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ABSTRACT

This paper analyzes some major political and fiscal trends that will shape governments' approaches to equal educational opportunity for children with special needs during the 1980's. The growing conflict between the school finance reform movement--a group that desires to redesign public school curricula to include special needs programs whatever the cost--and the advocates of spending limitations is discussed. This opposition is examined in light of the state and federal educational legislation passed between 1960 and 1978. Tables displaying statistical comparisons of the level of children's services in Fresno and Santa Clara counties for 1976 and a November 1978 legislative review on educational spending issues are appended. (LH)

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THE NEW POLITICS OF RESOURCE ALLOCATION

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The federal government's prime concern has been equalizing educational opportunity. NIE's funding policies reflect this priority. This paper analyzes some major political and fiscal trends that will shape governments' approaches to educational opportunity in the 1980s. The analysis focuses on state government. The first concerns overall fiscal policy. The second raises the issue of the interrelationship between education and other services for children with special needs.

The State Spending Conflict

There is an impending clash between two major public finance movements. One is stimulating large increases in state/local public spending while the other is galvanizing a lower expenditure trend. One is known as the "school finance reform movement." This group has been working since the turn of the century but with a new equity focus in recent years. The second movement, with a strong network around the states, is an advocate of groups that are pushing for tax or spending limitation. They have succeeded already in pushing the center of state politics to the right. This movement has two factions: the "Jarvis" group (American Tax Reform) and the National Tax Limitation Committee. In June of 1978, these two networks -- going largely in opposite directions -- had signal victories, indicating that they are both flourishing. Proposition 13 passed in California, spawning a number of state efforts to cut property taxes and limit spending (for example, Oregon, Idaho, and Michigan). On the other hand, the New York Supreme

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Court overturned the New York state system of school financing on two grounds: 1) property tax inequity based on Serrano, and 2) upheld the New York City intervenors who pushed for special need increases in the school finance formula for big cities. Appellate Court decisions handed down in 1978 in Ohio and Washington were similar to those in New York. We need to analyze these opposing movements and political networks in order to understand why they have been successful and illuminate the impending clash.

The first group (the school finance reform movement) includes two largely compatible national networks.[1] One is a group that is coordinated largely by the Ford Foundation and the National Institute of Education. It includes lawyers, scholars, and state political leaders; another is a group that is coordinated in part by the University of Florida and includes scholars, state departments of education personnel, and state politicians. The two groups share many common values and approaches, although they differ sometimes on concepts. The Florida group has more strength in the South and Plains states. Both groups want to reform school financing through levelling up the lowest spending school districts, thereby spending more money on education. They want to increase the state foundation guarantee and add programs for pupils with special needs, such as handicapped and vocational education. They usually propose some local property tax relief, but end up with an overall net gain in terms of public spending because of increased state aid. They are pro public schools and believe that more input in education will have some benefit in student outcomes. They share with the Jarvis network a favorable view toward property tax cuts. The Ford and Florida groups differ, however, on the desirability of redistributing school aid from wealthy high spending districts to property poor, low spending districts. The Ford group places a higher priority on this share-the-wealth mechanism termed "recapture."

The second group, American Tax Reform (Jarvis) and National Tax Limitation, desires changes in education financing, but advocates shrinking the size of government, slowing down the real growth of government, and cutbanks in educational "frills." They also want to cut the property tax. They are not interested in special adjustments for special pupil needs, such as the disadvantaged and bilingual in big cities. Their approach does not address levelling up of education spending or equity. Rather, they favor a levelling down of education spending. For example, in California, wealthy school districts like Beverly Hills were cut more than low spending districts after Proposition 13. The tax reform/spending limit movement contends that education is not a good buy and that more money does not lead to more pupil attainment. Moreover, they believe that government is already too big and one part of government that needs to be cut back is education. The only area of partial agreement between school finance reform and tax reform/spending limit adherents is a dislike of the local property tax as the major means for financing education.

The School Finance Reform Movement

The school finance reform movement can claim current or future impact in 20 to 25 states, with about 60 percent of the ADA. This assumes that states with court orders, such as Connecticut, New York and Ohio, will respond with state legislation. The breakthrough came in 1969, in large part because of successful court suits. The court was the legislative agenda setter through Serrano in California and Robinson vs. Cahill in New Jersey. Many states acted without a court ruling. For example, Florida was a triumph of political leadership without court stimulus. The initial political studies of finance reform from 1969-74 stressed the leadership of the governor or the legislature, and noted that the state boards and state departments of education played a minor role.[2] As of 1974, political analysts stressed these change elements for success: the court impetus and the commitment of top state political leaders, such as Governors Anderson of Minnesota, Lucy of Wisconsin, Milliken of Michigan, and Askew of Florida. They also cited states such as Kansas where the legislature took a prime role. The third element was the existence of state budget surpluses -- the era of 1969-74 was a boom period for state treasuries. The fourth element was political coalitions -- the ability to put together packages of diverse programs and compromises to include such things as accountability and even non-education expenditures.

