



School Spending Is Unfair. Here's Why.



As the new year begins, an [annual analysis](#) of K-12 education funding suggests that large shares of American students are attending inadequately or inequitably funded schools.

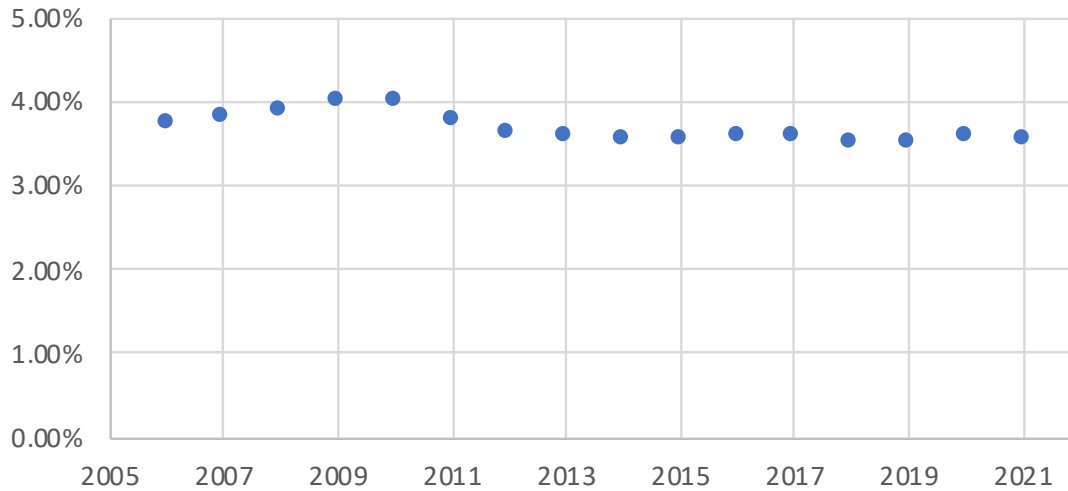
Produced by NEPC Fellows [Bruce Baker](#) of the University of Miami and [Mark Weber](#) of Rutgers, and by [Matthew Di Carlo](#) of the Albert Shanker Institute, the report evaluates K-12 education funding by each state on the basis of effort (the share of the state's economy devoted to K-12 education funding), adequacy (whether or not spending is sufficient to help students reach the national average in reading and in math), and equity.

We generated the charts below, using data from Baker and from the 2024 report, to summarize key findings from the report, which draws upon the most recent federal data, from 2021.

1. Compared to before the 2008 recession, states are making less of an effort to fund K-12 education

As a percentage of state gross domestic product, state and local education funding has declined in the majority of states (39) since the 2007-2009 recession. "This cost schools over \$360 billion between 2016 and 2021, which is nine percent of all state and local school funding during those six years," according to the report.

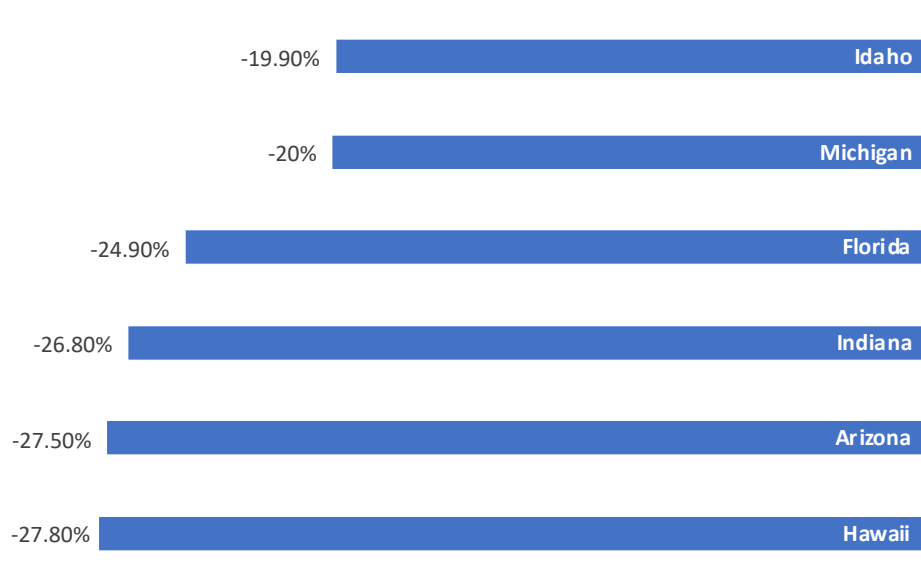
Percent of State Gross State Product Spent on K-12 Education: 2006-2021



