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DETERMINING URBAN PER PUPIL EXPENDITURES

A comparison between the funding of schools in city-wide urban districts and in suburban areas can provide dramatic evidence of inequities. For example, in the largest urban system in the country--New York City's--the 1988-89 approved operating expense per student was $4,351. In contrast, expenses per student in the four surrounding suburban counties was $1-2,000 higher: $6,605 in Westchester, $6,539 in Nassau, $6,189 in Rockland, and $5,852 in Suffolk.
However, because not all urban districts coincide with city boundaries, and because per pupil expenses are calculated differently around the nation, many urban districts show no noticeable deprivations when their per pupil expenses are compared to those of neighboring districts.

URBAN SCHOOL FINANCING PROBLEMS

There are a variety of important reasons for the fiscal strains experienced by urban school districts:
Structural Features in the State Aid System That Work Against Urban Districts.

In the 1950s and 1960s, money for education was largely raised at a local level based on property taxes, with funds from the federal government generally used to create special programming. Since 1970s, however, partly in the hope of reducing inequities between property rich and property poor districts, state aid for education has increasingly supplemented local school funding. All 50 states increased their education budgets in the early 1980s, and by 1984 states generally funded more than 50 percent of nonfederal school costs (Augenblick, 1984).

However, several factors have diminished the effectiveness of state education funding in equalizing the financing of school districts.

First, despite their growth, state education budgets have not kept up with inflation. This means that states have simply not had the money to pick up the loss of federal dollars, or to give extra money to traditionally poor school districts. Thus, in many urban areas, the state ratio of funding remains significantly lower than 50 percent. Of Chicago's $1.9 billion education budget, for instance, the state supplies 42 percent, or $825 million (Byrd, 1989).

Second, "hold harmless" provisions in many states now ensure that state attempts to allocate funds equitably will not result in less revenues for any affluent school district; thus, state budgets actually need to be expanding for the state to help out their poorer districts (Cardenas, 1988).

Third, even when state responsibility for city school district budgets is growing, financial support may not keep up with the costs of increasing district enrollments or other expenses.

Fourth, state aid to school districts is generally calculated by Average Daily Attendance (ADA) data, which tend to discriminate against urban school districts with high absentee rates. The New York City Board of Education (1989) calculates that the ADA formula excludes approximately 15 percent of its students from state aid. In fact, most urban administrators say it would be more equitable to calculate state aid on the basis of "average daily membership" (ADM), or a blend of active membership (enrollment) and attendance.

Fifth, even less widely used in calculating costs for state aid allocations is an accurate population density/sparsity factor. Thus, while the state funds 110 percent of the costs of transportation in some rural areas, it funds only 23 percent of the cost of transportation in the Oklahoma City Public Schools (Steller, 1987).

Finally, the current mood of the country is more directed towards excellence than equality, and thus when states have additional dollars, they tend to go to "excellence" projects, rather than to supporting the education of disadvantaged urban students.

Increased State Control over Local Budgets.

Although states have always exercised some control over the level of resources available for public schooling, the growth of state level funding has been accompanied by a consolidation of state control along with a diminution of local power to raise money or to determine how it is spent. Because each year state monies come with different stipulations, local school officials complain of never knowing from year to year either whether specific programs will be refunded or how much money will be available for discretionary spending.

The Decline in Federal Dollars and the Change from Categorical to Block Grants.

In 1981, federal block grants replaced categorical grants in 28 categories of separate education programs. In contrast to categorical grants, which, for example, give funding to bilingual or handicapped students, block grants can be used for broadly defined educational purposes. Block grants offer a number of advantages to local districts, such as bureaucratic streamlining, an end to competition among districts for specific categorical grants, and the elimination of the advantages that entrepreneurial districts once had over nonentrepreneurial districts. However, many big city school districts

claim that they suffer under the block grant system. As they point out, the federal government initially provided special services and programs because states did not offer them. Urban districts under court ordered desegregation, for instance, which previously had federal funds, took large cuts. Moreover, a larger proportion of big-city revenues came from the federal government under categorical grants (16 percent) than they now receive under block grants--8 percent (Ornstein, 1988).

