

# Magic dollars

Federal school funding includes a lot of politics

By Dennis Myers

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**“I see no magic in tax dollars** which are sent to Washington and then returned,” Sen. John Kennedy of Massachusetts said in a New York speech on Sept. 14, 1960, as he campaigned for the presidency.

In that campaign, federal aid to education was still very much a national controversy. As president, Kennedy went a long way toward closing the debate on the issue, proposing in a February 1960 special message to Congress a major expansion of such aid, a proposal whose federal sourcing was considered so important that in a volume of Kennedy’s first-year speeches, it was indexed under “F” for federal as well as under “E” for education. It provided for a lot of money to go to Washington and then be returned.

In later years, there have been few doubts or battles about the notion. And it appears that no one has ever gone back to examine whether it has worked, whether federal money has actually improved education.

“Not that I know of,” said educational consultant Eugene Paslov, a former Michigan and Nevada state school superintendent. “I haven’t seen any studies.”

There have been a few papers issued by groups like the Cato Institute, which opposes federal aid to education, but none by disinterested entities could be found.

Federal aid to education is surprisingly small. Funding under the Elementary and Secondary Education Act began in 1965 with \$25 billion, and has been declining in real terms ever since. That 1965 commitment in 2009 dollars was \$168 billion. But the total provided by the federal government in 2009 was \$115 billion.

When distributed, the money is very small. Currently, federal dollars make up 8.3 percent of Nevada’s education spending, and that is high for the state, probably due to a Democratic president and Congress. Normally, it is less—and it has never been out of single digits.

Yet for only a single-digit commitment, the federal government gets to set the one-size-fits-all rules for education across the nation. Paying most of the tab for schools gets states the right to toe the federal line.

Two weeks ago, Nevada lost out on up to \$175 million in federal money under “Race to the Top,” the latest presidential schools program. Last week Clark County lost out on two federal education grants, one for \$5 million, the other for \$20 million.

In a startling pronouncement, Gov. Jim Gibbons' state budget director Andrew Clinger last week said the economy is so bad and previous cuts so severe that if everything stays the same, the only way the state will have a decent school system is to shut down all the rest of state government. "You could eliminate everything, and have nothing but K-12 and higher ed, and you would have a balanced budget," he said. He said more cuts and higher or new taxes will be needed.

While Clinger was in Portland for a conference of state budget officers last week, the Oregonian reported, "Clinger acknowledged that outgoing Nevada Gov. Jim Gibbons has started avoiding him around the office."

Even Paslov, a former president of Harcourt Educational Measurement and now a columnist and education consultant who supports federal education funding, dislikes the one-size-fits-all federal mandates.

"I think that's wrong," Paslov said. "It may be a function of having to think that way when you're making educational policy at the federal level, but in practical terms it doesn't work that way. You can't do that. There are enough differences among the 70,000 school districts that you have to make some accommodation."

But Paslov also defends the current system.

"We're a republic, which has both state and local responsibilities, and that's kind of the way we do it in this country, at least to date. ... I'm a believer in the republic. I believe in the partnership between local, state and federal entities. I think sometimes it's a tortuous partnership, but it's the one that we need in order to make progress in this country, and it has served pretty well in the past."

Race to the Top is different from previous federal programs that distributed money to each of the states (all of which contribute to federal taxes). But this program pitted states against each other in a competition and many, including Nevada, did not get any money. Nevadans' money went to Washington and was *not* returned. Assemblymember Sheila Leslie, a member of the Assembly budget committee, says the feds picked their moment well to try this technique.

"Well, I think if states, including Nevada, weren't so desperate, the program might not have worked," she said.

"The states generally feel that education is a local issue, and the feds should set broad federal guidelines that shouldn't involve telling local school districts how to do their business—or the state. ... In a time when people are so desperate, their timing was perfect."

She said even for federal programs, Race to the Top is pretty overbearing. In Nevada, the requirements involved forcing Nevada to change state law.

“That is a bit heavy-handed, to tell us we had to change a *law*,” Leslie said.

An example of the way requirements binding on the states are packaged along with that 8 percent is Race to the Top’s requirement that teacher pay be tied to performance.

During the Bush administration, when performance pay was at issue, Democrats opposed it. Republicans said it worked in private industry. New York Times education writer Richard Rothstein surveyed corporations like Wal-Mart, Cisco systems and Edison Schools and found private industry did *not* use it. “The private sector does nothing of the sort,” he wrote. Rothstein quoted John Chubb at Edison Schools Inc., the largest firm that tries to get contracts to commercially operate public schools, who said that using test scores to influence pay was a mistake. The only place where Rothstein found the technique in business use was with stockbrokers and sales clerks paid on commission. But he wrote that the hardball tactics the sales commission practice fosters “should be intolerable where children are concerned.”

But under Race to the Top, the Democrats embraced performance pay and required states to do the same.