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Home Rule for School Districts?

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Home Rule for School Districts? An Interstate Analysis of Local School District Discretionary Authority in the U.S.

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The power relationships between state governments and their local governments vary widely across the United States. In some states, local governments possess substantial discretionary authority in decision making, while in other states, they are micromanaged by state-level officials. The existing literature on local government discretionary authority and home rule focuses on the relationship between state and local general-purpose city and county governments, while largely ignoring school districts (e.g., Zimmerman 1981; Hill 1993; and Krane, Rigos, and Hill 2001). For instance, Krane, Rigos, and Hill (2001) exclude school districts from their analysis "[b]ecause school districts typically operate under significant state control and completely separate constitutional and statutory authority, and because school districts have not been part of the debates about home rule." This article contributes to the local government home rule literature by analyzing and assessing the contemporary powers of local school districts in the U.S. First, a continuous-level comparative state measure of local school district discretionary authority, the "index of local school district discretionary authority" (ILSDDA), is developed to answer the question "Do local school boards continue to retain substantial amounts of discretionary authority to make important decisions for their school districts?" A second question, "Why does local school district discretionary authority vary across different states?" is addressed by developing regression models using the ILSDDA as the dependent variable.

By "home rule," I am referring to the discretionary powers granted to local school districts by state governments. These discretionary powers can include the authority by local school boards to adopt textbooks, the power to determine property tax rates, and the authority to utilize non-property tax options such as local-option sales and income taxes for raising local own-source revenues. The term "home rule" is rarely used with regard to school districts since there is a general perception that they are dominated by states (e.g., Krane, Rigos, and Hill 2001). This article seeks to address whether or not school districts (and their governing school boards) still retain significant discretionary authority over key policy areas, such as textbook adoption and own-source revenue generation, to satisfy the demands of local citizens in terms of level of education provided and desired taxation levels.

This article begins with an overview of the importance of studying local government home rule, which is a followed by a review of the previous scholarship on the measurement of local home rule. Following this section, the ILSDDA is discussed in detail. Next, a review of the literature is conducted to identify key factors that may explain variation in the ILSDDA. A framework is then developed for explaining interstate variations in local school district discretionary authority that includes the new measure of local school district home rule, the ILSDDA, and theoretically relevant independent variables. The results of the OLS multivariate regression analysis and a difference of means test are then explained. Finally, this article provides concluding thoughts on the findings and the contribution of this work to the state-local government home rule and discretionary authority literature.

Importance of Local School District Discretionary Authority

According to local government data collected by the U.S. Census Bureau, school districts are significant actors in the governance and economy of local areas because they raise substantial amounts of own-source revenues through taxation, expend large sums of money, employ substantial numbers of people, and manage significant amounts of debt obligations (U.S. Census Bureau 2007a; 2007b; 2007c; 2008a; 2008b; 2008c; 2009). The U.S. Census Bureau (2007a) notes that there were 13,051 independent school districts in the U.S. in 2007 which comprised 14.6 percent of the 89,476 local governments in the country. In addition, the U.S. Census Bureau (2008a) reported that 6,072,430 full-time employees worked in the area of "Elementary & Secondary Education" in 2008, which composed 55.0 percent of total local government full-time employees in the U.S.

Moreover, the U.S. Census Bureau (2007c) reports that total 2007 "general revenue from own sources" for school district governments totaled more than $207 billion in 2007, which accounted for 24.8 percent of total local government own source revenues (including county, city, township, special district, and school district governments). By comparison, county and city government own-source revenue generation accounted for 25.9 percent and 34.0 percent of total local government own-source revenues respectively. In terms of expenditures, school district governments in 2007 had direct expenditures of more than $464 billion, which accounted for 31.3 percent of total local government direct expenditures in the U.S. (U.S. Census Bureau 2007c). In comparison, county governments accounted for 22.3 percent and municipal governments for 31.4 percent of total local government direct expenditures (U.S. Census Bureau 2007c). Finally, in terms of debt outstanding, school district governments managed nearly $319 billion of debt in 2007, or 21.6 percent of total local government debt obligations (U.S. Census Bureau 2007c). County and municipal governments respectively held $263 billion and $567

billion—17.8 percent and 38.4 percent of total local debt obligations—of debt (U.S. Census Bureau 2007c). In short, the data from the U.S. Census Bureau indicate that school districts have a significant presence and impact in local governance and finance.

In addition, variations across states in the level of discretionary authority granted to local school boards by state governments is important for understanding variation and choice in K-12 education. In particular, advocates of public choice theory argue the necessity of local home rule control and variations in service delivery and taxation levels across local governments. The public choice approach illustrates the policy importance and significance of decentralized K-12 educational governance. One of the basic tenets of public choice is variability in local governments to promote responsiveness to the wants and desires of the citizenry. Noted public choice scholar Charles Tiebout (1956) states that beneficial interjurisdictional competition occurs when different communities offer different levels of services at varying levels of taxation. According to Tiebout (1956, 418),

> [g]iven these revenue and expenditure patterns, the consumer-voter moves to that community whose local government best satisfies his set of preferences. The greater the number of communities and the greater the variance among them, the closer the consumer will come to fully realizing his preference position.

Tiebout's (1956) model focused on individual "consumer-voters" sorting themselves into areas with an optimal level of services being delivered and taxes being charged. Of course, for "Tiebout sorting" to occur, significant variations must be present among local governments in a region in terms of service delivery and taxation levels. Ideally, according to the public choice approach, significant variation will exist across local governments in a region with regard to

service and taxation levels, which can provide more choice for local citizens and produce competition that reduces costs and increases performance outcomes (Ostrum, Tiebout, and Warren 1961). Low levels of local home rule and lack of variation and "variety" of service types and levels, according to Ostrum, Tiebout, and Warren (1961, 837), may inhibit local governments from delivering desired service levels and rates of taxation to citizens. The public choice approach, while open to justifiable criticism regarding assumptions of citizen and voter rationality, nonetheless illustrates the possible significance that variations in levels of decision making discretionary authority across local school district governments can have in states. Without adequate home rule powers, school boards governing school district governments are unable to meet locally-based public preferences for educational service levels and taxation rates.

