

Media Report

WHERE IS ALL THE MONEY GOING? BUREAUCRACY AND OVERHEAD IN CALIFORNIA'S PUBLIC SCHOOLS

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INTRODUCTION

Per student funding in America's public schools increased by 96% in constant, inflation-adjusted dollars between 1970 and 1990.¹ Here in California, despite the public perception to the contrary, per student K-12 public school spending increased by 39% in constant, inflation-adjusted dollars between the 1978 passage of the tax-cutting Proposition 13 and 1999.²

The per student spending numbers quoted by the public school establishment almost invariably understate true per student spending. At the national level, the most commonly quoted numbers are those of the National Center for Education Statistics (NCES). The number released to the public by the NCES, unless a more accurate number is specifically requested, is most often the "current expenditures" figure, which does not include the cost of the school buildings themselves, nor does it include interest payments on school bonds.

In California, the numbers released to the public are even more deceptive. The figure most often quoted to the public for current per student spending is the "Proposition 98" number, which does not include the cost of school buildings, interest cost on school bonds, federal aid to K-12 education, and lottery money. That "Proposition 98" number is currently \$6701 per student. However, an accurate, all-inclusive figure for per student spending in California –and one that is, regrettably, almost never seen in the news media– is approximately \$8500 per student as of the 2000-01 school year.

The most highly respected education economist in the country, Dr. Eric Hanushek, now of the Hoover Institute, has referred to the increase in per student funding of our K-12 public schools as an "explosion." He has pointed out that the rate of increase in K-12 per student public school spending has far outstripped U.S. increases in health care spending in constant dollars, despite a focus in public perception on health care increases and a misperception that public school per student spending has declined.

Despite this financial largesse, public school performance has continued to worsen for decades, and opinion polls now rank our crisis in education as the most important issue facing voters, both nationally and in California.

In this study we demonstrate that increases in bureaucracy in our public schools have absorbed most of the increases in public school spending over the last few decades. We conclude that approximately 40% of all K-12 educational tax dollars in California are spent on bureaucracy and overhead, a figure that we will quantify with greater precision in Part 2 of this study, anticipated to be released in early 2001.

The intent of this study has been to track all costs of bureaucracy and overhead throughout the five levels of administration of our public schools – federal, state, county, district, and school site. (Here in California, Los Angeles Unified School District has a sixth level of administration, regional administrators.) Four of these five levels of administration report to separate political entities, while the schools themselves – and, in the case of Los Angeles, the regional administrators – report to the districts.

PREVIOUS STUDIES OF PUBLIC SCHOOL ADMINISTRATION AND OVERHEAD COSTS

Public school administrators have in the past financed studies of overhead in our public schools that were

self-serving, and they defined bureaucracy and overhead in such a limited way as to produce highly misleading results. Most often, these have been studies of particular districts and have concentrated on administrative costs in those districts only, to the exclusion of federal, state, county, and school site bureaucracy.

Very different results have been obtained in prior independent studies of public school overhead and bureaucracy. For example, a 1989 study of New York City public schools determined that only 32.3% of educational tax dollars in that city reached the classroom.³ A 1990 study of Milwaukee public schools found that only 26% of educational tax dollars was spent on classroom instruction.⁴ A 1991 study by the Cato Institute determined that between 1960 and 1984, while U.S. public school enrollment increased by only 9%, the number of teachers increased by 57%, the number of principals and supervisors increased by 79%, and nonteaching support staff increased by an astounding 500%.

Here in California, the two previous studies using credible methodology were the Little Hoover Commission study of 1990, which found that 40% of all California K-12 public school tax dollars were going to administration and overhead,⁵ and the RAND study of 1994. While the RAND study does not quote a specific figure, if K-12 spending is tracked and sorted using the same standards as specified in the present study, total administration and overhead under the RAND calculations came to 43% of all tax dollars.⁷ This categorization used a conservative approach to defining "administration and overhead," for example, categorizing school bus transportation and janitorial services as nonadministrative, since these are essential services that directly benefit children.

