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AUTHOR	Ferlanti, Erna
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ABSTRACT

This document was written to inform the low income white community about the financial problems schools are having and to elicit their reactions to suggested alternative ways by which schools could be financed. The document cites examples of school budget crises throughout the nation, presents a breakdown of present sources of school revenue, discusses how money affects the quality of education, and cites court decisions which have held the property tax method of school finance to be unconstitutional in some cases. The advantages and drawbacks of four alternative plans of school finance that educators and financial experts say will reorganize school support on a more equitable basis are considered: (1) total funding by the State, (2) cooperative State and local plans, (3) district power equalization, and (4) district reorganization. Also discussed are accountability, the voucher plan, performance contracting, shortening the time spent in school, the year-round school, and on-the-job vocational training. For a description of the development and dissemination of this document see EA 005 105. Other related documents are ED 070 188, EA 005 106-107, and EA 005 109-111. (DN)

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PAYING FOR OUR SCHOOLS:

Is There a Better Way?

Erna Ferlanti

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Communications Coalition
for Educational Change

Group II

Parents and taxpayers, factory workers and business executives are not the only ones having trouble making ends meet these days. Whole school systems, in fact, are in serious financial trouble.

Newspaper headlines across the country told the alarming story last fall:

Chicago $29 Million Short

NEW YORK CUTS BACK 5,000 TEACHING JOBS

Los Angeles Drops Counseling Program, Shortens Day

Philadelphia $68 Million in the Red

SUBURBAN SCHOOLS FLOUNDERING

Florida School System Lets 150 Teachers Go

During the 1971-72 school year the stories coming out of school districts everywhere in the nation -- in large cities, small cities, towns, and suburbs -- were much the same. While some of the country's 17,500 school districts were able to make ends meet, many were not. An unfortunate and unprecedented shortage of funds dictated drastic cutbacks in teachers, counselors, special programs, and teaching materials. In some cases, the length of the school day and school year had to be shortened.

The year ahead looks no rosier for the nation's schools. Chicago, for example, originally faced with a whopping $98.5 million deficit for 1972, is still $33.4 million short after substantial budget cuts.

What is the problem? The simple fact is that our present way of funding schools is not doing the job. Our finance system does not provide enough money to keep the schools going at their present, less-than-adequate level -- let alone to improve educational opportunities.

In short, many school officials are besieged by inadequate financing, ballooning inflation, overburdened taxpayers in revolt, irate parents demanding value for money, and the demands of increasingly militant teachers who want not only more pay but more say in how and what the country's 91,000 public schools teach. Some educators are beginning to wonder how the schools will survive the current money crisis. And the American public agrees: a recent Gallup Poll shows that people think finance is the biggest problem facing public schools today.

Why is this problem so acute now? First, simply because there are more children to be educated in an economy where not only cities but whole states are facing bankruptcy. In 1960, the public schools enrolled more than 36 million pupils -- almost a 44 percent increase over 1950. In 1971, public school enrollment stood at more than 46 million -- a jump of more than 27 percent over 1960. Swelling the public school rolls are large numbers of students who until recently attended parochial schools. These schools, as President Nixon himself has pointed out, are closing at the rate of one a day for lack of funds. The 5.7 million students enrolled in private schools in 1960 represented a rise of almost 68 percent over 1950. But as Roman Catholic parochial schools -- enrolling the bulk of private pupils -- have cut back, the trend has begun to reverse: the 5.7 million in private schools in 1970 indicated a drop of 1.3 percent from 1960. The inevitable result is more private pupils moving into public schools.

Second, present public school financing makes no allowance for inflation. The total cost of all salaries paid to public school personnel, from custodian to administrator, is more than 80 percent of the average school budget. Since almost all employees get annual raises, the same education costs more each year just to keep up with inflation. There are now more than 2 million public school teachers, and teacher salaries alone account for almost 61 percent of the average school budget. These salaries have increased almost 78 percent from 1961 to 1971, from an average $5,449 to $9,689 annually. Yet, teachers still are underpaid in comparison to other professionals and workers.

Third, the public, once willing to tax itself adequately for schooling, has grown increasingly disillusioned and angry at the high cost of education. Local bond issues for school construction and tax referendums to increase school funds are among the few finance methods on which the taxpayer may vote directly. Some 700,000 new classrooms were built in the decade of the 1960's. But currently, irate citizens are turning down half of the bond and tax referendums.

