This study examines the importance of state spending on education to equally distribute finances to each district. Current legislation is in the courts because some local districts claim unfair distribution of state funds. This study's focus is on the impact of judicial and legislative branch discussions that attempt to equalize education finance. Four hypotheses are presented that explain the variation in state pupil education spending: judicial intervention, legislative institutional arrangements, political competition, and socioeconomic conditions. The study results are both intuitive and counter-intuitive in that political partisan arrangements matter in how education benefits are distributed. Ambivalence of the public's attitudes plays a part in financial reform as well as in resistance to legislative policies. Contains 28 references. (JAG)
EQUITY AND COMPARATIVE STATE RESPONSES
TO EDUCATION FINANCE REFORM

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Education is the field of public policy which most clearly reflects American values and basic interests. In our pluralist society these values and interests are often deeply divided and these divisions are seen in education policy deliberation and in the evolution of that policy. Education touches the family and particularly the children of the family. The character of one's education can determine one's opportunities and life chances. Education issues also touch matters of individual and group ideology and political preference (Cochran, et al. 1990). And, education policy is distributive, determining which children get what level or quality of education.

Although public education is one of the largest and most significant financial and service commitments of American state and local government, it has not been a subject of central and sustained attention in political science. With the limited exception of policy studies, research on local school board politics or state level educational politics or the work of their state departments of education is seldom found in political science. This is a pity for several reasons. First, state and local expenditures for primary and secondary education is the largest single category at both the local and state level--far greater than the next largest category of spending. In 1991, over 32 percent of state governments general expenditures were consumed by spending for primary and secondary education. Second, over the last twenty-five years state and local spending for education has changed more dramatically than in any other field. In 1970 the states covered about 40 percent of the costs of public education. By 1995 the states are paying over 52 percent. The federal government has dropped from just under 10 percent to 6 percent and local governments have dropped from 52 percent to 41 percent. Third, education policy is the single best public policy laboratory for the study of issues of fairness or equity.

The purpose of this study is to take advantage of that laboratory and to examine patterns
of education finance equalization among the states and to consider and evaluate the factors which appear to have influenced the evolution of public policy in this field.

Variance in education finance between districts in a state is a highly contentious policy issue. At the heart of the matter is a debate about equality—who should pay and who should benefit. This policy debate is in the context of the long-standing American commitment to universal public primary and secondary education. For over a century it has been generally understood that education is a common good, not subject to the market. As is almost always the case with common goods, the debate over equity or fairness turns on issues of which level of government is the appropriate source of school financing; how to accommodate the interests of comparatively poor and rich school districts; how to accommodate the interests of the city, suburban and rural districts; and how to account for the differences in local willingness to be taxed to support universal schooling. All of these factors would seem to influence patterns of state spending for the common schools.

Interest groups representing parents and others have appealed to the courts and have lobbied the legislatures for the equalization of education benefits. As in many policy spheres, equalization is pursued in matters of finance because equalizing education finance dollars theoretically imposes some level of equality in the distribution of education benefits. This study links theories of belief patterns about equality to hypotheses about the influence of political institutions in equalizing education finance dollars.

When states consider education spending, the questions before the legislature are: how much should we spend and how should that spending be equalized? The courts are faced with a similar question as cases challenging the state finance system require the bench to determine
whether the current financing system meets the standards of equity mandated by state
constitutions. Rather than testing the system to see whether students are treated equally,
legislatures and courts often are really examining the level of differences in spending in attempt to
determine whether it is acceptable or not. They are grappling with the question of "what's fair?"

**Theory.** I shall argue that the conflict in this policy arena over equity in education
generally reflects the difficulty that individuals have in settling for themselves "what's fair."
Jennifer Hochschild (1981) demonstrated in her study of individual belief systems that people
tend to have internally inconsistent views of equality. She found that people separate their
beliefs about distributive justice into distinctive domains of life: social, economic and political.
The respondents in her study followed a dominate pattern favoring principles of equality in social
and political spheres of life and favoring principles of differentiation in the economic sphere of
life. When making judgments about distributive justice, a principle of equality assumes that
"every person may make equal claims on social resources, despite differences in race, sex,
ancestry, prior holding, talents, achievements, conduct, rules of the game, luck." (50) A principle
of differentiation assumes that these differences in race, sex, talents, etc. "create legitimately
different claims in social resources."(50) Hochschild postulates that this pattern explains why
Americans don't pursue greater redistribution. Americans, she suggests, accept the status quo
distribution of goods because we tend to believe in differentiation in the economic sphere.¹

