

**WASHINGTON LEARNS:  
SUCCESSFUL DISTRICT STUDY  
FINAL REPORT**

**Prepared for**

**Washington Learns**



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# Successful District Study Final Report

This paper reports on the findings of the Successful District Study conducted by Lawrence O. Picus and Associates for Washington Learns. This report supplements the PowerPoint presentation made to the Washington Learns K-12 Advisory Committee at their February 24th meeting and which is attached as Appendix A to this document. More detailed information about the successful district approach to determining school funding adequacy and its application in Washington can be found in *Washington Learns: Briefing Document on a Successful District Approach to School Finance Adequacy*<sup>1</sup>.

The Successful District approach to school finance establishes a set of school performance criteria and then uses the expenditure level of school districts meeting those criteria as an estimate of the funding levels needed for all districts to meet those criteria. Overall, we found that districts meeting between 24 and 36 of the criteria used for selecting successful districts spent on average \$5,600 per pupil for the regular instruction program. This amount varied depending upon the number of criteria met and whether the benchmarks for 2004-05 or 2007-08 were used. This compares to the state average of \$5,422 per pupil. These expenditures represent spending for the regular education program, school and district administration, and general operations and maintenance. They do not include supplemental expenditures for students with special needs, disabilities or limited English proficiency, or for support services such as transportation, food service, or community programs. The results of our fiscal analysis are presented in more detail in Section 3 below.

The sections that follow discuss the criteria used for selecting high performing districts, a brief description of the successful district analysis, a summary of the results, and our conclusions.

## Selection Criteria

Based on input we received at the January 21, 2006 meeting of the Washington Learns K-12 Advisory Committee, we developed a total of 36 selection criteria consisting of 33 academic and three non-academic criteria. These criteria are described in more detail below.

### Academic Criteria

A total of 33 academic criteria were used in selecting districts for the analysis. These consisted of:

- 27 criteria pertaining to student performance on the WASL. These consisted of the percentage of a district's students reaching proficiency or better on the WASL in reading, mathematics and reading/writing in grades 4, 7 and 10 for the years 2002-03 through 2004-05. The standard used for assessing adequate performance was the

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<sup>1</sup> Fermanich, M., Picus, L. O. & Odden, A. (2006, January). *Washington Learns: Briefing Document on a Successful District Approach to School Finance Adequacy*. Report prepared for the Washington Learns K-12 Advisory Committee. North Hollywood, CA: Lawrence O. Picus and Associates.

state's Uniform Bar Goals required under No Child left Behind (NCLB) for these three subject areas in effect in 2004-05. We also conducted the same analysis using the Uniform Bar Goals that will become effective in the 2007-08 school year.

- A single learning growth index for each district for each of the three years. The OSPI annually calculates an index that indicates how well the average student in a district performs on the WASL. The index is based on the proficiency levels of Below Basic, Basic, Proficient, and Advanced. The percentage of students scoring in each of these performance categories is weighted by a multiplier and then divided by 100 percent to arrive at the district's index. The multiplier for students scoring Below Basic is 1, 2 for Basic, 3 for Proficient, and 4 for Advanced. The percentage of students not taking the test is assigned a multiplier of 0. While the state calculates a separate index for each grade and subject assessed by the WASL, we calculated a single index weighted by the number of students taking the WASL in each subject and grade for the years 2001-02 through 2004-05. For example, an index of 2.8 means that the average student scored just below proficient overall. If a district showed growth in its index from the prior year it was considered to have met the standard.
- A single achievement gap index for each district for each of the three years. This index was determined by calculating a separate learning growth index for ethnic minority students (American Indian, African American and Hispanic) and non-minority students (defined here as White and Asian). The change in the difference between these two indices from one year to the next was then calculated. If the difference, or gap, between the two indices decreased, then the district was considered to have met the standard.

### **Non-Academic Criteria**

The non-academic criteria consisted of the district's on-time graduation rate for each of the three years 2002-03 through 2004-05.

### **Successful District Analysis**

After the selection criteria were determined, district performance on each of the criteria was calculated and compared against a performance benchmark. At their January meeting the K-12 Advisory Committee requested that we conduct two separate analyses, one to evaluate districts using the NCLB Uniform Bar Goals in effect for the 2004-05 school year as the performance benchmarks, and a second using the 2007-08 Goals as benchmarks. The Committee also asked that we look at districts that were successful in meeting a range of criteria - from 24 of the 36 criteria to all 36 criteria. Our analysis examined districts meeting at least 24, 27, 30, 33, and 36 of the criteria. Table 1 below shows the NCLB Uniform Bar Goals for proficiency on the WASL for 2004-05 and 2007-08. The goals for the on-time graduation rate were 66% for 2004-05 and 69% for 2007-08. Our analysis also included the disaggregation of the results by poverty quartiles and district locale.

