

SCHOOL BOARDS AND PUBLIC EDUCATION

Selected Aspects
of School Administration and
Possible Implications for Hawaii

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Request No. 7939
Report No. 4, 1961
February, 1961

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PREFACE

Hawaii's transition from territory to state was accomplished with relative ease in many ways. The reorganized state government, however, is not without its problems. One of the major remaining tasks is the organization of the department of education and the establishment of a state board of education.

This report was prepared in response to a request of the House committee on education for information on powers exercised by various kinds of school boards in different jurisdictions so that appropriate powers might be assigned to the board of education.

Since Hawaii's highly centralized system of public education is quite unlike that of any other state, this report, in addition to presenting information on the powers of school boards, also includes a discussion of the American pattern of school organization and of the various means of financing public education. It concludes with a section on "Implications for Hawaii" which attempts to carry out the House committee's request by indicating some areas in which the legislature might consider alteration in organizational arrangements or extension of board powers.

The Legislative Reference Bureau, in presenting this report, does not recommend or advocate the adoption of any particular policy regarding school organization or board powers. It does, however, attempt to discuss several areas for legislative consideration in sufficient depth so as to indicate pertinent problems and consequences.

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I. INTRODUCTION

This study was developed in response to the request of the House Committee on Education for information on the powers exercised by the various types of school boards in different jurisdictions in America, so that appropriate powers might be assigned to the board of education of the State of Hawaii.

In view of the fact that the Hawaii system of public education is organized in a manner quite unlike that of any other state, a rather comprehensive discussion of the American pattern of school organization seemed essential to an understanding of the powers exercised by various types of school boards in different jurisdictions. Following this discussion is the section which deals with the powers of state, intermediate, and local boards of education. Since the financing of public education is an important part of the relationship between state governments and educational bodies, a section on public school finance is included.

The last section in this study, "Implications for Hawaii", attempts to carry out the request of the House Committee on Education by indicating some possible powers which might be assigned to Hawaii's board of education. These possibilities will be derived from a consideration of: (a) the features of Hawaii's present organization of public education as set forth in legal and constitutional provisions; (b) recommendations of the various studies of education in Hawaii; (c) the differences and similarities between the Hawaii and typical American pattern of school organization; and (d) intergovernmental relations in general.

Education in the Territory of Hawaii

As a territory, the public schools in Hawaii were managed by a board of commissioners, appointed by the governor, who was himself an appointee of the President of the United States. This territorial agency was the only school board in Hawaii; there were no local boards of education or intermediate boards of education. The entire Territory of Hawaii was considered as being composed of only one school district. Norman Meller in his study of centralization in Hawaii says: "Hawaii's educational system lends especial weight to the generalization that government in the Territory evidences more centralization than is found in any state in the Union."

The responsibility for the administration of public education was placed in the department of public instruction. It managed the operation of all public schools--kindergartens, elementary schools, secondary schools, vocational and technical schools. It determined educational courses of study, supervised school building plans, established an approved list of textbooks, and certified, hired, and paid teachers on a single salary schedule. It also furnished school lunches for a charge below cost and supervised private schools in certain respects.

The public schools were supported by state appropriations which furnished slightly over 70 per cent of the total cost of public education in 1957. Such appropriations covered general administrative costs for the Territory and district offices; instructional and supervisory costs, computed on teacher-pupil and overhead-pupil ratios; classroom supplies and teaching materials; programs of special education; and the like.

The Territory, however, assigned certain functions to the counties. Each year the department of public instruction submitted a proposed special

school fund budget to each of the counties in accordance with Sec. 39-2 of the Revised Laws of Hawaii 1955. This budget included appropriations for the following items: (a) new buildings, additions and improvements; (b) repairs and maintenance of buildings and grounds; (c) school sites; (d) land improvement; (e) furniture and equipment; (f) toilets; (g) janitor service and supplies; and (h) paper towels, soap and toilet tissue.

Counties provided for school construction through appropriations of their funds or through sums devoted to repay the Territory for the issuance of bonds. The department of public instruction normally approved the size, arrangement, dimensions, lighting of rooms, and sanitary conveniences of new buildings. In short, only nominally would the responsibility for the school plant be considered primarily a function of the counties.

The counties also had the responsibility for maintaining the public schools; this involved providing for janitorial services, equipment, repairs, cleaning supplies, restroom supplies, etc. Some counties also furnished free transportation for school children, and the department had the authority to adopt regulations governing the operation of school busses which were publicly owned or, if privately owned, under contract with the county.

In short, Hawaii's system of public education was unique in the United States in its high degree of centralization. All of the Territory was considered as one school district, fiscally dependent on state and county governments, and administered by only one board of education--the board of commissioners--appointed by the governor who also appointed the superintendent of public instruction.

The Effects of Hawaii Statehood

Hawaii's admission into the Union meant the substitution of its State Constitution for the Organic Act and necessitates some alterations in the Laws of Hawaii. The following table compares the provisions dealing with the state board of education as established by the State Constitution and the board of commissioners as provided for by the Laws of Hawaii.

The legislature of the State of Hawaii is faced with the necessity of adopting legislation which will change the procedure for the selection of members of the state board of education by establishing local school advisory councils. These councils will submit panels of names to the governor who will appoint board members, by and with the advice and consent of the senate. The powers of the state board have been broadly defined in the Hawaii State Government Reorganization Act of 1959. This report is submitted to aid the legislature in arriving at a decision on other powers which might be assigned to the state board of education.

Table 1. A Comparison of School Organization in Hawaii
Under Territorial and State Legal Provisions

Provisions	Territory of Hawaii (Laws of Hawaii)	State of Hawaii (State Constitution)
1. Name	Board of Commissioners of Public Instruction	Board of Education
2. Membership		
a. Number	a. Seven	a. Unspecified. Superintendent of public instruction an ex- officio voting member.
b. Selection	b. Appointed by Governor with consent of Senate.	b. Nominated and, by and with consent of Senate, appointed by Governor from panels pre- pared by local school advisory councils.
c. Qualifica- tions	c. Territorial citizenship for five years next preceding their appointment.	c. - - - /It is not clear whether the three-year resi- dence requirement (Constitu- tion, Article IV, Section 6) applies to the board of education./
d. Restrictions	d. No minister or person in holy order; no more than three women; no more than four of the same political party; superintendent of public instruction not on board.	d. - - -
e. Geographical representa- tion	e. Two each from Hawaii and Oahu; one each from Kauai and Maui; one from Territory at-large.	e. Part of board's membership to represent geographic subdivisions.
f. Terms of office	f. Four years; staggered terms.	f. - - -
g. Compensation	g. None except reimbursement for necessary expenses in attending meetings and in discharging official duties.	g. - - -
h. Chairman	h. Member selected at-large.	h. - - -
i. Vacancy	i. Governor makes appointment for unexpired term.	i. - - -
3. Powers	Has full authority and respon- sibility for the administration of the department of public instruction; states policies of education; fixes curriculum; prescribes duties of superin- tendent (who is appointed by Governor and confirmed by the Senate).	Formulates policies, exercises control of public school system by appointing its executive officer, the superintendent of public instruction.

II. THE AMERICAN PATTERN IN SCHOOL ORGANIZATION

The American pattern of education is characterized by a high degree of decentralization. In the United States each state is free to manage education, but most states have delegated varying degrees of authority to school districts or other units of local government for the operation of schools. The school district seems to be the characteristic feature of the American system of public education.

What the American pattern in school organization encompasses is the subject of this section. A brief historical review of the development of public education in America seems essential to an understanding of the complexities in school organization. A description of the various kinds of school districts in different parts of the nation is also presented so as to clarify the multiplicity of agencies having some managerial function in education.

Historical Development

Although schools in the colonial period were generally authorized by the civil government, they had deep religious roots. During this period when church and state were intimately related, education was required to be religious in nature. As dissident religious groups arose, they demanded the right to establish their own schools, and the 18th century ushered in a period during which the state delegated power to establish educational institutions to private corporations organized for this purpose. This solution seemed a logical one in a day when "it was commonly agreed that education must be religious and that a state religion should no longer be imposed upon all persons in violation of their own religious beliefs."¹

¹R. Freeman Butts and Lawrence A. Cremin, A History of Education in American Culture (New York: Henry Holt, 1953), p. 98.

In view of the fact that education was largely a private matter, generally under the influence of the church, little time was devoted to education by the delegates to the Constitutional Convention in 1787. The Constitution of the United States did not provide for a national system of education; it did not even mention "education" or "schools".

In New England the initiative for founding schools was usually assumed by the town governments. Schools existed by authority of the civil government which contributed lands and sometimes funds to their support, and they were inspected and supervised by town officials. But the schools were not totally supported by public funds, and it was not compulsory for children to attend them.

The New England pattern was characterized by four principles: "the state could require children to be educated; the state could require towns to establish schools; the civil government could supervise and control schools by direct management in the hands of public officials; and public funds could be used for the support of public schools."²

An important development took place in the 18th century when colonial legislatures gave towns the right to form small local districts for the direct administration and supervision of schools. The early development of schools is described below:

. . . Wherever half a dozen families lived near enough together to make organization possible, they were permitted, by the early laws, to meet together and vote to form a school district and organize and maintain a school. Districts could be formed anywhere, of any size and shape, and only those families or communities desiring schools need be included in the district organization. The simplicity and the democracy of the plan made a strong appeal. . . .³

²Ibid., p. 103.

³Ellwood P. Cubberley, Public School Administration (Boston: Houghton Mifflin, 1929), p. 5.

This transfer of power from the town government to local districts for administering the schools was in response to frontier conditions which made travel difficult so that parents in outlying areas objected to sending their children to the town schools and to continuing their support of them. Thus legislatures, by the end of the 18th century, were delegating to the local districts full power to establish and maintain schools. Districts were authorized to build the school house, to hire a teacher, to determine the curriculum, and to provide whatever funds were necessary and possible to raise. It was not until the 19th century, however, that public schools designed for all children came into being.

At first school districts existed where there were settlements, but gradually entire counties, and later entire states, were included in one school district or another. Another feature of public education developed at this time in American history was the tradition of establishing a separate agency for the management of schools. Members of these agencies, commonly referred to as school boards, were usually elected by the townspeople. These school district trustees managed the schools as best as they could, with guidance from the decisions of the community expressed in annual and special school district meetings.

Connecticut in 1766 legalized independent local school districts. Massachusetts did likewise in a series of laws enacted between 1789 and 1827. The earliest of these laws was referred to by Horace Mann, one of the outstanding early educators, as "the most unfortunate law on the subject of education ever enacted by the state." Mann was even then aware of how cumbersome the district system was.

Although the school district plan brought with it all the advantages accruing from the direct interest in and control of schools by parents and

local communities, it had some unfortunate results. "Inevitably, there was considerable inequality between richer and poorer, or between more and less interested localities. In many districts apathy and extreme resistance to taxation quickly established economy as the chief goal of school policy, and the resultant degeneration of school standards was immediately evident."⁴

The struggle to control the district system began shortly after its inception in Massachusetts where the serious defects of the system became readily apparent. Massachusetts in 1837 created the state board of education partly to check the district system, and in 1853 legislation was passed for its abolition and the town government was once more made responsible for education. After a series of laws repealing and re-enacting the 1853 law, in 1882 legislation was finally secured to abolish permanently the district system throughout the state. The five other New England states abolished the district system and restored to town governments authority to establish schools.

In general, the New England states and some states in the Northwest Territory tended to follow the Massachusetts pattern of town (or township) supervision of education as a means of rectifying some of the abuses of the district system. In the South, where the county was the unit of local government, it served as the unit for school control. In some of these states, however, counties were further divided into districts.

The strengthening of the town, as opposed to district, control did not solve all of the problems of a decentralized system of education which provided for numerous districts. It was felt that the need for equalizing educational opportunity could best be handled on a state level. Thus began

⁴Butts and Cremin, op. cit., p. 254.

the efforts of state governments, in the interest of raising educational standards and equalizing educational opportunity, to regain some of the power and authority they had delegated to local school districts. The establishment of tax-supported public schools was not accomplished easily, and state legislatures were the scene of many debates over who should pay for education.

Another problem dealt with who should control education--state governments or local districts. Those who favored centralization of control in the state emphasized its advisory and regulatory role. They pointed out that centralization would result in better standards for schools through the diffusion of new and improved teaching techniques, that appropriation of state funds would make educational opportunity equal for all, that school data could be collected and disseminated. Those who favored decentralization--placing responsibility for education on parents and local communities--indicated that education should be placed as close as possible to the people themselves.

In spite of the sharp differences of opinion, there was a general movement toward the adoption of public support for education. Ellwood Cubberley indicates that these features generally characterized this trend: Initially education was supported by private individuals, churches, and benevolent societies. The state then began to aid their undertakings with public funds. Next, the state gave local districts authority to tax for schools, first for the children of the poor only and then for all children. Compulsory legislation on minimum rates for school taxation then followed and finally there was legislation which made the public schools entirely free.

By 1865 it could be said that the principle of public support of education had taken root, although the states were in different stages in this movement. While the northern states by 1850 and the western states during their territorial status or at the time of statehood had made provisions for

the public support of education, it was not until the post-Civil War period that this was achieved in the South. There were also the beginnings of public high schools and state universities. It was not until the beginning of the 20th century, however, that they became an integral part of the American system of public education.

The attempts of the states to regain their power over education was strengthened by two educational bodies that emerged during the post-Civil War period, both of which are present today. One was the state superintendency of education; the other was the state board of education.

The first state board of education was formed in New York in 1784. However, it was not until 1837 with the creation of the state board in Massachusetts with Horace Mann as its secretary that other states eventually began to organize state boards. These early state boards were usually limited to act in an advisory capacity, to administer small literacy funds, and to render statistical reports. State boards at present have other kinds of functions, the nature of which will be discussed in Section III of this report.

Although New York set up its state board in 1784, it was not until 1812 that it appointed a state superintendent of common schools. Other states began to appoint chief state school officers in the 1850's. These early state superintendents performed the following duties: visiting the counties, advising local school authorities, examining school conditions, and advising on school programs.

As the scope of education was expanded, state superintendents began to exert leadership in the development of the curriculum, codification of school law, supervision of school finance, certification and in-service training of teachers, collection and publication of educational statistics, and formulation of new school legislation.

The state superintendent also served as the chief of the state department of education. As school systems became increasingly complex, the work of state departments expanded. They usually are composed of various divisions to aid and to supervise such general areas as elementary education, secondary education, vocational education, teacher certification, guidance services, and instruction in the various subject matter fields.

An examination of the growth of public education in America is not complete without some attention to federal participation in education. The land ordinances of 1785 and 1787, the land and monetary grants during the first half of the 19th century, and the Morrill Act were all attempts on the part of the federal government to aid education without imposing its control.

The first land grant policy for education began in 1802 when Ohio was admitted into the Union. The inhabitants of each township (an area six miles square, composed of 36 sections, each one square mile in area) were granted a section of land for the use of schools. Variations developed in the land grant policy in terms of the number of sections granted and the unit of government to which the land was granted. There were 30 states which received benefit for public education through these grants, approximately totaling more than 70 million acres.

Land grants for higher education, specifically to promote agriculture and the mechanic arts, were provided by the Morrill Act of 1862 which granted to each state 30,000 acres of public land for each Senator and Representative in the Congress.

Another development was the establishment of the federal Department of Education in 1867 for the purpose of collecting statistics on the status and progress of education in the several states and territories, of disseminating

information on methods of teaching and various administrative organizations of public education, and for promoting the cause of education in general. This agency underwent several changes in title. It is now called the Office of Education and is part of the Department of Health, Education, and Welfare.

Among the various acts providing federal aid to education are the following: Hatch Act establishing agricultural experiment stations, second Morrill Act granting annual appropriations to land-grant colleges, Smith-Lever Act promoting the dissemination of information on agriculture and home economics, Smith-Hughes Act providing federal cooperation in paying the salaries of teachers in agricultural, industrial, and home economics courses, "G. I. Bill" encouraging ex-service men and women to pursue academic and other training, and the National Defense Education Act providing federal support in a variety of areas--loans to students, guidance services, language development, vocational education, science instruction, statistical services, etc.

To summarize: During the early period in American history, education was generally considered a private matter under the influence of the church. In New England where church and state were closely connected, public funds used for education were almost exclusively for the children of the poor. Considerable autonomy was delegated to local towns and districts in the 18th century in the operation of schools. However, the state gradually regained more control in the 19th and 20th centuries as the negative effects of the district system became apparent. Largely as a measure to raise educational standards and to equalize educational opportunity, various state agencies were formed--state board of education, state superintendency of education, and state department of education.

The American Pattern

One of the most important functions of government is to provide schools, publicly supported and open to all. All three levels of government--national, state, and local--share in this responsibility insofar as the support of education is concerned, but the control of education is left largely in the hands of local and state units. One author described the relationship among these three units of government as follows: "Primary legal responsibility and authority for public education is vested in the states with specified powers delegated to the local units and an increasing amount of financial support coming from the federal government."⁵

Education is generally accepted as a matter primarily of state concern. Even in states where municipal home rule has been accepted in principle, education is a function of the state unless responsibility for it is specifically assigned to other local units of government.⁶ Each state legislature determines what governmental unit shall assume responsibility for financing and administering the public schools. County districts are commonly chosen by the states in the South, local districts in the Midwest and West, and town governments in New England.

The states, though supreme in educational matters, have generally preferred to place the actual management of schools in the hands of local units of government and have retained certain functions.

In practice, states have generally retained the power of authorizing or compelling the establishment of schools; fixing the minimum term and requiring attendance; certificating teachers, and legislating as to tenure, minimum salaries, and retirement systems; requiring and defining certain subjects of instruction; offering suggestions as to curriculum

⁵Ibid., p. 571.

⁶Austin F. MacDonald, American State Government and Administration (New York: Thomas Y. Crowell Company, 1960), p. 552.

content and teaching methods; compelling and limiting the assessing of school taxes and the voting of bonds; regulating school indebtedness; prescribing textbooks (where uniformity exists); requiring reports; and inspecting, classifying, and accrediting schools.

The local districts, in turn, are generally authorized to vote taxes and bonds within the minimum and maximum limits imposed by the state; to select, appoint, assign, promote, and discharge teachers, who must hold state certificates; to establish their own tenure requirements and salary schedules in harmony with state basic regulations; to enrich and supplement the legal courses of study; to exceed minimum term requirements; to set up kindergartens and special schools; to provide the physical plant and equipment; to employ administrative and supervisory staffs; and to supervise instruction.⁷

In the American pattern of school organization, the state usually fixes minimum standards for public schools, exercises some supervision to see that these standards are maintained, and grants a subsidy to each district for the support of schools. The rest is left to local initiative and action. The local units, whether they be county, city, town, or school district, generally have a lay school board and a professional superintendent, and the larger units may have a professional staff to assist him. The board generally has authority, within the limits set by the state authorities (and federal in some cases which involve federal funds), to manage the school system and to determine the school tax.

Strictly speaking, a local school administrative unit is a "quasi-corporation" because it "is purely a political or civil division of the state; as an instrumentality of the state, it is created in order to facilitate the administration of government."⁸ Since these units are creatures of the state, they possess no inherent local rights; they possess only those rights which are assigned to them by the legislature. Some state constitutions,

⁷Benjamin F. Pittenger, Local Public School Administration (New York: McGraw Hill, 1951), pp. 23-24.

⁸Newton Edwards, The Courts and the Public Schools; The Legal Basis of School Organization and Administration (Chicago: University of Chicago Press, 1941), p. 34.

however, provide for the creation and organization of school districts. For example, Colorado's constitution stipulates that the legislature shall organize school districts of convenient size, each of which will have a board of education of three or more directors elected by the people and empowered to "have control of instruction in the public schools of their respective districts."

The local unit of government made responsible for education is not the same in the various states. For purposes of discussion, it might be helpful to classify states in terms of the local unit which is employed. Hawaii is the only state whose entire area comprises one school district; it has a highly centralized system of state control. Delaware has tried to organize its schools into one, centrally administered unit, but this attempt has not been totally successful.⁹ Maryland, North Carolina, Rhode Island, and Virginia have no independent school districts, for they are all supported jointly by the state and county or by the state and city. In the remaining 44 states the primary responsibility for providing schools is imposed upon local government units of one kind or another, referred to in the statutes by at least 64 different names or titles, but usually divided into school districts, towns, townships, or counties.¹⁰

⁹By an act of 1921 the counties were deprived of all control over educational matters, and their powers transferred to the state board of education. School districts were retained for administrative purposes only, while the state assumed financial responsibility for education. The city of Wilmington and the larger towns were exempted from the provisions of this act; they have local boards subject to general state supervision. MacDonald, op. cit., p. 438.

¹⁰American Association of School Administrators, School District Organization (Washington, D. C.: National Education Association, 1958), p. 84.

It should be noted, however, that many states have more than one primary unit responsible for education.

Three states (Florida, Nevada, and West Virginia) have but one type of school district, county units. Twelve states have two types: 9 of the 12 have only county and city or independent units. Fifteen states have three types of classes, six states have four, seven states have five, three states have six, and two states have eight.¹¹

In view of the existence of various forms of local units in each state, it is difficult to classify the states in terms of the primary unit held responsible for education. According to a 1960 report on public school systems, the responsibility for the public schools in the 50 states is assigned as follows: (a) to independent school districts in 24 states; (b) to independent school districts in 5 states (California, Indiana, Kentucky, Ohio, and South Carolina), each of which has one or more institutions of higher education operated by a city or county government; (c) to county, city, town, or state governments in 5 states and the District of Columbia; and (d) to both (a) and (c) above in 16 states.¹²

Table 2, based on 1960 data, presents the units of local governments responsible for education in each of the 50 states and the District of Columbia. It indicates that there are 40,054 independent school districts and 2,375 dependent systems; a total of 42,429. "Independent" school districts are those which are separate units of government devoted solely to the administration of public schools and free to levy taxes and incur indebtedness. The school systems which do not meet these criteria are called "dependent" school systems.

¹¹Ibid., p. 85.

¹²U. S. Bureau of the Census, Public School Systems in 1960, State and Local Government Special Studies, No. 44 (Washington, D. C.: Government Printing Office, November 3, 1960), p. 1.

A discussion of the different types of school administrative units which exist will now be presented in terms of the following bases developed from the work of the American Association of School Administrators (A.A.S.A.) in its book on School District Organization:

- a. Geographical characteristics--definition of boundaries; that is, whether they are local school districts, township or town districts, or county districts.
- b. Governmental characteristics--nature of agencies established by law; that is, whether they are local, intermediate, or state agencies.
- c. Educational scope--scope of their educational programs; that is, whether they operate elementary schools, secondary schools, or no schools at all.

Geographical Characteristics

Many school districts have boundaries which coincide with those of other units of local government, but many do not. Only the more common types of school organizational units will be presented in this brief discussion.

