

SUCCESS STARTS AT HOME:
Using the Federal Affirmatively Furthering
Fair Housing Rule to Tackle Education
Inequalities for Minority Children

by

Mitria Wilson, Center for Responsible Lending

Far too often, the question of how to improve educational outcomes for minority children living in the United States leads to familiar proposals involving school busing, educational vouchers, or the formation of mixed-community charter schools. The purpose of this Big Idea is not to rehash the relative strengths or weaknesses of each of these approaches. Instead, without engaging in an in-depth discussion of their frequently debated merits, it is important for this analysis to merely note that each of these answers shares a commonality that should not be ignored. More often than not, each involves an acceptance of the premise that transplanting minority children into worlds removed from their existing neighborhoods, in the hope that exposure to learning in a different community that is often comprised primarily of majority students, is the only way to produce the desired educational improvements.

Maybe it is time for a new approach. In particular, this proposal advances the idea that federal housing policy—specifically, the Department of Housing and Urban Development’s (HUD’s) Affirmatively Furthering Fair Housing mandate—should be used to make a good education available in every community. First, the fair housing rule could empower states and localities to use federal housing dollars in a way that helps ameliorate educational inequality for a broader base of minority students by countering the funding disadvantages plaguing the schools in their very own neighborhoods. This proposal then recommends that HUD modify its recently proposed fair housing mandate to specifically identify funding inequality data as a basis for determining whether the quality of a neighborhood’s school should be deemed a fair housing impediment. Finally, it suggests that schools seeking to remedy states and localities should develop solutions that generate investment in communities with less student spending in order to generate greater property tax revenue.

Money Matters

Per capita, children living in predominately minority communities in the United States receive less public funds for their education. Research has shown that, on an annual basis, schools with 90 percent or more minority enrollment spend \$733 less per student than schools that enroll 90 percent or more white students, leading to a \$9,529 funding disparity over the course of a student’s kindergarten–through–high school education. For more than a third of all minority children living in America, this funding discrepancy represents their educational reality.¹ Nationwide statistics in more racially diverse neighborhoods reveal similar inequities by finding that, on average, public schools spend \$334 more annually educating white students than for their nonwhite counterparts.²

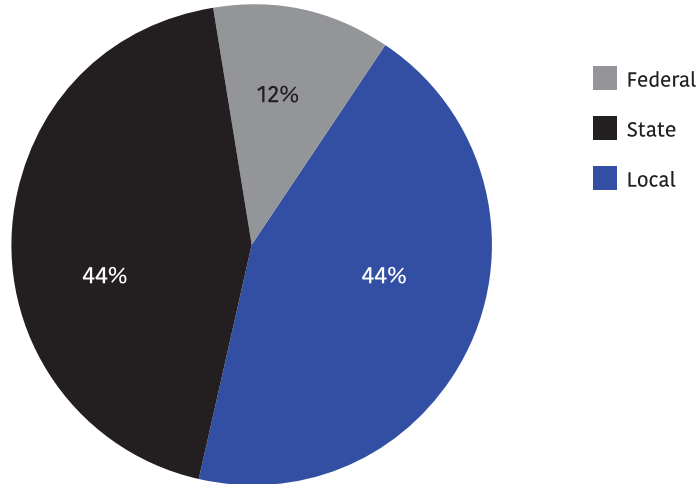
The root cause of this inequity is well documented. With nearly half of all education dollars coming from local governments,³ the public education system’s reliance on property tax revenue as a key funding source can lead to drastically different revenue results in majority and minority neighborhoods that often correspond with class level.

The result is that the nation’s wealthiest 10 percent of school districts spend nearly 10 times more than the nation’s poorest 10 percent of school districts in educating students.⁴ Because race and class are often correlated, it should come as no surprise that African American and Latino children are far more likely to attend schools in high-poverty areas than Asian American and Caucasian children.⁵

So far, federal policy has been unable to successfully counter these funding disparities due to the limited financial footprint of federal dollars. The most recent estimates show that federal spending amounts to approximately 12 percent of direct education expenditures.⁶

Figure 1

Fiscal year 2011 primary and secondary education funding by government



Source: National Center for Education Statistics.

