

# **Tough Choices: District Spending in Alabama During Financial Crises**

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## **Abstract**

In times of financial crises, it is crucial to understand how district leaders prioritize spending to ensure an adequate and equitable education for all students. This paper examines how districts in Alabama altered spending during the Great Recession. Results demonstrate that expenditure cuts were more intense for high needs student populations, with the most substantial reductions in instructional support, teacher salaries, and administrative positions. While cuts were more significant amongst high needs districts, supports for At-Risk students were enacted. Results highlight the consequences of inequitable state funding for students, teachers, and leadership during financial crises.

*Keywords:* Great Recession, budgeting, Alabama school funding, school spending, equitable spending

The Great Recession of 2008 ushered in significant cuts to public education funding, with nearly every state seeing roughly five years of unprecedented reductions (Evans et al., 2019; Leachman et al., 2015, 2017). These cuts were disproportionately felt in districts serving the highest needs students, including those of low income, low achievement, and high proportions of English language learners (Evans et al., 2019; Knight, 2017). While there have been several studies examining how the impacts of the Great Recession played out in terms of school funding (Baker, 2014; Jackson et al., 2018; Knight, 2016; Shores & Steinberg, 2019), there has been less attention paid to how district and school leaders adjusted their spending allocations in response to these financial crises. Given that Alabama is a state with a high proportion of economically and historically disadvantaged students, as well as a funding system often considered to be highly inequitable (Larkin, 2016; Neher et al., 2017), it is prudent to understand how financial crises affect district spending decisions across the state.

This paper thereby aims to add to our existing knowledge of how Alabama districts prioritized expenditures in reaction to severe financial crises. Under the notion that how organizations respond to shocking events helps to reveal underlying organizational priorities, we seek to explore two main questions: 1) *How were districts and students impacted by funding cuts during the Great Recession?* and 2) *How did district and school leaders reapportion expenditures in response to these cuts?* To address these questions, we draw on district revenue, expenditure, and staffing data covering every public school in Alabama from 2008-2015. Results demonstrate that (1) the largest proportional cuts occurred amongst the highest needs populations, particularly in core instructional spending and teacher salaries; (2) Black Belt, low achieving, and high poverty districts maintained At-Risk and ELL positions amongst general cuts; (3) high needs districts cut central administration expenditures, and vastly reduced school administrative positions. These results underscore that district and school leaders need strategic plans to be prepared for economic downturns, so that Alabama's most vulnerable populations are afforded an adequate and equitable education when choices are tough.

## **Background**

### **School Finance in Economic Crises**

Research has repeatedly demonstrated that it is not only the amount of funding that schools receive but how they spend it that matters (Baker, 2017). Districts that target their funds towards quality teachers, support staff, instructional materials, and reduced class sizes have repeatedly shown to improve student outcomes, with a more significant impact on high needs<sup>1</sup> populations (Baker, 2017; Cobb-Clark & Jha, 2013). However, under fiscal shortfalls, compensatory staff and support programs are often the first to go, systematically affecting the most vulnerable students (Odden & Picus, 2013; Sorenson & Goldsmith, 2017). Furthermore, high needs districts will face the largest budgetary shortfalls. Lower-income districts have both smaller tax bases and property valuations more exposed to market fluctuations (Evans et al., 2019), and research has shown that economic strains exacerbate inequalities in school funding (Shores & Steinberg, 2019). Even with structural

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<sup>1</sup> We use the term "high needs" to designate student populations that require additional resource support, including low achieving, high poverty, English language learner (ELL), and special education (SPED) students.

adjustments to funding formulas, rapid economic downturns have shown to be felt more severely in low income districts (Knight, 2017).

### **Leadership Decisions and Economic Shocks**

To better understand how leadership responds to economic downturns, we utilize a ‘shocks’ framework. Shocks are defined as an external event that is both unexpected and destabilizing to the organization, requiring immediate changes to stabilize the organization (Beabout, 2012). Decisions made in this state are thought to be more directly attuned to the current state of operations, and less dependent upon continued norms, ideals, or ‘business as usual’ practices (Shapiro & Gross, 2013). Given this, reactions to shocks by district and school leadership may be more directly influenced by current needs than by entrenched organizational practices, offering a window into leadership priorities (Bevan et al., 1991).

### **Alabama Finances and the Great Recession**

Alabama presents a unique case to examine how district and school leaders may respond to economic shocks. First, Alabama has a high proportion of districts likely to be affected by financial constraints. With 25% of its students living in poverty and 52% eligible for free/reduced meals (Baker et al., 2018), Alabama has the fifth-highest student poverty rate in the nation (National Center for Educational Statistics, 2019). Second, Alabama’s school funding system has been defined as highly inequitable and regressive (Chingos & Glagg, 2017; Larkin, 2016). In an annual study by Baker et al. (2018), across four measures of funding ‘fairness,’ Alabama ranked among the bottom quartile of states. Third, preliminary research suggests that the Great Recession considerably impacted Alabama. In response to local revenue shortfalls, Alabama ranked third to last in financial counterbalancing, meaning that the state funding did not offset losses in local revenue (Baker, 2014). Overall, although it is clear that the Great Recession impacted school funding in Alabama, it is still unclear how spending responses manifested. Given this gap in the literature, this paper seeks to explore how districts undergoing economic shocks reallocated their spending.

## **Method**

### **Data**

To examine how district spending responded to economic shocks during the Great Recession, we utilize data covering all public school districts in Alabama from the 2007-8 to 2014-15 school year from the National Center for Educational Statistics (NCES) Common Core of Data (CCD), matched with Stanford Education Data Archive (SEDA) (Fahle et al., 2018). This data includes measures of federal, state, and local funds received each year, as well as categorical program spending. We identify spending related to instruction and support services (pupil support, instructional staff support, central administration, and school administration),<sup>2</sup> as well as salaries for faculty and staff (regular teachers, special education, vocational, other, pupil support,

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<sup>2</sup> To keep an emphasis on student-focused decisions and maintain scope, we do not report noninstructional expenses, including enterprise operations, community services operations, facilities acquisition, maintenance & operations and debt service. For a full list of categorical spending, as well as definition of each category, see National Forum on Educational Statistics (2007).

instructional staff, central administration, and school administration). We also include the number of district personnel, including teachers, counselors, librarians, administrators, support staff, and central office administrators. See Appendix 1 for a description of each budgetary category. Districts have been categorized by their locale (suburban, urban, rural) if they are defined as part of the Black Belt (McDonald & Burnes, 2015), as well as by status of student achievement, student poverty, English language learners (ELL), and special education students. The resulting set covers 138 school districts across the time frame for 966 district-year observations.

