"It's natural for parents to want to fill in perceived gaps in resources in their children's classrooms. But since many public-school parents can't afford to donate large sums of money, the powerhouse PTAs are contributing to the already vast divide between wealthy and needy schools…". - Reema Amin, NYC public schools reporter, Chalkbeat[1]

An Investigation of Private Contributions to Schools and their Role in Perpetuating Economic and Racial Inequality in the U.S.

By Meghan OConnell

Debates around school funding breakdown federal, state, and local sources, but often exclude the impact of private contributions. These dollars are commonly funneled through parent teacher organizations (PTOs), school and district foundations, booster clubs, and corporations. Schools that receive significant private contributions can fund enrichment programs and important safety nets for students falling behind instruction, while schools who bring in minimal or no private funds often cannot afford such programs and services.

In this piece, I will briefly break down school funding sources in the U.S. and dive into the impacts that private contributions can have in schools. While these private dollars are not officially tracked at large, New York City's (NYC) 2018 Local Law 171 grants us rare insight into the distribution of private contributions throughout NYC's school districts in the 2018-2019 academic year. The data suggests that private contributions are concentrated in wealthier and whiter schools, perpetuating historic economic and racial inequality. For parents, educators, administrators, and policymakers alike to have informed conversations around ensuring all students receive a quality education, we cannot leave out private contributions when reporting school site level funding. It is important to mandate the reporting of school site-level private contributions with quality standards and oversight, and make the data publicly available.

A Brief explanation of Education Funding Sources in the U.S.

School funding is complex and convoluted even when we only consider federal, state, and local - funding sources. Schools receive funds from the federal government, the state government, and local taxes. A report from fall 2020 shows that, in aggregate, the federal government provides 7.7%, states' governments provide 46.7%, and local governments provide 45.6% of total public education funds[2].

Locally generated funds vary from place to place as they rely on the economic status of the local community as a tax base[3]. This is especially important to consider when we reflect upon rising economic inequality in the U.S., the history of racist policies like redlining and how their legacies play out today, and the de facto segregation that persists in neighborhoods and schools[4]. According to the Federal Reserve, there remains substantial racial gaps in wealth, access to inheritance and other family support, and emergency savings[5], all of which contribute to the amount of funds localities with varying demographic makeups can bring in from taxation.

Federal funds attempt to fill in some of these gaps and address student need, as they are distributed through targeted programs like the Title I grants for low-income children and funds

through the Individuals with Disabilities Education Act (IDEA) to support students receiving special education services[6].

State funds are distributed through each state's unique school funding formula[7]. Some states set a predetermined minimum of per pupil spending and supplement funds where localities cannot raise the revenue in local taxes to meet the minimum requirement. Many states' funding formulas account for student need by weighting certain students, like students from low-income families or students receiving special education services, as in need of more financial support. This follows a growing body of research against a flat formula, arguing for equity over equality, acknowledging "education debt" from generations of disinvestment, particularly to schools serving students of color[8]. Some states still implement a flat formula, and others even have a performance-based formula in place that ignores student need[9].

For decades, stakeholders have assessed education funding in the U.S. through state and district funding averages. However, averages do not reflect distributions between schools within a state or district. In efforts to better understand funding distributions between schools, the Every Student Succeeds Act (ESSA)[10], passed under the Obama administration in 2015, requires the federal government to publish per pupil spending for each school and district. The ESSA, though, does not require schools to report private contributions as a source of funds[11].

While private contributions only make up a fraction of a state's or district's education budget[12], unique data suggests that they are concentrated in certain schools. NYC's Local Law 171 reveals that private contributions primarily fund schools whose student body is wealthy and white, perpetuating pre-existing socioeconomic inequalities. The reporting of such funds is scarce, but for stakeholders to have informed conversations to provide a quality education for all students, there must be quality, transparent data around the distribution of all funding sources, including private contributions.

The Role of Private Contributions in Schools

Schools receive private contributions from a variety of sources including parent teacher organizations (PTOs) — like Parent Teacher Association® (PTA®) chapters[13]—, school and district foundations, booster clubs, and corporations. These funds can be spent on a variety of supplies and services for the school, and often provide programs and services that act as critical safety nets for children falling behind instruction, and enriching engagement opportunities to connect students with their learning.

