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AUTHOR Kazal-Thresher, Deborah M.  
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ABSTRACT

Educational finance reforms and desegregation have both sought to address inequities in educational opportunities for minorities and low income families. The recent methods of addressing desegregation issues have tended to focus on attaining racial balance rather than educational quality, however. This paper explores how desegregation goals can be merged with educational finance reform to more systematically address educational quality in schools serving low income and minority populations. By moving toward centralized control over school financing, the inequity of school outcomes that are based on unequal school resources can be reduced. In addition, state determined expenditures when combined with desegregation monies, would meet the original intention of desegregation funds by clearly providing add-on monies for additional services for minority children, while at the same time, creating a better monitoring mechanism. (Contains 54 references.) (Author)

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College of Education, Arizona State University  
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Merging Educational Finance Reform and Desegregation Goals

Deborah M. Kazal-Thresher  
Arizona State University  
ATDKT@ASUACAD.BITNET

(Now at the University of Texas-Austin)

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Educational finance reforms and desegregation have both  
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educational quality in schools serving low income and minority populations. By moving toward centralized control over school financing, the inequity of school outcomes that are based on unequal school resources can be reduced. In addition, state determined expenditures when combined with desegregation monies, would meet the original intention of desegregation funds by clearly providing add-on monies for additional services for minority children, while at the same time, creating a better monitoring mechanism.

Although the goals of desegregation are somewhat controversial and subject to judicial scrutiny and interpretation, two consistently discussed goals are to increase interracial exposure through seeking more racially balanced schools, and to improve the quality of education available to minority students. One school of thought has argued that by meeting the first goal minority communities have a better chance of realizing the second goal (Hawley, 1981). Yet state and district efforts to integrate their school populations racially has often overshadowed efforts to improve educational achievement and quality of program for minorities.

Complicating the matter is the fact that desegregation has been mandated through the courts rather than the legislature, resulting in a myriad of situational interpretations of what constitutes a desegregated school system. Often the emphasis by the courts has been on the success of districts in increasing

racial balance, or interracial exposure, as the main criteria in meeting desegregation requirements. Districts, therefore, have focused on whatever definition of racial balance the court has designated and have proceeded to meet that minimum, but typically no more.

Because implementation has tended to focus on racial integration, it can be argued that the equally important goal of significantly improving the overall quality of education available to minority populations has been inconsistently addressed by most cities and districts attempting to desegregate.

The central issue that still remains after more than 30 years of desegregation efforts is how do we improve educational outcomes and economic opportunities for the majority of minority youth. Admittedly this is a complicated problem and can be attributed to many factors; 1) our history as a segregated society, which has affected not only schools but employment and political opportunities for minority populations; 2) the role of teacher/staff attitudes and expectations in schooling outcomes and opportunities; and 3) the influence of poverty and the persistence of intergenerational economic outcomes on the aspirations of minority youth, to name a few. It is also, in part, an issue of educational equity, and can be addressed by reforming educational finance systems. With this view in mind, it may be appropriate for desegregation advocates to direct their efforts to improving the level of resources and the quality of inputs into minority dominated schools as one of their main

targets rather than focusing on racial integration per se.

In this paper I will discuss how educational finance reform can help to address the issue of educational quality and meet one of the major goals of desegregation. A desegregation case in one southwestern school district illustrates how focusing on racial balance inadequately addressed issues related to the quality of education. It also provides an example of how districts seek to meet only the minimum required of them and have used desegregation funds to support programs with limited applicability. In this situation, it might be more beneficial to use the resources supporting desegregation programs to enhance all programs that serve minority students. Through a merging of desegregation and finance reform goals we may be able to find a more permanent solution to enhancing the quality of education available to the majority of minority students. The paper will also discuss why this may be a fruitful direction to move at this juncture in time.

#### What Is Quality Education?

While most of the desegregation literature makes reference to the importance of addressing the quality of education in minority schools, few actually define what they mean by the term. In this paper educational quality will refer to three main elements of program; 1) the ability to attract and retain teachers with high verbal ability and high expectations for

student performance; 2) exposure to breath<sup>d</sup> of classes and depth of content to enable the school population to perform at or above the national norms on chosen achievement tests; and 3) to generate graduation rates above 74% and to have at least 40% of graduates pursue more education. (See Note 1) All these variables can be measured by comparing the performance of minority schools with the best of suburban schools serving high socioeconomic neighborhoods. If the schools serving minority populations were able to meet these standards, parents might be less likely to protest measures designed to reassign attendance lines to ensure racial balance at all schools within a chosen parameter.