Given the limited nature of the federal government’s existing direct expenditures on education, one logical approach is to examine whether indirect federal expenditures—that is, money not specifically allocated for educational purposes—can be used to supplement the federal government’s efforts to counter funding inequities in public education. There is good reason to believe that federal housing policy, and federal housing expenditures in particular, can be used to lessen funding discrepancies by encouraging policies that expand property tax bases in minority neighborhoods.

Viewing Federal Housing Policy and the Affirmatively Furthering Fair Housing Rule as a Means for Reducing Funding Inequities in Education

Passed in 1968, the Fair Housing Act has been interpreted to require the federal government, within its constitutional limitations, to “provide for fair housing within the United States.”⁷ Accordingly, the federal government requires that state and local governments that receive federal housing dollars—such as Community Development Block Grants, HOME Investment Partnership funds, Emergency Solutions Grants, Housing Opportunities for Persons with AIDS funds, or funds for public housing agencies—to use those dollars in a way that affirmatively furthers the Fair Housing Act.⁸ This requirement, known as the Affirmatively Furthering Fair Housing rule, mandates that states and local governments develop specific plans that proactively demonstrate to HUD how the federal funds will be used in their communities to break down the barriers imposed by discrimination.

In 2013, HUD released a proposal to change the regulations governing the Affirmatively Furthering Fair Housing regulation, with the goal of providing program participants with a more effective means to advance the purposes and policies of the Fair Housing Act. Specifically, the proposed rule redefines *affirmatively furthering fair housing* to mean:

[T]aking proactive steps beyond simply combating discrimination to foster more inclusive communities and access to community assets for all persons protected by the Fair Housing Act. More specifically, it means taking steps proactively to address significant disparities in access to community assets, to overcome segregated living patterns as well as support and promote integrated communities, to end racially and ethnically concentrated areas of poverty, and to foster and maintain compliance with civil rights and fair housing laws.⁹

In the proposal, HUD identifies “reduc[ing] disparities in access to important community assets[,] such as quality schools” as one of the four core goals of the Affirmatively Furthering Fair Housing requirement.¹⁰ Thus, federal housing policy and the Affirmatively Furthering Fair Housing mandate already recognize the correlation between government investment in housing and the quality of public education that a child receives. More important, they have already adopted a framework that encourages states and localities to use federal housing funds in a way that facilitates greater minority access to quality education.

To satisfy the requirements of the proposed Affirmatively Furthering Fair Housing rule, states and localities must engage in a two-step process. First, they must conduct an assessment of fair housing in their community based on the four major situations identified by HUD as impediments to fair housing:

1. Disparity in terms of access to community assets, such as quality schools
2. Segregation
3. Racially or ethnically concentrated areas of poverty
4. Disproportionate housing needs¹¹

The proposed assessment must be based on regional and national benchmarks and data provided by HUD, which is designed to facilitate the measurements of trends and changes over time.¹² Accordingly, the data set used to assess a particular community asset, such as the quality of schools, is of critical importance.

Second, to the extent that any of these four situations is found to exist, state and local governments must—after soliciting input from the affected community—specifically identify how the allocated federal funds will be used to ameliorate the fair housing impediment. Both the assessment and the remedial proposal make up the key components of the required plan that must be submitted to HUD.¹³

Looking Beyond Performance Data to Assess the Quality of Neighborhood Schools

Unfortunately, what the proposed regulation gets right in principle about the relationship between housing and school quality, it fails to fully accomplish in practice. Why? The answer comes down to the data. In the proposed Affirmatively Furthering Fair Housing rule, HUD suggests that school quality can be assessed exclusively on a sole factor. Specifically, HUD proposes to assess the quality of schools by using “school-level data on the performance of students on state-level exams to describe

which neighborhoods have high-performing elementary schools and which have lower-performing elementary schools.”¹⁴

This performance-based metric, viewed in exclusion, has the potential to be used as a justification for policies that serve to perpetuate, rather than eradicate, educational inequality for minorities, because performance is an outcome-based determinant that does not necessarily acknowledge the root causes for the outcome. To the extent that HUD recognizes that it is imperative to address the underlying cause of the disparity, the proposed rule is relatively silent on the mechanism that the department intends to use for that purpose. Instead, the initial regulation merely suggests that “[u]sing an assessment tool provided by HUD, the assessment will identify the primary determinants influencing conditions of integration and segregation, concentrations of poverty, disparities in access to community assets, and disproportionate housing needs based on protected class.”¹⁵

Rather than relying on an ambiguous assessment tool to identify underlying causes for fair housing impediments, a stronger approach to assessing the quality of schools is to look specifically at data pertaining to per-pupil spending.

