

The Effect of Increased Minority Representation on State Aid to Schools

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1. INTRODUCTION

There is a vast literature on the adequacy and equity of school funding. Since the work of Murray et. al. (1998), more attention has been paid to state level institutional changes, such as legislative- and court-ordered reforms of funding systems. Because funding systems are determined at the state level, it is necessary to examine the effect of state level institutional changes in order to fully understand the funding systems.

In this work, I am examining the effect of another set of state level institutional changes – increased minority representation at the state level. Specifically, I will be estimating the effect of minority representation (in both the Senate and the House of Representatives) on levels of funding and economic measures of within-state inequality.

2. DATA

I will be using data on revenues and enrollment for K-12 school districts from the Census of Governments. I will be supplementing this data with economic and demographic data at the city and county level from the City and County Databooks.

I will be using data on the numbers of minority state legislators for each state from *Black Elected Officials: A National Roster* and the *National Roster of Latino Elected Officials*, publications from the Joint Center for Political and Economic Studies.

Finally, I will be controlling for other state level institutional changes, including court-ordered reform.

These data will cover the years 1971 – 2001.

3. CHANGES IN MINORITY REPRESENTATION

Percentage of State Legislators that are African-American

State	1971	2001	State	1971	2001
Alabama	1.43	25.00	Montana	0.00	0.00
Alaska	3.33	1.67	Nebraska	2.04	2.04
Arizona	4.44	1.11	Nevada	1.59	7.94
Arkansas	0.00	11.11	New Hampshire	0.00	1.18
California	5.00	5.00	New Jersey	3.33	12.50
Colorado	5.45	5.45	New Mexico	0.89	0.89
Connecticut	3.21	6.95	New York	5.66	13.68
Delaware	4.84	6.45	North Carolina	1.18	14.71
Florida	1.25	13.75	North Dakota	0.00	0.00
Georgia	6.36	19.92	Ohio	9.09	13.64
Hawaii	0.00	0.00	Oklahoma	3.36	3.36
Idaho	0.00	0.00	Oregon	0.00	3.33
Illinois	11.30	13.56	Pennsylvania	4.35	7.11
Indiana	1.33	8.00	Rhode Island	0.88	6.19
Iowa	0.67	0.67	South Carolina	1.76	18.24
Kansas	1.82	4.24	South Dakota	0.00	0.00
Kentucky	2.17	3.62	Tennessee	6.06	12.88
Louisiana	0.69	21.53	Texas	1.66	8.84
Maine	0.00	0.00	Utah	0.00	0.96
Maryland	9.57	20.21	Vermont	0.00	0.56
Massachusetts	1.50	3.00	Virginia	2.14	10.71
Michigan	10.81	15.54	Washington	2.04	1.36
Minnesota	0.00	1.00	West Virginia	0.75	1.49
Mississippi	0.57	25.86	Wisconsin	0.76	6.06
Missouri	7.61	9.14	Wyoming	0.00	0.00

Source: *Black Elected Officials: A National Roster*

4. METHOD

I will be estimating a fixed effects model with both state level fixed effects (δ_s) and year level fixed effects (λ_t), and controlling for economic and demographic variables (X_{ist}) in order to find the effect of minority representation on funding levels:

$$Y_{ist} = \text{MinorityRepresentation}_{st} \cdot \beta_1 + \text{StateReform}_{st} \cdot \beta_2 + X_{ist}' \cdot \beta_3 + \delta_s + \lambda_t + \epsilon_{st}$$

The first dependent variable (Y_{ist}) is level of state aid in district i in state s at time t , and I will be using quintile regressions in order to estimate the effect of increased minority representation in districts with high vs. middle vs. low percentages of minorities.

The second set of dependent variables (Y_{st}) consists of economic measures of inequality in state s at time t , such as the Gini coefficient and the coefficient of variation.

5. HYPOTHESES

I hypothesize that increased minority representation will have a larger positive effect on the levels of state aid for districts with higher percentages of minorities and a smaller positive (or even negative) effect on the levels of state aid for districts with lower percentages of minorities. I also expect this effect to appear as a decrease in economic measures of inequality.

Poterba (1997) and Figlio et. al. (2004) have shown the effects of different demographic characteristics on funding levels, and Murray et. al. (1998) and Card & Payne (2002) have shown that court-ordered reform reduced inequality by increasing funding to the poorest districts.

This work will answer the question of whether the composition of the state legislature can also make a difference and alter the states' role in education finance. I hypothesize that increased minority representation will also reduce within-state funding inequalities, primarily by increasing funding to the districts with the highest percentages of minorities.

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