

Financing Elementary and Secondary Education in the States: 1997–98

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Foreword

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Executive Summary

Introduction

The National Public Education Financial Survey (NPEFS) is an annual survey of state financial data that is part of the Common Core of Data. The NPEFS collects data on revenues and expenditures in grades pre-kindergarten through 12 in public schools in the 50 states, the District of Columbia, and the outlying territories.

This report presents state-level analyses of revenues and expenditures for the 1997–98 school year. NPEFS finance data form the core of these analyses, but information is supplemented by data on state demographic and fiscal characteristics from the Bureau of the Census and the Bureau of Economic Analysis. While aggregate finance data used in these analyses are complete for all states, missing detailed items of revenue and expenditure were imputed in some states.

Analyses of revenues and expenditures per pupil are presented using both unadjusted and cost-adjusted dollars. Cost adjustments are designed to take into account differences in the cost of education across states. The cost adjustment used in these analyses is the Geographic Cost of Education Index (GCEI). This index reflects how much more or less it costs in different geographic locations to recruit and employ comparable school personnel, as well as the varying costs of non-personnel items such as purchased services, supplies and materials, furnishings and equipment, travel, utilities, and facilities.

Major Findings

Total education revenues per pupil averaged \$7,067 in 1997–98, but the range in revenues per pupil across the 50 states was quite substantial—from \$10,550 in New Jersey to \$4,770 in Mississippi (See table 2-1). New Jersey, the state with the highest revenues per pupil, raised 2.2 times the revenue of Mississippi, the lowest-revenue state. Cost adjustments reduced the range in revenues per pupil, but New Jersey, the state with the highest revenues per pupil (\$9,158), still raised 1.8 times the revenues of Utah, the state with the lowest revenues per pupil (\$4,998) (See table 2-3).¹

Although federal, state, and local revenues per pupil all varied across the 50 states, **revenues per pupil from state sources showed the largest range between the highest- and lowest-revenue states and federal revenues per pupil the smallest.** In unadjusted dollars, state revenues per pupil in Hawaii (\$6,009) were nearly 10 times higher than state revenues in New Hampshire (\$633) (See table 2-1). Local revenues per pupil were almost seven times higher in New Jersey (\$5,972) than in New Mexico (\$857) and federal revenues per pupil were over four times higher in Alaska (\$1,133) than in New Hampshire (\$258). In cost-adjusted dollars, the ratios between the highest- and lowest-revenue states were 10.0 to 1 for state revenues,

¹ Throughout the report, we present ratios of revenues per pupil between the highest- and lowest-revenue states (e.g., the ratio in total revenues per pupil was 1.8 between New Jersey and Utah). These ratios mean that the highest-revenue state raised 1.8 times the revenue of the lowest-revenue state.

6.1 to 1 for local revenues, and 3.6 to 1 for federal revenues (See table 2-3). (All ratios excluded the District of Columbia and local revenues excluded Hawaii, a state with nearly full state funding of education.)

State wealth—measured as gross state product (GSP) per capita, median household income, and median housing value—**showed a positive relationship with unadjusted local revenues per pupil and total revenues per pupil, but no relationship with either state or federal revenues per pupil.** States with higher fiscal capacity tended to raise larger amounts of money from local sources. Since state and federal revenues did not eliminate these differences, wealthier states tended to have higher total revenues per pupil for public education. However, cost adjustments to revenues reduced or eliminated these relationships.

Total expenditures for elementary and secondary education, which comprise both current and capital expenditures, were \$334 billion in 1997–98, with current expenditures totaling nearly \$285 billion—or about 85 percent of total expenditures (See table 3-1). Total expenditures were \$7,247 per pupil, current expenditures were \$6,189 per pupil, and capital expenditures were \$953 per pupil (See table 3-2).

Current expenditures per pupil showed a substantial range across the 50 states—from a high of \$9,643 in New Jersey to a low of \$3,969 in Utah and a ratio of expenditure between the highest- and lowest-spending states of 2.4 to 1 (See table 3-2). Cost adjustments reduced the range between the highest- and lowest-spending states, but the ratio between New Jersey (\$8,371) and Utah (\$4,156) was still 2 to 1 (See table 3-4).

Within current expenditures, the range in expenditures per pupil was highest for student and instructional staff support services, and lowest for instruction. Excluding the District of Columbia, unadjusted expenditures per pupil for student and staff support services ranged from a high of \$1,042 in New Jersey to a low of \$285 in North Dakota—a ratio of nearly 4 to 1 between the highest- and lowest-expenditure states. Expenditures per pupil for instruction, in contrast, ranged from a high of \$6,017 in New York to a low of \$2,620 in Utah—a ratio of just 2.3 to 1 (See table 4-3).

All three measures of state wealth—GSP per capita, median family income and median housing value—were consistently related to all measures of expenditure per pupil except capital expenditures. Or, stated differently, wealthier states tended to spend more money per pupil on almost all education functions than poorer states. Cost adjustments tended to reduce the relationship between state wealth and most measures of expenditure per pupil. But **even with cost adjustments, wealthier states still tended to have higher expenditures for education.**

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Chapter 1: Introduction

Background and Introduction

Elementary and secondary education is an important segment of the American economy. In 1997–98, expenditures in public elementary and secondary schools were about \$334 billion—or nearly 4 percent of gross domestic product. Moreover, spending on this education sector has grown substantially in recent years. Between 1989–90 to 1997–98, total expenditures grew from about \$213 billion¹ to \$334 billion—an increase of nearly 60 percent in current dollars.

These national figures provide an important perspective on the financing of elementary and secondary education. But they tell only a small part of the story. In order to get the full picture it is necessary to look at education finance from the state perspective, since state and local governments provide the great majority of resources for elementary and secondary education. That is the purpose of this report.

The report is designed to address several important questions about the sources of funding for public elementary and secondary schools (education revenues) and the way that money for education is spent for different functions and activities (education expenditures). These questions are:

- What proportions of funds for elementary and secondary education come from federal, state, and local sources?
- How much money per pupil is raised for elementary and secondary education from federal, state, and local sources?
- How does the mix of funding sources differ from state to state and by region?
- What state demographic and fiscal characteristics are associated with differences in funding sources?
- How much do states spend overall for elementary and secondary education? How much do states spend per pupil?
- How much money do states spend overall for current and capital expenditures? How much do states spend per pupil? What proportions of total expenditures are used for current and capital expenditures?
- How much do states spend overall for student instruction and other functions such as school administration? How much do they spend per pupil? What proportions of current expenditures are spent on these different functions?

¹ All data earlier than 1997–98 come from the U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics*, 2000, pp. 175–192.

- How do expenditures vary from state to state and by region? What state demographic and fiscal characteristics are associated with differences in expenditures?

Data Sources and Definitions

The primary source of data for this report on the financing of elementary and secondary education in the states was the 1997–98 National Public Education Financial Survey (NPEFS). The NPEFS is an annual state-level collection of revenue and expenditure data in grades prekindergarten through 12. It is part of the Common Core of Data (CCD) collection of surveys and administrative-records data relating to public elementary and secondary education. Data on revenues and expenditures collected through the NPEFS were supplemented with data from the Bureau of the Census and the Bureau of Economic Analysis on state demographic and fiscal characteristics. Some data have been imputed by NCES to correct for item nonresponse. In most cases the imputations involve disaggregating a single value reported for two or more data items, and therefore do not affect the totals. Imputations that increase a state's total revenues or total expenditures are always less than 5 percent of the total reported for the state. All imputed items are flagged in the data reported by state throughout the publication.

Four states (Alabama, California, South Carolina, and Tennessee) do not report students in prekindergarten programs. Prekindergarten counts were imputed for these four states and added to the kindergarten through grade 12 plus ungraded count. All revenues per pupil and expenditures per pupil for these four states are flagged as imputed, even though the revenues and expenditures are as reported by these states.

The analysis of funding sources focuses on revenues from federal, state, and local governments. **Federal revenues** include direct grants-in-aid to schools or agencies, funds distributed through a state or intermediate agency, and revenues in lieu of taxes to compensate a school district for nontaxable federal institutions within a district's boundary. **State revenues** include both direct funds from state governments and revenues in lieu of taxation. **Local revenues** include revenues from both local and intermediate sources. Local revenues include revenue from sources such as local property and non-property taxes, investments, and revenues from student activities, textbook sales, transportation and tuition fees, and food service revenues. Intermediate revenues come from sources that are not local or state education agencies, but operate at an intermediate level between local and state education agencies and possess independent fund-raising capability (e.g., county or municipal agencies). **Other sources of revenue** are not included in total revenues and have also been excluded from the analysis. These revenues include receipts from bond sales (principals and premiums), and also include interest realized from the sale of state bonds when permitted by state law.

The review of expenditures first examines total, capital, and current expenditures. **Current expenditures** generally include all current outlays for elementary and secondary education. They include expenditures for student instruction, instructional support services, and non-instructional support services. Current expenditures also include the following objects of expenditure: salaries, employee benefits, purchased services, supplies and materials, and other expenditures not included in these categories. Technology expenditures are not collected as separate items in the data collection, but are included in the amounts reported as salaries, supplies, equipment, etc. **Capital expenditures** include the purchase of land and buildings, construction of new buildings and renovation of existing buildings, and the purchase and replacement of equipment.

Several components of current and capital expenditures are analyzed in greater depth. **Current expenditures** include expenditures for instruction, student and instructional staff support services, administration, and operations. **Instruction** consists of activities directly dealing with the interaction between teachers and students. **Student support services** are designed to assess and improve the well-being of students and to supplement the teaching process. They include attendance and social work services, guidance services, health and psychological services, speech pathology and audiology services. **Instructional staff support services** are intended to assist instructional staff in planning, developing, and evaluating the process of providing learning experiences for students. These activities include curriculum development and staff training, as well as educational media services. **Administration** includes the general administration of the local educational agency, school administrative services, business support services, and a host of other services that support the school program. **Operations** include student transportation and plant maintenance and operation.

Capital expenditures include several components as well, among them the purchase of land and buildings, construction of new buildings and renovation of existing buildings, and the purchase and replacement of equipment.

Facilities expenditures is not a common category of analysis in school finance studies, as it includes both capital expenditures and current expenditures for maintenance and operation. However, it was included in this analysis in order to assess whether some states make heavier investments in maintaining school buildings, while others defer building maintenance and therefore have to spend more money either on building renovation or new school construction.

Several analyses examine the relationship between state revenues and expenditures and selected state fiscal characteristics (gross state product per capita, median household income, and median value of owner-occupied housing) and demographic characteristics (percent of students living in urban areas, percent minority students, percent of school-age children living in poverty, and percent of children with limited English proficiency [LEP]). These state characteristics are defined below.

Gross state product per capita is the total value of goods and services produced in a state in 1996 divided by the state's estimated 1996 population. **Median household income** is defined as the median income of the householder and all other persons 15 years old and over in the household, whether related to the householder or not, in calendar year 1996. **Median value owner-occupied housing** is defined as the median value of specified owner-occupied housing units in a state in 1990. **Percent minority students** is defined as the percent of students in a state's public schools who are African American, Hispanic, Asian, American Indian, and Alaskan Native in 1995. **Percent children in poverty** is defined as children 5 years of age and living in households with income at or below the poverty level in 1995. **Percent LEP children** is defined as children 5 years of age and over living in households in which English is not the spoken language, who speak English "not well" or "not at all" in 1990. Finally, percent children living in urban areas is defined as children living in an area with a population concentration of at least 50,000, generally consisting of a central city and the surrounding, closely settled, contiguous territory and with a population density of at least 1,000 per square mile.

Approach

The questions set out in the Background and Introduction section have provided the basis for numerous school finance studies. Many of these studies have a policy orientation, focusing on such issues as the adequacy of school funding (Reschovsky and Imazeki 1998), equity in the allocation and use of school

resources (Rubenstein 2000; Parrish, Hikido, and Fowler 1998), or the productivity of education funding (Galvin, Robins, and Callahan 2000). Moreover, because states play a major role in the financing of elementary and secondary education, school finance studies often tend to examine education revenues and expenditures in a particular state or group of states. They focus on differences in revenues and expenditures at the district level, rather than the state level (Sherman, Best, and Luskin 1996). Equity studies in particular look not only at revenues from local, state, and federal sources separately, but on combinations of revenues from different sources, e.g., state and local revenues combined.

In designing this study, we recognized that state-level finance data could be analyzed from a range of perspectives, with each analysis reflecting a different set of value judgments about the financing of education. This study, however, was intended to be more neutral in its approach to the analysis of state-level finance data. Rather than using such concepts of adequacy or equity as the framework, the study simply set out to compare states on different components of education funding (revenues) and patterns of education spending (expenditures). Consequently, there are separate analyses of local and state education revenues, rather than analyses of state and local revenues combined.

We also recognized that there are substantial variations in education revenues and expenditures within states. However, this report was designed to use the NPEFS as its primary data source. It was therefore beyond the scope of this study to examine inter-district differences in revenues and expenditures within states. These issues will be addressed in a separate report that uses finance data from NCES's district-level finance database.

The approach used in this analysis focuses on several aspects of education funding. In the area of revenues, it focuses on the share of funds coming from different government sources and revenues per pupil from these sources. In the area of expenditures, it focuses on the share of expenditures for different functions and expenditures per pupil for these functions. In the analyses of revenues and expenditures per pupil, revenues per pupil are calculated by dividing revenues during the 1997–98 school year by the fall 1997 student enrollment in each state; expenditures per pupil are calculated in an analogous way.

Most of the tables in the report present a ranking of states on different revenue measures (e.g., total revenues per pupil, the percent of revenues from local sources) and expenditures (e.g., current expenditures per pupil, expenditures for instruction as a share of current expenditures).² Each state is given a unique rank, even though the data presented in the table sometimes show the same value for different states. These ranks are based on states' values on the measure carried out the additional decimal places, rather than on the figures presented in the tables. However, for all intents and purposes, states with the same value in the table are basically “tied” in their ranking on that measure of revenues or expenditures.

Analyses of revenues and expenditures per pupil are presented using both unadjusted and cost-adjusted dollars. Cost adjustments are designed to take into account differences in the cost of education across states. The cost adjustment used in these analyses is the Geographic Cost of Education Index (GCEI) (Chambers 1998). The GCEI uses data from three separate categories of school inputs: certified school personnel, non-certified school personnel, and nonpersonnel school items. The index reflects how much more or less it costs in different geographic locations to recruit and employ comparable school personnel, as well as the varying costs of nonpersonnel items such as purchased services, supplies and mate-

² The District of Columbia is considered as a “state” in this report, even though the District is unique in many respects. Analyses generally include the District of Columbia, except where noted in the tables and text.

rials, furnishings and equipment, travel, utilities, and facilities. Although the GCEI is most appropriately used to take into account cost differences of inputs that go into current expenditures, in this report it was used to adjust both current and capital expenditures. Other indices may better reflect differences in capital costs across states, but in this analysis the GCEI was used as a proxy for these other indices.

The GCEI was developed by combining data on the characteristics of teachers and other school personnel (race, sex, education, experience), teacher working conditions (class size), and teacher salary information with data on amenities of a location into a hedonic wage model. This model uses ordinary least squares regression techniques to isolate and hold constant influences over which school officials have discretion, while allowing the index to vary according to regional and school district cost factors that are outside school officials' control. The index was calculated using data from the Schools and Staffing Survey (SASS) for three points in time (1987–88, 1990–91, and 1993–94) and other sources such as the U.S. Bureau of Labor Statistics, the U.S. Geological Survey, the National Weather Service, the Uniform Crime Reports of the FBI, the City and County Databook, as well as components of the consumer and producer price index (Fowler and Monk 2001).

Most analyses of revenues and expenditures contain several components. These include national averages such as means, ranges on the measure between the highest and lowest state, differences on the measure across regions³ and states, and the relationship between selected state demographic and fiscal characteristics (independent variables) and revenues and expenditures (dependent variables). Demographic characteristics include the percent minority enrollment, the percent of children in poverty, the percent of people living in urban areas, and the percent of children with limited English proficiency (LEP). Fiscal characteristics include three measures of state wealth—gross state product (GSP) per capita, median household income, and median housing value.

Two methods are used to analyze the relationship between the state demographic and fiscal characteristics cited above and such measures as the share of revenues from different sources, revenues per pupil, and expenditures per pupil. These include cross-tabulations, which present data for various levels (or subcategories) of the demographic and fiscal characteristics (e.g., for percentage of LEP students: Less than 1 percent, 1–less than 5 percent, and 5 percent and more), and simple correlation analysis. The cross-tabulations weight each measure in each state by the number of enrolled students, while the correlations count each state's value on the measure one time, regardless of the number of students enrolled in public schools in the state. Relationships selected for reporting are statistically significant at the 0.05 level, based on two-tailed tests of significance.

Data tables showing expenditures per pupil by selected characteristics (e.g., region, median housing value etc.) are weighted by state. For example, expenditures per pupil in the Northeast region are calculated by summing expenditures for all states in the Northeast and dividing by the total number of students in all states in the Northeast. However, correlation analyses were performed on unweighted data.

³ The report presents analysis of four regions: Northeast, Midwest, South, and West. The Northeast includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont. The Midwest includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. The South includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. The West includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Organization of the Report

The balance of the report is organized into five chapters. Chapter 2 presents an analysis of education revenues. Chapter 3 examines total, current, and capital expenditures. Chapter 4 presents an analysis of expenditures for selected education functions: instruction, student and instructional staff support services, administration, and operations (including transportation and plant maintenance). Chapter 5 examines different capital expenditures. Chapter 6 presents a synthesis and summary of the report's major findings. Appendices to the report contain detailed tables on state revenues and expenditures (appendix A), Technical Notes (appendix B), and Glossary (appendix C).

Chapter 2: Education Revenues

Total Revenues

Revenues for elementary and secondary education totaled just under \$326 billion in 1997–98. State revenues totaled nearly \$158 billion, local and intermediate revenues just over \$146 billion, and federal revenues just over \$22 billion (See figure 2-1). Overall, total revenues in current dollars increased by about 6.9 percent between 1996–97 and 1997–98—from \$305 billion to \$326 billion. (Note that total revenues excludes other sources of revenues such as revenues from bond sales, and sales of fixed assets).

Total Revenues Per Pupil

Total revenues per pupil from all government sources were \$7,067 in 1997–98 (See table 2-1). State revenues were \$3,418 per pupil, local revenues were \$3,168 per pupil, and federal revenues were \$481 per pupil. Overall, state governments provided over seven times more revenue per pupil and local governments provided about 6.5 times more revenue per pupil than the federal government.

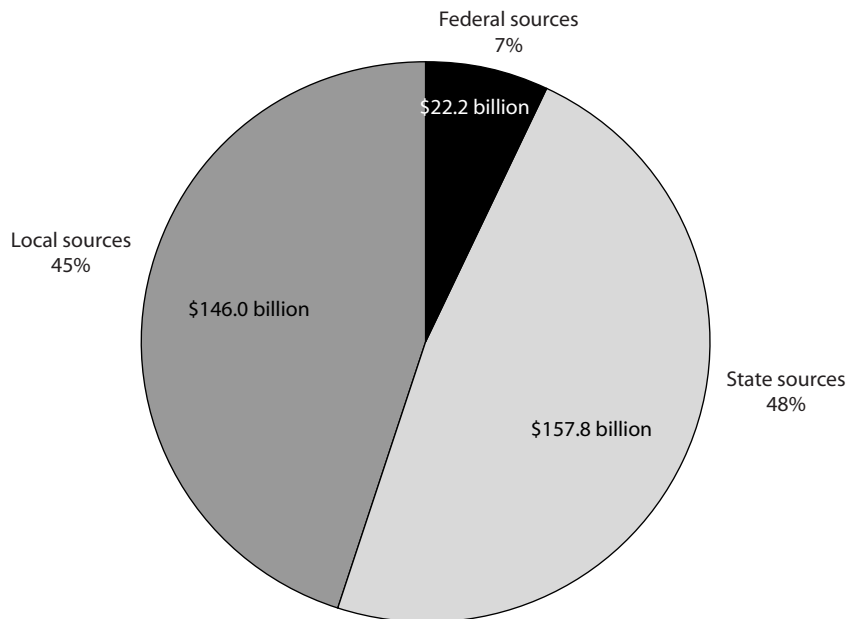
Although total revenues per pupil averaged just over \$7,000 nationally, the range was quite substantial across the 50 states—from \$10,550 in New Jersey to \$4,770 in Mississippi. Total revenues per pupil exceeded \$8,000 in 11 states and the District of Columbia, fell between \$6,000 and \$8,000 in 25 states, and fell below \$6,000 in 14 states. As shown in table 2-2 and figure 2-2, states with the highest total revenues per pupil were concentrated in the northeast and the upper midwest, while states with the lowest total revenues per pupil were concentrated in the southeast and the south.

The adjustment of revenues to take into account cost-of-education differences across states compressed the variation in total revenues per pupil across the states. The difference in total revenues per pupil between the state with the highest and the lowest total revenues per pupil was reduced from \$5,780 in unadjusted dollars to \$4,160 in cost-adjusted dollars, and the ratio of revenues per pupil between the highest and lowest revenue state was reduced from 2.2 to 1.8 (See table 2-3).

The compression was also evident in comparisons of all 50 states. Before cost adjustments, 14 states had total revenues per pupil below \$6,000; after cost adjustments, the number was reduced to 6. Before adjustments, 11 states and the District of Columbia had total revenues per pupil of more than \$8,000; after cost adjustments, the number was reduced to 8 states and the District of Columbia. On the other hand, the number of states in the middle band of total revenues per pupil (between \$6,000 and \$8,000) increased from 25 before adjustments to 36 after adjustments (See figure 2-3).

Adjusting revenues to account for cost-of-education differences across states resulted in a number of regional changes in total revenues per pupil. While states in the northeast continued to have the highest total revenues per pupil, and the west continued to have the lowest total revenues per pupil, fewer states in the south had the lowest revenues per pupil. In addition, a number of states changed their ranking on the measure (See table 2-4).

Figure 2-1.—Distribution of total revenues across sources: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

Unadjusted total revenues per pupil showed a moderately strong positive relationship with all three measures of state fiscal capacity—gross state product (GSP) per capita, median household income, and median housing value.⁴ Put differently, states with larger economic bases, higher income and higher housing values tended to raise more money for education than states with lower economic bases, lower incomes and lower housing values. As shown in table 2-2, revenues per pupil averaged nearly \$8,400 per pupil in states with GSP per capita above \$30,000, just under \$6,800 in states with GSP per capita between \$25,000 and \$30,000, and only about \$5,900 in states with GSP per capita below \$25,000. Similar relationships were evident between total revenues per pupil, on the one hand, and household income and housing values, on the other.

The relationship between total revenues per pupil and measures of state wealth is further illustrated in selected state comparisons. In such states as New Jersey, New York, and Connecticut, where GSP per capita exceeded \$30,000, total revenues per pupil were above \$9,000 (See table 2-2). These three high-wealth states ranked first, second, and third, respectively, on total revenues per pupil. At the other end of the continuum, in states such as Mississippi, Idaho, and Oklahoma, where GSP per capita was less than \$25,000, total revenues per pupil were below \$5,500. These states ranked 51st, 48th, and 47th, respectively, on total revenues per pupil.

Adjusting for cost differences reduced the relationship between total revenues per pupil and two measures of state wealth—GSP per capita and median household income.⁵ While states with higher GSP per capita and household income still tended to raise more total revenues per pupil than states with lower GSP per capita and

⁴ Total revenues per pupil had a correlation of +0.60 with GSP per capita, +0.58 with median household income, and +0.51 with median housing value. All relationships were significant at the 0.001 level.

⁵ The correlation between GSP per capita and total revenues per pupil was reduced from +0.60 based on unadjusted revenues to +0.37 based on cost-adjusted revenues and the relationship between median household income and total revenues per pupil was reduced from +0.58 to +0.33, significant at the 0.05 level.