It cost this country's taxpayers $43 billion this year to provide elementary and secondary schooling for the more than 46 million pupils in public schools. Not only did these dollars fail to stretch out across the nation, but they were unequally collected and unequally disbursed. Most educators feel that the schools' financial crisis cannot begin to be solved until answers are found to these three key questions:

- Where will the money come from?
- How can it be equitably distributed?
- How can we get the best educational value for every dollar spent?

PRESENT SOURCES OF REVENUE

At present, in the nation as a whole, 52 percent of school revenue comes from local taxation, 41 percent from the states, and 7 percent from the federal government. But even this statement is not wholly accurate, for there is a wide variance among the states. In New Hampshire, for example, the ratio is 86 percent local, 10 percent state, and 4 percent federal. In north Carolina, by contrast, the percentages run 19-66-15. Only Hawaii has no local school taxation.

The United States Constitution leaves virtually the sole responsibility for education to the states. While most state constitutions direct the establishment of free public schools, they do not specify how the tax dollars shall be raised. In practice, the state legislatures have granted taxation powers to the local school districts, and, with limited justice and success, have voted to supplement the locally raised revenues with state aid to "equalize" the amount spent per pupil.

Most school districts are limited to the property tax by the states, and as a rule these districts receive about 98 percent of local school revenue from taxes on property. The American taxpayer -- burdened by federal and state income taxes, sales taxes, excise taxes, and even death taxes -- has been crying out against the property tax. And with good cause. Owning property does not necessarily go hand-in-hand with wealth or income -- older persons may have small fixed incomes but may own their own homes.

More important, property taxes vary sharply both within and among states. Variations among communities result from differences in tax bases and tax rates. The tax base is a community's total taxable property wealth and is determined in part by local tax officials who assess a piece of property at various fractions of its actual market value. These assessments differ widely both within and among communities, according to local practice or even according to the whim of the assessor. The tax rate is the percentage of assessed property value used to compute taxes and is usually set by the community itself.

Wealthy District A, whether urban, suburban, or rural, for example, may have realistically assessed property of high value such as an oil or atomic plant, as well as many handsome houses in good repair. Thus District A may have a very low tax rate, but because of its high tax base, it can still support extremely high per-pupil expenditures.

Just across the boundary line is Poor District Z. Z has a large number of low-income families, almost no businesses that it can tax, and quite a few houses in disrepair. Yet Z may have an extremely high tax rate which, unfortunately, produces very low per-pupil expenditures because of the low tax base. Z may try four times harder than A to get funds to support its schools, yet A may end up spending eight times as much as Z on each pupil.

In a nation pledged to equality or opportunity -- in education as in all else -- the property tax seems to be about as unequal as a tax can be, both for pupils and for taxpayers.

LEGAL REMEDIES

So far, 40-odd suits challenging unequal school financing are pending in lower federal courts and state courts. Reformers have already won half a dozen such cases, and a school finance suit is now before the United States Supreme Court.

The first major victory in the legal battle for reform was won in California in August 1971. In its landmark decision in Serrano v. Priest, the California Supreme Court ruled that the property tax for financing schools violated the Federal Constitution. Citing past United States Supreme Court decisions on inequality of educational opportunity as a violation of the equal-protection clause of the Fourteenth Amendment, the California court held that property-tax financing "invidiously discriminates against the poor by making the quality of a child's education a function of the wealth of his parents and his neighbors."

California's highest court cited as example the Baldwin Unified School District, a lower-middle-class area, and Beverly Hills Unified School District, which is extremely wealthy. In 1968-69, said the court, Baldwin Park property owners spent $840 per pupil, while Beverly Hills spent $1,231. But Baldwin Park property owners paid $5.48 per

$100 of assessed valuation for their schools, while the Beverly Hills school-tax rate was only $2.38. In ruling such inequities unconstitutional, the court declared: "Thus, affluent districts can have their cake and eat it too: They can provide a high-quality education for their children while paying lower taxes. Poor districts, by contrast, have no cake at all."

The court decision allows California to continue drawing school revenue from local property taxes until a new method is found. This fall, Californians vote on a constitutional amendment that would limit use of the local property tax.

