



## Allovue's First Annual Education Finance Survey

# Teacher & Administrator Perceptions About K-12 Education Finance

**R**esults of the first annual Allovue Education Finance Survey suggest that education professionals have varying experiences, views, and gaps in knowledge related to key issues in K-12 education finance, including their districts' overall financial well-being, teacher salaries, and principals' level of control over their schools' budgets.

The survey was commissioned by Allovue, a K-12 education finance company, and conducted by the nonprofit, nonpartisan EdWeek Research Center. The questionnaire was administered to 1,303 U.S.-based teachers, principals, assistant principals, and district leaders in November and December of 2022.

The study introduces the Allovue Education Spending Confidence Index, a new measure that takes the pulse of teacher and administrator views of the financial status of their employers. With unprecedented federal investments in K-12 education during the COVID-19

pandemic, many people might believe that schools are in a strong financial position. However, our findings show that education leaders view their school and district finances in a more negative light: on a scale ranging from -100 (worst financial status and outlook) to +100 (best financial status and outlook), respondents' average score was -38. In a time of seemingly abundant new resources, why do education professionals perceive resource challenges?

Some reasons provided by respondents to explain their negative scores include a belief that federal COVID relief funds were more often insufficient than transformational; concerns that funding has not kept pace with inflation; and the sense that per-pupil expenditures are increasing because today's students have higher levels of need than their predecessors.

The report also delves into conceptions and misconceptions around teacher salaries.

Asked how much they believe would be a fair annual salary for the work they do, teachers named a median wage of \$80,000, an amount comparable to overall median earnings for U.S. workers with similar levels of education. However, survey results suggest limited levels of awareness of the total cost of employing teachers. That expense includes not only salaries but also benefits, which cost the equivalent of roughly half of the average teacher's salary.

One idea popular with educators is to pay teachers more by spending less on administrators. However, this change has limited potential to increase teacher salaries because there are so many more teachers than administrators. Even if all the central office administrators in the nation were eliminated, the cost savings would only be sufficient to provide the average teacher with a 2 percent wage increase—far short of what educators communicated would be necessary to have a fair wage. Most districts will need additional resources if they are to raise teacher pay to anywhere near the level that teachers believe is fair given the demands of their jobs.

Finally, the report examines the degree to which the administrators closest to the classroom (principals) are permitted to make decisions about their schools' budgeting. Survey results suggest that principals control only a small minority of their budgets (7 to 8 percent). Although most say they should have more budget autonomy, only a minority of administrators in the central office agree, making it unlikely that this will happen anytime soon.

The report concludes with recommendations for addressing practitioner, parent, policymaker, and taxpayer knowledge gaps about K-12 school finance.

**Even if all the central office administrators in the nation were eliminated, the cost savings would only be sufficient to provide the average teacher with a 2 percent wage increase.**

Introduction & Methodology	1
<i>Survey Results: K-12 Spending</i>	
Pandemic Relief Funding	2
Overall Financial Status	3-4
Introducing the Allovue Education Spending Confidence Index	5-6
<i>Survey Results: Explanations</i>	
Educators' Outlook on Expenditures	7-10
<i>Survey Results: Conceptions and Misconceptions</i>	
Teacher Salaries	11-14
Teacher Benefits	15
Principals and Budgeting	16-18
Conclusion	19-20

**By any measure, K-12 education is a major public expense, amounting to \$795 billion in state, local, and federal funding in 2019-20, according to the most recent available federal data. K-12 schools consume roughly a quarter of state and local tax revenue generated each year.**

Finances are central to nearly every concern, consideration, and debate related to K-12 education, from teacher pay to curricular resources to school bus transportation. If educators are uninformed or misinformed about the financial situation of their employers, it makes it difficult for them to plan, disseminate resources, and know when, where, and from whom they should demand change. In turn, if those closest to the classrooms and the school board lack critical information, they are in a precarious position when it comes to explaining to parents, policymakers, and taxpayers what is possible to accomplish within the constraints of current funding levels and what requires additional resources to address. When educators cannot explain their needs to these stakeholders, key decisions may inadequately incorporate their feedback, stripping school and district leaders of the autonomy necessary to disseminate resources in ways that make sense for students.

Until now, it has been unclear how much educators know about school finance.

During the 2022-23 school year, Allovue, a K-12 education finance company, set out to address this information gap by commissioning the nonprofit, nonpartisan EdWeek Research Center to survey teachers, school leaders, and district leaders

about knowledge and perceptions related to K-12 education. This survey project establishes a baseline for an ongoing project that takes the pulse of U.S. teachers' and education administrators' views about their schools' financial health and the process of school funding and budgeting.

The 2022-23 survey results reported in this whitepaper reveal profound gaps in knowledge coupled with persistent misconceptions about K-12 finance among those who work in the country's school systems—which may suggest a similar or greater knowledge gap in the country's general population.

For these reasons, we believe that the survey results described in this report will be of interest both to educators themselves and to the parents, students, policymakers, and voters who are key stakeholders in K-12 education.

This report begins with an overview of educators' conceptions and misconceptions related to districts' overall financial situations and their current and future funding. We also introduce the Allovue Education Spending Confidence Index, a new measure of educator perceptions of the current and expected status of public-school funding. The measure was constructed to enable trend analysis for future iterations of this survey.

Next, the report delves into two frequent sources of misconceptions about school spending highlighted by the survey results: teacher salaries and principal autonomy in school budgeting.

Finally, the report concludes with recommendations for addressing knowledge gaps suggested by the survey.

#### ABOUT THE SURVEY

<b>WHO</b>	1,303 U.S.-based educators including 337 school district leaders, 340 principals/vice principals, and 626 teachers
<b>WHAT</b>	A nationally representative, 36-question survey
<b>WHEN</b>	11/17/22-12/16/22
<b>WHY</b>	To gain insights into educators' knowledge and perceptions related to K-12 funding
<b>HOW</b>	The survey was commissioned by Allovue and administered by the EdWeek Research Center

K-12 Spending

## Pandemic Relief Funding

The news has been full of reports about the **\$190 billion in federal funds allocated to offset the impact of the COVID-19 pandemic**. This amount is equivalent to more than three times the funds the U.S. federal government allocates to K-12 schools in a typical year. It sounds enormous.

However, in a typical year, **just 8 percent** of K-12 education funding is from federal sources. The vast majority of school funding is generated at the state and local levels. In addition, the pandemic relief funds were spread out over four and a half years. This means they amount to about \$850 per year for each of the nation's 49.7 million public school students, which is equivalent to about 6 percent of average annual per-pupil spending. A [2021 analysis](#) also found that districts in some states received much more money than their counterparts elsewhere in the United States. That's because the pandemic relief aid was allocated based on the federal Title I funding formula, which takes into account student poverty rates and other factors. Under that formula, for instance, Louisiana's schools received nearly five times more than Utah's.

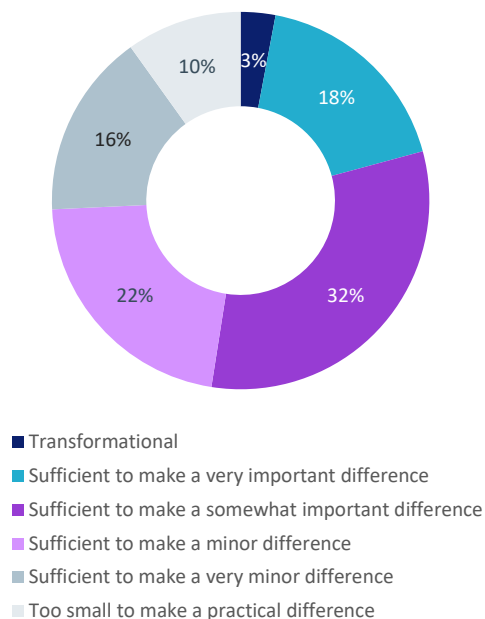
As a result of all of these factors, the vast majority of Allovue Education Finance Survey respondents whose districts received pandemic relief funds and knew how much it was (80 percent) say the money made, at most, "a somewhat important difference." Less than a quarter of teachers and administrators said the difference the funds made was "very important" or "transformational." (Figure 1)

Due to the nature of their work, administrators are typically more knowledgeable than teachers about district-level funding impacts. And administrators are more likely than teachers to say that COVID relief funding has made a "very important" or "transformational" difference in their districts. While this finding was statistically significant, the practical difference in responses was modest (24 percent of school and district leaders versus 15 percent of teachers). Why don't more educators view this unprecedented federal investment as very important or transformational? A top challenge for respondents to this survey is staffing—with two out of three school and district leaders reporting that labor shortages have made it very or extremely challenging to spend their stimulus funding on hiring. Ironically, it is possible that the infusion of federal emergency funds may have worsened these labor shortages—which extend beyond K-12 education—with too few employees available to fill the sudden influx of newly-available positions supported by the dollars.

