A study of state school finance reform activities from 1971 through 1973

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A STUDY OF STATE SCHOOL FINANCE REFORM ACTIVITIES
FROM 1971 THROUGH 1973

A DISSERTATION
SUBMITTED TO THE FACULTY OF THE SCHOOL OF EDUCATION,
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AN ABSTRACT

This study focuses on the period from 1971, when the California Supreme Court ruled that education is a fundamental interest, to 1973, when the U.S. Supreme Court ruled that it is not a fundamental interest.

The purpose of this investigation was to analyze the school finance activities of the state legislatures in light of the judicial activities of the period in question.

The methodology was that of the descriptive survey, and all fifty states were utilized as the universe. Responses to a thirty-item questionnaire were tabulated according to frequencies and percentages in four stages of reform activities. The four stages were: the pre-enactment stage, the enactment stage, the post-enactment stage, and the implementation stage.

Findings

Some significant findings were:

1. The reform activities conducted by state legislature were directly influenced by litigation in both the state and federal courts.

2. The California decision in Serrano v. Priest and the impending U.S. Supreme Court decision in San Antonio Independent School District v. Rodriguez were found to have influenced school finance activities in a majority of the states effecting reforms of their school support programs.

3. Better than half of the states conducted studies of their school finance programs.
4. A comparable number of states introduced legislation which was intended to provide greater equity in school expenditures.

5. The constitutional statements of responsibility of those states which did reform their school finance structures were essentially the same as those which did not.

6. The prime movers most frequently identified by the states were the governor, the chief state school officer, and Serrano or similar litigation.

7. It would appear that states which chose to reform their school finance structures without a court mandate enacted new or improved programs with less delay than those ordered to do so as a result of litigation.

Conclusions

Some conclusions drawn were:

1. The number of school finance studies conducted by the states is not a predictor of the number of reforms.

2. The visible power structure is more likely to be cited as an influence on changes in school finance programs than are events.

3. The terms thorough and efficient gained their popularity more from Robinson v. Cahill type litigation than from the frequency of their appearance in state constitutions.

4. Fiscal neutrality has yet to become a reality in most states.

5. Low wealth districts are not likely to level up to the high wealth districts as long as political pressure controls the expenditure level of low wealth districts while resisting expenditure caps for high wealth districts.
Recommendations

The findings and conclusions of this study lead to the following recommendations:

1. States should thoroughly investigate the feasibility of including income and cost differential factors in the state aid formula.

2. States should develop satisfactory techniques for leveling up or rolling back to an effective level of fiscal support.

3. A study should be made of the factors which render a state ready for school finance reform.

4. Educators must develop measures of cost-quality relationships in school finance.

5. A study similar to this one should be conducted on school finance reform for the period from Rodriguez to present.
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T. E. H. R.
CHAPTER I

THE PROBLEM AND ITS SETTING

Introduction

For the past fifty years there has been little change in the way states raise and distribute funds for the support of public education. School districts still rely heavily on the property tax as the primary source of support. Such dependence produces wide intrastate variations in per-pupil expenditures. Wealthy districts within a state have been known to expend two to three times as much per pupil as poor districts within the same state. Low property wealth districts frequently tax themselves at much higher rates and realize lower expenditure levels than districts with higher levels of property wealth. On the other hand, districts with strong tax bases often realize higher educational expenditures at lower tax rates. Specifically, the education of children is much more a function of the property wealth of the local district than of the tax effort exerted by it.

The Advisory Commission on Inter-governmental Relations concluded that property taxes account for approximately 15 percent of total federal, state, and local tax revenues nationwide. However, for school districts, nearly 100 percent of locally raised funds come from property taxes. Considering all government sources of revenue, public schools receive almost 50 percent of the total property taxes raised.
Thus, to continue to rely on the property tax as the principal source of school revenue makes equal educational opportunity, from a standpoint of equal resources, a myth.

Although it is almost universally held that education is a state function, local control of schools has been considered fundamental to the American way. Such control has frustrated attempts at making school finance schemes equitable. The 1954 Supreme Court decision in Brown v. Board of Education made the ideas of local control of education suspect. Following that historic decision a new slogan was heard—that of equal educational opportunity. Taken separately, both local control of education and equal educational opportunity seem to be necessary components of American democracy. When considered together, the coexistence of these two concepts appear to be improbable, if not impossible.

Since districts differed widely in ability to support public education, it was inevitable that the question of equal educational opportunity would end up in the courts. Although the courts have been active in educational matters for most of the history of public education, it was not until the late 1960's that litigation in the area of school finance appeared. This era saw two basic types of school finance cases. According to Lucas, the first was the McInnis-type which interpreted "equal protection to require that funds be distribu-

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according to need . . ." Such cases were usually unsuccessful. The second type was the Serrano-type case which tied "... the Equal Protection Clause to de facto differences in support of public schools in different areas of the state." "

In 1967, John Serrano, unhappy with the quality of education offered in the Los Angeles Public Schools, complained to the principal of his son's school. The principal suggested that Mr. Serrano move to a wealthier nearby district because his district could not afford more or better services. In 1970 John Serrano et al. brought class action against state and county officials concerned with financing California's public schools. That action alleged that:

As a direct result of the financing scheme . . . substantial disparities in the quality and extent of availability of educational opportunities exist and are perpetuated among the several school districts of the state.

The suit claimed that the scheme for financing public education failed to meet the requirements of the Equal Protection Clause of the Fourteenth Amendment to the U.S. Constitution. It was further alleged that:

... As a direct result of the financing scheme they are required to pay a higher tax rate than taxpayers in many other school districts in order to obtain for their children the same or lesser educational opportunities afforded children in those other districts.

The defendants, in filing a general demurrer, asked, in essence, so what? Certain facts may be true, but where is the legal controversy?

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4Ibid.


6Ibid., p. 1245.
The Superior Court of Los Angeles dismissed the case, whereupon the plaintiffs appealed to the State Supreme Court. The State Supreme Court, in *Serrano I* remanded the case to the Superior Court of Los Angeles and directed that court to try the case on the facts. That opinion was modified and the State Supreme Court's position was clarified two months later. After having heard the legal arguments, the California Supreme Court commented:

... Affluent districts can have their cake and eat it too; they can provide a high quality education for their children while paying lower taxes. Poor districts, by contrast, have no cake at all.\(^7\)

In January of 1972 the United States District Court, W. D. Texas, in a similar case involving the Texas scheme of financing public schools ordered that:

The defendants ... be preliminarily and permanently restrained and enjoined from giving any force and effect to the operation of said Article and Sec. 3 of the Texas Constitution, and the sections of the Texas Education Code relating to the financing of education, including the Minimum Foundations School Program Act, insofar as they discriminate against plaintiffs and others on the basis of wealth other than the wealth of the state as a whole, and that defendants ... be ordered to reallocate the funds available for financial support of the school system ... and to otherwise restructure the financial system in such a manner as not to violate the equal protection provisions of both the United States and Texas Constitutions.\(^8\)

The California and Texas cases captured the spotlight in school finance circles and set off a wave of court cases across the nation.

According to David Long:

In the months following the 1971 *Serrano* decision, over thirty cases were filed challenging schemes of school finance in other states.\(^9\)

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7 *Serrano*, pp. 1251, 1252.


The Texas case reached the U.S. Supreme Court, and in 1973, the Supreme Court reversed the District Court finding that the Texas scheme was not violative of the Fourteenth Amendment of the U.S. Constitution and that since education is not a fundamental interest, no identifiable class was injured by the Texas scheme. That decision was initially hailed as the death knell of equal protection cases in school finance, and the attention of litigants was turned from the federal courts to state courts where plaintiffs hoped for a more sympathetic ear.  

The reforms which have come about in the various state plans for financing public education since 1971 have shown that states can attack the problems of school finance schemes with the knowledge that improvements can be made. The political climate which enables a change in a state's school finance program must be carefully analyzed, and the factors which facilitate or inhibit restructuring efforts need to be identified and understood.

The time span between the 1971 California Supreme Court decision in Serrano I and the 1973 U.S. Supreme Court decision in San Antonio Independent School District v. Rodriguez is an historic period in the arena of school finance development. It is such a setting which gives rise to this study.

**Statement of the Problem**

This research proposed to study state school finance reform activities during the period from 1971 through 1973 in light of the Serrano v. Priest decision.

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Questions Related to the Problem

The study proposed to answer the following questions:

1. To what extent did states undertake legal activities to reform their school finance schemes during the period from 1971 through 1973?

2. What processes were used to develop plans for school finance reform in states which restructured their school finance schemes?

3. Who, or what, were the prime movers in restructuring the school finance schemes of the reform states?

4. How did reform states compare with non-reform states in their treatment of the concepts of fiscal neutrality, and in their constitutional and or statutory statement regarding the responsibility for providing public education?

Scope and Significance of the Study

The time span between the 1971 California Supreme Court's decision in the Serrano v. Priest case and in the 1973 U.S. Supreme Court's decision in the case of San Antonio Independent School District v. Rodriguez probably witnessed more litigation charging violation of the Equal Protection Clause of the Fourteenth Amendment to the U.S. Constitution and of the state constitutions caused by inequities in the manner in which states financed public education than any previous period in history. Immediately after the Serrano decision there was an upsurge in legislative reforms of school finance laws. Whether there was a relationship between these two phenomena is a question which needs an empirical answer.

There is no scarcity of analyses of the Serrano or Rodriguez decisions, nor of the school finance activities of specific states. There is, however, scarcity of analyses of these two phenomena in
light of one to the other. Furthermore, there is a scarcity of re-
search on the school finance activities of the fifty states and the 
implications of those activities in light of the high incidence of 
judicial activity in the area of school finance during that period.
Evidence of the need to examine these phenomena for relationships and 
implications is supported by the fact that more than thirty school 
finance cases were filed immediately after the Serrano decision. This 
would seem to imply that there is a relationship between the high 
incidence of judicial activity and the school finance reforms of 1971 
through 1973. A study such as this one will provide those interested 
in school finance with a comprehensive description and analysis of 
those developments in a single source. Persons who are interested in 
school finance but have neither the background nor interest to secure 
and analyze data from the many sources will be aided by this study. 
State finance officers will find it a handy reference if for no other 
reason than to save the time which would be required to search their 
own records and the records of other states in order to make analysis 
of legislative and judicial activities. Finally, states which are 
currently embarking on restructuring their own school finance laws 
will find a ready analysis of what has happened in other states 
which might save time and unnecessary litigation.

The study will not attempt to evaluate the school finance plans 
of the various states, nor will it attempt to analyze alternative 
formulae for financing public education. Although the study will look 
at Serrano v. Priest for factors which may have had considerable influ-
ence on the restructuring of school finance schemes in various states,
it did not attempt to place a value judgment on the merits of that historic case, nor will it attempt to study litigation or reform activities prior to Serrano nor subsequent to Rodriguez.

**Definitions of Terms**

**Assessed Valuation.** Assessed valuation is the total assessed value of the property in a school district. It may be reduced to per pupil valuation, where the total valuation is divided by the number of students in average daily attendance or average daily membership, or it may be calculated on a per capita basis where the total valuation is divided by the total population of the district.

**Current Operating Expenditures (COE).** Current operating expenditures are the total amounts spent for the daily operation of the district, excluding federal funds other than Impact Aid.

**District Power Equalization (DPE).** District power equalization is a state equalization aid program which attempts to equalize each school district's ability to raise dollars for education so that equal tax rates will guarantee equal per pupil allocations.

**Federal Impact Aid Program.** Federal impact aid program refers to a system through which the federal government reimburses local school districts for the costs of educating children of federally connected workers through PL 874.

**Fiscal Neutrality.** Fiscal neutrality is a court-defined equity standard which establishes that the education of a child is a function of the wealth of the entire state.

**Flat Grant.** Flat grant is a term applied to a specified amount of money which a state gives to school districts without reference to local wealth or standards of equity.
Foundations Program. Foundations program refers to a state equalization program that typically guarantees a certain foundation level of expenditures per student together with a minimum tax rate (RLE) that each district must levy for educational purposes.

Full State Assumption (FSA). Full state assumption, sometimes referred to as full state funding, is a plan whereby the state pays for all educational costs and sets equal per pupil expenditures in all school districts.

Guaranteed Tax Base (GTB). Guaranteed tax base, for purposes of this paper, is the same as district power equalization. The same is true for guaranteed yield program.

Non-Reform States. Non-reform states are those which did not enact and implement legislation which restructured their school finance schemes during the period from 1971 through 1973.

Recapture Funds. Recapture funds are those excess funds which are reclaimed by the state from districts whose tax base provides more money than is required for schools and are redistributed to property-poor districts.

Reform States. Reform states are those which enacted and implemented legislation which restructured their school finance schemes during the period 1971 through 1973.

Required Local Effort (RLE). Required local effort is a state established minimum tax rate at which all school districts must tax themselves.

Stages of Activity. The stages of activity discussed in this study are: (1) the pre-enactment stage wherein states have initiated studies of, or even completed plans for restructuring their school finance schemes, but have not formally introduced such schemes in the
form of a legislative bill; (2) the enactment stage in which a formal bill has been introduced and is going through or has completed the legislative process but has not been funded; (3) the post-enactment stage during which the enacted legislation undergoes changes, refinements, or dies from lack of funds; and (4) the implementation stage in which funds have been provided so that resource distributions can be or have been made to school districts according to the enacted scheme.

Population and Instrument

The population for this study is the legislative service agent or the State Department of Education official responsible for fiscal activities related to school finance from each of the fifty states. That group is specifically made up of persons identified by the state legislature as the official research analyst or agent, or those persons in the State Department of Education whom the Legislative Service Agency identified as having responsibility for fiscal matters relating to school finance.

The instrument is a thirty item School Finance Reform Activities Inventory developed by this researcher, field tested by twenty Chief State School Officers, and approved by the dissertation committee. (See Appendix)

Design of Study

The basic design of this study is the descriptive survey method utilizing a mailed questionnaire. It also uses the historical method in that it relies on data retrieved and analyzed from documents for some of the implications.
If taken literally, descriptive survey would suggest a written description of the meaning behind the data which has been looked over. It is a design, and as such is described by Black and Champion as "... specifications of procedures for gathering information about a large number of people by collecting information from a few of them."\(^{11}\)

A questionnaire was mailed to the legislative service agent of each state. The service agent would most likely choose the person most knowledgeable about school finance, whether an agent of the legislature, or an agent of the state department of education, to complete the inventory. In some instances the legislative agent considered the inventory too much of a chore and returned it unanswered. In those cases the inventory was then sent directly to the Chief State School Officer. Agents of the legislatures often forwarded the survey instrument to the state education agency for completion.

**Organization of the Study**

The first chapter directs attention to the problem and its historical and legal setting. It further discusses the research questions to be answered by the study. It finally presents the scope and significance of the study and the methodology to be used in conducting the research.

Chapter II contains a selected review of the literature on school finance reform and court cases related thereto. The seeming irreconcilable differences in the majority and the dissenting opinions of the U.S. Supreme Court in the 1973 decision in the case of San Antonio Independent School District v. Rodriguez led this researcher to investi-

gate the content of major legislative reforms of school finance schemes in light of the content of the 1971 California Supreme Court decision in *Serrano v. Priest*, and its counterpart in the 1973 U.S. Supreme Court decision in *Rodríguez*. It was decided by the investigator that the study would focus on the equal educational opportunity and equal protection descriptions in both the legislative and the judicial enactments of that period.

The methods, techniques, and instruments used to collect and analyze the data used in this study are presented in Chapter III.

The findings of this study are reported in chapters IV and V. The results of the data collected by mailed questionnaires are presented in Chapter IV. The population is the fifty states, and a questionnaire was mailed to each of the State Legislative Service Agencies. Additional information was secured from School Codes, State Constitutions, and copies of major legislation enacted during the period in question.

In Chapter V a presentation is made of the findings from structured interviews with three persons actively involved in altering the school finance scheme in the state of Illinois.

Chapter VI is a summary of the findings of Chapters IV and V, a presentation of the conclusions based on those findings, the implications of those conclusions, and recommendations for further research.
CHAPTER II

REVIEW OF RELATED LITERATURE

Introduction

Since the literature and number of cases in school finance are so extensive, this review is selective, using only those that contribute to the development of an appropriate background for this investigation. All areas of school finance reform were not treated in equal detail. In some cases it would have added nothing significant to the study; in other cases it would have been an iteration of the obvious.

Selected writings on the fiscal support for equal educational opportunity in the public schools will begin this chapter. Citations from the outstanding works and studies will be incorporated. The second section of this chapter will review selected school finance litigation cases, both adjudicated and pending.

State Responsibility for Education: Early Theorists

In 1906, Elwood P. Cubberly, whose conclusions affected the thinking of school finance authorities and legislators in the early decades of this century, stated his views in the following summary:

Theoretically, all the children of the state are equally important and are entitled to have the same advantages; Practically this can never be quite true. The duty of the state is to secure for all as high a minimum of good instruction as is possible, but not to reduce all to this minimum: to equalize the advantages to all as nearly as can
be done with the resources at hand; to place a premium on those local efforts which will enable communities to raise above the legal minimum as far as possible; and to encourage communities to extend educational energies to new and desirable undertakings.¹

In Cubberly's thinking, equality of educational opportunity was absolutely the responsibility of the state, and such minimum practices as were widespread should be mandated as part of the state minimum requirements in the school districts, regardless of the fiscal capacities of those districts.²

One of Cubberly's strong interests was the extension of the range of educational programs. As part of that extension he advocated the expansion of secondary education, and the adoption of kindergartens, physical education, and vocational education.³

A great concern expressed by Cubberly was in the quality of school programs and the levels of fiscal support in local school districts. Using a 1901 report of the Board of Education in Massachusetts, he pointed out large inequities in the collection and distribution of revenue to school districts of varying wealth in that state.⁴ Similar studies in sample states across the nation convinced him that there was a positive correlation between the low quality of programs and the high tax load, and that "any attempt at the equalization of the opportunities for education, much less any attempt at equalizing burdens, is clearly impossible under a system of exclusively local taxation. Some form of general aid is a necessity if anything like common advantages are to be provided for all."⁵

¹Elwood P. Cubberly, School Funds and Their Apportionment (New York: Teachers College, Columbia University, 1906), p. 17.
²Ibid.
³Ibid., p. 242.
⁴Ibid., p. 37.
⁵Ibid., p. 54.
The plan which Cubberly advanced for the distribution of funds to local school districts used aggregate days of attendance and number of teachers as the unit of measure in combination with a flat grant. Today we recognize such a plan as increasing rather than decreasing inequities in the distribution of revenue with a decided advantage to the wealthier districts. His work, however, is important in tracing the beginnings of school finance schemes.

Fifteen years later, the Strayer-Haig plan ushered in the modern, or at least the most widely used, approach to state aid to public schools. The conceptual framework grew out of the Educational Finance Inquiry Commission's study of school finance in the state of New York. Of the thirteen volumes which were written from that study, The Financing of Education in the State of New York is the only one generally cited, and it contained only a very few pages which were devoted to school finance theory. Strayer and Haig, in writing that report, described the school finance practices of New York State in the early 1920's as follows:

Almost all of the state aid is distributed primarily on a per-teacher quota basis which varies with the classification of the school district and, in the case of one of the quotas, with the assessed valuation in the district. Approximately one-half of the state aid is entirely unaffected by the richness of the local economic resources back of the teacher, and the portion which is so affected is allocated in a manner which favors both the very rich and the very poor localities at the expense of those which are moderately well off.6

The financing scheme described by Strayer and Haig is essentially the Cubberly model, and did not foster equalization which was the primary consideration of Strayer and Haig. In describing the concept of equalization the writers of that report said:

There exists today and has existed for many years a movement which has come to be known as the "equalization of educational opportunity" or the "equalization of school support." These phrases are interpreted in various ways. In its most extreme form the interpretation is somewhat as follows: The state should insure equal educational facilities to every child within its borders at a uniform effort throughout the state in terms of burden of taxation; the tax burden of education should throughout the state be uniform in relation to taxpaying ability, and the provision of the schools should be uniform in relation to the educable population desiring education.\(^7\)

They further contended that:

Any formula which attempts to accomplish the double purpose of equalizing resources and rewarding effort must contain elements which are mutually inconsistent. It would appear to be more rational to seek to achieve local adherence to proper educational standards by methods which do not tend to destroy the very uniformity of effort called for by the doctrine of equality of educational opportunity.\(^8\)

In order to provide the equality which they sought, Strayer and Haig presented the following framework:

1. A local school tax in support of the satisfactory minimum offering would be levied in each district at a rate which would provide the necessary funds for that purpose in the richest district.