### **Analysis**

We utilize a rich descriptive analysis to explore how the Great Recession impacted districts in Alabama. For our first research question, “*How were districts and students impacted by funding cuts during the Great Recession?*” we begin by identifying ‘shocked’ and ‘stable’ districts. Shocked districts are those that had the most substantial funding shortfall from the prior year, as identified by the top tercile of annual per-pupil funding decrease, averaging a 6% reduction. Stable districts are those in the bottom tercile of per-pupil funding change, representing district-years where there was either a funding increase or little change, averaging at a 3% increase from the prior year. We compare these districts by their size, student achievement, demographics, and locale to see if there are systematic differences in funding. For our second question, “*How did district and school leaders reappropriate expenditures in response to these cuts?*” we examine annual changes in spending, salaries, and personnel for those districts that underwent shocks. Here, we use annual changes in per-pupil spending and student-staff ratios rather than extant levels. We report the magnitude of these changes across district locale (suburban, urban, rural, Black Belt), poverty, student achievement, ELL, and special education.

### **Limitations**

As a descriptive analysis, the main goal of this paper is to establish a baseline picture of how districts responded to funding cuts. However, we cannot observe if a reduction in funding led to the changes demonstrated, nor can we observe if districts were indeed ‘shocked’ by such funding shortfalls. Other factors may drive district expenditures and choices. For example, a reduction in staff may have been due to retirements at the time rather than a deliberate decision to reduce salary expenditures. As such, we caution the reader to see these as broad trends rather than causal relations.

### **Results**

#### **How were districts and students impacted by funding cuts during the Great Recession?**

To begin, we explore which types of districts were the most impacted by funding cuts during the great recession. Given a large amount of information presented, we will only focus on a few trends here. Figure 1 presents the yearly proportion of ‘shocked’ Alabama districts, or those that had a roughly 6% decrease in annual funds. Notably, we see that in the 2008-9 school year, roughly 70% of districts underwent a financial shock, with nearly 90% of Black Belt districts reaching that threshold. Notably, rural districts did not recover as quickly as other locales. Looking at the bottom

panel of student characteristics, shocked high poverty districts were about 5% lower than the state average.

**Figure 1**  
*Proportion of Shocked Districts by Year*

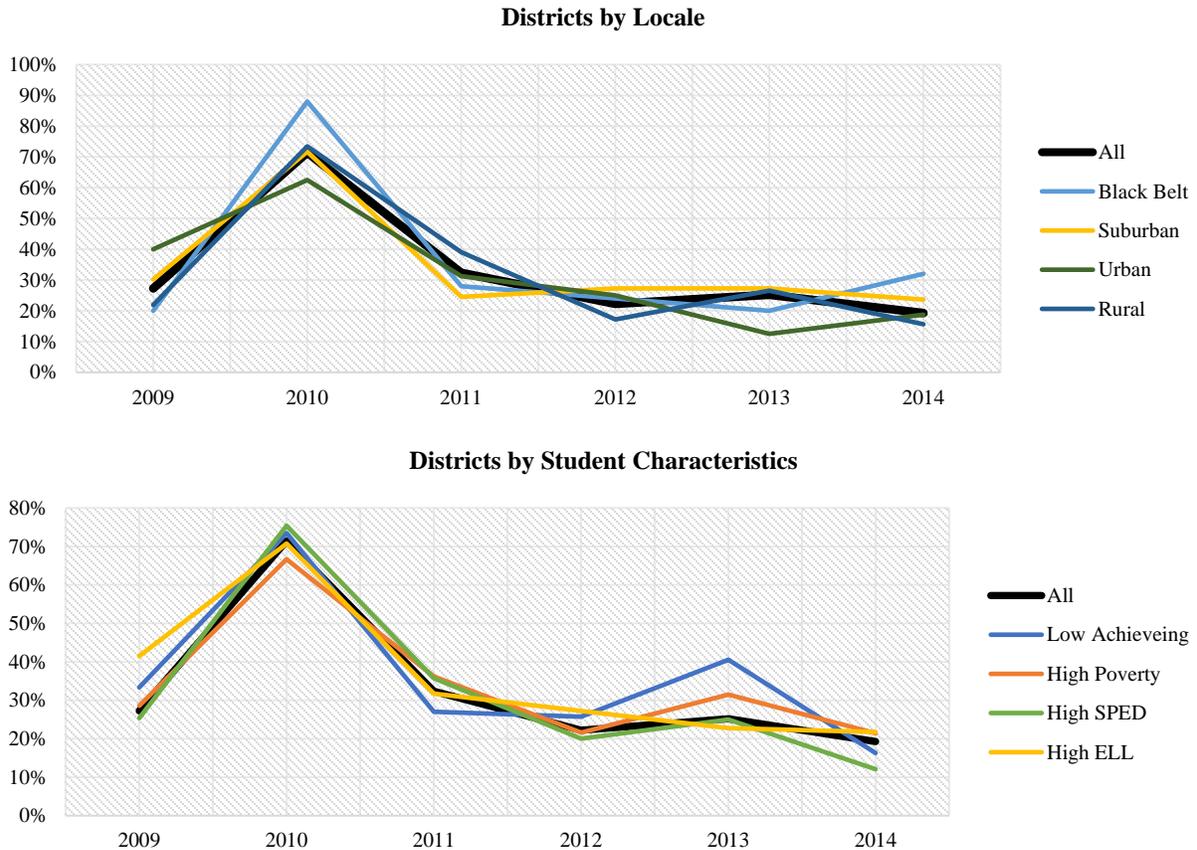


Table 1 presents a comparison of shocked and stable districts by student and district characteristics. Shocked districts were generally similar to stable districts along with each characteristic, with no statistically significant differences in two-tailed t-tests. Next, in Table 2, we examine the difference in total revenue and expenditure by program and salaries for all shocked and stable schools. Here, we see that for shocked districts, the majority of revenue reduction took place from local funds, with an average of \$409 less per-pupil in local funds and an average of \$766 less per-pupil in total funds. Turning to expenditures, we see that