Table 2-1.—Total revenues (in unadjusted dollars) per pupil across sources, by state: School year 1997–98

State	Total revenues		Federal sources		State sources		Local sources ¹	
	Per pupil	Rank	Per pupil	Rank	Per pupil	Rank	Per pupil	Rank
United States	\$7,067		\$481		\$3,418		\$3,168	
Alabama	² 5,535	46	² 520	20	² 3,457	19	² 1,558	46
Alaska	9,222	4	1,133	2	5,732	2	2,358	34
Arizona	5,812	41	593	11	2,575	41	2,644	30
Arkansas	5,697	44	615	10	3,287	28	1,796	42
California	² 6,572	30	² 538	16	² 3,957	12	² 2,078	39
Colorado	6,297	35	320	49	2,735	38	3,243	22
Connecticut	² 9,643	3	377	42	3,598	18	² 5,668	4
Delaware	8,160	10	618	9	5,254	4	2,288	37
District of Columbia	9,168	5	1,509	1	0	51	7,659	1
Florida	6,533	32	499	21	3,187	29	2,847	26
Georgia	6,571	31	448	29	3,362	26	2,761	27
Hawaii	6,755	25	583	12	6,009	1	163	51
Idaho	5,404	48	380	41	3,388	23	1,636	44
Illinois	7,103	21	479	23	2,018	48	4,606	7
Indiana	7,614	15	368	44	3,912	14	3,334	20
Iowa	6,679	27	354	47	3,424	21	2,901	25
Kansas	6,662	28	395	39	3,856	16	2,411	33
Kentucky	5,875	39	563	13	3,626	17	1,686	43
Louisiana	² 5,786	42	652	7	2,917	35	² 2,216	38
Maine	7,530	16	526	18	3,428	20	3,575	16
Maryland	7,770	13	407	38	3,026	32	4,337	12
Massachusetts	8,318	7	417	36	3,386	24	4,515	9
Michigan	8,416	6	558	14	5,555	3	2,302	36
Minnesota	7,649	14	375	43	4,004	11	3,269	21
Mississippi	4,770	51	672	6	2,642	39	1,456	49
Missouri	6,595	29	412	37	2,619	40	3,564	17
Montana	6,345	34	648	8	2,973	34	2,723	28
Nebraska	6,711	26	447	31	2,224	45	4,041	14
Nevada	6,442	33	295	50	2,049	47	4,097	13
New Hampshire	6,770	24	258	51	633	50	5,879	3
New Jersey	10,550	1	382	40	4,196	9	5,972	2
New Mexico	5,887	38	780	3	4,250	8	857	50
New York	9,708	2	528	17	3,857	15	5,322	5
North Carolina	5,816	40	421	35	3,914	13	1,480	48
North Dakota	5,755	43	711	4	2,363	44	2,681	29
Ohio	7,286	18	424	33	3,003	33	3,858	15
Oklahoma	5,478	47	473	27	3,372	25	1,632	45
Oregon	7,175	20	459	28	4,073	10	2,642	31
Pennsylvania	8,175	9	479	24	3,160	31	4,536	8
Rhode Island	8,245	8	448	30	3,309	27	4,488	10
South Carolina	² 6,151	37	² 521	19	² 3,167	30	² 2,463	32
South Dakota	5,576	45	558	15	1,983	49	3,034	23
Tennessee	² 5,393	49	² 477	25	² 2,575	42	² 2,341	35
Texas	6,213	36	474	26	2,743	37	2,996	24
Utah	4,774	50	331	48	2,912	36	1,530	47
Vermont	8,130	11	422	34	2,393	43	5,315	6
Virginia	² 6,984	22	365	45	2,190	46	² 4,429	11
Washington	6,957	23	446	32	4,589	6	1,921	41
West Virginia	7,355	17	680	5	4,608	5	2,067	40
Wisconsin	8,006	12	359	46	4,297	7	3,350	18
Wyoming	7,229	19	486	22	3,400	22	3,342	19

¹ Local sources include intermediate revenues.² Data imputed based on current year (School year 1997–98) data.

SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

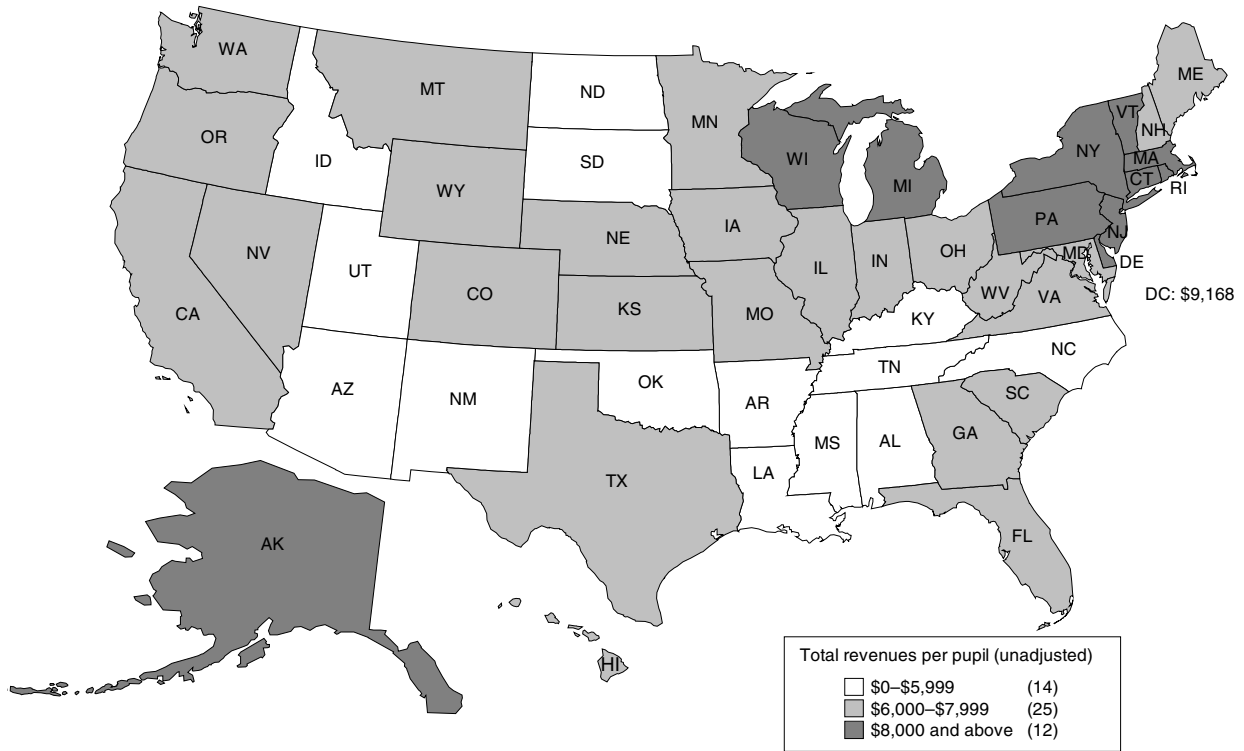
Table 2-2.—Total revenues (in unadjusted dollars) per pupil across sources, by state characteristics: School year 1997–98

State characteristics	Total revenues per pupil	Total revenues (in unadjusted dollars) per pupil from:		
		Federal sources	State sources	Local sources ¹
United States	\$7,067	\$481	\$3,418	\$3,168
Region				
Northeast	9,147	462	3,560	5,126
Midwest	7,380	441	3,478	3,461
South	6,238	496	3,078	2,664
West	6,469	513	3,773	2,183
Percentage of students living in urban area				
Less than 20 percent	7,614	447	3,466	3,701
20–less than 30 percent	7,094	470	3,539	3,085
30–less than 40 percent	6,739	487	3,500	2,752
40 percent or more	7,259	507	3,100	3,652
Percentage of minority students				
Less than 10 percent	6,433	434	3,067	2,932
10–less than 30 percent	7,336	447	3,629	3,260
30–less than 50 percent	7,329	485	3,220	3,624
50 percent or more	6,359	536	3,475	2,348
Percentage of LEP students ²				
Less than 1 percent	6,706	474	3,098	3,135
1–less than 5 percent	7,456	430	3,612	3,414
5 percent or more	7,014	528	3,473	3,013
Percentage of school aged students living in poverty				
Less than 10 percent	8,088	408	3,333	4,348
10–less than 15 percent	7,481	421	3,752	3,308
15–less than 20 percent	7,188	453	3,378	3,357
20 percent or more	6,724	527	3,321	2,876
Per capita gross state product ³				
Less than \$25,000	5,880	570	3,388	1,923
\$25,000–less than \$30,000	6,776	476	3,473	2,827
\$30,000 or more	8,386	447	3,306	4,632
Median housing value				
Less than \$50,000	5,843	544	3,290	2,008
\$50,000–less than \$65,000	6,697	477	3,372	2,848
\$65,000–less than \$100,000	6,831	462	3,175	3,193
\$100,000 or more	8,033	497	3,787	3,748
Median household income				
Less than \$30,000	5,935	557	3,197	2,181
\$30,000–less than \$35,000	7,258	471	3,227	3,560
\$35,000–less than \$40,000	7,046	474	3,634	2,938
\$40,000 or more	8,585	402	3,828	4,355

¹ Local sources include intermediate revenues.² Kentucky, Nebraska, South Dakota, and Vermont were missing LEP data.³ Per capita gross state product data is not applicable for the District of Columbia.

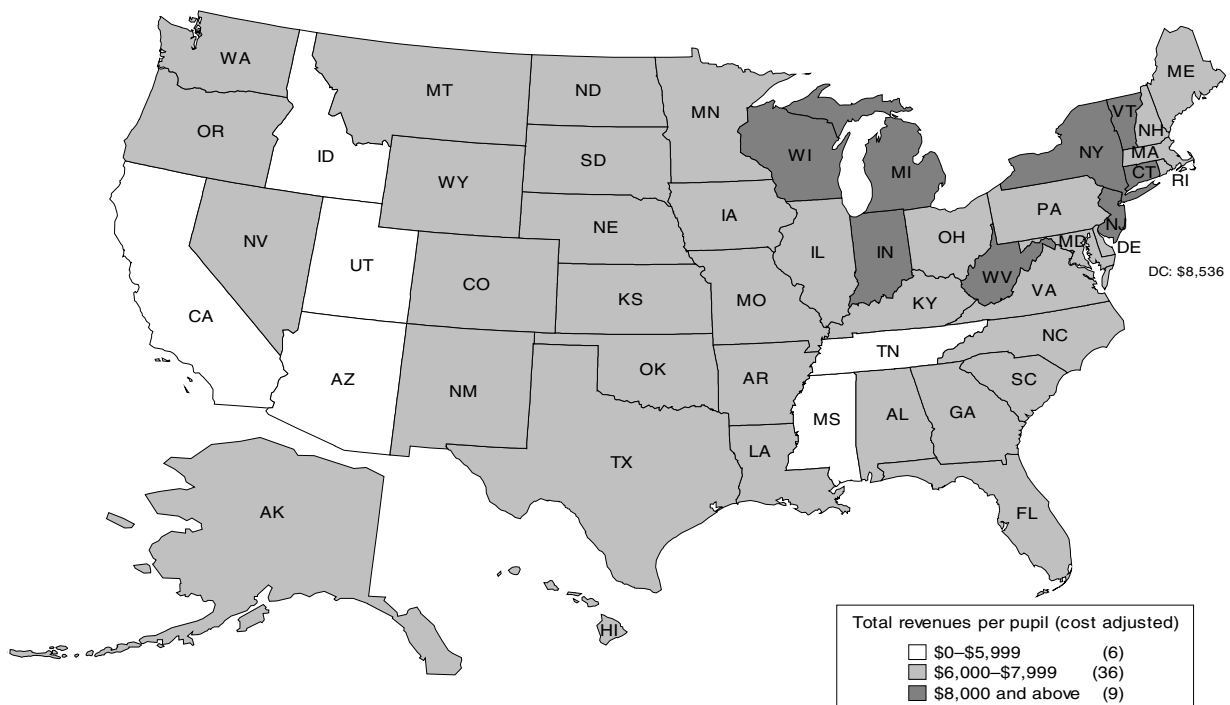
SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998; *Digest of Education Statistics, 1998*; Common Core of Data, Public School Universe File, 1997–98; Schools and Staffing Survey, Public School Questionnaire, 1993–94; U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, 1999; U.S. Census Bureau, CPS Annual Demographic Survey, March Supplement, 1999; and U.S. Census Bureau, 1990 Census of Population and Housing, unpublished tabulations from 1990 Census Lookup, <<http://venus.census.gov/cdrom/lookup>>, 1999.

Figure 2-2.—Total revenues per pupil (in unadjusted dollars), by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

Figure 2-3.—Total revenues per pupil (in cost adjusted dollars), by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998 and *Geographic Variations in Public Schools' Costs*, Working Paper No. 98–04, by Jay Chambers and William J. Fowler, Jr., 1998.

Table 2-3.—Total revenues (in cost adjusted dollars) per pupil across sources, by state: School year 1997–98

State	Total revenues		Federal sources		State sources		Local sources ¹	
	Per pupil	Rank	Per pupil	Rank	Per pupil	Rank	Per pupil	Rank
United States	7,067		481		3,418		3,168	
Alabama	² 6,198	44	² 582	15	² 3,871	16	² 1,745	46
Alaska	7,279	22	894	2	4,524	6	1,861	42
Arizona	5,859	49	598	13	2,596	43	2,665	33
Arkansas	6,541	37	706	9	3,773	17	2,061	39
California	² 5,889	47	² 482	25	² 3,545	23	² 1,862	41
Colorado	6,387	41	324	49	2,773	40	3,289	23
Connecticut	² 8,378	4	328	48	3,126	30	² 4,924	5
Delaware	7,977	10	605	12	5,136	4	2,237	38
District of Columbia	8,536	3	1,405	1	0	51	7,131	1
Florida	6,827	29	522	22	3,330	27	2,975	28
Georgia	7,058	25	481	26	3,611	22	2,966	29
Hawaii	6,775	31	585	14	6,027	1	164	51
Idaho	5,873	48	413	37	3,682	20	1,778	45
Illinois	6,883	28	464	30	1,956	49	4,463	9
Indiana	8,143	9	394	41	4,184	12	3,565	19
Iowa	7,572	17	402	39	3,882	15	3,289	24
Kansas	7,452	19	441	32	4,313	9	2,697	32
Kentucky	6,571	36	629	11	4,056	14	1,886	40
Louisiana	² 6,472	39	729	7	3,263	29	² 2,479	35
Maine	7,675	14	537	18	3,495	25	3,644	18
Maryland	7,610	15	398	40	2,964	36	4,248	12
Massachusetts	7,097	24	355	45	2,889	38	3,853	15
Michigan	8,283	6	549	17	5,468	2	2,266	37
Minnesota	7,797	13	383	42	4,082	13	3,333	22
Mississippi	5,470	50	771	5	3,030	34	1,670	47
Missouri	6,949	27	434	33	2,760	42	3,755	16
Montana	6,980	26	713	8	3,271	28	2,996	27
Nebraska	7,575	16	504	23	2,510	44	4,561	8
Nevada	6,760	32	310	50	2,150	48	4,299	11
New Hampshire	6,460	40	246	51	604	50	5,610	2
New Jersey	9,158	1	331	47	3,643	21	5,184	4
New Mexico	6,337	43	840	3	4,574	5	923	50
New York	8,652	2	471	28	3,438	26	4,744	6
North Carolina	6,342	42	460	31	4,268	10	1,614	48
North Dakota	6,747	33	834	4	2,771	41	3,143	26
Ohio	7,375	21	429	35	3,040	33	3,905	14
Oklahoma	6,073	45	525	20	3,739	18	1,809	44
Oregon	7,427	20	475	27	4,216	11	2,735	30
Pennsylvania	7,975	11	467	29	3,083	31	4,425	10
Rhode Island	7,475	18	406	38	3,000	35	4,069	13
South Carolina	² 6,796	30	² 576	16	² 3,499	24	² 2,721	31
South Dakota	6,529	38	654	10	2,322	46	3,553	20
Tennessee	² 5,906	46	² 522	21	² 2,820	39	² 2,564	34
Texas	6,588	35	503	24	2,909	37	3,177	25
Utah	4,998	51	347	46	3,050	32	1,602	49
Vermont	8,220	7	427	36	2,419	45	5,374	3
Virginia	² 7,207	23	377	43	2,260	47	4,571	7
Washington	6,702	34	430	34	4,421	8	1,851	43
West Virginia	8,209	8	758	6	5,143	3	2,307	36
Wisconsin	8,375	5	376	44	4,495	7	3,504	21
Wyoming	7,891	12	531	19	3,712	19	3,649	17

¹ Local sources include intermediate revenues.

² Data imputed based on current year (School year 1997–98) data.

NOTE: All cost adjustments were made using the Geographic Cost of Education Index (GCEI) (Chambers 1998).

SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998 and *Geographic Variations in Public Schools' Costs*, Working Paper No. 98–04, by Jay Chambers and William J. Fowler, Jr., 1998.

Table 2-4.—Total revenues (in cost adjusted dollars) per pupil across sources, by state characteristic: School year 1997–98

State characteristics	Total revenues per pupil, cost adjusted	Total revenues (in cost adjusted dollars) per pupil from:		
		Federal sources	State sources	Local sources ¹
United States	\$7,067	\$481	\$3,418	\$3,168
Region				
Northeast	8,269	420	3,214	4,636
Midwest	7,578	453	3,576	3,549
South	6,676	534	3,312	2,829
West	6,135	485	3,566	2,084
Percentage of students living in urban area				
Less than 20 percent	7,570	460	3,491	3,619
20–less than 30 percent	7,225	486	3,632	3,108
30–less than 40 percent	6,626	477	3,428	2,722
40 percent or more	7,180	507	3,082	3,591
Percentage of minority students				
Less than 10 percent	6,906	470	3,335	3,100
10–less than 30 percent	7,411	456	3,678	3,276
30–less than 50 percent	7,247	487	3,221	3,538
50 percent or more	6,170	522	3,342	2,306
Percentage of LEP students ²				
Less than 1 percent	7,077	506	3,295	3,276
1–less than 5 percent	7,334	428	3,588	3,319
5 percent or more	6,718	508	3,315	2,895
Percentage of school aged students living in poverty				
Less than 10 percent	7,542	384	3,110	4,047
10–less than 15 percent	7,692	433	3,847	3,413
15–less than 20 percent	7,198	460	3,406	3,333
20 percent or more	6,652	527	3,296	2,829
Per capita gross state product ³				
Less than \$25,000	6,519	634	3,761	2,124
\$25,000–less than \$30,000	6,849	480	3,495	2,873
\$30,000 or more	7,779	416	3,064	4,299
Median housing value				
Less than \$50,000	6,614	617	3,720	2,277
\$50,000–less than \$65,000	7,086	508	3,563	3,015
\$65,000–less than \$100,000	6,939	469	3,240	3,230
\$100,000 or more	7,183	446	3,390	3,347
Median household income				
Less than \$30,000	6,502	613	3,508	2,382
\$30,000–less than \$35,000	7,328	478	3,283	3,568
\$35,000–less than \$40,000	6,721	449	3,454	2,818
\$40,000 or more	8,049	378	3,617	4,054

¹ Local sources include intermediate revenues.

² Kentucky, Nebraska, South Dakota, and Vermont were missing LEP data.

³ Per capita gross state product data is not applicable for the District of Columbia.

NOTE: All cost adjustments were made using the Geographic Cost of Education Index (GCEI) (Chambers 1998).

SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998; *Digest of Education Statistics, 1998*; Common Core of Data, Public School Universe File, 1997–98; Schools and Staffing Survey, Public School Questionnaire, 1993–94; *Geographic Variations in Public Schools' Costs*, Working Paper No. 98–04, by Jay Chambers and William J. Fowler, Jr., 1998; U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, 1999; U.S. Census Bureau, CPS Annual Demographic Survey, March Supplement, 1999; and U.S. Census Bureau, 1990 Census of Population and Housing, unpublished tabulations from 1990 Census Lookup, <<http://venus.census.gov/cdrom/lookup>>, 1999.

household income, the relationship between state wealth and education revenues was not as strong. Cost adjustments also eliminated the relationship between a third measure of state wealth—median housing value—and total revenues per pupil.

State Revenues

State Share of Total Revenues

As stated previously, state revenues were the largest component of total revenues in 1997–98, totaling nearly \$158 billion and representing nearly one-half (48.4 percent) of total revenues. However, the state share of total revenues varied markedly across the 50 states—ranging from a high of about 89 percent in Hawaii to a low of just over 9 percent in New Hampshire (See table 2-5).

While state revenues were about 48 percent of total revenues nationally, the state share of education funding exceeded 60 percent of total revenues in just over one-fourth of the states (14) and fell below 40 percent in another 13 states. The District of Columbia, not being a state, reported no revenue from state sources (See figure 2-4). In just over two-fifths of the states (23), state funding comprised between 40 and 60 percent of total revenues.

Revenues from state sources were generally higher in western states than in other regions of the country. In 1997–98, 58 percent of total revenues in western states were from state sources. Revenues from state sources in western states were about 9 percentage points higher than in southern states (49 percent), about 11 percentage points higher than in midwestern states (47 percent) and nearly 20 percentage points higher than in north-eastern states (39 percent) (See table 2-6).

While the state share of total revenues differed across regions, there was no significant relationship between state wealth, as measured by gross state product (GSP) per capita, and the percent of total revenues coming from the state.⁶ Some states with a relatively high GSP per capita generated a relatively high share of revenues from state sources (Hawaii, Delaware, and Alaska), while others with high GSP per capita had a relatively low state share (Illinois, Nevada, and Connecticut). At the other end of the spectrum, some states with a relatively low GSP per capita generated a high share of revenues from state sources (New Mexico, Idaho, West Virginia, and Alabama), while others had a relatively low state share (Vermont and North Dakota).

Nor was there any significant relationship between a state's housing values and the share of total revenues from state sources. Some states with high median housing values raised a large share of total revenues from state sources (Hawaii and California), while others had a relatively low state share (New Hampshire, Connecticut, and Maryland). On the other hand, some states with relatively low median housing values had high state shares (Alabama, Kentucky, and Oklahoma), while others had low state shares of total revenues (Nebraska and South Dakota).

Student characteristics such as the percent of school-aged students living in poverty and the percent minority students were positively related to the share of revenues from state sources when the District of Columbia was

⁶ Note that correlations presented here show different results from the data in table 2-4, which shows that revenues per pupil from state sources decreases as GSP per capita increases. The correlations are calculated using each state as a data point. All of the states have an equal impact on the calculation regardless of size. In table 2-4, the revenues per pupil from state sources is calculated for each cell and large states have a greater impact on the estimate than smaller states. The share of total revenues from state sources was also unrelated to another measure of state wealth, namely, median household income.

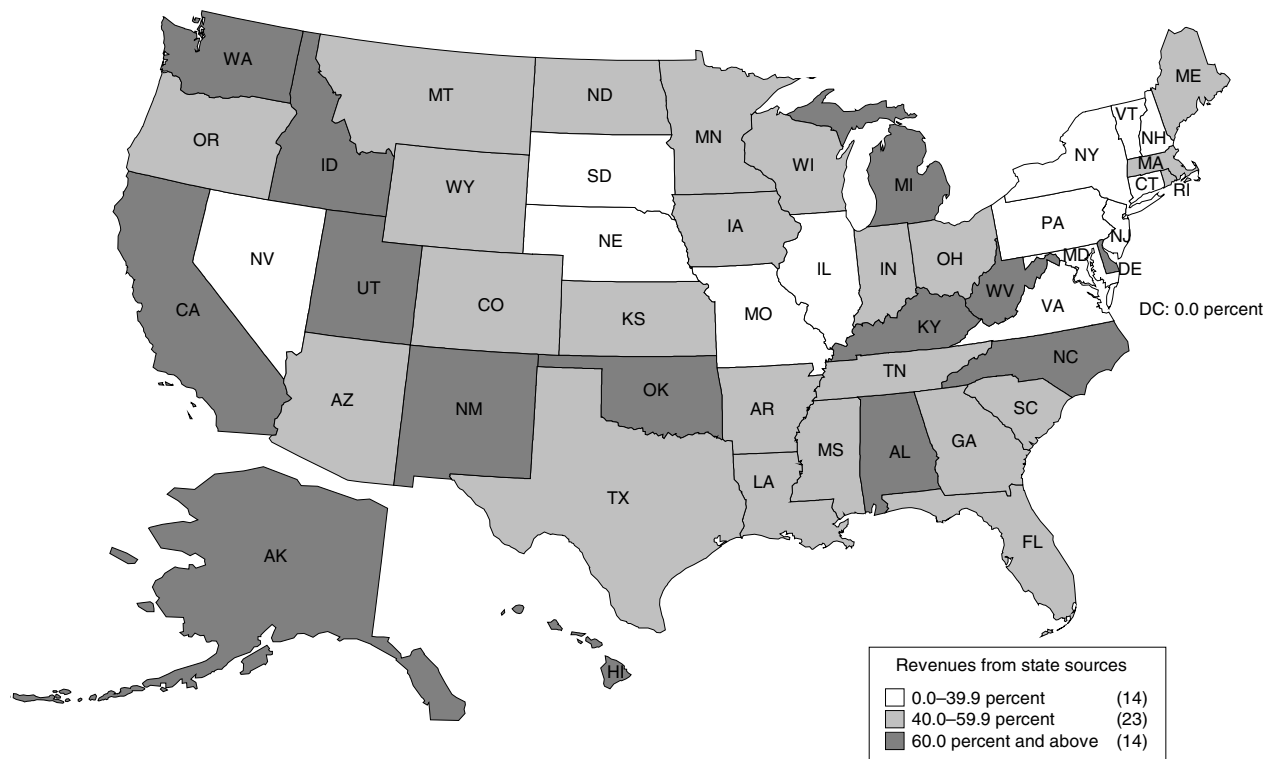
Table 2-5.—Total revenues (in unadjusted dollars) across sources, by state: School year 1997–98

State	Total revenues (in thousands)	Federal sources		State sources		Local sources ¹	
		Percent of total	Rank	Percent of total	Rank	Percent of total	Rank
United States	\$325,976,011	6.8		48.4		44.8	
Alabama	4,146,629	9.4	12	62.5	9	28.2	43
Alaska	1,218,425	12.3	5	62.2	10	25.6	48
Arizona	4,731,675	10.2	9	44.3	31	45.5	23
Arkansas	2,600,655	10.8	7	57.7	16	31.5	38
California	38,142,613	8.2	18	60.2	14	31.6	37
Colorado	4,327,326	5.1	43	43.4	33	51.5	18
Connecticut	² 5,160,728	3.9	49	37.3	43	² 58.8	8
Delaware	913,616	7.6	21	64.4	6	28.0	45
District of Columbia	706,935	16.5	1	0.0	51	83.5	2
Florida	14,988,118	7.6	19	48.8	26	43.6	25
Georgia	9,041,434	6.8	26	51.2	24	42.0	30
Hawaii	1,282,702	8.6	16	89.0	1	2.4	51
Idaho	1,320,647	7.0	23	62.7	7	30.3	40
Illinois	14,194,654	6.7	27	28.4	49	64.8	4
Indiana	7,513,407	4.8	46	51.4	22	43.8	24
Iowa	3,346,481	5.3	39	51.3	23	43.4	26
Kansas	3,122,238	5.9	34	57.9	15	36.2	35
Kentucky	3,932,068	9.6	11	61.7	11	28.7	42
Louisiana	² 4,494,429	11.3	6	50.4	25	² 38.3	33
Maine	1,600,635	7.0	24	45.5	30	47.5	20
Maryland	6,454,696	5.2	40	39.0	41	55.8	10
Massachusetts	7,893,657	5.0	44	40.7	36	54.3	15
Michigan	14,329,715	6.6	30	66.0	4	27.4	47
Minnesota	6,529,420	4.9	45	52.3	20	42.7	29
Mississippi	2,407,954	14.1	2	55.4	18	30.5	39
Missouri	6,005,256	6.2	33	39.7	40	54.0	16
Montana	1,029,939	10.2	8	46.9	29	42.9	28
Nebraska	1,964,205	6.7	29	33.1	45	60.2	7
Nevada	1,910,794	4.6	47	31.8	46	63.6	5
New Hampshire	1,364,943	3.8	50	9.3	50	86.8	1
New Jersey	13,189,983	3.6	51	39.8	38	56.6	9
New Mexico	1,952,452	13.2	3	72.2	2	14.6	50
New York	27,782,468	5.4	37	39.7	39	54.8	12
North Carolina	7,188,615	7.2	22	67.3	3	25.5	49
North Dakota	682,419	12.4	4	41.1	35	46.6	21
Ohio	13,458,095	5.8	36	41.2	34	53.0	17
Oklahoma	3,416,296	8.6	15	61.6	12	29.8	41
Oregon	3,883,939	6.4	32	56.8	17	36.8	34
Pennsylvania	14,837,945	5.9	35	38.7	42	55.5	11
Rhode Island	1,264,156	5.4	38	40.1	37	54.4	13
South Carolina	4,055,072	8.5	17	51.5	21	40.0	32
South Dakota	794,256	10.0	10	35.6	44	54.4	14
Tennessee	4,815,833	8.8	14	47.7	27	43.4	27
Texas	24,179,060	7.6	20	44.2	32	48.2	19
Utah	2,305,397	6.9	25	61.0	13	32.1	36
Vermont	861,643	5.2	42	29.4	48	65.4	3
Virginia	² 7,757,954	5.2	41	31.4	47	² 63.4	6
Washington	6,895,693	6.4	31	66.0	5	27.6	46
West Virginia	2,216,984	9.2	13	62.7	8	28.1	44
Wisconsin	7,059,759	4.5	48	53.7	19	41.8	31
Wyoming	702,001	6.7	28	47.0	28	46.2	22

¹ Local sources include intermediate revenues.² Data imputed based on current year (School year 1997–98) data.

SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

Figure 2-4.—Percentage of total revenues from state sources, by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

excluded from the analysis.⁷ Put differently, there was some tendency for states with a higher percentage of minority and poverty students to raise a larger share of funds for education from state sources.

State Revenues Per Pupil

Unadjusted state revenues per pupil were \$3,418 in 1997–98, but again there was wide variation across the states. As shown in table 2-1, state revenues per pupil ranged from a high of \$6,009 in Hawaii to a low of \$633 in New Hampshire. Seventeen states (excluding the District of Columbia, which had no state funding) had state revenues per pupil of less than \$3,000, while 11 states had state revenues per pupil at or above \$4,000. Nearly one-half the states (22) had state revenues per pupil between \$3,000 and \$4,000 (See figure 2-5).

Western states had the highest average state revenues per pupil (\$3,773), largely because of states like Hawaii, Alaska, New Mexico, Washington, and Oregon, all of which had state revenues per pupil above \$4,000 (See table 2-2). Southern states were at the other end of the spectrum, with average state revenues per pupil of \$3,078. In such states as Louisiana, Mississippi, Tennessee, and Virginia, state revenues per pupil were below \$3,000.

When state revenues per pupil were adjusted to reflect cost-of-education differences among the states, there was some effect on funding patterns (See table 2-3). First, the difference in state revenues per pupil between

⁷ The correlation between percent minority students and the state share of total revenues was +0.34, and the correlation between percent students in poverty and state funding was +0.31. Both relationships were significant at the 0.05 level.

Table 2-6.—Total revenues (in unadjusted dollars) across sources, by state characteristic: School year 1997–98

State characteristics	Total revenues (in thousands)	Percentage of total revenue from:		
		Federal sources	State sources	Local sources ¹
United States	\$325,976,011	6.8	48.4	44.8
Region				
Northeast	73,956,158	5.0	38.9	56.0
Midwest	78,999,903	6.0	47.1	46.9
South	103,316,347	8.0	49.3	42.7
West	69,703,603	7.9	58.3	33.7
Percentage of students living in urban area				
Less than 20 percent	46,018,277	5.9	45.5	48.6
20–less than 30 percent	90,255,407	6.6	49.9	43.5
30–less than 40 percent	115,403,276	7.2	51.9	40.8
40 percent or more	74,299,050	7.0	42.7	50.3
Percentage of minority students				
Less than 10 percent	12,378,500	6.7	47.7	45.6
10–less than 30 percent	119,440,936	6.1	49.5	44.4
30–less than 50 percent	125,484,859	6.6	43.9	49.4
50 percent or more	68,671,716	8.4	54.6	36.9
Percentage of LEP students ²				
Less than 1 percent	80,390,769	7.1	46.2	46.7
1–less than 5 percent	117,656,691	5.8	48.4	45.8
5 percent or more	118,159,398	7.5	49.5	43.0
Percentage of school aged students living in poverty				
Less than 10 percent	24,084,003	5.0	41.2	53.8
10–less than 15 percent	66,098,913	5.6	50.2	44.2
15–less than 20 percent	78,588,485	6.3	47.0	46.7
20 percent or more	157,204,610	7.8	49.4	42.8
Per capita gross state product ³				
Less than \$25,000	30,223,392	9.7	57.6	32.7
\$25,000–less than \$30,000	202,181,955	7.0	51.3	41.7
\$30,000 or more	92,863,729	5.3	39.4	55.2
Median housing value				
Less than \$50,000	14,782,626	9.3	56.3	34.4
\$50,000–less than \$65,000	102,810,769	7.1	50.4	42.5
\$65,000–less than \$100,000	105,139,737	6.8	46.5	46.8
\$100,000 or more	103,242,880	6.2	47.1	46.7
Median household income				
Less than \$30,000	51,533,103	9.4	53.9	36.7
\$30,000–less than \$35,000	125,929,873	6.5	44.5	49.1
\$35,000–less than \$40,000	109,819,416	6.7	51.6	41.7
\$40,000 or more	38,693,619	4.7	44.6	50.7

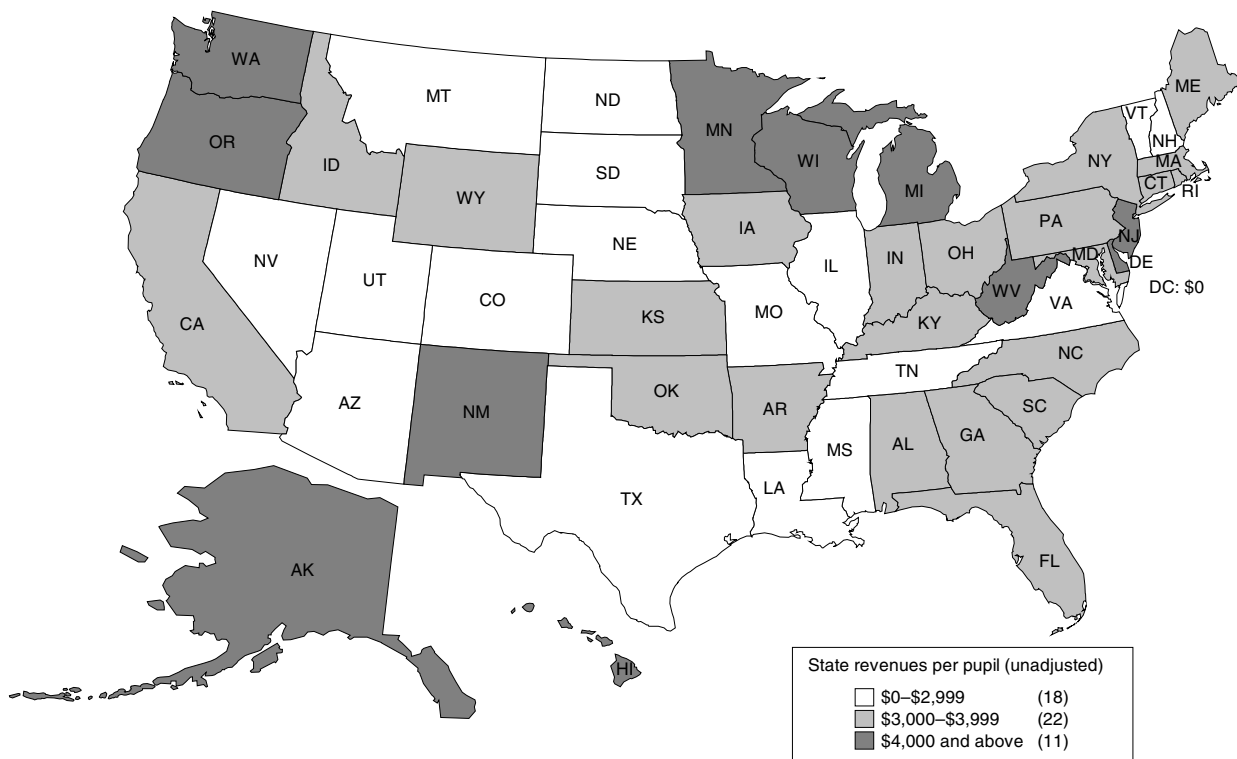
¹ Local sources include intermediate revenues.

² Kentucky, Nebraska, South Dakota, and Vermont were missing LEP data. The dollar sum for this category therefore will not equal the United States total.

³ Per capita gross state product data is not applicable for the District of Columbia. The dollar sum for this category therefore will not equal the United States total.

SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998; *Digest of Education Statistics, 1998*; Common Core of Data, Public School Universe File, 1997–98; Schools and Staffing Survey, Public School Questionnaire, 1993–94; U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, 1999; U.S. Census Bureau, CPS Annual Demographic Survey, March Supplement, 1999; and U.S. Census Bureau, 1990 Census of Population and Housing, unpublished tabulations from 1990 Census Lookup, <<http://venus.census.gov/cdrom/lookup>>, 1999.

Figure 2-5.—State revenues per pupil (in unadjusted dollars), by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

the state with highest and lowest revenue per pupil increased slightly—from \$5,376 in unadjusted dollars to \$5,423 in cost-adjusted dollars. Second, regional funding patterns also showed some change. The midwest became the geographical region with the highest state revenues per pupil (\$3,576), and the northeast, with state revenues per pupil of \$3,214, replaced the south as the region with the lowest state revenues per pupil (See table 2-4).

While state revenues per pupil showed some degree of regional variation, there was no significant relationship between unadjusted and cost-adjusted state revenues per pupil and state wealth, as measured by GSP per capita, median household income, or median housing value. Nor were there any significant relationships between state revenues per pupil and student characteristics such as percent minority enrollment or percent children in poverty.

Local Revenues

Local Share of Total Revenues

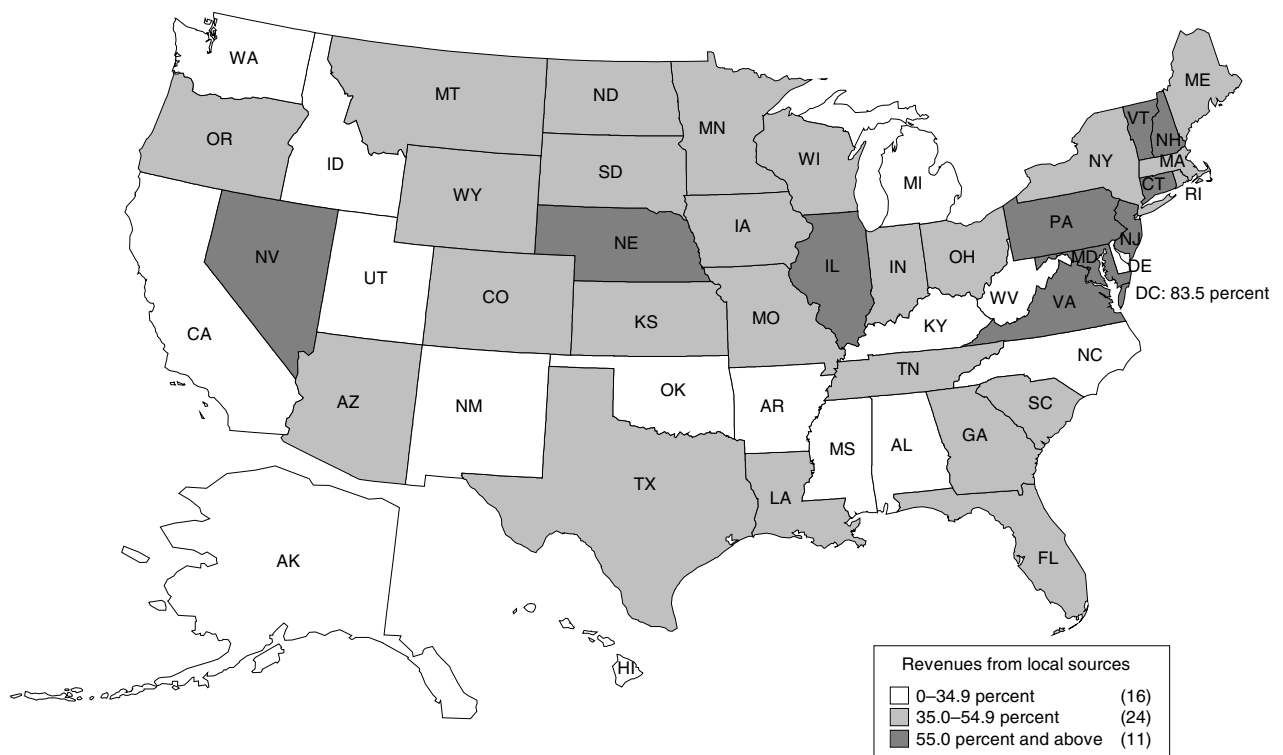
Local and intermediate revenues were the second-largest component of total revenues in 1997–98. Local revenues were just under \$145 billion and intermediate revenues almost \$1.2 billion, bringing the total to about \$146 billion or just under 45 percent of total revenues. Again, however, the local share of school funding differed substantially across the 50 states and the District of Columbia—ranging from a high of nearly 87 percent in New Hampshire to a low of 2.4 percent in Hawaii (See table 2-5).

While local revenues were about 45 percent of total revenues nationally, the local share of education funding exceeded 55 percent in 10 states and the District of Columbia and fell below 35 percent in 16 states. In just under one-half the states (24), local funding represented between 35 and 55 percent of total revenues (See figure 2-6).

In contrast with state funding, local funding of education was highest in the northeast and lowest in western states. Fifty-six percent of total education revenues were from local and intermediate sources in the northeast, compared to 47 percent in the midwest, 43 percent in the south, and 34 percent in the west (See table 2-6).

Although local funding for education varied across regions, there was no significant relationship between any of the measures of state wealth—GSP per capita, median household income, and median housing value—and the share of revenues from local sources.⁸ Nor were there any significant relationships between student characteristics and local funding of education. However, with the exclusion of the District of Columbia from the analysis, there was a small negative relationship between the percent of minority students in a state and the share of funds from local sources.⁹ In other words, there was some tendency for states with a higher percentage of minority students to raise a smaller share of revenues at the local level than states with smaller minority enrollments.

Figure 2-6.—Percentage of total revenues from local sources, by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

⁸ Note that correlations presented here show different results from the data in table 2-6, which shows that the share of revenues from local sources increases as GSP per capita increases. The correlations are calculated using each state as a data point. All of the states have an equal impact on the calculation regardless of size. In table 2-6, the percentage of revenue from local sources is calculated for each cell and large states have a greater impact on the estimate than smaller states.

⁹ The correlation between percent minority students and the local share of total revenues was -0.37 , with a significance level of 0.01 .

Local Revenues Per Pupil

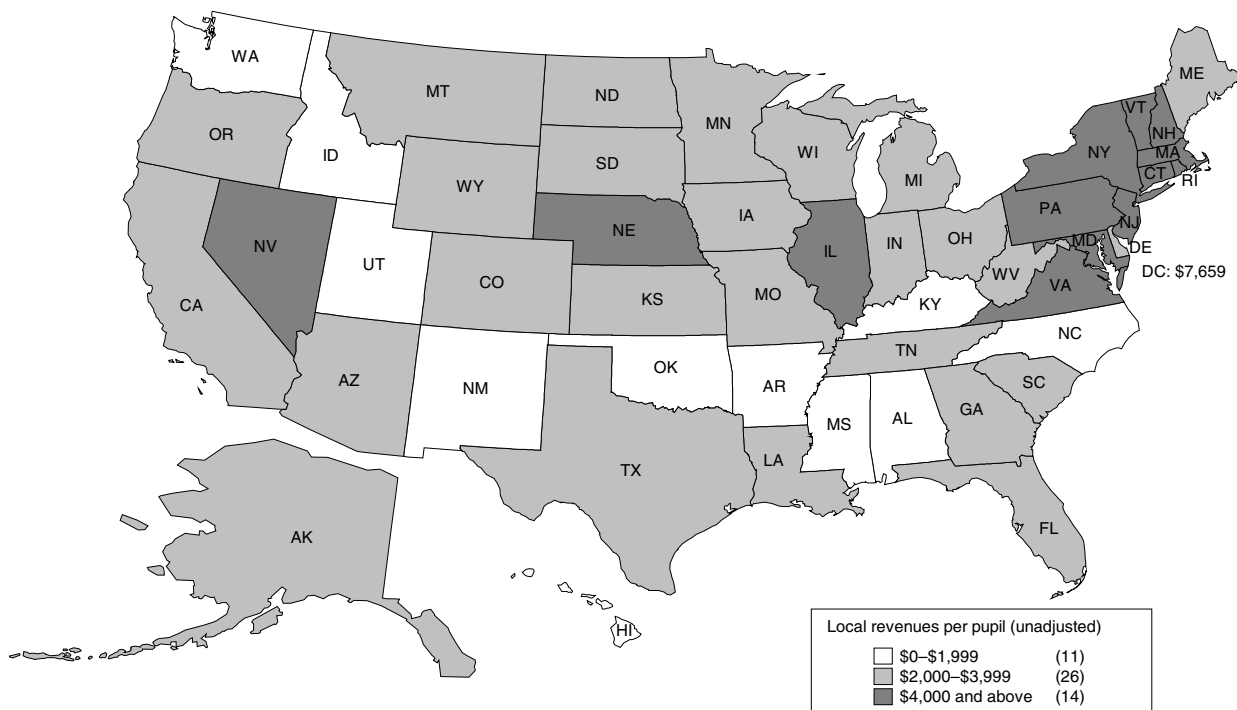
Unadjusted local revenues per pupil were \$3,168 nationally in 1997–98 (See table 2-1). However, the range in local revenues per pupil was nearly \$7,500 per pupil—from \$7,659 in the District of Columbia to \$163 in Hawaii. Excluding these outliers, which remained Hawaii and the District of Columbia, range was still over \$5,100 per pupil—from \$5,972 in New Jersey to \$857 in New Mexico.

Eleven states—mostly in the south and southwest—had local revenues per pupil of less than \$2,000, while 13 states—mostly in the northeast—and the District of Columbia had local revenues per pupil that exceeded \$4,000 (See figure 2-7). Local revenues per pupil were particularly high—above \$5,600 per pupil—in three states, New Jersey, New Hampshire, and Connecticut, and particularly low—below \$1,500 per pupil—in three others, New Mexico, Mississippi, and North Carolina.

Overall, unadjusted local revenues per pupil were highest in northeastern states and lowest in western states (See table 2-2). Average local revenues per pupil of \$5,126 in the Northeast were about 2.3 times revenues per pupil in the west (\$2,183). Midwestern and southern states fell between these two regions, with average local revenues per pupil of \$3,461 and \$2,664, respectively.

Adjustment of revenues to reflect cost-of-education differences among the states reduced the amount of variation in local revenues per pupil across states. Including the District of Columbia and Hawaii, the difference between the states with the highest and lowest local revenues per pupil was reduced from nearly \$7,500, based on unadjusted dollars, to just under \$7,000, based on cost-adjusted dollars. Excluding these outliers, the difference was reduced from \$5,115 (unadjusted) to \$4,687 (adjusted) per pupil (See table 2-3). However, cost adjustments resulted in little change in regional patterns of local revenues per pupil. Local revenues per pupil remained highest in northeastern and lowest in western states (See table 2-4).

Figure 2-7.—Local revenues per pupil (in unadjusted dollars), by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

Unadjusted local revenues per pupil showed a small to moderate positive relationship with all three measures of state fiscal capacity—GSP per capita, median household income, and median housing value.¹⁰ As expected, states with greater wealth and income tended to raise more money per pupil from local sources than their poorer counterparts.

Local revenues per pupil did not show any significant relationship with either minority enrollments or the percent of children living in poverty, when the District of Columbia was included in the analysis. However, excluding DC resulted in a negative relationship between local revenues per pupil and these two student measures.¹¹ States such as Mississippi and New Mexico, with their higher proportions of poverty children, had relatively low local revenues per pupil, while states such as New Hampshire and New Jersey, with their relatively low proportion of poverty children, had relatively high local revenues per pupil.

Sources of Local Revenues

Property Taxes

Although there has been a long-term decline in the local share of education funds (U.S. Department of Education 1999; 2000), property taxes remain the primary source of local revenues in most states. In 1997–98, property tax revenues totaled just over \$111 billion—about 76 percent of all local revenues and about 34 percent of total education revenues (See table 2-7).

Property taxes comprised over half of local revenues in 42 states in 1997–98.¹² However, seven states in the northeast (Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, and Rhode Island) raised over 90 percent of their local revenues from the property tax. Six states (Alabama, Hawaii, Louisiana, Maryland, Nevada, and Tennessee) raised less than one-half their local revenues from the property tax, relying on non-property taxes and student fees as their main sources of local funding for education.¹³

The use of property taxes as a source of school revenues showed substantial regional variation. As indicated above, the property tax was used most extensively in the northeast: nearly 89 percent of local revenues were generated by property taxes in this region in 1997–98. Southern states were at the other extreme, with about 63 percent of local revenues coming from the property tax. Midwestern and western states were in the middle of the spectrum, deriving 80 percent and 73 percent of their respective of local revenues from the property tax (See table 2-8).

While states in different regions of the country relied more or less heavily on the property tax, there was no significant relationship between any of the measures of state fiscal capacity—GSP per capita, median housing

¹⁰ The correlations between unadjusted local revenues per pupil and these measures of state wealth were +0.42, +0.35, and +0.31, respectively, with the first correlation significant at the 0.01 level and the last two significant at the 0.05 level.

¹¹ The correlation between local revenue per pupil and percent minority students was -0.30, and was significant at the 0.05 level. The correlation between local revenue per pupil and percent poverty children was -0.41, with a significance at the 0.01 level.

¹² The analysis excludes Alaska, Virginia, and the District of Columbia, none of which report revenues from property taxes on the NPEFS. According to state reports on school finance, property taxes comprise about 82.5 percent of local revenues in Alaska (Berman 1999), about 41 percent of general government local revenues in Virginia (Dickey and Logwood 1999), and 19.5 percent of general fund revenues in the District of Columbia.

¹³ Hawaii raised only 2.4 percent of its total revenues from local sources, with the vast majority of these funds (80 percent) coming from student fees.

