Public School Finance

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Course Description

State and federal directives on school finance and educational equity; economic principles and national income measures related to public education; calculation of property taxes and bond issues; local, state, and federal methods of financing public education; overview of cost efficiency and effectiveness measures; investments; the basic accounting structure of state and local governments; and the budget system and comprehensive annual reports used by school districts in New Jersey.

Required Texts

Baker, B.D., Green, P.C., Richards, C.E. (2008) *Financing Education Systems*. Upper Saddle River, NJ: Merrill/Prentice-Hall, 448 pages

Financial Accounting for Local and State School Systems. 2009 Edition. National Center for Education Statistics. http://www.nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2009325

Objective

The objective of this course is to provide students with an overview of the topic of school finance, from state and federal finance policies to local decision making regarding the allocation of fiscal and human resources.

ACADEMIC INTEGRITY
Please read Rutgers University policy on academic integrity at:
http://academicintegrity.rutgers.edu/integrity.shtml

Assignments

In this class there are three major assignments to be completed. Each takes the form of a policy brief (10 pages). Assignments are to be handed in on the assigned due date unless otherwise noted in class. Late assignments and other exceptions will be handled on an individual basis at the discretion of the instructor. Each assignment for this class may be completed in collaboration with one other student, but no two assignments are to be done in the same pairings unless permission is granted. Any/all assignments may be submitted electronically by e-mail to bruce.baker@gse.rutgers.edu.

Grading Weight
Component 1 = 30%
Component 2 = 30%
Component 3 = 30%
Final Compilation = 10%

Also, these three major assignments compiled make up your *Demonstration Task* for this course which, when completed, will be uploaded to the course SAKAI site, which will be used only for this purpose (Demonstration Task loading and rating). https://sakai.rutgers.edu/portal

Component 1: State School Finance Policy & School District Revenues

Goal(s):

A. Understand and interpret school district revenues and state aid formulas

B. Understand and analyze school district equity, as provided through state aid formulas

Description:

By this point in the course you've been introduced to conceptual frameworks for understanding equity and adequacy in school finance and you've been introduced to some technical tools for evaluating state school finance policies. Note that I do not assume that you are now an expert in these topics or that you fully grasp how each conceptual frame or technical tool applies to the complexities of individual state's school finance systems. That's why we practice these analyses. This assignment is about practicing evaluating and analyzing state school finance formulas, the overall patterns of resources yielded by these formulas across public school districts and, determining the local impact of such formulas and determining the extent to which the formulas achieve equity and adequacy objectives.

In the past few years, in this region we have been presented with a unique opportunity. Both Pennsylvania and New Jersey have adopted new state school finance formulas that represent dramatic overhauls of prior policies. For this assignment, you will work with one other person in the class. You will need to explore thoroughly the two web sites provided below which explain the two new formulas and provide data on the impact of those formulas on individual school districts. In addition, I will provide you with data on current spending per pupil across all districts in both states from years prior to the reforms and simulated formula revenue per pupil under the new plans.

Your goal will be to evaluate (a) whether the design of the formulas "makes sense" as written, (b) whether the increases or decreases to aid, based on current resource levels and district characteristics make sense and (c) whether the new formula represents an overall step forward or backwards on equity and/or adequacy. You are expected to use data in your analyses.

Work Product: 5 to 10 page policy brief (with 1 page exec summary)

Components of Work Product

1. Overview of conditions leading to reform

   Overview of the reforms as written/explained by NJDOE and PADE Ex Ante critique of reforms (evaluating reforms as written/explained) Try to set up a table of typical cost factors as discussed in Baker (2005) and in Duncombe and Yinger (2008), with the cost factor types down the side, and each state as a column. Then, list how each state attempts to address each "cost" factor. Perhaps include two columns under each state - one for what the state actually does, and another for your comments/reflections on whether the state approach is consistent with the literature.

