Budget Comparison:

West Ottawa Public Schools and Kentwood Public Schools

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**Summary of Comparisons**

As public schools in Michigan continue to struggle to balance budgets with limited funding at the local, state, and federal levels, it is increasingly crucial for all schools to annually analyze budgets to ensure that tax dollars are being spent effectively in order to provide a safe learning environment with quality staff so that the highest level of achievement is attained. With the increasing costs of health insurance and retirement and the uncertainty of student enrollment each year, it can be very challenging to create a budget that maintains adequate services and academic supports necessary for high student achievement. West Ottawa Public Schools and Kentwood Public Schools are two large districts in West Michigan that have strived to meet the high demands of education while balancing tight budgets.

Throughout the past three school years, both West Ottawa Public Schools and Kentwood Public schools had enrollments between 7000-9000 students. Unfortunately, enrollment has dropped slightly each year for West Ottawa Public Schools starting at 7441 students in the 2011-2012 school year and ending with only 7215 students in the 2013-2014 school year resulting in less per pupil funding from the State. Kentwood Public schools has a slightly larger enrollment, but it has also struggled to have consistent enrollment. While enrollment dropped in 2012, the FTE actually rose overall between 2011 and 2014 ending at 8859 students. Enrollment can play a large part in a school budget since funding is based per pupil, and both schools are working tirelessly to maintain and increase student enrollment by spending money wisely each year.

Because of the difference in FTE, a slight variance in foundation grant amount, and differing amounts of additional funding through grants and local funding, there is a slight difference in revenue between West Ottawa Public Schools and Kentwood Public Schools. After considering all expenditures, West Ottawa has been able to maintain a more stable fund balance at about 14-15% of general fund expenditures while Kentwood Public Schools has allowed its fund balance to drop from 12.10% in 2011 to only 7.86% at the end of the 2013-2014 school year. When the budgets are compared at a critical level with student achievement in mind, a few noteworthy expenditure differences are found. Overall, there is not a consistent trend in student achievement that can be directly tied to budgetary decisions over the past three years without additional analysis. Kentwood Public Schools has consistently employed a significantly larger number of support staff with an increasing amount each year while West Ottawa began with a much smaller amount and has decreased support staff yearly. One would expect to see an impact on student achievement with a budgetary decision that is directly tied to classroom instruction and support, but without further evidence, it is difficult to make such a claim.

While many of the line items of both the West Ottawa and Kentwood budgets are similar including staff/pupil ratio, instructional salaries, and administrative salaries, one intriguing area is transportation costs over the past three years. Transportation can be a major cost to districts due to the increasing fuel costs and the cost of maintenance for busses. Overall, West Ottawa spends slightly more per student that rides the bus than Kentwood, but when total square miles are taken into consideration, it is somewhat surprising that there isn’t a more significant different in transportation expenditures. West Ottawa includes more than three times the number of square miles than Kentwood Public Schools. While West Ottawa busses must transport students through 73.21 square miles, Kentwood busses are only responsible for 23.176 square miles. While considering the average cost per mile, one might expect a much larger difference in transportation expenditures. While budgeting for future years, both districts will need to continue to critically evaluate each line item on the budget in order to make the most effective decisions both financially and academically.

**Budgetary Implication on Student Achievement**

When considering how valuable resources should be spent, the impact of such decisions on student achievement should be of paramount importance. It is difficult for any school district to draw definitive conclusions when analyzing the impact of resource allocation on student achievement scores. However, a review of the literature on this topic can assist schools as they discuss current and future budget structures and priorities. The following will focus on three important and weighty budget line items for both West Ottawa and Kentwood Public Schools: teacher salaries, the number of support staff under contract, and the impact of maintenance and operations spending.

