EXECUTIVE SUMMARY

School Funding Equity in Mexico

Risk and spending analysis of federal school payroll, nationally and by state

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A school finance system exists to deliver the resources schools need to give every child an equal opportunity to achieve common, adequate outcome goals (Baker, Atchison & Levin, 2026). Children face different obstacles to reaching those goals. Equal opportunity therefore requires differentiating resources by need, not distributing them uniformly. Mexico's Constitution sets out the same obligation: Article 3 requires that education be equitable, that the State combat socioeconomic and regional inequalities, and that schools in highly marginalized areas receive particular attention.

This summary applies the first step of that framework. **Risk analysis** identifies which measurable characteristics of students and communities most strongly predict lower school outcomes. **Spending analysis** asks whether current spending is directed toward the schools where those risk factors are concentrated, after accounting for cost factors that are not about need: school size, remoteness, labor costs and level. A system in which spending rises with need is progressive; one in which spending falls with need is regressive. The analysis draws on new school-level data that link federal payroll (FONE), the Formato 911 school census, PLANEA results, and 2020 Census community measures for more than 113,000 schools from 2019-20 to 2024-25.

Bottom line

Mexico's federal school payroll is regressive. Schools serving the highest-need communities receive about three-quarters of the payroll per pupil of otherwise similar schools in low-need communities. The pattern holds at every level of schooling, in every state, and in every year examined. The system pays a meaningful premium for small and remote schools but no premium for student need. Money also does not follow need between states: the highest-need state, Chiapas, has the lowest payroll per pupil in the country.

Key findings

- **Need is best measured at the level of the locality, not the municipality.** Adult education, household crowding, the share of young children, teen school attendance, household computer access, and Indigenous-language prevalence in a school's own locality are the strongest predictors of low outcomes. Together they explain about twice the outcome variation that municipal poverty rates explain. Schools at the 90th percentile of a composite need index score roughly one standard deviation below schools at the 10th percentile.
- **Federal payroll moves in the wrong direction.** Comparing only schools at the same level, high-need schools (90th percentile) receive 0.85 times the payroll per pupil of low-need schools (10th percentile). Accounting for school size, remoteness and local labor costs lowers the ratio to 0.75, and comparing schools within the same state gives 0.77. An equal-opportunity system would show a ratio well above 1.0.
- **The gap is a staffing gap.** High-need schools have about 19% fewer payroll staff per pupil than comparable low-need schools, and their staff earn about 5% less on average, consistent with less experienced teaching forces.
- **Preschool is the most regressive level** (adjusted ratio 0.73), followed by secundaria (0.76) and primaria (0.79).
- **No improvement over time.** The adjusted ratio stayed between 0.76 and 0.78 every year from 2019-20 to 2024-25, spanning the 2019 education reforms.

Equity across and within states

Between states, per-pupil payroll is weakly negatively related to average need (correlation −0.26). Chiapas has by far the highest need and payroll at about 0.75 times the national average. Oaxaca and Guerrero, also high-need, are above average. That reflects their historical allocations of federal positions rather than any systematic targeting. Veracruz, Colima and Durango have the highest payroll per pupil, despite moderate need.

Within states, no state allocates more to higher-need schools once school size and remoteness are accounted for. Adjusted ratios range from 0.44 in Baja California Sur and 0.60 in Nuevo León to 0.99 in Coahuila.

