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Preferences For Serrano-Priest Finance Proposals Expressed By California Superintendents.

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PREFERENCES FOR SERRANO-PRIEST FINANCE

PROPOSALS EXPRESSED BY CALIFORNIA

SUPERINTENDENTS

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Abstract of the Dissertation

Purpose: The financial implications of Serrano vs. Priest have caused a great amount of concern in California among the superintendents of the school districts at all levels of organization. The purpose of this study was to determine how superintendents throughout the state felt about the finance plans suggested in the Jefferson decision in terms of each plan's impact on their school district.

Procedure: A questionnaire was sent to 52 elementary, 16 secondary, and 24 unified superintendents in California asking them to indicate which of the five finance proposals suggested by Judge Jefferson they preferred. The responses, showing the preferences of all superintendents, were tested for significance to determine if any one of the five plans was more highly preferred than the others. Each of the five plans was examined using the Chi Square test to determine if any of the demographic variables of level of organization, size, area served, wealth, source of revenue, and type of state aid of the districts resulted in any significant preference for any one plan.

Conclusions: 1. Full State Funding was the most preferred plan; Power Equalizing and Removal of the Commercial and Industrial Tax Base were also acceptable, but no one plan was significantly preferred over all of the other five plans. 2. Both Consolidation and Vouchers were rejected as potential finance plans. 3. Four demographic factors (wealth, size, source of aid, location) resulted in the five finance plans. 4. California school districts are unique in character, and it is important to study the attitudes of the superintendents serving them in relationship to the demographic variables of their districts.

Recommendations: 1. Submit a similar questionnaire to members of the State Legislature. 2. Initiate another study using school board members instead of superintendents. 3. Replicate the study with a new sample. 4. Conduct a new survey with a wider range of choices for each plan. 5. Examine the relationships among the combination of demographic variables that make up a district and the responses of the superintendents.

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This dissertation is the final step in a long struggle to attain the doctoral degree in education. Although the way was difficult and at times very discouraging, there was never any doubt in my mind that I would pursue my goal until it had been attained.

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But, most of all I want to thank my wife Arleen, and my three children, Tom, Lynne, and Gary. Without their help and understanding I would never have attained my goal. It is my wife and family to whom I owe my successes, and who bring meaning to my accomplishments.

Dedicated To

My Wife

Arleen

With All My Love

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CHAPTER I

INTRODUCTION TO THE STUDY

As early as 1905 educators were expressing a concern for "equality of educational opportunity." [1] Although the term has been used frequently and many definitions have been offered, there is a disparity that exists among these definitions. Burke contends that the reason for these discrepancies is that equality of educational opportunity is a complex concept involving five discrete elements: programs, personnel, financial support or aid, financial resources, and tax burden. He also points out that most authorities, when discussing the concept of equality of educational opportunity, tend to relate the quality of education available to students to the financial resources expended on their behalf.[2]

The courts have often been used as an avenue of redress when there was a question involving equality. Most of these cases were based on that part of the 14th Amendment to the United States Constitution that states:

> No state shall make or enforce any law which shall abridge the priveleges or the immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny any person within its jurisdiction the equal protection of the laws.[3]

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[1] Elwood Cubberley, School Funds and Their Apportionment, (New York: Teachers College, Columbia University, 1905), p. 54.

[2] Arvid J. Burke, Financing Public Schools in the United States, (New York: Harper and Brothers Publishers, 1951), p. 89.

[3] United States Constitution, Fourteenth Amendment.

Some of the Supreme Court decisions dealing with equality of education based on this clause were Brown vs. Topeka (1955), segregated schools;[4] and most recently, San Antonio vs. Rodriguez (1975), financing education.[5]

When discussing equality of educational opportunity, the courts have not made an effort to separate the financial aspects of the concept of equality from the educational aspects. According to Benson, rulings based on educational issues and financial issues alike have been made regarding the violation of the Fourteenth Amendment.[6]

Most of the cases involving equality of educational opportunity as represented by available dollars for educational purposes are now being heard in the state courts. Burke points out that courts in California, Minnesota, Texas, New Jersey, Wyoming, Arizona, and Kansas have held that the state governments are responsible for the inequities and irrationalities which characterize the raising and distribution of educational revenues in each of those states; state governments have created school districts with unequal fiscal capacities on the one hand and have failed to compensate for these differences through state aid on the other.[7] This has resulted in children receiving an unequal educational opportunity based on not having equal financial resources available to all districts throughout the state.

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[4] Brown vs. Topeka Board of Education, 347 U.S. 483 (1955).

[5] San Antonio vs. Rodriguez, 411 U.S. 1, 935, ct. 1278 (1973).

[6] Charles S. Benson, "Observations of Finance of Education." Thrust, November, 1973, p. 13.

[7] Roe L. Johns, Kern Alexander, and Forbis Jordan, Editors, Financing Education, Fiscal and Legal Alternatives A Summary of the National Education Finance Project. (Columbus: Charles E. Merrill Publishing Co., 1972), p. 127.

This concern over equality of educational opportunity is sometimes reflected in the controversy over who should bear the responsibility for supporting education, the state or the local agency. This question has for many years been one of the major problems in financing public education in the United States. It was Cubberley, in 1905, who first suggested that the state should be the main source of support. He felt that state aid should be distributed "in definite relation to the needs of the community and to the efforts which it makes to provide good schools and to secure the attendance of children at them."[8] This principle dominated thinking on this subject during the 1900's.

In spite of widespread acceptance for the concept of substantial state support for education, it is not yet the main source of educational financing. A 1971 N.E.A. survey shows that state support nationwide is well below fifty percent. The report also shows that state support for education ranges from a low of 5.3 percent in New Hampshire to a high of 88.7 percent in Hawaii. California ranked thirtieth in percentage of state support with 34.8 percent.[9]

In 1968 the National Educational Finance Project, conducted a four-year nationwide study of school finance. At the conclusion of their study in 1971, they reported that this optimum model for finance would be one involving some small degree of local financing to stimulate innovation and experimentation. Further, they suggested that primary reliance should be on funding from state (55%-60%) and federal (30%) sources, and that the local level should provide not more than 10 to 15 percent.[10]

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[8] Cubberley, op. cit., p. 87.

[9] Charles Leistner, Editor, Financing Education (Hannibal, Mo., Standard Printing Co., 1972), p. 121.

[10] Roe L. Johns, "Toward Equity in School Finance," American Education November, 1971, p. 4.

Roe L. Johns, Director of the National Educational Finance Project (N.E.F.P.), also points out that the variations his project found in school support and the educational inequities inherent in them are related to the practice of using local property taxes as the primary source of funds for public education.[11] It is this contention, that using property taxes as a base for financing public education brings about inequality of educational opportunity, that has resulted in the court cases which have been filed.

The term, equalization of educational opportunity, as used in the writings of Strayer and Haig and others, has long been espoused as an important goal of school finance specialists. At the same time, these specialists suggest that even when a common definition can be agreed upon, it is a problem to attain this goal.[12] If local property taxes continue to be the principal source for funding schools, it is not likely that equality of educational opportunity can be achieved. In the California case of Serrano versus Priest, it was questioned whether the disparity of available funds among districts which results in the inequality of educational opportunity is in fact a violation of one or more elements of the Fourteenth Amendment of the United States Constitution. The California Supreme Court ruled that the State's current method of financing its schools is unconstitutional. The court said that the system denies equal protection of the law to children living in poor neighborhoods.[13] This

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[11] Ibid., p. 5

[12] George D. Strayer and Robert Murray Haig, The Financing of Education in the State of New York, Report of the Educational Finance Inquiry Commission, (New York: Macmillan, 1923), p. 173.

[13] John Kay Adams, "The California School Tax Ruling: What Does It Mean?" Opportunity January-February, 1972, p. 3.

ruling did not result in any immediate action, however. The court merely ruled the tax system unconstitutional because the system discriminated against the poor and their fundamental interest in obtaining an education. In its decision the court did not tell the legislature how to change the system to make it constitutional; it did not issue any orders about how to operate the school system; it did not rule out a tax system based on the property tax; it did not say that the state has to spend the same amount of money on each pupil in each district. In a following memorandum, the court said the system of property taxes could continue while the case was returned "for further proceedings" to the trial court. In the final analysis, the method of solving this dilemma was left to the State Legislature.

The following is a chronicle of what took place between the time the initial decision was handed down in August, 1971, until the full hearing report was issued in August, 1974. There was no immediate action by the legislature to carry out the mandate of the court. The first legal action was in the form of an initiative, placed on the November, 1972 ballot by Phillip Watson, County Assessor for Los Angeles County. This initiative, known as Proposition 14, would have completely eliminated property taxes. Gordon Winton pleaded that "unless everyone connected with public education bends every effort to defeat the Watson Initiative, the public schools of California may very well be relegated to complete fiscal impotence."[14] Following strong opposition by the governor, the legislature, and the major teacher and administrative organizations, the electorate voted the measure down by almost a 2-1 margin.

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[14] Gordon H. Winton, Jr., Sacramento Education Legislative Letter (Sacramento: School Administrators Legislative Office), October 9, 1972.

The second legal move to meet the demands of the Serrano decision was made by the legislature. Less than a month after the defeat of the Watson Initiative they passed a tax reform bill known as S. B. 90 which according to Downing, included:

1. Realistic Foundation Programs.
2. Increased assistance for low wealth districts.
3. The State assuming its fair share of mandated programs.
4. Recognition of the economic needs of disadvantaged students.
5. An annual adjustment factor for inflation.
6. Fiscal updating of categorical aid programs.
7. Abolition of slippage so that the State School Fund is completely distributed.
8. Forward funding, so districts could plan early for succeeding years.[15]

The summary of S. B. 90 states that the new bill provided $561 million for school aid in 1973-74. Of that amount, $225 million was new state aids for improvements in equalization, and $229 million was for local tax roll-back.[16] The trailer bill, A. B. 1267, increased the inflation allowance from $65 to $70 per unit of average daily attendance (a.d.a.) for 1973-74. This bill also increased the foundation program in 1974-75 and for the following four years.[17] There was no mention made in either piece of legislation as to how the new monies were to be expended. This lack of direction was allowed in spite of the fact that the Serrano decision specifically identifies areas which reflect "quality" indicators. Howe argues that the assumption that merely increasing expenditures in low-cost schools will enhance educational opportunities is debatable.[18]

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[15] George M. Downing, Sacramento Education Legislative Letter (Sacramento: School Administrators Legislative Office), December 6, 1972.

[16] Ibid.

[17] Gordon H. Winton, Jr., op. cit., July 13, 1973.

[18] Harold Howe, II, "The Property Tax is Obsolete," Saturday Review, November 20, 1971, p. 85.

Educators throughout the state looked to S. B. 90 as a major breakthrough in financing education and thought that the changes brought by this bill would go far in answering the Serrano complaint. However, just four months later additional bills were introduced in the legislature to remedy some of the problems that had become apparent after the enactment of the original bill. Although the initial bill covered other governmental agencies than education, the trailer bill, A. B. 1267, was concerned mainly with the educational portions of S. B. 90.[19]

During the time this legislation was debated and passed, the case was returned for further proceedings to the Superior Court for Los Angeles County. In August, 1974 a decision was reached. This judgment was important in that in addition to affirming the findings of the California Supreme Court, it also said that: (1) the provisions of S. B. 90 and A. B. 1267 did not change the invalidity of the California Public School Financing System; (2) the financing method is invalid because it is a violation of the equal-protection-of-the-laws provisions of California, but not necessarily the equal-protection-of-the-laws provision of the United States Constitution; (3) all changes should be made by legislative not executive action; (4) full complaince with the equal-protection-of-the-laws provision shall be accomplished in no longer than six years; and (5) there is no particular plan or system required for financing education in California to comply with the judgment except that any plan or system adopted must comply with the equal-protection-of-the-laws provisions of the California Constitution.[20]

During the rehearing in the Los Angeles Court, some superintendents, as well as other members of the educational community, were called upon to

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[19]Winton, op. cit., July 13, 1973.

[20]Serrano vs. Priest, 96 California Reporter 601 (1974).

testify. This testimony aided the judge in coming up with his final decision and statements regarding the inadequacy of S. B. 90 and A. B. 1267. Although the judgment handed down by Judge Bernard S. Jefferson did not require a specific plan or system in the Findings of Fact and Conclusion of Law, it did list alternative plans of financing public education that would not appear to produce wealth-created spending disparities, and that are workable, practical, and feasible.[21] It is these plans that will provide the basis for this study.

Statement of the Problem

The Jefferson decision clearly stated that all changes or modifications to meet the requirements of the judgment must be made by legislative action. It appears, however, that the persons who will be most affected by this legislation and who will be responsible for its implementation, the District Superintendents, will have only token input in the development of these plans. It seems imperative that this group have an opportunity to express their opinions about the suggested alternatives. They should also have the opportunity to suggest other alternatives which may meet the judicial criteria.

Purpose of the Study

The purpose of this study is to determine whether the chief administrative officers in the school districts of California have a preference for one or more of the specific alternative plans of financing education which was proposed by Judge Jefferson. It will also provide them the opportunity to suggest an alternative finance plan which may meet the equal-protection-of-the-laws provisions of the California Constitution.

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[21] *Serrano vs. Priest*, *op. cit.*

Procedures of the Study

In order to achieve the purpose of the study, a random sample of District Superintendents throughout the State of California was surveyed. This random sample was stratified on the basis of three independent variables: wealth and tax rate, size, and societal area. The surveys listed, with a short explanation of each, the five alternative finance plans suggested in the Jefferson decision. The respondent was asked to rate each finance plan as to its acceptability as an educational financing system in terms of the impact on his district. In addition, if the Superintendent felt that none of the suggested plans were acceptable, he was asked to describe a modification or combination of those plans, or to outline a plan which he would consider acceptable. To analyze whether one plan was significantly more preferable to all of the superintendents than any other plan, all plans were tested using a t-test for significant differences of group means. The responses for each plan were then analyzed for significance based on the variables of level of organization, source of revenue, type of state aid, wealth, size, and societal area using a Chi Square test.

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Hypotheses

This study is based on the following hypotheses:

Hypotheses 1. Superintendents in California showed no significant preference for any one of the five finance plans suggested by Judge Jefferson.

Hypotheses 2. There is no significant difference in the preference of superintendents from elementary, secondary, and unified school

districts toward Full State Funding.

Hypothesis 3. There is no significant difference in the preference of superintendents from elementary, secondary, and unified school districts toward Consolidation.

Hypothesis 4. There is no significant difference in the preference of superintendents from elementary, secondary, and unified school districts toward Removal of the Commercial and Industrial Tax Base.

Hypothesis 5. There is no significant difference in the preference of superintendents from elementary, secondary, and unified school districts toward Power Equalizing.

Hypothesis 6. There is no significant difference in the preference of superintendents from elementary, secondary, and unified school districts toward Vouchers.

Hypothesis 7. There is no significant difference in the preference of superintendents from residential tax based districts and commercial/ industrial based districts toward Full State Funding.

Hypothesis 8. There is no significant difference in the preference of superintendents from residential tax based districts and commercial/ industrial based districts toward Consolidation.

Hypothesis 9. There is no significant difference in the preference of superintendents from residential tax based districts and commercial/ industrial based districts toward removal of the Commercial and Industrial Tax Base.

Hypothesis 10. There is no significant difference in the preference of superintendents from residential tax based districts and commercial/ industrial based districts toward Power Equalizing.

Hypothesis 11. There is no significant difference in the preference of superintendents from residential tax based districts and commercial/industrial based districts toward Vouchers.

Hypothesis 12. There is no significant difference in the preference of superintendents from urban, suburban, and rural school districts toward Full State Funding.

Hypothesis 13. There is no significant difference in the preference of superintendents from urban, suburban, and rural school districts toward Consolidation.

Hypothesis 14. There is no significant difference in the preference of superintendents from urban, suburban, and rural school districts toward Removal of the Commercial and Industrial Tax Base.

Hypothesis 15. There is no significant difference in the preference of superintendents from urban, suburban, and rural school districts toward Power Equalizing.

Hypothesis 16. There is no significant difference in the preference of superintendents from urban, suburban, and rural school districts toward Vouchers.

Hypothesis 17. There is no significant difference in the preference of superintendents from rich and poor districts toward Full State Funding.

Hypothesis 18. There is no significant difference in the preference of superintendents from rich and poor districts toward Consolidation.

Hypothesis 19. There is no significant difference in the preference of superintendents from rich and poor districts toward Removal of the Commercial and Industrial Tax Base.

Hypothesis 20. There is no significant difference in the preference of superintendents from rich and poor districts toward power Equalizing.

Hypothesis 21. There is no significant difference in the preference of superintendents from rich and poor districts toward Vouchers.

Hypothesis 22. There is no significant difference in the preference of superintendents from basic aid districts and foundation plan districts toward Full State Funding.

Hypothesis 23. There is no significant difference in the preference of superintendents from basic aid districts and foundation plan districts toward Consolidation.

Hypothesis 24. There is no significant difference in the preference of superintendents from basic aid districts and foundation plan districts toward Removal of the Commercial and Industrial Tax Base.

Hypothesis 25. There is no significant difference in the preference of superintendents from basic aid districts and foundation plan districts toward Power Equalizing.

Hypothesis 26. There is no significant difference in the preference of superintendents from basic aid districts and foundation plan districts toward Vouchers.

Hypothesis 27. There is no significant difference in the preference of superintendents from different size school districts toward Full State Funding.

Hypothesis 28. There is no significant difference in the preference of superintendents from different size school districts toward Consolidation.

Hypothesis 29. There is no significant difference in the preference of superintendents from different size school districts toward Removal of the Commercial and Industrial Tax Base.

Hypothesis 30. There is no significant difference in the preference of superintendents from different size school districts toward Power Equalizing.

Hypothesis 31. There is no significant difference in the preference of superintendents from different size school districts toward Vouchers.

Limitations of the Study

This study is limited to analyses of the responses to a questionnaire sent to District Superintendents of public school districts in the State of California. It did not include special schools or programs operated by the County Office of Education nor Junior College Districts.

The responses were based on the background and resources which are inherent in the position of District Superintendent in school districts in the State of California. The findings of this study are limited to those districts having similar characteristics to the districts in the stratified sample.

Definition of Terms

For the purposes of this study, the following definitions were used:

Average Daily Attendance (A.D.A.) - a figure arrived at by dividing the total time in attendance for pupils by the total number of teaching days for a given period of time.[22]

Apportionment Formula - a mathematical formula for computation of the amount of state aid for which a local school district may be eligible.

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[22] Eugene Benedetti and Harold Hall, School Finance and Business Management (Los Angeles: Los Angeles State College, Division of Education, 1946), p. 105.

It usually takes into consideration the school district's ability to raise a designated amount of money from a uniform tax effort toward financing a minimum guaranteed dollar amount of revenue per pupil.[23]

Assessed Valuation - the official valuation of property or income for the purpose of taxation.[24]

Consolidation - the legal reconstitution of the basic administrative units (school districts) of a state. It is a responsibility of the state and can be accomplished only through authorization of the state legislature.[25]

Equality of Educational Opportunity - the state should insure equal educational resources to every child within its borders at a uniform effort throughout the state in terms of the burden of taxation; the tax burden of education should, throughout the state, be uniform in relation to taxpaying ability, and the provision for schools should be uniform in relation to the educable population desiring education.[26]

Equity - a tax structure requiring: (1) equal treatment of equals; (2) distribution of the overall tax burden on the basis of ability to pay, as measured by income, by wealth, by consumption; (3) exclusion from tax of persons in the lowest-income groups, on the grounds that they have no taxpaying capacity; and (4) a progressive overall distribution of tax relative to income on the basis that tax capacity rises more rapidly than

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[23] Brighton Stayner, Financing Public Schools, A Study Guide (Washington, D. C.: Committee on Educational Finance, N.E.A., 1965), p. 61.

[24] Leon Osview and Wm. Gostetter, Budgeting for Better Schools (Englewood Cliffs, N. J. Prentice-Hall, 1960), p. 315.

[25] John E. Corbally, Jr., School Finance (Boston: Allyn and Bacon, Inc., 1962), p. 15.

[26] Strayer and Haig, op. cit., p. 173.

income.[27]

Foundation Program - a plan for financing schools that requires equity for taxpayers as well as equality and adequacy of opportunity for students. It means that the resources of each state must be used to provide the financial support required to meet basic educational needs. In California, it is a dollar amount set by the legislature.[28]

Full State Funding - the class of school finance systems in which the state government raises all school revenues and distributes funds according to the number of pupils in each district and other educationally relevant factors.[29]

Power Equalizing - a system of state aid that leaves subunits free to select levels of spending for education while giving each unit equal power to do so.[30]

Property Tax - a tax placed on real property that is laid in proportion to the estimated value of property.[31]

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[27] Roe L. Johns, Full State Funding of Education (Pittsburg, Pa.: University of Pittsburg Press, 1973), p. 48.

[28] Roe L. Johns, and Edgar L. Morphet, Financing the Public Schools (Englewood Cliffs, N. J.: Prentice-Hall, Inc., 1960), p. 263.

[29] John Pincus, School Finance in Transition (Cambridge, Mass.: Bollinger Publishing Co., 1974), p. 48.

[30] John E. Coons, Wm. H. Clune, III, and Stephen D. Sugarman, Private Wealth and Public Education (Cambridge, Mass.: The Belknap Press of Harvard University Press, 197), p. 202.

[31] Chris A. DeYoung, Budgeting in Public Schools (Chicago: John S. Swift Co., 1946), p. 132.

Real Property - land and improvements thereon and things which are fixed or immovable in a general sense. It is taxable only by the governmental unit in which it is located. It is the primary subject of property taxes and provides the major portion of revenue received from the tax.[32]

Revenue - additions to assets which do not increase any liability, nor represent the recovery of any expenditure, nor represent the cancellation of liabilities without a corresponding increase in other liabilities or a decrease in assets. Revenue refers to an increase in the net resources or surplus of a fund. The basic sources of revenue for financing public education in California are property taxes on residential, industrial and commercial properties.[33]

Tax Base - the unit against which a rate structure is applied which determines tax revenue. It is usually expressed in dollar units (e.g., with sales tax, the base is the cost of the purchased item.)[34]

Tax Rate - the amount of money levied per one hundred dollars of assessed valuation. This money may be used by the district for any legal purpose.[35]

Voucher Plan - an educational financing system that would change one traditional system of using tax funds to finance public schools to an arrangement of providing tax vouchers to individual parents who would

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[32] Corbally, op. cit., p. 141.

