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ABSTRACT

This document was written to inform middle income blacks 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. Some possible methods of implementing these plans are also discussed. For a description of the development and dissemination of this document see EA 005 105. Other related documents are ED 070 188, EA 005 106-108, and EA 005 110-111. (DN)

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PAYING FOR OUR SCHOOLS:

Is There a Better Way?

Erna Ferlanti

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Group III

Communications Coalition
for Educational Change

A legal decision quietly handed down in California last year is rocking the foundations of this country's present school finance system. That ruling--the first in a series opening the way to much-needed reform--has profound implications for the children in Chicago's inner city classrooms, for those in New York's Harlem, as well as for children, parents, and taxpayers throughout the nation. In a landmark decision, the California Supreme Court ruled that the state's finance system relied too heavily on the local property tax. Such a system, the Court declared, "invidiously discriminates against the poor because it makes the quality of a child's education a function of the wealth of his parents and neighbors."

For some black leaders finance has become the most important issue in the battle for equal educational opportunity. "Up to now, large urban school systems in the United States have traditionally consigned the poor and the black children to the social and economic junk heap," testified Julius Hobson, director of the Washington (D.C.) Institute for Quality Education and a major force for change in the D.C. school system, in special Senate hearings last fall. "This goal has been accomplished through a variety of vehicles, some obvious, like simple segregation by race, others more subtle, such as an unequal distribution of educational resources, rigid tracking and inferior physical plants," Hobson said.

But it is the unequal distribution of educational wealth, he told members of the Senate committee investigating school finance problems, that blacks must especially concern themselves with now.

<u>What's wrong with our present school finance system</u>?

First of all, it probably is inequitable. The $46 billion raised by the country's taxpayers for public schools in 1971--largely through the local property tax--was unequally collected and unequally disbursed. The differences in per-pupil expenditure between Chicago's urban and suburban areas dramatically points-up this disparity. The Chicago public schools' per-pupil expenditure in 1968-69, for example, was $769, while in the adjoining suburb of Evanston the figure was $1,596 per-pupil at the secondary level and $1,102 at the elementary level.

Just who is getting the short end of the fiscal stick is all too apparent in the racial make-up of typical urban and suburban schools: in 1970, for example, the Chicago school system was over 60 per cent black or Spanish-speaking; the Evanston system was over 75 per cent white.

Even within cities, funding disparities between schools are substantial. In Chicago, staffing costs per-pupil range from $404 to $723 in Chicago's regular elementary schools.

Second, the current method of financing education seems inadequate. Not only is there too little money to meet present needs, but if school districts try to improve their provisions for the children of the poor--who seem to have been shortchanged--bankruptcy will be that much closer.

Chicago was $29 million short at the start of the 1971 school year. Only by borrowing against 1972 funds was the school system able to avoid shutting down its schools for most of December. Ironically, in the first year of operation under a new state constitution pledging "the educational development of all persons to the limits of their capabilities," the Chicago Board of Education found itself slashing educational services. They made across-the-board reductions in all department services, drastically curtailed planned new instructional programs, eliminated wage increases, and considered dropping completely a number of programs such as adult education. The board's action, made necessary by fiscal shortages, "turns back the clock on some programs as much as 100 years," Chicago board member Mrs. Louis A. Malis testified before Congress last fall. Originally $98.5 million in the hole for 1972, the Chicago school system has whittled its deficit down to $33.4 million.

Chicago school children were not the only victims of a failing finance system. Across the nation, last year, an alarming and unprecedented shortage of money dictated drastic cutbacks in teachers, counselors, and ourses. In cases, even the length of the school day and school year had to be shortened. Some 80 suburban districts in Cook County--

including affluent Evanston--faced large budget deficits. School districts everywhere--in large cities, small cities, towns, and suburbs--all faced a similar dollar crisis last year:

* New York City had to lop-off 5,000 of its 62,000 teaching positions.

* Los Angeles--at least $10 million in the red--cut 1,000 regular teaching positions from its rolls, shortened the school day, and reduced counseling and testing.

