

## FEDERAL RESPONSIBILITIES FOR EDUCATION

Paul J. Strayer, associate professor of economics,  
Princeton University

The facts about the growing crisis in the field of education are familiar to most of us. The White House Conference on Education,<sup>1</sup> the Commission on Intergovernmental Relations,<sup>2</sup> and lay groups who have investigated our educational system<sup>3</sup> all agree that there is need to spend more for education—above all to raise the level of compensation for teachers at all levels so that the highest quality of education may be offered to all our children and youth.

The ideal of equality of opportunity for all through education has been accepted in our democracy. Equality of opportunity requires some differentiation in the program offered to students of differing abilities. It involves that provision of opportunity which will enable each individual to realize his full potential. Unfortunately this ideal has never been fully realized. The capacity of some States to offer educational opportunity is much greater than others. In addition, the willingness of some States and localities to spend for education has differed, and the amount of effort expended for education has varied at both the State and local level.

Studies of educational records of our young people indicate that there are many who are well qualified to finish high school who do not. Many others who should go on to college do not. The reasons for this failure to educate those who are fully qualified mentally may be inadequate educational opportunity in their early years, inadequate family financial resources, or their failure to realize the importance of further education. The latter fault is one that the parents must share with the schools, but it is a fault that could be largely overcome if there were a high level educational program throughout the United States and the potentialities of further education were pointed out to those most gifted. Even within the limitations indicated above there is going to be a tremendous rise in the number who are going to school and college due to the increase in the birthrate and the larger numbers who wish to continue their education for a longer period of time.

The only way this crisis can be solved, and solve it we must, is for the Federal Government to assume responsibility for the support of a minimum program on the basis of an equitable distribution of the cost among the Federal, State, and local governments. Such a program need not preclude the possibility of extra effort expended by

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<sup>1</sup> A Report to the President, the Committee for the White House Conference on Education, Washington, 1956.

<sup>2</sup> A Report to the President, the Commission on Intergovernmental Relations, Washington, 1955.

<sup>3</sup> Beardsley Ruml and Sidney G. Tickton, *Teaching Salaries Then and Now, the Fund for the Advancement of Education*, New York, 1955; National Citizens Commission for the Public Schools, *How Do We Pay for Our Schools?* New York, 1954; National Citizens Commission for the Public Schools, *Financing Public Education in the Decade Ahead*, New York, 1954.

some States or localities in the support of a superior program that may be more costly.

#### THE RESPONSIBILITY OF THE FEDERAL GOVERNMENT FOR EDUCATION

The interest of the Federal Government in the provision of a minimum educational program for all children is the basic premise from which we must start. The quality of educational opportunity offered will determine the competence of our citizens and the capacity of our professional personnel, managers, workers, and technicians. These persons will be, in a few years, those who are leading the Nation and determining the rate at which the Nation will progress. The wealthier States must be concerned with the educational opportunity provided in States of lesser financial capacity. It is from those States that many of their future work force of all types will come. The interest of the poorer States is equally compelling. By raising their educational standards, they may hope to achieve the status of their more opulent neighbors.

Why should Federal aid be considered now? Certainly there have been even greater problems in the past and in spite of the uneven educational opportunity offered in different parts of the United States our growth has continued without interruption, except for the years of the great depressions. Several reasons make the need for Federal aid more compelling today. Perhaps the most important has been the tremendous increase in the severity of Federal tax burdens. In face of such increases the State and local governments are finding it difficult to finance their basic service programs, particularly in education. Second, the need for more educated people expands continuously as the complexity of the economic, the technical, and the political system grows apace. What was once a reasonably good education no longer proves to be satisfactory. If we are to solve the problems associated with our social and economic development in the future, we must have many more persons with highly developed skills. The limiting factor in the expansion of many enterprises today is not lack of capital, but rather, the lack of managers, skilled workers capable of running the increasingly complex machinery, and of technical personnel necessary to develop and adapt the equipment of the plant to make the greatest use of modern technological developments. Third is the extraordinary increase in population and the growing mobility of the population. These reflect, among other things, the great prosperity of the past 15 years and the desire of many persons to live in the suburbs. This trend seems to be a steady one and has created many special problems. The difficulties confronting a State like California or a town like Levittown are not definable in terms of potential or present wealth, but are rather, related to the capacity of the State or local government to pay for the sudden large capital outlays required to meet the minimal needs of the children of school age. What might have been financed without strain over a period of many years in a more normally growing community, now has to be done overnight. Debt limits, tax rates, and public attitudes are adverse to so rapid an expansion in the costs of government. The unhappy consequences include inadequate school buildings, oversized classes, double sessions, and salaries too low to attract as teachers those persons best qualified to do the job.