¹The idea of spheres of equity is also used by Michael Walzer (1983) in a slightly different theory.
In Walzer's theory each social good has a distinct social meaning. The social meaning of a good determines
its pattern of distribution. What we observe, then, is a pattern of complex equity with several norms of
distribution being used by the same society in different spheres of policy. Both Walzer and Guttman qualify
equity theory based on spheres by suggesting that there may be competing social meanings for a single social
good. Certainly that is true for education. Walzer emphasizes the value of the community in providing
education as a social good and does not advocate a state-wide norm, equalizing spending.
If Hochschild's findings hold true across the population it is easy to understand why school finance equalization is such a contentious issue. Education spending straddles two domains of life, where equality beliefs are deeply ambivalent. State education finance, and particularly the reform of state education finances, involves the political redistribution of economic goods. As Hochschild's study demonstrates, people are ideologically ambivalence regarding equality when political and economic domains overlap. Viewed as an economic issue, education dollars represent the wealth of families in the community and are subject the principle of differentiation. Those who have more wealth should be able to spend more on their children's education. Viewed as a political issue, education is a public good governed by principles of equality and should be distributed equally.

Hochschild's research has demonstrated that there is a great amount of ambivalence in individual belief systems regarding equality. This individual ambivalence is reflected in public policy and in attempts to change public policy. Collectively, public opinion about education finance reform is likely to be rather ambivalent. People want it both ways: they think greater equality is good because education is a public good, but they also think that people should be able to do what they want with their money.

If individuals are not satisfied with the distribution of education benefits in a state, they

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2 More specifically, Hochschild breaks down principles of distributive justice into various norms: strict equality, need, investments, results, ascription, and procedures. The principle of differentiation as applied to education finance would be investments. "Community members deserve rewards in proportion to what they put into the community." (52) If a district of the state invests more dollars in education, they should have more dollars to spend on their children. The principle of equality as applied to education finance would be the norm of strict equality modified slightly by the norm of needs. "All community members deserve equal amounts of the good being divided." (52) Each child should have equal dollars following him or her. Special needs should be taken into consideration to insure that an approximately equal education is provided.
may pursue reform of the state education finance system by two routes. They may lobby the legislature, attempting to convince enough legislators that there should be greater equality in education spending. They may also file suit in the state courts, contending that the current system violates the constitutional mandates for uniform services or the state equal protection clause. Either way, they may attempt to change the state policy to come into conformity with their view of what is fair in education finance policy.

In which political institution are these individuals likely to achieve their objectives? Given the ambivalence of public opinion, it should be no surprise that change in education finance spending seldom comes from state legislatures. Instead, reform in state education has tended to come from the courts. Of the two institutions, legislatures are more likely to be influenced by public opinion. While it would be hard to argue that the courts do not take the public into account, they are driven by the precedent of judicial doctrine and the demands of the relevant laws. Legislators, on the other hand, are accountable to the views of the constituency. They are subject to the ambivalence that the public feels about redistribution of education benefits. In this policy sphere, then, greater equalization of education benefits should be more strongly linked to judicial action than to legislative policymaking.

Many scholars have measured the determinants of public policy outputs. There have been many strands of research: some linking public opinion and public policy (Jackson 1992, Luttbeg

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3The meaning of equality changes as the major responsibility for policy is passed upward or downward from one level of government to another. When education finance is primarily a local government responsibility, a pattern of segmented equality will describe the resulting distribution of education benefits among school districts. (Rae, et. al. 1981) Equity between districts can only be achieved by going to the next level of government, where all districts are included in the unit of government--the state. At the state level of government equality must be achieved among districts, rather than simply within districts.
1961); a long-standing tradition of researchers demonstrating the causal flow between socioeconomic conditions and public policy outputs (Cox and Lowery 1994, Dye 1966, Uslaner 1978); and another vein of research which has examined various political characteristics and their effect on public policy outcomes (Carmines, 1974, Godwin and Shepard 1976, Key 1949, McCubbins 1991). This study applies hypotheses derived from these studies to education finance policy to sort out the relative influence of public policy determinants on education spending patterns. In particular, this study examines the impact of the judicial branch and the legislative branch in equalizing education finance. Four hypotheses are tested for their ability to explain variance in state per pupil education spending: judicial intervention, legislative institutional arrangements, political competition, and socioeconomic conditions.

