

SYLLABUS

E10.2902: Financing Schools: Equity and Adequacy in Public Education, 30 hours, 3 pts.

SPRING2007

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Lecture:		Office hours:	

COURSE DESCRIPTION This course introduces the concepts, structure, practices, evolution, and economics of elementary and secondary school finance in the United States. A particular focus of the course will be on the wave of state legislative and court-ordered school finance reforms since California's *Serrano v. Priest* (1971) that have sought to promote equity and/or adequacy in school spending. Students will learn how equity and adequacy are measured or estimated, how school finance formulae are engineered to achieve these goals, and how finance reforms in practice have affected the level and distribution of education spending, student achievement, and other educational outcomes. Part of the course will be devoted to case studies of individual state school finance systems or reforms, with a particular focus on New York and its Campaign for Fiscal Equity. Other topics include: the link between school finance and accountability, school-level resource allocation, facilities financing, and international differences in school funding practices.

PREREQUISITES A prior introductory course in statistics, econometrics, or quantitative methods is recommended. An undergraduate or graduate course in microeconomics would be beneficial, but is not required (I will assume you have no training whatsoever in economics). If you are concerned about your preparation for this course, please see Prof. Corcoran at the beginning of the semester.

TEXTBOOKS AND READINGS

Required Texts
Allan Odden and Lawrence O. Picus. 2004. *School Finance: A Policy Perspective*, 3rd edition. New York: McGraw-Hill.

Yinger, John (ed.) 2004. *Helping Children Left Behind: State Aid and the Pursuit of Educational Equity*. Cambridge: MIT Press.

Optional Text
Ladd, Helen F., Rosemary Chalk and Janet S. Hansen, eds. *Equity and Adequacy in Education Finance: Issues and Perspectives*. Washington, D.C.: National Academy Press.

Additional readings will be assigned from book chapters or journal articles from a variety of sources (a tentative reading list follows). Most if not all of the journal articles are available for download through the NYU Library e-journal portal, provided you are connected via a campus computer or are logged in with your NYU NetID, at: http://library.nyu.edu/collections/find_ejournals.html. In most cases I will provide copies of readings, or direct links to the article source, on Blackboard.

The bulk of our class discussion will focus on the assigned readings, so please prepare for each meeting by reading the assigned articles before class.

COURSE REQUIREMENTS Your grade for this course will be determined as follows: *three* problem sets (10% each for a total of 30%), a written case study of a state school finance system or reform (20%), an in-class midterm (25%) and final exam (25%). *You must submit all problem sets and the case study.*

The problem sets are designed to give you practice with the analytical tools introduced in class, and thus will be assigned early in the semester. Many concepts will be introduced in the first half of the course that are key to your success in the remainder of the course.

The written case study will be due in class on March xx. You will be asked to spend 5-10 minutes during that class to formally present your case study to the class for discussion.

BLACKBOARD All materials pertaining to this course (lecture notes, readings, problem sets, handouts, etc) will be made available via Blackboard, which can be accessed through NYUHome (home.nyu.edu). Enrollment in the course should automatically give you access to the Blackboard site for the class. Check in with Blackboard frequently for new announcements, lecture notes, readings, and the like.

COURSE OUTLINE

January xx	Lecture 1: Overview of School Finance in the United States / School Finance Litigation: From Equity to Adequacy	
	Lecture 2: Concepts and Measurement of Equity and Adequacy	
	Lecture 3: The Structure of School Finance Formulae	
	Lecture 4: Public Choice and Local Demand for School Spending	
	Lecture 5: The Incentive Effects of School Finance Formulae	
	Lecture 6: School Finance Reform—Effects on Spending, Student Achievement, and School District Behavior	
	MIDTERM EXAM	
March 12 – 16	SPRING BREAK	
	Lecture 7: School Finance Reform—Case Studies	
	Lecture 8: School Finance in New York	
	Lecture 9: What is an Adequate Level of Resources? Cost Studies and Alternative Approaches	
	Lecture 10: The Link Between Funding and Accountability	
	Lecture 11: Resource Allocation at the District, School and Classroom Levels	
	Lecture 12: School Finance—An International Perspective	
April 30	Lecture 13: Financing Educational Facilities	
	FINAL EXAM	

READING LIST

Subject to Change

(*) = required, all others are recommended readings that will be discussed in the lectures

Lecture 1

Introduction to School Finance in the United States School Finance Litigation: From Equity to Adequacy

(*) Odden and Picus, chapters 1-2.

