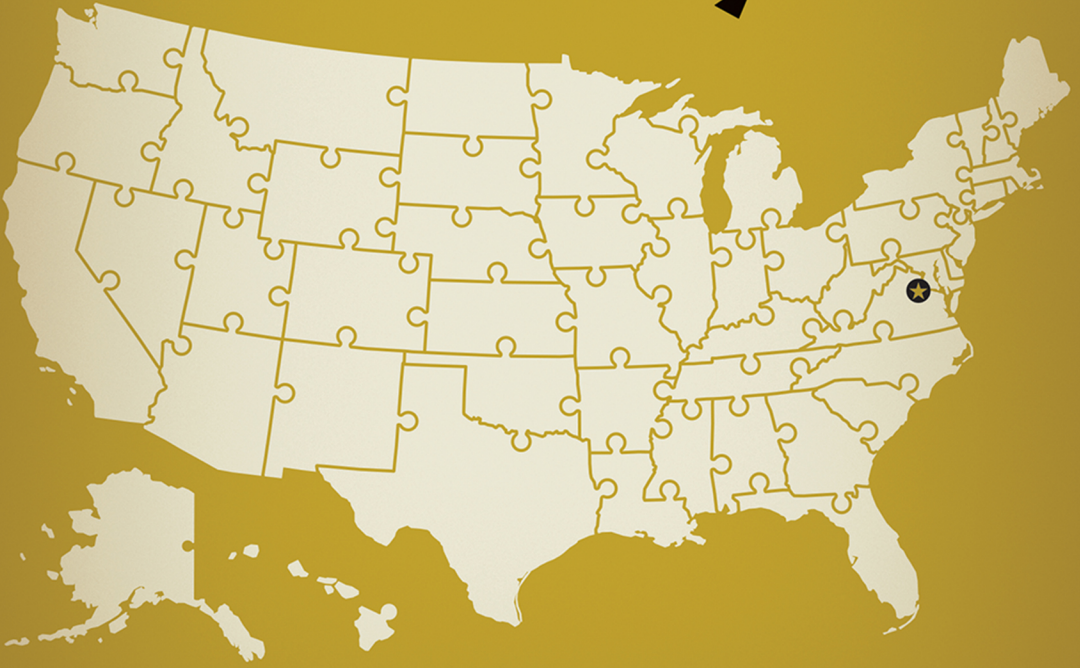


Perspectives on Political and Economic Governance

American Federalism Today



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MICHAEL J. BOSKIN

7

Some Evolving Issues in K–12 Education

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In many ways, the US system of K–12 education looks to be a case study in the strengths and weaknesses of having a federalist system of governance and finance. Decisions about education are made at all levels of government. And views on the balance of decision making have changed over time. The question that we need to ask is whether the structure has worked in the sense of delivering educational outcomes that meet societal needs.

No other country in the world has a governance and fiscal structure for K–12 education that is as complex as that in the United States. Overall, the federal government is a minor actor, but this is not true in all areas. The state governments have the primary responsibility for education, but they delegate operation to local districts that in general make all of the operational decisions. Then, of course, learning activities are implemented at the school and classroom level. The overlapping structure of educational decision making in the United States weaves together a complicated set of objectives and governance that is difficult to disentangle.

The results have not been good. While the United States led the world in developing universal education, the rest of the world has now caught up, and the United States is no longer an educational leader. A large number of other countries have both students completing more years of schooling and students that perform better in terms of measured skills. There are also large disparities in performance within the United States—both across family backgrounds and across states.

The overall performance of the system is obviously a very large question that cannot realistically be answered in its broadest sense. This essay will focus on some key features that are currently up for debate. It begins with an overview of the performance of the system in terms of resources and outcomes. The discussion turns to the federal accountability system and to the trend

toward more direct citizen choices—two potentially important but very different aspects of the federalist system. The objective is entirely descriptive, highlighting some of the features of the system that seem to be important in making judgments about where education policy might go.

Finance and Outcomes

The overall picture of enrollments, structure of the schools, and funding has significantly changed over time. The aggregate picture also masks an enormous heterogeneity across the states. Because of the central role of states in setting policy and funding the schools, this heterogeneity provides an important backdrop to thinking about how the various parts of the system go together.

It is useful to start with a description of the outcomes of the educational system. This picture of outcomes can then be matched with funding decisions.¹

Student Performance

The United States has a long tradition of assessing student performance through the National Assessment of Educational Progress (NAEP), which is often called the Nation's Report Card. Going back to 1973, the Long-Term Trend (LTT) assessment of NAEP makes it possible to get representative national data for math and reading performance of students ages 9, 13, and 17.

Figure 7.1 shows math score changes for different age groups relative to the initial scores in 1973. Scores of all age groups improved over the past fifty years, but the improvements were smallest for the seventeen-year-olds, who are the students closest to leaving high school and entering college or careers.

The scores for all age groups have dropped sharply in the most recent years. While COVID was certainly responsible for significant falls in performance, it is important to note that scores began declining before COVID. This longer period of decline is discussed below, because it coincides with the change in federal accountability regimes.

The scores for reading performance (not shown) follow the same pattern except that both the gains and the recent drop were smaller. The recent losses are also apparent on the other version of NAEP testing. Beginning in 1992, a second version of NAEP, called Main NAEP, was started with math and reading testing in grades 4 and 8.² While the tests are somewhat different, the recent losses are consistently found there also.

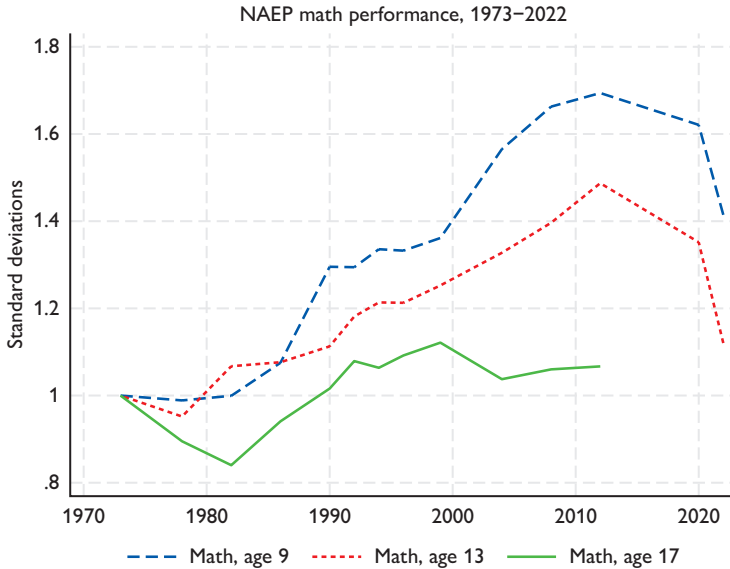


Figure 7.1 Math performance trends since 1973 by student age

Note: Testing of seventeen-year-olds was suspended in 2012.

