



2008 EPEC Spring Conference Panel Summaries “The State of School Finance: Implications for Georgia and Beyond”

Session 1: National Perspectives and Legal Context

In the first panel, “National Perspectives and Legal Context,” Professors Anne Dupre and John Dayton provided background on the legal context for adequacy-based lawsuits at the state level such as the one in Georgia. The focus of Dupre’s presentation, “A National Perspective on School Funding Litigation,” was the article she co-authored with Dayton regarding the history of school funding litigation, the impact of landmark decisions, and the succession of law suits that continuously alter the landscape of public school funding. Relying on “relevant history and theories underlying school funding cases,” to frame her discussion, Dupre discussed *Brown v. Board of Education*, *San Antonio Independence School District v. Rodriguez*, and *Serrano v. Priest* as transformational cases that heavily influenced the modern era of school funding litigation. The adequacy-based claim is perhaps one of the most notable innovations to emerge in subsequent funding cases. As Dupre explained, unlike equity-based claims that focus on correlations between expenditures and educational opportunity, adequacy-based litigants argue that states have a constitutional obligation to both provide equal educational opportunities for all students to meet education goals. However, because cost differentials vary for students, schools, and districts, judges often find it difficult to determine the appropriate funding level to achieve an “adequate” education.

Dr. Catherine Sielke’s presentation, “A History of Funding K-12 Public Education in Georgia,” provided a thorough overview of state level school funding in this state. Beginning with the establishment of “free schools” in 1783 by the governor and the Georgia Legislature, Sielke explained that school funding in Georgia initially provided upper and middle class families small amounts of financial aid to start academic academies within their counties of residence. Sielke went on to point out that first state aid formula was not developed until 1821, and the first State Board of Education as well as county boards of education only appeared in 1870. Additionally, cities and towns began to levy taxes to supplement state funding in the latter part of the nineteenth century. To conclude her presentation, Sielke also outlined several legislative acts that significantly shaped the course of education funding in Georgia. For instance, the Elders-Carswell Bills of 1919 which provided bonds for school buildings, placed budgetary responsibilities on state and local officials, and created grants for systems that consolidated. Additionally, Sielke discussed The Equalization Act 1926 which recognized significant inter-district inequalities and established the first minimum foundation program, The Minimum Foundation Program of Education Act 1949 which provided for local financial support to be determined by an economic index, the Adequate Program for Education in Georgia Act (APEG) of 1976 and the Quality Basic Education Act (QBE) of 1985 which provided subsequent updates and improvements to the previous version of the foundation funding program, and House Bill 1209 or IE² of 2008 which creates a new state-local funding partnership in Georgia.

Session 2: P-16 Connections

David Mustard of the Terry College of Business presented findings from a paper titled “Merit Aid sorting: The Effects of HOPE-Style Scholarships on College Ability Stratification.” Mustard’s presentation focused on the impact of Georgia’s “Helping Outstanding Pupils Educationally” (HOPE) Scholarship in the Southern Regional Education Board (SREB). Mustard explained how data obtained from Peterson’s Guide to Colleges and the Integrated Postsecondary Education Data System (IPEDS) were used to construct a difference-and differences regression model and to examine interstate and intrastate effects of HOPE on average student quality and variance of student quality of entering freshman at Georgia colleges. To support his assertion that institutions become more homogenous as sorting by ability increases student quality and decreases variance of quality, Mustard provided a comprehensive overview of “HOPE-induced sorting” at institutions in four distinct categories: (a) universities, (b) comprehensive institutions, (c) four-year colleges, and (d) two-year colleges. Additionally, Mustard described the statistically significant program effects of HOPE evident in the “university” category not observed for other institution categories. For instance, at Georgia’s highest ranked universities, HOPE reduced the standard deviation of both verbal and math SAT scores and increased the fraction of graduates from the top 10% and 25% of their high school class. Mustard concluded his presentation by noting similar trends in other state-sponsored merit aid programs.

