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The thesis of Theresa Brownson entitled

SHOULD AMERICA'S EDUCATION BE FEDERALIZED?

submitted in partial fulfillment of the requirements for the degree of Bachelor of Arts in Liberal Studies in the School for Summer and Continuing Education of Georgetown University has been read and approved.

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Mentor(s)

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Director, Liberal Studies Program

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Date

May 12, 1985
SHOULD AMERICA'S EDUCATION BE FEDERALIZED?

A Thesis
submitted in partial fulfillment of the requirements for
degree of
Bachelor of Arts in Liberal Studies

by

Theresa Brownson

School for Summer and Continuing Education
Georgetown University
Washington, DC
April 28, 1995
ABSTRACT

America has counted on education to secure and protect the very conditions of liberty, and the general will of the nation. Through much of our history, the faith in our schools as the prime engine of democracy, individual opportunity, and social mobility has been well rewarded. Unfortunately, in recent decades our schools have all too often failed to accomplish what Americans rightly expect of them.

In the early 1980s, America realized a decline in economic productivity, civic virtues, national defense and the standard of living. They attributed much of this decline directly to the educational systems. Since that time, the education system has undergone numerous changes. Some changes have improved the condition of education; unfortunately, not at the pace and satisfaction of the policymakers and society anticipated.

The United States has existed as a federation for over two centuries under a federal political structure. In most
federalized nations with a strong ministry of education and a national curriculum and assessment system issues that have an impact on national welfare are controlled at the federal level. However, in the United States it is not uncommon to observe the bottom of the system has considerable power over the federal role.

The questions of equality, control, and mechanisms for the distribution of resources between and within the different level of education are addressed herein with special attention to federalizing educational funding. The principles behind reducing the imbalances in funds are described along with a summary of potential problems and drawbacks.
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CHAPTER 1

INTRODUCTION

The Ideal of Education

Education is an aggregate phenomenon that incorporates many aspects of society's conflicts. Each society must commit to a set of values and to a system of education that allows all members the opportunity to stretch their minds to full capacity. Also, each society must commit to a system that pays attention to full values of the society.

Historically, education is the transmission of the human heritage to maintain and enhance the level of civilization a given society has attained. Other progressive aspects are: anthropologically, education is the humanization of the young that occurs in the dialogue between the generations and that enables the young to attain adulthood and a place in adult society. Sociologically, education is the socialization of the young into the societal roles and values believed necessary and desirable for a society's continued existence. Politically, education is the preparation for citizenship in the state or nation. Economically, education is the acquisition of knowledge, skills, and values necessary for gainful employment and for training the work-force.
Existentially, education is becoming aware of the possibilities of being that enables one to achieve an adult presence to the world as a morally and socially responsible person with one's value and dignity. Cosmically, education is the journey of becoming at home in the universe.¹ These aspects show the importance of education and how it has played out in the history of education. The evolution of education provides for the possibility of seeing variation in meanings. Along with the variation of meanings, there are degrees of similarity and opposition in their meaning. Liberty and equality are two such values that are addressed further in this paper.

Formal education has been in existence even before the adoption of the United States Constitution. The first example to federal-level legislation in the area of the public schools took place with the Survey Ordinances of 1785 and 1787. The Survey Ordinances provided land grants to states for the maintenance of public schools. These ordinances stated "that religion, morality, and knowledge being necessary to good government and happiness of mankind..schools and the means of

education shall be forever encouraged."²

The Overview

Americans have always placed great trust in the power of education to improve their lives and the lives of their children. America has counted on education to secure and protect the very conditions of liberty, and the general will of the nation. Jefferson wrote, "No other sure foundation can be devised for the preservation of freedom and happiness."³ Education, John Adams insisted, would be central to the national project, "Education for every class and rank of people down to the lowest and poorest."⁴

In recent years, there have been numerous attempts to get federal government more involved in the legislation of education. Wedded in the English Common Law were principles of representative government and personal freedom. This developed after the Magna Carta was signed in 1215. In America's Articles of Confederation, the first law of the new nation, reflected distrust of centralized power. In voluminous correspondence beginning in 1780, George Washington, John Jay, Thomas Jefferson, James Madison and many

³Mortimer Adler, We Hold These Trust (MacMillian, 1987).
⁴Ibid.
others expressed fears that the union could not survive the strains of internal dissension and external weakness without some strengthening of central authority.\(^5\)

