Inequality in Public School Funding: Making Policy Match Values

When Horace Mann first introduced the concept of the “common school” on which the United States public education system was modeled, he said, “Education...beyond all other devices of human origin is the equalizer of the conditions of men, the great balance wheel of the social machinery” (Mondale et. al., 29). This belief in education as an equalizing force, a source of opportunity that is accessible to all, persists in the United States today. In fact, it is so central to our vision of America as “the land of opportunity,” that it crosses party lines in an era of extreme political polarization. The Republican Party platform of 2004, on which George W. Bush ran for reelection, reads:

“Public education, access for every child to an excellent education, is a foundation of a free, civil society... Every child deserves a first-rate education, because every child holds infinite potential, and we should give them every opportunity to reach it.”

The Democratic platform on which president Barack Obama was reelected in 2012 echoes this sentiment:

“Democrats Believe that getting an education is the surest path to the middle class, giving all students the opportunity to fulfill their dreams and contribute to our economy and democracy...we are committed to ensuring that every child in America has access to a world-class public education...we must...ensure that in every neighborhood in the country, children can benefit from high-quality educational opportunities.”
Equal opportunity is the premise on which public education was founded, and it is the principle on which many believe it stands today. But in practice, the American public education system contains some of the most deeply rooted inequalities of any such system in the world (Hochschild, Reitz, Rouse, Condron). The quality of public schooling varies between nearly every neighborhood, school district, and state in the country. In Alaska in 1992 there was a disparity of $12,737 in per pupil spending between the best and worst funded schools (Payne and Biddle, 4). In Montana the difference was $9,171, in New York it was $7,571, and in Wyoming it was $7,400 (Payne and Biddle, 4). Inter-state disparities are also remarkably large (Payne and Biddle, 4). It has become common knowledge that “with rare exceptions, to find the best public schools we need to look to affluent suburbs, and to find the worst we have only to turn to our central cities” (Walters et. al., 28). One of the most visible causes of this phenomenon lies in the way that schools are financed—primarily by locally collected property taxes (Reitz, Hochschild). The practice of funding schools through local tax revenues creates severe inequality and discrimination in the education of children in the United States and demands reform.

Property tax revenues depend on the value and number of homes in a district (Reitz). Wealthier districts therefore have greater revenues, and more money to spend on schools. In other words, those who can afford to buy their way into a wealthy school district “can have their cake and eat it too. They get high property values, low tax rates, and good schools” (Shlaes). Conversely, poorer districts will
have less tax revenue with which to fund schools. The result of this system is a large disparity in the quality of education received by members of different social classes.

To fully understand the issue of funding inequity in public education, it is necessary to consider how our current system evolved. When the Constitution was ratified in 1788, it did not contain provisions governing the education of citizens. Education at the time, in the colonial tradition, was a family or community responsibility. It was not something the framers of the Constitution would have dreamed of asserting control over. In the colonial era “schooling was less important in the education process than it was in the later, industrial world” because colonial societies were “largely agricultural” (Mondale et. al., 12). One did not need the kind of skill set learned in a classroom to continue the agrarian tradition. As Carl F. Kaestle states in *School: The Story of American Public Education*, “The public school as we know it was born in the mid-nineteenth century” (11), long after the Constitution became the law of the land. This is one major reason why education is still considered a local, rather than federal, responsibility and is supported by local funds. The emergence of public schools in the 1800s, separate from the founding of the federal government, “established the practice of using local property taxes to support public schools... bequeathing to us a system that results in drastic variations in school expenditures across communities” (Mondale et al, 16).

