Today’s Topics

- The supply side of education, California style
The Supply Side of Education

☐ Money
☐ Quality teachers
☐ Peers
Money for Education—
The Old Model

☐ School districts set property tax rate
☐ School tax rate referendum
☐ Supplemented from state
Money for Education-
The New Model (in California)

- Property tax rate set by the state
- Revenue allocated to local governments including schools
- State tops up each district’s revenue so every district gets about the same
- State finance
How Did This Happen?

☐ Serrano vs. Priest in 1971
☐ Proposition 13 in 1978
Serrano vs. Priest in 1971

- Differences in expenditures per pupil due to differences in assessed value violated equal protection clause
- Equal protection clause: fundamental right and suspect classification
- Education a fundamental right and wealth a suspect classification
- Property wealth was not related to family income
Senate Bill 90 in 1972

- Revenue limit for each district
- Limits equalized over time
- Districts could override limits
Proposition 13

- Limit of 1% on all property
  - less than half of previous rate
  - new assessment rules
- Tax revenue allocated by legislature
- No more override of revenue limit
- State determines expenditures for every school district
Consequences

- Expenditures per pupil very equal across districts
- Achievement is not equal
Achievement and Income

Elementary Schools, 2002

Percentage of low-income students at school
Other Consequences

- Expenditures per pupil have fallen relative to other states
Figure 4.3
Current Expenditures on Elementary and Secondary Education per Student, 1977-2002
<table>
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<tr>
<th>State</th>
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## NAEP Scores for All Students, 2003

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Cause and Effect?

☐ Is relatively low spending the cause of relatively low achievement?

☐ Studies mixed on relationship between resources and achievement
Putting Things in Perspective

- Equalizing revenues has not equalized quality
- Quality lower overall
- Why? Possibilities:
  - Lower resources
  - State finance has broken link between families and schools, weakened incentives
Your Paper

☐ Due Friday, May 30
☐ Hard copy in class
☐ Email electronic copy to jon@econ.ucsb.edu
☐ Paper Rubric