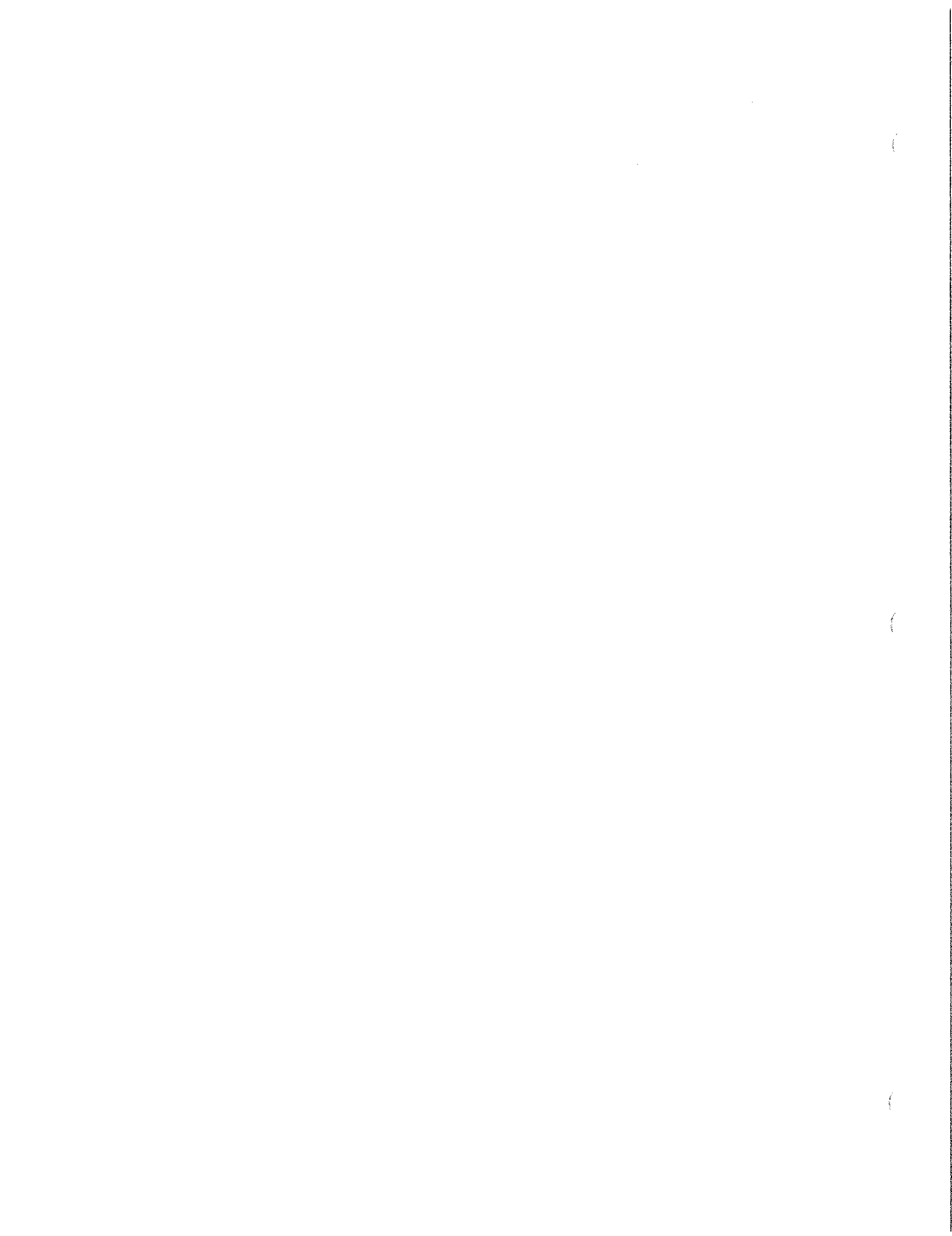


TAB 70 – Staffing Costs per Student (based on 2004-05 data)

This was included in a prior Board packet but, in light of the conversation on Monday, May 15, we are including it again as a budget supplement.



**Madison Metropolitan School
District**

Staffing Costs per Student
(based on 2004-05 data)

March 20, 2006

Madison Metropolitan School District
Staffing Costs per Student

TABLE OF CONTENTS

- Executive Summary..... 1
- MMSD Third Friday September 2004 enrollment and low income percent 2
- Enrollment Staffing Cost per Student 3
- Middle & High School Staffing Cost per Student..... 4
- Graphs
 - Explanation of graphs 1-6 5
 - Elementary
 - Relationship between % Poverty and Gross Cost per Student..... 6
 - Relationship between % Poverty and Net Cost per Student..... 7
 - Middle School
 - Relationship between % Poverty and Gross Cost per Student 8
 - Relationship between % Poverty and Net Cost per Student..... 9
 - High School
 - Relationship between % Poverty and Gross Cost per Student..... 10
 - Relationship between % Poverty and Net Cost per Student 11
 - Explanation of graphs 7-12..... 12
 - Elementary
 - Relationship between Student Enrollment and Gross Cost per Student..... 13
 - Relationship between Student Enrollment and Net Cost per Student..... 14
 - Middle School
 - Relationship between Student Enrollment and Gross Cost per Student..... 15
 - Relationship between Student Enrollment and Net Cost per Student..... 16
 - High School
 - Relationship between Student Enrollment and Gross Cost per Student..... 17
 - Relationship between Student Enrollment and Net Cost per Student..... 18
- Article Review
 - Article 19
 - Analysis 23



March 20, 2006

Staffing Cost per Student Executive Summary

Introduction

Enclosed is information related to the staffing cost per student for elementary, middle and high schools.

Analysis

The data is reflective of 2004-05 actual expenditures. The gross numbers include all salaries and fringes, except for custodial services, that are directly attributable to a building. The net employee cost credits back categorical, state, and federal aids that offset a portion of the employee costs.

The charts included reflect the correlation co-efficient for number of students vs the gross and net costs and percent of poverty vs. the gross and net costs.

Conclusions

There appears to be a significant correlation between the cost per student and the percent of poverty in a building. There is less of a correlation, but still significant, between the size of the building and the cost per pupil; larger buildings operate more cost efficiently than smaller buildings.

MMSD STUDENT ENROLLMENT BY INCOME STATUS
 3RD FRIDAY SEPTEMBER 2004 ENROLLMENT
 Summary - PK-12

Level	School	Data				Total Counts
		Low Income		Percents		
		Counts		Percents		
		N	%	N	%	
1-Elem	Allied LC	89	5	95%	5%	94
	Allis	168	285	37%	63%	453
	Chavez	394	161	71%	29%	555
	Crestwood	301	89	77%	23%	390
	Elvehjem	346	65	84%	16%	411
	Emerson	100	164	38%	62%	264
	Falk	190	191	50%	50%	381
	Franklin	261	76	77%	23%	337
	Glendale	128	255	33%	67%	383
	Gompers	167	73	70%	30%	240
	Hawthorne	154	266	37%	63%	420
	Huegel	264	184	59%	41%	448
	Kennedy	387	98	80%	20%	485
	Lake View	93	162	36%	64%	255
	Lapham	154	92	63%	37%	246
	Leopold	314	354	47%	53%	668
	Lincoln	107	248	30%	70%	355
	Lindbergh	93	140	40%	60%	233
	Lowell	124	144	46%	54%	268
	Marquette	164	53	76%	24%	217
	Mendota	62	166	27%	73%	228
	Midvale	116	212	35%	65%	328
	Muir	318	132	71%	29%	450
	Nuestro Mundo	27	22	55%	45%	49
	Orchard Ridge	166	121	58%	42%	287
	Randall	278	94	75%	25%	372
Sandburg	190	140	58%	42%	330	
Schenk	130	126	51%	49%	256	
Shorewood	314	122	72%	28%	436	
Stephens	304	141	68%	32%	445	
Thoreau	238	198	55%	45%	436	
Van Hise	238	50	83%	17%	288	
1-Elem Total		6379	4629	58%	42%	11008
2-Middle	AERO-Middle		12	0%	100%	12
	Black Hawk	216	200	52%	48%	416
	Cherokee	276	279	50%	50%	555
	Hamilton	580	125	82%	18%	705
	Jefferson	393	136	74%	26%	529
	O'Keefe	242	144	63%	37%	386
	Senett	349	273	56%	44%	622
	Sherman	261	292	47%	53%	553
	Spring Harbor	195	49	80%	20%	244
	Tokl	386	251	61%	39%	637
	Whitehorse	306	121	72%	28%	427
Wright	50	161	24%	76%	211	
2-Middle Total		3254	2043	61%	39%	5297
3-High	AERO-High	3	10	23%	77%	13
	East	1186	771	61%	39%	1957
	East-DCP	26	12	68%	32%	38
	La Follette	1240	496	71%	29%	1736
	Memorial	1661	554	75%	25%	2215
	SAPAR	3	23	12%	88%	26
	Shabazz	94	39	71%	29%	133
	West	1585	525	75%	25%	2110
	West-DCP	46	18	72%	28%	64
Work Learn	41	72	36%	64%	113	
3-High Total		5885	2520	70%	30%	8405
Grand Total		15518	9192	63%	37%	24710

