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# How California Ranks

## A national perspective on the state's K-12 education expenditures

California's recent efforts to make education a top priority have helped the state move significantly closer to the national average in spending per student. Thanks to state funding increases for K-12 education in 1999 and 2000, the state ranks 33rd in the nation for 2000-01. This compares to a ranking of 40th in 1997-98.

In addition, in just one year the state jumped from sixth to third in its average teachers' salaries, with teachers' income growing slightly—1.6%—in real dollars (adjusted for inflation).

But the state also maintained its rank of next to highest in the number of students per teacher even though smaller kindergarten through third grade classes are nearly universal. California had a total of 6,050,895 public school students in 2000-01—by far the most in the country. And California compares poorly in per-pupil expenditures to states most like it in size and diversity.

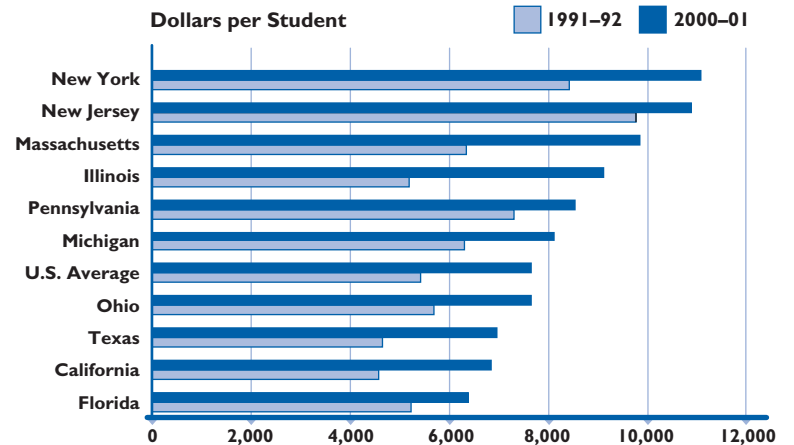
### Counting students: Enrollment vs. average daily attendance (ADA)

Two methods are used to determine the number of public school students. "Enrollment" is a count of all students in a school on a particular day (in October in California). "ADA," or average daily attendance, is the number of students in school each day during the school year divided by the number of days that school was in session. Absent students—even those with excused absences—do not count toward average daily attendance. Average daily attendance tends to be slightly lower than enrollment; therefore, per-pupil amounts tend to differ.

Student population growth and mobility during the academic year, both of which are high in California, affect enrollment figures. The enrollment method is accurate on that October day, but it does not capture changes that occur during the rest of the school year. While ADA may undercount the number of pupils served, it is the more critical number for California school districts because much of their funding is based on ADA.

Figure 1

California expenditures per student are next to last among the 10 largest states (2000-01)



Data: *Rankings and Estimates 2001-02*,  
National Education Association

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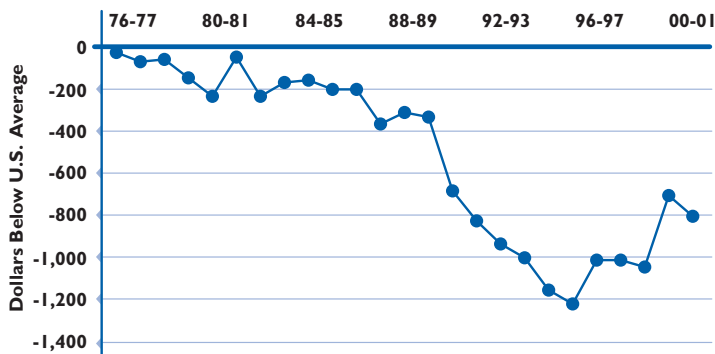
This report compares California's education expenditures to those of the nine other largest industrial states and to the national averages of the 50 states and the District of Columbia, based on the latest available data from the National Education Association (NEA). Each year the NEA publishes new comparisons and also revises its ranking data for the prior year. The revised data for per-pupil expenditures in 1999-2000 vary substantially from what NEA originally reported, and which EdSource published in October 2001. The original data listed California as 38th that year. The revised data show California ranked 32nd in 1999-2000. Typically the revised changes are minimal, but for California and some other states the 1999-2000 revision was significant. In California's case, the original figures were based on NEA estimates while the revisions relied on data submitted by the state, according to Jan Sterling, director of the School Fiscal Services Division for the California Department of Education.

