Money works in education

Evidence that money works in education continues to accumulate. A new study published in the latest issue of the American Economic Journal: Economic Policy shows that increased expenditure on schools improves student outcomes.

It found substantial positive effects of increased spending on test scores, dropout rates and post-secondary enrolment.

The study analysed the relationship between school spending and student outcomes in the US state of Wisconsin.

It found that a three per cent increase in operational expenditure per student per year over 10 years resulted in an increase in test scores of three to four percentage points, a nine per cent reduction in school district drop-out rates and a 10 per cent increase in the students who completed high school and enrolled in post- secondary education.

The study concluded that: "... the results are driven, at least partially, by a combination of reductions in class sizes and teacher attrition, additional licensed staff and increases in teacher experience and compensation."

The results of the study are consistent with those of many other recent studies of school expenditure and outcomes.

Twenty-five other studies since 2015 have shown increased expenditure on schools improves student outcomes, especially for disadvantaged students.

The evidence shows that additional school resources improve short- and medium- term outcomes such as test scores and educational attainment, and longer-term outcomes such as wages, employment and income mobility.

As the new study notes: "There is a growing consensus in the economics of education literature that increases in school funding generally improve student outcomes".

In Australia, critics ignore the extensive evidence that money works in education.

Instead, they claim that international test results for most Year 10 students have declined while funding has increased.

However, it is clear that large funding increases have been badly misdirected to the school sectors least in need.

They also ignore the fact that Year 12 results have improved over the past 20 years and that nearly three-quarters of students don't fully try in the international tests.

Private schools have been lavished with money over the past decade while public schools have been denied the funding needed to make a difference for the vast majority of disadvantaged students.

Combined Commonwealth and state government funding per student, adjusted for inflation, for private schools has increased by nearly five times that for public schools over the last 10 years.

A dramatic change in school funding policies at both the Commonwealth and state levels is needed to ensure that public schools are fully funded to meet the challenges they face.

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