EdSource
Clarifying Complex Education Issues
REPORT
NOVEMBER 2005

HOW CALIFORNIA RANKS:
A NATIONAL PERSPECTIVE

No other state is quite like California in terms of the size and diversity of its population, its varied natural resources and industry, and its economic standing.

In 2004–05 California had more than 6.3 million public school students, almost two million more than Texas, the next most populous state. Besides dealing with the complexities of running a school system of this magnitude, California educators also face other challenges. The state has the highest percentage of English learners and is near the top in the proportion of children from low-income families.

California is also a wealthy state, ranking well above average in its per capita personal income in 2002 despite the dot-com bust at the beginning of the decade. If California were a nation, its gross product of $1.5 trillion would have ranked sixth in the world in 2003. That year California accounted for 13% of the nation's output. New York ranked second in the nation, and its gross product was only about 60% of California's.

Maintaining the state's leadership in the nation and the world, most analysts agree, requires a significant and well thought-out investment in the success of its children. Yet the golden state consistently falls below the national average in its per-pupil spending on K–12 education and has some of the highest pupil-to-staff ratios in the country. In addition, California students typically score poorly on National Assessment for Educational Progress (NAEP) tests.

The following report looks at national comparisons of the most recent school expenditure data published in *Rankings & Estimates 2004–05* by the National Education Association (NEA). Staffing and student data come from the Common Core of Data, 2003–04 (preliminary), published in 2005 by the National Center for Education Statistics (NCES).

figure 1 | **How California ranks nationally**

	California's National Ranking
Challenges (pages 2–3):	
California had the largest percentage of **English learners**	**1st**
in 2003-04 and a high proportion of **students from low-income* families.**	**10th**
Capacity (pages 4–5):	
California's high **per capita personal income** in 2002	**12th**
combined with a higher than average **number of residents under 18**	**6th**
resulted in close to the national average in **personal income per public school student.**	**19th**
Effort (pages 4–5):	
Spending on K–12 public education per $1,000 of personal income was close to the U.S. average in 2001-02. ($40 for California; $41 for the United States.)	**32nd**
But in 2003-04 California was $664 below the U.S. average in **per-pupil spending**.	**29th**
Staffing (pages 6–7):	
That below average per-pupil spending in 2003-04 combined with one of the nation's highest **teacher salaries**	**3rd**
resulted in one of the lowest **teacher staffing ratios** in the nation.	**49th**
Principal/assistant principal staffing ratios were even lower.	**50th**
Student Achievement (page 8):	
In 2005 California students continued to do poorly on **national assessments in reading and math.**	**44th or below**

* Low-income is defined as being eligible for free/reduced-price meals.

Note: The District of Columbia is included with the 50 states.

DATA: NATIONAL EDUCATION ASSOCIATION (NEA) *Rankings & Estimates 2004–05*
NATIONAL CENTER FOR EDUCATION STATISTICS (NCES)

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CHALLENGES

California's population is diverse, and its students face a number of obstacles to school success

Despite recent economic downturns, California remains an appealing destination, attracting immigrants from other states and countries and making it one of the most ethnically diverse states in the nation. In 2003–04 almost 47% of the state's students were Latino, close to 33% were white, about 11% were Asian/Filipino/Pacific Islander, about 8% were African American, and almost 1% were Native American/Alaska Native, according to the California Department of Education (CDE). More than 1% of students were multiple ethnicities or did not respond. (See Figure 2.)

Many students go to cramped schools and live in crowded housing

Many California students face obstacles that can affect their success in school. In some schools, cramped and deteriorating classrooms have been cited as a particular problem. In response to these conditions and other issues, a lawsuit, *Williams v. California,* was filed against the state in 2000 and settled in 2004. One result of that lawsuit is that 940 schools—or about 10% of all public schools in the state—have been labeled critically overcrowded and are eligible to receive state funds to correct the problem.

Besides going to crowded schools, about 41% of California children under age 18 live in crowded housing, based on 2000 statistics from the U.S. Census Bureau. (The census defines crowded as "a house where the number of persons per room is greater than one.") The percentage of children in crowded housing is significantly higher in California than in the other four most populous states and is well above the national average. (See Figure 3.)

Poverty is also strongly associated with—but by no means determines—academic success. (Today a family of four who earns $35,798 or less is considered low income.) In 2003–04 almost half (47.9%) of California children lived in low-income families, compared to a national average of 36.6%, according to NCES. The state ranked 41st and had the highest proportion of low-income students among the five most populous states. Texas and Florida also had large numbers, with Illinois closer to the national average. (See Figure 4.) (Although there were no 2003–04 statistics for New York, in the past it has had the lowest percentage of low-income students among the five most populous states.)

