



Does more money for education lead to better student performance?

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Twenty-five years ago, Robert Leandro and his mother, Kathleen Leandro, lent their name to one of the most significant education lawsuits in North Carolina history. At the time, the family lived in Raeford, a town with a small tax base and a struggling economy. Robert attended a local high school.

Robert, speaking to [Scalawag Magazine](#) in 2018, said his classmates were often in awe of how other schools performed labs via the internet in their 1990s-era science classes.

“After I got into college I started realizing that wasn’t cool, that was ridiculous. I should have been doing those labs,” Robert Leandro told the magazine.

Frustrated, the Leandros joined other families and school districts to sue the state for more funding to provide an education on par with wealthier school districts.

At the center of the *Leandro* case is the prevailing belief that more money in public schools would, in turn, improve student performance. Superior Court Judge David Lee is presiding over the *Leandro* case, and a decision is forthcoming. An independent consultant, WestEd, in a report calls for about \$8 billion more in public education spending over eight years to achieve a better education for students.

It isn’t that simple, several education experts say. Many other factors play roles in how students are taught and educated. Things such as parental involvement, student commitment, and whether teachers are effective, for example.

Neal McClusky, director of the libertarian [Cato Institute](#) Center for Educational Freedom, said state and local governments have increased education spending over the past 40 years, but test scores have stagnated.

The U.S. spends some of the highest amounts per student, yet overall performance lags behind that of students in other countries. The U.S. spends an average \$12,800 per student compared to the world average of \$9,500, show the most recent data from the National Center for Education Statistics. The only country on the list to surpass the U.S. is Norway, at \$15,100 per student.

This isn't to say more dollars never amounts to better outcomes. McClusky said higher spending, especially in low-income schools, can make a difference.

“There's some evidence that wealthier people spend more on education with greatly diminishing returns, so they can spend a lot more, but you reach a point where the new spending doesn't translate into any higher scores,” McClusky said.

Kirabo Jackson, a professor at Northwestern University, has published several studies showing a connection between higher spending and improved education outcomes. His research has shown additional funding to low-wealth school districts can make a difference in student performance. Wealthier school districts don't benefit as much with an extra influx of cash.

Jackson's research didn't just look at test scores, but at years of completed education, higher wages, and incidences of adult poverty, too. The effects, Jackson found, were more pronounced for low-income students.

“[T]est scores are imperfect measures of learning and may be weakly linked to adult earnings and success in life. Indeed, recent studies have documented that effects on long-run outcomes may go undetected by test scores,” Jackson wrote in his research.

Spending isn't the only factor in determining education outcomes, McClusky said. How money is used and who it targets are important points to consider.

The question of how public education should be funded has led some to suggest money should follow the student. Proponents of this model argue the school finance formula should be more student-centric, instead of funding various allotments such as teaching positions or classroom supplies.

Under this model, if a student leaves their school district, the money allocated to fund their education follows them to whichever school they ultimately attend.

The body of research on education funding and outcomes is mixed, said Terry Stoops, vice president of research and director of education studies at the John Locke Foundation. Older research found no correlation between higher spending and better outcomes, but recent literature, such as Jackson's body of research, suggests a relationship.

But it's complicated.

“While we can document an increase in test scores and we can infer that it was due to an increase in funding, we can't pinpoint how the funding was used,” Stoops said.

The money could have been used to improve the quality of teachers or decrease class sizes. But, Stoops said, specifics are often missing in the body of literature.

The WestEd report doesn't just include a call for more dollars in public education, but also proposes a few policies to improve student performance. These policies include granting principals more autonomy in making financial decisions for their schools and expanding the advanced teacher program.

A long history of funding disputes

Several states — from Kansas to Pennsylvania — have faced litigation over inadequate education funding. North Carolina has its own long-running education funding dispute. The *Leandro* case dates to 1994 when five rural, low-wealth school districts sued the state over what they considered to be inadequate funding. The six counties argued their low tax base made it difficult to provide an education on par with wealthier districts.

In 1997, the N.C. Supreme Court held that every North Carolina child has a right to “a sound, basic education” under the state constitution. In 2004, the court said the state failed to live up to the previous ruling.

Decades later, the matter remains unresolved.

Judge Howard Manning oversaw the case for years, long maintaining that school funding was only part of the picture. How the money was being spent was just as — if not more — important than the dollar amount.

Manning retired from overseeing *Leandro* in 2016, passing the torch to Lee, a retired Union County Superior Court judge.

Lee’s first major act as overseer of the *Leandro* case was to require an independent third-party consultant to devise recommendations for how the state could comply with the *Leandro* rulings.