While the advocates of public choice stridently believe in the need for local control, recent trends have led to greater centralized control of K-12 education in the U.S. State legislatures as well as state-level courts have mandated increased uniformity across districts in terms of curriculum, testing, and funding. Since the end of World War II, the presence of the federal and state governments in the funding and regulation of K-12 education has increased dramatically. At the federal level, the 2001 adoption of the No Child Left Behind Act increased the role of the federal government in the area of local school district performance by requiring all states to adopt uniform assessment tools across all school districts within a state. In addition, state governments have become more engaged due to political pressures from interest groups (such as over the adoption of textbooks) and judicial interventions in local school district curriculum, performance, and funding of education across school districts within a state. With increased state and federal activity in K-12 education in recent years, an assessment of the level of discretionary authority granted to school districts is needed to gauge whether or not there are

meaningful levels of local control still granted to school districts by states. Without variation across school districts resulting from grants of discretionary authority by states, the "Tiebout sorting" of the public choice approach becomes an unlikely phenomenon to occur with regard to K-12 educational services.

The Measurement of Local School District Discretionary Authority

In order to understand how school district discretionary authority varies across different states, a review of the literature on measuring local government home rule is necessary. One of the earliest classifications of the distribution of power in state-local political systems was Elazar's (1966, 186-193) "State Traditions of Centralism-Localism" typology. Elazar (1966) classified states into one of four categories ("predominantly localistic," "localistic with centralizing tendencies," "centralistic with localizing tendencies," and "predominantly centralistic") based on history and traditions within a state. Generally speaking, Elazar (1966, 187) found political authority in southern and western states to be more centralized in state governments, while in northeastern and Midwestern states the distribution of power was more localistic with local governments possessing considerable amounts of decision-making power.

The first comprehensive quantitative measure of the discretionary authority of local governments in state-local political systems was completed by local government scholar G. Ross Stephens in 1974 using data from the Census of Governments. Stephens (1974) developed a composite index of state centralization by averaging three different measures of the distribution of power in the state-local government arena. The first component of the composite index was financial responsibility, which was a measure of the percentage of state-local revenues generated by state governments. The second component was the extent of performance of service delivery

by state and local governments across 15 different areas, including K-12 education. Stephens (1974) gauged service delivery responsibilities by calculating the proportion of total state-local expenditures in a service area spent by each level. The third part of the composite index of state centralization was an adjusted number of full-time equivalent employees at the state and local levels. These three factors averaged together equally produced an index that Stephens (1974) used to classify states into "decentralized," "local services," "balanced," "state services," and "centralized" classifications (on a centralized-decentralized continuum). A decentralized state political system, according to Stephens (1974, 52), "is one in which local governments control public policy, allocate what ever resources they have at their disposal, and deliver public goods and services to the residents." Centralized systems are the opposite of decentralized ones, and balanced systems are present in states when "functions are rather evenly divided between levels" (Stephens, 1974, 52). Stephens and Wikstrom (2007, 203-207) include in their work an updated composite index using the same methodology from Stephens (1974). The updated Stephens (1974) index in Stephens and Wikstrom (2007) indicated a "general trend toward greater state centralization over the period from 1902 to 2002." In particular, the index in Stephens and Wikstrom (2007, 203-205) indicated that 27 states were in the "centralized" and "state services" categories, while only two states were at the opposite end of the continuum in the "local services" and "decentralized" categories using 2002 data.

In addition to Elazar (1966) and Stephens (1974), Wirt (1980, 73) developed an ordinal-level measure, called the "School Centralism Score" (SCS), which ranged from a score of 0 (high decentralization, "periphery-oriented") to a score of 6 (high centralization in the state, "center-oriented"). The index was constructed by assigning a score of 0-6 to each of 36 different

school district policy areas based on a content analysis of state laws in each area (Wirt, 1980, 73). The composite SCS score was obtained by averaging the 36 individual policy scores.

Moreover, local government scholar Joseph Zimmerman (1981, 1) created an "index of local discretionary authority" based upon four different areas of local government home rule (fiscal, structural, functional, and personnel) to measure the amount of home rule authority granted to general-purpose governments in each state in the United States. Zimmerman (1981) did not include special (or single) purpose governments, such as school districts, in his analysis. The first category, fiscal autonomy, referred to the amount of discretionary authority that local governments possessed to determine how revenues were raised and spent, and the amount of debt, if any, a local government was permitted to accumulate. Of particular interest was the type of revenue options that were available to local governments. While most local governments possessed access to the property tax to raise revenues, other methods of raising revenues, such as sales and income taxes and user fees, remained heavily restricted by state governments. A second category of local discretionary authority identified by Zimmerman (1981) was structural home rule, which measured the degree to which citizens and local governments possessed the power to change local political structure, such as annexation of property into a city and procedures for incorporating a new city. Functional home rule, a third category of local government discretionary authority laid out by Zimmerman (1981), referred to the type and level of services delivered by a local government to its citizens. Most general-purpose local governments possessed the authority to deliver basic services, such as police, water, and sewage services to the public, but many lacked the authority to engage in economic development policies, such as the creation of enterprise zones and the use of tax increment financing systems (Krane, Rigos, and Hill 2001, 473). The final category of local discretionary authority outlined

by Zimmerman (1981) was personnel home rule, which described the amount of discretion local governments were granted by state governments to make personnel decisions regarding the hiring, firing, and promotion of public employees.

Index of Local School District Discretionary Authority (ILSDDA)

In this article, the ILSDDA is constructed for use as the dependent variable in a multivariate regression analysis reported in Table 3. The objective of the ILSDDA is to measure variation in local school district discretionary authority across the 48 contiguous states. Due to missing data from Alaska and Hawaii, these two states are not included in the analysis. The ILSDDA is an important contribution to the home rule literature because it is a continuous-level variable that can be used in regression and other statistical analyses. Previous studies generally created measures of local discretionary authority for general-purpose governments only (i.e., Zimmerman, 1981). Wirt's (1980) index for school districts is an exception. Wirt's (1980) index is comprehensive in its scope (covering 36 different policy areas) but does not emphasize fiscal autonomy, which is consistently cited as a crucial component of local home rule in the literature. In this study, an increase in the ILSDDA score of a state indicates an increase in local school district discretionary authority. The ILSDDA has a possible range of scores for states from 0 (lowest level of discretionary authority granted to local school districts) to 100 (highest level of discretionary authority).