#### Desegregation Research

The research by social scientists on desegregation has been vast, and has focused on its effects and outcomes as well as the legal and moral justification for desegregated schools; in part, because of its social and political consequences. Researchers have looked at the historical progression of judicial interpretation of Brown and its meaning (Taylor, 1981; Green, 1985), they have examined the impact of desegregation on achievement (Coleman, 1966; Winkler, 1975; Summers and Wolfe, 1977; Crain and Mahard, 1981), on attitudes and race relations (McConahay, 1981; Schofield and Sager, 1983, Parsons, 1985), on interracial exposure outside of schools (Pearce, 1985;), on future education (Crain and Strauss, 1985), and on economic

outcomes (McPartland and Braddock, 1981; Braddock and McPartland, 1989), among others. Generally, they have found that desegregation can improve achievement among minority students (but does not always do so), can have a positive impact on racial tolerance and interaction both within and outside schools, and can influence more minority youth to attend college and improve their employment outcomes.

Academic outcomes have been of particular interest to social scientists because it was one of the rationales for pursuing desegregated schools. Here the findings have been mixed, but studies have turned up more positive than negative effects on minority achievement, and, in general, no effect on white achievement (Crain and Mahard, 1982; Longshore and Prager, 1985). The inconsistent results stem partly from methodological problems in the earlier studies, making many of the findings suspect (Mahard and Crain, 1983).

Because of the decentralized nature of the implementation process, social scientists have attempted to determine when desegregation has been successful and under what type of plans (see, for instance, Taylor, 1981; Hawley, 1981; Crain and Mahard, 1982; Hartman and Maehr, 1984; Green, 1985; Metz, 1986; Rossell, 1985). From their meta-analysis, Crain and Mahard (1982) suggest two contextual features of desegregated schools that may enhance minority achievement. First, it has been found that black achievement improves most when blacks are in schools that are mostly white and includes students from higher SES backgrounds.

Second, plans with a metropolitan scope show greater black achievement gains, perhaps because they reach more middle-class whites, which implies that successful desegregation is socioeconomic as well as racial (Longshore and Prager, 1985). Researchers have also documented the critical role of principal/teacher expectations and attitudes in the success or failure of desegregation programs, particularly with respect to improving achievement (Crain, Mahard and Narot, 1982; Genova and Walberg, 1984; Rubovits and Maehr, 1973; Hartman and Maehr, 1984; Weinberg, 1985).

Recently, the efficacy of voluntary versus mandatory desegregation plans has been closely examined, especially as the popularity of choice in schools has increased. Voluntary desegregation plans are most associated with the concept of freedom of choice. These desegregation plans tend to rely on magnet schools as a primary tool to promote white enrollment in otherwise minority dominated schools.

Although the concept of a magnet or "specialized" program has been around for many years (typically under different names such as alternative schools or vocational schools), magnet school programs have received considerable attention in the last few years, in part, because of their attention to educational program (Metz, 1986; Rossell, 1990). Since magnet schools only improve the quality of education for students who attend them, their value as tools by which educational quality can be addressed is limited; they do not affect educational resources and outcomes

for the vast number of minority students outside these programs. Their real potential is in being able to entice white students into predominantly minority schools, thereby encouraging racial balance voluntarily. Despite early criticism of voluntary desegregation plans, Rossell (1990) provides support for the position that these plans are more effective in bringing about higher levels of racial integration than mandatory desegregation plans over the longer run (after a ten year evaluation).

Whether magnet schools yield greater achievement gains for those students participating in them is still questionable and has not been conclusively shown. While some of the earlier research on magnet schools supported this claim, these studies have been criticized for their lack of controls for selectivity bias and achievement prior to magnet school attendance (Mahard and Crain, 1983). More recent studies that have attempted to control for these problems have shown mixed results, with some supporting its positive impact on achievement (Weber, McBee and Lyles, 1983; Blank, 1989) and others not (Jirtle, 1986).