To be sure, some politicians, pundits, and researchers have argued that there is “no strong or systematic relationship between school expenditures and student performance.”¹⁶ Yet, that assertion ignores a rather large body of empirical evidence that suggests otherwise. For example, University of Chicago professors Larry Hedges, Rob Greenwald, and Richard Laine found that “moderate increases in spending may be associated with significant increases in achievement.”¹⁷ Many studies have found that increased access to more experienced teachers, school resources, and smaller class sizes are positively correlated to student spending levels.¹⁸

The reason including funding inequity data is so important to fair housing analysis is that it forces state and local governments to develop strategies and solutions that invest in disadvantaged communities, advance home ownership initiatives in those communities, and build the local property tax base. The impact of that result is not limited to children; rather, it benefits the community as a whole.

Conclusion

This paper examines the use of the Affirmatively Furthering Fair Housing rule as a way to address funding inequalities in education. First, the fair housing rule could empower states and localities to use federal housing dollars in a way that helps ameliorate educational inequality for a broader base of minority students by countering the funding disadvantages plaguing the schools in their very own neighborhoods. Second, it recommends that HUD modify its recently proposed Affirmatively Furthering Fair Housing rule to specifically identify funding inequality data as a basis for determining whether the quality of a neighborhood’s school should be deemed a fair housing impediment. Finally, it suggests that schools seeking to remedy states and localities should develop solutions that generate investment in communities with less student spending to generate greater property tax revenue. Focusing on funding disparities encourages governments to improve an existing school’s condition rather than using funds to expand opportunities for a few of the affected children to receive education in more advantaged communities. Ultimately, it endorses the idea that educational success can and should start at home.

Mitria Wilson is the Vice President of Government Affairs at the Center for Responsible Lending, a nonprofit, non-partisan organization that works to protect homeownership and family wealth by fighting predatory lending practices.

Notes

1. A. Spatig-Amerikaner, "Unequal Education: Federal Loophole Enables Lower Spending on Students of Color," Center for American Progress, August 2012.
2. Ibid.
3. B. J. Biddle and D. C. Berliner, "A Research Synthesis / Unequal School Funding in the United States," *Educational Leadership* 59, no. 8 (May 2002).
4. L. Darling-Hammond and L. Post, "Inequality in Teaching and Schooling: Supporting High-Quality Teaching and Leadership in Low Income Schools," in *A Notion at Risk: Preserving Public Education as an Engine for Social Mobility*, The Century Foundation, 2000.
5. National Center for Education Statistics (2007).
6. New America Foundation, "School Finance: Federal, State, and Local K-12 School Finance Overview," accessed July 8, 2014, <http://febp.newamerica.net/background-analysis/school-finance>.
7. Affirmatively Furthering Fair Housing Rule, Proposed Rule, 78 Federal Register 139 (July 19, 2013) 43711.
8. 42 U.S.C. 3608.
9. Affirmatively Furthering Fair Housing Rule, Proposed Rule, 78 Federal Register 139 (July 19, 2013) 43729.
10. Department of Housing and Urban Development. "A New Assessment Process to Affirmatively Further Fair Housing," accessed July 3, 2014, http://www.huduser.org/portal/publications/pdf/affht_userFriendlyGuide.pdf.
11. Affirmatively Furthering Fair Housing Rule, Proposed Rule, 78 Federal Register 139 (July 19, 2013) 43730.
12. National Community Reinvestment Coalition, "Fair Housing Planning Resource Manual: Understanding The Proposed Affirmatively Furthering Fair Housing Rule," 2013.
13. Affirmatively Furthering Fair Housing Rule, Proposed Rule, 78 Federal Register 139 (July 19, 2013) 43731.
14. Ibid. at 43718.
15. Ibid. at 43731.
16. E. A. Hanushek, "Economics of Schooling: Production and Efficiency in Public Schools," *Journal of Economic Literature* 24, no. 3: 1141–1177 (1986).
17. R. Greenwald, L. Hedges, and R. Laine, "The Effect of School Resources on Student Achievement," *Review of Educational Research* 66, no. 3: 361–396, 368 (1996).
18. B. D. Baker, "Revisiting the Age-Old Question: Does Money Matter In Education?" Albert Shanker Institute, 2012.