

Education 266A

EDUCATIONAL RESOURCES AND FINANCE

This course presents the major issues in the funding of education in the United States. There's no question that resources are absolutely necessary for public schools. On the other hand, conventional analyses of school finance often focus on facts and figures and funding formulas that are quite removed from the realities of classrooms. In this course I try to integrate the analysis of funding issues with the larger questions of purpose and instruction.

Educational resources could conceivably cover those provided by families, communities, employers, and other institutions as well as government. In addition, a course in education funding could cover many different levels and forms of education: early childhood programs, conventional K-12 education, community colleges, higher education, adult education, incumbent worker training, and on and on. I will consistently stress various conceptual perspectives in thinking about educational resource issues -- perspectives that could be applied to any type and level of education. However, most of the readings in the course focus on funding for public education at the K-12 level, because that is the level where there has been the greatest amount of discussion and where (I suspect) most students are interested.

I invite students interested in other conceptions of resources and other levels or types of education -- higher education, or community colleges, or special education, for example -- to "customize" the course for their interests, and there will be time near the end of the course to do that (see weeks 14 - 15).

Most writing on school finance reflects a problem in education that I sometimes refer to as the "great divide", between macro perspectives (like those of economics, sociology, history, political science, often statistics) that examine influences on schooling without much information about what happens within classrooms, and micro perspectives (often founded in psychology, and represented by those who study the teaching of math, reading, civics, etc.) that concentrate on classroom issues without much thought about the macro influences that have shaped the classroom. In school finance, the "great divide" takes the form of analyzing resources with little thought about how they are spent -- that is, how they affect teaching and learning within schools and classrooms. To correct this problem, I plan to introduce into this class the perspectives of what I sometimes call the "new" school finance, which asks how resources affect (or fail to affect) the conditions of teaching and learning, in

schools and classrooms, that in turn affect learning and other educational outcomes. At least in theory, this perspective could indicate how to spend money on those resources within schools and classrooms that would then enhance outcomes. Most readings in weeks 2 – 7 are quite distant from issues of teaching and learning, and we will have to remember to bring them in; the issues in weeks 8 – 12 are closer to the school and classroom levels.

Like many subjects in education, school finance is an eclectic topic, and has been examined with the analytic perspectives of economics, statistics, law, and political science. Some issues in school finance require basic algebra, a few require calculus, and empirical work often uses regression analysis. In order to make this course accessible to a wide variety of students, there are no formal prerequisites, though intermediate microeconomics and familiarity with regression analysis are useful. On those occasions when I will present relatively technical analyses, I will offer to give a special section for students who want to know more about such analytic methods.

ELEMENTS OF THE COURSE

1. Class meetings. I will sometimes present short, synthetic lectures drawing together material that is not readily accessible through individual articles or chapters. The remainder of class time will be devoted to discussions and sometimes presentations by students. Students should complete the readings *before* class, and be prepared to participate actively in class discussions.

2. Readings. Course readers are available at Copy Central, 48 Shattuck Square. It is crucial to read this material actively, identifying the debates in which a reading is participating, the major issues it raises, and the purpose of the readings within this course. I will usually hand out questions about the readings every week, to guide your reading and subsequent class discussions. In addition, you should come to class with any questions or puzzles you may have about the readings.

For ease and consistency, I have used several chapters from Allan Odden and Lawrence Picus, *School Finance: A Policy Perspective*, Second Edition, available from the ASUC bookstore. Please note that the chapters in the syllabus are those from the second edition; if you happen to have a copy of the first edition, the chapters are quite different.

I have an (unwarranted!) reputation for assigning too much reading. I have included some readings that are optional (marked by asterisks), and in other cases two or more readings cover roughly the same topic, which I have noted. For weeks when there is clearly too much reading, I will divide the class by interests and ask different groups to read and report on different readings. We might also stretch a couple of these overly-full weeks into two weeks, depending on class interests.

3. Elective topics: I would like each member of the class to choose a topic that is *not* covered in weeks 1 – 13, to devise some readings in consultation with

me, and to make an oral presentation to the class during weeks 14 – 15. This is partly an effort to allow each student to customize the course, and also a way to bring other topics in school finance to the class – since there are too many topics to cover all of them. Please see me *early* in the semester about the topic you plan to work on. If this works well, each member of the class will be an expert on his or her topic, and can contribute examples from this topic throughout the semester.

This is now a course in California-specific issues, but students who want to might use this part of the course to examine California issues in greater detail. / I'm also open to any student "customizing" the course at other points by concentrating on California rather than national materials.

