



United States Senate Budget Committee

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SBC White Paper On Education In America: It's Not About The Money

“Money does not necessarily correlate with student achievement... in this country in the last 30 years, we have more than doubled the amount of money we are spending per child... and the results have gotten worse, not better.”

– Michelle Rhee, former D.C. Public Schools Chancellor, February 9, 2011

As the United States concludes its third consecutive year of deficits over \$1 trillion, mounting more debt on future generations, the Obama Administration continues to call for increased spending for many federal programs. For instance, the administration requests a 13-percent increase in the Department of Education's funding for FY 2012. Ignoring recent dramatic increases to that department—including a 67-percent increase over the last three years, when stimulus funding is counted—President Obama argues this additional increase is necessary to “win the future.” But the data show that spending yet more on education does not increase academic performance.

In order to assess the call for more federal funding for education by both the administration and its congressional allies, this paper examines the already dramatic growth in education funding at both the federal and state level, along with corresponding education outcomes.

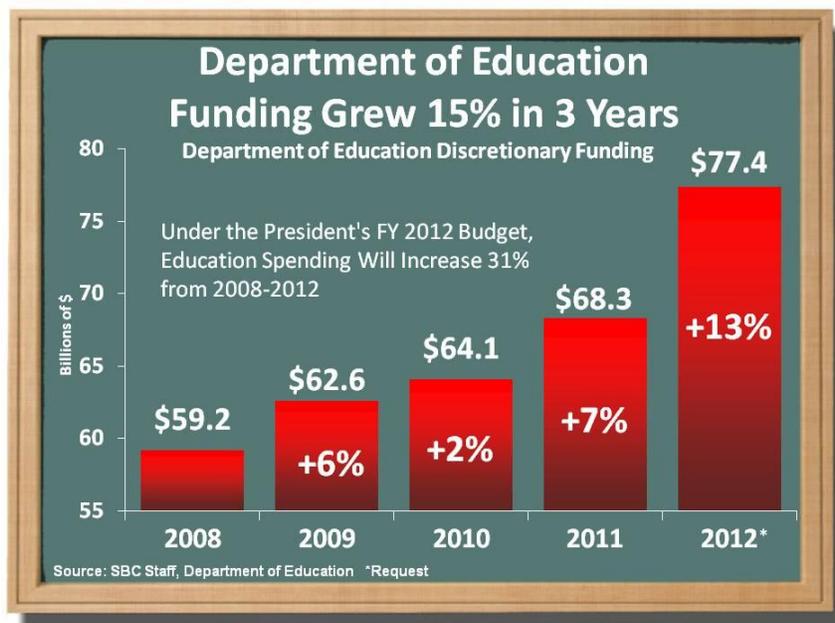
Using the most recent data from the National Assessment of Educational Progress and the Programme for International Student Assessment results, as well as domestic graduation rates, it becomes clear that while the price tag of educating U.S. students has skyrocketed, the quality of their education has not. The data show:

1. The administration's funding request for the Department of Education is \$77.4 billion for FY 2012, an increase of 13 percent compared to FY 2011 levels and 21 percent compared to FY 2010 levels;
2. Since 1970, total state, local, and federal spending for elementary and secondary education has *more than doubled*. In 2008, the last year for which data for all levels of government is available, public expenditures were more than \$500 billion for elementary and secondary education, with spending per pupil passing the \$11,000 mark;
3. Despite large and consistent increases in funding, students' scores on national assessments have improved little since 1970.
4. Graduation rates are also relatively unaffected by increases in funding, hovering around 75 percent since the 1990s.
5. The United States spends thousands of dollars more per student for secondary education than many other countries, but still lags behind in international assessments for mathematics, reading, and science.

