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ABSTRACT

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The paper is primarily concerned with identifying and explicating the environmental forces and political factors that were responsible for legislative enactment of major school financing changes in Wisconsin in 1973. Easton's political systems theory serves as a conceptual framework for the study. In addition, Charles Lindblom's leadership model, David Truman's interest group theory, and John Wahlke's legislative role theory model are also used to focus on different aspects of the school finance policy-making process. System inputs responsible for the new school finance formula are categorized as changes within the legislature's environment (circumstantial conditions and major demand articulators) and changes within the legislative body. The identified environmental inputs include the following three circumstantial conditions--the citizens' demands for property tax relief, judicial pressures for school financing changes, e.g., the Serrano decision, and the state's revenue windfall. The major demand articulators include Wisconsin's Governor Lucey and the Democratic party, and several organized groups--Wisconsin Department of Public Instruction, Wisconsin Education Association, Wisconsin Association of School Boards, Wisconsin Association of School District Administrators, loser school districts, and business/industry. The legislative inputs include the Democratic majority in the assembly and the Democratic majority on the joint finance committee. In conclusion, six hypotheses are formulated and discussed based on what actually occurred in Wisconsin.

The Politics of Reforming School Finance in Wisconsin

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Terry G. Geske

In March, 1973, the U.S. Supreme Court decided the closely-followed Rodriguez case and ruled that the Texas public school financing system did not violate the 14th Amendment of the U.S. Constitution. The Court clearly stated, however, that its action should not be interpreted as placing a "judicial imprimatur" on the status quo. Indicating that fundamental and innovative school finance reform is needed, the Court stated that the solution must come from "the lawmakers and from the democratic pressures of those who elect them." Other than merely strengthening a state's existing foundation program, or reorganizing its school districts, two alternatives are available to reduce the obvious school financing inequities: full state funding (FSF) and district power equalizing (DPE).

Amid increasing demands for property tax relief and a growing concern for equality of educational opportunity, Wisconsin's Governor Patrick J. Lucey appointed a Task Force on Educational Financing and Property Tax Reform in January, 1972. Concentrating on the property tax for five months, the task force adopted a resolution in May that would have reduced property tax rates by approximately 25 percent and required the state to contribute an additional $350 million. After carefully studying an FSF proposal based on a statewide property tax system for an additional three months, the group opted for a DPE plan in August that was based on a modification of the state's existing percentage equalizing school aid formula. During the last four months of its deliberations, the task force spent a considerable amount of time in an attempt to achieve an acceptable agreement on specific cost control measures.

The task force's final recommendations included:

1. A DPE plan with the state recapturing excess revenue from the wealthier districts over a two-year adjustment period--Based on the task force's plan, 37 of the state's 436 school districts would have to contribute $7.5 million to a state educational fund for redistribution to the poor districts during the 1973-74 school year. The number of loser school districts and the amount of required negative aid payments would increase during the second year of the biennium.

2. A set of spending controls to assure immediate property tax relief and to reduce spending disparities in the future--A temporary one-year cost control would limit spending increases per pupil during 1973-74 school year to 5 percent of the previous year's statewide average expenditure per pupil. A permanent spending control mechanism based on a two-tier guaranteed valuation provision in the formula would strongly discourage excessive spending by sharply decreasing state aids once a district spent more than 107 percent of the average statewide per pupil cost.

The Governor incorporated most of the task force's recommendations into his executive budget bill which was introduced into the legislature and immediately referred to its joint finance committee in February, 1973. In its partisan composition, this powerful 14-member committee reflected the majority standing in each chamber. While the Democrats possessed a sizeable 62-37 majority in the assembly, the Republicans held a slim 18-15 margin in the senate. Accordingly, the Democrats maintained a significant 8-6 majority on the committee.

In the midst of the legislative debate over power equalization, the U.S. Supreme Court decided the Rodriguez case. Approximately one month later, the joint finance committee's revised budget document, containing a considerably compromised power equalization provision, was read into the assembly. While the assembly quickly passed the Governor's budget package, the senate Republicans voted to nonconcur, deciding to rely upon conference committee negotiations to amend the budget more to their satisfaction. Over the next two months, the budget conferees achieved agreements on a number of compromise proposals including a further reduction in the impact of the power equalization provision. With the senate and the assembly both approving the conference committee's finalized budget in July, Wisconsin had a new general school aid formula.

This paper examines the political system and decision-making process in Wisconsin through which control over educational finance matters is exercised. A case study approach is used to investigate the school finance policy formulation process that occurred between January, 1972, and August, 1973. Viewing public policy as a dependent measure, this paper attempts to identify and explicate the environmental forces and political factors that were responsible for enactment of the state's revised general school aid formula.[1]

Theoretical Framework

Easton[2] theorized a systems approach for political inquiry which adequately provides for the interrelationships between the environment, the political system, and policy decisions. Meranto[3] operationalized the political systems approach for his study of the 1965 Elementary and Secondary Education Act (ESEA) by constructing a simplified input-output model to explain the policy innovation. System inputs which were largely responsible for the 1965 policy reversal were identified in terms of changes which had occurred in the political system's enviroment (circumstantial conditions), as well as within the political system itself. The political system's changes were classified as those which impinged upon the legislature (major demand articulators), and those which had taken place within the legislative body. Essentially, Meranto's study was an examination of how the various inputs or changes combined to influence the policy decision.