Since the appearance of public schools in the nineteenth century, various forces have prevented the federal government from assuming responsibility for their funding and control. One such force was the 1973 Supreme Court ruling in the case of *San Antonio Independent School District v. Rodriguez*. In the Rodriguez case, a
group of parents complained that the system of local school funding in Texas violated the Equal Protection Clause of the 14th Amendment by failing to provide equal educational opportunity for all. The Supreme Court ruled against the plaintiff, asserting that, “education [is] not a fundamental right guaranteed by the U.S. constitution” (Walters et al, 30). This decision effectively “hobbled attempts to build a national movement to secure a fair distribution of resources in our nation’s public education system” (Connell). The ruling made it unconstitutional for the federal government to mandate that school funds be collected and distributed at the federal or state level.

Political rhetoric has also played a role in maintaining the current system of funding. “Local control of education will allow parents to resume the exercise of their responsibility for the basic education, discipline, and moral guidance of their children,” reads the 1984 Republic Party platform. The same party’s 2000 platform states:

“We recognize that under the American constitutional system, education is a state, local, and family responsibility, and not a federal obligation. Since over 90 percent of public school funding is state and local, not federal, it is obvious that state and local governments must assume most of the responsibility to improve the schools, and the role of the federal government should be progressively limited as we return control to parents, teachers, and local school boards.”

Politicians, particularly of the Republican Party, often discuss local school funding and control as if it were “commonsense” but rarely address its obvious negative impact—severe inequality of educational opportunity. This position directly contradicts the party’s statement that “Every child deserves a first-rate education”.
The platform of President Clinton and the Democratic Party in 1992 included only a cursory acknowledgement of the issue, stating “governments must end the inequalities that create educational ghettos among school districts and provide equal educational opportunity for all”. But it made no claim that the federal government should take responsibility for the initiative. Both the blatant reinforcement of the local funding by some political groups and the lack of dissent by others have contributed to the misconception that there is no need to change the way schools are funded.

There is a commonly held belief in the realm of education reform that funding disparities do not affect school quality. This idea was introduced by a study known as the “Coleman report,” which is considered “the first serious attempt to examine the effects of school characteristics on student achievement” (Payne and Biddle 5). The report found that family background had more influence on student achievement than school quality, and its findings were publicized and popularized by “conservative forces hostile to the public sector” (Payne and Biddle 5). Despite the popularity of his work, huge flaws in Coleman’s methods and analysis have been discovered that inflate the reported effect of family background on achievement and deflate the impact of school quality (Payne and Biddle 5). Opponents of education funding reform, whose opinions the study conveniently supported, have ignored these errors. Though follow-up research has garnered mixed results, the work of one researcher named Eric Hanushek has gained the most public attention (Greenwald et al, 362). Hanushek’s research on the topic, published over the course 15 years, “did not provide a strong or consistent relation between resources and
student achievement” (Greenwald et al, 362). His data synthesis methods also appear to be flawed and outdated, and reassessment of his data by others has shown that it actually supports a link between resources and achievement (Greenwald et al, 363). When the research supporting the belief that investing resources in schools does not improve student achievement is examined, it is concluded that there is no sound basis on which to make such a claim.

Despite what some opponents of funding reform may claim, funding disparities have a profound effect on the quality of education that different students receive based on where they can afford to live. Rob Greenwald and others from the University of Chicago performed a massive study on “education production function” or “the relation between school inputs and student outcomes” in which they analyzed “a broad and reproducible universe of production function studies” (362). They discovered “a substantially positive relation between education resource inputs and academic achievement” (380-381), noting that, “moderate increases in spending may be associated with significant increases in achievement” (362). Other research confirms these findings. In the conclusion of their study on the relationship between school resources and student achievement Okpala et al directly state, “The results of this study should provide empirical support for policy decisions regarding the equitable distribution and allocation of educational resources” (492). Payne and Biddle also support this relationship. They found that the “net effects of funding and child poverty,” which tend to be overlapping and related factors, “explained roughly 33% of the variance of achievement differences among districts” even after considerable controls were applied to their data (10).
Research validates what to many people is a common sense idea—that inadequate funding negatively affects the quality of education a school can provide, and vice versa. The limiting effect of funding is illustrated by inter-district disparities in curricular opportunities offered, and the quality and number of teachers employed, among other factors.

