

SHIFTING NATIONAL VALUES

The Education Block Grant and School Desegregation

C. PHILIP KEARNEY

University of Michigan

As a consequence of President Bush's national summit on education in Charlottesville and the resultant efforts by the governors of the 50 states to fashion a set of national goals for American education, policymakers at national, state and local levels again are debating and discussing the proper role of the federal government in education. These debates and discussions, in our judgment, should center primarily on the policy goals themselves, that is, whether there are legitimate national interests, legitimate national purposes to be served. Unfortunately, judging by past experiences, there may be a preoccupation — particularly at state and local levels — with the mechanisms that will be used to achieve a specific goal, rather than with the goal itself, a sort of removal from the ultimate policy questions of what the federal role should be and why (Kearney, 1985).

We believe that this tendency to focus on instrumentalities, on means rather than ends, can be allayed considerably if educators and citizens at state and local levels carefully consider the basic values, and the interplay of values, that drive education policy decisions. By doing so, we argue, one can better understand and respond to such policy actions as the federal government's recent decision to do away with direct financial assistance to school districts for desegregation activities.

THREE PRE-EMINENT VALUES

We hold to the view that policy-making for American education centers around three pre-eminent values that are sometimes complementary, often-times competing, and always present, if not embedded in, the deliberations and negotiations that comprise the policy-making process. The three values

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are equity, efficiency, and choice (see Guthrie, Garms, & Pierce, 1988; Kearney, 1988).

Equity is a value that most Americans hold in high esteem, particularly when it comes to questions about the amount and quality of schooling that should be provided to the nation's youth. Yet equity — like a good many other concepts that undergird our democratic system of government — is open to a variety of interpretations. The same can be said for efficiency, a second value that Americans hold dear. Efficiency — in any of its several definitions — always has been, is now, and will continue to be of major concern to the American citizen and taxpayer. The third value, choice, most often but not always defined as one form or another of “local control” or “states’ rights,” also has been of abiding importance to Americans.

The problem is that, more often than not, these values represent three polarities. Local, state, and national decision makers, in attempting to fashion acceptable education policies for the schools of America, must face the fact that these three undergirding values — equity, efficiency, and choice — are often mutually incompatible. They compete with one another. An emphasis on resolving an equity problem often entails a de-emphasis on resolving problems of efficiency and choice. An emphasis on resolving efficiency problems often requires a de-emphasis on equity and choice. While all three usually have to be considered in attempting to fashion successful education policies, they cannot all be optimized. But that is inherent in the nature of the public policy process in our nation, in our fifty states, and in the multiplicity of local governmental jurisdictions. Coming to an acceptable balance among all three values is the essence of public policy-making.

It is our contention that a thorough understanding of each of these three values — how they are defined, how their meanings have changed over the years, and how these meanings even now don't necessarily “hold still” — is central to an understanding of policy-making in American education. We also contend that central to this understanding is a knowledge of how the three values interact with one another — sometimes in conflict, sometimes in harmony, sometimes in conflicting pairs opposed to the third.

Our purpose in this article is to focus in particular on two of these values — efficiency and choice — and, using them as explanatory concepts, to provide a better understanding of the decisions made in the early years of the Reagan administration which led to the adoption of the federal education block grant. The block grant — among its other effects — literally “wiped-out” the Emergency School Assistance Act (ESAA), the federal categorical aid program that provided direct monetary assistance to local school districts launching and carrying out desegregation activities.

WAYS OF SPEAKING ABOUT EFFICIENCY

Efficiency is one of the enduring watchwords of educational reformers, be they advocates of the scientific management movement which invaded education in the early 20th century (Callahan, 1962), supporters of the accountability movement of the 1970s (Lessinger, 1970), or proponents of the reform movements of the 1980s (Doyle & Levine, 1985). Educational efficiency travels under many guises, sometimes being touted as educational productivity (Odden, 1982), sometimes as educational accountability (Lessinger, 1970). For some policymakers, it means getting more out of a given resource; for others, it means maintaining the same outcome while reducing the quantity of resources needed; for others, it means increasing outcomes even further through the infusion of additional resources; for still others it includes the notion of *Pareto efficiency*, improving the use of resources so that some pupils are made better off but none are made worse off; for yet others, it means simply ensuring the proper stewardship of public funds (Geske, 1982; Odden, 1982; Okun, 1975).

