



We're Number One. Why?

Exploring why New York leads the nation in per pupil spending on public schools

Often it is noted that New York leads the nation in per pupil spending on its public schools. But seldom does anyone stop to consider why New York schools spend at the levels they do.

Some explanations

One reason is that New York is part of a high cost region. [All but two of the top ten per pupil spending states](#) are located in the northeastern quarter of the nation.¹

Related, New York is high cost in many things, not just education.

For example, New York has [the third highest average weekly wages](#) for all workers, trailing two other northeastern states (Connecticut and Massachusetts). Education is labor intensive; if labor costs are high in general, it should be no surprise that education spending would be high.²

In contrast to other economic sectors, unionization is nearly universal in New York public schools. Unions exist to protect and improve employee compensation. [A 2012 study](#) by the Thomas B. Fordham Institute ranked New York in the top tier of states on teacher union strength and first in teacher union resources and membership.³

A second reason for New York's high education spending is that New Yorkers do value public services, not just public schools.

For example, New York has [far more state park sites](#) than any other state and is third in total state park acreage, behind Alaska and California – not including the Adirondack Park.⁴

Despite a large private higher education sector, New York maintains two of the nation's largest public university systems – the State and City Universities of New York.

New York ranks third in [total state and local government spending per capita](#), behind two sparsely populated western states (Alaska and Wyoming).⁵

Third, another way to answer the question, “why is New York's education spending higher than other states?” is to look at the composition of spending.

In general, New York employs more staff and pays them better than other states – at least partly for reasons described below. But [New York's cost for employee benefits](#) is especially high: per pupil spending on benefits for instructional employees is 169 percent above the national average.⁶ The two major benefit expenses are for pensions and health insurance.

The number of employees and extent of benefits contribute to these costs.

But another factor in benefit costs is that New York makes a stronger effort than most states to assure appropriate funding of pension obligations. [Pensions and Investments ranked New York's Teachers Retirement System](#) one of the nation's top 10 pension funds, public or private.⁷ New York ranks among the top [10 states in funding ratios for its retirement systems](#).⁸

In contrast, New Jersey has habitually underfunded its pension system, skipping payments altogether in at least four years since 2001. [New Jersey](#) has been charged with fraud by the Securities Exchange Commission for misleading bond investors about funding of its pension obligations.⁹ So has [Illinois](#).¹⁰

Fourth, citing a statewide average masks as much as it reveals. New York is home to public schools that provide truly extraordinary opportunities and those opportunities are expensive.

In 2014, [Niche](#), an education review website, reported on the nation's best public school districts – eight of the top 10 are located in New York.¹¹

Year after year, New York public schools account for a quarter to a third of the national semi-finalists in the [Intel Science Talent Search](#) competition which honors high school students undertaking sophisticated research projects.¹²

On the other hand, New York ranks poorly on some measures of equity in school finance. New York is one of 10 states receiving a grade of F from the [Education Law Center](#) for education funding relative to student poverty – the ratio of per pupil spending in high versus low poverty schools.¹³

Fifth, it's worth asking who decides how much should be spent on schools. It is not solely school

board members, superintendents, and school business officials who decide, and there is no evidence in any event that those leaders are less competent or more covetous than counterparts in other states.

Outside the “big five” cities, school budgets are approved by voters. Since the advent of the statewide budget voting day in 1998, voters have approved an average 92 percent of school budgets on the first vote. Surveys routinely show New Yorkers [opposing School Aid cuts](#)¹⁴ and [prioritizing support for schools](#).¹⁵

What does not explain the cost of public education

Sometimes, the cost of New York public services and the taxes that support them is attributed to the number of local governments and school districts the state maintains. If New York were starting an education system from scratch today, it would not create nearly 700 local districts. But the number of school districts in New York does not explain its per pupil spending. [Fifteen states](#) have more school districts relative to their enrollment than New York, including Illinois, Missouri, and New Jersey, and none of those states match New York's spending.¹⁶

The role of state mandates

Finally, state policy plays a role in determining how much schools cost to operate. New York has rules not found in other states and they drive costs.

No other state has a Wicks Law requiring multiple prime contractors on public construction projects or a “Scaffold Law” making employers essentially automatically liable when a construction worker is injured on the job, even in cases of personal negligence. New York also has more extensive special education mandates than most states.

