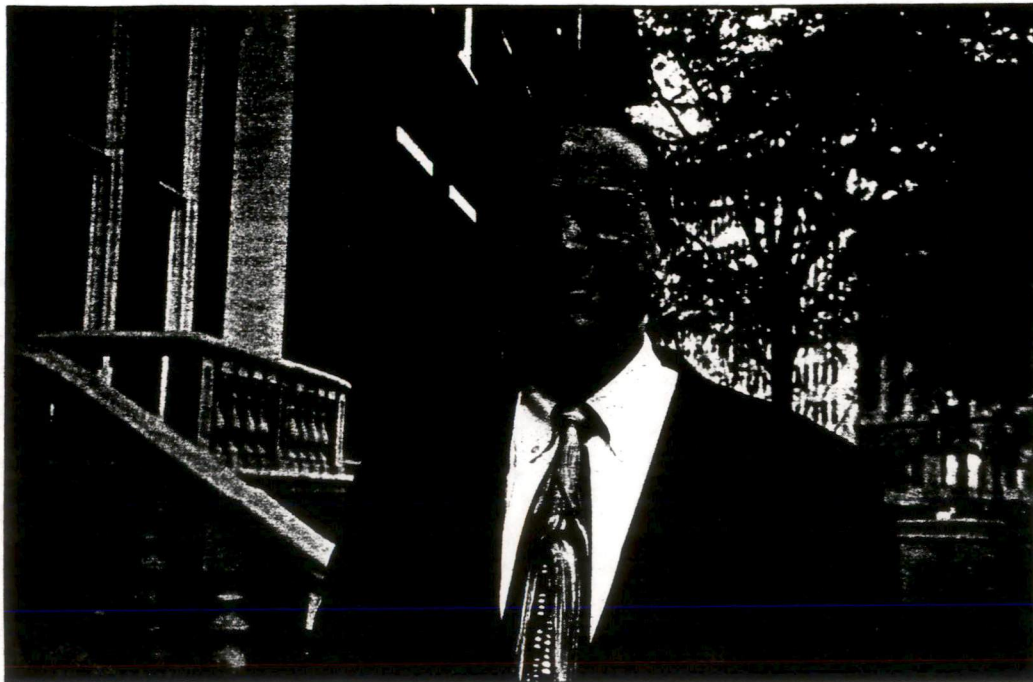


DOLLARS AND SENSE



Lorrie Harp

Bruce Cooper developed a new method of analyzing school finances when he found existing data lacking. "Even though we know school is important," he says, "society hasn't had a way of tracking the money to the classroom."

ratio, new teaching and grouping strategies, longer school days, and increased professional development combined to produce a quality education. If analyses showed the cost of such a program in a given state was \$5,500 per student, lawmakers would have an awkward time showing why they were budgeting \$4,000 per pupil, while allowing local spending to range from \$2,500 to \$8,000.

Identifying and defining desired outputs better, Mr. Wood says, could force drastic changes in the way policymakers decide funding and other inputs.

"For state legislatures, most of the variables right now are input variables, things like what amount has been spent on students over a number of years," Mr. Wood explains. "Generally, we don't have any clear outcome measures. Once those are developed, then you really have a nightmare for legislatures because the question becomes are you going to spend it where you need to spend it."

"I see the courts saying equality of opportunity is still a question of inputs, but that could change with more reliable production-function studies," Mr. Alexander of Virginia Tech says. "Right now, the state of the art is that you cannot rely on them for public policy."

"The facts show that, in more cases than not, the calculation of the formula and level of appropriation is not the result of deliberations about what a child needs, but the result of politics, plain and simple," Ms. Hershkoff of the A.C.L.U. argues. "Legislatures are picking amounts out of a hat, which is the epitome of arbitrary and capricious action."

Political Obstacles Remain Despite New Ideas

In addition to being pushed from the local level through productivity studies

and new cost-accounting programs, states may also be forced to alter their finance structures by the federal government, which is beginning to show interest in influencing the finance arena.

Early discussions about reauthorization of the Elementary and Secondary Education Act have brought suggestions from education advocates and lawmakers that equalization and finance reforms be encouraged by changes in the rules of the Chapter 1 and Chapter 2 programs.