"The ESSER [federal Elementary and Secondary School Emergency Relief Fund] funding was a huge amount of money, and our district has struggled with spending it," an elementary school principal in Arizona wrote in response to an open-ended survey question. "We tried to hire more support teachers during a wake of teacher shortage. That led us to peel off classroom teachers to fill temporarily funded support roles—and then those teachers had to jump back in classrooms to fill the positions we couldn't hire for. Now those teachers are frustrated and leaving the profession and the teacher shortage continues to plague schools."

Fig. 1

**The total amount of federal COVID stimulus funding my district or school received is:\***



\* Chart includes teachers and administrators who said their districts received this funding and indicated that they know how much their districts received. It does not include the 27 percent of respondents who did not know how much funding their districts received or the 3 percent who said they did not receive these funds. Totals may not add up to 100 percent due to rounding.

K-12 Spending

## Overall Financial Status

**If teachers and principals do not feel as if they are resource rich in the wake of their federal “windfall,” then how do they perceive the overall financial status of their schools and districts?** The picture is mixed but weighted toward pessimism.

Survey results suggest that educators are more likely to perceive that their district’s current financial situation has declined compared to three years ago. (Figure 2)

“Education in general has been spiraling in the public view for a while now, but in the past five-plus years, schools have been under increased attacks (some self-inflicted), and the taste for increased funding at the public and government level has been dropping,” a Utah elementary school principal wrote in response to an open-ended survey question.

Respondents are slightly more likely to perceive that it’s a good time for their district to make a major purchase. In response to an open-ended survey question, they shared both positive and negative views, based on their perceptions of federal COVID relief funds. (Figure 3)

“It’s a good time for us to purchase multi-year, contracted curriculum supplies because we have the available funds [due to] COVID dollars,” wrote a district curriculum director in Ohio.

The head of a charter school network in Ohio expressed a different view: “We believe that it will be a bad time to make major purchases because the ESSER funding will be gone. Making major purchases based on current funding would be detrimental to future funding.”

Both may be right. Using one-time resources for large, but non-recurring expenses can be a wise investment. But obligating schools or districts to higher ongoing costs in the future due to temporary increased resources may force hard budget choices in the near future.

Fig. 2

**Would you say that your school district is better off or worse off financially than three years ago?**

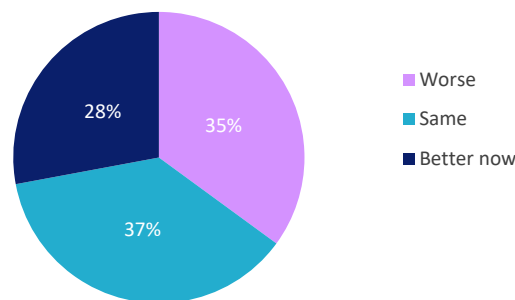


Fig. 3

**Do you think now is a good or bad time for your school district to make major purchases such as buying a new core curriculum, raising salaries, or investing in major technology, construction, or maintenance projects?\***

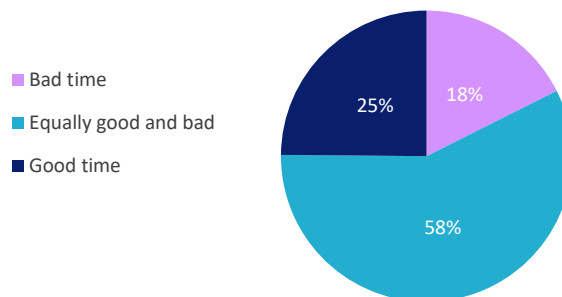
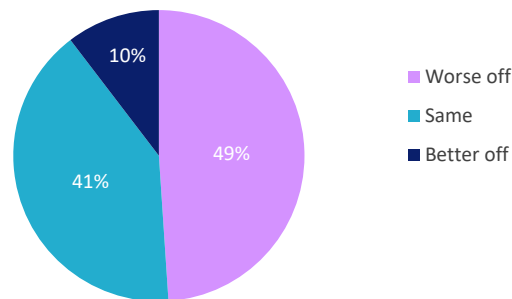


Fig. 4

**Three years from now, do you think that your school district will be better off financially, or worse off, or just about the same as now?**



\*Totals may not add up to 100 percent due to rounding.

When it comes to predicting the future, teachers and administrators are roughly five times more likely to say their district's financial situation will worsen over the next three years than to say it will improve. (Figure 4)

For respondents who believe their districts' financial situations will be worse in three years, the top three concerns are funding that fails to keep pace with

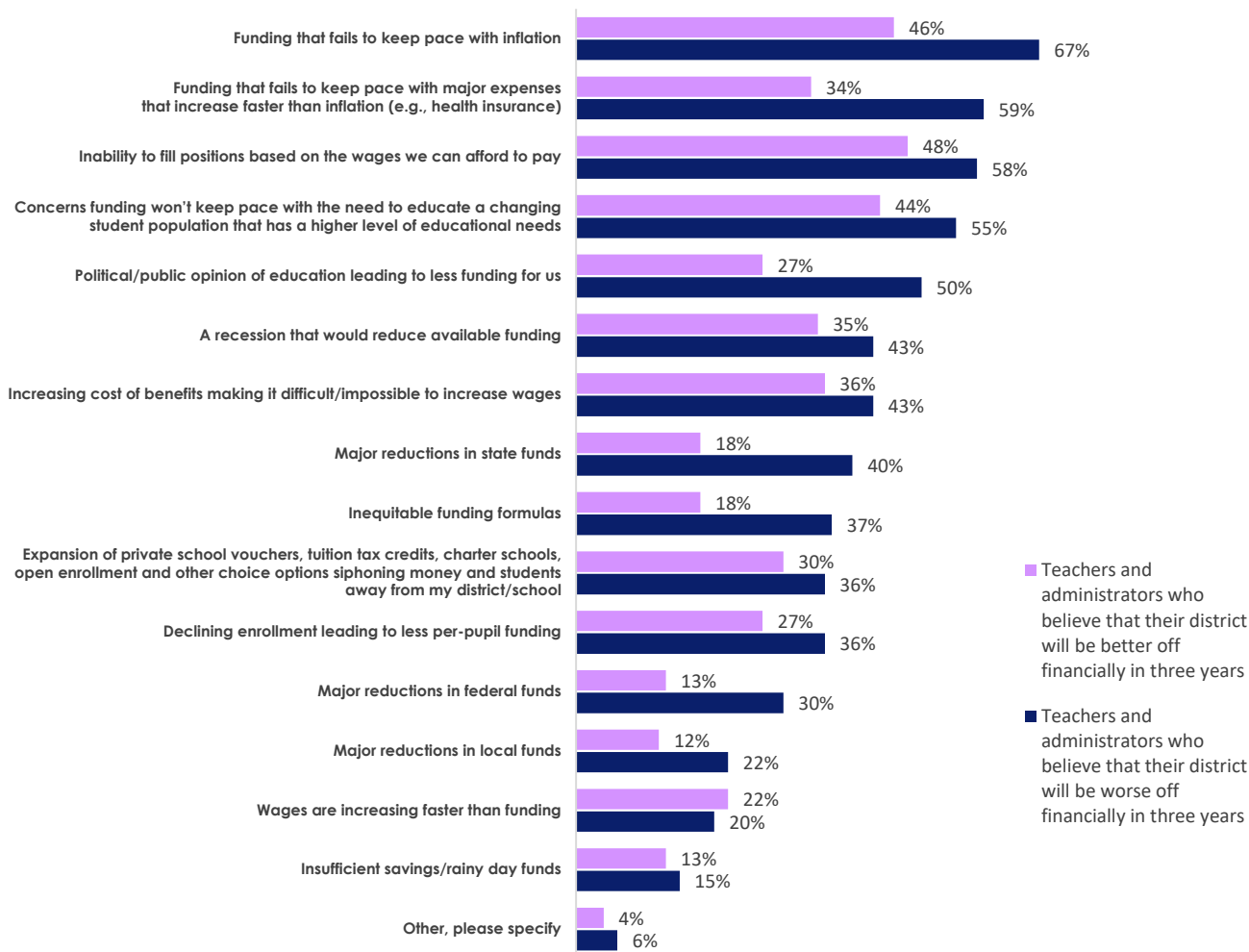
inflation; funding that fails to keep pace with expenses that increase faster than inflation (e.g., health insurance); and an inability to fill positions based on the wages the district can afford to pay. (Figure 5)

"The funding from the state this past year was approximately a 3% increase," an assistant principal in Iowa who believes his district's financial situation will get worse over the next three years wrote in response

to an open-ended survey question. "With the small number of students we have (425), the increase was not even enough to cover the district's portion of the increase in health care premiums. Which means any increase in expenditures due to inflation, any increases in wages, or any unplanned expenses all had to come from savings, which has been decreasing steadily due to lack of funding for the past several years."