Obviously, it is easier to build a coalition when there is a budget surplus and plenty of money to spread around. AB 65 in California (1977) is a classic example of this -- the state had enough money to pay off all interest groups. Another important political impetus was the national networks that assisted, such as the group from the University of Florida, the Ford Foundation, the U.S. Office of Education, the Education Commission of the States, National Committees of State Legislatures, and the Lawyers Committee for Civil Rights Under Law.

In many ways, school finance reform is an elitist movement. It was not galvanized by an overwhelming bottom-up demand from the populace or professional educators. It came from an alliance of educational finance scholars, lawyers, foundation officers, USOE and NIE. This interlocking network often sent lawyers as the first wave to sue the state. If a law suit was inappropriate, the reform group stimulated special state commissions or tried to spread the gospel through interstate meetings (ESC, NCLC). The same names appear and reappear as leaders in numerous states.[3] "Outside agitators" are terribly important in spreading around the principles of school finance reform. They are often allied with local lawyers or state political leaders, depending on which route they feel is more promising. The reformers countered the fear of loss of local education policy by citing studies demonstrating that higher proportions of state funding did not necessarily cause higher levels of state governance centralization. There was no need to impede local control.

In 1974, the school finance pace slowed down. We had a national recession that eroded the state budget surpluses. Some states, such as Connecticut and South Dakota, passed laws without funding them. The U.S. Supreme Court ruled in Rodrigez that it was inappropriate for the federal government to intervene. There were more losses in state courts, such as in Oregon and Washington. The Serrano impetus for equalization of the property tax base behind each child seemed to run out of gas. The coalitions were harder to build, in part because of the erosion of budget surpluses and also splits within the education groups -- arguments between school boards and teacher organizations, and between cities, suburbs, and rural areas.

Recently, the pace of school finarce reform has increased. The old school finance reformers are on the move again in new and different directions, especially reformulation of their legal concepts. The Serrano approach of relying solely on variations in local property tax capacity ignored variations in pupil needs or expenditures.[4] The Ford/NIE network won three interesting suits (Ohio, New York, Washington) that seem to portend the style of things to come. Courts in Ohio and New York ruled that a system with equal tax yield for equal property tax effort (e.g., Serrano) discriminates against the big cities. The cities have high assessed value per pupil but also have large numbers of disadvantaged children and high tax rates for services other than education. City voters will not approve raises in property taxes for education. In effect, the Ohio court case was brought by the city of Cincinnati, viewed by the finance reformers in the early seventies as a "wealthy property district" -- a city that should be able to raise its property taxes through local fiscal capacity. Cincinnati became a plaintiff and asserted that school finance has to be adjusted to the special needs and conditions of the cities, and the Ohio court so ruled.

In New York, the original case was brought by Levittown, a classic Serrano district with low-middle income housing, middle income white residents, and no business property tax base. The large New York cities of Rochester and Buffalo contended that if the court ruled in favor of Levittown, cities would be worse off. Cities have a high assessed property value per pupil and, therefore, would lose school revenue to low wealth Levittown under schemes like District Power Equalization.[5]

The New York State Court ruled in favor of Levittown and the big cities. State school finance formulas must account for municipal overburden (whatever that is). Moreover, the court said you have to take into account the high costs of cities, such as land and labor, and the pupils with special needs in cities. The court even waded into the old argument of ADA vs. ADM and concluded that ADA funding hurts the cities and is poor policy. In effect, state courts are intervening into issues that go far beyond Serrano and its conception of equity. Under Serrano, cities are viewed as wealthy school districts because of their high assessed value per pupil, extensive business property, and relatively few pupils, with many children in private schools.

The Washington case is especially interesting. After losing a Serrano type case in Washington, the city of Seattle became the plaintiff in a new suit. Seattle filed under the clause that the Washington Constitution requires "ample provision" for education. The voters in Seattle were so resistant to property taxes that the city of Seattle could not persuade its voters to approve an "ample program." Therefore, it was the state's responsibility to step in and support a "sufficient program," even if the local voters did not want to pay for it.

The Serrano view pushed by Professor Coons of the University of California/Berkeley was that if local people refused to vote "ample" school property taxes and wanted to run a program with 40 kids per teacher, this would be legal.[6] The equity test was merely that equal property tax effort (rate) must provide the same yield (revenue) anywhere in the state. In California, you could have chosen under Serrano a $2.00 tax rate, providing a program of $600 per pupil (or half the state average). That would have been legal as long as a $2.00 tax rate yielded $600 on a statewide average.