Lack of fluency in English hampers some students

Many of the state's students also go to school lacking a basic fluency in English. In 2003–04 California ranked first in the nation in the percentage of English learners, according to NCES, with 24.9% of its students not fluent in English. This compares to a national average of 7.7%. The state with the next highest percentage was Nevada (18.1%). Of the five most populous states, Texas was a distant second with 15.3% of its school-age population needing to learn English. (See Figure 4.) (NCES considers a student an English learner if that student is in a language assistance program, such as English as a Second Language, High Intensity Language Training, or bilingual education.)

About 41% of California's students have a home language other than English—with almost 16% of those students having mastered English—according to 2003–04 statistics from the CDE. Of those, about 85% speak Spanish, with Vietnamese as the next most common language (about 2%). Altogether, children in this state speak more than 80 languages.

Another large group of California students receives special support because of physical, emotional, or educational disabilities. Students receiving Special Education services consistently make up slightly less than 11% of the school population in California, which is below the national average of 12.7% in 2003–04 and the lowest among the five most populous states, according to NCES. (See Figure 4.)

EdSource relies on both NEA and NCES data

All state school expenditure data come from state departments of education, including the California Department of Education (CDE). The National Education Association (NEA), the country's largest teachers' union, annually publishes these data and state-to-state comparisons in its *Rankings & Estimates* (**www.nea.org**). The U.S. Department of Education's National Center for Education Statistics (NCES) regularly publishes expenditure data as well, though it does not rank states (**http://nces.ed.gov**).

EdSource uses NEA financial data because they are more recent than NCES data. But EdSource uses the more detailed NCES staffing and student data in some sections of this report.

figure 2 | California with no "majority" ethnic group has one of the most diverse school populations in 2003–04

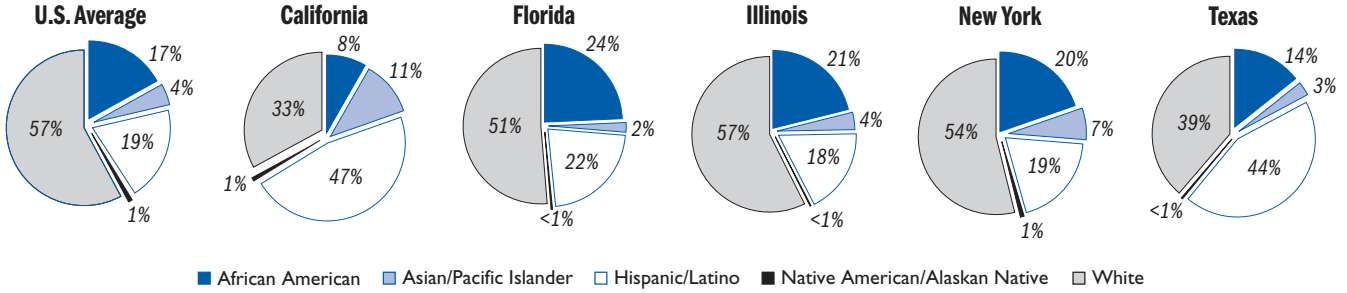
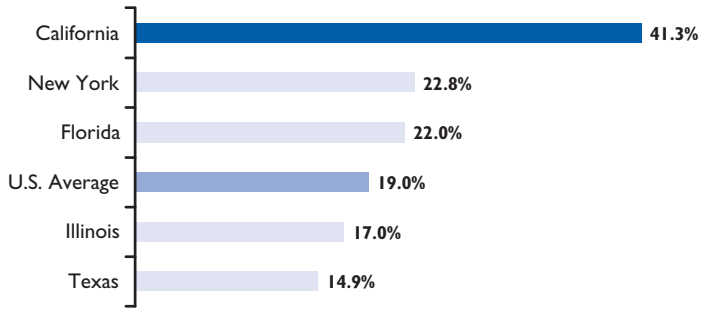
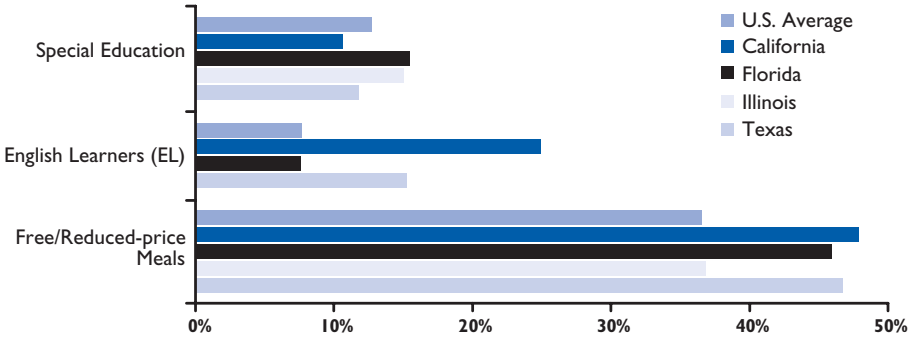