2. This richest district then might raise all of its school money by means of the local tax, assuming that a satisfactory tax, capable of being locally administered, could be devised.

3. Every other district could be permitted to levy a local tax at the same rate and apply the proceeds toward the costs of schools, but—

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\(^7\)Ibid., p. 173.

\(^8\)Ibid., p. 175.
4. Since the rate is uniform, this tax would be sufficient to meet the costs only in the richest districts and the deficiencies would be made up by the state subventions.  

The concepts presented by Strayer and Haig were developed by Paul R. Mort who was a student of Strayer. He expanded and popularized the Strayer-Haig-Mort foundation program plan which is still the most widely used scheme of public school funding in the country. In the 1971-72 school year, thirty-three of the fifty states operated their school finance schemes under the Strayer-Haig-Mort plan. In his expansion of the original concept, Mort proposed the following components for the guaranteed minimum program:

1. An educational activity found in most or all communities throughout the state is acceptable as an element of an equalization program.

2. Unusual expenditures for meeting the general requirements due to causes over which a local community has little or not control may be recognized as required by the equalization program. If they arise from causes reasonably within the control of the community they cannot be considered as demands by the equalization program.

3. Some communities offer more years schooling or a more costly type of education than is common. If it can be established that unusual conditions require such additional offerings, they may be recognized as part of the equalization program.

The percentage equalization grant evolved from a study conducted by Harlan Updegraff and Leroy A. King, *Survey of the Fiscal Policies of the State of Pennsylvania in the Field of Education* in 1922. The plan provides that the state will assume a percentage of the locally determined school district budget. The state's share or

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9Ibid., pp. 174-175.


percentage is low in rich districts and high in poor districts, thereby equalizing, to some extent, the wealth available to school districts according to their choice of offerings.\(^{12}\)

Henry C. Morrison, another early theorist of school finance, expressed little confidence in the schemes advocated by any of his predecessors. His plan for the elimination of inequities in the support of public education lay in full state assumption. Schools were not public, according to Morrison's thinking, if they did not exist for the purpose of inculcating attitudes which would inspire desirable participation in a democratic society. Simply being open to or supported by the public does not make schools public in Morrison's thinking. He was not an advocate of vocational education as can readily be seen in the following statement:

> It is not intended to pay . . . for providing the individual with the means of livelihood, nor for furnishing the industrial corporation with a supply of specially trained labor.\(^{13}\)

**Increasing Equity Among Districts**

Morrison's idea of equalization through full state assumption did not become popular with legislators. Hawaii is the only state which has full state assumption. New Mexico, Florida, and Minnesota are the only states other than Hawaii, according to Garms, Guthrie, and Pierce, which approach full state funding, and they do so through a very high foundation plan.\(^{14}\) Although full state assumption does not

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necessarily mean full state control of schools, it does not allow for any geographical variations in expenditures. This does not mean that no adjustments can be made for cost differentials or differing educational needs of students. It does mean that districts with like needs will receive like funding.

Full state assumption, on one hand, can be a blessing for large urban districts if the state sets the expenditure level of the districts in the state to conform with the expenditure levels of the cities. Because the cost of educational services are usually higher in cities, those services would be guaranteed by the levels being set in such fashion. On the other hand, taxation could become a problem. Property taxes would probably be set at the average tax rate among the districts. Although the tax rates in cities tend to be higher than the overall average for the state, they usually collect less than average taxes for educational purposes. Thus, a state-wide property tax which attempts to bring all districts to the average generally means an increase in tax rates for cities.¹⁵

In the attempt to provide equal educational opportunity, school finance scholars have recognized that all students are not alike in their educational needs. The fact that many students have unusual needs, many districts have attempted to address this reality through weighting systems. It has been determined that meeting certain needs is more costly than meeting others. Therefore weights are assigned to students according to their particular needs and the associated cost. For example, a physically handicapped child may be weighted 2.0 as compared to a 1.0 weighting for a child not having special needs.

¹⁵Ibid., pp. 201-202.
Under such plans the assumption is made that there is a fixed cost relationship between special programs and "normal" programs. The question of whether there is a relationship between the cost of an educational service and the quality of that service is one which is still unanswered.  

Charles S. Benson, in The Cheerful Prospect: A Statement on the Future of Public Education discussed what he called "resource equalizing." Under this plan, districts expending equal amounts per pupil for educational services would have equal tax rates, regardless of wealth. If one chose to raise its expenditures by ten percent, the tax rate would be raised proportionately. The state would sustain the deficiency (the difference between the average wealth and the actual wealth).  

Coons, Clung, and Sugarman, though impressed with Benson and his resource equalizing concept, took issue with his use of population as the task unit to measure wealth and the addition of the "needs grant" to adjust for the discrepancies caused by using population rather than a more equalizing task unit. Their proposal is known as "power equalizing" and has found its way into the school finance schemes of twenty-three states.

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16Ibid.  
18Ibid., pp. 91-93.  
District power equalizing emphasizes subsidiarity. That is to say that decisions regarding educational expenditures are made at the local district. That concept was extended by Coons, Clune and Sugarman to include family power equalizing which moves the level of subsidiarity down to the individual family. The family is free to choose from among several levels of educational offerings according to the percent of its income it is willing to pay in educational taxes. Lower income families would pay less than the cost of education at a given level while higher income families would pay more. Although family power equalizing is an outgrowth of the Friedman voucher plan, Coons, Clune, and Sugarman found Friedman's plan limiting in that it promotes sameness rather than subsidiarity and it merely presents the Cubberly flat grant plan with a new wrapping.

The principle of power equalizing and wealth neutrality has had tremendous impact on school finance litigation, and therefore has been the subject of widespread discussion. Friedman and Wiseman describe district power equalizing as conditional neutrality because it requires that equal tax rates net equal revenues, as opposed to simple neutrality. Simple neutrality suggests that "the distribution of shares within a suspect group should be identical to the distribution of shares among all other potential recipients."

\[21\] Coons et al., pp. 201-242.

\[22\] Ibid, pp. 256-268.


\[24\] Coons et al., pp. 260-261.

On the other hand conditional neutrality suggests that "If the potential recipients in a suspect group have exceptional characteristics identical to the group of all other potential recipients, then the distribution of shares within each group should be identical." Simple neutrality fails to acknowledge the possibility of legitimate reasons for group differences in average share sizes. Simple neutrality recognizes and allows for such differences.

Coons, Clune and Sugarman wrote what amounts to a summary of Private Wealth and Public Education in a 1969 article for the California Law Review. It is this citation that is most often found in California Supreme Court references to wealth neutrality. It has been suggested that the California court may have preferred the prestigious California Law Review, a west coast publication, to the equally prestigious Harvard Press, an east coast publisher.

Garms, Guthrie and Pierce in their discussion of the power equalizing concept of Coons, Clune and Sugarman, suggest that Coons and company were not so much concerned with "equalizing expenditures per pupil, but with equalizing the ability of local districts to support schools."

Most school finance scholars agree that the role of the state in financing educational opportunity must be expanded if the quality of that opportunity, as measured by dollars, is not to remain a function

26 Ibid., p. 198. 27 Ibid., pp. 197-198.


29 Garms et al., p. 197.
of the wealth of the school district. The extent to which wealth neutrality exists within a state describes the status of school finance within that state.

Garms, Guthrie and Pierce described the state of school finance in 1978 as follows:

In almost all states school finance is badly in need of reform. The inequities of our finance systems are denying some students an adequate education while providing handsomely for others. They force some taxpayers to pay more than others while receiving less education for their money.30

**Federal Involvement**

The National Education Finance Project (NEFP) of 1968 was a comprehensive school finance study commissioned by the U.S. Office of Education. The study involved top education experts from the fifty states and was administered by the University of Florida under the direction of Roe L. Johns. In an article for *American Education*, Johns listed five objectives of that project: (1) to identify the dimensions of basic and special educational needs; (2) measure cost differentials among different educational programs; (3) relate variations to those needs and costs to the ability of local, state, and federal governments to provide them; (4) evaluate present funding programs; and (5) construct a range of alternative school finance models from which those having a direct responsibility for school financing and the general public might select the one most adaptable to our needs and objectives.31

Several publications and satellite studies resulted from this project, and some of its findings made their way into successful reform pro-

30Ibid., p. 208.

grams. The study particularly suggested that full state and federal funding of public education would be essential to providing equal educational opportunity. It also concluded that if we are to make educational opportunity truly equal, we must spend unequally.

The President's Commission on School Finance, 1971, reported the following:

The Commission sees the Federal Government performing a leadership and pioneering role in long-range educational policy, but only a supplemental role to the states in the financing of school capital and operating costs.\(^{32}\)

The Commission's stand on the federal role in education is obviously not in agreement with that of the NEFP.

As early as 1918 the U.S. Congress was attempting to define and resolve the problem of equality of educational opportunity. In that year the Smith-Towner Bill proposed "an annual federal fund of $100,000,000 to be distributed among the states for such items as (1) equalizing educational opportunity, (2) reducing illiteracy, (3) Americanization, (4) teachers' training, and (5) physical education and recreation."\(^{33}\) Even then, equality of educational opportunity was associated with equality of fiscal resources, and as early as that, Congress debated legislation which expressed explicit national interests.

Although proponents of the marble cake interpretation contend that dual-federalism never really characterized the political system and that there was considerable inter-governmental cooperation from the


very beginning, it is clear that the Constitutional division of responsibilities and powers was held sacred. Prior to 1790 there was no public education. With the 1800's came a movement for providing free public elementary schools. As this movement gained momentum the early public schools reflected the characteristics of that division of responsibilities and powers. Even today patterns of school governance which came about in the early days of the Republic are clearly identifiable.

According to Mosher, "Jefferson and Washington, as well as other early friends of education, proposed that national and state institutions be created to promote public acceptance of the idea of public instruction and to encourage uniformity of programs and goals among existing schools . . ."34

As public schools sprung up across the country, the local citizens were called upon to support their own schools. The states took on a sort of a supervisory role for the widely scattered and sparsely populated schools. The genesis of our public school system, then, brought with it the problem of unequal educational opportunity. A one-room school on the prairie certainly could not provide services or resources equal to a school in a more densely populated area or where the inhabitants had a modicum of wealth with which to provide more than the minimum for their children.

From the earliest days of the Republic a strong spirit of localism has permeated the political system. The Smith-Towner Bill proved to be an excellent example. According to Swift, "The bitter

conflict waged about the Smith-Towner, Towner-Sterling, and Sterling-Reed bills showed clearly that any attempt to inaugurate a policy of large Federal aid to public schools will meet bitter and well-organized opposition. But even in that atmosphere of localism the federal government has been active in public education beginning with the Northwest Ordinance of 1785. In 1787, Manasseh Cutler, a director of the Ohio Company, threatened to purchase land from individual states if the national government failed to meet his demands for school, university, and church lands. On July 23, 1787 Congress passed an ordinance, and in that ordinance stated the position of the Congress which is quoted by Roald Campbell et al. as follows:

Religion, morality, and knowledge, being necessary to good government and happiness of mankind, schools and the means of education shall forever be encouraged.

There is no doubt that the federal government is one of the principal actors in the drama of public school governance. Boards of education, local superintendents, and state education agencies across the country have winced at federal activity in those areas which only state and local governments claimed power. Although, according to Zeigler, boards of education have not always been "averse to higher level subvention," they have been bitterly opposed to federal activity in areas involving such strong emotions as is the case with

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35Swift, p. 4.


desegregation. Boards which have long proclaimed their legal autonomy and have expressed fears of federal control are constantly stretching forth their hands for federal dollars, and too often not without great cost.

Since the U.S. Constitution makes no mention of education, and the Tenth Amendment says, "... the powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the states respectively, or to the people . . .," many have interpreted this to mean that the federal government has no responsibility for or right to become active in public education. One could advance many reasons why the founding fathers did not grant education constitutional protection. Certainly the fear of a strong central government caused the Constitutional Convention to be cautious in its granting of powers. Another possibility is that it was an oversight which could easily have occurred in the throes of power plays and political compromise which gripped that august body. Yet in spite of the times and tempers, they managed to produce a document which has proved to be a living and flexible framework for governance. Article I, section 8 is an excellent example of a contingency approach, for it grants Congress the power "to lay and collect taxes, ... and provide for the common defense and general welfare of the United States." It is just such an approach which made possible the Smith-Lever Act of 1914, and the Smith-Hughes Act of 1917. The latter officially marked the entrance of the federal government upon a

38U.S. Constitution amend. X.

39U.S. Constitution article I, sec. 8.
national policy of subsidizing vocational education in public secondary schools. Keppel advises that rather than speaking of federal aid, "it is more appropriate to speak of federal support for special programs." He further states: "It might be appropriate to think of federal funds—or, for that matter, state or local funds—as an investment in education, an investment made by a partner who has clearly in mind the investments of other partners—local, state and private."  

Berke, Moskowitz, and Sinkin see federal aid "used as a stimulus to encourage reform of state school finance systems in a variety of ways." The 1958 passage of the National Defense Education Act was intended to serve as such a stimulus. NDEA is the first of the educational acts which explicitly stated a national interest. It ushered in an era of increased federal activity in education. Marilyn Gittell stated:

It is clear that the emerging role of the federal government through the Office of Education is an external force promoting the greatest changes in the large city school districts that have been witnessed in the course of their history. Contemporary education was virtually nonexistent prior to federal aid. The proliferation of experimental programs can be traced directly to the influence of federal aid dollars.

Probably the greatest windfall for public education was the Elementary Secondary Education Act of 1965. Not only was it more far-reaching in impact but the evidence of federal influence in state and

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41 Ibid.
local educational policy decisions was plain. The amount of federal funds committed to education escalated from an average of 4 percent in the 1960's to 7.8 percent of the total revenue receipts of the public schools in 1976. This showed a slight decline from the 8.8 percent of 1967. This decline is not to be construed as evidence of a withdrawal of the federal government from equal opportunity type activities in education, for that Act was renewed by the Congress in 1978.

One can readily see that past practice has well laid the groundwork for the partnership which was spoken of by Keppel. There is ample evidence that the federal government has a compelling interest in public education.

What is the status of public education today? Mosher described it as follows:

It is now widely recognized that the American educational enterprise, like other governmental activities, is influenced with competing public values, responds to common social and environmental influences, and must be powered by public money.

Reducing Disparities

As resources become less bounteous, competition for public money becomes more rigorous. Local units have traditionally depended almost exclusively on property tax for their share of the educational cost. As the tax base declines in the wake of departing industry and white flight, most urban centers are fiscally tenuous. Costs are escalating and the districts are becoming less able to bear the burden of fiscal

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effort. Within a given state the disparities of the fiscal support of districts exceed the disparities between the states. In order to assess the status of education financing, considering that there are fifty different governments with a federal overlay, and within those fifty states approximately 16,000 school districts of varying size and complexity, the U.S. Department of Health, Education, and Welfare commissioned Killalea Associates, Incorporated to conduct a study of the achievements and failures of School Finance Reform in the Seventies. The project used a measure of extreme disparities of 95:5 percentile.

"The ratio of expenditures at the 95th percentile of students to expenditures at the 5th percentile. The measure is employed here because it is a measure of extreme expenditure disparities and because it is currently incorporated in Federal regulations. . . . A value of, say, 2.5 means that students at the 95th percentile received two and one-half times the expenditure per pupil of those at the 5th percentile."

The project looked at the within-state disparities for 1975 and disparity changes from 1970-1975, using 95:5 measure. A two or more percentage point change was needed to indicate a change in disparities within that time period. A less than two percent change was characterized as indeterminant. The study was undertaken after the rash of reforms in state systems of financing public education. There were twenty states which instituted reforms during that time and are referred to as the reform states. The study also showed that disparities decreased in fifteen states, increased in thirteen, and were indeterminant in the remaining twenty-two. In 1970 the fifty states together showed a disparity ratio of 2:36. The national disparity ratio

showed that students living in districts at the 95th percentile received two and one-third times the expenditures per pupil of those at the 5th percentile. In 1975 the disparity ratio was 1:67. Nationwide there was a disparity ratio decline of 29 percent. Vermont experienced a decline of 69 percent. Such a dramatic change can be accounted for by the fact that Vermont had the highest ratio disparity in the country in 1970. In that year Vermont's ratio was 3:37, and in 1975 it was 1:99. It is also interesting to note that 52 percent of the states had disparity ratios above the national mean of 1:67.\textsuperscript{47}

Another important finding of the study is that after calculating each state's ability to pay by determining the property valuation per pupil and comparing that figure in relation to the state average to per pupil expenditures, in almost every case there was a direct relationship between expenditures and property valuations. Thus expenditures, if indeed not the quality of education, was a function of the wealth of the district.\textsuperscript{48}

The Office of Education accepts a disparity ratio of 1:25 using the 95:5 factor. Although such a ratio may be realistic in light of present funding systems, it is not ideal. It seems that a 1:10 ratio is realistic and somewhat more ideal. It still allows for a 10 percent variation to account for varying needs and location cost differentials. The School Finance Reform Project estimates the cost of bringing the current disparity ratio of 1:67 to a ratio of 1:10 at approximately ten billion dollars. For the year 1974-75, "the expenditures for public and private education from kindergarten through

\textsuperscript{47}Ibid., see table 1, p. 13.

\textsuperscript{48}Ibid., see table 3, p. 19.
graduate school are estimated at $109 billion ... the total expenditure amounted to 7.8 percent of the Gross National Product."^{49}

A breakdown of that figure shows $57 billion (52%) went for elementary and secondary public school education, $36 billion (30%) to higher education and $20 billion for private education. Obviously, all this was not federal money. Federal grants to all educational endeavors for that year amounted to $16.2 billion (7.8%) to elementary and secondary education. The national average for per-pupil expenditure is $1380.00. As indicated, the estimated amount necessary to bring national disparity ratio down to a 1:10 ratio is $10 billion. The estimated cost of public education, elementary and secondary, for the 1975-76 year was $62.4 billion. Inflation has probably increased that figure to $67 billion by 1978. Education is obviously big business in the sense of capital transactions. If there is concern for providing equality of educational opportunity through a more equitable financing system, a different model is needed.

**Equality, Cost, and Quality**

Since the mid 1950's much has been said and written about equal rights, equal opportunity, and equal protection. These individual concerns seem to have coalesced into one resounding battle cry—equal educational opportunity—in Brown v. Board of Education of Topeka.^{50} Brown and its progeny addressed the question of race separation. Whether or not unequal treatment under other classifications is equally invidious remains to be determined.

^{49}Grant, et al., Digest of Education Statistics, p. 2.

Cynthia Parsons, in an article for the Christian Science Monitor, said:

That the color, race, or creed of a child should ever have been allowed to keep him from having an equal chance at the starting line is a travesty of the term "free public schooling." Yet, almost no school districts in any section of the United States has been willing voluntarily to equalize its offerings for all its children regardless of color, race or creed.  