**Table 1***Average Characteristics of Alabama School Districts by Shock Level, 2008-2015*

	<u>All Districts</u>	<u>Shocked Districts</u>	<u>Stable Districts</u>	<u>Difference</u>
District Enrollment	5598.46	5277.38	4664.22	613.15
High Achieving	33.65%	35.98%	33.46%	2.52%
Low Achieving	33.23%	36.74%	34.60%	2.14%
% Latinx	35.21%	36.45%	38.03%	-1.58%
% African American	4.75%	4.74%	4.30%	0.44%
% White	58.50%	57.37%	56.18%	1.19%
% FARM	62.78%	64.12%	64.30%	-0.18%
% ELL	2.20%	2.22%	1.83%	0.39%
% Special Education	9.12%	10.45%	10.55%	-0.10%
Suburban	46.26%	46.97%	47.91%	-0.94%
Urban	11.86%	11.36%	10.27%	1.09%
Rural	56.09%	54.92%	57.79%	-2.87%
Black Belt	18.70%	20.08%	19.77%	0.31%
Observations	966	264	263	

Note: \*p<0.05 in two-tailed t-test between shocked and stable district-years

**Table 2***Average District Revenue & Expenditures Per Pupil*

	<u>All Districts</u>	<u>Shocked Districts</u>	<u>Stable Districts</u>	<u>Per-Pupil Difference</u>
<b><i>Revenue Per Pupil</i></b>				
Total Revenue	9984.38	9741.14	10507.55	766.41*
Federal Revenue	1328.61	1275.36	1374.87	99.51
State Revenue	5635.49	5577.21	5835.02	257.80*
Local Revenue	3020.28	2888.57	3297.67	409.09*
<b><i>Expenditures Per Pupil</i></b>				
<i>Instruction</i>	10203.52	10189.70	10561.13	371.42*
<i>Support Services</i>	5178.93	5092.59	5261.39	168.80*
Pupil Support	539.33	531.97	555.54	23.56
Instructional Staff Support	369.34	364.95	389.98	25.03
Central Administration	306.81	309.96	328.60	18.63
School Administration	558.28	556.59	567.72	11.12
<i>Salaries: Teachers</i>				
Regular	2444.44	2422.70	2474.21	51.51*
Special Programs	316.91	305.69	317.99	12.29*
Vocational	170.04	165.17	172.12	6.96
At-Risk/ELL	68.60	69.54	72.33	2.79
<i>Salaries: Support</i>				
Pupil Support	299.55	299.70	306.08	6.37
Instructional Staff	215.71	213.09	221.46	8.37
Central Administration	153.86	157.10	164.07	6.97
School Administration	384.97	386.49	391.18	4.68
Observations (District-Years)	966	264	263	

Note: \*p<0.05 in a two-tailed t-test between shocked and stable district-years. Revenue and expenditures may not match due to other omitted expenditures such as debt service. See National Foundation on Educational Statistics (2007) for more details on program codes.

shocked schools spent, on average, \$371 less per-pupil than stable schools. This took place mostly in the form of lower levels of spending on instructional services (\$169 per-pupil), with slightly lower average spending on support services across the board. Additionally, regular teacher salaries had a substantial reduction, with shocked districts spending on average \$51.5 less per-pupil than stable districts for regular teachers.

Turning to staff patterns between shocked and stable districts, Table 3 presents the student-teacher ratio (STR) and student-staff ratio (SSR) for all districts in Alabama. Here, higher ratios represent fewer staff available to each student. On average, school districts in Alabama had an annual STR of 15.74 and SSR of 9.28. Shocked districts had slightly lower STR overall. However, they also had a considerably higher SSR for school-level administrators, including school principals and assistant principals.

**Table 3**  
*Student-Teacher and Staff Ratios for Shocked and Stable Districts*

	<u>All</u> <u>Districts</u>	<u>Shocked</u> <u>Districts</u>	<u>Stable</u> <u>Districts</u>	<u>Difference</u>
<i>Total Student-Teacher</i>	15.74	15.64	15.67	0.04
Kindergarten	161.47	162.82	156.99	-5.83
Elementary	35.26	35.15	34.20	-0.96
Secondary	37.93	36.99	39.97	2.98*
<i>Total Student-Staff</i>	9.28	9.19	9.43	0.24
Instructional Aides	157.81	150.13	160.51	10.38
Coordinators	1512.64	1189.72	1325.91	136.19
Guidance Counselors	417.46	422.57	411.97	-10.60
Librarians	529.32	521.53	523.78	2.25
Central Admin	1174.25	1068.85	1263.92	195.06
School Admin	238.51	250.23	217.90	-32.33*
Student Support Staff	372.49	398.58	351.81	-46.77
Other Support Staff	42.28	40.25	47.75	7.50
N	924	264	261	

Note: \*p<0.05 in two-tailed t-test between shocked and stable district-years

### **How did district and educational leaders reappportion expenditures in response to cuts?**

After looking at how shocked and stable districts differed from one another, we now explore ways in which district and school leaders reappportioned expenditures when facing financial shocks. First, we look at the annual changes in expenditures, followed by staffing patterns for all districts between shocked and stable districts.