Local School Districts--The American Association of School Administrators describes the local school district or "common school district" in these terms:

. . . With rare exceptions it is a very small administrative unit; is located in the open country; is not coterminous in boundary with any other unit of government; has a three-member board; and is organized for elementary-school purposes only, most commonly a single one-teacher school, which in many instances has been closed. In fact, the majority of nonoperating school districts are common school districts . . . some common school districts are good sized 12-grade units, but this is an exception to the general rule.¹³

¹³American Association of School Administrators, op. cit., p. 94.

Table 2. Number of School Systems, By Type
of Districts and States: 1960

States	Independent Districts	Dependent Districts				Other
		State	County	Municipal	Town and Township	
Alabama	114	-	-	-	-	-
Alaska	9	1	-	19	-	-
Arizona	254	-	4	-	-	-
Arkansas	422	-	-	-	-	-
California	1,720	-	1	-	-	-
Colorado	527	-	-	-	-	-
Connecticut	1	-	-	17	151	-
Delaware	15	1	-	1	-	-
D. C.	--	-	-	1	-	-
Florida	67	-	-	-	-	-
Georgia	197	-	-	-	-	-
HAWAII	--	1	-	-	-	-
Idaho	155	-	-	-	-	-
Illinois	1,710	-	-	-	-	-
Indiana	929	-	1	-	-	-
Iowa	2,037	-	-	-	-	-
Kansas	2,574	-	-	-	-	-
Kentucky	215	-	-	2	-	-
Louisiana	67	-	-	1	-	-
Maine	19	1	-	18	423	-
Maryland	--	-	23	1	-	-
Massachusetts	23	-	3	39	307	-
Michigan	2,213	-	-	-	-	-
Minnesota	2,741	-	13	1	-	-
Mississippi	158	-	-	-	-	-
Missouri	2,036	-	-	-	-	-
Montana	1,091	-	-	-	-	-
Nebraska	3,722	-	-	-	-	-
Nevada	17	-	-	-	-	-
New Hampshire	221	-	-	9	-	-
New Jersey	510	-	7	58	5	-
New Mexico	92	-	-	-	-	-
New York	1,345	-	7	9	-	-
North Carolina	--	-	101	73	-	-
North Dakota	1,358	-	-	-	-	-
Ohio	953	-	-	3	-	-
Oklahoma	1,379	-	-	-	-	-
Oregon	599	-	-	-	-	-
Pennsylvania	2,281	-	-	-	-	431
Rhode Island	--	-	-	8	31	-

Table 2. (Continued)

States	Independent Districts	Dependent Districts				Other
		State	County	Municipal	Town and Township	
South Carolina	108	-	-	1	-	-
South Dakota	3,034	-	-	-	-	-
Tennessee	14	-	95	44	-	-
Texas	1,576	-	-	7	-	-
Utah	40	-	-	-	-	-
Vermont	17	-	-	8	232	-
Virginia	--	-	98	30	-	-
Washington	417	-	-	-	-	-
West Virginia	55	-	-	-	-	-
Wisconsin	2,795	-	21	67	-	-
Wyoming	227	-	-	-	-	-
TOTAL	40,054	4	374	417	1,149	431

Source: "Table 3. Number of Public School Systems, By Type and Enrollment - Size, By States: 1960" as found in: U. S. Bureau of the Census, Public School Systems in 1960, State and Local Government Special Studies, No. 44 (Washington, D. C.: Government Printing Office, November 3, 1960), pp. 9-10.

The 1960 report on public school systems indicates that there were 42,429 school systems in the United States. In 1942 there were 108,579 school districts, more than twice the number in 1960.

The trend toward school administrative reorganization through the consolidation, annexation, and abolition of school districts is especially evident during recent years. Each of five states (Iowa, Michigan, Missouri, Nebraska, and Wisconsin) had a decrease of more than 900 school districts between 1957 and 1960. These states account for nearly three-fifths of the total decrease in number of school districts since 1957. In 1960 Nebraska led the nation with 3,722 independent school districts; South Dakota also had more than 3,000 and seven states had more than 2,000 school districts-- Iowa, Kansas, Michigan, Minnesota, Missouri, Pennsylvania, and Wisconsin. Together these 9 states possess well over half (23,966) of all the public school systems in the United States.

Writers in the fields of education and public administration are generally critical of school district administrative units as evidenced by the following:

Almost everywhere they exist, common school districts today are outmoded units of school government--outmoded because they are no longer capable of providing the educational opportunities that children of today need.¹⁴

These districts are much smaller than either those under the county or the town and township plan, averaging slightly more than twenty square miles, with five teachers to the unit. This administrative organization is considered the least efficient and the most expensive. The majority of these common-school districts have only one-room schools, and unusually low enrollments per teacher.¹⁵

¹⁴Ibid., p. 95.

¹⁵Arthur B. Moehlman, School Administration (Boston: Houghton Mifflin, 1951), p. 125.

. . . The school district plan of organization has several features worthy of mention: it was one of the earliest schemes of school management; it is unquestionably the worst; . . .

In opposition to the district system it was pointed out that most districts were too poor to warrant the employment of suitable teachers and too small to permit the division of the student body into grades; that schools were unwisely distributed; that educational facilities varied widely from district to district because of unequal wealth and uneven interest in education; that so many school trustees--often five hundred or more in a single county--were required by the plan as to make the selection of many mediocre persons almost inevitable; and that in practice the scheme had proved inefficient, wasteful, and a barrier to educational advancement. . . .¹⁶

Township or Town School Districts--Some states established the township (Illinois, Indiana, Iowa, Michigan, New Jersey, Pennsylvania, and Wisconsin) or town (New England states) as the school administrative unit and have avoided some of the weaknesses of the district system.

Under the town and township plans, a school committee, elected by the people, manages all the schools in the area except for larger municipalities which may have their own city boards of education. In some cases school districts are retained but supervised by the township. When township school trustees have limited authority, the districts, in reality, serve as the primary school administrative unit.

Township and town districts vary in size. Some in Connecticut, Massachusetts, and New Jersey are large, while half of those in Maine, New Hampshire, Rhode Island, and Vermont do not operate a high school. Town districts in New England, except in New Hampshire, are fiscally dependent upon the town government, while township districts in other states are fiscally independent. Table 2 indicates that in 1960 there were 1,149 town and township districts which were fiscally dependent.

¹⁶MacDonald, op. cit., p. 553.

Township school districts in Indiana are managed in a different manner. The control of the school system is vested in a single school trustee who is elected by the people. As the chief administrative officer of schools, he has almost complete powers in managing public education, but these are subject to review by and supervision of state agencies.

County School Districts--States, principally in the South, that employ the county school district system manage and finance their schools on a county-wide basis. Usually there is a county board of education, elected by the people or appointed by the governor, and a county superintendent of schools, appointed by the board or some other body (judges of county courts in Tennessee) or elected by the people. All schools in the area, except those in cities which might be separately incorporated for school purposes, are under the jurisdiction of the county unit.

Although not many states use the county as the primary unit of school administration, county school superintendents are found in 41 states, and in most of these there are also county boards of education in addition to district and township school authorities.

County school districts do not operate as a part of county government. Without exception they are quasi-corporations created by the state for school administration. In most states the county school districts are fiscally independent, although those in Maryland, North Carolina, Tennessee, and Virginia are fiscally dependent upon the county government.

The county plan, like the town and township unit, cannot guarantee the absence of small, inefficient schools. It does, however, provide a more nearly equalized basis for school financing than the district or township plans. "Because of both financial and administrative advantages, there is a distinct

trend today toward larger school units than those commonly used in the past, and the county unit is steadily gaining in favor among educators and students of school administration."¹⁷

Governmental Characteristics

The provision of a public service as broad in scope as education has resulted in a variety of administrative units: (a) local school districts, (b) intermediate administrative units, and (c) state education agencies. Of the 48 states 14 have only local and state administrative units; the rest have intermediate units as well.

Local School Administrative Units--Local school administrative units are the core of the American system of public education, for they are responsible for the control and operation of the public schools. Individuals who support a decentralized system of school administration contend that when local school districts are organized on a sound basis, they are (a) capable of meeting the minimum educational standards set by the state and (b) able to exercise local initiative so as to exceed these minimum standards.

Intermediate Administrative Units--In 34 states out of the 48 in 1957 were found intermediate administrative units which function between the state education agency and the local administrative units. In 27 states the intermediate unit was the county, in New York and in the New England states it was generally the town or township.

These intermediate units provide administrative, supervisory, and supplementary services to two or more local school districts. They do not operate schools, but provide the basic units with specialized services (such as in guidance, education of exceptional children) to make them function more effectively.

¹⁷Clyde F. Snider, American State and Local Government (New York: Appleton-Century-Crofts, 1950), p. 467.

State Education Agencies--The state education agencies include the state board of education which is the policy-making group, the chief state school officer who is the executive officer of the board, and the staff of the state department of education who carry out the policies of the board under the supervision of the superintendent.

The A.A.S.A. indicates that a different philosophy guides the activities of the modern state department of education. No longer is its function limited to the compilation of statistics and publication of reports. "Its chief reason for existence lies in its capacity to serve and strengthen local school operating programs. It is a service agency."¹⁸ As such, it disseminates information on what is good educational practice, it has certain regulatory responsibilities, it develops standards in cooperation with other school administrative units. For a helpful discussion of the work of state departments of education, the Midwest Administration Center's Consultative Service to Local School Systems is a good source.

The Council of State Governments, in its 1960-61 edition of The Book of the States, indicates that in 1959 the selection of state boards of education was provided as follows: 31 states, appointment by the governor; 9 states, election by the people; 7 states, other methods. Three states (Illinois, Michigan, and Wisconsin) had no state board of education. The same source also reports that the selection of the chief state school officer in 1959 was made as follows: 23 states, election by the people; 22 states, appointment by state board of education; 5 states, appointment by the governor. In the three states where no state boards existed, the chief state school officer was elected by the people.

¹⁸American Association of School Administrators, The American School Superintendency (Washington, D. C.: National Education Association, 1952), p. 345.

The Council of State Governments indicates that there is a trend toward an elective state board and a board-appointed chief state school officer. To illustrate: In 1947, only 3 states had elective state boards; in 1959 there were 9. In 1947, 11 chief state school officers were board-appointed; in 1959 there were 22. These trends would probably be looked upon favorably by the A.A.S.A. whose position on this subject follows:

. . . some of the most significant changes in the state administrative organization have involved adoption of organizational patterns which have proved most fruitful at the local district level in the states concerned. Thus, in recent years some states have established state boards of education elected by the people to function as the policy-making body for state school administrative functions, with the chief state school officer being appointed by the board as its chief executive officer. This development, generally considered desirable, is in accord with a growing recognition of the importance of direct representation of citizens in educational policy-making at all administrative levels.¹⁹

The above point of view reflects the thought that education is a unique function of government which should be handled as a separate unit--apart from any other unit of local government. People who oppose this principle of school independence contend that:

. . . although they agree on the importance of education, a single and comprehensive government should judge the relative merits of the financial needs of the various public services in the community. They deny that governmentally independent schools are subject to less political pressure than dependent schools, and that education is any more a state function than many other local services, particularly public health, law enforcement, and public welfare. They believe, furthermore, that significant economies result from the integration of services, such as purchasing, which are common to all functions. . . .²⁰

A further discussion of the independence of school districts will be undertaken in Section IV, Public School Finance, of this report.

¹⁹School District Organization, p. 66.

²⁰John C. Bollens, Special District Governments in the United States (Berkeley and Los Angeles: University of California Press, 1957), p. 192.

Educational Scope

Another way of classifying school systems is on the basis of the scope of their educational programs. In 1960, the 42,429 school systems provided education and enrolled pupils as follows:

	<u>No. of School Systems</u>	<u>No. of Pupils (October, 1959)</u>
Elementary grades only:	21,646	3,858,936
Secondary grades only:	1,286	1,414,409
Elementary and secondary grades:	12,480	30,267,508
Not operating schools:	7,017	

Table 3, based on 1960 data, shows the scope of educational programs in each of the 50 states and the District of Columbia.

Elementary School Administrative Units--More than half of all school districts in 1960 operated elementary schools only (grades one to eight, kindergarten to six, or one to six), but enrolled only a little more than 10 per cent of all public school pupils. Of the 50 states, 40 had some school districts which operated elementary schools only, ranging in number from one in Mississippi, Nevada, and Virginia to more than 2,000 in Nebraska and Wisconsin. Most of these elementary school districts were small. Although they were concentrated in rural areas, they were also located in metropolitan centers.

High School Administrative Units--These high school districts (grades 7-12 or 9-12) are superimposed upon the area of one or more elementary school districts. Although separately organized high school districts were found in 32 states, close to two-thirds of the total number in 1960 were found in California, Illinois, and Kansas.

While these districts are larger than the elementary school districts, some of them are much smaller than the minimum necessary for providing adequate secondary education at a reasonable cost.²¹ For example, Wisconsin's 82 high school districts had an average enrollment of fewer than 300 pupils. California, on the other hand, averaged more than 3,000 pupils.

Unified or Twelve-Grade School Districts—A school system which operates both elementary and secondary schools may be called a unified district. In 1960 there were 12,480 unified districts enrolling more than 30 million pupils. Although these represented only 29 per cent of the total number of school districts, they enrolled about 85 per cent of the public school population. In seven states (Delaware, Florida, Hawaii, Maryland, North Carolina, Utah, and West Virginia) all school districts were unified.

Although most of the public school students are in unified districts, many have fewer than the 1,200 recommended by the A.A.S.A. as adequate for a 12-grade program. The large number of small 12-grade districts constitutes a reorganization problem.

The A.A.S.A. favors unified school districts which are adequate in size because it feels that it is desirable to have a single board of education, instead of several, to develop policies for the total educational program within a specific area. The Association also indicates that such districts eliminate duplication in school business management and enable the community better to utilize its financial resources for the total educational program.

²¹Experts believe that school enrollments between these figures are large enough to offer comprehensive programs but not so large as to lose the "personal touch": junior high school, 300 - 1100; senior high school, 350 - 1500; junior-senior high schools, 350 - 1150. Calvin Grieder and William E. Rosenstengel, Public School Administration (New York: Ronald Press, 1954), p. 14. See also School District Organization, op. cit., pp. 130-32.

Table 3. Educational Scope of School
Systems, By States: 1960

States	Educational Scope			Nonoperating	Total
	Elem. Only	Sec. Only	Elem. & Sec.		
Alabama	2	-	112	-	114
Alaska	8	-	21	-	29
Arizona	170	20	63	5	258
Arkansas	19	-	402	1	422
California	1,340	251	106	24	1,721
Colorado	206	21	207	93	527
Connecticut	62	-	107	-	169
Delaware	--	-	17	-	17
D. C.	--	-	1	-	1
Florida	--	-	67	-	67
Georgia	4	-	193	-	197
HAWAII	--	-	1	-	1
Idaho	43	2	105	5	155
Illinois	1,061	259	357	33	1,710
Indiana	280	5	601	44	930
Iowa	536	1	614	886	2,037
Kansas	1,699	318	233	324	2,574
Kentucky	11	2	204	-	217
Louisiana	--	1	67	-	68
Maine	234	5	188	34	461
Maryland	--	-	24	-	24
Massachusetts	131	26	212	3	372
Michigan	1,561	1	580	71	2,213
Minnesota	1,575	1	448	731	2,755
Mississippi	1	7	150	-	158
Missouri	1,042	7	520	467	2,036
Montana	733	16	150	192	1,091
Nebraska	2,797	30	400	495	3,722
Nevada	1	-	16	-	17
New Hampshire	139	1	78	12	230
New Jersey	322	23	202	33	580
New Mexico	2	-	90	-	92
New York	213	13	713	422	1,361
North Carolina	--	-	174	-	174
North Dakota	710	5	331	312	1,358
Ohio	126	14	814	2	956
Oklahoma	727	2	579	71	1,379
Oregon	376	64	136	23	599
Pennsylvania	352	51	634	1,675	2,712
Rhode Island	10	-	29	-	39

Table 3. (Continued)

States	Educational Scope			Nonoperating	Total
	Elem. Only	Sec. Only	Elem. & Sec.		
South Carolina	--	1	108	-	109
South Dakota	1,812	8	243	971	3,034
Tennessee	21	-	132	-	153
Texas	444	29	1,089	21	1,583
Utah	--	-	40	-	40
Vermont	167	-	81	9	257
Virginia	1	-	125	2	128
Washington	159	3	255	-	417
West Virginia	--	-	55	-	55
Wisconsin	2,406	82	342	53	2,883
Wyoming	143	17	64	3	227
TOTAL	21,646	1,286	12,480	7,017	42,429

Source: "Table 5. Number of Public School Systems and Public School Enrollment, By Type of System and Kind of School Service Provided, By States: 1960" as found in: U. S. Bureau of the Census, Public School Systems in 1960, State and Local Government Special Studies, No. 44 (Washington, D. C.: Government Printing Office, November 3, 1960), pp. 13-14.

Furthermore, the basic goals of reorganization of school administrative units have been to: (a) divide the state into school districts so as to make better use of its taxable wealth and (b) create local districts capable of operating at least 12 grades in accordance with acceptable standards.

Junior College or Community College Administrative Units—These units are a relatively new development, but school administrators feel that they are bound to become more widespread in the future. At least 26 states have legislation enabling local governmental units, such as cities, school districts, groups of school districts, or counties, to establish and operate community or junior colleges.

The administrative pattern for the development of junior colleges is somewhat varied. California, for example, has three types of districts authorized to maintain junior colleges.

A. Junior College Districts. These are separate political subdivisions of the state. The sole responsibility of the governing boards is the educational program for grades 13 and 14. A junior college district may be formed by two methods:

First, the governing board of one or more high school districts may petition the State Board of Education for permission to call an election for the purpose of forming a junior college district composed of the petitioning districts.

Second, a county committee on school district organization may make a recommendation for an election which, when approved by the State Board of Education, shall be called.

B. High School Districts. High school districts at one time were authorized to establish and maintain junior colleges. The authority for high school districts to establish junior colleges has been revoked, but the existing junior colleges in high school districts were continued in operation. . . .

C. Unified School Districts. The governing board of any unified school district having an assessed valuation of \$100,000,000 and an average daily attendance of 3,500 or more in grades 9-12 may establish a junior college on its own motion. The governing board is responsible for the educational program from kindergarten to grade 14. . . .²²

²²California, State Department of Education, Bureau of Junior College Education and Bureau of School District Organization, The California Public Junior College System: The Current Situation and Future Needs (Mineographed, January 20, 1960), p. 2.

Nonoperating School Districts--In 1960 there were 7,017 school districts which did not operate any schools. These were found in 30 of the 50 states, ranging in number from 1 to 1,675. These are classified as school districts because they have governing bodies with the same powers as those in small operating districts. Almost all of these nonoperating school districts once operated schools, usually a one-teacher elementary school. The great majority still have some pupils who are sent to another district on a tuition basis. These nonoperating districts carry out their functions by financing tuition and providing transportation to other school systems for school age children under their jurisdiction.

Summary

Americans have developed a variety of ways of administering their schools. Although the state has primary legal responsibility for education, it has generally delegated specific powers to various units of local government. The state, however, has kept certain functions. It has generally retained regulatory responsibilities, leaving local school boards of education as the governing authorities. Through the state board of education, the chief state school officer, and the state department of education, the states have managed to some degree to raise educational standards, to equalize educational opportunity, and to offer specialized services to local administrative units.

In 29 states responsibility for public schools rests with independent school districts. Out of the 42,429 school systems in the United States in 1960, independent school districts numbered 40,054. Other school administrative units were dependent upon the towns, townships, counties, and the state. Hawaii is the only state so centralized as to make the state the basic unit of school administration.

School districts differ in the scope of their educational programs. In 1960 21,646 systems provided only elementary education; 1,286, only secondary grades; and 12,480, both elementary and secondary grades. The last approach, the unified school district, is favored by many educators.

Educators and public administrators agree that reorganization of school systems is necessary by abolition, annexation, or consolidation so as to provide children with adequate educational opportunity at reasonable cost. Reorganization is well under way as evidenced by the reduction of school districts by more than one-half since 1942. However, there still exist some 7,000 nonoperating school districts and also some 6,000 operating districts with fewer than 15 pupils apiece.

The participation of the federal government is also part of the American educational pattern. In recent years, an increasing amount of financial support has come from the federal government through various acts of Congress. At the present time growing attention is being given to the nature and degree of federal participation desirable in education.

III. POWERS OF BOARDS OF EDUCATION

That the American pattern of school organization embraces a variety of school boards is evident, and any discussion of their powers should be based on a broad classification. For purposes of this section, the powers of school boards will be discussed as they pertain to (a) state boards of education, (b) intermediate boards of education, and (c) local boards of education. The relationships among these different types of school boards are important and affect school administration. Attention will first be given to these relationships.

Relationships Among State, Intermediate, and Local Boards of Education

The existence of state, intermediate, and local boards of education is evidence of the multiplicity of agencies which have some responsibility for public education. The primacy of the state government in the management of education has been upheld in the courts many times. However, since each state determines the nature of its relationships to its subordinate units, these relationships are not identical in the various states.

This wide recognition of education as being primarily the responsibility of state governments has given rise to a "centralist" theory of education which makes the following contentions:

. . . The state agency, empowered by proper legislation, would prescribe the curriculum for all schools, supervise the preparation of teachers, issue certificates to properly qualified persons, employ, assign, and transfer personnel, collect and disburse the school money, plan, construct, and finance school plants, adopt and furnish textbooks, operate pupil transportation, and so on. In brief, education in a highly centralized state, strictly speaking, would be administered in much the same way as in a large city school district.¹

¹Calvin Grieder and William E. Rosenstengel, Public School Administration (New York: Ronald Press, 1954), p. 28.

The centralist position is generally supported by those who feel that the state can best make educational opportunity available to all children, in view of the discrepancies in financial ability to support public education in the various school districts. Advocates of state centralization point to increasing assumption of the states in such matters as the following:

1. Increased state centralization of control over education in such matters as textbook adoption, courses of study, teacher tenure, budgetary control.
2. Increased state responsibility for the support of education, reflected in greater appropriations, aid for school plant construction, and modification of tax systems.
3. More emphasis on efficient management, as shown by legislation for state-wide standards of budgeting and accounting, district reorganization, and pupil transportation.²

In contrast to the centralist is the "decentralist" who emphasizes the principle that "schools belong to the people," and argues that schools can be responsive to the will of the people only if there is local control of education. Many citizens and educational administrators share this viewpoint. They generally fear that centralization will result in mediocre schools because of greater standardization and a larger bureaucracy. Supporters of decentralization emphasize the importance of local initiative, interest, and support as the best means of improving the educational system.

Present conditions seem to call for an effective partnership between state and local administrative units.

. . . The consensus of experts is that the states should, by statute and regulation, guarantee educational opportunities of an adequate standard to every child and youth--that is, a "foundation program." To achieve this, state authority must make it possible for school districts to meet the standard without excessive effort. Herein lies the key to the extent of state authority.³

²Ibid., p. 28.

³Ibid., p. 30.

