



## **Historical Policy Influences on Balancing Educational Equity, Adequacy, and Local Control**

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### **Abstract**

In the United States, presidential election cycles tend to bring with them a spate of proposals for how the federal government can address adequacy and equity issues in K-16 education. The overall cost, complex web of independent funding mechanisms in play, and the lack of appetite for giving up more local (or state) control tends to temper those proposals in practice. However, as these debates continue, it is worth reflecting back on the history of the more influential ideas of how to provide a more adequate and equitable education to children. These key cases and scholarly theories provided the foundation for the current debate around how to balance equity and adequacy for students and taxpayers. This article tracks the evolution of these concepts and how they inform current tensions between equity, adequacy, and local control in educational policy proposals.

**Keywords:** School finance, equity, adequacy, local control, K-12

### **A Historical Perspective on Distributing Educational Resources**

The Twentieth Century brought with it sweeping educational reforms aimed at meeting the needs of a growing immigrant population and standardizing the delivery of educational services. With these reforms came a renewed interest in developing a more dependable system of financing schools and attempts to improve the collection and administration of the property tax. The property tax experienced dramatic development from the Civil War to World War I and during this time became the only significant source of local revenue.

The political battle over the use of the property tax to fund education spilled over into courtrooms across the country. The *Kalamazoo* decision (1874) in Michigan was the first of a series of state court judgments that upheld the right of local school boards to levy taxes for the support of public high schools. This case and those that followed in other states led to legislation that not only provided for, but eventually required, the establishment of public high schools (Reese, 1995). With elementary and secondary schooling now a function of local and state governments, educational financing became a product of combining local property tax revenue with various forms of state aid. Private funds became less significant in the funding of public schools, and the provision of educational opportunities to those who would otherwise not be able to afford them became a driving motivation behind the expansion of the common school.

### *Early Equity Models*

As the business of providing education increasingly became the responsibility of the state, equity concerns rose to the public consciousness. It was clear that despite the decreased dependence on private funds, not all districts enjoyed the same capacity to provide adequate educational opportunities. By the start of World War I over a quarter of state legislatures had enacted some form of equalization program to complement deficient local funding. As crude equalization initiatives grew in number, they also became more refined and in 1923 a simple model for school finance was proposed by George D. Strayer and Robert Murray Haig that would greatly influence the development of these policies. The Strayer-Haig model (Lindholm, 1974) provided that educational resources should be distributed in the following manner: "compute the costs of a satisfactory minimum educational offering in each district of the state. Compute the yield in the district of a uniform state mandated local tax levy on the equalized valuation of property. Provide the difference between the costs of the minimum program and the yield of the required minimum program and the yield of the required minimum tax levy from state funds."

The movement to provide state funds in an equalizing fashion served as the backdrop for the difficult financial times ahead. Just as the depression had touched nearly all aspects of life in the United States, by 1933 its effects had ravaged school systems all across the country. The Chicago City School Board defaulted on twenty million dollars in salaries, and in Alabama eighty-five percent of the schools shut down altogether (Smith, 1982). The resulting fiscal strain brought adequacy concerns to the forefront as school systems struggled to meet even the most basic educational needs of their communities. School officials turned to the federal government for aid and had reason to be optimistic in light of the variety of programs supported by the New Deal legislation.

By November of 1933 federal money was invested in vocational education, school building projects, and remedial education programs. These programs provided relatively little in the form of relief, but opened the door for more substantial federal involvement in the future. As a result, the role of the federal government in financing of public schools was oriented towards bringing "core" educational opportunities up to higher adequacy levels for disadvantaged groups of students or reaching federally identified adequacy goals (Smith, 1982).

During this era, from 1930 to the mid-50's, local communities became steadily more dependent on state support. In 1930 the average state share of educational expenditures in the United States equaled under seventeen percent, but by 1951 this number had increased to forty percent (The

Tax Foundation, 1954). The reason for this is two-fold. At the local level, officials in most states were restricted to the property tax as a source of revenue for not only education, but other public services as well. Moreover, low property assessment practices during this time not only contributed to a smaller tax base, but also affected school districts' ability to borrow for capital outlays.

