

LEAGUE OF WOMEN VOTERS OF TEXAS
DICKINSON PLAZA CENTER
DICKINSON, TEXAS 77539

February 1973
Standing Order

CONSENSUS

Public School Financing

The League of Women Voters of Texas supports measures to equalize educational opportunity in the state.

Specifically, the League believes that:

...the level of state support to Texas public schools should be raised to insure that all Texas school children receive a high quality education. Local enrichment funding should be limited to 10% of the state program.

...the revenue should be raised by a state supervised property tax, a state income tax, a state corporate profits tax, or any combination thereof.

In levying the property tax: taxable property should be assessed at full market value; state supervision should insure equitable and uniform assessment and taxing procedures; professional training should be required for tax assessor-collectors.

...funds to local school districts should be allocated on the basis of weighted pupil needs.

...local district capital outlay should be supplemented by the state to equalize facilities.

* * * * *

DRAFT

T E N T A T I V E R E C O M M E N D A T I O N S

T O

G O V E R N O R D O L P H B R I S C O E

Regarding

THE RESTRUCTURING OF PUBLIC ELEMENTARY

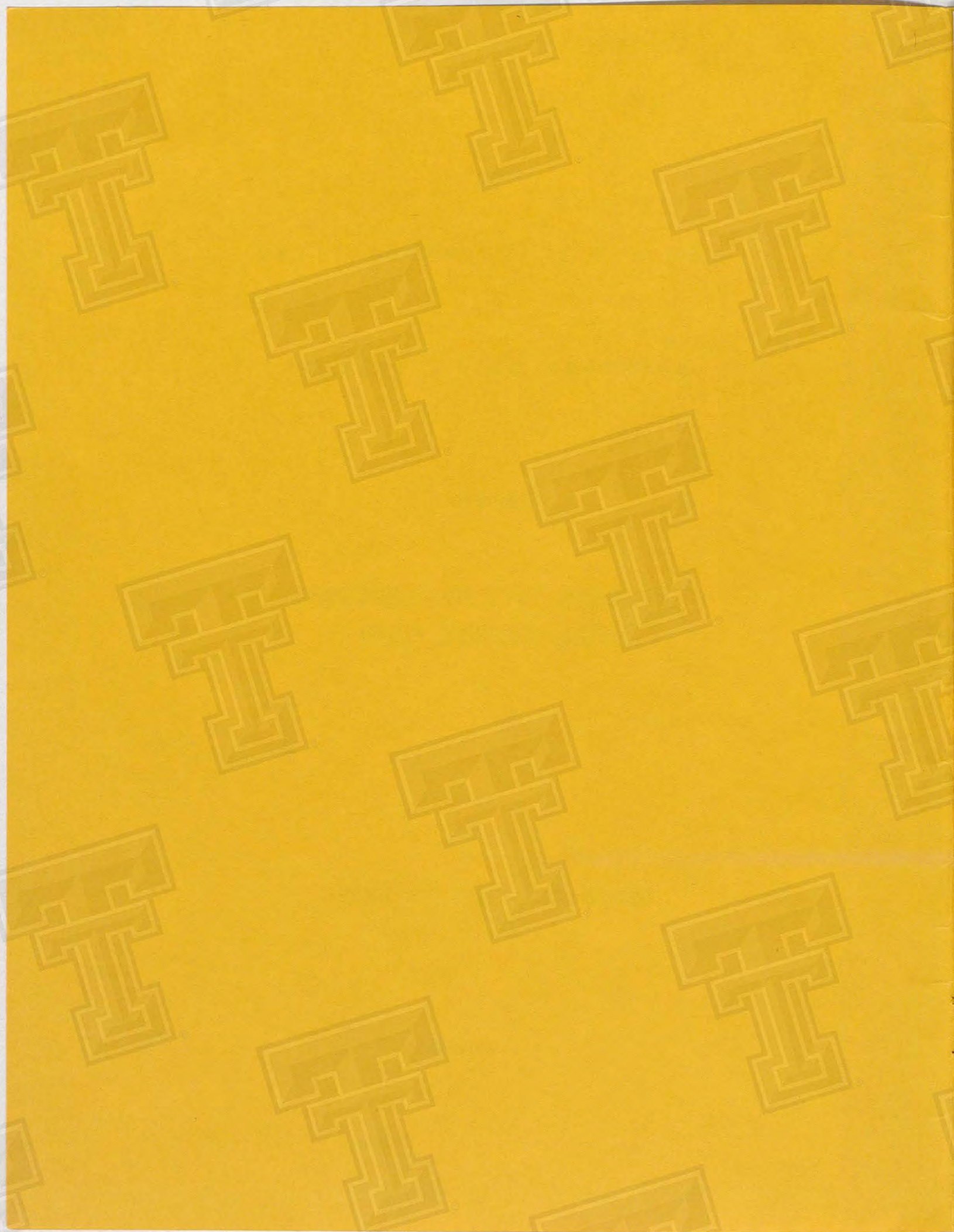
AND SECONDARY SCHOOL FINANCE

By

THE GOVERNOR'S OFFICE OF EDUCATIONAL

RESEARCH AND PLANNING

November 1974



DRAFT

TENTATIVE RECOMMENDATIONS

TO

GOVERNOR DOLPH BRISCOE

Regarding

THE RESTRUCTURING OF PUBLIC ELEMENTARY

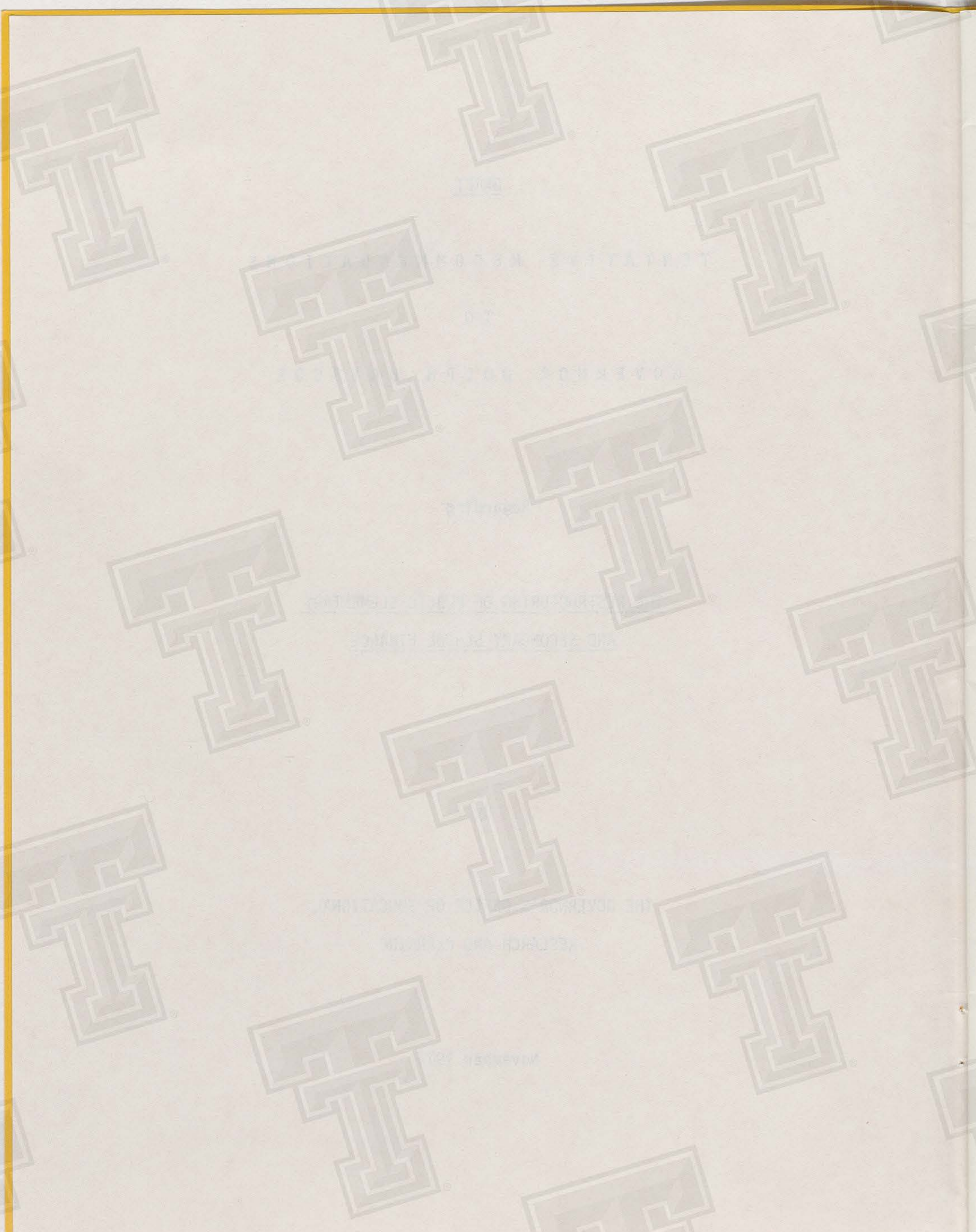
AND SECONDARY SCHOOL FINANCE

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THE GOVERNOR'S OFFICE OF EDUCATIONAL

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November 1974



FOREWORD

Moral, ethical, and legal considerations make it mandatory that Texas equalize access to quality educational opportunities for all public school students and ensure equity for the taxpayer within the state system of public education. Beginning the implementation of a program to achieve such goals can no longer be delayed.

Governor Briscoe has committed himself to the establishment of a comprehensive foundation school program which does not need to be "enriched" through additional local tax effort in order to provide quality education. He has also committed himself to oppose any effort to delay the beginning of the implementation of that program.

In the spirit of these commitments, the Governor established an Office of Educational Research and Planning to assist him in developing proposals for the achievement of equity goals in public education. Working with many organizations and individuals in new research and development activities and building on prior research, the Governor's staff began an effort in July 1973 to address 20 areas of inquiry. In spite of the best efforts of all concerned, a few of the projects remain in progress; notable among these are the development of (1) district-by-district estimates of 1974 taxable values which should be available by February 15, (2) proposals for assisting school districts with facilities financing which should be available by December 20, (3) minimum salary standards which should be available by December 20, and (4) plans for assisting school districts with 1976-77 start-up costs in vocational programs which should be available by January 1. These inquiries have resulted or will result in the provision of the research and development necessary to planning for the comprehensive restructuring of the state system of school finance.

The selected tentative proposals presented on the following pages evolved from such inquiries. In addition to daily communications, the Governor's staff will conduct, prior to the convening of the Sixty-fourth Legislature, 60 discussion sessions (three in each education service center region) with interested citizens, educators, and legislators. Feedback regarding these tentative proposals will be utilized to finalize staff recommendations, and inputs received during these discussion sessions will be carefully considered by the Governor as he prepares his proposals to the Sixty-fourth Legislature.

In other words, this document does not reflect a finalized position by either the staff that developed it or the Governor. It should be viewed as an instrument with which to stimulate productive exchanges between the Governor's Office of Educational Research and Planning and fellow Texans committed to quality educational opportunities for all public school students and to fundamental fairness for the taxpayer. As a result of these exchanges, the Governor will have a better basis for designing his plan for the restructuring of the state system of public school finance.

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ACKNOWLEDGEMENTS

The recommendations included in this document could not have been developed without the assistance of many groups and individuals. Special appreciation is expressed to the Senate Education Committee, chaired by Oscar Mauzy, for cosponsoring the weighted pupil study. In addition, the staff of the Governor's Office of Educational Research and Planning wishes to acknowledge with grateful appreciation the assistance of the following organizations and graduate students.

ORGANIZATIONS

Exemplary School District Sample
Governor's Office of Information Services
Joint Urban Evaluation Council
Legislative Budget Board
Legislative Council (with special appreciation to Ms. Camilla Bordie)
Legislative Property Tax Committee
Municipal Advisory Council of Texas
Office of the Comptroller of Public Accounts
Office of the Lieutenant Governor
Pan American University, College of Education
Regional Education Service Centers
School Districts of Texas and their Superintendents
Texans for Educational Excellence
Texas A&M University, Department of Educational Administration
Texas Advisory Council on Intergovernmental Relations
Texas Association of School Assessors
Texas Association of School Boards
Texas Association of Supervision and Curriculum Development
Texas Congress of Parents and Teachers
Texas Education Agency (with special appreciation to Commissioner Brockett
and School Finance - Special Projects, Mr. Lynn Moak, Director)
Texas Manufacturers Association
Texas Non-Twelve Grade School Association
Texas Professors of Educational Administration
Texas Research League
Texas Society of Architects
Texas State Teachers Association and its Departments and Affiliates
University of Texas at Austin, Council for Advanced Transportation Studies
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will be presented to the public in the form of a report. The report will be prepared by the committee and will be presented to the public in the form of a report. The report will be prepared by the committee and will be presented to the public in the form of a report.

ORGANIZATION OF THE COMMITTEE
The committee is organized as follows:
Executive Director: [Name]
Chairman: [Name]
Members: [List of names]
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Executive Director: [Name]
Chairman: [Name]
Members: [List of names]

GRADUATE STUDENTS
The following are the names of the graduate students who are members of the committee:
[List of names]
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[List of names]

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INTRODUCTION

The Governor of Texas has been designated as the State's chief planning officer, chief budget officer, and chief executive. When Governor Briscoe assumed these roles in January 1973, he found that: (1) the state spent approximately half its revenues on some form of public education (27 percent on elementary and secondary), (2) the legislature considered more bills pertaining to public education than any other responsibility of state government, and (3) the restructuring of the inequitable state system of school finance was the most important issue before the legislature. Under such circumstances, Governor Briscoe concluded that it was impossible for him to fulfill his constitutionally established roles without assuming a position of leadership in the effort to (1) equalize access to quality educational opportunities for all public school students and (2) achieve taxpayer equity within the state system of school finance.

As a freshman legislator in 1949, Dolph Briscoe felt strongly that a majority of Texas citizens wanted a system of public education in which quality educational opportunities were available to all children and state funds were equitably distributed in relationship to the district's ability to raise local revenue. As a result, he cosponsored the 1949 legislation that became known as the Minimum Foundation Program (MFP). At that time the MFP was a giant step toward achieving equity for the student and the taxpayer.

By 1956, however, researchers had presented conclusive evidence that the MFP was beginning to fall short of achieving the purposes for which it was enacted. Since that time, leaders in public education have been aware of the inequities in the present system of school finance. Through the years, study after study documented these inequities; and on December 23, 1971, the public

was made generally aware of these problems through the Rodriguez decision of the San Antonio Federal District Court.

The court found, as researchers had earlier, that the Texas system of school finance is a "tax high, spend low" system for school districts poor in property values and a "tax low, spend high" system for districts rich in property values. The "floor" level of financial support guaranteed by the state through the MFP does not provide any semblance of the level of financial support necessary to ensure the opportunity to develop quality programs. To have an adequate educational program, a local district must "enrich" the MFP by adding local tax dollars; in fact, local school districts have added in the past several years an amount approximately equal to the total cost of the MFP.

In addition to inequities resulting from the low level of expenditures within the framework of the MFP, the Economic Index formula by which the state determines a local district's share of the cost within the MFP is at best a poor, indirect attempt to measure the ability of a school district to produce ad valorem tax revenues. The failure of the MFP to provide for the equitable distribution of state funds to local school districts has been documented so frequently that the allegation has been thoroughly established as an undeniable fact.

The U.S. Supreme Court, in a 5-4 decision on Rodriguez, stated that the inequities alleged by the plaintiffs exist but that the development of solutions is a task for state legislatures and the constituencies which they represent--not the federal court system. Many opponents of school finance reform concluded erroneously that the Texas system had been vindicated. If one initially misunderstood the message of the Supreme Court, it should have become clear when the High Court refused to hear and thereby permitted to stand a New Jersey State

Supreme Court decision finding the state system of school finance unconstitutional (the Texas system is very similar to that of New Jersey).

In addition to New Jersey, state courts in Arizona, California, and Michigan have ruled that, in relationship to their respective state constitutions, their respective systems of school finance were unconstitutional; and decisions are pending in Idaho and Pennsylvania. In many states suits were filed in 1971 and 1972, but they were dropped because of affirmative action by legislatures. Arizona, California, Colorado, Florida, Illinois, Kansas, Maine, Michigan, Minnesota, Montana, New Mexico, North Dakota, Utah, Washington, and Wisconsin have responded to the equity challenge by enacting significant school finance reform measures.

In responding to the first Serrano decision, California has offered an expensive example of what not to do. After the 1971 Serrano decision by the California Supreme Court and prior to the 1974 Superior Court's affirmative decision based on the facts presented, the legislature increased state spending by approximately \$500 million in a manner that did not seriously address equalization issues. As a result, California now has a mandate to narrow spending differences among school districts to within approximately \$100 per pupil which, if the state wishes to avoid reducing the level of spending in many districts, will be vastly more expensive now than it would have been prior to the "reform" legislation.

If the worthiness of equity for the student and taxpayer is not enough to prompt the comprehensive restructuring of the Texas system of school finance, reluctant citizens and legislators should be aware that one of Texas' leading school district attorneys is preparing to attack the constitutionality of the present Texas system of school finance. Legal, moral, and ethical considerations make it paramount that Texas accept the challenge of achieving equity for both the student and the taxpayer within the state system of school finance.

EQUITY FOR STUDENTS: PROGRAM ELEMENTS

With the preceding thoughtfully considered and within the context of perceived political feasibility and financial possibility, the following items are presented as a brief summary of selected recommendations of the Governor's Office of Educational Research and Planning.

A. Weighted Pupil Entitlements

It is a well-known fact that students are different, their learning rates and styles are different, their occupational goals are different, and their educational needs are different. It is also equally well-known that there are widely varying costs associated with meeting the needs of students. For example, it is necessary to invest approximately twice as much--in some instances, more--to provide vocational education as it is to provide traditional academic education.

As individual students vary in their need for high cost programs, districts vary widely in the percentage of their student bodies which need high cost programs. In some districts, college-bound students needing relatively inexpensive traditional academic education comprise almost the total student body. Other districts, however, have a high dropout rate and a high percentage of students who need relatively expensive forms of vocational-technical education leading to the development of a salable skill upon graduation. To determine the foundation school program dollar entitlements of a district without consideration for the cost of meeting the educational needs of its student body could hardly be equated with equity for the student.

In order to determine more precisely the dollars needed to meet the individual needs of students within a school district, it is necessary to consider the amount of time each student spends in the various programs offered by the school.

An individual student might be in a vocational course for three hours a day at one cost level, two hours a day in regular history and math courses at another cost level, and one hour per day in an intensive individualized remedial reading program at still another cost level. To flow funds to a school district assuming that the student spends all day in programs that cost the same amount per hour of instruction would be to base the funding system on an erroneous assumption.

Under the present system of school finance, a student who spends three hours a day in a vocational pre-employment laboratory is counted for a "bonus" vocational teacher unit and is also counted for the full day in determining regular classroom teacher units. This practice is known as "double counting" since the three hours used in determining vocational teacher allotments are not deducted from the attendance factor used to determine "regular" teacher allotments.

Double counting is an imprecise attempt at weighting which has raised the ire of several legislators. As a result, a more precise method of prorating student time among programs of varying costs should be a component of any new system adopted.

A type of school finance system which responds to the challenges contained in the preceding paragraphs has been adopted in Florida, Kentucky, Oregon, New Mexico, and Utah and is under consideration in several other states. It is commonly identified as the "weighted pupil approach." In it the costs of the various programs are indexed with 1.00 being the least expensive program; index factors then range upward to reflect the cost relationships among programs, e.g., it may cost twice as much to provide a quality educational program for the educable mentally retarded student as it does for the regular student, thus the program would be weighted at 2.00.

When the weighted pupil approach is combined with a "full-time equivalent" pupil (FTE) allocation system for funds distribution, all of the concerns set forth in the preceding paragraphs will have been addressed. The FTE allocation system prorates a student's time among the programs in which he participates. During the 30-hour instructional week, a student may spend 15 hours in a vocational program which equals .5 FTE that is then multiplied by that program's index factor. The same student may also spend 15 hours a week in regular academic classes which equals .5 FTE that is then multiplied by the regular program high school weight. By prorating the student's time among programs, the assumption that he is in vocational education all day at a very high cost or that he is in traditional academic courses all day at a much lower cost has been avoided. One of the previously presented assumptions would mean flowing too much money to the district while the other would result in inadequate funding.

With an FTE allocation system such assumptions are unnecessary since within the regular instructional week the student's time is actually prorated among programs and the appropriate cost index factor is applied to that percentage of time spent in each program. The result is a funds-flow system that focuses upon the individual student and the costs associated with meeting that student's needs for educational programming at various cost levels.

Therefore, in order that the public school system in Texas may

1. make students and their respective needs the center of the funding system,
2. have a funding system that recognizes in a precise manner the cost differentials associated with meeting the varying needs of students,
3. respond to the lack of homogeneity in the district-to-district incidence of students needing high cost programs,
4. have a funding system that is more relevant and understandable thereby permitting easier intervention by policymakers to accomplish desired results,

5. provide the flexibility to develop programming that meets locally determined needs,
6. eliminate the necessity for "double counting" as it exists in our present system, and
7. enhance decision making by local citizens and the boards that represent them,

it is recommended that a quality comprehensive foundation program, utilizing a weighted pupil approach, be established with entitlements being determined on an FTE basis. The recommended weights for the next biennium are presented on the following page. In future bienniums, it is recommended that the State Board of Education be responsible for the generation of weights to be presented to the legislature for its consideration.