Madison Metropolitan School District
Elementary Staffing Cost per Student

3/20/2006

	Students	% Poverty	Gross Employee Costs Per Student	Net Employee Costs Per Student
Allis	453	63%	10,499.45	8,487.74
Chavez	555	29%	7,339.65	5,838.64
Crestwood	390	23%	7,923.98	6,942.33
Elvehjem	411	16%	7,733.45	6,859.25
Emerson	264	62%	10,561.87	7,931.86
Falk	381	50%	8,688.04	7,153.84
Franklin	337	23%	7,666.79	6,900.17
Glendale	383	67%	11,191.67	8,723.09
Gompers	240	30%	8,447.66	7,582.83
Hawthorne	420	63%	8,956.40	7,023.76
Huegel	448	41%	8,373.83	7,233.03
Kennedy	485	20%	6,366.26	5,831.54
Lake View	255	64%	9,657.57	7,595.66
Lapham	246	37%	11,511.44	8,760.41
Leopold	668	53%	7,932.68	6,166.91
Lincoln	355	70%	10,845.97	8,990.42
Lindbergh	233	60%	9,981.46	7,507.16
Lowell	268	54%	9,400.44	7,366.88
Marquette	217	24%	9,090.91	7,843.67
Mendota	228	73%	10,467.15	7,396.63
Midvale	328	65%	12,150.37	8,770.51
Muir	450	29%	8,587.97	6,867.61
Orchard Ridge	287	42%	8,951.29	7,969.83
Randall	372	25%	7,256.54	6,537.21
Sandburg	330	42%	8,154.81	7,302.62
Schenk	256	49%	9,538.32	6,995.97
Shorewood	436	28%	7,930.98	6,487.35
Stephens	445	32%	7,719.19	6,254.44
Thoreau	436	45%	8,156.14	6,268.78
Van Hise	288	17%	7,216.39	6,628.21
median			8,638.01	7,193.44
average			8,943.29	7,273.94
Correlation Coef - Enr			-0.458	-0.528
Correlation Coef - Inc			0.768	0.572

Madison Metropolitan School District
 Middle and High School
 Cost per Student

3/20/2006

	Students	% Poverty	Gross Employee Cost per Student	Net Employee Cost per Student
East	1,957	39	7,058.33	6,192.95
West	2,110	25	6,231.44	5,572.66
Memorial	2,215	25	6,645.74	5,885.34
Lafollette	1,736	29	6,997.12	6,093.81
Median			6,821.43	5,989.57
Average			6,733.16	5,936.19
Correlation Coef - Enr			-0.663663064	-0.605410533
Correlation Coef - Inc			0.743116694	0.777363136
Blackhawk	416	48	9,303.93	8,171.00
Cherokee	555	50	8,852.13	8,028.66
Hamilton	705	18	7,134.61	6,633.39
James Wright	211	76	10,727.98	9,060.88
Jefferson	529	26	8,604.68	7,813.25
O'Keeffe	386	37	10,034.14	9,030.03
Sennett	622	44	8,260.49	7,209.09
Sherman	553	53	7,640.99	6,740.58
Spring Harbor	244	20	8,960.14	8,397.21
Toki	637	39	8,310.22	7,483.21
Whitehorse	427	28	7,412.40	6,729.85
Median			8,604.68	7,813.25
Average			8,658.34	7,754.29
Correlation Coef - Enr			-0.71996843	-0.729883267
Correlation Coef - Inc			0.573463494	0.385869391

Explanation of Graphs 1-6

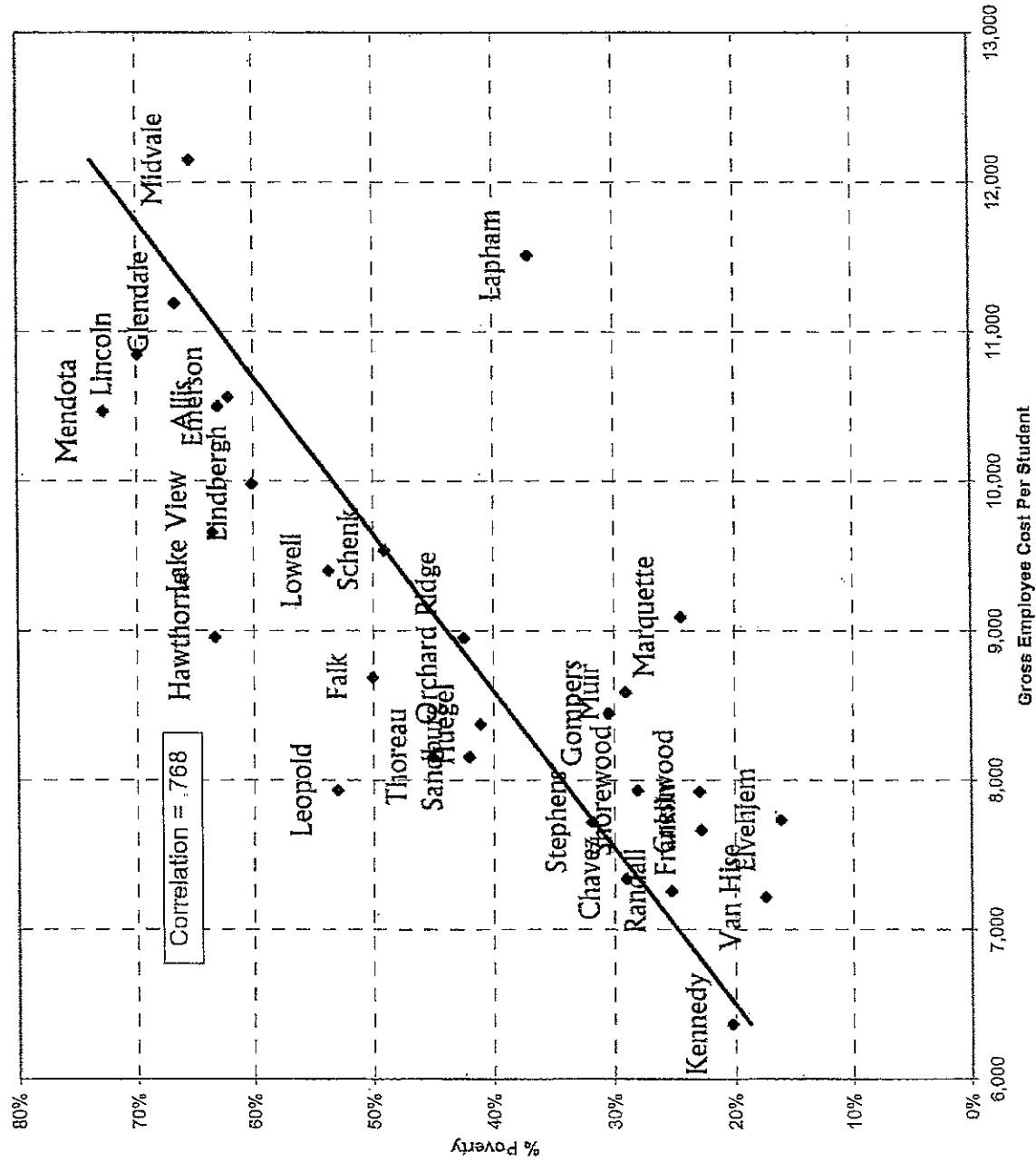
Relationship between % Poverty and Gross Employee Cost per Student

These graphs illustrate the relationship between the percent of students identified as low income (as measured by free and reduced lunch eligibility) and gross employee cost per student. A positive correlation exists between the two variables indicating that as the number of students of poverty rises, the gross costs per student rise. The correlation coefficient of .768 for Elementary, .570 for Middle Schools and .743 for High Schools indicates that the district is allocating funds very proportionate to economic need.

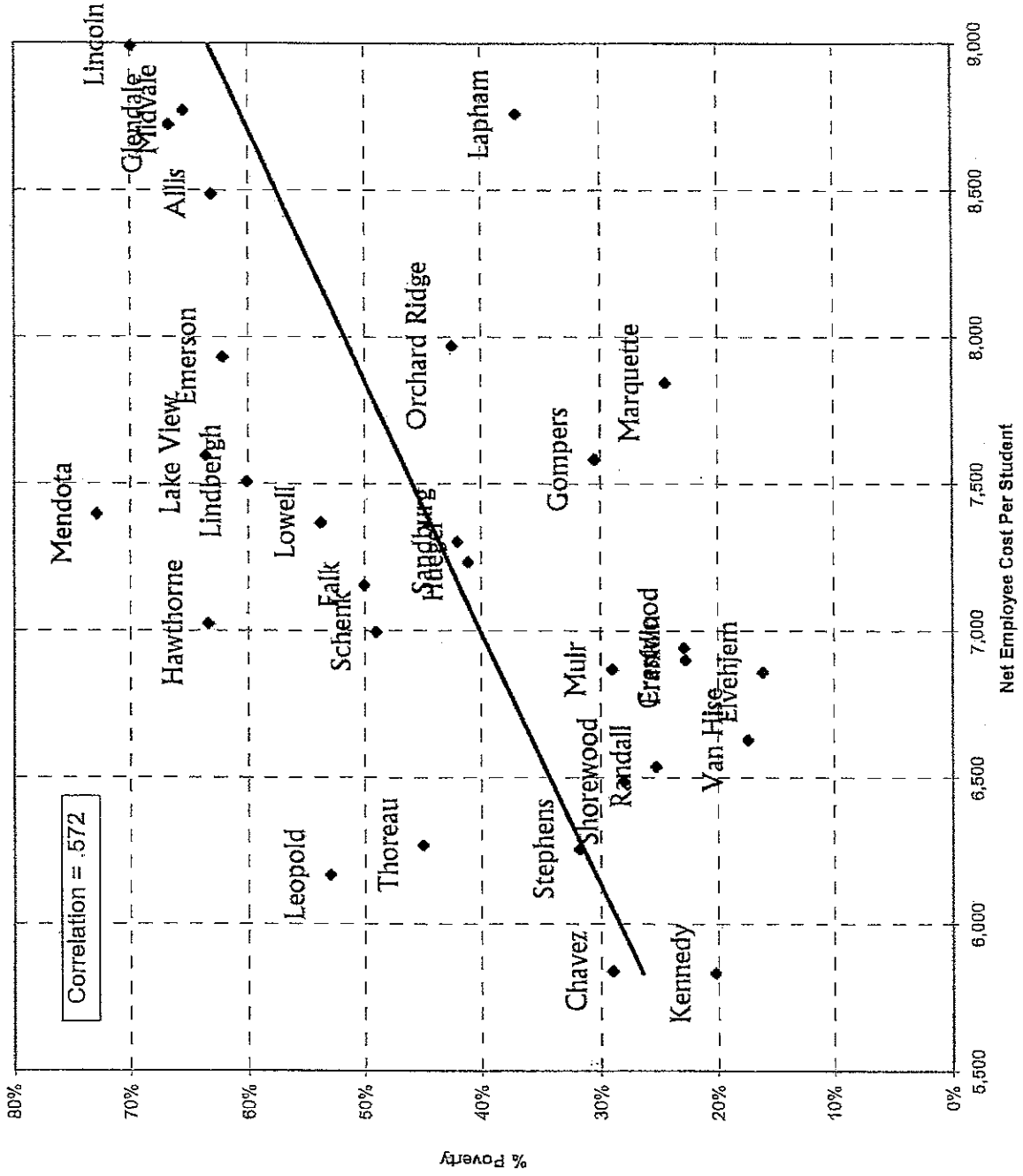
Relationship between % Poverty and Net Employee Cost per Student