States, in their funding arrangements, have employed a variety of approaches to address the efficiency issue. Most have specific accounting and reporting requirements; many employ extensive administrative rules and regulations to govern the expenditure of categorical funds established for special needs; some employ special incentive programs which reward districts that evidence higher productivity. The national government also has evinced an abiding interest in efficiency as evidenced by the strong emphasis on evaluation that marked the programs established in the 1960s and 1970s, and more recently by the Reagan administration's efforts to reduce inefficiency through a movement toward the block grant as the funding mechanism of choice (Kearney, 1985).

In any one of its guises, educational efficiency is a value generally held in high esteem by education policymakers and by most Americans. A recent commentary on one of the major education reform reports, that of the Committee on Economic Development (CED), summed up the importance of efficiency — defined as educational productivity — to those being asked to support increased revenues for the schools:

There is an opportunity today to forge a new *quid pro quo* between Americans and their public schools. There will be more money for education when there is more education for the money. The business community (at least, as represented by the CED trustees) stands ready to put its shoulder to the wheel to support the public schools — including substantial increases in funding — when the public schools are willing to set and meet the objective of a high-quality education for every citizen. (Doyle & Levine, 1985)

Efficiency also is a value that usually “goes to the mat” with equity as policymakers look to questions of how best and at what levels to fund the public schools of America.

WAYS OF SPEAKING ABOUT CHOICE

Choice means the power, right, or liberty to choose from a set of alternatives, to have a voice in the making of public policy decisions. As parents, as local citizens, we have a voice in the type, the quantity, and the quality of public schooling that our children or our neighbor’s children will have available. We express our voice through the ballot box, voting for or against property taxes to support our local schools, and for or against our neighbors who run for positions on our local school boards. We further express our voice, if we choose, by attending local school board meetings: Through our presence and our statements, we can make our views heard on matters of finance as well as a myriad of other matters having to do with the quantity and quality of schooling in our local communities.

This choice, this local control of educational matters, is another of the values dear to the hearts of American citizens. It is the embodiment of what Richardson (1976) has called “the long-cherished notion that each person, each citizen, ought to have the opportunity to control the conditions of his or her life and, in concert with his or her neighbors, the conditions of life in his or her community.” Education finance policies in most states pay heed to this value by requiring schools to turn to local voters for approval of property tax rates, and then leaving it up to local school authorities, with a minimum of direction from the state, to decide on how best to expend those local revenues—as well as the general revenues contributed by the state.

But choice has another dimension. It involves the choices made by parents and students within the public sector and between the public and private sectors of schooling. In a legal sense, choice in the latter sense was assured some 65 years ago by an Oregon decision (*Pierce v. Society of Sisters of the Holy Names of Jesus and Mary*, 1925): Private or nonpublic schools are legitimate and parents can choose to send their children to approved nonpublic schools in lieu of public schools. In a financial sense, some argue that many parents really are not free to exercise choice because of the economic obstacle that exists, namely, the cost of nonpublic school tuition. They argue that public schools are “free,” nonpublic schools are not; hence, there is no real choice for many students and their parents.

Parental voice and parental choice in both senses have become a *cause célèbre* of many current national and state-level reform efforts. There seems to be a growing feeling that American society has surrendered too much responsibility for schooling to governmental bureaucracies and professional institutions and, thereby, neglected the more human-sized groups, what Berger and Neuhaus (1977) have called the “mediating structures” of society – families, communities, voluntary organizations, and religious groups. Thus, we see education policymakers today paying increased attention to the citizen’s power, right or liberty to choose the type, quantity, and quality of schooling that will be provided the young.

EFFICIENCY AND CHOICE AS EXPLANATORY CONCEPTS

An example of an education policy issue that involves a “natural” pairing of efficiency and choice is the education voucher. It is advocated and defended on the basis of both efficiency and choice (if not also equity). One induces efficiency through competition, Schultz (1982) argues:

It will require competition to compel public elementary and secondary schools to reduce their inefficiency and thereby contribute substantially to equity, which is surely in the public interest. . . . we await a new generation of architects to devise educational policies that will give parents and their children meaningful options in acquiring quality schooling. The economic requirements are, in principle, very simple: competition would bring about greater efficiency; parents and students would demand quality education; and public funds could be allocated to them, leaving them free to choose their schools with no strings attached except that such funds be used for schooling. (pp. 48-49)

Another example of a policy issue involving a pairing of efficiency and choice is the federal education block grant program. Early in the Reagan administration, the Congress enacted the Education Consolidation and Improvement Act of 1981. Chapter 2 of this act called for the consolidation of 28 prior categorical programs into a single block grant.