Chapter 2: Education Revenues

Table 2-7.—Local revenues (in unadjusted dollars) across sources, by state: School year 1997–98

State	Local revenues (in thousands)	Property taxes		Non-property taxes		Student fees		Other local sources ¹	
		Percent of total	Rank	Percent of total	Rank	Percent of total	Rank	Percent of total	Rank
United States	\$146,128,674	76.1		9.8		5.7		8.4	
Alabama	² 1,167,561	² 37.3	46	² 23.8	8	² 17.7	3	² 21.2	3
Alaska	311,509	⁴ 0.0	49	77.4	3	10.5	13	12.1	16
Arizona	2,152,189	76.1	23	0.0	39	³ 4.9	35	19.0	7
Arkansas	819,640	73.9	28	2.6	21	17.7	4	5.9	39
California	² 12,058,425	² 78.8	19	² 0.8	29	² 3.3	43	² 17.1	10
Colorado	2,228,463	73.2	31	9.6	14	7.5	22	9.7	21
Connecticut	3,033,194	94.6	4	0.0	39	² 4.6	39	0.8	50
Delaware	256,165	83.4	13	0.0	39	4.8	36	11.8	17
District of Columbia	590,572	⁴ 0.0	49	98.7	1	0.6	51	0.7	51
Florida	6,531,728	83.0	16	0.0	39	9.0	17	8.1	28
Georgia	3,799,419	72.9	32	14.2	11	4.6	38	8.3	25
Hawaii	30,975	1.2	48	0.0	39	79.9	1	18.9	8
Idaho	399,755	83.0	15	0.6	32	5.6	28	10.8	18
Illinois	9,203,852	82.5	18	5.4	18	3.9	41	8.1	27
Indiana	3,289,683	71.9	35	11.5	13	6.6	26	10.0	20
Iowa	1,453,316	76.8	22	2.3	22	12.0	7	8.8	23
Kansas	1,129,948	73.3	30	0.0	39	7.4	23	19.3	4
Kentucky	1,128,409	62.8	41	21.7	9	7.7	20	7.7	30
Louisiana	² 1,721,617	35.7	47	51.2	4	² 6.3	27	6.8	35
Maine	759,931	95.8	2	0.0	39	2.2	49	2.0	46
Maryland	3,602,765	48.2	43	44.5	6	5.6	29	1.7	48
Massachusetts	4,284,907	94.1	5	0.0	39	2.5	47	3.3	43
Michigan	3,919,942	77.7	20	0.7	31	7.1	25	14.5	12
Minnesota	2,790,874	71.9	36	0.0	39	9.1	16	19.1	6
Mississippi	735,070	74.7	26	0.8	30	11.2	10	13.4	13
Missouri	3,245,330	73.6	29	11.8	12	7.3	24	7.3	32
Montana	442,046	55.4	42	7.1	17	9.8	14	27.7	1
Nebraska	1,182,642	85.1	12	1.3	26	9.1	15	4.5	42
Nevada	1,215,367	39.3	45	48.5	5	5.5	31	6.7	37
New Hampshire	1,185,395	95.4	3	0.0	39	2.7	45	1.9	47
New Jersey	7,466,250	92.9	6	0.0	38	³ 4.1	40	³ 2.9	44
New Mexico	284,281	65.4	40	0.0	39	15.4	6	19.2	5
New York	15,231,468	92.0	7	1.4	24	1.7	50	4.9	41
North Carolina	1,829,557	75.9	25	5.4	19	10.8	11	7.8	29
North Dakota	317,841	77.1	21	0.8	28	11.7	8	10.3	19
Ohio	7,126,962	83.3	14	2.0	23	³ 7.7	21	7.1	34
Oklahoma	1,017,754	67.0	39	0.2	36	17.8	2	15.0	11
Oregon	1,430,473	72.0	34	0.4	33	8.7	18	18.9	9
Pennsylvania	8,232,836	71.8	37	19.3	10	3.3	44	5.6	40
Rhode Island	688,098	96.2	1	0.0	39	2.4	48	1.4	49
South Carolina	² 1,623,594	² 74.4	27	² 8.1	16	² 10.8	12	² 6.8	36
South Dakota	432,216	82.6	17	3.6	20	5.6	30	8.2	26
Tennessee	² 2,090,573	² 40.9	44	² 35.5	7	² 16.2	5	² 7.5	31
Texas	11,658,408	85.2	11	1.4	25	5.0	34	8.4	24
Utah	738,941	70.2	38	8.9	15	7.8	19	13.1	14
Vermont	563,319	89.7	8	0.3	34	2.7	46	7.2	33
Virginia	² 4,919,794	⁴ 0.0	49	92.4	2	² 5.1	33	2.6	45
Washington	1,904,388	76.0	24	0.1	37	³ 11.6	9	³ 12.3	15
West Virginia	623,081	85.7	10	0.2	35	4.8	37	9.3	22
Wisconsin	2,953,560	88.3	9	0.0	39	5.1	32	6.6	38
Wyoming	324,591	72.6	33	1.0	27	3.7	42	22.8	2

¹ Local sources include intermediate revenues.

² Data imputed based on current year (School year 1997–98) data.

³ Data disaggregated from reported total.

⁴ These states report "0" as property taxes on the NPEFS; property taxes are included in non-property taxes as transfers from local governments. According to state reports, property taxes comprise 82.5 percent of local revenues in Alaska, 41 percent of general government local revenues in Virginia and 19.5 percent of general fund revenues in the District of Columbia.

SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

Table 2-8.—Local revenues (in unadjusted dollars) across sources, by state characteristic: School year 1997–98

State characteristics	Local revenue (in thousands)	Percentage of local revenue from:			
		Property taxes	Non-property taxes	Student fees	Other local sources ¹
United States	\$146,128,674	76.1	9.8	5.7	8.4
Region					
Northeast	41,445,399	88.8	4.3	2.8	4.1
Midwest	37,046,166	79.6	4.1	6.7	9.7
South	44,115,706	62.7	22.3	7.6	7.4
West	23,521,403	73.3	5.3	5.6	15.7
Percentage of students living in urban area					
Less than 20 percent	22,367,904	78.1	9.8	5.3	6.8
20–less than 30 percent	39,251,261	66.8	18.7	6.7	7.8
30–less than 40 percent	47,129,776	76.4	7.0	6.2	10.4
40 percent or more	37,379,733	84.2	4.1	4.3	7.4
Percentage of minority students					
Less than 10 percent	5,641,823	84.7	1.9	6.5	7.0
10–less than 30 percent	53,078,532	77.5	7.2	6.8	8.6
30–less than 50 percent	62,050,588	72.7	15.5	5.2	6.6
50 percent or more	25,357,732	79.5	3.3	4.5	12.6
Percentage of LEP students ²					
Less than 1 percent	37,575,517	71.5	13.6	7.3	7.6
1–less than 5 percent	53,870,468	73.1	13.2	5.9	7.7
5 percent or more	50,753,022	82.4	3.7	4.2	9.7
Percentage of school aged students living in poverty					
Less than 10 percent	12,947,424	84.8	5.3	5.1	4.7
10–less than 15 percent	29,229,695	59.6	25.3	6.4	8.7
15–less than 20 percent	36,702,757	77.6	9.1	6.3	7.0
20 percent or more	67,248,797	80.7	4.4	5.2	9.7
Per capita gross state product ³					
Less than \$25,000	9,882,282	70.5	7.3	11.0	11.2
\$25,000–less than \$30,000	84,358,411	76.1	8.0	6.2	9.6
\$30,000 or more	51,297,409	78.0	12.3	3.9	5.8
Median housing value					
Less than \$50,000	5,081,075	75.7	1.6	12.5	10.3
\$50,000–less than \$65,000	43,722,463	75.4	7.8	7.4	9.3
\$65,000–less than \$100,000	49,153,086	68.1	17.1	6.0	8.8
\$100,000 or more	48,172,049	84.9	5.2	3.1	6.8
Median household income					
Less than \$30,000	18,935,411	66.8	12.4	11.0	9.8
\$30,000–less than \$35,000	61,772,776	81.3	6.6	4.7	7.5
\$35,000–less than \$40,000	45,793,771	71.1	12.8	5.1	10.9
\$40,000 or more	19,626,716	80.4	10.5	5.2	3.9

¹ Local sources include intermediate revenues.

² Kentucky, Nebraska, South Dakota, and Vermont were missing LEP data. The dollar sum for this category therefore will not equal the United States total.

³ Per capita gross state product data is not applicable for the District of Columbia. The dollar sum for this category therefore will not equal the United States total.

SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998; *Digest of Education Statistics, 1998*; Common Core of Data, Public School Universe File, 1997–98; Schools and Staffing Survey, Public School Questionnaire, 1993–94; U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, 1999; U.S. Census Bureau, CPS Annual Demographic Survey, March Supplement, 1999; and U.S. Census Bureau, 1990 Census of Population and Housing, unpublished tabulations from 1990 Census Lookup, <<http://venus.census.gov/cdrom/lookup>>, 1999.

values, median household income—and the use of the property tax as a source of local education funds. Nor were there any relationships between student characteristics and property taxes as a percent of local revenues. Other factors such as history and political culture may be more important in explaining why states use or do not use the property tax than current demographic and economic conditions.

Other Sources of Local Revenues

Non-property taxes (e.g., sales, income, and gambling taxes) comprised just under 10 percent of local revenues in 1997–98, but these taxes were used extensively as a source of revenues in only five states. Non-property taxes comprised over one-third of local revenues in Louisiana, Maryland, Nevada, and Tennessee and just under one-fourth of local revenues in Alabama. Maryland relies heavily on local income tax surtax on the state income tax, while the other four states levy sales and use taxes to provide local financial support for schools (See table 2-7).

Student fees for transportation, food services, student activities, textbooks, and summer school were another source of local revenue, representing just under 6 percent of total local revenues nationally. However, student fees comprised at least 10 percent of local revenues in only 13 states, most of them in the south and southwest. Aside from Hawaii, where student fees comprised nearly four-fifths of local revenue, student fees as a percent of local revenues were highest in Oklahoma (17.8 percent), Alabama and Arkansas (17.7 percent each), and Tennessee (16.2 percent).

Finally, other local revenues—mostly tuition revenues from local education agencies (LEAs) outside the state—comprised about 8 percent of local funding for education nationally. These “other” revenues represented less than 10 percent of local revenues in three-fifths of the states (30 and the District of Columbia). But in a few states, these revenues were substantial. In Montana, Wyoming, and Alabama, for example, “other” revenues comprised more than 20 percent of local revenues. Other western states such as Arizona, New Mexico, Oregon, and Hawaii also raised a relatively large portion of their local revenues from “other” sources.

Federal Revenues

Federal Share of Total Revenues

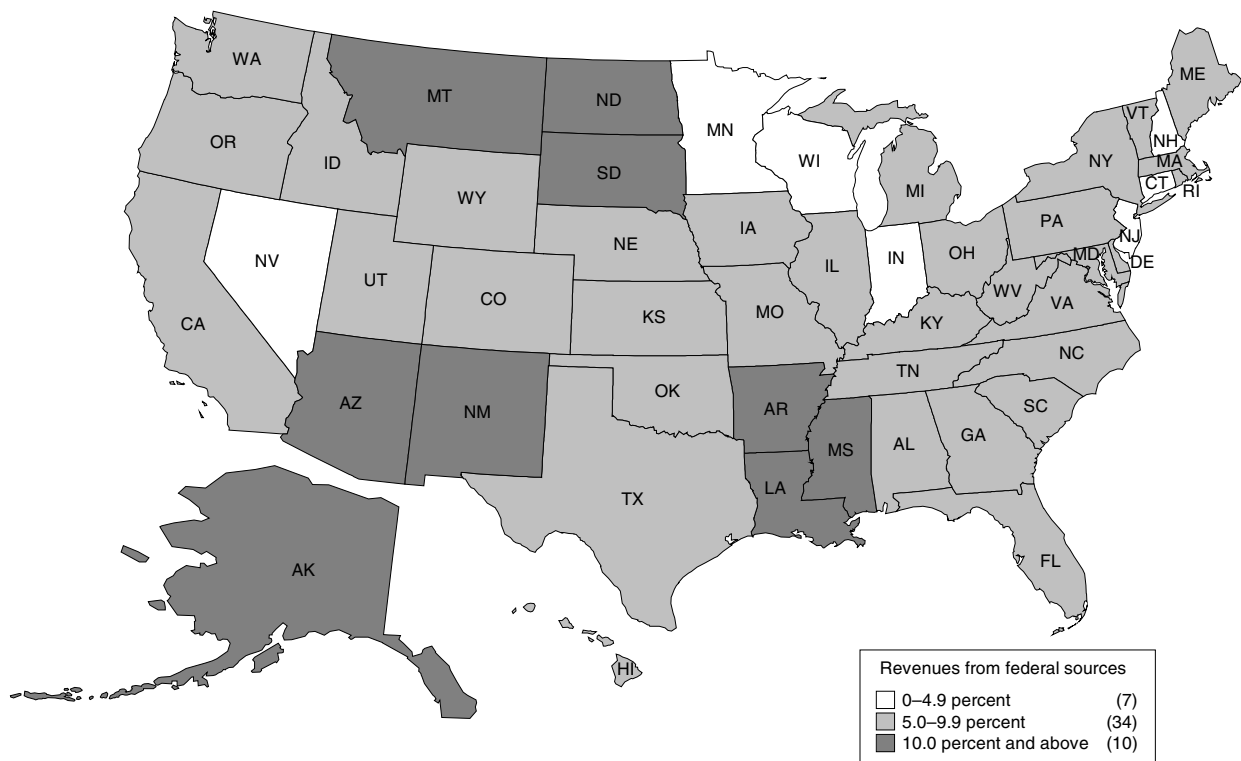
Federal revenues were the third main component of school revenues. In 1997–98, federal revenues totaled just over \$22.2 billion—just under 7 percent of total revenues. However, the share of total revenues from federal sources ranged from a high of 16.5 percent in the District of Columbia and 14.1 percent in Mississippi to a low of 3.6 percent in New Jersey (See table 2-5).

Federal education funds comprised 10 percent or above of the total in nine states and the District of Columbia and less than 5 percent of the total in seven states. In two-thirds of the states (34), federal revenues comprised between 5 and 10 percent of total education funds (See figure 2-8).

The federal share of education revenues showed a smaller amount of regional variation, compared to funding from state and local sources. Federal revenue was a larger share of the total in southern and western states—8.0 and 7.9 percent, respectively—and a smaller share in northeastern and midwestern states—5.0 and 6.0 percent respectively (See table 2-6).

In contrast with funding from state and local sources, the federal share of total education funds showed a direct relationship with two state measures of fiscal capacity—GSP per capita, and median household income. In

Figure 2-8.—Percentage of total revenues from federal sources, by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

both cases, these relationships were negative, meaning that the larger a state's GSP per capita (and median household income), the smaller its share of revenues from federal sources.¹⁴

In states with a GSP per capita of under \$25,000, federal revenues represented nearly 10 percent of total revenues. This compared to 7 percent in states with GSP per capita between \$25,000 and \$30,000 and 5.3 percent in states with GSP per capita above \$30,000 (See figures 2-9 and 2-10). Similarly, federal revenues were 9.4 percent of the total in states with median household incomes below \$30,000, but only 4.7 percent of the total in states with median incomes above \$40,000.

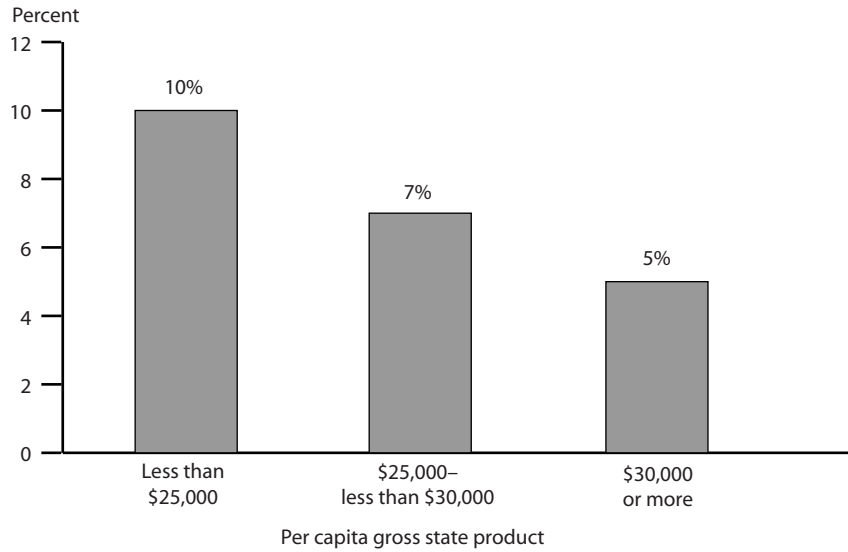
The share of total funds from federal sources also showed a direct relationship with two important student characteristics—percent minority and percent of school-aged children living in poverty. However, in contrast with state measures of fiscal capacity, both of these relationships were positive: the higher a state's minority enrollment (and percent of children living in poverty), the higher was its share of funding from federal sources.¹⁵

The relationship between poverty and federal funding is demonstrated more fully in figure 2-11. In 1997–98, federal revenues comprised only about 5 percent of total funds in states with a student-poverty rate of less than 10 percent, but nearly 8 percent of total funds in states where poverty rates exceeded 20 percent. These

¹⁴ The correlation between GSP per capita and the federal share of total revenues was -0.41 and the correlation between median household income and the federal share was -0.54. The former relationship was significant at the 0.01 level, the latter at the 0.001 level. The first correlation (GSP per capita) excludes the District of Columbia.

¹⁵ The correlation between percent minority enrollment and the percent of revenues from federal sources was +0.48, and the correlation between percent children in poverty and the federal share was +0.64. Both relationships were significant at the 0.001 level.

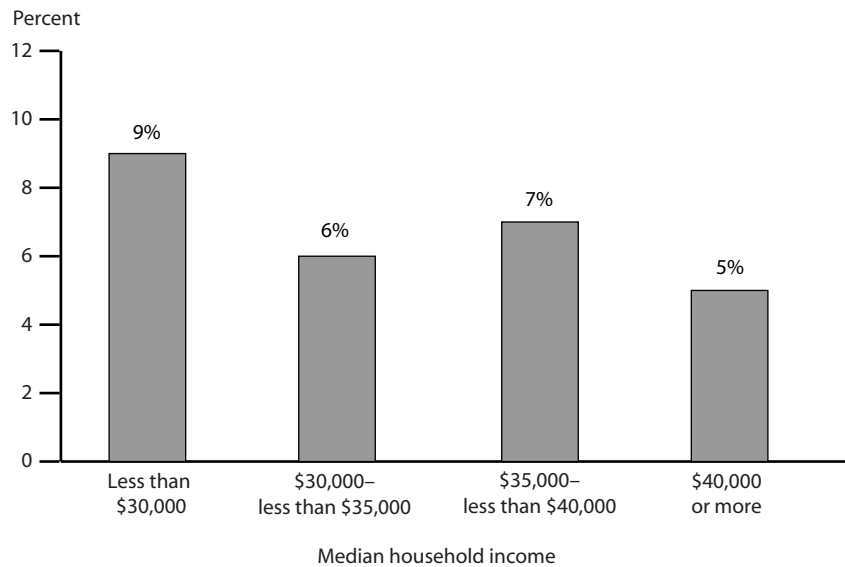
Figure 2-9.—Percentage of total revenues from federal sources, by per capita gross state product: School year 1997–98



NOTE: Because the District of Columbia is not a state, it was not included in this analysis.

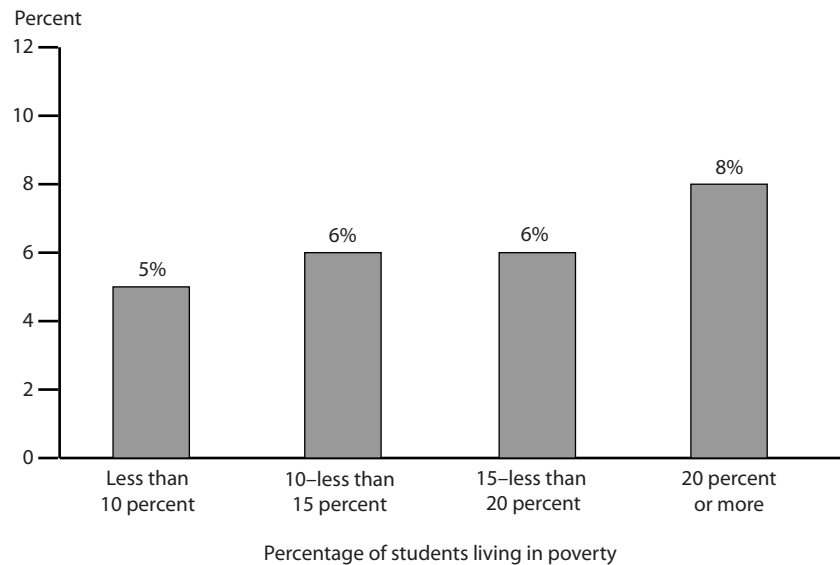
SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998; U.S. Department of Commerce, Bureau of Economic Analysis. Regional Accounts Data, 1999; and U.S. Census Bureau. CPS Annual Demographic Survey, March Supplement, 1999.

Figure 2-10.—Percentage of total revenues from federal sources, by median household income: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998 and *Digest of Education Statistics, 1998*, Table 20.

Figure 2-11.—Percentage of total revenues from federal sources, by percentage of students living in poverty: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998 and *Digest of Education Statistics, 1998*, Table 20.

results were as expected, since the percent of children in poverty is a criterion used by the government to allocate federal funds.

Federal Revenues Per Pupil

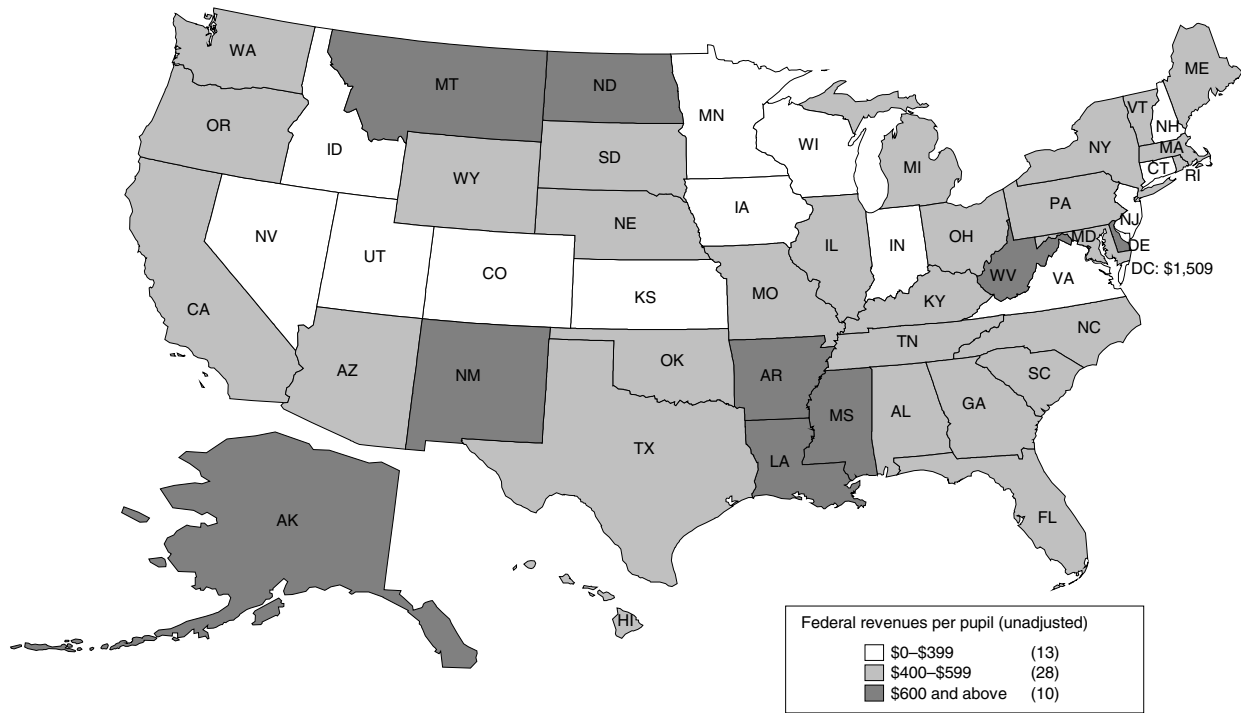
Unadjusted federal revenues per pupil averaged \$481 per pupil in 1997–98 (See table 2-1). However, federal revenues per pupil ranged from highs of \$1,509 in the District of Columbia and \$1,133 in Alaska to a low of \$258 in New Hampshire. Nine states—including New Mexico, North Dakota, and West Virginia—and the District of Columbia had federal revenues per pupil in excess of \$600, while 13 states, including New Hampshire, Colorado, Nevada, and Utah, had federal revenues below \$400 per pupil. The remaining 28 states had federal revenues between \$400 and \$600 per student (See figure 2-12.)

Unadjusted federal revenues per pupil showed a small amount of regional variation. Revenues per pupil were highest in the west (\$513) and lowest in the midwest (\$441). The south and northeast fell in between, with average federal revenues per pupil of \$496 and \$462, respectively (See table 2-2).

Cost adjustments to revenues reduced the revenue difference between the highest and lowest revenue states by just over \$90—from \$1,251 per pupil for unadjusted revenues to \$1,159 for cost-adjusted revenues (See tables 2-1 and 2-3). But there was little change in the overall distribution of states by level of revenue per pupil. Before cost adjustments, 13 states had federal revenues per pupil below \$400; after cost adjustments, the number was reduced to 12. On the other end of the spectrum, cost adjustments worked to increase the number of states with federal revenues per pupil above \$600 from 9 to 11 plus the District of Columbia (See figures 2-12 and 2-13).