The Serrano decision started the legal ball rolling. In October 1971, a federal judge in Minneapolis ruled that Minnesota's school financing system, which, like California's, relies heavily on the property tax, was unconstitutional because it resulted in inequities in school spending. "Plainly put," said Federal District Judge Miles M. Lord in the case Van Dusarz v. Hatfield, "the rule is that the level of spending for a child's education may not be a function of wealth other than the wealth of the state as a whole." But Judge Lord issued no injunction against use of the property tax, preferring to wait until the Minnesota Legislature acted. That body has taken at least one step to comply with his decision: a new law provides for equalization of local tax effort up to the state's average per-pupil expenditure. Otherwise, the former financing system continues. But Minnesotans now are paying higher sales and state income taxes.

On January 19, 1972, New Jersey became another state to have its system of school finance ruled unconstitutional because it was based on the local property tax. In Robinson v. Cahill, the judge declared: "The system discriminates against pupils in districts with low real property wealth, and it discriminates against taxpayers by imposing unequal burdens for a common state purpose." The New Jersey judge gave the legislature a time limit: one year to adopt an acceptable financing system and two years for the changeover. The case represents the first such ruling to address itself directly to the problems of race, poverty, and the financial overburden of large cities.

Perhaps the most crucial decision yet to come is the Rodriquez v. San Antonio Independent School District case now before the United States Supreme Court. Back in December 1971, a special panel of three federal judges ruled unanimously that Texas public school financing -- which draws 40 percent of its support from the local property tax -- is unconstitutional. Again citing violation of the Fourteenth Amendment, the panel declared that the Texas system guaranteed that "some districts will spend low with high taxes, while others will spend high with low taxes." The judges ordered Texas to restructure its school financing system within two years and warned that if the Texas Legislature fails to act within that period of time, they "will take such further steps as may be necessary to implement both the purpose and spirit of this order."

The state of Texas has now appealed the Rodriquez decision to the Supreme Court. The country's highest court will therefore soon settle -- once and for all -- the constitutionality of relying on the local property tax for school financing.

WHAT DOES MONLY MEAN?

With these legal cases in mind, is it true, then that more money provides for quality education and equal educational opportunities?

The answers to that question are not cut and dried. Both educators and the general public used to believe -- and with good reason -- that the bigger the budget the better the school. Many national surveys have shown that states that have lower expenditures per pupil on the average have a considerably higher percentage of draftee rejections for educational deficiencies than the states with high per-pupil spending. Educators point to the fact that, barring waste, in our society you usually "get what you pay for." One financial expert puts it this way: "I have never found a good, cheap school."

Complicating the question is the fact that some school districts need more money than others simply because of the kinds of children enrolled there. It does cost more dollars to educate the disadvantaged, largely because they come from homes that give them little or no background or preparation for learning. Take San Diego County in California as an example. In the San Ysidro [illegible] rict, 85 percent of the children are from m[illegible] ackgrounds, a third come from families on welfare, and the average reading score in that district is in the nineteenth percentile. Del Mar, another district in the same county, has a 2.8 percent minority population, only 3.9 percent on welfare, and the average reading score is in the seventy-second percentile. Yet both districts receive state aid based on the same formula.

In recent years, studies have cast doubt on the dollars-to-quality-and equality equation. In 1965, Congress passed the Elementary and Secondary Education Act, with the bulk of its funds poured into Title I, aimed at improving schools in areas with low-income families. Five years after the act went into effect, the United States Office of Education reported that among children receiving this federal aid almost 70 percent had no chance of raising their achievement at all and another 20 percent could make only small gains. The United States Civil Rights Commission, after surveying the major programs offering extra educational compensation to the disadvantaged, declared that "none of the programs appear to have raised significantly the achievement of participating pupils." And in 1965, Dr. James S. Coleman, social scientist at Johns Hopkins University, issued a report entitled Equality of Educational Opportunity. He found that improvements in teaching techniques, libraries, equipment, class size, and buildings had relatively little effect on learning. Rather, what influenced pupils most was what each brought to the classroom from his own home and environment.

After a three-year study, Christopher Jencks of Harvard University came to the same conclusion. In a new book that presents his findings, he wrote:

> Our research suggests...that the character of a school's output depends largely on a single input, the characteristics of the entering children. Everything else -- the school budget, its policies, the characteristics of the teachers -- is either secondary or irrelevant.

Perhaps more important, Jencks found that a child's success in school has nothing to do with how much he will earn as an adult. Even a child's family background and wealth make little difference in adult life, Jencks claims. Therefore, simply making schools equal will not bring all adults the same standard of living.

