



Sharing the Wealth: How Regional Finance and Desegregation Plans Can Enhance Educational Equity

SCHOOL FINANCE SERIES

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Abstract

Most racial and ethnic segregation—and most financial inequities—in American public schools occur between, not within, school districts. Solving these problems often requires interdistrict solutions based on cooperation within regions. The report on which this brief is based uses three examples (Boston, MA; Hartford, CT; and Omaha, NE) to explore how interdistrict desegregation plans with innovative funding strategies have been designed, financed, and implemented. The report describes programs' academic and social outcomes and identifies four lessons for policymakers:

1. **Secure a metropolitan-wide agreement**
2. **Establish a clear vision for educational equity**
3. **Sustain efforts with equitable resources**
4. **Create a strong data and evaluation plan**

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Introduction

Most racial and ethnic segregation in American public schools occurs between, not within, school districts, and segregated schools are typically inequitably funded when compared to other public schools. This finding leads us to consider the potential of organizing for racial integration and fiscal equity on a regional basis. What if student attendance policies and school finance policies were not confined to individual school districts but were thought of as crossing and uniting districts in a region? What if districts were to share resources and collaborate to create a system of public schools that are integrated and designed to meet the needs of diverse students and families?

The report on which this brief is based uses three examples (Boston, MA; Hartford, CT; and Omaha, NE) to explore how interdistrict desegregation plans have been designed, financed, and implemented. It describes academic and social outcomes and identifies several promising strategies for policymakers.

Features of Interdistrict Desegregation Plans

Interdistrict desegregation plans have three common features. First, each plan is founded on voluntary cooperation. Second, because segregation is strongly associated with concentrated poverty and a lack of adequate resources within schools, successful interdistrict plans require regions to coordinate the movement of resources, as well as of students, across school boundaries. Third, they take local context into consideration. Patterns of racial segregation and funding vary across the country. Furthermore, American education is highly decentralized, and decision-making power is dispersed across multiple governing structures. Thus, no two plans can be exactly alike. The goals and context determine what kind of approach can succeed.

Researchers must consider key questions when assessing the effectiveness of interdistrict desegregation plans:

- How was the plan created—was the initiative court-ordered or was it voluntary?
- Who initiated the planning—was the driving force from the grass roots or from the top down, or some combination of both?
- Who is responsible for the plan’s financial stability—the state, the county, the city, or an extra-governmental organization?
- What are the processes for monitoring the success of the program—systematic evaluations and assessments, or little use of data for decision making?
- And finally, how solid is the political support of the plan—is there widespread agreement among the stakeholders or are there unresolved tensions and divisions?

Boston, MA

Legislative Action

The greater metropolitan area surrounding Boston, MA, has sustained the longest continuously running voluntary desegregation program in the United States. Founded in 1966, the Metropolitan Council for Educational Opportunity (METCO) is a one-way voluntary racial balancing program that transfers students of color from Boston and Springfield into the surrounding suburban districts, paying costs for transportation and educational services. Currently serving about 3,300 students in 42 school districts, the goals of the program are twofold: to expand educational opportunity for parents and families in the city and to create more diverse suburban classrooms. METCO supports students through the program by coordinating registration, referral, and student support services from its central office in the predominately Black neighborhood of Roxbury.

Outcomes

Student outcome data on METCO participants are limited but encouraging. Between 2006 and 2010, reported performance on state standardized tests in the 3rd, 6th, and 10th grades shows that METCO students, who are largely Black and Hispanic, tended to outperform their Black and Hispanic peers in both Boston and Springfield.¹ Moreover, in 6th-grade reading, METCO students met or exceeded the commonwealth average, proving that METCO students can match the average proficiency of the nation’s highest academically performing state.² An analysis of “peer effects” on student achievement found no real effects on White students’ achievement of attending schools with METCO students and modest peer effects on non-White students.³ In 2014, the 4-year high school graduation rate of METCO participants was 98%, beating the average scores for receiving districts (95%), the state (86%), Boston (67%), and Springfield (62%).⁴

Finance Spotlight: Boston's METCO Funding

Massachusetts General Law includes a plan for eliminating racial imbalance in public schools by requiring financial assistance for the costs of educating and transporting each child and providing special education as needed. METCO programming is supported by three sources of funding: transportation reimbursement, direct program funding, and the statewide education funding formula (Chapter 70) that factors in transfers.

