

DOCUMENT(S) REVIEWED:	“Fund the Child: Bringing Equity, Autonomy and Portability to Ohio School Finance”
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### Summary of Review

The newly released Thomas B. Fordham Institute report *Fund the Child: Bringing Equity, Autonomy and Portability to Ohio School Finance*, is the latest in a series of reports promoting the implementation of decentralized governance of public schooling coupled with student-based allocation of revenues to schools. While the current report builds on prior efforts from Fordham and others, it differs in a number of key ways. Most notably, the current report suggests that Ohio should implement a fully state-funded system. Second, the current report avoids unfounded claims that research has found decentralized governance to necessarily improve student outcomes. Third, it takes a measured approach toward recommendations for implementing the reform, and it acknowledges the potential political influences that might compromise equity goals of weighted funding formulas. The

report's primary weakness is its general failure to use research literature concerning within- and between-district funding inequities and concerning factors associated with the costs of education that should be considered if a funding system is to be truly equitable. These oversights significantly compromise a central objective of the report's proposals—simultaneously resolving within- and between-district funding disparities.

## Review

### I. INTRODUCTION

The newly released Thomas B. Fordham Institute report, *Fund the Child: Bringing Equity, Autonomy and Portability to Ohio School Finance* (hereafter referred to as *Fund the Ohio Child*), is the latest in a series of reports promoting the implementation of decentralized governance of public schooling, coupled with student-based allocation of revenues to schools.<sup>1</sup> While the current report builds on prior efforts from Fordham and others, it differs in a number of key ways. Most notably, *Fund the Ohio Child* suggests that the state of Ohio should implement statewide a fully state-funded system of decentralized governance, open enrollment school choice, and weighted student funding.

Unlike some earlier reports, which cast stones at large urban districts for being the sole source of remaining inequity in school finance, the present report addresses more appropriately the statewide problem of within- and between-district inequities in financial resources and teaching quality. This is a huge step in the right direction.

Also unlike prior reports and commentary advocating the original *Fund the Child*, the current report avoids bold but unfounded claims that research has found decentralized governance to necessarily lead to improved student outcomes.<sup>2</sup>

Finally, the current exposition takes a much more measured approach toward recommendations for implementing the reform, suggesting a longer term phase-in, rather than the fast-tracked and ill-conceived approaches promoted previously in Hawaii and then New York City, both of which have

encountered significant difficulties in implementation.

However, the current report continues to fall short in its application of, or even reference to, relevant peer-reviewed policy research or rigorous empirical analysis that might provide useful insights to policymakers. In particular, the report overlooks several studies presenting alternative methods for evaluating cost variation across school settings and across demographics of children that might aid in the design of better weighted student funding formulas.<sup>3</sup>

### II. FINDINGS AND CONCLUSIONS OF THE REPORT

*Fund the Ohio Child* lists three key principles of the weighted student funding (WSF) reform:

1. Full state funding follows the child to the public school that he or she attends;
2. Per-pupil funding amounts are weighted according to children's individual needs and circumstances; and
3. Resources arrive at the school as real dollars that can be spent flexibly with an emphasis on results, rather than on predetermined and inflexible programs or activities (p. 9).

WSF is more precisely the funding formula or financial resource allocation component of a much broader reform proposed in this report—one that includes at least three identifiable components:

1. Decentralized control of schools with primary control held by building

- level leaders, usually school principals;
- 2. A weighted student funding formula to allocate state resources directly to schools, with those resources differentiated on the basis of individual student needs;
- 3. An open enrollment school choice plan that allows any student to carry their need-based funding allotment with them to the school of their choice.

These are, in fact, three separable reform strategies that are proposed as an integrated package and mislabeled in the report under the single heading WSF.

The report argues that its proposal for decentralized governance, weighted student funding, and open enrollment would accomplish each of the following:

- 1. Direct more funds to schools that serve high proportions of disadvantaged children, regardless of where they live;
- 2. Ensure that a student's school receives all of the resources attached to or generated by that student, whether the school is a district school, a magnet school, a STEM (science, technology, engineering and math) school, or a community school, and whether it's located in a poor or affluent neighborhood, in a tranquil suburb or a tough urban neighborhood; and
- 3. Allow school-level leaders and educators to allocate resources in ways that meet the needs of their specific children, aligning authority and responsibility in a modern, performance-oriented management system (p. 10).

