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Policy Issues in Maine School Finance Reform

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Introduction

Financing public education has been a matter of contentious debate nationally since the 1970s. Maine has been an active participant in the education reform movement. The School Finance Act of 1985 moved Maine to the forefront of educational reform, and was recognized nationally as an innovative piece of legislation. Severe budget stress, however, culminated in the suspension of the Act's school finance formula in 1990. In July of 1992, Governor McKernan, in response to widespread dissatisfaction with the method of financing public education, established the Governor's Task Force to Provide Recommendations Regarding School Funding Issues, the fifth such commission formed since 1987.

The Task Force was to make recommendations that would improve the quality of education and that would improve both taxpayer and student equity within the state of Maine. The stakes in this effort are high. There are approximately 214,000 children in public schools in Maine. Their future, and ultimately that of Maine, depends in large part on the quality of education they receive. Amid much anticipation, the Task Force presented its final report on November 29, 1993.

This article focuses on issues associated with Maine's primary and secondary school finance formulas, but the answers to the problems associated with public education lie not solely in reforming the state's school finance formula. Rather, the answers lie in creating and supporting an expanded vision of educational finance, one that uses state subsidies to create the incentives necessary to transform schools. School finance formulas provide the basis for educational reform, most of which is impossible without state financial assistance. The purpose of this article is to provide an aid in rethinking the policy parameters of Maine's school finance formula reform. It includes background on Maine's school finance, how primary and secondary public education is funded, a review on how to evaluate a school finance formula, strategies that are utilized when revenues fall short, a critique of the highlights of the Governor's Task Force's report, and recommendations for future reform.

Background

The basic structure of Maine's current school finance formula dates back to a 1970s national reform movement, in which states addressed concerns about unequal educational opportunities between students in rich and poor communities and about unequal tax burdens across the state. The School Finance Act of 1985 ("The Act"), which was a direct result of these concerns, did not change the property tax equalization element of the school finance formula. A local community's share of local education expenses remains based on a statewide mill rate that is combined with a state subsidy. The subsidy pays for the difference between the subsidizable expenditures and the amount raised in each school district by the state-established mill rate (Rydell & Kiermaier 1987).

The Act, however, did depart from previous school finance reform in several significant ways. It strengthened the public accountability for schools by establishing statewide student assessment tests. In other words, standardized tests were introduced across the state as a way to measure the success of schools in providing an adequate level of education to Maine's children. Furthermore, the Act increased standards for schools, teachers, and students. Students faced increased graduation requirements in the areas of science, mathematics, social studies, and fine arts. Teacher certification procedures were strengthened and schools were to face more stringent accreditation and approval standards. The Act correctly linked financial reform with educational reform.

In addition, the Act changed the school aid formula to correct for deficiencies in three major areas. First, it addressed the under-funding of schools caused by exclusion of some expenditures of high-spending school districts from the statewide average expenditures, which had resulted in lower subsidizable costs for all school districts. The Act changed this aspect by including all expenditures, which thereby made the average subsidy more reflective of true expenditures. Secondly, it set a per-student expenditure average for the state. Previously, districts spending less than the state average had their state subsidies calculated on the basis of past per-student average. This made it nearly impossible for districts below the state average to attain the state average, as small increases in a school district's budget lead to a large increase in its tax rate. Finally, the Act added an inflation adjustment to categorical expenditures. The old formula had an inflation adjustment for regular education costs but not for special education, vocational education, or transportation.

Funding for general purpose school aid increased substantially (32 percent) from 1985 to 1989. Policymakers expected that, as the state added more funds to education, the state's share of the cost for public education would increase and the reliance on local revenues (*e.g.* property taxes) would decrease. This, however, did not occur. In 1980, the state financed 42.8 percent of total elementary and secondary public education expenses (LaPlante 1993). By 1990, after several years of reform and average annual state subsidy increases of eight percent during 1980-1986, and of 17 percent between 1986-1990, the state's share had increased only slightly, to 43.4 percent. This relatively steady state share, despite substantial increases in the state dollars spent on public education, is a result of the increased demands put on public schools.