What, then, is the answer? Won't more money buy better education and a better life? The court decisions are based on the belief that the amount of money spent should be a significant factor in judging schools. Even Jencks believes that more money <u>can</u> make a difference -- but the difference is not in adult success. It lies in making the life of the child richer and more satisfying. "If extra resources make school life pleasanter and more interesting, they are worthwhile. But we should not try to justify school expenditures on the grounds that they boost adult earnings," Jencks wrote.

Perhaps the fairest answer can be found in the book Private Wealth and Public Education, written by three legal scholars, John E. Coons, William H. Clune III, and Stephen D. Sugarman. They feel that the property tax system and local school administration have combined "to make the public school into an educator for the educated rich and a keeper for the uneducated poor."

The authors continue:

> Whatever it is that money may be thought to contribute to the education of children, that commodity is something highly prized by those who enjoy the greatest measure of it. If money is inadequate to improve education, the residents of poor districts should at least have an equal opportunity to be disappointed by its failure.

PROPOSED REORGANIZATIONS

How can the money for schools be raised equitably and distributed fairly? Many educators say that more money should come from the federal government. The federal government cannot undertake all school financing (even if it wanted to) since the Bill of Rights reserves to the states the right to operate public schools. But there is nothing in the Constitution to prevent Congress from raising the federal share from its present 7 percent. Indeed, the Constitution says that Congress is empowered "to levy and collect taxes... for the common defense and general welfare of the United States."

Those who seek more aid from Washington believe that the federal share should be in the range of from 22 to 30 percent of the total school bill. Past federal educational help has been largely "categorical," that is, tied to some specific educational need or goal, such as better teaching of science and foreign languages, school lunches, or compensatory programs for the disadvantaged child. Now is the time, say proponents of enlarged federal aid, for Washington to come through with some "general" aid, dollars that can be used by the states and local school districts with relatively few strings attached. At present, the federal government collects about two-thirds of all taxes. The United States Commissioner of Education, Sidney P. Marland, declared in December 1971 that the federal government should pay from 25 to 30 percent of the public school bill and that the money should come from revenue sharing -- a program in which Washington would return some of the tax money it collects to the states for distribution to local school districts.

How federal money would be distributed, and how much, is not presently known. Reports out of Washington indicate that President Nixon soon will recommend a general federal aid program, but with the proviso that the present system of school financing be reformed as federal dollars come in.

Turning to the other extreme, total local funding obviously is not viable, given the four court decisions and the Constitutional right of the states to provide education.

Hence, any new revenue plan will probably be some combination of federal/state/local financing, or possibly a combination of state and federal financing.

Here are four plans, along with their advantages and disadvantages, that educators and financial experts are now considering:

1. <u>Total Funding by the State</u>

This is how the schools are financed in Hawaii, although Hawaii does receive 8 percent of its school budget from federal funds. The state legislature simply votes funds to cover the full cost of education for each child (in Hawaii's case, $984 per pupil), a sort of "one child, one dollar" concept. Since there is no local school taxation, the four court cases would not apply in this state. Equal educational opportunity, as far as dollars can buy it, appears to have been achieved.

But Hawaii is unique. It has only one school district for the whole state, so there can be no disparity among districts and retaining local control over school funds is not an issue. However, since most states have many school districts, retaining local control -- a principle long cherished by the American people -- is an important consideration in any movement toward total state funding. It is possible for local districts to keep autonomy in many matters, but without some sort of fiscal authority that autonomy may be limited.

Another consideration is that in states with many school districts total state support might prove more rigid than local support. For example, it might require states to plan for the unexpected, forcing them somehow to budget contingency or emergency funds for local use.

Another problem with total state funding is that the one-child, one-dollar plan is not necessarily egalitarian: some districts have above-average costs for transportation, physically handicapped pupils, non-English-speaking or economically disadvantaged children. It does cost about twice as much to educate a handicapped child as a normal one. Vocational training, too, is more expensive than regular high school, partly because of the costly equipment needed.

A modified version of full state funding could help overcome this problem. Instead of paying <u>full costs for all educational expenditures</u>, the state would fully fund only <u>the high-cost expenditures</u>. These expenditures might include instructional costs -- the heart of every school budget -- and the special costs of educating the so-called high-expenditure students described.