[33] California State Department of Education, California School Accounting Manual (Sacramento: California Office of State Printing, 1973), p. XIII.

[34] Corbally, op. cit., p. 15.

[35] Benedetti, op. cit., p. 105.

purchase education in a market place of diverse schools.[36]

Organization of the Study

In Chapter I equality of educational opportunity was discussed. The problems with the meaning of the term; court cases resulting from the demand for it, specifically the case of Serrano vs. Priest in California; the resulting legislation to attempt to answer the inequities; and the court's response to this legislative attempt were presented. The purpose of the study was stated, the hypotheses, and the procedures that were used to analyze them were also presented. Those limitations which were placed on the study were enumerated, and the basic terms were defined.

A review of what others have had to say about equality, equity, and various finance schemes are documented in the second chapter. This review will focus mainly on equality of educational opportunity, equity, and how legislation and the recent court cases are related to these issues.

The design and procedures used in the study are covered in Chapter III. It includes the sampling procedures, data sources, data collection techniques, and the methods used to analyze the data which were collected.

In the fourth chapter, an analysis of the data which were collected is reported.

In Chapter V, a summary statement of the entire study, the conclusions that were derived and recommendations for future studies are presented.

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[36]George R. LaNone, Educational Vouchers: Concepts and Controversies (New York, N.Y.: Teachers College Press, Columbia University, 1972), p. 12.

CHAPTER II

HISTORICAL DEVELOPMENT

In this chapter the literature pertinent to this study is examined. In the first section the historical development of the concept of equality of educational opportunity, as it pertains to financial equality as it is perceived by various authorities is analyzed. The origin of the concept of public education in the United States is presented. This is followed by the research on the manner in which schools are financed. The events that contributed to the principle of an equal educational opportunity for all students, the solutions that were proposed and utilized to provide financial equality, the different viewpoints of authoritative sources on the issue of equalization, and a study that was conducted about the quality of education in the nation's urban schools are reviewed. In the second section the sources of revenue for educational purposes are presented. The arguments of authorities for and against property tax, the most commonly used source, the advantages and disadvantages of state sources versus local sources, and the possibility of federal support are discussed.

The third section is concerned with alternative financing proposals that educators and financial experts offer as an equitable method for school financing. Those alternatives discussed are full state funding, power equalization, and the voucher system. The alternative of federal funding is also mentioned.

The legal aspects of equality in educational opportunity are researched in the fourth section. The constitutional provisions of both federal and state constitutions are reviewed, and the landmark financial equality cases that were heard by the courts and the results of these cases are cited. These are followed by an analysis by educators and other

prominent financial authorities on what these decisions meant and what impact they could have on the schools.

In the fifth section is presented an account of what occurred in California in response to the charge by Serrano that the state's method of financing education is unconstitutional. The development of legislation to overcome this problem is stressed concluding with a presentation of S. B. 90 and A. B. 1267, the legislation that was heralded as the answer to the Serrano decision. The chapter is concluded with the results of the rehearing of the Serrano case by Judge Jefferson, listing the reasons for his finding that the new legislation did not change the original findings of the unconstitutionality of California's financing procedures, and the possible alternatives he suggests that might provide a legal system.

Historical Development

In order to place this study in perspective it is necessary to examine the historical development of the responsibility for education and the sources of revenue available for the public financing of education. Of equal importance is the historical concern with the concept of equality of educational opportunity, the initial and current definitions of the term, and the efforts which are being made to achieve this elusive goal.

The early settlers of America, as chronicled by Rosenstengel and Eastmond, brought with them the ideals and traditions of their mother countries. The prevailing attitudes of the colonists, except for those in New England, held that whatever provisions were made for education should be made by the church or the family. Compulsory education at public expense can be traced to laws made in Massachusetts dating back to

1634.[36] Mort notes that at the time the Constitutional Convention decided to leave education "to the states or to the people," tax-supported education was limited to the older New England states.[37] To the large majority of the original states, public education was an unknown concept. Twelve of the thirteen original states adopted constitutions in this period; only seven of these constitutions mentioned education. It was another forty years after the Constitutional Convention before New Jersey, Pennsylvania, and Rhode Island became the next states to have tax-supported schools. Most of the remaining states did not take this step until another eighty years had passed. The land grant policy adopted by the Continental Congress in 1787 provided a strong impetus to education for the area west of the Allegheny Mountains. This policy included the earmarking of land for school purposes in every township of the Northwest Territory. By the year 1890, when tax-supported public education was an accepted policy in all the states, one-fourth of the states were providing more than half of the costs of public education from state revenue.

Mort notes that by 1830, the shape of public education had begun to appear. It contained a system of public control and a method of public financing. In the decades immediately following, the new states espoused tax-supported education and used the money from their federal land grants as a stimulus to local action.[38]

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[36] Wm. Everett Rosenstengel and Jefferson N. Eastmond, School Finance, Its Theory and Practice, (New York: The Ronald Press Co., 1957), p. 26.

[37] Paul R. Mort, Walter C. Reusser, and John W. Polley, Public School Finance, (New York: McGraw-Hill Book Co., Inc., 1960), p. 194.

[38] Mort, Reusser, and Polley, op, cit., p. 196.

Education in the first half of the nineteenth century in the United States was described by Benson as being "mixed."[39] By this he meant that although there were public schools, schools which were under public management and open to all children regardless of class or religion, it was assumed that those parents who were able would help defray the costs of educating their children. Children of indigent parents attended free of charge, and persons with no children made no monetary contribution to the schools.

After 1850, such men as James G. Carte, Horace Mann, and Henry Barnard led this country in strengthening the public school system. According to Hinsdale, Mann advocated a structure of publicly supported and publicly operated "common schools."[40] This basic concept remains with us today.

Of equal importance historically was the manner in which schools would be financed. Barr describes the earliest source of funding in the American colonies as being derived from grants from England, and he observes that state support of education in this country grew from practices in England and Europe.[41] The early laws of Massachusetts, according to Rosenstengel and Eastmond, were the bases in this country for laws to establish and maintain a school system to serve all of the children, and to provide for its support by the equalized and compulsory tax of all "householders." They listed some of the early day sources of revenue as the fuel or wood tax, the rate bill, tuition fees, land endownments, a variety of license taxes, local

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[39] Charles S. Benson, The Economics of Public Education, (Boston: Houghton Mifflin Co., 1961), p. 314.

[40] Bernard A. Hinsdale, Horace Mann and the Common School Revival in the United States, (New York: Charles Scribner's Sons, 1960), p. 28.

[41] W. Montfort Barr, American Public School Finance, (New York: American Book Co., 1960), p. 87.

appropriations, occupational taxes, organized lotteries, bank taxes, fines and penalties, Insurance premium taxes and state appropriations.[42]

The Kalamazoo case in 1872, a landmark case in the idea of high schools becoming a part of the public school system and being tax supported, had a great deal of influence with increasing public support of schools.[43]

It was Cubberley who recognized the need for the state to have high involvement in funding public education. He proposed that this be done through both equalization and incentive payments.[44] His study led to efforts to translate the philosophy of equal educational opportunity into a viable state finance program which adjusted for variations in district wealth. This task was assigned to the Educational Finance Inquiry Commission (1921-23). Their results, reported by Strayer and Haig, established a program called the foundation plan.[45] Coons observes that modified, scrutinized, criticized as it was, this program remained the paradigm of state aid to education until after 1960.[46] It was Benson in 1961, however, who first wrote that the Strayer-Haig scheme providing for equal educational opportunity was a myth.[47] The long-term history of revenue sources is summarized by Burke as: (1) a gradual abolishment of many early non-tax sources of revenue; (2) the growth and decline of income from permanent school funds; (3) the growth and decline of local, county, and state property tax support for schools; (4) the decreasing importance of earmarked state school taxes,

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[42] Rosenstengel and Eastmond, op. cit., p. 28.

[43] Ibid, p. 34.

[44] Cubberley, op. cit., p. 117.

[45] Strayer and Haig, op. cit., p. 201.

[46] Coons, op. cit., p. 63.

[47] Benson, The Economics of Public Education, pp. 201-210.

and the spread of state general-fund educational appropriations; (5) the growing potency of the federal tax structure and the provision of annual revenues for public schools from federal tax sources; and (6) the development of local or county nonproperty rates to supplement or reduce property taxes.[48]

The concept of financial equalization has been a topic of discussion of educators for many years. Cubberley described his concern for whether states had evolved a just and equitable plan for distributing funds, yet he felt that the state school tax at that time best equalized the burdens for revenues.[49]

The equalization principle is a very difficult principle to define. Some authorities base their interpretation on financial equality, while others are more concerned with establishing the same quality of education for all students. Burke feels it is hard to define because of the five elements that it involves, which were discussed in the first chapter. All of these are difficult to delimit.[50] He illustrates this by listing eight popular definitions of the equalization principle given from 1923 to 1940 by these authorities: Moehlman, Simpson, Grace and Moe, McGuire, Mort, Morrison, Mort and Reusser, and finally Strayer and Haig. None of the definitions offered are exactly the same, yet each author attempts to describe equality of educational opportunity. These men make little effort to separate the financial aspects based on the amount of revenue available for education, from the same quality of education for all students.

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[48]Burke, op. cit., p. 109.

[49]Cubberley, op. cit., p. 18.

[59]Burke, op. cit., p. 89.

Strayer and Haig report the findings of the Educational Finance Inquiry Commission on the essentials involved in the principle of equal educational opportunity as follows:

> To carry into effect the principle of "equalization of educational opportunity" and "equalization of school support" as commonly understood, it would be necessary (1) to establish schools or make other arrangements sufficient to furnish the children in every locality within the state with equal educational opportunities up to some prescribed minimum; (2) to raise the funds necessary for this purpose by local or state taxation adjusted in such manner as to bear upon the people in tax-paying ability; and (3) to provide adequately either for the supervision and control of all the schools or for their direct administration, by a state department of education.[51]

In 1964 a commission was authorized by the United States Congress to study the quality of learning in the nation's urban schools. The report of this commission, commonly called the Coleman Report after its senior author James S. Coleman, has generated a great deal of controversy over its findings, and the methodology and validity of its research. Also, there was a great amount of confusion regarding the data and recommendations following the publication of the report. A Harvard faculty seminar spent three years reanalyzing the Coleman Report data which was reported on by Mosteller and Moynihan. An article by Patterson lists their major findings as:

> 1. There is almost no relation of variation in school facilities to variation in levels of academic achievement;
> 2. Only fractions of a percent of variance in achievement was accounted for by pupil expenditure;
> 3. Family background differences account for much more variation in achievement than do school differences;
> 4. Facilities and curriculum are much less related to achievement than are the attributes of a child's fellow students;
> 5. The higher the social class of other students, the higher any given student's achievement;
> 6. "Good Schools," by themselves, are not enough to assure good education;

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[51] Strayer and Haig, op. cit., p. 174.

7. Teachers mattered, at least for black students...;

8. For twelfth grade, only 16% of Negro students throughout the nation were at or above grade level. Similar results held for Puerto Ricans, Mexican Americans, and American Indians;

9. A child's "sense of control of his environment" correlated strongly with his/her education achievement.

10. Black and white children had nearly comparable school resources within regions and once one takes account of race and family background, academic achievement is weakly related to school politicians and resources...;

11. Blacks on the average are currently performing best in majority white environments, and whites are not performing substantially worse in moderately integrated environments than in all white schools;

12. Classification practices...may be harmful to the achievement of blacks while not aiding the achievement of whites very much;

13. The variation in achievement among schools was small compared to that among individual students within the same school.[52]

In a follow-up to the Coleman Report by Jencks, the basic theme is that even if the inequalities which he lists as existing in schools were eliminated, this would do little to raise the achievement level of children or improve their chances of going to college.[53] Another contention in Jencks' study that equalizing educational opportunity will have no appreciable effect on equalizing income in our society has provoked widespread controversy. Tanner, questions Jencks' hypothesis by stating that the education of a given population cannot be construed as the path toward equalizing income, but rather providing members of that population with life choices that otherwise might not be open to them.[54]

Walberg and Rasher report that some researchers have interpreted these studies to indicate that a student's general test scores are

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[52] Frederick Mosteller and Daniel P. Maynihan, (eds.) On Equality of Educational Opportunity (New York: Random House, 1972), cited by Wade N. Patterson, "After the Coleman Report-What About It?" Thrust, Vol. 3, No. 2 (November, 1973), pp. 11-12.

[53] Christopher Jencks and others, Inequality: A reassessment of the Effect of Family and Schooling in America (New York: Basic Books, Inc., 1972), p. 206.

[54] Daniel Tanner, "Inequality Misconstrued," Educational Leadership, May, 1973, pp. 703-705.

strongly related to post test scores; moderately related to the social class of the school he attends; and unrelated to educational inputs such as expenditures per pupil and pupil/teacher ratio when the first two factors are taken into consideration.[55] They then proceeded to present their research data, based on what they claimed was a much more reliable study than the Coleman Report. Their findings showed that just the opposite of the researchers interpretations was true, and that regardless of socioeconomic and environmental differences, higher levels of educational expenditures and smaller pupil/teacher ratios in the public schools are related to lower rates of failure on the mental test used in their study.

Even though the Coleman Report in itself does not include financial equality per se, there are many aspects that relate to inequalities in financial support. Also, the report has been cited in testimony in several of the court cases which are reported in this study.

Sources of Revenue

To establish the background for the court decisions handed down in the Serrano case, it is important to examine the literature about the effect that sources of revenue have on the concept of equality of educational opportunity.

Johns gives the four major sources of the tax revenue which are available to support public services as personal income taxes, corporate income taxes, sales and excise taxes and property taxes. These revenues may be levied at the local, state, or federal levels of government.[56]

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[55] Herbert J. Walberg and Sue Pinzur Rasher, "Public School Effectiveness and Equality: New Evidence and Its Implications," Phi Delta Kappan, Vol. LVI, No. 1, September, 1974, pp. 3-9.

[56] Roe L. Johns, op. cit., p. 3.

Historically, as cited in Table 2.1, of these three sources, the major proportion of support for public schools in the United States has come from local revenue.

Table 2.1

Percent of Public School Revenue Derived from Various Governmental Levels (1920-1972)

School Year Ending	Federal	State	Local
1920	0.3	16.5	83.2
1930	0.4	16.9	82.7
1940	1.8	30.3	67.9
1950	2.8	39.8	57.4
1960	4.4	39.1	56.5
1965	3.8	39.7	56.5
1970	7.2	40.9	51.8
1972	7.1	40.9	52.0

Source: U. S. Bureau of the Census, Historical Statistics of the United States (Washington, 1960); and National Education Association, Estimates of School Statistics, (1971-72) (Washington, 1971).[57]

The most commonly used form of local revenue is the property tax. Groves defines the property tax as a tax upon all wealth tangible and intangible, which possesses exchange value.[58] This tax, as defined by Burke, is levied at a uniform rate upon all property in a taxing jurisdiction according to an equitable (uniform) assessed valuation placed upon the property by the official assessors of the jurisdiction.[59] Data reported by the National Education Association (N.E.A.) showed that for the ten year

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[57] Leistner, op. cit., p. 121.

[58] Henry M. Groves, Financing Government (New York: Henry Holt and Co., 1945) p. 57.

[59] Burke, op. cit., p. 113.

period from 1956 to 1966, the percentage of all local tax revenue from the property tax stayed at approximately 87 percent.[60] This tax, which is utilized as both a state and local source of revenue, has been both supported and criticized through the years by authorities. The criticism has centered on the opinion supported by a study made by the New York State Education Department that it is the most inadequate and regressive of all of the tax sources.[61] Netzger observes that the American property tax system aboundsin anomalies. During the past century no major fiscal institution, here or abroad, has been criticized at such length and with such vigor; yet no major fiscal institution has changed so little in modern times.[62] Kent reported that in state after state, districts making the greatest local tax effort had the smallest amount of money available to them. Also, he continued, there tended to be an inverse relationship between the social need for education as measured by community socio-economic status indicators and the level of support available.[63] Leroy Green, the Chairman of the California Assembly Education Committee, feels that the property tax should be abandoned as a tax source except for those services (e.g., streets, sidewalks, police and fire protection, utilities) that directly benefit property. He also believes that there is no logical relationship between

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[60] N.E.A. Research Bulletin, Vol. 47, No. 2, May 1969, p. 53.

[61] New York State Education Dept., "Full State Funding of Elementary and Secondary Education in New York State," (Albany, New York State Education Dept., Div. of Educa. Finance, ERIC Document, February, 1972), p. 17.

[62] Leistner, op. cit., p. 319.

[63] Russell Kent, "The Financing of Equal Educational Opportunity," Thrust, Vol. 3, No. 2, (November, 1973), p. 9.

the value of property within a school district and the need to finance a student's education.[64]

In spite of all this criticism the property tax remains the mainstay of revenue sources for local units. This is true, reports the United States Committee on Educational Finance, despite property weaknesses which they list as: the substantial leakages in revenue resulting in under-assessment, slack collection procedures and exemptions, the unrealistic limits imposed by state constitutions and statutes on the rates, and the great number of governmental units (about 100,000) relying on this revenue source of which school districts comprise about half.[65]

There have been some authorities who have favored the property tax. Updegraff felt that the idea of local support was fundamental and that a minimal property tax should be used for this support.[66]

John feels that democratic participation in the operation of local schools can best be guaranteed by the availability of funds from the local property tax, which is closely associated with the local economy.[67] Barr supports this viewpoint when he states that it is vital that the local community have an important share in decisions as to the quantity and quality of the educational program, and that it have considerable leeway in raising school funds. He adds that local desire for better schools is often not as effective when the state provides all or most of the necessary

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[64] Leroy Green, "School Financing (California)," Compact, December, 1971, p. 36.

[65] U.S. Committee on Educational Finance of the N.E.A., New Local Sources of Tax Revenues, (Washington, D. C., N.E.A., 1950), p. 14.

[66] Harlan Updegraff, Rural School Survey of New York State; Financial Support (Ithaca; By the author, 1922), p. 27.

[67] R. L. Johns, The Property Tax and Public School Financing, (Washington, D. C.: Legislative Commission, N.E.A., 1958, p. 2.

funds. He feels that the property tax is still the backbone of local government, and that it is the significant task for each state to integrate property taxation into its state tax system in such manner that it becomes equitable for all citizens.[68]

It is noted by Corbally that over 95 percent of local school financial support is derived from the property tax.[69] The other local sources are called nonproperty taxes. Local sources of revenue in this category are taxes on income, sales, gasoline, and gross receipts, with a number of other taxes bringing minor amounts of revenue. Municipal governments have been the main governmental units to utilize nonproperty taxes.

Alford comprehensively reviewed nonproperty taxes on a local level and examined taxes on personal services, consumption and income as potential sources. He concurred with Burkhead[70] that except for large cities or country-wide levies, little use can be made of these sources.[71] The National Committee for the Support of Public Schools concluded from their research that the likely trend for local sales and income taxes would be useful only as local supplemental rates on the state tax base administered by the state.[72] McLoone suggested that uniform state-wide property-tax rates be set at levels necessary to provide designated minimum

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[68] Barr, op. cit., pp. 121-122.

[69] John E. Corbally, Jr., School Finance (Boston: Allyn and Bacon, Inc., 1962), p. 148.

[70] Jesse Burkhead, State and Local Taxes for Public Education, (Syracuse: Syracuse University Press, 1963), p. 139.

[71] Albert L. Alford, Nonproperty Taxation for Schools, Possibilities for Local Application, (Washington, D. C.: USOE, 1963), p. 47.

[72] National Committee for the Support of Public Schools, "Broadening the Base of State Support," Know Your Schools Fact Sheet, No. 8, unpublished, October, 1966), p. 2.

programs. This would assure that all property within the state would contribute to the basic educational program. Local communities with the capacity and the desire to spend more on their schools could level non-property taxes, and make available a complementary alternative to the property tax.

The other sources of tax revenues available for education are generally collected at the state and national levels and are then apportioned out to the local school districts in some manner that officials feel will equalize the imbalance of the variations occurring in the level of support at the local level.

State support, which was the first support used in this country, is the second largest governmental level utilized for collecting revenue. The state property tax, as espoused by Cubberley and others, was one of the first state sources of revenue. But, as a need for property tax relief grew more apparent after the 1920's, Swift reports that many states began to adopt new tax sources.[73]

Barr enumerates early state tax sources as license taxation and other tax sources as poll taxes, real property, personal property, income, profits from trade, sale of priveleges, and excise taxes. He reports modern state systems of taxation of individuals, commodities, and businesses as having these sources: sales taxes, income tax, and license taxation which includes motor vehicle taxes.[74]

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[73]Fletcher Harper Swift, Federal and State Policies In Public School Finance in the United States (New York: Ginn and Co., 1931), p. 87.

[74]Barr, op. cit., pp. 134-142.

Cyr points out that an increase in the use of these various tax devices occurred in the 1930's. These are presented on the following chart:

Number of States Levying Various Taxes[75]

Tax	1928	1934	1937
Personal Income Tax	11	25	34
Corporation Income Tax	12	27	32
General Sales Tax	4	22	23
Chain Store Tax	2	19	19
Tobacco Tax	11	15	25
Liquor Tax	0	16	47

State tax sources having widespread support in current tax theory according to Rosenstengel and Eastmond are: consumption taxes; personal income taxes; property taxes; corporation net income taxes; severance taxes; death and gift taxes; and taxes on banks, insurance companies, public utilities, and other businesses.[76]

Not all revenue sources are used for financing education. In some states only certain ones may be used, but the general trend seems to be for states to provide support for education from the general fund. Barr reports that during the 1957-1958 school year about 75 percent of state school support was appropriated from the general funds of states. A little under 25 percent was obtained from the receipts of state taxes earmarked for the public schools. Permanent school fund income accounted for only 1.5 percent of state school support.[77] Corbally discourages the practice of obtaining revenue from a state earmarked tax because of the many problems it can promote. He asserts that most schools obtain their main

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[75]Frank W. Cyr, Arvid J. Burke, and Paul R. Mort, Paying for our Public Schools (Scranton, Pa.: International Textbook Co., 1938), p. 135.

[76]Rosenstengel and Eastmond, op. cit., p. 129.