However, today in the United States a steady restlessness over the distribution of authority and responsibility among the levels of governance has characterized our educational history. Recent developments include the relative decline of the federal government, the increasing activism of state governments and district-level policy-making, and the continuing residual control exercised by street level bureaucrats in schools (i.e., administrators, teachers) over the actual provision of education. Also, in the United States it is commonplace to observe that the "bottom" of the system has considerable power over the Federal level. Local educators have wide latitude in interpreting, distorting, and ignoring central mandates, and policy most often appears a weak and blunt instrument for affecting change. In many European nations with a strong ministry of education and a national curriculum and assessment system, the top may wield relatively more influence. Traditions of local control are undoubtedly strong in countries where cultural tensions among

\(^{5}\)Mortimer Adler, *We Hold These Truths* (MacMillian 1987).
regions (i.e., cosmopolitan, urbanized South versus rural, conservative North) further complicate the possibilities of national control.

Two hundred years into United States history, the battle between local control versus central control, liberty versus equality in education continues. In the United States by choosing one you eliminate the balance of the other. Again we have the "tightrope effect."

Only when governments realized the decline in large matters as economic productivity, the civic virtues, national defense and the standard of living did they seek to learn what children are learning. Governments' needs for information increased dramatically and the challenges here joined in earnest. Policy preoccupation framed their questions. One question asked, "Is the system in place and functioning reasonably well?" Another question asked, "Is the system achieving its goals, serving its fundamental purposes for the individual, for the community, and for the nation?" In other words, when the forces of direct opposition became so strong, and one or more values are completely thrown off the tightrope, governments choose to become involved.

Education is the one public good that undergirds American prosperity, security, and civility. All, regardless of race
or class or economic status, are entitled to a fair chance and to the tools for developing their individual powers of mind and spirit to the utmost. This promise means that all children by virtue of their own efforts, competently guided, can hope to attain the mature and informed judgment needed to secure gainful employment, and to manage their own lives, thereby serving not only their own interest but also the progress of society itself.

There is widespread public perception that something is seriously remiss in our educational system. A report to the United States Congress assessed the degree to which major social and educational changes in the last quarter century have affected education and student achievement. Social scientists and policy officials have varied ideas on the failures and success of education in a federalized nation. Some of the many ideas and solutions will be explored further.
CHAPTER 2

HAVE THE STATES FAILED AT PROVIDING QUALITY EDUCATION?

Through much of our history, the faith in our schools as the prime engine of democracy, individual opportunity, and social mobility has been rewarded. Unfortunately, however, in recent decades our schools have all too often failed to accomplish what Americans rightly expect of them. Though our allegiance to quality education remains firm, our confidence in the ability of our schools to realize that ideal are battered by signs of decline in the United States general welfare. A Nation At Risk emphasized the deterioration of our educational system.

If an unfriendly foreign power had attempted to impose on America the mediocre educational performance that exists today, we might well have viewed it as an act of war. As it stands, we have allowed this to happen to ourselves. We have squandered the gains in student achievement made in the wake of Sputnik challenge. Moreover, we have dismantled essential support systems which helped make those gains possible. We have, in effect, been committing an act of unthinking, unilateral education disarmament. 6

Since the acclaimed publication A Nation At Risk, what have the states been doing towards achieving national

standards and educating America's children to be more competitive in this global world economy?

The United States Department of Education, Office of Educational Research and Improvement, in conjunction with the National Center for Education Statistics, submitted to the United States Congress in August 1994 a report entitled, The Condition of Education 1994. Here is what they reported, first the good news. Overall high school dropout rates have gradually decreased. The differences between dropout rates for blacks and whites have also narrowed. This is encouraging because schools provide young people with the opportunity to explore their interests and develop their talents. It is also encouraging because staying in school is an important indication that a young person is learning to be a productive member of United States society and is less likely to suffer from poverty and unemployment.

There is also good news when we look at transcripts of high school graduates. In the ten years since A Nation at Risk advocated tougher course requirements for high school graduation, states and students have responded dramatically. Many more students are completing the recommended core courses in English, math, science, and social studies and many more students are taking Advanced Placement courses.
Although college graduates have faced a difficult labor market for the past few years, their job opportunities and earnings are much better than those of high school graduates. The earnings advantage, in particular, has grown stronger throughout the 1980s.

Now, here is the bad news. Unfortunately, in international comparisons of mathematics and science proficiency of 9 and 13 year olds, U. S. Students have not done well. However, there is considerable variation across states. Students in some states perform as well as those in the best performing nations in the international comparison of mathematics achievement.