Fig. 5

**What MAJOR concerns do you have about your district or school's financial health over the next decade? Select all that apply.**



## K-12 Spending

# Introducing the Allovue Education Spending Confidence Index

The Allovue Education Spending Confidence Index is designed to provide a high-level overview of teacher and administrator perceptions of their school systems' current and expected financial status, with the goal of tracking this new metric over time.

The Index's inaugural score is -38 on a scale ranging from -100 to +100, where scores below zero indicate a negative outlook and scores above zero are associated with a positive view. This score suggests that teachers and administrators are more likely to view their districts' financial status and future with pessimism than with optimism.

(See box, this page)

## Calculating the Allovue Education Spending Confidence Index

Respondents can select one of three options in response to each of the three questions below, which comprise the Index: a negative option worth -100 points, a positive option worth +100 points, or a neutral option worth 0 points.

1. Would you say that your school district is better off or worse off financially than three years ago?
  - o **Better now (+100 points)**
  - o **Worse (-100 points)**
  - o **Same (0 points)**
2. Do you think now is a good or bad time for your school district to make major purchases such as buying a new core curriculum, raising salaries, or investing in major technology, construction, or maintenance projects?
  - o **Good time (+100 points)**
  - o **Bad time (-100 points)**
  - o **Equally good and bad (0 points)**
3. Three years from now, do you think that your school district will be better off financially, or worse off, or just about the same as now?
  - o **Better off (+100 points)**
  - o **Worse off (-100 points)**
  - o **Same (0 points)**

The scores associated with the three questions are summed for each respondent to generate a score ranging from -100 to +100, with positive values indicating a more optimistic view, negative values indicating a more pessimistic view, and values near 0 indicating an even mix of negative and positive perceptions that indicate respondents believe the status quo may be maintained.

Scores are especially low for the survey respondents who are most likely to be knowledgeable about their districts' current financial situations (i.e., district-level finance and operations managers). Their scores (-67) are nearly twice as negative as the overall average score for all the survey respondents. At the other end of the scale are district-level curriculum directors (-6) and top district leaders including superintendents, assistant superintendents, deputy superintendents, and area superintendents (-9). (Figure 6)

Educators in the nation's largest districts (with enrollments of 50,000 or more) are also significantly more pessimistic than their counterparts in smaller districts. Their average Index score is -76. By contrast, the average score is -30 for teachers and administrators in smaller districts with enrollments under 2,500. This difference is important, given that roughly 1 in 5 of the nation's public-school students is enrolled in these very large, 50,000-plus student districts. (Figure 7)

Fig. 6

### The Allovue Education Spending Confidence Index, by role

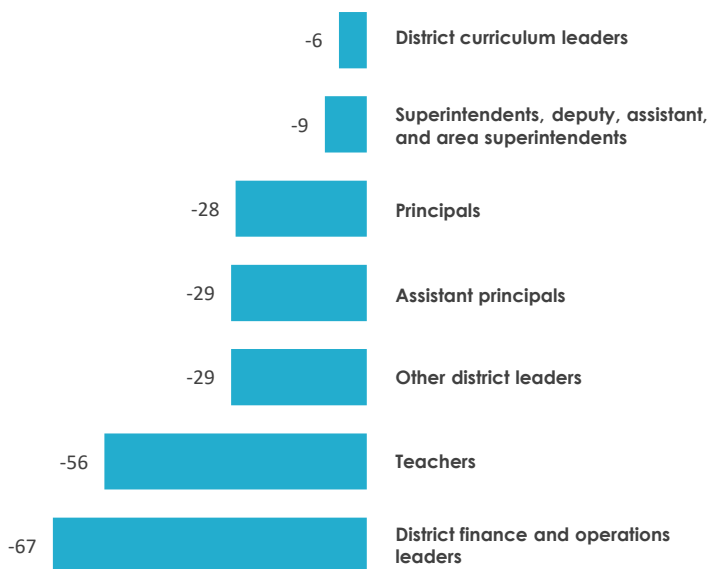
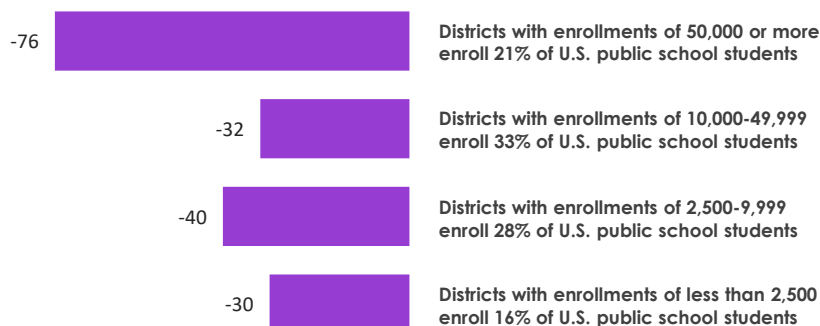


Fig. 7

### The Allovue Education Spending Confidence Index, by district size



Explanations

# Educators' Outlook on Expenditures

## Demographic Changes

### Survey results suggest several drivers of educators' pessimistic views of K-12 spending.

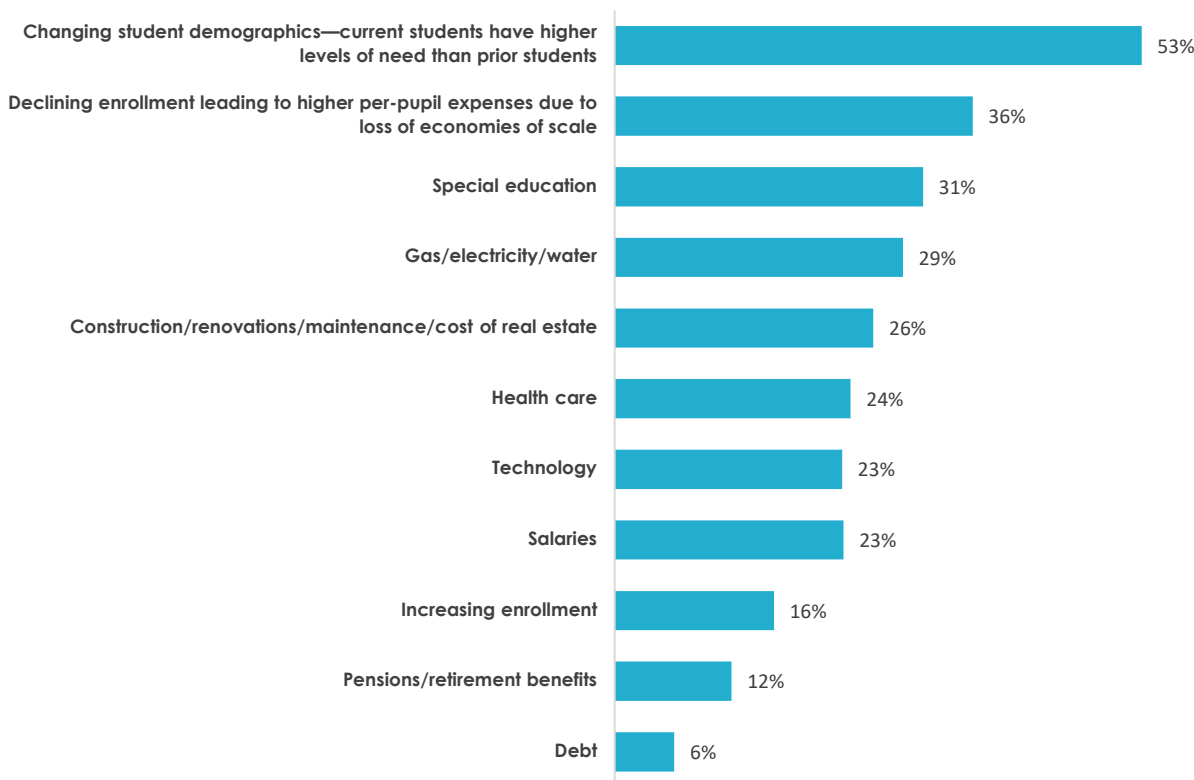
Nationwide, K-12 per pupil spending grew between 2020 and 2021 for the tenth year in a row, increasing 6.2 percent, and is now \$14,330, according to the most [recent available](#) federal data.

