

## How does California rank in per-pupil spending? It all depends

FEBRUARY 28, 2017 | JOHN FENSTERWALD



**A**s Californians struggle to determine what constitutes a sufficient level of education funding, one yardstick is what California spends compared with other states. So here's a question: How does California rank in K-12 per-pupil spending nationally in the latest studies? a) 46th; b) 41st; c) 29th; d) 22nd.

The answer is all of them. Depending on how spending is calculated and how up-to-date the data are, the per-student amount differs by thousands of dollars, and the state's ranking varies widely.

This FAQ explains the most frequently cited methodologies, their differences and the reasoning behind them. While useful, state spending comparisons won't provide Californians the answer only they can answer: What would constitute adequate funding in the state with the world's sixth-largest economy, and with the largest number of children living in poverty and highest percentage of English learners in the nation?

### **Which organizations are the primary sources of information on per-student spending data?**

- *Education Week*, which each January updates **Quality Counts**, a comparison of state education systems. States' per-student spending is one component.
- *The National Education Association*, which releases its **annual survey** of state spending each May .
- *The California Budget and Policy Center*, a Sacramento-based nonprofit, which periodically has done its own annual analysis to determine California's per-student ranking. Its **most recent report** was published in January 2017.

### **What are the big differences in their methodologies?**

EdWeek uses data collected by the federal government, [the National Center for Education Statistics](#). The center publishes 2-year-old data because it waits for states to update their actual spending, and the center takes months scrubbing the information to make sure the state data are comparable. EdWeek then applies a cost-of-living factor, the [Comparable Wage Index](#), which has the effect of lowering the rankings of states with high costs of living. Developed for the federal government by a professor at Texas A&M University, the index incorporates regional variations in the salaries of college graduates.

The [California Budget and Policy Center](#), in an analysis that examined the advantages and disadvantages of various data sources used to rank California's K-12 spending, concluded that it's appropriate to apply the comparable wage index to spending rankings because high-cost states like California "are able to provide fewer services for the same level of spending than schools in states with lower costs of living."

Because school districts spend more than 85 percent of their budgets on employee compensation, it makes sense to apply a wage-based cost-of-living index, as opposed to indexes that compare goods and services, said Jonathan Kaplan, a senior policy analyst for the California Budget and Policy Center.

The comparable wage index effectively lowered California's per-student spending from 87 percent of the national average to 78.5 percent in 2013-14, which, in turn, lowered its state ranking.

The National Education Association's data, based on surveys it sends out to states, are more current but depend on states' best estimates of spending. Those can change significantly if, for example, a legislature makes mid-year budget cuts. NEA annually revises data for the two previous years, and it doesn't apply a cost-of-living adjustment, such as a comparable wage index. Both NEA and the

National Center for Education Statistics exclude bond payments for facilities and other capital costs. NCES includes costs of summer and after-school programs and administration of the California Department of Education, while NEA excludes those costs. ([See comparison.](#))

The California Budget and Policy Center uses the most recent NEA numbers, but then applies the comparable wage index for its California rankings.

All three sources compare states' school expenditures, not revenues. ([This EdSource FAQ](#) from 2004 explains the difference.) The California Budget and Policy Center offers a clear comparison of methodologies [in this chart](#).

### **Where does California rank on the most recent calculations?**

[In EdWeek's 2017 Quality Counts](#), California ranked **46th** out of the 50 states and Washington, D.C., spending **\$8,694 per student** – \$3,462 less than the national average of \$12,156 per student. This was based on data from 2013-14, the first year of California's Local Control Funding Formula, the state's financing system that provides additional money to districts based on enrollment of low-income students, foster children and English learners. The state's economy has improved substantially since then, and the state's spending on K-12 schools has increased significantly. Using the same methodology, it's likely its ranking will improve for the current school year (2016-17).

In its [May 2016 Rankings and Estimates report](#), NEA revised its 2013-14 rankings. California ranked **26th**, with **\$10,329** in per-student spending, \$1,017 less than the U.S. average of \$11,346. Spending ranged from \$21,263 in top-ranked Vermont to \$7,143 in Arizona. (See 2016 report, pages 54-57 and 64.)

By 2014-15, California benefited from a surging economy, and the passage of Proposition 30 increased sales and income taxes. Its ranking jumped to **22nd**. Its per-student spending of **\$11,145** was \$564 below the national average of \$11,709.

In NEA's estimate for 2015-16, California was **22nd** again, and the gap between the state's \$11,329 per student and national average of \$11,943 grew slightly to \$614 per student – 95 percent of the national average.

In its January 2017 brief “**California's Support for K-12 Education Is Improving, but Still Lags the Nation,**” the California Budget and Policy Center ranked California **41st** for 2015-16 using the comparable wage index. The state's **\$10,291** per student was \$1,961 less than the \$12,252 per student national average, but was about \$2,000 higher than it had been in 2012-13, before the passage of Prop. 30, when California ranked 50th.

### **How could California also be 29th and 22nd in the same year?**

There are two ways to calculate a state's student enrollment, which in turn affects calculations of per-pupil spending and a state's ranking.

One method, called average daily attendance or ADA, is based on the average number of students in attendance over the course of the school year. That's how districts in California and many other states receive their funding, so that's the method that the California Budget and Policy Center uses. It has been the traditional method. The other way is to calculate funding based on the total student enrollment as of Oct. 1. NEA and the National Center for Education Statistics report per-student spending by both methods, although the NCES prefers to use fall enrollment; one reason is that

definitions of average daily attendance vary from state to state. Per-student spending based on ADA tends to be higher than by fall enrollment.

Using average daily attendance figures, NEA ranked California **33rd** in 2013-14, compared with **26th** using fall enrollment, and **29th** in 2014-15 using ADA, compared with **22nd** by fall enrollment.

### **Are there other useful ways to rank state spending?**

Yes. One is by a concept economists call “effort” – such as how much a state spends on schools as a percentage of the personal income earned by its residents. In 2015-16, based on that measure, California was **37th**, according to the California Budget and Policy Center, spending **3.29 percent** of its personal income on schools, compared with the national average of 3.78 percent.

Using gross state product to measure a capacity to tax, EdWeek said California tied with three other states at 4th from the bottom, spending 2.7 percent of its taxable resources on schools, compared with the national average of 3.3 percent. Vermont committed more than 5 percent of its taxable resources on schools.

### **So what’s the takeaway?**

Since 2011-12, the low point in funding following the 2007-08 recession, California has increased K-12 funding by more than \$20 billion. As a result, its average per-student spending has significantly increased, and its ranking among the states has improved in the three most frequently cited studies.

But there's a big variation in the state's ranking among the three because they use different methods and different data. California has moved up some but continues to be in the bottom fifth of states, according to Education Week and the California Budget and Policy Center, while the National Education Association places California near the middle. It's important to understand the methodology for whatever ranking is being used.

*One more wrinkle:* Under the Local Control Funding Formula, per-student funding *among districts* will range by several thousand dollars or more in a few instances. California's average spending per student won't tell you much about how much any one district gets. [Go here](#) to see what the "current expense of education" per student in each district was in 2015-16. These figures exclude several expenses such as food services, facilities acquisition and construction costs.

\* Preliminary data

## Comments

### Comments Policy

The goal of the comments section on EdSource is to facilitate thoughtful conversation about content published on our website. [Click here for EdSource's Comments Policy.](#)

**Sarah**

5 months ago

How do we get to #1 again? California alone is 6th or 7th richest country in the world. Who do we talk to do get this reformed and spend more money on our kids? I saw below one person said he give \$1,500 to the school,