Federal Education Spending Booming

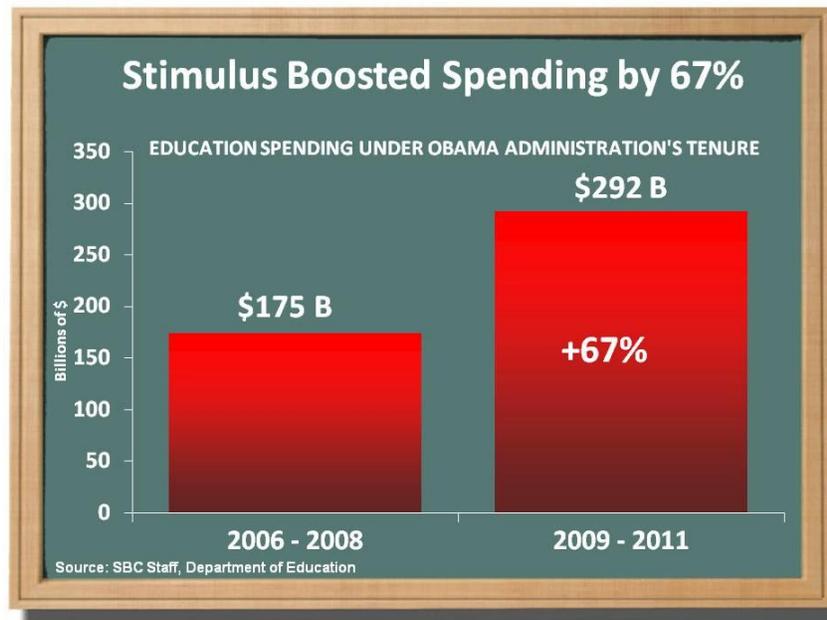
The last several years have seen dramatic and unsustainable increases in the Department of Education’s budget. In just the last three years, federal spending has grown 15 percent to \$68.3 billion. The president’s FY 2012 budget request proposed \$77.4 billion in discretionary budget authority for the department, an increase of 13 percent over the FY 2011 enacted amount. The president’s request also represents a funding increase of 21 percent from just two years ago and 31 percent from FY 2008 (Figure 1).

Figure 1



In addition to this regular funding, the American Recovery and Reinvestment Act (the stimulus bill) provided nearly \$100 billion in supplemental funds to the department. Figure 2 shows how much the Department of Education’s budget has increased under President Obama’s tenure when factoring in these stimulus funds. Between FY 2006–2008 federal education dollars amounted to \$175 billion, while under President Obama’s first three years spending increased 67 percent to an unprecedented \$292 billion.

Figure 2



A striking example of the administration's desire to pump more money into the Department of Education came during the debate following the president's FY 2012 budget submission. The administration argued that while they were requesting more funding, they were also taking steps to consolidate and eliminate duplicative programs. Taking great pains to stress their proposed consolidation of 38 programs into 11, they failed to advertise that the consolidation actually increased spending. The 38 programs cost taxpayers \$5.2 billion in FY 2010. The 11 programs that replace these would cost taxpayers \$6.1 billion under the administration's budget for FY 2012, an increase of nearly \$900 million.

Total National Spending Boom

Following the trend of federal spending, state and local spending on education is also at an all-time high. Taking these three sources of funding together provides a basis for comparing spending and education outcomes. For comparative purposes, the expenditures discussed for the rest of the paper will relate only to public expenditures for elementary and secondary education, and all dollar amounts are in 2009 inflation-adjusted dollars, unless otherwise noted.

Figure 3 shows that the total expenditures for public elementary and secondary education have grown by 165% over the past 40 years. Over the same period, spending per pupil almost tripled, from \$4,637 in 1970 to \$11,134 in 2008 (Figure 4).

