

The New Normal? An Extension of the Old Normal in Many States!

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Robert Reich of Berkeley recently wrote of the Attack on American Education.¹ Specifically, Reich pointed to substantial budget cuts across states as evidence of our de-investment in public schooling. Here are the first three states (by alphabetical order), and the education spending cuts mentioned by Reich in his blog post:

- Arizona has eliminated preschool for 4,328 children, funding for schools to provide additional support to disadvantaged children from preschool to third grade, aid to charter schools, and funding for books, computers, and other classroom supplies. The state also halved funding for kindergarten, leaving school districts and parents to shoulder the cost of keeping their children in school beyond a half-day schedule.
- California has reduced K-12 aid to local school districts by billions of dollars and is cutting a variety of programs, including adult literacy instruction and help for high-needs students.
- Colorado has reduced public school spending in FY 2011 by \$260 million, nearly a 5 percent decline from the previous year. The cut amounts to more than \$400 per student.

As I have mentioned on numerous previous occasions, even the assumption that these cuts represent “de-investment” (suggesting cutting back on something that has been scaled up over time) is flawed, because it accepts that these states actually invested to begin with. Reich points out that current attack is a seemingly unprecedented attack on public education budgets across states, in both K-12 and higher education and arguably an attack on promoting an educated society more generally:

“Have we gone collectively out of our minds? Our young people — their capacities to think, understand, investigate, and innovate — are America’s future. In the name of fiscal prudence we’re endangering that future.”

But even Reich’s arguments fail to point out that in many of these states, the attack on education and de-investment (if there ever was significant investment, or scale up) has been occurring for decades. In good times, and in bad. Bad economic times just provide a more

¹ <http://wallstreetpit.com/54502-the-attack-on-american-education>

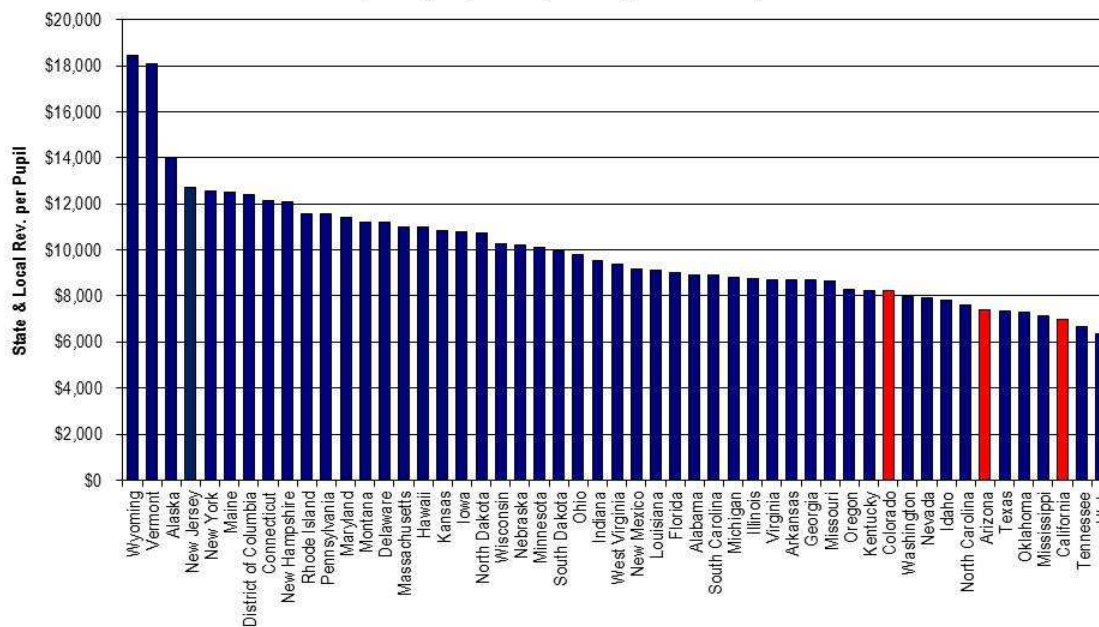
convenient excuse. Couple that with all of the new rhetoric about the “New Normal” and the excuses to slash-and-burn public school funding are at an all time high.