Under the guise of local control, many school districts maintain outmoded, inequitable, ineffective, and inefficient methods of financing public education. In an age where space travel is more reality than science fiction, school districts still use nineteenth century school finance schemes.

In spite of the fact that school districts, for the most part, have not equalized their educational offerings, and the U.S. Supreme Court has taken the stand that education is not accorded the status of a fundamental right by the Constitution and that state legislatures, in their wisdom, must settle the question of financing equal educational opportunity, educators continue to disagree on basic definitions for equal educational opportunity and quality education. School districts continue to assert that they are unable to provide quality education unless more fiscal resources are forthcoming, yet when asked for the relationship between the amount of money expended and the quality of education provided, the answers were conflicting.

The cost-quality debate has enjoyed much attention in the field of education and school finance. It is difficult however to determine if the scholars are any closer to agreement. The inequalities mentioned by Parsons are reinforced by Christopher Jencks in his statement "in-
equality among parents guarantees some degree of inequality in the opportunities available to children.\textsuperscript{52} He further states: "We have no way of proving that the quality of teachers' and students' lives is affected by the resources available to their school."\textsuperscript{53}

The Coleman Report suggests that for certain classes of students, per pupil expenditures show little relation to achievement if social background and attitudes of individual students and their classmates are held constant.\textsuperscript{54} Derrick Bell of the Harvard University Law School expressed no doubt about the cost-quality relationship when he said:

\begin{quote}
... the majority of the Rodriguez court was obviously correct in finding that there is no necessary correlation between amount of money spent and quality of education. Indeed, the most prestigious, private schools generally operate at a high level with an expenditure per pupil far less than in some large, urban school systems where pupil attainments average out at a deplorable level.\textsuperscript{55}
\end{quote}

The question seems to be, "Is the measure of quality to be what is achieved or what is available?"

Arthur Wise, in Rich Schools, Poor Schools,\textsuperscript{56} presented nine basic ways of defining standards for equal educational opportunity. The negative definitions—those which define what equality of educational opportunity is not rather than what it is, seem to have enjoyed greater popularity. Francis Keppel gives the following defi-


\textsuperscript{53}Ibid., p. 24.


\textsuperscript{55}Derrick A. Bell, Jr. a private letter (July 5, 1978).

If "equality of quality" in education is to have meaning, it necessarily applies to the poor as well as the rich, to the Negro as well as the White, to the bright as well as the average. It applies to every student without favor and without regard to the place in which he happens to live. There can be no inequality based on accident of geography.57

Those who believe that educational needs must be considered in any viable definition would take exception to Keppel's definition, for it is essentially the same as the one-child one-dollar definition. Neither definition considers needs or cost differential.

Charles Benson, although offering a negative definition, allows for needs variation in his definition. He says:

The one universally accepted criterion of a public activity is that it affords equal treatment to equals. With respect to schooling, this implies that any two children of the same abilities, wherever they live in a given state and whatever their parental circumstances are.58

He further states:

... rather, subject to social needs and the practical possibilities, each child should be encouraged to reach a high development of his abilities. ... Common sense leads one to believe that this objective would point to different expenditures on various children.59

Van den Haag offers what Wise calls a competitive definition which emphasizes access. He posits:

Clearly, equality of opportunity to be educated does not mean that everyone should get as much education as everybody else. What should be equalized is access to education, not education.60

57Keppel, p. 75.
58Benson, p. 62.
59Ibid., p. 20.
Summary

Part one of this chapter treats theorists and theories of school finance using an historical approach. Early theorists such as Cubberly, Strayer, Haig, Mort, Updegraff, and Morrison are examined as a means of understanding the development of a formal body of school finance theory.

Formulas for funding public education became more complex as the population expanded and became more mobile. As communities became more diversified in ethnicity and socio-economic levels, and as the general society became more complex, public schools assumed a greater role in the socialization and education of the populace. School districts began to look to the state more and more for assistance in funding the growing education enterprise.

Since most state constitutions demanded a system of free public schools, legislatures were forced to establish the mechanism and formula for providing revenue for public education. The flat grant system did little to support school districts beyond their own local effort, and did even less toward eliminating inequities in resources.

As the courts assumed greater involvement in safeguarding the fourteenth amendment rights of citizens, school finance reformers demanded more efficient ways of providing greater per pupil equity in the dollars expended in school districts within the state. Fiscal neutrality was seen as an approach for meeting these demands.

A look at the role of the federal government in funding public education shows a national interest in the role of education and therefore greater equity in the delivery of such services. Title I of the Elementary, Secondary Education Act of 1964 is an obvious attempt
by the federal government to bring about greater equity in resources provided to low income students in school districts across the country, and possibly an attempt to influence school finance reform in the states.

Finally, the plethora of literature on the equality of educational opportunity and what it means has had some influence on directions in school finance reform. The cost-quality controversy still rages. In the absence of general agreement on the relationship between quality of education and dollars spent on education, the emphasis in the school finance reform movement has been on the equalization of dollars.

The Courts and School Finance Reform

Political decisions (and school finance reform is a political decision) require the support of a majority of the legislators, who must answer to the voters for that decision, or a court order which might override their reluctance to displease their constituents. Voters most likely to support reform legislation are those in the position to gain the most or at least will not lose anything. The selling of a reform plan could be a long and involved process. According to Berke, Shalala, and Williams, "... a finance reform proposal placed before the voters is likely to be rejected; a similar proposal put before the state legislature has a better chance."

The many attempts to force school finance reform through the courts were often efforts to short circuit the political process. Contrary to what one might believe, the litigation process has often provided legislatures with a rationale for waiting. Because the judiciary does

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not have the time, staff, or the comprehensive understanding of com-
plex school finance systems, litigation has proved to be very time
consuming. Furthermore, when decisions are rendered, they most often
direct the legislature to enact reforms which will be accepted as
equitable. Serrano v. Priest62 was initially filed in 1969. The
final ruling came in 1976—eight years later. Brown v. Board of
Education63 is an excellent example of the time span between ruling and
implementation. According to Florence Dick:

... within the twenty years since Brown I (1954)
and leading up to the Pratt Decision (1975), the
law of desegregation is established, yet the problems
related to the implementation of the law have not
been resolved.64

The time involved in litigation has not eliminated the courts
as an avenue for addressing questions of inequities of assessment and
distribution of tax money for public education. In 1912, the Supreme
Court of the state of Maine decreed in Sawyer v. Gilmore:

In order that taxation may be equal and uniform in the
constitutional sense, it is not necessary that the bene-
fits arising therefrom should be enjoyed by all the people
in equal degree, so that each one of the people should
participate in each particular benefit.65

This case questioned the constitutionality of tax money being dis-
tributed so that poorer districts receive more money than they pay
while richer ones receive less. The court further stated:

62 Serrano v. Priest, 487 P. 2d 1241 (1971), subsequent opinion


64 Florence Louise Hines Dick, "An Analysis of the Interpretations
of the Pratt Decision by Three Selected Groups of Decision Makers"

We are not to substitute our judgment for that of a coordinate branch of the government working within its constitutional limits. The distribution of the school mill fund of 1872 has resulted in inequality. That distribution has been and continues to be based on the number of scholars, thereby benefiting the poorer towns more than the richer, because they receive more than they pay, and in the opinion of the justices before cited that method is deemed constitutional. 66

School finance litigation came into its own with Serrano v. Priest. Lindquist and Wise considered Serrano "a significant challenge to state systems of public school financing. . ." 67 It challenged the constitutionality of the California school finance system using the state's equivalent of the equal protection clause as a basis. Justice Sullivan of the California Supreme Court stated:

We are called upon to determine whether the California public school financing system, with its substantial dependence on local property taxes and resultant wide disparities in school revenue, violates the equal protection clause of the Fourteenth Amendment. We have determined that this funding scheme invidiously discriminates against the poor because it makes the quality of a child's education a function of the wealth of his parents and neighbors. Recognizing as we must that the right to an education in our public schools is a fundamental interest which cannot be conditioned on wealth, we can discern no compelling state purpose necessitating the present method of financing. We have concluded, therefore, that such a system cannot withstand constitutional challenge and must fall before the equal protection clause. 68

Because the California school finance system is similar in effect to the systems used in 49 of the 50 states, the impact of the Serrano decision was felt across the nation.

The California court, in its examination of the state financing scheme, reported that in 1969-70, "... the assessed valuation per unit of average daily attendance. . . ranged from a low of $103 to a


68 Serrano, p. 1244.
peak of $952,156—a ratio of nearly 1 to 10,000. "69 In 1968-69 local property taxes accounted for 55.7 percent, state aid 35.5 percent, federal funds 6.1 percent, and miscellaneous sources 2.7 percent of educational revenues. 70

Judicial Standard

The court referred to the two-tier test used by the U.S. Supreme Court for cases filed under the equal protection clause. The first tier is called the rational standard in that it only requires that a statute bear some rational relationship between the statute and the state purpose. The rational standard gives the state a decided advantage in litigation. The second tier, on the other hand gives the advantage to the litigant. The strict scrutiny standard requires that the state bear the burden of proving "not only that it has a compelling interest which justifies that law but that the distinctions drawn by the law are necessary to further its purpose."71 Cases involving fundamental interests (those rights implicitly or explicitly guaranteed by the U.S. Constitution) and suspect classification (identifiable classes such as race, creed, religion, and others identified by court interpretations) trigger the strict scrutiny standard.

One of the early, if not the earliest, published articles suggesting that inequities in financing public schools might be unconstitutional was written in 1965 by Arthur Wise, then a University of Chicago graduate student.72 He later amplified that article in his book, Rich Schools, Poor Schools, which cited many of the cases.

designating suspect classes. He showed particular interest in those ruling wealth discrimination as suspect.

A federal district court in Hargrave v. McKinney said: "... lines drawn on wealth are suspect."73 Similarly, in Harper v. Virginia State Board of Elections, the U.S. Supreme Court held: "Lines drawn on the basis of wealth or property, like those of race ... are traditionally disfavored."74 The opinion was much the same in McDonald v. Board of Election Commissioners of Chicago:

A careful examination on our part is especially warranted where lines are drawn on the basis of wealth ... which would independently render a classification highly suspect and thereby demand a more exacting scrutiny.75

Likewise in Griffin v. Illinois the Court held that "... a state can no more discriminate on account of poverty than on account of religion, race, or color."76 It is important to note that all of the wealth classification cases here cited were at least closely allied to an implicitly or explicitly granted constitutional protection.

The California Supreme Court guarded against having its ruling overturned by the U. S. Supreme Court on federal constitutional grounds by referring to Article 1, section 21 of the California constitution:

We have construed these provisions as "substantially the equivalent" of the equal protection clause of the Fourteenth Amendment to the federal Constitution. ... Consequently, our analysis of plaintiffs' federal equal protection contention is also applicable to their claim under these state constitutional provisions.77

73Hargrave v. McKinney, 413 F. 2d. 320, 324(5th Circ. 1964).
77Serrano, n. 11, p. 1249.
The 1971 decision of the California Supreme Court reversed the decision of the lower courts and remanded the Serrano case to the trial court. In 1974 the trial court ruled in favor of plaintiffs, and the county and wealthy districts appealed that ruling to the state supreme court, which affirmed the trial courts' decision in 1976.

Goldstein attacked the legal literature that predated Serrano, especially Private Wealth and Public Education, as exemplary of "a current wave of consciously activist scholarship, written with an avowed bias, and aimed at producing specific legal results. . . . This activist legal scholarship—of a very high caliber—produced the legal formulations manifested in Serrano."78

Kenneth Karst expressed a serious concern over the Serrano court's conclusion that the California system of financing violated the state constitution as well as the equal protection clause by its citing the Kirchner79 opinion when almost all of the court's references were to the federal equal protection clause.80 He also questioned the limits of the fundamentality of education:

Thus, while the California court has told us that education is fundamental, it has not told us whether there is some level of spending on education beyond which further increments are no longer fundamental.81


79Dept. of Mental Hygiene v. Kirchner, 62 Cal, 2d 586,588 (1965).


81Ibid., p. 725.
San Antonio Independent School District v. Rodriguez82 followed the Serrano model charging violation of the equal protection clause. The lower court in Rodriguez v. San Antonio Independent School District83 relied heavily on the California precedent and adjudicated the case using the two-tier approach to equal protection analysis. The federal district court, in the Texas case, also concluded that education was a fundamental right and therefore applied the strict scrutiny standard. Using Brown v. Board of Education as a basis of support for establishing the fundamentality of education, the court quoted that famous decision as follows:

Today, education is perhaps the most important function of state and local governments. Compulsory school attendance laws and the great expenditures for education both demonstrate our recognition of the importance of education to our democratic society. It is required in the performance of our most basic public responsibilities, even service in the armed forces. It is the very foundation of good citizenship. . . . In these days, it is doubtful that any child may reasonably be expected to succeed in life if he is denied the opportunity of an education. Such an opportunity, where the state has undertaken to provide it, is a right which must be made available to all on equal terms.84

The district court therefore concluded that the Texas system of finance infringed upon a fundamental interest and invidiously discriminated against poor people as a suspect class.85

The U. S. Supreme Court, in reviewing the lower court decision, gave careful consideration to the delineation of the suspect class. The Court saw three possible interpretations:


The Texas system of school financing might be regarded as discriminating (1) against "poor" persons whose incomes fall below some identifiable level of poverty . . . (2) against those who are relatively poorer than others, or (3) against all those who, irrespective of their personal incomes, happen to reside in relatively poorer school districts.86

The Court then cited Churgin's research87 to discount any suggestion that plaintiffs were functionally indigent. Churgin et al. said:

It is clearly incorrect, however, to contend that the "poor" live in "poor" districts. The relationship between poverty families and total district wealth is unclear; and in terms of business wealth, the findings show that the "poor" actually live in the "wealthier" districts.88

They questioned the legal wisdom of not having made an absolute distinction between poor children in poor districts and non-poor children in poor districts.89 Even more, the authors contend:

The Serrano court simply had no authority to support the proposition that the poverty of a collective unit triggers "suspect classification" analysis.90

In response to the decision of the lower court, the U.S. Supreme Court said:

The system of alleged discrimination and the class it defines have none of the traditional indicia of suspectness. . . . We thus conclude that the Texas system does not operate to the peculiar disadvantage of any suspect class.91

It further stated:

. . . the importance of a service performed by the state does not determine whether it must be regarded as fundamental for purposes of examination under the Equal Protection Clause.92


88Ibid., p. 1328. 89Ibid., pp. 1306-1307. 90Ibid., p. 1308.

91Rodriguez II, 411 U.S. p. 28.

92Ibid., p. 30.
In spite of the California precedent, Private Wealth and Public Education, and the affidavit presented by Joel Berke, the U. S. Supreme Court did not find education a fundamental interest. In fact, the Court said:

Education, of course, is not among the rights afforded explicit protection under our Federal Constitution. Nor do we find any basis for saying it is implicitly so protected.93

Inasmuch as the lower court had based its judicial standard on Serrano, the U. S. Supreme Court's refusal to apply strict scrutiny in the Rodriguez case caused a rash of reviews and discussions of the validity of Serrano. The high Court said:

... we find this a particularly inappropriate case in which to subject state action to strict judicial scrutiny. ... Each of our prior cases involved litigation which "deprived," "infringed," or "interfered" with the free exercise of some fundamental personal right or liberty.94

Using the restraint which has been associated by some with the Burger Court, the opinion continued:

We are unwilling to assume for ourselves a level of wisdom superior to that of legislators, scholars, and educational authorities in 50 states, especially where the alternatives proposed are only recently conceived and nowhere yet tested.95

Adding a cautionary note the Court said:

We hardly need add that this Court's action today is not to be viewed as placing its judicial imprimatur on the status quo. The need is apparent for reform in tax systems which may well have relied too heavily on the local property tax. ... But the ultimate solutions must come from the lawmakers and from the democratic pressures of those who elect them.96

The five-four decision was hailed as the death knell for school finance reform. To the contrary, Derrick Bell, an attorney for the

93Ibid., p. 35.  
94Ibid., p. 38.  
95Ibid., p. 55.  
96Ibid., p. 59.
Serrano case said: "What initially seemed a serious setback has turned out to be less than that."\textsuperscript{97}

Mr. Justice Marshall wrote an eloquent and scholarly dissent. In response to the majority's minimizing the importance of expenditures disparities as related to quality, Marshall said:

In fact, if financing variations are so insignificant to educational quality, it is difficult to understand why a number of our country's wealthiest school districts, which have no legal obligation to argue in support of the constitutionality of the Texas legislation, have nevertheless zealously pursued its cause before this Court.\textsuperscript{98}

This citation referred to such districts as San Marino Unified School District, Beverly Hills Unified School District, and Dearborn City and Gross Point, Michigan school systems acting as amicis curiae in the Rodriguez case.\textsuperscript{99}

The equal protection clause approach to school finance reform litigation, made famous by Serrano and Rodriguez, was based on the provisions of the Fourteenth Amendment to the Federal Constitution which states:

All persons born or naturalized in the United States . . . are citizens of the United States and of the State wherein they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny any person within its jurisdiction the equal protection of the law.\textsuperscript{100}

Successful litigation using the equal protection approach has had to base its denial claims on the equal protection equivalents of the states.

\textsuperscript{97}Derrick Bell, private letter, July 5, 1978.

\textsuperscript{98}Rodriguez, 411 U. S. p. 85.

\textsuperscript{99}Ibid., n. 42, p. 85.

\textsuperscript{100}U. S. Const. amend. XIV, sec. 1.
Both Serrano v. Priest and Horton v. Meskill\textsuperscript{101} pursued that plan. Horton v. Meskill was filed in 1974 by the school children in the town of Canton, Connecticut. The state provided between 20 and 25 percent of educational expenditures using a flat grant scheme which was unrelated to the ability of school districts (towns) to finance education. The Connecticut Supreme Court in its review of the decision of the Superior Court of Hartford County, characterized education as a fundamental interest, thus triggering the strict scrutiny standard of review. The General Assembly was given an opportunity to enact appropriate legislation.

Robinson v. Cahill\textsuperscript{102} was decided by the New Jersey Supreme Court within five weeks of the Rodriguez decision. The New Jersey Court declared that the state's school finance scheme violated the state constitutional requirement of providing a "thorough and efficient" system of education. The decision revived the hopes of those who believed school finance reform through the courts had died with Rodriguez. In the face of what appeared to be a closed door to federal court school finance litigation, litigants turned to the state courts. Robinson v. Cahill also proved that judicial mandates sometimes accomplish naught. The New Jersey Legislature was given until December 31, 1974 to enact equitable reforms.\textsuperscript{103} Plaintiffs returned to Court because the legislation which was enacted was not funded, and there was no definition of "thorough and efficient." In 1976 the State Supreme


\textsuperscript{102}Robinson v. Cahill, 303 A. 2d 273(1973).

\textsuperscript{103}Robinson v. Cahill, 306 A. 2d 65(1973).
Court ordered the schools closed because the legislature had not fully funded the new legislation. Within a few weeks after that order the legislation was funded and schools were allowed to reopen. 104

_Lujan v. Colorado_105 is significant because plaintiffs challenged the school financing scheme of the State of Colorado on grounds of violation of equal protection and violation of the state's constitutional requirement to provide a "thorough and efficient" system of education. That case is yet pending.

The problems of large urban school systems have become more apparent in this day of mushrooming costs, declining enrollments and diminishing tax bases. Municipal overburden and declining enrollments are factors which are now considered critical in formulating school finance schemes. The boards of education of New York City, Rochester, Buffalo, and districts from Long Island and Upstate New York joined as plaintiffs in _Levittown v. Nyquist._106 The complaint in this case was lodged on state constitutional provisions for "a system of free common schools," and on the State constitution's equal protection provisions. Plaintiffs claimed that:

... The cities' higher non-school expenditures are inexorable and reduce the cities' ability to finance their education programs.