The Allovue Education Spending Confidence Index scores are significantly lower for the 97 percent of teachers and administrators who say that per-pupil expenses in their districts

are rising (-40) than for the 3 percent who say per-pupil expenses are not rising (-17). Among those who say per-pupil expenses are increasing, the most frequently cited reason is that student demographics are changing, with current students experiencing higher levels of need than their predecessors. The average Confidence Index score for the 53 percent of respondents who say that demographic changes are having a major impact on rising per-pupil expenses is significantly lower (-49) than for the 47 percent of respondents who say this factor is not a major driver of rising costs (-30). (Figure 8)

Fig. 8

### Factors teachers and administrators say are having a major impact on rising per-pupil expenses in their school districts\*



\*Respondents were excluded from this chart if they said per-pupil expenses in their districts were not rising or that they did not know.

Although the survey did not ask respondents to provide details on the demographic changes their districts are experiencing, several health and sociocultural trends may be impacting the perception that increasing levels of student need are driving costs:

- **Mental health:** Teen rates of anxiety and depression are on the rise, with more young people [attempting suicide](#) and [visiting the emergency room](#) for reasons related to mental health. As a result, [more students](#) are seeking assistance with mental health at school, and these services come with a cost.
- **Special education:** Between 2011 and 2021, [the number of students with disabilities](#) grew from 6.4 million (13 percent of all students) to nearly 7.2 million (14.5 percent). Special education costs vary by state but are higher than the cost of general education. In [California](#), for example, the annual cost of educating a student with a disability is about \$27,000, which is more than twice as much as the cost of educating a student without a disability (\$10,000). Thirty-one percent of survey respondents experiencing rising per-pupil costs reported that special education was a major driver of these expenses. Teachers and administrators who say special education expenses are having a major impact on per-pupil expenses have an average Confidence Index score of -53 as compared to -34 for those who say this expense is not having a major impact on costs.
- **Emerging bilinguals:** Between [2010 and 2019](#), the number of English learners/emerging bilinguals in U.S. schools increased from 4.5 million (9 percent) to 5.1 million (10 percent). Emerging bilinguals do need [additional resources](#) to succeed, although they are not always provided to them.

In responses to open-ended survey questions, respondents provided insights into ways in which changing student needs are impacting their districts' costs.

“We need more mental health assistance due to COVID and special needs issues are much greater than in the past,” wrote a district superintendent in New Jersey. “This is our budget conundrum for this year and in the years to come.”

Wrote a middle school principal in Ohio: “We don't focus enough on staffing to meet the needs of the rising special ed population and the large population of students with mental health needs. We need more counselors to handle the load and partnerships with mental health agencies.”

And a high school math teacher in Connecticut said: “Our demographic has changed over the last 10 years. This is primarily due to an influx of students from other countries whose first language is not English. I'm not sure if the per-pupil spending needs to necessarily be increased or reallocated, but the reality is they are expecting educators to yield the same results with little curriculum support. In that regard, I'd like to see funds directly impact the learning of our current student body and the educators responsible for them.”

#### Declining Enrollment

**Between 2019 and 2021, public schools lost 1.3 million students as parents responded to the pandemic by skipping or delaying kindergarten and/or turning to non-public education options. Over the past decade, a decline in birth rates has further affected enrollment changes.** And according to survey results, declining student enrollment (plus the associated loss of economies of scale) is one of the top perceived reasons as to why expenses are rising. Because most school funding is allocated on a per-pupil basis, districts receive less funding when they enroll fewer students, even as they are unable to reduce many of their fixed costs—such as employing a superintendent or heating a building or employing a teacher whose class now has three fewer students than last year but is still needed.

Teachers and administrators who say special education expenses are having a major impact on per-pupil expenses have an average Confidence Index score of -53 as compared to -34 for those who say this expense is not having a major impact on costs.

The average Confidence Index score for the 36 percent of respondents who say that expenses are rising because enrollment is declining is -60 as compared to -28 for those who say enrollment loss is not having a major impact on costs.

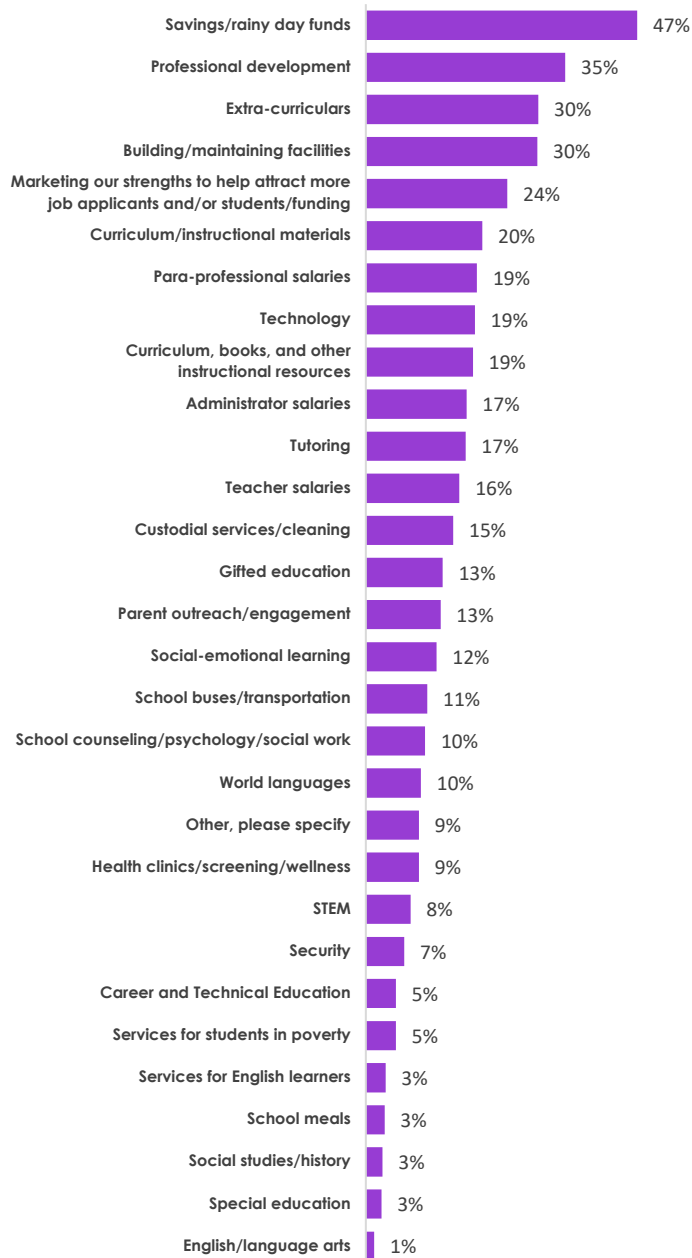
“Our district has received a considerable drop in enrollment following the pandemic,” a district finance director in North Dakota wrote in response to an open-ended survey question. “With the uncertainty of enrollment numbers increasing, we decided to keep staff employed. This has cost our district considerably ... I am very concerned about our budgets and funding once ESSER [federal Elementary and Secondary School Emergency Relief Fund] ends. Hopefully, our district will have the proper funding and/or enrollment numbers in place to keep us stable. Otherwise, we will be forced to lay off a considerable number of staff.”

In addition to Confidence Index scores being lower for respondents who say per-pupil expenses are rising, these scores are also more negative for those with multiple types of major concerns about their district’s financial future. For instance, respondents who say funding that fails to keep pace with inflation will be a major concern for their district over the next decade have an average Confidence Index score of -55. Those who do not have this concern have an average score of -13. Similarly, respondents who view insufficient savings as a major financial threat have much lower scores (-72) than those who do not (-33).