Let’s review:

First, here’s where the above three states fit into comparisons of state and local education revenue per pupil. Yes, some of the higher spending states are cutting back as well, if you read down Reich’s list of education spending cuts, but these three states have a particularly rich history of low spending and education cutbacks (including year after year mid-year funding recisions, even in good economic times in Colorado).

Figure 1

State & Local Revenue per Pupil 2007-08
Adjusted for Regional Competitive Wages & for Cost of Closing Achievement Gaps for Children in Poverty
(using adjusted poverty measures)



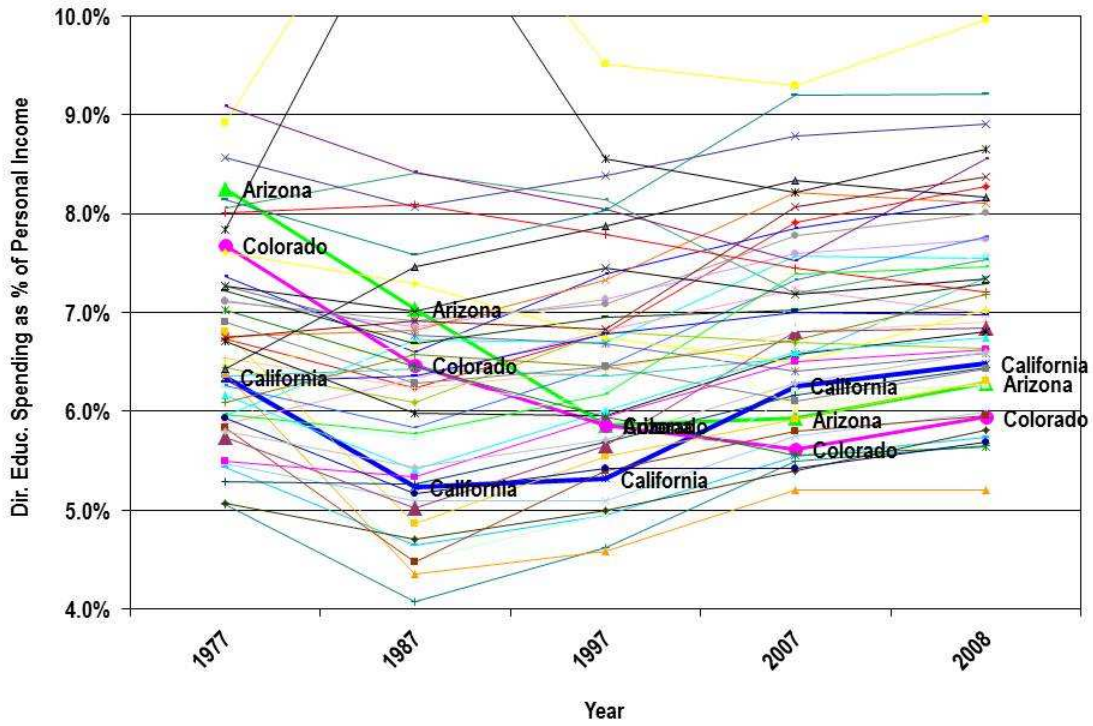
Data Source: U.S. Census Fiscal Survey of Local Gov'ts (F-33) Elementary and Secondary Education Finances
 NCES Education Comparable Wage Index - State: www.nces.ed.gov/edfin "cost adjustments"
 Weight for Poverty Adjustment conservatively, and loosely based on: <http://www-cpr.maxwell.syr.edu/cprwps/pdf/wp60.pdf>
 Adjusted poverty measures from: <http://www.census.gov/hhes/www/povmeas/papers/Geo-Adj-Pov-Thld8.pdf>

Okay, so who cares if they aren’t spending that much. Maybe it’s because they’ve been taxing themselves to death... like we all have, obviously... we all know that... and that education spending is simply eating away at their economies. It’s just not sustainable!

So, here are direct expenditures on education (k-12 and higher ed) as a percent of aggregate personal income for each state. California has been flat and low for over 30 years; and Colorado and Arizona, which were once relatively high, have decreased their effort consistently for about 30 years, in a race to the bottom.