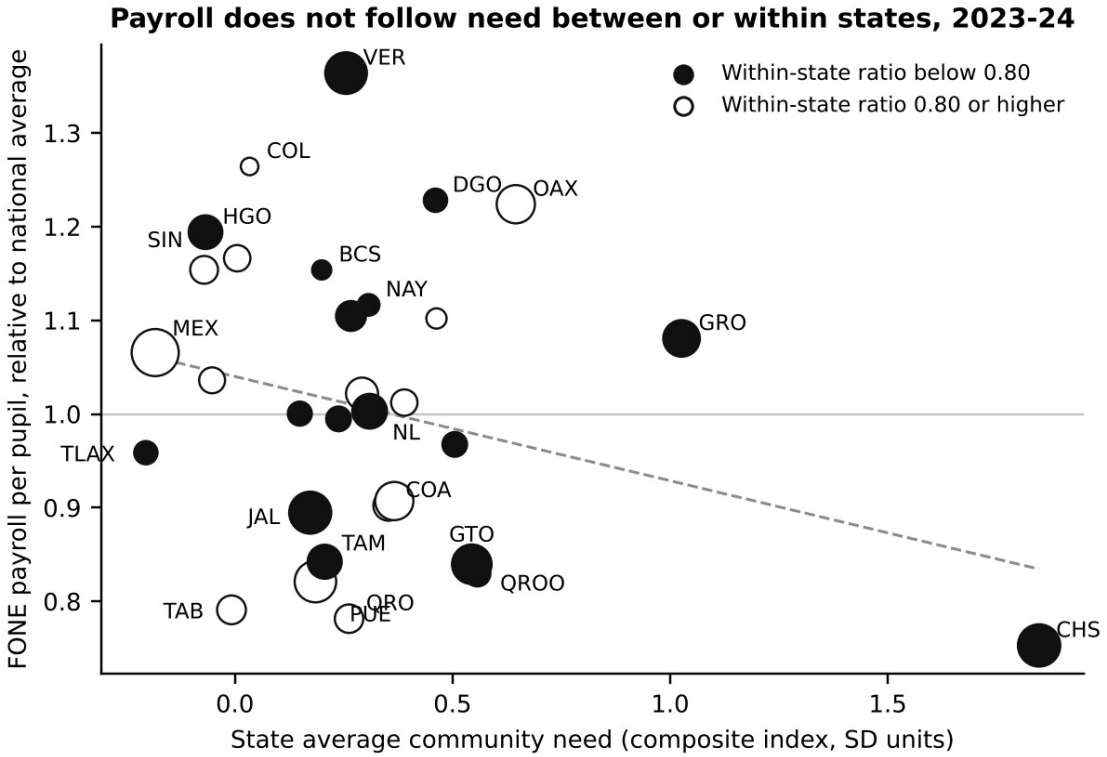


Figure. State average need vs. FONE payroll per pupil, 2023-24. Circle size is proportional to FONE enrollment; filled circles mark states whose within-state high-need/low-need ratio is below 0.80.

State typology. States are classified by their payroll level and by how regressive their within-state distribution is. Every state is regressive after adjustment, so “less regressive” is a relative category.

	Less regressive (ratio ≥ 0.80)	More regressive (ratio < 0.80)
Above-average payroll per pupil	Sonora, Colima, Sinaloa, Morelos, Mexico (Estado de), Campeche, Baja California, Chihuahua, Oaxaca	Baja California Sur, Nuevo Leon, Nayarit, Zacatecas, Durango, Veracruz, Guerrero, Hidalgo, San Luis Potosi
Below-average payroll per pupil	Coahuila, Queretaro, Michoacan, Puebla, Tabasco	Tamaulipas, Aguascalientes, Chiapas, Tlaxcala, Guanajuato, Quintana Roo, Jalisco, Yucatan

Ratio = predicted payroll per pupil at the 90th vs. 10th percentile of national need, adjusted for school size, remoteness, labor costs and level. States listed from least to most regressive within each cell. Mexico City is not paid through FONE.

What this analysis does and does not show

The risk and spending analyses show whether resources move with need, not how much more would be enough. Determining how progressive is progressive enough, meaning how much additional funding would give high-need schools an equal opportunity to reach common outcome goals, requires the cost-modeling step that follows. The evidence so far points in one direction. The schools facing the greatest risk already have the lowest outcomes and receive the least payroll per pupil once structural costs are accounted for. Even a neutral distribution would leave their students without equal opportunity; a regressive one widens the gap.

In U.S. applications, the spending analysis also tests fiscal neutrality: whether spending depends on local wealth and voter preferences. FONE payroll is federally financed on national salary schedules, so that question largely falls away. The central question becomes whether a centrally financed system allocates positions and pay according to need, and the answer here is that it does not.

Implications

- **Add a need adjustment to how federal positions are allocated.** The current system adjusts for school size and remoteness but not for student need. Locality-based need measures, available for virtually every public school, could be used to allocate additional teaching and support positions.
- **Prioritize preschool and the highest-need states,** especially Chiapas, where low between-state allocations and regressive within-state distribution compound each other.
- **Measure need and spending more completely.** Collect school-level indicators of family economic status, and publish school-level spending that includes state-funded systems and non-payroll resources. Without these, Mexico cannot fully assess the equity or adequacy of its school finance system.

Scope and data: FONE gross payroll per pupil for public preschools, primarias and secundarias with full-year payroll; nominal pesos; 627,124 school-years at 113,221 schools, 2019-20 to 2024-25. Excludes Mexico City, teachers paid by state-funded systems, CONAFE, and non-payroll spending. Need is measured with a composite index of 2020 Census locality characteristics, selected for its ability to predict a school outcome factor score built from PLANEA 2015–2019 and Formato 911 indicators. Full methods are in the technical report, "Risk and Spending in Mexican Public Basic Education." Framework: Baker, B. D., Atchison, D., & Levin, J. (2026), Framework for evaluating and reforming education finance systems (EdWorkingPaper 25-1127, revised).