Employing a balanced tone, the present report argues that Ohio has significantly increased its efforts toward financing its public schools. Pointing to cross-state equity and funding gap comparisons from *Education Trust* (Funding Gap) and *Education Week* (Quality Counts), the report asserts that Ohio has improved equity and reduced funding gaps between minority and non-minority and poor and non-poor students.<sup>4</sup> Yet the report also acknowledges that despite this progress, between-district inequities linger in Ohio:

Despite these gains, however, serious inequities remain—between districts, but even more so among schools within districts (p. 5).

A recent Buckeye Institute report, *Short-changing Disadvantaged Students* (reviewed in fall 2007 as part of this series of reviews of think tank reports) more boldly argued that Ohio had sufficiently addressed between-district inequity and that the crux of remaining inequities is found among schools within school districts.<sup>5</sup> Other *Fund the Child* supporters, including UCLA's William Ouchi, have made statements such as

Today's urban school districts have more than enough money in their budgets to do their jobs well. Now the challenge is to organize them so as to maximize their efficiency and performance.<sup>6</sup>

While *Fund the Ohio Child* suggests that disparities among schools within a particular district remain a bigger problem than between-district disparities in Ohio, the report focuses on resolving both simultaneously.

This focus seems appropriate given that, as I point out in the next section, figures in the

report itself raise bigger questions about between-district inequities than within-district inequities in Ohio. My own analyses from a previous Think Tank Review also suggest that within- and between-district inequities remain comparable problems in Ohio.<sup>7</sup>

### **III. RATIONALES SUPPORTING FINDINGS AND CONCLUSIONS OF THE REPORT**

The policy proposals in the report do not grow out of existing research literature or out of a comprehensive policy analysis using Ohio data. Instead, they are based on anecdotal, empirical evidence combined with a debatable set of reasoned contentions favoring decentralization. Specifically, the report provides separate rationales (described below) for each of the three elements of its proposal.

#### **Rationale for Full State Funding**

*Fund the Ohio Child* advocates a system of full state funding as a method for simultaneously resolving within- and between-district inequities. Figure 10 in the report is provided to demonstrate or validate concerns regarding between-district finance inequities. For school districts in Franklin County, the figure shows both per-pupil spending and the districts' poverty rates (p. 25). The figure shows, for instance, that while the city of Columbus is relatively well funded for a high-poverty district, other high-poverty districts in the county receive substantially less funding, and low-poverty neighboring districts have much higher per-pupil revenue. Overall, Figure 10 suggests that district revenues are generally higher in low-poverty districts than in high-poverty districts, especially if Columbus is excluded.

The report attributes this regressiveness to

the practice of raising local discretionary revenue through supplemental property tax levies:

A critical part of this story is that local districts, with voter approval, may add funds beyond the amount generated by the state's foundation program and various state and federal categorical programs. Of course, wealthier districts are in a much stronger position to do this than are poorer districts (p. 22).

The report argues that these inequities provide the rationale for greater, if not complete, state intervention and control over school revenues. When discussing the political realities of implementation, the report does somewhat back away from this argument. Nonetheless, it acknowledges that inequities between Columbus, other poor, urban fringe districts, and their more affluent neighbors persist and that allowing these continued inequities would compromise the effectiveness and equity of their main, WSF proposal.

#### **Rationale for Weighted Student Funding**

In addition to resolving between-district inequities, weighted student funding is proposed as an effective tool for resolving within-district inequities, which the report asserts to be a more significant problem.

The report makes its case regarding within-district equity in its Figure 12, showing the per-pupil expenditures of Columbus schools in relation to poverty rates (p. 25). The report is able to identify cases where lower-poverty schools have higher per-pupil expenditures and where higher-poverty schools have lower expenditures.

