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The Commissioner of Education of New York discusses James B. Conant's proposal that locally levied taxes be eliminated and replaced by state financing. Local financing of schools has placed serious barriers to the solutions of a number of important educational problems: school segregation resulting from existing school district boundary lines, small high schools, teacher-school district negotiations, and educational inequality. The attention of local school boards should properly be directed toward the quality of education in the community and not toward the problems of local taxation and educational finance.(NH)
New York State's Commissioner of Education, Dr. James E. Allen, in his presentation to the Institute, reports on a controversial "trial balloon" recently advanced by former Harvard University President James B. Conant. Commissioner Allen enumerates advantages that would accrue if all locally levied school taxes were eliminated. This proposal, that the state assume the responsibility for financing education, has already elicited, as Dr. Allen predicted, "a high mark on the educational seismograph." In this view local financing of the elementary and secondary schools erects "serious barriers" to the solution of high priority urban problems like integration and decentralization.
EDUCATIONAL PRIORITIES AND THE HANDICAP OF LOCAL FINANCING

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Although it is really the state of events which determines priorities for education in these times, each state of the nation will determine—in the way it sets its priorities in the search for solutions—whether and how these solutions will be found. This responsibility of the state is unarguable and inescapable.

The process of setting priorities calls for both long and short-term perspectives, thorough knowledge of each problem area, and of the possible available solutions. There is little point in setting a high priority on a problem where solutions are not in sight, or on one that the passage of time is going to solve.

Setting priorities also requires the willingness to say "not now" to some problems which, though critical, must wait; and the determination to stay with the priority problem through the inevitable disappointments that occur until the solution is clearly in view.
The responsibility for setting priorities is well placed at the state level, for the state has many advantages if it wishes to use them. It can balance off conflicting claims over a wider area than can the local government, and it can better resist the pressures that mount with each local crisis.

It is out of this background that we in the New York State Education Department have placed high priority on the problem of urban education and two of its key elements, integration and decentralization.

But the setting of priorities is, of course, only the first step and, in many ways, the easiest. It can also be an empty exercise of good intent unless there is both the possibility and the determination to move from words to action. Determination alone cannot effect solutions. The possibility of action must be assured by providing those conditions that will recognize the priorities set, and facilitate their attainment.

It is for this reason that I have chosen today to move away from more general discussion of priorities and to deal with a specific idea related to providing more favorable conditions for coping with some of the crucial educational problems of these times.

Recently, at the third annual meeting of the Education Commission of the States in Denver, Colorado, Dr. James B. Conant proposed what he called a "radical new idea" in education: --that public education in the states would be
greatly improved if educational decisions at the local level could be completely divorced from considerations of local taxes. He proposed that all authority to levy taxes for schools at the local level be eliminated and that the local share of school financing be transferred to the state.

The objective of such a drastic change in the pattern of school financing, according to Dr. Conant, would be to cut the tie which now binds the two premises of the American public school system, namely: --local control, and local financing. He thus challenges the widely accepted point of view that the tie is essential to the provision of good education.

Dr. Conant admits that the challenge is hardly worth arguing unless tax experts can come up with a way of financing public elementary and secondary education by state money alone (or presumably with a combination of state and federal monies).

Obviously, eliminating the local school district real estate tax would require, in most states, a very substantial increase in state taxes. This might not, however, be as difficult to accomplish as it would seem on first thought. In a few states, the proportion of school support from state revenues presently exceeds 75 per cent (Hawaii - 100%, North Carolina - 72%, Delaware - 85%, Alaska - 88%); in 21 states the proportion exceeds 50 per cent. In 1939-40, the number of states in this latter category was only nine.

The significant feature of the Conant proposal is,
of course, the elimination of all locally levied taxes for schools.

While I am not prepared at this time to endorse Dr. Conant's idea of such a drastic shift in the financing of the public schools, I do believe that in view of current educational and financial trends, this is an idea that should receive widespread discussion and serious study by experts in both education and finance.

There is no question in my mind that, despite certain advantages, local financing of the elementary and secondary schools does erect serious barriers, both real and imaginary, to the solution of a number of important educational problems. Let me cite a few examples:

School segregation. One of the most urgent, difficult and complex problems today in public education is the elimination of racially segregated schools. I need not stress that point with this audience, I am sure. In New York State, for example, despite both strong commitment, determination and prodding by the State to reduce racial imbalance—and substantial local action as well—the growth of the problem has outstripped the efforts to deal with it. Racial imbalance within school districts is increasing in both suburban and urban communities; racial census reports show that between 1961 and 1966, in the 41 school districts with the highest percentage of Negro pupils (exclusive of New York City), the number of elementary schools with more than 50 per cent Negro pupils increased from 60 to 72;
the number with more than 90 per cent Negro pupils increased from 25 to 33. Racial isolation among school districts is also increasing. In this same period, the percentage of Negro pupils in one suburban district rose to 82 and in another, to 71. In three other districts, the percentage surpassed 50.

