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A PROJECT OF THE CAMPAIGN FOR EDUCATIONAL EQUITY AT TEACHERS COLLEGE

Money Matters Policy Brief

Over the half century since the issuance of James Coleman's 1966 report, *Equality of Educational Opportunity,* there has been an extensive debate among scholars, policymakers and the courts about the extent to which "money matters" in education. Coleman's nuanced findings have often been misunderstood and distorted.) Although the report was interpreted in many quarters as saying that the academic performance of educationally disadvantaged students cannot be improved by spending more money on schools, what the report actually found was that then-current school practices did not appear to overcome differences in students' backgrounds.

Coleman did not preclude the possibility that more school funding, the availability of additional resources other than those included in the study, and more effective and efficient educational practices could overcome the "family-background factors" identified in the report. Indeed, Coleman himself concluded that society needs to invest heavily in developing the kinds of "social capital" necessary to overcome the education deficiencies created by poverty and that "children and youth need to succeed in schools and as adults" (Coleman 1990, 339).

After 50 years of intense discussion of this issue, a clear consensus has emerged in both the academic literature and in the numerous court rulings on school funding that have considered the question: money does matter in education—if it is well spent.

Recent large-scale longitudinal studies of the impact of funding increases on student outcomes have found significant correlations between increased expenditures and student outcomes. For example, in studying the impact of state aid increases on student achievement as measured by representative samples of scores on the National Assessment of Educational Progress (NAEP), Lafortune, Rothstein, and Schzenbach (2016) found that the "reforms cause increases in the achievement of students in these districts, phasing in gradually over the years following the reform. The implied effect of school resources on educational achievement is large."

Similarly, a study of nationally representative data on the effect of the increases in school spending on adult outcomes that followed children born between 1955 and 1985 and through 2011 concluded, "For poor children, a twenty percent increase in per-pupil spending each year for all 12 years of public school is associated with nearly a full additional year of completed education, 25 percent higher earnings, and a 20 percentage-point reduction in the annual incidence of poverty in adulthood" (Jackson, Johnson, and Persico 2014).

Indeed, Eric A. Hanushek, the education economist who has been most associated with the position that money doesn't matter has acknowledged in recent years that, "The research, of course, does not say that 'money never matters.' Nor does it say that 'money cannot matter'" (Hanushek and Lindseth 2009, 57). Hanushek himself has written that high quality teaching quality clearly increases student performance (Hanushek, 2011; Hanushek, 2016).

From 1973 through the end of 2016, the state courts throughout the United States have considered the relationship between education expenditures and student outcomes in 40 cases. In 35 of them, the courts determined that there was a substantial correlation between expenditures and student outcomes. In the other five cases, the courts expressed concern about the appropriateness of courts considering the expenditure/quality correlation issue, but none of them, definitely explicitly stated that, in education, money does not matter.

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