4. A conventional course paper. This will be an analytic paper of about 15-20 pages, on a subject chosen by each student that is related to the themes of the course. (A subsequent hand-out will explain the paper in greater detail.) An outline for the paper is due by October 28, and I will give back comments by the end of that week. The paper itself is due Dec. 2.

5. Current events, including school reform: I will bring in newspaper clippings and other writing about current developments in education related to the course, and students should do the same. In addition, it is helpful both to this course and to one's education in general to be broadly informed about developments in education. Two excellent sources are *Education Week* (available from Ed Week, P.O. Box 2083, Marion, Ohio 43705); and *Phi Delta Kappan*, a monthly available from PDK, 408 N. Union, P.O. Box 789, Bloomington Ind. 47402. On developments in higher education, see especially the *Chronicle of Higher Education* (1255 23rd St., N.W., Washington D.C. 20037). The Ed-Psych Library also has copies of these, but I urge you to subscribe.

6. Office hours: My office hours at Mon. and Wed. 12 – 2. My preference is for students to sign up for times in Tolman 3653, the POME office. If these times don't work for you, or if I am out of town, please see me or call me in the afternoons to schedule an alternative time.

Resources in school finance: The journal in which articles on school finance most often appear include the *Journal of Educational Finance; Educational Evaluation and Policy Analysis*; and the *Economics of Education Review*. Within economics, the *National Tax Journal* and *Public Finance Quarterly* carry articles about taxing and finance issues.

California-specific issues: See A. Townley, J. Schneider, and L. Wehmeyer, *School Finance: A California Perspective* (Kendall-Hunt, 1998). A good source for California materials is EdSource, at www.edsource.org. The California Department of Education has its materials available on www.cde.ca.gov. PACE (Policy Analysis for California Education) materials are at www.gse.berkeley.edu/research/PACE/pace.html; see especially *Crucial Issues in California Education 2000*, especially Neal Finkelstein, W. Furry, and L. Huerta,

“School Finance”. The Public Policy Institute of California publishes materials on various issues including school finance; see their web site at www.ppic.org.

Another source of information about states is the Education Commission of the States in Denver, on the Web at www.ecs.org. The National Center for Education Statistics is the conventional source for federal data; see <http://nces.ed.gov/>.

CLASS MOTTOS

There is no free lunch.
No whining.

READINGS

1. Introduction: Basic patterns and trends in school finance (Aug. 27)

The reader has a collection of statistics, drawn from the *Digest of Educational Statistics, 2001*, which we will examine in class.

Odden and Picus, *School Finance*, Ch. 1, “Introduction and Overview to School Finance”.

Charles Benson and Kevin O’Halloran, “The Economic History of School Finance in the United States”, *Journal of Education Finance*, Spring 1987.

* W. Norton Grubb and Stephan Michelson, *States and Schools* (1974), Ch. 2, “School Financing Patterns and the Functions of Schooling: An Historical Analysis”.

Eric Hanushek and Steve Rivkin, “Understanding the Twentieth-Century Growth in School Spending”, *Journal of Human Resources* Vol. 32, 1994.

Allan Odden, David Monk, Yassir Nakib, and Lawrence Picus, “The Story of the Education Dollar: No Academy Awards and No Fiscal Smoking Guns”, *Phi Delta Kappan*, Oct. 1995.

* Julian Simon and Rebecca Boggs, “Trends in the Quantities of Education: A Pictorial Essay”, *Economics of Education Review*, 1997.

* Rati Ram, “Public Educational Expenditures in the U.S: An Analytical Comparison with Other Industrialized Countries”, *Economics of Education Review*, 1995.

OR

*J.C. Eicher, "International Educational Expenditures", in Martin Carnoy, *International Encyclopedia of Economics of Education*, 2nd edition (1995).

* Nicola Alexander, "The Growth of Education Revenues from 1982-83 to 1991-92: What Accounts for Differences Among States?", *Journal of Education Finance*, Spring 1997.

2. Conceptual frameworks (Sept. 3)

Equity:

James Coleman, "The Concept of Equality of Educational Opportunity", *Harvard Educational Review*, Winter 1968.

OR

Edmund Gordon, "Toward Defining Equality of Educational Opportunity", in Frederisk Mosteller and Daniel Moynihan, *On Equality of Educational Opportunity* (1971).

Adequacy:

William Clune, "The Shift from Equity to Adequacy in School Finance", *Educational Policy*, December 1994.