To secure the data necessary for the development of a Texas weighted pupil finance system, 42 school districts, seven in each of six size categories, were identified within their size categories as being exemplary in their delivery of services to students. Fifteen hundred educational leaders were asked to nominate two school districts which they felt to be worthy of imitation in each of the six size categories ranging from center city to sparse. Based on the nominations and the second-round ranking of nominations, a sample of schools with reputations for exceptional programming was selected.

Audit data on the expenditure of all state and local funds for 1972-73 current operations in the sample districts were then used to perform program-by-program cost analyses. The next step was computing a per FTE cost associated with each type of program. These analyses were then indexed, and the average practice of these districts was utilized as the foundation for the development of the weights presented herein.

Since the cost analyses included all salaries and maintenance and operation expenditures paid from state and local funds, the weights include provisions

FTE WEIGHTS

The recommended weights for the next biennium are presented below. In future bienniums, it is recommended that the State Board of Education be responsible for the generation of weights to be presented to the legislature for its consideration.

PROGRAMS	WEIGHT/FTE ¹ (DOLLARS)	
	1975-76	1976-77
Regular Programs		
Kindergarten	1.20 (\$ 780)	1.20 (\$ 840)
1-3	1.00 ² (\$ 650)	1.20 (\$ 840)
4-6	1.00 (\$ 650) ³	1.00 (\$ 700)
7-8	1.05 (\$ 683)	1.05 (\$ 735)
9-12	1.15 (\$ 748)	1.15 (\$ 805)
Vocational-Technical Programs		
Agriculture	2.63 (\$1,710)	2.63 (\$1,841)
Distributive Education	1.25 (\$ 813)	1.25 (\$ 875)
Health Education	1.50 (\$ 975)	1.50 (\$1,050)
Home Economics	2.00 (\$1,300)	2.00 (\$1,400)
Office	2.00 (\$1,300)	2.00 (\$1,400)
Industrial	2.50 (\$1,625)	2.50 (\$1,750)
Industrial Arts	2.25 (\$1,463)	2.25 (\$1,575)
Special Education ⁴		
Visually Handicapped	4.45 (\$2,893)	4.45 (\$3,185)
Orthopedically Handicapped	4.86 (\$3,159)	4.86 (\$3,402)
Minimally Brain Injured	3.33 (\$2,165)	3.33 (\$2,331)
Auditorially Handicapped	3.57 (\$2,321)	3.57 (\$2,499)
Educable Mentally Retarded	2.20 (\$1,430)	2.20 (\$1,540)
Trainable Mentally Retarded	2.64 (\$1,716)	2.64 (\$1,848)
Speech Handicapped	4.57 (\$2,971)	4.57 (\$3,200)
Emotionally Disturbed	3.77 (\$2,451)	3.77 (\$2,639)
Language/Learning Disability	3.33 (\$2,165)	3.33 (\$2,331)
Parity Programs ⁵		
K-12	a .15 weight is recommended for 1975-76 and a .40 weight is recommended for 1976-77. These weights represent an <u>add-on</u> per identified pupil, <u>not</u> FTE.	

1. This is not a weight per participating pupil, but a weight prorated over time actually spent in the program. One FTE equals 30 hours per week for one pupil.

2. A weight of 1.00 is assigned to grades 1 through 3 for 1975-76 only.
 3. For the school year 1975-76, the value of 1.00 is recommended as \$650. For 1976-77 it is recommended that an upward adjustment to \$700 be made.
 4. The instructional strategies of Plan A are not altered by this funding system.
 5. Parity programs include compensatory, bilingual, migrant, and other programs designed to aid students in taking full advantage of the opportunities available in the public schools. The term "compensatory" has been inappropriately applied to many programs for the culturally and/or linguistically different student when in fact there is no deficiency or "handicap" for which the child must compensate. The need is for temporary assistance in developing the skills necessary to have full access to and benefit from the program of regular instruction. Eligibility for the compensatory component will be determined by application of the Title I formula for 1975-76; for all subsequent years, educational criteria will be developed to determine district entitlements. These funds are in addition to federal funds.
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for central office staff, secretaries, custodians, etc., as well as all non-salary current operations costs. The weights and resulting dollar values, therefore, are intended to provide for all state foundation school program current operations costs. Neither expenditures from federal funds sources nor debt service expenditures were included in the cost analyses and are external to the weights for the 1975-76 and 1976-77 school years.

In an effort to ensure that existing practice--even present best practice--is not perpetuated without thoughtful consideration, the Texas Association for Supervision and Curriculum Development was asked to develop a statement of "what ought to be" in public school programming for the 1980's. Many of the state's most prestigious instructional leaders participated in the development of A School Curriculum Design for the 1980's, a volume describing quality education in terms of curriculum and instructional strategies. The major thrusts of

the document were utilized to modify the weights established through cost analyses of existing programs. The recommended weights, therefore, were based on exemplary district practice with modifications that would begin the implementation of the program needed to serve Texas students in the 1980's.

In addition to the weights previously presented on page 8, research indicates that the following multipliers should be utilized to adjust the program entitlements generated by a simple application of the weights in sparse K-12 districts which have less than 1,600 FTE and which are countywide or exceed 300 square miles in district area:

Fewer than 500 FTE	1.50
501-825 FTE	1.35
826-975 FTE	1.25
976-1,600 FTE	1.15

B. Renewal

Renewal is a process of orderly change. In education, historically, there have been no orderly change process, no investment in renewal of any magnitude, no coordination of the isolated research and development, and no systematic method for looking at the needs and accomplishments of schools. In addition, it should be recognized that arrangements have never been available in a systematic fashion for (1) the development of alternative instructional and organizational strategies, (2) the training of school personnel for these strategies, (3) a process for evaluation of programs and personnel, or (4) a managerial process that results in the cost-effective achievement of goals. In other words, Texas has institutionalized the status quo in public education by failing to invest wisely in a system that encourages orderly changes in response to the changing needs of the students and the economy.

A similar situation in business or industry would be disastrous for most companies. In the business world, the improvement of established products and

the development of new products are recognized as critical if the organization is to remain viable. It is generally recognized that the more any company emphasizes renewal kinds of activities, the more likely it is to show an uptrend in earnings. (From the literature the general rule in technologically oriented businesses is to devote 10 percent of the operating budget to research and development.

While a renewal system is desirable in any state plan of public education, such a system must accompany the weighted pupil approach. A funding system based on weights derived from a cost-analysis of programs designed to meet the needs of children must be paralleled by a monitoring system that ensures the expenditure of funds in the programs that generate the funds. The renewal system should also provide the framework in which the cost effectiveness of alternative programs and strategies can be compared and in which the training of personnel can be accomplished in a manner that should enable districts to utilize the funds available in an optimal fashion.

It must be remembered that providing funds in a fashion so that differences between children can be addressed is meeting only half of the state's responsibilities to achieve equity for the student. The other half of these responsibilities is to ensure that the funds are spent in a cost-effective manner to provide for programs which meet quality standards. After (1) adopting "core" goals and objectives and minimum standards and (2) requiring the utilization of good management practices, however, the State Board of Education should provide extensive flexibility for local decision making within the established parameters. This suggested mode of operation would prevent abuses which might otherwise occur.

In order to initiate a wise investment of renewal in education, it is recommended that the components of renewal outlined herein be funded by appropriating

0.5 percent of 1975-76 projected costs of current operations in the foundation school program. The appropriation for 1976-77 should be two percent, and it should increase by one percent each year thereafter until a level of at least five percent is invested annually.

The provision of such fundings for renewal should be accompanied statutorially by a statement of broad goals and objectives that expresses the general intent of the legislature to the State Board of Education. The State Board should then be expected to adopt policies, guidelines, and regulations that will achieve the legislature's goals in establishing the renewal system. In turn, the Commissioner of Education should develop administrative strategies involving the Texas Education Agency staff, colleges and universities, regional education service centers, and local school districts.

The following components are recommended as being essential to the effective operation of a foundation school program renewal system:

1. An accountability system. Accountability should be operationalized at four levels: legislature/Governor, state education agency, regional service center, and local school district. Accountability at all levels should include the implementation of the processes of assessing needs, prioritizing goals and objectives, selecting and implementing programs, evaluating all programs and personnel, disseminating information, and recycling through the components of the system. It is suggested to the State Board that five-year plans with annual updates be required, and it is also suggested that the annual update be fused with the preliminary application for all state and federal funds. In addition, the State Board should require that 90 percent of all funds earned by the FTEs be spent within the program that earned the funds. It is further suggested that 70 percent of these funds be traceable through program budgeting to direct expenditures within the program.
2. A management information system. This system should include the implementation of the program budgeting extension of TEA's Bulletin 679 in order that the expenditure of funds can be programmatically traced. The development of a computerized data base should be accomplished to facilitate the planning, managing, and reporting of information.

3. A system of research and development. A statewide design for research and development activities should be established by the State Board of Education and the Commissioner to address local, regional, and state needs in prioritized areas that have become evident through the process of needs assessment. The areas of program selection and implementation strategies, program and personnel evaluation, and program and staff development are presently apparent as needs.
4. The accreditation process. The responsibility for accreditation should continue to reside with the Texas Education Agency. In this regard, Principles and Standards for Accreditation should be revised and/or modified to reflect state goals. Operational definitions of the principles and standards should also be developed, and visits to all school districts should be accomplished at least once every five years. All districts should be accredited or have on file with the Texas Education Agency an acceptable plan for achieving accreditation standards. Those districts either refusing to become accredited or unable to achieve accreditation after a reasonable period for improvement should have sanctions placed on them. Two possible sanctions are (1) withholding of foundation program funds and (2) educational receivership. Each of these is considered to be a viable alternative.

C. Transportation

The transporting of students to schools is an accepted part of the public education system. For a number of years, costs for carrying out this function have been shared by the state. However, in the past few years it has become increasingly evident that not only are the MFP allocations inadequate for the task but that the method for determining and delivering these funds is outdated. It has become apparent that a delivery model is needed which would: (1) distribute additional funds for school transportation in a manner that most nearly approximates reasonable expenditures, (2) recognize the diversity of Texas geography and demography, (3) allow more flexibility to local school districts in the determination of their transportation systems, (4) recognize the differing costs among the school districts, and (5) provide the framework for continual updating of the model.

Cost analyses of 335 schools were utilized to generate the following recommendations regarding the funding of transportation:

1. State-local sharing. All transportation allotments should be made through the foundation school program.
2. Eligibility. The eligibility limit for regular transportation should continue to be two miles.
3. Maintenance and operation costs for regular transportation. State funding for maintenance and operation costs of regular school transportation should be provided through the utilization of the following formula:

$$C/P = a \cdot LD^x$$

where C/P = allocation to the district per transported pupil

a = derived constant which is a function of the areal density index

LD = linear density which is the number of eligible pupils transported per daily route mile

x = derived exponent which is a function of the areal density index.

Furthermore, school districts in the state should be divided into relevant groups based upon pupil areal density, defined as FTE per square mile. The coefficient a and the exponent x should be derived independently for each pupil areal density group.

4. Bus replacement and special education transportation. Bus replacement and special education transportation should be addressed through similar equations that have been developed.
5. Contracted transportation. The local school district should be free to contract transportation services from a public carrier, but the state's share should be determined on the same basis as if the local school district were operating its own system.
6. Other transportation. Other transportation, e.g., vocational, bilingual, and private, should be funded on a cost-per-pupil miles traveled basis.
7. Agency responsibility. The Texas Education Agency should be made responsible for updating allocation schedules and ensuring efficiency of operation.

D. Facilities

Presently, local districts bear the burden of providing facilities without any state assistance. In 1974-75 school districts will secure approximately \$243 million from local ad valorem taxes to service bonded indebtedness totally outside any equalization framework.

As a result, taxpayers in a district on one side of Harris County must make 16 times the taxpayer effort that taxpayers in a district on the other side of that county must make in order to provide an equipped building of similar size and quality. Can this circumstance be considered taxpayer equity within the state system of public education?

In addition, few persons would deny that facilities and equipment constitute components of a quality educational opportunity. Without adequate and comfortable work stations, laboratories, shops, etc., quality education by minimal standards is not available to the student.

It is, therefore, recommended that facilities become an integral part of a comprehensive foundation school program by 1980-81. This should be achieved by beginning in the 1977-78 school year with financial assistance to school districts in the bottom quartile of taxable wealth per pupil. By 1979-80, the percentage equalization of debt service taxes should be implemented for all districts which have less than average taxable wealth per pupil; through this program the state should guarantee a tax yield for a given level of effort that is equal to the yield of an average wealth per pupil district.

EQUITY FOR TAXPAYERS: FINANCE ELEMENTS

To achieve the average program expenditure level of the exemplary school district sample (which is reflected in the preceding program elements), the total foundation school program cost in 1975-76 must be \$2.4 billion and in 1976-77, \$2.7 billion. Since the state's share of the MFP is approximately \$1.3 billion (including the proposed \$80 million emergency aid for 1974-75), it is obvious that, if the goal of \$2.4 billion is to be reached, much of the \$1.2 billion (debt service included) being raised presently at the local level must be included in the local share of the foundation program.

Under the present MFP the local share is approximately \$300 million which leaves approximately \$700 million available for what is usually termed "enrichment": expenditures above the foundation program. Since enrichment is outside the equalization framework of the MFP, school districts with high local taxable wealth per pupil spend significantly above the MFP while poor school districts struggle at relatively high effective tax rates to produce a few additional dollars per pupil. To equalize taxpayer effort most of the present levels of enrichment must become a part of the local share of the foundation program. If this does not occur, the level of spending guaranteed by the foundation program must be set at a considerably lower level than is recommended herein and school districts with adequate taxable wealth per pupil will continue high levels of enrichment--thereby continuing the present inequitable system.

A net local share of approximately \$810 million for each year of the biennium will result in a state share of approximately \$1.6 billion in 1975-76 and \$1.9 billion in 1976-77 in order to finance the foundation program at recommended levels. If one assumes the maintenance of a state share that would result from emergency appropriations of \$80 million in 1974-75 and includes the previously

legislated increases in the MFP for 1975-76 and 1976-77, the proposals contained herein would result in additional state-share increases that would average \$200 million per year for each year of the biennium. If no laws are changed, the cost of the MFP in the 1976-77 biennium will increase by \$330 million; and, if the Governor's recommended emergency increase for 1974-75 is enacted, it would cost approximately \$160 million to maintain that increase over the next biennium. These two estimates with the additional increases embodied in the preceding recommendations would require a biennial (not annual) increase in state spending of approximately \$1 billion.

Such increases in foundation school program costs seem large. Yet, when one considers that such provisions would only lift the poorer school districts to the average expenditure levels within the exemplary school district sample (which was found not to be greatly different from the state average), this level of effort appears to be a minimum response to the challenge of providing equity for both students and taxpayers.

A. State Share

In beginning implementation of a new finance system, the state's share of the total state-local cost of current operations should not differ significantly from its present level of 60 percent. This is not a recommendation that the state share be set at precisely 60 percent and the collective local share be set at precisely 40 percent, but it is a recommendation that the emphasis in the financing program should be on lifting the "floor" of the program rather than on shifting the tax burden from local districts to the state.

Over the next several years, however, the cost of improving the program and of coping with inflation should be assumed by the state. If one assumes an annual inflation rate of seven percent over the next five years, it will be

necessary to increase the dollar value associated with the base weight of 1.00 to an amount that would add approximately \$130 million annually to the state's share of financing the cost of the foundation school program.

In addition to inflation, program improvements must be implemented. Presently, only approximately 20 percent of high school students (only six percent in one large city school district) are participating in vocational-technical programs that lead to the development of salable skills upon graduation. Instruction based on a teacher lecturing to 35 students and utilizing only state-adopted textbooks is, from a shortsighted point of view, the least expensive form of education; from a long-term point of view, however, it should be recognized as a primary cause of both the state's high dropout rate and the high incidence of functional illiteracy among graduates. One must ask the question: What is the ultimate cost to the welfare and economy of Texas if it fails to tailor educational programs to the needs and abilities of the individual student and if it fails to provide approximately 80 percent of the student population a chance to develop salable skills by graduation or a self-determined exit point? Addressing these needs will require a minimum increase of \$200 million annually.

B. Local Share

The legislature should utilize the best available estimates of property values in each of the 1,100+ school districts (more than simple self-reports) as an index for the distribution of state funds to local districts in 1975-76 and 1976-77 while a monitoring agency develops and implements procedures for securing quality estimates on an annual basis. The designated monitoring agency must develop guidelines for the appraisal of property within a policy framework established by the legislature; the agency must then conduct sales-ratio studies, appraisal audits, and sample appraisals to ensure that the guidelines are being

followed. (It should be noted that appraisal--not assessment--was the focus of the previous sentence; state control of assessment practices by local school districts is neither expressed nor implied in this recommendation.) Estimates secured by the agency should be utilized for the 1977-78 school year, and thereafter appraisal monitoring should be continuous.

An index rate equal to the state's average effective tax rate for current operations at the time of implementation should be applied to the estimated value of taxable property within a district to determine the local share of its current operations costs within the foundation program. Then the index rate should be permanently frozen at that level. Utilizing this approach, the state will cause the effective ad valorem taxpayer effort for current operations to be stabilized within the state system of public education.

School districts which have been favored by the present inequitable system should be granted a five-year phase-in period in which to increase their local efforts to the level required for the local fund assignment. Such school districts should be protected from a loss of state funds greater than the amount of the required increase in the local fund assignment.

C. Local Leeway

Enrichment through local option ad valorem taxation should continue to be permitted. The state, however, should strive to establish a comprehensive foundation school program "floor" which does not need to be "enriched" through local tax effort in order to provide quality education.

D. Automatic Financing

The MFP is automatically financed and any future foundation program must maintain this feature. (Automatic financing guarantees that the state's share of the cost of the foundation school program is deducted from projected revenues before the Comptroller certifies the amount available for appropriation by the legislature; no specific appropriation of the state's share is necessary--it is automatically financed as it is defined by law.)





To: Jan Wilbur cc: SO, Anderson, Farmer
From: Chris Brasher
Re: REPORT ON HOUSE EDUCATION SUBCOMMITTEE HEARING, OCTOBER 22, 1974 (Interim Committee on
Old Supreme Courtroom, Capitol, Austin, Texas Public School Finance)
OCT 29 1974

Present: Rep. Hermand Adams, Chairman Dr. Lawrence Haskew
" Eddie Bernice Johnson
" Carlos Truan
1 Staff Member

I alerted Jan Wilbur and Jan Albers (Austin) about this hearing when I saw it in the Austin paper. Since Jan was unable to attend, I met Jan Albers at the Capitol and we attended the hearing which started at 9:30 a.m. and was over about 1:30. The rest of my time in Austin I spent in Sarah Weddington's office waiting for Ann Richards to return from lunch, then to Lane Denton's office to get copies of the Attorney-General's opinion on ERA.

The subject of this hearing was about the "weighted student" plan which is being recommended by Dr. Richard Hooker of the Governor's office, and the disbursement of funds from the state to school districts.

Dr. Lawrence Haskew, professor of educational administration at UT, and a member of the subcommittee gave an explanation of the "weighted pupil" approach. He was trying to clarify the "instinctive attitude" of the weighted pupil approach -- instinctive recognition of needs of individual pupils. He then said that definitions would be called for -- what is meant by minimum program? equitable local tax assignment? The source of dis-ease lies in the ability of districts to put in more than the state formula. He said that "weighted pupil" is no cure for equitable formula. It is not a pro or con -- it is a neutral issue. (Jan and I were not quite sure what he was talking about!) The prime use of the weighted pupil approach is to use for an index of the total needs of a district. It is a fairly accurate index, and this approach evolved out of the Minimum Foundation Program. The weighted pupil approach recognizes that more funds are needed to educate students with handicaps in language or socio-economic backgrounds, students living some distance from schools, students in small school districts and other students with special educational needs. He pointed out that it takes twice as much to educate a high school pupil as it does for the first six grades.

Haskew said that up to now, Texas had addressed itself to the least we can get by with in school funding. Under the weighted pupil concept, state aid would be determined by subtracting local funding input from the school district's needs. The state would pay the remainder, which would vary from district to district.

There was some discussion on the delivery of funds to the school districts. Heretofore state funding has been delivered in one lump sumdescribed by some as "allowing flexibility" or by others as "a license to rob." Haskew said that most states have considerable constraint on the use of the funds.

Truan asked, "In spite of not being as perfect as we would like, do you see this (method) as a step forward in overcoming inequities?"

Haskew: I see no way that weighted pupil approach will eliminate all inequities (or words to that effect). The difference is not sufficient for what we are asking. Weighted pupil approach is not going to have anything to do with treating problems we have in education. It does give a little more leeway in distributing funds equitably.

Dr. Jose Cardenas, San Antonio, Director of TEE, was the first witness, and gave a wonderful presentation. He said that although going into the weighted pupil approach is capitalizing on the needs of pupils and it enhances the program under the Minimum Foundation Program, he would hate to see this committee turn to the weighted pupil approach as a panacea for the school finance problems.

