Resources: Spending


SPENDING INDEX: While no consensus exists about how much money is necessary to provide an "adequate" education, it is clear that districts with certain characteristics tend to need more aid. Specifically, districts enrolling more students with special needs require more money. The National Center for Education Statistics
estimates that students in poverty, for example, need 1.2 times as much funding as other students do. The Center for Special Education Finance estimates that students with disabilities need 1.9 times as much money.

After adjusting per-student-spending figures for each school
district in the United States to reflect regional cost differences and student needs, the Editorial Projects in Education Research Center found that the average per-pupil expenditure in the nation for the 2002-03 school year (the most recent data available at the district level) was $\$ 6,786$. We use that amount as a benchmark against which to gauge each state's spending
Our 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) was equal to or exceeded the national average received a score of 1 times the number of students in the district. A district whose adjusted spending per pupil was below the national average received 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 spent above the U.S. average, the state attained a perfect index of 100

Example
District Enrollment Per-pupil spending
$1400 \$ 8,000$
$2450 \$ 7,000$
3500 \$6,000
4300 \$5,000
5350 \$4,000
Total 2,000

Districts 1 and 2 are the only ones providing at least an average level of spending on education (i.e., equal to or above $\$ 6,786$ ). Scores for those districts are equal to their respective student enrollments.

District Score
1400
2450

Then the number of students attending schools in these districts $(850)$ is divided by the total state enrollment $(2,000)$. This indicates that 42.5 percent of students in the state attend schools in districts spending at least the national average. The calculations below account for how close spending levels in the remaining three districts are to the U.S. average
Districts 3 through 5 have spending below the U.S. average, so assigning a score to each district will tell us how "far" it is from average spending across the nation. The score is equal to the district's average spending, divided by the U.S. average, and multiplied by the number of pupils in the district.

District Score
$3442.08=(\$ 6,000 / \$ 6,786) * 500$
$4221.04=(\$ 5,000 / \$ 6,786) * 300$
$5206.31=(\$ 4,000 / \$ 6,786) * 350$
Total 1,719.43 (for all five districts)
Spending index $=(1,719.43 / 2,000) * 100$
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That value represents an index against which we can compare the relative spending of the 50 states and the District of Columbia. This year, values for the spending index range from 66.6 to 100.