The connection between teacher salaries and student achievement scores has been studied frequently over the last few generations. When taking a study in isolation, one seems just as likely to find a positive correlation between the two variables as one is to find a negative correlation. In a 2010 study in Pennsylvania, Lin concluded that higher teacher salaries attract higher quality teachers, which in turn positively impacts student achievement. This showcases the seemingly tenuous connection between teacher salaries and student achievement scores, as it takes a third variable to transitively connect the two. In another study, Sun (2014) concluded that increased per-pupil spending produced slight increases in student achievement as measured by 4th grade math and reading scores. Once again, the connection seems thin and in this case one has to assume that increased per-pupil spending resulted in increased teacher salaries. Adding to the confusion, Podgursky (2007), when studying the adequacy of teacher pay, found no significant correlation whatsoever between teacher salaries and student achievement scores. Clearly, a discussion of case studies does not seem prudent due to the contradictory nature of the results. Instead, a meta-analysis of the multitude of studies may offer more clarity on the matter. Greenwald, Hedges, and Laine (1996) conducted one such meta-analysis. They dissected over 60 studies covering a 27 year time frame. Teacher salary was one of the many variables that they analyzed. While some studies showed no significant correlation between teacher pay and student achievement, and still others yielded a negative correlation, the overwhelming majority of research displayed a positive significant correlation. Therefore, Greenwald, Hedges, and Laine concluded that higher teacher salaries do indeed produce higher student achievement scores.

The implication for West Ottawa and Kentwood Public Schools is to continue to prioritize teacher salaries in future budgets. Currently, they rank 75th and 137th, respectively, out of 813 Michigan schools in average teacher salary. This places both school districts in the top 17% of districts in the state when it comes to average teacher pay. One would expect that maintaining or increasing that level of allocation for teacher salaries would give both schools an advantage over competing districts in terms of student achievement scores.

While both West Ottawa and Kentwood pay their teachers relatively well, one area of difference between these school districts is the number of support staff under contract. Over the past three school years, West Ottawa has seen the number of support staff decrease from 102 in 2011-12 to 86 in 2012-13 all the way down to 56 in 2013-14. Conversely, Kentwood has seen an increase in support staff from 208 in 2011-2012 to 225 in 2013-14. While it is important to note that support staff roles can vary considerably from school to school, the fact remains that Kentwood employs far more support staff than does West Ottawa. The implications for West Ottawa in terms of student achievement scores are most likely not very positive. According to Goessling and Hauerwas (2008), direct support from teacher assistants has a significant impact on student learning. Consequently, should West Ottawa’s support staff employment trend continue, one would expect student achievement scores to be negatively impacted. On the other hand, it would seem Kentwood Public Schools may have an advantage over other districts when it comes to student achievement should they continue to employ a high number of support staff.

Much research has been done showing the impact of learning environment on student achievement. In a study by Sims (2012), it was shown that maintaining soft lighting (natural when possible), comfortable temperature, and inviting color schemes has a small, but measurable impact on student achievement. When analyzing the budgets, West Ottawa spends less on maintenance and operations than Kentwood does on a per-pupil basis. This may make it seem that Kentwood has an advantage over West Ottawa when considering the research referenced above. However, while maintaining the learning environment impacts students achievement scores, the impact is slight. Additionally, West Ottawa’s teacher salary numbers, as referenced above, are better than Kentwood’s. Therefore, it could be argued that West Ottawa had prioritized teacher salary over maintenance and operations to a slightly higher degree than Kentwood. According to the research about teacher salary outlined above, it seems that was a intelligent prioritization.

Despite the difficulty in connecting budgetary decisions directly to student achievement, reasonable inferences can still be made based on historical and current research. Paying teachers well, employing support staff, and maintaining the learning environment all seem to positively impact student achievement. Therefore, the implication for West Ottawa and Kentwood is to continue to prioritize those areas in their respective budgets.

**Implications for Future Budgeting**

After analyzing the budget and overall financial state of both West Ottawa Public Schools and Kentwood Public Schools throughout the past three years, it is clear that both districts have attempted to prioritize spending with student achievement in mind. It will be imperative for administrators to continue to look to research while making these decisions. As mentioned previously, staffing decisions with regards to teacher salaries and support staff will most likely have one of the biggest impacts on student achievement. West Ottawa needs to look closely at the effects of cutting support staff to see if data supports the decision. Additional data collection and research must be done comparing student achievement data and support staff in order to definitively claim which budget model is most effective. Additionally, both schools need to prioritize the learning environment by budgeting appropriately for maintenance and operations. Kentwood Public Schools should look for ways to cut maintenance costs that are not directly tied to the learning environment.