In this action, the national government resolved, at least in part, one of the great federal aid-to-education debates of the 1970s, namely, how much control should be maintained at the federal level and how much discretion should remain in state and local agencies. The central question in the debate was, “Should there be narrow, carefully regulated categorical grants or broadly defined block grants?” In this instance, the federal government opted

for broadly defined block grants. Why? What were the issues involved? What led to the change in policy?

This action by the federal government and the resultant implementation in the states offer excellent examples of how the use of the equity-efficiency-choice values framework can lead to a clearer understanding of education policy-making. Studying the adoption by Congress of the education block grant, application of the framework suggests that the values of efficiency and choice clearly won out over the value of equity. Whether this also held true as various states made decisions necessary to implement the block grant is less clear; nevertheless, at this level also, applying the values framework may enable one to gain a fuller understanding of the driving forces behind state-level decisions.

Even though our major concern in the present instance is the efficiency-choice dyad, we need to look first at equity. It largely was a concern with equity—with vertical equity and equality of opportunity—that led over the past several years to the increasing involvement of the federal government in public education.¹

In the 1960s and 1970s, beginning with the landmark legislation embodied in the Elementary and Secondary Education Act of 1965, the federal government embarked upon a course of action designed to ensure that states and local school districts paid heed to a wide spectrum of equity concerns ranging from the desegregation of schools, to the education of disadvantaged children, the handicapped, and children of limited English-speaking ability. And it largely was a concern with equity that led the federal government to choose the categorical grant as the primary mechanism for achieving its aims. The categorical grant, through its targeting requirements and detailed regulations, is designed to ensure that states and local school districts do indeed address “vertical equity” and “equality of opportunity” concerns. The distributive principles underlying the education categorical grant are based largely on notions of vertical equity—special educational need—and notions of equality of opportunity.

A classic example of equity-driven policy is seen in the Emergency School Aid Act (ESAA), designed to assist local districts undergoing desegregation and one of the largest of the 28 categorical funding programs consolidated into the new education block grant. ESAA originally was designed to help achieve vertical equity, to provide “unequal treatment of unequals,” to channel more equity objects—revenue per pupil to purchase additional resources needed for desegregation—to districts mounting desegregation efforts. It also was aimed at achieving equality of opportunity by helping to

eliminate relatively low levels of available revenue and concomitant resources per pupil usually associated with those same districts.

ESAA, on the other hand, was not particularly concerned with horizontal equity; it was not intended to achieve wide distribution of funds but rather to target funds on a relatively few districts with particularly high needs. In short, under ESAA — and under most categoricals — equity was defined in a redistributive rather than a distributive way.

Nor was ESAA's prime concern with efficiency or choice, a fact that made it a ready target for an administration ostensibly intent on inducing more efficiency and choice into the packaging of federal aid to the schools. The basic arguments mounted by the Reagan administration in support of its move from a system of categoricals to a system of block grants rested on the contention that existing categoricals insufficiently addressed the values of efficiency and choice. The Advisory Commission on Intergovernmental Relations, in 1979, foreshadowed these arguments when it suggested that the block grant had considerable appeal to people seeking to restructure, rationalize, and revitalize the federal system. In the commission's view, the appeal of the block grant was based on its strong decentralization thrust and its promise of increased economies and efficiencies.

The Reagan administration, advancing a similar argument, contended that the block grant would substantially reduce the burden that results from federal intervention and federal regulations, that it would return to the states considerable decision-making power and flexibility in programming, and that ultimately it would be a much more effective and efficient way to deliver federal education funds to the states and to local districts. In short, proponents claimed that the education block grant almost automatically would achieve the objectives of simplification and decentralization, of efficiency and choice. A comment which appeared in the administration's budget documents supporting the block grant is instructive: "One lesson is clear from the past. The only real losers in converting categorical grants to a block grant are the bureaucratic middlemen — who use up funds for the needy" (*Education Times*, 1981). The implication, of course, is that by doing away with bureaucratic middlemen — by increasing efficiency and leaving more choice to local districts — there will be more dollars for the needy. This line of reasoning seems to suggest (we think incorrectly) that one can have one's cake and eat it too, that one can simultaneously fully achieve the goals of equity, efficiency, and choice.

