

## Budget Cuts Devastated Academics During the Last Recession, New Research Finds

By [Daarel Burnette II](#) on [August 4, 2020 10:27 AM](#)

During the last recession a decade ago, states haphazardly slashed away at their K-12 budgets, sending waves of budget cuts to districts that serve the bulk of the country's most academically struggling students.

**New research** published Tuesday by the journal Education Next shows those budget cuts, amounting to more than 10 percent in some states, directly caused academic outcomes to sink among all students and especially among Black, Latino, and poor students, those who makeup the majority of America's K-12 student body. For every \$1,000 cut from a district's budget, math and reading test scores dropped by 1.6 percentage points among all students, and widened academic disparities between white students and Black and Latino students by 6 percentage points, according to the study partly led by C. Kirabo Jackson, a professor at Northwestern University.

The study, released just weeks before states start to figure out how to make budget cuts related to the coronavirus pandemic, is more ammunition for school finance researchers seeking to put to bed **a long-standing debate** in the K-12 community over whether more money can directly lead to academic gains.

"I think believing that money doesn't matter has let policymakers off the hook," Jackson said. "If we believe it doesn't matter, then we don't have to make sure that schools are adequately funded."

The most recent study argues that, just as academic outcomes grow when the government spends more on education, a finding born out of **prior research**, they decline when the government takes money away from school districts.

Even before the coronavirus pandemic sparked the latest recession, there was widespread alarm about America's K-12 academic outcomes. In October, NAEP scores showed that the nation's reading and math academic outcomes had **stagnated**, which U.S. Secretary of Education Betsy DeVos called a "wakeup call."

The pandemic for the last several months has forced suspension of in-person classes which, according to **a working paper** released by the Northwest Evaluation Association, a nonprofit research organization, has resulted in the loss of more than a full academic year of learning for all students.

Due to the pandemic, states now face more than \$555 billion of budget cuts in the coming three years, and the vast majority of those cuts will likely fall on low-income, majority Black and Latino districts that **heavily rely on state sales and income tax revenue**.

While conservative politicians, some education policy advocates and U.S. Secretary of Education Betsy DeVos have argued that more money doesn't necessarily boost academic outcomes, a growing number of school finance researchers have concluded that money matters when it comes to classroom learning.

A series of findings in the last five years, based on more comprehensive spending and academic data and new research strategies, shows that when state and local officials invest more money in things such as **school construction**, teacher pay and lowering teachers' class sizes, academic results jump.

"While one can poke holes in each individual study, the robustness of the patterns across a variety of settings is compelling evidence of a real positive causal relationship between increased school spending and student outcomes on average," Jackson concluded in a 2018 **review of studies**.

In his most recent analysis, Jackson, along with Heyu Xiong, an assistant professor at Case Western Reserve University, and Cora Wigger, a PhD candidate at Northwestern University, analyzed states' standardized test scores and college-going rates between 2002 and 2017 to determine the impact that recession-era K-12 budget cuts had on students' academic outcomes.

Jackson concluded that states that faced the heaviest cuts, those where districts are most reliant on state funding, saw the biggest drops in academic outcomes. And the college-going rate declined by 2.6 percent.

"The fact that the budget cuts and the academic outcomes were almost symmetric surprised us," said Jackson.

(A **similar study** released last year had similar conclusions.)

Because budget cuts during the last recession were flat, they fell most heavily on districts serving low-income, Black and Latino students whose districts rely heavily on state revenue to makeup for low property tax revenue. Those districts froze capital spending and collectively laid off more than 300,000 teachers.

That coincided with a belief by lawmakers that competition in the form of school choice and heavy accountability, rather than more money, would result in better academic outcomes. States set about firing who policymakers defined as ineffective teachers and growing the nation's charter sector.

Jackson sees the latest study as a caution to lawmakers as they prepare to make more budget cuts. He said there's a growing need to rightsize the wide variance in spending on students across states, districts and schools. While some districts spend as much as \$30,000 per student, other districts spend just \$6,000 per student.

"We're now requiring that schools do more, by educating students virtually or in-person, but they're also facing budget cuts, which, as a rule, isn't a recipe for success," Jackson said.

There's a concerted effort by civil rights groups now to protect **low-income school districts** from budget cuts in the coming months, but they face strong headwinds from wealthy communities and their state legislators.

Meanwhile, researchers are now combing through **recently released school-by-school spending data** to determine the impact money has on principal leadership, teacher effectiveness and academic initiatives.