In some cases, "federal aid may tip the balance, inducing states that would not have done so otherwise to adopt major school-finance reforms," says Iris C. Rotberg, a senior social scientist for the RAND Institute on Education and Training.

Ms. Rotberg suggests setting aside several billion dollars under the Chapter 2 block-grant program for equalization-incentive grants, which would be awarded to states that showed progress in closing local disparities.

Current school-finance inequities have undermined efforts to raise the achievement of poor students with Chapter 1 compensatory-education grants, she argues.

Congressional leaders, however, are waiting for a sign from President Clinton. Although Mr. Clinton said during his campaign that he favored federal attempts to push state school-finance reforms, no specific plans have been mentioned.

Even so, interest at the federal level appears to be gaining momentum.

Sens. Paul Simon, D-Ill., and Christopher J. Dodd, D-Conn., have mentioned a federal tax to offset some local property taxes as a funding source for education.

Others have suggested that if the feder-

al government opts at some point for a new value-added tax, a portion of the receipts could be set aside in a fund for local education improvements in poor areas.

National Involvement Looming

Mr. Odden also predicts that increasing federal and state interest in open enrollment could push finance changes to make funding uniform among districts.

He suggests that states establish a foundation funding level sufficient to enable students to achieve the national education goals. On top of that base level, parents from individual schools could opt for an income-tax surcharge to fund enhancement. The aid would be sent largely to the school level and could be supplemented with federal funds.

The focus on national goals, standards, and assessments make it almost inevitable that the federal government will take a stronger role in the issue.

"As we become increasingly interdependent as a nation, the problem will become apparent to national leaders and others," predicts Mr. Kozol. "It will become increasingly bizarre to say kids in Mississippi get \$2,500 and kids in Connecticut get \$8,000 and all of them have to take the same test."

"Even if Mississippi created the most egalitarian system, they are still going to have third-world schools compared to Connecticut," he says.

Mr. Kozol argues that state lawmakers should seize leadership of the finance issue, before they are forced by local or federal pressure, and begin making substantive changes. But it is a job that will take a large dose of political courage.

"I don't see anyone stepping forward to say we've got a system that doesn't work," says Mr. Leininger, the Illinois schools chief. "It's not the get-me-

through-the-night problems that I worry about. It's the long range, the vision—saying here's where we need to be in three or five years."

In addition to balancing the demands of competing interest groups, state reform efforts must contend with the long-established tradition that dictates school funds be raised and spent locally.

"This is a big part of state budgets and every single one of these legislators represents a school district," explains Mr. Augenblick, the Denver consultant. "Some can be statesmen, but everyone of them is affected somehow by these decisions."

"Ultimately," argues Mr. Kozol, "this is not an issue for school-finance experts, it is an issue for civic heroes and heroines—people who can rise to the occasion. We need a good shot of transcendence in our legislatures."

'Pulling the System Around'

Analysts express the hope that viewing school finance as a system that equitably invests in schools geared toward efficiency and performance could help realize a multitude of reform plans of the past decade.

"You see very little in the journals about accounting and costs and governance, but those may be the big issues in pulling the system around," claims Ms. Berryman. "Little things come out from the Education Department and other places about what works, but the bigger issue is if you have a pot of money, where do you invest it."

"These are decisionmaking issues that are not being addressed by anybody," she says.

Finance reforms are seen as holding the key to rationalizing education reforms, by tying funding to policy and achievement goals and lending purpose to the massive amounts of tax dollars spent each year.

"Much of the country thinks about education as our school or our project, and lots of teachers turn their noses up at the mention of what they think are cold notions of how the dollars are spent and the questions of are we getting results," Ms. Berryman says. "I wouldn't expect parents and teachers to see it all, but I would expect school boards and legislatures to. They need to think in system terms and ask where we invest our money."

Senator Parker agrees that it is time for state leaders to settle equity concerns and move on to performance issues and finance plans that focus all of the school players on the sailboat race he envisions.

As lawmakers strive to make sense of school finance, he says, education leaders and policymakers must also determine what strategies work and how to design local schools that better educate students.

"We need to unify people in seeking quality, that is the missing ingredient," Mr. Parker says. "We still don't have a definition of what quality is. We're off on a quest without knowing what we're looking for."

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