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EFP Takeaways

Spending More on the Poor? A Comprehensive Summary of State-Specific Responses to School Finance Reforms from 1990–2014

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The Study

Since 1990, 67 state-level school finance reforms (SFRs) have resulted from a court ruling or a documented legislative statute. The primary data source for this study is the Local Education Agency Finance Survey, which the authors use to examine the effects of SFRs on revenues and expenditures between 1990 and 2014 for 26 states.

Findings

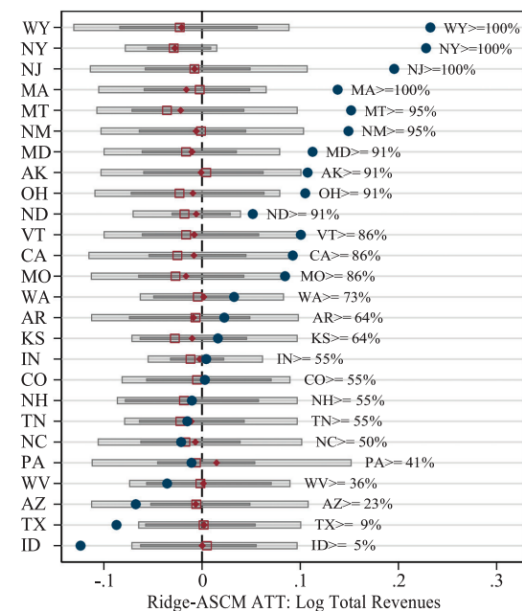
On average, per pupil spending increased following state finance reforms, and this was especially the case for low-income districts compared to high-income districts. However, state-level effects vary a great deal. States that adopted multiple SFRs or have greater teacher union strength tend to have larger SFR responses in low-income districts. However, some states observed null or negative responses to SFRs. The null or negative results may reflect the fact that non-SFR states nonetheless adopted funding formula components and increased K-12 state revenues similarly to states with SFRs.

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Shores, K. A., Candelaria, C. A., & Kabourek, S. E. (2023). Spending More on the Poor? A Comprehensive Summary of State-Specific Responses to School Finance Reforms from 1990–2014. *Education Finance and Policy*, 18 (3): 395–422.

Implications

School finance reforms are costly and consequential for both educational and non-educational expenditures, so it is useful to know which reforms worked and in what contexts SFRs were most productive. With this information, research will be able to better inform policy discussions.



Notes: For each state with an SFR, all non-SFR states are assigned a placebo treatment event concurrent with the treated state. We then calculate effect sizes for these placebo states using ASCM (augmented synthetic control method); the outcome is log per pupil total revenues in tercile 1 districts. Each state's average treatment effect on the treated (ATT) is a solid circle. The distribution of these placebo ATTs is shown as follows: the transparent gray box represents the 10th and 90th percentiles; the solid gray box represents the IQR; the maroon box represents the median; the solid diamond represents the mean. The in-graph text indicates the percentage of non-SFR states with an ATT that is less than or equal to the ATT of the state with an SFR.

Figure 6. Placebo Effect Sizes for States with School Finance Reforms (SFRs): Tercile 1 Total Revenues