Maine has been typical of the rest of the nation in terms of the proportion of public education costs paid by the state. Nationally, state governments averaged 48.3 percent of elementary and secondary public education costs in 1990-1991, with 45.5 percent from local governments, and 6.2 percent from the federal government (Gold et. al. 1992). The state and local share of revenue do vary considerably across the states. For instance, the local share varies from 89.8 percent in New Hampshire to 0.1 percent in Hawaii. Usually, state governments provide between 40 percent and 70 percent of non-federal funding.

Revenues for public education

Property taxes continue to play a central role in the financing of education, not only as a way to finance the local communities' share of costs, but also as a way to determine the state's share for individual communities. For local governments in Maine, there is no revenue alternative to the property tax. Any discussion about shedding costs from the state to local governments, therefore, implies that local revenues must be increased and must lead to increases in property taxes.

Nationally, in the past six years there has been a movement away from property valuation as the only measure of a school district's ability to pay (Gold et. al. 1992). The methods of generating revenues can be broadly categorized as wealth, income, consumption, and privilege.

Wealth: A tax on wealth is based on the ownership of property. The most common example is the property tax, which is based on the amount of property owned. It bears no relationship to the income generated by it.

Income: A tax on income is based on the taxable income of individuals and/or corporations. The amount of the tax is related to the income used to pay for it.

Consumption: A tax on consumption is based upon purchases (e.g. the sales tax). If a tax applies only to the purchase of a particular class of items it is called an excise tax. Lottery revenues fall into this category.

Privilege: A tax on privilege is a tax levied on the right to engage is some sort of conduct regulated by government. It usually takes the form of license fees. Franchises and concessions are included in this category.

A tax system relying on all bases is generally preferable, as individuals who manage their affairs in such a way as to minimize one tax will be covered by another. Educational finance rests primarily on broad-based taxes such as income, consumption and wealth. Some states, however, have earmarked taxes especially for primary and secondary public education.

Twenty-eight states have dedicated a particular tax to education, but these narrow-based tax sources have been found insufficient to meet the funding needs of public education (Gold *et. al.* 1992). The taxes most frequently earmarked were general sales tax (11 states), severance tax (7 states), and tobacco tax (7 states). Other taxes earmarked are those on alcoholic beverages (4 states), personal income (4 states), public utilities (4 states), property (5 states), corporate income (4 states), and insurance premiums (4 states). In addition, 12 states have earmarked lottery revenue for education. National experience has proven that earmarking is often helpful to schools initially, but once in effect for several years it does little to increase the total state revenues generated for primary and secondary public education.

The central role that property taxes play in local community efforts to generate the revenues for primary and secondary public education is problematic both on a student and a taxpayer level. The wealth of a community (as defined by the assessed value of property) is a determining factor in the expenditures per student made by a community. Communities with relatively high property values can raise significant revenues for education with below average tax rates. Communities with relatively low property values must use above average tax rates to raise comparable revenues. While this is a problem in every state, it's particularly problematic in Maine, as local communities have no alternative to the property tax to fund their public schools.

Evaluating school finance formulas

1. Berne and Stiefel (1984) developed a model for analyzing the school finance equity concepts that is organized around four main questions:
2. Who? For what group should school finance systems be equitable?
3. What? What objects should be distributed fairly?
4. How? What principles should be used to determine whether a particular distribution is equitable?
5. How much? What quantitative measures should be used to assess the degree of equity?

The first, and most critical, question addresses who will be the object of the equity: Students or taxpayers. The second question asks what is it that one wants to have distributed fairly. In the case of students, the choices are inputs, outputs, outcomes, and processes. Inputs refer to expenditures per student or to physical resources. Educational expenditures reflect the cost of educational policies, such as teacher salaries, average class size, the availability of special services, and the rate of participation in education by the population. If communities encounter price differentials for inputs, the cost may not be an accurate measure of equity. Cost indexes have been used to address this concern. Physical resources, such as teacher characteristics, facilities, equipment and educational materials, provide an alternative to dollar inputs. It is difficult, however, to create a comprehensive rating of sameness/fairness in physical resources due to the lack of comparability between differing resources.