### *Cold War School Funding*

So as local school officials dealt with these issues, state governments embarked on a series of initiatives aimed at increasing educational opportunities and providing more equitable distributions of resources. The most popular vehicle for dispensing state aid was the flat grant. In 1950 every state used some sort of flat grant aid and in five states it was the vehicle for allocating all state funds (The Tax Foundation, 1954). The flat grant provided funds to school districts based on pupil enrollment. As a result, districts of varying fiscal capacity received equal per pupil resources from the state. In response to the disproportionate spending needs of the poorest and wealthiest districts to provide similar educational opportunities the majority of states developed equalizing formulas during this era and provided grant money based on some measure of local fiscal ability. Equity grants were commonly combined with minimum foundation programs, establishing a basic minimum effort.

In 1958 the Sputnik revolution sparked federal interest in educational funding as the National Defense Education Act provided categorical aid for the improvement of instruction in mathematics, science, and foreign languages. Despite the success in passing this legislation, the backlash that followed was enough to bring each of President Kennedy's ambitious education bills to defeat throughout his presidency. Kennedy struggled with conservatives who feared the federalism of education in the United States. However, after the assassination of President Kennedy, Lyndon Johnson, a former school teacher and principal, took advantage of a political climate that was sympathetic to the fallen president's policies and moved Kennedy's education agenda forward (Vinovskis, 2008).

Congress passed a key part of Johnson's Great Society agenda, the Elementary and Secondary School Act of 1965, which provided more than one billion dollars in aid for public schools (Gutek, 1986) On the heels of this legislative success President Johnson also pushed through Congress the Economic Opportunity Act of 1965 which created a series of programs operating under the umbrella term Operation Head Start (Vinovskis, 2008). From 1957 to 1967 the federal role in funding education increased from four percent of total expenditures to just under nine percent (United States Department of Education, 1993).

### *The Modern Model*

By the 1970's the basic finance structure of federal, state, and local support that would dominate school-funding structures through the Twentieth Century was in place. Federal resources played a limited role in the equalization of opportunity and were geared primarily towards achieving a variety of compensatory education standards. There are several political obstacles to the federal government playing an increased role in ensuring educational equity. However, the limited resources allocated for educational expenditures were more likely to reach poorer districts because children in those districts were more likely to qualify for the types of compensatory programs funded by federal dollars.

### **Educational Adequacy Theories of Guthrie and Clune**

During the 1980s James Guthrie and William Clune were influential voices in the movement to distinguish adequacy from equity both legal and as a policy issue (Houck & DeBray, 2015). James Guthrie proposed that funding an adequate action involves a balance between public interests and private preferences (Guthrie, 1983, p. 471). According to Guthrie the political process should serve to make decisions and financially support those educational activities which benefit the common welfare. Offered as examples are reading, writing, arithmetic, and some level of political understanding. Guthrie writes, "social cohesion, economic productivity, civic virtue, and national defense are among the many public policy goals that we have established for our schools." Although the educational goods that serve the common welfare serve the individual as well, Guthrie makes the distinction between national needs and desires of local citizens. To the extent these goals overlap it is unclear whether Guthrie supported decision making through the political process or by the marketplace.

In essence, Guthrie proposed defining a core set of educational goods along what can be referred to as horizontal adequacy (Pijanowski, 2015). Guthrie defines this core as those educational goods that provide, "the knowledge and skills that are necessary for effective participation in a democratic society" (Guthrie, 1983, p. 475). The mechanism for determining what counts as core is left to the political process, but it is clear that the primary social good driving the core is political participation.

The measure of adequacy used by Guthrie is student performance in core areas and to the extent an educational good is important to the public welfare, "then the government should make certain that all students who are reasonably capable of learning this material have done so" (Guthrie, 1983, p. 475). To ensure equal opportunity within the core, Guthrie proposed that the "core curriculum should be available to every eligible student in the state." Moreover, "the state should provide full financial support for this undertaking; none of the expenses should be met through local taxation. The amount of funding available to a local school should be a function of the needs of its students and of the cost differentials, if any, within the state. Additional state revenues should go to those schools that serve disadvantaged students or youngsters with other learning disabilities" (Guthrie, 1983, p. 476).

