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ABSTRACT

During the 1970s the states greatly increased their role in educational policy innovation at the expense of local school districts. Previously, the states had varied widely along the spectrum of centrist versus localist control; they had been strongest only in such traditional areas as attendance, accreditation, and school facilities regulation. The growth of state control in the 1970s resulted chiefly from increases in states' fiscal and institutional capacity to regulate education and from the activities of interstate "policy issue networks." School finance reforms provide an example of the effects of one such network on state control. Non-profit organizations, lawyers, and technical assistance groups, linked and backed by the Ford Foundation and the National Institute of Education, won numerous state court battles that forced state legislatures to fund programs for educational equity. Besides finance reform, increases in state control also affected special needs programs, bilingual education, and minimum competency requirements. State control may have become excessive in the 1970s; however, data are lacking to assess the effects of state influence. State control is unlikely to continue expanding in the 1980s, as tax revolts will limit state spending. (RW)

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THE STATE ROLE IN EDUCATION POLICY INNOVATION

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Abstract

The seventies was an era of substantial increase in state policy innovation. School finance reform, minimum competency testing, and bilingual education are a few prominent examples. This paper analyzes this trend, and provides some causes for state policy initiatives. State fiscal and institutional capacity improved significantly. Interstate policy issue networks diffused policies across numerous states and overrode political traditions inhibiting state control. By the end of the decade a new alignment of state versus local control had been created raising some questions whether state policy had been too interventionist. By the end of the decade tax and expenditure limits had slowed the growth of state revenues indicating that the era of intense state activity was ending.

Historical Background

Under the U.S. Constitution, education is a power reserved to the states. In turn, state constitutions charge the state legislature with responsibility for establishing and maintaining a system of free public schools that are operated locally. So, local control of education has been a hallmark of American education, distinguishing us from most other Western nations. But there has taken place an unprecedented growth of state influence over local education since the 1960s which will be the focus of this paper.

States display different historical patterns of control over local policies on such matters as curriculum, personnel, finances and teaching. But all states established minimums below which local school operations could not fall. Presumably the state's general welfare required a basic education opportunity for all children. Consequently, states require minimum days of school attendance, courses of study, and standards for teacher's licenses. There has been an urban-rural distinction to this state role. Moreover, most states required localities to levy a minimum tax and guaranteed a base level of expenditures. Earlier in this century, states began upgrading the standards of rural schools, but city schools received less attention because their expenditures and property wealth were the highest in the state. Indeed, Chicago, New York, and Philadelphia had special statues that exempted them from major areas of state control. Decades later in the 1970's, state school finance reforms created special provisions for the core cities, but the rationale was based on unusually high fiscal stress.

A principal rationale for state intervention is that only the state can ensure equality and standardization of instruction and resources. This rationale is contested by local control advocates, who contend that flexibility is needed to adjust to diverse circumstances and local preferences. These advocates stress that there is no proven educational technology that is optimal for all conditions. This dispute over state control is really over two values, equal treatment versus freedom of local choice. The traditional compromise has been a state minimum with local option to exceed the minimum. But this compromise was challenged by school finance reformers in the 1970's because state minimums provided an inadequate floor, or were exceeded substantially by localities with extraordinary taxable property.

Before turning to the implementation of school finance reform, we will sketch the overall state role in education at the onset of the 1970's.

Variations in State Control at the Beginning of the 1970's

The best way to grasp the historical state role is to focus on specific policies from state to state. Variations in how much the state controls each policy will cause differences in implementation between states. States spread out across a "centrist"/"localist" spectrum. In New England, local schools enjoy an autonomy from state control that may have its roots in hatred of the English governor. But on the other hand, textbooks and courses of instruction in the southern states are often centrally determined. State-mandated curriculums have both historical and political roots. In many cases, it took state laws to ensure newer subjects, such as vocational education and driver training, a place in the curriculum. These subjects were introduced into the curriculum after 1920 amid great controversy, whereas mathematics and English never required.

political power to justify their existence. Consequently, the standard subjects are less frequently mandated by state laws.

Underlying the interstate variation in local control is what has been called "political culture," i.e. differing value structures that manifest themselves in the characteristic behavior and actions of states and regions. Political culture ranges widely in its objects--political rules, party structures, government structures and processes, citizens' roles, and attitudes about all these. In short, political culture is a constraint helping to account for major differences between states in degree of state control and policy feasibility. It also helps determine whether state control will expand and how inclined local officials are to evade state influence.[1]

A content analysis of the variety and extent of state control in 36 areas of school policy, using assembled statutes, constitutions, and court opinions, provides a view of these political cultures in education policy.[2] From these authoritative statements, a scale of state control was constructed. It suggested a range of state control: absence of state authority, 0; permissive local authonomy, 1; required local autonomy, 2; extensive local option under state-mandated requirement, 3; limited local option under state-mandated requirement, 4; no local option under state-mandated requirement, 5; and 6, total state assumption.

As Table 1 indicates, in 1972 the states displayed a striking diversity, from Hawaii's total state assumption of schooling, stemming from its royal tradition, to rural Wyoming's local autonomy.

At the same time, there is a concentration between 3 and 4 on the centralization scale. Regional patterns are not clear-cut, but there is high local control in some states of Northeast, and high state control in

Table 1

School Centralization Scores and Ranks by State, 1972*

State	Score	Rank	State	Score	Rank	State	Score	Rank
Ala.	4.67	3	La.	3.19	37	Ohio	3.65	22
Alaska	3.38	31	Maine	3.09	41	Okla.	4.91	2
Ariz.	2.91	43	Md.	3.56	27	Oreg.	4.30	6
Ark.	3.57	26	Mass.	2.73	48	Pa.	3.75	21
Calif.	3.65	22	Mich.	3.85	15	R.I.	3.21	36
Colo.	3.79	19	Minn.	4.10	8	S.C.	4.61	4
Conn.	2.68	49	Miss.	3.93	10	S.D.	3.08	42
Del.	3.15	39	Mo.	2.84	46	Tenn.	3.48	28
Fla.	4.19	7	Mont.	3.47	29	Tex.	2.88	45
Ga.	3.24	35	Nebr.	3.81	16	Utah	3.42	30
Hawaii	6.00	1	Nev.	2.84	46	Vt.	3.17	38
Idaho	3.26	34	N.H.	3.13	40	Va.	3.88	13
Ill.	3.32	33	N.J.	3.87	14	Wash.	4.37	5
Ind.	3.90	11	N.M.	3.79	19	W. Va.	3.94	9
Iowa	3.80	17	N.Y.	3.63	24	Wis.	3.62	25
Kans.	3.38	31	N.C.	3.80	17	Wyo.	1.86	50
Ky.	3.90	11	N.D.	2.89	44			