There are still other reasons why the Federal Government must enter the picture, among which are the following: The decline of the property tax<sup>5</sup> has made it difficult for local governments to support adequate educational programs. Attempts to find other sources of local revenue have met with little success except in those metropolitan centers such as New York and other large cities that have a great appeal as cultural and business centers. But even in these cases, there has been a steady movement of shops to the outlying districts, and the ability of the city to continue to tax nonresidents must certainly be questioned. At the State level there is a superior taxing power, but growing resistance to the imposition of heavier taxes as a result of the reaction of taxpayers already heavily burdened by the Federal Government. In addition, the States fear that any tax increase will work to the disadvantage of the State in its appeal to new industry. Although all studies of this problem suggest that there is a gross exaggeration of the importance of taxation as a determinant of industrial location, there is a great reluctance on the part of any State to be considered a high-tax area. On the other hand, more attention should be given to the quality of schools, parks, water supply, roads, police protection, and other services, as important determinants of the attractiveness of a community for new industry.

The States also find it difficult to increase their tax collections because of the rather inequitable distribution of their tax burden. Most of the States rely upon the sales tax as their primary revenue source. This tax is regressive in relation to income and places a more severe burden upon the poor than upon the rich. A few States have lessened this regressivity by the exemption of food and clothing, but such exceptions greatly decrease the size of the tax base and its potential revenue-raising capacity. Other States have relied upon selective excise taxes as their primary revenue source. These taxes have an uneven incidence; they tax only those who use tobacco, go to the races, drink alcoholic beverages, or drive a car. Other tax sources, such as the various corporation franchise taxes and business levies, produce only a small part of the total State yield.

One of the most interesting facts is the decline in State individual income tax. Since 1937 no State has passed a new individual income-tax law. Perhaps this is appropriate in view of the severity of the Federal burden imposed upon this source. But it suggests that there is need for the Federal Government to recognize the problems it has created for the States and, therefore, to assume some responsibility for State functions. Even if the Federal income tax were reduced there is little chance that the States would increase their use of the individual income tax. There is no question that the individual income tax can be most efficiently administered at the Federal level. Competition among the States, either real or fancied, will make it difficult for them to use this source. Enforcement of an income tax is more difficult at the State level. Double taxation is a much greater problem at the State level. Some agricultural states will never find it possible to use the income tax effectively. All this points to the need for a new recognition on the part of the Federal Government of the difficult position of the States and local governments.

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<sup>5</sup> Mabel Newcomer, *The Decline of the General Property Tax*, *National Tax Journal*, vol. VI, No. 1, March 1953.

## FEDERAL AID AND CENTRALIZATION OF POWER

One of the chief arguments against Federal aid to the States is the fear that, once granted, there will be imposed upon the States unnecessary controls and restrictions. This fear is often promoted by those who wish to avoid any new commitment by the Federal Government. Others object, because they realize that they will be helping to pay for the education of children who are residents of other than their own State. Still others fear the use of Federal aid because of a strong States rights position.

The fear of centralization of control over education is grossly exaggerated by the opponents of Federal aid. In the political system under which our governments operate, the locus of political power is at the State and local level. Congressmen represent their districts. They must also be reelected every 2 years. Senators must be reelected every 6 years but they, no less than the Congressmen, are sensitive to local interests and respond to local pressures. The fear of undue centralization is overemphasized by those who want to avoid new commitments at any price. On the opposite side, there can be made a strong case for Federal aid as a means of preserving the ability of the States to provide those services that the public demands without becoming so derelict in their duties that there will be demand for direct Federal intervention.