The education block grant, as we have seen, was intended to achieve greater efficiency by reducing — at federal, state, and local levels — the administrative and paperwork burden of managing 28 separate programs and

by eliminating regulations requiring extensive monitoring and evaluation. The anticipation of increased efficiency through reduced administrative costs also provided a rationale for reducing federal expenditures — i.e., one could maintain the same level of outcome yet reduce the quantity of resources needed.

The block grant also promised increased choice, increased local control, and increased flexibility to address local priorities rather than having those priorities determined by the funding agency. Coupling the argument for increased efficiency with the equally alluring argument of increased choice at the local level made the education block grant an attractive alternative to the existing system of categorical grants, with its narrow focus and detailed administrative requirements.

While equity — particularly the dimension of vertical equity and equality of opportunity — was largely shoved off center stage to be replaced by efficiency and choice, the proponents of the block grant still paid heed, on a much reduced scale, to equity concerns in at least two ways. The first was to argue not against equity, but rather in favor of increased horizontal equity through a wider distribution of the funds. Rather than targeting the federal dollars on a few districts to meet vertical equity and equality of opportunity goals, the legislation required that the federal funds be distributed broadly to all districts in a given state — so that there would be little or no variation among districts in the federal dollars per pupil made available under the terms of the grant.

The second was to include a provision that each state develop its own block grant distribution formula and, in doing so, pay some attention to special needs, to vertical equity. In addition to including in its formula a straight enrollment factor to ensure horizontal equity, a state also was required to include a special needs or high-cost factor. However, there was no requirement that a fixed percentage of the funds be distributed on the basis of special needs; a state had only to include that factor, or factors, in its distribution formula. Furthermore, the U.S. Department of Education refused to provide specific regulations on the special needs factor, or on any other factors, because of a conscious commitment to one of the central goals of the new policy, namely, ensuring increased local choice. Consequently, the extent to which vertical equity is emphasized in the formulas varies considerably from state to state. Moreover, there is no requirement that money generated by the presence of special-needs students in a district be expended on those students. Thus, while some attention was given to vertical equity by the framers of the legislation, it was left largely to the implementers — the

states and the local districts—to decide what emphasis would be placed on this dimension of equity.

A look at findings from an eight-state study of the education block grant commissioned by the U.S. Department of Education provides a partial answer to the question of how the states responded to the vertical equity requirement (Kyle, 1983). The study provides evidence that the block grant had the main effect of reallocating federal dollars along distributive lines; the block grant formulas fashioned in each of the eight states were based more on horizontal equity than on vertical equity. The formulas developed resulted in moving formerly targeted federal dollars away from minority jurisdictions—away from former ESAA districts—and spreading them out across all districts.

Yet, in one or two of the eight states there were apparent attempts to mitigate this shift and soften the impact of the dollar loss on former ESAA districts. Table 1 shows the factors included in each of the state formulas and the percent of funds allocated to each factor. On the face of it, only Michigan and Washington included special-needs factors directly related to desegregation and, thereby, addressed specifically the end toward which the former ESAA money was aimed. In Michigan's case, the special-needs factor was "desegregation" and accounted for 18% of the total block grant distribution to local districts. And the funds were sharply targeted: Eligibility was limited to the 12 Michigan districts (out of a total of 530 K-12 districts) that had received ESAA funds in the prior year. In the state of Washington, the factor was called "racial isolation" and accounted for 10% of the total distribution to local districts; however, in addition to Seattle, which was the only ESAA district in the state, 22 other local districts became eligible under this factor in the first year of the block grant. In the second year, 1982-83, the criteria were made more stringent and only 7 districts other than Seattle qualified under the "racial isolation" factor.

