

SCHOOL FINANCE ANALYSIS

Equity and Spending Indicators

From <i>Quality Counts 2014</i>	California		National
	State Average	Rank	Average
Equity (2011)			
Wealth-Neutrality Score – Relationship between district funding and local property wealth	0.039	11	0.094
McLoone Index – Actual spending as percent of amount needed to bring all students to median level	90.7%	24	90.4%
Coefficient of Variation – Amount of disparity in spending across districts within a state	0.181	36	0.168
Restricted Range – Difference in per-pupil spending levels at the 95th and 5th percentiles	\$3,416	15	\$4,566
Spending (2011)			
Adjusted per-pupil expenditures (PPE) – Analysis accounts for regional cost differences	\$8,341	50	\$11,864
Students funded at or above national average – Percent of students in districts with PPE at or above U.S. average	19.5%	32	46.0%
Spending Index – Per-pupil spending levels weighted by the degree to which districts meet or approach the national average for expenditures	85.9	36	90.1
Spending on education – State expenditures on K-12 schooling as a percent of state taxable resources	3.1%	37	3.6%
GRADE	D+	37	C

Definitions of School Finance Indicators

Wealth-Neutrality Score: The wealth-neutrality score shows the degree to which state and local revenue are related to the property wealth of districts. A negative score means that, on average, poorer districts spend more dollars per weighted pupil than do wealthy districts. A positive score means the opposite: Wealthy districts have more funding per weighted pupil than poor districts.

McLoone Index: The McLoone Index is based on the assumption that if all students in the state were lined up according to the amount their districts spent on them, perfect equity would be achieved if every district spent at least as much as that spent on the pupil in the middle of the distribution, or the median. The McLoone Index is the ratio of the total amount spent on pupils below the median to the amount that would be needed to raise all students to the median per-pupil expenditure in the state.

Coefficient of Variation: The coefficient of variation is a measure of the disparity in funding across school districts in a state. The value is calculated by dividing the standard deviation of adjusted spending per pupil by the state's average spending per pupil. The standard deviation is a measure of dispersion (i.e., how spread out spending levels are across a state's districts). If all districts in a state spent exactly the same amount per pupil, its coefficient of variation would be zero. As the coefficient gets higher, the variation in the amounts spent across districts also gets higher. As the coefficient gets lower, it indicates greater equity.

Restricted Range: This indicator captures the differences in funding levels found between the highest- and lowest-spending districts in a state. The index value is calculated as the difference in per-pupil spending levels at the 95th and 5th percentiles. Districts enrolling fewer than 200 students are excluded from the analysis.

Spending Index: The Spending Index takes into account both the proportion of students enrolled in districts with spending at the national average, and the degree to which spending is below that benchmark in districts where per-pupil expenditures fall below the national average. Each district in which the per-pupil-spending figure (adjusted for student needs and cost differences) reaches or exceeds the national average receives a score of 1 multiplied by the number of students in the district. A district whose adjusted spending per pupil is below the national average receives a score equal to its per-pupil spending divided by the national average and then multiplied by the number of pupils in the district. The Spending Index is the sum of district scores divided by the total number of students in the state. If all districts spend above the U.S. average, the state attains a perfect index score of 100 points.

Note: The District of Columbia and Hawaii are single-district jurisdictions. As a result, it is not possible to calculate measures of financial equity, which capture the distribution of funding across districts within a state. The District of Columbia and Hawaii do not receive grades for school finance and are not included in the rankings reported in this table.