The state could raise the necessary funds by a state income, sales, or property tax. However, forty-one of the fifty states already have a state income tax, and raising it (as has been done in Minnesota) is bound to cause more taxpayer resentment and resistance.

Or the state might consider leaving the local property tax on residences and levying a statewide property tax on utilities and major commercial and industrial concerns. Retaining the local property tax for homeowners, however, would still result in some inequitable taxation and unequal resources condemned by the four court cases, but the inequities would be lessened.

Full state funding of high-cost expenditures would be especially helpful to big cities, which are suffering severely from "municipal over-burden," the high cost and high need for all public services in the city and the concentration of high-cost pupils, such as the disadvantaged, in city schools.

Critics of this plan point out that, however the revenues are obtained, the inequalities of the present financing system would still exist in local revenue collection of non-high-expenditure costs not paid by the state. And, they add, there might be loss of local control.

New York is an example of a state that recently has taken steps toward total state funding. A special commission in New York State has urged that all funds for public schools be raised and distributed by the state, which now pays 47 percent of the school bill. The method suggested is a statewide property tax rather than the widely varying local property taxes now in effect. However, the Fleishmann

Commission, as it is called after its chairman, Buffalo lawyer, Manly Fleishmann, would seek to protect local autonomy. New York State's bill would be enormous -- $2.5 billion in taxes is now raised locally for schools and some commission members feel that this burden could not be assumed immediately by the state. But some members do feel that, at the least, the state must move as soon as possible to enforce uniform real property taxes and uniform assessments, both steps in the full state funding direction. New York's controversial, widely publicized commission report has so far not resulted in any legislative action.

2. Cooperative State and Local Plans

Two states now operating under cooperative plans are Utah and Rhode Island.

In Utah, the state decides what each local levy shall be. When that levy produces more than a set amount per pupil, the extra money flows back to the state for distribution to poorer districts.

While the Utah formula does help poorer districts, equal educational opportunity still is not achieved. The reason is that, under the plan, a district may tax itself more than the state-dictated levy and keep all the money it gets from this extra effort. A wealthy district therefore can still spend more money on its schools than a poor one. To get around this problem, a local district might raise what it could, based on its resources, and the state would then make up the difference.

Rhode Island has a formula for dispensing state aid based on local district ability to pay. The state ranks each school system according to property wealth per child. It then assigns each an "equalization factor" based on its rank. Suppose a school system's "factor" is 40 percent. For every dollar the local school board decides to spend, 40 cents comes from local effort and 60 cents from the state.

While the Rhode Island formula assures local decision on how much money will be spent on schools, some scholars believe that a maximum placed on state aid is preventing the plan from working as designed. Another criticism might be that the equalization rank is tied to assessed property value, which could be discriminatory in the sense of the four court rulings.

There are a variety of alternatives in cooperative state and local plans, with differing amounts of state aid -- usually more than at present -- and other lids and limits on local taxing and expenditure. But none of them are currently in operation, and thus it is difficult to judge their advantages and disadvantages.

3. Power Equalization

This is a plan devised by John E. Coons, law professor at the University of California at Berkeley. Under this formula, a district may elect to finance schools within a range of per-pupil expenditures, for example, $500, $1,000, or $1,500. If the district elects to spend $500 per pupil it must tax itself at 1 percent; for $1,000, at 2 percent; for $1,500, at 3 percent. If the levy produces more than the amount specified per pupil, the excess flows to the state. If the levy produces less, the state makes up the difference.

In short, says Coons, "All districts choosing the same tax rate would spend at the same level. Spending thus would become a function only of the districts' interest in education."

Coon's power equalizing would allow a school district to spend an amount per pupil that it chooses while not having to tax itself higher than any other school district in the state to do so. Some scholars believe that this would suffice to meet any test of equality upon the taxpayer. However, others contend that power equalization would allow school-district expenditures to rest upon the tastes of voters in a particular district, and this arrangement can be construed to make the quality of the child's education a function of his geographic location. According to the logic of the United State Supreme Court reapportionment decision of "one man, one vote," these scholar's continue, making the quality of a child's schooling a function of his address could be unconstitutional. These same experts feel that power equalization would not be accepted as an adequate remedy in the four court cases.

