School districts containing the largest proportions of poor and disadvantaged pupils have the lowest financial resources available to support their schools. The inequalities persist for a combination of both technical and political reasons. The evidence reviewed suggests that the distribution of school resources is directly related to the distribution of wealth and power among the populations being served, both among and within school districts. Ethnic minorities and the poor have traditionally been shortchanged in the provision of social resources. Only when there is a redistribution of power to these groups will there be a more equitable allocation of finances. On the basis of this assumption, community control and decentralized schools can improve the financing and effectiveness of the inner-city schools. (Author/DE)
Research and Development Memorandum No. 50

DECENTRALIZATION AND THE
FINANCE OF INNER-CITY SCHOOLS

Henry M. Levin

School of Education
Stanford University
Stanford, California

May 1969

Published by the Stanford Center for Research and Development in Teaching, supported in part as a research and development center by funds from the United States Office of Education, Department of Health, Education, and Welfare. The opinions expressed in this memorandum do not necessarily reflect the position, policy, or endorsement of the Office of Education. (Contract No. OE-6-10-078, Project No. 5-0252-0309.)
ABSTRACT

This paper examines some financial implications of shifting the governance of inner-city schools from central school boards to community control. The evidence reviewed suggests that the distribution of schooling resources is directly related to the distribution of wealth and power among the populations being served, both among and within school districts. It is argued that ethnic minorities and the poor have traditionally been shortchanged in the provision of social resources. Only when there is a redistribution of power to these groups will there be a more equitable allocation of finances. On the basis of this assumption, community control is suggested as a method of obtaining the political power to improve the financing and effectiveness of the inner-city schools.
The purpose of this inquiry is to determine how more resources can be channeled to the disadvantaged child in the inner city, resources that will be used to substantially improve his educational opportunities. This analysis can be divided into three steps: (a) Obtaining more money for school districts with disadvantaged children; (b) using that money to support services for these children; and (c) spending the money in such a way that it yields results.

While the traditional literature on school finance has been devoted to "equalizing educational opportunity" within states, much of the recent discussion has focused on financing education for that group with the least opportunity, the educationally disadvantaged. Even the most conservative educator would agree that equality of educational opportunity implies equal educational resources among schools; but in the past few years, equality of educational opportunity has been increasingly interpreted as meaning some semblance of equality in terms of educational outcomes. This latter interpretation implies that greater educational resources be devoted to the schooling of students from lower social strata relative to those allocated to middle- and upper-class children.

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1An earlier version of this paper was presented at the Twelfth National Conference on School Finances, New Orleans, March 1969. Papers read at the conference will be published in Fiscal Planning for Schools in Transition: Restructure, Reform, or Revolt (Washington, D.C.: National Education Association, in press).
Unequal Expenditures

By either standard, all efforts have failed. The school districts least able to afford substantial support of their schools are those saddled with the largest proportions of poor and disadvantaged pupils. Neither federal and state compensatory programs nor state equalization programs have done much to offset the unequal distribution of educational opportunity as reflected by school expenditures. Foundation programs and other equalization plans have simply not achieved their putative goals by a wide mark. To cite some examples, the State of California showed per-pupil expenditure extremes in 1967 of $1,710 and $274, while for Michigan the high measure was $915 and the low one was $394. Moreover, to no one's surprise, the high expenditure districts were characterized by middle- and upper-income children, and the low-expenditure districts were charged with schooling the poor. In effect, greater social resources have been invested in improving the educational proficiencies of the rich than of the poor. It is doubtful whether this phenomenon fulfills anyone's concept of fostering equality of opportunity.