*Source for Tables 1-3: Frederick M. Wirt, "What State Laws Say about Local Control," Phi Delta Kappan 59 (April 1978): 517-20. Reprinted with permission.

some southeastern states. States clustering at each end are both rich and poor. Size, in terms of both population and total square miles, appears irrelevant. The "average state" scoring 3.56 has extensive state guidelines with many local options. The variation in state control is more noteworthy than the statistical average. As subsequent sections demonstrate, the state role has expended during the 1970's in several states that formerly had low centralization scores. Connecticut, Illinois, Maine, and Kansas have all enacted major school finance reforms that dramatically increase state control. Massachusetts, with one of the lowest centralization scores, passed a highly prescriptive program for special education. Some of the formerly centralized states such as Florida have become even more centralized through accountability and school finance initiatives in the 1970's. This widespread phenomenon of state assumption of local school policy prerogatives suggests that major political, social, and economic forces overrode historical constraints against centralization in several states. A table compiled today would show a different ranking than obtained in 1972.

This analysis distinguished areas of policy characterized by the greatest state control. Table 2 presents the policies where there is virtually complete state control. The "reforms" of earlier eras are clearly highlighted--personnel, compulsory attendance, records, and accreditation. As we will see, during the 1970's, major increases in state control focused on accountability (testing, pupil achievement, parent participation), collective bargaining, and categorical programs.

Table 3 presents areas of high state control. Some of these policies reflect the traditional state "gate-keeping" role (teacher employment, calendar, records, and revenue controls). Curriculum, student progress, and physical facility regulation are other major areas of high state

Table 2

Policies of Highest State Control, 1972

Policy	50-State Score	Number of States with Total Assumption
Certification	5.50	33
Vocational education	4.89	15
Attendance	4.64	12
Accreditation	4.50	27
Financial records	4.27	16
Median Score	4.64	

Table 3

Policies of High State Control, 1972

Policy	50-State Score
Special education	5.09
Curriculum	4.41
Safety-health	4.37
Textbooks	4.35
Transportation	4.34
Teacher employment	4.17
Calendar	4.09
Graduation	4.06
Admissions	3.82
Construction	3.76
Records	3.71
Adult education	3.63
Revenue	3.57
Median Score	4.09

control. There are also policies in which states are about evenly divided between state and local control. Included in this category are new state programs for pupil enrichment, pupil-teacher ratios, and evaluation. Local responsibilities are being eroded incrementally in these policy areas. Indeed, these data demonstrate how the state domain of minimum specifications has gradually expanded, while local discretion has contracted since the early twentieth century.

Little is known about the operational impact of state mandates. But our experience suggests that state enforcement is sporadic, activated primarily in response to local complaints. Certainly, there is no systematic state inspection system. A survey of local perceptions and behavior is needed, particularly to answer the significant political questions: Is practice consistent with policy, i.e., are state statutes and regulations enforced fully and effectively? What inducements or sanctions are most effectively employed in enforcement? Enough evidence is at hand to analyze how this state control came to be.

<u>Some Causes for the Growth of State Influence</u>

Some major policy areas that signify the dramatic increase of state influence within the last two decades are state administration of federal categorical grants, state role in education finance, state requirements for educational accountability, state specifications and programs for children with special needs, and state efforts to stimulate experimentation and innovation. These substantive changes were made possible in large part by an increase in the institutional capacity of states to intervene in local affairs. Thus, most state legislatures have added staff and research capacity, and they also now meet annually or for more extended sessions.

than in earlier years. Legislators thus have the resources to formulate and oversee educational policy. Too, governors now have their own education specialists and improved fiscal staffs. Moreover, during the 1970's the states diversified their tax sources and expanded their fiscal capacity.

The capacity of state education agencies (SEAs) to intercede in local school policy has also increased dramatically in the last twenty years. Ironically, the federal government provided the initial impetus for this expansion. The Elementary and Secondary Education Act of 1965 and its subsequent amendments required state agencies to approve local projects for federal funds in such areas as education for disadvantaged, handicapped, bilingual, and migrant children, and educational innovation. In each of these federal programs, 1 percent of the funds were earmarked for state administration. Moreover, Title V of ESEA provided general support for state administrative resources, with some priority given to state planning and evaluation. By 1972, three-fourths of the SEA staffs had been in their jobs for less than three years. All the expansion in California's SEA from 1964 to 1970 was financed by federal funds. In 1972, 70 percent of the funding for the state education agency in Texas came from federal aid. The new staff capacity was available for SEA administrators or state boards that wanted a more activist role in local education.[3]

A further factor is the increased confusion among and decreased respect for traditional supporters of local control. Thus, local control advocates, such as teacher's unions, school boards, and administrator associations feud among themselves and provide a vacuum that state control activists can exploit. As we have seen, these education groups cannot agree on common policies with their old allies such as parent organizations. Too, the loss of public confidence in professional educators and the decline

of achievement scores cause many legislators to doubt that local school employees should no longer be given much discretion.

Also, there has developed a key structural change in the growth and diversification of state tax sources. From 1960 to 1979, eleven states adopted a personal income tax, nine a corporate income tax, and ten a general sales tax. Thirty-seven states used all three of these revenue sources in 1979, compared to just nineteen in 1960. Income taxes provided 35 percent of all tax revenue in 1978 compared to 19 percent in 1969. This diversification of the revenue systems provided the states with a capacity to increase services as evidenced by Table 4.

Table 4

Government Expenditures From Own Funds
Selected Years

	Public Sector Expenditures in Billions of Current Dollars			
Year	Total	Federal	State	Local
1969	$285.6	$188.4	$49.6	$47.6
1979*	764.5	507.0	145.0	112.5
	Public Sector Expenditures as a Percent of GNP			
1969	30.5%	20.1%	5.3%	5.1%
1979*	32.2	21.3	6.1	4.7
	Public Sector Expenditures as a Percent of Personal Income			
1969	38.0%	25.1%	6.6%	6.3%
1979*	39.7	26.3	7.5	5.8

* = Estimated

Source: Advisory Commission on Intergovernmental Relations, Significant Features of Fiscal Federalism, 1978-89 edition. Washington, D.C.: U.S. Government Printing Office, May 1979.

