Week 3:
Inequality of Schooling Resources/
K-12 School Finance
Educational Inequality: How Much Exists?

(Kozol)

• Bleak portrait of individual impacts of school quality
• Vast inequality of educational expenditures
  – $12,000/student in Rye vs. $3000 elsewhere
  – Schools financed primarily based on property tax
    • Trade-off between equity and incentives
    • High correlation between race/ethnicity and neighborhood
      — increase of school segregation today (Orfield)
• But, does money buy quality?
Issues Raised By Kozol (1)

• The role of school district boundaries
  – “Chemical plants do not have to pay taxes here” (p. 16)

• The Abbott case from 1981
  – Local control and efficiency vs. equal protection
  – Florio tax increase
Issues Raised By Kozol (2)

• Pre-school education
  – “We have children coming to kindergarten or to first grade who are starting out three years delayed in their development.” (p. 142)

• Health, housing, peers, role models
  – “…average daily food expenditures in East St. Louis is $2.40 for one child” (p. 21)
  – “The city has 200 liquor stores and bars and 180 gambling establishments, no movie theater, one chain supermarket…” (p. 137)
Issues Raised By Kozol (3)

• Student mobility
  – “Of 33 children who begin the history classes in the standard track … Maybe 24 are left by June.” (p. 29)

• Teacher recruitment
  – “I get $38,000 after nearly 30 years of teaching. If I went across the river to one of the suburbs of St. Louis, I’d be earning $47,000, maybe more” (p. 30)
• Educational efficiency in depressed areas
  – “The biggest employer in the town is public education” (p. 18)
  – Lack of clear correlation between resources and student outcomes, but schools are compensating for other factors
Issues Raised By Kozol (5)

• Standardized tests and accountability
  – “We are preparing a generation of robots.” (p. 143)
  – “The result of this regime is that the children who survive do slightly better on their tests, because that’s all they study, while the failing kids give up and leave the school before they even make it to eleventh grade. The average scores look better, however, and the governor can point to this and tell the press that he is ‘raising reading levels.’” (p. 144)
Equalization

- In U.S. school spending is *usually* tied to localities
  - Combination of property value (exogenous) and tax rate (discretionary) determine school funding
  - Given residential segregation, differences in local spending on education will be reflected in differences of resources received by different types of students

- A number of historical and ongoing court cases (challenges to state constitutions) have required states to re-think education funding systems

- States try to encourage spending equalization through:
  - Foundation equalizing grants
  - Power-equalizing grants
Equalization Efforts

- Foundation equalizing grants: equalize local tax burden associated with financing a specific foundation spending level
- Power-equalizing grants: require matching, and they imply that differential implicit taxes for wealthy and poor districts
  - Implicit tax changes incentives to support education
- State funding formulas and share of funding for education are all over the map
- Method used for funding state education formulas is important but typically ignores
  - Endogeneity of tax effort
Has Equalization Worked?

• What is “fair” and what is “best for children?”
  – Do the above sometimes conflict?

• Research (Murray et al., 2998) clearly shows funding reforms have decreased inequality
  – Increased spending at the bottom and little change at the top
  – Additional revenues needed to equalize come from increased tax burden

• The possible pitfalls of equalization
  – At some “Tipping” point, there may be a trade-off between equity and overall spending (including resources for poorer students)