Easton's political systems theory as operationalized by Meranto was used as a conceptual framework to guide the investigation. Meranto's model of legislative change provided both a "map" for the initial research and a mechanism for organizing the data obtained. System inputs apparently responsible for Wisconsin's revised school aid formula were initially categorized broadly as changes within the legislature's environment (circumstantial conditions and major demand articulators) and changes within the legislative body.

Since most policies are the product of environmental circumstances, participants' preferences, group activity, and the like, several additional theoretical orientations were used to augment the political systems theory. In order to explain the policy-making pehnomena more fully, a reconstructive leadership model, interest group theory, and a legislative role theory model were also used in analyzing and clarifying the actual data obtained for the school aid policy formulation process.

Reconstructive Leadership Model

Lindblom[4] conceptualized a "policy-making ladder" which emphasizes the importance of the political leader in the policy formulation process. The basic premise of this model is that political preferences or demands are pliable and that new conditions, experiences, and facts will reshape policy considerations. At the same time that policy makers are responding to preferences, they are also remolding preferences largely through the persuasiveness of partisan analysis. In short, the policy-making process produces both policies and preferences.

The "policy-making ladder" graphically depicts the chief executive at the top, ordinary citizens at the bottom, and other participants, ranked approximately according to their involvement, on the intermediate rungs. Communications move up the ladder indicating what is wanted or needed, while at the same time, communications are flowing downward disclosing what is possible or most feasible.

While policy decisions are constrained by existing preferences at any given time, the policy-maker has ample opportunity over time to alter the preferences that limit his options. A reconstructive leader is one who realizes this and skillfully shifts

> . . . others' preferences so that the policies he desires fall within (whereas they formerly fell outside) the constraints imposed by the preferences of other participants in policy making. And then he uses what power or influence he has to get the policy he wants.[5]

Policy, then, is a product of the leader's own values and desires, and his ability to reconstruct the structure of preferences of the other participants on the policy-making ladder.

Interest Group Theory

Group theory views politics as the interaction and struggle among groups to influence public policy. Truman[6] defined an interest group as a number of individuals with "shared attitudes". A group "makes certain claims upon other groups in a society" and becomes political "when it makes a claim through or upon any of the institutions of government." To articulate their members' interests or wants, the various groups attempt to gain access to the perceived authorities and the important decision-making phases in the policy formulation process. Public policy therefore is largely explained in terms of the degree of effective access the various groups achieve.

Dye succinctly summarized the group theorist's position:

> . . . public policy at any given time is the equilibrium reached in the group struggle. This equilibrium is determined by the relative influence of interest groups. Changes in the relative influence of any interest groups can be expected to result in changes in public policy; policy will move in the direction desired by the groups gaining in influence, and away from the desires of groups losing influence.[7]

<u>Legislative Role Theory Model</u>

Wahlke[8] and his colleagues viewed the legislature as a complex system of roles and formulated a legislative role theory model to depict the various sets of norms which guide a lawmaker's behavior. Contending that legislators' role perceptions play an important role in the policy-making process, the authors divided a legislators's possible role orientations into four major sectors--the core, clientele, incidental, and specialized sectors.

Within each role sector, the authors developed several different role types. Depending upon the functional meaning attributed to certain norms, the core-roles, for example, may be divided into representational, consensual, and purposive roles. Different representational approaches include the "trustee" who acts on his own principles as a free agent, the "delegate" who reflects the will of his constituency, and the "politico" who follows his party's instructions on political matters.

Lindblom's, Truman's, and Wahlke's conceptual models were used in conjunction with the political systems approach to analyze and interpret the 1973 school aid policy formulation process. Each model uniquely accommodated a different aspect of the policy-making process. The leadership model was used to focus on the governor's role; the interest group model was used to scrutinize the impact of the participating groups; and the legislative role theory model was used to treat the observed behavior of legislators.

Analysis of the School Finance Policy-Making Process

An analysis of the Wisconsin data employing Meranto's model of legislative change as an analytical framework points to several conclusions. Environmental inputs included the following three circumstantial conditions--demands for property tax relief, the school finance court cases, and the state's revenue windfall--and a number of major demand articulators--Governor Lucey and the Democratic Party, and several organized groups [the state Department of Public Instruction (DPI), Wisconsin Education Association (WEA), Wisconsin Association of School Boards (WASB), Wisconsin Association of School District Administrators (WASDA), loser school districts, and business/industry]. Legislative inputs included the Democratic majority in the assembly (62-37) and the Democratic majority on the joint finance committee (8-6). These identified system inputs are delineated in Figure 1.

Demands for Property Tax Relief

School costs and property tax levies for educational purposes increased significantly during the 1960's in Wisconsin. Between 1961 and

1971, the number of pupils increased 35 percent, costs per pupil 105 percent, operational disbursements 177 percent, and general state aids 213 percent. Property taxes levied for educational purposes nearly doubled from $323 million to $624 million from 1964 to 1970. To raise these amounts, the average equalized property tax rate would have increased 15.5 to 18.0 mills per $1000 of equalized value.[9]

<u>Environmental Inputs</u>

A. Circumstantial Conditions
   1. Demands for property tax relief
   2. School finance court cases
   3. State's revenue windfall

New Inputs →

B. Major Demand Articulators
   1. Governor Lucey and the Democratic Party
   2. Organized Groups
      DPI
      WEA
      WASB
      WASDA
      Loser School Districts
      Business/Industry

New Inputs →

<u>Legislative Inputs</u>

A. Democratic assembly majority (62-37)

New Output →

B. Democratic joint finance committee majority (8-6)

Figure 1--An Analysis of the Data Employing Meranto's Model of Legislative Change as an Analytical Framework

While taxpayers expressed a dissatisfaction with the property tax throughout 1970 and 1971, their discontent erupted into a dramatic revolt during January, February, and March, 1972. With the property taxpayers in rural areas voicing the loudest complaints, the tax protests became increasingly more organized throughout January. In an unprecedented move within the state, a number of townships voted to withhold their property tax revenues by placing the funds "in escrow" to protest rising property taxes. The property tax protests continued to multiply, and by the end of February, several additional town meetings had resulted in similar action. While most towns submitted their tax revenues to the school districts by March 15 as required by law, a couple of towns did not release their funds until three weeks after the deadline, and at least one town did not release its tax funds until May.

