

# WABE Benchmarking Report Highlights Need for APS to Direct Budget Resources to Student-Facing Positions

As APS prepares its budget for the FY 2023 school year, we believe it is useful to analyze the recently released WABE benchmarking analysis to compare how APS prioritizes its budget expenditures compared to its peers. Such comparisons can help highlight areas where APS may be under-investing or over-investing compared to its peers. While benchmarking analyses alone may not be dispositive in determining whether funds are being well-spent, they are helpful in identifying areas for further focus and attention.

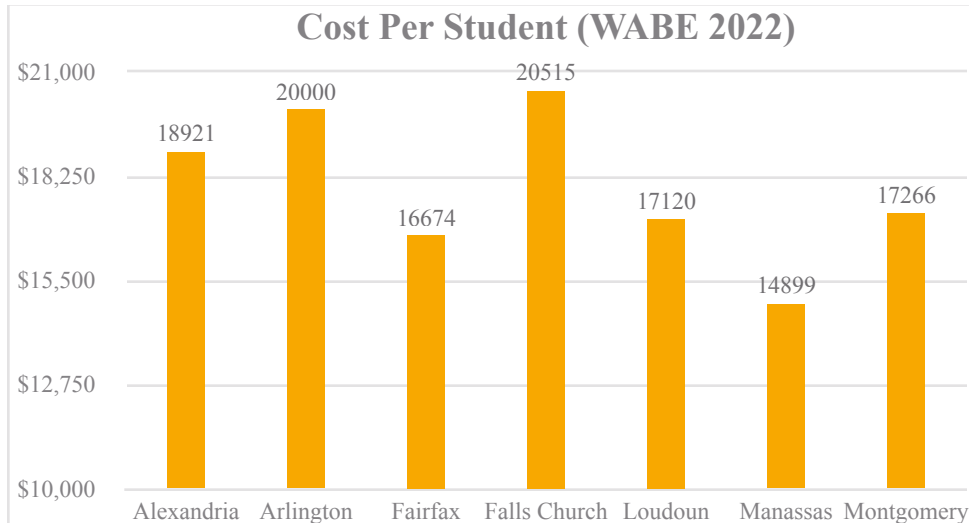
The Washington Area Boards of Education (WABE) is a valuable tool for local public school systems. It is a cooperative effort among approximately 11 local school districts to share and harmonize budget data to enable effective benchmarking comparisons. Because of the steps taken to harmonize the data, it is not possible to directly compare the WABE data to data originated from the APS budget (or the budgets of any of the other schools). The districts represented (so far) in this year's WABE benchmarking study include (in alphabetical order) Alexandria, Arlington, Fairfax, Falls Church City, Loudoun, Manassas City, and Montgomery County.<sup>1</sup> The current version of the WABE publication is available on the APS website [here](#). Readers should review the full guide if they are interested in additional detail, the below analysis will focus on those factors we believe to be the most relevant.

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<sup>1</sup> The eleven school divisions that have in the past participated include those mentioned in text plus the City of Fairfax, Manassas Park City, Prince George's County, and Prince William County. In any given year certain of the districts may not contribute data (or it may not be available at the time the guide is published).

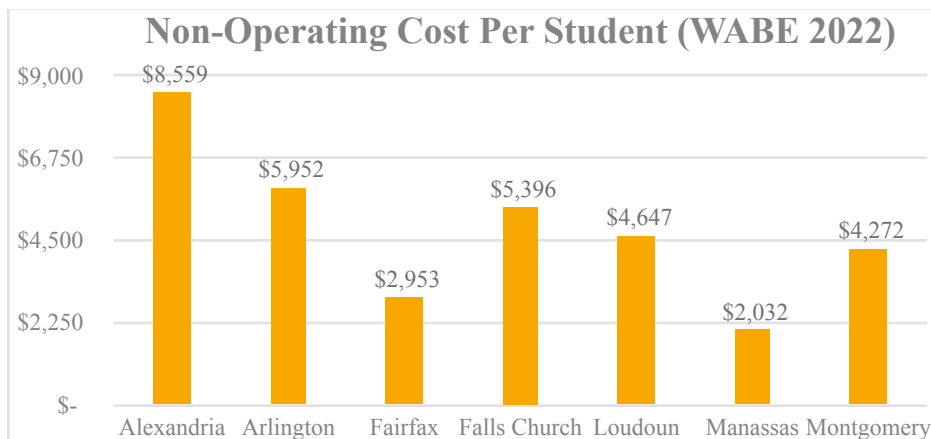
**1. APS Overall Cost Per Student is High**

We are fortunate to live in a district that can afford to fund our education system at a level among the highest in the area. As noted below, on a per-student basis, APS’ funding is the second highest amongst the WABE districts.