Figure 2

Total Direct Education Spending as a Percent of Personal Income

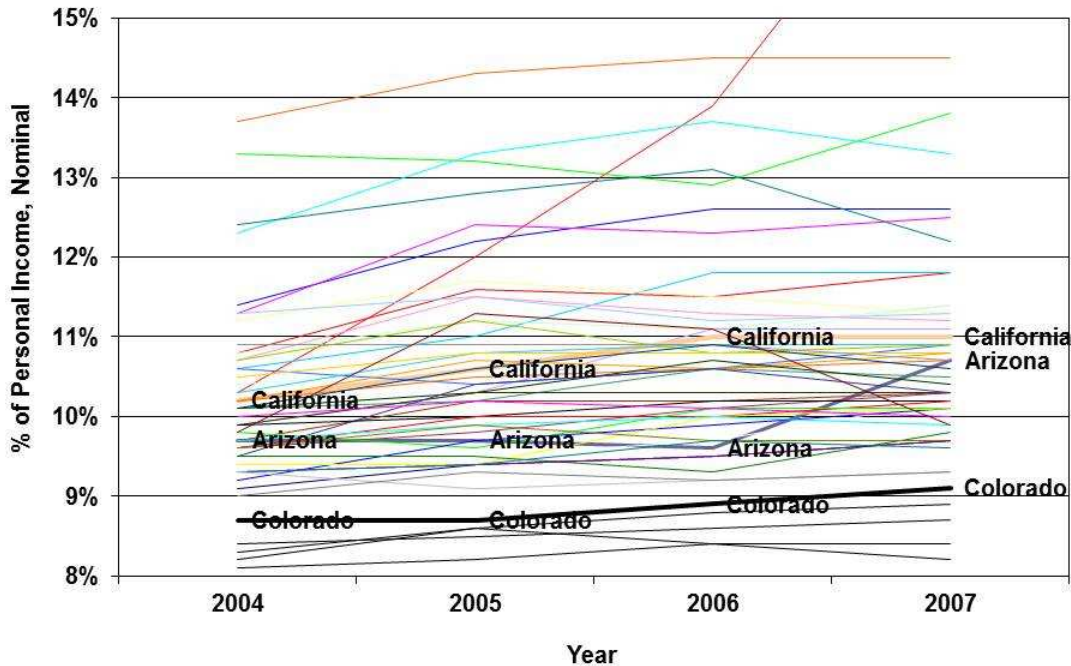


State & Local Government Finance Data Query System. <http://www.taxpolicycenter.org/slf-dqs/pages.cfm>. The Urban Institute-Brookings

Yes but, it's because their total taxes are so darn high, correct? This is just education spending. What about total state and local spending?