Source: Data from US Department of Education, Institute of Education Sciences, National Center for Education Statistics, National Assessment of Educational Progress (NAEP), <https://www.nationsreportcard.gov> (Nation's Report Card).

The achievement changes in figure 7.1 represent total overall changes in student performance. In interpreting these performance data, it is important to note that achievement is a function not only of schools but also of parents, peers, and neighborhoods. Thus, the data obviously do not provide information about the causal impact of schools alone.

The national achievement data mask the fact that there are dramatic differences in achievement across states. Figure 7.2 arrays the eighth-grade math performance on the NAEP tests for each state in 2022. The differences in performance across states is very large. By conventional estimates, the difference in performance between Massachusetts (the top performing state) and New Mexico (the bottom performing state) translates to 2 to 2.5 years of education at the eighth grade.³

One related pattern that does take into account some of nonschool factors is the historical evolution of achievement gaps by socioeconomic status (SES). Concerns have been raised that the widening of the US income distribution has led to expanding SES achievement gaps (Reardon 2011). That concern, however, appears unfounded, as test information that is linked over

Mathematics, grade 8, 2022

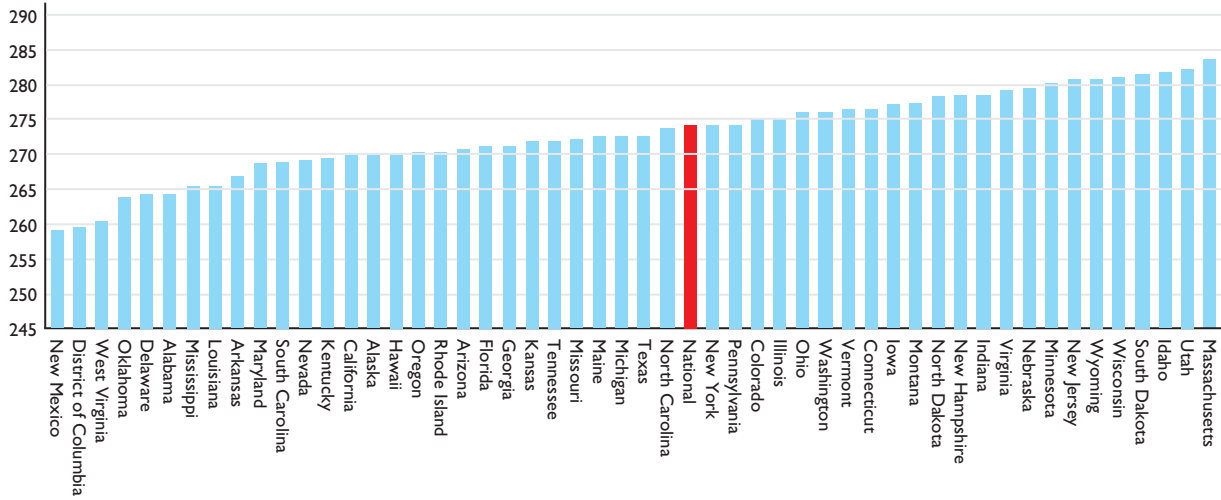


Figure 7.2 NAEP scores by state, math in grade 8, 2022

Source: Nation's Report Card.

time shows a slow shrinking of gaps for birth cohorts born between 1961 and 2001 (Hanushek et al. 2022). Figure 7.3 shows the evolution of achievement gaps by socioeconomic status that was created by combining the LTT NAEP and the Main NAEP scores with the international testing of the Trends in International Mathematics and Science Study (TIMSS) and the Programme for International Student Assessment (PISA). The relative comparison of scores in standard deviations (SDs) for the top and bottom quartiles of the SES distribution has shown a slight but steady decline over the past half century.

There is, however, one remaining comparison that is useful to pinpoint the achievement of US students. Figure 7.4 shows the math performance of US fifteen-year-olds compared to those in other countries. US students are being outperformed in math by students in Spain, Italy, and thirty-two other countries. In an absolute sense, this is not a desirable position for US citizens. Because the quality of the labor force is important for long term growth, this outcome for students does not bode well for the future (Hanushek and Woessmann 2012, 2015).

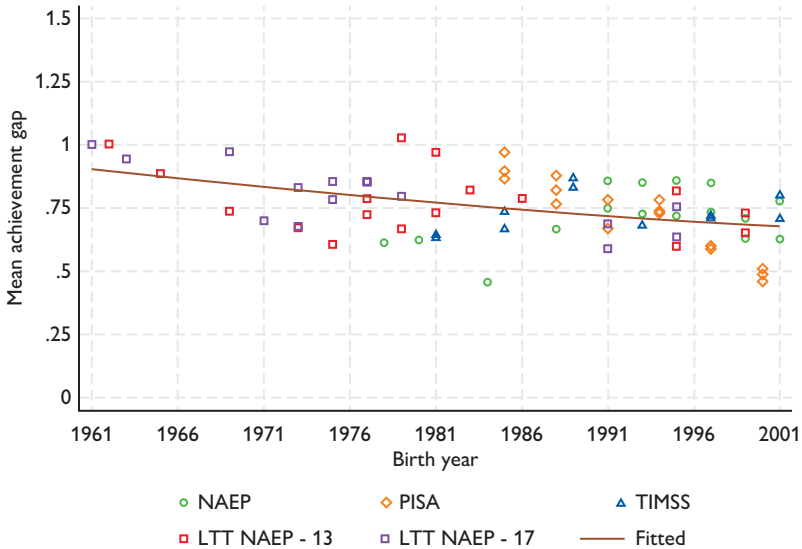


Figure 7.3 Difference of achievement between top and bottom quartile of SES distribution

Source: Hanushek et al. (2022).