Another area of continuing bad news but with a glimmer of hope is the academic achievement of minority students in elementary and secondary school. The bad news is that the gap in achievement between whites on the one hand and blacks and Hispanics on the other is very large. The glimmer of hope is that the gap narrowed during the 1980s, particularly in mathematics and science. The 1992 data, however, raise a possibility that the gap may no longer be narrowing. In reading, the most recent 1992 National Assessment of Education Progress results indicates a loss of some of the earlier gains minority groups made relative to whites.
The disadvantages of low academic achievement are difficult to overcome. Low achievement leads to reduced opportunities for further study and poor jobs. Low achievement probably spoils the enjoyment of school and the motivation to learn. Social scientists attribute the "minority to white" differences in achievement to higher incidence of poverty in the families of minority children. Social scientist also attributed the differences to the lower average educational levels of their parents. It is difficult for school to compensate for such disadvantages. However, there is evidence that excellent schools and teachers make a difference.

The information provided so far is about students and what they are or are not achieving. The quality of schools is indirectly indicated by the achievements of their students. What is said directly about the quality of schools? Are schools providing a safe and supportive environment devoted to learning? Are schools attracting people with energy, creativity, and commitment to teaching and support them with competitive salaries and sustained professional development? These are important aspects of quality also.

A proxy measure of the quality of education is expenditures per student. This is a crude measure, because
the results of hundreds of studies of the relationship between spending and outcomes such as achievement test scores, dropout rates, and so forth are mixed. A relationship strong or consistent does not exist. However, no one can deny the importance of money to build schools, hire teachers, buy textbooks, and otherwise acquire the resources needed to create a sage and supportive learning environment. Among these resources are the intangible qualities of dedicated teachers, principals, and parents who create the learning environment. The incentives that bring people with the 'right' qualities to teaching are tied up in both costs and rewards.

At the elementary and secondary levels, revenues per student have increased substantially over the last decade. This is a sign that even with the strains of slower economic growth, we as a nation are willing to continue supporting the schools.

Still revenues per student vary widely across states. State governments, not the federal government, have responsibility for funding education and they vary in their capacity and willingness to do so. In addition, there is considerable variation within states because states delegate
authority for operating and funding schools to local school districts.

The advantage of state and local control (funding) of schools has been that parents and citizens have a greater voice in deciding how much education is provided to their children and with what emphasis. The disadvantage is that wealth varies across school districts so there will be inequality in the availability of resources for schools when citizens are equally willing to fund the schools. This has resulted in complicated state formulas for the funding of schools and many challenges to state education financing systems in the courts. The supreme courts of several states have declared the state's education financing system unconstitutional, and more than half the states have cases pending. Kentucky has completely overhauled its educational system from teacher certification requirements to governance structures as a result of a court challenge to its funding system. Michigan recently has decided to stop using the property tax and instead now uses a combination of income and sales taxes to finance its schools.

Increased revenue per student is not interpreted as a sign that schools are flush with resources. Changes in conditions faced by schools are putting additional strains on
them. First, schools are facing a period of rising enrollments after a long period of decline (Table 9). Second, many more disabled students, particularly those with learning disabilities, are receiving special services. Third, many more students are from homes where speaking English is difficult or English is not spoken. This is an indication that even more only read English and only rarely write at all in English. These students disproportionately concentrate in a few states (California, New York, and Texas). The education systems in these states are under particular strain to respond to the needs these children bring with them to school. Fourth, many children live in poverty (21.9% or 14.6 million) and these children typically live in neighborhoods and attend school together. The schools in these neighborhoods are also facing heavy demands.

There is not one answer to the complex question of whether the condition of education is improving. Some conditions are improving and some are not. By posing and answering better questions, we can make progress toward understanding what produces high quality educational institutions, an educated citizenry, and skilled workforce.
CHAPTER 3

HOW HAVE STATES FAILED

The statistical data from The Condition of Education 1994 show progress in numbers. Nevertheless, for the large majority of Americans, too many public schools are not providing the minimum prerequisites for education; a safe, orderly environment and effective teaching of "the basics".

On the contrary it seems axiomatic to people that schools should be safe, orderly, and conducive to teaching and learning. However, Americans in all parts of the country and across every demographic category say their local public schools are not providing this basic underpinning for sound education.

