

New York's Dysfunctional School Spending Patterns

For many years, government spending in New York State has far exceeded the national average. State and local governments in New York had the second highest per capita spending in the nation in 2013.[\[1\]](#)

Local Government Taxes - 2014	
Outside New York City	
Counties	17.0%
Cities & Towns & Villages	19.6%
Schools	61.0%
Fire Districts	2.4%

Local government spending contributes significantly to New York's high spending levels. Local government spending in New York averages \$9,800 per person – the highest spending level in the nation.

Schools contribute the largest amount of local spending in New York. They account for 49% of all local spending, and 61% of local taxes. The contribution of schools to taxes is greater

Local Government Spending - 2014	
Outside New York City	
Counties	30.8%
Cities & Towns & Villages	19.0%
Schools	49.2%
Fire Districts	1.0%

than to spending because a substantial portion of county spending is for social service programs funded by the State government.

New York school spending per student is far higher than the average for the nation – 87% higher. Spending is particularly high in the suburbs surrounding New York City. Because of the large regional disparities in school spending levels in New York State, they are likely to exacerbate educational

inequality.

School Spending In New York State

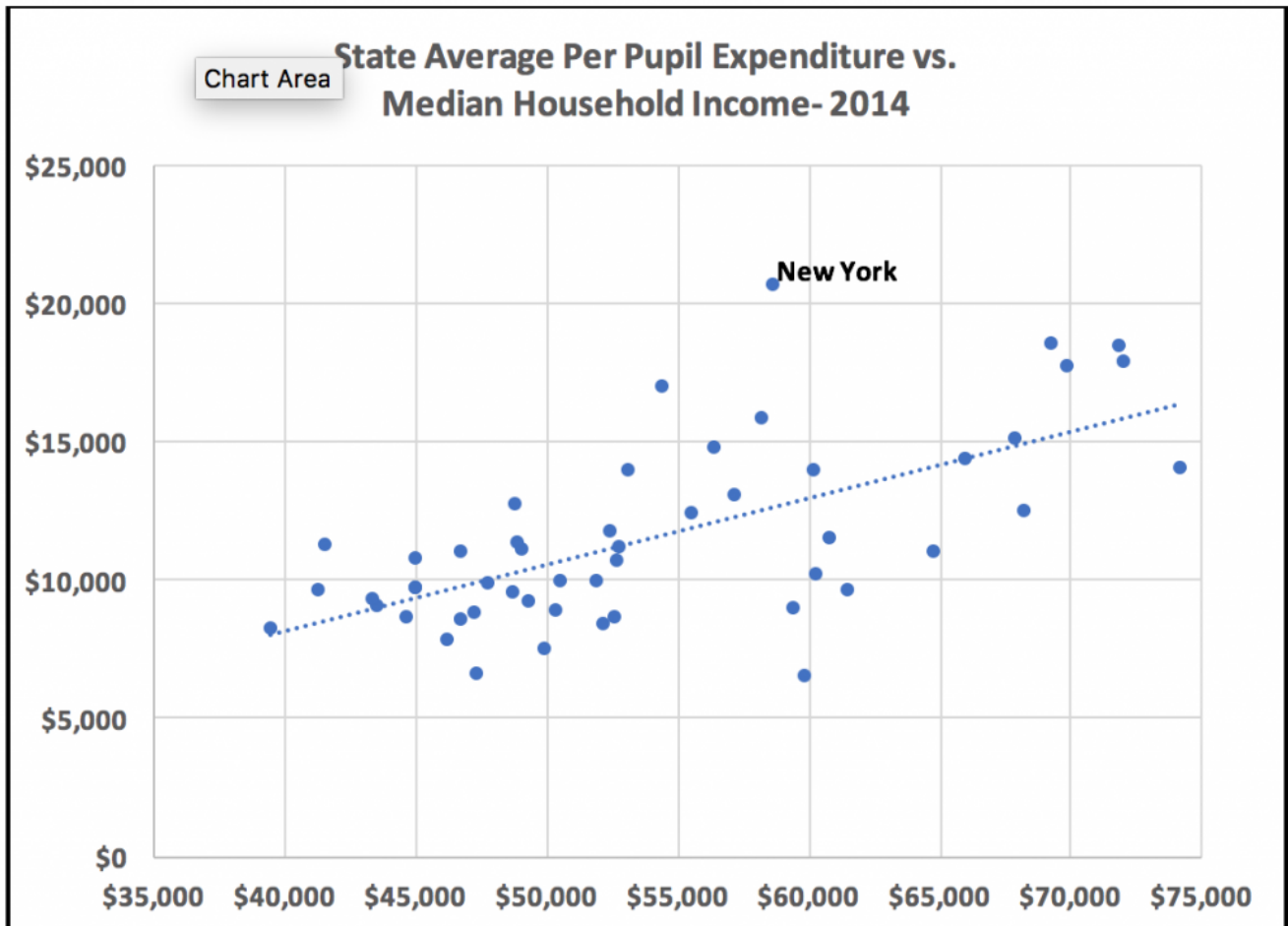
Compared to other states, New York State spending per pupil is very high – 87% higher than the national average, and is significantly higher than the second state – Alaska (67% higher).[\[2\]](#) Even compared to neighboring states in the Northeast and Midwest, New York school spending is an outlier. New York’s spending per student is 16% higher than the states with the next highest expenditures – Connecticut and New Jersey and is much