PISA math scores, 2018

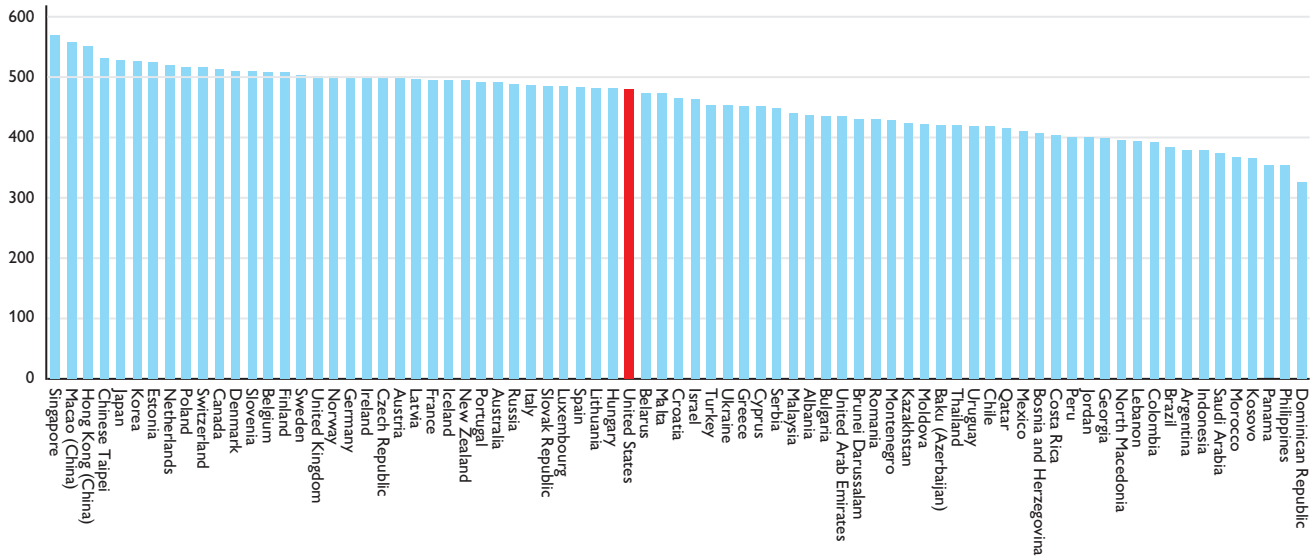


Figure 7.4 Average performance on PISA test, 2018

Source: OECD (2019).

Revenues for US Education

The United States has tried to deal with any schooling problems by adding to the funding of schools—sometimes through specific programs like reducing class sizes and sometimes by just increasing overall funding. Figure 7.5 shows revenues for the public schools from 1960 to 2019. State and local revenues each comprise roughly 45 percent of per pupil funding. The federal share, which began rising in the 1960s as the federal government assumed a larger role in financing schools for disadvantaged students and subsequently for special education students, rose around the 2008 recession and then returned to historic levels. The federal government also contributed large additional amounts of temporary funds (about \$190 billion) with the onset of the pandemic in 2020 (not shown).

The steady increase in per pupil funding over the entire period means that public school funding per student in 2019 was over four times that in 1960 in real terms. In fact, except for the dip in school funding after the end of federal support for the 2008 recession, real per pupil spending has risen continuously for over one hundred years (Hanushek and Rivkin 1997). State revenues come from a variety of sources that differ across the fiscal structures of the various states, and that determine where fiscal decisions are being made. Individual states have established their own funding systems that differ widely, although on average, funding responsibilities and decision making

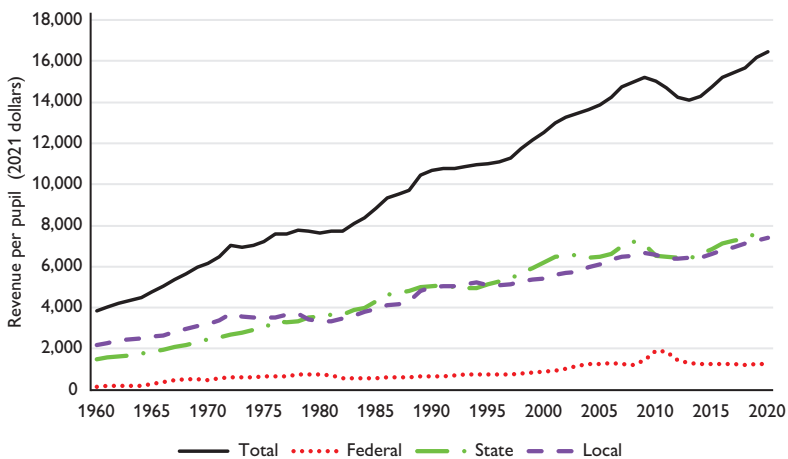


Figure 7.5 Revenues by source, 1960–2019

Source: Data from US Department of Education, Institute of Education Sciences, National Center for Education Statistics, Digest of Education Statistics, Table 235.10 (2022 and prior editions).

Table 7.1 Distribution of funding source makeup with representative states, 2019 (percent)

Revenue Source	Mean	Minimum	Maximum
Local	42.3	2.1 (Hawaii)	92.0 (Washington, DC)
State	50.1	26.6 (Illinois)	90.3 (Vermont)
Federal	8.6	4.1 (New Jersey)	15.4 (Alaska)

Source: Data from Digest of Education Statistics, Table 235.30 (2019).

are almost evenly split between state sources and local sources. At the same time, with few exceptions, local property taxes remain the dominant source of local revenues.

The aggregate data hide the wide variation that is seen across the states. States differ significantly in how revenues are raised and in the level of spending. Table 7.1 shows the extent of compositional differences in school funding. Typically, most of the revenue is derived from state and local sources, with the federal government contributing a smaller portion, but the federal share across states differs, ranging from 4 to 15 percent of funding. For Alaskan schools, 15 percent of the funding comes from the federal government, the highest percentage of all states. States like Hawaii, with its one district, and Vermont provide almost all funding at the state level, while funding for schools in Washington, DC, is provided almost entirely at the local level. Figure 7.6 maps the distribution of state per pupil spending levels in the 2018–19 academic year. Northeastern states spend over \$15,000 per student, significantly higher than the \$9,000 to \$11,000 per pupil spent by the majority of southern states.

The determination of funding levels and the distribution of funding across districts is, however, complicated. While the legislatures in each of the states have primary responsibility for appropriating money for schools, a variety of litigation has pushed many financing decisions of legislatures into the courts.

Court Interventions

The United States is unique in the role that courts have played in school policy decision making. The power of the courts to intervene comes from their authority to enforce certain rights under both federal and state constitutions, such as the right to equal protection of the laws.⁴

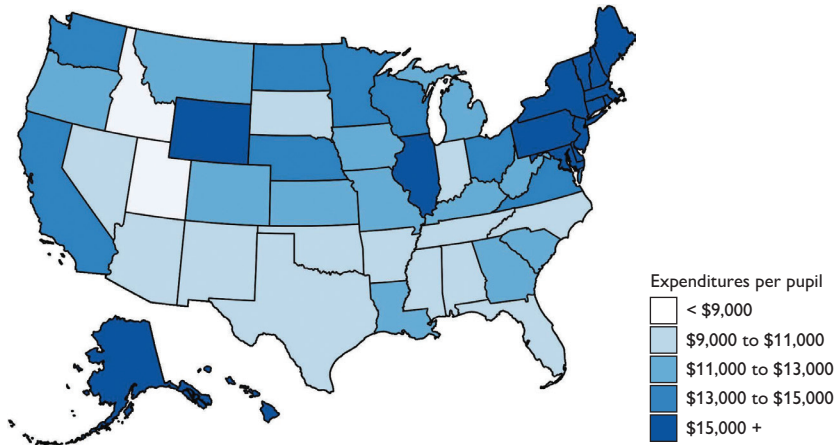


Figure 7.6 Per-pupil expenditure by state, 2019

Source: Data from Digest of Education Statistics, Table 236.65 (2019).