figure 3 | California has a high percentage of children under 18 living in crowded housing based on the 2000 U.S. Census



Note: The census defines crowded as "a house where the number of persons per room is greater than one."

figure 4 | California has relatively high proportions of English learners and students eligible for free/reduced-price meals, but a smaller percentage receiving Special Education services in 2003–04



Note: Data for New York students who were enrolled in special programs are not available for 2003–04, and data for Illinois students who were identified as English learners are not available for 2003–04. The U.S. average does not include any data on students enrolled in special programs in Kentucky, Tennessee, or New York.

Data: National Center for Education Statistics (NCES) *(figures 2 & 4)*
2000 U.S. Census *(figure 3)*

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CAPACITY AND EFFORT

By some measures, California in 2001–02 was close to average in its "capacity" and "effort" to support K–12 education

A traditional measure of a state's *capacity* to support K–12 public education is personal income per student, the sum of all residents' personal income divided by the number of K–12 public school students in the state.

The most recent statistics for this measure are from NEA in 2001–02. With $32,845 in per capita (or per resident) personal income, California ranked 12th among the states. But because California has a higher proportion of young people compared to most other states (ranking sixth in the percentage of residents under 18), the state is close to average when calculating the amount of personal income per student. As Figure 5 shows, in 2001–02 California ranked 19th, a little less than $100 below the national average of $187,122.

The state's "effort" improved in 2001-02

A state's *effort* toward supporting K–12 public education can be measured by the amount it actually spends on schools per $1,000 of personal income. In the past, California has ranked well below average in its commitment to school funding based on this measure. In 1998–99 the state ranked 45th in the nation, spending $34 for every $1,000 of personal income. That compared poorly to New York, which was spending $46. In 2001–02, the latest NEA figures available, New York was still spending $46; but California's investment had climbed to $40, raising its ranking to 32nd. This new commitment also put California in the middle of the five largest states in 2001–02 and only one dollar below the national average. (The expenditures shown in Figure 6 include capital spending—funds school districts use for modernizing and building new facilities. Beginning in the late 1990s, the state and local districts passed a number of school bonds, significantly increasing the investment in California's school facilities and, therefore, in K–12 education spending overall.)

Police, fire, and prisons still receive higher rankings than schools

Another way to look at a state's investment in education is to compare its spending on schools to its expenditures on other public services. California saw a significant jump in its rankings for per capita expenditures for K–12 schools, moving from 22nd in 1999–2000 to 12th in 2001–02, significantly above the national average, according to NEA. However, compared to other states, prisons (ranking fourth) and police and fire (fifth) received higher rankings than schools. In 2001–02 California was near the average in spending on higher education, public welfare, and health and hospitals; but the state ranked close to the bottom (47th) in its spending on highways.

With a comparatively high proportion of children, California remains below average in per-pupil spending

Yet this above-average per capita expenditure for K–12 schools does not translate into above-average expenditures per student in part because California has such a high proportion of children to adults compared to other states. In fact, California has consistently fallen below the national average in per-pupil expenditures, ranking 31st in 2001–02, according to NEA.

In 2003–04 the state moved up to 29th in the nation. As Figure 7 shows, at $7,584 per student, California was at 92% of the national average and ranked in the middle of the five most populous states. (Unlike the data in Figure 6, the data in Figure 7 do not include capital expenditures for facilities. And none of the data take into account regional differences in cost of living. See the box on page 6.)

EdSource uses enrollment and expenditures

For this report, EdSource uses fall enrollment rather than average daily attendance (ADA) for the number of students. Enrollment is determined by counting the students enrolled in each school and district on a given day in October. States' definitions of ADA vary more widely. ADA is the total number of days of student attendance divided by the total number of days in the regular school year. A student attending every day would equal one ADA. In California, the enrollment number is higher than ADA because ADA does not include students who miss school for any reason, including illness.