2. Ex Post critique of reforms (data analysis of effects of reforms)

One approach for you to take here is to randomly select about 10 to 20 districts of varied characteristics from each state -or even try to pick districts varied within the states, but with a partner/matched district in the other state. Then, identify the "adequacy target" aid for each district in your lists (PA and NJ). You might then do such things as graph the relationship between district poverty rate and adequacy target for each state. (be sure to pick districts that range in important cost factors like poverty and ELL concentrations). You might then compare the relative progressiveness/ regressiveness of the new PA policies and the old ones. You should also be able to find on the state department web sites whether the districts you are evaluating are receiving aid increases or decreases. You can compare which districts in each state are receiving increases/decreases. Be careful not to focus on % increase in state aid figures. Focus on increase in state aid per pupil (districts with the lowest state aid share will typically have the highest % increase in state aid, which will look "bad." But, it's usually a trivial amount).

3. Recommendations

Because this has been a generally active few years in state school finance systems, you can choose among states other than Pennsylvania for your comparison to New Jersey. In fact, if you currently work in New York or Pennsylvania, you can use that as your base state and compare against a state other than New Jersey. Links to some logical candidates are listed below.

	New Jersey	New York	Pennsylvania
Formula	SFRA Description	Primer on State Aid	BEF Description
Analyses Behind Formula	Cost Analysis behind NJ Formula	Governors Cost Analysis Plaintiffs Cost Analysis Adopted Analysis	Cost Analysis behind PA formula (APA Study)
Formula Data	NJ Formula Simulation v. 3.0	NY Foundation Aid Data	2011-2012 Estimated Basic Education Funding
Other Data	NJ Raw State Aid 2009-10 Profile Data Version with Helpful Calculations Added	Version with Helpful Calculations Added	Formula Version with Helpful Calculations Added
Related Reports	Background Article on NJ School Finance Dissertation on NJ	Article on NY CFE and Reforms	Article on PA school funding history

Reforms		

Other Resources:
  NATIONAL RESEARCH COUNCIL PAPER ON COST ANALYSIS
  Article explaining what school finance formulas should be trying to achieve
  (assuming an equal opportunity to achieve outcomes perspective)
  Background site on school finance reforms & court cases

Component 2: Understanding and Evaluating Equity in Within District Resource Allocation across Schools

Goal(s):
A. Understand and analyze school level equity, as provided through district budget allocation mechanisms

Description:
For this option you will be provided with school site data on personnel spending per pupil across elementary schools in a handful of large New Jersey school districts. You will also be provided with information on a school site budgeting reform recently implemented in New York City known as Fair Student Funding. 1 The goal of this option is to determine whether implementing a weighted student funding strategy like FSF could lead to substantive improvements in resource allocation across schools within your selected districts. As part of completing this assignment, please attempt to model your allocation formula across schools. Show how much each school would receive and the basis (calculations) for the amounts.

Work Product: 5 to 10 page policy brief (with 1 page exec summary)

1. Overview of current conditions across schools in districts provided
2. Overview of Fair Student Funding as implemented in NYC
   a. Discussion of relevant literature
   b. Discussion of reform rationale
   c. Discussion of design of FSF
   d. Discussion of implementation issues
3. Analysis/critique of usefulness of FSF for reforming your district(s)
4. Proposals for your district(s) with examples

Component 3: Understanding and Evaluating Equity and Efficiency in Fiscal and Human Resource Allocation within Schools

Goal(s):
A. Understand and analyze school level resource allocations in relation to literature on efficient use of those resources

Description:
Numerous questions remain among researchers as well as practitioners regarding the best ways for school districts to allocate their resources. Many pundits have proposed silver bullet solutions – like allocating at least 65% of funds to "instruction." Interestingly, the best empirical research on this particular topic suggests that there is little or no relationship between allocating larger budget shares to "instruction" and improved outcomes. As such, it continues to be important to explore, through many methods the differences and similarities in resource allocation patterns across school districts.

For this analysis, you will be provided two types of data on individual schools within New Jersey. The first types of data are school-site expenditure data from school district Annual Financial Reports. These data are organized around typical accounting classifications of financial information in schools. That is, the data consist of expended funds on specific "objects" and "programs" within the typical fund accounting structure. Along with your financial data, I will provide data on the school enrollments and other relevant demographic information. The second type of data you will be provided are detailed data on the certified staff in each school, including degree levels, experience levels, salaries and specific teaching/administrative assignments held.

