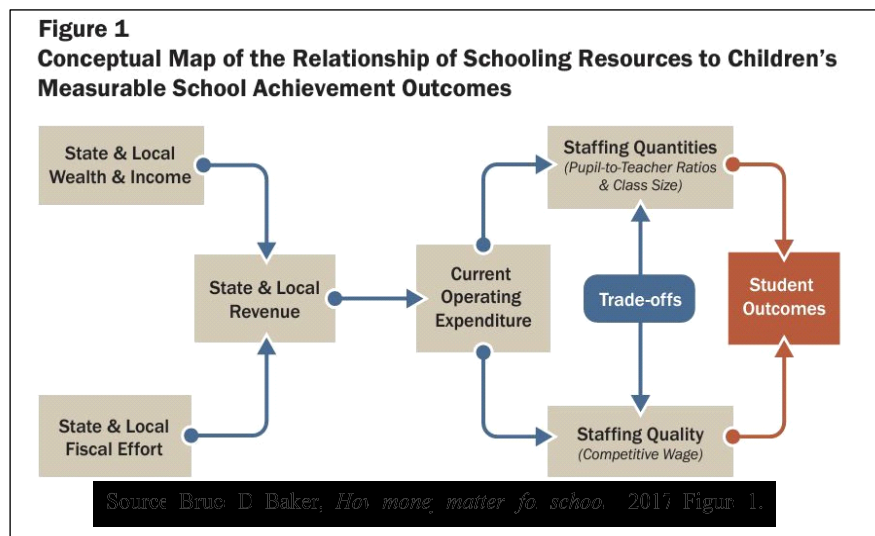


## Inequitable Funding in Public Education

*Education funding generally is inadequate and inequitable; it relies too heavily on state and local resources (particularly property tax revenues). The federal government plays a small and an insufficient role; funding levels vary widely across states. And high-poverty districts get less funding per student than low-poverty districts.* Economic Policy Institute, 2022

While money alone is not the answer to effective schooling, obviously it is not irrelevant. The amount of money a district can spend determines all facets of a school's efforts to succeed (e.g., facilities, staffing, class size, wages, technology).

The scholar, Bruce Baker, has made excellent analyses of differences in school funding and its impact. In *How Money Matters for Schools* (2017), he underscores that the amount of money a school receives is largely dependent on state and local wealth, income, and fiscal effort and tax policies. Federal aid constitutes a relatively small share (about 8-9% on average). He illustrates the relationship between funding and student outcomes as follows:



### Some Recent Findings Related to Inequities

An EdTrust national study (Morgan, 2022) reported the following:

- districts with the most students of color on average receive substantially less (16%) state and local revenue than districts with the fewest students of color, equating to approximately \$13.5 million for a 5,000-student district
- districts with the most English learners receive 14% less state and local revenue, compared with districts with the fewest English learners. That leaves districts with higher needs for resources — including bilingual educators and instructional materials — with \$2,200 less per student than districts with lower needs
- high-poverty districts receive on average 5% less (about \$800 per student) state and local revenue than low-poverty districts. There are 37 states where districts that serve the highest concentrations of students from low-income backgrounds are not receiving substantially more funding than their more affluent counterparts

\*The material in this document builds on work done by Ashley Sanchez Morales as a participant with the national Center for MH in Schools & Student/Learning Supports at UCLA in 2024.

The center is co-directed by Howard Adelman and Linda Taylor and operates under the auspices of the School Mental Health Project, Dept. of Psychology, UCLA. Website: <http://smhp.psych.ucla.edu>

## How Funding is Distributed in Public Elementary and Secondary Schools

In 2022, the Economic Policy Institute reported the following:

Nationally, in 2017–2018, local and state sources accounted for 45.3% and 46.8% of total revenue, respectively; just 7.8% comes from the federal government. However, these averages mask substantial variation in the shares of revenue apportioned by each source across states. Local revenue, for example, ranges from just 3.7% of total public-school revenue in Vermont and 18.2% in New Mexico, on the lower end, to a high of 63.4% in New Hampshire. The same is true with respect to state revenue. The state that contributes the smallest share to its education budget is New Hampshire at 31.3%, with Vermont contributing the largest share (89.9%). There is also quite a bit of variation in the share represented by federal funds—from just 4.1% in New Jersey to 15.9% in Alaska.

California provides an illustrative example where the state pays over half (55.9%) of the funding for K-12 schools; local funding is 31.1% (of which 24.6 comes from local property taxes); federal funding is 13.1% (data are for 2020-21 reported in Kaplan & Graves, 2022). Around 94% of the funds are directed at the school level; over 60% of funds support classrooms (e.g., teachers, instructional aides, pupil support, and supplies) and almost 30% is for school site leadership, instructional support, buildings, food, and transportation. District administration receives approximately 5%, and 1% goes to the county office and state department (EdSource, 2019).