The financial comparisons in this report focus on expenditures (what is spent on schools) as opposed to revenues (what is allocated to schools). Numbers used to compile revenue figures for schools are more likely to vary among states and include funding for a number of expenses that do not relate to K-12 schools, such as child care and adult education. (For a further explanation, see EdSource's FAQ: *What accounts for the difference between education revenues and expenditures?,* which is free to download from: **www.edsource.org/pub_faq_rev-expend.cfm**)

figure 5 | California's *capacity* to support schools:

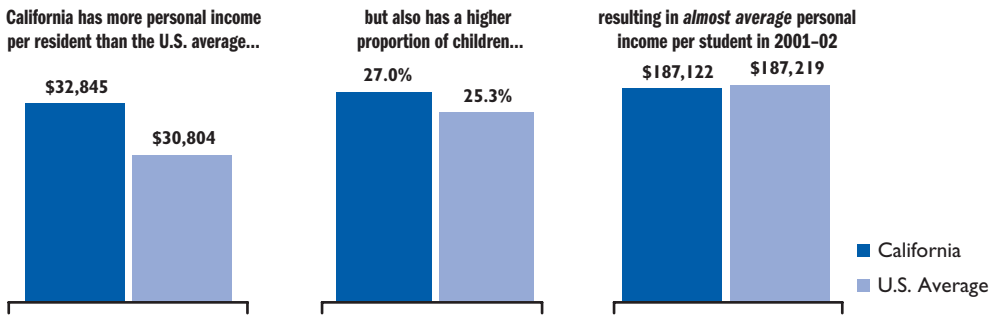
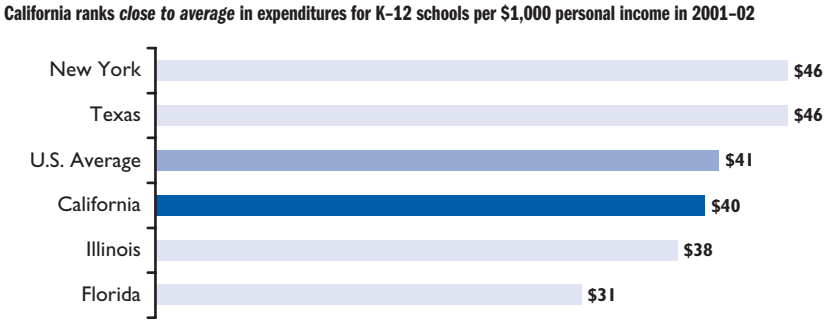
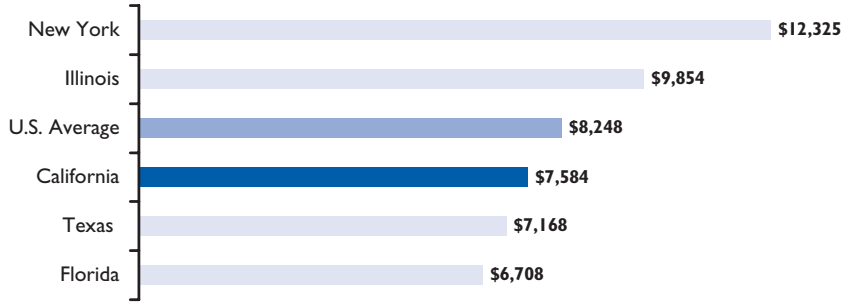


figure 6 | The state's *effort* toward supporting schools:



Note: Expenditures include capital spending to build and repair schools.

figure 7 | California ranks in the middle of the most populous states but below the U.S. average in expenditures per student based on fall enrollment in 2003-04



Note: Expenditures include operating costs only, not capital spending.

Data: National Education Association (NEA) *Rankings & Estimates 2004-05 (figures 5, 6, & 7)* EdSource 11/05

STAFFING

The primary cost of educating students is staff salaries

In California, on average, about 85% of a school district's General Fund is spent for staff salaries and benefits, of which teacher compensation is about two-thirds. Although California was below average in spending per pupil, the state has consistently ranked near the top in its teacher salaries, according to NEA. In 2001–02 and 2002–03, California was paying its teachers the top salary in the nation. But NEA reports that in 2003–04, the state slipped back to third place, the same ranking it held in 2000–01. Connecticut and the District of Columbia ranked higher.

At $56,444, California's average teacher pay in 2003–04 was almost 21% higher than the national average of $46,752. (See Figure 8.) However, that comparison does not take into account regional cost-of-living differences. (See the box to the right.)

