# NEPC Review: Documenting Inequitable Patterns in Spending by Parent Teacher Associations, Parent Teacher Organizations, and "Friends of" Fundraising Groups at Illinois Public Schools (Urban Institute, January 2022)



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March 2022

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## Summary

Research suggests that public schools serving advantaged students are more likely than other public schools to benefit from private fundraising. *Documenting Inequitable Patterns in Spending by Parent Teacher Associations, Parent Teacher Organizations, and "Friends of" Fundraising Groups at Illinois Public Schools,* a new report from the Urban Institute, finds that private fundraising in Illinois follows this pattern. Based on an analysis of tax return data for 600 school-specific organizations in the state, matched with school-level demographic data, the report finds that such fundraising organizations are more likely to exist in advantaged schools. It also finds that groups at wealthier and whiter schools spend more per student than groups at other schools. In light of these findings, the report recommends that state and district policymakers track private fundraising and consider strategies for resource sharing and equalization. While the report's claims are consistent with other research, problems with the analysis and presentation of the data severely undercut its validity, making it hard to know how much these patterns exist in Illinois schools. In particular, the report fails to conclusively demonstrate two key claims: that schools serving wealthy student bodies are more likely to have private fundraising groups, and that larger shares of white students are associated with increased private spending. Nonetheless, the report's approach of calculating per-pupil spending to estimate the magnitude of spending by private fundraising organizations could be useful to scholars and policymakers interested in understanding the potential impact of school-specific fundraising organizations. These groups could also find report's recommendations helpful, especially those concerning tracking and equalizing funds raised.

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## I. Introduction

Educational inequality has many sources. For decades, policy debates have tended to focus on state- and district-level expenditures, with evidence increasingly showing that more funding leads to improved outcomes for students.[1] However, private fundraising also plays an important role in supplementing school resources, potentially serving as another source of inequality. Public schools that serve middle- and upper-income families often have more potential to raise significant amounts of money than schools serving lower-income families. Private funds can support additional programming or improvements to facilities or pay for extra staff—things that other schools, even in the same district, cannot afford. As a result, some states and districts have implemented policies designed to equalize benefits of private fundraising.[2]

A recent Urban Institute report analyzing the role of parent teacher organizations and similar groups echoes and amplifies the existing critique of private fundraising: the charge that it exacerbates inequitable school funding. The report, *Documenting Inequitable Spending by Parent Teacher Associations, Parent Teacher Organizations, and "Friends of" Fundraising groups at Illinois Public Schools,* authored by Claire Mackevicius, compares the amount of money raised by such groups with the demographics of the students served.[3] It asserts that private fundraising increases educational inequality and that state and district policymakers should document the amounts such groups raise and consider the additional resources when making funding decisions.

## II. Findings

To take stock of the impact of private fundraising in Illinois, the report asks several questions, which are implied rather than directly stated:

1. How much money do school-specific organizations spend per pupil and how do these amounts vary by school?
2. How does the existence of fundraising groups at Illinois schools correlate with the financial status of students served?
3. How does the amount a group spends correlate with the financial status of students served?
4. How does the amount a group spends correlate with the race/s of students served?

The report matches data from all 600 fundraising organizations that filed taxes in Illinois with information on school characteristics and calculates the amount spent per pupil. Findings are displayed in four figures, supplemented with examples of specific schools and districts.

The report shows a wide distribution in the amount of money spent; on average such groups spent about $100 per pupil, but the groups in the top 25% spent an average of nearly $270 per pupil. The report claims that this money was especially helpful as schools struggled with the Covid-19 pandemic, allowing some schools to reopen more quickly than others.

The report further finds that private fundraising groups are more likely to exist at schools with a smaller percentage of students eligible for free or reduced-price lunch (FRPL) and that the groups spending the most money serve schools with the wealthiest populations. Similarly, higher-spending organizations are most likely to benefit schools serving whiter populations. These patterns exist both across and within school districts.

Taken together, the report argues, these data show fundraising groups ultimately have "regressive effects" on school-level resources, providing additional resources to schools and students who are already advantaged with respect to race and income. The report concludes with several recommendations for state and local policymakers:

- Develop systems for documenting private fundraising.
- Take fundraising information into account when allocating federal, state, and local funds across schools.
- Develop strategies for distributing funds raised by wealthier schools across multiple schools.

## III. Rationale

The report's conclusions and recommendations are based on several assumptions:

- Tax records provide an accurate representation of the amounts fundraising groups spend.
- Per-pupil spending is a more meaningful metric of impact than the absolute value each group raises or spends.
- The percentage of students eligible for free or reduced-price lunch is an appropriate proxy for student wealth, such that schools serving small numbers of FRPL-eligible students are "wealthier-serving."
- The *average* amount spent is a good indicator of fundraising impact.

## IV. Use of Research Literature

The report is nicely situated within the large and growing literature on the role and impact of parents' organizations. It cites key studies that have examined how much these organizations raise and the extent to which they disproportionately advantage schools with already advantaged populations.[4] It also engages with literature showing what happens when PTAs become "professionalized"—that is, when participating parents are expected to have professional-level skills and those who do not are marginalized.[5]

## V. Review of Methods

The report uses tax returns from the 600 school-specific fundraising groups in Illinois, matched with data on school-level characteristics (school size, racial composition, and percent eligible for FRPL) from the Urban Institute's Education Data Portal. The report gives little information about this data portal, but, according to the website, the portal integrates data from a variety of sources, including the Common Core of Data, which is a credible source for information on school-level characteristics.[6] The report then puts the amount spent by each organization into "per-pupil terms," presumably by dividing the amount spent overall by the number of students in each school. This is a reasonable step, as it accounts for differences in school size and provides a better measure of how students might benefit than overall amount spent. Because the bulk of the data in the report is displayed in four figures, which then form the foundation for the report's conclusions, this section will discuss each of these in turn.

