



More Money Won't Buy Better Student Achievement

by Robert N. Stewart

What will it take to improve the academic achievement of American students? MORE MONEY FOR PUBLIC SCHOOLS!!! That's the answer one might get from a select group, anyway. Those who watched 20/20's "Stupid in America: how we cheat our kids" witnessed an attendee at a California teacher's rally proclaim that "There's nothing that money can't fix."¹ They also saw Deloris Wright, School Board Chairperson in Lee County, South Carolina, tell reporter John Stossel, "the more [funds per student], the better."² Iowa's experience would show, however, that more money does not guarantee better student performance.

For starters, Iowa schools are funded by general fund revenues and local property taxes.³ In state fiscal year 2005 (July 1, 2004-June 30, 2005, hereafter SFY), state aid to school districts occupied 42% of the general fund, up from 40% in SFY 2004.⁴ Per-pupil funding rose every year at an average rate of 4.2%⁵ between the 1995-96 school year (\$5,160 per pupil) and 2003-04 (\$7,153 per pupil).⁶ Using data from the National Education Association (NEA), one finds that Iowa ranked 36th in the nation in per-pupil spending, with an estimated \$7,477 per pupil during the 2004-05 school year.⁷ This ranking was also below the national average of an estimated \$8,554 per pupil.⁸

Now consider the performance of Iowa students. On the ACT, high school seniors that graduated in 1996 earned an average score of 21.9; eight years later, the class of 2004 registered an average score of 22.⁹ A second set of scores to examine are those of Iowa 4th and 8th graders on the National Assessment of Educational Progress (NAEP). Iowa's average 4th grade reading score in 2005 was not statistically different from that reported in 2003, and was actually lower than that recorded in 1992.¹⁰ According to a report issued by the Institute for Tomorrow's workforce, Iowa has slipped from 1st in the nation in this category to 19th.¹¹ The eighth grade average reading score in 2005 was also not statistically different from that reported in 2003.¹² In math, the average score for 4th graders in 2005 was not statistically different from 2003, but higher than in 1992.¹³ For 8th graders, the average math score was higher in 2005 than it was in 1990, but unchanged from both 2003 and 1996.¹⁴

At this point, the reader has probably inferred that increased spending on education does not necessarily lead to increased student performance. As the author just noted, per-pupil spending during 2003-04 was nearly \$2,000 greater than per-pupil spending in 1995-96, yet test scores hardly changed between the early 1990's and 2005. Thus, the inference is correct, but it can be made stronger. As noted above, Iowa's per-pupil expenditure during 2004-05 was \$7,477, below the national average. On the tests just mentioned, however, Iowa scores were above the national average in every category. Regarding the average ACT score, Iowa's most recent high school graduates, the class of 2005, ranked third in the country, behind Wisconsin and Minnesota.¹⁵ In fact, at 22.0, Iowa's average ACT score in 2005 was higher than the national average of 20.9.¹⁶ Regarding the NAEP results, Iowa's average scores for 4th and 8th grade math and reading were higher than the national average. Iowa was particularly strong in 8th grade math, where only 6 "jurisdictions" had higher average scores, and in 8th grade reading, where only 4 had higher average scores. In summary, while Iowa's per-pupil funding has been below the national average, it certainly hasn't resulted in below-average performance.

This *INSTITUTE BRIEF* is not the first publication to illustrate the lack of correlation between education expenditures and student performance. Louann A. Bierlein wrote in 1993 that studies have reported similar results since 1965.¹⁷ Additionally, Iowa is not the only state where increased per-pupil expenditures have had no effect on student performance. In a newspaper column last October, Jay P. Greene, author of *Education Myths*, noted that during the 1990s, the state of Arkansas increased per-pupil spending by an inflation-adjusted 23%, yet scores on the NAEP remained stagnant.¹⁸ A study released last month by the Kentucky-based Bluegrass Institute for Public Policy Solutions calculated the return that state tax payers received from increased spending on education. Using