No state we have found has a mandate exactly like New York's Triborough Law which provides that all provisions of an expired collective

bargaining agreement remain in place until a successor agreement is negotiated.

Other states assure benefits are continued if a collective bargaining agreement expires – a reasonable accommodation given prohibitions against strikes by public employee unions. But no other state we have found assures continuation of “step” increases – automatic increases in salary tied to years of service. The cost is more than just in pay increments. The assurance of automatic pay increases even under expired contracts undermines districts in attempting to negotiate cost saving changes to labor agreements.

Most mandates have some merit, but all have costs – in money, time or both. Assign someone

a project to complete, attach conditions to how they may perform the work, and those conditions will affect the project’s cost.

Keeping all current school mandates in place and complaining about school costs is like tying a runner’s shoes together, then complaining he or she doesn’t run fast enough.

Conclusion

Ultimately the task for both school leaders and state officials is to provide the learning opportunities our students need with the resources our taxpayers can afford. That work requires honesty about the factors that influence the cost of providing those opportunities.

¹ Statistical Tables, Public Elementary-Secondary Education Finances: Fiscal Year 2012. U.S. Census Bureau. Web. 1 Dec. 2015. See table 11.

² *Economic News Release: County Employment and Wages*. U.S. Bureau of Labor Statistics, September 2015. Web. 1 Dec. 2015. See Table 3. Covered establishments, employment, and wages by state, first quarter 2015.

³ *How Strong Are U.S. Teacher Unions? A State-By-State Comparison*. The Thomas B. Fordham Institute, 29 Oct. 2012. Web. 01 Dec. 2015

⁴ *Parks and Recreation in the United States: State Park Systems*. Resources for the Future, January 2009. Web 1 Dec. 2015.

⁵ State and Local General Expenditures, Per Capita, 2004-2013. Tax Policy Center. Web. 1 Dec. 2015.

⁶ Statistical Tables, Public Elementary-Secondary Education Finances: Fiscal Year 2012. U.S. Census Bureau. Web. 1 Dec. 2015. See tables 8 and 11.

⁷ New York State Teachers Retirement System. NYSTRS Among Top-Ranked Plans. NYSTRS Among Top-Ranked Plans. New York State Teachers Retirement System, 6 Feb. 2014. Web. 1 Dec. 2015.

⁸ *U.S. State Pension Funding: Strong Investment Returns Could Lift Funded Ratios, But Longer-Term Challenges Remain*. Standards and Poors, 24 June 2014. Web. 1 Dec. 2015.

⁹ Securities and Exchange Commission. SEC Charges State of New Jersey for Fraudulent Municipal Bond Offerings. 18 Aug. 2010. Web. 1 Dec. 2015.

¹⁰ Securities and Exchange Commission. SEC Charges Illinois for Misleading Pension Disclosures. 11 Mar. 2013. Web. 1 Dec. 2015.

¹¹ Jacobs, Peter. "The 10 Best Public School Districts In The US." Business Insider 5 Nov. 2014. Web. 1 Dec. 2015.

¹² The Future Is Bright: Intel Science Talent Search 2015 Semi-Finalists. Publication. Washington, D.C.: Society for Science and the Public, 2015. Web. 1 Dec. 2015

¹³ Baker, Bruce D., David G. Sciarra, Education Law Center, and Danielle Farrie. *Is School Funding Fair? A National Report Card*. Newark, NJ: Education Law Center, Jan. 2014. Web. 1 Dec. 2015

¹⁴ Katz, Celeste. "Quinnipiac Poll: New York Voters Like Gov. Cuomo, But Not Spending Cuts." Weblog post. Daily Politics. New York Daily News, 26 Jan. 2011. Web. 02 Dec. 2015.

¹⁵ Siena Research Institute. Voters Don't Think New Laws Will Reduce Corruption; Say Cuomo Was Right to Not Hold Up Budget for Bigger Changes. 27 Apr. 2015. Web. 2 Dec. 2015.

¹⁶ Number of operating public schools and districts, state enrollment, teacher and pupil/teacher ratio by state: School year 2011-12.. Raw data. National Center for Education Statistics, Washington, DC. See table 2. New York City excluded in calculating district-enrollment ratios; with New York City included, 25 states would have more districts relative to their enrollment..