Private donations can play a significant role in what schools can afford to provide for their student body. They can pay for books, equipment, furniture, paraprofessionals and other classroom and program aides, community assistants, computer specialists, software education, substitutes and teacher prep time coverage, and specialty teachers and instructors[14]. They can augment teacher's salaries, buy band and orchestra equipment, library services, iPads for classrooms, enriching field trips, and full-time aides[15]. They pay for computers and devices to help elementary students learn to code, technology for every classroom, state-of-the-art lab equipment, and engineering courses[16] .

These programs and services matter and can play a major role in determining the quality of education a school can afford to offer. For example, reading programs and math tutors are crucial for students falling behind grade level or missing out on instruction, particularly for the 1 in 6 students in the U.S. who are chronically absent (meaning they miss at least 15 days of the school

year), a statistic that more acutely affects low-income students[17]. Additionally, as schools responded to the COVID-19 Pandemic, we saw a massive digital divide, impacting students' education due to lack of access[18]. On top of already well-resourced home environments, wealthier students more likely attended schools with existing, extensive technology equipment and developed computer literacy through enrichment programs, often funded by private contributions. This facilitated a more efficient response to the crisis, while lower income schools had to rapidly adjust to providing basic needs for students from a distance.

On top of such direct impacts, these additional services, available because of private contributions, have an expansive effect on other aspects of schooling that matter to education policy makers, educators, administrators, and parents. For example, more private contributions can lead to greater teacher welfare and retention, and less teacher turnover. Even in a city like New York City, where the Department of Education (DOE) prohibits PTOs from hiring core academics teachers, they can still hire enrichment teachers, like art or music teachers[19]. Supplementary teachers provide more than just a further enriching curriculum to the student body. They also create additional time for core teachers, away from students, for preparation and collaboration. When the Center on Education Policy asked teachers in a 2016 nationally representative survey which actions would help most in their day-to-day teaching, "more planning time during the school day" came in first, with 49% of teachers saying this would support them[20]. Substantial "prep time", as many educators call it, is crucial for teachers to ensure lessons are effective, collaborate with other educators, prepare materials, grade work, and go through student data to make sure all students' needs are met[21]. Teacher turnover, known to harm student achievement[22], has been an area of concern to education stakeholders for over a decade, particularly in schools receiving Title I funding (schools whose student body is made up of at least 40% children from low-income families[23]). Title I schools face both greater teacher turnover and shorter teachers' term length than non-Title I schools[24]. According to a 2005 report, teachers who transferred schools or left the profession reported that not enough time for planning and preparation was their top source of dissatisfaction[25].

In an article on New York City's 2018 Local Law 171, reporter Reema Amin says, "It's natural for parents to want to fill in perceived gaps in resources in their children's classrooms. But since many public school parents can't afford to donate large sums of money, the powerhouse PTAs are contributing to the already vast divide between wealthy and needy schools…"[26]. These funds play a major role in the quality of education a school can provide. When we look at the scarce data we do have, we see such funds concentrated in wealthier, whiter schools.

The Data we do have: Private Contributions Perpetuate Economic and Racial Inequity

The NYC Local Law 171 of 2018 required the DOE to report the annual income and expenditure of parent associations and parent teacher associations of each school through the 2018-2019 academic school year[27]. Parent associations and parent teacher associations fall under the PTO, Parent Teacher Organizations, classification defined above and operate as organizations that collect private contributions for their respective schools. When we look into this rare data, we can see that private contributions funneled through PTOs are concentrated in wealthier and whiter schools.

