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The Effect of Redlining on the Funding Disparities in Public Education

Dana Frohberg

As a result of historic redlining in cities, Black children and communities have received inadequate education due to insufficient educational funding. Redlining was a product of the Home Owners Loan Corporation in the early 1930's which segregated and discriminated against minority populations' homeownership. The discrimination against Black communities has created a legacy preventing them from advancing financially and it has stopped them from acquiring properties of high value. Since school attendance and education funding correlates to the location of a student's home, Black students can receive a lacking education rooted in racial redlining.

In 1933, the Home Owners Loan Corporation (HOLC) was established by the Franklin D. Roosevelt Administration with the intent of helping stimulate the economy after the Great Depression. The corporation developed housing plans to provide mortgage relief, change loan policies, and insure banks with the goals of constructing new homes and repairing existing structures. Using government bonds, the HOLC bought out mortgages and then sold them over longer loan periods at a lower interest rate. Color-coded maps called Residential Security maps were then created by the corporation and labeled areas green for 'best' and red for 'hazardous' to designate which neighborhoods were safe to offer loans mortgages ("FDR and Housing..." n.pg.; "The Home Owners..." n.pg.).

While these actions helped those with financial stability, they did little to help most Americans, specifically Black Americans. The areas labeled 'hazardous' were primarily racial and ethnic minority populations and the neighborhoods classified as 'best' were mainly racially homogenous of white residents. As a result of the maps, racially and ethnically diverse homeowners struggled to receive loans and began to see the values of their properties decline (Franco pg 5; "FDR and Housing..." n.pg.). The discrimination caused by the maps prompted the term redlining or the "policy of refusing to make federally-insured mortgages" based on the neighborhood of the homeowner ("FDR and Housing..." n.pg.). In 1935, the discrimination worsened with the announcement of the *Underwriting Manual* by the Federal Housing Administration (FHA). The manual defended redlining and denied mortgages to Black Americans by stating "incompatible racial groups should not be permitted to live in the same communities" ("FDR and Housing..." n.pg.).

As a result of discrimination, Black Americans were unable to accumulate wealth and improve their way of living. White populations were able to attain new employment and new wealth while Black communities faced employment discrimination and "limitations in their economic mobility" ("The Home Owners..." n.pg.). This prevented Black Americans from advancing financially and stopped them from moving out of redlined neighborhoods.

Although the HOLC, maps, and manual were created decades ago, they still affect Black Americans because the economic and racial segregation caused by redlining remains in most of America. According to a study done by the National Housing Counseling Network, seventy-four percent of neighborhoods labeled 'red' by the HOLC are low to moderate income today. A majority of sixty-four percent of the areas classified as 'red' in 1933 are now minority neighborhoods (Fanco 4). Therefore, despite the end of the HOLC, redlining still affects Black Americans. Redlining created a "state-sponsored system of racial segregation" approving of discrimination of Black Americans and stopping their efforts of accumulating generational wealth ("The Home Owners..." n.pg.). Thus, those residing in redlined communities are unable to change their financial and residential status.

The system of segregation caused by redlining permeated to affect public education because the funding for student education is affected by their location. The public school a student attends correlates between the location of the student's home and the school's school district boundaries and attendance zone boundaries. School district boundaries are "political subdivisions" and "governmental entities" overseen by elected school board members (Burke n.pg.). This means school districts hold power in terms of educational decisions: determining superintendent hiring, deciding salaries, influencing district budgets, and managing monetary spending.

In addition, school district officials establish attendance zone boundaries. Attendance zone boundaries are the lines within school districts, meaning students are assigned a public school based on their neighborhood (Burke n.pg.). Thus, students in adjacent neighborhoods may be in different attendance zones and, therefore, the students may attend different schools. Most families follow their attendance zones as the majority of 70% of public school students attend the school assigned to them based on their home location (Burke n.pg.). These attendance zones can be similar to redlined communities. When comparing attendance zones from today to redlined communities in the 1930s, they "largely align" ("Unite for..."). Therefore, attendance zones keep students in schools in historically redlined communities that were not created to provide adequate educational opportunities. A prime example of the inadequate education historically redlined attendance zones cause is the disparities between funding in public schools.

The funding for each public school comes from three main places: federal revenues, state revenues, and local revenues. Public schools average to receive 8% funding from federal sources, 47% funding from state sources, and 45% funding from local sources ("Public School..." n.pg.; Chen, n.pg.). Federal revenues account for a significantly smaller number of the monetary bases in public education compared to state and local revenues. The involvement of federal sources in educational funding has decreased as shown in a study done between 2010 to 2020 by the National Center of Education Statistics and Institute of Education Sciences. Further, revenues from federal sources decreased by 31% from \$96 billion to \$66 billion while revenues from local sources increased 17% from \$334 billion to \$391 billion ("Public School..." n.pg.). From these statistics, the disparity between federal, state, and local revenues public education funding is clear. Based on this disparity and the sources behind the revenue, schools receive different funding.

The sources providing federal funding are grants, acts, and programs made to help students most in need such as low-income students and students with disabilities ("How Are..." n.pg.). However, according to the Economic Policy Institute, federal funding can "play a small and an insufficient role" in public schools (Allegretto n.pg.). Although federal funding sources are designated to reach the students who most need the financial assistance, the entities only account for 8% of most school's overall funding. This is not a large enough percentage to create a significant impact on a school's funding.