The federal courts have not had any consistent long-run impact on school finance. The more general issues of school finance outside of desegregation considerations were brought into federal courts in 1968. The Texas system of funding schools through local property taxes was challenged in federal court as discriminatory and in violation of the equal protection clause of the Fourteenth Amendment. In 1973, the United States Supreme Court rejected that claim in *San Antonio Independent School District v. Rodriguez*, ruling that school funding did not concern a fundamental right under the federal constitution, which does not mention education in its text. Therefore, education was ruled to be a matter appropriately left to the states.

The claims pursued in the state courts argued that the education funding “pie” should be divided more equally among a state’s school districts. These claims (in the language of Coons, Clune, and Sugarman 1970) rested on the premise that the quality of a child’s education should not depend upon the wealth of one’s neighbors. The earliest of these state court “equity” cases was *Serrano v. Priest*, in which plaintiffs in 1968 challenged California’s education funding system. In California, like most other states, the public schools were financed largely through a combination of local property taxes and state revenues. While California employed a foundation formula with student-weighted state funding designed to moderate disparities in local property tax bases, the compensation for differing tax bases was relatively low, leading to wide variation in local revenues.⁵

Equity court cases met varying degrees of success.⁶ Ultimately, plaintiffs were successful in less than half of these cases, leaving the prior state funding system unchanged. These setbacks led to a different kind of court case around the concept of “adequacy.” These suits had their genesis not in the equal protection clause of state constitutions, but in the education clause of state constitutions. In adequacy cases, the courts are called on to decide what level of education is required under the vaguely worded state constitutions, whether the state provides such an education, and, if not, what needs to be done to remedy the situation.

Through 2022, state courts have been involved in 205 identifiable school funding litigations. These cases have all been brought under the individual state constitutions. There has clearly been an increase in cases over time. While the 1970s and 1980s had fewer than twenty cases per decade, the numbers grew to over fifty per decade in the twenty-first century.

Across all of the state court decisions, 53 percent were decided for the defendants, which in general implies retaining the system of finance in place at the time of the decision. For the decisions based purely on equity, 59 percent ultimately favored retention of the current system. But those cases combining both equity and adequacy yielded 53 percent of decisions for the plaintiffs.

The courts have been very active in school finance, but it is important to keep in mind exactly where they enter into policy discussions. Throughout history, their role has focused on the level and distribution of funds. This role puts the focus solely on bolstering and equalizing inputs, not on maximizing outcomes per se. Yet a central element of much of the litigation has been discussion of how overall funding affects student outcomes. The following sections address this fundamental issue.

Resources and Outcomes

The obvious issue, which comes back to the nature of educational decision making, is whether the focus on funding has been effective. There is an obvious question that comes from putting together the discussion of educational outcomes and the discussion of increases in funding. On the surface, the dramatic increases in funding do not match with the outcomes, but this could hide many things under the surface.

As an overview, it is possible to look across the states to match spending and outcomes. Figure 7.7 relates 2022 NAEP math performance in grade 8 to

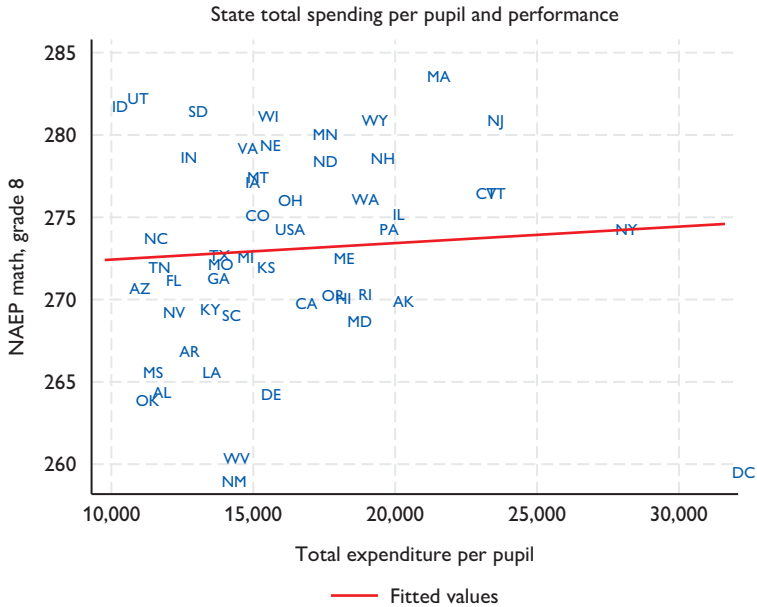


Figure 7.7 Spending per pupil and NAEP math performance by state

Source: Data from Nation's Report Card and Digest of Education Statistics, Table 236.65 (2022).

spending differences across the states. There is simply no clear relationship between NAEP scores and spending. The simple regression shows an insignificant correspondence of state spending and state performance.

This picture of course does not indicate the causal impact of funding decisions. Many other things go into performance, including families and neighborhoods. Addressing the causal impacts of funding has been a contentious field of study. Early reviews of the research summarized an inconsistent relationship of funding and achievement (Hanushek 2003), but there are legitimate concerns about many of the studies included in the review that do not come up to current quality standards.

More recent studies have not, however, provided clear guidance on the relationship of funding and achievement. Reviews and analysis of existing high-quality studies indicate that a positive relationship between funding and outcomes is likely (see the summary in table 7.2). But this “no harm” finding of added funding is insufficient justification for increased government spending (Handel and Hanushek 2023, 2024).

Table 7.2 Distribution of standardized school spending estimates

Outcome	Median	Min	Max	N	N pos.	N significant
Test scores	0.070	-0.244	0.543	16	14	9
Attainment	0.057	0.011	0.850	18	18	14

Notes: For test score estimates, results represent the effect of a 10 percent increase in spending on the change in test scores (in individual standard deviation units). For attainment outcomes, results represent the percent change in the outcome variable for a 10 percent increase in spending. For example, an estimate of 0.05 for graduation indicates that a 10 percent increase in spending led to a 5 percent increase in graduation rates. Estimates are significant if $p < 0.05$.

Source: Handel and Hanushek (2024).

At an aggregate level, it seems possible to conclude that the governance of education has not led to the best outcomes. Spending on average has been high but results have not matched spending.