The ILSDDA is composed of factors measuring local school district discretionary authority in the areas of own-source revenue generation (i.e., property, sales, income and other taxes), spending, textbook adoption, and the ability of states to "takeover" local school districts under certain circumstances. Table 1 describes the different variables and the weighting scheme

used to construct the ILSDDA. In Table 1, seventy-five percent of the weighting of the ILSDDA is based on fiscal characteristics of the state-local relationship including local school district control over property, sales, income, and other taxes plus control over spending. Zimmerman (1981) notes that local governments lacking the ability to make important fiscal decisions regarding how money is raised and spent are severely handicapped by the state. In addition, because of the importance of the property tax to local home rule authority according to the literature, 30 percent of the index is composed of variables (ASSESS, REVLMTS, and TAXRATE) measuring local control of the property tax. Three primary types of limitations placed on the property tax are tax rate limits (TAXRATE), revenue limits (REVLMTS), and assessment restrictions (ASSESS). State-imposed tax rate limits prevent local governments from increasing property tax rates above a certain limit, such as 20 mills. Property tax revenue limitations imposed on local governments set a maximum amount of annual property tax revenue growth that can be collected by local governments. If annual revenue growth exceeds the state-imposed limits (usually expressed as a percentage increase over the previous year's revenues), then the property tax rates may be lowered to reduce revenues. In addition, some states place limits on annual property assessment increases. The value of property for property tax calculation purposes cannot increase beyond a certain amount each year, such as a two percent increase over the previous year's assessment, according to state law.

Local government scholars (e.g., Zimmerman 1981; Sokolow 1998; Brunori 2007) generally conclude that the property tax is crucial for local government fiscal autonomy. According to Brunori (2007, 2), "[t]he only revenue source capable of ensuring a strong and vibrant local government is the property tax." In addition, Brunori (2007, 45) notes that "regions

in the nation that rely most heavily on property taxes have also had the strongest commitment to local autonomy; a clear connection between property taxes and local autonomy exists."

Beginning with the "tax revolt" during the 1970s and "the public demand for property tax relief," states began to restrict local government use of the property tax (Zimmerman 1995, 54). For instance, in Ohio in 1976, the Ohio General Assembly changed property tax revenue generation by school districts with the enactment and implementation of House Bill 920 (H.B. 920), which prohibited inflationary increases in property taxes in Ohio. Under H.B. 920, as property values increase as a result of inflation, the effective property tax millage rates decrease to generate the same amount of revenues until a 20-mill floor is reached. H.B. 920 was one of the most restrictive property tax limitations passed during the tax revolt era because it did not permit any inflationary property tax increases unless a 20-mill floor was reached in a school district (Fleeter 1996, 343).

In addition, in California in 1978, Proposition 13 was approved by voters that limited property tax increases to two percent per year, which resulted in a reduction of the amount of revenues that school districts and other types of local governments could raise from property taxes. Proposition 13 effectively transferred control of rates from local school boards to the state. According to David W. Lyon (2000, 13), own-source revenues as a percentage of total revenues for school districts in California went from 54 percent in 1978 (pre-Proposition 13 implementation) to six percent in 1995. William Fischel (1989) argues that the Serrano v. Priest (1971) decision of the California Supreme Court led to Proposition 13 and public support for property tax limitations. The Serrano decision declared California's school funding system based largely on the property tax unconstitutional because of the per student funding differences occurring across school districts due to variations in property values. Following the 1971

decision, California greatly centralized school funding resulting in property tax revenues from wealthy districts being redistributed by the state to poorer districts. Fischel (1989) found that public support among wealthy Californians for property taxes declined as a result of the redistribution of property tax revenues to lower wealth districts.

Moreover, Sokolow (1998) found that local control over the property tax has been eroded due to state officials and courts revising K-12 education funding schemes in order to reduce inequities across school districts in the amount of money spent per student due to variations in property valuations. Johnston (1998), in a study of court-mandated reforms to provide for more equality in funding of K-12 education in Kansas, found that the court mandates resulted in greater centralization of control of K-12 education in state government in fiscal policymaking. In particular, the State of Kansas mandated a uniform statewide property tax rate and raised statewide state sales and income taxes to provide funding to low wealth districts. The changes substantially reduced the ability of local school districts to raise local own-source revenues and to set spending per student. In states with judicial interventions in K-12 funding, states have generally had to rely upon statewide sources of revenue, such as sales and income taxes, which are then redistributed back to school districts in the form of equalization grants based on a formula using local school district tax effort and wealth.[1] Even though tax and expenditure limitations reduce local government control over the property tax, the property tax is still the most important tax for generating own-source revenues for local school district governments.[2]

In addition to control over the property tax, an important aspect of fiscal autonomy is local school district access to non-property tax options, such as local-option sales (SALESTAX) and income taxes (INCTAX), and access to other types of local taxes (OTHERTAX), to raise own-source revenues. While sales taxes can be an important source of revenues for local

governments, Brunori (2007, 8-9) notes that there are major problems with heavy reliance on sales taxes by local governments, such as the inability to tax many services, the regressive nature of sales taxes, and the mobility of the sales tax base, which may reduce sales tax revenues in the future. Four states (Kentucky, Iowa, Pennsylvania, and Ohio) grant authorization to local school districts to use local-option income taxes to fund activities (Brunori 2007, 84). Income tax revenues diversify the system of local revenue generation and they tend to increase faster than sales tax revenues during positive economic times. However, there can be substantial political opposition to local income taxes at the state level, which results in few states permitting local school districts access to local-option income taxes (Brunori 2007, 86).

In addition, according to Griffith (2004), some states permit local taxes beyond property, sales, and income taxes to be used to fund education. In Alabama, amusement, alcohol, and mineral lease taxes can be used to fund K-12 education. In Colorado, Indiana, Kansas, Kentucky, Massachusetts, Montana, and Nevada, motor vehicle taxes are used to fund education, while timber taxes are used in Oregon and Washington. These taxes add diversity to the funding schemes for K-12 education in select states.