### From the Century Foundation's Report: *Closing America's Education Funding Gaps*

Inequality begins in childhood: The United States is underfunding our public schools by nearly \$150 billion annually, robbing millions of children—predominantly minority and low-income children—of the opportunity to succeed. ...

Inequity in public education is not a natural occurrence, but rather the result of funding choices. Decades of disinvestment in public education at the state and federal level have a cost, and it has primarily come at the expense of Latinx, Black, and low-income students.

Districts with high concentrations of Latinx and Black students have much larger funding gaps, and are more likely to have funding gaps to begin with, than majority white districts. Low-income school districts are more than twice as likely to have a funding gap as higher income districts. Districts with the highest concentrations of poverty—those in the highest 20 percent of districts by Census poverty rate—are 2.6 times more likely to have a funding gap. The average gap in these districts is more than \$6,700 per pupil. ... Even high-spending states have districts that are underfunded (e.g., New York, Connecticut).

## How Does Underfunding Affect Students?

Researchers find that underfunding in school districts is associated with

- Larger class sizes
- Fewer qualified teachers
- Limited course offerings
- Outdated materials and technology
- Reduced support services
- Inequitable opportunities

Such factors can create a vicious cycle that limits access to a quality instruction and necessary supports and undermines future opportunities for too many youngsters.

In a 2021 interview, Professor Baker stated:

The primary consequences of inadequate school funding are seen in class sizes and non-competitive wages for teachers. To some, these consequences may seem less obvious and apparent than decaying and inadequate facilities, which are certainly also a result of inadequate funding. But most of the money that goes into public schooling goes into paying the teachers and other school staff that work there on a daily basis.

It becomes extremely difficult for students to pay attention or receive feedback from teachers. This is especially difficult for teachers who teach more than one class. ... without a strong connection it can be extremely difficult to get extra help or attention (see Oakes, 2021).

## How to Address Underfunding

As the Economic Policy Institute (2022) stresses: “To establish a robust, stable, and consistent school funding plan that supports all children, investments need to be proportional to the size of the problems and to the societal and economic importance of the sector.” Moreover, the heavy reliance on local funding must be countered. Analyses indicate that school districts rely heavily on local revenue sources, such as property taxes. Property taxes favor schools in wealthier communities because of the higher property values and inequitable distribution of school funding (Berry, 2021; Srikanth, 2021).

Many local policy makers argue for increasing state and federal funding for high poverty school districts to bridge the resource gap caused by over-reliance on local property taxes.\* In general, implementing equitable funding formulas that allocate resources based on student needs rather than on current formulas is seen as helping reduce disparities between high and low-income districts.

At the school level, the necessity of addressing students’ learning, behavior, and emotional problems requires administrators and staff to pursue strategies for (a) braiding existing resources designated for student/learning supports, (b) weaving them together with available community resources, and (c) deploying them in ways that rebuild student/learning supports into a unified, comprehensive, and equitable system. Building strong partnerships between schools, community organizations, businesses, and local governments is seen as a way to mobilize resources and support for high poverty districts. Such collaborative efforts have provided students with increased availability and access to essential supports, enrichment programs, mentorship opportunities, and more – in and out of the classroom (Adelman & Taylor, 2017).

## Concluding Comments

Underfunding in public education is a systemic problem that perpetuates inequities. The relationship between school funding and the quality of education students receive has been widely demonstrated. The best funded schools hire more qualified teachers, are able to have smaller staff-to-student ratios, and more and more up-to-date resources. Schools that are poorly funded suffer from significant opportunity and achievement gaps.

While underfunding in low wealth communities is omnipresent, various efforts to deal with the problem are being tried. These include implementing equitable funding formulas; enhancing state investments, local control, and supports for teachers; fostering community partnerships; and advocating for changes related to school improvement policy.

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\*To aid schools in addressing learning loss and mental health concerns after the COVID-19 closures, the federal government did provide temporary relief funding. Unfortunately, the end of the relief funding, produced a “fiscal cliff” that led to cuts, with struggling students being especially hurt.

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Note: The National Center for Education Statistics (NCES) **Fast Facts Tool** provides quick answers to many education questions.

Also see our Center's Online Clearinghouse **Quick Finds**. Each Quick Find provides links to materials from our center and other sources that offer a host of resources, information, and references on matters related to addressing barriers to learning and teaching.