You will be provided data on schools that have been identified by statistical models as (a) producing higher than expected state assessment outcomes over a three year period, and (b) producing lower than expected state assessment outcomes over a three year period. Your goal will be to determine whether there are any substantive differences in either the fiscal resource allocations or human resource allocations between higher and lower performing schools. As with the other two components, you will be preparing a policy brief and short presentation.

Work Product: 5 to 10 page policy brief (with 1 page exec summary) and 15 to 20 minute presentation
Key Components of Work Product
1. Overview of literature on financial resource allocation
2. Description (with data) of your more and less efficient districts
3. Comparisons of major spending categories
4. Conclusions/policy implications

Evaluation Rubric

Component	Element	Does Not Meet Standard	Meets Standard	Exemplary
Component 1	Overview of conditions leading to reform	Has major gaps in information Incorrect information Poor writing quality (communication of information)	Includes all major elements/issues, correctly described and clearly communicated	**Synthesizes information in unique and exceptionally clear and efficiency ways**
	Overview of the reforms as written/explained by NJDOE and PADE	Has major gaps in information Incorrect information Poor writing quality (communication of information)	Includes all major elements/issues, correctly described and clearly communicated	**Synthesizes information in unique and exceptionally clear and efficiency ways**
	Ex Ante critique of reforms (evaluating reforms as written/explained)	Fails to link critique of reforms to literature and concepts discussed in class Communicates poorly	Successfully links critique of reforms to literature and concepts discussed in class	
	Ex Post critique of reforms (data analysis of effects of reforms)	Fails to apply analytic tools, concepts, approaches discussed in class and included in readings Communicates poorly. Fails to make use of available data	Successfully applies analytic tools, concepts and approaches discussed in class and included in readings Clearly communicates findings and makes effective use of available data.	
	Policy Recommendations	Fails to link policy recommendations to findings of critique and analysis	Successfully links policy recommendations to findings of previous sections	**Synthesizes information in unique and exceptionally clear and efficiency ways**
Component 2	Overview of current conditions across schools in districts provided (data driven)	Has major gaps in information Incorrect information Poor writing quality (communication of information) Fails to make use of available data	Clearly communicates findings and makes effective use of available data.	
	Overview of Fair Student Funding as implemented in NYC (or other model)	Has major gaps in information Incorrect information Poor writing quality (communication of information)	Includes all major elements/issues, correctly described and clearly communicated	
	Analysis/critique of usefulness of FSF (or other model) for reforming your district(s)	Fails to link critique of reforms to literature and concepts discussed in class Communicates poorly	Successfully links critique of reforms to literature and concepts discussed in class	
	Proposals for your district(s) with examples	Fails to link policy recommendations to findings of critique and analysis	Successfully links policy recommendations to findings of previous sections	**Synthesizes information in unique and exceptionally clear and efficiency ways**
Component	Overview of literature on	Fails to include sufficient	Includes sufficient breadth	

Component	Element	Does Not Meet Standard	Meets Standard	Exemplary
3	financial resource allocation	depth or breadth on existing literature. Misinterprets major findings	and depth, and does so concisely. Correctly interprets findings of major studies.	
	Description (with data) of your more and less efficient schools	Has major gaps in information Incorrect information Poor writing quality (communication of information) Fails to make use of available data	Includes relevant information, clearly and concisely communicated. Makes effective use of available data.	**Synthesizes information in unique and exceptionally clear and efficiency ways**
	Comparisons of major spending categories and major personnel allocation categories	Fails to apply analytic tools, concepts, approaches discussed in class and included in readings Communicates poorly. Fails to make use of available data	Successfully applies analytic tools, concepts and approaches discussed in class and included in readings Clearly communicates findings and makes effective use of available data.	**Synthesizes information in unique and exceptionally clear and efficiency ways**
	Conclusions/policy implications	**Fails to link policy recommendations to findings of critique and analysis. Draws unsupportable inferences from data.**	**Successfully links policy recommendations to findings of previous sections. Communicates reasonable inferences from data.**	

Tentative Weekly Schedule

WEEK 1 – 2: Introduction – Exploring the relationship between schooling organization, geography, demography and school finance