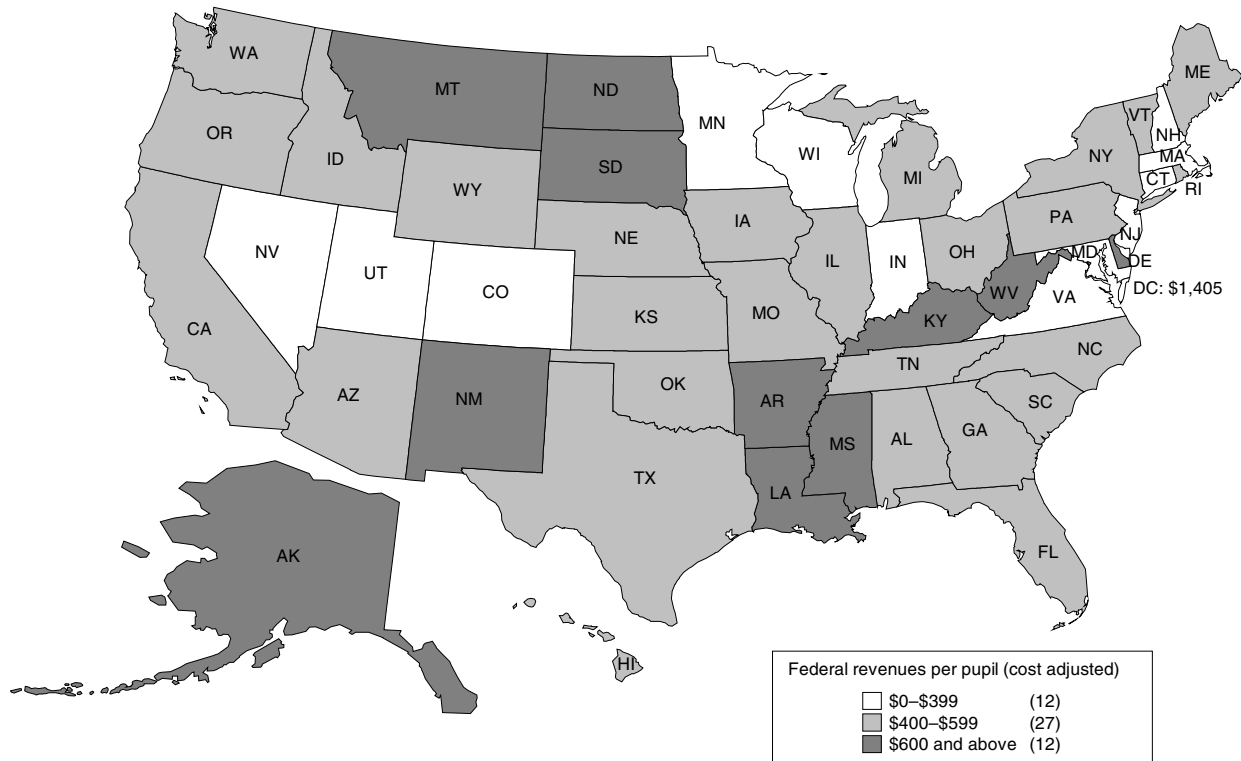
Cost adjustments did, however, change the relative standing of different regions regarding federal revenues per pupil and increase differences in per pupil revenues. With cost adjustments, the south replaced the west as the region with the highest federal revenues per pupil, and the northeast replaced the midwest as the region with the lowest revenues per pupil. The inter-regional range in federal revenues per pupil was increased from \$72 before cost adjustments to \$114 after adjustments (See tables 2-2 and 2-4).

Figure 2-12.—Federal revenues per pupil (in unadjusted dollars), by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

Figure 2-13.—Federal revenues per pupil (in cost adjusted dollars), by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998 and *Geographic Variations in Public Schools' Costs*, Working Paper No. 98–04, by Jay Chambers and William J. Fowler, Jr., 1998.

Unadjusted federal revenues per pupil had no significant relationships with all three measures of state fiscal capacity. However, cost adjustments to federal revenues resulted in a negative relationship between federal revenues per pupil and both GSP per capita and median household income.¹⁶ The higher a state's GSP and median household income, the lower federal revenues to a state. In keeping with the previous finding, federal revenues per pupil had a moderately positive relationship with both percent minority enrollment and the percent of children in poverty.¹⁷ In sum, federal revenues per pupil flowed more heavily to poorer states and states with higher concentrations of poor and minority children.

In closing, federal education revenues generally represent a lower proportion of total revenues in states with greater fiscal capacity, as measured by GSP per capita and median household income, and a higher proportion of revenues in states with higher proportions of minority and poverty students. These findings go hand in hand and are highly consistent with the allocation provisions of many federal education programs, particularly Title I, which generally tend to concentrate funds in school districts and schools with high concentrations of poor and educationally disadvantaged children.

¹⁶ The correlation coefficients were -0.31 and -0.43, respectively, the former with a level of significance of 0.05, the latter at 0.01.

¹⁷ The correlation coefficients were +0.54 and +0.46, respectively; both relationships were significant at the 0.001 level.

Chapter 3: Total Education Expenditures

Total Expenditures

Total expenditures for elementary and secondary education in the United States were just over \$334 billion in 1997–98 (See table 3-1). In current dollars, this was a 6.7 percent increase over expenditures of \$313 billion in 1996–97. California reported the highest total expenditures at \$38 billion, while North Dakota spent about \$668 million. Nine states reported total expenditures over \$10 billion, while five states and the District of Columbia reported total expenditures under \$1 billion. The remaining 36 states reported total expenditures of between \$1 billion and \$10 billion.

Total Expenditures Per Pupil

Total per pupil expenditures were \$7,247 in 1997–98. However, there was substantial variation across the states—from a high of \$10,751 in New Jersey to a low of \$4,962 in Utah (See table 3-2). Other high-expenditure states besides New Jersey included New York (\$10,441) and Connecticut (\$10,021); other low-expenditure states besides Utah included Mississippi (\$5,061) and Arkansas (\$5,219).

Total expenditures per pupil exceeded \$8,000 in 10 states and the District of Columbia, fell between \$6,000 and \$8,000 in 27 states, and fell below \$6,000 in 13 states (See figure 3-1). Overall, total spending per pupil was highest in the northeast (\$9,546) and lowest in the south (\$6,419). Average total expenditure per student was nearly 1.5 times as high in northeastern states as in states in the south (See table 3-3).

When expenditures were adjusted to reflect cost-of-education differences across the states, New Jersey was still the state with the highest per pupil expenditures (\$9,333) and Utah was still the lowest spending state (\$5,196) (See table 3-4). However, cost adjustments reduced the spending disparity between the two states. Before cost adjustments, New Jersey spent \$5,789 more per student than Utah. After cost adjustments were made, the difference dropped to \$4,137. Before cost adjustments, New Jersey spent 2.2 times as much per student as Utah; with cost adjustments, the ratio dropped to 1.8.

The use of cost adjustments also compressed the distribution of total per pupil expenditures across states, overall. Before cost adjustments, 13 states had total expenditures per pupil below \$6,000; after cost adjustments, the number was reduced to 5 (See figures 3-1 and 3-2). At the upper end of the continuum, the number of states (including the District of Columbia) with expenditures above \$8,000 decreased from 11 before cost adjustments to 10 after cost adjustments. The number of states in the middle group with expenditures between \$6,000 and \$8,000 increased from 27 before cost adjustments to 36 after adjustments.

Cost adjustments had some effect on the ranking of different regions on total expenditures per pupil. While the northeast still reported the highest total per pupil expenditures (\$8,632), the west replaced the south as the region with the lowest per pupil expenditures (\$6,231). After cost adjustments, the ratio of total expenditures per pupil between the highest and lowest spending regions was approximately 1.4 to 1 (See table 3-5).

Table 3-1.—Total expenditures (in unadjusted dollars) across functions, by state: School year 1997–98

State	Total Expenditures (in thousands)	Current expenditures		Capital expenditures		Non-elementary or secondary education expenditures	
		Percent of total	Rank	Percent of total	Rank	Percent of total	Rank
United States	\$334,321,587	85.4		13.1		1.5	
Alabama	¹ 4,253,187	¹ 85.4	30	¹ 12.2	23	¹ 2.4	6
Alaska	1,211,263	90.2	12	9.4	39	0.4	40
Arizona	4,836,351	77.3	50	² 21.8	2	² 0.8	21
Arkansas	2,382,510	90.2	13	² 9.2	42	0.6	30
California	¹ 37,963,799	¹ 86.3	26	¹ 12.1	25	¹ 1.6	13
Colorado	4,702,068	82.7	42	16.8	7	0.5	34
Connecticut	¹ 5,362,691	¹ 88.9	19	² 9.5	37	¹ 1.7	12
Delaware	920,608	90.2	11	8.2	47	1.6	14
District of Columbia	¹ 717,102	¹ 90.3	10	¹ 9.3	41	0.5	37
Florida	15,489,121	82.2	47	15.0	15	2.8	3
Georgia	9,002,447	86.3	25	13.2	21	0.5	36
Hawaii	1,302,860	85.4	31	12.1	24	2.5	5
Idaho	1,353,036	85.3	32	14.5	19	0.2	47
Illinois	14,961,549	83.4	38	15.9	12	0.8	23
Indiana	7,565,185	82.4	44	² 17.0	6	0.6	27
Iowa	3,395,593	88.5	20	11.0	31	0.5	32
Kansas	2,972,972	90.3	9	9.6	34	0.1	51
Kentucky	3,759,844	92.8	3	6.1	49	1.1	16
Louisiana	¹ 4,456,849	¹ 90.4	7	9.2	43	0.4	42
Maine	1,563,869	91.6	4	7.3	48	1.1	18
Maryland	6,511,446	89.7	15	9.9	33	0.3	43
Massachusetts	7,740,557	95.4	2	² 3.7	50	1.0	20
Michigan	14,508,276	82.7	40	15.2	13	2.1	8
Minnesota	6,808,821	80.1	48	16.2	10	3.8	1
Mississippi	2,554,589	84.7	34	14.7	18	0.6	28
Missouri	5,876,065	86.2	27	² 12.0	26	² 1.8	11
Montana	1,031,934	90.0	14	9.3	40	0.6	26
Nebraska	1,971,715	88.4	21	11.4	29	0.2	49
Nevada	2,032,499	77.3	51	² 22.2	1	² 0.5	31
New Hampshire	1,369,685	90.6	6	² 9.1	45	0.2	46
New Jersey	13,442,330	89.7	17	9.2	44	1.1	17
New Mexico	1,966,188	84.4	35	15.1	14	0.5	38
New York	29,879,111	84.8	33	11.9	27	3.3	2
North Carolina	¹ 7,859,849	82.7	41	16.7	9	0.6	25
North Dakota	668,209	89.7	16	9.6	36	0.7	24
Ohio	13,154,497	87.0	24	10.3	32	2.7	4
Oklahoma	3,459,677	90.7	5	9.0	46	0.3	45
Oregon	3,937,825	88.2	22	11.3	30	0.5	35
Pennsylvania	15,723,939	83.2	39	14.8	17	2.0	9
Rhode Island	1,268,204	95.9	1	² 3.6	51	0.6	29
South Carolina	¹ 4,260,086	¹ 82.3	46	¹ 16.7	8	¹ 1.0	19
South Dakota	792,448	83.9	37	16.0	11	0.1	50
Tennessee	¹ 5,021,961	¹ 87.8	23	¹ 11.8	28	¹ 0.4	39
Texas	25,690,633	82.5	43	17.0	5	0.5	33
Utah	2,396,340	80.0	49	17.7	3	2.3	7
Vermont	829,696	90.4	8	9.4	38	0.3	44
Virginia	¹ 7,839,736	¹ 86.0	28	12.2	22	1.8	10
Washington	¹ 7,265,616	¹ 82.4	45	17.2	4	0.4	41
West Virginia	2,139,256	89.1	18	9.6	35	1.3	15
Wisconsin	7,442,064	84.4	36	14.8	16	0.8	22
Wyoming	705,430	85.6	29	14.2	20	0.2	48

¹ Data imputed based on current year (School year 1997–98) data.² Data disaggregated from reported total.

SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

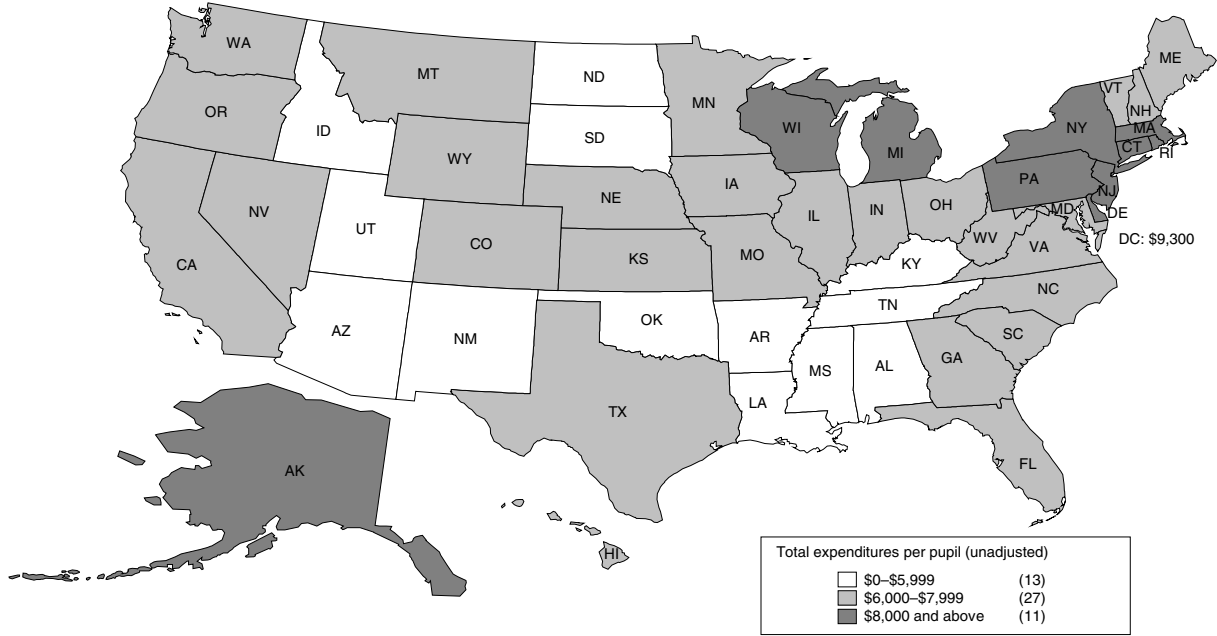
Table 3-2.—Total expenditures (in unadjusted dollars) per pupil across functions, by state: School year 1997–98

State	Total expenditures		Current expenditures		Capital expenditures		Non-elementary or secondary education expenditures	
	Per pupil	Rank	Per pupil	Rank	Per pupil	Rank	Per pupil	Rank
United States	\$7,247		\$6,189		\$953		\$106	
Alabama	¹ 5,677	42	⁴ 4,849	45	¹ 690	37	¹ 138	9
Alaska	9,168	5	8,271	5	858	25	39	30
Arizona	5,941	39	4,595	49	² 1,297	3	² 48	23
Arkansas	5,219	49	4,708	47	² 482	48	29	39
California	¹ 6,541	33	¹ 5,644	32	¹ 793	29	¹ 104	15
Colorado	6,843	26	5,656	30	1,152	11	34	35
Connecticut	¹ 10,021	3	¹ 8,904	2	² 947	18	¹ 169	8
Delaware	8,223	10	7,420	8	674	39	129	10
District of Columbia	¹ 9,300	4	¹ 8,393	4	² 863	24	44	26
Florida	6,752	29	5,552	34	1,013	16	187	4
Georgia	6,543	32	5,647	31	864	23	32	36
Hawaii	6,861	24	5,858	27	833	26	171	6
Idaho	5,536	48	4,721	46	802	28	13	48
Illinois	7,487	16	6,242	19	1,189	10	56	22
Indiana	7,666	15	6,318	18	² 1,300	2	48	24
Iowa	6,777	28	5,998	25	743	33	36	32
Kansas	6,343	38	5,727	28	609	42	7	51
Kentucky	5,617	45	5,213	39	340	49	64	20
Louisiana	¹ 5,737	41	¹ 5,188	40	527	46	22	43
Maine	7,357	17	6,742	14	536	45	78	17
Maryland	7,838	13	7,034	13	778	30	25	41
Massachusetts	8,156	11	7,778	7	² 300	50	78	18
Michigan	8,521	7	7,050	12	1,294	4	177	5
Minnesota	7,976	12	6,388	16	1,289	5	300	2
Mississippi	5,061	50	4,288	50	742	34	31	38
Missouri	6,453	35	5,565	33	² 773	31	115	14
Montana	6,357	37	5,724	29	593	43	40	28
Nebraska	6,737	30	5,958	26	769	32	10	49
Nevada	6,852	25	5,295	37	² 1,520	1	² 37	31
New Hampshire	² 6,794	27	6,156	22	621	41	16	45
New Jersey	10,751	1	9,643	1	987	17	122	12
New Mexico	5,928	40	5,005	43	896	19	28	40
New York	10,441	2	8,852	3	1,240	9	349	1
North Carolina	¹ 6,359	36	5,257	38	1,061	14	41	27
North Dakota	5,635	43	5,056	41	540	44	40	29
Ohio	7,122	21	6,198	21	733	35	190	3
Oklahoma	5,547	47	5,033	42	500	47	15	47
Oregon	7,274	19	6,419	15	820	27	35	33
Pennsylvania	8,663	6	7,209	9	1,283	6	171	7
Rhode Island	8,272	9	7,928	6	² 297	51	46	25
South Carolina	¹ 6,462	34	¹ 5,320	36	¹ 1,078	13	¹ 64	21
South Dakota	5,563	46	4,669	48	887	20	7	50
Tennessee	¹ 5,623	44	¹ 4,937	44	¹ 661	40	¹ 25	42
Texas	6,601	31	5,444	35	1,123	12	34	34
Utah	4,962	51	3,969	51	877	21	116	13
Vermont	7,829	14	7,075	11	733	36	21	44
Virginia	¹ 7,058	23	¹ 6,067	23	864	22	127	11
Washington	¹ 7,330	18	¹ 6,040	24	1,259	7	31	37
West Virginia	7,097	22	6,323	17	681	38	93	16
Wisconsin	8,440	8	7,123	10	1,251	8	66	19
Wyoming	7,264	20	6,218	20	1,030	15	15	46

¹ Data imputed based on current year (School year 1997–98) data.² Data disaggregated from reported total.

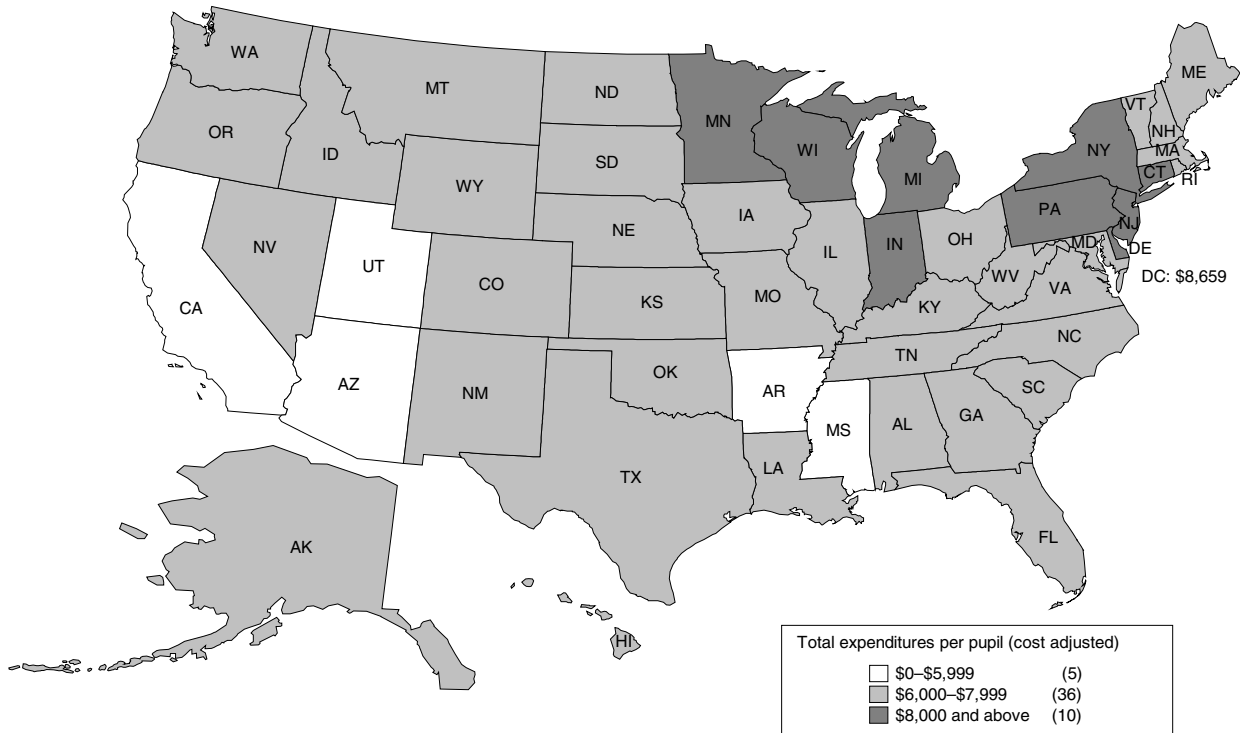
SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

Figure 3-1.—Total expenditures per pupil (in unadjusted dollars), by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

Figure 3-2.—Total expenditures per pupil (in cost adjusted dollars), by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998 and *Geographic Variations in Public Schools' Costs*, Working Paper No. 98-04, by Jay Chambers and William J. Fowler, Jr., 1998.

Table 3-3.—Total expenditures (in unadjusted dollars) per pupil across functions, by state characteristic: School year 1997–98

State characteristics	Total expenditures (in unadjusted dollars) per pupil spent on:			
	Total expenditures per pupil	Current expenditures	Capital expenditures	Non-elementary or secondary education expenditures
United States	\$7,247	\$6,189	\$953	\$106
Region				
Northeast	9,546	8,319	1,022	205
Midwest	7,485	6,321	1,046	118
South	6,419	5,475	876	68
West	6,562	5,558	926	78
Percentage of students living in urban area				
Less than 20 percent	7,712	6,734	886	91
20–less than 30 percent	7,179	6,211	861	108
30–less than 40 percent	6,875	5,872	924	79
40 percent or more	7,683	6,372	1,154	158
Percentage of minority students				
Less than 10 percent	6,425	5,640	718	67
10–less than 30 percent	7,453	6,394	950	109
30–less than 50 percent	7,617	6,483	1,007	128
50 percent or more	6,500	5,513	914	74
Percentage of LEP students ¹				
Less than 1 percent	6,781	5,821	867	93
1–less than 5 percent	7,679	6,596	992	91
5 percent or more	7,263	6,117	1,011	135
Percentage of school aged students living in poverty				
Less than 10 percent	8,159	7,179	873	108
10–less than 15 percent	7,631	6,444	1,082	105
15–less than 20 percent	7,293	6,367	831	95
20 percent or more	6,966	5,884	971	111
Per capita gross state product ²				
Less than \$25,000	5,880	5,158	664	58
\$25,000–less than \$30,000	6,920	5,866	964	90
\$30,000 or more	8,751	7,522	1,057	173
Median housing value				
Less than \$50,000	5,820	5,150	636	34
\$50,000–less than \$65,000	6,819	5,798	941	81
\$65,000–less than \$100,000	7,104	5,919	1,084	102
\$100,000 or more	8,213	7,186	873	154
Median household income				
Less than \$30,000	6,016	5,185	746	86
\$30,000–less than \$35,000	7,529	6,352	1,054	122
\$35,000–less than \$40,000	7,153	6,109	939	105
\$40,000 or more	8,869	7,774	1,010	85

¹ Kentucky, Nebraska, South Dakota, and Vermont were missing LEP data.

² Per capita gross state product data is not applicable for the District of Columbia.

SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998; *Digest of Education Statistics, 1998*; Common Core of Data, Public School Universe File, 1997–98; Schools and Staffing Survey, Public School Questionnaire, 1993–94; U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, 1999; U.S. Census Bureau, CPS Annual Demographic Survey, March Supplement, 1999; and U.S. Census Bureau, 1990 Census of Population and Housing, unpublished tabulations from 1990 Census Lookup, <<http://venus.census.gov/cdrom/lookup>>, 1999.

Chapter 3: Total Education Expenditures

Table 3-4.—Total expenditures (in cost adjusted dollars) per pupil, by state: School year 1997–98

State	Total expenditures		Current expenditures		Capital expenditures		Non-elementary or secondary education expenditures	
	Per pupil, cost-adjusted	Rank	Per pupil, cost-adjusted	Rank	Per pupil, cost-adjusted	Rank	Per pupil, cost-adjusted	Rank
United States	7,247		6,189		953		106	
Alabama	6,357	42	5,430	43	773	32	154	8
Alaska	7,236	22	6,528	20	677	40	31	38
Arizona	5,989	48	4,632	50	¹ 1,308	5	¹ 49	24
Arkansas	5,992	47	5,405	45	¹ 554	47	33	37
California	5,861	49	5,058	48	710	38	93	16
Colorado	6,940	33	5,737	38	1,169	11	34	35
Connecticut	² 8,706	4	² 7,736	4	¹ 823	29	¹ 147	9
Delaware	8,038	10	7,253	6	659	41	126	11
District of Columbia	² 8,659	5	² 7,815	3	¹ 803	31	41	30
Florida	7,055	28	5,802	36	1,058	16	195	3
Georgia	7,027	29	6,066	26	928	19	34	36
Hawaii	6,882	35	5,876	30	835	28	171	6
Idaho	6,017	46	5,131	47	872	22	14	48
Illinois	7,255	21	6,048	27	1,152	13	54	22
Indiana	8,199	8	6,757	16	¹ 1,391	2	51	23
Iowa	7,684	14	6,801	14	842	27	41	29
Kansas	7,095	26	6,406	22	681	39	8	51
Kentucky	6,283	43	5,831	33	380	49	72	18
Louisiana	² 6,418	40	² 5,804	35	589	45	25	43
Maine	7,499	19	6,872	13	547	48	80	17
Maryland	7,677	15	6,890	12	762	33	25	42
Massachusetts	6,959	32	6,637	19	¹ 256	51	67	21
Michigan	8,386	7	6,939	11	1,273	6	174	5
Minnesota	8,131	9	6,511	21	1,314	3	306	2
Mississippi	5,804	50	4,918	49	851	25	35	34
Missouri	6,800	36	5,864	32	¹ 814	30	121	13
Montana	6,993	31	6,297	23	652	42	44	27
Nebraska	7,604	16	6,725	17	867	23	12	49
Nevada	7,190	24	5,556	41	¹ 1,595	1	¹ 39	31
New Hampshire	¹ 6,482	39	5,874	31	592	44	15	47
New Jersey	9,333	1	8,371	1	856	24	106	14
New Mexico	6,381	41	5,387	46	964	18	30	39
New York	9,305	2	7,889	2	1,105	15	311	1
North Carolina	² 6,934	34	5,732	39	1,157	12	45	26
North Dakota	6,607	37	5,927	28	633	43	47	25
Ohio	7,208	23	6,273	24	742	35	192	4
Oklahoma	6,150	45	5,579	40	554	46	17	46
Oregon	7,530	17	6,645	18	849	26	37	32
Pennsylvania	8,451	6	7,033	10	1,252	7	166	7
Rhode Island	7,499	18	7,188	7	¹ 269	50	42	28
South Carolina	7,140	25	5,878	29	1,192	9	71	19
South Dakota	6,514	38	5,467	42	1,039	17	8	50
Tennessee	6,159	44	5,408	44	724	37	27	41
Texas	7,000	30	5,773	37	1,191	10	36	33
Utah	5,196	51	4,156	51	918	20	122	12
Vermont	7,916	13	7,153	8	741	36	22	44
Virginia	² 7,283	20	² 6,261	25	892	21	131	10
Washington	² 7,062	27	² 5,818	34	1,213	8	30	40
West Virginia	7,921	12	7,057	9	760	34	104	15
Wisconsin	8,828	3	7,451	5	1,309	4	69	20
Wyoming	7,930	11	6,789	15	1,125	14	17	45

¹ Data disaggregated from reported total.