#### *Comparative Changes in Expenditures and Staffing*

Table 4 below presents the average change in expenditures from the previous year over the sample window from 2008-9 to 2014-15, followed by the annual change in expenditures for shocked and stable districts. We see that shocked districts significantly reduced instructional spending, as well as instituted nearly across-the-board reductions in support services and salaries. Interestingly, while there was a small annual reduction in regular teacher salaries across all districts, shocked districts reduced teacher salaries by \$57 per pupil, while stable districts increased salaries by \$40.

**Table 4***Average District Changes in Expenditures Per Pupil 2008-2015*

	All Districts	Shocked Districts	Stable Districts	Per-Pupil Difference
<b>Change in Revenue</b>				
Total Revenue	76.93	-702.69	826.47	1529.16*
Federal Revenue	-70.20	-210.40	46.51	256.91*
State Revenue	78.04	-183.42	340.57	523.99*
Local Revenue	69.09	-308.87	439.39	748.26*
<b>Change in Expenditures</b>	76.43	-169.94	316.11	486.05*
<i>Instruction</i>	11.52	-134.98	145.64	280.62*
<i>Support Services</i>				
Pupil Support	9.37	-6.71	22.73	29.44*
Instructional Staff Support	1.31	-18.86	21.47	40.33*
Central Administration	6.63	-8.80	21.49	30.29*
School Administration	6.01	-6.29	17.97	24.26*
<i>Salaries: Teachers</i>				
Regular	-5.71	-57.39	40.07	112.41*
Special Programs	-6.74	-47.38	0.46	87.45*
Voc/CTE	1.21	-15.95	5.19	16.41*
At-Risk/ELL	9.43	-4.05	6.47	9.24*
<i>Salaries: Support</i>				
Pupil Support	4.04	0.50	8.22	-6.53*
Instructional Staff	-0.40	-5.19	3.19	7.72*
Central Administration	2.71	-3.23	7.98	8.38*
School Administration	4.46	-1.94	11.41	11.22*
Observations (District-Years)	966	264	261	

Next, we turn to student-teacher and student-staff ratio by districts. Generally, while there was a slight increase in the student-teacher ratio across all districts during the sample window, there was a more considerable increase for shocked districts, rising by 0.45 students per teacher. Shocked districts raised the kindergarten and elementary student-teacher ratio, while stable districts reduced the number of students per each kindergarten and elementary teacher. However, while shocked districts slightly increased the student-teacher ratio for secondary teachers, stable districts raised the student-teacher ratio by nearly two students per teacher.

**Table 5***Student-Teacher and Staff Ratios for Shocked and Stable Districts*

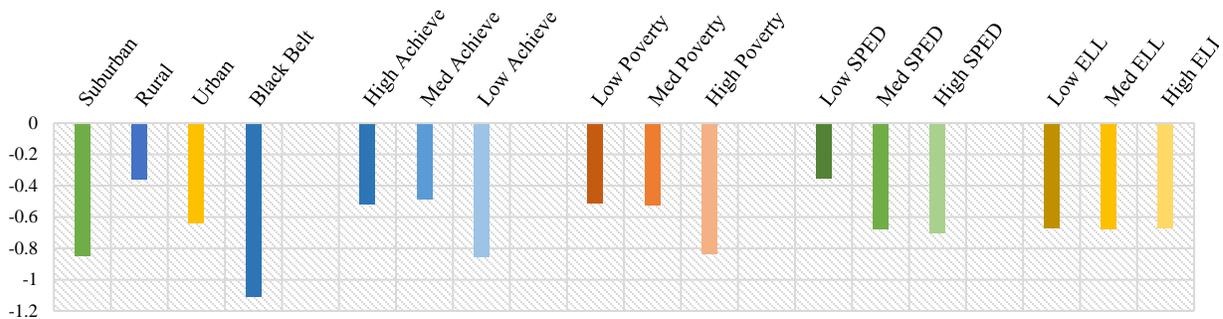
	All District	Shocked Districts	Stable Districts	Difference
<i>Total Student-Teacher</i>	0.28	0.45	0.06	-0.38*
<i>Total Student-Staff</i>	1.61	1.69	1.62	-0.07
Instructional Aides	3.28	7.2	4.32	-2.88
Academic Coordinators	701.38	281.66	1073.75	792.09*
Guidance Counselors	3.81	5.32	0.74	-4.58
Librarians	4.79	8.62	-5.57	-14.19*
Central Admin	190.8	109.61	241.75	132.15
School Admin	8.05	9.71	5.9	-3.81
Student Support Staff	65.07	64.34	60.37	-3.97

### Changes for Shocked Districts

We now examine how spending changes differed by locale, student achievement, poverty, ELL, and special education levels for shocked districts in Figures 2-5. Here, we present per-pupil changes in expenditures and staffing as standardized coefficients to better visualize the relative magnitude of changes by category. As such, these figures represent the extent to which the change in funds was above or below the average district change for each category. To maintain length and scope for this paper, we will again only focus on a few select trends.

We begin with Figure 2, which presents changes in total K-12 expenditures by locale, student achievement, poverty, ELL, and special education levels. Here, we see that suburban and Black Belt districts had the most significant comparative reductions in expenditures, followed by urban and rural districts. Looking across levels of student achievement, poverty, ELL, and SPED status, we also see that low achieving, high poverty, and high SPED districts also had more substantial comparative spending reductions.

