ABSTRACT

Both proponents and opponents of public support for private education argue that their own proposals for funding education offer the only means for achieving diversity, efficiency, and equity in education. Proponents of public support for private schools claim that diversity of educational options can only be guaranteed through government support of those options, that efficiency will be improved through assurance of competition for government funds, and that only with government support can private education be made available to all. Opponents state that government regulation of private education would destroy diversity, that public support of schools furthering the views of special interest groups would be inefficient in that it would undercut the public mission of developing democratic ideals, and that increased public support would only enable the economically strong to escape from public schools even more easily, destroying any equity that now exists. The author of this paper describes enrollment and funding trends affecting a parochial school in New Mexico, discusses the arguments for and against public support of private education, and presents a framework for analyzing any proposals for funding nonpublic education according to their effects on diversity, efficiency, and equity, and according to their relative impacts on public and private schools.

(Author/PGD)
CONCEPTUAL ISSUES IN THE
FINANCING OF NONPUBLIC SCHOOLS

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Proposals for tuition tax credits at the federal level, and for implementation of voucher plans at the state (e.g., California Initiative for Family Choice) or local (e.g., Washington, D.C. schools) level, raise a multitude of concerns related to the funding of nonpublic education. Evolving from a recent study of the funding of a private school in New Mexico, attention is directed toward conceptual issues related to financing nonpublic schools. Following a discussion of trends in enrollment and funding of this secondary church-related school, a framework is proposed for the development and analysis of proposals for public support of nonpublic schools.

Sources of Revenue for Nonpublic Schools

Although stronger than that of many private schools throughout the nation, the financial condition of this school during the past several years has prompted the governing board and administrative officials to seek additional sources of funding to supplement traditional revenue. Analyses of enrollments and financial records of this school from 1973-74 to 1979-80 revealed similar patterns to those found for non-public schools across the nation. A decrease in enrollment from 735 to 523 during this time frame resulted in a loss in tuition and fees.
(from 72% to 59% of the total revenue obtained) relative to other sources of funding. Although the amount of tuition has increased gradually, the rate of increase has not been excessive in relation to the rate of increase in operational costs. Moreover, this rise in tuition does not appear to be affecting student enrollment, as an increase of nearly ninety pupils was experienced in 1981-82 despite a fifteen percent increase in tuition. This enrollment gain is similar to recent growth, or a slower rate of decline, in nonpublic school enrollment across the country relative to dramatic decreases experienced by public schools.

The recent increase in enrollment at this school has been attributed to a successful advertising and pupil registration drive locally, and to the continued negative reporting locally and nationally on the quality of public education. Competition among public and private schools for fewer students appears to be favoring nonpublic schools, despite the additional cost of tuition above that paid for public schools through taxation.

Many nonpublic church-related schools have been dependent upon sponsoring religious orders for contributions of services for instruction, administration, maintenance and other functions. The proportion of total income realized from contributed services at this school, declining over the years of the school's operation to 13.2 percent of total revenue in 1973-74 and to a low of 7.7 percent in 1978-79, has increased slightly to 10 percent in 1979-80. Again reflective of the trend across the country, lay faculty and support personnel have replaced religious order members, dictating an increase in alternative revenue sources to offset the loss of contributed services.
The importance of funds development activities for the support of nonpublic schools is illustrated by the increased reliance of this school upon gifts and donations by alumni and other individuals, interest and dividends from investments, rental of property, and several auxiliary enterprises. Although fluctuating from year to year, funds development reached a high of 14.6 percent of the total revenue in 1979-80. This figure compares to a recent low of 10.9 percent of revenue in 1975-76.