If spending cuts are indeed coming, school and district leaders say the most likely reductions will involve savings/rainy day funds, professional development, extracurriculars, and building maintenance and construction. If asked to make budget cuts today, 47 percent of administrators would reduce savings, 35 percent would decrease funding for professional development, and 30 percent would cut budgets for extracurriculars and/or maintenance/construction. (Figure 9)

Fig. 9

**Select all that apply. If my district had to make budget cuts today, we would be VERY LIKELY to reduce spending on:\***



\*School and district leaders responded to this survey question.

Savings/rainy day funds were also among the top three candidates for reduction when the EdWeek Research Center asked similar survey questions in 2019 and 2021. (See box, this page)

While it makes sense that districts would dip into savings before reducing other expenses, it also places them in a more precarious financial position, especially given the fact that spending of federal COVID funding will end in 2024.

“To retain our classified staff, we had to increase hourly wages,” an Idaho elementary school principal wrote in response to an open-ended survey question. “This was funded by ESSER [federal Elementary and Secondary School Emergency Relief Fund] funds and our rainy-day account. That money will be gone in one year and we will be forced to rely on supplemental levies to maintain the status quo. AND, even though we raised wages significantly, people can still make much more at McDonald's.”

**Expenditures administrators are most likely to decrease if reductions are necessary, 2019-2022**

2019	2021	2022
Hiring MORE administrators	Savings/rainy day funds	Savings/rainy day funds
Savings/rainy day funds	Supplemental curriculum purchases	Professional development
Extracurriculars	Teacher/certified employee salaries	Extracurriculars & Building/maintaining facilities [tie]

\*SOURCE: EdWeek Research Center surveys (2019, 2021), Allovue Education Finance Survey (2022)

### Conceptions and Misconceptions

## Teacher Salaries

When asked where—if anywhere—their district should redirect a much larger share of its existing budget, survey respondents were most likely to say “teacher salaries.” Teachers were especially likely to say this (74 percent) as compared to school leaders (56 percent) and district-level officials (47 percent). Almost half of teachers (49 percent) say their districts should hire more teachers. (Figure 11)

### What Salary Do Teachers Think is Fair?

While previous [EdWeek Research Center](#) surveys and the MetLife Survey of the American Teacher have often asked teachers whether they believe they are fairly paid, it is much less common to gather information on the salaries that teachers believe they should be paid.

The Allovue Education Finance Survey sought to fill this knowledge gap by asking respondents: Realistically, what would be a fair salary for the work you do?

For teachers, the median response was \$80,000 annually. That’s 23 percent more than the current average salary of [\\$65,000](#) for public school teachers in the United States. (Figure 10)

So where would that money come from?

Fig. 10

### Realistically, what would be a fair salary for the work you do? [Median annual salaries by respondents' job roles]

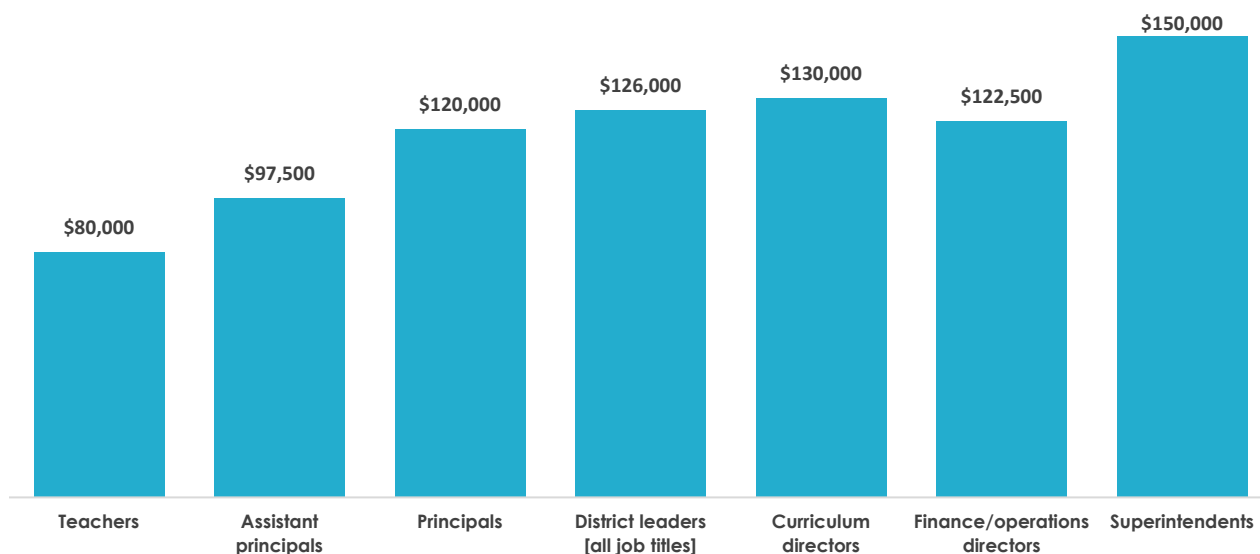


Fig. 11a

Select all that apply. Even though it would mean reducing spending in other areas, I believe we should allocate a MUCH LARGER PERCENTAGE of our district's EXISTING budget to:

Teachers are more likely than administrators to say:

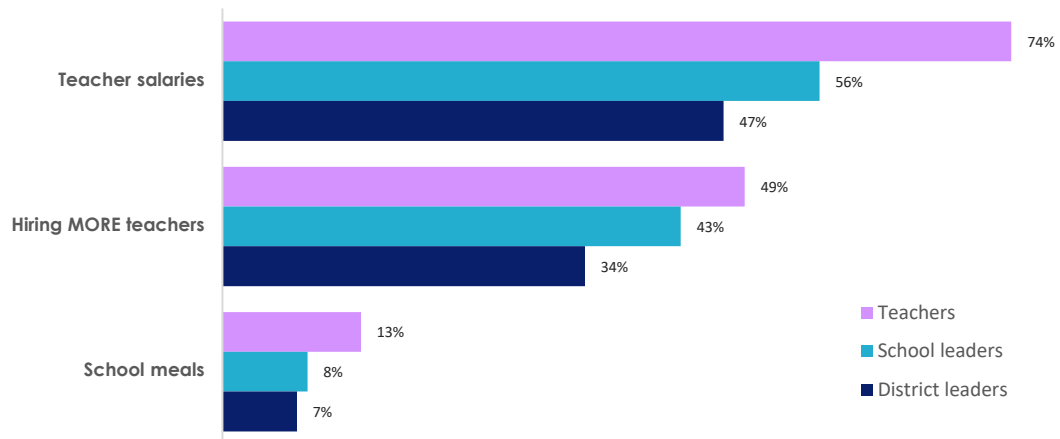
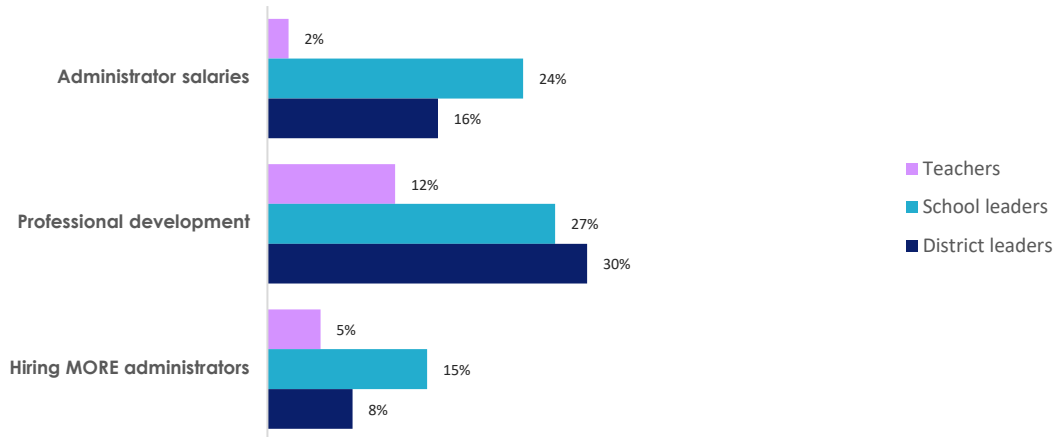


Fig. 11b

Select all that apply. Even though it would mean reducing spending in other areas, I believe we should allocate a MUCH LARGER PERCENTAGE of our district's EXISTING budget to:

Administrators are more likely than teachers to say:



### Can We Raise Teacher Salaries by Reducing Administrative Expenditures?

Administrator salaries are the area teachers are most likely to suggest reducing. Forty percent of teachers say their districts should allocate a much smaller percentage of existing budgets for this expense. Just 8 percent of school leaders and 13 percent of district leaders agree. Similarly, 44 percent of teachers say their districts should make major reductions to plans to hire additional administrators. Eighteen percent of district leaders and 19 percent of school leaders agree. (Figure 12)

In responses to an open-ended survey question, multiple teachers directly and indirectly implied that they could make more if only administrative costs were reduced.