Others argue that Coon's plan would increase inequities, because wealthy districts might choose the higher rates while poor districts choose the lowest. However, such towns as Beverly Hills would stand to lose rather than gain by power equalization. In order to get the $9 million it now raises in school revenue, Beverly Hills would have to tax itself up to $29 million, with $18 million going to the state of California for redistribution to poorer school districts.

4. District Reorganization

This method would consolidate poor cities with their richer suburbs, or any wealthy and poor districts into one, in order to achieve a more equitable tax base and a fairer distribution of funds.

Such plans have been proposed before, but not directly in connection with school finance reform. In January 1972, Richmond, Virginia, whose schools are 70 percent black, and two of its suburbs, whose schools are 90 percent white, were ordered by a federal judge to form one school district. While this merger, if carried out, could improve the new district's tax base, the goal in the Richmond case was not financial equality but desegregation.

Still, redistricting could become a widely used way to collect and distribute school money more equitably. The Richmond decision, though still on appeal, has set a course that other areas looking for new ways to integrate schools could follow. No doubt cities like Detroit, Indianapolis, Atlanta, and maybe even Washington, D.C., will give district reorganization serious consideration. Along the way, such communities may discover the added benefit of a more equitable tax base. The additional cost inner city schools bear because of low attendance rates, for example, may be alleviated through redistricting. And other metropolitan areas directly seeking new ways to finance schools may recognize straight off the adaptability of a redistricting plan to school finance. Certainly consolidation itself is not a new idea. Communities which by themselves cannot afford to support a high school, for example, have long banded together with neighboring communities to do the job.

Redistricting could face serious opposition. Suburbanites, who have fled the cities and who have been spending much more money on schooling than urban areas, will surely resist any attempt to share the wealth with their city neighbors. And this reluctance would also apply to any other rich-poor consolidation of districts.

EDUCATIONAL VALUE

So far, we have discussed the problems in raising and distributing school funds fairly and efficiently. Just how to spend those funds effectively is a related -- and equally troublesome -- question that must be considered.

It has become obvious that not all school administrators and local boards of education are getting the best educational value for every dollar spent. How to accomplish this is not yet clear, but as education costs soar, the public is beginning to demand both efficiency and accountability.

The word accountability itself has become a kind of educational scapegoat. Accountability should be concerned with better management of educational resources. That, say some parents, means teachers should be accountable for what and how well they teach. Teachers, on the other hand, feel they cannot be held truly accountable unless they have a greater voice in making decisions.

Efficiency can best be exercised in the business practices of the schools. Business and industry already are starting to link up with the schools to help introduce successful business methods that are applicable to education. Some superintendents are hiring more budget specialists and economists with business experience for administrative jobs. School boards are trying to trim dollars in the management of transportation, food services, building maintenance, and purchasing.

How can we get the best educational value for every dollar spent?

Some critics argue that the public schools are failing financially -- and in every other way -- because they have a monopoly on the education of American children. Therefore, such critics maintain, public schools have little incentive to squeeze the maximum achievement possible from the considerable resources they already have.

In their search for both educational quality and economy, some school officials are responding to such critics by experimenting with plans that would give public schools serious competition.

The Voucher Plan

One of these experiments is the voucher plan. Under this plan, a child would no longer be forced to attend the public school to which he is assigned. Instead, his parents would receive a voucher representing a flat sum roughly equal to the child's share of the total public school budget. The family could then use its voucher to enroll the child in whatever school it chose. If the parents thought that the child could get a better education in a state-accredited private or parochial school than he could in the neighborhood public school, they could use the voucher to purchase education at one of those institutions. The vouchers, wherever used, would be redeemed by the state.

Proponents of the voucher plan argue that a competitive market system would achieve far greater economic efficiency and educational effectiveness than any other organizational arrangement. Choice is the key word. If public schools failed to operate economically and effectively, voucher proponents say, competitive pressure would force them to shut down. When parents are given a choice, the backers say, they will be sure to choose only quality schools; all others will fail.

The voucher plan has its share of critics. Opponents believe the plan violates the principle of separation of church and state because it would channel public funds to religious schools. (Not surprisingly, private and parochial schools -- many of which are operating in the red or closing down altogether -- favor the voucher plan.) Voucher critics also fear a wholesale return to race-segregated schools. Given the opportunity, they believe, parents in both the North and South will send their children to segragated private schools rather than integrated public ones. The critics also believe religious segregation will be encouraged, for all religious sects would have strong incentives to establish their own schools, lest some other denomination seize control of the bulk of school enrollment. In addition, voucher critics have little faith in parents' ability to choose quality schools. Most parents, they say, are poorly informed about the quality of today's public or private schools and could easily be led astray by false and outlandish claims of competing schools.