Fundamental to state-local relationships, many educators feel, is the freedom of local units to exercise initiative so that they may exceed state standards and develop new and better educational programs. In view of this, present practice provides that state standards should be sufficiently high as to be adequate for the preparation of students, but not so high as to make it impossible for local school districts to exceed them through local initiative. Local school administrative units, as agents of the state, have the legal function of providing the kind of education required or permitted by the state and, as agents of the local community, of making adaptations and innovations necessary to reflect community desires in the administration of public schools.

The intermediate boards of education, operating between local and state boards, provide supplementary services to two or more local boards and also attempt to improve communication between state and local boards.

Powers of State, Intermediate, and Local Boards of Education

State Boards of Education⁴

In 1959 state boards were found in 47 states; there being none in Illinois, Michigan, and Wisconsin. In states which do not have a board of education, the chief state school officer is generally charged with the policy-making functions of the state board and the professional administrative functions of his position. Individuals who prefer having a state board in addition to a chief state school officer generally believe that there is "a sharp

⁴Since an earlier report of the Legislative Reference Bureau, entitled State Boards of Education, was distributed in September 1959, this discussion on the powers of state boards will be brief and will supplement, not duplicate, the earlier report.

distinction between the lay control of education and the professional administration of . . . educational systems."⁵

The powers of state boards of education vary, "ranging from the promotional, advisory, or nominal supervision of the types as found in . . . Indiana and Wyoming to the strong policy-making and centralized administrative control associated with the state boards of Connecticut, Delaware, Idaho, New York, and California."⁶

In general, centralization of responsibility for public education in one board, except for higher education, is favored. However, the development of junior colleges has introduced a new element. In 1947 the report of the President's Commission on Higher Education recommended that public higher education, with certain limitations, be placed under the supervision and control of state boards of education.⁷ The National Council of Chief State School Officers recommended that a program of public community college education should be offered by state boards of education.⁸

In a survey of state boards of education in July 1954, it was found that the general supervision of public elementary and secondary schools was assigned as follows:

⁵Fred F. Beach and Andrew H. Gibbs, The Structure of State Departments of Education, Misc. No. 10 (Washington, D. C.: Government Printing Office, 1949), pp. 6-7.

⁶Ward W. Keesecker, State Boards of Education and Chief State School Officers, Bulletin 1950, No. 12 (Washington, D. C.: Government Printing Office, 1950), p. 40.

⁷U. S. President's Commission on Higher Education, Higher Education for American Democracy, Vol. III, Organizing Higher Education (Washington, D. C.: Government Printing Office, December 1947), p. 71.

⁸National Council of Chief State School Officers, Our System of Education (Washington, D. C.: National Education Association, 1950), p. 9.

Table 4. State Agencies Supervising Public Elementary and Secondary Education: July 1954

Agent	States	Total
State Board of Education	Alaska, Arkansas, Connecticut, Delaware, Hawaii, Iowa, Maine, Maryland, Massachusetts, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, Ohio, Rhode Island, Texas, Utah, Vermont	20
State Board and Chief State School Officer	Alabama, Arizona, California, Florida, Georgia, Idaho, Kansas, Kentucky, Louisiana, Mississippi, Montana, Nevada, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, Tennessee, Virginia, Washington, West Virginia, Wyoming	22
State Board and Vocational Education Board	Colorado	1
State Board, Chief State School Officer, and Vocational Education Board	Indiana	1
Chief State School Officer	Michigan, Pennsylvania, South Carolina, South Dakota, Wisconsin	5
Chief State School Officer and Vocational Education Board	Illinois	1

Sources: Fred F. Beach and Robert F. Will, The State and Education; The Structure and Control of Public Education at the State Level, Misc. No. 23 (Washington, D. C.: Government Printing Office, 1955), pp. 45-163. Also Baldwin's Ohio Revised Code Service, 1958 Cumulative Issue, Sec. 3301.07 and North Dakota Revised Code of 1943, 1957 Supplement, Sec. 15-2117 and 15-2119.

Vocational Education--In most instances the state board of education serves also as the state board of vocational education and administers programs of vocational education. In states where authority and responsibility are unified in the state board, the chief state school officer is appointed by the board, except in New Jersey and Alaska. In states where responsibility is divided between the state board and the chief state school officer, he is generally elected by the people except in Nevada, New Mexico, and West Virginia where he is appointed by the state board and in Tennessee and Virginia where he is appointed by the governor. In states where the chief state school officer has key responsibility, state boards (if they exist) serve in an advisory capacity to him as was true in South Dakota. However, since 1954, South Dakota has passed an Education Revision Law which gives the state board of education some broad responsibilities previously exercised by the state superintendent.

Table 5 describes the responsibilities of state boards of education in the various states, as of July 1954, in terms of whether they supervise and regulate elementary and secondary schools, vocational education, schools for handicapped children, corrective institutions, and higher education.

Higher Education--According to a recent report of the Office of Education, 34 out of 47 state boards of education in 1959 had some responsibility for higher education:⁹

- 16 served as "governing-coordinating" boards (having legal responsibility for "functioning both as a coordinating board and a governing board for two or more institutional units")
- 18 exercised other powers ("supervising, accrediting, certifying, advising, or performing a similar function")

⁹S. V. Martorana and Ernest V. Hollis, State Boards Responsible for Higher Education (Washington, D. C.: Government Printing Office, 1960), pp. 6, 21.

State boards of education in Kentucky and Montana administered their state universities; Idaho, its combined state university and land grant college; 5 states, their land grant colleges; and 18 states, their four-year or more colleges. Out of the total of 314 higher education institutions administered by state boards of education, 217 or 69 per cent were two-year colleges.

Two-year colleges make up the largest number of higher education institutions having some relationship with state boards of education. However, a great number of these two-year colleges are governed by other boards, although state boards of education perform supervisory or accrediting functions for them. For example, in California the state board of education governs and coordinates 13 state colleges and has supervisory responsibility for 63 two-year colleges.

The need for setting minimum standards for licensing and operating institutions of higher education--especially those with degree-granting privileges--has been explored by the American Council on Education that feels that "responsibility for administering these standards should be vested in the appropriate state educational authority."¹⁰ The Council recommends the passage of federal legislation to supplement state action. Such legislation would curb the development of "degree mills" ("institutions calling themselves colleges or universities which confer 'quick-way', usually mail-order, degrees on payment of a fee."). The Council of State Governments has prepared suggested legislation to "prevent deception of the public resulting from fraudulent or substandard degrees."¹¹

¹⁰Robert H. Reid, American Degree Mills; A Study of Their Operations and of Existing and Potential Ways to Control Them (Washington, D. C.: American Council on Education, 1959), p. 77.

¹¹Council of State Governments, Suggested State Legislation Program for 1960 (Chicago: the Council, October 1959), pp. 43-46.

Table 5. Responsibilities of State Boards of Education,
By Type of Institution: July 1954

Jurisdiction	Elementary and Secondary Education	Vocational Education	Schools for Physically Handicapped	Corrective Institutions
<u>States:</u>				
Alabama	x	x		
Arizona	x	x		
Arkansas	x	x		
California	x	x	x	
Colorado	x			
Connecticut	x	x		
Delaware	x	x		
Florida	x	x		
Georgia	x	x	x ¹	
Idaho ²	x	x	x ¹	x
Illinois	--	--	--	--
Indiana	x			
Iowa	x			
Kansas	x	x		
Kentucky	x	x	x	
Louisiana	x	x	x	
Maine	x	x		
Maryland	x	x		
Massachusetts	x			
Michigan	--	--	x ¹	--
Minnesota	x	x		
Mississippi	x	x		
Missouri	x	x	x ¹	
Montana	x	x	x ³	x ⁴
Nebraska	x			
Nevada	x	x		
New Hampshire	x	x		
New Jersey	x	x	x	
New Mexico	x	x		
New York ⁵	x Board of Regents	x	x	
North Carolina	x	x		
North Dakota	x			
Ohio	x			
Oklahoma	x	x	x ¹	
Oregon	x	x		

Table 5. (Continued)

Jurisdiction	Elementary and Secondary Education	Vocational Education	Schools for Physically Handicapped	Corrective Institutions
Pennsylvania	---	---	---	---
Rhode Island	x	x	x	
South Carolina	Advisory	x		
South Dakota	---	---	---	---
Tennessee	x	x	x ¹	
Texas	x	x	x ¹	
Utah	x	x	x ¹	
Vermont	x	x		
Virginia	x	x	x ¹	
Washington	x	x		
West Virginia	x	x	x ¹	
Wisconsin	---	---	---	---
Wyoming	x	x		
<u>Territories:</u>				
Alaska	x	x		
HAWAII	x	x		

Source: Fred F. Beach and Robert F. Will, The State and Education; The Structure and Control of Public Education at the State Level, Misc. No. 23 (Washington, D. C.: Government Printing Office, 1955), pp. 45-163.

¹These are schools for the blind and the deaf.

²There are identical members on the three educational boards in Idaho: Regents of the University of Idaho, State Board of Education, and State Board for Vocational Education.

³The Montana State Training School for Mentally Retarded.

⁴Montana State Industrial School for Boys and Montana State Vocational School for Girls are corrective institutions. In addition, the state board also administers the Montana State Orphans Home.

⁵Also operates state schools for Indians.

Nonpublic Schools--In addition to higher education, some state boards and departments of education have legal responsibilities for nonpublic educational institutions. A recent publication on the relationships between the state and nonpublic schools discusses and summarizes them in terms of the following selected areas:¹²

Establishment and supervision: The authority to incorporate nonpublic schools is vested in the state departments of education in every state except New York where the board of regents, which is the state board of education, is given this authority.

Compulsory education: Compulsory education legislation is found in 46 states (except Mississippi and South Carolina) and nonpublic schools must comply to these standards (length of school term, etc.).

Curriculum: Nonpublic, like public, schools must offer certain instruction deemed essential in a democracy.

Records and reports: Nonpublic schools must keep attendance records and make reports to state boards of education in compliance with compulsory educational laws.

Teacher certification: Some states (Alabama, Nebraska, North Carolina, and Ohio) have explicit legislation for state departments to certify teachers in nonpublic schools serving children of compulsory school age.

Public transportation: State departments of education have supervisory powers over school transportation as provided by local districts. In 16 states (Alabama, California, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan,

¹²Fred F. Beach and Robert F. Will, The State and Nonpublic Schools, Misc. No. 28 (Washington, D. C.: Government Printing Office, 1958), pp. 22-27.

New Hampshire, New Jersey, New Mexico, New York, Oregon, and Rhode Island) free transportation for children attending nonpublic schools is provided.

Health and safety: State departments have responsibility for health and safety programs--physical examinations for students, fire drills, etc.

Textbooks: Three states (Louisiana, Mississippi, and New Mexico) have statutes providing children with free textbooks. Nonpublic schools using such books must comply with educational requirements of the state.

Libraries--A report of the Legislative Reference Bureau indicates that the following 11 states place library extension service (phase of state library service closest to the public library service in Hawaii) within the framework of the department of education: Alaska, California, Colorado, Connecticut, Georgia, Maryland, Massachusetts, Minnesota, New Jersey, New York, and Pennsylvania.¹³

Summary--It is clearly evident that state boards of education vary in the scope of their powers. Perhaps an illustration will be helpful. New York is an example of a state which has granted its state board of education, the Board of Regents, broad powers; its system has been referred to as "the most comprehensive educational organization in the world."¹⁴

The New York Board of Regents under the Unification Act of 1904 became responsible for all education--elementary, secondary, and higher--both public and private. It also became responsible for other state undertakings, many of which are not ordinarily assigned to a state board of education.

¹³University of Hawaii, Legislative Reference Bureau, State Organization for Public Library Service, Request No. 7521 (July 21, 1959), p. 3.

¹⁴Caroline K. Simon, Manual for the Use of the Legislature of the State of New York, 1959 (New York, 1959), p. 529.

Among their specific powers, the Regents are authorized to exercise legislative functions concerning the educational system of the State; to determine its educational policies, and make rules for carrying into effect the laws relating to education and the powers of the University. They are authorized to incorporate educational institutions and organizations; they may confer degrees and regulate their issuance within the State; they have power to visit and inspect educational institutions of the State, conduct examinations therein and require reports therefrom; they register domestic and foreign educational institutions and fix the value of degrees, diplomas and certificates from all parts of the world, when presented for entrance to schools, colleges, universities and the professions; they may establish and stimulate educational extension work and conduct examinations and grant credentials therein; and they supervise the preliminary education requirements for admission to the practice of law, medicine, dentistry, veterinary medicine, pharmacy, optometry, podiatry, engineering and land surveying, architecture, ophthalmic dispensing, psychology and to practice as a registered or practical nurse, a certified public accountant, and a certified shorthand reporter. The department has jurisdiction over all Indian schools. The regulation of motion pictures came under the department on January 1, 1927. . . .¹⁵

The scope of powers held by various state boards of education is related to their relationships with the chief state school officer. A clear legal definition of this relationship is desirable. A recent educational survey of Kansas sheds some light on complications which may arise when the superintendent is elected by the people and the state board is appointed by the governor.¹⁶ Although the board may establish policies, the superintendent tends to feel responsible to the people who elected him, rather than to the board. It was therefore recommended that the board appoint the superintendent.

The Educational Policies Commission indicates that "the most important single duty performed by any board of education is the selection of its chief

¹⁵Ibid., pp. 529-30.

¹⁶Kansas Legislative Council, Education Committee, Comprehensive Educational Survey of Kansas, Summary Report (a condensation of the five-volume report) prepared by the Survey Staff (Otto E. Domian and Robert J. Keller, directors) (Topeka: the Council, May 1960), pp. 106-07.

executive officer. Its second most important task is to hold him responsible for the program which he and it have worked together."¹⁷

In brief: Out of the 50 states, 47 have established state boards of education that generally determine educational policies for public elementary and secondary schools. Although there are variations in the range of educational programs which they administer, 34 state boards have some responsibility for higher education, 17 for schools for handicapped children, and 2 for corrective institutions for minors. In 11 states, they also administer the library extension service. In general, the centralization of responsibility for public education, except for higher education, in one board is favored. Although some state boards of education supervise certain aspects of higher education or coordinate the programs of several institutions, not one has governing responsibilities for higher education throughout the state. It is imperative that the duties of the state board and of the chief state school officer be clearly defined.

Local Boards of Education

Local boards of education are the agents of the states as well as the means through which local control of education is maintained. As agents of the state, they exercise the particular powers granted them by state legislatures and other state officials.

A recent study of the membership on local boards of education revealed the following selected highlights.

Exclusive of small districts, school boards usually consist of five or seven members.

Three- to 6-year terms of office are most common for school board members.

More than 95 percent of all local school boards are elected by popular vote.

¹⁷Educational Policies Commission, The Structure and Administration of Education in American Democracy (Washington, D. C.: the Commission, 1938), p. 59.

A majority of board members are chosen on a non-partisan basis at separate elections.

Most board members are chosen from the school district at large.

Compensation for school board members is the exception rather than the rule.¹⁸

There were more than 42,000 local boards of education in 1960, most of which had fiscal independence. Table 6 indicates that in 1957 there were 29 states whose local school districts were all independent, having the right to levy taxes and to incur indebtedness. In all but one state (South Carolina), local school districts also have complete control over their budgets. In South Carolina there is a different arrangement: budgetary independence in some areas, review of the budget by the county delegation to the state legislature, or review of the budget by other local government boards. It is interesting to note that most school board members are elected in these 29 states.

In the four states which have no independent school districts (Maryland, North Carolina, Rhode Island, and Virginia), the county, town, or city reviews the budget and is responsible for financing public education. In Rhode Island all school board members are elected, in Virginia they are all appointed, and in Maryland and North Carolina they are either elected or appointed.

Table 7 presents the method for selecting school board members and for financing public education in 15 states which have both "fiscally independent" and "fiscally dependent" school districts. Election is the common method of selection in these states. It should also be noted that many dependent school districts are found in municipal areas.

¹⁸Morrill M. Hall, Provisions Governing Membership on Local Boards of Education, Bulletin 1957, No. 13 (Washington, D. C.: Government Printing Office, 1957), inside cover.

The activities undertaken by local school boards can be classified as follows: (a) effectuating the laws of the state and the regulations of state authorities relating to school elections, taxation, budgeting, purchasing, contracting debt, school construction, pupil transportation, school attendance, teacher qualifications, and the like; (b) establishing basic rules and regulations for teachers and pupils in their school district; (c) observing and evaluating the work of the schools; (d) adjudicating differences between staff members of equal rank, hearing appeals of a subordinate over his superintendent, etc.; and (e) selecting a superintendent of schools to execute board policies and administer the schools.¹⁹

Despite the many powers given to local boards, they are limited by state laws as interpreted by the courts, by rules and regulations of the state board, sometimes by provisions of city charters, etc. For legal purposes, the board of education has been considered a corporation or, more strictly, a quasi-corporation "with the sole and only power of acting on matters pertaining to the public schools."²⁰ The powers of local boards of education have been described as follows:

The school board has and can exercise those powers that are granted in express words; those fairly implied in or necessarily incidental to the powers expressly granted, and those essential to the declared objects and purposes of the corporation.²¹

¹⁹Charles E. Reeves, School Boards; Their Status, Functions and Activities (New York: Prentice-Hall, 1954), pp. 139-40. Other sources include Harl R. Douglass and Calvin Grieder, American Public Education; An Introduction (New York: Ronald Press, 1948), pp. 166-67; and Maurice E. Stapley, School Board Studies (Chicago: University of Chicago, Midwest Administration Center, June 1957).

²⁰People v. Dupuyt, 71 Ill. 651.

²¹Board of Education of Oklahoma City v. Cloudman, 185 Okl. 400, 92 P.2d 837 (1939) as quoted in Robert R. Hamilton and E. Edmund Reutter, Jr., Legal Aspects of School Board Operation (New York: Teachers College, Columbia University, 1958), p. 4.

Table 6. Selection of Local School Boards
in 29 States Composed Solely of
Independent School Districts: 1957

No. of School Districts	States	Selection of Board Members
112	Alabama	Elected or appointed ¹
423	Arkansas	Elected
1,840	California	Elected or appointed ²
936	Colorado	Elected ³
67	Florida	Elected
198	Georgia	Elected or appointed
168	Idaho	Elected
1,993	Illinois	Elected or appointed ⁴
1,030	Indiana	Elected, appointed or ex officio
3,665	Iowa	Elected
3,140	Kansas	Elected ⁵
221	Kentucky	Elected
67	Louisiana	Elected
3,214	Michigan	Elected
3,234	Missouri	Elected
1,149	Montana	Elected
4,942	Nebraska	Elected
17	Nevada	Elected
95	New Mexico	Elected or appointed ⁶
1,998	North Dakota	Elected
1,168	Ohio	Elected
1,643	Oklahoma	Elected
726	Oregon ⁷	Elected ⁶
107	South Carolina ⁸	Elected or appointed
3,288	South Dakota	Elected
40	Utah	Elected
471	Washington	Elected ⁶
55	West Virginia	Elected
246	Wyoming	Elected

Source: U. S. Bureau of the Census, 1957 U. S. Census of Government, Vol. I, No. 1, Local Government Structure (Washington, D. C.: Government Printing Office, 1957), pp. 7-85.

¹Elected in 67 counties and appointed in 45 cities. County boards can levy taxes and incur indebtedness; city boards can levy taxes but bonds are issued by the city government with the approval of the electorate.

Table 6. (Continued)

- ²Appointed only in San Francisco and Sacramento.
- ³Except in high school districts where board members are elected from and by board members of the participating districts.
- ⁴Appointed only in Chicago.
- ⁵Except in two municipal university districts.
- ⁶Except in union high school districts where boards are composed of representatives from the boards of participating districts.
- ⁷No bonds can be issued by non-high school districts.
- ⁸There are several different plans for budgetary control:
(a) complete independence, (b) budget reviewed by the county delegation to the state legislature, and (c) budget reviewed by county board of education.

Table 7. Selection and Fiscal Powers of Local School Boards in 15 States
Composed of Independent and Dependent School Districts: 1957

Independent School Districts			Dependent School Districts		
Selection of Board Members	No.	States	No.	Selection of Board Members	Fiscal Source
Elected	250	ARIZONA	3	County accommodation schools under county superintendent	County
Elected	3	CONNECTICUT	167	Elected	City or town
Elected or appointed	15	DELAWARE	2	— ¹	—
Appointed ²	8	MAINE	476	Elected ³	City or town
Determined by special legislation	4	MASSACHUSETTS	349	Elected ⁴	City or town
Elected	3,464	MINNESOTA	15	Elected or ex officio	City or county
Elected or appointed ⁵	79	MISSISSIPPI	82	Elected	County
Elected ²	220	NEW HAMPSHIRE	9	Elected or appointed	City
Elected	489	NEW JERSEY	74	Appointed	City, town or county
Elected or appointed	1,664	NEW YORK	6	Elected or appointed	City
Elected or appointed	2,417	PENNSYLVANIA	441	— ⁶	—
Determined by special legislation ⁷	14	TENNESSEE	137	Elected, appointed or ex officio	City or county
Elected	1,792	TEXAS	7	Elected, appointed or ex officio	City
Elected ⁸	16	VERMONT	242	Elected ²	City or town
Elected	3,758	WISCONSIN	90	Elected or appointed	City or county

Source: U. S. Bureau of the Census, 1957 U. S. Census of Government, Vol. I, No. 1, Local Government Structure (Washington, D. C.: Government Printing Office, 1957), pp. 7-85.

¹State Board Unit Schools are administered by the State Department of Education.

²In cooperative or regional districts, board members are chosen by participating districts. Financial needs are determined, and the participating districts share expenses.

Table 7. (Continued)

- 3 Except for one "unorganized territory" administered by the State Department of Education.
- 4 Except for three county agricultural schools whose boards are composed of members of the board of county commissioners in an ex officio capacity plus others appointed by the governor.
- 5 Amount needed is determined by school districts, but city or county governing bodies collect funds. Bonds are issued at the request of and in the name of school districts, but by the local governing unit after the approval of the electorate is given.
- 6 Joint schools are jointly undertaken by two or more governmental units which select their boards from and support their schools through the participating districts.
- 7 Maximum rate of taxation for each school district is set by the legislation creating the special school district. Bonds are issued by the county or fiscal body, not the board of education.
- 8 Except for cities which issue the bonds.

Discretionary powers, those involving the exercise of judgment in promoting the legal objectives of the school board, have generally been interpreted liberally by the courts. The various rules and regulations adopted by local boards usually have the force of law and provide the basis for operating the public schools. In recent years written statements of policy by boards of education have become popular.²² While this practice is far from universal, indications are that more and more boards are seeing the advantages of written school policies in promoting continuity of board action, informing school personnel and interested parents, contributing toward greater efficiency and consistency, helping in the orientation of new members, etc.