THE DECEPTIVE "95/5" INITIATIVE

An extreme example of a political effort designed to confuse rather than enlighten was the so-called "95/5" initiative (Proposition 223), placed on the June 1998 ballot many months in advance by the United Teachers-Los Angeles (UTLA), the local branch of both the California Teachers Association and the California Federation of Teachers, to head off an anticipated school choice initiative. When the school choice initiative did not materialize, the effort was virtually abandoned – but not before it had created tremendous misunderstandings on the part of voters.

The "95/5" initiative applied to school districts only, excluding all other levels of public school administration, and defined "administration" so narrowly that even the state legislative analyst had to agree that it amounted to only a little more than 6% of the districts' budgets. This amount would have decreased to 5% had the initiative passed. Once abandoned by its promoters, the initiative sank from public view and was defeated narrowly. Its net effect was to leave many voters with the perception that the level of bureaucracy in California's public schools is acceptable and does not merit the voters' attention.

HIDDEN COSTS OF ADMINISTRATION AND OVERHAND

The conclusion of this study that about 40% of all K-12 public school tax dollars in California are absorbed by overhead and administration, and thus never directly benefit the classroom, will come as very surprising to many parents, voters, and taxpayers. However, there are numerous hidden costs not just in the amount of money spent on K-12 administration, but on the way those bureaucracies are structured.

Four of the levels of administration running our public schools are almost completely independent of one another. Rather than a hierarchy of administrative levels, they operate as independent fiefdoms that are often at war with one another. They are the federal, state, county, and district levels of administration.

At the extremes, the dysfunctionality of this system is expressed in the lawsuits among various levels of administration. Currently, for example, the State Board of Education is embroiled in numerous lawsuits with various school districts and county offices of education, in which either the State Board is attempting to force a district to do something or the district is trying to avoid complying with an order. A list of these current lawsuits is contained in the appendix. Additionally, for years the State Board of Education and the California Department of Education have been warring, with each maintaining, at public expense, legal

counsels to sue each other. The taxpayers pay for both sides of these internecine conflicts.

A current example of how warring levels of bureaucracy are absorbing tax dollars that do not appear on any accounting of bureaucracy and overhead are the lawsuits between the California Department of Education and the San Francisco Unified School District, and vice versa, over bilingual education. The STAR testing statutes mandated that children who have been in the United States for twelve months or more, and would thus be expected to have learned English, should be tested in English. All but one of the state's districts are now in compliance with this mandate, but San Francisco Unified School District is alone in contending that federal law mandates that it test foreign-born children in their own language (as long as that language happens to be Spanish) for an indefinite period of time. Of course, every penny spent on these dueling lawsuits is paid for by the taxpayers and comes out of money that could be buying textbooks, lab equipment, etc for the children.

What follows is a brief overview of these four layers of administration.

FEDERAL

The federal layer of administration was the last to be established. In 1965, Lyndon Johnson's Great Society was extended to the educational sphere with the establishment of Title I funding for public schools. These funds are earmarked for low-income, underperforming students. Since its inception, the federal government has spent more than \$120 billion for Title I funding. Title I is still the second largest federal education program (after nutrition, primarily the free lunch program) and this year it will spend \$7 billion.

Unfortunately, after 35 years of existence, no reputable study has ever shown that Title I has worked. Many astute observers of the American public school system have commented that Title I funding comes with an inherent perverse incentive: public school districts that actually raise test scores then lose their federal Title I money. It is also an excellent example of a remote and unresponsive bureaucracy supplanting local control. It's hard to imagine that in its 35-year history, even a single one of the low-income families it claims to benefit has been able to track down the Washington, D.C. administrators who run the program and complain that it hasn't worked for these families and their children.

In 1995 John Coons and Stephen Sugarman proposed converting Title I funding to vouchers for low-income children.⁸ That proposal was taken up by Republican candidate Bob Dole in his 1996 presidential campaign and is currently being championed by George W. Bush in his presidential race. The Democratic presidential candidate, Al Gore, favors keeping Title I in essentially its current form while reconstituting low-performing schools that do not improve test scores.

Gore's proposal lacks specifics in two regards. First, since the federal government does not directly run any public schools, it is hard to imagine how the Department of Education has the legal authority to order them reconstituted. Second, since public school teachers in most states are protected by tenure, reconstituting schools has almost invariably meant transferring the failed teachers to other schools-with no net benefit.

