
Public Spending and Standardized Test Scores

Reid Nelson | March 31, 2023

Objectives

- Is there a clear relationship between welfare spending per capita and test scores?
 - Does this relationship seem weaker or stronger than the relationship between education spending and test scores?
 - So What?
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Background

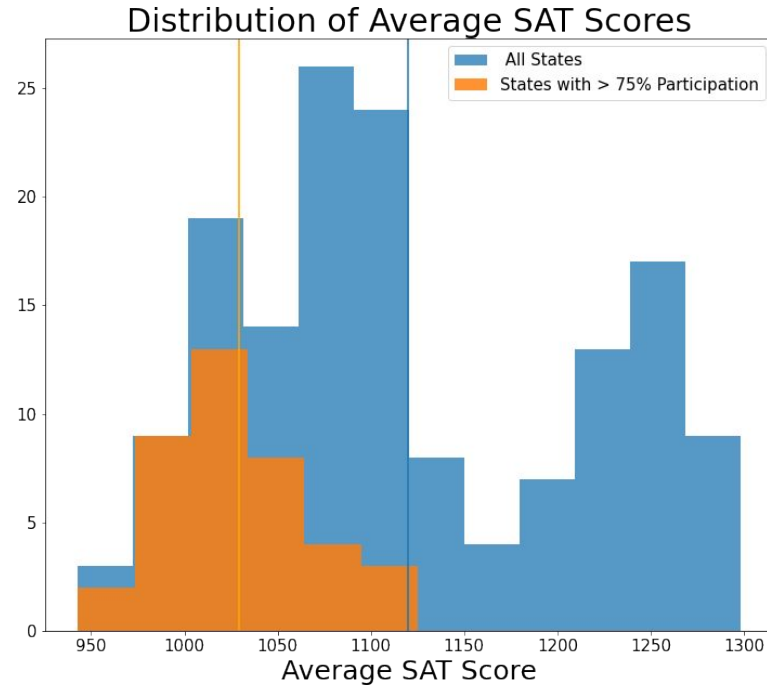
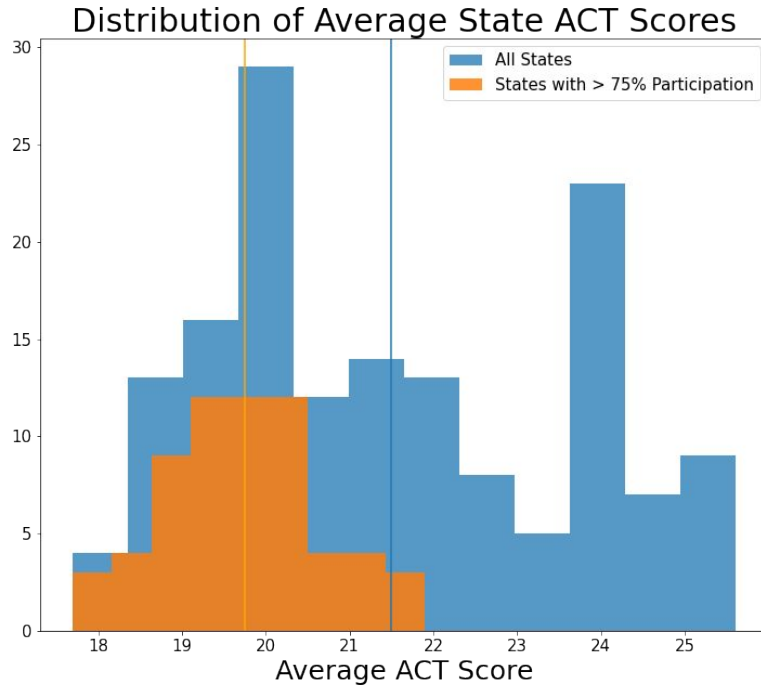
Prior Research

- Prior research has called into question the efficacy of education spending
- The same research has found poverty to be a major predictor of low achievement

