

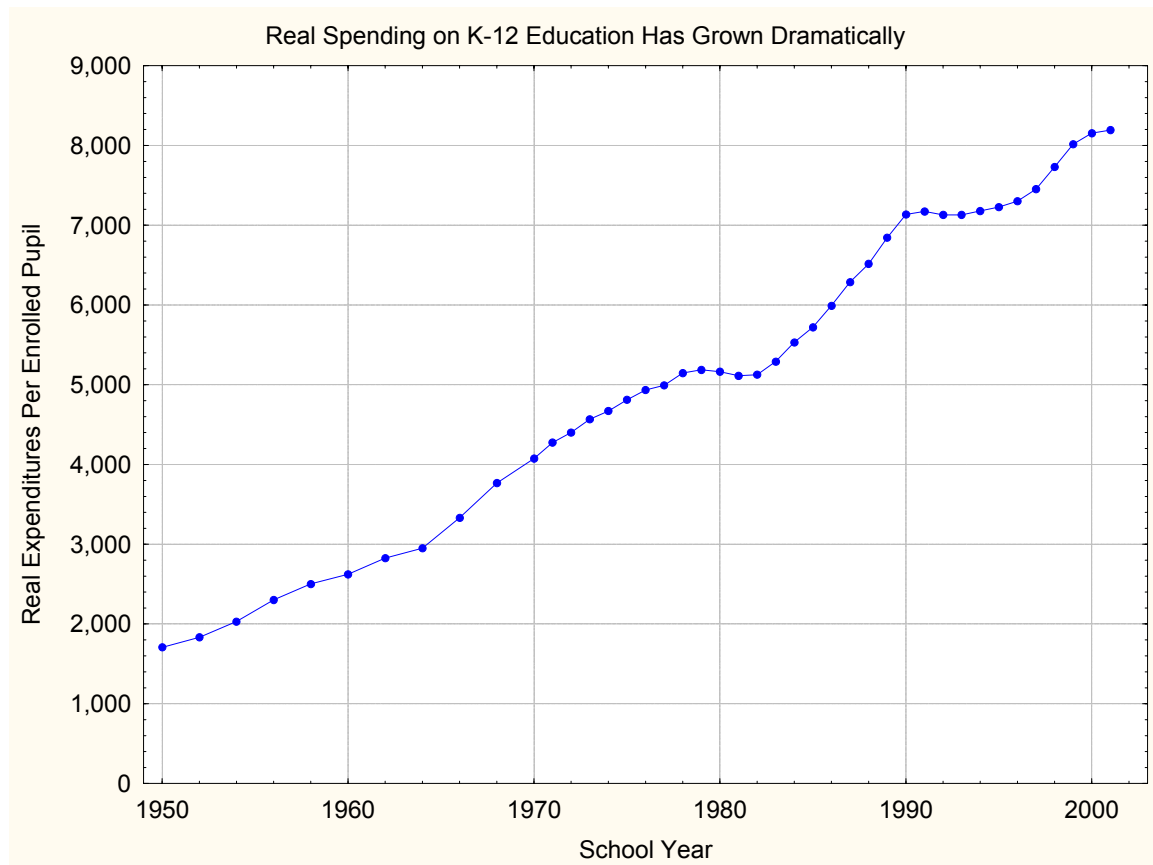
Long Rise in Education Spending Slows as Economy Weakens

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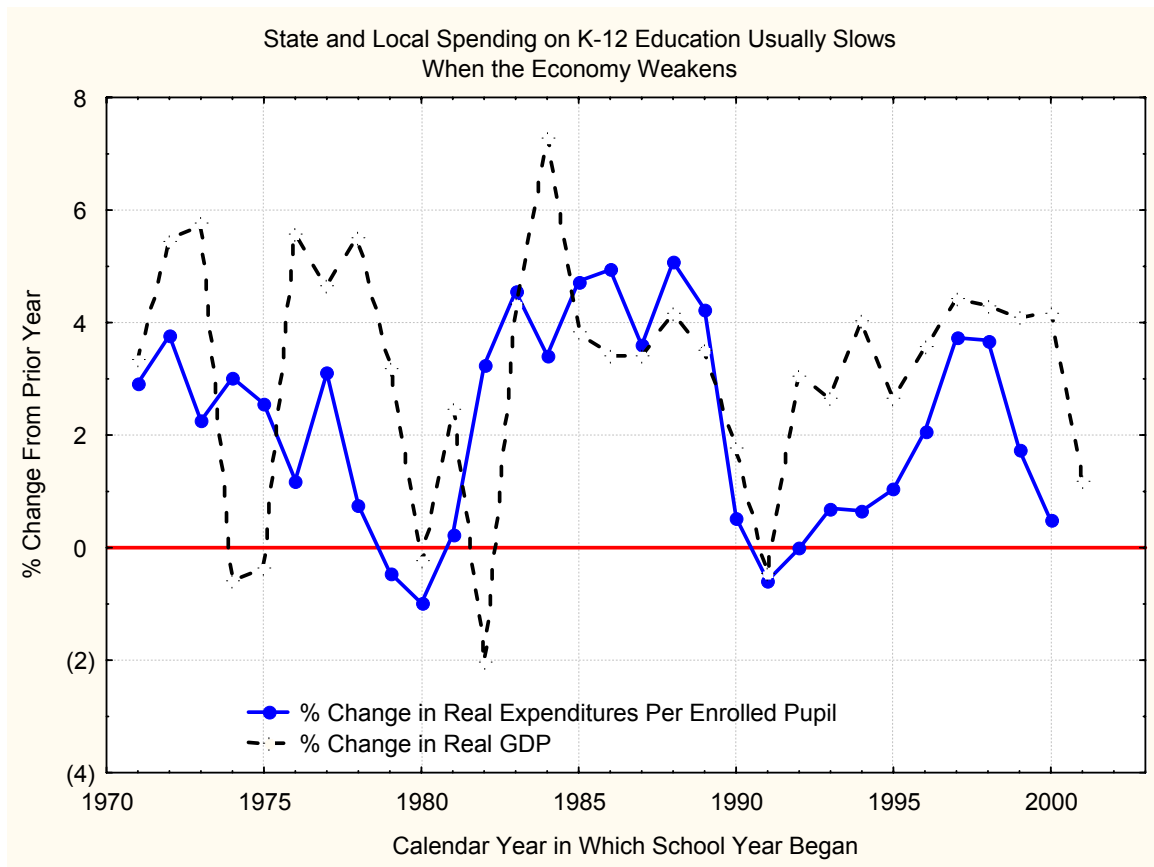
Throughout the twentieth century, states and local school districts increased spending on elementary and secondary education dramatically, according to data from the recently released *Digest of Education Statistics, 2001* (<http://nces.ed.gov>). The following graph shows a more than four-fold increase in real spending per enrolled pupil between 1950 and 2000.