A considerable amount of publicity had been focused on the property tax revolts. Dramatizing their plight, the taxpayers had successfully influenced the initial deliberations of the Governor's task force during this same time period. With the taxpayers applying ample pressure for some immediate action, the task force members quickly responded with a tentative plan that would have provided substantial property tax relief.

School Finance Court Cases

The *Serrano* decision in August, 1971, prompted a number of similar cases throughout the country.[10] Within a year after *Serrano*, 52 cases had been filed in 31 states challenging the states' school financing system. Of the four cases filed in Wisconsin, two in state court and two in federal court, one included state claims. As one state policy maker noted, "There was a *Serrano* hysteria at the time. Everybody thought that something had to be done. Just about every state had a study group, and in most cases, a court case also."

The school finance court cases played an important part during the initial stages of the policy formulation process. The *Serrano* verdict was an important consideration in Governor Lucey's decision to announce the creation of a task force. At a time when the Governor was groping for a way to deal with the property tax problem, Serrano focused considerable attention on school finance. Lucey firmly agreed with the California Supreme Court's reasoning in the Serrano decision, i.e., that equal tax effort should raise equal dollars for educational spending.

A discussion of the Serrano mandate and the implications of the "fiscal neutrality" standard dominated the task force's deliberations, and in direct response to the school finance court cases, the group adopted a number of resolutions throughout 1972 that effectively eliminated any of the school financing advantages inherently associated with local property wealth. Strongly endorsing the Serrano decision, Lucey continually supported the task force's recommended district power equalizing plan including the required negative aid payments.

While the Rodriguez decision may have considerably diminished the pressure on the Wisconsin legislature to reform school finance, the Court's action didn't appear to have a significant effect on the legislative process. The court cases had prompted a consideration of needed school financing changes, and regardless of the Rodriguez decision, the property tax problem still required a definite response. Because of the Rodriguez decision, however, Lucey and the Democrats may have had to compromise the budget package more extensively in order to retain the power equalization provision.

State's Revenue Windfall

With the advent of federal revenue sharing, the Governor may have suspected that a limited amount of surplus funds would be available for the

1973-75 biennium when he decided to appoint the task force in late 1971. Lucey, however, did not know that the state would have an unprecedented revenue windfall one year later. By the time the task force was finalizing its report and the Governor and his staff were formulating the budget, most policy participants realized that a substantial amount of revenue was available.

In late 1972, the state's unprecedented revenue surplus assured substantial property tax relief. The magnitude of the available revenue was such that the Governor's original budget bill provided approximately one-half billion in new property tax relief without a tax increase. In addition to the recently allocated federal revenue sharing funds of $170 million, a dramatic upsurge in the state's economy resulted in a state surplus of $138 million, and anticipated tax growth of $573 million. The difficult problem of determining how to raise the necessary state revenue to provide property tax relief never became an issue.

The revenue windfall significantly influenced the legislative process. Initial revenue projections for the biennium permitted the Governor to exercise considerable discretion in formulating his original budget document, and later revenue estimates enabled several necessary legislative compromises. For the most part, the Republican-controlled senate did not obtain a number of costly business tax "concessions" at the expense of other policies and items in the budget. The business tax exemptions simply became a part of the total budget package.

An agreement to include a machinery and equipment (M&E) property tax exemption in the budget at a cost of $60 million broke the logjam and prompted adoption of the Governor's budget bill, including the school aid package and the controversial negative aid feature. In addition, because of the tremendous influx of funds, nearly all of the state's school districts received substantial state aid increases. The available revenue made legislative enactment of the revised formula possible by permitting a sizeable reduction in the number of loser school districts.

Governor Lucey and the Democratic Party

This section examines Governor Lucey's role throughout the school finance policy formulation process. Lindblom's leadership model is utilized to explain how Lucey reconstructed the framework of existing preferences to reform school finance by creating the task force and by skillfully using his executive budget. The section concludes with a presentation of Wisconsin's policy-making ladder for the revised school aid formula.

Campaigning vigorously on a property tax relief platform, Lucey and his fellow Democrats captured the executive office and the state assembly in November, 1970. Shortly after his election, Lucey announced his intention to use the executive budget as a means for implementing major policy changes. While the Governor's budget for the 1971-73 biennium provided some property tax relief, a satisfactory treatment of the problem was merely delayed. At the time, Lucey and his staff did not have a satisfactory plan or the necessary revenue to resolve the property tax problem. As the state's first four-year term governor, however, Lucey had an opportunity to formulate carefully his budgeting plans for the next biennium.