A third alternative would be to equalize the outputs of education. Outputs are the direct results of the schooling process. They are represented by students' cognitive achievements, improved manual skills, and other measures of student behavior. Inputs, however, are cumulative and non-exclusive, as children learn from teachers, family members, friends, the media, and other influences in their lives. Since we cannot control for all the influences in students' lives, it is difficult to measure the effects of schooling.

Another choice would be outcomes, which include the employment, earning, status, and attitudinal and behavioral changes of students. While conceptually it would be very desirable to link students' school experiences with their after-school outcomes, the effect of non-school experiences and student choices make such an endeavor very difficult. External influences, such as the conditions of labor markets and other events that shape students' attitudes and behavior, all have effects on student outcomes.

The final choice, processes, refers to educational program and instructional quality equity. While there may not be sufficient resources for all students to participate in a particular program, if the chance of gaining access to a program is equal among students, the process can be viewed as fair. Specific cases in which the equity of processes are evaluated are often decided in court.

The third question of the Berne-Stiefel model for equity in school finance asks what principles are employed to determine equity. There are three principles applied to school finance research: horizontal equity, vertical equity and equal opportunity. The underlying presumption in the horizontal equity principle is that children in the same circumstances should be treated equally. The vertical equity principle recognizes that children are different and, therefore, that unequal treatment that reflects those differences is required. The third equity principle, equal opportunity, is defined as: "there should not be differences according to the characteristics that are considered illegitimate, such as property wealth per pupil, household income, fiscal capacity, or sex" (Berne and Stiefel 1984, p. 17).

The last question addresses how much equity exists and how that equity is to be measured. The type of equity will determine the measure to gauge it. For instance, horizontal equity is not measured the same way vertical equity or equal opportunity is measured. Knowing how much equity does or does not exists is integral to evaluating a school finance formula’s effectiveness in meeting the stated objectives of the legislation which created it.

This model is helpful when evaluating school finance formulas, because it clearly identifies: Who is to be the focus of equity concerns, what specifically needs to be distributed equitably, what principles underlay the concerns for equity, and how it is going to be measured. A school finance formula is not simply a matter of how much a community is going to be assisted in its primary and secondary public school funding by the state. A school finance formula encompasses a much broader and deeper range of values, principles, and concerns, and it has implications that directly effect students, taxpayers, communities, states, and the nation as a whole. Keeping this in mind, we briefly describe strategies used to address equity concerns and then turn our attention to a closer look at the school finance formula utilized by the state of Maine.

Strategies addressing equity concerns in school finance formulas

Two approaches that achieve more equity in school finance, or that close the gap between high spending and low spending districts, have been utilized. The first, "leveling up," raises the level of revenues in the districts with the least revenue to spend on education to that of districts with greater revenues. The second method, "leveling down," caps spending for the wealthiest districts or recaptures revenue from wealthy districts and redistributes it into poorer districts.

When a state faces budget problems, however, neither of these approaches are usually utilized. Rather, states tend to make ad hoc adjustments to existing formulas. Strategies that address the issue of funding cuts in relation to education can be categorized as equalizing or disequalizing. Equalizing strategies include: cutting state aid based on ability to pay, sharing the costs of programs, or consolidating or terminating programs.

In the first equalizing strategy, the state reduces the share of state aid in proportion to the ability of the local district to pay for it. Therefore, districts that receive a high percentage of state funding for their total costs would receive a smaller percentage reduction in aid than districts that receive a lower percentage of their expenditures from the state. This is the same concept as a graduated tax structure.

The second equalizing strategy, sharing costs of a program, requires local communities to share the costs of a particular program based on their ability to pay. In most states, this would include transportation and teacher retirement costs. The ability to pay would be determined by whatever the measure of wealth is employed in the school finance formula. The third equalizing strategy, consolidating or term-inating programs, eliminates programs that disequalize resources among districts. These include "hold harmless provisions," ineffective categorical programs, and minimum aid programs. The funds from these disequalizing programs can then be distributed in an equalizing state aid formula.