² Data imputed based on current year (School year 1997–98) data.

NOTE: All cost adjustments were made using the Geographic Cost of Education Index (GCEI) (Chambers 1998).

SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998 and *Geographic Variations in Public Schools' Costs*, Working Paper No. 98–04, by Jay Chambers and William J. Fowler, Jr., 1998.

Table 3-5.—Total expenditures (in cost adjusted dollars) per pupil across functions, by state characteristic: School year 1997–98

State characteristics	Total expenditures per pupil, cost adjusted	Total expenditures (in cost adjusted dollars) per pupil spent on:		
		Current expenditures	Capital expenditures	Non-elementary or secondary education expenditures
United States	\$7,247	\$6,189	\$953	\$106
Region				
Northeast	8,632	7,514	933	185
Midwest	7,680	6,491	1,070	119
South	6,868	5,859	936	73
West	6,231	5,270	888	73
Percentage of students living in urban area				
Less than 20 percent	7,664	6,682	892	90
20–less than 30 percent	7,306	6,317	881	108
30–less than 40 percent	6,767	5,777	913	76
40 percent or more	7,595	6,290	1,155	150
Percentage of minority students				
Less than 10 percent	6,896	6,053	771	72
10–less than 30 percent	7,524	6,451	964	109
30–less than 50 percent	7,525	6,400	1,002	123
50 percent or more	6,323	5,353	901	69
Percentage of LEP students ¹				
Less than 1 percent	7,153	6,144	914	96
1–less than 5 percent	7,558	6,482	988	89
5 percent or more	6,962	5,853	983	126
Percentage of school aged students living in poverty				
Less than 10 percent	7,601	6,670	828	104
10–less than 15 percent	7,844	6,626	1,112	106
15–less than 20 percent	7,299	6,367	839	93
20 percent or more	6,892	5,819	967	107
Per capita gross state product ²				
Less than \$25,000	6,518	5,718	736	64
\$25,000–less than \$30,000	6,998	5,931	978	89
\$30,000 or more	8,121	6,964	997	159
Median housing value				
Less than \$50,000	6,588	5,828	722	38
\$50,000–less than \$65,000	7,216	6,139	993	84
\$65,000–less than \$100,000	7,216	6,011	1,101	104
\$100,000 or more	7,344	6,424	782	138
Median household income				
Less than \$30,000	6,587	5,682	813	92
\$30,000–less than \$35,000	7,592	6,405	1,069	118
\$35,000–less than \$40,000	6,830	5,824	905	100
\$40,000 or more	8,325	7,282	965	78

¹ Kentucky, Nebraska, South Dakota, and Vermont were missing LEP data.

² Per capita gross state product data is not applicable for the District of Columbia.

NOTE: All cost adjustments were made using the Geographic Cost of Education Index (GCEI) (Chambers 1998).

SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998; *Digest of Education Statistics, 1998*; Common Core of Data, Public School Universe File, 1997–98; Schools and Staffing Survey, Public School Questionnaire, 1993–94; *Geographic Variations in Public Schools' Costs*, Working Paper No. 98–04, by Jay Chambers and William J. Fowler, Jr., 1998; U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, 1999; U.S. Census Bureau, CPS Annual Demographic Survey, March Supplement, 1999; and U.S. Census Bureau, 1990 Census of Population and Housing, unpublished tabulations from 1990 Census Lookup, <<http://venus.census.gov/cdrom/lookup>>, 1999.

Total per pupil expenditures in unadjusted dollars showed a positive relationship with all three measures of fiscal capacity—GSP per capita, median housing value, and median household income.¹⁸ Again this indicates that states with larger economic bases, higher income and higher housing values tended to spend more money on education than states with lower economic bases, lower incomes and lower housing values. With cost adjustments, total expenditures per pupil continued to be related to GSP per capita and median household income, but there was no longer any significant relationship with median housing value.¹⁹

While total per pupil expenditures were consistently related to most measures of state wealth, there were no significant relationships with student characteristics such as percent minority enrollment and percent of children in poverty.²⁰ This lack of relationship held for both unadjusted and cost adjusted figures on total per pupil expenditures.

Current Expenditures

Current Expenditures as a Share of Total Expenditures

Current expenditures were the largest component of education expenditures in the United States in 1997–98, totaling nearly \$286 billion and about 86 percent of total expenditures (See figure 3-3).

Current expenditures comprised at least three-fourths of total expenditures in all 50 states and the District of Columbia, but there was still some range across the states—from nearly 96 percent in Rhode Island to just over 77 percent in Arizona and Nevada. The share of total expenditures used for current expenditures was particularly high in Rhode Island (95.9 percent), Massachusetts (95.4 percent) and Kentucky (92.8 percent) and particularly low in a few others: Arizona and Nevada (77.3 percent), Utah (80.0 percent) and Minnesota (80.1 percent) (See table 3-1).

In 13 states and the District of Columbia, current expenditures comprised at least 90 percent of total expenditures. On the other hand, only two states reported current expenditures at less than 80 percent of total expenditures. In over two-thirds of the states (35), current expenditures were between 80 and 90 percent of total expenditures (See table 3-1).

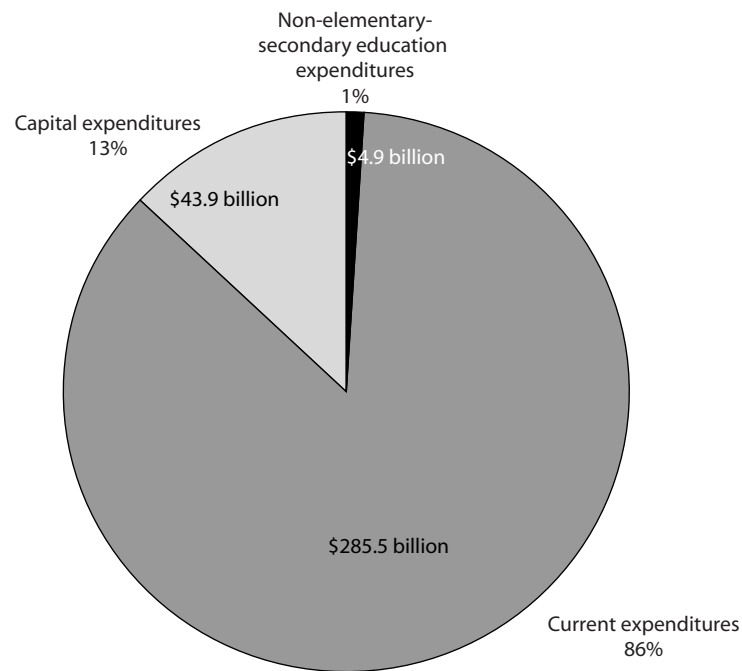
The share of total expenditures spent on current expenditures showed only a small amount of regional variation. The northeast reported the highest percentage of current expenditures (87.1 percent) while the midwest reported the lowest (84.4 percent) (See table 3-6).

¹⁸ The correlations between total expenditures per pupil and GSP per capita, median household income, and median housing value were +0.63, +0.60 and +0.51, respectively, with all three relationships significant at the 0.001 level.

¹⁹ The correlations between cost-adjusted total expenditures per pupil and GSP per capita and median household income were +0.44 and +0.38, respectively, with both relationships significant at the 0.01 level.

²⁰ Note that correlations presented here show different results from those in table 3-3, which shows that total expenditures per pupil decrease as the percent of students in poverty in a state increases. The correlations are calculated using each state as a data point. All of the states have an equal impact on the calculation regardless of size. In table 3-5, total expenditures per pupil are calculated for each cell and large states have a greater impact on the estimate than smaller states.

Figure 3-3.—Distribution of total expenditures by type of expenditure: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

Current Expenditures Per Pupil

Current expenditures per pupil in the United States were \$6,189 in 1997–98 (See table 3-2). However, there was again substantial variation across the states. Current expenditures per pupil ranged from a high of \$9,643 in New Jersey to a low of \$3,969 in Utah. Twelve states and the District of Columbia reported current per pupil expenditures higher than \$7,000, while eight states reported current per pupil expenditures below \$5,000. Three-fifths of the states (30) reported current expenditures per pupil between \$5,000 and \$7,000 (See figure 3-4).

As with total expenditures, current expenditures per pupil were highest in the northeast and lowest in the south. With an average of \$8,319, current expenditures per pupil in the northeast were about one-and-a-half times current expenditures per pupil in southern states, where spending averaged \$5,475 per pupil. Average expenditures per pupil in western states (\$5,558) were only slightly higher than expenditures in the south (See table 3-3).

Adjusting expenditures for cost-of-education differences across the states had a number of effects. First, it reduced the range in current expenditures per pupil between the highest and lowest spending states. New Jersey remained the highest expenditure state (\$8,371) and Utah remained the lowest expenditure state (\$4,156), but the ratio of their expenditures was reduced from 2.4 to 1, based on unadjusted expenditures, to 2 to 1, based on cost-adjusted expenditures (See table 3-4).

This compression in per pupil expenditures was also reflected throughout the country. Before cost adjustments, 12 states and the District of Columbia had current expenditures above \$7,000; after adjustments, the number was reduced to 9 and the District of Columbia. At the other end of the continuum, the number of states with expenditures below \$5,000 decreased from 8 before cost adjustments to 3 after cost adjustments. The

Table 3-6.—Total expenditures (in unadjusted dollars) across functions, by state characteristic: School year 1997–98

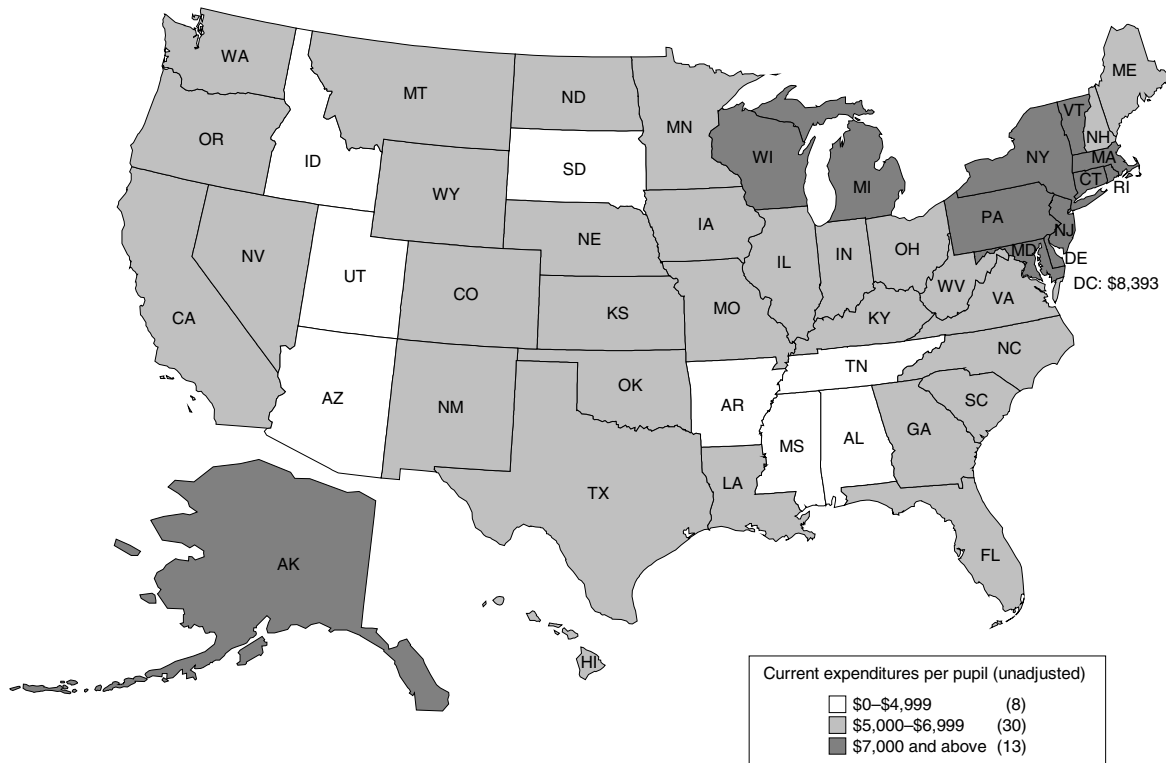
State characteristics	Total expenditures (in thousands)	Percentage of total expenditures (in unadjusted dollars) spent on:		
		Current expenditures	Capital expenditures	Non-elementary or secondary education expenditures
United States	\$334,321,587	85.4	13.1	1.5
Region				
Northeast	77,180,083	87.1	10.7	2.1
Midwest	80,117,394	84.4	14.0	1.6
South	106,318,901	85.3	13.6	1.1
West	70,705,209	84.7	14.1	1.2
Percentage of students living in urban area				
Less than 20 percent	46,607,110	87.3	11.5	1.2
20–less than 30 percent	91,338,246	86.5	12.0	1.5
30–less than 40 percent	117,731,415	85.4	13.4	1.2
40 percent or more	78,644,816	82.9	15.0	2.1
Percentage of minority students				
Less than 10 percent	12,362,649	87.8	11.2	1.0
10–less than 30 percent	121,347,660	85.8	12.7	1.5
30–less than 50 percent	130,416,107	85.1	13.2	1.7
50 percent or more	70,195,171	84.8	14.1	1.1
Percentage of LEP students ¹				
Less than 1 percent	81,285,893	85.8	12.8	1.4
1–less than 5 percent	121,185,604	85.9	12.9	1.2
5 percent or more	122,357,130	84.2	13.9	1.9
Percentage of school aged students living in poverty				
Less than 10 percent	24,295,684	88.0	10.7	1.3
10–less than 15 percent	67,424,846	84.4	14.2	1.4
15–less than 20 percent	79,731,201	87.3	11.4	1.3
20 percent or more	162,869,856	84.5	13.9	1.6
Per capita gross state product ²				
Less than \$25,000	30,222,082	87.7	11.3	1.0
\$25,000–less than \$30,000	206,472,881	84.8	13.9	1.3
\$30,000 or more	96,909,522	86.0	12.1	2.0
Median housing value				
Less than \$50,000	14,724,073	88.5	10.9	0.6
\$50,000–less than \$65,000	104,691,944	85.0	13.8	1.2
\$65,000–less than \$100,000	109,347,785	83.3	15.3	1.4
\$100,000 or more	105,557,785	87.5	10.6	1.9
Median household income				
Less than \$30,000	52,235,860	86.2	12.4	1.4
\$30,000–less than \$35,000	130,622,505	84.4	14.0	1.6
\$35,000–less than \$40,000	111,488,500	85.4	13.1	1.5
\$40,000 or more	39,974,723	87.7	11.4	1.0

¹ Kentucky, Nebraska, South Dakota, and Vermont were missing LEP data. The dollar sum for this category therefore will not equal the United States total.

² Per capita gross state product data is not applicable for the District of Columbia. The dollar sum for this category therefore will not equal the United States total.

SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998; *Digest of Education Statistics, 1998*; Common Core of Data, Public School Universe File, 1997–98; Schools and Staffing Survey, Public School Questionnaire, 1993–94; U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, 1999; U.S. Census Bureau, CPS Annual Demographic Survey, March Supplement, 1999; and U.S. Census Bureau, 1990 Census of Population and Housing, unpublished tabulations from 1990 Census Lookup, <<http://venus.census.gov/cdrom/lookup>>, 1999.

Figure 3-4.—Current expenditures per pupil (in unadjusted dollars), by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

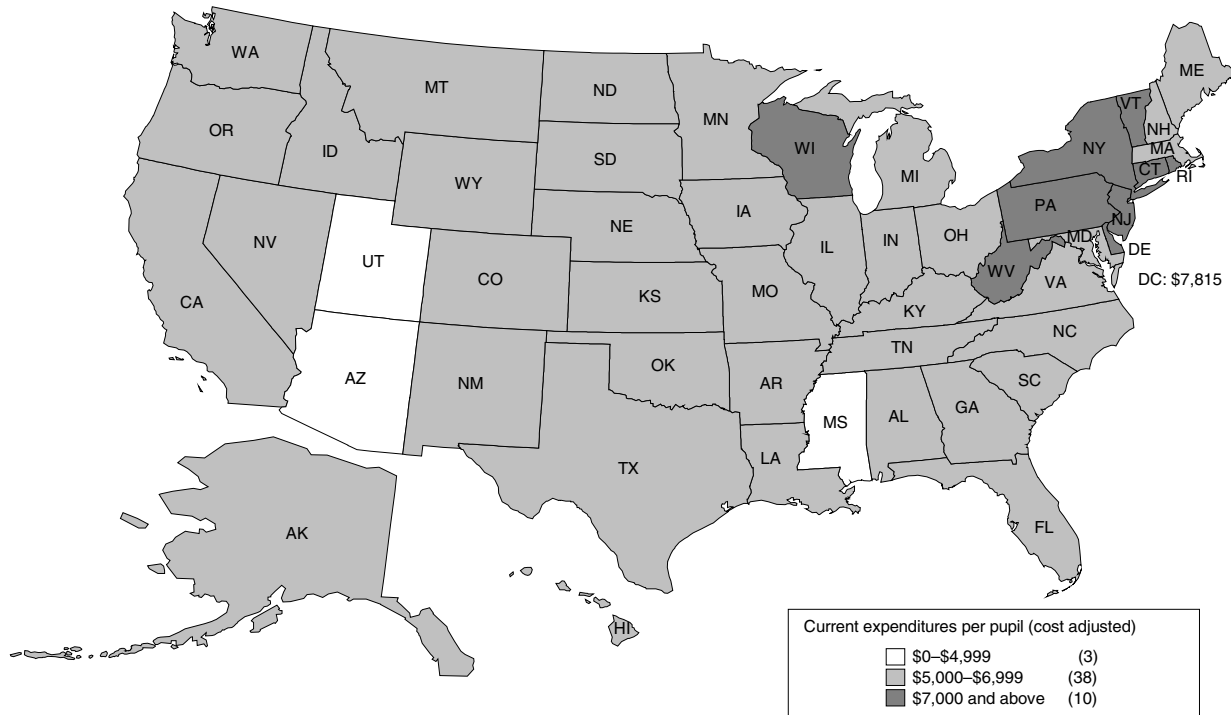
middle of the distribution between \$5,000 and \$7,000 per pupil expanded from 30 states before cost adjustments to 38 states after adjustments (See figures 3-4 and 3-5).

A second effect of cost adjustments was on regional rankings on current expenditures per pupil. While the northeast still reported the highest average per pupil expenditures (\$7,514) after cost adjustments, the west replaced the south as the region with the lowest per-pupil spending (\$5,270) (See table 3-5). However, the ratio of expenditures between the highest and lowest expenditure regions decreased only slightly—from 1.5 to 1 before cost adjustments to 1.4 to 1 after cost adjustments.

Current expenditures per pupil showed a strong, positive relationship with all three measures of state wealth—GSP per capita, median household income, and median housing value—both in unadjusted dollars and in cost-adjusted dollars.²¹ Stated differently, states with greater wealth and income tended to have higher current expenditures per pupil than low-wealth and low-income states. However, current per pupil expenditures did not show any relationship with student characteristics, i.e., percent minority students and percent students in poverty, both with and without cost adjustments to expenditures.

²¹ The correlations between current expenditures per pupil and GSP per capita, median household income, and median housing value were +0.60, +0.57, and +0.53, respectively; all were significant at the 0.001 level. The correlations between adjusted current expenditures per pupil and each of these three measures of state wealth were +0.40, +0.35, and +0.28, respectively, with the first correlation significant at the 0.01 level and the latter two at the 0.05 level.

Figure 3-5.—Current expenditures per pupil (in cost adjusted dollars), by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998 and *Geographic Variations in Public Schools' Costs*, 1998.

Current Expenditures for Salaries and Other Objects of Expenditure

Staff salaries comprised just under two-thirds (65.0 percent) of current expenditures in 1997–98. However, the share of current expenditures spent on salaries ranged from a high of just over 70 percent in Texas to a low of 59 percent in Delaware and Oregon. The remaining 47 states and the District of Columbia all spent between 60 and 70 percent of current expenditures on staff salaries (See table 3-7).

Expenditures for employee benefits comprised an additional 17 percent of current expenditures nationally. Again, however, there was considerable variation among the states—with a range from a high of 24.7 percent in West Virginia to lows of 7.2 percent in the District of Columbia and 9.9 percent in Texas. In 10 states, employee benefits represented at least 20 percent of current expenditures, but in three-fifths of the states (30), employee benefits comprised between 15 and 20 percent of current expenditures. In the remaining 10 states, benefits accounted for less than 15 percent of current expenditures.

In combination, salaries and employee benefits constituted just under 82 percent of current expenditures in 1997–98. The share of expenditures spent on total employee compensation was below 80 percent in 16 states and the District of Columbia, between 80 and 84 percent in 28 states, and at 85 percent and above in 6 states. Regional differences on this measure were very narrow: the range was from 81.6 percent in the northeast to 82.1 percent in the west (See table 3-8).

Expenditures for purchased services comprised about 8.6 percent of current expenditures nationally, with a range from a high of 13.8 percent in Massachusetts to a low of 3.7 percent in Arizona. Expenditures for supplies represented another 7.9 percent of current expenditures, with a range here from a high of 13.9 percent in Tennessee to a low of 3.5 percent in Rhode Island. The remaining 1.6 percent of current expenditures fell into the “other” category.

