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Summary

Many people believe that the problem with Oregon's public school is that they do not have enough money. But Oregon's education spending has historically been high compared with demographically comparable states'. Perhaps the problem is with where the money goes.

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“Although education spending in Oregon has fallen with the recent recession, it is still no lower than in other states.”

Do Schools Need More Money?

by Steve Buckstein

The most pervasive public policy myth in Oregon is that we are not spending enough money on public education. This supposed lack of funding drives legislative and school board debates across the state. It also drives the constant calls for “tax reform,” which are veiled attempts to raise taxes.

Ask the average Oregonian how much we spend per pupil on education and an educated response might be \$4,500. But \$4,500 is only what the Oregon legislature allocates per pupil. It doesn't include the money schools receive from local property tax revenue, the federal government and from other revenues and fees. Added all together, annual expenditures per pupil in Oregon are over \$8,000.

If many Oregonians believe we spend too little on education, are they basing that belief on the \$4,500 number? When they find out that we actually spend over \$8,000, would that change their minds? And, is \$8,000 a high or low number for student spending compared with other states?

In a recent Cascade report, *How Does Oregon Government Spending Rank? Ideas for Budget Stability*, Randall Pozdena and Eric Fruits found that Oregon's education spending has historically been high compared with demographically comparable states'. Although education spending has fallen with the recent recession, it is still no lower than in other states. This finding is based on data from the U.S. Census and the National Education Association.

Oregon's school funding is in line with other states' even though we earn seven percent below the national average and our unemployment rate is one of the highest in the nation. There is little justification for the claim that we're being stingy with our school kids.

If Oregon is not spending less on its schools than comparable states, then why is there such a perceived crisis in education? Perhaps the problem is with where the money goes.

We don't need to look too hard in current school budgets to find ways to cut costs. The cost of employee benefits, for example, can be reduced without sacrificing any actual benefits. One way is to offer teachers and other school employees Health Savings Accounts instead of their much more expensive traditional insurance policies.

Another place to save money is in support services. Contracting out janitorial, transportation and food preparation can save a lot. Just how much was documented in a recent Secretary of State audit. The audit found that Oregon schools spend \$162 million more on support services a year than do other, comparable states. Returning that money to classrooms would add 2,500 new teachers to our schools. Think about it: *2,500 more teachers.*

Oregon's public schools are in a sad state. But that doesn't mean we are spending too little. It means we aren't getting our money's worth from the current system. The sooner we abandon the "schools need more money" myth, the sooner we can embark on a more productive path to educational excellence for every student.

Evidence shows we can improve educational outcomes through competition and school choice. Approving more charter schools and developing both public and private school choice opportunities are big steps in the right direction. Either requires less spending per pupil than our current public school system.

Improving education through cost reductions and school choice can be a winning strategy for taxpayers and students alike.

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