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ABSTRACT

Seventeen research studies, position statements, and statistical compilations published between 1966 and 1969 are reviewed. These documents deal with such issues as (1) the effects of financial effort and property assessment practice on educational quality, (2) the role of State aid in equalizing financial resources, (3) the crisis in financing big city school districts, and (4) the problem of obtaining voter support for tax and bond proposals. The review is based on abstracts of the documents that have appeared in Research in Education. Complete reference and availability information is cited for each document. (JK)

Taxation in Public Education

by Philip K. Piele

The preceding review in this series covered the broad subject of finance in public education. This review, appearing at a time when many school districts across the country are submitting their budgets to voters, focuses on the specific issue of tax support for the public schools. The documents reviewed include research studies, position statements, and statistical compilations that deal with such issues as the effects of financial effort and property assessment practices on educational quality, the role of state aid in equalizing financial resources, the crisis in financing big-city school districts, and the problem of obtaining voter support for tax and bond proposals.

Documents cited in the review were processed by this and other clearinghouses in the ERIC system and were announced in *Research in Education (RIE)*, ERIC's monthly index and abstract catalog. The review is based on the documents' abstracts in *RIE*. Facsimile paper copy reproductions of all but five of the documents are available from the ERIC Document Reproduction Service. Complete instructions for ordering documents are given at the end of the review.

NEA Compiles Statistics

A report by the National Education Association[1] presents selected statistics related to student enrollment and attendance, teacher preparation and turnover, revenue sources, major expenditures, property tax rates, results of referendums on school bonds, increased tax rates, and school budgets for local public school systems during the 1966-67 school year. These statistics are based on questionnaire survey returns received from 155 (92.8%) of the nation's 167 school systems enrolling more than 25,000 students, and on returns received from 161 selected school systems with enrollments under 25,000. Data for the entire sample are summarized in 22 tables. The appendix contains detailed data for each responding school system arranged alphabetically by state and divided into four strata on the basis of total enrollment.

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From a study of almost 300 school districts in southern California, the California Teachers Association[2] defined an "index of effort" to finance a potential quality educational program. The index measures factors that influence school district educational programs and their costs. The results were computed from data on the following variables: the quality of the teacher salary schedule, salaries paid teachers, training and experience levels of teachers, pupil-teacher ratio, pupil-certified staff ratio, general fund tax rate, and total school tax rate. It is assumed that these variables affect the potential for a quality program by their effect upon the school district's finances. Further, the first five variables are assumed to have a direct effect upon the quality of the educational program offered, though the degree of such effect is unkown. The value of the index is calculated for each southern California school district, and comparative listings are given for elementary districts, high school districts, unified districts, junior college districts, and county averages.

Using the Pearson Product-Moment formula, Lovell[3] analyzed the possible relationship between real property assessment practices and measures of educational quality in 1,235 elementary and secondary schools in Mississippi. Measures of educational quality included expenditures per pupil, teachers' salaries, teachers' professional training, teachers' professional experience, library expenditures per pupil, teacher-pupil ratio, curricular offerings, dropout rate, and special services to students. The results of Lovell's analysis reveal that the level of property assessment is, at best, only a moderately valid predictor of quality education.

Data Compare School Expenses with General City Government Costs

The Educational Research Service of the American Association of School Administrators[4] prepared a circular that compares school expenses in fiscally dependent school systems with the total cost of maintaining and operating all general governmental departments in a city. The comparison is made for a total of 75 cities and towns of over 50,000 population that include school systems in city government costs. Data, tabulated by city, include total payments for major functions, total payments for schools, cost per capita for schools alone, and percentage of total city expense allocated to schools. Annual data for 1962 through 1967 are also given, by population grouping, for the cost per capita for schools and the percentage of total city expense allocated to schools.

Vincent[5] investigated the impact of three variables on the fiscal performance of a large-city school district: the educational and occupational status of school board members, the effect of public vote on the budget, and the effect of the size of the school district. Vincent ran a regression analysis of these variables against fourteen measures of fiscal performance from a sample of 529 school districts. Some general conclusions include: (1) The conditions imposed on the local districts by the legislatures influence local fiscal policy, (2) state regulations concerning the process of budget approval affect the fiscal capability of school districts, (3) the influence of school district size has not been clarified, (4) tax limitation combined with fiscal dependence hampers the school district's ability to compete economically with other agencies relying on public support, and (5) a form of fiscal dependence without tax limitation appears to be the best present method of regulating the fiscal powers of large-city school boards.

Big-City School Finance Faces Crisis

Marland[6] sees many factors contributing to the crisis in big-city school finance, the more manifest of which include (1) the immigration of lower income people to the cities accompanied by the outmigration of higher income people; (2) higher teacher salaries; (3) the new mandates placed on schools, such as cradle-to-grave accommodation in educational opportunities, manpower retraining, mental health, self-realization for all, nutrition, and the education of deprived parents; (4) the relative decline in the share of funds going to cities; (5) the municipal overburden of total costs of running cities; and (6) the relatively small amount of federal funds reaching the cities. According to Marland, several possibilities exist for easing the crisis: increases in federal support, a state aid distribution formula that recognizes the fact of municipal overburden, a state aid formula revision that takes account of population density, a state support formula based on median family income rather than on assessed valuation of property, and a metropolitan system of taxation requiring those who move from the city to the suburbs to help pay for the problems this movement causes the city.

