

# Can We Save Failing Schools? Evidence From Los Angeles\*

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October 20, 2025

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## Abstract

Can investing in failing schools help them improve? This paper studies this question using a natural experiment based on a 2017 lawsuit settlement that allocated substantial resources to the lowest-performing schools in the Los Angeles Unified School District (LAUSD). Using a difference-in-differences design, I compare 50 secondary schools that received an increase of 13.5% on average in their annual budgets for three years to nearby public, noncharter schools that received no settlement funding. The intervention mandated hiring of additional staff members and allocating of funds for professional development, but allowed discretionary spending on initiatives for high-need students. I find that, in line with the intent of the settlement, schools hired more personnel, including instructional staff such as teachers and counselors and support personnel such as paraprofessionals and school service staff, all effects statistically significant. Settlement schools achieved a 0.75 percentage points reduction in suspension rate relative to unfunded schools, reflecting a marked improvement in performance outcomes. These reductions were particularly notable given that the settlement triggered demographic sorting, with the treated schools losing students overall and shifting toward higher concentrations of economically disadvantaged students and lower Black enrollment. A simple bounding exercise that accounts for demographic sorting indicates that the settlement had meaningful effects on suspension rates, suggesting real improvements on noncognitive dimensions of schooling. Survey evidence suggests that two key mechanism for lower suspensions were improvements to school climate as reported by staff and students, enhancements to educators' capacity and disciplinary approaches.

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# 1 Introduction

School spending in the United States represents a massive public investment, with K–12 public schools spending \$918.5 billion annually nationwide.<sup>1</sup> Despite these enormous expenditures, low-income districts face funding gaps at more than twice the rate of higher-income districts,<sup>2</sup> chronically low-performing schools experience enrollment declines at more than twice the rate of other public schools (Goulas, 2024) and suffer worse climates, including higher rates of student discipline problems.<sup>3</sup> An extended public debate has centered on how to address poor school performance, with closing low-performing schools being one option. Between 2000 and 2022, districts closed approximately 1,450 schools nationwide each year on average.<sup>4</sup> Supporters of closure argue that chronically underperforming schools cannot be fixed and that shuttering them allows scarce resources to be redirected toward more effective alternatives while giving families better options, but recent research has shown school closures have long-lasting adverse effects on the aggregate economy (Jang and Yum, 2024). In contrast, advocates for investment contend that low-performing schools fail because they have been systematically underresourced, and that substantial, sustained funding can turn them around. While recent research demonstrates that increased school spending improves student outcomes on average (Jackson and Mackevicius, 2024), this evidence derives mainly from studies of general finance reforms or district-level policies rather than focused interventions in failing schools. Moreover, existing research has focused on cognitive outcomes while overlooking other dimensions of school quality, such as school climate, teacher effectiveness, and counseling support, which are strongly correlated with overall school performance (Carrell et al., 2025).

This paper addresses this gap by examining how investment affects the lowest-performing schools. I study a natural experiment arising from a 2017 lawsuit settlement in the Los Angeles Unified School District (LAUSD) that delivered substantial resources to the district schools struggling the most. Fifty secondary schools that officials identified as the lowest-performing in the LAUSD received \$1,030 per student annually for three years, a figure representing approximately 13.5% of their existing budgets on average. This setting provides a rare opportunity to study whether large increases in investment in failing schools can improve them, directly informing a key

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<sup>1</sup>US Census Bureau, “Public Education Finances: 2023,” available [online](#).

<sup>2</sup>Halpin, John, James Morton, Rebecca Goldstein, and Erin Russ. Closing America’s Education Funding Gaps.” The Century Foundation, July 28, 2020, available [online](#).

<sup>3</sup>Low-Performing Schools.” Education Week, September 2004, available [online](#).

<sup>4</sup>National Center for Education Statistics, “Fast Facts: School Closures,” available [online](#).

policy debate. Several features of the setting are advantageous for this research: First, the investment was targeted at failing schools rather than general school populations. Second, the settlement generated substantial school-specific funding variation within the district, as the recipient schools were selected on the basis of the settlement’s terms rather than district educational policy decisions. Third, the money was labeled for critical needs and high-need students. In low-performing schools, this priority implies addressing particular challenges such as high suspension rates, a poor school climate, and low standardized test scores.

Using a difference-in-differences (DID) design, I compare outcomes between fifty high-need secondary schools that received the funding and nearby public, noncharter secondary schools that did not. My analysis relies on two key assumptions to provide credibly causal estimates. First, I assume that the outcomes of the treated and control schools would have followed similar trajectories in the absence of the intervention—the parallel trends assumption central to DID estimation. I provide evidence supporting this assumption by examining pretreatment trends in key outcomes and find no evidence of divergent trajectories between the treated and control schools before the intervention. Second, to verify that the schools actually spent the funding as intended, I examine whether the treated schools hired additional staff as stipulated by part of the settlement.

I examine multiple outcomes using administrative school level data from the California Department of Education and LAUSD, including student achievement in English and mathematics, suspension rates, staffing levels, enrollment, and demographics. Crucially, to explore potential mechanisms, I take advantage of rich school experience survey data that capture detailed perceptions of school climate from both students and staff. This comprehensive combination of administrative and survey data allows me to assess not only the direct effects of the intervention but also the mechanisms driving observed changes.

The settlement required treated schools to improve or provide more services for high-need students broadly defined, hire additional staff to improve school climate, and invest in teachers’ professional development. I show that schools successfully implemented these changes by increasing their employment of certified staff such as teachers by approximately 3 per 1,000 students and of support staff such as office staff by almost 2 per 1,000 students; these figures represent increases of approximately 5% over baseline levels and are statistically significant at standard levels. These resource increases translated into substantial improvements in the disciplinary climate, with reductions in suspension rates of 0.75 percentage points (pp), a substantial 44% decline from pretreatment levels. This effect size is more than double the magnitude of common school climate interventions such

as restorative justice programs ([Adukia et al., 2025](#)). While the disciplinary improvements were substantial, academic outcomes showed more limited progress. The intervention improved English language arts (ELA) achievement by 2.8 pp (12.8% from baseline), and for mathematics, the point estimate is positive but nonsignificant. However, because of data limitations, I observe only two pretreatment periods for academic outcomes, which cautions against a causal interpretation of these estimates.

A key empirical question—one to which the answers predicted by theory are *ex ante* ambiguous—is whether the settlement also affected enrollment and student composition. Better-resourced schools might attract students seeking improved opportunities, while litigation stigma could signal poor performance and deter enrollment. In practice, the treated schools lost 48 students on average (a 5.7% decline from baseline), experienced a 0.9 pp decrease in Black enrollment (a 6.2% decline), and saw free lunch eligibility increase by 3.6 pp (a 4.2% increase). These patterns suggest that families with better school choice options left the treated schools, such that economic disadvantage became more concentrated in them.

These shifts in student composition raise questions about the interpretation of my main findings, particularly the reduction in suspension rates. If higher-risk students left treated schools, the drop in suspensions might reflect student turnover rather than better school practices. To address this concern, I implement a bounding exercise following [Horowitz and Manski \(2000\)](#) that assesses how sensitive my estimates are to different assumptions about the characteristics of students who left. I consider various scenarios regarding these students’ suspension propensity and find that, across all reasonable bounding assumptions, the sign and magnitude of the results remain substantively unchanged, being statistically significant in 4 out of 5 scenarios. This suggests that the observed improvements in the disciplinary climate are not simply a mechanical result of the altered student composition but instead reflect genuine changes in school practices.

To understand whether the observed reduction in suspension rates reflects behavioral improvements, shifts in educator responses, or changes in administrative practices, I examine rich school experience survey data from students and staff. My findings suggests that students in the treated schools perceived meaningful improvements in overall school climate (a 0.15 standard deviation (SD), a statistically significant effect at the 5% level) and better experiences with bullying (although this effect is not statistically significant). More strikingly, teachers and staff reported substantial improvements across multiple dimensions of their work environment. They indicated that they had received professional development on bullying and that they address behavioral issues

when they arise (0.38 SD), and that bullying incidents had become a less significant problem (0.26 SD). Additionally, staff reported greater agreement that disciplinary practices at their schools were both fair and effective (0.31 SD), alongside notable improvements in their perceptions of the overall school climate (0.36 SD). These improvements were statistically significant at the 1% level. These patterns suggest that the intervention primarily operated through enhancing educators’ capacity and approaches to discipline.

This research contributes to several strands of literature. First, it addresses a gap in the school finance literature by examining whether increased spending can improve outcomes in the lowest-performing schools. While recent research demonstrates that increased school investment improves student outcomes on average ([Jackson and Mackevicius, 2024](#)), this evidence derives mainly from studies of general finance reforms or district-level policies rather than focused interventions in failing schools, and primarily emphasizes cognitive outcomes while overlooking other important dimensions of school quality such as school climate, teacher quality, and student support services that are strongly associated with overall school effectiveness ([Carrell et al., 2025](#)), making it unclear whether these positive effects extend to the most underperforming institutions across all relevant dimensions.

Existing research on school spending has documented improvements in test scores, graduation rates, college attendance, and adult earnings, with particularly strong effects for low-income students ([Abott et al., 2020](#), [Baron, 2022](#), [Candelaria and Shores, 2019](#), [Hyman, 2017](#), [Jackson et al., 2016](#), [Lafortune et al., 2018](#)). However, these studies typically examine broad expenditure increases from school finance reforms or close elections that affected diverse school populations. In contrast, my study directly examines a reform targeting the lowest-performing schools, a distinction that matters because these schools may respond differently to additional resources due to more severe baseline challenges, different organizational capacity, or distinct intervention needs.

Moreover, spending effectiveness varies considerably by resource allocation. Researchers have found larger effects from operational spending on personnel than from capital expenditures ([Abott et al., 2020](#), [Baron, 2022](#), [Biasi, 2024](#)), suggesting that both the specific nature of investments and institutional context are crucial. My contribution is to provide direct evidence on whether investment with targeted and discretionary components can improve outcomes in failing schools, examining both student discipline outcomes and the mechanisms through which resources operate in these challenging contexts. This analysis is essential because demonstrating that “money matters” in general may not suffice to conclude that investment can help the schools that need it most.