**Table 1**  
**2004-05 and 2007-08 NCLB Uniform Bar Goals**  
**Percent proficient on WASL**

	Grade 4		Grade 7		Grade 10	
	2004-05	2007-08	2004-05	2007-08	2004-05	2007-08
<b>Math</b>	47.3	64.9	38.0	58.7	43.6	62.4
<b>Reading</b>	64.2	76.1	47.6	65.1	61.5	74.3
<b>Read/Write</b>	56.0	71.0	50.0	67.0	56.0	71.0

**Final District Sample and Excluded Districts**

To avoid skewed results certain outlier districts were excluded from the analysis. These included small districts with fewer than 100 students, districts that did not serve all grades K-12, and six districts with a significant amount of suppressed or missing data. A total of 37 districts served fewer than 100 students and 46 districts did not serve grades K-12. This resulted in a combined total of 63 out of 296, or 21 percent of districts being excluded from the study. However, only 9,800 students, or one percent of the state total of 1.02 million students, were served by these districts. Excluding very small districts served two purposes. First, it avoided skewing the results of the fiscal analysis by eliminating the extremely high per pupil expenditure levels found in the smallest districts. Secondly, it helped to minimize the amount of suppressed data since the smallest districts tended to have very small groups and subgroups of students. The final sample of districts consisted of 233 of the 296 school districts serving 946,059 or 99 percent of the students in Washington.

**Expenditure Categories Used in Analysis**

While successful district studies typically look only at spending for the regular instruction program, the K-12 Advisory Committee was interested in looking more comprehensively at district spending. As a result, this analysis looked not only at expenditures for the regular instruction program, but also for categorical programs, federally-funded programs, and total expenditures. Additionally, the Committee was interested in seeing how voter-approved excess property tax revenues were distributed according to district performance. The following provides a breakout of the program areas included in the categories of regular instruction, categorical programs and federal programs. We should note that the state collects student enrollment data in several different forms. For this analysis we used full-time equivalent (FTE) enrollment counts, which is the enrollment count used by the state for funding purposes.

Regular instruction program. Expenditures for regular instruction totaled \$5.1 billion, or \$5,422 per FTE pupil. It consisted of the program areas:

- 01 Basic Education
- 97 District wide Support.

Categorical programs. This category totaled \$1.4 billion, or \$1,429 per FTE pupil in state and locally funded categorical programs for serving students with special needs. The program areas included were:

- 21 Special Education Support,
- 31 Vocational Education Basic,
- 39 Vocational Education Other
- 45 Skill Centers Basic
- 55 LAP
- 58 Special Programs/Pilots
- 65 Transitional Bilingual
- 66 Student Achievement
- 69 Other Compensatory
- 73 Summer School
- 74 Highly Capable, and
- 79 Other Instructional.

Federal programs. Federal program spending totaled \$480.6 million, or \$503 per FTE pupil. The program areas included here were:

- 24 Special Education Support
- 29 Special Education Other
- 38 Vocational Education,
- 46 Skill Centers
- 51 Disadvantaged
- 52 School Improvement
- 53 Migrant
- 54 Reading First
- 64 Limited English Proficiency
- 67 Indian Education JOM
- 68 Indian Education Other
- 76 Targeted Assistance
- 77 Eisenhower Professional Development, and
- 78 Youth Training.

Local property tax. In addition to state and federal revenues, districts are permitted to supplement their revenues with an excess property tax approved by the voters. The state also provides equalization aid, Local Effort Assistance, to districts with low property wealth to assist them in gaining more equitable access to these supplemental revenues. In 2004-05 the excess property tax totaled \$1.2 billion, or \$1,306 per FTE pupil. The Local Effort Assistance

equalization aid totaled another \$162.9 million, or \$173 per FTE pupil. Together, these supplemental revenues totaled \$1.4 billion, or \$1,478 per FTE pupil.

