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It's Elementary

A Monthly Column by EFAP Director John Yinger

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Rejecting the 65-Percent Solution

Rod Paige, the former Secretary of Education in the Bush II Administration, recently wrote a column for The New York Times in which he lambasted “the so-called 65-percent solution,” which he describes as a mandate that 65 percent of funds be spent “in the classroom.”^[1] This column is written to support and expand on Secretary Paige’s position.

Apparently, the 65-percent “solution” appeals to many people. As Secretary Paige points out, a large majority of voters support it and four states (Georgia, Kansas, Louisiana, and Texas) have already placed it into law. Unfortunately, however, there is no evidence that it will help school districts spend their money efficiently—and reason to believe it will hurt.

Secretary Paige emphasizes two drawbacks of this approach. First, he says the 65-percent solution may encourage school officials to “learn the art of creative

accounting in order to increase the percentage of money that can be deemed 'classroom' expenses." It is not clear how much room there is for creative accounting here, but several studies have shown that school officials do respond to other types of incentives for creative accounting. There is evidence, for example, that school officials sometimes use creative accounting to influence the number of students who are classified as "special need," and hence entitled for more funding.

Second, Secretary Page says that the 65-percent solution will "tie school leaders' hands" by limiting their ability to spend money on needed activities, such as "teacher training, online content to supplement lessons and after-school tutoring." To me, this point is really the heart of the matter. Most of the spending that cannot be classified under "classroom expenses" cannot be considered "wasteful" or "bureaucratic," but instead is connected to activities that are an essential part of providing an education.

Secretary Page goes on to point out that "certain children require more resources to educate than others. Most children living in poverty, for example, need longer school days and years, better teachers and materials, and extra services like tutoring." Regular readers of this column (should there happen to be any) will recognize this as one of my favorite themes, because it is so central to the design of an education finance system that can provide an adequate education for all children. Thus, I strongly agree with Secretary Page on this point.

It seems to me, however, that the examples provided by Secretary Paige greatly understate the importance of this issue. Many of the spending items in the above quotation, namely, longer school days and years and better teachers, actually fall under "classroom instruction." The real problem is that children in high-poverty schools cannot receive an adequate education unless their district spends far more than other districts on many items, such as counseling, health, nutrition, safety, and parental involvement.

Children from well-to-do families receive counseling, health care, and good nutrition through their families; children from poor families often do not, and they cannot succeed in the classroom unless the school helps them with these things. Schools in wealthy districts do not have to worry about school safety or parental involvement,

whereas schools in poor areas may have to buy metal detectors and hire guards and make extra efforts to inform and engage parents.

The 65-percent “solution” obviously makes it difficult for schools to fund these essential out-of-classroom services and therefore places the most severe restrictions on the schools that need help the most.

Secretary Paige ends his column by supporting the notion of “weighted student funding.” “The more disadvantaged the child,” he says, “the bigger the backpack,” by which he means the amount of funding that accompanies the child “to the public school of his family’s choice.” This approach appears to me to be equivalent including educational cost indexes or student weights in state education aid formulas, which I have advocated in previous columns.

Secretary Paige argues for the use of weighted student funding to give greater school choice to disadvantaged students. This strikes me as a reasonable argument. In my view, however, Secretary Page misses a more fundamental issue that arises once the need for student weights is recognized: The current education finance system provides so little extra funding for disadvantaged students that schools with a high concentration of disadvantaged students cannot be expected to provide an adequate education.

Education finance systems are largely a state responsibility in this country. Nevertheless, the federal No Child Left Behind Act, passed while Mr. Page was Secretary of Education, expects all districts, including districts with a high share of disadvantaged students, to meet certain standards without asking whether it is reasonable to expect them to meet those standards given the funding they receive. It is ironic that Secretary Paige now pushes for weighted student funding while the law he championed continues to cause trouble because it left out student weights.

^[1] Rod Paige, “For School Quality, Try Mobility,” *The New York Times*, Op-ed Page, June 27, 2006.