In addition, a variable measuring the percentage of K-12 education funds raised through local own-source revenue options (LOCAL) is included in the ILSDDA. The LOCAL variable is important in order to gauge the reliance of school districts on state-level funding in a state. States typically place "strings" on grants, thus reducing local discretion in spending the funds. The greater the percentage of total revenues for a school district coming from intergovernmental grants, the less control the school district will have over its finances. In addition, heavy reliance on intergovernmental revenues can result in significant fluctuations in intergovernmental revenues during economic downturns. States often cut intergovernmental aid before other areas

of the budget (Brunori 2007, 10). Moreover, due to the success of lawsuits challenging local funding of K-12 education through local property taxes, there has been a significant centralization of K-12 funding at the state level (Brunori 2007, 130-32). While nationally 55.3 percent of local school district revenues were generated through intergovernmental grants (U.S. Census Bureau 2007c), there is wide variation across states. The LOCAL component of the ILSDDA (the percentage of school district revenues that are generated through school district own-source revenues rather than through intergovernmental grants) ranges from a low of 12.9 percent in New Mexico to a high of 66.4 percent in Nevada.

Furthermore, a variable measuring states with and without state government-imposed spending caps on school districts (SPENDCAP) forms part of the ILSDDA. State courts are concerned about huge spending disparities caused by differences in property wealth between rich and poor districts (Berkman and Plutzer 2005, 28-29). A method used by 12 states to reduce interdistrict per student funding disparities is to cap spending increases at the school district level (Griffith 2004). The spending restrictions vary from a limit on the percentage increase in per student funding from the previous year in states such as Nebraska and New Jersey to restrictions on spending by state school funding formulas in states such as Indiana and Iowa (Griffith 2004).

Moreover, in a number of states, takeovers of local school districts by state governments have become an issue of concern with regard to maintaining local control (Berman 1995). Ziebarth (2004) notes that 29 states permit state takeovers of local school districts are "due to a combination of inept administration, fiscal mismanagement, corrupt governance and academic problems within the school district." According to DiLeo (1998, 134), "[t]he most dramatic indication of the deteriorating political position of the school boards in their relations with the states is the advent of the state takeover." The TAKEOVER variable included in the ILSSDA is

a dummy measure of whether or not state law authorizes state government takeovers of local school districts.

Finally, textbook adoption is an important indicator of local control over education. In 19 states in this study, K-12 textbooks are adopted by a state-level agency, which effectively eliminates any discretionary authority in textbook adoption for local school boards (Zinth 2005). In 28 states, local school boards and officials possess the authority to make textbook adoption decisions (Zinth 2005). In California, there is a mixed system of textbook adoption with the state adopting textbooks for students in grades 1 through 8, while local school boards are granted adoption authority for secondary school textbooks (grades 9-12) (see Zinth 2005 for a complete description of state textbook adoption laws). As Finn and Ravitch (2004) point out, the textbook adoption process can be a very political process in some states, such as California and Texas, with liberal and conservative groups battling over issues such as the teaching of evolution in science textbooks and the use of gender neutral language.

Table 1 indicates the weights given to each of the variables in the ILSDDA. The weighting of the different variables in the ILSDDA is based upon the literature on local government finance and governance and particularly the importance that the literature places on the property tax and local control of non-property tax options for raising revenues. Table 2 provides the ILSDDA index scores for each state. The ILSDDA is calculated by multiplying each index variable by the percentage weights in Table 1. The products are then summed and multiplied by 100 to obtain a state score. The index scores range from a low of 1.29 for New Mexico to a high of 72.37 for Vermont. The mean score for the 48 states analyzed in this study is 41.63.

Table 1: Composition of the Index of Local School District Discretionary Authority

Variable	Operationalization	Source	Weight in Index
LOCAL: K-12 education revenues raised at the local level.	Percentage of funds for K-12 education raised at the local level, 2003-2004 (decimal fractions, e.g., 15% = 0.15, are used in calculating the Index).	Hovey and Hovey, State Fact Finder 2005, CQ Press, Table H-17: "Sources of School Funds, 2003-2004," 220.	10%
ASSESS: State-imposed assessment limits on the property tax.	States that do not impose property tax assessment limits on local governments = 1, states that do impose assessment limits = 0	Anderson, Nathan B. 2006. "Property Tax Limitations: An Interpretive Review." National Tax Journal 59 (3): 688, Table 1.	10%
REVLMTS: Revenue limits imposed on the property tax by states.	States that do not impose property tax revenue limits on local governments = 1, states that do impose limits = 0	Anderson, Nathan B. 2006. "Property Tax Limitations: An Interpretive Review." National Tax Journal 59 (3): 688, Table 1.	10%
TAXRATE: Tax rate limits placed on local property taxes by states.	States that do not impose property tax rate limits on local governments = 1, states that do impose limits = 0	Anderson, Nathan B. 2006. "Property Tax Limitations: An Interpretive Review." National Tax Journal 59 (3): 688, Table 1.	10%
SALESTAX: School district access to a local-option sales tax.	States that allow local school districts to use a sales tax = 1, states without a school district sales tax = 0	Griffith, Michael. Taxation and Spending Policies, Education Commission of the States, 2004.	10%
INCTAX: School district access to a local-option income tax.	States that allow local school districts to use an income tax = 1, states without a school district income tax = 0	Griffith, Michael. Taxation and Spending Policies, Education Commission of the States, 2004.	10%
OTHERTAX: School district access to other tax sources.	States that allow local school districts to use other types of taxes beyond prop., sales, and income taxes = 1, states that do not permit use of other taxes = 0	Griffith, Michael. Taxation and Spending Policies, Education Commission of the States, 2004.	10%
SPENDCAP: State restrictions on school district spending.	States without a spending cap on local school districts = 1, states with a spending cap = 0	Griffith, Michael. Taxation and Spending Policies, Education Commission of the States, 2004.	5%
TAKEOVER: State takeovers of school districts.	States with laws that do not authorize state government takeovers of local school districts = 1, states with laws permitting takeovers = 0	Ziebarth, Todd. State Takeovers and Reconstitutions, Education Commission of the States, 2004.	5%
TEXTAD: Textbook adoption	States where local school districts adopt textbooks = 1; states with a	Zinth, Kyle. State Textbook Adoption, Education	20%

decisions.	hybrid model (textbook adoptions decisions made at both the state and local levels) = 0.5; states where the state government adopts textbooks = 0	Commission of the States, 2005.	