State funding comes from a variety of sources depending on the state but 80% of states use Foundation Programs to accumulate their funding. Foundation Programs establish an "annual target

level of funding per pupil applicable to all of the state's Local Education Agencies" (Skinner 9). In other words, the program sets a standard monetary number for all students. Nonetheless, the method of state funding does not take into account individual student needs (Allegretto n.pg.). Students may have disparities between home environment and behavioral needs or a school may have a high concentration of students experiencing homelessness. As a result, certain students and schools may have a greater need for additional funding compared to their counterparts in different neighborhoods. Nevertheless, state funding does not account for these individual needs.

The source providing local revenue is primarily property taxes. In fact, 81% of all local funding for public schools is from property taxes and, in 29 states, property taxes account for 30% of the total funding for all public schools ("How Are..." n.pg.; Allegretto n.pg.). Property taxes account for a large portion of local sources and public education funding as a whole. Since property taxes account for a sizable amount of funding, the monetary amount provided differs. The Joint Economic Committee found neighborhoods associated with lower performing public elementary schools have a home value average of \$122,061, while ZIP codes with higher ranked public elementary schools have an average of home value of \$486,104 (Calder 4). Students' families with lower home values will have significantly less than students' families with higher home values. Thus, not all students provide the same monetary income in terms of property taxes based on home value. Since property taxes provide a large portion of school funding, areas with lower property values do not receive the same funding as their counterparts.

Overall the process of how and where students receive their funding causes great disparity between historically redlined communities. According to a study done at Brown University, schools in neighborhoods ranked D by the HOLC receive less funding than the areas labeled A, B, and C. When comparing the average funding per student in areas graded D to neighborhoods mapped as A, B, and C; areas mapped as D receive \$5,937 less than areas labeled A, \$4,592 less than areas labeled B, and \$1,713 less than areas labeled C (Cleveland 26). In other words, schools in redlined communities acquire half the funding in non-redlined communities. This creates large gaps in funding for schools depending on the school's and their students' location. Federal and state funding help reduce the gap created by local funding, however, "non-local educational funding is not enough to overcome the sizable initial gap in local district financing" (Cleveland 26). Further, there is not enough funding specific to students in redlined communities to create an impact significant enough to equalize their education to students in non-redlined communities. The system consequently does not provide the same funding for students in schools labeled D by the HOLC compared to schools labeled A.

The differences in funding can additionally result in traditionally redlined communities being unable to provide the same teacher salaries, resources, and programs (Burke n.pg.; Calder 15; Cleveland 12). Further, schools in redlined attendance zones are unable to retain teachers for longer periods of time because they do not have the funding to provide adequate salaries. Students living in redlined neighborhoods receive less materialistic resources in their school since their schools are unable to pay for higher quality supplies. Since their community involvement in traditionally redlined neighborhoods can be less, the community is unable to provide assistance to the school nor does it have programs to further assist students outside of their school. As a result, students experience a difference in educational quality, opportunities, and outcomes based on their home and school location.

How can we help these students to ensure they receive adequate education? Encouraging and electing lawmakers to change the public education school funding system will begin to help all students receive quality education. For example, urge lawmakers to increase funding for low-income students. In a study done by the Learning Policy Institute, increasing per student spending by 22% for low-income students would eliminate the educational gap between children of redlined and non-

redlined communities (Hammond n.pg.). If all students are provided with the same opportunities granted from equal funding, the achievement gap may be reduced and student performance may improve. Contact one's Congress representative to urge them to reevaluate educational funding to better assist low income students!

In order to assist on a state level, contact your state government and urge them to eliminate attendance zones. The elimination of attendance zones will "build and strengthen communities" as they are able to merge with different demographics and it may improve educational access for all students (Calder 15). Under the State Zoning Enabling Acts, states are able to manipulate and change local districts (Calder 15). By eliminating attendance zones, students are able to go to the school best fit for their needs and districts' funding can go to the schools most in need!

To create additional federal change, one can become involved in the Opportunities States at Home campaign. The campaign works to decrease the gap between renter's income and rising property costs. In addition, those experiencing job losses or homelessness are granted aid and existing properties targeted are defended by the campaign ("Opportunity Starts..."). These assistants help reverse the effects and legacy of redlining for Black Americans. Contact Congress members and urge them to focus their attention on the homeless and housing poverty crisis in the United States!

As a result of historic redlining, Black children experience an inadequate education based on the limiting attendance zones and incomplete funding system. Redlining maps created by the Franklin D. Roosevelt Administration in 1933 discriminated against and prevented Black communities from acquiring generational wealth and advancing their property values. These actions result in disparities between public schools' funding. Attendance zones limit which students may attend certain schools. The educational funding system prevents certain schools from receiving sufficient funding for all their students. As a result, Black children can be deprived of the educational experience they deserve. However, these wrongdoings can be reversed with the intentional funding of low-income students, the limitation of attendance zones, and the restriction of rising property costs.

Tweets

Follow @OppStartsAtHome to help bridge the gap between renters income and opportunity. Stop the negative legacy of redlining! Learn more at [Opportunity Starts at Home | National Low Income Housing Coalition \(nlihc.org\)](https://www.opportunitystartsathome.org/)

Black children have suffered long enough. Every child deserves equitable education with adequate funding despite their attendance zone - contact your local school district and urge them to create change! #PublicEducationFunding #BlackStudentsMatter

Do you believe every child deserves adequate educational funding? 30% of public school funding comes from property taxes! Federal sources should provide more funding to public schools! #FundOurFuture #SaveOurSchools

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