One of the major problems facing desegregation efforts today, though, is that school districts serving minority populations are becoming even more racially/ethnically isolated than they have in the past. Furthermore the racial/ethnic isolation of many large cities is also occurring along socioeconomic class lines. Whereas urban minority populations were likely to include all socioeconomic classes, inner cities are increasingly becoming economic as well as ethnic/racial

ghettos (Orfield, 1981, 1992).

With this trend accelerating rapidly, efforts to desegregate many urban schools are likely to become increasingly complicated, and the impact of the programs more uncertain, particularly if the focus remains on racial balance rather than overall educational quality and outcomes.

#### Educational Finance Reform

While desegregation policies have been supported by federal funds, they have not been linked to educational finance reform efforts of the last 2 decades. Starting with *Serrano v. Priest* (1971), several state educational finance systems have been challenged in court. However, the *Rodriguez* case (*Rodriguez v. San Antonio School District*, 1973), cut off the use of the 14th amendment and federal protection with respect to funding inequities, even when district resources were linked to residence patterns by ethnic or racial background. The Supreme Court ruled that education was not a fundamental right under the U.S. Constitution, and that property wealth per pupil was not a suspect class. Thus, redress for educational funding inequities have had to be found at the state level.

The results of court challenges to many state funding schemes have been mixed and dependent on the type and breath of State education clauses (Odden and Picus, 1992). *Robinson v Cahill* (New Jersey, 1973) set the precedent for judicial scrutiny

by first focusing on the "education clause" in the state's constitution and its mention of some quality or efficiency dimension. However, despite court ordered overhauls of several state finance schemes (California, Texas, Kentucky, New Jersey, Arkansas, to name a few), the reliance on local property taxes for the vast majority of school systems creates a basis for inequality of funding that even state redistribution efforts cannot completely eradicate (Monk, 1990, Cohn and Geske, 1990, Odden and Picus, 1992).

Although educational finance reform efforts have paralleled school desegregation efforts to some extent, the two have never been formally connected. Yet when we examine the condition of schools for many minority students, funding issues are at the heart of the lack of educational opportunities and the quality of education they receive. Despite the progress made since Brown in increasing access to higher quality schools for some minority children, hundreds of urban and rural districts serving predominantly minority populations suffer from a lack of funding and resources to make their schools comparable in quality to the better suburban, and predominantly white, school systems. (See, for instance, Kozol (1991) for a moving discussion of the enduring impact of finance inequities on the quality of education in four urban cities.)

An example of how the courts could merge the problems addressed by desegregation with the problems of inequity of educational finance systems is provided by recent court cases in

New Jersey and Kentucky. In *Abbot v. Burke* (1990), the New Jersey state supreme court ruled that the New Jersey school finance system was unconstitutional for the state's 28 poorest school districts. The court based their decision on a clause in the Robinson decision that required an educational system to produce educational outcomes sufficient to allow students to compete in the labor market. In the ruling, the court made specific reference to the poor achievement of low income and minority students concentrated in New Jerseys' urban school districts, and the need for skilled and well schooled workers in the current labor market.

In Kentucky, the recent high court ruling in *Rose v. Council for Better Education, Inc.* (1989) shifted the focus of the funding inequity debate away from per pupil expenditures per se to a consideration of per pupil expenditures across all districts within the state. Furthermore, the court directed the state to address educational outcomes in its reorganization scheme. As a result, Kentucky devised a plan that was based on outcomes, gave financial rewards and sanctions for schools meeting performance standards, and placed resource decision making at the school level rather than district level.

Odden and Picus (1992) argue that both the New Jersey and Kentucky decisions suggest an evolution toward a new equal expenditure standard: one that over time could implement systems focused on creating more uniform per pupil spending across all districts rather than between highest and lowest spending

districts. In addition, the Kentucky decision specifically links reform of the State's educational finance system with some standard of accountability in student outcomes. This could only be a positive direction for increasing the quality of education available to many minority students, particularly those concentrated in urban schools.

### Does Money Matter?

Why should we be concerned with increasing the level of resources going to poor school districts, or equalizing per pupil expenditures across districts? Indeed, one perspective heard lately, particularly from recent federal administrations, is that we already spend as much or more than many countries do on our schools. Officials in both the Reagan and Bush administration publicly concluded that increasing expenditures will not solve the education crisis in America, and certainly not in our minority dominated schools.

