Summary: This 2019-20 profile of New York's public K-12 school finance system focuses on three core indicators from the School Finance Indicators Database: fiscal effort, statewide adequacy, and equal opportunity. On a weighted average of these three measures (see back), New York scores 69 out of 100, which ranks 7th out of the 48 states with possible ratings.

**FISCAL EFFORT**

Fiscal effort is a measure of how much states devote to their schools as a share of their economic capacity (i.e., ability to raise revenue). Effort is calculated by dividing direct state and local K-12 expenditures in each state by its gross state product (GSP).

<table>
<thead>
<tr>
<th></th>
<th>New York effort</th>
<th>U.S. average</th>
</tr>
</thead>
<tbody>
<tr>
<td>NY</td>
<td>4.37 %</td>
<td>3.61 %</td>
</tr>
</tbody>
</table>

- NY is a high effort state.
- In FY 2020, NY spent 4.37 percent of its economic capacity (GSP) on its K-12 public schools.
- This was 0.76 percentage points higher than the unweighted national average of 3.61 percent.
- NY's effort level ranks #6 in the nation (out of 50).

**STATEWIDE ADEQUACY**

Statewide adequacy compares actual per-pupil (PP) spending in each state to district-level cost model estimates of the amount required to achieve the modest goal of U.S. average test scores. The graphs to the right indicate the percentage of students in districts where spending is below adequate and the funding gap (% above/below) in the typical student's district. The graphs include regional and national averages.

- Overall adequacy in NY is relatively high.
- By the modest standard of U.S. average scores, 4.0 percent of NY students attend inadequately funded districts, which ranks #6 in the nation (out of 49).
- The typical NY student's district spends 68.7 percent above adequate levels, which ranks #4 in the nation.

**EQUAL OPPORTUNITY**

Equal opportunity is the comparison of adequacy between each state’s higher- and lower-poverty districts. The graph to the right presents adequate funding gaps by district poverty quintile (the blue diamonds are U.S. averages). The difference (in pct. points) between the lowest- and highest-poverty groups is a state’s "opportunity gap.”

- Educational opportunity in NY is severely unequal.
- Spending in NY’s highest-poverty districts is 30.3 percent ($6,327 PP) above the estimated adequate level, compared with 264.2 percent ($18,826 PP) above adequate in the state’s most affluent districts.
- This opportunity gap of -233.9 percentage points is ranked #48 in the nation (out of 48).

- NY’s opportunity gap contributes to a student outcome gap: the state’s highest-poverty districts (pink dot) score 0.64 s.d. below its lowest-poverty districts (blue dot).
General

The data in this state profile are from the School Finance Indicators Database (SFID), a collection of public K-12 school finance and resource allocation indicators published annually by researchers from the Albert Shanker Institute, University of Miami School of Education and Human Development, and Rutgers University Graduate School of Education. The primary product of the SFID is the State Indicators Database (SID), a state-level dataset containing roughly 125 variables. This profile focuses on three types of measures included in the SID: fiscal effort, statewide adequacy, and equal opportunity. The full SID dataset, along with accessible documentation of and data sources for all the measures presented in this profile, as well other SFID datasets, tools, and reports, are freely available to download at schoolfinancedata.org. The following are some general notes about the profiles, followed by descriptions and notes pertaining to the three types of measures they present:

• The years in this profile refer to the spring semester of the school year (e.g., 2022 is 2019-20).
• Estimates may differ slightly from previous profiles, as some measures are changed or improved each year, and all are recalculated annually with updated data.
• Due to rounding, percentages may differ slightly from users’ manual calculations.
• The total number of states assigned rankings varies slightly by measure, as not all measures are available in all states.

Overall state scores: The overall scores reported at the top of the profile provide a very simple summary of states’ combined “performance” on the three core indicators featured in the profiles. They do not represent comprehensive evaluations of states’ school finance systems. Each state is scored entirely relative to other states (i.e., rather than based on some absolute standard of “good” or “bad”), and the selection/weight of components entails subjective judgments on the part of the SFID research team.

• The scores are calculated as a weighted average of z-scores (final averages expressed as percentile-equivalents, with a score of 50 = z-score of 0) of the following measures (weights in parentheses): 1) percent of students in districts with above adequate funding (22.5%); 2) statewide (% inadequacy gap) (22.5%); 3) GSP-based fiscal effort (15%); 4) personal income-based fiscal effort (15%); and 5) equal opportunity gap (Q5/Q1 difference in adequacy gap, in percentage points) (25%). State rankings may reflect differences in unrounded scores.