In both instances, other special-needs factors were also included in the formulas—"low achievement" and "sparsity" in Michigan, at 18% and 6% for a total of 24%; and "low income" and "minority" in Washington, at 15% and 10% for a total of 25%. Thus, acknowledging that there was considerable spillover to non-ESAA districts, one could argue that 36% of the total allocation in Michigan was targeted under its block grant formula for special-needs populations akin to those previously served by ESAA—in short, 36% of the funds were directed toward vertical equity concerns. In Washington, one could argue—but less convincingly because the "low income" factor tended to be widely distributed across the state—that 35% of the block grant distribution was earmarked in the same way. The argument is strengthened

TABLE I
Percentage of Total Allocated Under Funding Factors

State	Enrollment	Low Income	Sparsity	Low Achievement	Racial Desegregation	Racial Isolation	Minority	Limited English-Speaking Program (LEP)
South Carolina	70.0	30.0						
Nebraska ^a	75.0	20.0				5.0		
Texas ^b	72.5	12.3						
Pennsylvania	60.0	35.0	5.0					
Tennessee	66.0	34.0						
Michigan	58.0		6.0	18.0	18.0			
Colorado	83.0	16.0	1.0					
Washington ^c	50.0	15.0				10.0	10.0	5.0

a. 5% on handicapped

b. 7.8% on special education; 2% to state institutions

c. 10% on gifted

by the fact that both states had smaller percentages distributed on the basis of the enrollment factor—or on horizontal equity grounds—than any of the other six states in the study. Washington distributed only 50% of its block grant funds under the enrollment factor; Michigan distributed 58% of its funds under this factor. Only Pennsylvania, at 60%, comes close to this percentage. Even then, this attention to vertical equity in the formulas of both states did not restore all the funds lost to the large urban districts as a result of the demise of ESAA; however, it did much to allay what would have been—and could have been—much larger fund shifts. A superintendent of one of the 12 Michigan ESAA districts, who also served as a member of the State Advisory Council charged with developing the formula, stated that the formula represented, “the best we could devise under the circumstances . . . that would deal somewhat equitably with the former recipients of federal aid, particularly recipients of ESAA grants” (Kearney, 1983).

DISCUSSION

The adoption and implementation of the federal education block grant provides an example of the utility of the values framework in gaining a clearer picture of public policy-making. Employing the concepts of efficiency and choice—as well as equity—and observing their interplay has helped us identify and more clearly define the issues around which this instance of public policy-making at the national level centered.

Should the federal government’s role be that of “silent banker?” Should it leave decisions on how to allocate federal monies to state and local policymakers, thus coming down strongly in favor of choice? Should not choice and efficiency come to the forefront in deciding these issues? After all, are not the states and locales better situated to deal with their diverse needs and strengths than are decision makers in the far-off nation’s capital?

Or should the federal government use its limited resources to achieve *national* goals? Representatives of special-interest groups are quick to point out—with much justification—that the federal government respects the needs of the educationally and economically disadvantaged as many of the states and locales do not. They argue that if the states and local districts are free to spend federal money as they wish, these and other national priorities will suffer. They offer, as one example, the ESAA experience. In only a few cases, notably Michigan and Washington, did the states act—and then at a much reduced level—to step in and take up the slack by continuing to provide financial assistance to those of their school districts involved in desegrega-

tion activities. Equity, as a policy goal, in the overall experience took a backseat to choice and efficiency.

Whether equity should or should not have taken a backseat in this instance is not the point of this article. Rather the point is that the equity-efficiency-choice values framework offers an opportunity to focus attention on ends and not just means, on policy goals and not just policy instruments. In our view, debate and discussion about the education block grant—and any other proposed action to initiate or amend federal education programs—ought to center on *the* basic policy question: “Is the policy proposal primarily an attempt to streamline the means for providing federal support and assistance—to induce more efficiency and choice into the system? Or is it primarily an attempt to remove federal government involvement from a particular policy arena, in this instance to demonstrate that desegregation is no longer a matter of national interest?”

NOTE

1. We draw here on the definitions of equity advanced by Berne & Stiefel (1984). Horizontal equity calls for “equal treatment of equals” with the goal being to minimize disparities in resources among districts; equality of opportunity calls for no variation in resources among districts as a result of factors considered suspect, such as school district wealth; vertical equity calls for “unequal treatment of unequals” with the goal being to provide additional resources for pupils—or schools or districts—with special needs.

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