In sum, the school finance reform movement has moved creatively in new directions. It went about as far as it could with the Serrano approach. The courts have given renewed life to educational need formulas after rejecting "need" as too complex in the 1960s. Moreover, courts are advocating the elusive idea of differential costs of education. For example, state formulas must be made to adjust for unusually high land and energy costs.

The technical problems in meeting these new court mandates are serious. The courts are moving into the areas that scholars know the least about -- how to adjust for pupil needs in some precise way, how to adjust for uncontrollable costs of education, how to adjust for something called municipal overburden. It was a lot simpler merely establishing "power equalization schedules" so that equal property tax effort resulted in equal amounts of local school revenue.

The Spending and Tax Limitation Movement

This group of reformers is interested in reversing long term trends towards larger government. Their recent success has made the real growth of government a political issue. If government does not expand beyond its present share of GNP, school finance reform can only come from cutting other public services. These reformers signal a conservative cycle in spending. They include education as one area where spending has grown too fast. In California, Governor Ronald Reagan, a very popular governor, sponsored an amendment to limit state spending and tied it to state growth and personal income. He lost 54 percent to 46 percent. Other proposals which would have restrained state government spending in various ways were defeated in 1976 in Michigan, Florida, Utah, and Montana. In Illinois, Maine, Georgia, South Dakota, Minnesota, Iowa and Wisconsin, amendments proposing legislative action to limit spending or cut taxes were defeated or blocked. In sum, as recently as 1976 it looked pretty bleak if you were on the conservative side of the argument.

A harbinger of the turn-around appeared in 1977 when Maine repealed the recapture clause in its school finance reform law. Tax experts were surprised that districts benefitting from the recapture -- low wealth districts that received money from their wealthy neighbors -- voted for repeal. We began to see people voting for tax cuts regardless of their individual impact. After Proposition 13, over half the states initiated some movement for spending or tax limitation. In the 1978 elections, twelve of sixteen states passed a ballot measure, which is an impressive performance. Moreover, the Democrats in many states became advocates of spending limits -- in effect, the center of American state politics had shifted to the right (see Appendix A).

Why are many spending limit groups winning now after losing so badly in 1976? A Louis Harris poll found that 71 percent of the people do not believe that they are getting "good value for their money from their tax dollars." State and local expenditures during the last decade have risen at an average annual rate of more than 14 percent. The fastest growing taxes have been state and local taxes that have grown from six-tenths of one percent of national income to two-and-one-half percent in the last 30 years. The school finance reform movement was adding to this spending significantly. California spent billions on SB 90 in 1972 and then in 1977 appropriated $4.6 billion over four years to fund AB 65.

In many ways, Proposition 13 fever has spread because of public concern with inflation. The polls indicate this is the chief concern by a wide margin. Tax cuts become a way to fight inflation's impact. People still want public services, however, but believe the waste in delivering them is enormous. The accountability movement of the 1960s indicates this public distrust of waste includes education as a top target.

The spending and tax limitation movement is a major public finance reform movement with drastic implications for school financing. The group with the most long run promise is the National Tax Limitation Committee (NTL).

NTL's Board is chaired by William Rickenbacker, a New York investment broker and son of the famed flyer, Eddie Rickenbacker. The Board includes such luminaries as Arthur Godfrey and Claire Booth Luce. They provide assistance on strategy, tactics, and technical matters to state level organizations and legislators. Their style of elite networks is similar to the approach of Ford/NIE in school finance. They have added to their Board former Secretary of the Treasury, William Simon, and public relations expert, Stewart Spencer. They have the best mail order solicitation group in the business, headed by Richard Viguerie of Washington, D. C.

NTL is openly critical of Jarvis. They believe Jarvis provides too little and too much.[8] He provides too little because his approach fails to place limits on total state spending. All Proposition 13 did was cut the property tax, but as long as inflation keeps going, the state of California has a tax system that can increase spending at the pre-Proposition 13 rate. The California Finance Department projects another California surplus of $2-3 billion even if the same state "bail out" of $4 billion for local governments is re-enacted.

Second, NTL asserts that Jarvis focuses too much on cutbacks in one revenue source, the property tax. They fear these drastic cutbacks will lead state and local governments to raise other taxes. So the National Tax Limitation Committee warns, "Keep your eye on the ball." The ball is the level of government spending and the property tax is merely one of those sources of revenue that add to spending. Do not focus on taxes but focus on spending. NTL has proven to be correct in California where a new initiative is circulating to restrain total state spending after 1980.