**Figure 2**  
*Total Expenditure Reductions for Shocked Districts*

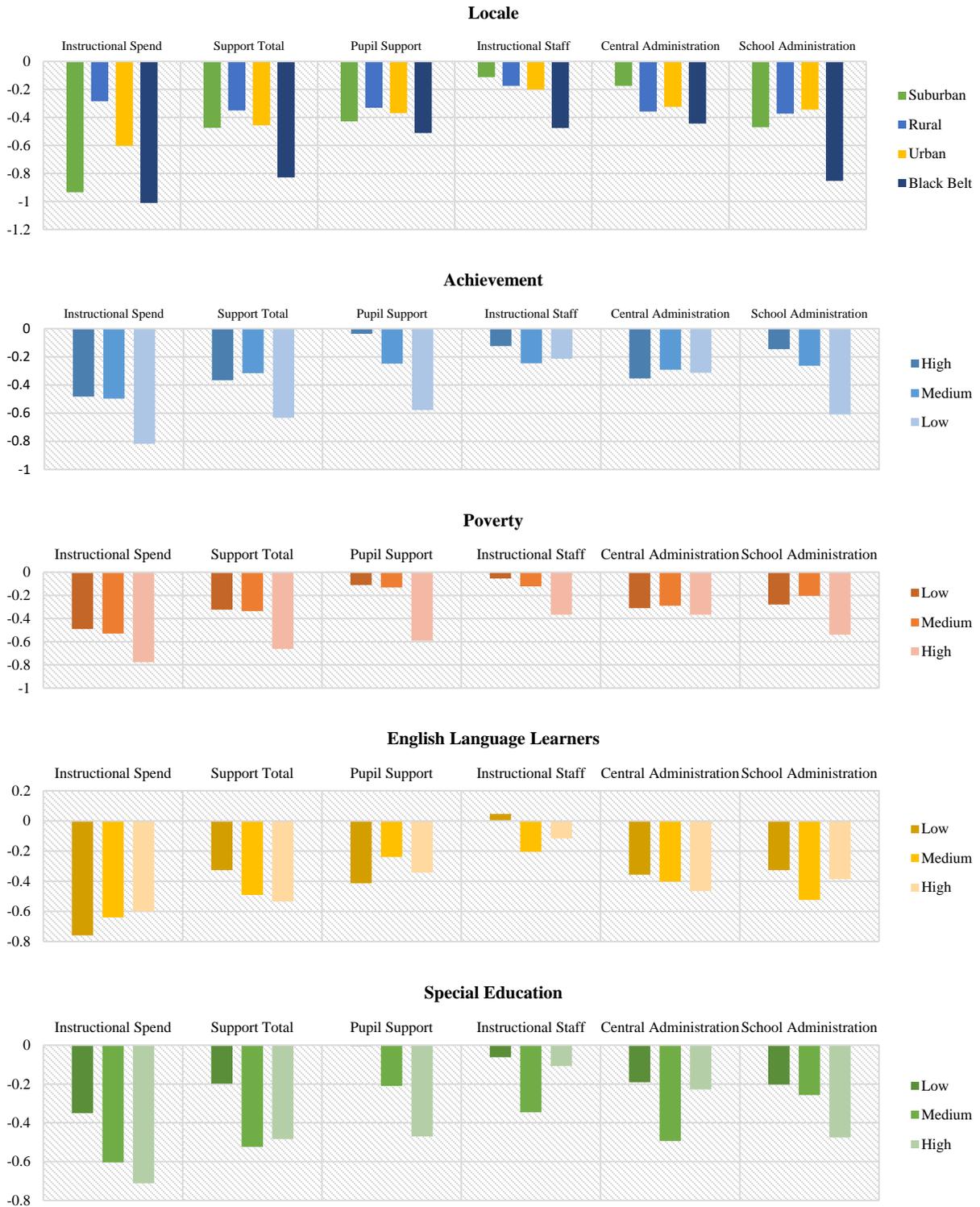


Next, we turn to categorical spending changes for shocked districts in Figures 3-5. Beginning with Figure 3, we see that Black Belt districts had the most substantial reduction in instructional spending, along with significant reductions in instructional support and central administration. This was generally echoed across student achievement, poverty, and special education status. Here, low achieving, high poverty, and high special education districts reacted to shortfalls with more significant reductions in instructional and support service spending.

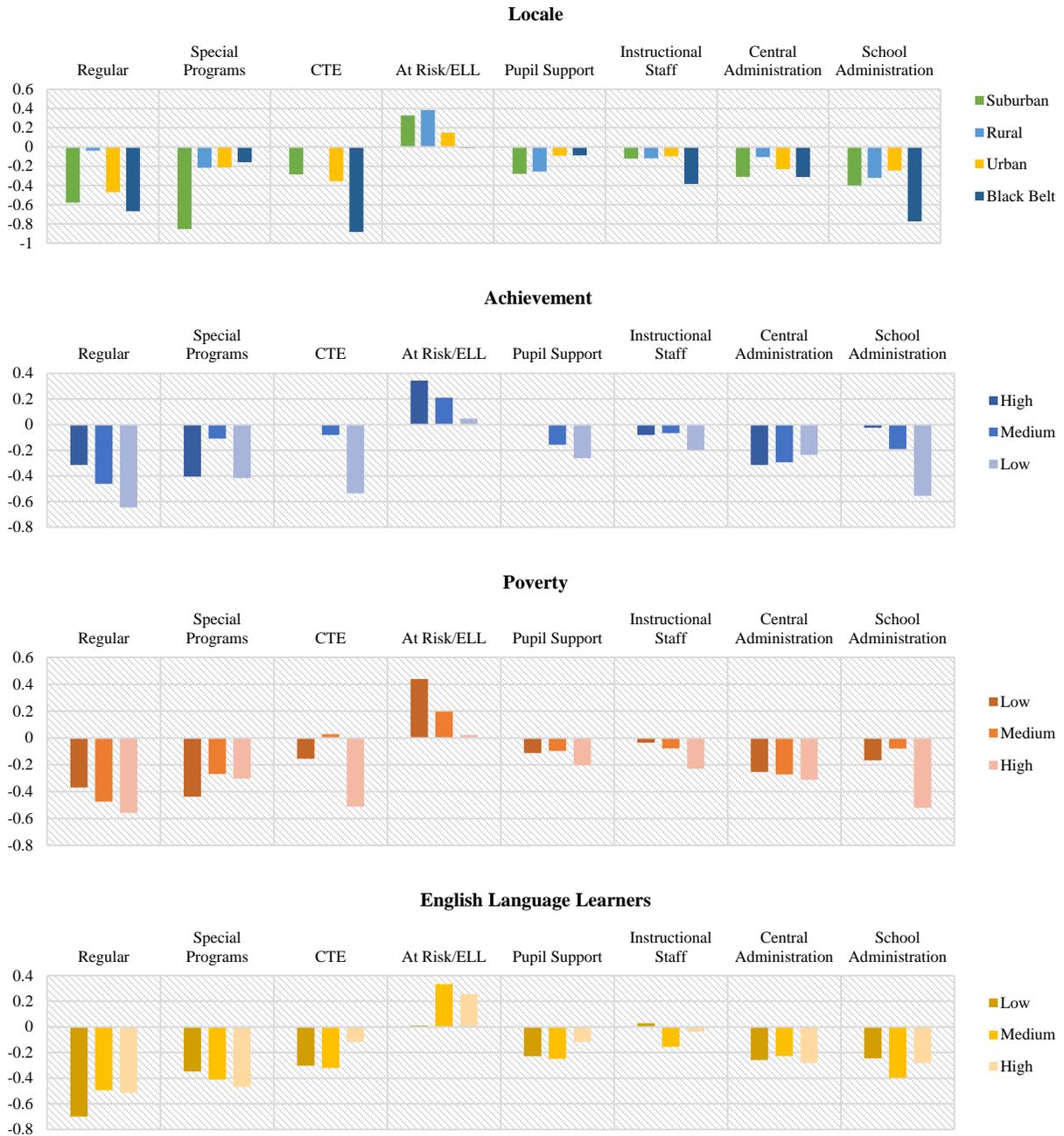
Figure 4 presents spending changes in salaries. Suburban, rural, and Black Belt districts instituted massive cuts in regular teacher salaries. Interestingly, we see that overall salary changes for At-Risk/ELL instruction were higher than average, demonstrating that shocked districts did not institute the level of cuts that stable districts did during the sample period.