"Equity Considerations in Funding Urban Schools", *The Future of Children*, Winter 1997.

Efficiency:

Raymond Callahan, *Education and the Cult of Efficiency* (1962). Ch. 1, "The Prelude 1900-1910"; Ch. 9, "Efficiency's Progeny"; Ch. 10, "An American Tragedy in Education".

Caroline Hoxby, "Are Efficiency and Equity in School Finance Substitutes or Complements?", *Journal of Economic Perspectives*, Fall 1996.

Political perspectives:

John Chubb and Terry Moe, *Politics, Markets, and America's Schools* (1990), Ch. 2, "An Institutional Perspective on Schools".

Kenneth Wong, *Funding Public Schools: Politics and Policies* (1999), Ch. 1, "Politics of Allocating Resources in Schools".

The "new" school finance and connections to the classroom:
See readings in Week 10.

Note: no meeting on September 10.

3. Fiscal federalism: Who should do what in a federal system? (Sept. 17)

Elchanan Cohn and Terry Geske, *The Economics of Education*, 3rd edition. Ch. 2, "Human Capital and the Role of Government in Education".

Odden and Picus, *School Finance*, Ch. 3, Section 4, "Intergovernmental Fiscal Relations".

Linda Hertert, Carolyn Busch, and Allan Odden, "School Financing Inequalities Among the States: The Problem from a National Perspective", *Journal of Education Finance*, Winter 1994.

4. Inter-district equity: Conceptual and legal issues (Sept. 24)

Jonathan Kozol, *Savage Inequalities* (1991). Ch. 3, "The Savage Inequalities of Public Education in New York".

Odden and Picus, *School Finance*, Ch. 2, "Equity and Adequacy Frameworks in School Finance".

Robert Berne and Leanna Stiefel, "Concepts of School Finance Equity: 1970 to the Present", in Helen Ladd, Rosemary Chalk, and Janet Hansen, *Equity and Adequacy in Educational Finance* (1999).

OR

Paul Minorini and Stephen Sugarman, "School Finance Litigation in the Name of Educational Equity: Its Evolution, Impact, and Future", in Helen Ladd, Rosemary Chalk, and Janet Hansen, *Equity and Adequacy in Educational Finance* (1999).

Paul Minorini and Stephen Sugarman, "Educational Adequacy and the Courts: The Promise And Problems of Moving to a New Paradigm", in Helen Ladd, Rosemary Chalk, and Janet Hansen, *Equity and Adequacy in Educational Finance* (1999).

**Serrano v. Priest*, reprinted with a commentary by William Greenbaum, *Harvard Educational Review*, Nov. 1971.

5. Inter-district equity, intergovernmental grants, and their effects (Oct. 1)

Odden and Picus, *School Finance*, Ch. 4, "School Finance Structures: Formula Options and Needs Adjustments".

James Guthrie and Richard Rothstein, "Enabling 'Adequacy' to Achieve Reality: Translating Adequacy into State School Finance Distribution Arrangements", in Helen Ladd, Rosemary Chalk, and Janet Hansen, *Equity and Adequacy in Educational Finance* (1999).

Mun Tsang and Henry Levin, "The Impact of Governmental Grants on Educational Expenditures", *Review of Educational Research* Fall 1983.

The following 3 articles address the effects of finance reform on inequalities:

a. Alan Hickrod, "The Effect of Constitutional Litigation on Educational Finance: A Further Analysis", in William Fowler, *Selected Papers in School Finance*, 1995, NCES 97-536, May 1997.

b. Sheila Murray, William Evans, and Robert Schwab, "Education Finance Reform and the Distribution of Education Resources", *American Economics Review*, Sept. 1998.

c. U.S. General Accounting Office, *School Finance: State Efforts to Reduce Funding Gaps Between Poor and Wealthy Districts* (1997).

* Walter McMahon, "Intrastate Cost Adjustments", in William Fowler, *Selected Papers in School Finance* 1994, NCES 96-068, July 1996.

* Thomas Timar, "Politics, Policy, and Categorical Aid: New Inequities in California School Finance", *Educational Evaluation and Policy Analysis*, Summer 1994.

* Charles Tiebout, "A Pure Theory of Local Expenditures", *Journal of Political Economy* Vol. 64, 1956.

* William Fischel, "Did *Serrano* Cause Proposition 13?", *National Tax Journal* Vol. 42 (1989).

* Fabio Silva and Jon Sonstelie, "Did *Serrano* Cause a Decline in School Spending?", *National Tax Journal* 48 (1995).