[77]Barr, op. cit., pp. 142-144.

state support from appropriations from the general fund which is brought about through a legislative process that he feels is a sound approach to efficiency in the allocation of scarce funds to governmental units.[78]

Federal sources of revenue, according to Barr, are of only incidental interest in public school finance since they have been the source of only a small portion of public school revenue.[79] The federal government utilizes two major sources of tax revenue, the individual income tax and the corporation income tax.

The sources of revenue that are reported in this section have been reviewed by the courts. They have never found any of the sources to be unconstitutional, but only the manner in which the revenues were used. Proposals for the legal utilization of these sources will be presented in the following section.

Alternative Financing Proposals

In this section the alternative finance proposals for public schools mentioned by the courts as most closely meeting constitutional requirements will be presented. They are: (1) Full State Funding, (2) Power Equalization, and (3) Vouchers. In addition, even though it has been referred to only minimally in the court cases, federal funding will also be discussed because of the increasing interest it is receiving as one of the answers to equality in financing on a nationwide basis.

A recent report by the Phi Delta Kappa Commission on Alternative Designs for Funding Education lists five alternatives: Local Support Alone,

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[78] Corbally, op. cit., p. 88.

[79] Barr, op. cit., p. 69.

Full State Funding, The Traditional Foundation System, Equalized Local Initiative Systems, and Foundation System Supplemental with Equalized Local Initiative. After listing the advantages and disadvantages of the alternatives, they announced their preference for a Foundation System Supplemental with Equalized Local Initiative, a plan similar to the concept of power equalization.[80] Many school finance authorities including Scribner, Chu, and Milne limit their choices to some form of full state funding or district power equalization.[81]

Shalala defines full state funding as "the assumption of substantially all responsibility for financing local elementary and secondary education from State and Federal revenues."[82] This definition appears to belie the term "full" but in practice this is what the majority of the states mean when they use the term. The one exception at this time is Hawaii which does have, except for a small percentage of federal support, full state funding. In the study made by the New York State Education Department, full state funding as it presently exists in Hawaii and Delaware was discussed. In Hawaii, all of the financial support for regular programs in the public schools comes from appropriations made by the State Legislature. The sources of this support are the state general excise tax and state income tax; property taxes are not used for schools.

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[80] K. Forbis Jordan and others (The Phi Delta Kappa Commission on Alternative Designs for Funding Education), Financing the Public Schools: A Search for Equality (Bloomington, Ind., Phi Delta Kappa, 1973), pp. 41-50.

[81] Joy D. Scribner, Morgan Chu, and Mary Milne, "School Finance Reform: The Aftermath of Serrano vs. Priest," Education and Urban Society, February, 1973, p. 138.

[82] Donna E. Shalala, "The Political Realities of Revising State Education Finance Systems," (a paper presented at the American Educational Research Association Annual Meeting, April, 1972, Chicago, Illinois).

The State of Delaware provides 82 percent of nonfederal income to schools for educational purposes and allows the local district to levy a tax to supplement state apportionment. The state allowance is mainly for teachers' salaries. The New York study also reported on proposed legislation in Minnesota and Michigan which would greatly increase the state's share of support. Based on these findings, the State Education Department proposed a plan whereby the State of New York would fund 75 percent of the cost of public school education.[83] Shalala claims that this plan would tend to have an adverse effect on cities as it would cause a redistribution of educational resources from large cities to other parts of the state.[84]

The cited New York study lists the following principal categories of educational finance problems that prompt consideration of full state funding: (1) the lack of equality of educational opportunity; (2) the Balkanization of the metropolitan as well as the rural areas by local school districts and other governmental units; (3) the cost pressures arising from market forces that operate on teacher salaries; (4) the cost pressures arising from the increasing success of militant public service unions; (5) the intermittent concern of the State Legislatures for meeting the State share of educational costs; and (6) the increasingly inadequate property tax base wherein rests the great bulk of local support.[85]

Another alternative to present school financing procedures is district power equalizing. Benson defines district power equalizing as a scheme where the state matches local spending, but at a different rate in poor and rich

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[83] New York State Education Department, op. cit.

[84] Shalala, op. cit.

[85] New York State Education Department, op. cit.

districts such that districts are equalized with respect to tax potential.[86] Any given school tax rate raises the same number of dollars per student without regard to wealth of the local authority. This plan appears to be more in accord with the general direction of education in America. It would be up to the local citizens to decide whether they want to spend a great deal of money on schools or only a small amount, and then vote according to their decision.

Coons, Clune, and Sugarman give strong support to the principle of power equalizing. They define power equalizing as a system of aid that has these characteristics: (1) Any right of sub-units of the state to be relatively wealthy for educational purposes is denied. The total financial resources of the state should be equally available to all public school children. Ultimate responsibility for public schools is placed squarely with the state; (2) the units should be free, through the taxing mechanism, to choose to share various amounts of the state's wealth. A great variety of state educational policies, other than favoring the possessors of wealth, may effect the extent of sharing.[87]

Two states, New York and California, have made a careful study of these two alternatives. The Fleishmann Report in New York State gave the following argument in their report:

> We prefer Full State Funding to District Power Equalizing for several reasons: First, assume that wealthy districts are inhabited by wealthy residents and poor districts are populated by the poor. All District Power Equalizing does is to assume equity tax rates vis-a-vis school expenditures. Poor people would have difficulty in meeting the competition of rich people

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[86] Charles S. Benson, "Observations on Finance of Education," Thrust, Vol. 3, No. 2. (November, 1973), p. 15.

[87] Coons, Clune, and Sugarman, op. cit., pp. 201-242.

in rich districts, once the latter saw how the finance plan was shaping up and raised their school tax rates to preserve their favored position. Second, assume as we do, that there is no absolute standard of education which can be described as "adequate"----------that all educational disparities are relative. Then, if one is going to embark on a major revision of educational finance arrangements, why should one not remove "place inequalities" as well as wealth inequalities? The quality of a child's education should in our view be no more a function of how highly his neighbors value education than how wealthy they are.

As we understand the ideals of a democracy, public institutions, and especially the schools, should see to it that personal attributes such as aptitude, talent, and energy, play a progressively larger role in an individual's success and development while parental wealth, on the one hand, and apathy on the other, play a progressively smaller role. We see no way for this ideal to be achieved in the absence of direct state intervention in the allocation of educational resources.

One of the functions of an educational system is to act as a sorting device. Classification of people on grounds of ability and aptitude occurs all the time and schools act as a major transmitter of the process. But if primary schooling of some children is of vastly greater quality than that of other children, the sorting process is ineffectual and dangerous. Local tastes for basic educational services should not distort the function of the sorting mechanisms and possibly undermine students' potential and achievements.[88]

In a report made by Benson to the Senate of the State of California on the comparability of the two alternatives, he recommended district power equalizing rather than full state funding. His opinion was based on these two ideals: first, that we should be able to make better judgments about the learning requirements of students and about educational costs in order to guide allocation of resources; and second, that we should be able to believe that there is sufficient power in organized administrators and teachers to see that the state spends what it needs on education.[89]

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[88] The Fleishmann Report on the Quality, Cost and Financing of Elementary and Secondary Education in New York State (New York: The Viking Press, 1973), pp. 38-39.

[89] Benson, "Observations on Finance of Education," op. cit., p. 16.

A third financing alternative is the Voucher plan. The first of the modern voucher concepts, which used the traditional Catholic social philosophy of subsidiarity to develop the concept that values in a school's curriculum and culture should be totally determined by the parent, was proposed by a Jesuit political scientist, Father Blum, at Marquette University in 1958.[90]

During the next decade several different approaches to vouchers were proposed. Carr and Hayward looked at five of these proposals made by Milton Friedman (1963), Christopher Jencks (1966), James Coleman (1967), Theodore Sizer with Phillip Whitten (1968), and Henry Levin (1968). They found Coleman's plan to be most practical and comprehensive. However, the author's felt that all of these plans fall short of the goal of closing the gap between reality and expectations.[91]

In 1969 the United States Office of Economic Opportunity (O.E.O.) made a grant to the Center for the Study of Public Policy, which was under the direction of Christopher Jencks, to support a detailed study of educational vouchers. Reporting on the study, Areen and Jencks state that the results were a proposal with a regulatory system which had two basic principles: (1) no public money should be used to support "private" schools, and (2) any group that operates a "public" school should be eligible for public subsidies. They then point out that by "private" they mean any school that excludes applicants in a discriminatory way, charges

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[90] Virgil C. Blum, Freedom of Choice in Education, (New York: MacMillsn, 1958), p. 57.

[91] Ray A. Carr and Gerald C. Hayward, "Education by Chit: An Examination of Voucher Proposals," Education and Urban Society, February, 1970, pp. 179-191.

tuition, or withholds information about itself to anyone who is interested.[92]

The basic features of the Jenck's plan are: (1) Parents choose between competing schools; (2) Schools must be open to all applicants; (3) Schools must accept the voucher as full payment for the cost of a child's education; (4) Each school must make information available which will enable parents to make wise decisions; (5) A new independent agency the Education Voucher Agency (E.V.A.) should enforce these regulations and administer the voucher program; (6) The value of the voucher is supplemented for the poor, to enable schools to develop special programs for these children; and (7) All kinds of schools are included, private and religious schools, as well as public schools.[93] Following the report from the Center, O.E.O. invited districts to volunteer to participate in a pilot study which would use the basic principles set down by the Center, and be financed by O.E.O.

The controversy which had been developing about vouchers redoubled following this invitation. The teacher's organizations were especially negative toward the concept. David Selden, President of the American Federation of Teachers, stated that the voucher plan does not add a single new educational technique, nor can it guarantee that giving pupils more mobility will result in the development of new techniques.[94]

In a guest editorial, the Executive Secretary of the N.E.A. expressed his concerns by pointing out that in Holland where a system

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[92] Judith Areen and Christopher Jencks, "Education Vouchers: A Proposal for Diversity and Choice," Teachers College Record, Feb. 1971, p. 330.

[93] Christopher Jencks, "Giving Parents Money for Schooling: Education Vouchers," Phi Delta Kappan, September, 1970, pp. 49-52.

[94] David Selden, "Vouchers-Solution or Sop," Teachers College Record, February 1971, p. 370.

similar to the voucher system was instituted in the early 1920's, the enrollment in the Dutch public schools fell from 71 percent to 34 percent between 1921 and 1950, while during the same period private schools rose from 29 percent to 66 percent.[95]

At their National Convention held in San Francisco in July, 1970, the N.E.A. Representative Assembly passed the following resolution which was reported in the N.E.A. Journal:

> The N.E.A. believes that the so-called voucher plan under which education is financed by federal or state grants to parents could lead to racial, economic, and social isolation of children and weaken or destroy the public school system. The Association urges enactment of federal and state legislation prohibiting the establishment of such plans and calls upon its affiliates to seek from members of Congress and State Legislators support for this legislation.[96]

This editorial also reports that the N.E.A. appeared at a Senate hearing to protest appropriations of O.E.O. funds for an educational voucher system.

Advocating the use of vouchers on a regulatory basis as was proposed by the Jenck's group were such prominent authorities as Coons, Clune, and Sugarman.[97] Dentler feels that the voucher approach is highly desirable educationally, but limited sociologically in its scale of applications to urban time and place.[98] It is Berube's opinion that the voucher plan would give community control and disperse the power of schoolmen, which he

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[95] Sam N. Lambert, (guest editorial), "After All," Today's Education, May 1971, p. 64.

[96] "After All," editorial, Today's Education, Nov. 1970, p. 80.

[97] Coons, Clune, and Sugarman, op. cit., p. 118.

[98] Robert A. Dentler, "Vouchers: A Problem of Scale," Teachers College Record, Feb. 1971, p. 387.

believes to be good, but also believes would be vehemently opposed by all levels of school people.[99]

It took the O.E.O. almost two years to find a community that would agree to conduct a voucher demonstration. This community was in San Jose, California, and was encompassed by the Alum Rock School District. However, they imposed certain conditions on the Jenck's plan, which Mecklenburger lists as: (1) Only one-third of the school district is involved, and only for one year, after which either party may cancel the demonstration; (2) Only public school programs are involved; (3) The district Board of Education retains control, although it is advised by an Education Voucher Advisory Committee (EVAC) comprised of parents; (4) Parents choose between competing school programs, not competing schools.[100] Alum Rock has completed its third year of operation, and there is still controversy over the voucher plan. According to the project director, Joel Levin, it is still too early to draw conclusions, but he suggests that in addition to being a possible mechanism for operating a school system on a permanent basis, vouchers can be a useful vehicle for bringing change to a school system.[101]

Another source of alternative funding that is receiving increasing attention is federal funding. By far the smallest of the three major sources of funding education, many educators and financial experts feel

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[99] Maurice R. Berube, "The Trouble with Vouchers," Commonwealth, January 22, 1971, p. 416.

[100] James Mecklenburger, "Vouchers at Alum Rock," Phi Delta Kappan, September 1972, p. 23.

[101] Joel M. Levin, "Alum Rock After Two Years: You, Dear Reader, Have a Choice," Phi Delta Kappan, November, 1974, p. 23.

that it holds the best answer for equality in financing. Elam[102] and Rosenberg[103] propose an Equal Educational Opportunity Amendment to the United States Constitution that would guarantee equity in the quality of education throughout the country. Education in the public schools would be perceived as a federal authority. Neither of these men discuss which level of government will have the financial responsibility for carrying out the amendment. Herndon, however, believes that we must move toward a national commitment of federal funds to encourage and support a minimum standard of education for all students to correct the glaring inequities among school districts, and to solve the persistent problems that sap the energies of the classroom teacher.[104] Reischauer proposes a program of federal aid of finite dimension that would settle on priorities in the interstate and intrastate equalization areas and in property tax relief.[105] It has to be realized that any massive federal grant program for education will not be possible unless present emphasis in the federal budget is shifted, existing federal programs are slashed, or a major new tax increase is enacted. Testifying before the U. S. Senate Subcommittee on Education, Berke and Kirst recommended that Congress should adopt a program to help states reform their systems of school finance. The goal of the legislation would be to assure that the quality

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[102] Stanley M. Elam, "Thomas Jefferson Agrees: It's Time for the Equal Educational Opportunity Amendment," Editorial, Phi Delta Kappan, September, 1974, p. 2.

[103] Max Rosenberg, "Proposed: An Equal Opportunity Amendment to the U. S. Constitution," Editorial, Phi Delta Kappan, March, 1974, pp. 442-443.

[104] Terry Herndon, "A National Commitment of Federal Funds," Today's Education, September-October, 1974, pp. 54-55.

[105] Robert D. Reischauer, Robert W. Hartman, and Daniel J. Sullivan, School Finance, (Washington, D. C. The Brookings Institution, 1973), p. 173.

of education a child receives does not vary simply because of the arbitrary distribution of the local capacity to support education within each state.[106]

Legal Aspects

Equality of Educational Opportunity as a constitutional right was heard in the courts over twenty years ago in the Brown vs. Topeka case. However, it has only been during the last six or seven years that equality of educational opportunity as it is related to equality in educational financing has been brought before the courts. This part of the study will contain the background and history of these court cases. Rosenberg notes that the word "education" does not appear in the Constitution of the United States. He feels that this is a crucial omission and that today's educational situation requires that steps be taken to remedy this. This should be done, he suggests, by enacting an Equal Educational Opportunity Amendment to the Constitution.[107]

The position of the Federal Government with regard to education is discussed by Peterson, Rossmiller, and Volz. They point out that the Tenth Amendment is the basis for states having the responsibility and primary concern for education. Where there are no federal constitutional or statutory enactments, the state has exclusive jurisdiction in education. The Federal Government, however, actually has a tremendous influence on the educative process through provisions of the federal constitution, decisions of the U. S. Supreme Court, and congressional enactments providing financial

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[106] Joel S. Berke, and Michail W. Kirst, "How the Federal Government Can Encourage State School Finance Reform," Phi Delta Kappan, December, 1973, pp. 241-244.

[107] Rosenberg, *op. cit.*, p. 442.

support to public schools. Local school district activities must be in accord with the powers granted them and must not be in violation of the state constitution, or statutes, congressional action, or the federal constitution.[108]

In recent years, court cases have been filed in a number of states based on the financial inequality of educational opportunity. One of these cases resulted in a U. S. Supreme Court case when the plaintiffs state that inequality of educational opportunity is a violation of the equal protection clause of the U. S. Constitution. In the majority opinion of that case, it was stated that education under the U. S. Constitution does not represent a fundamental interest and hence under terms of the U. S. Constitution strict scrutiny of state systems of education finance is not required as a matter of equal protection.[109]

According to Soelberg, in the United States over thirty suits were filed which in some way challenge the equality of school financial structures.[110] However, this study will only consider four of them: Serrano vs. Priest in California; Van Dusartz vs. Hatfield in Minnesota; Robinson vs. Cahill in New Jersey; and San Antonio vs. Rodriguez in Texas. These are the most frequently listed as the fundamental cases and are fairly representative of all. Since the focal point of this study is the Serrano case, which is considered the landmark of these cases, it will be considered first and will be covered the most extensively.

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[108] Leroy J. Peterson, Richard A. Rossmiller, and Marlin M. Volz, The Law and Public School Operation, New York: Harper and Row, 1969, p. 376.

[109] San Antonio vs. Rodriguez, op. cit.

[110] Donald E. Soelberg, "Issues and Values for Equal Educational Opportunity," Thrust, Vol. 3. No. 2., (November, 1973), p. 7.

In the Serrano case, as reviewed by Shannon, several Los Angeles County public school children and their parents instituted a class action against various state and local county officials whose duties touch upon the apportioning, disbursing, accounting, and auditing of state financial aid which helps support the public school.[111]

The plaintiffs alleged three causes of action which were:

> 1. That, as a result of the public school financing law in California (which relies heavily on local property taxes and thereby causes large disparities among individual school districts in the amount of revenue available per pupil to support the educational program), there are substantial disparities in the quality and extent of educational opportunities among the various school districts in the state generally, and, in particular, the educational opportunities open to the plaintiffs are substantially inferior than exist in other districts in the State. All of this, plaintiffs contend, is repugnant to (a) the equal protection clauses of the U. S. Constitution and (b) the California Constitution, including the provision requiring "a system of common schools" in the State;
> 2. That, as a result of the public school financing plan in California, the plaintiffs are required to pay a higher local real property tax rate than taxpayers in many other school districts to obtain the same or lesser educational opportunities; and
> 3. That there is a "real controversy" between the plaintiff's and defendant's state and local school officials as to the "validity and constitutionality of the (public school) financing scheme under the Fourteenth Amendment to the U. S. Constitution and under the California Constitution."

The Plaintiffs required that the Court declare the public school financing law in California unconstitutional, order the reallocation of public school funds and retain jurisdiction so that, if the State Legislature failed to restructure the public school financing law in light of the plaintiff's demands, the Court could do the job itself.

The defendants demurred to the plaintiff's three alleged causes in the Los Angeles County Superior Court. The lower court held that, in the form which the plaintiff's complaint was presented to the Court, it did

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[111] Thomas A. Shannon, "Chief Justice Wright, the California Supreme Court and School Finance: Has the 14th Done It Again?" NOLPE School Law Journal, Spring, 1973, p. 2.

not state a cause of action, and, therefore, no trial was warranted. The plaintiffs appealed to the California District Court of Appeals. Three judges considered the matter, upheld the lower court, and again dismissed the case. Adams related that the case was accepted for hearing by the California Supreme Court, even though legally they were not required to hear it at this point in the judicial process.[112]

The California Supreme Court handed down a decision on August 30, 1971 in favor of the plaintiffs. In its opinion, the Court defined the general overriding issue of the case as ... "whether the California public school financing system, with its substantial dependence on local property taxes and resultant wide disparities in school revenue, violates the equal protection clauses of the Fourteenth Amendment." They looked at property tax as"...a function of the value of the realty within a particular school district, coupled with the willingness of the district's residents to tax themselves for education." As far as the existing State School Funds, they stated that "...the state grants are inadequate to offset the inequalities inherent in a financing system based on widely varying local tax bases."[113]

The court, not accepting the theory of the plaintiffs regarding the California Constitution, held that "...We have never interpreted the constitutional provision (to provide for 'a system of common schools') to require equal school spending; we have ruled only that the educational system must be uniform in terms of the prescribed course of study and educational progression from grade to grade."[114]

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[112]Adams, op. cit., p. 4.

[113]Serrano vs. Priest, 5 Cal. 3d 584, 487, p. 2d 1241 (1971), 96 Cal. Reptr., 601.

[114]Ibid.

The Court, in addressing itself to the main issue of the violation of the Fourteenth Amendment, in an analysis of the full opinion by Shannon, said that the United States Supreme Court measures the validity of State Legislation which concerns either (1) "suspect classifications" or (2) "fundamental interests" according to a strict constitutional standard. That is, any State Law which claims to establish "classifications" that affect people, (e.g., public school financing laws where it appears that all people are not equally benefited, is subject to a strict measurement against the U. S. Constitution's "equal right clause.") Similarly, any state law which involves a "fundamental interest" is also subject to such measurement. The burden is on the States in this constitutional measuring process to prove: (1) That the State has a "compelling interest" which justifies the law; and, (2) That the particular manner in which the law treats people differently is necessary to further the law's valid purposes. The Court first considered the California public school financing law on the basis that it is a "suspect classification." The Court affirmed as "irrefutable" the plaintiff's contention that the school financing law is a "classification" based on wealth. While the Court conceded that the law, through its grants of "basic" and "equalization" aid, "partially alleviates" the considerable differences in the wealth of local districts throughout the State, the Court nevertheless specifically recognized that the system as a whole generates school revenue in proportion to the wealth of the individual district.

The Court, in looking at whether or not public education is a "fundamental interest" described education as playing an "indispensable role" in the modern industrialized State. They concluded that the California public school financing law is subject to being measured against the equal protection clause of the U. S. Constitution for the following reasons:

(1) education is a "fundamental interest" and (2) the law providing for the financing of the public schools in California is based largely on local district wealth and thereby discriminates against the people of less wealthy districts.[115]

In the transcript of its opinion the Court stated:

> We are called upon to determine whether the California public school financing system, with its substantial dependence on local property taxes and resultant wide disparities in school revenue, violates the equal protection clause of the Fourteenth Amendment. We have determined that the funding scheme insidiously discriminates against the poor because it makes the quality of a child's education a function of the wealth of his parents and neighbors. Recognizing as we must that the right to an education in our public schools is a fundamental interest which cannot be conditioned on wealth, we can discern no compelling State purpose necessitating the present method of financing. We have concluded, therefore, that such a system cannot withstand constitutional challenge and must fall before the equal protection clause.[116]

On October 21, 1971, the Court issued a "modification of opinion" in which it stated:

> We emphasize, that our decision is not a final judgment on the merits. We deem it appropriate to point out for the benefit of the trial court on remane...that if, after further proceedings, that court should enter final judgment determining that the existing system of public school financing is unconstitutional and invalidating said system in whole or in part, it may properly provide for the enforcement of the judgment in such a way as to permit an orderly transition from an unconstitutional to a constitutional system of school financing.
>
> ...a determination that an existing plan of governmental operation denies equal protection does not necessarily require invalidation of past acts undertaken pursuant to that plan or an immediate implementation of a constitutionally valid substitute. Obviously, the existing system is to remain operable until an appropriate new system, which is not violative of equal protection of the laws, can be put into effect.[117]

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[115] Shannon, _op. cit._, pp. 4-7.