Poor funding places a limit on the type of classes that a school can offer its students. In order to offer a wide range classes, a school must be able to afford curricular materials and equipment, such as textbooks and lab equipment. It must also have a large staff of teachers with expertise in a variety of areas. The restricting effect of funding on curriculum is especially apparent when it comes to the availability of Advanced Placement (AP) classes in a school. Richard B. Hiller claims that AP classes “indicate a greater effort by schools to improve the skills of students hoping to attend post-secondary institutions.” In a study on the availability of AP’s in districts of varying socioeconomic status, Hiller discovered a notable disparity. After controlling for school size, he found that 36.6% of economically “poor” schools had AP students while 86.3% of “rich” schools did, and only 4.05% of 10th to 12th grade students in underprivileged schools enrolled in AP classes, while 22.56% of rich students did (Hiller). This gap in curricular offerings is evident in a number of states, and as Hiller says, “this evidence can be carried back to the amount of money available to that richer district.” Payne and Biddle underscore the significance of such disparities in curriculum, stating that their data “support the conclusion that level of curriculum is a major concomitant of achievement” (10).
Funding also has an impact on the number and quality of any school’s most important resource—its teachers. According to the Republican platform of 2004, “Research confirms what every parent knows to be true through commonsense and experience – a good teacher makes all the difference in a child’s education.” And they are right, according to a study which showed that “elementary students taught for three years in a row by highly ineffective teachers ended up in the 45th percentile or below on state math tests, whereas students with three particularly good teachers in a row scored over the 85th percentile” (Hochschild, 828-829). This finding appears in a number of other studies as well, including the Greenwald study, which notes that “resource variables that attempt to describe the quality of teachers (teacher ability, teacher education, and teacher experience) show very strong relations with student achievement” (384). Comfort O. Okpala and others at Fayetteville State University found that “the percentage of teachers with masters degrees was significant in explaining changes in mathematics achievement” (491), and cite three previous studies which attest to the causal relationship between a teacher’s level of experience and education and their effectiveness in the classroom (489).

In addition to teacher quality, inadequate funding restricts the number of teachers a school can hire, leading to unbalanced student-to-teacher ratios. Schools that cannot afford a large faculty end up with large class sizes, and “according to a survey of over 1,000 teachers by New York State United Teachers Organization…About 80% of teachers surveyed stated that smaller class sizes was extremely important in improving student achievement” (488). The Greenwald
study also found that “Smaller schools and smaller classes are also positively related to achievement” (384). Number of teachers, in addition to teacher quality, has an impact on school performance and is constrained by inadequate funds.

The Democratic platform of 2008 says, “We must ensure that every student has a high-quality teacher and an effective principal.” District-level funding systems, however, make this an impossible goal. The quality of teachers has been shown to directly reflect the resources of a school. Jennifer Hochschild of Harvard University reports that “students who live in poor districts... are much more likely to be taught by less effective teachers, no matter how effectiveness is defined” (829). She also found that schools with inadequate funding, who serve disadvantaged populations have twice as many new teachers as the “best-off” schools, “despite the fact that experienced teachers are more effective” (829). The number and quality of a school’s teachers is clearly an important factor in student outcomes. Unfortunately, it is also a factor that is heavily dependant on funding, meaning that poor school funding is likely to translate into lower levels of student success.

The quality of primary and secondary education has enormous implications for the lives of students in the United States. Educational attainment has the power to affect occupation and income, and is therefore “important in determining an adult’s socioeconomic status” (Rouse et. al., 100). Studies have found that high school graduates, on average, have larger annual salaries than dropouts, and college graduates earn more than double the annual salary of high school graduates (Rouse et. al., 100). The lack of redistribution of resources among schools in this country has created a cycle of social stratification: Socioeconomic status determines school
quality, quality determines level of school completion, and level of completion
determines socioeconomic status. The effect of localities controlling school funding
is that “rather than encouraging social mobility, U.S. public schools tend to reinforce
the transmission of low socioeconomic status from parents to children” (Rouse et.
al., 116). In other words, local school funding acts as an obstruction to the
“American dream” of social mobility based on effort and merit.

