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Lessons and Challenges in K-12 School Finance: A 50-Year Perspective

Lincoln Institute Session at the 2025 Association for Education Finance & Policy Conference

Moderator: Kim Rueben, Lincoln Institute of Land Policy

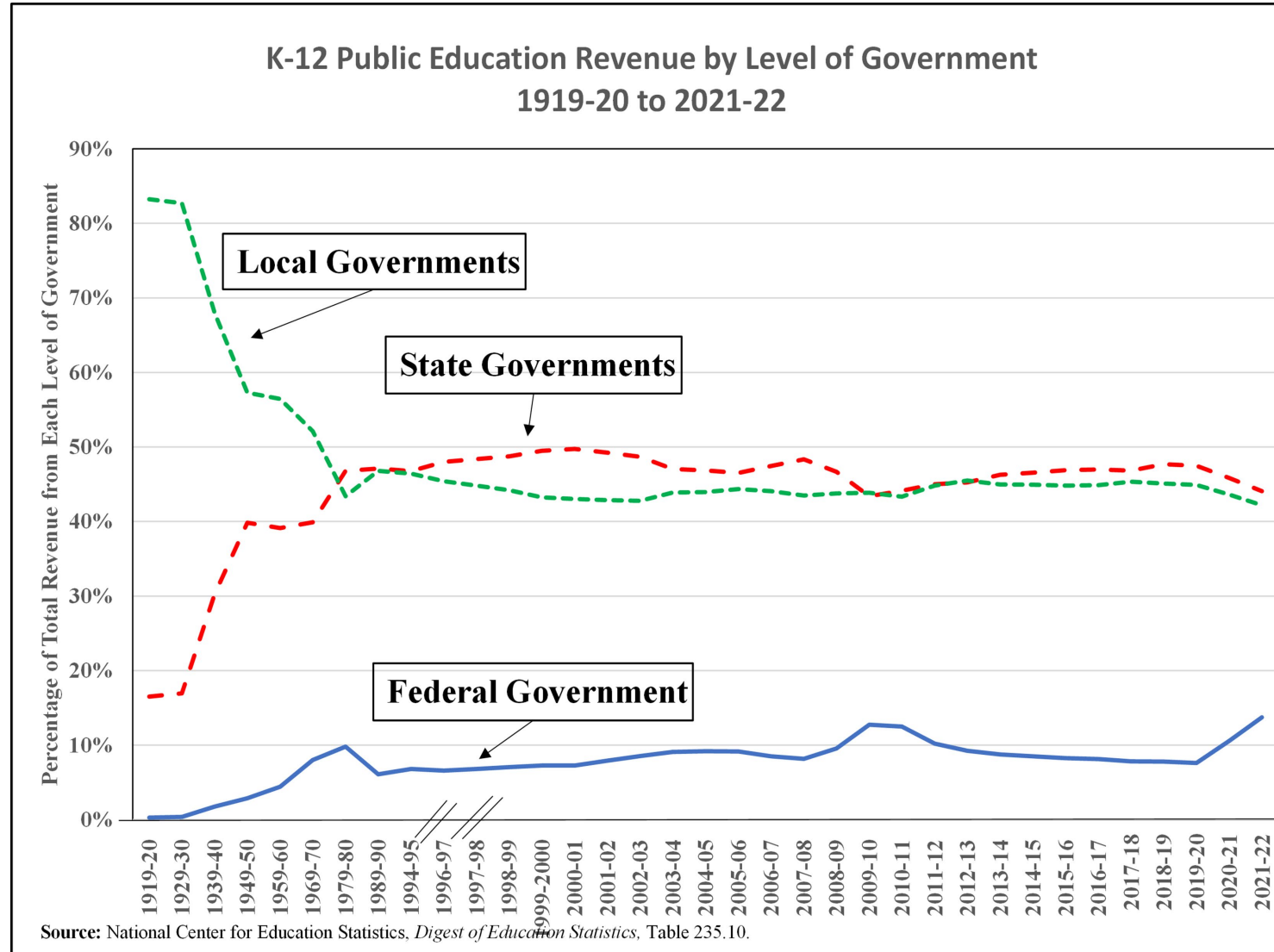
Robert O'Donnell, Massachusetts Department of Elementary and Secondary
Education