[116] _Serrano vs. Priest_, 487 p. 2d 1241 (1971).

[117] _Serrano vs. Priest_, 5 c 3d 584 (1971).

Adams noted that the Serrano case acted as a bridgehead in legal theory, and that these theories, as many others move to exploit them, may be more important than the case itself. He feels that since the whole effort in the Serrano case was to strike down the wealth-based school financing system and leave it to the legislature to create a new system, the real defendant was the state legislature. All that is struck down is the dollar inequality built into the local property tax system. The court did not say that you must spend an equal number of dollars on each child.[118]

In analyzing what requirements were set down by Serrano, Scribner, Chu, and Milne, declare that Serrano compelled neither the abolition of the property tax nor the creation of a statewide property tax.[119]

Resnick believes that Serrano requires tax reform, and tax reform requires equalization of property taxes, which means more of the school fund load being placed on the state. In answer to the critics who fear state controls, he asserts that state funding does not mean state control of the operation of local schools.[120]

A State Superior Court in Minnesota on October 12, 1971 passed down a ruling in the case of Van Dusartz vs. Hatfield in which the court upheld the Serrano decision and ruled Minnesota's method of financing its public schools as unconstitutional because it violated the "equal protection" clause of the Fourteenth Amendment.[121]

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[118] Adams, op. cit., p. 6.

[119] Scribner, Chu, and Milne, op. cit., p. 144.

[120] Michael A. Resnick, "Serrano vs. Priest: Blueprint for Tax Reform," Nations Schools, March, 1972, p. 44.

[121] Van Dusartz vs. Hatfield, 334 F. Supp. 870 (Minn. 1971).

The next case to have a decision handed down was the Texas case of San Antonio vs. Rodriguez. This case was first filed in the summer of 1968. On December 23, 1971 a three-judge panel rendered a decision holding that the Texas school finance system was unconstitutional under the Equal Protection Clause of the Fourteenth Amendment.[122] The State appealed the case, and it was argued before the Supreme Court of the United States on October 12, 1972. They handed down a decision on March 21, 1973 that reversed the original decision. In the majority opinion written by Justice Powell, it was pointed out that education under the U. S. Constitution is not a matter of fundamental interest, and therefore does not violate the Fourteenth Amendment.[123]

The Robinson vs. Cahill case in New Jersey, as were the Serrano and Van Dusartz cases, was tried in the State courts. In the decision handed down by a New Jersey State Superior Court on January 19, 1972, it was held that the system of financing education in that state did not provide the equality of educational opportunity which is demanded by the State Constitution. It was their opinion that it also violated the equal protection clause of the Fourteenth Amendment.[124]

All four of these cases had a profound effect on other states, since, according to Adams, every state except Hawaii has a school tax system like California (i.e., real estate taxes levied by districts with makeshift state equalization formulas.)[125] There also were immediate effects in at least two of the states, Minnesota and California.

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[122] San Antonio vs. Rodriguez, 337 F. Supp. 280 (Texas, 1972).

[123] San Antonio vs. Rodriguez, 411 U. S. 1, Texas Ct. (1973) op. cit.

[124] Robinson vs. Cahill, 119 N. J. Super. 40, 289 A 2d 569 (N.J. 1972).

[125] Adams, op. cit., p. 4.

Following the October decision of the State Court in Minnesota, the Minnesota legislature enacted new legislation which attempted to meet the requirements of the decision. It increased the state's percentage of support to 65 percent in a new formula for providing State aid. As a result, a U. S. District Court hearing of the Van Dusartz case was dismissed on the grounds that although the new legislation may not have met all of the requirements of the State Court decision, it was considerably closer than the old statute. They also asked that plaintiffs hold further constitutional challenges in abeyance until the Legislature had had a full session in which to consider completely the constitutional principles established in the original case.[126] In California, the Legislature responded with the enactment of Senate Bill 90, which will be covered more fully later.

Because it was the first major court ruling finding a state financing system unconstitutional, the Serrano case has been most frequently referred to by educators, legislators, financial experts and others who are concerned with financial equality. Cassidy opines that there is little doubt that Serrano will be evolutionary in nature and is likely to follow a pattern similar to the reapportionment question. He declares that if education is a state responsibility, then the state has a responsibility for each and every child's education.[127]

A California State legislator asserts that the court, at no time addressed itself to the question of variations in the quality of education.

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[126] Van Dusartz vs. Hatfield, U. S. Dist. Ct., Minn., 3c 3d, 243, (1971).

[127] Joseph Cassidy, "Property Tax Decision (California)" Compact, December, 1971, pp. 38-39.

Its findings related solely to the question of equality in financing education. He believes that there is no logical relationship between the value of property within a school district and the need to finance a student's education. According to Assemblyman Green, it is estimated that it will take anywhere between $400 million and $1 billion annually of additional revenues in California to meet the Serrano decision.[128]

There are many differing opinions as to what compliance with the decisions is required by the courts. To have complete compliance with Serrano, Ross declares, it would appear that the funding for schools would have to come from full state funding, a statewide property tax or a combination of both. He mentions, however, that most people believe that full compliance is nearly impossible and feels that the term substantial compliance becomes relevant.[129]

It is the opinion of Hickrod that the Supreme Court's Rodriguez decision has probably ended the federal court approach. He feels that future cases will be based more on the ground of state constitutions rather than the federal constitution.[130] California Supreme Court Chief Justice Donald R. Wright believes that the ruling in the Rodriguez case will not affect the ruling in the Serrano case, because the U. S. Supreme Court decision was based on the equal protection clause of the Fourteenth Amendment, while the Serrano decision was based on both the U. S. Constitution and provisions of the California State Constitution.[131]

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[128] Green, op. cit., p. 36.

[129] Maurice A. Ross, "The Principles of Serrano Can Be Implemented But It Won't Be Easy," Thrust, Vol. 3, No. 2, Nov., 1973, p. 5.

[130] G. Alan Hickrod, "After Rodriguez-What?" Illinois School Board Journal, July-August, 1973, p. 21.

[131] Donald R. Wright, SELL (Sacramento: Association of California School Administrators), March 26, 1973.

The responsibility for complying with the court decisions is most generally considered as resting with the State Legislatures, whom Shannon refers to as the "master school board" of their respective states. He points out that whether the new public education finance system will involve new forms of tax revenue, centralized or decentralized taxing plans, operational responsibilities, general increases in total revenue, expansion of the categorical aid concept and a host of other profoundly important policy matters is entirely up to the discretion of the Legislatures, working within the skeletal principles laid down by the court cases.[132]

California's Response to Serrano

Following the California Supreme Court's decision on the Serrano case in August, 1971, there was a great deal of speculation on what the California Legislature would do in response. The following is a chronology of what happened from that time until the beginning of 1975.

The State Legislature in California reconvened on September 7, 1971, just eight days after the Serrano decision was handed down. There was a great deal of concern by the legislators as to its effect. However, during the remaining three months of the 1971 legislative session, SELL (Sacramento Legislative News Letter), a weekly publication of activities of happenings in the California Legislature edited by former Assemblyman Gordon H. Winton, Jr., reports that the legislature failed to pass any meaningful school finance bill.[133]

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[132] Shannon, op. cit., p. 13.

[133] SELL, December 13, 1971.

During the 1972 session of the California Legislature which opened in January, there were no less than six groups working on a school finance proposal that would meet the requirements of the Serrano decision. SELL lists these groups as the State Department of Education, Schools for Sound Finance (basic aid districts), Governor Ronald Reagan and the State Department of Finance, Senator Albert Rodda, Assemblyman Leroy Greene, and Assemblyman Willie Brown. It reportedthat most of these proposals contained some form of property tax relief and a statewide property tax.[134]

During the session these groups working sometimes together and sometimes alone introduced two bills in the Assembly and four bills in the Senate which expressed their priorities. Between March and December, these bills proceeded through the legislative process. SELL (reporting in twenty-two issues on these bills) described the week-by-week progress of each plan, the changes that were made, and the politics as one bill or another gained support.[135]

The Constitutional Amendment is a legal method of speeding up the legislative process. It allows the voters to say at the polls how they feel about an issue. A 1972 Gallup survey published in the Phi Delta Kappan, reported that 55 percent of its national sample favored a reduction in the property tax and an increase in state taxes.[136] However, a report by Shalala and Williams showed that seven Constitutional Amendments in 1972 and 1973 which would have reduced or eliminated property tax reform were defeated in the states of California, Colorado (2), Michigan, Oregon (2),

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[134] SELL, January 31, 1972.

[135] SELL, Issues from March 6, 1972 - December 4, 1972.

[136] Geo. H. Gallup, "Fourth Annual Gallup Poll of Public Attitudes Toward Education," Phi Delta Kappan, Sept., 1972, p. 36.

and Washington. It is their feeling that it is politically more feasible to attempt tax or expenditure reform through other means.[137] Sturm's study reports that between 1964 and 1971 only 9.1 percent of constitutional amendments proposed by the initiative process were adopted, while 66.7 percent of those proposed by the legislature during the same period were adopted.[138]

This approach was tried in California when an initiative was placed on the November ballot in 1972. It was designated as Proposition 14 and was sponsored by Phillip Watson, the County Assessor for Los Angeles County. The initiative, as reported in SELL, would have eliminated local property taxes immediately, imposed a statewide property tax, and wiped out all override taxes, among other things.[139] In spite of strong opposition from the Governor and most of the Legislature, no major property tax measure was acted upon by the Legislature prior to the voting on the initiative. The election was held and Shalala and Williams reported that Proposition 14, a measure which would have reduced property taxes by almost 40 percent, was soundly defeated by the taxpayers of California, 5,356,221 to 2,678,071.[140]

The Legislature reconvened the day after the election, and promptly proceeded to provide a bill which would be acceptable to a majority of the legislators and to the governor.

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[137] Donna E. Shalala and Mary Frase Williams, "State Tax Politics, the Voters, and School Finance Reform," Phi Delta Kappan, Sept., 1974, pp. 12-13.

[138] Albert L. Sturm, "State Constitutions and Constitutional Revision," The Book of the States, 1972-73, (Lexington, Ky.; The Council of State Governments, 1972), p. 4.

[139] SELL, October 9, 1972.

[140] Shalala and Williams, op. cit., p. 10.

The final vehicle to contain the required provision was S. B. 90, authored by Senator Ralph Dill. It was announced in SELL that the bill was passed by the Legislature on December first, and signed by Governor Reagan on December 19.[141] The main features of the measure, which was extremely comprehensive, can probably best be analyzed from this summary by Downing:

> S. B. 90 provides for 1973-74 $561 million. The breakdown is as follows:
>
> $225 million for improvements in equalization aid.
> 25 million for Early Childhood programs (K-3).
> 82 million for educationally disadvantaged (urban factor).
> 229 million for local tax rollback.
>
> The above sums which will be increased annually by the statewide averaged assessed value percentage increase will be financed from the state's share of federal revenue sharing and on-going estimated budget surpluses. It is anticipated that these funds will be sufficient to finance school apportionment for the next several years.
>
> Elementary school foundation programs will be increased to $765 with a $2.23 per 100 tax rate. High school foundation programs will be increased to $980 with a $1.64 per 100 tax rate. In addition, unified school districts will receive the $20 unification bonus. Special education appropriations will be adjusted to the higher foundation programs. The $82 million for educationally disadvantaged will be available to eligible school districts on a formula that considers poverty index, transiency, and bilingualism. Eligible districts will make application for their allotment on a project approved basis.
>
> Twenty-five million for early childhood education will be increased to $40 million in the second year.
>
> All categorical aids, (e.g., special education, transportation, Miller Unruh, federal funds) will be allowed in addition to the revenue ceilings that will be applicable. With the exception of permissive override taxes for fire and earthquake safety, children's centers, developmental centers, bond interest and redemption, and state loan payback, all other permissive overrides will no longer be available. However, these other permissive override taxes levied in 1972-73 will become part of a district's general operation tax rate. The sum becomes the statutory tax ceiling.
>
> School districts who use voted override taxes continued to use that rate as part of its tax base and included any unused portion of the voted override as being part of the 1972-73 tax base.

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[141] SELL, issues of December 4 and December 25, 1972.

Foundation programs were adjusted annually in terms of the average assessed valuation increase statewide. Expenditure ceilings were increased annually by an inflation factor to be developed jointly by the Department of Finance and the State Department of Education. In no event, however, are the school districts that currently are spending less than the statewide average allowed to exceed by more than 15 percent its previous year's expenditure per unit of a.d.a.

Districts that spend substantially above the statewide average were not required to reduce their income per unit of a.d.a., but the rate of allowed increase must be lower than the inflation factor.

Revenue from permissive overrides which in the past have been restricted are now to be consolidated and any restricted balances existing as of June 30, 1973 become part of the general balance. Boards of Education will have complete authority to designate spending priorities.[142]

State Superintendent of Schools Wilson Riles felt that this legislation marks the most significant increase in any state's spending for educational purposes in the history of our country. He went on to state that now school financing is tied to the cost of living index, thus taking it out of the annual school money crisis, and that those responsible for the schools can no longer complain that they don't have enough funds.[143]

It soon became apparent that there were some parts of S. B. 90 that needed reworking before the legislation became operable. A trailer bill by Assemblyman Joe Gonzales, A. B. 1267, was drawn up and signed into law to become effective on July 1, 1973. SELL recapped the principal financial provisions of this bill as:

1. In addition to the provisions of S. B. 90, increased funding or increased revenue limits for school districts are allowed in the form of three options:

a. The inflation allowance is increased from $65 to $70 for1973-74 and the district may use this or move toward the

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[142]George M. Downing, "Special Issue-S. B. 90," SELL, December 6, 1972.

[143]Wilson Riles, SELL, December 11, 1972.

foundation program at a maximum of 116 percent of the 72-73 revenue base (but not both) - or -

b. Districts may add the unused portion of a voted override tax to the revenue limit for establishing computational tax rates and use the $65 inflation allowance (provided in S. B. 90) or move toward the foundation program at a maximum of 115 percent (but not both) - or -

c. Districts may add to the 72-73 revenue base the unrestricted balances (reserves) used to balance the budget in 72-73, but not to exceed three percent of the total General Fund expenditures for education, and use the $65 inflation allowance or move toward the inflation program at a maximum of 115 percent (but not both)

2. Areawide Taxes - S. B. 90 inadvertently repealed provisions of the Education Code referring to the areawide tax. A. B. 1267 has added the authority to levy areawide taxes and to distribute the revenue.

3. Junior High Tuition - A. B. 1267 has provided a new method for computing this for elementary districts participating in a junior high school operated by a high school district.

4. Declining a.d.a. Adjustment - If the loss in a.d.a. is greater than one percent, the estimated a.d.a. for the budget year is multiplied by the fraction of a percent by which the difference exceeds one percent and the result is added to the estimated a.d.a. of the budget year to set the revenue limit. If the loss in a.d.a. is greater than two percent, a maximum of 50 percent of the difference is added to the budget year a.d.a.

5. P. L. 874 -- Districts with a revenue limit below the foundation program that sustains a loss in P. L. 874 funds due to a reduction in entitlement may add to 73-74 revenue limit an amount not to exceed the loss of P. L. 874 funds. However, when this loss is added to the district's revenue limit, the total cannot exceed the foundation program.

6. Interdistrict Attendance Tuition Payments -- The district of residence shall be credited for apportionment purposes with the a.d.a. of pupils attending school in another district under interdistrict agreement. Tuition payments cannot exceed the revenue limit for a.d.a. of the district of attendance.

7. Override Taxes:

a. Permissive override tax up to a limit of $0.05 per district is authorized to provide meals for needy pupils.

b. The community services override tax at $0.05 per level is again authorized.

c. A special override tax rate of not more than $0.05 is authorized for school districts for capital outlay purposes for regional occupational centers and regional occupational tax.

8. The defined adult foundation program at the high school level is established at $386 with a $0.50 computational tax.

9. Foundation programs 1974-75 and thereafter -- The foundation program will be increased each year for the next four years on an automatic basis.

10. Special Education -- Special education class allowances will be added on top of the foundation programs.

11. Williamson Act -- A. B. 1267 increases the qualifying tax rates for Williamson Act reimbursement to the computational tax rates as provided in S. B. 90.

12. Mandated Programs -- Any new program or increased level of service of an existing program which is mandated by legislative action after January 1, 1973, shall require that state funds be provided to cover the cost of such programs.[144]

The first year under the new legislation was fairly successful probably because of the large amount of new monies injected into the state's allocation. However, when budgets were being drawn up for the 1974-75 school year, it became apparent that there were some serious problems resulting from financing under S. B. 90. An editorial in the _San Jose Mercury-News_ pointed out some of these problems as being the set inflation factor built into the law, which was about one-half the actual amount, and the declining school population.[145] The State Legislature passed a bill which would have added $15 per unit of a.d.a., but on September 26, Governor Reagan vetoed the bill, and that stopped any hope for relief from the State.[146] As a result, many districts sought revenue increases in the June, 1974 elections. In Santa Clara County, for example, it was reported that nine of the thirty-three school districts in the county sought an increase. Only one of these was successful.[147] This state of affairs continued, and by the November elections the number of districts in that county requesting an increase was seven. The _Mercury_ related that only two of these were successful.[148]

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[144] _SELL_, July 13, 1973

[145] Editorial, _San Jose Mercury-News_, October 27, 1974, p. F2.

[146] _SELL_, October 7, 1974.

[147] Editorial, _San Jose Mercury-News_, June 6, 1974, p. F2.

[148] _San Jose Mercury_, November 11, 1974, p. 22.

The Jefferson Decision

In the meantime the Serrano case which had been returned to the Los Angeles County Superior Court for a full hearing was being heard by Judge Bernard S. Jefferson, sitting without a jury. The case came to trial on December 26, 1972, and a decision was reached and handed down on August 30, 1974. Some of the major points covered in the Judgment were:

1. That the California Public School Financing System including the provisions of S. B. 90 and A. B. 1267 pertaining to it is invalid under the equal-protection-of-the-laws provisions of the California Constitution. It refers to these features as being violations: (a) basic aid payments to high-wealth districts; (b) the right for voters to vote unlimited revenues at their discretion; (c) wealth-related disparities between school districts in per-pupil expenditures; and (d) wealth-related variations in tax rates between districts;
2. That the said financing system does not violate the equal-protection-of-the-laws provisions of the Fourteenth Amendment to the United States Constitution;
3. That the wealth-related, per-pupil expenditure disparities between districts which are a violation of the state's constitution include: (a) high-wealth districts not making the same tax effort as low-wealth districts to reach the foundation-program level; (b) above the foundation-program levels, local property wealth is the primary determinant of the amount of revenue generated for a given tax rate; (c) the amount of revenue from override taxes is determined solely by the amount of taxable property wealth within a particular school district; (d) low-wealth districts under Section 20906 of the Education Code are denied an equal opportunity to exceed the foundation program levels by using voted overrides; and (e) unused voted tax overrides are used to determine maximum school district revenue limits under S. B. 90 and A. B. 1267;
4. That the legislature has the responsibility for complying with the judgment and that it shall be in full compliance within six years;
5. That the judgment does not invalidate S. B. 90 and A. B. 1267, or any other existing financing system, and that they shall continue to operate, within the time constraints previously mentioned, until a complying system can be designated, enacted into law, and placed into operation;
6. That the judgment does not require any particular plan or system for financing public schools, but it does require the plan or system adopted must comply with the equal-protection-of-the-laws provisions of the state constitution; and
7. That the trial court is retaining jurisdiction of the action.[149]

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[149] Serrano vs. Priest, 96 Cal. Reptr. 601, (1974).

Judge Jefferson then presented 299 Findings of Fact from which he drew 128 Conclusions of Law. Some of the more pertinent points covered in these conclusions which have not been covered by the previous points covered in the Judgment were:

1. That education is a fundamental interest under the California Constitution;
2. That the state can still leave local control in the hands of local districts;
3. That the section of the State Constitution which empowers the Legislature to provide for the organization of school districts does not authorize them to draw district boundaries that result in the quality of a child's education being dependent on the wealth of the school district where the child resides, and the location of private commercial and industrial establishments;
4. That the wealth of the district as measured by its assessed valuation per pupil is unconstitutional for financing public education;
5. That the equal protection provisions of the constitution require that school districts receive the same revenue for the same tax rate;
6. That in its first year of operation, S. B. 90 and A. B. 1267 does not comply with the Constitution nor the requirement of equality of treatment for all school children in the state;
7. That an equal expenditure level per pupil throughout the state is not mandated by the Constitution, and is permissible if it is not wealth-related and if it will take more money for some children to achieve a good education than it will take for others; and
8. That the appropriate standard for measuring the quality of education is a school-district-offerings standard, rather than performance on standardized achievement tests.[150]

In the Findings of Fact section, Judge Jefferson stated:

196. There are several alternative potential methods of financing a public school system of the State of California which would not continue the present influence of local district wealth upon spending.[151]

Shortly thereafter, he completed this point:

198. Potential various alternative plans of financing public education that do not produce wealth-created spending disparities and that are workable, practical and feasible include: (1) full state funding, with the imposition of a statewide property tax;

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[150] Ibid.

[151] Ibid.

(2) consolidation of the present 1,067 school districts into about five hundred districts, with boundary realignments to equalize assessed valuations of real property among all school districts; (3) retention of present school district boundaries but the removal of commercial and industrial property from local taxation for school purposes and taxation of such property at the state level; (4) school district power equalizing which has as its essential ingredient the concept that school district could choose to spend at different levels but for each level of expenditure chosen the tax effort would be the same for each school district choosing such level whether it be a high-wealth or low-wealth district; (5) vouchers; and (6) some combination of two or more of the above.[152]

Similarly to what had occurred three years earlier when the California Supreme Court had handed down their decision, the legislature did not act. As has already been noted, school districts went to the voters for revenue increases and were frequently turned down.