Fiscal effort

Fiscal effort indicates how much of a state’s total economic capacity goes toward K-12 schools. It is calculated in the SFID by dividing direct state and local K-12 expenditures by either Gross State Product (GSP) or aggregate state personal income. Both of these are measures of a state’s economic capacity. In this sense, effort measures how much each state contributes as a percentage of how much it might contribute. The former denominator (GSP) is used in these profiles, but the two are highly correlated, and the income-based effort indicator is available in the SID. Bear in mind that high-capacity states with larger economies, such as New York and California, can put forth lower effort than lower capacity states, such as Mississippi and Alabama, but provide a greater absolute amount of money for this purpose. effort is therefore a measure of both effort and capacity, or more broadly as a means of differentiating between low/inadequate funding states that do and do not have the capacity to increase revenue.

• U.S. effort averages are unweighted and do not include Vermont in any year (effort not available in 2018-20 due to data irregularities), so as to keep a consistent set of states across all years. In the first bullet of the left panel, we characterize each state’s effort level as low, medium, or high by sorting states into three roughly equal groups using terciles. Note that even seemingly small changes or differences in effort levels represent large revenue amounts, as the denominators are entire state economies.
• Although the data in the scatterplot in the right panel presents, by district poverty quintile, adequacy of funding states that do and do not have the capacity to increase revenue.

Statewide adequacy

Adequacy is typically defined as the extent to which the amount of funding for schools is sufficient for students to reach a minimum/acceptable level of educational outcomes. Our adequacy estimates compare each district’s actual spending levels to estimates from cost models of how much that district would have to spend in order to achieve national average test scores (i.e., “required” or “adequate” spending). We express statewide adequacy in terms of either: 1) the proportion of students in each state in districts with actual funding below estimated adequate levels; and 2) the adequacy gap (percentage difference between actual and estimated adequate spending) for the typical student in each state. All these estimates are from the National Education Cost Model (NECM), which is part of the SFID. The NECM calculates required spending based on the relationship between outcomes and cost factors such as regional wage variation, district size, and student characteristics. Note that this model and the data it uses are necessarily imperfect, and estimates should be viewed with appropriate caution. For more information about the NECM, see the SID user’s guide. Some of the estimates presented in this section of the profile can be calculated using SID variables, whereas others (e.g., the district-by-district estimates in the right panel) require the use of the State Cost Database (OCD): many but not all SID adequacy measures (all of which have variable name beginning with necm_) are aggregations of DCD estimates. The full DCD dataset (going back to 2009) is also publicly available at the SFID website (2020 estimates will be released in early 2023).

• Adequacy is calculated as a percentage, as quarterly fiscal effort, as quarterly gap between outcomes and cost factors such as regional capacity states with larger economies, such as New York and California, can put forth lower effort than lower capacity states, such as Mississippi and Alabama, but provide a greater absolute amount of money for this purpose. effort is therefore a measure of both effort and capacity, or more broadly as a means of differentiating between low/inadequate funding states that do and do not have the capacity to increase revenue.

Equal opportunity

Equal educational opportunity is achieved in a given state when none of that state’s districts are substantially further above or below adequate spending levels than are other districts. In the SFID, we measure equal opportunity (EO) with the same NECM estimates used for statewide adequacy (see above), but in this case by comparing adequacy gaps (percentage difference between actual and estimated adequate spending) between the highest- and lowest-poverty districts in each state. That is, each state’s “opportunity gap” is the difference (in percentage points) between these two groups (district poverty groups are defined in terms of quintiles — e.g., the 20 percent highest-poverty districts compared with the 20 percent lowest-poverty districts in each state). Note that EO is conceptually independent from the gap between actual and required spending (weighted by enrollment), by district poverty quintile. Note, however, that poverty quintiles are defined by state, and so this measure is not a direct comparison of outcomes between states.

• EO estimates are not available for Vermont and Hawaii (adequacy estimates not available), and cannot be calculated for D.C. (single government-run district state).
• In the first bullet of the left panel, we characterize EO in each state as follows: severely unequal (EO gap less than -75 points); highly unequal (EO gap between -30 and -75 points); moderately unequal (-30 to -10 points); modestly unequal (-10 to 10 points); equally distributed (10 to 30 points); and modestly equal (30 to 75 points).

www.schoolfinancedata.org

NOTES ON DATA AND MEASURES

State School Finance Profiles 2019-20 (publ. 2022)