

Is Your State Shortchanging Public Schools?



In the past two decades, lawmakers and voters have gradually reduced their commitment to funding public education.

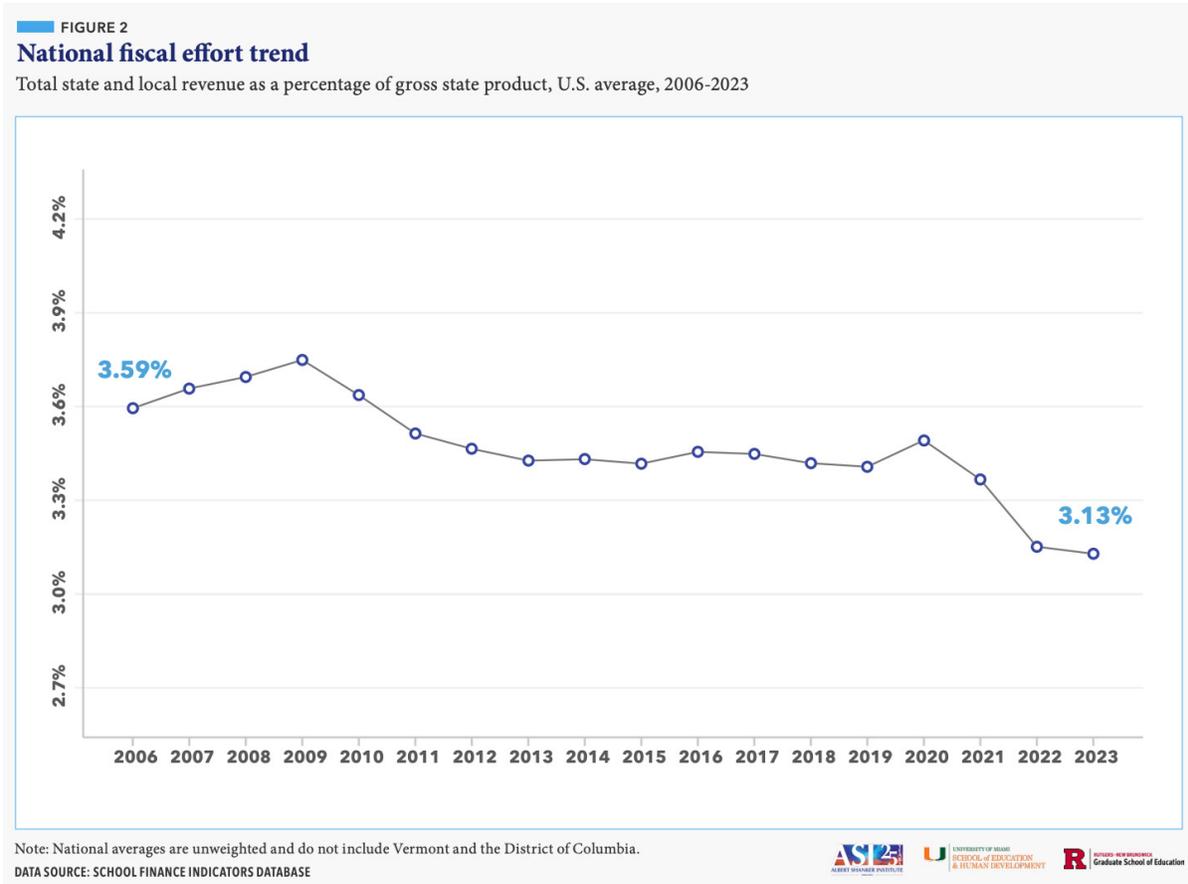
That's according to the [latest](#) annual school finance report by Bruce Baker, Matthew Di Carlo, and Mark Weber. [Di Carlo](#) is a senior research fellow the Albert Shanker Institute, and NEPC Fellows [Baker](#) and [Weber](#) are at the University of Miami and Rutgers University, respectively.

The report tracks, among other things, state and local school funding as a share of each state's gross domestic product, with the goal of assessing the degree to which states are making an effort ("fiscal effort") to use what resources they have to fund K-12 education.

Just before the Great Recession in 2006, states and localities committed the equivalent of 3.59% of their gross domestic products to K-12 education. In 2023 (the most recent year for which federal data are available), that share was 3.13%. Although that difference may sound small (a 12.8% drop), it represents billions of dollars. For example, if states:

invested at least the same share of their economies between 2016-2023 as each did in 2006, they would have had \$575 billion more for their schools, which is roughly 10 percent of total state and local school revenue during those eight years.

In six states (Hawaii, Arizona, Indiana, Florida, Michigan and Idaho), funding would have been at least 20% higher than it actually was if fiscal effort had simply returned to pre-recession levels.



The report also highlights spending gaps that break down along lines that are not only socioeconomic but racial. For instance, Black students are 3.5 times more likely than White students to be enrolled in “chronically underfunded districts”—which rank in the bottom 20% of the report’s adequacy measure. (Adequacy is defined as allocating a sufficient amount of money for students to reach the modest goal of achieving national average reading and math scores in Grades 3-8.)

The report concludes with recommendations for the federal government

and the states.

- **States:** The report's authors call for routine state audits that examine the degree to which school finance systems account for the reality that some students cost more to educate than others—then making adjustments based on the findings.
- **Federal:** Authors of the report suggest distributing federal funds based not only on need, but on effort. Under this model, states like South Carolina and New Mexico would receive additional federal funding because their state and local funding is equivalent to a relatively large percentage of their state gross domestic products. Because their state economies are relatively small and their students' needs are relatively high, they have a relative lack of capacity to provide adequate school funding. (For more information on school funding and equity in New Mexico, check out this [Equity Literacy Action Guide](#) from Transform Education NM, which is a coalition of families, educators, and advocates for educational equity.)

By contrast, school funding represents the equivalent of a relatively small share of GDP in Arizona, Florida, Idaho, Nevada, North Carolina, Tennessee and Texas, even though they have larger economies and, again, many students with high needs. “These are states in which inadequate spending represents, at least in part, a deliberate choice on the part of policymakers to tolerate poor outcomes despite having the capacity to improve them,” the authors of the report write. The authors' recommended approach would provide these states with less per-pupil federal funding than states like New Mexico and South Carolina. Under this model, the U.S. Department of Education would also monitor school funding, providing guidance to states.

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