Bethany Paquin, Lincoln Institute of Land Policy

Claudia Persico, American University

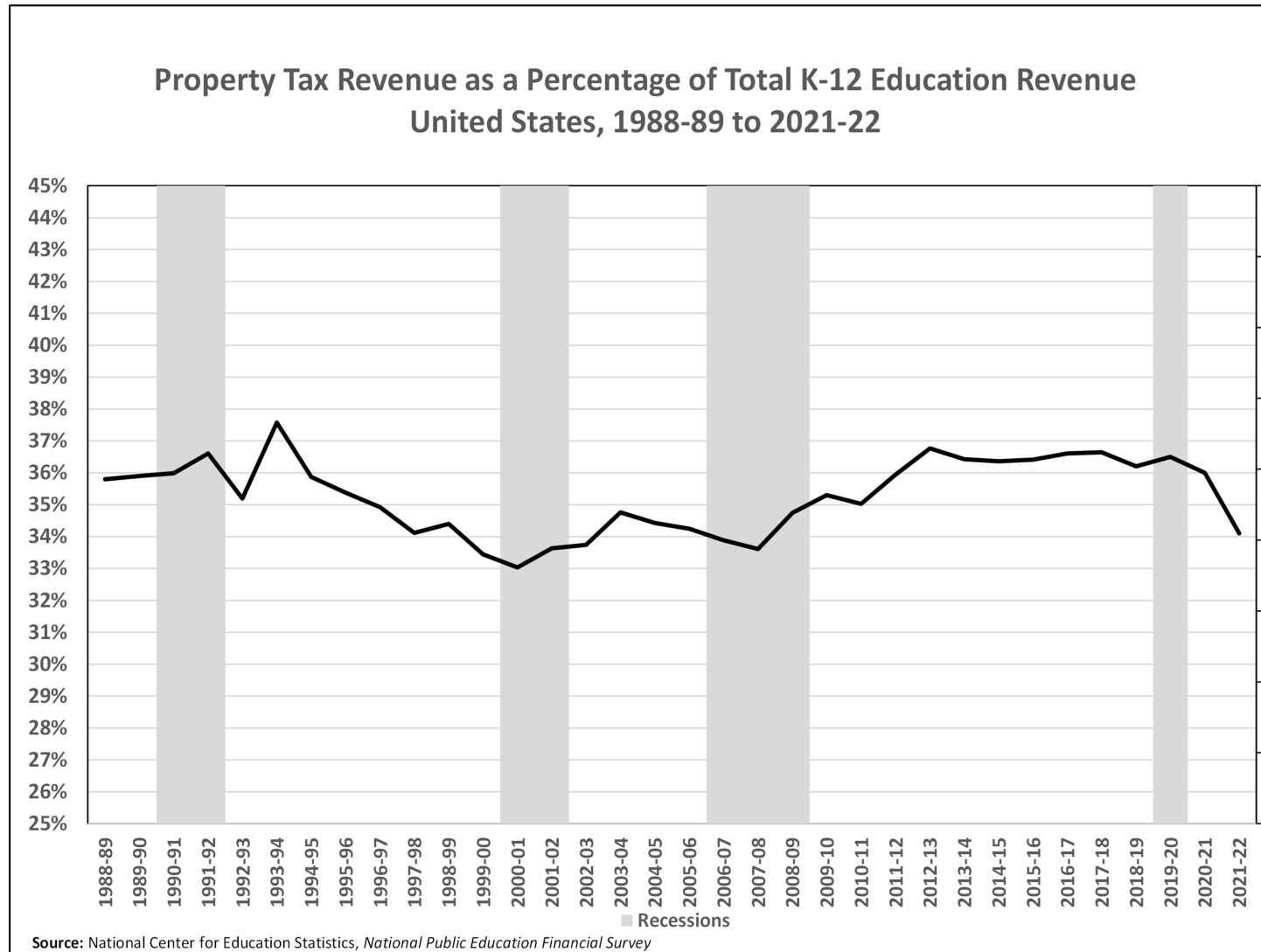
Andrew Reschovsky, University of Wisconsin, Madison

