

**SCHOOL FINANCE AND BUSINESS ADMINISTRATION
EDPL 676**

Fall 2000

Jennifer Rice

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Class Meeting Times: Mondays, 4:15-7:00

Room: EDU 0211

Office Hours: Wednesdays, 1:00-3:00, and by appointment

Course Description

This course is designed to introduce students to issues related to the financing and business management of public elementary and secondary schools and school systems in the United States. The course is divided into five major sections, beginning with an overview of the history of public support for education in this country and a discussion of several social values that influence the financing of education (and by which finance systems can be evaluated). The next major section of the course explores notions of equity and adequacy as applied to school finance with an emphasis on school finance litigation and the implications for reform. The third section of the course deals with issues related to the generation of revenue to support public education including a discussion of the local property tax and other alternative mechanisms for raising funds. The fourth section shifts to address resource allocation at federal, state, and local levels, both in terms of what we currently do and in terms of what we should do as indicated by education productivity research. The final section of the course addresses management issues at the district and school levels including district budgeting, personnel issues, and school-based finance. All discussions include dimensions of both theory and practice, and specifically address reform in terms of alternatives to current practice.

Course Requirements

Students are expected to complete weekly reading assignments and are encouraged to actively participate in class discussions. In addition, students will be expected to complete a variety of assignments to demonstrate their comprehension of course material as well as their ability to apply their knowledge in practical ways. Students must become familiar with the school finance simulation that accompanies the textbook. This simulation requires little or no prior experience in using microcomputers or budget spreadsheets and is designed to help students understand the complexities and policy implications of school finance decision making. At the same time, experience with the simulation should provide students with an appreciation of spreadsheet

programs and the skills to use such tools both on the job and in school. The following are the assignments for the course. Hand-outs outlining the details and expectations of the assignments will be distributed later as they arise in the course.

1. **Legal analysis** (20% of grade): Students will write a short paper analyzing a recent legal dispute in the state of Maryland. This assignment will be due during week 4 of the course (3-5 pages in length).
2. **Identification of fiscal and non-fiscal resources** (20% of grade): Each student will interview a leader in a local school or district to identify the sources of non-governmental fiscal and non-fiscal resources available to them. Students will write a brief paper reporting what they found, describing what resources are available, how they are secured, what they are used for, and what strings, if any, are attached. This assignment will be due during week 7 of the course (3-5 pages in length).
3. **State distribution formula data simulation** (20% of grade): Students will be divided into groups to work together on several problems that utilize the data simulation that accompanies the course textbook. Week 9 will involve a computer lab to work collaboratively on the assignment. Work not completed during that class session will need to be completed during non-class time. This assignment will be due during week 10 of the course.
4. **Written comparison of state finance programs** (20% of grade): Each student will write a short paper comparing the public education finance systems in two states. More specifically, students will identify the similarities and differences in the finance programs and discuss what this tells us about the priorities of the states (within the education sector as well as between education and other public interests). These papers will be due during week 11 of the course (5-7 pages in length).
5. **Budgeting exercise** (20% of grade): This assignment will involve manipulating and evaluating a budget proposal. The assignment will be conducted during weeks 13 and 14 of the course. *Note: In addition to this assignment, students seeking principal certification must complete a portfolio assignment in which they develop an efficient budget planning process that is driven by district and school priorities and involves staff and communities. Please see course instructor for more information on this certification requirement.*

Required Reading

A set of readings is provided for each week of the course. Each weekly reading list begins with several required readings. One textbook is required for the course and is available at the campus bookstore; the full citation is provided below. Other required readings are included in a packet

available from Bel Jean printing (through the campus bookstore). The remaining readings are optional; students are encouraged to concentrate their supplemental reading on topics that they find to be of special interest.

Odden, Allan R. & Picus, Lawrence O. (2000). *School finance: A policy perspective*. New York: McGraw Hill.

Sielke, C. & Jefferson, A. (in press). *Public school finance programs in the United States and Canada, 4th edition*. American Education Finance Association and the National Center for Education Statistics.

Suggested:

Hack, Walter G., Candoli, I. Carl, & Ray, John R. (1998). *School business administration: A planning approach*. Boston: Allyn and Bacon

School Finance and Business Administration Course Outline

Because it is difficult to predict the degree to which students will participate in class discussions, this is a tentative timeline that may change slightly as we work through course material. Since student participation is an important priority in this course, we may move more slowly through course material than is outlined here in order to accommodate full (and perhaps lengthy) discussions of a particular topic.