The most obvious way to reform education funding for greater equality is to
shift the responsibility of collecting and redistributing taxes to a higher level of
government—to make it a federal obligation. Many states have already moved in
this direction. Though the Rodriguez case made it essentially impossible for local
funding to be challenged at the federal level, citizens of several states have
challenged the system and its inequalities in state supreme courts. This mechanism
has successfully caused multiple states to take equalizing measures (Reitz, Walters,
Shlaes). But this one-by-one method is insufficient. While dealing with the problem
of inequality between districts it leaves the notable interstate disparities intact
(Payne and Biddle, 4). Some federal money is currently used in an effort to equalize
school resources, but it has not proved significant enough to make a difference.
Katherine E. Baird found that “in a majority of states, federal dollars account for 8%
or less of education dollars, and in only a few states does it account for more than
10%. Thus, no matter how well federal programs are targeted, their effect on
funding disparities is small” (Baird, 306). In order to deliver on our country’s
promise of truly equal educational opportunity, we need to make the distribution of
education funding a function of the federal government. This would ensure the
equal allocation of funding across all states and districts and eliminate the relationship between district property values and school quality.

Despite the obvious and devastating inequality that local funding causes in our school system, funding reform has been met with resistance. Part of the reason for this is the fact that most necessary means of achieving funding equality involve some redistribution of wealth. As Walter says, “the United States is hardly known for its commitment to redistributive social policies” (28). The idea of “socialism” is largely stigmatized and any redistributive policies tend to be written off as attempts to turn the U.S. into a socialist state. The negative reaction of many Americans to government attempts to redistribute wealth for greater equality are ironic given the fact that “recent shifts in the political climate and tax laws of our nation have generated a massive redistribution of income—away from poor and middle-class Americans, and into the hands of the Super-Rich” (Payne and Biddle, 7). The fact that “from 1977 to 1992, the richest 1 percent of Americans gained 91 percent in after-tax income, while the poorest fifth actually lost 17 percent of their income,” is illustrative of the fact that recent policy changes have redistributed wealth for greater inequality (Payne and Biddle, 7).

In addition to this stigma surrounding redistribution, pushback from those who benefit from the current system of funding plays a role maintaining it. Even in states that have adopted state-level methods of funding, implementation of these policies has been met with resistance from those who this inequality favors (Shlaes). Though they tend to agree with equality in principle, many parents in wealthy school districts change their minds about funding reform when they see that it
means sacrificing some of their children’s educational advantage for the sake of equal opportunity. As Pamela Barnhouse Walters of Indiana University notes, “a ‘good’ education is what economists call a positional good: its value rises in reverse proportion to its scarcity” (28-29). In states that have moved forward with funding reform Walters finds that, “people began to understand that students in resource-rich districts (especially wealthy suburbs) might have their relative advantage diminished” (29). When this resistance has arisen in the past, opponents of the change have presented several arguments in favor of unequal funding, while skirting around the fact that it is unfair to a large portion of the population.

The argument most frequently posed by opponents of funding reform is that taking away localities’ power to fund their schools will also take away their power to govern them. This has proven an effective appeal given the “near-sacred status of local control in American political culture” (Walters et. al., 32). It is a common belief that local control is the best and only way to guarantee “a humane delivery of educational services that is attuned to local concerns” (Reitz). However, there is no evidence that allowing states to redistribute school funds in a more just manner would cause them to assert so much control that the needs of a given community could not be met.

