

EDUCATION

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EFP Takeaways

The Effect of Extra School Funding on Students' Academic Achievements under a Centralized School Financing System

Background

Providing additional school funding to help underperforming schools and students from disadvantaged backgrounds has been a primary focus of school funding policy in recent years. But existing studies have provided inconsistent findings, often driven by the existing school funding system. Hosung Sohn, Heeran Park, and Haeil Jung analyze the effect of providing extra school funding on student achievement under the homogenous school funding system in South Korea. Their work is published in vol. 18 issue 1 of *EFP*.

The Study

The study focused on the school year beginning in March 2009, and the Ministry of Education in South Korea conducted a nationwide assessment of the educational achievement of students at every educational level in October 2009. The study exploits an administrative cutoff rule that determines the provision of school funding. The authors use a regression discontinuity design to identify a causal impact of additional school funding.

For more details:

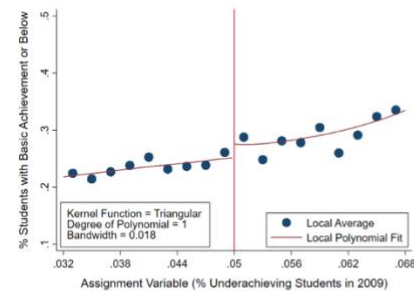
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- Summary of:
Sohn, H., Park, H., & Jung, H. (2023) The Effect of Extra School Funding on Students' Academic Achievements under a Centralized School Financing System. *Education Finance and Policy*, 18 (1): 25-51.

Findings

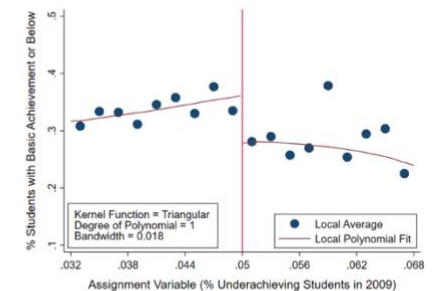
The authors find that a 20 percent increase in per pupil funding for underperforming schools reduced the percentage of below-average students in mathematics, English, social studies, and science by 19 percent, 17 percent, 16 percent, and 18 percent, respectively, compared with schools that did not receive additional funding.

The authors also analyze how the additional school funding is used, finding that the schools used it for operating summer and after-school programs, as well as for utilizing outside resources such as hiring college students as tutors.

The findings suggest that additional funding for underperforming schools to promote equity would improve students' academic outcomes if the funding is distributed directly to underperforming schools and used to provide new academic programs to students.



Panel A: Math Achievement (Before Treated)



Panel B: Math Achievement (After Treated)