Figure 3

Total Taxes as Share of Personal Income



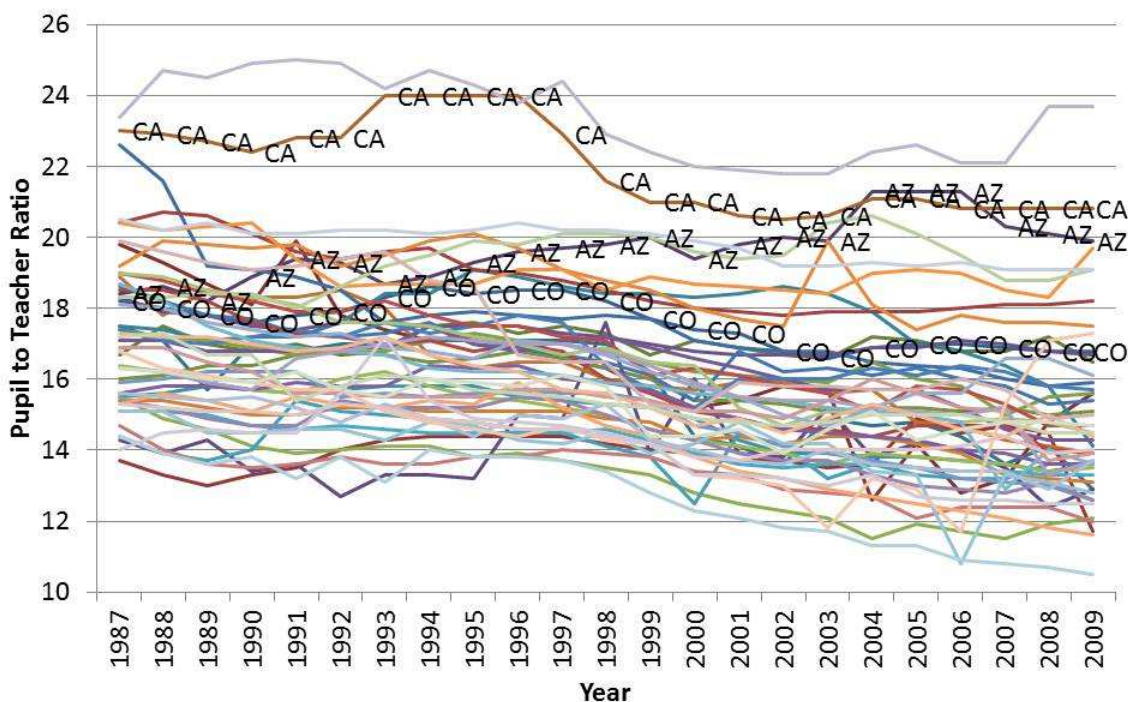
State & Local Government Finance Data Query System. <http://www.taxpolicycenter.org/slf-dqs/pages.cfm>. The Urban Institute-Brookings Institution Tax Policy Center. Data from U.S. Census Bureau, Annual Survey of State and Local Government Finances, Government Finances, Volume 4, and Census of Governments (Years). Date of Access: (12-Feb-10 09:55 PM)

Yes, even on these, California is perhaps somewhat above average, whereas Colorado in recent years has been sitting near the bottom. Arizona jumped up in recent years, but is by no means high, compared with other states, or trended, over time, out of control.

But even then, we know they've all gone wild on teacher hiring... bloating that teacher workforce, reducing class sizes and pupil teacher ratios to inefficiently low levels:

Figure 4

Pupil to Teacher Ratios over Time



Common Core of Data (CCD), "National Public Education Financial Survey (State Fiscal)", 1986-87 (FY 1987) v.1b, 1987-88 (FY 1988) v.1b, 1988-89 (FY 1989) v.1b, 1989-90 (FY 1990) v.1b, 1990-91 (FY 1991) v.1b, 1991-92 (FY 1992) v.1b, 1992-93 (FY 1993) v.1b, 1993-94 (FY 1994) v.1b, 1994-95 (FY 1995) v.1b, 1995-96 (FY 1996) v.1b, 1996-97 (FY 1997) v.1b, 1997-98 (FY 1998) v.1b, 1998-99 (FY 1999) v.1b, 1999-2000 (FY 2000) v.1b, 2000-01 (FY 2001) v.1b, 2001-02 (FY 2002) v.1c, 2002-03 (FY 2003) v.1b, 2003-04 (FY 2004) v.1b, 2004-05 (FY 2005) v.1b, 2005-06 (FY 2006) v.1b, 2006-07 (FY 2007) v.1a, 2007-08 (FY 2008) v.1a

Common Core of Data (CCD), "State Nonfiscal Survey of Public Elementary/Secondary Education", 1986-87 v.1c, 1988-89 v.1c, 1989-90 v.1c, 1990-91 v.1c, 1991-92 v.1c, 1992-93 v.1c, 1993-94 v.1b, 1994-95 v.1b, 1995-96 v.1b, 1996-97 v.1c, 1997-98 v.1c, 1998-99 v.1b, 1999-2000 v.1b, 2000-01 v.1c, 2001-02 v.1c, 2002-03 v.1b, 2003-04 v.1b, 2004-05 v.1f, 2005-06 v.1b, 2006-07 v.1c, 2007-08 v.1a, 2008-09 v.1b

The file contains (51) records based on your search.

*NCEES is not responsible for the manner in which this information is presented. This information is provided as an extra service to the user. To download full CCD datasets please go to the CCD home page.
<http://nces.ed.gov/ccd/>

Okay, well maybe not California, Arizona or Colorado (or Utah... in gray at the top of the figure). California did increase teacher numbers in the late 1990s with class size reduction, but that flattened out and increased since, with lack of financial support.

