Not Enough Value to Justify More of the Same

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It is hard getting around the historic facts. Real per pupil spending has more than doubled in the past 40 years, but the mathematics and reading scores of 17-year-olds have barely budged.

We must recognize that more of the same is unlikely to yield better results — and by implication reform through spending is not the way to improvement.

Advocates of more spending frequently attempt to trivialize the position of critics by twisting it into “money does not matter.” That statement is, of course, silly, because schools must pay salaries, buy equipment and run a variety of programs that do indeed require money.

But in simple terms, how money is spent is much more important than how much is
spent. The problem has been that schools have not systematically used additional funds in ways that lead to improvements in student outcomes — and there is no reason to expect better choices in the future.

Supporters of added funding — as opposed to more fundamental reform in how money is used — frequently argue that it is other forces that prevent schools from doing better: Their students are more disadvantaged or there is more need for special education, etc. Even generous allowances for spending associated with educational mandates do not explain or justify the more than doubled spending over the past four decades, without any gains in achievement.

To an economist, a central issue is incentives for school personnel. There are no extra rewards for teaching well or consequences for teaching badly. If we simply raise all salaries for school personnel — for both effective and ineffective educators — we should not be surprised when student achievement does not change. If we further reduce teacher-pupil ratios, even after the disappointing results of the past two decades, we should not be surprised that spending rises with no gain in achievement.

Given decades of unproductive spending increases, it is a mistake to lead with greater spending and hope for the best.