(*) Hanushek, Eric A., and Steven G. Rivkin. 1997. "Understanding the Twentieth-Century Growth in U.S. School Spending." *Journal of Human Resources*, Vol. 32, No. 1, pp. 35—68.

(*) Minorini, Paul A. and Stephen D. Sugarman. 1999. "School Finance Litigation in the Name of Educational Equity: Its Evolution, Impact and Future" in *Equity and Adequacy in Education Finance: Issues and Perspectives*, Helen F. Ladd, Rosemary Chalk, and Janet S. Hansen (eds). Washington, D.C.: National Academy Press.

Yinger, chapter 2. ("Financing a Constitutional Education: View from the Bench," by Anna Lukemeyer).

Lecture 2

Concepts and Measurement of School Finance Equity and Adequacy

(*) Odden and Picus, chapter 3.

(*) Berne, Robert and Leanna Stiefel. 1999. "Concepts of School Finance Equity: 1970 to the Present" in *Equity and Adequacy in Education Finance: Issues and Perspectives*, Helen F. Ladd, Rosemary Chalk, and Janet S. Hansen (eds). Washington, D.C.: National Academy Press.

Moser, Michele, and Ross Rubenstein. 2002. "The Equality of Public School District Funding in the United States: A National Status Report," *Public Administration Review*, v. 62, 63-72.

Burtless, Gary (ed). *Does Money Matter? The Effect of School Resources on Student Achievement and Adult Success*. Washington, D.C.: The Brookings Institution, 1996. Chapter 1, "Introduction and Summary," pages 1—42.

Lecture 3
The Structure of School Finance Formulae

(* Odden and Picus, chapters 4-6.

(* Yinger, chapter 1. ("State Aid and the Pursuit of Educational Equity: An Overview," by John Yinger).

Schwartz, Amy Ellen, Leanna Stiefel and Ross Rubenstein. 1998. "Education Finance," in Fred Thompson and Mark T. Green, editors, *Handbook of Public Finance*, Marcel Dekker, Inc. New York: 447-482.

Yinger, Appendices A – B.

Lecture 4
Public Choice and Local Demand for School Spending

(* Bergstrom, Theodore C., Daniel L. Rubinfeld, and Perry Shapiro. "Micro-Based Estimates of Demand Functions for Local School Expenditures," *Econometrica*, 50 (1982), 1183-1205.

(* Harris, Amy Rehder, William N. Evans, and Robert M. Schwab, "Education Spending in an Aging America," *Journal of Public Economics*, 81 (2001), 449-472.

Lecture 5
The Incentive Effects of School Finance Formulae

(* Baicker, Katherine, and Nora Gordon, "The effect of state education finance reform on total local resources," *Journal of Public Economics*, 90 (2006), 1519-1535.

(* Hoxby, Caroline M., "All School Finance Equalizations Are Not Created Equal," *Quarterly Journal of Economics*, 116 (2001), 1189-1231.

Cullen, Julie Berry, "The Impact of Fiscal Incentives on Student Disability Rates," *Journal of Public Economics*, 87 (2003), 1557-1589.

Hines, J. and R. Thaler. 1995. "Anomalies, The Flypaper Effect," *Journal of Economic Perspectives*, pp. 217-226.

Lecture 6
School Finance Reform—Effects on Spending, Student Achievement, and District Behavior

(* Corcoran, Sean, William Evans, Jennifer Godwin, Sheila Murray, and Robert Schwab. 2004. "The Changing Distribution of Education Finance, 1972-1997," in *Social Inequality*, Kathryn M. Neckerman, ed., New York: The Russell Sage Foundation.

(* Silva, Fabio and Jon Sonstelie. 1995. "Did Serrano Cause a Decline in School Spending?" *National Tax Journal*. vol. 48, no. 2, pp. 199—215.

(* Fischel, William A., "Did Serrano Cause Proposition 13?," *National Tax Journal*, 42 (1989), 465-473.

Card, David A., and Abigail Payne. 2002. "School Finance Reform, the Distribution of School Spending, and the Distribution of Test Scores." *Journal of Public Economics*. Vol 83, pp 49-82.

