

“School Finance Reform, the distribution of school spending, and the distribution of SAT scores”

David Card

Department of Economics, University of California, Berkeley

A. Abigail Payne

Institute of Government and Public Affairs, University of Illinois

Working Paper: Published Oct. 1998

National Bureau of Economic Research Working Paper No. 6766: 1-58

<http://www.nber.org/papers/w6766.pdf>

Themes: Child wellbeing*

Regions: North America

Age Ranges: 6-11, 12-17

Keywords: Education/Cognitive Skills, Public Policy

Abstract: In this paper we study the effects of school finance reforms on the distribution of school spending across richer and poorer districts, and the effects of spending equalization on the distribution of student outcomes across children from different family backgrounds. We use school district data from 1977 and 1992 Censuses of Governments to measure the correlation between the state funding per pupil and median family income in each district. We find that states where the school finance system was declared unconstitutional in the 1980s increased the relative funding of low-income districts. Increases in state funds available to poorer districts led to increases in the relative spending of these districts, and to some equalization in spending across richer and poorer districts. We then use micro samples of SAT scores from this same period to measure the effects of spending inequality on the inequality in test scores between children from different family backgrounds. We find some evidence that the equalization of spending across districts leads to a narrowing of test score outcomes across family background groups.