**Hypotheses.** Over the past twenty years, public school spending in most states has been the subject of judicial review. There have been three distinct "waves" of litigation beginning with the *Serrano v. Priest* case in California (Thro 1990, Versteegan 1993). This litigation has resulted in education finance reform aimed at reducing the discrepancy within a state between high wealth/high spending districts and low wealth/low spending districts. Beginning in the late 1960s several high-profile cases marked the change in state judicial precedence. *Serrano v. Priest* established a new criterion for challenging the state education finance system on the basis of fiscal neutrality as the justices ordered that variations in education spending must not be a function of residence. Cases in Texas and New Jersey followed, testing the fairness of their state's education finance system. Litigants explored the possibility that the federal equal protection clause

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4 5 Cal. 3d. 584, 487 P.2d 1241, 96 Cal. Rptr. 601 (1971)
afforded them the right to substantially equal educational opportunities, thus, equal funding within a state.

The United States Supreme Court decision in San Antonio v. Rodriguez⁵ was a setback for litigants. The court rejected a claim to equal educational opportunity under the equal protection clause of the U.S. Constitution. According to federal law, the norm of equality in the sphere of education policy was rejected. However, litigants still had an avenue for action via their state constitutions, as the Robinson v. Cahill⁶ case demonstrated. In this case, the New Jersey State Supreme court found that a state constitutional provision for a "thorough and efficient system of free public schools" was sufficient basis to strike down the state education finance system. In effect, the court established a norm of strict equality for New Jersey's education finance policy. A series of cases made their way to state courts on the basis of the wording of the education clause in their state constitution, specifically highlighting provisions for "thorough," "efficient," or "uniform" systems (McUsic 1994). In these cases, litigants attempted to prove that the constitution established education as a fundamental right and guaranteed equality (Thro 1990). Only five cases were successful in this period. Nine were rejected.

A third wave of litigation revitalized judicial scrutiny of the state's "duty" and the fundamental right to equal educational opportunities. In this wave, litigants were relatively successful. State supreme courts overturned the state’s financing system on the basis of the education clause of the state constitution in three cases in 1989. Again, similar cases followed in state courts with these three states finding their systems inadequate and unconstitutional.

⁵411 U.S. 1 (1973)
⁶62 N.J. 473, 303 A.2d. 273 (1973)
(Tennessee, Massachusetts, Arizona). This wave of litigation focused on minimum standards claims guaranteed by the education clause of each state's constitution.

In light of the successes some litigants have achieved in their state courts, education finance reform seems to originate in the judicial branch, or at least with significant judicial pressure. The courts can more swiftly shift public policy to comply with a norm of strict equality by a single ruling. This paper's first hypothesis, then, is that the variances in educational spending within a state are related to judicial action by that state's superior court. States where the finance system has been struck down by the state supreme court should see increased equity in per pupil education spending between districts. Conversely, states where the current system was upheld or found not to be in violation should show greater variances in per pupil spending between districts as a norm of differentiation is held to be constitutional. The latter point would hold true if the court's decision was based on a lack of guarantee to education as a fundamental right, not if the court rejected the case because it found the current system to be substantially equitable.

Hypothesis One: A judicial decision to strike down a state education finance system has negative effect on variance in per pupil spending within a state. Increased decisions against school financing systems should result in a decrease in the variance in per pupil spending among districts in affected states.

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7In the state of Kansas, litigants brought their case to court based on equal protection guarantees, the education clause of the Kansas constitution, and uniform operation laws. The Federal district court judge issued a preliminary opinion based on what he interpreted to be the constitutional issues: he implied that the state finance system would be in violation of the state constitution. He read his opinion at a meeting with all the key policy makers—the governor, education committee chairs and other legislative leaders, the State Board of Education. The policymakers agreed to reform the system and he agreed to hold the case. Within a year the state had radically reformed the finance system, implementing a uniform mill levy and a state-financed base budget per pupil with a restrict cap on local option budgets. (Bundt 1994)
It can also be argued that the degree of variance in per pupil spending within a state is correlated to the stringency of the wording of the state educational clauses. Thus, state constitutions which mandate a minimum standard or guarantee equality would afford students in those states the legal basis for greater education spending equity. In light of the proliferation of litigation, the possibility of a victory in court should be greater for reformers in states with strict constitutional guarantees as state courts referenced other cases in states with similar guarantees. Even without a final decision, reformers also may have achieved the same result through their state legislature by the mere threat of litigation. It is likely that the legal counsel for the legislatures would advise the legislative leaders of the outcomes of cases in states with similar constitutional guarantees. States with no minimum standards mandates or equality guarantees would have less impetus to equalize education spending. In light of the other pressures to allow for local autonomy and to hold down property tax, these states would tend toward larger variances in per pupil spending between districts.