The report mentions, but largely sidesteps,

the fact that the Columbus district does show an overall positive relationship between school expenditures and poverty (i.e., high-poverty schools generally have higher per-pupil funding allocations). This pattern is consistent with my previous findings about Columbus elementary schools.<sup>8</sup> That is, notwithstanding apparent examples of inequities, resource allocation *within* Columbus has a more distinct relationship to poverty rates than resources *across* districts within Franklin County (the report’s Figure 10) (p. 22).

In fact, visual inspection coupled with the authors’ own discussion of these two graphs (the report’s Figures 10 and 12) appears to contradict the report’s own conclusions that within-district disparities in Ohio outweigh between district disparities. In a previous think tank review, I validate that the relationship between per-pupil spending and poverty within Columbus is more progressive than the relationship between spending and poverty across districts statewide.<sup>9</sup> Nevertheless, the report makes a strong case for simultaneously correcting both.

### **Rationale for School Site Management**

Previous commentary purporting to prove profound positive student-outcome effects of decentralization and site-based management was often based on invalid comparisons of standardized test scores between, on the one hand, Houston and Seattle (decentralized, WSF cities) and, on the other, New York, Chicago and Los Angeles (centralized, non-WSF cities).<sup>10</sup>

The current *Fund the Ohio Child* report takes a different approach to arguing for decentralized governance, eschewing such unfounded claims of research-based effectiveness and instead arguing that decentralized governance “makes good sense on a

host of grounds” (p. 31).

The report argues:

Pressing authority downward to the actual performance unit is a key tenet of modern management across practically all enterprises (p. 31).

And:

Moving authority to the building level in conjunction with WSF would therefore complete the authority-accountability pairing that is so integral to high-performing organizations (p. 31).

The report provides no specific validation of these claims, either in the context of public schooling or the private sector. Some may find these arguments less than compelling, given that the report’s authors provide no firm, empirical evidence that such an authority-accountability pairing actually leads to higher performance or that the tenets of modern management across “all enterprises” apply equally well to public schooling.

The report singles out personnel issues in particular for the advantages of management at the school level:

Recruiting and hiring the best teachers for the school—within their budgets, balancing, for example, the number of more expensive and experienced teachers with younger, less expensive teachers, as well as aides, tutors, and other staff members (p. 32).

A significant body of teacher labor market research suggests that substantial salary differentiation among schools, even within the same district, might be required to improve

recruitment and retention in high-poverty, high-minority schools.<sup>11</sup> But such salary differentiation across schools within districts would require either dramatic overhaul of district-negotiated agreements or separate negotiated agreements between teachers and individual schools.<sup>12</sup>

### **What Role for the Central Office?**

The report points out that school district central offices would take on new roles under decentralized governance with weighted student funding—specifically as providers of services to schools. Prior arguments for WSF suggested that central office expenditures could be dramatically reduced by directing money to schools instead of districts, and that doing so would necessarily be more efficient than current district governance.<sup>13</sup> This has proved not to be the case, at least in Seattle.<sup>14</sup>

Again, this report adopts a different perspective by making no lofty claims concerning reduction in central office expenses. It argues instead that the new central office role will lead to the benefit of greater responsiveness:

Put another way, in a WSF system the primary responsibility of the central office changes from being product-and-control-oriented to being service-oriented (p. 33).

Whether this is indeed true is yet to be seen.

### **IV. THE REPORT'S USE OF RESEARCH LITERATURE**

As in many other reports on weighted student funding, this report makes no reference to large bodies of literature that might inform specific aspects of its proposal and its underlying assumptions. Instead, the report

opts for anecdotal examples plucked from scatter plots and case study success stories of WSF at work.