This position, while popular, is misleading, however, because it assumes that all schools have comparable levels of resources, and that even when per pupil expenditures are similar, schools in different areas can actually deliver comparable programs. As the research on educational finance shows, average per pupil expenditures at the state or national level masks wide disparities at the district level (see Cohn (1990) or Odden and Picus (1992), for a review of this literature). Furthermore, all

schools do not start at the same point, some are in more pleasant surroundings, safer locations, and are newer than others; an issue of relevance when looking at differences between urban and suburban school districts (Kozol, 1991). Finally, assertions by educational reformers, supported by the last two administrations, that increasing school resources is ineffective in improving school outcomes is not supported by the research on educational productivity.

So how does money matter? While studies have found inconsistent evidence of a statistical relationship between per pupil expenditures and achievement (Hanushek, 1986), results have been much stronger when examining teacher and instructional variables. Studies have measured teacher quality through teacher verbal ability, experience and education. Those that examine measures of teacher verbal ability (typically through verbal test scores) have almost unanimously shown an important relationship to student achievement, even taking into account its differential impact by race and ethnicity. Studies that consider only teacher experience or educational levels have less consistently shown a significant and positive relationship to student achievement, however, even here, evidence tends to support the importance of teacher experience in achievement. (Summers and Wolfe, 1977; Levin, 1980; Hanushek, 1986; Strauss and Sawyer, 1986; Ferguson, 1992).

Research has further shown that districts able to pay more to their teachers, attract teachers with higher verbal abilities

and more experience (Levin, 1985; Ferris and Winkler, 1986; Murnane and Olsen, 1989; Ferguson, 1992). When the results of teacher characteristics are combined with what we know affects the supply of teachers, there is solid support for the argument that money can make a direct and significant impact on educational quality, as measured by teacher quality and student achievement. Studies have examined the effects of other instructional expenditures as well; for instance, the impact of outdated materials, classroom equipment that facilitates teacher productivity and reductions in class size. These variables have also been found to have a positive impact on student achievement, although the findings have been more inconsistent across studies (Glass and Smith 1979; Glass, 1984; Hanushek, 1986). Ferguson (1992) argues that it is precisely because other studies fail to decompose how per pupil expenditures are allocated that a weak or nonexistent link to achievement has been shown.

#### Lessons from the Southwest

In some areas of the country, desegregation is still resisted, but in subtle ways, such as in the way programs are designed, implemented and monitored. In these circumstances, desegregation efforts are not as likely to succeed, even when attempted, and remedies for improving educational quality and outcomes may be more successful if addressed through educational finance reform. (See Note 2.)

A desegregation case from a metropolitan high school district in the Southwest illustrates how focusing on racial balance can fail to seriously improve quality of educational programs delivered to the majority of minority students.<sup>1</sup> Under court order to desegregate, the district chose a voluntary desegregation plan that relied solely on magnet schools to achieve racial balance. The district set up several add-on magnet programs at its most heavily minority schools (over 90% at the time of the court order, with nearly equal populations of Hispanic and African American students, and a much smaller population of Native American students). It has had success in meeting the required level of racial integration determined by the courts after 7 years in place. The districts' success, however, is due primarily to the way the court determined the formula for racial balance. The court required only that the district meet racial balance with regard to the total district population of Anglo residents. Since the beginning of the court order, the percentage of Anglo population within the district has continued to fall, allowing the district to be in compliance with the order with a relatively low percentage of white students at its schools (about 16%).

The district plan called for the magnet programs to be part-time, and to co-exist with traditional educational programs on the same campus. Thus, students enrolled in the magnet school programs spend anywhere from one-half to two-thirds of their day in traditional programs. An inter-district transfer program was

established that allowed white students first chance at enrolling in the magnet programs of their choice, with minority students outside each school zone having an opportunity to transfer into specific magnet programs only after the quota for Anglo students was met. However, minority students in the attendance zones of each school could attend any magnet program located on their campus without further entrance requirements. Therefore, magnet programs were open to any student who attended the school where they were located.

At one high school studied in depth, two-thirds of the magnet students were non-transfer students, and of those about 60% were minority students. However, only about one-third of the total student population at this same high school were enrolled in a magnet program. Almost all white students participate in one of the magnet programs, but the vast majority of minority students attending the high school do not. Meanwhile, per pupil expenditures for the magnet school programs at the same high school have been twice as high as those for the traditional school programs, depending on the year, and never less than 50% higher. Consequently, although some minority students are participating in higher quality programs through their magnet school enrollments, the majority of minority students are not benefiting from the additional resources dedicated to the magnet programs.