State School Finance Reform in the 1970's

No policy arena better demonstrates the new activism of the states during the 1970's than the dramatic initiatives in school finance. This increased state role in school finance was in many cases accompanied by other forms of increased state influence over local policy. In most states, the concept of the minimum foundation was abandoned for a new state role. The federal impetus in this nonincremental policy change was minimal. The U.S. Supreme Courts ruled in the 1973 Rodriquez case that while the Texas school finance system resulted in unequal expenditures, "we cannot say that such disparities are the products of a system that is so irrational as to be invidiously discriminatory."[4] Thus, the U.S. courts left the issue to be resolved by the states. While the Nixon administration studied a significant federal role in school finance equalization, it backed away from committing federal resources (except for research).

But if the federal courts did not intervene, numerous state courts declared their state's school finance system unconstitutional. Between 1970 and 1980, twenty to thirty states (depending on one's criteria) "reformed" their systems or were in the midst of carrying out court orders to do so. These states accounted for about two-thirds of the pupils in the U.S. Moreover, reform in some states caused others to increase state aid without any "reform" in state distribution formulas. All this was happening in a decade when states were adding new tax sources and increasing their expenditures as a percent of GNP and of per capita income. As Table 4 demonstrates, state spending increases outstripped federal or local increases.

During this same era support for public education shifted from the local to the state level. As Table 5 demonstrates, from 1969 to 1979

state sources of revenue for public education grew from $13.9 billion to $41.2 billion--up 44.5 percent in real terms. While state aid for public schools doubled during the last decade, Table 6 demonstrates that school reform states more than doubled their spending and dramatically increased their percentage of total state and local expenditures. We cannot be certain that school finance reform "caused" all these fiscal changes, but a relationship is unmistakable.

TABLE 5

Sources of Revenue for Selected School Years, 1969-1979

School Year Ending In	Amount (in billions of Dollars) From			
	Local	State	Federal	Total
1969	$18.3	$13.9	$ 2.6	$34.8
1979	38.0	41.2	7.6	96.8
Increment, 1969 to 1979	$19.7	$27.3	$ 5.0	$52.0
	Amount as a Percent of Total			
1969	52.7	39.9	7.4	
1979	43.7	47.4	8.8	
	Expenditures per Pupil, 1969 to 1979			
	Amount		Percentage Increase from 1969	
1969	$ 657		--	
1979	1,798		173.7	

Source: National Education Association, Estimates of School Statistics, 1978-79. Washington, D.C.: NEA, 1979, pp. 20 and 25.

This state expenditure growth enabled total education expenditures to grow over 40 percent faster than inflation despite a dramatic down-trend in enrollment. Nationally, current operating expenditures increased 273% over the decade (from $657 per pupil to $1,798).

TABLE 6

State Education Expenditures in 1970 and 1979

as Percentage of Total State/Local Education Expenditures

(Selected School Finance Reform States)

State	1970 Amount (Millions of Dollars)	1970 State Percent of Total State/Local Spending	1979 Amount (Millions of Dollars)	1979 State Percent of Total State/Local Spending	More Than 100 Percent Increase in Dollars
California	$1,536	(31.9)	$5,598	(64.9)	X
Colorado	119	(26.2)	450	(36.9)	X
Florida	631	(55.0)	1,666	(56.1)	X
Illinois	768	(31.1)	2,000	(39.6)	X
Iowa	158	(24.8)	504	(38.9)	X
Kansas	136	(31.2)	403	(46.7)	X
Maine	70	(37.4)	1,787	(47.1)	X
Michigan	856	(45.0)	1,831	(44.8)	X
Minnesota	444	(47.4)	1,057	(54.5)	X
Missouri	261	(31.3)	582	(36.2)	X
New Jersey	411	(26.9)	1,378	(40.6)	X
New Mexico	128	(61.3)	353	(67.0)	X
Ohio	515	(27.1)	1,625	(43.2)	X
Washington	425	(55.8)	942	(61.3)	X
Wisconsin	273	(30.1)	713	(36.5)	X

Source: National Center for Educational Statistics, Digest of Educational Statistics, 1972. Washington, D.C.: U.S. Government Printing Office, 1973, p. 59, for column 1; National Education Association, Estimates of School Statistics, 1978-79. Washington, D.C.: NEA, 1979, p. 20. As of 1980, States under court order include Connecticut and Wyoming.

The Elements of School Finance Reform

Not surprisingly, the larger state fiscal role has been accompanied by greater state control of local education policies. Before turning to this, we examine the elements and political roots of school finance reform.

Several common elements characterize the divergent school finance reforms enacted during the 1970's. There has been an evolution from state increases in local unrestricted spending to the inclusion of special state aid for disadvantaged youth (including the handicapped) and for the large core cities. Several key state court suits based on clauses in different state constitutions have caused variations in state approaches. Thus, the initial California suit (Serrano) relied solely on variations in local property tax capacity.[5] Subsequent suits in Washington (Seattle vs. Washington) and New York (Levittown vs. Nyquist) added considerations of special pupil needs and big city problems. There have been several consistent results of such reform. Below are the key reform elements:

1. Districts with low property wealth per pupil have received considerably more state aid. Their per pupil spending has been "leveled up" to approach that of the higher-spending, property-rich districts. A little redistribution from high spending to low spending was involved, but basically increased state money was used to level up.

2. Property tax relief has been targeted to school districts with a high property tax effort, low assessed property value, and consequently below-state-average per-pupil expenditures. Indeed, school finance reform has been plagued with confusion as to whether it was aid for children or for taxpayers in school districts with below average assessed property values.

3. Funds for special pupil needs were added as it became apparent that disadvantaged and handicapped pupils did not always reside primarily in districts that had low assessed property values (a case in point was Levittown, N.Y.). Another rationale was that these pupils needed a more than average expenditure. At the close of the decade, 16 states had categorical programs of compensatory education serving 1.9 million economically or educationally disadvantaged children at a total cost of $647 million. Another eight states had special adjustments for compensatory education in their base allocation formulas.

4. Special provisions were made for unusally high cost local situations.

The States and the Cities: A Fiscal Dilemma

The Serrano approach in California was a negative standard, requiring that the amount of expenditures per pupil could not be determined primarily by the property tax wealth for school district. The 1971 Serrano decision cited this comparison of tax rates and expenditure levels:

	Assessed Value Per Pupil	Tax Rate	Expenditures Per Pupil
Beverly Hills	$550,885	$ 2.38	$1,232
Baldwin Park	$ 3,707	$ 5.48	$ 577

But many core cities have higher than average assessed values per pupil because of the immense valuation of downtown office or industrial properties. They also have large numbers of single or private-school-oriented parents. These two characteristics make many cities appear wealthy if one looks only at property tax per pupil. However, large numbers of special needs children in eastern and midwestern cities generate above average demands for other public services and especially high costs for compensatory education.

