

Equity Suit Updates From The Courtroom

DAY 8 - JANUARY 15, 1997

Attorney Schmidt for the plaintiffs once again reiterated his arguments to have the Philadelphia decision entered into the record of the case and provided information for Judge Pellegrini about the Kings Bench order vacating either all or part of Judge Smith's order. Judge Pellegrini indicated that he will rule on the matter in the future.

There is also a problem with getting information from the Department of Education on School Profiles. The tape that is available, according to the defense, may not be readable without a special program. There are technicians who are trying to iron out the problem. These pieces of information were part of stipulations of both sides.

Dr. Kern Alexander was the only witness of the day. Dr. Alexander is the expert witness for PARSS who has been the expert witness for the plaintiffs in many other state equity cases. He has been the president of two colleges, has worked for the federal Department of Education, has been the education budget analyst for the Governor of Florida, a Distinguished University Professor, has been the author of countless articles and monographs on school finance and equity and the author of a number of books on school finance and school finance equity.

According to Dr. Alexander you have to have fiscal capacity in order to produce wealth and consequently revenues. The fiscal capacity is then turned into revenues through taxation. Personal income is the flow of capital. There is such a wide variance in local assessments in relationship to market value that the system is irrational. There followed an explanation of the nature of tax effort in Pennsylvania- the product of dividing the market value into the actual local tax revenue and getting a percentage. This percentage (in 94-95 the median for the state was .0207) is then moved three decimal places over to come with 20.7 - called equalized mils. Judge Pellegrini pointed out that assessments are mitigated by the number of mills that are placed on the assessment and therefore it is a sliding scale. Dr. Alexander pointed out that the relative wealth of an area is what it is and that the tax effort is a function of how much total local tax is exacted from the community.

Dr. Alexander said that our present system "is the reverse of a progressive tax system, it taxes the poorest harder." He then went on to explain a number of charts relating to tax effort.

He pointed out that the wealthiest districts in the state had a .01917 tax effort, while the poorest had .02751, while the state average was .02412. All this to say that the poor exerted 2.7% of their market value in funding their schools, a significant percent higher than the wealthiest and the entire state.

He pointed to instructional expenditures which showed that the wealthiest spent \$4,069.79, the state average \$2,880.59 and the poorest 2,372.82 .

The identified poorest school districts of even the same size, removing size as a variable showed that the poor districts of the same size had lower expenditures, a greater tax effort and were identified as poor by the state's aid ratio computations.

According to Dr. Alexander this is an "irrational" allocation of resources.

"If you under invest in one part of society, it is an inefficient use of resources."

"The state should not have created such a system."

"There should be equal treatment unless there is a rational reason for inequality-poverty special need, etc."

According to Dr. Alexander a child's education is a function of local wealth.

Wealthy and poor districts are both equally efficient and inefficient.

Every dollar has a value, if it does not. . .

Judge Pellegrini asked a number of questions about how one might correct a system with these unusual disparities. Dr. Alexander pointed out that there are a number of ways that could see their way to improving the equity in the Commonwealth including a guaranteed yield. Being Poor and getting less is not a legitimate classification.

Mr. Knorr on cross examination. "I find this all most enlightening your honor." Either spending has to be capped, match the richest school district in the state, or tolerate local disparities. Dr. Alexander said that he believed that there were other alternatives that would mitigate disparities. Mr. Knorr asked what states Dr. Alexander had been called upon to be an expert witness: Alabama, Tennessee, Kentucky, Ohio, Indiana, North Carolina, Virginia, Rhode Island, Montana South Dakota, New Hampshire, Missouri, Florida. Had turned down the states of Missouri and Minnesota.

Mr. Knorr pointed out that the tax effort of the poorest districts are not always the highest, that poorest districts don't always spend the least. Dr. Alexander agreed. Mr. Knorr asked why Dr. Alexander had[n]t used the cost of educating a child in Pennsylvania (one of the top 5 according to Mr. Knorr) as he did in other cases. Dr. Alexander said that he would expect Pennsylvania, a wealthier state, to have more expenses. Mr. Knorr asked about personnel costs and aren't they the largest part of the budget. Dr. Alexander answered that it is.

Tomorrow's witnesses

See Day 7

Monday January 20th will not be a court session day. The state will begin its case on Tuesday, January 21, 1997