Midterm Examination

Lecture 7
School Finance Reform—Case Studies

* A list will be provided of additional references

(* Odden and Picus, chapter 7.

To be divided among the class for discussion:

(* Yinger, chapter 5. Kansas (Duncombe and Johnston).

(* Yinger, chapter 6. Kentucky (Flanagan and Murray).

(* Yinger, chapter 7. Michigan (Cullen and Loeb).

(* Yinger, chapter 8. Texas (Imazeki and Reschovsky).

(* Yinger, chapter 9. Vermont (Downes).

Sonstelie, Jon and Peter Richardson. 2001. *School Finance and California's Master Plan for Education*. San Francisco: Public Policy Institute of California.

Downes, Thomas. 1992. "Evaluation of the Impact of School Finance Reform on the Provision of Public Education: The California Case," *National Tax Journal*, 45: 405-419.

Lecture 8
School Finance in New York and the Campaign for Fiscal Equity

(* Duncombe, William, Anna Lukemeyer, and John Yinger. 2003 "Financing an Adequate Education: A Case Study of New York." *Developments in School Finance: 2001-02, Fiscal Proceedings from the Annual State Data Conferences of July 2001 and July 2002*. Washington, DC: National Center for Education Statistics, NCES 2003-403: 127-154.

(* New York State Education Department (2000) *State Aid to Schools: A Primer*.

New York State Education Department. 2001. "Analysis of School Finances in New York State School Districts, 1999-00," sections 1-4.

Lankford, Hamilton and James Wyckoff. 1995. "Where has the Money Gone? An Analysis of School District Spending in New York State, 1979-80 to 1991-92." *Educational Evaluation and Policy Analysis*, Summer, pp. 195—218.

Lecture 9
What is an Adequate Level of Resources? Cost Studies and Alternative Approaches

(* Duncombe, William D., John Ruggiero, and John Yinger. 1996. "Alternative Approaches to Measuring the Cost of Education." In Helen Ladd (ed.), *Holding Schools Accountable: Performance Based Reform in Education*. Washington, DC: The Brookings Institution, pp. 327-356.

(* Duncombe, William D. and John M. Yinger. 1999. "Performance Standards and Educational Cost Indexes: You Can't Have One Without the Other" in *Equity and Adequacy in Education Finance: Issues and Perspectives*, Helen F. Ladd, Rosemary Chalk, and Janet S.

	<p>Hansen (eds). Washington, D.C.: National Academy Press.</p> <p>Reschovsky, Andrew and Jennifer Imazeki. 2001. “Achieving Educational Adequacy Through School Finance Reform.” <i>Journal of Education Finance</i>. Vol. 26, No. 4, pp. 373—396.</p> <p>(Other examples of cost-function studies).</p>
	<p>Lecture 10 The Link Between Funding and Accountability</p> <p>(* Yinger, chapter 3. (“Funding and Accountability: Some Conceptual and Technical Issues in State Aid Reform,” by David Figlio).</p> <p>Figlio, David and Larry Getzler. 2002. “Accountability, Ability and Disability: Gaming the System?” <i>NBER Working Paper #9307</i>.</p>
	<p>Lecture 11 Resource Allocation at the District, School and Classroom Levels</p> <p>(* Odden and Picus, chapter 9-10.</p> <p>(* Schwartz, Amy Ellen. 1999. “School Districts and Spending in the Schools,” in William Fowler, Jr., ed., <i>Selected Papers in School Finance, 1997-1999</i>. Washington, D.C.: National Center for Education Statistics.</p> <p>Goertz, Margaret E. and Gary Natriello. 1999. “Court-Mandated School Finance Reform: What do the New Dollars Buy?” in <i>Equity and Adequacy in Education Finance: Issues and Perspectives</i>, Helen F. Ladd, Rosemary Chalk, and Janet S. Hansen (eds). Washington, D.C.: National Academy Press.</p> <p>Rothstein, Richard, and Karen Hawley Miles. 1995. <i>Where's the Money Gone? Changes in the Level and Composition of Education Spending</i>. Washington, D.C.: Economic Policy Institute.</p>
	<p>Lecture 12 School Finance—An International Perspective</p> <p>TBD.</p>

(Last Class Meeting)

Lecture 13
Financing Educational Facilities

(* Odden and Picus, chapter 11.

Yinger, Appendix C.