But we all know that none of this matters anyway, right?

In fact, REFORMY logic dictates that it's those states which have been spending like crazy, wasting their effort and paying for way too many teachers that are a real drag on our national test scores AND our economy.

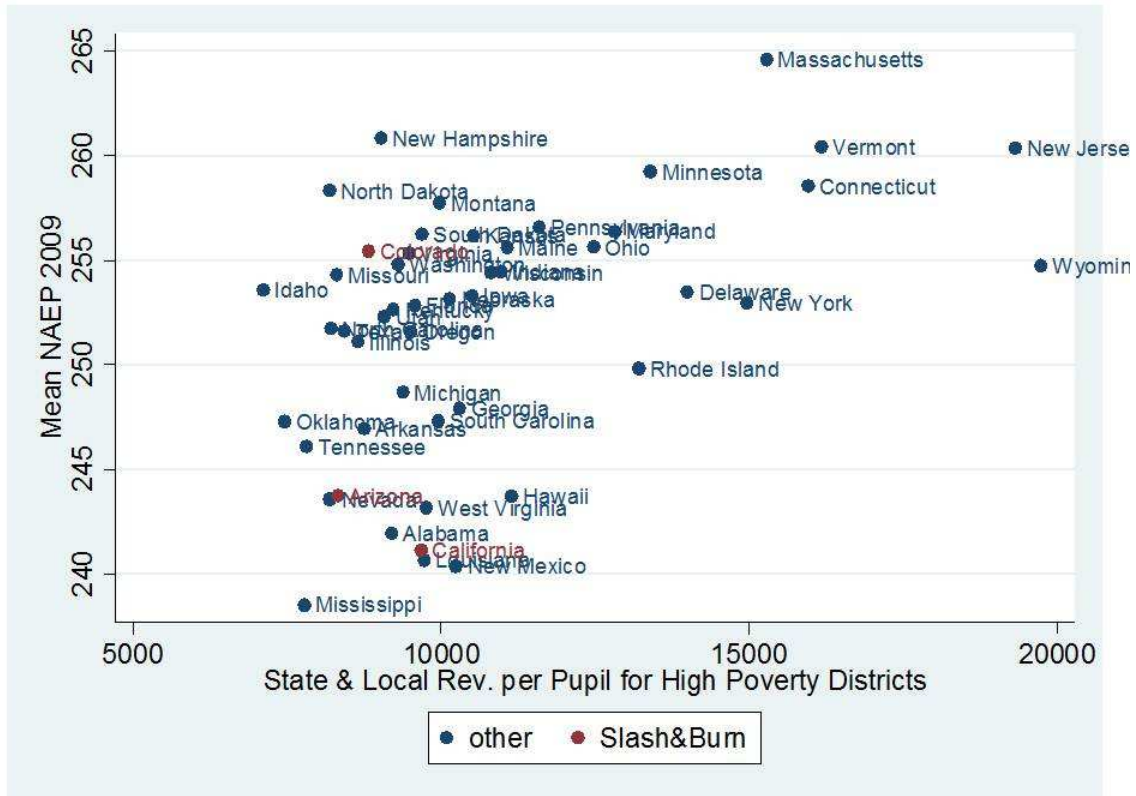
The problem is not states like California, Arizona or reformy standouts like Colorado (or Tennessee or Louisiana), but rather, those over-educated curmudgeonly high spending non-reformy, low pupil teacher ratio states like Vermont, Massachusetts and New Jersey.

They – yes they – with their gold-plated schools, are the shame of our nation (and why we can't be Finland, right?)! Our national education emergency (if there is one) is certainly not the fault of those states exercising consistent and appropriate fiscal austerity in good times or in bad.