The city has lost population in recent years; those leaving are generally higher income residents. ... 

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106 _Levittown v. Nyquist_, Index No. 8208/74, Nassau County Supreme Court (1978).
The larger the city the higher the per capita expenditures for . . . services.107

Plaintiffs also claimed that the state's school aid formula:

. . . measures local fiscal capacity arbitrarily and inadequately, resulting in large urban school districts, rendered poorest in school finance resources because of greater municipal services burdens and school costs, being treated as wealthy and receiving less state aid than other districts with greater resources; . . . 108

The original complaint was filed in 1974, and the Nassau County Supreme Court ruled for plaintiffs in the summer of 1978.

Litigation in the state courts is still very much alive. There are cases still pending in 16 states: Arkansas, California, Colorado, Louisiana, Maine, Missouri, Kansas, New Jersey, Georgia, Ohio, Oklahoma, South Dakota, Texas, Washington, West Virginia, and Wisconsin.109

Any movement toward restructuring school finance schemes must take into account the economics, law, and politics of school finance if there is to be any hope of success. This investigator has reviewed within this chapter selected literature which treats these three areas in order to lay a foundation for this investigation of school finance reform activities.


108 Ibid.

CHAPTER III

RESEARCH DESIGN AND METHODOLOGY

In employing the descriptive survey method, the researcher, according to Leedy:

. . . observes with close scrutiny the population of his research parameter; second, he makes a careful record of what he observes, so that having made his observations, he can come back to the record that he has made of them and can study that record carefully in order to discover the meaning of what he has observed.¹

He further states that:

Hundreds of thousands of survey studies have been conducted in which the "looking" has been by means of a questionnaire, and in interview studies the "looking" has largely been by ear rather than by eye.²

The descriptive survey is literally the written description and interpretation of phenomena which has been looked over or observed. In this study the observation was done by means of a questionnaire.

To guard against distortions, most items on the questionnaire were worded so that any person having access to the information would give the same responses. A preponderance of the items requested information of fact rather than perception. Because the choice of a sample lends itself to the introduction of bias, the researcher decided to survey the total population—a fiscal administrator in each of the

²Ibid.

50
fifty states. Since all school finance reform activities do not originate in the State Education Agency, but all reform enactments must go through legislative channels, questionnaires were sent to the Legislative Agency of each state.

The Instrument

This study attempted to analyze state school finance reform activities during the period from 1971 through 1973 in light of the Serrano type litigation. The approach was to investigate reform activities which actually took place during that period according to fiscal representatives of the states. The data relating to that approach were collected through a thirty-item questionnaire which was developed by the researcher. The aim was to gather data revealing the nature, extent, and influences on school finance reform activities of that period. Since this study was more concerned with process than with content, the School Finance Reform Activities Inventory was designed to accomplish that purpose. (See Appendix)

The procedures used to develop the questionnaire were:

1. Construction of the initial inventory

2. Submission of the inventory to my committee and to colleagues for criticism

3. Constructing Field Test Copy (See Appendix)

4. Mailing Field Test Copy to twenty-five Chief State School Officers for validation

5. Modifying inventory according to suggestions from twelve returns

6. Mailing final questionnaire and cover letter.

Mouly's suggestions were followed in the preparation of the inventory for this study.

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Treatment of the Data

The data collected are intended to answer the four research questions which follow.

1. To what extent did states undertake legal activities to reform their school finance schemes during the period from 1971 through 1973?

The data needed to answer this question are the responses to the following items in the inventory: items 1, 2, and 7 of Stage I; item D of the cover page, and items 1, 3, 4, and 5 of Stage II; items 1, 2, 3, and 4 of Stage III; and items 2 and 4 of Stage IV. The responses to these items were tabulated by state according to the appropriate stage. The frequencies of activities in each reporting state were charted according to stages to facilitate interpretation. The data were interpreted by analyzing the number of states in each of the four stages and which of the stages were essential to reform.

2. What processes were used to develop plans for school finance reform in the states which restructured their school finance schemes?

The data needed to answer this question are the responses to items 1, 2, and 7 of Stage I. The responses to the specified Stage I items were categorized and displayed in a table for easy comparison. The data were interpreted by analyzing the similarities and differences among the various states in how they planned for the restructuring which was or was not accomplished. The data were particularly analyzed to determine if reform states and non-reform states used similar means of planning their reform activities.

3. Who, or what were the prime movers in restructuring school finance laws of the reform states?
The data needed to answer this question are the responses to items related to influences. Those data are located in the responses to items 2, 3, 4, 5, and 7 of Section I, and item 2 of Section II. Those data were secured by tabulating the responses to the items specified above. The total number of restructured schemes were analyzed by identifying people, classifications of people, groups, and forces which influenced reform. Those analyses were displayed in tables and were interpreted by comparison. The comparison was made to determine if states with similar prime movers reached similar stages of reform activity.

4. How did reform states compare with non-reform states in their treatment of the concept of fiscal neutrality and in their constitutional or statutory statements regarding the responsibility of the state for providing public education?

The data needed are responses to inventory items related to equity and equal educational opportunity, and constitutional or statutory statements of responsibility. Those data are located in the responses to items 1, 3, 5, 6, 7, 8, and 9 of Stage IV of the inventory, and in the constitutional or statutory statements of responsibility of the states. The data were secured by an analysis of the responses to the identified items and of the articles and sections of state constitutions and statutes which describe the state's role in public education. The data were interpreted by categorizing and tabulating efforts aimed at resource equalization as reported through items in the inventory, and by comparing the content of statements defining the responsibility of the state in providing public education.

As an extension of the study, one State Department of Education was asked to identify people who were most intimately involved in the
reform process in that state. The researcher chose three persons who fit the following categories: (1) a proponent of the enacted legislation, (2) an opponent of that legislation, and (3) one whose activities could be described as technical as opposed to political. Those three persons were interviewed in order to compare their perceptions of the reform process.

The data needed to make the appropriate comparisons are the responses to questions in the structured interview. Those data are located in the transcripts of the interviews. The data were interpreted by comparing the responses of the three people to questions in the interview for similarities and differences.

This is not a statistical study, thus the design did not provide for significance tests or other inferential procedures. Although the inventory is the principal source of data, inferences are also drawn from data submitted to the Education Commission of the States, comments in letters, and data from the U.S. Office of Education.

The findings of this study are reported in Chapters IV and V. Chapter IV presents the findings of the research questions presented and reflect the activities as reported by the official responses of the states. In Chapter V a presentation is made of the findings from structured interviews with three persons actively involved in restructuring the school finance scheme in the state of Illinois. The conclusions, implications, and recommendations are presented in Chapter VI.
CHAPTER IV

PRESENTATION AND ANALYSIS OF DATA

Introduction

The intent of this chapter is to present and analyze data related to activities which were part of the restructuring of school finance laws of the various states and those factors which exerted influence on those activities which took place during the period from 1971 through 1973.

The data were collected from responses to a questionnaire, "School Finance Reform Activities Inventory," and from the constitutions or statutes of the states. Some descriptive statistics produced under HEW sponsorship were used for purposes of comparison and clarity.

The universe for this study was the fifty states of the United States, each using agents of the state legislature or the state department of education as respondents.

The inventory, which was developed by the researcher, was mailed to the Legislative Service Agency of each state. A directory of those agencies is listed in Education Commission of the States Research Brief, Vol. 3, No. 6. Accompanying the questionnaire were a cover letter and a self-addressed, pre-printed acknowledgement post card. The agency was requested to check the appropriate statement which indicated receipt of and intended response, or receipt of and an indication of to whom or which agency the inventory was forwarded. If neither the acknowledgement card nor a completed inventory was returned within three weeks, the same package
was mailed to the State Superintendent of Education (CSSO). Three follow-up mailings were sent to those states from which no response was received.

The returns were separated according to the three categories of respondents: the Legislative Service Agency (LSA), the state education agency (SEA), and the chief state school officer (CSSO). Table 1 shows that there was an overall 84 percent return rate with forty-two states responding. Five states, or 10 percent, returned the questionnaire completely unanswered, and an additional eight (16 percent) responded to only one or two items. In all, 29 of the states responded to items in all four sections of the questionnaire.

Table 1
Source and Rate of Returns

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<th>Source</th>
<th>Returned</th>
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<th>No Data</th>
<th>One Item</th>
<th>Usable Returns</th>
</tr>
</thead>
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<td>8 (16%)</td>
<td>2 (4%)</td>
<td>3 (6%)</td>
<td>10 (20%)</td>
</tr>
<tr>
<td>SEA</td>
<td>25 (50%)</td>
<td>0 (0%)</td>
<td>3 (6%)</td>
<td>4 (8%)</td>
<td>18 (36%)</td>
</tr>
<tr>
<td>CSSO</td>
<td>2 (4%)</td>
<td>0 (0%)</td>
<td>1 (2%)</td>
<td>1 (2%)</td>
<td>5 (10%)</td>
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<tr>
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<td>42</td>
<td>8</td>
<td>5</td>
<td>8</td>
<td>29</td>
</tr>
<tr>
<td>Total %</td>
<td>84%</td>
<td>16%</td>
<td>10%</td>
<td>16%</td>
<td>58%</td>
</tr>
</tbody>
</table>

Table 2 gives a breakdown of how each state responded in terms of returns and data.

Each state was requested to send copies of those sections of the state constitution and school code which were related to education in the state. They were also asked to send copies of the statutes which covered the restructuring legislation. Many states declined to send such documents. Thus the local law library, HEW studies, the Education Commission of the
States, and the National Council of State Legislators were used to secure accurate and full reports on each state's school finance activities.

Table 2

How the States Responded to the Questionnaire

<table>
<thead>
<tr>
<th>State</th>
<th>Sent</th>
<th>Returned</th>
<th>Not Returned</th>
<th>Partial</th>
<th>Complete</th>
<th>Usable</th>
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<td></td>
<td></td>
<td></td>
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</tr>
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<td>x</td>
<td>x</td>
<td></td>
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</tr>
<tr>
<td>W. Virginia</td>
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<td>x</td>
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<td>x</td>
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<td></td>
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<td>LSA</td>
</tr>
<tr>
<td>Wyoming</td>
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<td></td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td>LSA</td>
</tr>
</tbody>
</table>

Data for this study are analyzed using tabulations which show frequency or percentage distributions, and by drawing inferences from the comments, written or oral, of state agents, and from the texts of state constitutions and statutes.

First Question

To what extent did states undertake legal activities to reform their school finance schemes during the period from 1971 through 1973?

In order to determine the extent to which states undertook such activities, inventory items were constructed to assess four stages of activities ranging from the investigatory to the implementative process.

Stage I

The pre-enactment state (Stage I) includes those processes and influences which occurred prior to the introduction of reform legislation to the law making body of the state. Item 1 refers to the process used to plan reform.
The data which are displayed in Table 3 document the fact that 75.9 percent of the states responding to Stage I items in the inventory conducted a school finance study during the period under investigation. LSA returns showed that at least one study was conducted by each of those states. Returns from SEA's reported that 61.1 percent of those states conducted finance studies, and one CSSO noted a study in that state.

Table 3
School Finance Studies in Responding States

<table>
<thead>
<tr>
<th>Source</th>
<th>Study Conducted</th>
<th>No Study Conducted</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>LSA</td>
<td>10 (100%)</td>
<td>0 (0%)</td>
<td>10 (100%)</td>
</tr>
<tr>
<td>SEA</td>
<td>11 (61.1%)</td>
<td>7 (38.9%)</td>
<td>18 (100%)</td>
</tr>
<tr>
<td>CSSO</td>
<td>1 (100%)</td>
<td>0 (0%)</td>
<td>1 (100%)</td>
</tr>
</tbody>
</table>

Table 4 demonstrates how reform and non-reform states compared in whether or not finance studies were conducted. The table shows that 81.8 percent of the reform states and 72.2 percent of the non-reform states conducted such studies. All total, 75.9 percent of the responding states conducted activities in the first stage of reform. Applying these figures to the total population, it is clear that at least 44 percent of all states conducted school finance studies during this period. Since the responding states account for a little better than half of the total states, the findings would seem to support the notion that a majority of the states conducted such studies.
Stage II

The enactment stage encompasses those activities which are part of the formal legislative process. Specifically, it includes the introduction of bills through the legislature, and the final action of the executive office.

Table 4

A Summary of School Finance Studies Conducted by Reform and Non-Reform States

<table>
<thead>
<tr>
<th>Categories</th>
<th>Study Conducted</th>
<th>No Study Conducted</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reform</td>
<td>9 (81.8%)</td>
<td>2 (18.2%)</td>
<td>11 (100%)</td>
</tr>
<tr>
<td>Non-Reform</td>
<td>13 (72.2%)</td>
<td>5 (27.8%)</td>
<td>18 (100%)</td>
</tr>
<tr>
<td>Total Responding</td>
<td>22 (75.9%)</td>
<td>7 (24.1%)</td>
<td>29 (100%)</td>
</tr>
<tr>
<td>States</td>
<td>22 (44.0%)</td>
<td>7 (56.0%)</td>
<td>29 (58.0%)</td>
</tr>
<tr>
<td>All States</td>
<td>22 (100%)</td>
<td>7 (100%)</td>
<td>29 (100%)</td>
</tr>
</tbody>
</table>

Items 1, 3, and 4 of this stage, and all those items on the cover page of the inventory are designed to assess such activities.

Analysis of questionnaire responses indicates that nineteen of the responding states introduced legislation which they described as reforming in nature, and 58.6 percent of them succeeded in getting that legislation passed by the legislature and signed by the governor. Thus, 89.5 percent of those who introduced bills in the legislature successfully guided them through the enactment stage. Table 5 displays what happened to legislation in each of the responding states from the time of introduction through implementation. A summary of those activities is presented in Table 6.
Most bills which were passed by the legislatures were passed after amendment. Only two states, Nevada and Utah, indicated that their school finance bills were passed as introduced.

**Stage III**

The post-enactment stage included amendments to school finance legislation which was enacted during the period from 1971 through 1973 and revised within that same period. It does not include amendments which were made prior to executive signature, nor does it include those which were made after 1973. Items 1, 2, and 3 of the inventory were specifically designed to identify major revisions in school finance enactments of this period.
<table>
<thead>
<tr>
<th>State</th>
<th>Reform Bill Introduced</th>
<th>Passed by Legislature</th>
<th>Signed by Governor</th>
<th>Funded by State</th>
<th>Reformed Program</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>Act 160</td>
<td>x</td>
<td>x</td>
<td>No</td>
<td>---</td>
<td>SEA</td>
</tr>
<tr>
<td>Alaska</td>
<td>No</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>SEA</td>
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<tr>
<td>California</td>
<td>SB 90</td>
<td>x</td>
<td>x</td>
<td>Partial</td>
<td>Yes</td>
<td>LSA</td>
</tr>
<tr>
<td>Colorado</td>
<td>School Fin.</td>
<td>x</td>
<td>x</td>
<td>Fully</td>
<td>Yes</td>
<td>SEA</td>
</tr>
<tr>
<td>Georgia</td>
<td>Act of 1973</td>
<td>x</td>
<td>x</td>
<td>Fully</td>
<td>Yes</td>
<td>SEA</td>
</tr>
<tr>
<td>Idaho</td>
<td>HB 247</td>
<td>No</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>LSA</td>
</tr>
<tr>
<td>Illinois</td>
<td>HB 1484</td>
<td>x</td>
<td>x</td>
<td>Partial</td>
<td>Yes</td>
<td>SEA</td>
</tr>
<tr>
<td>Indiana</td>
<td>PL 236</td>
<td>x</td>
<td>x</td>
<td>No</td>
<td>---</td>
<td>SEA</td>
</tr>
<tr>
<td>Iowa</td>
<td>Chpt. 442</td>
<td>x</td>
<td>x</td>
<td>Fully</td>
<td>Yes</td>
<td>SEA</td>
</tr>
<tr>
<td>Kansas</td>
<td>SB 92</td>
<td>x</td>
<td>x</td>
<td>Fully</td>
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<td>LSA</td>
</tr>
<tr>
<td>Kentucky</td>
<td>No</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>LSA</td>
</tr>
<tr>
<td>Louisiana</td>
<td>Act 355, 368</td>
<td>x</td>
<td>x</td>
<td>No</td>
<td>---</td>
<td>SEA</td>
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<tr>
<td>Maine</td>
<td>LD 1994</td>
<td>x</td>
<td>x</td>
<td>Fully</td>
<td>Yes</td>
<td>CSSO</td>
</tr>
<tr>
<td>Minnesota</td>
<td>Chpt. 31</td>
<td>x</td>
<td>x</td>
<td>Fully</td>
<td>Yes</td>
<td>LSA</td>
</tr>
<tr>
<td>Mississippi</td>
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<td>SEA</td>
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<tr>
<td>Missouri</td>
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<td>---</td>
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<td>---</td>
<td>---</td>
<td>SEA</td>
</tr>
<tr>
<td>Montana</td>
<td>Chpts. 137, 345, 355</td>
<td>x</td>
<td>x</td>
<td>Fully</td>
<td>Yes</td>
<td>SEA</td>
</tr>
<tr>
<td>Nevada</td>
<td>No</td>
<td>---</td>
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<td>---</td>
<td>---</td>
<td>SEA</td>
</tr>
<tr>
<td>N. Dakota</td>
<td>SB 206</td>
<td>x</td>
<td>x</td>
<td>Fully</td>
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<td>LSA</td>
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<tr>
<td>Oregon</td>
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<td>x</td>
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</tr>
<tr>
<td>Pennsylvania</td>
<td>1971 &amp; 1972</td>
<td>x</td>
<td>x</td>
<td>Fully</td>
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<td>S. Carolina</td>
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<td>---</td>
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<tr>
<td>S. Dakota</td>
<td>No</td>
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<td>---</td>
<td>---</td>
<td>---</td>
<td>LSA</td>
</tr>
<tr>
<td>Texas</td>
<td>No</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>SEA</td>
</tr>
<tr>
<td>Utah</td>
<td>SB 72</td>
<td>x</td>
<td>x</td>
<td>Fully</td>
<td>Yes</td>
<td>LSA</td>
</tr>
<tr>
<td>Vermont</td>
<td>SB 185</td>
<td>No</td>
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<td>LSA</td>
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<tr>
<td>Virginia</td>
<td>No</td>
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<td>---</td>
<td>LSA</td>
</tr>
<tr>
<td>West Virginia</td>
<td>Chpt. 18, Art. 9A</td>
<td>x</td>
<td>x</td>
<td>No</td>
<td>---</td>
<td>SEA</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>Chpt. 121</td>
<td>x</td>
<td>x</td>
<td>Fully</td>
<td>Yes</td>
<td>LSA</td>
</tr>
</tbody>
</table>

*Reform States*
Table 6

Incidence of School Finance Reforming Activities From Introduction of Bill to Implementation of Program

<table>
<thead>
<tr>
<th>Category</th>
<th>Bill Introduced</th>
<th>Passed by Legislation</th>
<th>Signed by Governor</th>
<th>Revised after Enactment</th>
<th>Funded</th>
<th>Reformed Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reform</td>
<td>11 (100%)</td>
<td>11 (100%)</td>
<td>11 (100%)</td>
<td>4 (36.4%)</td>
<td>11 (100%)</td>
<td>11 (100%)</td>
</tr>
<tr>
<td>Non-reform</td>
<td>8 (44.4%)</td>
<td>6 (33.3%)</td>
<td>6 (33.3%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Totals</td>
<td>19 (65.5%)</td>
<td>17 (58.6%)</td>
<td>17 (58.6%)</td>
<td>4 (13.8%)</td>
<td>11 (37.9%)</td>
<td>11 (37.9%)</td>
</tr>
</tbody>
</table>

Table 6 has already shown that 58.6 percent of the responding states enacted school finance legislation during the period of this study. The eleven reform states account for 37.9 percent of the responding states, and 22 percent of the total population. Sixty-five percent of the states which successfully enacted legislation, and 100 percent of those who revised that enacted legislation during the period under investigation were reform states. Only four states claimed to have revised the legislation enacted during this time, and they were reform states. Thus, 36 percent of the reform states, 22 percent of the responding states, and 8 percent of the total population made such revisions. This would suggest that very little significant change took place in school finance legislation once enacted.
Stage IV

The implementation stage is *sine qua non* to recognition as a reform state. Having state funds designated or appropriated to finance the enacted legislation qualifies a state for entry into the fourth stage. Items 2 and 4 of Section 4 of the inventory are specifically geared to assess the implementation process. Very simply, the objective of this part of the study was to determine whether state money was made available to fund those programs which were enacted, and to pinpoint the time during which the new programs became effective. It appears from the responses that nineteen of the responding states introduced legislation, and 37.9 percent succeeded in getting that legislation enacted and funded. Eleven of these are states which were designated as reform states. The fact that each of the reform states allocated funds to implement their new programs suggest that an increase, or at least a redistribution of state funds for education generally accompanies school finance reform in the states.