Just as the relationships between state boards and state superintendents of education need clarification so do those between local boards and local superintendents. A recent survey in 1952-53 conducted in Massachusetts studied superintendents and school board members to tap their feelings about their jobs.²³ Among the findings were the following: (a) there is need for a clear statement of the responsibility of school board members and superintendents; (b) there is need for more effective leadership from superintendents; (c) there is need for school systems to establish procedures by which citizens might express their views with a minimum exertion of pressure.

Some areas have attempted to handle such problems as the above by establishing citizens' advisory committees on education, representing a large segment of public opinion in the school district.

²²Alpheus L. White, Characteristics of Local School Board Policy Manuals, Bulletin 1959, No. 14 (Washington, D. C.: Government Printing Office, 1959), pp. 1-2.

²³Neal Gross, Who Runs Our Schools? (New York: John Wiley and Sons, 1958), pp. 136-46.

. . . Such councils should be composed of persons from the principal organizations or occupational groups of the community as determined by the school board, but the number of members should lie between 20 and 30 in order that the group will be large enough to be effective in action. If the representation of all important organizations will require too many members, some can be selected to represent combinations of groups, such as one to represent all service clubs, all labor organizations, or all professional organizations. Preferably, all members of the council should be laymen. If representatives of teachers or other school organizations are on the council, they may be suspected of exerting undue influence.²⁴

The work of such advisory committees is twofold: to inform the board about community desires and to help the community understand board action.

To summarize: Local school boards are agents of the state and exercise the particular powers granted them by their state constitutions and/or legislatures and the discretionary powers necessary to promote their legal objectives. School boards possess a wide range of powers, among which are the following: effectuating the laws of the state and regulations of the state board; formulating rules and regulations for teachers, pupils, and other staff members; observing the operation of their schools with a view to improving them; adjudicating disputes between staff members; appointing a school superintendent; etc. Some school boards also have the power to levy taxes and to incur indebtedness for school purposes. Such school districts are said to be fiscally independent. In 1960, 29 states had fiscally independent school districts exclusively, 5 had fiscally dependent school districts exclusively, and the remaining 16 had both types of school districts.

Intermediate Boards of Education

Intermediate school districts are found in 34 states. There are none in the 12 county-unit states and in Nevada and Delaware, both of which have state departments of education furnishing administrative and supervisory

²⁴Reeves, op. cit., p. 301.

functions. There are three types of intermediate school districts: the county in most states; the supervisory union or superintendency district in New York and in the New England states; the township as found in Michigan, Wisconsin, and Illinois.

These intermediate agencies function between the state boards and the local school boards. They may have a board, a school officer, or both, responsible for rendering certain services to the local units and for supervising their fiscal, administrative, and educational functions. Among the activities of intermediate school agencies are the following: conduct of school elections; supervision of the formation, alteration, or merger of school districts; distribution of state funds; maintenance of records and accounts; administration of school transportation; supervision of instruction; etc. Their responsibilities have been classified as follows: "general educational leadership; specialized educational services; and management, accounting, and purchasing services for small school districts."²⁵

Organization of intermediate districts is based on the theory that (a) some services (education for handicapped children, vocational education, school transportation) can more economically be handled for a larger area and population than those of the local school district and (b) an agent between the state and basic units may contribute toward better communication. Over the years, the functions of the intermediate districts have expanded. In some states intermediate school boards with elected members have been established. Supporters contend that when intermediate districts function well, they enrich the educational program of local districts and

²⁵National Education Association, Department of Rural Education, The County Superintendency of Schools in the United States (Washington, D. C.: the Association, 1950), p. 128.

foster local initiative. However, not all educational administrators agree: "Many arguments are given in support of the intermediate district but, with all deference to their proponents, not one contention can be upheld except in the absence of satisfactory basic units. The intermediate district . . . looks fine on paper, but solves no problems that can't be solved better by good local administrative districts."²⁶ Another evaluation states: "In general, these units [intermediate school boards] are comparatively powerless and poorly supported, and have served mainly as way stations for transmitting funds and information between the basic districts and the state agencies."²⁷

²⁶Grieder and Rosenstengel, op. cit., p. 17.

²⁷Benjamin F. Pittenger, Local Public School Administration (New York: McGraw-Hill, 1951), p. 32.

IV. PUBLIC SCHOOL FINANCE

From all accounts of present school needs and estimates of predicted school needs, it is apparent that the financing of public schools is a problem of growing magnitude. Total revenues for public education, for example, have almost tripled from \$4.3 billion in 1947 to \$12.2 billion in 1957. Most of this rise in school costs has been met by increasing state expenditures, along with more extensive federal contributions. Among the many factors identified as contributing to the need for greater funds are the following:

1. Growth of population--Since the end of World War II the population for the entire country has grown by 35 million and an additional 25 per cent increase is anticipated by 1975. The school age population has also risen and at a faster rate than the total population.
2. Backlog of construction needs--In recent years there have been three periods when school construction was restricted: (a) the depression period resulted in delinquent taxes and reduced property valuations and revenues; (b) World War II was a time when building materials and labor were scarce; and (c) the post-war years ushered in a period of high prices. The 1960 Municipal Year Book indicates that the index of school building costs, using a base of 100 in 1939, reached 235.9 in August, 1959.
3. Increase in operational costs--Just about every aspect of school operation has increased in cost--teachers' salaries, custodial services, school transportation, office help, textbooks, teaching supplies, etc.

4. Expansion of educational programs--The elementary and secondary school curriculum today is much broader than before; among the new areas are vocational training, health and recreational activities, guidance and counseling, and programs for exceptional children.

A comparison of 1949 statistics and 1959 estimates on a few items related to school expenditures may help to illustrate further the magnitude of the finance problem in education.

Table 8. Selected School Statistics for 1949 and 1959

Item	1949	1959 Estimate	Per Cent of Increase Over 1949
Population 5-17 years of age	30,220,000 ¹	43,400,000 ¹	43.6
Public school enrollment	25,185,436	36,399,802	44.5
Instructional staff	962,174	1,455,335	51.3
Average annual salary of instructional staff	\$ 3,010	\$ 5,160	71.4
Revenue receipts of school districts	5,437,044,000	13,472,194,000	147.8
Total expenditures	5,802,028,000	15,543,109,000	167.9
Current expenditure	4,687,274,000	11,910,269,000	154.1
Capital outlay expenditures	1,014,176,000	3,255,171,000	221.0
Expenditure for interest	100,578,000	377,669,000	276.8

Source: National Education Association, Research Division, Estimates of School Statistics, 1959-60, Research Report 1959-R23 (Washington, D. C.: the Association, December 1959), pp. 7-17.

¹Excludes Alaska and Hawaii. If included for 1959, the total would be 43,566,000.

In view of the growing financial needs of education, the adequacy of present sources of local taxation has been questioned. School districts in

urban and suburban areas are finding the property tax, the chief source of revenue for education, increasingly inadequate in providing funds for school operation. Proposals for meeting this problem include suggestions that local school districts be authorized to levy other taxes for school purposes and that property tax assessment procedures be re-examined.

Fiscal Interdependence

As indicated earlier in this report, the states are responsible for public education, and they have financed education through (a) allocations of state funds directly to local school systems and (b) provisions authorizing local boards of education to levy taxes for school support.

William Anderson in his recent study of intergovernmental relations describes the fiscal interdependence characteristic of school support as follows:

Local governments in particular have increasingly lost their fiscal autonomy in becoming so dependent upon the states. Indeed, state and local governments have become more and more tightly bound together in fiscal matters. The school districts throughout the nation are moving toward a situation where 50 per cent or more of their revenues will come to them as state aid or shared taxes. The counties are somewhat behind, but they are moving toward a 40 per cent dependence. Cities, in general, having been denied substantial state aid in most states, have retained a larger measure of fiscal autonomy, but to do so they have had to increase their revenues from local service charges, license fees, fines, and other sources, and to cut services below what many citizens and officials consider a desirable level. And even for so-called home-rule cities, those that are entitled to make and alter their own city charters, home rule in the sense of substantial power to shape their own fiscal powers has not been achieved and is not likely to be. Tax policy in particular is for the states, not the local governments, to make, and even the states are hemmed in to some extent by the national government's dominant position in the fiscal field.¹

¹William Anderson, Intergovernmental Relations in Review, Research Monograph No. 10, Intergovernmental Relations in the United States (Minneapolis: University of Minnesota Press, 1960), p. 111.

State aid to local governments has been used to regulate, encourage, and equalize educational programs. Requiring a minimum local tax effort before state aid is granted is an example of regulation. Allocating state funds for a special purpose, such as gifted child programs, is an example of encouragement. Providing a greater percentage of state aid to less financially able school districts in order to maintain minimum standards is an example of equalization.

The Foundation Program

Although the means employed by state governments to aid local school districts vary, the "foundation program" approach has helped to clarify the fiscal relationships between states and school districts. The foundation program is developed by describing the level of educational services that the people of a state feel is basic. Such factors as the following may be considered: (a) upper and lower limits of the program, (b) length of school term, (c) curricular offerings, (d) cocurricular opportunities, (e) teacher preparation, (f) teacher load, and (g) instructional aids and services. The desired educational program, in turn, is translated into monetary terms by considering the amount necessary to provide such services.

The foundation program thus designates "basic amounts that must be made available to all school administrative units to support the basic program of instruction defined as essential to children in all parts of the State."² The almost completely state-supported educational programs in Delaware and North Carolina can be viewed as foundation programs.

²Albert R. Munse and Eugene P. McLoone, Public School Finance Programs of the United States, 1957-58, Misc. No. 33 (Washington, D. C.: Government Printing Office, 1960), p. 2.

The support of the foundation program is usually furnished by both the state and local school districts; the extent of state participation varies with the financial ability of the school district.

. . . State legislatures may provide that its foundation program financing will be a partnership plan, with the State and the local school administrative units mutually obligated to supply supporting funds. The local district's share is generally an amount from a calculated standard effort and the legislature appropriates funds for the State share to make up the difference between the local contribution and the total cost of the foundation program.³

Since the foundation program is more than a means of apportioning state aid for education but represents the quantity and quality of educational experiences to be provided for children throughout a state, it is essential that its level be such as to guarantee educational standards deemed desirable by that state and to encourage local initiative to improve the schools even further.

Usually the major portion of foundation program funds is used for current operating expenses which cover such items as instruction, administration, school plant operation and maintenance, pupil transportation, and similar services. State aid for school transportation is provided by 42 states; in 19 states the allocation is made within the foundation program for all school districts; in 21 it is not; and in 2 it is made within the foundation program for some school districts and separate from the foundation program in others.⁴ Some states have also included appropriations for capital outlay and debt service.

Some provisions, which might be classified as grants, may also be included in the foundation program. Several states provide funds which enable

³Ibid., p. 2.

⁴E. Glenn Featherston, Characteristics of State Plans for Financing Pupil Transportation, Circular No. 458 (Revised; Washington, D. C.: Office of Education, November 1958), p. 1.

local school districts to pay the tuition bills of resident children attending neighboring schools. When community colleges are maintained as part of a public school system, the foundation program expenditure per student may be higher than that for the high school student. Additional funds are often allocated to school districts offering special instructional programs, such as trade, vocational, and home economics education and education for handicapped children.

The question of what services should be included in the foundation program has no one answer; different states have made varying provisions. However, the foundation program, by definition, includes all the services and facilities that a state desires to assure to every community.

Calculating the Foundation Program

The appropriation for the foundation program is calculated in various ways by different states. The "lump sum" plan provides an approved sum per pupil or classroom unit and local school boards have the right to prepare and approve budgets for their schools. Another plan, the "budget item" approach, grants allowances for numerous separate items in the budget (teacher salaries, instructional supplies, school construction, etc.).

The appropriation for school construction is usually a fixed amount per classroom or per pupil; for teacher salaries, a fixed amount per teacher. The appropriation for pupil transportation is based on various formulas approved by state legislatures. These generally take into account all or some of the following factors: number of pupils, number of busses, number of bus miles, density of transported population, road conditions, and bus depreciation.

The portion of the foundation program designated to cover current operating expenses is based generally on per pupil or per classroom units. Average daily attendance is also used by some states. In determining the per unit cost, such factors are considered: (a) What relationship is there between the expenditures for an elementary pupil and those for a high school student? (b) What modification should be made for extremely small schools in sparsely populated areas? To answer such questions as these, some writers have felt that the most desirable means of calculating the foundation program is through the development of standard units of cost based on extensive research and experience. These units of cost would be composed of items, properly weighted, which affect the operation of schools. Two of the most frequently used measures are the "weighted classroom unit" and the "weighted elementary pupil unit". They both represent similar approaches; the difference is only in the basic unit chosen.

For example, each high school student in average daily attendance might be defined as the equivalent of 1.3 elementary pupil units. Each of the following might be considered the equivalent of one classroom unit:

. . . 20 kindergarten pupils in average daily attendance (ADA); 20 high school pupils in ADA; 24 elementary pupils in ADA; 3 vocational, agriculture, or home economics teachers employed on a 12-month contract; one superintendent of schools; 2 full-time, fully certificated principals, supervisors, librarians, or counselors.⁵

In the majority of states, the foundation program is expressed in a specified monetary sum per unit. A few examples are given below to illustrate

⁵William E. Rosenstengel and Jefferson N. Eastmond, School Finance; Its Theory and Practice (New York: Ronald Press Co., 1957), pp. 73-74.

the variety of ways in which foundation programs are provided and the difference in funds distributed in 1958:⁶

California. \$212 per elementary unit of average daily attendance (\$232 for poor districts). Small districts approximately \$5,300 per teacher employed. High school, \$280 (\$350 for poor districts). Adult same as high school. Junior college \$380 per unit of average daily attendance. Transportation aid added on equalization basis.

Connecticut. Average daily membership weighted according to size, amounting to \$52.50 at average daily membership of 1,000. Small schools more. Schools of 125, \$100 per average daily membership. Transportation cost ignored.

Florida. Instruction units determined on average daily attendance basis; varies with school size. Then cost computed by allowing from \$2,900 to \$3,950 according to the degrees held by staff. Less for those without degrees. One-fifth added for those employed for twelve months. For each instruction unit \$300 added for operation and \$400 for capital outlay.

Illinois. \$200 per unit of average daily attendance. Transportation aid added.

Maryland. Amount of state minimum salary schedule, teachers and principals, increased by 25 per cent. Supervisory allowances and transportation added. Teachers allowed based on membership in October, weighted for school size.

Ohio. Average daily membership. Elementary \$137.50; high school (9 to 12) \$160. Plus portion of transportation cost.

Determining State and Local Contribution

The foundation program is a program guaranteed by the state in which school districts may participate, provided they meet the requirements deemed necessary by the state to qualify for state aid. One of these requirements is the contribution of the school district to the foundation program. Determination of the local share is usually approached in one of two ways: (a) a statewide total is established as the local share; this

⁶Paul R. Mort, Walter C. Reusser, and John W. Polley, Public School Finance; Its Background, Structure and Operation (Third edition; New York: McGraw-Hill, 1960), pp. 246-47.

is distributed among school districts by specifying fixed amounts as their share or by applying a specified millage rate to the state's total assessed valuation; (b) the local contribution is determined by basing it on proceeds of a specified tax rate on property or on percentage of the foundation program cost; the sum of these contributions makes up the statewide local contribution.

Still another approach is for the state to determine its contribution first. This is done by fixing the amount of the state contribution to the foundation program or by specifying a certain percentage of the foundation program to be borne by the state.

Basic to an effective and equitable financing of the foundation program is an accurate measure of the fiscal ability of local units. Ideally the local share represents a uniform local effort in all of the school districts participating in the foundation program. According to a publication of the Office of Education, the fiscal ability of local units is usually determined by one of four common methods:⁷

1. Local property assessed valuations--This method "relies completely on the local valuation of taxable property and is considered the least desirable."

2. Local assessments determined under state supervision--This approach appears "to be the most satisfactory measure of local financial capacity." The local valuation of taxable property is determined under an effective plan of state supervision of assessments. This procedure results in a broadening of the tax base through assessments which more closely approximate market values.

⁷Munse and McLoone, op. cit., p. 7.

3. State equalized assessed valuations of local property--This method makes no attempt to correct the differences in assessment practices existing within local communities. Instead "the State compares the assessed valuations with market valuations and determines ratios which are used to calculate equalized valuations of property. These valuations place all districts at the same percentage point in relation to the actual market values of property. From these equalized values, the State then determines the fair local share in the foundation program."

4. Economic indexes of local taxpaying ability--These are calculated by considering several economic factors associated with the market values of property in order to determine the relative ability of school districts. Some of the following items are included in the calculation of taxpaying ability: "sales taxes; passenger car licenses paid; state personal income taxes paid; assessed valuation of public utilities; value added by manufacture; value of farm products; number of gainfully employed workers, excluding agriculture and government; assessed value of nonexempt property; consumer purchasing power; scholastic population; payrolls; value of minerals produced." While the index of financial ability has certain advantages, its chief disadvantage is its lack of relationship with the property tax, the source from which local revenues are presently derived. Furthermore, tax rate limitations on the property tax and low assessed valuations of property may make it impossible for the school district to raise the necessary funds based on its economic indexes of taxpaying ability. The substitution of other local taxes should be considered if measures of economic capacity are to determine local fiscal ability.

Ten states use local property assessed valuations; 19, local assessments determined under state supervision, although only 7 use these to determine the required local tax effort; 22, state "equalized" assessments; 7, economic indexes of taxpaying ability.

Distributing State Aid

State funds are distributed to local school districts in several ways. The first is in terms of the purpose of the distribution. Such grants can be for: (a) general purposes--funds allotted to further educational purposes or (b) special purposes--funds allotted to support some portion or specific feature of a school program. The former type of distribution gives local boards of education liberty to use funds as they see fit. The latter distributions place certain restrictions on the use of funds and are usually for expenditures on transportation, education of handicapped children, health services, school lunches, etc.

Another way of distributing state aid is based on recognition of the financial ability of individual school districts in terms of the whole state. The two types of grants are: (a) flat grants--distribution on basis of such measures of the educational program as number of children, teachers, or classroom units, percentage of total educational cost, etc., or (b) equalization grants--distribution on basis of both need and financial ability of the school district.

In terms of the distribution patterns described above, the numerous grants made by the 48 state governments during the 1957-58 school year can be classified as follows:

1. General-purpose flat-grant distributions 56
2. General-purpose equalization distributions 49
3. Special-purpose flat-grant distributions 236
4. Special-purpose equalization distributions 43

To illustrate how complex is the distribution system of state aid, a description of California's program is given in Table 9.

Summary

Federal, state, and local governments contribute to the support of public education. Although the major portion of school support has traditionally come from local school districts, this picture is changing as state governments are beginning to furnish slightly more than 40 per cent of school revenues.

There are various forms of state aid, but the foundation program approach is commonly used. The foundation program designates basic amounts to support a program of instruction considered essential to all children in the state and is made available to all school districts, provided they are willing to bear their share of the cost. The foundation program concept has been considered helpful because it clarifies fiscal relationships between the state and its school districts and establishes the level of educational services deemed essential by that state. Distributions are in terms of general purpose or special purpose grants as well as flat or equalization grants.

States differ in the services they consider desirable for inclusion in the foundation program. The following are usually included: operational costs, transportation needs, and construction needs. Another area requiring consideration is the calculation of the necessary amount to effectuate the desired program. Various bases are used: number of pupils, size of teaching staff, number of classroom units and the like, but the weighted classroom unit or weighted pupil unit is considered a more desirable basis.

Determination of what should be the state share and the local share in supporting the foundation program is undertaken in different ways. Basic to this financing is an accurate measure of the fiscal ability of the local units, for ideally the local share represents a uniform local effort in all of the school districts participating in the foundation program.

Sources of Revenue

The earlier discussion of the historical development of the American pattern of school organization indicated that it was not until the period following the Civil War that the principle of public support of education took root. In 1890, for example, 5.5 per cent of public school support came from the national government, 18.4 per cent from the states, and the balance from local communities. In 1957-58, 3.8 per cent came from the national government, 40.7 per cent from the states, and 55.5 per cent from the local communities. Although local funds still make up the largest portion of school revenues, they have declined in relative importance. State governments have gradually begun to provide progressively larger portions of school support.

Reasons for the increase in state support are generally the following:

- (a) the state has more sources of revenue than the local government which depends largely on the property tax and
- (b) state aid has been used to minimize inequalities in educational opportunity between rich and poor school districts.

Table 9. California--Summary of State Grant Distributions: 1957-58

This tabular presentation identifies the various state school fund distributions, describes their use, states the amounts for the 1957-58 school year, gives the percent of the total state aid for each one, indicates the bases of distribution, and shows the number and percent of districts participating.

Classification, Name, and Use of Distribution	State Aid		Bases of Distribution	Districts Receiving Aid	
	Amount	Percent		Number	Percent
Total (1957-58)	\$534,251,328	100.0		11,944	100.0
				21,818	100.0
GENERAL-PURPOSE FLAT-GRANT	342,860,870	64.2			
1. Basic Aid for Elementary School Districts Fund (general use, K-8).	249,284,675	46.6	Average daily attendance, K-8	1,560	180.2
2. Basic Aid for High School Districts Fund (general use, 9-12).	76,687,080	14.4	Average daily attendance, 9-12	329	116.9
3. Basic Aid for Junior College Districts Fund (general use, 13-14).	16,889,115	3.2	Average daily attendance, 13-14	55	12.8
GENERAL-PURPOSE EQUALIZING-FUND	149,444,974	28.0			
4. Equalization Aid for Elementary School Districts Fund (general use, K-8).	93,913,310	17.6	Foundation program minus local contribution (ADA, K-8)	1,095	156.3
5. Growth Fund (general use, K-14)	34,439,553	6.5	ADA increase, distributed in proportion to basic and equalizing aids.	1,160	263.8
6. Equalization Aid for High School Districts Fund (general use, 9-12).	16,806,440	3.1	Foundation program minus local contribution (ADA, 9-12)	216	111.1
7. Equalization for Junior College Districts Fund (general use, 13-14).	3,500,850	.7	Foundation program minus local contribution (ADA, 13-14)	16	1.8
8. Final Adjustment Fund (general use, K-8)	784,821	.1	ADA, supplement to "Equalization for Elementary Schools" distribution.	1,327	168.3

Table 9. (Continued)

Classification, Name, and Use of Distribution	State Aid		Bases of Distribution	Districts Receiving Aid	
	Amount	Percent		Number	Percent
SPECIAL-PURPOSE FLAT-GRANT	\$ 31,199,730	5.8			
9. County School Service Fund	14,697,014	2.7	Size of county, no. of school districts, services offered		
10. Education of the Physically Handicapped Fund (K-12)	7,957,416	1.5	Average daily attendance	661	236.4
11. Education of Mentally Retarded Fund (K-12)	4,735,833	.9	Average daily attendance	298	216.4
12. Driver Training Fund	2,336,287	.4	Cost to maximum per ADA	242	112.4
13. Transportation of the Physically and Mentally Handicapped Fund (K-12).	1,473,180	.3	Excess cost to maximum		
SPECIAL-PURPOSE EQUALIZING-GRANT	10,745,754	2.0			
14. Transportation Fund (K-14)	10,745,754	2.0	Approved cost minus local share	1,340	273.7

Source: Albert R. Munse and Eugene P. McLoone, Public School Finance Programs of the United States, 1957-58, Misc. No. 33 (Washington, D. C.: Government Printing Office, 1960), p. 81.

