

Analyzing the recent trends of outlays and spending on the state and local government policies and infrastructure specifically education policy areas in the United States.

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Abstract: The Right to Education Act 2009 created a right to free and mandatory schooling for every child of the age 06 to 14 years until the accomplishment of the elementary school. Additionally, according to the United States Department of Education (2018), more than 14,000 school districts at the local level are solely responsible for running public schools, developing and implementing their own educational programs, employing and managing professional teaching staffs, arranging fund to pay for schools and implementing the federal and state policy in this regard as well as these schools got finance from the state, local and federal government, however, lion amount of outlays and spending come from the state and local level governments. In this context, this paper will try to analyze the recent trends of outlays and spending on the state and local government policies and infrastructure specifically education policy areas with a brief literature review. The secondary sources will be used to analyze the outlays and expenditure of state and local government's education policy areas.

BACKGROUND OF THE STUDY

Public financing has enormous contributions to ensuring primary and secondary school education in the United States of America (Grosskopf, Hayes and Taylor, 2014). They also argued that the expansion of schooling by the right to education act 2009 is valuable and created the space of accountability, transparency, efficiency, effectiveness of state spending as well as it is also crucial for value for money. In the article "Efficiency in Education: Research and Implications", after analyzing information from 50 states spending and outlays, Grosskopf, Hayes and Taylor (2014) concluded that cost efficiencies and effectiveness are completely ensured and it helps the nation to build a proper human resource in order to meet the challenges in coming days.

According to BenDavid-Hadar (2014), the biggest implication for the school financing is the reduction of poverty. After analyzing the figures, BenDavid-Hadar (2014) argued the poverty reduced tremendously. His study showed that the poverty reduced at least five percent due to the school financing. It is evident that the state and local government financing at the elementary and secondary school have great influence in the next generation's income, productivity, cognitive development and ability to combat with the natural disaster (BenDavid-Hadar, 2014).

However, robust, systematic and proper planning, implementation and evaluation are crucial in getting positive impact from the local and state government finance at public schools (Watson and Hassett, 2015). Additionally, Watson and Hassett (2015) showed that financial management and planning is important of state and local government finance policies at schools. They studied on more than four hundred thirty school district's outlays and spending which includes their income and expenditure from the managerial perspectives. In their study, they found that those schools who could manage the financial matters properly could produce better output than those of schools who could not manage properly.

According to the report of congressional budget office (2013), the federal grants to the state and local governments for education is \$89 billion dollar and it is the third largest grants of federal government to the state and local government as well as it is accounted for 1.4 percent of the gross domestic products. The report also stated that over the past five decades, the outlays of federal governments to the state and local governments have been increasing gradually.

The possibly political procedure of distributions in a smaller amount instable and additional foreseeable design over time than does the extra prescribed method of distributing broad-spectrum annexations at the state

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level for higher education (Delaney and Doyle, 2013). In the article “State Spending on Education Capital Outlays”, Delaney and Doyle (2013) argued that in wicked financial periods, higher education is frequently single of the initial state financial plan sets to be blue-penciled and is censored further profoundly than other state financial plan types in line for, in portion, to its capability to hit into income spectrum. After analyzing the data from different state spending, they found that higher institutions in the United States of America get capital outlays which contains finance for constructions, preserve or magnify prevailing amenities that plays important roles to enrich the higher education qualities.

The prime finance basis for school running including infrastructure development and day to day is state and state government tax earning, with some debt, grants and loans from the state and federal support (Zimmerman, 2012). In the book “State and Local Governmental interactions, Zimmerman argued that sometimes federal supports for education is politically biased and the federal government could hardly control the local and state government policies and infrastructure. School districts spend \$59 billion for assets outlays which contains framing building and property or office block purchase with the support of \$369 billion as long-term capital loan (Zimmerman, 2012).

Traditionally, financing in school expenditure is the responsibility of the local government authority, however, this scenario has been shifted over the past several decades which indicated that the support of state and federal government in this regard has been increasing (Duncombe and Wang, 2009). After analyzing the date of school outlays and expenditure of National Center for Education Statistics from 1998 to 2002 in all fifty states, Duncombe and Wang (2009) found that the biggest outlays and expenditure of the local and state government tax revenue specially the property tax revenue on the education and in the education policy areas the greatest outlays and expenditure on construction of property and the maintenance of the property, buildings, and office block.