Figure 1 of the report, a bar graph, answers the first question, about the amounts the groups raise and how they vary across schools. It shows that per-pupil spending varied from zero to approximately $600, with an average of $107.12. Yet, as the figure shows, there is a fairly long tail to this distribution. For this reason, it is less helpful to know the *average* amount raised than it would be to know the *median*. As with distributions of income, medians tend to be more meaningful than means.

The figure also suffers from some design issues. The x-axis of this bar graph, per-pupil expenditure, would be easier to interpret with more specific labelling. As currently configured, it is difficult to know the actual value of each bar. Additionally, the report claims that the top 25% of organizations spend an average of $266.93. Yet a closer look reveals some inconsistencies. The figure includes a vertical line indicating the place on the graph where the top 25% begins. However, going by the location of the numbers on the x-axis (which, again, is hard to interpret), this line is at approximately $300 per pupil. It does not make sense that the average would be lower than that. Either the axis label is incorrect or the way the report interprets the data and displays this demarcation is inaccurate.

To begin to unpack the relationship between fundraising and existing patterns of inequality, Figure 2, another bar graph, assesses the correlation between the existence of a parent teacher organization that raises funds and the percentage of students eligible for FRPL. There are significant methodological problems associated with this approach. First, the report labels schools with small shares of FRPL eligible students as "wealthy." This is misleading, as it implies that such schools serve children who are in the upper income brackets, which may not be the case.

Second, the report claims the figure shows that "there are more parent teacher associations at wealthier schools." However, because we do not know the total number of schools in each category, we cannot know that this is a function of a meaningful difference with respect to student income or simply the result of the existence of more "wealthy" schools in the state. If the majority of schools in Illinois had very low percentages of FRPL-eligible students, then the fact that most fundraising groups were associated with low-poverty schools would make sense. It would have been more useful to *first* break schools into quintiles based on the percent of FRPL-eligible students and *then* calculate the percent of schools within each quintile that have a private fundraising organization. If a higher percentage of low-poverty schools had such organizations (and a lower percentage of high-poverty schools), then the pattern this figure purports to show would clearly exist. But without that analysis, it is just impossible to be certain.

Finally, the values of the x-axis of this graph (the share of students eligible for FRPL) extend only from 0.0 to 0.8. Yet there must be schools in Illinois with more than 80% of students eligible for FRPL. Perhaps there were no parent teacher organizations filing tax returns at those schools? If so, this is another reason that calculating the percent of schools within each quintile (based on share of FRPL-eligible students) would have been a more effective way of analyzing and displaying the data.

The report's analysis of data on the relationship between FRPL status and organizations' per-pupil expenditure is also problematic. Figure 3, a scatterplot with share of students eligible for FRPL as the x-axis and organizations' per-pupil expenditures as the y-axis, is difficult to interpret. First, the x-axis is divided into quintiles, but one quintile is missing a label and the far-right quintile is labeled 0.8. Adding to the confusion, the report claims that "organizations associated with the wealthiest quarter of schools . . . spend much more (an average of $123 per pupil) than the fewer organizations at the least-wealthy quarter of schools (an average of less than $50 per pupil) (figure 3)."[7] Yet, as noted above, Figure 3 appears to be dividing the schools into quintiles, not quartiles. Why not be consistent? Even more important, there is no information about what each dot in the scatterplot actually represents. Are they mean or median amounts spent for the schools at each level of FRPL eligibility? This figure would have been far more effective as a bar graph that included the number of schools in each category or as a scatterplot with each school represented as a dot. Though the overall pattern seems in line with the report's claims, the way these data are presented undermines their impact.

The report's final analysis examines the relationship between a school's "relative racial composition" (determined as "relatively less white" and "relatively more white") and the organization's per-pupil expenditure. This analysis, displayed in Figure 4, purports to show that organizations at whiter schools spend more money than those at less-white schools. However, there are no labels at all on the x-axis, leaving the reader to wonder how much variation there is between "relatively more white" and "relatively less white" and what the points along the axis actually mean. As with Figure 3, there is also no information about what each dot represents. Here again, a scatterplot with a dot for each school would have been most effective.

Finally, with the exception of a few extremes for the whitest schools, the pattern is less clear than it appears to be with Figure 3. Overall, there does not seem to be a strong relationship between racial composition and spending. The figure includes a trend line suggesting a positive relationship between whiteness and amount spent, but this line is likely skewed by the extreme cases. The discussion of the data, on page 6, similarly focuses on the extreme cases, comparing the whitest schools in one district (with very high-spending organizations) with the least white schools (with lower-spending organizations). While these extremes are indeed striking, it is not clear from Figure 4 that they indicate an overall pattern.

## VI. Review of Validity

The report's conclusions are consistent with findings from other research showing that schools serving more affluent student populations are more likely than other schools to benefit from significant parent fundraising efforts. However, the problems with the analysis and presentation of the data severely undercut its validity, making it hard to know how much these patterns exist in Illinois schools.

## VII. Usefulness of Report

The report fails to conclusively demonstrate two key claims: that schools serving wealthy student bodies are more likely to have private fundraising groups and that an increase in the proportion of the student body that is white is associated with increased spending by private organizations. However, its approach to estimating the magnitude of spending by private fundraising organizations (by calculating per-pupil spending) could be useful to scholars and policymakers interested in understanding the potential impact of school-specific fundraising organizations. These groups could also find report's recommendations, especially about tracking and equalizing funds raised, helpful.

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