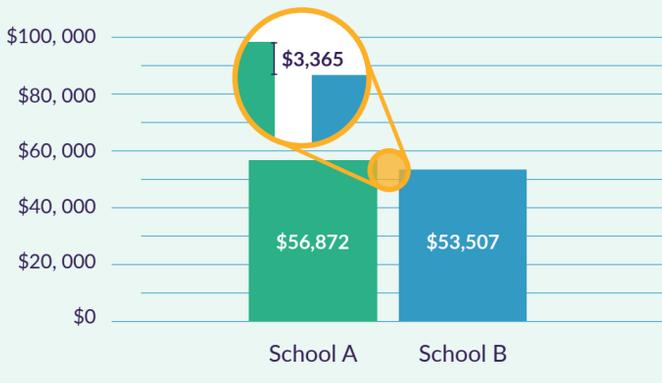
Most districts recognize teacher expenditures by charging school budgets for the district-wide **average teacher salary** instead of **actual teacher salaries**.

In the simplified example below, both schools are charged the district-wide average salary.

**School B subsidizes School A** since they have a less expensive staff member.



### Actual Teacher Salaries in School A and B



This is an actual example of two schools within the same district in Texas. School B serves a significantly more disadvantaged population than school A and its average actual teacher salary is \$3,365 less. This may seem insignificant, but small differences add up when scaled over an entire staff.



### The effect on students

Because low income schools tend to have less expensive teachers, they often receive a smaller portion of unrestricted funds than more affluent schools. One district found that it short-changed a disadvantaged school by \$1 million as a result of its policies.

Source for research: Marguerite Roza and Paul Hill "How Within-District Spending Inequities Help Some Schools to Fail" Brookings Paper on Education Policy, 2004.

### Why is this an issue?

## Funding equity

Research has shown that district policies cause schools to gain or lose up to an average of

## \$120,000/school

The use of average salaries in budgeting can lead to significant inequities within districts that short-change low-income students.



### What are the lost opportunities for districts, schools, and students?

With more equitable funding practices, principals of low-income schools can use funding for...

Classroom technology

Additional teachers

Smaller class sizes

Tutoring

Extracurricular opportunities

### Why do districts use average salaries?



"We don't want principals put in the position where they can trade for newer, cheaper teachers. The fit is what's important, not principals deciding based on costs."

Source: Fair Student Funding Summit: Conference Proceedings and Recommendations for Action, Education Resource Strategies

In practice, low-income schools tend to have fewer choices and less expensive teachers than more affluent schools within the same district.



### Why is this important to know?

**ESSA** (the Every Student Succeeds Act) may require states and districts to report per-pupil expenditures and actual teacher salaries by location or school.

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