One such case study is a description of the successes of Houston at decentralizing governance and improving cross-school, within-district equity. The report cites selected literature by Marguerite Roza and her colleagues to make its case regarding the effectiveness of weighted student funding for resolving within-district disparities. In the studies cited by *Fund the Ohio Child*, Roza and colleagues evaluate within-district equity by estimating whether the “regular education” child in one school receives the same as the regular education child in another school (the average of what that child receives district wide), and whether the economically disadvantaged child in one school receives the same as the economically disadvantaged child in another (the average of what that child receives district wide).<sup>15</sup>

The major conceptual shortcoming of this method is that it does not even attempt to account for whether children in poverty and limited English proficient children receive sufficient and equitable support on average across all schools—whether schools with much higher concentrations of poverty receive higher levels of per-pupil funding than those with lower concentrations of poverty. This could be illustrated with the extreme example of a district that could receive a perfect equity index score under this method by allocating \$1 per high-poverty child across all schools and \$1,000 per gifted child across all schools. This funding approach would likely drive much more funding per pupil into low-poverty schools serving larger populations of gifted-identified students.<sup>16</sup>

Given the problems with this methodology, the findings of Roza and her colleagues re-

garding equity improvements in Houston are of questionable value.<sup>17</sup> Even if these findings were valid, Roza and colleagues are themselves appropriately cautious about attributing their findings of equity improvement in Houston to the implementation of WSF:

While we would not feel comfortable claiming, based on the analysis here, that student-based budgeting has been the cause of greater equity in Houston's school funding system, our findings do show that despite an initial increase in the coefficient of variation, Houston schools have over the longer term made modest improvements in equity since the strategy was put into place.<sup>18</sup>

My own recent analyses (with coauthors) suggest that while Houston may have improved cross-school equity over prior conditions within Houston, other Texas school districts not using weighted student funding provide comparable and in many cases better cross-school equity than Houston. Specifically, among Houston, Dallas, Austin and San Antonio, "Austin displays the strongest positive relationship between school subsidized lunch rate and per pupil spending." Further, regarding teacher quality measures: "Houston fairs worse than all three other districts, having the most consistently strong positive relationships between poverty, predicted at risk and percentages of teachers failing pedagogy exams."<sup>19</sup>

Like other reports on weighted student funding, *Fund the Ohio Child* uses, as its only basis for setting pupil weights, the track record of adopted weighting systems in Cincinnati, Seattle, Houston and Edmonton. The report notes that differences in weighting formulas across these systems "suggest there is no 'right' weighting scheme."<sup>20</sup>

But these issues of setting weights—of determining how much each student "costs"—are extraordinarily important. Cost variation is a major topic in school finance and a major consideration in the design of state school finance formulas—especially of the weighted funding variety. An entire chapter of the recently released *Handbook of Research on Education Finance and Policy* is dedicated to Measurement of Cost Differentials, (chapter title), reviewing the most recent and rigorous available literature on how the costs of providing equal educational opportunity vary across children and settings.<sup>21</sup> The Fordham report, however, does not attempt to address the literature on cost variation across schools or districts, a literature that would have provided methods for evaluating cost variation and the current knowledge base on factors that influence educational costs across children and settings.

Moreover, a chapter in the handbook by Duncombe and Yinger explains that there are more factors than just those related to "student need" that affect the cost of providing equal educational opportunities across children within any given state.<sup>22</sup> *Fund the Ohio Child* does mention "small school" subsidies in existing city models such as Houston. But statewide application of cost-adjusted funding becomes more complicated than within-city application, especially in a state like Ohio with expansive rural regions including many small schools and districts. Andrews, Duncombe and Yinger point out that per-pupil costs rise substantially for school districts serving fewer than 2,000 students.<sup>23</sup> Baker and Thomas estimate a school-level economies-of-scale adjustment for remote rural schools in Hawaii.<sup>24</sup> Such costs and considerations must be accommodated somehow in a statewide weighted pupil formula, in order to achieve equity.

Further, when looking beyond a single labor market or school district, competitive wages for school staff may vary widely, and this is in fact the case in Ohio. The Education Comparable Wage Index, developed by Lori Taylor for the National Center for Education Statistics, identifies competitive wage variation across the state of Ohio exceeding 20%.<sup>25</sup> As such, to provide schools across the state with equal opportunity to recruit and retain teachers would likely require substantial additional weighting, and this weighting would not logically follow students should they later move to a school in an adjacent labor market.