A typical example is Seattle, whose voters turned down frequent requests for property tax increases. Subsequently, a court suit was brought by Seattle, even though finance reformers in the early 1970s considered the city a "wealthy property district." Seattle asserted that school finance had to be adjusted to the special needs of cities, and the Washington courts so ruled.

To meet such problems, several states have formula adjustments or categorical aids for cities.[6] Michigan allocates more state aid to districts

in which the noneducation tax rate exceeds the statewide average by more than 25 percent. Florida uses a cost-of-living index to increase state aid to its urban areas. California has an urban impact aid program that earmarks funds for cities. In this way, state school finance reform continues to search for formulas that will recognize unique city needs without violating the general principle of equal treatment for all districts.

The Politics of State School Finance Reform

Public policy issues emerge on state political agendas for many reasons, but one of the most important and least understood is the role of interstate "policy issue networks" that sponsor and promote programs in a wide variety of forums. These interstate network elements include entrepreneurs, private nonprofit advocacy organizations, lawyers, interstate technical assistance groups, and often private foundations. Such networks spread ideas and create opportunities for state politicians to champion particular causes or programs. Many of the most interesting educational innovations, such as minimum competency testing, have been promoted by these networks.

Recently, two of the largest state policy networks--school finance reform and spending/taxing limits--have begun to clash with each other. School finance reformers advocate large increases in state and local spending to meet the property tax "equity" criteria without leveling down and the special needs of bilingual, handicapped, and city children. At the same time, the crusaders for tax limitation seek to stabilize or reverse the growth in state and local spending.[7] Both these networks have been developed by entrepreneurs who generate the activity and structure the rewards. Both draw together membership from diverse organizations.

The entrepreneur with resources ample enough to launch the school finance reform network was the Ford Foundation, working in close collaboration with HEW's National Institute of Education (NIE). The Ford Foundation provided publicity, grants, travel, and recognition as resources to motivate and bond together the network participants. Indeed, it funds, directly or indirectly, all the network's major elements, which include:

1. Lawyers to sue the state. Ford grants were made to the Western Center on Law and Poverty (California) and the Lawyers Committee for Civil Rights Under Law (Washington, D.C.) to coordinate interstate legal activities. These Ford funded lawyers devised and litigated Serrano and Levittown, and the Lawyers Committee has assisted in more than 20 subsequent state suits.

2. Private agencies to spread the concepts of finance reform around the nation, such as state branches of the League of Women Voters, National Urban Coalition. These agencies publicized general principles that the network supported.

3. Scholars to testify as expert court witnesses in favor to reform and then to advise the state on how to meet court orders. These scholars from prestigious universities adapted the network's principles to specific state contexts.

4. Interstate technical assistance groups such as the Education Commission of the States (ECS) and the National Conference of State Legislatures. These groups worked with the scholars and provided computer simulations of various solutions. They were hired by pro-reform state politicians that the network discovered, or after court suits overturned the school finance system and made "reform" seem likely.

5. State politicians and political institutions, such as the Governor's Citizens Committee on Education in Florida and the Oregon Legislature's Committee on Equal Educational Opportunity. These temporary government units employed network scholars and groups like ECS as their chief advisors.

6. Research and action centers oriented to minority groups, including the International Development Research Association (Hispanic, located in San Antonio) and the New Jersey Urban Coalition (Black, headquartered in Newark). These Ford-funded organizations ensured that minority concerns were brought to the attention of the groups mentioned above.

7. Graduate students--from Stanford to Columbia--who received full scholarships to prepare themselves as the next generation of school finance advocates or technicians.

Ford and NIE provided operating expenses, travel, consultants, research papers, and any other appropriate incentive to make the network effective. Periodic meetings of key network participants were used to select target states for intervention. States that were "ripe" found all seven elements descending on them. In all states, the symbolism emphasized the legal concepts of equity, fundamental rights, and discrimination against the poor and other ethnic minorities.

The Ebb and Flow of School Finance Reform

In 1974 the pace of school finance reform slowed. A national recession eroded state budget surpluses. Some states, such as Connecticut and South Dakota, passed such laws without funding them. The U.S. Supreme Court ruled in Rodriquez that it was inappropriate for the federal government to intervene. There were disheartening losses in state courts, as in Oregon and Washington. The Serrano impetus for state equalization of the local property tax base behind each child seemed to run out of gas. Coalitions

were harder to build, in part because of the erosion of budget surpluses but also because of splits within the education groups--arguments between school boards and teacher organizations, and between cities, suburbs, and rural areas.

Beginning in the late 1970's, however, the pace of school finance reform quickened again. The school finance network is on the move in new and different directions, especially in reformulation of their legal concepts; Ford-financed research and legal analysis had led to a midstream correction. The Serrano approach, relying solely on variations in local property tax capacity, had ignored variations in pupil needs, such as those of the disadvantaged and handicapped. The Ford/NIE network won two interesting suits (New York and Washington) that seem to portend the direction of things to come. Courts in New York ruled that a system with equal tax yield for equal property tax effort e.g., Serrano, in fact discriminated against the big cities. Cities have high assessed value per pupil, but they also have large numbers of disadvantaged children and high tax rates for social services other than education. Consequently, appeal courts in New York ordered more spending to be targeted to special pupil needs and to urban areas, in addition to the Serrano property-tax focus that required more state spending in low property wealth suburbs.

Through its flexible instruments, the Ford Foundation coordinated and spearheaded the network. Often, a grant was not as effective as an informal conference to line up state activists, a commissioned report about a new legal strategy, a joint venture (with HEW or the Carnegie Foundation), the creation of a new citizens organization, or scholarships for graduate students. The network's successes are impressive, with major state spending increases a consistent outcome. Indeed, a recent Rand report emphasized

that school finance reform had rarely eliminated spending differences between school districts, but had led to more spending in all states.[8]

A recent analysis of eight state cases of such reform found there were several ingredients of successful reform besides the national reform network:[9]

1. Gubernatorial or legislative commissions did much of the compromising in advance of legislative action. These special commissions, such as the Florida Governor's Citizens Committee on Education, accommodated high spending districts through "hold-harmless" provisions (no district received less money than the prior year), rural interests with increased transportation aid.

2. Another key component was the availability of a state fiscal surplus. This well illustrates an old adage that "politicians can only equalize on a rising tide."