In recognition of this, the court allowed the district also to use part of their desegregation funds to attempt to improve

program for minority students outside the magnet programs.. The district chose to use the funds to give all teachers at the high school a reduced schedule, with the intent of having teachers spend more time contacting marginal students and their parents. The release time was also to be used to develop materials to improve their classes. A flaw in the plan, however, was that no monitoring mechanism was adopted that required teachers to be accountable for how they used their release time. The program has been in place for four years, and as yet has had no consistent impact on non-magnet student performance at the school, although a slight lessening of the drop-out rate among regular students (non-magnet) has occurred (Kazal-Thresher, 1992).

Besides a lack of teacher accountability, another reason the additional resources dedicated to improving traditional school programs at the high school may have been ineffective has to do with how the district used the funds. While the district has used desegregation monies to reduce teacher loads, they have also used them to support programs previously funded by the regular district budget: examples are their drop-out prevention program, their ESL programs, and their remedial language and math programs. The district maintains separate funding categories for these programs, but they are now heavily supported through the desegregation resources flowing into the districts coffers. The budget constraints this district, and state, have faced in the last few years only serves to complicate the matter. The state

has reduced education funds for the last three years, while statewide district efforts to raise additional school revenues have been unsuccessful. Therefore, resources available for all regularly funded programs have been shrinking. Consequently, while the programs funded by the desegregation budget are legitimate and worthwhile, there has been a shifting of funding responsibility and it is clear that the potential impact of these additional funds has been diluted.

With regard to the impact of this desegregation program on student achievement and interracial interaction, both dimensions appear not to have been improved by the presence of the magnet programs on the campus and the increase in the number of white students in attendance. Achievement has been higher among magnet students at the high school, but not among those students in the regular programs, while contact and interaction between the various ethnic/race groups has been low outside of classroom experiences (Kazal-Thresher, 1992; Spencer, 1992).

There is some evidence to suggest that the magnet schools as they are set up simply "cream" off the best of both the minority and white students that already attended this high school (i.e. part of the non-transfer magnet school population). The investigators of this program are currently in the process of evaluating how much of this has occurred. The district also has not compared its magnet students performances against their pre-magnet school achievement records, nor have they adjusted the scores by race or SES: this, too, is under analysis by the

research team. Both the district and school, however, have claimed success in meeting desegregation goals since they are in compliance with the court ordered formula for racial balance, and they can point to improved achievement in their magnet schools.

So what can we learn from this case? First, it is apparent that the peculiar nature of the desegregation programs implemented by the district creates additional problems. Because the magnet schools are part-time and add-ons, a high degree of tension between the magnet school teachers and staff and the traditional school teachers and staff has emerged. Funding disparities between the two programs are highlighted, even with the additional funds being poured into the traditional programs at the school.

The use of a voluntary desegregation plan that relies primarily on magnet schools is something we can learn from in a broader context. Even if this district had made their magnet programs separate, full-time schools, the disparities in resource allocation between magnet and non-magnet schools within the district would have occurred, although, probably not as extreme. We are still left with the problem of the quality of educational programs delivered to all those minority students not enrolled in the magnet programs.

The districts' allocation of its desegregation funds also has wider application. Many states are facing severe fiscal pressures that are resulting in significant budget cuts in public education. Many districts are having to reduce their

expenditures for regular and special programs. At the same time desegregation monies from federal, state and special local tax programs have remained constant, or have increased, over the last few years. Under these circumstances, it is not surprising that districts would use a source of increasing revenues to support programs they are obligated to provide, which, at the same time, allows them to reduce their regular budgets. Districts are able to meet budget cuts while avoiding conflict over program reductions. In times of fiscal austerity, then, the potential for districts to inappropriately shift desegregation funds (if not legally, then ethically) is increased, particularly since detailed monitoring of district finances is difficult under the best of circumstances.

Finally, the primary interest of this district is to comply with the court order, not to determine whether their programs are impacting the quality of education delivered to their minority students. It is not in any districts' best interests to explore too deeply how successful their programs are, because if flaws were found, it could lead to greater community dissidence. Without detailed information parent groups cannot monitor district policies, and administration officials can point to the millions of dollars now poured into its minority dominated schools as an example of how it is attempting to improve both racial balance and educational programs for its minority populations.