Finally, as I explained in a different publication, student population characteristics can affect education costs both at the individual and collective level.<sup>26</sup> The marginal cost of each additional child in poverty may change with the overall concentration of minority children and children in poverty. For example, a poor child might need less additional funding in a middle-class school than in a school with a high proportion of other poor children. These findings are consistent with a relatively large literature on peer group effects on student outcomes and student population demographic effects on teacher labor market behavior.<sup>27</sup>

## **V. REVIEW OF THE VALIDITY OF THE FINDINGS AND CONCLUSIONS**

*Fund the Ohio Child* draws no major conclusions regarding the effectiveness or efficiency of its proposed solutions. It instead focuses on equity benefits. Unfortunately, as described below, many of the report's omissions may serve to significantly undermine the equity virtues of the proposal.

## **Student and Non-Student Cost Factors**

Non-student (school structure and location) cost factors and collective student cost factors undermine the equity objectives of the first two key principles of the proposed reform—that full state funding follows the child and that the funding is based on a defined allotment according to each child's individual needs. The marginal effect of any given child on school costs depends not only on the characteristics of the individual child, but also on the setting into which the child is placed. As noted above, the additional cost of a child in poverty may be less when that child is included in a setting of middle-class children than when that child is included in a high-poverty classroom. Further, the additional costs of children in poverty or children with limited English language proficiency will differ by the size and location of the school into which they are placed. The report avoids this dilemma by never addressing the existing research addressing these key points. But ignoring these cost factors when designing a school funding formula may create significantly more inequity.

## **Open Enrollment, Inequitable Choices**

The report also ignores existing literature on student sorting by race and socio-economic status under open-enrollment school choice programs. This, too, might compromise equity and increase the costs of implementing the proposal. For example, in one longitudinal study of charter school enrollments, Bifulco and Ladd find that charter schools in North Carolina exacerbated racial isolation patterns for both blacks and whites.<sup>28</sup> Cobb and Glass also find increased racial segregation associated

with charter schools in Arizona.<sup>29</sup> If the high costs of highly segregated poor and minority schools (whether sending or receiving schools) are not sufficiently compensated through the weighted formula, the equity goals of the proposal may be undermined by the choice goals, even setting aside other harms of the potential segregation.

The report's open choice proposal might also undermine equity if the plan does not include substantial additional resources allocated for dissemination of information on schools to inform parental choices, as well as substantial investment in public transportation infrastructure to improve equity of mobility. These factors, too, have important connotations regarding race and social class.<sup>30</sup>

### **Politics of Pupil Weighting**

Nearly all previous reports on weighted student funding have advocated for a purely political deliberation procedure (a "committee on weights") to determine how weightings should be set. The present report represents the first occasion of which I am aware of WSF advocates who appear cognizant that special interests may exert inappropriate or counter-productive influences on such processes. The report notes:

Special interest groups will inevitably try to influence the weighting process. While all input must be considered and evaluated, decisions about how best to fund student needs must be made and should be made by disinterested parties, taking into account all relevant advice (p. 36).

Of course, this sort of "disinterested" deliberation is more easily sought than achieved, but the report deserves real praise for confronting the issue. It is unclear whether the

deliberative process would seek to use empirical analyses and existing research to guide weighting decisions, but that might help to further their stated goals. If, on the other hand, existing practices of districts implementing WSF provide the only evidence introduced into the deliberative process, then future adopters of WSF may simply replicate the inequities adopted by their predecessors, thus incorporating the influence of special interests.

I have, with different collaborators, shown that state legislatures can manipulate weighted funding formulas to the point that the formula drives more funding to those with lesser needs and less to those with greater needs.<sup>31</sup> Consistent with that finding, *Fund the Ohio Child's* Figure 14 acknowledges that Cincinnati's weighted student formula applies a 29% weighting for gifted children and 5% weighting for children in poverty (p. 37). In fact, the correlation between poverty and gifted children across Cincinnati schools is  $-.88$ .<sup>32</sup> The large gifted weighting coupled with the small poverty weighting and negative correlation between poverty and giftedness across schools drives funding away from higher-poverty Cincinnati schools and toward lower-poverty schools. As this example demonstrates, a WSF approach does not necessarily help schools serving disadvantaged children.

