



RACE AND EQUITY

Rich schools get richer

School spending analysis finds widening gap between top 1% and the rest of us

by JILL BARSHAY
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In his 2013 book, “Capital in the Twenty-First Century,” French economist Thomas Piketty made a provocative argument about rising income inequality and the growing importance of disparities in wealth. He suggested that the world was returning to a sort of 19th century dynastic capitalism where the rich, with their inherited wealth, and the poor masses were growing ever farther apart. Piketty’s follow-up book, “Capital and Ideology,” published in English in March 2020, argued that inequality trends are turbocharged in our current period of “hypercapitalism.”



The nation's highest spending school districts tend to be wealthy white suburbs whose education spending increased at a faster rate than other school districts between 2000 and 2015, according to a May 2020 study by a Penn State researcher.

There are consequences for education, too. A new analysis of school funding by a Pennsylvania State University researcher finds that the highest spending school districts are investing even more in their public schools, from kindergarten through high school. The school funding gap between a top 1 percent and an average-spending school district at the 50th percentile widened by 32 percent between 2000 and 2015, the study calculated. These top 1 percent districts were already funding their schools at much higher levels in 2000 but then increased annual school funding at a faster rate than everyone else.

“The people who can and wish to spend more are running away with it,” said Bruce Baker, a school finance expert at Rutgers Graduate School of Education. “This is what educated people with fewer fiscal constraints want for their own children. Those communities clearly set a higher bar and increase that bar at a faster rate over time.”

The May 2020 study didn’t identify the roughly 1,300 districts at the top, which educate fewer than 500,000 of the nation’s children, but characterized them as mostly wealthy, white suburbs. They are not necessarily the wealthiest zip codes in the United States or where the wealthiest Americans live but they are the highest spending school districts. The table accompanying this story shows how three wealthy suburban school districts, which are certainly among the top 1 percent, increased their funding relative to their nearby cities. The Lower Merion district located in the suburban Philadelphia Main Line boosted its education funding 87 percent between 2000 and 2015 to more than \$23,000 per student. That’s more than double the amount that Philadelphia, one of the poorest cities in America, spent on its students.

District	ILLINOIS				NEW YORK			
	City of Chicago USD 299		New Trier Twp HSD 203		New York City		Scarsdale USD	
Year	2000	2015	2000	2015	2000	2015	2000	2015
Census Poverty Rate	25%	29%	1%	4%	27%	29%	3%	3%
Enrollment	431,750	392,558	3,491	4,099	1,075,710	995,192	4,278	4,851
Spending per Pupil	\$7,214	\$13,784	\$14,386	\$28,156	\$9,465	\$21,980	\$13,839	\$26,778
Change in Per-Pupil Spending 2000-2015		91%		96%		132%		93%

NOTE: PER PUPIL SPENDING FIGURES ARE NOT ADJUSTED FOR INFLATION.
DATA SOURCE: U.S. CENSUS, M. SIKHART, A. WEESE, M.A. 2020. RUTGERS GRADUATE SCHOOL OF EDUCATION/LEIBERT SHANKER-INSTITUTE SCHOOL FINANCE INEQUITIES DATABASE, RTI

Why we should care about high levels of education spending among the rich is a matter of debate. Baker argues that their choices affect the rest of us. That’s because education investments by the rich can potentially boost their children’s achievement levels and give them an advantage in college applications. As these well-educated children move from well-funded schools to elite universities, their advantages continue as they apply to graduate schools and seek the most coveted jobs. Those at the bottom as well as those in the middle can struggle to compete against this kind of educational privilege.

“It’s kind of like baseball,” Baker said. “When the Yankees spend more, it makes it harder for everyone else to compete.”

Baker was not involved in the Penn State study, which was conducted by Matthew Gardner Kelly, an assistant professor of education. Kelly points out in his article, published in the peer-reviewed journal Educational Researcher, that researchers often exclude the highest spending districts because they’re such outliers and have a tendency to push up national averages. The top 1 percent districts across the nation funded their schools by an average \$21,000 per student in 2015. That’s almost three times the level of the bottom 1 percent of school districts where funding levels were \$7,500 per student.

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New York State has the highest concentration of students who attend schools in the best funded districts, Kelly calculated. That’s because the state has many narrowly drawn, tiny school districts where most of the residents are wealthy and districts rely on local taxation to generate revenue. Often local governments don’t have to actively raise taxes but they passively collect more taxes as property values rise. Nassau County, just outside New York City on Long Island, has the highest concentration of students who attend the best funded public schools among all counties in the country. Almost 17 percent of all the top 1 percent students in the nation live in this one county.

California, by contrast, has the greatest concentration of under-funded students in the bottom 1 percent. Among counties nationwide, Los Angeles County has the greatest concentration of students who are funded at the bottom 1 percent level, Kelly calculated. California was also one of 13 states that bucked the national trend, where gaps did not grow between the top 1 percent and the average district between 2000 and 2015. State law has made it difficult for even wealthy communities to raise taxes since the 1978 passage of California’s Proposition 13.

Kelly’s calculations excluded federal funds, which allocate extra money to high poverty districts but constitute only 8 percent of overall education funding. Only local and state funds were analyzed.

The demographics of these top 1 percent of districts are striking. The communities are 72 percent white, 12 percent Latino and 5 percent black. By contrast, the bottom 1 percent of districts, as measured by school funding, are 51 percent white, 25 percent Latino and 15 percent black.

The school funding debate shifted in the 1980s, away from trying to equalize funding among all schoolchildren to making sure that every child gets enough funding for an adequate education. But many scholars and policy experts are now questioning whether aiming for a reasonable minimum bar is enough anymore.

Zahava Stadler, director of policy at EdBuild, a nonprofit organization that advocates for more equitable education funding, said in an interview that current school funding policies reinforce residential segregation by income. “It’s a vicious cycle,” said Stadler. “Families with means want to move to school districts that spend more on education and the price of homes go up. As home values rise, that district is able to collect more property tax and finance schools at a higher level. The best financed school districts become islands of affluent families, where no one else can afford to buy into the community. You wind up with school districts with wealthy kids and the poor kids on the other side.”

“This promotes and entrenches a segregation that’s bad for kids,” she added.

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Stadler isn’t optimistic that school funding policies will change. “The communities that are able to finance their schools more have the loudest voices in the statehouse,” she said. “Concentration of wealth also means concentration of political power in a few school districts.”

The current coronavirus recession is likely to make things worse. Sales and income taxes that states collect are plummeting and states are expected to cut their contributions to schools. Low-income schools are especially reliant on these state funds. Meanwhile, residential property taxes in the suburbs are more stable and likely to weather a recessionary period with less damage. The poor will suffer yet another assault while funding gaps widen further.

This story about rich schools was written by Jill Barshay and produced by The Hechinger Report, a nonprofit, independent news organization focused on inequality and innovation in education. Sign up for the Hechinger newsletter.

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