As stated earlier, there are many examples of desegregation

programs that have been successful, but there are also many that have not. This district falls in the latter category: a questionable program that will use precious resources to gain little in the way of improving the educational opportunities for thousands of Hispanic, African American, and Native American youth. In an era of fiscal conservatism, these kinds of results are distressing because schools are increasingly coming under attack for their inability to improve student performance despite their "rising" expenditures. It also creates the illusion that desegregation does not make a difference, when, in fact, poorly conceived and implemented programs are the culprits.

#### Educational Finance Reform and Desegregation Goals

What then are some alternative strategies to address quality of program in schools that largely serve minority populations? One possibility is to systematically link educational finance reform and desegregation programs, legislating finance systems that not only create greater finance equity across all districts but also specifically target creating greater equality in educational outcomes for schools serving low-income and/or minority populations.

Educational finance reform as a means of raising the quality of education possible for minority students also has the added benefit of coming out of the legislative arm of state governments. Although finance reforms have been initially won in

the courts, the result has been legislated restructuring of state-wide education finance systems. This differs from desegregation litigation even though both originate in the court. In the early stages of desegregation in this country, education systems that had de jure segregation could be overturned in their entirety (particularly in the South). Now, however, desegregation litigation is typically fought at the district or city level, and does not mandate desegregation for all schools within a state. Prospects for greater consistency in design, implementation and monitoring of desegregation plans are higher if we can move toward state legislated and mandated programs rather than local or district level desegregation controlled through the courts.

Two issues stand in the way of desegregation efforts today. First, the fiscal constraints facing all levels of government in this decade has framed the limits of public concern over desegregation and educational quality in minority and low-income communities. The current economic woes of the federal government are deep, structural and not likely to be solved in the short-run; consequently, funding from federal sources for desegregation is likely to be strongly disputed in this decade. Increased competition for federal resources is forcing an examination of entitlement programs, and educational programs are more vulnerable than others who have more vocal constituents. Moreover, the federal government cannot increase the share of monies going to support desegregation programs without facing

severe pressures to spend monies on other social services as well, and it is not in a fiscal position to do so. Many states face the same situation, further hampering the possibility of a large influx of funding for desegregation programs that seriously address educational quality.

Secondly, the Reagan and Bush administrations eroded the federal role in promoting desegregation by its lack of attention and pedagogical support for such programs. This decline in federal activism has seriously affected the progress made in desegregating our nations schools and has resulted in a recent spate of judicial decisions that allow a relaxation of what constitutes a desegregated school system (for example the 1992 DeKalb County, Georgia case and the 1986 Norfolk, Va. case1). The new Clinton Administration, while committed to improving public education, has its attention focused on establishing a national apprenticeship system, and improving access to higher education. As yet, it is unclear how much attention will be redirected toward promoting desegregated schools under his administration. (See Note 3.)

At the same time, the conditions encouraging significant educational finance reform are quite good: as districts struggle to meet program obligations and to provide some standard of educational quality, the prospect of greater equity in resources across all districts is enticing. Increasingly, state legislatures are considering the concept of a state property tax to support all its schools, eliminating district support through

local property taxes. While not many have moved in this direction yet, funding disparities are likely to increase in this decade. Hence, the possibility of greater stability and equity of funding through total state control of school financing becomes increasingly more attractive. The mechanisms are already in place, since most states disperse additional funds to districts to ensure a minimum spending base, compensate districts for special needs students, and provide funds for special programs.

#### A Direction for Change

I would argue that now is the time for finance strategists and desegregation proponents to formally come together to promote statewide control over school funding, and link it to site-based performance measures. The first item on the agenda would be to make a strong case for elimination of local property tax support for schools, to be replaced by a uniform statewide tax specifically dedicated to funding schools. We have reams of evidence from court cases showing how difficult it is to equalize per pupil expenditures when district level resources are themselves so unequal. A statewide tax would eliminate the primary source of inequity between school/district per pupil expenditures.

The Hawaiian school system operates on such a scheme. It is considered a fully state funded program, with schools unable to

vary their basic per pupil expenditures either above or below the state determined level. This is a particularly interesting feature to consider if we connect desegregation funds with state per pupil expenditures because it would make the monitoring of desegregation monies very clear and direct. In this instance, desegregation funds would clearly be additional resources flowing to the school to improve educational quality for minority populations.