¹Percent refers to 1,944 school districts by level.

²Percent refers to 1,818 school administrative units.

The amount of support for education in 1957 from local, state, and federal governments is given in Table 10 for each of the 48 states and then-existing territories.

It is obvious that there are wide variations in state appropriations for the support of education. The states with less than 20 per cent of their school revenues from state governments include: Iowa, Nebraska, New Hampshire, and South Dakota; the highest percentage is in Delaware (93.5). The states with less than 20 per cent of their school revenues from local districts include: Delaware, New Mexico, Alaska, and Hawaii; the highest percentage is in Nebraska (88.5). The percentage of federal participation is greatest in Alaska and lowest in Delaware (26.3 and 1.4 per cents, respectively). These variances are due partly to the different ways in which the educational system developed in each of the states and partly because people have varying thoughts on how schools should be supported.

States authorize the levying and collecting of taxes in intermediate and local school districts. These authorizations are usually expressed in terms of limits on taxes, based on the assessed valuation of property. In general, the support of public education is composed of (a) taxes for current operating costs and (b) taxes for capital outlay and debt service. The latter will be discussed subsequently.

Table 11 provides information on the maximum rates for intermediate and local school district taxes which can be levied for current operating costs. Note that twenty states provide an intermediate district tax;

4 of these require the approval of the electorate. Forty-two states require the approval of the electorate in determining the maximum tax rate for local school districts.

The National Municipal League believes that tax and debt limits have a "deleterious" effect on state and local governments.⁸ It indicates that tax limits have been used to transfer responsibility to the federal government or to ad hoc authorities. For these reasons, the League has not included tax and debt limits in its Model State Constitution or its Model City Charter.

A more detailed account now follows on how state and local governments provide the necessary funds to support public education. Since the federal government provides less than 4 per cent of the revenues for public education, and since its funds are allocated through appropriations by Congress from available general revenues in most cases (revenues from national forests represent one instance of earmarked funds), no discussion of federal funds is provided here. It might be noted that federal appropriations generally are allocated for programs such as vocational education, assistance to federally affected school districts, and cash and commodity distributions for the school lunch and school milk programs.⁹

⁸National Municipal League, American Intergovernmental Relations As of 1954 (New York: the League, October 1, 1954), p. 20.

⁹Albert R. Munse and Edna D. Booher, Federal Funds for Education, 1956-57 and 1957-58, Bulletin 1959, No. 2 (Washington, D. C.: Government Printing Office, 1959), p. 81.

Table 10. Per Cent of School Revenues for Public Elementary and Secondary Schools, By Source and State: 1957-58

Jurisdiction	Intermediate and Local Districts	State	Federal
<u>States:</u>			
Alabama	20.3	70.5	9.2
Arizona	62.4	31.8	5.8
Arkansas	41.2	50.8	8.0
California	57.6	39.1	3.3
Colorado	71.9	22.6	5.5
Connecticut	70.5	27.2	2.3
Delaware	5.1	93.5	1.4
D. C.	87.6	0	12.4
Florida	35.6	60.2	4.2
Georgia	22.4	70.9	6.7
Idaho	65.3	28.2	6.5
Illinois	67.9	29.1	3.0
Indiana	65.4	31.3	3.3
Iowa	83.7	13.2	3.1
Kansas	75.2	20.1	4.7
Kentucky	46.4	47.9	5.7
Louisiana	26.5	69.2	4.3
Maine	64.6	30.3	5.1
Maryland	60.4	33.7	5.9
Massachusetts	69.4	26.5	4.1
Michigan	49.3	47.9	2.8
Minnesota	54.7	42.8	2.5
Mississippi	37.8	54.4	7.8
Missouri	63.3	32.9	3.8
Montana	72.6	24.0	3.4
Nebraska	88.5	6.8	4.7
Nevada	44.0	46.2	9.8
New Hampshire	85.5	9.4	5.1
New Jersey	72.1	26.1	1.8
New Mexico	12.1	73.8	14.1
New York	58.8	39.5	1.7
North Carolina	26.5	68.9	4.6
North Dakota	63.2	31.6	5.2
Ohio	66.8	30.4	2.8
Oklahoma	66.2	26.6	7.2

Table 10. (Continued)

Jurisdiction	Intermediate and Local Districts	State	Federal
Oregon	67.5	29.3	3.2
Pennsylvania	49.6	48.4	2.0
Rhode Island	68.7	24.9	6.4
South Carolina	26.1	66.5	7.4
South Dakota	81.3	10.9	7.8
Tennessee	31.8	62.0	6.2
Texas	42.9	53.0	4.1
Utah	52.3	43.1	4.6
Vermont	64.3	33.0	2.7
Virginia	53.7	36.1	10.2
Washington	46.2	50.2	3.6
West Virginia	37.0	58.9	4.1
Wisconsin	76.1	21.2	2.7
Wyoming	50.2	44.7	5.1
AVERAGE	55.5	40.7	3.8
<u>Territories:</u>			
Alaska	8.8	64.9	26.3
HAWAII	17.4	71.1	11.5

Source: "Table 2--Percent of school revenue for public elementary and secondary schools from intermediate and local district, and from State and Federal sources: 1957-58 and 1953-54" in: Albert R. Munse and Eugene P. McLoone, Public School Finance Programs of the United States, 1957-58 (Washington, D. C.: Government Printing Office, 1960), p. 13.

Table 11. Maximum Intermediate District and Local School District Tax Rates
Which May Be Levied for Current Operating Expenses: 1957-58

Jurisdiction	Maximum Intermediate District Tax Rate Which May Be Levied		Maximum Local School District Tax Rate Which May Be Levied	
	Without Vote or Special Approval	With Vote or Special Approval	Without Vote or Special Approval	With Vote or Special Approval
<u>States:</u>				
Alabama	No provision	4 mills	No provision	10.5 mills.
Arizona	No limit	No provision	No provision	No limit.
Arkansas	No provision	No provision	No provision	No limit.
California	No limit	No limit	3.5-20 mills	No limit.
Colorado	12 mills	No provision	10 mills--105% of previous levy.	12 mills--no limit.
Connecticut	No provision	No provision	City: no limit	No limit.
Delaware	No provision	No provision	No provision	No limit.
Florida	No provision	No provision	10 mills	20 mills.
Georgia	No provision	No provision	5-15 mills	No provision--no limit.
Idaho	10 mills	No provision	15-25 mills	15-30 mills.
Illinois	No provision	No provision	8.375-15.0 mills	16.5-33.0 mills.
Indiana	No provision	No provision	12.5-20.0 mills	36.5 mills.
Iowa	75 mills ¹	No provision	\$140-\$200 per child	\$189-\$270 per child.
Kansas	8-13 mills	No provision	6-31.5 mills	6-31.5 mills.
Kentucky	No provision	No provision	15 mills	No limit.
Louisiana	No provision	No provision	5 mills	12 mills.
Maine	No provision	No provision	City: no limit	No limit.
Maryland	No provision	No provision	No limit	No provision.
Massachusetts	No provision	No provision	City: no limit	No limit.
Michigan	No provision	No provision	15 mills	50 mills.
Minnesota	No limit	No provision	\$315 per resident pupil	No provision.
Mississippi	25 mills ²	No provision	25 mills ²	No provision.
Missouri	No provision	No provision	6.5-10 mills	No limit.
Montana	20 mills	No provision	30% above foundation program.	No limit.
Nebraska	No limit	No provision	12 mills--no limit	No limit.

Nevada	No provision	No provision	15 mills	No provision.
New Hampshire	No provision	No provision	No limit	No limit.
New Jersey	No limit	No provision	No limit	No limit.
New Mexico	5 mills	No provision	2.25-4.5 mills	No provision.
New York	No provision	No provision	City: 12.5-20 mills	No limit.
North Carolina	No provision	No provision	No limit	5 mills above budget.
North Dakota	18 mills	No provision	24-32 mills	42-56 mills.
Ohio	No provision	No provision	10 mills	No limit.
Oklahoma	4 mills	No provision	20 mills	25 mills.
Oregon	No limit	No provision	106% previous levy	No limit.
Pennsylvania	No provision	No provision	14-25 mills	14-60 mills.
Rhode Island	No provision	No provision	25 mills	No limit.
South Carolina	No limit	No limit	No limit	No limit.
South Dakota	No limit	No provision	20-40 mills	30-50 mills.
Tennessee	No limit	No limit	No limit	No limit.
Texas	No provision	No provision	No provision	15 mills.
Utah	No provision	No provision	20 mills or 12 mills plus 25% basic program.	12 mills plus 50% of basic program.
Vermont	No provision	No provision	No provision	No limit.
Virginia	No provision	No provision	30 mills	No provision.
Washington	No provision	No provision	14 mills	No limit.
West Virginia	No provision	No provision	2.295-9.18 mills	3.4425-13.77 mills.
Wisconsin	10 ¹ mills	No provision	15-25 mills	15-25 mills.
Wyoming	3 mills	No provision	14 mills	21 mills.
<u>Territories:</u>				
Alaska	No provision	No provision	20-30 mills	No provision.
HAWAII	No provision	No provision	18 mills	No provision.

Source: "Table 35.--Maximum intermediate district and local school district tax rates which may be levied for current operating expenses: 1957-58" in: Albert R. Munse and Eugene P. McLoone, Public School Finance Programs of the United States, 1957-58 (Washington, D. C.: Government Printing Office, 1960), p. 56.

¹All county purposes.

²County and local district levy combined must not exceed 25 mills.

Local Revenues

As indicated earlier in this report, local revenues for education are largely derived from the proceeds of the property tax. There is, however, some dependence on nonproperty taxes. Table 12 shows the percentages of school revenues from property and nonproperty taxes on local, intermediate, and state levels.

The percentage of school revenues derived from the property tax by local school districts ranged from less than 10 in Delaware and New Mexico to more than 80 in Iowa and New Hampshire; the average was 52 per cent for the continental United States. In 25 states, local school district property taxes accounted for more than 50 per cent of all school revenues.

In 15 states, local school districts derived no school revenues from other sources. In the remaining states the percentage ranged from 0.5 per cent in South Carolina to 25.5 per cent in Washington (District of Columbia, 59.2 per cent).

Of the 22 states with an intermediate district property tax, 11 states (Colorado, Idaho, Kansas, Mississippi, Montana, New Mexico, North Dakota, Oregon, South Dakota, Tennessee, and Wisconsin) required this income to be contributed to the foundation program in the local districts.

State Revenues

States generally rely little on property taxes for school revenues, while they depend heavily on nonproperty taxes. These taxes include sales taxes, income taxes, and a variety of business licenses and taxes. Only Arizona, Nevada, Texas, and Wyoming reported state revenues from property taxes amounting to 5 per cent or more.

The percentage of school revenues derived from nonproperty taxes by state governments ranged from less than 10 per cent in Nebraska and New Hampshire to more than 80 per cent in Delaware (94.8) and New Mexico; the average was 41.5 per cent for the continental United States. In 14 states, state nonproperty taxes accounted for more than 50 per cent of all school revenues.

In addition to nonproperty taxes, the states rely on earmarked state taxes for education, and a small portion of state aid comes from the income of permanent school endowments. Table 13 presents the various sources of revenue used by the state for school purposes. It shows that 73.6 per cent of state grants to school districts was provided by state appropriations, 24.8 per cent by earmarked state taxes, and 1.6 per cent from permanent school endowments. There are wide variations among states, however. In Georgia, Maryland, North Carolina, Pennsylvania, South Carolina, and Hawaii, legislative appropriations provided 100 per cent, and in 22 other states more than 90 per cent, of the state grants. In contrast, more than 93 per cent of state grants came from earmarked taxes in Alabama, Kansas, Michigan, and Minnesota.

Earmarked state taxes for education vary from state to state. They include taxes on property, individual income taxes, sales taxes, liquor taxes, and taxes on alcoholic beverages, motor vehicle licenses, poll taxes, severance taxes, etc.

As Table 13 reported, all states, except Georgia, Maryland, South Carolina, and Hawaii, have permanent endowment funds for the support of public elementary and secondary schools. New Hampshire and North Carolina use their income from permanent endowments for other school purposes. In

Table 12. Per Cent of School Revenue from Property Taxes and from Other Sources Derived from Local District, Intermediate District, and State Levels: 1957-58

Jurisdiction	Per Cent from Property Taxes				Per Cent from Other Sources			
	Total	Local School District	Inter-mediate District	State	Total	Local School District	Inter-mediate District	State
<u>States:</u>								
Alabama	22.0	17.6	—	4.4	73.0	4.9	—	73.1
Arizona	70.0	58.3	6.2	5.5	30.0	0	1.8	28.2
Arkansas	44.8	44.8	0	0	55.2	0	0	55.2
California	58.6	57.8	.8	0	41.4	1.0	0	40.4
Colorado	74.5	56.0	18.5	0	25.5	1.6	0	23.9
Connecticut	72.2	72.2	0	0	27.8	0	0	27.8
Delaware	5.2	5.2	0	0	94.8	0	0	94.8
District of Columbia	40.8	40.8	0	0	59.2	59.2	0	0
Florida	35.2	35.2	0	0	64.8	2.0	0	62.8
Georgia	24.0	24.0	0	0	76.0	0	0	76.0
Idaho	68.0	54.5	13.5	0	32.0	1.3	.6	30.1
Illinois	70.0	70.0	0	0	30.0	0	0	30.0
Indiana	70.1	66.9	.2	3.0	29.9	.6	—	29.3
Iowa	85.5	84.3	1.2	0	14.5	.9	0	13.6
Kansas	77.7	61.0	16.7	0	22.3	1.2	0	21.1
Kentucky	36.3	36.3	0	0	63.7	12.9	0	50.8
Louisiana	25.0	21.7	0	3.3	75.0	6.0	0	69.0
Maine	67.3	66.9	0	.4	32.7	1.2	0	31.5
Maryland	48.3	48.3	0	0	51.7	15.8	0	35.9
Massachusetts	72.4	72.4	0	0	27.6	0	0	27.6
Michigan	50.7	50.6	.1	0	49.3	0	0	49.3
Minnesota	55.2	49.4	3.7	2.1	44.8	2.6	.5	41.7
Mississippi	34.1	32.0	2.1	0	65.9	6.8	.1	59.0
Missouri	55.4	54.8	.2	.4	44.6	10.8	0	33.8
Montana	72.9	44.6	28.3	0	27.1	2.3	0	24.8

Nebraska	91.3	79.2	10.1	2.0	8.7	2.5	1.1	5.1
Nevada	51.9	46.9	0	5.0	48.1	1.8	0	46.3
New Hampshire	84.6	84.0	0	.6	15.4	6.1	0	9.3
New Jersey	72.0	71.4	.6	0	28.0	1.4	0	26.6
New Mexico	14.9	5.4	8.6	.9	85.1	0	.1	85.0
New York	58.7	58.7	0	0	41.3	0	1.1	40.2
North Carolina	18.2	18.2	0	0	81.8	9.5	0	72.3
North Dakota	67.2	39.8	26.9	.5	32.8	0	0	32.8
Ohio	67.8	67.8	0	0	32.2	.9	0	31.3
Oklahoma	51.2	45.3	5.9	0	48.8	1.3	18.9	28.6
Oregon	69.7	54.8	14.9	0	30.3	0	0	30.3
Pennsylvania	37.9	37.9	0	0	62.1	12.7	0	49.4
Rhode Island	71.3	71.3	0	0	28.7	2.1	0	26.6
South Carolina	27.7	27.2	.5	0	72.3	.5	0	71.8
South Dakota	81.4	61.0	20.4	0	18.6	5.8	1.0	11.8
Tennessee	28.4	28.4	—	0	71.6	5.5	—	66.1
Texas	51.0	42.9	0	8.1	49.0	1.8	.1	47.1
Utah	54.4	50.4	0	4.0	45.6	4.4	0	41.2
Vermont	66.0	66.0	0	0	34.0	0	0	34.0
Virginia	59.8	59.8	0	0	40.2	0	0	40.2
Washington	20.0	19.9	0	.1	80.0	25.5	2.6	51.9
West Virginia	37.3	37.3	0	0	62.7	1.3	0	61.4
Wisconsin	78.2	75.4	2.8	0	21.8	0	0	21.8
Wyoming	66.9	46.2	0	20.7	33.1	6.7	0	26.4
AVERAGE	54.6	52.0	1.8	.8	45.4	3.4	.5	41.5
<u>Territories:</u>								
Alaska	8.1	8.1	0	0	91.9	3.9	0	88.0
HAWAII	10.0	10.0	0	0	90.0	9.6	0	80.4

Source: "Table 12--Percent of school revenue from property taxes and from other sources derived from local district, intermediate district, and State levels: 1957-58" in Albert R. Munse and Eugene P. McLoone, Public School Finance Programs of the United States, 1957-58 (Washington, D. C.: Government Printing Office, 1960), p. 24.

Table 13. Per Cent of State Grants to School Districts,
By Source of Revenue: 1957-58

Jurisdiction	Total State Grants	Permanent Endowments	Earmarked State Taxes	State Appro- priations
<u>States:</u>				
Alabama	\$ 88,726,563	.3	99.7	0
Arizona	23,605,809	8.8	0	91.2
Arkansas	39,347,692	.2	0	99.8
California	534,251,328	.7	0	99.3
Colorado	29,073,348	10.9	0	89.1
Connecticut	47,667,892	.2	0	99.8
Delaware	53,977,076	.1	0	99.9
Florida	172,066,421	.2	18.4	81.4
Georgia	134,191,167	0	0	100.0
Idaho	12,105,900	7.3	.2	92.5
Illinois	139,585,400	.1	0	99.9
Indiana	92,578,000	1.1	5.4	93.5
Iowa	22,961,012	.6	0	99.4
Kansas	33,348,025	1.8	95.6	2.6
Kentucky	58,819,500	.2	0	99.8
Louisiana	141,565,474	1	82.7	17.3
Maine	11,000,276	.4	0	99.6
Maryland	54,175,000	0	0	100.0
Massachusetts	51,767,300	.4	87.1	12.5
Michigan	263,620,000	.2	98.5	1.3
Minnesota	104,701,275	6.0	93.6	.4
Mississippi	45,557,768	.1	0	99.9
Missouri	78,637,426	.2	17.9	81.9
Montana	12,636,329	29.6	19.8	50.6
Nebraska	3,922,122	64.6	21.7	13.7
Nevada	9,708,534	1.2	0	98.8
New Hampshire	2,224,873	0	8.2	91.8
New Jersey	85,182,356	.6	52.6	46.8
New Mexico	47,423,862	25.7	74.3	0
New York	501,419,000	.1	0	99.9
North Carolina	170,417,100	0	0	100.0
North Dakota	10,748,212	16.8	83.2	0
Ohio	183,520,000	.1	0	99.9
Oklahoma	36,000,000	5.8	0	94.2
Oregon	45,361,362	.9	0	99.1

Table 13. (Continued)

Jurisdiction	Total State Grants	Permanent Endowments	Earmarked State Taxes	State Appropriations
Pennsylvania	\$ 305,433,598	¹	0	100.0
Rhode Island	8,763,100	.1	0	99.9
South Carolina	71,638,076	0	0	100.0
South Dakota	4,597,968	35.1	0	64.9
Tennessee	87,878,000	.2	87.3	12.5
Texas	290,060,900	5.8	53.3	40.9
Utah	31,583,381	3.2	77.9	18.9
Vermont	7,145,257	.6	0	99.4
Virginia	66,536,155	1.1	1.7	97.2
Washington	153,238,000	1.6	6.9	91.5
West Virginia	57,497,839	.1	65.3	34.6
Wisconsin	42,363,800	1.0	27.4	71.6
Wyoming	11,700,000	17.1	78.4	4.5
TOTAL	\$4,480,329,476			
AVERAGE		1.6	24.8	73.6
<u>Territories:</u>				
Alaska	\$ 10,946,090	¹	14.2	85.8
HAWAII	24,101,484	0	0	100.0

Source: "Table 14.--Amount and percent of State grants to school districts by source of revenue: 1957-58" in: Albert R. Munse and Eugene P. McLoone, Public School Finance Programs of the United States, 1957-58, Misc. No. 33 (Washington, D. C.: Government Printing Office, 1960), p. 28.

¹Less than .05 per cent.

only Montana, Nebraska, New Mexico, and South Dakota did more than 25 per cent distributed to schools come from the income of permanent endowments. These permanent endowments generally are: (a) reserve funds invested and earning interest for the schools and (b) unsold school land producing income through land lease, mineral rights, and other land use and sales. Although the revenues from these endowments now provide a small portion of funds necessary for education, they were at one time a more important source of income.

Summary

In 1957-58, 3.8 per cent of public school support for the nation as a whole came from the federal government, 40.7 per cent from the states, and 55.5 per cent from intermediate and local school districts. The proportional amounts from these three sources vary from state to state; there were 4 states, for example, wherein less than 20 per cent of school revenues came from local districts and 4 other states wherein less than 20 per cent came from state governments.

Local and intermediate districts derive authority to levy taxes from the state. Maximum local school district tax rates for current operating expenses are determined by approval of the electorate in 42 states. Local districts generally derive their income from the proceeds of the property tax; this source furnished 54.1 per cent of nonfederal school revenues for the entire nation in 1957-58.

States rely heavily on nonproperty taxes for school revenues. They depend much less on earmarked state taxes for education and on the income of permanent school endowments.

Capital Outlay

The problem of providing adequate school facilities has been accentuated because of the growth in school population, inflation in building costs, and the lag in school construction in previous years. In 1923-24, slightly over one-fifth of the total expenditures for public education was spent on capital outlay; in 1933 the proportion dropped to 3.4 per cent, rose to 11 per cent in 1939-40, and began dropping after 1941; in 1943-44, it dropped to a low of 2.2 per cent and continued to rise thereafter, reaching a high of 23.9 per cent in 1956-57. Over the 34-year period from 1923-24 to 1956-57, expenditures for school plant facilities (capital outlay, debt service, and rental payments) averaged 19.9 per cent of the total expenditures for schools.¹⁰

Traditionally, local school districts have provided the necessary funds for capital outlay. As late as 1939 no state was furnishing as much as a million dollars for school plant construction. Since 1945, however, more states have begun to assume greater responsibility for financing capital outlay. In spite of this, the need for new school facilities is so great as to force local units to provide greater financial support than they can afford on a pay-as-you-go basis. Borrowing money seems to be the common alternative; it enables school districts to acquire the needed facilities and allows them to spread the cost over a number of years.