"Teachers deserve to have a LIVING wage," wrote one high school special education teacher in Georgia. "One where they do not have to work second jobs to provide for their families. One where they can unwind from the hectic schedule of in session school where many work over 40 hours a week to meet the needs of their students ... To help pay for teacher's salaries, CENTRAL office personnel need to be fewer. They do not directly work with or affect students. Staff is needed, but not to the extent many districts are using them ... those people need to be in the classroom ... Those people can be directly helping students and be building level leaders."

Wrote a high school English teacher in Colorado: "I think the biggest struggle in my district is the amount of funding that is wasted on high district administration salaries that in no way improve student achievement. Our district is way too top heavy, and the funding needs to be used more in buildings with teachers and support staff."

The perception that administrative salaries are constraining teacher wages may have been a common theme of the free-form responses in the survey, but K-12 spending data does not support this widely held assumption. As a matter of fact, central office salary reductions do not have the potential to provide a major increase in teacher pay. [U.S public schools spend](#) approximately \$261 billion annually on teacher salaries—roughly [46 times more money per year](#) than they spend on district leader salaries (\$5.6 billion per year). Even if school boards laid off every single district leader in the country and spent 100 percent of the savings on teacher pay, the average teacher would earn just 2 percent more, which falls far short of the 23 percent increase teachers say they need to be paid fairly for the work they do. In fact, even in the unlikely event that districts laid off all school-based administrators (principals, assistant principals, instructional coordinators) and all district administrators, they would only save enough to give teachers a 12 percent pay raise.

The idea that paying central office administrators less is the key to paying teachers much more is just one major staffing-related misconception revealed by the survey results.

**The perception that administrative salaries are constraining teacher wages may have been a common theme of the free-form responses in the survey, but K-12 spending data does not support this widely held assumption.**

**U.S. public schools spend approximately \$261 billion annually on teacher salaries—roughly 46 times more money per year than they spend on district leader salaries (\$5.6 billion per year).**

Fig. 12a

Select all that apply. In my opinion, we should allocate a MUCH SMALLER PERCENTAGE of our district's EXISTING budget to:

Teachers are more likely than administrators to say:

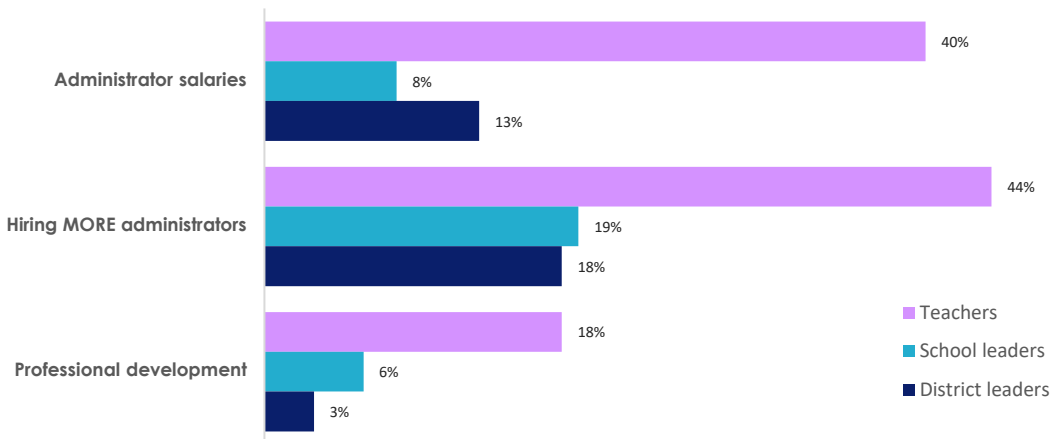
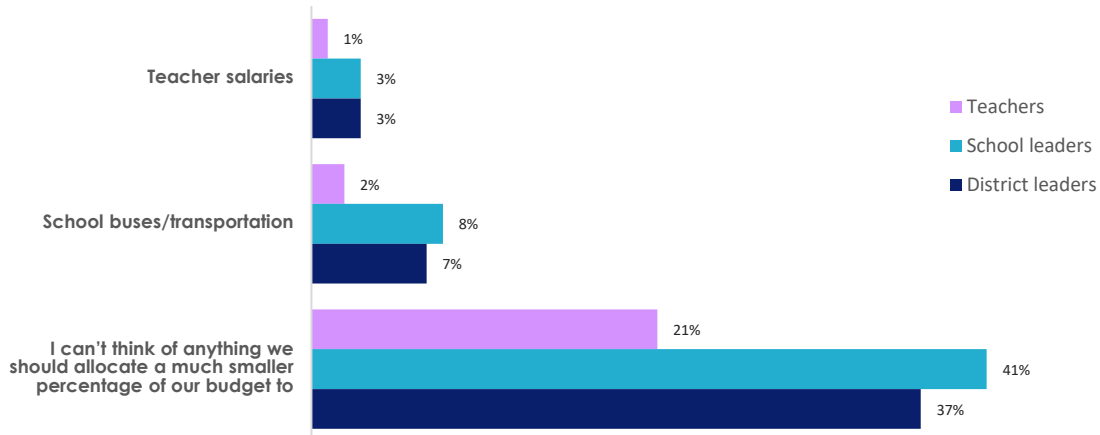


Fig. 12b

Select all that apply. In my opinion, we should allocate a MUCH SMALLER PERCENTAGE of our district's EXISTING budget to:

Administrators are more likely than teachers to say:



Conceptions and Misconceptions

# Teacher Benefits

**Another misconception related to districts' ability to raise teacher salaries or reduce class sizes involves the total cost of employment to districts.** These costs include not only salaries but benefits such as pensions, healthcare, and paid leave. For the average public-school teacher, these costs are the equivalent of 54 percent of each teacher's annual salary, [according to the Bureau of Labor Statistics](#).

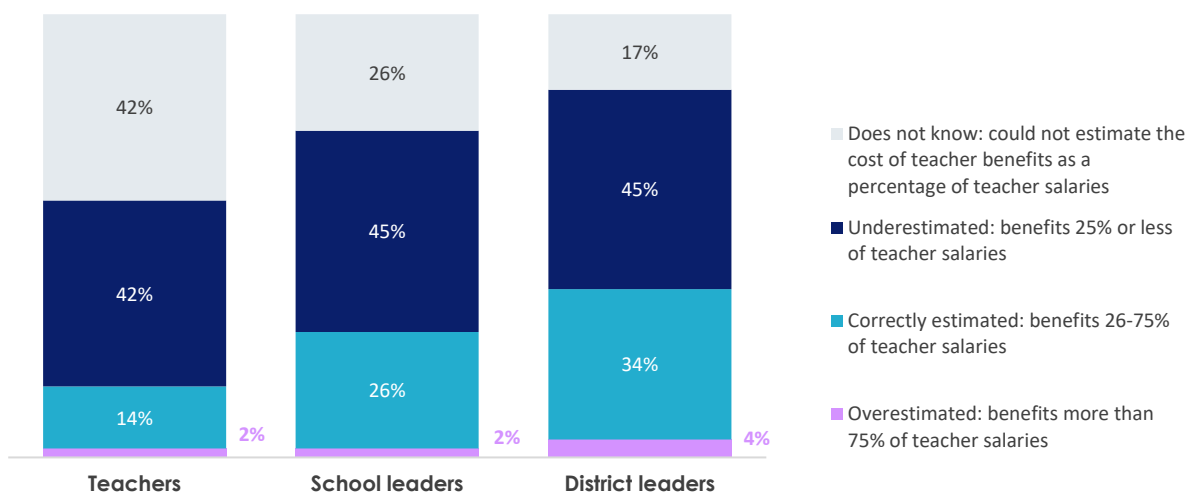
A survey question asked respondents to estimate the cost of teacher benefits as a percentage of teacher salaries. Forty-two percent of teachers said they did not know. Among teachers who said they did know the answer, only 24 percent realized that the cost of their benefits equaled between 26 and 75 percent of their salaries. Most (71 percent) underestimated the cost, expressing the belief that this expense was the equivalent of less than 26 percent of their salaries. The remaining 4 percent over-estimated the cost of their benefits. Because teachers are nearly 18 times more likely to

underestimate than to overestimate their benefits' cost, this means many may have expectations that fail to match reality when it comes to their employers' ability to raise teacher pay or hire additional educators within the constraints of their current budgets.