- I. Introduction and Context
 - A. Education as a Social Good: The History of Public Support for Schools (Week 1)
 - B. Social Values and the Financing of Education (W2)

- II. Equity and Adequacy Frameworks
 - A. School Finance Litigation and Implications for Reform (W3)
 - B. A Framework for Evaluating Equity (W4)

- III. Revenue Generation
 - A. Theory of Taxation (W5)
 - B. Local Property Tax (W5)
 - C. Alternatives to the Local Property Tax (W6)
 - D. Fiscal Federalism (W7)

- IV. Resource Allocation
 - A. What Do We Do? Tracking Educational Resources
 - 1. Macro-level -- State and Federal Roles (W8-10)
 - 2. Micro-level -- Allocation within Districts, Schools, & Classrooms (W11)
 - B. What Should We Do? Education Productivity and Resource Reallocation (W12)

- V. Management of Resources at Micro Levels
 - A. District Budgeting and Personnel Issues (W13)
 - B. School-Based Finance (W14)

School Finance and Business Administration (EDPL 676)
Weekly Course Schedule and Reading List

Week 1: Introduction to Public School Finance: History of Public Support for Schools (9-11-00)

Required

Odden & Picus, Chapter 1, p. 1-25.

Recommended

Monk, David H. (1990). *Educational finance: An economic approach*. New York: McGraw Hill, Introduction.

Cohn, Elchanan & Geske, Terry G. (1990). *The economics of education, third edition*. New York: Pergamon Press, Chapter 1.

Becker, Gary S. (1976). *The economic approach to human behavior*. Chicago: University of Chicago Press.

Spring, Joel. (1990). The ideology and politics of the common school. In Joel Spring, *The American school 1642-1990*. New York: Longman.

Week 2: Social Values and the Financing of Education (9-18-00)

Required

Swanson, Austin D. & King, Richard A. (1997). *School finance: Its economics and politics, 2/e*. New York: Longman. Chapter 2, Values, structure, and allocation of power: Implications for school finance policy, p.26-50.

Recommended

Wycoff, James. (1992). To what extent is education a public good? In Eleanor Brown & Robert L. Moore (eds.), *Readings, issues and problems in public finance*. Homewood: Irwin.

Monk, David H. (1990). *Educational finance: An economic approach*. New York: McGraw Hill, Chapter 1, Efficiency and use of private markets to produce and distribute educational services, p. 3-34.

Hanushek, Eric A. (1986). The economics of schooling: Production and efficiency in public schools. *Journal of Economic Literature*, 24(3), 1141-1177.

Monk, David H. (1990). *Educational finance: An economic approach*. New York: McGraw Hill, Chapter 2, Equity and the distribution of educational resources.

Coleman, James S. (1968). The concept of equality of educational opportunity. *Harvard Education Review*, 38(1), 7-22.

Guiton, Gretchen & Oakes, Jeannie (1995). Opportunity to learn and conceptions of educational equity. *Educational Evaluation and Policy Analysis*, 17(3), 323-336.

Haberman, Martin. (1994). Visions of Equal Educational Opportunity: The top ten fantasies of school reformers. *Phi Delta Kappan*, 75(9), 685-692.

Ward, James Gordon & Anthony, Patricia. (1992). *Who pays for student diversity? Population changes and educational policy*. Thousand Oaks, CA: Corwin.

Monk, David H. (1990). *Educational finance: An economic approach*. New York: McGraw Hill, Chapter 3. Liberty and the voucher alternative, p. 65-87.

Levin, Henry M. & West, E.G. (1991). The economics of educational choice. *Economics of Education Review*, 10 (2) 137-158.

Odden, Allan R. & Kotowski, Nancy. (1992). Financing Public School Choice: Policy Issues and Options. In Allan R. Odden (ed.), *Rethinking school finance: An agenda for the 1990s*. San Francisco: Jossey-Bass.

Martinez, Valerie, Thomas, Kay, and Kememer, Thomas. (1994). Who chooses and why: A look at five school choice plans. *Phi Delta Kappan*, 75(9), 678-681.

Nathan, Joe & Ysseldyke, James. (1994). What Minnesota has learned about school choice. *Phi Delta Kappan*, 75(9), 682-688.