Cardenas said that some other factors have to be taken into consideration such as economic differences. In other states, he said, if you want enrichment, you do so, but you tax yourselves. If the yield is not as high as other districts, the state makes up the difference. The basic problem in Texas education is the enrichment program which allows some school districts to have access to very expensive educational programs that other districts can't provide. Some districts in Texas spend as low as \$328 per child while some others spend \$7,332 per child, and this is "immoral and unconstitutional" said Cardenas. "What kind of education does the system give for a child in a district that provides \$300 per child as against \$7,000 per pupil? There are children and stepchildren in Texas -- very adequate and very inadequate."

Truan spoke up here to add that when "local enrichment" was brought up in the Constitutional Convention, he argued that he was not against enrichment if all districts can enrich equally. Local funds are collected at the local level, and state funds are actually funds raised locally, he said. Accident of birth decides what kind of education a child gets in Texas, he said, because of the tremendous wealth disparities. Another problem is the problem of accountability. Some type of accountability is needed to assure that additional money funded under the weighted pupil plan goes where it is supposed to go. Truan further stated that he has not seen Texas move in its philosophy as to what kind of education a child in Texas will get. It is high time, he said, to shift from all children being entitled to a minimum education instead of a quality education. In trying to compete in industry, business, and professions, Texas children are definitely at a disadvantage.

Adams: Several members on the committee will try to bring some solutions to the legislature on the many factors involved.

Cardenas: In answering fears of those who say that more funding from the state would lessen local control, he said Texas has the same control at the local level as other states. He is not advocating less control at the local level, he said. In his closing remarks he said that so far he has had no assurance that changes would be made.

(One could see that he was very upset at the lack of interest in the problems shown by other members of the committee, all except Truan. Cardenas was the former superintendent of Edgewood school district in San Antonio which was the starting point of the Rodriguez case.)

Lynn Moak, Texas Education Agency, told the committee the state board of education was in the midst of determining what finance plan it will recommend. Generally the board is in favor of the things the weighted pupil approach is trying to accomplish, he said.

Truan asked Moak if the TEA had the power to make sure schools are not cheating as to how funds are spent. Moak replied that they have the power now, but do not have enough manpower. He then asked what constituted cheating...flagrant cheating or just miscounting students?

Truan: How will you know if the school is using the money for agriculture pupils or special education? (There had been implications that some monies supposedly funded for special education or other purposes were in fact used for band costumes or athletic equipment.)

Moak evaded the question, ending with "Funding will never be without political consideration." To which Truan responded, "For a staff person, this is a very good observation." Laughter....

Jim Hooser, TSTA, spent the first few minutes of his statement lauding the state officials, Dr. Haskew, TEA and the legislators. He said that to his knowledge, no organization has recommended the weighted pupil approach. "We are not saying it is not a better system, he said, but the burden of proof should be on those who are advocating it. Our system has served Texas well."

Truan interrupted him to ask if he was challenging those who are advocating the weighted pupil approach. He asked, "How does the system in Texas compare to other states in the dropout rate, rate of illiteracy, etc?"

Hooser: I do not have any figures on that, but when given the facts, the Legislature will come up with the right decision." (" ' . ! (!)

Truan: I have seen statistics that are alarming....extremely high illiteracy rate, high dropout rates....I would think you would have memorized these statistics since you are in education. Are you still committed to the bill for an increase in teacher salaries?

Hooser: We are in favor of improving education for boys and girls, but we are committed to the profession.

Truan: Could we not compromise and be committed to support both?

Dr. Richard Hooker, director of the governor's office of education, testified that the weighted student approach to school financing is being recommended for the governor's approval, and considered this approach "a viable concept." He said that he was not making a formal presentation at this time, but would respond to one statement made earlier in regard to a tentative set of weights. He said that a survey of 41 districts in which weights were calculated was in no way meant to serve as a tentative set of weights.

Truan: The Governor has not yet adopted or arrived at a school financing plan?

Hooker: The timetable is for us to have our recommendations to him in early November, for public distribution the latter part of November; then meet with lay groups and get feedback from all parties interested in giving feedback. Will assist Governor in finalizing recommendations for Legislature in January.

Truan: Could you shed light on accountability or state control?

Hooker: We are exploring the renewal system. Accountability in system is part of the renewal program. We will recommend extensive legislation which includes goal setting, program evaluation, budgeting system to trace dollars---a programmatic budget system. Will provide tools necessary to assure accountability in use of funds by school districts. General needs assessment will pick up performance data (dropout rate, etc.). Follow-up needs to be part of accounting study.

Truan: Are you recommending money for adult and bilingual education?

Hooker: We are recommending compensatory funds. State needs to assess the needs. We should strive for \$300 more per child for bilingual program. On basic program, significant results show this amount more is needed per child.

Truan: How does this compare with the TEA recommendation?

Moak answered for TEA: In terms of bilingual program, averages out to \$50 per pupil.

Hooker: The present system is inequitable. As a beginning in 1949 it was a giant step forward. It is still largely like 1949. We have not significantly changed the program. The quality of education is definitely.....well, I can't defend the present system.

Truan: Would you have a separate bill related to teacher salaries?

Hooker: We would have a cost analysis.....yes, salaries would be included in the weights.

Truan: One bill or two?

Hooker: Depends on what you mean....We would not have reform go down the drain because the Legislature is unwilling to increase teacher salaries.

(Truan was trying to pin Hooker down to definite answers...he did well in answering (Hooker did) so as not to compromise the Governor. Hooker seems to be cognizant of the fact that reform is desperately needed, but he has to be careful what he says in public until the Governor endorses a definite plan.... No doubt teacher salaries will be a big political factor.....Truan is trying to separate the issues so as not to jeopardize chances for substantive changes in school finance reform.)

Brad Duggan, Texas Assn. of School Boards, was the last witness. He said that Florida, New Mexico, Utah, Minnesota, and ??adopted the weighted pupil approach. Also the Peat-Maurick (?) study done for the Senate Committee recommended the weighted pupil approach. Advantages: 1) will provide some flexibility on the local level.

2) More flexibility on legislative level.

3) Provides a perspective on education.

In other words the weighted pupil approach would allow the flexibility to take a look at the whole perspective of education. Weighted pupil approach has never been tried in a state the size of Texas, but see not reason why it wouldn't work.

Truan: There has been a concern conveyed to this committee about a lack of feel of accountability in implementing the weighted pupil concept.

Duggan: One of our recommendations is strong accountability....would afford a safeguard.

Truan: Would the problems of the Rodriguez case be solved?

Duggan: It would provide a mechanism to reach it, but will not solve all of the problems.

Hooker: The Florida System has the cost of living factor. The Big Seven (??) endorsed the weighted pupil concept in the spring of 1973. Our staff is made up of PhDs, school people, etc. and we feel that it provides a basic concept. It has much to commend it. Truan: Is it a viable concept?

Hooker: We can do almost anything you want it to do. All sorts of safeguards that can be put into the system. Our office will recommend this concept to the Governor.

It was announced that the next meeting of the Committee will be in Houston, Oct. 29. I put Jan Wilbur, Jan Albers and myself on the mailing list of the committee so we would get notices of meetings, reports, etc. Jan, if you are not on the TEA mailing list, let me know and I will get you on that.

BASIC ISSUES TO BE RESOLVED IN THE CREATION OF
A WEIGHTED PUPIL FUNDING APPROACH

1. Determination of the Programs to be Funded
1) Pupil Populations to be served
2) Pupil Populations to receive special weights
(Findings of study of 41 districts turned in to Governor's office. Available around Dec. 1.
2. Determination of Weights
1) Determination of Program to receive base level funding
2) Determination of other program weights
3) Direct costs or total costs basis
Moak said that no state has used only the study of weighted pupils as a basis, but the policy has been implemented.)
3. Determination of the Total Level of Funding
1) Establishment of the Value of 1. (Automatically determines state money)
2) Determination of costs to be included
(Under 2.1..base level funding...he said this is the key to weighted p.)
4. Determination of the Number of Students
1) Full-time equivalent or participation basis
2) Method of determination of students(ADA? or ADM?)
3) Determination of procedures for counting of students (Variations from state to state)
4) Current or prior year counting procedures
5. Determination of Approved Programs at District Level
1) Local or State approval
2) Statutory or Regulatory approval
6. Auditing, Accountability, and Program Improvement (20-25% indirect cost for administrative costs, etc. for accountability)
1) Basic Unit of accountability - Campus or District
2) Degree of categorical fund use allowed by program
3) Accounting for indirect costs
4) Method of auditing for pupils and funds
5) Mechanisms of program improvement
6) Method of establishing penalties (If a district is penalized by withholding funds of losing funds, this actually penalizes the pupils.)
7. Implementation of the Approach
1) Determination of first year funds (Requires major overhaul)
2) Relationship to budget process of local district
3) Relationship to budget process of state
8. Relationship to Present Program
1) Effect on small school districts - Method for funding (One-half of the districts in the state have less than 500 pupils!)
- 2) Effect on districts with high degree teachers
3) Effect on salary schedules
4) Effect on personnel ratios
5) Effect on special program funding levels
6) Relationship to federal funds
(Some problems under weighted pupil approach.)

FINANCING PUBLIC SCHOOLS

Austin Report, November 17, 1974

"One small step toward school finance equalization came when Attorney General John Hill told Education Commissioner Brockette that he should require all county tax assessors to tell him what Percentage of market value they use in taxing and then adjust the county tax value item in the economic index formula so as to make them comparable. Brockette immediately called on county assessors for the information for the '73 and '74 tax years, and so it will be fed into the new economic index figures to the Board of Education next March. Hill had been studying the question a year, since the big-city lawsuit on discrimination against their districts was dropped. Of course, tax assessments are just one factor in the economic index calculations, and the phase-in over three years is required by present law, so the impact will not be too great. But it will mean that ability to pay will be more exactly determined if the present law is not changed as many have been proposing. Those which "try harder" by using 60% of market value will get more State aid than they were, and those which have been assessing by 25% will get less than they were. House Education Chairman Kubiak said Hill's opinion makes it clear that the economic index system "is unfair and inequitable." Put briefly, the economic index of a county is the percentage of the Statewide local share it should raise by taxation. Factors going into the index are income, weighted by 72, scholastic population, weighted by 8, and assessed property valuations, weighted by 20. So a sharp switch in the 20 factor will change the county's share of the Statewide local share to the extent of the change. So far, no one is guessing at what it will mean to each county but folks back home will know whether their county tax bills are at 3% or 100%, the estimated range.

Governor Briscoe's school finance equalization plan was revealed in draft form, at the Legislature's pre-session conference. Dr. Richard Hooker is going to hold hearings at each of the educational service centers, and then it will be made final. He said Briscoe had generally approved the weighted pupil approach, ranging from \$650 to \$3,159 per pupil per year. The high is orthopedically handicapped children; the low is Grades 1-6. It would use full-time equivalent as a basis for State aid depending on the portion of a student's time spent in regular or specialized courses such as agriculture and other vocational as against regular academic. It would require that all "enrichment" be a part of the local share of the financing program. Hooker estimates this set of changes would put local share at \$810 million and State at \$1.6 billion for '75-'76 and \$1.9 billion in '76-'77, against this year's \$1.3 billion including the proposed \$80 million emergency money to be proposed by Briscoe. It is calculated to raise the poorer school districts to the financed level of the present average district. On financing, it would set the index for property tax income locally at the average Statewide, 50¢ per \$100 for maintenance and operation, and use best estimates of valuations in setting the distribution of State funds while a monitoring agency works up a plan for property appraisal guidelines. A

5-year phase-in would be allowed schools to increase local

(over)

OCT 25 1972

A SUMMARY OF A WEIGHTED PUPIL APPROACH
TO PUBLIC SCHOOL FINANCE

Prepared for the
State Board of Education Committee
on Public School Finance

by
The Staff of the
Texas Education Agency
September, 1972

Disclaimer

The school finance alternative summarized here was one of several developed by staff of the Texas Education Agency and presented to the State Board of Education Committee on Public School Finance for study purposes. The views and findings expressed herein are not the official views of the State Board of Education or its Committee. Because of limitations on the validity of the data, it is suggested that this report be used for study purposes only.

SUMMARY OF THE WEIGHTED PUPIL

SCHOOL FINANCE ALTERNATIVE

The purposes of this study were to determine the costs of providing quality regular and various kinds of special educational programs; to express the relative costs as pupil weights; to determine how much money would be needed to finance all Texas school districts through a system of pupil weights at a quality level; and to determine under such an approach which Texas school districts would require more money and which less than they spent in 1970-71.

The study to determine pupil weights for Texas included data from twenty-eight Texas good practice school districts. The methodology used followed to a large extent that used by the National Educational Finance Project. The basic weights determined are presented below. These weights illustrate the differences in instructional costs across programs and grade levels.

TEXAS WEIGHTS FOR THE BASIC EDUCATION PROGRAM

Early Childhood Special Education	1.26
Kindergarten	1.05
Elementary	1.00
Middle School	1.12
High School	1.28

ADD-ON TEXAS WEIGHTS FOR STUDENTS NEEDING SPECIAL PROGRAMS

<u>Program Area</u>	<u>Elementary</u>	<u>Middle</u>	<u>High</u>
Speech Handicapped	.36	.40	.29
All Other Handicapped	1.21	1.18	1.43
Low Income	.37	.26	.23
Non-English Speaking	.77	.55	.39
Migrant	.47	.39	.53
Agriculture	----	.25	.28
Homemaking	----	.09	.10
Trades & Industry	----	.17	.19
Office, D.E. & Health	----	.12	.14
Cooperative	----	.11	.13
Handicapped Vocational	----	1.19	1.36
Coordinated Vocational	----		
Academic Education	----	.47	.54

The average cost of educating a child in elementary school, the value for 1.0, was found to be \$497 for the 28 good practice districts in the study sample. The weights and this value for 1.0 were applied to the ADM of pupils served by these programs in 1970-71. The total cost of instruction based on weighted pupils was found to be \$1,584,000,000. This is only \$9 million more than the total actual expenditures of all districts in 1970-71 for instructional purposes.

A comparison was made of actual expenditures and weighted pupil allocations for students served for each of the 1149 school districts to determine which districts would lose and which would gain if a weighted pupil allocation method had been used. It was found that 581 districts would gain and 568 districts would lose. The range of gain is from \$44 in Cooksville ISD to \$4 million in San Antonio. The range of loss is from \$162 in Santa Maria ISD to \$6.9 million in Dallas.

Sample districts and State totals are compared in the following table:

COMPARISON OF WEIGHTED PUPILS SERVED COST TO
ACTUAL INSTRUCTIONAL EXPENDITURES FOR SELECTED
DISTRICTS AND STATE TOTALS

<u>District</u>	<u>1970-71 Actual Expenditures</u>	<u>Weighted Pupils Served Cost</u>
Austin ISD	\$ 32,884,000	\$ 31,287,000
Corpus Christi ISD	25,765,000	27,679,000
Dallas ISD	100,433,000	93,498,000
Deer Park ISD	6,104,000	3,844,000
Edgewood ISD	9,824,000	13,156,000
El Paso ISD	35,312,000	35,964,000
Fort Worth ISD	49,668,000	49,768,000
Houston ISD	134,177,000	130,072,000
Midland ISD	11,640,000	10,303,000
New Boston ISD	775,000	876,000
San Antonio ISD	39,512,000	43,588,000
Total for 1149 Districts	\$1,575,532,876	\$1,584,800,012

It has long been recognized that the existing need for different educational programs exceeds the number of students who are currently being served by these programs.

Accordingly, weighted pupil allocations were also determined for students identified as needing programs in 1970-71. Where district level information did not exist on the extent of need, incidence rates were used. The total instructional cost when weights and a value of \$497 for 1.0 are applied to students identified as needing programs would be \$1,902,584,901. This is \$327 million more than was actually expended for instruction in 1970-71.

District by district comparisons of allocation based on weighted pupils identified to actual expenditures for instruction in 1970-71 reveal that 860 districts would gain and 289 districts would lose. Gains would range from \$113 in Cotton Center to \$23.5 million in San Antonio ISD. Losses would range from \$125 in Bushland CSD to \$1.7 million in Andrews ISD. Sample districts and state totals are compared in the following table:

COMPARISON OF WEIGHTED PUPILS IDENTIFIED COST
TO ACTUAL INSTRUCTIONAL EXPENDITURES FOR
SELECTED DISTRICTS AND STATE TOTALS

<u>District</u>	<u>1970-71 Actual Expenditures</u>	<u>Weighted Pupils Identified Cost</u>
Austin ISD	\$ 32,884,000	\$ 37,011,000
Corpus Christi ISD	25,765,000	32,638,000
Dallas ISD	100,433,000	104,584,000
Deer Park ISD	6,104,000	4,451,000
Edgewood ISD	9,824,000	17,088,000
El Paso ISD	35,312,000	42,766,000
Fort Worth ISD	49,668,000	57,908,000
Houston ISD	134,177,000	149,252,000
Midland ISD	11,640,000	13,062,000
New Boston ISD	775,000	1,009,000
San Antonio ISD	39,512,000	63,039,000
Total for 1149 Districts	\$1,575,532,876	\$1,902,584,091

A COMPREHENSIVE FOUNDATION SCHOOL PROGRAM FOR THE SEVENTIES

I. INTRODUCTION

As a result of the commitment made by the State Board of Education in January to submit a school finance proposal to the Governor, the Legislature and the general public, the staff of the Texas Education Agency undertook a multi-faceted approach to the study of educational finance. One element of this study was an examination of the existing state support system known as the Foundation School Program.

Within the context of this study, the staff made a number of assumptions which serve as limitations to the overall study. The staff assumed that:

- (1) The major aim should be to bring the Foundation School Program in line with what the majority of children in Texas schools have available to them. No evaluation from a program context was made as to the educational impact of the program which is recommended.
- (2) The present formulas for Vocational Education and Special Education are sufficient to allow needed expansion.
- (3) No consideration was to be given to the financing of capital outlay or debt service.

The Texas Foundation School Program has been described as one of the most complex state support programs in the United States. Most states use a relatively simple foundation program based on a specific amount of dollars per student. Texas, however, has chosen to specify a detailed program involving allocations for personnel, transportation and other costs.

Although the Foundation School Program has been significantly expanded within the past few years, it has continued to fall considerably short of the actual operating costs of many local school districts.

With certain exceptions, the Foundation School Program, viewed in the context of the urban and suburban districts which generally mark the guide posts of Texas education, cannot be treated as an education "program" but rather is treated as a device for the allocation of funds and nothing more. In fact, no single school district appears to be able to operate at the Foundation School Program level of support. Although local pride and initiative certainly account for a portion of the enrichment of the program, many local districts insist the levles of support simply fail to yield enough funds for an adequate local education program.

The purpose of the recommendations contained in this report is to continue the progress towards an adequate educational program which was begun in 1969 by the enactment of far reaching educational legislation including improvement of the minimum state salary schedule and expansion of Kindergarten, Special Education and Vocational Education programs. Viewed in terms of increased cost of the Foundation School Program, these proposals are significant indeed. However, viewed against the actual practice of many of the better districts of the state, these proposals are modest. Thus, at least a limited opportunity for local enrichment must continue if the best educational programs (in terms of cost) are to be continued.

TABLE I. OUTLINE OF PROPOSED FORMULAS AND COSTS (in millions)

	NEW PERSONNEL	1970-71 ADDED COST
1. <u>Classroom Teacher Unit Allocation</u> One CTU per 23 ADA	8,502	\$63.1
2. <u>Special Duty Teachers</u> Maximum of 15% of eligible CTU's may be utilized as Special Duty Teachers	(15,508)	15.5
3. <u>Teacher Aides</u> One teacher aide per 15 eligible CTU's	2,364	11.2
4. <u>Special Service Units</u> One special service unit per 20 eligible CTU's (No credit for fractions) One special service unit per district with less than 20 eligible CTU's and a 4-year accredited high school	670	5.2
5. <u>Counselors</u> (Including Special & Vocational Ed) One counselor per 40 eligible CTU's (No credit for fractions)	800	8.5
6. <u>Supervisors</u> (Including Special & Vocational Ed) One supervisor per 70 eligible CTU's (No credit for fractions)	415	4.2
7. <u>Administrative Units</u> One administrative unit for each 1,000 ADA for the first 24,000 ADA One administrative unit for each 3,000 ADA above 24,000 ADA	1,668	20.4
8. <u>Operating Allowance</u> \$2,500 per CTU, Special Education and Vocational teaching units An additional \$400 per Vocational teaching unit		223.3
9. <u>Transportation</u> Approximately 25% increase per approve bus route		4.6
10. <u>Compensatory Education Allocation</u> \$100 per ESEA Title I pupil		44.4
11. All other formulas would be unchanged		

Adoption of the proposed improvements in the Foundation School Program would raise the level of the program to one of the most comprehensive foundation programs in the United States. The full and complete coverage of the program would be available to every school child. No longer could the program be considered a "minimum" program for the support of education in Texas. Rather the program would set a standard of excellence unmatched in the history of the Foundation School Program in Texas.