The most direct evidence on interventions to improve failing schools comes from the research on School Improvement Grants (SIG), under which chronically underperforming schools were required to implement turnaround models designed by the federal government. These programs bundled money with dramatic changes such as replacement of principals and at least 50% of the schools' staff. While recent meta-analytic evidence finds these interventions generated moderate positive gains in math achievement (Schueler et al., 2022), they differed fundamentally from resource-based investment in that they were highly prescriptive and disruptive. In contrast, I study a resource-based approach that preserves school autonomy; the Los Angeles settlement provided substantial funding while allowing schools considerable discretion in addressing their challenges. This distinction is important because local actors may better understand their specific problems and have greater buy-in for solutions they help design. My analysis addresses a gap by testing whether this gentler, resource-focused approach can achieve improvements without the disruption of imposed turnaround models.

Last, this paper also contributes to the school accountability literature by examining whether investment-based approaches ("carrots") can improve low-performing schools, contrasting with the punishment-based mechanisms ("sticks") that have dominated accountability policy. While extensive research documents how accountability pressure generates positive responses but also problematic unintended consequences, including teaching to the test, strategic student exclusion, and gaming behaviors (Booher-Jennings, 2005, Cullen and Reback, 2006, Dee and Jacob, 2011, Figlio, 2006, Figlio and Rouse, 2006, Figlio and Getzler, 2006, Jacob, 2005, Jacob and Levitt, 2003, Neal and Schanzenbach, 2010, Reback, 2008, Reback et al., 2014), less is known about whether positive incentives can achieve improvements without these negative side effects. The Los Angeles settlement provided schools substantial resources to help them improve rather than threatening them with sanctions; from this we can glean insights into whether "carrots" can succeed where "sticks" have yielded mixed results.

In summary, this study contributes to the literature in several ways that advance our understanding of how to improve failing schools. First, it provides causal evidence on the effects of investment specifically in failing schools, bridging a critical gap between general school finance research and the policy question of whether targeted funding can help the lowest-performing institutions. Second, it demonstrates that resource-based approaches granting schools some autonomy can improve the disciplinary climate even when academic gains are modest, which suggests that nontest outcomes may be important early indicators of school improvement. Finally, using rich

survey data from both students and staff, it identifies that the improvements operated primarily through enhanced educator capacity rather than direct student behavior changes, providing insights into the mechanisms through which investment affects the school environment.

## 2 Background on the Los Angeles Unified School District (LAUSD)

The LAUSD is the second-largest public school district in the United States, serving over 500,000 students, and includes most of the city of Los Angeles, along with all or portions of 25 cities and unincorporated areas of Los Angeles County.<sup>5</sup> The district operates approximately 1,300 schools, including elementary, middle, high, magnet, and special-education campuses. Because of its scale and heterogeneity, LAUSD faces significant challenges in resource allocation, equity, and accountability across schools with varying student needs.

### 2.1 School funding

In California, public schools are funded through a combination of state, local, and federal sources. The state provides the majority of funding (59%) through general revenues, while property taxes and other local sources contribute 32%, and the federal government provides less than 10%, primarily for specific programs.<sup>6</sup> California allocates these funds through the Local Control Funding Formula (LCFF), which determines how much each district receives based on enrollment and student needs. Under this formula, districts receive additional funding for students who are low-income, English language learners, or foster youth, with districts receiving *supplemental* grants when these students are present and *concentration* grants when they make up more than 55% of enrollment.

For LAUSD, this means that the student funding takes into account the district’s high concentration of disadvantaged populations. In the academic year 2023–2024, approximately 22% of students were designated as English language learners (ELLs), 81% were considered socioeconomically disadvantaged, and 2.7% were foster or homeless youth.<sup>7</sup>

California adopted the Local Control Funding Formula (LCFF) in 2013, which eliminated most categorical funding programs, replacing them with a simpler and more flexible funding system. Under the new formula, Local Education Agencies receive funding based on the demographic profile of the students they serve. School districts receive extra resources tied to high-need students (i.e.,

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<sup>5</sup>Los Angeles Unified School District, “2024 Fingertip Facts,” available [online](#).

<sup>6</sup>Public Policy Institute of California, “Targeted K-12 Funding and Student Outcomes,” available [online](#).

<sup>7</sup>Ed-Data, “Los Angeles Unified School District,” available [online](#).

those classified as low-income, English language learners, and/or foster youth).<sup>8</sup> Districts receive a base grant per unit of average daily attendance (ADA) and then receive additional funding on top of the base grant based on the proportion of “high-need” students they serve. The goals of the LCFF were to distribute money equitably by providing more funding to high-need districts, to provide greater flexibility to local school boards, and to simplify the funding system.<sup>9</sup>

## 2.2 Emergence of the Community Coalition Lawsuit

Despite LCFF’s goals, in July 2015 the Community Coalition of South Los Angeles, along with parent plaintiff Reyna Frias, filed suit against LAUSD. They alleged that the district had misallocated approximately \$450 million in funds designated for high-need students.<sup>10</sup> The plaintiffs argued that LAUSD counted prior special education expenditures, which the district was already required by law to provide, as if they had satisfied LCFF-mandated supports for low-income, English language learner, and foster youth populations. This accounting practice effectively reduced the additional resources that should have flowed to high-need students.

The Community Coalition litigation was the first to challenge a California district’s implementation of LCFF under these terms. In a parallel development, a 2016 administrative decision by the California Department of Education sided with the plaintiffs, finding that LAUSD’s accounting practices violated state requirements. Following protracted negotiations, LAUSD ultimately reached a settlement in July 2017, with formal ratification in September 2017 (see a detailed timeline in Figure 1).

## 2.3 The Settlement as Program “Treatment”

Under the settlement, LAUSD committed to reallocating \$171.6 million over three years (2017–18 to 2019–20) to “school innovation funds” specifically earmarked for high-need student services. The agreement identified 50 underperforming secondary schools (20 middle schools, 30 high schools) as priority recipients, selected via objective criteria including unduplicated student percentages, mathematics achievement, suspension rates, foster youth, and homelessness counts.

Funding was allocated proportionally to each school’s duplicated count of high-need students, at approximately \$1,030 per duplicated pupil per year, corresponding to an average annual budget

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<sup>8</sup>Public Policy Institute of California, “Targeted K-12 Funding and Student Outcomes,” available [online](#).

<sup>9</sup>Brookings Institution, “Lessons Learned from 10 Years of California’s Local Control Funding Formula,” available [online](#).

<sup>10</sup>ACLU of Southern California, “Community Coalition v. Los Angeles Unified School District,” available [online](#).



increase of 13.5%. The settlement’s duplicated count methodology allows students who met multiple criteria to be counted more than once.

The settlement imposed two mandatory implementation constraints:

1. Each settlement school had to establish tiered student support teams (called “Achievement Through Support” Teams), scaling service intensity with school size. These teams were required to include restorative justice advisors, counselors, and psychiatric social workers (for larger schools).
2. Schools were required to devote at least 10% of the remaining funds toward foundational professional development in mathematics or English language arts.

Outside those requirements, schools retained autonomy to spend across six broad categories targeting high-need student services (see Appendix A for specifics).

From a program-evaluation standpoint, I treat the settlement’s introduction of these funds and mandates as the “treatment.” Settlement schools become the treated group; the comparison group are unfunded similar district schools. The timing, criteria-based selection, and funding structure afford a quasi-experimental opportunity to estimate the effect of injecting targeted resources plus constrained accountability into high-need schools.

My analysis sample includes noncharter LAUSD secondary schools that were operational in academic year 2016/17 right before the settlement was reached (203 schools). I impose the following restrictions to improve comparability between the treatment and control schools: I exclude continuation and special education schools (6), retain only secondary schools in the same local districts as treated schools (21), and restrict the sample to schools operating throughout 2014/15 to 2019/20 (5). I set this end date to avoid potential confounding from the COVID-19 pandemic and start date to ensure all the schools have pretreatment data, as two of the beneficiary schools opened in August 2014. These criteria yield a final sample of 171 schools (121 control, 50 treatment) observed over 6 academic years (2014/15 to 2019/20).<sup>11</sup>

### 3 Data

My analysis draws on administrative school level data from the California Department of Education and LAUSD combined with information from the settlement agreement.

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<sup>11</sup>In my analysis, I have 49 treated schools because one school merged with another after the settlement.

### 3.1 Outcome data

I examine different outcomes to assess the implementation and effects of the settlement. First, I analyze expenditure outcomes to understand how the schools used the additional funds. Second, I examine student outcomes, focusing on disciplinary and academic measures. Third, I use student and staff answers to a school experience survey. All the data come from the California Department of Education and LAUSD.

#### 3.1.1 Expenditure outcomes

For the expenditure outcomes, I examine two categories of staff data that capture different types of school employees.<sup>12</sup>

**Certified employees.** These are school staff required to hold valid teaching credentials or permits and include (1) teachers who provide direct instruction, (2) administrative personnel in positions requiring certification but not providing direct instruction, and (3) pupil services staff such as counselors, librarians, and psychologists who hold specialized credentials. These data are available for the years up to academic year 2017/18.

**Classified staff.** These are employees in positions not requiring certification and include (1) paraprofessionals who provide instructional support under teacher supervision (teaching assistants, aides, translators), (2) office/clerical staff supporting administration and business services, and (3) other support staff including health services, maintenance, food service, security, and transportation personnel.

#### 3.1.2 Student outcomes

Given that the settlement mandated significant investments in services for high-need students, including academic support and mental health services, and in school climate initiatives such as restorative justice programs, I focus on outcome measures that directly reflect these intervention areas.

**Suspensions.** I measure annual suspension rates as the unduplicated count of students suspended divided by cumulative enrollment at the school level.

