

RETURN ON INVESTMENT

4 new studies bolster the case: More money for schools helps low-income students

BY MATT BARNUM - 2 DAYS AGO



Special education teacher Bernie Janelle holds a sign as she walks into Denver's South High School.



Does money matter in education? The answer is increasingly clear.

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A 2018 [overview of the research on education spending](#) found that more money consistently meant better outcomes for students — higher test scores, higher graduation rates, and sometimes even higher wages as adults. It was enough for Northwestern economist Kirabo Jackson to say the question was “essentially settled.”

Since then, the research hits have just kept on coming.

Four new studies from different parts of the country have come to similar conclusions. In [Texas](#) and in [Wisconsin](#), researchers found that spending more translated to higher test scores and boosted college enrollment. Two other studies — one looking at [California](#) and another looking across [seven states](#) — found that spending more money didn't affect test scores in more affluent areas, but did boost test scores in higher-poverty districts.

“All four studies find that increased school spending improves student outcomes,” said Jackson.

The findings come as school spending is [on the upswing](#) across the country, with states continuing to rebound from the Great Recession and policymakers respond to pressure from [striking teachers](#) to invest more in schools. The new research indicates that students are likely to benefit from those increases, even as notable disparities [between states](#) like Mississippi and Massachusetts, and between some [neighboring school districts](#), linger.

The studies don't provide clear answers on how to best use new resources, though, and they focus on whether pure increases in spending lead to better outcomes. Some

pricey initiatives — particularly school turnaround efforts [nationally](#) and in [New York City](#) — have fallen short of expectations. That suggests it does matter how money is spent.

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Still, the latest research offers one solution for policymakers, advocates, and philanthropists who have been vexed by [flat national test scores](#) and the [disappointing results](#) from certain high-profile reform initiatives.

“Overall, this study provides convincing evidence that spending increases can have a significant impact on districts serving impoverished students,” the researchers in the multi-state study wrote.

Here’s what the latest studies show.

Extra money for Texas schools helped students, particularly in low-income, Hispanic districts

When and where? [875 school districts in Texas from 2003 to 2010](#)

How was the study conducted? Researchers Daniel Kreisman and Matthew Steinberg used a quirk in Texas’ funding formula to compare outcomes in districts that got extra money to similar districts with less.

What did it find? An extra \$1,000 in per-pupil spending raised test scores. High school dropout rates fell 2 percentage points, college enrollment jumped 9 percentage

points, and college graduation rates increased 4 percentage points. The gains were particularly large for school districts with more students from low-income families and more Hispanic students. Keep in mind this is the effect of extra spending over a number of years — not just a one-time infusion of resources.

How was the extra money used? The better-funded school districts tended to have lower class sizes, more student support services, and higher administrative spending.

Across seven states, more funding boosted test scores in low-income school districts, but not high-income ones

When and where? [Over 800 districts across seven states](#) — Arkansas, Louisiana, Michigan, Missouri, Pennsylvania, Texas, and Wisconsin — that held votes to raise taxes for schools between 2002 and 2008

How was the study conducted? The four researchers compared the outcomes in districts that passed tax increases for schools against similar districts where an initiative narrowly failed.

What did it find? The revenue boost didn't increase test scores when looking across all districts. But there were clear test-score gains for high-poverty districts, and the effect was strongest several years after the spending increase. The difference might be explained by the fact that the increases were larger in high-poverty districts (an extra \$500 or more per student, compared to \$200 to \$300 in low-poverty areas).

There were no clear effects on high school graduation rates or dropout rates in either high- or low-poverty districts, although data limitations mean the researchers couldn't come to definitive conclusions.

How was the extra money used? Teacher and staff pay increased by about \$2,500 on average after several years.

Passing a funding boost raised test scores, college enrollment in Wisconsin districts

When and where? [Over 300 Wisconsin school districts that voted on funding initiatives between 1996 and 2014](#)

How was the study conducted? Researcher Jason Baron compared outcomes in districts that narrowly passed a local referendum to raise money for schools to districts where such a referendum just barely failed.

What did it find? Passing a referendum translated to an extra \$600 or so in spending per student. That led to higher test scores and college enrollment rates (increasing from 55 to 60 percent), as well as a lower dropout rate (falling from 1 percent to 0.75 percent).

The share of students scoring proficient or better on the state test increased by 5 to 10 percentage points. This effect is larger than what's been seen in most past research.

Interestingly, while test scores rose and dropout rates fell almost immediately, the college enrollment effect took a while to fully appear. The effect was greatest 10 years after the referendum, suggesting there was a cumulative effect of more spending.

How was the extra money used? Teacher pay rose by about 3% and staff-to-student ratios dipped.

Over time, low-income school districts in California benefited from school facilities spending bump

When and where? [California school districts that held bond elections between 1999 and 2013](#)

How was the study conducted? Researcher Emily Rauscher compared districts that narrowly passed bond measures that would raise money for schools to similar districts where a measure fell short.

What did it find? Six years after a bond measure passed, school districts that served largely low-income students had higher test scores as a result. These effects were relatively modest — smaller than the increases seen in the prior studies, for instance.

There was no clear effect for higher-income districts. “Thus, passing a bond measure may improve equality of opportunity in the long-term,” concluded Rauscher.

How was the extra money used? Money from the bond election was spent on school facilities improvements and construction.

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