The Governor's Task Force.--By creating the task force, Governor Lucey intentionally initiated the complex policy formulation process, and to a degree, committed himself to some type of school finance reform. While Serrano prompted the Governor to act, Lucey alone was responsible for the decision to establish the task force. The Governor's advisors were skeptical of a task force approach and confident that the administration could formulate a better budget proposal. At least one member of Lucey's staff became even more concerned after the task force had been formed, believing initially that the group was much too large.

Although the task force was large, the Governor's office made sure that the forty-seven members of the task force represented a wide range of interests and idealogies. While a diversity of farm, labor, and business interests was present, the "educational establishment" also was represented by a number of school board members, school district administrators, and classroom teachers. The task force also included ten legislators, five from each political party.

Furthermore, the Governor insisted on appointing both his Secretary of Administration and his Secretary of Revenue--two of his closest advisors--to the task force. In addition to serving as the Governor's "eyes and ears," these advisors provided considerable direction for the task force's deliberations. The Governor clearly wanted a group of people who were familiar with the various problems involved.

By establishing the task force, Governor Lucey deliberately created a structure that permitted the various interests to resolve the inevitable conflicts and achieve the necessary compromises. Continually striving for a consensus, the task force members gradually formulated a realistic school financing proposal. In the process, the task force served as a public forum disclosing the major areas of disagreement. At the same time, the broadly based task force was used to legitimize the school financing recommendations and mobilize support for them in preparation for the 1973 legislative session.

With the establishment of the task force, Lucey provided initiative and direction. As the task force formulated its proposal, a number of the state's policy-makers and agencies devoted considerable expertise and resources to a thorough examination of the issues and problems involved in shifting to a higher level of state support for the public elementary and secondary schools. At least some of the state's key policy-makers were seriously considering the property tax problem in terms of reforming school finance. Lucey, in effect, had modified their policy preferences.

The Governor's Executive Budget.--In Wisconsin, the governor is fully responsible for preparing the biennial budget, involving in the budget preparation process only selected individuals of his own choosing. Exercising considerable budgetary control, Lucey implemented several controversial policy changes through the budget document during the last two biennia which probably would not have survived the legislative process as separate pieces of legislation. Combined with the state's operating budget, however, legislators had no choice but to enact these policy decisions as part of the total package.

The Governor's original "no nonsense" budget for the 1973-75 biennium provided approximately one-half billion dollars in new property tax relief. Lucey reasoned that the "windfall" revenues must be used as "double-duty" dollars, serving the primary goal of property tax relief, while at the same time accomplishing significant policy objectives such as greater tax equity. For this reason, $381 million of the $521 million of property tax relief dollars would be utilized to obtain secondary social benefits.

Nearly all of the $381 million dollars would be used to alleviate substantially the burden of educational and welfare costs on the property taxpayer. Lucey proposed that the level of state funding for local school districts be increased by $349 million dollars, increasing state support from 31 percent to 41 percent. Constituting the largest single category of property tax relief- $274 million--this "double-duty" increase would reduce the statewide average mill rate for elementary and secondary education by 15 percent to 15 mills. State assumption of county health and welfare costs would result in additional property tax relief of $85.9 million.

Adhering closely to the task force's recommendations, the Governor's proposed school aid package included the general school aid formula based on a two-tier valuation system, the power equalization provision with a three-year transitional phase-in period, the temporary and permanent expenditure controls, and a provision requiring school district consolidation. The Governor also recommended the elimination of flat aids, and indicated that capital outlays, and interest and principal payments should be included as aidable costs. In addition, the Governor recommended that the employer's share of teacher retirement and social security payments (ETRSS) be included as aidable costs subject to equalization under the general school aid formula. (With the state at that time paying 100 percent of these costs, the ETRSS payments in effect represented substantial flat aids to each school district.) Estimated ETRSS costs for the biennium, for instance, were approximately $162 million dollars.

Although the Governor was flexible during the task force's deliberations, Lucey adopted a firm position once the executive budget had been introduced to the legislature. In spite of considerable pressure by the loser school districts, Lucey declared that the power equalization provision must remain in the budget, but realized that the members of the joint finance committee would have to reduce its impact to obtain the votes necessary for passage. The Governor, however, remained steadfast during the conference committee's negotiations.

Although the Governor had originally provided the largest amount of property tax relief through increased school aids, he had also provided additional relief in a number of ways through various provisions in this budget. After the legislative process, however, the available revenue was spread around even more. One Democratic senator indicated that the Governor's finalized budget was the best political document that he had ever seen-- "Some Republican senators couldn't vote against the budget and expect to stay in office."

By skillfully employing the executive budget, Governor Lucey restructured the preferences of most Democrats and some Republicans. Because Lucey had incorporated a comprehensive school aid package into the budget bill, school finance reform became a major policy thrust of the Democratic party. With Lucey taking a firm position and actively seeking support, party loyalty dictated that the Democratic lawmakers and leadership in the legislature support the proposed school finance changes, and in particular the power equalization provision.

Because the Republicans controlled the senate, a number of compromises were inevitable. Lucey, however, reshaped the Republicans' policy preferences by refusing to compromise further on the school aids package during the conference committee's negotiations. Informing the state's industrialists of his offer to institute an M&E exemption, Lucey applied enough indirect pressure on the Republican budget conferees to resolve the budget deadlock. By offering several business tax "concessions," and also delaying the impact of the power equalization provision, Lucey provided sufficient incentive for certain Republican senators to cross-over and support the budget bill.