For a large majority of Americans, too many public schools are not meeting their most elemental goal. Schools are not ensuring that the nation's children master some basic, but essential skills. Children are not mastering skills such as the ability to read and write English and to do simple arithmetic by hand, along with a "common knowledge" understanding of science, history, and geography.\(^7\)

\(^7\)American Educator; What the Public Expects of Its Public Schools; (American Federation of Teachers, Winter 1994-95) 4-13.
This study captures decisively what opinion research on education has suggested during the last decade. Americans are concerned that too many public schools are so disorderly and undisciplined that learning cannot take place. The public's concern about discipline and order have been joined in the last few years by a disturbing new fear that the schools are violent and unsafe.

Thus, for most Americans, three images sum up their sense that the public schools are failing; metal detectors in high schools, students outside schools smoking during school hours, and supermarket checkout clerks who can't make change. People's fears and frustrations, and their strongest desires for progress, center on three areas: safety, order and the basics.

These failures at the local level are attributed to cutbacks. States are having to make tough financial decisions. Unfortunately, with the passing and implementation of the new "Republican Contract With America" the financial picture will become more narrow and the problems will become broader. The balance of liberty and equality in education will be close to nonexistent. There are many values competing more often than not the value of equality, and liberty are
competing. How we might hope to achieve, both equality and liberty, will be address in later chapters.
One principle argument for federalism is increased efficiency. The argument is on the neoclassical economics premise that greater social welfare gains will accrue the more closely matched are citizen preferences with respect to combinations of taxes and services. There are also possibilities of efficiency losses, however. The first results from the existence of inter-jurisdictional spillover. These area or province spillovers occur when the benefits resulting from a state government's expenditure are not totally gained within that state but spill over to others. Tertiary education expenditures are a good example, particularly when there are high rates of migration. The effect of spillovers may be a lower level of expenditure and provision in an individual state than would be optimal from the point of view of the whole nation. A further potential efficiency loss arises when the various levels of government do not have control over resources commensurate with their responsibilities. Historically, federations require the parts to contribute to the center to maintain the latter's functions. In most of today's federations, revenue collection is centralized and the states depend on various mixtures of revenue sharing and transfers from the central government. If
a mismatch of resources and responsibilities remains, efficiency is curtailed.

Apart from potential efficiency losses, federalism may also produce inequities. First, differences in tax bases between states will result in individuals in similar circumstances being treated differently in the relationship between benefits and taxes. A second potential inequity also arises from federalism. Devolution is the one most commonly raised; mainly, the regional variation in the level of services provided resulting from either wide variations in state revenues or substantial differences in the cost of provision.

These examples highlight two potential forms of imbalances between resources and responsibilities in a federation. One imbalance is vertical imbalance. Vertical imbalance is the imbalance between the center and the state combines. The other form of imbalance is horizontal. Horizontal imbalance exists among states.9 The effect of these on educational provision and the mechanisms available to reduce these are the concern of policymakers today.

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How can the Federal Government Distribute Education?

First, let us look at the degree of government involvement in educational services. Second, we will address the methods, both vertical and horizontal, in which fiscal imbalances in education can be reduced. We will consider the distinction made between those measures that directly affect performance and those that focus on capacity.

Three potential problems of federal finance are:

a. the spillover of benefits to several states resulting from expenditures made by a single state that may then result in expenditures being below the national optimum level;

b. differences in tax bases that give rise to inequities in that individuals in similar circumstances across states are treated differently in terms of the relationship between benefits and taxes;

c. the variations in level of services provided resulting from either wide differences in state revenues or substantial differences in the cost of provision.

In the area of education, it has been argued that there is some role for the federal government. "If decisions taken
at the local level are likely to have significant educational or other effects outside the jurisdiction of the authority making the decisions, the ultimate responsibility for those decisions should . . . be transferred to a higher level government.¹⁰ The federal government should have the ultimate responsibility for expenditure decisions which, if made by states, would have spillover effects beyond state boundaries. They should have the responsibility for financing decisions that will permit individual states to compensate for revenue raising differences and cost disparities as between their school systems.

Further policy questions being consider are: Which levels of education are most appropriate for additional, direct or indirect, federal funding and which fiscal mechanisms should be used? Among factors to be considered are:

1. which government is in the best position to interpret the need for the service;

2. the degree of regional spillover from the service provided; and

3. whether implementation is best carried out by federal or state agencies.