Local, State, and Federal Approaches

Local Approaches--School districts, in their attempts to provide adequate sums for construction needs, have tried (a) to broaden their tax base

¹⁰Clayton D. Hutchins and Elmer C. Deering, Financing Public School Facilities, Misc. No. 32 (Washington, D. C.: Government Printing Office, 1959), p. 8.

through annexing other school districts by consolidation or by being authorized by the state legislature to levy certain nonproperty taxes and (b) to increase their valuations of taxable property so as to enable the collection of greater revenues as well as to increase their borrowing capacity. Capital outlay is financed in several ways by local school districts. The more common approaches are described below.

The pay-as-you-go plan provides for the payment of capital outlay costs from the current income of local school districts. The chief advantages of this approach are twofold: (a) money is saved on interest charges on borrowed money and (b) the financial responsibility for capital outlay is placed on those who authorize it. In spite of these advantages, it is difficult for many school districts to operate on a pay-as-you-go basis because of the magnitude of their building needs or because of past indebtedness. This approach is feasible in a district with a high valuation of taxable property, a low tax rate, moderate building needs, and a small indebtedness. One alleged disadvantage of the plan is that it may not produce sufficient funds to meet the building needs of a community adequately.

The building reserve plan permits spreading the cost of school construction over a period of years before the buildings are erected. This approach is especially advantageous during periods of high building cost, high interest rates, or both. Few school districts, however, can postpone their building needs until a reserve fund can be accumulated. Whenever a school district is free of debt and does not need a school plant immediately, the building reserve plan is feasible.

The bonding plan--borrowing money--is the most widely used approach for financing capital outlay. Although the payment of the interest results in a greater total cost, the plan has the advantage of spreading the cost over a period of years, of providing that users be payers, and of giving some assurance that the current building needs of the school district will be met. Critics of the bonding plan usually point to (a) higher cost and (b) the alleged tendency to be extravagant under a system of deferred payment.

State Approaches--Although states have generally entrusted the responsibility for financing education to local boards of education, state aid for school construction has begun to supplement local efforts. Such financial assistance has usually taken the following forms.

By and large emergency grants were used in the early years of state assistance to keep classrooms usable when conditions were such that the local district was unable to provide the necessary funds. Oftentimes these emergency funds were made available as loans to be repaid over the ensuing years.

As school districts began to consolidate, oftentimes encouraged by state legislatures, many widely scattered one-teacher schools had to be replaced by new school buildings at central locations. States thus began to make district reorganization aid available to assist cooperating school districts in their construction program.

As indicated earlier, the lag in school construction and the growth in the school population have resulted in a classroom shortage of serious magnitude. In 1957 there was a shortage of 142,300 classrooms; two million children were attending school on a part-time basis or handicapped by crowded conditions. Since 1944, 26 states, Alaska, and Hawaii have begun to make grants for school facilities to give relief for the critical building shortage.

Still another form of state aid is the raising of bonding limitations. All states, through their constitutions or statutes, have placed limitations on indebtedness that can be incurred for school construction. These limitations vary widely among the states. Limitations are expressed in per cent of assessed valuation and give some indication of the freedom allowed school districts to borrow money. Since assessment practices vary widely, comparisons of bond limitations should be undertaken with caution. See Table 14 for further information on the practices of each state.

A means of financing school structures outside the debt limit is through the establishment of local and state school building authorities. This plan involves the creation of a school building authority or holding company which sells bonds, builds the school structure, and leases it to the board of education at a rental sufficient to cover interest and amortize the debt. Kentucky, Pennsylvania, Georgia, and Maine are among the states which have created such authorities. In recent years, however, some plans have essentially provided that the rentals not exceed the sums allotted under the foundation program; thus authorities derive their income, in the final analysis, from general taxes.

In an evaluation of school building authorities, the following ideas were presented.¹¹ The only advantage generally claimed is that the authority gets the job done; it enables urgently needed school plants to be constructed despite inability to finance within the legal debt limitations. The disadvantages, this report indicates, far outweigh this one advantage. In the first place, the use of rental revenue bonds means higher interest rates because (a) school building authority bonds do not

¹¹David M. Ellinwood, "Use of Special Authorities to Finance School Improvements," Municipal Finance, Vol. XXV, No. 1 (August 1952), pp. 48-54.

have the same marketability as general obligation bonds and (b) the credit standing of the authority is subjected to greater questioning than is that of the general governmental body. Second, financing costs are higher and more bonds need to be sold because some supervision of the relations between the local district and the authority is necessary, more legal work is entailed in developing and operating the authority, etc. Third, the general credit structure of local government is weakened. Fourth, and most important, the authority plan denies voters the privilege of reviewing proposed capital outlay expenditures. The author concludes that the best answer is to put "some realism into legal borrowing powers."

On the other hand, those who favor the school building authority consider it as an alternative to federal aid for school construction. They point to the increasing use of authorities to construct public works projects during the last two decades.

The Office of Education reports that it is difficult to obtain accurate figures on how much money actually goes into the financing of school building authorities because they are organized separately from public school agencies. However, it indicates that in 1956-57, more than \$3.3 billion was expended for capital outlay, debt service, and rental payments to school building authorities.

Federal Approaches--Some federal assistance to school districts for capital outlay has been given. In the 1930's these efforts were chiefly designed to relieve unemployment. A somewhat different approach was provided by P.L. 815, 81st Congress (64 Stat. 995). Under this law the federal government appropriates funds to help school districts whose construction needs are increased by the presence of "federally-connected" children

(children living on federal property and/or children whose parents, military or civilian, are employed on federal property). In the period 1950-57 a total of more than \$600 million was distributed.

In nearly every recent session of Congress, proposals for more extensive federal aid to education have been advanced. More attention will be given to this question in a subsequent section.

Indebtedness for School Purposes

The construction of school buildings has customarily been financed through the issuance of bonds which can be repaid over a period of time. Although boards of education are authorized to incur indebtedness, they are subject to limitations on school district indebtedness, as specified by constitutional or statutory provisions.

Limitations on Debt--As indicated in Table 14, debt limits are written in the constitutions of 21 states; such limits usually take a longer time to alter since constitutional amendments are necessary. Most of the other states have statutory provisions setting debt limits, although five have both constitutional and statutory provisions.

Limits on school indebtedness are usually expressed in percentage of assessed valuation of property, and these limits vary greatly from state to state. Debt limitations in Hawaii are set in its constitution for the state and counties; there are no limitations specifically on school indebtedness. Among the 48 states, there are 18 whose school debt limitations are under 10 per cent of assessed valuation, 16 whose limitations are 10 per cent, and 14 whose limitations are over 10 per cent.

One trend discernible in limitations on school debt is the increasing percentage of assessed valuations designated as the limit. The median in 1927-28 was 6 per cent; in 1956-57 it was 10 per cent of assessed valuation.

A comparison of debt limitations among the states is difficult to make since (a) limitations may be an over-all maximum for all governmental subdivisions or may apply to each subdivision individually and (b) assessment procedures, which vary greatly from state to state, are the basis for these limitations. Thirty-four states (including Alaska) use locally assessed valuations, 13 states (Colorado, Illinois, Kansas, Maine, Michigan, Missouri, Montana, New Hampshire, New York, North Dakota, Oregon, Utah, and Wisconsin) use state equalized valuations, 2 states (Minnesota and Mississippi) use both locally assessed and state equalized valuations, and Hawaii alone assesses property at the state level. In view of the fact that debt limitations are set by the state, it is felt that through equalized valuations states can apply limitations equitably throughout all school districts.

Types of Bonds--Bonds may be classified in different ways. For school purposes a helpful classification deals with the conditions for payment of principal and interest. According to the classification on method of payment on the principal, there are two chief types of bonds: (a) the term bond or sinking-fund bond and (b) the serial bond.

. . . A term bond is one which is issued for a period of years, the entire principal being payable at the end of the term and no part of the principal being payable before the end of the term unless the bonds also contain the callable feature. Interest payments may be made annually or semiannually. Frequently term bonds are accompanied by a provision that a sinking fund must be created which will yield a sufficient amount to retire the bonds when they become due. Interest payments on sinking-fund bonds may be made annually or semiannually, but the whole principal is payable at one time, that is, at the end of the term.

The serial bond is one that is retired by payments at certain regular intervals, usually one or more bonds coming due each year throughout the entire term. Interest payments are made annually or semiannually as the bonds may require.¹²

¹²Mort, Reusser, and Polley, op. cit., p. 437.

Table 14. Regulations Pertaining to the Issuance of Bonds for
Public School Capital Outlay Purposes: 1957-58

States	School Bonds		Only Serial Bonds May Be Issued	Maximum Years Local School Bonds May Run	Legal Limitation of School Bond Indebtedness			
	Issued By--				Provided In--		Per Cent of Property Valuation	
	Local School Boards	A Non- School Agency			Consti- tution	Stat- utes	Standard Limits	Approv- able in Emergency
Alabama	x	-	x	30	-	x	Tax ¹	--
Arizona	x	-	x	20	-	x	10	--
Arkansas	x	-	-	No limit	-	x	15	--
California	x	-	x	25	-	x	5-15	--
Colorado	x	-	x	25	-	x	5-10	10-15.
Connecticut	-	x	x	20	-	x	10-12.5	--
Delaware	x	-	x	25	-	x	2-10	--
Florida	x	-	x	20	x	-	10	20.
Georgia	x	x	x	30	x	-	7	--
Idaho	x	-	x	20	-	x	6-15	--
Illinois	x	-	x	20	x	-	5-10	--
Indiana	x	-	x	No limit	x	-	2-4	--
Iowa	x	-	x	20	x	x	5	--
Kansas	x	-	x	20	-	x	6-7	12-14.
Kentucky	x	-	-	40	-	x	2-10	--
Louisiana	x	-	-	40	x	-	25	--
Maine	-	x	-	50	x	-	5-7.5	--
Maryland	-	x	x	25	-	x	Leg ²	--
Massachusetts	-	x	x	20	-	x	2.5-5	5-10.
Michigan	x	-	x	30	x	-	15--No limit	--
Minnesota	x	-	x	30	-	x	7.5-50	--
Mississippi	x	-	x	25	-	x	15	--
Missouri	x	-	x	20	x	-	10	--
Montana	x	-	-	20	x	x	5	--
Nebraska	x	-	-	No limit	-	x	40--No limit	--
Nevada	x	-	x	20	-	x	10	--
New Hampshire	x	-	x	30	-	x	4	6-9.
New Jersey	x	x	-	10-40	-	x	13-15	No limit.
New Mexico	x	-	x	20	x	-	6	No limit.
New York	x	-	x	30	x	x	5-10	No limit.
North Carolina	-	x	-	20-40	x	-	5-8	--
North Dakota	x	-	x	20	x	x	10	--
Ohio	x	-	x	25	-	x	9	--
Oklahoma	x	-	x	25	x	-	10	--
Oregon	x	-	x	25	-	x	3-8.9	--

Table 14. (Continued)

States	School Bonds Issued By--		Only Serial Bonds May Be Issued	Maximum Years Local School Bonds May Run	Legal Limitation of School Bond Indebtedness			
					Provided In--		Per Cent of Property Valuation	
	Local School Boards	A Non- School Agency			Consti- tution	Stat- utes	Standard Limits	Approv- able in Emergency
Pennsylvania	-	x	-	No limit	-	x	7	--
Rhode Island	-	x	-	No limit	-	x	3	--
South Carolina	x	-	-	20	x	x	8	--
South Dakota	x	-	x	No limit	x	-	10	--
Tennessee	-	x	-	25	-	x	10--No limit	--
Texas	x	-	x	40	-	x	10	--
Utah	x	-	-	20	-	x	4	--
Vermont	x	-	x	20	-	x	10-No limit	--
Virginia	x	-	-	30	x	-	18 No limit	--
Washington	x	-	x	23-40	x	-	10	--
West Virginia	x	-	x	34	x	-	5	--
Wisconsin	x	x	-	20	x	-	5-8	--
Wyoming	x	-	-	25-30	-	x	4-10	--
TOTAL	40	11	32	--	21	32	--	--

Source: "Table 37.--Regulations pertaining to the issuance of bonds for public school capital outlay purposes: 1957-58" in: Albert R. Munse and Eugene P. McLoone, Public School Finance Programs of the United States, 1957-58, Misc. No. 33 (Washington, D. C.: Government Printing Office, 1960), p. 59.

¹Bonds may not be issued in an amount which would require more than 80 per cent of the proceeds pledged to debt service.

²The legislature votes on all bond issues proposed by the school districts; in essence, it authorizes a new debt limit for each school district when it approves the issuance of a new bond for school construction.

The disadvantages of sinking-fund bonds are many, according to some writers, and several states have made the creation of sinking funds illegal. Serial bonds, on the other hand, are generally favored. Table 14 indicates that 33 states (including Hawaii) provide for the issuance of serial bonds only. The term of years for which serial bonds are issued varies greatly among the states. The range is from 10 years in New Jersey to no limit in Arkansas, Indiana, Nebraska, Pennsylvania, Rhode Island, South Dakota, and Alaska. A maximum of 20 years is reported in 17 states and is the common limit. Most school districts issue serial bonds for relatively short terms. This enables school districts to recover their bonding capacity more rapidly and to save on the high costs of interest.

When serial bonds are used, it is important to set up a schedule for retiring bonds which will not work an undue hardship on the school district. The type of bond alone will not be a sufficient guarantee of sound financing; efficient debt management will enhance the advantages of the serial bond.

School Bond Elections--One of the general requirements for the issuance of bonds by school districts is that the issue be approved by the electorate in a regular or special school bond election. Such approval is seen as a check upon the incurring of indebtedness and a pledge of good faith on the part of the community whose property is being taxed to redeem the bonds and to pay the interest.

The percentage of voters required to approve the bond issue varies among the states, but in most cases a simple majority is necessary. Before calling for a school bond election, pertinent information should be furnished the electorate--assessed valuation, bonding capacity of the district, attorney's report, type of bond to be sold, etc.

The usual procedure for the issuance of bonds is as follows: After the voters have given the school board permission to raise more money for school construction, the board passes a bond resolution describing the details of the proposed bond issue. The maturity date must be decided. State and local laws on bonds must be considered. The bonds must be publicized, bids must be received, and the bond must be sold before a construction contract can be signed. Because of the time required to approve and float a bond, it is certainly imperative that effective school building programs be planned several years in advance.

Table 15 provides information on the activities of state agencies in approving bond issues and in assisting with bond sales. In 21 states (including Hawaii) the approval of the state is required for the issuance of bonds; 11 states require approval before the school bond election, 10, after the election. Approval of state agencies prior to the election is generally preferred since differences can be handled before the vote, thus minimizing the chance of invalidating an election.

Only 6 states provide that bonds must first be offered to a state agency; such states generally have agencies with funds to invest, such as the state teachers retirement system. Although only 5 states assist school districts in the sale of school bonds, it is generally felt that more states should offer assistance in this area of school finance.

Summary

The sudden growth of the school population, the rise in building costs, and the lag in school construction in recent years have all contributed to a critical shortage of school buildings. Traditionally, local school

Table 15. State Approval and Assistance With the Sale of Local Bonds for Public School Capital Outlay: 1957-58

Jurisdiction	State Approval of Local Bond Issues Required				Bonds Must First be Offered to a State Agency		State Assists With Sale of Local Bonds	
	Yes	Before Election		No	Yes	No	Yes	No
		Yes	No					
<u>States:</u>								
Alabama	x	x	-	-	-	x	-	x
Arizona	-	-	-	x	-	x	-	x
Arkansas	x	x	-	-	-	x	x	-
California	-	-	-	x	-	x	-	x
Colorado	-	-	-	x	-	x	-	x
Connecticut	-	-	-	x	-	x	-	x
Delaware	x	x	-	-	-	x	x	-
Florida	x	x	-	-	-	x	x	-
Georgia	-	-	-	x	-	x	-	x
Idaho	-	-	-	x	x	-	-	x
Illinois	-	-	-	x	-	x	-	x
Indiana	x	-	x	-	-	x	-	x
Iowa	-	-	-	x	-	x	-	x
Kansas	x	-	x	-	x	-	-	x
Kentucky	x	x	-	-	-	x	-	x
Louisiana	x	x	-	-	-	x	-	x
Maine	-	-	-	x	-	x	-	x
Maryland	x	x	-	-	-	x	-	x
Massachusetts	-	-	-	x	-	x	-	x
Michigan	x	-	x	-	-	x	-	x
Minnesota	-	-	-	x	-	x	-	x
Mississippi	-	-	-	x	-	x	-	x
Missouri	x	-	x	-	-	x	-	x
Montana	x	x	-	-	x	-	-	x
Nebraska	-	-	-	x	-	x	-	x
Nevada	-	-	-	x	-	x	-	x
New Hampshire	-	-	-	x	-	x	-	x
New Jersey	x	x	-	-	-	x	-	x
New Mexico	x	-	x	-	-	x	-	x
New York	x	-	x	-	-	x	-	x
North Carolina	x	-	x	-	-	x	x	-
North Dakota	-	-	-	x	x	-	-	x
Ohio	x	x	-	-	-	x	-	x
Oklahoma	x	-	x	-	-	x	-	x
Oregon	-	-	-	x	-	x	-	x

Table 15. (Continued)

Jurisdiction	State Approval of Local Bond Issues Required				Bonds Must First be Offered to a State Agency		State Assists With Sale of Local Bonds	
	Yes	Before Election		No	Yes	No	Yes	No
		Yes	No					
Pennsylvania	x	-	x	-	-	x	-	x
Rhode Island	-	-	-	x	-	x	-	x
South Carolina	-	-	-	x	-	x	-	x
South Dakota	-	-	-	x	-	x	-	x
Tennessee	-	-	-	x	-	x	-	x
Texas	-	-	-	x	x	-	-	x
Utah	-	-	-	x	-	x	-	x
Vermont	-	-	-	x	-	x	x	-
Virginia	-	-	-	x	-	x	-	x
Washington	-	-	-	x	-	x	-	x
West Virginia	x	x	-	-	x	-	-	x
Wisconsin	-	-	-	x	-	x	-	x
Wyoming	-	-	-	x	-	x	-	x
TOTAL	20	11	9	28	6	42	5	43
<u>Territories:</u>								
Alaska	-	-	-	x	-	x	-	x
HAWAII	x	-	x	-	-	x	-	x

Source: "Table 40.--State approval and assistance with the sale of local bonds for public school capital outlay: 1957-58" in: Albert R. Munse and Eugene P. McLoone, Public School Finance Programs of the United States, 1957-58, Misc. No. 33 (Washington, D. C.: Government Printing Office, 1960), p. 62.

districts have assumed primary responsibility for capital outlay, but since 1945 more states have begun to shoulder part of this obligation.

The financing of school construction by local districts is undertaken in several ways. The bonding plan, however, is the most commonly used since it enables school districts to acquire needed facilities and to spread the cost over a number of years. Furthermore, it requires the approval of the electorate in a regular or special school bond election. State governments have contributed to local efforts through emergency grants, district reorganization aid, and the raising of bonding limitations.

School boards, although authorized to incur indebtedness, are subject to the school district debt limits as set forth in constitutional or statutory provisions. Local districts may also be restricted by the type of bond that might be issued; 33 states, including Hawaii, provide for the issuance of serial bonds only.

School Budgets and Audits

The preparation of school budgets is generally a complex, time-consuming task involving a number of people working in different capacities in several governmental agencies. Time is needed to assess the needs of public education, to translate them into financial terms, and to estimate the available revenues. Time is also required for the budget to be approved by the board of education, to be published, to be discussed at hearings, to be submitted to noneducational agencies when legal provisions so specify, and to determine tax rates enabling local school districts to meet their portion of the budget.

Although most states provide budget forms, in the following states school districts develop their own forms: Maine, Michigan, Missouri, New York, South Carolina, South Dakota, Vermont, and Wisconsin.

Table 16 indicates the nature of state and local participation in the review and approval of local school district budgets. Twenty-seven states, including Alaska, specify that local school budgets are to be reviewed by some kind of county or local nonschool agency, although in some of these states approval is required for only a portion of school districts (e.g., city council is required to approve the city school budget). The extent of responsibility given to these agencies varies from state to state.

. . . In some instances, the nonschool agency may only verify the accuracy of the budget, confirm its compliance with legal requirements, and levy the taxes required to support the proposed school budget; in some other instances, these nonschool agencies have unlimited control and may change all or any part of the budget. Perhaps the middle ground, where the nonschool agency compiles the budgets for all county and local governmental services and relates these budgets to tax rates and legal limitations, is the more typical procedure.¹³

Table 16 also indicates that 37 states, including Alaska and Hawaii, require local school systems to submit their budgets to a state agency, while Oregon and Wisconsin require this only under certain conditions. The state agency is the state educational agency in 24 states, a nonschool state agency in 10 states, and a combination of educational and nonschool agencies in 5 states.

¹³Munse and McLoone, op. cit., p. 64.

Table 16. Approval of the School Budget by Local and State Agencies: 1957-58

Jurisdiction	County or Local Nonschool Agency Which Must Act on the School Budget	State Agencies	
		Name	Extent of Authority
<u>States:</u>			
Alabama	None.	Dept. of education	Approval by state superintendent.
Arizona	None, except board of supervisors for emergencies.	Dept. of public instruction	No authority.
Arkansas	None.	Dept. of education	Approval of all budgets is required.
California	None.	Dept. of public instruction	No authority.
Colorado	None.	Tax commission	Approval of increases over 5 per cent.
Connecticut	Board of finance; board of selectmen.	---	---
Delaware	None.	Budget commission	Used to determine state appropriations
District of Columbia	None.	---	---
Florida	None.	Dept. of education	Requires revision, if incorrect; recommends changes.
Georgia	None, except city council for fiscally dependent districts.	Dept. of education	Reviews and approves for conformance with laws.
Idaho	None.	Board of education	Receives for filing and audit.
Illinois	None.	---	---
Indiana	County tax adjustment board.	Board of tax commissioners	Reviews budgets; can require tax levy reductions.
Iowa	None.	State controller	No authority; receives for filing.
Kansas	County clerk.	Budget director; accountant	No authority.
Kentucky	Fiscal court; county commission; city council.	Board of education	Determines conformance with laws.
Louisiana	None.	State budget committee	May change any item in the budget.
Maine	Town meeting; city council; administrative district.	Dept. of education	No authority.
Maryland	County commissioners.	Dept. of education	Approves estimates of state aid.
Massachusetts	Municipal appropriating body.	---	---

Michigan	County tax allocation board.	---	---
Minnesota	None.	Dept. of education	No authority; receives for filing.
Mississippi	None.	Dept. of education	Reconciles expenditures and income.
Missouri	None.	---	---
Montana	County commissioners.	Dept. of public instruction	Determines compliance with laws.
Nebraska	None.	---	---
Nevada	None.	Tax comm.; dept. of education; legislative auditor	Determines that levies are adequate.
New Hampshire	In larger districts, municipal officials.	Tax comm.; dept. of education	Verify conformance with laws.
New Jersey	Town council in chap. VI districts, if levy is over 15 mills.	Dept. of education	Verifies proper use of state funds.
New Mexico	Special budget commission.	Dept. of finance	May change any amount in the budget.
New York	For cities, the city council.	---	---
North Carolina	County commissioners.	Board of education	Examines for fiscal soundness.
North Dakota	Board of budget review and county auditor.	Dept. of public instruction	Reviews, adjusts, and approves.
Ohio	County budget commission.	---	---
Oklahoma	County excise board.	Auditor	No authority.
Oregon	County tax supervising and conservation board.	State tax commission	On appeal, comm. has authority to determine legality.
Pennsylvania	None.	Dept. of public instruction	No authority.
Rhode Island	Town meeting; city council.	Dept. of education	Verifies that amount is average of 3 preceding years.
South Carolina	None.	---	---
South Dakota	County auditor, enforces levy limits; spreads required levies.	---	---

Table 16. (Continued)

Jurisdiction	County or Local Nonschool Agency Which Must Act on the School Budget	State Agencies	
		Name	Extent of Authority
Tennessee	County, city fiscal authorities.	Dept. of education	No authority.
Texas	None.	Dept. of education	Approval of all budgets is required.
Utah	None.	Auditor; dept. of public instruction	Supply uniform budget forms.
Vermont	Annual meeting for budget approval.	---	---
Virginia	City council; county board of supervisors.	Board of education	Reviews and files.
Washington	Reviewing committee	Municipal corporation; dept. of public instruction	Receive and file.
West Virginia	None.	Board of school finance	Revises and approves budget.
Wisconsin	City council; cities; fiscally dependent school districts.	Dept. of public instruction	Reviews, if state aid exceeds 50% of receipts or operating expenditures exceed 15 mills.
Wyoming	None.	Examiner--1st class dist. only	Verifies for compliance with laws.
<u>Territories:</u>			
Alaska	City council	Dept. of education	Adjusts reimbursable items only.
HAWAII	None. ¹	Bureau of the budget; dept. of public instruction	Reviews and approves the budget.

