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It's Elementary

A Monthly Column by EFAP Director John Yinger

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Calculating the Added Costs of Educating Disadvantaged Students

One of the most widely documented findings in education finance is that it costs more to educate students who are poor, who have limited English proficiency, or who have disabilities, than it does to educate a student without any of these disadvantages. Through no fault of their own, schools with high concentrations of disadvantaged students must spend more money than other schools on remedial, health, counseling, and safety programs.

The higher costs of disadvantaged students are widely recognized among state policy makers. In fact, 18 states use extra weights for poor students, students with limited English proficiency, or both in their education aid formulas. The problem is that most of these weights are derived in an ad hoc manner and are far lower than the weights in the scholarly literature.

The most straightforward way to estimate these student weights is by using a statistical procedure to determine the impact of student characteristics on a school district's

educational costs, holding student performance and other factors constant. This approach recognizes the complexity of educational spending decisions and draws on the experience of school districts across a state to determine how spending is affected by student disadvantage after accounting for other things. Scholars have implemented this approach using data from many states, including Arizona, Kansas, Michigan, New York, Texas, and Wisconsin.

William Duncombe and I have estimated these weights using data for New York State. Our most comprehensive recent estimates indicate that the extra weight for a student from poor a family is about 1.5, which means that it costs 150 percent more to educate a student in poverty compared to a non-poor student. The extra weight for a student with limited English proficiency is about 1.3.

We also find that calculations ignoring the extra costs of disadvantaged students severely understate the cost of education finance reform. If the performance target is the current statewide average performance level (as measured by the share of students passing state-mandated tests), ignoring these extra costs understates the cost of reform by 30 to 40 percent.

In addition, a reform that ignores these extra costs will severely shortchange large cities and over-compensate rich suburbs. According to Professor Duncombe's and my calculations, such a reform would give New York City about 25 percent less aid than it needs to reach the performance target given above, and it would give rich suburbs 50 percent more aid than they need.

Some scholars have argued that statistical procedures are too complicated and that a better approach is to ask educators what extra programs are needed to help disadvantaged students. The extra weight for these students is then determined by the cost of implementing these programs. This is called the professional judgment approach.

This is an appealing approach because it draws on the experience of people who are involved in providing elementary and secondary education. In fact, however, participating educators have no way to untangle the many factors that influence student performance, and few, if any, educators have experience implementing programs that succeed in boosting performance in a school with a high concentration of disadvantaged students. Consequently, participating educators are asked to perform a complex calculation that is outside their experience. At best, their answers are nothing more than educated guesses.

In most cases, the professional judgment approach yields smaller weights for disadvantaged students than does the statistical approach. In the case of Maryland, however, this approach came up with an extra weight of 100 percent for students from poor families. This weight was incorporated into recommendations that were adopted by the state legislature. Thus, the Maryland reforms provide a valuable case study. The key question is: Will aid based on these extra weights be sufficient to bring student performance in large urban districts up to the state's target?

The issue of student weights has played an important role in the current debate over education finance reform in New York State. The special masters appointed by the trial judge in the CFE case recently recommended an extra weight of 50 percent for students from poor families. This weight is higher than the weight suggested by Governor Pataki's reform commission, 35 percent, but lower than the weight in the proposal by the New York State Education Department, 80 percent, and lower than weights estimated using statistical methods.

Understating the extra weights for disadvantaged students can lead to trouble down the road. To be specific, this type of understatement is likely to lead to a situation in which districts where these students are concentrated are blamed for not achieving the target performance standards even though the failure to achieve these standards results from insufficient funding, not insufficient district effort. A better approach would be to base reforms on an accurate estimate of the extra costs of disadvantaged students.