### California spends less per student than the national average but is improving

California began increasing its investment in K-12 education in 1995-96 as measured by expenditures per student based on average daily

**Figure 2**

**California's per-student\* investment improved but remains below the U.S. average as of 2000–01**



\*The per-student measure is ADA, or average daily attendance.

Data: *Rankings and Estimates 2001-02*, National Education Association

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**California relies primarily on state funds**

California's state-dominated funding system is unusual. While most other states rely on local property taxes, the state has been the primary funding source for California's schools since voters approved the tax reform initiative Proposition 13 in 1978. Among the 10 largest industrial states, only three rely on the state for more than half of their funding. Michigan depends on state funds for 70.2% of its funding compared to 63.5% for California and 55.4% for Florida, according to *Quality Counts 2002*, published by Education Week.

**Comparison data can sometimes be misleading**

Comparing California with other states, even with hard data, has inherent difficulties, both because of the differences among the states and variations in the data itself.

- The data is not always consistent from one state to another. Differences can occur in what is collected, how it is collected, variations in its interpretation and reporting, inconsistencies in when the data is collected or for what time period, and changes in definitions or parameters over time.
- States are dramatically different in size, ethnic and socioeconomic characteristics, cost of living, and in how they set policy, fund public education, and govern their schools.
- Teachers' salaries can reflect the changing characteristics of the workforce over time, particularly the addition of new teachers. California's teachers averaged 12.7 years of experience in 2000–01.
- The years for which data is reported, as well as whether it is based on actual figures or estimates, is important to note. In this report, EdSource uses the most current national data available.
- Averages and aggregates, while often illuminating, can mask variations that are informative and important to the accuracy of the picture they paint.

attendance (ADA). Over the next five years, the state's investment rose by 39% compared to 25% for the U.S. average. California spent \$4,924 per student in 1995–96 compared to \$6,837 in 2000–01. The U.S. average grew from \$6,133 to \$7,640 during the same period.

Eight of the other nine largest industrial states are still ahead of California. (See Figure 1 on page 1.) But in 2000–01 California pulled ahead of Florida and edged closer to Texas. California is still far behind the leader, New York, which spent \$11,089 per student or 62% more than California. Yet New York's investment rose only 17% over that same five-year period. In actual dollars, California's additional investment was also greater: \$1,913 per student compared to New York's \$1,645.

In 2000–01 the state spent \$803 less than the U.S. average of \$7,640 per student. (See Figure 2.) California would have had to spend an additional \$4.6 billion on K–12 education to reach the average national expenditure in 2000–01. Closing the gap with New York would take billions more.

California's lower-than-average spending per student is a trend that began nearly 30 years ago with a state-imposed cap

(revenue limit) on districts' income. Then in 1978, Proposition 13 effectively transferred control of K–12 public education funding to the state. The circumstance worsened during the economic recession in the first half of the 1990s. The upturn at the end of the century helped California outpace other states and move up in its national ranking.

**California has the second highest ratio of students per teacher**

Once again in 2000–01, California had the second highest ratio of students per teacher of any state. The ratio is 20.6 students to one teacher compared to the U.S. average of 16.1. California had the highest ratio of students per teacher until 1996–97 when the state's Class Size Reduction Program was implemented. Since then, the state has remained second highest.

In 2000–01 Utah's ratio is the highest at 21.6 students per teacher, and Vermont's is the lowest at 11.8. Among the 10 largest states, California continues to have the most students per teacher, as Figure 3 shows.

### Cost-of-living comparisons can change rankings of states

Cost-of-living indexes are the result of sophisticated statistical formulations that combine the costs of a “basket” of goods and services for different geographical areas at one point in time. Any number adjusted for cost-of-living differences is only as “good” as the index used to make the adjustment. Such indexes regularly place California’s cost of living at or near the top in the United States. Two comparisons based on cost of living put California’s position relative to other states in a worse light than NEA data.