In the meantime, SELL reports that the Serrano case has been returned to the California Supreme Court for final adjudication. The Court took direct jurisdiction of the appeal from Judge Jefferson's decision and thus expedited a final decision in the matter by eliminating an intermediate hearing in the State Appellate Court.[153]

Summary

The Serrano decision handed down by the California Supreme Court and upheld by Judge Jefferson found the method of funding public education in use in California to be unconstitutional and directed the state legislature to find a remedy for this situation.

A review of the literature reveals that the financing of schools in this country began even before the Constitutional Convention met. It wasn't until the early nineteenth century that a financing plan which equalized the burden for taxpayers was proposed. The concept that there should be

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[152] Ibid.

[153] SELL, December 13, 1975

equality of educational opportunity has been discussed by many authorities, and the principle has been tested in the courts. The most recent have been concerned with the financial aspects of this concept.

The concern for the inequity of the property tax as the major source of revenue for the support of public education in this country has resulted in the taxpayers and the lawmakers trying to find a solution to financing education that will be both practical and equitable. The responsibility, which presently is mostly at the local level, should be at the state level in order to provide an equitable approach.

The financing proposals that may provide financial equality that were reviewed are full state funding and power equalizing. These plans seem practical and may be the answer to financial equalization. However, they are difficult to implement and legislators are hesitant to enact them into law. Another plan which may be acceptable is educational vouchers.

The Serrano case and other cases across the country have found that the local property tax is not a constitutionally acceptable means for financing education since it makes the education of a child dependent on the wealth of the neighborhood in which the child resides. Two legislative enactments, S. B. 90 and A. B. 1267, which were supposed to be an effort to answer this problem in California has been found by the court to be an ineffective solution to the Serrano decision.

The next chapter will contain the design and procedures used in this study. It will be comprised of the selection of the sample, the data to be collected, an analyses of the data, and the hypotheses. The date which relate to the hypotheses will be set forth and analyzed in the fourth chapter. The final chapter will contain a summary of the study, an interpretation and conclusion will be made based on the data, limitations of the study will be discussed, and further areas of investigation or research will be suggested.

Alternative finance plans that may provide equality were also described. There are many ramifications arising from the implemention of any of these plans, and there is a deep concern among school administrators about which plan will be selected and what effect it will have on each district. It is important that this concern be documented and heard before any final decisions are made in this matter.

Selection of the Sample

The population for this study included all of the public school districts in the State of California with the following limitations: (1) only schools with grades kindergarten through twelve were included; (2) only elementary, secondary, and unified school districts were considered; and (3) those districts having more than 75,000 average daily attendance, and those districts having less than 100 a.d.a. were excluded. Enrollment figures used for the study were taken from the apportionment a.d.a. figures published in the C.A.R.E. document for the 1973-74 school year.[152] The population within these limitations resulted in 884 of the 1,054 school districts that existed in California in 1974 being included. This population is further divided into 248 unified districts, 114 secondary districts and 522 elementary districts.

Travers suggests that if the groups were stratified to obtain a more homogeneous sample, then a sample of approximately ten percent of each category would be adequate.[153] The basis for the stratification was: (1) level of organization of the district, (i.e., elementary, secondary, or unified);

[152] California Agency for Research in Education (C.A.R.E.), California School District Financial Analyses, 1973-74, (Burlingame, CA., C.A.R.E., 1975), pp. 172-242.

[153] Robert M. W. Travers, An Introduction to Educational Research, (New York: The Macmillan Co., 1964), p. 304.

CHAPTER III

PROCEDURES OF THE STUDY

In Chapter III, the procedures used in the study are presented. The chapter is divided into four parts: (1) Selection of the Sample, (2) Data to be Collected, (3) Analyses of the Data, and (4) Hypotheses.

This study is based on an analysis of opinions about the preference for various finance plans which were obtained from district superintendents throughout the State of California. The responses were examined not only for the preferences shown for the various plans, but also with respect to certain demographic characteristics of each district that relate to the district's financial structure.

The concern that educators have with equality of educational opportunity and the recent court cases concerned with this principle were introduced in Chapter I. The landmark case of Serrano vs. Priest resulted in a decision that the system for financing public education in the State of California was unconstitutional. The most recent decision in this case ruled that legislative attempts to change this through the enactments of S. B. 90 and A. B. 1267 have in no way altered the original findings. To meet the requirements of the courts, a financing plan must be developed that will be in full compliance with the equal-protection-of-the-laws provisions of the California Constitution. This plan must not protect the wealth-created spending disparities that presently exist among school districts in California.

In the second chapter, there is a recounting of what educators and financial experts have written about the concept of financial equality of educational opportunity. This discussion included the historical background of the problem, as well as the legal and financial aspects that are involved.

(2) size as reflected by a.d.a. of the district; and (3) wealth and tax rate of the district. To obtain an adequate sample, twenty-four unified districts (9.7%), sixteen secondary districts (14%), and fifty-two elementary districts (10%) were selected.

The first step in selecting the participants from the 884 districts was to classify the districts within each of the organizational levels according to size. Five size categories were selected for the elementary districts, and four size categories for the secondary districts. Different size categories were used for each organizational level to more accurately represent the population in each group.

Next, a wealth factor in terms of assessed valuation was established for the population. This was done by identifying each district as being above or below the mean assessed valuation per apportionment a.d.a. for districts within its organizational level and within its size category. Mean assessed valuation for school districts in each organizational level are shown in Table 3.1.

Table 3.1

Means for Assessed Valuation Per Apportionment A.D.A. for 1973-1974

Apportionment A.D.A.	100 to 499	500 to 999	100 to 999	1,000 to 3,999	4,000 to 9,999	10,000 to 24,999	25,000 to 74,999
Unified			$35,805	$22,969	$14,296	$13,121	$15,001
Elementary	$36,876	$23,264		$21,318	$16,965	$15,594	
Secondary			$70,828	$45,697	$18,150	$40,765	

The tax rate factor was then identified for all districts in the population. The mean tax rate was computed for all of the districts within

wider area, (5) some uniformity ensured by its impersonal nature, (6) respondents' greater confidence in their anonymity, and (7) ample time to consider response.[157] These advantages support the use of this device as an appropriate research tool. The superintendents were asked to respond to the level of acceptability of each plan or to indicate that they had no opinion. A copy of the questionnaire can be found in the appendix.

In order to provide the respondent with some latitude in replies, a summated scale was used following the pattern devised by Likert and referred to as a Likert-type scale.[158] Superintendents of the selected districts were asked to react to each plan in terms of: (1) Highly Acceptable, (2) Moderately Acceptable, (3) Mostly Unacceptable, (4) Totally Unacceptable, and (5) Unable to Respond.

The following items were also obtained from the questionnaire sent to all of the superintendents of the districts in the sample:

1. The principal source of revenue (residential or commercial/industrial).
2. The principal societal area served by the district (urban, suburban, or rural).
3. State aid based on the foundation program or on basic aid.

Analyses of the Data

The purpose of the study was to determine if there were any significant differences in the perceptions of district superintendents regarding

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[157] Claire Selltiz, Marie Jahoda, Morton Deutsch, and Stuart W. Cook, Research Methods in Social Relations, (New York: Henry Holt and Co., Inc., 1960), pp. 238-241.

[158] Rensis Likert, "A Technique for the Measurement of Attitudes," Archives Psychology, No. 140, 132.

each of the categories of size and level of organization. The means for the total tax levied are presented in Table 3.2. Each district was identified as being either above or below the mean tax rate.

Table 3.2

Means for Total Tax Levied for 1973-1974

Apportionment A.D.A.	100 to 499	500 to 999	100 to 999	1,000 to 3,999	4,000 to 9,999	10,000 to 24,999	25,000 to 74,999
Unified			$3.35	$3.67	$3.92	$4.05	$4.28
Elementary	$2.00	$2.13		$2.36	$2.64	$2.63	
Secondary			$1,73	$1.78	$2.06	$2.08	

Finally, a combination of wealth and tax rate was established for each district. There were four possible combinations, (1) Below mean AV/ADA and below mean Tax Rate, (2) Above mean AV/ADA and below mean Tax Rate, (3) Below mean AV/ADA and above mean Tax Rate, and (4) Above mean AV/ADA and above mean Tax Rate.

With all districts in the population stratified by level of organization, wealth and tax rate, and size, the sample districts were selected by using a table of random numbers.[154] The districts identified and included in the sample for this study are listed in Table 3.3.

Data to be Collected

The following items of data were obtained from C.A.R.E., a joint publication of the Association of California School Administrators, the

[154] Allen L. Berstein, A Handbook of Statistics Solutions for the Behavioral Sciences, (New York: Holt Rinehart-Winston, Inc., 1964), pp. 143-144.

Table 3.3

Stratification of School Districts in the Sample
By Type, Size, Wealth, and Tax Rate

UNIFIED DISTRICTS

ABC a,6	Escalon a,3	Pajaro b,5	Sierra Sands d,3
Berkeley d,5	Jurupa a,4	Ramona c,3	Torrance d,6
Calaveras b,3	Maricopa, d,1	Rim of the World b,3	Tulelake c,2
Death Valley a,1	Morgan Hill d,4	San Bernadino c,6	Vallejo c,5
Dixon a,3	Needles d,3	Santa Ana b,6	Walnut Valley c,4
El Rancho a,5	Palm Springs b,4	Sierra-Plumas b,2	Winters c,3

ELEMENTARY DISTRICTS

Alexander Valley d,1	Ducor b,1	Montague a,1	Rancho Santa Fe d,2
Anaheim d,5	Gerber a,1	Mother Lode a,2	Ravenswood d,4
Black Butte d,1	Hamilton d,1	Mt. Pleasant c,3	Red Bluff b,3
Brentwood a,3	Healdsburg d,3	Mt. View-S. Bern. b,1	Sausalito d,2
Buckeye-Shasta a,1	Hesperia b,3	Nevada City b,2	Sebastopol c,3
Cambrian c,4	Johnstonville c,1	Northside d,1	Shiloh c,1
Center c,3	Kernville b,2	Nuview c,1	Sierra b,1
China Lake a,3	Las Lomitas d,3	Oak Groave-Sono. c,2	Somis d,1
Colfax d,1	Lawndale a,4	Oak Grove-S. Cla. c,5	Vallecito b,1
Columbia-Shasta c,1	McCloud b,1	Ophir a,1	Valley Oaks b,4
Cold Spring d,1	McFarland b,3	Pacific-Fres. a,1	Westminster a,5
Corning a,2	Mill Valley d,3	Peninsula b,1	Woodlake a,3
Cottonwood c,2	Modesto b,5	Pleasant View a,1	Wrightwood c,1

SECONDARY DISTRICTS

Brawley a,3	Fortuna d,3	Moorpark d,1	Santa Rosa c,4
Dunsmuir a,1	Fremont d,5	Oxnard b,5	Tranquility b,2
Eldorado b,3	Galt c,2	Salinas d,4	Whittier a,5
Eureka c,3	Huntington Beach c,5	Santa Cruz b,4	Wm. S. Hart a,4

Key to Table III:

AV/ADA and Tax Rate:

a. Below mean AV/ADA and below mean Tax Rate
b. Above mean AV/ADA and below mean Tax Rate
c. Below mean AV/ADA and above mean Tax Rate
d. Above mean AV/ADA and above mean Tax Rate

Size by A.D.A.:

1. 100 - 499
2. 500 - 999
3. 1,000 - 3,999
4. 4,000 - 9,999
5. 10,000 - 24,999
6. 25,000 - 74,999

California School Boards Association, and the California Teachers Association.[155] This publication reports data furnished by the 58 County Departments of Education in the State of California which was compiled by the Research Department of the California Teachers Association. These data were reported for the 1973-1974 school year (the most current data available at the outset of the study). These items were taken either directly from the document, or were computed from the reported data.

1. Apportionment A.D.A. for 1973-1974.
2. Assessed Valuation per Apportionment A.D.A. for 1973-1974.
3. Total tax levied for 1973.
4. Means for Assessed Valuation per Apportionment A.D.A. for 1973-1974.
5. Means for Total Tax levied for 1973-1974.

The five finance plans which were mentioned in the Jefferson decision were listed on a questionnaire and each superintendent in the sample was asked to indicate his degree of preference for each of the plans. The questionnaire is defined by Goode and Hatt as a device for securing answers to questions by using a form which the respondent fills in himself.[156] It was used because of the advantages of this method which Selltiz lists as: (1) lesser skill to administer, (2) ability to cover larger numbers, (3) likely to be less expensive, (4) ability to use the mail and thus cover a

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[155] C.A.R.E., op. cit.

[156] William J. Goode and Paul K. Hatt, Methods in Social Research, (New York: McGraw-Hill Book Co., Inc., 1952), p. 133.

wider area (5) some uniformity ensured by its impersonal nature, (6) respondents greater confidence in their anonymity, and (7) ample time to consider response.[157] These advantages support the use of this device as an appropriate research tool. The superintendents were asked to respond to the level of acceptability of each plan or to indicate that they had no opinion. A copy of the questionnaire can be found in Appendix A.

In order to provide the respondent with some latitude in replies, a summated scale was used following the pattern devised by Likert and referred to as a Likert-type scale.[158] This approach also allowed for more in-depth analyses of the responses. Superintendents of the selected districts were asked to react to each plan in terms of: (1) Highly Acceptable, (2) Moderately Acceptable, (3) Mostly Unacceptable, (4) Totally Unacceptable, and (5) Unable to Respond.

The following items were also obtained from the questionnaire sent to all of the superintendents of the districts in the sample:

1. The principal source of revenue (residental or commercial/industrial).

2. The principal societal area served by the district (Urban, suburban, or rural).

3. State aid based on the foundation program or on basic aid.

Analyses of the Data

The purpose of the study was to determine if there were any significant differences in the perceptions of district superintendents regarding

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[157] Claire Selltiz, Marie Jahoda, Morton Deutsch, and Stuart W. Cook, Research Methods in Social Relations, (New York: Henry Holt and Co., Inc., 1960), pp. 238-241.

[158] Rensis Likert, "A Technique for the Measurement of Attitudes," Archives Psychology, No. 140, 1932.

a school finance plan that would meet the requirements of the Serrano decision. The responses were first analyzed using a t-test for significant difference of group means to determine whether any one plan was significantly more preferable to all of the superintendents than any other plan. This analysis was done by computing the means and standard deviations for the responses on each of the surveyed plans. Then, the responses were analyzed based on the six demographic variables of the districts served by the respondents. A Chi Square test was made for the responses of each of the superintendents based on each of the variables of level of organization, the principal source of local revenue, the type of state aid received, the wealth and tax rate, size, and societal area of the district served. The Chi Square is a nonparametric test that can be used with nominal data where the actual scores, or in this case responses, can be compared with the expected responses for the observed group. This test makes an analysis between the actual or observed frequencies of the responses made and the responses that might normally be expected from the respondents. The score resulting from this analysis, the Chi Square, is then checked to determine whether the difference between the observed and expected frequencies of the responses is significant. This test is repeated until all of the variables have been considered for each of the five finance plans.

Hypotheses

The thirty-one hypotheses of this study are:

H_1. Superintendents in California showed no significant preference for any one of the five finance plans suggested by Judge Jefferson.

H_2. There is no significant difference in the preference of superintendents from elementary, secondary, and unified school districts toward Full State Funding.

H_3. There is no significant difference in the preference of superintendents from elementary, secondary, and unified school districts toward Consolidation.

H_4. There is no significant difference in the preference of superintendents from elementary, secondary, and unified school districts toward Removal of the Commercial and Industrial Tax Base.

H_5. There is no significant difference in the preference of superintendents from elementary, secondary, and unified school districts toward Power Equalizing.

H_6. There is no significant difference in the preference of superintendents from elementary, secondary, and unified school districts toward Vouchers.

H_7. There is no significant difference in the preference of superintendents from residential tax based districts and commercial/industrial based districts toward Full State Funding.

H_8. There is no significant difference in the preference of superintendents from residential tax based districts and commercial/industrial based districts toward Consolidation.

H_9. There is no significant difference in the preference of superintendents from residential tax based districts and commercial/industrial based districts toward removal of the Commercial and Industrial Tax Base.

H_{10}. There is no significant difference in the preference of superintendents from residential tax based districts and commercial/industrial based districts toward Power Equalizing.

H_{11}. There is no significant difference in the preference of superintendents from residential tax based districts and commercial/industrial based districts toward Vouchers.

H_{12}. There is no significant difference in the preference of superintendents from urban, suburban, and rural school districts toward Full State Funding.

H_{13}. There is no significant difference in the preference of superintendents from urban, suburban, and rural school districts toward Consolidation.

H_{14}. There is no significant difference in the preference of superintendents from urban, suburban, and rural school districts toward Removal of the Commercial and Industrial Tax Base.

H_{15}. There is no significant difference in the preference of superintendents from urban, suburban, and rural school districts toward Power Equalizing.

H_{16}. There is no significant difference in the preference of superintendents from urban, suburban, and rural school districts toward Vouchers.

H_{17}. There is no significant difference in the preference of superintendents from rich and poor districts toward Full State Funding.

H_{18}. There is no significant difference in the preference of superintendents from rich and poor districts toward Consolidation.

H_{19}. There is no significant difference in the preference of superintendents from rich and poor districts toward Removal of the Commercial and Industrial Tax Base.

H_{20}. There is no significant difference in the preference of superintendents from rich and poor districts toward Power Equalizing.

H_{21}. There is no significant difference in the preference of superintendents from rich and poor districts toward Vouchers.

H_{22}. There is no significant difference in the preference of superintendents from basic aid districts and foundation plan districts toward Full State Funding.

H_{23}. There is no significant difference in the preference of superintendents from basic aid districts and foundation plan districts toward Consolidation.

H_{24}. There is no significant difference in the preference of superintendents from basic aid districts and foundation plan districts toward Removal of the Commercial and Industrial Tax Base.

H_{25}. There is no significant difference in the preference of superintendents from basic aid districts and foundation plan districts toward Power Equalizing.

H_{26}. There is no significant difference in the preference of superintendents from basic aid districts and foundation plan districts toward Vouchers.

H_{27}. There is no significant difference in the preference of superintendents from different size school districts toward Full State Funding.

H_{28}. There is no significant difference in the preference of superintendents from different size school districts toward Consolidation.

H_{29}. There is no significant difference in the preference of superintendents from different size school districts toward Removal of the

Commercial and Industrial Tax Base.

H_{30}. There is no significant difference in the preference of superintendents from different size school districts toward Power Equalizing.

H_{31}. There is no significant difference in the preference of superintendents from different size school districts toward Vouchers.

Summary

In the third chapter the procedures used in the study were presented. These included: How the sample was selected, identifying those districts which were used in the sample and how they were chosen, the data that were collected and the survey used, the sources for these data, the statistical analyses that were used, and the hypotheses that would be tested.

In the fourth chapter the findings from the analysis of the data will be reported. The study will be summarized in Chapter Five, conclusions will be drawn, and the implications for practice and future research will be presented.

CHAPTER IV

STATISTICAL ANALYSIS OF THE DATA

The data relating to the thirty-one hypotheses are presented and analyzed in this chapter. The description of the sample and the responses to the main items on the survey are presented in the first section. This section is followed by the data related to the hypotheses, which include the results of the tests used to analyze the reactions of the superintendents to the five finance plans presented on the survey. This section also includes an analysis of the superintendent's preference for each plan and six demographic characteristics of the districts served by the superintendents. In the final section of this chapter the responses to item six on the survey, which was concerned with combinations of the five suggested plans, are presented.

Selection of the Sample

The sample was selected to obtain an adequate number of superintendents from each of the categories (level of organization, revenue, area, wealth, aid, and size). This process resulted in a sample of approximately ten percent for each group.

The four wealth categories were divided evenly among the sample. The data identifying the demographic characteristics of basic source of revenue, area served, and type of state aid, could not be ascertained beforehand, and was obtained from data provided by the respondents. The number of superintendents for each category is presented in Table 4.1.

Table 4.1

Number of Superintendents Within Each Category of the Demographic Variables of Their Districts

Level of Organization

Elementary - 52	Secondary - 16	Unified - 24

Basic Source of Local Revenue

Residential Property 58	Industrial and/or Commercial Property 34

Main Societal Area

Urban - 7	Suburban - 34	Rural - 51

Wealth of the District

Below the mean AV/ADA, and below the mean Tax Rate - 23
Above the mean AV/ADA, and below the mean Tax Rate - 23
Below the mean AV/ADA, and above the mean Tax Rate - 23
Above the mean AV/ADA, and above the mean Tax Rate - 23

Kind of State Aid Received

Basic Aid - 41	Foundation Plan - 51

Size of the District

100 - 499 ADA - 32	1,000 - 3,999 ADA - 24	10,000 - 24,999 - 12
500 - 999 ADA - 12	4,000 - 9,999 ADA - 12	25,000 - 74,999 - 4

Data Related To The Hypotheses

The data related to the thirty-one hypotheses of this study are reported in this section. The data are comprised of superintendents' reactions to the five finance plans on the survey, and the relationships of these reactions to the demographic variables of level of organization,

source of revenue, societal area served, wealth, type of state aid received, and size, for the districts served by the respondents.

The 31 hypotheses were developed to most accurately test the overall reaction of superintendents to the suggested finance plans, and then to test these reactions based on the characteristics of the districts that they served. The data collected are grouped according to these characteristics and the superintendents' reaction to each plan.

The t-test for significant difference of group means was utilized to analyze the data related to the first hypothesis. This test was used because it provides a more complete description of the data, and it is appropriate for the size of the sample. With this type of analysis and these data, a 0.05 level of significance was considered acceptable.

Each of the ninety-two district superintendents in the sample was asked to react to each of the five finance plans suggested in the Jefferson decision (1. Full state funding; 2. Consolidation; 3. Removal of the Commercial and Industrial Tax Base; 4. Power equalizing; and 5. Vouchers) in terms of how it would affect his school district. The means were computed on a 1 - 4 scale (1. Highly acceptable; 2. Moderately acceptable; 3. Mostly unacceptable; and 4. Totally unacceptable) since an "Unable to Respond" response was not included when determining the means and standard deviations. On this scale, the means that were nearest to 1.0 reflected a "most preferred" reaction to the plans, whereas the means that were closest to 4.0 reflected a "least preferred" reaction. The number and percentages of the responses are presented in Table 4.2.