Under present arrangements, this trend is not only likely to continue but to accelerate. Other states are no doubt experiencing the same situation.

A major means of solving this problem would be to redraw school district boundary lines in such a way as to obtain a heterogeneous population from which the public schools enroll their pupils. A city school district, or part of it, which has a predominantly Negro population, could be converted into a district with a more realistic racial balance if the district lines were shifted to include some adjacent district or districts predominantly white.

With existing variations among districts in tax rates, property values per pupil, school debt obligations, and constitutional tax and debt limits, such redrawing of lines is made extremely difficult, if not impossible. If all funds for salaries and other current expense needs and for construction came from the state, the desirable reshaping of school districts for the purpose of achieving integration, and its basic purpose of better education, would be greatly facilitated.

Small high schools. Another condition in many areas
of the country which limits the achievement of equality of educational opportunity for hundreds of thousands of pupils is the existence of small high schools. The high schools in half of the school districts in New York State, for example, are too small to offer a good comprehensive education program, operated efficiently and economically. At the same time, huge districts exist which are so removed from community interest and concern that the schools operate almost in a vacuum.

Many small districts could be eliminated and larger ones made more effective by consolidation or reorganization; but these possibilities are impeded because the financing of the schools is in large measure a function of local action.

If the local community were relieved of the requirement of levying local school taxes, the strong educational arguments in favor of district reorganization would be much better received. In other words, the educational system in a state could be much more efficiently and economically organized, with resultant educational gains, if only educational and sociological considerations were involved in drawing district boundaries.

Teacher-school district negotiations. Another gain to be made by shifting local school financing to the state level would be in the rapidly growing area of collective bargaining between school employees and school boards. As long as the bargaining takes place at the local level,
involving hundreds of districts, the situation is bound to be uncertain and confused. In many cities, it is complicated by the fact that the power to tax for school needs rests with the city government, not with the board of education. In any case, the local district is not the source of a considerable part of the money involved because state aid enters the picture.

If the state were the only source of money, the bargaining would take place at the state level. This would eliminate the possibility of maneuvering by school boards to hold salaries at a given level as well as by teachers to use a higher level of salary in one district as a kind of whip-saw to effect increases in others. There would be—each year—a greater likelihood of a reasonable and fair settlement of the demands of teachers. Present developments are in the direction of the states' taking a larger share of responsibility. It could be argued, therefore, that the drastic step of relieving the local school board of any responsibility for setting the level of teachers' salaries would simply be a hastening of the inevitable.

Fixing salaries on a state-wide basis would provide an additional incentive to teachers to remain in the cities, or in the rural areas, rather than to migrate to the wealthier suburban community for the higher salaries paid there. Inasmuch as the suburbs have other incentives to offer, this would not be expected to be a serious deterrent to the quality of education there. It could be expected
to increase the quality in rural areas and in cities. The present movement of teachers in New York State is from rural areas to upstate metropolitan areas; and from both rural areas and upstate metropolitan areas to the New York City metropolitan area.

**Other advantages.** One can think of many other educational advantages of the proposed plan. Take, for example, the question of providing equality of opportunity among all school districts. It is not easy to be complacent about the present wide variations in provisions which affect the quality of education offered to children within a state. Using New York State once again as an example, expenditure levels vary from $715 to $1058 per pupil when the 10th and 90th percentiles are compared. The extremes are much greater—$470 to $1600.

There are even wider variations in the property values which support a large part of this expenditure—from $10,411 per pupil (10th decile) to $45,000 per pupil (90th decile), a variation of 4.3 to 1. The extremes run from less than $5,000 to more than $200,000.

Likewise, in New York State, there is great variation among districts in the numbers of professional staff provided—ranging from 38.7 to 97.6 at the extremes.

Removing considerations of financing from the local level would make it possible to eliminate these tremendous variations and bring about greater equity and more complete equality of opportunity.
The proposed drastic change in financing would make it possible also to place increased emphasis on careful regional planning for the provision of services which can be best performed at the regional level—as, for example, the provision of special education. It would provide for a coordinated state-wide approach to the provision of education for the handicapped, for vocational students and for other special needs. It would make for the better use of educational technology. Television, computers, team teaching, etc., could be more quickly and efficiently disseminated throughout the state.