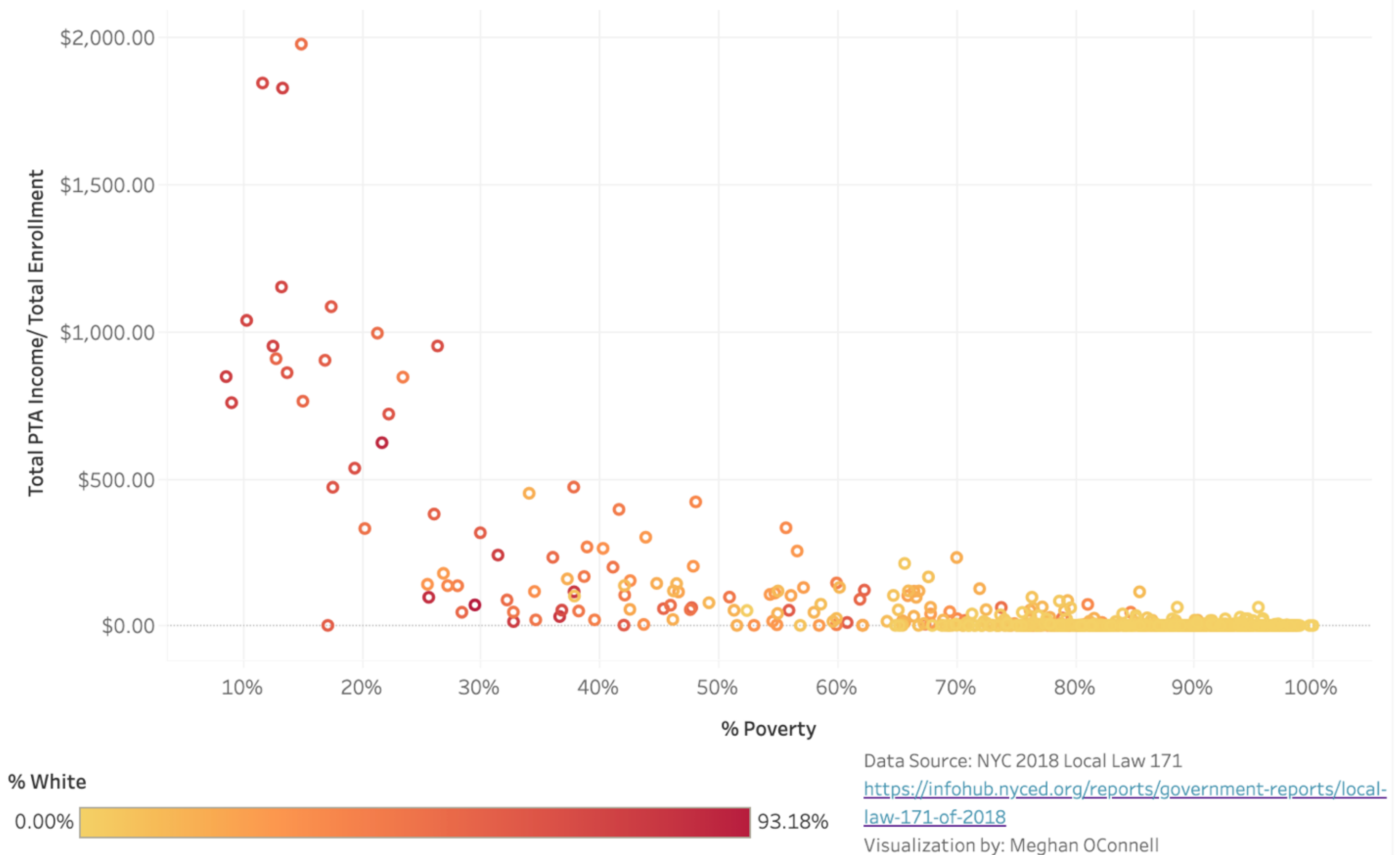
I used the data from NYC's 2018 Local Law 171[28] as a primary source to show the relationship between per pupil (based on reported enrollment) PTO income and each school's (self-reported) percent of students facing poverty. Additionally, I used the schools' reported student body "%

White" statistic and visually displayed it through a yellow (smaller "% White") to red (larger "% White) color scale, to show how racial inequalities can be seen in the distribution of private contributions.

From the raw data I merged schools fundraising reports with schools' reported demographic information[29]. Then I calculated per pupil PTO income (based on reported enrollment, not attendance) by dividing the schools' reported PTO income by its reported total enrollment. This allows for comparison between schools that may have varying levels of enrollment.

A total of 1,579 schools were included in the report. About 15% of schools (236 schools) did not report PTO contributions. I did not include these null values in my analysis. In order to include only reliable data, I checked the self-reported calculations for each of the schools. I calculated an ending balance for each school's PTO by combining the "Beginning Balance" and "Total Income", and then subtracting "Total Expenses" reported by each school's PTOs. Then I compared this statistic to the reported "Ending Balance". Only 642, or 40.7% of, schools had an ending balance that matched this calculation. These 642 schools are the ones included in Figure 1.