The “First Look Report” (2018) titled “Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2014-2015” showed that the existing cost for per student has been increasing day by day and overall expenses for government primary and secondary schools in America was \$ 566.6 billion dollar in fiscal year 2015 which was 2.2 percent than the fiscal year 2014.

In addition, The report also found that the federal government outlays and expenditures on public elementary and secondary education in fiscal year 2015 was \$ 54.5 billion dollar which is more than 0.3 than the fiscal year 2014 as well as the contribution of the local property tax for financing in this regard is \$339.3 billion in the fiscal year 2015 which is the highest revenue earning for the school district in the United States and the rest of the amount derived from the student’s parents, debt and state funding, simultaneously, the expenditure on public primary and elementary school is 82 percent of the overall outlays.

Shi, Hendrick and Park (2018) argued that in addition to the state, local and federal government revenue, districts need to debt and the pressure of debt is higher. Adsit and Murdock (2011) assert on the reduction of the outlays and expenditure through the rationalization and the need assessment.

Therefore, this paper will try to analyze the recent movements of state and local government policies and infrastructure with special focus on outlays and expenditure at state and local governments’ education policy areas specifically the greatest spending and outlays, indebtedness of the state and local government and particular tend spending on policies and infrastructures as well as factors into spending.

Data Presentation and Study:

Data are presented and analyzed in this section from the standpoint of the recent leanings of outlays and expenditure on state and local government’s education policy areas. For this paper, data are to be obtained from the predominantly secondary sources specifically the Bureau of the Census, Digest of Education Statistics and USA.gov. The time span of this analysis used to be covered over the past twenty or so years. The data are used to identify the inclinations in greatest outlays and spending, public works, indebtedness and spending on education policies and infrastructure areas in sequence.

Greatest Outlays:

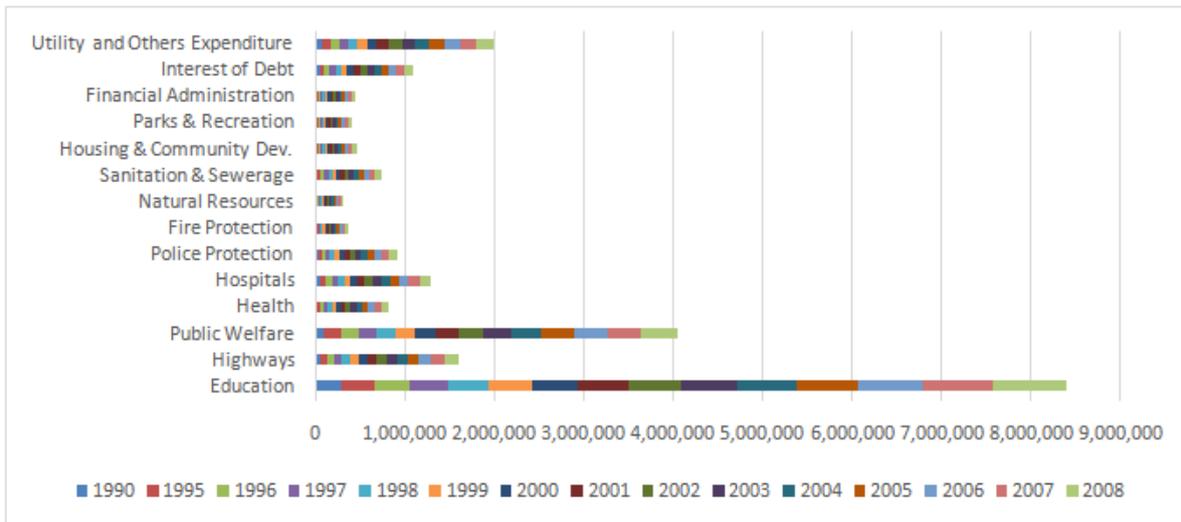
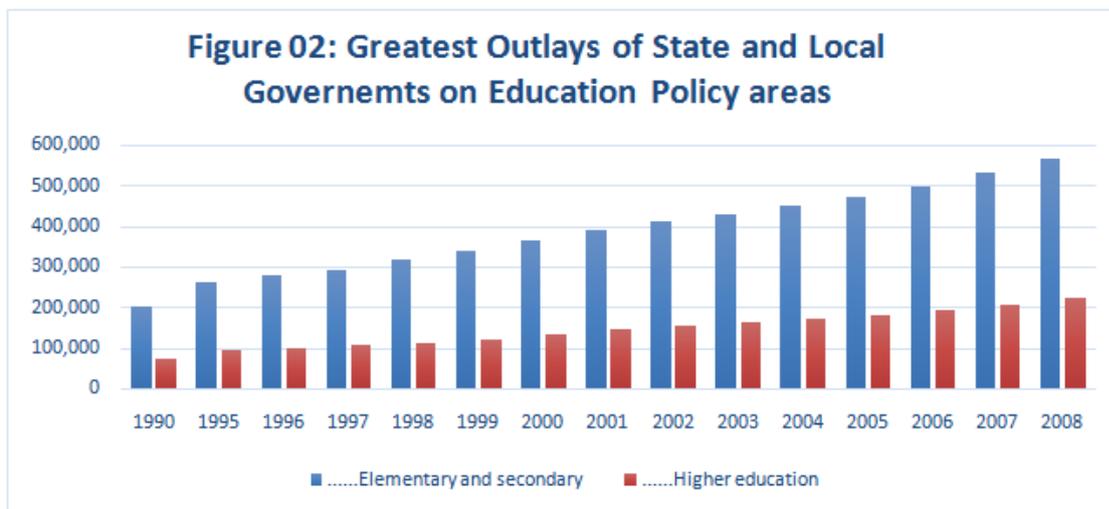