## **Results**

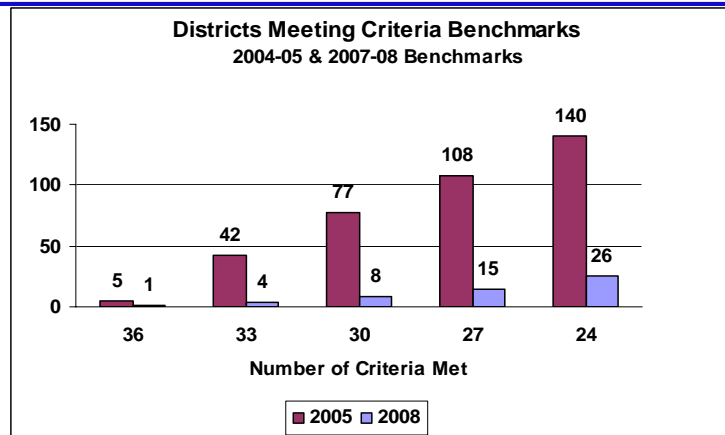
This section briefly discusses the findings in terms of the number and characteristics of districts meeting the selection criteria, their expenditure levels, and their use of the local excess levy. One issue that we had to address when evaluating districts against the performance criteria was the state's suppression of student performance data for groups of students fewer than 10. The OSPI suppresses these data to protect the confidentiality of students. This resulted in cases of missing data when analyzing subgroups of students based on ethnicity, particularly in smaller districts with few minority students. We decided that rather than excluding these records, we would assume that a district met a criterion if the underlying data element was suppressed. This prevented districts from being excluded on the basis of missing scores for a handful of students, in some cases as few as two or three. Only one or two percent of districts were affected for any one data element except in the calculation of the achievement gap index (discussed in more detail below), where the small number of ethnic minority students in many districts led to data suppression in up to 40-50 percent of districts for some subgroups.

## Districts Meeting Criteria

Districts were evaluated using the criteria benchmarks for both 2004-05 and 2007-08. The chart below shows the cumulative number of districts meeting at least 24 to 36 criteria. For example, using the 2004-05 benchmarks, 140 of the 233 districts met at least 24 of the 36 criteria. Of these, 108 met at least 27 of the criteria, 77 met at least 30, 42 met at least 33, and 5 met all 36 of the criteria. Ninety-three districts met fewer than 24 criteria, and 8 districts met 6 or fewer of the criteria. The number of districts falling within each of the criteria intervals consisted of 32 districts meeting 24 to 26 of the criteria, 31 districts meeting 27 to 29, 35 districts meeting 30 to 32, 37 districts meeting 33 to 35, and 5 districts meeting all 36 of the criteria.

When the district's 2004-05 performance data were compared against the performance benchmarks scheduled to take effect in 2007-08, the number of successful districts dropped significantly. Only 26 districts met at least 24 of the 36 criteria and only 1 district met all 36 of the criteria. The number of districts falling within each of the criteria intervals consisted of 11 districts meeting 24 to 26 of the criteria, 7 districts meeting 27 to 29 of the criteria, 4 districts meeting 30 to 32 of the criteria, and 3 districts meeting 33 to 35 of the criteria. One district met all 36 criteria. A total of 207 districts met fewer than 24 of the criteria and 38 districts met 6 or fewer of the criteria.

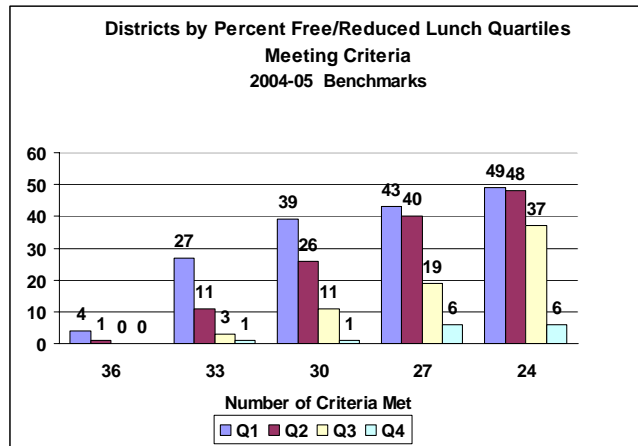
### Performance on Benchmarks Number of Districts



When districts were disaggregated by poverty and locale, the data show that districts with lower poverty levels serving non-urban populations were more successful in meeting the selection criteria. This is consistent with the results of other successful district studies - that the districts found to be successful tend to be homogeneous, wealthier, and generally suburban in character.

Districts meeting performance criteria using the 2004-05 benchmarks by poverty quartile. Using the 2004-05 performance goals, only six (12%) of the districts in the highest poverty quartile met 24 or more of the criteria. In contrast, 49 (92%) of the districts in the lowest poverty quartile met 24 or more of the criteria.