The American Federation of Teachers (AFT) also looks at teacher salaries, and it separates beginning teacher pay from the rest. It reported California as fifth in beginning salaries, at an average of $35,919 in 2003–04.

High salaries combined with average per-pupil spending result in larger staffing ratios

High teacher salaries combined with average per-pupil spending have translated into much higher-than-average pupil-teacher ratios in California. In 2003–04 California ranked 49th in the nation, with the third largest pupil-teacher ratio (20.6 to 1). Only Arizona and Utah had higher ratios, according to NEA.

In states that spend more per student, high teacher salaries do not necessarily coincide with large pupil-teacher ratios. For example, New York, which ranked fifth in teacher salaries in 2003–04, also ranked fifth in student-teacher ratios (12.6 to 1). New York is able to maintain both high teacher salaries and smaller pupil-teacher ratios because its per-pupil spending is second in the nation, 49% above the national average.

It is also important to note that student-teacher ratios are not identical to the day-to-day reality of class size. The ratios are calculated by dividing the total enrollment by the number of full-time equivalent teachers even though not all teachers are classroom teachers. For example, take a school that has four classroom teachers with 30 students each plus a reading specialist who works with two struggling students from each class. That school would have a pupil/teacher ratio of 24 to 1 even though the typical classroom has 28 to 30 students throughout the day.

Among other school staff, the ratios are equally challenging. Contrary to some "conventional wisdom," schools in California are particularly understaffed in terms of the ratio of administrators to students. In 2003–04, according to NCES, the state was next to last in principals/assistant principals. And the state ranked 48th in the nation and last among the most populous states in district officials and administrators per pupil, with less than one-third the number at the national average and less than a quarter of the ratio in Texas, according to NCES. (See Figure 9.) California also ranked last in librarians and next-to-last in guidance counselors.

California's rankings drop when regional cost differences are considered

In this report, EdSource provides data and rankings that do not reflect differences in cost of living throughout the country. However, for some of these data, other organizations have looked at the rankings in that light. Doing so puts California school funding in a much less favorable light, given the state's high cost of living.

Regional cost approach drops California's ranking in per-pupil expenditures

The Education Week Research Center adjusted the 2001–02 per-pupil education expenditures for regional cost differences using the NCES Geographic Cost of Education Index. Using that approach, California's per-pupil expenditures that year in regionally adjusted dollars gave the state a ranking of 44th. (In 2001–02 NEA ranked California 31st in per-pupil expenditures based on enrollment with no cost adjustments.)

Cost-of-living index lowers state's ranking on teacher pay

In 2001–02 California paid its teachers the highest average salaries in the country, 23% above the national average. However, when the American Federation of Teachers (AFT) adjusted teachers' salaries based on the cost of living in each state and ranked states based on the adjusted salaries, California ranked 11th and was only about 4% above the national average. This occurred because California was the fifth most expensive state to live in (behind New York, New Jersey, Alaska, and Hawaii), according to AFT.

figure 8 California's average teacher salaries drop to third in 2003–04 national rankings but rank first among the five most populous states

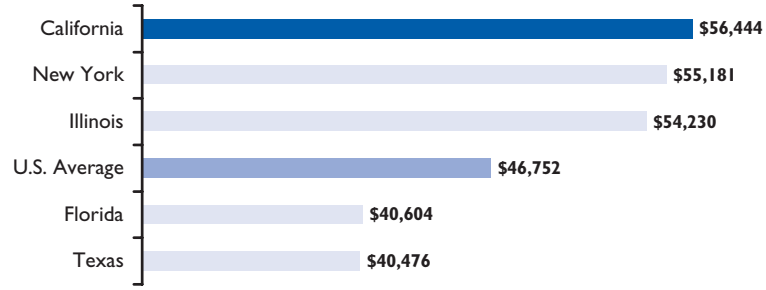


figure 9 California's staff-per-pupil ratios remain at or near the bottom in the nation

Staff per 1,000 Pupils in 2003–04

	Texas	New York	U.S. Average	Illinois	Florida	California	California's Rank	% of National Average
TOTAL STAFF	137.7	136.8	**123.0**	120.9	114.3	**90.9**	**48**	**74%**
Total District Staff	2.9	11.1	**5.9**	5.8	6.8	**5.2**	**31**	**88%**
Officials & Administrators	1.8	1.0	**1.3**	1.9	0.7	**0.4**	**48**	**31%**
School Staff	98.3	102.1	**89.9**	88.1	79.4	**68.4**	**50**	**76%**
Certified School Staff	77.1	81.1	**69.7**	66.3	62.0	**51.7**	**49**	**74%**
Principals & Assistant Principals	6.8	2.7	**3.4**	3.1	2.7	**2.1**	**50**	**62%**
Teachers	66.9	75.0	**63.1**	60.8	56.0	**48.3**	**49**	**77%**
Guidance Counselors	2.3	2.2	**2.1**	1.5	2.2	**1.1**	**50**	**52%**
Librarians	1.1	1.2	**1.1**	1.0	1.0	**0.2**	**51**	**18%**

Note: The District of Columbia is included with the 50 states.