Figure 01: The outlays and expenditure of the State and Local Governments on different policies.
 Source: United States Census Bureau 2008; Federal, State and Local Governments.

The figure delineates the outlays and expenditure of the state and local governments on different policy areas from 1990 to 2008. In this graph, it is shown that the highest outlays and expenditures on education policy area in every year from 1990 to 2008 which was \$228,148 million in 1990 that is highest outlays on this year and in 2008 it is \$826,063 million that is also the greatest outlays in that year. On the other hand, the lowest expenditure is on natural resource sector. The amount of expenditure on natural resource policy is \$ 12,330 million in 1990 and in 2008 it is \$29,917 million. From 1990 to 2008, the outlays on natural resources is the lowest among others policies.

From the graph, overall, it can be evident that the greatest outlays of state and local governments from 1990 to 2008 in every year on education policies.



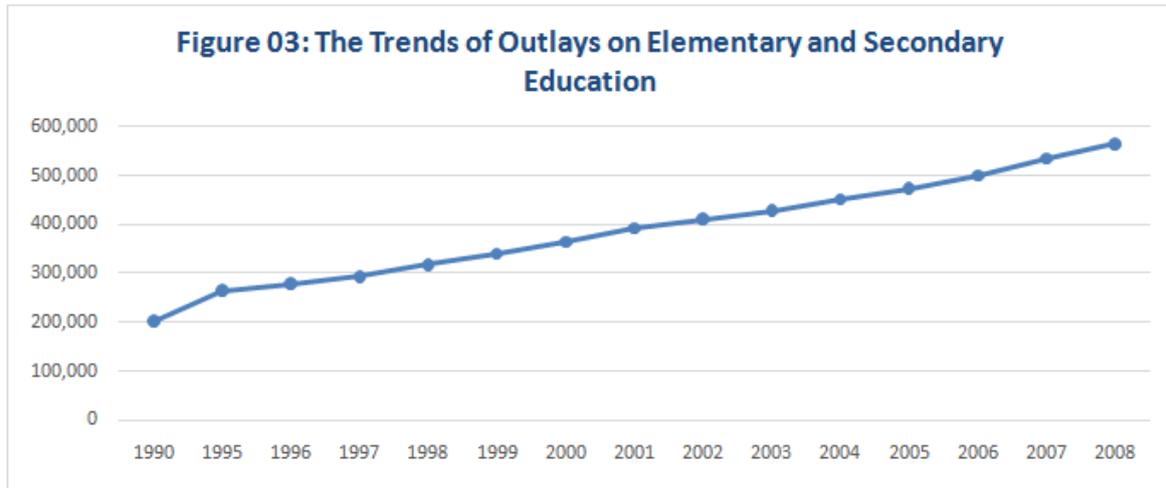
Source: United States Census Bureau 2008; Federal, State and Local Governments.