For each METCO transfer, the program covers transportation costs and provides \$5,000 of direct funding to the receiving school in addition to the usual per-pupil expenditures for that student. As a third source of program funding, Chapter 70 includes transfer students in the district enrollment count for the state foundation budget. Estimates indicate that the formula provides highly variable state aid for METCO transfers by school and over time, from zero (which may be the formula allocation to a wealthy district) to more than \$11,000 per student (which the formula would provide to a district with greater needs).

METCO also coordinates and pays for registration, referral, and student support services—including social workers, guidance counselors, and support for college and career planning, as well as after-school academic support.

Hartford, CT

Legislative Action

A major civil rights case, *Sheff v. O'Neill*, established that de facto segregation between Hartford and suburban students violated the education and equal protection clauses of the state constitution. The voluntary settlement, reached in 2003, set a 4-year timeline to meet the goal of placing 30% of Hartford students of color in “reduced isolation” settings, defined as schools in which “minorities” constitute less than three fourths of the student body. In service of this goal, the *Sheff* reforms encouraged two-way transfers into and out of schools in Hartford and the surrounding area districts. The Open Choice program allows Hartford students to enroll in schools in the surrounding suburbs, and a set of regional magnet schools incentivizes both urban and suburban families to cross district lines.

Outcomes

The interdistrict transfer program has reduced segregation for students of color in Hartford. Data from the 2012–13 school year show that enrollments in magnet schools in the Greater Hartford region are more equally distributed across racial subgroups than statewide enrollments, with Black, White, and Hispanic students each comprising roughly one third of the overall magnet enrollment.⁵ A report by the Civil Rights Project demonstrated that, for that same year, rates of exposure to students of different racial and socioeconomic backgrounds were higher in magnet schools than in non-magnet schools in the city and suburbs.⁶

A 2009 study explored the relationship between attending the less racially and economically isolated interdistrict magnet schools and academic achievement.⁷ Using pretreatment scores and random lottery assignment to eliminate selection bias, the study found that attending an interdistrict magnet high school had positive effects on both the mathematics and reading achievements of central city Hartford students. These early findings are corroborated by the 2013 achievement data from the Capitol Region Education Council (CREC), which operates 23 Hartford area magnet schools, demonstrating improved scores for all student subgroups on state mastery and performance tests, as well as smaller achievement gaps between subgroups as compared to state averages.⁸

Finance Spotlight: Hartford's *Sheff* Settlement

In addition to investing \$1.4 billion in school construction over the first 10 years of *Sheff* reforms, the state provides grants to make interdistrict transfers attractive and affordable, with larger grants allocated to districts that accept more students. Receiving magnet schools qualify for per-pupil operating grants, which vary depending on the type of school and proportion of enrollments outside their dominant towns.⁹ Non-magnet districts also receive state grants through the Open Choice program, and the size of their grant varies based on the number of transfer students they enroll. A separate state grant covers the transportation costs for out-of-district pupils, up to a maximum of \$2,000 per student.¹⁰

Drawing upon a mixture of funds from the *Sheff* agreement and district budget, Hartford Public Schools invests an additional \$350,000 in marketing campaigns for its magnet programs through its Regional School Choice Office, responsible for conducting and monitoring the computer-based lottery for school assignments. Instead of setting quotas to meet the integration standard, the office relies on “affirmative marketing” to target communities with desired demographics.¹¹

Omaha, NE

Legislative Action

Omaha's experiment with interdistrict student assignment plans represents another community's concerted effort to provide all students in a metropolitan region with a quality education. In January 2006, State Senator Ronald Raikes introduced legislation that proposed three major changes to promote more equitable public education in the region: regional governance, tax-base sharing and resource redistribution, and a diversity plan. The “Raikes Plan” established a regional governance system for the 11 Omaha metro-area districts, the Learning Community Coordinating Council (LCCC), and granted it authority to distribute a common levy. The legislation also included a two-part economic “diversity plan” for the Learning Community: The LCCC was tasked with creating Elementary Learning Centers to support high-poverty districts and establishing a choice-based mobility program to deconcentrate high-poverty schools.¹²