Source: (a) "Table 41.--Fiscal years, budget forms, and local nonschool agency budget approval for school administrative units: 1957-58" and (b) "Table 42.--State review and approval of local school district budgets: 1957-58" in: Albert R. Munse and Eugene P. McLoone, Public School Finance Programs of the United States, 1957-58, Misc. No. 33 (Washington, D. C.: Government Printing Office, 1960), pp. 63, 65.

¹The county governments do approve an annual special school fund budget which provides for school maintenance and construction as set forth in Sec. 39-2 of the Revised Laws of Hawaii 1955. However, the state constitution provides that physical facilities will be provided by the state government.

Table 17 summarizes provisions for public school auditing. School audits are required in 39 states, including Hawaii, as well as in the District of Columbia. In 5 states some school districts are required to have periodic financial audits, while in 6 states (Illinois, Kansas, Mississippi, Nebraska, South Carolina, and Alaska) no school districts are required to do so. Various officers are designated by state laws to perform the audits. When audits are required, it is advisable to make some provision for their financing.

Issues in Public School Finance

Two issues prominent in public school finance today are (a) federal aid to education, especially in light of the increasing need for revenues to support education and the relative decline in the taxing powers of local and state governments and (b) the fiscal independence of school districts and the characteristics of desirable public school finance plans.

Federal Aid to Education¹⁴

Federal aid to support elementary and secondary schools has long been a topic of Congressional discussion. Since 1872 there have been several hundred school aid bills before the Congress; many were debated at great length. Few topics have been more extensively and intensively discussed for over three-quarters of a century and few are more controversial.

The National Education Association in 1919 recommended the appropriation of \$100 million annually for the support of elementary and secondary schools,

¹⁴Study Committee on Federal Responsibility in the Field of Education, Federal Responsibility in the Field of Education, Report submitted to the Commission on Intergovernmental Relations (June 1955), and Charles A. Quattlebaum, Federal Aid to Elementary and Secondary Education (Chicago: Public Administration Service, 1948).

Table 17. Provisions for Auditing Public School Financial Accounting Records: 1957-58

Jurisdiction	School Districts Are Required to Have			Frequency of School Fund Audits	Auditors Designated by State Laws
	Periodic Financial Audits				
	All	Some	None		
<u>States:</u>					
Alabama	x	-	-	Annually	Examiner of public accounts; private auditing firm.
Arizona	x	-	-	Annually	State Examiner, school audit division.
Arkansas	x	-	-	Annually	Office of State comptroller; independent auditing agency.
California	x	-	-	Annually	Department of finance.
Colorado	-	x	-	Annually	State auditor; independent auditing agency.
Connecticut	x	-	-	Annually	Tax commission; independent public accountant.
Delaware	x	-	-	Annually	Auditor; budget commission.
District of Columbia	x	-	-	Continuous	General accounting office.
Florida	x	-	-	Annually	State auditing department.
Georgia	x	-	-	Annually	State department of audits.
Idaho	x	-	-	4 years	Bureau of public accounts of the State auditor's office; public accountant.
Illinois	-	-	x	---	---
Indiana	x	-	-	2 to 4 years	State board of accounts.
Iowa	-	x	-	Annually	State auditor; approved registered certified public accountant.
Kansas	-	-	x	---	---
Kentucky	x	-	-	Annually	State department of education.
Louisiana	x	-	-	Annually	State supervisor of public funds.
Maine	x	-	-	Annually	State department of audits; public accountant.
Maryland	x	-	-	Annually	Auditors approved by State superintendent of schools.
Massachusetts	x	-	-	Biennially	State bureau of accounts.
Michigan	x	-	-	Annually	Certified public accountant; auditors general.
Minnesota	-	-	x	---	---
Mississippi	x	-	-	Annually	State auditor; private auditing firm.
Missouri	x	-	-	Biennially	Independent audit agencies.
Montana	x	-	-	Annually	State auditor; county treasurer; C.P.A. or public accountant.

Nebraska	-	-	x	---	---
Nevada	x	-	-	Biennially	Public accountant.
New Hampshire	x	-	-	Annually	State tax commission; locally selected auditor.
New Jersey	x	-	-	Annually	Certified public school accountant; C.P.A. or R.M.A.
New Mexico	x	-	-	Annually	State auditor.
New York	x	-	-	Biennially	State department of audit and control.
North Carolina	x	-	-	Annually	Independent auditing agency.
North Dakota	-	x	-	Annually	State examiner; independent auditing agency.
Ohio	x	-	-	Biennially	Bureau of inspection and supervision of public offices.
Oklahoma	x	-	-	Annually	State board of education appointed examiners.
Oregon	x	-	-	Annually	County auditor; city auditor; competent accountant.
Pennsylvania	x	-	-	Annually	City, borough, town, or township auditor.
Rhode Island	x	-	-	Annually	State bureau of audits; C.P.A.
South Carolina	-	-	x	---	---
South Dakota	-	x	-	Biennially	Qualified auditor approved by State comptroller.
Tennessee	-	x	-	Annually	State controller; C.P.A.
Texas	x	-	-	Annually	C.P.A. or licensed accountant.
Utah	x	-	-	Annually	Independent auditing agency or auditor.
Vermont	x	-	-	Annually	State auditor; locally elected board of auditors.
Virginia	x	-	-	Annually	State auditor; private auditor.
Washington	x	-	-	Biennially	State auditor.
West Virginia	x	-	-	Annually	State tax commissioner.
Wisconsin	x	-	-	Annually	Special auditing committee; State auditor; independent auditor.
Wyoming	x	-	-	Annually	State examiner.
TOTAL	39	5	5		
<u>Territories:</u>					
Alaska	-	-	x	---	---
HAWAII	x	-	-	Annually	Territorial comptroller.

Source: "Table 43.--Provisions for auditing public school financial accounting records: 1957-58" in: Albert R. Munse and Eugene P. McLoone, Public School Finance Programs of the United States, 1957-58, Misc. No. 33 (Washington, D. C.: Government Printing Office, 1960), p. 66.

and since then it has made a concerted effort to encourage Congress to enact a broad program of federal aid to education. The proposed bills have included various kinds of provisions, but not one has been enacted into law. Although many reasons may be advanced for these failures, probably the major difficulty has been the awareness that a number of fundamental issues are involved in the problem. Among the more prominent issues are the following:

1. Equalization--States differ widely not only in their ability to finance education but also in the educational opportunities they are willing to provide ("tax effort"). Since states with low per capita income generally have a greater number of children, supporters of federal aid to education contend that inadequate and unequal educational opportunities result in a tremendous waste in undeveloped talent--a situation of such importance that the efforts of the federal government are necessary to maintain the nation's general welfare. Opponents to federal aid emphasize the difficulties in assessing the fiscal ability of states, point to the tendency for lobbyists to exaggerate educational needs, and indicate that very few aid to education bills have equalization provisions.

2. States' rights--Public education is legally a function of the state. Advocates of federal aid to education feel that its history illustrates that federal aid can be granted without jeopardizing states' rights. Opponents maintain that federal aid is an infringement since education thus becomes a partially federal function. Furthermore, they point to the waste in sending tax money to Washington where the federal government uses a portion of it to sustain itself and returns the rest to state governments; a better pattern would be for the federal government to decrease its

revenues and increase the taxing powers of the states. In fiscal 1959 the federal, state, and local governments collected \$100 billion; \$67.3 billion for the federal government, \$16.9 billion for the local governments, and \$15.8 billion for the states.

3. Control of education--Many supporters of federal aid to education realize that federal grants in the form of blanket appropriations without specific accounting is not good administration. They, however, feel that federal aid can be provided in such a way that state and local control can be maintained and efficiency and initiative in school management can be encouraged. A frequently mentioned suggestion to achieve this is for the federal government to establish some generally accepted, clearly defined educational standards relating to such factors as the preparation of teachers, school district reorganization, etc. Supporters also indicate that "federal control over education is a strawman" and that authoritative studies show that many programs of federal assistance have been administered without imposing undesirable federal control.¹⁵ People who oppose federal aid point out that federal aid without federal control is impossible and indicate their fears that the federal government might slowly begin to exert greater control, though it may do so unintentionally. Furthermore, they contend that the various levels of government were created to divide the major areas of responsibility not to furnish multiple participation in governmental activities.

¹⁵Library of Congress, Legislative Reference Service, Beneficial Effects of Federal Aid to the States for Education, prepared at the request of the chairman and several other members of the Committee on Labor and Public Welfare, United States Senate, 85th Congress, 2d Session (Washington, D. C.: Government Printing Office, 1958), p. 25.

4. Effect on nonpublic schools--Some plans would extend federal aid to nonpublic schools. Those who favor support of nonpublic schools generally do so on the basis of the "child benefit" theory; i.e., many of the services of the public schools, like recreational activities, health inspections, transportation, guidance services, etc., are really community services which every child is entitled to utilize. Since 90 per cent of nonpublic elementary and secondary school enrollments is in schools under the jurisdiction of some church organization, this issue also involves the question of appropriating public funds for sectarian schools. Those who oppose federal aid for nonpublic schools see such aid as a violation of the federal Constitution which provides for the separation of church and state.

5. Racial segregation--Some supporters of federal aid to education favor inclusion of the provision requiring desegregation of schools. Although such a provision is in conformity with the recent decision of the Supreme Court, the inclusion of such an amendment is generally considered politically unwise because it would align the southern states against the adoption of a federal aid to education bill.

The Committee for the White House Conference on Education in 1956 recommended that federal funds should be expended for school construction during the current emergency.¹⁶ The report of one study committee of the Commission on Intergovernmental Relations, on the other hand, reached the general conclusion that "Federal aid is not necessary either for current operating expenses for public schools or for capital expenditures for new

¹⁶The Committee for the White House Conference on Education, A Report to the President (April 1956), p. 6.

school facilities."¹⁷ The Commission's report to the President included the following recommendation:

The Commission recommends that responsibility for providing general public education continue to rest squarely upon the States and their political subdivisions. The Commission further recommends that the States act vigorously and promptly to discharge their responsibility. The Commission does not recommend a general program of Federal financial assistance to elementary and secondary education, believing that the States have the capacity to meet their educational requirements. However, where, upon a clear factual finding of need and lack of resources, it is demonstrated that one or more States do not have sufficient tax resources to support an adequate school system, the National Government, through some appropriate means, would be justified in assisting such States temporarily in financing the construction of school facilities--exercising particular caution to avoid interference by the National Government in educational processes or programs.¹⁸

In recent years three bills providing federal aid under certain conditions were enacted: (a) Public Law 815 passed in 1950 provided that the federal government would furnish financial assistance for the construction of schools in "federally-affected" areas; (b) Public Law 874 passed in 1950 provided that the federal government would furnish financial assistance for the operation and maintenance of schools in "federally-affected" areas; and (c) Public Law 864 (National Defense Education Act) passed in 1958, composed of 10 titles, provided federal support for programs important to the nation's defense by appropriating funds for certain areas of general education (science, mathematics, and modern foreign languages), for fellowships for graduate students interested in college teaching, for the further growth of guidance, counseling, and testing services, etc.

Bills on federal aid to education have generally included appropriation of funds for school construction. However, there is current interest in

¹⁷Study Committee on Federal Responsibility in the Field of Education, op. cit., p. 97.

¹⁸The Commission on Intergovernmental Relations, A Report to the President for Transmittal to the Congress (June 1955), p. 194.

raising the salaries of teachers, possibly through federal aid. In 1960, for example, the United States Senate passed S. 8, which provided \$20 per child of school age or about \$900 million in grants to the states for each of two years to pay, at the discretion of the state, for school construction or teachers' salaries. The House during that same year passed H. R. 10128 which authorized \$325 million a year for four years on federal grants to states for school construction. Since the House Rules Committee rejected a request for a Senate-House Conference Committee to eliminate the differences between these two bills, no legislation was enacted. The fact that both houses passed bills providing for federal aid for school construction is noteworthy, and the action of the 87th Congress will warrant observation.

Fiscal Independence

There has been much discussion of the relative merits of fiscal independence and fiscal dependence of school districts. Fiscal independence exists in areas where boards of education, within the limits set by states, have full authority to determine how much money is necessary to operate the schools and have the power to levy taxes to raise the required amount of money. When school boards do not have this authority, they are fiscally dependent on some city, county, or other local unit of government. School districts whose boundaries are coterminous with those of counties or cities are usually fiscally dependent.

In general, "educators, and especially school administrators, endorse fiscal independence, while public administrators and students of government favor the fiscal dependence of schools."¹⁹ Educators and political

¹⁹Benjamin F. Pittenger, Local Public School Administration (New York: McGraw-Hill, 1951), p. 34.

scientists agree that many taxing units are too small and that tax reforms are necessary, but they disagree on pooling school funds with the rest of public revenues.

The reasons advanced for fiscal independence and dependence are varied and have been discussed by numerous writers. The following by Bollens summarizes the basic points usually presented in such discussions.

The proponents of school independence from general local governments support their position in several ways. Education is so important, so basic to other governmental functions, and so deserving of substantial financial support that it should be kept free of the uncertainties of local politics. It is a state and not a local government function. Since it must stay as close as possible to the people, it should not be removed one step from their control by being made dependent upon another government. The opponents counter by arguing that although they agree on the importance of education, a single and comprehensive government should judge the relative merits of the financial needs of the various public services in the community. They deny that governmentally independent schools are subject to less political pressure than dependent schools, and that education is any more a state function than many other local services, particularly public health, law enforcement, and public welfare. They believe, furthermore, that significant economies result from the integration of services, such as purchasing, which are common to all functions. And finally, they contend that a separate school government with independently elected board members lengthens the ballot and makes the task of maintaining accountability more difficult for the citizenry. . . .²⁰

Students of city government are usually opposed to fiscal independence of school districts because this practice makes it impossible for an overall comprehensive picture of municipal taxation to be developed. They argue that partial integration of school and city governments would result in some advantages for education. While they are aware that fiscal dependence would weaken the powers of school boards, they do not feel that such boards should be abolished at this time.

²⁰John C. Bollens, Special District Governments in the United States (Berkeley and Los Angeles: University of California Press, 1957), pp. 191-92.

One city which abolished the school board for more than three decades (1914-1950) is St. Paul, Minnesota, which treated education as an ordinary branch of city government. The management of the schools was vested in the city commission from whose membership the mayor appointed a commissioner of education. The commissioner, as a rule, assumed all the powers of a school board. In 1950, however, the voters of St. Paul approved a charter amendment re-establishing an elective nonsalaried school board. The city continues to supply the board's requests in purchasing, civil service, legal advice, and accounting. The board's budget is presented to the city comptroller and then to the city council, subject to the same procedures as the budgets of other departments.

William Anderson, expert in local government, advocates the elimination of separate school districts as corporate bodies. He proposes that "Under state control and supervision the several counties, cities, larger towns, and larger villages would administer the local schools within their limits," although advisory and even administrative boards might exist.²¹ Anderson recognized that this is an "advanced proposal" growing out of the principle that there should be only one local government in each area.

The National Education Association in its study of the fiscal powers of city school boards concluded that if boards were to be dependent, a specific local governmental agency should be selected and its powers

²¹William Anderson, The Units of Government in the United States; An Enumeration and Analysis, Publication No. 83 (1949 Revision; Chicago: Public Administration Service, 1949), p. 45.

clearly defined. On the other hand, if boards were to be independent, many existing controls should be abolished. At any rate, the present pattern should be discontinued.

. . . Continuing the present pattern, with various agencies exercising different degrees of control over a wide variety of school business affairs, makes for confusion, tension, dissatisfaction, and less efficient public service. Progressive search should continue for that basic pattern of fiscal relationships which provides the public with the best possible school services and, at the same time, is defensible in terms of the essential principles of good public administration.²²

²²National Education Association, Research Division, Fiscal Authority of City Schoolboards, Research Bulletin, Vol. XXVIII, No. 2 (Washington, D. C.: the Association, April 1950), p. 78.

V. IMPLICATIONS FOR HAWAII

The foregoing sections of this report presented material considered essential to an understanding of public education in the United States. Drawing upon that background, this section will explore some of the possible areas in which the legislature might consider possible extension of powers for the Hawaii board of education. As a means of furnishing additional background, the various surveys of education in Hawaii will be summarized, together with a presentation of pertinent provisions in the state constitution and laws of Hawaii.

Surveys of Education in Hawaii and Related Legal Provisions

Five surveys of education in Hawaii will be discussed.¹ The first was conducted under the direction of the U. S. Commissioner of Education at the request of the Territory of Hawaii and will be referred to in this report as "the 1920 federal survey." The second, "the 1931 survey," was conducted by the governor's advisory committee on education, and the third, "the 1940 survey," by the committee of fifteen, composed of senators, businessmen, and educators, dealt with general and vocational education. The "Draper-Hayden

¹(a) Department of the Interior, Bureau of Education, A Survey of Education in Hawaii, Bulletin 1920, No. 16 (Washington, D. C.: Government Printing Office, 1920), 408 pp.; (b) Governor's Advisory Committee on Education, Survey of Schools and Industry in Hawaii (Honolulu: the Committee, February 1931), 156 pp.; (c) Elizabeth M. Collins, Executive Director of the Community Survey of Education, Conclusions and Recommendations; Report of the Executive Director, Report to the Committee of Fifteen (Mimeographed; Honolulu: March 1941), n.p.; (d) Edgar M. Draper and Alice H. Hayden, Hawaiian Schools; A Community Survey, 1944-45, conducted for the 1943 House Holdover Committee of the Hawaiian Legislature (Washington, D. C.: American Council on Education, 1946), 176 pp.; (e) Hubert C. Armstrong and William R. Odell, Social Setting, Organization and Finance, Organization and Administration of the Public Schools, Territory of Hawaii (Stanford, California: June 30, 1957), 227 pp. and The Survey Staff, Summary Report, Organization and Administration of the Public Schools, Territory of Hawaii (Stanford, California: June 30, 1957), 53 pp.

study" of 1944-45, conducted for a House Holdover Committee, was a curriculum survey. The last was the 1956-57 Odell report, a comprehensive presentation on the organization and administration of public schools in Hawaii. Since it is the most recent, its authors were aware of the constitutional provisions affecting education and considered their nature and implications in their report. Consequently, most of the material from the Odell study will not be presented here, as part of the background material, but will be used in the following discussion on areas for legislative consideration.

The scope of the above-mentioned reports was broad, and they concentrated on various aspects of education in Hawaii. This report, however, will examine only those suggestions which deal with (a) the powers of the board of commissioners or a proposed board of education, (b) proposals for decentralization in the public school system, and (c) support of public education.

Board of Education

All of the surveys of education in Hawaii, except the 1940 survey, suggested that the board be given full power and authority over the department of public instruction. The 1920 federal survey indicated that the board should be assigned legislative and judicial functions, and the superintendent, executive functions. The Draper-Hayden study suggested that the policy-making functions of the board should be definitely separated from the administrative functions of the superintendent. The constitution of the State of Hawaii provides that "The board of education shall have the power, in accordance with law, to formulate policy, and to exercise control through its executive officer . . .", and the Hawaii

State Government Reorganization Act of 1959 provided that the "department of education shall be headed by an executive board to be known as the board of education."

Another recommendation made by several of the surveys dealt with the appointment of the superintendent of public instruction by the board of education. The 1931 survey explicitly suggested that the superintendent should serve at the board's pleasure, while the Odell report recommended a four-year term and no residence requirement. The Draper-Hayden study indicated that the superintendent should not be a member of the board since he should be charged with the responsibility of executing board policies and consequently should not help to formulate them. The Hawaii Congress of Parents and Teachers likewise was critical of the voting privilege of the superintendent.²

Decentralization in School Organization

The 1920 federal survey commission felt that many matters considered by the territorial board of school commissioners could more quickly and efficiently be settled if on each island there were a county board of education with the authority to administer the schools within the general policies established by the territorial board. The survey commission recommended that the territorial board appoint the territorial superintendent and members of the county boards of education. It was also suggested that the county board be permitted (a) to appoint its own executive and his corps of assistants and supervisors and (b) to assign, transfer, and dismiss all teachers. The

²Hawaii Congress of Parents and Teachers, Special School Board Committee, Study of the Board of Education of Hawaii (Honolulu: the Congress, November 1960), p. 7.

action of the county boards, however, would be subject to review by the commissioners and superintendent.

None of the other surveys, except that of the Odell survey staff which attempted to implement the state constitution regarding local school advisory councils, recommended any form of decentralization. One report of the education committee of the Constitutional Convention (S.C.R. No. 52), while recognizing that centralized control of education should be fixed in the state constitution, also indicated that the establishment of local school advisory councils had the additional merit of making possible "some very wholesome 'grass roots' participation in public school affairs."

Support of Public Education

The 1920 federal survey recommended that the special fund (set aside at that time by the Territory for the erection of new school buildings and general upkeep and maintenance of them, and administered by the respective counties) be administered by county boards of education, the establishment of which was previously discussed.

The 1931 survey suggested that there should be one budget for education, instead of three (general school fund, special fund, and teachers salary fund), to make it easier for legislators to see clearly the total amount requested for education and to weigh that request against other expenditures of government.