3. Court pressure was a necessary stimulus to reform. There was an effect of California's Serrano on other states. State political leaders in many states felt they faced litigation unless there was reform. Successful suits were based on constitutional equal protection clauses in some states, education sections in others.

4. Finally, school finance reform evolved over a long period of time. Reform reflects a logical progression from earlier consideration of previous proposals and formula changes, though it may appear to be radical in nature when it appears.

The importance of "policy issue networks" in school finance reform provides new insights into policy diffusion and raises doubts about prior political concepts and theories. Regionalism explained little. The eight-state study could find no strong regional impact of followers and leaders within distinct sections of the country as Walker posits.[10] Theories of the diffusion of innotvation obscured what happened here. Thus, analysis of diffusion curves, whereby innovation occurs because of interaction effects between users and nonusers, obscures the actual political processes discussed above.[11] The environmental explanation of the Dye school came up empty. Thus, there was no significant relationship between

school finance reform and allegedly predictive measures such as state per capita income and urbanization. Traditional interest group theory stresses that policy change is driven by producer oriented interest groups. The eight-state study found that producers in this issue--teacher and other employee organizations--were not crucial factors. Moreover, the concept of the power the "iron triangle" of government agency heads, legislative committees, and producer interests with a fragmented, self-interested view was not evident in this reform. The "iron triangle" was a reactive force that made marginal changes in network-inspired reforms.[12]

There was no cheer, either, for the students of federalism who believe that state politics research may be best organized around the federal government as the crucial innovator, with states merely reacting to this stimulus.[13] But the federal role in school finance reform was not large and was limited to research and a subordinate network role.

State Courts and the Political System

A crucial factor in state innovation was court stimulus. The 1970's was a period of expansion in state court influence over state and local educators. In California, the state education authorities were sued only four times in 1968, but in 1980 the state was sued 34 times in the first ten months alone. As President of the California State Board of Education, the writer is a defendant in 108 active law suits in 1981. But if courts were a stimulus, school finance reform is an excellent case of implementation problems stemming from judicial intervention. The legislature often regards the courts' legal principles as abstract and not useful in formulating legislative solutions. If the courts do not provide a clear signal of their intent, but keep pressuring the legislature for change, then tension

between the branches intensifies.

For example, in Serrano, the California Supreme Court enunciated a negative standard termed "fiscal neutrality": support of the schools cannot be a function of wealth, other than the wealth of the state as a whole. There could be no significant relationship between local property wealth and local per pupil expenditures. The vagueness of "fiscal neutrality" created enduring confusion in the California legislature. Were taxpayers or school children the intended beneficiaries of school finance reform? Should the legislature be primarily concerned with equalizing school district tax effort or with eliminating substantial expenditure differences between school districts? How much inequality in either sphere (tax equity, expenditure equity) would the state supreme court tolerate? Elmore and Mclaughlin spell out some political consequences for the legislature, where:

> The issue created a difficult problem of coalition politics. It produced two broad divisions among legislators--those who stood to gain or lose from tax equity, and those who stood to gain or lose from expenditure equity. Because the two divisions did not relate to each other in any straightforward way, legislators had no simple decision rule for figuring out whether they should be for or against a given reform proposal.[14]

Serrano also contained other fundamental conflicts. Court-initiated reform often flows from a negative injunction (like fiscal neutrality) in response to a political minority. But legislative compliance requires a majoritarian outcome, a positive plan, and a coalition of many interests. There was no broad-based constituency for school finance reform but, as we have seen, an elite interlocking network advocating the concept. Consequently, implementation of school finance reform was to be more difficult than the creation of free public schools was in response to a broad social movement in the 19th century. Given these difficulties, it

is surprising that California was able to implement as much school finance change as it did by 1980. Approximately 88 percent of California's pupils were in school districts with per pupil expenditures that varied by no more than $200.

The Scope of State Policy Innovation in the 1970's

The newest state finance reform is the tax limitation movement. If such a limitation focuses on the local property tax, as it did in Massachusetts and California's Proposition 13, then local choice will be eroded. The California property tax is limited to 1 percent of assessed valuation, and there is no way local voters can increase their school expenditures beyond that level. An unintended effect of Proposition 13 was (de facto) full state assumption of education finance and the elimination of local fundraising. Given the California tradition of extensive intervention, it is therefore inevitable that state control will increase. Already, following the passage of Proposition 13, the state has required local school districts to give priority to child care and adult education. Many local boards wanted to reduce these two areas significantly.

School finance reform and movements like Proposition 13 may stimulate statewide teacher bargaining. If the state controls all funding increases, then teachers must negotiate with the state for salary raises. Consequently, a two-tier approach may develop. Some issues such as salary schedules and fringe benefits would be bargained for at the state level, but other areas of school policy would be reserved for local negotiations. Two tiers, however, would restrict the ability to reach compromise solutions because trade-offs would no longer be possible between economic salary issues and other considerations, such as teacher preparation periods.

The demand for equal education opportunity has spawned new state programs for populations with special needs. States now classify children in several ways and mandate services and standards for the various categories of students. Some of these pupil classifications are vocational education, career education, the mentally gifted, the disadvantaged, migrants, underachievers, non-English speaking, American Indians, pregnant minors, foster children, delinquent children, and twenty or more different categories of handicapped children. An example is found in Massachusetts, a state noted for its strong belief in local control, which adopted a sweeping special education law mandating entirely new programs. New procedures for individualized evaluation that exceed federal requirements, were to be established and parents involved. New working relationships are required for teachers, psychologists, and other specialists. New evaluation techniques are outlined to avoid misclassification of students.

Bilingual education statutes in 24 states by 1981 regulate local teaching policy. Also, for example, in California, any class with ten or more pupils whose English is limited must have a state specified program. Federal programs for the disadvantaged and handicapped require the states to impose additional requirements on local schools. The states must determine if the local proposal meets federal regulations. Sixteen states have started their own programs for the disadvantaged building on the federal concept. In short, in the 1970's, states have been suspicious of the degree of local initiative and commitment to disadvantaged and minority populations without state regulations.

State government has also been skeptical of local willingness to adopt innovative programs. Consequently, states have started innovative categorical programs for which localities must compete. Massachusetts has an

experimental school program that combines magnet schools for multiracial populations with community control. California has the School Improvement Program, which provides over $100 per pupil to school-based councils composed of parents, teachers, administrators, and students. These school-site councils are charged with devising new ways to individualize education and meet other state goals. Some of these state innovations provide greater local flexibility. Legislation permits lawyers, craftsmen, and artists, to teach courses. In addition, some states permit waivers of requirements if the local district can provide a special justification.