These factors imply that federal government involvement at primary and secondary levels should be restricted to only broad program strategies. This suggests that general purpose grants focused on objectives such as raising standards or providing preschool education are often more appropriate than specific purpose grants. The advantages of general block grants are that inter-government conflicts are avoided. Also wasteful administrative overlaps and delays resulting from the involvement of two bureaucracies are reduced. Projects and policies can respond more effectively to local needs. There is no blurring of responsibility for performance between the two levels of government. The main disadvantage of such grants, of course, is that they preclude federal government influence in certain areas.

The other area of legitimate federal financing for state education responsibilities is compensation for limited revenue-raising capacity and higher than average costs. This involves horizontal distributions.

There are two approaches to horizontal fiscal equalization used in federations. The first, and the one most in line with federal principles, is the fiscal performance
equalization (FPE) approach. This operates on the expenditure side of the budgets of governments receiving assistance and requires the granting government to specify standards of performance for a particular service. While these standards are established so as to vary between states, they are more likely to be uniform and regarded as a means of centralizing control or, at the least, heavily influencing lower-level governments. The main tool of the fiscal performance equalization approach is the special purpose grant\(^\text{11}\).

The second approach to fiscal equalization is fiscal capacity equalization (FCE), which operates on the revenue side of the receiving government's budget. The objective of this approach is to make it possible for government to provide services at a standard level provided they impose taxes at a standard rate. These services are identified and the standard tax rate is levied. The decisions are left to the recipient government. This approach is obviously most in line with the

federal principle and utilizes either the general purpose grant or an appropriate unconditional distribution of tax-sharing funds. Most federal governments have used a mixture of the two approaches in their attempts to provide what they regard as an appropriate balance between the twin objectives of equality and decentralization.

General purpose payments to equalize capacities are for both vertical and horizontal fiscal adjustments. Horizontal fiscal adjustments are common in Canada, West Germany, and Australia, where state inequalities are approached wholly by the equalization-capacity approach. The Canadian system restricts revenue equalization, thereby implicitly assuming equal costs of providing services across inter-jurisdictions or provinces. In Australia, a commission is used for assessment purposes as compared to the use of formulas in the other two countries. The two states with the highest fiscal capacity serve as the standard, as opposed to applying an average as the criteria. In the United States, India, and Switzerland, conversely, to the extent that fiscal capacity-equalization criteria are used at all, they have been modified by taking fiscal effort of the states or a small territorial division of the country into consideration.

Turning to horizontal imbalances, in the United States,
the states collect their revenues directly, and federal
government measures aimed at fiscal equalization are few. In
contrast, in Australia and Canada, resources from federal or
state revenue sharing arrangements are an important source of
state funds, and in both countries arrangements include strong
measures to reduce fiscal inequalities between states.

Vertical and horizontal fiscal imbalances in federal
countries appear to be virtually inherent, resulting in
mismatches of revenues and responsibilities at the various
levels of government and inequalities among the various units
of a particular level of government. The wide range of
measures taken to alleviate the imbalances suggests that there
are no simple blueprints. The question remains how to design
transfer mechanisms that simultaneously maintain the federal
ideal of the separate governments' autonomy, ensure equal
opportunities for all citizens, and, perhaps, allow for
federal government involvement in those areas where it would
be most effective. Without new ideas and initiatives, it is
likely that financing, provision, and influence over the
provision of services of education will become increasingly
centralized or education will drop in quality.
CHAPTER 5
WHAT WOULD THE SYSTEM LOOK LIKE?

Unlike most Western democracies that rely on centralized planning and control of education, the United States entrusts the education of its citizenry to state governments. State governments, in turn, have historically permitted local school districts a great deal of autonomy to raise revenues and provide for primary and secondary education. This system of financing has resulted in vast inequality in per-pupil expenditures (PPE) both amongst the states and within the states themselves. Within any given state it is not uncommon for wealthier districts to spend two to three times more per-pupil than poorer districts. The reason for these disparities is the substantial reliance which state systems place on local revenue to fund school districts; inevitably, wealthier districts win and poorer districts lose.

Other concerns for Americans are whether their children safe and whether we will be able to meet the demands of this society and become the best in this global economy? Today's shrinking world brings us closer to other nations through improved communications, transportation, and an increasingly global marketplace. Many Americans now agree that our
vitally on continuous improvements not only at the workplace, but in our education system as well.

According to the study by the Carnegie Foundation for the Advancement of Teaching, and various other studies and national polls, the primary agenda for education is to restore safety, order, and discipline as the indispensable foundation for learning and the prerequisites for all other reforms\textsuperscript{12}. Schools are to emphasize the basic academic subjects and make their content tougher and more challenging. They are to be clear and specific about what students should learn and adopt rigorous measures to enforce high standards. They are to be skeptical of educational fads and unproved teaching innovations. They are to teach values like honesty, equality, and tolerance, but not promote sharply negative critiques of American society.