Comparison data can sometimes be misleading

Comparing California with other states has inherent difficulties:

- The data are not always consistent from one state to another. Differences can occur in what are collected, how they are collected, and variations in their interpretation and reporting.
- States are dramatically different in size, ethnic and socioeconomic characteristics, cost of living, and in how they set policy, fund public education, and govern their schools.
- Teachers' salaries can reflect the changing characteristics of the workforce over time, particularly the addition of new teachers.
- The years for which data are reported, as well as whether they are based on actual figures or estimates, are important to note. In this report, EdSource uses the most current national data available.
- Averages and aggregates, while often illuminating, can mask variations that are informative and important to the accuracy of the picture that they paint.

Data: National Education Association (NEA) *Rankings & Estimates 2004-05 (figure 8)*
National Center for Education Statistics (NCES) *(figure 9)*

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California is well below average in achievement, according to NAEP

The primary assessment that provides comparable state-by-state analyses of K–12 student achievement is the National Assessment of Educational Progress (NAEP), known as the "nation's report card." As part of the NAEP state assessment, all states must test a sample of their fourth and eighth graders in reading and math.

California performed poorly based on recent NAEP tests compared to other states, ranking in the bottom six states on every test its students took. In 2005 half of fourth graders and 40% of eighth graders scored below basic in reading. In math, 29% of fourth graders and 43% of eighth graders scored below basic. Based on these most recent NAEP scores, out of the five most populous states, only California students scored below average on every NAEP test that they took.

However, the 2005 NAEP scores also indicate that California may be making some progress on the achievement gap. For example, Hispanic fourth graders (in reading) and eighth graders (in reading and math) showed improvement between 2003 and 2005 that was greater than the state as a whole.

Critics of NAEP say that California's poor performance reflects the challenges it faces based on the socioeconomic characteristics of its families. In its 2005 report, *California's K–12 Public Schools: How Are They Doing?,* RAND researchers looked at the effect of family characteristics on students' ability to score well on NAEP tests from the 1990s through 2003. RAND predicted that California students would score below the national average based on family characteristics such as ethnicity, income, education level, teen births, and single-mother households. However, the state ranked much lower than other states with similar family characteristics. The research suggests that California's low NAEP scores "are not simply a result of family characteristics in the state but that they reflect on schools as well," RAND says.

While saying it is impossible to show a direct link, RAND concludes that such poor NAEP scores likely reflect inadequate funding for schools in California. Relatively low achievement levels "would be expected given relatively low funding levels, relatively high class sizes, relatively inadequate facilities, and students with relatively great needs," the report says.

Are Californians getting what they pay for?

To the extent that they represent an accurate indication of student achievement in California, the NAEP scores are an indictment of the state's success in educating its young people. Could educators be doing a better job? Undoubtedly. There are always ways to improve practice and be more effective. And there are probably school districts that could spend their funds more efficiently. It is vital that California continue to explore every possible way to do better with the current resources.

But California schools are attempting to educate the most diverse and challenging school population in the country and doing it with substantially fewer human resources than almost any other state. Based on the staffing ratios as a whole, educators in California's public schools are responsible for 35% more students than is typical in the United States. This is true of teachers who have more students in their classrooms, but the relative burden is even heavier on school principals and district administrators working to support them. While determining the optimum level of resources and funding is a daunting task, it appears that California's current investment is insufficient if all students are to have access to an adequate education, let alone an excellent one.

Unfortunately, increasing this state's investment in schools is an expensive proposition. But one has to ask, what are the alternatives?

This report was researched and written by:
Susan Frey

Researched by:
Isabel Oregón

With research support by:
Noli Brazil

Edited by:
Mary Perry

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520 San Antonio Rd, Suite 200, Mountain View, CA 94040-1217 · 650/917-9481 · Fax: 650/917-9482
edsource@edsource.org · www.edsource.org · www.ed-data.k12.ca.us