**Hypothesis Two:** Stringent constitutional mandates are inversely related to variance in per pupil spending within a state. Strict minimum standards clauses and equality guarantees in the education clause of the state constitution decrease variance in per pupil spending among districts.

Judicial action would seem to be the greatest factor in determining education finance outcomes, given the heavy involvement of the courts in education finance policy and the isolation of the courts from public opinion. But, it would be naive to overlook the state legislature, because state legislators have a great stake in education finance policy. This is a critical area of state policy, for which they must answer to constituents.

Even with court involvement, then, legislatures may be loathe to yield authority in this
policy arena, as the New Jersey case demonstrates. Robinson v. Cahill went through the courts seven times over three years, and even then the courts found reason to reject the legislature's remedy of the weaknesses in the state education financing system.\(^8\) Despite a court's ruling, legislatures may create public policy more in line with a norm of differentiation to respond to public ambivalence. Further, the realities of the policymaking environment limit legislator's choices. Where states are required to maintain a balanced budget, legislators must carefully control education spending and balance it with other fiscal priorities.

There are several ways that legislative influence over the variances in education spending within a state might be tested. Research has shown that certain institutional arrangements are related to specific types of public policy outcomes. For example, higher political competition within a state may yield a more direct reflection of citizens' policy preferences. For this study, three such hypotheses are applicable.

**Hypothesis Three:** The comparative state share of financial responsibility for public education has an inverse relationship to the amount of variance in per pupil spending between districts within a state.

The level of state funding to districts varies among the states and tends to be equalized by formula. There are several common types of finance formulas which have passed from state to state as states reference one another's policies. (Ward 1987) A common type of finance formula is

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ERI
a power equalization approach. This finance system attempts to level the ability to generate funds between low wealth districts and high wealth districts. Under a power equalization finance formula, low wealth districts have their ability to generate funding for education supplemented by state funds to bring them to the level of revenue-raising ability that high wealth districts enjoy.

As Rae, et. al. and others suggest, as responsibility for provision of a public good shifts upward from local to state and state to federal, the principles of differentiation are replaced with principles of equality. The premise behind decentralization is to increase flexibility and ability to differentiate, or provide services appropriate to a specific community. The premise behind centralization is uniformity in the provision of services and a greater capacity to achieve equality in the distribution of the good.

State aid to schools grew at a fast pace in the early 1980s. After the publication of *A Nation at Risk* in 1983, state aid to schools increased 30.3 percent versus a 19.8 percent increase in local revenue between 1983 and 1987. (Gold 1987) With greater direct state spending, this hypothesis is a timely test.

The link between political system characteristics and public policy outcomes is a long one (Lineberry and Sharkansky 1971). Studies have found that political system characteristics like partisan configurations can have an impact on public policy outcomes. Divided branches and divided legislatures seem to have two effects: a reduction in political will to make hard decisions and an increase in attentiveness to groups without political resources--the "have-nots." Key (1949) believed that the "have-less" suffered in one-party states as organized interests had better access and control of the legislators' attention and efforts. In two-party states, the representatives
were more attentive to the "have-less" parts of the state population. Godwin and Shepard (1976) advanced the argument that political processes could significantly explain public policy outcomes. They advocated testing to see what role political processes play in translating or modifying citizen preferences into public policy outputs.

Poterba (1994), testing state responses to fiscal shocks from 1988 to 1992, found that institutions matter in short-run economic policy in the states. His study tested state responses to midyear revenue or expenditure shocks, assessing the pattern of deficit adjustment. He disaggregated states according to the stringency of their anti-deficit laws and according to the partisan composition of the legislature and executive. He found that states with single party control were correlated with a quicker response to deficit shocks. He also found that there was an interaction effect between strong anti-deficit laws: states meeting both of these contingencies responded in the greatest amount, raising taxes and cutting spending to adjust for the change in revenue. Poterba suggests that legislators in states with divided political control have more at stake and can't risk the political vulnerability that may result from unpopular actions like raising taxes or cutting spending.

Using data from 1968 to 1986, Alt and Lowry (1994) analyze the response of different partisan configurations to revenue shocks. They found a significant difference in the patterns of response to changes in state fiscal conditions among the various arrangements of state government. In the case of a surplus of revenue or a deficit, unified governments responded by reducing revenues in the case of a surplus or increasing revenues in the case of a deficit. Split branch governments also adjusted revenues to the change in the fiscal situation, but to a lesser degree. However, divided legislature governments failed to adjust.
Applying the patterns of relationships shown in these studies to this particular policy area, the existence of divided branches or divided legislature should increase the variance of per pupil spending. Divided governments may not have the political capital to pursue principles of equality where the public tends to accept the status quo. Unified governments, on the other hand, may be able to ward off judicial intervention by preemptively equalizing education spending. Unified government should be linked to reduced variances among school districts.

