

Ditch the Money Myth

By Dr. Terry Stoops

March 27, 2014

In his book *Education Myths*, University of Arkansas professor Jay Greene pointed out that the myth of inadequately funded schools "is simultaneously the most widely held idea about education in America and the one that is most directly at odds with the available evidence."

Greene reviewed the available research on the issue and concluded that a lack of resources was "not one of the major problems affecting our schools' performance."

More recently, Andrew Coulson of the Cato Institute published an excellent empirical study examining the relationship between resources and performance. In "State Education Trends: Academic Performance and Spending over the Past 40 Years," Coulson adjusted education spending for inflation and adjusted state-average SAT scores for participation rates and student demographics. He found that most states had massive increases in public school spending but relatively no change in student outcomes.

North Carolina was no different. Despite doubling our state's inflation-adjusted per pupil expenditure between 1972 and 2012, there was very little change in North Carolina's adjusted SAT scores over time.

Given the ample empirical evidence that higher funding does not drive better outcomes, why is the inadequately funded school myth so pervasive?

First, appeals to increase funding often garner broad support because most taxpayers do not realize how much money we spend on public schools. According to the 2013 *Education Next* poll, the typical respondent estimated that their public schools spent an average of between \$6,000 and \$6,700 dollars per student. In North Carolina, for example, the state's public schools spent an average of \$8,500 per student last year. Including average spending for buildings and other capital costs, the total per student expenditure in our state exceeds \$9,100.

Similarly, respondents to the *Education Next* poll, with the exception of teachers, estimated that the average teacher salary was between \$26,000 and \$36,400. In contrast, the N.C. Department of Public Instruction estimated that the average teacher salary was \$45,355 last year, a figure that does not include more than \$14,000 in Social Security, retirement, and health insurance benefits provided to each full-time teacher in the state.

Second, the mainstream media, unions, and education advocacy groups spend a great deal of resources prolonging and escalating the money myth. It makes sense for them to lament that our public schools are destitute because it attracts customers, members, and donors. In other words, they profit from it. In fact, many powerful advocacy groups would not exist without it.

Finally, some believe that is easier to throw money at the problem, rather than confront the complexities of improving our massive and diverse system of public schools. This is an understandable, albeit a counterproductive, response.

Interestingly, the antidote to the money myth comes from the Left. After all, conservatives and libertarians are not the only ones acknowledging there is no consistent relationship between school funding and student achievement.

Ulrich Boser, a senior fellow at the liberal Center for American Progress, published a groundbreaking report in 2011, "Return on Educational Investment: A District-by-District Evaluation of U.S. Educational Productivity." Like Greene and Coulson, Boser observed that decades of funding increases for public schools failed to produce long-term innovation or progress on measures of student performance.

He concluded that public school systems needed to stop thinking of inputs and outcomes separately. Rather, public schools should embrace the concept that unifies them, namely educational productivity or what some have called "bang for the buck."

U.S. Secretary of Education Arne Duncan correctly observed that the education establishment views educational productivity as a "grinding, eat-your-broccoli exercise." That is why elected officials, and the citizens electing them, must ensure that public schools use taxpayer money in the most productive way possible.

Dr. Terry Stoops is director of research and education studies at the John Locke Foundation.