Because many states routinely enact legislation which affects dollars spent for education, it was necessary to establish criteria for the identification of those activities which were reforming in nature. Two questions in that regard were placed on the cover page of the questionnaire: (A) *Were school finance reform bills, acts, or public laws introduced in your state during the period from 1971 through 1973*, and (D) *Were there significant changes in the formula(e) for financing public schools during that period?* In order to be recognized as a reform state that state had to respond positively to items A and D of the cover page and to item 2 of Section 4 of the inventory. Table 7 shows that eleven states gave positive responses to each of the three identifying items of the questionnaire, thereby meeting the criteria for reform.
Table 7

How States Responded to Questions Designed to Assess Reform

<table>
<thead>
<tr>
<th>State</th>
<th>Item A</th>
<th>Item D</th>
<th>Item 2</th>
<th>No Reform</th>
<th>Reform</th>
</tr>
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<tbody>
<tr>
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<td>No</td>
<td>x</td>
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</tr>
<tr>
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<tr>
<td>California</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
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<td>Colorado</td>
<td>x</td>
<td>x</td>
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<td>Georgia</td>
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<td>x</td>
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<td>Idaho</td>
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<td>No</td>
<td>x</td>
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</tr>
<tr>
<td>Illinois</td>
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<td>x</td>
<td>x</td>
<td>x</td>
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</tr>
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<td>Indiana</td>
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<td>Iowa</td>
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<td>Kansas</td>
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</tr>
<tr>
<td>Kentucky</td>
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<td>---</td>
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</tr>
<tr>
<td>Louisiana</td>
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<td>Montana</td>
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<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Nevada</td>
<td>No</td>
<td>---</td>
<td>---</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>N. Dakota</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Oregon</td>
<td>x</td>
<td>No</td>
<td>---</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>x</td>
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<td>S. Carolina</td>
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<td>Utah</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Vermont</td>
<td>No</td>
<td>---</td>
<td>---</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Virginia</td>
<td>No</td>
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<td>---</td>
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<tr>
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</tr>
<tr>
<td>Wisconsin</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
</tbody>
</table>

Two states which are frequently referred to as prime examples of effective reform do not appear on the list of reform states as identified by this study. For purposes of clarity, Table 8 displays a list of eleven reform states identified by this study and a list of thirteen reform states identified by the HEW/Killalea study, School Finance Reform In the Seveneties: Achievements and Failures. The latter list differs from the former
only in that it includes Florida and Michigan, neither of which returned the questionnaire for this study.

Table 8
Reform States as Identified by This Survey and by HEW/Killalea

<table>
<thead>
<tr>
<th>Survey States</th>
<th>HEW/Killalea Statesa</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>California</td>
</tr>
<tr>
<td>Colorado</td>
<td>Colorado</td>
</tr>
<tr>
<td>Illinois</td>
<td>Florida</td>
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<td>Iowa</td>
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<td>Maine</td>
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<td>Montana</td>
<td>Michigan</td>
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<td>North Dakota</td>
<td>Minnesota</td>
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<td>Montana</td>
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<td>Wisconsin</td>
<td>North Dakota</td>
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<tr>
<td></td>
<td>Utah</td>
</tr>
<tr>
<td></td>
<td>Wisconsin</td>
</tr>
</tbody>
</table>


aThe HEW/Killalea list of reform states includes all those states which reformed their school finance schemes between 1970 and 1975. There are nineteen such states.

Second Question

What processes were used to develop plans for school finance reform in the states?

To answer this question an analysis was made of responses to items 1 and 2 of Stage I of the inventory. The number and percent of states conducting school finance studies, and the types of studies conducted by them are displayed in Table 9. Identifying data showing which states used specific types of studies are presented in Table 10, and the funding sources for each type study are displayed in Table 11.
As was earlier pointed out, twenty two responding states, which account for 44 percent of all the states, conducted school finance studies. Reform states accounted for 37.9 percent of the responding states and for 40.9 percent of the states conducting studies. A task force was appointed by 45.5 percent of the reform states, and 27.3 percent of the non-reform states also made such appointments.

Professional research teams were contracted by none of the reform states and two of the non-reformed. Likewise, citizens groups were used by very few of the states. While two of the reform states employed citizens groups, only one of the non-reform states used them. Thus, it would seem that citizens groups were the least popular of the study groups utilized by states to study school finance reform. The task force was a frequent choice of both reform and non-reform states to conduct such studies. The utilization of state departments of education is reported by two of the reform states and three of the non-reform states. Legislative research staffs were utilized by two of the reform states and five of the non-reformed, thus assuming the position as the second most popular means of studying state school finance.

Table 9

Percentages and Types of Study Groups Utilized by States Examining School Finance

<table>
<thead>
<tr>
<th>Category</th>
<th>Task Force</th>
<th>Research Team</th>
<th>Citizens Group</th>
<th>SEA</th>
<th>Legis. Res. Staff</th>
<th>No Study</th>
<th>Study Done</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reform States</td>
<td>5</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>45.5%</td>
<td>0%</td>
<td>18.2%</td>
<td>18.2%</td>
<td>18.2%</td>
<td>18.2%</td>
<td>81.8%</td>
</tr>
<tr>
<td>Non-reform States</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>27.8%</td>
<td>11.1%</td>
<td>5.6%</td>
<td>16.7%</td>
<td>27.8%</td>
<td>27.8%</td>
<td>72.2%</td>
</tr>
<tr>
<td>Total N</td>
<td>10</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>7</td>
<td>7</td>
<td>22</td>
</tr>
<tr>
<td>Total %</td>
<td>34.5%</td>
<td>6.9%</td>
<td>1.0%</td>
<td>17.2%</td>
<td>24.1%</td>
<td>24.1%</td>
<td>75.9%</td>
</tr>
</tbody>
</table>
There were more studies conducted than there were states conducting studies. This is an indication that some states conducted more than one study during the period in question. There were twenty-two states conducting studies, but there were twenty-seven studies conducted.

Since only two states reported conducting multiple studies, one reform and the other non-reform, no conclusions can be drawn regarding the relationship between the number of studies conducted by a state and whether or not the state reformed its school finance scheme. It is also clear that one cannot make predictions regarding the probability of whether a state which conducted a school finance study will revamp its school finance scheme since twenty-two studies were conducted and exactly one-half of that number restructured the state aid programs. It does seem likely, however, that states which restructure their school finance programs will more often than not conduct studies of their schemes. The completion of a study does not suggest that a reform will come about.

Following is a tabulation of the planning process employed by each responding state and an indication of how those planning processes were funded. From the table one will see that the interest in school finance reform is not confined to any one sector. Private foundations, the federal government, state legislatures, state departments of education, and governors have all shown such an interest by funding studies which may assist states in deciding whether or not a reformation of their state aid to education programs are acceptable to the most influential actors demonstrating an interest, and whether their programs will withstand the constitutional scrutiny of litigation cases such as those which permeated the first half of this decade.
Table 10
Types of Study Groups and Sources of Funding Utilized by Responding States

<table>
<thead>
<tr>
<th>States</th>
<th>Task Force</th>
<th>Research Team</th>
<th>Citizens Group</th>
<th>SEA</th>
<th>Legislative Res, Staff</th>
<th>Source of Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Alaska</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>California</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Legislature</td>
</tr>
<tr>
<td>Colorado</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td>SEA</td>
</tr>
<tr>
<td>Georgia</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Governor's office</td>
</tr>
<tr>
<td>Idaho</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Legislature</td>
</tr>
<tr>
<td>Illinois</td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
<td></td>
<td>Legislature, SEA</td>
</tr>
<tr>
<td>Indiana</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td>Legislature</td>
</tr>
<tr>
<td>Iowa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td>Legislature</td>
</tr>
<tr>
<td>Kansas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td>Legislature</td>
</tr>
<tr>
<td>Kentucky</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Louisiana</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Maine</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Legislature</td>
</tr>
<tr>
<td>Minnesota</td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td></td>
<td>Private funds</td>
</tr>
<tr>
<td>Mississippi</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td>Title IV</td>
</tr>
<tr>
<td>Missouri</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td>Danforth Foundation</td>
</tr>
<tr>
<td>Montana</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nevada</td>
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<td></td>
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<tr>
<td>N. Dakota</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td>Legislature</td>
</tr>
<tr>
<td>Oregon</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td>Governor's office, Legislature</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
<td></td>
<td>Governor's office, Legislature, HEW</td>
</tr>
<tr>
<td>S. Carolina</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Legislature</td>
</tr>
<tr>
<td>S. Dakota</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td>SEA</td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utah</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Legislature, Ford Foundation</td>
</tr>
<tr>
<td>Vermont</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td>Legislature</td>
</tr>
<tr>
<td>Virginia</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal funds</td>
</tr>
<tr>
<td>West Virginia</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Legislature</td>
</tr>
<tr>
<td>Wisconsin</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal funds, Private</td>
</tr>
</tbody>
</table>

It has been shown that twenty-two states conducted twenty-seven studies. Those twenty-seven studies were funded by twenty-eight sources. Utah reported both the legislature and the Ford Foundation as sources of funds for its task force. The data show that governors or legislatures generally provided funds allotted to task forces to conduct their studies. Each of
those sources provided funds for 40 percent of the task force units reported. The remaining 10 percent was shared by the federal government and a private foundation.

Only two states contracted research teams. The legislature funded one of them and the federal government funded the other.

In several instances state legislatures used their own research people to study school finance. Such was the case in 18.2 percent of the reform states and 27.7 percent of the non-reform states. The legislative research staff was the second most frequently utilized. In every instance where such a team was used, the legislature provided the funds.

State departments of education provided the funds for 60 percent of those studies conducted by them. Federal funds accounted for another 20 percent, and foundation funds accounted for the remaining 20 percent. Table 11 provides a tabulation of those studies and sources of funds.

Table 11
Source of Funds for Each Type Study

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Task Force</th>
<th>Research Team</th>
<th>Citizens Group</th>
<th>SEA</th>
<th>Legislative Res. Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gov. Office</td>
<td>40%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Legislature</td>
<td>40%</td>
<td>50%</td>
<td>33.3%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>SEA</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>60%</td>
<td>0%</td>
</tr>
<tr>
<td>Private funds</td>
<td>5%</td>
<td>0%</td>
<td>33.3%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>Federal funds</td>
<td>15%</td>
<td>50%</td>
<td>33.3%</td>
<td>20%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Eleven of the twenty-two states reporting studies indicated the use to which they were put. Six reform states (54.5%) stated that reports from the studies were filed. Five (27.8%) of the non-reform states indicated the same. Reform states accounted for 80 percent of those states claiming that the
studies conducted exerted any influence on the enactment of school finance legislation. Two of the reform states (18.2%) did not conduct studies during this period. This is not to suggest that no study was conducted prior to the period under investigation. Table 12 shows the responses of states to items 1 and 2 of section 1 of this study.

Table 12
School Finance Studies and Resulting Reports

<table>
<thead>
<tr>
<th>State</th>
<th>Study Conducted</th>
<th>Report Filed</th>
<th>Legislation Implemented</th>
<th>No Study Conducted</th>
</tr>
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<tbody>
<tr>
<td>Alabama</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Alaska</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>California</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colorado</td>
<td>x</td>
<td>x</td>
<td></td>
<td>(in part)</td>
</tr>
<tr>
<td>Georgia</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Idaho</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Illinois</td>
<td>x</td>
<td>x</td>
<td></td>
<td>(in part)</td>
</tr>
<tr>
<td>Indiana</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Iowa</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Kansas</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kentucky</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Louisiana</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Maine</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minnesota</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Mississippi</td>
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</tr>
<tr>
<td>Missouri</td>
<td></td>
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<td></td>
<td>x</td>
</tr>
<tr>
<td>Montana</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nevada</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>N. Dakota</td>
<td>x</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Oregon</td>
<td></td>
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</tr>
<tr>
<td>Pennsylvania</td>
<td>x</td>
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</tr>
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<td>S. Carolina</td>
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<td>S. Dakota</td>
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</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Utah</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vermont</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virginia</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Virginia</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wisconsin</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reform states.
Third Question

Who or what were the prime movers in restructuring school finance laws of the reform states?

An Analysis was made of the responses to items 2, 3, 4, 5, 6, and 7 of Section 1, and item 2 of Section 2 of the inventory in order to answer this question. All items except number 3 of Section 1 were support items.

The data revealed that the governor was identified as a prime mover in 54.5 percent of the eleven reform states. The Chief State School Officer (CSSO) enjoyed the same frequency of choice. The legislature was identified by 45.5 percent. Serrano or Rodriguez was the choice of 36.4 percent of those states. Court cases within the state were cited as a prime mover by 27.3 percent. Individuals and educational groups were mentioned by the same number choosing court cases within the state. A preponderance of the reform states (72.7%) named two or more prime movers. The governor, CSSO, and legislature were the top three choices of the reform states. None of the reform states named the state department of education as a prime mover, yet 36.4 percent cited Serrano as a prime mover, and two more (18.2%) admitted that it was an influence.

Although the question pertains to reform states, a number of non-reform states responded to the items. The prime movers listed most often by them also was the governor, CSSO, and legislature. In neither case did it seem significant whether or not the CSSO was elected or appointed. One-half of them were elected and the other half appointed.

Tables 13 and 14 document the choices indicated by both reform and non-reform states, and Table 14 summarizes the selections by category. Those data reveal that four of the reform states claimed two prime movers—
the governor and the CSSO, while no non-reform state chose that combination. Three states, two reform and one non-reform, indicated the governor, CSSO, and legislature—all as prime movers. The SEA was chosen by only two of all responding states.

Table 13
State by State Identification of Prime Movers, Reform

<table>
<thead>
<tr>
<th>State</th>
<th>Governor</th>
<th>CSSO</th>
<th>Leg.</th>
<th>SEA</th>
<th>Serrano</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reform</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>California</td>
<td>elected</td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td>Serrano v. Priest</td>
</tr>
<tr>
<td>Colorado</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Individuals</td>
</tr>
<tr>
<td>Illinois</td>
<td>appointed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Caldwell v. Kansas</td>
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<tr>
<td>Iowa</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Educational Assoc.</td>
</tr>
<tr>
<td>Kansas</td>
<td>appointed</td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td>Van Dusart v. Hatfield</td>
</tr>
<tr>
<td>Maine</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Minnesota</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Montana</td>
<td>x</td>
<td>elected</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N. Dakota</td>
<td>elected</td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utah</td>
<td>x</td>
<td>appointed</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wisconsin</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
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</tr>
</tbody>
</table>

Percent 54.5 54.5 45.5 0 36.4 45.5
### Table 14

State by State Identification of Prime Movers, Non-Reform

<table>
<thead>
<tr>
<th>State</th>
<th>Governor</th>
<th>CCSO</th>
<th>Leg.</th>
<th>SEA</th>
<th>Serrano</th>
<th>Other</th>
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</thead>
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</tr>
<tr>
<td>Georgia</td>
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<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Idaho</td>
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<td></td>
<td>x</td>
</tr>
<tr>
<td>Pennsylvania</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S. Carolina</td>
<td></td>
<td></td>
<td>elected</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S. Dakota</td>
<td></td>
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</tr>
<tr>
<td>Texas</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Vermont</td>
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<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Virginia</td>
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<td></td>
<td></td>
<td></td>
<td>appointed</td>
</tr>
<tr>
<td>West Virginia</td>
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</tr>
</tbody>
</table>

Percent 27.8 22.2 22.2 11.1 11.1 16.7

### Table 15

How States Compared in Their Designations of Prime Movers

<table>
<thead>
<tr>
<th>Category</th>
<th>Governor</th>
<th>CSSO</th>
<th>Legis.</th>
<th>SEA</th>
<th>Serrano</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reform</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>0</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>54.5%</td>
<td>54.5%</td>
<td>45.5%</td>
<td>0%</td>
<td>36.4%</td>
<td>45.5%</td>
</tr>
<tr>
<td>Non-reform</td>
<td>27.8%</td>
<td>22.2%</td>
<td>22.2%</td>
<td>11.1%</td>
<td>11.1%</td>
<td>16.9%</td>
</tr>
<tr>
<td>Total N</td>
<td>11</td>
<td>10</td>
<td>9</td>
<td>2</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Total %</td>
<td>37.9%</td>
<td>34.4%</td>
<td>31.0%</td>
<td>06.8%</td>
<td>02.1%</td>
<td>27.5%</td>
</tr>
</tbody>
</table>
Table 15 shows how reform and non-reform states compared in their designations of prime movers. While 54.5 percent of the reform states listed the governor as a prime mover, only 27.8 percent of the non-reform states did so. The difference in choice of the CSSO by these two groups of states was even greater. The table shows that 54.5 percent of the reform states named the CSSO and 22.2 percent of the non-reform states made the same choice. The legislature was listed by 45.5 percent of the reform states and 22.2 percent of the non-reform states. The Serranno decision was cited by 36.4 percent of the reform states and 11.1 percent of those states which did not reform their school finance schemes. The SEA was chosen by 11.1 percent of the non-reform states. No reform state made that choice.

The Serrano and Rodriguez cases were cited as prime movers by 20.7 percent of the responding states. Two additional states (6.9%) stated that those cases were influences but could not be considered prime movers. Thus 27.6 percent of the responding states cited Serrano as an influence in their school finance reform activities. Responses point to Serrano as a prime mover in 54.5 percent of the cases where school finance programs were reformed.

Non-reform states claimed that Serrano was a prime mover in 11.1 percent of the cases where reform activities were attempted but did not succeed in reform. Court cases within the state were cited as a prime mover by 5.6 percent of the non-reform states while it was chosen by 27.3 percent of the reform states. In all, school finance litigation exerted an influence on the activities of 31 percent of those states which reported restructuring their school finance programs.
Fourth Question

How did reform states compare with non-reform states in their treatment of the concept of fiscal neutrality?

Part one of this two part question required identification of the equalization approach of each state. Such an identification is most readily made through the responses to item 3 of Stage IV of the inventory.

By 1971, the beginning of the school finance reform movement, most states approached whatever amount of equalization they attempted through the Strayer-Haig plan. At least one state used the flat grant, which, in itself, made no pretense of equity. Subsequent to the Coons, Clung, and Sugarman treatise on district power equalization (DPE) and the California Supreme Court's statement on fiscal neutrality, states began to modify their foundation programs by adding equalizing factors or by revamping their programs to include some form of DPE. Delaware, which had a large flat grant program, simply added a small DPE factor to its existing scheme. Hawaii, on the other hand, has a state system and funds its school on a full state assumption (FSA) basis.

