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Spending in US Education

Based on the work of Nora Gordon and Paul E. Peterson

“What We Know About Our Schools,” an essay by Nora Gordon and Paul E. Peterson, includes an examination of the trends and factors in education spending in the United States.

Key Points on Education Spending

1. Total expenditure per enrolled pupil in the United States in fiscal year 2021 was \$16,345, with wide variation across states (from \$28,261 in New York to \$10,802 in Utah).
2. School expenditures have increased twentyfold over the course of the past century, adjusting for inflation.
3. The pupil-teacher ratio has declined from 28 students per teacher in 1950 to 15 students per teacher in 2021, resulting in substantial comparative costs for additional classroom personnel and space.
4. Between 1950 and 2000, the total staff-pupil ratio (including teachers) declined by 150 percent, from nearly 20.0 to 8.0.
5. The “Baumol effect” contributes to rising education costs, as wages in education must keep pace with those in other sectors despite limited productivity gains.
6. Recent research has found positive effects of court-ordered increases in school funding on the test score performance of disadvantaged students, with somewhat larger effects on high school graduation and college going.
7. The share of GDP spent by US governments (local, state, and federal) on pre-primary through secondary education more than doubled, from 2.1 percent to 4.2 percent, between 1950 and 1970. Education spending as a share of GDP reached a high of 4.2 percent again in 2010 and then fell to 3.7 percent by 2023.
8. The question remains whether the United States could achieve higher levels of academic achievement and other student outcomes by committing a higher share of its GDP to K-12 schooling without other changes to how schooling is provided.

Based on “What We Know About Our Schools,” by Nora Gordon and Paul E. Peterson,
at www.hoover.org/fact-based-policy-program.



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