* Philadelphia-- with a whopping $68 million shortage -- fired 513 of its 12,500 teachers, trimmed $20 million from administrative operations, eliminated $1.4 million for substitute teachers, let almost 200 other staff members go, and whittled $785,000 from its teaching materials budget. And, after all this, the city still did not have enough funds to last a full school year.

* Pinellas County, Florida, with 85,000 pupils, found itself $8 million short in local funding and dropped 150 of its 4,400 teachers.

* Portland, with an enrollment of only 13,600, eliminated all of its substitute teachers.

Why a money crisis now?

First, more students than ever are attending the nation's public schools--at a time when not only cities but whole states are facing bankruptcy. In 1960, the public schools enrolled more than 36 million pupils--almost a 44 per cent increase over 1950. But in 1971, public school enrollment stood at more than 46 million--a jump of more than 27 per cent in ten short years.

Swelling the public school rolls are the 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--also because of money troubles. The 5.7 million students enrolled in private schools in 1960 represented a rise of almost 68 per cent over 1950. But as Roman Catholic parochial schools--enrolling the bulk of private pupils--have closed, the trend has reversed: the 5.7 million in private schools in 1970 represented a drop from 1960. And, as more private pupils more into the public schools, the short supply of money will create an even greater pinch.

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, comes to more than 80 per cent of the average budget. Since almost all employees get annual raises, the same education will cost more each year, merely to keep up with inflation. There are now more than 2 million public school teachers, whose pay alone accounts for almost 61 per cent of the average school budget. Although teachers' earnings have increased almost 78 per cent from 1961 to 1971, from an average $5,499 to $9,689 annually, they still are underpaid in comparison to other professionals and workers.

It is not surprising, therefore, that education costs have soared during the last decade. During the 1960's expenditures for public elementary and secondary education rose 150 per cent, from about $16 billion to about $40 billion. Education now accounts for over two-fifths of all state and local government spending.

Nor is it surprising that the public, once willing to tax itself adequately for schooling, has grown increasingly concerned about the high cost of education. Until recently, most people believed that more money produced better schools. That conviction prompted citizens to finance construction of some 700,000 new classrooms in the 1960's. Now, however, the public's mood seems to have changed. Bond issues for school construction and tax referendums for school operating funds are among the few taxes on which the taxpayer may vote directly. And currently, irate citizens are turning down about half of such requests. The affluent residents of Chicago's suburbs, for example, rejected seven proposals for school tax increases during two months in 1971.

To sum up matters, many school officials are besieged by inadequate financing, ballooning inflation, overburdened taxpayers in revolt, irate parents demanding more education for their money, and the pressure of increasingly militant teachers who not only want more pay but more high-quality teaching materials. Many educators are beginning to wonder how the schools will survive the current money crisis. And, the American public appears to share their concern: a recent Gallup Poll shows that people regard finance as the biggest problem facing schools today.

Where does the money come from now?

As things now stand, the heaviest responsibility for financing the schools is borne by local districts and states. Across the nation as a whole, 52 per cent of school revenue comes from locally raised taxes, 41 per cent from state aid, and only 7 per cent from the federal government.

But these figures do not reveal the total problem, for percentages differ widely among the states. In New Hampshire, for example, the ratio is 90 per cent local, 5 per cent state, and 5 per cent federal. In North Carolina, on the other hand, the percentages are 19 local, 69 state, and 12 federal. For Chicago, the breakdown is 53 per cent local, 33 per cent state, and 14 per cent federal. Only Hawaii has no local school taxation.

The United States Constitution makes no specific provision for financing the schools. The federal Constitution, in fact, delegates total responsibility to the states. And although most state constitutions require the establishment of free schools, they do no specify how the supporting tax dollars shall be raised. In effect, state legislatures created local school districts for administrative purposes and then gave these districts the authority to levy taxes. In most states, such local levies are limited to taxes on property.