Tying centralized funding to decentralized spending and performance measures would also facilitate two other recent trends in educational reform: site-based management and greater accountability for school outcomes. If district level input into funding was bypassed, which is easy to accomplish if property taxes were statewide rather than local, state departments of education could turn per pupil expenditures directly over to each school. Each school would then be responsible for site-based funding decisions, thereby creating significant incentives for parents, teachers and school administrators to work together in promoting the school's mission.

There are, of course, other ways to handle the administration and monitoring of finance systems that are centralized. Districts could remain the conduit through which state and desegregation funds flow, keeping in place much of the district level functions that exist now. The state could also allow districts/schools to vary per pupil expenditures above the state level. Using the concept of district power equalization as

advocated by Coons, Clune and Sugarman (1970), the amount could be capped at some agreed upon level that permits high aspiration districts and parents to add to the base. However, the variance between the base and the cap should not exceed the level set by judicial precedent in previous finance reform cases.

The point is that centralized control over school funding does not have to mean that states lose creativity in shaping their own finance systems. If the base per pupil expenditure figure is set high enough, however, it does mean much greater equity of school funding across districts and schools. A good place to start as the base would be to set it at a level that approaches current expenditures of a state's wealthy school districts. If we take the per pupil expenditures of, say, the 60th percentile as the base for all schools (dependent on the general wealth of the state), this figure would be substantially higher than the per pupil expenditures in most minority and low income school districts. Other funds that are added to this base would have a much greater chance of increasing student performance than they do currently, and, as mentioned above, would be easier to monitor, thereby improving accountability. Educational finance reforms that reduce funding inequities and are tied to site-based performance requirements serve both the goal of creating more equitable school finance systems and the goal of improving the quality of education in minority and low-income communities. Finance reform also has the advantage of bringing together a larger constituency. Often desegregation is

seen as a "special interest" policy, in part because the issues have been framed as relating to race and/or ethnicity. While the benefits of desegregation are captured by many different groups, it is perceived as an agenda primarily targeted at improving the education of African Americans. By linking inequities in educational financing to desegregation goals more than just minority schools benefit: all communities that cannot support educational programs comparable to higher socioeconomic communities gain from creating more equitable financing structures, particularly if the best public school systems are the models for the refinancing plans.

Finally, finance reforms that also promote desegregation goals are only part of a larger strategy for improving educational quality in districts serving a large proportion of minority students. Resource use in such districts should be targeted toward inputs that have a direct and significant impact on student outcomes. Spending money per se will not guarantee better quality schools for minority populations, but spending money on areas that we know affects student achievement can raise educational outcomes. This is clear from many studies on the relationship between school expenditures and student achievement: inputs that directly affect instructional quality such as teacher quality, current materials, and supporting equipment that increase teacher productivity, can and do raise student achievement.

In the final analysis, if we are ever going to significantly

improve intergenerational outcomes among minority populations, we need to provide access to better employment and higher earnings. Even though there is evidence of discrimination in labor markets, the link between education and work is strong. It is still true that men and women of all races and ethnic groups who increase their educational attainment have greater employment opportunities and lifetime earnings, on average, than those who do not.

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#### NOTES

1. Elements of teacher quality have been discussed by Levin (1980, 1985), among others, while the importance of teacher expectations on student achievement has been discussed extensively in the desegregation literature (see Hartman and Maehr (1985) for a review of several studies). Graduation and college attendance rates were taken from Hanushek (1986); he lists these ranges as national averages since 1970. I also recognize that, while educational resources are central in ensuring educational quality, funding alone cannot solve the quality problems facing many school districts serving minority populations. Resources provide the necessary base and the tools to make it more likely for schools to succeed in raising educational quality. Equally critical is the role of teacher attitudes and expectations for achievement and performance among minority students, and although I acknowledge its importance, it is outside the domain of this paper.
2. Specific data will not be presented in this discussion. The district in question has funded the research; therefore, the investigators are not at liberty to release the details of the district's program or its results until the project has been concluded.
3. Freeman v, Pitts, 112 S.Ct. 1430 (1992) and Riddick v School Bd. of Norfolk, 784 F .2d 521 (4th Cir. 1986).

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