

Chapter 17

The History and Future of School Finance Reform: The Abbott v. Burke Case

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ABSTRACT

The Education Trust singled out New Jersey as a state that has made real progress in terms of funding. In 1997, the state had a funding gap of \$787 per student in cost-adjusted dollars. By 2002, the gap had been erased, and the state had a \$566 positive difference for low-income students. Starting in 1998, spurred partly by the state's long running Abbott v. Burke school funding lawsuit, the state implemented a series of new funding programs designed to help low-income students. This chapter details the progress.

INTRODUCTION

The Education Law Center, a nonprofit organization that tracks school financing issues, reports that lawsuits challenging state methods of financing public schools have been filed in 45 states (Education Law Center, 2022). Founded in 1973, The Education Law Center is the nation's legal defense fund for public education rights. ELC is widely recognized for successfully advancing education equity, opportunity and justice in New Jersey, New York, and states across the country. ELC pursues its advocacy mission through litigation, public engagement, policy development, research, and communications.

ELC seeks to elevate the urgent need for school funding fairness as a state and national imperative for improving student outcomes and school performance through in-depth, state-specific analyses and reports, targeted communications, and support for the Partnership for Equity & Education Rights (PEER).

After narrowing in better economic times, the financial gap between poor and wealthy school districts has widened (Education Trust, 2004). State and local money account for more than 90 percent of all education spending, but higher poverty districts typically receive less per student from those sources in 2002 than did their counterparts with relatively few poor children.

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The Education Trust report singled out New Jersey as a state that has made real progress in terms of funding. In 1997, the state had a funding gap of \$787 per student in cost-adjusted dollars. By 2002, the gap had been erased, and the state had a \$566 *positive* difference for low-income students. Starting in 1998, spurred partly by the state's long running *Abbott v. Burke* school funding lawsuit, the state implemented a series of new funding programs designed to help low-income students.

Abbott v. Burke is like a mystery novel with a great deal of twists and starts. The case is of particular interest to the author because she was born in Trenton, New Jersey, and received an excellent kindergarten through high school education in Bordentown, New Jersey. Bordentown (Exit 7 on the New Jersey Turnpike) is a twenty-minute drive from Camden, New Jersey (Exit 4 on the New Jersey Turnpike), the home of Raymond Arthur Abbott, the lead plaintiff. This case has remained in the author's heart and mind for more than thirty years because the process of reconciling two school districts that are twenty minutes from one another produce substantially different results for its graduates.

There have been twenty-seven iterations of *Abbott v. Burke*. In general, research on school finance appears to be disconnected from education reform. Advocates for school finance reform tend to focus attention on how equal the funding is and how it is distributed, and economists and educational sociologists appear to be more interested in determining what the outcomes are.

BACKGROUND

History of Public School Litigation and Underlying Theories

The idea of "America as a land of opportunity" captures an essential part of the national spirit and heritage, and public education is often viewed as the institution that can transform the ideal into reality. An equitable system of education is one that offsets those accidents of birth that would otherwise keep some children from having an opportunity to function fully in the economic and political life of the community (Berne & Stiefel, 1999, 1984).

Public education is the largest area of state and local government spending in the United States, accounting for almost one-fifth of direct state and local government expenditures in 1996 (Statistical Abstract of the United States 1999, table 504). Given the enormous resources involved and the critical private and societal benefits that education produces, the distribution of educational opportunities across communities has generated considerable interest among policy makers, the public, and the courts (Moser & Rubenstein, 2002).

In most states in the United States, elementary and secondary schools are financed primarily through a combination of local property taxes and state aid. Although the relative proportion of state to local funding varies substantially across states, local property taxes provide a significant share of school funds in many states. Real property wealth is not distributed equally across taxing districts, however, and differences among districts in property-tax wealth per pupil can be dramatic. This unequal distribution of property wealth, coupled with continued reliance on local property taxes, introduces inequities into school funding (Blanchard & Duncombe, 1998; Berne & Stiefel, 1999; Lukemeyer, 2003).

Districts with higher property-tax wealth per student can tax themselves at lower rates, but still provide more school revenue per pupil than property-poor districts (Odden, 1992; Levinem 1991). School districts with high property wealth per pupil tend to have higher educational spending per pupil (Reschovsky, 1994).

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