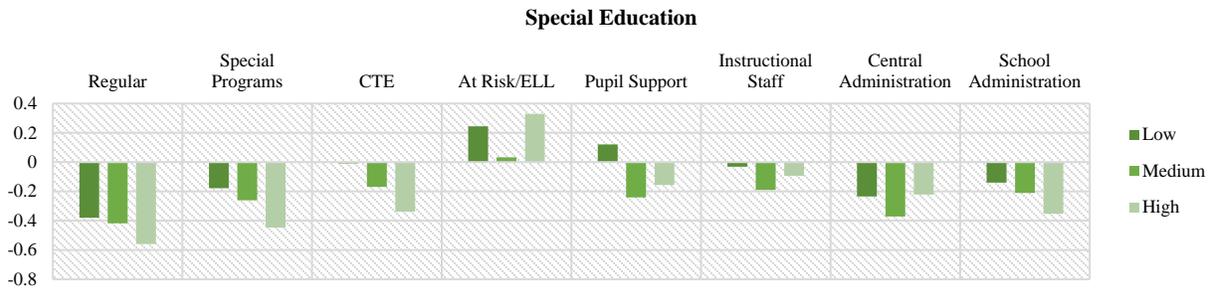
Figure 5 presents changes in faculty and staff numbers for shocked districts. Here, per-pupil ratios are shown, with larger numbers representing fewer employees per each student. Looking at the “All Teaching” category, the student-teacher ratio generally increased for all

**Figure 3**  
*Expenditures for Shocked Districts*

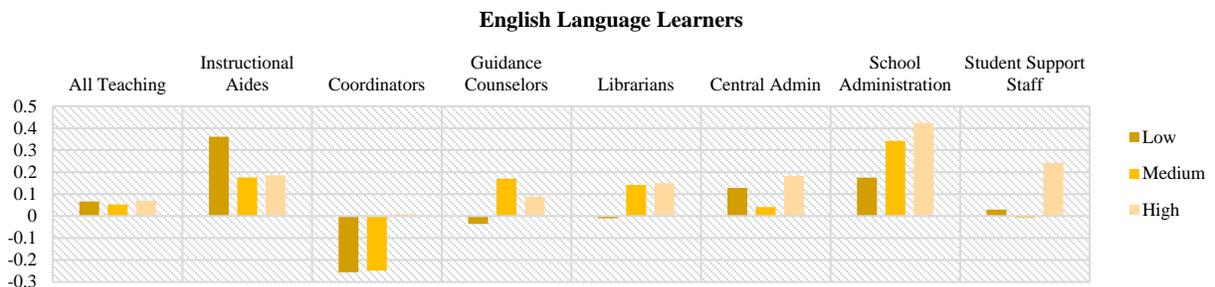
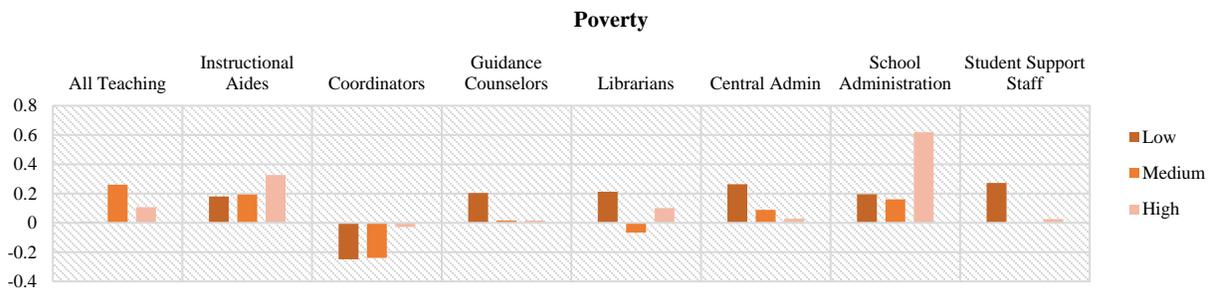
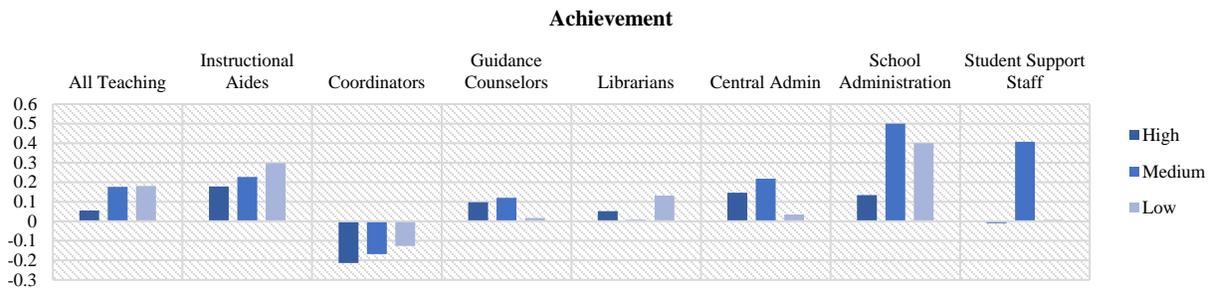
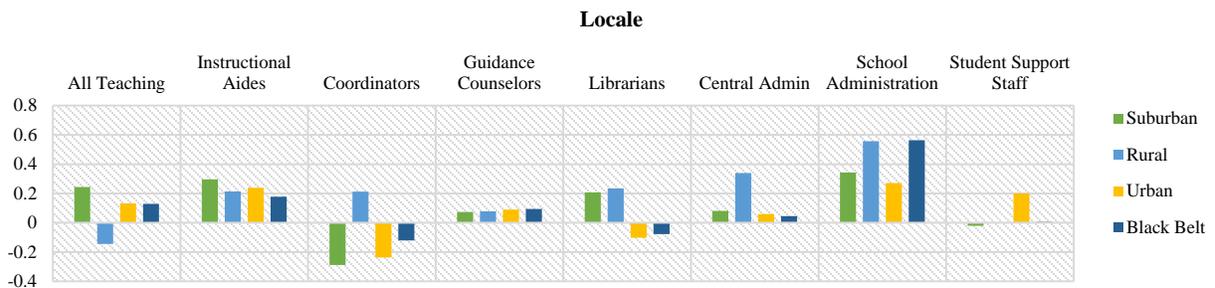