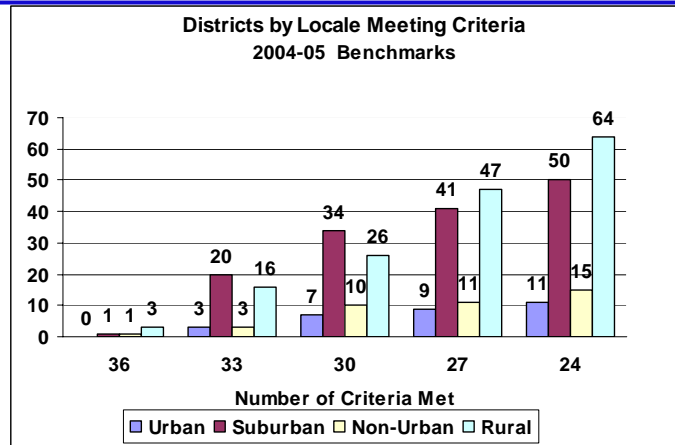
### Performance on 2004-05 Benchmarks Districts by Poverty Quartiles





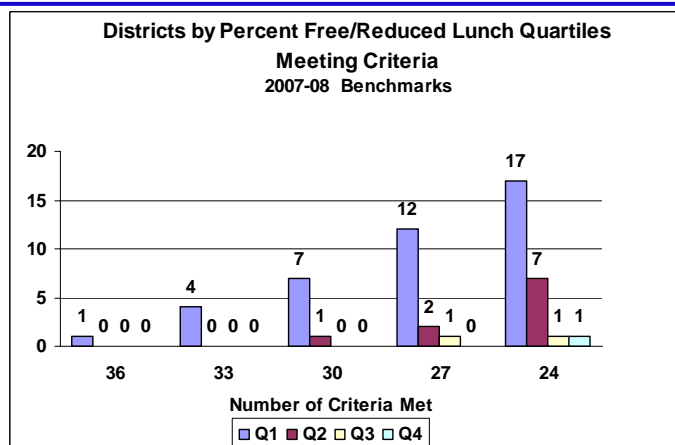
Districts meeting performance criteria using the 2004-05 benchmarks by locale. When broken out by locale, nearly 70 percent of suburban/urban fringe districts met at least 24 of the criteria. Fifty-two percent of urban, 55 percent of non-urban city/town and 57 percent of rural districts met 24 or more of the criteria. No urban districts met all 36 of the criteria.

### Performance on 2004-05 Benchmarks Districts by Locale



Districts meeting performance criteria using the 2007-08 benchmarks by poverty quartile. When the 2007-08 performance goals were applied only two districts in the lowest two poverty quartiles met at least 24 of the criteria and none of these districts met 30 or more. In contrast, 17 (32%) of the districts in the lowest poverty quartile met 24 or more criteria.

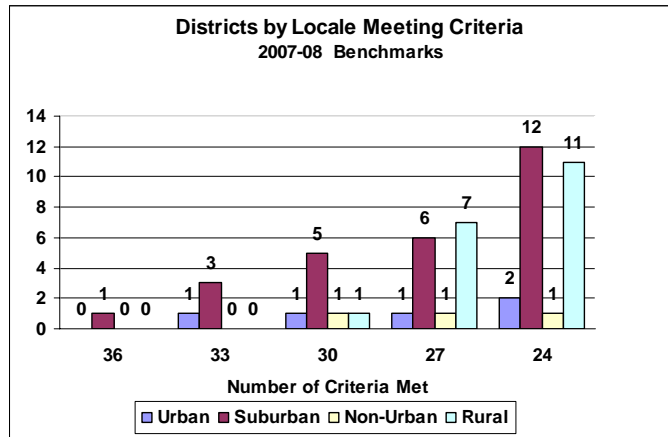
### Performance on 2007-08 Benchmarks Districts by Poverty Quartiles



Districts meeting performance criteria using the 2007-08 benchmarks by locale.

Twenty-four percent of suburban/urban fringe districts met at least 24 of the 2007-08 criteria. Further, a suburban/urban fringe district was the only district to meet all 36 of these criteria. In contrast, only two of the 21 urban districts met 24 or more of the 2007-08 criteria and none met more than 30. Only one non-urban district and 11 (10%) rural districts met at least 24 of the 2007-08 criteria.

### Performance on 2007-08 Benchmarks Districts by Locale



## District Spending

Expenditure results using 2004-05 benchmarks. The results of the fiscal analysis for 2004-2005 benchmarks show that, in general, the higher performing districts (those that met the greatest number of criteria) spent somewhat more than other districts.