**Hypothesis Four:** States with divided legislature or divided branch government will have lower variance in their per pupil spending between districts.

Like divided government, political competition has been shown to have some impact on public policy. The shape of the political institution may increase or decrease the possibilities of shifting from principles of differentiation to principles of equality in this policy sphere. While the political competition hypothesis is related to the divided government hypothesis, in this study political competition is hypothesized to have an independent effect. Divided government is not always synonymous with political competition. A heterogeneous state population may result in a balanced mix of Democratic and Republican representatives in the legislature, but may not have high competition in the districts from which these members are elected. The districts may be distributed such that there are homogenous enclaves of various groups scattered throughout the state, each electing members representing their interests. So, political competition may have an independent effect. Further, the effects of political competition and divided government are not the same on public policy outputs. Divided government has been shown to cause legislative stalemate or to reduce legislative risk-taking. Political competition increases a legislator's attentiveness to his or her constituency.
In education finance, legislative attentiveness may produce legislative stalemate as no legislator will vote for a policy which does not benefit his or her district. Education finance reform in the direction of equalizing expenditures offends some districts by limiting their spending authority, offends other districts because they are coupled with an increase in taxes, and pleases some districts which receive the benefits of redistribution. If public opinion about increased equality is ambivalent, higher political competition should be related to higher variances in per pupil spending in a state.

Holbrook and Van Dunk (1993) have recently developed a measure of electoral competition based on district-level state legislative elections from 1982 to 1986. The components of the measure are 1) the percentage of popular vote of the winning candidate, 2) the winning candidate's margin of victory, 3) the "safeness" of the seat, and 4) whether the seat was contested. The Holbrook and Van Dunk measure is preferable to the Ranney index of political competition for this study because the Ranney index is based on measures of divided government and is heavily correlated to other measures already included in the equation.

Holbrook and Van Dunk tested their measure in regression equations on several criterion-related policy variables to test for the policy-related consequence of political competition—that higher political competition is related to more liberal policy, or attentiveness to the "have-not's" as Key (1949) hypothesized.

Dye (1984), testing for policy relevance or the relation of changes in party control to changes in public policy, also finds that political competition increases policy relevance. Hypothesis Five: Party competition has a direct relationship to per pupil spending variances within a state. As party competition increases, willingness to alter the status quo decreases, and
thus an increase in variance in education finance.

There have also been studies of the party composition of state legislatures: what is the balance of Republicans to Democrats. These studies have shown that Republicans legislatures reduce the output for services while Democrats are linked to an increased demand for services. ⁹ This study does not test such a relationship: education finance battles are often drawn across regional lines within a state, more so than across party lines (Bundt 1994).

States with more stringent fiscal limitations should achieve less equity in periods of fiscal stress. Following Proposition 13, many states adopted some form of state fiscal limit. Given the fact that education is the largest state expenditure, it would be difficult for states with minimal budget flexibility to undertake radical reform of the education financing system. While this hypothesis seems plausible, other research has shown the minimal effects of fiscal limitations on state finances. Cox and Lowery's study (1990) of state fiscal caps saw no difference between cap and noncap states in size of government or reliance on long-term debt. Alt and Lowry (1994) found that deficit limits can make a difference—under unified party control of the state government.

**Methodology.** To test these five hypotheses, this study estimates a regression equation in the following form:

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\text{PPEXPEND} = DB + DL + PCSTATE + POLCOM + STDOWN + CONST + REVPCI
\]

where PPEXPEND is the measure of variance in per pupil spending within a state; DB and DL

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⁹ Alt and Lowry (1994) found differences between the parties: unified Democratic governments seeking a higher level of spending as a share of state income while unified Republican governments seeking to maintain a lower proportion of spending as a share of permanent personal income.
are the measures of divided government; PCSTATE is the percentage of education spending provided by the state; POLCOM is Holbrook and VanDunk's (1994) measure of political competition within a state; STDOWN is a dummy variable scoring 1 if the state supreme court has ever declared the school finance system unconstitutional; CONST is a dummy variable scoring 1 if the state constitution has strict standards and equality guarantees and REVPCI is a control variable reflecting the economic condition of the state. (See Appendix A)