To facilitate a comparison of reform and non-reform states in their treatment of the fiscal neutrality concept, two data bases were used: (1) the response to item 3 of the survey inventory, and (2) data from School Finance Reform in the Seventies, a study conducted by HEW and Killalea Associates. Tables 16 and 17 illustrate the comparison.

Data from the survey identify eleven states which restructured their school finance schemes and are referred to as reform states. The remaining eighteen responding states are designated non-reform states. Together, the reform and non-reform states identified in this study represent 58 percent of all the states. Analysis of these data reveals that 27.3 percent of the reform states used the foundation approach to
school finance while 72.2 percent of the non-reform states did the same. Conversely, as demonstrated in Table 16, 54.5 percent of the reform states used some form of DPE as part of their school finance structure while 16.7 percent of the non-reform states added DPE to their state aid formulae. Further analysis shows that 34.5 percent of all states responding used DPE as an approach to fiscal neutrality.

States which reformed their school finance structures tended to use DPE more often than non-reform states. Foundation programs were found in more states than any other method of funding schools. The responses of 58 percent of the universe to which inventories were mailed confirm that fact.

Table 16

<table>
<thead>
<tr>
<th>Survey State</th>
<th>Foundation</th>
<th>DPE</th>
<th>Foundation and DPE</th>
<th>FSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reform</td>
<td>3 (27.3%)</td>
<td>3 (27.3%)</td>
<td>3 (27.3%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Non-reform</td>
<td>(72.2%)</td>
<td>(11.1%)</td>
<td>(5.6%)</td>
<td>(5.6%)</td>
</tr>
<tr>
<td>Total N</td>
<td>16</td>
<td>5</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Total %</td>
<td>55.2%</td>
<td>17.2%</td>
<td>13.8%</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

The HEW/Killalea study identified thirteen reform and thirty-seven non-reform states. Data from that study documented 38.5 percent of the reform states and 56.8 percent of the non-reform states had foundation programs. That approach was utilized by 52 percent of all states.

Table 17 shows that 38.5 percent of the reform states operated DPE programs. Approximately 23 percent of the reform states used DPE and
a foundation as companions or, as in the case of Illinois, as alternatives. Twenty-seven percent of the non-reform states operated with some form of DPE.

Hawaii is the only state which assumes the total expense of public education. Florida, however, began to move in that direction immediately after its initial reform.

Table 18 demonstrates the equalization approaches and the year that each of the reform states restructured its school finance scheme. The eleven states identified by the survey plus the two states identified by the HEW/Killalea study, are shown.

Table 17

<table>
<thead>
<tr>
<th>Treatment of the Concept of Fiscal Neutrality</th>
<th>According to Survey Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECS</td>
<td>Foundation</td>
</tr>
<tr>
<td>-----</td>
<td>-------------</td>
</tr>
<tr>
<td>Reform</td>
<td>(38.5%)</td>
</tr>
<tr>
<td></td>
<td>21</td>
</tr>
<tr>
<td>Non-reform</td>
<td>(36.8%)</td>
</tr>
<tr>
<td>Total N</td>
<td>26</td>
</tr>
<tr>
<td>Total %</td>
<td>52.0%</td>
</tr>
</tbody>
</table>

Four of the reform states substantially increased their foundation levels in their initial reform. Florida, on the other hand, initially restructured its program using DPE, and changed to a high level foundation program the following year. Thus, 30.8 percent of these states initiated their school finance reform with a foundation scheme, and Florida's change to a foundation brought that total to 38.5 percent. The remaining 61.5 percent of the states used DPE or some modification thereof.
Table 18
Formula Used and Date of Reform of 13 States

<table>
<thead>
<tr>
<th>State</th>
<th>Year of Reform</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minnesota</td>
<td>1971</td>
<td>Foundation</td>
</tr>
<tr>
<td>Iowa</td>
<td>1971</td>
<td>Foundation</td>
</tr>
<tr>
<td>California</td>
<td>1972</td>
<td>Foundation</td>
</tr>
<tr>
<td>North Dakota</td>
<td>1973</td>
<td>Foundation</td>
</tr>
<tr>
<td>Florida&lt;sup&gt;a&lt;/sup&gt;</td>
<td>1973</td>
<td>DPE</td>
</tr>
<tr>
<td>Colorado</td>
<td>1973</td>
<td>DPE</td>
</tr>
<tr>
<td>Illinois</td>
<td>1973</td>
<td>DPE or Foundation</td>
</tr>
<tr>
<td>Kansas</td>
<td>1973</td>
<td>DPE</td>
</tr>
<tr>
<td>Maine</td>
<td>1973</td>
<td>DPE and Foundation</td>
</tr>
<tr>
<td>Michigan</td>
<td>1973</td>
<td>DPE</td>
</tr>
<tr>
<td>Montana</td>
<td>1973</td>
<td>DPE and Foundation</td>
</tr>
<tr>
<td>Utah</td>
<td>1973</td>
<td>DPE and Foundation</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>1973</td>
<td>DPE</td>
</tr>
</tbody>
</table>

<sup>a</sup>One year after initial reform, Florida changed to a foundation program.

The reform of a state's school finance scheme involves an increase in the state's share of total educational expenditures, a drastic redistribution of the state's share, or a substantial change in the collection of school dollars. It may involve all three of these techniques. If there is neither property tax relief, nor an increase in the state's share of school expenditures, nor a redistribution of existing state funds, there is no school finance reform.

Table 19, which compares the state's share of total school funding the year before and the year after reform, documents the increase in the reform states' share of their respective educational expenditures. The reform states showed a mean increase in their share of school expenditures of 7.85 percent.
Table 19
A Comparison of State's Shares of Total School Expenditures
the Year Before and the Year After Reform

<table>
<thead>
<tr>
<th>State</th>
<th>Year of Reform</th>
<th>Year Before Reform</th>
<th>Year After Reform</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>1972</td>
<td>36.7%</td>
<td>45.3%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Colorado</td>
<td>1973</td>
<td>28.9%</td>
<td>39.9%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Florida</td>
<td>1973</td>
<td>61.3%</td>
<td>62.5%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Illinois</td>
<td>1973</td>
<td>39.3%</td>
<td>44.3%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Iowa</td>
<td>1973</td>
<td>32.5%</td>
<td>36.3%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Kansas</td>
<td>1973</td>
<td>29.8%</td>
<td>47.7%</td>
<td>17.9%</td>
</tr>
<tr>
<td>Maine</td>
<td>1973</td>
<td>38.6%</td>
<td>38.5%</td>
<td>-.1%</td>
</tr>
<tr>
<td>Michigan</td>
<td>1973</td>
<td>49.4%</td>
<td>52.9%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>1971</td>
<td>50.7%</td>
<td>60.9%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Montana</td>
<td>1973</td>
<td>27.5%</td>
<td>43.8%</td>
<td>16.3%</td>
</tr>
<tr>
<td>N. Dakota</td>
<td>1973</td>
<td>32.2%</td>
<td>46.1%</td>
<td>13.9%</td>
</tr>
<tr>
<td>Utah</td>
<td>1973</td>
<td>58.4%</td>
<td>61.9%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>1973</td>
<td>31.8%</td>
<td>39.0%</td>
<td>7.2%</td>
</tr>
<tr>
<td>( \bar{X} )</td>
<td></td>
<td>39.78</td>
<td>47.62</td>
<td>7.85</td>
</tr>
</tbody>
</table>


The National Council of State Legislators' (NCSL) study listed
eighteen states which reformed their school finance structures between
1970 and 1975, and documented a mean increase in the state share of
educational expenditures of 12 percent for the eighteen states. The mean
increase for the thirteen states which reformed their school finance
programs during the period of this study was 78.5.

A comparison of findings of this study and those of NCSL is pre-
sented in Table 20. Eight of the states listed in the NCSL study responded
to item 7 of Stage IV of the questionnaire for this study. Those eight
states are compared.
**Table 20**

An Eight State Comparison of the States' Share of School Expenditures

<table>
<thead>
<tr>
<th>State</th>
<th>Survey Year Before Reform</th>
<th>Survey Year After Reform</th>
<th>NCSL Year Before Reform</th>
<th>NCSL Year After Reform</th>
<th>Differences</th>
<th>Diff. Between Two Studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado</td>
<td>28.0</td>
<td>42.0</td>
<td>28.9</td>
<td>39.9</td>
<td>11.0</td>
<td>-3.0</td>
</tr>
<tr>
<td>Illinois</td>
<td>30.0</td>
<td>45.0</td>
<td>39.3</td>
<td>44.3</td>
<td>5.0</td>
<td>-10.0</td>
</tr>
<tr>
<td>Iowa</td>
<td>40.4</td>
<td>54.0</td>
<td>32.5</td>
<td>36.3</td>
<td>3.8</td>
<td>-9.8</td>
</tr>
<tr>
<td>Kansas</td>
<td>27.6</td>
<td>40.3</td>
<td>29.8</td>
<td>47.7</td>
<td>17.9</td>
<td>5.2</td>
</tr>
<tr>
<td>Maine</td>
<td>33.0</td>
<td>50.0</td>
<td>38.6</td>
<td>38.5</td>
<td>-0.1</td>
<td>-17.1</td>
</tr>
<tr>
<td>Minnesota</td>
<td>43.0</td>
<td>65.0</td>
<td>50.7</td>
<td>60.9</td>
<td>10.2</td>
<td>-11.8</td>
</tr>
<tr>
<td>N. Dakota</td>
<td>45.0</td>
<td>55.0</td>
<td>32.2</td>
<td>46.1</td>
<td>13.9</td>
<td>3.9</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>30.0</td>
<td>40.0</td>
<td>31.8</td>
<td>39.0</td>
<td>7.2</td>
<td>-2.8</td>
</tr>
<tr>
<td>X</td>
<td>34.6</td>
<td>48.9</td>
<td>35.5</td>
<td>44.1</td>
<td>8.6</td>
<td>-5.7</td>
</tr>
</tbody>
</table>

a) This column shows the discrepancies in the findings of the two studies. The figures in that column are derived by subtracting column three from column six. A minus figure in column seven shows that the increase in share documented by the survey is greater than the increase documented by the NCSL study. A plus figure indicates that the increase is less.

This study found a 14.3 percent mean increase in the states' share of the total educational expenditures from the year before reform to the year after. The NCSL study found an increase of 8.6 percent. There is a 5.7 percent discrepancy between the two studies. The eight states responding to the inventory item claimed a 5.7 percent greater increase in the state share than did those states in the NCSL study.

Further comparison using these two data bases plus data from the National Center for Educational Statistics (NCES) reveals differences in the findings of each data source. This study reveals an eight state mean
share of 48.9 percent the year after reform. The NCSL Handbook shows an
eight state mean share of 44.1 percent for the year after reform, and the
NCES data claim an eight state mean share of 43.0 percent. This compari-
son is displayed in Table 21. In spite of discrepancies in the percent-
ages, there is agreement in the three data bases that the mean shares of
the eight states shown did increase after reform.

Table 21
An Eight State Comparison of the States' Share of
School Expenditures Using Survey,
NCSL, and NCES Findings

<table>
<thead>
<tr>
<th>State</th>
<th>1 Year After Survey</th>
<th>2 Year After NCSL</th>
<th>3 Year After NCES</th>
<th>Differences 1 &amp; 2</th>
<th>Differences 1 &amp; 2 &amp; 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado</td>
<td>42.0</td>
<td>39.9</td>
<td>40.7</td>
<td>-2.1</td>
<td>-1.3</td>
</tr>
<tr>
<td>Illinois</td>
<td>45.0</td>
<td>44.3</td>
<td>39.3</td>
<td>- .7</td>
<td>-5.7</td>
</tr>
<tr>
<td>Iowa</td>
<td>54.0</td>
<td>36.3</td>
<td>41.9</td>
<td>-17.7</td>
<td>-12.1</td>
</tr>
<tr>
<td>Kansas</td>
<td>40.3</td>
<td>47.7</td>
<td>38.9</td>
<td>7.7</td>
<td>-1.4</td>
</tr>
<tr>
<td>Maine</td>
<td>50.0</td>
<td>38.5</td>
<td>43.2</td>
<td>-11.5</td>
<td>-6.8</td>
</tr>
<tr>
<td>Minnesota</td>
<td>65.0</td>
<td>60.9</td>
<td>58.5</td>
<td>-4.1</td>
<td>-6.5</td>
</tr>
<tr>
<td>N. Dakota</td>
<td>55.0</td>
<td>46.1</td>
<td>43.7</td>
<td>-8.9</td>
<td>-11.3</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>40.0</td>
<td>39.0</td>
<td>36.5</td>
<td>-1.0</td>
<td>-3.5</td>
</tr>
<tr>
<td>X</td>
<td>48.9</td>
<td>44.1</td>
<td>43.0</td>
<td>-4.8</td>
<td>-5.9</td>
</tr>
</tbody>
</table>

Another method of looking at the concept of fiscal neutrality is
by examining expenditure disparities among the states.

Since only three states responded to the inventory item related
to disparities, no display is presented. Two of the three responding
states reported a decrease in disparities after reform and one indicated
that no change occurred.
The HEW/Killalea study, however, found that 54 percent of the reform states reduced disparities between 1970 and 1975, while 24 percent of the non-reform states accomplished reductions.¹ That study also showed that 26 percent of the states evidenced an increase in disparities during this period.

Fourth Question: Part Two

The second part of this question, how did reform states compare with non-reform states in their constitutional or statutory statements regarding the responsibility of the state for providing public education, required an examination of the language of the articles and sections of state constitutions which described the place of education in the state.

Most state constitutions charge the state or the legislature with the responsibility for making education available to citizens of the state. In some cases, however, the constitutional language cannot be defined as clearly mandatory. South Carolina's constitution was mute on the subject of responsibility, although the statutes, Sec. 21-757, do provide for compulsory attendance, and Article XI, Sec. 6 of the state constitution does permit school districts, by the authority of the legislature, to levy taxes for the support of schools. Mississippi, on the other hand, clearly states in Art. VIII, Sec. 201, which replaced the former section which mandated the legislature to establish a uniform public school system that "The Legislature may, in its discretion, provide for the maintenance and establishment of free public schools. . . ."²

¹Brown et al., p. 13.
²Mississippi Constitution, Article 8, Sec. 201.
Where state constitutions mandated the availability of education, they usually described the schools or systems which were desired. Such terms as thorough and common were frequently used. Table 22 illustrates how those schools or systems were described by the constitutions of both reform and non-reform states.

Table 22
Constitutional Descriptions of Schools or School Systems in Reform and Non-Reform States

<table>
<thead>
<tr>
<th>State</th>
<th>Public</th>
<th>Common</th>
<th>Free</th>
<th>General</th>
<th>Uniform</th>
<th>Thorough</th>
<th>Efficient</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reform</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FL</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IL</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
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<td>LA</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KS</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>ME</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MN</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MT</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ND</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
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<td></td>
</tr>
<tr>
<td>WI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Reform</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AL</td>
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Liberal

Suitable

Adequate

Judicious
Table 22—Continued

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The data confirm that 69.2 percent of the reform states and 73 percent of the non-reform states made use of public as a descriptor. The next most frequently used term was free. It occurred in 53.8 percent of the constitutions of reform states and 51.4 percent of those of non-reform states.

The top three descriptors utilized by reform states were public, free, and common or efficient most frequently and in that order. Public
occurred in 73 percent of the state constitutions, free appeared in 51.4 percent, and common and efficient both occurred in 32.4 percent.

Thorough was used as a descriptor by 23.1 percent of the reform states and 21.6 percent of the non-reform states. Efficient, which is often seen in partnership with thorough, appeared in 23.1 percent of the reform states' constitutions, and in 32.4 percent of those of the non-reform states.

Vermont used no descriptors in its constitutional statement. It simply states that a competent number of schools ought to be maintained. But in contrast, South Dakota used seven descriptors: public, common, free, general, uniform, thorough, and efficient.

The responsibility for public education is couched in the language of the constitutions of the states. Table 23 demonstrates that the constitution of each of the thirteen reform states charged the state or the legislature with that responsibility. The constitutions of non-reform states followed much the same practice as can be seen in Table 24.
Table 23
State Constitutional Statements of Responsibility
For Public Education, Reform

<table>
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<tr>
<th>Reform State</th>
<th>Establish</th>
<th>Maintain</th>
<th>Support</th>
<th>Organize</th>
<th>Control</th>
<th>Provide</th>
<th>Encourage</th>
<th>Cherish</th>
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<sup>a</sup>Art. VIII, Sec. 1 of Maine's constitution charges the legislature to "... Require the ... towns ... "to maintain and support public education.
Table 24
State Constitutional Statements of Responsibility
For Public Education, Non-Reform

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</table>

To facilitate comparison, a summary of statements of responsibility for reform and non-reform states is presented in Table 25.
As can be seen in Table 24, all statements of responsibility do not fit neatly into the categories which head the columns of this table and which were borrowed from Table III of Perle's "State Constitutional Provisions." In some instances the mandate is somewhat hazy. Some state constitutions proclaim that the state should cherish literature and science. At least one state leaves the provision of public education to the discretion of the legislature, while another makes no statement.

Table 25
Comparison of State Constitutional Statements of Responsibility in Reform and Non-reform States

<table>
<thead>
<tr>
<th>State</th>
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<th>Control</th>
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<td>30.8%</td>
<td>7.7%</td>
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<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>37.8%</td>
<td>51.4%</td>
<td>13.5%</td>
<td>5.4%</td>
<td>5.4%</td>
<td>16.2%</td>
<td>2.7%</td>
<td>8.1%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Total N</td>
<td>21</td>
<td>25</td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>10</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Total %</td>
<td>42.0%</td>
<td>50.0%</td>
<td>14.0%</td>
<td>4.0%</td>
<td>4.0%</td>
<td>20.0%</td>
<td>4.0%</td>
<td>6.0%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

NOTE: N=50

Table 25 shows clearly that 53.8 percent of the reform states and 37.8 percent of the non-reform states were mandated to establish the means of education for the children of those states. To maintain those means was the charge of 46.2 percent of reform states and 51.4 percent of the non-reform states.
CHAPTER V

ANALYSIS OF INTERVIEWS

This chapter is an analysis of interviews held with three persons who were active in bringing about the 1973 school finance reform in the state of Illinois. The interviews were structured to allow for the analysis of perceptions held by persons thus involved. School finance expert, Joel S. Berke, said of such an analysis:

The political climate that enables a change in a state's school finance program is very interesting. You might consider adapting your questionnaire for use in interviewing a number of persons who were active in effecting such a change in a single state. I think you would find that there are many perceptions about the process that occurred.\(^1\)

The three persons chosen for interviews held high level positions in the state of Illinois during the four stages of reform activities in that state. The first person interviewed was State Representative Gene L. Hoffman of Elmhurst, Illinois, who sponsored the school reform bill. He was recommended by persons in the Illinois Office of Education as a person who knew as much if not more than anyone about the political climate and the process of House Bill 1484.

Representative Hoffman suggested two additional persons whose positions and vantage points were very different from his. One of those persons was Donald F. Eslick, who was then the Associate State Superintendent of Public Instruction, who, representing State Superintendent Michael Bakalis, \(^1\)Berke, a private letter, September 11, 1978.
actively opposed HB 1484 and promoted the bill HB 1565 which was the proposal of the Office of the Superintendent of Public Instruction (OSPI).

Mr. Eslick was at the time of this interview Special Assistant to the State Comptroller, Michael Bakalis.