Because of the manner in which schools are funded in Michigan, both West Ottawa and Kentwood need to find ways to maintain or increase student enrollment each year in order to have the highest revenue possible on a yearly basis. Increased student enrollment will ensure that both schools will continue to be able to provide the staffing, programming, and resources necessary for high student achievement. Because Kentwood Public Schools has significantly decreased the fund balance over the past three years, it will be imperative for them to increase student enrollment in order to avoid cuts to essential staff and services in future years. They currently are on an unsustainable trend and must find ways to increase revenue or decrease expenditures in ways that will maintain student achievement.

One way in which West Ottawa attempts to attract students and families to the district is by employing an Assistant Superintendent for Employee Relations and Marketing, Greg Warsen. Greg is able to promote the school to the community and foster key relationships among businesses and community members in order to build support for district initiatives. While Kentwood does not have such a position on staff, it is equally imperative to build community relations and attract students and families to the district. Budgeting will continue to be a daunting task for both West Ottawa and Kentwood in future years with rising costs of healthcare and retirement and the uncertainty of yearly revenue, but with effective financial planning that is research based, positive community support, and a continued focus on student achievement, both schools will be in a position to positively impact students and the surrounding community for many years.

**Line Item Budgets 2011-2014**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **WOPS**  **2011-12** | KPS  2011-12 | **WOPS**  **2012-13** | KPS  2012-13 | **WOPS**  **2013-14** | KPS  2013-14 |
| FTE | 7441 | 8797 | 7403 | 8724 | 7215 | 8859 |
| Foundation grant amount (per pupil) | $6846 | 7089 | $6966 | 7089 | $7076 | $7147 |
| Taxable SEV | $98,050,673 | $1,843,375,309 | $96,958,881 | $1,818,795,468 | $1,877,429,548 | $1,847,654,825 |
| Fund equity ($)  General Fund -Fund Balance | $11,628,164 | $10,326,456 | $11,362,702 | $7,414,065 | $12,248,230 | $6,541,534 |
| Fund equity (% of general fund expenditures) | 14.16% | 12.10% | 14.28% | 8.54% | 15.58% | 7.86% |
| Total revenue from all sources\* | $83,678,526 | $84,715,454 | $85,011,287 | $83,807,000 | $86,269,499 | $83,257,000 |
| Revenue per student | $11,245.60 | $9,630.04 | $11,483.36 | $9,606.49 | $11,956.96 | $9,398.01 |
| Total expenditures | $82,102,446 | $84,280,186 | $79,555,833 | $86,831,000 | $78,593,186 | $83,178,000 |
| Expenditures per student | $11,033.79 | $9,580.56 | $10,746.43 | $9,953.12 | $10,893.03 | $9,389.10 |
| Total salaries | $39,536,786 | $42,145,000 | $38,216,116 | $40,373,000 | X | $43,289,000 |
| Total salaries per student | $5313.37 | $4,790.84 | $5162.25 | $4,627.80 | X | $4886.44 |
| Instructional salaries | $26,647,167 | $28,376,497 | X | X | X | $40,070,000 |
| Instructional salaries per student | $3581.13 | $3225.70 | X | X | X | $4523.08 |
| Support salaries | $783,627 | $1,036,073 | X | X | X | $3,219,000 |