Chubb, John E. & Moe, Terry M. (1990). *Politics, markets, and America's schools*. Washington D.C.: Brookings.

Clune, William H. & Witte, John F. (1990). *Choice and control in American education*. The Falmer Press.

Holloway, Susan D. & Fuller, Bruce. (1992). The great child care experiment: What are the lessons for school improvement? *Educational Researcher*, 21 (7), 12-19.

Week 3: School Finance Litigation and Implications for Reform (9-25-00)

Required

Odden & Picus, Chapter 2, p. 26-45.

Murray, Sheila E., Evans, William N. & Schwab, Robert M. (1996). Education finance reform and the distribution of educational resources.

Underwood, Julie. (1995). School Finance Adequacy as Vertical Equity. *University of Michigan Journal of Law Reform*, 28(3), 493-519.

FILM: CHILDREN IN AMERICA S SCHOOLS

Recommended

Serrano v. Priest (California)

Levittown v. Nyquist (New York)
Abbott v. Burke (New Jersey)
Rose and Blandford v. The Council for Better Education (Kentucky)
Edgewood v. Kirby (Texas)
Rodriguez v. San Antonio
Robinson v. Cahill (New Jersey)

VanSlyke, D, Tan, A. & Orland, M. (1994). School finance litigation: A review of key cases. Working paper for the Finance Project, Washington D.C.

Hubsch, Allen W. (1992). The emerging right to education under state constitutional law. *Temple Law Review*, 65, 1325-1342.

Broden, F. Clinton. (1990). Litigating state constitutional rights to an adequate education and the remedy of state operated school districts. *Rutgers Law Review*, 42, 779-815.

Week 4: A Framework for Evaluating Equity (10-2-00)

DUE: LEGAL ANALYSIS

Required

Odden & Picus, Chapter 2, p. 46-78.

Clune, William H. (1994). Equity and adequacy in education: Issues for policy and finance. *Educational Policy*, 8(4).

SPEAKER: TANA BISHOP

Recommended

Barro, Stephen, M. (1987), Concepts and measures of school finance equity. *School finance equity: Research in the 1980s and the current state of the art*. Washington DC: Decision Resources Corporation.

Berne, Robert & Steifle, Leanna. (1994). Measuring equity at the school level: The finance perspective. *Educational Evaluation and Policy Analysis*, 16(4), 405-421.

Berne, Robert & Steifle, Leanna (1984). *The measurement of equity in school finance equity*. Baltimore: Johns Hopkins University Press.

Clune, William H. (1995). Accelerated education as a remedy for high-poverty schools. *University of Michigan Journal of Law Reform*, 28(3) 655-680.

Clune, William H. (1993). The shift from equity to adequacy in school finance. *The World and I*. 8(3), 389-405.

Levin, Henry M. (1994). The necessary and sufficient conditions for achieving educational equity. In Robert Berne & Lawrence O. Picus (eds.), *Outcome equity in education*. Thousand Oaks, CA: Corwin.

Levin, Henry M. (1989). Financing the education of at-risk students. *Educational Evaluation and Policy Analysis*, 11(1), 47-60.

Moynihan, Daniel P. (1968). Sources of resistance to the Coleman Report. *Harvard Educational Review*, 38(1), 23-36.

Week 5: Revenue: Theory of Taxation and the Local Property Tax (10-9-00)

Required

Odden & Picus, Chapter 3, p. 79-137

Augenblick, John. (1984). The importance of property taxes to the future of school finance. *Journal of Educational Finance*, 9, 384-393.

Recommended

Monk, David H. (1990). *Educational finance: An economic approach*. New York: McGraw Hill, Chapter 5, Theory of taxation; Chapter 6, Raising local public revenues: The property tax.

Cohn, Elchanan & Geske, Terry G. (1990). *The economics of education, third edition*. New York: Pergamon Press, Chapter 10, Taxation for education.

Gold, Steve (1994). Where the money comes from. *Tax options for states needing more school revenues*, Report prepared for the National Education Association.

Walker, Billy D. (1984). The local property tax for schools: Some historical perspectives. *Journal of Educational Finance*, 9, 265-288.

Week 6: Revenue: Alternatives to the Local Property Tax (10-16-00)

Required

Mikesell, John L. (1984). Nonproperty tax alternatives for financing education. *Journal of Education Finance*, 9, 459-473.

