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## State School Finance in the Mountain West, 2019

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**STATE SCHOOL FINANCE IN THE MOUNTAIN WEST, 2019**

**K-12 Education Fact Sheet No. 5 | May 2022**

Prepared by: Kristian Thymianos, Ally M. Beckwith, Caitlin J. Saladino, and William E. Brown, Jr.

**PURPOSE:**

This fact sheet examines K-12 school finance indicators drawing from an original report by Albert Shanker Institute and Rutgers University Graduate School of Education. These indicators show whether states are funding school districts to national standards. This fact sheet examines state-level data for the Mountain West (Arizona, Colorado, Nevada, New Mexico, and Utah) from the *State School Finance Profiles*<sup>1</sup> report for the 2018-2019 school year.

**ABOUT THE DATA:**

The authors of the original report apply three key metrics for analysis: fiscal effort, adequacy, and progressivity. The original report describes these metrics as follows:

Metric	Definition	About
<b>Fiscal Effort</b>	How much of a state's total capacity goes toward K-12 schools	Fiscal effort is calculated in the School Finance Indicators Database (SFID) by dividing direct state and local K-12 expenditures by either Gross State Product (GSP) or aggregate state personal income. Both 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.
<b>Adequacy</b>	The extent to which the amount of funding for schools is sufficient for students to reach a minimum/acceptable level of educational outcomes	The SFID's primary measure of adequacy compares, by poverty quintile, <sup>2</sup> a state's actual spending levels to estimates from cost models of how much that state would have to spend to achieve national average test scores (i.e., "required" or "adequate" spending).
<b>Progressivity</b>	A progressive school finance system is one in which districts serving larger shares of disadvantaged students (all else equal) are allocated more resources than their counterparts serving lower proportions of these students	Progressivity is calculated by comparing adjusted state and local revenue between districts with (U.S. Census) child poverty rates of zero to those with higher poverty rates (i.e., 10, 20, and 30 percent) <sup>3</sup> . In addition to child poverty, revenue is also adjusted for labor market costs, population density, and district size, all of which affect the value of the education dollar.

**KEY FINDINGS:**

1. Nevada spends 35.1% less on high poverty districts, 25.0% less on middle poverty districts, and 13.4% less on low poverty districts than similar districts with zero poverty—showing that Nevada has the most regressive education funding structure in the Mountain West.
2. Each Mountain West state spends more money on areas with the lowest rates of poverty than areas with of the highest rates poverty.
3. New Mexico spends the highest percentage of its Gross State Product on education (3.62%), making it the only Mountain West state with a higher fiscal effort than the national average (3.45%).

<sup>1</sup> Bruce D. Baker, Matthew Di Carlo, Kayla Reist, and Mark Weber, "State School Finance Profiles," December 2021. (<https://www.schoolfinancedata.org/state-school-finance-profiles-2019/>)

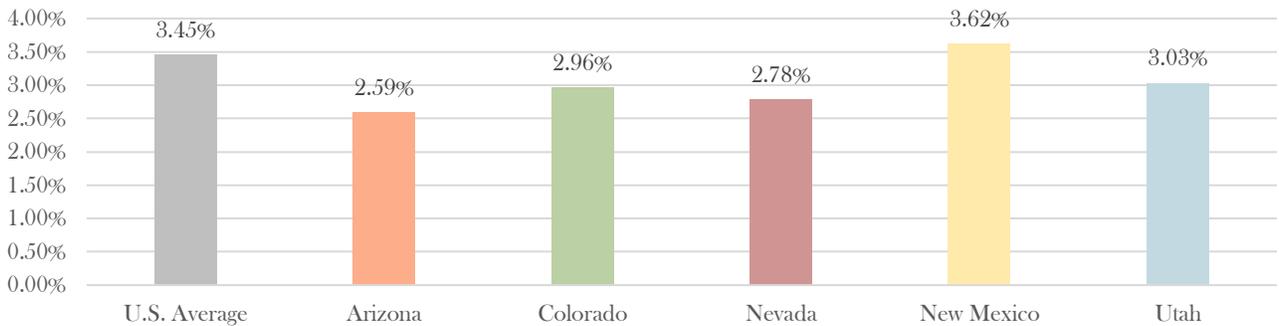
<sup>2</sup> Poverty quintiles in this instance show the range of poverty in a state.