The Changing Shape of US Schooling

As an alternative to the pure funding perspective, it is useful to go into more detail about the nature of educational decision making, the changing institutions, and how citizen choices have evolved.

Students are spread very unevenly across states and, within states, across separate local school districts. At the state level, Vermont has a total of 82,000 students while California has six million. The prime operating level is the school district, of which there were 13,452 in 2019, down from 117,408 in 1940. Moreover, the states are broken up into widely varying numbers of local districts. While Hawaii and the District of Columbia each have only one school district, five states have more than one thousand districts.

But even these aggregate variations understate the degree of heterogeneity in the schools. The growing importance of school choice leads to even more decentralized operation of education. The public school district is the prime operating unit, but it does not cover the full provision of educational services. First, beginning in 1991, charter schools were established in Minnesota, and the model spread across the country. Charter schools are public schools that operate with varying degrees of autonomy, depending on the state. Typically, charter schools are free to operate outside of many of the education regulations in a state, and, importantly, they can—independent of local teachers' unions—set their own requirements for teacher preparation, their own salary schedules, and their own personnel rules. They receive public funding,

and they are almost always required to take all students who apply, or to randomize admissions if more students apply than they can accommodate. They are required to participate in the state student assessment systems. By 2021, counting the increase during COVID disruptions, charter schools made up 8 percent of the public schools and 7 percent of the public school population.

In addition to the charter schools, students can attend private schools or be homeschooled. Private schools almost always receive no direct public funding, as is the case for homeschooling. These parts of the system are generally very unregulated, and they can set their own curricula and standards. They generally do not participate in state student assessment systems.

Figure 7.8 shows the substantial changes in the structure of US schools in the twenty-first century in terms of parental choices that interact with school finance.⁷ There has been a steady rise in charter school attendance with relatively stable homeschool attendance (about 3 percent of the age group) and declines in private schooling (stabilizing at close to 10 percent). The private school attendance is one-quarter nonsectarian and three-quarters religious based, with the religious component evenly split between Catholic and other denominations.

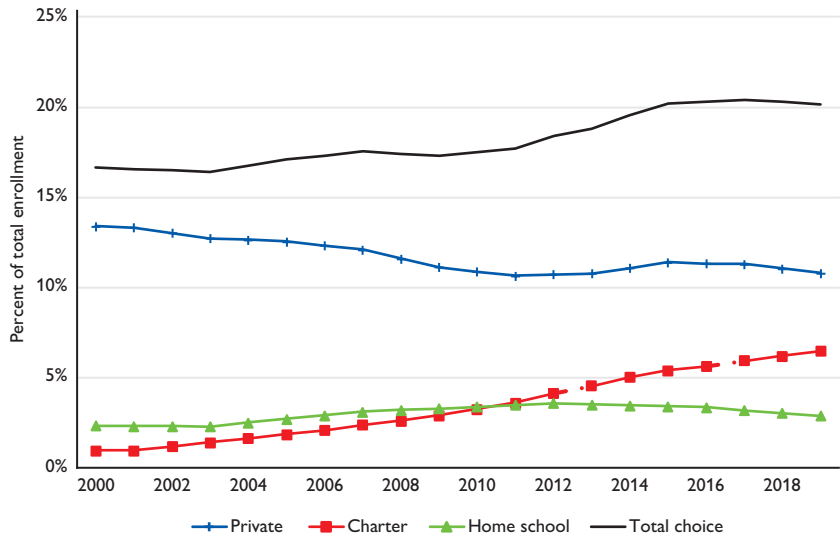


Figure 7.8 Parental choice and schools, 2000–2019

Source: Data from Digest of Education Statistics, Tables 205.15, 206.10, and 206.30 (2021 and prior editions).

Note, however, that the data in the figure are all pre-pandemic. With the pandemic, traditional public school attendance fell while the other options, and particularly homeschooling, increased. Within the public school sector there was also a shift from the traditional public schools to charter schools. The long-run distribution is yet unclear.

These trends show a steady move of the locus of decision moving toward more direct choices of the parents. While states traditionally call on traditional school districts to implement education, that is changing, and it is not clear where the overall pattern of school attendance (and decision making) ends up.

But there is another force that has been surprisingly important over time and that undoubtedly influences educational decision making. There has been a move to consolidate school districts, which has taken us from the more than 119,000 districts seen in 1938 to the current number of somewhat over 13,000 (figure 7.9). This change obviously moves school decisions farther from the average citizen as districts become larger and more bureaucratic.

The arguments for consolidation are that the smaller districts have cost disadvantages or difficulties in offering full programs, or both. Thus the normal subsidiarity arguments are that the disadvantages of having decision making

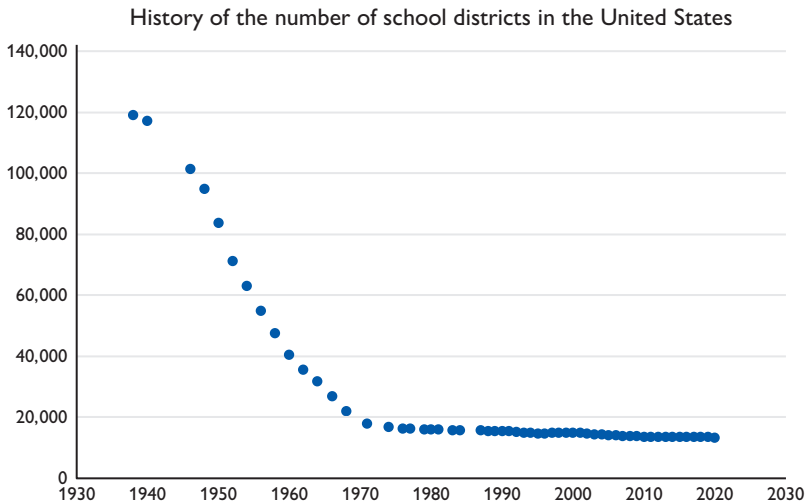


Figure 7.9 Number of school districts in the United States, 1938–2020

Source: Data from Digest of Education Statistics, Table 214.10 (2022 and prior editions).

at the lowest level are greater than the advantages. But the existing literature has not been very good at disentangling the impacts of consolidation.⁸

An interesting research possibility in this area focuses on consolidations since 1990. Between 1990 and 2019, the number of districts shrank by 13 percent, going from 15,358 to 13,349. Importantly, there were a number of states that introduced regulations or incentives designed to encourage district consolidation. Figure 7.10 shows some of the largest changes in the population of districts. Some states have regulations about district size, such as Arkansas, where a 2004 regulation prohibits districts below 350 students. Others have introduced monetary incentives for consolidation, such as Illinois in 2006 and 2010 and Nebraska in 2006. And some states have experienced declines in the number of districts without any apparent regulations or incentives, such as North Dakota.