## **VI. USEFULNESS OF THE REPORT FOR GUIDANCE OF POLICY AND PRACTICE**

*Fund the Ohio Child* takes important steps forward from previous reports promoting large-scale implementation of weighted student funding coupled with decentralized governance and school choice. The report advocates a statewide solution that attempts to resolve both within- and between-district inequities. Further, the report steps back

from unfounded claims regarding the successes of decentralization in other, non-comparable settings, and it acknowledges the potential political influences that might compromise equity goals of weighted funding formulas.

The report does suggest that equity can be achieved without additional funds, but, in its conclusions, begins to face the recalcitrant realities of school finance reform:

The only way to avoid having “losers,” however, is to add new money to the system while making the transition—essentially, guaranteeing that no district or school will be worse off (in the short term) than it was under the old system (p. 35).

The report also notes:

To tap the full power of WSF, however, policymakers would design a system in which all or nearly all of public funding for public education—\$10,000-plus per student in Ohio—is allocated according to student needs as duly weighted. That kind of full implementation may not be politically feasible in Ohio (or any state) in the short run, but policymakers could make significant progress by allocating all state dollars in this way (p. 30).

Interestingly, the report acknowledges that allocating only the state share of dollars according to the weighted formula “would leave a huge portion of funding in the in-

equitable and antiquated system of the past” (p. 30).

The report’s tentativeness in the section titled Challenges and Solutions is reminiscent of statements made by the Ohio Supreme Court when it too tried to move the Ohio Legislature to take seriously the state’s persistent school funding inequities (p. 35). Understanding the political ramifications of its decision, the Ohio Supreme Court applied a much weaker equity standard than that proposed by the Fordham Institute. The *DeRolph* court acknowledged that “disparities between school districts will always exist,” and it decided against advocating either revenue sharing from wealthy to poor districts or a revenue ceiling on the wealthy districts.<sup>33</sup>

The Fordham report should be commended for going well beyond the failed mandates of the *DeRolph* court and arguing for a true, state-governed, equitable system of funding for Ohio schools and the children they serve. Unfortunately, the boldness of the proposal may limit its usefulness in policy conversations in Ohio and elsewhere. From liberal (Vermont) to far more conservative (Texas) state policy contexts, political backlash over limitations to local property taxation and property tax revenue sharing has been a major barrier to school finance reform.<sup>34</sup>

One can hope, though, that this clarified, more evolved and less rhetoric-laden exposition on weighted student funding and decentralized governance helps to shift the overall thinking among WSF advocates.