6. The View from the School Level: District-School Allocations (Oct. 8)

Robert Berne and Leanna Stiefel, "Measuring Equity at the School Level: The Finance Perspective", *Educational Evaluation and Policy Analysis*, Winter 1994.

* Donald Horowitz, *The Courts and Social Policy* (1977), Ch. 4, "Hobson v. Hansen: The Calculus of Equality in School Resources".

William Camp, David Thompson, and John Crain, "Within-District Equity: Desegregation and Microeconomic Analysis", in Julie Underwood and Deborah Versteegen, *The Impacts of Litigation and Legislation on Public School Finance* (1990).

D. Monk, J. Pijanowski, and S. Hussain, "How and Where the Education Dollar is Spent", in *The Future of Children*, Winter 1997.

Academic Achievement Plan, Arbor Heights Elementary, Seattle Public Schools.
Excerpts from the weighted student formula, Seattle Public Schools
Materials from the San Francisco weighted student formula

* M. Fermanich, A. Odden, and S. Archibald, "A Case Study of District Decentralization and Site-Based Budgeting: Cordell Place School District", CPRE.

7. Other forms of inequity and potential corrections (Oct. 15)

Byron Brown and Daniel Saks, "The Microeconomics of the Allocation of Teachers' Time and Student Learning", *Economics of Education Review*, 1987.

Harold Weglinsky, "Finance Equalization and Within-School Equity", *Educational Evaluation and Policy Analysis*, Winter 1998.

* U.S. General Accounting Office, *School Facilities: Condition of America's Schools*, Feb. 1995.

8. Taxes, other resources, and their consequences (Oct. 22)

Odden and Picus, *School Finance*, Ch. 3, Sections 1 - 3 on taxation.

M. Woodhall, "Student Fees", in Martin Carnoy, *International Encyclopedia of Economics of Education*, 2nd edition (1995).

Charles Clotfelter and Phillip Cook, *Selling Hope: State Lotteries in America* (1989), Ch. 1, "A New Role for the States", and Ch. 11, "A Painless Tax?".

Elizabeth Useem and Ruth Neild, "A Place at the Table: The Changing Role of Urban Public Education Funds", *Urban Education*, July 1995.

Kerry White, "Local Funds Playing Larger Roles in Reform", *Education Week*, June 9, 1999.

9. Funding mechanisms and institutional incentives (Oct. 29)

W. Norton Grubb and Associates, *Honored But Invisible: An Inside Look at Teaching in Community Colleges* (1999), Ch. 9, "Funding and Policy: The Neglect of Teaching". (Pp. 336-340 are not particularly relevant to this course.)

On choice and voucher-like mechanisms:

Sharon Gewirtz, Stephen Ball, and Richard Bowe, *Markets, Choice, and Equity in Education* (1995), Ch.2, "Choice and Class: Parents in the Marketplace"; Ch. 4, "Managers and Markets: School Organization in Transition"; and Ch. 6, "Internal Practices: Institutional Responses to Competition".

10. Funding and achievement: Does money make a difference? (Nov. 5)

Eric Hanushek, "The Impact of Differential Expenditures on School Performance", *Educational Researcher*, May 1989.

Larry Hedges, Richard Laine, and Rob Greenwald, "Does Money Matter: A Meta-Analysis of Studies of the Effects of Differential School Inputs on Student Outcomes", *Educational Researcher*, April 1994.

Hanushek, "Money Might Matter Somewhere", *Educational Researcher*, May 1994.

Hedges, Laine, and Greenwald, "Money Does Matter Somewhere", *Educational Researcher*, May 1994.

Ronald Ferguson, "Paying for Public Education: How and Why Money Matters", *Harvard Journal on Legislation*, 1991.

Frederick Mosteller, "The Tennessee Study of Class Size in the Early School Grades", *The Future of Children*, Summer/Fall 1995.

Kevin Payne and Bruce Biddle, "Poor School Funding, Child Poverty, and Mathematics Achievement", *Educational Researcher* Aug.-Sept. 1999.

David Grissmer, Ann Flanagan, and Stephanie Williamson, "Does Money Matter for Minority and Disadvantaged Students? Assessing the New Empirical Evidence", in William Fowler, *Developments in School Finance 1997* (1998).

* Eric Hanushek, "Assessing the Effects of School Resources on Student Performance: An Update", *Educational Evaluation and Policy Analysis*, Summer 1997.

11. The perspectives of the “new” school finance (Nov. 12)

W. Norton Grubb and Luis Huerta, “Straw Into Gold, Resources Into Results: Spinning out the Implications of the ‘New’ School Finance”, August 1999.