In terms of total expenditures, the cost of excellence is indeed significant. Adoption of this program in 1970-71 would have added \$406 million to the cost of the Foundation School Program, a 38% increase over present levels of funding. By 1974-75, the recommended year for the beginning of implementation of this program, the cost of these recommendations will decrease to \$377 million as a result of declining enrollments. This would be in addition to the already projected increase of \$215 million under current formulas for the allocation of foundation funds for a grand total increase over 1972-73 of \$655 million.

However, the cost of this increase appears to be modified by two primary factors. First, most of the proposed revisions in the Foundation School Program would absorb local enrichment efforts currently practiced in many Texas school districts. Only in the area of presently legislated improvements in the Foundation School Program would these funds be distributed to new program efforts.

Second, absorption of local enrichment provides an adequate case for a revision in the state and local shares of the Foundation School Program. For the purpose of comparison, the following table compares the cost of the Foundation School Program under several different situations. The cost of the present and proposed programs for 1970-71 and 1974-75.

TABLE II. COST OF THE FOUNDATION SCHOOL PROGRAM PROPOSED AND PRESENT (in millions)

1970-71 and 1974-75

COST ITEM	1970-71		1974-75	
	PRESENT	PROPOSED	PRESENT	PROPOSED
Salaries - Regular	\$ 854.7	\$ 993.0	\$1,064.1	\$1,178.3
Vocational	48.7	46.6	84.9	80.0
Special Ed.	52.2	49.1	150.4	145.0
Operating Costs				
Maintenance & Operation	75.3	298.6	84.4	306.9
Special & Vocational	7.0	7.0	12.9	12.9
Transportation	26.1	30.7	30.1	36.0
Compensatory Education	---	44.4	---	44.4
Other	17.0	17.0	28.4	28.4
GRAND TOTAL	<u>\$1,080.9</u>	<u>\$1,486.4</u>	<u>\$1,455.1</u>	<u>\$1,831.9</u>

As can be seen from this table, the cost of the proposed 1974-75 program will \$750 million over the 1970-71 actual cost of the Foundation School Program. Approximately 50% of this amount is already scheduled into law. The remaining 50% is a result of the proposed increases.

ESTIMATED COST OF FOUNDATION SCHOOL PROGRAM *
(IN THOUSANDS)

COST OF PROGRAM	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Regular Program - Salaries	\$ 886,375	\$ 921,647	\$ 964,347	\$1,044,983	\$1,048,428	\$1,055,164	\$1,065,570	\$1,133,203
Teacher Aides - Salaries	14,254	15,226	15,871	19,143	19,751	20,381	21,138	24,149
Maintenance & Operation	66,513	66,853	68,315	67,311	66,264	66,092	66,341	65,773
Transportation	25,610	26,500	27,000	27,500	28,000	28,500	29,000	29,000
Cost - Regular Program	992,752	1,030,226	1,075,533	1,158,937	1,162,443	1,170,137	1,182,049	1,252,125
Vocational Program - Salaries	54,726	63,194	70,713	84,863	94,268	103,677	113,689	132,924
Maintenance & Operation	6,837	7,590	8,281	9,037	9,850	10,736	11,702	12,755
Contract Service	500	800	570	610	650	690	730	770
Cost - Vocational Program	62,063	71,584	79,564	94,510	104,768	115,103	126,121	146,449
Special Education Prog. - Sal.	68,939	86,590	104,357	132,716	154,995	173,881	179,823	196,556
Teacher Aides - Salaries	5,780	6,289	12,802	17,682	21,364	24,354	26,096	30,609
Maintenance & Operation	5,178	6,270	7,095	8,085	9,240	10,296	10,560	10,725
Transportation	2,100	2,200	2,400	2,500	2,600	2,700	2,800	3,000
Other Programs	9,071	10,240	10,570	12,250	14,000	15,600	16,000	16,250
Cost - Special Ed. Program	91,068	111,589	137,224	173,233	202,199	226,831	235,279	257,140
Agency Administration	2,427	2,553	3,300	3,800	3,800	3,800	3,800	3,800
Cost of Regular Program	1,148,310	1,215,952	1,295,621	1,430,480	1,473,210	1,515,871	1,547,249	1,659,514
Other Costs	17,331	23,285	23,824	24,609	24,896	24,985	25,286	25,647
TOTAL COST OF PROGRAM	\$1,165,641	\$1,239,237	\$1,319,445	\$1,455,089	\$1,498,106	\$1,540,856	\$1,572,535	\$1,685,161

*based on full employment of units allotted

" Schools: Their Financing and
Control"
Thurs. 2:15 pm #2 ✓

PUBLIC SCHOOL FINANCE
NATIONAL MUNICIPAL LEAGUE

DALLAS, TEXAS

NOVEMBER 15, 1973

Jayne Morrell

I have reviewed several plans that have been offered as alternatives to school financing in Texas. Rather than offering another plan or flatly endorsing any plan reviewed, I would offer several variables to be considered when examining finance reform. I would propose that each variable be honestly and objectively reviewed and all possible positive and/or negative effects be reported promptly and completely to the legislature, the school systems, and particularly, the public.

Texas is definitely not the only state with finance problems or equalization problems, for that matter. I have read that the Texas system of public school financing is possibly the most complicated and confusing formula in the nation. I am sure that there are those who would feel that any change would be a welcome change over the old system.

Be cautious of this attitude.

Be particularly cautious of any plan that is incomplete, stop-gapping, short-term or too confining. In Texas we have what is called the Minimum Foundation Program. I am sure that in the beginning it was, in all good faith, deemed the most extensive comprehensive and complete plan to adequately provide an education to all persons in the state, and it hit the books. That was back in 1949 and we have lived with it for the past 24 years. Today it is well documented that the cost of education has well surpassed the Minimum Foundation Program's allocations. Be sure any proposed plan allows for enough expansion to accommodate changes due to technology, inflation or

economic conditions. Please have the foresight to provide flexibility for new and better educational techniques or proven procedures for the students who haven't even been thought of yet.

Along the same lines, be aware of any proposed legislation that is intended as support legislation, and is only considered as one necessary step in achieving the total desired outcome of financial reform and equalization of the schools. The passage of such legislation may well be necessary but be very careful to criticize if it is passed off as correcting the total issue.

For example, many of the plans proposed for Texas have a strong provision concerning the ad valorem taxing methods now in practice. It is recognized that the methods of assessing, reporting and distributing these taxes contribute to the unequalizing factor.

Some of the proposed plans I have reviewed advocate the removal of the property tax completely in the consideration of school finance reform. This might be seen as an alternative and even welcomed relief to some taxpayers. But, the political realities of removing the property tax seem a little remote. Taxpayers seldom expect a tax to be lifted once it is established. Also to be considered is the fact that in Texas it has been estimated that the state would have to come with an additional \$1 billion from other sources if the property tax were removed. The fact remains, the property tax exists and, in all likelihood, will continue to exist. Every plan I studied that dealt with the property tax called for reform. First it was recognized that assessments should be based on true market values. Second, that regulations and standards need to be established for the assessment of property throughout the state that would lead to equal assessments. A state agency would be needed to regulate and evaluate assessment. One plan offers as an alternative that the state assume the responsibility of assessing, collecting

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and distributing property tax funds. I think it is recognized that reform is desperately needed in the area of property taxation and a necessary step in school finance reform, but it is only a step in finance reform and it is important to recognize it as such.

Equalizing education is the major issue inherent in the school finance issue. I believe I quote Mr. Hooker correctly when he stated that "nothing is more unequal than the equal treatment of unequals." Most of the plans I reviewed were quick to point out that we should not spend an equal number of dollars on each child. Look for those plans that allow for the differences in needs of students and fund accordingly.

Several of the plans I reviewed dealt with updating and revising the Minimum Foundation Program. In some instances the word minimum was dropped from the revised title. This becomes very significant. The word minimum implies a maximum is available. I am currently working with a career education project. As the foundation of our project we went to various community groups to determine those attitudes, skills, behaviors and knowledge that a 17 year old school leaver should possess. We call these learner outcomes. We then conducted a statewide validation to have parents, teachers, students and businessmen determine those learner outcomes considered to be basic to all 17 year olds. One of the items stated that "The student should demonstrate his/her ability to read at approximately the fifth or sixth grade level."

This item, when scored, did not receive sufficient votes to be considered as basic to a 17 year old. Through research it has been determined that a 5th or 6th grade reading level allows people to have the ability to read newspapers, signs, advertisements, etc. and is considered a minimum level of reading. I personally feel that this outcome was not validated as basic because it is too explicit as to the minimal level. The people did not

reject reading and I feel that the thought was that a twelfth grader should read at a twelfth grade level. This concept of idea transfers over into equalizing schools. Any plan that presents a minimum, average and maximum expenditure implies a good, better, best ranking of schools and will be inherently unequal.

As I have stated, review every plan carefully paying particular attention to each variable or provision of the plan. I have reviewed some of the provisions I have found in Texas' plans such as the completeness and the long-range effect of the plan. The emphasis placed on separate legislation that is necessary to complete a school finance plan. The necessity to allow for differences in the needs of students and to reach for some optimum point above the minimum educational level. Remember, there are many more provisions that I could have spent as much time on or more.

Average daily attendance versus average daily membership; provisions for construction costs; allocation of teachers; allocation of support personnel and the list goes on. Review carefully reporting possible positive and negative effects.

Much of the controversy over equalizing schools can be overcome if we can personalize the outcome. If in planning you feel that the minimum program is sufficient for the kid next door, the kids across town or at the other end of the state, but for your child nothing less than the maximum is acceptable, then you are not thinking equal.

If you can identify any reason why you would not send your child to another school based upon any consideration of educational quality or excellence, then your plan has failed in equalizing schools.

Make every kid your kid and strive for the best for all.

Thank you.

the Bureau of the Census. When the census was taken in 1970, all naval personnel "homeported" at the U. S. Naval Station in Norfolk were listed as residents of the military base. When the legislature did the districting all these people were assigned to a single district. About 8,100 of them actually lived aboard vessels assigned to that census tract. Over 18,000 lived outside that legislative district, in the Norfolk-Virginia Beach area.

The court solved the Norfolk-Virginia Beach problem by making the entire area a large multi-member district. It is not a good long-run solution, as the court agreed; the Bureau of the Census is going to have to come up with something more sensible. Since the court is now allowing greater population deviations for local and state districts, the presence of a single large military vessel might not throw the percentage off so far as to exceed constitutional limits. The super carriers, however, now have about 5,000 men, which can have a great impact on districts that are supposed to average approximately 40,000 people each. It certainly will have an effect on the precise equality of the congressional districts. The census was created so that congressional districts could be of equal population. This problem had better be solved quickly.

The court also approved the continued use of floterial districts. This is a very handy device for achieving numerical equality in the overall plan but it makes for gross inequality for the floterial district. Under the system if two adjoining areas are entitled to have, say, 5.5 and 2.5 representatives each, one area is broken down into five districts the other into two districts and then all seven are lumped together and jointly elect one additional representative. In the case of adjoining towns, obviously the larger community will always have the dominant voice in the outcome. It also creates one district drastically out of line with the statewide average. (In Virginia the supposed population deviation that was permitted was a total difference of 16.4 percent between the largest and smallest district. Actually, however, the floterial district made that figure 23.6 percent, which seems excessive under any population equality standard.)

Finally, and most importantly, the majority of the court found that the state had a "rational" reason for the population deviation in the plan the legislature had adopted. The minority opinion strongly attacked this, saying that prior decisions made it clear that: "A showing of necessity, not rationality" is what is required. That is a most telling point. A good many things may be deemed quite rational which are most certainly not necessary. It is poor law to rule otherwise.

The court has now taken a step back from what was undoubtedly too rigid a standard, making numbers the prime consideration in redistricting. Unfortunately the decision has raised another set of problems. If the court thought it was going to cut down on the amount of reapportionment litigation by this decision, it is undoubtedly due for a big surprise.

The states still have a major responsibility which none of them has ade-

(Continued on page 188)

School Finance Reform: Challenge for the States

April 1973
Nat. Civic Review

by Jerome Zukosky*

NOT since the apportionment decisions of the Supreme Court in 1962 and 1964 have the courts been the focus of such fascinated attention for state officials as they are as a result of litigation seeking to apply judicial force to the reform of state school finance systems. Raising and distributing tax revenues for public elementary and secondary schools is so central to the political processes and structure of domestic government that substantial change in school finance will reverberate throughout the institutional arrangements of the federal system.

The nature of such changes and the public policy debate they occasion is, in fact, already apparent in legislative proposals and studies in states that have framed alternative school financing arrangements since the *Serrano* decision of the California supreme court in August 1971. These efforts—in New York, Oregon, Connecticut, Michigan, Minnesota and New Jersey—have been overshadowed by the more dramatic court suits. But they indicate the working of a substantial reform impulse and an increasing political acceptance of the doctrine that the states have a much greater responsibility than they have accepted to furnish resources for public education and to manage educational systems. The most significant characteristic of the state reform proposals is the attempt to work out means by which the state might assume most or all of the cost of providing educational services from state tax sources, an idea that less than a decade ago was considered a heretical notion held by a few theorists and administrators, notably James Bryant Conant. Not all the proposals are of this type, to be sure; in its report in January Connecticut's Commission on Tax Reform appointed by Governor Thomas J. Meskill recommended an alternative, called district power equalizing, that minimizes the role of state funds and decision making in an equalization program. But it would seem clear that the historic position of the states, particularly the urban ones, as junior partners in the educational enterprise is coming to a close and with it an acceleration of the shift in the balances of power between states and localities for undertaking to provide essential goods and services.

The political risks of change of this order are very great, as governors who have taken the lead have found out. Governor William Milliken of Michigan, who put comprehensive school finance proposals to the legislature beginning

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in 1969, and Governor William Cahill of New Jersey, who did so in 1972, both failed to obtain approval and took the public posture of waiting for the courts to force the issue. Governor Milliken, in fact, became the first governor to act as a plaintiff in a Serrano-type fourteenth amendment suit. Only Governor Wendell Anderson of Minnesota so far has succeeded in winning acceptance of substantial change; in 1971 the legislature, after two extra sessions and a gubernatorial veto, adopted a modified version of his "fair school finance plan" that raised the state share of school costs to 70 percent from about 44 percent and provided the state with some \$581 million in new state tax revenues in a \$2.9-billion biennial budget.**

The U. S. Supreme Court's handling of the *Rodriguez* appeal from Texas will, of course, color the subsequent legislative debate and determine the fate of many related cases in some 30 states. A Pandora's Box, however, has been opened and it is not likely to be closed easily. The support for school finance reform arises from very broad considerations and is part of comprehensive attacks on a wide range of problems outside the schools. Conversely, should the courts force the issue, as a strong Supreme Court affirmation of *Rodriguez* would have done, a powerful force would be injected into that process called the modernization of government.

New Jersey's Tax Policy Committee, for example, was created soon after Governor Cahill took office in 1970. Its report early in 1972 was an intricately woven series of recommendations that formed the basis for 55 bills and three proposed constitutional amendments the governor submitted as a package to the legislature last May. They encompassed more substantial governmental change than most states generate from a constitutional convention. Among the proposals were a new state progressive personal income tax; a new state property tax and assessment system; state assumption of all basic school costs, all costs of public welfare and most remaining local court costs; a new block grant system of state aid for cities; permission for localities to experiment with "site valuation" property taxation that bears more heavily on land than on improvements; and a miscellany of changes shifting to the state many burdens upon local governments and their tax resources. If all bills were enacted, New Jersey would have collected about \$3 billion in tax revenues a year compared with \$1.6 billion, while localities would have collected \$1.3 billion compared with \$2.2 billion and the state would possess elastic tax sources that would go far to eliminate the annual search for new revenue to support increasing demand for urban services. The tax committee noted that

** The National Education Association estimates that for the 1970-71 year the percentage of total school revenues supplied from state-raised funds in the 10 most populous states, where over half the national population lives, is as follows: Florida (56 percent), Texas (49.3), New York (47.9), Pennsylvania (46.2), Michigan (45.5), Illinois (38.2), California (35.2), Ohio (28.9), New Jersey (25.9) and Massachusetts (21.7). Ten states supply more than Florida. From lowest to highest they are Washington, Georgia, Louisiana, South Carolina, Alabama, New Mexico, North Carolina, Alaska, Delaware and Hawaii, which has no local districts and furnished about 90 percent of school revenues.

its proposals were developed as an integrated whole and must be considered as such; its school finance recommendation, "while hopefully complying with constitutional requirements, was arrived at prior to, and independent of, all the recent judicial decisions in this country."

Similarly, a tax policy committee appointed by Governor Ronald Reagan of California in 1968 made a concise report in March 1969, pinpointing the problem of school tax and expenditure disparities that were to figure in the *Serrano* decision more than two years later. The committee recommended broad changes in state income, business and local property taxation to ameliorate them. State Comptroller Houston I. Flournoy, who chaired the committee, has since disassociated himself from other state officers in the *Serrano* proceedings and declared on many occasions that the courts are correct in their findings; California, he has said, should impose a statewide property tax for schools immediately as a key to tax reform and equalizing educational opportunity. The close relationship between these objectives and larger issues of strengthening the states to deal with problems of urbanization is the principal reason diverse groups such as the National Legislative Conference, Advisory Commission on Intergovernmental Relations and Committee for Economic Development have supported the concept of state assumption of most or all educational costs regardless of the final outcome of court cases.

* * *

The policy issues raised by the state struggles with school finance reform can be grouped about those involving revenue raising and taxation, and revenue distribution and governance.

States have been attempting to equalize resources available to school districts through frequently adjusted formulas that give more state dollars to districts with low amounts of taxable property per pupil than to ones with high amounts, and to impose minimum standards of support and services; that such efforts have failed is a primary demonstration of the litigation and of many large-scale research efforts over the past five years. As long as real property wealth within a district serves as a major factor in allocating resources the adventitious circumstance of such wealth and reliance on it by the states for half or more of the money for schools introduces irrational elements that no formula can hope to overcome.

States have responded with three approaches to the problem. One is to have the state furnish all the funds for public schools with none derived from property or other taxes levied by any local unit. New York's Commission on the Quality, Cost and Financing of Elementary and Secondary Education last year recommended this, the only state body to accept a "pure" version of the full state assumption concept.

A second, opposite, approach was recommended by Connecticut's tax commission. The theory used was propounded by John E. Coons, William Clune, III, and Stephen D. Sugarman in their book *Private Wealth and Public Education*. The book, published in 1970, is the bible of school finance litigation,

cited in most briefs and decisions, because of its refined technical argument on the law that makes educational finance disparities an alleged violation of the guarantee of equal protection of the laws. Their proposed solution, called district power equalizing, is much more contentious. It would not equalize expenditures per pupil throughout a state immediately or even necessarily in the long run; rather, it seeks to equalize tax burden, or to use the Connecticut commission's words, "neutralize differences in taxpaying ability between local school districts." The commission proposed creation of a state school fund that would determine the average yield per student if a uniform property tax for education were imposed throughout the state. This would be translated into a schedule correlating mill rates with yield per student as, for example:

mill rate	yield per student
5	\$ 300
6	360
8	480
10	600
15	900
20	1200

Each school authority would set its own school tax rate and administer all funds raised, as is done now, including existing state aid. (Connecticut provides about a third of school revenues, primarily through a flat grant system.) The state school fund would pay over to the "property poor" localities the money necessary to give them as much per pupil as any other taxing at the same rate; it would collect funds from the "property rich" districts whose mill rates yield much higher than average amounts per student. In effect, "equal opportunity" is made to apply to taxpayers in each locality: each local district would have available the same amount per pupil at a chosen tax rate as any other at that rate. In theory the plan could be almost self-supporting and require very small amounts of additional state funds and no change in state involvement in local affairs.

The third approach and the one that probably will become the most common, has been worked out in detail in such states as Oregon, Michigan and New Jersey. The state would furnish the cost of a "basic education." This is usually the statewide average or median expenditure on the most commonly accepted program elements and district costs. Other costs would be borne by a local property tax, often called an "add on" or "enrichment levy." Such other costs may be debt payments, transportation, special services for the handicapped or anything extra local taxpayers want, are willing to pay for and the state will permit. All three states provide, in effect, a district power equalizing technique for the add-on up to a cut-off point to prevent the local option from reintroducing disparities in tax burden and expenditure. That is, a statewide average valuation per student is calculated; districts below the average would be given additional state funds to match those raised by local

taxes more generously than those which have greater than average valuations so that tax effort and yield per student would be equal up to the cut-off. Oregon proposed \$1,200 per pupil in spending as the cut-off; New Jersey, about \$1,300. This approach and power equalizing involve the difficult problem of state-mandated limits on district spending. Another is whether the local option can, practically speaking, be retained as long as district configurations in most metropolitan area suburbs remain or whether some new geographical basis, such as the county or region, is necessary to reduce tendencies to build back disparities into the educational finance structure.

Any policy that has the state fund all or a much greater part of school revenues raises the likelihood that more total educational revenues will be required than now are raised. No governor so far has proposed, or is likely to, a reduction in spending in any locality as the price of finance reform; rather, low-spending districts must be brought up to higher levels while the most-favored districts somehow are forbidden or discouraged from increasing expenditure. This process is called "levelling up." The New York commission figured that levelling up all districts to the 65th percentile in present spending would cost about \$125 million in the first year of an equalization program. The U. S. Office of Education estimated that for the 1969-70 year, it would take \$1.7 billion to level up district spending to the 50th percentile in each state, \$3.1 billion to the 70th and \$6.9 billion to the 90th.