K-12 Public Education Revenue by Level of Government, 1919-1920 to 2021-2022



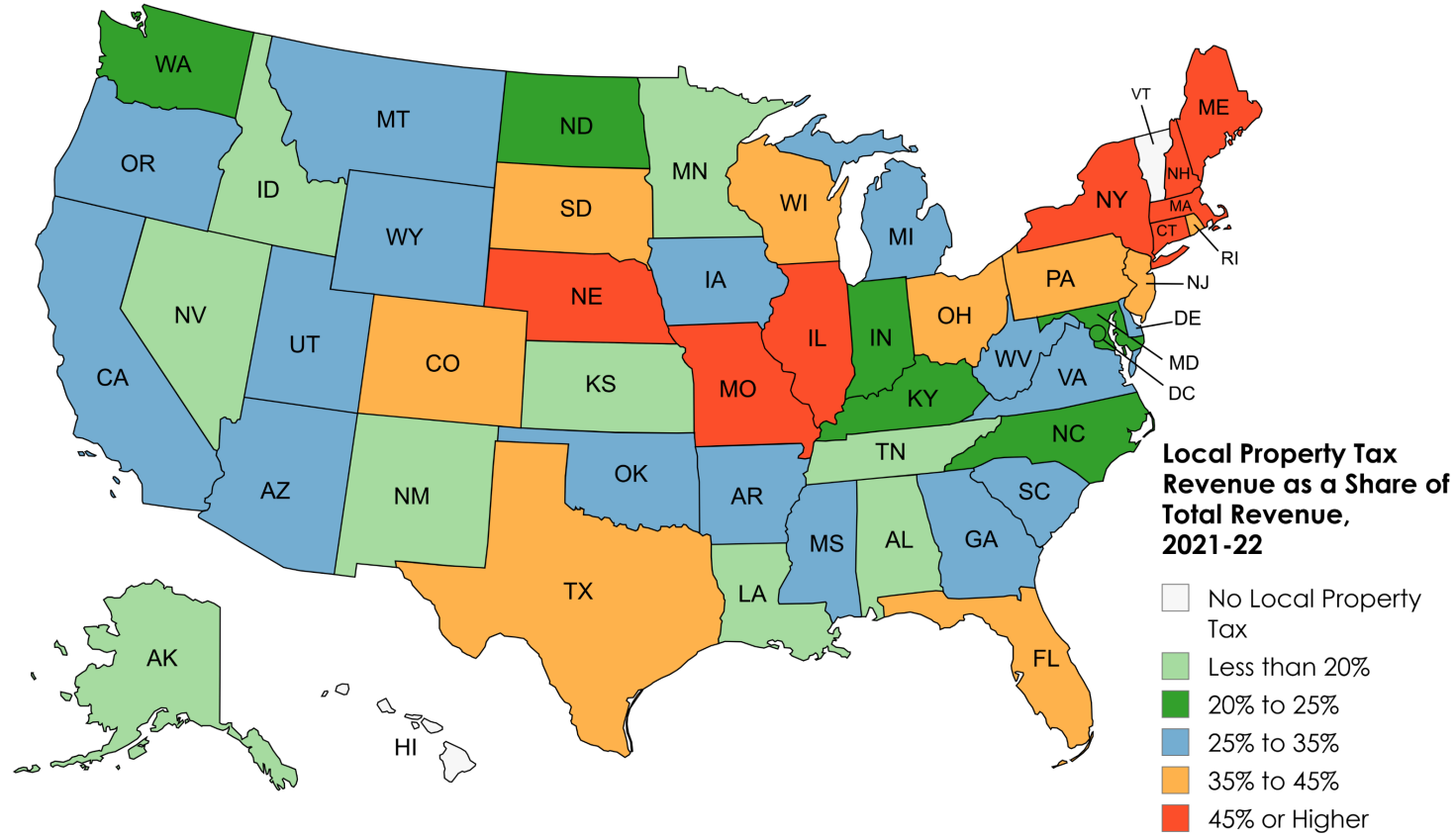
Source: NCES

Property Tax Revenue as a Percentage of Total K-12 Education Revenue, United States, 1988-1989 to 2021-2022