Operating Spending Per Student New York and Nearby States -2014	
Connecticut	\$ 17,745
Maine	\$ 12,707
Massachusetts	\$ 15,087
New Hampshire	\$ 14,335
New Jersey	\$ 17,907
New York	\$ 20,610
Pennsylvania	\$ 13,961
Rhode Island	\$ 14,767
Vermont	\$ 16,988
Illinois	\$ 13,077
Indiana	\$ 9,548
Michigan	\$ 11,110
Ohio	\$ 11,354
U. S. Average	\$ 11,019

higher than the average for the northeast, excluding New York State – \$20,610, vs. \$15,639 – a difference of 32%. The difference between New York and the average per pupil operating spending in the Midwestern states in the group was even larger – \$20,610 vs. \$11,556 – a difference of 78%.

This post will examine regional variations in school spending in New York state and in neighboring states, and regional variations within New York and neighboring states.

Household Income and School Spending



Operating spending per student is related to median household income at the state level, with income explaining about 40% of the variation in state average per pupil operating expenditures. Schools in states with median household incomes below the national median of \$51,939 [3] spent \$9,549 per student on average in 2014, compared with \$14,268 for those above the average. But, New York's school spending is much higher than would be predicted from its residents' median income. New York's median household income was \$58,687, 13 percent higher than the national median. The State's average operating spending, \$20,610, was 87% higher than the national average.

Regional Variations in Education Spending

About two-thirds of New York State's 19,500,000 residents lived in the New York metropolitan area in 2014. In that area, there is a sharp income division between the 8.4 million residents of New York City, whose median household income is \$52,737 and the 4.9 million residents of suburbs in New York State around the city, which average \$89,047. The remaining 6.3 million New York residents who live outside the New York City metropolitan area have median household incomes that are like that in New York City and in the nation, about \$53,000 on average.

Per Pupil Expenditures for Current Operations		
New York State Regions - 2014		
New York State	\$ 20,610	\$58,687
New York City	\$ 18,579	\$52,737
Remainder of NYC Metro	\$ 23,680	\$ 89,047
Dutchess	\$ 19,567	72,471
NASSAU	\$ 26,292	98,401
Putnam	\$ 24,076	96,262
Rockland	\$ 23,775	85,808
Suffolk	\$ 22,567	88,323
Westchester	\$ 23,636	83,422
Upstate Metro Counties	\$ 16,846	\$ 51,343
Albany	\$ 17,194	59,940
Schenectady	\$ 16,286	57,025
Rensselaer	\$ 17,590	60,140
Saratoga	\$ 15,639	70,581
Oneida	\$ 16,229	48,931
Onondaga	\$ 17,009	54,498
Monroe	\$ 17,367	52,501
Eire	\$ 15,816	51,050
Niagara	\$ 16,112	49,091
Broome	\$ 17,749	46,368
Rest of State	\$ 18,248	\$ 55,282

Per pupil spending for current operations in New York State largely reflects regional household income differences. Per pupil spending is much higher in the New York City suburbs than elsewhere, averaging \$23,680 in 2014. Spending in New York City was \$18,579, while the average for upstate metropolitan counties was \$16,846.