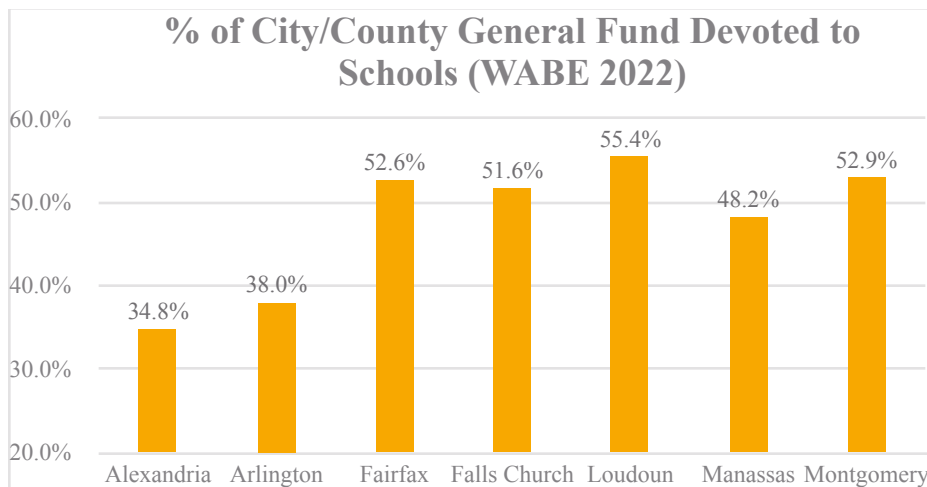
**Cost per student should be corrected for actual enrollment.** The WABE cost per student numbers used the student counts projected in each district’s 2022 FY budget. Arlington’s budget projected 29,108 students; APS has now reported to VDOE an enrollment of 27,045. All of the other Virginia districts in the WABE report budgeted for enrollment levels that exceeded their actual enrollment. But APS’ estimate was the furthest off. APS overestimated enrollment by 7%, while the other Virginia districts overestimated enrollment by 2% (Manassas) to 5% (Fairfax). Corrected for the actual enrollment, APS spent the most per student of any district (\$21,526/student). Because the actual 2022 enrollment for almost all districts was within 1% of the 2021 actual enrollment reported to WABE, per student costs throughout this document will refer to cost per 2021 actual students.

**Non-Operating costs are also high.** The WABE cost per student reflects only the operating costs. It does not include construction, debt service, capital outlays, and other expenditures. On those expenditures, APS is also among the leaders in the area, spending nearly \$6,000 per student on non-operating expenses. This includes \$2,159 per student in APS’ construction fund and \$2,170 per student in debt service. Arlington’s debt service per student is the second-highest among the benchmarked schools. Altogether, between operating and non-operating costs, APS spends approximately \$28,085 per student, which is second highest in the area only to Alexandria, which has very high expenditures in its construction fund.



**State funding for APS is low.** WABE reports on the sources of funding for the benchmarked school districts. Among the benchmarked Virginia districts, APS (along with Alexandria) receives the lowest percentage of its funding from the state: 13.9%. Neighboring districts received a greater portion of their budget from the state: for example, Falls Church (14.7%), Fairfax (23.2%), Loudoun (29.7%) and Manassas City (52%). This is explained [here](#) (at page 50). The Virginia General Assembly apportions the cost of funding to schools as between the state and the local government using a Local Composite Index (LCI). The higher the LCI, the greater proportion of funding is paid by the local government. The index is capped at 0.800. Arlington, along with Alexandria, Falls Church City, and Fairfax City, are all capped at 0.800. Other districts have a lower LCI, including Fairfax (0.65), Loudoun (0.54), Prince William (0.37), and Manassas City (0.36). Thus, the determination of the state legislature is that Arlington can afford to pay a proportionately larger share of the APS budget.

