It matters quite a lot where states and districts spend education dollars and how.1 State policymakers who are intent on increasing educational and life outcomes for students—especially students of color and students from low-income families—must therefore pay close attention to variations in school-level spending. Those data have been hard to come by. However, the Every Student Succeeds Act (ESSA) gives state leaders two new tools: school-level spending data and resource allocation reviews.

These two unsung provisions should not get lost in the shuffle of the many new requirements and opportunities in ESSA. Implemented well, they could drive real systems change for the most vulnerable students; implemented poorly, they will become another compliance exercise. State boards of education can help make the provisions meaningful by asking smart questions of their state education agencies.

**School-Level Spending Data**

Under ESSA, state report cards for the first time must include data on per-pupil spending at each public school in the state. In general, advocates, parents, and researchers have little information about spending at the school level. They can get reliable data on district-level spending—which identify disturbing patterns of states shortchanging districts that serve high concentrations of vulnerable students—including those living in poverty and students of color—and can fuel efforts to eliminate those inequities. To make this requirement meaningful, board members should ask their state education agency these three questions about how they plan to calculate and report the data.

1. **Will there be statewide rules that all districts must follow in calculating the financial data?** With state-issued business rules for calculating and submitting financial data in place, practitioners, policymakers, and advocates can compare data from one district to another, identify and learn from districts with particularly efficient and/or equitable spending patterns, and identify districts with particularly inequitable budgets. But if certain expenditures (e.g., pensions) are included in some districts but not others, cross-district comparisons will not be possible.

2. **How will central office expenditures be treated?** Districts pay for many things in the central office on behalf of their individual schools. When the state reports spending at the district level, it already must include these costs, but how will states capture the central office spending in school-level data? Should the state insist that all spending on professional development, for example, be counted as a central office expenditure to ensure more comparable data? Or should the state issue a decision rule to clarify where the costs belong—for example, a rule saying that if professional development is offered in a particular school, it should be considered a “school site” expenditure, but if offered in a central
Box 1. Reading a Resource Allocation Review

A good resource allocation review asks and answers the following question: Are high-need districts, schools, and students getting more or less of critical educational resources when compared with their peers?

The savvy state policymaker will look for data comparing access to the following:

- school funding
- teaching quality
- school leadership quality
- academic rigor
- instructional time and attention
- early learning and early interventions
- whole child approaches
- diverse and inclusive schools
- family academic engagement

location, it should be considered a “central office” expenditure?

States should be making plans to collect and report each school’s site-level expenditures (the dollars actually tracked to the school), its “share” of central office expenditures, and its “grand total.” Using the grand totals, stakeholders can compare across districts and types of schools—including traditional public schools and charter schools—while the site-level expenditure data allows for school-to-school comparisons within districts.

State-issued decision rules should clarify where to report all types of expenditures, while giving districts the flexibility to apply the decision rules based on how they actually spend money. For instance, the state might say that all spending on personnel or resources that are present in a school at least 70 percent of the time must be tracked as a school site expenditure rather than at the central office.

3. How will the data be reported? Reported alone, these numbers will be difficult to make heads or tails of: Parents and advocates will be left wondering “is $7,564 per student in my school good? bad? enough?” With contextual information, readers can make meaning of spending data. That data should include, at a minimum, district- and statewide averages of schools with varying types of student needs (e.g., percentages of students with disabilities, English language learners, and students living in poverty) and student achievement data.

Resource Allocation Reviews

As part of its provisions for school improvement, ESSA requires resource allocation reviews at the state, district, and school levels. States must review resource allocations to support school improvement in districts with a significant number of schools that have been identified for improvement. Districts with any schools identified for comprehensive improvement based on low performance for students overall must identify and address resource inequities between their schools. Finally, schools identified for improvement based on low performance for individual student groups must identify and address resource inequities within their school.

To clarify how state education agencies will implement this requirement, board members should ask these six questions:

1. What educational resources will the resource allocation reviews in their state include? What to look for here is evidence of a plan to review whether students are receiving access to all educational resources, including but not limited to funding (see box 1).
2. What is the goal when allocating resources? Equal resources for unequal need is not fair; equity is not the same as equal. States should develop goals—and expect districts to develop goals—to provide additional resources to schools and students based on their needs so that all students have equal opportunity to achieve the same outcomes.

3. What funding sources will be included in the resource allocation review? Resource allocation reviews should encompass resources from all federal, state, and local sources—including general funds and funds dedicated to school improvement activities. Reviewing school improvement funds alone will make the entire exercise ineffective, as that is only a small portion of total resources.

4. How will the state education agency ensure that its own resource allocation review is meaningful? Look for a state’s commitment to compare resources in districts with a significant number of schools identified for comprehensive support and improvement with those in other districts; to dedicate sufficient resources to the review process—where necessary, paying to collect new data or bringing on analytic expertise; to publish consistent data that tracks resource allocations over time so stakeholders can monitor progress; and to provide ongoing opportunities for stakeholders to engage with the data and in strategies to address inequities.

5. How will the state education agency ensure that districts’ resource allocation reviews are meaningful? States must show a commitment to issue clear guidance to districts on how to conduct a high-quality resource allocation review and what those reviews must entail to be approvable. They should also commit to meaningful monitoring by dedicating adequate time and money to the process and by publishing clear protocols that ask districts to produce annual data updating their resource allocation reviews and to show significant progress on implementing strategies to eliminate inequities. States ought to be providing technical assistance to districts such as support in data analysis, identification, stakeholder communication, and implementation of strategies to (re)allocate resources in order to increase investments in underresourced schools. And staff from the state education agency ought to share district- and statewide resource allocation reviews with state board of education members and state legislators.

6. How will inequities identified in resource allocation reviews be addressed? States should explicitly identify realistic new revenue or cost-saving strategies to free up money for investing in school improvement and ensure that districts do the same to address either the largest or most important inequities identified in the review, not just funding inequities, and include a specific implementation timeline.

Now is the time to ensure that state and district leaders are taking these two new opportunities in ESSA seriously. Asking questions is an easy way to do that. For more on both of these topics, please see The Education Trust’s guides on ESSA’s new fiscal reporting requirement and resource allocation reviews.

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