**Test scores.** Ideally, I could analyze raw test scores, but the California Department of Ed-

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<sup>12</sup>Complete school-level budget data for 2019 and 2020 were not publicly accessible. After submitting multiple unsuccessful requests for these data to the district, I opted to focus on staffing data as the most reliable available indicator of resource allocation changes.

ucation publicly provides school level performance data only in categorical levels as follows: the percentage standard exceeded, percentage standard met, percentage standard met and above, percentage standard nearly met, and percentage standard not met. I therefore focus on the percentage of students who met or nearly met standards as my measure of academic achievement. This metric is particularly relevant for the treated schools in my sample, where approximately 45% of students fail to meet ELA standards and 70% fail to meet math standards, suggesting that interventions in these schools should primarily aim to move students from the lowest performance categories into at least approaching proficiency. I use data from 2015/16 to 2018/19 due to data availability.

### **3.1.3 School experience survey outcomes**

To measure experiences and perceptions of school climate, I use data from LAUSD’s School Experience Survey (SES), an annual survey that captures comprehensive feedback from teachers, staff, students, and parents across all LAUSD schools. I examine the survey responses for the 2014/15–2019/20 academic years.

For students, I focus on measures of bullying experiences and overall perceptions of school climate. The survey has high response rates of 80% across the years in my analysis sample. The bullying indicators assess four key forms of peer victimization occurring on school property: physical aggression (being pushed, shoved, slapped, hit, or kicked), relational aggression (being subject to the spreading of mean rumors or lies), sexual harassment (experiencing sexual jokes, comments, or gestures), and appearance-based teasing. The school climate measures capture students’ perceptions across six dimensions of their school environment, including adult respect and help, feelings of safety and belonging, and overall satisfaction with their school experience.

The staff questionnaire surveys principals, administrators, teachers, counselors, and other school staff about their experiences, perceptions of school climate, and preparedness to address climate issues. The staff survey also has a high response rate of 82% across the years in my analysis sample. The survey measures several key dimensions of school climate, including professional development preparedness (specifically regarding antibullying training), engagement in addressing bullying incidents, and personal safety perceptions during school hours. Staff members also evaluate the school’s disciplinary climate through their perceptions of adult respect toward students and the fairness and effectiveness of the school’s discipline. Additionally, staff assess the prevalence and severity of various climate challenges within their schools, including harassment and bullying among students, physical fighting, general disruptive behavior, racial or ethnic conflicts, and student

respect toward staff members. See Appendix B for details on survey questions.

To analyze these multidimensional survey outcomes systematically, I construct summary indices following the methodology outlined in Anderson (2008). This approach employs generalized least squares (GLS) weighting to aggregate standardized outcomes within each domain, where the weight assigned to each component outcome equals the sum of its corresponding row in the inverted covariance matrix. This weighting scheme optimally accounts for the correlation structure among outcomes, assigning lower weight to highly correlated measures and greater weight to outcomes that provide independent information. For example, to create the student bullying index, I combine responses across the four victimization categories (physical aggression, relational aggression, sexual harassment, and appearance-based teasing), taking the proportions of students reporting each type of incident as “not a problem” and creating a summary measure using the Anderson (2008) procedure. Similarly, I construct indices for school climate, staff preparedness for handling bullying, perceptions of disciplinary effectiveness, and overall staff assessments of school climate. This indexing approach provides clear, interpretable measures of the treatment effects across conceptually related outcomes. Prior to standardization, I recoded all outcomes such that the positive direction uniformly indicates improved performance, ensuring that positive summary index values correspond to positive effects across all domains. See Appendix B for a list of the questions I used to construct each index.

### 3.2 Summary statistics

Table 1 compares pretreatment characteristics between the beneficiary schools and similar LAUSD secondary schools in 2016/17. The former served more disadvantaged student populations and had significantly worse baseline performance across multiple dimensions: higher suspension rates, lower achievement on state standardized tests in math and ELA, and poorer school climate as measured by the student and staff survey indices.

## 4 Empirical Framework

### 4.1 Estimation strategy

My empirical approach uses a DID design to estimate the causal effect of the funding intervention on school outcomes. The baseline specification is:

$$Y_{it} = \alpha_i + \lambda_t + \delta \cdot (\text{Lawsuit}_i \times \text{Post}_t) + \varepsilon_{it} \quad (1)$$

where  $Y_{it}$  is the outcome variable, e.g., the suspension rate, for school  $i$  in year  $t$ ,  $\alpha_i$  denotes school fixed effects,  $\lambda_t$  denotes year fixed effects,  $\text{Lawsuit}_i$  is an indicator equal to 1 for schools that benefited from the lawsuit,  $\text{Post}_t$  is an indicator equal to 1 for years 2018 and after (postsettlement),  $\text{Lawsuit}_i \times \text{Post}_t$  is the interaction term capturing the treatment effect,  $\delta$  is the DID estimator, and  $\varepsilon_{it}$  is the error term. For statistical inference, I cluster the standard errors at the school level. This clustering approach ensures robustness to arbitrary forms of correlation in the error terms within schools while maintaining the assumption that the errors are independent across schools. School-level clustering is appropriate given that the “treatment assignment” is at the school level and schools represent the primary unit of analysis.

The school fixed effects ( $\alpha_i$ ) control for time-invariant unobserved differences between treated and control schools. The parameter of primary interest is  $\delta$ , which measures the average treatment effect of the settlement funding on school outcomes in the postsettlement period.

## 4.2 Identification strategy

The validity of this DID approach relies on the parallel trends assumption. In this case, this means that in the absence of the lawsuit, the outcomes of the schools that benefited from it would have followed trajectories similar to those of the schools that did not. To provide evidence that this assumption holds, I use an event study specification that estimates:

$$Y_{it} = \alpha_i + \lambda_t + \sum_{k=-3}^2 \delta_k \cdot (\text{Lawsuit}_i \times \mathbf{1}_{t=2018+k}) + \varepsilon_{it} \quad (2)$$

where  $Y_{it}$  is the outcome variable, e.g., the suspension rate, for school  $i$  in year  $t$ ,  $\alpha_i$  denotes school fixed effects,  $\lambda_t$  denotes year fixed effects,  $\text{Lawsuit}_i$  is an indicator equal to 1 for schools that benefited from the lawsuit,  $\mathbf{1}_{t=2018+k}$  represents indicators for years relative to the 2017/18 settlement (where  $k = -1$  is academic year 2016/17 and omitted as the reference),  $\delta_k$  is the treatment effect coefficients for each of the years relative to settlement, and  $\varepsilon_{it}$  is the error term, clustered at the school level.

The event study specification allows me to examine for the the parallel trends assumption by examining whether the treated and control schools exhibited differential pretreatment trends. Evidence of parallel pretreatment trends would support the counterfactual assumption that the

treated schools’ outcomes would have evolved similarly to control schools’ in the absence of the intervention. The pretreatment coefficients ( $\delta_{-3}$  and  $\delta_{-2}$ ) test whether the treated and control schools’ outcomes followed parallel trends before the intervention. These coefficients should be statistically insignificant.

As a robustness check, I use the synthetic difference-in-differences (SDID) estimator developed by Arkhangelsky et al. (2021). SDID combines strengths from the synthetic control and traditional DID methods. Similarly to synthetic control, SDID reweights the control units and matches the pretreatment trends, thereby weakening reliance on the strict parallel trends assumption. Similarly to DID, SDID remains invariant to additive unit-level shifts and permits valid large-panel inference.

The SDID estimator assigns greater weight to control units whose pretreatment trajectories more closely resemble those of the treated units and emphasizes time periods that are similar to the treatment periods. This weighting scheme enhances robustness by ensuring that comparisons draw primarily on the most relevant controls and time periods, rather than relying equally on all the available data. By focusing on similar units and periods, SDID reduces the potential for bias from poor counterfactual matches, making it particularly well suited for settings where the treatment and control groups may differ in their baseline characteristics.

## 5 Results

### 5.1 Effects on school spending

Following the settlement, the beneficiary schools received substantial funding. While the settlement terms mandated expenditure in certain categories such as hiring of staff or professional development training, schools retained considerable discretion over the allocation of the remaining funds as long as they used them on services for high-need students.

Table 2 in Column (2) presents the DID estimates examining how the settlement funding affected school spending decisions. The results provide strong evidence that the settlement schools used their additional funding to expand staffing capacity, confirming that the financial intervention tangibly improved school resources. Relative to control schools, the treated schools increased their certified staff by approximately 3 per 1,000 students, an effect that is statistically significant at the 1% level and represents a 4.9% increase relative to the baseline level of 63 certified staff per 1,000 students in the treated schools. This substantial increase encompassed teachers providing direct instruction, administrative personnel in certified positions, and specialized pupil services staff such

as counselors and psychologists, all critical components of school capacity who require specialized credentials. Additionally, the treated schools expanded their classified staff by almost 2 per 1,000 students, a significant effect at the 10% level corresponding to a 4.8% increase from the baseline of 37 classified staff per 1,000 students. This category includes paraprofessionals, clerical staff, and other support personnel who do not require certification but provide essential operational and instructional assistance. The event study results presented in Panels (a) and (b) in Figure 2 confirm that the pretreatment trends of treated and control schools followed similar paths for both staffing outcomes, supporting the parallel trends assumption underlying the DID design. In summary, the schools that received settlement funds meaningfully expanded their human capital resources rather than using the money for other purposes.

## 5.2 Effects on student outcomes

Table 3 presents the estimated effects of the settlement funding on key measures of school climate and academic achievement, and Figures 3 and 4 present the results from the event study analyses. Beginning with school climate, the treated schools experienced a significant reduction in suspension rates of 0.75 pp, which represents a 44% decrease relative to their baseline suspension rate of 1.7%. This reduction is more than twice the magnitude of the effect that Adukia et al. (2025) find for a restorative justice intervention in Chicago schools.