Increasing strength of the state unit should enable the states to deal more effectively with the Federal Government in providing for the use of federal funds for special educational needs. There would be less excuse for the Federal Government to interfere in the state-local relationship.

The Issue of Local Control. While any revolutionary plan in education is bound to arouse many fears and concerns, the one being advocated by Dr. Conant will be viewed by many as an earth-shaker, guaranteed to hit a high mark on the educational seismograph. It affects the principle of local control; and this is a principle which ranks as high as motherhood and the flag in terms of protective fervor. This plan will be widely construed as a threat to local control; and there is nothing more certain to arouse instantaneous opposition and to create a position of
instinctive, almost implacable negativism. The force of opposition can almost be felt even while merely considering the idea.

Many will state flatly that local control would completely disappear if the state supplied all the funds for the support of the elementary and secondary schools. While there is room for reasonable concern, the validity of such an intransigent statement is open to question.

There are many circumstances and aspects relating to local control as it now operates which would point to the possibility of breaking its tie with local financing, not only without detriment either to the exercise of true local control or the quality of the education being provided, but, indeed, with a strengthening of both.

The value of local control can be measured only in terms of its effectiveness in operation, and in the total educational enterprise of today, there are many limits upon this effectiveness.

As has already been implied, school districts inadequate in size--either in population or geography, or in the nature of the area encompassed, or both--act as a severe limitation on the meaningful exercise of local control. Also severely restrictive are wide variations among districts in the amount of taxable property; and the existence of outmoded tax and debt limits, unequal in their application among districts, particularly in metropolitan areas. Under such conditions, local control becomes merely
control of unduly limited opportunities and restricted choices.

Pertinent also is the question of how local is local in terms of today. The separation which once gave to localities their special identity—their peculiar needs and problems—has virtually disappeared with the mobility, the close communication, and the interdependence which now shape the structure of society and characterize our modes of living.

The real meaning of local control is of greatest significance in assessing the effect of breaking the tie between local control and local finance. The true interest of the thoughtful citizen, the concerned parent, is in the quality of education that is provided for the children of their locality. It is to the character and quality of the instruction provided in the schools—the selection and deployment of the administrative and teaching staffs, and the determination of the program required to meet local needs—that local control should be most significantly directed.

As the public school system now operates, however, so much of the energy and time of local boards of education and superintendents must be devoted to financing the budget, negotiating staff salaries, and dealing with bond issues, that there is too little time left for concentration upon this central purpose.

The proposed plan of abolishing local taxation for
schools would greatly help to free local school authorities for dealing with education itself; and enable them to make decisions solely on the basis of educational merit.

It is obvious, of course, that total state financing would pose dangers of undue state control, and that safeguards would have to be provided. These safeguards should deal with such essentials as the maintenance and encouragement of local initiative; the stimulation of innovation and experimentation; the continuing opportunity for the so-called "light house" districts and More Effective Schools that demonstrate excellence in operation; and the provision of more accurate measures of educational need so that state financing would recognize special situations such as disproportionately large numbers of disadvantaged children, etc.

In other words, in eliminating certain barriers to educational improvement by cutting the ties between local control and local financing, the utmost care must be exercised to avoid similar barriers that could result if total state financing were to be accompanied by excessive state prescription.

These points I have been making are, of course, only a most superficial examination of the far-reaching effects of so fundamental a change in the pattern of school finance. But this "radical idea" has sufficient merit to warrant thorough study; and I urge a serious exploration of its pros and cons.
There are several ways this could be done. It would be an appropriate study for the Education Commission of the States. I would also encourage the establishment of special commissions by several of the states to examine the wisdom and feasibility of such an approach to school finance.

To examine this idea of Dr. Conant's, and other ideas equally bold, is one of the most urgent aspects of the state's responsibility for education. Facing urban problems--and many others no less serious and pressing--it is no longer possible, in the exercise of responsible leadership, to consider solutions in terms of patching up, reshuffling or superficially modernizing traditional approaches. It is time that we recognize that we are at the end of an era, and that we need to accelerate our imagination and intensify our willingness to devise and to accept really new and radical changes.

The state must, of course, set priorities. But this will be an empty gesture unless appropriate action is taken to remove barriers--and to create those conditions that recognize the priorities set, and allow for their attainment.