In addition, this concern was much more relevant when public schools were founded over a century ago than it is today. In the past it would have made sense to teach children specific skills and principles needed to live successfully in their local community because it was likely that they would spend their whole lives in that community. Today it is often the case that a child will not spend their entire life in
the same place that they received their primary and secondary schooling. Students will move all over the country, and even the world. The most vital skills for them to learn are therefore those that allow them to communicate with, understand, and compete with the national and global communities. Famous and influential education reformer E.D. Hirsch advocated for some level of standardization in school content. He writes, “No one would claim that possession of mainstream cultural knowledge is a sufficient condition for intellectual ability and financial prosperity, but it may often be a necessary condition for them” (12). The best way to guarantee that necessary baseline skills are acquired may not be to allow localities to maintain complete control of their schools. Rather it might be beneficial to impose at least a minimum set of national standards and provide every public school in the country with the resources needed to meet them—not a select, privileged few.

The local control argument also falls short when one examines the level of control that local school boards actually have in governing their school systems today. John C. Reitz of the University of Iowa has found that, “local control by school boards has proven largely illusory.” School board elections are noted for their low turnout (Reitz). It has also been found that the statewide standards, which almost all states already require their public schools to meet, have made many of the responsibilities of school boards irrelevant (Reitz). School boards today are more symbolic than they are influential, except perhaps in well-funded districts where they have some legitimate spending power.
An essential but overlooked truth of the local control argument is that it only actually applies to the same privileged few in who live in wealthy school districts. Reitz makes the point that “So long as the assessed valuation within a district’s boundaries is a major determinant of how much it can spend for its schools, only a district with a large tax base will be truly able to decide how much it really cares about education”. Local funding may promote local choice in school governance, but only for those districts that have sufficient funds to allow flexibility in decision making. For poor districts, even if they have the autonomy to make local decisions, their lack of funding probably makes many decisions for them. They cannot, after all, decided to implement any programs that they cannot afford. “Far from being necessary to promote local fiscal choice,” says Reitz, “the present financing system actually deprives less wealthy districts of that option” (Reitz).

In many cases, the real reasons that these reforms meet opposition has little to do with maintaining the power of local governing bodies. These claims are simply ways for those who benefit from the unequal system to oppose change without outright admitting their support for inequality (Walters et al.). Opponents of reform commonly resist it by “‘trumping’ equality claims by invoking other core political values [such as local control] as more important (without directly denying the importance of inequality)” (Walters et al, 29).

In addition to the local control argument, a common “trump” claim is that equalization of funds is actually “unfair” to those who were “formerly advantaged” (Walters et al, 29). This claim confuses the definition of fairness. A fair system is one that does not privilege one group over another. The current funding system allows
wealthy districts to enjoy privileges that poor districts are denied access to. The existence of such privileges is what creates inequality and removing it is a necessary measure to achieving equality. Though dismantling the privilege that exists in school funding may be unappealing to people who benefit from it, it is not unfair. Calling school finance reform “unfair” is simply a way for the advantaged group to “fight against it without embracing inequality” (Walters et al, 31).

Privileged communities tend to find equalization “unfair” because it forces them to either increase their taxes to maintain high levels of education spending, or lower school expenditures (Shlaes). Experiencing the kind of spending cuts that are common in less wealthy districts is often shocking to these communities. It leads to “incomprehension and even fury from parents” (Shlaes). One reason for this might be that parents in these districts do not see the funding they enjoy as a privilege that puts them at an advantage and other districts at a disadvantage. Peggy McIntosh writes:

To redesign social systems, we need first to acknowledge their colossal unseen dimensions. The silences and denials surrounding privilege are the key political tool here. They keep the thinking about equality and equity incomplete, protecting unearned advantage and conferred dominance by making these taboo subjects. (72)