Both Hoffman and Eslick recommended John Maxey Bacchus, who at the time of HB 1484 was a Director in the State of Illinois Bureau of the Budget. He served in that position under both Governors Ogilvie and Walker. At the time of this interview Mr. Bacchus was Director of the Bureau of the Budget for the Chicago Public School System.

There were four basic questions structured for the interviews, and those questions were mailed to the respondents in the initial letter of request. They are as follows: 1. What were the most significant factors leading to the drafting and enactment of the 1973 school finance bill in Illinois? 2. Were there particular persons, groups, or events that might be considered prime movers in the process of reform? 3. What were the greatest inhibitors to that process? 4. What were the political realities of the process of restructuring school finance in the State?

In each instance, the interview was held in the respondent's office and each agreed to having the interview tape recorded. The interviews with Bacchus and Eslick lasted approximately thirty minutes. The Hoffman interview lasted approximately fifty minutes. Each subject was encouraged to elaborate on each question as much as he desired.

Subsequent to the interviews a copy of the survey inventory was mailed to each respondent along with a transcript of his interview. Only one returned a completed questionnaire.

What were the most significant factors leading to the drafting and enactment of the 1973 school finance reform bill?

The responses of the three respondents were compared for commonalities and differences in definition of factors.
There was more agreement on this question than on any of the others. Table 26 shows that all three respondents agreed that the Serrano decision and the Ogilvie Task Force were among the most significant factors leading to reform. Two of the three said that Hickrod and Hubbard, the professors who wrote the school aid formula, and Governor Ogilvie were in that category of most significant factors. Eslick chose revenue sharing and the Superintendent's Commission on School Finance. Only Bacchus chose the Democratic governor as a most significant factor.

Table 26
A Comparison of Factors Defined by Those Interviewed

<table>
<thead>
<tr>
<th>Factor</th>
<th>Bacchus</th>
<th>Eslick</th>
<th>Hoffman</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serrano</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Ogilvie Task Force</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Hubbard &amp; Hickrod</td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Revenue Sharing</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>1970 Constitution</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Supt. Comm. on Sch. Finance</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Ogilvie</td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Walker</td>
<td>x</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Were there particular persons, groups, or events that might be considered prime movers in the reform process?

In Table 27 it can be seen that Bacchus indicated four prime movers: the Ogilvie Task Force, Governor Walker, Chief State School Officer, Michael Bakalis, and State Representative Gene L. Hoffman. Only one of his choices was shared by another respondent. Hoffman also chose the Ogilvie Task Force as a prime mover.

Hoffman, like Bacchus, chose four prime movers. In addition to the Ogilvie Task Force, he named professors Hickrod and Hubbard who authored the formula, Governor Ogilvie, and educational groups. The last one mentioned
was also named by Eslick. There was not the agreement among the three that was evident in question one.

Donald Eslick indicated only three prime movers. He, as did Hoffman, recognized the educational groups. His other two choices were the 1970 Illinois Constitution and the School Problems Commission. The Ogilvie Task Force and the educational groups are the only two movers on which there was any agreement.

Table 27
Perceptions of Prime Movers

<table>
<thead>
<tr>
<th>Prime Mover</th>
<th>Bacchus</th>
<th>Eslick</th>
<th>Hoffman</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ogilvie Task Force</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Hickrod &amp; Hubbard</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Governor Ogilvie</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Governor Walker</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSSQ, Michael Bakalis</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970 Constitution</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Gene Hoffman</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Educational groups</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>School Problems Commission</td>
<td></td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Property tax revolt</td>
<td></td>
<td>x</td>
<td></td>
</tr>
</tbody>
</table>

What were the greatest inhibitors to the process?

The display in Table 28 points out that two of the respondents, Bacchus and Eslick named three inhibitors. Hoffman named only one. Both Bacchus and Eslick named declining enrollment and increasing accessed valuations as two of the greatest inhibitors to reform. The opposition from the office of the Superintendent of Public Instruction was the only inhibitor identified by Hoffman.
Table 28
Perception of Inhibitors

<table>
<thead>
<tr>
<th>Inhibitor</th>
<th>Bacchus</th>
<th>Eslick</th>
<th>Hoffman</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opposition from OSPI</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Huge expenditure</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Declining enrollment</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Wrong time</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Expend. &amp; Tax Cap</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Resources for full funding by formula not available</td>
<td>x</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

What were the political realities of the process of restructuring school finance in the State of Illinois?

A greater agreement on the responses to this question is shown in Table 29. Four categories were cited by two of the respondents. Bacchus and Hoffman agreed on the reality of a Democratic governor and a Republican legislature. Bacchus and Eslick agreed that the reality of an increase for everyone made the Republican sponsored bill palatable to most segments, and that a lack of sufficient revenue to fully fund the formula would cause problems for districts which would plan budgets which would be dependent upon expected state funds which might not be forthcoming.
The Resource Equalizer, according to Eslick, was not an equalizer in that it did not provide for equal access to rate. A factor mentioned by all three respondents, but not as a descriptor of political realities, was that the lack of an expenditure cap in the presence of a tax cap made it virtually impossible for low wealth districts to level up to the North Shore districts.

The interviews revealed a definite difference of perceptions on prime movers and inhibitors. The greatest differences were between the legislator and the former associate superintendent who were opponents during the time of the reform activities.
CHAPTER VI
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This study was concerned with the examination of state school finance reform activities during the period from 1971, the year of the California Supreme Court decision in Serrano v. Priest, through 1973, the year in which the U.S. Supreme Court rendered its decision in the case of San Antonio Independent School District v. Rodriguez.

A review of the literature related to this topic indicated that the political climate was one of disillusionment with the public schools, of resistance to the increasing expense of supporting public education, and alarm at what was believed to be a decline in the quality of education. There was what appeared to be a concerted effort of scholars and attorneys to push for further gains in the area of civil rights.

The Brown v. Board of Education U.S. Supreme Court decision, which had declared that the maintenance of segregated schools was a form of invidious discrimination and denied students who were forced to attend segregated schools equal protection of the laws under the Fourteenth Amendment of the U.S. Constitution, was seventeen years old and there were still charges that schools were separate and unequal. The charge, however, was that school districts within the states were separate and unequal based on wealth. Students living in high wealth districts often received three or more times as much in per-pupil resources as students living in low wealth
districts and at the same or lower tax rate. The quality of education of a child was a function of the wealth of the district in which he lived.

The highest court of the land had decided in *Griffin v. Illinois* and several similar cases that indigents were a suspect class and the quality of legal defense was a function of their wealth. The Court had also held that it was unconstitutional to dilute the effectiveness of votes because of residence. After Arthur Wise's *Rich Schools, Poor Schools*, people like Benson, Burke, Coons, Clung, Sugarman, and others campaigned to make those principles apply to the financing of public education. The *Serrano* decision was the first major victory in that area. The *Rodriguez* decision, two years later, was considered by some to be the end of any hope to make education a fundamental interest. A few successes in state courts, however, moved the battle from the federal to the state courts.

The population for this study consisted of the fifty states of the United States of America. An instrument to assess school finance reform activities was mailed to the Legislative Service Agency of each state. In most cases the questionnaire was forwarded to the state department of education for a response. States were also requested to provide data from their constitutions and statutes, and finally three persons who had been actively involved in school finance reform in the state of Illinois were interviewed in order to compare their perceptions in that state.

**Summary of Findings**

The findings in Chapters IV and V were based on the analysis of responses to the questionnaire, statements found in state constitutions or statutes describing the responsibility and nature of education in the state, and the transcripts of three selected interviews. Data were tabulated for comparison and analyzed on the basis of four research questions.
The return rate of the School Finance Reform Activities Inventory was 84 percent which is well above the expected rate of 45 percent. Although there was an 84 percent return rate, only 58 percent provided data in each of the four stages of reform activity developed in the inventory. It appears to be significant that 16 percent of the states returned the questionnaire with the response that school finance activities in those states during the period in question were not reforming in nature. It was conceded that those states felt no need to respond to other items in the inventory since they had not experienced a reform in their program.

The returns were separated and analyzed according to the agency returning them. That organization did not reveal anything unusual. The conclusion was that they were all reliable sources.

Research Questions

This study presented questions to be answered rather than hypotheses to be tested. The questions are restated below and a discussion of the outcome follows.

1. To what extent did states undertake legal activities to reform their school finance schemes during the period from 1971 through 1973?

Prior to the enactment of reforming legislation twenty-two (75.9%) of the responding states (44% of the universe) conducted school finance studies. Reform states accounted for nine (40.9%) of the states conducting studies. Reform bills were introduced into nineteen (65.5%) of the legislatures of the responding states. Reform states made up 37.9 percent of that number. Seventeen (58.6%) of those bills were passed by the legislatures and signed by their respective governors. Four of them (14%) were revised after becoming law, and eleven (37.9%) were finally implemented. They are the same eleven identified as reform states by this
study. Two additional ones were identified by the HEW/Killalea study, bringing the total number of reform states to thirteen.

2. What processes were used to develop plans for school finance reform in the states?

Various types of study teams were utilized to examine school finance in the states. Of the twenty-two states reporting studies, 34.5 percent of them chose a task force, 24.1 percent allowed the SEA to conduct the study. Citizens groups and contracted research teams were utilized by a few states. Since some states conducted multiple studies, there were more studies reported than there were reporting states.

3. Who or what were the prime movers in restructuring school finance laws of the reform states?

Fifty-four percent of the reform states cited the governor or the chief state school officer as a prime mover. The legislature was the next most frequently mentioned prime mover. It was mentioned by 45.5 percent of the reform states. The Serrano case was cited by 36.4 percent of these states as a prime mover and by two others as an influence. Both reform and non-reform states made the governor, the CSSO, and the legislature their top three choices as prime movers.

4. How did reform states compare with non-reform states in their treatment of the concept of fiscal neutrality and in their constitutional or statutory statements regarding the responsibility of the state for providing public education?

There are four basic approaches to the fiscal support of schools which may provide for fiscal neutrality. They are: (1) the foundation, or Strayer-Haig approach, (2) district power equalization (DPE), or its many derivatives, (3) a combination of foundation and DPE, and (4) full state assumption.
According to inventory responses, 27.3 percent of the reform states and 72.3 percent of the non-reform states utilized the foundation approach exclusively. District power equalization was the avenue taken by 27.3 percent of the reform states and 11.1 percent of the non-reform states. The combination of foundation and DPE was the choice of 27.1 percent of the reform states and 13.5 percent of the non-reform ones. In general, more states tend to utilize the foundation program in school finance than any other. District power equalizing programs in conjunction with, or as an alternative to, some other approach seems to be more prevalent among reform states. Hawaii was the only state which utilized the full state assumption approach to school finance.

Most state constitutions describe the nature of education to be offered in that state. The top three descriptors found in state constitution were: public, found in 69.2 percent of the reform state constitutions and 73 percent of the non-reform ones, free, which occurred in 53.8 percent of the constitutions of reform states and 51.4 percent of those not reformed, and uniform, which appeared in 53.8 percent of the reform states' constitutions and in 27 percent of those of the non-reform states. Thorough and efficient appeared less frequently in state constitutions than the top three choices, but those terms have become popular because of the role they played in school finance litigation of the Robinson v. Cahill model.

Whether or not a state is required to provide public education to its citizens is couched in the language of its constitution or statues. The data have shown that 53.8 percent of the reform states and 37.8 percent of the non-reform states were mandated by their constitutions to "establish" the means of education for the citizens of those states. Similarly, 46.2 percent of the reform states and 51.4 percent of the non-reform states
were mandated to "maintain" those schools once established. States were also mandated to "provide," to "support," to "control," or to "organize" schools or school systems, usually through the power of the legislature. One state left the provision of education to the discretion of the state legislature, while another eliminated from its constitution any mention of responsibility for public education.

Interviews held with three persons in the state of Illinois who were actively involved in the process of restructuring the school finance scheme of that state revealed that there was general agreement among them on the factors leading to reform. All agreed that Serrano and the Ogilvie Task Force were among the most significant factors. There was much less agreement on the question of prime movers. There were ten prime movers indicated by the three respondents. Only two were mentioned by at least two of the three. Their perceptions of inhibitors were even more diverse. There was only one inhibitor suggested by two of the three respondents. Their perceptions of political realities of that process seem to have evolved in a pattern of agreement, but the realities of a Democratic governor and a Republican legislature, the questionable availability of resources to fully fund the formula, and the "something for everybody" position of HB 1484 were agreed upon by two of the three respondents.

Conclusions

The conclusions in this study are based on the analyses of responses to items in the questionnaire, constitutional or statutory statements of responsibility and the transcripts of selected interviews.

1. Seventy-six percent of the responding states conducted school finance studies in their respective states. These findings suggest that
a majority of all the states conducted school finance studies during the period examined.

2. Since all of the reform states and 44 percent of the non-reform states, amount of 66 percent of the responding states, introduced bills aimed at restructuring the school finance schemes of their particular state, it is concluded that almost half the states of the nation made an identifiable attempt to reform their school finance schemes during the Serrano-Rodriguez years.

3. Nineteen states introduced bills aimed at reforming school finance practices in their states, and seventeen (90%) of those were passed by the legislature and signed by the respective governors. Since only eleven (58%) of those states succeeded in implementing a restructured school finance formula, it was concluded that the other six states failed to provide the fiscal support needed to bring about a reform in the existing program.

4. Twenty-two of the responding states conducted school finance studies, but only eleven restructured their state aid formulae. Such a finding suggests that the number of studies conducted is not a predictor of the number of reforms.

5. The three prime movers most frequently cited by reform and non-reform states were the governor, the CSSO, and the legislature. This finding suggests the conclusion that the visible power structure is more likely to be cited for influencing change than events.

6. Four reform states indicated that the Serrano decision was a prime mover in restructuring school finance schemes in their states, and two additional ones acknowledged that Serrano was a significant influence. Three reform states named Serrano type litigation as prime
movers. Such findings seem to indicate that the Serrano decision or similar litigation had a direct influence on school finance reform during the period examined.

7. State constitutions used the terms **public**, **free**, and **uniform** more than any others to describe the nature of education in the state. The terms which appear most frequently in the literature and in school finance discussions are **thorough** and **efficient**. It would appear that the latter terms are in wider use because of their exposure in Robinson v Cahill type litigation and because of the variety of meanings which may be attributed to them.

8. The guaranteed tax yield, which is part of most of the school finance schemes of reform states, varies from state to state. District power equalization as presented by Coons, Clung, and Sugarman has been modified to fit the budgets and political idiosyncrasies of many states. The conclusion drawn from this finding is that in spite of the often debated demands of the Serrano decision, fiscal neutrality is still not a **fait accompli** in the school finance programs of most states.

9. There were four reform states which had recapture provisions in their statutes and an equal number which claimed expenditure or tax ceilings which were not subject to voter override. Such findings lead one to conclude that low wealth districts are not likely to level up to high wealth districts as long as political pressure controls the expenditures of lower wealth districts while resisting caps for high wealth districts.

10. Constitutional mandates such as **establish**, **maintain**, **support**, etcetera, do not seem to differ significantly whether the state is a reform or non-reform state. It is therefore concluded that the number of activities mandated by state constitutions is not an indicator of reform or non-reform.
11. In response to the question regarding significant factors leading to school finance reform in Illinois, all three persons interviewed cited the Serrano decision and the Governor's Task Force. There is nothing else on which they all agree. It is concluded that since all three respondents were on the Governor's Task Force, and since the identification of the Serrano decision as a factor is politically neutral, the legislator and the former associate superintendent are of different political camps and are likely to disagree on most issues which may have political implications.

12. An analysis of the transcripts reveals that one respondent had complete faith in the "resource equalizer," one had little or no faith in it, and the other saw strengths and weaknesses but great promise. One concludes from this description that the perceptions of those who were active in reform activities are shaped as much by their roles and backgrounds as they are by the process of reform.

**Implications**

**Study**

The implications which follow are suggested by the findings and conclusions of this study.

1. If inequities, inequalities, and disparities in the fiscal support of school districts are to be minimized, school finance studies must be ongoing. The legislature, or the state education agency should have a permanent staff to keep abreast of the needs and the legal implications of how the state provides for the support of public education.

2. In order for school finance reform bills to become legislation which provides for equal access to the educational resources of state, the pressures to reform must be greater than those to maintain the status quo.
3. In some instances the primary concern of those supporting a school finance bill is something other than making the fiscal support of public schools equitable. Such bills often become legislation which was labeled as reforming when enacted, but was found upon implementation not to be reforming at all.

4. An assessment of school finance practices in the state is essential to meaningful reform, but reform is not necessarily the end result of a study.

5. From the time of the California Supreme Court's pronouncement in *Serrano v. Priest* to the time of the U.S. Supreme Court's decision in *San Antonio Independent School District v. Rodriguez*, the question of whether every state would be required to revamp its school finance scheme was the topic of discussion in legislative halls and gubernatorial chambers. Some states chose to make reforms in their school finance structures without a court order. In such cases the identified prime movers are likely to be those in the center of political activity. Where there is no court order to reform, the governor, the CSSO, or the legislature is likely to be listed among the prime movers. It is most unlikely that there will be one prime mover regardless of the presence or absence of a court order.

6. School finance reform, which gained its impetus from the courts, has begun to rely more on the political process of the legislature than on judicial pronouncements. The knowledge that litigation in the state courts can be effective, encourages legislative bodies to seek ways of providing equitable fiscal support with a little more freedom than court mandates often allow.

7. Where violation of the state constitution is the charge, litigants are likely to choose those constitutional descriptors which are open
to the widest possible interpretations as the focus. Descriptors like equal, uniform, and efficient should have operational definitions.

8. If states attempted to meet the Serrano fiscal neutrality concept by leveling up to the highest wealth districts, there would indeed be a taxpayers' revolt. Leveling down to a median expenditure would elicit the opposition of high wealth districts. Thus, voter overrides and other nonequalizing escape routes are available in the school finance programs of most states.

9. State constitutions are fertile soil for those seeking grounds upon which to force states to fulfill their roles in the provision of education through the courts. Since most state constitutions mandate the legislature to ensure the availability of a certain kind of school or school system, those grounds are not difficult to find.

10. States not under court order to reform their school finance schemes are not as likely to acknowledge a court case as a prime mover, for to do so would be to admit that the fear of litigation was the principal cause of reform. It is true, however, that some states, during the years in question, recognized that they could not withstand a constitutional challenge such as Serrano, and chose to revamp their programs rather than take such a risk.

Procedure

1. Interviews conducted with three persons who were very active in the school finance reform activities of one state suggest that questions in the inventory which are perceptive in nature were answered in terms of a single person's opinion about what happened. Those answers may have been even further influenced by the choices provided in the inventory.
2. Inventory items requesting data not readily available often receive no response, thus making analysis difficult.

3. To facilitate communication regarding school finance, the name of the person directly responsible for that area is needed. Inquiries which are sent to the CSSO are sorted by mail handlers, rerouted by administrative assistants, and screened by secretaries. The superintendent, himself, may never see the request for data, for that request is usually farmed out to an assistant superintendent who farms it out to a research analyst or a clerk. The process of negotiating this type of communication maze may cause long delays in receiving data requested.

4. Studies requiring data from years before present a special problem. Changes in personnel in state agencies sometimes result in a case where there is no one in the agency who was there when the activities in question took place. If school finance matters are not handled through a permanent position, such as assistant superintendent for finance, and are not stored in computer systems for instant retrieval it becomes a hardship for a state to research such data. Thus, they may not respond at all, or may indicate their inability to participate in the proposed research.

Recommendations

The following recommendations should be of assistance to school administrators who are concerned about equal educational opportunity as measured by dollars, state departments of education whose responsibility it is to keep abreast of problems and solutions in the area of financing public education, students of school finance, and laymen who are interested in the process of financing public schools. Since citizens have an interest in their schools and the means of supporting them, research which
provides insight into the political activities of school finance reform has a definite place.