Figure 1.



Across the 642 schools, the average per pupil PTO income during the 2018-2019 school year was $52.15. Schools whose student bodies were made up of at least 50% students facing poverty brought in an average of only $10.40 of annual PTO income per pupil. Schools with less than 50% of the student body facing poverty brought in an average per pupil PTO, $392.10 annual PTO

income per pupil. Further, schools whose student body was made up of less than 30% students facing poverty could rely on an average per pupil PTO income of $717.05, while schools with a student body made up of at least 30% of students facing poverty could only count on an average of $19.53 per pupil. The top 1% of schools, or roughly the top 6 schools, with the highest average per pupil private sourced funds could rely on an average per pupil PTO income of $1,403.49 on top of official government funding.

Additionally, schools with less than 50% of the student body identifying as white brought in an average of $25.59 annual PTO income per pupil, while schools whose student bodies are made up of at least 50% students who identify as white brought in an average of $512.44 annual PTO income per pupil. This means that majority white schools, on average, receive $486.85 more annually per pupil than majority non-white schools. When you multiply this by the thirteen years students are in the public K-12 education system, we see that an additional $6,329.05 is spent on each student in majority white schools than each student in majority non-white schools over the course of their school career. It is clear that private contributions work to preserve racial inequality in our education system.

It is important to remember that there are limitations as the data is self-reported with little oversight from the DOE, further stressing the importance of mandated school site level data of private contributions with quality standards and oversight present. In this analysis, I did not differentiate private funding distributions between races that are non-white. Further investigation that does differentiate between non-white races would be incredibly valuable in having a richer understanding of private contributions along racial lines. My analysis of the scarce data from NYC school districts shows that the unequal distribution of private contribution along existing economic and racial inequalities is drastic.

Conclusion

Mark Treyger, former teacher and now City Councilman who wrote the legislation around NYC's 2018 Local Law 171, reminds us that, "… your zip code should not determine the opportunities your families receive"[30]. In order to have informed conversations about policy suggestions[31] to ensure a quality education for all students, regardless of zip code and family economic status, we need to consider the full picture of education funding from all sources.

When we do not report school site level private contributions as a source of education funding, stakeholders cannot grasp the reality of the education funding landscape. For stakeholders to have informed conversations around funding a quality education for all students, no matter the economic or racial status, we need the data. We need publicly shared, mandated reporting of private contributions on a school site level with quality standards to offer quality data.

Endnotes

[1] Amin, R. (2018, November 2). *PTA fundraising inequities prompt search for potential solutions—Chalkbeat New York*. Chalkbeat. https://ny.chalkbeat.org/2018/11/2/21106121/as-new-york-city-starts-collecting-data-on-inequities-in-pta-fundraising-the-search-is-on-for-potent

[2] Hanson, M. (2020, October 28). *U.S. Public Education Spending Statistics [2021]: Per Pupil + Total*. EducationData. https://educationdata.org/public-education-spending-statistics

[3] Raikes, J., & Darling-Hammond, L. (2019, February 18). *Why Our Education Funding Systems Are Derailing the American Dream*. Learning Policy Institute. https://learningpolicyinstitute.org/blog/why-our-education-funding-systems-are-derailing-american-dream

[4] Meatto, K. (2019, May 2). *Still Separate, Still Unequal: Teaching about School Segregation and Educational Inequality*. New York Times. https://www.nytimes.com/2019/05/02/learning/lesson-plans/still-separate-still-unequal-teaching-about-school-segregation-and-educational-inequality.html

[5] Bhutta, N., Chang, A. C., Dettling, L. J., & Hsu, J. W. (2020, September 28). *Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances*. FEDS Notes. Washington: Board of Governors of the Federal Reserve System. https://doi.org/10.17016/2380-7172.2797

[6] *Federal Role in Education*. (2017, May 25). U.S. Department of Education. https://www2.ed.gov/about/overview/fed/role.html

[7] *How do school funding formulas work?* (2017, November 29). Urban Institute. http://urbn.is/fundingformulas

[8] Ladson-Billings, G. (2006). From the Achievement Gap to the Education Debt: Understanding Achievement in U.S. Schools. *Educational Researcher*, *35*(7), 3–12. https://doi.org/10.3102/0013189X035007003

