

## Student Outcomes: Does More Money Really Matter?

Fresh research bolsters the case for K-12 cash—and a rough road without it

By Daarel Burnette II

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If American taxpayers were to fork out a couple billion more on top of the \$650 billion they annually spend on public schools, would academic outcomes improve?

Most likely not, many politicians have repeatedly told the public over the past several decades. Just look at schools' track record, they say: They're getting twice as much in combined local, state, and federal funding today than they were getting 30 years ago, and yet outcomes are still wanting.

That assertion—that more money isn't the answer to what plagues America's public schools—is repeated in some form all the time: by frustrated taxpayers, by local and state politicians, and even by President Donald Trump's secretary of education, **Betsy DeVos**.

"Continued federal funding to try to fix problems has not yielded the results we've all hoped for," DeVos said in April during a congressional budget hearing in which she attempted to defend the administration's proposal to cut more than \$200 million from a federal literacy initiative.

Now, a growing number of researchers are pushing back against what they see as a simplistic, reductionist view of the role that spending plays in school quality and student performance.

More money does, in fact, make a difference, they say—provided that you spend enough, and in the right manner. They point to **research** in the past five years that provides examples of instances where politicians and taxpayers invested more money in teacher salaries, school construction, and schools with high populations of low-income students and saw students' test scores jump.

Prior correlation studies between spending and better educational outcomes conducted in the 1980s and 1990s, they argue, used poor research models and incomplete spending data. They say the real, and more difficult, question to answer is how should schools spend their money.

"Saying money doesn't matter is something that would be convenient if it were true," said Diane Whitmore Schanzenbach, a Northwestern University labor economist who **found** that states that overhaul their school finance systems see a significant positive impact on student-test scores.

And part of that improvement, she says, comes from tighter tracking and control of how money gets spent along the way.

"In the old days, money didn't matter as much because schools weren't held accountable for their outcomes," said Schanzenbach. "Now that we have more accountability, the relationship between money and achievement has changed."



QUALITY COUNTS 2019:  
Grading the States  
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## Targeting Resources

Eric A. Hanushek, a nationally known economist and fellow at the Hoover Institution at Stanford University, has been a sharp critic of the way public money is spent on education and the return on that investment. His work is frequently cited to dispute public school advocates' push for more resources.

But Hanushek says politicians who argue that schools should spend less often misuse his work. He agrees that more money can improve student outcomes given that they dramatically change their spending habits, including in areas such as teacher pay and in linking district funding to achievement.

"It's not that resources don't matter and that they can't matter," he said. "It's that you can't trust that you can just drop in a pile of money and expect good performance to come out. That doesn't mean you should cut spending on schools. I think that there's still a case to be made on targeting extra resources on schools to get better performance."

The Education Week Research Center's most recent *Quality Counts* analysis illustrates the variations in school spending lift across the country.

This year's report, for example, gives the nation, which spends on average around \$12,000 per student, a C on school finance overall. But there are big variations among the states. For example, even adjusted for regional cost differences, Wyoming is third-highest on the *Quality Counts* spending list at \$18,090 per pupil, while neighboring Utah is the lowest in the nation, at \$7,635 per pupil.

## OVERALL FINANCE GRADES

Most Improved

STATE	SCORE (GRADE)	CHANGE
California	73.9 C	↑ 3.3
Washington	75.4 C	↑ 2.5
Wyoming	92.8 A	↑ 1.4
Utah	62.6 D	↑ 1.3
Oregon	72.5 C-	↑ 1.2

Largest Declines

STATE	SCORE (GRADE)	CHANGE
Alaska	82.1 B-	↓ -2.9
West Virginia	76.7 C+	↓ -1.9
Wisconsin	76.8 C+	↓ -1.6
Maine	84.0 B	↓ -1.3
Kansas	72.0 C-	↓ -0.8

SOURCE: Education Week Research Center, 2019

Researchers point to a variety of flaws in the ways that federal, state, and local officials distribute money to schools that can sometimes work against student success. That includes fixed and skyrocketing costs, such as pension and health care; fractured government oversight of school spending; and widespread confusion among the general public about how money is collected and spent.