By looking at experiences between 1990 and 2019, it would be possible to link changes in the number of districts to specific laws and also to understand the impact on spending and on student performance given the NAEP testing. These issues—while justifying various consolidation efforts—have not been adequately evaluated.

Federal Accountability

Perhaps the largest change in the locus of decision making over the past quarter century, however, has been the increased involvement of the federal government in school operations.⁹ This change started rather abruptly with the adoption of the No Child Left Behind Act of 2001 (NCLB), which went into effect in 2002. NCLB mandated that all states develop a system of test-based school accountability. The system further had to lead to all students being proficient by 2014. While over half of the states had accountability systems at its introduction, NCLB laid a federal imprint on accountability.

NCLB began with broad bipartisan support in Congress, but support for it waned over time. It was a very complicated Act that introduced a number of components into school accountability that had little precedent. It was supposed to be reauthorized in 2007, at which time the most problematic features could presumably be remedied, but Congress never reauthorized it. The original version simply continued in force.

A variety of criticisms of NCLB accumulated over time, but perhaps the most fundamental criticisms surrounded the high-stakes use of standardized tests. State-developed tests matched to each state's own learning standards were used to judge the performance of each school. Schools not meeting

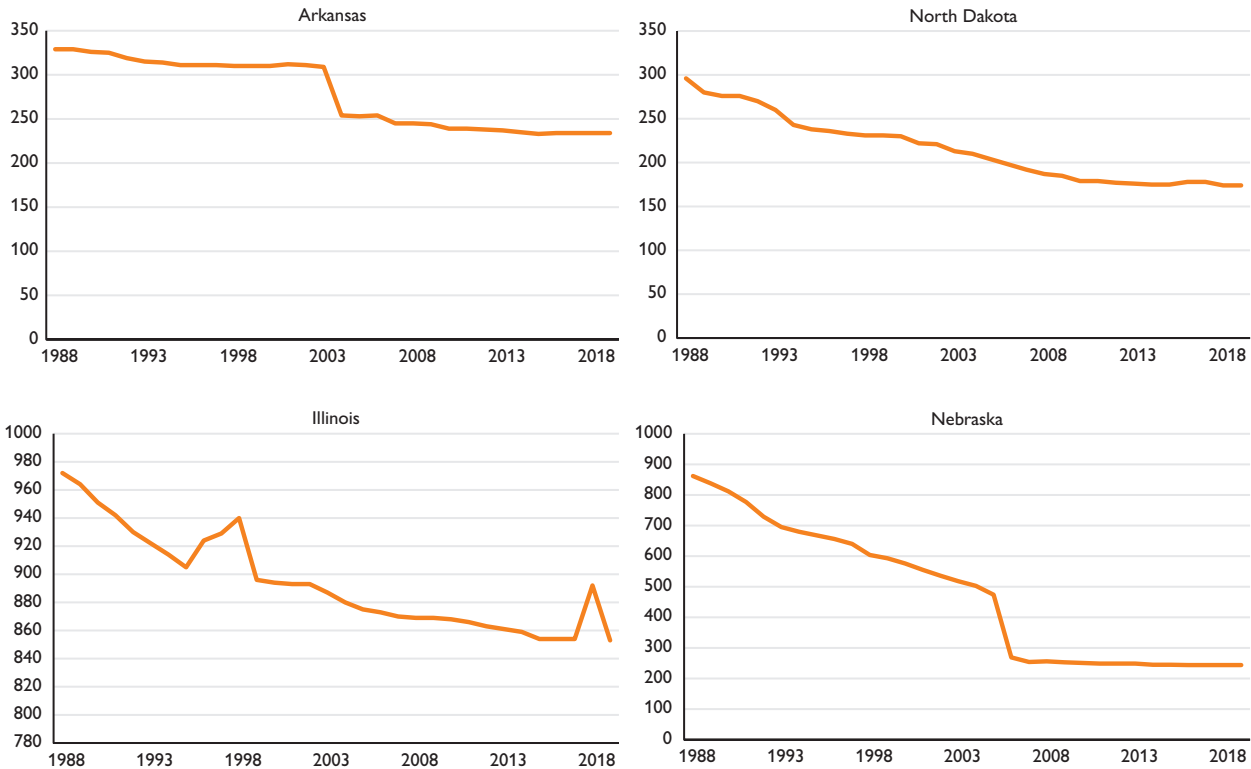


Figure 7.10 Patterns of consolidation, 1988–2019

Source: Data from Digest of Education Statistics, Table 214.10 (2022 and prior editions).

achievement goals (adequate yearly progress or AYP) were subject to a hierarchy of federally prescribed sanctions. Ultimately, the unrealistic goal of having all students reach proficiency led to the broad consensus that NCLB had to be replaced.

From early on, school personnel were concerned that the test results might be used to assess the performance of teachers. Because the accountability systems focused on status measures, or the level of performance, the observed scores necessarily conflated family and neighborhood factors with the impacts of schools and teachers.

The idea of employing the existing testing regimes for teacher evaluations was elevated in policy and legislative circles with the development of the Race to the Top program (RTT) in 2009 under President Obama. As an extension of federal involvement in school accountability, the Race to the Top program was a competitive grant program at the state level, where states were invited to enter a competition for funds. The guidelines included a variety of elements for the state grants, but the two most important were adoption of the Common Core curriculum and the use of value-added measures for teacher evaluations.

RTT provided state grants in three separate waves, but educators and decision makers in many states objected to the curriculum component and to being pushed toward teacher evaluations based on student performance. Coupled with the competitive grant aspect, which also was a source of annoyance, the adverse reactions to RTT added to the pressures against NCLB.

Crafting a new federal accountability regime clearly involved making substantial changes. Congress, which had not been able to reauthorize NCLB on time, sought compromise legislation that could lead to reauthorizing the Elementary and Secondary Education Act, the basic authorization that housed not only the federal accountability rules but also the fundamental parts of all federal policy toward K–12 education.

The replacement for NCLB was the Every Student Succeeds Act (ESSA), which came into effect in 2016. Again, this was a complicated law, but perhaps its most significant change was to return much of the decision making back to the states. States were still required to have regular student testing, but the states could decide what results were expected and how the results were to be translated into school policy.

At a conceptual level, it is possible to put the accountability aspects of policy into the general federalism framework. By these standards, NCLB was quite backward. It required states to develop their own standards and

testing regimes, including defining what was meant by student proficiency. Then, if schools failed to make adequate yearly progress, the federal government set the operational changes in schools that were required. While the federal government may be the more appropriate level of government to decide on goals and performance standards for students, it is quite unprepared to set the operational choices of schools that fail to meet these standards.