Another development has been state mandating of "accountability." Between 1966 and 1976, thirty-five states passed accountability statutes, and fourteen claim to have "comprehensive systems" with several components. Despite a lack of common definition and concepts, 4,000 pieces of accountability literature were published.[15] In effect, accountability has focused state control on school outcomes in addition to state-defined minimum inputs. Such control covers matters like new budget formats (including program budgeting), new teacher evaluation requirements, new state tests and assessment devices that reorient local curricula, procedures for setting educational objectives, parent advisory councils for school sites, and minimum competency standards for high school graduation.

In Florida, for example, these various accountability techniques interact to enhance state control. State assessment tests in certain subjects are publicized through parent councils. Statewide tests are also required for high school graduation. Students must score in the 70th percentile statewide to obtain a diploma. Student test scores are related to teacher evaluations. School districts fear the adverse publicity that can come with publication of test scores lower than those of other districts.

Is State Control Excessive?

While much of the federal, court, and state legal and bureaucratic entanglement in local education comes from a legitimate need to correct past failings, such as the neglect of minorities in public schools, some fear that the pendulum may have swung too far. Moreover, there is no counterforce to this growth of nonlocal control. Dominant political and social forces are all moving in the same direction, toward ever more court and state intervention in local policymaking.[16] There is no national or state leadership advocating a complete organization and pruning of state education codes that would eliminate traditional regulations requiring substantial amounts of money. For example, 31 states have statutes requiring some form of contractual agreement between school systems and employees. But this mandate was not accompanied by repeal of personnel restrictions in prior state codes. States continue to set standards for personnel much as they did when teachers were not permitted to bargain with local school boards. This means that unions can begin their demands with the state code as a guaranteed floor.

Education has received poor publicity in recent years for a variety of reasons--declining enrollments and test scores, vandalism, lack of discipline, and soaring costs. These complaints provide a rationale for state officials who contend that districts will neglect the needs of disadvantaged, bilingual, and handicapped children or waste money. States have increased their aid for specific purposes because they believe local boards are not tough enough to resist teacher demands for exorbitant salary increases. As a result, local officials frequently cannot act unilaterally, but must take state regulations or guidelines into account.

Although the founding fathers described state government as the keystone of the American governmental arch, several critics claimed that by the 1960's state government acted more like a "fallen arch." Since elementary and secondary education consumes 58 percent of total state aid to local governments, the enhanced state role discussed above is an important general indicator of state policy implementation. While the 1960's was a decade of federal education innovation, the 1970's will be recorded as an era when the states were at the forefront. The federal era of the 1960's was followed by massive research on its effects. So the 1980's should see a spate of research in state impact.

But while it is easy to enumerate many policy areas where states have encroached on local prerogatives, we lack an empirical assessment of overall aggregate impact on local decisions and operations. For example, researchers need to focus on how implementation of state policies affects classroom teachers. There are so many policies that the cumulative and interactive nature of local impact will be difficult to assess.[17] We know very little about the various effects of state rules and incentives--direct, indirect, or secondary. In 1981, we are about in the research stage vis-a-vis the federal role in 1970.

The Future State Role in Education

It is unlikely that the past decades's impressive growth of the state role in implementing education policy can continue. A strengthened and diversified state tax structure will confront (1) public support for slower growth in state spending; (2) slow or no real growth in the national economy; (3) demographic change, with client groups ceasing to expand; and (4) decreased stimulus from federal aid.[18] These national trends, however, obscure the rapid economic growth in several Sunbelt states that

could continue to support their 1970-1980 growth rates in school financing. For example, economic growth in Texas permitted a jump in education expenditures from $1.2 billion in 1969 to $5.1 billion in 1979.

A major factor limiting state spending could be the "tax revolt," whether carried out through initiative or state legislation. But a study by the Education Commission of the States found the tax revolt is not a monolithic movement sweeping the country (see appendix A).[19] Voters perceive crucial differences between the various types of tax and expenditure limitation measures (TEL) and act on those perceptions. TEL's aimed at limiting future growth in government expenditures elicited a response based on the respondent's philosophy about the proper role of government. TEL's that required large property tax cuts, however, were highly related to socioeconomic status and demographic characteristics. Case studies of TEL state campaigns by ECS revealed that successful strategies must be tailored to a specific state's attitude and political culture. The TEL movement is having some effect restraining state revenue growth, as indicated by Table 7. Recent growth in state revenues is driven by inflation and inhibited by political tax limitation efforts (see appendix B).

Whatever the outcome of the TEL movement, however, education will rely on state government to provide its major fiscal sustenance in the 1980's. Local voter approval of property tax increases has never recaptured the ground lost in the mid-1960's.[20] Indeed, a case can be made that local tax support for education will decline further in the 1980's. The proportion of people with a direct stake in education (e.g., parents) who are not alienated from schools is declining. The major population sectors in which enrollments are increasing, such as Hispanics and low income citizens, have little political influence over budgets. Special programs of interest

Table 7

Sources of Increased State Tax Revenues, 1966-1979[1]

	Billions of Dollars				Percent		
Year	Total Increase	Real Economic Growth[2]	Inflation	Political Action[3]	Real Economic Factors	Inflation	Political Action
1966	$ 2.7	$1.1	$0.7	$0.9	41%	26%	33%
1967	2.3	0.7	0.8	0.8	30	35	35
1968	4.1	0.8	0.9	2.4	20	22	59
1969	4.4	0.9	1.7	1.8	20	39	41
1970	4.9	0.0	2.2	2.7	0	45	55
1971	2.9	0.8	1.5	0.6	28	52	21
1972	5.7	1.9	1.5	2.3	33	26	40
1973	7.0	2.4	2.7	1.9	34	39	27
1974	5.0	0.0	5.2	-0.2	0	104	- 4
1975	5.1	0.0	4.6	0.5	0	90	10
1976	6.8	2.6	2.6	1.6	38	38	23
1977	10.2	3.9	4.8	1.5	38	47	15
1978	10.5	3.5	7.0	*	33	67	0
1979	9.3	2.2	8.8	-1.7	24	95	-18

[1]Taxes included are general sales tax, personal income tax, corporate income tax, and selective sales taxes.

[2]The division between real and inflationary economic factors was computed by applying the ratio of real to monetary changes in GNP for each year to the total economic factors reported by the state tax commissioners.

[3]Political action—Discretionary influences such as the adoption or repeal of a tax, the raising or lowering of a tax rate, the legislative expansion or contraction of a tax base, and changes in taxpayer information practices.

