Organizing and Paying for American Education

Who is in charge of the school?
What is the authority of the school principal?
Who is in charge of the school district?
What does the superintendent do?
What is the role of the school board?
How are schools financed (local-state-fed.)?
What is the difference between general funds and categorical funds?
What is the difference between equity and adequacy?

The Structure of the American Education System
Education is BIG BUSINESS
Over 55 Million children in schools
Over 3 Million teachers
For 2002/03 school year, $440 Billion spent on education
Average of $7,547.00 per child per year

The Organization of Schools
Basically the same in all states and around the world
“Egg crate”

The Organization of Schools
Line and Staff relationship
Line—formal authority over
Staff—no authority over
Roles and Responsibilities of Principals
- The Principal is in charge of the school.
- In law, the principal is the final authority at the school.
- Responsible for: Instructional Leadership, Community Relationships, Staff (including teachers, secretaries, and custodians), Teacher selection and evaluation.

Roles and Responsibilities of Principals
- Pupil personnel
- Building and grounds
- Budgets
- Administration of personnel
- Provisions of contracts
- Administration of the attendance center office
- Business Management

Instructional Leader
- More emphasis on “accountability”
- More responsibility to provide leadership, but none of the other responsibilities have been removed.
- More accountability—less time
- Principals spend less than 20% of their time as instructional leaders.

Superintendent of Schools
- Probably the most important duty of the local school board is to select its chief executive officer (CEO), the Superintendent.
- Superintendent is responsible for:
  - Day-to-day operations of the school district
  - Responding to school board members’ interests
  - Planning the district’s budget
  - Setting long-term aspirations for the district
  - Expected to be visible in the community
  - Provide overall leadership for the district
Superintendent of Schools

- Critical importance of leadership by both the superintendent and the board
- Quality of educational program is strongly influenced by leadership and expectations of both board and superintendent

Local Boards of Education

- Legal authority for operating local school systems is given to local boards of education through state statutes.
- About 92% of board members are elected by popular vote—8% are appointed by the state.
- Teachers may not be board members in the district where they teach, but may serve on boards of other districts.

Powers and Duties of Local School Boards

- Obtain revenue
- Maintain schools
- Purchase sites and build buildings
- Purchase materials and supplies
- Organize and provide programs of study
- Employ necessary workers and regulate their services
- Admit and assign pupils to schools and conduct their conduct

Powers and Duties of Local School Boards

- Some duties are mandatory
  1. Hiring personnel
  2. Can delegate much of the process to superintendent or principal, but board acts officially
- Some duties are discretionary
  1. Competitive athletics
  2. Hiring only teachers with Masters degree

Powers and Duties of Local School Boards

- Powers and duties granted to boards of education are granted to the boards as a whole, not to individual board members.

Organization of Educational System at the State Level

- U.S. Constitution does not specifically provide for public education
  - **Tenth amendment**: “The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.”
  - Interpreted as granting power and responsibility of public education to individual states
  - Each state has provided for public education
Organization of Educational System at the State Level

- Oklahoma State Board of Education
- 6 members plus the State Superintendent
- Members are appointed by Governor and confirmed by Senate—staggered 6 year term
- Oklahoma State Superintendent—elected by popular vote
- Sandy Garrett
- Some other state superintendents are appointed

Organization of Educational System at the State Level

- State Department of Education
- Directed by state superintendent
- Responsibilities include:
  - Teacher certification
  - School bus safety
  - Curriculum standards—P.A.S.S.
  - Research—Effective Schools

State Legislature

- Make decisions (set laws) about:
  - Organization of education
  - Certification standards and tenure rights of teachers
  - Standards of building construction
  - Financing of schools including tax structures and distribution
  - Compulsory attendance

State Legislature

- Creation of Oklahoma Commission for Teacher Preparation (OCTP)
  - Responsible for implementation of teacher preparation standards
  - Competency-based
  - Certification examinations
  - NCATE and State accreditation
Federal Government’s Role in Education

- Under the 10th amendment, education is a function of the states—not the federal government
- However, the federal government is becoming more and more involved
  - Leadership
  - Research—"A Nation at Risk" (1983)
  - Financial aid
  - Categorical aid

Issues Related to Organization and Structure

- Local Control
  - Challenged by courts
  - Centralization?
    - One school district per county...
- Politics
  - Local level
  - State level
- Site-Based Management
- Vouchers
- Year-round schools

Financing of Education: Sources of Funds and the Move from Equity to Adequacy

Case study

- You are a first-year teacher in a school located in the poorer part of town. You have been buying extra teaching materials out of your pocket and you know that other teachers in your school are doing the same. However, in another school across town, there are plenty of supplies. You want to do something about this…….
Financing of Education

First question—
• How much?
  • How much do I have to pay and how much do schools receive?

Three other questions—
• Does each school have same amount of funding?
  • “equality”
• Is there sufficient funding so that all students can achieve?
  • “adequacy”
• General Funds vs. Categorical Funds
  • Activity Funds

Money for public schools comes from three main sources:
• State Revenue
• Local Revenue
• Federal Revenue

Other sources include:
• Fundraising
• Activities (gate receipts, concessions, etc.)
• Donations, endowments, grants

Sources of Revenue

Percentage of Revenue for All Public Schools

<table>
<thead>
<tr>
<th>Year</th>
<th>Federal</th>
<th>State</th>
<th>Local</th>
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<tbody>
<tr>
<td>1919-20</td>
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<td>1970-71</td>
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<td>6.1</td>
<td>47.2</td>
<td>46.6</td>
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<tr>
<td>2002-03</td>
<td>9.9</td>
<td>39.5</td>
<td>51.4</td>
</tr>
</tbody>
</table>