Turning to academic achievement, treated schools show improvements in both subjects tested. In English Language Arts (ELA), schools achieved a statistically significant increase of 2.8 percentage points in the percentage of students meeting the state standard, significant at the 1% level and corresponding to a 12.8% improvement from the baseline of 21.9%. In mathematics, treated schools increased the percentage of students who nearly met or met standards by 1.5 percentage points, though this effect is not statistically significant. One caveat on interpreting these results causally is that because of data limitations I observe only two pre-periods (See Figure 4).

To address potential concerns about the validity of the parallel trends assumption and improve the comparability of the two groups of schools, I use an alternative estimation strategy. Specifically, I use an SDID estimator (Arkhangelsky et al., 2021). Table 3, Column (3) presents results largely consistent with the main findings, providing evidence that the observed treatment effects are unlikely to be driven by violations of the parallel trends assumption or by observable differences between the treated and control schools.

### 5.3 Effects on enrollment

It is possible that the settlement and the money schools received affected enrollment and student body composition, although what direction we should expect for this effect is theoretically ambiguous. The settlement may have generated two opposing forces: On one hand, the additional resources and potentially improved school quality could have attracted new students to the treated schools, while on the other hand, the fact that a school was identified as needing remedial funding through litigation could have signaled poor performance and deterred enrollment.<sup>13</sup> Moreover, it is unclear which types of students may decide to move, if any.

If the treated schools were perceived as improving because of the additional resources, they may have attracted students of varying academic abilities, such as high-achieving students seeking better opportunities, average students drawn to enhanced programs, or struggling students hoping for additional support. Each scenario would imply a different effect: The arrival of more high-achieving students would make outcomes such as test scores and suspension rates appear better than the true treatment effect, while an influx of struggling students could make these same outcomes appear worse. Conversely, if the litigation stigma caused the treated schools to be perceived as low-quality, high-achieving students might have exited to other schools, leaving behind a more disadvantaged student body.

I thus examine whether the settlement affected student enrollment patterns and demographic composition across the treated and control schools. Table 4, Column (2) presents the DiD estimated effects on enrollment and student demographics, while Figures 5, 6, and 7 display the event study results. The results reveal changes in the size and composition of the treated schools' student bodies. On average, the treated schools experienced an enrollment decline of 48 students (approximately 5.7% from their baseline levels), suggesting that the intervention led to net outflows rather than enrollment increases. In terms of student body composition, the treated schools experienced a 0.9 pp decrease in Black student enrollment and a 3.6 pp increase in their enrollments of students eligible for free lunch, indicating a concentration of economic disadvantage. Additionally, the share of students belonging to other racial categories increased by 0.5 pp, a small change given that each of these groups represents less than 2% of enrollment. The enrollment shares of Hispanic, White, and Asian students remained statistically unchanged. These patterns suggest that families with greater school choice options, likely those with more resources and flexibility, left the treated schools

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<sup>13</sup>The settlement received substantial news coverage. See, for example, [Article 1](#), [Article 2](#), [Article 3](#), [Article 4](#), and [Article 5](#).



after the settlement, while more economically disadvantaged families remained or were drawn to these schools.

To assess the robustness of these findings, I re-estimate the effects using the SDID estimator. Table 4, Column (3) presents these results. The demographic composition changes remain largely consistent: Black enrollment decreases by 0.77 pp (significant at the 1% level), free lunch eligibility increases by 3.1 pp (significant at the 1% level), and other racial categories increase by 0.38 pp (significant at the 1% level). The enrollment effect, however, is reduced to 23 students and is not statistically significant at conventional levels ( $p\text{-value} = 0.10$ ). While this suggests the enrollment decline may be less robust than the compositional changes, I take a conservative approach in my subsequent analysis and treat the observed compositional shifts as potential treatment effects that could bias my main estimates.

These shifts in student composition could affect the interpretation of my main findings. If the families who left included students with higher (or lower) suspension risk, the observed decline in disciplinary incidents could be overestimated (or underestimated), reflecting changes in student body composition rather than changes in school practices alone. To assess this potential bias, I implement a bounding exercise following [Horowitz and Manski \(2000\)](#) that assesses how sensitive my estimates are to different assumptions about the characteristics of students who left.

The bounding approach is informative because I cannot observe the counterfactual suspension outcomes for the students who exited the treated schools, which creates a missing data problem that could bias my treatment effect estimates positively or negatively. To establish bounds around the true treatment effect, I consider five scenarios that span a range of plausible assumptions about the propensity of departing students to be suspended.

In Scenario 1, I assume that the departures concentrated among well-behaved students, that is, students who would not have been suspended under any circumstances. This would suggest that my estimated treatment effects understate the true policy impact, as the remaining student body would be more challenging to discipline. In Scenario 2, I assume that the departing students had the same suspension rate as the treated schools' baseline (1.7%), meaning approximately 0.81 of the 48 students who departed would have been suspended. In Scenario 3, I assume that the departing students had suspension rates matching their demographic group's baseline, with that of Hispanic students being 1.10% and that of Black students 4.67%; this results in approximately 1.11 expected suspensions among the 48 departing students. In Scenario 4, I assume that the departing students had elevated suspension rates reflecting twice the treated schools' baseline (3.4%), meaning

approximately 1.63 of the 48 students who departed would have been suspended. In Scenario 5, the most conservative, I assume that the departures were among high-suspension-risk students, with suspension rates twice their demographic baseline (Hispanic students at 2.19% ( $2 \times 1.10\%$ ) and Black students at 9.34% ( $2 \times 4.67\%$ )), resulting in approximately 2.22 expected suspensions among the 48 departing students. This final scenario represents the worst case and would suggest that my estimated treatment effects overstate the true policy impact.

For each scenario, I impute counterfactual suspension outcomes for the students who would have remained under the control condition, reconstructing what the treated schools' suspension rates would have looked like with their original student composition. I then recompute the treatment effects using these adjusted denominators and suspension counts. This exercise provides bounds on the true treatment effect under different assumptions about selection into departure.

The results have the same sign and similar magnitude across all scenarios (see Table 5). The original estimate shows a 0.75 pp reduction in suspension rates (significant at the 5% level). Under Scenario 1, where well-behaved students departed, the treatment effect increases to -0.82 pp (significant at the 1% level), suggesting even stronger policy impacts than initially estimated. Under Scenario 2, where the departing students had the same suspension rate as the treated schools' baseline, the treatment effect remains substantial at -0.71 pp (significant at the 5% level). Under Scenario 3, where the departing students had suspension rates matching their demographic baseline, the estimated reduction is -0.67 pp (significant at the 5% level). Under Scenario 4, where the departing students had twice the treated schools' baseline suspension rate, the treatment effect is -0.60 pp (significant at the 10% level). Even under Scenario 5, the most conservative, where the departed students were at the highest risk of suspension, with rates twice as high as their demographic baseline, the estimated reduction remains -0.49 pp, although it is not statistically significant.

Across all reasonable bounding assumptions, the sign of my main results remains unchanged, and the magnitude remains similar. Even under the most conservative scenario, where the departing students would have had suspension rates twice their demographic baseline (Scenario 5), the estimated reduction in suspension rates represents meaningful improvements in the disciplinary climate (29% relative to the treated schools' baseline of 1.7%). This robustness suggests that the observed improvements are not a mechanical result of the altered student composition but reflect genuine changes in school practices.

## 6 Why did suspension rates improve?

The reduction in suspension rates following the funding intervention raises the question of what mechanisms drove this change. While the settlement aimed to improve schools' environment, the observed decrease in suspensions could reflect effects operating through several pathways: genuine improvements in student behavior, shifts in how educators began to respond to disciplinary incidents, or changes in administrative practices around suspension decisions. Understanding these mechanisms is crucial for interpreting the policy's effectiveness and informing future interventions.

To disentangle these competing explanations, I leverage comprehensive survey data from both students and school staff collected through LAUSD's SES. This annual survey captures feedback from teachers, staff, students, and parents across all LAUSD schools and provides detailed measures of school climate, bullying experiences, and disciplinary practices. The student survey assesses experiences with four key forms of peer victimization on school property (physical aggression, relational aggression, sexual harassment, and appearance-based teasing), alongside six dimensions of school climate including perceptions of adult respect, safety, belonging, and overall satisfaction.

The staff component of the survey provides equally comprehensive insights, capturing responses from principals, administrators, teachers, counselors, and support staff. The staff questionnaire measures preparedness to address climate issues through professional development indicators, engagement in addressing bullying incidents, personal safety perceptions, and assessments of disciplinary fairness and effectiveness. Staff also evaluate the prevalence of various climate challenges including harassment, bullying, physical fighting, disruptive behavior, racial conflicts, and respectfulness of students toward staff.<sup>14</sup>

To analyze these outcomes, I create all the indices so that higher positive values consistently indicate better outcomes: improved school climate, reduced bullying, enhanced safety, and more effective disciplinary practices. This uniform scaling allows straightforward interpretation of the treatment effects across all the survey measures, with positive coefficients representing improvements in the school environment and student experiences.

Tables 6 and 7 present the estimated treatment effects on student and staff survey outcomes, respectively, and Figures 8 and 9 show the event study results. Students reported meaningful improvements in overall school climate (coefficient of 0.15 SD, significant at the 5% level). Reported bullying experiences show a positive point estimate (coefficient of 0.12 SD) but not statistically

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<sup>14</sup>See Appendix B for details on all the questions I included in each index.

different from zero.

The results for staff point toward changes in educator capacity and approach. Teachers and staff reported significant improvements across all measured dimensions. Staff indicated that bullying incidents had become a less significant problem, the index improving 0.26 SD. More importantly, they reported substantial improvements in their ability to handle bullying incidents and received enhanced professional development on these issues, showing an improvement of 0.38 SD. Staff perceptions of disciplinary fairness and effectiveness improved 0.31 SD, while overall assessments of school climate increased by 0.36 SD. All these changes are statistically significant at the 1% level.