Local Revenue

The American taxpayer--already burdened with federal and state income taxes, sales taxes, excise taxes, and even death taxes--has been rebelling against the heavy reliance on the school property tax--and perhaps with good cause. Owning property may not go hand-in-hand with wealth or high income--for example, many older persons live on small fixed-incomes even though they own their own homes.

More important, property taxes vary considerably both within and between states. These variations among communities are caused by differences in *tax bases* and *tax rates*. The *tax base* represents a community's total taxable property wealth, determined in part by local tax officials who assess the worth of each piece of property. These assessments differ widely both within and among communities, according to local practice or even the whim of the assessor. The *tax rate* represents the percentage of assessed property value on which taxes are computed and is usually set by the community itself.

For example, wealthy District A, whether urban or rural, may have 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 low tax rate, but because of its high tax base, it can still afford 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 can be taxed, and many houses in disrepair. Z may have an extremely high tax rate that produces a small amount of revenue because of its low tax base. Z may try four times harder than A to acquire funds to support its schools, yet A may end up spending twice as much as Z does on each pupil.

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

State Aid

States have sought to close the money gap between districts by supplementing locally raised revenue with state aid.

But such plans, howsoever elaborate, fail to resolve the fundamental problem. Most state legislatures, for example, provide some aid funds to all districts, regardless of their affluence. Thus, all districts gain money but the disparities between rich and poor remain. Similarly, state aid plans through which state money is matched with local funds on a dollar-to-dollar basis also leaves the fundamental inequalities intact. The same holds true for the allocation of funds as uniform grants on either a per-teacher or per-pupil basis. And, when local districts are allowed to tax themselves above the "foundation" level of support the state considers essential for each pupil, equalization again remains an elusive dream.

Many state equalization formulas actually work against the cities, the President's Commission on School Finance has charged. These state aid laws, passed around 1900 when cities were wealthy, favored the then-poor rural schools. Although the balance of wealth has since shifted, state legislatures have since avoided changes in the laws. "Suburban legislators have shown no more inclination to come to the aid of the cities than their rural counterparts," the Commission said in its report to the President.

The Federal Role

Federal aid, in itself, like state aid, fails to resolve the dilemma. Attempting to help local school districts meet their bills, Congress has provided "categorical" aid--

money earmarked for specific educational programs. (These funds have, among other things, bought [illegible]ches, improved the teaching of science, forei[illegible], and mathematics, and supported compensatory programs for the disadvantaged child.) But such aid does little to compensate for the imbalance in tax resources between rich and poor districts. In fact, the government's primary attempt to supplement the resources of poorer communities is the ambitious, $1.2 billion-a-year compensatory education program. Though the program is the largest single federal-aid-to-education effort, the money is stretched out over so many students that the benefits to each is paltry. About seven and a half million students in the U.S. qualified for compensatory education aid in 1969-70: the federal money available to each averaged out to only $187. To illustrate the potential size of the program, both in Chicago and New York over half of the public school children are eligible.

Most other non-school federal aid programs provide funds on the basis of population alone. Differences in income, local wealth, or educational need are not considered. Indications are that the federal government will eventually switch to "general" aid programs for education. Under general-type aid, states and local school districts will receive federal dollars with relatively few strings attached. For example, funds now reserved for the school-lunch program could, in the future, be used for textbooks if the district so wishes.

How does money affect the education of your child? Does it make a difference?

Most educators would agree that the current school finance plight adversely affects the quality of education for all children. Teacher cutbacks, shortened sessions, fewer teaching materials, and reductions in special programs and services mean that it is harder to deal with the particular needs of your child.

In the past, both educators and the general public assumed as an article of faith--with good reason--that the bigger the budget the better the school and the quality of education. And, in point of fact, many national surveys have shown that, in states with low expenditures per-pupil, more draftees are rejected for educational deficiencies than in states with higher per-pupil spending. Educators make the point 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."