Source: Staff computation by the Advisory Commission on Intergovernmental Relations, 1980.

to these groups, including bilingual education and desegregation, will further depress support from the rest of the population. The number of people with no direct interest in education who, for a variety of reasons, are probable "No" voters in local school finance elections is increasing.[21] There will be a dramatic increase in the total number of senior citizens, who also are the citizens most likely to vote, but who have no direct stake in schools. Inflation psychology will depress the willingness to increase local property taxes. Moreover, education will confront increased competitton for funding at the federal level from advocates for increased spending on defense, energy, and senior citizens. Given the probable erosion of political support at the local and federal levels, increased political cohesion of education groups at the state level is crucial.

During the 1970's, schools increasingly came to rely on state revenues. Maintaining the impressive growth in state support for education will be difficult, however, for the reasons enumerated above. The state revenue base is the key to future fiscal support. In an era of tax limitation, public education groups may have to use their political muscle to win the redistribution of scarce state dollars from other public services to education. This will require repair of the tattered alliances between teachers, administrators, school board members, and parent groups. The school finance reform political movement has peaked, but some state courts may continue to apply pressure for leveling up the low-spending districts. Overall, the outlook for the state role in education appears to be steady state in the 1980's, with no real growth in per-pupil expenditure. The TEL movement is a strong indicator of the probably future trend--no drastic cutbacks, but much slower increases.[22] The 1980's will be a decade of consolidation and digesting the large number of innovations in the 1970's.

Footnotes

[1] See Samuel C. Patterson, "The Political Cultures of the American States," The Journal of Politics 30 (February 1968): 187-209; David Elazar, American Federalism: A View from the States (New York: Crowell, 1972). For a mid-1970's view of state education politics see Roald Campbell and Tim Mazzoni, State Policymaking for the Public Schools (Berkeley, Ca.: McCutcheon, 1976). A recent synthesis of the loss of local control is in Mary A. Williams (ed.), Government in the Classroom (New York: Academy of Political Science, 1979).

[2] See Frederick Wirt, "School Policy Culture and State Centralization," in Yearbook on the Politics of Education, Jay Scribner (ed.), (Chicago: University of Chicago Press, 1977), pp. 164-87. See also Wirt, "What State Laws Say About Local Control," Phi Delta Kappan 59 (April 1978), pp. 517-20.

[3] For an overview of federal impact on states, see Joel Berke and Michael Kirst, Federal Aid to Education (Lexington, Mass.: D.C. Heath, 1972). For a subsequent review see Mike Millstein, Impact and Response (New York: Teachers College Press, 1977). See also, Jerome Murphy, State Education Agencies and Discretionary Funds (Lexington, Mass.: Lexington Books, 1974).

[4] See Joel Berke, Answers to Inequity (Berkeley, Ca.: McCutcheon, 1974), p. 223. Berke gives an overview of the fiscal, political, and legal evolution of state school finance reform from 1969 to 1974 and reprints the text of the Rodriquez case on pp. 206-280.

[5] For a review of the court suits see Lawyers Committee for Civil Rights Under Law, Summary of State-Wide School Finance Cases Since 1973 (Washington, D.C.: Lawyers Committee for Civil Rights Under Law, 1980).

[6] For the details of these school finance measures see John Augenblick, School Finance Reform in the States: 1979 (Denver: Education Commission of the States), July 1979.

[7] For an elaboration of this conflict see Michael Kirst, "A Tale of Two Networks," Taxing and Spending, Vol. III, Winter, 1980. pp. 43-49. The author is conducting a large empirical analysis of these networks.

[8] Stephen Carroll, The Search for Equity in School Finance (Santa Monica: The Rand Corporation, 1979).

[9] Susan Fuhrman et al., State Education Politics: The Case of School Finance Reform, (Denver: Education Commission of the States, 1979).

[10] Jack L. Walker. "The Diffusion of Innovations Among the American States," American Political Science Review, 63 (September, 1969), 880-899.

[11] Virginia Gray, "Innovation in the States: A Diffusion Study," American Political Science Review, 67 (December, 1973), 1174-1185.

12 For the producer interest generated policy approach Robert Agger, Daniel Goldrich, and Bert Swanson, The Rulers and the Ruled, (New York: Wiley, 1964). For an analysis of policy issue networks at the federal level, see Hugh Heclo, "Issue Networks and the Executive Establishment," in Anthony King (ed.), The New American Political System (Washington, D.C.: American Enterprise Institute, 1978), pp. 87-124.

13 Douglas Rose, "National and Local Forces in State Politics," American Political Science Review, 67 (December, 1973), 1162-1174. For an overview of the political science debate on policy diffusion see Robert Eyestone, "Confusion, Diffusion, and Innovation," American Political Science Review, 71 (December, 1977), 441-447.

14 Richard T. Elmore and Milbray McLaughlin, Reform and Retrenchment: The Politics of California School Finance Reform (Santa Monica: Rand Corporation, 1981). For an excellent case analysis of a similar problem in New Jersey, see Richard Lehne, The Quest for Justice (New York: Longman, 1978).

15 Michael Kirst and Gail Zellman, Accountability: What is the Federal Role Now? (Santa Monica: Rand, RWN-9521-HEW), 1976.

16 For case studies see Mary F. Williams, Government in the Classroom (New York: Academy of Political Science, 1979).

17 For an elaboration on this point, see Jerome T. Murphy, "State Role in Education: Past Research and Future Directions," Educational Evaluation and Policy Analysis, Vol. 2, No. 4, August 1980, pp. 34-51.

18 For details on these trends see Michael W. Kirst and Walter J. Garms, "The Demographic, Fiscal, and Political Environment of Public School Finance in the 1980's" in James Guthrie (ed.), School Finance Policies and Practice: The 1980's a Decade of Conflict (Cambridge, Mass.: Ballinger, 1981).

19 Robert Palaich et al., Tax and Expenditure Limitation Referendum (Denver: Education Commission of the States, 1980).

20 John Hall and Phillip Piele, "Selected Determinants of Precinct Voting Decisions in School Budget Elections" in Western Political Quarterly, 24 (September 1976), pp. 440-456.

21 Philip K. Piele, "Voting Behavior in Local School Financial Referenda: An Update of Some Earlier Projections," an address to the American Education Finance Association, San Diego, March 1980. See also Susan Abramowitz and Stuart Rosenfeld (eds.), Declining Enrollment (Washington, D.C.: NIE, 1978).