Table 2:
Index of Local School District Discretionary Authority (ILSDDA) Scores (Highest to Lowest States)

State	INDEX	State	INDEX	State	INDEX
VT	72.37	OH	49.85	NC	36.97
VA	64.84	TN	49.33	LA	33.78
NH	64.03	IN	49.31	OR	33.59
PA	60.53	SC	49.28	UT	33.27
CT	60.44	AL	48.19	KY	32.98
MD	60.33	WA	47.77	AZ	29.12
ME	59.87	DE	47.58	CA	28.14
NY	59.72	NJ	45.91	MS	28.07
ND	55.07	SD	44.83	FL	24.67
WY	53.96	GA	44.52	MI	22.73
KS	53.24	IA	44.45	AR	18.66
MN	52.24	MO	40.89	OK	18.16
NV	51.64	IL	40.83	ID	18.03
RI	50.94	CO	40.03	WV	17.95
MA	50.45	MT	39.10	TX	9.90
NE	50.25	WI	39.08	NM	1.29

Hypotheses

The literature on local discretionary authority is small and is focused overwhelmingly on assessing the home rule powers of general-purpose city and county local governments, rather than special-purpose school district governments. The literatures on local home rule and interstate policy innovation and diffusion indicate that a number of different variables are important for explaining interstate variations in local discretionary authority in the U.S. including political culture, legislative professionalism, demographic factors, and the levels of discretionary

authority granted to school districts by surrounding states. In this article, eight independent variables are included in the OLS regression models in Table 3.

Political Culture

First, political culture is highlighted in the home rule literature as a potentially important determinant of local school district discretionary authority levels in a state. The dominant political culture of a state, according to Zimmerman (1995, 5), reflects the historical distribution of power within the state and has a direct effect on its current policies, including the level of discretion granted to local governments to make policy decisions. Zimmerman (1981, 12) states that "[t]raditional beliefs regarding the proper repository of legal authority, if strongly held, make exceedingly difficult attempts to change the distribution of local authority within a state." Based on previous state-level policy research, this article posits that a political culture framework developed by Elazar (1966) explains variations across states in the level of discretionary authority granted to local school districts.

According to Elazar (1966), political culture helps to shape political attitudes toward government, including views on the proper role of government in society. Elazar (1966; 1984) identifies three distinct political subcultures composing the American political culture. First, in a moralistic political culture state, government is viewed as a positive means to improve the collective good (Elazar 1984, 117). Politics in moralistic states is characterized by wide participation and an acceptance of government regulation in social and economic policy (Elazar, 1984, 120-21). Second, in individualistic political culture states, government and politics in general focus on promoting the private economic interests of individuals (Elazar 1984, 115). Government exists primarily to guarantee the functioning of the "marketplace" (Elazar 1984,

115). Third, in traditionalistic political culture states, there is a focus on maintaining the existing "social order" and protecting the interests of traditional elites (Elazar 1984, 118-19). According to Elazar (1984, 118), the traditionalistic political culture "accepts a substantially hierarchical society as part of the ordered nature of things, authorizing and expecting those at the top of the social structure to take a special and dominant role in government." Power in a traditionalistic political culture state is typically concentrated in a small elite often connected together by family or social class (Elazar 1984, 119). As a consequence, mass participation and representation is minimized and power generally flows from top-down in the political system.

The utility of Elazar's (1966) political culture theory has been tested by scholars. Wirt (1980, 82) found that centralization of K-12 education policy was higher in traditionalistic states than in moralistic and individualistic states. Wirt (1980, 85) in his study found that in many states, particularly those with a traditionalistic political culture, political culture was an important determinant of education policy centralization independent of state-level control achieved through grants to local school districts (the "control follows the dollar" theory). Wirt (1980, 87), in short, found that there are factors (i.e., political culture) other than the flow of money that are important for explaining state-local centralization levels. In addition, Kincaid (1980) found that Elazar's framework did an excellent job explaining ratification of the Equal Rights Amendment. Nearly all moralistic states ratified the amendment, while only one traditionalistic state did so. Moreover, Hanson (1991) found that political culture helped explain state-level economic development policies, Vandenbosch (1991) concluded that political culture is an important factor in the use of corporal punishment, and King (1994) noted that Elazar's conception of political culture was very important in explaining voter registration laws and voter turnout variation among the states. In particular, King (1994) found that the more moralistic a state was, the

higher voter participation was and the lower the difficulty in registering to vote. While Elazar (1966) found important policy differences among states based on his political culture framework, Stephens (1974) and Berman and Martin (1988) found the relationship between political culture (and regionalism) and local government discretionary authority to be weak. It should be noted, however, that both Stephens (1974) and Berman and Martin (1988) analyzed general purpose governments (cities and counties) and not school districts. Based upon Elazar (1966), it is hypothesized that the presence of a traditionalistic political culture in a state will result in less discretionary authority for local school districts than moralistic and individualistic states. It is expected that in traditionalistic states, there will be more focus on maintaining centralized control over K-12 education at the state-level than in other states. On the other hand, it is expected that authority will be more decentralized in individualistic political culture states as the drive to satisfy individual economic desires is more easily accomplished by decentralizing control to the governing boards of local school districts. Finally, it is hypothesized based on the expectations for the individualistic and traditionalistic states that the moralistic states will fall in the middle ground between the individualistic and traditionalistic states.

Legislative Professionalism

Second, the level of legislative professionalism in a state affects local school district discretionary powers. Legislative professionalism is a concept, according to Squire (2007, 211) that is:

> …intended to assess the capacity of both individual members and the organization as a whole to generate and digest information in the policymaking process. Professionalism is typically associated

> with unlimited legislative sessions, superior staff resources, and sufficient pay to allow members to pursue legislative service as their vocation. The concept has been hypothesized to influence a wide range of behaviors, both within and outside the legislature, from the adoption of various internal rules and procedures to specific policy outputs.

Zimmerman (1981, 12; 1995, 8) states that the length of a legislative session affects the ability of state governments to regulate local governments. The shorter the duration of a legislative session each year, the less able legislators are to micromanage local decision making. In addition, Zimmerman (1995, 8) notes that "if a state devotes ample resources to supervising its local governments and its administrative officials are aggressive in carrying out their responsibilities, political subdivisions may be reluctant to exercise their discretionary powers fully." Numerous studies (e.g., Carmines 1974; LeLoup 1978; Roeder 1979; Thompson 1986; King 2000) found legislative professionalism to be an important determinant of state-level public policies. Measures of legislative professionalism are used extensively in the state policy innovation and diffusion literature to explain interstate policy differences (see McLendon, Hearn, and Deaton 2006). For instance, Ardoin and Grady (2006, 165) found that increases in legislative professionalism levels in states led to increased likelihood of states engaging in "electricity restructuring." Based on Zimmerman (1981; 1995), it is expected that a negative relationship exists between states with a high level of legislative professionalism and the index of local school district discretionary authority.