NTL contends Jarvis will get conservatives and spending limit people into a lot of trouble because he essentially xeroxes an amendment that passed in California. Idaho's amendment, passed in November, 1978, is the same word for word except for a different property tax limit, but Idaho has no state surplus (unlike California). The National Tax Limitation Committee advises that their supporters need to adapt principles flexibly to each state. NTL stresses general principles that are politically difficult to disagree with:

1) spending limitations should be tied to indicators such as cost of living or per capita income growth:

2) have a property tax relief component, but it should not be the major part of the amendment;

3) make sure that state mandated costs for local government are paid for by the state legislature (sparing the use of property tax);

4) consider impact on bond ratings and preserve credit ratings of state and local government. Jarvis left California with no capacity to build new schools. There is no state or local bonding authority.

In sum, NTL appears more flexible and sophisticated. They include income indexation in their recommended arsenal for spending restraint. In the long run, from the standpoint of traditional school finance reforms, NTL is more of a threat. NTL will be shrewd in adapting its principles to a state by state context. NTL's basic thesis is that there is no good way under the current system to restrain public spending. The legislatures are unable to resist the special interest groups that advocate specific appropriations. As President of the California State Board of Education, I have met with taxpayer groups for three-and-a-half minutes in three-and-a-half years. We hear overwhelmingly from people who want to spend more. They are the organized lobbies and over time they tend to level up the public spending. The diffuse interest of the public in restraining spending does not function effectively through the normal state/local political system. In effect, conservatives lose by trying to stop each appropriation bill or spending item. The special interests are organized around specific programs. The anti-spending groups are not organized except in a general, diffuse way. Therefore, their best strategy to restrain spending for schools is by general limitations, referendums, and constitutional amendments. NTL and Jarvis hope that the diffuse public can be coalesced behind a broad based spending or tax limit.

The results of the 1978 elections kept the spending limit groups thriving, but did not result in a clean sweep. In my judgement, the media over-reacted to Jarvis and now is too quick to write off the underlying fiscal concerns he personifies. Spending limiters suffered major defeats in Colorado and Oregon, but even in those states the political dialogue on spending has shifted to the right.

The Emerging Conflict of Social Movements

It seems unlikely that both movements -- school finance reform and tax limits -- can accommodate each other. An examination of the June, 1978 New York state school finance case and the passage of Proposition 13 illuminates the conflict. The Ohio case implies state aid must "level up" low wealth districts to a higher expenditure level. Moreover, Ohio must make all kinds of special adjustments for high costs, pupil needs, and big city problems. This would tend to increase dramatically the current level of public spending for education. NTL will respond that Ohio residents should support spending limitation and prune government fat. They point to the 1978 elections as demonstrating that Ohioans are not interested in state government expansion.

Similar arguments will reappear in states where school finance increases are advocated. For example, it is questionable whether increased resources for education can be demonstrated to improve pupil attainment. In California, Jarvis made a big issue of how the schools are basically a "baby sitting arrangement" (for which he usually got standing ovations). He emphasized that costs have risen dramatically in California, the number of education personnel has increased, and achievement scores have declined. He asserted that citizens are not really hurting public education by rolling back expenditures. This is a negative argument that school finance reformers have rebutted effectively in numerous state court cases. But school finance reformers cannot use their seasoned "expert court witnesses" to fight this new opponent in the legislatures. In sum, can education compete effectively with other public services in the 1980s? This competitive aspect be.omes urgent if Jarvis and NTL stop the growth of government in real terms (after in'lation). As long as the government pie expands, competition is less intense. I doubt if the state/local public sector can continue the growth as displayed below:

The Growth of the State-Local Sector, 1948-77
(State-Local Expenditures and Taxes as a Percent of State Personal Income)

Fiscal Year	State-Local Direct General Expenditures: Total	State-Local Direct General Expenditures: From Own Funds (excluding federal aid)	State-Local Tax Revenue	Exhibit: State-Local Employees per 10,000 Population
1948	8.32%	8.34%	7.03%	240[1]
1958	12.93	11.53	8.35	298
1968	16.38	13.64	10.81	396
1976	20.32	15.90	12.47	475
1977 est.	20.75	16.05[2]	12.87	485

[1]Based on population including armed forces overseas
[2]This 1976-77 slight increase varies from an earlier ACIR finding of a slight decrease in the relation of state and local spending to gross national product. This tabulation used census data, fiscal year, and personal income. The earlier analysis used national income accounts, calendar year, and gross national product.