School spending in New York City suburban counties is much higher than for the rest of the state, and far exceeds per pupil expenditures measured at the state level outside New York State. Expenditures in New York City, and in areas outside the New York City metropolitan area are lower, but are like those in the states with the highest spending levels in

the region – Connecticut and New Jersey, and significantly higher than the Northeast median of \$15,639 and the Midwest rust belt median of \$11,556.

Cities and Suburbs – Income Disparities

Median Household Income - 2014					
	Central City	Suburbs Around Central City	Outside Metro Area	City/ Suburb	Outside Metro/ Suburb
Boston	\$54,485	\$79,797	\$58,506	-32%	-27%
Philadelphia	\$37,460	\$76,915	\$51,463	-51%	-33%
New York City	\$52,737	\$89,047	\$53,104	-41%	-40%

To

understand spending differences between regions within New York State and areas outside the State, it is useful to look at per pupil spending within the major metropolitan areas in neighboring states, and outside those areas. This is so because median incomes in metropolitan areas like New York City, Boston, and Philadelphia are significantly higher than in the rest of the states where they are located. By comparing spending within and outside those areas, we can get a better understanding of how school spending differs in comparable areas within New York State and outside it.

Each of the four Northeastern states examined for regional disparities showed similar patterns of median household incomes. Central City incomes were near or below state averages, as were incomes in areas outside major metropolitan areas. Suburbs in major metropolitan areas showed very high incomes compared to state averages and central cities.

In each of the three major metropolitan areas studied median household incomes in central cities were between 32% and 52% less than in the suburban communities around them. Philadelphia’s median household income is very low – \$37,460, which is 51% less than median household income of the surrounding suburbs. New York City’s median household income was 41% less than the surrounding suburbs in New York State.

Regional Spending Patterns

The median household income for upstate metropolitan counties was like that in areas of Pennsylvania outside the Philadelphia metropolitan area, and below those in Massachusetts and New Jersey outside major metropolitan areas. Per student operating expenditures in upstate metropolitan

State	Region	Median	Average
		Household Income	Per-Pupil Expenditure
Pennsylvania	Philadelphia	\$ 37,460	\$ 13,013
New York	New York City	\$ 52,737	\$ 18,579
Massachusetts	Boston	\$ 54,485	\$ 21,567
New York	Upstate Metro Counties	\$ 51,343	\$ 16,846
New York	Rest of State	\$ 55,282	\$ 18,248
New Jersey	Rest of State	\$ 57,038	\$ 17,927
Pennsylvania	Rest of State	\$ 51,463	\$ 12,641
Massachusetts	Rest of State	\$ 58,506	\$ 13,883
Pennsylvania	Total	\$ 53,115	\$ 13,961
New York	Total	\$ 58,687	\$ 20,610
Massachusetts	Total	\$ 67,846	\$ 15,087
New Jersey	Total	\$ 72,062	\$ 17,907
New Jersey	Philly Metro Outside Philly	\$ 70,994	\$ 17,527
New Jersey	NYC Metro Outside NYC	\$ 75,097	\$ 17,037
Pennsylvania	Philly Metro Outside Philly	\$ 76,915	\$ 13,008
Massachusetts	Boston Metro Outside Boston	\$ 79,797	\$ 14,610
New York	NYC Metro Outside NYC	\$ 89,047	\$ 23,680

counties was higher than in neighboring states, averaging \$16,846 compared with 12,641 in Pennsylvania and \$13,883 in Massachusetts.