Voucher backers argue that most of these problems could easily be overcome through some form of government regulation. The critics argue in turn that the amount of regulation needed would produce a system as heavily bureaucratized and inefficient as the present one. The result, they say, would be a host of schools offering little more choice than students now have. Holland and Denmark have had programs very like educational vouchers for years, but the schools are so tightly controlled that there is little of the free-market atmosphere necessary to test the claims of voucher proponents.

Perhaps the largest group of voucher opponents are those who believe that public schools are the last, best hope for a nation pledged to equal opportunity for all. In spite of their faults, these people say, public schools have always been -- and must continue to be -- the gateway to a better life for the poor and the minority child.

So far, experience with vouchers is extremely slim in this country. The Office of Economic Opportunity has funded a study of vouchers and plans to have experimental programs operating in as many as six school districts within the next two or three years. Until data from these experiments come in, however, the hard questions about vouchers remain unanswered.

Performance Contracting

Another experiment in the search for educational quality and economy is performance contracting.

Performance contracting, in brief, is a contract between a school district or a group of teachers and a private firm. The agreement specifies that the contractor will teach certain basic skills (such as reading and mathematics) to a specified number of children on a pay-for-results-only basis. The greater a child's achievement, the higher the contractor's pay; the less achievement, the less pay; and finally, no achievement, no pay.

When performance contracting was first tried in 1968 in Texarkana, Arkansas, it was viewed as a way to get disadvantaged children up to proper grade-level achievement. That particular experiment ended when the corporation contracted for the job was dismissed because, said school officials, it has "taught to the test."

But advocates of the controversial new system predict much wider uses in the future -- and probably they are right. Within three years the idea spread from a single school district and an expenditure of $135,000 to more than forty school districts that planned to spend some $10 million during 1971-72 on performance contracts.

Performance contracting is also designed to force the schools to focus on achievement. Traditionally, boards of education and administrators have been concerned chiefly with inputs into the educational process: the qualifications of teachers, the size of classes, the quality and availability of textbooks and materials, and special programs. Under performance contracting, the contractor must be concerned chiefly with output -- specifically, achievement, since that is the only criterion used to determine his pay. Thus, with money as an incentive, it is believed he will discard unworkable methods and adopt productive ones much more quickly and willingly than his teacher counterpart whose pay remains the same no matter what level of achievement is produced.

Critics argue that education cannot be reduced to such a simple process. They say that not all of the outputs of education can be known with certainty, that some cannot be tested, and even those that can are not accurately measured by today's achievement tests. Even IQ tests, they say, have cultural biases built into them. And there are no tests designed, they add, that will measure whether children will be happier, be more successful in school, get a better job, have a happier married life, or strengthen the democratic institutions of the nation.

Teachers, too, eye performance contracting with less than enthusiasm. In fact, they see in the approach a threat to the teaching profession in general and job security in particular. Traditionally the teacher has played the central role in the educational process, but performance contracting, some fear, may make the teacher little more than a classroom manager. Most contractors -- who are usually also manufacturers of educational technology -- make heavy use of programmed instruction materials, computer-assisted instruction, audiovisual aids, and the like. They also rely heavily on teacher aides. No wonder teachers feel threatened with obsolescence.

Another fear aroused by performance contracting is that big business may wind up in control of the public educational system. That fear is quite natural since control of education is one of the traditional -- and cherished -- major functions of local American government. Legally there is no reason groups of teachers could not bid for contracts, but generally, large businesses are the only ones who can afford to take the financial risks involved.

Just how effective is performance contracting? So far, results have been mixed. The Banneker Elementary School in Gary, Indiana -- the only school in the country operating completely under a performance contract -- has had good results in raising student achievement in reading and math. In Philadelphia, on the other hand, a contract to improve the reading ability of 14,261 pupils has had about as much failure as success.

The largest single performance contracting experiment funded at $5.7 million by the Office of Economic Opportunity during the 1970-71 school year, involved six companies, eighteen school districts, and 27,000 children. Grand Rapids, Michigan, experimented with an incentive plan, giving plastic washers -- exchangeable for cash -- to primary pupils who made the slightest gains. In Hammond, Indiana, experimenters placed third-graders at teaching machines in individual booths and used teacher aides -- not teachers -- to answer questions and to pass out cookies with encouraging words.