These patterns suggest the intervention operated through two complementary channels: enhancements to educators' capacity and disciplinary approaches, and broader improvements in school climate. The substantial improvements in staff preparedness, confidence in handling disciplinary issues, and perceptions of disciplinary effectiveness (0.31-0.38 SD increases) indicate that the intervention successfully enhanced educators' tools and approaches for managing student behavior. Concurrently, improvements in student-reported school climate (0.15 SD) and staff perceptions of climate (0.36 SD) suggest the broader school environment became more conducive to positive behavioral outcomes. This interpretation aligns with the settlement's emphasis on restorative justice training and suggests that the reduced suspension rates reflect more thoughtful, effective disciplinary practices rather than simply more lenient enforcement or fundamentally different student behavior.

## 7 Conclusion

This paper provides new evidence on a fundamental question in education policy: Can investing in failing schools help them improve? Using a natural experiment from a 2017 settlement in LAUSD, I examine the effects of a substantial increase in the resources delivered to the district's 50 lowest-performing secondary schools. The settlement provided \$1,030 per student annually for three years, a figure representing a 13.5% budget increase on average.

The findings reveal a nuanced picture of how investment affects failing schools. On the positive side, the schools successfully implemented the required changes and achieved meaningful improvements in their disciplinary climate. They increased their employment of certified staff by approximately 3 per 1,000 students and support staff by almost 2 per 1,000 students, which represent 5% increases over baseline levels. More importantly, suspension rates fell by 0.75 pp, a remarkable

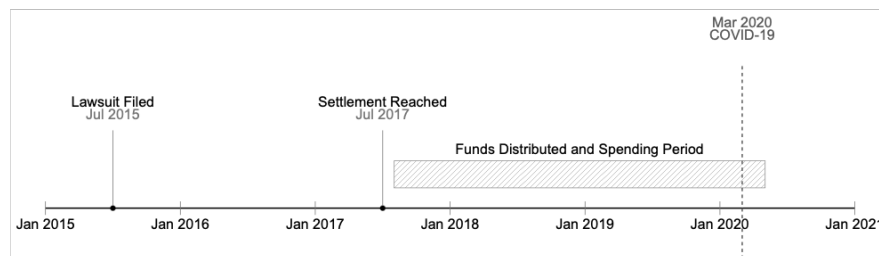
44% reduction from pretreatment levels. Survey evidence suggests this improvement reflects genuine changes in educator practices and school climate rather than administrative adjustments, with teachers reporting enhanced capacity to address behavioral issues and more effective disciplinary practices. However, the treated schools also experienced demographic sorting, losing 48 students on average, such that their concentration of economically disadvantaged students rose. Nonetheless, a simple bounding exercise that accounts for this demographic sorting indicates that the settlement still had meaningful effects on school climate.

These findings extend the robust evidence that money matters for schools to the specific context of failing institutions. I thereby address a critical gap between general school spending research and policy debates about how to improve the lowest-performing schools. While previous studies demonstrate positive effects of increased spending across diverse school populations, my research shows that investment can meaningfully improve practices even in the most challenging educational environments.

The results highlight how important it is to examine outcomes beyond test scores in evaluations of school interventions. Despite the limited changes in academic achievement, the substantial improvements in disciplinary climate represent meaningful progress in noncognitive dimensions of schooling, which matter for students' long-term development. This finding underscores that school quality encompasses multiple dimensions and that interventions may succeed along some margins while showing limited effects on others.

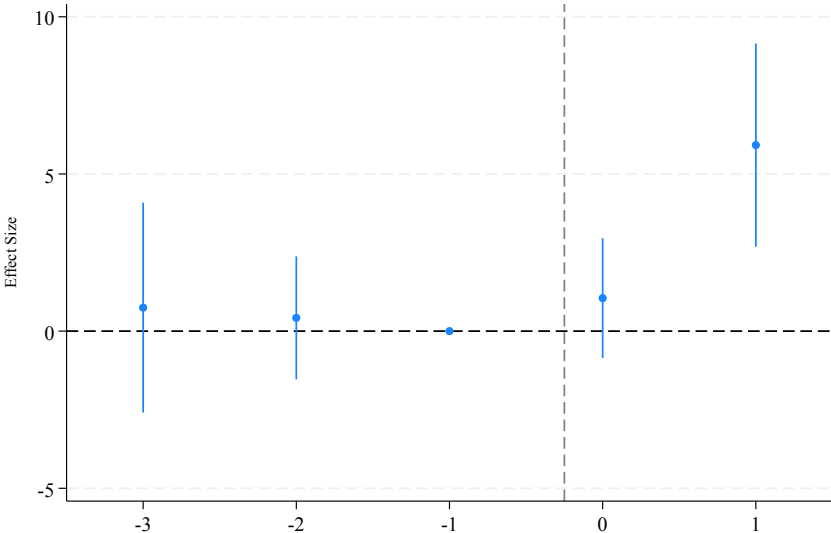
## 8 Figures and Tables

Figure 1: *Community Coalition v. LAUSD Timeline*

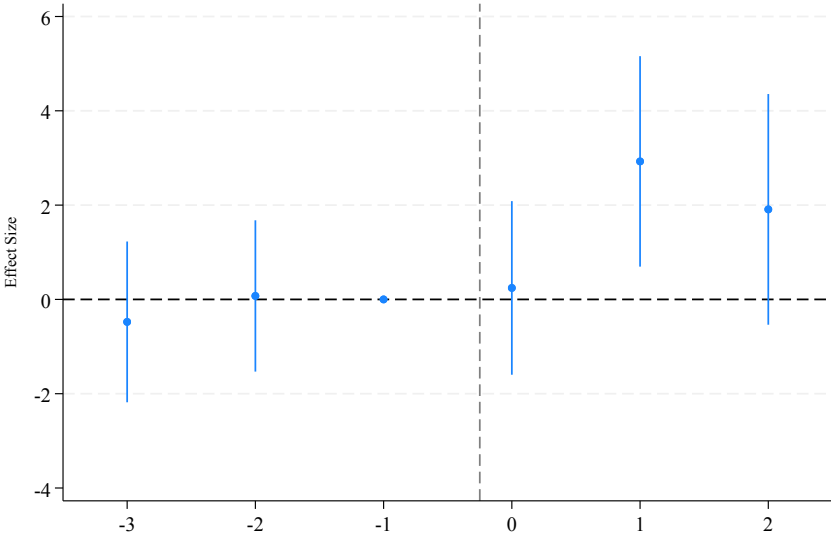


*Notes:* This figure illustrates the timeline of the LAUSD–ACLU settlement and its implementation. In July 2015, the American Civil Liberties Union (ACLU) and other advocacy organizations filed a lawsuit against the Los Angeles Unified School District (LAUSD) alleging improper use of hundreds of millions of dollars allocated under the Local Control Funding Formula (LCFF). The lawsuit reached settlement in July 2017, with LAUSD agreeing to allocate \$150 million specifically for services for high-need students. The settlement funds were distributed over three academic years during the spending period of 2017/18–2019/20. Following the conclusion of the mandated spending period in 2020, the district retained discretionary authority over any remaining unspent funds. The figure shows the key phases of litigation, settlement negotiation, fund distribution, and postsettlement period that form the basis for the empirical analysis in this study.

Figure 2: Effects on spending outcomes



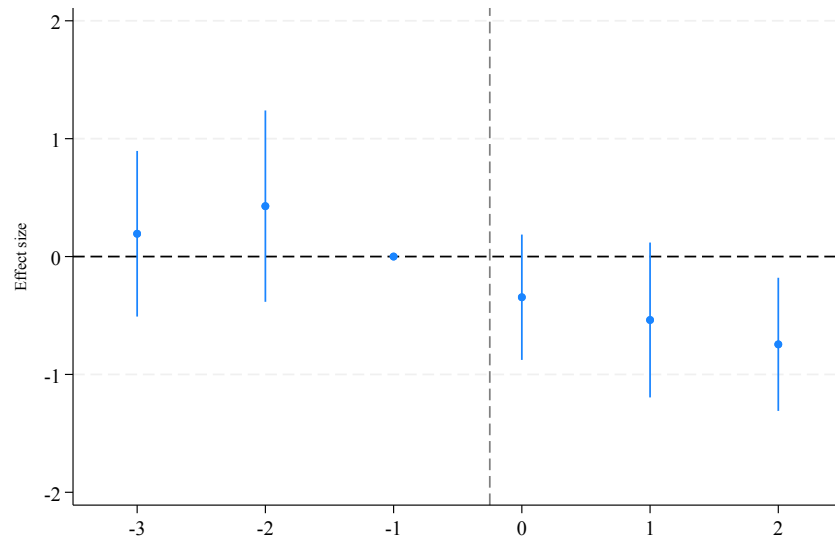
(a) Certified staff



(b) Classified staff

*Notes:* This figure reports event study estimates of the settlement’s effects on school staffing: Panel (a) for certified staff, which includes teachers, administrators, and pupil services personnel requiring credentials, and Panel (b) for classified staff, which includes paraprofessionals, clerical, and other support personnel. All regressions include school and year fixed effects and cluster standard errors at the school level. The  $x$ -axis shows years relative to the settlement implementation (year 0). The vertical dashed line indicates the start of the settlement period.