Well:

Figure 5

Relationship Between State & Local Revenue per Pupil (for high poverty districts) & NAEP Mean Scale Scores



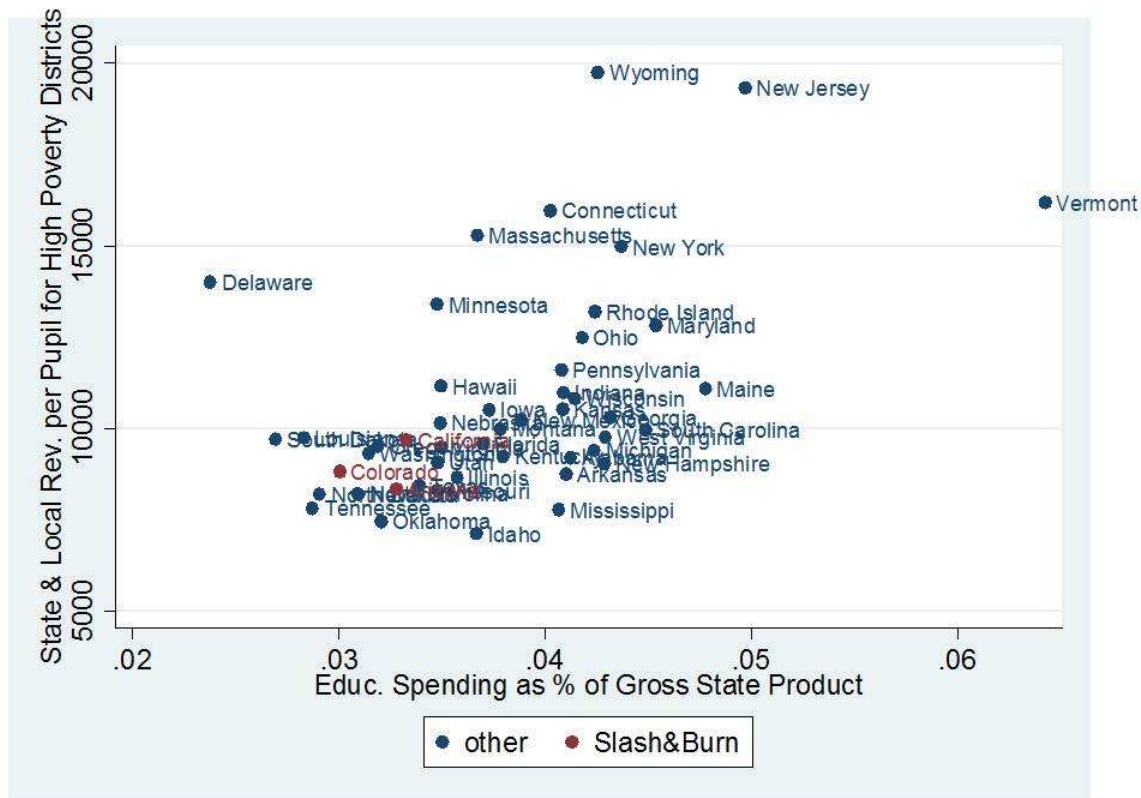
www.schoolfundingfairness.org

On average, states like Arizona and California, which have high need student populations, but have thrown their public schools under the bus, are a significant drag on our national performance.

And this is due to lack of effort as much as it is lack of capacity. Higher effort states also tend to be the higher spending states which also tend to have the higher outcomes. And, when taken as a separate group, compare quite favorably on international performance comparisons.