Preliminary results of the eighteen-district experiment are now beginning to trickle out of OEO. The findings suggest, according to OEO evaluations, that some of the programs did worse than normal school practices, most did about as well, and a few did a little better. First indications are that programs stressing incentives did better than those focusing exclusively on teaching machines. But even these skimpy details are the results of only one year's experimentation, usually not considered a long enough time period for meaningful evaluation. With many more contracts now being let, it is hoped there will soon be enough ongoing projects so that their long-term value can be more widely and more concretely measured.

Educators have other ideas for achieving quality and economy besides performance contracting and voucher plans. Some educational experts, for example, advocate such strategies as shortening the time spent in school, switching to year-round schools, and training vocational students on the job.

Shortening the Time Spent in School

The normal time spent in public schools today is twelve years, although kindergarten and other preschool programs may stretch these years. But why, ask some educators. This is an era when children grow up on television and are showered with more ideas, words, and images at an earlier age than any generation previously. Shows like Sesame Street and The Electric Company, both produced by the Children's Television Workshop, even introduce reading and math skills to preschoolers. By the time they reach the last year of high school (if they have not already dropped out), these children are likely to have become bored and restless with the standard high school program, these educators say. Because the high school may not be challenging, stimulating, or meaningful enough -- and feeling perhaps that there is nothing useful the school can offer them anyway -- these students may well be ready to enter the world of work or college. This being the case, these educators ask, why not chop off a year of high school? For one thing, shortening the high school career would represent a considerable economy, since it costs more to educate a high school student than an elementary pupil.

Educators and school officials as well as students find the idea appealing. The Fleishmann Commission studying New York State schools, for example, is giving serious consideration to the three-year high school. They see it not only as a money-saver but as a chance for students to get job training or go to college earlier. In addition, the Carnegie Corporation in New York has given grants to branches of the State University of New York to experiment with different college-high school cooperative arrangements, such as combining a student's senior high school year with his college freshman year.

Other states are also experimenting with the idea. In Maryland, for example, students may choose to finish their high school work in three years, provided they work out a suitable program with school officials.

The Year-Round School

Another proposal for saving school money is the year-round school. Some educators point out that summer vacation wastes a quarter of a year while expensive school plants stand empty. There is, in fact, little educational reason for maintaining the summer holiday: the custom stems from America's simpler agricultural days when children were needed to help their families in the fields. If children went to school year-round, some experts say, it would take less time for them to get through school and this, again, would save many dollars per pupil. Or, if the buildings were used twelve months per year on varying schedules, there would be fewer double sessions and less need for new classrooms. However, both approaches would call for higher teacher salaries, since teachers are now paid for only a nine-month year.

On-the-Job Vocational Training

One of the most costly items in a school budget is vocational education. Experts who seek school economies say that it may pay to have vocational skills taught on the job -- with the firms receiving subsidies -- rather than in the insulated environment of vocational schools. The school district would not have to purchase expensive equipment, and the learner-on-the-job would have some chance of staying with the company that trains him (barring trade union intervention). But critics of this idea say that it binds a pupil to a specific trade at the beginning of high school, offering him no option to switch once he has begun to study at a company.

Toward Quality Education

Clearly, there are no easy ways to finance education adequately and equitably, to distribute school funds fairly and evenly, and to get the best educational value for every dollar. But as this discussion has shown, the efforts under way to answer these complex questions are in the best spirit of American know how and experimentation.

The *Serrano* case in California and the others around the country are pinpointing the inherent unfairness of the local property tax as the principal means of supporting public schools. What's ahead? It seems likely that the

United States Supreme Court will take stand on the property tax question this year and that the federal government will soon provide more, and more general, funding for education. It is equally clear that the states may eventually have to revamp their state aid systems.

How quickly new financing formulas are worked out will depend on how quickly those who value the nation's public schools can persuade legislators and the courts to move ahead. It will also depend on how willing both educators and the public are to rethink old ideas and experiment with new ones. There's no doubt that changing the way we finance schools will take years to accomplish -- and that it will take place in small, not giant, steps. And after all that, we know it will not solve all we find wrong with our schools. But whatever else happens, we almost certainly will move closer to providing a quality education for all children. The signposts are already up, pointing the way.