The Decline in Urban Capacity for School Support.

Raising school taxes in urban areas is difficult for several reasons. In many cities, because the development of new housing is minimal, there are fewer options for raising property-based school taxes. In addition, city councils often attempt to attract commercial real estate interests with the incentive of abatements and exemptions.

In fact, in a little-discussed manner, low-income urban populations do support their schools--and it is often the poorest urban dwellers who pay the most. State lotteries are currently used entirely or in large part for education in California, Florida, Michigan, New Hampshire, New Jersey, New York, and Ohio. In New York State, for example, lottery earnings supplied $848.1 million, or 10 percent of the state education budget in 1988-89 (Gladimus, 1989).

THE EXTRA COSTS OF EDUCATING URBAN STUDENTS

Urban school districts are likely to experience particular fiscal strain, both because they must make expenditures not necessary in other areas and because they can secure less for their education dollar.
Teachers in urban areas tend to be more experienced than their nonurban counterparts, and, thus, are at the high end of the pay scale (K. McGuire, personal communication, 1989). Moreover, many ghetto areas are forced to use "combat pay" to attract teachers. These high salaries must be borne by cities because state aid systems rarely include a training and experience factor for teachers in per pupil cost calculations.

The cost of land for schools, and materials and labor for their construction and maintenance, are higher in cities as well.

The cost of vandalism is also greater in urban areas. Although new technology available in public schools obviously enhances education, thefts of VCRs, computers, and software equipment have greatly increased operating costs.

Finally, a huge pressure on urban schools has been caused by the changing composition of inner-city dwellers, especially students. Urban minority enrollment has grown even faster than the urban minority population as a whole--and it has been

accompanied by an enormous growth in disadvantaged students. By the mid-1980s, over 30 percent of all school-age children residing in central cities were poor, and 70 percent were minorities (Hill, Wise, & Shapiro, 1989).

Poor students, particularly those in high poverty areas who also suffer from prejudice and historical deprivations, require special services if they are to be given an equal educational opportunity. These programs substantially increase educational costs (Murphy & Hack, 1985; Steller, 1987):

Compensatory Education: Costs 1.6 to 2.4 times more per student than a regular school program.

Special Education: Costs 2 to 5 times as much as a regular academic program.

Language Education programs: Involves training existing staff, paying extra teachers who speak the needed language(s), as well as providing special curriculum, handbooks, newsletters, forms, and other materials--much of which have to be produced by the district.

Vocational Education: Costs between 25 and 80 percent more than academic programs.

HOW TO PROMOTE EDUCATIONAL EQUITY

The research on urban school finance suggests that urban school districts need three things:
More Money. The Carnegie Foundation for the Advancement of Teaching (1988) proposes a specific federal allocation aimed at urban school districts: money for a National Urban Schools Program would be directed to the nation's 100 largest school districts. Money would be available for teacher renewal, and curriculum and administrative innovations; and an Urban Schools Facilities provision would make available to school districts low interest loans or matching grants to demolish or refurbish old buildings and create more attractive, smaller units, or to relocate in residential or commercial buildings. Loans would also be available to rebuild science laboratories and secure new technology.

Better Ways of Calculating Urban Students' Needs. New York's Salerno Commission recommended a number of reforms in state aid to education (Salerno, 1988). Among them, the following have application in many states besides New York. The current pupil calculation by Average Daily Attendance (ADA) should be modified to reflect a blend of active membership (enrollment) and attendance. The distribution of state aid should also reflect the extra needs of disadvantaged and at-risk students. And each school district's ability to pay for educational services--including regional cost differences, shifts in property values, and the use of a poverty factor to calculate the combined wealth

ratio--should be calculated into the state aid formula.

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