Demographics

In addition, demographic characteristics of states are expected to be important factors affecting the levels of local school district discretionary authority granted by state governments. The sizable state policy innovation and diffusion literature indicates that demographic variables, including income levels, urbanization, and literacy/educational levels, are important internal factors affecting state-level public policymaking outputs (Walker 1969; Dye 1990; Berry and Berry 1990; Berry and Berry 1992). In this study, four demographic variables are included in the Table 3 models.

First, density of population per square mile is included as a measure of urbanization in a state. It is hypothesized that a negative relationship exists between increases in population density and levels of discretionary authority for school districts. The more urbanized a state, the greater the need and demand for state-level action to deal with problems in urban education systems.

Next, the population growth rate of a state is a factor potentially influencing local power levels. It is expected that a negative relationship exists between increases in state population growth rates and school district discretion levels. Large population increases over a short period of time may put stress on local school districts necessitating increased state intervention to cope with the situation.

Finally, educational attainment and median household income levels in states are expected to affect the distribution of decision making power to local governments by state governments. Berman and Martin (1988, 639) hypothesized that "[h]igher levels of education and income may also be accompanied by greater demands for autonomy or self government. The relatively wealthy and well educated, of course, are in a better position than others to secure these political objectives." In their data analysis, Berman and Martin (1988, 639) found a

positive relationship existing between educational attainment levels and "structural" discretion, but negative relationships for functional, finance, and personnel discretion. The Berman and Martin (1988) results need to be interpreted with caution since they conducted simple correlation analyses, rather than a multivariate analysis holding different variables constant. The literature indicates educational attainment is theoretically important, but the expected direction of the relationship is uncertain from the few studies in existence on local home rule powers. It is hypothesized in this study that increases in educational levels in a state result in increases in local school district discretionary authority because well-educated residents are better informed about local issues and will desire more local control of their schools. Moreover, income wealth, which is highly correlated with educational levels, is expected to be positively related to increases in local discretionary authority for school districts because households and individuals with high incomes will desire more direct control over their tax dollars.

State Policy Innovation and Diffusion

Finally, the state policy innovation and diffusion literature indicates that external factors (especially the activities of surrounding states) can impact a state's policy actions (Walker 1969; Dye 1990; Berry and Berry 1990; Berry and Berry 1992; McLendon, Hearn, and Deaton 2006). The literature suggests that the presence of high or low levels of local school district discretionary authority in bordering states may affect the level of school district discretionary authority in a state. Based on the policy diffusion and innovation literature, it is expected that increases in the level of school district discretionary authority present in surrounding states will positively affect discretionary levels in a state.

Methods

To analyze the causes of interstate variation in the discretionary authority of local school districts, this paper uses OLS regression analysis and a difference of means test. States are the unit of analysis in this study. The dependent variable is the index of local school district discretionary authority (ILSDDA). The ILSDDA is composed of different measures of local school district authority, such as access to local-option sales and income taxes and the ability of local school boards to make textbook adoption decisions. The objective of the index is to provide a single datum for each state that summarizes the overall legal relationship between a state government and its local school districts.

Eight independent variables (two political culture dichotomous variables, one legislative professionalism variable, four demographic variables, and one state policy innovation and diffusion variable) are used in the OLS regression models to explain variation in the ILSDDA. The data for the dependent and independent variables are cross-sectional in nature. The study covers the 48 continental U.S. states. Data for Alaska and Hawaii are not available for all of the variables, and as a result, these states are excluded form the data analysis.

Political Culture. The political culture variables are operationalized as dichotomous variables measuring the presence of a traditionalistic and an individualistic political culture in a state. In this study, 16 states are classified as traditionalistic, 15 states as individualistic and 17 states are designated as moralistic. The designation of states by political culture is derived from Elazar (1984, 134-37).[3]

Legislative Professionalism. The legislative professionalism variable is measured by Peverill Squire's (2007, 216) revised measure of legislative professionalism index that combines pay, legislative session length, and staff resources together into a measure of overall professionalism ranging on a scale from 0 to 1.0. In Squire's (2007) analysis, New Hampshire had the lowest level of legislative professionalism at 0.03, while California had the highest at 0.63 (the mean of all states is 0.18).

Demographics. The first demographic variable, the population density of a state, is operationalized as density of population per square mile. The data for this variable are obtained from Table 10.3 of Council of State Governments (2008, 556). The second demographic variable, population growth, is operationalized as the percentage increase (or decrease) in population in a state during the period of time from 2000 through 2007. The source of the population growth data is Table 13 of U.S. Census Bureau (2009, 18). The third variable is educational attainment, which is operationalized as the percentage of the population of a state with a bachelor's degree or more in 2007. The source of the data is CQ Press (2009, 155). The fourth demographic variable in the Table 3 models is median household income. The source of the median household income variable is CQ Press (2009, 103), and the variable is operationalized as median household income in thousands of dollars in 2007 in a state. The median household income variable is highly correlated with the educational attainment variable. Because of this multicollinearity issue (r=0.850) between the educational attainment and income variables, models 2 and 3 in Table 3 exclude one of these variables.

Policy Innovation and Diffusion. A state policy innovation and diffusion variable is included to gauge the effect of surrounding state policies on a particular state. The variable is calculated by averaging the ILSDDA scores for all the states surrounding a single state. For

instance, the ILSDDA scores for North Carolina and Georgia are averaged to calculate this measure for South Carolina. This process is repeated for all of the 48 continental U.S. states.

Findings

Table 3 reports the results of OLS regression analyses for three different models. A total of eight independent variables are included in model 1 to explain the determinants of interstate variations in the ILSDDA. Seven variables are included in models 2 and 3 with the median household income variable removed from model 2 and the educational attainment variable excluded from model 3 in order to deal with the multicollinearity problem between these two variables that is present in model 1. Unstandardized and standardized regression coefficients are presented in Table 3 to illustrate the change and relative impact that each independent variable has on the dependent variable.