### Average District Per Pupil Spending by Performance on 2004-05 Benchmarks

Criteria Met:	36	33	30	27	24	Avg
Regular Ed.	\$5,754	\$5,430	\$5,378	\$5,389	\$5,381	\$5,422
Categorical	\$1,125	\$1,300	\$1,327	\$1,329	\$1,332	\$1,429
Total State	\$6,879	\$6,730	\$6,705	\$6,718	\$6,713	\$6,851
Federal Categorical	\$292	\$319	\$366	\$374	\$392	\$503
Total State & Federal	\$7,171	\$7,049	\$7,071	\$7,092	\$7,105	\$7,354



Spending on regular instruction. The statewide average per FTE pupil spending for regular instruction programs from state and local sources was \$5,422. Using the 2004-05 benchmarks, spending for regular instruction ranged from \$5,381 per FTE pupil for districts meeting 24 criteria, to \$5,754 for the five districts meeting all 36 of the criteria.

Districts meeting 24 or more of the criteria generally spent less than the state-wide average for regular instruction. Only the five districts meeting all 36 criteria spent more than the state average. This may be due to the fact that the districts meeting fewer than 24 criteria likely had higher concentrations of high-need students. As a result their spending may have been somewhat higher than the average district.

Categorical and Federal program spending. Unlike spending for regular instruction, districts meeting fewer criteria spent more in these two categories. This may be explained by the fact that categorical and federal spending is typically targeted toward students with special needs, such as students with disabilities or limited English proficiency, or from disadvantaged backgrounds. These students typically have lower achievement levels even though they benefit from additional programmatic spending.

Under the 2004-05 performance benchmarks, all of the districts meeting 24 or more of the criteria spent less than the state averages for categorical and federal expenditures.

Categorical spending ranged from \$1,125 per FTE pupil for the districts meeting all 36 of the criteria to \$1,332 per FTE pupil for districts meeting at least 24 criteria. The statewide average was \$1,429. The range for federal program expenditures was \$292 per FTE pupil for districts meeting 36 criteria to \$392 per FTE pupil for districts meeting at least 24 of the criteria. The state average was \$503 per FTE pupil. This again suggests that the higher performing districts tended to serve fewer high-need students than is the norm in the state.

Total district expenditures. Total district expenditures consisted of spending for regular instruction, categorical programs and federal programs. Using the 2004-05 benchmarks, none of the districts meeting at least 24 of the benchmarks spent above the state average of \$7,354 per FTE pupil. Spending by these districts ranged from \$7,049 to \$7,171.

In general, the higher performing districts had somewhat higher expenditures for the regular instruction program while the lower performing districts had higher expenditures for categorical and federal programs. The result was little variation in total spending among districts. However, it should be noted that overall there was relatively little variation in spending among districts. The range of total per FTE pupil spending among districts meeting 24 to 36 of the criteria was only \$122.

Disaggregation by district characteristics. Somewhat greater variation was found when the results were disaggregated by poverty and locale. Generally, districts with higher concentrations of poverty and in urban or rural locales tended to spend somewhat more than other districts. When the 2004-05 performance benchmarks were used, districts in the highest poverty quartile spent a minimum of \$1,086 per FTE pupil more on the regular instruction program than districts in the lowest poverty quartile. However, this finding may have questionable reliability given that very few districts in the higher poverty quartiles met 24 or more criteria. Districts in urban and rural locales tended to spend more than suburban and non-urban districts. However, the variation was slight and spending did not differ significantly from the state average.

When total spending was examined, variation by locale was still small but was somewhat greater when disaggregated by poverty. The districts in the top poverty quartile spent between \$8,675 and \$11,439 per FTE pupil. Districts in the lowest poverty quartile spent between \$6,933 and \$7,088 per FTE pupil. However, the reliability of these numbers may again be suspect given the small number of districts (6) in the highest poverty quartile that met at least 24 of the criteria.

Expenditure results using 2007-08 benchmarks. The results were similar when examining district performance against the 2007-08 benchmarks. In general, the highest performing districts tended to spend the most. However, the variation among districts increased somewhat in this analysis, with a range in total expenditures of \$299 per FTE pupil. In contrast to the average for districts meeting the 2004-05 benchmarks, spending on the regular instruction program by districts meeting at least 24 of the 2007-08 criteria tended to exceed the state average. Total spending, however, was still at or below the state average.

