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COST OF ELEMENTARY AND SECONDARY EDUCATION

Talk by Jean M. Flanigan  
Assistant Director, Research Division, National Education Association  
at the 42nd Annual Agricultural Outlook Conference  
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Two decades of expansion in American education since World War II, ended with the last school year 1963-64. The third one is now under way. It will be different from the first two in emphasis, but its financial pressures will be no less severe.

One of the greatest postwar changes has been in the amount of attention focused on the schools. This has generated a revolution in education which is going into its third decade with tremendous forward thrust.

In the first decade of expansion, beginning in 1943-44, we were concerned primarily with financing education for the rapidly increasing number of pupils in the elementary schools, recovering losses in staff and resources suffered in the early years of the war, and a little later with continuing the education of veterans returning to civilian life. Later, concern focused on financing secondary-school expansion, and on improving and modernizing educational services at all grade levels. Without dropping earlier concerns, now more are added: education for dropouts; remedial education at all grade levels; special education for physically, mentally, and culturally handicapped children; adult education with emphasis on remedial ills in basic education, and adult re-education in vocational schools, to name a few. At the same time demand for more education is focusing on provisions for preprimary age groups, nursery school children, and kindergarten pupils. At the upper end of public-school education the 13th and 14th years, the junior college, are being added.

To the schools of the 1940's have been added new curriculum areas, new teaching methods, new arrangements of personnel for teaching, new instructional media, testing and counseling programs, new divisions of physical space in the school house, and new attendance areas within the school systems. In addition, the old problem of consolidating or reorganizing districts is still with us, particularly in the fragmented urban and suburban systems surrounding large metropolitan centers.

The main purpose of the foregoing citations of expansion and change in American public education is to emphasize that school costs reflect a greatly enlarged and expanded concept of educational services. Inflation, however measured, accounts for part of the rise in school costs, as does pupil enrollment. But a large part of the current rise, and the rise which lies ahead, are tied to (a) additional groups of pupils to be served by public schools, (b) additions to the qualifications of teachers, (c) additions to program offerings, (d) space requirements for new methods of teaching, and (e) additions of equipment now used in a modern institutional program. In short, public education is undergoing a revolution of mounting scope and intensity.

## Population and Enrollment

Over the past 10 years, school enrollments have grown faster than the total population, and faster than the school-age segment of the population. Enrollments have reflected the increasing number of children of school age, and, in addition, an increasing propensity to enroll in school earlier in a kindergarten program and to stay in school at least through high-school graduation.

As of 1962, practically all the boys and girls 6 through 15 years of age were in school. With over 98 percent of this group now attending, we have reached what might be termed a near maximum enrollment of this age group. The increases which lie ahead come from the 5-year-olds and the 16-, 17-, and 18-year-olds. This is what has happened:

1. In 1953, approximately 58 percent of the 5-year-olds were enrolled in school. By 1962 this was 67 percent. The trend is still upward.
2. The dropout problem notwithstanding, a rapidly increasing proportion of 16- and 17-year-olds are enrolled in school. In 1953, a little less than 75 percent of the 16- and 17-year-olds were enrolled, but by 1962, this had grown to 84 percent. This trend will continue until we reach the "near maximum enrollment" which is approximately 98 percent.

The financial requirements of a kindergarten pupil are not too high, the kindergarten pupil is about one-half as expensive as the elementary-school pupil. But, at the high-school level the cost per pupil is 30 to 50 percent higher than the elementary-school cost, and cost at the junior-college level is even higher. With the rapid growth of sheer numbers in the upper-age groups, the financial problems of the next 10 years will be no less severe than they have been in the past.

The public schools' share of enrollments is an important cost factor. As you have heard, the proportion of pupils attending private and parochial schools increased in most years in the 1950's. However, we noticed that in the late 1950's this trend began to level off, and actually start downward. The private schools are no longer absorbing an increasing share of the enrollments. The result of this down turn is several hundreds of thousands more pupils in the public schools. It is difficult to predict whether this trend will continue down, level off, or resume an upward course.

Cost of Education

The total outlay for all levels of formal education, public and private, reached an all-time high of \$35 billion in 1963-64. This is about 150 percent more than the cost 10 years ago. Our present educational outlay for formal schooling alone amounts to 5.8 percent of the annual value of all goods and services produced in the United States.

Over the past 10 years the total current expenditures for elementary and secondary schools rose on the average of 9.6 percent per year, almost twice the rate of increase in gross national product. Current expenditures per pupil in the last 10 years rose at an average rate of 5.6 percent as compared with a 3.5-percent increase in the per capita values of goods and services produced.

The increase in per-pupil expenditures in some states has been impressive; in others the record is disappointing. Over the past 10 years the rate of annual increase in expenditures per pupil in average daily attendance varied from 2.9 percent in one state to 8.1 percent in another. In amount of increase per pupil for the 10-year period, the state figures varied from \$78 to \$343.

With few exceptions, the states that had the lowest expenditures per pupil 10 years ago gained at rates exceeding the national average. However, some of the leading states in per-pupil expenditure in 1953-54 were also among those with the highest rates of increase. Progress in equalizing per-pupil expenditures among the states, in which great gains had been made in the 1930's and 1940's, almost stopped.

In dollars spent per pupil, the gap between low- and high-expenditure states widened in the past 10 years. The difference between New York and Mississippi in current expenditures per pupil in ADA was \$239 in 1953-54 and rose to \$464 in 1963-64.

According to the U.S. Office of Education, the total bonded debt of all governments issuing public-school bonds to provide and equip school buildings was \$23 billion at the end of 1963, up almost 250 percent from the total 10 years ago.