In *Quality Counts 2002*, *Education Week* created a ranking based on expenditures per student and cost-of-living. That report adjusted for regional cost differences and gave California an “F” grade. For more information: [www.edweek.org/sreports/qc02/](http://www.edweek.org/sreports/qc02/)

The American Federation of Teachers (AFT) compared 2000–01 average teachers’ salaries using a 2000 cost of living index. This adjustment put California’s rank for teachers’ salaries at 16. For more information: [www.aft.org/convention/salary\\_survey.html](http://www.aft.org/convention/salary_survey.html)

Student-teacher ratios are calculated by dividing the total enrollment by the number of full-time equivalent teachers. Because some teachers are assigned to small classes or serve as specialists and are not assigned to a particular class, the pupil-teacher ratio is almost always smaller than the actual class size. For example, elementary schools often have reading specialists who have no class of their own yet work with small groups of students from other teachers’ classes.

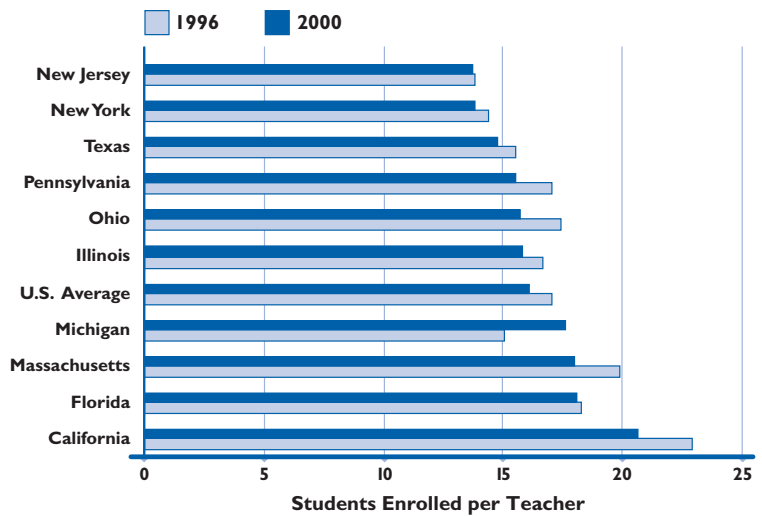
### California spends more on teachers’ salaries, but cost of living is high

Increases in K–12 funding in 2000–01 permitted many California districts to grant substantial raises to their teachers, allowing teachers to get ahead of inflation, even if only by a small percentage. California’s average salary increase over the previous year (1999–2000) was 10%, compared to 3.7% nationally. This moved the state from sixth to third in the nation for average teacher salary, behind New Jersey and Connecticut. California moved from fifth to second among the 10 largest industrial states. (See Figure 4.)

When average salaries are adjusted for inflation, California teachers earned 1.6% more in 2000–01 than they did 10 years earlier, in 1990–91. The state also ranked 17th in the percent change in average teacher income over the last decade. This compares to the low ranking of 43rd in

**Figure 3**

### California has the most students per teacher among the largest states (Fall 2000)



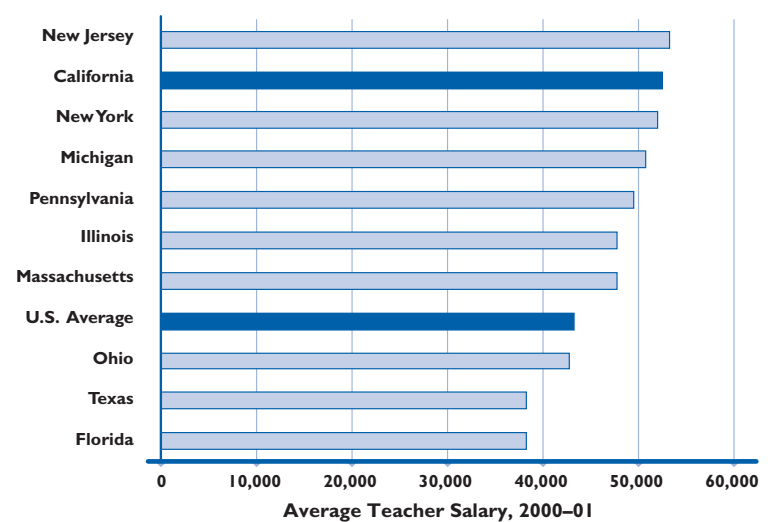
Rank is from fewest (1st) to most (51st) students per teacher.

Data: *Rankings and Estimates 2001-02*, National Education Association

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**Figure 4**

### California’s teacher salaries rank second among the largest industrial states for 2000–01



Data: *Rankings and Estimates 2001-02*, National Education Association

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1999–2000. Then California teachers were earning 5% less in real dollars than they were 10 years earlier.

