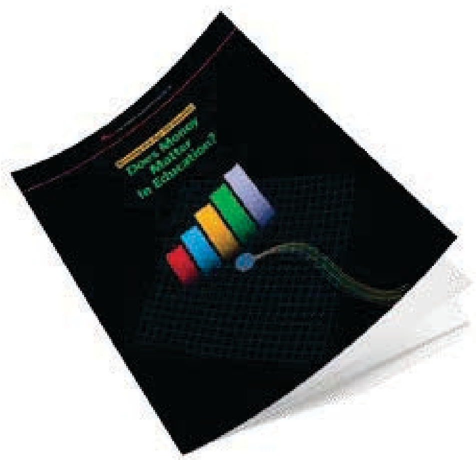
The Question of Money and Education

By Bruce D. Baker

INCREASINGLY, political rhetoric adheres to the unfounded certainty that money doesn't make a difference in education, and that reduced funding is unlikely to harm educational quality. Such proclamations have even been used to justify large cuts to education budgets over the past few years. These positions, however, have little basis in the empirical research on the relationship between funding and school quality.



In an Albert Shanker Institute–commissioned report from which this article is drawn, I discuss major studies on three specific topics: (a) whether how much money schools spend matters, (b) whether specific schooling resources that cost money matter, and (c) whether substantive and sustained state school finance reforms matter. Regarding these three questions, I conclude:

DOES MONEY MATTER?

Yes. On average, aggregate measures of per-pupil spending are positively associated with improved or higher student outcomes. The size of this effect is larger in some studies than in others, and, in some cases, additional funding appears to matter more for some students than for others. Clearly, there are other factors that may moderate the influence of funding on student outcomes, such as how that money is spent. In other words, money must be spent wisely to yield benefits. But, on balance, in direct tests of the relationship between financial resources and student outcomes, money does matter.

DO SCHOOLING RESOURCES THAT COST MONEY MATTER?

Yes. Schooling resources that cost money, including smaller class sizes, additional supports, early childhood programs, and more-competitive teacher compensation (permitting schools and districts to recruit and retain a higher-quality teacher workforce), are positively associated with student outcomes. Again, in some cases, those effects are larger than in others, and there is also variation by student population and other contextual variables. On the whole, however, the things that cost money benefit students, and there is scarce evidence of more cost-effective alternatives.

DO STATE SCHOOL FINANCE REFORMS MATTER?

Yes. Sustained improvements to the level and distribution of funding across local public school districts can lead to improvements in the level and distribution of student outcomes. While money alone may not be the answer, more equitable and adequate allocation of financial inputs to schooling provides a necessary underlying condition for improving the equity and adequacy of outcomes. The available evidence suggests that appropriate combinations of more-adequate funding with more accountability for its use may be most promising.

While there may in fact be better and more efficient ways to leverage the education dollar toward improved student outcomes, we do know the following:

- Many of the ways in which schools currently spend money do improve student outcomes.
- When schools have more money, they have greater opportunity to spend productively. When they don't, they can't.
- Arguments that across-the-board budget cuts will not hurt outcomes are completely unfounded.

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In short, money matters. As a result, policymakers would be well-advised to rely on high-quality research to guide the critical choices they make regarding school finance.

Yet—despite the preponderance of evidence that resources do matter and that state school finance reforms can effect changes in student outcomes—not only has doubt persisted, but the rhetoric of doubt seems to have escalated. In many cases, direct assertions are made that schools can do more with less money; that money is not a necessary underlying condition for school improvement; and, in the most extreme cases, that cuts to funding might actually stimulate improvements that past funding increases have failed to accomplish.

The fact is, schools and districts with more money clearly have a greater ability to provide higher-quality, broader, and deeper educational opportunities to the children they serve.

Without funding, broadly endorsed efforts that are also viewed as tradeoffs (like focusing on teacher quality versus teacher quantity) and innovations (like online learning) are suspect. For example, one cannot trade spending money on class-size reductions for spending money to increase teacher salaries to improve teacher quality if funding is not there for either—if class sizes are already large and teacher salaries noncompetitive. While these are not the conditions faced by all districts, they are faced by many.

It is certainly reasonable to acknowledge that providing more money, by itself, is not a comprehensive solution for improving school quality. Clearly, money can be spent poorly and have limited influence on school quality. On the flip side, money can be spent well and have substantive positive influence. *However, money that's not there can't do either.* The available evidence leaves little doubt: sufficient financial resources are a necessary underlying condition for providing quality education.

Bruce D. Baker is a professor in the Graduate School of Education at Rutgers University. This article is excerpted from the Albert Shanker Institute report Does Money Matter in Education?, *which is available at www.shankerinstitute.org/resource/does-money-matter.*