Wisconsin's Policy-making Ladder.--Based upon Lindblom's conceptualized policy-making ladder for the federal government, Wisconsin's policy-making ladder for the 1973 school aid formula is depicted in Figure 2. With the Governor located on the top rung, the policy-making ladder indicates the policy makers whom Lucey had to influence. The Governor, for example, had to influence his top advisors and several important legislators in order to have his school aid package enacted. At the same time, those participants on the ladder below the Governor had to influence Lucey, his advisors, or some legislators in order to have their particular interests considered.

The state's new school finance policy was molded as information indicating "what was wanted" and "what was feasible" moved up and down the policy-making ladder during the various policy formulation stages. Throughout the task force's deliberations, for example, the Governor's advisors provided the group with useful information in regard to "what was possible." The fiscal guideline of $350 million for establishing the specific amount of property tax relief to recommend was an important piece of information moving down the ladder. Similarly, the task force's endorsement of a local allocation plan was an important piece of information moving up the ladder. Information concerning local control, cost controls, negative aids, and later, business tax incentives, also flowed up and down the policy-making ladder.

Governor Lucey

Legislative Officers
Top Administrators
Other Close Advisors

Joint Finance Committee Co-Chairmen
Joint Finance Committee Members & Conference Committee Members
State Superintendent of Public Instruction

Department of Administration & Department of Revenue Officials
Department of Public Instruction Officials
Other Legislators

Newspaper Editors
Wisconsin Education Association Spokesmen
Wisconsin Association of School Boards Spokesmen
Other Lobbyists

Task Force Members & Consultants
Representatives from the Loser School Districts
State's Industrial Leaders
Other Interested and Influential Citizens

Ordinary Voters

Non-Voters

Figure 2--Wisconsin's Policy-Making Ladder for the 1973 School Aid Formula

In summary, Governor Lucey exerted very strong leadership throughout the school finance policy formulation process. After restructuring the framework of existing preferences through the creation of the task force and the formulation of his executive budget, Lucey used his power and influence to institute his own policy goals. The model clearly discloses that the Governor's strong leadership was primarily responsible for legislative enactment of a revised school aid formula containing a power equalization provision.

Organized Groups

While formal authority for state educational policy-making in Wisconsin resides with the governor and state legislature, and to some degree with the state superintendent of public instruction, the state's major informal educational interest groups, of course, also influence public policy for the schools.

To determine the impact of group influence on the revised school aid formula, this section considers the major educational groups involved--the DPI, WEA, WASB, and WASDA--and also the two additional groups that played important roles--the loser school districts and business/industry. A group theory perspective is used to examine the degree of access achieved by the different groups during the important decision-making stages--the task force's deliberations, the formulation of the executive budget, and the legislative process.

Department of Public Instruction.--Wisconsin is the only state that does not have a state board of education. The state superintendent of public instruction is an independent constitutional officer elected on a non-partisan basis for a four-year term. While the state superintendent's policy-making authority is carefully defined by state statutes, the degree of influence that the superintendent actually exerts over state educational policy depends to a large measure upon his relationship with the governor and the legislature.

During Governor Lucey's tenure, particularly with the Governor's heavy reliance upon the executive budget as a vehicle for instituting policy changes, the Department of Administration (DOA) became much more actively involved in formulating policy proposals. The DOA's increased activity in the public education area has considerably diminished the DPI's input. Although the Governor exercises budgetary control over the DPI, he cannot dictate the DPI's program recommendations. Predictably, conflicts occasionally surfaced between the DOA and DPI during the school finance policy formulation process.

While the Governor's advisors both assumed very active roles throughout the task force's deliberations, the State Superintendent also actively participated in the formulation of the school financing proposal. The State Superintendent consistently advocated the retention of the local allocation plan and the consolidation of all school districts into K-12 organizations. Striving to maintain a political stance that would not antagonize any of the school districts, however, the State Superintendent attempted to maintain a neutral position in regard to the power equalization provision throughout the legislative process. In contrast, the State Superintendent openly endorsed the Governor's temporary one-year cost control measure since he was permitted to authorize exceptions under extenuating circumstances. At the same time, the DPI supported the transfer of the ETRSS payments to the local districts because the general state aid appropriation was increased by a compensating amount.

Wisconsin Education Association.--Well-organized and exhibiting strong leadership, the WEA's spokesman vigorously attacked the Governor's task force for concentrating on the property tax relief problem while ignoring the issue of equal educational opportunity. Emphasizing that education is the state's responsibility, the WEA urged the task force to recommend a school financing plan based on a statewide property tax. The WEA also recommended the consolidation of all school districts into K-12 organizations.

During the latter part of 1972, the WEA established a political action arm called Wisconsin Educators Politically Active and Concerned (WEPAC). The WEA hoped to shape legislative decision-making on issues of concern to classroom teachers through the WEPAC organization by endorsing and supporting political candidates. With membership on a voluntary basis, approximately 20 percent of the state's teachers joined WEPAC and paid an annual fee of $5.00.

With the creation of WEPAC, the teacher organization definitely moved into the mainstream of state politics. For the November 1972 election, the WEA endorsed approximately 80 legislative candidates and made almost $40,000 in campaign contributions. A short time later, for the April 1973 election, the WEA also borrowed $25,000 to finance the campaign of an unsuccessful candidate for state superintendent of public instruction.

Extremely concerned about the affect of cost controls on teacher salary negotiations, the WEA was in regular contact with the Governor's office and the DOA during the time the budget was formulated. After a direct meeting with Lucey and his advisors, the WEA's leadership announced that the teachers would support the Governor's school aid proposal despite reservations about cost controls. In addition, while the WEA had opposed the transfer of the ETRSS payments to the local districts in 1971, the teachers' organization intended to support the change in 1973 as part of the total school aids package.