Table 4.2

Number and Percentages of Responses on the Funding Plan Survey by District Superintendents

Finance Plans	Highly Accept.	Moder. Accept.	Mostly Unaccept.	Total Unaccept.	Unable to Respond
Full St. Fund	33 (36%)	31 (34%)	12 (13%)	8 (9%)	8 (9%)
Consolidation	11 (12%)	18 (20%)	26 (28%)	31 (34%)	6 (6%)
Removal	15 (16%)	40 (43%)	16 (17%)	14 (15%)	7 (8%)
Power Equal.	30 (33%)	27 (29%)	17 (18%)	12 (13%)	6 (6%)
Vouchers	2 (2%)	12 (13%)	24 (26%)	47 (51%)	7 (8%)

The data presented in Table 4.3 show that district superintendents, as a group, showed a preference for Full State Funding over the other four plans with a mean of 1.95. This was followed by Power Equalizing with a mean of 2.13, Removal of the Commercial and Industrial Tax Base with a mean of 2.35, Consolidation with a mean of 2.90, and Vouchers with a mean of 3.37.

Table 4.3

Means and Standard deviations for responses on the Funding Plan Survey by District Superintendents

Finance Plans	Full St. Funding	Consol-idation	Removal	Power Equal.	Vouchers
Mean	1.95	2.90	2.35	2.13	3.37
Standard Deviation	0.96	1.04	0.96	1.05	0.81

The results of the t-test applied to these data showed that the mean for Full State Funding was significant at the 0.05 level when compared with the means for each of the other plans except Power

Equalizing. These data are reported in Table 4.4.

Table 4.4

T-tests for Significance of Group Means for Responses on the Funding Plan Survey by District Superintendents

Plans	T	Plans	T	Plans	T
1 - 2	6.33*	2 - 3	3.67*	3 - 4	1.41
1 - 3	2.70*	2 - 4	4.81*	3 - 5	7.39*
1 - 4	1.16	2 - 5	3.24*	4 - 5	8.55*
1 - 5	10.29*				

*Significant at the 0.05 level.

The remaining thirty hypotheses were concerned with the relationships between the demographic variables that were representative of the districts and the responses of the superintendents. For these analyses, a chi square value which indicated the discrepancy between the observed response and the predicted response was utilized. This approach was used because the data obtained through the survey regarding the demographic variables was nominal rather than interval data and this appeared to be the most accurate procedure for testing the significance of the responses. These data are reported showing the Chi Square values for responses to each of the five plans by superintendents based on the demographic variables of the districts that they served.

Level of Organization (Hypotheses 2-6)

The data from the responses of the superintendents based on the level of organization, either elementary, secondary, or unified districts are presented in Table 4.5. They were analyzed for significance using

chi square; the results are shown in Table 4.6.

Table 4.5

Number and Percentages of Responses on the Funding Plan Survey by Superintendents by each Level of Organization

Elementary Level

Finance Plans	Highly Accept.	Moder. Accept.	Mostly Unaccept.	Total Unaccept.	Unable to Respond
Full St. Fund	18 (35%)	18 (35%)	5 (10%)	4 (8%)	7 (13%)
Consolidation	7 (13%)	9 (17%)	13 (25%)	18 (35%)	5 (10%)
Removal	9 (17%)	20 (38%)	9 (17%)	8 (15%)	6 (12%)
Power Equal.	16 (31%)	14 (27%)	10 (19%)	7 (13%)	5 (10%)
Vouchers	1 (2%)	7 (13%)	12 (23%)	26 (50%)	6 (12%)

Secondary Level

Finance Plans	Highly Accept.	Moder. Accept.	Mostly Unaccept.	Total. Unaccept.	Unable to Respond
Full St. Fund	8 (50%)	3 (19%)	3 (19%)	2 (13%)	0 (0%)
Consolidation	2 (13%)	3 (19%)	7 (44%)	4 (25%)	0 (0%)
Removal	4 (25%)	8 (50%)	0 (0%)	4 (25%)	0 (0%)
Power Equal.	8 (50%)	5 (31%)	1 (6%)	2 (13%)	0 (0%)
Vouchers	0 (0%)	2 (13%)	4 (25%)	10 (63%)	0 (0%)

Unified Level

Finance Plans	Highly Accept.	Moder. Accept.	Mostly Unaccept.	Total Unaccept.	Unable to Respond
Full St. Fund	7 (29%)	10 (42%)	4 (17%)	2 (8%)	1 (4%)
Consolidation	2 (8%)	6 (25%)	6 (25%)	9 (38%)	1 (4%)
Removal	2 (8%)	12 (50%)	7 (29%)	2 (8%)	1 (4%)
Power Equal.	6 (25%)	8 (33%)	6 (25%)	3 (13%)	1 (4%)
Vouchers	1 (4%)	3 (13%)	8 (33%)	11 (46%)	1 (4%)

Table 4.6

Chi Squares of Observed and Expected Frequencies of Responses on the Funding Plan Survey by Superintendents Based on the Level of Organization they Serve

Finance Plans	Full St. Funding	Consol-idation	Removal	Power Equal.	Vouchers
	3.59	2.87	8.29	3.78	1.91

With six degrees of freedom a chi square of 12.592 or higher is significant at the 0.05 level. None of the responses by level of organization for any of the plans attained this score.

Basic Source of Local Revenue (Hypotheses 7-11)

The analysis of the responses reported in Table 4.7 of the superintendents serving districts whose principal source of local revenue is from residential property taxes and the responses of those serving districts whose principal source of local revenue was from industrial and/or commercial property taxes is presented in Table 4.8.

Table 4.7

Number and Percentages of Responses on the Funding Plan Survey by Superintendents Based on the Basic Source of Local Revenue of the District

Source of Revenue	Highly Accept.	Moder. Accept.	Mostly Unaccept.	Total Unaccept.	Unable to Respond
		Full State Funding			
Residential	21 (36%)	21 (36%)	7 (12%)	4 (7%)	5 (9%)
Com./Ind.	12 (35%)	10 (29%)	4 (15%)	4 (12%)	3 (9%)

Table 4.7 (continued)

		Consolidation			
Residential	7 (12%)	11 (19%)	18 (31%)	19 (33%)	3 (5%)
Com./Ind.	4 (12%)	7 (21%)	8 (24%)	12 (35%)	3 (9%)
		Removal of the Commercial and Industrial Tax Base			
Residential	12 (21%)	25 (43%)	8 (14%)	9 (16%)	4 (7%)
Com./Ind.	3 (9%)	15 (44%)	8 (24%)	5 (15%)	3 (9%)
		Power Equalization			
Residential	23 (40%)	16 (28%)	8 (14%)	6 (10%)	5 (9%)
Com./Ind.	7 (21%)	11 (32%)	9 (26%)	6 (18%)	1 (3%)
		Vouchers			
Residential	1 (2%)	9 (16%)	17 (29%)	17 (47%)	4 (7%)
Com./Ind.	1 (3%)	3 (9%)	7 (21%)	20 (59%)	3 (9%)

Table 4.8

Chi Squares of Observed and Expected Frequencies of Responses on the Funding Plan Survey by Superintendents Based on The Basic Source of Local Revenue of the District

Finance Plans	Full St. Funding	Consol-idation	Removal	Power Equal.	Vouchers
	0.96	0.38	3.15	5.15	2.26

A chi square of 7.815 or higher is required for significance at the 0.05 level with three degrees of freedom. None of the responses by basic source of local revenue for any of the five plans attained this level.

Main Societal Area (Hypotheses 12-16)

The responses of superintendents based on the main societal area that they served as reported in Table 4.9 were analyzed for urban, suburban, and rural districts. The results are reported in Table 4.10.

Table 4.9

Number and Percentages of Responses on the Funding Plan Survey by Superintendents Based on the Main Societal Area Served by the District

Societal Area	Highly Accept.	Moder. Accept.	Mostly Unaccept.	Total Unaccept.	Unable to Respond
		Full State Funding			
Urban	2 (29%)	5 (71%)	0 (0%)	0 (0%)	0 (0%)
Suburban	11 (32%)	10 (29%)	7 (21%)	2 (6%)	4 (12%)
Rural	20 (39%)	16 (31%)	5 (10%)	6 (12%)	4 (8%)
		Consolidation			
Urban	1 (14%)	1 (14%)	3 (43%)	2 (29%)	0 (0%)
Suburban	3 (9%)	7 (21%)	9 (26%)	11 (32%)	4 (12%)
Rural	7 (14%)	10 (20%)	14 (27%)	18 (35%)	2 (4%)
		Removal of the Commercial and Industrial Tax Base			
Urban	1 (14%)	5 (71%)	1 (14%)	0 (0%)	0 (0%)
Suburban	7 (21%)	14 (41%)	6 (18%)	3 (9%)	4 (12%)
Rural	7 (14%)	21 (41%)	9 (18%)	11 (22%)	3 (6%)
		Power Equalization			
Urban	4 (57%)	3 (43%)	0 (0%)	0 (0%)	0 (0%)
Suburban	11 (32%)	11 (32%)	6 (18%)	3 (9%)	4 (12%)
Rural	15 (29%)	13 (25%)	11 (22%)	9 (18%)	3 (6%)

Table 4.9 (continued)

			Vouchers		
Urban	0 (0%)	0 (0%)	5 (71%)	2 (29%)	0 (0%)
Suburban	9 (0%)	8 (24%)	6 (18%)	17 (50%)	3 (9%)
Rural	2 (4%)	4 (8%)	13 (25%)	28 (55%)	4 (8%)

Table 4.10

Chi Squares of Observed and Expected Frequencies of Responses on the Funding Plan Survey by Superintendents Based on the Main Societal Area Served by the District

Finance Plans	Full St. Funding	Consol-idation	Removal	Power Equal.	Vouchers
	6.91	1.06	4.99	5.91	13.08*

*Significant at the 0.05 level.

The responses of the superintendents based on the main societal area served resulted in a chi square of 13.08 for the plan on Vouchers. A chi square of 12.592 is significant at the 0.05 level with six degrees of freedom. The chi squares for the other four plans did not attain a significant level. The data showing the observed and expected frequencies for vouchers is reported in Table 4.11.

Table 4.11

Observed and Expected Frequencies of Responses for the Plan on Vouchers by Superintendents Based on the Main Societal Area Served by the District

Societal Area	Highly Acceptable	Moderately Acceptable	Mostly Unacceptable	Totally Unacceptable
Urban	0 (0.2)	0 (1.0)	5 (2.0)	2 (3.9)
Suburban	0 (0.7)	8 (4.4)	6 (8.8)	17 (17.1)
Rural	2 (1.1)	4 (6.6)	13 (13.2)	28 (26.0)

(Expected frequencies are in parentheses)

The chi square based on the observed and expected frequency of the responses was 13.08.

Wealth of the District (Hypotheses 17-21)

As shown in Table 4.12 the districts were evenly divided according to a wealth factor based on the assessed valuation per unit of average daily attendance and the tax rate of the district. The four categories used were: (1) Below the mean AV/ADA and below the mean tax rate, (2) Above the mean AV/ADA and below the mean tax rate, (3) Below the mean AV/ADA and above the mean tax rate, and (4) above the mean AV/ADA and above the mean tax rate. The chi squares for these characteristics and the responses are reported in Table 4.13.

Table 4.12

Number and Percentages of Responses on the Funding Plan Survey by Superintendents Bases on the Wealth of the Districts They Served

	Wealth Factor	Highly Accept.	Moder. Accept.	Mostly Unaccept.	Total. Unaccept.	Unable to Respond
	Low W./Low T.	10 (43%)	12 (52%)	0 (0%)	0 (0%)	1 (4%)
Full	High W./Low T.	7 (30%)	9 (39%)	4 (17%)	1 (4%)	2 (9%)
State	Low W./High T.	11 (48%)	6 (26%)	1 (4%)	2 (9%)	3 (13%)
Funding	High W./High T.	5 (22%)	4 (17%)	7 (30%)	4 (17%)	2 (9%)
	Consolidation					
	Low W/Low T	4 (17%)	7 (30%)	7 (30%)	5 (22%)	0 (0%)
	High W/Low T	4 (17%)	3 (13%)	5 (22%)	9 (39%)	2 (9%)
	Low W/High T	2 (9%)	3 (13%)	7 (30%)	8 (35%)	3 (13%)
	High W/High T	1 (4%)	5 (22%)	7 (30%)	9 (39%)	1 (4%)
	Removal of the Commercial and Industrial Tax Base					
	Low W/Low T	1 (4%)	15 (65%)	3 (13%)	3 (13%)	1 (4%)
	High W/Low T	4 (17%)	8 (35%)	5 (22%)	5 (22%)	1 (4%)
	Low W/High T	6 (26%)	9 (39%)	3 (13%)	3 (13%)	2 (9%)
	High W/High T	4 (17%)	8 (35%)	5 (22%)	3 (13%)	3 (13%)
	Power Equalization					
	Low W/Low T	13 (57%)	4 (17%)	4 (17%)	2 (9%)	0 (0%)
	High W/Low T	6 (26%)	6 (26%)	8 (35%)	3 (13%)	0 (0%)
	Low W/High T	7 (30%)	7 (30%)	3 (13%)	2 (9%)	4 (17%)
	High W/High T	4 (17%)	10 (43%)	2 (9%)	5 (22%)	2 (9%)
	Vouchers					
	Low W/Low T	0 (0%)	2 (9%)	7 (30%)	13 (57%)	1 (4%)
	High W/Low T	0 (0%)	2 (9%)	2 (22%)	15 (65%)	1 (4%)
	Low W/High T	1 (4%)	3 (13%)	7 (30%)	8 (35%)	4 (17%)
	High W/High T	1 (4%)	5 (22%)	5 (22%)	11 (48%)	1 (4%)

Table 4.13

Chi Squares of Observed and Expected Frequencies of Responses on the Funding Plan Survey by Superintendents Based on the Wealth of the Districts They Served

Finance Plans	Full St. Funding	Consol- idation	Removal	Power Equal.	Vouchers
	24.14*	6.68	8.39	14.97	6.85

*Significant at the 0.05 level.

A chi square value of 16.919 is significant with nine degrees of freedom. The responses, based on wealth, by superintendents toward Full State Funding resulted in a score of 24.14. None of the responses toward the other plans reached the 0.05 level of significance. The observed and expected frequencies for the responses for Full State Funding is reported in Table 4.14.

Table 4.14

Observed and Expected Frequencies of Responses for the Plan on Full State Funding by Superintendents Based on the Wealth of the District

Wealth Factor	Highly Acceptable	Moderately Acceptable	Mostly Unacceptable	Totally Unacceptable
Low/W Low T	10 (8.6)	12 (8.2)	0 (3.0)	0 (2.1)
High W/Low T	7 (8.3)	9 (7.7)	4 (3.0)	1 (2.0)
Low W/High T	11 (7.8)	6 (7.4)	1 (2.9)	2 (1.9)
High W/High T	5 (8.3)	4 (7.7)	7 (3.0)	5 (2.0)

(Expected frequencies are in parentheses)

Kind of State Aid Received (Hypotheses 22-26)

All of the districts are either on the basic aid plan and receive a set amount of funds per unit of ADA from the state, or else they are on the foundation plan and receive this set amount plus additional funds according to need which is established by formula in California. The number and responses of superintendents whose districts were in each of these groups is reported in Table 4.15. The chi squares for these two groups and their responses are shown in Table 4.16.

Table 4.15

Number and Percentages of Responses on the Funding Plan Survey by Superintendents Based on the Kind of State Aid They Received

	Aid Plan	Highly Accept.	Moder. Accept.	Mostly Unaccept.	Total Unaccept.	Unable to Respond
		Full State Funding				
	Basic Aid	13 (32%)	15 (37%)	5 (12%)	5 (12%)	3 (7%)
	Fundation	20 (39%)	16 (31%)	7 (13%)	3 (6%)	5 (10%)
		Consolidation				
	Basic Aid	4 (10%)	9 (22%)	13 (32%)	14 (34%)	1 (2%)
	Foundation	7 (13%)	9 (18%)	13 (25%)	17 (33%)	5 (10%)
		Removal of the Commercial and Industrial Tax Base				
	Basic Aid	7 (17%)	18 (44%)	6 (15%)	8 (20%)	2 (5%)
	Foundation	8 (16%)	22 (43%)	10 (20%)	6 (12%)	5 (10%)
Power	Basic Aid	10 (24%)	11 (27%)	13 (32%)	6 (15%)	1 (2%)
Equal.	Foundation	20 (39%)	16 (31%)	4 (8%)	6 (12%)	5 (10%)

Table 4.15 (continued)

			Vouchers		
Basic Aid	1 (2%)	4 (10%)	12 (29%)	23 (56%)	1 (2%)
Foundation	1 (2%)	8 (16%)	12 (24%)	24 (47%)	6 (12%)

Table 4.16
Chi Squares of Observed and Expected Frequencies of Responses on the Funding Plan Survey by Superintendents Based on the Kind of State Aid They Received

Finance Plans	Full St. Funding	Consol-idation	Removal	Power Equal.	Vouchers
	1.61	0.68	0.89	8.76*	1.26

*Significant at the 0.05 level.

The chi square of 8.76 attained from the responses of superintendents based on the kind of state aid their district received to the plan on Power Equalization was significant, but the responses to the other four plans failed to reach a significant level of 0.05, which with three degrees of freedom is 7.815 or more. The observed and expected frequencies for these two group's responses toward Power Equalizing is shown in Table 4.17.

Table 4.17

Observed and Expected Frequencies of Responses for the Plan on Power Equalizing by Superintendents Based on the Kind of State Aid

Kind of State Aid	Highly Acceptable	Moderately Acceptable	Mostly Unacceptable	Totally Unacceptable
Basic Aid	10 (14)	11 (12.6)	13 (7.9)	6 (5.5)
Foundation	20 (16)	16 (14.4)	4 (9.1)	6 (6.5)

(Expected frequencies are in parentheses).

Size of the District (Hypotheses 27-31)

The original sample was divided into six different size groups. These groups: 100-499, 500-999, 1,000-3,999, 4,000-9,999, 10,000-24,999, 25,000-74,999, were based on the reported ADA for each district. The responses for each plan based on the size group of the district served by the respondents was given in Table 4.18. The chi squares for these groups and their responses are reported in Table 4.19.

Table 4.18

Number and Percentages of Responses on the Funding Plan Survey by Superintendents Based on the Size of the District

	District Size by ADA	Highly Accept.	Moder. Accept.	Mostly Unaccept.	Total. Unaccept.	Unable to Respond
	100-499	11 (39%)	7 (25%)	1 (4%)	6 (21%)	3 (11%)
	500-999	5 (42%)	4 (33%)	2 (17%)	0 (0%)	1 (8%)
Full	1,000-3,999	11 (46%)	8 (43%)	3 (13%)	0 (0%)	2 (8%)
State	4,000-9,999	4 (33%)	5 (42%)	2 (17%)	0 (0%)	1 (8%)
Funding	10,000-24,999	1 (8%)	6 (50%)	3 (15%)	1 (8%)	1 (8%)
	25,000-74,999	1 (25%)	1 (25%)	1 (25%)	1 (25%)	0 (0%)

Table 4.18 (continued)

Consolidation

100-499	4 (14%)	6 (21%)	6 (21%)	11 (39%)	1 (4%)
500-999	1 (8%)	2 (17%)	4 (33%)	4 (33%)	1 (8%)
1,000-3,999	2 (8%)	3 (13%)	12 (50%)	5 (21%)	2 (8%)
4,000-9,999	2 (17%)	3 (25%)	2 (17%)	4 (33%)	1 (8%)
10,000-24,999	1 (8%)	3 (25%)	2 (17%)	5 (42%)	1 (8%)
25,000-74,999	1 (25%)	1 (25%)	0 (0%)	2 (50%)	0 (0%)

Removal of the Commercial and Industrial Tax Base

100-499	1 (4%)	14 (50%)	3 (11%)	7 (25%)	3 (11%)
500-999	3 (25%)	3 (25%)	4 (33%)	1 (8%)	1 (8%)
1,000-3,999	8 (33%)	11 (46%)	3 (13%)	1 (4%)	1 (4%)
4,000-9,999	3 (25%)	5 (42%)	3 (25%)	0 (0%)	1 (4%)
10,000-24,999	0 (0%)	5 (42%)	1 (8%)	5 (42%)	1 (8%)
25,000-74,999	0 (0%)	2 (50%)	2 (50%)	0 (0%)	0 (0%)

Power Equalizing

100-499	7 (25%)	7 (25%)	7 (25%)	6 (21%)	1 (4%)
500-999	5 (42%)	2 (17%)	2 (17%)	2 (17%)	1 (8%)
1,000-3,999	6 (25%)	9 (38%)	7 (29%)	1 (4%)	1 (4%)
4,000-9,999	6 (50%)	3 (25%)	1 (8%)	1 (8%)	1 (8%)
10,000-24,999	5 (42%)	5 (42%)	0 (0%)	1 (8%)	1 (8%)
25,000-74,999	1 (25%)	1 (25%)	0 (0%)	1 (25%)	1 (25%)

Vouchers

100-499	2 (7%)	3 (11%)	6 (21%)	15 (54%)	2 (7%)
500-999	0 (0%)	0 (0%)	2 (17%)	9 (25%)	1 (8%)
1,000-3,999	0 (0%)	5 (21%)	10 (42%)	7 (29%)	2 (8%)
4,000-9,999	0 (0%)	2 (17%)	1 (8%)	8 (66%)	1 (8%)
10,000-24,999	0 (0%)	1 (8%)	3 (25%)	7 (58%)	1 (8%)
25,000-74,999	0 (0%)	1 (25%)	2 (50%)	1 (25%)	0 (0%)

Table 4.19

Chi Squares of Observed and Expected Frequencies of Responses on the Funding Plan Survey by Superintendents Based on the Size of the District they Served

Finance Plans	Full St. Funding	Consol-idation	Removal	Power Equal.	Vouchers
	19.46	11.20	30.07*	15.98	12.79

*Significant at the 0.05 level.