Although the long-term secular trend has been rising, education spending growth does respond to the business cycle, slowing or sometimes even declining, as the next graph shows. This graph plots the percentage change in real spending per enrolled pupil with the percentage change in real gross domestic product (GDP) for the last three decades, and includes the recessions that occurred approximately in 1974, 1980-82, and 1990-91.

The graph shows that school spending growth slowed considerably in the 1999-2000 school year, and again in 2000-01. In fact, spending growth in 2000-01 was only 0.5 percent, down from an average of 2.4 percent in the preceding five years. This slowdown

occurred even before real GDP growth slowed. The early start may have been related to state revenue weakening and stock market declines, which began before the broader economy turned down.



Additional slowing or outright declines in real K-12 education spending may occur by the time governments are done responding to this recession. This is especially likely given other pressures states currently face and will face over the next several years. The sharp slowdown in revenue growth probably will persist beyond the recession's end, and Medicaid spending growth has been accelerating rapidly. Both trends will make it difficult for states to finance education spending.

Data Sources

The graphs in this brief are based on data on total spending per enrolled pupil, in constant 2000-01 dollars, as reported in Table 167 of the *Digest of Education Statistics, 2001* and on real GDP as reported by the Bureau of Economic Analysis in the file “gdplev.xls” as of March 4, 2002. The data are given in the table below:

School Year	Real Total Expenditure Per Enrolled Pupil	Average Annual Percent Change	Calendar Year	Real Gross Domestic Product (\$Billions)	Percent Change
1949-50	1,708				
1951-52	1,834	3.6			
1953-54	2,032	5.3			
1955-56	2,304	6.5			
1957-58	2,502	4.2			
1959-60	2,622	2.4			
1961-62	2,827	3.8			
1963-64	2,952	2.2			
1965-66	3,331	6.2			
1967-68	3,767	6.3			
1969-70	4,075	4.0			
1970-71	4,276	4.9	1970	3,578.0	
1971-72	4,401	2.9	1971	3,697.7	3.3
1972-73	4,567	3.8	1972	3,898.4	5.4
1973-74	4,670	2.3	1973	4,123.4	5.8
1974-75	4,811	3.0	1974	4,099.0	(0.6)
1975-76	4,934	2.6	1975	4,084.4	(0.4)
1976-77	4,993	1.2	1976	4,311.7	5.6
1977-78	5,148	3.1	1977	4,511.8	4.6
1978-79	5,187	0.8	1978	4,760.6	5.5
1979-80	5,164	(0.4)	1979	4,912.1	3.2
1980-81	5,113	(1.0)	1980	4,900.9	(0.2)
1981-82	5,125	0.2	1981	5,021.0	2.5
1982-83	5,291	3.2	1982	4,919.3	(2.0)
1983-84	5,532	4.6	1983	5,132.3	4.3
1984-85	5,721	3.4	1984	5,505.2	7.3
1985-86	5,992	4.7	1985	5,717.1	3.8
1986-87	6,288	4.9	1986	5,912.4	3.4
1987-88	6,514	3.6	1987	6,113.3	3.4
1988-89	6,845	5.1	1988	6,368.4	4.2
1989-90	7,135	4.2	1989	6,591.8	3.5
1990-91	7,173	0.5	1990	6,707.9	1.8
1991-92	7,131	(0.6)	1991	6,676.4	(0.5)
1992-93	7,130	(0.0)	1992	6,880.0	3.0
1993-94	7,180	0.7	1993	7,062.6	2.7
1994-95	7,227	0.7	1994	7,347.7	4.0
1995-96	7,302	1.0	1995	7,543.8	2.7
1996-97	7,453	2.1	1996	7,813.2	3.6
1997-98	7,731	3.7	1997	8,159.5	4.4
1998-99	8,016	3.7	1998	8,508.9	4.3
1999-00	8,155	1.7	1999	8,856.5	4.1
2000-01	8,194	0.5	2000	9,224.0	4.1