Figure 6

Relationship between Fiscal Effort and Level of Financial Resources



www.schoolfundingfairness.org

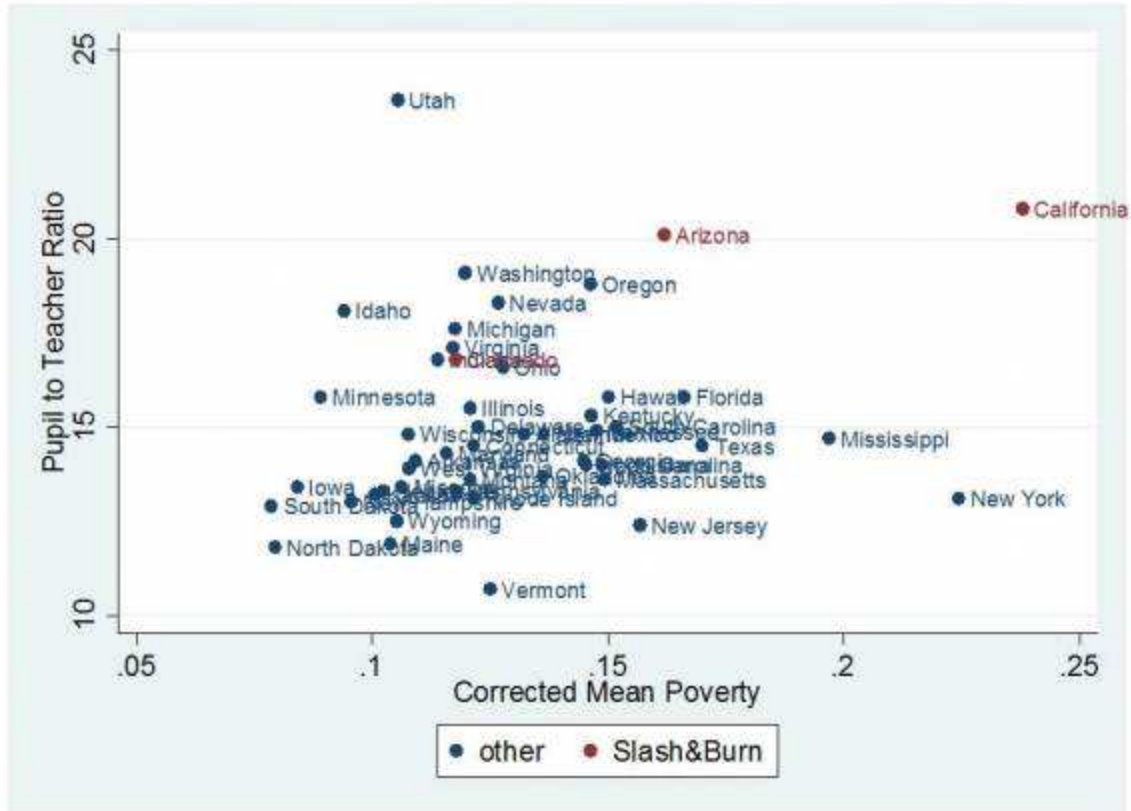
Finally, these differences in outcomes, effort and pupil to teacher ratios are not all about differences in poverty. Again, **I've already pointed out that these states have high pupil-to-teacher ratios and low spending not because they are poor but rather because they don't put up the effort.**

And now we are boldly (and belligerently) encouraging them to "do more with less" by which we actually mean "do even less with less?"

To clarify how poverty rates fit within this picture, Figure 7 provides adjusted state poverty estimates (see citation below figure) and pupil to teacher ratios. At their respective poverty levels, each of these states has higher – if not much higher than average -- pupil to teacher ratios. They also have much lower than average per pupil spending.