The Draper-Hayden study also included several changes affecting school finance. The authors recommended that the board of commissioners develop the school budget through the board's secretary. Since the authors felt that the board should at all times be aware of the financial

aspects and should prepare the budget, they also suggested that the secretary of the board be the business manager and that the presentation of the budget to the legislature be made by the school commissioners. This probably grew out of the authors' expressed desire for closer cooperation between school officials and legislators. The state constitution of Hawaii, however, provides that "the governor shall submit to the legislature a budget setting forth a complete plan of proposed general fund expenditures and anticipated receipts of the State for the ensuing fiscal period."

Another area which Draper and Hayden discussed was the use of the teacher-pupil ratio as a basis for determining the size of the teaching staff, without taking into consideration other important factors. For example, a teacher in the rural area working with 15 pupils in three grades would be carrying a heavier load than one who was teaching a regular class of 35 pupils in one grade or subject. The teacher-pupil ratio has been used since the early 1940's in Hawaii as a basis for part of the school budget.

Probably the most comprehensive study of school finance in Hawaii was conducted by the Odell survey staff. Several recommendations would necessitate basic changes in the present system, and these will be discussed in the next portion of this report.

Some Areas for Legislative Consideration

The Hawaii state board of education is authorized to formulate the policies governing public elementary and secondary education. Vocational and technical schools as well as adult education courses below college grade are also administered by the department of education. Furthermore, the

State Government Reorganization Act of 1959 placed the library system within the department of education. Under the state constitution the board of education is also empowered to appoint the superintendent of public instruction who will administer the public schools under policies established by the board and be a voting member on that board.

The following discussion of the possibilities of further altering present organizational arrangements or extending present powers of the state board will deal with the following five major areas:

1. Education in the governmental structure--Should education be considered a unique function, separate from existing governmental units?
2. Centralization and decentralization--Should the authority to operate the public schools be centralized in one body--the state board of education?
3. School finance--Should changes be made in the present system of financing public education?
4. Relationships between the board and superintendent--Should the superintendent be an officer only responsible for the execution of board policies?
5. Higher education--Should the state board of education administer higher education or any phase of it?

There is also a short discussion on the effects of organizational and financial arrangements on the selection of school board members.

This report will not make recommendations on specific organizational arrangements which might be provided for and powers which might be assigned to the Hawaii board of education. It will instead attempt to delve

sufficiently into several areas for legislative consideration so that action can be taken with some awareness of pertinent problems and consequences.

Education in the Governmental Structure

Should education be considered a function sufficiently different from other governmental responsibilities as to warrant separation from them? Or should it be considered another function of government along with the others, like police protection, public health, and public welfare?

Some contend that because education affects so many people and requires the largest single state expenditure, education is deserving of a government unto itself--independent from the rest of the governmental structure. This would require the establishment of a separate governmental unit, the school district, with its own officers and powers of taxation.

The establishment of such independent school districts requires a basic change in Hawaii's governmental structure; Table 18 has been formed to indicate the kind of legislative action which is involved. It does not purport to be a comprehensive presentation of all the legal provisions necessary to establish independent school districts; it has been developed for illustrative purposes only.

Should the Hawaii legislature deem it desirable to treat education, not as a unique function, but as one of several governmental undertakings, the present fiscal dependence of the education board on the state and respective counties should be maintained. Furthermore, other provisions which would enable the legislature and/or the governor to supervise more closely the school board may be appropriate. Budget review with full power by the executive branch to alter the school budget as it sees fit, a legislative audit

Table 18. Illustrative Legislative Action Related to Establishment
of Independent School Districts in Hawaii

Objective	Types of Legislative Action to Accomplish Objective
1. Organized Entity--assignment of corporate or quasi-corporate powers	The Constitution of the State of Hawaii grants the legislature the authority to create political subdivisions, other than counties, and to provide for their respective governments (Article VII, Section 1). The legislature may be able to amend the Laws of Hawaii to create <u>independent school districts</u> , to describe their boundaries, to specify the powers of school boards, etc., depending upon the interpretation which is given to Article IX, Section 2, of the Constitution.
2. Selection of Officers	Amend Laws of Hawaii to provide for the election of school board members and for proper election procedures.
3. Fiscal Independence	Amend Constitution to make it unnecessary for school boards or the state board to submit budgets to any other officials for review. Amend Laws of Hawaii to grant school districts or the state board powers to levy taxes and to incur indebtedness.

of school expenditures to enable the legislature to check into the actual manner in which appropriated funds were spent (Constitution, Article VI, Section 8, provides for legislative auditor), and accountability of the board of education to the legislature and/or governor are all measures which place education within the governmental structure as another function not unlike others.

At the present time, education in Hawaii is treated as another governmental function. Financial control over education rests with state and county governments. The members of the school board owe their appointments to other government officers.

A more independent board of education is advocated by a recent report of the Hawaii Congress of Parents and Teachers (H.C.P.T.):

Education must come to be accepted as a responsibility of government unique in type. We hold the function of Education to be different in essence from all other services of government. Because of these matters there is an ever more pressing need for the people of this State to be given every opportunity to exert as direct an influence as is possible upon our policy-makers in Education. Furthermore, the responsibility for education should be more specifically defined in law. The Board of Education should be empowered by law to define educational policy and should be held responsible for carrying it out. That is to say, neither the Legislature nor the Governor's office should be the body responsible for educational matters. Those agencies have many and more general problems with which to contend. A more independent Board of Education, responsible as directly as possible to the people--must be our aim if the total function of education is to attain the importance in our society which we claim for it.³

The H.C.P.T. also recommended that the authority of the state board be made to match its responsibility, and was especially cognizant of the importance of granting to it greater financial responsibility and control. This organization strongly urged that "the Board be given the right to draw

³Ibid., p. 30.

up, publicly justify, and superintend the implementation of its own budget for Education."⁴ However, the H.C.P.T. felt it was "inappropriate or impractical" to discuss fiscal independence at the present time.

The Odell survey staff likewise did not recommend fiscal independence, although the authors felt that a good case might be made for it, but made suggestions for improving the financing of public education; these will be discussed later. The staff pointed out that the education budget should go to the commissioners [state board] for study, modification, and approval. This matter is presented at greater length in a subsequent discussion on school finance and Table 19 indicates legislative action which would grant the state board such control over the education budget.

Centralization and Decentralization

The principle of centralization in the administration of public education was enthusiastically endorsed by the education committee of the Constitutional Convention: "The concept of a single, statewide system of public schooling is so fundamentally sound, so widely acclaimed, and so proved in the light of Hawaiian history as to justify inclusion of the principle in the State constitution of Hawaii."

Hawaii's highly centralized system of public education places both regulatory responsibilities, commonly associated with state boards on the mainland, and governing responsibilities, commonly associated with local school boards, in one board--the state board of education. The state constitution centralized public school finance even further by providing that the state shall be responsible for school construction (not the counties as was true under territorial status).

⁴Ibid., p. 31.

The greatest concern about centralization is the lack of effective lay participation in public education. This concern was shared by the Constitutional Convention, the Odell staff, and the H.C.P.T. Partly out of a desire to provide for grass roots participation in public school affairs (as well as the result of considering the advantages and disadvantages of an elected school board), the education committee of the Constitutional Convention suggested the appointment (by and with the consent of the senate) of the members of the state board by the governor from panels of names submitted by local school advisory councils. Although the only constitutional responsibility assigned to these councils deals with their participation in nominating board members, the education committee recommended that these councils function as advisory committees to their respective members on the state board.

The H.C.P.T. also considered these councils as being the "pulse of the public" and felt that it was important to assign the following additional responsibilities to them: (a) serve as liaison and advisor between schools and the community by working with the school board, the state superintendent, the district superintendent, and the board of supervisors in school matters; and (b) receive reports from citizen groups on education as well as to conduct research at the request of the board.

The Odell staff recommended even stronger powers for the local school advisory councils. While the Odell report had a similar recommendation as the first one of the H.C.P.T., it also suggested that the members of the councils be voting members of the Augmented Board of Supervisors and Citizens Advisory Committee on the Public Schools on matters pertaining to the support of the school budget.

Another means of stimulating lay participation in public education was defined by the H.C.P.T. that suggested several ways through which communication between the public and the board might be improved: public hearings on the school budget and other important items should be held; periodic reports on educational developments should be made by the board to the people; board meetings should be widely publicized and open to the public.

In a somewhat different vein was the suggestion of the Odell report which explored the possibility of forming two civic bodies to "add to the quality and stability of long-term policy in both government and private endeavors". First, the Public Policy Council--an independent and unofficial body, possibly initiated by the University of Hawaii, composed of citizens from various fields of endeavor who "are at once scholars of society and who enjoy the confidence of the people." This group would serve as a source of leadership and communication as well as a catalyst in analyzing trends in the state and in awakening public awareness of community problems. Second, the Joint Council on Research and Information--a body composed of men in government, business, and education who are engaged in statistical, research, or fiscal activities. The members of this group would coordinate their findings and be informed of the total research findings in the state as well as seek to engage in special research projects in areas where there is a dearth of pertinent information.

The above remarks offer various means by which a highly centralized system might still provide for greater lay participation. There is, of course, the alternative of decentralizing the system of public education

to some degree. Probably no one would advocate the formation of a multitude of school districts in Hawaii, but between that form of decentralization and the present form of centralization, there are intermediate positions.

For example, it is possible to have a state board of education and county boards of education. The former would be assigned regulatory responsibilities common to state boards in general; the latter would be given governing responsibilities common to dependent school districts. Specifically, in terms of finance, it would be possible for the state, assuming it decides to use the foundation program approach (discussed in Section IV of this report),⁵ to give a county school district a certain sum of money to run its schools in the manner that it sees fit. The county school district could decide to provide additional sums for education. Furthermore, the county board of education could hire and dismiss its teachers, could establish its own salary schedule, could modify the state curriculum, etc.--all within the context of state regulations as set by the state board. The 1920 federal survey essentially made this proposal.

School Finance

Prior to statehood, any study of the financing of public education in Hawaii was faced with the major difficulty of determining the exact amount of money spent for this purpose during a certain period. This was largely due to two circumstances: (a) instead of one consolidated budget for education, there were one territorial budget and four special school fund budgets, one for each of the counties; and (b) each county had its own procedures in

⁵Under the foundation program, the state and local school districts guarantee a basic program of instruction defined as essential to all children in the state.

record keeping and budget making, thus making it difficult, if not impossible, to make comparative studies of county expenditures for school purposes. To complicate the situation even further is the dependence of public schools on school funds derived from donations, student contributions, and various selling activities; these funds are not a part of any of the education budgets.⁶

The state constitution clarifies the fiscal aspects of school administration to some extent. It provides that the state's responsibility for education extends to the provision of physical facilities. This will mean the end of special school fund budgets being submitted to the counties. It also provides that the governor shall submit a budget to the legislature, compiled in two parts: "one setting forth all proposed operating expenditures for the ensuing fiscal period and the other, all capital improvements expenditures proposed to be undertaken during such period."

State support of physical facilities does not necessarily mean that the counties can no longer help in financing public education. One alternative is for both the state and counties to contribute to the total educational cost. Both the Odell report and the H.C.P.T. study recommended that the state appropriation for education be on a formula basis and that the state portion should approximate at least 88 per cent of the total school revenues with the counties furnishing the remainder;

⁶These school funds are not inconsequential; their total is more than the total general fund appropriations for supplies, books, and equipment made by the legislature to the Department of Public Instruction. In 1959-60, over \$3 million was received into these funds, almost \$3 million was spent, and the combined year-end balance amounted to \$1,163,119. Charles S. James, Special Funds in the State Government (Mimeographed; Honolulu: University of Hawaii, Legislative Reference Bureau, December 22, 1960), pp. 13-14.

in essence, a foundation program approach. The Odell staff also felt that counties should be free to exceed the required contribution to the foundation program, so that a better educational program might be offered if the particular county so desired.

The H.C.P.T. further recommended that the school appropriation be a legislated amount per student and that the board of education itself should be responsible for the allocation of such funds. In this connection, the weighted pupil unit (discussed in Section IV of this report) or the average daily attendance might be a better basis than the school census.⁷

It is also possible for the total support of education to be borne by the state, with no county contributions or with county funds being turned over to the state for a state program of public education. The former would probably mean that the state government would reduce its grants to counties in order to furnish the total support for public education.

A few ways in which the state board of education might be given greater control over its budget are illustrated in Table 19. Some of the possibilities considered are elimination of budget review by the governor, presentation of the budget directly to the legislature by the board itself instead of by the superintendent and his staff, and authority to determine how much money should be spent on supplies, administration, etc. It is difficult to provide complete control over the education budget within the framework of a fiscally dependent school system, for one of the basic principles of government is that the source of taxing power should determine the

⁷Weighted units are generally based on extensive research and experience. For example, each high school student in average daily attendance might be considered the equivalent of 1.3 elementary pupil units.

Table 19. Legislative Action Related to School Finance

Objective	Types of Legislative Action to Accomplish Objectives
1. Increased control over the budget by the state board	Amend Laws of Hawaii to (a) delete provision that the education budget go to the director of the budget for revision; (b) provide that the budget be sent to the state board for study, modification, and approval, and then sent to the legislature; (c) provide for the state board to decide how the school appropriation is to be spent. For example, the state board may be given the authority to determine how much money should be spent on school supplies, administration, etc.
2. A consolidated budget for education	Amend Laws of Hawaii to (a) delete provision regarding special school fund budgets and (b) provide for one budget in accordance with the provisions of the state constitution. The education budget, as Odell suggests, might also be expressed in terms of "objectives, specific policies, and operating programs." Furthermore, P.T.A. and other private donations should be reported in sufficient detail that an analysis can be made of how these funds are being used.
3. Joint financing by state and county on a formula basis	Amend Laws of Hawaii to (a) delete provision on state and county budgets for education and (b) provide for formula financing on a basis approaching an 88-12 ratio for state and counties, respectively; the appropriation for education being computed on the basis of a certain sum per student or on the basis of a weighted pupil unit. The county contribution might also be viewed as a "reverse grant-in-aid" (county funds being used to support a state program).
4. Financing by state alone	Amend Laws of Hawaii to (a) delete provision on special school fund budgets, and (b) provide for one education budget to be totally supported by state funds. This might require the state to reduce other forms of state grants to counties in order to support the total program of education.

manner of expenditure. These suggestive measures are therefore an attempt to provide some features of independent school boards within a dependent school system. Table 19 also deals with other factors related to school finance.

The Effects of Organizational and Financial Arrangements on the Selection of School Board Members⁸

Many of the decisions which are made with respect to the place of education in the governmental structure, the fiscal status of school districts, and the centralization or decentralization of school organization are necessarily closely interrelated. Further, some of the fundamental decisions in these areas are helpful in determining how members of the school governing body or bodies should be selected. Thus, if one believes that education is a unique function which should exist independently of other governmental units and have complete fiscal independence, then probably one would not wish to have school board members selected by officials of other governmental units. If, on the other hand, one prefers to consider education as a responsibility of existing governments, then one would probably desire to give such governments some control over the selection of board members. The individual who prefers to create a separate government for education and to grant such a government fiscal independence but in addition favors significant decentralization would probably desire to let the electors of each school district select their own board members. The person, however, who favors centralization but does not have strong views on governmental and fiscal independence, might well approve of the selection of board members by state officials.

⁸For a discussion on selection of members of state boards of education, see the publication of the Legislative Reference Bureau on State Boards of Education (September 18, 1959).

While the above discussion dealt with the effects of certain basic decisions on the selection of board members, one can also examine the effects of selection on board powers and organizational arrangements. If the selection of board members is through appointment by some state official, it is probable that education in Hawaii will remain a highly centralized function of state government and one which is fiscally dependent as well. On the other hand, if members of the state board are elected, some changes may result, for a board of education elected by the same people who elect the members of the legislature and the governor may assert itself in significant ways. It would be difficult for the legislative or the executive branches of government to treat the board of education as one of the heads of a principal department, for the board would be directly accountable to the people although it might be assigned few or no fiscal powers. At any rate, one would expect an elected board to participate actively and politically in furthering the cause of education.

Board-Superintendent Relationships

The state constitution of Hawaii provides for the appointment of the superintendent of public instruction by the board of education and grants him voting privileges as a member of the board. The latter provision has caused some consternation among those who feel that the superintendent is an officer selected by the board to execute policies, not formulate them. This position is forcefully expressed by the H.C.P.T.: "The majority of this committee [special school board committee] felt that for the Superintendent of Schools to be a voting member of the Board that hired

him or to be placed in the position of having to cast a deciding vote was an inadvisable and untenable position for him to occupy."⁹

On the other hand, the education committee of the Constitutional Convention, while aware of the arguments against the granting of voting privileges to the superintendent, justified its decision as follows: The superintendent as a professional leader has a responsibility to exercise influence in behalf of his convictions. Voting privileges would enable him to represent his profession more effectively in establishing educational policies.

If the Hawaii legislature holds to the second view, no legislation is necessary. However, if it is felt that the responsibilities of the superintendent should be confined to executive functions, constitutional amendment is necessary.

Another related consideration is the tenure of the superintendent. The constitution includes a general provision that executive and administrative officers appointed by boards or commissions may be removed by a majority vote of the board members. Whether this provision applies to constitutionally established officers is not clear. Should the legislature consider the superintendent as an executive officer only, the application of the general provision seems feasible.

However, if the superintendent is considered as a member of the board (as is provided in the constitution), tenure might be provided, perhaps identical to that of members of the board of education. The Odell report suggested tenure for four years.

A nationwide study of education indicated that in 1955, out of 44 state boards of education, the state superintendent was an ex officio member in

⁹Op cit., p. 7.

17 states.¹⁰ In these states, 13 superintendents were elected for four years, 2 for two years, while 2 superintendents were appointed by the governor. In 17 other states the board appointed the state superintendent who was considered an executive officer only. Tenure was provided in 5 states, annual appointment in 1, no provision in 1, and removal at board's pleasure in 10. In none of these 17 states was the board-appointed superintendent made an ex officio member of the board.

Higher Education

At the present time, Hawaii's board of education has the authority to administer programs of adult education below the college grade; its powers do not extend into the area of higher education. This seems an opportune time, especially in view of the growing interest in community or junior colleges, to evaluate the possibility of developing higher education or some phase of it under the department of education.

The education committee of the Constitutional Convention discussed the problem of defining responsibility for junior colleges. The board of regents of the University of Hawaii presented a suggestion to the committee that there be a constitutional provision reserving control over all publicly supported higher education to the regents, but the committee decided to leave the matter to future legislative action.

All of the studies dealing with the needs of higher education in Hawaii generally agree that some expansion in facilities is necessary. There is disagreement, however, in defining how these expanded facilities should be related to the University of Hawaii and/or to the department of

¹⁰Fred F. Beach and Robert F. Will, The State and Education; The Structure and Control of Public Education at the State Level, Misc. No. 23 (Washington, D. C.: Government Printing Office, 1955), pp. 41-161.

education. From the standpoint of the legislature, the following questions seem especially pertinent: What system would enable the legislature most effectively to evaluate the needs, provisions, and possible expansion of higher education? What system would best help the legislature to hold accountable those who are responsible for higher education in the state? What system would tend to maximize quality and make cost reasonable?

Both the Governor's Conference on Education held in 1955 and the Odell report recommended the development of junior colleges under the department of public instruction. The latter report was quite specific.

The further development of vocational education throughout Hawaii is related to the development of regional community colleges on the larger islands. These community colleges could be developed around the nuclei of the present technical schools and would provide not only for the retention of the specific trade training, which they now include, but would provide for the further extension of this training.

The present technical school could well constitute the technical division of a modern community college, which provides post-high school educational offerings for the following four population groups: (1) Those youth who desire specific vocational preparation in a recognized trade or industry; (2) Those youth who desire to complete the first two years of preparation for the Bachelor's and advanced degrees; (3) Those youth who desire to extend their competencies through a program of general education at a higher level of maturity; (4) Adults in the community who wish to extend their educational competence in any field--academic, vocational, or cultural.

The development of such a system of regional community colleges, having both terminal and transfer functions, is thoroughly consistent with continued growth of the University of Hawaii. The University of Hawaii has already faced many problems in connection with needed expansion of its facilities. The growth of state universities, and particularly those on the West Coast, indicate that this expansion has only begun. The community college will never replace the university, even at the lower division level. It will provide lower division training for some students who will transfer to the university for Bachelor's and graduate degrees. This statement implies that the transfer work at the community college must be thoroughly comparable to lower division work at a university and must carry equal credit.

The freeing of the University of Hawaii from excessive demands for the provision of the total undergraduate program will enable it to expand its graduate and research training programs. This has been the general pattern of development in the States which have set up public community colleges. In the long run, both the public schools and the university gain not only in stature but also in freedom to meet the unique responsibilities of each institution.¹¹

The report of the Study and Development Commission of the University of Hawaii also discussed the need for expanding higher education throughout the state.¹² The Commission, composed of faculty members, conducted a self study, and its report with recommendations has been submitted to the president of the University.

The Commission, fully aware of the need for expanded facilities, felt that the establishment of a second state university or of several four-year colleges was difficult to support because the costs of operation are heavy and the population in some areas is not sufficient to provide a minimum enrollment. The Commission therefore recommended that the University plan for the establishment of a system of community colleges.

Two other related suggestions were made by the Commission: (a) the University should establish two-year terminal academic programs leading to the Associate in Arts (A.A.) or to the Associate in Science (A.S.) degrees to be granted by community colleges as well as by the main campus; and (b) the University should develop terminal two-year sub-professional programs to serve certain professional fields (engineering aides, dental assistants, library aides, etc.).

¹¹Paul R. Hanna and Henry B. McDaniel, General Curriculum and Vocational Curriculum, Organization and Administration of the Public Schools, Territory of Hawaii, by the Odell Survey Staff (Stanford, California: June 30, 1957), pp. 76-77.

¹²University of Hawaii, Report of the Study and Development Commission (Mimeographed; Honolulu: the University, November 1960).

The discussion thus far indicates two possible systems of providing for the expansion of higher education in the state: (a) expansion under the department of education through the establishment of community colleges around the nuclei of the present technical schools; and (b) expansion under the University of Hawaii through the establishment of community colleges, two-year terminal degrees, and two-year sub-professional programs. Still another possibility is for the legislature to create community colleges with their own governing boards.

The problem of defining responsibility for an expanded post-secondary educational program would be simplified somewhat if the granting of college credit were not involved; i.e., one could argue that education in grades 13 and 14 was an extension of high school work and consequently should be a part of the public school system. When courses in grades 13 and 14 carry college credit, however, the need for insuring the quality of credits is magnified and the coordination of institutions becomes necessary.

Basic to a decision on how best to provide for expanded facilities is knowledge of how adequately existing opportunities are meeting student demands. There is also the need for an extensive follow-up of high school graduates, so that information on their intent, coupled with their ability levels, might be used in determining the type of public post-secondary education most needed, whether it be higher education, technical education, business training, and the like. This assessment of post high school needs may well furnish the answer not only to the kind of institutions which should be established, but to the most effective placement of them in the existing governmental and educational structure.