Net employee costs exclude categorical, state and federal aids. These graphs indicate that grants and external funding are allocated to the schools with the higher poverty levels. The net cost per student correlation is less than that for gross costs. The correlation remains high though, indicating that local resources are also being allocated to the schools with higher poverty levels.

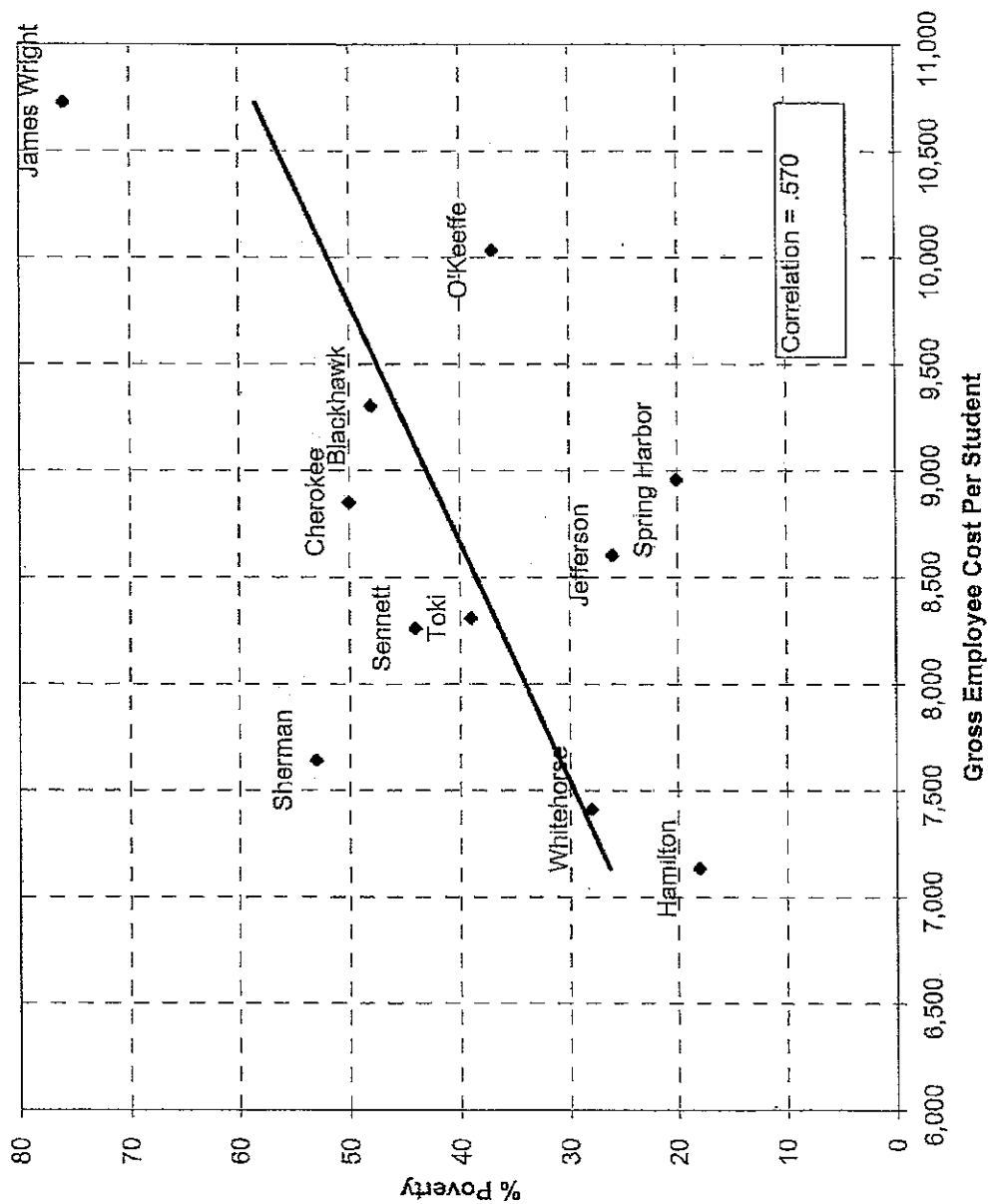
Relationship Between % Poverty and Gross Employee Cost Per Student



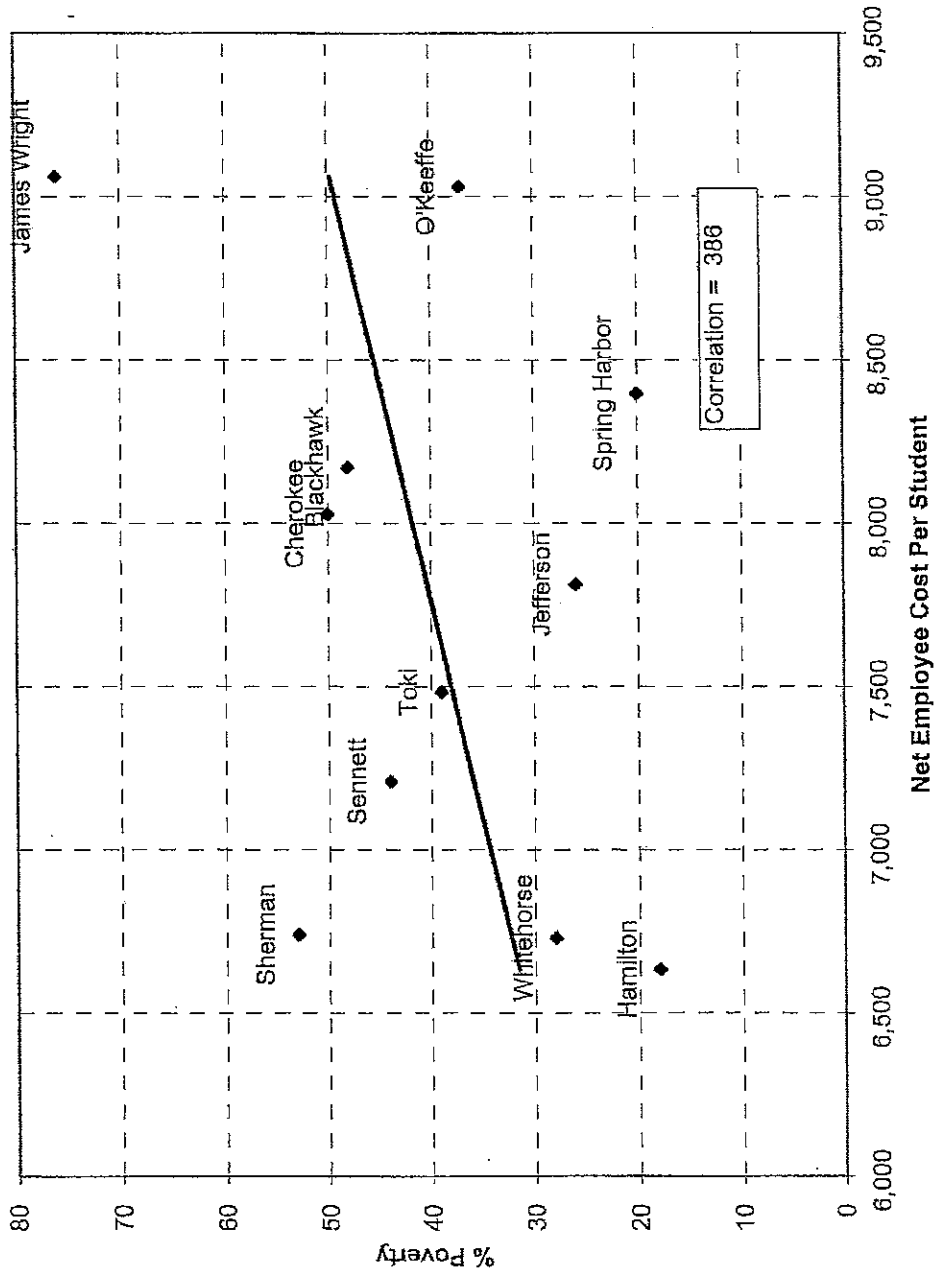
Relationship Between % Poverty and Net Employee Cost Per Student