Outcomes

The initial Open Enrollment plan funded districts to establish “focus” or magnet schools along with transportation to increase diversity, enrolling thousands of students each year and demonstrating wide appeal for many parents.¹³ Three years of LCCC evaluations compared the performance of Open Enrollment students on 3rd- to 8th-grade reading and mathematics assessments to their resident counterparts. In low-poverty schools, free and reduced-price lunch-eligible Open Enrolled students scored dramatically higher than peers in high-poverty schools in both reading and mathematics in all tested grades.¹⁴

Finance Spotlight: Omaha’s Learning Community

The Raikes Plan granted the LCCC authority to distribute a common levy to equitably move dollars across district boundaries. Under the common levy, the combined value of all property taxes was collected and immediately redistributed back to local districts for operating costs, based on a state funding formula that gave greater weight to students from low-income families and English language learners. Tensions between Omaha Public Schools and the surrounding districts about taxation led the Nebraska legislature to eliminate the common regional tax levy in 2016, in exchange for increased state support to the Learning Community. The state increased support for the districts by \$13.4 million, and local property tax revenue is now backfilled with state equalization aid available for low-income districts.¹⁵

A small LCCC tax levy of 1.5 cents continues to fund a set of programs for promoting equity, financing community centers (44%); an early childhood learning plan (34%); district pilot programs for instructional coaching, school readiness, and extended learning (18%); and administration costs for such programs (4%).¹⁶

Lessons for Policymakers

The collective action for greater fiscal and racial equity in Boston, Hartford, and Omaha is joined by that of other regions and cities that have begun their own experiments with interdistrict funding and desegregation programs. These case studies offer several lessons that may be informative to others:

Secure a Metropolitan-Wide Agreement

Most racial and ethnic segregation in American public schools occurs between, not within, school districts. It is not surprising, then, that successful desegregation plans require the collaboration of urban and suburban districts in a comprehensive regional plan. To encourage such collaboration, policy can

- create opportunities for genuine cross-school and cross-district collaboration; and
- offer financial incentives to help receiving schools cover the cost of student transfers.

Establish a Clear Vision for Educational Equity

To begin collaborative work toward advancing racial and socioeconomic equity, policymakers, educators, and communities need a collective understanding of what equity means in their region. A clear vision for equity includes

- a set of goals for achieving both greater diversity and greater educational quality and equity for targeted student subgroups that are specific to the region;
- a measurable definition of and a means to reduce “racial isolation” at the school and classroom levels; and
- goals and benchmarks for greater diversity and greater equity that respond to realistic timelines and local factors.

Sustain Efforts With Equitable Resources

Policies can sustain desegregative efforts by promoting

- regionally based finance reform that allocates additional funds to the schools and students who need it most;
- investment in regional magnet programs, capital improvements, and teacher professional development that raises the quality of schooling options available in all districts;
- affirmative marketing campaigns that build strong and accessible systems of public information around schooling options;
- services for transfer students and families that include transportation, school counseling, and family liaisons; and
- continued supports for schools and for students who attend schools in their neighborhoods.

Create a Strong Evaluation and Data Plan

Data monitoring allows practitioners and policymakers to test, evaluate, and adapt interdistrict plans to best serve all students. A strong data plan

- is aligned to a clear vision for equity, with specific criteria for determining racial isolation or segregation and targets for reducing these conditions;
- monitors these goals by tracking and understanding multiple measures of student success;
- disaggregates all data across student subgroups; and
- ensures that data collected are visible in the community, with opportunities to incorporate stakeholder feedback seriously and in a timely manner.¹⁷

Above all else, experience shows that policymakers interested in advancing equity through interdistrict desegregation plans must be persistent and must engage in ongoing problem solving. Progress requires an authentic commitment to equitable outcomes that responds to inevitable roadblocks with continued effort.

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