Chairman's Remarks

Walter L. Metcalfe Jr.

The Research Division of the Federal Reserve Bank of St. Louis and the Weidenbaum Center at Washington University in St. Louis provided a valuable public service by co-hosting the symposium on K-12 public education finance. Unlike many academic or local conferences, participants included both nationally recognized scholars in school finance and Missouri legislators and school superintendents active in the design and implementation of public policy. This is a useful model to move the dialogue forward for the benefit of K-12 students.

For every state, the cost of educating students enrolled in public K-12 schools is divided among local, state, and federal resources. The debate is lively and contentious at each level. States allocate education funding in various ways and the state legislative debate usually involves only two subjects: (i) "more" money for K-12 education and (ii) "fair" distribution of money across the public school districts. Thus, state legislators with specific constituencies—representing areas with small or large districts, rural or urban districts, wealthy or poor districts, special need or traditional districts—typically argue for outcomes based on the characteristics of their school districts rather than on standards-based student achievement. The debate usually emphasizes dividing the dollars to be spent by the state rather than accountability for the dollars.

The courts are a second forum for debate. Legal challenges to finance distribution formulas traditionally forward three arguments: education as a fundamental right, equal protection under the law, and the education articles of the constitution of the individual state. Historically, this litigation has focused its efforts on issues of equality and opportunity. Recently, more cases have addressed the adequacy of finance distribution formulas in terms of meeting state constitutional and statutory guidelines. Because there are significant achievement gaps between pupils in low-income areas and high-income areas in most states, a formula change then becomes highly contentious because it again involves a redistribution of resources, the level of local control, and the effectiveness of increased spending.

Now statewide debates and litigation have widened to include school choice options that generate immense controversy, whether they allow students to attend a public school outside their neighborhood or a charter school or provide vouchers for a private school or tax credits for scholarships allowing some choice.

Symposia such as this provide an opportunity for the exchange of information outside adversarial litigation, the heat of the legislative process, and the myopia of personal interests, thus freeing legislators, administrators, teachers, economists, and informed observers to integrate experience and learning over years of education outcome disparity in broader terms. Leaving aside the individual's absolute or relative right to education or opportunity, student achievement today is unacceptable on an aggregate level. From the beginning, Thomas Jefferson and many others took the position that

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an enlightened citizenry is indispensable for the proper functioning of the republic. "Self-government is not possible unless the citizens are educated sufficiently to enable them to exercise oversight. It is therefore imperative that the nation see to it that a suitable education be provided for all its citizens." Leadership today continues to accept this ideal.

The state constitution of Missouri, Article IX, Section 1(a), provides such a commitment:

> A general diffusion of knowledge and intelligence being essential to the preservation of the rights and liberties of the people, the general assembly shall establish and maintain free public schools for the gratuitous instruction of all persons in this state within ages not in excess of 21 years as prescribed by law.

Going beyond a responsible citizenry, Eric Hanushek and Margaret Raymond underscore the powerful economic effects of quality schooling by observing that the entire national cost of K-12 public education could be paid for by a one-standard-deviation increase in student achievement; such an improvement would translate into higher annual earnings and productivity gains and thereby increase gross domestic product. That is, the growth dividend would make schooling free. Clearly, improving scholastic achievement is in our national interest for civic and economic reasons.

So, then, how much does money matter? The litigation and the debate over linkages between monetary input and educational outcome has been addressed often in research studies and academic conferences, and the level of linkage is consistently brought before the legislatures and the courts. Virtually everyone concedes that there is some level of spending required; however, additional spending does not generally yield large marginal gains in student achievement. Researchers conclude that the evidence shows student performance does not necessarily correlate with expenditures per student, so state strategies aimed principally at equalizing financial inputs are limited in the degree to which they can address disparity and inequity.

What next? In the 1960s it was concluded that student achievement is more dependent on nonfinancial inputs than financial inputs. The nonfinancial inputs often cited publicly include a lack of parental involvement, problems in a student's home life and upbringing, and a student's lack of interest and motivation as the most important reasons for the disparity between the achievement levels of students in relatively wealthy areas and those in poor areas. This argument holds that schools have little influence over these nonfinancial inputs. Others, such as those involved in the Teach For America corps, disagree, saying the key to closing that gap is to train and employ better teachers and improve the quality of the administrators. They argue that by rebuilding schools and school systems at the leadership level, changing the means of promoting teachers, and ensuring that high expectations and standards are set for all students, the achievement gap will be closed. This argument holds that schools should control these nonfinancial inputs.

Others suggest different means of intervention. Vouchers and tax credits have been promoted. House Bill 1783, currently being debated in the Missouri legislature, would allow individuals and corporations to contribute money to organizations that provide educational scholarships to eligible students in the St. Louis, Kansas City, and Wellston school districts to attend the public or non-public school of their parent's choice. The proposed legislation is being opposed vigorously by such organizations as the Missouri School Boards' Association and the Missouri Federation of Teachers, who, in part, take the position that there is no "unbiased" empirical evidence that tuition scholarship tax credit programs improve student achievement. On the other hand, two studies by Harvard researchers, one by Caroline Hoxby and another by Rajashri Chakrabarti, show that as a voucher program expanded in Milwaukee, there was a marked improvement in test scores at public schools most threatened by the program, that is, the ones with large numbers of low-income students eligible for the vouchers. Is there a good setting to understand these differences?

The current Missouri debate on House Bill 1783, the relative value of other interventions to reduce outcomes disparity, and other issues relating to a K-12 funding should be aired more often in this type of symposium where economists speak in nontechnical terms and educators and legislators meet outside the adversarial context of legislative debate or the courtroom. The discipline and structure of sound economic thought helps set the table for useful legislative and legal debate in Missouri. And in all debate and dialogue on these issues, it must be stipulated that the student is the client—not the teacher, not the parent, not the administrator, not the school system. Learning from such dialogue can be shared in the larger context of the quantity and quality of schooling without being limited by the bias of the location or relative size or relative wealth or population or demographics of a particular district.