Equity Suit Updates From The Courtroom

DAY 14 - JANUARY 28, 1997

Mr. Schmidt began with a discussion of the manner in which Philadelphia School District gets taxes from its residents. Mr. Schmidt was asked by Judge Pellegrini on other days to get an explanation of the tax effort of the city in municipal overburden terms. Mr. Schmidt pointed out that in the Commonwealth Court decision in the PHRC case, Judge Smith had elaborated on the manner in which the city does taxation for the school district. There will be a joint stipulation about this subject.

Dr. Salmon was recalled to the stand as a rebuttal witness for the Plaintiffs. His testimony was about the following things:

The reason why you would sort wealth on a per pupil basis rather than on a per capita basis (what if one district had 1000 students and the other 100, even if the population was the same , this could happen in districts where there are many parochial or private school students or many retired folks, therefore using per capital wealth would not work.)

The measure of description is the school district and its children, that is not per capita, the Department of Education does not use per capita in any of its calculations.

Using total expenditures (there was discussion of that), does not take into account the wild swings of expenditures related to debt service or capital expenditures which make it much larger in one year and smaller the next. It is appropriate to use instructional expenditures, which take out capital and federal expenses, as well as some others not directly related to instruction.

In looking at the expenditures per capita divided into deciles, why would you just say that the first five deciles are flat (if they really are) and then say that the last three deciles, which represent 100's of thousands of children should not be looked at with relation to wealth. Are they not part of the Commonwealth of PA?

There are strategic choices that you made with any model at the beginning of a statistical analysis and that does affect the outcome.

It is difficult for Dr. Salmon to understand how you would use a cost of living index that was related to State Metropolitan Statistical Areas and lump in rural areas and suburban areas in that delineation. That is not what that statistic is meant to do. It cannot tell you what the cost of living differences are among school districts in the state.

The Lorenz Curve depicted in Dr. Fairley's work does actually show variations in the state among the districts. The dispersions on the Lorenz Curve make us the 6th most disparate state in the nation. The reason why it is at all congruent is the massive tax effort by the local districts and the money given by the state.

Judge Pellegrini asked if all the charts look the same why is there an argument about the outcomes. Dr. Salmon said that the correlation of wealth to spending is a .60 on Dr. Fairley's work and above that in Dr. Alexander's work. The charts do not tell the entire story, they are just depictions. The numbers actually tell the story. The charts are always approximations

.60 is a significant correlation.

Under cross examination Dr. Salmon was asked whether you arrange the deciles by per capita wealth or wealth per student do you not get the same results. Dr. Salmon said yes. Isn't there a cost differential between Northern Tioga and Radnor. The answer is yet, but not enough to explain the great differences in spending. The percent of wealth describes 20% of the regression.

Under redirect, Dr. Salmon said that wealth is the dominant factor.

Dr. Jimmy Fortune was admitted as an expert witness in the field of school finance. He explained the following concepts:

Multiple regressions - If you have a dependent variable such as the cost of a house, how is it effected by the income of one spouse and another spouse that isn't earning as much money. You want to find out if there if a relationship with either of those variables, or even both together, or trying to eliminate one.

In multiple regressions you run the risk of something called co-linearity, where one of those variables is related to each other. In that case, where they are related they play off against each other and suppress the real relationships with the value of the house. If that happens, you sometimes get a negative number and you realize that you have co-linearity and you have to start over again with at least one new variable. In Dr. Fairley's regression analysis he did come up with a negative number and then stated that the more money you spend the less results you get. That means the highest spending district does not do as well, and that simply is not the case.

Dr. Fortune also talked about the use of TELLs tests as a proxy for intelligence. This test was not a test of achievement. It was a pass fail test and to use it without any understanding of how kid actually did is bad statistics. To compare one year of TELLS when there is an acknowledgment that the test had changed and that even the population changed is not a proper way of doing research.

In looking at the wealth measure on the PSSA tests there are very positive relations between results at the highest and lowest levels between achievement and spending. That seems to occur over and over again to the point where the statistics tell you that it will happen 999 times out of 1000. That is significant.

Dr. Fortune also pointed out that a literature search would have produced over 300 studies on the money matters or doesn't matter discussion. Dr. Fairley limited himself to 6 books.

Dr. Fortune also quarreled with Dr. Hanushek's use of the null hypothesis and using it as the basis of his results.

On cross examination, Dr. Fortune was asked if he used socio-economic indices. He said that he hadn't. Does the wealth spending relationship have a predictive and causal value. He said yes to predictive and no to causal

Dr. Kern Alexander was the next witness. He discussed the relationships between sets of graphs of Fairley and his own. He viewed the presentation of Dr. Fairley's as skewed with the use of population. He views a .60 correlation as very strong in Dr. Fairley's work and his own correlation between spending and wealth as even stronger using students. Even if there is no statistical causation, the 20 year longitudinal study in the Commonwealth shows the same thing year after year. There certainly is a strong relationship. Do the wealthiest really need more money, or do the poor. If there is no relationship or even causality, you are implying that there is no value to the dollar spent. If you even determine who is efficient and who is not , there still must be a value to the dollar on some level. Does the cost of education justify the differences in spending? The system is inequitable on its face. It is one of the worst in the nation .

The cross examination related to the flattening effect of state money. Dr. Alexander also pointed out that the severe tax effort of the poor does that too.
Judge Pellegrini wanted to know if you took away Southeast PA would everything flatten out. Dr. Alexander said that it would be flatter, but still differences. Judge Pellegrini asked how you would determine a foundation amount. Dr. Alexander suggested that you aggregate all the wealthy school districts and set the dollar amount just below the last on the list. He also said that we are responsible for all the children in PA. We cannot separate them.
Today January 29, 1997's witness will be Dr. Richard Altenbaugh of Slippery Rock University. He will be the last rebuttal witness. The oral arguments will take place sometime in the next few months. There will findings of fact for both sides over the next month. The state has the right to call its own expert witness or historian.