5. Government characteristics

Governmental structure and relationships can greatly affect the amount of money available for public education. At the moment not too much is known about the specific governmental characteristics which affect services and expenditures. But there can be no doubt that State-local fiscal interrelationships can play an important role. Clearly, the more the expenditures are financed by the State, and the more the State subsidies are based on the equalization principle, the more uniform the availability of funds throughout the State will be.

Julius Margolis advanced the thesis in a paper before the 1959 National Bureau of Economic Research's "Conference on Public Finances: Needs, Sources, and Utilization,"[16a] that governments with many functions may find it easier to raise funds by taxation, whereas such single-purpose special districts as school districts may not have sufficient fiscal strength to fulfill their goals. As is well known, public education is offered by both independent governments, i. e., school districts, and as special functions of other governments, i.e., counties, municipalities, and townships. Only about 4 percent of the public school systems in the United States are nonindependent school departments. But they are significant in size—they have 22 percent of the school enrollment.

According to Margolis, the comparison between fiscally independent school districts and fiscally dependent school departments is of interest since it indicates whether the public will spend more for a public service when it is presented as a single unit or as part of a package for which the specific benefit of the marginal tax dollar is uncertain. Agreeing that the evidence is far from conclusive, he reproduced some data that were used first by Henry B. Woodward.[17] They indicate that fiscally dependent departments spend more per pupil than fiscally independent school districts. Woodward had made an analysis of expenditures in 85 cities between 100,000 and 1 million population over the period 1929–30 to 1943–44. During this period the mean per pupil expenditure was highest in the fiscally dependent cities. They spent about 4 percent more than the independent districts in 1929–30 and nearly 12 percent more in 1943–44.

In addition, Margolis refers to the following census data. The April 1957 payroll of fiscally dependent school departments was $22.90 per pupil while for fiscally independent school districts it was $20.90. Ten of the forty-one largest cities have municipal school departments, but they spent in 1952–53 $346.11 per pupil in average daily attendance against $293.40 spent in the other 31 largest cities with independent school districts.[18]

Another example given by Margolis relates to New Jersey where there are dependent and independent systems of all size classes. The cities of over 100,000 had municipal school departments. They spent $383 per pupil in average daily attendance. In the remaining cities, the municipal school departments spent $343 per pupil in average daily attendance, while the independent school districts spent $293 per pupil in average daily attendance.

[16a] Public Finances: Needs, Sources, and Utilization—A Conference of the Universities-National Bureau Committee for Economic Research; A Report of the National Bureau of Economic Research to be published by Princeton University Press (1960).

[17] Henry B. Woodward, "The Effects of Fiscal Control on Current School Expenditures," Ph. D. thesis, New York Teachers College, 1948. Cited in Powell R. Mort and Walter C. Reusser, "Public School Finance," second edition (New York: McGraw-Hill, 1941), p. 60.

[18] U.S. Bureau of the Census, 1957 Census of Government, vol. 2. No. 1, table 4, and vol. 1, No. 1, table 10. And U.S. Office of Education, Annual Survey of Education, 1953–54, "Statistics of City School Systems," pp. 36–45.