## Notes & References

- <sup>1</sup> Public Impact; The University of Dayton, School of Education and Allied Professions; and Thomas B. Fordham Institute. (2008, March). *Fund the Child: Bringing Equity, Autonomy and Portability to Ohio School Finance How sound an investment?* Washington, DC: Thomas B. Fordham Institute.
- <sup>2</sup> Ouchi, 2004, for example, claims: “Decentralization also appears to improve student performance.” Ouchi, W.G. (2004) Academic Freedom. *Education Next* 4 (1), 25.
- <sup>3</sup> Duncombe, W., Yinger, J. (2008) Measurement of Cost Differentials In H.F. Ladd & E. Fiske (eds) pp. 203-221. *Handbook of Research in Education Finance and Policy*. New York: Routledge.
- Stiefel, L., Schwartz, A.E., Iatarola, P., Chellman, C. (2007) How Big is Big Enough: The Cost of Small Schools Revisited. Working Paper, Wagner School, New York University.
- <sup>4</sup> See the Funding Gap 2006 Report at: <http://www2.edtrust.org/NR/rdonlyres/CDEF9403-5A75-437E-93FF-EBF1174181FB/0/FundingGap2006.pdf>. The Fordham Institute report cites C. Arroyo, *Funding Gap* (Washington, DC: Education Trust, 2008). Quality Counts is an annual report of *Education Week*, released each January at [www.edweek.org](http://www.edweek.org). The Fordham Institute report notes that “In 2000, *Education Week* gave Ohio a D+ for school funding equity; in 2008, Ohio had risen into the top half of states with a grade of B-” (p. 8).
- <sup>5</sup> Baker, B.D. (2007). Review of the Buckeye Institute report *Shortchanging Disadvantaged Students: An analysis of intra-districts spending patterns in Ohio*. Education Policy Research Unit. Think Tank Review Project.
- Carr, M., Gray, N., Holley, M. (2007, September). *Shortchanging Disadvantaged Students: An Analysis of Intra-district Spending Patterns in Ohio*. Columbus, Ohio: The Buckeye Institute.
- <sup>6</sup> Ouchi, W.G. (2004) Academic Freedom. *Education Next* 4 (1), 25.
- <sup>7</sup> Baker, B.D. (2007). Review of the Buckeye Institute report *Shortchanging Disadvantaged Students: An analysis of intra-districts spending patterns in Ohio*. Education Policy Research Unit. Think Tank Review Project. See technical appendix, Pages 16 & 17. Retrieved March 26, 2008, from <http://epsl.asu.edu/epru/ttreviews/EPSL-0710-245-EPRU.pdf>.
- <sup>8</sup> Baker, B.D. (2007). Review of the Buckeye Institute report *Shortchanging Disadvantaged Students: An analysis of intra-districts spending patterns in Ohio*. Education Policy Research Unit. Think Tank Review Project.
- Carr, M., Gray, N., Holley, M. (2007, September). *Shortchanging Disadvantaged Students: An Analysis of Intra-district Spending Patterns in Ohio*. Columbus, Ohio: The Buckeye Institute.
- <sup>9</sup> Baker, B.D. (2007). Review of the Buckeye Institute report *Shortchanging Disadvantaged Students: An analysis of intra-districts spending patterns in Ohio*. Education Policy Research Unit. Think Tank Review Project. See Table 1, p. 16. Retrieved March 26, 2008, from <http://epsl.asu.edu/epru/ttreviews/EPSL-0710-245-EPRU.pdf>.
- <sup>10</sup> Baker, B.D., Thomas, S.L. (2006) Review of Hawaii’s Weighted Student Formula. Hawaii Board of Education. (available on request). For example, Baker and Thomas note that many of the bold claims of the successes of decentralization are based on the work of William Ouchi.
- See Ouchi, W. G. (2003). *Making schools work: A revolutionary plan to get your children the education they need*. New York: Simon & Schuster.
- Ouchi, W.G. (2004) Academic Freedom. *Education Next* 4 (1).

Ouchi's "research" involved comparisons of average test scores in Seattle, Edmonton and Houston (categorized as decentralized) and New York, Chicago and Los Angeles (categorized as centralized). From comparing these test scores, Ouchi claims that "Decentralization also appears to improve student performance" (Ouchi, 2004, p. 25). Baker and Thomas point out absurdities of Ouchi's comparisons, including: "... most obviously problematic is the authors' touting of Houston's success in improving performance through its WSF and decentralized governance, based on performance data from 1999 to 2001, when the formula was implemented (first year of phase-in) in 2001-02" (Baker and Thomas, 2006, p. 9). Baker and Thomas also point to Ouchi's claim that "Today's urban school districts have more than enough money in their budgets to do their jobs well. Now the challenge is to organize them so as to maximize their efficiency and performance" (Ouchi, 2004, Ed Next, Academic Freedom, p. 25). As it turns out there are potentially important resource differences between his select sample of districts. For example, while Houston and Seattle spend above their labor market averages, both Chicago and New York spend well below their labor market averages. Aside from even these concerns, Baker and Elmer (forthcoming) point out, by citation to a report from the Center for American Progress, that results of the National Assessment of Educational Progress (NAEP) Trial Urban District Assessment do not support the contention that Houston and Seattle systematically outperform New York, Chicago and Los Angeles. See Charakul, L. (2007, Nov. 29). "What is the Urban National Assessment Data telling us?" Center for American Progress. Retrieved March 26, 2008, from [http://www.americanprogress.org/issues/2007/11/naep\\_data.html/print.html](http://www.americanprogress.org/issues/2007/11/naep_data.html/print.html)

<sup>11</sup> Hanushek, E.A., Kain, J., Rivken, S. (2004) Why Public Schools Lose Teachers. *Journal of Human Resources* 34 (2) 326-354.