## THE DISTRIBUTION OF AID

Once the principle of Federal aid for education has been granted, there is need to consider the terms on which the aid will be distributed. This raises many difficult issues of policy. Not least is the reluctance of the wealthier States to see funds that they contribute to the Federal Government paid to those States of lesser financial capacity. Yet the basic issue is just that—it is necessary to help the poorer States if adequate educational opportunities are to be assured.<sup>6</sup> The ideal is to grant Federal aid in such a manner that all will make an equal effort in relation to taxpaying capacity and need. In other words, any Federal-aid program should have a real element of equalization in it. The measure of capacity can be wealth and income. The measure of effort should be the real tax rate in relation to the tax base. The measure of need should be the number of children requiring education.

In view of the greater efficiency of the Federal Government as a revenue collector and the pressing needs of the State and local governments, there is a case to be made for some basic part of the Federal grant to be given to all the States on a per pupil basis. This also recognizes the political realities that suggest that no Federal-aid program will be passed unless all States get something regardless of their capacity and need. Once this has been done, then the rest of the Federal grant should reflect differentials in capacity and need. Given such a program much could be achieved in the equalization of education opportunity over all of the United States.

One must realize that even a flat grant of a certain amount per pupil will have a certain degree of equalization in it in view of the large

<sup>6</sup> In 1956 Delaware had a per capita personal income of \$2,858 and Mississippi had a per capita personal income of \$957. Survey of Current Business, vol. 37, No. 8, August 1957, p. 11.

differences in income in different States and the differentials in birth rates among the States. The rich States would pay more than they get back and the poor States would receive more than they paid. But such a program would not go far enough to provide real equalization of educational opportunity over the United States.

The best measure of differential capacity is probably the personal income payments figure of the Department of Commerce. All States should be required to make a realistic effort in relation to their income. Only after this has been done, should they be eligible for equalization grants. The problem of the poorer States is not troublesome, as most of them are today making a greater effort in relation to their capacity than are the wealthier States. Measurements of need can be determined by use of school-enrollment figures, assuming there are no barriers placed in the way of all children attending school. The question of the degree of equalization desired and the amount of flat grant versus differential grant will have to be worked out. The efficient solution would be to minimize the basic aid granted to all and to maximize the differential grant. Such a program would permit the same amount of money to do more to equalize educational opportunity.

#### CONCLUSIONS

In face of the rapidly rising population and the need for more highly educated people there is little possibility that the States will be able to raise the money to do the job. The resistance to increases in the property tax has severely limited the power of local governments to pay more for education. The States are little better off. Fearful of getting out of line, they are unlikely to do more than the minimum. The danger is that if the financing of education is left to the State and local governments the quality of educational opportunity offered our children will gradually decline. This we cannot afford if we are to maintain the growth that we expect and the leadership so necessary in these troubled times. To prevent this danger, there is only one possibility: The use of the superior revenue-raising powers of the Federal Government to help the States. Not only can the Federal Government raise money more efficiently and administer taxes more equitably, but it has the capacity to distribute the costs of education more fairly among all of the people who will benefit from improvements in the quality of our workers and leaders.

We must now face the fact that old relationships among the Federal, State, and local governments have changed. When the Federal Government demanded little, the State and local governments were in a favorable position. Today, they are second and third claimants upon the taxpayer's dollar and are finding it increasingly difficult to pay their bills.

The national interest in high educational standards is clear. Our ability to maintain a stable political and social structure over years ahead will be determined by our capacity to maintain a growing economy. In large measure, growth will be determined by the sort of education we give our young people. If we fail to give a good education, we will pay the price of our failure for years to come. Failure to grow can have serious consequences. Over our past history,

there has been no greater solvent of political tensions and economic differences than the remarkable improvement in living standards we have achieved. Should this decline in the future, there would arise a host of difficulties new to our society that would place us in a position more like that of the older European countries who have suffered from internal dissension, class differences, and the frustrations of a much slower rate of economic expansion.

The choice is clear. Either Federal aid will be forthcoming on terms that can be made acceptable to the States, or we will suffer a general deterioration in the quality of education and the consequent deterioration in our economic and social well-being.