The graphs showed the outlays and expenditure of state and local government on education policy areas specifically the elementary and secondary education as well as higher education from 1990 to 2008. The greatest outlays in 1990 is on elementary and secondary education which continues till 2008.

On the contrary, the higher education generated the lowest outlays from throughout 1990 to 2008. The outlays on higher education is \$202,009 million in 1990 whereas the outlays on elementary and secondary school is \$73, 418 million which is three times more than the higher education expenses. Furthermore, while the expenditure of state and local government on elementary and secondary school is \$365,181 million, the higher education cost is \$134,352 million. At last, in 2008 the expenditure on elementary and secondary schools is \$565,631 million and on the other hand, the accounted for higher education is \$223, 294 million. Even though

the inclination of the spending on both elementary and secondary education as well as higher education has been increasing in different amounts.

Therefore, it can be said that the greatest outlays on education policy areas is elementary and secondary schools education.

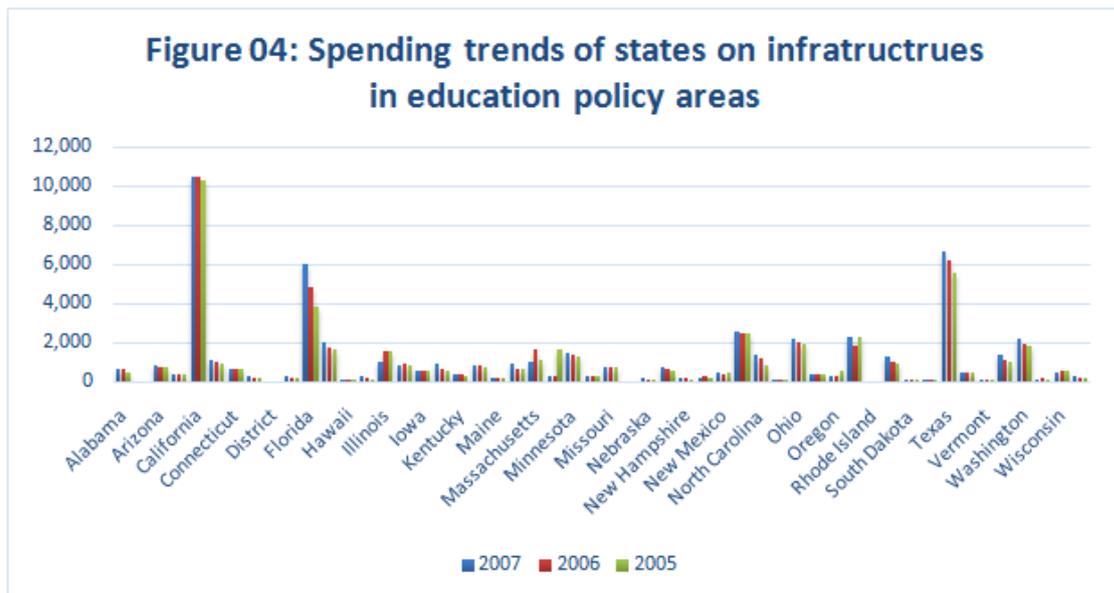


Source: United States Census Bureau 2008; Federal, State and Local Governments.

The chart showed the tendencies of outlays on elementary and secondary education from 1990 to 2008. The outlays is increased from \$202,009 million to \$264,240 million in 1995. In 1996, there has been another advancement. Furthermore, the outlays and spending on elementary and secondary education till 2008 which is \$565,631 million that was \$392,278 million, \$473,406 million and \$534,905 million in 2000, 2005 and 2007 respectively.

Overall, the movement of the outlays and expenditure on elementary and secondary education has been increasing over time.