<sup>12</sup> Baker, B.D., Thomas, S.L. (2006) Review of Hawaii's Weighted Student Formula. Hawaii Board of Education. (available on request).

This new Fordham report does not address the difficult political realities of trying to restructure teacher contracts to provide building leaders the flexibility that would be needed to recruit high-quality teachers to high-poverty, high-minority schools, although this is an issue that is the subject of other Fordham advocacy (see Frederick M. Hess and Coby Loup (2008, February). *The Leadership Limbo: Teacher Labor Agreements in America's Fifty Largest School Districts*. Washington, D.C.: The Thomas B. Fordham Institute).

<sup>13</sup> Cooper, B.S., Ouchi, W. (2003, Nov. 24) Financial Analysis of Hawai'i's Public Schools.. Retrieved March 26, 2008, from <http://www.hawaiireporter.com/file.aspx?Guid=fe5c0150-680b-4dc7-afac-45af7ec614fd>

<sup>14</sup> Baker, B.D., Thomas, S.L. (2006) Review of Hawaii's Weighted Student Formula. Hawaii Board of Education. (available on request).

<sup>15</sup> Roza, M., Guin, K., Gross, B., Deburgomaster, S. (2007) Do districts fund schools fairly? *Education Next*. Fall, 68-73

<sup>16</sup> In Cincinnati, for example, Baker shows that the correlation across schools between poverty rate and gifted student percent is -.88. For more rigorous approaches to evaluating within district equity, see Rubenstein, R., Schwartz, A.E., Stiefel, L., Bel Hadj Amor, Hella (2007) From districts to schools: The distribution of resources across schools in big city school districts. *Economics of Education Review* 26 (5) 532-545.

Baker, B.D. (2007) Review of the Buckeye Institute Report *Shortchanging Disadvantaged Students: An analysis of intra-district spending patterns in Ohio*. Education Policy Research Unit. Think Tank Review Project.

<sup>17</sup> Roza, M., Guin, K., Gross, B., Deburgomaster, S. (2007) Do districts fund schools fairly? *Education Next*. Fall, 68-73.

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“We recognize that disparities between school districts will always exist. By our decision today, we are not stating that a new financing system must provide equal educational opportunities for all. In a Utopian society, this lofty goal would be realized. We, however, appreciate the limitations imposed upon us. Nor do we advocate a ‘Robin Hood’ approach to school financing reform. We are not suggesting that funds be diverted from wealthy districts and given to the less fortunate. There is no ‘leveling down’ component in our decision today.”

See also: Hunter, M. (2004, May 10). Ohio litigation. *Access Quality Education*. Retrieved Oct. 10, 2007, from [http://www.schoolfunding.info/states/oh/lit\\_oh.php3](http://www.schoolfunding.info/states/oh/lit_oh.php3)

<sup>34</sup> In Vermont, Act 60 of 1997, following the *Brigham v. State* litigation, included a state property tax revenue sharing provision that was immediately labeled the *Shark Pool* by school districts identified as “Gold Towns.” Author John Irving, resident of one such Gold Town, spoke out in the national media calling Vermont’s aggressive equalization policy “Marxist.”

See Kurth, P. (1998, July 1). “A prayer for Owen Mean.” Salon.com. Retrieved March 26, 2008, from <http://www.salon.com/news/1998/07/01news.html>. The law was subsequently amended, to cut back on these equity-minded provisions.

Similarly, when Texas, under court order in *Edgewood v. Kirby* implemented a property tax revenue sharing plan in the 1990s, the plan was dubbed “Robin Hood” and became the political target of state legislators until its eventual revision in 2006.

See “Gov. Perry signs largest taxcut in Texas history into law.” (2006, May 31). Press release from Office of the Governor, Rick Perry. Retrieved March 26, 2008. from <http://www.governor.state.tx.us/divisions/press/pressreleases/PressRelease.2006-05-31.4303>).

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