The problem is further complicated by the fact that some school districts need more money than others simply because of the kinds of children they enroll. It does cost more to educate the disadvantaged, largely because they come from homes that provide little or no preparation for learning. Take two San Diego County districts in California as an example. In the San Ysidro School District 85 per cent of the children are from minority homes, a third come from families on welfare, and the average reading score is well below average. Del Mar, another district in the same county, has a 2.8 per cent minority population, only 3.9 per cent on welfare, and the average reading score is in the seventy-second percentile. As you might expect, there is a substantial difference in the money each district spends on its schools, a difference that state aid does not overcome.

On the other side of the coin, however, in recent years studies have cast doubt on the dollars-to-quality notion. In 1965, Congress passed the Elementary and Secondary Education Act, aiming the bulk of its funds 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 per cent had little chance of raising their achievement at all, and another 20 per cent could make only small gains. The United States Civil Rights Commission, after reviewing the major programs offering extra educational services to the disadvantaged, declared that "none of the programs appears 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 what influenced pupils' achievement most was what each brought to the classroom from his own home and environment.

What, then, is the answer? Does more money produce both quality education and equal educational opportunity? The court debates would seem to indicate that money spent is a real factor in rating schools. Perhaps the fairest answer can be found in t [illegible] vate 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 lawyers 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.*

Can the system be changed?

A major reform movement is now underway. Across the country citizens, lawyers, and legislators are seeking remedies to the present defects of the school finance system. To date, some forty-odd finance suits are pending in federal and state courts. The reformers have already won half a dozen such cases, and a suit challenging discriminatory school finance is now before the U.S. Supreme Court.

State governments also are deeply involved in the finance issue. In many states, special commissions set up by legislatures or governors are investigating the problem, considering solutions, and in some cases, seeking legislative action. Judging by the fate of several completed state studies, however, little new legislation will result unless the states are forced into action by the courts.

The climate for reform nonetheless has been growing steadily. Two court decisions--one in California and one in Texas--are of particular significance in the snowballing movement:

California's *Serrano v. Priest* was the first major test in the legal battle. On August 30, 1971, the California Supreme Court ruled that overdependence on the local property tax for financing public schools was a violation of the federal Constitution. Citing past United States Supreme Court decisions on inequality of educational opportunity, in connection with the equal protection clause of the 14th Amendment, the California court held that the financing of schools through the property tax discriminates against the poor.

The California court cited as an example the Baldwin Unified School District, relatively poor, 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. Yet 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 declaring such inequities unconstitutional, the court said: "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."

As a result of *Serrano*, Californians are voting this fall on a constitutional amendment that would limit the use of the local property tax. Until a new school financing method is found, however, districts will continue to draw school revenues from local property taxes.

Perhaps the most crucial of the cases to date, *Rodriguez v. Edgar*, is now before the U.S. Sepreme Court. Unlike the *Serrano* case, which avoided the racial issue, *Rodriguez* firmly ties together the twin problems of equal educational opportunity for minorities and school finance inequities. The suit involves the rights of Mexican-American residents in San Antonio and labels the Texas state school finance system discriminatory.

On December 23, 1971, a special panel of federal judges ruled unanimously in the plaintiff favor, declaring that the Texas system--which draws almost half of its support from the property tax--is unconstitutional. Again citing violation of the 14th Amendment, the panel ruled that the Texas system ensures 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.

The state has appealed the *Rodriguez* decision to the Supreme Court. If the nation's highest court upholds the lower federal court, locally based taxation for school support will become unconstitutional. As a result, every state relying on local taxation will then be faced with the need to find an alternative way of financing schools.

<u>What are the alternatives to the present system?</u>

Educators and financial experts are now wrestling with a variety of new approaches, seeking to find a solution that would raise school funds more equitably and distribute them more fairly.

Obviously, neither total local funding nor total federal funding is the answer. Hence, any new revenue plan will no doubt be some combination of federal-state-local financing or, possibly, a combination of state and federal financing.

