



The Beacon Hill Institute for
Public Policy Research

News Release

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BHI Study: No link between improved student performance and Education Reform Act spending

(BOSTON) The Commonwealth of Massachusetts could cut more than a billion dollars from education spending without measurably affecting the performance of public schools. This is a finding of a study released today by the Beacon Hill Institute and entitled, *Why Massachusetts Should Spend Less on Education*.

This finding is the result of an econometric analysis that BHI performed on a database that combines school level data from the Massachusetts Department of Education for the Comprehensive Assessment System (MCAS) tests from 1999 to 2008 and financial and demographic data from the National Center for Education Statistics. We use the Composite Performance Index (CPI) which allows us to apply a new methodology to our panel of data on exam results for several hundred schools for nine years.

The purpose of the analysis was to determine how a small increase or decrease in state education spending would affect school performance, as measured by scores on the standardized MCAS test. The state provides data on school performance in mathematics and English for 4th and 10th graders and in English for 8th graders.

For traditional public schools, the Institute found that a 10 percent cut in school spending would:

- Worsen 4th grade performance in mathematics by 0.43% and have no effect on 4th grade performance in English.
- Worsen 8th grade performance in mathematics by 0.72% and
- *Improve* 10th grade performance in English by 0.91% and *improve* 10th grade performance in mathematics by 0.61% percent

In Fiscal Year (FY) 2010, Massachusetts state and local governments spent \$10.4 billion on public school education or \$11,068 per student. To ensure equity, the state mandates a "foundation budget" that sets minimum levels of per pupil spending. School spending exceeds this foundation budget by about \$1.326 billion.

The Institute recommends paring back state aid to education by enough to bring actual spending into line with the foundation budget. By taking this step, the state could use the funds to reduce its structural deficit. A cut of this magnitude in education spending would have no measurable effect on school performance.

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David G. Tuerck, executive director of BHI and one of the authors of the study, observed that “previous BHI studies have led to similar results. What makes this study stand out from the rest is the fact that we were able to use a much improved measure of education performance and a much broader database.”

Tuerck went on to observe that there is nothing in results that deny the progress the state has made in improving school performance under Education Reform. “It is possible, he said, to acknowledge that progress, while still recognizing that by spending so lavishly on education, the state is worsening its current fiscal crisis without realizing commensurate gain in school performance.”

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