Figure 3

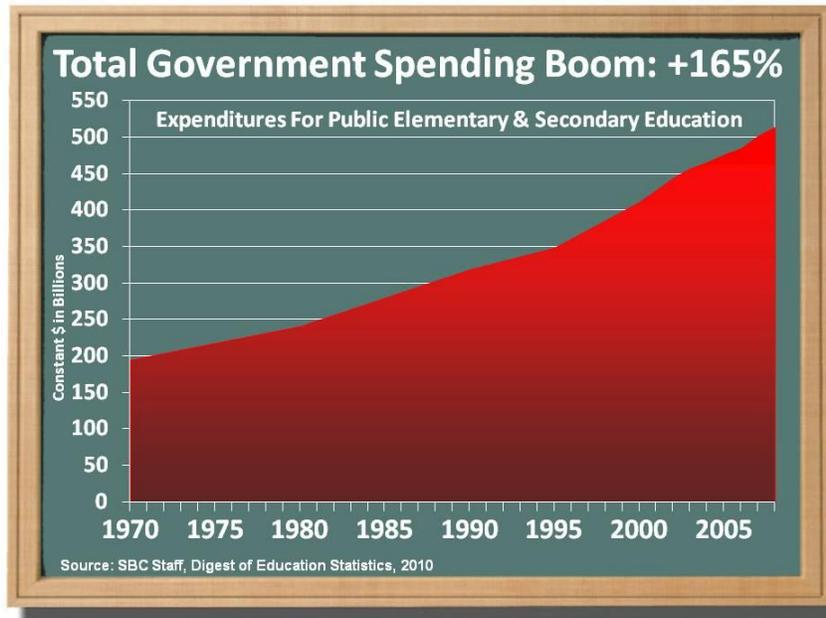
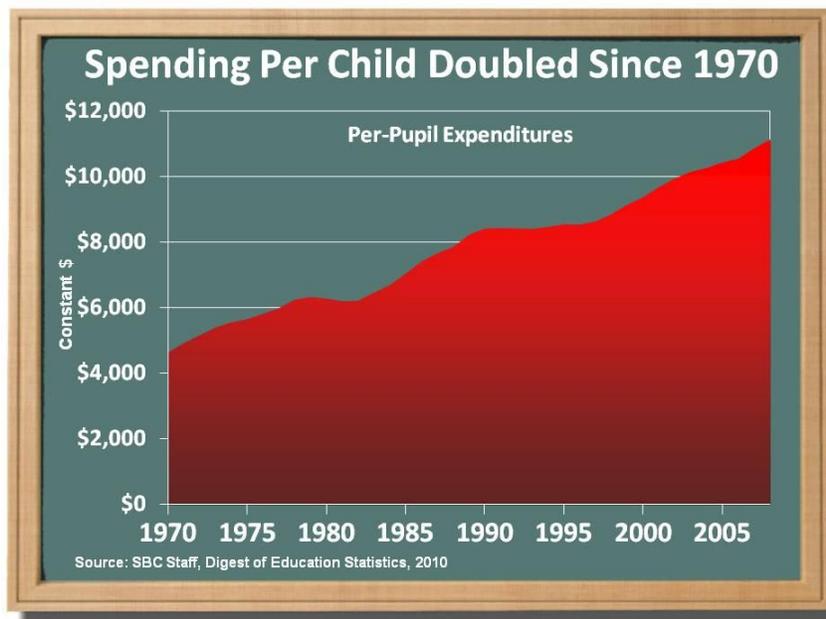


Figure 4



More Money Is Not Helping Students Perform Better

With hundreds of billions of dollars pouring into education each year it is important for American students and taxpayers to receive the most bang for their buck. Using the amount spent on educating each student, a comparison can be made to nationwide testing results, graduation rates, and outcomes of international assessments to evaluate if students are benefitting from increased spending.

Nationwide Testing Shows Little Improvement Despite More Spending

Measuring long-term data from the National Assessment of Educational Progress against public spending per pupil shows that students' scores on these tests in reading and mathematics in three separate age groups (9-, 13-, and 17-year-old students) have seen little progress even as spending on a per student basis has more than doubled. Alarming, in the case of the 17-year-old students, scores in mathematics and reading are almost unchanged from the early 1970's (Figures 5 and 6).

Figure 5

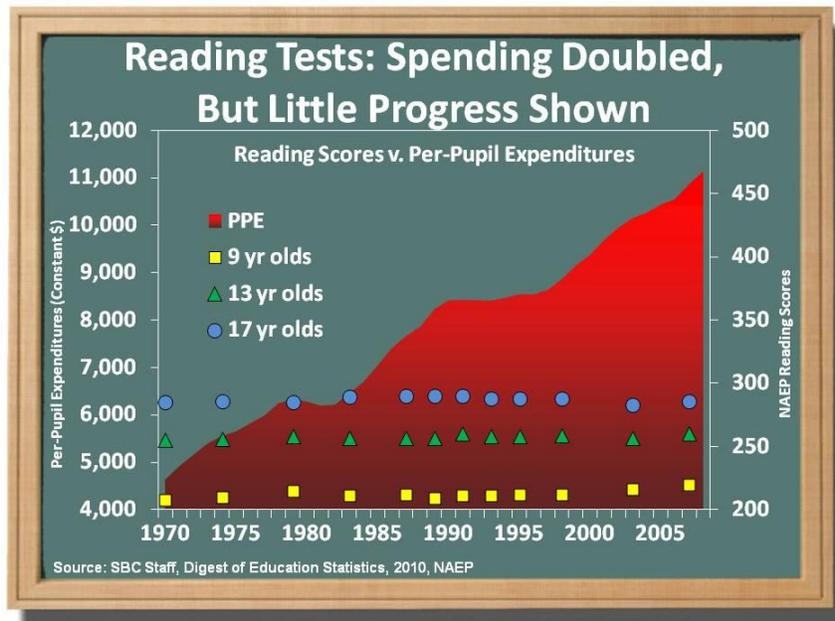
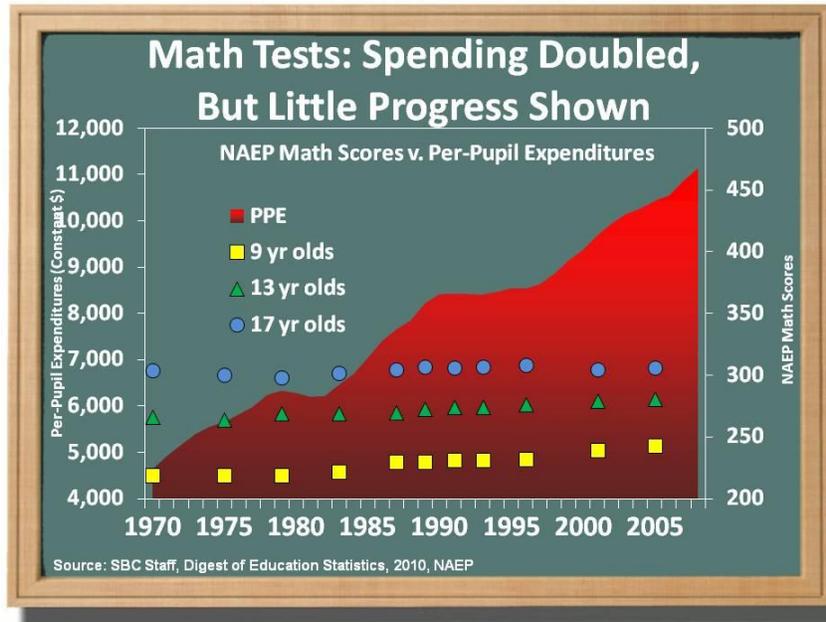