Source: ACIR staff computations based on U.S. Bureau of the Census, Governments Division, various reports, and staff estimates

Summing Up

Two rival political movements -- school finance reform and spending/ tax limitation -- are going to confront each other in several states. This is a major development in the state politics of resource allocation. As the California experience indicates, these two movements embrace different objectives and principles. The limits of public acceptance of court orders will be tested in those states where school finance and spending/tax limit groups are well organized. In New Jersey, the courts closed the schools until the legislature enacted an income tax law. The new public mood toward taxation may not permit such a resolution in other states. Particularly noteworthy are polls demonstrating that public opinion does not think public services are delivered effectively or efficiently. Moreover, the continued decline in public support for public education implies that major expenditure increases in education will face incrasing political resistance. The traditional coalitions of education groups may not be sufficient to pass major finance reform bills without overt support from the state courts. In California, referendums for parks and the environment passed at a much higher rate than education measures.

Recent developments have reordered some of the priorities among technical research areas. School finance experts must immerse themselves in the comparative advantages and disadvantages of various state/local spending limits. Does one use per capita income, employment, cost of living, or population growth? What are the "best" alternatives for income tax indexation? More research should focus on adjustments of uncontrollable variable costs, municipal overburden, and pupil needs.

The impact of spending limits on centralization of governance depends on the specific state statute and political culture. Proposition 13 emasculated the local property tax and shifted control to the state. But California already had a tradition of state control, including over 200 state legislative enactments concerning education every year. State and/or local spending limits may not affect local control in states like New Hampshire and Arizona, with a tradition of little state control. The Jarvis approach with its drastic shift to state funding contains the greatest implications for local control.

State Services for Children: An Exploration of Who Benefits, Who Governs

The most widespread and expensive state service for children is education. In recent years, equity and efficiency issues in the provision of education and educational services have received much attention and analysis.[9] More than twenty states have passed legislation to equalize educational expenditures among local school districts. In addition to education, however, states provide a wide range of social service programs for children. In California, during FY 1977-78, over $5.5 billion of state and federal funds were spent on more than 160 programs (including programs other than education) servicing children and youth in the state.[10] While states provide a variety of social service programs for children, of which the federal share of program expenditures is 50 percent or higher, children's social service programs have not been subject to the public scrutiny and accountability standards applied in the education sector. Moreover, there has been scant attention to equity considerations in distribution of funds and services.

This paper applies several of the analytical techniques used in school finance equalization to other children's services. This exploratory study of state social services for children was undertaken in three states: New York, Michigan, and California. This report focuses on the following statutes: 1) Title XX social service programs, 2) the WIC (women, infant and children) feeding program, and 3) EPSDT (Early Periodic, Screening, Diagnosis and Treatment Program). Eight Title XX programs were studied intensively: special diagnostic services for children (a program providing care, in a residential setting, to children who are emotionally disturbed); services to alleviate or prevent family problems; services for children with special problems (a program providing client needs assessment and arrangements for counseling and service delivery); special care of children in their own homes (provides temporary household management help to reduce reliance on out-of-home foster care); health related services (a program designed to assist individuals and families in securing, and appropriately utilizing needed health care services); child care; out-of-home services (a program providing emergency care for children); child protective services (a program serving children who are abused, neglected, or exploited); and home management services.

One methodological obstacle to our study was an unclear operational definition of "quality" or "adequacy" in children's social services. The problem is operational in the sense that different professional and lay audiences have dissimilar views as to what constitutes "quality" or "adequate" care. It is methodological because the necessary work to establish a limited number of indicators of "adequacy" or "quality" is incomplete. The Foundation for Child Development has recently supported research on social indicators of the well-being of children, including their service needs.

The Research: Overall Conclusions

Much of the original design proved to be unfeasible due to severe, and unexpected, data gaps. In the field of children's social services, data compilation is approximately 20 years behind the state of the art for education. Basic data is not collected for submission to state or federal authorities in any standard format on a recurring basis. For example, we found counties have only vague estimates as to the number of children benefitting from or participating in social service programs. Often there does not exist basic descriptive data concerning specific characteristics of the children receiving services under various programs. There often does not even exist an accounting of the various services offered under particular programs. State officials knew very little about local Title XX allocations and program impact. There is no federal or state statistical agency analogous to HEW's National Center for Educational Statistics. Given these kinds of data limitations, our study was constrained to an opening up of a potential research field. We had to compile data by going to local administrators for best estimates, or rely on estimates from program plans.