The WEA was the only educational group that supported the controversial power equalization provision at the joint finance committee's public hearing. Although the WEA publicly endorsed the Governor's proposed cost controls because of the need to ensure property tax relief, the organization actively lobbied throughout the joint finance committee's deliberations in an effort to modify the spending limitations. A short time later, during the floor debate on the budget bill, the WEA also lobbied against any proposed amendments that would have fragmented the Governor's school aid package. During the conference committee's negotiations, the WEA continued to support the power equalization provision and to attempt to loosen the cost controls.

Wisconsin Association of School Boards and Wisconsin Association of School District Administrators.--Most representatives of the school boards and district administrators associations consistently exhibited a strong local control preference and actively supported adoption of the local allocation plan during the task force's deliberations. While the WEA leadership worked closely with its task force's representatives, one observer noted, "The school boards association didn't respond as an organization. Many of the board members, of course, had other affiliations." And unlike the WEA, the WASB remained aloof from the political campaigns during the 1972 fall election.

Throughout the legislative process, the WASB supported the substantial increase in state aids, but lobbied against the power equalization provision. With several of its school districts adversely affected, the school boards organization could not endorse the entire school aids package. In addition, the WASB lobbied for more liberal cost limitations, opposed the transfer of the ETRSS payments to the local districts, and protested the school consolidation requirement. The WASDA adopted similar positions but was on record as supporting the reorganization of all school districts into K-12 structures.

The educational groups' positions in regard to the related issue areas are delineated in Table 1. Since most of the school finance issues involved highly conflict oriented state versus local interests, the educational groups were very much fragmented during the school finance policy formulation process. During the task force's deliberations, the State Superintendent and the WASB and WASDA's representatives supported the local allocation plan, while the WEA's spokesmen registered their opposition.

TABLE 1

MAJOR EDUCATIONAL GROUPS' POSITIONS IN REGARD TO MAJOR ISSUE AREAS DURING THE SCHOOL FINANCE POLICY FORMULATION PROCESS

Issue Areas	DPI	WEA	WASB	WASDA
Local Allocation Plan	Sup	Opp	Sup	Sup
Cost Controls	Sup	Sup	Opp	Opp
Transfer of ETRSS Payments	Sup	Sup	Opp	Opp
School District Consolidation	Sup	Sup	Opp	Sup
Power Equalization Provision	Neu	Sup	Opp	Opp

Where: Neu = Remained Neutral
Sup = Supported
Opp = Opposed

In regard to the Governor's proposed school aid package, the WEA was the only education group that supported the power equalization provision. With the DPI maintaining a neutral position, the WASB and WASDA opposed the negative aid feature. The DPI and WEA both publicly supported the proposed cost controls, but the WEA lobbied quietly to loosen the spending restrictions, and the WASB and WASDA openly opposed them. The DPI and WEA both supported the transfer of the ETRSS payments to the local districts, and once again the WASB and WASDA were united in opposition. Finally, the WASB was the only organization to contest the school district consolidation requirement.

Loser School Districts.--With the help of elected lawmakers who could not ignore their constituents' vocal opposition, the loser school districts organized to fight the Governor's school aid proposals. Because of the power equalization provision, 28 of the state's 436 school districts would be required to pay \$23.3 million into the state treasury for the 1973-75 biennium. Initially, 23 school districts would have to pay more than \$7 million to the state during the 1973-74 school year, with the amount of negative aids increasing to \$16 million for the 1974-75 school year.

With the losers advancing several arguments against the power equalization provision throughout the legislative process, the joint finance committee significantly reduced the impact of the negative aid requirement. After the joint finance committee's modifications, only four school districts with extremely high property valuations would have to make negative aid payments during the 1973-74 school year. In addition, one of the conference committee's compromises delayed all negative aid payments until the 1976-77 school year. While the power equalization provision had been compromised considerably, the loser school districts didn't have the political clout necessary to eliminate entirely the negative aid feature--there were simply too few losers.

Business/Industry.--During the joint finance committee's deliberations in April, several corporation officials complained that their property taxes were too high, and that the power equalization provision would significantly increase them. Similarly, one month later, a group of business executives and labor leaders informed Lucey that the proposed school aid formula would impede industrial growth in Wisconsin. During the initial stages of the conference committee's negotiations, numerous representatives from the state's major industries demonstrated their support when the senate committee on industry, labor, taxation, and banking held its public hearing on a proposed M&E bill. While the industrialists disapproved of the power equalization provision, they enthusiastically supported Lucey's budget because of the M&E exemption.

To influence the school finance changes, all of the major participating groups--the DPI, WEA, WASB, WASDA, loser school districts, and business/industry--attempted to gain access to the Governor and the legislature. Carefully structuring the task force, the Governor intentionally gave the groups affected an opportunity to participate in the formulation of the initial school financing proposal. While the various groups provided substantial input during the task force stage, the Governor and his advisors exercised complete control over the formulation of the executive budget--Lucey alone decided to incorporate the school financing proposal. The task force's spokesmen and the WEA's leadership who were in contact with the Governor during this time period merely served to reinforce his decision.