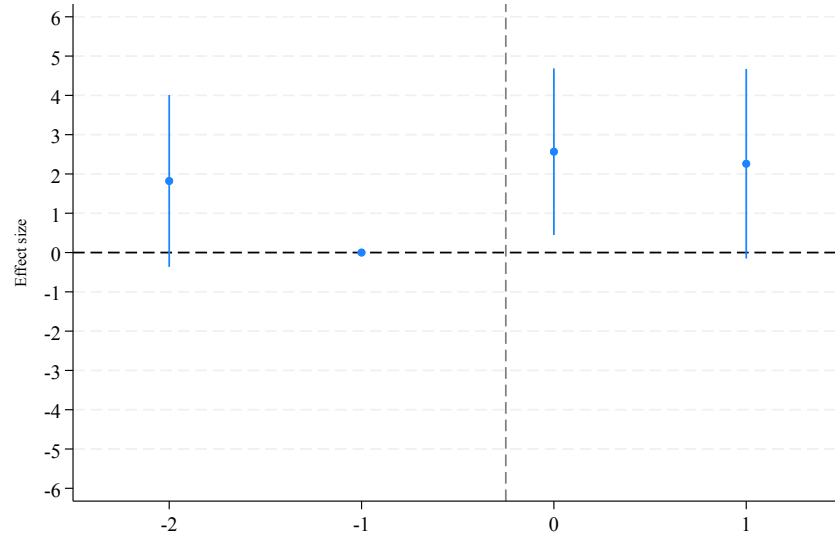
Figure 3: Effect on suspension rate



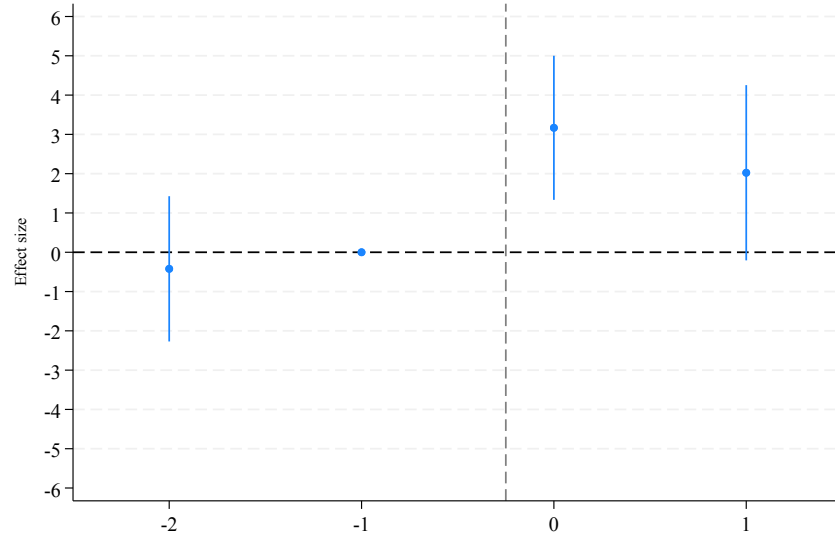
*Notes:* This figure reports event study estimates of the settlement's effects on the student suspension rate. The suspension rate is measured as the percentage of students suspended at least once during the academic year. The regression includes school and year fixed effects and clusters standard errors at the school level. The  $x$ -axis shows years relative to the settlement implementation (year 0). The vertical dashed line indicates the start of the settlement period.



Figure 4: Effects on students' performance outcomes



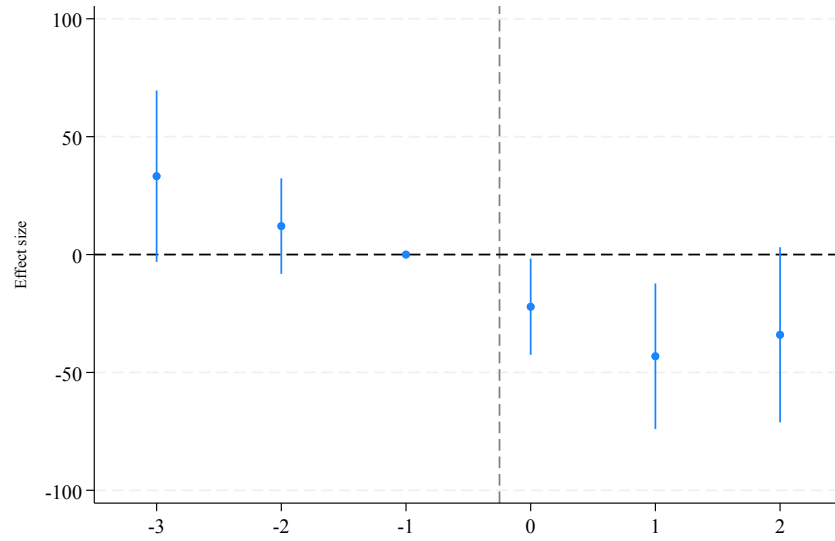
(a) Math



(b) ELA

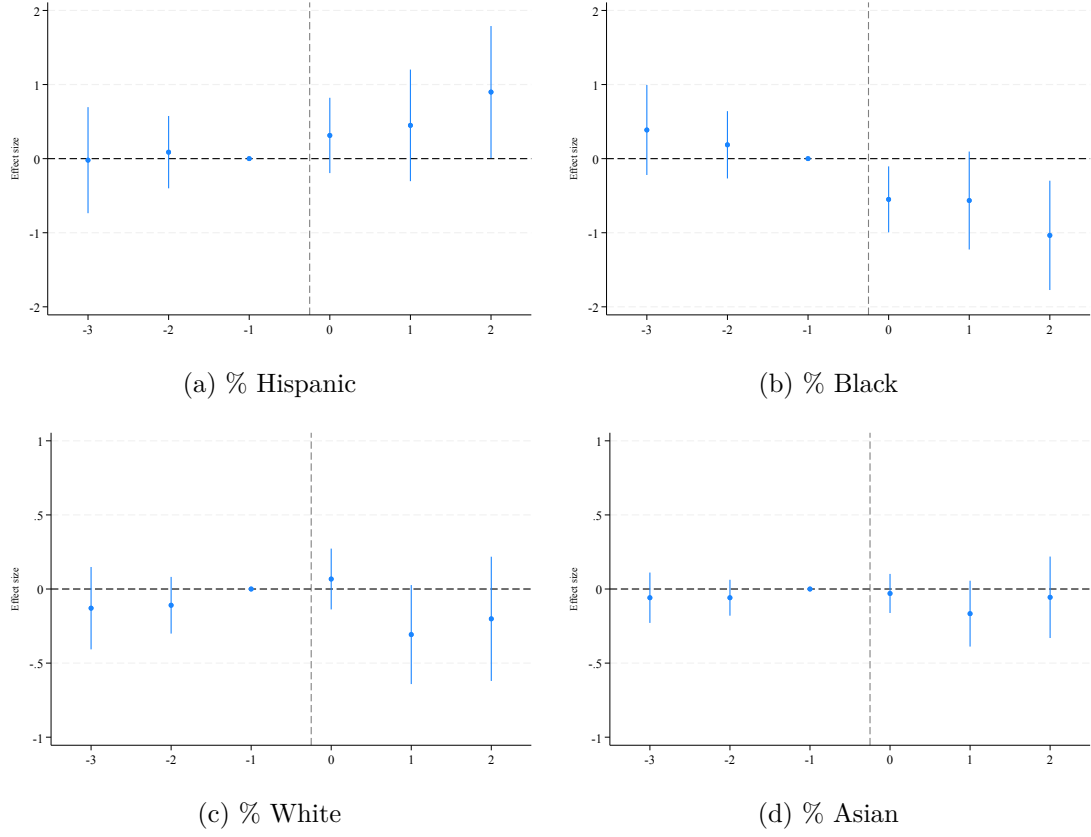
*Notes:* This figure reports event study estimates of the settlement's effects on students' performance outcomes. The math and English language arts (ELA) outcomes are the percentage of students who met or nearly met the state standards for the math standardized test (Panel (a)) and the percentage of students who met the state standards for the ELA standardized test (Panel (b)), respectively. The regressions include school and year fixed effects and cluster standard errors at the school level. The  $x$ -axis shows years relative to the settlement implementation (year 0). The vertical dashed line indicates the start of the settlement period.

Figure 5: Effect on enrollment



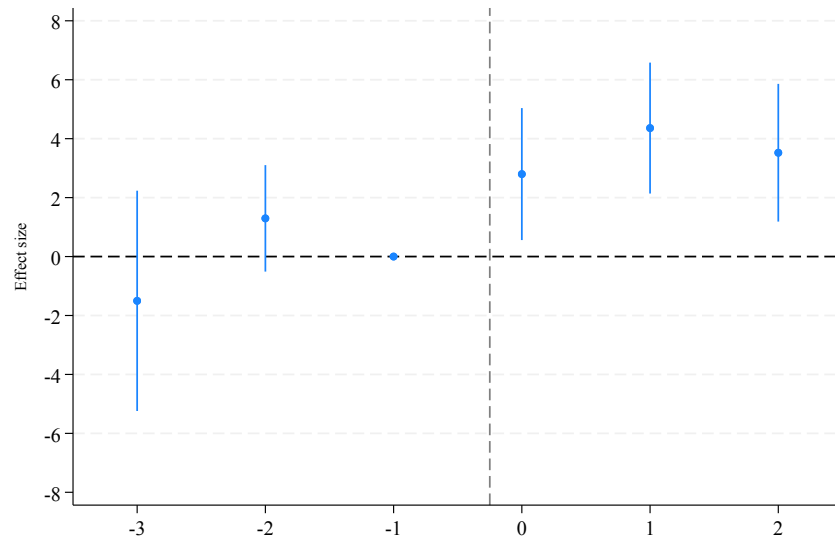
*Notes:* This figure reports event study estimates of the settlement's effects on school enrollment. The regression includes school and year fixed effects and clusters standard errors at the school level. The  $x$ -axis shows years relative to the settlement implementation (year 0). The vertical dashed line indicates the start of the settlement period.

Figure 6: Effects on racial composition



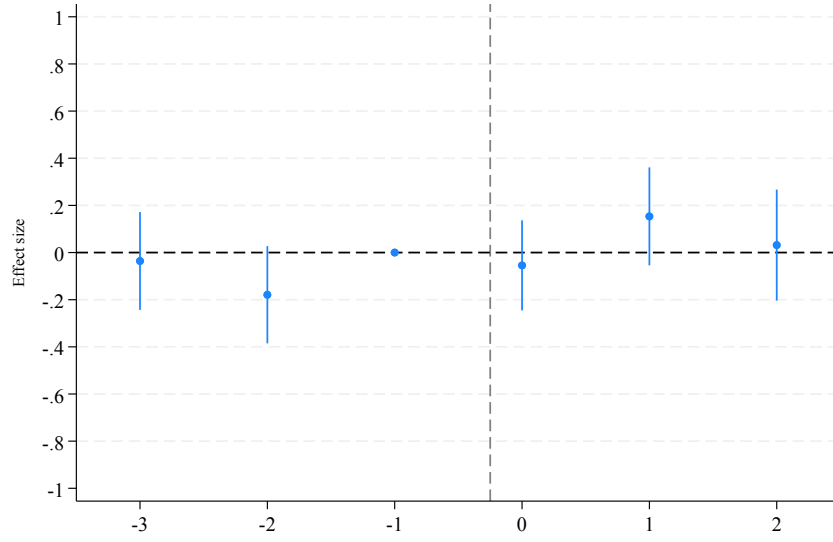
*Notes:* This figure reports event study estimates of the settlement's effects on schools' racial composition. The regressions include school and year fixed effects and cluster standard errors at the school level. The  $x$ -axis shows years relative to the settlement implementation (year 0). The vertical dashed line indicates the start of the settlement period.