Another important task of the federal government is in the realm of special education, which is examined on *INCREASE IN SPECIAL EDUCATION SPENDING*.

The United States Department of Education, despite its claims to have the expertise to direct the education policies of the 50 states, is in fact riddled with political appointees and partisan patronage. In a landmark front-page story in 1999, the *Los Angeles Times* pointed out that of all executive branch departments, the DOE employed a higher proportion of political appointees than any other.⁹ The *Times* found that while the average cabinet-level department had one political appointee for every 807 employees, and some had as few as one political appointee for every 7,321, the Department of Education had a record one political appointee for every 29 employees.

Two of these appointees, according to the *Times*, were appointed despite having been tainted by professional scandals. One was named in connection with Treasury bond fraud. Another pleaded guilty to

theft and possession of forged checks during a campaign. Two other odd choices for high-level appointments included President Clinton's goddaughter Sarah Staley, who had previously worked as a sales associate at a television station and who landed a \$58,027 per year post, and former Philadelphia Mayor W. Wilson Goode, who had no educational experience but who landed a \$105,269 per year post.

The U.S. Department of Education also plays favorites, with some states receiving far more in funding than they pay in taxes. California is on the short end of the stick, receiving far less in federal aid to education than our tax contribution.

Many observers of American public schools believe that lines of accountability should be as clear as possible and that overlapping government responsibilities should be consolidated into a single layer of administration. If one takes these sentiments to heart, the first candidate for elimination would be the federal educational bureaucracy. As the most recently established of the four layers of bureaucracy. Much of its reason for existence is administration of Title I funding, a program that is now discredited. And the concentration of power in the hands of Washington, D.C. administrators is about as far removed from our democratic ideal of public schools run by elected and responsive school boards as one can imagine.

The elimination of the U.S. Department of Education was a Republican priority for decades. Unfortunately, the motivation behind this effort-to return money and control to local school boards-was so consistently misinterpreted by the press and the public that the Republican party has now done a complete about-face and is proposing many programs that would concentrate even more power in the hands of the U.S. Department of Education.*

STATE

California's public school bureaucracy can be characterized by three factors: the heavy concentration of funding and authority in the hands of the state, at the expense of local control, as a result of 1978's Proposition 13; the diffusion of responsibility for our public schools among many different state entities; and the dominance of California public school governance by the California Teachers Association.

Until the 1978 passage of Proposition 13, funding and governance of California's public schools was concentrated in local school districts and paid for via property taxes. The tax-slashing Prop. 13, however, dramatically decreased property taxes as a source of public school funding.

State-level income and sales taxes in the booming economy of that time, however, supplanted property taxes as a source of public school funding so rapidly that even in 1979, the very first year following the passage of Prop. 13, per student public school spending continued to increase in constant, inflation-adjusted dollars. As of 1999, per-student spending in California's K-12 public schools in constant, inflation-adjusted dollars had increased by 39%.

The lion's share of that new funding, however, has been concentrated in the hands of the state government, which now supplies 61% (not counting lottery money) of all tax funding of the state's public schools. Much of that money is given to local districts in the form of "categorical funding," in which the state dictates to districts how the money will be spent. (The same could be said for federal funding, although the lion's share of federal money is for four "categories" –nutrition; Title I funding for poor, low-performing students; child development; and special education funding.)

*Of the two authors of this paper, Brodt is a Republican and Bonsteel is a Democrat. This study is intended to be nonpartisan.

During the June 2000 budget negotiations, district superintendents asked Governor Davis for more discretion in how to spend each district's educational tax dollars. His reply was that local control of our public schools hasn't worked, and that the trend thereafter would be toward state control. In fact, California hasn't *had* local control of public schools in at least two decades.

California's school governance, at the state level, is fractured beyond the belief of those who haven't worked with the system. Responsibility for our public schools at the state level is divided among the legislature, the governor, the governor's secretary for education, an elected superintendent of public instruction, a state board of education appointed by the governor, and the California Commission on Teacher Credentialing. As long ago as the 1920s, California's system of state school governance was characterized as "hydra-headed." In the 1920s, when our public school system was primarily governed at the local level, that diffusion of power was tolerable. Now, with power concentrated at the state level, it has produced total bureaucratic gridlock. An obvious example is the recent failure of the public school system to institute a system of testing that is consistent in content with the standards and curriculum to which the public schools are supposed to be teaching.