2. Efforts to fund education have declined most in these six states

In six states, state and local K-12 education funding (as a share of gross state product) has declined by 20 percent or more since the Great Recession. “In other words, had these states recovered to *their own* 2006 effort levels by 2016, their total state and local school funding between 2016 and 2021 would have been 20-28 percent higher,” the report states.

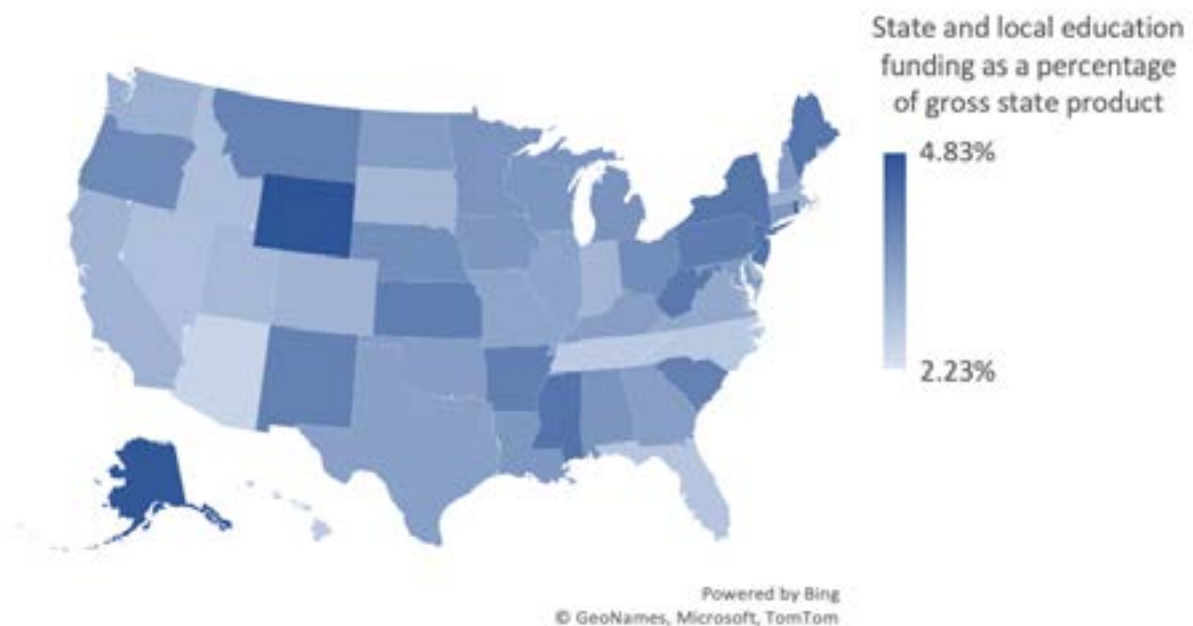
States With the Biggest Declines in K-12 State and Local Funding, as a Percentage of Gross State Product Spent on K-12 Education



3. When it comes to funding education, some states make a bigger effort than others

K-12 funding varies as a share of states' economies, with some states making a bigger effort to fund education than others. The highest effort states are Wyoming (4.83 percent), Alaska (4.77 percent), Rhode Island (4.46 percent), Mississippi (4.25 percent), and New Jersey (4.22). The states that arguably have the capacity to devote more money to education but choose not to do so are Arizona (2.5 percent), Hawaii (2.66 percent), Tennessee (2.68 percent), North Carolina (2.72 percent), and Florida (2.78 percent).