Although the average salary of \$52,480 in California in 2000–01 was more than \$9,000 higher than the national average of \$43,335, the cost of living is considerably higher in California than in most other states, eroding the relative value of those salaries. (See the box on cost of living on this page.)

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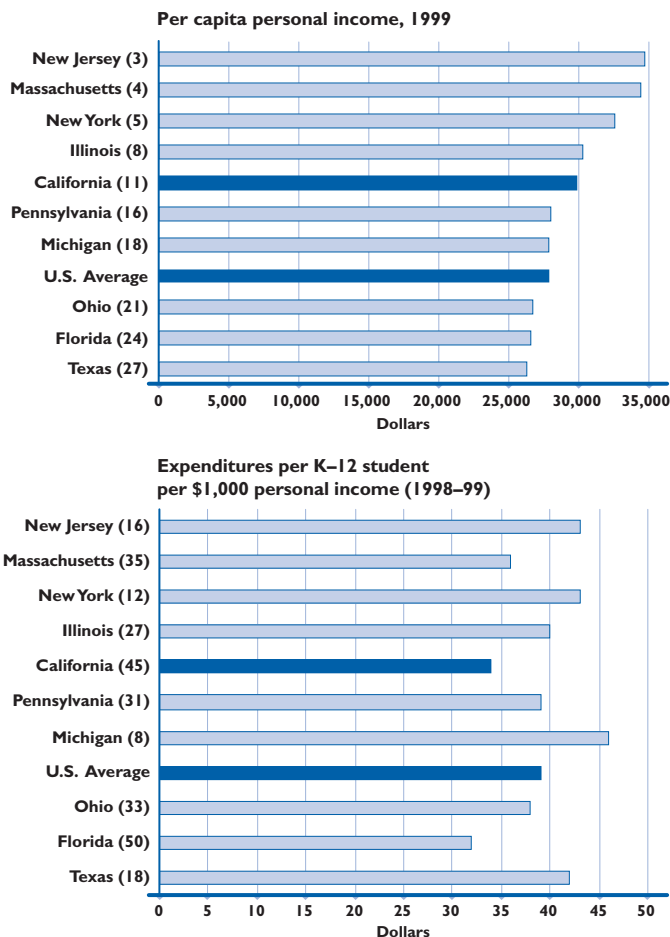
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**Figure 5**

**Despite high per capita income, California ranked low in spending per \$1,000 personal income on K–12 education**



Data: *Rankings and Estimates 2001-02*, National Education Association

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**California could choose to spend more**

California is a wealthy state in terms of per capita personal income. At \$29,818 in 1999, California ranked 11th in the nation. When the amount of personal income per public school student is calculated, California ranks about \$2,000 above the national average. This is a traditional measure of a state’s capacity to support K–12 public education.

A state’s effort toward supporting K–12 public education can be measured by the amount spent per \$1,000 of personal income. The calculation of this number indicates that the people of California have put a low priority on public schools in the past 30 years compared

to other states. In 1998–99, the latest year with available data, California ranked 45th. The state was then spending \$34 of every \$1,000 of personal income for K–12 public education. By contrast, Michigan spent \$46; and New York and New Jersey each spent \$43. (See Figure 5.) However, based on data from 1999–2000 and 2000–01, California’s rankings in other areas have risen dramatically. It remains to be seen whether this measure of the state’s effort will also improve.

California’s comparatively low level of financial commitment in the mid-1990s may reflect legislative priorities more than necessity. In 1997–98 (the latest data available), the state ranked 30th in its per capita expenditures per K–12 student and next to last among the 10 largest industrialized states. But California was 11th in spending on corrections and fourth on police and fire protection. Again, this data does not reflect expenditures in more recent state budgets.

**California is making headway but still ranks below others**

California’s significant investments in K–12 public education over the past few years are moving the state closer to the national average for

per-pupil expenditures, though California still lags far behind in students per teacher. Recent large salary increases are allowing teachers—who face one of the country’s costliest standards of living—to barely do better than inflation.

As California faces a budget crisis, policymakers will have to weigh the benefits of continuing the climb toward the national average on K–12 education against other pressing social needs. The state may have to make trade-offs simply to hold onto gains. During the severe recession in the early 1990s, California’s relative investment in K–12 education fell precipitously. Whether California responds differently this time will depend on the condition of its economy and the political will of its people.