Guthrie goes on to make a distinction between establishing adequacy standards for the common good versus defining what is adequate for individuals. This distinction is motivated by an effort to distinguish outcome goals that Guthrie feels should be determined centrally vs. locally. Three mechanisms were posited that provided individuals choice for those educational activities that primarily serve private benefit. The first involves school choice and allows for families to select their public school. A second mechanism is a user fee system based on "educational coupons" for non-core offerings. Coupons would be available on a sliding scale cost plan and, "purchasers could use the coupons to secure educational services for themselves or for their children at any public or private school approved by the state. Among the many subjects that individual households might choose as supplements to the state-mandated core are foreign languages, music, art, dance, remedial reading, auto mechanics, or medieval architecture. Coupons should encourage diverse offerings by private entrepreneurs" (Guthrie, 1983, p. 476)

The final mechanism for private interest is a voucher system that allows for as much as six additional years of schooling beyond the compulsory schooling period at state expense. This voucher is intended for use at any time during one's life and may extend to higher education.

The Guthrie proposal offered elements of both horizontal adequacy (differentiating the core from educational extras) and vertical adequacy (establishing thresholds tied to social goods). Moreover, the heightened equal opportunity standard associated with the core is consistent with a sliding scale adequacy analysis that increases equal opportunity standards as educational goods move along the horizontal adequacy axis towards the core (Pijanowski, 2016).

William H. Clune (1997, p. 342-354) offers a theory for educational adequacy through an interconnected eleven-part "remedy:"

1. Target outcomes of an adequacy standard are defined by high school graduation and student assessment through minimum competency tests.
2. Empirical data of the extent and distribution of the exclusion from educational opportunity must serve as the foundation of reform in the financing and restructuring of high-poverty schools.
3. Every adequacy remedy should be introduced in experimental phases, starting with the lower grades to determine whether raising the achievement of disadvantaged children up to high minimum standards is possible within the reasonable range of resources.
4. The effects of mobility should be studied and appropriate administrative remedies (e.g., altering enrollment zones and providing transportation) should be implemented.
5. Schools should join an accelerated school network in an effort to share educational and change processes needed to produce desired outcomes.
6. A reasonable estimate of base funding should be established, extra instructional costs of \$500 to \$2000 per pupil should be assumed, and reasonable estimate of extra input costs should be made. Also important is an effort to offset extra costs by identifying and reallocating any waste or slack budget in the district or school, and to capture all existing revenues that are available for financing improved instruction.
7. High poverty schools should receive a high foundation grant, a special categorical grant, and supplements for extra costs, all guaranteed by the state under some reasonable system of sharing state and local taxes to support high minimum outcomes for all children.
8. Schools must be induced to join accelerated schools networks and discover the obstacles in the course of implementation.
9. Site-based management is recommended with accountability to the chosen model of accelerated education plus evidence of progress toward success on any reasonable measure of key outcomes such as student achievement and attainment.
10. High-poverty choice schools should be included in the adequacy remedy. The substantial deregulation and site-based management characteristic of voucher schools may be an advantage to success.
11. A focused policy initiative must be established at the state or district level.

The Clune proposal raises important questions regarding the technical operation of an adequacy approach, particularly in point two and three which identifies the need for a better understanding of the level of exclusion in high poverty schools and the financial viability of raising the

achievement of the least advantaged to meet high adequacy standards. The answers to these questions will affect balance between adequacy and efficiency and inform where additional resources are allocated.

Clune also discusses how equity standards may be affected by a judicial move towards outcome driven adequacy standards. Clune (1994, p. 380) offered a three part remedy which he refers to as *equity plus*:

1. A high foundation program, that is, an equal spending base rather than a guaranteed tax base, together with diminished emphasis on equality with the wealthiest districts;
2. Compensatory aid and services; and
3. Performance oriented educational policy (such as more ambitious curriculum, accountability for results, and a more efficient organizational structure).