The findings of our study are presented as assertions for further research:

1. The access of children to quantity and quality in social service programs varies enormously within states. The variations are much larger than those discovered in the public financing of education even before the recent school finance reform movement (1968-1978). The differences are so large than even allowing for poor estimates by local officials does not mitigate the overall impression. Fresno County, California, for example, proposed to spend four cents per capita for child protective services in

FY 1978 while Santa Clara County proposed to spend $49.06.[12] Monroe County, New York spends $9.32 per capita for five social services (adoption, day care, foster care, information and referral, child protective services),

(Table I here)

while Alleghany County, New York spends $232 per capita for this same package.[13] These differences are so large that they cannot be explained by less "need" on the part of children in various localities.

Part of the explanation for these vast differences is that minimum floors or foundations do not exist for social service provision as they do in education.[14] Minimum floors or foundations in education represent a state financial guarantee that a basic level of education will be provided on an equal basis to all students in the state. Two equity concerns motivate the current impulses for reform in the financing of public education. One is the concern that variation in the revenues available to public schools should not be related to the fiscal capacity (e.g., property tax wealth) of local school districts. The other is that education and educational services should be ample, thorough, and efficient. Although it is not certain whether these education equity concepts are ideal for assessing children's services, they have yet to be considered.

Counties display a wide range of political orientations toward the desirability of aggressive outreach efforts in informing the public of children's social service program availability, or in identifying and informing potentially eligible clients for the programs.

2. <u>While extreme differences in service provision and funding are easy to see, it is difficult to obtain data that would enable a policy focus on equity of service provision (or access)</u>. There are no generally

Table 1.

STATISTICAL COMPARISONS OF THE LEVEL OF CHILDREN'S SERVICES IN FRESNO AND SANTA CLARA COUNTIES, 1976.

Title XX Mandated Programs	(1) Proposed Expenditures Per Title 1 ESEA Eligible Children	(2) FRESNO Proposed Expenditures Per Total Population	(3) Proposed Expenditures Per Person Served	(4) Proposed Expenditures Per Title 1 ESEA Eligible Children	(5) SANTA CLARA Proposed Expenditures Per Total Population	(6) Proposed Expenditures Per Person Served
1. Information and Referral	.83	.05	55.35	25.56	.45	2.55
2. Protective Services for Children	.60	.04	39.91	49.06	.85	259.39
3. Out of Home Services for Children	.39	.02	55.35	120.25	2.10	201.43
4. Child Day Care Services	.08	.005	55.35	20.93	.37	571.28
5. Health Related Services	.73	.13	76.95	55.11	.96	241.11
Title XX Optional Programs						
1. Special Care for Children in their Homes	.50	.03	23.36	10.41	.18	516.65
2. Home Management and Other Functional Educational Services	9.65	.57	93.33	40.95	.71	215.41
3. Services for Children with Special Problems	-	-	-	12.65	.22	201.44
4. Services to Alleviate or Prevent Family Problems	-	-	-	-	-	-
5. Diagnostic Treatment Services for Children	-	-	-	-	-	-

Figures derived from California Title XX plan and analysis of county fiscal records. See explanation on next page.

Column 1 is included because Title I ESEA eligible children is a good approximation of disadvantaged children who need governmental services. Title I includes children from below the federal poverty floor and families on AFDC. Column 3 is the total dollars spent on each service divided by the total number of clients served. Fresno serves very few children and consequently its fixed cost for operating information and referral service is spread over very few beneficiaries. This demonstrates the lack of outreach for clients compared to Santa Clara.

accepted measures of "need" for most programs. There is no consensus, for example, as to whether day care should cost $300 or $2200 per child per year. Consequently, we cannot be sure low spending localities are not meeting children's "needs."

Santa Clara and Orange Counties are high per capita income counties with similar demographic characteristics. They have very different expenditures for children's service programs. Fresno County and Kern County are a pair of low per capita income counties that are also similar in income and demographic characteristics. They also display vast differences in social service expenditures. While Title XX data are local estimates rather than audited figures, the order of magnitude in these county expenditure differences are far greater than the disparities found in educational finance. In local education expenditures, per pupil variations of 200 percent would be considered extreme and rare.

3. Federal allocations to states for social service programs comprise a substantial proportion of state Title XX budgets. For several reasons, there is not the degree of accountability for these funds as for federal education grants. The federal government exerts fare more control over its eight percent share of total educational expenditures than its 50 to 100 percent funding of children's social service programs. Federal funds for Title XX social service programs are currently allociated to states on a straight per capita basis. No fiscal adjustments are made for the size of the state's poverty population, nor are dollars redistributed when returned to the federal government by states unwilling to spend their maximum allowances for Title XX services. One of the few federal requirements attached to Title XX dollars is that 50 percent must be allocated for

services or programs specifically addressed to the social service needs of low income people. This requirement is so general that no state or county has been found to be out of compliance. In education programs such as Title I ESEA, the federal government audits local expenditures to insure low income children receive benefits. No similar federal effort is devoted to state and local Title XX children's services.[15]

4. In all three states Title XX state allocations to localities are purported to be based on need. Closer examination of the formulae, and interviews with policy makers, revealed that Title XX allocations are determined primarily by political criteria. We attempted to use multiple regression analysis to identify predictor variables for Title XX expenditures by county. An extensive list of income and socioeconomic variables were regressed against total Title XX expenditures, total mandatory Title XX program expenditures and total optional Title XX program expenditures.

