

A view of education spending

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Open up the newspaper and it seems that every education article contain! some obligatory comment about how California isn't spending enough on schools. For example, when Governor Gray Davis signed the state budget, the *San Francisco Chronicle* reported that, "Although the amount spent per pupil will rise by \$274 to \$6,025, state spending remains far lower than the national average of \$7,583 in the 1999-2000 school year."

The state's per-pupil spending figure, however, is misleading.

The official per-pupil spending rate of \$6,025 is derived by adding state general fund dollars for K-12 education, plus local property tax contributions, and dividing the total by the average daily number of students attending school in California. The problem is that large chunks of education spending are left out of this calculation.

The federal government's contribution of nearly \$4.4 billion to education spending in California isn't counted, even though it accounts for 10 per cent of total K-12 revenues. Big ticket items included in this federal contribution: approximately \$1 billion in Title I money for poor and disadvantaged students, \$513 million for special education and \$129 million for class-size reduction.

Also omitted are hundreds of millions of dollars in state and local funds allocated to pay for school capital costs, i.e., debt service on state and local school construction bonds.

Other major education revenues not counted in the official 1999-00 state per-pupil spending figure include \$786 million in state lottery money, \$2.6 billion from various local fund sources and \$65 million from various state sources.

All these uncounted education revenue sources add up to about \$10.7 billion. Add this amount to the \$33.6 billion in state general fund revenues and local property taxes and one gets a total of \$44.3 billion in total K-12 revenues in California. Divide this total by the state's average daily attendance of just under 5.6 million students and the per-pupil spending figure \$7,937. Even if one takes out money spent on adult education, adult vocational education, and child-development preschool programs, one still gets around \$7,500 in per pupil spending. That's approximately 25

percent higher than the per-pupil spending figure of \$6,025 which is given out by state officials and used by the media.

It should also be noted that the per-pupil spending numbers for many school districts are much higher than the statewide figures. In 1999-00, Oakland will spend \$7,933 per student, while Fresno will spend \$7,994. San Jose will spend \$8,372 per student, Los Angeles will spend \$9,028, and San Francisco will spend \$10,021. Most amazing, though, is the Sausalito Elementary School District in Marin County, which will spend a whopping \$16,555 per student.

Yet, there is little correlation between these high spending figures and student achievement. For example, in Sausalito, where per-pupil spending is thousands of dollars higher than the highest per-pupil-spending state, large majorities of students in nearly all grades scored below the 50th percentile on the state-administered SAT-9 test.

This lack of correlation is unsurprising. In international comparisons, U.S. schools rank near the top in spending but near the bottom in achievement progress. Also, after examining decades of academic research, University of Rochester Professor Eric Hanushek, one of the nation's leading education economists, found that, "there is little systematic relationship between school resources and student performance." The point, says Hanushek, is that "how money is spent is much more important than how much is spent."

There are several lessons here. First, the public should be wary of education officials' claims of poverty based on the commonly used official calculation of per-pupil spending. The real figure is much higher. Second, and more important, no matter how much is spent on education, unless those funds are channeled into programs that work (e.g., teacher training emphasizing subject-matter competence, implementation of the state's rigorous academic content standards, and introducing competition into the system through school choice), don't expect any change or improvement in California public education.