



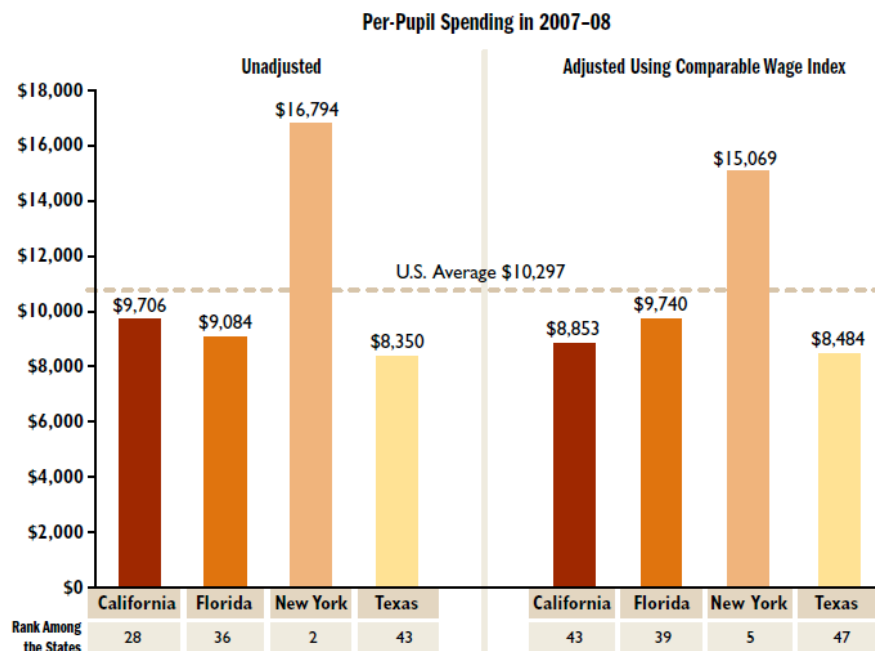
## How California Ranks—Frequently Asked Questions Regarding California’s Support of its Schools

It is common knowledge that California’s long-standing state budget crisis has made the impact of the bad economy even worse. Most Californians also know that the state’s public schools have been affected by the crisis, but when it comes to how much funding schools get and how they use those funds, they are barraged by often-conflicting “facts” and arguments. While some bemoan huge cuts for a school system that is already among the worst funded in the country, others claim the real problem is that school districts don’t spend their money well. Every side in this cacophonous debate shows data to back up its claims. *So which data should we believe?*

EdSource, an organization respected throughout California for its factual and dispassionate analysis of school funding information, has just released a report that examines the available data in order to get at whatever truth can be revealed. This EdSource report, *How California Ranks*, provides answers to some of the most asked questions. (Keep in mind the reality that the accurate data only goes through 2007–08 and does not reflect the impact on schools of two years of funding cuts.)

### Are California schools at the bottom among the states in terms of funding?

California clearly lags the national average and has for years. Two years ago, in 2007–08, California ranked 28<sup>th</sup> among the states in its per-pupil expenditure according to data collected by the National Center for Education Statistics (NCES). The characterization of the state as being at the bottom is based on adjusting that per-pupil expenditure for the relatively high labor costs here. When those adjustments are made for 2007–08, the state falls to 43rd. It is also important to keep in mind that school funding was cut in 2008–09 and again in 2009–10. Schools face further cuts in the current budget year. However, the same is true in most other states so it is impossible to say where California would place in those rankings now. (It takes a couple years for financial data from every U.S. school district to be validated by their state governments, sent to NCES, and analyzed.)



DATA: NATIONAL CENTER FOR EDUCATION STATISTICS (NCES) AND PROFESSOR LORI TAYLOR, TEXAS A&M UNIVERSITY

EdSource 9/10

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## **In what way do lower per-pupil expenditures affect California’s schools?**

The state’s modest per pupil expenditures combined with high labor costs (for example, average teacher salaries in California were the highest in the country in 2007–08) result in schools not being able to hire as many people. California ranks 49<sup>th</sup> in its overall ratio of staff to students and some staffing categories are particularly low. For example, compared to the national average, this state has 40% as many district administrators, half as many counselors, and a fifth as many librarians. Perhaps most striking, it has about half as many teachers in its high schools compared to the U.S. average.

## **Do California schools spend too much money “away from the classroom”?**

California school districts spend about two-thirds (67%) of their funds for classroom instruction, a little above the national average of 65.8%. In 2007–08, they also spent 11.8% of their funds on administration compared to 10.8% nationally. On a per-pupil basis, this amounted to a difference of \$32 per pupil. The difference reflects somewhat higher spending in California for school site administration (e.g. school principals) and other support services, but about half of average spending on school district administration. The state is below the national average in the proportion it uses for operations (e.g. transportation, food service, and maintenance) and support services (e.g. counseling and health services).

## **Do Californians pay the highest tax rates in the country?**

In the most recent year for which we have data, 2006–07, this state ranked 14<sup>th</sup> for the percent of personal income it paid in state and local taxes, according to the National Education Association. That year, Californians contributed 11.4% of their personal income toward taxes compared to 11% in the country as a whole. California’s sales tax and corporate income tax rates are comparatively high. But the state’s property tax rate is particularly low, due in large part to the constraints created by Proposition 13 back in 1978. Only 21% of education funding in California comes from local property taxes, compared to 40% to 45% in the other largest states—Florida, New York, and Texas.

## **Is California making a reasonable effort to support its schools?**

While taxes here are relatively high, California spends a smaller portion of its residents’ income on K–12 schools than the national average according to data from the National Education Association (NEA). In 2006–07, the state ranked 39<sup>th</sup> on this measure, spending \$37 of every \$1,000 of personal income on its schools compared to a national average of \$40. Using a different yardstick, NEA also reports that California’s per capita expenditures for some other public services, most notably corrections, police, and fire are well above national averages.

**Copies of *How California Ranks* are available at: [www.edsource.org](http://www.edsource.org). The publication documents the data sources and analyses provided above, including some information about trends over time.**