Many educators say that, whatever plan is adopted, more money should come from the federal government. While the Constitution prevents the government from paying for all school costs (even if it wanted to), Congress could legally raise the federal share to more than its present seven per cent. The Constitution specifically provides that Congress is empowered "to levy and collect taxes... for the common defense and general welfare of the United States."

Senator Edward Brooke of Massachusetts is one of many elected officials who vigorously support raising the level of federal funding. The federal aid figures for his state and the country as a whole, he told the Massachusetts Teachers Association last May, "are distressingly low and compel our all-out efforts for their upward revision."

Those who seek more aid from Washington believe that the federal share should be in the range of 20 to 50 per cent of the total school bill. Since the federal government now collects about two-thirds of all taxes, the time is ripe, say proponents of increased federal support, for Washington to come through with some generous "general" aid to replace the present, more limited, categorical funds.

Indeed, the federal government does seem to be moving in this direction. The United States Commissioner of Education, Sidney P. Marland, declared in December of 1971 that the federal government should pay 25 per cent to 30 per cent of the public school bill. Commissioner Marland believes that the money should come from revenue sharing--a program through which Washington returns some of the tax money it collects to the states for distribution to local school districts.

How much federal money would be distributed and how it would be distributed is not presently known. Reports from 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 in the immediate future.

Among educators and economists one of the most hotly debated questions these days is, If not the local property tax, what?

Here are the outlines--indicating advantages and disadvantages--of four of the more significant, and more controversial, school finance plans.

I. Total Funding by the State

Under this plan, the state becomes one school district for fiscal purposes, so no disparities can exist among local communities. This is, in fact, how schools now are financed in Hawaii. The state legislature simply authorizes funds to cover the full cost of each child's education (in Hawaii's case, $984 per pupil), in a sort of one-child, one-dollar concept. Although there is no local school taxation, Hawaii does receive eight per cent of its school budget from federal funds. Equality of educational opportunity, as far as dollars can buy it, would seem to have been achieved.

Total state funding is hardly a cure-all, however. Though it eliminates the worst features of the old system, the plan nonetheless creates its own inherent problems. A total state funding plan, for example, raises the issue of local control--something long-cherished by the American people. Districts can keep some local automony, in spite of state fiscal control, but without question, it would be greatly restricted under total state funding. Many Americans, fearing the loss of local control over educational policy, believe the old adage, "Whoever pays the piper calls the tune."

Another crucial consideration is that the one-child one-dollar plan does not guarantee equality. Some districts, for example, have above-average costs for transportation, physically handicapped pupils, non English-speaking and other disadvantaged children. It costs, for example, about twice as much to educate a handicapped child as a normal one. Vocational training, too, is sometimes more expensive than academic instruction, mostly because of the costly equipment that may be necessary.

A modified version of full state funding might help overcome this problem. Instead of the state paying the <u>full costs of all educational expenditures</u>, it would fund only the <u>high-cost expenditures</u>. These might include basic teaching costs--the heart of every school budget-- and the special expenses of educating "high expenditure" students.

Full state funding of high-cost expenditures would be especially helpful to big cities like New York and Chicago, which suffer from "municipal over-burden"--usually high numbers of students who require extra educational services in geographical areas where such services are particularly expensive.

New York is among the states that have considered total state funding. A special commission recently urged that all public school funds be <u>raised</u> and <u>distributed</u> by the state, which now pays 47 per cent of the school bill. The commission recommended a statewide property tax. rather than the different local property taxes now in effect. But the controversial, widely-publicized report, has so far not produced any legislative action.

II. Cooperative State and Local Plans

Two states now using cooperative plans are Utah and Rhode Island.

In Utah, the state decides what each local levy will be. When these taxes produce more than a specified amount per-pupil or per instructional unit, the excess funds flow back to the state for redistribution among poorer districts.

While the Utah formula does help the poorer districts, and offers incentives for greater taxation effort, it still does not result in equal educational opportunity. This is because, under the plan, a district may still tax itself above the state-set levy and keep all of the money derived from this extra effort. Thus, a wealthier district still comes out ahead of a poorer district even though state aid has been made available. One way around such inequalities might be for a local district to raise what it could--based on its resources--and have the state make up the difference.