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This extra revenue requirement compounds the problem of how states will acquire funds for substantially increasing their share of school revenues. One of the most significant and hopeful signs is the willingness to consider drastic overhaul of state-local tax systems to accommodate these needs. Here, too, responses are diverse. New York's commission proposed simply that the state impose a relatively high property tax that would furnish about the same amount of money all local school property taxes do. Other elements of state and local taxation did not receive attention, an approach that might be feasible in a state with a relatively well-balanced mix of state personal and corporate income, sales and excise taxes with significant progressivity in the income tax levies. Oregon, Michigan and New Jersey, for example, proposed redistribution of tax burdens from property—particularly residential property—to and among state taxes. Governor Milliken at one time proposed a 2 percent state value-added tax and new progressive personal income taxes. Oregon Governor Tom McCall proposed increased personal income taxes, a profits tax on incorporated and unincorporated business and a statewide tax of \$7.50 per \$1,000 of assessed value on income-producing property.

In all the states surveyed, intense scrutiny was given to the need to define policy as to relative burdens carried by business, improving equity in property taxation generally and, to a degree rare in state affairs, the need to respond to the regressiveness of most state-local tax systems. New Jersey's tax policy committee, in fact, opened its study with a model analysis of tax incidence by income classes of households and defended its proposals by asserting that they would produce a state-local tax structure that was roughly proportional

compared with the present one, which took about 19 percent of the income of households with \$3,000 or less income and 5 to 6 percent of income of households of \$25,000 or more income. Working at tax reform at the state-local level holds enormous potential for accomplishing objectives long focused on federal policy; hopefully, it will also produce greater knowledge of state-local systems than now is the case.

Should such reform efforts take root, the property tax will end up more firmly entrenched than ever; it is by no means certain that its importance as a revenue-raising device will even be diminished. The re-entry of the states into this tax resource would be of great significance, confirming in tax policy that trend toward state assumption of urban services that, in urban states at least, would accelerate the perception of the state as successor to municipality. Relieving local property tax bases of the burden of school costs by shifting it to state non-property taxation, on the other hand, opens the local bases to exploitation for non-school needs, and thus could provide a way to stabilize revenue and service balances within local governments, a revivifying force indeed. This potential exploitation has severe political consequences for school finance reform unless care is taken to dampen it by means of new state aid to urban areas, or statutory or constitutional limits; otherwise reform is open to taxpayer fears of potential tax increases of unknown magnitude.

* * *

Distributing resources for education in reformed systems involves policy issues centered on determining "need" once you remove the district property wealth index as the major criterion, and who makes such determinations.

The "pure" New York response of full state funding is to look to individual children and disregard district characteristics entirely; in this as in other aspects of the New York approach, there is the greatest clarity and logic in the response to the issues presented by court decisions on school finance and, perhaps, the greatest political problems in their enactment. The state would simply distribute funds to districts for all purposes in an equal amount per pupil, with one exception. This is a differential amount of the basic per pupil allotment for various categories of need as determined by the legislature and state education authorities. For example, it was suggested that districts be granted 1.5 times the basic allotment for pupils who fail to score at certain levels of proficiency in statewide tests and 2.05 times the basic allotment for certain types of mental and physical handicap. The Connecticut approach continues present differentials for need in categorical aid programs but adds a 25 percent extra allotment per pupil for certain categories of disadvantage, while the mixed approach of full state funding of basic program and local add-on retains the blend of present practice by preserving both state and local determinations.

It would appear, however, that once states begin providing the great bulk of school revenues—say 75 percent or more—there will be pressure for increased state spending and management of high-cost services that now are

either provided by most-favored districts, the largest cities, regional instruments of various kinds on behalf of member districts, or not at all. There is a great unfulfilled demand for such services and if the bases for paying for them become more equitable that demand will make itself felt through politics operating on the legislature and governor.

Two policy areas of the greatest consequence and conflict present themselves. One is the relation of the state to local school governments. How to define state, regional and local interests and incorporate them into new decision-making instruments and relationships is a difficult issue, and a diverse response based on individual state traditions and politics can be expected. It may be that the power and authority of local existing school boards as a governmental unit will erode but their importance as an educational policy body will increase. The second policy area is the relationship of governors, legislatures and state school boards to one another in framing educational policy. It would appear likely that, as governors and legislatures initiate tax reform measures and involve themselves in the most fundamental educational finance issues, a good deal of tension will develop in present arrangements which grant independent state school boards substantial autonomy. Governor Milliken, for example, tried to end such autonomy by placing gubernatorial appointees in charge of the management of state school affairs, and New York Governor Nelson A. Rockefeller presently is making a determined effort to increase his executive authority over education. Whether the traditional separation of "politics" from "education" at the state level will survive much longer is an interesting if speculative question.

* * *

This is an enormous agenda. Can it be contained within state governments that professional observers have long bemoaned as archaic and ill-suited to the challenges of contemporary society?

An experienced analyst, John E. Bebout, in a recent paper entitled "The Emerging State Governments," indicates that perhaps this "acid test" is just what the states need. It forces politicians and voters to debate issues of equity and comprehensive interest that since the Depression have focused attention on Washington, leaving the affairs of states a backwater in which flourish meagre talents, special-interest legislation and much apathy and ignorance, not least among scholars. Equalizing educational tax burdens and expenditures taps the deepest reservoirs of the capacity for leadership, although it may be that the courts will have to supply the moral backbone.

Many forces are operating that will ease the challenge. There has been more constitution writing since 1955 than at any time since Reconstruction, and issues such as abortion and divorce law reform involving profound considerations of morality and law are increasingly common. The dynamics of labor union organization among school employees has produced a statewide union in New York and is likely to do so elsewhere; this trend cannot long keep statewide bargaining off the agenda, and with it many of the issues of the

relationship of state to local powers and privilege. There has been a literal explosion of interest and legislative proposals that conceive of states as the logical urban or regional governing instrument; the role of states in land-use decisions, for example, is undergoing rapid evolution and President Nixon's proposed special revenue sharing for education and social services could greatly strengthen states as prime managers and funding agents.

The pervasive mood of withdrawal from egalitarian reform through national politics and federal bureaucracy may be the other side of the face of opportunity for the states to serve once again as diverse laboratories of change in a vital federal system. Not the least opportunity is that offered President Nixon to encourage this process, of which he has a sympathetic awareness, with limited political risk and no enhancement of federal bureaucracy. Robert E. Merriam, chairman of the Advisory Commission on Intergovernmental Relations, has suggested, for example, that the federal government provide the funds to states to pay for equalization costs incurred by levelling up low-spending districts. This could be a temporary measure phasing out as revenue-sharing funds balance the increased annual state spending, or it could be built into new forms of educational revenue sharing.

In addition a federal incentive could stimulate states to assume substantially all of the cost of financing public education and reduce property taxation for schools. This could be accomplished benignly through both general and special revenue sharing provisions for bonus funds to states meeting certain criteria of tax effort and tax mix or balance. From such efforts could come the first steps toward a new federal-state-local tax policy process.

These are slender sticks compared with previous efforts to channel federal funds into programs to bolster state educational funding efforts. They are consonant with the President's conception of the proper uses of federal power and executive leadership and the role of states in the federal system. But they could move mountains.

By noting possibilities of constructive executive and legislative action, I do not mean to obscure or diminish the importance of the courts as problem-solvers. The constraints on leadership in our domestic governing institutions are so great that the judiciary has a necessary and proper role in the resolution of conflict of the magnitude involved in school finance reform, or, for example, aid to parochial schools or reapportionment. Change here involves substantial shifts in power relations and basic differences of opinion of the nature of equity. Our state-local system contains an extraordinary diffusion of power that makes the management of such conflict difficult; while it gives the system its stability and adaptability to incremental change it also tends to inertia. The intervention of the judiciary may be part of the price we pay for the benefits.

Reconciling Metropolis and Neighborhood: The Twin Cities

by Ted Kolderie*

THE Twin Cities metropolitan area is not explicitly implementing a "two-tier" reorganization of its governmental system. Yet some fairly clear outlines of this concept can be discerned, emerging in the stream of incremental decisions made in the continuing reorganization of local government which has been under way since about 1957.

There does not need to be an explicit model to be followed. The very real practical problems that have led the people who think about urban affairs to the concept of a two-tier organization have also led the people who work with urban affairs to a set of particular actions which are effectively implementing the concept. A clear example of this is what's happening in the highway program. This is beyond the Twin Cities area for the moment but it's relevant and worth examining briefly. At a conference in Pennsylvania a little over a year ago the Federal Highway Administration was arguing, in effect, for the establishment of new and effective policy-making bodies at the metropolitan and neighborhood levels. Their proposal, for precisely a "two-tier" arrangement, was entirely pragmatic. The problems in the road program today occur at these two levels, which the transportation planners and highway engineers refer to respectively as the "system" and the "project" levels.

In December 1971, the director of the Federal Highway Administration went before the state highway engineers at their annual meeting in Miami Beach and said he had decided it was time that they begin pushing for the creation of statutory regional agencies to make decisions about the transportation plan, and to implement the program. This represents, I think, for the first time, the appearance not just of planners or coordinators or political scientists, but of a major line department of the federal government affirming its interest (more than that, the necessity) for the creation of really viable decision-making bodies at the regional scale.

The same kind of pragmatic thinking has gone into the reorganization in the Twin Cities, to some extent on the part of local government units, but very largely on the part of citizen groups and particularly of the state legislature.

Everything is clearest with respect to the upper tier or metropolitan level. The story of the creation of the metropolitan council for the Twin Cities area has been told a good many times. There has been created—pretty clearly,

* Ted Kolderie is executive director of the Citizens League, Minneapolis. This is his address at the National Municipal League's 78th National Conference on Government, November 28, 1972.

Background for Consensus

Twenty-nine local Leagues and two provisional leagues met the consensus deadline. Two, Edinburg-McAllen and Deer Park Provisional were late. Denton reported a consensus in their Voter, but I didn't receive a report. Beaumont sent in a report indicating that their meeting had been cancelled due to ice. Leagues not responding were: Brownsville, Harlingen, Pasadena, Plainview-Hale County, San Antonio, Victoria and Wichita Falls. Some 1,079 members were reported as taking part in the meetings.

Eighteen of the Leagues, including Sherman, Edinburg-McAllen, and Deer Park were in favor of full-state funding. These Leagues represented 679 members. Ten Leagues, including Lamar County and Denton were in favor of retaining the Joint-Local system of financing public schools. These Leagues represented 282 members. Seven Leagues, including Beaumont, reported no consensus. Galveston, however, preferred full state funding but thought it politically unfeasible. These Leagues represented 128 members.

Under full state funding, as to ways of raising the revenue, fifteen Leagues preferred a state income tax. Twelve of the fifteen wanted to combine a state income tax with a state corporate profits tax. Seven of the fifteen Leagues mentioned the property tax. Eight did not.

Fifteen of the local Leagues preferred a statewide property tax with state supervision and uniform assessment procedures. Four Leagues mentioned the property tax only. Eleven mentioned a state income tax and corporate profits tax in addition to the property tax. Four Leagues didn't mention taxes at all.

In regard to reforms in the ad valorem tax, twenty-one Leagues recommended assessing property at full market value. Fifteen Leagues wanted to see a state agency created to supervise and enforce equitable assessment and taxation procedures. Nineteen Leagues wanted tax assessors to be professionally trained and supervised.

Eight Leagues and a strong minority of 1 League felt that equalization of school facilities should be included with equalization of other school costs to be funded by the state. Seven additional Leagues and strong minorities in 2 other Leagues felt that there should be some sort of state assistance to local districts for construction of facilities.

Twenty-six of the Leagues wished to see money allocated to the local school districts on a weighted pupil basis.

Ten Leagues and a strong minority of one mentioned that cost of living should be taken into account when allocating the money.

Twelve Leagues mentioned that money should be allocated on the basis of average daily membership rather than average daily attendance.

In regard to retaining the joint state-local method of financing public schools, seventeen Leagues mentioned either dropping or revising the economic index. Eleven Leagues wanted to drop it altogether. Six wanted to revise it.

Fifteen Leagues mentioned the major revision they wanted to see was assessing property at full market value. Thirteen Leagues mentioned professionalizing the tax assessors.

Fifteen Leagues wanted to raise the level of the state's Foundation School Program to a point that would insure quality education for all Texas school children.

Eight Leagues mentioned eliminating the credits against the Local Fund Assignment. Seven wanted to see consolidation of the smaller school districts.

In regard to power equalizing, nine Leagues and a minority of one wished to use this concept in obtaining more funds from the rich districts to help the poor ones.

Twenty local Leagues plus a minority of one mentioned wanting to allow some local enrichment or up to 10% enrichment.

*Betty does this sound like
a "Strong" consensus to
you with 1079 out of
4000 members participating?*

League of Women Voters of Houston.

TO: League of Women Voters of Texas
FROM: LWV-H, Human Resources Committee
SUBJECT: Proposal for state emergency study item

The major thrust of the LWV-Texas in areas of action and monies for the next biennium is to be TCR. It is readily apparent that, in addition to the proposals for LWV participation in insuring voter passage of Amendment 4 in November, 1972, we must start to study and evaluate criteria we wish to see included as guides for constitutional revision.

The LWV-Houston Board, therefore, recommends "The study and evaluation of alternate methods of equitably financing public schools in Texas", as an emergency study item at the state level. We feel this item falls within the scope of our national Human Resources position for support of equal opportunity for education. In view of the state emphasis on TCR, we feel that the HR item could fill a double need: (1) study and evaluation of alternate methods and (2) via consensus, arrive at necessary criteria for constitutional revision in the area of public school finance.

As support for this proposal we offer the following:

- (1) This item is current and of general interest. Studies in this area are not currently being done by other citizen groups. Several commissions have been set up on the state level to study the problem and to propose solutions. Without a basis of previous study and careful consideration of criteria, it will be impossible to adequately evaluate the various alternatives offered.
- (2) At the convention in April, by a vote of 88-84, a study of state financing was defeated. Member interest is high and we think local leagues will be stimulated by such a study.
- (3) It appears imperative that to react in an intelligent manner to proposed changes in the constitution of Texas, particularly Article VII, Sections 1 to 8, that one have a knowledge of valid variables and criteria. A study of this type would insure an educated response by the LWV-Texas.
- (4) The Houston league is studying this item locally this spring. February and May units will discuss alternative methods of equitably financing public schools. Study materials and two Focus publications prepared by members of the local HR committee will be available to the state committee. This will provide a base for a comprehensive study plan.

We suggest that consensus be reached before the next session of the Legislature. To be effective, we feel it is necessary to be prepared at the initial governmental planning stages.

Consensus would include the elements members feel necessary to provide equitable financing for public schools and not specific methods of financing. We are interested in establishing common criteria which will provide a method for objective comparison.

LWV-Houston
HR Committee: Jan Wilbur, Chairman

LWV of Texas
January 1972

To: State Board
From: Mrs. Edward C. Fritz
Re: Pre-Board Report: Human Resources

There is a whole lot going on in the Human Resources field at the moment, necessitating some careful decisions at the January State Board meeting. The following are the questions involved. Brief explanations or further comments will follow the listing.

1. The state League may be asked to file an amicus curiae brief in the case of Rodriguez vs. J.W. Edgar and the State Board of Education when it goes to the U.S. Supreme Court. This is the case recently publicized in the media where the U. S. Court of Civil Appeals ruled that the property tax is unconstitutional as a means of financing public school education because it results in inequality of education. The court held that equal education is a constitutional right under the equal protection clause of the 14th Amendment of the U.S. Constitution. Should the LWV of Texas file such a brief if asked?

2. The court order in the Rodriguez case directing the state to come up with an alternative and equitable method of financing public school education finds the Texas League in the position of not having a consensus on the most equitable means of financing public school education. Should the state League embark on such a study and consensus in order to have some input into the final decisions that are made by the legislature? If so, what is the proper procedure we should follow in order to accomplish this?

3. The Texas United Community Services will be holding its annual convention in Dallas, March 13-16, 1972. The state League has been asked to prepare an exhibit. Should we prepare such an exhibit? How much money could we spend on such an exhibit?

4. Texas Citizens for Welfare Reform is reactivating in order to be ready for the special session of the legislature, and for the next regular session in 1973. The LWVUS publication The Welfare Mess was praised, and it was decided that a similar brochure using Texas figures in the answers should be printed, but each participating organization in TCWR should print the brochure under its own name. Should the Texas League join in printing the brochure? How many should be printed if we do? How should it be financed?

5. Deferred until the January Board meeting was a decision on whether the Texas League should support the so-called "equal rights amendment" under the HR position, when it is voted on in November, 1972. Should the League support or take no position on this amendment?

Explanation re: filing amicus curiae brief.

Prof. Mark Yudof, of the University of Texas Law School at Austin, contacted the League in mid-November, asking if we would be interested in filing an amicus curiae brief in a case brought by some Mexican-American children in San Antonio against the state, claiming that the property tax as a basis for financing public school education results in inequality of education because poor school districts, no matter how heavily they tax themselves, can never have the resources that rich districts have available to them. Therefore, the property tax as a basis for financing public school education should be declared unconstitutional. He wanted the League to say that the present system results in

inequality of education and that since the League believes in equality of education we would like to see the court direct the state to finance its schools by a more equitable system. The League would not say what would be a more equitable system, although several alternatives would be listed in the brief.

For your further information, here are a few more facts. (1) The brief would be written primarily by Mr. Yudof, although filed under another lawyer's name because of procedural court requirements. There would be no cost to the League for either attorney's fees or court cost. (2) When you file an amicus curiae brief you are supporting only what is said in your brief. (3) The League would have the opportunity to read the brief before it is filed, to be sure nothing is said that we couldn't support. (4) The national Board was contacted concerning whether it would be possible to file such a brief, under the equality of opportunity for education position of the Human Resources item, even though we lack a specific consensus on equitable methods of financing public school education. The national Board discussed this at their December Board meeting and answered, "Yes." Furthermore, if the Texas League decides to file a brief, the national League would like to be asked to join in it with us. (5) The San Antonio League was contacted. The president is confident that the San Antonio League would support such an action by the state Board, and would like to be included by name in the brief, along with the state and national Boards. (6) The Harvard Center for Law and Education would also join us in the brief.

It is not yet certain that the League will be asked to file the brief. It all depends on a lot of legal maneuvering. Unfortunately, the legal situation has been complicated by the filing of two almost identical cases, with some ill-feeling between the two sets of attorneys handling the cases. A private attorney, Arthur Gotchmann, of San Antonio, handled the Rodriguez case in which the decision was just handed down. The Mexican-American Legal Defense Fund is handling the Guerra case, which was scheduled for hearing in January, but which Prof. Yudof hopes will now be dropped. Prof. Yudof is working with both sets of attorneys and will work out with them the proper legal strategy as to which case should be used to appeal to the Supreme Court. In all probability, the state of Texas will appeal the Rodriguez case. This is the one in which there is already a court opinion. The League would be asked to come in on whichever case is the one that goes up on appeal.

In any event, if the League is asked to file a brief, Prof. Yudof will come to the Board meeting in order to give Board members a chance to ask questions concerning the legal aspects of the brief.

The only question that has been raised so far as to whether or not the state League should file a brief is the question of whether the action could be taken under the national consensus position. The national Board has answered in its opinion, "Yes." I concur in this opinion, since what the League would be saying is that we consider that the property tax method of financing public school education results in inequality of education and that we would like to see a more equitable method of financing. The state Board would need to decide whether it also thinks that national consensus position covers the action of filing a brief, and whether our state membership would be in agreement with the action.

Further Remarks as to Possible Study of Alternative Methods of Financing Public School Education.

While I believe that we could file an amicus brief under the present consensus on equality of education, I believe that we will need further consensus if we wish to have any input into the legislative action on the method ultimately selected.

There will be many committees studying this subject and making recommendations, but the legislature will have the final say. Undoubtedly, the League will be asked for its opinion. Do we want to be ready when that happens? Or do we wish to say that we can't have an opinion on everything? If we wish to be able to answer, how can we accomplish this?

It seems to me that there are two possible courses of action, and which one we choose depends upon how much time we have. One course of action would be to adopt an emergency item at President's Council, embodying essentially the San Marcos proposed tax study, much of the work already having been done, I understand. Under this plan, Leagues probably could not start studying until the Fall of 1972. This course of action could be adopted only if legislative action is delayed until the regular session of the legislature in 1973.

A second course of action would be for the state Board to authorize a study of methods to finance public school education in order to equalize educational opportunity. This would be done under the Human Resources item just as the study of Human Relations Commissions was done. Under this plan, Leagues would be asked to schedule unit meeting time in the Spring, hopefully, in order to beat a special session of the legislature, if it looks like the subject will come up at the special session. Admittedly, the second course would not be as thorough or as leisurely a study, but we would have a chance for input. Take your choice. Hopefully, by Board meeting time we will be able to assess better how much time we will have.

Further Remarks Concerning League Exhibit.