**The System as it Exists Today**

In most states, the main source of revenue for education is local property tax, even though the legal responsibility for education falls on state governments. Given the assumption that schools are best controlled at the municipal

\textsuperscript{12}American Educator, *What the Public Expects of Its Public Schools*, (American Federation of Teachers; Winter 1994-95) 4-6.
or district level, the link between control and revenue raising is seen as a positive one. This link directly relates to disparities in school financing.

A municipality's educational expenditures correlate directly with the property wealth in the area and the municipality's desire to tax itself. The relative property wealth of an area is measured through the use of state equalized valuation tables. The equalized valuation of a town, the value of the property in the town as assessed by the state, is divided by the number of public school students in that town or district to obtain the equalized valuation per pupil.

In deciding its rate of taxation, a municipality considers a number of factors. Initially, a municipality examines the amount of property value it has. The property value is determined by totaling the amount of "ratables" or taxable real property value. Next, the municipality considers the services it needs to provide. Towns typically must provide residents with police, firefighting, and health related services in addition to education. To provide high quality services or to satisfy a high demand for service, a town may have to set a high tax rate, especially if it has few ratables. Finally, municipalities are aware that to attract
homeowners and industry; the tax rate is kept low. However, if the municipality has a high demand for services, it may be forced to increase its tax rate, even though by doing so it will actually deter homeowners and businesses from moving into its area.

The following hypothetical example reveals the problem with the level of school spending relying upon local property wealth. If Town A has $20,000,000 in total equalized valuation and 100 students, the equalized valuation per pupil of that town is $200,000. Town A can, therefore, tax at a school tax rate of $2.00 per $100.00. Town B has the same number of students but a total equalized valuation of $40,000,000. If Town B taxes at the same rate as Town A, Town B receives $4,000 per pupil, or double that of Town A. Without receiving state aid, Town A would be unable to offer an equal education in fiscal terms without taxing at a higher rate than Town B. A town's inability to provide an equal education is exacerbated if it suffers from municipal overburden. Urban centers, for example, often have increased demands for non-educational services, such as police, firefighting, and social services. These areas, therefore, not only have less money in real dollars to spend per pupil in education, but also may have to reduce further their
educational budgets due to the disproportionate demand for noneducational services. The combined problems of low equalized valuation per pupil and municipal overburden have created severe spending disparities between most urban and suburban school districts. Clearly property-poor municipalities need state funds to help them offer competitive educational services.

**Alternative**

Let us look at an alternative, federal/state partnership. This method envisions the complete elimination of the local property tax for education and proposes to distribute all funds at the state level. The nature of the federal/state funding plan would vary according to the method of raising state funds for education. For example, a state could choose to eliminate the property tax completely. States could impose a higher level of income taxes, or it could make the property tax payable to the state government. States could institute any number of alternative taxes to pay for education.

All the plans have one goal in common. They seek to lessen the spending disparities caused by variations in local property wealth. All methods of state aid intend to foster fiscal neutrality—spending based totally on educational need and not on local property wealth, geography, race, or any
other non-educational factor. Conversely, fiscal neutrality cannot attain in the current finance structure if municipalities continue to rely on the local property tax.

What is the relationships between level of educational attainment and educational financing? There is an assumption about a relationship between the quality of education and the amount of money spent on education. Two general measurements support that assumption and are used to determine educational quality input and output measurements. Input measurements are based on how many dollars per pupil are expended. Output measurements consist of the results produced by the educational system. These include graduation and dropout rates, percentage of students attending college, illiteracy rates, and test scores. These are not completely reliable in determining the quality of education for an obvious reason. Student performance is not wholly dependent on the efforts of school systems. Conversely, do not assume that schools have no effect on student performance in and out of school. Output measurements, therefore, while not wholly reliable, are not ignored and are used to support an argument that an equal education is not being offered. Money input, therefore, is a more useful method through which to analyze quality of education.
Opponents of the federal/state financing plan, or even of substantial state aids, argue that the entity that controls the purse strings controls the system. Opponents also argue that federal assumption of costs would eliminate the element of local decision-making in education. By contrast, proponents point out that local districts will be able to center their attention on curriculum decisions having been freed from fiscal responsibilities.\textsuperscript{13}

\textbf{Implementation}

Here is just one implementation solution. Different countries, organizations, and states have been experimenting with various solutions but comparatively countries and states that have implemented centralized education have been the most successful.