In Rhode Island, there is a precentage-equalized formula for state aid. The state assigns each school system an "equalization factor" based upon its rank among all state districts in assessed property value per child. Suppose, for example, a school system's "factor" is 40 per cent. 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 control over how such money will be spent on schools, some experts believe that the maximum placed on state aid pre.ents the plan from working as designed. Also, since the "equalization rank" is tied to assessed property value, the plan still may be discriminatory.

There are other forms of cooperative state and local plans for school support. Most of these increase the amount of the state's aid. But since none are currently in operation, it is difficult to judge their strengths and weaknesses.

III. District Power Equalization

Under this method a district may elect to pay for its 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 per cent; for $1,000 it must tax itself at 2 per cent; and for $1,500 at 3 per cent. If the levy produces more than the amount specified per pupil the excess is returned to the state. If the levy produces less than the set amount, the state makes up the difference.

In short, says the plan's author, John E. Coons, law professor at the University of California at Berkeley, "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."

Coons' power equalizing would allow a school district to spend whatever amount per pupil it chooses, without having to tax itself more than other districts in the state. Many experts believe that this method will meet any test of equality.

But power equalization could raise other thorny constitutional questions, however. Some experts contend that under power equalization, the amount of money spent and the quality of education depend on the tastes of the voters in a particular district. They reason that, according to the United States Supreme Court reapportionment decision, to make the quality of a child's schooling a function of his geographic residence could be constitutional. As a result, they think that power equalization will not be accepted as an adequate remedy by the courts.

Others also argue that the Coons plan could increase inequities, if wealthy districts choose the higher rates, while poor districts choose the lower ones. Yet, such wealthy towns as Beverly Hills would stand to lose rather than gain under power equalization. To get the $9 million it now spends, Beverly Hills would have to tax itself up to $29 million, and contribute $18 million to the state of California for redistribution among poorer school districts.

IV. District Reorganization

This device would merge a neighboring wealthy and poor district into one, to achieve a more equitable tax base and a fairer distribution of funds. Relatively poor districts like Chicago and New York, for example, would be combined with richer ones in the adjoining suburbs.

Such mergers have been proposed before, but not in connection with school finance reform. In January 1972, Richmond, Virginia (whose schools are 70 per cent black) and two of its suburbs (whose schools are 90 per cent white) were ordered by a federal judge to form one school district. Although the merger would improve the new district's tax base, the primary goal in the Richmond case was desegregation, not dollar support.

Still, redistricting may become a common way to collect and distribute school money more equitably. The Richmond decision, though still on appeal, may have set a course which other districts will imitate in an effort to end segregation. In passing, they may also achieve the added benefit of a more equitable tax base. And metropolitan areas searching for new ways to finance their schools, may decide that redistricting is the best solution available.

Certainly consideration itself is not a new idea. Sparsely-populated rural and suburban communities, which by themselves could not afford to support a high school, for example, have a long history of affiliating with neighboring communities.

Redistricting, however, could face serious opposition. Suburbanites, who have fled the cities for the better life, and who have been spending much more money on schooling than urban city districts, are likely to resist any attempt to divert their money to their city neighbors.

How do we move from plans to action?

At each step in the implementation of any school financing plan, citizens will have the opportunity to make their views known.

Each of these four plans cannot take place without legislation and each therefore faces formidable political obstacles. Through lobbying, voting, and suing--and perhaps through compromising--citizens can help shape the kind of school finance plan that eventually is adopted.

Depending on the particular plan and the particular state, the legislature may need to pass a new law or amend finance statutes already on the books. In some cases a voter referendum may be required, or even an amendment to the constitution itself. Hence, citizens can petition their school boards and school administrators to press for legislative action, if they wish, or thay can go directly to their legislators and state officials.