Regardless of what policy changes a governor proposes, they do not become law unless the legislature enacts them. By working closely with the Democratic legislative leaders and the joint finance legislators, Lucey effectively controlled the contents of the budget bill, making concessions only to obtain the votes necessary for legislative passage. During the legislative process, the Governor and the WEA worked together in promoting the entire school aids package. The Governor, and the WEA to some degree, were responsible for enactment of the negative aid feature. The loser school districts, however, also achieved access through their legislative representatives. Although the power equalization provision was not eliminated, its immediate impact was substantially reduced.

In addition, the Governor prevailed on cost controls and the transfer of the ETRSS payments to the local districts. The WASB worked with the senate Republicans and the loser school districts in opposing the power equalization requirement. While the WASB unsuccessfully opposed the transfer of the ETRSS payments, the organization was instrumental in the elimination of the school district consolidation requirement during the conference committee negotiations.

The Democratic Majority

This section focuses on the Wisconsin legislature and reviews the progression of the Governor's 1973 budget and proposed school aid package through the assembly and senate. Wahlke's legislative role theory model is used to examine the key legislative votes.

In the Wisconsin legislature, the committees on finance from both the assembly and the senate function as one--the powerful 14-member joint committee on finance. In addition to approving any bills with fiscal implications, the joint finance committee is the only legislative committee authorized to conduct public hearings and amend the executive budget before either house can consider the bill.

Since the Democrats controlled the joint finance committee, their approach to property tax relief prevailed. After tabling the senate

Republicans' bill that would have provided almost $400 million in direct property tax relief, the Democratic joint finance legislators modified the controversial school aids package in their own manner and within their own ranks in preparation for the budget battle in the Republican dominated senate. In an attempt to make the school financing reforms more palatable politically, the Democrats substantially diminished the impact of the power equalization provision. On a straight party-line vote, the finance committee provided a 10-year phase-in period for the power equalization provision and also provided for substantial transitional aid payments to the loser school districts.

Because of their large majority in the assembly, the Democrats were successful in keeping the budget package together and in its original form during the floor debate. Accordingly, a couple of amendments that would have destroyed Lucey's school financing proposal and several amendments that would have broken the budget package were defeated. After three days of floor debate, with only two Democratic amendments attached, the assembly passed the budget bill by a vote of 55 to 43. All 37 Republicans voted against the bill and 6 Democrats joined them. These six Democratic assemblymen, of course, could afford to vote against the budget without seriously threatening its passage.

With the Governor very much involved during the conference committee's negotiations, the Democrats agreed to a number of major business tax relief measures, including an M&E exemption. Although the Democrats maintained a firm position in regard to the proposed school financing measures, they did agree to delay all negative aid payments until the 1976-77 school year and also to eliminate the school district consolidation requirement. In addition, the conference committee loosened the temporary spending limitation slightly and increased the permanent cost disincentive from 107 percent to 110 percent.

After a great deal of debating and preliminary voting, the senate approved the conference committee's budget report by a vote of 18 to 15. Generally voting along party lines, 13 Democrats and 5 Republicans suported the budget, while 13 Republicans and 2 Democrats opposed it. Whereas the budget had been deadlocked in the senate for two weeks, the assembly passed it after less than two hours of debate by a vote of 59 to 39--only 5 Democrats and 3 Republicans crossed party lines.

The Governor's executive budget bill was an intensely partisan issue and Wahlke's politico role orientation explains much of the voting in both houses of the legislature. The joint finance legislators approved the Governor's major policy changes, including the controversial power equalization provision, on straight party-line votes of 8 to 6. Furthermore, in passing the conference committee's finalized budget report, only 15 of 133 legislators crossed party lines. Of the 15 cross-overs, only the votes of a few Republican senators were important in determining the actual outcome.

While partisan role analysis may explain the voting on the joint finance committee and in the assembly, it does not clarify the Republican cross-over votes in the senate. In terms of partisan analysis, these Republican senators were confronted with serious role conflicts. For any number of possible reasons, some more obvious than others, these senators felt justified in supporting the budget bill. The following remark by one Republican senator in support of the conference committee's report during the senate's floor debate on the budget perhaps best characterized the predicament of these Republicans--"The good in the budget far outweighs the bad."

The Republicans were satisfied with the exacted compromise measures; they could claim credit for significantly improving the state's business tax climate, and for substantially delaying the impact of the power equalization provision. Furthermore, since a number of school districts represented by a Republican legislator clearly benefited from the budget, some Republicans simply could not afford to vote against the budget.

In summary, Easton's political systems approach as operationalized by Meranto provided a useful framework for organizing and analyzing the data obtained. The use of Meranto's analytical framework in conjunction with Lindblom's, Truman's, and Wahlke's conceptual models facilitated an understanding of the observed phenomena by clarifying the important system inputs responsible for Wisconsin's revised school aid formula.

Conclusions

Several environmental and legislative changes prompted the adoption of a revised school aid formula. Significant contributory factors included (1) demands for property tax relief, (2) school finance court cases, (3) the state's revenue windfall, (4) Governor Lucey and the Democratic party, (5) several organized groups, (6) and the Democratic majority in the assembly and on the joint finance committee. Although there was no causal relationship between these inputs and the new policy, the merging of this specific set of inputs resulted in change.

The basic conclusion emerging from the research is that the convergence of this set of interrelated factors was responsible for enactment of major school financing changes in Wisconsin in 1973. While the research involved a single state case study, and a state's peculiar economic and political characteristics make any generalizations hazardous, five _a posteriori_ hypotheses can be formulated.

> Hypothesis #1--Special circumstantial conditions will prompt a consideration of major school finance reforms and strongly influence the policy-making process.