22 For an overview of the impact of TEL see Marc Menchik and Anthony Pascal, The Equity Effects of Restraints on Taxing and Spending (Santa Monica: Rand Corporation, P6469), 1980.

Appendix A

STATE LIMITATIONS ON LOCAL GOVERNMENT TAXING AND SPENDING POWERS

	Property Tax Rate Limits	Full Disclosure Laws	Property Tax Levy Limits	Expenditure Lids	Assessment Constraint
Number of state with such laws prior to 1970	40	0	3[3]	1[5]	0
Number of states with such laws by November 1979	40[1]	10[2]	20[4]	8[6]	6[7]

1 Due to rapidly rising property values, tax rate limitations have lost most of their effectiveness as a tax control mechanism. As a result, states are now adopting other forms of tax and expenditure controls.

2 Includes only those states that require automatic property tax rate rollback to offset most or all of annual increases in the assessment base in the absence of a rigorous full disclosure procedure, i.e., paid announcement of proposed tax increase and public hearings. States included are as follows: Arizona, Florida, Hawaii, Maryland, Montana, Texas, Virginia, Tennessee, Kentucky, and Rhode Island.

3 Prior to 1970: Arizona, Colorado, and Oregon.

4 By November 1979: Alaska, Arizona, Colorado, Delaware, Indiana, Iowa, Kansas, Kentucky, Louisiana, Minnesota, Ohio, Oregon, South Carolina, Utah, Washington, Wisconsin, Florida, Massachusetts, Nebraska, Nevada, and California.

5 Prior to 1970: Arizona.

6 By November 1979: Arizona, Iowa, Kansas, New Jersey, Massachusetts, Nebraska, Nevada, and California.

7 Includes those states placing a limitation on annual assessment increases. States with such limitations by September 1979 include: California, Idaho, Minnesota, Iowa, Maryland, and Oregon. In addition, Nevada will join this list if a ballot measure approved in 1978 receives voter approval again in 1980.

Source: ACIR staff compilation based on data prepared by IAAO, CCH, and ACIR.

Appendix B

RECENT STATE AND LOCAL REVENUE/EXPENDITURE LIMITATIONS
JANUARY 1, 1976-JANUARY 1, 1980

State	Year	Constitutional or Statutory	State Limitation	Local Limitation	Remarks
New Jersey	1976	S	X	X	State expenditure growth is limited to the increase in state personal income, Municipalities cannot increase their budgets by more than 5% a year. Both limits can be exceeded only by a majority vote on a referendum.
Colorado	1977	S	X		State general fund expenditures are limited to a 7% annual increase. An additional 4% may be allocated to a reserve fund, but amounts over 11% must be refunded to taxpayers.
Michigan	1977	S	X		A Budget Stabilization Fund was established, with provisions for pay-in to the fund during periods of economic growth, and pay-out during recessionary periods. In it now used in conjunction with the 1978 state spending limitation.
Rhode Island	1977	S	X		The legislature adopted a nonbinding "suggested" 8% cap on the annual growth of budget appropriations.
Tennessee	1978	C	X		Increases in appropriations from state tax revenues are limited to the estimated growth in the state's economy. The lid may be exceeded by majority vote of the legislature.
Arizona	1978	C	X		State spending is limited to 7% of total state personal income. The limit may be exceeded by 2/3 vote of the legislature.
Hawaii	1978	C	X		Increases in state general fund appropriations are limited to the estimated growth in the state's economy. Larger increases must be approved by a 2/3 vote of the legislature.
Michigan	1978	C	X		State tax revenues can increase only as fast as the growth in personal income. If reenues exceed the limit by more than 1%, the excess is refunded through the income tax. If the excess is less than 1%, it is placed in the Budget Stabilization Fund. The limit may be exceeded if the Governor specifies an emergency and 2/3 of the legislature concurs.

Appendix B

RECENT STATE AND LOCAL REVENUE/EXPENDITURE LIMITATIONS
JANUARY 1, 1976-JANUARY 1, 1980
(Continued)

State	Year	Constitutional or Statutory	State Limitation	Local Limitation	Remarks
Texas	1978	C	X		Increases in appropriations from state tax revenues are limited to the estimated growth in the state's economy. The limit may be exceeded by a simple majority of the state legislature.
California	1979	C	X	X	Increases in state and local appropriations are limited to population growth and inflation. The limits may be exceeded, but appropriations in the following three years must be reduced to prevent an aggregate increase in expenditures. The limits may be changed by the electorate, but the change is effective only for three years.
Louisiana	1979	S	X		State tax revenues can grow only as fast as the increase in personal income. Proceeds from severance taxes are not included in the limitation.
Massachusetts	1979	S		X	Increases in local government expenditures are limited to 4%. Override provisions are included. The limitation expires December 31, 1981.
Nebraska	1979	S		X	No political subdivision may adopt a budget in which the anticipated receipts exceed the current year's by more than 7%. Further allowances are included for population growth exceeding 5%. The limit may be exceeded in the event of an emergency or upon voter approval.
Nevada	1979	S	X	X	The state budget is limited to the 1975-77 biennium budget adjusted for population changes and inflation. Local budgets are tied to 1979 fiscal year budgets adjusted for population changes and a partial inflation allowance. The limits may be exceeded "to the extent necessary to meet situations in which there is a threat to life or property."

Appendix B

RECENT STATE AND LOCAL REVENUE/EXPENDITURE LIMITATIONS
JANUARY 1, 1976-JANUARY 1, 1980
(Continued)

State	Year	Constitutional or Statutory	State Limitation	Local Limitation	Remarks
Oregon	1979	S	X		The increase in state appropriations for general governmental purposes for the 1979-81 biennium is limited to the growth in state personal income in the preceding two years.
Utah	1979	S	X	X	The annual increase in state appropriations is limited to 85% of the percentage increase in state personal income. The increase in local revenues may not exceed 90% of the percentage increase in state personal income, with further adjustments for population growth allowed. The limits may be exceeded by a two-thirds vote of the legislative body of a unit of government.
Washington	1979	S	X		State tax revenues can grow only as fast as the average increase in state personal income over the three previous years. The limit may be exceeded by a 2/3 vote of the legislature.
TOTALS			15	6	

NOTE: Only the six state actions that placed overall limitations on local government revenues and expenditures are included in this table. Since 1970, states have imposed approximately 35 other restrictions on the ability of local authorities to raise property taxes.

SOURCE: ACIR staff compilations based on: Commerce Clearing House, State Tax Reporter; National Conference of State Legislatures, A Legislator's Guide to State Tax and Spending Limits, March 1979.