As citizens and their representatives make decisions about choosing an alternative, they must keep several crucial factors in mind.

First of all, there are a number of different ways money can be collected. Essentially, the choices are among taxes based on property, sales, and income.

The state, for example, might take over the property tax imposed by local school districts--a distinct possibility under the total state funding plan. The state would then establish a uniform, statewide property tax. Such action might require new property tax administration laws, or a constitutional adjustment.

The state may also consider leaving the local property tax on residential property, and levying a statewide property tax on utilities and large commercial and industrial properties. Retaining the local property tax for homeowners would lessen, but not eliminate the inequitable taxation and unequal educational opportunity condemned by the courts.

Or the state may turn to non-property tax sources, such as broadening the base of sales or income taxes, or increasing their rates. In addition to sales and income taxes, states may levy new taxes, or raise existing ones on cigarettes and liquor.

Forty-five states already have a sales tax to work with, and forty-one also have some form of income tax. To raise rates, legislatures would have to amend present tax administration laws; to levy new taxes, they will need to create completely new legislation. Both actions have always been politically unpopular and in a time of taxpayer revolt, legislators face an especially rocky road.

Second, *distribution is another factor in choosing a new school finance plan.* Some of the alternatives spell out distribution patterns more clearly than others. The power equalization plan, for example, outlines formulas for district contributions and expenditures. The total state funding plan, on the other hand, leaves the question of distribution open.

Under the provisions of the *Serrano* decision, money must be distributed in some equalizing fashion, and advantages-based-on-wealth clearly are prohibited.

Equalizing opportunity can take many forms. Providing for students' backgrounds and accommodating their special needs is one. Giving supplementation to low-income areas is another. Many states already use weighting devices--allotting more money to a child with special needs. Minnesota, for example, gives children from low-income families half again as much money as those from the higher-income brackets.

Third, *aside from raising and distributing school funds fairly, spending these funds effectively is a related--and equally troublesome--question that must be considered.*

Not all school administrators and boards of education get the best educational value for every dollar spent. How to best budget money is seemingly an unsolved riddle, but as education costs soar, the public clearly is hungry for greater efficiency and greater accountability.

Accountability, to educators, means better management of educational resources. Many, for example, believe that teachers should be accountable for how much they teach and how well. Teachers, on the other hand, often point out that they cannot be held truly accountable unless they have a greater voice in making educational decisions.

Mainly, however, efficiency relates to the spending practices of the schools. Business and industry already are linking with the schools to help introduce new management methods that are applicable to education. Some school superintendents are beginning to hire more budget specialists with business experience for administrative jobs.

But accountability and efficiency cannot by themselves provide good educational value. Citizens must first decide what they most want from their schools: What do parents value in their children's education? What do children want for themselves? These questions--basic to the issues of school finance and quality education--need separate and thorough study, discussion and debate.

Towards Equal Educational Opportunity

Clearly, there are no easy ways to finance education adequately, to distribute school funds fairly and evenly, and to get the best educational value for every dollar. But as this report has shown, the efforts underway to find answers to these knotty problems are in the best spirit of American tradition.

It seems likely that the United States Supreme Court will take its stand on the property tax question this year, and that the federal government will soon provide more money for education. But it is also clear that the states will eventually have to revamp their revenue collecting systems.

However the formulas are worked out, a difficult problem will remain for black and other minority Americans. More equitable financing will no doubt make equal educational opportunity more possible--but what exactly does "equal" education mean for the minorities?

Senator Edward Brooke of Massachusetts has strong ideas about what it should not be:

> We must remain unhesitatingly committed to an equal educational opportunity for every American child. But we must not slide back into the facile and mistaken promise that 'equal' means 'the same.' We must avoid homogeneity in our educational processes... We must provide as many diverse educational opportunities and programs as are needed to match the diversity of children in our pluralistic society.

More dollars will not automatically buy the educational opportunity and the pluralistic system Senator Brooke envisions. But better school financing may take us a bit further down the road. The signposts are already up--pointing the way.