

STUDY PAPER NO. 4

ANALYSIS OF THE RISING COSTS OF PUBLIC EDUCATION

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INTRODUCTION—STATEMENT OF FINDINGS ¹

A study of the relation of the public school sector to the problems of employment, growth, and price levels leads to the following conclusions:

1. The huge increases in current expenditure (plus debt service) for public primary and secondary education since the turn of the century are mainly due to exogenous forces, such as factors raising salary levels and per capita personal income.

2. With the property tax as the main revenue source, general price level increases, and particularly rises in teacher salary level, are likely to lead to continued fiscal school crises.

3. Since the turn of the century, the percentage increases in educational expenditures—more specifically, daily per pupil current expenditure, plus debt service—were on the average about the same as the percentage increases in per capita personal income. The former exceeded the latter by a very small amount. Such low income elasticity of public education must be of deep concern to all those who are convinced that improvements in education are essential if the United States is to remain a leading world power. Since more funds need to be found, serious consideration must be given to policies aimed at changing people's attitude toward public education, and to shifting partial responsibility for financing education from the local school district to the State and possibly to the Federal Government. This will require the combined leadership of all branches of government and the institution of matching Federal funds combined with such eligibility criteria as minimum tax effort and statewide equalization of educational opportunity.

4. It appears that there have been no significant productivity changes in the education sector.

5. During the last 10 years general expenditures of State and local governments increased an average of about 15 percent per annum measured in current dollars and 8 percent if measured in 1954 constant dollars. During the same period the average annual increase of total current expenditures, plus debt service, for public primary and secondary education was about 17 percent in current dollars and 5 percent in 1954 constant dollars.

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