



What accounts for the difference between education revenues and expenditures?

In California's official Budget Highlights for 2004-05, the state Department of Finance (DOF) announces that the total revenues for K-12 education this year amount to \$58.9 billion. In the report, the DOF then proceeds to divide that number by the state's anticipated average daily attendance (ADA) of 6.01 million students to arrive at about \$9,800 in funding per pupil.

But if the DOF number is true, why did the National Education Association (NEA) recently announce that California's per-pupil education expenditure in 2002-03 was just \$7,244? The

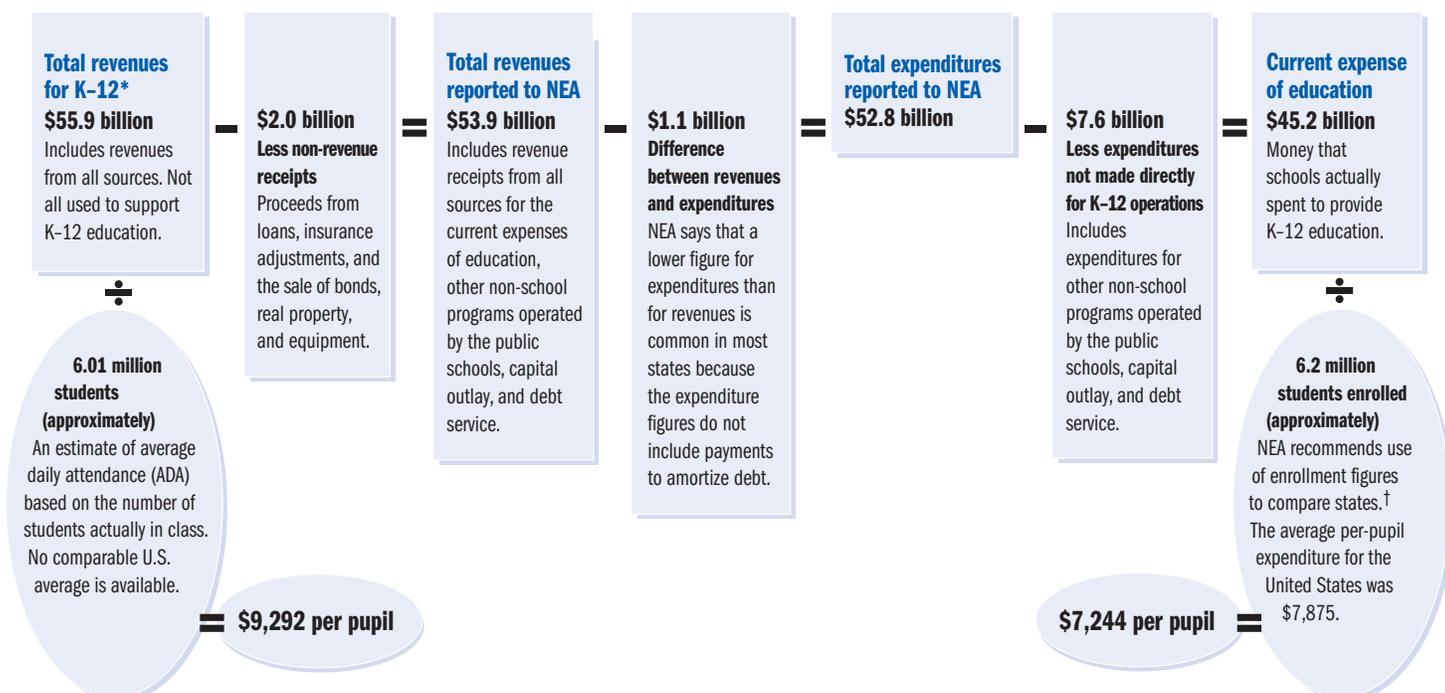
state has certainly not increased its funding per student by more than \$2,500 in the last two years.

As it turns out, both figures are accurate—they just measure very different things. The first and most obvious difference is that the numbers are for different school years. The other factors relate to what sources of funding the state includes in its figure for total revenues for schools, the difference between revenues and expenditures, and how the number of students is counted.

The state's total revenue numbers include all the funds allocated to school districts and related agencies, not just those school districts have avail-

able to operate programs. For example, a category called "non-revenue receipts" includes proceeds from bonds and loans; and another called "other non-school programs operated by the public schools" includes child care and adult education. Expenditure data, on the other hand, represents the money schools actually spent; and the NEA figure cited above only counts expenditures directly related to K-12 operations.

The table below uses the various figures the state reported for a single school year—in this case 2002-03—to further illuminate what is included in these numbers and how they differ.



* These were the numbers eventually reported to NEA for the 2002-03 school year. The state budget originally estimated total revenues at \$55.7 billion, ADA at 5.88 million students, and the per-pupil amount at \$9,477.

† Enrollment is higher than ADA because ADA does not include students when they are absent for any reason, including illness.

DATA: *Rankings & Estimates 2003-04*, NATIONAL EDUCATION ASSOCIATION (NEA)

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