Figure 7

State Cost Adjusted Poverty Estimates and Pupil to Teacher Ratios

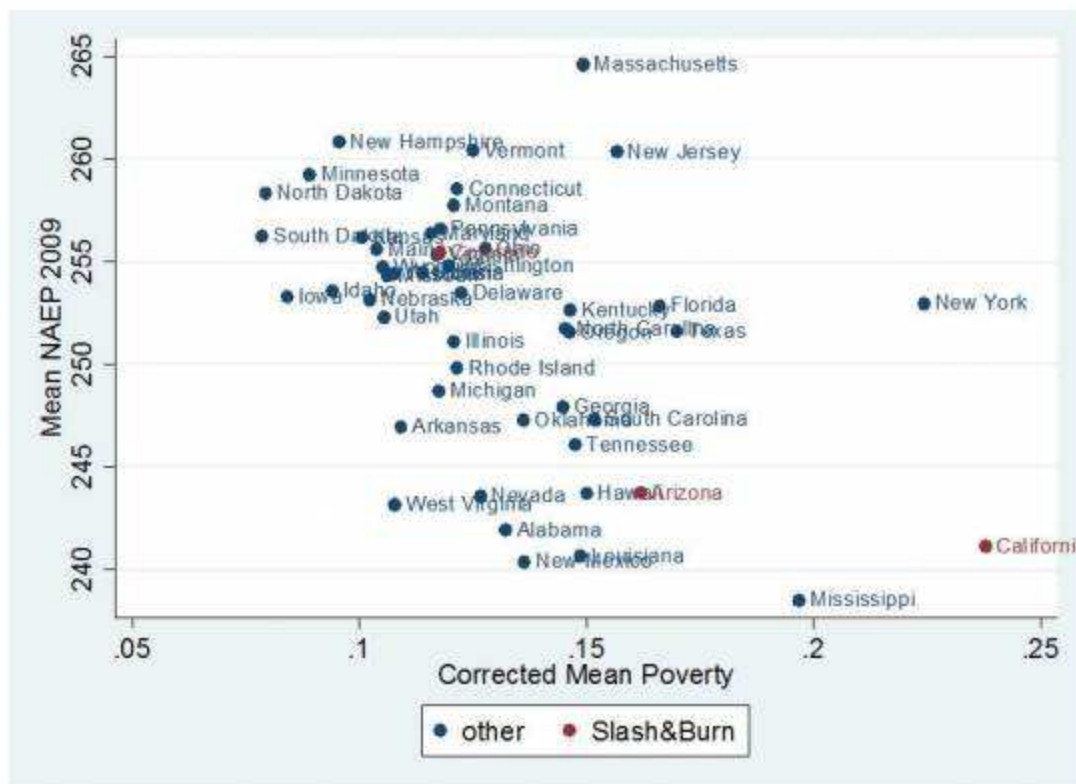


Renwick, Trudi. Alternative Geographic Adjustments of U.S. Poverty Thresholds: Impact on State Poverty Rates. U.S. Census Bureau, August 2009

Further, while these states have higher pupil to teacher ratios than other states with similar poverty rates, they also have very low outcomes even compared to other states with similar corrected poverty rates. Colorado remains somewhat in the middle of the pack on outcomes, having a lower poverty population than either Arizona or California and also having more recently slashed and burned its public education system. Colorado pupil to teacher ratios have also remained closer to those of other states, and much lower than California or Arizona.

Figure 8

State Cost Adjusted Poverty Estimates and NAEP Mean Outcomes



The Road Ahead

How does this all fit into the long-run picture of investment in public schooling? Yes, we've had the most significant economic downturn in several decades. State budgets took a hit, and good information on that budget hit can be found at www.rockinst.org, where, among other things, data show that the most recent quarterly estimates of state revenue are still about 7% off their peak in 2008. That's 7% – not 100%, not 20% (even more important is the variation across states). It's a hole. But it's not ALL GONE (and only a complete fool would argue as much)! Note that there have been in the past few decades at least two other significant economic slowdowns/downturns that affected state revenues and education spending – from about 1989 to 1992 – with lagged effects in some regions, and from 2001 to 2002 (post 9/11 shock). In some states, education spending rebounded in the wake of these downturns, but in others, state legislatures continued to constrain if not outright slash-and-burn state education budgets (while expanding tax cuts) throughout the economic good times that followed each downturn (1996ish to 2001 and 2002 to 2008).

What's different now? Why are we sitting at the edge of a much more dangerous policy agenda? Well, the recent economic downturn was greater. But again, recent data shows the [beginnings](#)

[of a rebound](#). What is most different is that we are now faced with this completely absurd argument of *The New Normal* – as a **national agenda to scale back education spending – EVEN IN STATES WHERE IT HAD ALREADY BEEN SCALED BACK FOR DECADES**. But who knew? Didn't every state just spend out of its mind for the past forty years or so?

The New Normal argument that we must cut back our bloated education budgets and increase class sizes and pupil to teacher ratios back to reasonable levels is, at best, based on the shallowest understanding of (hyper-aggregated & overstated) national “trends” in education spending and pupil to teacher ratios, coupled with complete obliviousness to the [variations in effort and spending and pupil to teacher ratios that exist across states, and for that matter, the demographic trends in some states which make it appear as if education spending has spiraled out of control](#) (Vermont). That is, if we assume that those pitching-tweeting-blogging *The New Normal* have even the first clue about trends in education spending, state school finance systems, and the quality of public schooling across states to begin with. Personally, I'm not sure they do. In fact, I'm increasingly convinced they don't.