Why do these inequalities persist? Though many would like to believe that they are due to differences in fiscal effort among districts, this does not seem to be borne out. In a substantial number of cases the low-expenditure districts are burdened with far higher tax rates than are the higher-expenditure districts. The inequalities persist for a combination of both technical and political reasons. The technical reason is simply the fact that the mechanistic aid formulas are too simple to take into account all of the factors that lead to inequality in school expenditures. More important, however, are the political problems that limit
meaningful equalization. The powers-that-be at the state level are unwilling to make a radical redistribution of state funds, for that would require the wealthy and politically powerful school districts to subsidize the poorer ones heavily. This political recalcitrance is evident in the unrealistically low level of foundation support. It is doubtful whether any state legislator would wish to send his child to a school that was financed at the foundation level. Similar criticisms can be aimed at the other "equalizing" grants. The point is that a little equalization may be enough to salve some social consciences, but it is surely not meaningful in terms of guaranteeing equality of educational opportunity.

Further, categorical grants provided for low-income children have been far too meager to fill the gap. Over $1 billion a year has been spent under Title I of the Elementary and Secondary Education Act of 1965, but this must be considered to be merely a start in the right direction. Unfortunately, the publicity given Title I programs tends to hide the fact that it represents only about 3 percent of total expenditures for the country as a whole. In some large cities, per-pupil expenditures are just half of what they are in the outlying suburbs even with the Title I contribution. One large-city school superintendent characterized Title I with Mark Twain's definition of the Black River: "It is a mile wide and an inch deep."

Yet, one can be somewhat optimistic about getting more resources to the impoverished districts and particularly to the cities. First, the federal role in subsidizing the education of the disadvantaged is likely to increase during the foreseeable future. Second, a relatively new legal
strategy may force the states to take a more dominant role in promoting
equality of educational opportunity. It is believed that the present
inequalities in expenditures violate the equal protection clause of the
Fourteenth Amendment of the U.S. Constitution. The state courts have
repeatedly ruled that education is a state function, not a local one.
Local school districts are considered to be subdivisions of the state
only for purposes of administrative convenience. Whether school taxes
are collected by the state or local school districts, they are con-
sidered to be state taxes; and if disparities exist in the revenue
resources available to school districts, then such differences exist
as a consequence of the state's discretion.

On this premise, at least a dozen cities, including Detroit,
Chicago, and San Antonio, have begun to sue their respective states with
the goal of requiring the states to foster a truer measure of equality
of opportunity. While some of the suits argue for equal expenditure,
others assert that equal protection of the laws requires unequal expen-
ditures based upon the inner-city child's extra educational needs. In
practical terms, the states would be required to undertake a far larger
share of the financial burden, one that would require substantially
larger allotments to the city schools. It appears that if these cases
can document the proposition that lower-expenditure schools limit the
educational opportunity of their students vis-à-vis higher-expenditure

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2 For background see David L. Kirp, "The Poor, the Schools, and
Equal Protection," Harvard Education Review, Vol. 38, No. 4 (Fall 1968),
pp. 635-668. Also, see Arthur Wise, "Is Denial of Equal Educational
Opportunity Constitutional?" Administrators Notebook (February 1965).
schools, there is a good chance that the states will become fully responsible for remedying present inequities.

Let us assume that this phenomenon in conjunction with increased federal aid will improve substantially the allocations to city school districts. Much of the work done on financing the city schools implies that if this were to come about, the problems of financing the inner-city schools would be pretty much solved. Here a strong dissent must be registered, for (a) there is little guarantee that all of the increased funding would be distributed to the students for whom it was intended, the educationally disadvantaged; and (b) there is even less assurance that the money would be used to mount effective programs that would capitalize on the cultural attributes of poor, black youngsters in the inner-city schools.