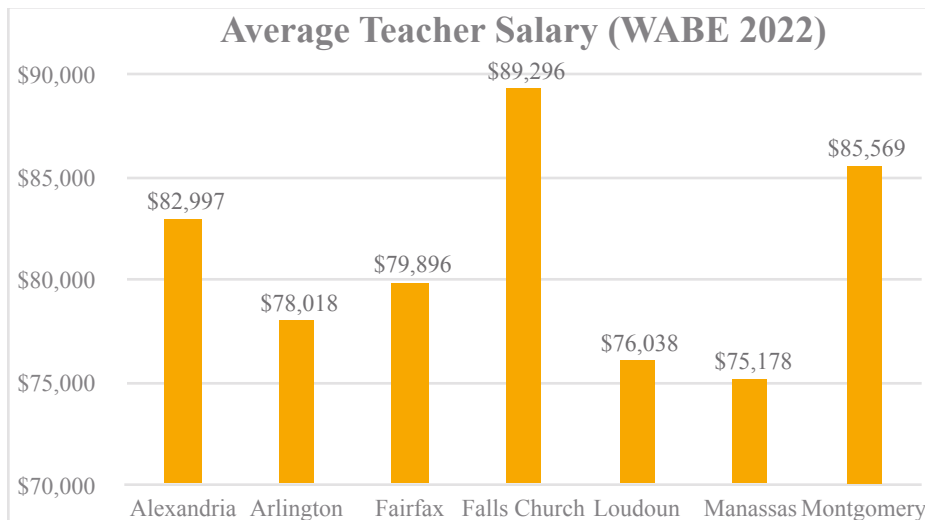
**Arlington County funding is low.** WABE reports the percent of each City or County’s general fund that is dedicated toward the local public school system. This benchmark shows that Arlington County is second to last (behind only Alexandria City) in the portion of its general fund devoted to its public schools. In short, while we are fortunate to live in a County with a lot of resources (as reflected by the State’s LCI calculation) and APS spends more per student than almost any other district, to the extent that additional resources are required, there is a good argument that Arlington County should devote a greater proportion of its general fund to funding APS.



## II. APS Should Prioritize its Budget on Instructional Positions

Research shows that focusing school district resources on student-facing instruction, rather than administrative functions, is a key to improving school district performance. One [study](#) conducted in Texas, for example, found that high-performing districts were “associated with higher spending for instruction, core expenditures, and number of teachers and with lower spending for general administration and number of administrative staff.” That study found that districts improving their performance spent more per pupil on instruction and instruction-related areas, and re-allocated resources away from administrative and other non-instructional areas.

**APS budget is not focused on key factors driving instruction.** For APS, despite the fact that it is among the highest in the region in cost per student, this has not translated to resources being directed to the levels where they can have the greatest impact on our students. As previously [reported](#), APS has among the largest class sizes of any district in the region, particularly at the elementary school level. Further, APS’ recently-conducted market [analysis](#) of teacher pay reflects that APS is no longer among the top 1 or 2 in teacher pay in the region. That point is confirmed in the data from WABE, which reports out the “average” pay for teachers at the local districts.



The above teacher salary benchmarks, where APS ranks fifth out of the seven local districts, may understate the extent to which APS trails its competition. Once benefits are taken into consideration, WABE reports that APS ranks second to last among local districts in employer cost for average teacher salary.

**APS’ planned pay raise may not be sufficient.** APS has stated its intention to address this pay disparity through its proposed pay scale [redesign](#). This increase is intended to raise average base teacher pay by 7.4%, and to place APS among the top 1 or 2 in the region for teacher compensation. As teacher compensation is one (but only one) factor allowing APS to attract and retain the best teachers, this is a good and necessary budget adjustment. It is not clear, however, that this pay adjustment will achieve its goal. In its newly released [budget](#), Fairfax has stated its intent to increase its teacher salaries by 4%, in addition to step increases; Prince William announced a [7% overall increase](#). Based on the data reflected in APS pay scale design document, if Fairfax increases its compensation by 4%, it will still be paying more at almost every teacher tenure (aside from the 15-year tenure) than APS will be paying under its

new pay scale. In other words, while APS will be incurring a necessary cost to keep up with the pay of its peer districts, its proposed pay increase will not suffice to place APS amongst the top of the pay scales. With a district as large as Fairfax next door paying teachers more than APS is paying, APS can expect to lose many qualified candidates to Fairfax.

APS should be focusing its many resources on reducing its class sizes (as we have previously addressed), investing in teacher pay increases, and fully funding other benefits (such as funding for National Board Certifications). To make that happen, APS (and perhaps Arlington County) will need to reallocate funds to truly fund a top tier school system.