However, at best only 21 percent of the variance could be explained. Consequently, we used interviews to further probe variations in local children's services. Interviews revealed that the Title XX planning process and community involvement required by the federal government appear to be meaningless rituals. Title XX state plans are written in technical compliance terms with little or no attention to program operations, need, performance, or equity.[16] Officials admitted to "putting numbers in the boxes" based on guesses or wishful thinking, rather than facts.

In New York State the formula perpetuates differences in local social service expenditures because it is based on prior year expenditures. In FY 1972-73, allocations from New York State to the counties were based on a two-part formula. Half of the allocation was determined on a per capita basis; the other half on the basis of prior year social service expenditures. There was no attention to such criteria as need, personal income, or local effectiveness in service delivery.

The California Title XX formula is also based on prior year expenditures and the favored localities have blocked changes in the state legislature. The allocation formulae for all three states perpetuate past service discrepancies and prevent appropriate adjustment to county changes in social service orientation or need. For instance, the political climate has changed recently in San Diego County, California in favor of more children's services. But the county is locked into a low level of effort based on prior political conditions.

5. Responsibility for state social services for children is widely spread through state bureaucracies with little coordination among agencies. Provision of social services for children is decentralized to the local level with scant state supervision of services. This diffusion of authority and responsibility has led to weak state/local accountability. Coordination among agencies sharing responsibilities in the administration of particular programs (e.g., health and welfare share responsibility for the WIC and EPSDT programs) exist more "on paper" than in operation. The over 160 programs serving children and youth in California are administered through seven state cabinet departments and an additional 30 state agencies, departments, offices or commissions. The 1978 California Joint Legislative Audit Committee report is a first attempt to summarize all the disconnected children's programs in one state document. This report stresses the absence of coordination. We found no evidence of state comprehensive program planning in any of the three states.[17] The administrative delivery system is so

complex that equity and accountability concerns are obscured.

6. A major conceptual problem in studying state services for children is the difficulty in separating services for children from services to families in general. An example is the controversy surrounding day care. Is day care characterized best as an educational service for children or as a child maintenance service for working mothers? For example, New York City defines day care in terms of services to children, with a strong educational component, yet the rest of New York state defines day care as a service to parents.

A Concluding Note

Children's needs are multiple and interactive. Out-of-school influences can be crucial in determining in-school performance. While I am unwilling to characterize either system (education or other state services for children) as being good or bad compared with the other, I think the striking differences in the way they are organized, administered, and funded deserve further study. Is the difference between the two types of services so distinct that we should ignore these issues in children's services. State courts have ruled that education is a "fundamental" interest. Does this legal ruling justify such differential governmental concerns between education and other children's services? Why the strong emphasis on local government flexibility in the area of non-education services for children at the apparent expense of equity of access and provision? Are there basic differences between these two kinds of services that justify the lack of data concerning children's services? Why has so much policy analysis focused on education equity and so little on other services vital to child development?

FOOTNOTES

1. See Walter Garms, et al., School Finance (Englewood Cliffs: Prentice Hall, 1978), and Roe L. Johns and Edgar Morphet, The Economics and Financing of Education (Englewood Cliffs: Prentice Hall, 1975).

2. See Joel S. Berke, Answers to Inequity (Berkeley: McCutchan, 1974).

3. See Ford Foundation, Paying for Schools and Colleges (New York: Ford Foundation, 1976).

4. See Joel S. Berke, et al., Financing Equal Educational Opportunity (Berkeley: McCutchan, 1972), especially Chapters 6 and 7.

5. See Betsy Levin, The High Cost of Education in the Cities (Washington: Urban Institute, 1973).

6. See John Coons, et al., Private Wealth and Public Education (Cambridge: Harvard University Press, 1970).

7. See Seymour Martin Lipset and Earl Raab, "The Message of Proposition 13," Commentary, 44, September, 1978, pp. 42-46.

8. Analysis of NTL based on presentation by Lewis Uhler, NTL Executive Director, National Conference of State Legislators, Denver, July, 1978.