Revenue for Schools 2002/2003

Revenue for all schools in US—2002-2003

- Federal: $37,515,909, 9%
- State: $214,333,939, 48%
- Local: $188,307,451, 43%

Revenue for New Mexico 2002-2003

- Federal: 402,471, 15%
- Local: 346,541, 13%
- State: 1,936,713, 72%

Revenue for Colorado 2002-2003

- Federal: 409,359, 6%
- Local: 3,174,871, 51%
- State: 2,715,209, 43%
### Revenue for Schools 2002/2003

#### Revenue for Kansas 2002-2003
- Local: $1,374,386 (34%)
- State: $2,326,819 (57%)
- Federal: $370,506 (9%)

#### Revenue for Texas 2002-2003
- Local: $17,041,583 (49%)
- State: $14,146,977 (41%)
- Federal: $3,417,588 (10%)

#### Revenue for Nevada 2002-2003
- Local: $1,747,987 (63%)
- State: $840,435 (30%)
- Federal: $196,258 (7%)

#### Revenue for Oklahoma 2002-2003
- Local: $1,355,733 (33%)
- State: $2,277,241 (54%)
- Federal: $528,646 (13%)

#### Oklahoma Revenue

<table>
<thead>
<tr>
<th>School Year</th>
<th>Federal</th>
<th>State</th>
<th>Local</th>
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<tbody>
<tr>
<td>1973-74</td>
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<td>50.0</td>
<td>40.0</td>
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<tr>
<td>1992-93</td>
<td>6.0</td>
<td>68.0</td>
<td>26.0</td>
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<tr>
<td>1998-99</td>
<td>9.4</td>
<td>57.1</td>
<td>33.5</td>
</tr>
<tr>
<td>2002-2003</td>
<td>13.0</td>
<td>54.0</td>
<td>33.0</td>
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### Financing of Education

- State Revenue
  - Sales Tax
  - Income Tax
  - Gaming?
- Federal Revenue
  - Income Tax
- Local Revenue
  - Property Tax
  - Sales Tax
Sources of Revenue

- Taxes
  - Property tax (Ad Valorem) – local
  - Sales Tax – state/local mix
  - Income Tax – state & federal
  - 2002/2003 – Over $440 Billion raised to fund public education

Property Tax--Local

- Primary source of local revenue
- Based on value of property
  - Real estate
    - Land
    - Homes
    - Commercial Buildings
    - Factories
  - Personal
    - Automobiles
    - Furniture
    - Livestock

Property Tax--Local

- Advantages
  - Stable—provides steady regular income
  - Fixed—not easily moved to avoid taxation
- Disadvantages
  - Negative impact on housing
  - Discourages upkeep of property
  - Not equally applied to all property
  - Progressive Tax—more wealth-more pay

Property Tax--Local

- Not considered equal tax
  - School District A—1,000 students—$90 Million assessed property valuations—tax rate of $2 per $100 of assessed valuation—produce $1.8 Million or $1,800 per student
  - School District B—1,000 students—$30 Million assessed property valuations—tax rate of $2 per $100 of assessed valuation—produce $600,000 or only $600 per student

Is it legal?

- Claimed many districts were under assessed and, therefore, some districts were receiving “too much money” Supreme Court disagreed.
- Effectively removed school finance reform litigation from the federal courts

Sales Tax--State/Local Mix

- Easy to administer
- Automatically collected
- Can be regulated by state and local government if needed to raise money
- Regressive tax—affect low-income group most—everyone pays the same 8% sales tax whether they make $100,000 per year or $20,000 per year.
Sales Tax—State/Local Mix

- Taxes collected on:
  - General sales
  - Gasoline
  - Alcohol
  - Insurance
  - Amusements

Income Tax—State and Federal

- Progressive Tax—more income—higher tax bracket
- Easily collected—withheld from salary and don’t even think of skipping April 15th
- Can be regulated by state and federal government if needed to raise money

Public School Expenditures

- Over $388 Billion spent for Public School Instruction in 2002-2003
- Over 48 Million students
- Average of $7,574 spent per student

Top Five States $ per student
- New Jersey—$12,568
- New York—$11,961
- Connecticut—$11,057
- Massachusetts—$10,460
- Vermont—$10,454

Bottom Five States $ per student
- Oklahoma—$6,092
- Nevada—$6,092
- Idaho—$6,081
- Mississippi—$5,792
- Utah—$4,838

Within OPSU Service Area
- Oklahoma—$6,092
- New Mexico—$7,125
- Texas—$7,136
- Colorado—$7,384
- Kansas—$7,454
Public School Expenditures

- Oklahoma Schools in OPSU service area:
  - Guymon—
  - Goodwell—
  - Optima—
  - Texhoma—
  - Hooker—
  - Hardesty—

General Funds vs. Categorical Funds

- General Funds
  - Used as the district desires
    - Salaries—75-85% of budget
    - Textbooks
    - Special programs
    - Combination of State, Local, & Federal money

- Categorical Funds
  - Earmarked for specific purposes
  - Mostly Federal money
    - Lunch programs
    - Special Education
  - Grants
  - Activity accounts

Activity Accounts

- May include money from General Funds
- Major source is generated from activity
  - Gate receipts
  - Fund raisers
  - Special donations
    - Booster club
    - Band parents
  - Usually controlled by activity sponsor/coach with supervision by principal, superintendent and/or school board

Equity vs. Adequacy

- Equity
  - Does each school have the same amount of funding?
- Adequacy
  - Is there sufficient funding so that all students can achieve?
- Law Cases
- Foundation Programs

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Whew!