Table 3-7.—Current expenditures (in unadjusted dollars) across objects, by state: School year 1997–98

State	Current expenditures (in thousands)	Staff				Purchased services				Supplies		Other	
		Salaries		Benefits		Percent		Percent		Percent		Percent	
		Percent of total	Rank	Percent of total	Rank	Percent of total	Rank	Percent of total	Rank	Percent of total	Rank		
United States	\$285,489,511	65.0		16.8		8.6		7.9		1.6			
Alabama	¹ 3,633,159	¹ 64.4	23	¹ 16.7	25	¹ 4.8	47	¹ 3.1	3	¹ 1.1	32		
Alaska	1,092,750	² 61.4	44	² 15.8	34	² 9.8	17	² 10.0	13	² 3.1	13		
Arizona	3,740,638	69.6	2	² 11.6	49	² 3.7	51	² 10.0	12	² 5.1	2		
Arkansas	2,149,237	65.3	14	² 16.5	26	² 6.4	41	² 10.7	8	1.0	34		
California	¹ 32,759,492	¹ 65.2	18	¹ 17.9	20	¹ 8.8	21	¹ 6.8	40	¹ 1.3	28		
Colorado	3,886,872	64.5	22	12.5	48	12.3	3	9.3	21	1.5	20		
Connecticut	¹ 4,765,077	64.6	21	¹ 15.6	36	¹ 10.4	13	¹ 5.7	49	3.7	9		
Delaware	830,731	59.0	51	19.6	12	13.2	2	6.9	36	1.4	23		
District of Columbia	¹ 647,202	¹ 61.5	43	7.2	51	11.8	4	¹ 8.6	26	² 11.0	1		
Florida	12,737,325	60.4	48	20.4	9	8.8	22	9.1	22	1.4	27		
Georgia	7,770,241	66.9	9	19.0	13	4.1	50	9.5	19	0.4	49		
Hawaii	1,112,351	61.9	41	20.7	7	8.0	32	8.9	23	0.5	46		
Idaho	1,153,778	63.7	29	18.7	14	8.0	29	8.6	25	0.9	35		
Illinois	12,473,064	65.2	16	14.6	41	11.0	10	7.7	29	1.4	25		
Indiana	6,234,563	63.1	33	21.9	3	8.0	31	6.2	46	0.8	40		
Iowa	3,005,421	65.8	13	16.1	29	6.5	40	10.4	10	1.3	29		
Kansas	2,684,244	68.0	3	12.8	46	7.5	33	10.5	9	1.2	30		
Kentucky	3,489,205	67.4	5	16.5	27	5.8	45	9.6	17	0.6	43		
Louisiana	¹ 4,030,379	65.2	17	¹ 17.3	23	¹ 7.0	37	¹ 9.8	16	0.7	42		
Maine	1,433,175	60.5	47	20.0	10	8.4	25	7.2	33	3.8	7		
Maryland	5,843,685	61.3	45	21.0	5	8.2	27	6.0	47	3.5	10		
Massachusetts	7,381,784	60.8	46	15.3	39	13.8	1	6.4	44	3.7	8		
Michigan	12,003,818	63.3	31	20.9	6	8.0	30	6.3	45	1.4	24		
Minnesota	5,452,571	64.7	19	15.4	37	11.2	7	6.6	41	2.0	16		
Mississippi	2,164,592	64.3	24	16.0	32	6.3	42	12.9	4	0.5	48		
Missouri	5,067,720	66.8	10	12.7	47	² 8.2	26	11.4	7	² 0.9	37		
Montana	929,197	62.9	36	17.0	24	9.5	19	10.0	14	0.6	44		
Nebraska	1,743,775	² 64.3	25	² 15.6	35	8.2	28	7.7	30	4.1	5		
Nevada	1,570,576	66.9	8	18.3	16	4.1	49	7.4	32	3.2	11		
New Hampshire	1,241,255	62.3	39	² 14.4	42	11.6	5	6.9	37	4.8	3		
New Jersey	12,056,560	66.3	11	13.6	44	9.1	20	6.9	38	4.0	6		
New Mexico	1,659,891	63.1	32	16.1	30	10.2	15	9.9	15	0.8	41		
New York	25,332,735	67.0	7	17.8	21	¹ 10.3	14	4.3	50	² 0.6	45		
North Carolina	6,497,648	67.9	4	15.9	33	7.1	36	8.3	28	0.8	39		
North Dakota	599,443	62.0	40	16.1	28	8.5	24	12.0	6	1.4	26		
Ohio	11,448,722	64.7	20	17.8	22	8.6	23	6.4	43	2.6	14		
Oklahoma	3,138,690	62.6	38	15.4	38	7.2	34	13.3	2	1.4	22		
Oregon	3,474,714	59.4	50	20.6	8	10.5	12	8.3	27	1.1	31		
Pennsylvania	13,084,859	63.1	35	18.1	18	11.3	6	5.9	48	1.5	21		
Rhode Island	1,215,595	63.4	30	19.7	11	10.9	11	3.5	51	2.5	15		
South Carolina	¹ 3,507,017	¹ 65.3	15	¹ 16.0	31	¹ 6.0	44	¹ 9.5	18	¹ 3.1	12		
South Dakota	665,082	64.0	27	14.3	43	11.1	9	8.8	24	1.8	17		
Tennessee	¹ 4,409,338	¹ 66.0	12	¹ 13.5	45	¹ 4.8	46	¹ 13.9	1	¹ 1.8	18		
Texas	21,188,676	70.4	1	9.9	50	6.3	43	12.5	5	1.0	33		
Utah	1,916,688	63.1	34	22.1	2	4.5	48	9.4	20	0.9	36		
Vermont	749,786	62.6	37	15.2	40	11.2	8	6.8	39	4.2	4		
Virginia	¹ 6,739,003	67.2	6	¹ 18.0	19	¹ 7.0	38	¹ 7.5	31	0.3	50		
Washington	¹ 5,986,648	64.1	26	² 18.2	17	² 9.9	16	² 7.0	35	² 0.9	38		
West Virginia	1,905,940	61.7	42	24.7	1	6.9	39	6.5	42	0.1	51		
Wisconsin	6,280,696	60.1	49	21.6	4	9.6	18	7.2	34	1.6	19		
Wyoming	603,901	63.8	28	18.4	15	7.2	35	10.1	11	0.5	47		

¹ Data imputed based on current year (School year 1997–98) data.² Data aggregated from reported total.

SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

Table 3-8.—Current expenditures (in unadjusted dollars) across objects, by state characteristic: School year 1997–98

State characteristics	Current expenditures (in thousands)	Percentage of current expenditures (in unadjusted dollars) spent on:				
		Staff		Purchased		
		Salaries	Benefits	services	Supplies	Other
United States	\$285,489,511	65.0	16.8	8.6	7.9	1.6
Region						
Northeast	67,260,826	64.9	16.7	10.7	5.5	2.2
Midwest	67,659,119	64.3	17.5	9.0	7.5	1.6
South	90,682,069	65.8	16.0	6.7	10.2	1.3
West	59,887,497	64.7	17.4	8.7	7.7	1.5
Percentage of students living in urban area						
Less than 20 percent	40,700,779	64.6	17.1	8.1	7.7	2.5
20–less than 30 percent	79,021,415	64.1	17.3	8.7	8.2	1.6
30–less than 40 percent	100,550,165	64.6	17.3	9.0	7.6	1.5
40 percent or more	65,217,152	66.9	15.3	8.2	8.3	1.3
Percentage of minority students						
Less than 10 percent	10,851,707	63.1	18.9	7.5	8.6	2.0
10–less than 30 percent	104,111,397	63.8	17.5	9.4	7.5	1.8
30–less than 50 percent	110,994,203	65.4	17.0	8.3	7.6	1.6
50 percent or more	59,532,204	66.8	14.8	7.9	9.2	1.2
Percentage of LEP students ¹						
Less than 1 percent	69,783,579	64.7	17.4	7.7	8.7	1.5
1–less than 5 percent	104,094,914	64.1	17.0	9.5	7.5	2.0
5 percent or more	103,057,231	66.1	16.2	8.5	7.9	1.3
Percentage of school aged students living in poverty						
Less than 10 percent	21,374,973	65.7	14.3	8.7	8.3	3.0
10–less than 15 percent	56,938,459	63.6	18.9	8.6	7.2	1.7
15–less than 20 percent	69,610,393	64.0	17.4	9.1	7.6	1.8
20 percent or more	137,565,686	65.9	16.1	8.3	8.3	1.2
Per capita gross state product ²						
Less than \$25,000	26,513,109	64.1	17.1	6.9	10.5	1.4
\$25,000–less than \$30,000	175,031,224	64.9	17.2	8.1	8.3	1.5
\$30,000 or more	83,297,977	65.4	16.0	10.3	6.4	1.9
Median housing value						
Less than \$50,000	13,028,962	64.0	17.1	6.9	10.9	1.0
\$50,000–less than \$65,000	89,007,631	65.8	16.0	7.3	9.5	1.4
\$65,000–less than \$100,000	91,097,182	64.3	17.3	9.0	8.0	1.4
\$100,000 or more	92,355,736	65.1	17.1	9.8	6.0	2.0
Median household income						
Less than \$30,000	45,018,495	63.5	17.6	7.1	10.5	1.3
\$30,000–less than \$35,000	110,212,394	66.6	15.9	8.3	7.9	1.4
\$35,000–less than \$40,000	95,220,630	64.4	17.6	9.4	7.1	1.5
\$40,000 or more	35,037,992	63.6	16.7	9.6	7.1	3.0

¹ Kentucky, Nebraska, South Dakota, and Vermont were missing LEP data. The dollar sum for this category therefore will not equal the United States total.

² Per capita gross state product data is not applicable for the District of Columbia. The dollar sum for this category therefore will not equal the United States total.

SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998; *Digest of Education Statistics, 1998*; Common Core of Data, Public School Universe File, 1997–98; Schools and Staffing Survey, Public School Questionnaire, 1993–94; U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, 1999; U.S. Census Bureau, CPS Annual Demographic Survey, March Supplement, 1999; and U.S. Census Bureau, 1990 Census of Population and Housing, unpublished tabulations from 1990 Census Lookup, <<http://venus.census.gov/cdrom/lookup>>, 1999.

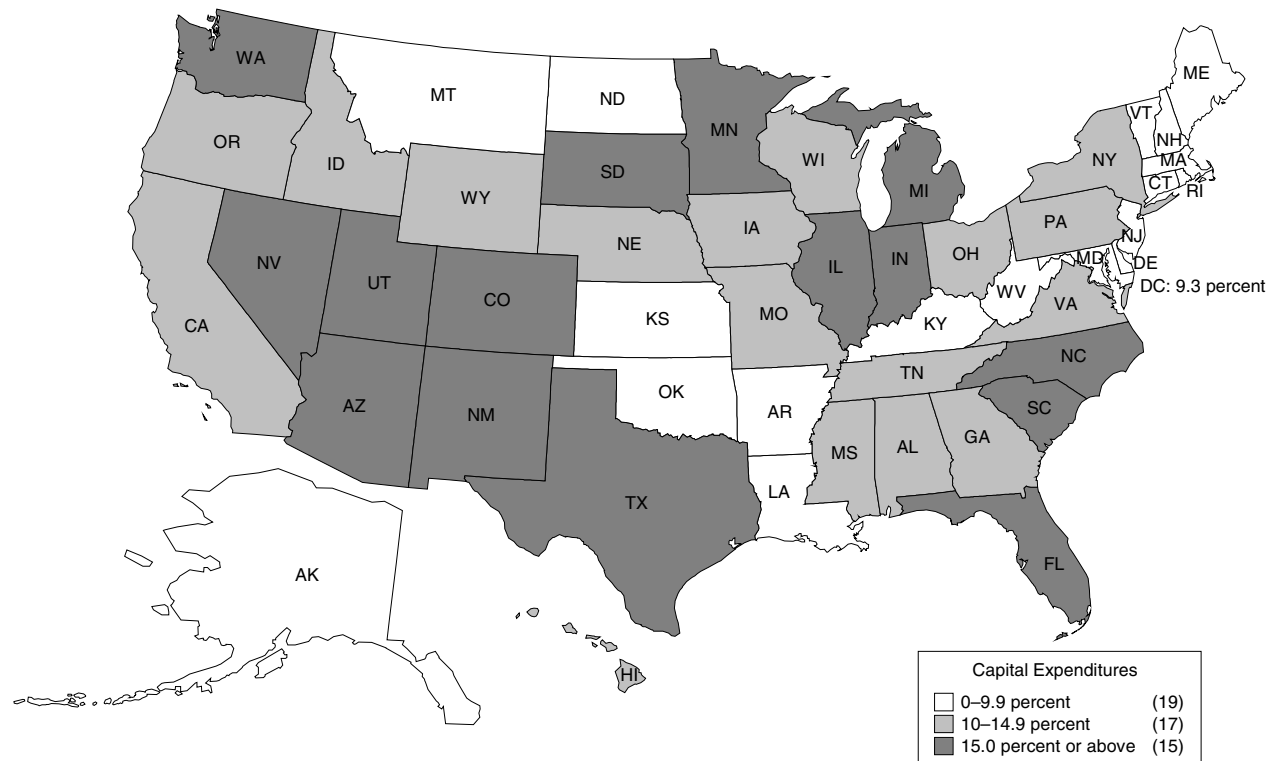
Capital Expenditures

Capital expenditures in the United States were just under \$44 billion, or about 13 percent of total expenditures in 1997–98 (See table 3-1). As a percent of total expenditures, capital expenditures ranged from a high of 22.2 percent in Nevada to a low of 3.6 percent in Rhode Island. The west and midwest reported the highest share of total expenditures for capital expenditures, at 14.1 and 14.0 percent, respectively, while the northeast reported the lowest share at 10.7 percent (See table 3-6). Fifteen states reported capital expenditures of at least 15 percent, 17 states reported capital expenditures between 10 and 15 percent, and 18 states and the District of Columbia reported capital expenditures below 10 percent (See figure 3-6).

Capital expenditures totaled \$953 per pupil in 1997–98 in unadjusted dollars (See table 3-2). However, the range across the states was substantial—from a high of \$1,520 in Nevada, a fast-growing state, to a low of \$297 in Rhode Island. Nevada, Indiana, and Arizona had the highest per pupil capital expenditures at \$1,520, \$1,300 and \$1,297, respectively, while Rhode Island, Massachusetts, and Kentucky had the lowest (\$297, \$300 and \$340, respectively). Sixteen states had capital expenditures per pupil above \$1,000, 19 states and the District of Columbia reported capital expenditures between \$700 and \$1,000, and 15 states reported expenditures below \$700 (See figure 3-7).

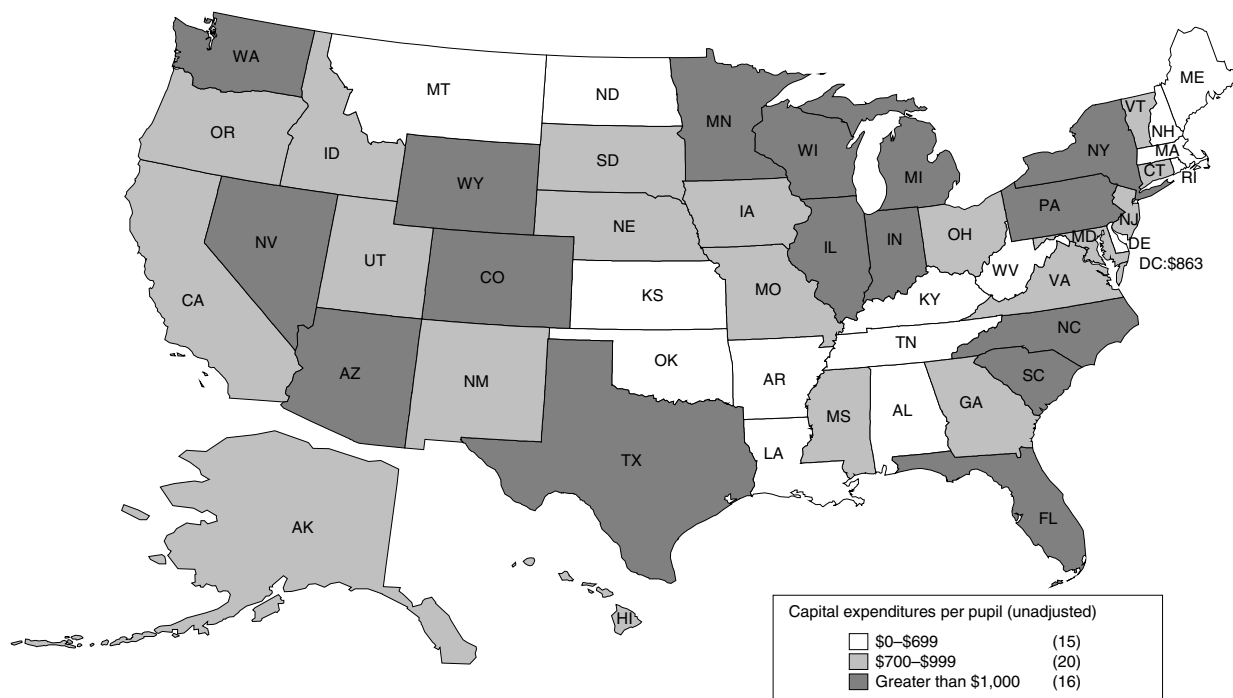
Midwestern states had the highest capital expenditures per pupil (\$1,046), as well as the second-highest percent of total expenditures for capital expenditures. Northeastern states also had relatively high capital expenditures per pupil (\$1,022), but the smallest share of total expenditures for capital outlays—largely because total expenditures per pupil were relatively high compared to other regions in the country. Southern states, in contrast, had the lowest capital expenditures per pupil (\$876) but a relatively high share of total

Figure 3-6.—Capital expenditures as a percentage of total expenditures, by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

Figure 3-7.—Capital expenditures per pupil (in unadjusted dollars), by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

expenditures for capital expenditures—primarily because total expenditures per pupil were relatively low compared to other regions (See tables 3-3 and 3-6).

In contrast with current expenditures, the use of cost adjustments increased the disparity in capital expenditures per pupil across the states. The ratio of capital expenditures per pupil in adjusted dollars between the highest spending state (Nevada at \$1,595 per pupil) and the lowest spending state (Massachusetts at \$256 per pupil) increased from 5.1 to 1 based on unadjusted expenditures to 6.2 to 1 based on cost-adjusted expenditures. Midwestern states continued to have the highest average capital expenditures per pupil (\$1,070), but the west replaced the south as the region with the lowest per-pupil expenditures (\$888). The ratio of expenditures per pupil between the highest and lowest expenditure regions also increased very slightly—from 1.19 to 1 before cost adjustments to about 1.20 to 1 after cost adjustments.

Finally, in contrast with both total expenditures per pupil and current expenditures per pupil, capital expenditures per pupil did not have any significant relationships with either state fiscal capacity or student characteristics. Other factors (e.g., growth or decline in student enrollment) may contribute more to a state's investment in capital facilities than a state's wealth or the characteristics of its student population.

Chapter 4: Current Expenditures

Expenditures for Major Education Functions

Current expenditures for elementary and secondary education in the United States totaled more than \$285 billion in 1997–98. Instructional expenditures of \$176.5 billion comprised the largest part of current expenditures at 61.8 percent of the total (See table 4-1). School operations (transportation and plant maintenance) was the second-largest component of current expenditures (\$39.4 billion), followed by school and district administration at \$30.8 billion, support services for students and instructional staff at \$26.2 billion, and food and enterprise operations at \$12.5 billion (See figure 4-1).

Student Instruction

Expenditures for Instruction as a Share of Current Expenditures

Although expenditures for student instruction were just under 62 percent nationally, there was substantial range across the states—from a high of 68.0 percent in New York to a low of 43.8 percent in the District of Columbia²² (See table 4-1). Maine had the second-highest share of current expenditures for instruction (67.3 percent) and Rhode Island the third-highest (67.1 percent). States with relatively low shares of current expenditures for instruction included Alaska (57.0 percent) and New Mexico (57.2 percent).

Instructional expenditures comprised at least 65 percent of current expenditures in 7 states, between 60 and 65 percent in 30 states, and below 60 percent in 13 states and the District of Columbia (See figure 4-2).

Except for the northeast, where instruction comprised over 65 percent of current expenditures, there was very little regional variation on this measure. The share of current expenditures spent on instruction was lowest in the west (60.4 percent), but only slightly higher in the midwest (60.6 percent) and the south (61.1 percent) (See table 4-2).

The share of current expenditures spent on student instruction showed no relationship with any of the three measures of state fiscal capacity—GSP per capita, median household income, and median housing value. However, there was a negative relationship between the share of current expenditures for instruction and student characteristics, i.e., the percent minority enrollment and the percent of children in poverty.²³ States with a higher percentage of minority and poverty students tended to spend a smaller share of current expenditures on instruction than states with relatively few minority and poverty children.

²² Although the share of current expenditures for instruction was only 43.8 percent in the District of Columbia, the share spent on student and instructional staff support services was the highest in the country at 21.6 percent. The total share for the two functions combined (65.4 percent) was closer to the shares found in the 50 states. This suggests that the District of Columbia may classify some expenditure as support services for students that states include as instruction.

²³ The correlation between the share of current expenditures for instruction and percent minority enrollment was -0.51, with a 0.001 level of significance. The correlation with percent children in poverty was -0.32, with a 0.05 level of significance.

Chapter 4: Current Expenditures

Table 4-1.—Current expenditures (in unadjusted dollars) across functions, by state: School year 1997–98

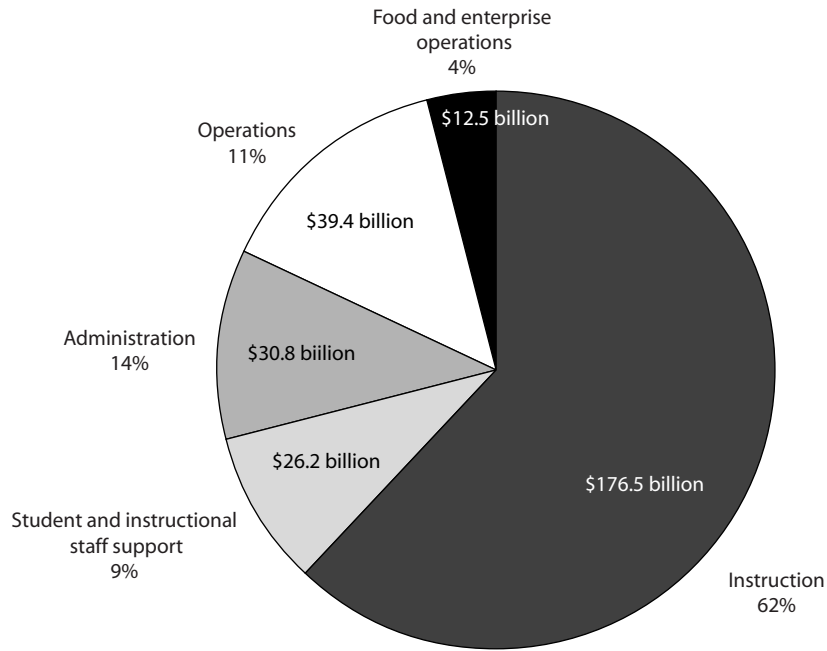
State	Percentage of current expenditures (in unadjusted dollars) spent on:										
	Current expenditures (in thousands)	Instruction		Student and instructional staff support services		Administration		Operations		Food and enterprise operations	
		Percent of total	Rank	Percent of total	Rank	Percent of total	Rank	Percent of total	Rank	Percent of total	Rank
United States	\$285,489,511	61.8		9.2		10.8		13.8		4.4	
Alabama	¹ 3,633,159	¹ 61.1	32	¹ 7.9	39	¹ 10.9	19	¹ 13.0	37	¹ 7.0	5
Alaska	1,092,750	² 57.0	50	² 10.9	6	11.7	13	17.0	2	3.4	43
Arizona	3,740,638	² 57.8	46	² 7.7	41	² 13.1	5	² 15.3	8	6.1	11
Arkansas	2,149,237	63.4	12	8.3	32	7.5	51	13.7	30	7.0	6
California	¹ 32,759,492	¹ 61.2	30	¹ 9.9	13	¹ 12.4	9	¹ 12.5	41	¹ 4.0	33
Colorado	3,886,872	57.8	47	8.0	37	17.7	1	12.9	39	3.6	37
Connecticut	¹ 4,765,077	63.6	11	8.5	28	9.5	42	13.6	33	4.8	25
Delaware	830,731	61.9	23	6.0	49	11.8	12	15.4	6	4.9	22
District of Columbia	¹ 647,202	¹ 43.8	51	21.6	1	² 12.5	8	18.4	1	3.7	36
Florida	12,737,325	58.9	43	10.7	9	10.3	29	15.1	11	5.0	21
Georgia	7,770,241	62.2	20	10.3	12	10.0	35	11.7	47	5.7	15
Hawaii	1,112,351	64.0	9	8.5	30	10.3	30	10.8	51	6.5	7
Idaho	1,153,778	62.2	21	8.7	23	10.4	26	14.3	20	4.4	29
Illinois	12,473,064	60.7	35	9.9	14	11.0	18	15.0	12	3.5	42
Indiana	6,234,563	62.5	19	7.3	46	9.6	40	16.2	4	4.4	28
Iowa	3,005,421	61.3	28	11.1	5	11.1	17	11.6	49	4.8	24
Kansas	2,684,244	57.6	48	9.8	15	12.7	7	14.8	13	5.0	20
Kentucky	3,489,205	61.2	31	8.5	27	10.4	27	14.1	21	5.8	13
Louisiana	¹ 4,030,379	59.9	38	8.2	35	9.6	39	14.0	24	¹ 8.3	1
Maine	1,433,175	67.3	2	5.9	50	9.3	43	13.9	26	3.6	38
Maryland	5,843,685	62.6	17	8.5	29	9.5	41	14.5	17	4.8	26
Massachusetts	7,381,784	66.4	4	8.1	36	8.5	49	13.7	29	3.3	44
Michigan	12,003,818	58.7	45	10.7	8	12.9	6	14.7	14	3.0	49
Minnesota	5,452,571	62.8	15	8.4	31	10.6	23	14.1	22	4.1	31
Mississippi	2,164,592	61.3	27	7.9	40	10.3	28	13.3	35	7.1	4
Missouri	5,067,720	61.3	26	8.6	26	10.7	21	15.1	10	4.3	30
Montana	929,197	62.5	18	8.2	34	10.6	22	14.5	16	4.1	32
Nebraska	1,743,775	² 62.9	14	7.5	42	10.5	25	11.7	48	² 7.5	3
Nevada	1,570,576	60.2	37	7.4	44	15.4	2	13.9	27	3.2	45
New Hampshire	1,241,255	² 65.3	6	² 8.3	33	² 10.0	36	² 12.9	38	² 3.5	40
New Jersey	12,056,560	60.5	36	10.8	7	10.3	31	15.4	7	3.0	47
New Mexico	1,659,891	57.2	49	13.4	2	9.2	44	15.3	9	4.9	23
New York	25,332,735	68.0	1	6.3	47	9.0	45	14.0	25	2.8	50
North Carolina	6,497,648	62.7	16	8.7	24	10.5	24	11.9	46	6.3	8
North Dakota	599,443	61.2	29	5.6	51	11.5	15	13.5	34	8.1	2
Ohio	11,448,722	59.0	42	10.5	10	14.7	3	12.1	45	3.7	34
Oklahoma	3,138,690	59.3	41	8.8	22	11.8	11	14.0	23	6.1	10
Oregon	3,474,714	59.7	39	9.3	17	13.2	4	14.3	18	3.5	41
Pennsylvania	13,084,859	63.7	10	7.9	38	10.1	33	14.6	15	3.7	35
Rhode Island	1,215,595	67.1	3	9.7	16	8.3	50	12.2	42	2.7	51
South Carolina	¹ 3,507,017	¹ 59.5	40	¹ 12.2	4	¹ 10.0	37	¹ 12.1	43	¹ 6.2	9
South Dakota	665,082	61.5	24	7.4	45	11.9	10	13.7	31	5.6	16
Tennessee	¹ 4,409,338	¹ 65.0	7	¹ 8.6	25	¹ 8.5	48	¹ 12.7	40	¹ 5.1	19
Texas	21,188,676	61.4	25	9.3	18	10.2	32	13.8	28	5.3	17
Utah	1,916,688	66.0	5	7.4	43	8.7	47	12.1	44	5.7	14
Vermont	749,786	64.8	8	9.1	19	11.6	14	11.4	50	3.0	48
Virginia	¹ 6,739,003	61.0	33	10.5	11	9.0	46	14.3	19	¹ 5.3	18
Washington	5,986,648	58.8	44	12.8	3	10.0	34	13.7	32	4.7	27
West Virginia	1,905,940	62.0	22	6.0	48	9.6	38	16.4	3	5.9	12
Wisconsin	6,280,696	63.2	13	9.0	20	11.4	16	13.3	36	3.1	46
Wyoming	603,901	60.7	34	9.0	21	10.8	20	15.9	5	3.5	39

¹ Data imputed based on current year (School year 1997–98) data.