<sup>3</sup> The study elaborates that they are not comparing real districts within the state but rather estimates of revenue at two points in the district poverty distribution based on the average relationship between poverty and revenue in each state. More information can be found here: [https://www.schoolfinancedata.org/wp-content/uploads/2021/11/SFID2022\\_annualreport.pdf](https://www.schoolfinancedata.org/wp-content/uploads/2021/11/SFID2022_annualreport.pdf)

- Although New Mexico has the highest fiscal effort towards funding education (3.62% of Gross State Product), it has some of the worst funding adequacy in the Mountain West (funds highest poverty quintile 43.7% less than recommended).

Figure 1 shows the Mountain West states' fiscal effort, or how much of a state's total capacity is allocated to fund K-12 schools. New Mexico (3.62%) is the only Mountain West state to exceed the U.S. Average (3.45%). New Mexico spends the highest percentage of its Gross State Product on education (3.62%), making it the only Mountain West state with a higher fiscal effort than the national average (3.45%).

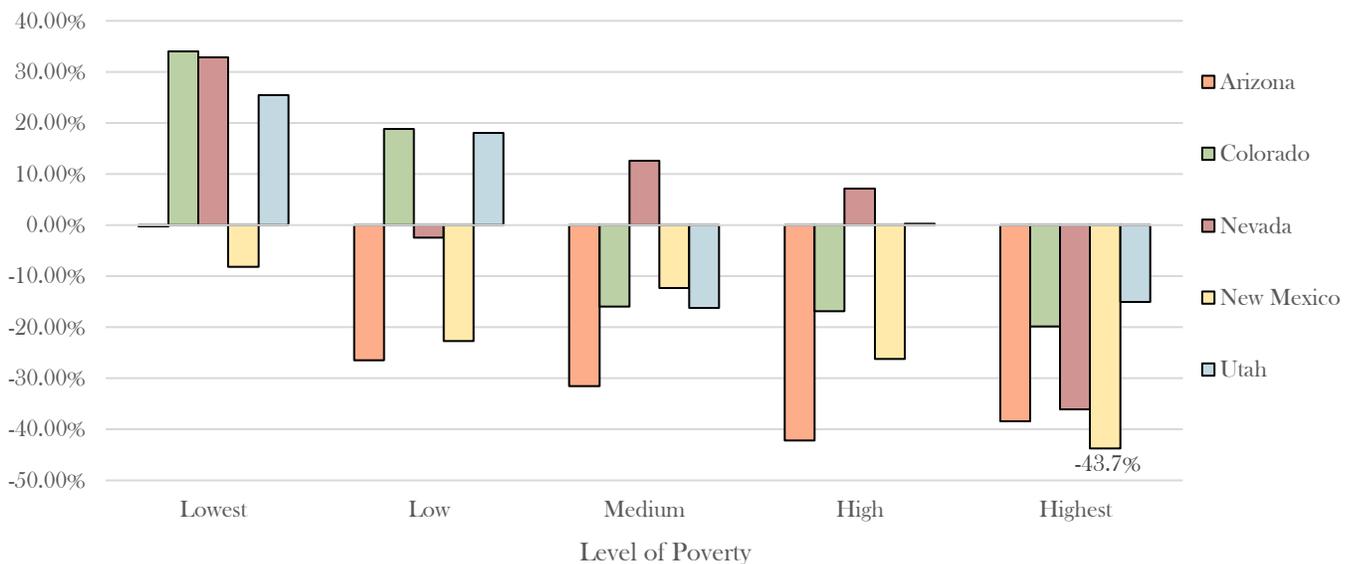
**Figure 1: Mountain West Fiscal Effort for Education, 2019**



\* Adapted from *State School Finance Profiles* by Bruce D. Baker, Matthew Di Carlo, Kayla Reist, and Mark Weber.

Figure 2 shows the adequacy of funding for education in Mountain West states by poverty quintile. The “Highest” quintile indicates the highest level of poverty whereas the “Lowest” indicates the lowest level of poverty in the state. New Mexico (shown in yellow) and Arizona (shown in orange) are below adequate funding levels for all poverty quintiles. New Mexico has the lowest funding adequacy level (-43.7%); students in the highest level of poverty in New Mexico received 43.7% less funding than needed to provide an adequate education. All Mountain West states allocate more money to areas with the lowest poverty levels than areas with highest levels of poverty.