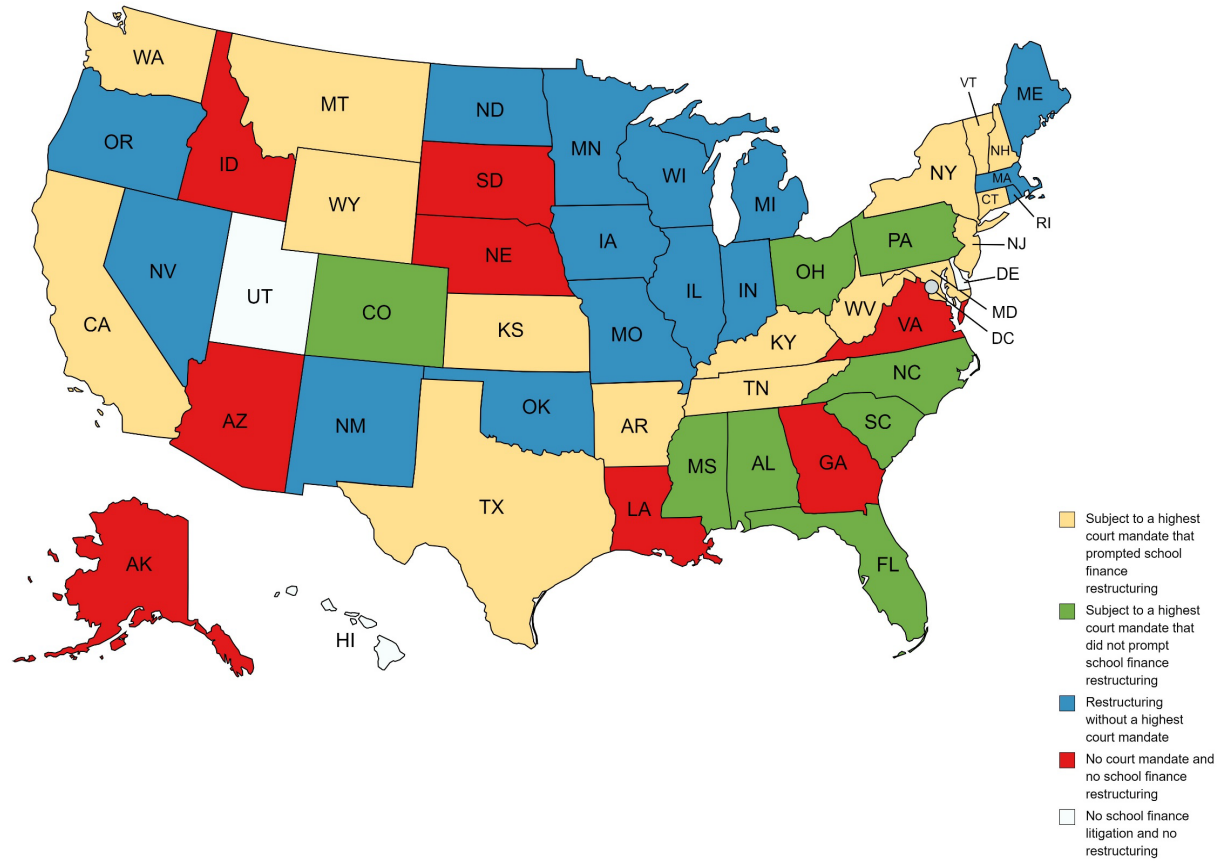


Source: NCES

Local Property Tax Revenue as a Share of Public Education Revenue, 2021-2022



School Finance Restructuring by State, 2021

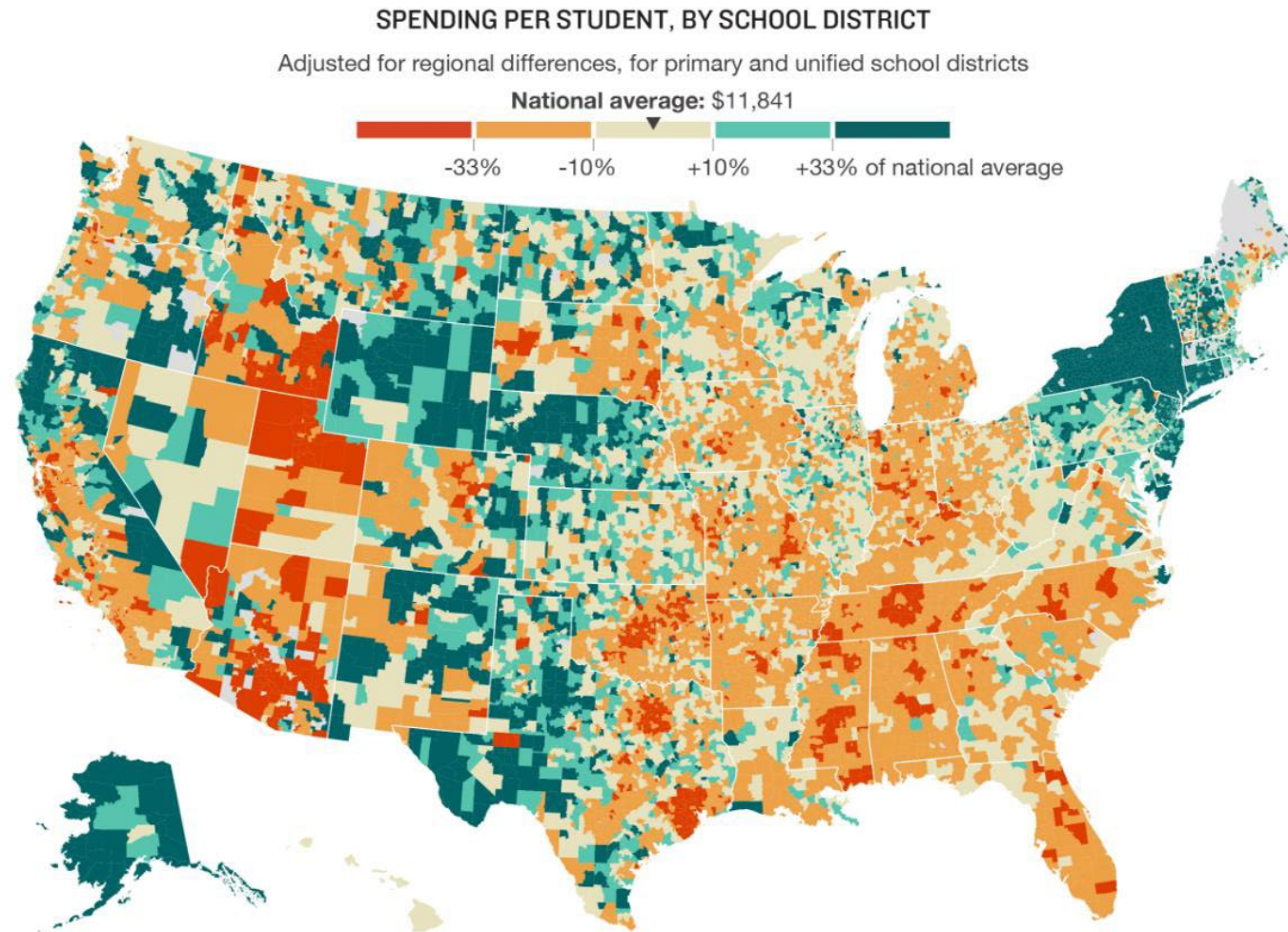


Created with mapchart.net

Sources: Authors' research; Kenyon 2007; National Center for Education Statistics 2001 and 2023; Rhode Island Public