Clune sees the move to high foundation programs and compensatory aid as a shift to focusing resources on meeting educational standards rather than fair access to tax resources. Clune discussed the next step in the evolution of a combined equity and adequacy approach as *true adequacy*. *True adequacy* moves away from traditional fiscal remedies by representing "a more complete integration of school finance, policy, and organization, reflected in tight coupling between" the needs of students, the structure of the school finance formula, accountability, instructional process, governance structure, and delivery standards (Clune, 1994, p. 381).

Although Clune's theory does not specifically refer to a tiered system of adequacy standards it can be inferred in the true adequacy design of accountability and school finance. Each community is allowed to select "any reasonable measure of key outcomes" and accountability is linked to that selection. If high school graduation with minimum achievement scores is the benchmark, a principled method of determining those thresholds is still necessary. Horizontal and vertical adequacy standards tied to social goods such as democratic participation are viable to drive local outcome standards. The school finance structure calls for full funding of programs for high minimum outcomes. This is a likely outcome of a sliding scale system that promotes strict equal opportunity standards for core educational goods.

### **Funding Adequacy**

Attacks on systems that rely heavily on local property taxes have typically centered on equity arguments, but there are implications for adequacy as well. School finance litigation has historically highlighted the inability of many districts to provide adequate levels of education to students (*Abbott v. Burke*, 1990; *Campaign for Fiscal Equity v. State of New York*, 2001; Roellke, Green & Zielewski, 2004; *Rose v. Council for Better Education*, 1989). Traditional adequacy arguments view the local contribution to school funding as primarily providing "extras" after a threshold level has been reached. According to this scenario the role of the state is to provide a minimum level of educational resources for every district in the state. Once the threshold level has been met, the state's responsibility ends and local agencies are free to provide additional educational opportunities. Unless reforms are driven by some notion of high adequacy with heightened equal opportunity standards this approach could potentially lead to severe disparities in access to educational goods.

One version of high adequacy requires that the threshold is set at the level connected to reasonable access or participation in society. A high adequacy argument assures that local spending above the threshold buys only "extras" and all districts are provided with the resources to provide educational opportunities below what is considered extra. While conceptually high adequacy is appealing for providing rigid adequacy standards without compromising key components of equity, technically there are several difficulties with this approach.

Perhaps the greatest obstacle to high adequacy is the cost most likely associated with raising the threshold to a high level of participation. Depending on the threshold set, it may be that the overwhelming majority of schools currently spend well below this point (e.g., all children succeed in college), and the cost of raising minimum standards in such a fashion would require an injection of new reform dollars that history would show to be politically difficult to secure. Moreover, it is reasonable to expect that even those districts already spending at high levels might prefer to opt for increased property tax relief over increasing the resources already earmarked for creating higher levels of educational opportunity. It is also likely that lower wealth districts facing increased fiscal strain and demands to provide a variety of social services that compete with education for scarce dollars would also opt to distribute funds more conservatively with regard to education.

Low adequacy is more attractive to high wealth districts that value local control and the ability to focus more local resources within their communities. The most common mechanism for guaranteeing some level of low adequacy is the foundation program. The foundation program has its roots in the Strayer-Haig model (Monk, 1990) and at its most simplistic compels local districts to levy property tax at a state identified minimum rate while guaranteeing a minimum level of revenue per pupil. When local resources are insufficient to reach the minimum revenue threshold state funds are allocated to compensate for the difference. While foundation programs have the potential to be successful in ensuring adequacy levels its use as a tool for equalizing educational opportunity is questionable. Pupil weighting is an example of a school financing mechanism that may be used in concert with a flat grant or foundation program to enhance equity. The goal of including pupil weights in a school finance formula is to provide resources that reflect the particular needs of different categories of students (Monk, 1990)