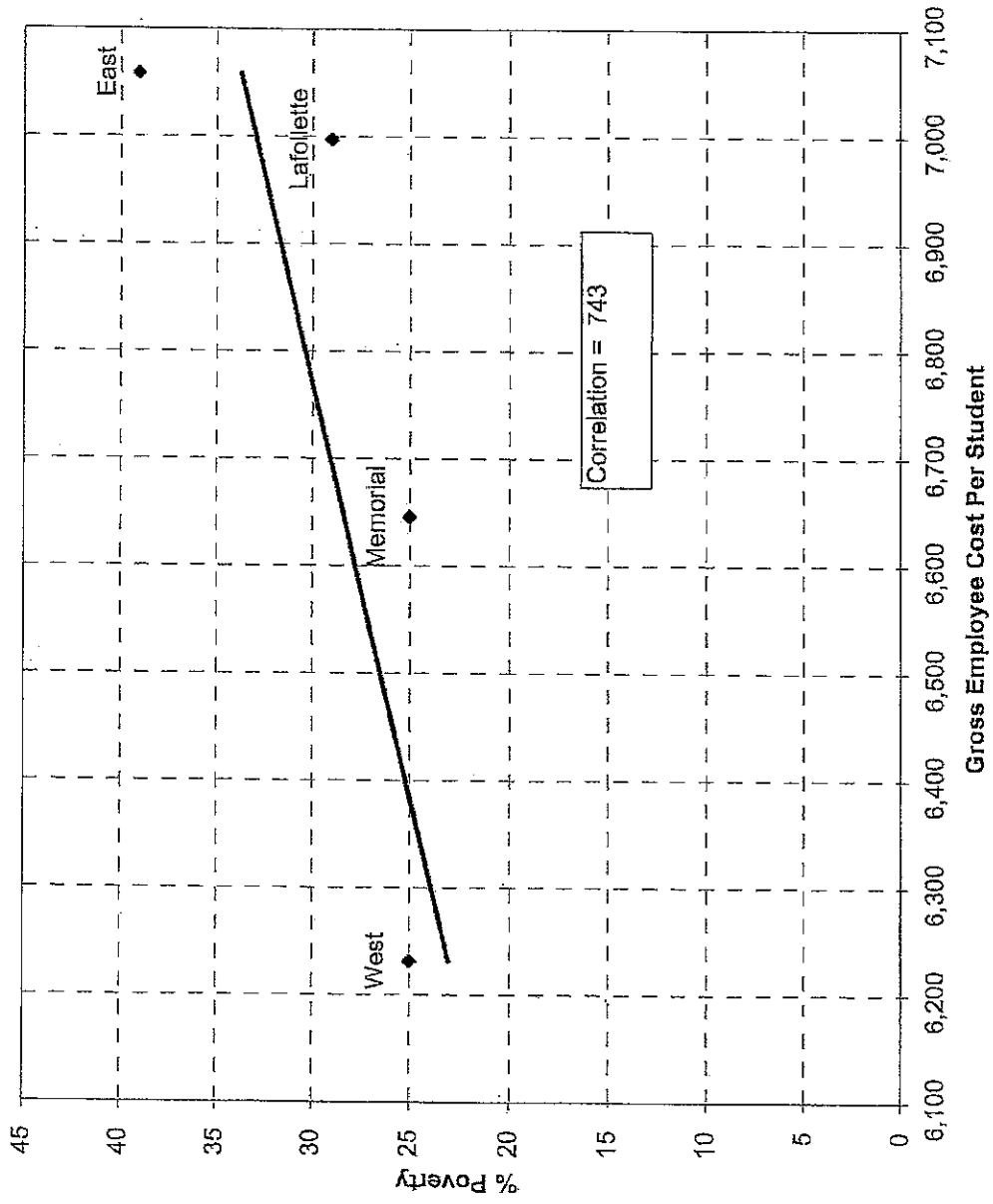
Relationship Between % Poverty and Gross Employee Cost Per Student



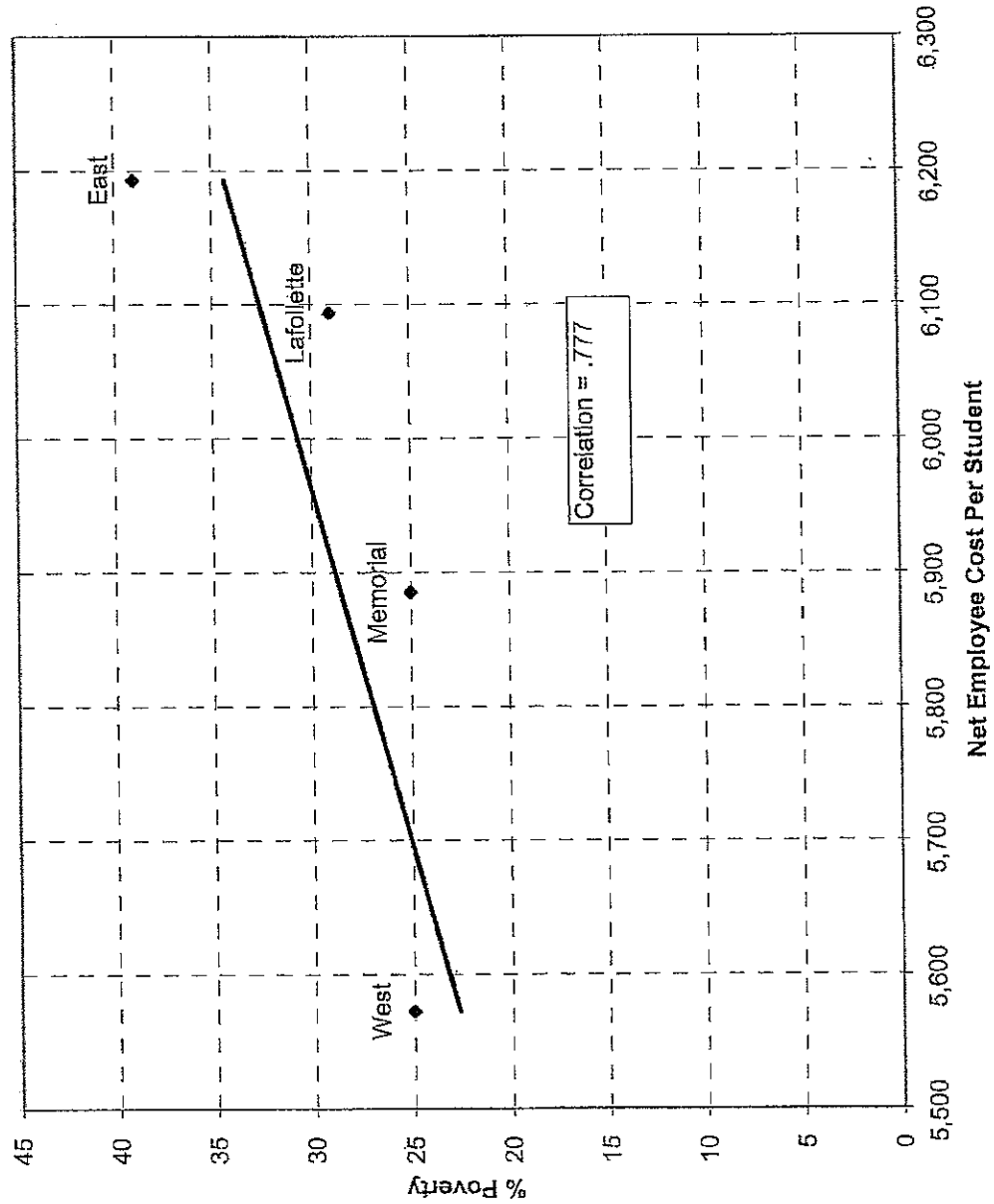
Relationship Between % Poverty and Net Employee Cost Per Student