Dembrowski, F. & Kemmerer, F. (1984). An expanded tax base approach to wealth neutrality. *Journal of Education Finance*, 9, 474-484.

Recommended

Brent, Brian O. & Monk, David H. (1994). Financing public education: An examination of the public and private sector responses to the perceived inadequacies of the property tax. *Educational Considerations*, 21(2), 24-34.

Gold, Steve (1994). A framework for comparing taxes. *Tax options for states needing more school revenues*, Report prepared for the National Education Association.

Ladd, Helen F. State-wide taxation of commercial and industrial property for education. *National Tax Journal*, 29, 143-153.

Stark, Kirk J. (1992). Rethinking statewide taxation of nonresidential property for public schools. *Yale Law Journal*, 102, 805-834.

Week 7: Fiscal Federalism (10-23-00)

DUE: IDENTIFICATION OF FISCAL AND NON-FISCAL RESOURCES

Required

Odden & Picus, Chapter 3, 139-153

Kirst, Michael W. (1995). Recent research on intergovernmental relations in education policy. *Educational Researcher*, 24(9), 18-22.

Odden, Allan R. & Kim, Lori. (1992). Reducing disparities across the states: A new federal role in school finance. In Allan R. Odden (ed.), *Rethinking school finance: An agenda for the 1990s*. San Francisco: Jossey-Bass, p. 260-297.

Recommended

Monk, David H. (1990). *Educational finance: An economic approach*. New York: McGraw Hill, Chapter 4, Fiscal federalism and problems of collective choice.

Fuhrman, Susan F. & Elmore, Richard H. (1990). Understanding local control in the wake of state education reform. *Educational Evaluation and Policy Analysis*, 12 (1) 82-96.

Week 8: Allocation: State and Federal Roles (10-30-00)

Required

Odden & Picus, Chapter 4, p. 154-240.

Ladd, Helen & Yinger, John. (1994). The case for equalizing aid. *National Tax Journal*, 47(1), 211-224.

Oakland, William H. (1994). Fiscal equalization: An empty box? *National Tax Journal*, 47(1), 199-210.

Recommended

Reschovsky, Andrew. (1994). Fiscal equalization and school finance. *National Tax Journal*, 47(1), 185-198.

Week 9: Allocation: State and Federal Roles (11-6-00)

DATA SIMULATION

Week 10: Allocation: Reforming State and Federal Roles (11-13-00)

DUE: DATA SIMULATION ASSIGNMENT

Required

Odden & Picus, chapter 5, p.241-262.

Odden A. & Clune, William H. (1998). School finance systems: Aging structures in need of renovation. *Educational Evaluation and Policy Analysis*, 20(3), 157-177.

Education Finance Programs in the U.S. and Canada

Maryland Education document

Week 11: Allocation: Micro Level Considerations (11-20-00)

DUE: WRITTEN COMPARISON OF STATE FINANCE PROGRAMS

Required

Odden & Picus, Chapter 6, p. 264-287.

Lankford, Hamilton & Wycoff, James. (1995). Where has the money gone? An analysis of school district spending in New York. *Educational Evaluation and Policy Analysis*, 17(2), 195-218.

Speakman, Sheree T., Cooper, Bruce, Sampiere, Robert, May, Jay, Holsomback, Hunt & Glass, Brian. (1996). Bringing dollars to the classroom. In Picus, Lawrence O. & Wattenbarger L (eds).. *Where does the money go? Resource allocation in elementary and secondary schools*. Thousand Oaks, CA: Corwin, p. 106-131.

Recommended

Monk, David H. & Roellke, Christopher F., and Brent, Brian O. (1995). Teacher resource allocation within New York public schools: A micro-level analysis. Paper presented at the New York State Symposium on Cost-Effectiveness, Albany, NY.

Monk, David H. & Underwood, Julie. (1988). *Microlevel school finance: Issues and implications for policy*. Cambridge, MA: Ballinger.

Picus, Lawrence O. & Wattenbarger L. *Where does the money go? Resource allocation in elementary and secondary schools*. Thousand Oaks, CA: Corwin.

Speakman, Sheree T., Cooper, Bruce, Sampiere, Robert, May, Jay, & Holsomback, Hunt. (1995), Where did the Eight Billion Dollars Go? A Strategic Accounting Model for Tracing Resources from the New York City Board of Education to the Classroom. Paper presented at the American Education Research Association, San Francisco, CA.