On June 17, WestEd a California-based education consulting group, turned its report over to Lee. WestEd released its lengthy report in December, detailing how the public school education system could improve in North Carolina. The recommendations included a hefty price tag of \$8 billion dollars over eight years. Where the extra money will come from is not something the report covered, but a tax increase is likely one of the ways to achieve more funding.

As of time of print, Lee hasn’t released a court order in the *Leandro* case, but a look at how a similar saga played out in Kansas may offer some clues.

Like North Carolina, WestEd played a role in Kansas’ education funding dispute. The Kansas legislature hired WestEd to produce a report estimating “the minimum spending required to reduce a given outcome within a given educational environment.”

WestEd recommended an increase in public school funding, ranging from \$450 million to \$2 billion a year, to reach higher education attainments such as improved graduation rates and test scores.

Kansas recently came into compliance with the state Supreme Court’s order to adequately fund education. The Kansas Legislature passed a bipartisan bill in April, adding some \$90 million more a year to education funding.

Parties to the *Leandro* case are currently awaiting a court order from Lee, who is expected to make a decision soon.

What is “adequate funding?”

Whether that influx of cash will make a difference in Kansas remains to be seen. Determining what constitutes adequate funding isn’t easy.

“We don’t have a magic number for making schools better,” Stoops said. “If we did know, then we would be spending that amount.”

In total, North Carolina spends more than \$9 billion to pay for public education, 39.5% of the state’s budget.

The state spends \$9,865.04 to educate each student, up from \$9,478.37 in 2017-18. Much of the money comes from the state, followed by local governments, and the federal government. Unlike most states, most of North Carolina’s funding for public education is funded by state taxpayers. Nearly 65% of funding comes from state coffers — 24% from local governments and close to 11% from the federal government.

On the high end of the spectrum, New York spends roughly \$23,000 per student. Utah spends the least amount, about \$7,180 per student. South Carolina spends about \$10,500 per student. Cost-of-living varies from each state, with New York being one of the most expensive states to live, compared to Utah, South Carolina, and North Carolina.

A recent report from the New Jersey based Education Law Center gave North Carolina a failing grade when it comes to education funding. The report, “Making the Grade 2019: How Fair is School Funding in Your State?” placed North Carolina fourth from the bottom for per-pupil spending. North Carolina was the second-lowest state for K-12 education as a percentage of its gross domestic product.

The ELC describes itself as the “nation’s legal defense fund for public education rights,” working to advance “equal educational opportunity and education justice” across the country.

South Carolina scored significantly higher on the report, compared to its northern counterpart.

“North Carolina ranks 48th on effort, while South Carolina ranks eighth,” the report reads. “The difference means that South Carolina has funding levels at the national average while North Carolina, the wealthier state, funds students at a level nearly \$4,000 per pupil below the national average.”

Ferrel Guillory, writing for EdNC, took the General Assembly to task for the state’s ELC ranking.

“A legislative year that is ‘one for the history books’ leaves unresolved not only the power struggle within a divided government but also a biting question for a top-10 state: When will North Carolina catch up with South Carolina?” Guillory asked.

Stoops cautioned against comparing North Carolina to its southern sibling.

“When you look at spending and outcome, you need to know there are policies, practices, and structures that also play a role,” Stoops said. “Funding is often tangled with policies in a way that makes it difficult to credit just funding with outcomes.”

There’s also the emerging thought that test scores aren’t the only indicators of whether students are getting a good education.

“For a very long time, we’ve mainly said, ‘Well, what we expect from more spending is higher test scores,’ and increasingly evidence suggests that test scores may not correlate all that well with other outcomes,” McClusky said.

These other outcomes include graduation rates, college acceptance, finishing college, job status, and whether students stay out of jail.

“The research and the focus of research is changing away from test scores more to other outcomes, and we may find spending more helps in those areas,” McClusky said. “But it’s very hard to look at the aggregate story on what we have spent on education and conclude that more spending — generally speaking — leads to better outcomes.”

Robert Leandro went on to attend Duke and Vanderbilt universities before becoming an attorney specializing in health care, administrative law, and public policy. He lives in Raleigh and works at the same law firm representing the plaintiffs in *Leandro* — Parker Poe.

“The trajectory of Robert Leandro’s education and career suggests that demographics are not destiny,” Stoops said.

Despite attending public schools in an economically distressed county, Stoops said, Leandro earned degrees from high-end universities and became a successful lawyer at one of the state’s most prominent law firms.

“The courts have been so focused on the failure of low-income districts that it has overlooked their successes,” Stoops said, “including the person whose name is attached to North Carolina’s school funding litigation.”