The crown jewel of California's dysfunctional system of state K-12 and higher education governance is the California Education Code. It runs *eleven* volumes and contains such provisions as a prohibition of parents helping to paint or clean the public schools unless they have union permission, a sop to the California School Employee's Union –essentially, the janitors' union.

No one seriously claims to know the content of the voluminous Education Code. During Delaine Eastin's first election campaign for superintendent in 1994, she promised to shorten the Education Code to the point that administrators could actually master its content. Today, it is longer than ever.

Although the state of California is by far the largest funder of California's public schools, and the districts are the second-largest funder percentage-wise, the third largest funder, the federal government, plays a role in the governance of our public schools that is all out of proportion to the 6% of funding it supplies. Arizona's chief school officer, Lisa Graham Keegan, says that it takes 165 of her staff –45% of the total– to manage federal programs which as in California also comprise only 6% of Arizona's budget.¹¹ The United States Department of Education's own Paperwork Reduction Act has estimated that the department's requirements necessitate 48.6 million hours of paperwork, the equivalent of 25,000 full-time employees.¹²

The role of the public school employees' unions as a special interest group in all four levels of school administration –federal, state, county, and local– will be described on [LABOR UNION INFLUENCE ON BUREAUCRACY](#). In addition to the influence of those unions, however, there are at least seven other well-funded special interest groups that influence California's public schools at the state level. They are the Association of California School Administrators; the California County Superintendents Association; the California School Boards Association; various county offices of education; various local school districts; textbook publishers; and school construction firms. The textbook publishers, for example, spend millions on lobbying, and contributed large sums to the re-election campaign of Superintendent Delaine Eastin. Paramount Communications (now Viacom) even held a fundraiser for Eastin on the Paramount lot in Hollywood. While all seven of these entities spend high six-figure or even seven-figure sums every year in their bid to influence California state government, the various county offices of education and school districts are noteworthy in that they are spending taxpayer funds levied at the local level to lobby for more taxation and spending at the state level –an arrangement unknown to the large majority of California taxpayers and voters, and one that may be illegal.¹⁴

COUNTY

The county offices of education of California's 58 counties have three functions.

1. To educate students who are wards of the court or who have been expelled from traditional public schools.
2. To educate special education students whose difficulties are too severe for traditional public schools or who carry a diagnosis of rare incidence.
3. To provide business support services to school districts within their counties, especially to smaller school districts.

4. To provide fiscal oversight and monitoring of school districts.

Governance of county offices of education is by a county school board and a county school superintendent, with the exception of the City and County of San Francisco, where the district and county roles are merged in a single school board and superintendent. County school boards are elected, with the exception of Los Angeles County, where the county board of supervisors appoints the county school board. In 54 of California's 58 counties, the county superintendents are elected. The four exceptions are Los Angeles, San Diego, Santa Clara, and Sacramento, where the county school superintendents are appointed by the county board of supervisors.

County offices of education tend to be characterized by waste and mismanagement, as they operate largely "under the radar" of the average voter. Most voters are unaware altogether of county systems of education, and of those who are at least aware of this level of educational governance, hardly any could name even one member of their county board of education. Although it is less true of parents of special education children in the county system, the parents of children in the juvenile court system tend to be low socio-economic status, and therefore politically disenfranchised. The two authors of this study read the education stories of several California newspapers every day, and yet, despite a combined 28 years of experience in California's school reform movement, neither of us can recall reading a single newspaper story about county systems of education-ever. Thus, at this level more than any other, democratic governance of our public schools has broken down.

Some observers of American public schools have proposed eliminating county offices of education entirely, and, if one accepts the premise that we vitally need to rationalize the runaway bureaucracy of our public schools, the county level of government would seem to be the second priority for elimination after the federal level.