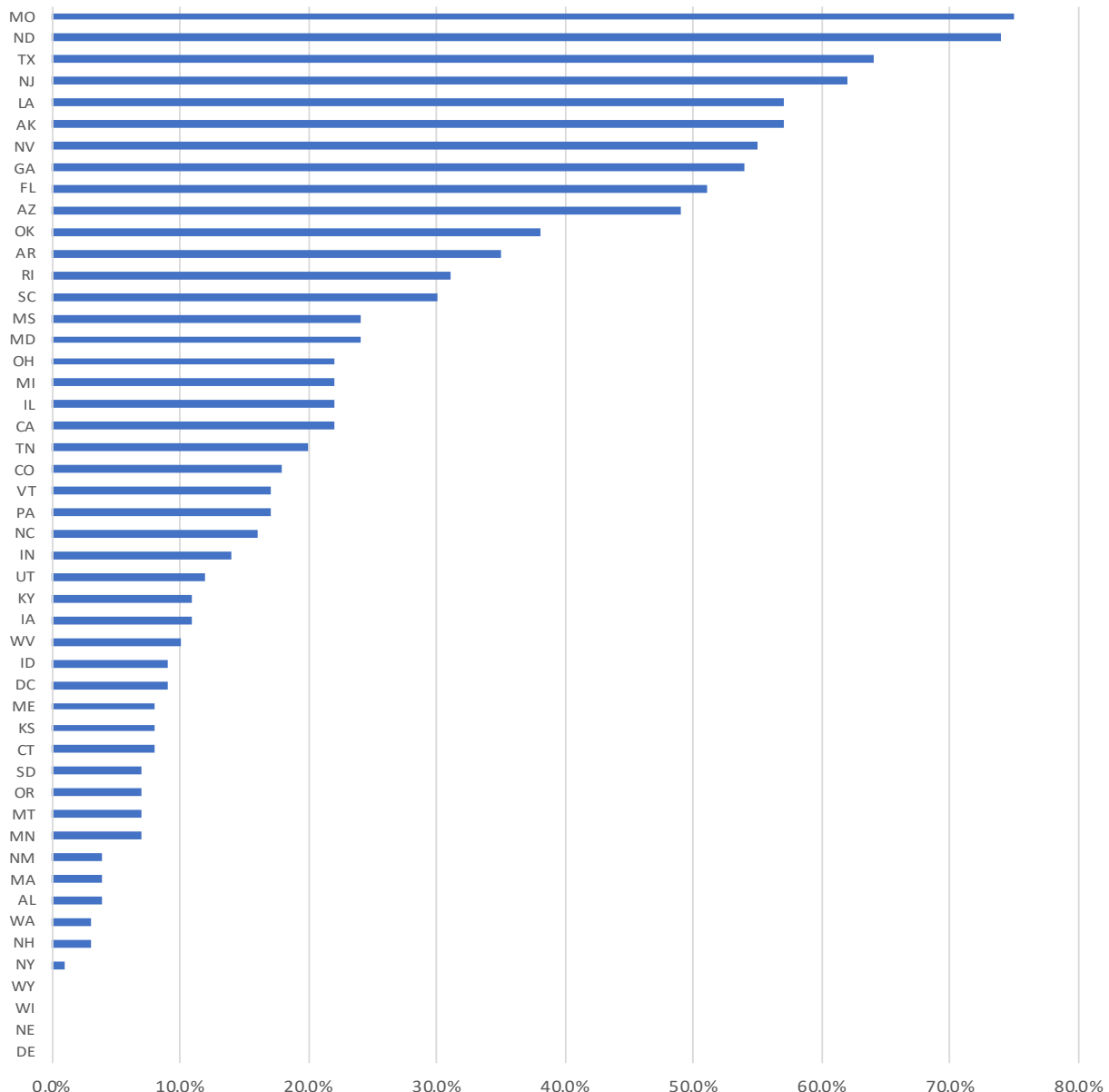
State and Local Education Funding as a Percentage of Gross State Product



4. Chronic underfunding is more common in some states than in others

The report defines school districts as having “chronically below adequate” funding if they are in the 20 percent of districts with the largest gaps between what is spent and what would be required to obtain test scores at the national average in reading and in math—given the needs of the students the district serves. About 60 percent of students enrolled in these chronically underfunded districts are located in just 10 states that, combined, enroll just 30 percent of the nation’s K-12 population, the report’s authors write.