Relationship Between % Poverty and Gross Employee Cost Per Student



Relationship Between % Poverty and Net Employee Cost Per Student



Explanation of Graphs 7-12

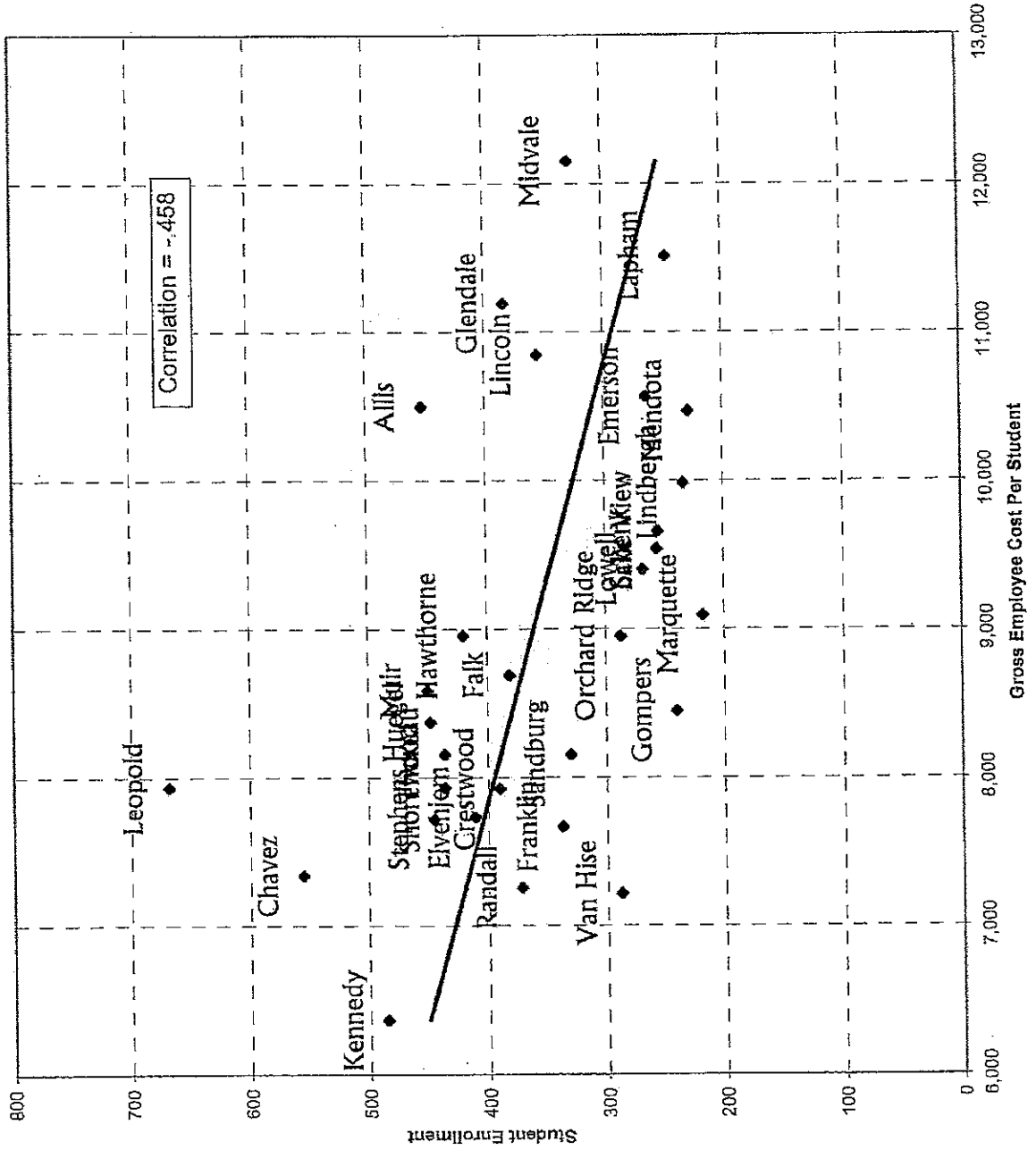
Relationship between Student Enrollment and Gross Employee Cost per Student

These graphs illustrate the relationship between student enrollment and gross employee cost per student. An inverse relationship between the two variables drives this model. As enrollment goes down, gross costs per student rise. This is explained by the fixed costs necessary to operate any school (i.e. Administration, Librarian, Clerical, etc.). With fewer students over which to disburse fixed costs, cost efficiency is compromised.

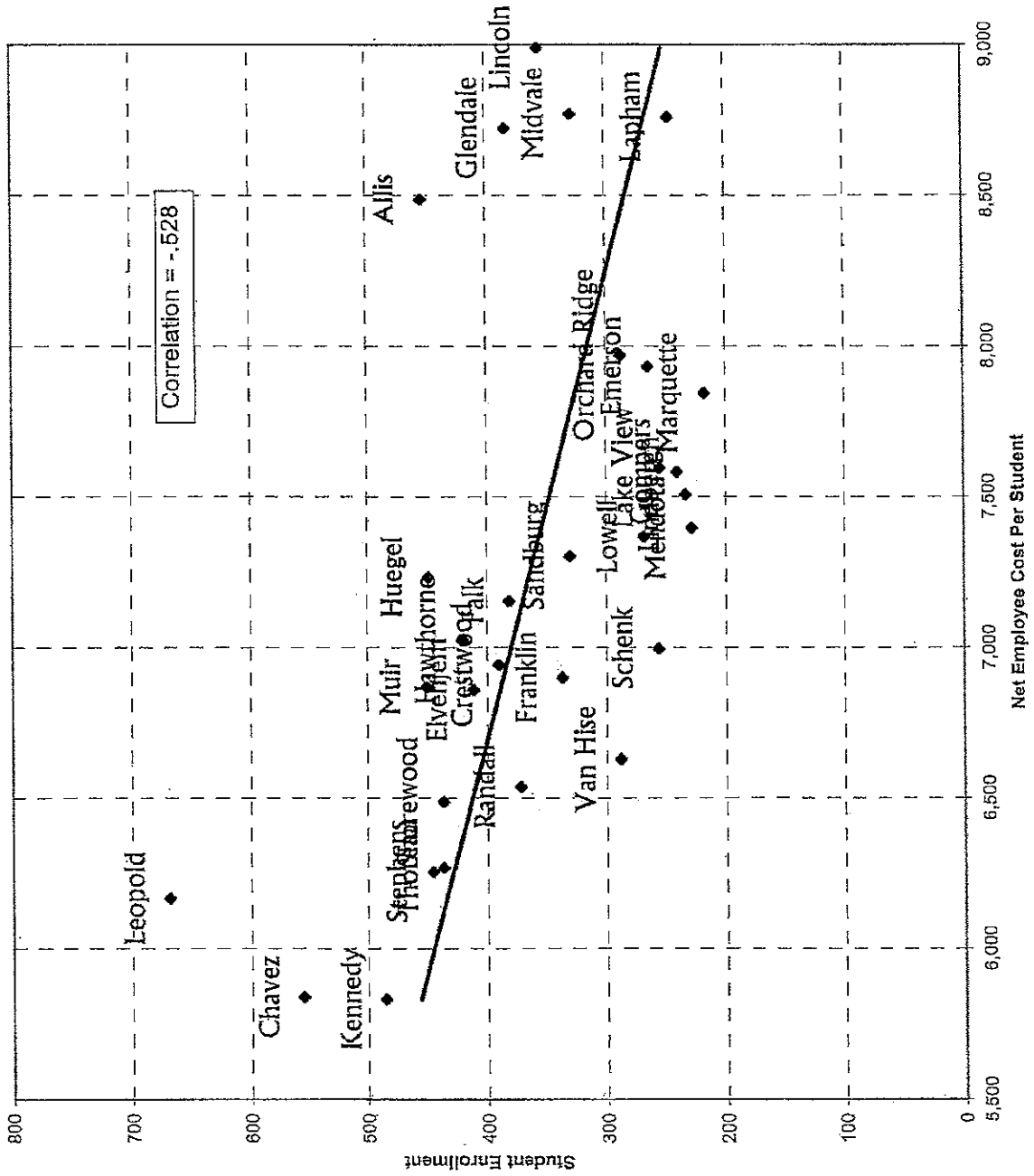
Relationship between Student Enrollment and Net Employee Cost per Student

Net employee costs exclude categorical, state and federal aids. An inverse relationship also exists between the two variables in this model. As enrollment goes down, net costs per student rise.

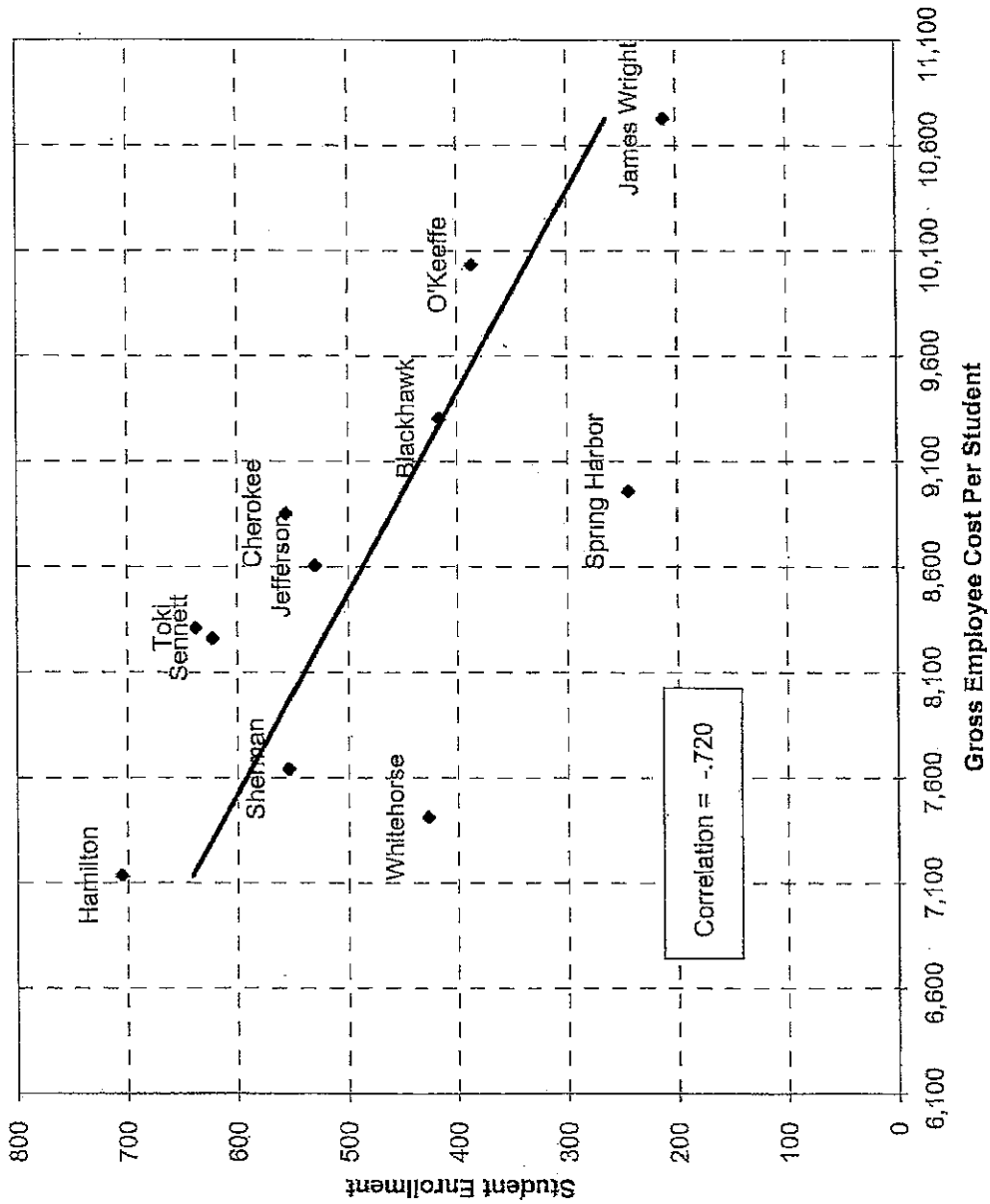
Relationship Between Student Enrollment and Gross Employee Cost Per Student