It would be easy to imagine a system in which school districts cooperated in supplying, and supervising, the functions of county offices of education today. School districts might cooperate, for example, in running juvenile hall continuation schools (or "community schools," as they are known at the county level in California), with the expenses prorated among the districts according to the number of students participating. Thus, once a student became a behavioral problem, the ultimate responsibility for that student would remain with that district –instead of shuffling it to a different layer of particularly unresponsive school governance

Not only would such a system provide for vastly improved continuity in the education of that child –and better responsiveness of school districts responsible to elected and very visible school boards, compared to a county system invisible and unresponsive to the average voter –but it would also remove a perverse incentive that has had the effect of worsening California's very high dropout rate. Under the current system, dropouts from a school district who make a pit stop in the f system before dropping out are counted as dropouts from the *county* system, but not from the school district where they got most of their schooling. Thus, when school districts suspect that one of their students is about to drop out, they can avoid being dinged for that statistic by transferring that student to the county system. Such a transfer is almost never in the best interest of the student, as the student is removed from familiar surroundings and known teachers and friends and placed in an environment so unappealing that well in excess of 80% of all students drop out.

The fate of one such student at risk for dropping out who was shuffled to the county education system was described in the landmark series on California's dropout rate by Deb Kollars of the Sacramento Bee starting in September, 1999, although the interpretation of the perverse incentive that shoved this student into the county system, from which he did drop out, is ours.¹⁵

One could also easily imagine transferring the fiscal oversight of the districts to the state, which would seem more logical since most of the money now comes from the state. Defenders of the county system – including several county officials interviewed off the record for this study –rejoinder that the county system of oversight has resulted in an unusually low level of district bankruptcies in recent years, and that the one

large district whose finances are currently in the most disarray, San Francisco Unified, is also the single district in the state that doesn't effectively receive oversight from a county office of education.

Unfortunately, while the realization that our county offices of education are serving us poorly is very widespread, rationalizing the governance of the functions of county offices of education is a political nonstarter. There is simply no constituency to put an end to a layer of government that most voters don't even realize exists.

DISTRICT AND SCHOOL SITE

California's school districts and individual public schools are where the "rubber hits the road." It is here that, for the vast majority of our students, actual schooling takes place—as contrasted with federal, state, and county bureaucracies, where the large majority of "education" employees never see a child.

It is also in the school district and the individual public school that our ideal of democratically run public schools still lives on to at least a limited extent. Unlike the decisions made for our children in faraway Washington, D.C. or Sacramento, or in the county bureau that is so invisible to the average voter, citizen and parent, in a local school district the average working person might actually be able to have some small input into the decisions of the school board.

Unfortunately, the power to influence those school board decisions by individuals is a shadow of what it once was. In California, almost two-thirds of all educational tax dollars are funneled through the state, with much sent to the districts as "categorical" funding, over which school boards have no control regardless of their local circumstances. Another 6% of per student funding comes from the federal government—which similarly dictates how it is to be spent.

Nor do school boards even have much authority in the hiring and dismissal of personnel. By state mandate, they must favor teacher candidates who are credentialed—regardless of the track record of a competing noncredentialed candidate or the weaknesses of the credentialed candidate. Once a teacher has been on the job for two years, they receive tenure and, for all practical purposes, enjoy a job that is guaranteed for life.

And despite being on the front lines of actual teaching, school districts and individual public schools have been far from immune from the disease of a rapidly expanding bureaucracy. In 1990, Wayne Johnson, then head of the United Teachers-Los Angeles and now head of the California Teachers Association, pointed out that 31% of the entire budget of the Los Angeles Unified School District was being spent on the entral and regional offices *alone*.¹⁶ A summary of that report is enclosed.

FRAUD

Our study attempted to determine the percentage of our educational tax dollars that are actually finding their way into the classroom, based on an audit of the budgets of our two largest districts. However, no study has ever been in depth enough to actually verify whether employees were actually fulfilling the functions they were claimed to perform.

This year, Julian Guthrie, education writer at the *San Francisco Examiner*, published a series of stories about four janitors in the San Francisco Unified School District who were being paid vast amounts of overtime to "investigate" after-hours fire alarms in San Francisco's public schools. She presented extremely convincing evidence that these alarms were rarely, if ever, being sounded and that the overtime collected by these janitors was for "investigations" of alarms that had not gone off at all but that had simply been fabricated in their time sheets. Guthrie later published a second story about a San Francisco Unified "sewing machine repair woman" who was collecting a generous salary for "repairing" sewing machines—even though sewing instruction in SFUSD had come to almost a complete halt decades earlier and there were almost no sewing machines left in the district. As a result of these whistle-blowing stories, SFUSD is now suing some of these individuals for return of back salary paid—although with little hope of actually collecting.¹⁷

In the case of both the phony "overtime" of these janitors and the phony "sewing machine repair person," who doesn't seem to have reported for work at all, under the standards set out for our study and those of the Little Hoover Commission and the RAND corporation, these are both expenses that would be placed in the "classroom expenditures" column—even though they were no such thing and did not benefit any children.