Many supporters of additional funding argue that government institutions are still providing far too little for schools to recruit and retain well-qualified teachers, get students to school and back home, and equip the classroom with solid curriculum, school supplies, and updated technology. These sorts of disparities have become especially acute in the last year amid widespread strikes teachers have staged in order to protest stagnant wages and what they describe as the decrepit condition government officials have allowed schools to fall into.

States historically have attempted to even out funding disparities between districts by providing more money to those with low property value and, most often, poorer students.

But states are falling short in those efforts, according to a **recent report led by Bruce Baker** for the Albert Shanker Institute, which has among its goals boosting unions and public education. While states

currently spend an average of around \$13,000 per pupil in high-poverty school districts, states should be spending more than \$20,000 on those districts, the study concludes.

"This is not rocket science," Baker said. "The reality is, if you don't have it, you can't spend it. School officials can't make the critical underlying trade-offs in order to improve results."

*Quality Counts'* analysis this year ranks Florida and Maryland as the top two states on an indicator that measures how evenly they spread their resources among districts.



Superintendent Fred Dierksen waves to the basketball coach while touring Dodge City High School, in Dodge City, Kan. An increase in the school district's budget has allowed for more coaches and personnel for student athletes.

—Brian Hayes for *Education Week*

Hanushek agrees that teachers are paid far too little, but he says the ways in which schools pay teachers—a cost that takes up more than 80 percent of their budget—work against student achievement.

In a **study released by *Education Next*** this spring, Hanushek found that teachers who are paid more also perform better in the classroom. He argues that teachers who manage to raise test scores should get paid upwards of \$100,000, a strategy teachers' unions have strongly fought against.

"For our ineffective teachers, you want to think more toward paying them zero," Hanushek said. "We've got a very bad equilibrium. We've made a very bad policy choice."

### **Budgeting Constraints**

States often find themselves boxed in when it comes to budget flexibility. For example, districts' health-care and pension costs on average have climbed by hundreds of millions of dollars in the past 10 years. That's suppressed wages, contributed to districts' debt, and prevented school systems from investing in curriculum and teachers.

Districts cobble together funds from three separate levels of government—local, state, and federal, all with separate policy agendas—making it especially difficult for budget directors to target all their funding toward one academic initiative and continue to invest in it for a substantial amount of time.



When states and districts target their money toward well-proven initiatives, researchers have found, academic outcomes significantly improve, especially for poor and minority students.

In a **working paper on a \$10 billion school construction boom** in Los Angeles between 2002 and 2012, researchers from the California Policy Lab at the University of California, Los Angeles, and UC-Berkley found that four years after having moved to a newly constructed school, students showed a modest improvement in English/language-arts-test scores and a slightly more modest improvement in average math-test scores. In addition, students' average daily attendance rose by four days, and their teacher-reported grades climbed.



The USD 443 Bright Beginnings Early Childhood Center sits at the corner of Belcher road and Evans road, Thursday, May 30, 2019, in Dodge City, Kan. With increases in budget the school has created programs focusing on literacy.

—Brian Hayes for *Education Week*

"This matters," said researcher Julien Lafortune who helped conduct the research. "There are still large gaps in the funding and quality of school buildings, and [these things] tend to matter a lot when it comes to student achievement."

In a **working paper out of Ohio State University** in April based on tax elections in seven states, a group of researchers found that when districts passed tax levies resulting in higher teacher pay, poor and minority students' math and reading scores significantly improved.

And last December, Kirabo Jackson, an economics professor at Northwestern University, **released a review of research** showing that academic outcomes have improved when state and local governments invested more money in school facilities and teacher salaries and received more federal Title I money, which is directed at schools with disadvantaged students.

"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.

More **data on school spending** and academic outcomes are expected to be released in the coming years under the **Every Student Succeeds Act**. And the federal Institute of Education Sciences will now require

researchers to include in their analyses of districts' academic interventions the costs involved, another clue into when and how money matters for America's public schools.

At the same time, some conservative think tanks continue to sound a more skeptical theme. In March, the Wisconsin Institute for Law and Liberty, a libertarian law firm that frequently opines on education policy, **released a paper** that showed, among other things, that, on average, high-spending Wisconsin districts perform the same or worse on state-mandated exams and the ACT relative to low-spending districts.