Despite recent increases in enrollment and funds development activities, substantial increases in operating costs and losses of contributed services have plagued this school as well as many other nonpublic schools throughout the nation. Rather than raise tuition to an excessive level beyond the ability of parents to pay for private schools, public support for nonpublic education has been urged to enable parents to choose among diverse educational programs. Turning to public support of pupil transportation and textbooks at the state level, and to federal support of particular categorical programs, nonpublic schools have indicated a willingness to yield some of their "uniqueness" to accept governmental support and accompanying regulation of programs (e.g., curriculum guides, teacher certification, non-discrimination of pupils and personnel). The extend to which nonpublic schools accept federal funds is indicated by Coleman, et al., in their recent analysis: "private schools overall show lower participation in federally funded programs, but this is selective, with Catholic schools participating as frequently as public schools in a few of the programs."
Issues in Public Support

As proposals for expanded public support are explored in the 1980's, it is expected that the debate over the degree of governmental funding and regulation of nonpublic schools will intensify. Arguments for and against public assistance focus upon the interwoven concepts of diversity, efficiency and equity. It is believed that American education is strengthened by the diversity of program offerings available for children (and parents) through coexisting public and private schools. Given this assumption, it is argued that maximum diversity is maintained by minimal involvement of the government in matters related to program and funding of nonpublic schools. Indeed, decisions to seek increased public assistance have led to decreased control by religious orders and independent governing boards over policy and curricula, while submitting to increased governmental regulation and thus greater secularization of institutional missions and educational programs.

On the other hand, given the large number of schools which have closed their doors due to dramatic losses of enrollments (hence support through tuition), it is argued that the existence of diversity in educational offerings available in the future is dependent upon government support in the form of direct subsidies, voucher plans, tuition assistance programs or tuition tax credits or deductions. The maintenance of alternative choices for children and parents is often argued to be closely associated with the spirit of American free enterprise; the emergence of a governmental monopoly over education would thus be antithetical to many of the goals of the nation.
More than merely a concern for diversity, opponents and proponents of proposals to fund nonpublic schools point to efficiency in the allocation of public funds. Those who argue for efficiency through government regulation of institutions receiving public support are hesitant to permit schools which are not closely monitored by state and local governmental units to be subsidized heavily by public funds. It is for this reason that recent proposals for education vouchers restrict their applicability to "regulated" private schools, eliminating the possibility of public support for uncontrolled "dangerous diversities" sponsored by such groups as the Ku Klux Klan, John Birch Society, American Nazi Party and so forth. Concern for efficiency in public policy which encourages social segregation is expressed by Levin who warns that unregulated schools "will reinforce in the most restrictive fashion the family's political, ideological, and religious views. That is, school will be treated as a strict extension of the home, with little opportunity for students to experience the diversity of backgrounds and viewpoints that contributes to the democratic process."9

Constitutional issues are raised by proposals which call for greater public support of nonpublic schools, the vast majority of which are church-related. Opponents question the efficient use of public funds to advance religious beliefs or certain ideologies which "run counter to the public mission."10 Pointing to the U. S. Supreme Court holding11 which found the New York tuition reimbursement and tax credit plan to be in violation of the First Amendment, they argue that unregulated assistance to nonpublic schools is not in the public interest. In response,
proponents of public support point to forms of public aid which have received the sanction of the courts on the basis of "child benefit" theory, arguing that children, families and ultimately society are the beneficiaries of the funds.

Moreover, it is argued that competition will be stimulated through public support of education at schools which meet at least a minimal set of standards to be eligible to receive funds. It is believed that the resulting competition and choice will lead to greater efficiency in the expenditure of funds for educational offerings in both the public and private sectors. In addition, the reluctance to support nonpublic schools may lead to disastrous consequences in large urban areas (e.g., Philadelphia, with one-third of its students enrolled in private schools) where nonpublic schools are considered a prime deterrent to the continued flight of residents of higher economic levels. As maintained by Reischauer and Hartman, "nonpublic schools keep working class and middle class whites in central cities, which improves the cities' tax base, helps maintain stable integrated neighborhoods, and keeps cities from becoming minority ghettos." Such societal benefits argue for efficient use of public funds through increased support for diverse educational opportunities.