Disequalizing strategies used by states include freezing state aid and implementing across-the-board reductions in state aid. When states freeze the state aid at current year level, it is disequalizing as it causes poorer districts to suffer more from inflation and loss of buying power than wealthier districts. When states implement across-the-board reductions in state aid, poorer districts, which receive a larger percentage of their education revenue from the state, face larger cutbacks than wealthier districts. The districts that are least able to absorb revenue cuts, therefore, receive the largest ones.

In 1991, with state revenues decreasing and a severe budget deficit, Maine's fiscally strapped legislature suspended the school aid formula enacted in the School Finance Act of 1985. The state, faced with cutting state subsidies, chose a disequalizing method, an across-the-board reduction that cut all districts' state subsidies by five percent. The following year a ten percent across-the-board reduction in state subsidies occurred. This undermined the intent of the Act to ensure equity in the primary and secondary public education system. Under a five or ten percent cut in state funding, communities that rely more heavily on state funding suffered considerably more than communities that rely comparatively less on state funding.

For example, in the case of a ten percent reduction in state subsidy, if Community A schools 100 students, receives 70 percent of its public school budget from the state and has a budget of $500,000, the state subsidy for community A would be $350,000. A ten percent reduction in state subsidy would cut $35,000. If Community B has the same number of students and the same budget, but receives 45 percent of its public school funding through state subsidy, Community B would receive $225,000 from the state, and a ten percent reduction would reduce their state subsidy by $22,500. Community A, the poorer district initially, therefore, realizes the greater loss of state aid.

Other problems make the current school finance formula in Maine inequitable, and, therefore, unsatisfactory. For example, just as the aid formula was suspended, property values in the southern part of the state decreased relative to values throughout the state. If the original formula had been in effect when this relative decrease occurred, it is widely believed that subsidies would have increased to those areas. Instead, they decreased at the same time the ability of communities to raise revenues was constrained, which caused them to have less ability to mitigate the damage caused by cuts in state funding.

Highlights of the Governor's Task Force Recommendations

We now turn our attention to the latest evaluation of Maine's school funding issues, "Initial School Funding Recommendations, the Final Report of the Governor's Task Force to Provide Recommendations Regarding School Funding Issues." Although comprehensive in its approach, it does not, as many had hoped, provide any easy answers to the problem of achieving equity in the midst of major state fiscal distress. Its highlights are reviewed and critiqued below.

Fund essential programs and essential services

The task force should be lauded for its most sensible and revolutionary recommendation: To create a funding plan that is based on fully funding essential programs and essential services. This is the most important recommendation offered by the Task Force because it clearly supports an avenue to attaining student equity. It grew out of concern over the lack of fairness in the impact of state funding on students as well as taxpayers. In some communities, programs and classrooms were eliminated, while other communities had the ability to increase local taxes in order to compensate for the loss of revenue from state aid. The past emphasis on equalizing the expenditures per student per district does not ensure equal access to programs, curriculums, and other educational resources within schools.

The recommendation to fully fund essential programs and services must not be interpreted as a call for guaranteeing a minimum standard. A minimum education will not serve the children of Maine well. The Task Force clearly calls for essential services, not minimums. The potential exists under the proposed system to have different service levels depending upon the amount a community is willing and able to fund beyond the essential services. If local contributions continue to be based on the assessed value of property, high wealth districts, especially those with low service demands, will continue be able to raise funds easier than low wealth districts.

Shift employer's share of retirement contribution to local districts

This recommendation will generate the most controversy. It calls for shifting some of the costs of the employee retirement fund to local districts. Currently, 100 percent of employee retirement costs are paid by the state, regardless of a local government's ability to pay. It is not considered equitable, as local governments vary considerably across the state in terms of ability to contribute. The growth of costs associated with retirement systems has placed a burden on the state. In 1980, employees' retirement received 13.5 percent of all state education expenditures; in 1990, it received 20 percent (LaPlante 1993). Since the state pays all retirement costs, this increase placed a burden on state obligations at the same time that the total state allocation to public education was being reduced. Therefore, even less state aid was available to distribute among local communities.