And just last month, Michael J. Petrilli, the president of the Thomas B. Fordham Institute, **pointed out in a column** that Florida made significant academic gains over the past several years while spending per pupil remained "flat as a pancake."

In an interview, Petrilli said it'll be incumbent on researchers and policymakers to dig into district spending habits to see where money is affecting student outcomes. "It's certainly something that we don't fully understand," he said.

### **Kansas' Experience**

Kansas has been embroiled in a knockdown legal fight over school spending for more than three decades. That came to a head during the tenure of Gov. Sam Brownback, a Republican, who slashed income and sales tax to dramatically reduce the government's footprint and spur its economy. (He left the governorship in early 2018 to work for the Trump administration.)

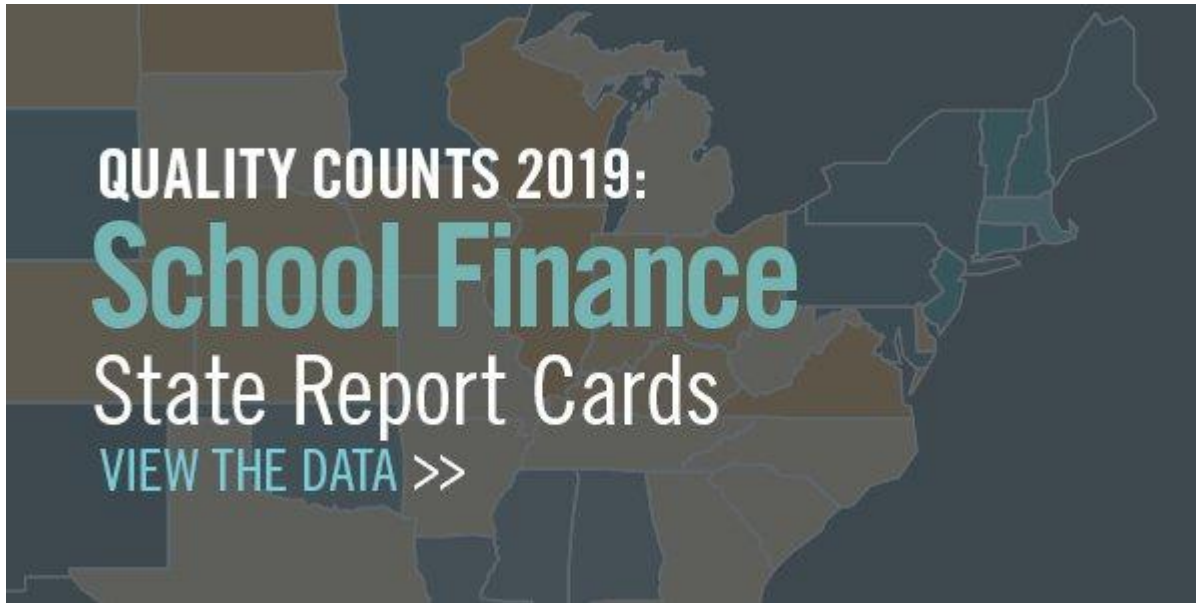
Amid a series of state supreme court rulings, however, Kansas over the past three years has invested more than \$525 million more into its schools. The court soon is expected to rule on whether the legislature's efforts to provide schools another \$90 million is sufficient.

One of the biggest beneficiaries of the spending boom has been the 7,000-student rural and rapidly growing Dodge City district. Since 2014, the district's budget has increased by more than 22 percent, from \$11,000 per student to more than \$14,000 per student, according to the state's education department.

The district has invested in after-school programs, received a \$3 million literacy grant from the federal government, and hired new English language-learners teachers to work with recently arrived immigrant students. Voters in Dodge City in 2015 approved an \$86 million bond that allowed the district to build several new buildings, including adding an academic wing to its lone high school.

Superintendent Fred Dierksen said he's seen his English-learner students advance more quickly in their language proficiency, the attendance rate tick up, and test scores climb.

"Absolutely, there's a strong correlation between academic outcomes and money," he said. "Money is the driving force for everything."



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