Reform

1. Further research should be conducted by legislatures into the politics of reform.

2. There is a need for an investigation of the factors which render a state ripe for reform.

3. States should thoroughly investigate the feasibility of including income and cost differential in the state aid formula.

4. State departments of education need to develop satisfactory techniques for leveling up and rolling back to an effective level of fiscal support.

5. Universities have a distinct responsibility to develop measures of cost-quality relationships in school finance.

6. The U.S. Office of Education should replicate its analysis of the constitutional provisions of states in the area of education.

Procedure

1. An in-depth study of the perceptions of persons active in the reform activities of a specific state should be conducted.

2. This study should be extended to concentrate on the post-
Rodriguez period.

3. State departments of education and/or legislative service agencies should maintain a list of persons directly responsible for school finance information in the state.

4. Universities and state departments of education should ensure that curricular experiences in school finance are a part of the training of everyone seeking an administrative certificate.
5. Anyone replicating this study should refine the instrument to encourage states which made an unsuccessful attempt to reform their school finance schemes to respond to all applicable items.

6. This study should be replicated with specific attention given to the twenty-one states not included herein.

Summary

This study has shown that from the time of the Serrano decision to the end of 1973, thirteen states restructured their school finance programs. The flurry of judicial activity which was prevalent in the early seventies slowed considerably while litigants regrouped and moved their battle from the federal courts to the state courts.

From the 1899 U.S. Supreme Court's decision in which the Court held:

... While all admit that the benefits of public taxation must be shared by citizens without discrimination against any class on account of their race, the education of the people in schools maintained by State taxation is a matter belonging to the respective states, and any interference on the part of Federal authority with the management of such schools cannot be justified except in case of a clear and unmistakable disregard of [rights] secured by the supreme law of the land.1

to the 1973 decision in San Antonio Independent School District v Rodriguez, where it was held that:

Even if it were conceded that some identifiable quantum of education is a constitutionally protected prerequisite to the meaningful exercise of either right, we have no indication that the present levels of educational expenditures in Texas provide an education that falls short.2

1Cummings v County Board of Education, 175 U.S. 545 (1899).

2Rodriguez, p. 37.
the U.S. Supreme Court has been reluctant to interfere with the states and their methods of financing public education. The Court was consistent in denying that any federal constitutional protection existed for education. Thus, Serrano set the stage for finding redress for such cases in the state courts. Victories have not been overwhelming, but they have been encouraging.

Whether there is any relationship between the fact that South Carolina enacted the first compulsory ignorance laws in 1740 and eliminated in 1952 any mandate for ensuring public education from its constitution is a question for further research. However, it is generally conceded that states, either implicitly or explicitly, have assumed a responsibility for public education and therefore must not create suspect classes upon which to heap invidious discrimination.

The determination of which acts violate the constitutions of states must be made in the courts. To avoid such litigation many states have revamped their school finance laws to meet at least the minimum requirements as interpreted by the Serrano decision.

Rights once gained are maintained through vigilance. That vigilance pays off only in the face of empirical evidence. It then follows that studies in school finance and the constitutional and statutory guarantees of the states are necessary.

Since dollars are determiners of the amount of education which can be offered, the cost-quality controversy does not negate the fact that until a more reliable measure of educational quality is available, equity in terms of expenditures for comparable educational services is a legitimate claim.
I am a doctoral student at Atlanta University, and my dissertation proposes to analyze school finance reform activities during the period from 1971 through 1973.

Responses to the enclosed inventory will provide me with data most vital to my research, and will provide you with a handy reference to the school finance activities of your state during that time span. Please spend a portion of your valuable time to indicate the appropriate responses. The items, for the most part request factual data rather than perceptions, so the amount of time needed to complete the questionnaire depends upon how readily available the data are.

The inventory has been field tested. Among those evaluating the instrument are Chief State School Officers and School Finance Experts across the country.

In addition to completing the inventory, please send me the following documents and/or factual data if available:

1. A complete copy of your school code; or the appropriate pages which deal specifically with finance formulae and equalization aids.

2. A copy of your state constitution or the appropriate pages of the section which refers in any way to equal protection of the laws and equal access to educational opportunity.

3. The appropriate pages of your educational policy manual which describe the total school resource allocation process in your state.

4. If the actual legislation of your school finance plan is not part of the above requested data, please send a copy of that legislation.

If yours is not the office where such information is available, please forward this request to the appropriate office and person.

Respectfully,

Thomas E. Ruffin
8156 S. Champlain Avenue
Chicago, Illinois 60619

Enclosure

cc: Dr. Ronald N. Kilpatrick
Dissertation Chairman
December 8, 1978

I realize the value of your time and the time of your staff. You probably get many inventories such as mine each month. However, I am assuming that my not having received any response from you to my previous requests means that those requests never reached you. I am therefore enclosing another copy of the questionnaire.

If you would please respond to the items in the inventory to the extent that your resources and the available data will allow, I would be most grateful.

It would also help me greatly if you would please include the statement from your state constitution or statutes which describes the responsibility of that state for maintaining free and common schools.

Again I thank you for your consideration and assistance.

cc: Dr. Ronald N. Kilpatrick
    Committee Chairman

Respectfully,

Thomas E. Ruffin
8156 S. Champlain Avenue
Chicago, Illinois 60619
SCHOOL FINANCE REFORM ACTIVITIES INVENTORY

Field Test Copy

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State

Person Completing Form

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The items in this inventory are designed to identify the nature and extent of the activities and processes employed in developing and restructuring school finance legislation in the various states from 1971 through 1973. Responses should apply only to such activities and processes which took place in your state during that period.

If you are not the person most knowledgeable about the data needed to complete this inventory, please forward it to the appropriate person.

Please complete the following:

A. Did your state introduce school finance legislation during the period from 1971 through 1973? Yes ( ) No ( ).

B. If so, what happened to that legislation? Please indicate when.
   
   Passed ( ) Defeated ( ) Signed by governor ( ) Vetoes ( )

C. Please give the exact Title and Number of the legislation.
STAGE I (Pre-enactment Stage)

The items in this section refer to activities and processes which took place during the 1971-1973 period but prior to any formal introduction of a bill designed to restructure school finance in your state. Please the appropriate response using the sample as a guide. Should you choose *other* as a response, please give specific information needed.

E.g. Did the State University conduct a school finance study in your state?

<table>
<thead>
<tr>
<th>1973</th>
<th>Study conducted</th>
<th>report filed</th>
<th>other</th>
<th>Implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>no</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Was a task force appointed to study school finance reform in your state? Please give year.

<table>
<thead>
<tr>
<th></th>
<th>appointed</th>
<th>report filed</th>
<th>implemented</th>
<th>other</th>
</tr>
</thead>
<tbody>
<tr>
<td>no</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Was a professional research team contracted to study school finance in your state? Please indicate year.

<table>
<thead>
<tr>
<th></th>
<th>contracted</th>
<th>report filed</th>
<th>implemented</th>
<th>other</th>
</tr>
</thead>
<tbody>
<tr>
<td>no</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. By whom was the study funded?

<table>
<thead>
<tr>
<th>state only</th>
<th>federal government</th>
<th>both</th>
<th>other</th>
</tr>
</thead>
</table>

4. If funded by more than one source, please give percent of funding from each.

<table>
<thead>
<tr>
<th>state</th>
<th>federal</th>
<th>other</th>
</tr>
</thead>
</table>

5. Who, or what, was the prime mover in the restructuring activities in your state?

<table>
<thead>
<tr>
<th>Governor</th>
<th>Chief State School Officer</th>
<th>other</th>
</tr>
</thead>
</table>

6. If the prime mover was a court case either in your state or elsewhere, please give the exact case citation.

<table>
<thead>
<tr>
<th>state court</th>
<th>state supreme court</th>
<th>district court</th>
<th>S.S. Supreme Court</th>
</tr>
</thead>
</table>

7. Were there school finance court cases in your state during this period? Please indicate court.

<table>
<thead>
<tr>
<th>no</th>
<th>state court</th>
<th>state supreme court</th>
<th>district court</th>
<th>S.S. Supreme Court</th>
</tr>
</thead>
</table>

8. Please cite case(s).
9. How and when was (were) the case(s) decided?

dismissed  ruled for state  ruled for plaintiff  remanded

10. If there are other items which you consider important to Section I, please write your comments.

STAGE II (Enactment Stage)
The activities in Section II (Enactment Activities) include the formal introduction of legislation through executive action.

1. What was the exact title and number of the legislation introduced?

2. Where did it originate?

Department of Education  Legislative Committee  Governor  other

3. Did it successfully pass the House? Give Date

yes (as introduced)  yes (amended)  no  other

4. Did it successfully pass the Senate?

yes (as introduced)  yes (amended)  no  other

5. What was the final action of the legislature on the bill?

passed  defeated  other

6. What was the final Executive action on the bill?

signed  vetoed  other

7. Please comment on any important activities not covered in this section but which you consider directly related to it.
STAGE III (Actual Implementation)

Activities in Stage III (Implementation Stage) include funding of bill through evaluation of impact.

1. If the implemented legislation has a different title and/or number from that of the introduced bill, please indicate new title and number.

2. To what extent was the new legislation funded?

   not funded  partially  fully  other

3. Does the new law include District Power Equalization?

   yes  (funded)  yes  (not funded)  no  other

4. What equalization plan was used in the new legislation?

   foundations  full state assumption  other

5. By whom was the State Policy Statement drafted?

   no policy drafted  Department of Education  other

6. When did the new law go into effect?

   NA  1971  1972  1973  other

7. What was the disparity ratio between those districts in the 90th percentile and those in the 10th percentile prior to implementation?

   ----------------------------------------

8. What was the disparity ratio after implementation?

   ----------------------------------------

9. Please indicate the percent of per pupil expenditures provided by the State prior to implementation and after implementation.

10. Are per pupil Current Operating Expenditures as high in districts which are majority Black as in other districts? Please indicate figure.

11. Predominantly Black  other

12. What is your state's definition of equal educational opportunity?
SCHOOL FINANCE REFORM ACTIVITIES INVENTORY

State

Person Completing Inventory

Position

The items in this inventory are designed to identify the nature and extent of the activities and processes employed in developing and restructuring school finance legislation and formulae from 1971 through 1973. Responses should apply only to that which took place in your state during that period.

The information requested by this instrument will provide state legislators, state agencies, and organizations interested in school finance with a handy reference to the origins and effectiveness of, and possible reasons for, legislative reforms in financing public education during a period when court orders and threats of litigation exerted extreme pressure on states to provide equal educational opportunity through the allocation and expenditure of tax resources for public schools.

If you are not the person most knowledgeable about the data needed to complete this inventory, please forward it to the appropriate person.

Please complete the following:

A. Were school finance reform bills, acts, or public laws introduced in your state during the period from 1971 through 1973? No ( ) Yes ( )

Please comment if there were several.

B. Please give the exact title(s) and number(s) of the bill(s), act(s), or public law(s).

C. Indicate the appropriate action by identifying the legislation and the year of the final action.

Passed ( ) Defeated ( ) Signed by governor ( )

Vetoed ( ) Declared unconstitutional ( ) Other

D. Were there significant changes in the formula(e) for financing public schools during that period? No ( ) Yes ( )

E. Please explain the differences.
STAGE I (Pre-enactment Stage)

The items in this section refer to activities and processes which took place during the 1971-1973 period but prior to any formal introduction of a bill, act, or public law designed to restructure school finance in your state. Please indicate the appropriate response(s) using the sample as a guide. Should you choose other as a response, please give the specific information needed. It is possible that more than one activity should be listed. In such cases please identify the activity in the appropriate space.

Sample: Did a state university conduct a school finance study in your state?

|----|-----------------|-----------------------------|-------------------------|-------|

1. Were task forces and/or research teams used to study school finance reform in your state?

<table>
<thead>
<tr>
<th>No</th>
<th>Study Conducted</th>
<th>Report Filed</th>
<th>Implemented</th>
<th>Other</th>
</tr>
</thead>
</table>

2. By whom were the studies funded? If funded by more than one source, please give the percent of funding from each.

<table>
<thead>
<tr>
<th>State Legislature</th>
<th>Federal Funds</th>
<th>Both</th>
<th>Other</th>
</tr>
</thead>
</table>

3. Who, or what, were the prime movers in the restructuring activities in your state?

<table>
<thead>
<tr>
<th>Governor</th>
<th>Chief State School Officer</th>
<th>Other</th>
</tr>
</thead>
</table>

4. If litigation, either in your state or elsewhere, was one of the prime movers, please give the case citation.

5. Were there school finance court cases in your state during this period? Please cite case(s).

<table>
<thead>
<tr>
<th>No</th>
<th>State Court</th>
<th>District Court</th>
<th>U.S. Supreme Court</th>
</tr>
</thead>
</table>
6. How and when were the cases decided?

<table>
<thead>
<tr>
<th>dismissed</th>
<th>ruled for state</th>
<th>ruled for plaintiff</th>
<th>remanded</th>
<th>other</th>
</tr>
</thead>
</table>

7. If there are other items which you consider important to Section I, please write your comments.

STAGE II (Enactment Stage)

The activities in Section II (Enactment Activities) include the formal introduction of legislation through final executive action. If several responses are appropriate, please indicate them.

1. Please give exact title(s) and number(s) of reform legislation introduced.

2. Where possible, indicate the source(s) of the reform legislation.

   Department of Education  Legislative Committee  Governor

3. Please indicate the legislative fate of the reform bill(s), act(s), or public law(s).

   passed as introduced  passed as amended  defeated  other

4. What was the final executive action?

   signed  vetoed  other

5. If there are other items which you consider important to Section II, please write your comments.
STAGE III (Post Enactment Stage)
Activities in Stage III (Post enactment activities) refer to changes which may have been made to the enacted legislation during the period from 1971 through 1973.

1. Were the titles or numbers of the bills, acts, or public laws which were enacted in Stage II changed? No ( ) Yes ( )

2. If yes, please indicate the new titles or numbers.

__________________________________________________________________________
__________________________________________________________________________

3. If substantive changes in the nature of the bills, acts, or public laws were made, please specify those changes.

4. If there are other items which you consider important to Section I, please write your comments.
STAGE IV (Actual Implementation)

Activities in Stage IV (Implementation Activities) include the funding of bills, acts, or public laws, through the evaluation of the impact. It is possible to have more than one response for a given item.

1. What is your state's definition of equal educational opportunity?

2. To what extent were enacted formulae funded?

<table>
<thead>
<tr>
<th>not funded</th>
<th>partially</th>
<th>fully</th>
<th>other</th>
</tr>
</thead>
</table>

3. What equalization plan was used in the reform legislation?

<table>
<thead>
<tr>
<th>foundations</th>
<th>full state assumption</th>
<th>district power equalization</th>
</tr>
</thead>
</table>

4. When did the new structure go into effect?

<table>
<thead>
<tr>
<th>NA</th>
<th>1971</th>
<th>1972</th>
<th>1973</th>
<th>comment</th>
</tr>
</thead>
</table>

5. What was the disparity ratio between those districts in the 90th percentile and those in the 10th percentile prior to implementation?

6. What was the disparity ratio after implementation?

7. Please indicate the percent of per pupil expenditures provided by the state prior to implementation _______ and after implementation _______.

8. Are per pupil Current Operating Expenditures as high in districts which are majority Black as in other districts? No ( ) Yes ( )

Please indicate figures.

<table>
<thead>
<tr>
<th>Majority Black</th>
<th>Other</th>
</tr>
</thead>
</table>

9. If there are other items which you consider important to Section IV, please write your comments.
Persons to Contact Regarding School Finance in Responding States

Alabama
Dr. Richard McBride
Division of Research, Planning & Dissemination
State Department of Education

Alaska
Jeff C. Jeffers
Special Assistant to the Commissioner
State Department of Education

California
Jocque T. Ross
Associate Superintendent
State Department of Education

Colorado
Paul Turpin
Senior Consultant for School Finance
State Department of Education

Connecticut
Ted Sergi
Chief, Research, Planning and Evaluation
State Department of Education

Delaware
James L. Spartz
State Director
Finance and School Services Division
Department of Public Education

Georgia
Dianne Robinson
Research Technician
State Department of Education

Hawaii
Samuel B. K. Chang
Director
Legislative Reference Bureau

Idaho
Susan Bennion
Senior Research Analyst
Legislative Council

Illinois
Fred Bradshaw
Assistant Superintendent
Budget and Finance Department
Department of Education
Indiana
William L. Riley
Director, Division of School Finance
Department of Public Instruction

Iowa
Gayle C. Obrecht
Director, Administration & Finance
Department of Public Instruction

Kentucky
Vinson Straub
Legislative Analyst
Legislative Research Commission

Louisiana
George Byron Burton, Jr.
Associate Superintendent, Management and Finance
State Department of Education

Maine
H. Swain Millett
Commissioner of Education
State Department of Education

Minnesota
Alan Hopeman, Barbara Diamond
Legislative Analyst
House Research Department

Missouri
John W. Albery
Coordinator, School Management Services
State Department of Education

Montana
Steve Colberg
Statistical Consultant
Division of Financial Aid and Transportation
Office of Public Instruction

Nebraska
Larry Vontz
Administrator of Finance
State Department of Education

Nevada
Douglas A. Sever
Director, Fiscal Services
State Department of Education

New Hampshire
Lori Sue Herman
Legislative Research Assistant
Office of Legislative Services
New Jersey
Fred G. Burke
Commissioner of Education
State Department of Education

New Mexico
J. Placido Garcia, Jr.
Legislative School Study Committee

New York
Elizabeth A. Closson
Senior Librarian
State Education Department

Ohio
George M. Saribalas
Ohio Department of Education

Oklahoma
S. H. McDonald
Director of Finance
State Department of Education

Oregon
R. Nunn
Legislative Revenue Officer
Legislative Council Committee

Pennsylvania
Donald C. Steele
Research Director
Joint State Government Commission

Rhode Island
B. I. Effreom
Specialist II
Board of Regents for Education
Office of the Commissioner

South Carolina
Phillip T. Kelly
Finance Supervisor
State Department of Education

Texas
R. Bynum
Associate Commissioner
Finance
Texas Education Agency

Utah
Lowell W. Crandall
Education Committee
Research Analyst
Legislative Council
Vermont
Mickey McCann
Chief, Statistics and Information
Legislative Council

Virginia
D. H. Cochran
Deputy Superintendent of Public Instruction
State Board of Education

West Virginia
Aaron Rapking, Jr.
Assistant State Superintendent of Schools
Finance and Administration
State Department of Education

Wisconsin
George Wyeth
Legislative Analyst
Legislative Council
BIBLIOGRAPHY

Books


Journals and Other Published and Unpublished Materials


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Court Cases


Board of Education of the City School District of the City of Cincinnati v. Walter, No. A 7602725 (Hamilton County Court of Common Pleas).

Boothbay v. Longley, Docket No. 75-918(Kenhebec Superior Court).


Buse v. Smith, 247 N.W. 2d 141(Wisconsin Supreme Court 1976).


Cummings v. County Board of Education, 175 U. S. 545(1899).

Department of Mental Health v. Kirchner, 62 Cal. 2d. 586(1965).


Levittown v. Nyquist, Index No. 8208/74, Nassau County Supreme Court (1978).


Milkin v. Green, 203 N.W. 2d 457 (1972).
State ex rel. Woodahl v. Straub, 520 P. 2d 776 (Montana Supreme Court, 1974).
State of Ohio ex rel. Akron Education Association v. Essex, 47 Ohio St. 2d 47, — N. E. — (Ohio Supreme Court, 1976).
Unified School District No. 229 v. State of Kansas No. 132851 (District Court of Shawnee County, Kansas).