Establishing a foundation program based on adequacy reforms would require the state to establish threshold levels, goals, and program cost. In many cases thresholds and goals are already part of educational policy by setting graduation standards or exit exams for graduating seniors in core subject areas. However, determining the cost of these and other adequacy goals and determining a distribution system that allocates funds accordingly is a more difficult task. A variety of factors play a role in affecting the productivity of schools and influence the ability of students to benefit from educational resources. One important factor regarding the adequacy reform discussed here is that threshold levels are not set by measuring inputs or levels of educational resources. The primary focus is on the level of educational opportunity provided students and their attainment of educational goods. For this reason it seems counterintuitive to assume that a lack of productivity is merely a result of the need for more state resources. Conceptually this has legal as well as technical implications. An argument against the state claiming an inadequate education may revolve around the lack of resources provided by the state. However, if the state can show a lack of efficiency within the school district as a

contributing factor there may be reason to believe that fault rests at the local level. This argument becomes circular when one acknowledges that school districts act as agents of the state in distributing funds, but technically it raises the important issue determining what the goals are in adequacy. In a case where adequacy refers to levels of opportunity it may be legally irrelevant whether the issue is one of low funds or poor use of available funds. The remedy is an issue for the legislature and local agencies to reach, while the protection of adequacy and equity standards are the key conceptual and legal issues. Although courts have varied dramatically in how prescriptive their remedies have been to guide legislatures in their education reform efforts (Weishart, 2017).

However, it is reasonable that the state should provide schools with some level of resources that reasonably corresponds with the threshold levels established. There are several approaches for developing these resource standards. One approach is to examine schools that are already achieving at or above adequacy levels. The educational programs at these schools could be costed out taking into consideration the varying cost of purchasing educational goods. The results of such a study would be a guide to the costs of providing the threshold level of educational goods in a state and that average could serve as a guide for distributing resources within the state and setting a foundation level of support

The "successful schools" average cost approach has the benefit of relying on data that is easily accessible and drawing on a variety of districts that may employ several different delivery systems. This allows for greater variation in local decision making but may also represent a wide range in the cost of providing similar levels of educational opportunity. However resource levels are determined, it is important for states to consider several local factors that affect spending needs. Factors such as cost of living, size, and incidence of poverty may all play a role in determining the resources needed to reach a productivity threshold.

It may also be important to avoid undifferentiated measures of educational resources when determining the cost of reaching adequacy outcomes. Research has long suggested that *general* measures such as expenditures per pupil hold little if any correlation with educational outcomes (Monk, 1990; Hanushek, 1997), but deeper explorations into how those resources are spent are necessary to uncover the ways educational expenditures *can* improve student outcomes (Jackson, Johnson, & Persico, 2015). As a result, it may be more informative to base cost decisions on research that addresses allocation decisions more deeply imbedded in the education delivery system. Teacher training, facilities, materials, and support staff are examples of measures that may be used to understand resource flows at disaggregated levels and their effect on productivity.

### **Implications for Policy**

The call for adequacy based reform may include an increased emphasis on centralized goal formation. The threshold setting element of adequacy arguments is easily linked with the process of determining performance measures in standards based systemic reform. In fact, one of the primary purposes of standards based reform is to define the specific goals of an entire educational system. This is intended to identify the necessary elements of an effective education so that resources may be more efficiently allocated, and to promote some level of unity through common educational experiences. The success of these objectives relies on some measure of

adequacy that ensures the level of education provided is effective and sufficient to provide the intended educational effect. Moreover, centralized goal formation lends itself to establishing similar adequacy standards across schooling systems. This is ultimately attractive to policy makers in that it offers a more reliable basis for comparison across schools, districts, and states.

However, there are legal, political, and delivery roadblocks to implementing adequacy reforms that compromise local control over the financing of schools and development of curriculum. Given the judicial protection of the right to local control in the past it seems unlikely that a governance structure in support of adequacy based reform could survive legally and politically without a balancing provision for local decision making. The nature and extent of local decision making needed to clear the political roadblocks remains unclear, but conceptually there are options for reconciling notions of adequacy, equity, and local control.

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