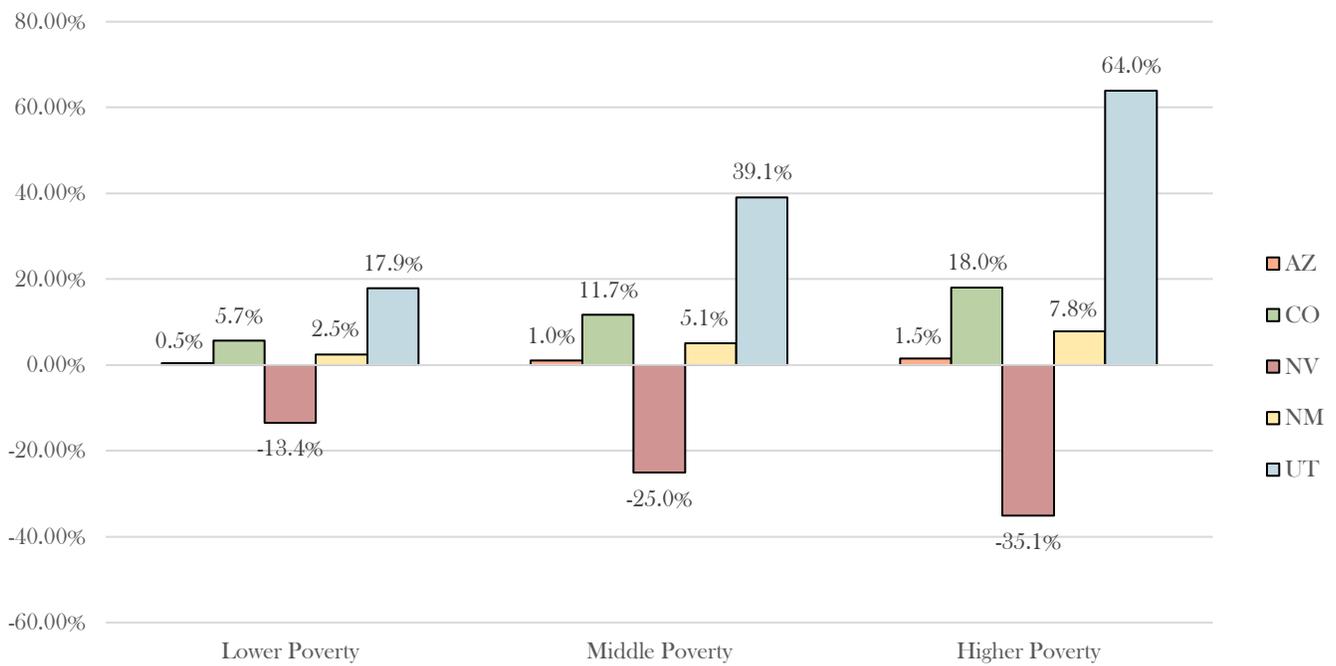
**Figure 2: Mountain West States Education Funding Adequacy Levels, 2019**



\* Adapted from *State School Finance Profiles* by Bruce D. Baker, Matthew Di Carlo, Kayla Reist, and Mark Weber.

Figure 3 shows the progressivity of how a state allocates funds to districts with a larger share of students in poverty. Progressivity measures the degree to which “states allocate more resources to districts serving larger proportions of disadvantaged students.<sup>4</sup> Utah is the most progressive among Mountain West states, dedicating more resources to districts with higher poverty than districts with lower poverty. Utah spends 64.0% more on high poverty districts, 39.1% more on middle poverty, and 17.9% more on low poverty districts than similar districts with zero poverty. Nevada is regressive in that it spends more on low poverty districts than high poverty ones. Nevada spends 35.1% less on high poverty districts, 25.0% less on middle poverty districts, and 13.4% less on low poverty districts than similar districts with zero poverty. Additionally, Nevada is the only Mountain West state that spends less money than recommended in every level of poverty.

**Figure 3: Mountain West States Education Funding Progressivity, 2019**



\* Adapted from *State School Finance Profiles* by Bruce D. Baker, Matthew Di Carlo, Kayla Reist, and Mark Weber.

<sup>4</sup> Bruce D. Baker, Matthew Di Carlo, Kayla Reist, and Mark Weber, “State School Finance Profiles,” December 2021. (<https://www.schoolfinancedata.org/state-school-finance-profiles-2019/>)