David Cohen, Stephen Raudenbusch, and Deborah Ball, “Educational Resources, Instruction, and Research”, May 1999.

Richard Murnane and Frank Levy, “Evidence from Fifteen School in Austin, Texas”, in Gary Burtless, *Does Money Matter? : The Effect of School Resources on Student Achievement and Adult Success* (1996).

Robert Slavin, “After the Victory: Making Funding Equity Make a Difference”, *Theory Into Practice* Vol. 33 (Spring 1994).

CSR Research Consortium, Press release, June 27, 2002; see also the Capstone Report, June 2002, at www/classize.org.

Jacques Steinberg, “Federal Finds for Teachers Reveal Surprising Hurdles: Money Alone Isn’t Enough, Schools Find”, *New York Times*, Nov. 14, 1999.

*Odden and Picus, *School Finance*, Ch. 7, “Ways to Improve Educational Productivity”.

12. School reform and school finance (Nov. 19)

See the articles by Hanushek/Rivkin and Odden et al. in Week 1.

Karen Miles, “Freeing Resources for Improving Schools: A Case Study of Teacher Allocation in Boston Public Schools”, *Educational Evaluation and Policy Analysis*, Winter 1995

OR

Todd Rosenkranz, “Reallocating Resources: Discretionary Funds Provide Engine for Change”, *Education and Urban Society*, May 1994.

*Karen Miles and Linda Darling-Hammond, “Rethinking the Allocation of Teaching Resources: Some Lessons from High-Performing Schools, *Educational Evaluation and Policy Analysis*, Spring 1998.

*Allan Odden and Carolyn Busch, “Reallocating Education Dollars to Improve Results”, in *Financing Schools for High Performance* (1998).

*Allan Odden and Sarah Archibald, “The Possibilities of Resource Allocation”, *Principal Leadership*, Nov. 2000.

Allan Odden and William Clune, "School Finance Systems: Aging Structures in Need of Renovation", *Educational Evaluation and Policy Analysis*, Fall 1998.

Bruce Cooper, David Bloomfield, and Sheree Speakman, "School-Site Finance and Urban Education Equity", *Education and Urban Society*, Feb. 1997.

G. Alfred Hess, "Understanding Achievement (and Other) Changes Under Chicago School Reform", *Educational Evaluation and Policy Analysis* Vol. 21 (Spring 1999).

William Duncombe and John Yinger, "Why Is It So Hard to Help Central City Schools?", *Journal of Policy Analysis and Management* (1997).

"Incentives: Linking Resources, Performance, and Accountability", in Eric Hanushek et al., *Making Schools Work* (1994).

Allan Odden and Carolyn Busch, "The Case of Charter Schools", in *Financing Schools for High Performance* (1998).

*Odden and Picus, *School Finance*, Ch. 8, "Using Education Dollars More Wisely to Improve Results"; Ch. 9, "Changing and Education System with Incentives"; Ch. 10, "School-Based Financing: Formula Funding of School Sites".

*California Developments:

Master Plan for Education, Finance and Facilities Working Group, K-12 Education, *Final Report*.

Williams v. State of California, <http://www.aclunc.org/students/williams-brief.html>.

13. Teacher pay scales and their effects (Nov. 26)

Odden and Picus, *School Finance*, Ch. 11, "Changing Teacher Salary Structures".

*Allan Mohrman, Susan Mohrman, and Allan Odden, "Aligning Teacher Compensation with Systemic School Reform", *Educational Evaluation and Policy Analysis*, Spring 1996.

*Allan Odden, "Teacher Quality: The Role of New Forms of Compensation", *Education Week*, June 23, 1999.

Richard Murnane and David Cohen, "Merit Pay and the Evaluation Problem", *Harvard Educational Review*, Feb. 1986.

14. Special topics (Nov. 26, Dec. 3)

Please choose a topic not covered in weeks 1 – 13, prepare a reading list, and plan a short presentation to the class. The possible topics might include a particular level of schooling that we have not emphasized (e.g., early childhood education, community colleges, public four-year colleges, private trade schools), a form of education we have not covered (e.g., special education, bilingual education, vocational education, compensatory education), the special issues in funding urban schools, capital funding (as distinct from funding for current expenditures), etc. etc. etc.

Alternatively, some individuals may want to take a topic we have covered very briefly — e.g., special education funding — and do additional reading in order to make a presentation that goes beyond the issues discussed in this class.