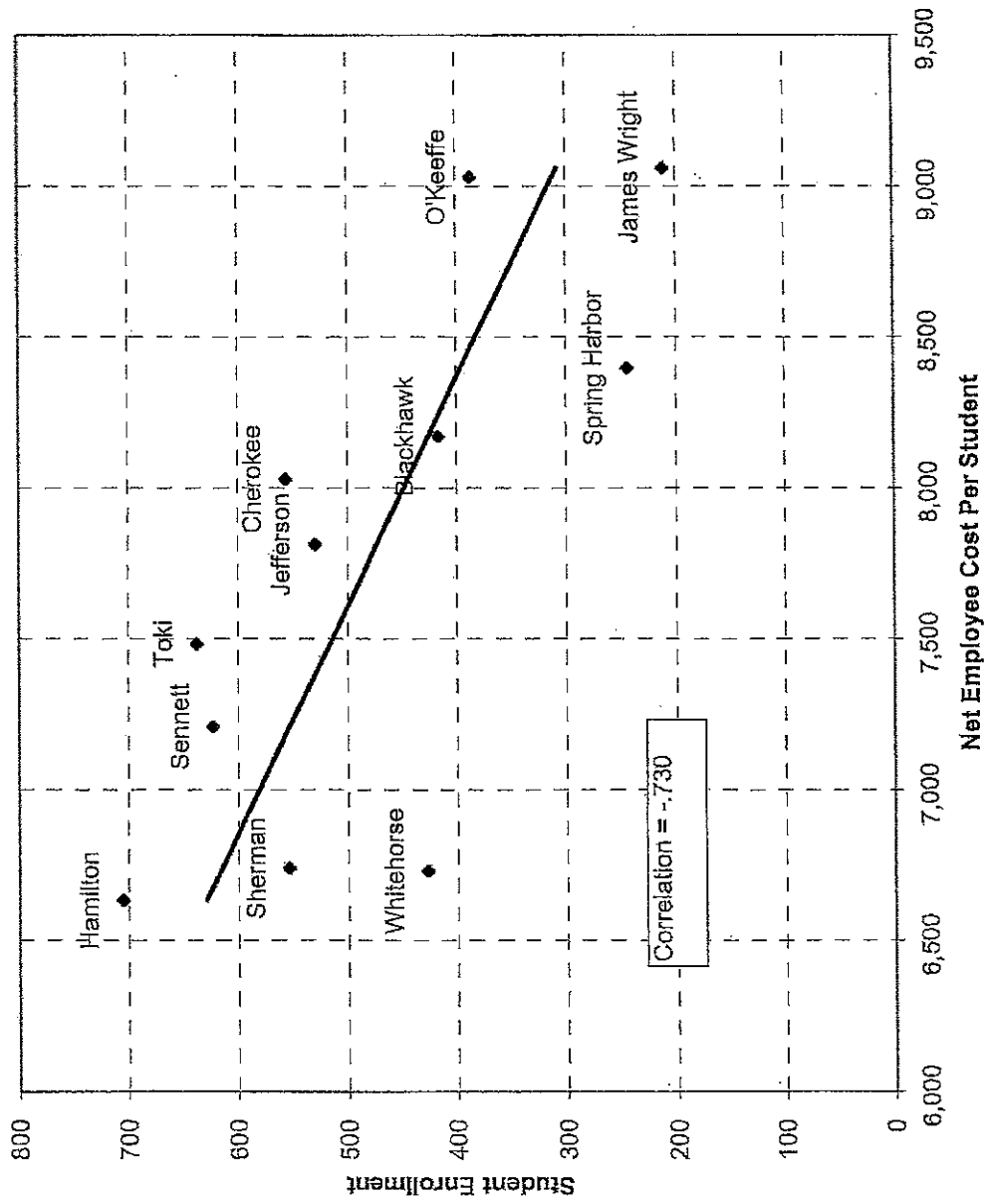
Relationship Between Student Enrollment and Net Employee Cost Per Student



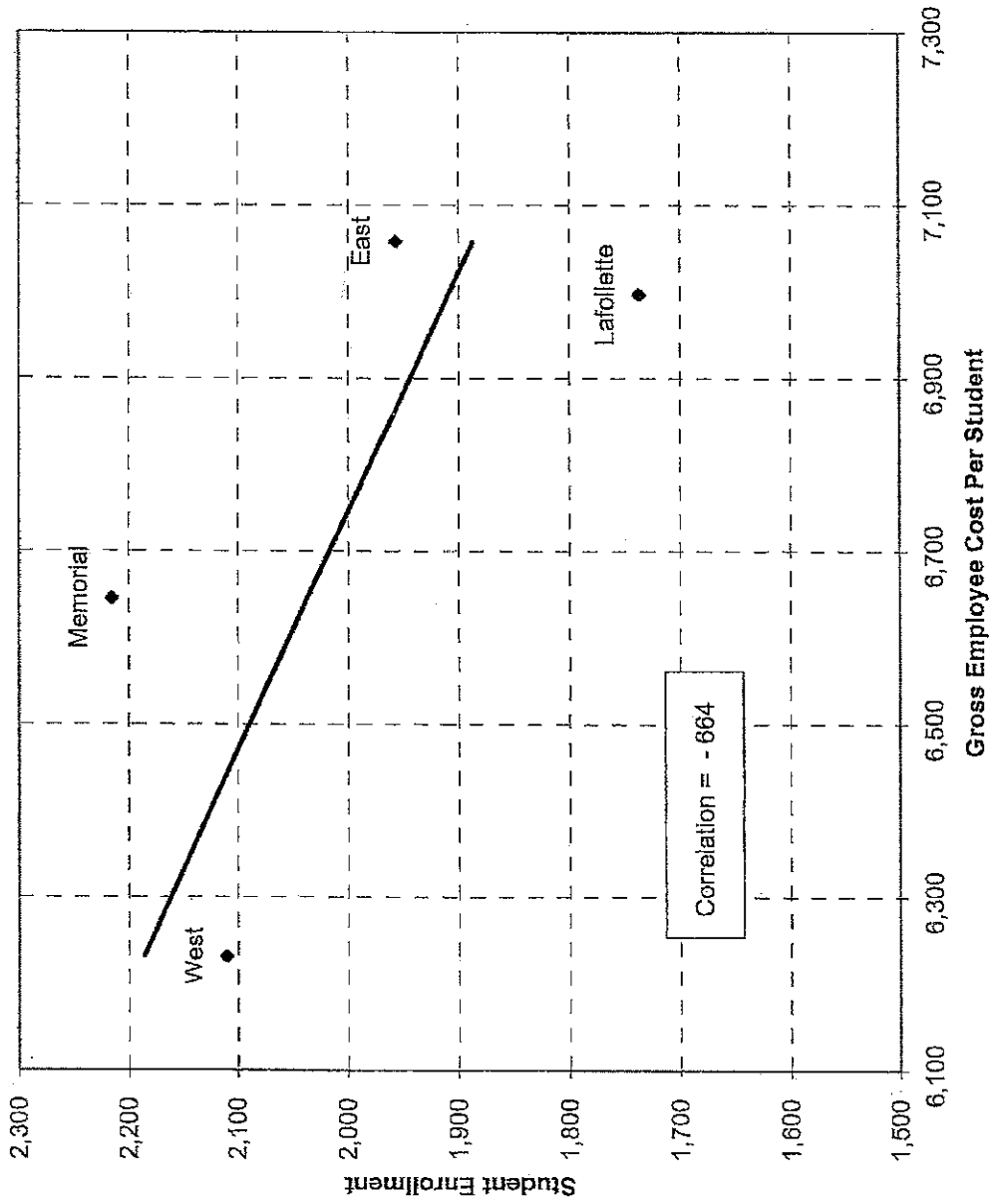
Relationship Between Student Enrollment and Gross Employee Cost Per Student