Table 3: Explaining Interstate Variations in Local School District Discretionary Authority*

VARIABLE	MODEL 1**	MODEL 1***	MODEL 2**	MODEL 2***	MODEL 3**	MODEL 3***
Traditionalistic Political Culture in State (1=Traditionalistic PC, 0=Other)	3.689 (5.720)	0.113	-0.609 (5.110)	-0.019	3.621 (5.770)	0.111
Individualistic Political Culture in State (1-Individualistic PC, 0=Other)	13.793** (5.145)	0.416	13.425** (5.233)	0.405	12.341** (5.068)	0.373
Legislative Professionalism	-30.027* (15.077)	-0.228	-32.045** (15.293)	-0.243	-27.542* (15.088)	-0.209
Density of Population per Square Mile	-0.027** (0.011)	-0.462	-0.020* (0.011)	-0.342	-0.026** (0.011)	-0.446
Population Growth Percentage in State, 2000-2007	-0.619* (0.318)	-0.251	-0.397 (0.290)	-0.161	-0.682** (0.317)	-0.277
Percent of Population with a Bachelor's Degree or More in 2007	0.910 (0.697)	0.280	1.672*** (0.508)	0.514		
Median Household Income in 2007 (in thousands)	0.868 (0.553)	0.404			1.372*** (0.400)	0.638
Policy Diffusion (Average of ILSDDA of neighboring states)	0.469** (0.184)	0.334	0.428** (0.185)	0.304	0.505*** (0.183)	0.359
ADJ. R^2	0.483		0.464		0.474	
N	48		48		48	
F-STATISTIC	6.482***		6.809***		7.040***	
CONSTANT	-34.863 (21.447)		-11.756 (15.861)		-36.598* (21.594)	
Significance (two-tailed):	*p < 0.10	**p < 0.05	***p < 0.01			

*Dependent variable: Index of Local School District Discretionary Authority (ILSDDA). Missing data for Alaska and Hawaii.
**Unstandardized OLS regression coefficients (standard errors)
***Standardized beta coefficients

In the Table 3 models, the traditionalistic political culture coefficients are statistically insignificant, while the individualistic political culture coefficients are statistically significant and in the expected positive directions. The presence of an individual political culture in a state

results in a substantial 12 to 14 point increase in the ILSDDA across the three models. In individualistic political culture states, decentralized K-12 educational governance is an important output of state government.

In addition to the OLS regression coefficients for political culture in Table 3, Table 4 provides statistically significant results from a difference of means test using political culture and the ILSDDA. Table 4 illustrates large differences in average scores on the ILSDDA between the traditionalistic political culture states, on the one hand, and individualistic political culture states, on the other hand. Traditionalistic states, on average, have an index score of 31.73, while the individualistic states have a mean index score of 51.51. Moralistic states collectively fall (as expected) in the middle with a mean score of 43.99 on the ILSDDA. The difference of means analysis provides support for the hypothesis that traditionalistic political culture states are more centralized in K-12 education policy, while greater decentralization is present in individualistic states. Overall, this article finds that Elazar's (1966; updated in 1984) political culture framework is still relevant for analyzing state-level public policy variations across the U.S. and in informing our understanding of the state-school district power relationship in the current American political system. The large, statistically significant positive relationship between the presence of an individualistic political culture in a state and the ILSDDA in Table 3 and the difference of means test in Table 4 support that hypothesis that individualistic states grant local school districts more authority to make decisions than traditionalistic and moralistic states.

Table 4: Mean Local School District Discretionary Authority Index Score by Political Culture

Political Culture	Index Means
Moralistic (N=17)	43.99 (14.61)[a]
Individualistic (N=15)	51.51 (6.53)
Traditionalistic (N=16)	31.73

	(16.73)
Overall Mean (N=48)[b]	42.25 (15.52)
F-STATISTIC	8.515*
Significance:	*p < 0.01

Table 4 notes: [a]Standard Deviations in parentheses. [b]Missing data for Alaska and Hawaii

Second, legislative professionalism is cited in the literature as an important factor affecting state policy and decision-making. The results in Table 3 indicate that the legislative professionalism coefficients are in the expected negative directions. The coefficient in model 2 is significant at the traditional 0.05 level, while in models 1 and 3, the coefficients are only significant at the 0.10 level. The unstandardized legislative professionalism coefficients are difficult to interpret in practical terms because the Squire (2007) index is calculated using a number of different factors, and ranges from 0.03 to 0.63 across the 48 continental U.S. states. In short, an increase in the legislative professionalism index from 0.0 (no professionalism) to 1.0 (perfect professionalism) for a state results in a significant and negative reduction in the ILSDDA of between 27 to 32 points. While the potential change is quite large, the reality is that most states fall in a fairly narrow range and do not change significantly over time in their levels of legislative professionalism. The primary usefulness of these coefficients is that they indicate increases in legislative professional are negatively related to increases in local control of K-12 education. High levels of legislative professionalism in a state result in less local school district discretionary authority as measured by the ILSDDA. The findings in Table 3 indicate that the presence of a highly-professionalized state legislature is a possible threat to local control over K-12 education. A professional legislature can monitor and control local school districts, while semi-professional legislatures are more likely to allow local school districts more discretion to make decisions. This finding illustrates an important trade off that states must consider when

professionalizing their legislatures: the more resources devoted to legislative professionalism (staff, etc.), the less discretion allocated to local governments (and therefore less local control). Professionalization of state legislatures sounds appealing, but excessive professionalism can undermine local governance through increased state centralization and less decision-making authority for local governments to meet the needs and desires of local citizens.

Third, demographic factors in a state have important causal effects on the level of local control over K-12 educational policies. These factors include population density, population growth rates, educational attainment, and median household income levels in a state. The population density coefficients in Table 3 are in the expected negative directions and are statistically significant in models 1 and 3 at the 0.05 level. In model 1, a 100 person increase in population density per square mile results in a 0.270 increase in the ILSDDA.

Second, the population growth rate coefficient in model 3 of Table 3 is statistically significant and in the hypothesized negative direction. The coefficients in models 1 and 2 are in the expected negative directions but are not significant at the 0.05 level (the coefficient in model 1 is significant at the 0.10 level). In model 3, every one percentage point increase in population during the period of 2000 to 2007 resulted in a 0.682 point decrease in the ILSDDA. State governments, based on the coefficients in Table 3, assume more control over local K-12 education in a high population growth rate environment.