Texas United Community Services is a social service oriented organization, therefore the exhibit would normally fall under Human Resources. However, it might be possible to combine HR and Constitutional Revision in the exhibit. If any of you have any specific ideas as to theme and content, please let me know. Mrs. Ken Norvell, of the Dallas League, who is artistically talented has agreed to put the exhibit together, if it is decided to go ahead with it.

The final two questions on the listing need not be amplified here. I will have prices and suggested answers for the Board meeting. However, all ideas are welcome. Please let me know or let a HR committee member know, in order that we may discuss all the ideas at our committee meeting.

* * * * *

Leabo needs your ideas for April VOTER articles.

LWV of Texas
February 1972

To: Local League Presidents
From: Mrs. Edward Fritz

Dear Local League President:

Your undoubtedly have been reading about the litigation brought by some Mexican-American parents and children against the Edgewood Independent School District in San Antonio and the State Board of Education. The plaintiffs asked the courts to declare the present system of financing Texas public schools unconstitutional because the present system, which relies mainly on the property tax for its revenues, results in unequal opportunity in education. The Court ruled in favor of the plaintiffs, and has ordered the state to come up with an alternate method of financing state schools which would provide for equal opportunity.

The State Board of Education has given notice to its attorney to file an appeal to the U.S. Supreme Court. When this happens the State League Board would like to file an amicus curiae brief on behalf of the plaintiffs, emphasizing the fact that the League is for equality of opportunity in education and that we agree that a more equitable system of school financing should be found. The League will not attempt to propose a solution.

The question of whether the filing of such a brief is a proper action under the National Human Resources support position for equality of opportunity for education led to the submission of the question about this to the National Board. The reply received from Mrs. Kenneth Greenawalt, National Human Resources chairman was as follows:

"I hope you got my message today that the national Board enthusiastically agrees that the suit challenging the local property tax for financing the public schools is an appropriate implementation of League support for equal opportunity in education. The decision is, of course, up to the Texas Board but we are eager to give you every encouragement in your efforts to persuade them. It would be exciting for all of us to have the LWV of Texas an amicus in this case."

The state Board was pleased to have this interpretation. However, as we have counseled with local League Boards to assess the feelings of their members concerning possible action they are taking, so the state Board has decided to try to assess the reaction of Texas local Leagues toward the possibility of filing such an amicus brief before taking any action.

Some Texas League members feel that since the League has never specifically studied school financing or the property tax as the basis for financing public schools, the proposed action lies outside the consensus position, and should not be taken. On the other hand, it must be remembered that all the League proposes to say in this brief is that we are for equality of opportunity in education, that we believe the present system of financing has resulted in unequal opportunity, and that we would like to see a more equitable system. What it really boils down to is whether one adopts a strict interpretation of the consensus position, and thereby limits action, or if one adopts a more liberal interpretation and, therefore, is able to take action on a wider range of issues. This same question comes up when taking legislative action. Does a certain bill or amendment to a bill fall sufficiently under a League consensus position to be supported or doesn't it?

(continued)

In this question we are asking the local Leagues for their input into the decision also. Please let the state Board know how your local League feels about filing an amicus brief. The deadline for answering is March 15, 1972. The mechanics of doing this is up to you. It could be a local Board decision, or if you are able to reach the individual members in time, you could get a broader assessment. There is no need to schedule a special meeting to discuss this, unless you want to.

Although, it is probable that the brief would not be filed until the Fall, there is always the possibility that action would be required sooner, so we want to be ready to act, if there is enough agreement among League members.

For your further information: (1) there will be no cost to the League; (2) expert legal help at the university level has been offered free to the League; (3) we would probably be joined in the brief by the Harvard Center for Law and Education; (4) an executive committee of the state Board would read the final brief before filing it to be sure that it does not contain anything that the League could not support.

For the past several years, League members have been discussing how to make the League more relevant to fast moving events in our society, and yet to retain our grassroots character. The state Board interprets the filing of the amicus brief in this issue a chance to be where the action is. It is hoped that the local Leagues concur. However, if you do not concur, please let us know. A letter, if you concur or if you do not, will be helpful for our records, but if we do not hear from you we will assume that you concur.

We await with interest your decisions.

Sincerely yours,

Genie Fritz

Mrs. Edward Fritz
Human Resources Chairman

[REDACTED]

LWV of Texas
September 1972

FINANCING PUBLIC SCHOOL IN TEXAS

Guide to Consensus Questions

Some years ago, the League, in taking consensus on Texas Constitutional Revision, found itself with a consensus position in favor of a constitutional convention as its only accepted method of revising the Texas Constitution. As events developed, other methods were suggested by state leaders, and the League found that it had to redo the study and consensus in order to be able to speak to the constitutional issues currently before the public.

We want to avoid the same situation in regard to the study of alternate methods of financing public schools. There are many possible models of financing public school education. Instead of restricting ourselves to one particular model, we are asking in questions 1 and 2 for you to let us know what components you would like to see in either of two of the most discussed alternatives.

In question 3, we are asking you to select the system your League would most like to see adopted in the State of Texas. It could be either the system described under question 1 or the one described under question 2. It could be a hybrid of both, or it could be a completely different system.

If it is a completely different system, please explain the components you would include in that system.

If your League is unable to reach a consensus on any part or all of the study, do not hesitate to report that. There is no stigma attached to failing to reach a consensus.

You may decide to include some of the same components in both systems. This is perfectly all right. If you do so, be sure to make it clear that you wish that feature to appear under both systems.

You may find the questions at the end of the Facts & Issues helpful in reminding you of points you wish to make in your consensus.

More specifically, some of the factors that might come up in discussing the consensus questions are: (Remember these are not the only factors)

In question 1a, at what level of total school spending should the state support be? how much local enrichment, if any, should be allowed above that level? by what sort of tax or taxes should the money be raised?

In question 1b, should funds be distributed in block grants, by categorical grants, weighted pupil grants, other?

In question 2a, should local ability to pay be measured differently? How? Should local districts be required to raise more money or should the state's share be greater?

In question 2b, should funds be distributed according to the amount of effort a district makes or should it be distributed on the basis of need alone? How should need be measured? What about "power-equalizing"?

You will notice, perhaps, that we really haven't spoken to the issue of how much federal aid there should be. It was felt that this is a state study and should remain focused on what the state could do. However, if you think there should be a stronger federal role in education, feel free to say so. Time also, precluded going into the federal aspects of the study.

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NR- F.P.E.

SEPTEMBER, 1972



the kansas voter

The League of Women Voters of Kansas

FINANCING PUBLIC EDUCATION

"The League's commitment to equal educational opportunity runs deep," says LWVUS president, Lucy Benson, in the National Voter, May-June 1972. "Our principles state explicitly: 'The League of Women Voters believes that ... every citizen should ... have access to free public education which provides equal opportunity for all ...' From this principle stems our position in favor of integrated, quality education."

The League of Women Voters of Kansas Statement of Position, April 1971, says, "We recommend an increase in the level of financial support given education by the state. State funds for operational educational expenses should be raised by increasing the state income tax on individuals and corporations." A related item states that while the League does not recommend reliance upon the sales tax because of its regressive nature, an increase in the sales tax would be more acceptable if food and drugs were exempted. In its finance position, the LWVK emphasizes the importance of equitable taxation. All persons in the same economic circumstances should be treated equally. A tax should be based on the taxpayer's ability to pay and should be progressive in relation to his income.

In 1970 Kansas Leagues studied and reached a broad, general consensus on financing people-oriented services. Since then, of the four services we looked at (health, welfare, education, and highways), how to finance education has become a top priority issue in every state in the country. Kansas is no exception. There is reason to believe that school finance will generate much discussion in the 1973 Kansas Legislative Session. Thus, it seems timely for us to review and update that portion of the LWVK position which relates to school financing.

The questions which we will all be considering this fall are:

- 1) What factors should be considered in the allocation of revenue in order to provide equal opportunity to all for integrated, quality education?
- 2) Considering these factors, what plan would best finance the Kansas school system?

As we discuss these questions we will try to think in terms of what is best for all children and all taxpayers in Kansas rather than just what is best for our particular school district. Conclusions reached by us all will be the basis for legislative action of the League of Women Voters of Kansas during the coming year.

Present School Financing in Kansas

The Constitution of Kansas provides that "the Legislature shall encourage the promotion of intellectual, moral, scientific, and agricultural improvements, by establishing a uniform system of common schools." Further sections call for the raising and apportionment of school funds. Traditionally in Kansas, local school districts have been responsible for carrying out educational functions with the state establishing general standards by legislation and by administrative regulation and supervision. Because local districts have been responsible for education, they have levied taxes locally to support education and, by law, nearly all their revenue comes from the property tax. State aid for education prior to the mid-1960's was a negligible portion of total school revenue.

In 1970, local sources of revenue (county and school districts) provided about 65% of the school operating revenue in Kansas, with state government providing about 30% and the Federal government 5%. The local revenue comes primarily from the property tax, which is arrived at by the valuation of the property within the county on the basis of

(Continued on page 2)



READY...

Mark your calendar. 9:30 A.M.

STATE LEAGUE DAY

GET SET...



Choose a workshop from schedule page 4.

GO...

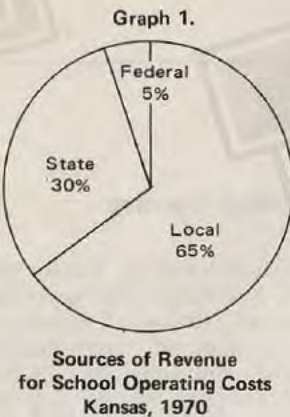
First Lutheran Church
1234 Fairlawn Rd. (at Huntoon)
Topeka



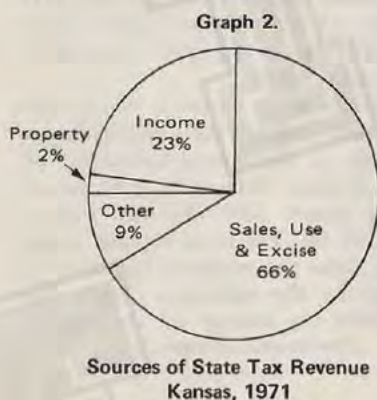
Financing Public Education . . .

(Continued from page 1)

selling price. Theoretically the property is then assessed at 30% of this value for tax purposes. Presently there is a wide variation of assessment ratios used throughout the state with only a few counties taxing property as high as 30% of value.



State funds for schools come mainly from the general revenue fund and sources of the revenue are shown in Graph 2. In 1971 the property tax accounted for a little more than 2%; income tax 23%; and sales, use, and excise taxes accounted for 66%. The balance came from inheritance tax, unemployment tax, and gross receipts taxes.



The major portion of state funds is allocated to school districts by means of the state aid formula enacted in 1965 as the School Foundation Act. The formula is based on a) college credit hours and total years experience of certificated employees and b) a pupil-teacher ratio factor minus c) a county economic index known as "county ability." The "county ability," which varies from county to county, is computed by comparing the county taxable income and the county adjusted valuation of tangible property with state averages. As "county ability" increases, state aid decreases and funds from local property tax must be greater. State aid also decreases as the amount which school districts receive from the intang-

ibles tax and the county school fund (fines and forfeiture) increases.

There is considerable dissatisfaction across the state with the state aid formula. Primary criticism is that it does not provide a sufficient level of state support. When the foundation plan was passed there was a general consensus that a goal of 40% state support (the 1965 national average) was fair and reasonable. In its first year the average level of aid was 35% of the total school budget, but it will have fallen to an anticipated low of 31%

FOR THE FACTS YOU NEED**Constitution of the State of Kansas**

The basic law of our state contains such information as qualifications to serve in the legislature (page 8), number of Supreme Court justices (page 10), who is disqualified from voting (page 15). Order from the Secretary of State, Topeka. **FREE**

Administrative Obstacles to Voting

Selected local Leagues (five from Kansas) and state Leagues made intensive studies in their communities and states on voting procedures. The information is analyzed and summarized in this LWVEF publication, leading to the conclusion that there is an urgent need for administrative reform of our present election system, and for citizen participation in that reform. **#206 - 60¢**

Choosing the President

An up-to-date publication by the LWVUS tells how the national election process works. It gives a concise picture of the election system from precinct level to national level. It analyzes the structure of the party system; reviews campaign financing; looks at who the voters are; and deals with the role of the media. It explains how national conventions function and describes how a presidential campaign works through election day. It also explains the electoral college system, includes historical information on the election process and discusses suggestions for changing the American political system. **#301/CP - \$1.00**

Order both League publications through your local League publications chairman.

for the 1972-73 school year, and for many school districts it is already considerably below this.

As the Kansas Association of School Boards has stated, the foundation formula is essentially a "flat grant," and it does little to equalize educational opportunity within the state. This is due to the failure of the "county ability" index to provide for the distribution of larger amounts of state aid to school districts with limited local financial resources. (For example, in 1967-68 the state contribution to districts containing 92% of all Kansas school children fell within the relatively narrow range of \$122 - \$222 per pupil.) The state aid formula, by which \$77 million was distributed in 1971-72, does not adequately reflect the diverse economic needs and abilities of the Kansas school districts.

A supplemental school aid law was passed in 1969 for one year and made permanent during the 1970 session of the Legislature. It contains a formula based on the number of students, the number of certificated employees, and the adjusted valuation per pupil index in each school district. The Legislature has appropriated \$26 million annually to fund this program.

Tax Facts in Kansas

There are wide variations among Kansas school districts in the local tax base, tax rates, and expenditures per pupil. In 1970 the range of adjusted valuations per pupil extended from a low of \$4,604 to a high of \$115,615. Among school districts the adjusted property tax rate ranged from 5.93 mills to 59.02 mills. Per pupil budgets, excluding transportation, in 1971-72 varied from \$510 to \$2,006.

There are also wide variations among school districts in taxable income. In 1971 if a 1% income tax had been levied in each school district it would have raised a low of \$3,782 and a high of \$4.3 million. With 3600 school children in the low income district and 43,667 in the high one, a local income tax school revenue would yield only \$1 per pupil in the former and nearly \$100 in the latter. A further illustration of such variation lies in the fact that the combined taxable income of seven school districts is equal to 50% of the state total. The same districts have 37% of the total number of pupils in the state.

In 1971 school district and county foundation fund tangible property tax levies for operating expenses totaled \$248 million (including vocational education). It would be necessary to levy one of the following statewide taxes in order to produce the same amount of revenue:

- 38.6 mills on 1971 assessed property valuation, or
- An additional state sales and use tax rate of 4.1%, or

(Continued on page 5)

- c) State individual income, corporation income, and privilege taxes would have to be *tripled*.

Individual income tax rates in Kansas are as follows:

- First \$2000 of taxable income taxed at a rate of 2.0%
- \$2000 to \$3000 — 3.5%
- \$3000 to \$5000 — 4.0%
- \$5000 to \$7000 — 5.0%

All taxable income over \$7000 taxed at a rate of 6.5%.

Factors in Equal Opportunity Education

Kansas is similar to many other states in the method of financing education. The property tax, considered to be the most regressive of the three main tax forms, is the major source of funding and "accidents of local property tax geography" largely determine the amount of resources available for the education of a public school pupil. It is difficult for any two people to come to complete agreement on a definition of quality education, but without sufficient funds we know it cannot exist.

The National Educational Finance Project (funded by HEW) published an excellent booklet in 1971, *Future Directions for School Financing*. It states: "The dollar is not the only requirement for equality in education and is not a positive index of educational output. But one seldom finds superior quality at a low cost except in very unusual circumstances. Per pupil expenditure is a significant index of differences among school districts. Wide variations in effort and in ability to support education are a major obstacle to substantial equality of educational opportunity for all."

Another consideration is that the quality of education provided in a given school district in Kansas has a high "spillover" factor to residents of other communities in the state. Thus it is important to the whole state to have equal opportunity for education among the school districts. Despite efforts to equalize educational opportunity through state aid, a wide disparity still exists among the districts.

The National Educational Finance Project study suggests that the following are other important factors affecting education: socio-economic composition of the population, educational programs for pre-school children, special education for the handicapped, compensatory education for children and youth with serious learning problems and emotional difficulties, vocational education, adult and continuing education, special needs for lunch programs and for transportation. Most of these programs require specially trained personnel, special equipment, and individually designed curriculums.

IF YOU BELIEVE

That educational opportunities should be substantially equal, but that districts should be left with some tax leeway for enrichment of the foundation program . . .

That educational opportunities should be completely equalized financially . . .

That all children, regardless of variations in their ability, talent, physical condition, cultural background, or other variables, have a right to an education to meet their individual needs . . .

That taxes for the support of public schools should be relatively progressive rather than regressive . . .

That a "federal" system of government is most desirable — providing clearly responsible local, state, and national authority . . .

That education for all is essential to the successful operation of a democratic form of government in a free enterprise system and that it is essential to the economic growth of the nation and to the fulfillment of all the legitimate aspirations of all persons . . .

THEN YOU WILL LIKELY PREFER

An equalization model with tax leeway provisions for the district. The more equalization desired, the less leeway will be provided.

A complete state support program.

A plan which will incorporate the necessary cost differentials to meet the needs of all pupils.

A plan which provides a high percentage of revenue from state and federal sources.

A plan which will enable public educational decisions to be made at the lowest level of government where they can be made efficiently.

A plan of education sufficiently financed to meet each state's and each individual's educational needs adequately to enable each person to attain his highest level of potential.

—*Future Directions for School Financing*

1971 Court Actions

In late August 1971, the California Supreme Court ruled in the case of *Serrano vs Priest* that the state's school financing system violated the equal protection clause of Section One of the Fourteenth Amendment of the U. S. Constitution. On December 23 of the same year a three-judge Federal court in San Antonio, in the case of *Rodriguez vs San Antonio Independent School District*, held the present system of financing public elementary and secondary schools in Texas to be unconstitutional.

In both cases the courts declared that using the property tax to finance the state's educational system deprives children who live in school districts with low property valuations and low school tax revenues of equal protection of the laws. "The quality of public education may not be a function of wealth other than the wealth of the state as a whole."

The *Rodriguez vs San Antonio* case is now pending in the U. S. Supreme Court; a ruling may be given in October. If the Federal court decision is confirmed, the Texas Legislature has two years to formulate a new public school financing system that is funded in an equitable and constitutional manner. Such a decision will similarly challenge the legislatures across the country.

How Are Other States Financing Education?

Recent national studies are pointing the way for state changes in financing education. Again to quote from the 1971 National Educational Finance Project, "The first and most important step in guaranteeing equality of education calls for a long-range, equitable financing for education. A hodgepodge, patchwork system of property taxes, varying from district to district and state to state will no longer meet the requirements of American education nor will the taxpayers tolerate it."

The President's Commission on School Finance issued their final report in 1972 with a strong statement:

"We recommend that each State assume responsibility for determining and raising, on a statewide basis, the amount of funds required for education; for the allocation of these funds among the school districts of the State, and for the evaluation of the effective use of these funds. We also recommend that local boards of education be given wide latitude, within general state guidelines, to use resources provided by the State in ways that best meet their needs and demands . . . The Commission recommends that

(Continued on page 6)

Financing Public Education . . .

(Continued from page 5)

State governments assume responsibility for financing substantially all of the non-Federal outlays for public elementary and secondary education, with local supplements permitted up to a level not to exceed 10% of the State allocation."

The Advisory Commission on Intergovernmental Relations (a group created by Congress in 1959 to study emerging public problems) has advocated state assumption of substantially all funding for public elementary and secondary schools since 1969. "Lifting the burden of school financing from local units of government would be the best way to assure equality of educational opportunity and at the same time ease the pressure on the property tax."

Some states have already taken the lead in state funding. In Minnesota, as a result of a district court decision which held that the quality of public education may not be a function of wealth other than the wealth of the entire state, the legislature increased state school aid from 43% to 65% of total school costs for the 1972-73 school year. It also limited school district taxing levels. These increased funds will be distributed by means of a revamped formula designed to reflect educational need factors. Levying of sales or income taxes by any local government is now prohibited, that power being reserved to the state legislature.

In Michigan the Governor sounded a note of alarm in a special message to the legislature on "Excellence in Education - Equity in Taxation." "The evidence of a mounting school crisis is upon us," he said as he proposed doing away with the property tax for general school operating purposes and suggested an increase in the personal income tax and the adoption of a 2% value-added tax to be distributed per pupil in an equitable manner. The property tax would be left intact to finance local government services.

In Delaware the state's share of elementary and secondary support has been historically high (92% in the mid-1940's), but has now dropped to about 70%. Local schools had the option of raising local funds to augment what the state was willing to make available and they did so; thus the decline in the percent of state aid. Governor Peterson believes that the goal should be centralized financing with 75% to 85% of all school operating costs allocated from a combination of state and federal funds. He feels that interest in schools is increased, however, if a certain level of funding remains at the local level. The Delaware governor has mentioned also the fiscal impact at the state level of a switch to centralized school funding

and acknowledged that it is not politically palatable for governors and legislators to raise the needed revenue.

The question of local control of the school system does arise when the issue of state funding is considered. At the Conference on Financing of Public Schools (sponsored by the Advisory Commission on Intergovernmental Relations) held in May 1971, concern was expressed for the responsiveness of the educational establishment to the people if they don't have to raise local tax money. Governor Peterson of Delaware thinks that this is the only real opportunity for communication with the schools and it is necessary for local school innovation.