Median household income in suburbs around New York city was higher (\$89,000) than in New Jersey (\$71,000 around Philadelphia, and \$75,000 around New York City), Pennsylvania (\$76,915) and Massachusetts (\$80,000). New York City suburbs' school spending per pupil was much higher than similar areas in nearby states – averaging \$23,680 compared with \$17,000 in New Jersey, \$13,000 in Pennsylvania and \$14,810 in Massachusetts.

New York City's median household income was near that of Boston – \$52,737 vs. \$54,485, but per pupil expenditures in Boston were significantly higher than in New York city – \$21,567 in Boston vs. \$18,579 in New York City. Philadelphia's median household income was much lower than New York's or Boston's – \$37,460, and per pupil expenditures were also relatively low for the region – \$13,013.

The Impact of Disadvantaged Students on City Schools

Academic studies have consistently demonstrated that the cost of educating economically disadvantaged students is substantially higher than those from more affluent backgrounds. For example, William Duncombe and John Yinger^[4] of the Maxwell School at Syracuse University estimated the additional cost of educating poor students and those with limited English proficiency to be 111% to 215%.

Per Student Spending for Current Operations					
	Central City	Suburbs Around Central City	Outside Metro Area	City/ Suburb	Outside Metro/ Suburb
Boston	\$21,567	\$14,610	\$13,883	48%	-5%
Philadelphia	\$13,013	\$13,008	\$12,461	0%	-4%
New York City	\$18,579	\$23,680	\$17,381	-22%	-27%

Since city school districts have much higher percentages of economically disadvantaged students than the suburban schools around them, to successfully educate their student bodies, per pupil spending should be higher in the cities than in the suburbs. And, in Massachusetts, that is the case – Boston schools spend 48% more per pupil than the suburban schools around them. But in New York State, the reverse is true – suburban schools spend 22% more per student than New York City schools.

Suburban areas around New York City, Philadelphia and Boston have significantly higher median incomes than those in the remainder of the states within which they are located. In Massachusetts and Pennsylvania, per capita operating spending differs little from the suburbs of major cities to areas outside those metropolitan areas. But in New York State, New York City metropolitan suburban school spending per student is far higher than in the remainder of the state. Overall, there is substantially more regional spending inequality between suburban areas and New York City and the rest of the state than in similar areas in other states.

Implications

Overall, school operating spending per student in New York

State is substantially higher than in neighboring Northeast states, and in the rust belt states of the Midwest. Not surprisingly, the contrasts between New York's high school spending levels are greater compared to schools in places like Ohio, Michigan, Indiana and Illinois than they are with New York's immediate neighbors, like Massachusetts, Connecticut, Pennsylvania and New Jersey. When the State is broken down into regions – New York City, the suburbs in the New York Metropolitan area, and the rest of the state, only New York City shows spending levels that aren't out of line with comparable regional entities.

The high spending levels found in New York State and its regions cannot be explained by differences in median household incomes, which are small compared with locations outside the state. New York's per student operating costs are 32% higher than the average of other Northeast states, and 78% higher than Midwest rust belt state. Yet, New York's median household income is significantly lower than some of its neighboring states, including New Jersey, where the median household income is 23% higher than in New York and in Massachusetts, where the median household income is 16% higher.

At the same time, New York has larger, regional variations in per pupil school spending that appear to exacerbate educational inequalities. While the costs of meeting educational needs of students in districts with high concentrations of disadvantaged students are substantially higher than those in places with few of these students, wealthy New York City suburbs spend far more per student than New York City or other parts of the state. These large differences are not found in other nearby states.

[1] State and Local Finance Initiative – Data Query System:
<http://slfdqs.taxpolicycenter.org/pages.cfm>

[2] Source: U. S. Census Bureau:

http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SSF_2014_00A08&prodType=table

[3] In 2014.

[4] William D. Duncombe and John Yinger, "How Much More Does a Disadvantaged Student Cost?" (2004) Center for Policy Research, Maxwell School of Citizenship and Public Affairs, Syracuse University. Paper 103.