Figure 7: Effects on percentage of students eligible for free lunch

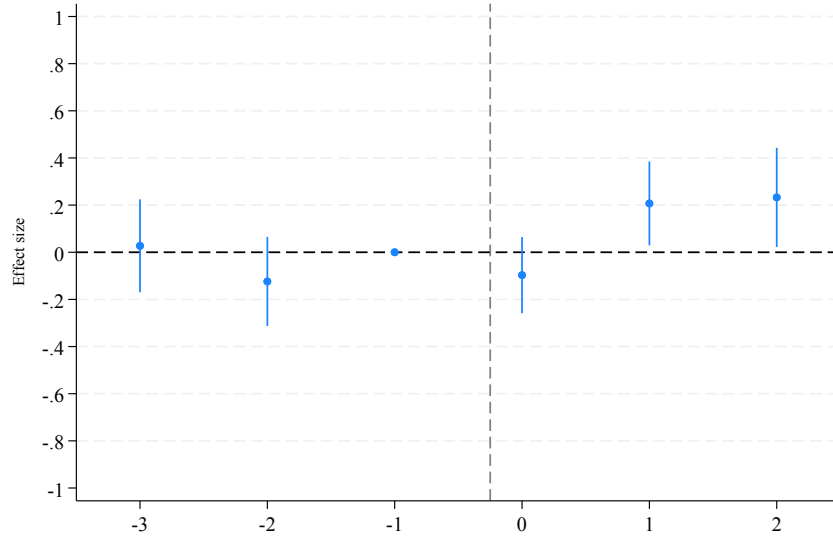


*Notes:* This figure reports event study estimates of the settlement's effects on the percentage of students eligible for free lunch. The regressions include school and year fixed effects and cluster standard errors at the school level. The  $x$ -axis shows years relative to the settlement implementation (year 0). The vertical dashed line indicates the start of the settlement period.

Figure 8: Effects on students' school experience indices



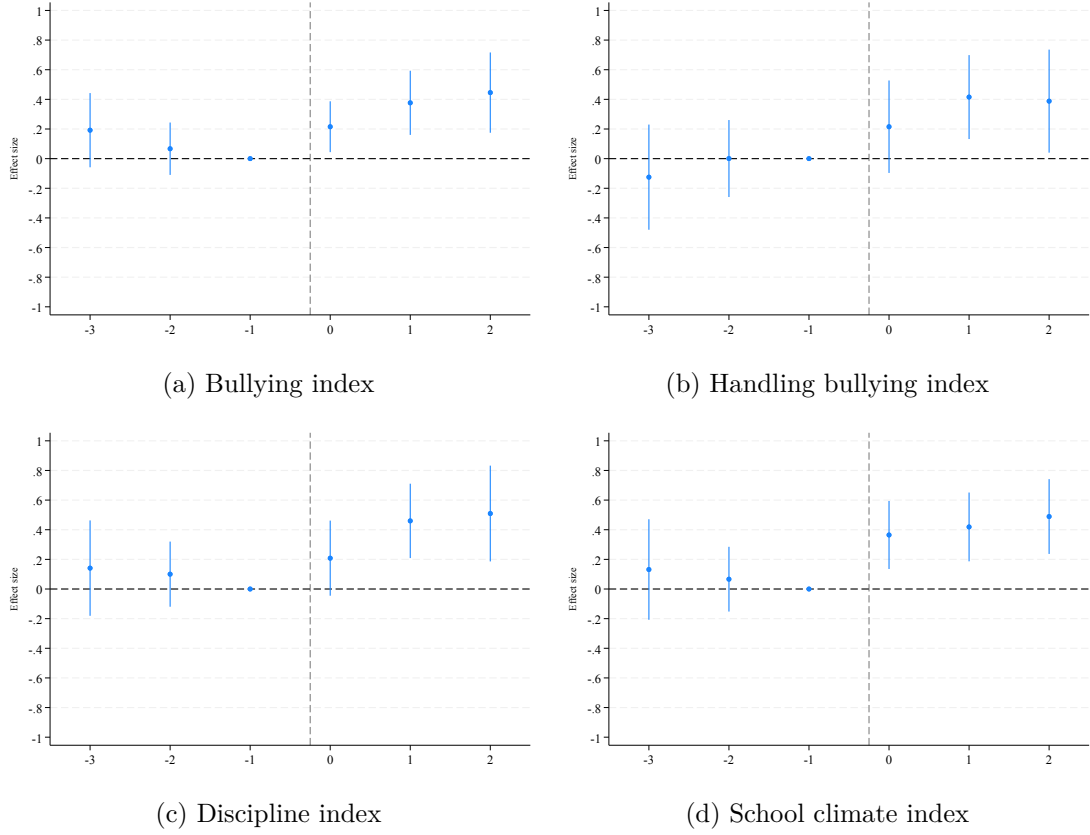
(a) Bullying index



(b) School climate index

*Notes:* This figure reports event study estimates of the settlement's effects on survey outcomes about students' school experience. The regressions include school and year fixed effects and cluster standard errors at the school level. The  $x$ -axis shows years relative to the settlement implementation (year 0). The vertical dashed line indicates the start of the settlement period. I construct the survey indices following [Anderson \(2008\)](#) and normalize them to have mean zero and standard deviation one. The bullying index in Panel (a) combines four survey questions about students' experiences with physical aggression (being pushed, shoved, slapped, hit, or kicked), relational aggression (being the subject of mean rumors or lies), sexual harassment (experiencing sexual jokes, comments, or gestures), and appearance-based teasing. The school climate index in Panel (b) includes six survey questions on adult respect and help, feelings of safety and belonging at the school, and overall satisfaction with their school experience.

Figure 9: Effects on staff's school experience indices



*Notes:* This figure reports event study estimates of the settlement's effects on survey outcomes on staff's school experience. The regressions include school and year fixed effects and cluster standard errors at the school level. The  $x$ -axis shows years relative to the settlement implementation (year 0). The vertical dashed line indicates the start of the settlement period. I construct the survey indices following [Anderson \(2008\)](#) and normalize them to have mean zero and standard deviation one. On all indices, a higher value means a better outcome. The bullying index in Panel (a) includes three questions on how much of a problem staff thinks bullying, physical fighting, and discrimination is among students. The handling bullying index in Panel (B) contains two survey questions related to receiving professional development on preventing bullying and whether they address bullying. The discipline index in Panel (c) includes two questions about the fairness and effectiveness of discipline at school. The school climate index in Panel (d) has four questions on safety, respect, and disruptive behavior. Staff includes teachers, administrators, counselors, and other school personnel.

Table 1: Summary statistics

	Lawsuit beneficiary					Comparison group				
	Mean	SD	Min	Max	N	Mean	SD	Min	Max	N
<i>Demographics</i>										
N of students enrolled	833.59	407.55	288	1961	49	1187.20	682.70	189	2953	121
% Hispanic	82.09	16.16	28	99	49	80.42	19.17	20	99	121
% Black	14.42	16.39	0	69	49	7.51	12.19	0	71	121
% White	1.21	0.89	0	5	49	4.98	7.32	0	35	121
% Asian	0.89	2.18	0	14	49	3.20	5.16	0	26	121
% less than 2% races	1.39	1.39	0	5	49	3.90	6.06	0	45	121
% free lunch	87.41	5.42	74	99	49	83.61	7.85	53	97	121
% english learner	26.35	6.93	9	42	49	15.12	8.49	0	41	121
% Homeless	4.21	1.88	1	10	49	3.03	1.98	0	12	121
% Foster	1.29	1.02	0	4	49	0.56	0.40	0	2	121
<i>Employees</i>										
Certified staff per 1,000 st	63.56	11.90	48	99	49	54.81	6.47	44	77	121
Classified staff per 1,000 st	37.80	14.54	16	83	49	27.58	9.65	6	61	121
<i>Main outcomes</i>										
Suspension rate	1.70	2.11	0	12	49	0.64	1.11	0	9	121
% near or met math standard	28.30	8.89	9	48	49	44.64	8.41	25	77	121
% met ELA standard	21.90	8.42	5	41	49	32.48	7.61	18	50	121
% not meet ELA standard	44.37	16.40	8	78	49	25.65	13.03	0	55	121
% not meet math standard	69.56	9.94	45	91	49	46.88	12.40	2	71	121
<i>Survey indexes outcomes: students</i>										
Bullying experiences	-0.51	1.11	-2.71	1.42	44	-0.42	1.04	-2.85	2.00	116
School climate	-0.73	0.68	-2.01	1.02	44	-0.21	0.94	-1.88	3.95	116
<i>Survey indexes outcomes: staff</i>										
Handling bullying	-0.35	1.06	-1.96	3.09	45	0.43	1.02	-1.86	3.34	107
Bullying among students	-0.49	1.12	-1.97	2.02	45	0.36	0.98	-1.42	2.91	107
Discipline	-0.35	0.82	-1.65	2.70	45	0.53	1.11	-1.41	3.79	107
School climate	-0.57	0.83	-1.91	1.47	45	0.47	1.03	-1.40	3.70	107
N Schools			49					121		

*Notes:* Summary statistics correspond to academic year 2016/17. The comparison group includes all public, noncharter secondary schools in Los Angeles Unified School District outside of the North West district. I construct survey indices following [Anderson \(2008\)](#) and normalize them to have mean zero and standard deviation one. On all indices, a higher value means a better outcome. For students, the bullying index combines four survey questions about students' experiences with physical aggression (being pushed, shoved, slapped, hit, or kicked), relational aggression (being the subject of mean rumors or lies), sexual harassment (experiencing sexual jokes, comments, or gestures), and appearance-based teasing. The school climate index includes six survey questions on adult respect and help, feelings of safety and belonging at the school, and overall satisfaction with their school experience. For staff, the handling bullying index contains two survey questions related to receiving professional development on preventing bullying and whether they address bullying. The bullying index includes three questions on how much of a problem staff thinks bullying, physical fighting, and discrimination are among students. The discipline index includes two questions about the fairness and effectiveness of discipline at school. The school climate index has four questions on safety, respect, and disruptive behavior.