9. See Walter Garms, James Guthrie and Lawrence Pierce, School Finance: The Economics and Politics of Public Education (Englewood Cliffs: Prentice Hall, 1978).

10. Joint Legislative Audit Committee, Services to Children and Youth Administered Through State Agencies in California (Sacramento: Office of the Auditor General, 1978).

11. Trude W. Lash and Heidi Sigal, State of the Child Report: New York City (New York: Foundation for Child Development, 1977).

12. Figures are from the 1977 California State Title XX Plan.

13. New York data from Walter I. Garms, "New York State Services for Children," unpublished paper (1977).

14. For a discussion of minimum floors, see Garms, Guthrie, and Pierce, op. cit., p. 225. They also discuss the foundation concept. Social service funding through private and voluntary agencies should be explored. It may be that in some areas in which services are funded at a relatively low level by governmental agencies, non-governmental entitites play a substantial role in the delivery of social services.

15. For an overview of accountability in education, see Joel S. Berke and Michael W. Kirst, Federal Aid to Education (Lexington: D. C. Heath, 1972).

16. For an analysis of the more stringent accountability structure in education, see G. Bass and M. Kirst, "Accountability: What Is the Federal Role?" (Santa Monica: Rand, WN-9521-HEW, 1976).

17. For an overview of accountability techniques in education, see Leslie Browder, *et al.*, *Developing an Educationally Accountable Program* (Berkeley: McCutchan, 1973.

Appendix 1.

Education Commission of the States
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Legislative Review

Nov. 13, 1978 Vol. 8 No. 19

ELECTION SCOREBOARD

YES — Alabama: Amendment #1: Proposal placed on the ballot by the legislature would lower local property assessments on homes from 15 percent to 10 percent of market value, and provide for optional assessments based on use. Other property classes would get breaks, too.

:S — Arizona: Proposition 101: A constitutional amendment drafted by the legislature would restrict state spending to seven percent of the esti ated total personal income annually.

NO — Colorado: Amendment #2: An initiative petition pacing future increases in state and local spending with changes in the cost of living

Hawaii: Three amendments will appear on the ballot as the result of a constitutional convention. One of these calls for pairing increases in the general revenue fund with increases in the state's economy. The two other amendments would require reimbursement by the state to localities for state-mandated expenses and a restriction on deficit spending.

YES
YES
YES

YES — Idaho: Initiative #1: An initiative proposal that would roll back property taxes to one percent of full market value.

YES — Illinois: An advisory question put on the ballot by 600,000 signatures calling for a cap on state/local spending and taxes

YES — Massachusetts: Public Policy Question: A nonbinding referendum to reduce municipal spending and local property taxes and to restrict state and local taxes to a percentage of total personal income

YES — Michigan: Proposal "E" (Headlee Proposal): Would hold the state to the present level of spending; increases would be limited to proportionate increases in personal income

NO — Proposal "J" (Tisch Proposal): Would cut all property taxes in half, limit the state income tax to a one-percent increase yearly and allow K-12 districts to impose up to a one-percent income tax locally if approved by the voters

NO — Proposal "H" (Parochaid Voucher Proposal): Would eliminate the use of property taxes for school funding and give a voucher for every school-aged child to be used in public, private or parochial schools of choice

YES — Missouri: Constitutional Amendment #23: Placed on the ballot by the legislature, it would allow lawmakers to roll back local property taxes when municipal or county shares of revenue from state levies increase.

NO — Nebraska: Proposition #302: An initiative proposal limiting the future growth of local government budgets to five percent annually.

YES — Nevada: Question #6: This constitutional amendment would drop property taxes to one percent of fair market value and limit increases in assessed evaluation to two percent yearly. If passed in 1978, it would also have to be approved by a majority of the electorate in 1980.

YES — North Dakota: Measure #2: This ballot question would lower personal income taxes for each citizen and increase tax rates on corporate income above $25,000.

NO — Oregon: Ballot Measure #6: This initiative petition would limit property taxes to 1.5 percent of fair market value.

NO — Ballot Measure #11: Submitted by the legislature; calls for state assumption of up to half of residential homeowner's tax (maximum of $1,500); would limit state spending to rate of increase of personal income with five percent reduction in the 1979-81 biennium. If state surplus exceeds two percent of the state budget, would require all of the surplus to be returned to individual income taxpayers.

YES — South Dakota: Constitutional Amendment "D": Drafted by the 1977 legislature; would mandate a two-thirds approval by state lawmakers before increasing local and state taxes, including property assessments

YES — Texas: Tax Relief Amendment: This constitutional amendment drafted by the legislature in 1978 special session would restructure local property taxes, repeal the current four percent tax on gas and utility bills and increase the state inheritance tax exemption.