On the other side of the question, however, James B. Conant, a long-time advocate of educational reform and former president of Harvard, is quoted as saying, "Once liberated from the necessity of selling local bond issues and tax-rate increases, school boards and superintendents would be in a better position to concentrate their efforts on the true interests of local control - namely, the nature and quality of education that is provided for the children of their locality." The Advisory Commission

on Intergovernmental Relations concurs with this statement.

Kansas Proposals

Several school financing plans have been proposed by educational, professional, industrial, and business organizations in Kansas. All provide for some increase in state funding.

Senate Bill 716, known as the "district power equalizing plan," was drawn up by the Special Committee on School Finance during the 1972 Legislature. It did not come before the Senate for a vote. This bill establishes guidelines for school financing making allowance for variations based on school size and other factors. Under a formula for determining a district's ability to finance its own programs, a district less able to meet its budget would be subsidized by state contributions, while one more than able to meet its obligations would pay a differential back to the state to help finance the subsidies.

Other proposed plans will be presented at unit meetings.

Where Do We Begin

Where can we begin to correct the inequities in financing education in Kansas both for the children and for the taxpayer? In this article we have described the financing of education as it is now in Kansas. We have discussed directions educational finance could go in the future. We have also considered the League's goals for education. From the Leagues across the state it is our hope that a long-range plan for financing education in Kansas will emerge, and the LWVK hopes to be in a position to lend support to proposals for change that are in keeping with our goals.

-Jan Kruh, Chairman,
State Support Positions

LEAGUE OF WOMEN VOTERS OF KANSAS

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File

March 27, 1973

TO: Fritz, Winick, Anderson
FROM: Braunagel
RE: Support position on public school financing.

I'm now at the point where I'm having nightmares for fear I'll forget something of major importance.

At the pre Convention Board meeting, I think we need to write in our support position for public school financing in the HR proposed item.

Let's all be thinking about this as I know we won't include the entire support position but it must be done and it will need to be added to our Proposed Program in the Workbook. & at the time I do the proposed program bit.

All of the above is rather confusing.

At our board meeting, we need to decide what wording we want to use to include our support position. Then when corrections are made in the workbook at the first session., we'll add our new support position and when I present proposed program, the new wording is what they will be considering. Okay???

ballot

Also when we make up the ~~XXXXX~~ for voting on program, the wording of HR will include the support position.

We can use the format of support positions under other items in our thinking so that there will be some similarity. Our support wording will replace "study and evaluation of alternate methods, etc."

We told LLs all along we would do this. I've sent the files on to Betty, but as I remember the consensus statement, the general one just might be all we need. It's no big deal. We just MUST remember to do it.

C
O
P
Y



*Submitted
Anderson*

614 HAROLD • HOUSTON, TEXAS 77006 • 529-3171

APR 3 1973

LEAGUE OF WOMEN VOTERS OF HOUSTON

April 3, 1973

The Rodriguez case, recently reversed in the Supreme Court, was not brought from Harris County, but could have been. As you all know, the inequalities in Harris County school funding are among the most glaring. Deer Park, with a fine industrial tax base, spends over \$1100 per year per child. North Forest, with an inadequate tax base and even though trying very hard and taxing at over twice the amount of Deer Park with a higher evaluation, can only spend \$500 per year per child. The Houston District, largest urban district in the state, has its own special problems. A school district of 5,000 pupils does not need a business management staff. Nor do rural schools have the vandalism, amounting to over \$400,000 in 1972, that Houston faces.

With an impetus from the Houston League, over forty leagues in Texas studied public school financing in 1972. Our conclusions were:

The level of state support of Texas public schools should be raised to insure that all Texas school children receive a high quality education. Local enrichment funding should be limited to 10% of the state program. Funds to local school districts should be allocated on the basis of weighted pupil needs. A child with any kind of physical or sociological handicap costs more to educate. If the property tax is continued as the means of revenue, it should be reformed. Urban leagues, such as Houston, felt this strongly knowing that many rural districts assess at far under full market value.

The pressure is off for legislative action in the next few months, although the Houston Independent School District has joined Fort Worth and Dallas in a suit contending that the state's property tax-based school system is inequitable. The U.S. Supreme Court did not say that inequalities do not exist, but simply handed the problem to the state to solve it. Let's do it.

LWV of Texas
February 1973
(2 copies direct
to president)

To: Local League Presidents & PR Chairmen
From: Mrs. Hill Baggett
Re: Sample Press Release - Public School Financing

FOR IMMEDIATE RELEASE

The League of Women Voters of _____ announced today that members throughout the state will support efforts to equalize educational opportunity in Texas.

This position, announced by the Board of Directors of the organization, followed a study of the issue after a federal court's decision made it apparent that the State of Texas might have to change its method of financing public schools.

In announcing this position, Mrs. _____ president of the League of Women Voters of _____ stated: "Our members believe that the level of state support to Texas public schools should be raised to insure that all Texas school children receive a high quality education. We know this will cost money, but we think it is necessary even if it means that revenue would have to be raised by a statewide property tax, a state income tax, a corporate profits tax, or any combination of the three."

Other areas of concern are: taxing property at its full market value, supervision to insure equitable and uniform assessment and taxing procedures plus professional training for tax assessors-collectors. "League members put a great deal of energy and effort into this study and we've concluded that pupil expenditures must relate to their educational needs. We would also like to see the local district capital outlay supplemented by the state to equalize facilities. In our opinion, local enrichment funding should be limited to 10% of the state program," Mrs. _____ further stated.

The League is a nonpartisan organization which neither supports or opposes candidates or parties but takes stands after consensus of the membership. The organization is open to all women of voting age.

Mrs. _____, was chairman of the study in _____.

LEAGUE OF WOMEN VOTERS OF TEXAS
DICKINSON PLAZA CENTER
DICKINSON, TEXAS 77539

February 1973
Standing Order

CONSENSUS

Public School Financing

The League of Women Voters of Texas supports measures to equalize educational opportunity in the state.

Specifically, the League believes that:

...the level of state support to Texas public schools should be raised to insure that all Texas school children receive a high quality education. Local enrichment funding should be limited to 10% of the state program.

...the revenue should be raised by a state supervised property tax, a state income tax, a state corporate profits tax, or any combination thereof.

In levying the property tax: taxable property should be assessed at full market value; state supervision should insure equitable and uniform assessment and taxing procedures; professional training should be required for tax assessor-collectors.

...funds to local school districts should be allocated on the basis of weighted pupil needs.

...local district capital outlay should be supplemented by the state to equalize facilities.

* * * * *

Consensus Statement
on School Financing

The League of Women Voters of Texas supports measures to equalize educational opportunity in the State.

The League supports:

1. Full state funding for public school education in Texas.
2. Raising the revenue from a combination of state taxes, including a statewide property tax, a state income tax, and a state corporate profits tax.
3. Assessing taxable property at full market value.
4. Establishing state supervision of property tax administration to insure equitable and uniform assessment and taxing procedures.
5. Requiring professional training for tax assessor-collectors.
6. Devising a state program to help local districts defray the cost of equalizing facilities.
7. Allocating funds to local school districts on the basis of "weighted" pupil needs.
8. Allowing local districts some leeway to enrich the state program, but not more than 10%.

In regard to revising the present joint state-local system of financing public schools to achieve further equalization of educational opportunity, the League of Women Voters supports:

1. Raising the level of the State's Foundation School Program to insure that all Texas school children receive a basic, quality education.
2. Dropping or revising the economic index as a means of computing the local district's share of the Foundation School Program.
3. Computing the Local Fund Assignment on the basis of full market value of the taxable property within the local school district.
4. Allocating funds on a weighted pupil basis, according to educational need.

LWV of Texas
August 1972

To: State Board
From: Mrs. Genie Fritz

Re: Pre-Board Report--Human Resources

The State Human Resources Chairman has been slowly working along, meeting with concerned officials, gathering information, seeing that a number of interesting reports were mailed directly to the local Leagues, studying, and now, writing the Leader's Guide and Facts & Issues. However, I'm afraid it will be the last moment before it is all ready.

At the Board meeting the consensus questions will have to be approved. Also, a price and quantity to order of the Facts & Issues will have to be decided upon. That information is not available at the moment but will be ready by the Board meeting.

The big news is that the amicus brief for the Rodriguez case has gone to the printer. Unfortunately, the time we were allowed between receiving a copy of the brief and the time we had to give our answer did not allow for Board consultation. The National League joined us in the brief.

The League joins with the National Urban Coalition, the National Urban League, and several large city school districts in this particular brief, which addresses itself to the discrimination against urban school districts under the present system of financing public schools. We (Veta, our attorney, David Kirp, University of California at Berkeley Law School, and I) might have preferred a somewhat broader based brief, but as it turned out, this was the most logical place for the League. Other groups were: (1) Big Six education groups such as National Education Association, who split the cost of their brief; (2) Civil Rights groups; (3) Several officials of the State of California; (4) special brief for John Serrano.

It is still not assured that the briefs will be accepted by the Supreme Court. More legal maneuvering will undoubtedly take place. I will bring my copy of the brief to the Board meeting. Veta also has a copy.

MEMORANDUM FROM: State Office

League of Women Voters of Texas

DICKINSON PLAZA CENTER • DICKINSON, TEXAS 77539

Dear Lois:

Veta wants to know if you think we should send someone to the Legislative Property Tax Committee. She was of the feeling that since we do not ^{have} a position on same, everyone has enough to do - but if you think someone should go for information sake, please suggest someone. Keep in mind of course, as always, the lack of funds so it should be someone in the Austin area.

Good news on TCR - There will be a working meeting on Friday, July 21, in Austin and Helen Hunter is going in Veta's place. Everything worked out just perfect as Betty C. is going on vacation July 22, and "I couldn't get together with her" so we asked Helen to go instead. I don't think her feelings will be hurt as I'm sure she's too busy getting ready for vacation.

Lois, I will be on vacation next week but Kathy will be here. Everything has been reasonably quiet although we have been very busy. It seems like everyone is keeping the brain going despite summer. We've had several responses to the letter on the local Citizens groups and most of them have been an offer to help. The Galveston paper had a good article on the local citizens meeting, this morning.

*Love,
Anni*

League of Women Voters of Texas



DICKINSON PLAZA CENTER • DICKINSON, TEXAS 77539 • 713 534-3323

MRS. DARVIN M. WINICK, PRESIDENT

Mrs. M. S. Braunagel
[REDACTED]

Dear Lois:

On my last trip to Austin (when I called you) I talked to Jack Hart, Executive Director of the Legislative Property Tax Committee, and told him where the League is in relation to his committee's work.

They have formed a sub-committee on the school financing issue, so I indicated wanting to keep abreast of that sub-committee's work.

In regard to the questionnaire which the Legislative Property Tax Committee sent, I have mailed it back to the Committee indicating that I wish to be kept informed on developments in the school financing area. This is all I believe the League should do at the moment.

If the LWV of Texas should subsequently adopt a state financing item, we can re-contact the Legislative Property Tax Committee for further information.

I'm happy to hear that you won't have to have an operation. You must be relieved. I am sending the suggestion re EQ to Veta.

Love,

Denise

cc: State Office

7-26
July 23, 1972

TO: Fritz, SO
FROM: Braunagel
RE: Legislative Property Tax Committee

I enjoyed talking with you as you passed through Temple the other day. Our new item seems to be coming along great and you've done a great job.

C
I'm sending you the material on this Legislative Committee as I think you are much better qualified to make this decision than I am. You will know what kind of information would be helpful to you and you will also know if the available TEF money would stretch this far.

O
P
Veta said that since we do not have a position on this and since everyone has about all they can do AND because of lack of funds, what did I think should be done. She said maybe someone in the Austin area and I thought of our new Board member there as she was interested in our school financing study. One other thing comes to mind and that is the very distinct possibility that due to our present study and the keen interest expressed at the last two state Convention that we just might get state financing as a new item in Bmt.

Y
Use your own judgement based on what you think we can do.

LWV of Texas
July 1972
(2 copies direct
to president)

To: Local League Presidents & Human Resources Chairmen
From: Mrs. Edward C. Fritz, State Human Resources Chairman

Re: Study of Alternate Methods of Public School Financing

Bibliography

Enclosed with this letter is a bibliography, which if used extensively, should give you a fairly good start toward understanding the issues involved in our study. This is a complicated study, so don't get discouraged if it doesn't seem clear to you at first. I have been told that most of the educators really don't understand the issues involved either.

It would be well to write immediately for the national pamphlets because it may take from four to six weeks to receive your copies.

Please refer to the April State Board Report for other books and articles of relevance. However, the bibliography enclosed is probably somewhat more valuable.

Under separate cover you will be receiving several reports, but these are not sufficient in themselves for a broad general understanding. You should attempt to secure the starred bibliography items, also. In the packet which you will receive are included: (1) a report of the Governor's Committee on Public School Education, 1968; (2) A Primer on Texas School Finance by the National Urban Coalition; (3) The Texas System of Education Finance and How Its Wealth Discriminates by Daniel C. Morgan, Jr., Associate Professor of Economics, The University of Texas at Austin; (4) National Developments in Educational Finance by Dr. Will D. Davis, Chairman, Texas Council of Major School Districts.

Later in the summer your League will receive a report prepared by the U.S. Commission on Civil Rights which will report on how Chicano pupils fare under the present system.

All these papers speak to making the present system of financing public schools more equitable. They analyze the effects of some past and proposed attempts at equalizing school finances as to various sizes and types of school districts.

One important aspect of the study is a need for each resource chairman to be familiar with how the present Minimum Foundation Program works. The Texas Education Agency has a good simplified explanation. You may write for this. In the letter that you write TEA you can ask for both "Estimates & Projections" plus the simplified explanation of the Minimum Foundation Program.

Committee Planning

It looks as if the Leader's Guide will be reaching you around the end of August. I do hope that in your calendar planning you will schedule at least two unit meetings, or if that is impossible, one general meeting and one unit meeting. Also, the later in the Fall you can schedule your meetings the more your League will benefit from the results of ongoing studies by official groups addressing themselves to the problem of public school financing.

If you are scheduling a general meeting, following are suggestions for speakers. It is not known which of these men is available or whether they charge an

honorarium. You will need to ask. Most probably they would want their expenses paid. You will want to secure a speaker who can explain how the present system works, to serve as a background for discussion at your units. It would also be good if he or she were aware of current developments and proposed solutions. Select a local school administrator with care, so as to avoid a dull presentation.

Mr. Terrell Blodgett, Peat, Marwick & Mitchell, Austin National Bank Bldg.

Dr. Jose Cardenas, Supt., Edgewood School District, 5358 West Commerce Street,
San Antonio, Texas 78237

Dr. Will Davis, Texas Council of Major School Districts, 507 West Avenue,
Austin, Texas 78701.

Mr. Richard Hooker, Texas Association of School Boards, 507 West Avenue
Austin, Texas 78701 Tel. (512) 476-9116.

Dr. Daniel C. Morgan, Jr., Assoc. Professor of Economics, University of Texas at
Austin, Room 718 Business Education Building, Austin, Texas 78712.

Dr. Glenn Ivy, Texas Research League, P.O. Box 12456, Austin, Texas, 78711
Tel. (512) 472-3127.

Dr. Earl Lewis, Director, Urban Studies Program, Trinity University, 715 Stadium
Drive, San Antonio, Texas 78284.

State Senator Oscar Mauzy, National Banker's Life Building, Dallas, Texas 75201
Tel. (214) 741-4656.

Mr. Lynn Moak, Texas Education Agency, Room 506 International Life Building, Austin,
Texas 78701 Tel. (512) 475-6234.

Mr. James Ray, Texas Advisory Committee on Intergovernmental Relations, 55 North
Interregional, Austin, Texas 78702 Tel. (512) 476-4391.

Mr. Linus Wright, Business Manager, Houston Independent School District, 3800
Richmond, Houston, Texas 77027 Tel. (713) 422-2016.

Mr. Mark Yudof, University of Texas Law School, 2500 Red River, Austin, Texas 78705
Tel. (512) 471-5151.

Statewide Resource Committee

For your information, the following persons have met twice to plan for the materials, discussion questions, directions to resource chairmen, etc. Unfortunately, the work is still not completed. However, if you have any questions, they are willing to try to help you, as is your state chairman.

Mrs. Richard E. Coggeshall (Jan), #10 Dansby Drive, Galveston, Texas 77550
Tel. (713) 744-5918 (Galveston League)

Mrs. R. O. Wilbur (Jan), 10130 Whiteside, Houston, Texas 77043
Tel. (713) 465-7289 (Houston League)

Mrs. David Johnston (Wissie), 68 Gunston Court, Conroe, Texas 77301
Tel. (713) 273-2868 (Montgomery County League)

Mrs. Wiley J. Peebles (Sandra), 206 North Hill, Spring, Texas 77373
Tel (713) 353-5670 (Montgomery County League)

Mrs. Russell Schweickart (Claire), 18522 Barbuda, Houston, Texas 77058
Tel. (713) 333-2439 (Bay Area League)

Mrs. J. H. Goldstein (Gloria), 1903 Huntress Lane, Houston, Texas 77058
Tel. (713) 488-0603 (Bay Area League)

Mrs. Calvin Dudley (Beverly), 302 Paul Street, San Antonio, Texas 78203
Tel. (512) 533-1568 (San Antonio League)

Bibliography

Alternate Methods of Financing Public Schools

Books

Anderson, Texas Politics, An Introduction, 1971, Harper, Row

Benton, Texas, It's Government and Politics, 1966, Prentice Hall

McCleskey, The Government & Politics of Texas, 3rd ed., 1963, Little, Brown & Co.

Each of these books has a good chapter on how education in Texas is presently structured and financed.

Reports and Pamphlets

Alternative Programs for Financing Education, Vol. 5, 1971, 363 pp.,
National Educational Finance Project, 1212 Southwest Fifth Avenue, Gainesville,
Florida, 32601.

For those committee persons who have the time and dedication to delve deeper. Very complete. The National Educational Finance Project work is quoted in many other studies. Single copies are free.

*Estimates & Projections for Texas Public Schools, April, 1972, 22 pp.
Texas Education Agency, 201 E. 11th Street, Austin, Texas 78701.

Tables of projected needs of Texas Public Schools, which the TEA offers to concerned citizens. Not certain to be available, but you can ask for it.

*Future Directions for School Financing, 1971, 61 pp., National Educational Finance Project, 1212 Southwest Fifth Avenue, Gainesville, Florida, 32601.

A summary of a portion of the detailed research work completed by NEFP. Excellent introduction to problems of school finance and educational equality.

*Issues in School Finance, A Texas Primer, by Richard Hooker, 1972, 52 pp., Texas Association of School Boards, 507 West Avenue, Austin, Texas 78701.

Good presentation of background information concerning the court decision, minimum foundation program, groups studying school finance. There are no more copies available from the Association. A copy was sent to every candidate for the state legislature. Try to secure a copy from a candidate. A school board member is another possibility.

Paying for Better Public Schools: A Statement on National Policy, 90 pp.,
Committee for Economic Development, 1000 Connecticut Avenue, N.W., Washington, D.C.

This booklet should be valuable to see a national business viewpoint.

*Public School Finance Problems In Texas, an Interim Report, June, 1972,
70 pp., \$3.00, Texas Research League, P.O. Box 12456, Austin, Texas, 78711.

Valuable report that contains figures concerning project cost to each school district of equalized per pupil revenue at various levels.

Rankings of the States, 1972, 78 pp., National Education Association, Research Division, 1201 Sixteenth Street, N.W., Washington, D. C. 20036.

For those committees interested in how Texas compares to other states.

Schools, People & Money, Final Report, March, 1972, 147 pp., The President's Commission on School Finance. Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Price \$1.00 Stock No. 1780-0965.

A general report on the state of education, containing several chapters on school financing.

*What Everyone Should Know About Financing Our Schools, 1968, 63 pp. National Education Association, Committee on Educational Finance, 1201 Sixteenth Street, N.W. Washington, D.C. 20036

Very good introduction to school financing in general. Should be valuable for the complete neophyte.

*Who Should Pay For Public Schools, 44 pp., Advisory Commission on Intergovernmental Relations, Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. Price 35¢.

Good report of a conference on alternate methods of financing public schools, some of which are already in force in Canada and other states.

*The starred items should be secured, if possible, before the non-starred items.

Articles

"The Current Crisis in School Finance: Inadequacy and Inequity", by Joel S. Berke, Phi Delta Kappan 53:2-7, September, 1971.

"Family Choice In Education: A Model State System for Vouchers", John E. Coons & Stephen D. Sugarman, California Law Review 59:321-348, March, 1971.

"Full State Funding of Education", by J. Alan Thomas, Administrator's Notebook 18:1-10, May, 1970.

"Revolution in School Financing", Texas Observer, March 31, 1972.

[REDACTED]

Mrs. Kenneth W. Greenawalt
[REDACTED]

Dear Mrs. Greenawalt:

Several months ago I contacted you concerning the possibility of the LWVUS joining with the LWV of Texas in filing an amicus curiae brief on behalf of the plaintiffs in Rodriguez v. San Antonio Independent School District, et. al. The State Board decided to go ahead with plans for such action, after consulting with our local Leagues and encountering only slight opposition--six local Leagues expressing negative opinions.