The greatest danger inherent in this recommendation is that the focus of debate will be whether or not local communities are able to or should, take on some of the costs of the school employee retirement system. In truth, the implications involved in this recommended change are much broader. Shifting some cost to local communities implies that a shift in responsibility would occur. If the minimum state subsidy is abolished, some communities would receive no state funding. If they were then also required to contribute to their school employee retirement system, those communities may choose (or win the right) to have a voice in the choice of retirement system and/or the administration of the current system. This, in turn, could endanger the state retirement system.

Additionally, the retirement system cannot currently be a point of negotiation between local school employees and the local communities. If local communities were to fund, even in part, the retirement system, it could become a point of negotiation, which would likely result in both lack of equity in retirement policies for public school employees and increase the costs of administering retirement systems.

Add hardship adjustment factor to formula

This recommendation would include an adjustment to the assessed property valuation that would incorporate factors related to income in the formula. The index was developed by Dr. Josephine LaPlante (University of Southern Maine) for the Task Force. The three factors identified in the index are: high poverty rates of the municipality, high property tax rates for education in relation to median income, and high housing costs in relation to median income. They are combined into a composite "Index of Fiscal Hardship." This measure provides an innovative approach to the current practice of complete reliance on the assessed value of a community as a wealth measure to determine the state subsidy for education. Unfortunately, it also creates a new set of problems.

First, there is a difficulty associated with the unit of analysis of the adjustment. In the index of fiscal hardship, the unit of analysis is the community, not individual taxpayers or students. This would result in yet another tradeoff in an already difficult balance between taxpayer and student equity. A community with the highest rating on the fiscal hardship index would receive a maximum reduction of ten percent of its assessed property valuation, and would therefore be guaranteed a larger state subsidy. This reduction of assessed property value would benefit each property taxpayer in the community, regardless of their ability to pay. Likewise, low income property owners in communities with low ratings on the fiscal hardship index would receive no relief (unless they met circuit breaker criteria and that program was adequately funded). And, as we know, there is great variation among property owners in terms of property values and ability to pay taxes.

In addition, the hardship indicator only takes into consideration the amount of property taxes for education. The Task Force acknowledges that some municipalities act as regional centers, which may cause municipal overburden, and calls for Maine’s revenue sharing program to address the issue of municipal overburden in municipalities that serve as regional centers. Given that acknowledgment, it seems inappropriate not to adjust the assessed property valuation in the school finance formula.

The Task Force recommends that increased subsidies to school units from adjustments due to the fiscal hardship index should not come from redistributing the pre-adjustment state appropriation. Rather, it states that funding should come from savings achieved through implementing other recommendations or from an additional state appropriation. But some trade-off is inevitable, because new funding for community relief would come at the expense of categorical funds for school programs, which vary widely throughout the state.

Initiate a minimum property tax

Although the Task Force members did not reach agreement over the implementation details of a minimum tax effort, they did agree that all property taxpayers should be required to contribute some minimum tax effort to funding primary and secondary public education. Within Maine, there continues to be significant disparities in tax efforts required by local communities to fund their schools. They have varied widely, from one to 24 mills. Districts with high property values can raise sufficient revenues to finance schools with a low mill rate. Currently, each school district is responsible for its own students. There is no method to redistribute funds between districts, so that all students in the state receive benefits from the overall wealth of the state (as measured by assessed property values).

The benefit of this recommendation is questionable. First, almost all communities now pay a local option. Unless the minimum tax is higher than what is already paid by local communities, it would not make a noticeable difference. Furthermore, it does not seem politically feasible to redistribute funds to another community due to a 1976 statewide referendum that repealed any "pay in" provision of the 1973 School Finance Act. At the time of its repeal, citizens were concerned that their taxes were funding schools that did not use resources as frugally as schools within their own districts. There were no controls to ensure that the "pay in" method would have equalized a basic level of education for all of Maine’s children.

Abolish the minimum state subsidy

This recommendation calls for elimination of the minimum state subsidy of five percent. This would increase student and taxpayer equity by allocating state funds more equitably to communities where resources are most needed. Currently, this is constrained by the minimum subsidy of five percent for each district, which is not based on need.