Third, in Table 3, the educational attainment coefficient in model 2 is substantively and statistically significant and in the expected positive direction. The statistical insignificance of the educational attainment coefficient in model 1 is likely due to the multicollinearity problem with the median household income variable. The high correlation between income and educational attainment creates a situation where it is not possible to clearly distinguish the individual effects

of these two independent variables on the dependent ILSDDA variable. As a way to deal with this multicollinearity issue, models 2 and 3 exclude either the income or educational variable. In model 2, the income variable is removed from the model and the educational attainment coefficient is significant in the hypothesized positive direction. To illustrate the importance of educational attainment in model 2, a one percentage point increase in the educational attainment variable results in a substantial 1.672 point increase in the ILSSDA. The results indicate that a well-educated citizenry desires that decisions regarding their children's education be kept as local as possible. The standardized coefficient for educational attainment (0.514) in Table 2 indicates that this variable is the most important one affecting the ILSDDA. The next highest beta coefficient is the individualistic political culture dichotomous variable at 0.405.

Finally, median household income is included as a demographic variable in Table 3. The coefficient in model 1 is statistically insignificant due to the correlation between this variable and educational attainment. The removal of the educational attainment variable in model 3 results in a statistically significant median household income coefficient that is in the hypothesized positive direction. The Table 3 results indicate that variations in median household income in a state have a substantively important impact with a $1000 increase in median household income in a state in model 3 resulting in an increase of 1.372 in the ILSDDA. The standardized coefficients in models 2 and 3 for educational attainment and median household income indicate that they are the most important independent variables in their respective models.

Finally, the last variable is a policy diffusion and innovation measure gauging the effects of school district discretionary authority policies of bordering states on a particular state. The policy diffusion and innovation measure is positively signed and statistically significant in the three models in Table 3. The presence of high (or low) local school district discretionary

authority policies appear to have an important impact on local discretion levels in bordering states. In model 1, a one percentage point increase in the average of surrounding state ILSDDA scores results in a 0.469 increase in the ILSDDA score of a state.

Conclusions

This article fills an important gap in the local government home rule literature by bringing school districts into the broader analysis of local discretionary authority and home rule with general-purpose counties and cities. In order to accomplish this task, this article creates a continuous-level index, the ILSDDA, to measure state-level allocations of discretionary authority to local school districts. The ILSDDA is weighted to emphasize the importance of local fiscal autonomy. Local discretionary authority is important to measure because it directly impacts the ability of school districts to set local educational policy.

The OLS unstandardized and standardized coefficients in Table 3 indicate that political culture, legislative professionalism, demographic variables, and state policy innovation and diffusion factors are important determinants of variations in local school district discretionary authority across the 48 contiguous U.S. states. The results in Tables 3 and 4 indicate that Elazar's (1966; 1984) political culture framework is still relevant for understanding the state-school district power distribution across the states. Educational decision-making in individualistic states is more decentralized than in moralistic and traditionalistic states. In addition, legislative professionalism is a significant determinant of local control of K-12 education. The expansion of legislative professionalism results in more state and less local control of K-12 education. While increased legislative professionalism is considered to be a laudable goal in order to make state governments more efficient, excessive legislative

professionalism may result in an undesirable loss of local control over K-12 education. In addition, states coping with high population density and growth rates appear to centralize control over K-12 education more than states with less dense and more stable populations. Moreover, high levels of educational attainment and median household incomes lead to more local control over K-12 education. Educational attainment and income levels are very important factors in predicting levels of discretion for local school boards in a state. It is evident from the data analysis that a well-educated and high income citizenry desires significant local control over K-12 education in a state. Finally, the policy diffusion variable illustrates that the local school district discretionary authority policy actions of states in a region affect the discretionary authority levels for school districts in other nearby states. According to these results, changes in local discretionary levels do not occur in isolation; rather, the policies of other states do appear to diffuse into neighboring states.

Overall, the ILSDDA scores along with the results of the OLS regression analysis and difference of means test indicate that significant variation continues to exist across states in terms of the level of local decision-making authority granted to local school boards. Political culture, legislative professionalism, demographic factors, and state policy innovation and diffusion explain variation in discretionary authority across states. The ILSDDA scores illustrate that meaningful levels of local control over K-12 education still exist in many states. Studies of local government home rule and discretionary authority have excluded school districts from study because of a view that they are largely dominated by state governments. While this is the case in some states, this study illustrates that the discretionary authority of local school boards varies widely across the U.S. Local school district officials in many states continue to make important decisions in policy areas, such as own-source revenue generation and school textbook adoption.

The extent of local control over education is important for determining the ability of school districts in a state to meet the service level expectations of citizens and to fulfill the local control needs highlighted by public choice theory. The public choice approach is not applicable if school districts do not have meaningful amounts of discretionary authority, which results in a lack of variation across school districts in taxation and educational service levels. Across the U.S., significant variation in K-12 education control permits considerable choice in some states, while in other states K-12 education policymaking is very centralized. While the future for school districts is uncertain, they are important contemporary players in local governance in many states and should not be ignored in the local government home rule literature.

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[1] One of the largest instances of centralization of school district fiscal authority in recent history in the U.S. occurred in the State of Michigan during the period of 1993-1994. During this time period, the state created a statewide sales tax in order to replace revenues generated by school districts through local property taxes. According to Berman (2003, 107-108), this change in school funding dramatically rearranged control of local school finances by transferring fiscal control from local school boards to the state government.

[2] According to U.S. Census Bureau data (2007c), 53 percent of general revenues for school districts during 2006-07 came from state governments with the federal government and other local governments contributing an additional cumulative two percent (for a total of 55 percent of general school district revenues coming from intergovernmental sources). Among the 45 percent of general revenues raised by school districts through own-sources means, 78 percent came from local property taxes, 19 percent from school district charges for services, two percent from local sales taxes, and one percent from local income taxes. Overall, in 2006-07, 35 percent of school district general revenues (own-source and intergovernmental) were generated through the property tax.

[3] The author classified the 48 contiguous U.S. states as moralistic, individualistic, and traditionalistic based upon the classification in Elazar (1984, pp. 134-137). The moralistic states in this study are CA, CO, ID, IA, KS, ME, MI, MN, MT, NH, ND, OR, SD, UT, VT, WA, and WI. The individualistic states are CT, DE, IL, IN, MD, MA, MO, NE, NV, NJ, NY, OH, PA, RI, and WY. Finally, the traditionalistic states are AL, AR, AZ, FL, GA, KY, LA, MS, NM, NC, OK, SC, TN, TX, VA, and WV.