The measure reflecting variance in per pupil expenditures, PPEXPEND, was constructed from data from the U.S. Bureau of the Census.\(^\text{10}\) Intermittently the Bureau of the Census collects information from all local education agencies, as opposed to its usual survey of schools with more than 15,000 pupils. The survey includes data on total instruction expenditures. Thus, to create the PPEXPEND measure, total instruction was divided by enrollment for all regular schools in each state. Rather than calculate the range in each state between high and low spending districts, as a raw measure of variance, this study used the standard deviation of the mean of per pupil expenditures in each state as the indicator of variance in per pupil expenditures.\(^\text{11}\)

In the equation, DB and DL test the hypothesis that divided government arrangements yield different policy outcomes than do unified governments. The coefficients of DB and DL

\(^\text{10}\)The same concept used in this study of a coefficient of variation in per pupil spending based on the Census data has also been used by Hertert, Busch, and Odden (1994) and by Riddle and White (1994).

\(^\text{11}\)This data has some strengths and limitations. The Census data does not distinguish pupil needs, and thus students receiving weighted or categorical aid, nor does it adjust for local cost differences for providing services. Further the Bureau of the Census has little control over errors made by states in collecting and reporting data. To minimize errors the total instruction costs were used as an indicator of district spending. The survey has other categories; but the other categories have been changed over time, total instruction has not. Thus, there is no need to attempt to develop comparable measures to compare time periods (the years 1982, 1990, 1992 will be used in future studies). In addition, total instruction has been shown to be a "clean" measure: operating expenses, support services and transportation are convoluted by varying reporting practices across the states.
should be positive, indicating a positive relationship between divided government and increased variances in per pupil spending.

The independent variable PCSTATE tests the hypothesis that the shift in responsibility for funding from the local to the state level corresponds with a decrease in variance in per pupil spending. The coefficient for PCSTATE should be negative.

The Holbrook and Van Dunk measure of political competition is included to assess the separate influence of competition not captured by DB and DL. According to the hypothesis, POLCOM should have an inverse relationship to PPEXPEND. With a unit increase of POLCOM, PPEXPEND should decrease some amount: thus, the coefficients for POLCOM should be negative.

The judicial influence variables STDOWN and CONST analyze the impact of judicial action or potential action on the actual per pupil spending differentials. If judicial rulings effectively reduce inequities, STDOWN should be negative, showing that a judicial decision of unconstitutionality causes per pupil expenditures to equalize to some degree, reducing the variance within a state. The same pattern should hold true with CONST, if education clauses have any influence on legislative decisionmaking by allowing for or threatening judicial action when litigation is brought over the system of financing schools.

Finally, a control variable was included to sort out what part of education finance variance is simply due to the economic condition of the state. If the control variable REVPCI is significant it is evidence that the economy plays an independent role, mediating what the legislature can or cannot do, or at least influencing policy choices.
**Findings.** The results of the regression equation lend support to some of the hypothesis and show no evidence of support for others.

### Per Pupil Spending Equalization

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficients</th>
<th>Tscore</th>
</tr>
</thead>
<tbody>
<tr>
<td>DB</td>
<td>95.71</td>
<td>1.614</td>
</tr>
<tr>
<td>DL</td>
<td>167.26</td>
<td>2.293*</td>
</tr>
<tr>
<td>PCSTATE</td>
<td>-12.86</td>
<td>-5.356*</td>
</tr>
<tr>
<td>POLCOM</td>
<td>-2.26</td>
<td>-.859</td>
</tr>
<tr>
<td>STDOWN</td>
<td>23.16</td>
<td>.314</td>
</tr>
<tr>
<td>CONST</td>
<td>65.05</td>
<td>1.132</td>
</tr>
<tr>
<td>REVPCI</td>
<td>8.75</td>
<td>5.457*</td>
</tr>
</tbody>
</table>

* statistically significant at the .05 confidence level

This equation finds little evidence to validate hypotheses one and two regarding the impact of judicial action on education finance equity. Neither CONST, the constitution wording, nor STDOWN, a judicial ruling striking down the finance system, are significant. Testing them alone against per pupil expenditures doesn't increase their power to explain the variance in per pupil spending either. Further, the direction of the coefficients (although they are not significant) are not in the direction of the hypothesis. These findings show the courts to have little impact on increased equality in per pupil spending.