On the other hand, ESSA leaves setting of standards and goals at the state level, even though the quality of education has huge cross-state implications. In 2019, 42 percent of the US population lives in a state different from their state of birth, and the quality of the labor force has huge implications for state economic development (Hanushek, Ruhose, and Woessmann 2017). ESSA moves school operational decision making back to the states, which is more in line with the proper level of government for operational decisions.

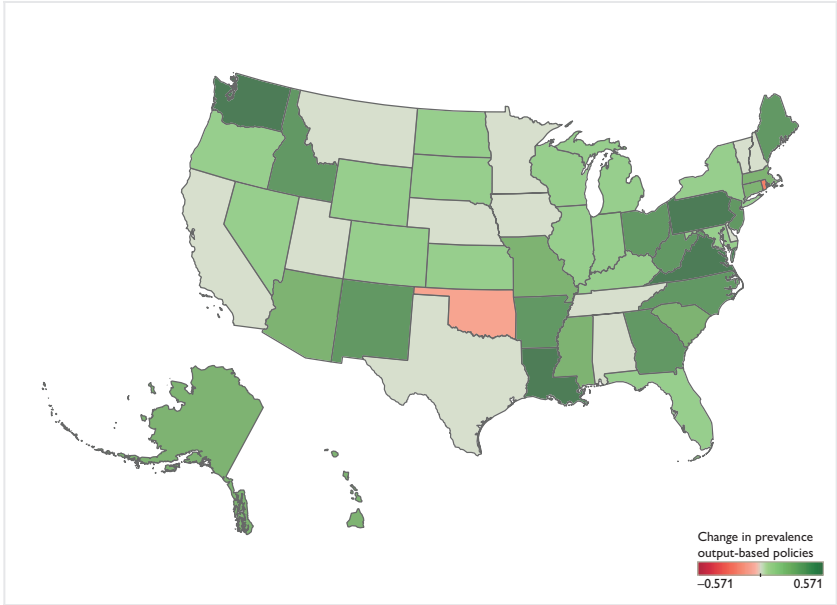
The implications of this change in the locus of educational decision making is not fully understood. The evaluation of NCLB by Dee and Jacob (2011) suggests that NCLB had a positive effect on US achievement even with its conceptual flaws. It is, however, hard to evaluate the change to ESSA.

One way to evaluate the situation is to look at the policies toward teacher quality. NCLB pushed hard on evaluations of teacher quality that were linked to student outcomes. ESSA completely relaxed these policies.

It is possible to trace the changes over time in these two sets of policies by using the database of the National Council on Teacher Quality (NCTQ).¹⁰ Our measure of the change in accountability is simply how states change their use of input-based and outcome-based teacher evaluation policies times the impact of each on achievement. The results of this exercise are still ongoing, but it is possible to show the adjustments that states made to the change from NCLB to ESSA.

When we code various components of outcome-based teacher policies (figure 7.11) and input-based teacher policies (figure 7.12), we see a distinct policy change. After Race to the Top and NCLB were in effect, states moved to more outcome-based policies (figure 7.11, 2015); but with the advent of ESSA, they started to discard outcome-based policies (figure 7.11, 2019). The movement toward input-based policies—which were not covered systematically by NCLB or ESSA—was much more random (figure 7.12, 2015 and 2019).

Output-based policies cumulative 4-year change, 2015



Output-based policies cumulative 4-year change, 2019

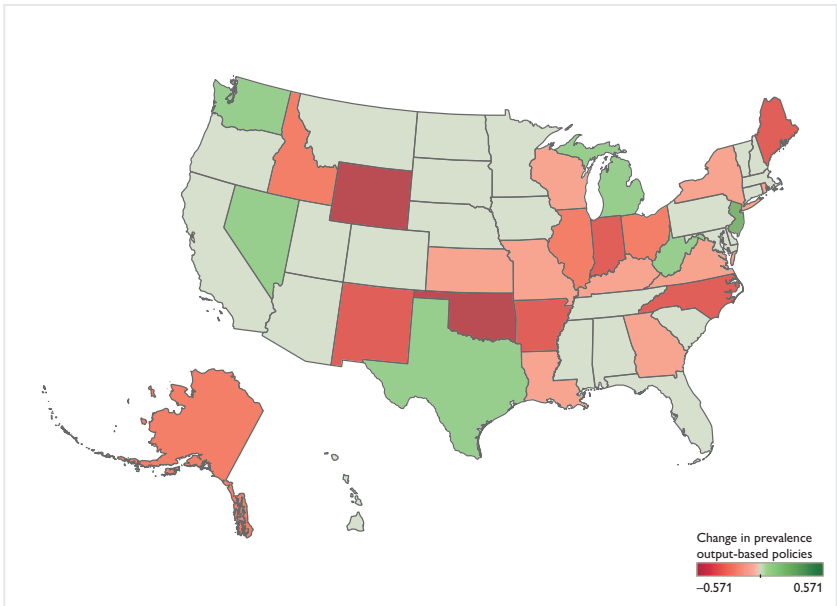
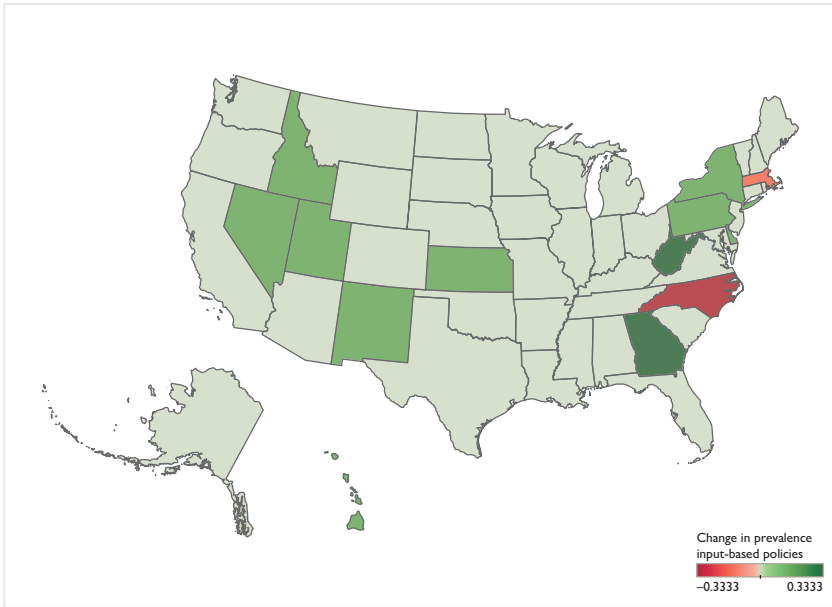


Figure 7.11 Three-year change of adoption of outcome-based teacher policies: 2015 and 2019

Source: Hanushek, Saenz-Armstrong, and Salazar (2023), from data by the National Council on Teacher Quality.