Expenditure Council; SchoolFunding.Info; and State-by-State Property Tax at a Glance.

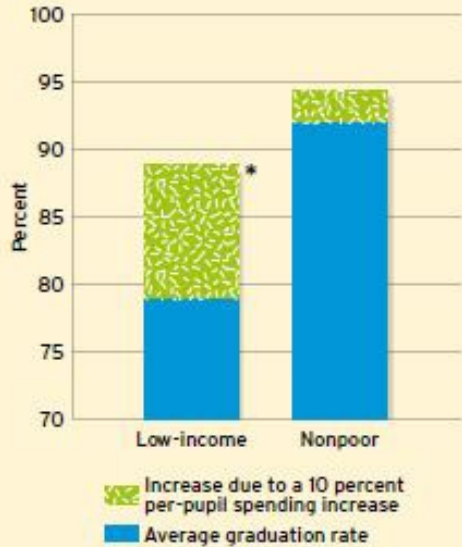
Note: Illinois restructured its school finance system in 2017 unprompted by litigation; in earlier litigation, the state's high court rejected plaintiffs' claims

Spending Per Student, by School District



Higher Graduation Rates (Figure 3)

Increasing per-pupil spending by 10 percent in all 12 school-age years increases the probability of high school graduation by roughly 10 percentage points for children from low-income families, and by 2.5 percentage points for nonpoor children.



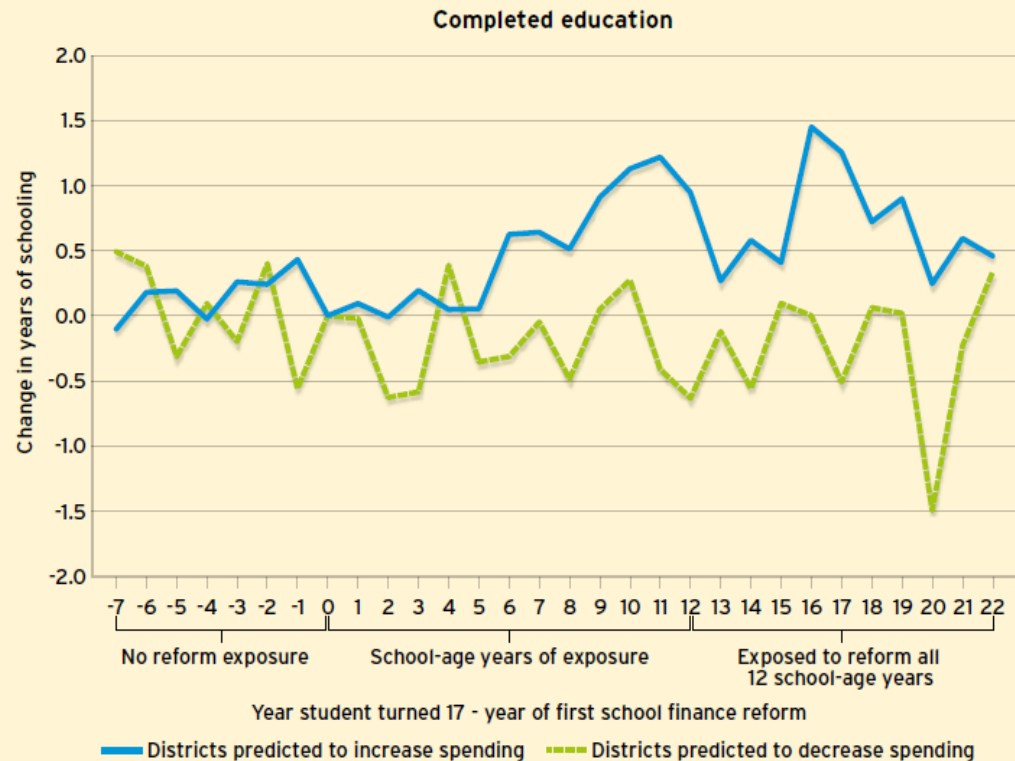
* indicates statistical significance at the 95 percent confidence level