While these variables did not seem to add to this equation, it is possible that they may be significant in tests of later years data. The "wave" literature, classifying the trends of school finance cases and the rulings by state supreme courts, finds that the third wave cases were decided on the basis of the state education clause (McUsic 1994, Thro 1994). Thus, hypothesis two may be better tested with data from 1990 or 1992.

Hypothesis three, testing the effect of trends in federalism, is confirmed. The relationship
between PCSTATE, the percentage of state responsibility, and per pupil expenditures is significant and strong. The coefficients for the percentage of state responsibility indicate that an increase in state responsibility for education funding results in a decrease in the variance in per pupil spending across districts. This may also support the hypothesized relationship between a shift in responsibility for provision of public goods to a higher level of government and greater equality in the distribution of the good.

The impact of divided government on equalization of per pupil spending is also verified. While divided branch is not significant at the .05 confidence level, the measure for divided legislature, DL, is significant. The coefficients for both variables are the highest of all variables. Thus, a tight partisan division in the legislature seems to be less effective at reducing per pupil spending inequities than a unified legislature. Legislative stalemates make shifts to principles of equality less likely. It may be too costly, where political capital is concerned. The equation does not test for party domination. The study can't speculate as to whether a Democratic legislature would achieve greater equalization than a Republican legislature. For the time being, only the effect of divided legislature on per pupil spending is found to be significant in explaining variance across the states.

Hypothesis five regarding political competition is not supported, according to these results. POLCOM, political competition, does not approach significance at the .05 confidence level. This is surprising in light of the literature citing the impact of political competition on public policy outcomes. Even when tested by itself against per pupil expenditures, political competition is not significant. It may be that legislators are already attentive to public opinion in this policy area, so increased political competition is not followed by a change in policy more
attuned to what the people wants.

Finally, REVPCI, revenue per $1000 of personal income, is significant. Apart from all the other influences, the state of the economy does dictate to some degree the level of equality achieved in education spending. However, the results run counter to the hypothesis. REVPCI is positive, indicating that an increase in revenue per 1000 of personal income causes the variance in per pupil spending to increase. States that are in better fiscal condition seem to have greater inequities than states with fiscal strain. It may be that the wealthy states are also more conservative in their political culture, and thus oppose equalization regardless of whether it is fiscally possible. It may be that the poorer states have less variance among the districts because the range is naturally narrow due to the imperatives of the economy. Or, it may be that wealthier states simply allow for more differentiation as the populous supports principles of differentiation.

Conclusions. Intuitively, political science research and theory would lead a researcher to predict that judicial action on the state school finance system would significantly effect the level of equalization in education finance in a state. The implications of the Serrano, Robinson, and San Antonio v. Rodriguez cases were powerful. The three waves of court cases testifies to the historical significance of these precedent-setting rulings on equity in public school funding. Hypothesis one and two were based on the assumption that 20 years of judicial intervention in this policy arena would importantly influence the distribution of education benefits. The language of the decisions which overturned states' education finance systems spoke clearly of equality among students and between districts, establishing the fact that no less than strict equality was acceptable.
according to that state’s constitution. However, this study did not find judicial action to be related to greater equality in per pupil spending among the states. The judiciary does not appear to be the tool for eliminating differentiation in the distribution of education benefits.

These results are not encouraging where the role of the judiciary is concerned. Where equity is concerned, the courts have had limited success in similar areas of policy, such as desegregation, where court orders have not met with broad compliance. These drawn out battles often turned against the tide of the civil rights movement. However, in cases of school desegregation or affirmative action, courts were deciding individual cases. In school finance, the court rulings affect an entire state’s finance system. It is surprising that this study does not show a relationship between overturning state school finance systems and greater equalization in per pupil spending. Data from later years (1990 and 1992) may find a stronger relationship as more states were found in violation of the clauses of their constitution where equity was concerned. If such a relationship is absent in subsequent tests, it may be an indication that equalization is primarily a factor of political will or political culture rather than judicial directions.

This study does find that some political institutions matter, particularly the arrangement of the legislature. Various legislative arrangements were correlated with different levels of equity. States with unified party control of the legislature had lower variances in per pupil spending. Reform of the education finance system is not for the light of heart; it requires political will and political capital. As was noted before from Hochschild, people's beliefs about the distribution of public goods tend to be ambivalent depending on whether the good pertains to the political or economic domain of life. Equalization often requires a substantial influx of new state revenues into school finance which usually means raising taxes or implementing new taxes. Thus, an
environment of divided government is not advantageous to efforts to reform as lawmakers would be less willing to take the political risks of raising taxes or shifting state revenue burdens when the other party sits close at hand, ready to reap the political benefits of voter displeasure at disturbing the current equilibrium of distributive goods. These findings, then tend to confirm Hochschild's theory that equity is more likely in the political domain than in the economic domain of life.