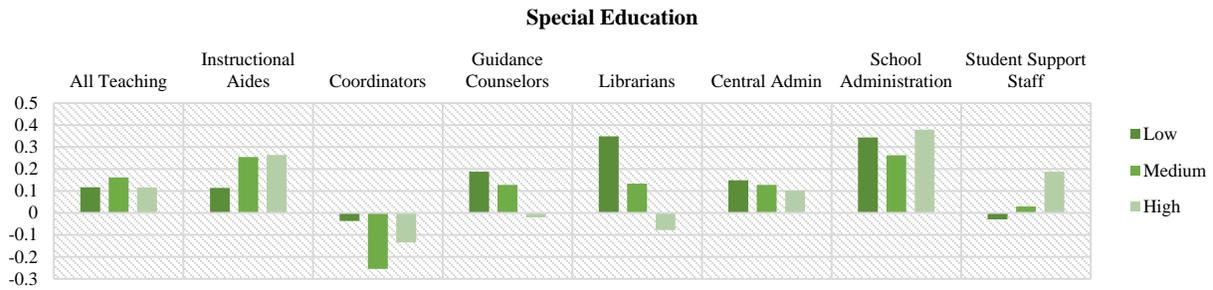
**Figure 4**  
*Salary Expenditures for Shocked Districts*





**Figure 5**  
*Per-Pupil Ratios for Shocked Districts*





shocked district types, except rural, meaning that there was an overall reduction in the number of teachers in these districts. Similarly, there was a considerable reduction in instructional aides and school-level administrators. Interestingly, school-level administrative position reductions were the largest in the highest-needs areas. However, the trend was, in general, the opposite for central administrative staff.

### Discussion

In this paper, we have sought to explore how the Great Recession altered district finance in Alabama. Through this, we found that (1) expenditure cuts were the greatest for Black Belt, suburban, and rural districts; (2) the largest expenditure reductions were in instruction and regular teacher salaries. There were smaller reductions generally across the board in support services and staff, while At-Risk and ELL salaries comparatively increased or remained stable; (3) shocked districts reduced the number of teachers per student in general but maintained central administrative positions and student support staff; (4) shocked Black Belt, low achieving, high special education, and high poverty districts demonstrated the greatest reductions in expenditures, reducing spending on instruction, instructional staff support, central and school administration, as well as salaries for regular teachers and school-level administration. In general, they increased the number of students per regular teachers, instructional aides, and school-level administrators. Overall, we see that financial crises impact on school funding have serious consequences for equitable and adequate educational goals, which we outline below.

First, in line with literature on funding inequity both nationwide (Evans et al., 2019; Knight, 2017) and in Alabama (Augenblick, Palaich, and Associates, 2015; Baker et al., 2018; Chingos & Glagg, 2017; Larkin, 2016), these results suggest that financial shocks can be more destabilizing for historically disadvantaged and high needs districts. Black Belt, low achieving, high poverty, high ELL, and high special education districts demonstrated the greatest reductions in expenditures when compared to districts with higher achievement and lower poverty, ELL, and special education students. In short, the expenditure cuts in financial crises are more intense for high needs student populations.

Second, cuts generally came across the board but were proportionally greater for spending on core instruction, instructional support, and administration. Research has shown that core teaching cuts tend to disproportionately impact low performing and low-income districts, given they tend to have more untenured teachers, a finding confirmed here (Knight & Strunk, 2016). As noted above, keeping smaller class sizes has shown to have a greater impact on high needs students (Baker, 2017). Here, district leaders must work to retain teachers, not only to maintain smaller class sizes and qualified personnel but also to reduce the structural shuffling that often induces further turnover (Goldhaber et al., 2016).

