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## **Nationwide School Finance Analysis Assigns ‘F’ Grade to 22 States, Calls on Congress to Incentivize Funding Reforms**

*ELC report calls for increased federal aid to push states to fix state funding inequities*

**NEWARK, N.J.** – Today Education Law Center released the report [Making the Grade 2021](#), documenting the persistence of unfair school funding across the country and underscoring the urgent need for school finance reform to close vast gaps in funding among and within states.

This year’s edition of ELC’s annual [state-by-state analysis](#) comes as Congress and the Biden administration grapple with a key question: should the federal government play a more active role in advancing school funding equity, especially for students in the nation’s high-poverty, racially isolated districts and schools?

Citing the dramatic deficits and inequities in how states fund their local schools, *Making the Grade 2021* makes a compelling case for leveraging federal spending power to incentivize state school finance reform.

As this year’s report shows, millions of students across the United States attend schools that lack the essential resources needed for children to succeed and thrive. In many states, particularly across the South and West, per-pupil funding trails the national average by thousands of dollars. Furthermore, most states – even those with otherwise average or above-average per-pupil funding levels – fail to provide the additional funding necessary for students in high-poverty schools.

“The underfunding of schools is not, as some policymakers would like the public to believe, an unfortunate reality of budget constraints,” said ELC Executive Director and report co-author David Sciarra. “Rather, it is the result of inaction and even outright hostility from state governors and legislators to invest in the education of their students.”

Using the most recently available data from the 2018-19 school year, *Making the Grade 2021* evaluates states’ education funding systems on three critical measures of fairness:

- Funding Level measures the combined state and local revenues provided to school districts, adjusted for regional cost differences. The report finds that funding varies dramatically across states, from \$9,814 per pupil in Arizona, to \$27,235 per pupil in Vermont.
- Funding Distribution measures the allocation of funds to school districts relative to the concentration of students from low-income families. There is wide variation on this measure as

well, with Nevada providing 32% less and Utah and Alaska each providing 57% more per pupil to high-poverty districts than to low-poverty districts.

- Funding Effort measures investment in the K-12 public education system as a percentage of a state's economic productivity (GDP). High-effort, high-capacity states, such as New Jersey, New York and Wyoming, generate above average funding levels, while low-capacity, low-effort states, such as Arizona, Florida and North Carolina, have the fiscal wherewithal to improve their below average funding to levels more in line with the national average.

Given the resistance of state lawmakers over the past decade to meaningfully expand education funding, *Making the Grade 2021* calls on Congress to seriously consider using federal funding as a lever to press states to reform their inequitable finance systems.

While Title I provides federal funding to districts with large percentages of students from low-income families, it represents less than 2% of the \$764 billion spent on public education in the U.S. annually. Expanding Title I funding could provide high-poverty schools and districts with increased support to counterbalance many states' failure to support their most vulnerable students.

Increased Title I funding is central to President Joe Biden's push for improved education funding equity at the state level. His administration has proposed \$20 billion in new Title I Equity Grants, designed to provide additional support to under-resourced school districts and address funding disparities. One of the president's priorities is to incentivize school funding reform by requiring states to publish per-pupil spending data and set goals for closing funding gaps, among other measures.

"This year's report makes clear that, even before the COVID-19 pandemic, the condition of school funding in many states was bleak," said ELC Research Director and report co-author Dr. Danielle Farrie. "While the obligation to fully invest in public education rests primarily with the states, it is time for the federal government to use the tools in its toolbox to incentivize fair and equitable school funding across the country."

Despite the bleak conditions nationwide, some states have successfully reformed their school funding systems in recent years. California overhauled its system by investing \$18 billion in new funding for students who have historically been deprived of adequate school resources, including low-income students, English learners, and homeless and foster students. Between 2013 and 2019, California's funding level rank rose from 41<sup>st</sup> in the nation to 32<sup>nd</sup>, and its funding distribution rank went from a flat 21<sup>st</sup> to 8<sup>th</sup> most progressive.

"ELC's annual school funding reports are the benchmark for understanding whether states are fairly funding education and how they rank against each other," said Derek Black, professor of law at the University of South Carolina. "Looking across these reports, one can also easily see whether individual states are making meaningful progress or moving backward. Sadly, about two-thirds of states are not even close to being on the right track. It is a reality check for anyone who is serious about improving equity and quality in our public schools."

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*Making the Grade 2021* is coauthored by Dr. Danielle Farrie, ELC Research Director, and David Sciarra, ELC Executive Director. Please visit <https://edlawcenter.org/research/making-the-grade/> to view the full report and explore findings with interactive tools.