TWO OTHER TYPES OF EDUCATIONAL SPENDING THAT HAVE ABSORBED THE INCREASES IN PER STUDENT SPENDING

By far the largest factor in why classroom resources have declined in America, despite massive increases in per student spending in inflation-adjusted dollars, is the vast increase in our public school bureaucracy. However, there are two other factors that have absorbed these spending increases and that merit comment.

I. INCREASE IN SPECIAL EDUCATION SPENDING

In 1975, Congress passed Public Law 94-142 (now more commonly known as the Individuals with Disabilities Education Act), which mandated our current system of special education for learning disabled and physically handicapped children. The law was a classic unfunded mandate that promised that the federal government would fund "no more than" 40% of the cost of these new programs. The reality, however, has been far more grim: today, more than a quarter of a century later, the federal government pays for only 13% of the cost of the programs it mandates, with the rest of the cost picked up by the states, counties, and local districts.

The unfunded mandates include those mandated by the state as well. A twenty-year-old case brought against the state by Riverside County, claiming that the state has not paid its share of mandated special education programs, now appears near resolution.¹⁹ During the course of this case, the Commission on State Mandates found no fewer than eight state laws mandating special education by counties and districts. Although the litigants claimed a billion dollars was due them for past services provided, it appears that they will settle for about half of that.

As a result of these mandates, spending for special education students has increased at a far greater rate than for non-special-education students. For example, in the Los Angeles Unified School District, expenditures for special education increased by 147% between 1980 and 1991, at a time when spending on general education increased by 46%.²⁰ The result has been a decrease in classroom spending for non-special-education children, with the funds diverted to special education.

No one doubts that one of the truest tests of our society is how we treat those least able to defend their interests and speak for themselves. However, it hardly seems unreasonable to ask that there be a relationship between expenditures and results, and that most of the tax money be spent to serve the children that it is supposed to benefit. The federal and state mandates are a lesson in how *not* to design a program for special education kids—and how, in fact, the bureaucracy running it ruined it.

The diffused responsibility for special education also meant that the programs were profoundly undemocratic. With power and decision-making dispersed among a vast bureaucracy at multiple levels, dissatisfied parents of special education children—and there are legions of such parents—have little leverage to change the system.

Perhaps worst of all, the 94-142 approach introduced a perverse incentive into the system: children declared learning-disabled or physically handicapped brought more per student funding to their districts—often far more. Since well-to-do, politically connected parents can almost always resist an unwanted misclassification of their children as disabled, those who fall victim to the system are largely poor, mostly minority families.

In an investigative report that began in December 1999, the *Los Angeles Times* blasted California's public school system of special education. In an extraordinary admission, it quoted California's Department of Education director of special education, Alice Parker, admitting that almost all of the students who have been designated as learning disabled because of reading difficulties should not be in special education at

all. "They have not been taught how to read," Parker said. "And that is deplorable."²¹

II. TREND TO SMALLER CLASS SIZES

While small class sizes have been much in the news in recent years, the trend toward smaller class size, both nationally and in California, is many decades old. While small class sizes are popular with parents for many reasons, in fact, the evidence that smaller class size improves test scores is very weak.

Smaller class size is also by far the most expensive of all possible interventions in our failing public schools. Mathematically, decreasing class size from 30 students to 20 mandates 50% more teachers and 50% more classrooms. Such a decrease means at least 25% more per student spending.

The biggest motivator behind the move to smaller class sizes—at a time when there aren't enough textbooks to go around in California's public schools, when there is a severe shortage of teachers, and when there is a classroom shortage—is that smaller class sizes benefit the public school establishment. Smaller classes mean more teachers, more union dues, more administrators, and more political influence for the public school establishment.