Wise[7] contends that differences in educational opportunity are largely due to the wealth of the tax base in the local community and that the quality of a child's educational opportunity is related to the particular community in which his parents' economic capacity enables him to reside. Such economic differences, according to Wise, deny the citizens of a state the equal protection of the laws in violation of the Fourteenth Amendment. He argues that the Equal Protection clause can be used to compel the states to provide equal educational opportunities, and suggests that Supreme Court cases dealing with "equality"—school desegregation, reapportionment, and indigent defendant cases—be used as precedents to challenge inequality in education. Wise examines these issues in separate chapters of his book.

In a July 1968 address, James E. Allen, Jr.,[8] former Commissioner of Education of New York and current U.S. Commissioner of Education, discussed James B. Conant's proposal that locally levied taxes be eliminated and replaced by state financing. Allen noted that local financing of schools has seriously impaired the solution of a number of important educational problems, e.g., school segregation resulting from existing school district boundary lines, small high schools, teacher-school district negotiations, and educational inequality. Local school boards, according to Allen, should properly direct their attention toward the quality of education in the community rather than toward the problems of local taxation and educational finance.

Barkin[9] investigated state aid-to-education programs in Kentucky, Missouri, and Tennessee with respect to their compensation for differences in the ability of local school districts to support education. Barkin used a hypothetical aid formula as a standard against which to measure the present equalization schemes in each of the three states. The findings indicate that Kentucky does a better job of distributing funds to equalize for differences in ability to pay than does Missouri or Tennessee. The three programs differ chiefly in the proportion of the educational program that must be financed locally and in the share of state aid that must be distributed without regard to economic ability.

Johns[10] describes a proposal to improve the quality of education in Florida by awarding incentive grants to public schools. Johns points out that the present foundation program for state support of public education provides only minimum quality education. This deficiency is partly caused by the lack of local tax effort in supporting the foundation program. In the future, the amount of the grant will be based on local tax collection efforts. Johns outlines the requirements governing expenditures, the legislation implementing the plan, and the computation method that determines grants.

In a three-part study of fiscal capacity and tax effort in Oklahoma, Sandmeyer[11] (1) reported on the use of a production possibility curve to demonstrate the problem of resource allocation between the public and private sectors, (2) examined state and local revenues in terms of fiscal capacity and tax effort, and (3) compared expenditures on selected functions of government in Oklahoma with similar expenditures of selected states and with the national average. Results of the study indicate that Oklahoma has a relatively low fiscal capacity but a strong tax effort. Among the findings, Oklahoma's expenditures on education were found to be below the national average as well as the averages for the four-state region including Arizona, New Mexico, Oklahoma, and Texas. Sandmeyer recommended a more thorough study of the state's fiscal structure.

A paper by Hickrod and Hubbard[12] provides background on types of state aid to education and describes how they work. In addition, the authors describe and analyze the fixed foundation, variable foundation, percentage equalization, and resource equalizer formulae used for equalization aid in the United States. Finally, they recommend that equalization formulae include weighting for income and human resources because property valuation is becoming more equalized among school districts.

Grant-in-Aid Plan Considers Ability to Pay

Barkin and Legler[13] propose a grant-in-aid plan that incorporates transfer of resources to compensate for differences in the ability of the subordinate government units to finance desirable service levels (equalization). Where the bulk of state aid-to-education funds is distributed through flat grants based on the number of students in a district, a mild redistributive impact is evident. By eliminating the flat grant and by distributing all funds on the basis of the ability of each district to support education, the redistributive effect can be increased markedly. Consideration of both the school district's ability to pay for its educational needs and the contribution it makes to the state's fund for aid to education would, suggest the authors, result in an equalizing formula that could more widely distribute the burden of financing a state aid-to-education program.

In a paper presented at the 1967 Urban Schools Conference in Washington, D.C., Harold Howe, II,[14] contended that unequal distribution of state tax monies for schools has resulted in a much higher proportionate funding for suburban schools than for urban schools. This fiscal inequity, reported Howe, is due to excessive reliance on the number of dollars of assessed value behind each student in the district and to failure by the states to recognize the disproportionate extent of a city's obligations to provide municipal nonschool services. Educational support by the federal government helps to correct this imbalance by providing additional money for services for all school children and special educational services for the culturally deprived child. Pittsburgh's success in improving its financial support and educational program was achieved by an appointed board of education that enjoyed broad public support of the city's business, minority, and intellectual communities. Both a more realistic perception of the role of the school in the community and a systematic coordination of all possible resources are needed, according to Howe.