Table 2: Effects on school spending outcomes

	(1) Treated group mean (2017)	(2) DiD	(3) SDiD	(4) N
Certified staff per 1,000 st	63.564	3.093** ( 1.199)	3.410*** ( 1.119)	850
Classified staff per 1,000 st	37.798	1.828* ( 0.942)	1.709* ( 0.904)	1020

*Notes:* Certified staff includes teachers, administrators, and pupil services personnel requiring credentials. Certified staff data are available for years through academic year 2018/19. Classified staff includes paraprofessionals, clerical, and other support personnel not requiring certification. Column (1) shows the treated group mean in the academic year 2016/17 (N=49). Column (2) shows DiD estimates from regressions that include school and year fixed effects. Standard errors are clustered at the school level. Column (3) presents estimates from synthetic difference-in-differences estimation. Bootstrapped standard errors in parentheses (1,000 replications). \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .



Table 3: Effects on students' outcomes

	(1) Treated group mean (2017)	(2) DiD	(3) SDiD	N N
Suspension rate	1.705	-0.750** ( 0.313)	-0.575* ( 0.321)	1020
% Math nearly met or met	28.299	1.512 ( 1.033)	2.184** ( 1.019)	679
% ELA met	21.897	2.804*** ( 0.867)	2.759*** ( 0.820)	679

*Notes:* Suspension rate is measured as the percentage of students suspended at least once during the academic year. The math and ELA outcomes are the percentage of students who met or nearly met the state standards for the math standardized test, and the percentage of students who met the state standards for the English Language Arts standardized test. Column (1) shows the treated group mean in the academic year 2016/17 (N=49). Column (2) shows DiD estimates from regressions that include school and year fixed effects. Standard errors are clustered at the school level. Column (3) presents estimates from synthetic difference-in-differences estimation. Bootstrapped standard errors in parentheses (1,000 replications). \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

Table 4: Effects on enrollment and student body composition

	(1) Treated group mean (2017)	(2) DiD	(3) SDiD
N of students enrolled	833.592	-48.203** ( 19.001)	-23.051 ( 13.994)
% Hispanics	82.092	0.531 ( 0.344)	0.551* ( 0.332)
% Blacks	14.418	-0.908*** ( 0.285)	-0.767*** ( 0.274)
% Whites	1.210	-0.067 ( 0.145)	-0.129 ( 0.154)
% Asian	0.887	-0.045 ( 0.116)	-0.109 ( 0.093)
% Other less 2% races	1.393	0.489*** ( 0.117)	0.378*** ( 0.089)
% Free lunch	87.407	3.629*** ( 0.827)	3.143*** ( 0.806)
Observations	49	1020	

*Notes:* Demographic variables are measured as percentages of total enrollment. Column (1) shows the treated group mean in the academic year 2016/17. Column (2) shows DiD estimates from regressions that include school and year fixed effects. Standard errors are clustered at the school level. Column (3) presents estimates from synthetic difference-in-differences estimation. Bootstrapped standard errors in parentheses (1,000 replications). \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

Table 5: Treatment effects under different assumptions about characteristics of departing students

Variable	Original	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Treatment Effect	-0.750** ( 0.313)	-0.815*** ( 0.308)	-0.708** ( 0.307)	-0.669** ( 0.307)	-0.600* ( 0.307)	-0.485 ( 0.307)
Observations	1020	1020	1020	1020	1020	1020

*Notes:* This table presents treatment effect estimates from difference-in-differences regressions under different assumptions about the characteristics of the students who departed the treated schools. The dependent variable is the suspension rate. Original shows the baseline estimates. Scenario 1 assumes that the departing students were well behaved (zero suspension probability). Scenario 2 assumes that the departing students had the same suspension rate as the treated schools' baseline (1.7%). Scenario 3 assumes that the departing students had suspension rates matching their demographic group's baseline (1.10% for Hispanic, 4.67% for Black students). Scenario 4 assumes that the departing students had suspension rates twice the treated schools' baseline (3.4%). Scenario 5 assumes that the departing students were high risk, with suspension rates twice the baseline for their demographic group (2.19% for Hispanic, 9.34% for Black students). All regressions include school and year fixed effects. Standard errors clustered at the school level are reported in parentheses. \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

Table 6: Effects on students' school experience indices

	(1)	N
Bullying index	0.115 ( 0.077)	960
School climate index	0.147** ( 0.071)	960

*Notes:* All regressions include school and year fixed effects. Standard errors are clustered at the school level. I construct the survey indices following [Anderson \(2008\)](#) and normalize them to have mean zero and standard deviation one. The bullying index in Panel (a) combines four survey questions about students' experiences with physical aggression (being pushed, shoved, slapped, hit, or kicked), relational aggression (being the subject of mean rumors or lies), sexual harassment (experiencing sexual jokes, comments, or gestures), and appearance-based teasing. The school climate index in Panel (b) includes six survey questions on adult respect and help, feelings of safety and belonging at the school, and overall satisfaction with their school experience. \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

Table 7: Effects on staff's school experience indices

	(1)	N
Bullying index	0.260*** ( 0.082)	912
Handling bullying index	0.381*** ( 0.113)	911
Discipline index	0.312*** ( 0.106)	912
School climate index	0.358*** ( 0.095)	912

*Notes:* All regressions include school and year fixed effects. Standard errors are clustered at the school level. I construct the survey indices following [Anderson \(2008\)](#) and normalize them to have mean zero and standard deviation one. On all indices, a higher value means a better outcome. The bullying index in Panel (a) includes three questions on how much of a problem staff thinks bullying, physical fighting, and discrimination are among students. The handling bullying index in Panel (b) contains two survey questions related to receiving professional development on preventing bullying and whether they address bullying. The discipline index in Panel (c) includes two questions about the fairness and effectiveness of discipline at school. The school climate index in Panel (d) has four questions on safety, respect, and disruptive behavior. Staff includes teachers, administrators, counselors, and other school personnel. \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

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Online Appendix for:  
The effects of investing in failing schools: evidence from Los Angeles Unified  
School District

Antonia Vazquez

## A Settlement Implementation Requirements

**Authorized Expenditure Categories.** Schools could spend additional funds on six types of services for high-need students: (1) significant increased investments in high-need students, including academic support and mental health and social-emotional support; (2) increasing A-G and Advanced Placement course access for high school students; (3) Linked Learning (an approach that incorporates rigorous academics, career and technical education, work-based learning, and student supports); (4) school climate initiatives, including restorative justice; (5) high school graduation and student recovery for drop-out prevention; and (6) parent and community engagement.

**Tiered Support Structure.** School tiers were determined by the total funding amount each school received, calculated using the school's duplicated student count and roughly corresponding to enrollment size. These tiered school climate bundles, known as Achievement through Support Teams (ATS), provide wellness, restorative, child welfare and attendance, dropout prevention, intervention, and recovery, and trauma-informed supports to schools.

Tier 1 schools needed to hire one Restorative Justice Teacher Advisor. Tier 2-3 schools needed either a Pupil Services and Attendance Counselor or a Psychiatric Social Worker plus a Restorative Justice advisor (with schools choosing the Psychiatric Social Worker also receiving Resilience Classroom Curriculum). Tier 4 schools required all three positions (PSA Counselor, Psychiatric Social Worker, and Restorative Justice advisor) plus the mandatory Resilience Classroom Curriculum. The Resilience Classroom Curriculum includes resiliency screenings, trauma-informed teacher professional development, and after-school family resiliency education.

## B Survey Items Used in Analysis

This appendix lists the survey questions used to construct the outcome indices analyzed in this study.

### B.1 Student Survey Questions

#### Bullying Experiences Index

How many times have other students from your school... (0 Times, 1 Time, 2 or 3 Times, 4 or More Times)



- Pushed, shoved, slapped, hit, or kicked you when they weren't just kidding around?
- Had mean rumors or lies been spread about you?
- Had sexual jokes, comments, or gestures made to you?
- Been teased about what your body looks like?

### **School Climate Index**

How strongly do you agree or disagree with the following statement about your school?

- I am happy to be at this school
- I feel like I am part of this school
- Adults at this school treat all students with respect
- I feel safe in this school
- If I told a teacher or other adult at this school that another student was bullying me, they would try to help me
- This school is a supportive and inviting place for students to learn

## **B.2 Staff Survey Questions**

### **Bullying Perceptions Index**

How much of a problem at this school is...

- Harassment or bullying among students?
- Physical fighting between students?
- Racial/ethnic conflict among students?

### **Professional Development Index**

Please indicate how much you agree or disagree with the following statement about this school

- I have received professional development on preventing bullying
- I address bullying that occurs in my school

### **Disciplinary Effectiveness Index**

Please indicate how much you agree or disagree with the following statement about this school

- This school handles discipline problems fairly
- This school effectively handles student discipline and behavioral problems

## **School Climate Index**

Please indicate how much you agree or disagree with the following statement about this school

- I feel safe on school grounds during the day
- Adults at this school treat all students with respect

How much of a problem at this school is...

- Disruptive student behavior
- Lack of respect for staff by students