Compared to teachers, school and district leaders appear to be more aware of the cost of teacher benefits. However, 21 percent of administrators say they do not know how much teacher benefits cost. Thirty-nine percent who believe they do know correctly estimated the cost of teacher benefits to be equivalent to 26 to 75 percent of teacher salaries. Like teachers, administrators are much more likely to underestimate the cost of teacher benefits (57 percent) than to overestimate the expense (4 percent). This means that school and district leaders may be unintentionally reinforcing the idea that their organizations could hire more teachers or significantly raise salaries by shifting around funds within their current budgets. (Figure 13)

Fig. 13

**Percentage of teachers and administrators who correctly estimated that the cost of teacher benefits is equivalent to 26 to 75 percent of the cost of teacher salaries:\***



\*Totals may not add up to 100 percent due to rounding.

Conceptions and Misconceptions

# Principals and Budgeting

**Researchers have suggested that principals should have a major say over the budgets in their schools because their proximity to classrooms gives them a unique perspective on identifying teacher and student needs.**

However, survey answers from principals indicate that principals have, at best, a minor role in allocating funds. The funding pool they are most likely to control is small: principals report that they control a median of 25 percent of their schools' non-personnel budgets, which go toward expenses such as supplemental instructional resources, paper, and supplies. And generally, these budgets equal less than 15 percent of total money spent in schools. The vast majority of a school's budget (85 to 90 percent) goes toward personnel. The principals surveyed say they control a median of 5 percent of those funds. This means that, overall, principals allocate just 7 or 8 percent of their schools' total budgets (including personnel and non-personnel expenses). Additionally, 20 percent say they do not play any role in budgeting.

Principals in very large districts with enrollments of 50,000 or more report higher levels of control than do their peers in smaller districts: the typical principal in a 50,000-plus student district controls 55 percent of the school's personnel budget and 70 percent of the non-personnel budget. Peers in districts with

enrollments under 2,500 control a median of 10 percent of the personnel budget and 32 percent of the non-personnel budget.

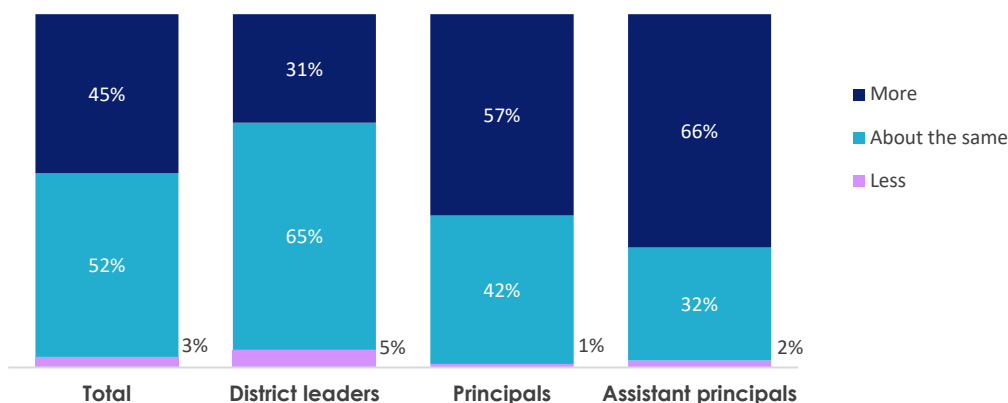
Survey results suggest that principals do not feel their current level of budgeting autonomy is sufficient. When asked what share of their school's personnel and non-personnel budgets they believed they should control, school leaders provided a median response of 50 percent. On average, districts would need to increase the total budget share that their principals control nearly sevenfold to achieve this desired level of autonomy.

There is some evidence that principal budgeting autonomy has increased in recent years: A 2019 EdWeek Research Center survey found that 25 percent of school and district leaders said that principals in their districts had "a lot" of autonomy over their schools' budgets. The Allovue Education Finance Survey results suggest that now 36 percent of school and district leaders say principals have "a lot" of autonomy.

Despite these apparent increases, principal budget autonomy falls short of principals' desires. More than half of principals (57 percent) say they should have more autonomy over their budgets than they currently do. Assistant principals are even more likely to say principals need more budgeting autonomy (66 percent). (Figure 14)

Fig. 14

**In your opinion, how much autonomy should principals have over their budgets?**



Even in very large districts where the average administrator says principals have more control over their schools' budgets, the majority of principals (53 percent) want additional autonomy over their budgets.

This sentiment may be unlikely to change anytime soon: less than a third of district leaders (31 percent overall and 38 percent in very large districts) say their principals should have more budget autonomy.

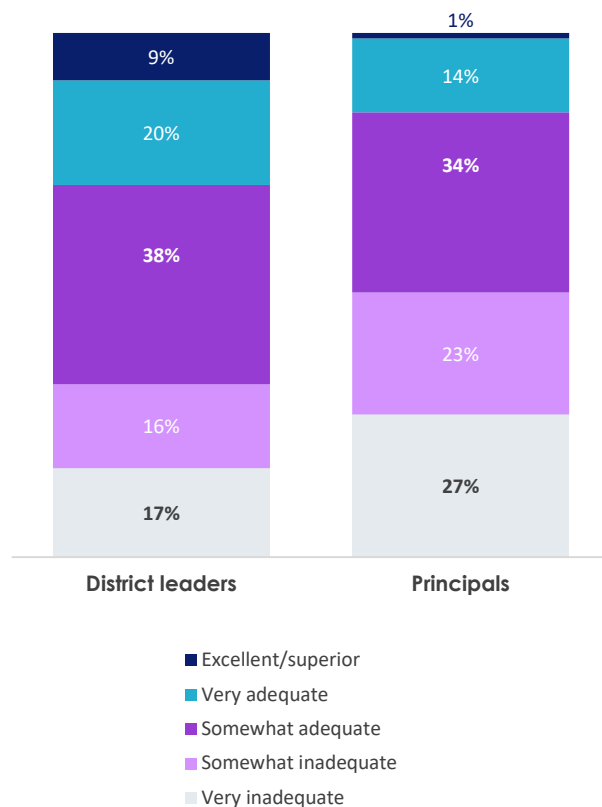
In responding to an open-ended survey question, a Michigan elementary school principal expressed frustration with this situation. "We work with anger, frustration, and violence on varying levels on a daily basis. When we ask for a counselor, therapy dog, etc., we are turned down. Buildings do not have much say over their budget and administrators are not able to put money toward what they know their building needs."

If principals do end up gaining more control over their budgets, they may need assistance: roughly a third of the 80 percent of principals who play any sort of role in budgeting say they have never received any professional development (PD) in this area. "I wish I could find a useful budget training conference, seminar, or group," a California elementary school principal wrote in response to an open-ended survey question.

Among those who have received budget-related PD, half say their training was inadequate. Just 15 percent say it was very adequate or excellent/superior. By contrast, the 84 percent of district-level administrators who play a role in budgeting are more likely than principals to have received budget-related PD (80 percent versus 67 percent) and more likely to say that this training was very adequate/excellent (29 percent). (Figure 15)

Fig. 15

**How would you describe the professional development/training you have received on the type of budgeting you do for your district or school?\***



\*Chart includes principals and district leaders who play a role in budgeting and who have received budgeting-related PD. Totals may not add up to 100 percent due to rounding.