Week 12: Allocation: What Should We Do -- Education Productivity and Resource Reallocation
(11-27-00)

Required

Odden & Picus, Chapters 7-8, p. 288-351.

Miles, Karen Hawley and Darling-Hammond, Linda. (1998). Rethinking the allocation of teaching resources: Some lessons from high-performing schools. *Educational Evaluation and Policy Analysis*, 20(1), 9-29.

Odden, Allan. How to rethink school budgets to support school transformation. Arlington, VA: New American Schools.

Recommended

Burtless, Gary. (1996). *Does money matter: The effect of school resources on student achievement and adult success*. Washington D.C.: Brookings, Introduction.

Monk, David H. (1990). *Educational finance: An economic approach*. New York: McGraw Hill, chapters 11-13

Corcoran, Thomas & Goertz, Margaret. (1995). Instructional capacity and high performance schools. *Educational Researcher*, 24 (9), 27-31.

Drazen, Shelly M. (1995) What school resources influence achievement? Paper presented at the annual meeting of the American Educational Finance Association, Savannah, GA.

Ferguson, Ronald F. (1991). Paying for public education: New evidence on how and why money matters. *Harvard Journal on Legislation*, 28, 465-498.

Hanushek, Eric A. (1981). Throwing money at schools. *Journal of Policy Analysis and Management*, 1(1) 19-41.

Hanushek, Eric A. (1996). School resources and student performance. In Burtless, Gary (ed). *Does money matter: The effect of school resources on student achievement and adult success*. Washington D.C.: Brookings

Hedges, Larry V. & Greenwald, Rob. (1996). Have times changed? The relation between school resources and student performance. In Burtless, Gary (ed.). *Does money matter: The effect of school resources on student achievement and adult success*. Washington D.C.: Brookings

Laine, Richard D., Greenwald, Rob, & Hedges, Larry V. (1996). Money does matter: A research synthesis of a new universe of education production function studies. In Lawrence Picus & James Wattenbarger (eds), *Where does the money go? Resource allocation in elementary and secondary schools*. Thousand Oaks, CA: Corwin.

Monk, David H. (1992). Educational Productivity Research: An Update and Assessment of Its Role in Education Finance Reform. *Educational Evaluation and Policy Analysis*, 14(4), 307-332.

Murnane, Richard J. (1981). Interpreting the evidence on school effectiveness. *Teachers College Record*, 83(1), 19-35.

Rice, Jennifer King. (1995). Cost-Effectiveness Analysis in Education: Promise, Problems, and Progress. Paper presented at the New York State Symposium on Cost-Effectiveness. Albany, NY.

King, Jennifer A. (1994). Meeting the Educational Needs of At-Risk Students: A Cost Analysis of Three Models. *Educational Evaluation and Policy Analysis*, 16(1), 1-19.

Odden, Allan & Clune, William. Improving educational productivity and school finance. *Educational Researcher*, 24(9), 6-10, 22.

Summers, Anita A. & Wolfe, Barbara L. (1977). Do schools make a difference? *American Economic Review*, 67(4), 639-652.

Week 13: Management of Resources: District Budgeting and Personnel Issues (12-4-00)

Required

Odden & Picus, chapter 11, p. 403-424.

Thompson, David H., Wood, R. Craig, & Honeyman, David S. (1994). *Fiscal leadership for schools: m Concepts and practices*. New York: Longman, chapter 6, Effective budget planning: concepts and practices, p. 303-344

Week 14: Management of Resources: School-Based Finance (12-11-00)

DUE: BUDGETING ASSIGNMENT

Required

Odden & Picus, chapter 10, p. 373-402

Hack, Walter G., Candoli, I. Carl, & Ray, John R. (1998). *School business administration: A planning approach*. Boston: Allyn and Bacon, chapter 7, Accounting, auditing, and reporting, p. 151-176.

COURSE EVALUATION

Education Finance Journals

American Economic Review
Eastern Economic Journal
Economics of Education Review
Educational Evaluation and Policy Analysis
Educational Policy
Harvard Education Review
Harvard Journal on Legislation
Journal of Economic Literature
Journal of Education and Economics
Journal of Education Finance
Journal of Human Resources
Journal of the Association of Public Policy and Management
Journal of Management Science Policy Analysis
Journal of Political Economy
National Tax Journal
Public Budgeting and Finance
Review of Economics and Statistics
School Business Affairs