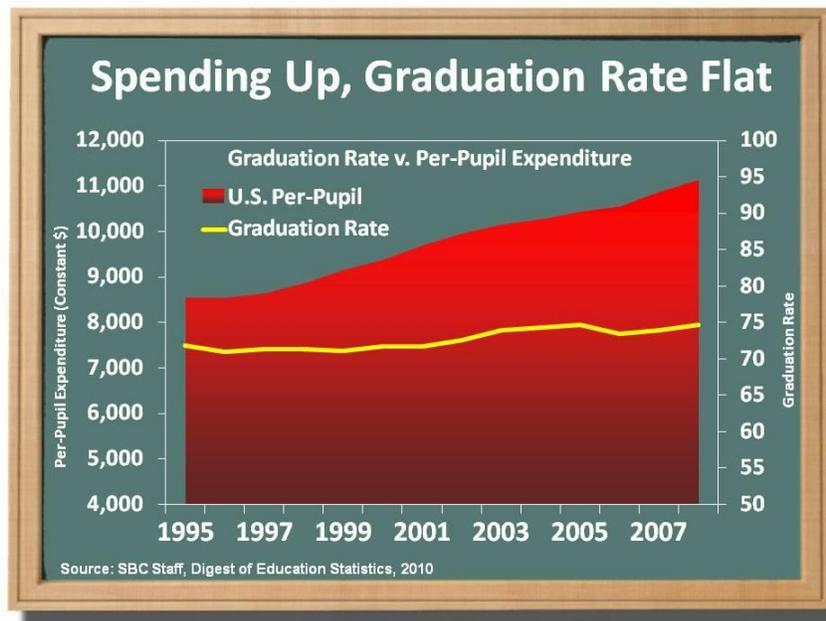
Figure 6



Graduation Rates Show Little Improvement Despite More Spending

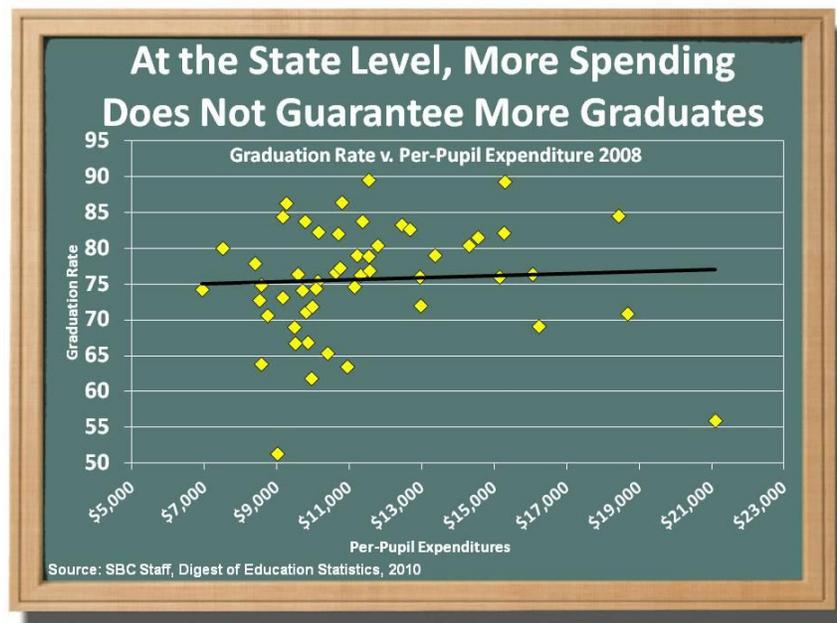
Just as test scores have stagnated, so too have high school graduation rates. In the United States, the average 2008 graduation rate was 74.7 percent, only around 3 percentage points higher than the graduation rate in 1995. This slight increase in the graduation rate came over the same period that education spending increased by nearly \$2,600 per student (Figure 7).