> Hypothesis #2--A state revenue surplus will greatly facilitate the enactment of major school financing changes.

Three circumstantial conditions--demands for property tax relief, the school finance court cases, and the state's revenue windfall--substantially influenced the policy-making process. The absence of any one of these factors would have considerably altered the policy outcome. Without the court pressures for school finance changes, the task force probably would not have been established. Without the emphasis on school finance throughout 1972, the state's revenue windfall may have been used to achieve additional welfare reforms or provide direct property tax relief payments to individual taxpayers.

While school finance reform would have been possible in Wisconsin without the revenue windfall, the enacted changes probably would have been considerably more modest if less funds had been available. The political struggles over competing priorities would have been much more pronounced in an economically depressed time. Likewise, any suggested tax increase to raise the "new" money necessary to fill a revenue gap created by limiting the use of the property tax for school purposes would have most certainly generated considerable debate, thus further complicating any effort to reform school finance.

> Hypothesis #3--A governor must provide reconstructive leadership throughout the policy-making process in order to enact school finance reforms.

In view of the central role the chief executive may choose to play in the policy-making process, a governor's leadership could easily be a decisive factor in any attempt to reform a state's public school financing system. Because of a governor's formal constitutional powers and his informal party leadership role, he can exert considerable influence over the state's policy-making apparatus. While a governor's active leadership may not be absolutely necessary in order to reform school finance, he would have to at least approve or sanction the suggested changes. A governor's opposition, for whatever reasons, e.g., a pledge to reduce state spending, would seriously impede any major school financing changes.

Hypothesis #4--Appointment of a task force broadly representative of the various groups affected will facilitate the formulation of a politically acceptable school financing proposal.

Since any attempt to change a state's public school financing system generally involves a number of crucial issues, the formulation of an acceptable school financing proposal--one that can survive the legislative process--is normally a difficult task. In order to obtain the widespread support necessary, the various groups affected should have an opportunity to voice their concerns, express their preferences, and reconcile their differences prior to the legislative struggle.

Hypothesis #5--Major school finance reforms will most easily be enacted as part of a state's total budget package.

The magnitude and diversity of a state's budget significantly facilitate the political compromises necessary to assemble a package of items which will assure the votes needed for passage. Using the executive budget, a governor can demonstrate considerable leadership by establishing his legislative priorities, focusing attention on certain issues, and trading off those items he feels are less important.

Implications

Since environmental factors strongly influence the policy-making process, governmental officials, professional educators, and others who are interested in promoting school finance reform must remain extremely cognizant of a state's circumstantial conditions. Contending " . . . proper timing is essential if school finance reform is to be achieved," Rossmiller has recently applied a concept that emerged from the space program--"the concept of a 'window of opportunity', i.e., the most favorable time for launching a rocket at an object in space," to the school finance reform movement which occurred during the early 1970's.[11]

The merging of a particular combination of factors--the demands for property tax relief, the school finance court cases, the state's revenue windfall, and a governor who strongly favored school finance reform clearly created just such a "window of opportunity" in Wisconsin in 1973. Although judicial pressures for school finance changes have abated somewhat, and many states are currently struggling with substantial revenue gaps, school finance reform will continue to occur, perhaps in a much less dramatic manner.

Several states enacted major school finance legislation during the early 1970's. A number of researchers are currently examining or have recently completed studies of these attempts to implement school financing changes. This researcher strongly recommends that the results from all of these studies, representing as many states as possible, be synthesized on a comparative basis. Just as Iannaccone[12] utilized data from eleven previous state case studies to explain educators' varying approaches to state politics, the various studies of recent school finance reform efforts should be studied in total in order to develop a better understanding of the complex state political decision-making process which determines public school finance policy.

FOOTNOTES

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1. For a considerably more detailed description and analysis of the school finance policy-making process, see Terry G. Geske, "The Politics of Reforming School Finance in Wisconsin," (Unpublished Ph.D. dissertation, University of Wisconsin, 1975).

2. David Easton, A Framework for Political Analysis (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1965).

3. Philip Meranto, The Politics of Federal Aid to Education in 1965 (Syracuse, New York: Syracuse University Press, 1967).

4. Charles E. Lindblom, The Policy-Making Process (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1963), Chapter 12.

5. Ibid., p. 105.

6. David B. Truman, The Governmental Process (New York: Alfred A. Knopf, 1960).

7. Thomas R. Dye, Understanding Public Policy (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1972, p. 23).

8. John C. Wahlke, et al., The Legislative System (New York: John Wiley and Sons, Inc., 1962).

9. "School Finance" The Wisconsin Taxpayer (August, 1972).

10. Serrano v. Priest, 487 P. 2d 1241; Van Dusartz v. Hatfield, 334 F. Supp. 870 (D. Minn. 1971); Rodriguez v. San Antonio Independent School District, 337 F. Supp. 280 (W.D. Tex. 1971); Caldwell v. Kansas, Civil No. 50616 (Kan. Dist. Ct., Aug. 30, 1972); Robinson v. Cahill, 278 A. 2d 187 (1972), and the like.

11. Richard A. Rossmiller, "'Futures' and State School Finance Programs," in K. Forbis Jordan and Kern Alexander (eds.), Futures in School Finance: Working Toward A Common Goal (Bloomington, Indiana: Phi Delta Kappa, 1975).

12. Laurence Iannaccone, Politics in Education (New York: The Center for Research in Education, Inc., 1967).