NOTE: Low-income children are those whose annual family income fell below two times the federal poverty line at any point during their childhood.

SOURCE: Authors' calculations

Student Outcomes, Graduation Rates and Wages

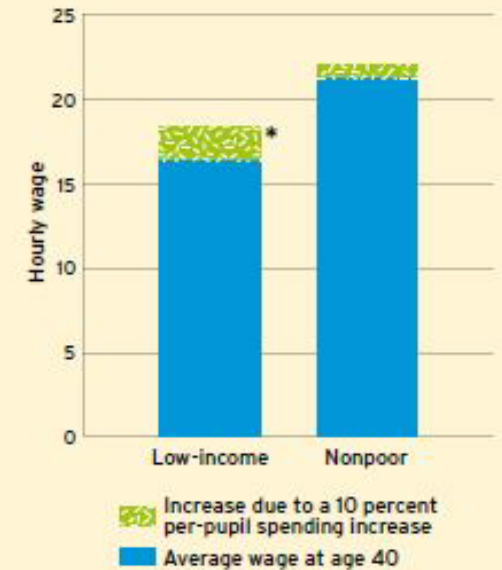
(2b) Students in districts predicted to increase spending also completed more schooling than cohorts from the same district who were unexposed or had fewer years of exposure.



Source: Jackson, Johnson and Persico (2016)

Narrowing the Wage Gap (Figure 4)

For children from low-income families, increasing per-pupil spending by 10 percent in all 12 school-age years boosts adult hourly wages by \$2.07 in 2000 dollars, or 13 percent.



* indicates statistical significance at the 95 percent confidence level

NOTE: Low-income children are those whose annual family income fell below two times the federal poverty line at any point during their childhood.

SOURCE: Authors' calculation

Event Study Estimates of Effects of School Finance Reforms on Mean Test Scores in Lowest Income School Districts