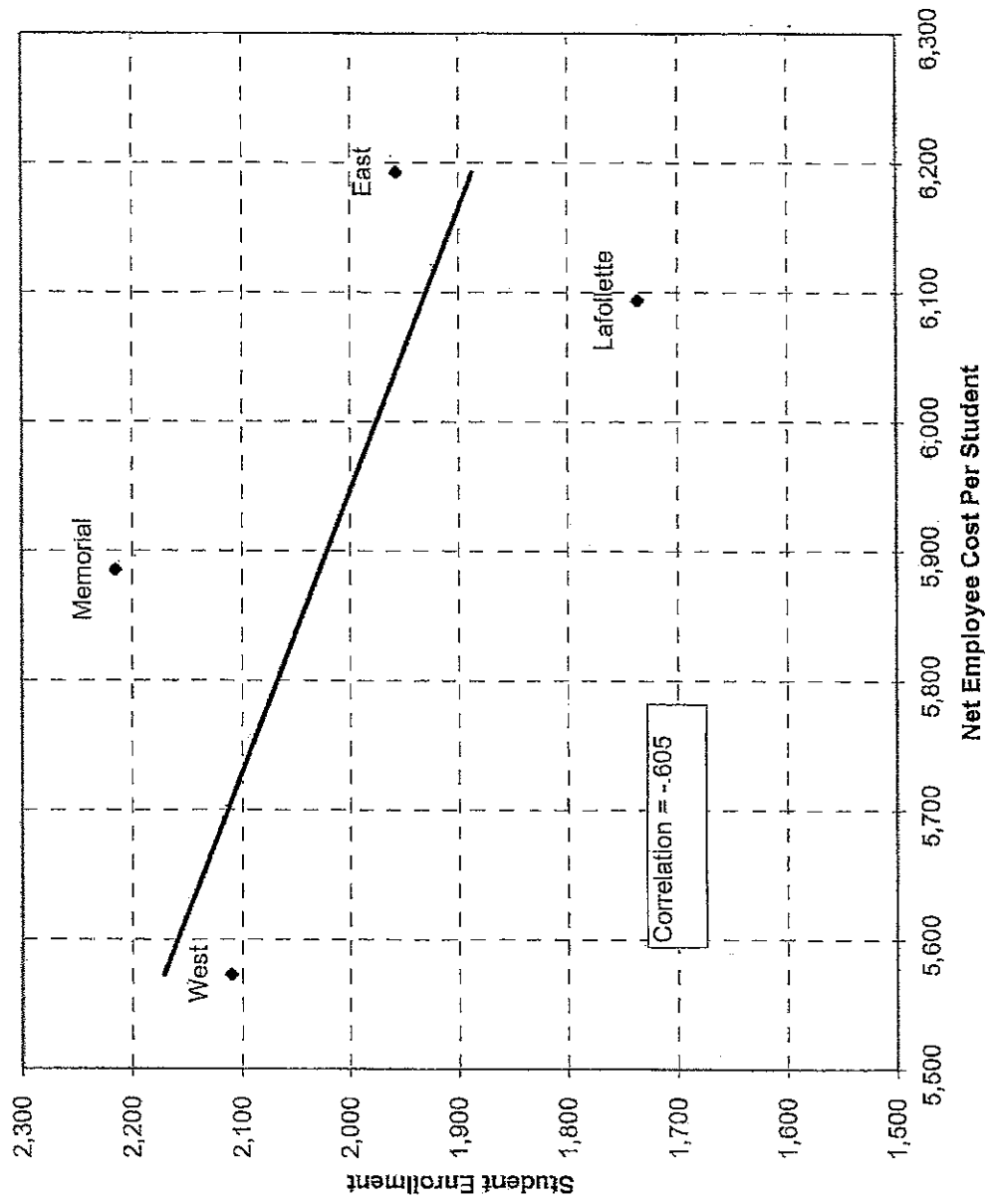
Relationship Between Student Enrollment and Net Employee Cost Per Student



Relationship Between Student Enrollment and Gross Employee Cost Per Student



Relationship Between Student Enrollment and Net Employee Cost Per Student



Where the Money Goes: District Allocation Practices Harming High-Poverty Schools

With reams of evidence pointing to the link between poverty and low academic performance, it is no surprise that there are so many state and federal programs intended to help poor children. The rationale has always been that districts would use their basic funds to staff all schools evenly, and then compensatory education programs would provide something extra for the high-poverty students to counter their disadvantages from being raised in poverty. As surfaced in recent research conducted at the University of Washington's Center for Reinventing Public Education, the problem is that often districts don't spread their "basic" state and local dollars evenly across schools.

A closer look at the spending patterns among schools in urban districts suggests that many districts' current allocation practices allow for systemic biases against the highest-poverty schools. This situation has implications for districts trying to close the achievement gap between poor and more affluent children. Findings from this study also have implications for the compensatory education programs delivering resources on behalf of these students.

Title I, the federal government's most far-reaching effort to increase educational spending for disadvantaged students, now delivers some \$13 billion toward giving poor kids a leg up. We're finding, however, that although programs like Title I have unquestionably brought *districts* more funds, they have not necessarily resulted in increased spending on the highest-poverty *schools*.

Where the Money Goes

The problem arises in the way that districts allocate and account for resources among schools. In most locales, district leaders allocate staff to schools in two ways: sometimes with a staff-based formula (one teacher for every 25 students, a vice principal for every 400 students, etc.) and sometimes on a discretionary or negotiated basis.

Although the process seems rational enough, when the staff members are converted to dollars and dollars are compared across schools, we find some alarming results, even after accounting for differences in student need.

As school business officials know, district fiscal documents show expenditures coded by activity, function, and program, but they generally do not report spending to the level of each school. As a result, questions about spending patterns across schools require a new lens for examining district finances. In some states, like Texas, relatively new accounting processes have clarified a portion of spending by school. In others, our analysis has required that we dissect each district



By Marguerite Roza, Ph.D., and Myra McCormick

spending report to reconstruct spending profiles for each school.

The Consequences

By zeroing in on spending differences among schools within districts, we have surfaced four findings relevant to the distribution of resources among poor students within those districts:

- Noncategorical dollars favor more affluent schools.
- The maldistribution of teacher costs is a large part of the problem
- Where salary averaging is used in accounting for teacher costs, some portion of federal dollars may get funneled to more affluent schools.
- Salaries aren't the only way in which high-poverty schools are short-changed.

NONCATEGORICAL DOLLARS

In an examination of noncategorical per-pupil allocations, we found that in four of five major urban districts, the highest-poverty quartile of schools receives some \$300 to \$500 less per pupil compared with schools in the most affluent quartile. In Denver, for example, the district spends \$365 more per student in schools serving wealthier students than in those serving students with the highest poverty levels. That results in a difference of nearly \$200,000 for a school enrolling 500 students.

These findings fly in the face of the many policies and programs trying to upset the relationship between poverty and student performance. For some district leaders responsible for resource allocation, the findings are counterintuitive. We've heard district leaders at several levels question the data by pointing to the extra programs and services sent to high-poverty schools. It is worth noting that many of those programs are funded by categorical streams (like Title I) and are intended to layer onto an equitable distribution of noncategorical dollars.

When the noncategorical dollars are not evenly distributed, the categorical funds have a diminished effect since they serve more to shrink funding gaps in the targeted schools than to provide additional resources. It might look like the high-poverty schools are getting more than the rest of the schools in a district, but they are not getting as much more as they are supposed to get.

MALDISTRIBUTION OF TEACHER COSTS

Much of the reason that districts spend less on poor schools is that the teachers in those schools are paid at the lower end of the salary scale. In many school districts, the most senior and experienced (and highly paid) teachers congregate in the district's more affluent schools. Likewise, the least qualified, lowest-paid teachers inevitably serve in the schools with the most poor students. This distribution of

teacher quality creates real differences in school-level spending between high- and low-poverty schools in the same district.

Our findings are consistent with those surfaced elsewhere on the average gap in teachers' salaries between the more "affluent" and "poor" schools (defined as those in the lowest- and highest-poverty quartiles). We found that districts

A closer look at the spending patterns among schools in urban districts suggests that many districts' current allocation practices allow for systemic biases against the highest-poverty schools.

routinely spend some \$3,000 less per teacher in their highest-poverty schools than in the rest of the district.

The *comparability* provision of Title I requires districts to evenly distribute state and local dollars (noncategorical funds) before layering on Title I resources. However, as it is currently worded, this provision allows districts to exempt differences in spending due to teacher experience. And since many districts account for spending by using a fixed districtwide salary average in place of the real teacher salaries at each school, patterns created by differences in teacher salaries are effectively hidden.

Salary averaging—accounting for labor costs by using the average district salary for each school staff position rather than the actual salary paid—either inflates or deflates real expenditures at a given school beyond what is reported.

In addition to distorting district spending, salary averaging can also cause districts to misallocate federal Title I funds by overcharging for teachers paid for with Title I grants. Since many of those teachers earn less than the average salary, the extra Title I money gets mixed into the district's general funds.

The problem arises when the real salaries of teachers paid for with Title I funds are lower than the district average, but the district charges Title I budgets for the districtwide average salary. This means that a portion of Title I funds intended for students in high-poverty schools is diverted elsewhere—to cover the costs of more experienced teachers in wealthier schools—despite Title I language in the *supplement, nonsupplant provision*, specifically earmarking the money to help low-income students.