| Support salaries per student | $105.31 | $117.78 | X | X | X | $363.36 |
| Administrative salaries | $1,613,217 | $2,191,211 | X | X | X | $6,352,000 |
| Administrative salaries per student | $216.80 | $249.09 | X | X | X | $717.01 |
| Instructional benefits: Employee Insurances | $4,939,730 | $6,132,542 | X | X | X | X |
| Support benefits: Employee Insurances | $179,915 | $367,549 | X | X | X | X |
| Number of teachers | 453 | 485 | 457 | 529 | 453 | 515 |
| Number of teachers per student | .06 | .06 | .06 | .06 | .06 | .06 |
| Pupil teacher ratio | 23 | 25 | 22 | 23 | NA | NA |
| Number of support staff | 102 | 208 | 86 | 271 | 56 | 225 |
| Number of support staff per student | .016 | .024 | .011 | .031 | .008 | .025 |
| Number of administrators | 31 | 39 | 31 | 39 | 33 | 37 |
| Number of administrators per student | .0042 | .0078 | .0042 | .0045 | .0046 | .0042 |
| Transportation costs per student | $591.19 | $431.83 | $615.18 | $593.93 | NA | NA |
| Number of square miles | 73.21 | 23.176 | 73.21 | 23.176 | 73.21 | 23.176 |
| Average number of students riding buses per day | 4493 | 4673 | 4275 | 4808 | NA | NA |
| Transportation costs per average number of students riding per day | $997.25 | $823.28 | $1062.71 | $1089.90 | NA | NA |
| Operation and maintenance costs per student | $777 | $871 | $723 | $896 | NA | NA |
| Athletic costs per student | X | $153.23 | X | $152.45 | $53.42 | $155.10 |
| General fund contribution to athletic fund per student | X | $1,348,000 | X | $1,330,000 | X | $1,374,000 |
| MEAP score  % proficient | **math:**  3rd 36.0%  4th 54.0%  5th 51.0%  6th 44.0%  7th 39.0%  8th 31.0%  **reading:**  3rd 63.0%  4th 75.0%  5th 73.0%  6th 72.0%  7th 67.0%  8th 68.0%  **science:**  5th 16.0%  8th 18.0%  **social studies:**  6th 29.0%  9th 31.0%  **writing:**  4th 65.0%  7th 52.0% | **math:**  3rd 43.0%  4th 47.0%  5th 49.0%  6th 41.0%  7th 26.0%  8th 28.0%  **reading:**  3rd 60.0%  4th 72.0%  5th 67.0%  6th 64.0%  7th 60.0%  8th 64.0%  **science:**  5th 18.0%  8th 16.0%  **social studies:**  6th 24.0%  9th 21.0%  **writing:**  4th 51.0%  7th 52.0% | **math:**  3rd 42.8%  4th 51.8%  5th 63.4%  6th 47.4%  7th 45.1%  8th 33.1%  **reading:**  3rd 70.8%  4th 72.9&  5th 79.9%  6th 71.6%  7th 66.7%  8th 66.8%  **science:**  5th 19.8%  8th 19.3%  **social studies:**  6th 32.8%  9th 32.5%  **writing:**  4th 64.5%  7th 62.8% | **math:**  3rd 43.0%  4th 46.2%  5th 47.1%  6th 34.7%  7th 31.3%  8th 35.6%  **reading:**  3rd 72.3%  4th 67.6%  5th 74.4%  6th 66.3%  7th 58.9%  8th 69.2%  **science:**  5th 8.3%  8th 13.2%  **social studies:**  6th 28.0%  9th 22.3%  **writing:**  4th 56.5%  7th 54.6% | **math:**  3rd 43.1%  4th 48.9%  5th 53.6%  6th 46.1%  7th 40.6%  8th 29.4%  **reading:**  3rd 63.1%  4th 76.5%  5th 77.0%  6th 66.1%  7th 66.3%  8th 71.9%  **science:**  5th 21.8%  8th 27.0%  **social studies:**  6th 30.3%  9th 27.8%  **writing:**  4th 68.8%  7th 60.8% | **math:**  3rd 49.1%  4th 48.2%  5th 48.6%  6th 39.9%  7th 32.7%  8th 32.3%  **reading:**  3rd 60.3%  4th 73.4%  5th 73.0%  6th 71.7%  7th 59.2%  8th 72.7%  **science:**  5th 13.2%  8th 13.6%  **social studies:**  6th 24.1%  9th 17.3%  **writing:**  4th 60.1%  7th 50.6% |

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