1. Baker, Green and Richards Chapter 3
2. Gotham, K.F. (2000) Urban Space, Restricted Covenants and the Origins of Racial Residential Segregation in a U.S. City. *International Journal of Urban and Regional Research* 24 (3) 616-632 **(RU Library)**
3. Hughes, M.A., Vandoren, P.M. (1990) Social Policy through Land Reform: New Jersey's Mount Laurel Controversy. *Political Science Quarterly* 105 (1) 97-111 **(RU Library)**

Activity: Exploring the organization, demography and geography of New Jersey school districts New Jersey by the Numbers: http://www.nj.com/news/bythenumbers/

WEEK 3 – 4: From concepts of equity to their application in state school finance formulas

1. Baker, B.D., Green, P.C. (2008) Conceptions of Equity and Adequacy in School Finance. In H.F. Ladd and E.B. Fiske (eds) *Handbook of Research in Education Finance and Policy* New York: Routledge. pp. 203-221. **(ONLINE DRAFT)**
2. Coons, J. (2009) Private Wealth and Public Schools

3. New Jersey Constitution

    a. http://www.njleg.state.nj.us/lawsconstitution/constitution.asp

WEEK 5 – 6: The political and legal context of educational equity, adequacy and reform

1. Baker, Green and Richards Chapter 6

Activity: Politics of state aid allocation (link to downloadable simulation)

WEEK 7 – 8: Understanding education costs, cost variation and cost measurement

1. Baker, Green and Richards Chapters 7
2. Baker, B.D., Taylor, L.L., Vedlitz, A. (2008) Adequacy Estimates and the Implications of Common Standards for the Cost of Instruction. *National Research Council*. **(ONLINE DRAFT)**
3. Baker, B.D., Green, P.C. (2008) Politics, Empirical Evidence and Policy Design: The Case of School Finance and the Costs of Educational Adequacy. In B.S. Cooper, L. Fusarelli, J. Cibulka (eds) *Handbook of the Politics of Education Association.* New York: Routledge **(ONLINE DRAFT)** OR
4. Baker, B.D., Green, P.C. (2008) Conceptions, Measurement and Application of Educational Adequacy Standards. In D.N. Plank (ed) *AERA Handbook on Education Policy.* New York: Routledge **(ONLINE DRAFT)**

Activity: Evaluating recent reforms in Pennsylvania and New Jersey

WEEK 9 – 10: Understanding education costs, cost variation and cost measurement

1. Baker, Green and Richards Chapter 8 & 9
2. Downes, T., Steifel, L. (2008) Measuring Equity and Adequacy in School Finance
3. Baker, B.D., Duncombe, W.D. (2004) Balancing District Needs and Student Needs: The Role of Economies of Scale Adjustments and Pupil Need Weights in School Finance Formulas. Journal of Education Finance 29 (2) 97-124 **(RU Library)**
4. Baker, B.D. (2005) The Emerging Shape of Educational Adequacy: From Theoretical Assumptions to Empirical Evidence. Journal of Education Finance 30 (3) 277-305 **(RU Library)**

Activity: Evaluating recent reforms in Pennsylvania and New Jersey

WEEK 11 – 12: Understanding the Fiscal Resource Allocation in School Districts and Schools

1.
2. IES Financial Accounting Manual 2009 Chapters 1 – 5
3. "Lit review" on resource allocation in schools

Activity: Exploring resource disparities across schools within districts and evaluating the proposed "solutions"

Activity: Exploring alternative lenses on resource allocation
1. NCES accounting system
2. NJ accounting system & financial documents

WEEK 13 – 14: **Understanding the Human Resource Allocation in School Districts and Schools**

1. Baker, B.D., Cooper, B.S. (2005) Do Principals with Stronger Academic Backgrounds Hire Smarter Teachers? *Educational Administration Quarterly* **(RU Library)**
2. Lankford, H., Loeb, S., Wyckoff, J. (2002) Teacher Sorting and the Plight of Urban Schools. *Educational Evaluation and Policy Analysis* 24 (1) 37-62 **(RU Library)**

Activity: Designing policies to improve the distribution of teaching quality

WEEK 15: Wrap-up