The first step to overcoming resistance to funding reform is to recognize that the schools that wealthy districts have are not the norm. They are a privilege that put some at a relative advantage over others. This privilege negates the “equalizing” effect that public education was originally intended to serve. It is a key factor in a system that causes the direct transmission of socioeconomic status from parent to child.
Many opponents of funding reform also fail to realize that redistribution of education funds has greater positive impact on poor communities than it does negative impact on wealthy ones (Condron, 48). In a study on the relationship between egalitarianism and education performance Dennis J. Condron found that, “the impact of economic resources is weaker at higher levels of affluence than at lower levels” (Condron, 48). Condron says that at a certain point, increased funding stops translating into increased educational outcomes. Redistribution of funds may therefore lead to more productive spending given the enormous potential additional funding has to improve impoverished schools. In addition, cuts can be avoided or reduced in wealthy districts through the voluntary raising of property taxes. The goal of equalization is not to limit any school’s spending, but to make sure that the basic needs of all schools are met before some districts budget extra resources. It should mitigate privilege by making sure impoverished communities attain adequate funding rather than by just decreasing the funding of wealthier districts.

It is not hard to find evidence that federal or state funding and some level of common standards, as opposed to local funding and control, are the way to elevate the American education system’s quality as compared to the rest of the world. “Most other advanced, industrial democracies fund and control education at the national level,” says Walters, “and, as a result, [they] offer greater equality of educational opportunities and resources to their citizens” (33). Not only do other countries offer more equal opportunity in education, but they also outperform the U.S. on standardized tests (National Commission on Excellence in Education, Condron). Condron writes, “more egalitarian countries not only produce lower percentages of
low-skilled students than less egalitarian countries do, but also are able to produce larger percentages of highly skilled students” (50). His research actually revealed a correlation between egalitarianism and educational excellence. Payne and Biddle also provide evidence of the fact that disparities in the funding and quality of schools are the reason the U.S. education system is consistently ranked below those of other nations. They state the following finding in their study:

If American math achievement scores had been generated only by well-funded schools in districts with low levels of poverty, the United States would have earned an aggregate achievement score slightly better than the second-ranked nation in the study, the Netherlands. In contrast, had our country been represented only by miserably-funded schools in high-poverty districts, our aggregate achievement score would have been below those of all other industrialized nations studied and nearly on a par with those of Nigeria and Swaziland! (11)

This enormous performance gap between well-funded and impoverished schools leads to a remarkably low average academic performance in the nation as a whole. As Payne and Biddle write, it is “absurd to think that we can compete with other industrialized nations where equal funding is already the law of the land” (12). Until we adopt a more egalitarian approach to school funding, educational performance in the U.S. will continue to be “uniquely handicapped because of the singular tolerance for large numbers of poorly funded schools” (Payne and Biddle, 12).

A shift to the extreme redistribution of tax revenue is an admittedly optimistic goal given the current political climate in the United States. But if any faith remains in Horace Mann’s dream of education as “the equalizer of the conditions of men,” or in the promise of equality and social mobility for all, then
surely some compromise can be reached. Certainly it is possible to determine a minimum level of adequate education that can be guaranteed for all Americans—one that falls somewhat closer to the high standards set by other advanced nations. Certainly America’s wealthiest communities can agree to a system of funding that redistributes some of their resources for the sake of equality and national improvement.

The experiences of states that have already begun equalization can educate future movement toward equality in school funding. In order to increase public receptiveness to these changes, there should be more explanation surrounding their causes and effects. A serious effort should be made to help communities that benefit from local funding to realize that their advantages are actually unfair privileges resulting from systemic inequality. It is also important that equalization not be an abrupt change, but a gradual one. A series of steps leading toward true educational equality may be the only way to guarantee the success of reform in an environment of strong resistance. Though perfect equality may be a distant goal, there is no reason why we should not be moving toward it. In fact, progress is imperative for the betterment of this country. As long as we continue to passively accept the existence of inadequately funded schools there is no hope of raising American academic achievement relative to other countries. We owe change to the students who are handicapped by this damaging system, and until greater effort is made to bring equality to America’s public schools the country’s core values can be seen as nothing but empty hypocrisy.
Works Cited