Third, in contrast to other states (Evans et al., 2019; Knight, 2017), results suggest that district leadership in Alabama did work to protect compensatory support for vulnerable populations. Targeted support for At-Risk and ELL students remained relatively stable for low achieving and high poverty districts, suggesting commitments to serve some populations that are considered the most underserved in financial crises (Chakrabarti & Setren, 2012; Knight, 2016). Considering that high achieving and low poverty districts increased expenditures on At-Risk/ELL salaries, these results suggest that commitments to horizontal equity were widespread, but that some districts were better able to enact them (Berne & Stiefel, 1984).

Fourth, we see that while there were cuts to both central administration spending and overall salary expenditures, there were no significant reductions in central administrator positions. Similar cuts to school-level administration spending and salaries also included a reduction in the number of administrator positions, suggesting that central office personnel kept their positions and possibly reduced salaries, while school-level administrators lost positions. This may result from the fact that many school-level administrative positions, such as assistant principals, come out of local funding (Alabama State Department of Education, 2018). However, it also points to the notion that central office administrative positions were most prioritized above school administration positions in high needs districts.

### **Conclusion**

The results presented here demonstrate the complexity in decision-making that must take place in the face of financial shortfalls. No doubt, these decisions are based on the specifics of student and community needs, as well as the financial position of the district and schools. However, these general trends point to the importance of supporting high needs districts, even when financial constraints are great.

The sensitivity of low income districts to funding cuts further suggests that student supports would better be dealt with independently of local funds, which are most subject to shortfalls in economic recessions (Evans et al., 2019). Given this, the research presented here supports the claims of Larkin (2016) and Augenblick et al. (2015), who argued that an adequate funding system in Alabama would require additional state student multipliers, including additional student weights for high poverty districts, special education, and ELL students. The inclusion of these weights into the funding formula would not only move closer to an adequate funding system (Larkin, 2016) but would also provide state funds less subject to local funding instabilities for the highest-needs districts (Knight, 2017). This would help offset some of the reductions in core instructional expenditures that were most pronounced in high poverty districts.

Overall, these results highlight the importance of crisis planning for district leadership. District and school leadership must weigh competing priorities and forward-plan for unforeseen events. For example, district and school leaders should be in discussion regarding whether central administrative cuts are prioritized above school level administrative cuts, or if pupil support is more aligned with student success than instructional staff support. Given that leadership during crises is not only essential for equitable and adequate education, but also the greater well-being of students, employees, and the community (Shapiro & Gross, 2013), it is imperative that leadership at both the school and district level recognize how strategic expenditure cuts can be made in a manner that supports the mission and vision of the district while emphasizing student-centered decisions (Sorenson & Goldsmith, 2017).

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## Appendix 1

### Revenue & Expenditure Category Definitions

<b>Type</b>	<b>Description</b>
<u>Total Revenue</u>	Total of all federal, state, and local revenue to a district in a given year
<i>Federal Revenue</i>	Revenues from the federal government include direct grants-in-aid to schools or agencies, funds distributed through a state or intermediate agency, and revenues in lieu of taxes to compensate a school district for nontaxable federal institutions within its boundary.
<i>State Revenue</i>	Revenues from the state government include both direct funds from state governments, restricted and unrestricted grants-in-aid, and revenues in lieu of taxation. Revenues in lieu of taxes are paid to compensate a school district for nontaxable state institutions or facilities within the district's boundary.
<i>Local Revenue</i>	Local revenues are funds collected and given to school districts without further allocation by the state government. These include revenue from local property and non-property taxes, investments, student fees and charges, and revenues from foundations and trusts, as well as other donations.
<u>Expenditures</u>	Total of all district expenditures in a given year.
<i>Instruction</i>	Activities dealing directly with the interaction between teachers and students. Included here are the activities of aides or classroom assistants of any type (clerks, graders, teaching machines, etc.) assisting in the instructional process.
<i>Support Services</i>	Support services provide administrative, technical (such as guidance and health), and logistical support to facilitate and enhance instruction.
<i>Pupil Support</i>	Activities designed to assess and improve the well-being of students and to supplement the teaching process, including Attendance and Social Work Services, Guidance Services, Health Services, Psychological Services, Speech Pathology and Audiology Services, and Occupational Therapy.
<i>Instructional Staff Support</i>	Activities associated with assisting the instructional staff with the content and process of providing learning experiences for students, including Improvement of Instruction Library/ Media Services, Instruction-Related Technology, and Academic Student Assessment.
<i>Central Administration</i>	Activities concerned with establishing and administering policy for operating the school district.
<i>School Administration</i>	Activities concerned with overall administrative responsibility for a school.
<u>Salaries</u>	
<i>Regular</i>	Salaries for personnel that provide students in prekindergarten* through grade 12 with learning experiences to prepare them for further education or training and responsibilities as citizens, family members, and workers.
<i>Special Programs</i>	Salaries for personnel for elementary and secondary students (prekindergarten* through grade 12) receiving services outside the realm of "regular programs," such as mental retardation, orthopedic impairment, etc.
<i>Voc/CTE</i>	Salaries for personnel involving activities delivered through traditional comprehensive and vocational-technical high schools or recognized charter schools that prepare students to meet challenging academic standards, as well as industry skill standards, while preparing students for broad-based careers and further education beyond high school.
<i>At-Risk/ELL</i>	Salaries for personnel targeted towards "At-Risk" students and students whose primary language is not English.
<i>Pupil Support</i>	Personnel associated with activities designed to assess and improve the well-being of students and to supplement the teaching process, including Attendance and Social Work Services, Guidance Services, Health Services, Psychological Services, Speech Pathology and Audiology Services, and Occupational Therapy.
<i>Instructional Staff Support</i>	Personnel associated with assisting the instructional staff with the content and process of providing learning experiences for students, including Improvement of Instruction Library/ Media Services, Instruction-Related Technology, and Academic Student Assessment.
<i>Central Administration</i>	Personnel associated with activities concerned with establishing and administering policy for operating the school district.
<i>School Administration</i>	Personnel associated with activities concerned with overall administrative responsibility for a school.

*Note:* Text adopted from National Forum on Education Statistics (2007, pp. 16–33).