This study found evidence that the level of government from which the service is provided matters. As was discussed earlier, when a good is provided at the local level, principles of segmented equality are often applied to explain the justice in the distribution of the good (Rae 1981, Frederickson 1990). Students within the same district must be treated equally, but the level of spending for students in different districts is not compared. However, as responsibility for education finance shifts upward, expectations change correspondingly. This confirms Rae, et al (1981) in their argument that the potential for equality increases as the domain of equality increases. There is an expectation that public goods will be equally distributed within a unit of government. Thus, when the domain of finance is shifted at least in part from the school district to the state, each student in a state should receive the same education benefits as any other student receives in the same state, regardless of the district in which that student resides. This may be an encouraging finding for those pursuing reform. An increase in the percentage of state responsibility for education finance is related to decreased variances in spending. States are increasingly taking more responsibility for education spending. If this pattern continues, these findings would seem to indicate that variances in per pupil spending in the state will decrease through time.

There are factors that were not included in this study which may have been significant in
explaining the variances in per pupil spending among the states. Some scholars have discussed the importance of public opinion in explaining public policy outputs.\textsuperscript{12} Political culture may also play a part in determining what the citizens of a particular state judge to be an appropriate level of equalization or what role the state, versus the local school district, should play in supporting education finance.\textsuperscript{13} In future research, I intend to test the relationship of public opinion and political culture with the patterns of equalization in education finance among the states.

In conclusion, the study's results are both intuitive and counter-intuitive. The study finds that political arrangements matter. The partisan configuration and level of government impact the degree of equalization of education benefits. However, judicial remedies do not appear to alter the distribution of funding for education. The Hochschild description of ideological ambivalence regarding beliefs about equality helps explain these findings. The ambivalence of the public toward altering the pattern of distribution of education finance appears to be reflected in the

\textsuperscript{12}Wright, Erickson, and McIver (1987) show in their study of the impact of public opinion on state policy that socioeconomic factors add little in explaining policy outputs once public opinion or citizen preferences are taken into account. Similarly, Jackson's study (1992), testing the strength of public opinion and political system characteristics in explaining state policy outputs refutes Godwin and Shepard's model of the role of political process attributes as modifiers of public policy outputs. Jackson tests Luttberg's models (1981) of democratic representation linkage and finds that political factors have only moderate mediating influence. The political process factors that were significant were interest-group system strength, legislative professionalism, turnout, party organizational strength and political structure. Yet public opinion exercised a strong influence. As his models didn't account for the transference of citizen's preferences, Jackson suggests that socialization may be the best explanation as he finds that Elazar's categorization of an individualistic political culture was a significant mediating influence.

\textsuperscript{13}The role of political culture needs to be explored as studies have shown that it seems to have some mediating or defining effect on public policy outcomes (Erickson, Wright and McIver 1993). Political culture may determine underlying beliefs about acceptable levels of equality or differentiation. Political cultures may vary in degrees of ambivalence toward equalizing the social good of public education so that a traditionalistic political culture would lean toward principles of differentiation while a moralistic political culture would tend to employ principles of equality in beliefs about distributive justice. On the face of things, the patterns of school finance inequities, being greater in the south and lesser in the Midwest, seem to follow Elazar's categorization of state political cultures.
significant impact that divided government had on education finance spending in this study. Many state legislatures appear to buck the judicial system and respond to ambivalent public preference about equality by resisting policy change. Some states may have substantially equal spending already. Other states may have their school finance system overturned for great inequities, but an acceptable reform in these states still leaves a fair amount of differentiation among pupils--judicial remedies fall short of strict equality and reflect the underlying political values. In each of these situations, public opinion is translated into public policy outcomes.

This study has implications for how we think about equity in school finance policy. Cases like Serrano v. Priest, Robinson v. Cahill, and San Antonio v. Rodriguez sent ripples across the states. Such decisions gave the appearance of strong action on the part of the courts. On the face of things it seems that state legislatures have not reduced inequities because courts required them to bring about more just outcomes. Other factors such as the role of the legislature in resisting policy change serve to modify or perpetuate inequalities. The picture is more complex than it originally appeared and the amount of remedy coming from the courts for inequities may be less than would be anticipated. The effects of divided government seems to have a relationship with the variance in per pupil spending and such a factor cannot be controlled by potential reformers.
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