The responses for the plan on Removal of the Commercial and Industrial Tax Base for these groups resulted in a significant chi square score of 30.07. The score of 24.996, required for significance at the 0.05 level with fifteen degrees of freedom, was not attained by the responses of these superintendents for any of the other four plans. It should be noted that the responses of Highly Acceptable and Most Acceptable for the Voucher plan were grouped together for analysis since there were no Highly Acceptable responses from five of the six size groups. Thus, the chi square of 12.79 is based on ten degrees of freedom instead of fifteen. It is not significant at the 0.05 level. The observed and expected frequencies for the six size group's responses toward Removal of the Commercial and Industrial Tax Base are presented in Table 4.20.

Table 4.20

Observed and Expected Frequencies of Responses for the Plan on Removal of the Commercial and Industrial Tax Base by Superintendents based on the Size of the District

Size (ADA) Of the Dist.	Highly Acceptable	Moderately Acceptable	Mostly Unacceptable	Totally Unaccept.
100-499	1 (4.4)	14 (11.8)	3 (4.7)	7 (4.1)

Table 4.20 (continued)

500-999	3 (1.9)	3 (5.2)	4 (2.1)	1 (1.8)
1,000-3,999	8 (4.2)	11 (10.7)	3 (4.3)	1 (3.8)
4,000-9,999	3 (1.9)	5 (5.2)	3 (2.1)	0 (1.8)
10,000-24,999	0 (1.9)	5 (5.2)	1 (2.1)	5 (1.8)
25,000 - 74,999	0 (0.7)	2 (1.9)	2 (0.7)	0 (0.7)

(Expected Frequencies are in parentheses)

The implications of the data related to the hypotheses will be presented in the next chapter.

Other Data

The sixth item on the questionnaire was concerned with the perceptions of the respondents in regards to their acceptance of eight suggested combinations of the five finance plans. There was no opportunity given for the superintendents to express their level of acceptance for these combinations, but they were provided with an opportunity to show their preference for some suggested combination of the five plans that would be acceptable to them. The responses on this item are reported in Table 4.21.

Table 4.21

Number and Percentages of Responses on the Funding Plan Survey to Item Six by Superintendents Responding

Combinations of Plans	All Levels	Elementary Level	Secondary Level	Unified Level
Full St. Fund. Consolidation Power Equal.	11 (12%)	7 (13%)	1 (6%)	3 (13%)
Full St. Fund. Removal Power Equal.	12 (13%)	5 (10%)	4 (25%)	3 (13%)

Table 4.21 (continued)

Full St. Fund. Power Equal	15 (16%)	8 (15%)	2 (13%)	5 (21%)
Consolidation power Equal.	7 (8%)	5 (10%)	1 (6%)	1 (4%)
Removal Power Equal.	8 (9%)	3 (6%)	3 (19%)	2 (8%)
Full St. Fund. Vouchers	0 (0%)	0 (0%)	0 (0 %)	0 (0%)
Consolidation Vouchers	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Removal & Vouch.	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Total Responding	53 (58%)	28 (54%)	11 (69%)	14 (58%)

Only 58 percent of the superintendents chose to respond to this item. It can be summarized by stating that (1) combinations containing Full State Funding and Power Equalizing were the most consistently chose; (2) more secondary superintendents responded to this item than did elementary or unified superintendents; and (3) those combinations containing Vouchers received no responses. These responses were not tested for significance since the responses meant only an acceptance of the combinations. An analyses of these responses and what they may mean will be presented in Chapter Five.

SUMMARY

In this chapter the means and standard deviations for the responses to the five suggested finance plans and the relationship of the demographic data to the responses, were presented. The t-Test for significant difference of group means was applied to the means and standard deviations for the responses to the plan. Chi squares of the observed and expected frequencies of responses on the survey toward the five plans were reported based on the six demographic variables identified for each of the districts served by the respondents. All of the data were organized around the thirty-one hypotheses. Data were also presented on the results of the responses to the acceptance of suggested combinations of the plans.

The study will be summarized in Chapter 5. In addition, the data presented in this chapter will be interpreted and related to the hypotheses, conclusions will be drawn, and finally, suggestions will be made for further research and study.

CHAPTER V

SUMMARY, FINDINGS AND CONCLUSIONS, AND IMPLICATIONS

This study was designed to probe the perceptions of district superintendents in the State of California with regard to the financing plans suggested by Judge Jefferson in the Serrano v. Priest case. The study is summarized in the first section of this chapter. In the second part the thirty-one hypotheses will be restated, and the data presented in the previous chapter will be interpreted and conclusions drawn. The third part will include the presentation and interpretation of the data on item six on the questionnaire. The final section of this chapter will discuss the limitations of the study, and further areas of investigation or research will be suggested.

Summary

The term "equality of educational opportunity," especially as it relates to financial equality was presented in Chapter One, and the problems that have arisen from the many definitions of the term were reviewed. Court cases, and in particular the Serrano v. Priest case in California, were cited. Legislation that resulted from these cases in an attempt to provide financial equality were mentioned, and how the courts reacted to these attempts was reported. The purpose of the study, hypotheses, limitations, and definitions of the basic terms were also presented in this chapter.

Literature that is germane to the study was reviewed in the second chapter. It began with what leading authorities perceived about

the concept of equality of educational opportunity beginning with Cubberly and continuing to present times. The works that discussed the various methods and sources for financial support of education in the United States were reviewed. Special emphasis was placed on the pros and cons of the property tax as the main source of revenue, since this is the main issue in the Serrano case. The opinions of the foremost financial authorities in the field of alternative financing proposals that might answer the requirements of the Serrano decision were examined. Excerpts from the Serrano case and findings from other cases that involved the constitutionality of the methods being used to finance education in this country were related. Opinions on what the findings of these cases and their decisions would mean and the results they would have were cited. Finally, the chapter was concluded with an account of what happened in California following the initial Serrano decision by the State Supreme Court and the rehearing by Judge Jefferson in the Los Angeles County Superior Court.

In Chapter III a detailed explanation of the procedures that were utilized in the study were presented. The perceptions of school district superintendents throughout California were collected through a mailed questionnaire. Their responses were analyzed with attention being given to certain demographic variables that characterized their particular district.

In the fourth chapter responses in the survey were presented. The means and standard deviations for the responses on the preference for the five finance plans listed and the t-test for significance of group means results that were used to analyze these data were reported. Chi square values of the responses on the survey toward the five plans

were reported based on the six demographic variables identified for each of the districts served by the respondents. Item six on the survey was presented, but only the frequency of selection for one combination of plans over other combinations was reported.

FINDINGS AND CONCLUSIONS

Two statistical tests were used to analyze the data. A t-test for the significance of group means, which identified any significant preferences for the suggested financial plans based on the responses given on the questionnaire, was the first test used. This method provided a way for comparing the preference for any one of the five suggested plans with all of the other plans. The 0.05 level of statistical significance was used for these data.

The Chi Square test was used for the remaining thirty hypotheses since the small range of responses available to the respondents resulted in nominal rather than interval data. According to Popham, the Chi Square test involves a procedure wherein the sample frequencies actually falling within certain categories are contrasted with those which might be expected on the basis of a hypothetical distribution. If a marked difference exists between the observed frequencies in each category and the frequencies expected in each category on the basis of chance or a previously established distribution, then the Chi Square test will yield a numerical value large enough to be interpreted as statistically significant.[163] The 0.05 level of significance was also used for this test.

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[163] W. James Popham, Educational Statistics (New York: Harper & Row, Publishers, 1967), p. 277.

Hypothesis 1.

Superintendents in California showed no significant preference for any one of the five finance plans suggested by Judge Jefferson.

Based on the data presented in Table 4.4 the null hypothesis would have to be accepted since there is not any one plan that is significantly more preferable than all of the other plans.

The data in Table 4.3 reveal that there is one plan that superintendents seem to prefer more than any of the other plans. This plan, Full State Funding, had the lowest mean for the responses which indicates the highest level of preference. When the t-test was applied to determine the statistical significance, significant differences were noted between Full State Funding, and Consolidation, Removal of the Commercial and Industrial Tax Base, and Vouchers at the 0.05 level. However, when Full State Funding was compared with Power Equalizing, a significant difference was not observed. These data suggest that Full State Funding and Power Equalizing are much more acceptable to the superintendents than any of the other three suggested plans. The meaning of these preferences and the implications that they may have, will be handled in the discussion following the remaining thirty hypotheses. This summary statement will allow for a more meaningful discussion since the remaining hypotheses are concerned with the preferences as they relate to the demographic variables of the districts served by the respondents and relationships can be more clearly defined.

Hypothesis 2.

There is no significant difference in the preference of superintendents from elementary, secondary and unified school districts toward Full State Funding.

The Chi Square of 3.59 reported in Table 4.6 is not significant;

therefore, the null hypothesis must be accepted.

The acceptance of this hypothesis can most likely be attributed to the fact that whether they serve an elementary, secondary or unified school district, superintendents generally are supportive of a plan that will provide a more equitable plan statewide for financing education; those who would be adversely affected appear to be evenly distributed among all three levels of organization. As can be seen in Table 4.5, there would appear to be more secondary and unified superintendents rejecting this plan than superintendents at the elementary level. The reasons for this will be explored more fully as the other demographic variables in relationship to Full State Funding are reported.

Hypothesis 3.

There is no significant difference in the preference of superintendents from elementary, secondary, and unified school districts toward Consolidation.

The Chi Square score of 2.87 reported in Table 4.6 is not significant and the null hypotheses must be accepted.

Even though the differences in these responses did not result in significant scores, Table 4.5 shows that there is a greater reluctance on the part of secondary superintendents to support a plan that would force them to consolidate, than there is with elementary superintendents. This may be because secondary superintendents feel that they would have to share some of their assessed valuation with their elementary components, and they would sooner use a different financing approach than Consolidation.

Hypothesis 4.

There is no significant difference in the preference of superintendents from elementary, secondary, and unified school districts toward Removal of the Commercial and Industrial Tax Base.

Although the Chi Square of 8.29 for this plan was the highest of all of the Chi Squares based on the level of organization, it is still not significant and the null hypothesis must be accepted.

The percentages illustrating the acceptance or lack of acceptance of the plan for Removal of the Commercial and Industrial Tax Base reported in Table 4.5 show a discrepancy between the elementary and secondary superintendents for acceptance of this plan. Even though this discrepancy did not result in a significant difference, it is worthy of note. The difference between the responses of the secondary and unified superintendents in the lack of acceptance of this plan should also be noted. The strong support of secondary superintendents for this plan when compared to the other two groups may be because secondary districts are usually the richest in assessed valuation per A.D.A. and they see this plan as being one that would affect them less than some of the other proposed plans. There are more elementary and unified superintendents opposed to this plan than secondary superintendents, probably because they represent rich districts and are not willing to accept a plan that is going to deprive them of this high level of support.

Hypothesis 5.

There is no significant difference in the preference of superintendents from elementary, secondary, and unified school districts toward Power Equalizing.

The Chi Square score of 3.78 is not significant and the null

hypothesis must be accepted.

The greatest discrepancy is observed in the strong support of Power Equalizing by the secondary respondents. This group would probably benefit the most from a plan that would level off the amount of state support but would allow districts to go beyond this level if the voters will support it. Secondary districts have not had to go to the voters as often as elementary and unified districts have since the advent of S.B. 90, and would be more likely to gain support if they did than would the other two groups.

Hypothesis 6.

There is no significant difference in the preference of superintendents from elementary, secondary, and unified school districts toward Vouchers.

The Chi Square of 1.91 reported in Table 4.6 for this hypothesis was the lowest score among the five plans for all levels of organization, and the null hypothesis must be accepted.

To analyze whether any of the three groups feel more strongly, even though not statistically significant, about the general lack of acceptance of this plan, a study of the responses reported in Table 4.5 is helpful. It can be seen that the secondary superintendents are more strongly opposed to this plan than the other two levels. Perhaps, since the only experiment with this plan is at the elementary level, they see little or no possibility of it as being a solution for secondary districts.

Hypothesis 7.

There is no significant difference in the preference of superintendents from residential tax based districts and commercial/industrial tax based districts toward Full State Funding.

The Chi Square of 0.96 attained from the responses by these two groups toward Full State Funding was not significant. The null hypothesis must be accepted.

An inspection of the responses made by these two groups of superintendents toward this plan may show why the Chi Square score is so low and no significance was observed. Superintendents of residentially supported districts were more acceptable of this plan than were the commercial/industrial districts. This support may have been because districts that are mainly supported by residential property taxes have a great amount to gain from a finance plan that would level off assessed valuation and provide a statewide tax rate and level of support. This would not be true of districts whose main source of local taxes is from commercial/industrial property, since these districts would lose their high level of support and may even have a higher tax rate.

Hypothesis 8.

There is no significant difference in the preference of superintendents from residential tax based districts and commercial/industrial tax based districts toward Consolidation.

The Chi Square of 0.38 attained by the responses of these two groups toward Consolidation was not significant. The null hypothesis must be accepted.

The amount of difference in the responses of the residential tax base district superintendents and the commercial/industrial tax base superintendents is less than five percent. This difference is so minimal that it would not be worthwhile to speculate on its cause.

Hypothesis 9.

There is no significant difference in the preference of superin-

<u>tendents from residential tax based districts and commercial/industrial tax based districts toward Removal of the Commercial and Industrial Tax Base.</u>

The Chi Square score of 3.15 for the responses by the two groups representing the basic source of local revenue is not significant and the null hypothesis must be accepted.

When the responses and their percentages as reported in Table 4.7 are inspected, it can be seen that even though a significant level was not reached, the most support for this plan came from the residential group. This difference is to be expected, since the commercial/industrial group would be losing their main source of revenue should this plan be enacted. It is surprising to see that the commercial/industrial group find this plan acceptable on almost a two to one basis. This support by this group, which as was reported is not significantly different from the residential group can only be explained by other demographic factors that these superintendents represent that must have caused them to respond in this illogical way.

<u>Hypothesis 10.</u>

<u>There is no significant difference in the preference of superintendents from residential tax based districts and commercial/industrial tax based districts toward Power Equalizing.</u>

A Chi Square of 5.15 was not significant at the 0.05 level, therefore, the null hypothesis must be accepted.

The Chi Square between these two group's responses toward this plan was higher than for any of the other four plans. A study of the percentages of the responses given in Table 4.7 indicates why. The residential group shows a higher level of acceptance of this plan than does the commercial/industrial group who give only minimal acceptance.

This may be because chiefly residential supported districts have less assessed valuation and they would have more to gain from a plan that would not base the money a district receives on its assessed valuation.

Hypothesis 11.

There is no significant difference in the preference of superintendents from residential tax based districts and commercial/industrial tax based districts toward Vouchers.

The Chi Square of 2.26 as reported in Table 4.8 was also low and was not significant. The null hypothesis must be accepted.

As with all of the other groups reported, these two groups also both strongly oppose the plan for Vouchers. A look at the percentages for the responses reported in Table 4.7 shows that the response to this plan is slightly stronger by the commercial/industrial group than by the residential group. Some residential superintendents may feel that Vouchers may be the answer to growing community pressures, and could have resulted in the small difference between the responses of the two groups.

Hypothesis 12.

There is no significant difference in the preference of superintendents from urban, suburban, and rural school districts toward Full State Funding.

The null hypothesis must be accepted since the Chi Square of 6.91 did not reach a significant level.

The percentages of superintendents responding as reported in Table 4.9 show that all of the seven urban superintendents find this plan acceptable, and even though they support it on an almost 2 to 1 basis, the suburban group showed far less support for this plan than did the rural respondents. The small number of urban superintendents

in the sample may feel that any new finance plan that involves leveling of the assessed valuation and a statewide property tax would be better than what they presently have. Suburban superintendents on the other hand may have a few more in their group that may feel that a plan that would allow them more flexibility in maintaining their present level of program would be more acceptable to them.

Hypothesis 13.

There is no significant difference in the preference of superintendents from urban, suburban, and rural school districts toward Consolidation.

With a Chi Square of 1.06, no significant difference is noted and the null hypothesis must be accepted.

As would be expected from the low Chi Square score, the percentages on the responses of the three groups toward this plan were grouped fairly close together considering the differences in the number of respondents for each group (urban - 7, suburban - 34, and rural - 51). They all opposed the plan by an almost 2 - 1 margin. It can only be assumed that there are factors in all three societal areas that generally make this plan unacceptable to superintendents.

Hypothesis 14.

There is no significant difference in the preference of superintendents from urban, suburban, and rural school districts toward Removal of the Commercial and Industrial Tax Base.

The responses by these three groups resulted in a Chi Square of 4.99 which was not significant. Therefore, the null hypothesis must be accepted.

There were greater discrepancies in the percentages of the responses on this plan than might be expected because of the differences

in the sizes of the three groups. The high percentage of acceptance by urban superintendents may be attributable to the smallness of the group, but the differences in the level of general acceptance of this plan between the suburban group which was fairly high, and the rural group, which was a minimal acceptance with almost half of them finding it unacceptable, was noticeable. This may have been caused by those rural superintendents whose districts receive a large percentage of their assessed valuation from public utilities, natural resources, and/or forest land, and who would be greatly affected if they had to rely only on their residential property for their main tax base. Also, they may be concerned on how farmlands and grazing lands would be classified under such a plan.

Hypothesis 15.

There is no significant difference in the preference of superintendents from urban, suburban, and rural school districts toward Power Equalizing.

The Chi Square of 5.91 attained by the responses of these three groups toward this plan was not significant. The null hypothesis must be accepted.

Again, the percentages of the responses as reported in Table 4.9 show that all of the urban superintendents find this plan acceptable to them. The reason, similar to that for Full State Funding, would be because it would result in a leveling approach, which would be more equitable for these large inner city districts. The responses show the suburban group more supportive for this plan than the rural group. This may have resulted from the same group of rural superintendents who earlier had feared removal also fear a plan that would equalize

the tax base, and that they feel that the incentive to raise the level of support by the local taxpayers would not be as great by their rural constituents, as it would be by the upper-middle class parents in suburban communities who place such a high value on a quality program.

Hypothesis 16.

There is no significant difference in the preference of superintendents from urban, suburban, and rural school districts toward Vouchers.

The Chi Square of 13.08 obtained for the responses by urban, suburban, and rural superintendents toward the plan for Vouchers is significant at the 0.05 level. The null hypothesis must be rejected since there is a significant difference in the preference of this group of superintendents toward Vouchers.

When the data reported in Table 4.11 are studied, it can be seen that the responses most responsible for the significant score were the number of responses expressing moderate acceptance by suburban superintendents, and the higher number of responses showing mostly unacceptable reactions by urban superintendents. The strong support for this plan by suburban superintendents may be because they feel that as suburban parents become more vocal in their requests for program that they want, as opposed to what the teachers and administration want, and with these parents' emphasis on a return to the basics, Vouchers may be the answer to this pressure, even though these superintendents may not believe in the financial value of the plan. The strong lack of support for Vouchers expressed by urban superintendents may be because urban districts are suffering from declining populations and urban superintendents want nothing to do with a plan that could erode their A.D.A.

The percentages reported in Table 4.9 bear out the large discrepancies which resulted in the significant score.

Hypothesis 17.

There is no significant difference in the preference of superintendents from districts having high and low wealth and high and low tax rates toward Full State Funding.

The Chi Square of 24.14 achieved by the responses toward this plan was significant at the 0.01 level. The null hypothesis must be rejected since there was a significant difference observed in the preference of these four groups of superintendents toward Full State Funding.

The responses that were most attributable to the significant Chi Square score were (1) the high levelof acceptance by superintendents from low wealth, low tax rate districts, and (2) the weak acceptance by superintendents from high wealth, high tax rate districts. The total support given to the plan for Full State Funding by low wealth, low tax rate districts is probably due to the fact that superintendents from these districts have existed for too long with not enough money to carry out their educational programs, while at the same time they see neighboring districts having not only adequate but more than adequate funds for their programs merely because of a chance location of commercial or industrial property which provides a high level of assessed valuation or a public that is willing or more able to support a high enough tax rate to provide for a good program. If the state were to level off these assessed valuations and set the same property tax for everyone, then low wealth, low tax rate districts would stand to benefit the most. Full State Funding as described on the questionnaire would do this. The reverse of this, however, is also true, that those

districts with the highest assessed valuation and the highest tax rate would stand to lose the most, and it is not too surprising to see superintendents reacting to the plan for Full State Funding as an unacceptable plan.

Hypothesis 18.

There is no significant difference in the preference of superintendents from districts having high and low wealth and high and low tax rates toward Consolidation.

The Chi Square of 6.68 attained by the responses of these four groups towards this plan was not significant. The null hypothesis must be accepted.

The data in Table 4.12 suggest that this plan was not as strongly supported by some of the groups as by others. The superintendents from the low wealth, low tax districts were almost evenly divided on this plan, with a slight margin of unacceptability. The high wealth, low tax group had one superintendent supporting it for every two that found it unacceptable. The two high tax groups had only one out of every three superintendents supporting this plan. It is interesting to note that the lack of support of this plan is based more on tax rate than it is on wealth. Those districts with the lowest tax rates have more support for the plan than those with the higher tax rates. This is difficult to understand since consolidation of districts usually results in a higher tax rate. Perhaps these superintendents feel that the tax rate under which they are now operating is not sufficient and this plan would force their constituents to provide them with more funds.

Hypothesis 19.

There is no significant difference in the preference of superintendents from districts having high and low wealth and high and low tax rates toward Removal of the Commercial and Industrial Tax Base.

The responses toward this plan resulted in a Chi Square of 8.39 which is not significant. The null hypothesis must be accepted.

An inspection of the responses by these four wealth groups toward the plan for "removal" shows a general acceptance of the plan by all four groups. However, the two high wealth groups have a much lower percentage of their number showing acceptance than do the two low wealth groups. The large percentage of high wealth superintendents who find this plan unacceptable is easy to justify. Generally, high wealth is associated with a district having a large assessed valuation based mainly on commercial and/or industrial property and the removal of this income base would greatly affect these districts. Those superintendents in this same group supporting this plan probably have their high wealth balanced by high expenses and see more value in removing this source of taxes. Low wealth districts' strong support of this plan, especially those with low taxes, is expected, since this would offer them an opportunity with some form of parity with the wealthier districts.

Hypothesis 20.

There is no significant difference in the preference of superintendents from districts having high and low wealth and high and low tax rates toward Power Equalizing.

The Chi Square of 14.97 obtained through the responses of these four groups toward this plan, although very high, was not significant. The null hypothesis must be accepted.