In a simulation of four districts that use salary averaging, we found that up to 3% of a district's Title I budget (amounting to as much as \$600,000 in federal funds per district) may be diverted from high-poverty schools as a result of salary averaging.

OTHER WAYS IN WHICH HIGH-POVERTY SCHOOLS ARE SHORTCHANGED

As it turns out, in districts that we've studied, salaries can explain between 20% and 80% of the differences in spending between the highest- and lowest-poverty schools. This means that even when the effect of salary variations is ignored, the more affluent schools still get a higher portion of the noncategorical resources than do poor schools.

This somewhat unexpected finding suggests that districts are using their noncategorical funds to send a disproportion-

As it turns out, in districts that we've studied, salaries can explain between 20% and 80% of the differences in spending between the highest- and lowest-poverty schools.

ately higher number of staff to schools in the lowest-poverty quartile—something counter to most districts' stated goals of addressing achievement gaps for poor students.

Since we first reported on this finding, we have had several district leaders explain how and why this happens in their own districts. Sometimes, the placement of more expensive magnet or alternative programs drives up the costs in schools with fewer poor students. In one district, the more affluent communities have smaller schools where per-pupil costs are higher.

More often, as some have described it, pressures to equalize services across all schools result in districts' using state and local money in low-poverty schools to pay for things funded by Title I in high-poverty schools. For example, districts often place mentor teachers, reading specialists, staff for full-day kindergarten, and other extras in all schools and then use Title I funds to pay for these resources in high-poverty schools and regular state/local dollars (which are noncategorical) to pay for them in low-poverty schools. Stripping off categorical spending (which pays for these extras in the high-poverty schools) results in the remaining noncategorical dollars being skewed toward schools that do not qualify for the categorical dollars.

If and where this is true, these allocation patterns represent a violation of the Title I comparability requirement since the state and local (noncategorical) funds are *not* spread evenly

What Can Be Done

Our research leads us to clear recommendations on how both the federal government and local school districts can better serve low-income students with the ultimate goal of addressing the achievement gap

TRACK NONCATEGORICAL SPENDING BY SCHOOL LEVEL

Districts can begin to address discrepancies in spending once they know where they are. The obvious first step is to track noncategorical spending to the school level using real costs (not salary averages) to find out how these dollars are spread across schools. No Child Left Behind and other reforms have put *schools* at the center of accountability, and it makes sense for districts to account for their spending by school codes, not just codes identified with activities, objects, and revenue accounts.

As we have seen several times, district leaders are surprised by what we find when we break apart spending by schools in their own districts. Some schools that were viewed as being shortchanged are actually garnering more than their share. In other cases, the opposite is true.

The effort involved in revising district fiscal practices to enable school-level spending analysis varies by district and state, where sometimes antiquated accounting systems

have dominated data collection for years. Yet, in a time when strategic allocation of scarce resources is more important than ever, the added effort involved in getting the right fiscal information is well worth it

USE STUDENT-WEIGHTED ALLOCATIONS

One way to ensure that dollars go to schools equitably based on student need is to adopt student-based allocation systems where dollars go to schools based on a student-centric formula. This method relies on allocation of dollars (not staff), and district leaders manage the different pupil weights instead of individual staff line items, cutoffs, and so forth. For districts that have made the switch, the effect is a more equitable allocation of resources across schools.

Although the approach is still relatively new, and involves some difficult decisions (i.e., how much to weight each student type), the process is infinitely more transparent, allowing district leaders to be more strategic in their allocations.

ADDRESS SALARY DIFFERENCES

The next step for districts that are serious about tackling achievement gaps for high-poverty kids is to address the maldistribution of teachers across schools. Where salary differences are buried by the use of salary averages, high-poverty schools with lower-performing students will continue to receive the most inexperienced teachers and suffer the highest turnover in staff.

Policies like salary averaging, which make this possible, hurt students in high-poverty schools. Districts need to become more proactive and consider real cost allocations to schools, targeted incentives for teachers, and other aggressive strategies to get some of the best teachers into the highest-poverty classrooms.

TIGHTEN TITLE I PROVISIONS.

The federal government has the power to jump-start some of these changes at the district level by changing Title I regulations that dictate the ways in which districts account for spending on teacher salaries. As the legislation is currently worded, Title I clearly allows districts to use salary averaging when accounting for how both Title I funds and state and local funds are spent

It might look like the high-poverty schools are getting more than the rest of the schools in a district, but they are not getting as much more as they are supposed to get.

In addressing determinations, Section 1120A states that "staff salary differentials for years of employment shall not be included in such determinations." Congress could modify this section to require the inclusion of salary differentials based on years of employment in determinations of comparable per-pupil expenditures by schools. With legislation that forced districts to more fully report spending across schools, districts would have to change the way state and local resources are allocated across schools. The next opportunity to revise the funding rules is in 2007, when Title I is due for reauthorization by Congress.

For districts, the steps toward changing resource allocations will not be painless. Redirecting resources to high-poverty schools means that resources are taken from another part of the district, creating winners and losers. Where there are losers, there will likely be contentious school board meetings, political pressures, and uncertainty in the short term. In the end, the key is getting the dollars to speak for themselves. ■

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Myra McCormick is a research analyst at this Center for Reinventing Public Education at the Daniel J. Evans School of Public Affairs at the University of Washington.

SCHOOL FINANCE EQUITY
Are you funding all the schools in your district equitably?
Free ASBO Encounters Web Seminar
Marguerite Roza
Thursday, January 26, 2:00-3:00 p.m. EDT
Marguerite Roza, expert on within-district school finance inequities, will be available to discuss her work and take your questions during a free ASBO Encounters Web Seminar. For information on how to register for this free Web seminar, e-mail Ron Skirmer at rskirmer@asbointl.org.
Information on all of the upcoming ASBO Encounters Web seminars is available at www.asbointl.org/ASBOIntl/encounter.

Congratulations to the Following ASBO 2005 Annual Meeting and Exhibits Attendees!
Because you stayed in the official BASBO International Hotel room block while in Boston, you were entered to win a complimentary registration for 2006 in Pittsburgh, PA October 13-16 Congratulations.. you are the lucky winners. See you there!
Ollie Jakob
Margaret M. Horn
John Bildeau
Kimberly A. Brightwell
Robin K. Corson
Patrick Hurley

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Where the Money Goes An Analysis

Introduction:

The administration was asked to present data regarding overall per pupil costs across the district by examining the total staffing cost on a per school and per student basis. Also requested for inclusion in this study, was a calculation for cost per pupil without categorical spending (i.e. SAGE, Title I, etc.).

MMSD per pupil costs were also compared to the findings from a recently published article (January, 2006) by Roza and McCormick. The findings from this article suggest that *"many urban districts current allocation practices allow for systemic biases against the highest poverty schools"*.

Article Review and Key Findings:

An article in the January, 2006, School Business Affairs, *"Where The Money Goes: District Allocation Practices Harming High-Poverty Schools,"* explores the evidence pointing to the link between poverty and low academic performance. It further questions the premise that if schools are supported with funds supporting students of poverty, those funds would directly benefit economically disadvantaged students. Among their findings, Roza and McCormick suggest that schools are not spending their "basic" state and local dollars evenly and not spending as much at the highest-poverty schools. This disparity has implications in the continued quest to close the achievement gap between poor and more affluent children.

The key findings in the article relevant to the distribution of resources among poor students are:

1. Non categorical dollars are not evenly distributed and favor more affluent schools--
'programs like Title I that result in dollars dedicated to helping students from low income households have not necessarily reached those who are eligible'
2. Mal-distribution of resource allocation -- *staff allocation to schools*
 - The most senior, experienced and highest-paid teachers congregate in the district's more affluent schools *AND* the least qualified and lowest-paid teachers inevitably serve in schools with the most economically disadvantaged students.
3. Salaries are not the only way high-poverty schools are shortchanged -- *disparities exist elsewhere*
 - The placement of more expensive magnet or alternative programs drives up the costs in schools with fewer poor students and consequently making it look as though more resources are being spent on the children from low income households.
 - The more affluent communities have smaller schools where per-pupil costs are higher

- Stripping off categorical spending results in the remaining non-categorical dollars being skewed toward schools that do not necessarily qualify for categorical dollars

MMSD Findings

The data indicate that the MMSD consistently allocates resources for the most needy students across all grade levels, contrary to the study by Roza and McCormick. At all levels, additional resources are provided to most schools, especially those with higher levels of poverty. Any notable differences correlate directly to building size (i.e. small building enrollment skews cost per pupil).

The findings suggest that resource allocation is consistent and in proportion to distribution of poverty again, contrary to the findings of Roza and McCormick.

The article also addressed resource allocation (salaries and other sources of funding) and disparities upon distribution. The article presents the prospect that more expensive, more experienced staff migrate to schools with less poverty. The MMSD data would need to be adjusted to average the cost per staff member to examine this prospect. This is not necessary in this analysis as the correlation would be even stronger.

The concerns in the article found that additional programs artificially drive up costs in poor schools and that local resources are redirected to offset the lack of categorical dollars at more affluent schools. The analysis of Madison allocation of net resources, which excludes grants and aid, does not indicate that this occurs here.

Conclusion

The MMSD allocates resources proportionately to schools based on the income status of students, i.e. more resources are allocated to school with the greatest number of students from low income households.