Increase state share to 60 percent

The Task Force recommends that the state share of public and secondary public education be targeted at 60 percent. It is difficult to judge the likely effect of implementing this recommendation, given the experience of the 1980s, when state funding increased significantly but the overall share of state funding remained almost constant. What really matters to local communities is the cost and quality of education. Without controlling the cost of education, it appears that there is no way to evaluate the potential of this recommendation to decrease the costs to local communities. For even if the state’s share of the subsidy were 60 percent, local communities might have a difficult time raising their 40 percent share of costs if the total cost per student increased substantially.

Suggestions for future reform in Maine’s school financing formula

The traditional ideas of school finance must be reconceptualized if students are to be given their best chance to succeed in the twenty-first century and taxpayers are to be treated fairly. Historically, school finance reforms have almost always coincided with the availability of surplus funds that allow states to increase expenditures in low-spending districts without recapturing funds from high-spending districts. When resources for education are scarce, reform is more difficult and less frequent. As daunting as the challenge is given Maine’s current budget difficulties, school finance reform must take place, because widespread dissatisfaction with the current system exists among communities, taxpayers, students and teachers. The challenge for the next round of school finance reform should be to build from past reform efforts.

The answers to the problems with school finance lie not solely in the state school finance formula, but also in an expanded vision of educational finance, one that uses state subsidies to create the incentives necessary to transform schools. Comprehensive reform is never easy. As the National Commission on the State and Local Public Service (1993) pointed out, "The temptation will always be toward tinkering and small-scale adjustment, toward turf protection and politics as usual." The time has come to heed the advice of that commission, which recognized that true reform requires changing much more than "tinkering and small scale adjustments."

Equalizing a minimum per student expenditure across the state will not guarantee enhanced outcomes for Maine’s children. Although the goal appears altruistic, equality does not ensure equity; in fact, it almost guarantees the lack of equity. Different districts, schools within districts, and students within schools have different educational needs that require different amounts of revenue. The current formula does not consider the fixed costs necessary to run a school, which are independent of the number of students it contains. The current formula is also based on the assessed value of property per student in a community. So school districts lose funds when enrollments decrease.

Finally, the Maine state school finance formula is spending-driven, based on actual expenditures, not on some standard of inputs required nor on resources necessary to provide quality education.

Maine schools have one of the highest per student expenditure rates in the nation (National Center for Educational Statistics 1991). However, in the largest component of schools costs, teacher salaries, Maine ranks a surprising 35th, well below the national average. Teacher salaries do not explain the high cost of education in Maine. Rather, researchers have identified the low number of students, both within schools and within districts, as a cause of Maine’s relatively high expenditures per student. In other words, the driving factor is not the teacher salary, it is the number of teachers necessary due to small class sizes. Furthermore, school districts that cannot distribute fixed costs over a large number of students are more heavily burdened by those costs. In addition, even by standards of other rural states, the number of school districts in Maine is curiously high. The expenses associated with the high number of school districts in Maine has significantly increased the costs throughout the system.

Maine must combine its funding strategies with reforms in school organization, staffing and management. This can be accomplished in several ways. Increasing individual school’s accountability by bringing the management of school funds closer to where they are spent is an option that should be thoroughly considered. Site-based management is recognized as an integral component for implementing strategies to improve the performance of public education (Odden 1992). Schools need to be given more control over the distribution of their funds and concurrently to be made more directly accountable for their responsibilities.

By bringing management closer to home, public school personnel, as well as local communities, will have programmatic ways to hold their schools accountable. Communities will have more methods of expressing dissatisfaction than by voting down the local school budget, currently the most obvious way of doing so. In addition, local communities will be better able to see concrete benefits of their school funding decisions. Maine could stimulate more site-based management by administering state funds directly to schools.

