

Opinion  
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## With schools, money does indeed matter; so does how we spend it

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Unlike many states, Washington does not have a progressive school finance model, write the authors. Pictured are high school students working on assignments in Bridgeport in Douglas County. (Mark Harrison / The Seattle Times, 2011)

By [David S. Knight](#) and [Pooya Almasi](#)

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As state legislators in Washington consider a significant investment in K-12 schools, they'll need to address the pervasive myth that money doesn't matter in education. Many commenters and system leaders have done their own research and found that schools now spend more than they have in the past, while average test scores have not kept pace. Others find no correlation between spending levels and outcomes across schools in a given year, ignoring other factors beyond money that influence student lives. However, there is now wide consensus among the research community that increasing school funding produces [positive student outcomes](#) over the long term.

### Why the myth persists

The answer to the question of whether money matters in education seems like an obvious one, since districts need to employ professional educators and keep the lights on in safe, well-maintained and technologically updated school buildings. But the fundamental policy

question of whether a given funding amount is adequate is still being debated in major court cases and legislatures. [Anti-tax movements](#) have attempted to [cast doubt](#) on the benefits of school funding, often using the rhetoric of [austerity](#). Among researchers, the question of whether increasing school funding improves outcomes has been difficult to answer. Some schools might have high spending levels but still are not reaching their desired outcomes, while others might achieve success but spend less money. And still other schools spend about the same, in similar ways, and with similar student populations, but have different outcomes.

However, money is not randomly distributed to schools, and without random assignment, comparing high- and low-spending schools is like comparing apples and oranges. Studies based on random assignment have led to major advances across many sectors, especially in medicine, where people are randomly assigned to either a control group or an experimental group to test a drug or a treatment. However, random assignment to treatment and control conditions is often less compatible with educational settings.

Fortunately, researchers have developed methods designed to replicate a randomized, controlled trial using available data. One of the strongest examples is an article published in 2015 in the *Quarterly Journal of Economics*, which tracked outcomes for students exposed over time to major state school finance reform and compared them to students in states that didn't undergo similar reform. The researchers used a data set that allowed them to consider students attending better-resourced schools for not just one year, but for their entire elementary and secondary education, and assess the impacts of that funding on students into adulthood. A synthesis of the studies found that an increase in spending of \$1,000 per pupil, sustained over four years, increases college-going by 2.2 percentage points on average.

In sum, measuring the impact of school spending is challenging, but there is now wide consensus that money matters in education. Disposing of the money myth is a necessary first step in [our collective work](#) to improve how we finance schools, because the question at hand is not whether spending more will help, but rather, what investments are likely to yield the greatest benefits for our students and for the state of Washington.

## What state legislators can do

The upcoming legislative session comes at a challenging time for schools. Districts in Washington state and nationally have demonstrated a steady recovery from the COVID-19 pandemic, investing federal stimulus funding into programs that [recent research shows](#) had a positive effect on student achievement. Yet as many districts continue to address student mental health and academic needs, they now face budget deficits from declining enrollment, inflation and expiring federal stimulus dollars.

Before the pandemic, Washington legislators made significant changes to the K-12 finance system, including adding new money. Research found the funds helped raise teacher salaries, which in turn [improved educator retention](#). However, the finance system had other holes that districts have been neglecting, or patching with stimulus funds. [Professional education organizations](#) have highlighted three areas in particular that now generate costs that exceed state funding: special education; Maintenance, Supplies, and Operating Costs, or MSOCs; and transportation. These areas, referred to as the “big three,” are critically important for students.

But legislators have the opportunity to think beyond the next session, envisioning a longer-term strategy for improving the school finance system. For example, discussions around funding the big three do not take into consideration funding allocation or revenue generation. Any major long-term policy strategy for creating a progressive school funding model needs to consider how funds are allocated across districts with respect to student need, and whether revenue is generated in a way that leaves behind particular households or neighborhoods.

Under a progressive school funding allocation, districts serving the highest concentrations of students in poverty receive greater resources. This matters because [as in most states](#), Washington's metropolitan areas are characterized by significant racial and socioeconomic segregation across school districts, but [unlike many states](#), Washington does not have a progressive school finance model. Instead, low-income students and students of color in Washington attend districts that receive [proportionately](#)

less state and local revenues per student.

Yet, remnants of the “money myth” have helped stymie past efforts to expand school funding for high-poverty school districts in Washington. Washington’s tax revenue system is also not progressive. Under the current system, lower-wealth districts pay higher rates and generate less in tax revenue compared to other districts, yet don’t receive more funds.

Addressing these two areas, allocation and revenue, in addition to the “big three” funding areas, is critical for improving the state’s public school finance system. Doing so will require confronting the pervasive myth that money doesn’t matter. In contrast, not only has research demonstrated societal benefits of educational investments, providing equal educational opportunity is a social justice imperative.

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