

OPINION

California's K-12 Spending Challenge: Just the Facts, Ma'am

By Carl Brodt, Fox and Hounds, November 5, 2012

California's K-12 per student spending fell 16% in real terms from the pre-recession peak in FY 2007-08 to FY 2011-12—a drop which rippled down into cutbacks affecting classroom staffing and student services. This trend toward significantly lower K-12 per student spending will not continue into this fiscal year even if voters reject Proposition 30's and 38's tax increases designed to restore some of the spending.

The so-called “trigger cuts” scheduled if Proposition 30 fails at the polls are not really spending cuts at all. Rather, the “trigger cuts” are merely a rollback of the higher K-12 spending planned in the Governor's budget.

School districts will, nevertheless, feel financial pain if their per student spending remains flat. Most school districts have unwisely signed up to multi-year union contracts which lock in raises and growing benefits for teachers and other school employees even when tax revenue drops or remains constant, and the districts must offset those raises and benefits with cuts in staffing and other spending if the districts are unable to get the taxpayers to subsidize their poor decision-making through higher taxes.

Contrary to conventional wisdom, California actually spends a substantial amount per student on K-12 education—much more than the two figures often bantered about in casual discussions about school finance, i.e. the \$6700 per student unified district revenue limit allocation or the \$7500 Proposition 98 per student calculation.

In reality, if both propositions fail, California will still spend about \$10,600 per K-12 student this fiscal year (yes, almost \$320,000 for a classroom of 30 students). This amount is roughly the same as last year, is comparable to the inflation adjusted per student spending level about 10 years ago, and is considerably higher than the spending before that time in real terms.

Proposition 30 would increase spending to over \$11,400 per student, which is a little less than the running rate of inflation-adjusted per student spending over the last 10 years. Proposition 38 would raise per student spending to just under \$11,400 per student in FY 2012-13 and then would push spending up to as much as \$12,100 per student in future years—not quite to the pre-recession peak but higher in real terms than every fiscal year except for 2006-07 and 2007-8.

Unfortunately, neither of the proposed tax-funded increases in the K-12 education spending will lead to better academic achievement. Study after study has shown that the overall level of per student spending in K-12 education bears no correlation to the standardized test scores of the students in a

district. This situation results because districts simply absorb any new funding into their existing cost structure without any material reforms or structural changes. Both propositions would allow this absorption-without-change to occur.

Additionally, neither proposition addresses the CalSTRS pension crisis and the billions which the State is legally committed to pay to retiring teachers beyond what it is currently setting aside in the budget today. As a result, both propositions are vulnerable to pensions soaking up increasing amounts of money which might otherwise find its way to the classroom.

A final note: Although the tax increases in Propositions 30 and 38 are technically temporary, voters would be naive to view these tax increases as anything but permanent. Because a “yes” vote today means that you are voting to increase discretionary spending and a “yes” vote to renew the tax increase when it expires would mean that you are voting to avoid impending spending cuts, the case for renewal will be stronger than the case is now for putting a tax increase in place.