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Research shows that when it comes to student achievement, money matters

New study presents research on how and why money impacts student outcomes and how states can develop effective policies for investing that help all students

[How Money Matters for Schools](#)

PALO ALTO—Schools in the United States are among the most inequitably funded of any in the industrialized world. These inequities in funding — which impact everything from class sizes to course offerings to teaching quality — create dramatic disparities in educational opportunities and outcomes for children. Students from low-income families and students of color experience the greatest disparities.

A new research brief released today by Learning Policy Institute shows that investing in these students and their schools can reduce those disparities. The brief, *How Money Matters for Schools*, draws on a large body of research that establishes that school resources are associated with higher student achievement. Moreover, research indicates that ensuring that schools with a large number of low-income students get adequate and equitable resources improves test scores and graduation rates. The brief summarizes the findings in [a longer report](#) and suggests ways states can use this knowledge to develop policies that ensure all schools are adequately funded and all students have the opportunity to receive a high-quality education. The brief's author, Bruce Baker, a professor at Rutgers Graduate School of Education, also addresses long-standing counter arguments that money doesn't make a difference and explains the flaws in earlier methodologies.

Baker's study draws from rigorous research describing the outcomes of school funding reforms across many states; and provides recommendations for state policymakers. In one study following students who experienced finance reforms all the way into adulthood, researchers found that, for low-income children, a 21.7% increase in per-pupil spending throughout all 12 school-age years was enough to eliminate the education attainment gap between children from low-income and non-poor families and to raise graduation rates for low-income children by 20 percentage points. These gains benefit society by reducing the costs of welfare, crime, and

incarceration and increasing the wages and taxes of citizens who can contribute more to the society as a whole.

The study draws three main conclusions:

1. On balance, in direct tests of the relationship between financial resources and student outcomes, money matters for student outcomes.
2. Schooling resources that cost money — such as smaller class sizes and salaries for expert teachers — are positively associated with student outcomes.
3. Sustained improvements to the level and distribution of funding across local public school districts lead to improvements in the level and distribution of student outcomes, such as test scores and graduation rates.

Key policy recommendations for state lawmakers include:

- Ensure school finance reforms are linked to thoughtful standards and supports for students and teachers.
- Invest more with students who have greater needs.
- Invest in human resources — especially the quality of teachers.

“Our nation’s economy depends on a well-educated, high-quality workforce and that means investing in all students,” said Linda Darling-Hammond, President and CEO of LPI. “Right now, in many states, schools with the highest-need students receive fewer resources than those serving the most affluent, which translates to less experienced teachers, larger classes, and, ultimately, lower graduation rates and lower achievement levels. Investments in these students are investments in their future *and* ours. If we don't ensure they have the quality schools that their wealthier peers have, we deny far too many of them the opportunity to succeed and to contribute to society.”

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About the Learning Policy Institute

The Learning Policy Institute conducts and communicates independent, high-quality research to improve education policy and practice. Working with policymakers, researchers, educators, community groups, and others, the Institute seeks to advance evidence-based policies that support empowering and equitable learning for each and every child. Nonprofit and nonpartisan, the Institute connects policymakers and stakeholders at the local, state, and federal levels with the evidence, ideas, and actions needed to strengthen the education system from preschool through college and career readiness.

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