### Average District Spending by Performance on 2007-08 Benchmarks

Criteria Met:	36*	33	30	27	24
Regular Instruction	\$6,133	\$5,546	\$5,532	\$5,558	\$5,474
Categorical	\$992	\$1,326	\$1,284	\$1,296	\$1,281
Total State and Local	\$7,125	\$6,872	\$6,816	\$6,854	\$6,755
Federal	\$224	\$271	\$276	\$280	\$295
Total	\$7,348	\$7,143	\$7,092	\$7,134	\$7,049



\*1 District (Numbers in red exceed state average)

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## Local Levy

On average, the state's districts raised \$1,308 per FTE pupil in voter approved local property taxes. The state provided an additional \$173 per FTE pupil in Local Effort Assistance aid, for a total of \$1,481 per FTE pupil. Under the 2004-05 performance benchmarks, the districts meeting 24 or more of the performance criteria raised slightly less local levy revenue than the state average. Only the five districts meeting all 36 criteria, with an average of \$1,686, raised more than the state average. Districts meeting a greater number of the criteria tended to raise a greater share of the revenue through the local levy and less through state Assistance aid. This suggests that the higher performing districts possessed higher property wealth than lower performing districts.

### Average Excess M&O Revenues by Performance on 2004-05 Benchmarks

Criteria Met:	36	33	30	27	24
Property Tax	\$1,162	<b>\$1,367</b>	<b>\$1,323</b>	<b>\$1,314</b>	\$1,290
State LE Aid	\$24	\$91	\$115	\$121	\$136
<b>Total Excess Revenues</b>	<b>\$1,686</b>	<b>\$1,458</b>	<b>\$1,438</b>	<b>\$1,435</b>	<b>\$1,426</b>

State Averages:  
 Property Tax \$1,308  
 State LE Aid \$173  
 Total \$1,481

(Numbers in red exceed state average)



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The results differ when districts are evaluated against the 2007-08 performance benchmarks. The districts meeting at least 24 of the 2007-08 criteria all exceeded the state average - by up to \$395 per FTE pupil. These districts also received little or no state Assistance aid, suggesting they possessed relatively high property wealth. Only the districts meeting 24 of the criteria received a significant amount of Assistance aid (\$63 per FTE pupil).

Average Excess M&O Revenues by  
Performance on 2007-08 Benchmarks

Criteria Met:	36*	33	30	27	24
Property Tax	\$1,876	\$1,600	\$1,542	\$1,545	\$1,435
State LE Aid	\$0	\$0	\$3	\$10	\$63
Total Excess Revenues	\$1,876	\$1,600	\$1,545	\$1,555	\$1,498

\*1 District (Numbers in red exceed state average)



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## Conclusions

- Washington's school districts face significant challenges in meeting current and future performance standards. This analysis found that only five districts met all 36 of the 2004-05 performance benchmarks and only a quarter met more than 30 out of the 36 criteria. Districts fare less well when compared against the benchmarks that will become effective in 2007-08. Under these standards only one district met all 36 criteria and fewer than 10% of districts met 25 or more of the criteria.
- Higher performing districts tended to have lower poverty and be suburban or more homogenously rural. No urban districts or districts from the top two poverty quartiles met all 36 criteria for 2004-05 and only one of these districts met at least 30 of the criteria. Using the 2007-08 benchmarks, only two districts from the top two poverty quartiles met at least 27 of the criteria and only two urban districts met at least 24 of the criteria.
- There was little variation in spending among districts, indicating a finance system that may provide equity in per pupil spending, but may not be equitable across districts with differing concentrations of students with special needs.
- Depending on the benchmarks used and the number of criteria met, per pupil spending for regular instruction averaged about \$5,600 and ranged from \$5,400-\$6,100.
  - Categorical program expenditures ranged from \$1,100 to \$1,300
  - Federal program expenditures ranged from \$225 to \$390
  - Total state, local and Federal spending ranged from \$7,000 to \$7,300
- The highest performing districts tended to spend slightly more per pupil than other districts. These districts also spent somewhat more for regular instruction and less for categorical and federal programs than lower performing districts.
- The highest performing districts also tended to have somewhat higher property tax revenues – about \$200-\$300 per FTE pupil more. These districts also received less in state Local Effort Assistance aid than average, suggesting that they have higher than average property wealth.
- Higher poverty districts spent more per pupil than lower poverty districts regardless of performance level.
- Urban and rural districts spent more per pupil than suburban districts.



**Appendix A**

**Successful District Study Report on Findings  
PowerPoint**