## Distribution of School Revenue

The distribution of school revenue between state and local governments has remained fairly constant since 1948. This contrasts sharply with the two previous decades when the states' combined share rose from 16.9 percent in 1929-30 to 30 percent in 1939-40, and on up to 38.9 percent in 1947-48.

Although the federal share is still relatively small, it has moved up from 0.4 percent in 1929-30 to an estimated 5 percent at the end of the last school year. Depending on the speed with which the federal programs enacted by the 88th Congress are put into operation, the federal share will rise 1 or 2 percent this year.

As noted above, there has been very little change in the shares of federal, state, and local governments. The U.S. average is somewhat deceptive. Over the past 10 school years a considerable amount of change in the state and local shares (excluding the federal revenues) is observed for at least half of the individual states.

- . In 17 states, the state share increased 5 percentage points or more, and the local share declined correspondingly.
- . In 8 states, the state share decreased 5 percentage points or more, and the local share increased.
- . In 25 states the state and local shares fluctuated less than 5 percentage points.

Throughout most of the past 10 years the new revenue supplied from state sources was less than new revenue added from local sources. However, in the past two years the state share of new revenue has been increasing. This may mark the beginning of an upward trend in the state share of school support.

The year 1963 was one of substantial increase in state taxes. Most states raised rates of existing taxes or added new groups of commodities, services, or income to existing taxes. Nationwide the 1963 state tax legislation added about \$1 billion to the financial resources of state governments.

State revenues are also expected to increase an estimated \$1.5 billion from the increased economic activity stimulated by the recent federal tax reduction. The yield from all state taxes in 1964 will pass \$25 billion, up 13 percent from 1963.

State revenue gains resulting from economic growth may be even greater if the economy continues at the current high activity.

### Property Taxes

The sustained high level of increase in property tax revenue is one of the phenomena of the postwar years. Property taxes account for 98.6 percent of all taxes levied by legally independent school districts. Almost half of the property tax revenues go to schools.

### Nonproperty Taxes

Other local tax sources supplied less than 1 percent of local school tax revenue of all independent school systems. Local non-property taxes are a source of revenue for schools in only 17 states. Taxes, other than on property, contributed 18.2 percent of the local tax revenue in Pennsylvania, 8.3 percent in Alaska, and 4.1 percent in Delaware. In the other 14 states which allow one or more districts to levy nonproperty taxes, these taxes contribute less than 3 percent of local school revenue. No doubt, they are more important to the levying districts than appears in the state-wide aggregates of school revenue.

Local nonproperty taxes are no panacea for local school revenue needs. At best they are most useful in large urban school systems. The most satisfactory arrangement developed for use of nonproperty taxes by the schools--popularly termed "piggy-backing"--is to allow the local school system to impose an additional rate on a tax levied and collected by the state.

### Charges and Fees

The fastest growing item of revenue of independent school districts is "other charges and miscellaneous," not including school lunch sales. Between the 1957 and 1962 Census of Governments, receipts of this type increased from \$121 million to \$244 million at an average annual rate of 15.1 percent. Included here are tuition and other fees or charges applicable to pupils or their families. These items warrant careful scrutiny if we are not to lose sight of our commitment to free public education.

### Private Costs

No one knows how much money goes into the school program or school facilities in the form of expenditures of parents of students for items which could be supplied from public funds. Some of these items include the following: cash requirement of the school lunch program; fees for laboratories, gymnasium, special classes, and activities; textbooks; paper, pencils, and art supplies; paper back supplementary reading books; school year and summer subscriptions to magazines; field trips; bus transportation to and from school in large cities; school pictures; locker rentals; fees for physical education; rentals of uniforms and robes; donated services by parents, and equipment donated as part of PTA projects; summer-school tuition, and extracurricular activity tuition.

If these school costs amount to about \$2 a week per pupil, we should probably add a whopping total of \$3 billion to the annual expenditures for elementary and secondary schools. The regressive features of this type of expenditure are obvious, and they are obviously more prevalent in areas which are hard pressed for public funds.

A review of the literature for this type of educational expenditure turned up only one major study. The Idaho Education News of March 1964, reported a state-wide survey. Of the 95 school districts responding, 79 reported some elementary-school fees; 63 reported fees for junior high school, and 89 reported high-school fees ranging up to \$26 per pupil. High schools most frequently charged an activity fee, but the school systems also reported class dues, library fees, assembly fees, laboratory fees, fees for such special classes as homemaking and shop, fees for music classes, fees to cover art and music supplies, and fees for uniforms and robes.

Dr. Engelking, the state superintendent, reported the reason for the fees was the lack of funds on the part of the school systems. The survey also found that fees were going up. Almost one-half of the high-school fee schedules had been revised upward in the past year.



## Outlook

The coming year is expected to be one of high economic activity and rising prosperity for individuals and business. It should be a year of high gain in state and local revenues and revenues for school support. It may be a year when inflation is difficult to control.

The federal tax cut alone is estimated to produce an increase of \$40 billion in gross national product and \$30 billion in personal income over this year and the next, resulting in a gain of \$1.5 billion in state taxes and \$1.4 billion in local taxes. However, the gross national product is gaining faster than was expected. Even faster gains are forecast for state and local taxes.

The typical citizen will have more income next year. How he will use it depends on his set of values: more for education or more for the personal satisfaction of a second car, another gadget, or the like, or a little more for both.

Americans have allotted more of their income to public schools each year. But their demands for better education continue to run ahead of the financial resources of schools. Steady progress is noted, but the pace is slow.