To begin with, those city schools with lower-class and black enrollments have been discriminated against for years in the allocation of resources. These inequalities have not been directly visible on accounting statements because, as is well known, conventional school accounting systems do not report expenditures on a school-by-school basis. Moreover, almost every school superintendent will deny that such inequities exist. Yet, every study known to the author that has audited funding on a school-by-school basis within cities has found that poor children and black children were attending schools that were considerably
less well endowed than their white, middle-class counterparts.3

**Discrimination Against the Poor**

Not only have these differences been tolerated (and perhaps promoted) in the past, but what is more surprising is that a recent analysis of a large city in the third year of a well-known compensatory education program revealed the same resource discrimination in favor of white and middle-class pupils and to the detriment of black and lower-class pupils.4

Unfortunately, the publicity given to compensatory education efforts has given the impression that the disadvantaged are receiving more school resources than the nondisadvantaged. The truth of the matter is that while some inner-city schools show higher expenditures than some middle-class schools within cities, on the average the schools attended by lower-class children are still being discriminated against vis-à-vis those attended by middle-class children.

One example of misleading publicity is that given to the More Effective Schools for the Disadvantaged in New York City. It is true that expenditures on these particular schools approximately doubled.

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What is not pointed out is the fact that the MES schools represent only 21 out of over 900 schools in New York City, and probably over half of these 900 schools serve educationally disadvantaged populations. Let any New Yorker who seriously believes that more is being done for the poor than for the rich simply compare the schools in the Riverdale section with those in East and Central Harlem.

Of course it is important to point out that discrimination against the inner-city schools is not so much a planned phenomenon as it is an excellent example of institutional racism. The unified salary schedule gives the same reward to a teacher no matter how desirable the teaching situation within each city. It is little wonder, then, that the least experienced teachers and long-term substitutes prevail in the inner-city schools, while the more experienced teachers are found in the middle-class schools. If school administrators and teacher organizations really cared for the needs of the disadvantaged, the inner-city schools would be provided with a more experienced teaching force, even if substantial salary differentials and other benefits were required to achieve it.

Instead, both administrators and teacher organizations have preferred to treat the unified salary schedule as inviolate regardless of its impact on inner-city schools.

The fact that teachers are at the lower experience rungs in the inner-city schools is the primary reason for the lower per-pupil expenditures in those schools. Yet the central school boards seem unwilling to return to those schools the "savings" on teachers in the form of substantially more personnel, supplies, and other amenities. Rather the "savings" from lower teacher budgets in the ghetto schools represent
implicit subsidies for the middle-class schools. Another form of institutional discrimination is found in the "accruals" on teacher salaries which must be returned to the central school authority when teachers are absent. Teacher absentee rates are far higher in ghetto schools than in other schools, so this also reduces the allocation to the poorer schools. Many other instances can be cited.

But even when additional finances are allocated to the inner-city schools, they are simply used to supply more of the same resources and programs that have already failed the inner-city child. Most peculiarly, it is expected that the teachers, curriculum, school organization, and educational methods that have consistently failed the ghetto child will somehow succeed if only class size is reduced and more library books and counselors are added. Needless to say, compensatory education programs have not shown very encouraging results. One can maintain that the central school bureaucracies are presently incapable of formulating instructional programs that will capitalize on cultural differences. Instead the programs assume that the child is deficient and needs remediation or more of the same approach that has not worked. More careful analysis suggests that the inner-city child is culturally different and needs a different approach. But the culturally different strategy has not been substantially adopted by the large cities and the schools have continued to fail the inner-city child. That is where the matter stands.

5For a general background, see the work of Sylvia Ashton-Warner, Teachers (New York: Simon and Schuster, 1963).

6See, for example, Joan Baratz and Roger Shuy, Teaching Black Children to Read (Washington, D.C.: Center for Applied Linguistics, 1969).
Decentralization as a Remedy

For getting more resources into the inner-city schools and for using them more effectively, decentralization of the large-city schools has several advantages over the present approach. These advantages would be outgrowths of the following plan for financing decentralized schools.7

Since such school districts would obviously be too small to raise their own revenues, the provision of fiscal resources would continue to be a function of the central school authority. The central school board would provide each decentralized school board with a lump-sum budget, and each local board would possess substantial discretion in allocating its budget. Financial accounts and accountability would remain in the hands of the central school authority, but the actual disbursements for each school could be authorized only by the local governing board for the school. On the basis of this decision-making power, the local governing boards would construct their programs and purchase the necessary components to implement them, a course of action which is not permitted under the existing regulations.