Another way to link funding strategies to other reforms is to directly link outcome measures to school finance formulas. Site-based management strategies to improve individual school accountability must be combined with real incentives and sanctions that are determined by school outcomes, i.e. standardized test scores. Instead of focusing on revenue inputs, the state should provide incentives for producing student outcomes and make these outcomes focus on individual schools, rather than individual teachers (Odden 1992). School-based incentive plans foster a sense of community and cooperation among faculty to accomplish school-wide student performance objectives. To make incentives most effective, they must be coupled with real sanctions for not performing up to state standards. These sanctions, however, should not be financial, as this would be shortsighted. Sanctions that are currently used in other states are the provision of technical assistance. In severe cases, a state can take over a district, dismiss faculty or administration, or revoke tenure.

Thirdly, we must change the state policy of simply giving a subsidy to school districts and then leaving the rest of the funding to local communities' discretion. This policy must be abandoned in the current economic environment. Local communities should not be given an unfair burden in raising revenues for their primary and secondary public education. The state cannot expect local communities to be able to compensate for state subsidy losses, as they are also affected by the declining economy.

Local governments rely too heavily on property tax to provide educational funding, and this source is too narrowly based. Maine needs to develop revenue sources for education that do not rely solely on the wealth of the assessed property value of a community and that disregard other measures of wealth, which are potential revenue sources. Other forms of taxation are necessary. This is particularly true in light of the ever-growing role that the state has acquired in managing, organizing, and regulating public education. If, for instance, the Task Force's recommendation about funding essential programs and essential services is enacted, it should follow that the state should share more responsibility in its enforcement.

State government must pay closer attention to the costs of education, not only in terms of saving dollars, but equally as important, in terms of equity. The same resource does not cost the same amount in all parts of the state. For example, teacher salaries vary according to the local labor markets. Cost indices, formulas that adjust for these types of differences, need to be incorporated into school finance formulas. A more equitable distribution of available state funds could be court-ordered early in 1994 when Maine’s Superior Court rules on a suit brought against the state by the School Funding Litigation Trust (Sheekins 1993).

Finally, success or failure of school finance formula must be measured on the basis of students, not taxpayers. Taxpayer equity in the financing of public education is important and should not be ignored. But, even if perfect equity were achieved among communities across the state, tax monies could still fail to equitably provide Maine’s children with a quality education. Children are the direct beneficiaries of public education and should be a focus of measuring the success or failure of Maine’s public education system. The status of children within a state reflects not only its overall economic and social health, but also the state’s hopes for a better future. By focusing only on short term taxpayer’s needs, the responsibility for Maine’s future can be easily abdicated.

None of these suggestions for educational reform, financial or organizational, are possible without access to data on the current state of affairs in Maine's primary and secondary public education system. Although the state, through its Department of Education, collects considerable data on all aspects of its public educational system, it is not readily available to legislators, academics, or most importantly, the citizens of Maine. Our choices concerning reform options absolutely require the most accurate and current data available. More research is necessary in order to form the most viable recommendations as well as to implement them most effectively and most cost efficiently.

Conclusion

Throughout Maine, the concept of reinventing government has struck a resounding chord. Nationally, there is a consensus that state and local institutions need to improve dramatically their capacity as well as their performance if we, as a society, are to meet the challenges of our rapidly changing economic and social systems (National Commission on the State and Local Public Service 1993). This call has been especially powerful in the arena of educational reform. Without significant educational reform, financial as well as organizational, the U.S. will not continue to successfully compete in the growing global economy.

Every child in Maine has the right to a quality education provided by the public. Reforming the state’s school finance formula and an expanded vision of education finance are the most promising ways to assure that this right is realized in a more equitable manner among Maine’s local communities and the children within them. The state of Maine has been an active participant in the national school finance reform debate. Our failure thus far to solve the complicated problems inherent in the primary and secondary public education system should not be interpreted as an inability ultimately to succeed. By broadening the tax base for raising revenues, by utilizing equalizing strategies to distribute what funds are available, by basing future school finance reform on the value of equity, by increasing individual schools’ and teachers’ accountability for the products of public education, by directly linking school finance funding to outcome measures, by keeping children as the focus of equity concerns, and by using research to inform debates about proposed reforms, Maine can succeed as a national leader in assuring better, more effective primary and secondary public education for all of its children.

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