Issues

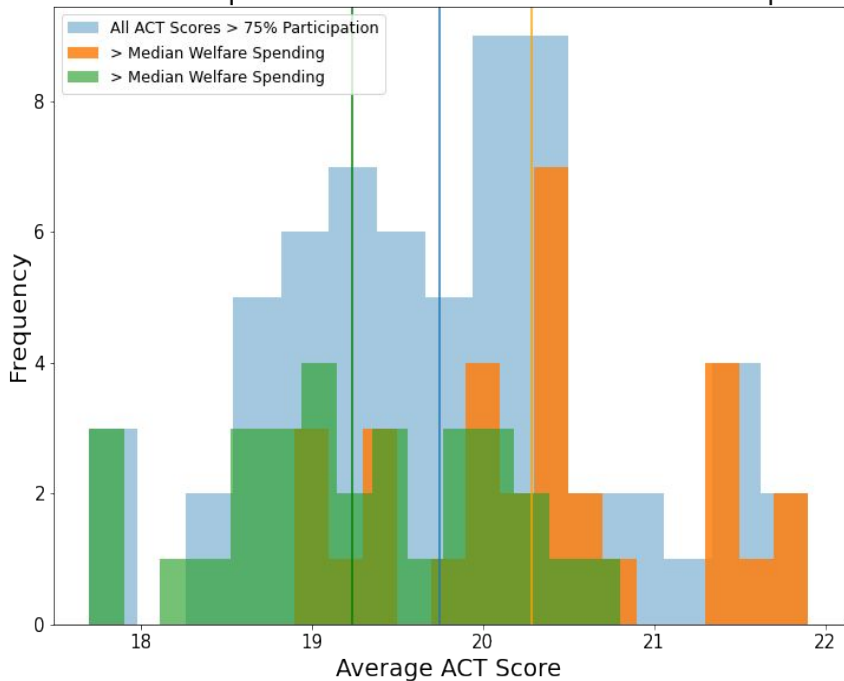
- The research was often narrow in scope
 - The research is somewhat outdated
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Participation Rates and Test Scores



Welfare Spending & ACT Scores

ACT Scores: Top 50% and Bottom 50% of Welfare Spending



Average ACT Score (Participation > 75%)

19.75

Average ACT Score High Welfare Spending

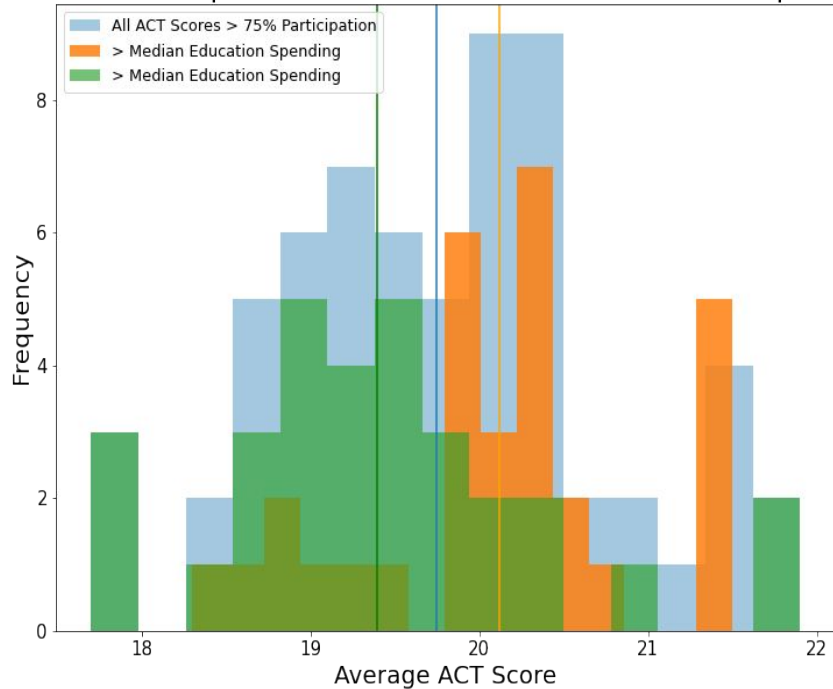
20.29

Average ACT Score Low Welfare Spending

19.24

Education Spending & ACT Scores

ACT Scores: Top 50% and Bottom 50% of Education Spending



Average ACT Score (Participation > 75%)
19.75

Average ACT Score High Welfare Spending
20.12

Average ACT Score Low Welfare Spending
19.39

Takeaways

1. High welfare spending corresponded to a 1.09 standard deviation (1.05 points) increase in ACT score over states with low welfare spending.
 2. High education spending had a corresponding increase of 0.75 standard deviation increase (.96 points)
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Next steps

Further Research

- Welfare Spending and Holistic Approaches to Improving Achievement
- Participation Rates and Lowest Performing Students

Considerations

- Trends toward optional testing for college admissions
 - Education Funding Controversies
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