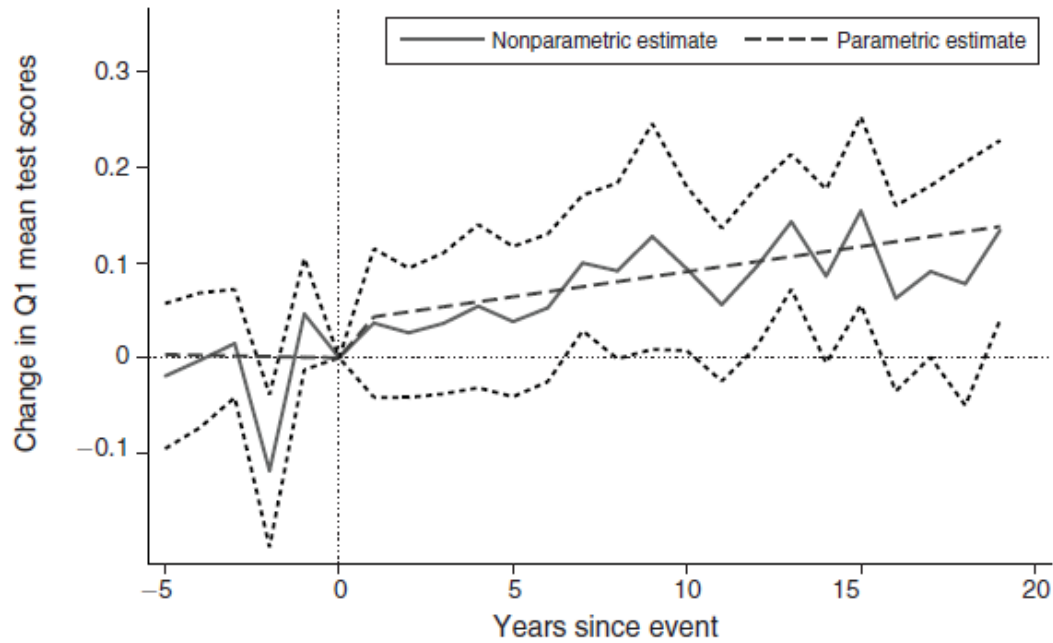
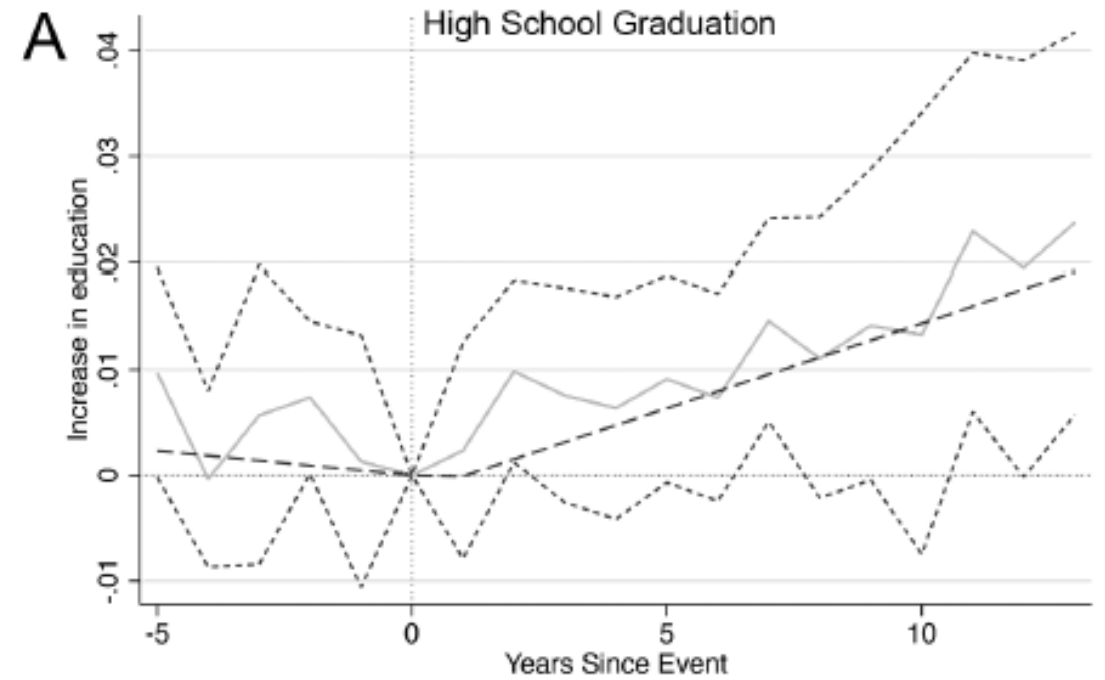


FIGURE 7. EVENT STUDY ESTIMATES OF EFFECTS OF SCHOOL FINANCE REFORMS ON MEAN TEST SCORES IN LOWEST INCOME SCHOOL DISTRICTS

Source: Lafortune, Rothstein and Schanzenbach (2018)



Source: Rothstein and Schanzenbach (2021), Post 1990

Thank you!

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