Counterargument flow from such analyses, primarily on the basis of governmental encouragement of segregation of economic groups and of social stratification. Equity issues are raised both by proponents
of nonpublic schools who argue that goals of equal educational opportunities have been denied through a lack of government support to enable all economic levels to attend private schools, and by opponents who point to a continued flight of economically able from the public schools, encouraged by increased government support. Economic constraints affect choices, and ultimately equality of opportunities, as argued by Coleman: "We must conclude that the restrictions on educational choice in the public sector and the presence of tuition costs in the private sector are restrictions that operate to the relative disadvantage of the least well off . . . increasing even more the inequality of educational opportunities." 15

A Framework for Analysis

As fiscal policy related to the support of nonpublic schools continues to evolve in the eighties, it is suggested that proposals be generated and analyzed within a framework which addresses diversity, efficiency and equity concerns. One such framework might include the following issues:

1. **Diversity in institutional value orientations.** To what degree does the proposed model for funding nonpublic education permit schools with very narrow value orientations (often termed "dangerous" or "unregulated" diversities), special emphases (as in the case of many private schools and "alternative" public schools), or broad-based value structures (as with current public school systems) to receive public assistance? Is the degree of diversity tolerated under the proposal overly restrictive, limiting freedom of choice among educational offerings receiving public support, or overly permissive, encouraging the formation of publicly supported
schools which might "run counter to the public mission"?

2. **Efficiency through control and support of education.** At what level and to what degree does the model provide for control over school policies: the state legislature, a state or regional educational agency, an institutional board responsible for governance, or within the school itself involving those professionals and parents working with specific students? What degree of financial support would the state or federal government provide under the proposal: none, with the primary responsibility for funding resting upon the family and/or institution; minimal, as is currently the case with provisions for support in the form of tax exemptions and aid for textbooks, transportation, etc.; or subsidies to the institution with or without retaining control over program areas? Might the resulting level of regulation and support "entangle" the government to such a degree that the constitutional separation of church and state would be violated?

3. **Equity through access for students.** To what degree would schools receiving public support be able to operate under closed access with respect to social or economic groups, under restricted access due to ability to pay (i.e., lower economic groups not permitted access due to high tuition fees or "add on" provisions of voucher plans), under restricted access due to client choice (as in the case of specialized programs), or under open access with no segregation of social or economic groups?
4. **Impacts on current public and private schools.** To what degree might a proposed model lead to demise of choices either from continued closure of diverse nonpublic schools if little public assistance is permitted, or from over-regulation and conformity of programs forced upon schools desiring to secure increased public assistance? It is likely that public schools will suffer adverse consequences due to losses of students through increased public assistance lowering costs of nonpublic schools, or might the resulting competition enhance program offerings and educational quality in public and private schools?

As nonpublic schools facing financial difficulties continue to seek alternative funding sources, proposals will be advanced to seek increased state and federal governmental support of diverse educational offerings. The above framework suggests that concerns with diversity, efficiency and equity might be addressed as proposals for funding nonpublic schools are developed and assessed. Analysis should concentrate on provisions of proposals regarding institutional value orientations, delimiting control and support of educational programs, restricting student access, and impacting educational programs of both public and nonpublic schools. Confronting these issues directly as proposals are developed and assessed should assist policy makers in determining appropriate courses of action for obtaining future public support of nonpublic schools.
NOTES

1 A comprehensive presentation of these and other proposals, including reviews of related publications and court decisions, is the subject of "Vouchers and Tax Credits - A Special Issue," Private School Monitor, Fall 1981.

2 The terms "nonpublic" and "private" are used synonymously in this discussion to denote schools which are not under the exclusive control of the state or federal government.


4 Contributed services is defined as the difference between the salary which would have been paid to employ a lay teacher or administrator and the amount expended by the Religious Order community for room and board, clothing, province assessment, and travel allowance.


7 See, for example, Milton Friedman, "The Role of Government in Education" in Charles S. Benson, ed., Perspectives on the Economics of Education (Boston: Houghton-Mifflin, 1963)

8 See, for example, the discussion presented by John E. Coons and Stephen D. Sugarman, Education by Choice: The Case for Family Control (Berkeley: University of California, 1978).


