Indiana Education Reform and Fiscal Stress: Practitioners’ Curiosity

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In their article “Local Government Responses to Fiscal Stress: Evidence from the Public Education Sector,” Ashlyn Aiko Nelson and Rekha Balu have made a significant contribution to the work of practitioners in the public education setting by explaining how school districts attempt to deliver world-class public education services to all students with fewer resources as a result of the Great Recession. Do school districts operate as “rational” systems by focusing on cutting costs and raising revenues as the primary policy responses to fiscal crises? Or do they operate as more “open” systems by focusing on cutting costs and raising revenues as policy responses to, for example, environmental pressures from outside stakeholders such as unions, business associations, parents, and legislators? Practitioners like myself are interested in Nelson and Balu’s research because it helps us better understand whether school districts use events such as the recession as reasons to, for example, renegotiate collective bargaining agreements with teacher unions, push for no funding cuts or even higher state funding from legislators worried about the schools in their district, and influence employers demanding better-prepared students for college and careers.

The cost-cutting and revenue-raising measures used by school districts discussed in Nelson and Balu’s article are not surprising to practitioners and leaders in public education. The exploration of the revenue-raising strategies typically utilized by school districts is
Indiana school districts had more than 40 percent of students on free or reduced-price lunches, with fewer than 10 percent of the students nonwhite and less than 3 percent English learners. Indiana has also experienced some of the most dramatic changes in public education in the nation over the last few years. Indiana enacted into law high-stakes exams tying teacher compensation to student achievement on pass/fail tests, an A–F grading system for all 1,800-plus schools, and one of the largest voucher systems in America. All of this was done during a period of fiscal stress, with significant cuts in education funding of 4.5 percent, new constitutional caps on property taxes, major reductions in staffing, and new limits on collective bargaining. Indiana also enacted stricter policies on the use of referenda by school districts to raise revenues.

Nonetheless, it is not surprising that the chances of pursuing and passing a construction referendum are better in districts that experienced revenue increases based on student enrollment increases. Districts are more likely to sway public opinion for a construction referendum when enrollment increases and students are being educated in inadequate facilities. Voters seem more supportive of property tax increases caused by increasing enrollments when the result is new classrooms. Nelson and Balu conclude that Indiana school districts, even in the midst of major education reform, behaved primarily as rational system actors in their policy responses to fiscal stress and were less influenced by environmental factors such as student composition, especially when compared to California.

California and Indiana are interesting case studies for this examination of school district responses to fiscal hardship. California, as the largest public education system in the nation, has substantial variation in demographic, school, staffing, and fiscal characteristics. School districts experienced funding cuts for three consecutive years and overall cuts in funding of more than 10 percent. More than half of the students receive free or reduced-price lunches, more than half are nonwhite, and almost 20 percent are English learners. School districts reduced staff by 34 percent in response to the fiscal crisis, and those school districts with increases in English learners had even deeper staff reductions. This finding again raises significant questions about the effect of these actions on equity and the student achievement gap. More research in these areas is definitely needed. It is interesting but not surprising that California school districts with higher revenue increases based on higher student enrollments and with higher-achieving students have significantly higher odds of pursuing and passing revenue-raising measures. It makes sense to practitioners that these districts have more influential stakeholders who value public education and advocate for revenue increases to counter the effects of fiscal stress on student academic performance. Nelson and Balu conclude that district environmental factors do indeed explain district revenue-raising behavior in California.

As an Indiana practitioner, I am particularly interested in the authors’ focus on my state’s school districts. Helpful because it reminds readers, for example, that some evidence suggests that property-wealthy districts may have more success in dealing with fiscal stress than less property-wealthy districts. This evidence raises the equity concerns faced by many education policy makers focused on closing the student achievement gap and raising educational outcomes for all students. A more detailed review of the impact of these policy responses to fiscal stress on student achievement might be more helpful to practitioners interested in whether school districts are acting as rational or open systems with any significant implications for equity issues and educational quality for all students.

Nelson and Balu stipulate that more research is needed on the conditions under which fiscal versus environmental factors influence school district responses to fiscal stress. Practitioners and education policy leaders in Indiana would welcome this additional research. The research in this article has added much value for practitioners and education policy makers, especially in Indiana. Even more value would be realized by these practitioners, however, if the authors would pursue additional research about any connection between Indiana’s sweeping education reform policies and the fiscal stress caused by the Great Recession.