Although their perceptions and experiences differ when it comes to training, principals and district leaders alike say that long-range planning is their top budgeting-related technical challenge. This was followed by the challenge of aligning spending with academic goals. (Figure 16)

Budgeting software may be an additional challenge for principals: while 41 percent of district leaders who play a role in budgeting describe their software as excellent or very adequate, only 27 percent of principals say the same. Principals and district leaders alike are most likely to use Microsoft Excel for budgeting, followed by Google sheets. However, principals are four times more likely than district leaders to say they do not use any software at all for budgeting, instead using paper and pencils (12 percent versus 3 percent). (Figure 17)

Fig. 17

### How would you describe the software you use for budgeting for your district or school?\*

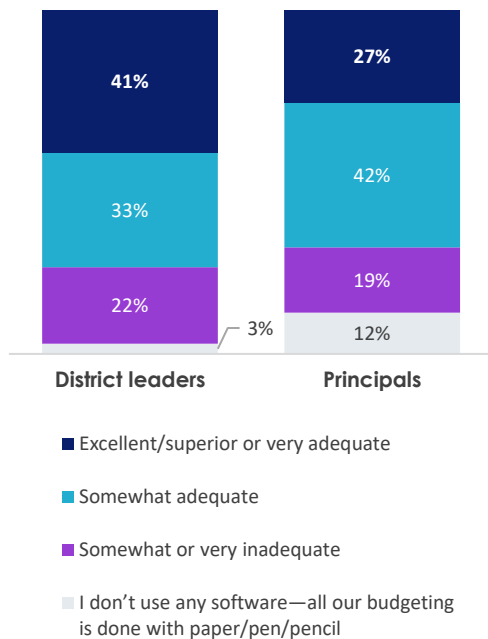
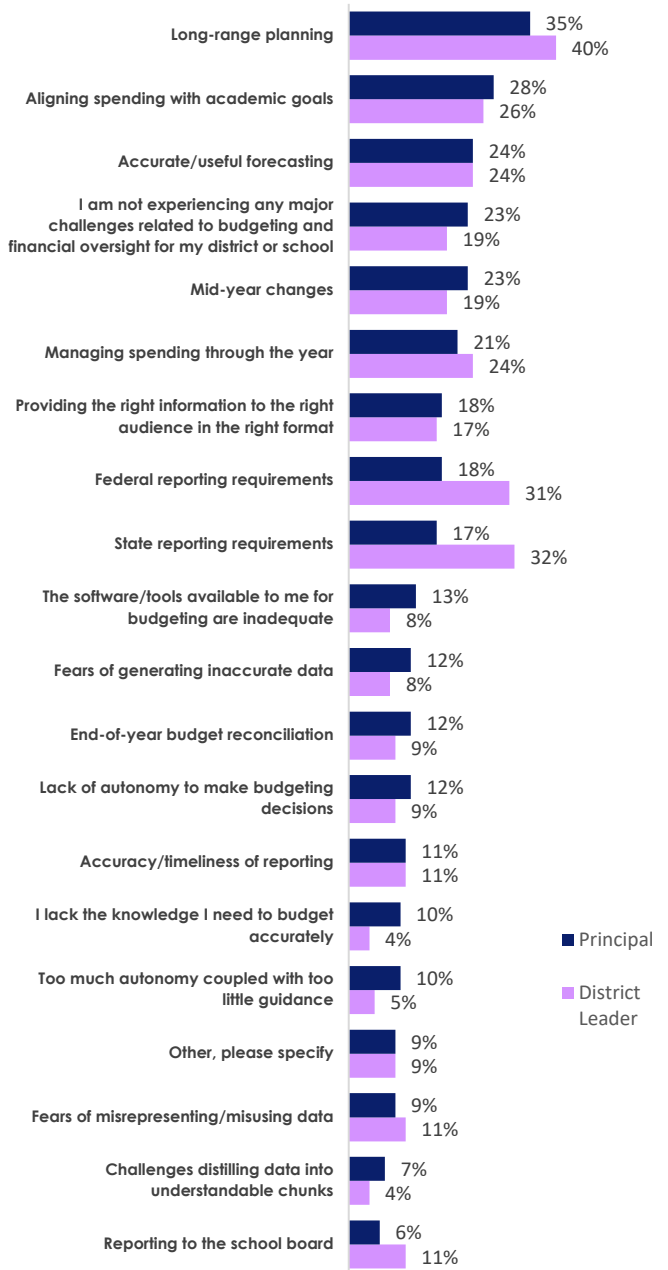


Fig. 16

### When it comes to the technical aspects of budgeting and financial oversight for your district or school, what MAJOR challenges, if any, are you experiencing?



\*Chart includes principals and district leaders who play a role in budgeting. Totals may not add up to 100 percent due to rounding.



## Conclusion

**The first annual Allovue Education Finance Survey suggests there is ample room for improvement when it comes to addressing information gaps related to K-12 education finance:**

- **Pandemic Relief Funds Were Not Seen as “Transformational”**

While media headlines may have claimed that schools are “flush with cash” from \$190 billion in extra funds, survey results suggest otherwise. Only 20 percent of teachers and administrators in districts that received relief funds say they were sufficient to make a “very important difference” or a “transformational” difference. Roughly half of respondents view the funds as, at most, making a “minor difference.” Staffing shortages and inflation were the most commonly cited reasons as to why relief funding is likely to fall short of lofty expectations; districts and schools have struggled to find staff who will work for what they can afford to pay and inflation has increased the costs of goods and services needed to help students weather the pandemic and recover from its impacts.

For the average district, COVID relief funds equaled about 6 percent of total annual per-pupil spending. Furthermore, although the amount invested in K-12 education during the pandemic might be unprecedented, federal funds only comprise about 8 percent of the average district’s budget, meaning that even a relatively large increase is less dramatic than it might appear at first glance—especially when the grant is rationed over a period of five fiscal years.

In the Fall of 2024, the ability to spend these funds will end, and because of this, some schools and districts may face a fiscal cliff. The cessation of federal relief funds, coupled with the realities of inflation, wage growth, and increasing levels of ongoing student need created or exacerbated by the pandemic, all help explain school leaders' experiences with and less-than optimistic views of their districts' finances. In the year to come, it will be important for parents, policymakers, and taxpayers to understand that while the unprecedented federal investment in K-12 education during a time of crisis served an important need, it did not transform the financial situation of our nation’s public schools.

- **Teacher Compensation Is Poorly Understood Despite Being the Most Critical School and District Expenditure**

Teachers and administrators appear to have only a partial understanding of how much districts can afford to pay educators given current resource constraints and how much benefits cost.

Asked how much they thought would be a fair salary for the work they do, teachers named a median annual wage of \$80,000. Many teachers have [masters' degrees](#), and the 2021 U.S. [median income](#) for individuals with the same level of education is approximately \$80,000. However, in order to pay teachers that salary, districts would have to increase their wages by more than 20 percent. This figure does not take into account corresponding increases to teachers' benefits (e.g., pensions, healthcare, paid time off), the current cost of which only 25 percent of teachers correctly estimated as being equivalent to 54 percent of teachers' annual salaries.

Responses to an open-ended survey question suggest that a popular solution among educators is to increase teacher salaries by reducing expenditures on administrators. Although administrators typically earn more than teachers, there are too few of them to come anywhere close to providing teachers with a salary they believe is fair by reducing or eliminating their compensation.

In order to increase teacher salaries to an average of \$80,000 per year, districts and schools will need more funding, as it is unlikely that they can afford to pay teachers this amount within the constraints of their current budgets, no matter how many central office administrator roles they eliminate.

- **School-based Administrators Want More Budget Autonomy—District Administrators Don't Agree**

Administrators closer to the frontlines of delivering education have very little control over school spending. Survey results suggest that, despite some evidence of increases in principal budgeting autonomy, school leaders today control only a small minority (7 to 8 percent) of their schools' total spending. Most say they need more decision-making authority over their

budgets, yet this is unlikely to change anytime soon, given that only a minority of district-level administrators agree. School-based administrators are also less likely than district administrators to have received professional training on budgeting or to report that these PD offerings were high quality.

### **In Sum, K-12 Education Leaders Need Greater Access to Information on School & District Finances**

Results from the Allovue Education Finance Survey reveal educators' conceptions and misconceptions about funding, budgets, and spending in their schools and districts. Although COVID-19 federal relief funds were touted as "transformational" for schools, many educators do not feel they were sufficient to effect major change. While there may be broad agreement among educators that teacher salaries should be increased, popular remedies (cut administration costs!) fail to grapple with the true scope of the resource gap. Finally, as principals continue to seek more autonomy over their budgets, district officials feel uncertain or negative about this shift. Together, these findings suggest that educators and community members alike would benefit from greater access to information on public school resources, budgets, and spending practices. Allovue's survey is an attempt to highlight this need and encourage action to improve everyone's understanding of K-12 education finance.

Founded in 2013 by a former middle school teacher, Allovue builds innovative education finance technology (EdFinTech) solutions to empower education administrators and make spending more equitable and effective. Partnering with schools, districts, and states across the country, Allovue provides tools and strategic support for financial planning and operations so that every dollar can work for every student.

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