The spending leanings of states on infrastructures in education policy areas:

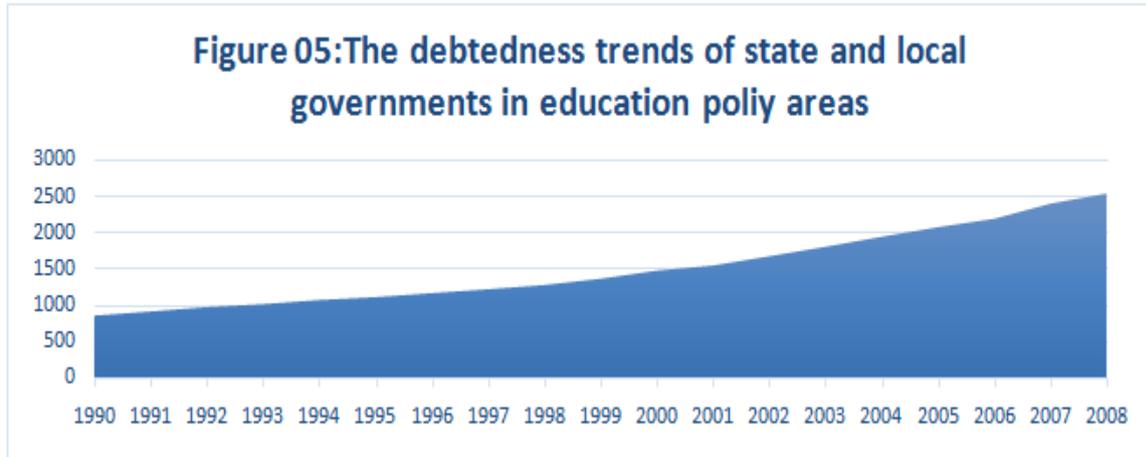


Source: National Center for Educational Statistics.

The spending leanings of different states on infrastructures in education policy areas from 2005 to 2007 in this chart. From this graph it is evident that the highest spending state on infrastructure in education policy areas is California State. From the figure, it is indicated that the expenditures on infrastructure of California State are \$ 10474, 10,455, 10,301 million in 2007, 2006 and 2005 respectively and the expenditure is increasing over the time.

On the other hand, the three least spending states are Montana, Hawaii and South Dakota respectively.

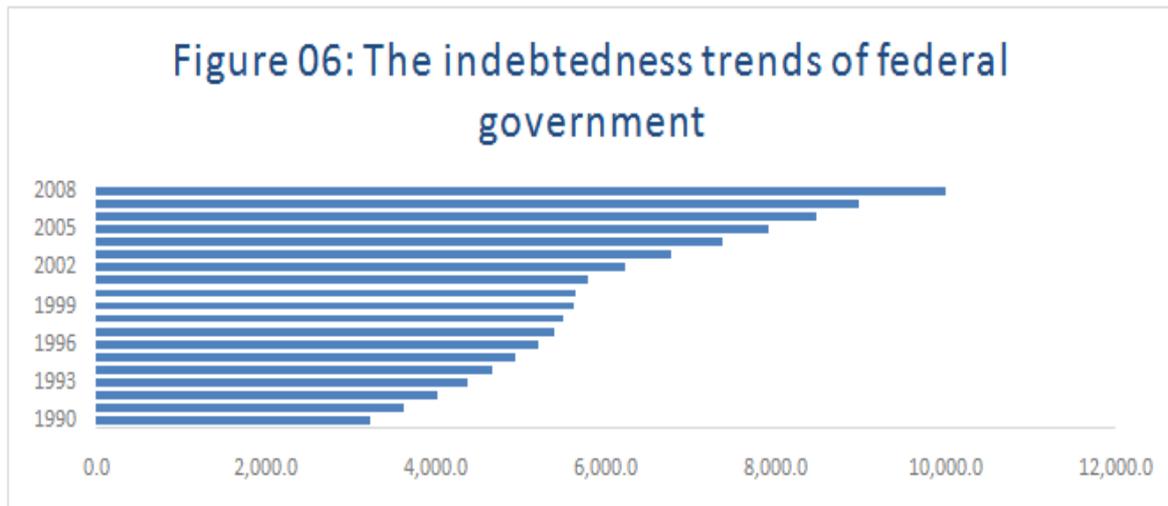
The indebtedness inclinations of state and local governments in education policy areas:



Source: United States Census Bureau 2008; Government finances.

The credit of state and local government was \$885 million which was jumped to \$915.7 million in the next year 1991. Likewise, in 1992 it was augmented to \$975.6 million. Furthermore, the amount in indebtedness of state and local governments was \$1481.8 million in 2000 that was \$1339.3 million in 1999. Therefore, from the figures, it can be said that the inclinations in indebtedness of state and local governments have been increasing from 1990 to 2008 in education policy areas since it was apex in 2008 which was \$2505.9 million.