In his presentation on educational efficiency, “Reconsidering Efficiency: Implications for Courts and Policymakers,” Dr. Eric Houck discussed the paper he co-authored with Jiang He regarding the ways in which school districts can maximize production efficiency by learning from the most productive districts in the state and by understanding how to best utilize funding within socio-political boundaries. To illustrate this alternate method of examining efficiency, Houck and He highlight the findings of their study regarding the modified quadriform method as a tool for determining the efficiency of Georgia school districts. Houck reported significant external validity as evidenced through the findings from similar studies, and he also noted that approximately 22% of Georgia districts perform efficiently, 20% of Georgia districts perform inefficiently, 8% of Georgia districts are persistently efficient, while 7% of districts are persistently inefficient. Essentially, Houck argues that these percentages suggest that “a majority of districts in Georgia are able to appropriately convert expenditures into performance,” and that “findings from this analysis should point policymakers in the direction of highly productive “lighthouse” schools –worthy of additional scrutiny, and inefficient schools that need focused attention from state level educators and the general public in order to discover and confront specific challenges.”

In her presentation titled “Funding Pre-Kindergarten Education in the United States,” Catherine Sielke focused on current pre-k funding as well as related policy issues. Sielke acknowledged the federal, state, and local revenue streams contributing to pre-k funds, and also recognized the impact of pre-k education on a micro-scale as it relates to children as well as a macro-scale as it relates to the overall economy. For instance, Sielke reported findings that illustrate the connection between pre-k participation and increased school readiness, high school graduation, and successful employment. Additionally, Sielke cites the High/Scope Perry pre-school project—in which every dollar spent yielded a return of \$12.90—to illustrate the long-term economic benefits resulting from early pre-k investments. However, Sielke’s presentation also addressed the numerous policy issues currently surrounding pre-k funding: whether programs should be targeted or universal, whether programs should be half-day or full-day, whether programs should be offered by private providers or incorporated into the traditional K-12 education system, and whether or not pre-school teachers should meet standard certification criteria.

Session 3: Georgia Perspectives

John O’Looney of the Carl Vinson Institute of Government at gave a presentation entitled, “School District Mergers and Secessions—Fiscal and Other Impacts” in which he addressed the effect of state and federal funding on district level school consolidation and division. As O’Looney explained the significance of local revenues on school district mergers and secessions in Georgia, he noted that the State Fair Share can help to moderate the potentially regressive nature of a school district change, but it fails to fully compensate for differences in local revenues. Thus, depending on the tax base of a given area within a school district; consolidation or secession may benefit a given school to a greater or lesser degree. For instance, a school with substantial local revenue support may qualify for more money per pupil in a non-merged situation while a school serving an economically disadvantaged area may experience increased per-pupil allotments after district consolidation. Additionally, O’Looney noted that State equalization grants and administration funding can provide strong disincentives for school district consolidation while the State incentives for school district mergers—which focus almost entirely on capital—are not likely to be substantial. However, because multiple school systems in a single economic region tend to reflect and support residential segregation, O’Looney pointed out that the benefits of consolidation may be associated with maintaining more integrated schools.

In her presentation “From Cost Models to Contracts: The Policy History of Georgia’s IE² School Governance Legislation,” Bonnie Stewart, doctoral candidate in Lifelong Education, Administration & Policy, explained the series of events preceding the passage of House Bill 1209 in the 2008 legislative session. Her presentation examined the connection between current legislation and the work of the Governor’s Education Finance Task Force (IE²), highlighted the support and opposition associated with House Bill 1209, and reviewed the theory of governance guiding similar decentralization efforts on a national scale. Additionally, Stewart provided an overview of the bill’s major components, and identified potential implications related to the bill’s enactment. Stewart explained that while the Governor’s Education Finance Task Force—now referred to as the IE² (Investing in Educational Excellence) Task Force—was initially assembled with the intent of developing a new education cost model, the controversial legislation they actually produced in House Bill 1209 focuses more on the on the allocation of existing funds, rather than the generation of additional funds. This bill also represents a significant move toward decentralized authority by creating a system of performance contracts through which local school systems become increasingly accountable for student achievement outcomes in return for increased spending flexibility within their districts.

James Alm and David Sjoquist of the Andrew Young School of Policy Studies at Georgia State University contributed a paper titled, “Local School Systems’ Responses to Recent Fiscal and Economic Conditions.” Within this paper, the authors addressed the impact of the 2001 recession on education spending at both the national and state levels. To determine said impact, Alm and Sjoquist tracked K-12 education spending patterns across the country as well as in Georgia, and they also examined any significant changes in local spending patterns. Additionally, the authors examined how school systems in Georgia responded to changes in property tax base per student and in state revenue per student. Ultimately, Alm and Sjoquist determined that the 2001 recession had a significant negative impact on national education spending as well as on local K-12 spending in Georgia, and while acknowledging their findings as inconclusive at this point—the authors suggest that local systems responded to reduced state funding by increasing local revenue efforts.