The plan would make the federal government the administrative and personnel support of the nation's education. Commonly argued is that there is some role for the federal government in the area of education. If decisions taken at the local level are likely to have significant educational or other effects outside the jurisdiction of the authority making the decisions, the ultimate responsibility

for those decisions should be transferred to a higher level of government.

In this federal/state plan, the federal government has the ultimate responsibility for expenditure decisions which if made by states would have spillover effects beyond state boundaries; and for financing decisions that permit individual states to be compensated for revenue raising (disparities) and cost disparities as between their school system. The federal/state plan allows for legitimate spending disparities. There are salary adjustments for differences in teacher qualifications. Teachers with the same amount of experience and education are paid at equal levels but there would be no added compensation because of location of school. 14

Also, in the federal/state plan, the states will levy a uniform property tax on all ratables. The tax rates are the same for all property, distinguished only by type of property. The money raised through such a tax is put into the state's department of education, rather than turned over to numerous decentralized local districts. The money is distributed to local districts purely on the basis of student need and enrollment figures. Differences in per pupil spending are

permited only when the educational needs of the students vary. State boards of education continue to control both curriculum and personnel decision. Some special education funds are earmarked for special needs students. The local districts continue to exercise discretionary power in how funds are spent. Discretion is tempered by the curriculum guidelines set forth in the federal statute.

A more illustrative layout of plan is in Figure 1:

<table>
<thead>
<tr>
<th>Decisions</th>
<th>Federal</th>
<th>State</th>
<th>Local</th>
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</thead>
<tbody>
<tr>
<td>Ultimate fiscal responsibility</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Curriculum Guidelines</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Curriculum Control</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Uniform taxes levied</td>
<td></td>
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**Opposition and Response**

One major objection to the federal/state plan is that it would violate the right of a state to determine the fiscal level and quality of its educational offering.
A second objection is that federal equalization of spending will eliminate valuable 'pilot programs' undertaken at present by districts with the requisite resources to finance them. This need not be the case; eliminated is the exclusive ability of property-rich districts to afford such programs. The federal government probably should choose to fund innovative educational curricula on a merit basis. Special programs are undertaken not because of states or district's ability to pay for them but because the staff had created a potentially valuable educational concept. This is one basis for competitive grants awarded to states and localities for education.

A third criticism is that spending equalization will not improve conditions in urban schools as much as it will engender state-enforced mediocrity in all school. Response to this is that this federal/state plan leads to a general rollback of educational quality as measured in dollars. Every district and every state will have a vested interest in improving the funding level because the more funds available in the state fund, the more funds the district will receive.

Fourth, criticism of federal plan is that a state guide for teacher compensations runs counter to the positive influence of the market forces in the labor market. However,
at present the "free market" is in actuality based upon artificial geographic boundary lines that determine the amount of ratable.

Spurred by evidence of American students' declining academic achievement in global comparison, and the changing knowledge and skills required of the United States workforce, a cross-section of American society has called for fundamental school reform.

Although some state supreme courts have taken action, both interstate and intrastate disparities in equality of education persist. America has to acknowledge that there exists within the United State a subclass of poor and minority households whose very existence is antithetical to the principles embodied in the Fourteenth Amendment.
CHAPTER 6

CONCLUSION

Our once unchallenged preeminence in commerce, industry, science, and technological innovation is overtaken by competitors throughout the world. Our government realized the decline in large matters as economic productivity, the civic virtues, national defense and the standard of living. The government became interested in what our children are learning. Policy preoccupation shifts from the question, "Is the system in place and functioning reasonably well?" to, "Is the system achieving its goals, serving its fundamental purposes for individual, for the community, and for the nation?"

The condition of Education 1994 submitted to the United States Congress indicated that great strives have been made since the Nation at Risk study of April 1983. The study showed that overall high school dropout rates have gradually decreased. The differences between dropout rates for blacks and whites have also narrowed. Many more students are completing the recommended core courses and many more students are taking advanced placement courses.
However, the 1992 study indicated that the gap may no longer be narrowing. In international comparisons of mathematics and science proficiency, United States students have not done well. Many children live in poverty (21.9% or 14.6 million) and these children typically live in neighborhoods and attend school together. The schools in these neighborhoods are facing heavy economic and social demands.