In general the size of the lump-sum allocations would be directly related to the degree of educational need of the students. That is, schools with large numbers of educationally disadvantaged enrollees would receive larger allotments per students than would schools whose student bodies were more advantaged. One way of fulfilling these

criteria would be to require the central school authority to distribute its own resources among decentralized schools in such a way that each local school board would receive the same basic allotment per student. Then, state and federal monies would be used to augment the local distribution according to the level of need among the decentralized districts. Using this approach, the higher levels of government would be responsible for financing the additional resources required for compensatory education, a role consistent with the goals of the larger society to equalize educational opportunity.

It seems that this arrangement would go far to counter financial discrimination against inner-city schools for the simple reason that such inequitable treatment would be visible. That is, per-pupil allocations could be easily computed from lump-sum school budgets and school enrollments. Under the present accounting system, school-by-school expenditures are not computed or reported so such inequities are not visible. On the other hand, if a lump-sum budget were reported for each school, the social hypocrisy evident in preaching compensatory education for the poor while implementing it for the rich would be obvious. The visibility of lump-sum resource allocation patterns would enable a measure of social accountability and would tend to dampen much of the sub-rosa fiscal discrimination against schools in poor and black neighborhoods. (Of course, even without decentralization the states should require school-by-school expenditure information from school districts. Some of the difference will certainly be due to differences in function and level of school as well as variations in maintenance and contingency-type expenditures. Yet, these factors can
be adjusted for, and an analysis can be made of intradistrict resource allocation. Such information would serve to counter discrimination against the powerless and poor.) Thus, decentralization would help to serve the second aim outlined in the introduction, that of getting educational resources to the poor that they do not seem to be receiving under a central bureaucracy.

Another advantage of decentralization would be that the inner-city schools should be able to use resources more efficaciously to improve their operations than have the city-wide bureaucracies. The central school boards seem to be unable to deviate appreciably from an educational approach that simply hasn't served inner-city youngsters effectively. The participation of parents and other members of the community in running the schools would lead to a more total involvement between the school and its constituency than is possible under the present rigid structure. Differences in community needs would be reflected by differences in educational strategies, a phenomenon which is not possible within the confines of the present universalistic model.

In addition, resources would be devoted to the affective needs of disadvantaged children to promote their sense of self worth and identity and to impart to them the ability to influence their own lives. The often-noted effect that the "one-approach school system" has on undermining the self worth and dignity of black and other poor children would be consciously attacked by diversifying the schools to serve particular needs.
The decentralized school board in conjunction with its teachers and administrators would work out relevant educational strategies, and the ability of the school board to allocate its own budget would enable it to obtain the necessary mix of resources. Library books would not be forced upon schools that have no libraries, and scientific equipment and overhead projectors would not be allocated to schools that do not have the relevant programs, personnel, or facilities to use them. These anachronisms have taken place quite regularly under the traditional and highly centralized system. Decentralized schools might wish to purchase some services from outside contractors where the schools' own capabilities were least adequate. Given the fact that the community has the most at stake in the education of its own children, it can be expected that the community decision-making body will have a deep interest in planning programs and allocating its limited resources in the most effective way possible.

Needless to say, the transition from centralized to decentralized schools will not be an easy one. Though the present city school systems are educationally ineffective for substantial numbers of youngsters, they appear to operate in a highly organized way. Indeed, the present pattern of administering the schools has benefitted from a half a century of experience in establishing procedures to handle any possible contingency—except the failure to be educationally effective. Any quest for drastic change in the schools must necessarily be accompanied by a certain amount of trial and error and extensive planning. But there is little hope of substantially improving the inner-city schools without the drastic
structural reform that would make the parents and community the agents of change. Other aspects of decentralization may be problematic depending upon one's objectives; but, clearly, decentralization has much to recommend it in terms of getting more resources into the inner-city schools and using them wisely.