Input-based policies cumulative 4-year change, 2015



Input-based policies cumulative 4-year change, 2019

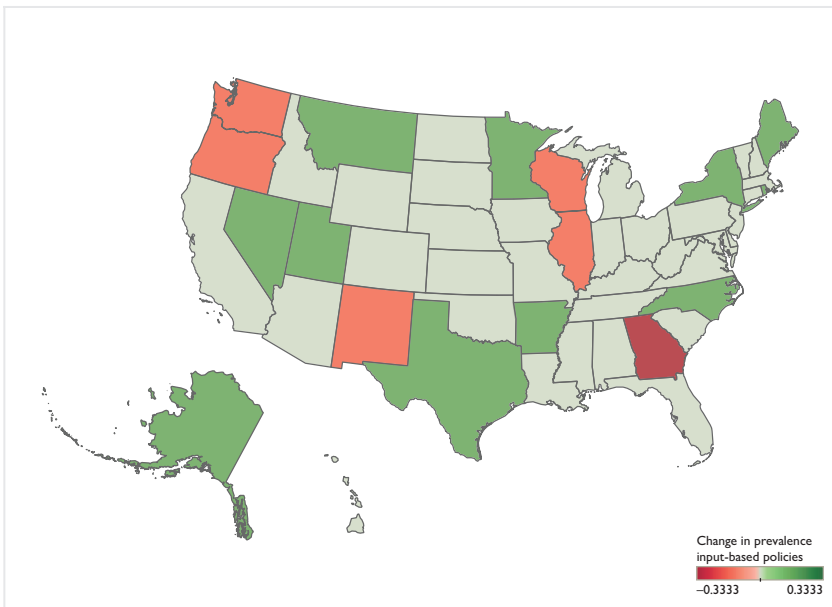


Figure 7.12 Three-year change of adoption of input-based teacher policies: 2015 and 2019

Source: Hanushek, Saenz-Armstrong, and Salazar (2023), from data by the National Council on Teacher Quality.

The impact of these state changes related to two different federal accountability policies depends on the achievement impact of these teacher policies. This is the subject of ongoing research. There is, however, some hint at the result of the change in the NAEP scores of figure 7.1. Here we see that scores began to decline before the beginning of the pandemic but after the change in accountability laws.

Some Tentative Conclusions

The United States has a very complicated educational system that involves decision making at multiple levels. The primary actor is the states. The states dictate the organization of the schools into districts and the range of school choice options that exist. While the states determine the funding formula, local districts also have a role to play, since they on average generate an equal amount of funding to the state. The details of the state-local split vary dramatically across the states. The federal government contributes roughly 10 percent of funding, focused on children in poverty and special needs students.

The results of this system have not been good. The United States has performed below the Organisation for Economic Co-operation and Development (OECD) average in terms of achievement. There is also a wide variation in performance across US states. These performance results will have long-term implications for the well-being of society.

In terms of federalism, the federal government has assumed a disproportionate role in decision making through the establishment of a national accountability system. But the negative responses to the rules of NCLB have led the federal government to return central elements of school accountability to the states. The evidence is not entirely in, but it appears that this has led to decreases in student achievement.

Another aspect of federalism has seen conflicting forces. Over time, various types of school choice have expanded, signaling an increased role of parents. At the same time, the number of school districts has declined precipitously, leading to larger school districts that place decision making farther from individual parents. The results of these changes have not been well analyzed, leaving some significant questions about the effectiveness of the overall federal system.

Notes

1. This review relies heavily on the analysis in Hanushek (2023).
2. Main NAEP has much larger samples of students in order to provide state-by-state performance data. It has also tested twelfth-grade reading and math and various

other subjects such as history, civics, and geography on a less regular basis and using significantly smaller samples of students. These additional tests do not provide consistent time series data.

3. The rule of thumb, derived from scores on vertically aligned tests, is that one standard deviation of achievement is equivalent to three to four years of school.

4. For a more complete history and analysis of court actions, see Hanushek and Lindseth (2009).

5. For a discussion of the use of property taxes, see Fischel (2006). See also the discussion about the relationship between equalization suits and referenda to limit school spending (Fischel 2006; Fischel 1989; Silva and Sonstelie 1995).

6. For a review and analysis of different court judgments, see Hanushek and Joyce-Wirtz (2023).

7. There are more dimensions of choice, but they do not interact significantly with overall financing and decision making across schools. Most importantly, while districts with assigned attendance zones for neighborhood schools predominate, many districts have magnet schools with a specialized focus that draw students from the entire district or have open enrollment across all schools in the district (see Abdulkadiroğlu and Andersson 2023). Such choices in general do not affect the total funding for the district, whereas the choices in figure 7.8 will affect funding for traditional districts. They do have impacts on school performance; see Angrist, Hull, and Walters (2023) and CREDO (2023).

8. This overview follows from an ongoing research agenda joint with Avinash Thakker.

9. This section reflects the ongoing analysis in Hanushek, Saenz-Armstrong, and Salazar (2023).

10. Details can be found in Hanushek, Saenz-Armstrong, and Salazar (2023).

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DISCUSSION

PAUL E. PETERSON: I can't see where you're getting your total for parental choice in [figure 7.8], because the privates are going down. Homeschooling is flat. There's some increase in charter, but there's a steep increase in your top line.

ERIC A. HANUSHEK: Paul, thank you. That observation points out an error [which has been corrected in the final version of the chapter].

What's been happening over time, I think, is parents are given more choice and options in the operations of schools. There's a counteracting—a countervailing—force that I find interesting, that I've been pushed to look at further by writing this paper. And that's the amount of consolidation of school districts. At the beginning of World War II, there were 100,000 to 120,000 school districts in the United States and there are now 13,400 and some. There is this precipitous fall in the number of school districts, which I interpret as saying that school districts are getting larger over time and they're moving further from parental input. Michael [Boskin] can speak to the role of school boards and other things in this, but that there has been this really big drop.

PETERSON: It's the school consolidation movement. The number of school districts declines because of the strong state efforts to consolidate rural school districts together, as people left rural areas for towns and cities. States gave local districts extra state money if they were willing to consolidate. The little red schoolhouse disappeared as districts consolidated. A study by [Martin R.] West and [Christopher R.] Berry shows that this had an adverse effect on student learning, which impacts earnings decades later. Consolidation was promoted in the name of better education, but the impact was quite the opposite.

HANUSHEK: There are a few states that stand out for really quite dramatic changes. Like North Dakota goes from three hundred school districts to two hundred or something in this twenty-five-year period or thirty-five-year period. That's the problem with my graph. I can't do the subtraction.