Figure 7



Delving deeper into the nationwide figures to state per-pupil expenditures and their corresponding graduation rates, the data again show that spending more on education does not guarantee academic success (Figure 8). While there is a correlation between the amount spent on education in each state and the state's graduation rate, the results also show that the relationship is weak and that several states buck the trend. For example, Idaho, Utah, and Oklahoma spend under \$8,400 a student yet have high school graduation rates of 74-80 percent. On the other hand, a state such as New York spends almost \$19,000 per student but graduates only 71 percent of its high school students.

Figure 8



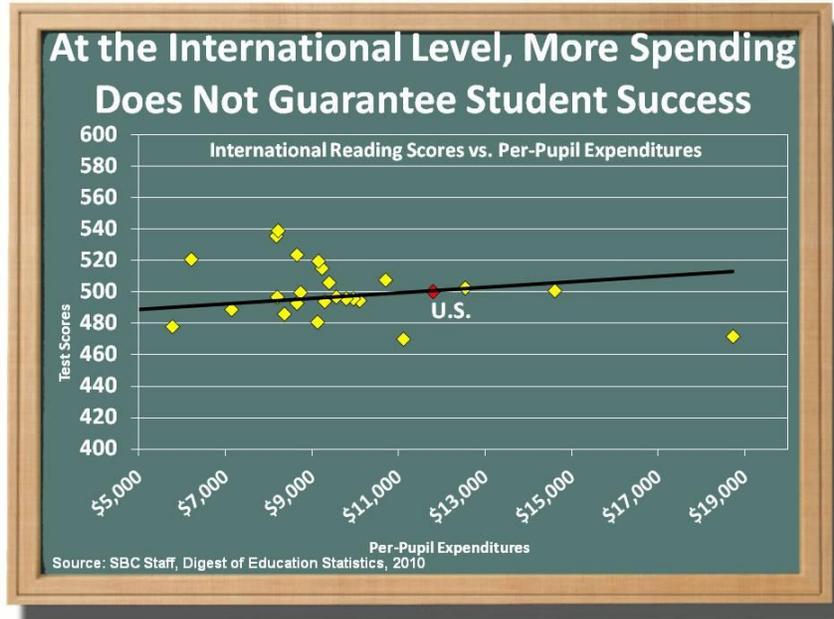
International Comparisons Show The U.S. Lags Despite More Spending

Every three years, the Programme for International Student Assessment (PISA) is conducted with students (age 15) in countries that are members or partners of the Organization for Economic Co-operation and Development (OECD) to assess students' academic performance in reading, mathematics, and science. In the most recent (2009) assessment, the United States ranked 14th in reading, 17th in science, and a disappointing 25th in math out of 34 countries. These results at first appear to support calls for increased education spending, but the United States is already far outspending most other nations. The top finishers in each test, South Korea and Finland, spend thousands of dollars less per student than the United States at both the elementary and secondary education levels. For example, public and private per-pupil expenditures for secondary education in South Korea and Finland for 2007 were roughly \$8,200, which is \$3,600 less than the comparable U.S. amount. This disparity shows that student success is not solely based on the amount government spends on education.

Figure 9 plots PISA 2009 reading scores with the private and public per-pupil expenditures for secondary education of selected participant nations. The countries further to the right of the

chart, including the United States, spend the most but have lackluster to middle-of-the-road results.

Figure 9



Lesson To Learn: It’s Not About The Money

We all agree on the importance of education and the necessity of providing an environment where academic achievement can flourish. In terms of investing in education, however, it is not how much money you spend but how you spend it. As the data show, from flat-lined graduation rates to the results of domestic and international assessments, there is no guarantee that pumping yet more money into school systems will increase performance or help the United States “win the future.”