The overall acceptance of this plan by all superintendents was on

a two for one ratio. This high ratio was attained mostly through the responses of the two low wealth groups who favored this plan by almost a three to one margin. A plan that would equalize the assessed valuation should be highly favorable to this group, with the few rejecters probably being unfavorable to the tax increase aspect of the plan. The high wealth and high tax group, favoring it at just below a two to one ratio may not have liked the equalizing aspect, but from past record are assured that they can keep their high level of support by going to the voters for additional funds. However, the reverse is true with the high wealth, low tax rate group; they lose their high assessed valuation and know from past experience that voters will more than likely not grant them increased funds. This is reflected in a bare majority of these superintendents favoring this otherwise popular plan.

Hypothesis 21.

There is no significant difference in the preference of superintendents from districts having high and low wealth and high and low tax rates toward Vouchers.

The Chi Square of 6.85 which was attained from the responses of these groups toward this plan was not significant. The null hypothesis must be accepted.

This plan was rejected by the superintendents who responded by better than a five to one margin. This high level of rejection was brought about in the wealth groups by the two low tax rate groups who had ten superintendents finding vouchers unacceptable for every superintendent that accepted the plan. This level of unacceptance dropped markedly for the two high tax rate groups where the ratio of rejection was just a little over three to one. This may be because low tax rate districts frequently have attained this status through lack of voter

support, and superintendents of these districts see this as just one more opportunity for parents to reject the program of the district. High tax rate districts from past experience of voter support, do not have as universal a fear of disapproval from their communities.

Hypothesis 22.

There is no significant difference in the preference of superintendents from basic aid districts and foundation plan districts toward Full State Funding.

The responses by these two groups of superintendents toward this plan resulted in a Chi Square of 1.61. This was not significant; the null hypothesis must be accepted.

Fifty-five percent of the respondents were from foundation plan districts and forty-five percent were serving basic aid districts. Seventy percent of the total group had been supportive of Full State Funding. There was less than one percent difference between the two state aid groups in their support of this plan, and, therefore, no conclusions regarding any differences are possible.

Hypothesis 23.

There is no significant difference in the preference of superintendents from basic aid and foundation plan districts toward Consolidation.

A Chi Square of 0.68 was the result from the responses of these two groups toward the plan for Consolidation. With this score, the null hypothesis must be accepted.

This plan had been found generally unacceptable to the total group of superintendents by a slightly more than two to one margin. There was a slightly higher level of disapproval of Consolidation by the basic aid districts than by those on the foundation plan as shown

in Table 4.15. This slight difference, which was not reflected in the Chi Square, could be the feeling by more of these richer districts not being interested in supporting any plan that is going to share the wealth any more than it is already shared when they receive basic state aid.

Hypothesis 24.

There is no significant difference in the preference of superintendents from basic aid and foundation plan districts toward Removal of the Commercial and Industrial Tax Base.

Again with a Chi Square of 0.89 there was no significance attained, and the null hypothesis must be accepted.

The general support of all superintendents for this plan was also true of the two state aid group's responses. The data in Table 4.15 show the difference between the two group's responses to be less than two percent.

Hypothesis 25.

There is no significant difference in the preference of superintendents from basic aid and foundation plan districts toward Power Equalizing.

The Chi Square score of 8.76 as reported in Table 4.16 was significant; the null hypothesis must be rejected.

This significant score was accounted for by the high number of "unacceptable" responses to this plan by superintendents of basic aid districts, and the low number of "unacceptable" responses to this plan by superintendents of foundation plan districts. The reason for this lack of support for this plan by basic aid district superintendents is because a basic aid district is essentially a wealthy district; and it does not matter how great this wealth may be, if they are not on the

foundation plan they receive the exact same amount of said aid as every other basic aid district. Under power equalization their wealth would be taken away from them and be equally distributed throughout the state. They would have to go to the voters for a high tax rate to meet their former level of support. Those districts on the foundation plan on the other hand would benefit highly from Power Equalizing. They have low assessed valuation and even though they are receiving additional funds from the state, it is inadequate to make up the difference and they are frequently unable to gain any high degree of additional support from the local level. This difference is strongly supported by the figures reported in Table 4.15 which show a high level of support by the foundation plan group, and just a bare level of support by the basic aid group.

Hypothesis 26.

There is no significant difference in the preference of superintendents from basic aid and foundation plan districts toward Vouchers.

Responses by superintendents in the two state aid groups resulted in a Chi Square of 1.26. This score was too low to be significant and the null hypothesis must be accepted.

The lack of acceptability of this plan by all superintendents is also shown by the two state aid groups when taken separately which is reported in Table 4.15. However, the basic aid districts seem to have less acceptance of this plan among their group than does the foundation plan group. It may be that more of the foundation plan superintendents find this generally unacceptable plan as a hope of salvation for them from their financially hopeless plight, and are willing to give it their support for this reason.

Hypothesis 27.

There is no significant difference in the preference of superintendents from different size school districts toward Full State Funding.

The Chi Square of 19.46 for Full State Funding reported in Table 4.19, although the second largest for the size groups, did not reach a significant level. The null hypothesis must be accepted.

The high level of acceptability of this plan by all superintendents is represented from a high of 79 percent of the 1,000-3,999 group giving support to a low of 50 percent support by the superintendents of the largest districts. However, it should be remembered that there were only four respondents representing this latter group. Perhaps of more significance was the minimal 58 percent support given by the 12 superintendents from the 10,000-24,999 group. The grouping of high support, better than four to one in favor, was seen in the three groups from 500-9,999 A.D.A. This high level of support for this plan and minimal rejection of it by these three groups may be because they see Full State Funding as a good plan for medium sized districts, except for a few districts, most of these districts are below or just above the average in assessed valuation, and they see the advantages gained from this plan, especially with a statewide property tax as part of it, as far outweighing the disadvantages. The very small districts, 100-499 A.D.A. were not as strongly supportive of this plan. They may fear that along with the increased state level of funding would come more state controls and these districts deeply cherish their local autonomy. The two larger district groups contain enough large suburban areas to result in less support for a plan that would seriously threaten the programs that they have spent so many years in building, and gaining the support of the parents and taxpayers.

Hypothesis 28.

There is no significant difference in the preference of superintendents from different size school districts toward Consolidation.

The Chi Square of 11.20 attained from the responses of the six size groups toward this plan was the lowest score for all of the five plans. The null hypothesis must be accepted.

A study of the responses of these groups toward Consolidation reported in Table 4.18 again shows a range of responses that resulted in the general lack of acceptance of this plan. This level of rejection ranged from almost three and one-half to one by the 1,000-3,999 group to a split of two for and two against for the very large districts. Another group showing strong rejection of this plan was the 500-999 A.D.A. superintendents. Those superintendents serving districts of 100-499 and 10,000-24,999 A.D.A. rejected Consolidation by slightly less than a two to one margin. The respondents from the 4,000-9,999 A.D.A. districts had one more superintendent rejecting this plan than accepted it. The variations of support of Consolidation by the size groups seems to be intermixed, and is more than likely based on factors such as wealth, and type of district rather than on the size of the district.

Hypothesis 29.

There is no significant difference in the preference of superintendents from different size school districts toward Removal of the Commercial and Industrial Tax Base.

The responses of the superintendents from different sized districts on the plan for Removal of the Commercial and Industrial Tax Base resulted in a Chi Square of 30.07, which is a significant score at the 0.05 level. Therefore, the null hypothesis must be rejected.

An inspection of the data in Table 4.20 shows that there were six of the twenty-four groupings of the responses that accounted for sixty-one percent of the significant score. These responses represented the discrepancy between the observed and expected frequencies of responses: districts between 100-499 A.D.A. having a lower than expected number of responses of highly acceptable and a higher than expected number of responses of totally unacceptable; the 1,000-3,999 A.D.A. districts with a higher than expected frequency of responses of highly acceptable and a lower than expected frequency of responses of totally unacceptable; districts between 10,000 and 24,999 A.D.A. with a higher than expected number of responses of totally unacceptable; and districts of 25,000-74,999 A.D.A. with a higher than expected number of mostly unacceptable responses. It would be difficult to state the reason for each of these particular groupings having such large discrepancies but it can be seen that generally, the larger districts exceeded their expectations in their lack of acceptance of this plan, and districts under 10,000 A.D.A. exceeded their expectations in the acceptance of this plan. An exception to this was the smallest districts who, although they generally supported this plan were below expectations for high acceptance and above expectations for totally unacceptable.

This may have been caused, as was mentioned earlier, by the fact that some small rural districts that receive a large amount of their assessed valuations from public utilities and natural resources would be greatly affected if these sources of revenue were removed.

Hypothesis 30.

There is no significant difference in the preference of superintendents from different size school districts toward Power Equalizing.

The Chi Square of 15.98 which resulted from the responses of the different size groups to Power Equalizing was not significant. The null hypothesis must be accepted.

The number of responses in Table 4.18 reflect the almost two to one margin of support for this plan. They also show that except for the four respondents representing the largest districts, the responses showing acceptance increased as the size of the district increased. As districts grow in size they can expect to gain more funds and have a better financial structure with Power Equalizing because it not only does not take local wealth into consideration, but also, if a district wants a better program, it allows the taxpayers to vote additional funds to provide it. Thus, as the size of the district increases more superintendents see the value to their districts of one or the other or both of these aspects of Power Equalizing.

Hypothesis 31.

There is no significant difference in the preference of superintendents from different size school districts toward Vouchers.

The Chi Square of 12.79 reported on the responses toward Vouchers in Table 4.19 was not significant. Therefore, the null hypothesis must be accepted.

Over seventy-five percent of all of the superintendents rejected Vouchers as being an acceptable finance plan. There was no one size group that rejected the plan by less than seventy percent, and the 500-999 A.D.A. group did not have even one respondent who found the

plan acceptable to any degree. Therefore, it can be safety stated that this rejection cannot have been caused by any one size group. The fear of the effect of the Voucher system appears to be universal and cannot be related specifically to the size of the district.

Thirty hypotheses were concerned with the relationship between the responses to the plans by the superintendents and the demographic variables of their districts. These were analyzed with the Chi Square test. Only four of the null hypotheses were rejected because the Chi Square score was significant at the 0.05 level. There are two interesting things to note about the four rejected hypothesis. First, there was never more than one rejected hypothesis in each set of five hypothesis for a demographic variable; and second, the four rejected hypothesis were spread out between four of the five finance plans, no plan had more than one hypothesis rejected, and the plan for Consolidation did not result in even one significant Chi Square score. This illustrates the wide range of feelings regarding these finance plans, and points up that there is very little relationship between the demographic variables that make up a district and the manner in which a superintendent will react to a survey on his acceptance or lack of acceptance of a certain plan for financing public education in California.

No attempt was made to analyze whether the combination of demographic variables that made up a district had a relationship with the way in which a superintendent responded on a certain plan. This information would have been valuable and might have been helpful in explaining the acceptance or rejection of the last thirty hypotheses. However, with the nominal data provided by the survey, no statistical test that would be meaningful could be applied, and anything else would

be pure conjecture. A recommendation is made for this type of study at the conclusion of this chapter.

On the survey the superintendents were also given an opportunity to indicate which combination of the five suggested plans would be most acceptable to them. There were eight combinations offered. The results of this response were presented in Table 4.21 in the preceding chapter. No statistical analysis was made on the data since it would have been meaningless due to the intermixing of the criterion variables.

Although no significant conclusions can be reached from these data due to the lack of any statistical analysis, some observations can be made regarding what the data may imply.

The most popular combination, that of Full State Funding and Power Equalizing, probably should not have been offered on the survey because the combination as the plans were presented on the survey is not possible. Full State Funding is based on funding by a statewide property tax which is generally conceived as being the same amount throughout the state. Power Equalizing is based on funding such that districts are equalized with respect to tax potential. Perhaps what this group favored was the best of these two plans amalgamated into a single plan. Since the respondents represented districts with varying demographic characteristics, it is likely that the things they favored in each of the plans varied greatly among the fifteen who favored the combination. This same combination of Full State Funding and Power Equalizing is part of the other two most popular choices. The first choice, most strongly supported at the secondary level, would couple them with Removal of the Commercial and Industrial Tax Base. If Removal were implemented by itself, then it is possible that there would be little or no need for

Power Equalizing, and the funds could be distributed similarly to the way they would have been under either the Full State Funding or Power Equalizing plan. The next most popular choice, putting Consolidation in with Full State Funding and Power Equalizing, had the most support from the elementary group. This would have a similar effect to that of Removal, if, as it states, the assessed valuation of real property was equalized among all school districts. It would not bring in any additional state revenues, and there would be no need for the state to differ the amount of support unless they made allowances for differing conditions in school districts throughout the state, and this could be done through special categorical grants. Full State Funding and Power Equalizing as they were presented in the survey would have to be greatly modified to be workably combined with Consolidation. The fact that none of the respondents selected any of the combinations containing Vouchers could be explained by two possible reasons, either (1) they do not feel that Vouchers can be combined with any of the other plans in a successful finance plan, or (2) and this is the more likely explanation, as stated earlier, there is a general lack of acceptance of this plan by educators for the reasons that were presented.

The survey also gave the superintendents the opportunity to propose their own combination of plans that were most acceptable to them, and an opportunity to describe another financing plan that was acceptable to them that meets Judge Jefferson's criteria. The responses made on these two items and concerns expressed by the respondents can be found in the appendix.

SUMMARY OF CONCLUSIONS

An analyses of the superintendent's responses and the demographic variables that characterized the districts served by the respondents reveal that:

(1) The responses showing the level of acceptability of the five finance plans suggested by Judge Jefferson showed Full State Funding to be the most preferred plan. The next most acceptable plan was Power Equalizing followed by the plan for Removal of the Commercial and Industrial Tax Base. The plans for Consolidation and Vouchers had means for the responses which showed both of them to be unacceptable finance plans to most of the superintendents.

(2) The preference by the superintendents for Full State Funding, Power Equalizing and Removal of the Commercial and Industrial Tax Base was not found to be significantly different from each of the other plans. However, the rejection of Consolidation and Vouchers was significantly different in both cases from the responses of each of the other four plans.

(3) Superintendents from suburban districts seemed to find the plan for Vouchers more acceptable than did rural and urban superintendents.

(4) Superintendents from the poorest districts in terms of assessed valuation and tax rate seemed to prefer Full State Funding more than superintendents from the richest districts.

(5) Superintendents from foundation plan districts seemed to have a higher level of preference for Power Equalizing than did the superintendents from the basic aid districts.

(6) Except for the smallest districts, superintendents serving districts under 10,000 A.D.A. seemed to prefer Removal of the Commercial and Industrial Tax Base more than superintendents serving districts with over 10,000 A.D.A.

(7) Superintendents from elementary, secondary, and unified districts seemed to prefer/reject each of the five plans at a similar level without regard to their level of organization.

(8) Superintendents serving districts whose main source of local revenue was from residential property seemed to prefer/reject each of the five plans at a similar level as superintendents serving commercial and/or industrial tax supported districts.

(9) Superintendents' lack of acceptance for the plan for Consolidation seemed to be general among all of the superintendents no matter what the demographic variables of their districts were.

(10) Superintendents who chose to select combinations of the five finance plans, showed the greatest preference for those combinations involving Full State Funding and Power Equalizing, and the combination of these two plans with either Removal of the Commercial and Industrial Tax Base or Consolidation.

(11) Combinations of the demographic variables, which was not included in this study, may provide additional insight into the reasons for the responses attained.

(12) Other factors not as easy to identify as the demographic variables may also have had an effect on the choice of responses.

IMPLICATIONS FOR PRACTICE AND FOR FUTURE RESEARCH

The data presented in this study suggest that the reactions of district superintendents in the State of California toward the five financing plans that were mentioned by Judge Jefferson as meeting the requirements of the California Constitution are varied. Since this study is concerned with the feelings of superintendents in California towards the finance plans suggested by Judge Jefferson, it would appear that the data contained in this study would be valuable for members of the State Legislature to consider when they are looking at ways of meeting the constitutional requirements handed down by Judge Jefferson if the State Supreme Court should uphold his decision. And, if this decision should be overturned by this court, which seems highly unlikely, it would still behoove the legislators to study these responses, since it has become evident that the system for financing education in California is rapidly approaching chaos. As was mentioned by Judge Jefferson, S.B. 90 and A.B. 1267 have not improved the financial situation of school districts, but have made them only worse. As more and more districts are having their revenue increase requests refused by the heavily burdened local taxpayers, it is only a matter of time until many of California's school districts face bankruptcy. The increasing militancy of teachers' organizations and collective bargaining can only hasten this inevitable result. So, whether the courts demand it or not, the State of California, as well as the majority of states across the nation must restructure the present method of financing public education which is based mainly on a regressive tax base.

Recommendations for Future Research

Future research should be conducted in which (1) the questionnaire is submitted to all the members of the State Legislature, (2) this study is conducted with the school board members of the districts in the sample for this study, (3) the significant relationships found in this study be verified to see if they still hold, (4) the study be replicated with another sample of present day superintendents to see if new legislation, additional years under S.B. 90, the passing or failure of revenue increase elections, or changes in their demographic characteristics have resulted in a significant change in their perceptions, (5) a new survey on the plans with a wider range of choices for each plan be conducted, so that the differences in the responses will provide a wide enough span to allow a more powerful statistical approach than was used in this study, and (6) the relationships among the combination of demographic variables that make up a district and the responses of the superintendents be examined.

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APPENDIX

Other Combinations Suggested

The opportunity to propose their own combination was chosen by only ten superintendents. The only combination that received any amount of consensus was that of full state funding and removal of the commercial and industrial tax base. This is a reasonable combination since the two with some modification could be combined into a workable plan. The removal plan could be used as the means for equalizing the tax base, and the full state funding could be used to complete the equalizing and provide an equitable dispursement of the funds from the state level.

Other Suggested Finance Plans

Six financing plans were suggested by the six superintendents who availed themselves of the opportunity to respond to this suggestion. The one suggesting working on S. B. 90 should remember that Judge Jefferson declared that not only did S. B. 90 and A. B. 1267 not meet the Serrano requirements, but also, they made the disparity between districts even greater. Also, S. B. 90 is basically a tax reduction measure, and not an equalization measure. Those that suggested increasing the foundation program did not give any suggestions as to how this would be funded and how the disparities would be reduced or eliminated, perhaps power equalizing would partially answer their problems. The superintendent suggesting that the governing board be the body allowed to increase the tax rate beyond the power equalized rate would probably find a large amount of opposition from the local taxpayers who, more than likely, would not want to pass on this power to their elected representatives. The idea to only level the tax base with regard to natural resources would have to be studied and such

questions as: (1) what percentage of the assessed valuation in the state comes from natural resources, (2) what things should be identified as natural resources, and (3) would this in fact really equalize the tax base, or still allow the disparities that exist in such communities as industrial-rich Emoryville, and only remove those that exist in some of the remote rural communities rich in the natural resources of oil, lumber, utility installations and the like. The last suggestion of 50/50 support between state and local sources has long been espoused, and at one time was partially true in some parts of California, the questions that arise from this suggestion are: (1) how would this be funded; (2) how would it provide the equality required; and (3) is it fair for the local property taxpayers to have to maintain even this high a percentage of the support of local public education.

Concerns Expressed on the Questionnaire

Although no place was provided on the questionnaire, some of the respondents felt the need to express some concerns that they have. A superintendent of a wealthy rural unified school district with about 1,300 students desired some degree of local control retained. He also expresses a strong dislike for large unwieldy administrative units. Another respondent from a poor rural unified school district with just under 200 students feels that the small districts have special problems and therefore it is necessary for the small schools formula to be increased. A unified superintendent whose district is over 70 percent within national forests feels that removal of funding from this source would seriously hamper their educational program, because they are sparsely populated, the enrollment is about 650 students, and they have a high cost per a.d.a. He states that any finance plan must consider other factors such as sparsity of population, size of schools,

costs of operation and transportation as well as the equalization of the amount of funding per a.d.a. His district is on basic aid.

No concerns were stated by the secondary superintendents but three elementary superintendents noted their problems. One from a wealthy San Francisco Bay area community with only one school with about 500 students expressed his concern for avoiding the loss of local control. Another superintendent from a similar size wealthy rural district feels that if the state equalizes districts' incomes, then the state should also be obligated to provide statewide employee salary schedules and be responsible for the negotiations for those salaries. An elementary superintendent from a small, 450 a.d.a., wealthy, rural district feels that the suggested plans are too drastic a change, and that they remove local control and lack flexibility. He feels that there is a strong need for flexible funding.

The demographic variables that make up the districts served by the superintendents expressing these concerns was inserted to give some insight into some of the factors that may be causing these concerns.

QUESTIONNAIRE

Directions: Please circle the number of the response that in your opinion describes your feelings toward the finance plans as suggested in the Jefferson decision, reflecting on how it would effect your school district.

1. Full State Funding - this plan provides for the State's assumption of substantially all responsibility for financing local elementary and secondary education from State revenues. It would be funded by a statewide property tax.

Highly Acceptable	Moderately Acceptable	Mostly Unacceptable	Totally Unacceptable	Unable to Respond
1	2	3	4	5

2. Consolidation - this plan would consolidate the present 1,067 school districts in California into about five hundred districts. The boundaries of the districts would be realigned to equalize the assessed valuation of real property among all school districts.

Highly Acceptable	Moderately Acceptable	Mostly Unacceptable	Totally Unacceptable	Unable to Respond
1	2	3	4	5

3. Removal of Commercial and Industrial Tax Base - this plan would retain all of the present school district boundaries, but would remove all commercial and industrial property from local tax rolls for school purposes. Such property will be taxes from the state level. Revenues will be equalized.

Highly Acceptable	Moderately Acceptable	Mostly Unacceptable	Totally Unacceptable	Unable to Respond
1	2	3	4	5

4. Power Equalizing - this is a plan where the state matches local spending, but at a different rate in poor and rich districts, such that districts are equalized with respect to tax potential. Any given school tax rate raises the same number of dollars per student without regard to wealth of the local authority. Local citizens would decide whether they want to spend a great deal of money on schools or only a small amount.

Highly Acceptable	Moderately Acceptable	Mostly Unacceptable	Totally Unacceptable	Unable to Respond
1	2	3	4	5

5. Vouchers - this plan gives the parents of each student a designated sum of money for the child's education, in the form of a voucher which is redeemable at a public school. The parent enrolls the child in the educational program of the parent's choice.

Highly Acceptable	Moderately Acceptable	Mostly Unacceptable	Totally Unacceptable	Unable to Respond
1	2	3	4	5