[9] Schneider, J. (2018, January 22). *What School-Funding Debates Ignore—The Atlantic*. The Atlantic. https://www.theatlantic.com/education/archive/2018/01/what-school-funding-debates-ignore/551126/

[10] *Every Student Succeeds Act (ESSA) | U.S. Department of Education*. (n.d.). U.S. Department of Education. Retrieved March 27, 2021, from https://www.ed.gov/essa?src=rn

[11] Rowland Woods, J. (2018). *Funding Transparency Under ESSA* [Policy Report]. Education Commission of the States. https://www.ecs.org/funding-transparency-under-essa/

[12] Vara-Orta, F. (2017, April 19). Do Private Donations Reinforce School Disparities? *Education Week*. https://www.edweek.org/leadership/do-private-donations-reinforce-school-disparities/2017/04

[13] *History—About PTA | National PTA*. (n.d.). National PTA®. Retrieved March 13th, 2021, from https://www.pta.org/home/About-National-Parent-Teacher-Association/Mission-Values/National-PTA-History

[14] Witenko, V. (2019, December). *How Did the City's Public Schools Use Their Nearly $13 Million in Parent-Teacher Association Grants in School Year 2017-2018?* New York City Independent Budget Office. https://ibo.nyc.ny.us/iboreports/pta-grant-spending-btn-december-2019.pdf

[15] Cope, S. (2019, November 5). *The Power of a Wealthy PTA*. The Atlantic. https://www.theatlantic.com/education/archive/2019/11/pta-fundraising-schools/601435/

[16] Vara-Orta, F., ibid.

[17] *Chronic Absenteeism in the Nation's Schools*. (2016, October 27). U.S. Department of Education. https://www2.ed.gov/datastory/chronicabsenteeism.html

[18] Ed Trust- West. (2020, April 7). *Education Equity in Crisis: The Digital Divide*. The Education Trust - West. https://west.edtrust.org/resource/education-equity-in-crisis-the-digital-divide/

[19] Witenko, V., ibid.

[20] Stark Rentner, D., Kober, N., & Frizzell, M. (2016). *Listen to Us: Teacher Views and Voices* (p. 20). Center on Education Policy. https://www.cep-dc.org/displayDocument.cfm?DocumentID=1456

[21] Merritt, E. G. (2016, December 1). Time for teacher learning, planning critical for school reform [Phi Delta Kappan]. *Kappanonline.Org*. https://kappanonline.org/time-teacher-learning-planning-critical-school-reform/

[22] Ronfeldt, M., Loeb, S., & Wyckoff, J. (2013). How Teacher Turnover Harms Student Achievement. *American Educational Research Journal*, *50*(1), 4–36. https://doi.org/10.3102/0002831212463813

[23] *Title I, Part A Program*. (2018, October 24). [Program Home Page]. U.S. Department of Education; US Department of Education (ED). https://www2.ed.gov/programs/titleiparta/index.html

[24] Carver-Thomas, D., & Darling-Hammond, L. (2017). *Teacher Turnover: Why It Matters and What We Can Do About It* (pp. 14–17). Learning Policy Institute. https://learningpolicyinstitute.org/sites/default/files/product-files/Teacher_Turnover_REPORT.pdf

[25] Provasnik, S., & Dorfman, S. (2005). *Mobility in the Teacher Workforce: Findings From The Condition of Education 2005* (pp. 21–23). National Center for Education Statistics.

[26] Amin, R., ibid.

[27] New York City 2018 Local Law 171, Pub. L. No. 2018/171, 693 LS 3184/Int 1790-2017 (2018). https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=3344044&GUID=82972A31-465A-4A42-99C4-D845F9233E30

[28] Ibid.

[29] Ibid.

[30] Jorgensen, J. (2019, December 2). Report: PTA Fundraising May Contribute to NYC School Inequities. *Spectrum News NY 1*. https://www.ny1.com/nyc/all-boroughs/news/2019/12/03/report--pta-fundraising-may-contribute-to-nyc-school-inequities

[31] Brown, C., Sargrad, S., & Benner, M. (2017). *Hidden Money*. Center for American Progress. https://www.americanprogress.org/issues/education-k-12/reports/2017/04/08/428484/hidden-money/