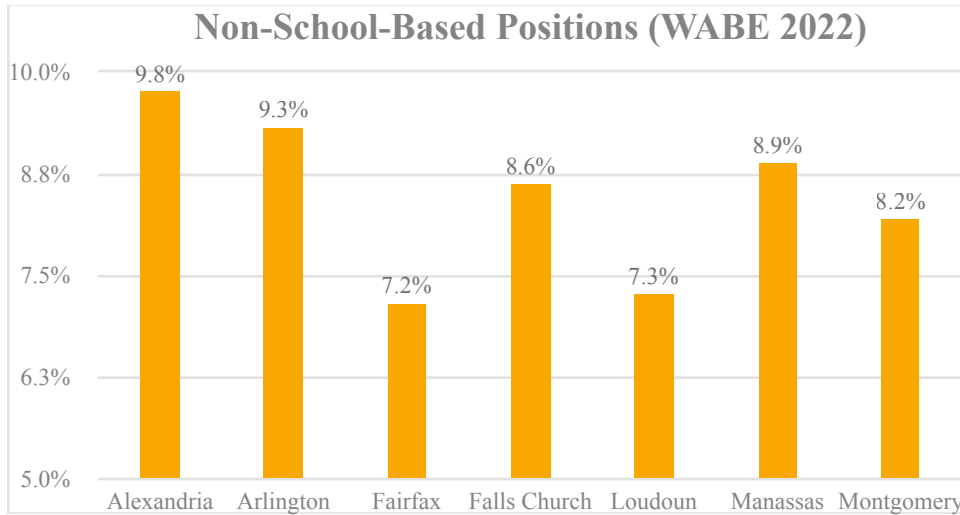
**III. APS Should Reduce Non-School Based and Administrative Positions to Increase Instructional Positions**

It would be reasonable to ask, if APS is amongst the highest in cost per student in the area, but has the largest classrooms and pays amongst the lowest in teacher compensation, where is APS placing its budgetary priorities? The benchmarking data from WABE provides us some insight into that question, though the upcoming budget cycle will certainly provide additional data.

**APS is among the highest in non-school based positions.** One item quickly apparent from the WABE benchmarking is that APS leads among the local districts in the percentage of its employees that are non-school-based. Among APS’ 4590 authorized positions (as reported to WABE), 9.4% of those positions (427) are not school based. The average in the region is 8.5%, and the leaders in the region are able to support their school systems with only 7.2% non-school-based employees. While district size scale factors may partially explain the performance of Fairfax and Loudoun, districts that are much smaller than APS (including Falls Church and Manassas) are able to support their school systems with relatively fewer employees.<sup>2</sup>

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<sup>2</sup> To frame it somewhat differently, APS’ 427.7 non-school-based positions support 27,000 students, or on average each such position supports approximately 63 students. At APS’ regional peers, the non-school-based positions support on the low end 68 students (Alexandria) and 86 students (Manassas) and at the larger school districts 90-100 students (Montgomery, Fairfax, and Loudoun). If our non-school-based positions were able to support 80 students per person, APS could reallocate 90 positions; enough to pay for the reduction in class size factors.

