

At Issue:

Has spending on public schools risen too high?



ADAM B. SCHAEFFER
POLICY ANALYST, CATO INSTITUTE

WRITTEN FOR *CQ RESEARCHER*, APRIL 2011

Real, per-pupil spending, adjusted for inflation, has more than doubled over 40 years, while test scores have remained flat at the end of high school. That's around \$12,000 or \$13,000 per student every year (a number difficult to nail down because public education is one of the least transparent government functions).

We've spent more every decade with no return in student performance. That's not investment — defined as getting a positive return on your money. It's just spending.

This poses a particularly difficult problem for state and local governments who bear most of the burden. State and local education spending consumes 46 percent of all tax revenue, or two-and-a-half times what's spent on Medicaid/CHIP.

It's also taking a bigger share of tax revenue. State education spending as a share of tax revenue has increased 90 percent in two decades. It's increased over 70 percent as a share of local revenue.

It's time to replace the "spending" model of education policy with an "investment" model.

We can make public education a lot more efficient. The number of public school staff per student increased 70 percent since 1970; cutting back on unnecessary personnel will bring significant savings.

But school choice, particularly through education tax credits, is the best way to invest in education. It's a proven way to improve public school performance, save money and increase choice. It's an effective, efficient investment in education.

Choice is the most intensively studied education reform there is, and the verdict is clear: It works. Decades of evidence and dozens of studies provide proof. It works in Chile and Sweden, and it works in Florida and Wisconsin and a dozen other states.

The vast majority of studies analyzing private choice policies demonstrate positive impacts on participants and children who remain in public schools. None have shown negative impacts. And choice programs are far less costly to taxpayers.

According to a 2008 fiscal analysis by the state Office of Program Policy Analysis & Government Accountability in Florida, the state gained \$1.49 in savings for every \$1 it lost in tax revenue to its education tax credit program. David Figlio, a Northwestern University researcher and official analyst of the program, found it significantly boosted performance in Florida's public schools.

Citizens and businesses want to invest directly in our education system. We should encourage them to do so.

Let's stop just spending money on education. Let's really start investing in it.



RICHARD ROTHSTEIN
RESEARCH ASSOCIATE, ECONOMIC POLICY INSTITUTE

WRITTEN FOR *CQ RESEARCHER*, APRIL 2011

States' education spending varies widely, even after adjustment for purchasing-power differences. Real costs also vary, because disadvantaged students need more support than those whose early-childhood, after-school, home-literacy and cultural experiences supplement their schooling.

For decades, spending nationwide increased, largely for special education of children with disabilities. Their individualized attention accounts for much of the teaching staff increases. Nonetheless, achievement for regular students also improved, spectacularly so for the disadvantaged: On the "gold standard" National Assessment of Educational Progress, black 12th-graders gained nearly two-thirds of a standard deviation in both math and reading since 1980.

Some states clearly spend too little. Others may spend more than needed for graduates' workplace success, because wealthier taxpayers choose to provide more fulfilling (and expensive) experiences for their children.

Mississippi spends less per pupil — about \$8,500 — than almost any state. Its percentage of low-income children is higher, test scores are lower and capacity to fund education (per-capita personal income) is less.

Massachusetts spends more — about \$14,500 — with proportionally fewer low-income children than elsewhere. Its test scores are highest of all. Its fiscal capacity is greater than most states'.

Then there is California, spending less — about \$10,000 — than most, with many low-income children, low test scores and high personal income. California chooses not to tax itself to educate disadvantaged youth well, spending instead on prisons for those who fail.

More money should not be spent unwisely, but Mississippi cannot spend what's needed without greater federal aid. California should spend more, but with greater state effort.

Both should particularly invest in early-childhood programs. Children from less literate homes have worse verbal skills than middle-class children — by age 3. This early gap cannot be overcome by more spending later, but better schools can sustain benefits from early investments. Well-qualified (and better-paid) teachers in smaller primary-grade classes for low-income children would be wise.

Massachusetts should also invest more in early childhood for disadvantaged students, but it need not boost average spending. Wealthy taxpayers should contribute more, choosing whether to do so by reducing suburban expenditures.

Today, federal aid exacerbates inequality. Subsidies for low-income students are proportional to existing state spending, so Massachusetts inexcusably gets more federal dollars per child than Mississippi. The question is not whether we overspend but whether we spend on the right programs for children most in need. The answer is "no".