AFT Proposes 10-Year Plan for Cost Sharing

Keyserling[15] has reported the results of a study commissioned by the American Federation of Teachers to examine the needs of the public schools during the decade ahead and to propose a plan by which federal, state, and local resources can be marshalled to meet these needs. The essential aim of the proposed plan is "to achieve by 1977 an average level of public-school performance in every state at least equal to a nationwide minimum standard of equalized excellence." The seven quantitatively defined goals ("minimum standards of excellence") that the report identifies and analyzes are based on data compiled at the state and/or regional level. The goals relate to the following areas: per-pupil outlays, student enrollment, teacher-pupil ratio, teachers' salaries, nonteaching instructional staff, noninstructional current outlays, and available supply of classrooms. The proposed 10-year plan is based on the principles of cost analysis and on a recommended formula for cost-sharing—a formula that recognizes and provides for the unequal distribution of economic and financial capabilities among regions and states. The first and most essential step, asserts Keyserling, is federal legislation that would reflect a reordering of national priorities and a commitment of the nation at large to achieving the goal of adequate education in the public schools.

NEA Handbook Aids in Finance Campaigns

The National Education Association[16] has prepared a handbook for local teacher associations to share with school administrators and citizens as the first step in a cooperative effort in school finance campaigns. Advice is given to administrators, teachers, and citizens on planning the campaign, determining the role of teachers and of education associations, developing a strategy, identifying the voters, developing a theme and message, financing the campaign, developing a campaign timetable, choosing communication channels, organizing and staffing the campaign, analyzing the opposition, and carrying out postcampaign procedures. Sample materials appended to the handbook range from an organization chart to sample letters designed to reach various groups of vo rs.

Voters React to Tax and Bond Proposals

Witt and Pearce[17] studied the pre-election reactions of voters in San Mateo, California, to combined tax and bond proposals providing additional junior college funds. The two researchers proposed to (1) determine how many would vote for or against the proposals, (2) identify issues important to voters in making their decisions, (3) characterize those voting yes or no to see who needed additional information, (4) determine the voters' knowledge of the issues. Spot polls were taken before the election to find out why people did or did not support the proposals and to obtain as great a representation of the voters as possible. A total of 1,661 persons were interviewed with a 14-item questionnaire. From the results of these polls, Witt and Pearce concluded: (1) While both issues would pass, more voters favored the bond than the tax proposal; (2) certain issues emerged that should be stressed in presenting the proposals; (3) about two-thirds of those interviewed rated the college well, mostly through personal contact; (4) certain areas of the county were less agreeable to the proposals; (5) voters more than 50 years old (without children under 21) were less in favor, particularly of the tax proposal; (6) white-collar and professional people showed more favorable response than blue-collar workers, housewives, or retired people; (7) those in favor of the proposals were more likely to vote, and (8) voters who felt they knew about the issues were more likely to vote "yes."

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Abstracts of the following documents can be located in *Research in Education.* (A subscription to *RIE* can be ordered from the U.S. Government Printing Office, Washington, D.C. 20402, for $21 a year.) The complete texts are available from the ERIC Document Reproduction Service (EDRS), commercial channels, or both. To order from EDRS, indicate the "ED" number of each document and the type of reproduction desired—hard copy (HC) or microfiche (MF). Payment must accompany orders totaling less than $5.00 and must include a $0.50 handling charge on all orders. Also add applicable sales tax or submit tax exemption certificate when ordering from any state having a sales tax. A 25 percent service charge must accompany orders from outside the United States, its territories, and possessions. Address requests to EDRS, The National Cash Register Company, 4936 Fairmont Avenue, Bethesda, Maryland 20014.

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Research on School District Size Analyzed

Optimum School District Size is the first paper in a new clearinghouse series that analyzes current research findings on topics in educational administration.

The 36-page paper was written by Michael E. Hickey, formerly a Research Associate for the School Information Research Service at Seattle, Washington, and now Assistant to the Superintendent, Seattle Public Schools.

In chapters one and two, Mr. Hickey cites the major reasons for concern with optimum school district size and discusses the problems involved in determining which size is optimum. Characteristics of inadequate districts are studied in chapter three to emphasize the importance of size in determining a district's ability to provide a quality educational program at minimum costs.

In the fourth chapter Mr. Hickey draws from a variety of studies in describing five criteria of optimum size that have been widely accepted by researchers and educators. Chapter five, "Trends in District Reorganization," includes a discussion of decentralization and community control.

The highlight of the last chapter is a table that summarizes, from the literature, recommendations for optimum size according to various criteria. Mr. Hickey concludes that school district size "must be viewed as a *variable* and not as an absolute factor." "The final determination of whether reorganization should occur depends . . . upon the district's ability to perform its respective functions with efficiency and effectiveness."

Since the paper's publication in December 1969, the copies printed and made available by the Clearinghouse have been depleted. Copies must now be ordered from the ERIC Document Reproduction Service: ED 035 108; MF $0.25, HC $2.10. See "References," following the review, for EDRS order information.