Conversely, the current condition of education indicates that still revenue per student varies widely across states. State governments, not the federal government, have responsibility for funding education and they vary in their capacity and willingness to do so. In addition, there is considerable variation within states because states delegate authority for operating and funding schools to local school districts.

The disadvantage is wealth varies across school districts so there are inequalities in the availability of resources for schools when citizens are equally willing to fund the schools. Several states have completely overhauled their educational system. For example, Kentucky, Michigan and Minnesota have enacted changes. The latter, in 1987, passed a policy of
allowing state-wide open enrollment. They also allowed choice policies, such as post secondary option (high school students are permitted to take courses at institutions of higher education and, to obtain both secondary and post secondary degree credit) and alternative learning centers were created (innovative programs aimed at hard-to-serve populations). Several other states have followed suit with inter-district open enrollment programs. Wisconsin enacted legislation allowing a limited number of Milwaukee children to receive educational vouchers redeemable at nonsectarian private schools. These examples demonstrate the variety of options and methods used to insure that practice matches the ideal and implementation is accomplished with knowledge, enthusiasm, cooperation, and satisfaction.

These examples demonstrate the urge for parents to do something for their children. However, the above examples illustrate local decisions and inter-jurisdictional decisions that have horizontal and sometimes vertical imbalances. Local control, liberty, and sameness, more times than not, have not advanced equality. The federal government is the instrument for increased pursuit of equality in education.

Democracy is a competitive political system in which competing leaders and organizations define the alternative of
public policy in such a way that the public can participate in the decision-making process. The initiative in democracy is found largely in the government or in the opposition. The people profit by this system, but they cannot, by themselves, do the work of the system. The built-in conflicts in our society are best understood in terms of the differences between resolvable conflicts and unresolvable conflicts. In an unresolvable conflict neither side can be overwhelmed, both sides are able and willing to continue the struggle indefinitely and neither side can escape the necessity of continuing the struggle. Unresolvable conflict implies the existence of an equilibrium. It follows that the permanent built-in conflicts in our democracy are best understood in terms of the politics of equilibrium.¹⁵

Conflict, competition, organization, leadership and responsibility are the ingredients of a working definition of democracy. Democracy is a political system in which the people have a choice among the alternatives created by competing political organizations and leaders. The advantage of this definition over the traditional definition is that it is operational. It describes something that happens.

Most democratic societies have decided that the enjoyment of a fundamental and sensitive right should not be limited to those who can afford it. Full or at least substantial public funding is provided to the schools selected by parents in every nation of Western Europe except Sweden and Italy, in Poland, Czechoslovakia and other nations of Eastern Europe, in Australia, New Zealand and Canada, and in Japan. In Germany, the argument is that a right guaranteed by the constitution should be secured economically.

If decisions taken at the local level are likely to have significant educational or other effects outside the jurisdiction of the authority making the decisions, the ultimate responsibility for those decisions should be transferred to a higher level government. The federal government should have the ultimate responsibility for expenditure decisions which if made by states would have spillover effects beyond state boundaries; and for financing decisions which will permit individual states to be compensated for revenue raising (disparities) and cost disparities as between their school systems.

Vertical and horizontal fiscal imbalances in federal countries appear to be virtually inherent, resulting in mismatches of revenues and responsibilities at the various
levels of government and inequalities among the various units of a particular level of government. The wide range of measures taken to alleviate the imbalances suggests that there are no simple blueprints. The question remains how to design transfer mechanisms that simultaneously maintain the federal ideal of the separate governments' autonomy, ensure equal opportunities for all citizens, and, perhaps, allow for federal government involvement in those areas where it would be most effective. Without new ideas and initiatives, it is likely that financing, provision, and influence over the provision of services of education will become increasingly centralized.

Implementation of the Federal/state plan would lead to a rough parity of funding for education as measured by per pupil spending. Despite transitional problems, the plan would ultimately generate equality of educational opportunity without diluting the ability of all schools to offer a thorough and efficient education.

If we are to remain a strong nation, a competitive nation in this global economy, today's society must commit to a set of values and to a system of education that affords all members the opportunity to stretch their minds to full capacity. The dream of equal American educational opportunity
awaits fulfillment.

There are many more good constructive ideas and questions to probe in education, such as national assessment, curriculum development, and teacher certification. We have only fixed on the funding structure of education and the competition inherent in federalized nations one of which is equality versus liberty. The reality is the level of money support and the who and what are the essence of politics.
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