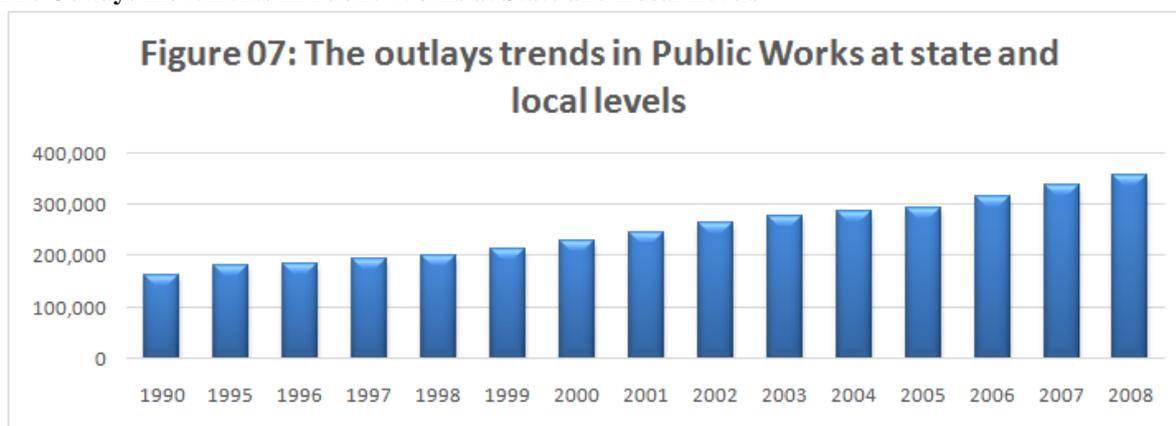
The indebtedness tendencies of federal government:



Source: United States Office of Management and Budget 2008.

The bar chart showed the indebtedness movements of federal government from 1990 to 2008. In 1990 the indebtedness of the federal government was \$ 3206.3 million and it started to rise till the 2008. From 1990 to 2000 the indebtedness rate was very sight. On the other hand, from 2001 to 2008 the rate of augmentation was bigger. The differences between 2007 and 2008 was the biggest. Therefore, from the information it is evident that the indebtedness rate had been increasing over the time.

The Outlays movements in Public Works at State and Local Levels:



Source: United States Census Bureau 2008; Government finances.

The diagram presented the expenditure leanings in public works at state and local level from 1990 to 2008. At first in 1990 the outlays was \$ 161359 million and it jumped to \$180184 in 1995. Additionally in 1998 the expenditure in public works at state and local level was \$202833 million and it shifted to \$245111 million in 2001. Furthermore, the expenditure in public works at state and local level in 2003 was \$ 277278 million which was \$263407 million in 2002. This climbing drifts continued till 2008. The outlays in public works reached apex in 2008 which was \$356314 million. Therefore the developments in public works expenditure had been increasing from 1990 to 2008.

CONCLUSION

The importance of public finance is highest to ensure elementary and secondary education in the United States (Grosskopf, Hayes and Taylor, 2014). Even though the role of state and local government is crucial for elementary and secondary education, the federal government's assistance specially is vital (Adsit and Murdock 2011). From the information, it is found that the greatest outlays at state and local governments is on education specifically on elementary and secondary education from 1990 to 2008. Furthermore, it is also indicated that the spending movements on elementary and secondary schools have increasing over the time as well as the indebtedness fashions of all state, local and federal governments are also growing up. The facts of the analysis also supported that the spending of public works is on upward dimensions. It is also showed from the analysis that California State has been spending the greatest amount on education policy areas.

In a nutshell, from the numerical and graphical exhibition it can be concluded that the outlays and spending trends on state and local government policies and infrastructure specifically education policy areas have been rising over the time.

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Arifur Rahman Bhuiyan. " Analyzing the recent trends of outlays and spending on the state and local government policies and infrastructure specifically education policy areas in the United States. " IOSR Journal of Humanities and Social Science (IOSR-JHSS). vol. 23 no. 12, 2018, pp. 41-47.