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Public School Funding Falls in Fiscal 2012, First Time Since 1977.

Decline in Federal Funding Cited; State, Local Spending Slightly Higher

Funding for U.S. public elementary and secondary schools decreased by \$4.9 billion in fiscal year 2012, the first recorded drop since the U.S. Census Bureau began collecting the data in 1977, according to a report released by the bureau Thursday. Total funding of nearly \$595 billion was down 0.8% from the previous year.

An approximate 19% downturn in federal dollars from the previous year—to about \$60 billion in 2012 from about \$74 billion in 2011—explains the shortfall for schools, according the Census Bureau. Revenue from state and local sources went slightly higher—about \$270 billion and almost \$265 billion respectively—in the same time frame.

Fiscal year 2012 represents roughly the same time period as the 2011-2012 school year.

The decrease in school funding reflects changes in revenue patterns during and after the recession, according to Mike Griffith, a school finance consultant for the Education Commission of the States, a nonpartisan research group.

“What we saw was the phase out of the additional federal dollars in stimulus funding,” said Mr. Griffith. “Those dollars had helped prop up state budgets during the recession. We saw state budgets recuperate in 2011-2012 at same time as federal money was disappearing...but states hadn’t recovered enough to make up for the federal dollars lost, so overall funding dropped.”

The largest slice of 2012 spending was for instructional salaries, which totaled about \$207 billion, or nearly 35% of total spending.

“Expenses grow every year,” said Mr. Griffith, referring in part to teacher salaries and benefits. “The decrease in revenue is a problem for school districts because they will have to make cuts.”

Per-pupil spending remained stagnant, hovering at about \$10,600 per student. The total number of students, at about 48 million, was down slightly from the previous year, according to the Census Bureau. Overall expenditures by the schools declined for the third year in a row, to nearly \$594 billion, or a 0.4% decrease.

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