The delay in following up after this contact has resulted from a number of factors: (1) the uncertainty as to whether the Supreme Court would accept the case; (2) the getting together of the materials so as to comply with instructions contained in the memorandum of January 26, 1972 when asking the LWVUS to participate in litigation; and (3) some confusion among lawyers as to the proper course of action to follow re amici curiae in this case.

As to points 1 and 2, you know the Supreme Court has agreed to hear the case this fall. Some 30 States have joined in an amicus brief in behalf of the State of Texas. I have managed to secure the principal briefs of both plaintiffs and defendants in the lower court which I am mailing under separate cover to Sarel M. Kandell of the National Litigation Office. Also, I have been in correspondence with Mr. David Kirp, of the faculty of the Law School of the University of California at Berkeley, who has agreed to donate his services as the League's lawyer. He will be working closely with Mr. Mark Yudof, of the Law School of the University of Texas in preparing our brief. Lawyers for the Defendants are listed on their brief.

As to the third point, there still is confusion. First, the main counsel for the plaintiffs, Mr. Arthur Gochman, is not welcoming outside help in the case. My understanding is that the leading constitutional lawyers who are interested in supporting the arguments of the plaintiff, Rodriguez, are going to go ahead with amicus briefs regardless. Second, there are now some 60 groups that wish to file amicus briefs. This is too many, so it will be necessary for many of the groups to join in the same brief. This means that the League will be asked to join with others instead of presenting our own separate brief.

There is talk that representatives of the 60 groups will be called together some time late this summer or early fall in order to discuss strategy and groupings, but I do not know for certain when or where it might occur. Mr. Stephen Browning, Lawyer's Committee for Civil Rights Under Law, Washington, D.C. (202) 628-3499 will possibly know more about that aspect.

If the National League does decide to enter the case, I would be very happy for you to take over the major part of the decisions such as whether we can endorse the brief that will be written for us, i.e. whether there might have to be some revisions of wordage so as to keep it in agreement with League principles and positions. This part I do not feel entirely competent to handle.

I shall be awaiting your answer.

Sincerely yours,

Mrs. Edward C. Fritz

cc: Braunagle, SO, Kandell, Joanne Hayes

[REDACTED]

Dear Local League President and/or Human Resources Chairman:

The League's statewide committee on Alternate Methods of Public School Financing met in Baytown on June 9 and started planning for the League's study. The representation at this meeting was mainly from the Houston-Galveston area.

In order to keep a greater number of HR chairmen abreast of what is going on a meeting will be held Friday, July 7, 10:00 a.m. to 2:00 p.m. at the home of Mrs. Bryan Williams, 3712 Beverly Drive, Dallas, 75205. Tel. 214 528-2603.

At this meeting (1) we will discuss what information the statewide committee considers basic to an understanding of the subject. This information will be included in the resource material sent to the resource chairmen. If you have anything to add, this will be the time to make the suggestion. (2) We will discuss in greater detail what booklets, reports, articles, etc. would be worthwhile background reading. Here again, if you have come across any article or information you consider valuable, be prepared to tell us about it. (3) I will report on the activities of other state committees studying this subject. This information was gathered during a recent trip to Austin.

Please bring a sandwich. 3712 Beverly Drive is between Preston Road and Millcrest, several blocks south of Mockingbird Lane. If you come by the Central Expressway or the Dallas North Tollway, exit at the Mockingbird Exit.

I hope you and any interested members of your committee will be able to attend this meeting.

Sincerely yours,

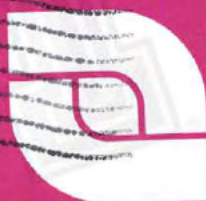
Genie Fritz

Mrs. Edward C. Fritz
State Human Resources Chairman

cc: Corsicana, Dallas, Denton, Hunt County, Irving, Lamar County, Richardson, Sherman, Tarrant County, Waco, Braunagle, SO

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Looking Back, Moving Ahead: A Decade of School-Finance Reform

by James A. Kelly
A Ford Foundation Reprint

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Mr. Kelly was formerly a program officer in the Ford Foundation's Division of Education and Public Policy and is currently president of the Spring Hill Center, Wayzata, Minnesota. The following was presented at the Ford Foundation Conference on *The Politics of Equity: Education Finance, State-Local Taxes, and Children's Services*, held in San Antonio, Texas, May 11-15, 1980.

Other publications concerning Ford Foundation assistance in the school finance field:

Paying for Schools and Colleges

The Political Economy of Education

School Finance: The Rising Tide of Reform

Additional copies of this reprint, as well as a complete list of Foundation publications, may be obtained from the Ford Foundation, Office of Reports, 320 East 43 Street, New York, N.Y. 10017.

For more than twenty years the Ford Foundation has been attempting to reduce economic and racial injustice in America. In the field of education, the underlying aim of the Foundation's activities has been to open new and improved opportunities for high-quality education, especially for the poor and for minority groups. The two basic assumptions that lie behind the Foundation's school-finance program are, first, that the way state and local governments collect taxes and finance public schools and other social services for children severely restricts the access of disadvantaged groups to quality education and to other social services, and second, that the poor and minority groups are taxed at disproportionately high levels by the state and local governments that provide schools and social services.

This double bind of low quality services and disproportionately higher tax burdens is a complex problem to untangle. It may lack the headline-attracting glamour of Congressional or Presidential budget disputes, but complexity and lack of glamour should not be confused with insignificance. Like most social democracies, the United States has adopted policies intended to commit government to finance and provide social services needed by low-income and minority group populations so that they can participate effectively in the mainstream of society. But unlike most European nations, the United States does not provide these services through its national government. Instead, the financing of social services in the U.S. involves complicated and constantly shifting combinations of local, state, and federal resources. In elementary and secondary education, the U.S. relies

almost entirely on its state and local governments to finance and to provide services. And unlike most other democracies, a large part of the American tax system is operated by state and local governments.

During the past thirty years, government expenditures in the U.S. have increased from about 25 per cent of GNP to about 33 per cent. In that period, state and local expenditures have expanded faster than federal, and virtually all of the huge increases in public employment in the U.S. have been at state and local levels. It is true that federal funds have played an important part in financing the expansion of state and local services, but most of the expansion of state and local governments has been financed directly by increased state and local taxes.

Public school expenditures in the United States exceeded \$80 billion in 1979-80. Only 8 per cent of these funds came from the federal government. Nor are schools the only important social service provided through state and local governments. Others include many children's services, such as day care, foster care, and the juvenile justice system; manpower training; mental health; special services for handicapped persons; and adult and continuing education. The nation's public higher education system is, like the public schools, controlled by states.

It does matter how these services are financed and provided by state and local governments, and it should especially matter to those whose values lead them to hope that poor and minority groups can be helped through improved access to high quality social services. Of course what happens in Washington, D.C. is important. Federal regulations do shape the terms of reference within which states and localities provide schooling and social services; school desegregation is a significant example. And it does matter what

happens at the neighborhood level as local institutions struggle to design the best programs they can, given the limitations of resources and program guidelines. But it also matters what happens as state and local governments pass through the federal funds and add some of their own (depending on the service sector involved and on state and local politics) and thus finance the services. In the process, it does matter whether states and localities have organized their resources and institutions in ways that systematically discriminate against poor people and minority groups, which is all too frequently the case, or whether the resources and institutions function in fair and non-discriminatory ways.

Consider schools. Until recently, most states financed schools in a blatantly discriminatory way; many still do. Local school districts with large amounts of property to tax have been able to spend large sums on public schools even though they make lower than average tax efforts. Local school districts with low property valuations, on the other hand, have had to exert above-average tax effort—in many cases, several times the effort—only to realize below-average expenditures. The outcome has been high taxes and under-financed schools for children in poor districts, and lower taxes and well financed schools for the more fortunate. The accident of where a child happens to live has been the major determinant of the level and quality of his or her education. In fact, variations among local districts in the quality of schooling far exceed variations within districts.

Not all poor people live in poor school districts, but most do. Not all members of minority groups live in poor school districts, but most do. It would be fair to conclude that social services, including services for children and especially school services, are financed in ways that provide better services to the rich

than to the poor, and better services to whites than to non-whites, while the poor pay a greater share of their income in state and local taxes than do the rich. Stating these facts is not intended to suggest what the proper distributions should be, but is meant to summarize a condition in our society that is of concern to many people. This nexus between state-local tax and spending policies is the core of the problem that the Foundation's school finance program has sought to address.

The Foundation's Program

The Foundation entered the school finance field in 1970. School financing was an appropriate point of entry into the fiscal inequities of state-local government both because the inequities are so flagrant and because education is by far the largest activity of state and local government.

The Foundation's efforts have been guided by two principal strategies. The first has been to support long-range efforts to build greater intellectual strength into the school finance field. Effective reforms are built on the ideas of skilled and committed people, and in 1970 the school finance field had neither the ideas nor the people. Our early grants supported fellowships at major universities such as Berkeley, Chicago, Columbia, Stanford, and Syracuse. We supported both basic and policy research at those universities and at other research centers. From these activities emerged ideas that quickly commanded center stage attention in legal and legislative circles. Special care was taken to assure that the Foundation not encourage or advocate, directly or indirectly, any single point of view about how states ought to set up new school finance plans. We supported men and women who themselves favored one or another reform plan, but our efforts were devoted to developing a network of leading advocates and scholars, not a "move-

ment'' organized around a predetermined Ford Foundation position. We wanted to illuminate the problem, to help scholars and the public understand it better, to encourage development of ideas and people who would suggest a variety of reform approaches, to attract to this field for the first time first-rate minds from law, political science, and economics, and to have the good sense and the institutional modesty *not* to tell them what to think. Persons associated with this part of our program now occupy many of the prominent leadership positions in the school-finance field.

The second strategy has been to support national and state groups that work to reform discriminatory aspects of school finance plans. Grants have been made to national groups such as the Lawyers' Committee for Civil Rights Under Law, the National League of Women Voters, the American Association of School Administrators, the Youth Project, the National Conference of State Legislatures, the Education Commission of the States, and the National Urban Coalition. Newly-founded state-level minority groups have received support in California, Colorado, New Jersey, and Texas along with the Education Law Center, an education-oriented public interest law firm in New Jersey and Pennsylvania; broad-based school and citizens' groups in New Hampshire, Ohio, and Washington; and state governments themselves or special commissions created by states, in Florida, Maine, Maryland, Massachusetts, Missouri, and New York. Through Foundation-sponsored conferences and other means, leaders of these groups were encouraged to work cooperatively with scholars and policy analysts. Again, the Foundation carefully observed the letter and spirit of legislative neutrality in its work with these grantees. Grants to national organizations typically permitted the grantee to select the states in which the grantee would work.

The Foundation's program has been developed in cooperation with other funding sources. Notable among them are Carnegie Corporation, the Spencer Foundation, the federal government's National Institute of Education and the Cleveland, Rosenberg, and Piton foundations. Substantial funding for specific policy development studies has been provided by states and school districts themselves, by a President's Commission on School Finance created in 1970, and by other federal agencies.

While the Foundation's program is known as a school-finance program, it has from the beginning addressed an interrelated set of policy issues in order to get improved leverage on school financing policy itself and in order to stimulate concern about related policy issues. The two most important examples of this broad conception of program are attention to the analysis of state-local tax inequities related to race and income, and support of research and advocacy groups in the field of children's services. School-finance reform is, quintessentially, tax reform; school finance is the largest single component of state-local public finance, and it makes no sense to consider school finance in isolation. Furthermore, school-finance reforms represent a unique opportunity to reduce traditional reliance on regressive local and state taxes. Similarly, basic research about the distribution of power and authority among the state, the family, and the child (e.g., Berkeley's Childhood and Government Project) led to grants supporting analyses of spending on children's services, including schools, and to grants for groups seeking to improve the quantity and quality of services for poor children. Examples include the Children's Defense Fund, the Massachusetts Advocacy Center, the Children's Rights Group, and the Children's Foundation.

Policy Changes Since 1979

Since 1970 significant and fundamental changes have occurred in the previously tranquil field of school finance. Almost half of the nation's school children and taxpayers have been affected by the reforms so far. These changes have transformed a narrow and obscure aspect of education, concerned mainly with routine state-aid appropriations, into a complex intellectual and political domain. Involved now are new federal and state constitutional standards of fairness and equity, major overhauls of creaky state-local tax and school funding systems, and infusions of new scholarly and organizational perspectives from outside the realm of professional educators.

There have been significant fiscal shifts during the past ten years in the patterns of raising and distributing school funds. Here are a few key indicators of the important trends.

Between 1969-70 and 1978-79, enrollment in public elementary and secondary schools declined about 6 per cent, from 44,719,200 to 42,149,420. During these same nine years, annual expenditures in public elementary and secondary schools increased from \$34.2 billion to \$75.6 billion, an overall increase of 121 per cent, or, when adjusted for inflation, an increase in real terms of 24.6 per cent. School expenditures as a share of GNP were almost unchanged, 3.66 per cent in 1969-70, 3.55 per cent in 1978-79. Despite everything one reads in newspapers and in journals about "declining public support of education," the fact is that support for public schools increased significantly during the 1970s, even in the face of declining enrollments and strong inflationary pressures.

Turning to the composition of school revenues by source, there has also been a

dramatic shift. Between 1969-70 and 1979-80, school revenues from local sources—traditionally the mainstay of school financing in America—increased from \$21.0 billion to \$40.5 billion, an unadjusted increase of 93 per cent. When adjusted for inflation, however, revenues from local sources actually declined by 3.1 per cent. Revenues from state sources during the same period also increased. In 1969-70, school revenues from state sources grew from \$16 billion to \$46.2 billion, an increase of 288 per cent before adjustment for inflation, and an increase in real terms of 44.4 per cent. State governments today provide \$30 billion more in school support each year than they did ten years ago. Local revenues for schools were 2.24 per cent of GNP in 1969-70, but only 1.73 per cent of GNP in 1979-80. State revenues, however, which were 1.72 per cent of GNP ten years ago, have risen to 1.97 per cent of GNP. In real terms, therefore, local support for schools has declined and federal support has remained constant. State support has substantially increased, in part because of school-finance reform.

Some advocates of school-finance reform are disappointed with the progress to date. They claim that the reforms do not go far enough, that they have not provided enough new money for cities, that they almost always involve compromise, and that they cannot directly be shown to improve student achievement. But studies have shown that increased funds in poor school districts are mainly used to pay for improved services: more professional staff, more parent para-professionals, more books, and other instructional expenditures. Money alone is not the answer, even in rich districts, but poor children deserve access to good services. In addition, there is good reason to believe that large disparities in

per-pupil expenditure of the kind typically found in traditionally financed school systems do indeed affect the learning of children. What has happened since 1970 in California and New Jersey, in Florida and Maine, in Kansas and Michigan, and in a dozen other states, constitutes a major step forward towards improved equity and adequacy in school financing. Reforms already adopted provide billions of dollars annually of increased state aid and/or reduced property tax burdens in local districts, with poor and urban districts benefiting more than well-to-do places. More progress is clearly possible during the next three to five years.

Opportunities for reform exist in key states such as Connecticut and Colorado, where favorable court decisions promise eventual adoption and funding of more equitable plans; in New Jersey, where progress has been made but more remains to be done; in New York, where a trial court has declared unconstitutional the nation's biggest, and perhaps its most irrational, school-finance system; and in about ten other states, where a solid basis for reform has been painstakingly laid.

Of the three dozen states which had serious school-finance inequities in 1970, slightly more than half (or about twenty states) have adopted major reforms; of these twenty, ten have enacted incomplete reforms and can be improved during the next three to five years. In the other ten, continuing rear-guard action by reformers may be needed to secure comprehensive gains already made. In the balance of the states that have serious school-finance inequities, the picture is mixed. In a few cases, the struggle appears almost hopeless, and no viable reform group or movement is on the horizon. But in most, continued efforts by the school-finance network offer a good chance of achieving significant

reform during the next few years.

At the same time, state and local tax systems have undergone some changes, usually gradual but occasionally, as in the case of California's Proposition 13, volcanic. Reliance on the property tax continues to decline. Property tax revenues now constitute about 15 per cent of total state-local revenues, down from 26 per cent just 15 years ago. While experts argue about whether the tax is indeed as regressive as it was once widely thought to be, few dispute assertions that the valuation process is irrational and inefficient, that the residential property tax falls hardest on low-income people, especially renters, and that heavy local reliance on the residential tax creates serious disparities between the needs of a community and its capacity to finance necessary services. States have assumed a greater responsibility for state-local finances. As a result, there is a clear trend toward increased use of personal and corporate income taxes, which is widely thought to decrease relative tax burdens on the poor. School-finance reforms have functioned as a wedge to hasten these trends. But it is not easy to determine what is fair and equitable in the jumble of state and local taxes. Much more could be done to untangle the confusion, and those concerned with social justice must begin to take a more active interest in a tax system that takes one-third of the nation's income each year.

I believe that it is possible to anticipate some of the fiscal policy trends and problems for the 1980s that pose agonizing choices for policy makers. The public sector has stopped growing and will remain at about one-third of GNP. Strong pressure will continue in some states for reductions in state-local tax rates. The federal government will increase real spending for national security. Steep rises in Social Security taxes, already begun and

scheduled to continue during the 1980s, will surely be withdrawn or substantially cut, requiring either severe reductions in the transfer payments and insurance programs they finance or the use of general revenues to fund the programs. The finances of city governments will continue in disarray. Demands to expand and to improve government face severe challenges by rising energy costs and by the effects of inflation on wages, fringe benefits, and public employee pensions.

In this context, thoughtful policy research is urgently needed about the short-term and long-term consequences of tax policy, especially with respect to the impact on low-income and minority populations—groups which typically lack the resources and organizational base to participate effectively in tax-policy debates. Civil rights and public interest groups must become more informed about tax issues. Local and regional citizens' groups must know more about pending tax policies and their potential effects so that they can educate their members and participate effectively in public dialogue about taxes.

In the area of children's services there is enough chaos and confusion, inefficiency and unfairness, and downright cruelty to justify a half dozen major programs. Americans think of themselves as a child-loving nation. Much evidence substantiates this vision: many children and youth are provided the basic essentials of food, clothing, shelter, love in their families, and in many instances they receive adequately financed and humanely administered public services. Others, however, are not so lucky. Many children in America live in poverty, ignorance, ill-health, and oppression. Many of them are physically abused and prevented by family or inadequate public services from developing their potential as productive and stable citizens.

In the past decade, partially as a result of the civil rights movement, the war on poverty, and the expansion of certain rights by the Supreme Court, there has developed an increasing likelihood that many of these problems can be ameliorated. Organizations have emerged that seek to protect and expand children's rights to public services, to standards of fairness and equity in the delivery of services, and to due process procedures. These groups use a hybrid set of strategies and tactics that are generally known as "advocacy." Seeking long-range reform of badly fragmented public delivery systems and standards, these organizations have ingeniously pursued their goals by combining techniques of public information, close working relationships with local citizens' groups, applied research, academic network-building, monitoring of administrative agencies, litigation, and extensive technical assistance to other organizations and agencies.

The Foundation has supported several effective advocacy organizations, including the Children's Defense Fund, the Massachusetts Advocacy Center, the Education Law Center, the Lawyers' Committee for Civil Rights Under Law, the Children's Rights Project, and the Childhood and Government Project at the University of California.

The school-finance reform movement was started not by the Ford Foundation, but by a combination of events in American society and the ideas of key individuals, two in particular. The events included the civil rights revolution launched so brilliantly by the Rev. Martin Luther King and his associates. They had been encouraged to protest racial discrimination by the Supreme Court's historic decision *Brown vs. Board of Education*. President Johnson's legislative programs to attack poverty, along with decisions of the Warren Court, helped lay the judicial and political

groundwork for what was to follow. The idea of using these developments to attack the constitutionality of state discrimination against children and taxpayers in poor communities should be credited to John Coons, then a law professor at Northwestern University, and to Arthur Wise, then a graduate student at the University of Chicago.

Only a dozen people attended the few meetings held in the late 1960s to try to figure out what could be done with Coons' and Wise's ideas. Since then, many dozens, then hundreds, and now thousands of able people have been engaged in thinking, writing, and advocacy in the field that came to be called school-finance reform.

During the past ten years, considerable change has occurred, but much still remains to be done. After all, conflict and tension about issues of equity and equality have been fundamental to American intellectual, social, political, and economic history. Those who work in the vineyards of equity did not naively expect an avalanche of changes, but they did aim to have some influence over what significant sections of American society thought about these subjects and to shape the direction of public policy trends. That, I submit, has been accomplished.

The Ford Foundation expects to continue to make grants in this field for a year or two, although on a diminished basis. We believe that an excellent start has been made during the 1970s and that the network of persons and groups identified with reducing discrimination due to race, ethnicity, sex, and income will make further progress in the 1980s.

Scholars and groups receiving support from the Ford Foundation have produced a considerable volume of research on school finance and related topics over the last decade. The bibliography lists nearly 500 titles of books, articles, and reports on such issues as education policy and taxation, social services for children, and the legal background of school finance reform. The bibliography has been compiled as an aid to scholars, school administrators, government officials, and others with an interest in the field.

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