

THE WHITE HOUSE

WASHINGTON

November 7, 1969

MEMORANDUM FOR BILL SAFIRE

From: Daniel P. Moynihan

Concerning: The President's Commission on Educational Finance  
and Organization

That is a clumsy name, even for something as inelegant as a Commission. Undoubtedly you will be able to improve upon it. Somehow, we want to convey the fact that this Commission will do more than examine narrow financial/economic questions. It will also get into basic organizational issues, and problems of inefficiency and productivity. Its purpose, in the broadest sense, is to assemble information and make recommendations that will help Americans organize and pay for their elementary and secondary education in ways that will satisfy them.

It is because of this broad charter that we have felt the Commission will need two years, but with an interim report at the end of one. The first year will probably have to be devoted to gathering data; during the second, it will be possible to interpret it and base policy recommendations on it.

I continue to think it important for the Commission to be created by act of Congress, for several reasons; (a) a project as large and costly as this really needs its own budget; (b) the Commission will need subpoena powers, if it is to have a hope of getting the data it needs; (c) A subject as important as this is worth implicating the Congress in from the outset.

Let me try to set forth some of the topics that the Commission should address itself to:

1. In Nebraska we find more than 2000 separate local school districts, in Hawaii only one. Nationally, the number of districts has been declining, but we still have a situation where 60% of our school districts enroll fewer than 5% of our students. Many states are experimenting with various forms of "regional school districts"; at the same time,

we see big cities trying to "de-centralize" their own districts. No one has a clear sense of how the old agrarian system of local districts is adapting to an urban society, or how it could do so better.

2. Several states -- most notably Michigan -- have undertaken major reviews of the structuring and financing of their entire school systems. Yet no one has tried to examine these studies and adapt them to the states that actually need the overhaul the most. A national Commission could actually provide the motive force--and the technical assistance--to induce all 50 states to undertake such reviews, hopefully in conjunction with each other. We have, in short, reached the point where all states need this, but they won't do it without prodding and assistance.

3. Most public school systems rely primarily on the property tax for revenue; but, especially in cities, that tax base is not keeping up with educational expenditures. A major review of the tax resources and needs of education is in order.

4. Nearly every state has a "state aid formula" that purports to equalize the expenditures among the districts; in many states, it seems to do the opposite. This is an immensely complicated subject, and we need to develop alternative national models for these formulas.

5. The fact that public school enrollments are levelling off in the decade ahead is of profound significance, but no one has thought about what it means. At least since World War II, American education has been preoccupied with accommodating increasing numbers of students. Between now and 1980, it won't have to. What are the implications of this change for the financial priorities and objectives of our schools?

6. In this connection, by the end of the Commission's first year, we will have the 1970 Census information in hand. As with our Population Commission, the Federal government actually has an opportunity here to do something with this data, to analyze and interpret it for public policy. We will know where people are living, what age cohorts predominate in which kinds of communities, and what the demographic and educational trends are that effective school planning must heed.

7. We talk often about the "crisis of parochial education", but the Federal government has almost no data on the financing of non-public schools. We do know that non-public schools account for 12% of our pupils, and that Catholic schools account for 85% of them. We know that they bring a rich diversity to our educational system, and that to accommodate their students within the public system would cost \$3.8 billion a year, right now. We know that they are closing, especially in cities. But we don't know any of the critical details of their financing.

the patterns of closing, or what could be done about it. I have a preliminary indication from the U.S. Catholic Conference that the parochial schools would open their books to such a Commission; we might, for the first time in history, find out something about all our schools.

8. You're already familiar with the anachronism of the 9 month school year and the 6 hour school day; this is an inefficient use of facilities and personnel dating back to earlier centuries. But nothing will be done about it until and unless there is a national awareness of it, and some information about the alternatives.

9. The Federal government administers more than 40 different educational grant programs, and contributes to the confusion in school finance. But we can't even find out how much federal money from a particular program goes to a particular school district. The data does not exist. But it could be gotten.

10. Similarly, the state and local districts can't tell how much they are spending on a particular school, on a particular program, or on a particular child. Modern budgetting and accounting has not yet made its way into school finance. With a major census of educational finance, it would be possible to establish data-gathering patterns that might persist, and thus lay a foundation for rational public policy.

11. We have talked a lot about disparities in expenditure between city and suburb or between one state and another. We try to match expenditure data with local costs and with "ability to pay". But the only hard information we have is from the early 1960's--before the big new federal programs, before the end of pupil increases, and before our recent inflation. We have no up-to-date information on any of these basic financial data questions. It needs to be gotten.

12. Given the data we do have, it is clear that there are discrepancies in spending. When five states spend less than \$500 per pupil per year, and 5 spend more than \$800, we need to find out what this means; spending per se proves nothing. It must be matched with local costs, with tax base information, and with a great many other facts. But no one really knows whether, on balance, it is a discrepancy, because no one has ever assembled the necessary facts and analyzed them.