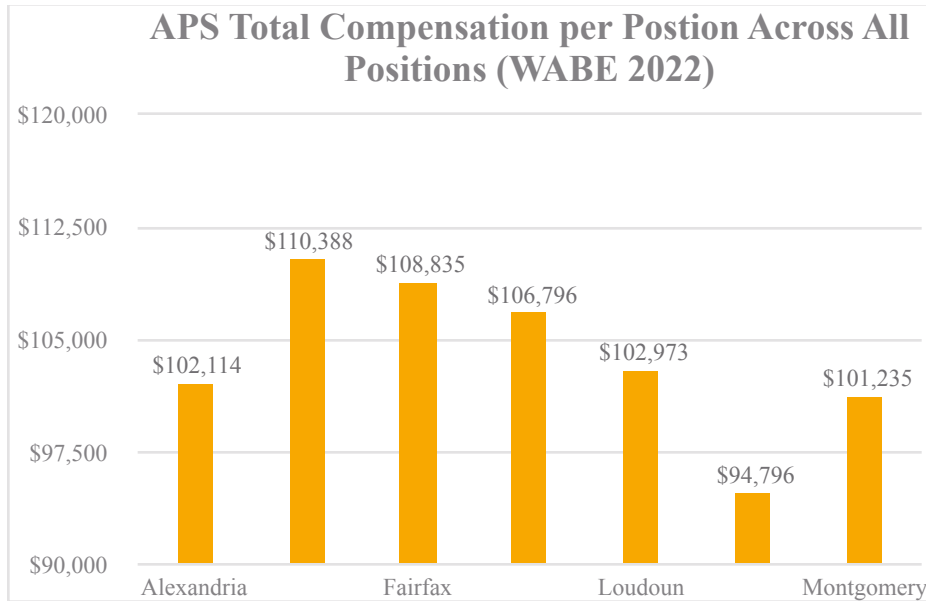


**APS should look for savings by partially reversing its central office staffing increase.**

During last year’s budgeting cycle, APS increased its central office budget by 22% over two years, while the budget for elementary and secondary schools increased only 4% and 7.8% respectively. If APS reduced its non-school-based positions to the regional average of 8.5%, the savings would alone pay for more than half of the cost of reducing the class size planning factors. Such a reduction would reverse only a quarter of the \$13 million increase in the central office budget from the FY 2022 budget year. Based on WABE data, areas where APS may be particularly overstaffed is its technical and support staff (e.g., accountants, financial, personnel and management analysts, computer programmers and professional engineers), and its non-school-based clerical staff. Other categories where APS’ staffing ratio is slightly higher than average include office support staff, custodial staff, and education specialists.

**IV. Other Savings Potential Identified by the WABE Benchmark Data**

**Overall compensation per employee appears high.** While WABE reports that APS’ teacher salary is on the low end, APS’ total salary per employee as derived from WABE data appears to be on the high end of the reporting districts. WABE reports out the total compensation paid by each district, and breaks that data down into full-time position salaries, other compensation, and employee benefits (WABE report at 51). It also reports out the total authorized positions and all other positions in the district (WABE report at 34). One way to benchmark the average compensation paid to all employees on average across each district is to divide the total compensation paid by the district divided by the total number of positions (authorized, operating, and non-operating positions). While imperfect, such a metric can permit comparisons across districts regarding the average compensation per position.



That analysis reflects that APS’ average per employee compensation (total compensation divided by all positions at APS) is higher than the average for all other districts. Given that APS’ teacher salaries are on the low end of regional compensation, this suggests that compensation for positions in APS other than teachers is higher on average than the compensation offered by other districts.<sup>3</sup> There was insufficient information within the WABE report to draw any conclusion on that issue, but it is one meriting further inquiry by APS. While we support a higher salary for our teachers, APS may have an opportunity to change its mix of employees over time, or its relative compensation of certain employees, to bring its total compensation per position more closely in line with those of its peers, obtaining potentially substantial savings.<sup>4</sup>

**APS’ debt service is high.** After years of investing to build additional school capacity, APS has one of the highest debt service rates among the local districts. WABE data reflects that

<sup>3</sup> We were surprised by these results, and evaluated the data in several ways. We ran the analysis using only the number of positions WABE reported as authorized positions (excluding operating and non-operating fund positions). We also analyzed the data using only the full-time position salary data divided by the authorized positions reported to WABE. In each case the data reflected the same pattern: APS’ overall compensation per employee, and its salary paid per employee, were the highest in the region. There may be several explanations for this result. It is possible that APS’s mix of employees skews more heavily than neighboring districts towards more highly-compensated positions. It may be that APS pays higher than its peers at certain positions other than teachers. The only other data in the report addressing compensation was provided for bus drivers, substitutes, and School Board members. APS ranked third among districts for both beginning and hourly pay for bus drivers. After APS’ recent increase in substitute pay rates, APS ranked 4<sup>th</sup> and 3<sup>rd</sup> respectively for pay to short-term and long term licensed substitute teachers. APS tied for 2<sup>nd</sup> (with Montgomery County) for School Board member pay.

<sup>4</sup> Although it would be premature to quantify potential savings based solely on the WABE benchmark data, to get a sense of the order of potential savings that might be found, we estimated APS’ total compensation if its total employees’ compensation met the average among the other districts (\$103,876) or the average of Fairfax (\$108,835). Compared to APS’ average compensation of \$110,388, APS could potentially save \$7.8 million if it met the Fairfax average, and \$32.8 million if it met the average for the region.



APS' debt service currently accounts for \$2170 per student. With the exception of Falls Church City (which just built a new High School, among other projects), APS' debt service per student is the highest of every other reporting district. In light of that substantial debt load, APS should carefully consider its overall facilities program and the extent to which further investments are currently required. APS is currently evaluating a proposal for the Career Center that is projected to cost \$150-170 million. Such an investment would add at least \$7 to \$8.5 million to the cost of APS' debt service each year. There are significant questions about whether a need exists for such a substantial investment (though that is a topic beyond the scope of this paper). As the Joint Facilities Advisory Commission (JFAC) stated in its comments last year, "APS should rethink or scale back Career Center Planning and continue to explore alternatives . . . . The increase in debt service will further constrain APS' ability to fund instructional programs or staff salary increases in the coming years."

**Arlington Parents for Education** is a volunteer-led, non-partisan coalition of parents, teachers, students and citizens dedicated to accountability, transparency and education excellence at Arlington Public Schools.

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