LABOR UNION INFLUENCES ON BUREAUCRACY

It would be hard to discuss the burgeoning bureaucracy in our public schools without examining the role of the state employees' unions. Although the teachers unions are the most important political players now in California, not to be overlooked is the California State Employees Association (CSEA) which actually contributes more to candidates than the second-largest teachers union, the California Federation of Teachers.

At the federal level, the National Education Association has made significant financial and "in-kind" volunteer contributions to the current president and vice president.

At the state level, the California Teachers Association this year contributed \$961,606 to Governor Davis and \$402,163 to Superintendent Delaine Eastin. They also made political contributions to a majority of both houses of the legislature.

At the county and district levels, local affiliates of the CTA and the CFT are major contributors to a majority of members of most school boards throughout the state.

As a result of this labor union influence, California's public school teachers are protected by ironclad tenure rules that make it almost impossible to dismiss a teacher. They are also required to take only the CBEST examination to become teachers, a test that is no more than 10th grade difficulty.

Perhaps worse still, the most basic data about our public school system have been politicized by the influence of labor unions eager to reassure the public that our public schools aren't as bad as they seem. As already discussed, per student spending figures quoted by the CDE and school districts dramatically understate the truth. Until 1999, the dropout rate quoted by the CDE understated the truth by 1000%, and the dropout rates now being quoted by districts remain wholly unreliable. Violence rates quoted by the CDE and the districts are self-reported and do not correspond with local police records of on-campus violence. And test scores in California rely largely on the Stanford 9, a test in which the same questions are repeated every year, with old copies of the test widely available and cheating rampant.

IS THE CURRENT MESS FIXABLE?

Our current system of public school governance is about as far removed from the American ideal of our public schools as one could imagine.

As already discussed, Republican efforts to abolish the Department of Education backfired and will not be repeated, and there is simply no constituency to abolish the county offices of education, since most voters

are unaware of their existence. While there is a large constituency for more local control, the movement to decrease control at the state level and return local school districts to the control they once enjoyed faces a formidable opponent in the school employees' unions, which benefit from more centralization and less parental influence.

The decline of our public schools despite large increases in per student spending will continue. The current mess is *not* fixable.

SCHOOL CHOICE AS A MEANS OF DECREASING BUREAUCRACY AND INCREASING ACCOUNTABILITY

California now has more charter schools than any other state. These highly popular schools return us to the ideal of community-run public schools, and have easily outperformed traditional public schools on about 60% of the per student funding of those traditional public schools. They have done so by chucking overboard the massive bureaucracy that hobbles our traditional public schools, and running the schools at the local level with extremely high levels of parental involvement and teacher input.

There is now widespread public awareness of the success of the Milwaukee and Cleveland school choice programs. What is hardly ever mentioned in the press, however, is that these successes were achieved with far less per student funding than the local public schools enjoy. The Cleveland school choice program, for example, receives only about one-third the per student funding of the Cleveland public schools.

It's hard to think of any children who would more benefit from school choice than our special education students. Our current special education "system" is a bureaucratic nightmare that values full employment for adults much higher than the welfare of our disabled children.

It would be easy to imagine a system in which the parents of special education received a scholarship of, say, two-thirds of what is now being spent per student in the public sector. Since so few families can now afford private special education schools, making such a system revenue-neutral is far easier than on the non-special education side, where about 10% of all students are already in private schools.

Throughout the United States, there are already about 100,000 children in private special education schools supported by public scholarships. Unfortunately, the provision of Public Law 94-142 that authorizes these "private placements" gives most of the weight of the decision-making to public school officials, so most of the students who have been released to the private sector are those children who are so seriously disabled that public schools can't handle them.

Almost all of the Western democracies already have some kind of public financing of private K-12 schools. The two countries most known for having true voucher systems in which parents and teachers have the greatest freedom to work for the best interests of the children are Holland and Denmark, which one of the authors of this study, Alan Bonsteel, visited firsthand in 1987 and 1988. The special education schools in those countries are truly inspiring and innovative. The United States, and California, would do well to learn from their success.

1. "Understanding the 20th Century Explosion in U.S. School Costs," Eric Hanushek and Steven Rivkin, Rochester Center for Economic Research, 1994
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