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weighted system to calculate the ratio of test scores to school spending, they found that the top performing schools spent considerably less than the worst performing schools.¹⁹ They ultimately conclude that “higher levels of education funding alone do not yield higher academic performance in Kentucky’s public schools.”²⁰

In 1998, syndicated columnist Thomas Sowell claimed that a person would “risk a hernia if [he or she] tried to carry all the studies which show that more money has virtually no effect on the quality of American education.”²¹ Despite this evidence, however, there are still those that remain unconvinced. With 2006 being an election year, it is important that Iowans who are concerned about educational quality get to the polls and make sure that those who do not allow themselves to be convinced by the evidence do not end up in the State Legislature.

End notes

¹ California teacher’s rally attendee, “Stupid in America: How we cheat our kids,” *ABC News 20/20*, January 13, 2006.

² Deloris Wright quoted in *Ibid.*

³ For more on school funding in Iowa, see David Hogberg, “State education funding and school enrollment in Iowa,” *IOWA ECONOMIC SCORECARD*, Vol. 11 No. 4, October 2003, <<http://www.limitedgovernment.org/publications/pubs/ies/iesOct03.pdf>> (February 7, 2006).

⁴ Richard Nelson, “Legislative Guide to basic Iowa educational finance,” Iowa Legislative Services Agency, Legal Services Division, December 2005.

⁵ Author’s calculation based on figures in the *2005 Iowa Fact Book*, Legislative Services Agency, Fiscal Division, <http://staffweb.legis.state.ia.us/lfb/factbook/Iowa_Factbook_2005.pdf>, (February 10, 2006).

⁶ *Ibid.*

⁷ *Ibid.*

⁸ *Ibid.*

⁹ Iowa Department of Education, *The Annual Condition of Education Report*, 2005, p.160.

¹⁰ National Center for Education Statistics, “The Nation’s Report Card, Reading 2005,” Iowa, Grade 4, Public Schools, <<http://nces.ed.gov/nationsreportcard/pdf/stt2005/2006452IA4.pdf>> (February 8, 2006).

¹¹ “Addressing Iowa’s greatest imperative: All learners must be prepared for the 21st century,” Institute for Tomorrow’s Workforce, Report to the Governor and the Iowa Legislature, January 15, 2006.

¹² National Center for Education Statistics, “The Nation’s Report Card, Reading 2005,” Iowa, Grade 8, Public Schools, <<http://nces.ed.gov/nationsreportcard/pdf/stt2005/2006452IA8.pdf>> (February 8, 2006).

¹³ National Center for Education Statistics, “The Nation’s Report Card, Mathematics, 2005,” Iowa, Grade 4, Public Schools, <<http://nces.ed.gov/nationsreportcard/pdf/stt2005/2006454IA4.pdf>> (February 8, 2006).

¹⁴ National Center for Education Statistics, “State Profiles: Scale Scores for Mathematics, Iowa vs. National Public,” <<http://nces.ed.gov/nationsreportcard/states/scalescore.asp>> (February 8, 2006).

¹⁵ Iowa Department of Education, p.159.

¹⁶ *Ibid.*, p.160.

¹⁷ Louann A. Bierlein, *Controversial Issues in Educational Policy*, Newbury Park, CA: Sage, 1993.

¹⁸ Jay P. Greene, “Ever-larger spending won’t improve our schools,” *Arkansas Democrat-Gazette*, <http://www.manhattan-institute.org/html/arkdemo-ever_larger_spending.htm>, October 23, 2005, (February 8, 2006).

¹⁹ Richard G. Innes, “Bang for the buck: How cost-effective are Kentucky’s public schools,” Bluegrass Institute for Public Policy Solutions, <<http://www.bipps.org/article.asp?ID=509>>, February 7, 2006, (February 8, 2006).

²⁰ *Ibid.*

²¹ Thomas Sowell, “Improvements Biggest Obstacle,” syndicated column, October 23, 1998, quoted in *Ibid.*

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