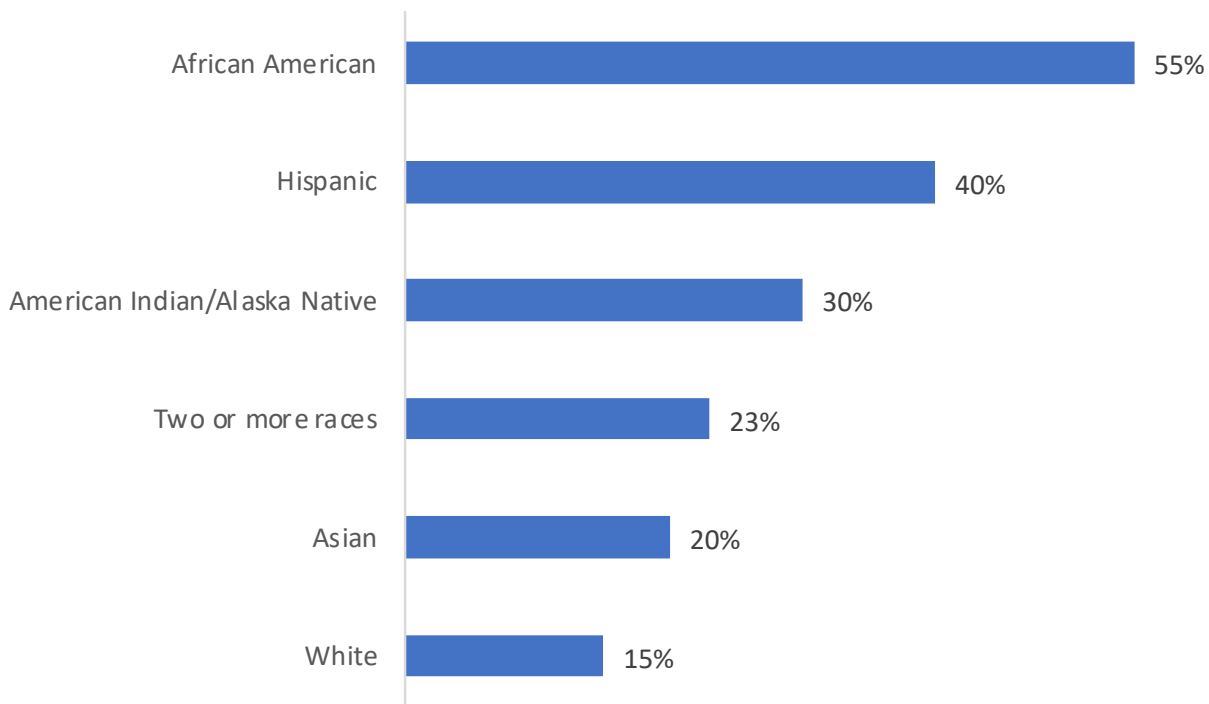
Percentage of Students in Chronically Underfunded Districts, By State



5. African American students are more likely to experience chronic underfunding

A student's chance of experiencing chronically inadequate funding varies substantially by race. While just 15 percent of white students are enrolled in school districts that are chronically underfunded, that share rises to 55 percent for African American students and 40 percent for Hispanic students.

Percentage of Students, By Ethnicity/Race, Enrolled in School Districts With Chronically Inadequate Funding



The report concludes with recommendations, including:

- States should routinely conduct audits to ensure schools are being funded based on student needs, which are more extensive for some students than for others.
- States should ensure funding is distributed according to the needs identified by these audits.
- Federal funding programs should account for the reality that states with thriving economies can fund their schools at higher rates than those with smaller economies.
- “The unfortunate truth is that many states with inadequate funding put forth strong effort levels but do not have the economic capacity to meet their students’ needs,” the authors write. “For these states, additional federal education aid can serve as a vital bridge to more adequate and equitable funding.”
- The U.S. Department of Education should monitor the adequacy, equity, and efficiency of state and local school funding, providing guidance to states on improving their performance on all three measures.

NEPC Resources on School Finance and Funding

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