² Data disaggregated from reported total.

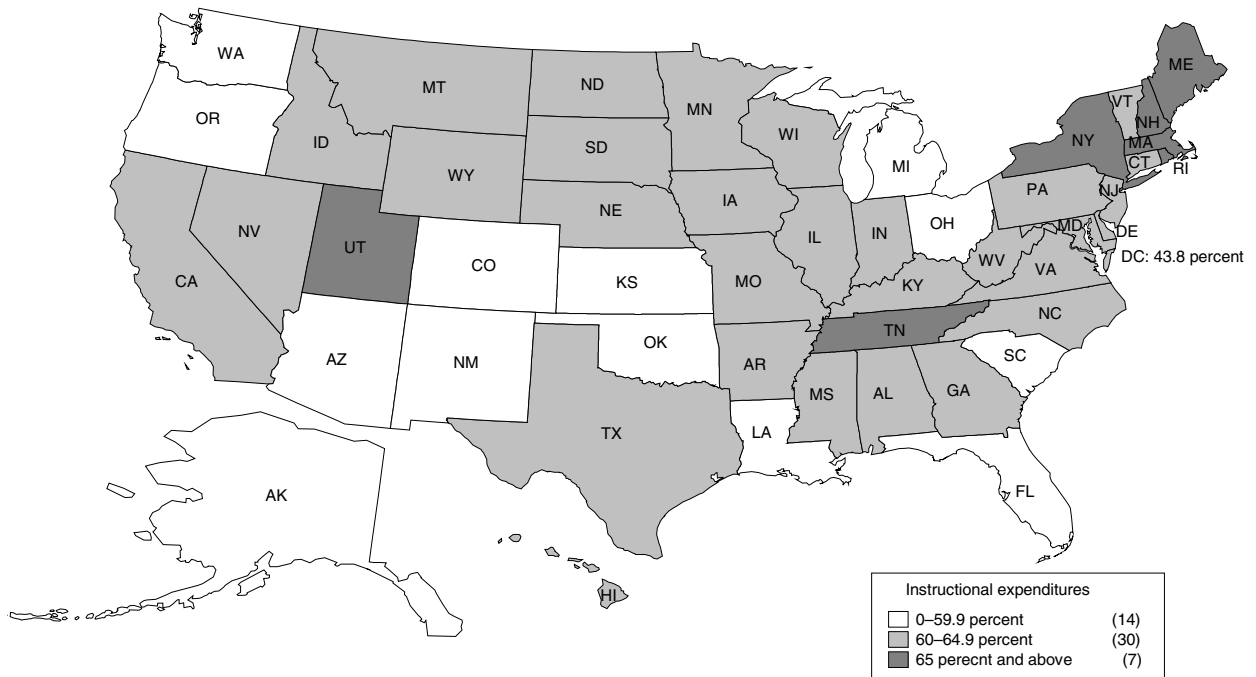
SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

Figure 4-1.—Distribution of current expenditures across functions: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

Figure 4-2.—Expenditures for instruction as a percentage of current expenditures, by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

Table 4-2.—Current expenditures (in unadjusted dollars) across functions, by state characteristic: School year 1997–98

State characteristics	Current expenditures (in thousands)	Percentage of current expenditures (in unadjusted dollars) spent on:				
		Instruction	Student and instructional staff support services	Administration	Operations	Food and enterprise operations
United States	\$285,489,511	61.8	9.2	10.8	13.8	4.4
Region						
Northeast	67,260,826	65.2	7.9	9.4	14.2	3.2
Midwest	67,659,119	60.6	9.5	11.9	14.1	3.9
South	90,682,069	61.1	9.4	10.0	13.7	5.7
West	59,887,497	60.4	9.8	12.4	13.2	4.2
Percentage of students living in urban area						
Less than 20 percent	40,700,779	62.1	9.3	10.1	14.1	4.4
20–less than 30 percent	79,021,415	61.7	9.2	10.6	14.0	4.5
30–less than 40 percent	100,550,165	61.0	9.6	11.8	13.2	4.3
40 percent or more	65,217,152	63.1	8.4	10.1	14.3	4.2
Percentage of minority students						
Less than 10 percent	10,851,707	63.7	8.1	10.1	13.1	4.9
10–less than 30 percent	104,111,397	61.7	9.1	11.2	13.9	4.1
30–less than 50 percent	110,994,203	62.2	9.0	10.2	14.1	4.5
50 percent or more	59,532,204	61.0	9.8	11.4	13.1	4.7
Percentage of LEP students ¹						
Less than 1 percent	69,783,579	61.9	9.0	10.7	13.5	4.9
1–less than 5 percent	104,094,914	61.3	9.6	10.9	14.2	4.1
5 percent or more	103,057,231	62.4	9.0	10.8	13.7	4.2
Percentage of school aged students living in poverty						
Less than 10 percent	21,374,973	61.3	9.8	10.3	15.0	3.6
10–less than 15 percent	56,938,459	61.2	9.0	11.5	14.2	4.1
15–less than 20 percent	69,610,393	62.2	9.4	10.8	13.3	4.3
20 percent or more	137,565,686	62.0	9.0	10.7	13.7	4.6
Per capita gross state product ²						
Less than \$25,000	26,513,109	61.3	8.8	10.2	13.8	6.0
\$25,000–less than \$30,000	175,031,224	61.2	9.5	11.2	13.6	4.6
\$30,000 or more	83,297,977	63.6	8.5	10.2	14.3	3.5
Median housing value						
Less than \$50,000	13,028,962	61.3	8.6	10.4	13.6	6.1
\$50,000–less than \$65,000	89,007,631	60.9	9.3	11.2	13.8	4.8
\$65,000–less than \$100,000	91,097,182	61.0	9.5	10.9	14.1	4.5
\$100,000 or more	92,355,736	63.6	8.8	10.4	13.6	3.6
Median household income						
Less than \$30,000	45,018,495	60.6	9.3	10.1	14.1	6.0
\$30,000–less than \$35,000	110,212,394	62.9	8.4	10.6	13.8	4.3
\$35,000–less than \$40,000	95,220,630	61.3	9.9	11.4	13.5	3.9
\$40,000 or more	35,037,992	61.5	9.4	11.1	14.3	3.8

¹ Kentucky, Nebraska, South Dakota, and Vermont were missing LEP data. The dollar sum for this category therefore will not equal the United States total.

² Per capita gross state product data is not applicable for the District of Columbia. The dollar sum for this category therefore will not equal the United States total.

SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998; *Digest of Education Statistics, 1998*; Common Core of Data, Public School Universe File, 1997–98; Schools and Staffing Survey, Public School Questionnaire, 1993–94; U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, 1999; U.S. Census Bureau, CPS Annual Demographic Survey, March Supplement, 1999; and U.S. Census Bureau, 1990 Census of Population and Housing, unpublished tabulations from 1990 Census Lookup, <<http://venus.census.gov/cdrom/lookup>>, 1999.

Expenditures Per Pupil for Instruction

Expenditures per pupil for instruction totaled \$3,827 in the United States in 1997–98. Instructional expenditures per pupil ranged from a high of \$6,017 in New York to a low of \$2,620 in Utah (See table 4-3). In unadjusted dollars, New York spent nearly 2.3 times as much per pupil on instruction as Utah.

Instructional expenditures per pupil were above \$4,000 in 15 states, between \$3,500 and \$4,000 in 13 states and the District of Columbia, and below \$3,500 in 22 states (See figure 4-3). Instructional expenditures per pupil were highest in the northeast (\$5,425) and lowest in the south (\$3,347) and west (\$3,359) (See table 4-4). Overall, states in the northeast spent about 1.6 times as much on instruction per pupil as did states in the south and west. Instructional expenditures per pupil in the midwest (\$3,832) were about 14 percent higher than expenditures in the south and west, but still well below expenditures in the northeast.

When expenditures were adjusted to reflect cost-of-education differences across the states, New York was still the highest expenditure state, with instructional expenditures of \$5,363 per pupil (See table 4-5). But Arizona replaced Utah as the state with the lowest instructional expenditures per pupil (\$2,678). The difference in instructional expenditures per pupil between the highest and lowest expenditure state was reduced from \$3,397 before adjustments to \$2,685 after adjustments, and the ratio between them was reduced from around 2.3 to 1 to about 2 to 1.

The use of cost adjustments brought a number of states with relatively low instructional expenditures per pupil into the middle range (between \$3,500 and \$4,000), but it also increased the number of states in the highest expenditure group. Before cost adjustments, 22 states spent below \$3,500 per pupil on instruction; after adjustments, the number was reduced to 16 and the District of Columbia. At the other end of the distribution, the number of states spending over \$4,000 per pupil on instruction increased from 15, before cost adjustments, to 18, after cost adjustments (See figure 4-4).

Cost adjustments did have some effect on the regional rankings on instructional expenditures per pupil. While the northeast remained the highest expenditure region (\$4,900 per pupil), the west, with expenditures per pupil of \$3,184, replaced the south as the lowest spending region (See table 4-6). The ratio in instructional expenditures per pupil between the highest and lowest expenditure regions was reduced from about 1.6 to 1 before adjustments to about 1.5 to 1 after adjustments.

Instructional expenditures per pupil showed a positive relationship with all three measures of state wealth—GSP per capita, median household income, and median housing value—in both unadjusted and cost-adjusted dollars. However, the relationships were weaker after cost adjustments to expenditures.²⁴ Instructional expenditures per pupil also had a negative relationship with the percent of students in poverty—both before and after cost adjustments—and with the percent minority students, after cost adjustments.²⁵ Put differently, there was some tendency for states with higher minority enrollments and child-poverty rates to spend less per pupil on instruction than states with fewer minorities and poverty children.

²⁴ The correlation between instructional expenditures per pupil and GSP per capita, median household income, and median housing value were +0.55, +0.57, and +0.55, respectively, before cost adjustments. All correlations were significant at the 0.001 level. After cost adjustments, the correlations were +0.36, +0.36, and +0.31, respectively, with a significance at the 0.05 level.

²⁵ The correlation between instructional expenditures per pupil and percent poverty children was -0.31, both before and after cost adjustments—with significance level of 0.05. The correlation with percent minority enrollment was -0.29, after cost adjustments, with a significance level of 0.05.

Chapter 4: Current Expenditures

Table 4-3.—Current expenditures (in unadjusted dollars) per pupil across functions, by state: School year 1997–98

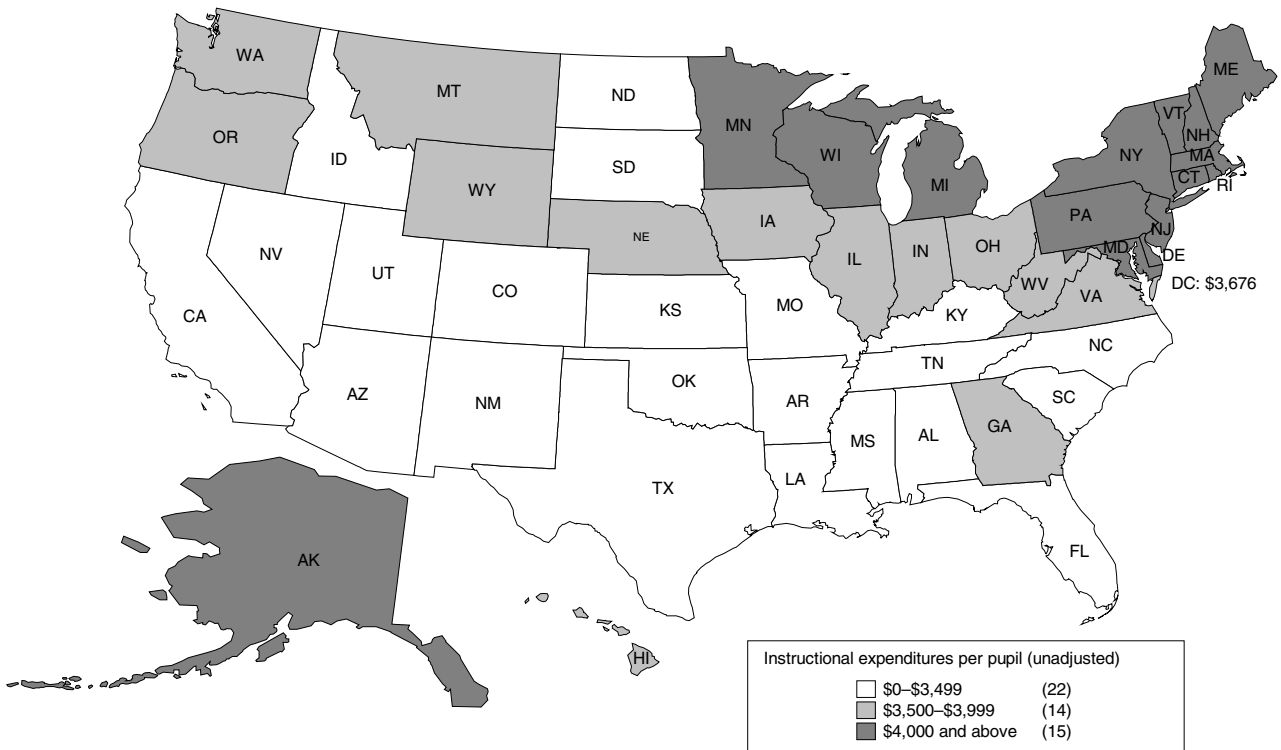
State	Current expenditures (in unadjusted dollars) per pupil spent on:											
	Current expenditures		Student and instructional staff						Food and enterprise operations			
	Per pupil	Rank	Instruction		support services		Administration		Operations		operations	
		Per pupil	Rank	Per pupil	Rank	Per pupil	Rank	Per pupil	Rank	Per pupil	Rank	
United States	\$6,189		\$3,827		\$567		\$669		\$855		\$271	
Alabama	¹ 4,849	45	¹ 2,963	45	¹ 384	45	¹ 531	43	¹ 630	47	¹ 341	8
Alaska	8,271	5	² 4,711	6	² 901	3	971	4	1,407	3	281	24
Arizona	4,595	49	² 2,657	49	² 353	47	² 603	31	² 703	37	279	26
Arkansas	4,708	47	2,985	43	392	43	354	50	646	43	330	11
California	¹ 5,644	32	¹ 3,452	30	¹ 559	23	¹ 702	16	¹ 705	35	¹ 226	40
Colorado	5,656	30	3,271	35	451	34	999	2	730	33	205	50
Connecticut	¹ 8,904	2	5,664	3	757	7	841	9	1,212	5	¹ 429	3
Delaware	7,420	8	4,593	8	444	37	876	7	1,144	6	362	7
District of Columbia	¹ 8,393	4	¹ 3,676	25	1,809	1	² 1,052	1	1,548	1	308	15
Florida	5,552	34	3,269	36	595	19	573	36	840	23	275	27
Georgia	5,647	31	3,513	29	583	20	566	37	662	42	323	13
Hawaii	5,858	27	3,750	21	496	29	602	32	632	46	378	5
Idaho	4,721	46	2,936	46	412	41	490	46	675	41	207	49
Illinois	6,242	19	3,788	19	618	16	687	17	934	17	216	45
Indiana	6,318	18	3,949	16	460	32	606	30	1,023	11	280	25
Iowa	5,998	25	3,677	24	666	9	668	21	696	38	290	20
Kansas	5,727	28	3,300	33	559	24	729	14	850	21	289	21
Kentucky	5,213	39	3,188	38	445	36	541	42	737	32	303	18
Louisiana	¹ 5,188	40	3,109	41	423	40	498	45	726	34	¹ 432	2
Maine	6,742	14	4,536	10	399	42	627	24	940	16	240	36
Maryland	7,034	13	4,407	12	596	18	672	20	1,021	12	339	9
Massachusetts	7,778	7	5,163	5	630	15	661	22	1,069	7	255	31
Michigan	7,050	12	4,137	13	758	6	909	5	1,038	9	208	48
Minnesota	6,388	16	4,011	15	538	26	677	18	898	19	264	29
Mississippi	4,288	50	2,630	50	337	49	443	48	572	50	307	17
Missouri	5,565	33	3,413	31	476	30	593	34	843	22	240	35
Montana	5,724	29	3,578	27	469	31	610	28	833	24	234	37
Nebraska	5,958	26	² 3,746	22	446	35	625	25	696	39	² 445	1
Nevada	5,295	37	3,185	39	390	44	814	12	738	31	168	51
New Hampshire	6,156	22	² 4,018	14	² 512	27	² 615	26	² 795	27	² 216	46
New Jersey	9,643	1	5,833	2	1,042	2	990	3	1,486	2	292	19
New Mexico	5,005	43	2,863	48	672	8	460	47	765	28	244	34
New York	8,852	3	6,017	1	556	25	796	13	1,238	4	245	33
North Carolina	5,257	38	3,295	34	456	33	552	40	623	49	331	10
North Dakota	5,056	41	3,096	42	285	51	582	35	682	40	410	4
Ohio	6,198	21	3,656	26	654	10	909	6	748	30	232	38
Oklahoma	5,033	42	2,984	44	443	38	594	33	704	36	308	16
Oregon	6,419	15	3,829	18	598	17	850	8	919	18	222	41
Pennsylvania	7,209	9	4,594	7	572	21	726	15	1,050	8	267	28
Rhode Island	7,928	6	5,321	4	771	5	656	23	964	14	216	44
South Carolina	¹ 5,320	36	¹ 3,166	40	¹ 648	11	¹ 530	44	¹ 646	44	¹ 329	12
South Dakota	4,669	48	2,873	47	343	48	554	38	639	45	260	30
Tennessee	¹ 4,937	44	¹ 3,210	37	¹ 425	39	¹ 422	49	¹ 629	48	¹ 251	32
Texas	5,444	35	3,344	32	506	28	554	39	752	29	289	22
Utah	3,969	51	2,620	51	295	50	346	51	481	51	227	39
Vermont	7,075	11	4,587	9	644	13	823	10	807	26	214	47
Virginia	¹ 6,067	23	3,699	23	635	14	545	41	869	20	¹ 320	14
Washington	¹ 6,040	24	² 3,552	28	774	4	607	29	824	25	283	23
West Virginia	6,323	17	3,921	17	379	46	610	27	1,037	10	375	6
Wisconsin	7,123	10	4,499	11	644	12	814	11	946	15	219	42
Wyoming	6,218	20	3,775	20	562	22	672	19	991	13	218	43

¹ Data imputed based on current year (School year 1997–98) data.

² Data disaggregated from reported total.

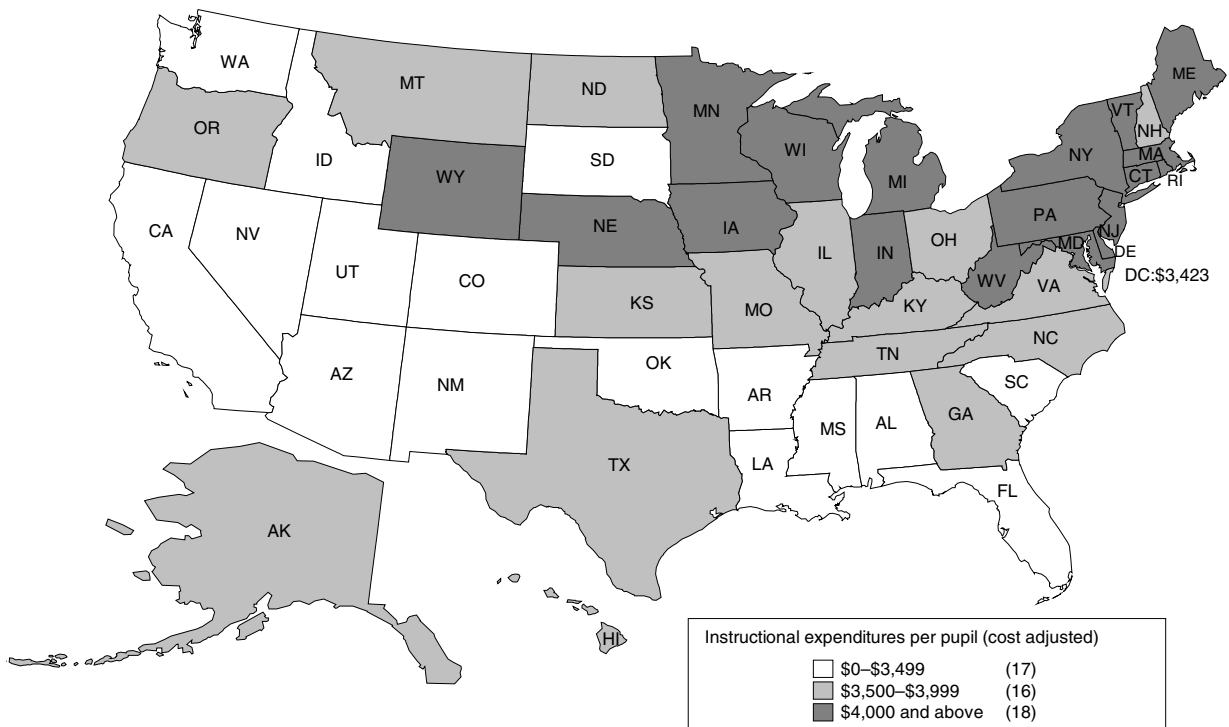
SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

Figure 4-3.—Expenditures per pupil for instruction (in unadjusted dollars), by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998.

Figure 4-4.—Expenditures per pupil for instruction (in cost adjusted dollars), by state: School year 1997–98



SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998, and *Geographic Variations in Public Schools' Costs*, Working Paper No. 98–04, by Jay Chambers and William J. Fowler, Jr., 1998.

Table 4-4.—Current expenditures (in unadjusted dollars) per pupil across functions, by state characteristic: School year 1997–98

State characteristics	Current expenditures (per pupil)	Current expenditures (in unadjusted dollars) per pupil spent on:				
		Instruction	Student and instructional staff support services	Administration	Operations	Food and enterprise operations
United States	\$6,189	\$3,827	\$567	\$669	\$855	\$271
Region						
Northeast	8,319	5,425	657	786	1,183	269
Midwest	6,321	3,832	603	751	889	245
South	5,475	3,347	516	549	752	311
West	5,558	3,359	544	687	732	236
Percentage of students living in urban area						
Less than 20 percent	6,734	4,183	625	682	948	296
20–less than 30 percent	6,211	3,834	568	657	869	282
30–less than 40 percent	5,872	3,582	566	691	778	254
40 percent or more	6,372	4,018	534	641	909	269
Percentage of minority students						
Less than 10 percent	5,640	3,595	458	571	738	278
10–less than 30 percent	6,394	3,943	584	718	891	259
30–less than 50 percent	6,483	4,035	581	659	917	290
50 percent or more	5,513	3,363	541	630	722	256
Percentage of LEP students ¹						
Less than 1 percent	5,821	3,603	524	623	783	288
1– less than 5 percent	6,596	4,041	631	722	934	269
5 percent or more	6,117	3,814	550	661	837	255
Percentage of school aged students living in poverty						
Less than 10 percent	7,179	4,399	706	738	1,076	260
10–less than 15 percent	6,444	3,942	580	739	916	267
15–less than 20 percent	6,367	3,963	599	685	846	275
20 percent or more	5,884	3,647	531	628	807	272
Per capita gross state product ²						
Less than \$25,000	5,158	3,160	455	527	710	307
\$25,000–less than \$30,000	5,866	3,588	558	657	796	268
\$30,000 or more	7,522	4,782	636	766	1,076	263
Median housing value						
Less than \$50,000	5,150	3,156	444	535	702	313
\$50,000–less than \$65,000	5,798	3,529	541	651	800	277
\$65,000–less than \$100,000	5,919	3,612	563	643	832	269
\$100,000 or more	7,186	4,572	630	750	977	257
Median household income						
Less than \$30,000	5,185	3,140	485	521	730	309
\$30,000–less than \$35,000	6,352	3,999	532	670	875	276
\$35,000–less than \$40,000	6,109	3,744	606	695	827	238
\$40,000 or more	7,774	4,778	731	864	1,109	293

¹ Kentucky, Nebraska, South Dakota, and Vermont were missing LEP data.² Per capita gross state product data is not applicable for the District of Columbia.

SOURCE: U.S. Department of Education, National Center for Education Statistics. Common Core of Data, National Public Education Financial Survey, 1998; *Digest of Education Statistics, 1998*; Common Core of Data, Public School Universe File, 1997–98; and Schools and Staffing Survey, Public School Questionnaire, 1993–94. U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, 1999; U.S. Census Bureau, CPS Annual Demographic Survey, March Supplement, 1999; and U.S. Census Bureau, 1990 Census of Population and Housing, unpublished tabulations from 1990 Census Lookup, <<http://venus.census.gov/cdrom/lookup>>, 1999.